

# 2005



# Washington State Labor Market and Economic Report



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**Washington State  
Employment Security Department  
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**December 2005**



**Employment  
Security  
Department**  
WASHINGTON STATE

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This report has been prepared in accordance with *RCW 50.38.040* State of Washington

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Published December 2005

**Acknowledgements:** The *Labor Market and Economic Report* was produced through the collaboration of members of the Economic and Policy Analysis Unit:

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The team wishes to acknowledge the analysis, data, and intelligence provided by Beatrice Gernon and Chris Thomas.

*This report can be viewed and downloaded on the Internet at [www.workforceexplorer.com](http://www.workforceexplorer.com). Further analysis and detailed statistics are available through the Employment Security Department upon request. For more information, including to request copies of this report in alternate formats, please call (360) 438-4800 or the Labor Market Information Center at 1-800-215-1617.*

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# 2005 Washington State Labor Market Fast Facts

## Labor Force and Unemployment, Washington, 1980-2005

Year	Labor Force	Employment	Unemployment	Unemployment Rate
1980	1,984,000	1,828,000	156,000	7.9%
1985	2,091,000	1,921,000	170,000	8.1%
1990	2,538,900	2,413,700	125,200	4.9%
1995	2,817,200	2,637,700	179,500	6.4%
2000	3,055,600	2,896,300	159,300	5.2%
2001	3,024,000	2,830,600	193,400	6.4%
2002	3,109,300	2,882,600	226,700	7.3%
2003	3,139,900	2,902,900	237,000	7.5%
2004	3,233,600	3,032,300	201,300	6.2%
<b>2005</b>	<b>3,277,500</b>	<b>3,094,100</b>	<b>183,400</b>	<b>5.6%</b>

**Note:** Not seasonally adjusted. 2005 data are year-to-date averages as of September.

**Source:** Washington State Employment Security Department

## Labor Force and Unemployment, Washington Metro Areas, 2005

Metro Area	Labor Force	Employment	Unemployment	Unemployment Rate
<b>Washington State</b>	<b>3,277,500</b>	<b>3,094,100</b>	<b>183,400</b>	<b>5.6</b>
Bellingham MSA	104,400	99,100	5,300	5.1
Bremerton PMSA	123,900	117,300	6,600	5.3
Clark County	197,400	184,100	13,300	6.7
Olympia MSA	124,700	118,300	6,400	5.1
Richland-Kennewick-Pasco	118,600	111,700	6,900	5.8
Seattle-Bellevue-Everett PMSA	1,345,400	1,281,800	63,700	4.7
Spokane MSA	227,300	213,900	13,400	5.9
Tacoma PMSA	373,000	349,800	23,100	6.2
Wenatchee MSA	60,580	56,980	3,600	5.9
Yakima MSA	119,100	109,900	9,200	7.7

**Note:** Not seasonally adjusted. 2005 data are year-to-date averages as of September.

**Source:** Washington State Employment Security Department

## Projected Growth Rates, Washington, 2000-2012

Industry	Annual Average Employment Growth		
	2004Q2-2006Q2	2002-2007	2007-2012
<b>Total</b>	<b>1.8%</b>	<b>1.5%</b>	<b>1.3%</b>
<b>Construction</b>	<b>2.0%</b>	<b>2.4%</b>	<b>1.2%</b>
<b>Manufacturing</b>	<b>2.1%</b>	<b>-0.2%</b>	<b>0.2%</b>
<b>Trade, transportation, and utilities</b>	<b>1.6%</b>	<b>1.3%</b>	<b>1.1%</b>
<b>Information</b>	<b>0.9%</b>	<b>0.8%</b>	<b>2.2%</b>
<b>Financial Activities</b>	<b>0.9%</b>	<b>1.3%</b>	<b>0.8%</b>
<b>Professional and business services</b>	<b>3.6%</b>	<b>3.1%</b>	<b>2.2%</b>
<b>Education and health services</b>	<b>2.2%</b>	<b>2.2%</b>	<b>1.6%</b>
<b>Leisure and hospitality</b>	<b>1.7%</b>	<b>1.9%</b>	<b>1.1%</b>
<b>Government</b>	<b>0.9%</b>	<b>0.9%</b>	<b>1.4%</b>

**Source:** Washington State Employment Security Department

## Covered Employment, Employer Units, and Wages by Industry, Washington, 2005

Major Industry Division	Employer Units	Total Wages (in \$billions)	Employment	Average Annual Wage
<b>Total</b>	<b>191,302</b>	<b>106.0</b>	<b>2,694,148</b>	<b>\$39,351</b>
Trade, Transportation, and Utilities	30,626	17.7	502,333	\$35,177
Government (including public education)	2,032	20.8	498,770	\$41,756
Education and Health Services	14,758	10.3	299,572	\$34,300
Manufacturing	7,145	13.4	259,349	\$51,788
Professional and Business Services	23,629	14.4	292,711	\$49,336
Leisure and Hospitality	13,656	4.1	250,747	\$16,441
Construction	21,856	6.1	151,691	\$40,171
Financial Activities	11,712	7.7	148,123	\$51,993
Information	2,217	7.2	91,741	\$78,918
Natural Resources, Agriculture, Forestry, Fishing, and Mining	8,506	1.8	85,275	\$21,658
Other Services	10,244	1.9	73,528	\$26,457

**Source:** Washington State Employment Security Department

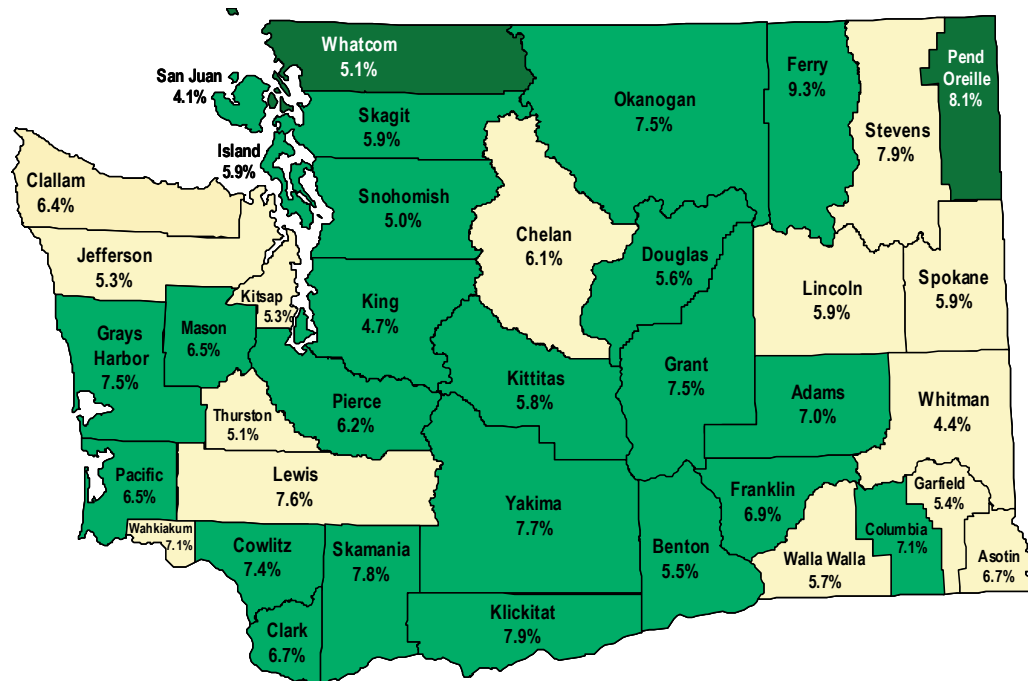


## Average Monthly Unemployment Insurance Claims by Occupation Groups, Washington, 2004-2005

Occupation Groups	Unemployment Claims 2005*	Unemployment Claims 2004*	Percent Change 2004-2005	Estimated Employment 2004Q2
<b>Total</b>	<b>83,946</b>	<b>108,456</b>	<b>-22.6%</b>	<b>3,121,631</b>
Production	9,281	12,817	-27.6%	163,733
Construction and Extraction	13,605	16,675	-18.4%	189,821
Management	6,697	8,978	-25.4%	104,916
Farming, Fishing, and Forestry	5,204	6,314	-17.6%	81,063
Transportation and Material Moving	7,593	9,896	-23.3%	222,999
Installation, Maintenance, and Repair	3,595	4,888	-26.4%	113,927
Computer and Mathematical	2,016	3,076	-34.5%	106,275
Architecture and Engineering	1,196	2,267	-47.3%	71,937
Office and Administrative Support	9,862	12,889	-23.5%	454,947
Arts, Design, Entertainment, Sports, and Media	1,140	1,464	-22.1%	61,949
Healthcare Support	1,995	2,569	-22.3%	73,088
Protective Service	1,323	1,511	-12.4%	52,819
Sales and Related	6,393	7,886	-18.9%	318,035
Building and Grounds Cleaning and Maintenance	2,264	2,707	-16.4%	128,651
Business and Financial Operations	2,054	2,901	-29.2%	144,126
Food Preparation and Serving Related	3,790	4,747	-20.1%	236,345
Life, Physical, and Social Science	607	776	-21.8%	48,312
Legal	410	554	-26.0%	26,335
Personal Care and Service	1,442	1,785	-19.2%	139,784
Community and Social Services	645	767	-15.8%	52,654
Education, Training, and Library	1,272	1,611	-21.1%	191,769
Healthcare Practitioners and Technical	1,157	1,549	-25.3%	138,146

\*Unemployment insurance claims are average of monthly continued claims filed.

## 2005 Unemployment Rates by County (Year-to-Date Averages as of September) Not Seasonally Adjusted



- Unemployment Rate Increased From 2004
- Unemployment Rate Decreased From 2004
- Unemployment Rate Same as 2004

Washington = 5.6% (Decreased in 2005)  
 United States = 5.2% (Decreased in 2005)  
 Seasonally Adjusted



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# Washington State Labor Market and Economic Report

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## Executive Summary: *The Year in Review*

In 2005, Washington's economy built on the momentum established the previous year, and job growth accelerated. The strength in the economy was evident, to varying degrees, across industry segments and geographic breakouts. As we look back over the last twelve months, however, three compelling stories emerge. First, there is the contribution of household spending, and particularly residential investment, to overall economic activity and job creation. Low mortgage interest rates helped boost home sales and, along with substantial home price appreciation, enabled households to extract equity from their homes to purchase other goods. The second compelling story is the end of the manufacturing jobs recession. After shedding more than 100,000 workers between 1998 and 2004, factories were adding jobs in 2005. While manufacturing employment is still well below the 1998 level, it is rising in the state even as factories nationwide continue to downsize. Thirdly, the Seattle area is back—at least part of the way. After a long and painful recession, the area is now leading the state in job growth rather than lagging it.

At the end of the day, Washington exhibited more economic vitality than did the rest of the nation. And this vitality finally propelled the state's payroll employment past the previous peak established in late 2000, toward the end of the record economic expansion of the 1990s. As of October (the latest data available at the time of this publication), total nonagricultural payroll employment (seasonally adjusted) stood at 2,797,600, roughly 78,000 above October 2004 and 65,400 above the December 2000 peak.

### *National Outlook*

December marks the beginning of the fifth year of the nation's current economic expansion. The economy has been through a lot, but seems to keep on ticking. Since November 2001, when the economic recession officially reached its trough, the U.S. economy has withstood corporate governance scandals, two wars, a rapid run-up in energy prices, and devastating hurricanes. Yet through it all, the economy continued to grow.

Despite ongoing challenges, the U.S. economy is forecast by most economists to continue expanding over the next year. It is unlikely that the housing market will "crash," causing a sharp drop in consumer spending. Rather, somewhat higher mortgage rates may slow housing activity and home price appreciation slightly, with a subsequent slowing in the rate of consumer spending growth. Fiscal and monetary policy will continue to stimulate economic activity in the first half of 2006, but its effects will wane in the second. Core price pressures will remain subdued, the Fed will see to that. And finally, job growth will continue near long-term trends and unemployment will trend down.

### *Seasonal, Cyclical, and Structural Employment*

Most movements in employment (and unemployment) can be categorized as due to seasonal, cyclical, or structural factors. Understanding these underlying causes of employment and unemployment is critical to addressing labor market issues. The seasonal industry list is primarily filled out with construction, tourism/recreation, and outdoor related industries. Service, information technology, and healthcare industries were found to show strong structural tendencies. Washington's most cyclical industries were varied, but led by sightseeing, crop production, and waste management.

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## *Unemployment and its Dimensions*

There are many indicators that are used to determine the difficulty of obtaining employment in a given labor market. For this study we focused on the unemployment rate as well as some of the characteristics of the non-working. In 2005, the most indicators showed continued improvement of the conditions for re-entry into the labor market.

## *Demographics of the Labor Force*

Washington's labor force has aged over the past ten years. Older age groups made up a substantially higher percentage of total employment in 2005 than in 1995. Women made up 49 percent of total industrywide employment in 2005.

Also, in fiscal year 2005, more than 70 percent of unemployment beneficiaries were white, while this group accounted for 85 percent of Washington's population. The 35-44 year old cohort made up the largest group of beneficiaries in 2005. And a worker with higher education will be less likely to be a beneficiary of unemployment insurance payments than a worker with less education.

## *Occupational Outlook*

The major occupational groups in the state are expected to change little over the coming years. Office and administrative support occupations, and sales-related occupations maintain the larger shares of Washington employment.

The fastest-growing occupations remain under the computer and mathematical occupational group, and personal care and service occupational group. The production occupational group maintains the highest proportion of slow-growing occupations.

Data from the April-May 2005 Job Vacancy Survey (JVS) Report showed a direct correlation between wages and education/training requirements. Registered nurses had the largest number of vacancies statewide (4,473).

## *Wages and Benefits*

Average annual real wages in Washington increased across the state from 1994 to 2004. These wages rose at least 15 percent in each Workforce Development Area over the 10-year period. The average wages in Seattle-King County WDA were the highest in 1994 and they increased by the greatest amount (33 percent) over the decade.

Also, annual wages in every industry sector increased in the 1994 to 2004 period. In general, those industries with the higher real wages in 1994 also improved by the largest percentage in the decade period.

From 1994 to 2004, real hourly wages also increased. The median and bottom quartile wages increased more than 15 percent, while the top quartile's wages increased by almost 19 percent over the decade.

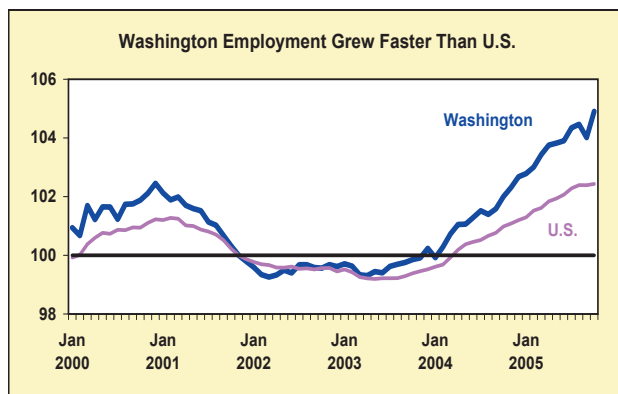
# Chapter 1 - The Year in Review

## Washington's Year in Review

In 2005, Washington's economy built on the momentum established the previous year, and job growth accelerated. The strength in the economy was evident, to varying degrees, across industry segments and geographic breakouts. As we look back over the last twelve months, however, three compelling stories emerge. First, there is the contribution of household spending, and particularly residential investment, to overall economic activity and job creation. Low mortgage interest rates helped boost home sales and, along with substantial home price appreciation, enabled households to extract equity from their homes to purchase other goods. The second compelling story is the end of the manufacturing jobs recession. After shedding more than 100,000 workers between 1998 and 2004, factories were adding jobs in 2005. While manufacturing employment is still well below the 1998 level, it is rising in the state even as factories nationwide continue to downsize. Thirdly, the Seattle area is back—at least part of the way. After a long and painful recession, the area is now leading the state in job growth rather than lagging it.

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**Figure 1**  
Total Nonfarm Employment, Seasonally Adjusted,  
Indexed to November 2001, Washington and U.S., 2000-2005  
Source: Employment Security Department and Bureau of Labor Statistics



## Industry Employment

It wasn't obvious when this publication went to print last year, but Washington's job growth engine was poised to start hitting on all cylinders. Employment growth surged toward the end of 2004 and into early 2005. Job growth totaled 29,200 in the fourth quarter last year, averaging more than 9,700 per month. This job growth was some of the strongest seen in the state since 1997.

The dawning of a new year saw little change in Washington's job picture. Economic activity remained brisk and the jobs numbers reflected just that. In the first quarter of the year, payroll employment increased 20,100, an average of 6,700 per month.

As the economy headed into the second quarter, however, job growth in Washington slowed notably. There were myriad reasons for the slowdown. One is that the state's economy simply cannot continue to create jobs at the pace that it had been in the fourth quarter 2004 and the first quarter 2005. A net of more than 8,200 new jobs per month is not sustainable.

At the same time, however, incoming data was suggesting that the U.S. economy had entered somewhat of a "soft patch" in the second quarter. While there were many signs supporting the soft patch theory, most prominent among them were a pause in industrial output gains in March and April, and a steadily declining index on manufacturing produced by the Institute for Supply Management.

It is likely that many employers in Washington were unnerved by the data they were seeing on the national level. After all, much of what is produced by firms in the state is consumed beyond its borders. It is possible that many hires were delayed until firms were convinced that the national economy was on firm footing.

As the months wore on, the news on the national economy consistently got better. The soft patch, if there were one, appeared to be heavily concentrated in manufacturing and particularly in the Midwest. And the data for June suggested that even that was subsiding. With renewed confidence, Washington's employers began to hire with vigor once again.



