



Snohomish County Labor Market Update

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

Major Takeaways

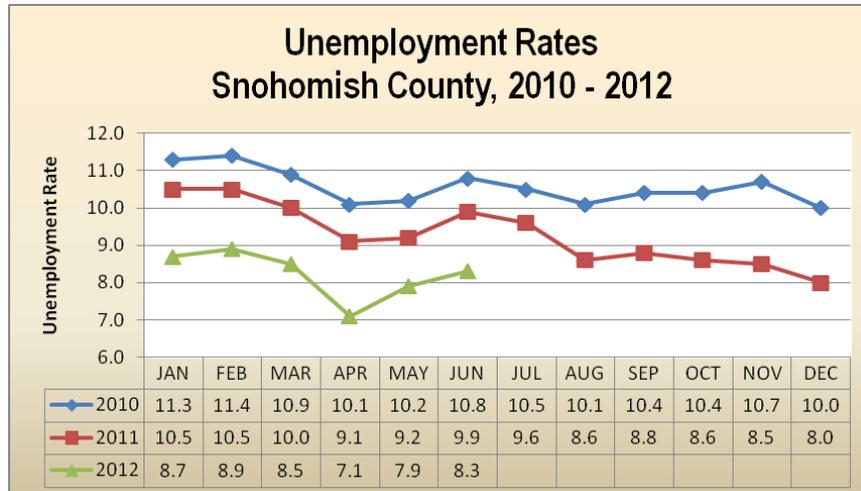
- In June, Snohomish County's **unemployment rate** rose to 8.3 percent.
 - The total labor force expanded by an estimated 3,100 over the month and 6,070 over the year.
- **Total nonfarm employment** expanded by 1,400 between May and June, continuing a trend of rising job counts over the past couple years.
- Over the year, **total nonfarm employment** in Snohomish County increased by 10,000 or 4.0 percent. The private sector has been responsible for most job growth.
- **Manufacturing** employment has propelled Snohomish County throughout this period of recovery. Over the past several months, the rate of new job creation in manufacturing has begun to flatten out. Modest over the month job growth in aerospace was cancelled out by job losses from wood product and nondurable goods manufacturing. Manufacturing employment expanded by 700 over the month, and has created 4,500 jobs over the year.
- **Retail trade** has also been a notable growth engine for jobs, both over the month and over the year. For the most part, growth in retail trade in Snohomish County has been concentrated in general merchandise stores, with recent growth in food and beverage stores. Over the month, retailers added 300 jobs to the local economy. Over the year, retailers contributed 2,500 jobs to the local economy, growing their workforce by 5.9 percent.

Unemployment Rates and Labor Force Information

The **Unemployment Rate** for Snohomish County rose from an adjusted 7.9 percent in May to 8.3 percent. For comparison, the unemployment rate in June 2011 was 9.9 percent. It is not uncommon to see an upward shift in the unemployment rate between May and June each year. One factor that contributes to the rising unemployment rate at this time of year is entry of youth and seasonal workers into the labor force, in search of summer employment.

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 10.1 percent in 2009.

Similar patterns have been reported at the statewide and national levels through the course of this long economic downturn. The June 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: 392,290
- Total employed: 359,770
- Total unemployed: 32,520
- Unemployment rate: 8.3%

Over the month, Snohomish County’s total **labor force** expanded by an estimated 3,110 workers. Within this estimate, the number of formally employed wage earners increased by 1,450 and the number of active job seekers expanded by 1,660. Over the past year, the number of Snohomish County residents counted as “employed” grew by an estimated 11,680, and the number counted as “unemployed” fell by 5,610.

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 and the United States

The not seasonally adjusted unemployment rate for Washington state dropped slightly from an adjusted 8.4 percent in May to 8.2 percent. On a seasonally adjusted basis, the state unemployment rate held steady at 8.3 percent. The seasonally adjusted rate for the U.S. as a whole held steady at 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 June was 7.5 percent. On a seasonally adjusted basis, the two-county area's unemployment rate was 7.2 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 June 2012 follows:

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

Regular UI claims Initial and continued UI claims, as well as final payments of regular UI fell between May and June. 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: 3,834
- Continued UI Claims: 8,951
- Final UI Claims: 650

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 fell with April's improving unemployment rate. 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: 9,096
- Total EUC Claims: 6,302
- Total EB Claims: 3
- Total claiming Training Benefits 140

Exhaustees As of June, 11,969 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 100,782.

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 nonfarm 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 levels. 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 May and June 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 May and June, total nonfarm employment in Snohomish County expanded by an estimated 1,400 jobs.

