



Snohomish County Labor Market Update

Volume 2012, Number 1

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

Major Takeaways

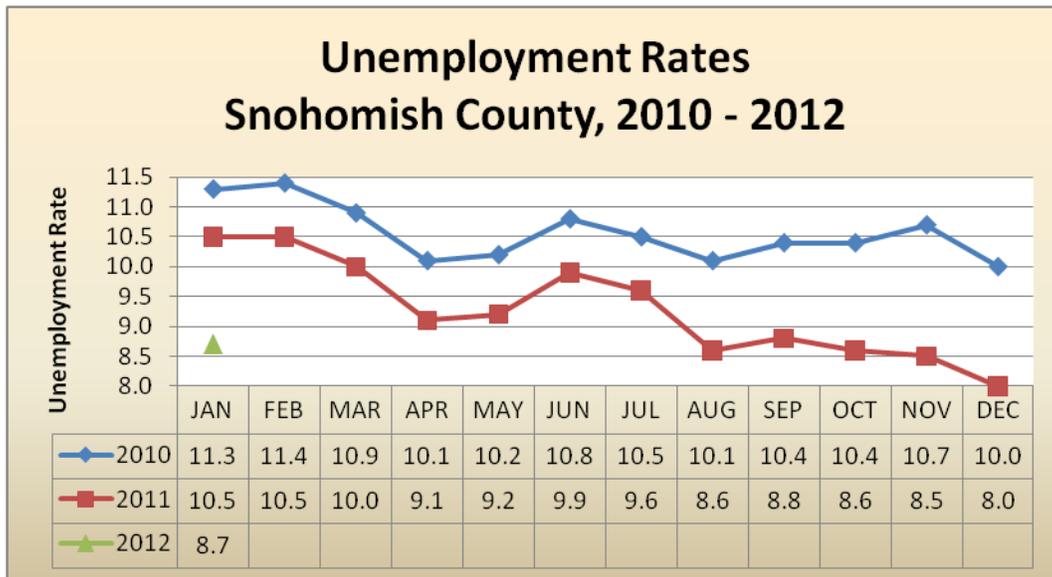
- This month, labor market and nonfarm employment estimates underwent a benchmarking process. For the most part, benchmarks revealed improved labor market conditions in Snohomish County.
- Although the preliminary estimate of this month's unemployment rate rose by seven tenths of one percent, this appears to be a consequence of substantial growth of the labor market.
- Total nonfarm employment contracted between December and January. This is typical of January estimates. In all industries experiencing over the month declines, the estimated declines were smaller than those reported between December 2010 and January 2011.
- The Construction industry has been hit harder during this recession and recovery period than any other. Despite over the month losses, employment estimates comparing January 2011 and January 2012 revealed over the year increases. This is the first year over year uptick since the start of the recession! Growth was concentrated in the construction of buildings.

Unemployment Rates and Labor Force Information

The **Unemployment Rate** for Snohomish County rose by seven tenths of one percentage point from an adjusted 8.0 percent in December to 8.7 percent in January. The unemployment rate in January 2011 was 10.5 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: 392,470
- Total employed: 358,470
- Total unemployed: 34,000
- Unemployment rate: 8.7%

Over the month, Snohomish County’s total **labor force** expanded by an estimated 7,710 workers! The number of formally employed wage earners increased by 4,360, and the number of active job seekers increased by 3,350. Over the past year, the number of Snohomish County residents counted as “employed” grew by an estimated 14,350, and the number counted as unemployed fell 6,350.

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 four tenths of one percentage point in January to 8.9 percent. On a seasonally adjusted basis, the state unemployment rate fell from an adjusted 8.6 percent to 8.3 percent. The seasonally adjusted rate for the U.S. as a whole was also 8.3 percent in January.

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 January was 7.7 percent. On a seasonally adjusted basis, the two-county area’s unemployment rate was 7.5 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.

Benchmarking: It is worth noting that the labor force series underwent an annual benchmarking process. Through this process, historic monthly estimates are replaced with more complete information. For this reason, several of the estimates over the past couple years have undergone some adjustments.

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 January 2012 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 December and January. 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: 7,003
- Continued UI Claims: 12,829
- Final UI Claims: 823

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: 12,825
- Total EUC Claims: 8,138
- Total EB Claims: 1,517
- Total claiming Training Benefits 61
- 21,733

Exhaustees As of January, 8,909 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 72,982.

