

League of Women Voters of Seattle
April 2005

ECONOMIC DEVELOPMENT:
METROPOLITAN SEATTLE AREA,
PART II

Study Committee

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**ECONOMIC DEVELOPMENT:
METROPOLITAN SEATTLE AREA
PART II**

I. INTRODUCTION

The study, Economic Development: Metropolitan Seattle Area, Part I, reviewed the economic history of the metropolitan Seattle area and described the current economic status of the area in terms of primary industries, current clusters of industries, and emerging industries. The study also reviewed the strengths and weaknesses of the area as they impact economic development. The study concluded with recent efforts to improve the economic climate, notably the Washington Competitiveness Council and the Prosperity Partnership.

Part I of this study reviewed the strengths and weaknesses of the metropolitan area from an economic point of view.

The strengths included:

1. The natural beauty of the area and the abundant cultural and recreational attractions which appeal to employees;
2. The University of Washington as a major teaching and research institution;
3. The Port of Seattle as a deep water port; and
4. A base of high tech industries whose employees are a resource for a variety of innovative activities.

Among the issues raised in reviewing the weaknesses of the Seattle metropolitan area from an economic point of view were:

1. Educational needs,
2. Regulations,
3. Challenging tax system
4. Housing costs, and
5. Transportation needs.

II. PURPOSE OF STUDY

The purpose of this study, Economic Development: Metropolitan Area, Part II, is to review the structures and processes through which decisions related to the economy are made and funds are allocated for economic development; to relate that structure and process to needs; and to raise some issues in regard to the decision making process.

Is the local interest in economic development new? No, but the area has had some jarring economic development lately which have brought concern about the area's economic future to the forefront. Among them are the move of the Boeing Company headquarters to Chicago, the dot-com boom/bust, major earthquake damage, the high cost of housing, and a high unemployment rate. Seattle was booming in the 1990s and then suffered a depression in 2001 from which it is slowly recovering.

III. PLANNING IN PERSPECTIVE

A. Growth Management Act

Planning within Washington State is carried on within the framework of the Growth Management Act (GMA) which was passed by the state legislature in 1990. The GMA requires the adoption of comprehensive plans, and countywide planning policies to provide guidance. Economic development was added as a component of comprehensive plans in 2002. It was an unfunded mandate but is being included in the development of many comprehensive plans. (1)

The title of this study refers to the Seattle Metropolitan area, and although much planning is carried on within that area, many structures and funding sources which affect local planning encompass a larger area and come from state and federal sources.

B. Vision 2020

VISION 2020 is the long range strategy document for the Puget Sound region, first produced by the Puget Sound Regional Council (PSRC) in 1990 and updated in 1995. The PSRC has begun the task of updating VISION 2020. Federal laws including the Transportation Equity Act for the 21st Century, the Clean Air Act and state laws, including the Growth Management Act, require the region to have a regional growth management strategy and transportation plan. Destination 2030 encompasses the detailed transportation policies in VISION 2020 and allows the region and its jurisdictions to receive federal transportation funds. (2)

Proposed changes to VISION 2020 reflect emerging thinking in regard to economic development. In summary, that thinking supports:

- a. Developing a more integrated approach to economic development.
- b. Recognizing the existence of important clusters of economic activity and their needs.
- c. Using public funding for infrastructure to leverage private investment.
- d. Creating a more consistent regulatory system.

C. Puget Sound Regional Council

The Puget Sound Regional Council (PSRC) is an association whose jurisdiction includes King, Pierce, Snohomish, and Kitsap Counties. Its membership includes cities, counties, ports, and state agencies. It was established in 1991, following the dissolution of its forerunner, the Puget Sound Council of Governments. It serves as a forum for developing policies and decision making in the Puget Sound region. It is designated under federal law as the Metropolitan Planning Organization and under state law as the Regional Transportation Planning Organization with major responsibilities designated by federal and state law.

Countywide planning organizations provide recommendations to the PSRC. It is the channel through which federal transportation funds are dispensed in the region. About \$150 million is distributed annually for transportation projects. It also serves as a data collection and distribution center. The PSRC has no taxing authority. Although most of its members are elected officials, they are not elected directly to the PSRC. The largest share of funding for the council comes from governmental grants and dues paid by member jurisdictions and agencies. The PSRC office is located at 1011 Western Ave. in Seattle. Its reader-friendly newsletter, available to the public, usually contains a summary of current research and a meeting schedule. Richard McIver of the Seattle City Council is its current chair. Bob Drewel, former Snohomish County executive, is the Executive Director. (3)

Issue Regional planning in a metropolitan area is probably necessary. The PSRC includes elected officials from various jurisdictions who are making decisions for the region. Transparency and accountability are not easily achieved. Current proposed state legislation is suggesting that the PSRC be retained as a planning body, but that plans be acted upon by a regionally elected body.

