



Snohomish County Labor Market Update

Volume 2012, Number 3

Anneliese Vance-Sherman, Ph.D., Regional Labor Economist
WorkSource Everett, 3201 Smith Ave., Suite 413, Everett, WA 98201
Phone: (425) 258-6300 - Fax: (425) 257-1211 - TTY (425) 257-1216
avancesherman@esd.wa.gov; www.esd.wa.gov/employmentdata

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

Major Takeaways

- Snohomish County's unemployment rate in March fell by five tenths of one percentage point from an adjusted (unchanged) 8.9 percent in February to 8.4 percent. Last March, the unemployment rate was 10.0 percent.
- Total nonfarm employment expanded between February and March. The general trend over the course of 2011 was growth. Between December 2011 and February 2012, employment reports indicated a slight contraction of jobs, however this is not necessarily uncommon in the first months of the year (months when many seasonal industries maintain low staffing patterns). Hiring resumed in March, with the addition of 900 jobs over the month.
- Over the year, total nonfarm employment in Snohomish County increased by 11,300 or 4.6 percent. The private sector has been responsible for job growth. The industry with the greatest employment gains was manufacturing. This sector added an estimated 6,700 jobs to the local economy, increasing payrolls by 12.0 percent between March 2011 and March 2012.
- The only sector exhibiting decline in year over year estimates was Government. State and local government payrolls contracted by 600 or 1.6 percent.
- The Construction industry has been hit harder during this recession and recovery period than any other. In March, the industry added 200 jobs. Over the year employment figures for the past three months revealed that the industry grew between early 2011 and early 2012. The first three months of 2012 mark the first year over year upticks since the start of the recession! Unless forthcoming quarterly benchmarks tell us otherwise, it looks as though the low point in this sector is finally behind us. Growth was concentrated in the construction of buildings.

Unemployment Rates and Labor Force Information

The **Unemployment Rate** for Snohomish County fell five tenths of one percentage point from an adjusted 8.9 percent in February to 8.4 percent. The unemployment rate in March 2011 was 10.0 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 11.4 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 9.3 percent; Compare with an average rate of 10.6 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 February 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: 386,890
- Total employed: 354,380
- Total unemployed: 32,510
- Unemployment rate: 8.4%

Over the month, Snohomish County’s total **labor force** expanded by an estimated 680 workers. The number of formally employed wage earners increased by 2,670, and the number of active job seekers fell by 1,990. Over the past year, the number of Snohomish County residents counted as “employed” grew by an estimated 6,560, and the number counted as “unemployed” fell by 6,030.

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. During times of economic growth, it is not uncommon to see the number of unemployed workers swell, as people who had withdrawn from the labor market return to the active job search.

Washington State

The not seasonally adjusted unemployment rate for Washington state fell from an adjusted 9.2 percent in February to 8.8 percent. On a seasonally adjusted basis, the state unemployment held at 8.3 percent. The seasonally adjusted rate for the U.S. as a whole fell from 8.3 percent in February to 8.2 percent.

Seattle-Bellevue-Everett MD

The Seattle-Bellevue-Everett MD is an aggregate expression of 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 March was 7.4 percent. On a seasonally adjusted basis, the two-county area's unemployment rate was 7.3 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 March 2012 follows:

1. Construction and Extraction Related Occupations
2. Office and Administrative Support Occupations
3. Production Occupations
4. Transportation and Material Moving Occupations
5. Installation, Maintenance, and Repair Occupations

Regular UI claims Initial and continued regular UI claims decreased over the month, while final checks issued rose slightly. 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: 4,304
- Continued UI Claims: 10,937
- Final UI Claims: 713

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) have provided extended benefits to claimants in Washington state. As a consequence of a falling statewide unemployment rate, the maximum weeks of UI benefits in Washington will fall in April. Both federal extension programs are triggered by states' unemployment rates. More

information will be announced by the Employment Security Department as details from the federal Department of Labor emerge. Details will be posted at ESD's website: <http://www.esd.wa.gov/uibenefits/whatsnew/index.php> as they become available.

- Total Regular UI Claims: 11,055
 - Total EUC Claims: 7,522
 - Total EB Claims: 1,359
 - Total claiming Training Benefits 64
- 19,349

Exhaustees As of March, 9,338 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 77,012.

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 about 93 percent of what it had been on average in 2008; roughly the equivalent count as 2006. Employment since early 2010 has been growing slowly and steadily, albeit at a much 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 February and March 2012. Industry-level views of employment patterns can help to shed light on the myriad of forces affecting job creation and job loss.

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 February and March, total nonfarm employment in Snohomish County expanded by an estimated 900 jobs.

