

Seattle Jobs Initiative

Policy Update—February 2009

Federal Policy Developments

Federal Economic Stimulus Bill (American Recovery and Reinvestment Act) Passes

The final **\$787 billion** ARRA contains numerous provisions relevant to workforce development and SJI's work, among them the following:

- \$17.1 billion for **expansion of the Pell Grant program**; maximum grant increased by \$500 to \$5,320 annually starting next academic year;
- Creation of the **American Opportunity Tax Credit** (2009 and 2010), a credit of up to \$2,500 for the cost of tuition and related expenses paid during the taxable year (replaces Hope Scholarship Program);
- \$2.95 billion in new **WIA formulary funding to states** (\$1.25B Dislocated Worker; \$500M Adult; \$1.2B Youth);
- An additional \$1 billion to DOL for **YouthBuild** (\$50M), **competitive job training grants** with a focus on green jobs (\$750M), and the **WIA dislocated worker national reserve** (\$200M);
- \$19 billion to **increase maximum food stamp benefits** by 13.6%; and \$1 billion to help support suspension for 18 months of the three-month time limit on assistance for ABAWDs (unemployed childless adults);
- Major new investment in infrastructure projects.

Potential Impact on Washington State of the American Recovery and Reinvestment Act

- The ARRA will bring more than **\$6.7 billion** in new federal funds to Washington State as well as save or create **75,000 jobs**, according to Senator Murray.
- Of the formulary **WIA funds**, Washington will receive over the next federal biennium about **\$50 million** (\$16.8M Dislocated Worker; \$9.8M Adult; \$23.7M Youth)
- The state would receive an estimated **\$392 million** for the new **food stamp benefit increases** based on an estimated 663,000 Basic Food participants.

State Policy Developments

State Unemployment Rate Continues to Rise

- The Washington State **jobless rate climbed from 7.1% in December 2008 to 7.8% in January 2009**, surpassing the national unemployment rate. About 303,570 Washingtonians—the most ever—reported being out of work in January.
- The bulk of job losses in January continued to be in **Manufacturing**, including Computer and Electronic Product Manufacturing (-500), Aerospace (-300), Papermaking (-900) and Food Processing (-600).
- **Construction** also continued to get hammered, with 2,400 jobs lost in January (20,700 lost in the past year).

- **Service Sector** job losses mounted as well, particularly in Truck Transportation (-1300), Auto Dealerships (-1400) and Computer Systems Design (-1000).
- Stronger Sectors that **added jobs** included Government (+5900, particularly in educational services) and Real Estate/Rental Leasing (+800)

State Legislative Session Continues—Proposed Budget Cuts

The *SJI Policy Update for January* stated that Washington is working to address a **\$5.7 billion shortfall**. Since then, updated forecasts have been made painting an even bleaker picture. It is predicted that the state faces an additional loss of **\$721 million** this biennium and an additional **\$1.6 billion** drop in revenue for next biennium, bringing state's total budget deficit to more than **\$8 billion**. Much of the fallout—as it pertains to SJI's work (particularly community college budgets)—was highlighted in the *January Update*. New developments include:

- Governor Gregoire signed the **Belt Tightening Bill** (ESSB 5460) and the first 2009 supplemental operating budget (ESHB 1694), outlined in the *January Update*.
- Based on ESHB 1694, community and technical colleges must **cut their operating budgets by \$32 million** for the current year (6.5%), and additional cuts may be made at a later date. Colleges are to meet these cuts through freezes in salaries, hiring, out-of-state travel, personal services contracts and equipment purchase.
- Governor Gregoire is now asking the college system to consider the impacts of **deeper cuts (10%)** in the future. Testifying about the recently legislated cut and potential deeper cuts, **SBCTC** stated that it believes colleges may be able to escape program and staff cuts with a 6.5% budget reduction, but that a 10% budget reduction would mean turning people away. SBCTC also stated that as cuts deepen, the number of workforce training students rises quickly while the number of basic skills students decreases because tuition-paying students will take greater priority.
- The **Governor's \$1.2 Billion Economic Stimulus Plan**—HB 1452—described in SJI's *January Update*, has not passed to date.

