

Skills Required:

Preparing Puget Sound for Tomorrow's Middle-Wage Jobs



Executive Summary

Economic development efforts in the Puget Sound, where new and emerging high-tech industries dominate the market, have placed a great deal of attention on the growth of high-wage jobs. A commonly voiced concern with this and similar strategies around the U.S. has been that they are furthering the emergence of an “hourglass economy” – defined by growth in high-wage jobs coupled with equal or greater growth of entry-level jobs, leaving a shrinking middle. Recent examination of the national labor market, however, suggests that the problem of the shrinking middle is overstated.

This report finds evidence that questions how the hourglass myth applies locally, finding that middle-wage jobs – those paying a livable family wage and requiring some education and training beyond high school but less than a bachelor’s degree - make up 20 to 25 percent of all jobs in the Puget Sound region. We encourage regional economic development efforts to focus on ensuring the continued vitality of this sector of the labor market. Yet the more vital need is to ensure that we are training enough Puget Sound workers for the middle-wage jobs that currently and will continue to exist here, and in so doing, advance efforts to address the skills shortage faced by employers while providing opportunities for low-wage workers to advance.

Promising Sectors for Middle-Wage Jobs

The analyses in this report investigate specific industries targeted by local economic development efforts to assess the growth of middle-wage jobs within these clusters in the Puget Sound region: **Construction, Health Care, Aerospace, Professional & Business Services, Logistics & International Trade, Leisure & Hospitality, Green Building, and Clean Technology.**¹ These generally make up traditionally large job-creating Puget Sound industries, industries which provide key service sector jobs, and emerging and expanding industries of interest and likely importance to the region’s future. The findings reveal that this collection of industries in fact provides many opportunities in varying capacities for middle-wage job creation.

- The **Health Care** industry currently totals over 100,000 Puget Sound jobs. By 2014, this industry is project to add almost 30,000 more jobs, the largest growth for any sector in these analyses. This expansion may be due in part to answering the service needs of a large aging population and the retirement of much of its baby-boomer workforce. Of these jobs, almost 8,000 are expected to be middle-wage jobs.
- The **Construction** industry cluster is an equally large contributor of regional jobs, totaling almost 100,000. Despite recent forecasts of downturns in the national housing market, the Puget Sound region continues to report steady residential sales, as well as many long-term commercial projects. This translates to 20,000 or more jobs being added to this cluster by 2014, the majority being middle-wage jobs (82%).

¹ Except for Professional & Business Services, clusters were selected by either the Puget Sound’s regional industry cluster strategy, Prosperity Partnership, or the City of Seattle as key areas of interest, based on previous work completed by SJI in January 2007 that examines middle-wage jobs across a wide spectrum of industries, occupations, and industry clusters - Paul Sommers and Mark Gardner, *Accessible Middle-Wage Jobs in Seattle and the Puget Sound Region*, January 31, 2007, Seattle Jobs Initiative Working Paper.

- **Aerospace**, a long time contributor to the economic base of the Puget Sound region, also adds a large number of jobs to local regional employment. Though this industry is declining as a portion of the overall job base, it is still large and currently expanding. This expansion includes the generation of over 6,000 new middle-wage jobs by 2014. Still, though evidence suggests that the Aerospace industry is shifting away from high-skill jobs, it remains heavily dependent on 4-year degrees.
- Local ports and airports provide the base for a strengthening **Logistics & International Trade** cluster that has the potential to counteract some of the local job loss in manufacturing. By 2014, the cluster is expected to generate nearly 4,000 middle-wage jobs – roughly half of the industry’s total growth. At the same time, almost 40% of new jobs in Logistics & International Trade will pay less than \$17 hourly.
- Service industry clusters like **Leisure & Hospitality** and **Professional & Business Services**, though not generally areas which are defined by large percentages of middle-wage jobs, are expected to provide a large number of middle-wage job opportunities due to their sheer size, and are vital to the discussion as these are also jobs which are less likely to be outsourced.
- Sustainable industries and green jobs are at the forefront of discussions around regional economic development. This is especially true for the Puget Sound region, where growing interest in these areas will undoubtedly lead to job growth for emerging industry clusters like **Green Building** and **Clean Technology**. Predicting the scope of this growth will depend on the specific skills required within already existing occupations, as well as the skills required for new occupations yet to be created. There is no doubt, however, that the industry growth bound for new clean green innovation makes for valuable potential sources for accessible jobs.

Skills for Middle-Wage Jobs Benefits Workers and Business

Overall our findings confirm that middle-wage jobs are and will continue to support key industries in the Puget Sound region. They are a vital part of a healthy labor market, and present potential opportunities for many low-income and low- to medium-skilled workers to find employment and a pathway to a livable wage. The importance of identifying and strengthening industry clusters with a high proportion of middle-wage jobs cannot be overstated. These jobs not only supply a means of simply getting by, but an opportunity to get ahead. The availability and accessibility of middle-wage jobs ensures that the opportunities for low-income workers to enter and progress along career paths to the middle class remain open.

Yet statewide, employers are finding it difficult to find a supply of workers who have completed mid-level preparation – more than one year but less than four years of postsecondary training or education. The numbers show why: two-thirds of working age residents of the Puget Sound region have not earned a 4-year college degree, and more than 900,000 have no post-secondary credential. We must connect this potential pool of individuals with the employers in need. By providing these individuals with the skills required for middle-wage jobs, employers get the workers they need and workers get the wages they need to support a middle-class lifestyle. The result is an economically prosperous region.

How Puget Sound Can Respond

The need for an available supply of skilled workers to fill Puget Sound’s middle-wage jobs makes career ladders increasingly important. It is essential that appropriate and effective training opportunities exist for the large segment of the workforce that is low-skilled—programs that are accessible and flexible for working adults and that quickly build skill sets that allow workers to jump the gap to better paying industries or occupations.

This report provides information about currently existing training opportunities for middle-wage jobs within the industries investigated. Encouragement of clearer education and training pathways leading to these jobs will benefit employers, workers and the overall economic health and livability of the region.

It is SJI's intent that this report, by illuminating middle-wage job opportunities, the skills required to get them, and the pathways required that will lead to them, will help create a foundation for economic and workforce development strategies to bolster the essential middle core of regional industry employment, preparing the future Puget Sound workforce for tomorrow's middle-wage jobs.

Anne Keeney, Executive Director
Seattle Jobs Initiative