**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 much slower rate than is expected following a typical recession.

Benchmarking: Between December 2011 and January 2012, the September 2011 benchmark was applied to historic employment estimates. When benchmarking occurs, survey-generated estimates are retroactively replaced with data derived from employer tax records. The most recent benchmark revealed that overall monthly employment estimates for Snohomish County had been underestimated. Employment in the second half of 2011 was higher than previously reported. As a consequence, many of the baselines (December 2011 for over the month narratives and January 2011 for over the year reports) throughout this report will have changed substantially during the revision process.

Employment Over the Month

The following section describes movements of different industries between the months of December 2011 and January 2012. 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 December were under-estimated by about 2,000 jobs. The revised number of jobs for December was 256,800.

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 December and January, total nonfarm employment in Snohomish County contracted by an estimated 1,000 jobs. It is worth noting that the transition between December and January is typically characterized by a drop in employment, so this dip does not come as a surprise. Last year at this time, 3,900 jobs (or 1.6 percent of jobs) were shed from the local economy according to this measure, making this year’s dip of 0.4 percent rather mild by comparison.

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

Over the Month: December 2011 to January 2012	
Total Nonfarm Employment down 1,000	
Employment Gains	Employment Losses
Government (+400)	Trade, Transportation & Utilities (-600)
Manufacturing (+100)	Construction (-400)
	Professional & Business Services (-300)
	Education & Health Services (-100)
	Leisure & Hospitality (-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 decreased over the month. Losses were concentrated in construction (as is typically the case during the winter months). The manufacturing sector expanded slightly over the month, with modest growth reported in aerospace products and parts manufacturing, and decline reported in nondurable goods production.

December’s estimated employment in the goods producing sector was revised upward by 1,700 jobs. Employment counts in both construction and manufacturing had both been underestimated in previous counts. (Construction was revised upward by 1,000 jobs, and Manufacturing employment was revised upward by 700).

- 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 heavy and civil engineering construction. In terms of employment, construction of buildings held steady over the month. The application of the most recent benchmark reveals that construction had been underestimated. The leap in employment between the preliminary and revised estimates for December revealed 1,000 jobs that had flown under the radar.
 - 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, however, substantially greater losses (1,100 jobs) were counted between December and January.

- Total **manufacturing** payrolls continued to expand this month, albeit at a slowing pace. An estimated 100 jobs were created in the manufacturing sector between December and January, bringing total manufacturing employment estimates to 62,000. New jobs in manufacturing came from aerospace products and parts manufacturing, with losses sustained in nondurable goods.
 - 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. Over the month, this subsector added 200 jobs to the local economy. Aerospace manufacturing currently employs an estimated 43,700 in Snohomish County.
 - According to their website, the **Boeing Co.** supported 82,125 jobs in Washington state as of January 26, 2012. Between December and January, the employer increased payrolls by 256. Since January, 2011, Boeing added 8,290 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 paper mills, food processing, etc. Between December and January, this sector is reported to have shed 100 jobs.
 - With the closure of the Everett Kimberly-Clark paper mill (approx. 750 employees) we can expect to see declines on a larger scale in the coming months.

Service-Providing Industries

Revisions to December's preliminary estimate for service providers lifted the estimated level of employment up by 300. December employment in this sector accounted for 179,600 jobs.

Taken as a whole, service-providing employers dropped 700 jobs from their payrolls between December and January. Last year at this time, losses were much greater. Between December 2010 and January 2011, 3,100 jobs fell from over the month estimates.

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.

