

Washington State

Employment Security Department

Labor Market Information



for Spokane County 2006



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SPOKANE COUNTY ECONOMIC OVERVIEW

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As an urban center serving rural eastern Washington and northern Idaho, Spokane evolved a regionally-based service economy which took advantage of its proximity to transportation, historic settlements and access to the Spokane River. The regional services included the area health services which included several hospitals and specialists; The colleges and universities located in Spokane; The concentration of financial and business service industries; and the concentration of State and Federal government services. Manufacturing also flourished due to the nexus of the Bonneville dam power generation, rail systems and the Interstate highway system.

The Spokane region's economy has rebounded fully from the 2001 recession and has made up some of the loss in manufacturing employment that began with the closure of the Kaiser Aluminum plant in Mead. Between the beginning of 2002 and the end of 2005, the Spokane economy has generated 19,000 jobs and increased real wages by 3.5 percent. In 2005 alone, the supply of jobs grew by 2.5 percent to 205,400 jobs for its 436,300 citizens. Of course, the strength of the 2005 economy was dominated by employment in the construction trades. The low interest rates and the "discovery" of eastern Washington by realty speculators outside of Washington State led to record growth in building permits, construction employment, and the subsequent growth in jobs in real estate and manufacturers of finished products that go into new homes.

There were 1,025 more businesses registered in 2005 than in 2004 bringing the total number of business licenses in Spokane County to 38,052¹. Of those licensed businesses, 13,229 paid into the Unemployment Insurance system as employers. By itself, that rate of licensed businesses to employers isn't remarkable, but it's more common for rural counties to have more sole proprietor licenses than employer businesses. The urban counties of Washington almost all have more than one third of their licensed businesses with employees.

Outlook

- Growth through 2006 should continue, but will be slightly slower than in 2005 due to the cooling of the construction boom and higher energy prices.
- Employment in manufacturing, business services, education, and health services will continue to dominate employment in number and percentage of the labor force.
- Health services will grow at a slower pace as regional health services expand in Kootenai County and the surrounding rural counties which used to count on Spokane for centralized services.
- The few firms specializing in research, development and biotechnology that have made Spokane their home, will play an increasingly important role in defining the area's economy. As they expand from research to production and gain momentum from their collaborations and State initiatives, Spokane may yet be defined as a leading center of technological excellence.

¹ Source: *Washington Department of Revenue, 2005*



EMPLOYMENT BY INDUSTRY

General Trends

According to the 2005 Vacancy survey, King County went from having 40 percent of all the vacancies in 2004 to 50 percent in 2005. Spokane rose only moderately in its share of the state's available jobs, but clearly, many people in the job market were attracted to western Washington by the number, quality and relative pay of jobs outside Spokane county.

Only 18.6 percent of the job placements made by the WorkSource office in Spokane were part time jobs in 2005 compared with more than 33 percent in 2002².

Highlights

- Government was the top 2005 employer with 34,000 jobs.
- People who worked in securities, commodity contracts and investments occupations earned the highest average annual wages in Spokane earning an average of \$93,254 in 2005.
- Professional services added the most jobs (1,000) in 2005, but as a percentage of growth, construction was the fastest growing sector of the economy at 6.1 percent adding 700 new jobs.

Industry detail³

Construction employment is a steadily declining portion of the total industry employment (about one in 30,000 works in construction in 2005, compared to one in 45,000 in 1999). Between 1990 and 1994 employment rose at a steady annual rate of 9 percent then had fits and starts between 1994 and 2002. Since 2002 construction employment has risen at 4.8 percent per year. That's about half the growth rate we saw in the early 1990s, but is well above the stagnant growth in the construction trades Spokane experienced from 1995 to 2000. A record 606 new construction-related businesses started in 2005 bringing the total number of construction firms to 1,600 firms by the end of the year. The county issued 4,396 building permits in 2005 compared to 3,920 in 2004⁴.

