



Quarterly Job Trends Report Seattle Jobs Initiative Quarter Ending March 31, 2006

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:

Low unemployment and lagging job performance continue to coexist in King County:

- Despite a low unemployment rate, King's proportion of the Puget Sound areas' job base has shrunk continually since 2000.
- Employed residents and population in King increased since 2000 while jobs remained down, indicating an outflow of workers to surrounding counties for work.
- Alone among the four counties, King remained below its job totals for 2000. However, if recent job growth continues it should reach these levels later in the year.

Job growth by industrial sector:

- Manufacturing job growth shows signs of sputtering in King and Pierce counties, although it is too early to tell if this is a trend or a temporary slowdown.
- Since job growth began again in King in 2003, employment is up for 8 of 10 major industrial sectors. Only two - government and financial activities - have shown no net job growth over the past two years.
- In King County, 80% of net job growth was accounted for by four sectors: Professional and Business Services; Leisure and Hospitality; Construction; and, Educational and Health Services.
- Looking at more detailed subsectors, those adding the most new jobs in the prior two years include Administrative and Support Services; Food Services and Drinking Places; Professional, Scientific, and Technical Services; and Specialty Trade Contractors. (See table below)

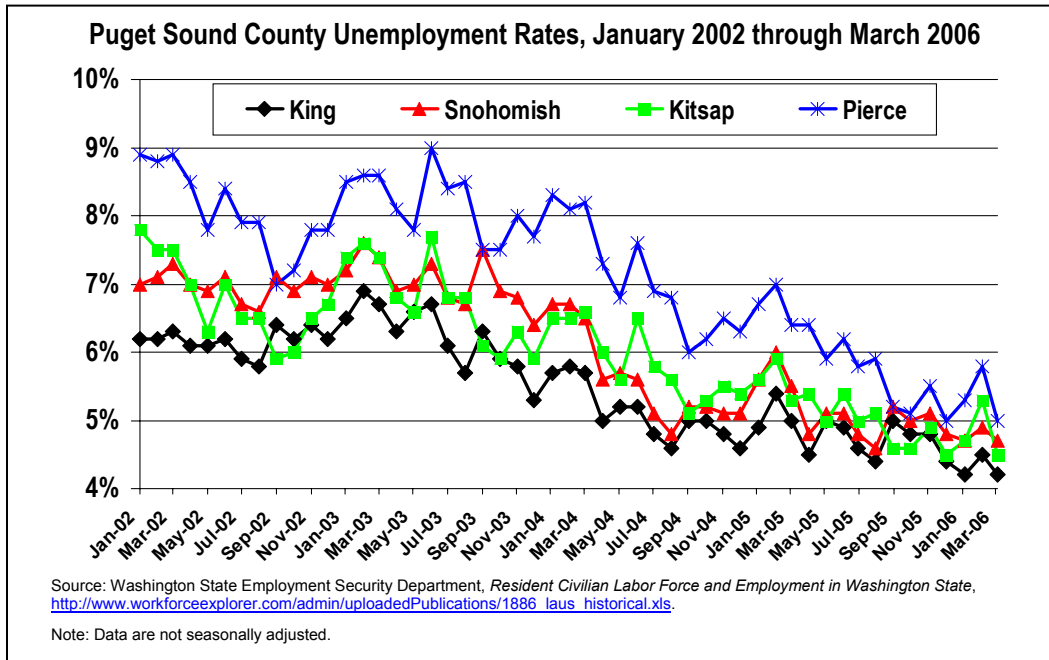
Ten Fastest Growing Industrial Subsectors in King County

	March 2003	March 2006	March increase in jobs	percent change
Administrative and Support Services	54,400	68,900	14,500	26.7%
Food Services and Drinking Places	66,000	74,500	8,500	12.9%
Professional, Scientific & Tech. Services	78,700	85,600	6,900	8.8%
Specialty Trade Contractors	34,500	40,900	6,400	18.6%
Software Publishers	35,100	41,200	6,100	17.4%
Ambulatory Health Care Services	38,300	42,900	4,600	12.0%
Social Assistance	16,700	20,800	4,100	24.6%
Durable Goods	80,600	84,400	3,800	4.7%
Retail Trade	111,100	114,700	3,600	3.2%
Construction of Buildings	15,200	18,800	3,600	23.7%

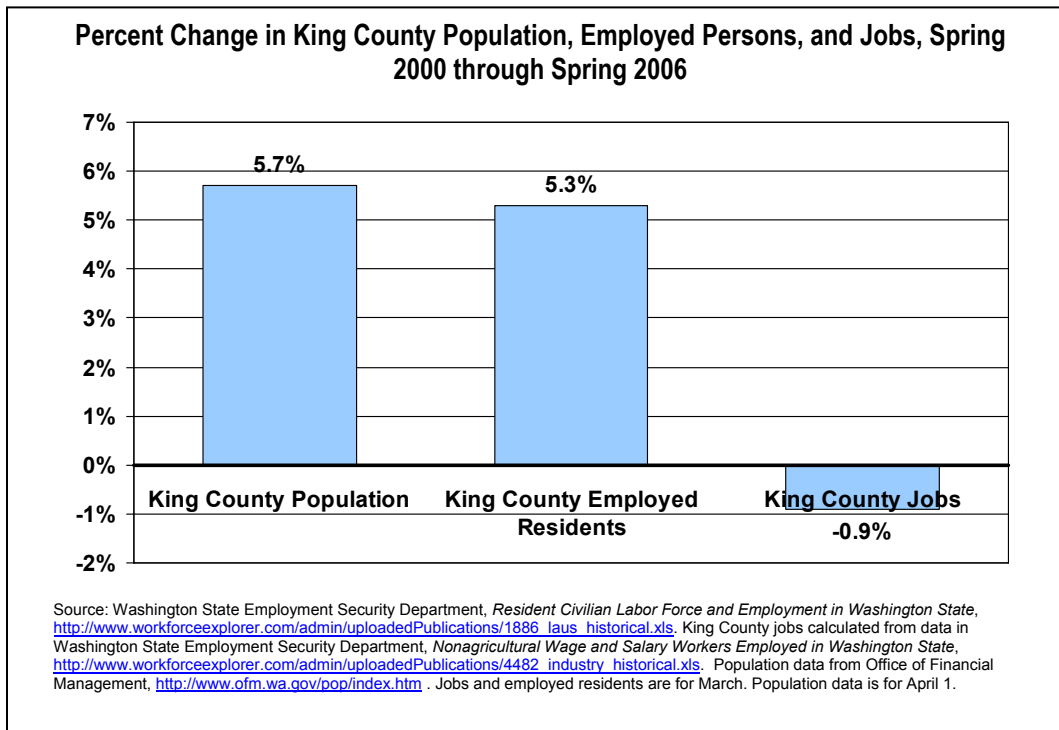
Source: Calculated from data in Washington State Employment Security Department, *Nonagricultural Wage and Salary Workers Employed in Washington State*, http://www.workforceexplorer.com/admin/uploadedPublications/4482_industry_historical.xls

Note: Data are not seasonally adjusted.

