



Quarterly Job Trends Report Seattle Jobs Initiative Quarter Ending September 30, 2005

The SJI Quarterly Job Trends Report summarizes key King County labor market trends in regional perspective for local employment and training professionals. The report is available at: <http://www.seattlejobsinitiative.com/policy/index.html>

INSIDE:

Unemployment generally on the decline:

- Unemployment rates in King, Snohomish, and Kitsap counties have converged at about 5%. Pierce unemployment is also heading toward 5%.
- However, only Kitsap is seeing a steady improvement in labor force participation since the recession ended, indicating continuing weakness in the job market in the other three counties.

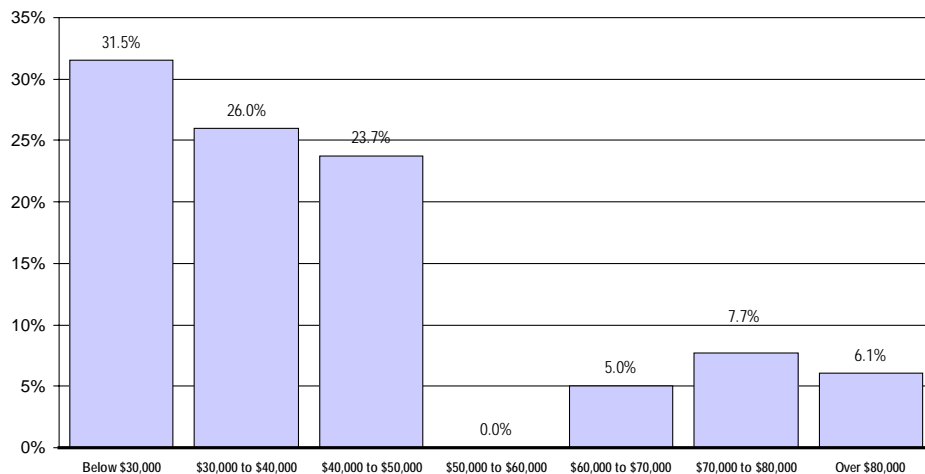
Job growth varies substantially across Puget Sound counties:

- Job growth was slow in the third quarter across all four counties.
- Among the four Puget Sound counties, only King has failed to gain back all the jobs lost after 2000.

Post-recession job growth in King and Snohomish Counties has been concentrated among low paying industries:

- In the first 24 months of post-recession job growth (July 2003 through July 2005), growth has occurred mostly in industries with relatively low pay. Almost one-third of new jobs were added in industries paying less than \$30,000, and over half were in industries paying less than \$40,000.
- Low-wage industries with largest net gains were Food Service and Drinking Places, and Social Assistance (which includes child care).

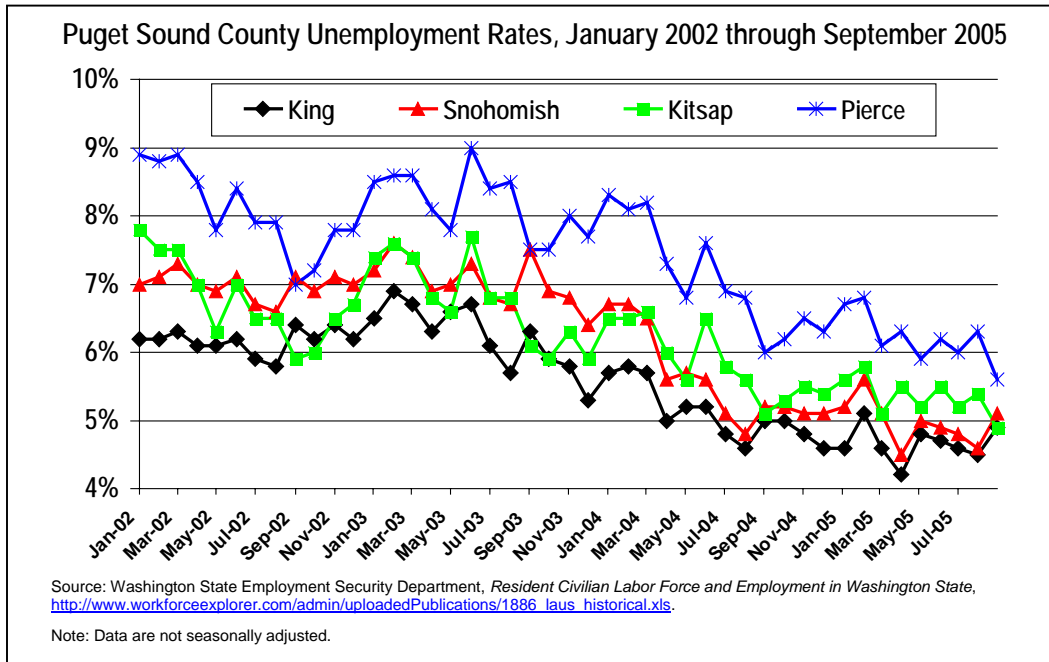
**Percent Distribution of Jobs Created From July 2003 Through July 2005
in King and Snohomish Counties by Average Industry Wage Level**



