



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

*The SJI Quarterly Job Trends Report summarizes key King County labor market trends in regional perspective for local employment and training professionals.*

### **INSIDE:**

#### **Unemployment generally on the decline:**

- Unemployment rates in King, Snohomish, and Kitsap counties have converged at about 5%. However, unemployment in Pierce remains about a percentage point higher.
- 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.

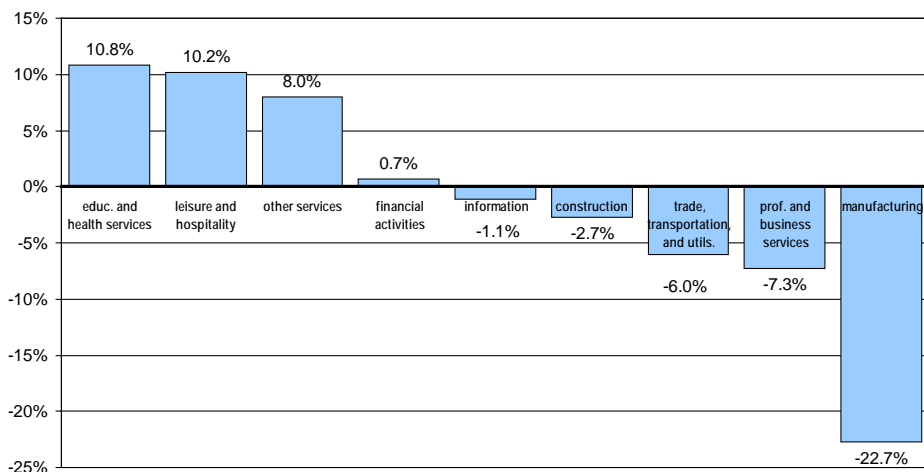
#### **Job growth varies substantially across Puget Sound counties:**

- The last recession barely affected Kitsap county jobs, and in Pierce County jobs have been higher than pre-recession levels since mid-2003.
- Snohomish County did not gain back the number jobs lost in the recession until 2004, and King County has yet to recover all jobs lost in the last recession (still down by 2%).

#### **Job growth varies substantially by industry:**

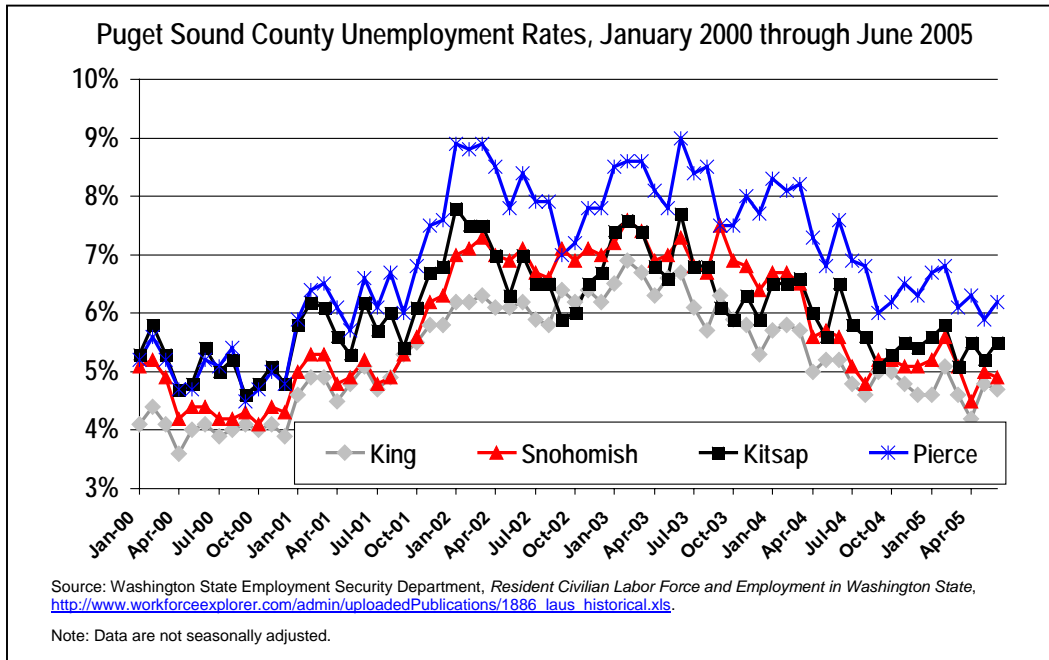
- Manufacturing gained 2,900 jobs in the prior year in King County (up 2.8%), but total manufacturing jobs remain 23% below average monthly levels in 2000.
- After Manufacturing, Professional and Business Services; and Trade, Transportation, and Utilities have the largest post-recession net jobs deficits at -7.3% and -6% respectively.
- However, in the last 12 months, Professional and Business Services has been the second fastest growing industrial sector (up 5.9%). Construction grew the fastest at 8.8%.

