Chapter 2  
Long-Term Forecast of the Washington Labor Force  

Between 1970 and 2011, the total labor force in Washington grew from 1.4 million to over 3.5 million, nearly 150 percent. The state is expected to gain an additional 430,000 workers to reach a workforce of almost 4.0 million by the year 2030 (see Figure 2-1).

Washington’s labor force expanded rapidly during the 1970s and 1980s, growing at an average annual rate of 3.0 percent. Growth slowed to an average rate of 1.9 percent during the 1990s and 1.5 percent during this decade. The state’s workforce actually shrank 0.2 percent from 2009 to 2010 and another 0.9 percent between 2010 and 2011 as protracted recessionary forces were a drag on new job-search activity. This slowing will be prophetic as the labor force is forecasted to grow at an annual average of 0.58 percent between 2010 and 2030. The deceleration in labor force growth is related to the aging of the population—a national trend caused by lower birth rates and the progression of the baby boom generation through ever-older cohorts. Since labor is a major factor of economic production, the slowdown in labor force growth will likely dampen economic growth.

Figure 2-1  
Washington Labor Force (millions)  

As used in this report, the term “labor force” refers to the civilian non-institutional labor force, which is composed of individuals age 16 or over who are currently employed (either part-time or full-time) or who are actively seeking employment. Individuals who are in nursing homes, prison, or the military (referred to as the institutional population) are not considered to be either in the civilian labor force or part of the base population from which the labor force is drawn. Other individuals who are not in the civilian labor force are those who are not employed and not seeking employment. Common reasons for not being in the labor force include retirement, ill health or injury, attending school, or doing housework at home.
Slower population growth and population aging will have important labor market impacts. Employers will be confronted with an increasing labor scarcity and an older workforce. The rapidly growing number of retirees will be supported by fewer active workers. The racial and ethnic diversity of the workforce will also increase. The size and composition of the Washington labor force is determined by three major factors:

- Natural population changes—aging, births, and deaths.
- Net-migration—the difference in the number of persons entering and leaving the state.
- Labor force participation rates—the proportion of the non-institutional civilian population 16 years of age and older who working or looking for work.

The following sections explore these factors and their implications in shaping the workforce.

**Population Change and Labor Force Growth**

Population growth directly contributes to the labor pool. From 1970 to 2011, the number of persons 16 years old and over grew at an annual rate of just over 2.0 percent in Washington, significantly higher than the 1.4 percent annual rate for the nation. As a result, the state’s labor force grew 2.3 percent per year between 1970 and 2011, far outpacing the 1.6 percent average growth rate for the U.S. during the same period. Population growth in the state is expected to slow to 1.0 percent per year between 2011 and 2030; and labor force growth is projected to slow to just over 0.6 percent per year over this period.

People in the 16 to 24 age group account for a majority of new labor market entrants. The state's population in this age cohort actually declined throughout the 1980s (see Figure 2-2), due to low birth rates beginning in the mid-1960s. Consequently, in 1990 this age group accounted for only 16.5 percent of the state labor force, substantially lower than the 35.0 percent share in 1980.

![Figure 2-2](image_url)

*Population Estimates and Forecasts for Ages 16-24*
In the early 1990s, the 16 to 24 age group began to grow again, although the pace was initially very slow. Population growth in this age group accelerated in the second half of the 1990s, and this will lead to significant additions of new workers to the state’s labor pool in the near term. Growth of this age group, however, will once again slow from 2011 to 2020 as economic forces take their toll on demographic trends.

Shifting age structure is a major factor leading to the anticipated slowdown in Washington labor force growth. Over the next 19 years, a large portion of the projected population growth will occur in older age groups with low labor force participation rates, thus depressing total labor force participation and workforce growth. The state’s 25 to 54 year old population, the most active labor force participants, grew an average 39,600 persons per year between 1970 and 2011. In contrast, the growth of this age group will drop substantially to an annual average of 12,000 persons over the forecast period (see Figure 2-3).

Migration

Migration will help moderate the decline in labor force growth; it will not, however, reverse the trend. Migration affects the labor force in two ways: first, it is an important contributor to population change, and thus labor force growth; second, most of the migrants are young workers with a long-term attachment to the labor force. In the past 31 years, net migration in the state averaged 47,400 per year, directly accounting for 57.9 percent of state yearly population growth. Net migration for Washington declined in the early part of this decade, but rebounded as the economy strengthened, increasing to over 83,500 in 2006 and 63,200 in 2007. A slowing economy curtailed the migration flow to 41,500 in 2008, 22,200 in 2009, 11,600 in 2010, and
just 4,800 in 2011 (See Chapter 1 of this publication.) Annual migration is then expected to fluctuate as the economy recovers, and is expected to reach of 45,000 per year by 2025.