IV. U.S. DEPARTMENT OF COMMERCE: ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) AND SMALL BUSINESS ADMINISTRATION (SBA)

The U.S. Department of Commerce’s Economic Development Administration (EDA) and Small Business Administration are major sources of funding for programs related to economic development. The EDA has a regional office in Seattle. It allocates funds through the central Puget Sound Economic Development District (EDD) which is now part of the PSRC. The Small Business Administration also has a Seattle office which offers loans, services, and jointly operates Small Business Development Centers.

The Economic Development District (EDD) which also includes King, Pierce, Snohomish, and Kitsap Counties, was formed in 1971. It includes private and public agencies. It is designated by federal law as the economic development district for the Puget Sound region and receives federal funds for carrying out regional economic planning. In the past, the EDD has had a rather narrow focus. It has prioritized public works funding and provided data and technical assistance to area jurisdictions. It has prepared the Comprehensive Economic Development Strategy (CEDS), a planning document required to receive federal funding from the Economic Development Administration.

Funding public works has been a major focus of the EDD. Projects are developed in the four county area. King County projects for which funding has been secured during the past ten years include:

- 1998 - Telecommunications Distance Learning Center in Seattle focused on the community colleges (granted \$1.5 million)
- 1997 - Terminal 88-91 access (granted \$3 million)
- 1996 - Marine Industrial Terminal in Seattle (granted \$1.2 million)
- 1995 - Southeast Drainage System in Seattle (granted \$1 million)

The grants do not represent the total cost of the projects.

Grant requests for 2005 include:

City of Renton - develop infrastructure on the surplus Boeing properties (\$1 million requested-total cost of project -\$14 million);

City of Seattle - South Lake Union Streetcar (\$3 million requested –total cost of project -\$45 million);

City of Bellevue – NE 10th Street construction from 116th Street to new entrance to Overlake Medical Center. (\$2 million requested-total cost of project -\$4 million);

King County – Brightwater Treatment Center (\$3 million requested –total cost of project-\$1 billion, 349 million).

These requests are prioritized in the order listed. The grant request is only part of the cost of each project. A future project on the proposed list is the redevelopment of Docks 5 through 10 at Fishermen's Terminal in Seattle. Preliminary planning has begun.

The Prosperity Partnership is a project of the EDD, now a PSRC component, funded in part, by the federal Economic Development Administration. The development of the Prosperity Partnership constitutes the EDD's planning document (CEDS) for 2005. (4)

V. MERGER OF PUGET SOUND REGIONAL COUNCIL & ECONOMIC DEVELOPMENT DISTRICT (PSRC & EDD)

In 2003, the PSRC and the EDD merged. The purpose of the merger was to integrate the organizations' long-term planning work and to increase the importance of the economic development work. The structure of EDD was also changed so that it is comparable with the other PSRC boards which include the growth management and transportation boards. Two major goals of the new merged group are to develop a regional economic development strategy (the Prosperity Partnership) and to update VISION 2020. (5)

A. Economic Development Councils

The Puget Sound region has not had a broadly based regional economic strategy.

In 1964, the state legislature passed the Economic Opportunity Act which allowed local areas to participate in state economic development programs and receive funding. The Seattle-King County Economic Development Council (EDC) was formed in response to a Boeing downturn in 1970. At the present time, each county in the area has an Economic Development Council. Their basic function is to recruit businesses and to aid business expansion. They are represented on the PSRC Economic Development Division Board and play an important role in organizing, planning, and advocating for local businesses. These councils can apply directly for funds from the state department of Community, Trade, and Economic Development. (CTED) The funding contracts require the county Economic Development Councils to provide technical services to businesses in their area and lay out the public and private entities to be included in the planning process.

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B. Economic Development Council of Seattle and King County

The Economic Development Council of Seattle and King County (EDC) works to sustain and attract family wage jobs in the area. It is supported by its members, a coalition of business, government, environmental interests, educational interests, trade, industry, chambers of commerce, and other non-profit organizations. Although many of its services involve ongoing support of businesses, it is working on four projects to meet long term challenges:

Freight Mobility Roundtable (www.psrc.org/projects/freight/roundtable/mission.pdf)

King County Economic Development Action Plan (www.action-plan.org)

Commuter Challenge (www.commuterchallenge.org)

Smart Growth (www.eede-org/aboutsmartgrowth)

The Economic Development Council of Seattle and King County is now known as Enterprise Seattle. (6)

VI. U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

Another major source of federal money for economic development is the U.S. Department of Housing and Urban Development (HUD). The Community Development Block Grant (CDBG) Program, a HUD program, is a major source of funding used to address community development needs affecting low and moderate income households and neighborhoods. Additional funds are available through the HOME program and Emergency Shelter program. (6)

A. King County and Suburban Cities

King County receives CDBG funds from HUD. King County administers CDBG funds on behalf of the King County CDBG Consortium. The Consortium includes the county and thirty-two suburban cities. Allocation decisions are made by a committee composed of county officials and officials representing local governments appointed by the Suburban Cities Association.