**King County Monthly Average Employment by Industry, Percent Change from 2000  
(monthly average employment) to June 2005**

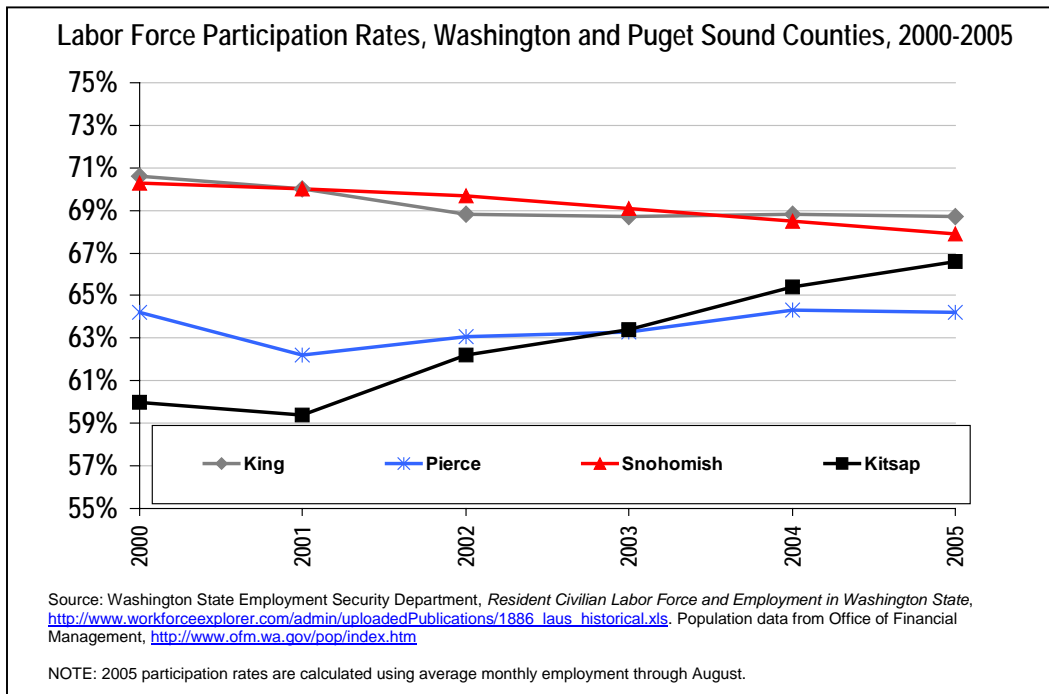


Source: Washington State Employment Security Department, *Nonagricultural Wage and Salary Workers Employed in Washington State*, [http://www.workforceexplorer.com/admin/uploadedPublications/4482\\_industry\\_historical.xls](http://www.workforceexplorer.com/admin/uploadedPublications/4482_industry_historical.xls)

# 1. Unemployment and Labor Force Trends in Puget Sound Counties

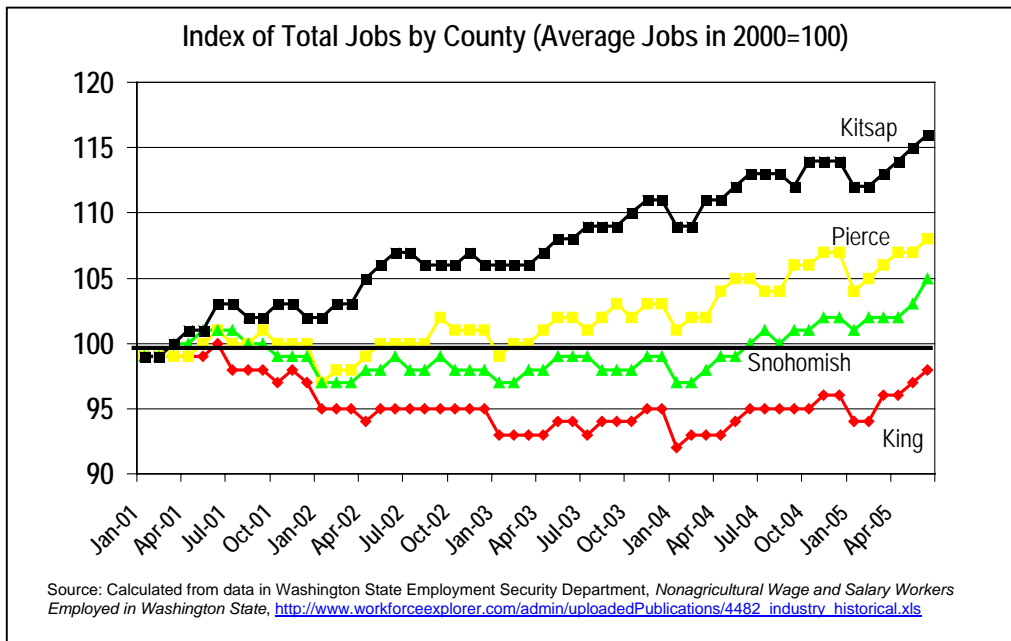


- Unemployment in Pierce in June 2005 was 6.2% and has remained generally higher than in the other three counties over the past three years.
- June 2005 unemployment was 5.5% in Kitsap, 4.9% in Snohomish and, 4.7% in King.