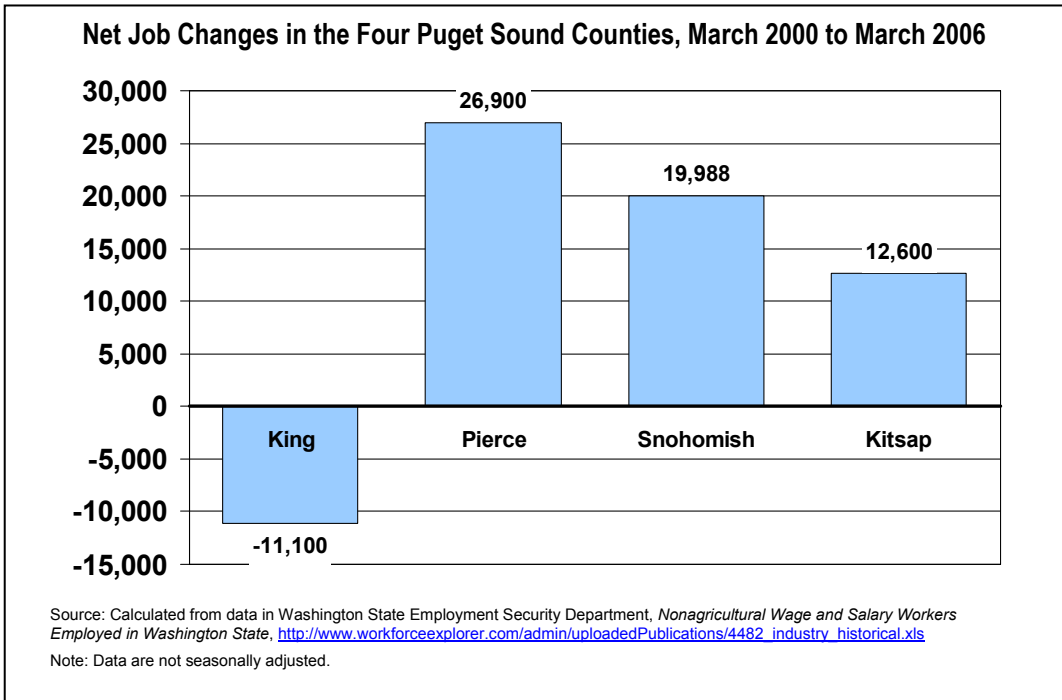
1. Unemployment and Labor Force Trends in Puget Sound Counties



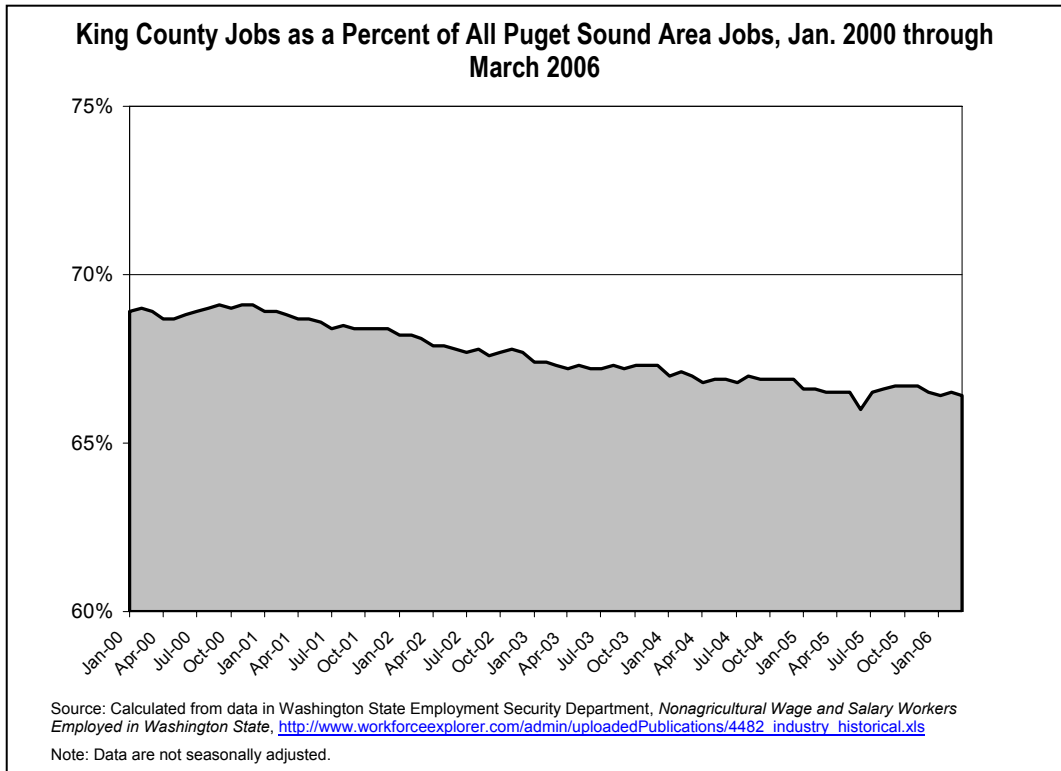
- As of March 2006, unemployment in all four Puget Sound counties was 5% or below, ranging from a low of 4.2% for King to a high of 5% for Pierce.



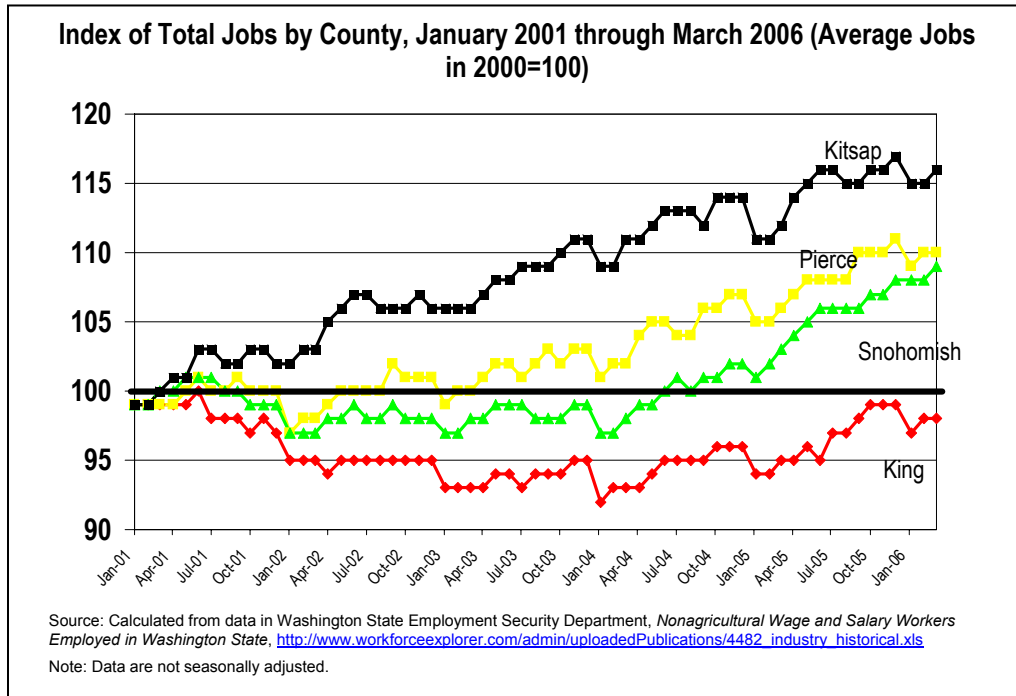
- Although job growth has been slow in King County, the number of employed residents has continued to go up. This is likely due mostly to movement of King County residents across county borders for work to areas with faster job growth, such as Snohomish and Pierce.