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

Over the Month: February to March 2012	
Total Nonfarm Employment up 900	
Employment Gains	Employment Losses
Manufacturing (+300)	Government (-500)
Trade, Transportation & Utilities (+300)	
Construction (+200)	
Professional & Business Services (+200)	
Leisure & Hospitality (+200)	
Financial Activities (+100)	
Educational & Health Services (+100)	

Goods Producing Industries

Snohomish County’s goods producing industries are dominated by manufacturing and construction respectively. Both major industries experienced growth between February and March, with the construction industry reporting an expansion of about 200 jobs, and manufacturing reporting the addition of 300 jobs from aerospace manufacturing.

- Taken as a whole, the **construction industries** expanded by an estimated 200 jobs over the month. Jobs were added to the subsectors construction of buildings and specialty trade contractors.
 - 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. Last year at this time, construction jobs neither grew nor declined.
 - Construction employment also tends to be very sensitive to seasonal fluctuations; job losses routinely occur during the autumn and winter months, with growth picking up in the spring and summer.
- Total **manufacturing** payrolls continued to expand in March. An estimated 300 jobs were created in the manufacturing sector between February and March, bringing total manufacturing employment estimates to 62,400. New jobs in manufacturing came from aerospace products and parts manufacturing.
 - 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 6,100 new jobs. Over the month, this subsector added 300

jobs to the local economy. Aerospace manufacturing currently employs an estimated 44,100 in Snohomish County.

- According to their website, the **Boeing Co.** supported 82,772 jobs in Washington state as of March 29, 2012. Between February and March, the employer increased payrolls by 447. Since March, 2011, Boeing added 7,818 jobs in Washington state. 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 paper mills, food processing, etc. Between February and March, this sector is reported to have held steady.
 - With the closure of the Everett Kimberly-Clark paper mill (approx. 750 employees) we can expect to see declines on a larger scale showing up in the coming months.

Service-Providing Industries

Taken as a whole, service-providing employers added 400 jobs to total payrolls between February and March. Last year at this time, 100 jobs were lost from this super-sector. In March, 178,900 jobs were estimated in the service-providing 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.

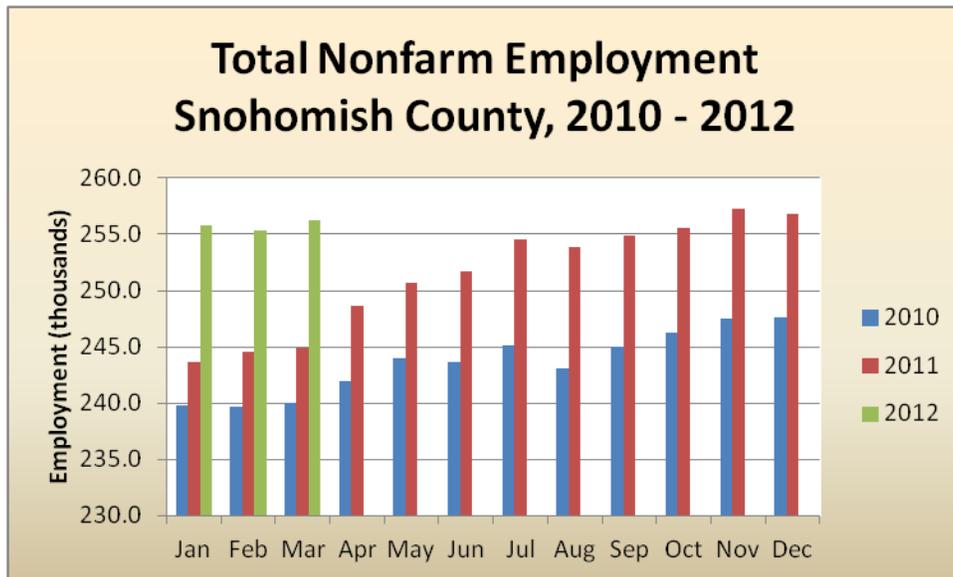
- Over the month, **trade transportation and utilities** added an estimated 300 jobs. An estimated 2/3 of the additional jobs came from the retail sector. Transportation, warehousing and utilities also added 100 jobs.
- Snohomish County's **information** sector includes publishing and telecommunications. Between February and March, the employment held steady at an estimated 5,800.
- 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. In March, the sector added 100 jobs.
 - After tumbling throughout 2008 and 2009, the financial activities sector held relatively steady through the course of 2010 and 2011, and has yet to show any strong 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 March, the sector as a whole added 200 jobs.
 - Professional, scientific and technical services experienced a slight decline over the month.