Manufacturing jobs accounted for only 8.6 percent of the jobs in Spokane but 11 percent of all the wages paid in 2005. In the 1990s manufacturing was a dominant sector in the Spokane economy comprising about 12 percent of all jobs and was recognized for its stability, pay and benefits. The closure of the Kaiser Aluminum Mead Plant in 2000 began the rapid decline of manufacturing employment and a perception that manufacturing would never dominate Spokane's labor market as it had in the past. Since 2001, however, several manufacturers have expanded in hiring and manufacturing is approaching its former levels of employment. Several of the manufacturers that saw the most rapid expansion were related to the expanding construction industry, but other factories and assembly firms also witnessed employment growth in excess of 3 percent for 2005.

Retail trade includes employment in all the car dealers, super markets, shops and malls but doesn't include the food and beverage places. Food and beverage establishments are counted as part of the leisure and hospitality sector, but if they were part of retail trade, retail trade would be the biggest employer in Spokane County employing almost one out of every 5 people in total industry employment. Retail trade employment in 2005 continued the 2.4 percent annual growth rate that it has had since its low in 2003. This isn't anything like the growth of retail trade in the early 1990s, but its keeping pace with the overall growth in the economy. While retail trade jobs don't pay the highest wages, they are an important source of jobs for new entrants into the labor force and seasonal employment for part time workers.

Information Services includes libraries, newspapers, telecommunications and publishers. There are some on-line services, but the sector really isn't focused on data processing or the internet. This sector was unchanged from the 3,000 employees it had in 2004. The losses Spokane experienced in 2002 with the loss of a local paper, library closures and layoffs have not been recovered.

² Source: Employment Security Department SKIES database for Spokane WorkSource, Aug. 2006.

³ http://www.workforceexplorer.com/admin/uploadedPublications/4482_industry_historical.xls

⁴ <http://socds.huduser.org/permits/>

Professional and business services include a wide range of service businesses such as the ubiquitous “call centers”. This sector has outperformed every other sector of the Spokane economy with a growth of 4.8 percent in 2005 and the creation of 1,000 additional jobs in 2005 and 2,400 over the past two years. The reasons for this stellar growth are more complicated than just the expansion of call centers in the area and include several “structural” changes in the way some of Spokane’s biggest employers are outsourcing to business support organizations work that was previously done “in-house”. Another source of this sectors acceleration in 2005 was the conscious efforts by several civic organizations to bring more professionals to the region and entice existing business service companies to relocate to the area.

Education and health services are lumped into a single sector for the purposes of Spokane’s current non-agricultural statistics and include employment by local private colleges, hospitals, social service organizations and clinics. In aggregate, this sector saw a net increase of only 700 jobs in 2005 which translates into a 2.1 percent annual growth rate. More importantly, employment in regional hospitals centered in Spokane was down 200 jobs over the year and 400 jobs over the past two years despite the fact that one in every 10 jobs available in 2005 was for a nurse or nurse’s aide⁵. Part of this is due to the shift from hospitals to clinics and the outsourcing of hospital back-office functions to business service firms, but the overall lackluster performance of this sector during the boom of 2004-2005 is cause for some concern in terms of how it places Spokane to take advantage of the much anticipated retirement of the baby boomers.

Key issues affecting this sector included:

- The shift in hospitals to more registered nurses per bed and away from licensed practical nurses.
- The announced decision to build a new nursing education facility in Spokane’s “University District” which is managed by Washington State University and Eastern Washington University.

Government has traditionally been the largest employer in the Spokane MSA, but employment growth has been steadily declining since 2000 and actually lost a net of 200 jobs in 2005. If this rate of decline continues in government and the education and health sector can continue even 2 percent growth in 2006, it will surpass government as the largest source of jobs in the Spokane economy for the first time.

Key issues affecting this sector in 2005 included:

- Determination by the federal government not to change the status of the Fairchild Air force base.
- Layoffs of municipal employees in order to balance the city and county budgets.
- Stable employment by the local school districts.
- According to the American Community Survey (ACS) of 2005, there are 48,615 veterans living in Spokane County⁶.

