



Quarterly Job Trends Report Seattle Jobs Initiative Quarter Ending December 31, 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: A review of King County and Puget Sound Labor Markets through 2005

Strong job growth continued:

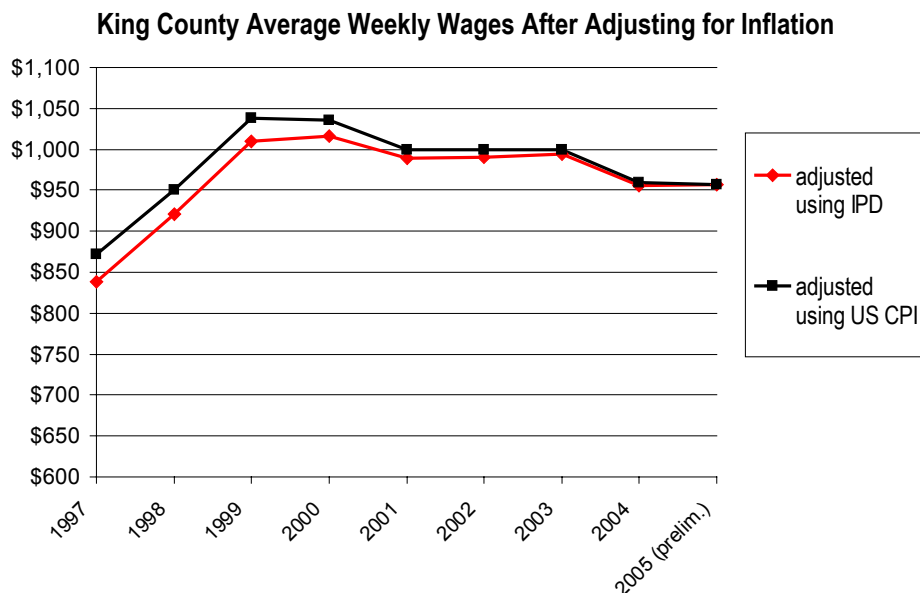
- Strong job creation through the end of 2005 resulted in very low unemployment rates across the four Puget Sound counties.
- Another positive trend is the convergence of Pierce County's unemployment with the low rates of the surrounding Puget Sound counties.

However, by some measures the labor market still showed weakness:

- After more than two years of economic recovery King County job totals remained slightly below peaks in 2000.
- With the exception of Kitsap County, the proportion of the population employed or looking for work has not returned to levels seen in the late 1990s.
- Inflation-adjusted average weekly wages in King County remained substantially lower than they were at the turn of the millennium. Wages have stopped declining, however.

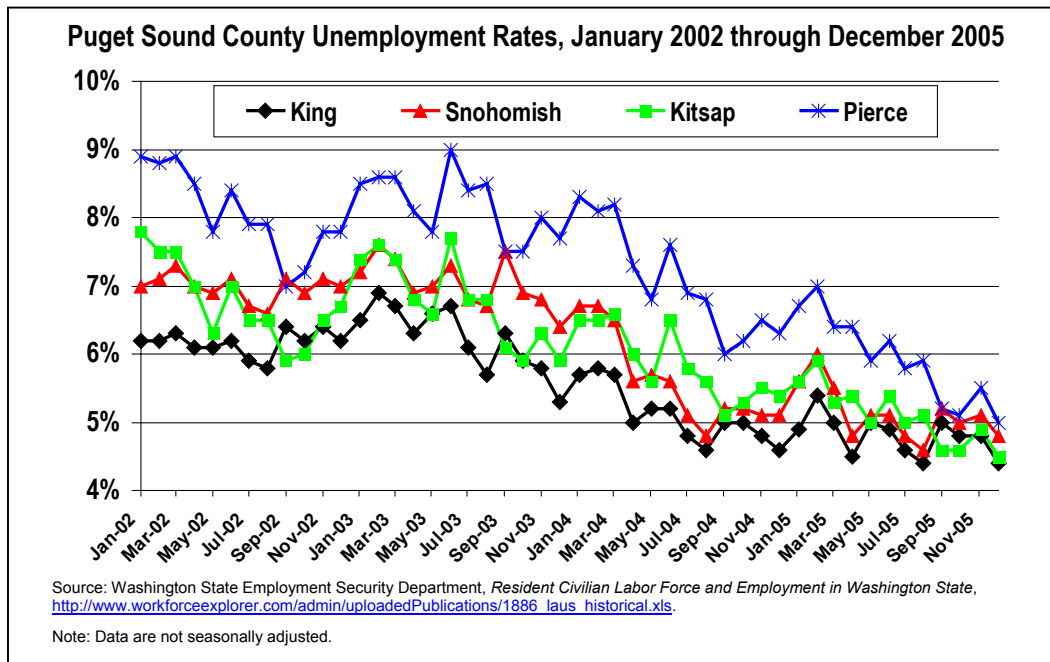
Demographic trends portend stronger hiring in some industries:

- Industries with a large number of pending retirements include educational services, transportation equipment manufacturing (which includes aerospace), hospitals, and ambulatory health care.