The cities of Auburn, Bellevue, Kent, and Seattle receive funds directly from HUD and do not participate in the Consortium. Normandy Park, Medina, and Sammamish do not participate in the Consortium or receive any CDBG funds directly.

Non-profit organizations, local governments, and public housing authorities may apply for the funds. The projects which are funded must meet one of three national criteria:

1. They may benefit low and moderate income persons;
2. They may aid in the prevention or elimination of slums or blight;
3. They may meet community development needs having a particular urgency.

A summary of the King County Action plan for 2004 includes a budget of about \$15 million from HUD. Included were a \$5 million HOME Grant to be used for housing development projects, \$9 million for Community Development Block grants, and \$200 thousand for the Emergency Shelter program.

A brief review of King County's 2004 Community Development Block Grants included funds for housing rehabilitation in a program carried on by several cities, several grants for facility repair and improvement to carry on specific programs, for playground equipment, and for sidewalk repair.

King County also allocates its CDBG funds to businesses for the purpose of creating and retaining jobs. A variety of Business Finance Programs are administered by King County's Economic Development Program in the Office of Business Relations and Economic Development known as the BRED program. The BRED projects are basically workforce development programs.

An interesting BRED program is that of historic preservation. The King County Historic Preservation Program was established in 1978 to protect the county's historic resources. It has documented and protected historic sites, protected scenic corridors, developed a data base, and aided in the restoration of historic main streets.

A recent project involved providing supplementary historic street signs in older areas where the original street names were lost when the contemporary numbered grid system was adopted. (7)

Seattle's Economic Opportunity Task Force

Seattle Mayor Nickels has embarked on an ambitious program to strengthen the local economy. In March of 2002, he appointed an Economic Opportunity Task Force. The charge to the task force was to develop a list of potential actions which would expand the job base and improve the business climate. The Task Force included more than thirty members with diverse interests and backgrounds. Their report was an action agenda to be regarded as a "To Do" list. It included:

1. Improve transportation:

- Continue to advocate for state transportation funding,
- Continue to advocate for a regional approach to transportation,
- Support and expand public transportation,
- Follow through on the Freight Mobility Action Plan,
- Develop a more effective signage program for the city,
- Develop a sustainable transportation maintenance strategy.

2. Support higher education in general and the University of Washington in particular:

Recommendations of interest include supporting the development of a UW research park within the city and removing some of the restrictions on UW expansion within the University District.

3. Simplify land-use and zoning codes and adopt short-term reforms.

Recommendations of interest include:

- Simplifying the Code,
- Conducting pilot projects which allow parking shared with commercial buildings and parking requirements tailored to the situation for multi-family housing units.

Continued from previous page.

Recommendations in regard to housing included:

- The State Environmental Protection Acts (SEPA) sets guidelines which require multi-family units to undergo an environmental review before a building permit is granted. The city is working on raising the limit to twenty units before the review is required in view of all the guidelines to which a building is already subjected.
- Buildings in commercial zones are required to provide retail space on the first floor. This is a problem in some areas if there is not enough demand for retail space. It has been suggested that this requirement be modified.
- Review the requirements for providing open or recreational space within a development.
- Institute latecomer fees for developments in which early participants have paid up-front costs for development.

4. Work with the Port of Seattle, private marine business, and labor to develop a vision for Seattle as a seaport.

The activities of the Port of Seattle are often in the news. That the North Pacific Fishing Fleet is based in Ballard's Salmon Bay gets less attention. There are hundreds of businesses in the area based on the needs of fishermen and boat owners.

The Port and the City are cooperating in an effort to redevelop the vacant fifty-seven acres north of the Magnolia Bridge.

5. Change the way the city taxes technology. The state has changed the way the B&O is applied to research and development businesses. This is a local variation to be applied to the city's B&O tax.

6. Examine utility rate structures, organization, and infrastructure.

Low cost electricity has helped to build the city's economic base. Recent changes in the energy scene have led to reevaluation of the city's rate structure and of the need for greater capacity in selected areas.

7. Focus economic development programs on distressed business districts and the needs of small businesses, including woman and minority owned businesses.

Small businesses in the Rainier Valley, Pioneer Square, Broadway, the University District and the Central Area are vulnerable, as are most small businesses, to economic downturns, labor shortages, earthquakes, and crime and parking problems.

The mayor's plan includes several recommendations for assisting small businesses which include expanding the roles of the Small Business Task Force and the Small Business Assistance Centers. (9)

B. Seattle**1. The Consolidated Plan**

The city of Seattle is a direct recipient of funds from the federal government's Department of Housing and Urban Development (HUD). A major component of the HUD monies is funds for Community Development Block Grants. These funds are subject to criteria which limit their use to distressed neighborhoods. Seattle also receives funds for HOME projects, for Emergency Shelters, and for the program called Housing Opportunities for People with AIDS (HOPWA).