⁵ http://www.workforceexplorer.com/admin/uploadedPublications/6774_Wave8_by_WDA.xls

⁶ http://factfinder.census.gov/servlet/ADPTable?_bm=y&-geo_id=05000US53063&-qr_name=ACS_2005_EST_G00_DP2&-ds_name=ACS_2005_EST_G00_&-_lang=en&-redoLog=false&-_sse=on

POPULATION, LABOR FORCE, AND UNEMPLOYMENT

Population

The Office of Financial Management estimated the population of Spokane County in 2005 at 436,300⁷. That represents about a 1 percent annual growth rate and came from an almost even split between in migrations and internal growth. The OFM also estimated that the city of Spokane, which contains about 46 percent of the county's population, was the second most populous city in Washington but 27 other cities have higher population densities than Spokane⁸.

Age

Spokane continued to loose population in most young age groups and saw the most growth in the age group between 60 and 64 years old. Since last year, Spokane added 6 months to its average age of 41 years old with about 8,000 more women than men⁹.

Race and Ethnicity

According to estimates by the Office of Financial Management for Washington State in 2004, Spokane went from 81.9 percent of the population claiming "white" as their primary race in 2000 to 92.2 percent in 2004. While populations of all minority groups increased, they increased at a slower rate than among "whites". According to the 2000 census, minorities in Spokane experienced an average unemployment rate of 14.7 percent, while unemployment for "whites" was estimated at 7.4 percent¹⁰. About 2.3 percent of the resident population over the age of 5 responded that they speak English less than "very well" to a survey by the U.S. Census Bureau in 2005. The number of foreign-born residents was 5.6 percent of the population.

Disabilities

The U.S. Census estimated that in 2005, 65,436 non-institutionalized people in Spokane County had some sort of disability. Of those, 39,701 were between 16 and 64 years old and therefore potentially part of the labor force¹¹.

Educational Attainment

According to the American Community Survey of the U.S. Census Bureau, the Spokane labor force was significantly more educated in 2005 than they were in 2000¹². While the percentage of people in Spokane over 25 years old without a high school diploma decreased from 10.9 percent in 2000 to 8.9 percent in 2005, the number with a master's degree or a PhD went from 8.7 percent to 9.7 percent.

Labor Force and Unemployment

Unemployment for Spokane County in 2005 averaged 5.7 percent for most of the year, with only slight seasonal variations¹³. While the rate has been lower, it has never had less seasonal variance over the year. This combined with the increase in average wages by 2.97 percent over 2004 to \$32,576¹⁴ and the complaint by several employers that they were having trouble finding qualified applicants for open positions meant that the region was close to full employment.

Poverty

- According to the American Community Survey (ACS), 14.5 percent of all residents of Spokane County had incomes below the poverty level at least one month out of 2005.
- In the 2000 Census, that number was 12.3 percent.
- Also according to the ACS, 46.5 percent of single mothers with children under the age of 5 had incomes below the poverty level¹⁵.

⁷ <http://www.ofm.wa.gov/pop/april1/finalpop2006.xls>

⁸ <http://www.ofm.wa.gov/popden/citydensity.xls>

⁹ <http://www.ofm.wa.gov/pop/coagemf/spokane.pdf>

¹⁰ http://www.workforceexplorer.com/admin/uploadedPublications/731_AAI_ResLabForC02.xls

¹¹ http://factfinder.census.gov/servlet/ADPTable?_bm=y&-geo_id=05000US53063&-qr_name=ACS_2005_EST_G00_DP2&-ds_name=ACS_2005_EST_G00_-&-lang=en&-redoLog=false&-sse=on

¹² http://factfinder.census.gov/servlet/ADPTable?_bm=y&-geo_id=04000US53&-qr_name=ACS_2005_EST_G00_DP2&-ds_name=ACS_2005_EST_G00_-&-lang=en&-redoLog=false&-sse=on