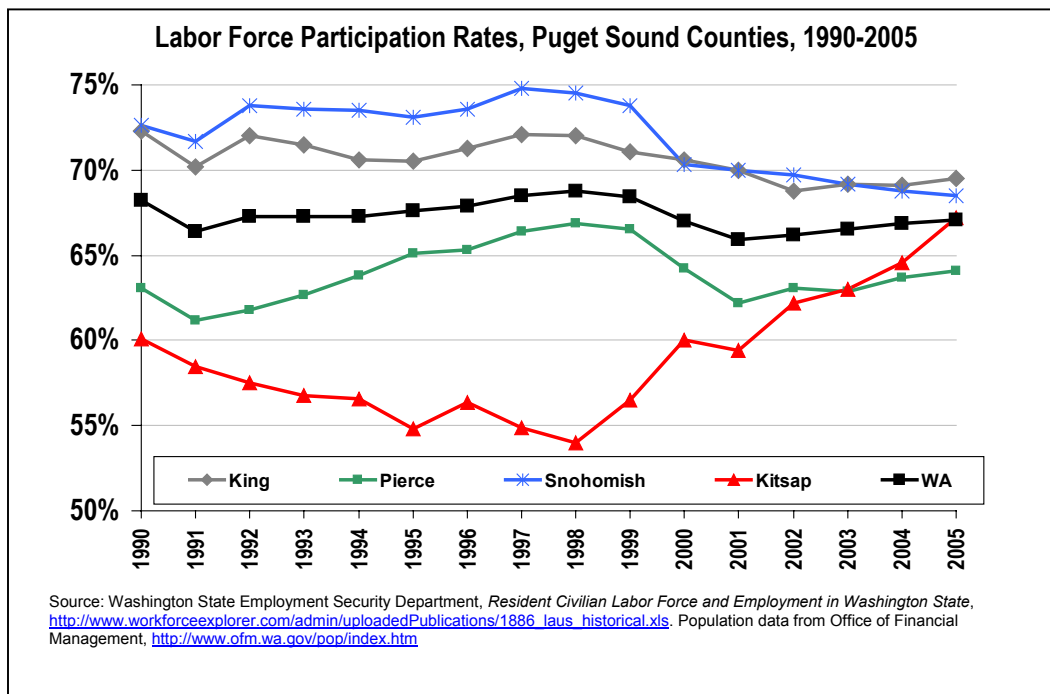


Source: Weekly wage data extracted from BLS, <http://data.bls.gov/cgi-bin/dsrv?en>. Wage data prior to 2001 are on SIC basis. For 2005, only the first three quarters of wage data are currently available. Inflation indices published by Washington State Office of Financial Management, *Washington Economic and Revenue Forecast*, February 2006, <http://www.erfc.wa.gov/pubs/feb06pub.pdf>.

1. Unemployment and Labor Force Trends in Puget Sound Counties

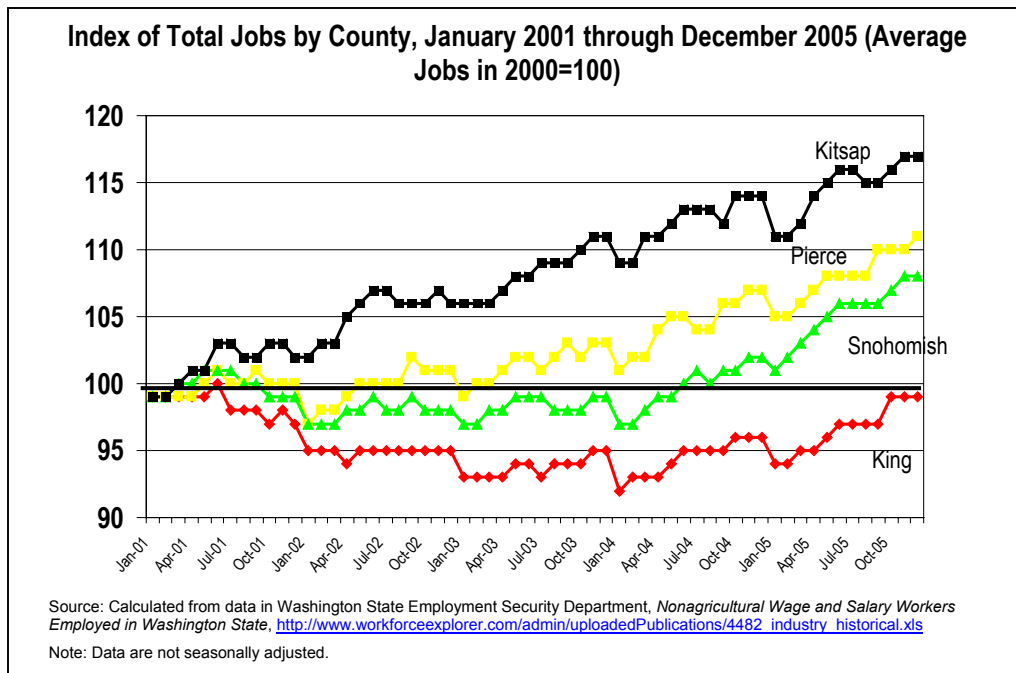


- December 2005 unemployment ranged from a low of 4.4% for King to a high of 5% for Pierce.
- Pierce’s unemployment rate has become more similar to the other three counties in recent months.