Net migration is forecasted to moderate in the near-term and remain relatively strong in the long-term because Washington is expected to out-perform the U.S. in growth of traded sector employment, making Washington an attractive place for potential migrants. Manufacturing employment in Washington is expected to remain relatively stable relative to that in the U.S. and California. Manufacturing jobs offer above-average wages and support a variety of other jobs in the economy. Stability in the state’s manufacturing sector will help stimulate the demand for labor and thus labor-related in-migration.

Information and professional services will also continue to grow at an above-average pace, and these growing industries recruit from national or international labor pools; thus, their growth is expected to attract labor from outside the state. Historically, Washington has experienced significantly faster employment growth in producer services than the U.S.; this is expected to continue, albeit with the difference narrowing. In the last ten years of the forecast period, the producer services sector in Washington is projected to grow at about the same rate as the U.S.

In-migrants have contributed to both the size and quality of the labor force. Migrants coming into Washington tend to have relatively high educational attainment, and many of them are employed in high-skilled jobs. According to data from the 2010 American Community Survey from the Census, 42.1 percent of the working-age migrants coming to Washington in the past year had bachelors’ degrees or higher, as opposed to 30.7 percent of adults who were not recent migrants to the state.¹

There have also been an increasing number of migrants over age 65 to Washington. Migration decisions of senior citizens are mainly determined by quality of life, amenities, and services available at the destination places. Senior migrants affect the state labor market differently than job-related migrants. They do not compete for job opportunities, but their assets and incomes contribute to the local economy and the demand for labor. Senior citizens are intensive users of public and private services, thus stimulating employment growth in these sectors. Nationwide, people over 65 years old will increase significantly throughout the forecast period, suggesting that a growing portion of in-migrants will be retired or elderly.

Changes in Labor Force Participation

Labor force participation rates in Washington State historically have been higher than the national average, due in large part to a higher concentration of young people who are active labor market participants. From 1970 to 2000, the state’s aggregate labor force participation rate increased from 61.5 percent to 68.3 percent. During this period, the male labor force participation rate gradually declined, while the female labor force participation rate rose considerably. Higher participation rates added to labor force growth and helped to raise per capita income, as the number of earners relative to non-earners increased.

¹ These estimates are based on data for Washington from the 2010 American Community Survey. Recent working-age migrants are defined as those adults, ages 25 to 64. They include both domestic and international migrants.
Since 2000, the overall participation rate has moderated reaching 66.3 percent in 2011 as changes in the age structure of the population lowered the aggregate labor force participation rate. Labor force participation, for both men and women, is highest between the ages of 20 and 54, lower for ages 16 to 19 and ages 55 to 64, and very low for persons age 65 and over. Thus, aging of the population will result in continued declines in labor force participation; with the rate decreasing to 62.0 percent by 2030.

Between 1990 and 2010, the major change in age composition over this period was the increase in the proportion of the population aged 45 to 64, driven by the baby boom generation’s advancement into middle age (see Figure 2-4). This has had an impact on labor force growth; changes in population age structure during these years acted to reduce the labor force participation rate by about 1.9 percentage points. After 2010, however, the proportion of the state population age 65 and older will increase substantially. This will have a significant dampening effect on the labor force growth, since the elderly have much lower labor force participation rates. The expected changes in age composition act to reduce the labor force participation rate by 5.8 percentage points by 2030. This dampening effect is partially offset by an increase in participation among the elderly (discussed below).

