



# Seattle Jobs Initiative

## Policy Update—March/April 2009

### Federal Policy Developments

#### US Economy Continues to Decline

The economy contracted sharply for the second straight quarter. Gross Domestic Product **shrank 6.3% in the 4<sup>th</sup> quarter of 2008** and **6.1% in the 1<sup>st</sup> Quarter of 2009** (annual rates). This is the largest 2-month decline since 1958. Economists expect economy to shrink again in the current quarter at a lesser rate and then level off in second half of year.

Even as economy may be nearing its bottom, economists predict **job losses to continue** through the rest of 2009, with the current unemployment rate of **8.5%** potentially increasing to as high as 10%. To date, more than **5 million US workers have lost their jobs** since the recession began in December 2007.

#### American Recovery and Reinvestment Act

*See State and Local Policy Developments sections for how ARRA funds are beginning to impact Washington, King County and Seattle.*

- The Department of Labor (DOL) issued guidance in March regarding the use of **ARRA WIA funds** (see SJI's brief on this topic). Funds were made available to states prior to March 19, and states were required to make funds available to local areas (WDCs in WA) within 30 days of that time. Guidance is still being developed for competitive ARRA WIA funds for green jobs/healthcare.
- In late February, the Department of Housing and Urban Development (HUD) allocated 75% of its ARRA funds - \$10 billion – for formula-based funding to public housing agencies. The remaining 25% will be competitively awarded later to build on the President's priorities to promote **green jobs** and mitigate the effects of foreclosures on communities. In addition, through the Public Housing Capital Fund Program, an additional \$1 billion will be competitively awarded to local housing agencies to support investments that leverage private sector financing to **retrofit public housing and enhance energy conservation**.

#### Other Federal Legislation

- In March, Congress passed an omnibus spending bill (H.R. 1105) to fund government programs for the remainder of FY 2009. About **\$3.6 billion** was provided for job training and employment services under DOL (roughly the same as the previous year). Maximum **Pell Grant** awards were also set for the 2009-2010 award year at \$4860.
- Legislation was initiated by Senator Murray and others called **The Strengthening Employment Clusters to Organize Regional Success (SECTORS) Act**. This was developed in collaboration The Workforce Alliance and other experts in the workforce field and would support "sector" or "industry partnerships," which allow businesses, unions, educators, and the public workforce system to develop and implement plans that help workers train for and advance in high-demand and emerging industries.

## State Policy Developments

### State Unemployment Rate Continues to Rise

- The **jobless rate** in Washington State in March was **9.2%** , compared to 4.8% one year earlier.
- The **state lost 99,000 jobs** from March 2008 to March 2009, with Construction and Manufacturing the hardest hit sectors.

### State Level Research

- The state's current supply of workers with mid-level preparation is estimated to be only 87 percent of what will be needed in the labor market during 2011-2016, according to a new joint report of the Workforce Board, Higher Education Coordinating Board, and State Board for Community and Technical Colleges. The report provides projections for the need for bachelor degrees and graduate degrees as well. See: <http://www.hecb.wa.gov/boardmtgs/documents/TAB2.Combined.JointReportonskilledandeducatedworkforce.pdf>

### State Legislative Session Ends—Budget Impacts

The 2009 legislative session ended in late April, although the Governor will likely call a short special session in May to finalize the budget. Overall, the state faced a \$9 billion shortfall, which it closed with \$5 billion in ARRA and one-time fixes and \$4 billion in real cuts. Key provisions in the budget include:

- The community colleges received \$164 million biennial cut (10.7% ) — which includes reductions the system already made this earlier year (as previously reported, 6.5%)
- Tuition increases for the colleges is limited to 7% in the first year and another 7% in the second year of the biennium.
- With tuition yields added back, the net biennial cut for the college system is calculated at 7.6% .

