

Recommendations for *2nd Chance Washington* for Immediate Term Industry Engagement

WORKFORCE DEVELOPMENT COUNCIL OF SEATTLE-KING COUNTY
February 12, 2009

EXECUTIVE SUMMARY

In October, 2008, the WDC signed a contract with *2nd Chance Washington* to consult with the Collaborative to evaluate and recommend industry sectors for inclusion as industry intermediaries according to the Collaborative draft implementation plan. Sectors recommended were to have labor market relevance, strong career ladder potential and alignment (or have the potential to align) with community and technical college programming. The sectors under consideration were those studied by Anna Brandt in a document delivered to the Collaborative last fall. Rapid and dramatic changes in the labor market were underway during the course of this project as described in the body of the report that demanded an equally dramatic shift in both methodology and outcomes. Sectors that were the hallmark of our state's economy, construction and manufacturing, were experiencing dramatic reductions in force and nearly all mature sectors with the exception of health care were shrinking.

The net impact on our recommendations for the establishment of industry intermediaries is to delay those two primary sectors until 2010 when current forecasts predict the beginning of their recovery will occur. The two sectors that we recommend undertaking in 2009 are health care, already underway, and the clean technology or "green jobs" sector that is receiving so much attention, and funding, as a way to stimulate our economy. Selecting this sector neatly coincides with many strategies already underway in state legislation, local government policy and economic development organizations.

The report that follows and the recommendations on the energy efficiency segment of the clean technology sector have been reviewed by industry representatives from enterpriseSeattle, Clean Technology Alliance, Northwest Energy Efficiency Council and the WDC Green Building and Design Skills Panel with positive feedback.

INTRODUCTION

2nd Chance Washington undertook an analysis in fall 2008 to determine which industries/occupational clusters are critical to our region and might offer the greatest opportunities for career advancement for the low-income working population targeted by the *2nd Chance Washington* initiative. One of the goals laid out in the *2nd Chance Washington* strategic plan for 2008-2011 is to strengthen existing industry-based intermediaries, and seed new ones as appropriate, as a vehicle for expanding industry investment in education and training designed to advance low-skill, low-wage job entrants and incumbent workers.

The events of the last several months have changed the picture substantially since the original industry analysis was done last fall. For example, 82% of the job losses that occurred in Washington last year occurred during the 4th quarter of 2008 (Oct-Dec), and close to half (41% or 22,600) of the total jobs lost last year were lost in a single month—December 2008.¹ This presents significant challenges in determining where the greatest opportunities will be to engage with industry in the near term.

It is, to say the least, a time of contraction in the labor market, and so much has changed so fast since the fall that most of the labor market information used to conduct the analysis *King County Industry Clusters with Potential for Employer Engagement* is out of date and forecasts are now considerably more uncertain. All of the key industries identified in the report, with the exception of health care, have experienced job losses, and are likely to experience more before they begin to turn around. However, the job losses of last year were heavily concentrated in two areas—69% of all job losses in 2008 occurred in the construction and manufacturing industries (otherwise known as the “goods-producing sector”).²

BACKGROUND & METHODOLOGY

The industry/occupational clusters targeted by *2nd Chance Washington*³ are critical to our region and represent a significant portion of employment in our area, as well as segments of the economy where job opportunities—including “middle wage” jobs—are likely to be available over the longer term. However, given the impact of

¹ WA Employment Security Department, LMEA Division, *Washington's Economic Outlook*, January 22, 2009.

² Ibid

³ Construction, Hospitality, Administrative Services, Manufacturing, Trade & Logistics, Automotive, Health Care, and Clean Technology

the current economic slowdown, and the related uncertainties, this analysis is focused on which of these industry/occupational clusters are likely to have the greatest opportunity for engagement with employers and advancement for low-wage workers in the immediate term (the next 12-18 months). As mentioned above, this is our best guess based on the information available at the current time.

The first part of our analysis was to examine the *2nd Chance Washington* targeted industry/occupational clusters using a subset of the WDC's sector criteria:

- Demand for workers
- Workforce is a critical issue to industry
- Evidence of wage progression/career pathway opportunities
- Level of industry organization

Based on the specific goals of *2nd Chance Washington*, these criteria were re-framed as follows:

- Threshold for entry is reasonably low (ease of access)
- There is a clear next step(s) on the ladder from entry level that correlates with wage advancement
- Training (at the “tipping point” level) exists locally to facilitate the next step(s)
- Immediate demand still appears to exist—one could reasonably expect to find employment at the next step after successful completion of training

While this analysis was underway, the economic picture changed considerably, as noted above, and information related to the last criterion in particular became less encouraging and/or less reliable.

RECOMMENDATIONS

Based on the information currently available, opportunity for industry engagement appears to be the strongest in the immediate term in two areas—health care and clean technology—for the reasons articulated below.