Proposed Postsecondary Education and Related Legislation¹

The following legislation is additional to the legislation outlined in SJI's *January Update*:

- **SHB 1355 – Opportunity Internships** – Creates the Opportunity Internship Program, administered by the Workforce Board, to provide incentives for local consortia to use existing resources to build educational and employment pipelines in high demand fields for low-income high school students. Provides the following incentives under the program: opportunity internship graduates receive up to 1 year of financial assistance through the State Need Grant for postsecondary education in the high demand field of the graduate; graduates who complete postsecondary education in the high demand field receive a job interview from an employer in the local consortium; each employer that offers a paid internship to a low income high school student in the Program receives a credit for the internship salary from Business & Occupation taxes; a consortium receives a \$2,000 payment for each graduate who completes postsecondary education in the high demand field, and obtains and retains employment in a high demand career for at least 6 months. Status: House Ways and Means Committee
- **SHB 1758 – College High School Diplomas** - Authorizes a community or technical college to issue a high school diploma for: (1) an individual who satisfactorily meets the requirements for high school completion; (2) an individual who enrolls in a college and satisfactorily completes an associate degree, and (3) an individual who has achieved at least the equivalent of eleventh grade who enrolls in a college and satisfactorily completes a professional-technical certificate program that requires forty-five or more credit hours. Status: House Education Appropriations Committee

¹ Many of the Bill descriptions in this and the succeeding section provided by/adapted from a list developed by the Washington State Workforce Training and Education Coordinating Board. See <http://www.wtb.wa.gov/2009Bills.asp>

- **HB -1129 - Lifelong Learning Accounts** - Directs the Workforce Board to establish a state lifelong learning account steering committee and to enter into an interagency agreement with the Higher Education Coordinating Board to provide technical expertise in the development of infrastructure and software plans necessary for the lifelong learning account program. Status: House Education Appropriations Committee
- **SHB 1946 – Online Learning Technology** – Requires all institutions of higher education to use common online learning technologies including existing learning management and web conferencing systems currently managed and governed by the State Board for Community and Technical colleges and to share professional development materials and activities related to effective use of these tools. Requires the K-20 educational network board to convene a higher education technology transformation task force (that includes the Workforce Board) to improve the efficiency, effectiveness, and quality of education relative to the strategic and operational use of technology. Status: House Higher Education Committee: Do Pass Substitute Recommendation
- **HB 2098 – High Demand Financial Aid** – Provides incentives to institutions of higher education to increase the number of financial aid recipients who graduate and achieve career placement in high-demand jobs. Status: House Higher Education Committee
- **SB 5606 – Student Excellence Scholarship Program** – Provides eligible students enrolling in high employer demand programs of study with a scholarship of up to five thousand dollars per year for full-time attendance at a public or private institution of higher education. Other eligible students receive a scholarship of up to two thousand five hundred dollars per year for full-time attendance at a public or private institution of higher education. Students are eligible if they have a 3.0 high school grade point average and maintain it in college. Status: Senate Higher Education and Workforce Development Committee

Proposed Workforce and Economic Development-Related Legislation

The Senate Higher Education and Workforce Development Committee announced its newly-developed agenda which places training front and center. The agenda has four goals: (1) linking the education system to needs of economy (SB 5048—see January Update—aligning job training programs to meet needs of key industries, particularly high-demand fields); (2) giving unemployed workers the opportunity to get new skills to be more competitive (SB 5809—below—would create temporary workforce employment and training program funded out of the UI trust fund); (3) educating more students to higher levels; and (4) transforming education delivery so it is less expensive and more efficient (HB 1946—above—proposes to improve the use of shared technology including online eLearning, financial aid portals, library resources, web conferencing, which will help reduce cost of educational delivery).

