

Snohomish County Labor Market Update

December 2011

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*Please note LMEA's new web address: www.esd.wa.gov/employmentdata.

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Data used in this report is available at the web address listed above.

Major Takeaways

- Snohomish County's unemployment rate in December fell by four tenths of one percentage point to 8.2 percent from November. Last December, the unemployment rate was 9.8 percent.
- Total nonfarm employment contracted between November and December. The general trend over the course of 2011 was toward growth. December's reported decline bucks the trend, but is not sufficient alone to claim a reversal.
- Over the year, the manufacturing sector (especially aerospace) has reported the greatest labor market expansion, and construction has persistently reported the greatest declines.
- Holiday hiring in the retail sector generally picks up during the months of October, November and December each year. Between mid-September and mid-December (when the surveys that inform this report are collected), a gain of 1,500 jobs had been estimated for the retail trade sector. In 2010, 1,800 jobs were gained over the same time period.

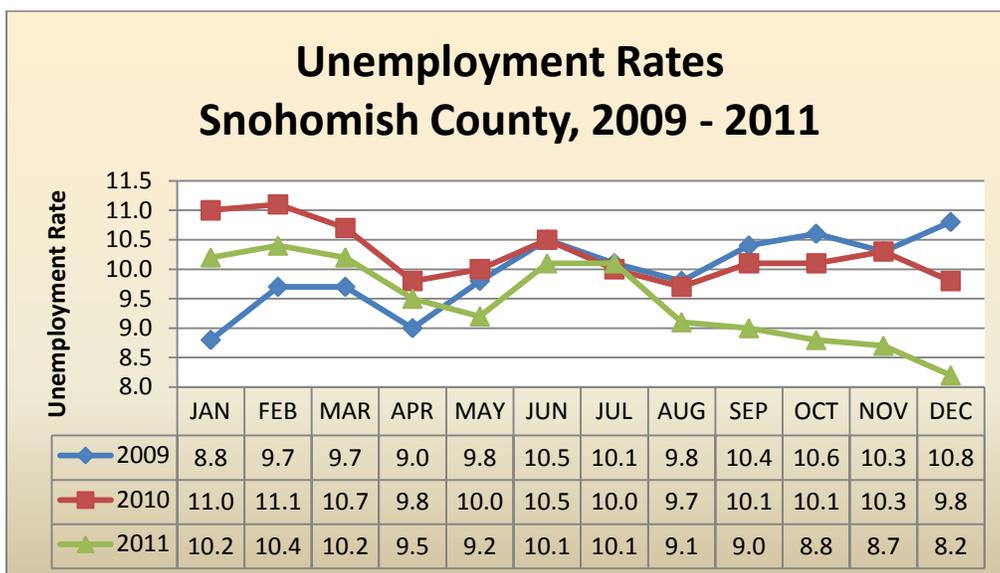
Unemployment Rates and Labor Force Information

The **Unemployment Rate** for Snohomish County dropped four tenths of one percentage point from an adjusted 8.7 percent in November to 8.2 percent in December. The unemployment rate in December 2010 was 9.8 percent.

The 'great recession' took hold in Snohomish County in mid-2008. Through the course of 2008 and 2009, the unemployment rate rapidly increased, reaching a peak rate of

11.1 percent in February, 2010. Since then, the elevated rate has slowly diminished. A comparison of 2010 unemployment rates with those in 2011 indicates a slowly improving labor market situation. The average unemployment for 2011 is estimated at 9.5 percent; Compare with an average rate of 10.2 percent in 2010 and 9.9 percent in 2009.

Similar patterns have been reported at the statewide and national levels through the course of this long economic downturn. The November forecast by Washington’s Economic and Revenue Forecast Council indicates that an elevated statewide unemployment rate will likely persist for the next couple years. See www.erfc.wa.gov for more information.



- Snohomish County’s total labor force: 378,730
- Total employed: 347,700
- Total unemployed: 31,030
- Unemployment rate: 8.2%

Over the month, Snohomish County’s total **labor force** expanded by an estimated 180 workers. The number of formally employed wage earners increased by 2,010, and the number of active job seekers fell by 1,830. Over the past year, the number of Snohomish County residents counted as “employed” grew by an estimated 5,100, and the number counted as unemployed fell 6,130.

The local labor force has generally grown over the past decade, including during the 2007-2009 recession. The recovery period (starting in 2009) has been characterized by month to month fluctuation and a general trend of stagnation. This could indicate a number of phenomena, including but not limited to discouragement and withdrawal of individuals from the job search process, enrollment in training programs, retirement or entrepreneurial decisions, or movement of workers out of Snohomish County.