To receive CDBG funding which is available to local governments, the local jurisdiction must prepare a Consolidated Plan. The Consolidated Plan is a four-year document updated annually. The goals of Seattle's Consolidated Plan are:

1. Provide affordable housing for low and moderate income households.
2. Help low income people meet their basic self-care needs and improve their social and economic well-being.
3. Promote financial independence of low and moderate income residents and invest in the economic development of distressed neighborhoods.
4. Prevent decay and deterioration and improve public infrastructure such as community facilities, parks, and streets in low-income neighborhoods

The Seattle Consolidated Plan describes the proposed use of approximately \$15 million in Community Development Block Grant Funds for 2005. These monies are the funds which pay for the eligible programs which the mayor advocates. In preparing a budget, funds beyond those received from HUD are included in the Consolidated Plan. They may include local tax revenues, levy funds, grants, and income from properties or investments. Funds are allocated to the Human Services Department, Office of Economic Development, Office of Housing, Department of Neighborhoods, and Department of Parks and Recreation.

The use of CDBG funds is restricted by federal guidelines. Only about 15 percent of these funds may be used for human service purposes. The Seattle City Council has adjusted/juggled its budgeting process so that local tax and levy revenues are used for human services. (10)

Issue

The proposed U.S. budget just released by the Bush administration takes a hard look at the current HUD programs including the Community Development Block Grants. The proposed U.S. budget recommends an approximate 33 percent cut in CDBG and related grants. This proposal is meeting with considerable resistance because of the important role these funds play in economic development projects within the cities. Members of the Seattle City Council are traveling to Washington D.C. to lobby the issue.

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2. Relevant Excerpts from the City of Seattle Budget (11)

From the Community Block Development Budget (2005)

Department of Neighborhoods - \$430,000

Community Building

Historic Preservation

Research and Prevention

Department of Parks and Recreation - \$507,961

Human Services Department - \$8,287,443

Aging and Disability Services

Children, Youth, and Family

Community Services

Leadership and corporate services

Office of Economic Development - \$3,931,031

Community Development

Workforce Development

Office of Housing - \$3,773,912

Administration & Management

Homeownership & Sustainability

Multifamily Production & Preservation

Planning, Resource, Program Develop-ment

3. Office of Economic Development

The Seattle Office of Economic Development has played a major role in several projects related to economic development.

They include:

- a. Supporting the local Community Development Corporations,
- b. The neighborhood revitalization project,
- c. Sound Transit mitigation,
- d. The Brownfields project,
- e. The Healthcare Employment Study,
- f. The Seattle Jobs Initiative.

a. Community Development Corporations (12)

The Seattle Office of Economic Development works closely with local Community Development Corporations. They include:

1. Central Area Development Association (CADA) manages Promenade 23 at 23rd and Jackson;
2. Delridge Neighborhood Development Association (DNDA); DNDA, which includes the West Seattle Delridge neighborhood. This is a recently organized group whose current project is to create a cultural center at the old Cooper School on Delridge. When completed, the school will contain affordable housing, work space for artists, a gallery, and multipurpose space for community organizations. Cooper School is part of a project which includes several improvements in the Delridge neighborhood.
3. Interim Community Development Association (ICDA), based in the International District;
4. Pioneer Square Community Association (PSCA) in Pioneer Square;
5. SouthEast Effective Development (SEED), active in southeast Seattle for twenty-five years. SEED. The goal of SEED is to revitalize southeast Seattle and the Rainier Valley through programs in economic development, housing, and the arts. Recent projects in which SEED has partnered include the Columbia City gallery, Rainier Court, a mixed-use development on Rainier Avenue, and Washington Care Center, a nursing home expansion and remodel.

b. Neighborhood Revitalization

Neighborhood revitalization is another project funded through the Seattle Office of Economic Development. (OED)

In 2003, the mayor announced plans to revitalize University Avenue and the University District. The project included improving the street, adopting a noise ordinance, and lifting the lease lid which limited the amount of space the University could lease in the district.

The current budget includes funds for revitalization of the Broadway District. The mayor has announced that zoning changes will be made in the area, required parking reduced, and a clean up of the area funded. (14)

c. Healthcare Employment Study

The City of Seattle Office of Economic Development received an award from the U.S. Department of Commerce, Economic Development Administration to analyze the contribution of the Healthcare Industry to the City of Seattle. (15)

The City of Seattle has become one of the City of Seattle's leading industry clusters. Major components of the healthcare cluster include the research and training institutions and the services of healthcare providers. With linked biotechnology, medical device manufacturers, medical service industries, and supportive training and research, the Seattle Healthcare industry employs more than 95,000 workers. One in five jobs in Seattle is tied to the healthcare cluster. The healthcare industry is a growing industry reflected in the shortage of registered nurses, licensed practical nurses, aides and orderlies. Healthcare

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employers are urging healthcare workers to move up the career ladder with innovative initiatives. Efforts are being made to support the health care industry through training programs for several reasons. It is a primary industry; the wages are good; there is a need for workers; and it provides entry level jobs and opportunities for advancement.