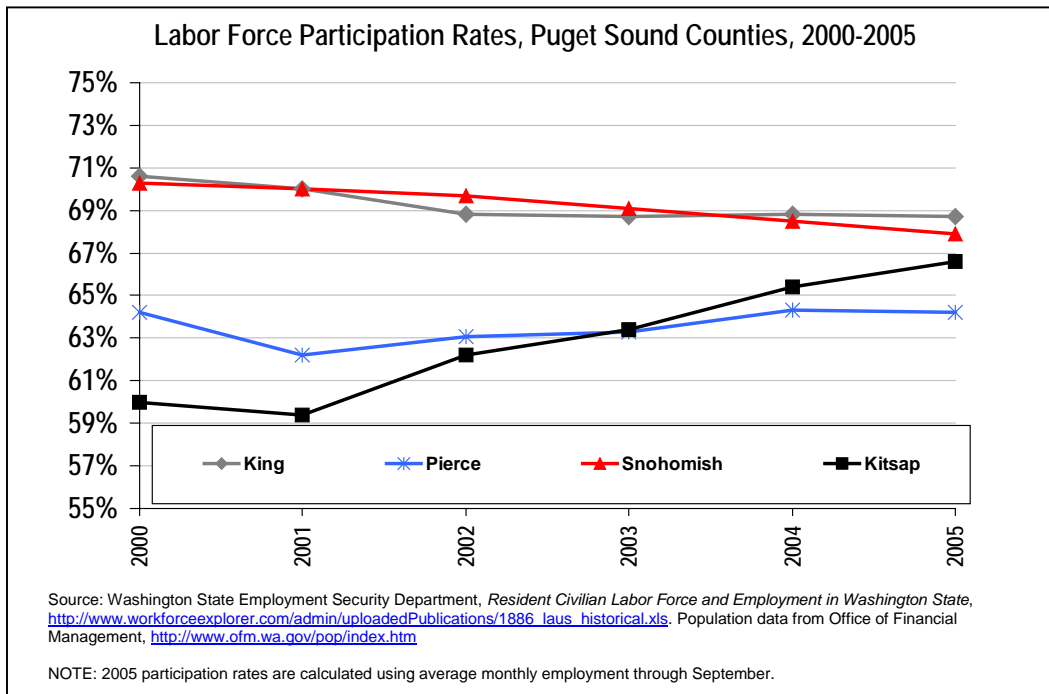
Source: SJI analysis, data from US Bureau of Labor Statistics, Seattle PMSA, Seasonally Adjusted. Recession and recovery periods are defined according to local job peaks/troughs and do not exactly correspond to official national recession definitions.

Note: Data are sorted to the 3 or 4-digit NAICS code level (in a few cases to 6 digit) for Seattle PMSA (King/Snohomish) according to average 2003 industry wage levels.

1. Unemployment and Labor Force Trends in Puget Sound Counties

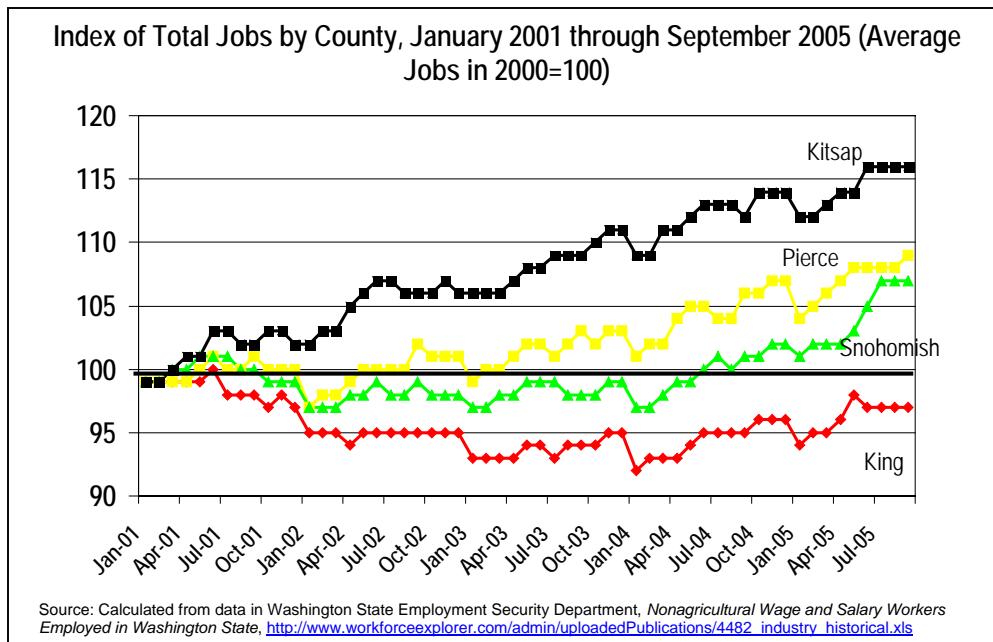


- September 2005 unemployment was about 5% in King, Snohomish, and Kitsap counties. September unemployment in Pierce was 5.6%.

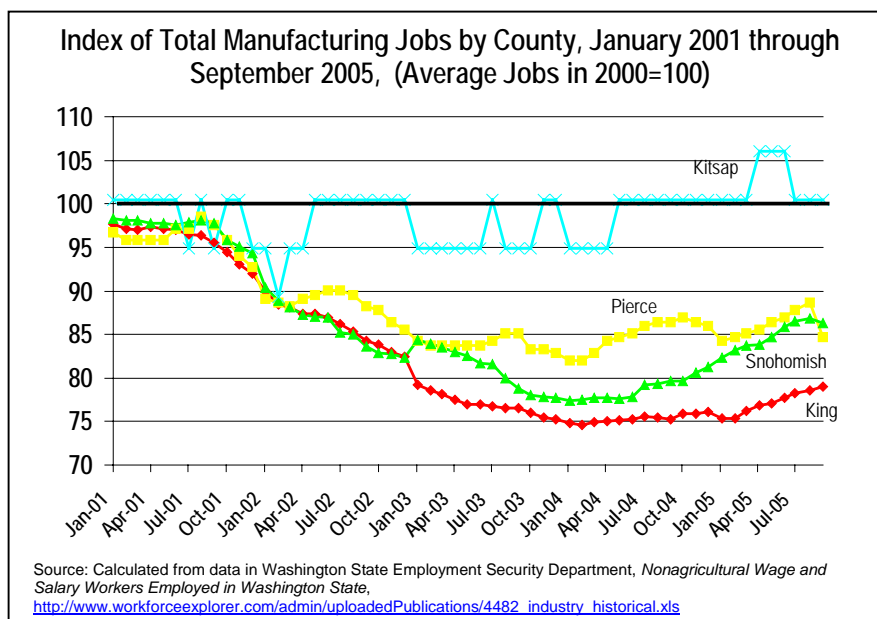


- While unemployment rates measure the percentage of those in the labor force who are not working, another measure of labor market health is the percentage of the age 16+ population participating in the labor force. After a recession, strong job growth should lead to an increase in labor force participation. Through mid-2005, only Kitsap has shown a sustained increase in participation. Pierce has shown a recovery to pre-recession levels, while participation in King and Snohomish is flat or declining, respectively.