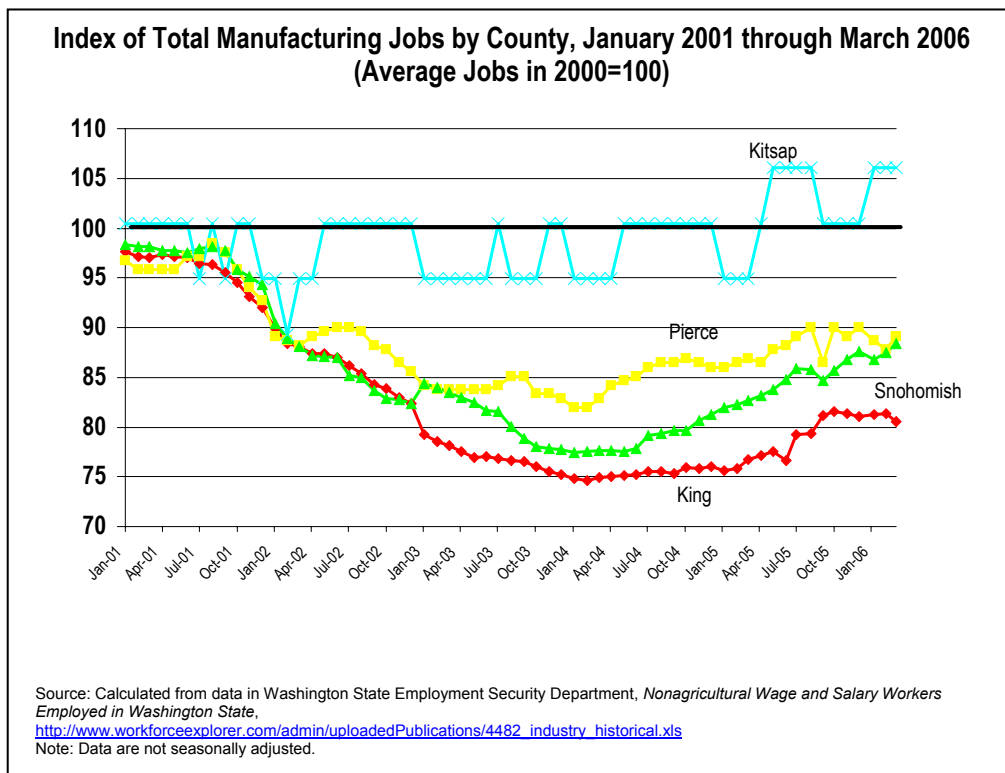
- This chart shows net changes in jobs in the four Puget Sound counties since 2000, with only King remaining below 2000 job totals.



- Because of slower local net job creation, King's proportion of all area jobs has shrunk steadily over the period.

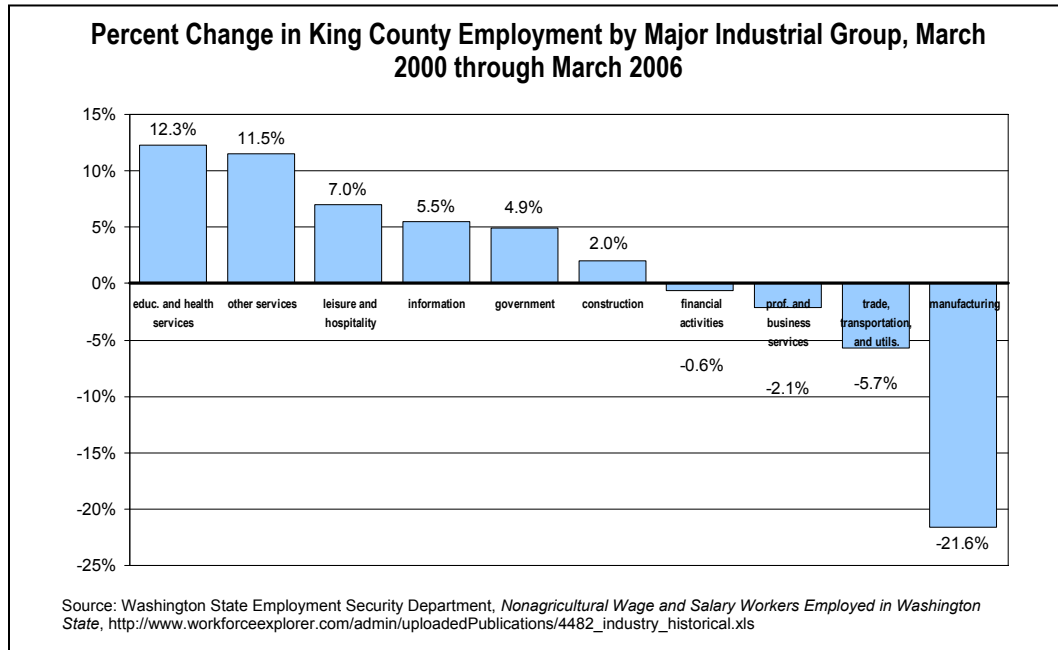


- This chart converts job changes into an index, with average jobs in 2000 as a reference. Only Kitsap shows sustained employment growth over the period. In Pierce, jobs moved into sustained positive territory starting in early 2003 -- a point not reached for Snohomish until mid-2004. In March 2006, the number of King County jobs remained (slightly) below average levels in 2000.