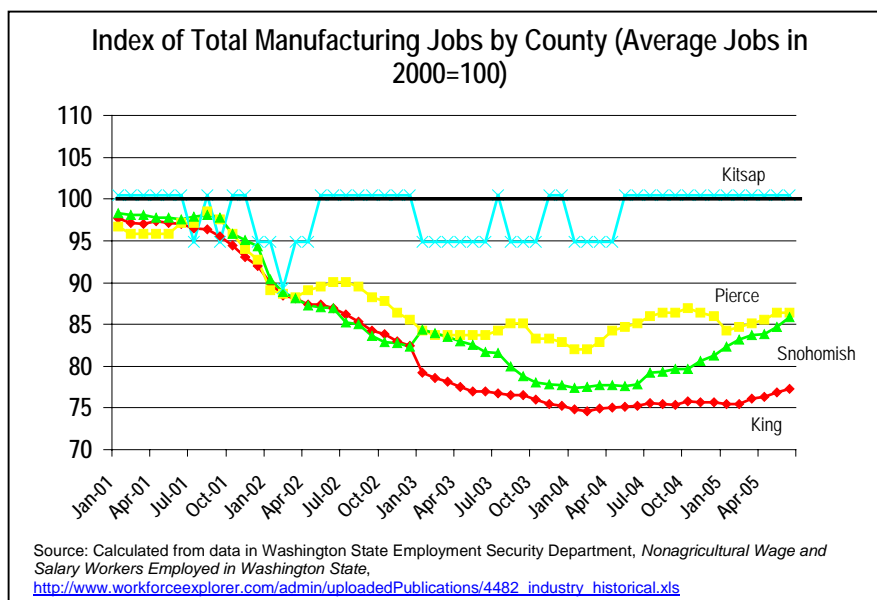


- While unemployment rates measure the percentage of those in the labor force who are not working, another measure of labor market health is the percentage of the age 16+ population participating in the labor force. After a recession, strong job growth should lead to an increase in labor force participation. 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

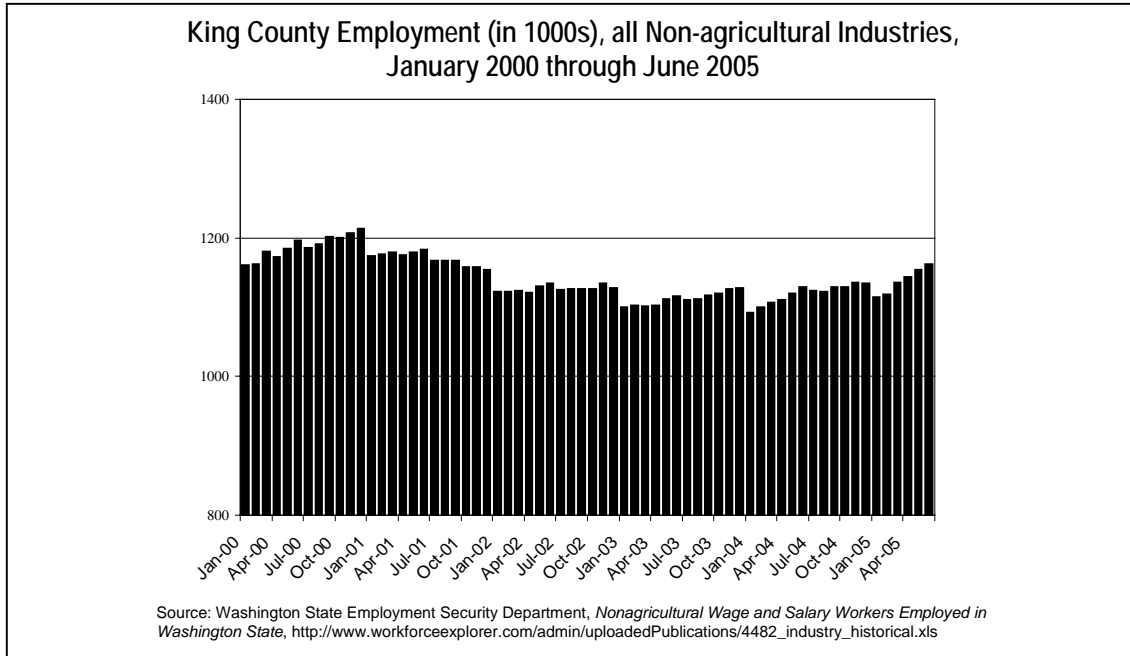


- If we shift from looking at unemployment rates and participation to tracking the jobs physically located in each county, the picture changes somewhat. In this index chart (with monthly average 2000 employment as a base) only Kitsap has shown sustained employment growth. In Pierce, jobs moved into sustained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