2. Job Growth in Puget Sound Counties

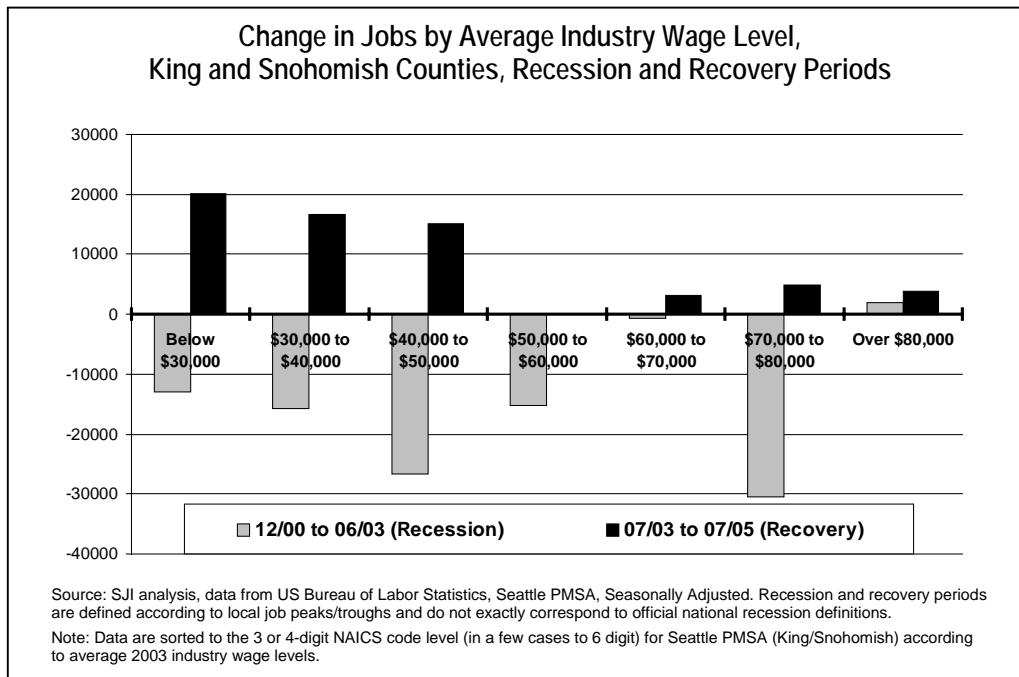


- If we shift from looking at unemployment rates and participation to tracking the jobs physically located in each county, the picture changes somewhat. In this index chart (with monthly average 2000 employment as a base) only Kitsap shows sustained employment growth over the period. In Pierce, jobs moved into sustained positive territory starting in early 2003 -- a point not reached for Snohomish until mid-2004. Through September 2005, the number of King County jobs remained below average levels in 2000.

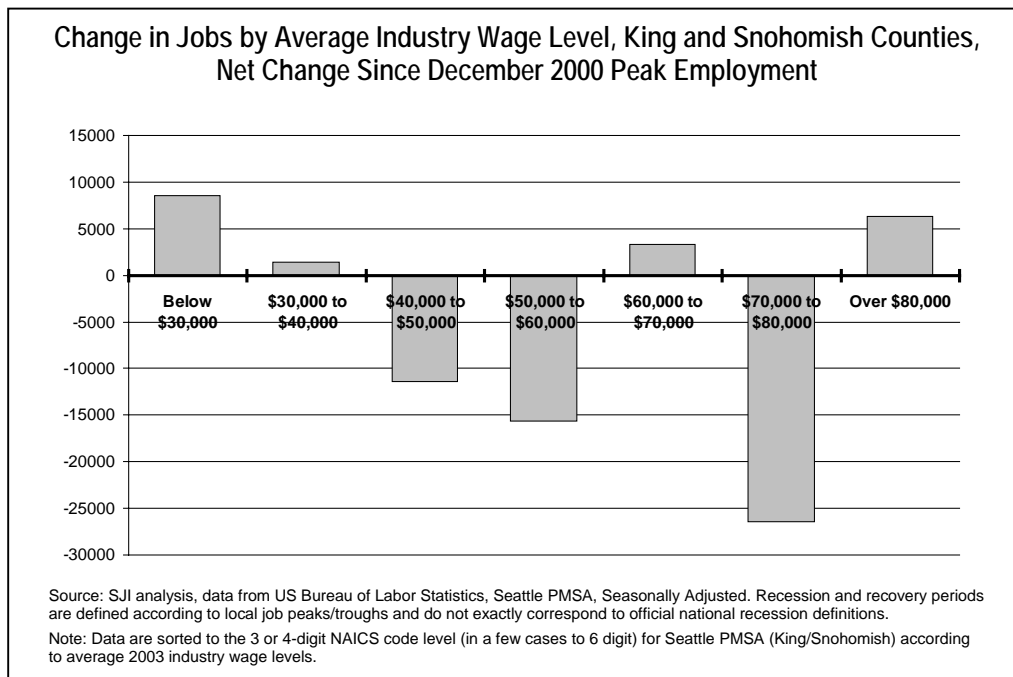


- This chart shows how variation in the number of jobs plays out in one sector - manufacturing. Manufacturing jobs declined rapidly in King, Snohomish, and Pierce counties through 2003. Since mid-2004, Snohomish has mostly seen a steady manufacturing job increase. Manufacturing employment in Pierce was more volatile, rising and then declining in both 2004 and 2005. A sustained recovery did not begin in King County until 2005.
- Kitsap manufacturing jobs changed very little over the period (the volatility shown in the chart is a result of the relatively small job base in the county).

