

# Seattle Jobs Initiative

## Policy Update—September 2009

### Federal Policy Developments

#### US Economic News

- The nation's **unemployment rate rose to 9.8 percent in August, up** from an adjusted rate of 9.4 percent in July. Rates among specific population cohorts during August:
  - African-Americans: 15.4%
  - Hispanics: 12.7%
  - Whites: 9.0%
  - Youth: 25.9%
  - People without a high school diploma: 15.0%
  - People with a high school diploma/no college degree: 10.8%
  - People with a college degree: 4.9%
- The number of **open jobs in the U.S. fell 50 percent** during the past two years to 2.4 million in July—the lowest in the history of the data according to the U.S. Department of Labor. In July there were just **over 6 unemployed people for every job** opening, compared to 1.7 people for every opening when the recession began in December 2007.
- The U.S. has **lost 5.83 million jobs from August 2008 – August 2009**. Hardest hit industries include Manufacturing (-1.62 million jobs, or 12% of workforce in that sector), Trade, Transportation and Utilities (-1.21 million, 5%), Professional & Business Services (-1.13 million, 6%), and Construction (-1.08 million, 15%). Overall rates of job loss appear to be slowing.
- Nationally, the following sectors are showing job gains: **Education and Health Services**.
- According to a recent survey by the U.S. government, **economic activity is stabilizing or improving** in the vast majority of the nation. Most analysts, including at the Federal Reserve, believe that the **economy has started to grow again in the current quarter**. This adds up to the cautious optimism among economists that the recession may be over, but there concern remains high about continued job loss and the possibility of a "jobless recovery".

#### Federal Legislation/ARRA<sup>1</sup>

- The U.S. Department of Labor announced **\$164.5 million** in grants to improve the operation of unemployment insurance systems across the U.S. Funds will be used to make sure that claims and benefits are processed and paid in a timely, consistent and secure manner.
- Senators Kerry and Boxer introduced a climate change bill containing a **Green Construction Careers Demonstration Program** similar to the House-passed version that would provide for targeted hiring of disadvantaged groups underrepresented in the construction trades. See Section 303 of the bill at

<sup>1</sup> Excerpts from The Workforce Alliance *Workforce Developments*, see <http://www.workforcealliance.org>, as well as the Washington State Workforce Training and Education Coordinating Board's weekly updates.

<http://kerry.senate.gov/cleanenergyjobsandamericanpower/pdf/bill.pdf>. Mark-up is expected later this month in the Environment and Public Works Committee.

- The House passed **H.R. 3221, the Student Aid and Fiscal Responsibility Act** in mid-September, which incorporates many of the President's **American Graduation Initiative** proposals. The legislation has moved to the Senate. The bill would end the Federal Family Education Loan Program, which subsidizes private lenders, and originate all federally backed student loans through the Education Department's Direct Loan Program. The Congressional Budget Office estimated that the proposal would save **\$80 billion over 10 years**. The bill also increases spending on Pell Grants by \$43 billion and increases the annual grant maximum to \$5,550 in 2010 and to \$6,900 by 2019. The bill and related materials may be found at <http://edlabor.house.gov/blog/2009/07/student-aid-and-fiscal-respons.shtml>.
- The U.S. Department of Energy has announced the availability of **\$100 million** in ARRA funding to support workforce training for the electric power industry. This initiative will expand job creation and career advancement opportunities associated with smart grid and electricity transmission projects and will help establish training programs for workers in the utility industry and electrical manufacturing sectors. Applicants may include, among others, colleges and universities, trade schools, and labor organizations.

