APPENDIX: Materials Provided from Work Session Presenters

Note: Presenter names included here reflect those who provided materials, not all presenters who spoke in front of the committee.

1. **June 16, 2020**
   b. Unemployment challenges
      i. Anneliese Vance-Sherman, Employment Security Department
      ii. Dr. Debra Glassman, University of Washington
   c. Regional perspectives on the economic crisis
      i. Charlie Davis, Boston Consulting Group, Updated
      ii. Grant Forsyth, Avista Corporation
      iii. Hart Hodges and James McCafferty, Western Washington University

2. **July 21, 2020**
   a. Introductions
   b. Rebuilding an inclusive economy: an intersectional perspective
   c. Broadband
      i. Russ Elliot, Washington State Broadband Office
      ii. Vickie Robinson, Microsoft Airband
   d. Healthcare
      i. Larry Levitt, Kaiser Family Foundation
   e. Local economic development
      i. Lisa Brown, Washington State Department of Commerce
      ii. Suzanne Dale Estey, Washington Economic Development Association

3. **September 29, 2020**
   a. Economic impact of 2020 forest fires
      i. Jason Marquiss, Washington Military Department Emergency Management Division
   b. Overview from Employment Security Department on Washington’s current labor market
      i. Anneliese Vance-Sherman, Employment Security Department
   c. Main street Washingtonians perspective on the pandemic and their experience with health care and childcare.
   d. Small Business Challenges
      i. Justin Norman, Yelp
      ii. David Blandford, Washington Tourism Alliance
      iii. Tom Norfolk, Visit Seattle
      iv. Shiloh Burgess, Wenatchee Valley Chamber of Commerce

4. **October 27, 2020**
   a. Aerospace
      i. Richard Aboulafia, Teal Group Corporation
      ii. Scott Kennedy, Alaska Airlines
      iii. Spencer Cohen, Aerospace Sector
   b. Manufacturing
      i. Lisa Brown, Washington State Department of Commerce
   c. Next Steps
PRESENTATION TO
SENATE SPECIAL COMMITTEE ON ECONOMIC RECOVERY
JUNE 16, 2020

Dr. Debra Glassman
Principal Lecturer
Department of Finance & Business Economics
An unusual recession?

• Unusual: cause, speed of onset and depth
• Unusual: both supply-side and demand-side
  - Overseas and domestic shutdowns
  - Stay-at-home orders prevent consumption of goods and services
• Not unusual: recovery pattern
  - Recovery of output and employment will be slow
  - “Swoosh” rather than V shape
Unemployment Rate

Total Unemployed, Plus All Persons Marginally Attached to the Labor Force, Plus Total Employed Part Time for Economic Reasons, as a Percent of the Civilian Labor Force Plus All Persons Marginally Attached to the Labor Force (U-6)

Shaded areas indicate U.S. recessions

Source: U.S. Bureau of Labor Statistics

Source: Federal Reserve Economic Data, accessed June 15, 2020
Pattern of economic recovery

• Typical recovery of employment after recession is years-long (see slide 3)

• Initial hopes of temporary shutdown and quick snap-back of employment
  - Policy problem was maintaining firms and households through the shutdown
  - Economic pain would be confined to sectors like airlines, hotels, restaurants

• Once we saw ‘multiplier effects’ on other sectors, we knew there was a more generalized recession
Rcessions accelerate automation and productivity

• All 3 recessions over last 30 years led to big increases in automation, increasing productivity [Brookings Institution]

• Why is recession a good time to automate?
  - Interest rates are low, capital goods become cheaper, people are relatively more expensive
Structural unemployment is caused by permanent shifts in labor demand

- “Mismatch” between skills and location of workers and the required skills and location of jobs
  - Long-term: requires re-training and/or re-location of workers
- Some examples of pandemic-driven structural change:
  - E-commerce accelerates decline in physical retail
  - Return of manufacturing to US to build supply chain resilience for future
    - Automation in manufacturing and distribution
  - Telework
- Structural change has broad multiplier effects – e.g., telework affects:
  - Office construction, demand for gasoline (and gas tax revenue), business travel/convention/hospitality industries
Policy responses to structural unemployment

• Support education and job (re-)training using existing institutions, such as
  - Community college programs
  - Apprenticeships

• Support re-locations of jobs (office to home) and people (big cities to small)

• Support small businesses and start-ups
Unemployment Challenges: Who are the unemployed?

Senate Special Committee on Economic Recovery
Virtual work session
June 16, 2020

Anneliese Vance-Sherman, Ph.D.
Regional Labor Economist
Washington Employment Security Department
Labor Market and Economic Analysis
Unemployment and Labor Force
467,127 new claims were filed in Washington during the month of April 2020
Since the March 1, 2020, ESD has received more than 1.3 million applications for Regular Unemployment Insurance.
295,594 regular UI claims were paid in April 2020
The unemployment rate in Washington reached 15.4 percent in April.
The unemployment rate varies by location
Who are Washington’s unemployed?
Who are the unemployed?

Occupation

- Food Preparation and Serving Management
- Office and Administrative Support
- Sales and Related
- Construction and Extraction
- Personal Care and Service
- Transportation and Material Moving
- Production
- Healthcare Support
- Building & Grounds Cleaning &…
- Installation, Maintenance, and Repair
- Healthcare Practitioners and Technicians
- Business and Financial Operations
- Education, Training, and Library
- Arts, Design, Entertainment, Sports, &…
- Computer and Math
- Architecture and Engineering
- Farming, Fishing, and Forestry
- Protective Service
- Community and Social Services
- Life, Physical, and Social Sciences
- Legal Occupations
- Military
## Occupations with the most active claims

<table>
<thead>
<tr>
<th>Occupational Group</th>
<th>State Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waiters and Waitresses</td>
<td>19,980</td>
</tr>
<tr>
<td>Retail Salespersons</td>
<td>14,772</td>
</tr>
<tr>
<td>Bartenders</td>
<td>10,756</td>
</tr>
<tr>
<td>General and Operations Managers</td>
<td>8,433</td>
</tr>
<tr>
<td>Sales Managers</td>
<td>8,128</td>
</tr>
<tr>
<td>Cashiers</td>
<td>7,015</td>
</tr>
<tr>
<td>Production Workers, All Other</td>
<td>6,920</td>
</tr>
<tr>
<td>Cooks, Restaurant</td>
<td>6,583</td>
</tr>
<tr>
<td>Carpenters</td>
<td>5,756</td>
</tr>
<tr>
<td>Managers, All Other</td>
<td>5,497</td>
</tr>
<tr>
<td>Hairdressers, Hairstylists, and Cosmetologists</td>
<td>5,284</td>
</tr>
<tr>
<td>Stock Clerks and Order Fillers</td>
<td>5,263</td>
</tr>
<tr>
<td>Chefs and Head Cooks</td>
<td>5,140</td>
</tr>
<tr>
<td>Maids and Housekeeping Cleaners</td>
<td>4,914</td>
</tr>
<tr>
<td>Food Service Managers</td>
<td>4,518</td>
</tr>
<tr>
<td>Receptionists and Information Clerks</td>
<td>4,252</td>
</tr>
<tr>
<td>Counter Attendants, Cafeteria, Food Concession, and Coffee Shop</td>
<td>4,227</td>
</tr>
<tr>
<td>Janitors and Cleaners, Except Maids and Housekeeping Cleaners</td>
<td>3,955</td>
</tr>
<tr>
<td>Childcare Workers</td>
<td>3,874</td>
</tr>
<tr>
<td>Sales Representatives, Services, All Other</td>
<td>3,775</td>
</tr>
</tbody>
</table>
Claims by industry:

- Accommodation and food services
- Retail trade
- Health care and social assistance
- Construction
- Manufacturing
- Other services, except public administration
- Administrative and waste services
- Arts, entertainment, and recreation
- Transportation and warehousing
- Unknown
- Wholesale trade
- Professional and technical services
- Educational services
- Real estate and rental and leasing
- Government
- Information
- Agriculture, forestry, fishing and hunting
- Finance and insurance
- Management of companies and enterprises
- Utilities
- Mining
Racial minorities make up a larger share of active claims in Washington.

<table>
<thead>
<tr>
<th>Race / Ethnicity</th>
<th>Percent Employed 2018 ACS</th>
<th>Percent Claims Week 22</th>
</tr>
</thead>
<tbody>
<tr>
<td>White alone</td>
<td>79%</td>
<td>65%</td>
</tr>
<tr>
<td>Black or African American alone</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>American Indian and Alaska Native alone</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Asian alone</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Native Hawaiian and Other Pacific Islander alone</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Some other race alone</td>
<td>5%</td>
<td>NA</td>
</tr>
<tr>
<td>Two or more races</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Unspecified</td>
<td>NA</td>
<td>11.0%</td>
</tr>
<tr>
<td>Hispanic or Latino origin (of any race)</td>
<td>12%</td>
<td>11%</td>
</tr>
<tr>
<td>White alone, not Hispanic or Latino</td>
<td>69%</td>
<td>60%</td>
</tr>
</tbody>
</table>
Women make up a larger portion of active claims in Washington.
Young workers are more likely to be unemployed.
Workers with lower levels of education are more likely to be collecting unemployment insurance.

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Census ACS</th>
<th>Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than high school graduate</td>
<td>7%</td>
<td>17%</td>
</tr>
<tr>
<td>High school graduate (includes equivalency)</td>
<td>19%</td>
<td>32%</td>
</tr>
<tr>
<td>Some college or associate's degree</td>
<td>32%</td>
<td>36%</td>
</tr>
<tr>
<td>Bachelor's degree or higher</td>
<td>41%</td>
<td>24%</td>
</tr>
</tbody>
</table>
Payroll employment
Washington nonfarm employment dropped by 527,000 from March to April

Employment Security Department, Washington Employment Estimates (seasonally adjusted), April 2020
All industries were impacted – some more than others

<table>
<thead>
<tr>
<th>Industry</th>
<th>Total employment, April 2020</th>
<th>March 2020 to April 2020</th>
<th>March 2020 to April 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Nonfarm</td>
<td>2,961.1</td>
<td>527.0</td>
<td>17.8%</td>
</tr>
<tr>
<td>Mining and Logging</td>
<td>5.3</td>
<td>-0.5</td>
<td>-9.4%</td>
</tr>
<tr>
<td>Construction</td>
<td>144.4</td>
<td>-81.0</td>
<td>-56.1%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>262.7</td>
<td>-27.5</td>
<td>-10.5%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>124.7</td>
<td>-12.7</td>
<td>-10.2%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>352.4</td>
<td>-45.6</td>
<td>-12.9%</td>
</tr>
<tr>
<td>Transportation, Warehousing, and Utilities</td>
<td>106.0</td>
<td>9.5</td>
<td>9.0%</td>
</tr>
<tr>
<td>Information</td>
<td>147.8</td>
<td>-3.2</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>151.6</td>
<td>-7.6</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>410.5</td>
<td>-35.3</td>
<td>-8.6%</td>
</tr>
<tr>
<td>Education and Health Services</td>
<td>439.6</td>
<td>-66.7</td>
<td>-15.2%</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>155.3</td>
<td>-177.7</td>
<td>-114.4%</td>
</tr>
<tr>
<td>Other Services</td>
<td>95.3</td>
<td>-31.2</td>
<td>-32.7%</td>
</tr>
<tr>
<td>Government</td>
<td>565.5</td>
<td>-28.5</td>
<td>-5.0%</td>
</tr>
</tbody>
</table>
Thank you!
Sources:

- Employment Security Department / Labor Market and Economic Analysis; Unemployment Insurance Claims
- U.S. Census Bureau, American Community Survey (ACS), 2018
Eastern Washington April Unemployment Rates

Eastern Washington April Unemployment Rates, Seasonally Adjusted

U.S. 15%
WA 15%
Walla Walla 12%
Tri-Cities 13%
Yakima 14%
Wenatchee 15%
Spokane-Spokane Valley 16%

Pre-COVID rate about 5%

Source: WA ESD and BLS
• Acknowledging **under-employment** and not just unemployment.

• Continued support for state and local **ESD re-employment activities**, as well as regional work force councils, economic development agencies, and community colleges.

• Support **pre-COVID capital projects** if they have significant direct and indirect employment impacts and support long-term economic growth.

• The provision of **highspeed internet** outside of population centers.

