

Washington's Workforce Economic Recovery Plan

September 2020



WASHINGTON **Workforce**
Training & Education Coordinating
Board



STATE OF WASHINGTON

WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD

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Dear Colleagues:

We are pleased to share with you *Washington's Workforce Economic Recovery Plan*. This plan, created with the help of numerous stakeholders and guided by the frank give-and-take of Washington's Workforce Board members over the course of several months, identifies priorities and principles in building an inclusive economic recovery to ensure all Washington residents rebound economically from the COVID-19 pandemic. There is a significant racial divide between those hit hardest by a suffering economy and those who recover fastest and most fully. This report provides guideposts to help all populations connect with stable, living-wage career paths while receiving needed training and wrap-around support services, including:

- Target and support the most economically vulnerable and least likely to return to work soon.
- Find routes to livable-wage employment, but with clear, navigable paths to higher order credentials, better jobs, and better pay.
- Engage employers, unions, community-based organizations, others to co-create and co-invest in high-demand career pathways, which leverage the resources of existing systems.
- Include “earn and learn” opportunities, with Registered Apprenticeship being the gold standard.
- Define measurable “inclusivity” and track progress towards inclusive economic recovery.
- Ensure the health and safety of students and workers.
- Support professional development of the comprehensive workforce system.

Earlier this year, the Workforce Board embarked on a 360-degree evaluation of the Board's performance and role. The review, funded by Gov. Inslee, led to the creation of [new vision, mission, and value](#) statements. These ideas—and ideals—are threaded throughout the workforce economic recovery plan. Economic resilience, strategies that spur a successful business climate, livable-wage jobs for all, as well as racial equity and inclusiveness, accountability, and integrity, are foundational for the Board—and underpin the inclusive economic recovery detailed in this plan.

To reach inclusive recovery, the Board commits to a “collective impact” framework that creates continuous performance improvement of the state's comprehensive workforce development system. We know this work will be hard and that the pandemic, at the time of this writing, is far from over. For inclusive economic recovery to be the North Star for Washington, policymakers, system and program administrators, business and labor partners, and community advocates, we must all be intentional in our actions and be able to hold each other accountable to this collective end goal. It will be the true test of the motto, “we're all in this together.”

Sincerely,

Perry England, Workforce Board Chair

Eleni Papadakis, Workforce Board Executive Director

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Washington's Workforce Economic Recovery Plan

EXECUTIVE SUMMARY

The Workforce Training and Education Coordinating Board (Workforce Board) was tasked by Governor Inslee to develop the workforce development component of Washington's post-pandemic economic recovery plan. It is early, and the pandemic is still in full swing. Yet we cannot wait to plan for a return to economic vitality. The stakes are far too high, and the challenges are enormous.

In just two months, unemployment climbed from a historic low of 3.8 percent (February) to a historic high of 16.3 percent (April). The August 2020 rate was 8.5 percent, representing nearly 338,000 dislocated workers. That tally does not include unemployed "gig" workers or small business owners.

Industries employing a larger proportion of underrepresented and under-educated populations were hit hardest. Leisure and hospitality lost over 240,000 jobs from a year ago. These hard-hit industries were also among the lowest paying, according to the Employment Security Department's seasonally adjusted figures. Workers in these industries were economically vulnerable before the pandemic, often working two or more jobs to make ends meet.

Our economy and ways of life will likely look different than before the coronavirus struck. While we can't know how this will all turn out, we can learn from individuals and families who had to change their interactions with the world outside their homes, from students and educators who quickly shifted to online education in the middle of the school year, and from those essential businesses and workers that found ways to safely stay open, often delivering services differently, throughout the "Stay Home, Stay Healthy" phase. We can also learn from history.

Learning from history, charting a more equitable future

Washington and the nation have suffered numerous downturns and recessions. Both have emerged economically stronger—at least when aggregate data drives the story line. However, some Washington residents reap the rewards of economic recovery more than others. This seemingly inevitable—if inequitable—economic rebound where some populations soar while others continue to suffer is likely to happen again without a more intentional approach to recovery. There is a significant racial divide between those hit hardest by a suffering economy

and those who recover fastest and most fully. Certainly, some population groups and geographic regions fall below economic medians, but even within these subgroups (disabilities, immigrants and refugees, court-involved, rural) people of color typically fare worse than the general population. People of color, especially African Americans, are less likely to have assets or a financial cushion to leverage economic opportunity, let alone weather economic hard times.

Technology divide impacts students, workers

While technology-fueled changes to work and workplaces were anticipated, the COVID-19 pandemic has accelerated the “future of work” to today. The pandemic has proven that the structural, cultural, and societal impediments to economic equity run far and deep. Disproportionate numbers of racial minorities and other marginalized populations were unable to socially distance themselves for a range of reasons—including working jobs that must be done in-person rather than on a computer. College-educated Washington residents with modern, video-capable, computer equipment and high-speed internet were more likely to be able to work remotely. Their school-age children could continue to learn while schools were physically closed, while children from economically disadvantaged families often lost educational ground.

Inequities in K-12 education delivery highlighted for the world how many families were unable to benefit from remote learning, let alone remote work. Having broadband available in one’s community has not assured access to the internet. Broadband is expensive, and the equipment needed to interact virtually is also expensive. Addressing the role technology plays in the economic health of communities, families, and businesses is critical to full, inclusive economic recovery. This is not just a call to make public investments in technology or broadband equity, but to consider the evolving uses of technology in everyday life, including how public services are delivered, how businesses must change technologically to remain competitive, and how workers’ skills must be constantly updated to remain economically resilient.

Principles drive recommendations to reach inclusive economic recovery

To hone the focus of economic recovery planning, and to avoid “boiling the ocean,” the Workforce Board convened stakeholder discussions to identify the most pressing issues and to develop a set of “guiding principles.” These principles served as touch stones for the Board’s recommendation development process, outlined in the following pages of this report.

- Use existing resources or seize opportunities to leverage federal, philanthropic, or other non-state general funds.
- Coordinate and align resources across agency, program, and funding silos, allowing flexibility wherever possible, and collectively identify and address specific barriers to inclusive and equitable recovery.

- Target and support those who are economically most vulnerable and least likely to return to work soon.
- Find routes to livable-wage employment, but with clear, navigable paths to higher order credentials, better jobs and better pay.
- Engage employers, industry sector groups, unions, community-based organizations, philanthropies, and others to co-create and co-invest in high-demand career pathways, which leverage the resources of existing systems.
- Include “earn and learn” opportunities wherever possible with Registered Apprenticeship being the gold standard.
- Define measurable “inclusivity” and transparently track the state’s progress towards the North Star of inclusive economic recovery.
- Ensure the health and safety of students and workers.
- Support for continuing education, upskilling, and professional development of the workforce system workforce.

Seven Recommendations: Helping Workers and Businesses Succeed

After identifying priorities and principles, the Board focused attention on developing recommendations that could be readily advanced in the months ahead. Because of the fast-moving nature of the coronavirus pandemic, and the need to take quick action, establishing these recommendations was done on a tight time frame. Strategies are not fully detailed, but provide rationale, desired results, and key parameters to consider. Numerous stakeholders, many of them delivering ground-level services, are ready to work with policymakers to create a detailed action plan on any, or all, of the recommended strategies. Each recommendation is aimed at helping Washington’s workforce and businesses succeed during and after this unprecedented pandemic.

1. Create an Economic Recovery Ecosystem

Build and support an inclusive economic recovery ecosystem at the state and local levels. Structural barriers, often legislated at the state and federal levels, have seemed insurmountable. Yet, the pandemic may provide the opportunity for removal of policy barriers and long-term systemic reform. The walls between programs and services for shared customers must become permeable, and all workforce partners must share in the responsibility—and credit—for each customer’s success. Customer data must become sharable across silos, and performance accountability should reflect collective responsibility across the system, rather than a program-by-program report card. Community-level and individual-level economic health, with a focus on

diversity, equity and inclusion, should be the new drivers of a transformed workforce development ecosystem that delivers an inclusive economic recovery.

2. Define and Transparently Measure Progress towards Inclusive Economic Recovery

An effective economic recovery ecosystem requires all agencies and non-governmental institutions—local, state, and federal—to work together toward common goals. It's not sufficient to show traditional, program-specific performance. Meaningful economic and workforce measurement will track progress in each Washington community disaggregated by demographics, including race, ethnicity, income levels, disability and veteran status, among others. The Workforce Board subcommittee on Removing Employment Barriers will also be re-focused and re-chartered with an inclusive economic recovery lens.

3. Leverage, Expand Capacity & Expertise of Postsecondary Systems

Washington is fortunate to have a robust and high performing network of public, private, and joint postsecondary education and training providers. Collectively, they have the expertise to help under-skilled dislocated workers and others prepare for a livable-wage, high-demand career. But our institutions and providers are struggling to rebuild from the early impact of the pandemic. The Workforce Board convened a Postsecondary Capacity Work Group, representing all sectors of postsecondary education and training, and local Workforce Development Councils, to develop an initial set of recommendations to meet the state's needs and leverage and expand postsecondary capacity in Washington.

4. Expand or Create New Accessible, Navigable Pathways to Livable-Wage, High-Demand Jobs

Only two occupational sectors currently show high-demand statewide for permanent jobs with livable wages: IT and Healthcare. IT jobs, though, cut across almost every industry sector. The construction trades, especially in transportation-related construction, are showing promise too, but continues to focus on the re-employment of laid off or furloughed workers. We call attention to the critical need for child care workers across the state. Although starting wages are low, we propose supporting pathways to better jobs and pay. Communities across the state are seeing livable-wage job growth—one business at a time. Local workforce and economic development agencies, working with area businesses, can help identify when livable wage jobs come available, but must have postsecondary education partners willing and able to respond to meet training needs. This may require faculty professional development and equipment purchase, as well as the cost of starting up a new program or expanding an existing program.

5. Re-Engineer Pathways to IT-Based Careers

Before and through the pandemic, IT-based jobs flourished, and will continue to do so as all industry sectors increasingly move towards greater virtualization, digitization, and automation. This recommendation begins with identifying all IT-based jobs currently on the market or projected to be soon, mapping all education and training programs to prepare for these jobs, pinpointing where the gaps are and redeploying resources to fill those gaps. Customized career “on-ramps,” a statewide IT Academy, earn and learn opportunities, and industry-valued credential pathways will facilitate the success of marginalized populations who haven’t benefitted from the state’s tech-based economic boom. We also worked with the Washington Service Corps to develop a plan for an IT Service Corps that would help dislocated workers prepare for IT careers while providing IT services in under-resourced communities.

6. Boost Healthcare Workforce Pipeline

Many livable-wage healthcare jobs were in high demand pre-pandemic, but inaccessible to many. COVID-19 has increased the need for healthcare workers at all levels. This is an opportunity to rethink our health career pathways to be better able to redeploy existing workers to meet COVID-19 surge demands, and to make higher demand careers more accessible and navigable for marginalized communities. A new long-term care apprenticeship pathway program for CNAs and home health aides to become LPNs is proposed as an example, but this strategy cuts across many more health careers for which navigable pathways can be created.

7. Customize Business Services and Entrepreneurial Support

Recommendations suggest support for businesses that are surviving and for those that have closed but may still be viable under new ownership. Employers who have pivoted to new products, processes, or markets may need targeted worker training to ensure their employees continue with them. Support for employee ownership and business transfers, and the provision of entrepreneurial training, are discussed.

INTRODUCTION

Inclusive Economic Recovery: Creating Successful Pathways for All

For inclusive economic recovery to be the North Star for Washington, policymakers, system and program administrators, business and labor partners, and community advocates, we must all be intentional in our actions and be able to hold each other accountable to this collective end goal. It will be the true test of the motto, “we’re all in this together.”

It will mean prioritizing funding in new ways, using new criteria, with a new set of success indicators to track progress transparently. For example, population-based distributions may suggest equality, but rarely support equity. Larger urban areas typically can pull in more public investments, grants, and other resources, while smaller, struggling communities are often overlooked when competing for the same funds. To achieve equity will likely require over-investment in smaller numbers of people or those who live in less populous regions who have a metaphorical and sometimes literal greater distance to travel to find economic security.

To better understand and get under the hood of these issues, it helps to have a solid understanding of the state’s economy and demographics of displaced workers since the COVID-19 pandemic began. In Chapter 1, you’ll find details on the industry sectors and demographic details of Washington’s 1.5 million unemployed workers through extensive research into Unemployment Insurance claims filed over the first few months of the pandemic. Workers dislocated from the restaurant, hotel and hospitality, and retail industries, among others, represent some of our state’s lowest wage earners, and are often among those most in need of skills upgrades.

Another common thread is a lack of digital literacy: Large numbers of impacted workers have not had the opportunities to learn or use digital literacy skills, and yet the jobs most likely to return and grow post-pandemic will require these skills. The “digitally illiterate” live across Washington in every community. We must address this skill deficiency at scale if we are ever going to achieve inclusive economic recovery.

The number of working Washingtonians has grown steadily since 1990, with only minor dips over the past 30 years. Much of this is due to population growth, including people born and raised here, but also more people moving to the Evergreen state than those who leave it. The Great Recession, which began at the end of 2007, clobbered Washington’s economy as it did the rest of the country, with unemployment numbers higher than the number of those with jobs.

For inclusive economic recovery to be the North Star... we must all be intentional in our actions and be able to hold each other accountable to this collective end goal. It will be the true test of the motto, “we’re all in this together.”

After the Great Recession, Washington's economy recovered—and then some. Employment rates continued a steady upward climb and unemployment hit record lows, or just 3.8 percent (seasonally adjusted) as recently as February of this year. With COVID-19, and ordered shutdowns of businesses and schools, Washington's jobless rate in April, 2020 skyrocketed to 16.3 percent unemployed. The low of 3.8 and high of 16.3 are respectively the lowest and highest unemployment rates recorded since this data series effectively launched in 1976.

Ensure Worker and Student Health and Safety

Ensuring the health and safety of workers and students is a critical component of the recovery process. While the responsibility for regulating and supporting the health and safety of the workplace and classrooms is shared among a number of partner agencies, the workforce development system can help facilitate a culture where everyone has ownership in the well-being of their colleagues in their place of work or learning. Other options should also be considered, including virtual and remote placements, when feasible. This helps individuals who have the skills needed for the jobs, but also underlying conditions that make them vulnerable within in-person settings.

Each workforce development entity that supports the hiring and/or worker training needs of employers can set clear expectations for the conditions that must be in place when hiring or re-hiring workers. They should also be able to supply information about workplace safety requirements and guidance on how a business might implement those protocols.

Every jobseeker that utilizes the services of the public workforce development system should receive clear information about what they should be able to expect in terms of workplace/school health and safety, and how to proactively address situations when good protocols aren't apparent. They should also be informed about where they might ask questions or express concerns outside of the school or workplace.

Personal protective equipment (PPE)

While access to personal protective equipment (PPE) has improved since the beginning of the pandemic we're still not at an adequate level of scale for medical grade and other occupation-specific PPE. Affordability of proper PPE, occupationally-specific and validated by a third party to meet CDC standards, is going to continue to be a massive challenge, especially for our public institutions and programs. With increasingly scarce resources, balancing the increased cost associated with PPE will require cuts in other areas that may impact the quality or scope of services. Coordinated and consolidated PPE purchasing can help keep costs down, but there are few entities willing or able to take on this role in a sustainable way, making access haphazard and unpredictable. This joint purchasing function should be systematized to ensure coverage across all aspects of the workforce development system and in all regions of the state.

Chapter 1: Economic Snapshot

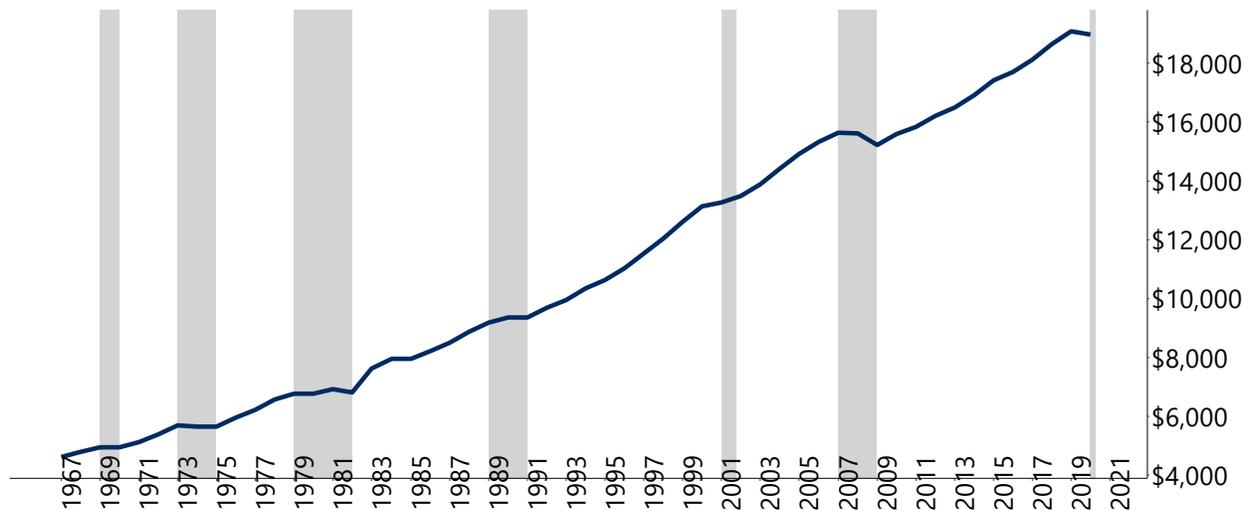
Pre-COVID Economic Outlook

Overall Economy

In short, prior to COVID-19, the nation and, even more so, the state's economy was doing very well. The nation had sustained 128 consecutive months of growth after the Great Recession, the state's growth was even stronger, with many of our industries and companies being at the forefront of growth and innovation. However, the prosperity was not shared evenly across different racial groups, gender, educational level, and geography.

Economic Growth and Recessions over 50 Years

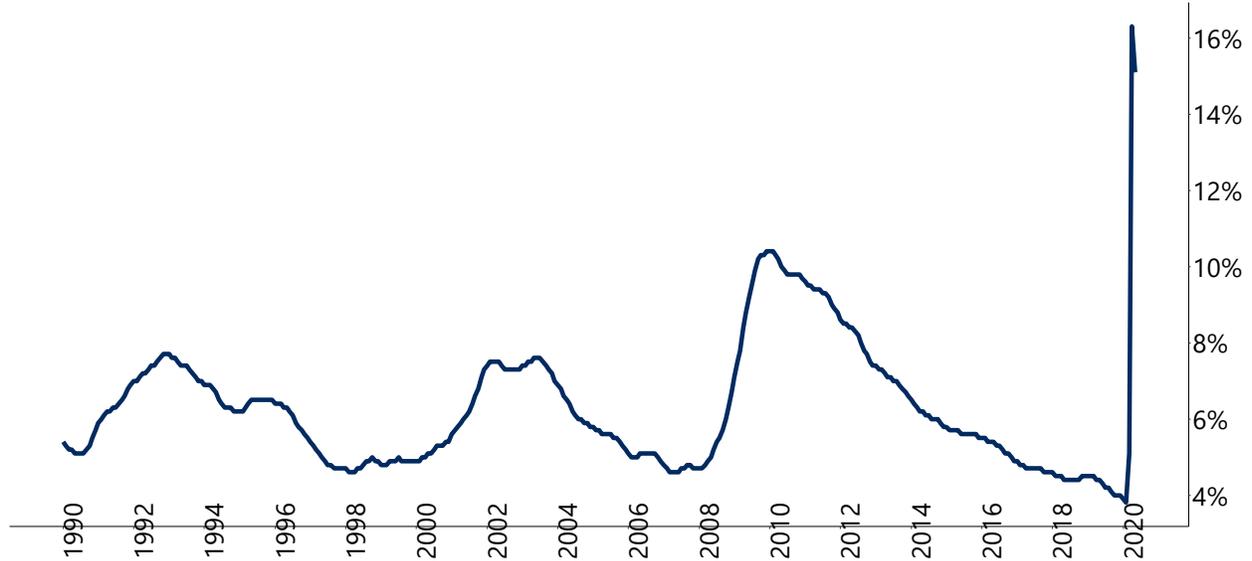
United States, 1967-2020 (in billions)



Source: F
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The U.S. economy, when measured by the total dollar value of all goods and services, has been on a steady upward climb for more than 50 years. Gross domestic product, or GDP, has grown since 1967, falling slightly or plateauing during recessions, as can be seen in the chart above. For example, the GDP notably dropped during the Great Recession (December 2007 to June 2009). These historic statistics are hard to reconcile with real-world fallout of an economy that was essentially shut down to preserve public health and wellness. In the first half of the year GDP fell by 10.2 percent. The National Bureau of Economic Research, which is the official dater of recessions, determined that after 128 months of growth, our economy peaked in February of this year and entered a recession.