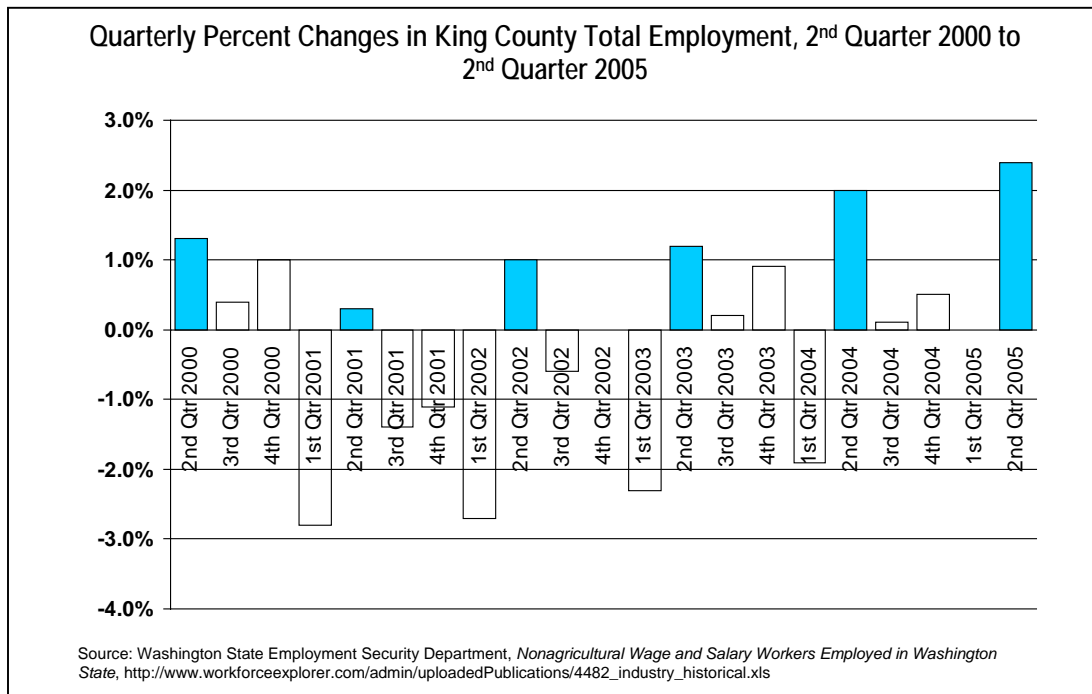


- This chart shows how variation in job growth plays out in one sector - manufacturing. Manufacturing jobs declined rapidly in King, Snohomish, and Pierce counties through 2003. Since mid 2004, Snohomish has seen a steady manufacturing job increase, whereas Pierce manufacturing jobs rose and then declined in 2004, turning up again in 2005. Only recently have King County manufacturing jobs shown substantial recovery.
- 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. Job Trends -- King County

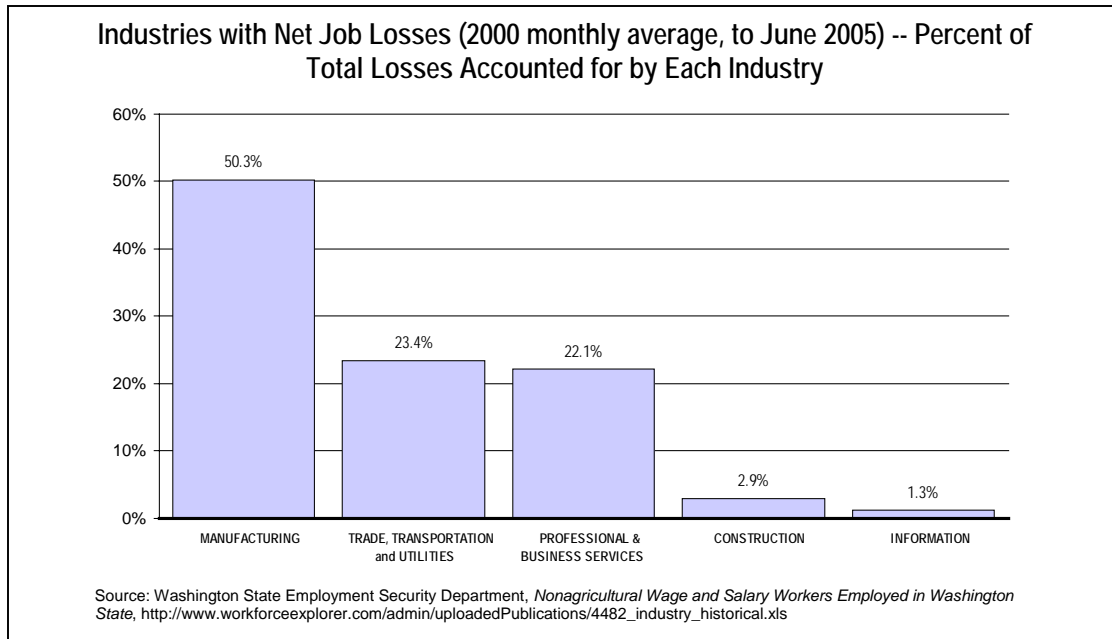


- The total number of jobs in King County peaked in December 2001 and trended downward on average through 2003. In the last 12 months ending June 2005, total employment was up 33,000 jobs, or 3%.

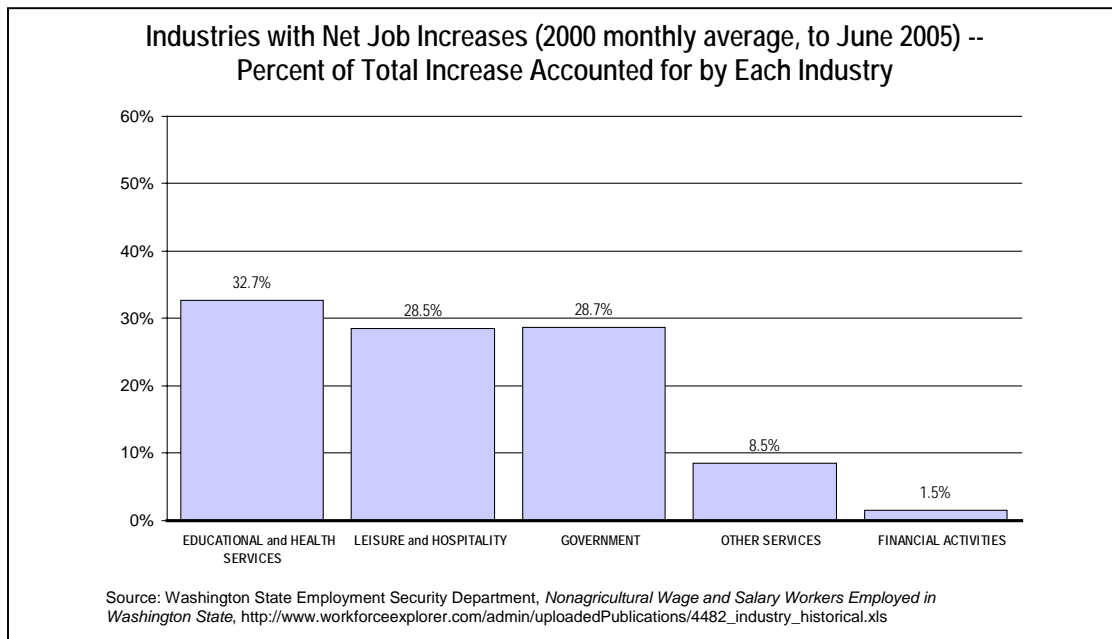


- Quarterly trends in total employment demonstrate a steady strengthening of the rate of job creation. In the second quarter of 2005, total jobs in King County increased by more than 2%.