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

Over the month: May - June, 2012	
Total Nonfarm Employment up 1,400	
Employment Gains	Employment Losses
Manufacturing (+700)	Government (-900)
Construction (+500)	Information (-100)
Leisure & Hospitality (+400)	
Retail (+300)	
Professional & Business Services (+200)	
Financial Activities (+100)	
Wholesale Trade (+100)	
Educational & Health Services (+100)	

Goods Producing Industries

Snohomish County's goods producing industries are dominated by manufacturing and construction respectively. At the broadest industry measure, both industries grew over the month.

- Taken as a whole, the **construction industries** added an estimated 500 jobs over the month. Jobs were added in each of the three reported subsectors: construction of buildings (100), heavy and civil engineering construction (100), and specialty trade contractors (300).
 - 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. Over the month growth in construction between May and June 2012 roughly mirrors growth that was seen in early summer, 2011.
 - Construction employment 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. So far, 2012 has followed expected seasonal employment trends.
- Total **manufacturing** payrolls expanded by 700 jobs in June. Aerospace product and parts manufacturers expanded their local workforce by an estimated 800. Fabricated metal product manufacturers created an estimated 100 jobs. Employment in nondurable goods manufacturing declined by an estimated 100 over the month. Manufacturing is Snohomish County's largest industrial employer, sustaining 62,500 jobs as of June 2012.
 - 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 4,500 new jobs. Over the month, this subsector added 800 jobs to the local economy. Aerospace manufacturing companies currently employ an estimated 45,200 in Snohomish County.
 - According to their website, the **Boeing Co.** supported 84,828 jobs in Washington state as of June 28, 2012. Between May and June, the employer increased payrolls by 955. Since June, 2011, Boeing added 6,071 jobs in Washington. A majority of employment at Boeing is concentrated at facilities in King and Snohomish Counties. More information about Boeing's employment patterns and projections can be found at www.boeing.com.

- Hiring in Washington’s aerospace products and parts manufacturing industry is expected to level off, in terms of absolute numbers. However, hiring will continue as many in the existing workforce will likely retire in the next several years (Puget Sound Business Journal, 5/4/2012).
- **Nondurable goods manufacturing**, a relatively small subsector in Snohomish County, includes paper mills, food processing, etc. Between May and June, a reduction of 100 jobs was reported for this subsector.
 - In April, the Kimberly-Clark paper manufacturing facility in Everett was officially closed. More than 700 workers lost their jobs in layoffs between December 2011 and April 2012.
 - At the county level, paper manufacturing is aggregated with other nondurable goods manufacturing industries. This month, nondurable goods in Snohomish County dropped by 100, and reflected a year over year loss of 600.
- Between May and June, employment in the **Fabricated Metal Product Manufacturing** sector expanded by 100.

Service-Providing Industries

Taken as a whole, service-providing employers contributed 200 jobs to total payrolls county-wide between May and June, bringing estimated employment levels to 184,000.

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 400 jobs. New jobs were concentrated in retail trade (300 jobs), particularly in food and beverage stores. Wholesale trade also added jobs over the month.
- Snohomish County’s **information** sector includes publishing and telecommunications. Between May and June, employers in this sector shed 100 jobs.
- 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 June, the sector added 100 jobs, Employment in June was 10,900. The subsector responsible for growth over the month was insurance carriers and related activities.
 - 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

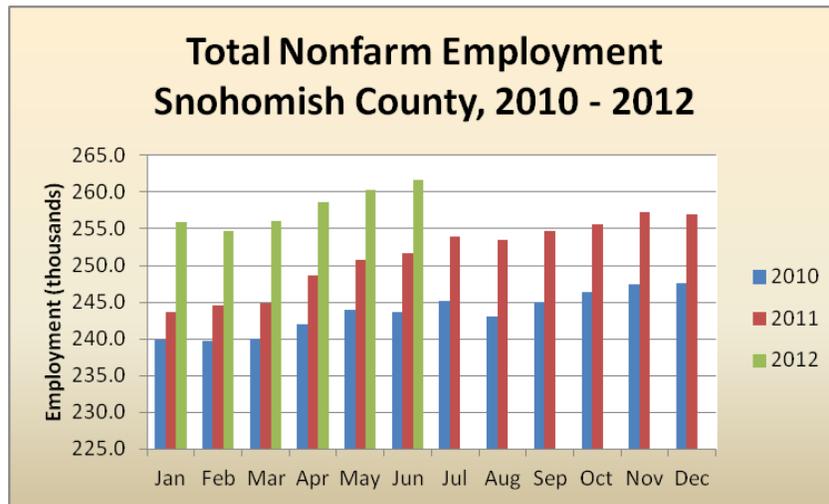
employment services. In short, these are the businesses that provide operational support to others in the business community. In June, the sector as a whole added 200 jobs.