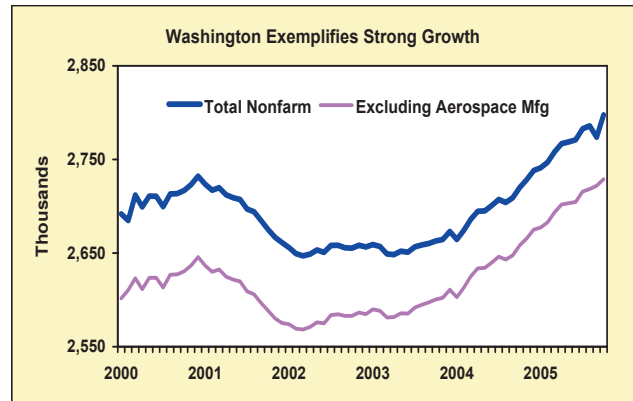
The third quarter was marked by a statistical anomaly that occurs every so often in July. July is usually typified by a sharp decline in local government education employment as schools let out. This past summer, typical seasonal patterns didn't hold in local government educational services. Most education employees, outside of teachers, are off the payrolls by the end of June. Thus, seasonal adjustment models anticipate a big decline in educational employment in July. For some reason, many of these workers were still on the payrolls in July. The seasonal adjustment model didn't see the kind of decrease in employment it was expecting based on historical patterns. Subsequently, the model interpreted the smaller-than-expected seasonal decrease in employment as an increase in underlying demand. Thus we saw a jump in seasonally adjusted local government educational services employment. As we moved into August, many of those still on the payrolls the previous month had dropped off. The statistical model saw this atypical decrease and interpreted it as a softening of underlying demand. Subsequently, the seasonally adjusted employment estimate for local government educational services showed a big decline in August.

The upshot here is that employment growth in July probably wasn't as strong as the seasonally adjusted numbers showed, but was a little stronger in August than reflected in the numbers. When the summer months are averaged out, total nonfarm payroll employment gains averaged about 5,700 a month.

The fall brought with it the first monthly decline in payroll employment the state had seen since the previous August. However, the decrease was nothing more than a mirage brought about by a roughly month-long work stoppage in aerospace. More than 16,000 Boeing workers walked out in early September and were off the job for most of the month. Since striking workers were not on the job during the pay period including the 12th, they were not included in the monthly employment estimates per federal reporting guidelines. Subsequently, total employment fell 12,100 during the month.

With aerospace workers back on the payrolls, employment rebounded sharply in October.

**Figure 2**  
Total Nonfarm Employment, Seasonally Adjusted, Washington, 2000-2005  
Source: Employment Security Department



For the twelve months ended in October, total nonfarm payroll employment in Washington State advanced by 78,000, a 2.8 percent increase. This outpaces, by far, the growth seen nationwide during the same time frame, 1.4 percent. Statewide job gains averaged a little less than 6,500 per month.

The advances in payroll employment over the year were broad-based by industry segment, largely reflecting the widespread strength in overall economic activity. Both goods-producing and service-providing firms augmented their payrolls and virtually all of the additions came from the private sector. The state's economy has benefited from a variety of factors, but primarily strong household and business spending.

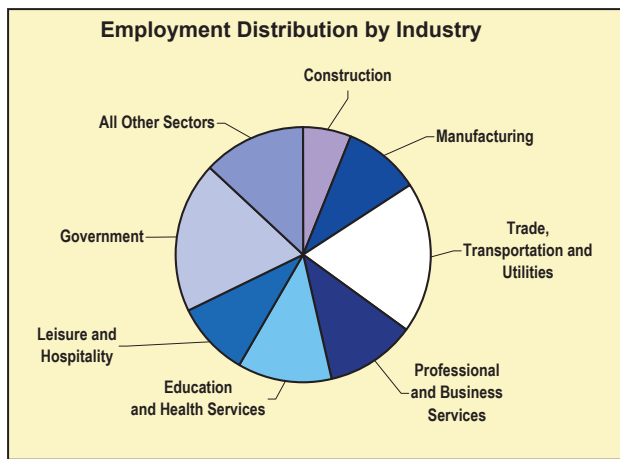
**Figure 3**  
Year-Over-Year Employment Change by Industry (000s) Washington, October 2004-October 2005  
Source: Employment Security Department

**Washington's Employment Growth (000s)**

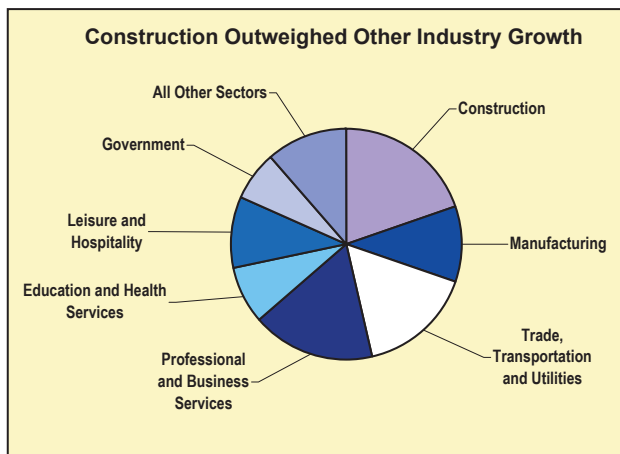
	Oct 2005	Oct 2004	Change	Percent Change
Total Nonfarm	2,797.6	2,720.1	77.5	2.8%
Construction	181.4	166.0	15.4	9.3%
Manufacturing	273.4	265.2	8.2	3.1%
Wholesale Trade	125.0	120.8	4.2	3.5%
Retail Trade	320.2	312.0	8.2	2.6%
Transportation, Warehousing and Utilities	91.0	91.0	0.0	0.0%
Information	95.1	92.2	2.9	3.1%
Financial Activities	155.4	152.4	3.0	2.0%
Professional, Scientific and Tech. Services	144.9	138.9	6.0	4.3%
Management of Companies and Enterprises	33.3	33.1	0.2	0.6%
Administration and Support and Waste Management and Remediation	141.3	134.1	7.2	5.4%
Education and Health Services	328.9	322.7	6.2	1.9%
Leisure and Hospitality	265.0	257.2	7.8	3.0%
Other Services	103.8	100.8	3.0	3.0%
Government	530.0	524.7	5.3	1.0%

Perhaps the most compelling storyline of the year's economic activity was the outsized contribution to job growth from the construction industry. Washington's economy added 15,400 net new construction jobs between October 2004 and October 2005. The industry, which accounted for just 6.1 percent of total nonfarm employment in October 2004, was responsible for nearly 20.0 percent of job growth over the year. In addition, construction hiring was evident in each subsector (construction of buildings, heavy and civil engineering, and specialty trade contractors).

**Figure 4**  
Percent of Nonfarm Employment by Industry  
Washington, October 2004  
Source: Employment Security Department



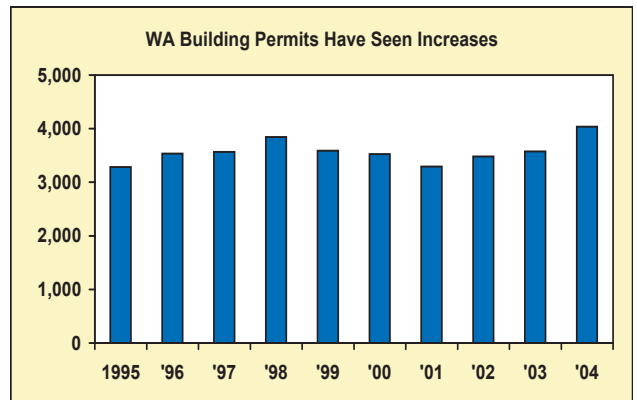
**Figure 5**  
Percent Contribution to Total Employment Growth by Industry  
Washington, October 2004  
Source: Employment Security Department



The bulk of the hiring however, took place among specialty trade contractors. These are firms that provide specialty services such as electrical, plumbing, framing, and dry-walling to, among others, homebuilders. The increased hiring by specialty trade contractors is a direct result of the remarkable and persistent strength in housing markets.

Low mortgage interest rates increased affordability and opened up Washington's housing market to a much larger portion of the state's population. This, in turn, has driven brisk sales of both new and existing homes, and pushed home values higher. Home price appreciation in the state is showing double-digit gains over the year, in line with national averages. And while it is difficult to imagine the state's housing market remaining at such lofty levels, it is not showing signs of faltering just yet. Residential building permits have increased for four straight years and remained strong through October 2005.

**Figure 6**  
Housing Units Authorized by Building Permits  
Washington, 1995-2004  
Source: U.S. Census Bureau



Certainly it is easy to see how strength in home buying can boost activity, and ultimately hiring, in other sectors as well. A mortgage banker, an insurance agent, and a real estate agent—all subsectors within the financial activities industry—are supported during the home buying transaction itself. And financial activities employment was up 3,000 with the bulk of the net new jobs created in real estate and rental leasing.

But the combination of strong home price appreciation and low mortgage interest rates has enabled households to do more than purchase homes. Low mortgage rates allowed many existing home owners to refinance and lower their monthly mortgage payments by a few hundred dollars a month; and strong home price ap-

preciation has enticed many to extract the equity that was quickly built in their property. Some of that extraction was reinvested into the home through remodeling. But perhaps more likely, these factors have empowered households to spend—and spend they did.

That additional spending has helped a whole host of trade, transportation, and utilities firms to add to their payrolls as well. Retailers, in particular, can benefit from the recent strength in the housing markets and related activity. Retail trade employment advanced 8,200 over the twelve-month period, and the gains have been fairly broad-based (only health and personal care stores and other retail trade saw declines, and they were slight). More than 25 percent of the increase in retail trade jobs came from building materials, garden supply, and home furnishing stores. Food and beverage, clothing and accessories, general merchandise, and motor vehicle retailers also experienced notable increases in employment.

Moving all this merchandise around also creates employment. Wholesale trade added 4,200 net new jobs over the year. Transportation and warehousing employment was flat, but that was due to ongoing restructuring in air transport.

The second compelling story over the year is the rebound in manufacturing employment. In early-to-mid 1998, the state's manufacturing industry began a long and agonizing jobs contraction. When the dust had settled, more than 100,000 of the state's manufacturing jobs—nearly one in three—had been lost. The carnage was most evident in the state's aerospace industry, which shed more than 52,000 jobs between May 1998 and May 2004, the industry's employment nadir. The pain was certainly not limited to manufacturers of airplanes and their suppliers; it was evident in virtually every manufacturing segment—durable and nondurable goods.

Between last October and this October, however, manufacturing employment in the state increased by 8,200. In light of the more than 100,000 manufacturing jobs that were lost during the downturn, 8,200 new jobs may not seem impressive. At the same time, these gains in Washington come during a period when factories nationwide continued to shed jobs, at least 100,000 of them.

Just as aerospace led the state in manufacturing jobs lost, it drove the resurgence in hiring over the last year. Boeing, the state's primary producer of aerospace products and parts, has publicly announced that aircraft orders for delivery in 2005 were strong, and even more

so for 2006. Employment in aerospace product and parts manufacturing jumped by 6,900 during the twelve-month period.

But the manufacturing gains were not limited to aerospace, in fact they were widespread, particularly in durable goods production. Seven of nine durable industries for which ESD publishes data added jobs over the year—wood products, fabricated metals, nonmetallic mineral products, machinery, primary metals, and computer and electronic parts manufacturing. Electrical equipment and appliance manufacturing employment was flat while other durable manufacturing was down 200.

Nondurable goods producers continued to shed jobs. Food processing saw the biggest loss, 1,800 jobs, which accounted for the vast majority of the 2,000 decrease in nondurable goods employment.

Business spending also helped drive employment gains over the year. Professional and business services firms added 13,500 jobs since last October. These are firms that provide services to other firms, such as architectural, legal, accounting, management, and administrative services. Within the professional and business services sector, job increases were evident in every major subsector largely reflecting the breadth of strength in business spending in the state. Moreover, business spending contributed to the job additions in information. Software publishers supplemented their payrolls with 1,700 net new jobs, explaining much of the 2,900 increase in the information sector. However, telecommunications employment continued to struggle losing 600 more jobs over the year.

A combination of household and business spending undoubtedly boosted hiring by leisure and hospitality firms (+7,800) as well as other services businesses (+3,000). Education and health care services employment rose 6,200 with most of the gain in health services.

Government employment increased by 5,300. The majority of these jobs were contributed by state and local educational services providers. Other state government employment was flat and federal employment was down 600.

## Across The State

The third compelling storyline—Seattle is back! Well, at least it is partway back. The Seattle-Bellevue-Everett area was the epicenter of the state’s economic downturn earlier in the decade, due to its exposure to the drop off in business spending and aerospace. The region lost more than 100,000 jobs during the recession—more than the total statewide loss—and the area was exceptionally slow to recover them. As this publication pointed out a year ago, most of the contribution to Washington’s job growth during the previous year came from outside the Seattle area.

Not so this year. During the twelve-month period ending in October, the Seattle-Bellevue-Everett area had added 42,000 net new jobs or 54.2 percent of the statewide total. The region represents 49.7 percent of Washington’s total nonfarm job base. Job gains in the region were widespread in every major industrial breakout. The strongest contribution came from professional and business services, which added 10,000 net new positions. It makes sense that the business capital of the state would represent the bulk of job creation in this industry.

**Figure 7**  
Nonfarm Employment Change by Industry,  
Seasonally Adjusted (000s)  
Seattle PMSA, October 2004-October 2005  
Source: Employment Security Department

### Seattle Area Leads Washington’s Employment Growth

	Oct 2005	Oct 2004	Change	Percent Change
Total Nonfarm	1,389.4	1,347.4	42.0	3.1%
Construction	83.7	77.7	6.0	7.7%
Manufacturing	154.9	146.4	8.5	5.8%
Electronics	14.7	14.5	0.2	1.4%
Aerospace	65.5	59.1	6.4	10.8%
Wholesale Trade	72.1	69.9	2.2	3.1%
Retail Trade	146.3	142.0	4.3	3.0%
Transportation, Warehousing, and Utilities	48.6	50.4	-1.8	-3.6%
Air Transportation	10.4	11.6	-1.2	-10.3%
Information	74.0	72.3	1.7	2.4%
Software Publishers	40.0	38.5	1.5	3.9%
Financial Activities	90.3	90.0	0.3	0.3%
Professional, Scientific and Technical Services	91.1	86.9	4.2	4.8%
Computer Systems Design	17.4	16.1	1.3	8.1%
Administrative and Support Services	75.8	70.9	4.9	6.9%
Employment Services	35.7	32.2	3.5	10.9%
Education and Health Services	145.6	140.4	5.2	3.7%
Leisure and Hospitality	128.8	124.5	4.3	3.5%
Other Services	50.5	49.5	1.0	2.0%
Government	198.8	198.3	0.5	0.3%

The region was the beneficiary of the rebound in aerospace, as manufacturing employment increased 8,200. Like the state, the Seattle area also gained from a robust housing market, and construction employment increased 6,000. Education and health care services (5,200) and leisure and hospitality (4,300) also saw healthy year-over-year increases, and most of the state’s software publishing jobs were added in the region.

In addition to King and Snohomish counties, Spokane, Clark, Clallam, Whatcom, Skagit, Kitsap, Thurston, and Pierce counties saw solid gains in payroll employment.

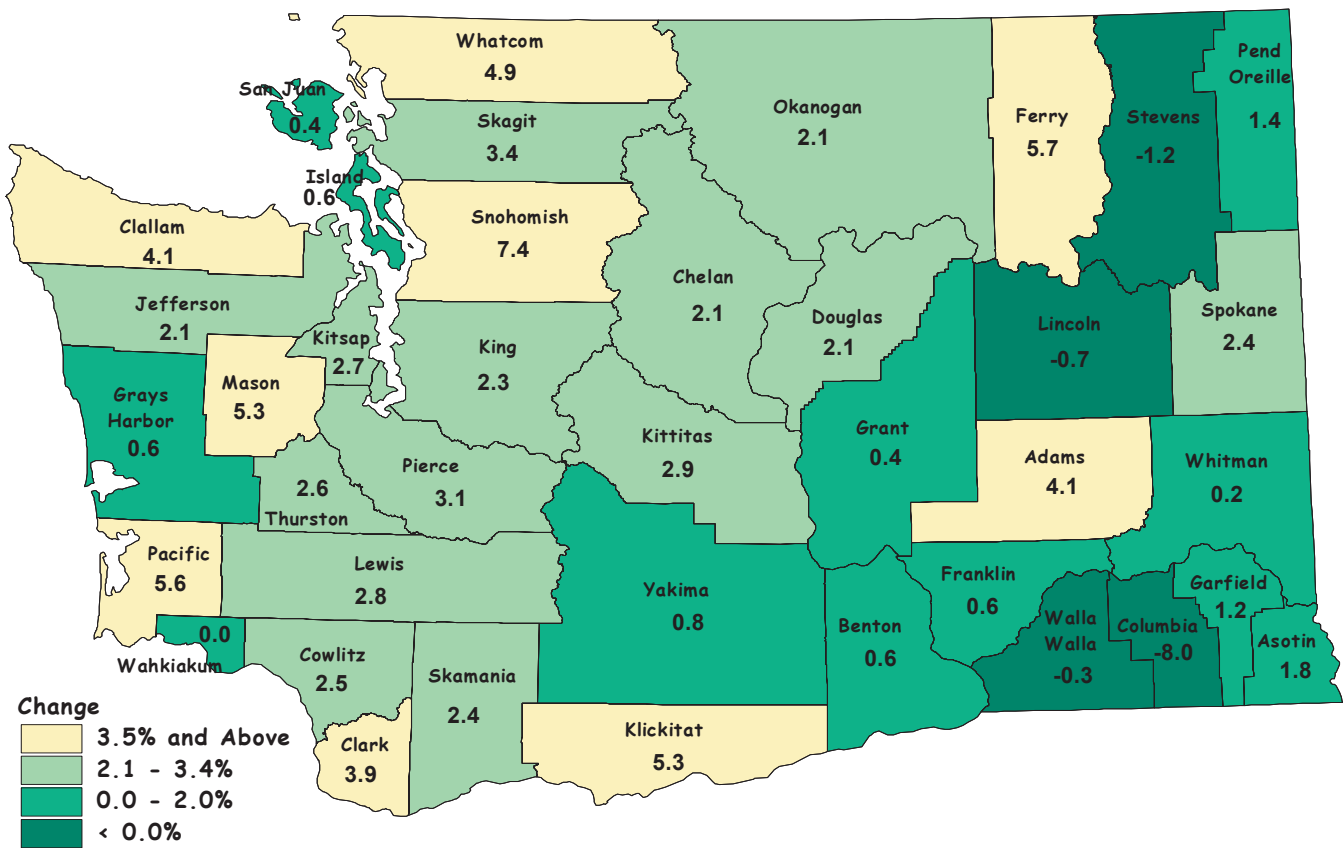
Lincoln, Walla Walla, Columbia, and Stevens counties lost jobs since last October, with the sum equal to around 290.