Health Care

Although growth appears to have slowed in recent months, the health care sector has not experienced the declines that other sectors of the economy have, and demand is still on the horizon for some time to come due to the convergence of an aging population (creating more need for health care services) and an aging workforce (accelerating attrition). The Health Workforce Institute reports that health care jobs are still “warm” despite the economic downturn. The results of the Institute's 2008 hospital workforce survey, and a follow up online qualitative survey in early 2009, suggest that vacancies and demand persist in several key areas of health care, such as nursing (including NA-C), physical/occupational therapy,

pharmacy, and surgical technology.⁴ *2nd Chance Washington* has already recognized the Health Workforce Institute as an industry-based intermediary in this sector, and has awarded a planning grant to the Institute, in partnership with the Service Employees International Union (locals 1199 and 775), to begin work on *2nd Chance Washington* goals.

Clean Technology—Energy Efficiency Segment

As defined by Seattle-based Sustainable Business Consulting, the clean technology sector is comprised of several segments, including energy efficiency, renewable energy, biomass, recycling, and green design. The *2nd Chance Washington* fall 08 analysis mentioned above, *King County Industry Clusters with Potential for Employer Engagement*, identified energy efficiency as the most developed segment of the emerging clean tech sector, both because of the foundation of existing skills within the local construction and manufacturing sectors, and because of the public policy emphasis it has received locally and at the state and federal levels.

The energy efficiency segment of clean technology has been a recent focus of local, regional and state public policy, and is poised to receive substantial investment as part of the federal economic stimulus package. The federal investment is designed to create jobs by accelerating application of emerging technologies in, for example, “green building” and energy efficient retrofitting. Jobs themselves are projected to be largely application of new skills in existing positions, primarily in design and construction, and to some extent manufacturing, so from a workforce development perspective opportunities will likely be to partner with those industries to ensure the existing workforce has the needed skills and new entrants are well prepared to work with the new and emerging technologies. Although specific funding levels in the economic stimulus package have not yet been reconciled, estimates have been as large as \$25 billion nationally for such things as retrofitting federal buildings, weatherizing low income homes, and consumer rebates for buying energy efficient appliances.⁵

In addition, City of Seattle Mayor Greg Nickels announced goals as part of his 2008 State of the City Address to increase energy efficiency of Seattle homes and commercial buildings, create job opportunities in the “green economy,” and save Seattle residents and businesses money on energy costs. Several bills have been proposed at the state level to stimulate this segment of the clean tech sector, including proposed HB 1452 which would invest \$46 million in infrastructure projects as a mechanism to stimulate the economy and reduce unemployment, and proposed SB 5649 which would invest state funds in improved weatherization of residential and commercial buildings (20,000 homes and businesses in each of the next 5 years) as a means of creating jobs and accruing public and private savings through reduced energy costs.

⁴ Health Workforce Institute, *What Jobs are Hot? Health Care Jobs are Warm*, January 22, 2009.

⁵ KUOW, *Northwest Energy Efficiency Industry Cheers Economic Stimulus Package*, 1/16/09.

The end result of this public policy focus and public investment is to create and accelerate demand for workers in the energy efficiency field. The Northwest Energy Efficiency Council (NEEC) recently conducted a survey of 100 companies in Washington and Oregon that provide energy efficient products and services. Respondents reported strong recent growth, anticipated future growth, and insufficient workforce with the skill base necessary to meet demand. The survey found that the educational system has not kept up with specific skill requirements, and employers are having a hard time finding job applicants with sufficient energy efficiency skills and experience. NEEC surmises that the confluence of growth in the industry, lack of sufficient educational infrastructure, and attrition due to retirement will likely result in serious workforce shortages if not addressed.

While labor market data is somewhat limited in this field because of its emerging nature, recent research suggests that the largest share of “green jobs” in Washington State is concentrated in King County, and that more than 2/3 of all green jobs in the county are in energy efficiency.⁶ Other research has included an estimate in a recent US Conference of Mayors study that green jobs in the Seattle metro-area could increase by more than 40,000 jobs over current levels by 2038.⁷ The Northwest Energy Efficiency Taskforce (NEET), a convening of stakeholders from utilities, government, labor, industry, and others in the Northwest, has cited the workforce pipeline as a critical issue, specifically the projected retirement of approximately half the workforce in the coming 5 years, a decline in working age cohorts of the population until 2030, and declining numbers of workers, students, and graduates in the skilled trades and engineering programs.⁸

There are several existing organizations and initiatives locally that offer opportunities to build on in supporting development of an industry-based intermediary in the energy efficiency segment of the clean tech industry cluster. Again, many of the jobs to be created are likely to be in the construction and, to some extent, manufacturing arenas. Therefore, a successful intermediary will be able to work with existing employers and labor representatives, as well as new firms and organizations that emerge in this field around the application of specific technologies, to identify workforce needs and partner with education institutions to develop strategies to meet those needs.