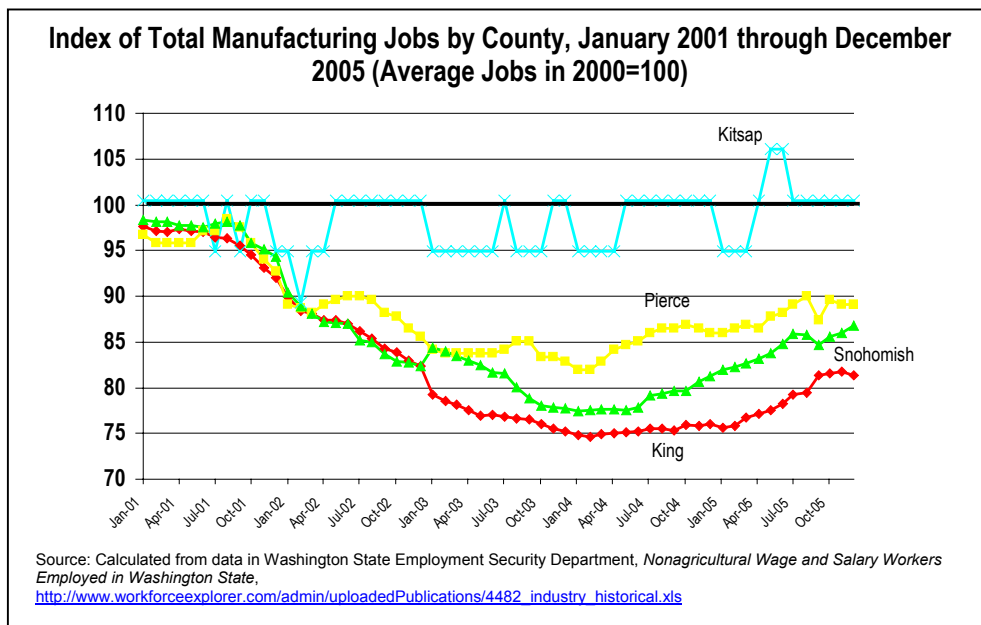


- With the exception of Kitsap County, where participation in the labor force (working or looking for work) increased steadily, participation in the Puget Sound area is still substantially below levels reached in the prior growth period. The failure of participation to reach pre-recession levels mirrors national trends, and has generated a number of explanations, including higher attendance of young adults in school, and weak (or no) recovery in wages which reduces incentives to return to the labor market.

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 December 2005, the number of King County jobs remained (slightly) below average levels in 2000.



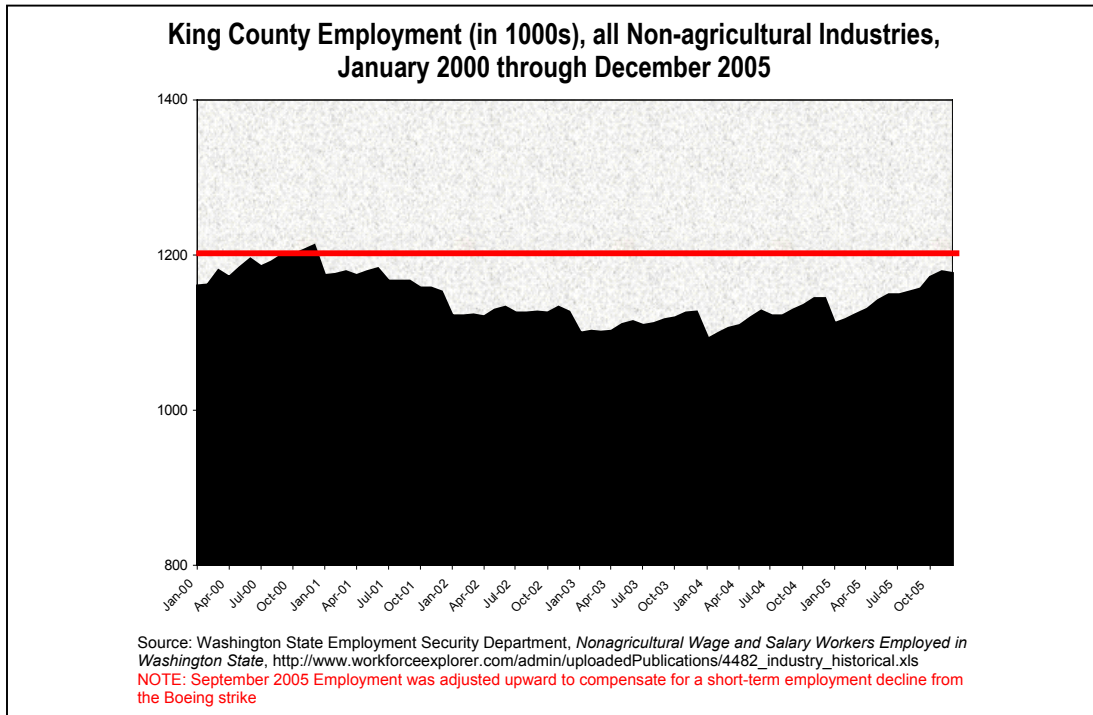
- This chart shows how variation in the number of jobs plays out in one sector - manufacturing. Manufacturing jobs declined rapidly in King, Snohomish, and Pierce counties through 2003. Since mid-2004, Snohomish has mostly seen a steady manufacturing job increase. Manufacturing employment in Pierce was more volatile, rising and then declining in both 2004 and 2005. A sustained recovery did not begin in King County until 2005.
- The number of 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. Drivers of Employment Demand: Industries with an Older Workforce