Increased educational attainment will also result in lower labor force participation rates for the youngest members of the work force. As the demand for those with higher skills grows, and as the gap in monetary rewards for the college educated widens, the utility of early labor force participation will soften as the younger population places greater emphasis on academic achievement. As a result, the labor force participation rate of 16-24 year olds will decline from 61.1 percent in 2010 to 52.9 percent by 2030.
Table 2-1 on the next page shows a comparison of the 2010 Washington labor force and labor force participation rates by age and sex, with the corresponding forecast for 2030.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>16-24</td>
<td>497,400</td>
<td>459,700</td>
<td>-37,700</td>
<td>-7.6%</td>
<td>63.0%</td>
<td>52.9%</td>
<td>-10.1%</td>
</tr>
<tr>
<td>25-54</td>
<td>2,227,600</td>
<td>2,457,900</td>
<td>230,300</td>
<td>10.3%</td>
<td>82.7%</td>
<td>81.7%</td>
<td>-1.0%</td>
</tr>
<tr>
<td>55-64</td>
<td>430,400</td>
<td>665,200</td>
<td>234,800</td>
<td>54.6%</td>
<td>64.0%</td>
<td>74.7%</td>
<td>10.7%</td>
</tr>
<tr>
<td>65+</td>
<td>103,400</td>
<td>382,800</td>
<td>279,400</td>
<td>270.2%</td>
<td>14.9%</td>
<td>23.5%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Total</td>
<td>3,258,800</td>
<td>3,965,600</td>
<td>706,800</td>
<td>21.7%</td>
<td>67.2%</td>
<td>62.0%</td>
<td>-5.2%</td>
</tr>
</tbody>
</table>

**Male Labor Force Participation**

The total male labor force participation rate declined slightly in the past two decades, due primarily to early retirements. Improved retirement options, adequate public and private pension systems and social insurance programs (Social Security, Medicare, and employer-provided health insurance) led to a decline in the labor force participation rates of older men. Increases in the wealth and asset incomes of senior citizens also contributed to earlier retirement. Nationally, the labor force participation rate of men age 55 to 64 years old dropped from 82.9 percent in 1970 to 69.3 percent in 2005. This trend has already begun to reverse with the labor force participation of 55 to 64 year old men increasing to 71.8 percent in 2010.

In the future, many older workers will stay in the workforce longer, and delayed retirement will offset some of the drag exerted by population aging and the slowdown in labor force growth. Some older workers will lack the economic resources necessary to maintain a desired retirement lifestyle. This will be especially true considering possible retrenchments in Social Security and Medicare benefit programs. Several factors will allow more workers to postpone retirement. Life expectancy has increased over the past 30 years and physical limitations are not generally barriers to working until people reach their mid-70s. Moreover, the share of workers in physically demanding jobs has declined. Changes to Social Security, such as the increase in the retirement age and the elimination of the earnings test for those aged 65 and older, should induce workers to postpone retirement.
The movement toward defined contribution pension schemes (such as 401(k) plans) and away from defined benefit plans will also reduce disincentives to working at older ages. Defined benefit plans tended to provide the most benefits when taken at the earliest age of eligibility, and would penalize working beyond that age. These considerations have been incorporated into the present labor force forecasts for the state. The labor force participation rate of men age 65 and older is projected to rise (see Figure 2-5 and Figure 2-6).

Figure 2-5
Washington Male Labor Force Participation Rates

![Graph showing labor force participation rates for different age groups from 1990 to 2030.]

Figure 2-6
Washington Male Age-Specific Labor Force Participation Rates: 2000 and 2030

![Graph showing age-specific labor force participation rates for two years, 2000 and 2030.]

OFFICE OF FINANCIAL MANAGEMENT, Forecasting Division
EMPLOYMENT SECURITY DEPARTMENT, Labor Market and Economic Analysis Branch
FEBRUARY 2012
Higher educational attainment will also contribute to the expected rise in labor force participation rates of those over age 65. Table 2-2 illustrates the educational attainment and workforce status of the population; it is apparent that education plays a significant role in determining the working status of the elderly. Higher educational attainment makes it easier for older persons to stay in the labor force. The table also shows that individuals aged 65 and over tended to remain engaged in the labor force the greater their educational attainment; those who did not graduate from high school had a participation rate of just 6.5 percent, while those with a BA or higher had a participation rate of 21.2 percent. Well-educated persons are more likely to obtain and remain with (white-collar) jobs that demand less physical strength, provide better compensation and more flexible working schedules than those less-educated.