Washington State

The not seasonally adjusted unemployment rate for Washington state increased by three tenths of one percentage point in December to 8.6 percent. On a seasonally adjusted basis, the state unemployment rate fell from 8.7 percent to 8.5 percent. The seasonally adjusted rate for the U.S. as a whole was also 8.5 percent in December.

Seattle-Bellevue-Everett MD

The Seattle-Bellevue-Everett MD aggregates the labor force information for Snohomish and King Counties. King County's rate of unemployment during the course of this recession and recovery period has consistently fallen slightly below that of Snohomish County, and has pulled down the rate reported for the metro area. The not seasonally adjusted unemployment rate reported for the combined MD in December was 7.5 percent. On a seasonally adjusted basis, the two-county area's unemployment rate was 7.9 percent.

Data Notes:

Reading labor force data - The labor force represents an estimate of the number of adults that are either formally employed or actively seeking employment (i.e. unemployed) living within the area of analysis. The monthly estimate does not count discouraged workers, students, institutionalized populations, or others who do not meet these criteria. The unemployment rate is simply the number of residents estimated to be unemployed according to this definition divided by the total labor force.

Unemployment and labor force data are generated from a combination of sources including a national monthly survey of households, employment estimates and UI claims. Because there is considerable room for error, the best way to read unemployment data is in terms of trends over the course of several months.

Unemployment Insurance (UI) Claims

Occupational breakdown - The largest share of UI claimants in Snohomish County continues to come from workers in construction related occupations. The top five occupational groups filing initial claims for UI in Snohomish County in December 2011 follows:

1. Construction and Extraction Related Occupations
2. Production Occupations
3. Transportation and Material Moving Occupations
4. Office and Administrative Support Occupations
5. Management Occupations

Regular UI claims Initial, Continued, and Final Claims for Unemployment Insurance (UI) increased between November and December. In this period of recession and recovery, the largest number of local initial filings for UI occurred in December 2008. The largest number of continued claims was counted in May 2009.

- Initial UI Claims: 5,551
- Continued UI Claims: 10,433
- Final UI Claims: 725

Extended claims Under regular unemployment insurance, claimants can qualify for a maximum of 26 weeks of benefits. During this economic downturn, the federal government made extensions available for eligible claimants, allowing job seekers to claim for longer than 26 weeks. Emergency Unemployment Compensation (EUC) benefits and Extended Benefits (EB) can extend benefits for up to 99 weeks.*

- Total Regular UI Claims: 10,513
 - Total EUC Claims: 8,014
 - Total EB Claims: 1,661
 - Total claiming Training Benefits 99
- 19,549

Exhaustees: As of December, 8,575 UI recipients have exhausted all possible state and federal benefits since EUC was implemented in July 2008. The comparable number for the state as a whole stood at 69,928.

*The future of Emergency Unemployment Compensation (EUC) and Extended Benefits (EB) is uncertain at this time. Specific details are to be worked out in Congress. The latest details regarding EUC and EB will be posted at ESD's website: <http://www.esd.wa.gov/uibenefits/whatsnew/index.php> as they become available.

Employment Statistics

Data Notes:

Reading employment data - The remainder of this document describes total nonfarm employment estimates for Snohomish County. Employment data are obtained from a monthly survey of employers. Unless otherwise indicated, figures are not adjusted for seasonality and represent a rounded approximation of employment. Estimates in this dataset may not add up due to rounding. Estimates also do not reflect any information about the status or quality of the jobs--only the total number of jobs within each represented industry during the week of the survey. It is also important to keep in mind that aggregated estimates only tell the movements of an industry as a whole. Job turnover is only captured in terms of the absolute gains and absolute losses within the industry and over the time period being investigated.

Labor force vs. Employment data - Labor force estimates in Snohomish County tend to be larger than employment numbers because a large portion of Snohomish County residents commute, primarily to King County, for employment. Labor force data count people where they live. By contrast, payroll data count jobs at the location of employment (not the number of people who are employed). The data tell different parts

of the story. Together, these different pieces of information help us to construct a better understanding of what is occurring in our local labor market.

Employment Trends

Snohomish County's employment levels peaked in 2008 and reached their lowest levels since the start of the economic downturn early in 2010. This was the case for most industries. The average annual total employment level for Snohomish County in 2010 was only 94 percent of what it had been in 2008; roughly the equivalent count as 2006. Employment since early 2010 has been growing slowly and steadily, albeit at a slower rate than is expected following a typical recession.

Employment Over the Month

The following section describes movements of different industries between the months of November and December 2011. Industry-level views of employment patterns can help to shed light on the myriad of forces affecting job creation and job loss.