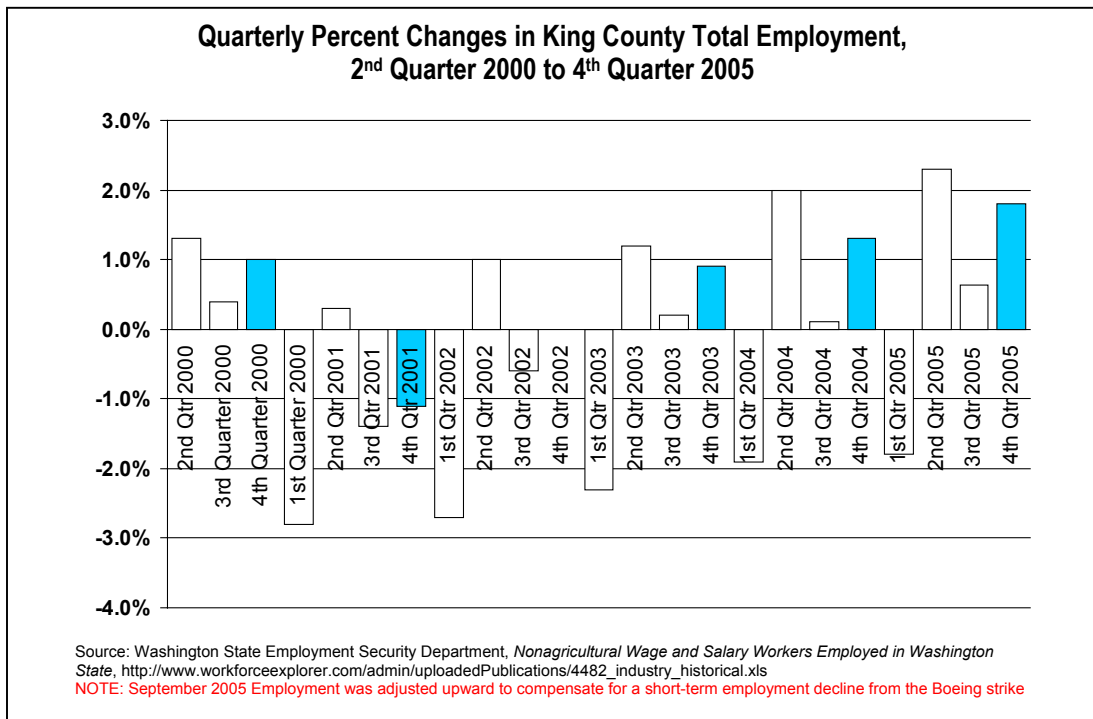
- Although an industry's growth rate is an important factor in likely demand for new workers, job demographics also play an important role in the rate of hiring within an industry. The following table is derived from data from the new Local Employment Dynamics database, which provides demographic characteristics of job holders as well as rich description of job characteristics. This table ranks industries (at 3 digit NAICS level) starting with those with the highest proportion of older workers. Transit and ground passenger transportation has the highest proportion of older workers at 27%. At the other end of the spectrum, internet publishing and broadcasting only has 3.5% older workers (data not shown on table).
- The sheer size of the older workforce is also important. For educational services in King County, over 20,000 workers were age 55 or over. Other industries with large numbers of workers age 55 and up include transportation equipment manufacturing (which includes aerospace) at 9,000 workers, and health care, with the hospital, and ambulatory health care subsectors at about 6,000 each.

20 Industry Subectors in King County with the Highest Proportion of their Workforce Age 55 and up, First Quarter 2005		
Industry (3-digit)	percent 55 and up	number 55 and up
20 percent and up		
485 Transit and Ground Passenger Transportation	26.9%	2,083
923 Administration of Human Resource Programs	26.4%	1,186
814 Private Households	25.7%	3,214
611 Educational Services	23.4%	21,267
926 Administration of Economic Programs	23.0%	391
221 Utilities	21.4%	1,077
519 Other Information Services	21.0%	621
336 Transportation Equipment Manufacturing	20.5%	9,236
15 to 20 percent		
315 Apparel Manufacturing	19.3%	177
623 Nursing and Residential Care Facilities	19.3%	3,257
531 Real Estate	19.0%	3,477
322 Paper Manufacturing	18.5%	517
481 Air Transportation	18.1%	2,126
331 Primary Metal Manufacturing	18.0%	175
622 Hospitals	17.3%	5,864
624 Social Assistance	16.8%	3,194
488 Support Activities for Transportation	16.5%	1,960
524 Insurance Carriers and Related Activities	16.3%	3,076
483 Water Transportation	16.1%	647
332 Fabricated Metal Product Manufacturing	16.0%	913
314 Textile Product Mills	15.9%	151
484 Truck Transportation	15.7%	1,205
444 Building Material and Garden Equipment and Supplies Dealers	15.3%	1,272
621 Ambulatory Health Care Services	15.2%	5,902
10 to 15 percent		
327 Nonmetallic Mineral Product Manufacturing	14.9%	481
425 Wholesale Electronic Markets and Agents and Brokers	14.7%	1,123
All NAICS subsectors	14.1%	152,403
493 Warehousing and Storage	14.0%	496
551 Management of Companies and Enterprises	13.3%	3,239
Source: Local Employment Dynamics, U.S. Census Bureau. Data Provided by Washington State Department of Employment Security, LMEA Branch.		

