



THE BOSTON CONSULTING GROUP



WASHINGTON
ROUNDTABLE

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Washington Roundtable, Boston Consulting Group issue report: Great Jobs Within Our Reach

Washington state would gain 160,000 jobs, spread across many sectors of its economy, if it fills its job skills gap; generating \$720 million in new state tax revenues annually

SEATTLE – March 27, 2013 – A new report, “Great Jobs Within Our Reach,” just released by the Washington Roundtable and The Boston Consulting Group, Inc. reveals a large and growing gap between the number of open jobs in Washington and the number of skilled workers available in-state to fill those positions. If the state takes steps to fill the growing gap, it would mean 160,000 jobs across many sectors in Washington state by 2017.

According to the research:

- There are 25,000 “acute” unfilled jobs in Washington today – jobs that have been unfilled for three months or more due to a lack of qualified candidates. Eighty percent of these jobs are in high-demand health care and high-skill STEM (science, technology, engineering and math) disciplines such as computer science and engineering.
- The gap is projected to grow by another 5,000 jobs per year, reaching 50,000 jobs, by 2017. Ninety percent of those openings will be in health care and STEM roles.
- Due to the multiplier effect, filling the job skills gap will generate an additional 110,000 jobs in Washington across many sectors by 2017.
- Filling the job skills gap would generate \$720 million in annual state tax revenues and \$80 million in local tax revenues by 2017.

“These data make one thing clear: Washington has great jobs. It simply doesn’t have the skilled workers to fill those jobs and that is a drag on productivity and state economic growth,” said Joel Janda, Partner and Managing Director, The Boston Consulting Group.

“The state faces a challenge supplying skilled workers for highly technical positions,” said Dan Fulton, Washington Roundtable Chair and Weyerhaeuser President and CEO. “Washington needs to build upon existing programs and develop new programs to find workers for these high-skilled jobs. Both the private and public sectors have a role to play to provide a sustainable output of workers to meet the demand for this growing challenge.”

Steve Mullin, Washington Roundtable President, said the report’s findings define a clear path to rebuild and reenergize Washington’s economy.

“Bridging the job skills gap and filling open positions, particularly in STEM and health care roles, is the best lever Washington has to increase employment not just in these sectors, but broadly across the economy,” Mullin said.

Broad employment impact across the economy

According to the data, for every one STEM or health care job filled with a qualified candidate, Washington can expect creation of another two to four jobs in-state. Filling the job skills gap would significantly reduce unemployment and result in an estimated one-time savings of \$350 million for the state unemployment trust fund.

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State budget impact

Researchers estimate that \$5,000 in state and local tax revenue will be generated on average for every job created. This equates to \$720 million in annual state tax collections and \$80 million in local taxes by 2017 (based on filling 50,000 skills gap-related jobs plus an estimated 110,000 additional jobs).

“Washington has struggled with recurring structural budget deficits for years,” Mullin said. “We’ve all been looking for solutions and this is one. Closing the job skills gap is a great opportunity to grow the economy and build state revenues.”

Keeping jobs in Washington

The report cautions that the job skills gap numbers – 25,000 “acute” unfilled jobs currently and 50,000 by 2017 – do not account for jobs that recently moved out of state or are currently filled with under-skilled workers. Forty percent of Washington Roundtable members surveyed reported already having moved positions out of state due to the job skills gap. Approximately half of the companies surveyed reported having to hire under-skilled workers for hard-to-fill job openings.

“The research clearly shows that jobs have already left Washington because employers couldn’t find qualified candidates here,” Janda said. “We can only assume that more will leave if the job skills gap isn’t addressed.”

The Roundtable acknowledges that filling the job skills gap will take time and require concerted effort from state and federal policymakers.

“We have a leaky education pipeline. We must expand STEM education in our universities and do a better job of preparing our young people in the K-12 system. We also need to make it easier and more attractive for skilled workers to come to Washington state,” Mullin said.

The report puts forward five recommendations for policymakers to address the job skills gap:

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

The report is available at www.waroundtable.com.

Report methodology

For its research analysis, BCG used statewide employment data as well as quantitative and qualitative data collected from interviews with Washington Roundtable members and human resource experts regarding job skills gaps encountered within their companies.

About the Washington Roundtable

The Washington Roundtable is a not-for-profit, public policy organization comprised of senior executives from Washington’s major employers. Since 1983, the Roundtable has worked to create positive change on state policy issues that foster economic growth, generate jobs and improve quality of life for Washingtonians.

About The Boston Consulting Group

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