3. Recession and Recovery Job Changes by Wage, King/Snohomish Counties

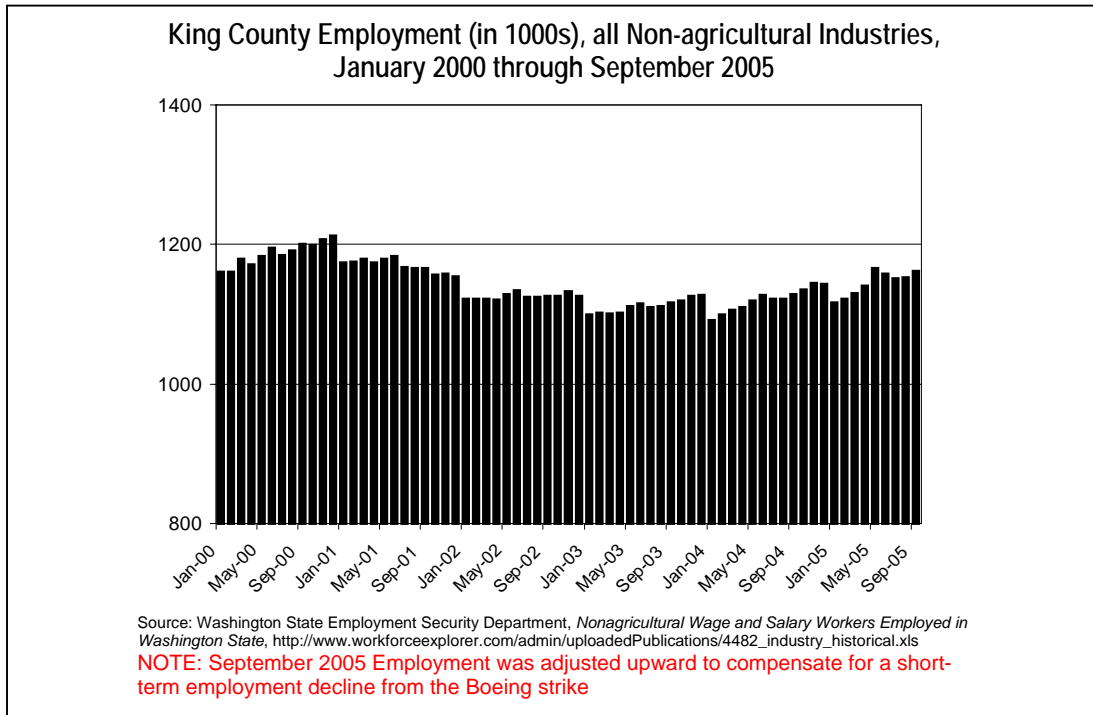


- The above chart looks at the wages of jobs lost and created in the last recession and recovery periods, with recession defined as the period from the employment peak in December 2000 to the trough of employment in June 2003, and recovery from July 2003 through July 2005. Job losses were greatest in the \$40,000 to \$50,000, and \$70,000 to \$80,000 ranges. Job gains have been greatest among industries paying on average below \$30,000. (See also p. 1)

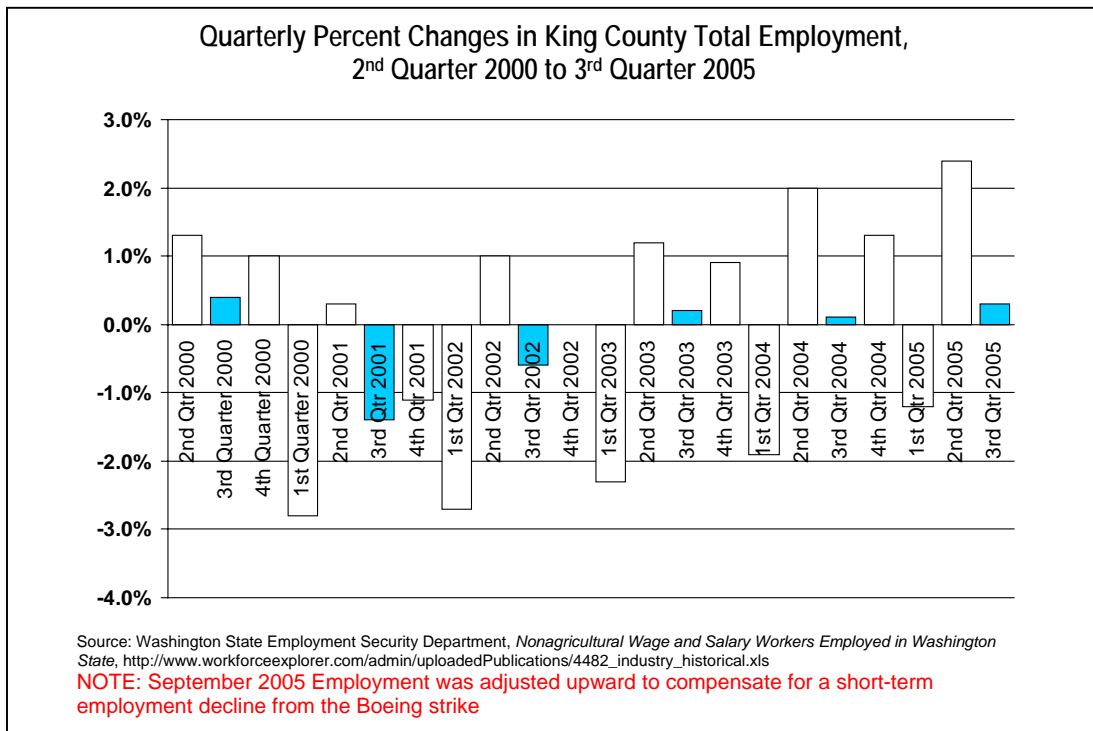


- If we look at net change across recession and recovery, we see that jobs remain down by more than 25,000 in the \$40,000 to \$60,000 range, and within the \$70,000 to \$80,000 range. Net increases are largest in the under \$30,000, and over \$80,000 ranges.