4. Total and Industry Job Trends in King County

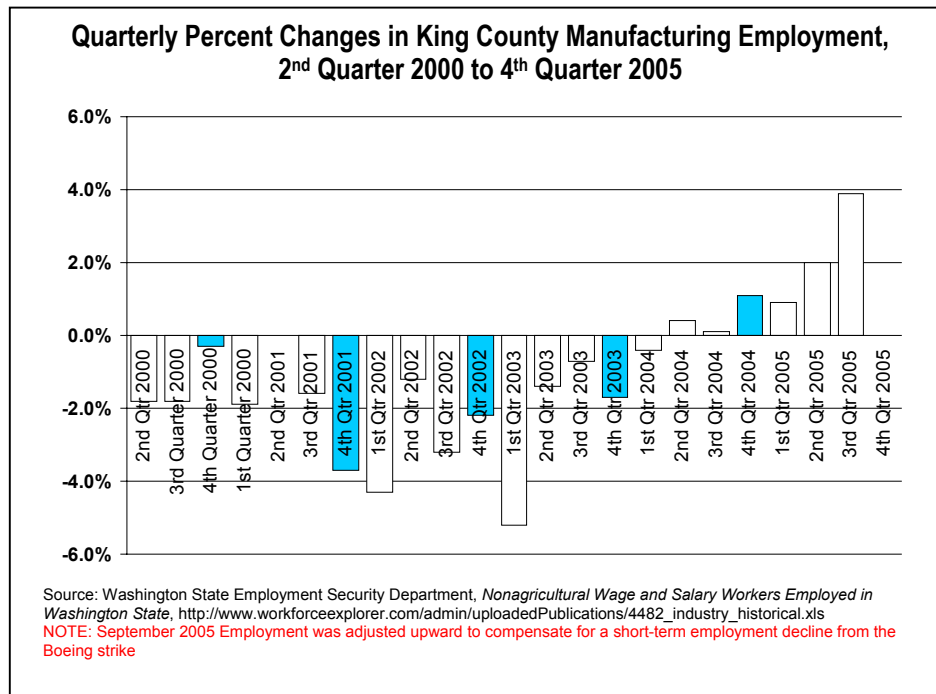


- The total number of jobs in King County peaked in December 2000 and trended downward on average until 2003. In the last 12 months ending December 2005, total employment was up 2.9%, or 32,900 jobs.

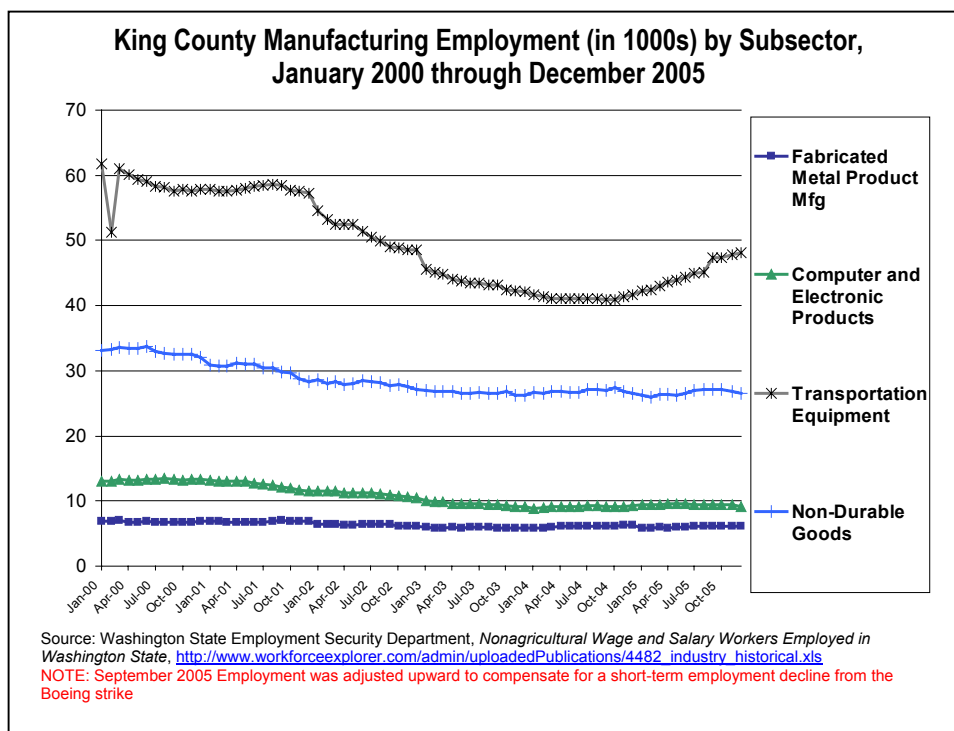


- Total jobs in King County expanded by 1.8% in the 4th Quarter.