Budget provisos affecting the community college system:

- \$3.5 million of existing funds for the Student Achievement Initiative.
- \$2.25 million to enhance on-line distance learning and open courseware technology.
- \$1.5 million to increase the Hospital Employee Education Training (HEET) grants.
- Up to \$4 million in federal stimulus funds provided in the Community Trade and Economic Development (CTED) budget for weatherization training. Funds are directed for the SBCTC to provide workforce training related to weatherization and energy (more below)
- On the financial aid front, State Need Grant funding is increased commensurate with tuition increases and the 70% of median family income threshold for State Need Grant eligibility remains.

### State Legislation Related to Workforce, Community College, Low-Income Residents<sup>1</sup>

#### Enacted/Signed by Governor

The following bills have already been signed into law by Gov. Gregoire.

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<sup>1</sup> This section primarily adapted from the Washington State Workforce Training and Coordinating Board's 2009 Legislative Update series (See <http://www.wtb.wa.gov/2009Bills.asp>) as well as the Washington State Board for Community and Technical Colleges 2009 Legislative News series (See <http://www.sbctc.edu/docs/legislative/2009/legisnews/>)

**SHB 1128 - Innovation Partnership Zones** - Provides certain authorities and responsibilities to the Department of Community, Trade and Economic Development related to the Innovation Partnership Zone Program. Modifies Economic Development Commission oversight responsibility and reporting deadlines related to the program.

**SHB 1323 – Workforce and Economic Development Coordination** - Creates clarity and consistency in workforce and economic development terms, improves coordination of workforce and economic development initiatives, and focuses investments on cluster-based approaches. It establishes the Centers of Excellence under the State Board for Community and Technical Colleges and provides for inclusion of labor market analysis for the purposes of identifying industry clusters.

**SHB 1328 – Technical College Transfer Degrees** – Authorizes technical colleges to provide baccalaureate transfer degree programs

**2SHB 1355 – Opportunity Internships** – Creates the Opportunity Internship Program (Program) to provide incentives for local consortia to build educational and employment pipelines for low income high school students in high demand occupations in targeted industries. Provides outreach, internships, pre-apprenticeships, counseling and up to one year of financial aid through the State Need Grant, and the promise of a job interview if the student completes a postsecondary program of study. Provides a \$2,000 payment to the consortiums for each Program graduate who completes a postsecondary program of study and obtains and retains employment in a high demand occupation for at least six months. Directs the Workforce Board to select up to ten consortia to participate in the program and to conduct an outcome evaluation of the financial benefits of the program.

**SHB 1808 – Paramedic & Nursing Work Group** - Directs the State Board for Community and Technical Colleges to create an interdisciplinary work group to review the training and curriculum of both a paramedic training program and an associate degree in nursing program to establish a set of recognized course equivalencies or skill competencies between the programs. The work group is to issue findings and recommendations as the basis for any statewide policies regarding articulation between the programs.

**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.

**2SHB 2021 – Student Aid Consolidation** – Requires institutions and the Higher Education Coordinating Board to label all forms of student financial assistance as an Opportunity Fund. Changes the Washington Scholars award from a four-year award to a two-year award. Phases out the Educational Opportunity Grant over a two-year period. Creates a new grant, within the State Need Grant program, which provides grants for place-bound students who have earned an associate degree. Allows institutions to use institutional aid monies for students enrolled in dual credit programs. Restricts eligibility for the State Work Study program to Washington residents. Creates a competitive grant process within the State Work Study program to encourage more placements in high demand fields.

**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). Partial Veto

**SSB 5043 – College Info. Web Portal** - Directs the Higher Education Coordinating board to convene a work group to develop a plan to create a single, coordinated, collaboratively supported, one-stop college information web-based portal to provide comprehensive information and applications regarding financial, academic, and career planning, admissions, scholarships, and financial aid. The work group is to include representatives from the Higher Education Coordinating Board, the State Board for Community and Technical Colleges, the Council of Presidents, the Workforce Board, the independent colleges of Washington, the Office of the Superintendent of Public Instruction, representatives of the public, private, and private vocational colleges in Washington, and others as may be needed.