# Chapter 1 - The Year in Review

**Figure 8**  
 Employment Growth by County, Percent Change  
 Washington, October 2004–October 2005  
 Source: Employment Security Department



## Unemployment

Since last October, the state’s unemployment rate declined from 6.0 percent to 5.6 percent. Moreover, the estimated number of unemployed workers declined by approximately 7,900, from 195,800 to 187,900.

The drop in both the number of unemployed and the unemployment rate occurred despite the entry of an additional 82,500 Washingtonians into the labor force. Strong job growth has apparently encouraged many more Washington residents to join the workforce. The state’s labor force participation rate increased to 68.3 percent in October from 67.7 percent twelve months earlier.

## The Outlook

As Washington heads into 2006, its economy remains healthy, but there are challenges ahead. The most prominent is whether household spending can hold up in the face of rising interest rates and high energy costs.

Consumer spending has relied heavily on the homeowner’s ability to extract equity for further consumption. Rising interest rates may finally slow the housing market, home price appreciation growth, and ultimately equity extraction. Moreover, elevated energy prices mean that consumers will be devoting a larger portion of their disposable income to gasoline, natural gas, electricity, etc., this coming year than they did the past year. To date, the impact of higher energy prices on consumer spending had been minimal.

There are reasons to be optimistic as well. The U.S. economy is expected to expand in coming quarters, despite higher energy prices and the disruptions resulting from Hurricanes Katrina, Rita, and Wilma. With regard to the housing market, the interest rate is but one of many factors (employment, income, return from other potential investments, etc.) that affect an individual’s decision to buy a home. And Washington’s households don’t appear to be as heavily leveraged as their West Coast neighbors, Oregon and California.

In the end, Washington’s economy should continue to see healthy job gains in the coming year, although they are likely to slow from the previous year’s solid increases.

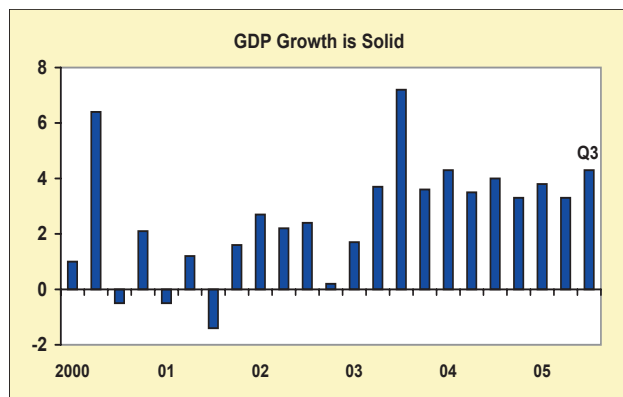
# Chapter 2 - National Outlook

## Review

December marks the beginning of the fifth year of the nation's current economic expansion. The economy has been through a lot, but seems to keep on ticking. Since November 2001, when the economic recession officially reached its trough, the U.S. economy has withstood corporate governance scandals, two wars, a rapid run-up in energy prices, and devastating hurricanes. Yet through it all, the economy continued to grow. Gross Domestic Product (GDP), the most comprehensive measure of goods and services produced in the U.S., advanced solidly over the last year. In fact, real GDP growth over the last four quarters was as consistent as it has been in a long time, ranging between 3.3 percent and 3.8 percent.

Real GDP advanced at a 3.8 percent annual rate in the third quarter following a 3.3 percent gain the previous quarter. This acceleration occurred despite indications from monthly indicators that economic activity had weakened considerably in September, the last month of the quarter. The slowdown in September was the direct result of the disruptions caused by Hurricanes Katrina and Rita. Although it will take some time to sort through the ramifications of the storms, it is abundantly clear that the economy was on solid footing in the months prior. Moreover, most economists expect continued economic expansion in spite of the disruptions, albeit at a more modest pace.

**Figure 9**  
Real GDP, Percent Change Annualized Rate  
U.S., 2000-2005  
Source: Bureau of Economic Analysis

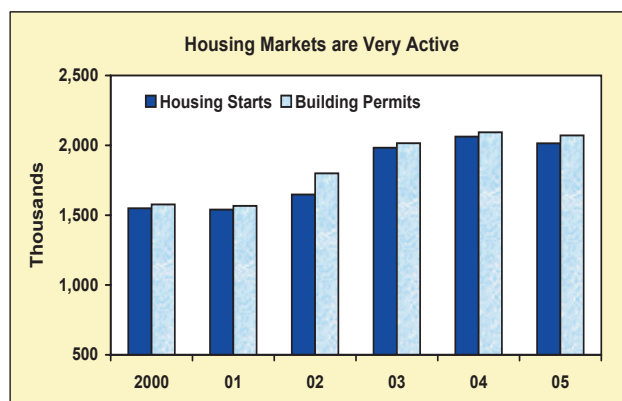


Economic activity in the United States over the last year, as was the case the previous year, was driven by household spending. Increases in personal consumption expenditures (PCE) accounted for the bulk of GDP growth

over the last several quarters. In the third quarter, an acceleration in PCE growth accounted for 2.7 percent of the 3.8 percent gain in real GDP. In other words, had real PCE been flat, the economy would have expanded by just 1.1 percent.

Residential investment has contributed greatly to economic activity over the past twelve months as well. New and existing home sales have been strong, and residential building permits and housing starts remain at exceptionally high levels. The housing market continued to benefit from historically low mortgage interest rates, stronger job growth, and rapid home price appreciation. In turn, residential investment boosted consumer spending.

**Figure 10**  
Housing Starts and Building Permits,  
Seasonally Adjusted Annualized Rate  
U.S., 2000-2005  
Source: U.S. Census Bureau



Businesses have also done their part. Nonresidential fixed investment has increased an average of more than 7.5 percent over the last four quarters, adding 0.8 percent to GDP growth in each. Businesses had a particularly strong appetite for equipment and software. In addition, corporate profits remained healthy allowing firms to reinvest and hire.

Government consumption expenditures have made a positive contribution to GDP growth for ten quarters in a row. The federal government continues to spend like... well... use your own metaphor here. Federal spending was driven mostly by defense-related expenditures, while nondefense contributions were much less substantial. State and local government spending picked up in the last four quarters compared to the previous four.

Job growth was exceeding its long-term trend rate of growth, that is, up until the storms hit. Total nonfarm payroll employment growth averaged a little less than

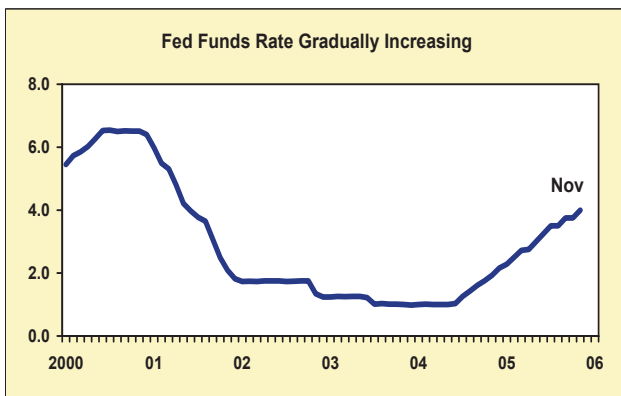
## Chapter 2 - National Outlook

200,000 per month from January through August. In addition to the terrible toll it took in the cost of human life, Hurricane Katrina caused the first monthly decline in jobs in more than two years. Still, the decrease in September (-8,000) was far less than analysts were predicting (a loss anywhere from 100,000 on up). This would suggest that the demand for labor was perhaps more robust outside of hurricane-stricken areas than economists had thought.

### National Outlook

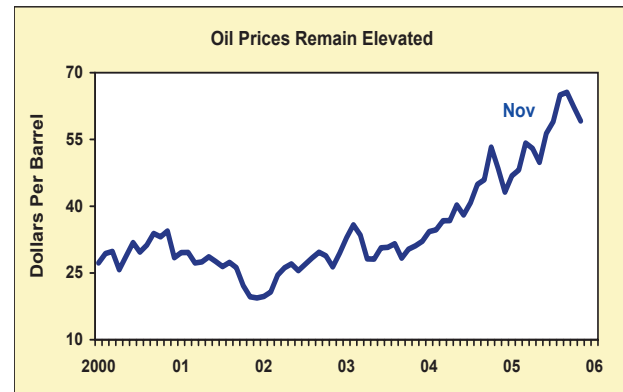
As we look forward, the U.S. economic outlook appears a little more dicey than has been the case over the last couple of years. On the upside, productivity gains remain strong and continue to underpin economic growth. Moreover, long-term interest rates are still low by historic standards and have risen only gradually, even as the Fed continued to push on the short end of the spectrum. The rebuilding efforts resulting from the autumn storms will likely boost fiscal stimulus in the first and second quarters at least. And the global economy is expected to expand at a near-trend rate.

**Figure 11**  
Federal Funds Rate, Percent  
U.S., 2000-2005  
Source: Federal Reserve System



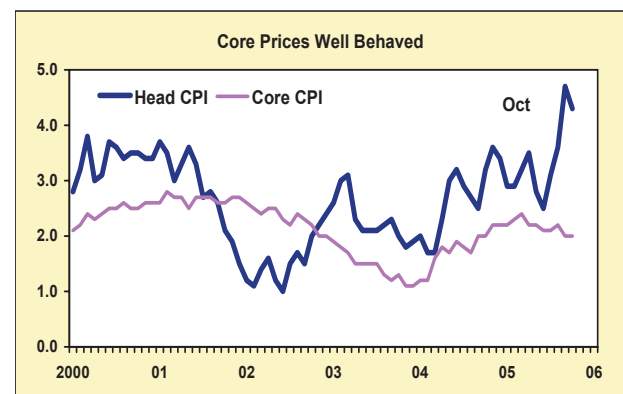
On the downside, energy prices increased from already high levels last year posing at least two challenges. First, energy prices have the potential to take a bite out of consumer and business spending, particularly if a harsh winter were to occur. The Energy Information Administration estimates that home heating bills (natural gas) will run more than 40 percent higher than a year ago, assuming an average winter. The extra money spent on energy will take away from other consumption.

**Figure 12**  
Spot Oil Prices (\$/Barrel)  
U.S., 2000-2005  
Source: Energy Information Administration



The second fear is that persistently high energy prices may finally begin to bleed through to core consumer prices. The headline measures of consumer and producer prices (CPI and PPI, respectively), have risen materially this year. However, the core measures (which exclude volatile energy and food components) were remarkably well behaved. With far less slack in the economy—higher capacity utilization and lower unemployment rates—than last year, persistently high energy costs are of greater concern. This may force the Fed to move more aggressively to maintain price stability.

**Figure 13**  
Consumer Price Indexes, 12-Month Percent Change  
U.S., 2000-2005 (Year-to-Date Through October)  
Source: Bureau of Labor Statistics



Then there is the big uncertain—the housing market. Home sales and appreciation have been extraordinary for a few years. And consumers have extracted much of the equity they have built in their homes and used it to purchase other goods and services. A recent study by the Federal Reserve Board estimated that the dollar value of equity extraction amounted to nearly \$600

billion in 2004. In addition, as a percentage of total disposable income in the U.S. economy, home equity extraction rose from less than one percent in 1993 to seven percent in 2004. With mortgage interest rates headed up, some economists worry that the housing boom is near its end. If it is, consumer spending may slow accordingly.

Despite the challenges, the U.S. economy is forecast by most economists to continue expanding over the next year. It is unlikely that the housing market will “crash,” causing a sharp drop in consumer spending. Rather, somewhat higher mortgage rates may slow housing activity and home price appreciation slightly, with a subsequent slowing in the rate of consumer spending growth. Fiscal and monetary policy will continue to stimulate economic activity in the first half of 2006, but its effects will wane in the second. Core price pressures will remain subdued, the Fed will see to that. And finally, job growth will continue near long-term trends and unemployment will trend down.



# Chapter 3 - Seasonal, Cyclical, and Structural Employment

## Introduction

Most movements in employment (and unemployment) can be categorized as due to seasonal, cyclical, or structural factors. Understanding these underlying causes of employment and unemployment is critical to addressing labor market issues.

Seasonal employment refers to changes which tend to occur at the same time each year. For example, agriculture jobs become plentiful in spring, but largely disappear by winter. Likewise, employment in education jumps in the fall, and drops off in the summer. We first studied the data to determine seasonality, then separately analyzed it to determine the degree an industry's employment was cyclically influenced compared to structurally influenced.

For the purposes of this analysis, cyclical employment changes refer to employment that is susceptible to the ups and downs of a specific industry that are distinct from long-term trends (note: this does not necessarily mean the business cycle of the wider economy). An example of this is the tourism industry which relies heavily on consumers having extra travel dollars to spend. (Note: tourism is also a seasonal industry and it is not uncommon for an industry to display more than one characteristic.)

Structural employment changes are attributable to shifting forces which alter the long-term outlook of a given labor market. Declines in the past several decades in Washington's timber industry were driven by new technology as well as enactment of environmental regulations. These declines are characteristic of structural changes.

The purpose of this chapter is to identify industries across Washington that share one or more of these characteristics. The work has been done primarily at the 3 and 4 digit North American Industry Classification (NAICS) level, with the Employment Security Department's covered employment data series.

## Seasonal Industries

As mentioned above, seasonal industries are those that exhibit predictable changes in employment throughout the year. Understanding and being able to identify seasonal industries allows us to better respond to employment changes in the labor market.

For the purposes of this report, we used industry employment (NAICS at the 3-digit and in some cases 4-digit level) from January 1990 to December 2004. Based on data generated from a seasonal adjustment model, it is possible to get a relative measure of how seasonal a given industry is. The basic approach was to measure how much an industry's employment patterns fluctuated within the calendar year.

*Figure 14* shows a ranking of industries considered to be highly seasonal. Not surprisingly, the crop production industry showed the most seasonal variation among statewide industries. The second and third most seasonal industries (sightseeing transportation and agriculture/forestry support) were industries supporting seasonal activities. Overall, the list is primarily filled out with construction, tourism/recreation, and outdoor related industries.

**Figure 14**  
Industries Showing the Highest Degree of Seasonality  
Washington, January 1990 - December 2004  
Source: Employment Security Department

Industry Title	Rank
Crop Production	1
Scenic and Sightseeing Transportation	2
Agriculture and Forestry Support Activities	3
Heavy and Civil Engineering Construction	4
Fishing, Hunting, and Trapping	5
Performing Arts and Spectator Sports	6
Accommodation	7
Educational Services	8
Food Manufacturing	9
Amusements, Gambling, and Recreation	10
Clothing and Clothing Accessories Stores	11
Warehousing and Storage	12
Motion Picture and Sound Recording Industries	13
General Merchandise Stores	14
Couriers and Messengers	15
Specialty Trade Contractors	16
Sporting Goods, Hobby, Book and Music Stores	17
Construction of Buildings	18

At the other end of the spectrum are industries showing no seasonality at all. The industries listed in *Figure 15* show those with the least amount of seasonal fluctuation. Hospitals topped the list, as demand for its medical services shows no seasonal preference.

Health care, business services, certain manufacturing, and information-based industries make up most of the non-seasonal industries (*Figure 15*). It is interesting to note that food manufacturing is a very seasonal industry (due to the timing of food harvests), yet most other manufacturing industries (aerospace, chemical, computer, electrical equipment and appliance, machinery, and

## Chapter 3 - Seasonal, Cyclical, and Structural Employment

primary metal manufacturing) are not seasonal at all. It is not to say that these industries don't experience employment swings, it is just that those swings are attuned to non-seasonal forces (as we will see in the section on cyclical and structural industries).

**Figure 15**

Industries Showing the Lowest Degree of Seasonality  
Washington, January 1990 - December 2004  
Source: *Employment Security Department*

Industry Title	Rank (of 95)
Hospitals	95
Professional and Technical Services	94
Credit Intermediation and Related Activities	93
Ambulatory Health Care Services	92
Wired Telecommunications Carriers	91
Insurance Carriers and Related Activities	90
Management of Companies and Enterprises	89
Nursing and Residential Care Facilities	88
Computer and Electronic Product Manufacturing	87
Securities, Commodity Contracts, Investments	86
Other Publishers	85
Machinery Manufacturing	84
Merchant Wholesalers, Durable Goods	83
Aerospace Product and Parts Manufacturing	82
Primary Metal Manufacturing	81
Ship and Boat Building	80
Monetary Authorities - Central Bank	79
Printing and Related Support Activities	78
ISPs, Search Portals, and Data Processing	77
Chemical Manufacturing	76
Waste Management and Remediation Services	75
Software Publishers	74
Electrical Equipment and Appliance Manufacturing	73
Broadcasting, Except Internet	72
Other Telecommunications	71
Support Activities for Transportation	70
Social Assistance	69

### Washington Compared to the Rest of the Country

While one might assume that the nature of being seasonal doesn't change, there is evidence to the contrary. National data was also compiled and industries analyzed using the same process. *Figure 16* shows industries with significant seasonal disparity between the U.S. and Washington State.

**Figure 16**

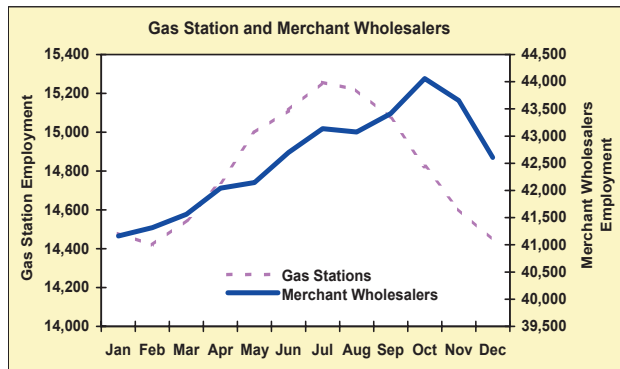
Industries Showing Seasonal Disparity with Nation  
Washington, January 1990 - December 2004  
Source: *BLS and Employment Security Department*

Industry Title	Degree of Seasonality	
	USA	WA
Food Manufacturing	low	high
Mining, Except Oil and Gas	low	high
Motion Picture and Sound Recording Industries	low	high
Support Activities for Mining	low	high
Warehousing and Storage	low	high
Apparel Manufacturing	Not seasonal	Moderate
Membership Associations and Organizations	Not seasonal	Moderate
Gasoline Stations	Not seasonal	Moderate
Merchant Wholesalers, Nondurable Goods	Not seasonal	Moderate
Lessors of Nonfinancial Intangible Assets	Not seasonal	Moderate
Other Information Services	Not seasonal	Moderate
Textile Mills	Not seasonal	Moderate
Internet Publishing and Broadcasting	Not seasonal	Moderate

In all of the above cases of seasonal disparity, Washington was more seasonal than the country as a whole. In many cases, the differences are due to variations in climate, but many are due to a different mix of activities as well. For example, the food processing done in Washington traditionally follows the harvest of crops. Employment in apples peaks in September and October, then some of the raw food product makes its way to processing plants. Conversely, at the national level much of the raw material going into food manufacturing is not date sensitive. An example of this is a bread or cookie producer who doesn't have to worry so much about flour and sugar spoiling right away.