Preliminary estimates for total employment reported for November were underestimated by about 800 jobs. The revised number of jobs for November was 255,200.

The general trend since early 2010 has been one of overall job growth; with the majority of month over month growth attributable to the private sector. Public sector employment has declined for the most part, with usual ebbs and flows attributable to the academic calendar year.

Between November and December, total nonfarm employment in Snohomish County contracted by 400. Calendar year 2011 was characterized by a trend of month-over-month growth that was interrupted only twice: in August and again in December.

Over the month employment gains and losses are summarized in the table below:

Over the Month: November 2011 to December 2011	
Total Nonfarm Employment down 400	
Employment Gains	Employment Losses
Manufacturing (+600)	Government (-800)
Trade Transportation & Utilities (+500)	Construction (-400)
Educational & Health Services (+100)	Professional & Business Services (-300)
	Information (-100)

Goods Producing Industries

Snohomish County's goods producing industries are dominated by manufacturing and construction respectively. Total employment in the goods producing sector as a whole increased slightly over the month. Losses were concentrated in construction and the manufacturing sector continued to add jobs.

November's estimated employment in the goods producing sector was revised upward by 500 jobs. Employment counts in both construction and manufacturing had both been underestimated in November's preliminary counts.

- Taken as a whole, the **construction industries** shed an estimated 400 jobs over the month. An estimated 200 jobs slipped from the largest subsector: specialty trade contractors. The largest proportional over the month decrease came from the subsector responsible for construction of buildings.
 - Workers and employers in construction have suffered losses above and beyond most industries in this period of recession and recovery. The construction industry is very sensitive to business cycles: demand waxes during times of economic growth and wanes during times of decline. Although the rate of decline has slowed for construction, the count of jobs in this industry has yet to indicate year over year growth.
 - Construction employment also tends to be very sensitive to seasonal fluctuations; job losses routinely occur during the autumn and winter months. The trend of month over month declines reported since September coincides with the slow season. Last year at this time, equivalent losses (400 jobs) were counted between November and December.
- Total **manufacturing** payrolls continued to expand this month. An estimated 600 jobs were created in the manufacturing sector in December, bringing total manufacturing employment estimates to 61,200. New jobs in manufacturing were attributable to the aerospace products and parts manufacturing industry.
 - Growth in Snohomish County's manufacturing sector has been fueled by hiring in the **aerospace product and parts manufacturing** subsector to a great extent. Over the year, this subsector has been responsible for the creation of 6,700 new jobs. Aerospace manufacturing currently employs 43,400 in Snohomish County.
 - According to their website, the **Boeing Co.** supported 81,978 jobs in Washington state as of December 22, 2011. Between November and December, the employer increased payrolls by 314. Since January, 2011, Boeing added 8,143 jobs. A majority of employment at Boeing is concentrated in King and Snohomish Counties. More information about Boeing's employment patterns and projections can be found at www.boeing.com.

- **Nondurable goods manufacturing**, a relatively small subsector in Snohomish County, includes wood and paper mills, food processing, etc. This set of industries experienced no change over the month. 3,700 jobs were counted in December.
 - With the closure of the Everett Kimberly-Clark paper mill (approx. 750 employees) and other recent layoffs among area mills, we can expect to see declines in this subsector in the first months of 2012.

Service-Providing Industries

Revisions to November's preliminary estimate for service providers lifted the estimated level of employment up by 300. November employment in this sector accounted for 179,900 jobs.

Taken as a whole, service-providing employers dropped 600 jobs between November and December. Last year at this time, slight gains had been posted for the super sector.

The service-providing sector represents a diverse collection of industries--each experiencing different patterns of growth and decline, and each contributing to and affected differently by market forces. Major industry groups are described below.

- Over the month, **trade transportation and utilities** contributed an estimated 500 new jobs to the local economy. Hiring was concentrated largely in retail sales, which is consistent with temporary holiday hiring trends.
 - Compared to 2010, December retail hiring was modest; 400 retail jobs were added in December 2011 while 600 jobs were added in December 2010.
- Snohomish County's **information** sector includes publishing and telecommunications. In December, payrolls contracted by 100.
- Employment in **financial activities industries**, a sector that includes banking, credit, insurance and real estate (FIRE), has been relatively steady if flat, over the past several months. December was no exception. Employment held steady around 10,900.
 - After tumbling throughout 2008 and 2009, the financial activities sector has held relatively steady through the course of 2010 and 2011, but has yet to show any indicators of employment growth. This sector, which plays a supporting role for all other sectors, continues to struggle from the financial and real estate crises.