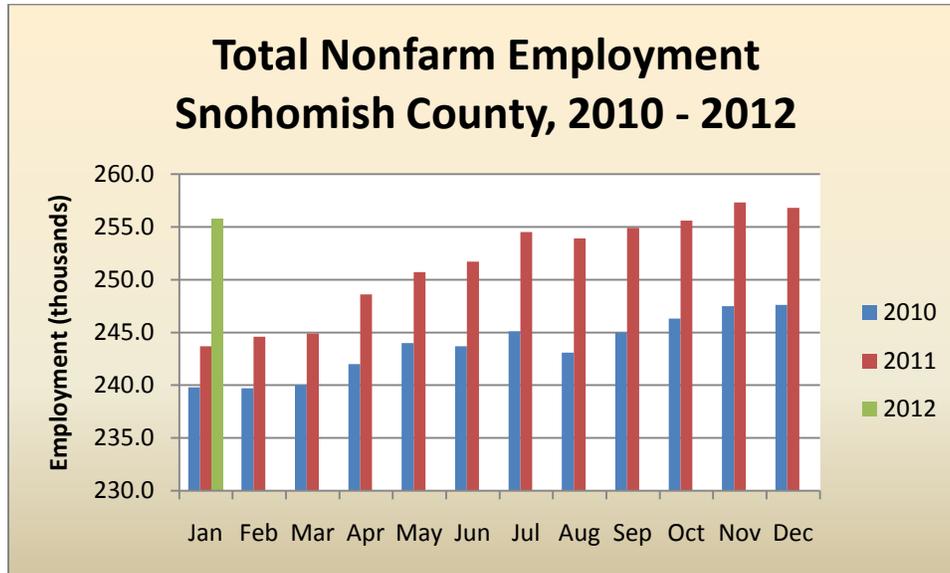
- Over the month, **trade transportation and utilities** shed an estimated 600 jobs. Many of these jobs came from the retail sector, and were seasonal in nature. Compare to 3,300 jobs shed from this sector last year at this time.
- Snohomish County's **information** sector includes publishing and telecommunications. Between December and January, payrolls held steady around 5,700.
- 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. January 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 January, professional, scientific and technical services held their footing, employing an estimated 9,300; while administrative support, waste management and remediation dropped 300 from payrolls, marking a 2.7 percent decline over the month. Employment services dropped 100 jobs over the month.
- Private **educational, health and social services** dropped 100 from payrolls 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 December and January, employment in the collection of subsectors that make up **leisure and hospitality** posted modest losses.
- **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 expanded by 400 over the month. Gains primarily came from the subsector of state educational services. This includes the local community colleges, and probably is attributable to the start of the academic winter quarter.
 - 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 255,800 in January 2012. Compare with the job tally for January 2011 (243,700). Employment grew by approximately 12,100 jobs or 5.0 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 12,700 new jobs between January 2011 and January 2012--an expansion of 6.2 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 January 2012 are summarized in the table below:

Over the Year: January 2011 to January 2012	
Total Nonfarm Employment up 12,100	
Employment Gains	Employment Losses
Manufacturing (+7,400)	Government (-600)
Trade, Transportation & Utilities (+1,400)	Information (-100)
Professional & Business Services (+1,300)	
Leisure & Hospitality (+1,300)	
Education & Health Services (+800)	
Construction (+600)	
Financial Activities (+100)	

Goods Producing Industries Over the Year

Snohomish County's goods producing sector added 8,000 jobs over the year. This collection of jobs represents an increase of 11.6 percent of total job growth for production industries. Growth in the goods producing sector has been fueled by manufacturing.

- Compared to January 2011 estimates, employment in **mining, logging and construction** increased by 600 jobs. This is the first time since the start of the recession and recovery period that construction in Snohomish County exceeded the previous year's estimates!

- 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 specialty trade contractors also added 100 jobs 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 7,400 jobs over the year, or 13.6 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 (18.1 percent) between January 2011 and January 2012- well after the hiring spree was already underway.
 - Wood product manufacturing held steady over the year, while fabricated metal and computer and electronic product manufacturing grew over the year.
 - Nondurable goods manufacturing shed 200 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 4,100 or 2.3 percent between January 2011 and January 2012. When public sector employment is excluded, year over year counts indicate the addition of 4,700 service jobs by private sector employers.

- Employers in **trade transportation and utilities** industries counted 1,400 jobs compared to January 2011. Compared to last year, wholesale trade, retail trade and transportation, warehousing and utilities all increased employment. The only losses reported came from the subsector of motor vehicle and parts dealers.
- Snohomish County’s **information** sector shed 100 jobs over the year. Current employment in this sector is estimated at 5,700.
- Payrolls in the **financial activities industries** expanded by 100 over the year--a 0.9 percent increase over January 2011.
- As a whole, employment in **professional and business services** added 1,300 jobs over the year--an increase of 6.4 percent. Within this collection of industries, professional, scientific and technical services dropped 200 jobs (2.1 percent) and administrative support, waste management and remediation

added 1,400 jobs --an increase of 14.6 percent. Employment services, a subsector of administrative support, expanded by 800 jobs (30.8 percent) over the year.

- Between January 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 1,300 jobs over the year. Within this broad sector, arts, entertainment and recreation added an estimated 300 jobs, while food services and drinking places added 1,100.
- 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 governments.

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.