

Seattle Jobs Initiative

Policy Update—July 2009



Federal Policy Developments

US Economic News

- The nation's **unemployment rate was 9.5 percent in June**, up from an adjusted rate of 9.4 percent in May. This is the highest rate since 1983. The U.S. shed 467,000 jobs in June. June unemployment rates for various population groups:
 - African American: 14.7 percent¹
 - Hispanic: 12.2 percent
 - White: 8.7 percent
 - Individuals without a high school diploma: 15.5 percent
 - Individuals with a high school diploma, no college degree: 9.8 percent
 - Individuals with a college degree: 4.7 percent
- The U.S. has **lost 5.6 million jobs from June 2008 – June 2009** (6.5 million since the recession began in December 2007). Hardest hit industries include Manufacturing (-1.7 million jobs, or 12% of workforce in that sector), Trade, Transportation and Utilities (-1.2 million, 5%), Construction (-992,000, 14%), and Professional & Business Services (-1.2 million, 7%).
- Nationally, only the **Education and Health Services** sector is hiring. A small surge in hiring in the Leisure & Hospitality industry in May waned in June.

Federal Legislation/ARRA²

- In July, the Senate commenced hearings on the **reauthorization of WIA**. Leadership at DOL (Asst. Secretary Oates) and the Department of Education (Under Secretary Kanter) reinforced at the first hearing the Obama Administration's commitment to collaboration between these two systems as well as with Health & Human Services. They stressed a workforce system that provides "seamless career advancement services", access to a wide array of education and training opportunities, and career pathways development serving a range of skill levels.
- President Obama announced in July a **\$12 billion "American Graduation Initiative"** that intends to increase the number of community college graduates by 5 million by 2020. In addition to capital support to community colleges to modernize facilities, it will provide major funding for innovative programs at the colleges to improve completion rates and employment outcomes, as well as develop online curricula that can be shared freely among colleges nationwide. An additional **\$40 billion** would increase the **Pell Grant** program, allowing for maximum individual annual awards to grow from \$5500 in 2010 to \$6900 in 2019. These initiatives can be found in HR 3221.

¹ Data from *Economic Snapshot for July 2009*, Center for American Progress. Christian E. Weller. See <http://www.americanprogress.org>

² Summarized from The Workforce Alliance's *Washington Update*, June-July 2009. See <http://www.workforcealliance.org>

- The House passed the **FY 2010 Labor-HHS Spending Bill**. Under the bill, state formula funding for WIA would be kept at 2009 levels. The Bill would allow WIBs to transfer up to 30 percent of funds between Adult and Dislocated Worker funding streams depending on needs, and it would keep the ARRA provision allowing WIBs to contract for training services at community colleges and elsewhere. Other major investments in workforce (DOL) include:
 - **\$1.075 billion for the Office of Job Corps**
 - **\$130 million for a new Career Pathways Innovation Fund**, which would provide competitive grants to colleges and partnerships with adult education providers to prepare workers in high demand occupations. Half would be allocated to healthcare industry. This program would replace the Community-Based Job Training Grant program
 - **\$100 million for YouthBuild**, an increase of \$30 million over FY 2009 levels.
 - **\$50 million for Energy Efficiency/Renewable Energy Job Training**, per the Green Jobs Act of 2007.
 - **\$15 million for the Workforce Data Quality Initiative**, intended to support the development/expansion of data systems to track education/employment outcomes of workforce programs.
 - **\$628 million for Adult Basic Literacy Education State Grants**, an increase of \$74 million over FY 2009. A substantial portion of these funds are earmarked for integrated ESL programs (the feds continue to cite Washington's I-BEST as a promising model).
 - **\$530 million to HHS to address Health Professions workforce shortage**, an increase of \$137 million over FY 2009.
- The House narrowly passed the **American Clean Energy and Security Act** in June. This climate change bill provides for several workforce development initiatives, including establishing a **Clean Energy Curriculum Development Grant** program (competitive awards), establishing an **Energy Efficiency and Renewable Energy Worker Training Fund** per the Green Jobs Act, establishing a three-year **Green Construction Careers Demonstration Project** and creating a **Climate Change Worker Adjustment Assistance** program for workers adversely affected by changes in federal climate change policy (similar to TAA). Critically, the bill contains provisions that would help boost demand for residential and commercial energy efficiency (such as retrofitting) needed to stimulate job growth in the EE sub-sector. This bill will be taken up in the Senate in August; its prospects are much less certain there. See HR 2454 for more details.
- DOL has issued its **\$750 million Solicitation for Grant Applications** (SGAs) in June and July for job training and related services in the Healthcare (\$250 million) and Green Jobs (\$500 million) sectors.

State Policy Developments

State Economic News

- The **unemployment** rate in Washington State in **June 2009** rose to **9.3 percent** up from an adjusted rate of 9.1 percent in May. Nearly **330,000 people were unemployed** and looking for work in June.
- An additional **10,500 nonfarm jobs were lost** in June. Year over year (June 2008 – June 2009), **117,800 jobs** were lost in Washington State, a 4 percent decrease. Hard hit industries in June include government (-4,600 jobs), retail trade (-2,100), education and health-care services (-1,200) and construction (-1,200).

- The rate of job loss and rise in the unemployment rate appear to be moderating, a positive sign. Modest job growth has occurred in leisure and hospitality (+500 jobs in June), and professional and business services (+100 jobs).

State Policy Developments

- Washington is among 11 states awarded 16 grants totaling just over \$7.1 million by the U.S. Department of Education to help migrant students obtain the equivalent of a high school diploma and then go on to either work or postsecondary education. Nearly \$475,000 is headed to Heritage University in Toppenish and just over \$400,000 will go to the Opportunities Industrialization Center in Yakima³. See: <http://www.ed.gov/about/offices/list/oese/ome/index.html>
- Governor Gregoire announced in July the availability of nearly **\$30 million in ARRA funds to weatherize low-income homes** in Washington State and provide worker training/technical assistance required for that effort. The state's Department of Commerce (formerly CTED) is contracting with local agencies to run programs (in Seattle: City of Seattle Office of Housing; in King County: King County Housing Authority). These funds should support weatherizing about 3,500 homes. Based on performance (homes weatherized, associated jobs) in use of these funds, the state may receive up to \$60 million over three years in ARRA funding to continue this work. The state reports that there are about 150,000 low-income homes in Washington that would be eligible.

Local Policy Developments

Economic News for Seattle and King County

- The **jobless rate in King County** was **8.8 percent** in June 2009—a substantial jump from an adjusted rate of 7.8 percent in May.
- The **Seattle MSA lost 58,800 jobs** from June 2008 - June 2009 (losing about 3,000 jobs last June). Hardest hit industries during the past year include Construction (-15,000 jobs, 15% of the workforce in the sector), Manufacturing (-11,000 jobs, 7%), Trade, Transportation & Utilities (-11,000, 4%), and Professional & Business Services (-17,000, 8%).
- Industries adding jobs in the Seattle MSA during June include Leisure & Hospitality (+800 jobs, 0.6% of the workforce), Professional & Business Services (+500 jobs, 0.2%), Education and Health Services (+200, 0.1%).

Other Local Developments

- Washington State's ESD made its regular allocation to the local workforce boards. The **Seattle-King County WDC** will receive **\$8.1 million** for the July 2009 – June 2010 fiscal year. Due to federal budget cuts in regular WIA funding, Washington will be receiving about \$7 million less this year than last; the Seattle-King County WDC will receive a \$1.4 million cut from last year.



³ Washington Workforce Training & Education Coordinating Board, July24, 2009 Update.