## Industry Net Job Gains and Losses – King County

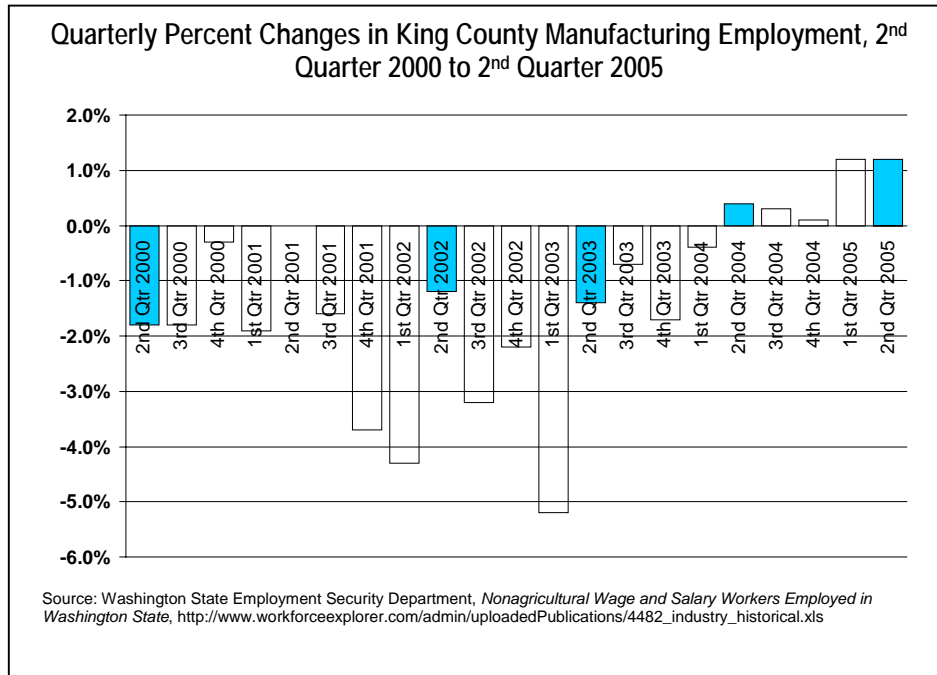


- Among all King County industries with net job losses since peak employment in 2000, Manufacturing accounts for one half of losses.
- Other broad industry sectors with large net losses are Trade, Transportation, and Utilities; and Professional and Business Services, each of which accounts for more than a fifth of losses.

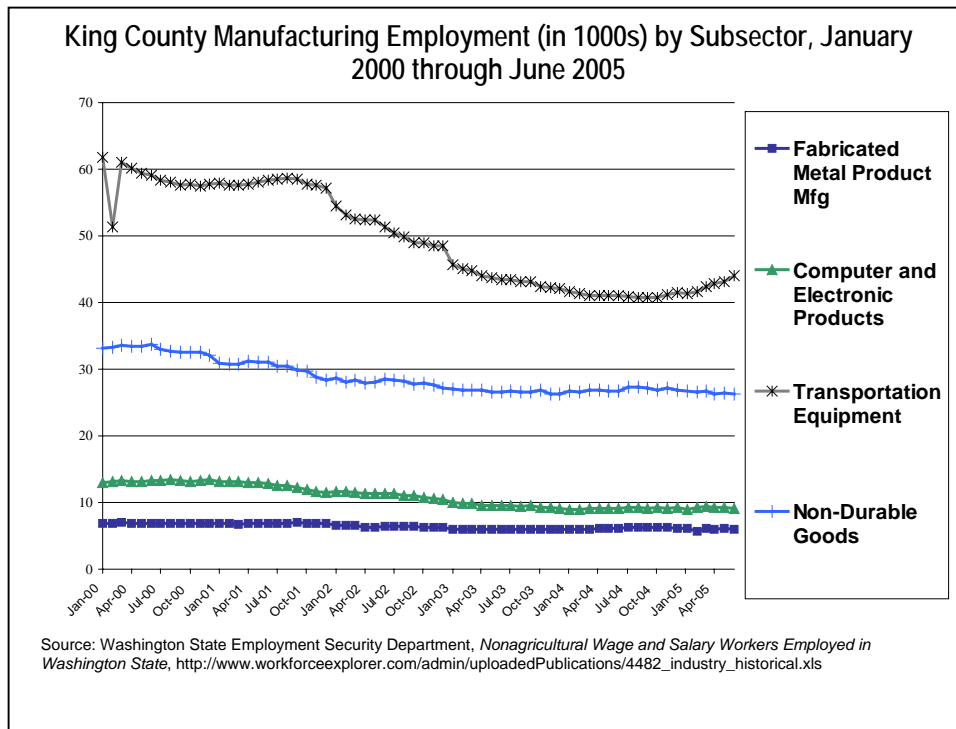


- Gains are somewhat more evenly distributed, with Education and Health Services; Leisure and Hospitality; and Government each accounting for around 30 percent of employment gains.