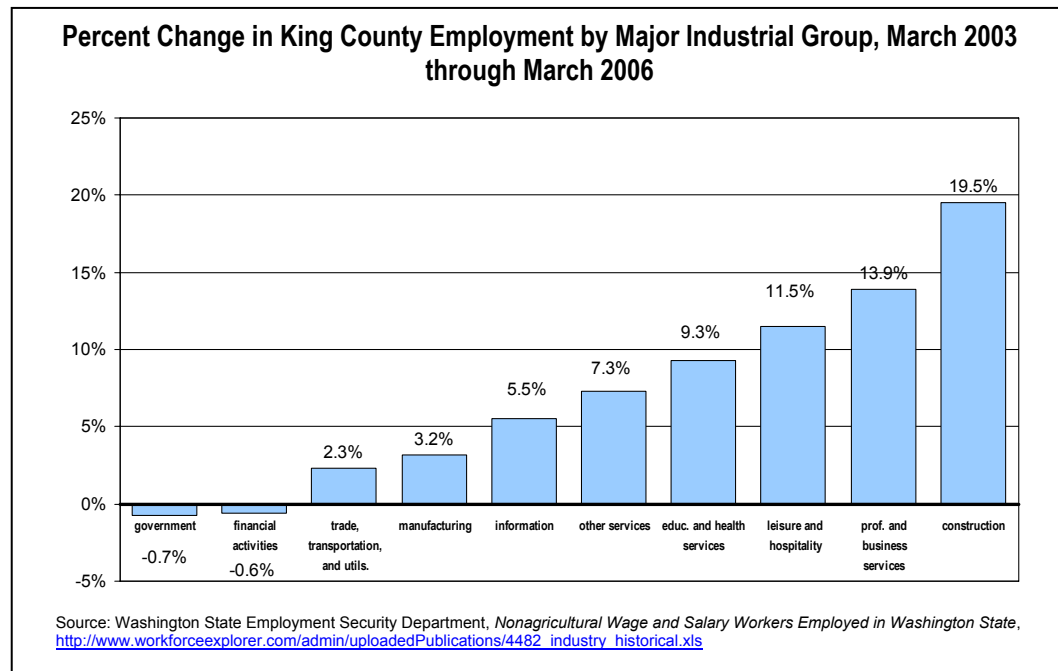


- The manufacturing jobs recovery shows some evidence of stalling out in King and Pierce counties, although it is too early to tell if this is a trend or just a temporary leveling off in job creation.
- In Kitsap, there is evidence of a slight upward trend in the number of manufacturing jobs in recent months (the volatility shown in the chart is a result of the relatively small manufacturing job base in the county).

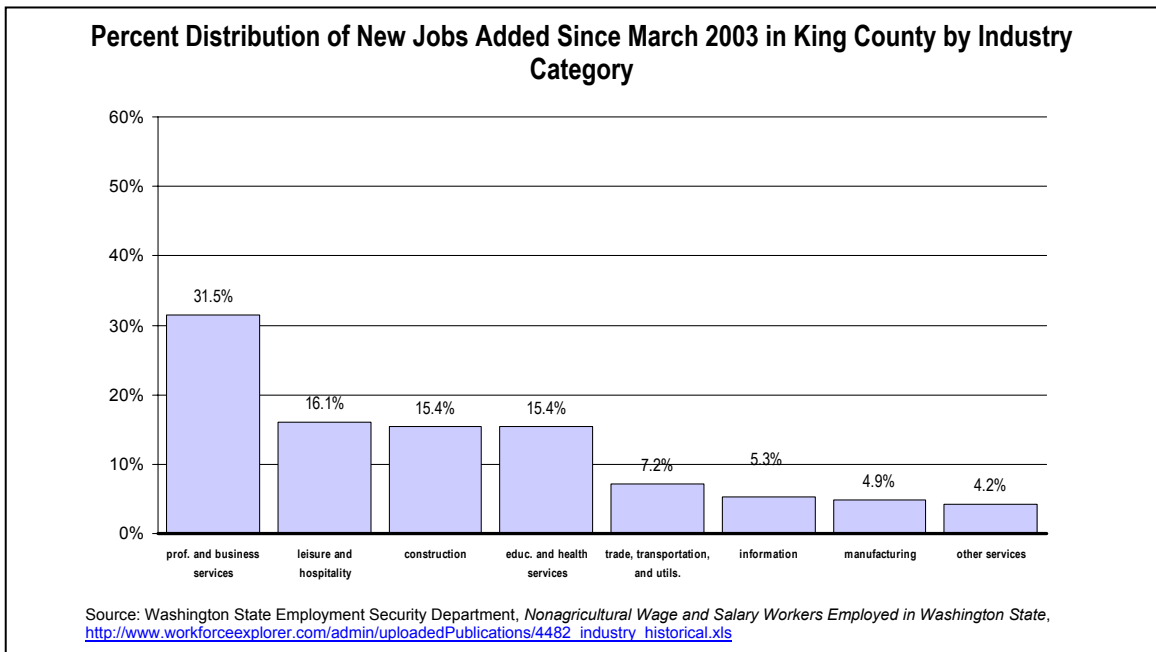
3. What sectors are creating jobs in King County?



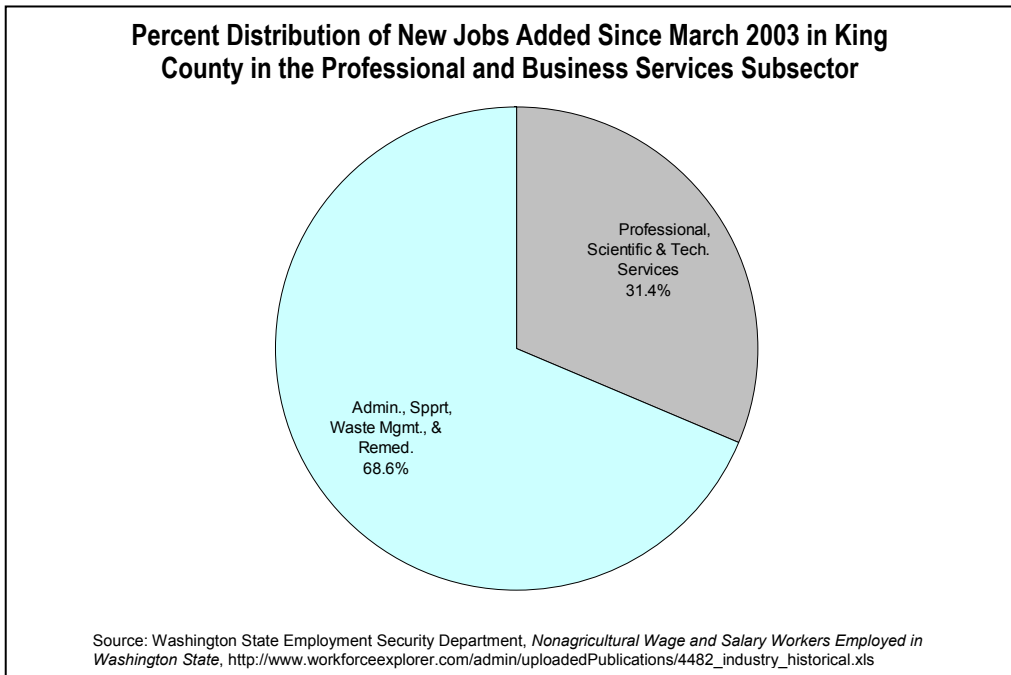
- Of the 10 major industrial groupings in King County, 6 have more than regained the number of jobs lost in the last recession, with Education and Health Services seeing the largest net percentage job growth. Four sectors remain in deficit, with manufacturing employment the most severe at more than a 20% reduction.



- If we instead look just at the most recent two years, the pattern changes. Only two sectors - government and financial services - still show net declines in employment. Every other group has been adding jobs, led by construction with 20% job growth.