¹³ http://www.workforceexplorer.com/admin/uploadedPublications/1886_laus_historical.xls

¹⁴ http://www.workforceexplorer.com/admin/uploadedPublications/6853_2005_AA_Pub.xls

¹⁵ http://factfinder.census.gov/servlet/ADPTable?_bm=y&-geo_id=05000US53063&-qr_name=ACS_2005_EST_G00_DP3&-ds_name=ACS_2005_EST_G00_-&-lang=en&-redoLog=false&-sse=on

The Regional Economy

- 4 percent or 48,000 trips originating in Spokane County ended up in Kootenai County.
- 5 percent or 13,000 trips originating in Kootenai County, Idaho had Spokane County destinations.
- 21 percent of those trips were for commuting to work or work-related trips.
- Results of the 2000 Census showed there were 8,190 workers living in Kootenai County who commuted to jobs in Spokane County.
- The mean commute time for workers driving to work in 2005 was 20.2 minutes.
- Ten thousand four hundred and twenty-nine workers worked from home¹⁷.

OCCUPATIONAL EMPLOYMENT

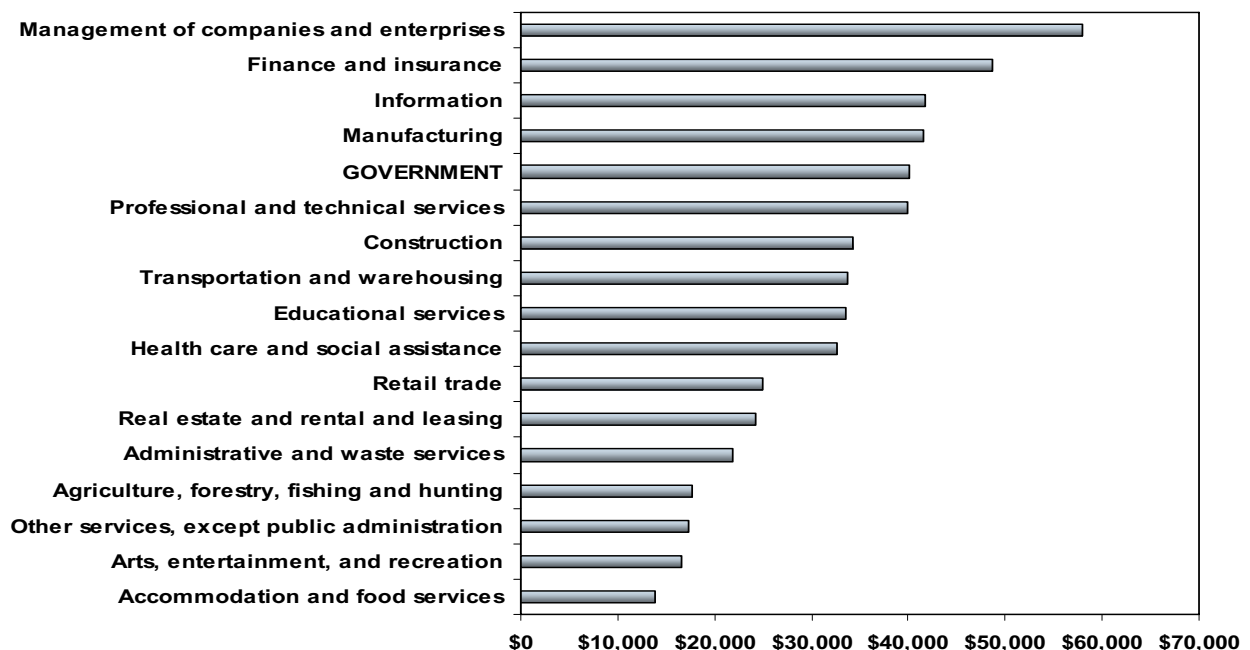
- Employment by young people under the age of 25 was concentrated in retail trades, food and beverages establishments and the arts and recreation sector.
- In most cases, job openings in these sectors in 2005 offered little more than minimum wage.
- The occupations with the most employees were led by office workers followed by sales and marketing occupations.
- On a percentage basis, Spokane had more employees in these categories than the state or national average.
- The occupational grouping which Spokane differs most from the State or the Nation is in the area of healthcare practitioners and technicians. Spokane is about 25 percent higher than the nation and 33 percent higher than the state in the fraction of its workforce that is employed in these occupations.
- The occupation which Spokane has the smallest proportion of its labor force in is management. Nationally there is one out of every 18 workers is a manager. In Spokane, one out of every 36 employees is a manager.
- Occupations which experienced the highest rise were related to the construction trades and associated manufacturing.