Likewise, warehousing and storage and merchant wholesaler, nondurable, have shown employment peaking in September and October—following fall harvests. May and June have been the best months for employment in the motion picture and sound recording industry, presumably to take advantage of our good weather. In a similar vein, gas stations have experienced higher employment during the summer months, June through September, as travelers get out and enjoy tourist destinations. *Figure 17* depicts average gas station and merchant wholesaler employment over the past several years.

**Figure 17**  
Gas Station and Merchant Wholesaler Employment  
Washington, Average Monthly Employment 2002-2004  
Source: Employment Security Department



## Structural and Cyclical Industries

Virtually all industries are affected by the ups and downs in the economy as well as structural forces. However, for this analysis we attempted to tease out the relative affects and determine which industries display more structural characteristics and which more cyclical.

A statistical model<sup>1</sup> was used that allowed us to extract each industry's employment trend and separate the structural component from the cyclical component.

### Structural Industries

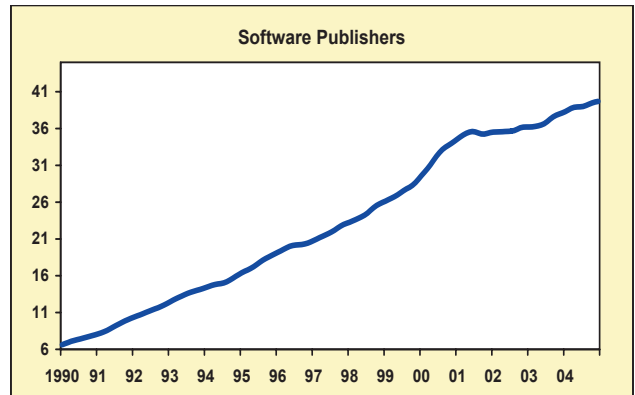
As mentioned in the chapter introduction, structural employment changes come about due to external forces which influence the long-term outlook of the industry. The industries listed in *Figure 18* were those showing the highest degree of structural influence on employment trends.

**Figure 18**  
Industries with Highest Degree of Structural Impact  
Washington, Monthly Employment 1990-2004  
Source: Employment Security Department

Industry	Structural Component	Cyclical Component	Trend Direction
Software Publishers	74.0%	26.0%	growth
Ambulatory Health Care Services	66.3%	33.7%	growth
Miscellaneous Store Retailers	61.5%	38.5%	growth
Educational Services	57.5%	42.5%	growth
Social Assistance	55.7%	44.3%	growth
Wired Telecommunications Carriers	55.7%	44.3%	decline
Food Services and Drinking Places	55.7%	44.3%	growth
Primary Metal Manufacturing	54.6%	45.4%	decline
Securities, Commodity Contracts, Investments	54.3%	45.7%	growth
Electronic Markets and Agents and Brokers	54.2%	45.8%	growth

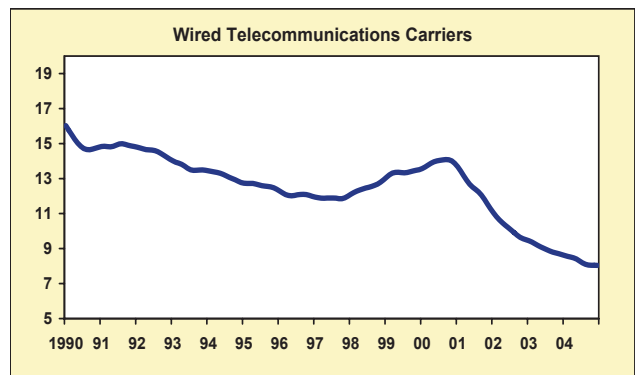
These trends can be either a negative or positive. Take software publishers for example. As shown in *Figure 18*, software publishers exhibited the highest degree of structural influence. This is an industry that at the beginning of the relevant data period (1990-2004) had employment of less than 7,000 persons (see *Figure 19*). As the importance of software grew in the wider economy, employment took off nearly reaching five times the employment of 14 years earlier.

**Figure 19**  
Employment in the Software Publishers Industry  
Washington, Monthly Employment 1990-2004 (000s)  
Source: Employment Security Department



Similarly, ambulatory health services, store retailers, and educational services have benefited by shifting demographics, changing consumer tastes, and favorable government policies. Conversely, an industry like wired telecommunications carriers (see *Figure 20*) has lost significant market share to wireless telecomm. These employment losses became particularly noticeable in 2001 and beyond as consumers gravitated toward wireless technology.

**Figure 20**  
Employment in the Wired Telecom Carrier Industry  
Washington, Monthly Employment 1990-2004 (000s)  
Source: Employment Security Department



<sup>1</sup> We used the trend cycle series from seasonal adjustment model for the analyses of the contributions of structural and cyclical component of growth. Specifically, we used the *Hodrick-Prescott Filter* which is a smoothing method that is widely used among macroeconomists to obtain a smooth estimate of the long-term trend component of a series.

## Chapter 3 - Seasonal, Cyclical, and Structural Employment

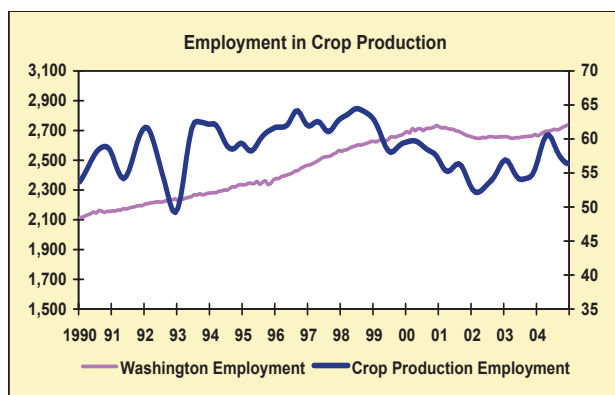
Overall, most of these highly structural industries displayed positive trends. Aside from the wired telecom, the only other highly structural industry showing downward tendencies is the primary metal industry (due to the troubled aluminum sector).

### Cyclical Industries

Sometimes in conversation you will hear someone label a certain industry as recession-proof. For example, drinking establishments, healthcare, and education are considered relatively unaffected during recessionary periods—because even in down periods, folks still spend money in these areas. At the other end of the spectrum are industries that go through boom and bust cycles closely attuned to the wider economy.

The crop production industry is typical of cyclical industries, and in Washington primarily involved with fruit orchards. Note in *Figure 21* that industry employment bottomed out in the early 1990s and 2000s and peaked in the latter 1990s, roughly mirroring the national business cycle. Also note that crop production employment trended close to all employment, but with much wider cyclical swings.

**Figure 21**  
Employment in the Crop Production and All Washington Employment  
Washington, Monthly Employment (000s) 1990-2004  
Source: Employment Security Department



Even more cyclical than crop production is the scenic and sightseeing transportation industry, for which 84 percent of employment fluctuations are due to the ups and downs of the economy (see *Figure 22*). This industry includes fishing charters, white water rafting boats, scenic train rides, and tour buses. The reader may remember

that this industry is also highly seasonal (*Figure 14*), but money spent on tourist activities is discretionary and one of the first things cut during hard times.

**Figure 22**  
Industries with Highest Degree of Cyclical Impact  
Washington, Monthly Employment 1990-2004  
Source: Employment Security Department

Industry	Structural Component	Cyclical Component
Scenic and Sightseeing Transportation	15.8%	84.2%
Crop Production	18.0%	82.0%
Waste Management and Remediation Services	19.4%	80.6%
Health and Personal Care Stores	21.5%	78.5%
Water Transportation	21.8%	78.2%
Leather and Allied Product Manufacturing	22.5%	77.5%
Animal Production	23.8%	76.2%
Pipeline Transportation	24.7%	75.3%
Utilities	24.8%	75.2%
Broadcasting, Except Internet	25.2%	74.8%

All of the industries listed in *Figure 22* have about 75 percent or more of employment variations due to cyclical factors. At first glance several of the industries don't come across as terribly cyclical—waste management, water transportation, and utilities to name a few. However, when the economy is running at full steam, we ship more products and consume more energy. As for waste management, it is not cyclical at the national level and is only cyclical here due to one area—Benton County. The fluctuations in employment involved with the disposal of nuclear wastes at the Hanford site (vitrification project) single-handedly cause this industry to be considered cyclical.

There were also a number of industries that were influenced in approximately equal portion by structural and cyclical forces (see *Figure 23*). General stores, retailers, apparel manufacturers and private households were among this group.

**Figure 23**  
Industries with both Cyclical and Structural Factors  
Washington, Monthly Employment 1990-2004  
Source: Employment Security Department

Industry	Structural Component	Cyclical Component
General Merchandise Stores	48.9%	51.1%
Nonstore Retailers	48.9%	51.1%
Textile Product Mills	49.2%	50.8%
Printing and Related Support Activities	49.2%	50.8%
Apparel Manufacturing	49.7%	50.3%
Amusements, Gambling, and Recreation	50.0%	50.0%
Computer and Electronic Product Manufacturing	50.2%	49.8%
Rental and Leasing Services	50.2%	49.8%
Nursing and Residential Care Facilities	50.5%	49.5%
Private Households	51.6%	48.4%



# Chapter 4 - Unemployment and its Dimensions

## Unemployment and its Dimensions

There are many indicators that are used to determine the difficulty of obtaining employment in a given labor market. For this study we are going to focus on the unemployment rate as well as some of the characteristics of the non-working. In 2005, the overlying theme has been that the conditions for re-entry into the labor market have continued to improve.

The **unemployment rate** is estimated based on three pieces of information. First is the Current Population Survey, in which households are asked whether unemployed adults in the household searched for work over the past four weeks. Second is the Current Employment Statistics Survey, which estimates employment based on a survey of firms. The last piece of information is the number of unemployment insurance beneficiaries, which is used in conjunction with the other two pieces of information to estimate the number of unemployed.

## The Unemployment Rate

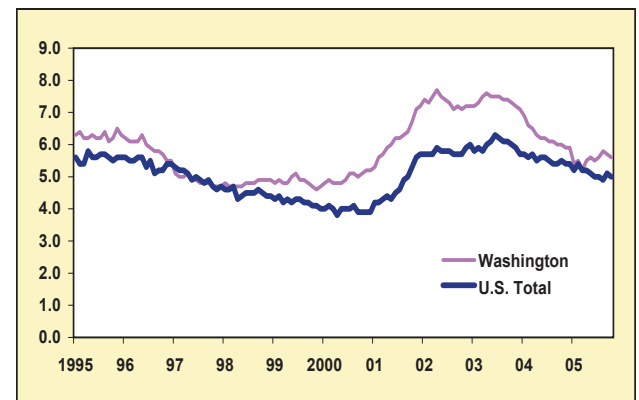
During the last ten years, Washington's unemployment rate has been 0.7 percent higher on average than the nation's. The construction, agriculture, and manufacturing industries are major contributors to Washington's high unemployment figures. These industries also contain sub-sectors that make up a larger share of total state employment than their share of national employment. For example, the aerospace sector of manufacturing has a much larger than average number of workers in Washington than the nation. Therefore, employment swings in aerospace will hit the state unemployment rate harder than the nation's.

The composition of Washington's economy further explains its relatively high unemployment rate. The state is heavily dependent on industries that are seasonal in nature (agriculture), experience large business-cycle-related employment swings (high tech), or are in the midst of long structural employment declines (timber and aerospace)<sup>1</sup>. Most states may have employment concentrated in industries that are strongly affected by one or two of those factors, not usually all three. Given the increased diversity in Washington's economy over the last two decades, we might expect to see more stability. However, the diversification has come in the form of a heavily business-cycle-dependent high technology sector. There is a silver lining though. With risk comes

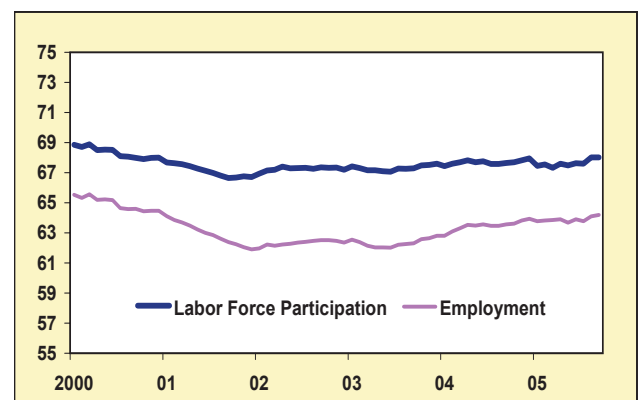
the potential for reward and the aforementioned industries have (for the most part) historically provided local workers with higher than average wages.

For 2005, Washington's unemployment rate has been relatively stable, swinging from a seasonally adjusted low of 5.2 percent in April, to a high of 5.8 percent in August (Figure 24). The summer months of 2005 brought increases in the numbers of unemployed workers (as well as employed workers) that were due to large increases in labor force participation (Figure 25). The most simple explanation for this phenomenon is that as the economy gains in strength, more people look for work. Discouraged workers (those that have quit looking for work), students, migrants, and other non-participants in the labor force become more optimistic about the availability of jobs and therefore resume their search.

**Figure 24**  
Historical Unemployment Rates  
Washington State and U.S. Total, January 1995-October 2005  
Source: Bureau of Labor Statistics



**Figure 25**  
Labor Force Participation and Employment as a Percent of Population  
Washington, January 2000-August 2005  
Source: Employment Security Department and U.S. Census Bureau



<sup>1</sup> See Chapter 3 for more information on seasonal, cyclical, and structural employment changes.

## Unemployment Insurance Beneficiaries

Unemployment insurance beneficiaries represent just a portion of all unemployed people; they include only those who were qualified and received unemployment insurance payments. These individuals are quite interesting to track because we are able to get an exact count, and most provide us with their last occupation and industry. This section will concentrate on the industries from which these beneficiaries became unemployed.

**Unemployment insurance beneficiaries** represent just the portion of those unemployment insurance claimants who are qualified and receiving unemployment insurance payments.

Each person who files a claim for unemployment insurance benefits is required to document their last employer, occupation, and a few other economic characteristics about themselves. From this information we are able to analyze unemployment insurance program data at the industry and occupation level and break it down by region. We compared the number of beneficiaries to industry employment in order to come up with a relative measure of unemployment insurance beneficiaries by industry. In *Figure 26*, the numbers represent the ratio of the share of beneficiaries per industry to the share of total employment per industry. For example, transportation and warehousing makes up 4.1 percent of total beneficiaries. It also has a 4.3 percent share of total employment; therefore its ratio ( $4.1/4.3$ ) is 1.06 (or rounded to 1.1). A ratio of 1.0 means the industry has a share of beneficiaries that matches its share of total employment. Over 1.0 indicates a higher share of beneficiaries than employment with the opposite being true for a beneficiary ratio under 1.0.

**Figure 26**  
Unemployment Insurance Beneficiaries Relative to Covered Employment  
Washington, 2000 - 2004  
Source: Employment Security Department

	Agriculture	Construction	Manufacturing	Retail Trade	Transportation and Warehousing	Information	Professional and Technical Services	Finance and Insurance	Health Care and Social Assistance
2000	2.6	3.1	1.6	0.8	1.0	0.6	0.7	0.8	0.5
2001	2.3	3.3	1.8	0.8	1.0	1.1	1.0	0.5	0.4
2002	2.1	3.3	1.8	0.8	1.0	0.8	0.9	0.6	0.5
2003	2.0	3.2	2.0	0.8	1.0	0.9	0.9	0.6	0.5
2004	2.6	3.7	1.3	0.7	1.1	0.5	0.9	0.6	0.5

Construction had the highest beneficiary ratio in 2004 at 3.7, with a 21.2 percent share of total beneficiaries and a 5.7 percent share of total employment. This high ratio reflected the seasonal nature of many construction projects. Manufacturing also had a relatively high ratio for all years, due largely to long-term structural employment declines in this sector. Retail trade, healthcare and social assistance, and professional and technical services each had stable ratios between 2000 and 2004. The ratios for information and professional/technical services experienced a recession-related spike in 2001, while finance and insurance and healthcare and social assistance had counter-cyclical drops.

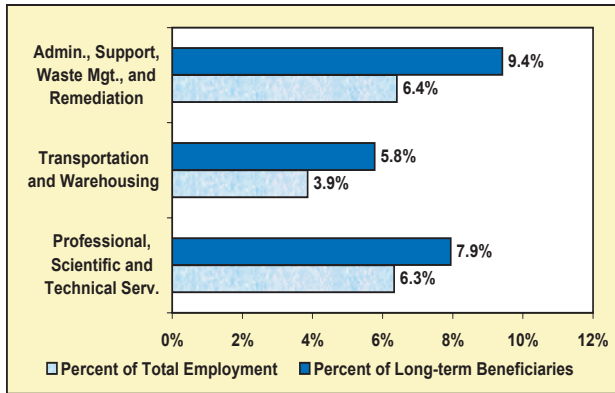
## Long-Term Unemployment

When a recently unemployed individual files a claim for benefits, they receive a maximum weekly benefit amount if all eligibility requirements are met for a set number of weeks. Both the weekly benefit amount and the potential number of weeks of compensation are the result of a calculation using employment and earnings history from a base period. This discussion is concerned primarily with the potential duration of compensation.