4. Total and Industry Job Trends in King County

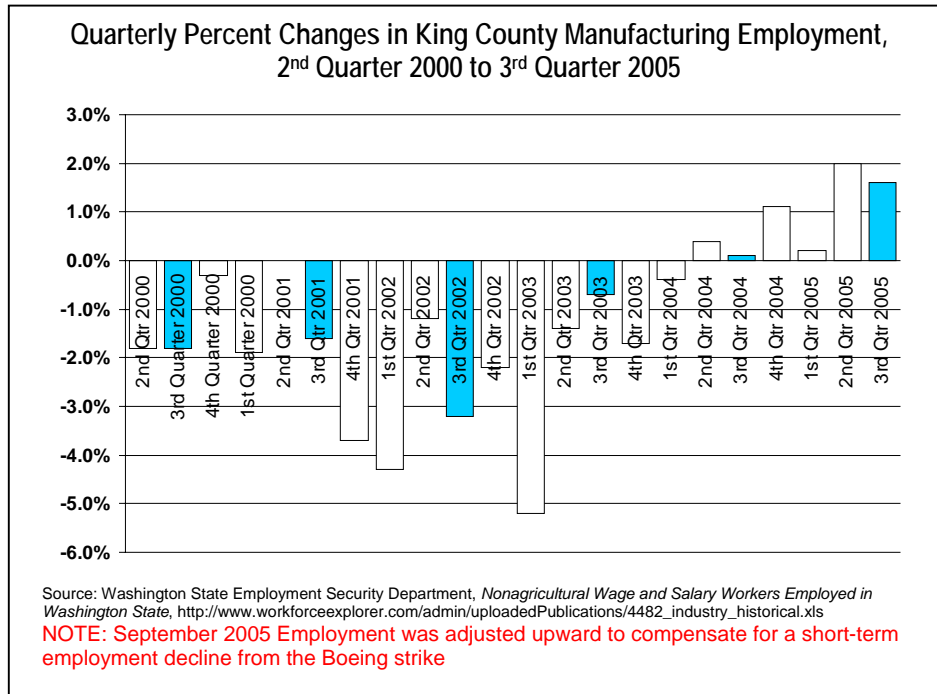


- The total number of jobs in King County peaked in December 2000 and trended downward on average until 2003. In the last 12 months ending September 2005, total employment was up 2.9%, or 32,600 jobs.

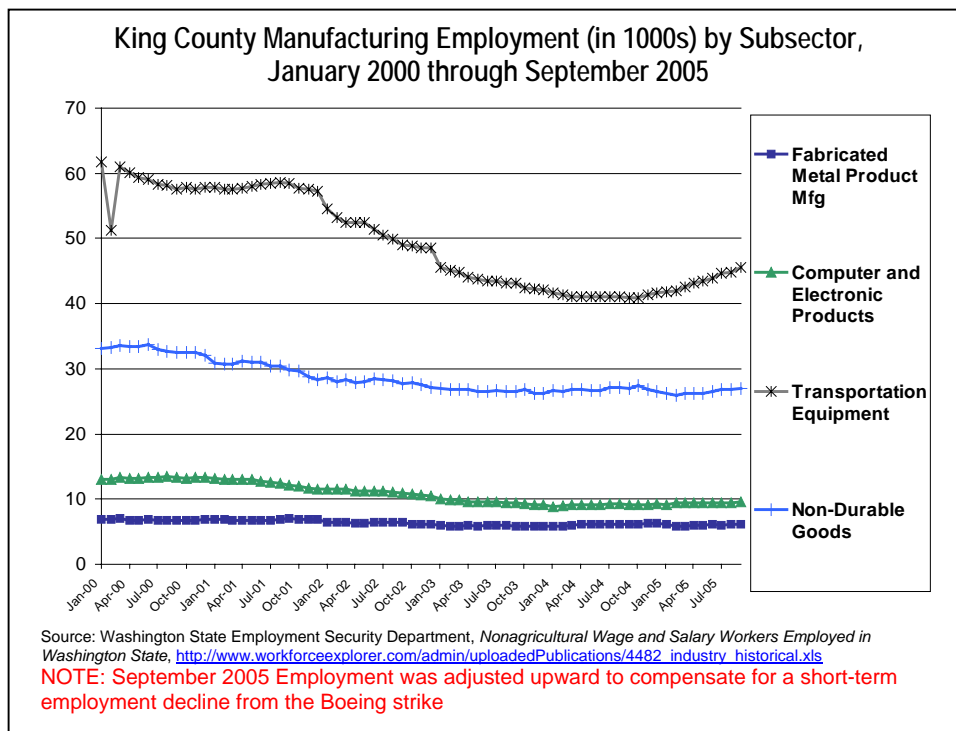


- Total jobs in King County expanded relatively slowly in the 3rd Quarter (0.3%).