## Changes in Manufacturing Jobs – King County

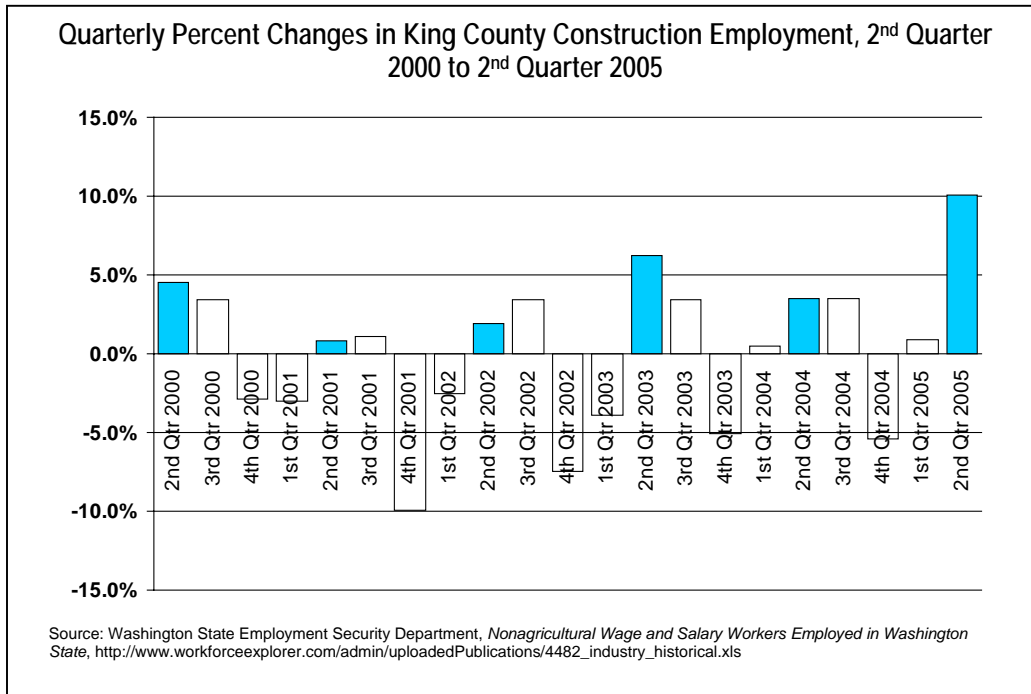


- Manufacturing employment declined every quarter from early 2000 through the first quarter of 2004.
- Jobs increased just over 1% in the 2<sup>nd</sup> quarter of 2005.

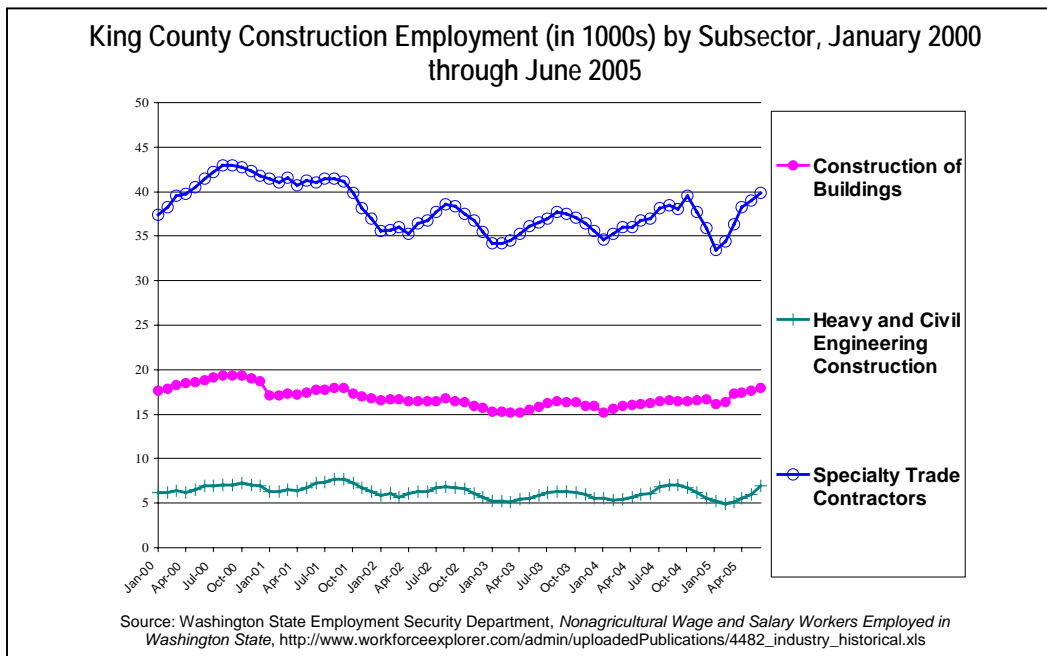


- Recent increases in manufacturing employment have been driven by increases in the transportation equipment subsector (which includes aerospace). Employment in other areas of manufacturing remains flat, or in slow decline (non-durable goods).