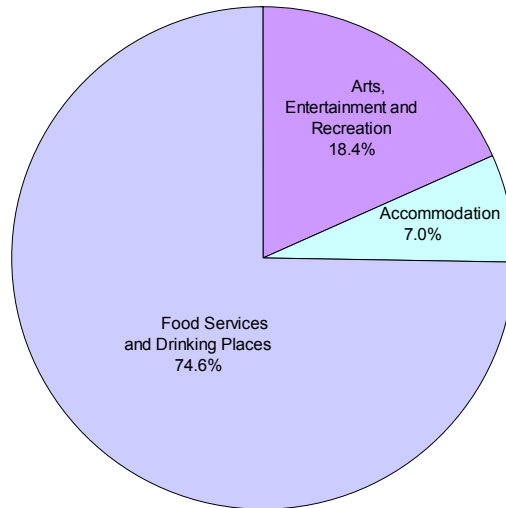


- The chart above takes a somewhat different look: among all those sectors showing net job gains, which industry groupings account for the largest gains? Here, we can see that four groupings - Professional and Business Services; Leisure and Hospitality; Construction; and, Educational and Health Services accounted for almost 80% of the net new jobs since 2003.



- The chart above looks at jobs created within the Professional and Business Services subsector. Two thirds of the net new jobs were in the Administrative Support, Waste Management and Remediation subsector. Within this subsector, Administrative and Support Services accounted for about 95% of all jobs. Half of the employment in Administrative and Support Services are at employment service firms (including temporary services agencies).
- Professional, Scientific, and Technical services accounted for just under a third of new jobs in this sector. (A third subsector of this industry - Management of Companies and Enterprises - had no net job growth).

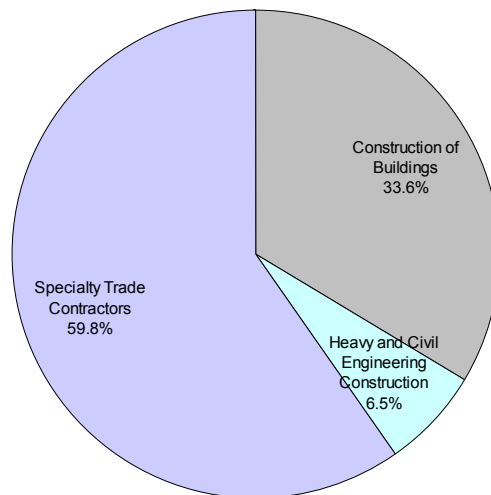
**Percent Distribution of New Jobs Added Since March 2003 in King County
in the Leisure and Hospitality Sector**



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

- Within the Leisure and Hospitality Sector, about three-quarters of net new job growth occurred at Food Services and Drinking Places.
- The next largest area of gain was Arts, Entertainment, and Recreation at just under one-fifth of net new jobs. Accommodations employment accounted for 7%.

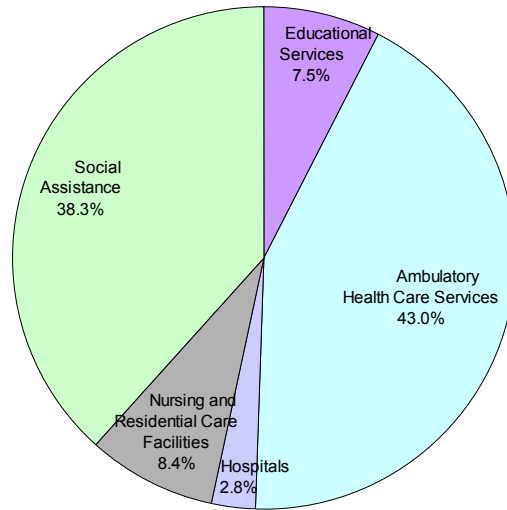
**Percent Distribution of New Jobs Added Since March 2003 in the
Construction Subsector**



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

- Within Construction, almost 60% of all jobs were added in the Specialty Trade Contractors subsector. Construction of Buildings made up one-third of net employment gains. Heavy and Civil Engineering made up 6.5% of the new jobs.

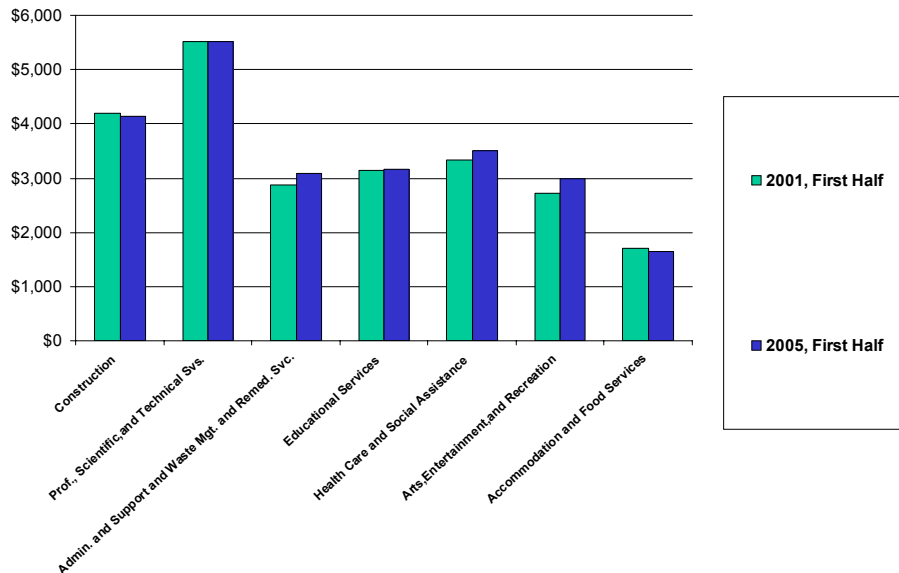
Percent Distribution of New Jobs Added Since March 2003 in the Education and Health Care Services Subsector



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

- Within the Education and Health Services Subsector, Ambulatory Health Care Services (offices of doctors, dentists, etc.) accounted for over four in ten new jobs. Social Assistance (which includes child care) accounted for the next largest set of gains at 38%.