One organization that stands out as being in a position to represent and distill the needs of industry is the NEEC mentioned above, both because of its membership base and the analysis it has done to date on workforce development issues specific to the energy efficiency field. Similar to the approach taken to date with the health care sector, a partnership approach may have merit in the energy efficiency arena as

⁶ WA Employment Security Department, LMEA Division, *2008 Green Economy Jobs in Washington State*, January 2009.

⁷ US Conference of Mayors, *US Metro Economies: Current and Potential Green Jobs in the US Economy*, (prepared by Global Insight for USCOM).

⁸ NEET Workgroup #5, *Workforce of the Future*, December 2008.

well. For example, *2nd Chance Washington* might consider seeding/supporting an intermediary approach in this case that partners an organization like NEEC with a leader in energy efficiency from the education arena, such as the Puget Sound Industrial Excellence Center at South Seattle Community College's Duwamish Campus, or the Washington State Center for Excellence for Energy Technology at Centralia Community College.

Other major players in the field that could be contributing partners in the effort are the Washington Clean Technology Alliance, the Prosperity Partnership, and enterprise Seattle. In addition, key partners may include organizations specific to the construction and manufacturing sectors that have engaged in or are impacted by emerging energy efficiency technologies and large-scale government investment, such as unions in the skilled trades and the Manufacturing Industrial Council (MIC) and the Ballard Interbay Northend Manufacturing and Industrial Center.

Finally, the Workforce Development Council is currently hosting an industry panel focused on green design and building and identification of workforce needs related to this segment of the clean tech cluster. As strategies and leadership emerge from this convening of employers, labor, and educators, this could also offer a foundation for *2nd Chance Washington* investment in intermediary development.

OTHER STRATEGIES

Construction & Manufacturing

Continue to focus on manufacturing and construction as key sectors in and of themselves, as well as the areas where much of the developing clean technology is likely to be implemented as mentioned above. As noted in the introduction, job loss accelerated in our state at the end of last year, with losses heavily concentrated in the "goods producing" construction and manufacturing sectors. State economic and revenue forecasts suggest that construction and manufacturing will likely continue to decline this year. Depending on several factors, including the federal economic stimulus package, the flow of credit, and the state of the global economy, our area could see some growth in these sectors as soon as the end of this year, or in the first quarter of 2010.⁹

Initial employment growth would likely benefit displaced workers who already have some skill base in these areas. However, both industries have pipeline concerns related to an ongoing need for highly skilled workers and an aging workforce. This could suggest an opportunity to focus on the remaining incumbent workforce to increase the skills of workers in lower skilled positions and allow them to fill high skill vacancies that persist even in an economic downturn.¹⁰ And an opportunity to work with education institutions, apprenticeships, and other partners to create

⁹ WA Employment Security Department, LMEA Division & WA Economic & Revenue Forecast Council.

¹⁰ Puget Sound Business Journal, *Washington manufacturing jobs go begging in downturn*, 12/26/08.

greater access to skill training that would allow low-wage workers in other fields to enter the “pipeline” and move up the career ladder in these industries over time as retirement, in addition to growth, leads to critical job vacancies. Both construction and manufacturing in the Puget Sound offer established labor union infrastructure and organizations representing industry, or specific segments of the industry, that do or could function as workforce intermediaries.

Logistics and International Trade

Analysis by PortJobs¹¹ suggests that nearly half (46%) of jobs in the Logistics & Trade industry could be classified as entry level, generally requiring only a HS diploma to enter, and that more than 60% of workers in the industry are in occupations that require short-term or moderate-term on-the-job training. This suggests relatively easy access to the field, and an entry point in particular for those with limited education. The national Working Poor Families Project reports in their policy brief *Working Hard, Still Falling Short* that 71% of low income working families in Washington have a high school diploma or GED, suggesting that a significant proportion of the individuals targeted by *2nd Chance Washington* would meet at least the minimum educational threshold for entry into the industry.

The Port Jobs analysis further suggests that to move from entry level to skilled or technical positions in Trade & Logistics generally requires a community college certificate or license, or in the case of the more technical positions, an AA degree. Entry level wages are in the \$12/hr range, and attainment of a credential that allows a person to move into a skilled position brings \$14-30/hr. There appear to be advancement opportunities associated with short to moderate term (2 years or less) vocational training that could bring workers to or above the “middle wage” threshold (\$17/hr). The Port Jobs report identifies some challenges to career progression related to the large jump in educational attainment required for jobs at the top of the ladder, and the sometimes fragmented nature of training offerings in our area. However, the report points to a strong foundation to work from with the existence of 6 strong training programs in the area and an opportunity to draw on models in neighboring states (AK, CA) that could create more articulated pathways. The Port Jobs analysis also draws a potential parallel to the model that has developed in healthcare which has built on existing curriculum to create intermediate steps on the pathway for incumbent workers (e.g., CNA to LPN, LPN to RN). Two sub-areas of the industry (marine and rail) also offer formal apprenticeship infrastructure as a vehicle for career and wage progression.