Unemployment in Washington 1990-2020



Source
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Like the wider economy, the number of working Washingtonians has grown steadily since 1990, with only minor dips over the past 30 years. Much of this is due to population growth, including people born and raised here, but also more people moving to the Evergreen state than those who leave it. The Great Recession that began at the end of 2007, knocked the wind out of Washington's economy as it did the rest of the country, with unemployment numbers rising higher than the number of those with jobs. Following the Great Recession, Washington's economy recovered—and then some. Employment rates continued a steady upward climb and unemployment hit record lows, or just 3.8 percent (seasonally adjusted) as recently as February of this year. With COVID-19, and ordered shutdowns of businesses and schools, Washington's economy headed off the cliff, with the jobless rate in April, 2020 skyrocketing to 16.3 percent unemployed. Since then the rate has decreased moderately to 10.3 percent in July, and dipped still lower in August to 8.5 percent. The low of 3.8 and high of 16.3 are respectively the lowest and highest unemployment rates recorded since this data series effectively launched in 1976.

Business Issues: Washington Was Booming Before COVID-19

Before the COVID-19 pandemic, Washington's economy was booming. In fact, the state's economy was among the top performing state economies, nabbing the top spot for GDP growth in 2017.

Washington State is home to a diverse mix of industry sectors and boasts high concentrations in high value industries that export, along with an above average concentration of scientists and engineers and bachelor's degree holders. The state's relatively mild climate and proximity to Asian trade has created a set of favorable circumstances for economic conditions across the state. Washington is equidistant between key Asian and European markets. It is also a couple days closer to Asian ports via Pacific shipping routes than other west coast ports.

Even so, it's worth noting that the state's economic firepower wasn't evenly distributed among all residents. About a quarter of Washington residents, for example, were eligible for SNAP food benefits because they were at 200 percent or less of the federal poverty line.

While the state is known around the globe for its aircraft, timber, apples, wine, and software, Washington's exporters also ship everything from alloys and hay to composites and robotics to 215 countries, according to the state's Department of Commerce. One in three jobs in Washington is related to export, and Washington was rated the number three state in the U.S. for overall exports, according to the state's Department of Commerce. The state also has the highest proportion of export revenues, so potentially the most trade dependent state.

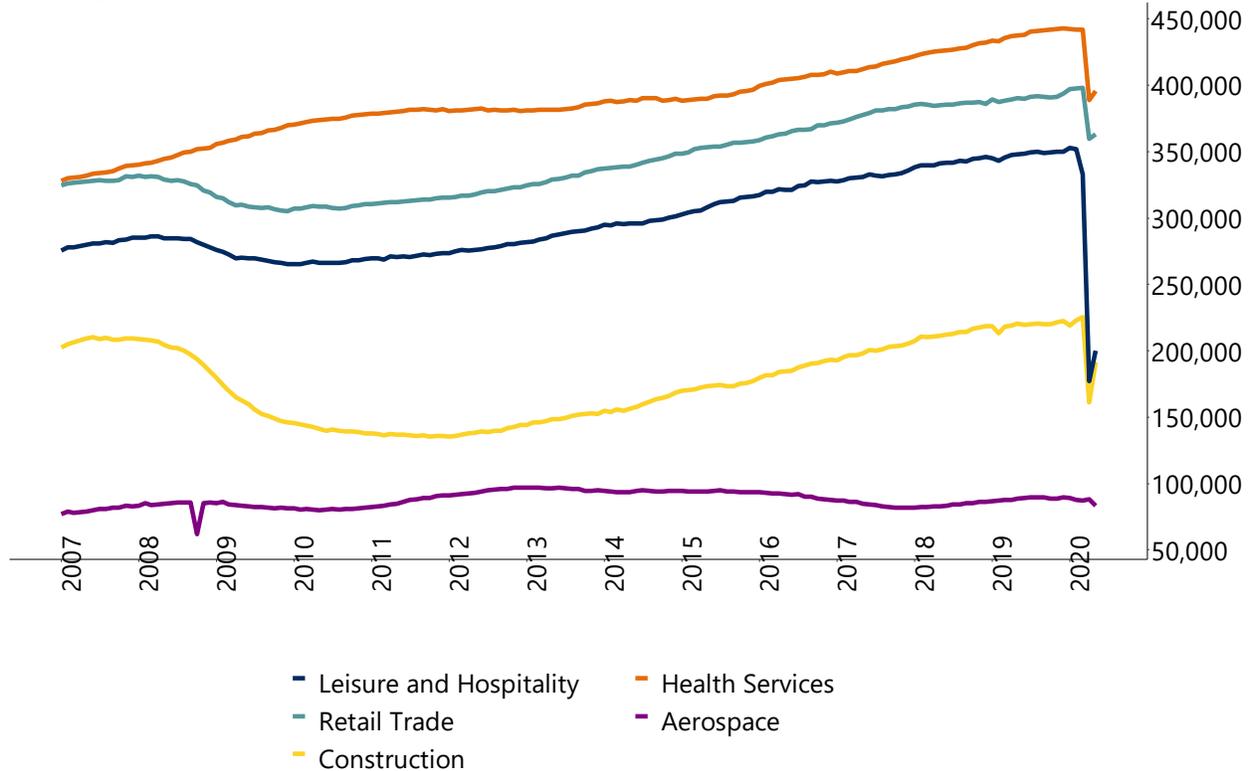
While aerospace, high-tech and trade sectors concentrated in the Puget Sound region dominate the state's economic output, other areas of the state have also shown substantial economic muscle in recent years, including Bellingham, Chelan and Grant counties, the Spokane region, Tri-Cities, and Vancouver/Clark County.

Before the COVID outbreak, Washington's workers benefited from a booming economy, even those workers who were hardest to employ. In the months just before the COVID outbreak, even those with the greatest barriers to getting a job were finding work in healthcare, hospitality, janitorial and restaurants. Programs for those transitioning from the justice system into jobs were growing and efforts to provide real work experience for youth, who suffer from chronically high unemployment rates, were forming through Career Connect Washington.

Small businesses in Washington were particularly challenged in finding and hiring qualified workers, according to the Workforce Board's 2019 Employer Survey. In many cases, the survey showed these businesses lacked the marketing resources and ability to offer higher wages and benefits that larger businesses use to fill openings. Small businesses in rural areas faced even greater challenges in finding and hiring qualified applicants.

Unemployment in Critical Industries

Washington, 2007-2020



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Just as in the Great Recession, the sectors depicted in the above chart were hit hard by the pandemic after forced closures took effect by April. But none suffered more from the COVID-19 crisis than Leisure & Hospitality. This sector shed 40 percent of its jobs between March and May of 2020 and it is still down by 27 percent in July (employment in all industries fell by 7 percent between March and May 2020). The construction industry notched the second highest job losses (15 percent from March to May), but it has added nearly 65,000 jobs since April.

The Leisure & Hospitality, Retail Trade, and especially construction sectors were hit hard by the Great Recession (2007-2009), which occurred when the housing bubble burst, causing millions to lose their lifesavings, jobs, and homes. These sectors rebounded in strong fashion afterward (see above chart showing employment trends for critical sectors). The context for their economic decline is very different in this recession, but the relatively quick and strong rebound in these sectors leaves room for optimism.

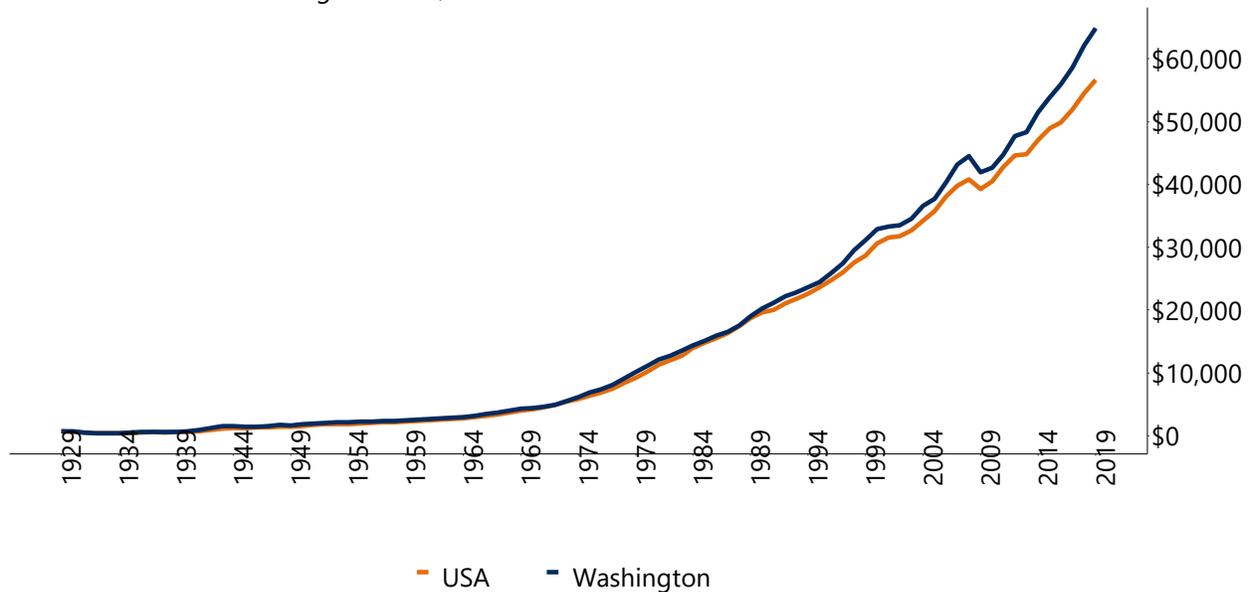
Aerospace has been traditionally independent of wider economic trends, but it has been particularly impacted by this recession and pandemic-influenced consumer patterns.

Washington’s share of aerospace employment is the highest of any state. According to the U.S. Bureau of Labor Market Statistics, aerospace has a much larger footprint in Washington than in any other state. The location quotient (number of establishments, employment, wages), is over seven times the entire country. Washington has the highest share of the nation’s aerospace employment at 16 percent. The next highest is Kansas, at 6 percent. While our largest aerospace employer, Boeing, is adjusting to the downturn, already announcing over 10,000 job cuts, some 700 additional aerospace businesses across Washington are also threatened.

Health services largely avoided the last recession, but has been impacted by this one, albeit not to the degree of leisure and retail. Many aspects of healthcare have been growing due to the virus, and the sector as a whole is expected to rebound economically once an effective vaccine is in full use and individuals begin scheduling or rescheduling selective procedures.

Per Capita Personal Income Growth

United States and Washington State, 1929-2019

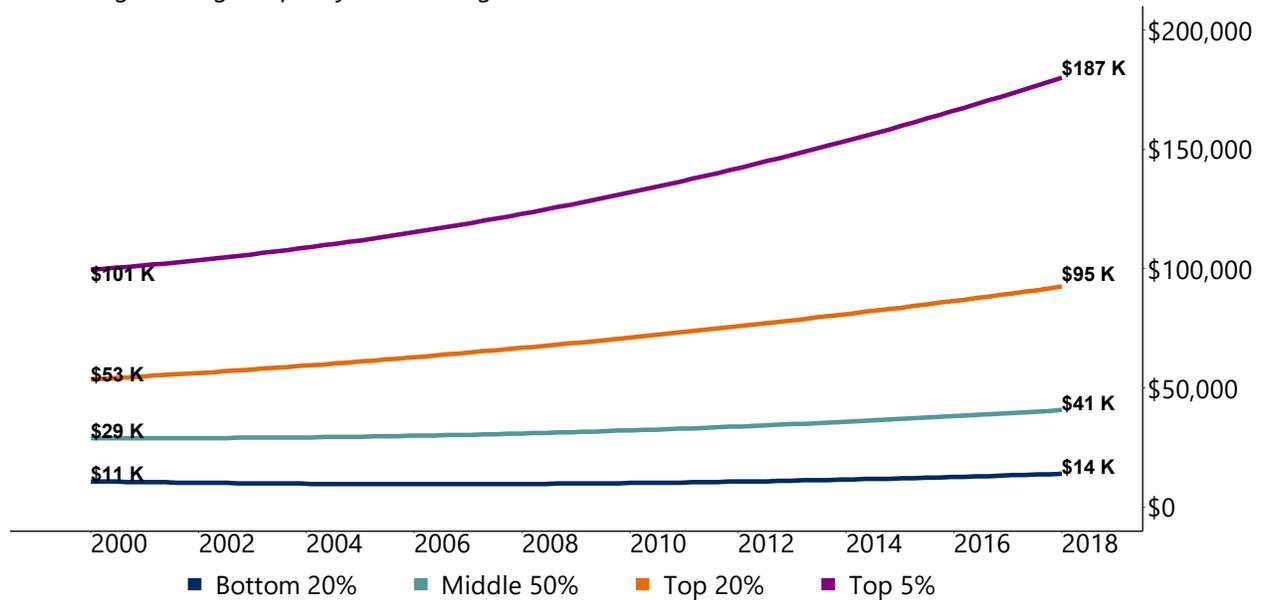


Source:
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Historically, per capita income in Washington State has closely tracked with the nation. In the late 1980s, Washington’s income began to rise more quickly and in 2019 was the eighth highest of any state.

Earnings Trends: Top Earners versus Lowest Earners

Increasing earnings disparity in Washington

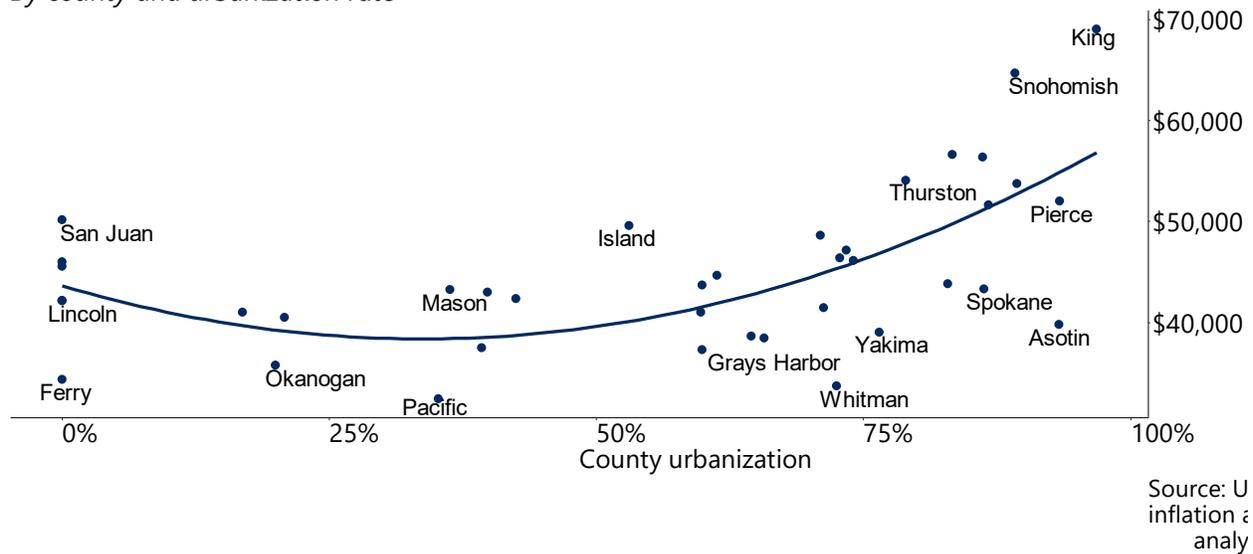


Source: U.S. Census Bureau
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While our per capita income compares well with the rest of the country, it was not equally shared among all Washington residents. As the previous chart shows, the top 5 percent of earners have seen the most growth since 2000. The top 20 percent have also fared well. However, the median and low-income earning groups saw relatively little wage growth.

Washington Annual Median Family Earnings minus Housing Costs

By county and urbanization rate



Much of the income growth has been concentrated in the Central Puget Sound, and Seattle/King County in particular. There is a strong correlation between low income and low levels of urbanization. As you can see in the previous chart, King County has both the highest earnings and highest level of urbanization. Ferry County is at the other end of the spectrum with the lowest level of urbanization and one of the lowest median family earnings. Of course, it should be noted that in many rural areas the cost of living is significantly lower, and smaller paychecks are able to spread farther.