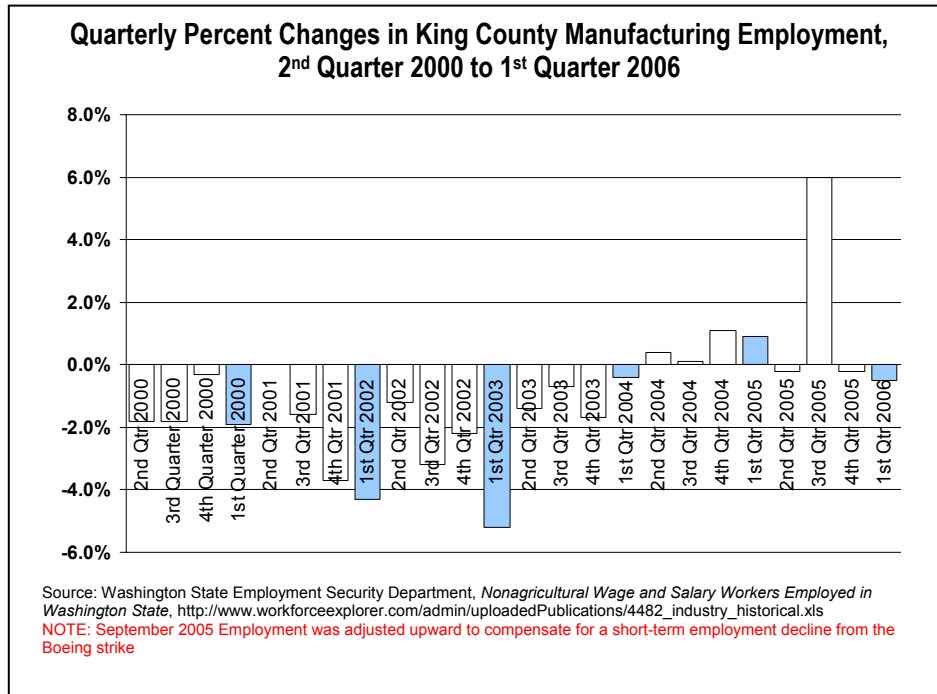
Monthly Earnings in Rapid Growth Subsectors, 2001 and 2005



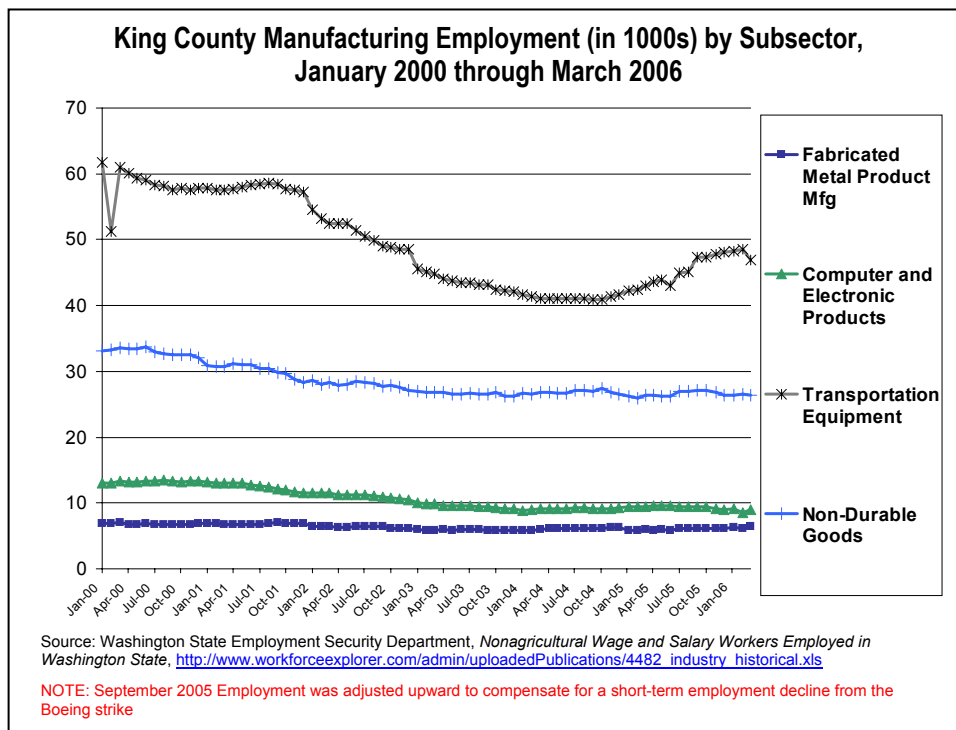
Source: Extracted from Local Employment Dynamics database, <http://lehd.dsd.census.gov/led/datatools/gwiapp.html>

- This chart shows average monthly earnings in selected rapid growth subsectors. (Since this chart was drawn from a different data source than was used in the prior set of charts, industry aggregations vary slightly from those above). Industry wages dropped slightly in Construction, and Accommodation and Food Services; were flat in Education, and Professional and Scientific Services; and rose in the remaining three subsectors.

Changes in Manufacturing Jobs – King County

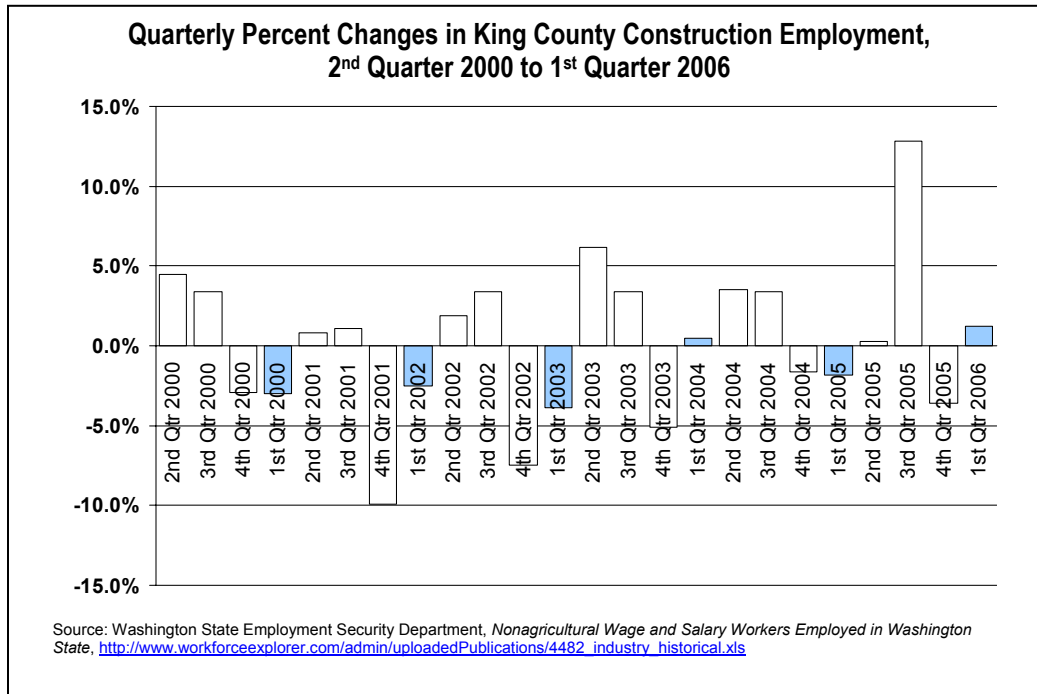


- Manufacturing employment dipped slightly in the last two quarters after very strong growth in the 3rd quarter of 2005.