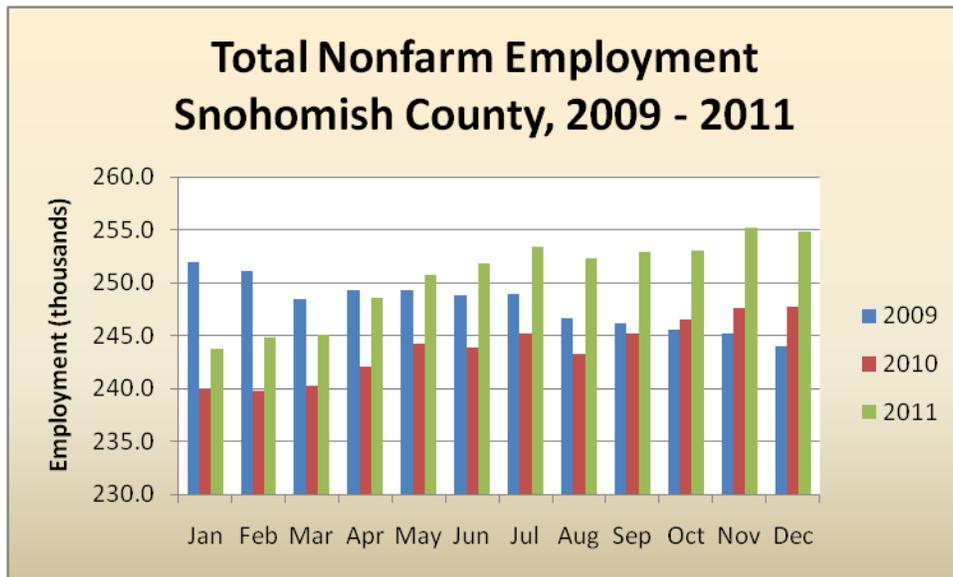
- **Professional and business services** includes a wide variety of professional and technical services such as accounting and engineering services. It also includes administrative support and management services, and supports day to day business operations with services such as housekeeping and temporary employment services. In short, these are the businesses that provide operational support to others in the business community. In December, professional, scientific and technical services held their footing, employing an estimated 9,500; while administrative support, waste management and remediation dropped 300 from payrolls, marking a 2.8 percent decline over the month.
- The private **educational, health and social services** expanded payrolls by a modest 100 jobs over the month, bringing employment to 28,500. Educational, health and social services is one sector that has weathered the storm rather well over the course of the recession and recovery. This sector continued to grow slowly and steadily amidst overall decline for the past few years.
 - Employment for essential social services such as education and health care tends to be relatively stable over time because demand is largely driven by population trends and needs rather than global business cycles.
- Between November and December, employment in the collection of subsectors that make up **leisure and hospitality** posted no gains or losses; However, modest losses were experienced in the subsector of arts entertainment and recreation.
- **Other services** is an industrial category that includes membership associations and organizations, repair and maintenance operations and laundry services. Employment in this eclectic sector held steady over the month at 9,700.
- **Government** payrolls contracted by 800 over the month. Losses were felt among state and local government employers, and were concentrated among institutions of public education. State educational services lost the largest number of jobs over the month (500); In proportional terms this amounts to a 16.1 percent drop in employment.
 - Government employment has been falling over the past several months. Due to lower than expected revenues at local state and national levels, this sector is expected to continue to experience overall decline over the next couple years.

Employment Over the Year

The 'Great Recession' officially began in December 2007 and ended in June 2009-- two and a half years ago. In terms of employment (the way we arguably most tangibly experience large economic shifts) economic hardship did not end with the official

conclusion of the recession. The recovery period has been characterized by continuing downward employment trends followed by initially weak growth that didn't take hold until 2010. Growth has continued through most months in 2011. Year over year estimates of employment have, for most industries, risen above levels seen in 2010. While this is encouraging news, we still have a long way to go before most industries recover employment levels seen prior to the onset of the recession in 2008.

Total nonfarm employment in Snohomish County was 254,800 in December. Compare with the job tally for December 2010 (247,700). Employment grew by approximately 7,100 jobs or 2.9 percent over the past 12 months.



The private sector has been responsible for job creation over the course of this economic recovery. Private employers created 7,600 jobs between December 2010 and December 2011--an expansion of 3.6 percent. Meanwhile, the public sector shed 500 jobs over the same time period, a decline on the order of 1.3 percent over the year.