**SSB 5044 – High Demand Work Study** - Establishes a priority for work study job placements in high employer demand fields.

**SSB 5616 – Customized Training** - During 2009 and 2010, employers participating in the Customized Training Program may delay payments to the account. The expectation that participants will increase employment in the state by an amount equal to at least 75 percent of the trainees is changed to a requirement that participants must make good faith efforts to hire from trainees in the participant's training program. Colleges must make good faith efforts to use trainers preferred by participants. The State Board for Community and Technical Colleges (SBCTC) must ensure a seamless process toward participation in the program for employers that have qualified for the Job Skills Program but are not able to participate because those funds have been committed. Up to \$75,000 per year from the account may be used by SBCTC for training, marketing, and facilitation services to increase the use of the program.

## **Delivered to Governor for Signature**

The Governor has five days to sign a bill during session and 20 days after session.

**HB 1395 – High Demand Definitions** - Creates clarity and consistency in a number of statutes that utilize “high demand” terminology.

**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.

**SHB 1758 – College High School Diplomas** – Authorizes a community or technical college to issue a high school diploma for a Running Start student who enrolls in a college and satisfactorily completes an associate degree.

**2SHB 1946 – Online Learning Technology** – Encourages 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 Higher Education Coordinating 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.

**2SHB 2119 – Dual Credit Opportunities** - Directs the Office of the Superintendent of Public Instruction (OSPI), in collaboration with the State Board for Community and Technical Colleges, the Workforce Board, the Apprenticeship Council, the Higher Education Coordinating Board and the public baccalaureate institutions, to annually report to the education and higher education committees of the legislature regarding participation in dual credit programs. Directs OSPI to develop advising guidelines to assure that students and parents understand that college credits earned in high school dual credit programs may impact eligibility for financial aid. Directs OSPI to prepare and annually distribute an information booklet outlining parents' and guardians' enrollment options for their children. Permits Running Start enrollments to be used in meeting, instead of determining, enrollment targets. The prohibition on four-year institutions of higher education charging Running Start student fees is removed.

**ESHB 2227 – Evergreen Jobs Act** – Directs the Department of Community, Trade and Economic Development (CTED) and the Workforce Board (WTB) to establish a working group to develop and maintain a comprehensive strategic plan to: coordinate and accelerate efforts to capture and use federal stimulus dollars across the state, both at the local and state level; develop a statewide framework to provide state assistance to local organizations seeking to draw green businesses to the state; and emphasize projects that lead to exportable goods or services or have a strong and lasting economic or environmental impact. They must also identify emerging technologies, performance metrics for projects receiving assistance, and strategies to allocate existing and new funding streams for green economy workforce training programs. Directs CTED, WTB, and their working group to provide semi-annual performance reports to the Legislature on specified criteria, including those developed by the working group and explanations of how projects have been supported, as well as any information that associate development organizations or workforce development councils choose to pass on to the Legislature. Directs the Employment Security Department to define middle- and high-wage green economy occupations. SBCTC, WTB, and the Apprenticeship Council may prioritize programs that lead to credentials, certificates, or degrees in green economy jobs.

**SSB 5410 – Digital Learning Commons** - Identifies the responsibilities of the Digital Learning Commons, the Office of Public Instruction and local school districts with respect to “alternative learning experience online programs.”

**E2SSB 5649 – Energy Efficiency in Buildings** – Authorizes Washington State University (WSU), in collaboration with WA CTED, to implement grants for pilot programs that provide community-wide residential and commercial energy efficiency upgrades. Declares a goal of weatherizing 20,000 homes and businesses in Washington in the next five years

**E2SSB 5809 – Unemployed Worker Training** – Requires the Employment Security Department (ESD) to distribute up to \$5 million of their Administrative Contingency Funds to create incentives for education and training as a match for funds provided by Workforce Development Councils (WDCs) . If the funds are used to increase capacity, the match is 75 percent. If the funds are used to provide student financial aid, the match is 25 percent. Requires the ESD to develop guidelines on allowable uses of the funds in cooperation with the Workforce Board and the SBCTC and to periodically bring together representatives of the Workforce Board, the SBCTC, WDCs, business, labor and the Legislature to review development and implementation of these provisions and the training benefits program.