In terms of local education infrastructure, five community colleges in the Puget Sound region and the University of Washington have developed LIT training programs in response to employer demand and in partnership with employers, Highline Community College hosts the Center for Excellence in International Trade,

¹¹ Port Jobs, *Logistics and International Trade: Career Ladders and Training Programs in an Evolving Sector*, October 2008.

Transportation & Logistics, and Seattle Central Community College, with the Pacific Maritime Institute, hosts the local Maritime industry skills panel.

As mentioned above, the October 2008 report from Port Jobs stated that employers were still reporting openings/demand for workers to local training programs. In its conclusion, the report states: “Even in the current economic slowdown, the U.S. is still dependent on international trade, and the Puget Sound region is more trade-dependent than other areas of the country. While the U.S. imported more than it exported in the economic good times, today’s weak dollar translates into more exports than imports. The good may be moving in a different direction, but they are still moving, and demand for workers is still strong.” Although current economic data suggests that this trend is slowing in response to the large declines in the goods producing sector mentioned above, it is reasonable to assume that as that sector recovers, trade & logistics would logically follow.

There is an opportunity in this industry to build from existing partnerships and relationships with industry and education to engage in a large scale recruitment of low-wage incumbent workers to the field, and related partners to smooth the onramps and movement along a career path. There is some presence of organized labor (Brotherhood of Locomotive Engineers & International Longshore and Warehouse Union, Local 19), and two associations affiliated with the Prosperity Partnership that could be avenues for convening industry: the Trade Development Alliance of Greater Seattle, and the Small Business and Entrepreneurial Support Network. Port Jobs has developed close working relationships with employers in sub-areas of the industry (e.g., Airport Jobs), and a great deal of knowledge of the industry generally, familiarity with key players, and a detailed understanding of local training infrastructure, and could take a leadership role in this strategy.

Administrative Occupations

Administrative occupations cut across many industries/sectors in the local economy, and perhaps offer a unique opportunity to “hedge your bets” so to speak in terms of following growth in whichever areas it occurs first. Both entry level jobs and vocational training require relatively low levels of prior education/training (if any), and so provide an access to the cluster of occupations and career pathways in the admin/business category.

Bellevue Community College has developed a very robust education pathway that correlates with successive steps on a career pathway—both in office occupations and related business support (IT, accounting, mgmt, etc.). The college has developed a spectrum of training programs that map a clear educational pathway correlated with employment opportunities and advancement. This educational pathway includes IBEST offerings at the entry level, facilitating access for the English Language Learner. The pathway begins with a short-term office assistant certificate that articulates to further education at the tipping point level and beyond in several business and IT pathways, including accounting, office management, general business, tech support/networking, computer science/database, and

programming. In addition, a pathway has been mapped from the office assistant certificate to a medical office pathway that connects to high demand health care support occupations, such as billing and coding, medical informatics, medical transcription, and medical reception.

Because administrative occupations cut across many sectors, demand has decreased in many sectors that have experienced significant decline recently. However, even in the current economic climate openings remain for more highly skilled tech workers (e.g., software engineers)¹², and the dispersed nature of the business & administrative occupations suggests a potential resiliency as the economy recovers and in future, less severe, economic downturns, that could serve someone well if they invest now in skills that are transferable among sectors.

One strategy for engaging an industry-based intermediary in this area is to link to a particular sector. For example, one possibility could be to link to hospitality as it is a place where some engagement with the incumbent workforce could reduce short-term turnover to some extent, and where many of the progression opportunities require admin/business skills. This could potentially allow low-wage hospitality workers to develop skills they need to be competitive in a variety of industry sectors, including hospitality, and to move along the education and career pathways mapped by Bellevue Community College as described above. There is some precedent for workforce career progression initiatives in the hospitality industry, with examples of Hotel Employees & Restaurant Employees (H.E.R.E.) union initiatives in other parts of the country (CA, NV, NJ) and the H.E.R.E./Worker Center partnership that the WDC, the Seattle Community College District, local nonprofits, and several hotels in the Seattle area participated in several years back. Although these initiatives have not generally focused on skill development at the “tipping point” level, they could offer models to build from. In addition, Seattle Jobs Initiative has relationships with both training providers (particularly South Seattle Community College) and employers that hire admin positions and in the hospitality industry and could potentially take a leadership role in development of an intermediary to advance strategies with this occupational cluster.

¹² Seattle Times, *Want a job? Try nursing, high tech*, 2/1/09.