Over the year employment gains and losses for December are summarized in the table below:

Over the Year: December 2010 - December 2011	
Total Nonfarm Employment up 7,100	
Employment Gains	Employment Losses
Manufacturing (+6,900)	Construction (-1,100)
Educational & Health Services (+800)	Trade Transportation & Utilities (-900)
Leisure & Hospitality (+700)	Government (-500)
Information (+400)	
Other Services (+400)	
Professional & Business Services (+300)	
Financial Activities (+100)	

Goods Producing Industries Over the Year

Snohomish County's goods producing sector added 5,800 jobs over the year. This collection of jobs represents an increase of 8.3 percent of total job growth for production industries. Growth in the goods producing sector has been fueled by manufacturing.

- Compared to December 2010 estimates, employment in **mining, logging and construction** fell short by 1,100 jobs. As described in the previous section, the construction industries suffered more proportional job losses than any other industry through the course of the economic downturn.
 - The largest absolute losses came from the largest subsector. The subsector of specialty trade contractors lost 1,000 jobs between December 2010 and December 2011. This amounts to a 7.1 percent reduction in year over year workforce. The largest proportional job losses came from the subsector of heavy and civil engineering construction (11.8 percent).
 - Because the construction industry tends to be reliant on contract work, the industry is very sensitive to the rhythms of the economy. Growth in construction employment generally lags employment growth in other sectors in the aftermath of economic downturns. The current recession and recovery period has been particularly hard on the construction industry due to its contract nature and a supply of housing stock that exceeds demand, partially as a consequence of the well-publicized wave of foreclosures.
- **Manufacturing** employment expanded by approximately 6,900 jobs over the year, or 12.7 percent.
 - Aerospace products and parts manufacturing is responsible for the lion's share of new hiring in Snohomish County's manufacturing sector. (Indeed, lately aerospace hiring has been a dominant growth force for statewide numbers). Aerospace stagnated during the recession and early recovery period but picked up hiring momentum in early 2010. Year over year counts indicate the addition of 6,700 direct aerospace jobs (18.3 percent) between December 2010 and December 2011- well after the hiring spree was already underway. Over the past two years (ref. December 2009), this sector added 8,900 jobs to Snohomish County's economy.
 - Computer and electronic product manufacturing held steady at 4,900 over the year.
 - Nondurable goods manufacturing shed 100 jobs over the year.

Service Providing Industries Over the Year

Service providing industries represent a very broad and diverse collection of industries. Each industry within this sector experiences different patterns of growth and decline, and is responsive to different market forces. As a whole, employment in this diverse super-sector expanded by 1,300 or 0.7 percent between December 2010 and December 2011. When public sector employment is excluded, year over year counts indicate the addition of 1,800 service jobs by private sector employers.

- Employers in **trade transportation and utilities** industries counted 900 fewer jobs compared to December 2010. An initial view of the data indicates that holiday hiring was not as robust in 2011 as in 2010. Retail trade, the largest employer in this sector, counted 1,000 fewer jobs compared to last year, while wholesale trade grew by 100. Transportation warehousing, and utilities remained unchanged over the year.
- Snohomish County's **information** sector added 400 jobs over the year; an increase of 7.5 percent. Current employment in this sector is estimated at 5,700.
- Payrolls in the **financial activities industries** increased by 100 over the year--a 0.9 percent increase over 2010. Employment in this sector was estimated at 10,900 in December 2011.
- As a whole, employment in **professional and business services** added 300 jobs over the year--an increase of 1.4 percent. Within this collection of industries, professional, scientific and technical services added 100 jobs (1.1 percent) and administrative support, waste management and remediation added 300 jobs --an increase of 2.9 percent. Employment services, a subsector of administrative support, saw a decline of 400 jobs (11.4 percent) over the year.
- Between December of this year and last, private **education and health services** payrolls expanded by 800, or 2.9 percent.
- The collection of industries that fall under the banner of "**leisure and hospitality**" added 700 jobs over the year. Within this broad sector, arts, entertainment and recreation added an estimated 300 jobs, while food services and drinking places added 400.
- Employment in "**other services,**" a category for service sector industries that are not appropriately categorized elsewhere expanded by 400 over the year.
- Every year, **government** hiring patterns experience large shifts that coincide with the school calendar, and balancing changing needs with changing revenues. All together, employment in the public sector took a hit on the order of 500 jobs or 1.3 percent over the past 12 months. Losses stemmed primarily from state and

local governments and schools. More losses from the public sector are anticipated in the coming months, as local and state government entities finalize budgets in light of falling anticipated revenues.

Forecast information for Washington state:

The Washington State Economic and Revenue Forecast Council issues quarterly forecasts that address Washington state's projected economic health. The forecast for November was updated on January 11, and is available at www.erfc.wa.gov.