



# Seattle Jobs Initiative

## Policy Report – July 2010



## Federal Policy Developments

### US Economic News

- The U.S. unemployment rate in June edged down to **9.5 percent**. There are 14.6 million people currently unemployed, also a slight improvement from May. The following depict **unemployment rates in June by race and education level**:
  - White: 8.6 percent
  - Black: 15.4 percent
  - Hispanic: 12.4 percent
  - Asian: 7.7 percent
  
  - Less than H.S. Diploma: 14.4 percent
  - H.S. Diploma only: 9.2 percent
  - Some College/AA: 8.0 percent
  - B.A. or Higher: 4.8 percent
- The U.S. **lost 125,000 jobs in June**. However, the private sector actually **added 83,000 jobs** in June; total overall job loss is primarily attributable to 225,000 temporary U.S. Census workers completing their jobs. The private sector has **added nearly 600,000 jobs** since the beginning of 2010. However, the U.S. is still **down nearly 8 million jobs** since the start of the recession in December 2007.
- Most industries in the U.S. added jobs in June. The two primary exceptions are **Construction** (-22,000 jobs) and **Government** (-208,000 jobs, primarily the result of the termination of Census jobs).

### Federal Legislation/ARRA

- The Council of Economic Advisers released its third quarterly **report on the Recovery Act** titled "The Economic Impact of the American Recovery and Reinvestment Act Of 2009: Third Quarterly Report." It includes an assessment of the effects of the Act through the first quarter of 2010. The full report can be found at <http://www.whitehouse.gov/sites/default/files/microsites/CEA-3rd-arr-report.pdf>. The report states that between **2.2 and 2.8 million jobs have been creates/saved** by ARRA.
- Congress debated during the past months the **American Jobs, Closing Tax Loopholes, Preventing Outsourcing Act (HR 4213)**, which would have continued funding for several expiring programs, including extended UI benefits, the TANF emergency fund (which included subsidized employment) and additional funding for summer youth employment. The bill was approved by the House in May but a scaled down version failed to pass the Senate in late June.
- In mid-July, the House passed the **SECTORS Act (HR 1855)**, a bill developed by the National Skills Coalition with its state and local partners (and championed by Senator Murray, among others). The

bill makes changes to WIA to allow the Department of Labor to issue **large grants for sector-based, geographic partnerships** between business, labor, the public workforce system and employment and training providers to target job training efforts to meet local industry needs.

## Other U.S. Policy Developments

- The Food & Nutrition Service of USDA has continued to work to interpret and enforce new fiscal guidance affecting the **Supplemental Nutrition Assistance Program (SNAP) Employment & Training** program. Undersecretary for FNS, Kevin Concannon, hosted SNAP E&T providers from around the nation (including Seattle Jobs Initiative) in June to learn more about how the program is being implemented. FNS staff toured Washington State's SNAP E&T program in July.
- The **College Board Advocacy and Policy Center** released a new report finding millions of dollars in financial aid are left on the table each year by low- and moderate-income community college students. Report can be found at <http://www.collegeboard.com/press/releases/212369.html>
- The **Workforce Strategy Center** released a new report finding that low-skill workers will only reap the benefits of a green economy if training for them is targeted to long-term advancement as opposed to short-term job placement. Report can be found at <http://www.workforcestrategy.org>
- Georgetown University's Center on Education and the Workforce released a new study in June, **Help Wanted: Projections of Jobs and Education Requirements through 2018**. The paper, which provides state-by-state analysis, shows that by 2018 about **two-thirds of jobs** in the U.S. will require at least some postsecondary education. Link to report at <http://cew.georgetown.edu/>

## State Policy Developments

### State Economic News

- Washington State's **unemployment** rate fell to **8.9 percent in June**, the **lowest level in more than a year**. Payrolls expanded for the fourth month in a row, despite a loss of 8,000 jobs in the state as a consequence of the state's U.S. Census workers completing their employment.
- The most significant **growth** in June occurred in Health and Social Services, Construction, Retail, Aerospace Manufacturing. **Declines** occurred in Government (due to U.S. census), Financial Services, and Non-Durable Goods Manufacturing.

### State Policy Developments

- Governor Gregoire signed the **Supplemental Operating Budget 2010-2011 (SB 6444)** passed by the Legislature in April to cover the state's 2.8 billion shortfall. This shortfall was made up with new taxes (\$182 million), federal revenues (\$618 million), significant budget cuts (\$755 million) and one-time savings/fund transfers/use of reserves (\$700 million).
- The state anticipates another sizable **shortfall of \$3.0 billion** in the **2011-13 budget**. The Governor commenced hearings in mid-July on where cuts can be made to meet this shortfall.
- Washington's community and technical colleges received nearly **\$45 million in cuts** in the 2010-2011 budget. On the positive side, they received an additional one-time increase of **\$17.6 million in Worker Retraining** dollars to fund 3,784 more slots in 2011, as well as an additional **\$1 million for Opportunity Grants**.
- Also in the 2010-2011 budget: Washington's Workforce Board received a **\$248,000 cut**; Employment Security received an **\$815,000 cut**; and the Department of Social and Health Services received a **\$526,000 cut**.

- In June, the State Board for Community & Technical Colleges released its **Legislative Bill Summary from 2010 Regular Session**, summarizing state legislation that affects the community and technical college system.

### State ARRA Funding and Other News

- To date, Washington State has received about **\$6 billion in ARRA funds**. Per the U.S. government, ARRA created/saved **14,500 jobs** in the state during the first quarter of 2010.
- Washington State received a **\$17.3 million grant** from the U.S. Department of Education to design and build a **statewide data system** that will track the progress of Washington students from early childhood through postsecondary education and adult employment.
- In June, Washington submitted its **Race to the Top** application to the U.S. Department of Education for **\$250 million** in funds to invest in innovative and comprehensive reforms to improve the state's education system. Finalists for the award will be announced in July/August.
- In June, the state made **\$100 million** available in competitive grant funds for public school districts and institutions of higher education to make **energy efficiency upgrades** to their facilities.
- The state's **Workforce Board** recently launched a **statewide survey** of more than 4,000 local employers asking about their experiences and practices in seeking to achieve a skilled workforce to meet their business needs.

## Local Policy Developments

### Economic News for Seattle and King County

- In the Seattle MSA, the **unemployment rate** ticked down to **8.3 percent in June** from 8.4 percent the previous month.

### Other Local Developments

- The City of Seattle's new website - <http://www.recovery.seattle.gov> – tracking how the city is using its ARRA funds, shows that the city has received **\$107 million** in recovery funds to date, and that **200 jobs** (FTE) were created/saved in Seattle via these funds during the first quarter of 2010.
- The City of Seattle was forced to implement **mid-year budget reductions** to address an **\$11.7 million mid-year shortfall** in the general fund. Most city departments took a 3 percent cut, except for Human Services, Fire and Police. Most of these reductions will be carried over into 2011. Moreover, additional cuts will need to be made in 2011, as the city now anticipates a **\$56 million shortfall for 2011**. City departments have been informed that they can anticipate **9-15 percent cuts** next year, and they have been asked to submit plans to meet these budget reductions to City Council by late September.
- In July, the Seattle City Council announced it is working on a strategy to **speed up economic recovery** in the city, and that it will introduce legislation to this effect in September. The key areas of focus will include: (1) revising taxes to promote job creation; (2) providing assistance to business; (3) implementing green economy strategies to create new businesses and jobs; and (4) supporting transportation, job training and education. The Council states its wish to boost the number of living wage jobs in the city through this legislation, and is considering establishing an Economic Development Commission to recommend changes to foster jobs and business growth.