

## Seattle Schools Scandal May Be Worse Than Thought

SEATTLE (AP) — Last year's Seattle Public Schools financial scandal may have cost \$1.3 million more than previously thought.

According to the state auditor's office, Silas Potter Jr. approved gross overpayments during the four years he headed a district program to award small public works contracts, and total misspending could approach \$3 million.

In some cases, payments Potter approved appeared to be 10 times what they should have been, such as when the school district paid \$14,500 for video surveillance cabling and conduit worth just over \$1,000, The Seattle Times reported.

Potter faces first-degree theft charges, as do two others accused of conspiring with him.

The scandal, which came to light last year, prompted the firing of Superintendent Maria Goodloe-Johnson and the district's top financial officer. It also likely factored in the defeat of two school board members last fall.

In an earlier investigation, the auditor's office identified \$280,000 in losses and questioned another \$1.5 million in expenditures for a period when Potter headed a now-closed district office that was supposed to help small businesses win government contracts.

The latest audit covers the district's small-works program, which awards public works contracts that cost \$300,000 or less. Potter oversaw that program from 2005 through

2009. The audit found problems with 14 of the 26 vendors the office dealt with, including wages paid at much higher than the prevailing rate, lack of detail about what the district was paying for, charges for hours that vendors could not document, and excessive markups.

Duggan Harman, assistant superintendent of business and finance, said the district might ban some or all of the 14 vendors from bidding for future district work, and none of the 14 has had a contract since 2009. District officials also have been looking into whether they can recoup any of the money.

Harman acknowledged that the district failed in a number of ways, such as failing to oversee employees, follow normal accountability channels and maintain an "adequate means for employees to raise their concerns."

"It kills me to see this," Harman said. "I'm trying to keep in perspective that this was something that was seven years ago."

The district has fixed many of the problems and now requires more than one person to sign off on any purchase orders or invoices, no matter the amount, Harman said. Invoices must be detailed, he said, and can no longer say "payment per agreement."

The district also has established a new ethics program, beefed up board oversight of district finances, and hired two additional internal auditors.



## Construction Employment Leads All Industries in Job Gains — but Other Industries' Losses Dominate

OLYMPIA - Washington's construction industry led all sectors in employment gains in August, with a seasonally adjusted estimate of 1,900 jobs, contributing to a net gain of 3,900 construction jobs since August 2011.

These and other job estimates are detailed in the latest report from the state's Employment Security Department. The preliminary, seasonally adjusted unemployment rate for August was 8.6 percent.

For the second year in a row, the employment estimates for the leisure-and-hospitality industry and the wholesale-trade industry showed unusually large losses for August. They contributed to an estimated net loss of 1,100 nonfarm jobs across the state.

"Based on the raw data, jobs in these sectors didn't change significantly," said Joe Elling, chief labor economist for the state's Employment Security Department. "The reported losses show up when the seasonal adjustments are applied."

Economists seasonally adjust monthly job numbers and the unemployment rate to remove or discount normal seasonal variations, such as holiday hiring. If an industry adds more jobs or doesn't eliminate as many jobs as expected based on past history, it shows up as a seasonally adjusted gain. Similarly, when jobs are cut deeper than expected in a given month, or if normal hir-

ing doesn't occur, that shows up as a job loss.

"It can take up to two or three years to determine when deviations from the seasonal norms are temporary or longer term," said Elling.

In addition to construction, the industries with the most seasonally adjusted job gains in August were manufacturing, up 1,500 jobs; financial activities, up 1,200; education and health services, up 500; and government, with an estimated net gain of 300.

On the loss side, wholesale trade dropped an estimated 2,600 jobs; leisure and hospitality lost 2,300; retail trade shed 1,600 jobs; and professional and business services lost 200.

Within the government sector, federal employment in Washington grew by 1,800 jobs, state agencies lost an estimated 900 jobs, public higher education declined by 100 jobs, K-12 schools added 500, and local government lost 1,400.

In August, an estimated 301,700 people (seasonally adjusted) in Washington were unemployed and looking for work. That includes 129,676 who claimed unemployment benefits last month.

Also in August, 3,429 unemployed workers ran out of unemployment benefits, bringing the total to 108,669 since extended benefits were activated in July 2008.

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