## Changes in Construction Jobs – King County

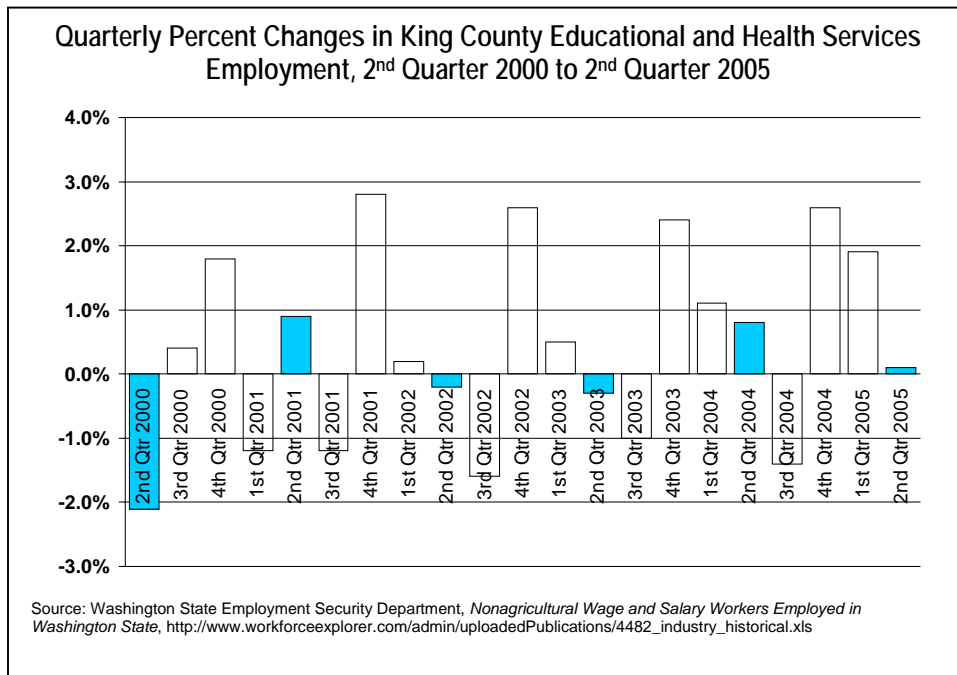


- Construction employment shows seasonal patterns of expansion and contraction. A 10% growth rate for the 2nd quarter of 2005 was the fastest pace in half a decade.

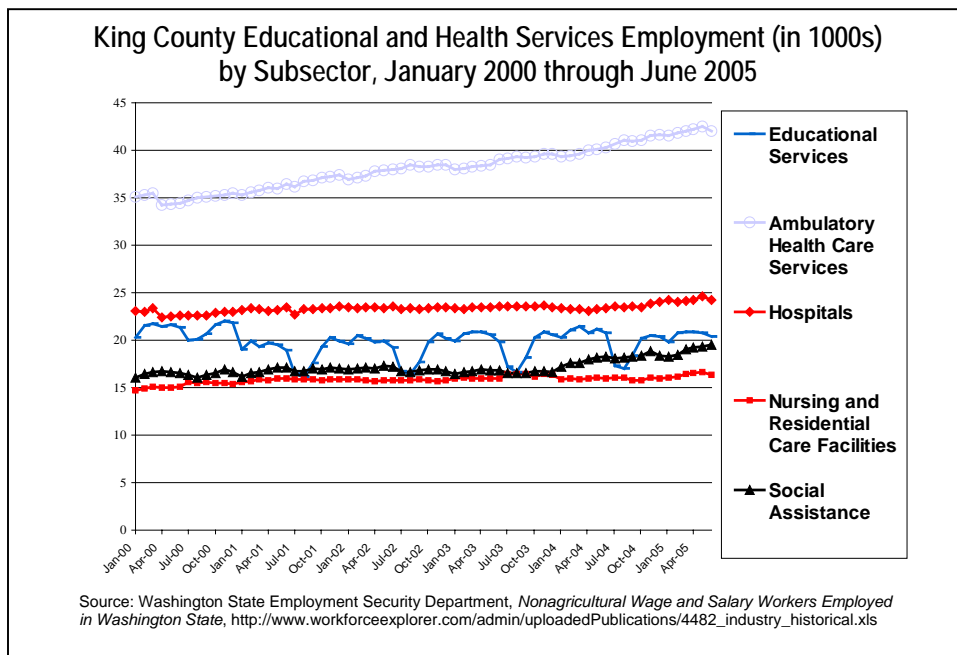


- Within the Construction industry, recent job increases have been driven by building construction and specialty trades.

## Changes in Educational and Health Services Jobs – King County



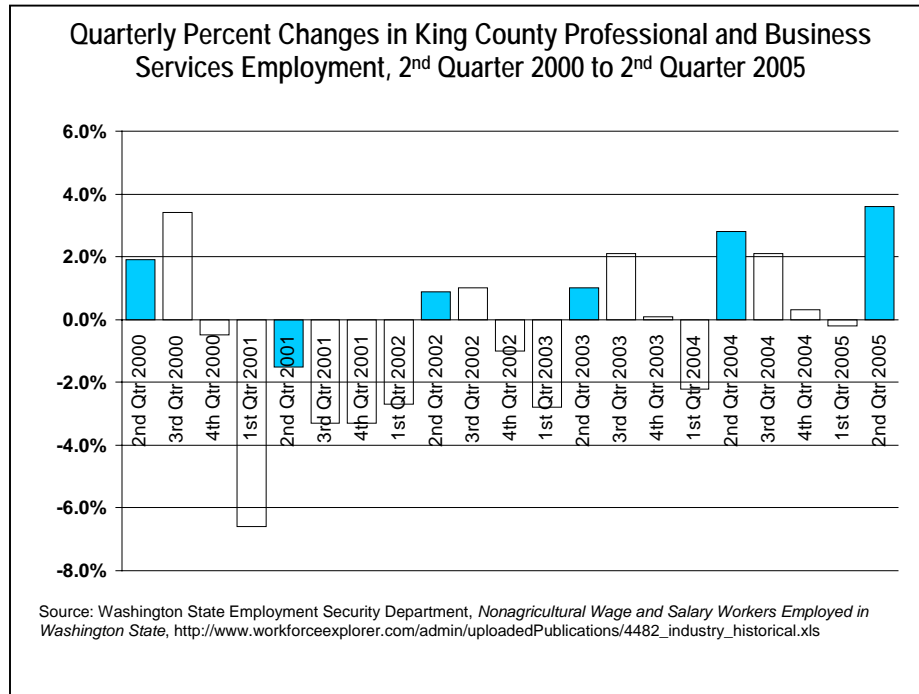
- Educational and Health Services show strong cyclical trends in employment. There was virtually no employment growth in the 2<sup>nd</sup> quarter of 2005.