• State push back against another significant **international trade conflict**.
Supporting the Economic Recovery, Areas of Analysis

- Healthcare, including public health.
- Resiliency of utilities and emergency services.
- Food network farm to table: growing, transporting, processing, and distribution.
- K-12 education and the connection to employment, household budgets, and food security.
Questions?
COVID-19 economic recovery planning

Senate Select Committee on Economic Recovery

This presentation is guidance only. It does not constitute medical or safety advice, nor is it a formal endorsement or recommendation of a particular response.
Washington State has seen >1M unemployment claims since March.
History suggests job recovery will take multiple years

Prior shocks (WA & other states)

- WA State
  - Great Recession (2008-10)
  - Post 9/11

- Other States
  - NY: Post 9/11
  - LA: Katrina

Multi-year recovery observed (Time from 'trough' to prior peak)

- Fastest (Katrina): 1.7 years
- Average: 3.0 years

Limited recovery in initial months (Avg. % of jobs recovered after 'trough')

- 3 months:
  - Fastest (Katrina): 16%
  - Average: 11%

- 6 months:
  - Fastest (Katrina): 27%
  - Average: 13%

Source: Bureau of Labor Statistics, BCG analysis

This presentation is guidance only. It does not constitute medical or safety advice, nor is it a formal endorsement or recommendation of a particular response.
Planning for economic recovery

- There is no 'silver bullet'
- We are in a resource-constrained environment
- This crisis has deepened existing inequality
- Opportunity to strategically invest in State priorities
Four categories of levers for Washington State to consider

- Programs funded by the Operating budget
- Investments funded by the Transportation Budget
- Investments funded by the Capital Budget
- Non-monetary policy levers
We are compiling a 'long list' of potential ideas

<table>
<thead>
<tr>
<th>Programs funded by the Operating budget</th>
<th>Provide loan guarantees to support small businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments funded by the Transportation Budget</td>
<td>Fund the maintenance / preservation backlog of roads and bridges</td>
</tr>
<tr>
<td>Investments funded by the Capital Budget</td>
<td>Expand funding for broadband to improve rural connectivity</td>
</tr>
<tr>
<td>Non-monetary policy levers</td>
<td>Survey state assets to determine if opportunities for higher ROI</td>
</tr>
</tbody>
</table>

Example metrics to assess:
- Jobs created
- Long-term GDP impact
- Jobs / dollar invested
- Alignment to WA State priorities (e.g., trade, equity, sustainability)
- Feasibility

This presentation is guidance only. It does not constitute medical or safety advice, nor is it a formal endorsement or recommendation of a particular response.
Accelerate and sustain Washington's economic recovery

Maximize the impact of limited State resources

Tailor the approach to recover jobs and grow economy considering regional & industry needs

Ensure an equitable recovery that supports disadvantaged people & communities

Keep Washington State priorities front and center, such as maritime and sustainability

Strategically invest in innovation to grow the state's long-term advantage

Protecting the health and safety of Washingtonians is foundational to economic recovery

This presentation is guidance only. It does not constitute medical or safety advice, nor is it a formal endorsement or recommendation of a particular response.
The situation surrounding COVID-19 is dynamic and rapidly evolving, on a daily basis. Although we have taken great care prior to producing this presentation, it represents BCG’s view at a particular point in time. This presentation is not intended to: (i) constitute medical or safety advice, nor be a substitute for the same; nor (ii) be seen as a formal endorsement or recommendation of a particular response. As such you are advised to make your own assessment as to the appropriate course of action to take, using this presentation as guidance. Please carefully consider local laws and guidance in your area, particularly the most recent advice issued by your local (and national) health authorities, before making any decision.
Puget Sound and North

Conditions, Data Needs, and Next Steps
Employment in Key Sectors

<table>
<thead>
<tr>
<th>Region</th>
<th>Information</th>
<th>Leisure &amp; Hospitality</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>King County</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Whatcom County</td>
<td>1</td>
<td>10</td>
</tr>
</tbody>
</table>
Wages in Key Sectors

King County
- Information
- Leisure & Hospitality

Whatcom County
- Information
- Leisure & Hospitality
Overall, how has this business been affected by the COVID-19 pandemic?
In your opinion, how much time do you think will pass before this business returns to its normal level of operations relative to one year ago?

Survey Question:

- Collection Dates: Week 6 (5/31 to 6/6)
- Survey Question: Outlook
- Compare: MSA 42600 Seattle-Tacoma-Bellevue, WA

Bar chart showing percentage of businesses by response:
- 1 month or less: National - 5%, MSA 42600 - 3%
- 2-3 months: National - 10%, MSA 42600 - 9%
- 4-6 months: National - 20%, MSA 42600 - 18%
- More than 6 months: National - 45%, MSA 42600 - 50%
- Do not believe this business will return to its normal level of operations relative to one year ago: National - 5%, MSA 42600 - 4%
- There has been little or no effect on this business’s normal level of operations relative to one year ago: National - 5%, MSA 42600 - 6%

Data Collected: May 31 to June 6
Role of the Public Sector

![Bar chart showing the role of the public sector in King, Skagit, and Whatcom counties. The x-axis represents the counties, and the y-axis represents the percent of total wages and employment as a percentage. Skagit county shows a significant increase in both wages and employment compared to King and Whatcom counties.]
**Information Needed**

- Jobs most at risk, by region and sector
  - Where might layoffs become permanent (how should we tailor or prioritize assistance)?

- Commuting
  - The challenges public transportation agencies are facing
  - Future infrastructure needs

- Access to broad band (existing access maps can be misleading)

- Who has access to health care - not just health insurance?
Potential Steps

• Statewide testing plan(s)
• Strategy for rapid and effective distribution of vaccine (when available)
• Broad guidelines that provide certainty, but also flexibility for businesses
• Investments in infrastructure
  • Child care (** Commerce funding community child care projects)
  • ESD technology base
We strengthen communities
Citizens and Businesses

- 884,000 homes without fiber
  Est. $2.5+B
- WSBO Plan, Policy
- PWB Programs
- UTC Evaluation

SB 5511
Anchor Institutions

- Schools
- Libraries
- Health Care
- Public Safety
- Essential Services
- Industries
- Government
The Broadband Delivery CHALLENGE

## Solutions

- USF
- State block grants from federal agencies
- Mapping to define areas
- Rallying communities to engage in conversation
- Policies supporting state broadband legislative directive
- Public-Private Partnership Cooperative model

### Break-Even

- Served
- Underserved
- Unserved

**Unserved** = Residents
- < 25 mbps download
- < 3 mbps upload
- Business Corridor
- < 1 gbps download
Supporting the Broadband Delivery Lifecycle

1. **PLANNING**
   - Coordinate statewide planning, stakeholder collaboration, inform policy

2. **IDENTIFYING**
   - Maintain comprehensive state mapping data and feasibility

3. **FUNDING**
   - Facilitate access to all available funding opportunities

4. **DELIVERING**
   - Ensure future-proof networks to meet state goals

5. **SERVICING**
   - Support sustainable operational programs and digital equity

Supporting the Broadband Delivery Lifecycle
IDENTIFYING: Statewide Mapping Project

- Crowdsourced speed test data capture
- MLabs data
- FCC 477 data
- CAF II Award areas
- RDOF opportunity areas
- Incumbent Provider service territories
- Other Provider coverage areas
- Fiber infrastructure state of Washington
- State of Washington assets
- Federal assets
- EDA Zones
- Opportunity Zones
- Broadband funding awarded areas
- Type of infrastructure for last mile service
- WISPs and coverage areas
- PUD networks
- Port networks
- Rural Electric Authority
- State legislative districts
- Congressional districts
- Anchor institutions
- Tribal areas
- 2028 areas served at 150/150 Mbps
- NTIA mapping
- State projects in process
- Additional data categories as available
What Gets Measured Gets Done

Stevens County Mapping Project

- Availability
- Providers
- Affordability
What Gets Measured Gets Done

Frontier Air Park Community Planning Example

• Statistically viable sample
• Quantifiable outcome 9 mbps down/ 2 mbps up
• Next step: find provider
 IDENTIFIED: UNSERVED / UNDERSERVED

INCUMBENT PROVIDER

YES

IN PROCESS

IN PLANNING

How Can We Help?

NO

NO FUNDS

NOT Viable

OTHER

How Can We Help?

PUBLIC PRIVATE PARTNERSHIP

ALTERNATE PROVIDER
Emerging Technologies

Ensuring Washington State is a friendly environment for technologically agnostic, affordable last mile solutions

Currently in discussions with:

- 5G Cellular
- Microsoft TV White Space/Airband
- SpaceX Starlink
- Amazon Kuiper
- Avista
- 2.5GHz EBS Educational Broadband Spectrum
FUNDING

• Become #1 State in the nation for receipt of federal funding
• 2020 federal funding windows closing
• FCC Rural Digital Opportunity Fund (RDOF) $16B, $4.4B
• USDA Rural Development Broadband ReConnect Loan and Grant Program $550, $600M
• Pending Stimulus

• FCC 2.5GHz Rural Tribal Window
• PWB Construction Cycle $16+M
• USDA Distance Learning and Telemedicine $50K-$1M
• USDA Community Connect
• State Universal Service Fund
• Private / Undiscovered
• PWB Feasibility awarded $50K
• 2019 PWB Feasibility awarded $450K
Next Steps

How you can help - action items:

• Visit broadband.wa.gov and take the State Speed Test Survey

• Shovel ready projects identified and brought to the attention of WSBO

• Matching funds for federal opportunities

• Technical assistance
“What gets measured gets done!”

Thank you.

Russ Elliott
DIRECTOR, WASHINGTON STATE BROADBAND OFFICE
Russ.Elliott@commerce.wa.gov
564.999.0326
Airband Initiative mission - connect the unconnected

We partner with equipment makers, internet and energy access providers, and local entrepreneurs to make affordable broadband access a reality for unserved communities around the world.

3 Million

People projected to be covered in rural U.S. by July 2022
Airband efforts in Washington State

- Declaration Network Group (DNG): is an alternative broadband access provider leveraging disruptive technology to deliver high capacity access services with significant cost and performance advantages. DNG’s Airband project in Washington will bring connectivity to Ferry and Stevens Counties. As part of the work with DNG, we have engaged with Columbia Cedar, the largest employer in Ferry County, on a project to promote data-driven business practices utilizing PowerBI and Azure. Building upon the emergency response demonstration network, DNG is engaged with the work in Stevens and Ferry Counties to bring connectivity to Pre-positioned Fire Camps (PPFCs), starting with the Addy Fire District in Stevens County.

- TV Association of Republic (RTV): RTV has leveraged our initial grant to expand broadband access in Curlew Lake. We have awarded an additional grant for RTV’s purchase of TVWS equipment to further extend connectivity in Ferry County.

- Native Network: Native Network constructs and deploys wireless internet access networks to provide affordable hybrid and fixed wireless broadband internet access to tribal communities in Washington State, including Swinomish Tribe and Lummi Nation. Native Network is dedicated to supporting Native American Tribes and their Lands by providing broadband connectivity to these communities.

- Expanding Airband Footprint: In addition to the partnerships with the above ISPs, the Microsoft Airband Initiative has created the Airband ISP Program. Designed as a self-service extension of the Airband initiative, we have 28 ISPs that have signed up for the Airband ISP Program that are receiving preferential pricing on TVWS equipment, tower leases, fiber, digital skills content, and discounts on billing and operations software.
Internet Connectivity – Last Mile Solutions

**Last Mile:** The final connectivity leg between the internet service provider (ISP) and the customers

- **Satellite**
- **Terrestrial Wireless** (Licensed, Shared, Unlicensed Spectrum)
- **Wired Connectivity** (Copper, Coaxial Cable, Fiber)

Router / Wi-Fi Access Point

Hub/Router

Base Station

Internet
Existing and Emerging Technologies

- **Fiber**
  - Fiber massification and backhaul

- **LTE (Long term evolution)**
  - Urban and Rural, Licensed/Unlicensed, Wireless

- **Satellite**
  - LEO (Low Earth Orbit) such as Starlink (SpaceX), OneWeb, Kuiper (Amazon).

- **TVWS (Television White Spaces) and Mid Band (3.5GHz, 5.8GHz)**
  - Rural and urban, Unlicensed, Wireless

- **CBRS (Citizen Broadband Radio Service), Wi-Fi 6**
  - Urban, Licensed/Unlicensed, Wireless

- **5G**
  - Urban, Licensed, Wireless

Technology selection depends on use cases, coverage, and capacity requirements.
Questions?
To learn more, visit microsoft.com/airband or email vickie.robinson@microsoft.com
The Effects of the Public Health and Economic Crises on Health Care

Larry Levitt
Executive Vice President for Health Policy, KFF

Washington State Special Committee on Economic Recovery
July 21, 2020
The Effects Of COVID-19 Have Been Devastating
Many Could Lose Employer Health Coverage, But It Mostly Doesn’t Seem To Have Happened…Yet

- Based on early job losses, we estimated 27 million could lose employer coverage, including 835,000 in Washington
- Anecdotally, many employers seem to be continuing health benefits for furloughed and laid off workers, but that won’t last forever.
- Census Household Pulse survey offers clues.
  - End of April/beginning of May: 23.2 million adults uninsured
  - Beginning of July: 24.7 million adults uninsured

(But over 25 million don’t know.)
Figure 3

May 2020 Eligibility For ACA Coverage Among People At Risk Of Losing Employer-Sponsored Insurance

Washington State

- Medicaid Eligible, 426,000
- Tax Credit Eligible, 150,000
- Ineligible for Financial Assistance, 259,000

Total = 835,000

69% are eligible for Medicaid or ACA premium subsidies

Notes: Medicaid eligible includes people eligible for other public coverage, such as CHIP. Totals may not sum due to rounding.
Source: KFF. Job Losses occurred March 1st through May 2nd, 2020.
Special Enrollment Signups On The Washington Health Benefit Exchange Are Up, But Total Numbers Are Modest

Sign up Activity in March and April of 2020 Compared to 2019

Over April and March of 2020, the number of people signing up doubled compared to the same period last year.
Figure 5
Growth In Medicaid Managed Care Enrollment: March 2020 To May 2020

SOURCE: KFF analysis of state Medicaid managed care enrollment reports.
The ACA Provides A Safety Net For The First Time In A Recession, But It’s Imperfect

- The application process can be complex, and people losing employer health coverage may not know the options available to them.
- Exchange coverage can be unaffordable, even with subsidies.
- It may require switching insurers and doctors, in the midst of a pandemic.
The Pandemic Didn’t Bend The Cost Curve, It Broke It In Half

Annualized monthly health services spending, in millions

Figure 7

SOURCE: KFF analysis of BEA data.
In the past three months, have you or another family member in your household skipped or postponed any type of medical or dental care because of the coronavirus outbreak, or not? [If yes: Was that you, another family member, or both?]

