

GREAT JOBS WITHIN OUR REACH

Solving the problem of Washington's growing job skills gap

March 2013

The gap between the job skills needed by employers and those possessed by potential employees poses a significant challenge to the economic health of Washington state and our nation.

The Washington Roundtable asked The Boston Consulting Group, Inc. (BCG) to conduct an extensive analysis of public and private employment data to bring clarity to the job skills gap challenge faced by our state.

THE FACTS ARE CLEAR:

Employers in Washington have great job opportunities available, but the state lacks the skilled workers to fill them. This gap is estimated at 25,000 jobs today and is projected to double to 50,000 open positions by 2017. Filling the job skills gap by 2017 could result in 160,000 new jobs in the state; reduce the unemployment rate by 1 to 2 percentage points; generate an additional \$720 million in state taxes and an additional \$80 million in local taxes annually; and provide \$350 million in unemployment trust fund savings.

THE ANALYSIS OF WASHINGTON STATE'S JOB SKILLS GAP FOUND:

- There are 25,000 unfilled jobs in Washington as a result of the skills gap, 80 percent of which are in high-skill STEM (science, technology, engineering and math) and health care roles.
- The number of unfilled jobs resulting from the skills gap will increase to 50,000 by 2017, with 90 percent in high-skill STEM and health care roles.
- The impact of the job skills gap is even larger as the unfilled jobs figure does not include jobs recently moved out of state or filled with under-qualified employees.

ELIMINATING THE JOB SKILLS GAP BY 2017 COULD:

- Result in 160,000 new jobs in the state and reduce the unemployment rate by up to 2 percentage points;
- Generate \$720 million in additional state tax revenues and \$80 million in local tax revenues annually; and
- Produce \$350 million in unemployment trust fund savings.

ELIMINATING THE JOBS SKILLS GAP WILL REQUIRE A KEY SET OF ACTIONS:

- Increase computer science, engineering and health care capacity and throughput at colleges and universities in Washington.
- Foster STEM interest and performance among K-12 students.
- Improve alignment of technical degree and certificate curricula with employer demands.
- Promote and enable in-bound migration of skilled workers from other states.
- Support expansion of international immigration opportunities.



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THE FACTS ARE CLEAR: THERE ARE GREAT JOB OPPORTUNITIES IN WASHINGTON; WE NEED SKILLED WORKERS TO FILL THEM

	2012	2017	RATIONALE
Large number of unfilled high skill jobs in WA...	25,000	→ 50,000	Skills gap is concentrated in STEM occupations (>80% of acute skill gap openings; 90% by 2017); universities and colleges unable to fill sufficient supply
...which, if filled, would have even larger impact on employment	65,000	→ 160,000	Estimates range from 2-4 incremental jobs created for each STEM/ healthcare job in WA ¹
... reduce unemployment	0.5-1%	→ 1-2%	1/3 of all jobs created drawn from unemployed population
... generate significant state revenue annually	\$270M	→ \$720M	Estimated \$5K in state tax revenue generated on average per job created ¹
... and unemployment benefit savings	\$130M	→ \$350M	Estimated \$7K in savings per worker taken off unemployment

THE SKILLS GAP AND ITS IMPACT IS LIKELY EVEN GREATER, SINCE THIS ESTIMATE DOES NOT TAKE INTO ACCOUNT JOBS RECENTLY MOVED OUT OF STATE OR UNDER-SKILLED WORKERS IN ROLE

1. Based on "Washington's Prosperity Depends on Vibrant Tech Sector" Washington Research Council Economic Profile (2012); WA revenue impact includes state taxes across all types of taxes; Note: weighted average tax contribution based on the mix of skill shortage in 2017; \$350M in unemployment benefit savings in 2017.



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