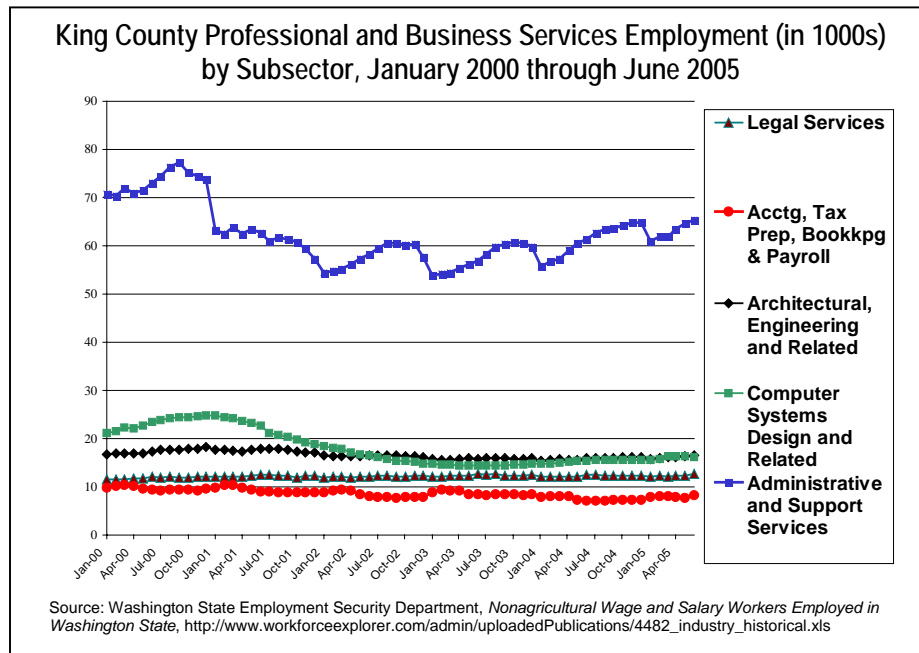
- Employment patterns vary substantially by subsector in the Educational and Health Services industry group. Education shows a strong and predictable seasonal variation, with no discernible upward trend. Social assistance employment was relatively flat over the period but began to trend upward in 2004.
- Within health care, ambulatory services show a strong upward trend, faltering slightly by June. 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 2<sup>nd</sup> quarter of 2005 the growth rate reached 3.6%



- 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 business services is showing an upward trend in 2004 and 2005. Employment increases in the other subsectors are marginal or nonexistent.

**Data Table: King County Employment, Unemployment, and Jobs**

Measure	June 2005	March 2005	June 2004	# Change from 3 Months Ago*	% Change from 3 Months Ago*	# Change From 1 Year Ago	% Change From 1 Year Ago
Civilian Labor Force <sup>1</sup>	1,006,900	991,700	990,300	15,200	1.5%	16,600	1.7%
Number Employed <sup>1</sup>	959,200	946,100	938,400	13,100	1.4%	20,800	2.2%
Number Unemployed <sup>1</sup>	47,700	45,600	51,900	2,100	4.6%	-4,200	-8.1%
Unemployment Rate <sup>1</sup>	4.7%	4.6%	5.2%	0.1	n/a	-0.5	n/a
Total King County Jobs (non-farm) <sup>2</sup>	1,161,100	1,134,300	1,127,800	26,800	2.4%	33,300	3.0%
Construction Jobs <sup>2</sup>	64,600	58,700	59,400	5,900	10.1%	5,200	8.8%
Manufacturing Jobs <sup>2</sup>	106,300	105,000	103,400	1,300	1.2%	2,900	2.8%
Trade, Transport, and Utilities Jobs <sup>2</sup>	226,500	224,400	229,900	2,100	0.9%	3,600	1.6%
Information Jobs <sup>2</sup>	70,500	69,300	68,500	1,200	1.7%	2,000	2.9%
Financial Activities Jobs <sup>2</sup>	77,900	77,600	77,200	300	0.4%	700	0.9%
Prof. and Business Services Jobs <sup>2</sup>	173,300	167,200	163,300	6,100	3.6%	9,700	5.9%
Educational and Health Jobs <sup>2</sup>	122,600	122,500	118,800	100	0.1%	3,800	3.2%
Leisure and Hospitality Jobs <sup>2</sup>	112,300	104,300	107,000	8,000	7.7%	5,300	5.0%
Other Services Jobs	42,200	39,900	41,300	2,300	5.8%	900	2.2%
Government Jobs	164,200	164,700	165,100	-500	-0.8%	-900	-0.5%

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\\_laun\\_historical.xls](http://www.workforceexplorer.com/admin/uploadedPublications/1886_laun_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](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/>