d. Sound Transit Mitigation

As a result of the impact of Sound Transit construction on businesses along Martin Luther King Way, a \$50 million mitigation fund has been established to help businesses move within the Rainier Valley. The Office of Economic Development has partnered with Sound Transit and Rainier Valley business owners and residents to establish the Rainier Valley Community Development fund which will aid those businesses. Sound Transit construction is underway in the area and several businesses have taken advantage of the fund. (16)

e. Brownfields Restoration

The Office of Economic Development will also administer a \$2 million fund received from HUD for the purpose of redevelopment of brownfields sites. These are sites located within the City of Seattle and regarded as too polluted for development. (17)

f. The Seattle Jobs Initiative

The Seattle Jobs Initiative (SJI), another OED project, is part of the Working Poor Families Project, a national initiative funded by the Annie E. Casey, Ford, and Rockefeller Foundations. The SJI has produced a report (2004) which gives an overview of the employment situation for many Washington workers. The report is titled *Beyond the Bottom Line: Expanding Economic Opportunities for Washington's Working Families*. The report focuses on four themes: working families below the bottom line, education opportunity, employment opportunity, and support for working families. (18)

(1) Working families below the bottom line

(from the Seattle Jobs Initiative Report)

In 1959, the federal government established a federal poverty level that is still used today to determine eligibility for many programs including Medicaid and Temporary Aid to Needy Families (TANF). The federal poverty level for a family of four in 2002 was \$18,392. The Seattle Jobs Initiative report suggests that a family of four needs about 200% of the poverty level to maintain itself. In the Seattle area, the figure used is \$18,400. The figure for a one person household is \$9,200.

The average wage in King County was about \$47,200 in 2001. This represented a slight decline after a decade of increasing real wages. The unemployment rate in the region in 2004 was six percent and in 2005 is 5.5 percent.

Twenty-five percent of working families in Washington State live below 200 percent of the poverty level. Within the Puget Sound region, the level is twenty percent. These families are generally:

1. Headed by married couples of working age,
2. Include a member with some post-secondary education,
3. Are predominantly white, although minorities are overrepresented.

The employment opportunities and make-up of the population vary greatly within the state. Washington is one of the top five states as a destination for immigrants. While counties vary in their ethnicity, King County has the most ethnically diverse population.

These low income families are generally paying a higher percentage of their income for health care, housing, and taxes than families with higher incomes. Many of them lack health insurance, are without employer provided pensions, and do not have sick leave included in their employment agreement.

(2) Education opportunity
(from the Seattle Jobs Initiative report)

Movement out of entry wage jobs has traditionally been tied to increased education and skill development. Without that movement, the workers are stuck in entry level jobs. In a recent survey the Workforce Training Board reports:

1. That one in four employers experienced difficulty in finding qualified applicants,
2. That expansion was limited by the shortage of qualified workers.

One in three Washington adults has a high school diploma or less. A high school diploma or an associate degree leads to higher earnings. Individuals in the state with an associate degree earn \$20,000 more annually than those without high school diplomas

Fourteen percent of Washington workers are employed at jobs which pay less than \$10 an hour. This includes jobs such as food service, maid service, and cashiering.

Forty-seven percent of the workers are employed in jobs which pay \$10 to \$20 an hour. This includes jobs such as laborers, stock handlers, accounting clerks, and truck drivers.

Twenty-one percent of workers are employed in jobs which pay \$20 to \$30 an hour. This includes jobs such as carpenters, electricians, and computer support technicians.

Eleven percent of workers are employed in jobs which pay \$30 an hour or more. These jobs include engineers, management analysts, and computer programmers.

In general, the education requirements increase as one moves up the pay scale.

Many potential workers are handicapped by limited English and limited basic literacy skills. They present a non-typical set of needs to the educational system. Many of the students not only have special needs but they are probably supporting themselves and are frequently parents.

Changes are needed to make post-secondary education available to the students described. Suggested changes include weekend and evening classes and short-term skill-oriented classes. Financial aid is not

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geared to students who are part-time or who must work to support themselves and a family. Financial considerations also impact colleges in that the costs of providing classes vary with the equipment needed and the availability of an appropriate instructor.

Washington has thirty-four community and technical colleges (15 in the Puget Sound region). A primary goal of the system is to provide an accessible path to higher education for all students, but to provide opportunities for all they must provide English as Second Language classes, basic skills classes, GED classes, academic transfer classes, and workforce classes.

The WorkFirst program (described later), designed to support the federal Temporary Assistance to Needy Families Act (TANF) has supported funding short-term classes to meet immediate employer/worker needs.

Since the high school graduation rate for Washington Schools is only about 70 percent, the prospect for employment which will provide a livable wage for many young people is discouraging.

Issue

According to the SJI report: The fundamental shortcomings of the educational system appear to be an insufficient number of program slots and the lack of capacity to capture every student and channel each individual into skill development, training, and employment.