Table 2-2

<table>
<thead>
<tr>
<th>Schooling Completed</th>
<th>Age 25-34</th>
<th>Age 35-44</th>
<th>Age 45-54</th>
<th>Age 55-64</th>
<th>Age 65 and over</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did not graduate High school</td>
<td>68.0%</td>
<td>70.6%</td>
<td>67.9%</td>
<td>49.7%</td>
<td>13.8%</td>
</tr>
<tr>
<td>High school graduate</td>
<td>77.1%</td>
<td>78.7%</td>
<td>77.4%</td>
<td>59.6%</td>
<td>29.2%</td>
</tr>
<tr>
<td>Some college or associate degree</td>
<td>83.1%</td>
<td>81.2%</td>
<td>82.5%</td>
<td>65.6%</td>
<td>30.0%</td>
</tr>
<tr>
<td>BA or higher</td>
<td>87.2%</td>
<td>88.0%</td>
<td>88.3%</td>
<td>73.0%</td>
<td>27.0%</td>
</tr>
<tr>
<td>Total</td>
<td>81.3%</td>
<td>81.8%</td>
<td>81.8%</td>
<td>65.6%</td>
<td>14.4%</td>
</tr>
</tbody>
</table>

* Labor Force Participation Rate

Source: 2010 American Community Survey, extracted via PUMS
Female Labor Force Participation

One of the most significant labor market phenomena of the twentieth century was the increase of women in the workforce. Nationwide, the female labor force participation rate increased from 33.8 percent in 1950 to 60.0 percent in 1999; as of 2011 it was 58.1 percent—no doubt impacted by the recession. As a result, the gap between male and female labor force participation rates has narrowed substantially over the past five decades. In 1950, the male labor force participation rate was 53 percentage points higher than the female rate; by 2011, the gap shrank to 12.4 percentage points. Indeed, the general orientation toward work and the overall attachment to the labor force are roughly comparable for young men and women today.

Several factors have contributed to the rise in female labor force participation—increasing levels of educational attainment, delayed marriage and childbearing, changing gender roles, availability of market substitutes for housework, and changing technologies and industrial mixes that reduce the demand for physical labor. Declining real wages in the past three decades also have contributed. In many households, a second income was needed to help offset the loss in real earnings of male householders.

During the past three decades, increasing numbers of women entered the labor market, and the female share of Washington’s labor force increased from 40 percent in 1975 to 46.8 percent by 2010. The largest gains in female participation have already occurred, however, and the female labor force share is expected to remain stable over the next 20 years. Women still bear a disproportionate share of childrearing and housework responsibilities; and more recently, women have been increasingly involved in the care of elderly parents. As a result, most women will continue to experience more frequent and longer spells away from work than men. This suggests that female labor force participation will not match the overall male rates. Still, women will account for almost half of “net additions” to the labor force between 2000 and 2030. “Net addition” is the difference between the number of labor force entrants and the number leaving the labor market. Furthermore, as the overall labor force growth slows over the next few decades, employers will increasingly look to women as an important source of labor.

The continued importance of women as a source of labor will motivate employers to provide benefit programs, such as on-site childcare and flexible work schedules that accommodate the needs of female workers. For employers, these work-life benefit programs will be critical to their ability to attract qualified employees and to raise the productivity of their female workers.

In Washington State, the overall workforce participation rate of women, like that of men, is expected to decline in the future, as a large proportion of the population moves into the age groups with lower labor attachment. The impact of population aging on labor force growth will be moderated to some extent by expected increases in participation rates among women age 55 and older (see Figure 2-7 and Figure 2-8 on the following page).
Figure 2-7
Washington Female Labor Force Participation Rates

Figure 2-8
Washington Female Age-Specific Labor Force Participation Rates: 2000 and 2030
As discussed above, changes in the male and female labor force participation rates vary by age and sex. Together, the state total labor force participation rate is anticipated to gradually decline from 67.8 percent in 2010 to 62.0 percent by 2030 (see Figure 2-9).

![Figure 2-9: Forecast of Washington Labor Force Participation Rates by Sex](image-url)
Forecast of Total Labor Force

The average annual growth rate of Washington’s labor force declined over the past three decades, falling from 3.4 percent during the 1970s to 1.9 percent in the 1990s. Projected changes in labor force participation rates, net migration, natural population increase, and aging of the population will continue to slow the state’s labor force growth, especially after an ever-greater share of the Baby-Boom generation reaches retirement age toward the end of this decade. (See Tables 2-3 and 2-4.)