The following legislation is additional to the bills outlined in SJI's *January Update*:

- **SHB 1481 – Electric Vehicles** – Directs the Workforce Board to facilitate collaboration among stakeholders to develop the workforce needed to transform and support an electrified transportation network and vehicle fleet, and, in collaboration with stakeholders, establish and maintain a state strategic plan for ensuring an adequate supply of workers to transform and support an electrified transportation network and vehicle fleet in Washington. Status: House Committee on Technology and Energy & Communications
- **ESHB 1906 – Unemployment and Training Benefits** –Provides for a temporary increase in unemployment benefits by adding \$45 to the weekly benefit amount, and making \$155 the minimum amount payable weekly. Expands eligibility for the training benefits program to low-wage workers, honorably discharged military personnel, and persons who are disabled. Status: Enacted as Chapter 3, Laws of 2009
- **SHB 2227 – Evergreen Jobs Act** –Establishes an Evergreen Jobs Authority in the Department of Community, Trade and economic Development to: (1) Ensure that the state's workforce is prepared for the new green economy; (2) Ensure that the state attracts investment and job creation in the green economy; (3) Make Washington a net exporter of green energy technology and components; and (4) Ensure that Washington is a national and world leader in the green economy. Status: House Community, Economic Development and Trade Committee: Do Pass Substitute Recommendation
- **HB 5649 – Energy Efficiency** – Among other provisions, directs the Energy Office to collaborate with the Workforce Board, the State Building and Construction Trades Council, and the State Apprenticeship and Training Council to identify the necessary skills and qualifications required for energy audit and retrofit activities. Directs the State Board for community and technical Colleges to develop a curriculum of skills training, which includes on the job, classroom, and

safety and health training. Provides training resource moneys may be for the following purposes: (a) to develop curricula and training programs; (b) for the expansion of existing high school, community college, and apprenticeship training programs providing energy audit and energy efficiency services training; (c) for the implementation of new training programs; and (d) to supplement internship and apprenticeship programs. Status: Senate Committee on Environment and Water & Energy

- **SB 5766 – Displaced Worker Retraining** – Modifies pollution control tax incentives and provides additional funding for compensation and retraining of displaced workers. Directs the Workforce Board and local Associate Development Organizations to develop a comprehensive plan to increase employment opportunities for displaced workers. Status: Senate Ways and Means
- **SB 5809 – Unemployed Worker Training** – Adds a surcharge on unemployment insurance contributions to increase revenue by \$200 million and allocates the dollars to the State Board for Community and Technical Colleges for training programs and related support services, that: (a) Are consistent with workforce training priorities and based upon the comprehensive plan for workforce training developed by the Workforce Board.; (b) provide increased enrollments for individuals who have been terminated or have received a notice of termination from employment, and who are eligible for or have exhausted their entitlement to unemployment; and (c) provide increased enrollments and support services, including financial aid, that do not replace or supplant any existing 8 enrollments, programs, support services, or funding sources. Training provided is to consist only of basic skills and literacy, occupational skills, vocational education, and related or supplemental instruction for apprentices who are enrolled in a registered, state-approved apprenticeship program. Allows an individual to be eligible for applicable employment security benefits while participating in workforce training and defines aerospace workers unemployed as a result of downsizing and restructuring of the aerospace industry as dislocated workers. Status: Senate Labor, Commerce & Consumer Protection Committee
- **SSB 5921 – Clean Energy Collaborative** – Directs the Washington Technology Center to contract with an advocacy organization that has a focus on emerging clean energy, green technology, and environmental technologies and that collaborates with business and economic development interests, to create a clean energy collaborative. Directs the clean energy collaborative to provide a forum for public and private cooperative initiatives to promote and strengthen clean energy clusters and living wage jobs in Washington State and the Pacific Northwest. Status: Senate Rules Committee: Second Reading
- **HB 1819 (SB 5735) – Cap and Trade System** – Directs the implementation of a cap and trade system in partnership with six states and four Canadian provinces (Western Climate Initiative)—cap the amount of greenhouse gas emissions major companies produce. A proposed \$455 million will also be invested in projects that emphasize energy efficiency and clean-energy technology, helping to support 2,900 jobs for the next two years.