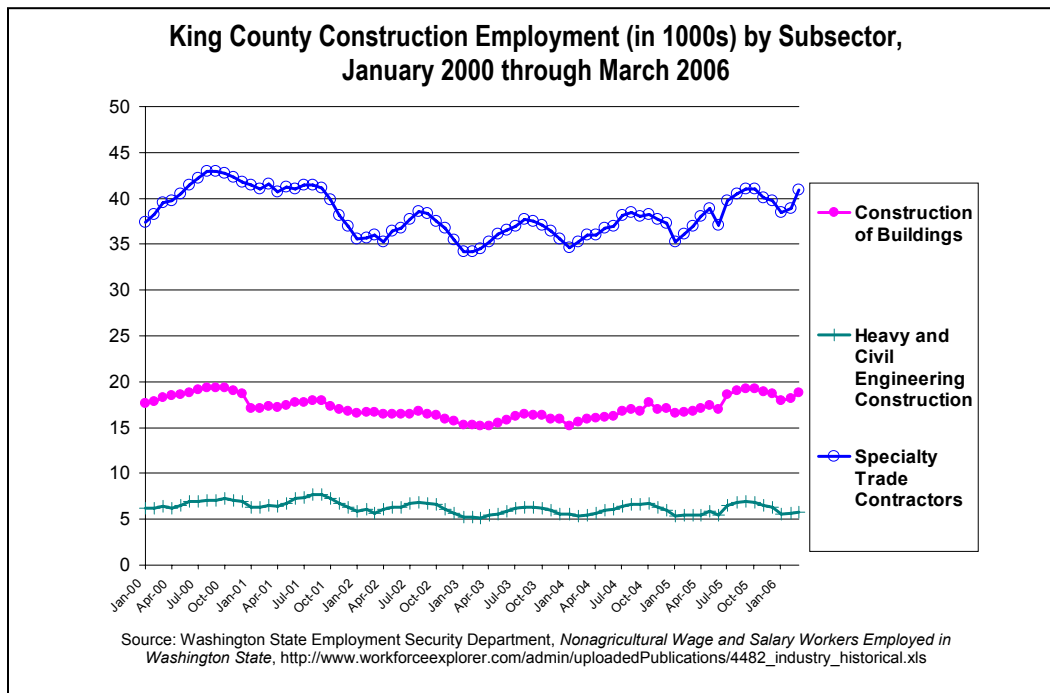


- Increases in manufacturing employment since 2004 have been driven by job growth in the transportation equipment subsector (which includes aerospace). Employment in other areas of manufacturing remained relatively flat.

Changes in Construction Jobs – King County

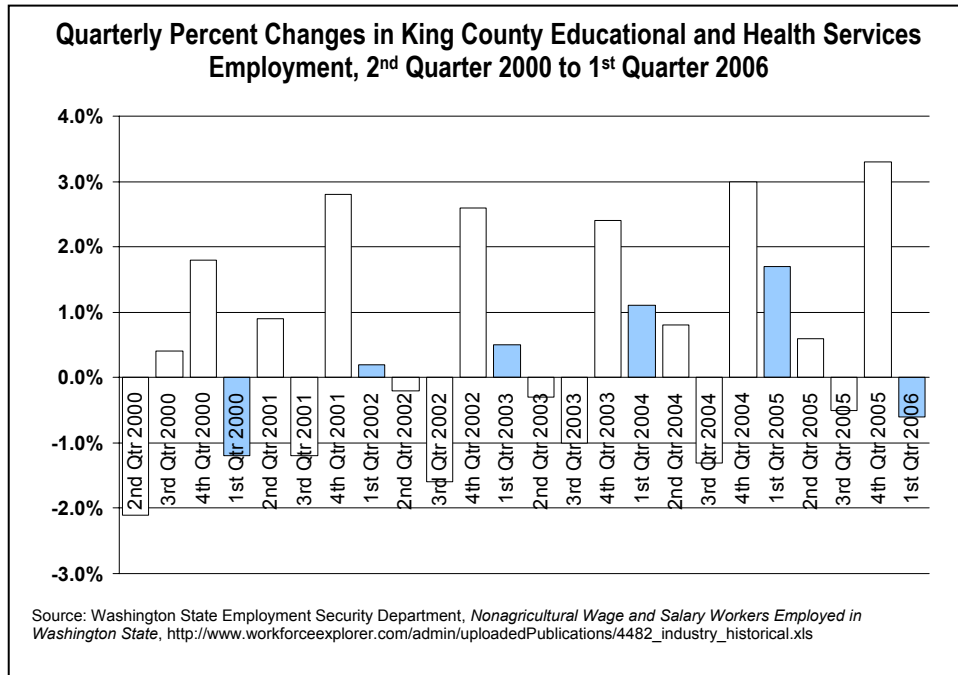


- Construction employment shows seasonal patterns of expansion and contraction. Employment increased slightly in the first quarter of 2006 in contrast to the usual pattern of a first quarter downturn.

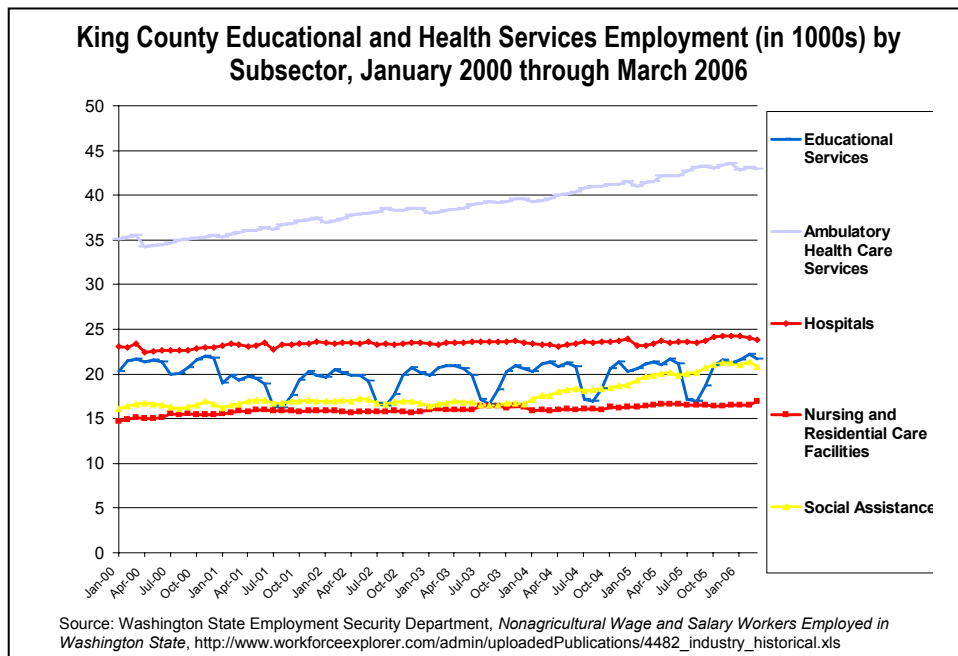


- Employment is trending upward in the Specialty Trade Contractors and Construction of Buildings subsectors. Employment in Heavy and Civil Engineering Construction remains relatively stagnant.