From the Oregonian

A recent article in the Portland Oregonian(2/14/05) describing higher education in Oregon points out some interesting contrasts with the Washington system. Washington's community colleges are part of a statewide system with connections to the four-year universities. Oregon community colleges are part of a school district and depend in part on local support. The article states that the transition from community college to four-year schools is much smoother in Washington and leads to higher graduation rates. The article points out that high enrollments at the UW and Washington State are limiting the transition. (19)

(3) Employment Opportunity

(from the Seattle Jobs Initiative report)

Some sectors of the economy pay better than others. That is worth consideration when trying to attract new businesses and in training workers. A number of economic development programs exist in the state. Presently very few programs require specific evaluation in terms of jobs created or wage and benefit standards.

Issue

There are a number of economic development programs in Washington, although presently there are very few established policies related to setting wage or benefit policies. The state of Washington grants tax exemptions to many businesses. (There are now 160 exemptions on the books targeting business.) There are few standards in regard to employment accompanying those exemptions and virtually no reporting requirements regarding the number and quality of jobs created.

(4) Support for Working Families

(from the Seattle Jobs Initiative Report)

Seventy- seven percent of Washington business firms are located in western Washington and thirty-seven percent in King County. This thirty-seven percent accounts for forty-two percent of state employment.

Seventy-two percent of all businesses are small businesses with nineteen or fewer employees and they represent twenty percent of the employed workforce. The largest firms with more than 100 employees make up five percent of the businesses and fifty-one percent of the employees.

The benefits available to employees vary greatly. Nearly all firms with more than 100 employees offer health insurance. Only seventy-two percent of those firms with fewer than twenty employees offer health insurance. The percentage that gives benefits to part-time workers is below forty percent. Almost all businesses that sell financial services offer benefits. Those businesses involved in agriculture, hotel, or food services are less likely to offer benefits. The availability of other benefits such as paid sick leave, paid vacations, and retirement plans also varies.

Washington now has the highest minimum wage in the nation at \$7.15 per hour and it is indexed to inflation. Unemployment insurance is available to about half of the state's unemployed. Washington's unemployment benefits are regarded as very generous and often subject to criticism by business interests for various reasons.

The state legislature passed a Family Care Act in 2002 which allows workers in businesses which grant paid sick leave to use that leave to care for a sick child.

The federal Family and Leave Act passed in 1993 allows employees up to twelve weeks of unpaid leave to care for themselves, a family member, or for birth or adoption.

Washington's Basic Health Plan provides affordable health care for adults under 200 percent of the federal poverty level. Through Medicaid and the federally funded State Health Insurance Plan, free and low cost health care is available to families making up to 250 percent of the federal poverty level. Funding is, in part, dependent on federal funds and the state legislature.

Childcare subsidies are available for working parents up to 200 percent of the federal poverty level through the state's Working Connections Childcare Program. Co-pays based on income are required.

Food stamps are also available to low-wage earners. Washington was reported to have a high hunger rate but an underutilized food stamp program. Efforts have been made to simplify the application and make it more accessible.

VII. PROGRAMS FOR WORKERS

A. Workforce Investment Act

The federal Workforce Investment Act of 1998 was an act to consolidate, coordinate and improve employment, training, literacy, and vocational rehabilitation programs in the United States. It is a program of the U.S. Department of Labor.

The Workforce and the WorkFirst Investment Act are two programs aimed at improving the circumstances of low income, underemployed, and unemployed workers.

The state Workforce Education and Training Coordinating Board was established in 1992. In 1994 a governor's School to Work Transition Council was established. Many services to the employed are now under the direction of the Department of Employment Security. They include:

1. The state's Job Skills program in which the employers match the state's contribution to provide training to upgrade the skills of incumbent employees.
2. Workforce Development Boards which target certain clusters and try to solidify the relationships between business, labor, colleges and community based organizations to train workers for specific industries.
3. Public Works Projects in which the state requires that in projects over one million dollars, fifteen percent of the workforce will be apprentices. Local jurisdictions have also adopted apprenticeship and diversity requirements. The Port, the City of Seattle, and King County all adopted such requirements in the mid nineties.

The Association of Washington Business has been an active participant in the development of the Workforce program and WorkSource centers throughout the state. The Association has supported efforts to improve education in the state and maintains that the ability to remain competitive depends on the quality of the workforce.

WorkSource Centers provide the information and technology to help businesses find employees and workers find jobs. WorkSource assistance is available at kiosks, on the internet, through workshops, counseling and training programs. Its mantra is "Everything in one place." (20)

The Workforce Development Council of Seattle-King County

The Workforce Development Council of Seattle-King County is a non-profit agency which brings millions of dollars into the area each year from various sources. Most of the council's work is done by contracting with private agencies. A major responsibility is overseeing the WorkSource system of one-stop employment services. Major sources of funding are the Department of Labor, worker re-training and dislocation funds, and funds from other government sources and private foundations.