Other Legislation Relevant to SJI’s Work

- **HB 2197/SB5656—Abolishing Department of Social and Health Services (DSHS)**—would abolish DSHS and create four new departments to take over its functions: (1) Department of Economic Services; (2) Department of Medical Assistance; (3) Department of Health and Rehabilitative Services; (4) Department of Children’s Services. Under the legislation, a plan for dissolution would be due January 1, 2010, and the new agencies would begin operating by July 1, 2011. Bill has made it out of committee.
- **HB 2071—Emphasizing Training in WorkFirst (TANF)**—Amends TANF (WorkFirst) Program legislation. Recognizing the connection between education and training and obtaining a living wage job, the bill directs the WorkFirst Program to develop strategies to increase participation in education and training programs to promote higher rates of post program employment and reduced reentry into TANF. Language amended to deemphasize need for immediate employment and to emphasize need to explore with participants education and training opportunities and strategies that maximize chances of success (employment/advancement). Bill has made it out of committee.

SJI Advocacy - Basic Food Employment & Training

SJI is currently working in three areas to improve and expand the BFET program in Washington State: (1) creating efficiencies in how BFET is administered making it less cumbersome for providers and DSHS; (2) supporting DSHS’ request of the Governor for additional staff necessary to effectively administer and expand the BFET program; (3) addressing the anticipated shortfall of BFET funds among colleges now participating in BFET. Recent news pertains to the third area of work:

Several colleges participating in BFET are expecting to run out of BFET funds—that is, to exceed the total amount they contracted for with DSHS for the current fiscal year—well before the year’s end. Principally responsible are the significant increase in college enrollments due to the economy (and thus BFET enrollments), and the fact that colleges have fewer resources from other funding sources to pay for training costs and so have been drawing more heavily on BFET.

SJI—garnering support from the affected colleges and SBCTC—has urged DSHS to seek to amend its contract with the Food and Nutrition Service (FNS) to request additional funds for the current contract year; or, barring that, to allow colleges to tap BFET funds already budgeted for other BFET providers who are currently under-expending. DSHS has responded that it will not seek a contract amendment with FNS, stating that FNS wants more data on the results of Washington’s BFET program before allowing expansion. DSHS has stated that it is open to moving funds between providers under the current contracted amount, however. SJI is now determining how or whether to counter this response through additional advocacy efforts.

Local Policy Developments

Worsening Economic News for Seattle and King County

- The **jobless rate** in the Seattle Metro area **increased from 6.3% in December 2008 to 6.8% in January 2009**.
- Layoff announcements continue among King County companies. For example, among local manufacturers, **Genie Industries** laid off 260 in February (after an October 2008 layoff of 475) and **Hunter Douglas Fabrication** also laid off 166 in February. The Seattle P-I tracks local corporate layoffs on its website: www.seattlepi.nwsourc.com/business/layoff.asp

Other Local Developments

- Mayor Nickels announced in February his **Seattle Jobs Forward** initiative—an effort to create more than 1,500 direct jobs and boost the city’s economy in 2009 and 2010. Essentially, the effort accelerates planned investment by the city (**\$315 million**) in local projects (namely transportation, infrastructure and community space/park improvements).
- Mayor Nickels announced in late February that the Washington State legislature has not allocated any of the first installment of the federal stimulus funds for city transportation projects and is **urging legislators to help fund these projects**. For a list of City of Seattle projects considered “shovel-ready” for stimulus funds, link to the following website, which also list projects throughout the state: www.stimuluswatch.org/project/by_city/Seattle/WA