Changes in Manufacturing Jobs – King County

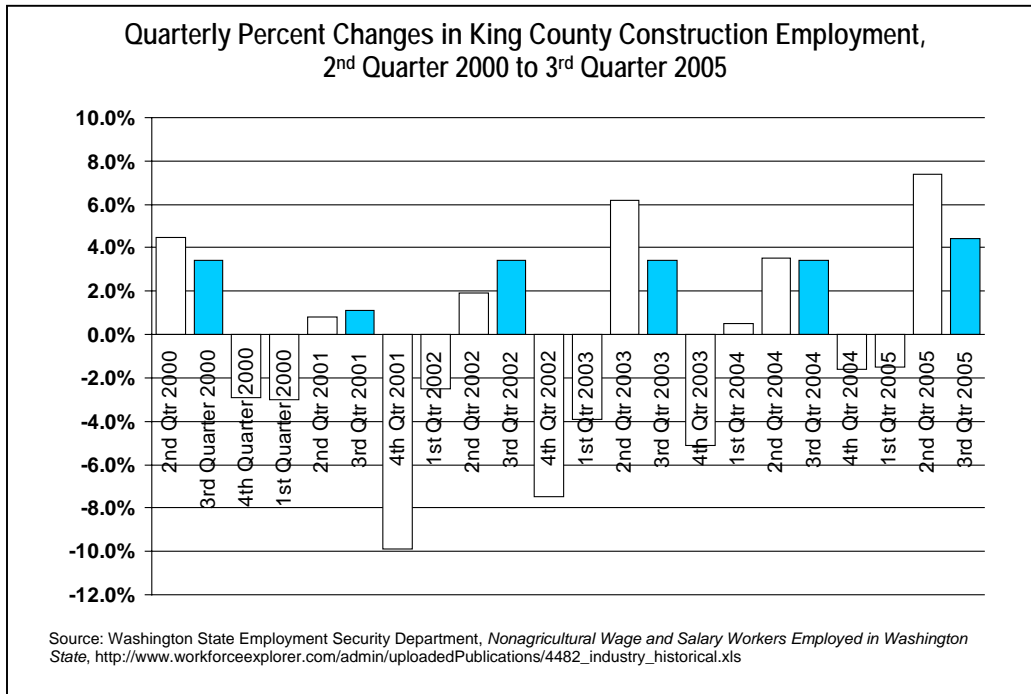


- Manufacturing expanded at a 1.6% rate in the 3rd Quarter.

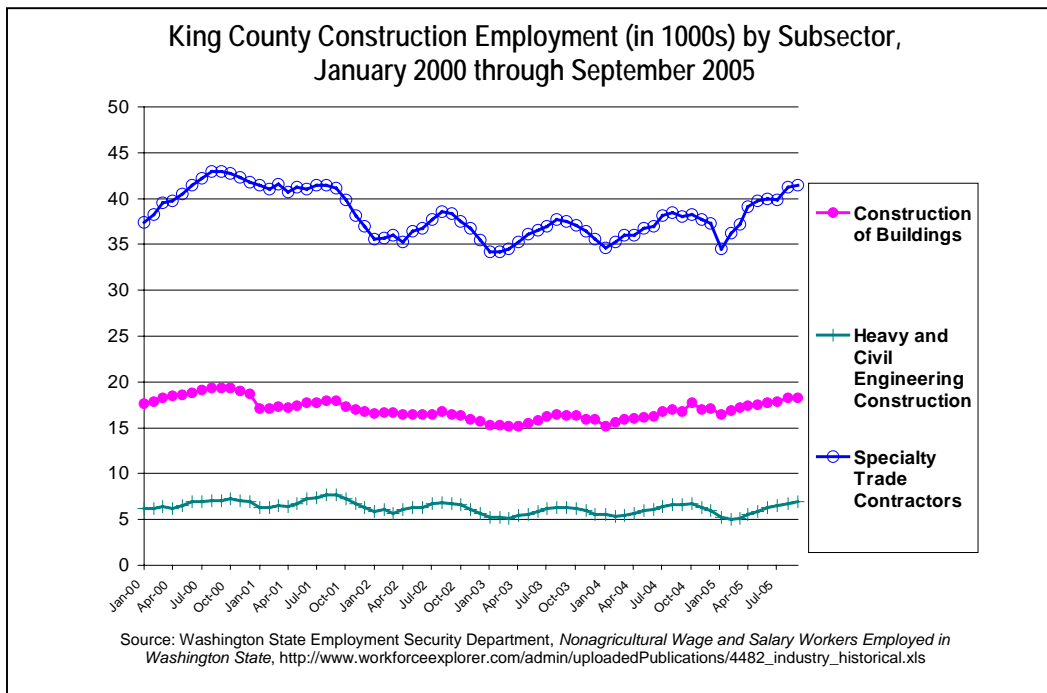


- Recent increases in manufacturing employment have been driven by increases in the transportation equipment subsector (which includes aerospace). Employment in other areas of manufacturing remains relatively flat.

Changes in Construction Jobs – King County

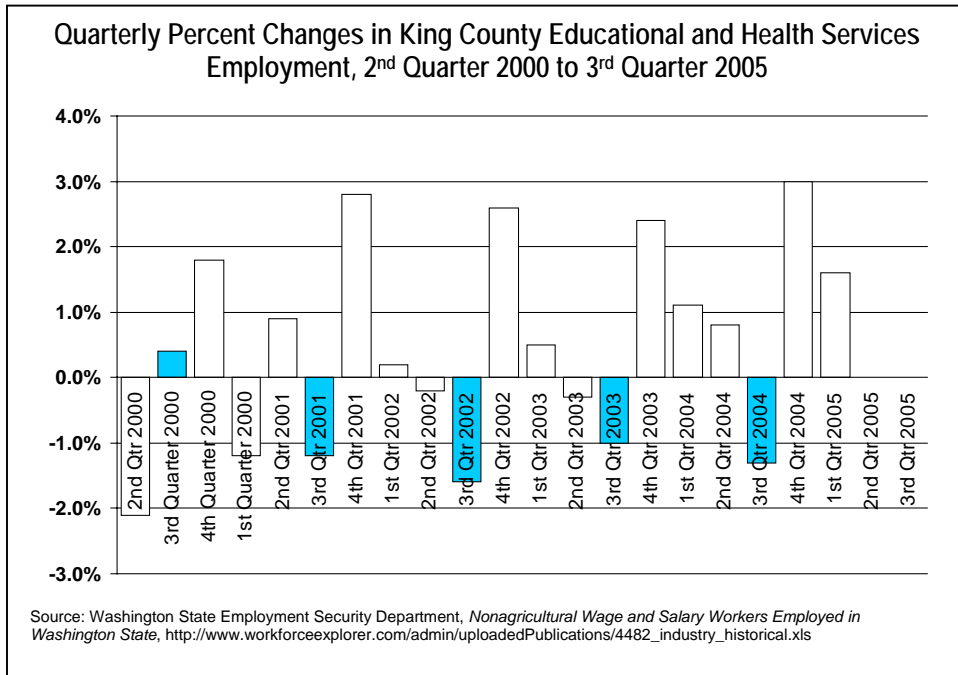


- Construction employment shows seasonal patterns of expansion and contraction, and a trend toward increased employment in the last few years. Construction employment expanded at 4% in the 3rd quarter of 2005.