The Workforce Development Council has taken the lead in planning to bring more people into the health care workforce and planning programs which will upgrade the skills of low level employees.

In addition to health care, the Workforce Development Council is focusing on information technology, biotech, construction, advanced manufacturing and finance.

The Workforce Development Council also provided new leadership in working with students with disabilities. The program was developed at Bellevue High School and has been used as a model for training teachers throughout the state.

Other projects of Workforce include the Out-of-School Youth Consortium which helps youth get their GED and employment and the Seattle King County In-School Youth Consortium which works with students who are in school and employed. Workforce also contracts for a program which trains high school students through the Veterans' Administration to become certified nursing assistants. A continuing program trains them to become licensed practical nurses a year after completing high school.

The Seattle-King County Community Response Team works with companies that are downsizing and helps them establish a Re-employment Committee to aid workers who will be losing their jobs. (21)

The Workforce Development Council also funds programs for TANF recipients, the homeless, and workers with limited facility with language and/or basic skills.

B. WorkFirst

WorkFirst is the state welfare program funded by the federal Temporary Assistance to Needy Families (TANF). It provides services for parents with incomes below fifty percent of the federal poverty level. Washington has invested in short term training for TANF recipients with incomes up to 175 percent of the federal poverty level. These programs are designed to get people to work and are not paths to higher education. There are funds to provide long-term higher education for entrance to high-demand occupations, but these funds are underutilized by TANF participants. This is a new program which has had limited participation.

When WorkFirst began in 1997, Gov. Locke appointed the heads of four agencies to a WorkFirst Subcabinet. The group is chaired by the director of the Office of Financial Management and meets several times a year.

Policy-making administrators from the partner agencies meet weekly and make up the policy oversight group. Field operation managers from the four agencies also meet weekly. They monitor local performance data and visit local planning areas throughout the state.

1. The Department of Social and Health Services is the entry point for WorkFirst participants. Eligibility is established, the client is oriented, a case manager is assigned and a plan developed.
2. The Employment Security Department (ESD) makes the employment connection.

3. The ESD also provides employment workshops to aid jobseekers.
4. The State Board for Community and Technical Colleges (SBCATC) assures that training for basic skills and job advancement is available through the 34 community and technical colleges across the state.
5. The Department of Community, Trade and Economic Development (CTED) works to strengthen communities to bolster WorkFirst success. The CTED also administers the Community Jobs program, directs local area planning, and is a key partner in business outreach. Outreach includes trips to promote Washington as a place to do business.

The number of families on welfare in Washington has dropped from 96,000 in 1997 to fewer than 56,000 in 2005. (22)

Issue

Good economic policy should aim to recruit new businesses and assist businesses which provide good jobs. It should also help to provide low-wage workers with access to those jobs. The educational system is one avenue for such access. In addition to the education system, there are numerous organizations, private and governmental which play a role in economic development. Their impact on the labor force should be evaluated.

VIII. THE ROLE OF SMALL BUSINESSES

The federal Small Business Administration (SBA) Office of Advocacy classifies small businesses as those with fewer than 500 employees. (Other definitions are established for other purposes.) These firms represent more than 99 percent of all businesses. They employ half of all private sector employees. Small businesses are the birthplace of a disproportionately large number of patents and, especially in economic downturns, the basic source of employment growth. To establish a new business requires considerable assistance to develop a business plan, garner adequate financial support, and to meet numerous governmental requirements. There is some assistance at all levels of government to assist these businesses. Nevertheless, almost half of new businesses fail.

All businesses and workers are impacted by legislation and regulation. The impact of a piece of legislation may impact a small business differently from a large business. Leave requirements is an example. The impact of a required leave on a four employee business is different from the impact on a business which employs thousands. The tax system also impacts businesses. The Washington Business and Occupation tax disproportionately affects start-up companies which are not yet profitable. The SBA Office of Advocacy addresses issues of concern to small businesses, such as the impact of higher minimum wages and rates of unemployment compensation throughout the U.S. (23)

In a Washington Research Council report, a spokesman points out that the needs of businesses vary greatly. A small manufacturing company has needs different from those of a small high tech company, but the drive for all businesses in the current competitive national/global economy is cost. There are many factors which contribute to cost for any one business. (24)

IX. THE ROLE OF HIGHER EDUCATION

The Seattle Jobs Initiative report focused on the access to education through the community colleges and technical schools and their importance in developing an able workforce.

The University of Washington (UW) plays a related but different role. It also has a huge impact on the state's economy. Since the 1970s the UW has led the country's public universities in the federal funds received for research and training. The UW has a number of Nobel award winners on its faculty and has been the recipient of many other faculty honors. (25) However, support from the state falls below the level of many states.

Major grants have been received from the National Institute of Health (NIH), the Bill and Melinda Gates Foundation, the Carnegie Corporation, and the National Institute of Allergy and Infectious Diseases. There are now nine NIH centers at the UW.

The UW has played a role in the formation of some 170 businesses in the past twenty years, including Zymogenetics and Immunex.