Changes in Educational and Health Services Jobs – King County

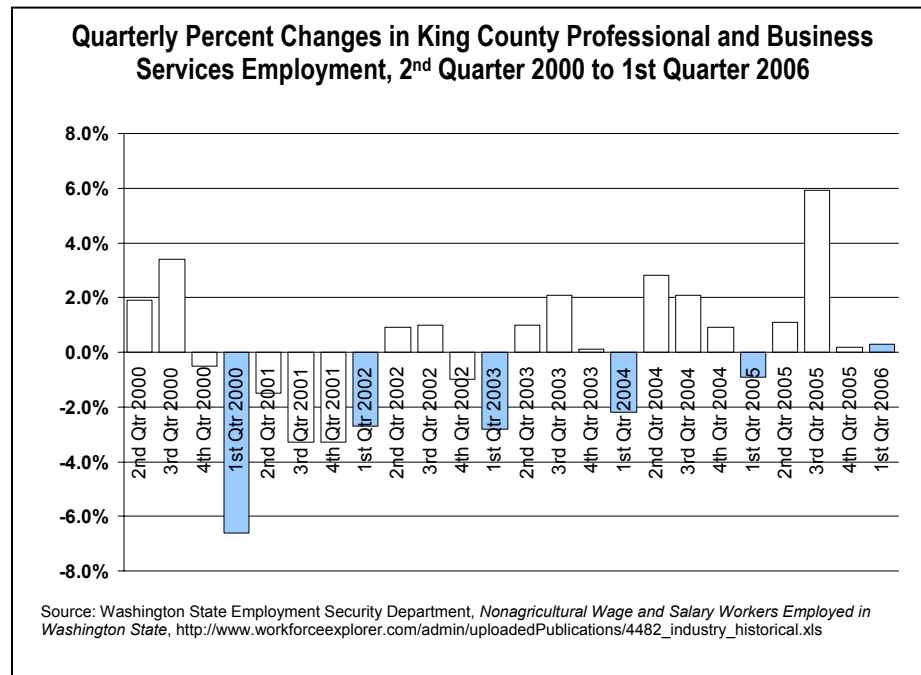


- Educational and Health Services shows strong cyclical trends in employment. Employment grew strongly in the 4th quarter of 2005 but dropped in the first quarter of this year, the first drop in that quarter since 2000.

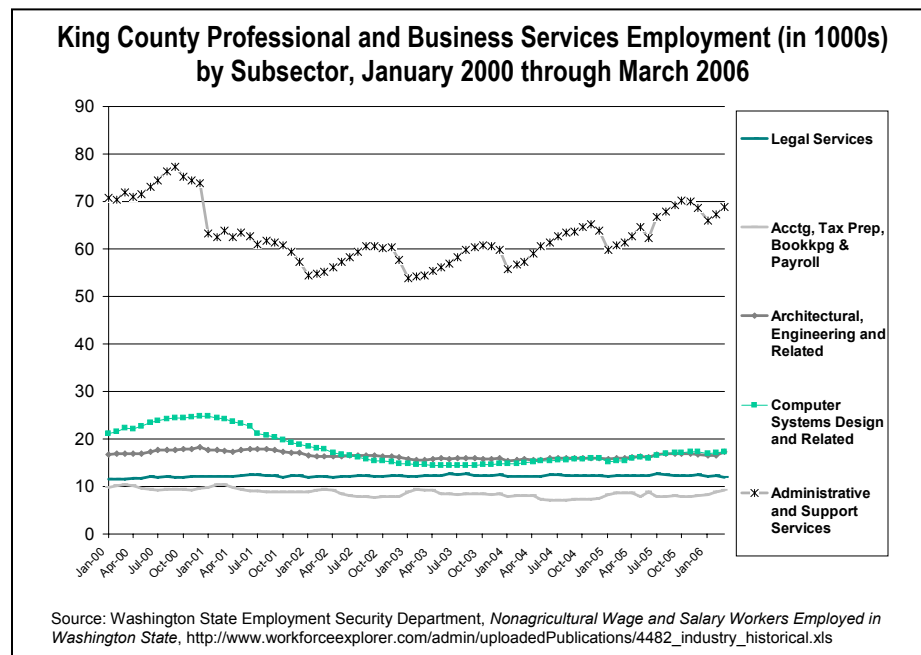


- Employment patterns vary substantially by subsector in the Educational and Health Services industry group. Education shows a strong and predictable seasonal variation, with no discernible upward trend. Social Assistance employment was relatively flat over much of the period but began to trend upward strongly in 2004.
- Within health care, Ambulatory Health Care Services showed a strong upward trend over the period although employment growth has stalled recently. Jobs in other subsectors of health care are growing very slowly, with job demand being driven more by retirements and voluntary quits than new job creation.

Changes in Professional and Business Services Jobs – King County



- Employment growth in Professional and Business Services has strengthened each year since the recession. Jobs increased slightly in the first quarter of 2006, the first increase in the first quarter in the last 6 years.



- Employment in the Professional and Business Services sector is dominated by the administrative and support services subsector, which also accounts for its overall cyclical nature.
- Employment in Administrative and Support Services showed an overall upward trend since 2004 after accounting for seasonality. Employment increases in most other subsectors were marginal or nonexistent.

Data Table: King County Employment, Unemployment, and Jobs

Measure	March 2006	Dec. 2005	March 2005	# Change from 3 Months Ago*	% Change from 3 Months Ago*	# Change From 1 Year Ago	% Change From 1 Year Ago
Civilian Labor Force ¹	1,054,000	1,032,600	1,007,000	21,400	2.1%	47,000	4.7%
Number Employed ¹	1,009,700	986,700	956,600	23,000	2.3%	53,100	5.6%
Number Unemployed ¹	44,400	45,900	50,500	-1,500	-3.3%	-6,100	-12.1%
Unemployment Rate ¹	4.2%	4.4%	5.0%	-0.2%	n/a	-0.8%	n/a
Total King County Jobs (non-farm) ²	1,168,700	1,175,600	1,123,500	-6,900	-0.6%	45,200	4.0%
Construction Jobs ²	65,500	64,700	59,300	800	1.2%	6,200	10.5%
Manufacturing Jobs ²	110,800	111,400	105,500	-600	-0.5%	5,300	5.0%
Trade, Transport, and Utilities Jobs ²	223,800	231,200	218,200	-7,400	-3.2%	5,600	2.6%
Information Jobs ²	71,200	71,400	69,300	-200	-0.3%	1,900	2.7%
Financial Activities Jobs ²	76,900	78,100	75,200	-1,200	-1.5%	1,700	2.3%
Prof. and Business Services Jobs ²	179,600	179,100	167,000	500	0.3%	12,600	7.5%
Educational and Health Jobs ²	126,100	126,800	122,700	-700	-0.6%	3,400	2.8%
Leisure and Hospitality Jobs ²	108,200	107,500	101,600	700	0.7%	6,600	6.5%
Other Services Jobs	42,600	42,100	41,000	500	1.2%	1,600	3.9%
Government Jobs	163,300	162,700	162,900	600	0.4%	400	0.2%

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 for a particular area may not match.
- Household surveys pick up self-employed individuals, but establishment surveys do not.
- 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/>