<table>
<thead>
<tr>
<th>Decade</th>
<th>Number (1,000s)</th>
<th>Percent Change (%)</th>
<th>Average Annual Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950-1960</td>
<td>149.8</td>
<td>15.9</td>
<td>5.5</td>
</tr>
<tr>
<td>1960-1970</td>
<td>320.1</td>
<td>29.4</td>
<td>2.6</td>
</tr>
<tr>
<td>1970-1980</td>
<td>567.5</td>
<td>40.0</td>
<td>3.4</td>
</tr>
<tr>
<td>1980-1990</td>
<td>552.4</td>
<td>27.8</td>
<td>2.5</td>
</tr>
<tr>
<td>1990-2000</td>
<td>513.0</td>
<td>20.2</td>
<td>1.9</td>
</tr>
<tr>
<td>Forecast</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000-2010</td>
<td>481.2</td>
<td>15.8</td>
<td>1.5</td>
</tr>
<tr>
<td>2010-2020</td>
<td>190.6</td>
<td>5.4</td>
<td>0.5</td>
</tr>
<tr>
<td>2020-2030</td>
<td>243.9</td>
<td>6.6</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Slower labor force growth will make it more difficult for firms to recruit workers during periods of strong economic growth. In classic micro-economic analysis, a firm’s output is a function of three major inputs – land (resources), labor, and capital. A shortage of one of these inputs would require the firm to have higher concentrations of the other inputs in order to maintain or increase output. Thus a shortage of labor will require greater land (resource) or capital inputs. An increase in capital inputs relative to labor has the added benefit of spurring increased productivity. As a result, firms will need to invest more in labor-saving equipment and technology and continue efforts aimed at keeping women and older workers in the labor market. Changing immigration policies also offer an option for moderating potential labor scarcities. Permitting more immigration would increase the working age population, reduce the burden of supporting the elderly, and ameliorate the problems associated with aging.

The Washington labor force will increase at a relatively slow pace over the next 19 years, and the growth of the U.S. labor force is expected to be somewhat more sluggish. The major reason for the difference between Washington and U.S. labor force growth is labor force participation; because Washington will continue to be attractive to working age folks from other states and from overseas, a higher share of the population will be participants in the labor force compared to the nation overall.
### Table 2-4

**Washington Labor Force: Historical and Forecast**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Population</th>
<th>Civilian Non-Institutional Population</th>
<th>Labor Force</th>
<th>Labor Force Participation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>16 &amp; Over</td>
<td>16 &amp; Over</td>
<td>Total</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td>3,846,000</td>
<td>2,803,000</td>
<td>1,207,000</td>
</tr>
<tr>
<td>2025</td>
<td></td>
<td>5,793,000</td>
<td>2,303,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td>2030</td>
<td></td>
<td>7,793,000</td>
<td>2,303,000</td>
<td>1,500,000</td>
</tr>
</tbody>
</table>

**Notes:**
- Total population is based on the November 2011 official Office of Financial Management population estimates and forecasts.
- Total population estimates and forecasts are for April 1st of each year.
- Estimates and forecasts of civilian non-institutional population, labor force, and labor force participation rate are based on the "annual average" concept.
- Projection of the civilian non-institutional population is based on 2000 proportion of the male and female Washington population participating in the military or residing in prisons, nursing homes, and other institutions.
- Labor force participation rates represent the proportion of civilian non-institutional population that is employed or unemployed based on federal Bureau of Labor Statistics definitions.
The Changing Profile: Aging and Racial and Ethnic Diversity

Changes in labor force participation, combined with demographic changes (births, deaths, aging, and migration), will alter the composition of the Washington labor force. The forecast suggests that the state population and workforce will become older and more racially and ethnically diverse.

Population Aging

Washington’s population will age rapidly over the next two decades. The state’s elderly population, age 65 and older, is expected to grow from 852,000 (or 12.5 percent of the population) in 2011, to 1.67 million (or 20.5 percent of the population) in 2030. A major concern is that the leading edge of the baby boom reached age 62 in 2008, and a rapidly growing retiree population will have to be supported by a labor force that will grow relatively slowly. In 2000, there were 4.6 workers in Washington for every person over age 65. This ratio is predicted to drop to 2.5 workers per elderly population by 2030.

Aging will also place considerable pressure on public and private pension plans, raising concerns about the Social Security trust fund and the size of corporate pension liabilities. At the federal level, these pressures may make it necessary to raise the retirement age, increase Social Security taxes and/or reduce benefits. In both the public and private sectors, demographic pressures have encouraged the shift away from defined benefit pension plans to defined contribution plans.

Rising health care costs have contributed to the fiscal difficulties facing federal, state, and local governments and have increased labor costs in the private sector. Health care costs have been driven by technological innovations—new procedures, equipment, tests, and drugs—and future cost increases will be greatly affected by advancements in biomedical technologies. Population aging, however, will compound the problem.