**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.

## Washington State ARRA Funding Announcements

- Governor Gregoire and the Employment Security Department announced \$23 million in ARRA funding (WIA) for summer employment programs for at-risk youth and young adults. These funds were distributed to the local WDCs, with the Seattle-King County WDC receiving \$3.4 million. Summer youth programs must provide participants with work experience and may include classroom training. Eligible participants are between the ages of 16 and 24 (the range previously was 16 – 21) and low-income. Services are focused on youth most in need, including those who have dropped out of school (or are at risk of doing so), youth in foster care, homeless, etc.
- Governor Gregoire and the Employment Security Department also announced \$27 million in ARRA funding for WIA Adult and WIA Dislocated Workers. Per usual, these dollars fund the one-stop system, but for the first time WDCs are allowed to use funds for contract (cohort) training at the community colleges. The Seattle-King County WDC will receive \$5.4 million of these funds, and has already issued an RFP to local community colleges to develop training programs.

## Local Policy Developments

### Economic News for Seattle and King County

- The **jobless rate in King County** was **8%** in March. It was 3.9% one year earlier.
- The Seattle MSA **lost 37,000** jobs between March 2008 and March 2009, with Construction, Manufacturing, and Trade, Transportation and Utilities the hardest hit sectors.
- In April, Mayor Nickels announced plans to **cut more than \$13 million** from the city's 2009 general fund budget, while preserving funding for public safety and direct human services. The city forecasts a nearly \$30 million reduction in revenue in its general fund in 2009 compared to 2008, some of which will be offset by a positive balance of \$19 million at the end of 2008. In addition, the city expects to tap \$5 million of its \$30 million "rainy day fund".
- Local companies **announcing or completing layoffs** in March-April include Allied Waste (200), Amgen (100), Boeing (4,500), F5 Networks (85), Perkins Coie (38), Philips Electronics (96), Qwest (235), Safeco (100), and the Seattle P-I (300).

### Other Local Developments

- In April, Mayor Nickels announced the **Green Building Capital Initiative** to save energy and shrink the amount of climate pollution from Seattle's buildings and homes. The Initiative will offer 5,000 residential energy audits for \$95 (normally these cost about \$600); develop a loan program for residents to make energy-saving home improvements (funded in part by ARRA dollars from the Federal Energy Efficiency and Conservation Block Grant); require measurement and disclosure of energy usage for commercial buildings; increase energy efficiency requirements for new buildings by 30%; and ramp up training programs for auditors and other energy efficiency technicians, expected to create 230 new jobs.
- As of mid-April, the City of **Seattle** had received more than **\$43 million in ARRA funds**, roughly broken out as follows:
  - \$17 million transportation (primarily Spokane Street Viaduct);

- \$11 million for energy (including \$6 million Energy Efficiency and Conservation Block Grant, see above, plus \$2.4 million – via WA State CTED – for city’s Homewise weatherization program to be spent over 12 months; if successful, Homewise may later receive another \$2.4 million for the subsequent 24-month period)
  - \$6 million environment (Maple Leaf Reservoir Burial Project);
  - \$5 million social services (Homeless Prevention and Rapid Re-Housing Grant);
  - \$3 million community development (CDBG);
  - \$1 million public safety.
- The City has applied for a \$760,000 competitive grant from the Department of Justice’s Office on Violence Against Women (ARRA funds) to create new jobs for employment assistance counselors to assist victims of domestic violence and increase the ability of victims to obtain jobs through employment counseling, job training, and educational support. Referrals and wrap around supports would be provided by seven local domestic violence services agencies.