Half Say They Or A Family Member Skipped Or Postponed Medical Or Dental Care Due To Coronavirus

42% say they personally skipped or postponed care

SOURCE: KFF Health Tracking Poll (conducted June 8-14, 2020). See topline for full question wording.
Figure 9

Most Common Type Of Care Skipped Or Delayed: Dental Visits, Followed By Routine Check-Ups

Percent who say that the type of care they or a family member skipped or postponed because of coronavirus included each of the following:

Among the 52% who say they or a family member skipped or postponed care

- Dental check-ups or procedures: 71%
- Regular check-ups or physical exams: 58%
- Doctor visits for new symptoms: 28%
- Doctor visits for chronic conditions: 25%
- Preventive screenings: 23%
- Surgery: 12%
- Physical therapy or rehabilitation care: 11%
- Mental health care: 11%
- Cancer treatments: 4%

Among all adults

- Dental check-ups or procedures: 37%
- Regular check-ups or physical exams: 30%
- Doctor visits for new symptoms: 15%
- Doctor visits for chronic conditions: 13%
- Preventive screenings: 12%
- Surgery: 6%
- Physical therapy or rehabilitation care: 6%
- Mental health care: 6%
- Cancer treatments: 2%

SOURCE: KFF Health Tracking Poll (conducted June 8-14, 2020). See topline for full question wording.
Some Of Those Who Say They Or A Family Member Skipped Care Report Worsening Medical Conditions As A Result

Percent who say they or a family member skipped or postponed medical care because of the coronavirus outbreak: 52%

Percent who say their or their family member’s medical condition got worse as a result: 14%

SOURCE: KFF Health Tracking Poll (conducted June 8-14, 2020). See topline for full question wording.
There Has Been An Abrupt Drop In Cancer Screening

Change in average weekly cancer screening volume, Jan 1, 2017-Jan 19, 2020 vs Jan 20-Apr 21, 2020, by type of screening

- Breast cancer screenings: -100%
- Colon cancer screenings: -86%
- Cervical cancer screenings: -94%

Source: Epic Health Research Network, “Preventive Cancer Screenings during COVID-19 Pandemic” • Get the data • PNG
Mental Health Needs Have Increased Dramatically During The Crisis

Share of adults reporting symptoms of anxiety or depressive disorder

- 2019: 11.0%
- Jun-20: 36.5%

SOURCE: KFF analysis of NHIS and Census Pulse surveys.
Thank you.
Washington’s Economic Recovery

Senate Economic Recovery Committee

Lisa Brown
DIRECTOR

JULY 21, 2020
The economic impact of COVID-19 is unprecedented. Employment decline since February is >2x higher than the lowest point of the Great Recession.

Unprecedented impact
12% employment decline >2x higher than any point during the Great Recession

WA tracking with other states
WA curve shaped similarly to those of other Western states, and the US overall

Early signs of recovery, but still a long way to go
While May figures show some improvement, current level of impact is still unprecedented.

Dashboard screenshot: % change in total employment vs. February 2020 by geography (seasonally adjusted)

Source: Current Employment Statistics (CES) - Seasonally Adjusted, Bureau of Labor Statistics (Includes all workers on payroll)
While impact has been highly concentrated in a few industries, nearly all sectors have seen significant job declines.

Dashboard screenshot: % and absolute change in total WA employment by industry, February to May 2020 (seasonally adjusted)

- Impact is disproportionate
  ~60% of job losses concentrated in three sectors, with ~35% of total losses in Leisure & Hospitality alone

- Impact is broad
  Most sectors have seen declines of at least 7%

- Public health most critical economic recovery lever
  Job losses concentrated in industry groups with high levels of human contact

Source: WA-QB Current Employment Statistics (CES) - Seasonally Adjusted, Employment Security Department, Washington State (Includes all workers on payroll)
UI claims indicate disproportionate impacts across populations

Dashboard screenshots: Continued UI claims per 100 workers in each population group, week ending June 27

By education level

- Did not finish high school: 7
- High School Diploma, including GED: 14
- Some college or Associate’s degree: 13
- Bachelor’s or advanced degree: 7

Claim rate ~35% higher than average among high school grads without a college degree

By age group

- <18: 3
- 18-24: 13
- 25-34: 12
- 35-44: 9
- 45-54: 8
- 55-64: 9
- 65+: 8

Claim rate ~25% higher than average among the 18-34 age cohort

By race

- Caucasian: 9
- Asian: 9
- Latino/Hispanic of any race: 10
- African American: 13
- American Indian: 10
- Pacific Islander: 22
- Two or More Races: 10

Early signs of disproportionate impacts across race groups

Source: UI claims data, Employment Security Department, Washington State; Longitudinal Employer-Household Dynamics (LEHD), US Census Bureau (includes W2 workers)
Participation in Basic Food programs (SNAP/FAP): increase of 15% since February, with level of need varying highly across counties

Dashboard screenshot: Basic Food (SNAP/FAP) client counts by month, statewide

Dashboard screenshot: Basic Food (SNAP/FAP) clients as % of county population, June 2020

1. "Client" refers to an individual program participant (one household may represent multiple clients)
Source: DSHS-ESA/EMAPS Assignment #5067A; US Census
Pre-COVID trends likely to continue or accelerate, and should remain a key consideration during recovery planning.

Dashboard screenshot: % YoY change in export volume by commodity, 3-month rolling average.

Federal policy continues to suppress international trade.
WA export volume posted YoY declines of at least ~5% throughout 2019 and 2020.

Ongoing challenges in aerospace likely to accelerate in near term.
Outlook highly dependent on consumer behavior; understanding potential downstream implications will be key.
Working Washington Small Business Grants
Working Washington Small Business Grants

- $10 million for Working Washington Small business grants
  - $5 million from the Working Washington strategic reserve fund
  - $5 million from the state’s $200 million COVID-19 emergency response approved by the Legislature

- Up to $10,000 to businesses with up to 10 employees for rent, utility bills, supplies, inventory and other operating expenses

- 1,442 total applications approved by the state:
  - 40% women owned
  - 15% minority owned
  - 5% veteran owned
  - 0.5% tribal owned
  - 20% retail
  - 19% restaurants
  - 4% hospitality
  - 4% manufacturing
  - 53% other (healthcare, construction, childcare, etc.)
Small Business Resiliency

- Eleven organizations that serve culturally and historically disadvantaged businesses and communities across the state.

- Technical assistance can include:
  - Finding and help applying for assistance to help your business right now, whether you are open or closed
  - Translation assistance
  - Navigating local, state and federal resources
  - Business coaching

- Working to expand to more organizations
Emergency Response

- **Community Development Block Grant funding.** Coordinating with local governments the $300 million provided to local cities and counties through the CARES Act.

- **Emergency Response Grant for Tribes.** Commerce made available $10 million in emergency grants to the state’s 29 federally recognized tribes to bolster their response to the COVID-19 pandemic.

- **Emergency Housing Grants to Counties.** $30 million available to local government partners to create quarantine and isolation beds.
Upcoming CARES Act funds

Programs to help stabilize and restart our state’s economy:

• $100 million to provide rent assistance to low-income renters at risk of homelessness, using an existing framework to send rent payments directly to landlords.

• $20 million to provide small business assistance and support data-driven recovery planning.

• $20 million to provide nonprofit assistance with a focus on equity and childhood enrichment and development.

• $20 million to provide Tribal assistance for economic recovery.
Partnerships

• AWB Rebound and Recovery Committee
  • https://www.reboundandrecovery.org/

• Safe Work and Economic Recovery advisory group to Gov. Inslee

• All In Washington
  • Safe Start for a Healthy Economic Transition & Recovery Fund
Economic Recovery Focus

- Track and promote recovery in jobs and economic activity by sector, industry, and region
- Ensure equitable access to resources for underserved entrepreneurs and communities
- Assist small businesses in retooling and pivoting for safe and successful operations
- Advocate for investment in innovation, sustainability, and resilience
Washington State has 4 potential levers, but resources are currently limited

- **Capital budget**
  - Infrastructure investments
  - Possible to pull forward additional bond capacity
  - $9B '19-21 biennium

- **Transportation Budget**
  - Transportation related infrastructure
  - Expect reduced revenue from fees, tolls, and taxes
  - $10B '19-21 biennium

- **Operating budget**
  - Programs funded by operating revenue
  - Expect large deficit and program cuts
  - $54B '19-21 biennium

- **Policy levers**
  - Non-monetary; uses existing State resources
  - Can create environment that supports job growth
  - N/A
Recovery planning: example ideas for assessment
List is not exhaustive but for illustrative use

General Infrastructure
- Invest in broadband access for rural communities
- Fund additional affordable housing projects
- Give grants/loans for building efficiency improvements (e.g., gov’t buildings)
- Establish a green infrastructure fund
- ...

Transportation Infrastructure
- Electrify public transportation vehicles (e.g., ferries, school buses)
- Invest in clean energy solutions for industrial centers (e.g., port electrification)
- Fund operational maintenance backlog for roads and bridges
- Invest in large-scale transportation project (e.g., bridge or road)
- ...

Programs (operating budget)
- Reskill workforce, with emphasis on expected growth industries
- Promote apprenticeship programs like Career Connect WA
- Guarantee loans for small business to invest and grow
- Encourage consumer spending with local SMEs via ‘shop local’ PSA campaigns
- ...

Policy ideas (non-monetary)
- Streamline permitting for infrastructure projects (e.g., broadband, green energy)
- Survey state assets to determine if there are opportunities for a higher ROI
- ...

Ideas evaluated for feasibility and impact, including:
Short term impact:
- Jobs created
- Economic multiplier
- Outside capital unlocked
- ...

Long term impact:
- Job/economic impact
- Equity
- Sustainability
- ...

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Thank you.

Lisa Brown
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360.725.4021
Working Together for Job Recovery & Economic Prosperity Across Washington

Suzanne Dale Estey, WEDA Executive Director
Q3 2020
What We Do

- Washington State’s only trade association laser-focused on economic development
- 25th Anniversary this year
- WEDA is committed to recovering, retaining, expanding and recruiting jobs and investment in Washington State

*Our Strategic Goals - since COVID-19:* Creating an imperative to empower communities across Washington with tools to recover from the COVID-19 crisis, assisting employers large and small in rebuilding, becoming globally competitive and growing jobs, while supporting an equitable economy and inclusive economic development.

*We Believe: The time is now* to rebuild our economic vitality, increase the resiliency of our economy, and strengthen the economic development ecosystem at state, regional and local levels.
Economic Crisis is Statewide

May 2020
County unemployment rates, not seasonally adjusted

- US Rate: 11.1%
- WA State Rate: 15.4%
- Seattle/Bellevue/Everett Rate: 15.2%

Source: WA State ESD

Key Sessions and Themes from the Forum:

- Onward & Upward for All - Equity through the Recovery
- Leveraging Resources, Rebuilding Communities
- Accessing Capital to Spark Recovery
- Maximizing Strong Health Partnerships for a Successful Economic Recovery
- Worker Safety as an Economic Imperative: Safe Work = Job Recovery
- Rebuilding and Reinventing Our Workforce from Cradle to College & Career
- Building the Back to Work Toolkit
- Rising All Boats as We Recover: Equity as Essential in Recovery
- Regional Policy Solutions: Leveraging Partnerships and Data
- Infrastructure as a Critical Catalyst for Economic Recovery
- Innovative Financing Tools for Entrepreneurship & Economic Recovery
- Onward & Upward - An Action Plan for Economic Developers
Key Learnings from the Forum:

- Diversity, Equity and Inclusion must be central to our work
- Critical need for Child Care infrastructure and options
- Main Streets/small businesses need more help; must work with lenders on flexibility in lending to small, Main Street and microenterprises; lower hurdles to access capital
- Addressing broadband infrastructure gaps is essential
- Business and economic developers must share learnings/best practices broadly
WEDA’s Top Legislative Priorities

WEDA’s 2021 Legislative Agenda will focus on the most critical actions lawmakers can take to recover, retain and grow living wage jobs, foster vibrant communities, support equity and opportunity for all and spark investment across Washington State:

- Strengthening the Economic Development Ecosystem
- Fostering Catalysts for Job Recovery & Growth
- Rebuilding Economies & Increasing Prosperity for All of Washington
Strengthening the Economic Development Ecosystem

WEDA believes a robust economic development ecosystem is essential at the state, regional and local levels.

2021 LEGISLATIVE & 2020 EMERGENCY REQUESTS:

- Support & protect state-level leadership in economic development, including full support for Business Recruitment, Retention & Expansion programs, and the Global Washington proposal (partially funded in 2020)

- Continue to restore funding for regional capacity to coordinate and deliver economic development services. Build on 2019 legislative investment of $1M and continue to restore ADO funding from $3.3M to $4.3M per year, funded by the General Fund. **New:** $2M in one-time federal CARES Act funding underway; $50K each ADO + more for some
Strengthening the Economic Development Ecosystem

Associate Development Organizations/Economic Development Councils

- Governor Booth Gardner created “Team Washington” network in 1985 - still high-performing 35 years later
- 35 regional economic development organizations serve all 39 counties
- Underpin the State’s economic development programs and initiatives
- “Ground game” for Washington State Commerce department
- Enhance economic development service delivery and results statewide by forming public-private, state-local partnerships
- Mission: confidential, client-based economic development that public-private partnerships are uniquely equipped to provide
Strengthening the Economic Development Ecosystem

Associate Development Organizations/Economic Development Councils

COLLECTIVE RESULTS (pre-COVID):

- Over the last five years, local ADO/EDC partners have helped over 519 businesses expand or develop new facilities and assisted 267 start ups.
- These companies have invested over $1.5 billion in land, buildings and equipment.
- These growing businesses have created over 17,946 new jobs.
- EDC business clients are estimated to generate over $100 million in new tax revenues for Washington State and local communities. Every state dollar leverages a match of at least six dollars from other public and private sources.