Changes in Manufacturing Jobs – King County

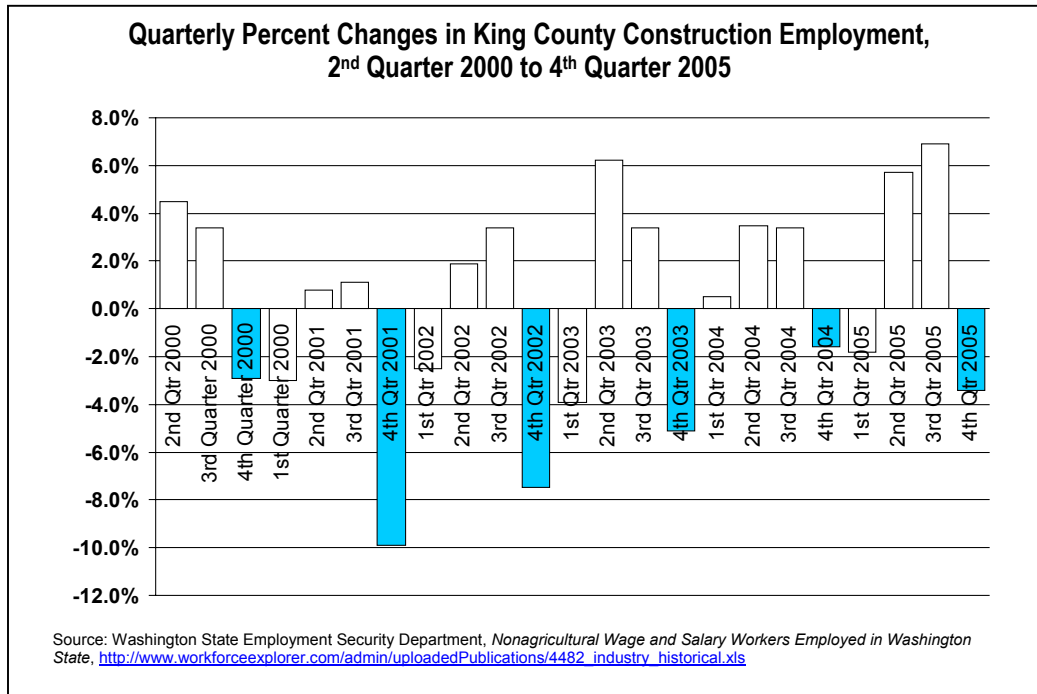


- Manufacturing employment was flat in the 4th Quarter of 2005, although the prior three quarters showed substantial gains.

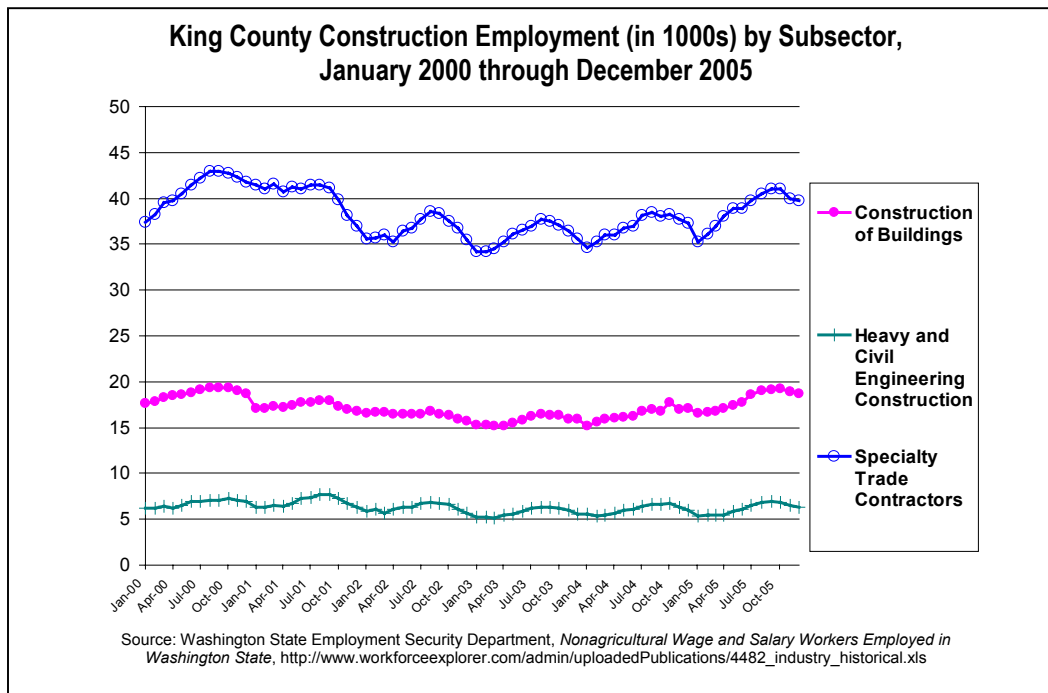


- Increases in manufacturing employment have been driven by job growth in the transportation equipment subsector (which includes aerospace). Employment in other areas of manufacturing remained relatively flat.