- Within the broad sector, the industries that make up professional, scientific and technical services lost 100 jobs and administrative, support, waste management and remediation services added 200. One hundred of these jobs were attributed to expansion in the employment services sector.
- Private **educational, health and social services** as a whole added 100 jobs over the month, bringing the employment level to 28,900 jobs. Modest job gains were experienced in each subsector (100 each). 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 local population trends and needs rather than global business cycles.
- Between May and June, employment in the collection of subsectors that make up **leisure and hospitality** expanded by about 400. Absolute gains were made in both major subsectors: arts, entertainment and recreation and food services and drinking places. Employment in leisure and hospitality was estimated at 24,200 in June.
- **Other services** is an industrial category that includes membership associations and organizations, repair and maintenance operations and laundry services. Employment in this eclectic sector neither expanded nor contracted over the month. Employment held at 9,900.
- **Government** payrolls declined by 900 in June. Losses were concentrated in state educational services (i.e. community and technical colleges, etc.) This subsector lost 1,200 jobs over the month.

Employment Over the Year

The ‘Great Recession’ officially began in December 2007 and ended in June 2009-- nearly three 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 and into 2012. 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 261,700 in June 2012, compared with the tally for June 2011 (251,700). Employment grew by approximately 10,000 jobs or 4.0 percent over the past 12 months.



The private sector has been responsible for most job creation over the course of the economic recovery process. Private employers created 9,700 new jobs between June 2011 and June 2012--an expansion of 4.5 percent. Meanwhile, employment in the public sector expanded by 300 jobs or 0.8 percent.

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

Over the Year: June 2011 to June 2012	
Total Nonfarm Employment up 10,000	
Employment Gains	Employment Losses
Manufacturing (+4,500)	Financial Activities (-100)
Retail Trade (+2,000)	
Leisure & Hospitality (+1,100)	
Education & Health Services (+900)	
Professional & Business Services (+600)	
Wholesale Trade (+400)	
Government (+300)	
Transportation, Warehousing & Utilities (+100)	
Information (+100)	
Other Services (+100)	

Goods Producing Industries Over the Year

Snohomish County's goods producing sector added 4,500 jobs over the year. This collection of jobs represents an increase of 6.1 percent of total job growth for production industries. Over the year, growth in the goods producing sector has been fueled by manufacturing.

- Compared to June 2011 estimates, employment in **mining, logging and construction** as a whole did not change.
 - Some subsectors experienced growth while others declined over the year: Construction of buildings and heavy and civil engineering construction saw job gains (100 each). However, employment in the largest subsector, specialty trade contractors, declined by 200 over the year.
 - 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 4,500 jobs over the year, or 7.8 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, 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 5,000 direct aerospace jobs (an increase of 12.4 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 fabricated metal, and computer and electronic products also expanded employment over the year.
 - Nondurable goods manufacturing shed 600 jobs (16.2 percent) over the year. This is likely a reflection of the highly-publicized Kimberly-Clark layoffs. (Refer to the previous section for discussion).

Service Providing Industries Over the Year

Service providing industries represent a very 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 5,500 jobs or 3.1 percent between June 2011 and June 2012.

- Employers in **trade transportation and utilities** industries added 2,500 jobs when compared to June 2011. Wholesale trade, retail trade and transportation, warehousing and utilities all increased employment.
 - Employment in wholesale trade increased by 400 or 4.9 percent over the year.
 - Retail trade increased by 2,000 or 6.6 percent since June 2011. Growth was concentrated in general merchandise stores.
 - Transportation, warehousing and utilities added 100 jobs or 2.6 percent.
- Snohomish County's **information** sector added 100 jobs over the year.
- Payrolls in the **financial activities industries** declined by 100 over the year. Minor gains were made in the subsector that includes insurance carriers and related activities. Losses were recorded in credit intermediation and related activities as well as real estate and rental and leasing.
- As a whole, employment in **professional and business services** added 600 jobs over the year--an increase of 2.8 percent. Within this collection of industries, growth was largely attributed to the diverse subsector of administrative, support, waste management & remediation services (400 jobs). Two

hundred of these jobs were in employment services. The subsector of professional, scientific and technical services also grew, recording an addition of 200 jobs.

- Between June of this year and last, private **education and health services**' payrolls expanded by 900, or 3.2 percent. Increases were recorded in the subsectors of ambulatory health care services and social assistance (300 each).
- The collection of industries that fall under the banner of "**leisure and hospitality**" added 1,100 jobs over the year. Jobs came from the subsector of food services and drinking places (1,100 jobs), while arts, entertainment and recreation fell short of last year's figures (-100).
- Employment in "**other services**," a category for service sector industries that are not appropriately categorized elsewhere increased employment by 100 in a year over year comparison.
- 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 expanded by 300 jobs or 1.0 percent over the past 12 months.

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 June, and is available at www.erfc.wa.gov.