Through COVID-19 Crisis, ADOs have worked in partnership with Commerce to solicit, implement and fund 1,442 small business grants (with next round forthcoming). Over 26K applications were received. ADOs also executed extensive outreach to hundreds of nonprofit organizations and underserved communities about resources such as federal Paycheck Protection Program (PPP).
Strengthening the Economic Development Ecosystem

Many other important economic development entities, players - ADOs/EDCs play critical role as conveners and catalysts:

- Washington State Department of Commerce, including Industry Sector Leads
- Ports (some are Associate Development Organizations)
- Counties
- Cities
- Tribes
- Universities
- Workforce development partners
- State industry cluster/trade associations (AFA, WTIA, LSW, WA Maritime Fed.)
- Association of Washington Business, Washington Roundtable, local Chambers of Commerce, private businesses
- Utilities
- Other coalitions/EDOs
- Labor partners
Fostering Catalysts for Job Recovery & Growth

WEDA supports investments in programs that support job recovery, retention, expansion and recruitment at the local levels.

2021 LEGISLATIVE REQUESTS:

- **Continued Triage**: direct Small Business support ($10M + $10M) and technical assistance; must also work to lower hurdles to access capital
- **Invest in Infrastructure** through state public works programs which support expanding businesses:
  - Community Economic Revitalization Board (CERB)
  - Public Works Trust Fund
  - Transportation Improvement Board
  - Local Revitalization Financing (LRF) and Tax Increment Financing
  - Model Toxics Control Act (MTCA) funding
- Support increased investments in road and transit infrastructure and services to more efficiently move people and freight
- **Protect Economic Development Strategic Reserve Fund**
- **Protect targeted incentives** for aerospace and expand these to all manufacturing. Support re-establishment of R & D tax credits
Rebuilding Economies & Increasing Prosperity for All of WA

WEDA supports policies and investments that ensure that all parts of the state, and all people, benefit in increased prosperity through inclusive economic development.

2021 LEGISLATIVE REQUESTS:

- Support broadband capacity initiatives and investment
- Protect the .09 percent Sales & Use Tax for Public Facilities and economic development activities in rural counties

Rural counties in Washington have benefitted from up to a .09% “rebate” of locally-generated state sales and use tax for over twenty years. This critical tool has helped to build critical infrastructure, attract new industry and diversify economies.

- Support initiatives to increase investment in distressed communities such as Opportunity Zones
WEDA Also Supports

WEDA supports policies and investments that ensure that all parts of the state, and all people, benefit in increased prosperity through inclusive economic development.

2021 LEGISLATIVE REQUESTS:

- **Workforce Development:** WEDA supports the preservation of state funding for Washington’s community colleges and public four-year universities. Reductions already modeled by these institutions would imperil career training and placement initiatives that are a critical facet of economic development. In a global economy, human capital is an essential ingredient that drives business innovation, growth and competitiveness. WEDA supports Workforce Development Training Programs such as the Job Skills Program, Customized Training, Apprenticeships and One-Stop WorkSource Centers, new initiatives to upscale critical manufacturing workforce needs and career connected learning programs.

  Washington State’s labor force consistently ranks among the top five nationally based on education, productivity and experience. This strength in talent starts with strong early learning and is made possible by the State’s nationally recognized research universities and top-quality educational institutions. However, we face severe child care capacity gaps that must be addressed. Our education systems cannot be taken for granted and need sustainable funding and support.

- **Housing Affordability & Supply:** WEDA will support legislation to improve housing affordability and expand opportunities for housing at all income levels, particularly workforce housing.

- **Clean/Green Economy:** WEDA will support programs and funding to create jobs in the Clean Economy, while also maintaining a balanced approach.

- **Rulemaking:** WEDA supports permit streamlining initiatives that increase efficiency and provide for increased predictability in development.
Let’s Connect

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Washington Military Department
Emergency Management Division

Senate Special Committee on Economic Recovery –
2020 Wildland Fire Season

Jason Marquiss, Deputy Director
29 September 2020
Agenda

• Washington’s Disaster Experience
• Disaster Grants Overview
• 2020 Wildfire Season snapshot – Fire Mobe/FMAG Crosswalk
• Fire Management Assistance Grants - 2020
• Other Fire Season Recovery Efforts
• Economic Impacts
### Washington’s Recent Disaster Experience

<table>
<thead>
<tr>
<th>Year</th>
<th>Major Disaster Declarations</th>
<th>Fire Management Assistance Grants</th>
<th>Small Business Administration Disaster Loan Declarations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>2 Major Disasters (Jan Severe Storms, Pandemic)</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>2019</td>
<td>1 Major Disaster (Severe Winter Storms, Flooding, Landslides, and Tornado)</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>2018</td>
<td>9</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1 Major Disaster (Severe Winter Storms, Flooding, Landslides, and Mudslides)</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>2016</td>
<td>4 Fire Management Assistance Grants</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>2015</td>
<td>4 Major Disasters (Historic Fires; Windstorm; Nov Severe Storm; Dec Severe Storm)</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>2014</td>
<td>2 Major Disasters (SR530 Landslide/Central Washington Firestorm)</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>2013</td>
<td>3 Fire Management Assistance Grants</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>2012</td>
<td>2 Major Disasters (January winter storm, July high winds and flooding)</td>
<td>8</td>
<td>6</td>
</tr>
</tbody>
</table>

**FMAG Totals:** 57

**Major Disaster Declarations:**

- Fire: 2
- Windstorm: 2
- Winter Storms: 6
- Landslide: 1
- Pandemic: 1
- **Total:** 12

**SBA Declarations:** 28
4 Disaster Grant Programs

Most Frequently Declared under a Major Presidential Disaster

- Public Assistance Grant Program (PA)
- Hazard Mitigation Grant Program (HMGP)

Least Frequently Declared under a Major Presidential Disaster

- Human Services Programs - Individual Assistance (IA)

Declared by the FEMA Regional Administrator (does not go to the Governor)

- Fire Management Assistance Grant Program (FMAG) - provides financial assistance to state, local, and federally recognized tribal governments for the mitigation, management, and control of fires on publicly or privately owned forests or grasslands.
  - [https://mil.wa.gov/fire-management-assistance-grant-program-fmagp-for-public-agencies](https://mil.wa.gov/fire-management-assistance-grant-program-fmagp-for-public-agencies)
  - More program details can be found in the back-up slides
Fire Management Grant (FMAG) Program

• **Funding** – 75% Federal share and 25% non-federal share (state/local share)
• **Applies only** to FEMA declared fires
• Cost recovery includes fire suppression measures and other emergency measures and at the direction of Incident Commander
  – Emergency Measures = Category B Emergency Protective Measures
• FMAG declarations are a collaborative team effort with FEMA, State (EMD, DNR, WSP), Local Jurisdictions, and the USDA USFS Principal Fire Advisor
• **Timing Critical** - State or Indian tribal government must submit a request for fire management assistance declaration to the FEMA Regional Administrator **while** the fire is:
  • Burning uncontrolled, and
  • Threatens such destruction as would constitute a major disaster – lives, improved property, critical facilities/infrastructure, critical watersheds
## 2020 Wildland Fire Season - Fire Mobe / FMAG Crosswalk

<table>
<thead>
<tr>
<th>Fire Name</th>
<th>Mobilization Authorized</th>
<th>FMAG Declared</th>
<th>Jurisdictions</th>
<th>FMAG ACRES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunset Fire</td>
<td>X</td>
<td></td>
<td>Chelan</td>
<td></td>
</tr>
<tr>
<td>Road 11 Fire</td>
<td>X</td>
<td>X</td>
<td>Douglas</td>
<td>9,330</td>
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<tr>
<td>Colockum Fire</td>
<td>X</td>
<td></td>
<td>Chelan</td>
<td></td>
</tr>
<tr>
<td>Anglin Fire</td>
<td></td>
<td>X</td>
<td>Okanogan</td>
<td>1,992</td>
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<tr>
<td>Moses Coulee Fire</td>
<td>X</td>
<td></td>
<td>Douglas</td>
<td></td>
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<tr>
<td>Sunset Frontage Fire</td>
<td>X</td>
<td></td>
<td>Spokane</td>
<td></td>
</tr>
<tr>
<td>Badger Lake Fire</td>
<td>X</td>
<td></td>
<td>Spokane</td>
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<tr>
<td>North Brownstown (3)</td>
<td></td>
<td>X</td>
<td>Yakima/Yakama Res.</td>
<td>5,981</td>
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<tr>
<td>Chief Timothy Fire</td>
<td>X</td>
<td></td>
<td>Whitman</td>
<td></td>
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<tr>
<td>Palmer Fire</td>
<td>X</td>
<td>X</td>
<td>Okanogan</td>
<td>17,988</td>
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<td>Bartholomew Fire</td>
<td>X</td>
<td></td>
<td>Spokane</td>
<td></td>
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<tr>
<td>Evans Canyon Fire</td>
<td>X</td>
<td>X</td>
<td>Yakima</td>
<td>75,817</td>
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<tr>
<td>*Cold Springs/Pearl Hill Fire</td>
<td>X</td>
<td>X</td>
<td>Okanogan/Douglas/Colville Res.</td>
<td>413,653</td>
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<tr>
<td>Colfax Fire</td>
<td>X</td>
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<td>Whitman</td>
<td></td>
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<tr>
<td>Whitney fire</td>
<td>X</td>
<td></td>
<td>Lincoln</td>
<td></td>
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<tr>
<td>Babb (Road) Fire</td>
<td>X</td>
<td>X</td>
<td>Spokane/Whitman</td>
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<tr>
<td>Apple Acres Fire</td>
<td>X</td>
<td>X</td>
<td>Chelan</td>
<td>5,500</td>
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<tr>
<td>Euclid Track Fire</td>
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<td>Spokane</td>
<td></td>
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<tr>
<td>244th Command Fire</td>
<td>X</td>
<td></td>
<td>Pierce</td>
<td></td>
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<tr>
<td>Summer Grade Fire</td>
<td>X</td>
<td>X</td>
<td>Pierce</td>
<td>494</td>
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<tr>
<td>Bourdeaux (Road) Fire</td>
<td>X</td>
<td>X</td>
<td>Thurston</td>
<td>290</td>
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<tr>
<td>Wawawai Canyon Fire</td>
<td>X</td>
<td></td>
<td>Whitman</td>
<td></td>
</tr>
</tbody>
</table>

*1 Declaration/1 Mobilization Authorized - Managed as 2 separate fires.


**Total Acres FMAG Fires:** 546,311
Fire Management Assistance Grant (FMAG)

2020 Fire season FMAGs:

- Road 11 Fire declared for **Douglas County** on 11 July 2020 @ 2309 PDT, FM-5320-WA, FMAG incident period – 11 – 15 July 2020; State Fire Mobe Approved – 11 July 2020 @ 1730 – 15 July 2020 @ 0800

- Anglin Fire declared for **Okanogan County** on 27 July 2020 @ 2315 PDT, FM-5323-WA, FMAG incident period – 27 July 2020 – 1 August 2020; No State Mobe

- North Brownstone Fire declared for **Yakima County and the Yakama Reservation** on 17 August 2020 @ 1858 PDT, FM-5330-WA, FMAG incident period – 16 August 2020 – 17 August 2020; No State Mobe

- Palmer Fire declared for **Okanogan County** on 20 August 2020 @ 2303 PDT, FM-5337-WA, FMAG incident period 18 August 2020 – 3 September 2020; State Fire Mobe Approved 16 August 2020 @0945 – 27 August 2020 @ 0800

- Evans Canyon Fire declared for **Yakima County** on 1 September 2020 @ 1300, FM-5342-WA, FMAG incident period 1 September 2020 – TBD; State Fire Mobe Approved 1 September 2020 @ 0000 – 7 September 2020 @ 0800
Fire Management Assistance Grant (FMAG)

2020 Fire season FMAGs:

- Cold Springs/Pearl Hill Fire declared for Okanogan and Douglas Counties and the Colville Reservation on 7 September 2020 @ 1233 PDT, FM-5351-WA, FMAG incident period 7 September 2020 – TBD; State Fire Mobe Approved 7 September 2020 @ 0645 - TBD

- Apple Acres Fire declared for Chelan County on 7 September 2020 @ 1233 PDT, FM-5352-WA, FMAG incident period 7 September 2020 – TBD; State Fire Mobe Approved 7 September 2020 @ 1615 - TBD

- Babb Fire declared for Spokane and Whitman Counties on 8 September 2020 @ 0103 PDT, FM-5355-WA, FMAG incident period 7 September 2020 – TBD, State Fire Mobe Approved 7 September 2020 @ 1615

- Bordeaux Road Fire declared for Thurston County on 9 September 2020 @ 0009, FM-5359-WA, FMAG incident period 8 September 2020 @ 0001 – TBD; State Fire Mobe Approved 8 September 2020 @ 1600 - TBD

- Sumner Grade Fire declared for Pierce County on 9 September 2020 @ 0009, FM-5360-WA, FMAG incident period 8 September 2020 @ 0001 – TBD; State Fire Mobe Approved 8 September 2020 @ 0930 - TBD
Fire Management Assistance Grant (FMAG) Program

Current priorities of work:

1. Focusing on completing project worksheet documentation review for the 2015 fires first. We believe we can get about **$9 million** worth of projects reviewed and funded before the end of SFY 21. (DNR and WSP primarily fire suppressions costs)

2. We’ve estimated **~$73 million recoupment** in the 21-23 biennium (completion of 2015 thru 2018 fire seasons) (DNR and WSP: primarily fire suppressions costs; **does include** small agency and counties/city related fire suppression and CAT B costs, <5% of the overall recoupment projection for the 2020 fire season).

3. Additionally beyond SFY23, we estimate **~$50 million recoupment** (completion of 2018, 2019 and the first 5 fires thru 2020) (DNR and WSP primarily fire suppressions costs).