WAGES AND INCOME

Average Annual Wages

- The county's 2005 average annual wage was \$32,576, below the state average of \$40,705.
- Average annual wages rose 2.97 percent over the year.
- Both the highest and lowest paying 20,000 jobs paid 24 percent more in 2004 than they did in 1990.
- For the highest paying jobs that meant a raise of \$10 while for the least paying jobs that meant a raise of \$1.46.

2005 Average Annual Wage by Industry for Spokane County



source: www.workforceexplorer.com

¹⁷ http://www.kmpo.net/Data_Publications/highlights-spokane-kootenai_2005_household.pdf#search=%22spokane%20kootenai%20commuting%22

Personal and Per Capita Income

- In 2005, the estimated per capita income for Spokane County was \$22,174¹⁸.
- Estimated personal income for Spokane County in 2005 was \$12,828 million above the \$12,212 of 2004¹⁹.
- The same survey estimates the per capita personal income at \$29,107 for 2005.

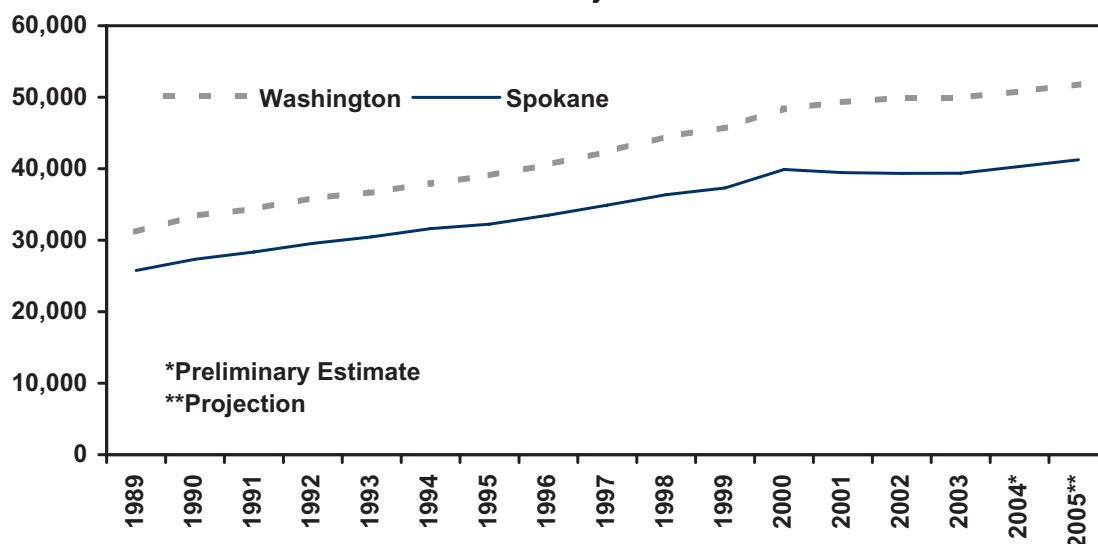
Personal Income Data	2002	2003	2004
Personal income	11,313,950	11,576,259	12,212,265
Population (persons)	426,976	430,813	435,146
Per capita personal income (dollars)	26,498	26,871	28,065
Earnings by place of work	8,603,107	8,926,372	9,499,589
less: Contributions for government social insurance	1,073,450	1,124,870	1,200,307
Employee & self-employed contrib. for govt. soc. ins.	489,169	506,745	541,286
Employer contributions for govt. social insurance	584,281	618,125	659,021
plus: Adjustment for residence	-371,193	-393,071	-404,681
equals: Net earnings by place of residence	7,158,464	7,408,431	7,894,601
plus: Dividends, interest, and rent	2,056,487	1,969,722	2,046,258
plus: Personal current transfer receipts	2,098,999	2,198,106	2,271,406
Wage and salary disbursements	6,436,948	6,647,578	6,996,311
Supplements to wages and salaries	1,476,518	1,587,363	1,736,957
Employer contrib. for employee pension & insur. funds	892,237	969,238	1,077,936
Employer contributions for govt. social insurance	584,281	618,125	659,021
Proprietors' income	689,641	691,431	766,321
Farm proprietors' income	4,999	9,622	10,362
Nonfarm proprietors' income	684,642	681,809	755,959
Farm earnings	12,824	17,884	18,861
Nonfarm earnings	8,590,283	8,908,488	9,480,728
Private earnings	6,811,898	7,043,393	7,520,924