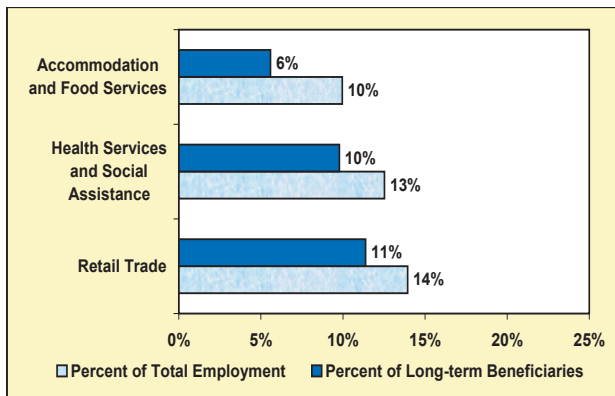
During non-recessionary times, most discussions of long-term unemployment insurance usage center on those beneficiaries drawing 15 or more weeks of benefits. The potential duration of entitlement in the regular program ranges between 13 and 26 weeks in non-recessionary times. In recessionary times, when the Extended Benefit (EB) trigger has been activated, the duration of entitlement increases to 30 weeks. During the third quarter of 2005, 20 percent of beneficiaries had been collecting unemployment insurance payments for 15 weeks or more. *Figure 27* displays the three industries with the highest rates of long-term unemployed,

compared to their share of total employment. *Figure 28* contains the other end of the spectrum with those industries that have relatively low rates of long-term unemployed compared to their share of total employment.

**Figure 27**  
Top 3 Industries by Share of Long-term Beneficiaries to Employment<sup>2</sup>  
Washington, 3rd Quarter 2005  
Source: Employment Security Department



**Figure 28**  
Bottom 3 Industries by Share of Long-term Beneficiaries to Employment<sup>2</sup>  
Washington, 3rd Quarter 2005  
Source: Employment Security Department



## Unemployment Insurance Exhaustions

Unemployment insurance exhaustions are one of many measures we can use to take the “pulse” of the economy at a point in time. When the economy is healthy and growing, we would expect to see low numbers of exhaustions as more unemployed workers are able to re-enter the workforce before running out of unemployment insurance benefits. In the 3rd Quarter of 2005,

8.1 percent of beneficiaries exhausted their claim. This compares favorably with what we have seen in the last few years. From 2000 through 2002, the average exhaustion rates were over 20 percent. Then in 2003 we saw the first significant decline since the recession when the exhaustion rate dropped to 14.3 percent. It has continued to gradually decline since then.

*Figures 29 through 31* display unemployment insurance exhaustions by industry, region, and occupation.

**Figure 29**  
Estimated Unemployment Exhaustions by Industry  
Washington, 3rd Quarter 2005  
Source: Employment Security Department

Industry	3rd Quarter 2005
Accommodation and Food Services	535
Administrative and Support and Waste Management and Remediation Services	980
Agriculture, Forestry, Fishing and Hunting	265
Arts, Entertainment, and Recreation	219
Construction	1,195
Educational Services	223
Finance and insurance	520
Health Care and Social Assistance	782
Information	348
Management of Companies and Enterprises	11
Manufacturing	1,032
Mining	12
Other Services, Except Public Administration	488
Professional and Technical Services	618
Public Administration	567
Real Estate and Rental and Leasing	242
Retail Trade	1,017
Transportation and Warehousing	403
Utilities	26
Wholesale Trade	501
<b>Total</b>	<b>9,985</b>

**Figure 30**  
Estimated Unemployment Exhaustions  
Washington Workforce Development Areas, 3rd Quarter 2005  
Source: Employment Security Department

Workforce Development Area	Exhaustions
Benton-Franklin	343
Eastern Washington Partnership	359
North Central	393
Northwest	542
Olympic Consortium	457
Pacific Mountain	765
Pierce County	1,338
Seattle-King County	2,887
Snohomish County	1,057
Southwest Washington	667
Spokane	615
Tri-County	561
<b>Total</b>	<b>9,985</b>

<sup>2</sup> The full data set for figures 27 and 28 is located in Appendix A.

**Figure 31**  
Estimated Unemployment Exhaustions by Occupation  
Washington, 3rd Quarter 2005  
Source: Employment Security Department

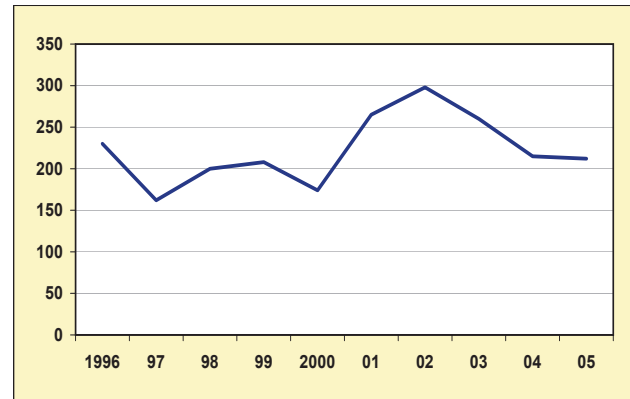
Occupation Group	Exhaustions
11-Management	1,129
13-Business, Financial Operations	342
15-Computer, Mathematical Science	317
17-Architecture and Engineering	172
19-Life, Physical, Social Science	64
21-Community and Social Services	81
23-Legal Occupations	81
25-Education, Training, Library Occupations	104
27-Arts, Design, Entertainment, Sports, Media	149
29-Healthcare Practitioner and Technical Occupations	192
31-Healthcare Support Occupations	285
33-Protective Service Occupations	150
35-Food Preparation, Serving-Related Occupations	381
37-Building, Grounds Cleaning and Maintenance	221
39-Personal Care and Service Occupations	221
41-Sales and Related Occupations	992
43-Office and Administrative Support Occupations	1,517
45-Farming, Fishing, Forestry Occupations	325
47-Construction and Extraction Occupations	1,146
49-Installation, Maintenance, Repair Occupations	430
51-Production Occupations	964
53-Transportation and Material Moving Occupations	635
55-Military Specific Occupations	89
<b>Total</b>	<b>9,985</b>

## Mass Layoff Statistics

The Mass Layoff Statistics program is a federally funded program that began in 1996. This program collects information on firms that lay off fifty or more employees over a five week period. The rationale for this program is that large layoffs indicate areas of potential distress in the state and point to industries that may be in trouble. Also, since those involved in a mass layoff are more likely to have trouble finding re-employment than other laid off individuals, the mass layoff statistics program helps service providers target those unemployed that are most in need of services. Further analysis of mass layoff statistics is available through the Employment Security Department upon request.

The number of mass layoff events during the first three quarters of 2005 was significantly lower than what we saw in the years leading into (and coming out of) the 2001 recession. As of October, the total number of mass layoff events for 2005 was on pace to come in slightly lower than the total for 2004. Both years are eight to ten percent lower than the average for 1998 to 2003. *Figure 32* displays the total number of mass layoff events per year for 1996 through 2005<sup>3</sup>. As with the relatively low unemployment rates and low benefit exhaustion rates, the low numbers of mass layoff events further illustrate how much Washington's economy has progressed in the current recovery period.

**Figure 32**  
Total Number of Mass Layoff Events  
Washington, 1996 - 2005



Source: Employment Security Department

## Discouraged Workers

**Discouraged workers** are those unemployed workers who have given up looking for work because they believe that they will not find a job. This concept has been around since, at least, the 1970s, but no official national estimates are available before 1994 and Washington estimates are only available back to 1998.

The term discouraged worker is often confused with the term dislocated or displaced worker. The most important distinction is that the dislocated or displaced worker is most often considered part of the labor force. **The discouraged worker is not in the labor force and is not part of the unemployment rate calculation.**

The state level source of information on discouraged workers is the Washington State Population Survey<sup>4</sup>, national data is derived from the Current Population Survey. The State Population Survey asks why the person didn't seek work during the last four weeks. Three of the possible responses seem to be associated with what are thought of as discouraged workers. The first is, "no work in field," the second is, "can't find work," and the third is, "lack of skills." *Figure 33* displays those findings.

<sup>3</sup> November and December data for 2005 were projected to allow for estimate of total MLS events.

<sup>4</sup> The Office of Financial Management administers the State Population Survey, see: <http://www.ofm.wa.gov/sps/index.htm#download>.



**Figure 33**

Estimated Number of Workers Who Have Given Up Looking for Work  
Washington, 1998, 2000, 2002, and 2004

Source: *Washington State Population Survey, Office of Financial Management*

**Reason for Giving Up Looking for Work**

	<b>No Work in Field</b>	<b>Can't Find Work</b>	<b>Lack Skills</b>	<b>Total</b>
1998	52%	25%	24%	6,583
2000	60%	12%	29%	5,556
2002	42%	49%	10%	11,694
2004	35%	56%	9%	24,128

While Washington's number of discouraged workers more than doubled between 2000-2002 and 2002-2004, the national numbers grew at a much smaller rate. The substantial growth in the number of discouraged workers in Washington in 2002 and 2004 can be mostly attributed to the especially tight job market we have seen since 2001. *Figure 34* illustrates the difference between the state and the nation.

**Figure 34**

Estimated Number of Discouraged Workers (in Thousands)  
Washington and U.S. 2000, 2002, and 2004

Source: *Washington State Population Survey, Office of Financial Management and the Bureau of Labor Statistics*

	<b>Washington</b>	<b>United States</b>
1998	6.6	331.0
2000	5.6	276.5
2002	11.7	325.6
2004	24.1	475.5

# Chapter 5 - Demographics of the Labor Force

## Washington's Labor Market

Washington's labor market is diverse and dynamic in terms of its demographics. For example, population projections by Washington State's Office of Financial Management indicate that people 65 years of age and older will soon account for a larger share of the population, increasing from 11 percent in 2000 to 20 percent in 2030. As Washington's population ages, so will its labor force. Therefore, it is imperative that economic analysts, development councils, educational entities, and legislators keep abreast of the changing face of Washington's workers in order to best match policies and training, for example, to employment trends. This chapter is dedicated to the demographics of Washington's labor force (both the employed and the unemployed).

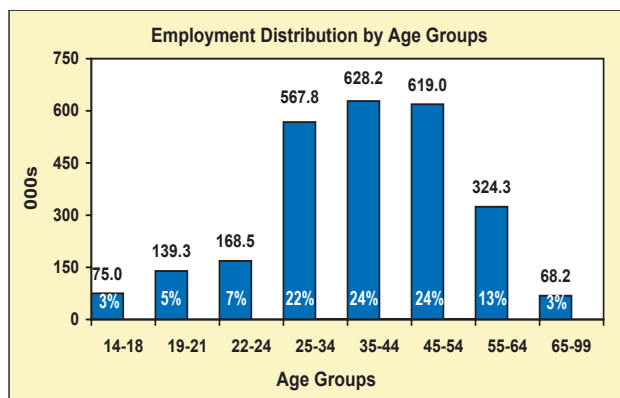
## Demographics of the Employed

Washington's employment may be disaggregated by age and gender thanks to a fairly new database maintained by the U.S. Census Bureau<sup>1</sup> for the Employment Security Department.

### Age

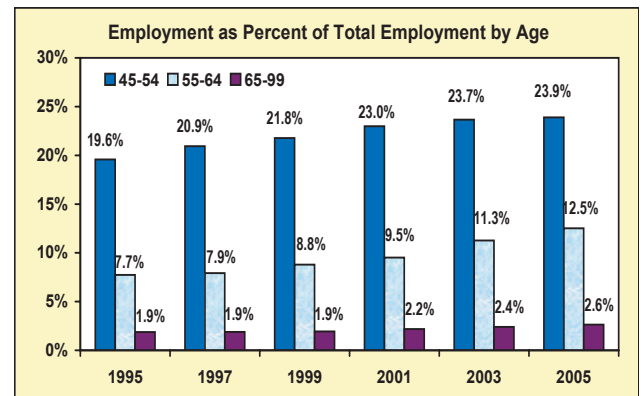
A majority of Washington's jobs (70 percent) were filled by workers between the ages of 25 and 54 in 2005, as noted in *Figure 35*. The largest age group (35-44) comprised nearly 630,000 workers in the state. Young workers (ages 14-24) and older workers (55 and older) each accounted for about 15 percent of the state's total employment.

**Figure 35**  
Distribution of Employment by Age  
Washington, 2005, Quarter 1  
Source: Employment Security Department



This age distribution of workers has increasingly aged over the past ten years, exhibited by *Figure 36*. Middle-aged workers have remained employed into their older years—due to lower savings rates, older Social Security eligibility age, or greater need for employer-covered health insurance—so the percentages of older age groups have increased and will continue to do so.

**Figure 36**  
The Aging Workforce  
Washington, 1995-2005  
Source: Employment Security Department



The older age groups made up a substantially higher percent of total employment in 2005 than in 1995. While workers in the 45-54 year old group made up less than 20 percent of the total workforce in 1995, they accounted for nearly 24 percent of the workforce ten years later. Likewise, the 55-64 year old age group made up nearly five percent more of the workforce in 2005 than in 1995, while the percentage made up by the oldest age group also increased noticeably in the ten year period.

### Gender

*Figure 37* shows the gender distribution by industry of Washington's employment in 2005. Women made up 49 percent of total industry-wide employment. Female-dominated industries included health care and social assistance (79 percent female), educational services (68 percent), and finance and insurance (66 percent female). The male-dominated fields included mining (88 percent male), construction (85 percent), manufacturing (74 percent), and transportation and warehousing (71 percent).

<sup>1</sup> The Local Employment Dynamics (LED) product includes Quarterly Workforce Indicators (QWI) that may help to study and understand employment details such as stability, turnover, job creation, and average monthly earnings by industry, age, gender, and geographic area. Please see Workforce Explorer to learn more about the LED product.

## Chapter 5 - Demographics of the Labor Force

**Figure 37**

Percent of Jobs Filled by Women by Industry  
Washington, 2005, Quarter 1  
Source: Employment Security Department

### The Gender of Washington's Employment

	Employment 2005Q1	Percent Female
All Industry Sectors	2,590,291	49%
Mining	3,111	12%
Utilities	15,729	31%
Construction	140,883	15%
Manufacturing	273,854	26%
Wholesale Trade	115,250	31%
Retail Trade	299,649	51%
Transportation and Warehousing	94,069	29%
Information	97,902	38%
Finance and Insurance	101,935	66%
Real Estate and Rental and Leasing	47,911	50%
Management of Companies and Enterprises	34,586	54%
Administrative, Support, Waste Mgmt, Remediation Servs.	125,654	41%
Educational Services	253,732	68%
Health Care and Social Assistance	304,555	79%
Accommodation and Food Services	199,514	56%
Other Services (Except Public Administration)	104,747	59%
Public Administration	134,141	45%

## Demographics of Unemployment Insurance Beneficiaries

The beneficiaries count is an unduplicated count of persons who have received an unemployment insurance payment for the week in which the claim was processed. This section deals with the demographics of beneficiaries in the state of Washington in the 2005 fiscal year (October 2004-September 2005).

Although males generally make up about half of employment in the state, 63 percent of beneficiaries were male in FY 2005. This discrepancy may be due to the fact that men make up a majority of some seasonal industries such as construction.

In FY 2005, more than 70 percent of beneficiaries were white, while this group accounted for 85 percent of Washington's population (*Figure 38*). Hispanics made up the next largest group of beneficiaries (12 percent), but made up only 8 percent of the state's population. Each of the remaining groups accounted for 5 percent or less of the total number of beneficiaries.

**Figure 38**

Percent of Beneficiaries and Percent of Population by Race and Ethnicity  
Washington, FY 2005  
Source: Employment Security Department and Office of Financial Management

### The Race and Ethnicity of UI Beneficiaries

	Beneficiaries	Percent of Beneficiaries	Percent of Total Population
White	180,000	72%	85%
Hispanic	30,400	12%	8%
Asian	13,200	5%	6%
Black	11,500	5%	3%
American Indian and Alaskan Native	5,500	2%	2%
Unknown/Multiracial	9,500	4%	3%

In terms of age, the 35-44 year old cohort made up the largest group of beneficiaries in 2005 (*Figure 39*). The 45-54 and 25-34 year-old groups closely followed. Together, the three age categories made up 77 percent of beneficiaries, but accounted for only 71 percent of total employment. There were relatively few beneficiaries in the youngest age category. Younger workers may be less likely to file for unemployment because of lesser financial responsibilities. In FY 2005 there were close to 20,000 beneficiaries under the age of 25 (or 8 percent of all beneficiaries), but workers in this age group filled 15 percent of jobs in the state.

**Figure 39**

Percent of Beneficiaries and Percent of Employment by Age  
Washington, FY 2005  
Source: Employment Security Department

### The Ages of UI Beneficiaries

Age	Beneficiaries	Percent of Beneficiaries	Percent of Total Emp.
Under 25	20,000	8%	15%
25-34	60,000	24%	22%
35-44	68,300	27%	25%
45-54	64,200	26%	24%
55 and Older	37,600	15%	14%

Beneficiaries with a high school diploma and no further education made up 41 percent of the total in FY 2005, as noted in *Figure 40*. The second largest group, those with some college, made up 26 percent of all beneficiaries.

But when compared to the education levels of the workforce, the data convey a clear message; a worker with higher education will be less likely to be a beneficiary of unemployment insurance payments. Those with a bachelor's degree or higher accounted for 13 percent of beneficiaries, while 31 percent of the state's population had achieved a bachelor's degree or higher in 2004.<sup>2</sup>

<sup>2</sup> U.S. Census Bureau, 2004

Likewise, someone with little to no higher education is more likely to be a beneficiary. Seventy-three percent of all beneficiaries had achieved a high school diploma, an associate's, or attended some college, while this same cohort accounted for 58 percent of the general population.<sup>3</sup>

**Figure 40**

Percent of Beneficiaries by Education  
Washington, FY 2005

Source: *Employment Security Department*

### Education Levels of UI Beneficiaries

Education Level	Beneficiaries	Percent of Beneficiaries
No H.S. Diploma	36,700	15%
H.S. Diploma/GED	101,800	41%
Some College	64,800	26%
Associate's	14,500	6%
Bachelor's	25,000	10%
Master's	6,000	2%
Ph.D.	1,400	1%

<sup>3</sup> U.S. Census Bureau, 2004



# Chapter 6 - Occupational Outlook

## What Are Occupational Projections?

Occupational projections provide estimated labor demand for occupations in states and major areas. The Employment Security Department currently projects industry employment for two, five, and ten year periods. The industry<sup>1</sup> projections are then used to create occupational projections based on industry staffing patterns.