4. It’s too early to speculate on cost estimates for the most recent 5 FMAG declarations; Justification: the most recent 5 FMAGs contained >80% of the total acres burned – so the recoupment will be a very large dollar amount.
   A. We expect to see a significant increase in estimated reimbursements due to the size and costs of fighting the fires.
   B. However, we won’t see any major reimbursement to the DRA for these fires any time soon due to the back log and the time it takes to settle accounts with the federal agencies (DNR just settled accounts for the 2015 Stickpin Fire in May of this year).
   C. We anticipate combined DNR & WSP fire suppression costs easily in excess of $50 million for the 5 new FMAG fires.
Individual Assistance for Fires

• Presidential Declaration for Individual Assistance submitted to FEMA on September 16, 2020
  – Declaration request was for Whitman County only
    • EMD conducted a joint damage assessment with FEMA (virtual) and SBA (virtual) of Whitman County on September 11, 2020.
    • Since Whitman County was hardest hit, we will wait for the outcome of the IA Declaration request before considering a request for other counties. If Whitman County is denied, then other counties are extremely likely to be denied as well since they were less damaged.
  – It can take up to 30 days to receive notice of approval (or denial) from FEMA
  – If approved for IA Declaration, then SBA Physical Damage and Economic Injury programs are automatically approved.
    • There is currently no SBA assistance available for any of the fires in Washington
Individual Assistance for Fires

• If we do not receive a Presidential Declaration for Individual Assistance:
  
  – The state will make a request directly to SBA for Physical Damage declaration and Economic Injury
  
  – There is no state Individual Assistance Program that would replace the assistance provided by a FEMA program.
  
  – The current proposed legislation for a State Individual Assistance Program would be ideal to assist in the absence of a federal IA declaration; otherwise, state agencies have to reallocate (if possible) existing funding to help.
Individual Assistance for Fires

• Ongoing Assistance to Counties
  – Statewide:
    • Coordination with the American Red Cross on immediate housing needs through non-congregate shelters
    • The SEOC has activated the Housing Recovery Support Function (RSF) under Emergency Support Function (ESF)
      14
      – Focused on identifying housing assistance opportunities for all impacted communities
  – Whitman County:
    • EMD Human Services, Recovery team continues to provide ongoing technical support to Whitman County on establishing a long-term recovery program.
    • Assisted the county with bringing in assistance from other state agencies (DSHS, DOL, L&I, OIC) for the Multi Agency Resource Center held on 9/25 and 9/26.
  – Okanogan and Douglas Counties and the Confederated Tribes of the Colville:
    • Provide technical assistance to the Okanogan Long Term Recovery Group, which is assisting members of the Colville Tribe and residents of Okanogan and Douglas Counties
Most recent wind/dust storm & wildland fires

Pending results from a Public Assistance Program Joint (state and FEMA) Damage Assessment

Counties impacted:
• Okanogan County, Ferry County, Pend Oreille County, Chelan County, Douglas County, Kittitas County, Yakima County, Whitman County, Lincoln County, Franklin County, Skamania County, Mason County

Utilities:
• Nespelem Valley Electric - $4M
• Okanogan PUD - $7.2M
• Pend Oreille PUD - $400K
• Inland Power and Light - $3.5M
• Franklin County - $400K
• Big Bend Electric Cooperative - $300K

State agency and Tribes:
• WA Parks – 4 Rails-to-Trails trestles
• WA DNR, WDFW, Colville Tribe fencing

Local Government:
• City of Bridgeport WWTP
• City Brewster – Congregate Sheltering
• Okanogan Fairgrounds - Sheltering
• Mid Valley hospital communications tower
• Okanogan County Airport

- Current damage cost estimates (PA Program) ~$45 million:
  o PUDs/RECs (power transmission & distribution) – ~$20 million
  o State Agencies infrastructure (fences, roads, trails, trestles, etc.) – ~$15 million
  o City/County/Other Special Purpose Districts – ~$10 million
Economic Impacts

• Across the western states, a county/region that has experienced large wildfires generally should expect to see local employment and wages increase.

• Large wildfires historically lead to instability in local labor markets by amplifying seasonal variation in employment from the prior year.

• Labor market disruptions are typically outweighed by the employment that the suppression effort creates in the short term.

(source: University of Oregon, Ecosystem Workforce Program)
Economic Impacts

• Department of Commerce does not track specific, isolated impacts caused by wildland fires, but has been tracking impacts of COVID in partnership with DOR, ESD and DSHS.

• Impacts felt by a given county/region due to COVID will be exacerbated by the simultaneous and cascading impacts of wildland fire direct, immediate costs and unknown future costs.

• The longer-term economic impacts of both COVID and wildland fires will likely not be known for some time.
Economic Recovery Dashboard

For current data and analysis, visit: https://www.commerce.wa.gov/datadashboard/

#### Employment
- **Total Employment**: 3,630K (-4%)
- **Unemployment Rate**: 8.4% (4.3%)
- **Job Postings**: -41%

#### Business
- **Taxable Retail Sales**: $15,816M (-5%)
- **Taxable Business Income**: $53,177B (-12%)
- **Export Volume**: $2,715B (-45%)

#### Support Programs
- **Basic Food Participants**: 944.4K (16%)
- **TANF Participants**: 72.5K (33%)

#### Consumer Behavior
- **Credit Card Spend**: -8%
- **Time Outside Home**: -8%

---

1. Change over time period shown in trend-line. Time periods differ due to differences in publication schedules. Percentage change reflects change over last 12 months or since the first available month in last 12 months.
2. Supplemental Nutrition Assistance Program (SNAP) and State Food Assistance Program (PAP)
3. Temporary Assistance for Needy Families

The Economic Recovery Dashboard is a visualization tool that uses an assortment of data sources to track Washington state’s economic recovery and resiliency. It displays the latest available data on employment, businesses, government assistance programs, and consumer behavior, helping monitor the economic impact of COVID-19 across Washington state. This dashboard is intended to provide the public access to key metrics that may help inform policy and economic recovery initiatives. As this dashboard is still evolving, we may update the available views and data sources where possible. Updates are made on a monthly basis.

- Dashboard last updated: September 23, 2020
Back-up
FMAG Program

• The Fire Management Assistance declaration process is initiated when a State submits a request for assistance to the Federal Emergency Management Agency (FEMA) Regional Director at the time a "threat of major disaster" exists. The entire process is accomplished on an expedited basis and a FEMA decision is rendered in a matter of hours.

• The Fire Management Assistance Grant Program (FMAGP) provides a 75 percent Federal cost share and the Applicant pays the remaining 25 percent for actual costs.

• Before a grant can be awarded, a State must demonstrate that total eligible costs for the declared fire meet or exceed either the individual fire cost threshold - which is applies to single fires, or the cumulative fire cost threshold, which recognizes numerous smaller fires burning throughout a State.

• Eligible firefighting costs may include expenses for field camps; equipment use, repair and replacement; tools, materials and supplies; and mobilization and demobilization activities.

• Eligible emergency protective measures may include staff overtime and equipment time for providing evacuation notices, barricading roads, water pumping, and emergency operations center costs.

• Eligible applicants to participate as subrecipients for the FMAG program may include state agencies, county and local emergency management, law enforcement and public works offices, and special purpose districts such as fire districts and publicly owned utility companies.
<table>
<thead>
<tr>
<th>County</th>
<th>2010 Census</th>
<th>Threshold Effective 10/01/18</th>
<th>County</th>
<th>2010 Census</th>
<th>Threshold Effective 10/01/18</th>
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<td>Washington State</td>
<td>6,724,540</td>
<td>$10,288,546.00</td>
</tr>
</tbody>
</table>
Public Assistance (PA) Program

• Repair or restoration of public infrastructure
  • State and local governments
  • Tribes
  • Private non-profits
  • Special Purpose Districts
• Specific counties are declared, based upon damage thresholds which change every 1st of October
• Overall state threshold is approximately $10.3 million
• Damage must be a direct result of declared incident, located within declared area, and responsibility of applicant
• Funding - 75% federal and 25% non-federal share
• State has traditionally paid half the local share (12.5%)
Hazard Mitigation Grant Program (HMGP)

- Mitigation reduces the impact of a future disaster
- Funding available for HMGP is 20% of the total disaster costs from IA & PA
- Washington State receives a higher percentage because we have an Enhanced Mitigation Plan
- Applicants must have a FEMA approved mitigation plan to qualify
- Funding - 75% federal share and 25% non-federal share
Human Services

Individuals and Households Program (IHP)
- 100% Federal
- Direct Assistance to individuals with damages to primary residences and renters

Other Needs Assistance (ONA)
- 75% Federal share and 25% State share
- Administered by the State
- Household Items, Transportation, Moving & Storage
- Uninsured Medical / Dental / Funeral

Unmet Needs
- State Administered
- Individuals who are uninsured or underinsured and whose needs exceed Federal or SBA available assistance
- Voluntary organizations
Fire Management Grant Program (FMAG)

- Applies only to FEMA declared fires
- FMAG declarations are a collaborative team effort with FEMA, State (EMD, DNR, WSP), Local Jurisdictions, the USDA USFS Principal Fire Advisor, and the National Interagency Fire Center (NIFC)
- Timing Critical - State or Indian tribal government must submit a request for fire management assistance declaration to the FEMA Regional Administrator while the fire is:
  - Burning uncontrolled, and
  - Threatens such destruction as would constitute a major disaster – lives, improved property, critical facilities/infrastructure, critical watersheds
- Covers emergency measures and fire suppression measures at the direction of Incident Commander
- Funding – 75% Federal share and 25% non-federal share
How the Military Dept Receives DRA Authority for Disaster Obligations

RCW 38.52.105 / RCW 38.52.070(2)

- **RCW 38.52.105** creates the disaster response account. Money may be spent only after appropriation is allocated. Expenditures from the account may be used only for support of state agency and local government disaster response and recovery efforts.

- Typically only use disaster response account funds for *Presidentially declared disasters*.
DRA Funding Distribution

Public Assistance

State Agencies
- 75% Federal pass thru funding
- 25% State funding from DRA

Local Jurisdictions
- 75% Federal pass thru funding
- 12.5% State funding from DRA
- 12.5% Local funding
- State Management Costs of up to 5%

Individual Assistance
- 75% Federal pass thru funding
- 25% State funding from DRA
- State Management Costs of up to 5%

HMGP
- 75% Federal pass thru funding
- 12.5% State funding from DRA
- 12.5% Local funding
- State Management Costs of 4.89% federally funded for disasters prior to Oct 2018, and 10% for disasters after Oct 2018.

FMAG

State Agencies
- 75% Federal pass thru funding
- 25% State funding from DRA

Local Jurisdictions
- 75% Federal pass thru funding
- 12.5% State funding from DRA
- 12.5% Local funding
- DNR/WSP pay fire suppression from approved budget and DRA appropriation
- DNR/WSP/Mil reimbursements go back to the DRA not to state agency budget
- 75% federally funded Direct Administrative Costs 25
Covid-19 economic update

Senate Special Committee on Economic Recovery
Virtual work session
September 29, 2020

Anneliese Vance-Sherman, Ph.D.
Regional Labor Economist
Washington Employment Security Department
Labor Market and Economic Analysis
Unemployment and Labor Force
Initial Claims remain at elevated levels

Employment Security Department, Initial Claims for Unemployment Insurance
Continued claims is trending down, but remains elevated

Total Continued Claims, State of Washington

Employment Security Department, Continued Claims of Unemployment Insurance

- PEUC
- PUA
- Regular
Washington’s unemployment rate was 8.4% in August.
The unemployment rate has dropped throughout much of the state.
Year over year change in employment
The largest number of claims continues to be from workers in accommodation & food services
Claims are concentrated among occupations that are dependent on face-to-face contact.

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<thead>
<tr>
<th>Occupation</th>
<th>Claims</th>
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<tbody>
<tr>
<td>Food Preparation and Serving Management</td>
<td>34,926</td>
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<tr>
<td>Office and Administrative Support</td>
<td>25,618</td>
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<tr>
<td>Transportation and Material Moving</td>
<td>18,838</td>
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<td>Sales and Related</td>
<td>15,579</td>
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<tr>
<td>Production</td>
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<td>Construction and Extraction</td>
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<td>Personal Care and Service</td>
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<td>Education, Training, and Library</td>
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<td>Building &amp; Grounds Cleaning &amp; Maintenance</td>
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<td>Healthcare Support</td>
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<td>Business and Financial Operations</td>
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<td>Life, Physical, and Social Sciences</td>
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<td>Legal Occupations</td>
<td>702</td>
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<td>Military</td>
<td>132</td>
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<td></td>
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</table>
Payroll employment
Washington total nonfarm employment was at a similar level to 2016 as of August 2020

Employment Security Department, Washington Employment Estimates (seasonally adjusted), August 2020
However, employment recovery is slowing
The Covid-19 economy has affected sectors differently

Employment Security Department, Washington Employment Estimates (seasonally adjusted), August 2020
As a whole, 522,800 jobs were lost from January to April and 321,300 jobs have returned.
Some communities have recovered jobs more quickly than others
Thank you!
Sources:

- Employment Security Department / Labor Market and Economic Analysis; Unemployment Insurance Claims
- U.S. Census Bureau, American Community Survey (ACS), 2018
David Blandford
Interim Executive Director
Washington Tourism Alliance
Travel and tourism Industry disproportionately hurt by COVID-19

- 9 times more damaging to the tourism industry than 9/11
- Full industry recovery projected to take 3-5 years
- 75% reduction in visitor expenditures (more than $4 billion) since March 1
- 42% of all Washington State unemployment related to the pandemic
“Because such a large share of job losses are related to travel, an economic recovery can only come through a restoration of travel to and within Washington State.”