The incidence of many chronic medical conditions (e.g., heart disease, hypertension, diabetes) increases with age, and the nation spends on a per capita basis over four times more on health care for seniors than for those under age 65. Simulations suggest, however, that aging of the U.S. population will add only about half a percentage point to total annual growth in health care spending. Again, most of the spending growth is due to other factors, such as new medical technologies and health care worker shortages. Supply-side impacts on medical costs, arising from slower labor force growth, could be more important. Health care is labor-intensive and labor scarcity would cause costs to rise. Health care providers will have to find ways to use more labor-saving methods, such as making more intensive use of information technology. How the Federal Health Care Reform legislation will impact the system is still an open question.

Aging of the Labor Force

In addition to the number of retirees increasing dramatically, the age composition of those remaining in the workforce will also change. Between 2005 and 2030, the number of Washington workers over 55 years old will grow by over 96 percent, while those aged 16 to 54 will increase by just seven percent. Consequently, the age silhouette of the state labor force in 2030 will be very different from that of today. Older workers (55 years and older) are projected to represent 26.4 percent of Washington’s labor force in 2030, substantially higher than the 16.4 percent share in 2005 (see Figure 2-10 on the following page).
A high proportion of part-time and temporary working arrangements characterize the elderly workforce. Today, many old workers voluntarily hold part-time jobs, and relatively few of them would prefer full-time employment. Also, a majority of the elderly workers perceive their current work as temporary, indicating their readiness to change jobs or exit the labor market for retirement.

The aging of the workforce will present unique challenges to employers. Businesses will need management and personnel practices that can effectively accommodate older employees. Among the challenges will be:

- Establishing new reward and incentive structures as traditional hierarchical promotional opportunities decline.
- Planning and implementing human resource management to accommodate less predictable retirement age and exits and re-entries of elderly workers.
- Meeting varied demand for employee benefits, such as elderly workers’ preference for long-term care.
- Dealing with increased complexity of retirement issues.

One area concern to employers is the uncertain impact of the recent federal health care reform legislation on employee health care benefits. Older workers have unique issues when they are employed while Medicare eligible. Changes to employer coverage will likely occur for both younger and older workers.
Non-White and Hispanic Workforce

Over the next twenty years the workforce will become more racially and ethnically diverse. Labor force growth rates of Asian, African American, and other non-white Americans are expected to be considerably higher than that for whites. In 1980, 6.2 percent of the Washington labor force was non-white; in 2010, the share increased to 14.3 percent. From 2010 to 2030, the non-white labor force is expected to grow at a 2.1 percent annual rate, compared to a 0.6 percent annual rate for the white labor force. Non-white workers will account for over 41.0 percent of the state’s labor force growth between 2010 and 2030, and the non-white labor force share is expected to reach 18.4 percent by 2030 (see Table 2-5).

The main reason for an increasing share of non-whites in the labor force is that the non-white population is expected to grow at a much higher rate than the white population. A second factor is the younger age composition of the non-white population compared to whites. Non-whites are also expected to continue increasing their labor force participation rates.

Another important labor trend, in the state and nationwide, is ethnic diversification. Between 2010 and 2030, workers of Hispanic origin in the state are expected to nearly double from 291,400 to 532,800. As a result, Hispanics will account for 13.4 percent of the Washington labor force by 2030.

Table 2-5
Labor Force Composition by Race: Washington

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Labor Force (1,000s)</th>
<th>Share of Total labor Force</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>White</td>
<td>African American</td>
</tr>
<tr>
<td>1990</td>
<td>2,537.0</td>
<td>91.5%</td>
</tr>
<tr>
<td>2000</td>
<td>3,050.0</td>
<td>87.8%</td>
</tr>
<tr>
<td>2010</td>
<td>3,531.2</td>
<td>85.7%</td>
</tr>
<tr>
<td>2020</td>
<td>3,721.8</td>
<td>83.6%</td>
</tr>
<tr>
<td>2030</td>
<td>3,965.7</td>
<td>81.6%</td>
</tr>
</tbody>
</table>

The trend toward racial and ethnic diversification poses a critical issue in the effort to elevate worker skills in the future. Today, the average education level of African American workers of every age cohort is below their white counterparts. The gap has been narrowing, but at a slow pace. The gap for Hispanic workers is greater. In 2010, only 49.5 percent of the Washington Hispanic population 25 years or older completed high school or equivalency, compared to 91.9 percent for the non-Hispanic white persons in the same age group. As future economic growth relies more and more on productivity improvement, raising the education levels of these fast-growing racial and ethnic minorities becomes a major policy focus.