Previous chapters have focused on Washington's industries as classified by the North American Industry Classification System (NAICS). Instead, this chapter explains current and projected labor market conditions in terms of occupations. The Employment and Training Administration (ETA) requires use of their coding system for occupational projections to ensure consistency between states. This coding system is similar to the Standard Occupational Classification (SOC). However, the most detailed level which is comparable with the six-digit SOC includes a few aggregated codes for some occupations.

## Major Occupational Groups

Major occupational groups are aggregated at the two-digit level. *Figure 41* demonstrates the distribution of Washington's workforce among major occupational groups for 2002, 2007, and 2012.

Office and administrative support is the largest occupational group, accounting for almost 15 percent of Washington State's workforce. This occupational group is made up of jobs such as clerks, telephone operators, and customer service representatives. The second largest group, sales-related occupations, accounts for one out of every ten workers. This is followed by food preparation and serving related occupations such as cooks and food preparation workers.

The total share of employment for office and administrative support shows a slight decline in 2007, however, long-term projections indicate

this group is likely to return to its 2002 share of 14.7 percent by 2012. In contrast, production occupations are not expected to rebound as growth in goods-producing occupations continue to decline. Production occupations' share of total employment is expected to decline from 5.5 percent to 5.3 percent from 2002 to 2007; this is the largest drop in total share of employment for this period.

Construction and extraction occupations (primarily construction) and healthcare support occupations are expected to see substantial increases in their shares of employment through 2007. However, in the long term, growth rates in construction and extraction employment occupations are expected to decline. The 2002-2007 growth rates of 2.4 percent are projected to fall to 1.1 percent for the 2007-2012 projections period. Detailed projections data are available at [www.workforceexplorer.com](http://www.workforceexplorer.com).

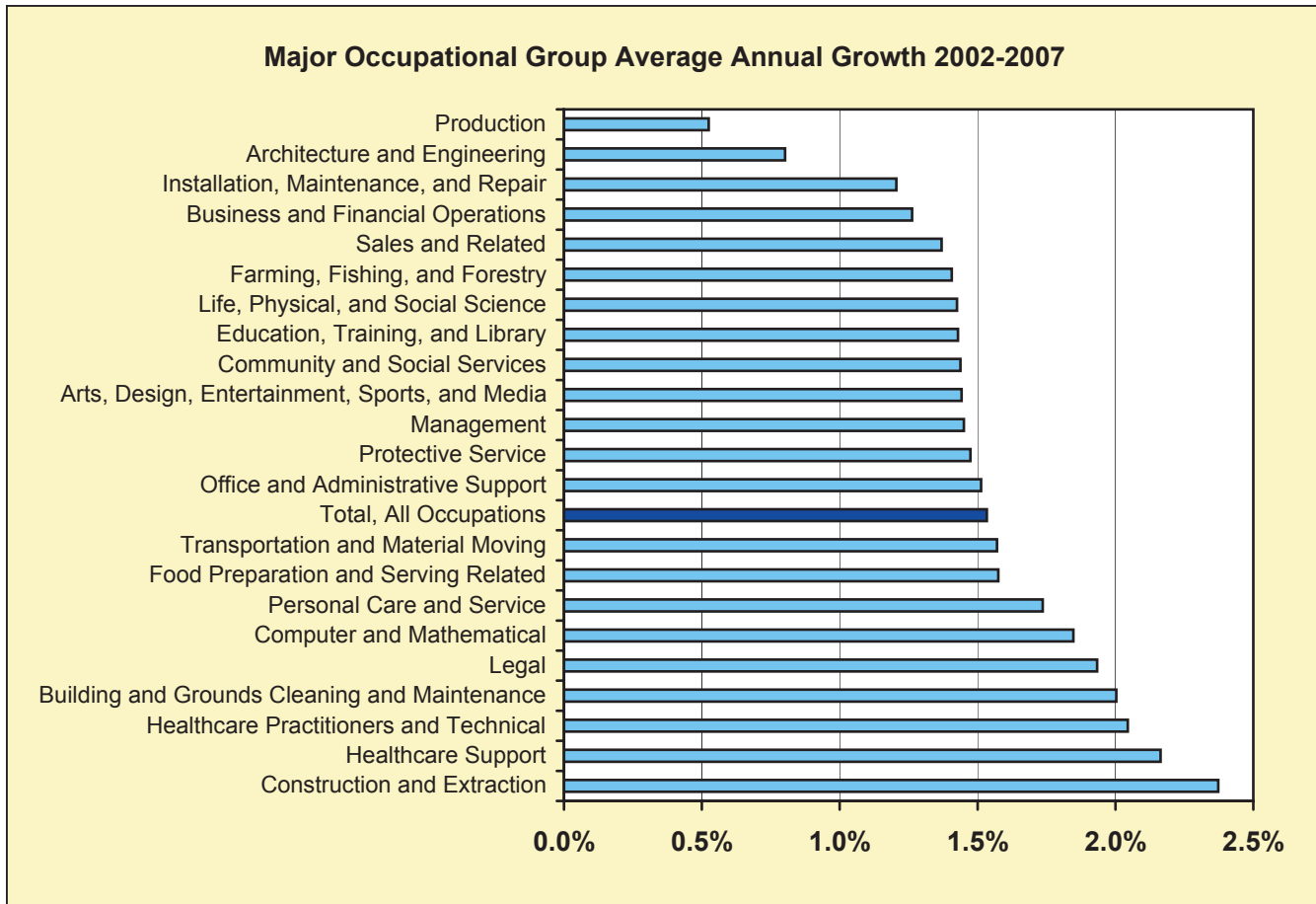
**Figure 41**  
Major Occupational Groups  
Washington State, 2002-2007  
Source: Employment Security Department

2-digit SOC	Major Occupational Group	Employment			Share of Total		
		2002	2007	2012	2002	2007	2012
43	Office and Administrative Support	445,190	479,894	513,263	14.7%	14.6%	14.7%
41	Sales and Related	312,259	334,230	363,427	10.3%	10.2%	10.1%
35	Food Preparation and Serving Related	227,247	245,720	260,040	7.5%	7.5%	7.4%
53	Transportation and Material Moving	218,583	236,292	251,473	7.2%	7.2%	7.2%
25	Education, Training, and Library	179,194	192,365	207,692	5.9%	5.9%	5.9%
47	Construction and Extraction	178,552	200,765	212,437	5.9%	6.1%	6.1%
51	Production	167,736	172,186	177,092	5.5%	5.3%	5.1%
13	Business and Financial Operations	144,672	154,039	163,416	4.8%	4.7%	4.7%
29	Healthcare Practitioners and Technical	133,511	147,732	160,016	4.4%	4.5%	4.6%
39	Personal Care and Service	132,869	144,811	156,713	4.4%	4.4%	4.5%
37	Building and Grounds Cleaning and Maint.	120,825	133,422	143,378	4.0%	4.1%	4.1%
49	Installation, Maintenance, and Repair	113,780	120,804	128,193	3.7%	3.7%	3.7%
15	Computer and Mathematical	107,950	118,298	130,423	3.6%	3.6%	3.7%
11	Management	103,013	110,702	117,695	3.4%	3.4%	3.4%
17	Architecture and Engineering	75,924	79,017	82,912	2.5%	2.4%	2.4%
45	Farming, Fishing, and Forestry	70,808	75,929	76,151	2.3%	2.3%	2.2%
31	Healthcare Support	70,417	78,372	84,975	2.3%	2.4%	2.4%
27	Arts, Design, Entrtmnt., Sports, and Media	61,039	65,568	70,508	2.0%	2.0%	2.0%
33	Protective Service	51,849	55,785	60,210	1.7%	1.7%	1.7%
21	Community and Social Services	50,285	54,006	58,278	1.7%	1.6%	1.7%
19	Life, Physical, and Social Science	47,071	50,522	54,295	1.5%	1.5%	1.6%
23	Legal	25,762	28,351	30,693	0.8%	0.9%	0.9%

*Figure 42* summarizes how these occupational groups are forecasted to fare between 2002 and 2007. Total employment is expected to grow at an average rate of 1.5 percent per year. Groups underneath the total (dark bar), are expected to have above average growth.

<sup>1</sup> Industry refers to the firm such as retail trade or manufacturing while occupation refers to the job such as sales clerk or welder.

**Figure 42**  
Major Occupational Groups  
Washington State, 2002-2007  
Source: Employment Security Department



## Detailed Occupations

Figure 43 depicts projected annual average growth rates for the ten occupations expected to have the strongest growth (with estimated employment of 500 or more in the year 2002, excluding self-employment and private household occupations). While mid-term projections present travel agents as the second fastest growing occupation, it should be noted that this growth in employment comes after a drastic drop, nearly one-fourth, from 2000 to 2002. The increase from 2002 to 2007 is not expected to compensate for the drop in employment experienced during the previous two years.

**Figure 43**  
Fastest Growing Detail Level Occupations  
Washington State, 2002-2007  
Source: Employment Security Department

Occupational Title 2002 - 2007	Estimated Employment 2002	Average Annual Growth Rate
Pest Control Workers	895	3.8%
Travel Agents	3248	3.5%
First-Line Supervisors/Managers of Landscaping, Lawn Service and Groundskeeping Workers	2440	3.5%
Veterinarians	1576	3.4%
Multi-Media Artists and Animators	2402	3.3%
Art and Design Workers, All Other	1856	3.3%
Building and Grounds Cleaning and Maint. Workers, All Other	930	3.3%
Crossing Guards	2593	3.2%
Veterinary Technologists and Technicians	1023	3.1%
Roofers	5749	3.1%

2002 estimated employment is 500 and greater.

The fastest growing major occupational groups are reflected in the detail occupation list. Dominance of the computer and mathematical occupations and personal care and service occupations is evident in *Figure 44*. Eight of the ten fastest growing occupations in the long-term are distributed between these two occupational groups.

**Figure 44**  
Fastest Growing Detail Level Occupations  
Washington State, 2002-2007  
Source: Employment Security Department

Occupational Title 2007 - 2012	Estimated Employment 2002	Average Annual Growth Rate
Computer and Information Scientists, Research	512	2.6%
Multi-Media Artists and Animators	2,402	2.5%
Computer Software Engineers, Systems Software	14,213	2.5%
Computer Software Engineers, Applications	18,701	2.4%
Computer Programmers	12,677	2.3%
Pest Control Workers	895	2.2%
Barbers	2,907	2.2%
Manicurists and Pedicurists	802	2.2%
Hairdressers, Hairstylists, and Cosmetologists	12,991	2.2%
Veterinary Technologists and Technicians	1,023	2.2%

2002 estimated employment is 500 and greater.

While some occupations will expand others will lose workers. Included among occupations with the slowest growth rates are metal refining furnace operators and semiconductor processors. Production occupations account for seven of the ten slowest-growing occupations for the mid-term (*Figure 45*). Same for the most part in the later projections period, 2007-2012, declining or slow-growing occupations continue to be heavily concentrated in goods-producing occupations.

**Figure 45**  
Declining or Slow Growing Detail Level Occupations  
Washington State, 2002-2007  
Source: Employment Security Department

Occupational Title 2007 - 2012	Estimated Employment 2002	Average Annual Growth Rate
Electrical and Electronic Equipment Assemblers	5136	-1.1%
Prepress Technicians and Workers	1461	-1.2%
Rolling Machine Setters, Operators, and Tenders, Metal and Plastic	631	-1.2%
Sewing Machine Operators	3141	-1.7%
News Analysts, Reporters and Correspondents	1371	-1.8%
Logging Equipment Operators	3377	-2.0%
Fallers	823	-2.1%
Petroleum Pump System Operators, Refinery Operators, and Gaugers	831	-2.7%
Semiconductor Processors	1563	-3.5%
Metal-Refining Furnace Operators and Tenders	633	-4.3%

2002 estimated employment is 500 and greater.

Hazardous materials removal workers is the fastest growing occupational group for the mid-term but has the second slowest growth rate in the long term. This is primarily due to activity in the Benton-Franklin area. By 2007, employment in a federal project will reach its peak. Long-term projections anticipate a significant drop in employment related to this project. More than one-third (37.6 percent<sup>2</sup>) of hazardous materials removal workers in Washington State are located in the Benton-Franklin area. This is why state job growth for this occupational group can be greatly impacted by employment loss in this area. Occupations projected to experience the slowest growth or fastest declines, in the long-term, are listed in *Figure 46*.

**Figure 46**  
Declining or Slow-Growing Level Occupations  
Washington State, 2007-2012  
Source: Employment Security Department

Occupational Title 2007 - 2012	Estimated Employment 2002	Average Annual Growth Rate
Engine and Other Machine Assemblers	1,050	0.0%
Aircraft Structure, Surfaces, Rigging, and Systems Assemblers	1,461	0.0%
Farming, Fishing, and Forestry Workers, All Other	51,541	-0.1%
Sawing Machine Setters, Operators, and Tenders, Wood	1,287	-0.1%
Fiberglass Laminators and Fabricators	1,084	-0.2%
Grinding, Lapping, Polishing, and Buffing Machine Tool Setters, Operators, and Tenders, Metal and Plastic	1,160	-0.3%
Plating and Coating Machine Setters, Operators, and Tenders, Metal and Plastic	603	-0.5%
Hazardous Materials Removal Workers	1,837	-0.6%
Rolling Machine Setters, Operators, and Tenders, Metal and Plastic	631	-0.8%
Metal-Refining Furnace Operators and Tenders	633	-2.7%

2002 estimated employment is 500 and greater.

### Education and Compensation

Office and administrative support occupations and sales-related occupations are the two largest occupational groups, however, they are not among the highest paid. Mean annual wages for the two groups were \$32,027 and \$35,737 respectively in 2004. This puts them in the lower half of major occupational groups. Food preparation and serving related occupations hold the

<sup>2</sup> Based on estimated employment in 2002.

third largest share of total employment in Washington. However, as *Figure 47* shows, this occupational group is the lowest paid<sup>3</sup>.

Minimal education/training requirements, high turnover rates, part-time and seasonal work contribute to low wages. For example, management occupations typically require more experience and more education. Generally, these occupations will lead to higher wages.

**Figure 47**  
Occupational Groups, Highest and Lowest Mean Wages  
Washington, 2004  
Source: Occupational Employment Statistics Survey (OES)

<b>Highest</b>	
Management	\$99,604
Legal	\$73,470
Computer and Mathematical	\$73,149
<b>Lowest</b>	
Personal Care and Service	\$25,167
Building and Grounds Cleaning and Maintenance	\$24,387
Food Preparation and Serving-Related	\$20,700

*Figure 48* lists average wage by education/training level as well as the highest average wage earning occupation per education/training level<sup>4</sup>. Dentists continue to lead as the occupation with the highest average wage for all education levels, requiring long preparation.

**Figure 48**  
Highest Wages by Educational Requirement  
Washington State, 2004  
Source: Washington State Occupational Outlook 2002-2012  
2004 Occupational Education and Wages

Education/Training Level	Average Wage
<b>Highest Wage Occupation Within Category</b>	
<b>Long Preparation</b>	<b>\$62,103</b>
Dentists	\$135,020
<b>Middle-Level Preparation</b>	<b>\$41,232</b>
Dental Hygienists	\$77,884
<b>Short Preparation</b>	<b>\$31,859</b>
Operating Engineers and Other Constr. Equip. Operators	\$52,377
<b>Little Preparation</b>	<b>\$22,137</b>
Crossing Guards	\$33,831

<sup>3</sup> Wages are not based on employment projections. The attached wages come from the Occupational Employment Statistics (OES) survey and are subject to restrictions and limitations of the survey. Agricultural employment is excluded except for agricultural services. Self-employment and private households are not included in the survey. All wage estimations are adjusted as of March 2005. Wages are attached to specific workforce areas based on survey wages from the most closely related metropolitan areas. For more information regarding OES programs, go to [http://www.bls.gov/oes/oes\\_data.htm](http://www.bls.gov/oes/oes_data.htm).

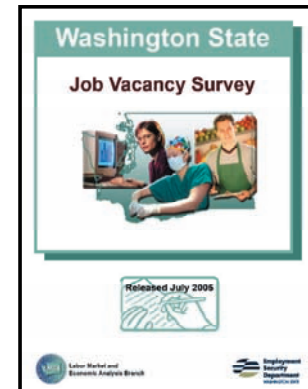
## The Job Vacancy Survey Report

The Job Vacancy Survey (JVS) Report is another source for comparing education/training levels against wages. The JVS Report is based on a survey of firms' job openings and characteristics of those openings. This includes wage, education/training, and permanent/temporary status to name a few.

Registered nurses had the largest number of vacancies statewide (4,473). Many vacancies were reported in jobs that are typically characterized by lower wages and higher turnover. Food preparation workers (1,663) lead in vacancies that matched this profile. Cashiers (1,566), retail salespersons (1,421), and waiters and waitresses (1,273) also fell into this category. Vacancies shown in *Figure 49* comprise 40 percent of all job vacancies.

Data from the April-May 2005 JVS Report shows a direct correlation between wages and education/training requirements. *Figure 50* shows that for each education level, wages rise accordingly.

*The Job Vacancy Survey (JVS) Report* can be obtained by visiting [www.workforceexplorer.com](http://www.workforceexplorer.com). Once there, just select the "Publications and Reports" tab.



<sup>4</sup> Education/Training Level definitions are as follows:  
Long Preparation: Four years or more of academic work, bachelor's degree or higher; may require additional work experience.

Middle-Level Preparation: One to four years of training on the job, through an employer or institutional instruction, or a combination, including apprenticeships, certificates, diplomas, or associate degrees.

Short Preparation: One to twelve months of training on the job, through an employer or institutional instruction, or a combination.