Changes in Construction Jobs – King County

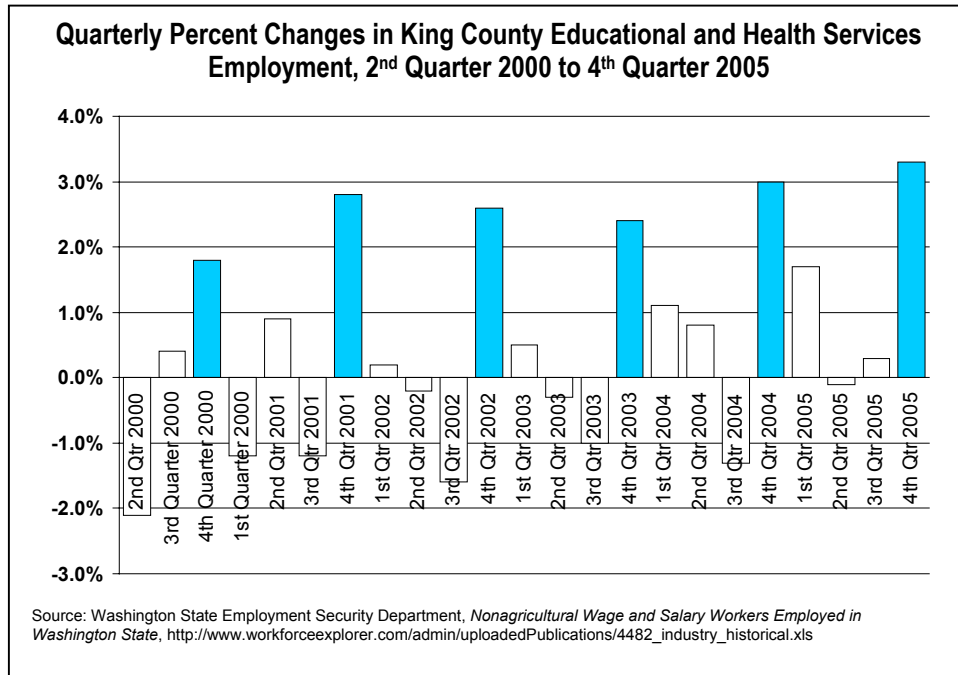


- Construction employment shows seasonal patterns of expansion and contraction, and a trend toward increased employment in the last few years. Construction employment declined by 3.4% in the 4th quarter of 2005.

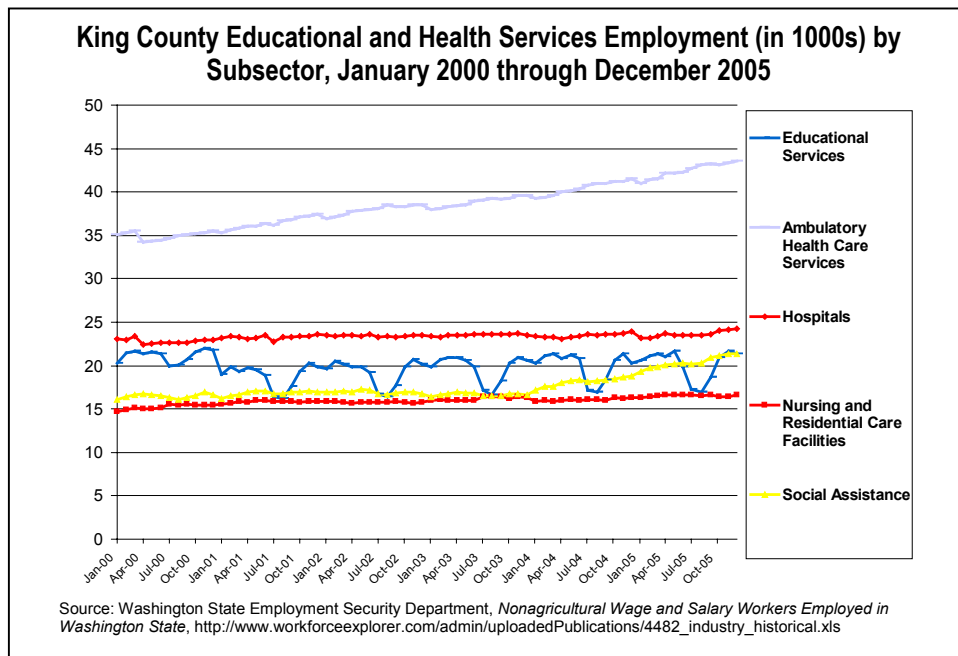


- Although all sectors of construction showed a decline in the waning months of 2005, employment trended upward in 2005 for building construction and specialty trade contractors.