Labor Force Status by Race, Gender, Disability, Education & Age

Washington, 2018

Category	Group	Labor Force Participation Rate (%)	Employment to Population Ratio (%)	Unemployment Rate (%)
Race/ Ethnicity*	White	63.2	59.9	4.0
	Black	69.4	62.7	7.4
	Native American	59.0	53.0	9.9
	Asian	67.2	64.4	3.3
	Pacific Islander	72.9	66.5	6.7
	Other	74.3	69.3	5.4
	Two or more races	70.9	65.1	6.6
	Hispanic	72.4	67.3	5.4
Gender**	Male	84.1	79.1	3.9
	Female	73.3	70.2	3.8
Disability**	Disabled	46.1	41.1	10.1
Educational Attainment***	Less than HS Diploma	67.1	62.5	6.8
	HS Diploma	73.2	69.7	4.3
	Some College or Associate's Degree	77.3	73.4	3.5
	Bachelor's degree or higher	85.6	82.9	2.2
Age	15-19	39.4	32.1	17.3
	20-24	79.7	69.8	8.2
	25-29	84.0	78.2	4.3
	30-34	83.0	79.0	3.5
	35-44	83.3	79.7	3.4
	45-55	81.6	78.9	3.1
	55-59	72.7	70.8	2.6
	60-64	57.2	55.4	3.1
	65-74	24.6	24.0	2.5
	75+	5.5	5.3	4.0

Note: *Population 16 and older

Note: **Population 20-53

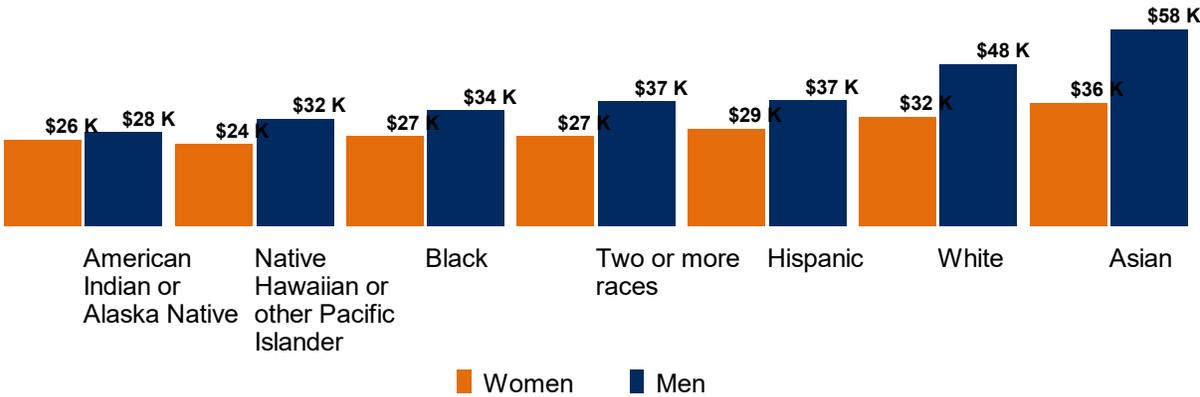
Note: ***Population 25-64

Source: U.S. Census Bureau, 2018, American Community Survey (1-year data),
Analyzed by the Washington Workforce Board

Whites in Washington were less likely to be in the “active workforce,” that is, working or actively looking for work (perhaps due to skewing older) than most other racial groups in 2018—10

years after the start of the Great Recession. But whites that were in the workforce were very likely to have found a job. The white unemployment rate of 4 percent in 2018, was lower than unemployment rates for all other racial groups, except Asians (3.3 percent). Native Americans had the highest unemployment rate at nearly 10 percent, followed by Blacks at 7.4 percent. Men were more likely to be working or actively seeking work than women, perhaps because women more often than men stay home and raise children. However, unemployment rates for men and women were about the same. Those with a disability (10 percent) and 16-19 year-olds (17.3 percent) had the highest unemployment rates of any groups in Washington State.

Annual Earnings by Gender, Race & Ethnicity
Real median earnings in Washington



Earnings disparities continue at high levels both by race/ethnicity and gender. As shown in the previous chart, Blacks in Washington State earned just 71 percent that of whites, while Native Americans earned just 58 percent of whites. Women consistently earned less than men across all races and ethnicities.

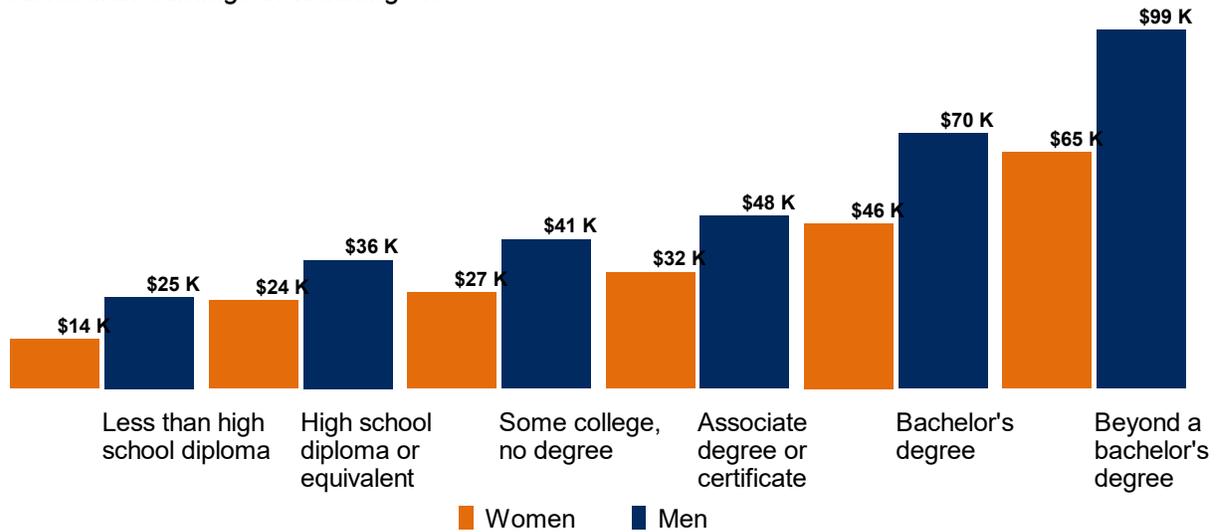
Education Issues

Higher education levels correlate with higher pay. In fact, post-high school education and training has become almost a necessity to succeed in the job market. Economic returns from higher education are clearly seen in the above table. For both genders, the earnings for those with education beyond a BA are about four times that of those with less than a high school diploma. However, this table also makes clear the well-documented disparity between what women and men earn, regardless of education level. This wage discrepancy is particularly high at

the bachelor's degree level and for those holding higher degrees but is consistent in all education categories. This substantial gender imbalance in earnings needs to be addressed as Washington works toward inclusive economic recovery.

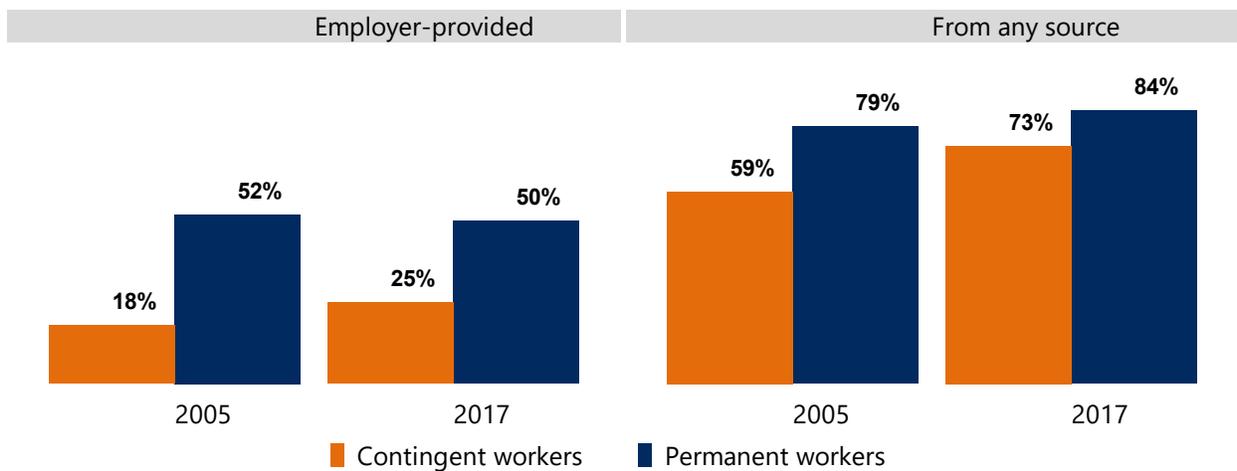
Annual Earnings by Gender, Education Level

Real median earnings in Washington



Weakened Labor Market Connections

Health Insurance Coverage for Contingent versus Permanent Workers



For many Washingtonians, their ties to employment are weaker than was once the norm. Many, especially younger workers, are employed on a part-time or non-permanent basis. This has implications beyond lower earnings and less stable employment. As seen in the above table, contingent workers are less likely to access employer-provided healthcare and may also not have sick and vacation days and retirement plans.

Growth Industries Prior to COVID-19

Industry	Average Employment (QCEW 2019 Q3)	Share of Total Average Employment	Average Annual Earnings	Projected Pre-COVID-19 Annual Growth (2017-2022)	Projected Pre-COVID-19 Annual Growth (2022-2027)
Food services and drinking places	257,064	7.6%	\$24,944	2.2%	1.3%
Ambulatory health care services	161,245	4.7%	\$65,204	2.7%	2.4%
Administrative and support services	161,243	4.7%	\$49,480	1.9%	1.6%
Specialty trade contractors	136,121	4.0%	\$64,120	2.7%	0.5%
Social assistance	118,446	3.5%	\$27,096	2.2%	1.7%
Hospitals	92,904	2.7%	\$78,140	2.3%	2.2%
Crop production	84,147	2.5%	\$30,620	1.4%	0.7%
Publishing industries, except Internet	76,788	2.3%	\$332,004	2.1%	1.2%
Merchant wholesalers, durable goods	70,003	2.1%	\$84,312	1.5%	0.4%
Nursing and residential care facilities	62,652	1.8%	\$37,116	0.9%	1.3%
Construction of buildings	54,284	1.6%	\$68,200	3.4%	1.1%
Real estate	45,761	1.3%	\$55,908	2.0%	0.5%
Management of companies and enterprises	45,216	1.3%	\$102,292	1.5%	1.6%
Educational services	43,240	1.3%	\$41,824	1.6%	1.5%
Amusements, gambling, and recreation	41,931	1.2%	\$23,060	2.1%	1.5%
Personal and laundry services	35,107	1.0%	\$31,316	2.4%	2.3%
Agriculture and forestry support activities	34,067	1.0%	\$33,448	3.7%	1.6%
Building material and garden supply stores	31,572	0.9%	\$40,832	2.2%	1.3%
Other information services	27,002	0.8%	\$224,472	12.6%	7.9%
Miscellaneous store retailers	26,281	0.8%	\$29,496	2.5%	2.4%
Support activities for transportation	21,540	0.6%	\$73,372	1.6%	1.7%
Warehousing and storage	16,674	0.5%	\$50,008	9.8%	0.9%
Air transportation	16,049	0.5%	\$91,320	6.1%	4.5%
Couriers and messengers	14,663	0.4%	\$48,728	2.3%	1.6%
ISPs, search portals, and data processing	14,111	0.4%	\$176,660	5.4%	4.5%
Securities, commodity contracts, investments	13,189	0.4%	\$141,980	2.3%	1.2%
Performing arts and spectator sports	12,332	0.4%	\$64,604	1.9%	1.7%
Beverage and tobacco product manufacturing	10,988	0.3%	\$42,032	3.9%	1.2%
Museums, historical sites, zoos, and parks	3,635	0.1%	\$39,516	3.2%	2.2%

*Note: ranked in order of largest employment counts

Source: Washington State Employment Security Department (2020),
Analyzed by the Washington Workforce Board

The previous list is sorted according to the 3-digit code—part of the North American Industry Classification System (NAICS)—and highlights industries projected to have the most growth—prior to COVID-19. This list was done for all 3-digit industries and in the following pages will analyze how they fared in the early months of the pandemic and beyond. Growth was based on forecasts created last year by the state’s Employment Security Department. NAICS is the standard used by federal statistical agencies in classifying businesses for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

COVID-19 Impact

Industry Impact

After 128 months of post-recession growth, the state and the nation suffered an economic shock. In February, Washington State reported its first COVID-19 cases. On March 1 and 12, respectively, the Governor banned large social gatherings and closed schools in the Central Puget Sound counties. Starting June 1, counties were able to apply for phased reopening.

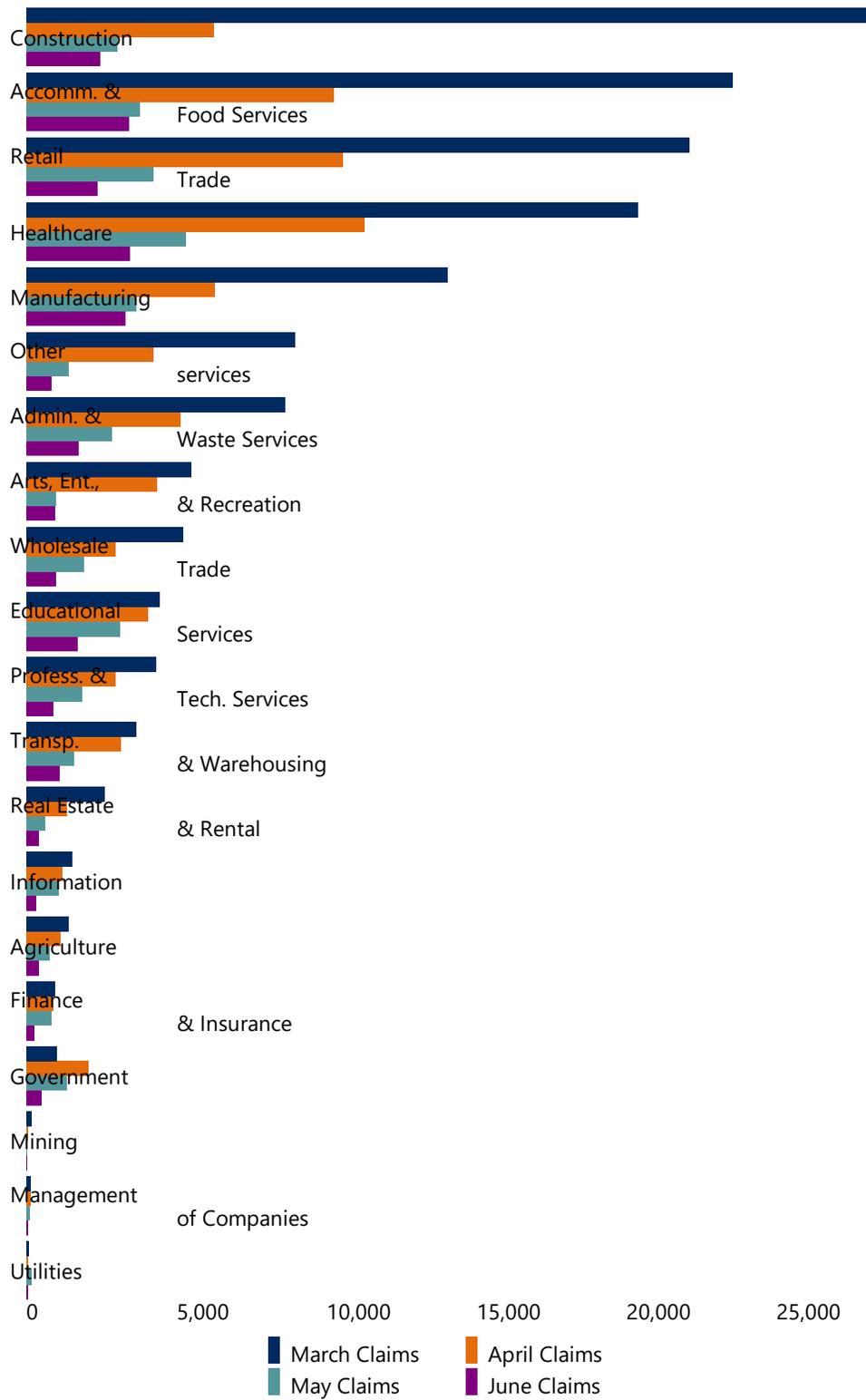
A good real-time gauge of the impact of COVID-19 has been the state’s Employment Security Department’s Unemployment Insurance claim data. It is updated weekly. In late March, initial claims (first time filers) peaked at nearly 182,000. By the last week in August initial claims had dropped to just over 18,000. It is important to make a distinction between initial claims and continuing claims. The former is the count of first time filers, while the latter is the count of those that are still claiming after the first week. The continuing claims data is probably a better gauge of the overall impact over time.

Unemployment Compensation Gap Analysis Called For

Economic recovery in general, but particularly in the midst of the ongoing pandemic, will not happen uniformly across sectors, occupations and regions in Washington. Unemployed Washingtonians will continue to need and rely upon unemployment compensation. To that end, the state’s Employment Security Department should be tasked with conducting an unemployment compensation gap analysis to identify the known state and federal funding available on both short and long-term bases versus the anticipated level of funding needed to enable unemployed Washingtonians to weather pandemic-related economic and workforce disruptions that will extend to varying degrees well into the next calendar year.

Continuing Unemployment Insurance Claims by Industry

March through June 2020



The previous chart shows continuing claims (persons that continued to file after the initial week of filing) for selected weeks by industry (2-digit NAICS) the person had worked in. Note that as of late March most claims were coming from construction, accommodation/food service, and retail trade. By August 28, the picture was a very different one. Healthcare, accommodation/food services, manufacturing and education services tallied the most claimants, but at much lower levels.

Drilling further into the unemployment insurance (UI) demographics depicts enormous challenges to addressing the re-employment needs of thousands of dislocated workers. Among unemployed, younger workers, under age 25 are over-represented by about 30 percent of their share of the labor force (16 percent unemployed vs. 12 percent pre-COVID employment). Those with a high school diploma or less make up 37 percent of the UI rolls, but only 25 percent of the pre-COVID labor force.

High school graduates without a college degree are over-represented by 13 percent among laid-off workers (26 percent vs. 23 percent). The hardest hit industries were among the lowest paying, according to the Employment Security Department's seasonally adjusted figures. Workers in these industries were economically vulnerable before the pandemic, often working two or more jobs to make ends meet. These workers may realize they need more training, but must find paid work right now to support themselves and their families—thus returning to the churn of low-wage work.

The U.S. Census released new weekly survey data to track and respond to the current crisis. The results for Washington State during the week of July 16-July 21 include: 51 percent of households experienced loss of employment income; 46 percent of households delayed healthcare; 20 percent of households experienced housing insecurity; and 10 percent of households experienced food scarcity.

Outlook Going Forward

Going forward will likely be a different experience depending on the industry. Some industries were relatively unscathed, and look to recover well in the short-term. Others were hurt in the COVID-19 aftermath but show no long term detriment. Others, like aerospace, will likely take a long while to recover and may never get back to their pre-COVID state.

A table of growth industries determined prior to COVID-19 was included in the first part of this chapter. Workforce Board research staff took that pre-COVID growth data, added and adjusted for how sensitive the industry was to the coronavirus shutdowns (as shown by UI claims), and then adjusted again for longer-term outlook. This outlook was the subjective perspective of Workforce Board researchers and is meant to cover the next several years.

Job Outlook by Industry: Pre to Post COVID

Industry	Pre-Covid-19 outlook	Sensitivity to Covid-19	Long Term Outlook
Food services and drinking places	strong	high	stable
Ambulatory health care services	strong	high	strong
Administrative and support services	strong	high	strong
Specialty trade contractors	strong	high	strong
Social assistance	strong	low	strong
Hospitals	strong	low	strong
Crop production	strong	low	strong
Publishing industries, except Internet	strong	low	strong
Merchant wholesalers, durable goods	strong	high	strong
Nursing and residential care facilities	strong	low	strong
Construction of buildings	strong	high	strong
Real estate	strong	low	strong
Management of companies and enterprises	strong	low	strong
Educational services	strong	high	stable
Amusements, gambling, and recreation	strong	high	stable
Personal and laundry services	strong	high	stable
Agriculture and forestry support activities	strong	low	strong
Building material and garden supply stores	strong	low	strong
Other information services	strong	low	strong
Miscellaneous store retailers	strong	high	weak
Support activities for transportation	strong	high	stable
Warehousing and storage	strong	low	strong
Air transportation	strong	high	stable
Couriers and messengers	strong	low	strong
ISPs, search portals, and data processing	strong	low	strong
Securities, commodity contracts, investments	strong	low	strong
Performing arts and spectator sports	strong	high	stable
Beverage and tobacco product manufacturing	strong	high	strong
Museums, historical sites, zoos, and parks	strong	high	stable

Source: Washington State Employment Security Department data analyzed by Washington's Workforce Board

Chapter 2: Lessons from History

The current crisis dwarfs the 2008 Great Recession in both scope and scale. Yet, certain challenges and lessons learned during the recession and through the recovery period can help inform planning for economic recovery today. Most important is to understand what underlies Washington's uneven economic recovery over the past 10 years. While, as a state, Washington has out-performed almost every other state's rate of economic growth, real benefits have only accrued to about half of Washington's population in that time period.