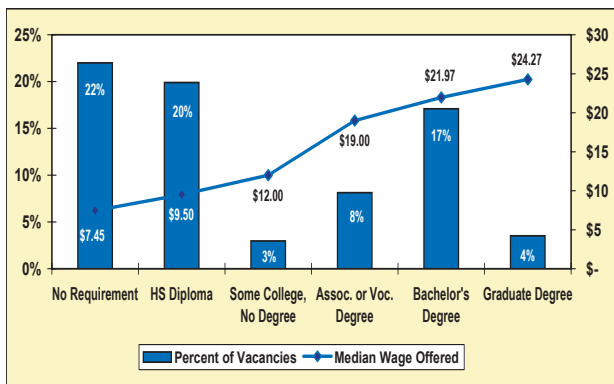
Little Preparation: Less than one month of training, usually on the job.



**Figure 49**  
 Top 25 Occupations with the Highest Number of Vacancies  
 Washington, 2005  
 Source: Employment Security Department  
 April-May 2005 Job Vacancy Survey (JVS) Report

Occupation	April-May 2005						
	Job Vacancies	Share of Total Vacancies	Median Wage Offered	Vacant 60+ Days	October 2005 Job Vacancies	May 2004 Job Vacancies	October 2003 Job Vacancies
Registered Nurses	4,473	6.3%	\$21.93	745	2,928	3,318	2,963
Computer Software Engineers, Systems Software	1,714	2.4%	\$28.85	7	253	825	1,027
Combined Food Preparation and Serving Workers, Including Fast Food Cashiers	1,663	2.4%	\$7.35	793	610	950	649
Cashiers	1,566	2.2%	\$7.35	232	1,496	1,082	1,562
Retail Salespersons	1,421	2.0%	\$7.95	206	1,787	1,314	2,056
Stock Clerks and Order Fillers	1,403	2.0%	\$7.45	69	681	534	513
Nursing Aides, Orderlies, and Attendants	1,311	1.9%	\$10.84	386	734	845	1,145
Waiters and Waitresses	1,273	1.8%	\$7.35	213	863	1,092	746
Laborers and Freight, Stock, and Material Movers, Hand	1,253	1.8%	\$8.50	466	442	1,336	1,824
Farmworkers and Laborers, Crop, Nursery, and Greenhouse	1,007	1.4%	\$7.35	38	550	768	1,407
Computer Software Engineers, Applications	938	1.3%	\$33.65	104	1,787	1,482	906
Computer Programmers	933	1.3%	\$27.59	6	694	467	697
Truck Drivers, Heavy and Tractor-Trailer	855	1.2%	\$12.57	329	697	755	408
Security Guards	838	1.2%	\$8.00	275	255	364	505
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	763	1.1%	\$9.15	156	456	674	466
Office Clerks, General	719	1.0%	\$10.55	75	632	795	712
Licensed Practical and Licensed Vocational Nurses	711	1.0%	\$15.00	233	412	518	780
Business Operations Specialists, All Other	706	1.0%	\$21.32	125	542	738	287
Customer Service Representatives	683	1.0%	\$10.00	109	1,213	543	267
Production Workers, All Other	663	0.9%	\$7.50	556	80	128	142
Meat, Poultry, and Fish Cutters and Trimmers	631	0.9%	\$7.50	0	140	32	176
Receptionists and Information Clerks	630	0.9%	\$10.00	172	424	474	259
Accountants and Auditors	620	0.9%	\$19.23	73	628	543	381
Bookkeeping, Accounting, and Auditing Clerks	583	0.8%	\$12.00	58	387	338	214
Office and Administrative Support Workers, All Other	566	0.8%	\$9.00	103	173	211	83
All vacancies	70,653	100%	\$10.00	13,701	50,570	59,033	47,357

**Figure 50**  
 Wage and Education Requirements for Job Vacancies  
 Washington State, May 2004  
 Source: April-May 2005 Job Vacancy Survey (JVS) Report



**Further Job Vacancy Report Findings:**

- The April-May 2005 JVS Report estimated 70,653 job vacancies statewide, 69 percent of these were full-time positions.

- Twenty-two percent had no educational requirements, twenty percent required a high school diploma, three percent required some college, and eight percent required a two-year college degree.
- Seventeen percent of vacancies required a four-year degree; less than four percent required a graduate degree.
- Job vacancies were highest in the healthcare practitioners and technical occupations group, accounting for 13 percent of total share of job vacancies.
- Office and administrative and food preparation and serving related occupations came in second and third, with twelve and nine percent respectively.

# Chapter 7 - Wages and Benefits

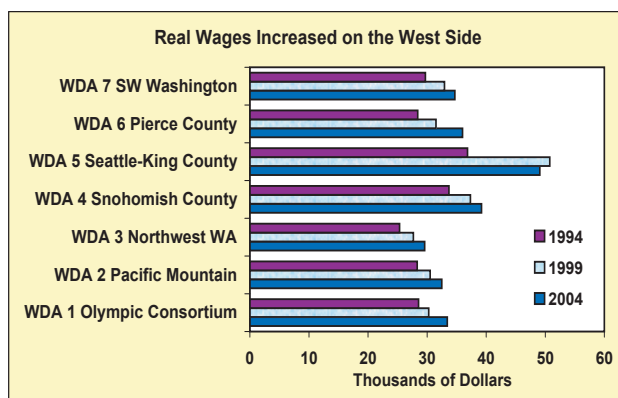
## Washington State Wages and Benefits

In the past year, Washington recovered to the employment<sup>1</sup> levels it had before the 2001 recession. At the same time, real<sup>2</sup> average wages in Washington rose from pre-recession levels. Analyzing wages alone, though, does not give us a clear picture as wages are only one component of a worker's total compensation package. With the ever-increasing costs of health insurance and widely varying costs and risks associated with different retirement plans, benefits packages are an increasingly important aspect of total compensation. This chapter gives an overview of wages in Washington in the past decade along with a review of the annual Employee Benefits Survey results.

### Average Annual Wages by Area

Average annual real wages in Washington increased across the state from 1994 to 2004 (*Figures 51 and 52*). In fact, they rose at least 15 percent in each Workforce Development Area<sup>3</sup> (WDA) over the 10-year period. The average wages in Seattle-King County WDA were the highest in 1994 and they increased by the greatest amount (33 percent) over the decade. Wages in Pierce County (+27 percent) and in the Benton-Franklin area (+20 percent) experienced the next highest growth.

**Figure 51**  
Average Annual Real Wages by Area (West)  
Washington, 1994, 1999, 2004  
Source: Employment Security Department



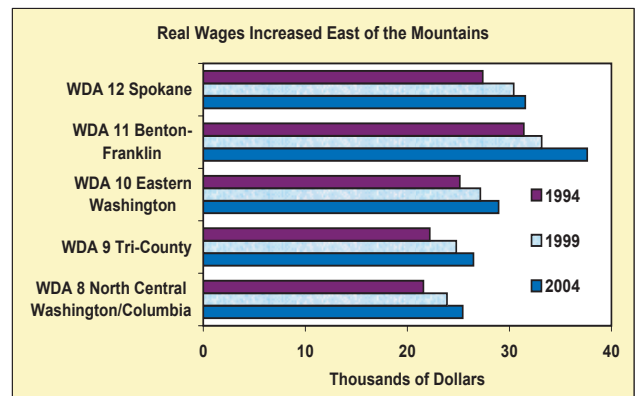
Looking at the most recent five years of data, average annual real wages in 2004 were higher in every labor market across Washington<sup>4</sup> except in the Seattle-King County WDA. King County's wages decreased 3 percent between 1999 and 2004. The Seattle area bore the brunt of the economic recession, especially in the high-

wage manufacturing industries. In fact, Seattle continued to lose jobs for more than a year after the state as a whole began its expansion.

Between 1994 and 1999, gains in the relatively new software industry, the rapidly reproducing (and highly venture capitalized) dot-com companies, as well as increased aerospace production/employment, led the massive jump in wages during the boom of the economic expansion in Seattle (+38 percent). The nature of these gains may indicate that wages in Seattle were artificially high due to economic inefficiencies<sup>5</sup>. Just as the business cycle generally expands to an inefficient level before it begins a recession, wages may increase to a level above their "equilibrium" rate, from which they will typically adjust to a lower rate. So this more recent decline in wages may have been an adjustment of wages. Again, remember that wages in the Seattle-King County WDA saw the largest increase over the 10 year period.

Those Workforce Development Areas with the largest increases in wages from 1999 to 2004 include Pierce County (+14 percent), Benton-Franklin (+13 percent), and the Olympic Consortium (+10 percent).

**Figure 52**  
Average Annual Real Wages by Area (East)  
Washington, 1994, 1999, 2004  
Source: Employment Security Department



<sup>1</sup> Washington State monthly nonAg employment.  
<sup>2</sup> Real wages calculated using the Implicit Price Deflator.  
<sup>3</sup> Map of Workforce Development Areas in Appendix C.  
<sup>4</sup> Table of WDA's average annual real wages in the first quarter of 1994, 1999, and 2004 may be found in Appendix B.  
<sup>5</sup> Stock options also were counted as wages by ESD before 2004, but were no longer included after 2004. This may also help to explain the decrease in wages in the Seattle area from 1999 to 2004.

### Average Annual Wages by Industry

Wages in every industry sector increased in the 1994 to 2004 period (*Figure 53*). In general, those industries with the higher real wages in 1994 also improved by the largest percentage in the decade period, including management of companies and enterprises (+66 percent), information (+54 percent), finance and insurance (+52 percent), and professional and business services (+40 percent). On the other hand, the largest industry sectors (with employment of at least 200,000) began in 1994 with wages on the lower end of the spectrum and remained there due to smaller increases in wages in the 10-year period. Wages in the following sectors fit the previous definition: accommodation and food services (+25 percent), health care and social assistance (+23 percent), retail trade (+19 percent), and educational services (+12 percent).

The information sector (including the software sub-sector) was the only industry to see a fall in real wages over the 1999 to 2004 time frame. Again, this decrease could be explained by the dramatic decline in employment since the beginning of the recession or by the wage adjustment idea. Wages in the information sector jumped 189 percent from 1994 to 1999. Although there was

a dramatic decline in wages of 48 percent in the latter 5-year period, gains over the decade were substantial. In 2004 the information sector's job holders earned on average 52 percent more than in 1994.

### Hourly Wages

Washington is one of few states in the country that collects data on hours worked and wages earned on the job. This allows for more accurate calculations of average hourly wages, median hourly wages, and studies of the full spectrum of wages earned each year in over three million of the state's jobs.

In the fourth quarter of 2004, the median hourly wage in Washington was \$15.49 per hour. This means that half of the jobs in the state paid less than \$15.49 and the other half paid more than \$15.49 per hour. Likewise, one quarter of the jobs paid less than \$10.23 and the highest-paid quarter of the jobs paid more than \$26.07 per hour in 2004. The hourly wages<sup>6</sup> by these quartiles are displayed for the first quarters of 2004, 1999, and 1994 in *Figure 54*.

Interestingly, during the period including the boom of the economic expansion (1994-1999) real hourly wages increased fairly evenly. Over this 5-year period, hourly wages of the bottom and top quartiles increased a little more than 9 percent, while the median wage increased 7.5 percent.

**Figure 53**

Average Annual Real Wages by Industry, Percent Change  
Washington, 1994, 1999, 2004  
Source: Employment Security Department

### Wages Increased Over the Decade

Industry Sector Title	2004 Average Monthly Employment	Average Annual Real Wages			Percent Change	
		2004	1999	1994	1999-2004	1994-2004
Information	96,647	\$85,311	\$162,763	\$56,255	-48%	52%
Mgmt. of Companies and Enterprises	32,951	\$75,734	\$61,599	\$45,509	23%	66%
Utilities	17,631	\$63,032	\$57,799	\$52,012	9%	21%
Finance and Insurance	101,108	\$62,048	\$50,684	\$40,799	22%	52%
Professional and Technical Services	133,394	\$58,688	\$51,275	\$41,845	14%	40%
Manufacturing	269,406	\$52,306	\$48,800	\$42,817	7%	22%
Wholesale Trade	115,398	\$52,054	\$46,423	\$39,151	12%	33%
Mining	3,203	\$51,447	\$46,458	\$45,245	11%	14%
Public Administration	155,084	\$48,244	\$43,349	\$39,165	11%	23%
Transportation and Warehousing	109,126	\$44,094	\$40,022	\$37,454	10%	18%
Construction	152,842	\$40,260	\$39,332	\$33,658	2%	20%
Health Care and Social Assistance	316,036	\$35,803	\$31,813	\$29,087	13%	23%
Educational Services	238,819	\$34,046	\$31,432	\$30,501	8%	12%
Administrative and Waste Services	130,509	\$33,544	\$27,859	\$22,756	20%	47%
Real Estate and Rental and Leasing	50,150	\$31,057	\$27,542	\$22,508	13%	38%
Retail Trade	306,989	\$26,554	\$25,537	\$22,350	4%	19%
Arts, Entertainment, and Recreation	59,843	\$25,583	\$22,938	\$19,653	12%	30%
Other Services, Except Public Administration	113,927	\$20,841	\$20,204	\$19,764	3%	5%
Agriculture, Forestry, Fishing and Hunting	82,372	\$20,526	\$20,163	\$17,410	2%	18%
Accommodation and Food Services	208,451	\$14,792	\$13,876	\$11,813	7%	25%

<sup>6</sup> Adjusted for inflation using the *Implicit Price Deflator*.

Over the decade (1994-2004), wages rose at significantly higher rates. The median and bottom quartile wages increased more than 15 percent, while the top quartile's wages increased by almost 19 percent.

This latter 5-year period (1999-2004) includes the end of the economic expansion in the early 2000s, the dot-com bust and ensuing economic recession, Washington's employment trough, and finally the start of an expansion and employment levels beginning to creep back up to pre-recession levels. And yet, throughout this turmoil, wages by quartile continued to improve, albeit unevenly. Wages in the top quartile improved by the largest amount between 1999 and 2004.

**Figure 54**  
Hourly Wages by Quartile  
Washington, 1994Q4, 1999Q4, 2004Q4  
Source: Employment Security Department

Real Wages Increased by Quartiles

	Real Hourly Wages			Change in Real Wages		
	2004	1999	1994	1999-2004	1994-2004	1994-1999
Bottom Quartile	\$10.23	\$9.66	\$8.85	5.9%	15.5%	9.1%
Median	\$15.49	\$14.45	\$13.44	7.2%	15.3%	7.5%
Top Quartile	\$26.07	\$23.96	\$21.92	8.8%	18.9%	9.3%

*A Study of Wage Progression*

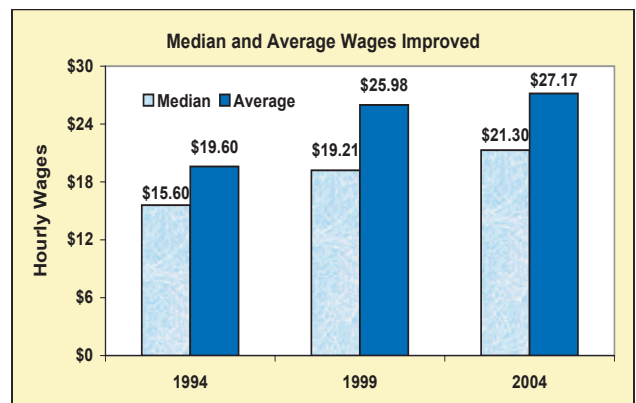
The covered employment and wages file that includes data on hours worked and wages earned over time also allows us to study employment changes for workers who appeared in each time period. In this case we looked at the hourly wages of workers who were employed in each of three periods (the fourth quarters of 1994, 1999, and 2004). Nearly half (47 percent) of the employees on payrolls in 1994 also appeared in both the fourth quarter of 1999 and the fourth quarter of 2004<sup>7</sup>. The wages of these employees were tracked in order to provide a longitudinal analysis of wages.

The real median<sup>8</sup> wage for those tracked was \$21.30 per hour in 2004. This was an increase of about 37 percent from 1994, one decade earlier. The majority of the increase in the median wage, however, was in the earlier period (1994-1999) where the wage jumped 23 percent in five years.

The average wage in the earlier period (1994-1999) increased from \$19.60 per hour to \$25.98 (or 33 percent). During this time, the increase in the average wage was larger than the increase in the median wage.

Although, the real average hourly wage and the real median hourly wage improved by similar amounts (39 and 37 percent respectively) over the entire decade.

**Figure 55**  
Median and Average Real Wages for  
Employees on Payroll in All Three Quarters  
Washington, 1994Q4, 1999Q4, 2004Q4  
Source: Employment Security Department



*Benefits*

An employee's full compensation package includes not only wages, but fringe benefits offered by the employer. The *Washington Employee Benefits Report* provides estimates of the number of firms that offered benefits, such as health insurance, retirement plan, or paid vacation leave, in 2005.

*Health Insurance*

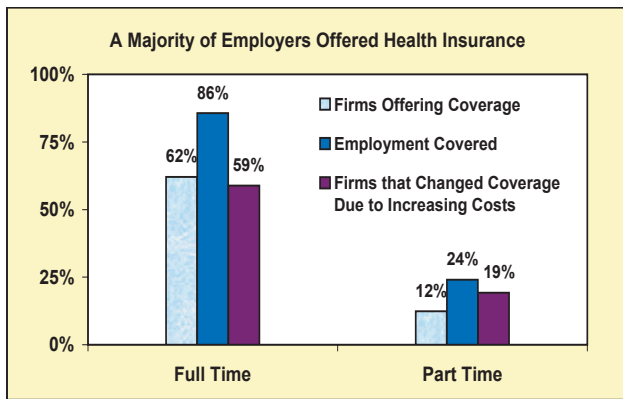
The majority of Washington employers (62 percent) offered health insurance to their workers in 2005. This is a statistically insignificant one percent lower than the previous year. What is significant, though, is the percentage of firms that reported changing the coverage they offer due to increasing costs. Fifty-nine percent of firms reported changing coverage, compared with 40 percent in 2004. *Figure 56* displays the percentage of firms that offered health insurance, the percentage of employment that is offered coverage, and the percentage of firms that changed coverage since last year due to increasing costs.

<sup>7</sup> This does not imply that these employees earned wages from the same employer in each of the quarters tracked, only that each employee had earned wages in each quarter from some employer.

<sup>8</sup> This means that one half of those employees tracked earned less than \$21.30 per hour and the other half earned more than \$21.30. Unlike an average wage, the median wage is not skewed by extravagantly high wages. Typically, an average wage is higher than the median wage when analyzing the same records of data.



