

# Seattle Jobs Initiative

## Policy Update—August 2009



### Federal Policy Developments

#### US Economic News

- The nation's **unemployment rate was 9.4 percent in July, down** from an adjusted rate of 9.5 percent in June.
- The U.S. has **lost 5.74 million jobs from July 2008 – July 2009**. Hardest hit industries include **Manufacturing** (-1.64 million jobs, or 12% of workforce in that sector), **Trade, Transportation and Utilities** (-1.25 million, 5%), **Professional & Business Services** (-1.18 million, 7%), and **Construction** (-1.04 million, 15%).
- Nationally, the following sectors are showing job gains: **Education and Health Services, Leisure & Hospitality, and Government.**

#### Federal Legislation/ARRA

- **\$85 Billion Tax Breaks for Working Poor Extended:** The White House proposed to extend until 2019 two tax breaks for the working poor that were originally introduced in the stimulus package early this year and set to expire in 2011. The first of these expanded the availability of the \$1,000 child credit to families earning as little as \$3,000 per year (down from those earning \$12,000 per year); the other similarly expands the availability of the Earned Income Tax Credit for married couples.
- **President's Community College Plan Moved by House:** The House Education & Labor Committee approved the Student Aid and Fiscal Responsibility Act, eliminating the Federal Family Education Loan program and redirecting about \$12 billion of the \$87 billion in savings to support Obama's Community College initiative (**American Graduation Initiative**) to expand the capacity of U.S. community colleges. An amendment to the President's initiative by House members encourages links between community colleges and sector partnerships; another amendment gives priority for college reform grants to projects serving low-income and nontraditional students.
- As part of the **Recovery Act**, the Department of Housing and Urban Development (**HUD**) will award **\$995 million** to public housing agencies for capital improvement projects. The Department of Labor Employment and Training Administration has issued guidance ( [Training and Employment Notice](#) ) on how workforce and public housing agencies can collaborate to ensure public housing residents can access the training and supports they need to fill jobs created under this initiative.
- The Recovery Act authorized **\$7.2 billion** for the extension of broadband infrastructure and services in rural and underserved areas. As part of this implementation, the Federal Communications Commission (FCC) is soliciting advice on the best ways broadband services can advance a series of national purposes, including education, job creation and economic development and worker training.

## State Policy Developments

### State Economic News

- The **unemployment** rate in Washington State in **July 2009 fell to 8.8 percent** from an adjusted rate of 9.2 percent in June 2009.
- Year over year (July 2008 – July 2009), **123,200 jobs** were lost in Washington State. Hardest hit industries in the past year include **Construction** (-38,500 jobs, or 19% of the total workforce), **Manufacturing** (-27,700, 9%), **Trade, Transportation & Utilities** (-23,200, 4%), and **Professional and Business Services** (-21,100, 6%).
- The rate of job loss is moderating, a positive sign. Significant growth has occurred in July in **Education & Health Services** (+4,400 jobs, a 1.2% increase) and **Government** (+1,300). Other sectors continuing to add jobs include **Professional and Business Services, Trade, Transportation & Utilities**, and **Other Services**.

### State Policy Developments

- Governor Gregoire directed ESD, WTECB and SBCTC to conduct a review of the state's workforce system that builds upon prior efforts for improvement and offers recommendations to enhance workforce training in Washington. At the end of the month, an RFP was released by these agencies for a study of the effectiveness of the current workforce system in the state.
- Governor Gregoire released in August an update on Washington's Recovery Act efforts during the past six months. The state's **Recovery Act priorities** are: 1) Get money into people's pockets immediately; 2) Save or create jobs in the near-term; 3) Make innovative investments in areas that lay the foundation for Washington's 21<sup>st</sup> century economy; 4) Create strategic alliances to align the goals and magnify the benefits of the Recovery Act; and 5) Apply unprecedented accountability and transparency principles.

It is estimated that Washington will receive **\$7 billion** through the Recovery Act, of which \$4.5 billion will pass through state government. The state estimates these funds will support the equivalent of **72,000 full-time jobs** between now and mid-2011. About \$1 billion of these Recovery Act funds have already been spent in the state.