- Administrative support, waste management and remediation added 200 jobs over the month.
- Private **educational, health and social services** added 100 jobs over the month, bringing employment to 28,700. 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 February and March, employment in the collection of subsectors that make up **leisure and hospitality** expanded by about 200. Employment in leisure and hospitality was estimated at 22,800 in March.
- **Other services** is an industrial category that includes membership associations and organizations, repair and maintenance operations and laundry services. Employment in this eclectic sector remained unchanged over the month, with employment holding at 9,500.
- **Government** payrolls contracted by 500 over the month. Losses were sustained by local and state government, primarily from educational institutions at both levels.

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 256,200 in March 2012. Compare with the job tally for March 2011 (244,900). Employment grew by approximately 11,300 jobs or 4.6 percent over the past 12 months.



The private sector has been responsible for job creation over the course of the economic recovery process. Private employers created 11,300 new jobs between March 2011 and March 2012--an expansion of 4.6 percent. Meanwhile, the public sector shed 600 jobs over the same time period, a decline on the order of 1.6 percent over the year.

Over the year employment gains and losses for March 2012 are summarized in the table below:

Over the Year: March 2011 to March 2012	
Total Nonfarm Employment up 11,300	
Employment Gains	Employment Losses
Manufacturing (+6,700)	Government (-600)
Trade, Transportation & Utilities (+1,600)	Other Services (-100)
Leisure & Hospitality (+1,400)	
Professional & Business Services (+900)	
Construction (+600)	
Educational & Health Services (+600)	
Information (+100)	
Financial Activities (+100)	

Goods Producing Industries Over the Year

Snohomish County's goods producing sector added 7,300 jobs over the year. This collection of jobs represents an increase of 10.4 percent of total job growth for production industries. Growth in the goods producing sector has been fueled by manufacturing.

- Compared to March 2011 estimates, employment in **mining, logging and construction** increased by 600 jobs. The past three months mark the first time since the start of the recession and recovery period that construction in Snohomish County exceeded the previous year's estimates! Although the year over year gains are relatively modest, it may indicate that construction employment hit the bottom in 2011 and has finally begun to turn the corner toward growth.
 - The largest absolute and proportional gains came from the subsector "construction of buildings" which grew by 500 jobs (or 20.8 percent) over the year. The subsector of heavy and civil

engineering construction added 100 jobs, and the largest subsector, specialty trade contractors, held steady over the year.

- 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. The uptick in building activity is a most welcome development!
- **Manufacturing** employment expanded by approximately 6,700 jobs over the year, or 12.0 percent. As a whole, the manufacturing sector has contributed the largest number of jobs to the local economy over the course of the recovery. It is worth noting that although hiring continues, the month over month increases have been slowing lately.
 - Aerospace products and parts manufacturing is responsible for the lion's share of new hiring in Snohomish County's manufacturing sector over the year. 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 6,100 direct aerospace jobs (16.1 percent) over the year - well after the hiring spree was already underway.
 - It is important to note that the count of aerospace products and parts manufacturing only catches those employers that are directly and primarily responsible for manufacturing aerospace products. Other products in the supply chain are counted under their best fit industries.
 - The subsectors that manufacture wood products and computer and electronic products held steady over the year, while fabricated metal manufacturing expanded over the year.
 - Nondurable goods manufacturing shed 200 jobs (5.3 percent) 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 4,000 jobs or 2.3 percent between March 2011 and March 2012. When public sector employment is excluded, year over year counts indicate the addition of 4,600 service jobs by private sector employers.

- Employers in **trade transportation and utilities** industries added 1,600 jobs compared to March 2011. Compared to last year, wholesale trade, retail trade and transportation, warehousing and utilities all increased employment.
- Snohomish County's **information** expanded slightly over the year, adding 100 jobs between March 2011 and March 2012.
- Payrolls in the **financial activities industries** expanded by 100 over the year--a 0.9 percent increase over March 2011.

- As a whole, employment in **professional and business services** added 900 jobs over the year--an increase of 4.3 percent. Within this collection of industries, growth was attributed to the diverse subsector of administrative, support, waste management & remediation services. Employment services expanded by 400. The subsector of professional, scientific and technical services shed 100 jobs.
- Between March of this year and last, private **education and health services** payrolls expanded by 600, or 2.1 percent.
- The collection of industries that fall under the banner of “**leisure and hospitality**” added 1,400 jobs over the year. Within this broad sector, arts, entertainment and recreation added an estimated 300 jobs, while food services and drinking places added 1,200.
- Employment in “**other services,**” a category for service sector industries that are not appropriately categorized elsewhere contracted by 100 jobs 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 600 jobs or 1.6 percent over the past 12 months. Losses stemmed primarily from local government payrolls.

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 most recent forecast was issued for February, and is available at www.erfc.wa.gov.

The Employment Security Department and WorkSource Snohomish County are equal-opportunity employers and providers of programs and services. Auxiliary aids and services are available upon request to persons with disabilities.