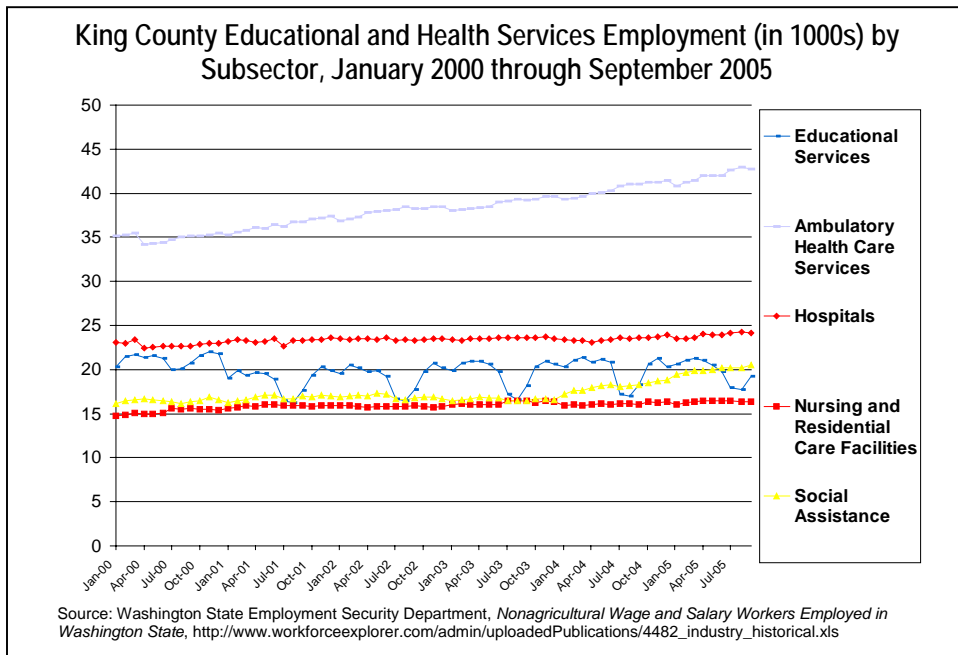


- Within the Construction industry, recent job increases have been driven mostly by two subsectors: building construction and specialty trade contractors.

Changes in Educational and Health Services Jobs – King County

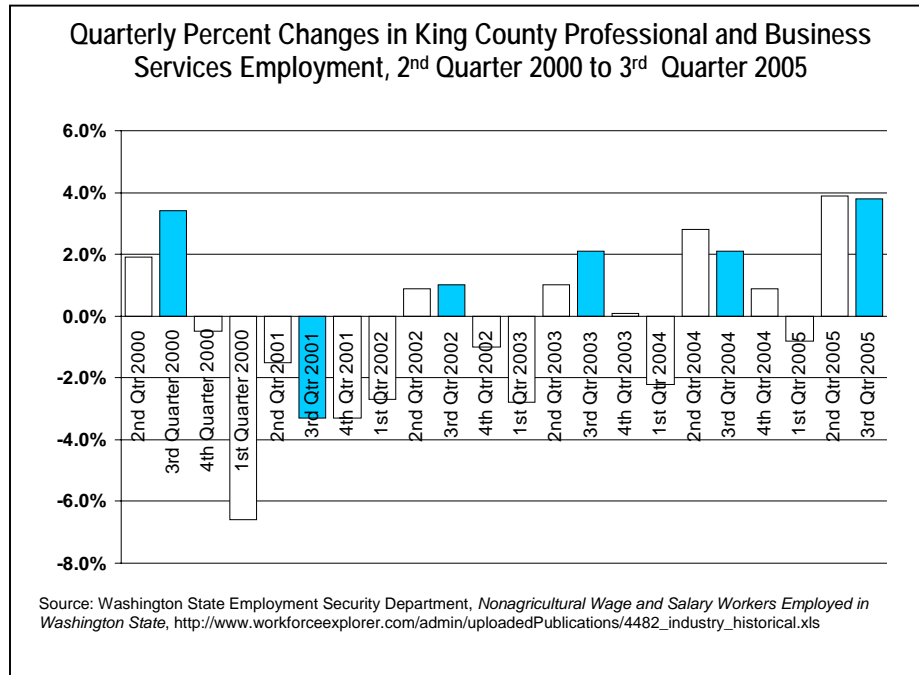


- Educational and Health Services show strong cyclical trends in employment. Employment has been flat the last two quarters.