### Other U.S. Policy Developments

- An Op-Ed in the *Washington Times* (Robert Greenstein, Director of Center on Budget and Policy Priorities) reports that newly released figures from the U.S. Census Bureau show that the **poverty rate for 2008 is at its highest level since 1997**; and the share of the population living in "deep poverty"—with cash incomes below half of the poverty line—reached its highest level since 1994. Further, the income of the typical, or median, household fell to its lowest level since 1997. The Op Ed also reports that these rates actually are only partially reflective of the recession that commenced in December 2007: rates actually increased during the 2001-2007 period of economic expansion, the benefits of which were highly skewed toward wealthy, with the top 1% of households receiving two-thirds of the growth in national income during the recovery period, the largest share since the 1920s.
- In a new report by the Democratic Leadership Council, [A Matter of Degrees: Tomorrow's Fastest Growing Jobs and Why Community College Graduates Will Get Them](#)," the authors present an analysis of where the U.S. job market is expected to grow as we move out of recession. Among the findings:
  - **Demand for Community College Graduates Will Spike:** Jobs for community college graduates will grow at nearly double the national average. In fact, job growth for those holding associate degrees (most frequently conferred by community colleges) will grow at 18.7 percent, faster even than new job growth for those with bachelor's degrees.
  - **Health Care and Education Top the List of Growth Industries:** Nurses and teachers are among the professions that will generate more than three out of 10 new jobs over the next decade. Seven of the 11 health care hot jobs requiring an associate degree paid better than \$45,000 in a recent study.
  - **IT Hot Jobs Will Offer the Highest Pay:** Firms employing information technology specialists will require highly skilled workers with extensive education and training. But the IT field offers opportunity to workers with *other* skills: a recent survey found that 66 percent of IT professionals received their degree in a field other than computer and information sciences.
  - **Green Jobs will Triple over the Next Decade:** Spurred by the economic recovery package and other efforts to promote energy innovation, this sector will be a pillar of the new Hybrid Economy.

## State Policy Developments

### State Economic News

- The **unemployment** rate in Washington State in **August 2009** rose to **9.2 percent** up from an adjusted rate of 8.9 percent in June
- The state **lost 8,000 jobs** in August, with **Aerospace** (-1,300) and **Retail** (-2,400) getting hit hard. Year over year (August 2008 – August 2009), **126,100 jobs** were lost in Washington State. Hardest hit industries include Construction (-35,700 jobs or 18% of the total workforce), Manufacturing (-27,800, 10%), Trade, Transportation and Utilities (-24,700, 5%), and Professional and Business Services (-22,700, 7%).

### State Policy Developments

- Governor Gregoire has asked the Employment Security Department and the State Board for Community and Technical Colleges, with the participation of the Workforce Training and Education Coordinating Board, to conduct **a review of Washington's workforce development system**. The final report and recommendations are due to the Governor by December 1, 2009.

## Local Policy Developments

### Economic News for Seattle and King County

- The **jobless rate in King County** was **8.3 percent** in August 2009—down from an adjusted rate of 8.4 percent in July.
- The **Seattle MSA lost 76,800 jobs** from August 2008 - August 2009. Hardest hit industries during the past year include Construction (-18,600 jobs, 19% of the workforce in the sector), Manufacturing (-14,700 jobs, 9%), Trade, Transportation & Utilities (-15,100, 6%), Professional & Business Services (-15,200, 7%), and Financial Activities (-7,200, 8%).
- Industries adding jobs in the Seattle MSA during August include **Leisure & Hospitality** and **Government**.

### Other Local Developments

- Tacoma-based **Russell Investments** announced in September its plans to move its headquarters to Seattle, purchasing and occupying the Chase Center (formerly WAMU Tower). There are about 900 Russell Investments headquarters employees. The firm manages billions in assets.
- Seattle-based health-insurance processor **Adaptis** announced that it is closing its doors. It will be laying off all 138 employees, primarily from November 2009 – May 2010.
- The **Seattle Housing Authority** has been awarded \$10 million by the U.S. Department of Housing and Urban Development for Phase III of the Rainier Vista project. Phase III of the redevelopment project includes 118 rental units and is scheduled to begin next summer.
- **Budget Shortfalls Increase:** The **City of Seattle** is now projecting a \$72 million revenue shortfall in general funds in the 2009-2010 biennial budget. To balance the budget, Mayor Nickels has proposed cuts of 4.4 percent from the endorsed 2010 budget (about \$41 million). The Mayor proposes to use \$25 million of the \$30 million "rainy day fund" to help close the gap. Meanwhile, **King County** is facing an estimated \$56 million general-fund deficit for its 2010 budget.