- Adam Sacks, President of Tourism Economics
Tourism Industry:
Segmented but Synergistic

Destination Marketing Organizations (DMOs) – stimulate demand, support jobs

Tours and transportation – Bring visitors

Hotels and restaurants (hospitality) – accommodate and serve visitors
Meetings and events – generate economic impact and lodging taxes

Outdoor recreation – disperses visitors around the state
Winery, breweries and distilleries – attract culinary travelers

Cultural institutions – offer heritage and history
Tribal attractions – educate visitors, sustain tribal operations

Attractions – exhibits/events lure visits
Retail shops – increase expenditures and tax receipts
Washington Tourism Alliance Priorities

1. **Industry Recovery and Development**
   Serving:
   - Rural and underserved communities
   - Small businesses (80% of industry)

   Relief Programs:
   - Grants
   - Technical assistance
   - Industry training and education
   - Wrap-around services

2. **Long-term Economic Recovery and Resiliency**
   - Stimulate visitor expenditures
   - Generate tax receipts
   - Re-generate tourism jobs
• Washington State general funds
• Industry support: matching funds from every state region
• New partnership with Port of Seattle - $1.5 million
• Pursuing EDA grants for industry recovery
• Developing corporate support for industry development
WTA is Re-Investing in Tourism Industry

• Co-op programs at low or no-cost to the industry growing in participation and impact:
  o Sales leads to state businesses
  o Travel trade marketplaces
  o Consumer data/analytics
  o Marketing tools and collateral

• Recovery campaigns for communities and small businesses

• Industry recovery/resource website

• Destination research +39 county reports, consumer analytics
Thank you for your support of the Washington State Tourism Industry!
Tourism is the 4th Largest Industry Sector in Chelan & Douglas Counties

- **Chelan County 2019**
  - $430.9 Million in economic impact
    - $146.1 Million in lodging
  - $121 Million in payroll
    - 4,335 jobs
    - 7.9% of total county employment

- **Douglas County 2019**
  - $54.9 Million in economic impact
    - $7.4 Million in lodging
  - $15.1 Million in payroll
    - 605 jobs
    - 3.7% of total county employment
Impact on the Wenatchee MSA

- 33.8% reduction in leisure & hospitality jobs
  - 2,500 jobs
- 50.5% reduction in lodging tax collection
- Wenatchee Convention Center lost businesses in 2020
  - $1.8 Million
  - 50 Jobs
As of August 2020, Leisure and Hospitality posted the highest COVID-19 related job loss-rate across the Wenatchee MSA.
Leisure & Hospitality Jobs at Risk

• In Chelan County, 60.3 percent of the 5,105 covered jobs added from 2009-2019 were in health services or accommodation and food services.

• In Douglas County, nearly half (45.3 percent) of the 1,604 covered jobs added from 2009-2019 were in retail trade or accommodation and food services.
### Impact on Tax Collection

**CITY OF WENATCHEE, WA**  
Lodging Tax Advisory Committee  
Hotel/Motel Taxes  
Actual Received - 10 Years

<table>
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<td>March</td>
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<td>106,682</td>
<td>87,518</td>
<td>90,616</td>
<td>76,746</td>
<td>65,016</td>
<td>59,079</td>
<td>54,117</td>
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<td>43,589</td>
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<td>68,466</td>
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<td>60,827</td>
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<td>78,037</td>
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<td>114,824</td>
<td>104,220</td>
<td>97,128</td>
<td>88,869</td>
<td>83,258</td>
<td>84,781</td>
<td>(84,500) (64.7%)</td>
</tr>
<tr>
<td>May</td>
<td>July</td>
<td>53,795</td>
<td>166,294</td>
<td>146,323</td>
<td>147,620</td>
<td>125,398</td>
<td>128,979</td>
<td>116,960</td>
<td>100,521</td>
<td>83,098</td>
<td>88,300</td>
<td>(112,499) (67.7%)</td>
</tr>
<tr>
<td>June</td>
<td>August</td>
<td>85,724</td>
<td>206,299</td>
<td>160,714</td>
<td>164,452</td>
<td>160,936</td>
<td>134,662</td>
<td>128,011</td>
<td>115,363</td>
<td>103,334</td>
<td>101,290</td>
<td>(120,575) (58.4%)</td>
</tr>
<tr>
<td>July</td>
<td>September</td>
<td>209,636</td>
<td>188,033</td>
<td>189,102</td>
<td>178,517</td>
<td>139,593</td>
<td>134,845</td>
<td>124,865</td>
<td>113,914</td>
<td>115,611</td>
<td></td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>October</td>
<td>203,527</td>
<td>208,481</td>
<td>182,847</td>
<td>162,347</td>
<td>135,439</td>
<td>140,423</td>
<td>127,911</td>
<td>119,099</td>
<td>109,122</td>
<td></td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>November</td>
<td>150,073</td>
<td>155,973</td>
<td>154,296</td>
<td>168,483</td>
<td>127,446</td>
<td>109,621</td>
<td>108,084</td>
<td>83,768</td>
<td>96,295</td>
<td></td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>December</td>
<td>154,585</td>
<td>171,019</td>
<td>143,213</td>
<td>146,711</td>
<td>119,418</td>
<td>117,355</td>
<td>104,630</td>
<td>91,257</td>
<td>81,153</td>
<td></td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>January</td>
<td>102,056</td>
<td>96,464</td>
<td>91,415</td>
<td>92,185</td>
<td>68,846</td>
<td>59,754</td>
<td>56,965</td>
<td>56,345</td>
<td>53,843</td>
<td></td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>February</td>
<td>152,321</td>
<td>135,594</td>
<td>141,423</td>
<td>145,786</td>
<td>109,134</td>
<td>84,430</td>
<td>88,240</td>
<td>69,394</td>
<td>63,791</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Collections</strong></td>
<td></td>
<td>404,063</td>
<td>1,789,211</td>
<td>1,678,965</td>
<td>1,658,198</td>
<td>1,548,840</td>
<td>1,298,476</td>
<td>1,202,423</td>
<td>1,108,075</td>
<td>973,019</td>
<td>976,638</td>
<td>(412,951) (50.5%)</td>
</tr>
</tbody>
</table>

**Budget:** 1,850,000  
**Change in YTD revenues:** -50.5%  
**% of budget collected:** 21.8%
## Hotel Occupancy: August 2019 v. 2020

<table>
<thead>
<tr>
<th></th>
<th>Occ %</th>
<th>ADR</th>
<th>RevPAR</th>
<th>Percent Change from August 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Wenatchee+</td>
<td>65.1</td>
<td>70.1</td>
<td>91.92</td>
<td>116.94</td>
</tr>
<tr>
<td>Chelan County, WA</td>
<td>66.4</td>
<td>75.7</td>
<td>133.08</td>
<td>146.35</td>
</tr>
</tbody>
</table>
### Hotel Occupancy: Year to Date 2019 v. 2020

<table>
<thead>
<tr>
<th></th>
<th>Occ %</th>
<th>ADR</th>
<th>RevPAR</th>
<th>Percent Change from YTD 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Wenatchee County, WA</td>
<td>46.0</td>
<td>62.3</td>
<td>86.13</td>
<td>105.48</td>
</tr>
<tr>
<td>Chelan County, WA</td>
<td>44.5</td>
<td>61.8</td>
<td>111.39</td>
<td>124.75</td>
</tr>
</tbody>
</table>
How We are Responding & Moving Forward

- Credible Resource
- Advocacy
- Positioning of the Convention Center for Return Business
- Outdoor Recreation Enhancements
- Washington Tourism Alliance Partnership
- Lodging Tax Revenues
Thank You
Visit Seattle

SEPTMBER 29, 2020  I  TOM NORWALK, PRESIDENT & CEO
2020 Hotel Occupancy During COVID-19

February – September, 2020

Downtown Seattle
Seattle MSA
Total U.S.

February – September, 2020
COVID-19 Travel and Tourism Industry Impact

Meetings/Conventions – Washington State Convention Center
- 45 cancelled groups representing 321,514 room nights and $333.1 million in lost economic impact.
- Seven recent convention cancellations have re-booked for future years and two more are in the active process of re-booking.

Seattle Impact Hotel Operations
- 29 downtown Seattle hotels with 5,926 guest rooms closed at its peak (early April); 12 hotels yet to reopen.

Alaska Cruise Season Cancelled
- 232 sailings expected with 1.3 million passengers and $974.4 million in lost economic impact (source: Port of Seattle).

SEA Airport
- Air travel came to a stop globally; passenger volumes down 94% YOY in April, still down 69% in September (source: Port of Seattle).

Consumer Sentiment
- Nearly 40% of likely travelers say they will visit a small town or rural area on their Fall trips, with beach visitation less likely than in the summer months and urban travel increasing (source: Destination Analysts).
- In looking toward recovery, it will be critical to portray Seattle as a city that prioritizes the health and safety of its residents and visitors.

Business Closures
- Since March, 126 street-level downtown Seattle business locations have permanently closed (source: DSA).
Impact of COVID-19 on Local Economies
Agenda

About Yelp Data

Key Findings and Observations

National Business Closures

Washington State Business Closures

Consumer Interest Changes in Washington State

How Businesses are Adapting
About Yelp Data
About Yelp Data

**Tens of Millions of Users**
- 28 Million Monthly Active Mobile App Unique Users
- 37 Million Monthly Average Desktop Unique Visitors
- 44 Million Monthly Average Mobile Web Unique Visitors

**214 Million Reviews**
- Hundreds of millions of photos, check ins, and other community contributions
- 6 million reviews in Washington

**Millions of Businesses**
- Virtually every local business in America is represented on Yelp
Business Closure Data

Date range
- National business closures: As of August 31, since March 1.
- Washington business closures: As of September 15, since March 1
  Any business that opened after March 1 is not included in this analysis.

Closure data collection sources
- Consumers: Can indicate closures in app or on web (logged in or out)
- Business Owners: Can indicate their business is closed in the Yelp for Business App after claiming their page, as well as in the Yelp app or on web as logged out

Data verification
- Business closures are verified by Yelp’s user operations team before they’re published to the platform
  - Data may lag actual closures because of time taken to report and verify closures
Types of closures
- **Temporary:** Three indicators
  1. Marked as temporarily closed
  2. Changed its hours to mark itself as closed for entire days
  3. Included the word “closed” in the COVID-19 business updates section of its Yelp page
- **Permanent:** One indicator
  1. Marked as permanently closed
- **Total closures:** permanent and temporary closures combined

Business types
- **Businesses on Yelp range in size and category**
  - Everything from the mom and pop breakfast spot, the solo plumber and the chain retail business are all on Yelp and included in business closure data
  - All types of businesses are on Yelp, for example, home, local and professional services, restaurants, bars, entertainment, beauty, retail and shopping, education, health and medical, pet services, etc.
Business Type Examples
Consumer Interest Data

Based on viewing a business page, posting photos and posting reviews
- A few of the many actions people take to connect with businesses on Yelp
- We measure consumer interest in a specific category and location by adding all consumer actions that were associated with businesses in the given category and location

Date range
- March 1 through August 31
Key Findings and Observations
Key Closure Data

97,966
Permanently closed businesses in the U.S
As of August 31, Since March 1

Washington has the 5th Highest Closure Rate in the U.S.
Behind Arizona (4th), Hawaii (3rd), California (2nd) and Nevada (1st)
As of September 15, Since March 1

Nightlife and Restaurants are most impacted in Washington
As of September 15, Since March 1
Communication is Key

With changing regulations and operating models it’s important that businesses have various channels and methods to communicate directly with their customers.

Key Observations

Among Washington State businesses that were open on March 1. Closures are updated through September 15.
Businesses Still Need Financial Support

While we’re in the reopening phase and are beginning the recovery, businesses are still struggling, operating at reduced capacity and hours.

Among Washington State businesses that were open on March 1. **Closures are updated through September 15.**
Adapting will be Critical to Business Survival

- Municipal innovation and adjusted rules are important to help businesses innovate (ex. slow streets)
- Continued tech adoption will be important for businesses owners to reach new customers and address the needs of existing customers (virtual services, video consultations, reservation systems, etc.)