The UW serves as a primary industry. It brings money into the area. The UW employs more than 20,000 people. It is Seattle's single largest employer. Only a fraction of that number is paid with state funds. UW jobs are well-paid and have a high multiplier effect.

Many in the Seattle area have a vision of the area becoming a biotech center. Much of the activity in the South Lake Union area is focused on that goal. There are several locations in the country which have those aspirations. Seattle is estimated to be about fifth in a national ranking of existing centers. The life sciences as a potential growth area for employment have caught the nation's attention. Almost every state has a program for development in the area of biotechnology. The Seattle area has some things going for it. They include the Fred Hutchinson Cancer Research Center, the University of Washington, the University Hospital, Microsoft, the Bill and Melinda Gates Foundation, the developing complex at South Lake Union, and the support which the university has received from donors in the area of life science research.

The UW ranks near the top of grant winning universities but the number of people employed in research falls to the national average. Reasons given are that the state puts almost no money into research and the university system is small compared to the size of the state. Another top research area, Boston, has several major universities.

The population of Washington is well educated but most of the people in research jobs did not get their education here. The state ranks 43rd in the number of science and engineering students enrolled and 29th in the number of doctorates awarded. The amount of research done is related to the capacity to enroll graduate students. (26)

The University of Washington and Washington State University have reached the enrollment saturation point. Community college students who maintained a 2.75 grade point average during their first two years were guaranteed acceptance at the UW main campus. That entry is now limited. Tuition costs have increased steadily during the past decades (36-38%). State support for those institutions during that period has increased about two percent.

X. IN SUMMARY

There are many programs whose goals foster economic development. Most of them rely to a large extent on government funding. Their effective use and implementation, however, depend heavily on local initiative and planning. There are many questions which arise in using tax funds for economic development and planning. The planning structures and processes are complex in that they include various governmental jurisdictions and agencies, as well as private agencies with varied goals and sources of income.

Questions arise:

1. Is the proposed use of tax funds a justified use of government funds?
2. Who is benefiting from the use of tax funds for economic development?
3. Is there a planning strategy which benefits those businesses which contribute to the economic vitality of the region? These would be businesses with potential for increasing employment and providing living wage jobs.
4. Is there a planning strategy to enhance those strengths which current residents value such as a sustainable environment, natural beauty, diversity, and a rich cultural life?
5. Is there a planning strategy which benefits all components of a very diverse population?

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April Unit Agenda

Unit Business

1. Introductions
2. Unit Business
3. Board Report

Discussion Questions

1. Support for economic development activities comes from many sources, many of them governmental. Is this an appropriate use of tax funds? Please give reasons for your view.
2. If tax funds are used for economic development, what should be the criteria for their use?
3. Should programs/activities funded to support economic development be evaluated? If yes, on what basis?
4. Regulations are an issue for businesses. What factors/criteria should be considered in developing regulations?
5. DISCUSSION (Important but very hard to reach a consensus on this.)

As the necessity for regional decisions increases, should the PSRC which has members from many jurisdictions be more accountable to the voters? If so, how?

Election Town Hall Forums

Election forums will be held in six locations in King County. LWVS will provide moderators. The Director of Records, Elections, and Licensing, Dean Logan will present a post election report to those in attendance followed by comments and questions. King County Councilmembers from the local districts will present remarks.

The forums are scheduled from 7-9 pm.

4/12 - Shoreline Conference Center, Mt. Rainier Rm, 18560 1st Ave. NE

4/14 Seattle First Baptist Church 1111 Harvard Ave.

4/20 Tukwila - Foster High School, Performing Arts Center - 4242 S 144th St.

5/3 Federal Way Weyerhaeuser King County Aquatic Center 650 SW Campus Dr.

Kirkland - to be rescheduled

Check our calendar for more details: <http://seattlelwv.org/events.asp>

League Forum

Economic Development: Metropolitan Seattle Area, Part II

Thursday, April 7, 7:30 pm

Seattle First Baptist Church
1111 Harvard (corner of Harvard and Seneca)

Speakers

Gary Hamilton, UW Dept. of Sociology

Connie Marshall, Regional Advocate, Small Business Administration

Marlena Sessions, Workforce Development Council

Rhonda Simmons, Seattle Jobs Initiative

Free and open to the public

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The League of Women Voters, a nonpartisan
political organization, encourages the
informed and active participation of citizens in
government, works to increase understanding
of major public policy issues, and influences
public policy through education and advocacy.*

Spring Fling

Sunday, May 15, 2005
1:30 - 4:00 pm
Salty's on Alki

Refreshments and no-host bar
With Keynote Speaker
Nancy Pearl

Author of
'Booklust', Public
Radio Librarian,
and Confessed
Readaholic



Annual Meeting

Thursday, May 19th, 2005

5:00 Registration
5:30 pm Call to order

Seattle First Baptist Church

\$10 for registration and dinner
Reservations: 206.329.4848