Per Capita Income	2002	2003	2004
U.S.	\$30,810	\$31,484	\$33,050
State	\$32,549	\$32,882	\$35,041
Spokane	\$26,498	\$26,871	\$28,065

Household and Family Income

- The estimated Median Household Income for Spokane in 2005 was \$41,244²⁰.
- That represents a 2.3 percent rise above the prior year's estimate.

Median Household Income Estimates for Washington and Spokane County
1989 to 2004 and Projection for 2005



¹⁸ http://www.workforceexplorer.com/admin/uploadedPublications/6853_2005_AA_Pub.xls

¹⁹ <http://www.bea.gov/bea/newsrelarchive/2006/mpi0906.xls>

Note: The Bureau of Economic Analysis (BEA) counts more sources of income in estimating "personal income" than the American Community Survey (ACS) uses in its estimates of "per capita income".

²⁰ <http://www.ofm.wa.gov/economy/hhinc/medinc.xls>

County Resource List

Washington State Employment
Security Department
www.wa.gov/esd

Spokane Area Workforce Development
Council
808 W. Spokane Falls Blvd.
Room 606 City Hall,
Spokane, WA 99201
(509) 625-6210
admin@wdcspokane.com

Spokane Regional Chamber of Com-
merce
801 W. Riverside, Suite 100
Spokane, WA 99201
(509) 624-1393
www.spokanechamber.org
rhadley@chamber.spokane.net

Spokane Area Economic Development
Council
801 W. Riverside, Suite 302
Spokane, WA 99201
(509) 624-9285
www.spokaneedc.org
jeliassen@spokaneedc.org

Spokane Valley Chamber of Commerce
8817 E. Mission, Suite B
Spokane, WA 99212
(509) 924-4994
www.spokanevalleychamber.org
eldonna@spokanevalleychamber.org

West Plains Chamber of Commerce
201 First Street
Cheney, WA 99004
(509) 235-8480
www.westplainschamber.org
chamberoffice@westplainschamber.org

Deer Park Area Chamber of Commerce
PO Box 518
Deer Park, WA 99006
(509) 276-5900
www.deerparkchamber.com
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AREA POPULATION	2002	2003	2004	2005	2006
U.S.	287,812,000	290,656,000	293,540,000	296,383,000	299,101,114
Washington State	6,041,710	6,098,300	6,167,800	6,256,400	6,375,600
Metropolitan Divisions	3,127,310	3,150,500	3,177,100	3,220,000	3,280,600
Metro Area	2,132,300	2,161,500	2,196,900	2,231,700	2,278,400
Micropolitan Areas	533,600	537,800	543,900	551,700	560,100
Rural Counties	248,500	248,500	249,900	253,000	256,500
Spokane County	425,600	428,600	432,000	436,300	443,800



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