This chapter examines disaggregated data during the Great Recession and through recovery to understand where workforce development interventions were and were not effective. We also look further back in history at the impact of policy decisions on populations of color and others who have been left behind economically. As noted in Chapter 1, the populations that have been hardest hit by the pandemic are the same populations that have been marginalized year after year. And for every marginalized population, those who have fared worst are people of color.

Crisis as Opportunity: Recommitting to Closing Equity Gaps

Even as our state and nation have been tested these past months with the most serious public health crisis in living memory, we have embarked together as a country on an overdue examination of the effect of generations of systemic racism in policymaking and policing on communities of color. The ongoing pandemic has focused workforce system partners' minds on the particular impact of this economic downturn on communities of color, as discussed below. But our partners also agree that this moment of potential reform and innovation must also be seized as an opportunity to examine with clear eyes whatever existing remnants of discrimination and racism exist as a legacy within our systems. From there, we can forge a new legacy of equal access and opportunity for all.

Lessons from the Great Recession

The Great Recession, beginning in the fourth quarter of 2007 and continuing through mid-2009, refers to the economic downturn that resulted after the subprime mortgage lending crisis, housing "bubble burst," and global financial crisis. According to the U.S. Bureau of Labor Statistics (BLS), between 2007 and 2009, nearly seven million workers who had worked for the same employer for at least three years lost their jobs, almost twice as many workers who were displaced between 2005 and 2007. Not only had the number of displaced workers grown significantly during this period, these workers also experienced greater difficulty returning to work. By January 2010, only half the workers who had been displaced in the three previous years had become reemployed.

In 2011, the Washington Department of Social and Health Services (DSHS) Economic Services Administration completed a study of how the Great Recession affected Washingtonian labor force participation, housing and food security, and child poverty rate compared with citizens in eight other states (Arizona, Colorado, Delaware, Minnesota, Nevada, Oregon, Pennsylvania, and South Dakota).¹ It comes as no surprise that across the nine states studied, rates of child poverty and hunger rose sharply during the recession. Washington's child poverty rate peaked at 37 percent in 2009. Also in 2009, Washington tied with Oregon for the highest rates of very low food security among peer states studied, defined as reduced food intake, hunger, and disrupted eating patterns.

Moreover, the squeeze the Great Recession placed on citizens was further exacerbated by rising housing and rental costs in Washington, even during the depths of the downturn. According to the DSHS study, Washington was one of only four states studied where the fair market rental costs for two-bedroom apartment units rose more than 5 percent between 2009 and 2010. Only two states (Delaware and Nevada) edged out the median fair-market rate for a two-bedroom apartment in Washington, valued at \$919 a month in 2010. For perspective, in 2010, a TANF cash grant to a family of three with no income was only \$562 a month.

Compared to peer states, Washington's private sector job growth was the highest heading into the Great Recession and remained the highest throughout the Great Recession. Yet, in 2009, Washington's long-term unemployment rate (defined as the proportion of unemployed persons who were out of work for 52 weeks or longer) doubled, from 6.5 to 11.7 percent, the third highest increase among the nine peer states.

By 2010, Washington was also experiencing the third highest rate of underemployment among peer states (the percentage of those employed who were working part-time but desired full-time work), at 7.6 percent of the labor force. Finally, the average duration of unemployment increased in Washington from 13.6 weeks in 2008 to 21.2 weeks in 2009. The 2011 DSHS study noted that these high underemployment and long-term unemployment rates, in comparison with peer states, suggested a potential "structural mismatch" between many displaced workers and available jobs in the new economy.

Just as in the waning years of the Great Recession, Washington now faces the challenge of responding to a massively disruptive economic event while simultaneously positioning its residents to compete and thrive in an increasingly fast and innovative marketplace. This challenge is superimposed upon a public health disruption of a scale unseen in a century. The speed of business innovation has only increased in the intervening decade, and now

¹ <https://www.digitalarchives.wa.gov/do/D1384F49E245B81331A5EBAF5F65E1D0.pdf>

policymakers and the workforce system must make increasingly difficult resource decisions about how to best align training pathways with future opportunity in a funding environment where resources will inevitably become scarcer.

Education and Training System Capacity during the Great Recession

At the onset of the COVID-19 pandemic, workforce system leaders recalled one of the prime challenges to effective service during the Great Recession: as unprecedented numbers of workers were dislocated, our education and training providers were faced with a tidal wave of enrollees. Capacity demands on facilities, faculty, and staff were simply overwhelming. While more than 40,000 dislocated workers were able to enroll in postsecondary education and training programs, the first waves of displaced workers, could not gain immediate access to their desired fields of study or had to extend their time in training because courses were not readily available. Washington's community and technical colleges, with support from federal and state economic stimulus funds, were eventually able to create a number of new professional technical programs and expanded others to support more focused re-employment efforts.

- Research from the State Board for Community and Technical Colleges (SBCTC) in 2013 reviewed the impact of professional technical education and training in the wake of the Great Recession. In general, dislocated workers returned to stable jobs after a period of worker retraining, but not often at the same pay-rate or in the same field. Particularly marginalized students from racial and ethnic minority groups, lower income students, and those who enrolled with less than a postsecondary credential often left school prior to completion to take jobs as they come available. The immediate ability to earn an income often outweighs the potential down the road to earn a better salary. For those without a financial cushion, they will often choose the sure thing. More granular findings from the SBCTC report show that around 8,500 dislocated workers left community and technical colleges in 2010-2011 after training. Some 73 percent returned to work in 2011-2012, up 6 percent from the previous year, reflecting the recovery, and 86 percent of those workers were still employed nearly two years later. Most returned to work in the regions where they were employed prior to dislocation.

The largest portion of worker retraining participants in 2011-2012 shifted out of construction, public administration, and finance/insurance as these fields had declined in the recession. Students moved into healthcare, administrative, and transportation/warehousing industries.

- Workers who earned higher than average wages prior to losing their jobs recovered 88 percent of their wages after training, earning median wages of \$20.57 prior to

dislocation and \$18.09 after training. Lower-wage earners earned median wages of \$11.03 prior to dislocation and \$12.88 after training, achieving 117 percent wage recovery.

- Worker retraining students tended to be male, older than other workforce students, and less likely to be students of color.

Another Worker Retraining report from SBCTC in 2018, covering students enrolled between 2011-2015, provides more insights about program completion as an economic impact factor.

- About 70 percent of worker retraining students in a professional-technical program completed their program. However, as demonstrated in the figures below, some populations have higher completion rates than others, which has implications for how much they ultimately earn. Historically underserved students are less likely to complete a program or earn an associate degree.
- Job placement rates are comparable across all population groups;
- But historically underserved students earned wages 8 to 10 percent below their peers (\$16.90 compared to \$18.36).

Similar to the 2013 report, students who earn low wages prior to training have a higher wage recovery percentage (131 percent) than students with higher wages before entering training (73 percent).

Measure	Target	2013 report	2018 report
Job placement rate	75%	73%	66%
Higher wage recovery rate	85%	88%	73%
Lower wage recovery rate	100%	117%	131%
Most common programs of study		Healthcare (primarily nursing), business management (accounting), information technology, manufacturing	Business management (accounting), manufacturing (welding), health services (medical/clinical assistant), information technology (computer system network), nursing

COVID-19 Impacts on Communities of Color

Employment data gathered during the few months since the onset of the COVID-19 pandemic already demonstrate shockingly disparate health and economic impacts on communities of color. The April 2020 employment rate for Black Americans (16.7 percent) and Latinx Americans (18.9 percent) hit record highs, while white Americans experienced below the national average

rate of unemployment at 14.2 percent.² A Pew Research Center survey from May 2020 found that 61 percent of Latinx households and 44 percent of Black households reported a job or wage loss due to COVID-19 through April, whereas 38 percent of white households responded same. These shares were marked increases from the March survey, when 49 percent of Latinx, 36 percent of Black, and 29 percent of white households had reported job or wage losses as a result of COVID-19.³ The Labor Department reported in April 2020 that more than half of Black adults are now unemployed, for the first time in forty years (51.2 percent).⁴ The Pew Research Center survey also found that 73 percent of Black and 70 percent of Latinx adults do not have the emergency savings to cover three months of expenses, while 47 percent of white adult counterparts reported the same; additionally Black (48 percent) and Latinx adults (44 percent) were more likely than white adults (29 percent) to say they “cannot pay some bills or can make only partial payments on some of them this month.”

According to a May 2020 study by University of California, Santa Cruz economist Robert Fairlie, 40 percent of Black-owned small businesses and 30 percent of Latinx-owned small businesses were forced to shut down entirely in April 2020 as a result of social distancing, as compared to 18 percent of white-owned businesses.⁵ According to an analysis of the Census Bureau’s Household Pulse Survey from June 2020 undertaken by the Urban Institute, 28 percent of Black homeowners were not able to pay or deferred their mortgage payments during the COVID-19 pandemic, compared with just 9 percent of white homeowners.⁶

Black and Latinx workers face a higher exposure risk to COVID-19 than their white peers according to a Center for Economic Policy and Research study from April 2020 simply due to the fact that Black and Latinx workers both disproportionately work “frontline jobs” that necessitate a degree of social contact (grocery store clerks, nurses, cleaners, warehouse workers, and bus drivers, etc.).⁷ And data collected by the American Public Media Research Lab show that Black Americans have experienced a COVID-19 mortality rate more than double the rate experienced by all other racial groups, including Latinx Americans.⁸ In the April 2020 Pew Research Center survey, 27 percent of Black respondents reported personally knowing someone who had been

² <https://www.nytimes.com/2020/06/01/business/economy/black-workers-inequality-economic-risks.html>

³ <https://www.pewresearch.org/fact-tank/2020/05/05/financial-and-health-impacts-of-covid-19-vary-widely-by-race-and-ethnicity/>

⁴ <https://www.washingtonpost.com/business/2020/06/04/economic-divide-black-households/>

⁵ <https://siepr.stanford.edu/sites/default/files/publications/20-022.pdf>

⁶ <https://www.urban.org/urban-wire/new-data-suggest-covid-19-widening-housing-disparities-race-and-income>

⁷ <https://cepr.net/a-basic-demographic-profile-of-workers-in-frontline-industries/>

⁸ <https://inequality.org/facts/racial-inequality/>

hospitalized or died as a result of COVID-19, roughly twice the number of Latinx and white adults who said the same (13 percent each).

Not All “Recoveries” are Created Equal

Though wealth inequalities have been clearly exacerbated by the COVID-19 pandemic, it must be acknowledged that their historical roots run far deeper. Even after the long, slow recovery following the Great Recession had run its course and the economy had reached never-before-seen lows in unemployment, data clearly showed a massive gulf in the quality and character of economic security enjoyed by white residents and Black and Latinx residents. In terms of basic net worth, in 2016, the Federal Reserve’s Survey of Consumer Finances established that the median net worth of a Black household was \$17,150—one-tenth the median net worth of a white family at the same time, \$171,000.⁹ A half century ago in 1968, the median Black household held just 9.4 percent the wealth of the median white household, again according to Federal Reserve data. In the intervening fifty years, that wealth ratio has fallen to 8.7 percent. Stated another way, the wealth divide between the median Black household and the median white household actually widened in the past fifty years since Civil Rights era reforms.¹⁰

The Great Recession had a disruptive impact across all racial groups, but the effects were more pronounced and longer lasting among communities of color. Between 2007 and 2013, the median net worth of Black families fell 44.3 percent; white families experienced a drop of 26 percent. And in spite of the meteoric stock market growth experienced in the waning years of the previous cycle, most communities of color missed out on opportunities to build wealth at the same rate as white counterparts: for instance only 36 percent of Black respondents and 37 percent of Latinx respondents to a 2017 Gallop poll indicated they owned stock, while 60 percent of white respondents indicated same.¹¹ Retirement security is particularly more fraught among households of color, as well (or perhaps, in part as a result): Boston College’s Center for Retirement Research found in 2016 that the median Black household had just 46 percent the retirement savings of the median white household, and the gap would be much larger if not for the value of Social Security benefits households respectively earned.¹² The typical Latinx household had just 49 percent the retirement savings of the typical white household in the same study.

⁹ <https://www.brookings.edu/blog/up-front/2020/02/27/examining-the-black-white-wealth-gap/>

¹⁰ <https://www.washingtonpost.com/business/2020/06/04/economic-divide-black-households/>

¹¹ <https://news.gallup.com/poll/211052/stock-ownership-down-among-older-higher-income.aspx>

¹² <https://crr.bc.edu/working-papers/measuring-racial-ethnic-retirement-wealth-inequality/>

Historical Access to Wealth Accumulation

In particular, policies designed to inhibit people of color from becoming homeowners cast a deep shadow on their long-term ability to acquire and build wealth and pass it on within their families. A recent Brookings Institute study on the Black-White Wealth Gap presents a succinct examination of these discriminatory initiatives:

Efforts by Black Americans to build wealth can be traced back throughout American history. But these efforts have been impeded in a host of ways, beginning with 246 years of chattel slavery and followed by Congressional mismanagement of the Freedman's Savings Bank (which left 61,144 depositors with losses of nearly \$3 million in 1874), the violent massacre decimating Tulsa's Greenwood District in 1921 (a population of 10,000 that thrived as the epicenter of African American business and culture, commonly referred to as "Black Wall Street"), and discriminatory policies throughout the 20th century including the Jim Crow Era's "Black Codes" strictly limiting opportunity in many southern states, the GI bill, the New Deal's Fair Labor Standards Act's exemption of domestic agricultural and service occupations, and redlining. Wealth was taken from these communities before it had the opportunity to grow.¹³

The effect of housing discrimination is accentuated by its legacy impact on future generations: wealth transfers through monetary inheritances make up roughly 4 percent of the annual household income of the entire nation, mostly untaxed by the government. In 2020 alone, the Brookings Institute's report noted Americans were projected to inherit \$765 billion in gifts and bequests, the largest class of which was real property. A 2019 study by the Federal Reserve Bank of Cleveland on the persistence of the racial wealth gap since the 1960s concluded the "current racial wealth gap is the consequence of many decades of racial inequality that imposed barriers to wealth accumulation either through explicit prohibition during slavery or unequal treatment after emancipation. Examples of post-emancipation barriers include legally mandated segregation in schools and housing, discrimination in the labor market, and redlining, which reduced access to capital in black neighborhoods."¹⁴

Additionally, access to higher education has additionally been long embraced as the express ticket to the American Dream. But Federal Reserve data from 2016 show that while earning a

¹³ <https://www.brookings.edu/blog/up-front/2020/02/27/examining-the-black-white-wealth-gap/>

¹⁴ <https://www.clevelandfed.org/newsroom-and-events/publications/economic-commentary/2019-economic-commentaries/ec-201903-what-is-behind-the-persistence-of-the-racial-wealth-gap.aspx>

bachelor's degree or advanced degree did produce substantial boosts on median household wealth for Black families, they were still a fraction the wealth gains that translated for white households. Among Black bachelor's degree holders, their median wealth was measured at less than a third the median wealth of a white bachelor's degree-holder's family. The gap between median wealth of Black advanced degree holders' families and median wealth of white advanced degree holders' families is twice as large as the gap between bachelor's degree holders.¹⁵

Recent Hopeful Developments and Effective Policy Practices

The Workforce Inclusive Economic Recovery Plan that follows contains discrete recommendations and policy priorities to be explored in individual detail. In this section, we highlight two hopeful national developments or policy changes that might inform future policymaking activity.

Redefining Corporations to Promote “An Economy that Serves All”

In late August 2019, the Business Roundtable, a consortium of 181 of many of the most influential Chief Executive Officers in American business, issued a revised Statement on the Purpose of a Corporation that radically departed from the norm established in the late 1970s: a statement of corporate purpose that endorsed “shareholder primacy,” or the primary responsibility of a corporation to operate and make business decisions solely on their ultimate effect on shareholder value.

The new statement takes a massively more expansive and communitarian view, a huge leadership step taken before the COVID-19 pandemic but doubly important due to the all-hands-on-deck effort required to right the American economy and return people to work quickly and safely. The new Principles of Corporate Governance no longer endorse shareholder primacy, but now also commit to responsibilities to their customers, employees, suppliers, and communities:

Americans deserve an economy that allows each person to succeed through hard work and creativity and to lead a life of meaning and dignity. We believe the free-market system is the best means of generating good jobs, a strong and sustainable economy, innovation, a healthy environment and economic opportunity for all.

Businesses play a vital role in the economy by creating jobs, fostering innovation and providing essential goods and services. Businesses make and sell consumer products; manufacture equipment and vehicles; support the national defense; grow and produce

¹⁵ <https://www.washingtonpost.com/business/2020/06/04/economic-divide-black-households/>

food; provide healthcare; generate and deliver energy; and offer financial, communications and other services that underpin economic growth.

While each of our individual companies serves its own corporate purpose, we share a fundamental commitment to all of our stakeholders. We commit to:

- Delivering value to our customers. We will further the tradition of American companies leading the way in meeting or exceeding customer expectations.
- Investing in our employees. This starts with compensating them fairly and providing important benefits. It also includes supporting them through training and education that help develop new skills for a rapidly changing world. We foster diversity and inclusion, dignity and respect.
- Dealing fairly and ethically with our suppliers. We are dedicated to serving as good partners to the other companies, large and small, that help us meet our missions.
- Supporting the communities in which we work. We respect the people in our communities and protect the environment by embracing sustainable practices across our businesses.
- Generating long-term value for shareholders, who provide the capital that allows companies to invest, grow and innovate. We are committed to transparency and effective engagement with shareholders.

Each of our stakeholders is essential. We commit to deliver value to all of them, for the future success of our companies, our communities and our country.¹⁶

Employee Co-Ownership as a Model for Weathering Recessions

Employee ownership strategies, such as cooperatives and employee stock ownership plans (ESOPs) can also be an attractive solution for owners wanting to sell their companies, or even as a capital-building strategy to modernize or grow operations. The recent Legislative Task Force on the Future of Work, staffed by the Workforce Board, highlighted employee-owned companies in their final report as a business model empirically shown to mitigate layoffs of workers during recessions, even during the deepest Great Recession on record.

Employee-owned companies also have a proven track record of providing higher wages and retirement savings, longer job tenure, and greater access to benefits such as medical insurance, maternity/paternity leave, childcare, and tuition reimbursement. The differential between employee-owned and other corporate models, which holds true in both rural and urban areas, and across all demographic groups, has drawn bipartisan support on the national level. A 2018

¹⁶ <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>

survey designed by the Rutgers Institute for the Study of Employee Ownership and Profit Sharing found that Republicans (72 percent), Democrats (74 percent), and independents (67 percent) all indicated they would prefer to work for an employee-owned company.

Most recently, the “Main Street Employee Ownership Act of 2018” was passed with broad bipartisan support by Congress and signed into law by President Trump in 2018. The legislation directs the Small Business Administration (SBA) to make some of the agency's loans more accessible to cooperatives and to work with lenders, the cooperative business community, and other relevant federal agencies to develop practical reforms to make their lending programs more accessible to all eligible cooperatives.

The most common form of employee ownership in the U.S. is through the creation of an ESOP, which is a qualified defined contribution plan that provides a company's workers with retirement savings through their investments in their employer's stock, at no cost to the worker. While the upfront conversion and ongoing maintenance costs may be significant, they are generally more than offset by tax breaks at the federal level.

