

Seattle Jobs Initiative

Policy Update—June 2009

Federal Policy Developments

US Unemployment Numbers Continue Rise; Job Loss Rate Slows

- The nation's **unemployment rate was 9.4 percent in May**, up from 8.9 percent in April. 14.5 million Americans were unemployed in May. Since the recession's start in December 2007, the total number of unemployed has risen by 7 million, and the unemployment rate has increased 4.5 percentage points.
- The U.S. **lost 345,000 nonfarm jobs in May**, about half the average monthly decrease for the prior six months. Steep losses continued in manufacturing, but decreases eased in construction and several service industries.
- **Employment expectations** are at four-year lows for June in both the manufacturing and service sectors, but hiring has slowly improved compared to recent months, per a survey by the [Society for Human Resource Management](#). Employment expectations for June are down 37.1 percent in manufacturing and 8.2 percent in the services sector. In the manufacturing sector, 24.5 percent of businesses surveyed expect to hire in June, the highest percentage since November 2008. Another 25.9 percent expect to trim payrolls. In the services sector, 41.4 percent of businesses surveyed expect to hire and 16.6 percent to cut jobs in June. The 41.4 percent figure is the highest since September 2008.

Other Economic News

- In June, the Pew Research Center reported that the "**clean-energy economy**" grew **9.1 percent** between 1998 and 2007 to 777,000 jobs (about half of one percent of all U.S. jobs). About **80 percent** of venture capital investments in the U.S. in 2008 were in the clean energy and energy efficiency sector.

Federal Legislation

- Rep. Jim McDermott (D, WA) introduced H.R. 2909, the "Measuring American Poverty Act of 2009." Senator Chris Dodd (D, CT) is expected to introduce the companion measure in the Senate in early July. The legislation would, for the first time in 50 years, update the way poverty is measured in the United States. Rep. McDermott's bill would establish a modern poverty measure based on what is needed to meet basic needs, including food, housing and clothing, accounting for variations in the cost of living across the country.
- The White House is in the process of thoroughly re-examining federal workforce development programs, including Workforce Investment Act (WIA). Seattle Jobs Initiative was asked to provide input into this process. More information will be provided in future Updates as available.

State Policy Developments

State Economic News

- The **unemployment** rate in Washington State in **May 2009** rose to **9.4 percent**, equal to the U.S. rate. More than 325,000 residents were unemployed in May.
- Washington **lost 6,700 nonfarm jobs in May**. The largest losses were in construction (3,100), information (1,300), financial activities (1,100) and government (1,200). The industry sector with a significant increase in jobs was leisure and hospitality (1,600).
- Washington has lost a total of 116,000 jobs from May 2008 to May 2009, a 3.9 decrease that is equal to the rate of decrease in the U.S. as a whole.
- The Washington State Employment Security Department released its semi-annual **Job-Vacancy Survey** (Spring 2009). Job vacancies in April were **35 percent fewer** than six months earlier (32,635 openings vs. 50,593). Fifteen of nineteen industry sectors experienced declines in vacancies. The occupation most in demand: registered nurses. Most job openings were not high-paying, with 40 percent of positions offering less than \$10 per hour.

State Policy Developments

- The State of Washington (Workforce Training & Education Coordinating Board) submitted a **Workforce Investment Act/Wagner-Peyser Act State Plan Modification** in June to the U.S. Department of Labor. Among other things, the Plan Modification addresses the Governor's plan for increasing training access and opportunities for individuals in the state, including via WIA funding. Mentioned were the following efforts on the part of the state:
 - Recent passage by the legislature of a temporary increase of \$45 in weekly UI benefits; and expanding training benefits for unemployed dislocated workers;
 - Recent passage by the legislature of HB 2227 (Evergreen Jobs Act) that provides workforce education/training leading to green industry credentials, certificates and degrees;
 - Provision of \$27 million to WDCs for WIA services for adults and dislocated workers per the ARRA.
 - Provision of \$7 million in state general fund monies to match local WDC expenditures for high demand occupation training, with preference given to energy efficiency, aerospace, health care and forest products occupations.
- The Workforce Training and Education Coordinating Board also approved and submitted to the U.S. DOL a waiver request that would allow it to use **DOL's "Common Measures"** to measure Washington's performance of **WIA Title I**. Adopted in some 34 states, using Common Measures effectively eliminates a net eight (8) outcome measurements of WIA Title I that the state is currently measuring. This is a cost saving action. Some current measures that would be eliminated include: earnings measure for youth, education attainment measures for adults and dislocated workers; employment and earnings measures for adults and dislocated workers who are not employed during the first quarter after exit.
- The Workforce Training and Education Coordinating Board finalized and submitted to the Governor recommendations for spending **10% WIA Discretionary funds**. Well over half of these funds would be directed to information systems—particularly SKIES and GO2WorkSource.com—with the remainder supporting training efforts.
- Washington's Department of Social and Health Services, with coordinated input from the state's Basic Food Employment & Training (**BFET**) providers, requested of the U.S. Food and Nutrition Service the ability to reallocate BFET funds during the current fiscal year among providers to ensure that community college BFET providers do not run short of funds. This request was approved in June.

Local Policy Developments

Economic News for Seattle and King County

- The **jobless rate in King County** was **8.0%** in May 2009—a slight increase from April 2009.
- The **Seattle MSA lost 56,000 jobs** from May 2008 to May 2009. Hardest hit industries include Construction, Manufacturing and Trade, Transportation & Utilities. Industries adding jobs include Leisure & Hospitality, Professional & Business Services, Healthcare and Government.
- Two local **economic impact studies** commissioned by the Seattle Office of Economic Development were released that show the **importance of the local maritime and manufacturing industries**. These industries inject about \$17.3 billion into the local economy, including \$93 million in tax revenues (nearly 30% of all revenue generated by Seattle business). They employ more than 90,000 Seattle workers. The studies show that manufacturing jobs in Seattle grew by 10 percent from 2005 to 2008, while the nation experienced a 5 percent decline in these jobs.

Other Local Developments

- SkillUp (King County Workforce Education Collaborative) and PortJobs hosted **From the Work Station to Graduation**, a forum discussing how to improve community college success rates, particularly for working adults. The forum featured Dr. James Rosenbaum of Northwestern University, who shared his research on the factors that lead to success at community colleges and private career schools.
- Seattle Mayor Greg Nickels announced that funds from the **Seattle Youth Violence Prevention Initiative** will help the city put 650 young people to work this summer. In addition to more than \$400,000 from the Initiative, the Seattle Youth Employment Program is receiving \$1.1 million ARRA funds to help grow the program. Jobs begin on July 6 and last seven weeks.