Changes in Educational and Health Services Jobs – King County

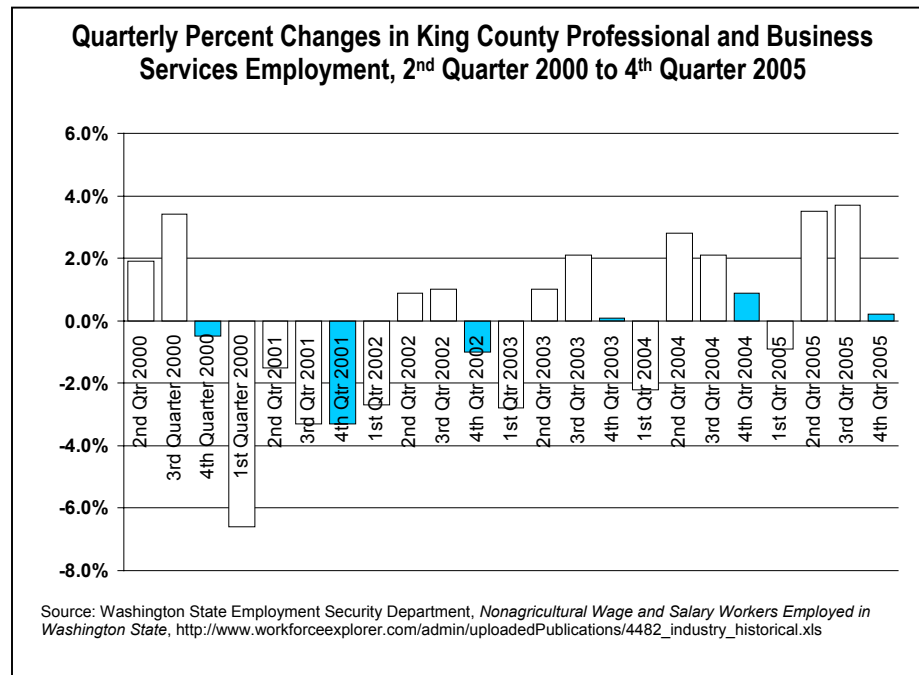


- Educational and Health Services showed strong cyclical trends in employment. Employment grew strongly in the 4th quarter of 2005 (3.3%), reflecting the seasonal hiring within education.

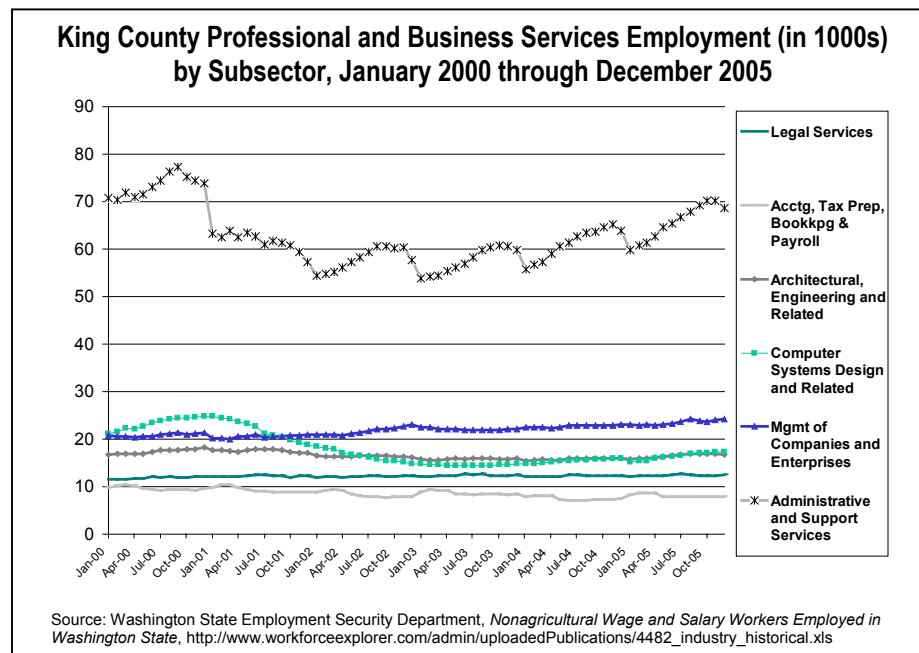


- Employment patterns vary substantially by subsector in the Educational and Health Services industry group. Education shows a strong and predictable seasonal variation, with no discernible upward trend. Social Assistance employment was relatively flat over much of the period but began to trend upward strongly in 2004.
- Within health care, Ambulatory Health Care Services showed a strong upward trend over the period. 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. Growth in the 4th quarter was minimal, however.



- 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 is showing an upward trend in 2004 and 2005. Employment increases in most other subsectors are marginal or nonexistent, although jobs in computer systems design, and management of companies, are trending upward modestly.

Data Table: King County Employment, Unemployment, and Jobs

Measure	Dec. 2005	Sept. 2005	Dec. 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	1,032,600	1,019,300	1,005,500	13,300	1.3%	27,100	2.7%
Number Employed ¹	986,700	968,600	959,100	18,100	1.9%	27,600	2.9%
Number Unemployed ¹	45,900	50,700	46,400	-4,800	-9.5%	-500	-1.1%
Unemployment Rate ¹	4.4%	5.0%	4.6%	-0.6%	n/a	-0.2%	n/a
Total King County Jobs (non-farm) ²	1,176,800	1,156,200	1,143,900	20,600	1.8%	32,900	2.9%
Construction Jobs ²	64,700	67,000	60,400	-2,300	-3.4%	4,300	7.1%
Manufacturing Jobs ²	111,800	111,800	104,600	0	0.0%	7,200	6.9%
Trade, Transport, and Utilities Jobs ²	231,500	224,400	232,800	7,100	3.2%	-1,300	-0.6%
Information Jobs ²	71,400	71,000	68,900	400	0.6%	2,500	3.6%
Financial Activities Jobs ²	78,500	78,000	78,100	500	0.6%	400	0.5%
Prof. and Business Services Jobs ²	179,500	179,200	168,600	300	0.2%	10,900	6.5%
Educational and Health Jobs ²	127,000	123,000	120,700	4,000	3.3%	6,300	5.2%
Leisure and Hospitality Jobs ²	106,900	109,100	104,400	-2,200	-2.0%	2,500	2.4%
Other Services Jobs	42,100	41,700	40,900	400	1.0%	1,200	2.9%
Government Jobs	162,800	160,500	163,800	2,300	1.4%	-1,000	-0.6%

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/>