On average, ESOP companies have a strong track record of distributing profits more equitably among its entire workforce, as opposed to concentrating value on non-worker shareholders in traditional publicly traded companies. Employee-owners in the 28-34 age range, when compared to their non-owner counterparts, were found to have 92 percent higher median household income, according to a Rutgers University study. These positive outcomes extend beyond income and job tenure, with ESOP employees less likely to be laid off, and on average accumulate greater retirement savings, regardless of education (including high school or equivalent and no high school), gender, and ethnicity.

Another form of employee ownership is cooperative ownership, intended to achieve greater gains for worker owners than other forms of business organization, but requires specialized knowledge to organize and manage. The cooperative, or co-op, is based on equal investment and gainsharing for all employee-owners. Co-ops are organized to allow employee-owners to have a say in major organizational decisions (negotiated during the formation of the business and codified in by-laws); each owner has one vote in the decision-making process. While co-ops often have a hierarchy of managers and workers, and pay differences similar to other businesses in their industry, for the decisions that are made by the collective, there is no power or status difference among employee-owners— “one voice, one vote.”

Most cooperative businesses are built on a set of principles first codified in 1844 by the Rochdale Society of Equitable Pioneers in Rochdale, England, a group of individuals involved in the textile trades. These principles put worker-owners and community benefit at the core of the cooperative model by building local wealth, promoting worker training, creating pathways for

continuity in local ownership, among other principles. In 2019, there were approximately 240 co-ops operating across the state in industries including childcare, utilities (rural electrics), financial (credit unions), agriculture, housing, food, and arts and crafts. Internationally, the Mondragon Corporation, a federation of worker cooperatives based in the Basque region of Spain, has been held up as a prime example of a successful cooperative business model. Established in 1956, the worker-owned company has grown to employ nearly 82,000 workers across 98 cooperatives, 143 subsidiaries, and 10 umbrella organizations that cumulatively generated €12.22 billion in revenue and €420 million in investments in 2018.

Chapter 3: Changing Infrastructure toward Desired Outcomes: Creating a Recovery Ecosystem

Winston Churchill famously said, “Never let a good crisis go to waste.” There is no question that we are in the throes of a crisis. With hundreds of thousands of Washingtonians expected to need new skills in order to re-enter the economy, and businesses in various stages of “shut-down” and in transition to virtualization, we can’t afford a “business as usual” response. Washington’s comprehensive workforce development system—including education, training, support services and job matching, among other things—is having to re-imagine service delivery almost entirely, for today and for the long-term. Public and private system partners are working together to make certain that this crisis doesn’t go to waste.

Collective Planning and Data-Sharing

“Talent and Prosperity for All,” or TAP, is the state strategic plan for workforce development. The Workforce Board convenes stakeholders to develop a state strategic plan, with common goals and objectives, for the broad workforce development system every two to four years. The plan was previously called “High Skills, High Wages.”

TAP, and the previous state workforce plan, established goals to reach more individuals and businesses, with increasingly better outcomes and customer satisfaction levels. Underlying objectives consistently aimed at reducing duplication of effort and streamlining the customer experience for both businesses and workers/jobseekers. The core strategies of coordinated service planning and integrated service delivery across funding silos have held constant for many years, although have been difficult to achieve or to sustain systemwide.

So too, has the notion of sharing service data across programs. Individuals and businesses that utilize the state’s public workforce development services often require support from at least two and often more service providers to achieve their goals. A business may need help with outreach and recruitment of potential new workers and may also need training support for both their incumbent workers and their new hires. An individual may need help with career exploration and planning, education and training, and support services, such as housing, food assistance, transportation and child care, all in order to secure a meaningful job.

Data-sharing can prevent “intake fatigue” among both jobseekers and businesses, who currently must describe their situation, goals, and barriers at each referral point. Sharing data about available services, eligibility determination, and services used by the customer helps inform better, more comprehensive service plans, and enables customers to feel ownership of their service plan and the personal responsibility to achieve stated goals. Both the customer service

plan and progress towards goals would be buoyed by common language and understanding, and reliable data across all program partners that work with the customer.

Increase and Improve Service Integration

System partners have made tremendous headway towards multi-program alignment and coordination. Less progress has been made in integrating services, and especially braiding of financial and other resources. Structural barriers, often legislated at the state and federal levels, have seemed insurmountable. Yet, the pandemic may provide the opportunity for removal of policy barriers and long-term systemic reform. At both the federal and state levels emergency policy reform has occurred across healthcare delivery and payment structures, as well as healthcare occupational education and scope of practice. Unemployment policy has shifted on a temporary, emergency basis, to accommodate small business owners, independent contractors, and gig and part-time workers. The education sector, too, has requested and received policy changes to be able to continue student learning in a virtual environment. Many changes were initially viewed as temporary or short-term. But there is no end in sight for the pandemic, and performance data is amassing on these changes. Policy dialogue is now shifting to make some emergency changes permanent and to consider new reforms for long-term impact.

Optimally, all Washingtonians in need of support, including those who require additional education and training to enter or re-enter the job market, should be able to access the right mix of services at the right time. Business owners, entrepreneurs, independent contractors, and gig workers must also be able to find support at each stage of their business or earning life. To expand or create new services, and achieve an adequate and equitable level of scale, all program and funding partners will have to see the appropriate conditions at the policy level to substantially change their practice within program boundaries, but more importantly across program silo walls. Walls must become permeable, and all partners must share in the responsibility—and credit—for each participant's success. Participant data must become sharable across silos, and performance accountability should reflect collective responsibility across the system, rather than a program-by-program report card. Community-level and individual-level economic health, with a focus on diversity, equity, and inclusion, should be the new drivers of a transformed workforce development ecosystem that delivers an inclusive economic recovery.

In addition to permeability, new paradigms must support economic momentum for all individuals and the businesses that employ them. It should not be considered "good enough" if an individual gets a job, or a business hires a new worker. The "any job is a good job" policy dictum of the past must be replaced to reflect current and projected future realities. Individuals will likely have many jobs or have to weather technology-induced changes to their occupations.

Businesses and whole business sectors may experience significant technology-induced shifts to their bottom lines.

Connections to businesses and workers should no longer be viewed as “one and done.” The state’s workforce development system can and should be a point of engagement for businesses, workers, students and jobseekers throughout their lifespan. But this too will require changes to the infrastructure—and technology should be better utilized to fuel these lifelong relationships.

Credentials with Economic Momentum

Currently, credentials are the coin of the realm at the intersection between workers and employers. Degrees have historically been viewed as proxy for the skills and competencies required on the job or for career advancement. Yet, we know that “credential as proxy” is also a structural barrier for many who could not afford or were deterred in other ways from considering college. Our state’s credentialing systems—education, training, occupational, and professional licenses, must be modernized, and made transparent, portable and permeable. Credentials can provide real economic momentum for traditionally marginalized populations when those credentials are deconstructed by skills, competencies, and experiences; when they can validate mastery; when they stack towards higher order credentials, and when they recognize and value all learning equally—in the classroom, on the job, on one’s own.

Washington’s postsecondary providers have made great progress in designing new pathway models to improve access and completion rates for students. However, there is more room for improvement, especially in serving adult workers and marginalized populations. Working across silos, and with cultural understanding, systems can expand access for a wider range of student groups, accelerate economically meaningful credential acquisition, and improve lifetime workforce and economic outcomes.

Credentialing learning that occurs on the job or through life experience can be an educational lifeline for many people who have not chosen or have been unable to take advantage of traditional postsecondary pathways. High School Plus (HS+) is a program of the Basic Education for Adults division of the community and technical college system, which recognizes and grants credit for prior learning. HS+ has substantially boosted high school diploma attainment for adults, many of whom have moved into college programs. The model should be expanded across postsecondary systems.

Competency-based education also needs to be expanded in our public postsecondary education system. Like HS+, competency-based credentialing can accelerate the attainment of degrees and other meaningful credentials. Sitting in a classroom from 8 a.m. - 2 p.m. on weekdays for 11-15 weeks at a time does not fit all adult workers’ lives—or businesses’ schedules—and inhibits access and credentialing for many. For those who complete a registered

apprenticeship program, military training, and other programs where skill and competency attainment are well documented, crosswalks to transferable college credit should be automatic and systematized.

The increase in distance learning across instructional programs that has been caused by COVID has forced most colleges to adapt to online instruction. With added support for faculty, staff, and students, this can become normalized and with it, enable students to take coursework asynchronously at their own pace, moving as quickly as they can to demonstrate mastery of subject matter, and to completion/credential.

Technology can help create a competency-based credentialing system that supports workers and businesses, while increasing attainment of traditional degrees. Digitization of credentials, or interoperable digital credential “wallets” are proving to support economic mobility and momentum for workers and employers. Use of a common language and linked open credential data is also allowing for education mobility. New Hampshire’s higher education system, for example, has seen high levels of course-taking across institutions, but low levels of degree attainment, as too few credits transfer from one institution to another. That state has created and is piloting an artificial intelligence (AI)-based, data system that is interoperable and therefore able to be shared among different systems across all campuses. This enables individuals to pool their credits and coursework towards degrees and other credentials.

Washington has numerous explorations, demonstrations, and fully built programs tied to enhanced credential pathway development, a new credential taxonomy, and digitized interoperability that allows data to be shared across different systems. Now is the time to advance this learning, build on success, and establish a durable infrastructure that supports lifelong learning, economic mobility, and true credential transparency.

Chapter 4: Removing Barriers and Performance Accountability

Re-charter and Refocus the Board's Subcommittee on Removing Employment Barriers

As part of Washington's economic recovery plan, the Workforce Board and its partners commit to defining measurable "inclusivity" to serve as the workforce system's North Star of inclusive economic recovery.

Integral to this effort is a commitment from all partners to recharge and rededicate the Workforce Board's subcommittee on Barrier and Access Solutions. Created in 2015 during the planning process for the first edition of Washington's current strategic workforce development plan *Talent and Prosperity for All*, the Barrier and Access Solutions Committee (BASC) was chartered as the first and currently only existing standing subcommittee of the Workforce Board. The subcommittee was created to work collaboratively with similar, locally focused committees established by regional workforce councils to diagnose barriers to employment and challenges in accessing workforce services across all vulnerable populations, including race, people with disabilities, veteran status, and income status. The Workforce Board's direct support of the state BASC was intended to drive attention and resources toward removing or reducing barriers to employment and increase access to workforce services, whenever possible. In its first year, the BASC produced a grant-funded project that estimated population baselines for all 14 vulnerable "focus" populations¹⁷ as detailed in the federal Workforce Innovation and Opportunity Act (WIOA), in collaboration with the WIOA Implementation Committee on Data Sharing and Performance. This provided a needed first step in dash-boarding where these populations are found in Washington and how our system's services move the needle on employment outcomes for each of them.

¹⁷ Under WIOA, the term "individual with a barrier to employment" means a member of one or more of the following populations:

(A) Displaced homemakers. (B) Low-income individuals. (C) Indians, Alaska Natives, and Native Hawaiians, as such terms are defined in section 166. (D) Individuals with disabilities, including youth who are individuals with disabilities. (E) Older individuals. (F) Ex-offenders. (G) Homeless individuals (as defined in section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2(6))), or homeless children and youths (as description of defined in section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a (2))). (H) Youth who are in or have aged out of the foster care system. (I) Individuals who are English language learners, individuals who have low levels of literacy, and individuals facing substantial cultural barriers. (J) Eligible migrant and seasonal farmworkers, as defined in section 167(i). (K) Individuals within 2 years of exhausting lifetime eligibility under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.). (L) Single parents (including single pregnant women). (M) Long-term unemployed individuals. (N) Such other groups as the Governor involved determines.

Since 2019, the BASC has been in hibernation as workforce system partners have engaged with one another on an update to *Talent and Prosperity for All*. As detailed in a recommendation to follow in this Workforce Economic Recovery Plan, the Workforce Board has an opportunity to refocus the efforts of the BASC on inclusivity for all, and to charge it with an additional portfolio of responsibility on defining and measuring inclusivity dynamically.

Accordingly, the recommendation of this plan is for the Board to work with staff to convene a re-imagined and rechartered BASC to:

- 1) Focus the Board and workforce system on truly addressing economic disparities.
- 2) Define how to measure “inclusive economic recovery” and measure systemic success at closing economic disparity gaps via data dash-boarding.
- 3) Bring underrepresented voices to the table with industry and decision-makers to discuss job quality, access, equity, and anti-racism.

Prevent the Growth of Long-Term Unemployed

As examined in Chapter 2, the Great Recession offers some object lessons for our system to consider when responding to the current economic downturn. This includes the lived experience of identifying and working with a large pool of long-term unemployed Washington residents coping not just with a market downturn, but with changes in the very nature of work itself. As also examined in Chapter 2, we know that many of those most likely to be disproportionately affected by long-term unemployment include youth, people of color, and people with lower levels of education and training.

These past experiences, coupled with current Unemployment Insurance filing trends, indicate the current crisis has had the greatest impact on occupations within retail, leisure and hospitality, including travel, tourism, entertainment and recreation.

Workforce training yields the strongest outcomes, including persistent job placements, when the skills provided in training are closely matched to the actual needs of employers in the community, and that match is examined and adjusted over time to reflect the changes of industry practice or standards. Washington’s workforce system is well positioned today to leverage ground-level labor market data. The state recently acquired business climate data from Dun and Bradstreet’s Market Insight and Econovue programs to aid in more quickly identifying businesses and industries facing financial challenges, or showing fiscal stability and growth. More granular job and skill data for high-demand employment opportunities is also needed. A good next step for the workforce system is co-investing in a data dashboard that helps track which education and training pathways lead to livable-wage jobs in high-demand industry sectors. By mapping these pathways and making them navigable to jobseekers, more

Washingtonians will be able to chart a course back to work, instead of becoming long-term unemployed.

Beyond data dash-boarding, the state should look at leveraging other policy strategies to combat long-term unemployment, including:

- Encourage or incentivize early participation in postsecondary education and training, while the pandemic is in full swing. Life dimensions, such as caring for and educating children at home, caring for other family members, and taking gig or part-time work opportunities as they arise, are just some of the burdens that keep unemployed individuals from exploring and engaging in postsecondary education and training options. Asynchronous distance learning options can be good options, but there is little awareness of what might be available that can lead to good job opportunities.
- “Public service employment” or “public works” jobs, not unlike those created in the Great Depression, or at a smaller scale by the American Recovery and Reinvestment Act of 2009.
- Creating incentives for employers to hire long-term unemployed, and/or for the long-term unemployed to accept jobs potentially at lower wages than they had previously earned. This might be accomplished through a payroll tax credit to employers that hire individuals who are out of work for six months or more.
- Existing programs, such as the Work Opportunity Tax Credit, are often underutilized. More should be done to help businesses understand and make use of these programs, which include substantial financial incentives for hiring populations with employment barriers.
- Fortifying partnership with Vocational Rehabilitation programs to ensure people with disabilities also have access to gainful employment opportunities. People with disabilities, including those claiming work-limiting disabilities under Social Security Disability insurance, are at particularly high-risk of becoming long-term unemployed.
- Broadening support for Return to Work initiatives including the state RETAIN program to encourage some unemployed or work-limited disabled individuals to return to employment.¹⁸

¹⁸ Urban Institute, a nonprofit research organization, <https://www.urban.org/>

Chapter 5: Leverage, Expand Capacity of Postsecondary Systems

Washington is fortunate to have a broad spectrum of high-quality postsecondary education and training options, from public and private two- and four-year colleges and universities, to a robust catalog of registered apprenticeship programs, and over 300 occupation-specific licensed schools. But higher education, like every other sector of our society and economy has been hit hard by the pandemic and the resulting health and safety measures.

Postsecondary capacity is always a concern when there is an economic downturn. Historically, economies experience a surge of workers seeking upskilling or reskilling opportunities. Usually, federal workforce development funds are increased to help support the tuition and other expenses of dislocated workers, which enabled Washington's postsecondary community to make room for these dislocated workers.

In addition, states often experience a decline in revenue during economic downturns, and spending on publicly funded postsecondary education, a discretionary part of Washington's budget, is reduced, along with other discretionary programs, to offset budget shortfalls. Cutbacks in discretionary activities and increased federal funding support has helped postsecondary education weather these economic storms and even expand and adapt to meet changes in demand. This time, the economic impact is very different.

All Washington's higher education sectors have been working with the Governor's office to implement the best options to continue the education and training of currently enrolled students, and to encourage and prepare for new enrollments. All institutions converted most or all of their instruction to a remote learning format in March, and have gradually re-engineered programs, spaces, and learning modalities to support lab-based or hands-on learning, while adhering to social distancing and other CDC guidelines. Under "Safe Start," institutions and direct provider organizations have established and are implementing approved school re-opening plans, which will consist largely of continuing remote learning with options for hybrid and in-person courses adhering to the rigorous health and safety protocols for classes, libraries, student and academic services and programs, on-campus housing, food services, and other gathering spaces.

These changes are costly. Across higher education conversion to remote learning, the transition of in-person curriculum and teaching to a remote learning modality, has required significant investments in technology and access for faculty and students, including new simulation or augmented virtual reality software and peripherals. Institutions are increasing cleaning and sanitation of all spaces, after every class, and providing personal protective equipment for all staff and students. In-person and hybrid class sizes have been reduced to accommodate social distancing, which requires additional instructional staff hours, and in some cases retrofitting

spaces not normally used for instruction, such as cafeterias, gymnasiums and conference centers. Certain spaces must be re-engineered and retrofitted with plexiglass and other contact barriers. Finally, institutions continue to experience lost revenue through auxiliary services as a result of the pandemic such as on-campus housing and leased spaces.

Institutions and programs, prior to the pandemic, were just beginning to experience financial recovery to Fiscal Year 2008 appropriation levels while educating more students between 2008-2009 and 2018-2019. The state's passage of the Workforce Education Investment Act helped significantly. However, the Workforce Education Investment Account, established in the Act from increased taxes from certain types of businesses, and which provided the funds to shore up institutions to FY'08 levels, will likely see significant reductions in revenues.

The federal emergency CARES Act created an education stabilization fund which helped off-set the high cost of retro-fitting institutions to address CDC guidelines. This was a one-time infusion of funds. Institutions are struggling to find adequate on-going resources to meet continued health and safety requirements and fulfill their educational missions. They are considering a range of challenging decisions including suspending courses and programs.

Even though programs and institutions undertook or are undertaking major transformations to meet changes in education delivery; with rigorous attention to the health, safety, quality programming and engagement of students, faculty and staff, students and their families remain concerned. After the initial "Stay Home, Stay Safe" proclamation, some students chose not to return. In addition, some international and non-resident students were unable to return.

Finally, faculty and staff are experiencing the same pandemic-induced impacts as the general population. They or their close family members may have compromising health conditions, they may have pre-school or school-age children at home, or they may just be concerned about the potential of contracting or transmitting the virus. Some may also feel uncomfortable teaching in a remote learning environment. Where work-based or on-the-job learning is a core component of programs, and industry employees share instructional responsibilities, such as with registered apprenticeships, career launch, and many health occupation programs, instructional capacity is affected by the partial or full closures of workplaces.

Beginning in April, the Workforce Board convened a Postsecondary Capacity Work Group to develop strategies to specifically address the education and training needs of tens of thousands, maybe even hundreds of thousands, of dislocated workers likely to need upskilling or reskilling to re-enter the economy at livable wages. To date, Washington has received \$24 million of federal funding through grant applications for federal emergency and stimulus funds to support dislocated workers to prepare for re-employment. Despite this investment, and further grant development, concerns remain high as the pandemic continues, and educational needs persist.