Among Washington State businesses that were open on March 1. Closures are updated through September 15.
National Business Closures
National Business Closures

👍 Business closures are increasing
- Permanent closures have been consistently climbing
- Temporary closures declined, but have gradually begun increasing again

👍 Some sectors are doing better than others
- Home, local, professional and automotive sectors are maintaining a relatively low closure rate
- Restaurants, bars & nightlife, retail & shopping, fitness and beauty businesses are undergoing a high closure rate

* All National business closures are as of August 31, since March 1.
National Business Closures

Business Closures Continue to Increase Nationally
Number of businesses marked closed on Yelp that were open March 1

Source: Yelp
Chart: The DataFace

Among U.S. businesses that were open on March 1. National Closures are updated through August 31.
## National Business Closures

### Home, Local, Professional, and Auto Services Prove Their Strength Amid the Pandemic

* = 1 business closed per 1,000 businesses since March 1

<table>
<thead>
<tr>
<th>Home, local, professional, and auto services businesses have been staying afloat</th>
<th>Restaurants and retail businesses have been struggling</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lawyers</strong></td>
<td><strong>Women's Clothing</strong> 24.2 per 1k businesses</td>
</tr>
<tr>
<td>1.6 per 1k businesses</td>
<td></td>
</tr>
<tr>
<td><strong>Body Shops</strong></td>
<td><strong>Pizza</strong> 25.8</td>
</tr>
<tr>
<td>6.3</td>
<td></td>
</tr>
<tr>
<td><strong>Plumbing</strong></td>
<td><strong>Food Trucks</strong> 28.1</td>
</tr>
<tr>
<td>6.8</td>
<td></td>
</tr>
<tr>
<td><strong>Auto Repair</strong></td>
<td><strong>Home Decor</strong> 29.6</td>
</tr>
<tr>
<td>9.1</td>
<td></td>
</tr>
<tr>
<td><strong>Architects</strong></td>
<td><strong>Men's Clothing</strong> 31.3</td>
</tr>
<tr>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td><strong>Towing</strong></td>
<td><strong>Gift Shops</strong> 29.4</td>
</tr>
<tr>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td><strong>HVAC</strong></td>
<td><strong>Sandwiches</strong> 55.3</td>
</tr>
<tr>
<td>8.0</td>
<td></td>
</tr>
<tr>
<td><strong>Tree Services</strong></td>
<td><strong>Burgers</strong> 56.0</td>
</tr>
<tr>
<td>9.0</td>
<td></td>
</tr>
<tr>
<td><strong>Landscaping</strong></td>
<td><strong>Breakfast and Brunch</strong> 56.8</td>
</tr>
<tr>
<td>9.5</td>
<td></td>
</tr>
<tr>
<td><strong>Roofing</strong></td>
<td></td>
</tr>
<tr>
<td>9.9</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Yelp

**Chart:** The DataFace

---

Among U.S. businesses that were open on March 1. National Closures are updated through August 31.
National Business Closures

Restaurants and Retail Continue to Struggle

Number of businesses marked closed on Yelp that were open March 1

Restaurants
32,109 Total Closures
61% Permanent Closures
39% Temporary Closures

Shopping & Retail
30,374
58%

Beauty & Spas
16,585
42%
58%

Bars & Nightlife
6,451
54%
46%

Fitness
6,024
43%
57%

Source: Yelp
Chart: The DataFace

Among U.S. businesses that were open on March 1. National Closures are updated through August 31.
Washington State Business Closures
Washington State Business Closures

5th Highest Closure Rate in the U.S.

Behind Arizona (4th), Hawaii (3rd), California (2nd) and Nevada (1st)

4,975 Total closed businesses in the state

As of September 15, Since March 1

3,062 Permanently closed businesses in the state

62% of closed businesses are closed permanently

Among Washington State businesses that were open on March 1. Closures are updated through September 15.
Most Impacted Business Categories in Washington

The number of businesses permanently closed out of 1,000 in each category

- **35** Nightlife
- **31** Restaurants
- **23** Food
- **22** Fitness
- **21** Shopping
- **16** Beauty and Spa
- **14** Event Planning and Services
- **13** Hotels and Travel

Among Washington State businesses that were open on March 1. Closures are updated through September 15.
# Most Resilient Business Categories in Washington

The number of businesses permanently closed out of 1,000 in each category

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Closures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate</td>
<td>5</td>
</tr>
<tr>
<td>Professional Services</td>
<td>6</td>
</tr>
<tr>
<td>Education</td>
<td>6</td>
</tr>
<tr>
<td>Health and Medical</td>
<td>6</td>
</tr>
<tr>
<td>Home Services</td>
<td>8</td>
</tr>
<tr>
<td>Pet Services</td>
<td>9</td>
</tr>
<tr>
<td>Local Services</td>
<td>10</td>
</tr>
</tbody>
</table>

Among Washington State businesses that were open on March 1. Closures are updated through September 15.
Washington State Business Closures By Metro

Permanent closures per 1,000 businesses since March 1

Closures per 1,000 Businesses

- Insufficient Data
- 4
- 8
- 11

94% of all businesses in the state are situated within the colored areas

Source: Yelp
Chart: The DataFace

Among Washington State businesses that were open on March 1. Closures are updated through September 15.
Consumer Interest Changes During COVID-19 in Washington State
Consumer Interest Changes in Washington State

While consumer interest is still down across most industries, some businesses are recovering faster in Washington State compared to the national average.

- **Home Services**: Consumer Interest is up 11% points for home services in Washington compared to the national average.
- **Professional Services**: Consumer Interest is up 7% points for professional services in Washington compared to the national average.
- **Local Services**: Consumer Interest is up 1% point for local services in Washington compared to the national average.

Shows year-over-year change in monthly consumer actions (page views, reviews, photos), by root category, for March-August 2020, for U.S. and Washington state.
Consumer Interest Changes in Washington State

Meanwhile some industries are recovering slower in Washington State compared to the national average.

- **Financial Services**: Consumer Interest is down 10% points for financial services in Washington compared to the national average.
- **Shopping**: Consumer Interest is down 9% points for shopping in Washington compared to the national average.
- **Pets**: Consumer Interest is down 9% points for pet services in Washington compared to the national average.

Shows year-over-year change in monthly consumer actions (page views, reviews, photos), by root category, for March-August 2020, for U.S. and Washington state.
Consumer Interest Changes in Washington State

Industries are recovering slower in Washington State compared to the national average continued...

- Consumer Interest is down 8% points for restaurants in Washington compared to the national average.
- Consumer Interest is down 7% points for food in Washington compared to the national average.
- Consumer Interest is down 7% points for event planning and services in Washington compared to the national average.

Shows year-over-year change in monthly consumer actions (page views, reviews, photos), by root category, for March-August 2020, for U.S. and Washington state.
Consumer Interest Changes in Washington State

Industries are recovering slower in Washington State compared to the national average continued...

Consumer Interest is down 7% points or hotels and travel in Washington compared to the national average.

Consumer Interest is down 5% points for nightlife in Washington compared to the national average.

Shows year-over-year change in monthly consumer actions (page views, reviews, photos), by root category, for March-August 2020, for U.S. and Washington state.
How Businesses are Adapting
Customer Communication in Uncertain Times

**Personalized Message**
- Includes a posted date, demonstrating recency of information

**11,979**

Businesses in Washington have activated the free banner to communicate a personalized message to their customers.

*Data as of September 24, 2020.*
Washington Businesses are Updating their Services

**Updated Services**
- Brings a business’s existing and new operating model front and center for consumers

Businesses in Washington offer

<table>
<thead>
<tr>
<th>Service</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Takeout</td>
<td>More than 19K</td>
</tr>
<tr>
<td>Delivery</td>
<td>More than 10K</td>
</tr>
<tr>
<td>Outdoor Dining</td>
<td>More than 7K</td>
</tr>
<tr>
<td>Virtual Service Offering</td>
<td>More than 14K</td>
</tr>
<tr>
<td>Contactless Delivery</td>
<td>More than 3K</td>
</tr>
<tr>
<td>Curbside Pickup</td>
<td>More than 6K</td>
</tr>
</tbody>
</table>

Data as of September 24, 2020.
Washington Businesses are Prioritizing Health & Safety During Reopening

Health & Safety Measures
- Allows business owners to effectively communicate the health & safety precautions they’re taking during the reopening phase
- Enables consumers to verify the health & safety measures for the community

17,425
Businesses in Washington state have selected at least one business feature on Yelp specifically related to COVID-19 health & safety

Data as of September 24, 2020.
## Most Popular Health and Safety Precautions in Washington

<table>
<thead>
<tr>
<th>Precaution</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nearly 10K businesses require staff to wear masks</td>
<td>10K</td>
</tr>
<tr>
<td>More than 9.5K businesses require customers to wear masks</td>
<td>9.5K</td>
</tr>
<tr>
<td>More than 9.5K businesses enforce social distancing</td>
<td>9.5K</td>
</tr>
<tr>
<td>Nearly 8K businesses sanitize between customers</td>
<td>8K</td>
</tr>
<tr>
<td>More than 7K businesses offer outdoor seating</td>
<td>7K</td>
</tr>
</tbody>
</table>

*Data as of September 24, 2020.*
Least Popular Health and Safety Precautions in Washington

More than 6K Businesses have indicated they offer **contactless payments**

Nearly 4.5K Businesses have indicated that **employees wear gloves**

More than 3K Businesses have indicated they offer **contactless delivery**

More than 3K Businesses have indicated they conduct **temperature checks upon entry**

More than 2.5K Businesses have indicated they have **limited capacity**

Data as of September 24, 2020.
Thank you
Aerospace Industry Indicators

Leading metrics and indicators

• **Aerospace is major employer, even during this downturn.**
  • Aerospace employment: 82,700 in 2020 (annual average)
  • ~3% statewide nonfarm labor in 2019.

• **Aerospace is a source of good wages for blue collar workers**
  • Average wage (pre-benefits): $118,800
  • Nearly 70% higher than statewide wage.

• **Supply chain relies on Boeing work.**

• **Major source of revenues.**
  • Gross business income in 2019: $73 billion
  • More than 7% statewide GBI

• Total economic impact (2019): more than 240,000 jobs.

• **Boeing largest U.S. exporter.** But affected by global downturn and uncertainty. Exports hit by trade war and pandemic.
Gross Business Income


<table>
<thead>
<tr>
<th>Year</th>
<th>Bill 2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$43.7</td>
</tr>
<tr>
<td>2007</td>
<td>$47.4</td>
</tr>
<tr>
<td>2008</td>
<td>$37.9</td>
</tr>
<tr>
<td>2009</td>
<td>$44.3</td>
</tr>
<tr>
<td>2010</td>
<td>$41.4</td>
</tr>
<tr>
<td>2011</td>
<td>$44.7</td>
</tr>
<tr>
<td>2012</td>
<td>$57.5</td>
</tr>
<tr>
<td>2013</td>
<td>$62.7</td>
</tr>
<tr>
<td>2014</td>
<td>$74.5</td>
</tr>
<tr>
<td>2015</td>
<td>$75.0</td>
</tr>
<tr>
<td>2016</td>
<td>$72.7</td>
</tr>
<tr>
<td>2017</td>
<td>$69.6</td>
</tr>
<tr>
<td>2018</td>
<td>$90.2</td>
</tr>
<tr>
<td>2019</td>
<td>$72.9</td>
</tr>
</tbody>
</table>

October 27, 2020
Washington State Senate
Aerospace Employment
Washington state, 2000-2020 (est.)

Thousands of Jobs

*Estimated annual employment based on employment through September YTD.
Economic Impacts of Aerospace in Washington State

Impacts for 2019

Economic Impacts, 2019

<table>
<thead>
<tr>
<th></th>
<th>Direct</th>
<th>Indirect</th>
<th>Induced</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>88,600</td>
<td>26,000</td>
<td>125,600</td>
<td>240,200</td>
</tr>
<tr>
<td>Labor Income (mils $)</td>
<td>$13,512.1</td>
<td>$2,074.6</td>
<td>$7,047.2</td>
<td>$22,634.0</td>
</tr>
<tr>
<td>Output (mils $)</td>
<td>$72,910.9</td>
<td>$5,899.9</td>
<td>$20,516.9</td>
<td>$99,327.7</td>
</tr>
</tbody>
</table>

Economic Multipliers, 2019

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total jobs per direct job</td>
<td>2.71</td>
</tr>
<tr>
<td>Total output per $ direct output</td>
<td>1.36</td>
</tr>
<tr>
<td>Total labor income per $ direct output</td>
<td>0.31</td>
</tr>
</tbody>
</table>

Sources: Washington State Office of Financial Management, 2020; Author’s calculations.
Most Immediate Impact: Airlines

Precipitous decline in air travel since March 1, 2020

Cumulative Air Travelers, U.S., as % 2019 for same period

- Total travels since March at only 20% of levels in 2019.
- Less travelers can translate into fewer flights, resulting in less belly cargo space for exporters.

Sources U.S. Transportation Security Administration, 2020. Data based on daily checkpoint numbers.
Aerospace Employment
Washington state, year-over-year quarterly employment change, 2018 Q1 to 2020 Q3

- Quarterly employment down 14% compared with Q3 2019.
- Overall, aerospace sector has shed nearly 6,000 jobs through first three quarters of 2020 compared with first three quarters of 2019.

*Estimated annual employment based on employment through September YTD.
Aerospace Exports
Washington state, 2002-2020 August YTD (2020 $)

- Decline in sales to China began during trade war.
- Aerospace exports through August 2020 down more than 69% compared with August 2019 YTD.

Boeing New Orders (Gross) from China

2010 to 2020 (through September)

- No new orders since 2017.
- 122 existing backlog orders, however (as of September 30).
- Boeing aircraft were not included in China’s retaliatory tariff list during the height of the trade war.
- Overall, 381 cancellations for Boeing aircraft (all markets) YTD.
- China = 8% of all orders over past 10 years.
- 67 new gross orders.
- Backlog: 5,126 aircraft.

Boeing Orders and Economic Outlook

2011-2020, share of total gross orders and IMF forecast


<table>
<thead>
<tr>
<th>Market</th>
<th>Share Total</th>
<th>GDP Growth (actual for 2019, and forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>USA</td>
<td>27.8%</td>
<td>2.2%</td>
</tr>
<tr>
<td>China</td>
<td>7.8%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Ireland</td>
<td>6.6%</td>
<td>5.9%</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>6.0%</td>
<td>1.7%</td>
</tr>
<tr>
<td>India</td>
<td>4.1%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>3.5%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Singapore</td>
<td>3.2%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Turkey</td>
<td>2.4%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>2.3%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>2.2%</td>
<td>7.0%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2.1%</td>
<td>1.5%</td>
</tr>
<tr>
<td>All other markets</td>
<td>31.9%</td>
<td></td>
</tr>
<tr>
<td>Total, World</td>
<td>100.0%</td>
<td></td>
</tr>
</tbody>
</table>

- Global economy projected to contract 4.4% in 2020.
- Advanced economies: 5.8%.
- Eurozone: -8.3%.
- Latin America and Caribbean: -8.1%.
- Emerging and developing Asia: 1.7%.