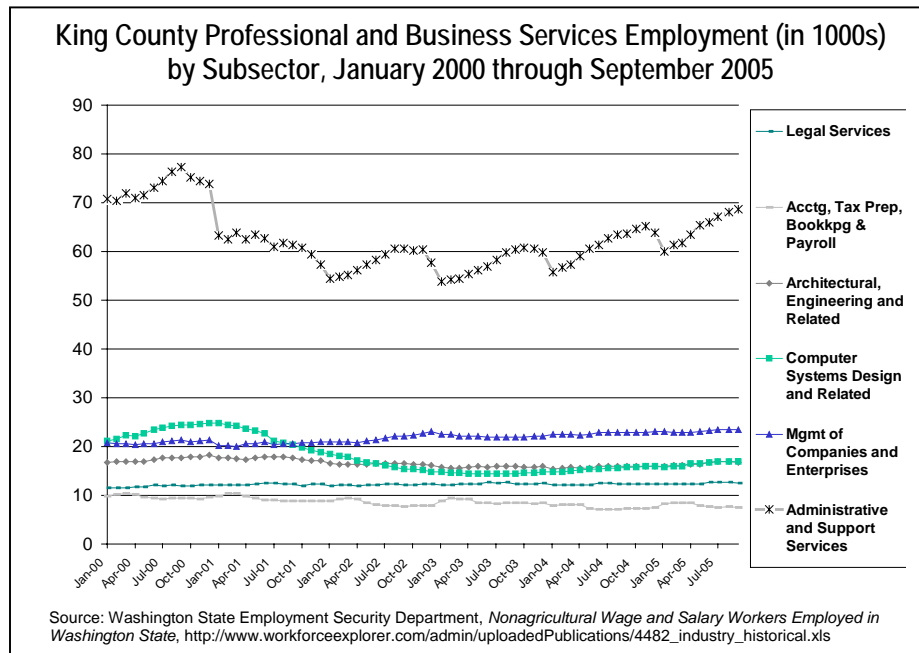


- Employment patterns vary substantially by subsector in the Educational and Health Services industry group. Education shows a strong and predictable seasonal variation, with no discernible upward trend. Social assistance employment was relatively flat over much of the period but began to trend upward in 2004.
- Within health care, ambulatory services show a strong upward trend, faltering slightly in recent months. Jobs in other subsectors of health care showed a more muted pattern, although hospital employment has been inching upward since the middle of 2004.

Changes in Professional and Business Services Jobs – King County



- Employment growth in Professional and Business Services has strengthened each year since the recession. In the last two quarters expansion has been just under 4% per quarter.



- Employment in the Professional and Business Services sector is dominated by the administrative and support services subsector, which also accounts for its overall cyclicity.
- Employment in administrative and support services is showing an upward trend in 2004 and 2005. Employment increases in most other subsectors are marginal or nonexistent, although computer systems design jobs are starting to show a modest upward trend.

Data Table: King County Employment, Unemployment, and Jobs

Measure	Sept. 2005	June 2005	Sept. 2004	# Change from 3 Months Ago*	% Change from 3 Months Ago*	# Change From 1 Year Ago	% Change From 1 Year Ago
Civilian Labor Force ¹	1,012,700	1,006,900	989,400	5,800	0.6%	23,300	2.4%
Number Employed ¹	963,500	959,200	939,500	4,300	0.4%	24,000	2.6%
Number Unemployed ¹	49,300	47,700	50,000	1,600	3.4%	-700	-1.4%
Unemployment Rate ¹	4.9%	4.7%	5.0%	0.2	n/a	-0.1	n/a
Total King County Jobs (non-farm) ²	1,161,300	1,157,400	1,128,700	3,900	0.3%	32,600	2.9%
Construction Jobs ²	66,700	63,900	61,400	2,800	4.4%	5,300	8.6%
Manufacturing Jobs ²	108,600	106,900	103,500	1,700	1.6%	5,100	4.9%
Trade, Transport, and Utilities Jobs ²	227,900	227,100	224,000	800	0.4%	3,900	1.7%
Information Jobs ²	70,700	69,800	68,300	900	1.3%	2,400	3.5%
Financial Activities Jobs ²	77,800	77,300	77,500	500	0.6%	300	0.4%
Prof. and Business Services Jobs ²	175,400	173,800	167,100	1,600	0.9%	8,300	5.0%
Educational and Health Jobs ²	122,600	122,600	117,200	0	0.0%	5,400	4.6%
Leisure and Hospitality Jobs ²	109,700	109,800	106,400	-100	-0.1%	3,300	3.1%
Other Services Jobs	41,600	41,900	41,100	-300	-0.7%	500	1.2%
Government Jobs	159,800	163,600	161,300	-3,800	-2.3%	-1,500	-0.9%

1. Household-based data. Employed persons could be working in any county. As a result, the number of employed from the household survey does not match the number of jobs in the establishment survey (see also note #2).

2. Establishment data. Jobs are physically located in King County.

* NOTE: 3 month changes may reflect seasonality rather than long-term trends.

Source of unemployment data: http://www.workforceexplorer.com/admin/uploadedPublications/1886_laus_historical.xls.

Source of industry employment data: Washington State Employment Security Department, *Nonagricultural Wage and Salary Workers Employed in Washington State*, http://www.workforceexplorer.com/admin/uploadedPublications/4482_industry_historical.xls.

Brief Notes on Employment Data

- There is a critical distinction between sources that collect information from “business establishments,” as opposed to those derived from household surveys of individuals. Establishment surveys count jobs on a geographical basis. For example, from this type of survey, King County jobs include only those physically located in the county.
- One frequently cited measure, the unemployment rate, is derived mainly from a survey of *households*. A King County resident is counted as employed if they have a job anywhere (e.g. they work for Boeing in Snohomish County). Because of this, the number of jobs in the establishment and household surveys may not match.
- In order to be considered unemployed in the household survey someone has to be looking for work. If they are no longer looking for work, they are not considered unemployed (because they are no longer in the “labor force”).
- Because of the somewhat narrow definition of unemployment, other measures may be used as supplements. For example, the “employment-to-population ratio” captures the percent of those over age 16 who are employed, whether or not they are looking for work. A sharp decline in this measure is likely to indicate a weak job market. Other measures may include underemployment (e.g. proportion of workers involuntarily in part-time positions).

Resources

- Washington State Employment Security Department, “Workforce Explorer”: <http://www.workforceexplorer.com/>
- U.S. Bureau of Labor Statistics: <http://www.bls.gov/home.htm>
- Puget Sound Regional Council: <http://www.psrc.org/>
- EconData.net: <http://econdata.net/>
- FDIC, Regional Economic Conditions, <http://www2.fdic.gov/recon/>
- Puget Sound Business Journal, <http://www.bizjournals.com/seattle/>
- Manpower (see Employment Outlook Survey) <http://www.manpower.com/mpcom/index.jsp>

Seattle Jobs Initiative is a nonprofit organization that creates opportunities for people to support themselves and their families through living wage careers. All of our work is designed to eliminate barriers to good paying, long-term work. We creatively align support services - including housing, childcare, transportation and counseling - with job skills training and job placement assistance. Our policy work supports legislative changes that improve access to training and services for low-income individuals. Through partnerships and innovative approaches, we help people chart a path to economic self-sufficiency. See <http://www.seattlejobsinitiative.com/>