To meet our state's needs new strategies must be enacted that support both current or traditional student populations and the throngs of dislocated workers.

The Postsecondary Capacity Work Group, which represents all sectors of postsecondary education and training, the local Workforce Development Councils, and others developed an initial set of recommendations to meet the state's needs and leverage and expand postsecondary capacity in Washington. The Work Group prioritized dislocated workers and students who need the most support to succeed in the pandemic-impacted economy, especially under-represented populations, those who have not completed high school, and those with low income levels. The Work Group also chose to focus on strategies that cut across the full spectrum of postsecondary education and training and highlight best or promising practices in one or more areas of the postsecondary education community. The areas prioritized by the Work Group are:

- Support for faculty to perform well in a remote learning environment.
- Pathways to quality jobs in high demand industries and occupations.
- Comprehensive tuition support and wrap-around services at all stages from initial enrollment through to credential completion.
- IT equity and digital literacy.

The group's recommendations for education and training pathways to high-demand jobs, and for IT equity and digital literacy are included in later sections of this plan. Following are their recommendations for improving remote learning delivery and wrap-around student services.

Professional Development & Communities of Practice Subcommittee

1) Goals/Purpose:

- a) Ensure that faculty and staff have the necessary resources to shift from classroom to online training.
- b) Establish a community of practice across all aspects of secondary and postsecondary education to support dislocated workers.
- c) Create occupational pathways for providers of education.

2) Recommendations

- a) In order to provide Faculty/Staff resources for transitioning to online teaching, the work group has the following recommendations:
 - Ensure online teaching utilizes components of universal design & accessibility ([Section 508](#)).
 - Develop a catalog of courses that teachers can take online to learn and raise awareness of available resources—"Excellence in teaching online" courses.
 - Identify quality open access courses that would be available to under-resourced educational institutions to ensure all institutions are able to access necessary training.

- Ensure access to broadband and digital devices for accessing these trainings and for the faculty/staff that are developing and delivering the trainings online.
- b) In order to create a Community of Practice for Secondary/Post-Secondary Education, the work group recommends the following:
- Encourage educational institutions to develop statewide forums for educators that share findings, challenges, questions, and access resources (i.e., online faculty lounge).
 - Based on department, discipline.
 - Can be internal or external/ informal or formal.
 - Fiscal support for adjunct faculty development & participation.
 - Ensure instructors have access to “stable, consistent, accessible” broadband (may take funding).
 - Identify and provide smaller grants to support an action item of CoP.
- c) In order to create effective occupational pathways for providers, the work group recommends the following:
- Establish alternative licensure programs (eg: Alternative Pathway to Teaching Credentials or Career & Technical Education (CTE) credentials).
 - Consider extending reciprocity agreements across state lines for credentialing various licensures.
 - Consider streamlining temporary alternative pathways for dislocated workers to obtain CTE instructor certification.
 - Programs similar to New Mexico.
 - Identify and create a list of free non-credit certificate programs that lead to jobs.
 - Consider alternative funding for non-credit upskill and back-fill certificate programs.
 - Consider alternative educational programs for jobs in demand.
 - Allow educational institutions to utilize current workforce expertise to instruct in high-demand CTE jobs without strict credentialing requirements.
 - Health Tech
 - Trades
 - Info-Tech

Wrap-Around Student Services Subcommittee

Goal: Ensure every student has the necessary resources to access, benefit from, and complete to an economically meaningful credential, their chosen program of study.

- I. Map all financial and other supports available in each region of the state and for every institution or program. Include all readily and consistently available public and private supports.

- II. Articulate all eligibility requirements or other criteria for use of available supports, and identify service gaps.
- III. Create templates, guides, and other resources to help frontline staff develop support packages that align with every stage of a student's progress towards career success.
- IV. Renew and make permanent the increased funding (\$4 million proviso in 2020 state budget to address Job Skills program backlog) to support the upskilling and reskilling of incumbent workers, including returning furloughed workers.
- V. Re-energize the Lifelong Learning accounts program to encourage co-investment of employers and workers in the long-term economic success of workers.

Chapter 6: Creating Navigable Pathways to In-Demand Careers

Dislocated workers and other economically vulnerable individuals must find accessible and navigable routes to economically stable careers with livable wages. Many will need to start earning wages quickly after Unemployment Insurance and other benefits run out or are lessened. Federal workforce and financial aid funds, coupled with the newly enacted Washington College Grant program can help cover the cost of education, training, and other support needs while an individual prepares for entry or re-entry to the labor market. But for many, it is the need to cover standard living expenses, beyond the financial aid level, that propels an individual to take an available job, often foregoing the opportunity to attain a marketable credential or prepare for a job with higher wages.

Advancing economically vulnerable populations to economic stability is a priority of this inclusive economic recovery plan. The recommendations in this section are designed to address the persistent and pervasive structural barriers to entry into high quality, well-paying jobs, with better prospects for long-term economic stability. Our aim is to see individuals prepared for long-term economic success through the creation of durable, navigable education and training pathway programs into high-demand careers.

While we can't know all the possible jobs that will be in demand during the Safe Start re-opening phases and beyond, there are a few certainties. IT, healthcare and child care jobs are already in demand and will continue to grow. Manufacturing and construction experienced economic constriction, but are moving forward again, and quality jobs are being posted. This section recommends a sector-based approach to building bridges to prosperity and closing economic disparity gaps.

Effective Career Pathway Models

There has been a tremendous amount of research undertaken over many years to identify career pathway best practices, including those that have the greatest impact on marginalized, and economically vulnerable populations. The U.S. Departments of Labor and Education have each commissioned a number of projects to synthesize this research and compile the core elements of the most successful models. Our model combines the proven success elements of both, many of which are embodied in successful Washington programs. Unless otherwise described, each of the following pathway recommendations assume adherence to these core elements:

- 1) Build Cross-Agency Partnerships and Clarify Roles
- 2) Engage Business and Labor Partners from High Growth Industry Sectors
- 3) Identify Persistent and Pervasive Structural and Other Barriers to the Career Success of People of Color and Other Marginalized Populations

- 4) Co-Design Education and Training Programs with Industry and Other Partners that Remove Barriers to Participant Success
- 5) Incorporate Work-Based Learning Opportunities
- 6) Enable Participants to Earn Livable Wages at Program Onset or Soon after
- 7) Create Resource Map, Identify Funding Gaps and Potential Sources
- 8) Align Policies and Programs, Elevate Needed Statutory Reforms to Workforce Board and Other Appropriate Change Advocates
- 9) Collectively, Continuously, and Transparently Measure Process and Outcome Performance and System Change
- 10) Provide Tools, Professional Development, and Other Resources to Support Staff and Faculty to Succeed

In Support of Registered Apprenticeships

Since 1998, for as long as the Workforce Board has been evaluating the net impact of public investments in workforce development, the registered apprenticeship sector when taken as a whole has proven to show the greatest returns to taxpayers and participants, compared to all other education and training options (Workforce Training Results). In an ROI analysis, it is important to note that most apprenticeship programs receive very little taxpayer support, and in most instances the apprentice pays little to no tuition to be able to participate. Also, the apprenticeship generally starts earning income soon after starting in the program.

Particular disciplines in traditional education pathways do show a greater ROI than apprenticeship as a whole. For example baccalaureate computer science and engineering programs have better employment and earning outcomes than registered apprenticeships. But overall employment and earnings resulting from apprenticeship participation out pace traditional education pathways after program exit and even a few years past exit, with no discernable debt load incurred by the apprentice.

Another consistent positive finding is that employment and earning rates are better for non-completers of registered apprenticeship programs than non-completers of traditional education and training. This coincides with the high satisfaction rates reported by employers who hire both non-completer apprentices and journey-level professionals from registered programs (Workforce Board's periodic customer satisfaction surveys and Workforce Training Results).

Registered apprenticeship programs require that a job be available throughout training because the majority of learning occurs on the job. Apprentices are paid wages while training on the job, and progressive wage gains align with a schedule of learning gains and increases in job responsibilities. Apprentices are rigorously taught and supervised by journey-level professionals, with almost full-time supervision in the first stages of apprenticeship, and increasing levels of apprentice autonomy at the later stages. Apprentices are also taught to become supervisors at

the journey level, which maintains a virtuous cycle of work-based learning, with faculty always up to date with industry standards.

This plan recommends that career pathway programs be developed using the core tenets of the registered apprenticeship model, and business, labor and legislative policy makers should consider new registered apprenticeships whenever possible. Registered Apprenticeship can be an equalizer for economically vulnerable populations, with access and participation supports at each stage of participation. Currently, registered apprenticeship program participation rates for racial minorities and women vary greatly but system averages in some industries fall below overall population density. However, because of Registered Apprenticeship requirements to achieve diversity and inclusion, numbers have been steadily improving over the past 15 years.

The Washington State Apprenticeship and Training Council (WSATC) has a legal obligation to focus on equitable access across our diverse population. The WSATC sees this as a priority and continues to work with Apprenticeship Sponsors and the Apprenticeship Division of Labor and Industries to modify program development and oversight protocols. The WSATC also recognizes a growing number of preparatory programs with articulated pathways to Registered Apprenticeship, further promoting models proven to increase diversity, equity and inclusion.

Washington State policy makers have also shown that Apprentice Utilization requirements on public and private work can increase the number of work hours available to apprentices and the number of businesses participating in registered apprenticeship programs. Apprentice labor hour requirements currently exist across most state public works projects and a host of local municipality projects. State policy makers should look to contracting and procurement practices to drive registered apprenticeship development to new industry sectors.

Sector-Based Pathways vs. Local Flexibility

The remainder of this chapter and the next two chapters discuss statewide sector-based approaches to developing re-employment opportunities for dislocated workers. However, it is just as important to allow for local or regional public-private partnerships. Emerging from the Great recession, it was critical for the workforce development system to be able to identify and respond to the hiring needs of individual companies. In this recession, certain companies are able to pivot or re-invent themselves to take advantage of whatever market opportunities exist. They are the job creators of the pandemic economy. But they also are likely to need support to upskill or re-train their current workers. Local workforce boards, economic development agencies, community and technical colleges and others must have flexibility to be responsive to these employers' needs in order to avert lay-offs and to move jobseekers into gainful employment opportunities more rapidly.

Pathways to Careers in Manufacturing and Building Trades

Washington's manufacturers and building contractors were experiencing critical workforce shortages prior to the pandemic. Construction was hit hard by the "Stay Home, Stay Healthy" closures, but is currently rebounding slowly within phased re-opening guidelines. In fact, business and labor representatives of the construction industry worked together to develop a rigorous set of re-opening health and safety guidelines that has become the basis for most other industry re-opening guidelines. Currently, transportation-related construction and other essential projects are currently operational, and the number of workers returning to work is increasing daily. There are job listings for a variety of positions, and many related apprenticeship programs are again operational.

The construction industry as a whole is expected to rebound fully once the pandemic abates. However, it's important to proceed cautiously and in direct alignment with industry partners. Although there are considerable construction projects in the pipeline due to pent up demand, uncertainty over the size and speed of an economic recovery leaves significant questions as to future demand. The American Institute of Architects Monthly Billings Index (MBI), offers a useful barometric reading of new business generation. The MBI, which leads nonresidential construction activity by approximately 9-12 months, experienced its largest ever drop in billings between February and March, with a continued decline in April (American Institute of Architects, 2020). Until this drop of over 20 points, the largest decline occurred during the great Recession, when demand fell by about 9 percent.

A much larger proportion of Washington's manufacturers, considered "essential businesses," stayed open during the early phase of the pandemic. Still, manufacturing experienced economic chaos as supply chains choked or disappeared entirely. Manufacturers that supply goods and parts to the aerospace, hotel, and restaurant industries saw markets dry up. But manufacturing in Washington has become quite resilient in recent years, with nimble blending of digitization, automation, and highly skilled workers. Many manufacturers rapidly retooled to make various types of personal protective equipment, sanitizing agents, and other items in demand in the pandemic economy. The number of manufacturing job listings are slowly growing, but like construction, the health of manufacturing will be dependent on the length and trajectory of the pandemic, as well as on the permanency of the changes in consumer spending habits.

Both sectors have well-established career pathways, with multiple entry points: secondary and postsecondary career and technical education, registered apprenticeships, Career Connect Washington, and on-the job training. Each of these pathway models has made headway on improving access and completions for economically vulnerable populations, but there is far to go. There continues to be a significant under-representation of racial minorities and women, for example, except for the most entry-level positions in these industry sectors.

Pathways to Child Care Careers and Livable Wages

Availability of affordable, high-quality child care was insufficient to meet the needs of Washington’s children and families prior to the COVID-19 pandemic, and post-COVID, that need is expected to rise considerably, with a number of new and pressing structure challenges.

In 2019, Center for American Progress estimated that 63 percent of Washingtonians lived in a “child care desert,” where supply fails to meet demand; Washington ranked 6th worst among all states. Currently, Washington has just fewer than 200,000 licensed child care spaces statewide, which left a pre-COVID deficit of approximately 420,000 for children aged 0 through 12.¹⁹ Since mid-March, child care capacity in Washington is down over 40 percent, and statewide school closures mean school-based child care, youth, and expanded learning programs are unable to operate while school buildings are closed.

Amidst the COVID-19 pandemic, the demand for child care is constantly changing and uncertain—with many industries temporarily closed, workers furloughed or laid off, and businesses opening in phases – and further unbalanced by the likely resurgence of the virus, causing future closures. The solution for this predicament may seem obvious: hire more child care workers. As the state’s economy begins to reopen and the workforce returns to the (modified) workplace, there are hundreds of thousands of dislocated workers considering new career options, many of whom would be attractive candidates for child care careers. Despite the persistent need for workers within the child care field, the industry’s low wages and lack of career ladder opportunities dissuade most job-seekers from pursuing employment in this field.

The state has already taken initial steps to address the needs of the child care industry, including the formation of the Child Care Collaborative Task Force (Collaborative), administered by the Department of Commerce. In its most recent report, published in 2019, the Collaborative reported that persistent low wages and lack of opportunity for wage growth were among the major contributors to high levels of child care staff turnover. To counter such wage stagnation, the report included a wage proposal and income matrix, including guidance on the need for sustained fiscal investment in the income of early childhood care workers.

In the longer-term, such financial support for the Collaborative’s proposed wage structure will be an effective investment in the early childhood education realm, but the budgetary shortfall facing the state is a substantial barrier to such investment. As an interim step, this plan proposes the creation of structured, navigable pathways to better wages for care workers, within child

¹⁹ Approximately 120,000 spaces for children infant through 5, and 300,000 spaces for school-aged children, or those aged 5 through 12, according to findings from the Child Care Collaborative Task Force.

care and related fields. Specific structural guidance of these pathways will require a more in-depth stakeholder engagement process than is permitted by this plan's initial timeline, but we recommend the following parameters for such a pathway.

Consider a Community-Based Training Model:

As with other social service career pathways, many prospective child care workers are already living in the communities in which they could potentially work. Community-based employment strategies seek to tap into existing resources (in this case, community members) to remedy deficits (i.e. lack of available high-quality child care). Particularly given the ongoing pandemic, a "close-to-home" approach to career pathway development could prove to be effective in recruiting new child care workers. Existing efforts are underway to explore the concept of a community-based training model for early childhood educators and care workers.

One such effort is HB 2556, which requires the Department of Children, Youth, and Families (DCYF) to implement a community-based training pathway for licensed child care providers to meet the professional educational requirements mandated by child care licensure. The program aims to increase accessibility of child care pathways for low-income and ESL workers, with program costs capped at \$250 per person, offered in multiple languages, and accessible in both urban and rural settings. While the program is not credit-bearing, the bill requires DCYF and the State Board for Community and Technical Colleges to collaborate with community and technical colleges in development of a plan to permit community-based training completed by licensed child care providers to qualify for college credit; the plan is due to the Governor and the Legislature in December 2021.

College credit alone will be inadequate for recruitment or retention of child care workers. The child care license and college credit are a starting place. It is important that program participants are provided a map to potential "next" jobs with higher wages. The pathways available should be clearly depicted, and include cost and timing of additional education or time on the job to attain more marketable credentials and higher pay. Three community and technical colleges offer Applied Baccalaureate programs in teacher education, designed for para-educators and child care workers. These should be supported to improve access specifically for existing marginalized child care workers and dislocated workers who are new to the field. The Guided Pathways program of the Community and Technical College system should also be brought to bear to develop additional visible, easily navigable pathways for child care workers to better jobs with higher wages.

Another community-based model for possible emulation, identified in initial stakeholder conversations, is the Building Bridges Program. Administered by the Office of Superintendent of Public Instruction, the program seeks to create a locally-based partnership comprising families,

schools, and communities to promote school dropout prevention and intervention strategies. While not specifically oriented towards workforce development, the Building Bridges model could provide guidance on triangulating local needs and resources (as identified by the community), effective performance measurements for partner organizations/agencies, and best practices for further recruitment and retention strategies within the community.

Consider Work-Based Learning:

Work-based learning models have proved both cost-effective and retention-oriented in many professional fields, yet child care remains a less-explored pathway in this regard. As with other fields, the child care work-based learning conversation could include Registered Apprenticeships, such as the instructional assistant and education paraprofessional (para-educator) apprenticeships offered in Washington. Both programs are offered at three schools: Clark College, Green River College, and Lower Columbia College. Such apprenticeships serve as touchpoints in an education-based career pathway: the instructional assistant is a precursor to the educator paraprofessional program, which in turn is marketed as a stepping stone to becoming a teacher. Bear in mind that there is a registered apprenticeship program for child care workers that has been in existence in Washington for many years. However, programs that have started have withered because there is little ability to provide predictable, periodic wage increases tied to learning objectives or increased job responsibilities.

In considering alternative pathways within child care, there is potential to market child care provider roles as similar to para-educators, as an entry point into the education sectors. At present, child care lacks the navigable career progression found in the more “traditional” education professions—little opportunity exists between provider and business owner—but consideration of work-based learning models could help to bridge that gap.

Propose Incentives for Remaining in Direct Care:

As mentioned previously, lack of income growth not only prevents child care workers from earning a livable wage, it’s also a major contributor to the substantial rates of turnover within the field. Simply put, workers have little financial incentive to continue in a direct service role when they cannot discern any chance of wage increase without opening their own business (the barriers to which are ample in their own right). This impacts children, employers, and workers: with this turnover comes disruption in continuity of care; challenges to maintain state-mandated staffing levels (early childhood staff/child ratios vary from 1:4 to 1:10, depending on child age); and further interruption of a potential career pathway.

The current pathway (or lack thereof) communicates to early childhood workers that long-term economic security is derived from leaving direct service and transitioning into an administrative role, or leaving the field altogether. This reinforces the notion that the core competencies of

care provision are under-valued, and is detrimental not only to the development of a child care workforce, but an experienced, high-quality one. Additionally, incentives or financial bonuses for remaining in direct service positions could be a smaller-scale step to the eventual goal of a discernable child care wage ladder, as they would likely require a less significant financial investment amidst the current budgetary crisis. If a cash bonus structure can't materialize in this current environment, consider scholarships for further education that perhaps can be transferrable to the children of the child care workers. And/or consider pay for education, supporting some portion of time during work hours that a worker could use to pursue further education. For the latter, there should also be a backfill fund to cover the cost of substitutes (see below). A discussion or focus group with child care workers might provide insights into other types of incentives worth considering.