**Figure 56**  
Health Insurance Offer Rates and Change in Coverage Rates  
Washington, 2005  
Source: Employment Security Department



Size of firm is a major determinant concerning health insurance offerings. Considering that large firms (100 or more workers) account for more than half of Washington’s employment, it is valuable to know that large firms are most likely to offer health insurance to both their full-time and part-time employees. More than 90 percent of full-time employees in firms with 100 or more employees are offered health insurance coverage, while only 59 percent of full-time employees in firms with 2 to 9 employees are offered some form of coverage (Figure 57).

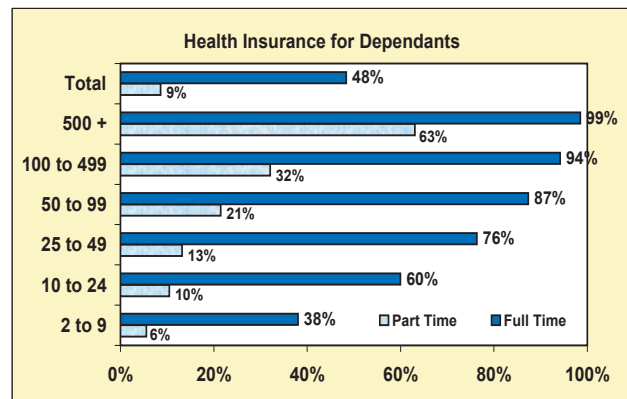
**Figure 57**  
Health Insurance Coverage and Enrollment by Size of Firm  
Washington, 2005  
Source: Employment Security Department

**Size of Firm is a Determinant**

Full-time Employees			Part-time Employees	
Percent of Total Employees Offered Coverage	Percent of Offered Who Enrolled	Size Class of Employer	Percent of Total Employees Offered Coverage	Percent of Offered Who Enrolled
59%	84%	2 to 9	7%	60%
75%	83%	10 to 24	7%	56%
84%	82%	25 to 49	8%	50%
89%	83%	50 to 99	16%	47%
91%	79%	100 to 499	24%	48%
97%	79%	500 +	48%	45%
86%	81%	Total	23%	47%

Health insurance coverage for an employee’s dependants is also a factor in a total compensation package. Figure 58 shows the percent of firms that offered health insurance benefits to employees for dependants. Again, firm size played a major role as larger firms were more likely to offer dependant coverage to full-time and part-time employees.

**Figure 58**  
Health Insurance Coverage for Dependants by Size of Firm  
Washington, 2005  
Source: Employment Security Department



## Retirement Plans

In the 2005 employee benefits survey, firms were asked about their provision of two general categories of retirement plans: defined contribution and defined benefit.

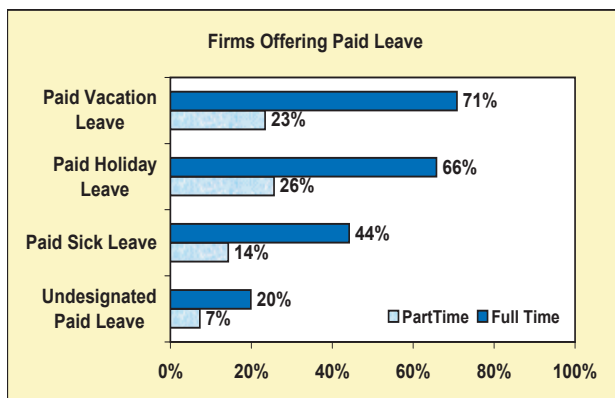
- Defined contribution plans, the broader of the two categories, encompass a variety of plans each involving individual accounts for each employee. Those plans included target-benefit and money-purchase pensions, profit sharing, 401(k) plans, and stock bonus plans.
- Defined benefit plans, a narrower group, typically include plans where a given benefit is guaranteed to employees at retirement age and plan actuaries determine contributions. Those plans include defined benefit pensions and cash balance pension plans. The Washington State Public Employees Retirement System (PERS) plans one and two are examples of defined benefit plans. Worth noting, the two plan categories are not mutually exclusive—firms can, and do, offer both.

Firms were most likely to offer a defined contribution plan (29 percent) to full-time employees in 2005. These plans are easier to offer to employees because they are widely available through third parties and they place the investment risk on the employee rather than on the firm.

*Paid Leave*

Seventy-one percent of firms in Washington offered paid vacation leave to full-time employees in 2005 (*Figure 59*), and 23 percent offered the same to part-time employees. Firms have traditionally offered distinct vacation and sick leave. Recently, there has been a trend towards employers offering paid time off with no designation between vacation and sick time. It is administratively more simple and it allows the employee more flexibility (especially those who are rarely sick). In 2005, 20 percent of firms in Washington offered undesignated paid leave to their full-time workers and seven percent offered it to part-time workers.

**Figure 59**  
 Percentage of Firms Offering Paid Leave  
 Washington, 2005  
 Source: Employment Security Department



The *2005 Washington Employee Benefits Report* also looks at the benefits offered to employees by industry, the percent of the premium paid by the employer, and the costs to the employer of offering these benefits. For the complete report, please visit [www.workforceexplorer.com](http://www.workforceexplorer.com).

## APPENDIX A

### Industries by Share of Long-term Beneficiaries to Employment (Nonfarm) Washington, 3rd Quarter 2005

Source: Employment Security Department

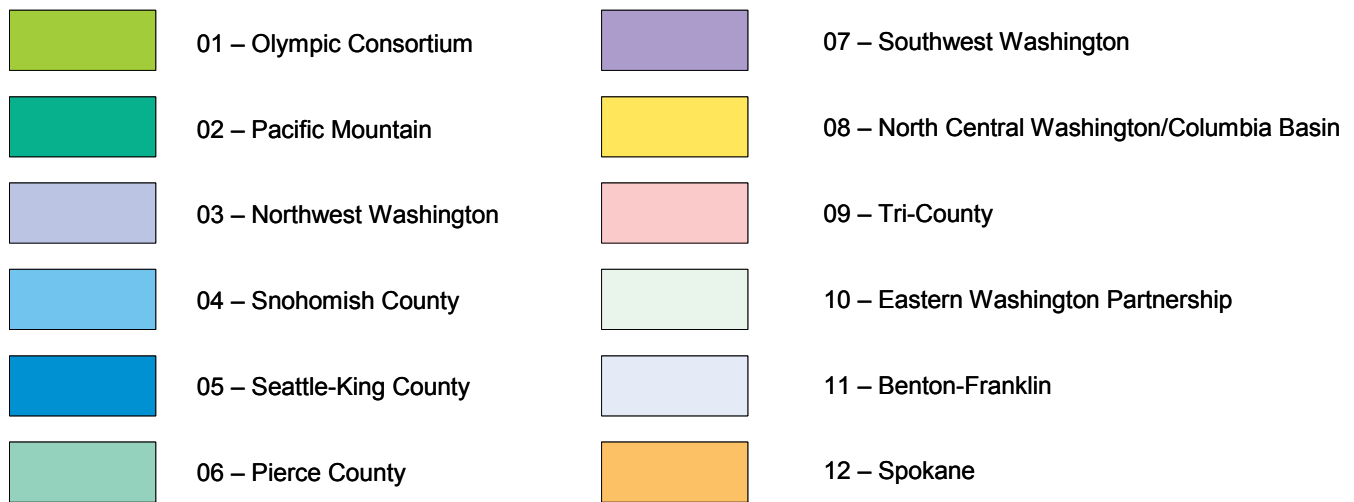
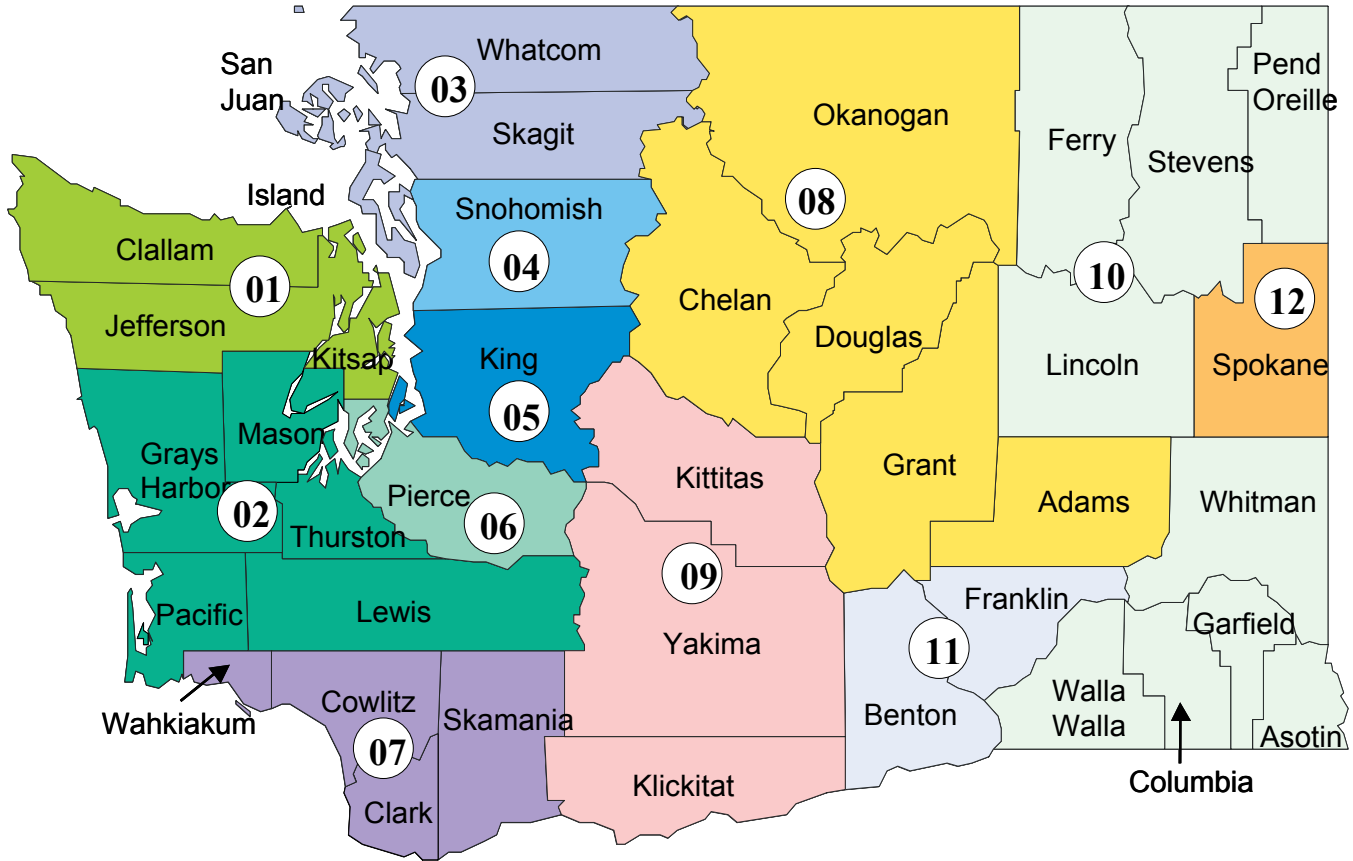
NAICS INDUSTRY TITLE (numbers in thousands)	Share of Beneficiaries	Share of Employment	Difference
Admin., Support, Waste Mgt, and Remediation	9.4%	6.4%	3.0%
Transportation and Warehousing	5.8%	3.9%	1.9%
Professional, Scientific and Technical Services	7.9%	6.3%	1.6%
Information	5.6%	4.2%	1.4%
Construction	9.8%	8.4%	1.4%
Education Services	2.9%	1.6%	1.3%
Other Services	5.1%	4.6%	0.5%
Finance and Insurance	5.1%	4.6%	0.5%
Real Estate and Rental Leasing	2.7%	2.3%	0.5%
Arts, Entertainment and Recreation	2.3%	2.1%	0.2%
Utilities	0.3%	0.2%	0.1%
Wholesale Trade	5.5%	5.4%	0.1%
Mining	0.1%	0.1%	-0.1%
Management of Companies and Enterprises	0.1%	1.5%	-1.4%
Manufacturing	10.6%	12.0%	-1.4%
Retail Trade	11.4%	13.9%	-2.6%
Health Services and Social Assistance	9.8%	12.5%	-2.7%
Accommodation and Food Services	5.6%	10.0%	-4.4%

## APPENDIX B

### Average Annual Real Wages by Area Washington, 1994, 1999, 2004 Source: Employment Security Department

	2004 Average Monthly Employment	Average Annual Real Wages			Percent Change 99-04	Percent Change 94-04
		1994	1999	2004		
WDA 1 Olympic Consortium	110,618	\$28,558	\$30,272	\$33,420	10%	17%
WDA 2 Pacific Mountain	159,059	\$28,315	\$30,523	\$32,476	6%	15%
WDA 3 Northwest WA	140,656	\$25,337	\$27,670	\$29,584	7%	17%
WDA 4 Snohomish County	210,638	\$33,701	\$37,330	\$39,202	5%	16%
WDA 5 Seattle-King County	1,093,426	\$36,837	\$50,758	\$49,071	-3%	33%
WDA 6 Pierce County	249,363	\$28,414	\$31,495	\$36,004	14%	27%
WDA 7 SW Washington	158,975	\$29,707	\$32,941	\$34,705	5%	17%
WDA 8 North Central Washington/Columbia Basin	101,699	\$21,569	\$23,888	\$25,424	6%	18%
WDA 9 Tri-County	112,413	\$22,201	\$24,793	\$26,481	7%	19%
WDA 10 Eastern Washington	66,209	\$25,137	\$27,156	\$28,940	7%	15%
WDA 11 Benton-Franklin	92,259	\$31,414	\$33,160	\$37,627	13%	20%
WDA 12 Spokane	192,308	\$27,387	\$30,426	\$31,556	4%	15%

# Workforce Development Areas



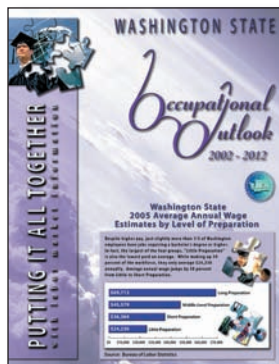


# About the Economic and Policy Analysis Unit

The Economic and Policy Analysis unit within the Labor Market and Economic Analysis (LMEA) Branch of the Employment Security Department has primary responsibility for providing occupational information analysis and commentary on Washington's current labor market situation. Toward that end, it is the chief voice for the department and principal point of contact with the public for statewide labor market information and analysis. In addition to the *Labor Market and Economic Report*, the unit's other notable publications include the monthly *Washington State Employment Situation Report*, *Washington Labor Market*, *Agricultural Workforce in Washington State*, and *Occupational Outlook* among many others. These publications are also available on the Workforce Explorer ([www.workforceexplorer.com](http://www.workforceexplorer.com)). The unit's work is also showcased at the annual LMEA Economic Symposium, presentations from which are available on the Workforce Explorer.

## PUBLICATIONS

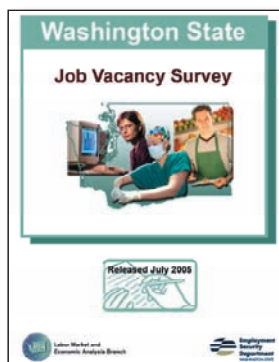
The following publications are available on the Workforce Explorer website.



### [www.workforceexplorer.com](http://www.workforceexplorer.com)

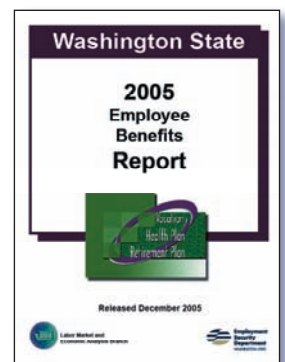
- ◆ **Occupational Outlooks**—An annual brochure intended to guide students and jobs seekers toward growth occupations. Careers are divided by education/training level and listed in order of growth potential. Current employment, long-term average growth, average annual openings, and estimated average wage are also included for these demand occupations.

- ◆ **Washington Labor Market Quarterly Review**—A report that gives an overview on current state economic conditions and unemployment rates on a quarterly basis, as well as industry/occupation profiles and special features.



- ◆ **Washington State Job Vacancy Report**—A snapshot of demand for workers taken each spring and fall. Results are broken down by several characteristics of available jobs such as wage offered, educational requirement, and length of time job has been vacant.

- ◆ **Washington State Employee Benefits Report**—An overview of health insurance, retirement plans, and paid leave for workers and their dependents. Information is displayed by industry, region, and size of business.



- ◆ **Agricultural Workforce in Washington State**—A report that brings together relevant information on this critical industry's workforce. It includes employment by industry and location, wage information by activity, demographic information, and industry outlook.

- ◆ **Washington State Employment Situation Report**—A monthly tool giving you an up-to-date report on the state of the state economy as reflected in our labor market data. Employment by industry and labor force data at the state and substate level are displayed.



# PUBLICATIONS

*Continued*—The following publications are available on the Workforce Explorer website.

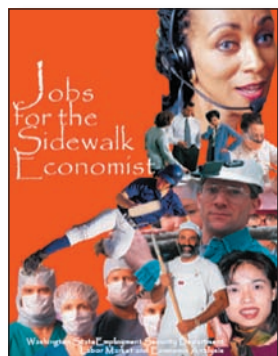
[www.workforceexplorer.com](http://www.workforceexplorer.com)

**NEW!**



◆ **National Weekly Wrap-Up**—A weekly roundup of national economic indicators. Every Monday morning, we will provide our customers with an executive summary of what the previous week’s data revealed about national economic conditions. Moreover, we’ll preview the upcoming week’s noteworthy releases.

◆ **Entry Points Brochure**—A publication that displays the top twenty occupations in rank order of demand for each of five job zones or levels of education and experience. Occupational information includes number of positions currently filled, projected annual growth, forecast of annual demand for new staff, plus entry level wages.



◆ **Jobs For The Sidewalk Economist**—A publication and workbook giving job seekers tools for planning their employment. Using a step by step approach, job seekers can identify possible occupations that best match their interests, values, knowledge, skills and abilities, then check out possible training programs and job search strategy.

◆ **Washington State Labor Market and Economic Report**—The year in review which includes the national outlook; cyclical, structural, and seasonal employment; unemployment and its dimensions; demographics of the labor force; occupational outlook; and wages and benefits information.