- A new report by the University of Washington, "The Self-Sufficiency Standard for Washington State 2009" – demonstrates that it is getting more costly in the state to meet basic needs such as housing, food, child care, healthcare and transportation. See <http://www.thecalculator.org>. The study shows that costs have gone up by as much as one-third since 2001 at the same time that wages have stagnated. For example, a family of one adult and two children in Seattle needs an annual income of more than \$50,000 (up 35% since 2001) to meet basic needs.

## Local Policy Developments

### Economic News for Seattle and King County

- The **jobless rate in King County** was **8.5 percent** in July 2009—down from an adjusted rate of 8.9 percent in June.
- The **Seattle MSA lost 68,000 jobs** from July 2008 - July 2009. Hardest hit industries during the past year include **Construction** (-18,300 jobs, 19% of the workforce in the sector), **Professional & Business Services** (-15,200, 7%), **Manufacturing** (-13,600 jobs, 8%), **Trade, Transportation & Utilities** (-12,300, 5%), and **Financial Services** (-7,000, 8%).

- Industries adding jobs in the Seattle MSA during July include **Education & Health Services, Professional & Business Services, Manufacturing, Information, Government** and **Other Services**. These sectors collectively added 4,000 jobs, with Education and Health Services accounting for over half of these jobs.

#### Other Local Developments—Federal Funding in Seattle & King County

- The Seattle-King County Workforce Development Council received one of ten **\$1 million grants** from the U.S. Department of Labor to connect **older workers** to jobs in high-growth industries such as healthcare and green jobs. The WDC will use its grant specifically to retrain older workers with disabilities, limited English proficiency and criminal history for jobs in healthcare, IT and green sector.
- The City of Seattle will be investing **\$250,000** in federal stimulus funds to help preserve dozens of jobs at 22 Seattle arts and cultural organizations. The funds are designed to help organizations retain or restore salaried and contract jobs that were or are threatened to be cut due to recession-related cutbacks at these organizations.
- Seattle will receive **\$1.4 million** from the U.S. Department of Energy to enhance the city's fleet of green vehicles and install electric charging stations through the city. This funding is part of a \$15 million ARRA grant to the Puget Sound Clean Air Agency's Clean Cities Coalition for alternative fuel and advanced technology vehicles.
- The City of Seattle announced that it will be awarding **\$4.3 million** in federal stimulus and local funding to 10 agencies to prevent more than 1,600 low-income households from becoming homeless over the next two years. Another **\$1.1 million** will help more than 100 homeless families move from shelters and the street into affordable housing. Most of the funds will support programs that provide short- and medium-term financial assistance to those who might otherwise become homeless (e.g. rental assistance, security deposits, utility payments, moving costs).
- Through July of this year, King County had been awarded 16 ARRA grants totaling **\$83 million** for county programs or projects. An additional 17 ARRA grant requests are pending, representing an additional \$42 million. 13 ARRA grant requests by the County have been denied. ARRA grants awarded and pending in the County represent an estimated 534 potential jobs created and/or retained.

#### Other Local Developments—Local Budget Woes

- The City of Seattle announced that it is projecting a **\$72 million revenue shortfall** in its 2009-2010 biennial budget. The city has a \$30.6 million rainy day fund, so must identify at least \$42 million in further cuts for 2010. Mayor Nickels announced that he will seek to make cuts (of roughly 4.4 percent from the endorsed 2010 budget) without impacting direct human services and public safety programs. The drop in city revenue results primarily from a drop in sales and B&O tax revenues. The Mayor will deliver the new budget to the City Council on September 25, 2009.
  - One measure proposed to address the shortfall is a 10-day furlough of City employees. This plan, which will save the city approximately \$8 million from the general fund and up to \$12 million in utilities and other funds, was recently approved by the Coalition of City Unions.
- King County is facing a **\$56 million shortfall** in its operating budget for next year. King County Executive Kurt Triplett recently proposed more than \$15 million in specific cuts plus additional across-the-board agency cuts that would total \$18.6 million in savings (about a third of the cuts needed). Like the City of Seattle, the County's budget shortfall is primarily a result of sales tax declines.