Establish a Statewide Substitute Child Care Worker Pool:

An often-cited challenge of child care workers is the inability to take time off when needed, especially if there is little time to notify parents. Having a pool of licensed child care providers available to "spell" any provider might be a reasonably low-cost incentive to retain qualified providers in service. Substitutes can also be trained as technical assistants or mentors for new providers, and if wage levels are above that of child care worker, the role can become a next step on a child care career pathway. If the role can be credentialed differently, the competencies demonstrated may also be attractive in other industry sectors with better wage opportunities.

Chapter 7: Re-Imagine Pathways to IT-Based Careers

The ability to use IT is a growing necessity of most jobs in the labor market today—and the proportion of IT to non-IT functions is expected to continue growing. For the economically vulnerable, IT knowledge, skills and abilities are often lacking, which relegates them to a shrinking pool of lower-wage occupations with limited opportunities for economic mobility. Whether because of the inequities associated with broadband distribution and cost, the expense of owning up-to-date hardware, the lack of IT-related educational, work or life experiences, or all of the above, digital illiteracy is derailing the train to good jobs and economic prosperity for too many Washingtonians.

This section recommends focused investment in programs that prepare all Washingtonians for an IT-based future. Education and training that propels individuals along a career pathway is a must, and should whenever possible incorporate the principles outlined in the previous chapter. But investments should also support individuals, families, and communities to engage in all of life's dimensions that will require virtual and computerized interaction. Described here, as an example, is a three-pronged strategy to help displaced Washington workers impacted by COVID-19 prepare for and gain access to IT careers, while also improving digital literacy and IT equity across Washington's marginalized and under-resourced communities. While the Workforce Board and its partners have developed a grant proposal to seek federal and philanthropic support to implement this three-pronged strategy, each of the prongs can stand on its own as a state budget item, which partners can help develop further.

Problem and Opportunity

Information technology as both an industry and occupational sector has continued to flourish throughout the pandemic, and the need for IT skills across all sectors is likely to continue growing. Employers continually call out the need for workers with IT skills, report lengthy vacancy periods for job openings, and cite the lack of available talent as a reason for automating away jobs.

The coronavirus pandemic has pushed tens of thousands of Washingtonians out of work. Most negatively affected are lower-skilled workers who carry out in-person, repetitive, and easily automatable tasks, including jobs at restaurants, hotels and bars, manufacturing and food processing plants. Many of these workers have not had the opportunity to learn IT skills needed to transition to available jobs. While some may be able to return to their old jobs, many more will not. As a result, these dislocated workers will need new skills to be competitive in this new economy.

With the infusion of new Federal grant funds, and building on Washington's robust, high quality education and training sector, there is an opportunity to re-imagine and re-engineer pathways

to IT careers. In early April, the Workforce Board began convening a work group, representing all segments of postsecondary education and training, both public and private, the workforce development system, and others, to explore new possibilities for these dislocated workers. The group has developed a plan to raise the digital literacy bar across Washington, and create more accessible, navigable pathways to IT careers. Their aim is to reach every community, every family, every Washingtonian seeking access, and especially to remove the barriers to success for populations traditionally prevented from achieving economic prosperity.

The workgroup devised a 3-pronged strategy that encompasses all sectors of higher education, registered apprenticeship and career connected learning, and expands their reach in partnership with the state's libraries, community-based organizations, and the workforce development system. Recently, the group's plan was bolstered by the announcement from Microsoft that they will make all their on-line training and certification programs, along with the on-line training and job searching and matching resources of LinkedIn and GitHub, available for free or very low cost to unemployed or under-employed individuals until Spring 2021.

Prong 1: Mapping IT Jobs and Training, Establishing the IT Academy

There is no single compendium of all the IT-related education and training resources available in the state, and no useful mechanism to compare one program to another. It is also difficult to find information on the IT skills needed to perform in various jobs, or even which jobs have a strong IT component. Dislocated workers and others are making choices in an information vacuum about how to invest in preparation for their career future.

A public-private partnership group should be convened to map the full range of education and training resources that are currently available in state (including online), and the occupations across all industry sectors that require IT skills. Both educational programs and occupations will be described using a common taxonomy and the credential transparency description language (CTDL) to ease navigability of the mapped information.

The group should also identify the core set of IT skills and competencies that every worker must have to be minimally marketable and resilient in the modern economy—workplace digital literacy. Information will be used to develop curriculum for a state-wide IT Academy. A free or low-cost statewide IT Academy, with an industry-developed curriculum and standardized credential pathways will help all Washingtonians achieve functional, workplace digital literacy. Colleges and universities, libraries, community centers, and WorkSource Centers can all be outlets to deliver the IT Academy curriculum. Once the first level assessments are completed successfully, an Academy student can continue coursework online asynchronously or transfer to a postsecondary program for further study. Assessments would be completed online, and credentials can be made available in a digital "wallet." Credentials should also have direct

transferability to the state's colleges, universities, and relevant registered apprenticeship programs.

Both jobseekers and employers will also benefit from knowing how programs perform. The Workforce Board's Career Bridge website provides performance information on 3,800 Washington-based programs, and the number is growing. Users can learn how many people enrolled in, completed, and found employment for each program. They can also find the wage level of those who found work within a year after completing the program. Information from the mapping exercise can be provided on Career Bridge in an interactive format for use by individuals seeking an IT-based career, and for employers who are seeking workers with relevant IT skills.

This mapping exercise will highlight where there are critical gaps in preparing people for the full range of IT-based jobs in the state. The map analysis will also examine who is benefitting from the programs available, and who is not able to access these programs. Achieving equity will require a disaggregation of performance data by demographic subgroups, and building programs or program "on-ramps" for under-represented populations. Identification of critical gaps in the talent pipeline will help education and training providers with resource planning and deployment decisions. Optimally, a new credentialing system can be established with education and industry partners that recognizes and values all learning towards IT-based careers, and provides continuing momentum towards higher levels of education, more advanced jobs, and better wages.

Prong 2: Computer Recycling to Make Technology Available and Accessible to All:

The culture of the digital age, with rapid-fire technological advancements, has come to see technology as consumable and disposable. Too many computers, laptops, tablets, various computer peripherals, and all the associated packaging are going to landfills or to private, for-profit recyclers and being shipped off shore. IT hardware doesn't have to be considered disposable. By investing in recycling programs that train individuals to build, maintain, fix, refurbish and upgrade the hardware, we can make modern IT equipment available to under-resourced individuals and families, while re-shaping our culture to be more cognizant of the environmental and societal impacts of IT-disposal. We may even create a new marketplace and new jobs for individuals who can service computer and computer-related equipment.

Libraries, WorkSource Centers and community-based service centers have had to shutter their physical locations during the pandemic. They often were the primary source of online connections for many low-income, marginalized people. Crisis hotlines are overwhelmed by stories of isolation and alienation as people without virtual capabilities lose all contact with their family and friends, even their healthcare providers. People are having difficulty applying for jobs,

unemployment insurance, food assistance and other social services because they don't have online capacity. Families with students needing to learn online have been challenged by their lack of technology or their inability to use or upgrade the technology they have on hand. Dislocated workers needing to train for new jobs will be hard-pressed to find training options that don't require a computer and internet access.

Despite this hardware shortage among the state's marginalized populations, a vast number of computers, laptops, and tablets, and their associated packaging are going to landfills or to private, for-profit recyclers to be shipped off shore. Creating new IT hardware repair and refurbishment centers or bolstering existing ones would:

- Create an on-ramp for students in an IT career pathway.
- Reduce the digital divide by providing a source of hardware for underserved populations.
- Reduce electronic waste.

Any refurbished or repaired item would need to meet certain operational standards. Trainees will learn how to perform quality control and user reliability testing. Both are desirable skill sets in IT. Substandard or antiquated hardware would be sent to e-waste recycling facilities.

Higher education institutions are equipped with the lab space needed to house such programs—and lab space may be more available currently due to the conversion to remote learning in most institutions. Training in computer repair and refurbishing can be provided to matriculating students as well as dislocated workers. Many College computer science programs have shifted to developing software and internet competencies, and away from hardware engineering. Yet, a review of Glass Door and Jobrapido, shows employers searching for individuals with IT skills to support their hardware needs. Artificial intelligence and quantum processing technology, as well as complex, integrated networks are critical to business. Repair and refurbishment programs would serve as an onramp into an IT career pathway for those who prefer more hands-on work over jobs that require more computer terminal-oriented tasks.

Some have suggested that refurbishing donated computers is not a cost effective way to get technology into the hands of under-resourced individuals. The cost of hardware has declined considerably over the years while the cost to support facilities and skilled staff has increased. Of course, the return on investment cannot be calculated on immediate cost alone and should include downstream financial, environmental, employability, and social costs. Also, the creation of computer recycling and training programs does not preclude public investment in purchasing hardware for use by individuals. In fact the need is so great, the more options for getting the right hardware into the hands of people who need it, the better.

Prong 3: IT Service Corps

Real world IT experience and social capital are boosters for individuals on an IT career path. For marginalized communities, these two ingredients are often lacking. The Washington Service Corp provides a unique opportunity to help bridge these important gaps, while also bringing IT capacity to under-resourced communities around the state. Participants would be assigned to community health providers, senior services, schools and colleges, government service outlets, and community-based organizations. After being taught a core set of IT skills, IT Service Corps members would, in turn, share those skills in support of the service population of their host organizations, and help those individuals engage effectively in necessary services. For example, homebound elders and other medically vulnerable individuals will be provided technology and technical assistance to engage in telemedicine appointments. Corps members will help deliver refurbished computers, provide training and technical assistance to set users up for success.

A new IT Service Corps will provide IT training and real world, relevant work opportunities, a monthly living allowance, education support funds, and multiple entry points to career pathways. The Washington Service Corps (WSC) is prepared to administer the program once matching funds are raised. WSC operates within the highly successful, federally funded AmeriCorps structure, which provides about 60 percent of the per participant cost.

Ultimately, IT Academy and an IT Service Corps certification will be recognized by Washington's employers, and valued for hiring priority because employers are engaged and involved at every stage of these programs, from development to implementation, and on-going evaluation. Like the IT academy, the Service Corps certificate will also have direct transferability to and be made a component of the state's colleges, universities, and relevant registered apprenticeship programs.

Chapter 8: Strengthening the Health Workforce Pipeline

Overview

Ensuring Washington’s health workforce can safely provide the care necessary to respond to the COVID-19 pandemic, and enabling the state’s education and training system to continue training new workers, are critical components of the state’s economic recovery effort. This chapter provides an overview of the conditions leading up to the pandemic, projections of workforce need, as well as options that could be implemented over the next two years to address bottleneck areas in the health workforce pipeline, and to keep Washington’s workforce safe.

Two key goals will help the state’s health workforce recover:

1. Access to a safe learning and working environment for licensed clinicians, education providers, and healthcare students.
2. Stronger career pathway opportunities, including navigation and support services for dislocated workers seeking new careers in healthcare. This chapter addresses the need for a steady supply of trained healthcare workers in the education and training pipeline, as well as providing opportunities to upskill existing healthcare workers into higher-pay, higher-skilled roles.

Recommendations: Health Career Pathways, Navigation, and Support

Washington’s surge in unemployed workers from the COVID-19 pandemic comes at the same time that the demand--both short-term and long-term—for healthcare workers is rising. This growing gap between supply and demand offers an opportunity to better map the steps and skills needed between entry points in various health occupations and career advancement opportunities. It also points to the critical support role needed to help workers navigate education and training pathways, including accessing support services.

Workforce Board leads state health workforce planning

The Workforce Board has long been a leader in the state’s health workforce planning efforts. The Board convened a Health Care Personnel Shortage Task Force in 2001, which led to legislation in 2003 that added health workforce planning to the Board’s statutory responsibilities. The Board provides the staff support for the state’s Health Workforce Council, a policy development and planning group comprised of stakeholders representing providers, facilities, Accountable Communities of Health (ACH), education and training groups, labor organizations, state health agencies, and more.

Why a specific callout to health workforce?

COVID-19 has increased the need for healthcare workers at all levels to care for those affected by the virus. As the virus continues to spread, some facilities are stretched to capacity. The healthcare sector already faced challenges in recruitment and retention in many health occupations in communities across Washington (and nationwide). The National Governors Association (NGA), in its July 2020 report, “Reimagining Workforce Policy in the Age of Disruption,” wrote, “Preexisting shortages in the workforce exposed an acute need for rapid reskilling in high-demand fields. During COVID-19, shortages of trained workers in essential fields, including health care and state government, dramatically affected quality of services.²⁰” The existing health workforce will likely be burdened even more, with an additional wave of transmissions, which could come at the same time as the fall/winter flu season. The state has a real opportunity to address a longstanding need for healthcare workers, while re-deploying those who are unemployed due to COVID-19.

Another important consideration, is that as the pandemic continues, behavioral health needs of the population will only rise, including increased risk of substance abuse, suicide risk, and domestic violence. The state’s Department of Health, in their May 15, 2020 “Statewide High-Level Analysis of Forecasted Behavioral Health Impacts from COVID-19” report, noted that, “The behavioral health impacts from the COVID-19 outbreak and related government actions have to-date caused a surge in behavioral health symptoms across the state, which is a trend likely to continue.”²¹ Ensuring sufficient numbers of trained behavioral health workers is a critical component for the state’s economic recovery.

Healthcare employment is an opportunity to help tens of thousands of dislocated workers who may need to consider a new career track entirely if their jobs have been eliminated. It provides an opportunity to enter a career that can offer a family wage, benefits, and career expansion opportunities. Healthcare is an industry sector that is in demand in every county in the state. Many healthcare occupational tracks have a defined career pathway, and multiple training opportunities to begin in entry-level roles (often low-barrier access). However, there is still work to be done to develop career pathways, along with potential solutions to address this longstanding issue.

²⁰ https://www.nga.org/wp-content/uploads/2020/07/NGAStateGuide_FWN.pdf

²¹ https://stateofreform.com/wp-content/uploads/2020/06/DOH-BH.pdf?utm_source=State+of+Reform+5+Things&utm_campaign=b1d9ce955e-5+Things+WA+July+2_COPY_01&utm_medium=email&utm_term=0_37897a186e-b1d9ce955e-251938157

Landscape Analysis: Pre-COVID-19, Present Time, & Planning for the Future

Pre-COVID-19

Before emergency departments were overwhelmed with symptoms of the respiratory virus, Washington's health workforce faced significant challenges to meet the health needs of Washingtonians.

Several sectors of the health workforce in particular have long struggled to recruit and retain workers. Data from Washington's Sentinel Network,²² a statewide network of healthcare providers that responds to regular surveys about workforce needs, identified behavioral health practitioners, such as mental health counselors and substance use disorder professionals. The Sentinel Network has also signaled a growing need for more long-term care workers, including nursing assistants and registered nurses.²³

The education and training system faces existing capacity challenges to meet the demand for many occupations in the health workforce. There are too few slots available for students who wish to train. At the same time, students entering the health workforce face significant financial burdens beyond the cost of tuition and attendance. They often take out loans and substantial education-related debt for undergraduate education, graduate programs, and licensure requirements. The significant education cost is heightened by a loss of income as many programmatic schedules do not afford time for external (paid) work, and work opportunities like internships and practicums are often unpaid.

While efforts have been made to increase the ability for students to transfer credits or demonstrate prior learning, there still remain challenges to both at certain levels, including the transition from high school career and technical education to postsecondary education, and even skills and competencies learned between some occupations. A limited ability for a student or provider to transfer credits or demonstrate skills mastered, slows down their education and career progression at best, and, at worst, could mean a qualified applicant will choose another occupation, or remain in a lower paying job due to a lack of resources.

Students from traditionally marginalized groups, particularly communities of color and those of lower socio-economic standing, face particular barriers to entering, and advancing in the field. While efforts to increase both racial and socio-economic diversity within the health workforce are ongoing students and workers of color remain underrepresented in the majority of provider populations, outside of entry-level roles. The gaps are even more stark when it comes to those who teach healthcare education: practitioners of color are less likely to transition from practice

²² <http://wa.sentinelnetwork.org/>

²³ <https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2019.00021>

into teaching, which means that most professional education is performed through a majority-culture lens.

Such challenges are prevalent in both the physical *and* behavioral realms of the health workforce. As the state moves through the process of bidirectionally integrating its physical and behavioral health systems, efforts have been underway to identify particular barriers to both recruitment and retention of workers. One such effort, led by the Workforce Board, in partnership with the University of Washington Center for Health Workforce Studies, seeks to provide actionable policy recommendations to five barriers faced by the behavioral health workforce: reimbursement and incentives for supervision of interns and trainees; supervision requirements; competency-based training; licensing reciprocity; and background checks.²⁴ This work, which will culminate in a report and recommendations to the Legislature and the Governor in December, has shifted in its initial scope to include consideration of the ongoing impacts of COVID-19 on the behavioral health workforce.

COVID-19 Reality – Present Time

The state saw a massive disruption to the education and training pipeline because of safety concerns at the start of the pandemic. Washington’s “Stay Home, Stay Safe” order closed all schools to in-person education for many weeks. Educators were asked to transfer all programs to virtual delivery in a very limited timeframe; and because of resource and faculty training limitations, content and quality of education varied. The National Governors Association highlighted this issue, which occurred across the United States: “Stay-at-home orders exposed a lack of preparedness for 21st century teaching and learning ... teachers cited major challenges in delivering high-quality virtual learning ... some students experienced the learning loss typically associated with summer as early as March because of the pandemic.”²⁵ Additionally, most practicum placements were suspended or even canceled. Quick work was done to create more simulation exercises, and to get approval from licensing and accreditation organizations to allow for simulation in lieu of workplace practical rotations. Changes to education delivery, and testing for licensing delayed some completions and employment opportunities.

The health system surge and resulting challenges for the health workforce was due to COVID specifically, but also includes the need to meet demands for services for those who delayed elective or non-emergency treatment. The health workforce also experienced behavioral health challenges; including, but not limited to fear, burnout, compassion-fatigue, and social isolation due to a fear of infecting family/friends. These providers and facilities were also forced to respond to a rapid transition to telehealth services, and sometimes limited staff training,

²⁴ <https://www.wtb.wa.gov/planning-programs/health-workforce-council/behavioral-health-group/>

²⁵ https://www.nga.org/wp-content/uploads/2020/07/NGAStateGuide_FWN.pdf

limitations to hardware and internet bandwidth, and digital literacy of technology platforms for those services.

Finally, and as referenced earlier in the plan, the state and nation are grappling with the reality of a system that has historically not served all communities equitably, and this translates to healthcare delivery and the resulting longstanding health disparities in health outcomes. The COVID pandemic has brought this issue to the forefront of the healthcare system. The Washington State Department of Health, in its July 2, 2020 report²⁶: "COVID-19 Morbidity and Mortality by Race, Ethnicity and Language in Washington State" notes that "We know the COVID-19 pandemic has intensified the health inequities historically marginalized and oppressed communities already experience," said Dr. Kathy Lofy, State Health Officer and the Chief Science Officer for Washington State. "These data are deeply concerning and underline the critical need to address the COVID-19 impacts we're currently seeing by prioritizing outreach, testing, education and related materials for disproportionately impacted communities in ways that are culturally and linguistically appropriate and accessible." The report highlights new COVID-19 case rates for Hispanics, Native Hawaiians, or other Pacific Islander people as much as nine times higher than for whites, and three times higher for Blacks than whites.

Future Planning – The "New Normal" for Health Workforce

As the state continues to rebuild, and Washington's health system adjusts to a "new normal" of operations while the world awaits a vaccine for COVID-19, we face a number of challenges and opportunities. These include, but are not limited to, occupation-specific challenges, telehealth regulations and flexibility, and workplace safety for all workers in a healthcare setting.