Source: The Boeing Company, 2020; International Monetary Fund World Economic Outlook, October 2020.
Thank you

Spencer Cohen, PhD
Economics and Trade Consultant
scohenke@gmail.com
Aircraft Markets: A Brief Perspective

Presentation to the Washington Senate Special Committee on Economic Recovery
Richard Aboulafia
Vice President, Analysis
Teal Group Corporation
www.tealgroup.com
October 27, 2020
Traffic: Like Nothing We've Ever Seen Before

66% Decline in 2020?

2019 Totals: RPKs 4.2%, ASKs 3.4%, FTKs -3.3%
2018 Totals: RPKs 6.5%, FTKs 5.4%; 2017: RPKs 7.6%, FTKs 9%

Source: IATA
The Air Transport Market By Segment

Deliveries In 2020 $ Billions

Return to peak: 2024

737MAX Problem, and flood; includes delivery of ~450 already-built jets

Too much, too sudden (A330s, 777s, 787s, Gulf carriers, etc.)

Hit Hardest and Longest; Capacity hangover, international traffic problems, and shift towards single 737MAX

Return to peak: after 2029... probably

Now With Greater Misery

Regionals
Single Aisles
Twin Aisles
Airbus, Boeing Jetliner Backlogs (July 1)

Boeing
Airbus
State of the U.S. Airline Industry Today

- U.S. Airline domestic passenger volumes are down **63%**
- Domestic carriers are averaging **74** passengers per flight
- U.S. Airline international passenger volumes have fallen **78%**
- U.S. Airline departures are down **49%**
- U.S. carriers collectively burned **$5B** each month in Q2
- U.S. Airlines have grounded **1,700+** aircraft (as of 10/26/20)

Source: Airlines for America
COVID-19 Economic Impacts to U.S. Airlines

U.S. airline revenue dropped 2.5x more than GDP fell in Q2 2020, year over year.

Passengers likely won’t return to 2019 levels for at least 3-4 years.

After 9/11 and Global Financial Crisis, it took years for passengers and revenue to return.

Industry will be burdened with debt for years, slowing growth even after COVID recovery.

After 9/11 and Global Financial Crisis, it took years for passengers and revenue to return.

Industry will be burdened with debt for years, slowing growth even after COVID recovery.
TSA Traveler Throughput Statistics

TSA Checkpoint Traveler Throughput is Running 63% Below Year-Ago Levels
Daily Average Bottomed Out at 95K in April 11-17

TSA Traveler Throughput: 7-Day Moving Average (in Thousands)

<table>
<thead>
<tr>
<th>Month</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>2,200</td>
<td>844</td>
</tr>
<tr>
<td>Feb</td>
<td>2,150</td>
<td></td>
</tr>
<tr>
<td>Mar</td>
<td>1,800</td>
<td>750</td>
</tr>
<tr>
<td>Apr</td>
<td>1,500</td>
<td>600</td>
</tr>
<tr>
<td>May</td>
<td>1,200</td>
<td>450</td>
</tr>
<tr>
<td>Jun</td>
<td>1,000</td>
<td>300</td>
</tr>
<tr>
<td>Jul</td>
<td>800</td>
<td>150</td>
</tr>
<tr>
<td>Aug</td>
<td>600</td>
<td>100</td>
</tr>
<tr>
<td>Sep</td>
<td>400</td>
<td>75</td>
</tr>
<tr>
<td>Oct</td>
<td>(TBD)</td>
<td>50</td>
</tr>
<tr>
<td>Nov</td>
<td>(TBD)</td>
<td></td>
</tr>
<tr>
<td>Dec</td>
<td>(TBD)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Transportation Security Administration
* U.S. and foreign carrier customers traversing TSA checkpoints; 2019 is year-ago same weekday
U.S. Corporate Air Travel is Down

Corporate Air Travel* Has Yet to Recover From the Steep Declines That Began in March

Year-Over-Year Change (%) in Weekly Tickets Sold* by U.S. Travel Agencies: Corporate Segment

Source: Airlines Reporting Corporation (ARC)

* Results do not include sales of tickets purchased directly from airlines and are not net of refunds or exchanges.
Alaska’s experience has largely mirrored the industry’s

In 2019, Alaska Airlines carried ~130,000 passengers per day.

In Q3 2020, Alaska’s passenger capacity was down 55% from 2019 levels. We expect 4th quarter passenger capacity to be down 40%.
COVID-19 has placed significant financial strain on our business

Alaska reported a net loss of $431 million in Q3 2020, compared to net income of $322 million in Q3 2019. Total revenues were down 71% for the quarter.
We’re taking important steps to stabilize and recover

Alaska reduced its cash burn to approximately $4 million per day in Q3 2020, down from $13 million per day at the beginning of the pandemic.
Our #1 Priority: Guest and Employee Safety

Next-Level Care is comprised of **100+ actions and layered safety measures** designed to reduce risk and keep our guests and employees healthy and safe while traveling with us.

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enhanced Cleaning &amp; Sanitizers</strong></td>
<td>Enhanced cleaning between flights. Starting in July, individual hand-sanitizer wipes will also be available on board.</td>
</tr>
<tr>
<td></td>
<td>At our airports, we’re rolling out additional hand-sanitizing stations in check-in bays and gate areas.</td>
</tr>
<tr>
<td></td>
<td>Electrostatic disinfectant sprayers are used to sanitize surfaces like overhead bins, armrests, tray tables, seatbelts, lavatories.</td>
</tr>
<tr>
<td><strong>Hospital-Grade Filtration</strong></td>
<td>Aircraft are equipped with HEPA filters—the same kind found in hospital operating rooms.</td>
</tr>
<tr>
<td></td>
<td>The air flows from the ceiling to the floor and creates completely new air in the cabin every 2 to 3 minutes.</td>
</tr>
<tr>
<td></td>
<td>Want more filtered air? Open your vent. That air is filtered for your seat only.</td>
</tr>
<tr>
<td><strong>Face Covering Requirement</strong></td>
<td>Face masks are required for all guests 12 and over and employees. While face coverings are not required for guests under 12, they are recommended for children 2 and older.</td>
</tr>
<tr>
<td></td>
<td>Face covering must cover your nose and mouth and should only be removed when eating or drinking. If you don’t comply, you’ll get a warning.</td>
</tr>
<tr>
<td><strong>Physical Distancing &amp; Service</strong></td>
<td>Our food and beverage service on board has been reduced to limit interaction.</td>
</tr>
<tr>
<td></td>
<td>To allow for physical distancing, airport spaces and boarding procedures have been updated.</td>
</tr>
<tr>
<td></td>
<td>Through January 6, 2021, we’re limiting the number of guests on our flights and blocking middle seats.</td>
</tr>
</tbody>
</table>
The CARES Act Payroll Support Program Kept U.S. Airline Workers Employed, Gave Airlines Critical Time to Reduce Costs and Borrow Funds, and Saved Taxpayers $9.2-15.7 Billion

» For the 10 largest U.S. passenger airlines, *PSP awards covered approximately 84%* of payroll expenses for the applicable six-month period, leaving a $4.5 billion shortfall without factoring in non-payroll expenses.

- Six-Month Payroll Expenses (est.) $27.5 Billion
- CARES Act Payroll Support $23.0 Billion

» PSP awards to passenger carriers alone are estimated to have saved state treasuries $3.2-5.5B, and the U.S. Treasury $6.0-10.2B, for a total of $9.2-15.7B (see appendix for more detail).

» Those receiving PSP funds: 1) may not conduct involuntary furloughs or reduce benefits or rates of pay, 2) must comply with minimum air service obligations (i.e., continue unprofitable flying), 3) abide by restrictions on executive compensation, 4) repay approximately 30% of the funds to U.S. Treasury and 5) surrender warrants.

Sources: U.S. Treasury, A4A, and Compass Lexecon

* Alaska, Allegiant, American, Delta, Frontier, Hawaiian, JetBlue, Southwest, Spirit and United for April 1 through September 30, 2020
"We are gaining momentum as we climb our way out of this crisis," said Air Group CEO Brad Tilden. "Each of the last six months has been better than the month before in terms of flights offered and passengers carried, and to date, we’ve kept our net debt unchanged. Alaska has competitive advantages that continue to serve us well in this crisis, and we are fighting this battle with the most passionate and dedicated employees in the business."

– Brad Tilden, Chairman & CEO
Washington’s Economic Recovery Manufacturing Opportunities

Lisa Brown
DIRECTOR
OCTOBER 2020
We strengthen communities

- Housing Homelessness
- Infrastructure
- Business Assistance
- Energy
- Planning
- Community Facilities
- Crime Victims & Public Safety
- Community Services
**Tracking the Recovery**

### Economic Recovery Dashboard

<table>
<thead>
<tr>
<th>Category</th>
<th>Indicator</th>
<th>Current Level</th>
<th>% Change</th>
<th>Absolute Changes</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employment</strong></td>
<td>Total Employment</td>
<td>3,630K</td>
<td>-6% ▼</td>
<td>-140K</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Unemployment Rate</td>
<td>8.4%</td>
<td>4.3% ▲</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Job Postings</td>
<td>-2.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Business</strong></td>
<td>Taxable Retail Sales</td>
<td>$14,088M</td>
<td>-10% ▼</td>
<td>-$1,484M</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Taxable Business Income</td>
<td>$55,598</td>
<td>-7% ▼</td>
<td>-$4,018</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Export Volume</td>
<td>$3,208</td>
<td>-23% ▼</td>
<td>-$0,958</td>
<td></td>
</tr>
<tr>
<td><strong>Support Programs</strong></td>
<td>Basic Foods Participants</td>
<td>953.4K</td>
<td>17% ▲</td>
<td>140.0K</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TANF Participants</td>
<td>73.3K</td>
<td>34% ▲</td>
<td>18.7K</td>
<td></td>
</tr>
<tr>
<td><strong>Consumer Behavior</strong></td>
<td>Credit Card Spend</td>
<td></td>
<td>-2% ▼</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Time Outside Home</td>
<td></td>
<td>-9% ▼</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Change over time period shown in trend-line. Time periods differ due to differences in publication schedules. Percentage change reflects change over last 12 months or since the first available month in last 12 months.
2. Supplemental Nutrition Assistance Program (SNAP) and State Food Assistance Program (SFAP).
3. Temporary Assistance for Needy Families.

The Economic Recovery Dashboard is a visualization tool that uses an assortment of data sources to track Washington state’s economic recovery and resiliency. It displays the latest available data on employment, businesses, government assistance programs, and consumer behavior, helping monitor the economic impact of COVID-19 across Washington state. This dashboard is intended to provide the public access to key metrics that may help inform policy and economic recovery initiatives. As this dashboard is still evolving, we may update the available views and data sources where possible. Updates are made on a monthly basis.

Dashboard last updated: October 13, 2020
# Manufacturing Sector Revenue Impacts

## Taxable business income by industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Taxable business income</th>
<th>Change in taxable business income</th>
<th>% change in taxable business income from same period last year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Trade</td>
<td>$12,856M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>$10,602M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>$8,067M</td>
<td>$95M</td>
<td>-1%</td>
</tr>
<tr>
<td>Professional and Business Serv..</td>
<td>$5,650M</td>
<td>$3,990M</td>
<td>-33%</td>
</tr>
<tr>
<td>Construction</td>
<td>$5,472M</td>
<td>$11M</td>
<td>0%</td>
</tr>
<tr>
<td>Finance, Insurance, and Real E..</td>
<td>$3,798M</td>
<td>$157M</td>
<td>4%</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>$3,125M</td>
<td>$163M</td>
<td>5%</td>
</tr>
<tr>
<td>Information</td>
<td>$1,942M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>$1,431M</td>
<td>$4M</td>
<td>3%</td>
</tr>
<tr>
<td>Utilities</td>
<td>$965M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>$638M</td>
<td>$105M</td>
<td>-14%</td>
</tr>
<tr>
<td>Other Services (except Public A..</td>
<td>$592M</td>
<td>$58M</td>
<td>-13%</td>
</tr>
<tr>
<td>Agriculture, Forestry, Fishing</td>
<td>$286M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educational Services</td>
<td>$71M</td>
<td>$19M</td>
<td>-8%</td>
</tr>
<tr>
<td>Mining, Quarrying, and Oil and ..</td>
<td>$62M</td>
<td>$5M</td>
<td>8%</td>
</tr>
<tr>
<td>Public Administration</td>
<td>$29M</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Viewing 1 month ending July 2020
Industry Sector Development Program

Commerce’s Sector Development is focused on building industries that help diversify the state’s economy, pay living wage jobs, and insulate the state from the worst effects of global economic recessions.
Case study: Washington’s Maritime Cluster

- 2,300 companies
- 69,500 workers
- $21.4 billion in annual revenue
- $4.7 billion in annual wages
Case study: Washington’s Maritime Cluster

Formal Ocean/Maritime Clusters have emerged as organizational entities that enhance competitiveness and collaboration. To ensure accountability and implementation we spun out an independent, nonprofit, Cluster Organization charged to implement the State’s strategy – using the “Quadriple Helix” approach.
Manufacturing sector opportunities

Competitive Advantages for WA

- Forest products
- Solar and polysilicon
- Batteries
- Agriculture Tech/Sciences
- Electric aviation
- Space and satellites
- Autonomous vehicles
Washington’s forest products sector

1,700+ forest products firms
42,000 workers,
$3 billion in annual wages
$28 billion annual gross business income
Next steps to bolster sector development

• New Safe Start EDA grant won by Commerce will enable launch of $3m cluster acceleration program

• Initiative will target acceleration of high growth sectors across the state that create living wage jobs

• Continued investment to develop clusters acceleration in WA will help drive job creation and compete globally for new business expansion
Thank you.

Lisa Brown
DIRECTOR
lisa.brown@commerce.wa.gov
360.725.4021