Long-term Care (LTC)

Long-term care (LTC) was one of the occupations hardest hit by COVID-19. A long-term care facility in Kirkland made national and international news as one of the earliest U.S. epicenters, with the rampant spread of infection among the residents and staff. They were the first of many LTC facilities around the world that have since made the news. The sector now has to overcome a resulting fear of infection for staff entering the profession, as well as retention concerns, to bounce back to pre-COVID-19 levels. Frontline care workers, facing potential infection of themselves, or risk for family members, have difficult decisions to make. The Kaiser Family Foundation noted in an April 23, 2020 report, that, "The highly transmissible nature of the coronavirus combined with the congregate nature of LTC facility settings and the close and personal contact that many long-term care workers have with patients puts them at elevated

²⁶ <https://www.doh.wa.gov/Portals/1/Documents/1600/coronavirus/RaceReport20200702.pdf>

risk of infection.²⁷ Part of the challenge has been the lack of PPE available to workers at all levels, or the training necessary to use it properly. LTC has also experienced some challenges with career pathways, and an understanding of progression opportunities; though many groups are working to address these concerns. The recommendation section of this chapter includes a policy idea that would enable a critical link in this caregiver pathway—focused on a registered apprenticeship for licensed practical nurses (LPNs).

Behavioral Health

As COVID-19 spread and “stay home” orders were implemented, many behavioral health facilities had to enact temporary layoffs and stopped hiring new workers, as behavioral health treatment was delayed due to safety concerns. Not only did this disrupt the employment and economic security of behavioral health workers, it further exacerbated existing concerns about continuity of care, as many clinicians reported challenges in contacting clients, increased rates of “no-show” sessions, lack of access to adequate telehealth technology, and gaps in digital literacy.

Schools and court referrals have frequently served as a source of first contact for individuals within the behavioral health system. The closures of schools and courts across the state has disrupted this referral process, resulting in lower numbers of referrals to behavioral health providers and decreased enrollment in many community-based behavioral health programs. With schools and courts closed, youth (and their families) lack that contact with these critical links and supports.

Washington already faces challenges in meeting the behavioral health needs of its population, and the longer the pandemic endures, the more stressed the system will be in caring for the population. As the initial shock fades, and the long-term reality of a “new normal” becomes more apparent, those in need of behavioral health treatment and services are expected to surge. Moreover, frontline workers in both behavioral and physical healthcare settings will likely experience heightened behavioral health symptoms themselves.

Several telehealth regulatory flexibilities were allowed during the initial onset phase of COVID,²⁸ including (but not limited to): audio-only sessions (no video); removing in-person restrictions; payment parity, allowing telehealth services to be billed at the same rates as in-person services; and others. It was the combination of all regulatory flexibilities that made the rapid extension of

²⁷ <https://www.kff.org/coronavirus-covid-19/issue-brief/covid-19-and-workers-at-risk-examining-the-long-term-care-workforce/>

²⁸ https://www.governor.wa.gov/sites/default/files/proclamations/20-29%20Coronavirus%20OIC%20%28tmp%29.pdf?utm_medium=email&utm_source=govdelivery

telehealth—both for behavioral and physical healthcare—possible. Continuation of these flexibilities is not the only answer to the behavioral health surge expected in the coming months, but it is a necessary consideration as the state seeks a more comprehensive answer.

Workplace Safety

Workplace safety is a paramount issue for addressing health workforce challenges in a COVID-19 impacted future. As efforts to contain and treat the virus evolve, so must protections for workers, particularly those healthcare workers serving in a variety of frontline positions. As discussed in greater detail in a previous chapter of this plan, updated workplace safety standards must include providing health workforce members with adequate and accessible protections such as PPE, rapid-turnaround testing, behavioral health services, and more.

It is also important to note that the health workforce is not just the commonly recognized nurses, physicians, medical assistants, lab techs, and other licensed or certified professionals. The health workforce infrastructure also includes orderlies, maintenance, dietary and food service workers, and spiritual practitioners. All of these staff are essential, especially when family members can't support critical or dying patients. They all need to be protected in the pandemic-era healthcare ecosystem at the same level as any healthcare worker in a potentially high-transmission situation.

Recommendations

To be successful in recruiting and retaining the health workforce necessary to combat the challenges the state is facing, there is a clear need to focus on career pathway development, and support the new wave of dislocated workers who may be suited for health careers.

Health Career Pathways, Navigation, and Support

Goal: Improve and accelerate progress from entry-level health care employment to livable-wage professions. Map the steps and skills needed between entry points in various health occupations and career advancement opportunities, and provide support to the workers seeking these roles through navigation and support services.

Specific Strategies:

1. New Career Pathway Programs

Bring together stakeholders to develop career pathways for entry-level, healthcare care workers in the following areas:

- a) Create a new licensed practical nurse (LPN) career pathway via registered apprenticeship.
- b) Create a new social service pathway—entry-level to care coordinator role.

- c) Create new behavioral health career pathways.

Transition skills and competencies between low-demand health professions into higher demand occupations.

The dire need for healthcare workers is evident as the pandemic has surged. Despite growing demand, entry into livable wage healthcare jobs can be many months, if not years away, because of lengthy education and licensing requirements. At the same time, there is a pressing need for entry-level healthcare workers, including 4,800 statewide openings for home health aides, according to the U.S. Bureau of Labor Statistics. Nearly 900 long-term care nurses are sought in Washington, according to the online job board Indeed.²⁹

From prior recessions and mass worker dislocation events, it is clear that workers retraining for new careers often seek economic stability (less likelihood of lay-off), and meaningful careers to give them personal satisfaction. Health occupation training is consistently a top choice of dislocated career-changers, but rarely do they choose entry-level options due to the time, effort, and resources needed to reach livable wages.

LPN-tech: A new pathway to Licensed Practical Nurse

The state's Nursing Care Quality Assurance Commission (Nursing Commission) is finalizing an LPN-tech certification to allow LPN students to practice, and be compensated accordingly, for working up to the scope of the education they've received and mastered. The LPN-tech role also creates a needed second tier or ladder rung on the path to LPN licensure. One way to leverage this new role is the creation of a registered apprenticeship program from entry-level long-term care (LTC) to licensed practical nurse (LPN). Skilled nursing facilities and home health agencies are recruiting heavily, but grapple with the perception of a high-risk, low-reward job. By creating a direct route to an LPN registered apprenticeship program, dislocated workers will learn about LTC's employment stability and the ability to move into a professional LPN position, and higher level nursing positions. Washington already has navigable, articulated education pathways from LPN to Advanced Practice Registered Nurse. This would be a critical piece in the pathway; bridging the gap between entry-level roles, and mid-level nursing careers.

The new LPN pathway is only one example. Other pathways can be developed as part of any effort to recruit and retain long-term care workers, by creating more pathways to higher-level, higher-pay healthcare work that builds on a growing set of skills. The state's Nursing Commission, long-term care providers, and education partners have committed to supporting the development of more accessible, navigable pathways to livable wage health careers.

2. Serving Diverse Populations Through Career Pathway Development

- a) Create career pathways opportunities for Community Health Workers in Southwest Washington.

²⁹ www.indeed.com

- b) Provide Health Aide Training for Yakama Nation Members.

Washington is experiencing a shortage of high-quality, culturally and racially diverse career guidance and care coordination for our most underserved populations. Two early concepts are offered here as an example of how the state could support these and similar initiatives. These concepts are still in development, but could be potential pilot programs on how to recruit and retain a more diverse health workforce; focusing on career development, while training and upskilling underrepresented populations for healthcare jobs.

a. Creating career pathways for frontline health workers

A coalition of partners³⁰ in southwest Washington have proposed a collaboration with the local Workforce Development Council, two Accountable Communities of Health, and regional employers and community partners to support current and potential community health workers (CHWs) in obtaining the necessary skills, mentorship, networking support, and finally, job placements. This partnership would pilot the development of career pathway opportunities in which current and future CHWs are able to learn and earn at the same time, and ultimately are qualified for many family-wage employment opportunities once training is completed.

CHWs serve as liaisons between clinicians, health educators, communities, and social services, providing culturally relevant approaches to connecting the community with services. With funding support, this could be a proactive approach to bringing alignment across multiple high-demand occupations, providing economic opportunity to underrepresented communities, promoting cultural awareness, and advancing “diversity, equity and inclusion”(DEI) practices throughout community and workforce systems.

b. Train Yakama Nation tribal members in range of healthcare occupations

The Greater Columbia Accountable Community of Health, at the request of the Yakama Nation, is exploring funding opportunities that would support training for tribal members in a range of entry-level, health aide occupations, including in community health and behavioral health. These positions could provide that first job to younger students, or a crucial first connection to the healthcare sector for a dislocated worker. With the proper attention to career advancement and other non-academic supports, this could be a solution to support tribal members with career development and advancement opportunities.

3. Resource Support for Dislocated Workers

Providing support services is a key strategy in addressing the needs of those who are unable to return to their former occupation and are seeking work in healthcare. This is discussed in detail in a previous chapter, but worthy of mention here:

³⁰ Workforce Southwest Washington (WSW), Southwest Washington Accountable Community of Health (SWACH), and Cascade Pacific Action Alliance (CPAA).

- a) Development and deployment of these supports should recognize that many of these workers are likely to experience limited resources and/or lower levels of formal education. Math and science prerequisites, in particular, are likely to pose a challenge to pursuing employment in the healthcare field.
- b) An important component of success for career pathways strategies includes wrap-around supports for dislocated workers, including childcare, transportation, nutrition and housing, as well as education supports such as mentorship, digital literacy training, and tutoring for the more challenging program prerequisites.

4. Develop a Health Jobs Portal

Creating a dedicated portal for healthcare jobs is one option to support both those looking for health jobs and facilities looking to hire. This would offer a place for providers to input health-specific job openings to enable those looking for work to quickly find available opportunities, as well as region- or facility-specific requirements. Further, the Portal could provide:

- a) A “holistic” view of the current marketplace, including surge data and general employment projections for the health care sector.
- b) The ability to match candidate credentials with job specifications within open positions.
- c) A streamlined approval process for moving from one facility to another, and relevant decision-making information such as paid moving and living expenses.
- d) The ability to evaluate and research what training would be required to upskill to a desired position, as well as how to obtain the training.
- e) A dashboard for employers to evaluate what training is needed to upskill their workforce, and also where the training can be obtained.
- f) Resources for unions and union members transferring between and among various employer sites, potentially working within different union environments.

The portal for health jobs would meet the needs for rapidly deploying trained healthcare workers in the areas of greatest need. In the early days of the pandemic, healthcare workers were often unable to obtain jobs across certain regional lines, or facility types. The concept of a portal where employers could post available positions, potential employees could receive assistance in streamlining the approval process for changing locations or facility types, and provide information on how to upskill into other healthcare positions, would be an important component of the health workforce pipeline in the state.

Additional Health Workforce Council Recommendations

The Health Workforce Council met in May and June of 2020, with the goal of identifying low-cost, immediate interventions to address health workforce issues caused or exacerbated by COVID-19 crisis to provide to policymakers for consideration in the next legislative session, or Congressional action. While these policy ideas and discussions resulted in short-term

recommendations, they also were instrumental in helping to develop the narrative and recommendations in this chapter.

- 1) Implement a pilot program to support region-specific healthcare industry engagement.
 - a) Funding would allow the hiring of an industry engagement coordinator (coordinator) at each selected Workforce Development Council, in partnership with the local Accountable Community of Health, with the charge of focused industry engagement to better align the local education pipeline with specific healthcare industry needs at all education and training levels. The coordinator would provide updates to the Health Workforce Council. The Workforce Development Councils selected for the pilot should ensure a mix of geographic, socioeconomic, and racial diversity.
- 2) The Council recommended selecting up to three apprenticeship programs in different regions of the state, with the intention of providing dual-language instruction for the program in the second-most predominant language in the area, other than English. Funds would also support the translation of the related supplemental instruction (RSI), and hiring an instructor fluent in the language selected. Providing English language proficiency would also be a key component of this program.
- 3) Create a Health Careers COVID-19 Response Grant for educational institutions (both secondary and postsecondary). Grant funds would support implementing the necessary modifications to health-related classroom and lab space to ensure student and staff safety (equipment purchases and staff time for installation), developing content for online or hybrid education opportunities, and staff training.

Chapter 9: Pathways to Entrepreneurship and Business Ownership

Economic downturns are times in which many new businesses are formed and emerge. Disruptive periods like these have produced businesses that have become household names, such as Microsoft, General Electric, and more recent successes like Netflix and Airbnb. In this pandemic economy with limited livable wage job availability for many dislocated workers, some will consider starting their own business and will benefit from instruction and technical assistance—either to move forward as an entrepreneur, or to make an educated decision not to.

Over the years prior to the pandemic, there has been a rise in the numbers of individuals who earn some or all of their income as independent contractors or gig workers. This type of earning will likely continue, especially as businesses remain unsure of their viability during the pandemic. In the early days of recovery from the Great Recession, employers were less likely to take the risk of hiring permanent new employees, preferring to use temporary labor or employee leasing options. Private consumers have also driven up the need for gig workers willing to take one-time, short-duration jobs. Sites such as Uber and Task Rabbit, and now many more are giving lower-wage workers an opportunity to beef up their earnings.

The Self-Employment Assistance Program (SEAP)

Unemployment Insurance claimants who are likely to have exhausted their benefits receive a letter from the Employment Security Department describing the option of participating in a program to become self-employed. Based on two performance evaluations of federally funded pilot projects, the Washington Legislature enacted a law to codify this option for dislocated workers in 2007. The law was expanded in 2012 to require notification of this option to all eligible UI claimants. State law (RCW 50.20.250) allows unemployment-insurance claimants identified as likely to exhaust their regular unemployment benefits, or those approved for Commissioner-Approved Training, the opportunity to enroll in self-employment training while continuing to receive their unemployment benefits. The eligibility requirements and training description for SEAP are provided on the Employment Security Department website as follows:

To be eligible for the Self-Employment Assistance Program (SEAP), you must:

- Qualify for regular unemployment benefits.
- Enroll in a training program that is approved by the Employment Security Department's commissioner.
- Be identified as likely to run out of benefits or be eligible for Commissioner-Approved Training.

Approved Training Programs

All approved self-employment training programs include:

- Entrepreneurial training
- Business counseling
- Technical assistance
- Requirements to engage in activities relating to setting up a business and becoming self-employed.

Providers of Entrepreneurial Training

There are a limited number of providers available across Washington, especially east of the Cascades. More importantly, there is little performance data on the effectiveness of available training, and little consensus on what makes an effective program. Economists and others have argued effectiveness should be measured by how many participants stand-up financially viable businesses within two to three years. This doesn't take into account the wide range of factors, including economic downturns that may impact a business's success. And there is just as much value in a participant learning that they aren't ready or suited to running their own business, preserving their assets and pivoting to either gainful employment or to a training program to prepare for a livable-wage career.

A watershed 1993 Abt Associates evaluation of self-employment training programs for dislocated workers in Washington and Massachusetts, the design and findings for which have been replicated in many studies since, showed that many dislocated worker participants made informed decisions to forego the entrepreneurship path. They either went directly to work or into skill-training to prepare for livable-wage job. They reported feeling good about the decisions they made, even though they had a strong desire to be self-employed prior to entering the training. More importantly, participants who chose not to start a business were more likely than dislocated workers with similar characteristics and histories to attain employment, at higher order positions, and at higher-wage levels. Interviews with hiring employers said that those who went through the business plan entrepreneurial training programs understood the needs of the business and their role in helping to fill those needs. They had more confidence in those new hires than others, even though they may not have had as much experience or education in occupational area.

Entrepreneurial Training: Emphasis on Business Planning

The most common form of entrepreneurial training, and the model for that 1993 Abt study, is taking individuals through the process of writing a viable business plan—a plan that investors or financial institutions will be likely to consider favorably. In the traditional sense of starting a

bricks and mortar business, and to product-based on-line businesses, financing has been the biggest barrier to become operational. But by going through each component of a business plan, the potential entrepreneur will also learn about every aspect of running a business. They will be able to identify where they have the skills required to be successful in each component, and where they will have to devise alternatives for that component, such as hiring or contracting the right talent, or engaging in a relevant education program or other self-learning.

Pandemic-Relevant Entrepreneurial and Business Ownership Support

The pandemic has caused numerous businesses across the state to close either partially or fully. Small business owners, especially, were unprepared and without resources to help them make informed decisions. In rural and economically disadvantaged communities across the state, every business closure is a step closer to long-term economic blight. Small- and mid-size businesses are the primary employers in these communities, generating the area's revenues for services and for maintaining local public infrastructure. An important lesson from the Great Recession: losing businesses in rural communities is an economic hardship not easily turned around. Very few small businesses in these communities find buyers willing to keep a business in place. In the rare instance where a small business is sold, the new buyer will often take the technology and equipment out of the area. Workers are left behind and often cannot find equivalent jobs or replacement wages. Washington still sees economic blight in communities and neighborhoods where small but important businesses closed during the previous recession.

Many of these businesses were quite viable prior to the recession, and may still be viable afterwards. Some may be able to pivot to new forms of business, new products or markets, but need some guidance, technical assistance, and/or financial support to do so. While some financial support through the federal CARES Act helped keep businesses operating in some form for a period, the programs were not designed for the long duration of the pandemic.

Impact Washington, the state's manufacturing extension program, has received CARES Act funding to work with small- and mid-size manufacturing companies to help them evaluate their potential viability and how they might transform or pivot for better likelihood of continuation. They are also helping these firms create an action plan to achieve viability goals. The Impact model should be supported and scaled up to reach more small and mid-size businesses across the state. WIOA Title I Dislocated Worker funds, held either locally or by the state, can also help with layoff aversion efforts.

Local Business Transfer and Employee Ownership

Dislocated workers, some displaced from these very companies, might have an interest in purchasing these enterprises. This maybe an opportunity to help keep businesses in their home communities but creating a program to help transfer businesses must be undertaken carefully

and cautiously. Any such program must have a proven process for evaluating the financial and market value of a business, and should help identify potential points of failure or growth. Programs should also consider services and training that might help business owners consider strategic partnerships with like or complimentary businesses. Assistance to identify talent or resource gaps and assets, as well as doing the financial calculus will help businesses find the right partners and/or potential buyers. The Impact Washington model can help inform such services.

Dislocated workers may not feel financially prepared to purchase a business, or may not want to play the CEO role over others. Cooperative business ownership, described in Chapter 2, maybe an option for groups of dislocated workers with common interests in a particular type of business. For example, a group of restaurant and brewery workers may be supported to form a cooperatively owned brewery/restaurant that had been very profitable prior to the pandemic. Employee ownership strategies can also be used to recapitalize a business and keep the business owner involved in the on-going operations of the business—although their role may change depending on their interests and the will of the employee owners.

Washington does not have a public support network for business conversion to employee ownership, although as noted in Chapter 2, there are both federal and state statutes that provide preferential tax treatment for these businesses. Washington's Department of Commerce had early funding to create a support structure, but that funding was cut during the last recession. Consider establishing an Office of Employee Ownership within the Department of Commerce to facilitate in-community business transfers and maintain or restore employment in those communities.

CONCLUSION

This report was published in September 2020. The COVID-19 pandemic is an ongoing global health event that will require an evolving response over time. This report will continue to be updated with new recommendations and data about economic effects of the pandemic as the state's response is calibrated to meet the challenges we face. Please continue to check wtb.wa.gov/economic-recovery in the coming months for updates to this report.