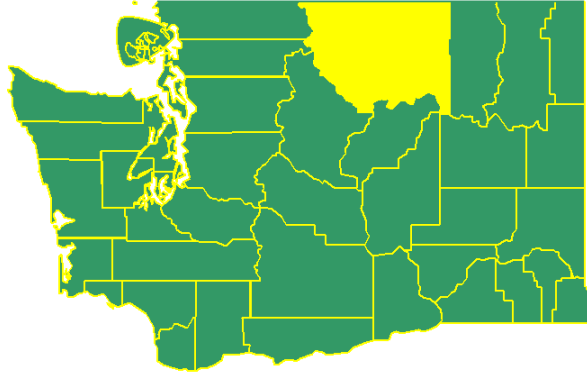


The Okanogan County Labor Economy (February 2003)



Prepared April 17, 2003

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Nonagricultural Employment

Over the month of February 2003 total nonagricultural employment in Okanogan County retrenched by 170 jobs, a 1.5-percent contraction (see Table 1). Nonagricultural employment now stands at approximately 10,890 jobs in Okanogan County. Conversely, Washington's non-adjusted wage and salary employment grew by 2,300 in February, an increase of less than 0.1-percent. Washington's gains occurred in professional and business services (+2,000), education and health services (+2,700), and government (+4,200). Losses were concentrated in manufacturing (-2,100) and retail trade (-5,900).

Figure 1 plots over-the-year total nonagricultural employment change rates in Okanogan County and in Washington for the last six months of 2002 and the first two months of 2003. Statewide, the job-growth pace was in the negative column until December 2002 when job gains matched job losses. Then, in January and February of this year, Washington's labor economy started to turn the corner. Over-the-year job growth rates weighed in at a positive 0.5-percent for each of these months. This is certainly not a dramatic improvement, but when one considers that Washington lost jobs from May 2001 until December 2002, it is a step in the right direction. The economy in Okanogan County began to show some strengthening in the 4th calendar quarter of 2002 versus the corresponding quarter in 2001, as the job growth rates in Figure 1 illustrate. Over-the-year total nonagricultural job growth moderated somewhat in the first two months of 2003. Growth rates are still positive. The cause for concern in the most recent employment comparisons is that job growth is not diversified amongst various industries. Only local government (i.e., tribal, city, county, etc.) is hiring new workers.

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Figure 2 depicts that in the last three months of 2002, total nonagricultural employment in Okanogan County surpassed levels for corresponding months of 2001. This expansion continued into 2003. By February 2003, total nonagricultural employment was 70 jobs higher than in February 2002, a moderate upturn of 0.6-percent. However as mentioned in the previous paragraph, all of this growth has been in local government (i.e., tribal, city, county, etc.), which added 280 jobs over the year. Private sector employment has not fared well. There are 190 fewer private sector jobs this February than in February 2002. Losses were spread throughout the combined category of natural resources, mining, utilities, and construction (-40), as well as manufacturing (-40) and services (-70).

	Feb 2003 ¹	Jan 2003	Feb 2002	CHANGE ³		% CHANGE	
				Jan 03 Feb 03	Feb 02 Feb 03	Jan 03 Feb 03	Feb 02 Feb 03
TOTAL NONFARM²	10,890	11,060	10,820	-170	70	-1.5%	0.6%
TOTAL PRIVATE	5,400	5,490	5,590	-90	-190	-1.6%	-3.4%
NATURAL RESOURCES, MINING, UTILITIES, AND CONSTRUCTION	490	570	530	-80	-40	-14.0%	-7.5%
MANUFACTURING	150	160	190	-10	-40	-6.3%	-21.1%
WHOLESALE TRADE	270	210	270	60	0	28.6%	0.0%
RETAIL TRADE	1,460	1,490	1,470	-30	-10	-2.0%	-0.7%
TRANSPORTATION and WAREHOUSING	150	160	150	-10	0	-6.3%	0.0%
INFORMATION, FINANCE, INSURANCE, AND REAL ESTATE	350	350	380	0	-30	0.0%	-7.9%
SERVICES	2,520	2,570	2,590	-50	-70	-1.9%	-2.7%
Health Services and Social Assistance	1,010	1,000	1,020	10	-10	1.0%	-1.0%
Accommodation and Food Services	910	940	910	-30	0	-3.2%	0.0%
GOVERNMENT	5,490	5,560	5,230	-70	260	-1.3%	5.0%
Federal Government	420	420	420	0	0	0.0%	0.0%
State Government	290	290	300	0	-10	0.0%	-3.3%
Local Government	4,780	4,850	4,500	-70	280	-1.4%	6.2%
Workers in Labor Disputes	0	0	0	0	0	XXX	XXX

¹ Preliminary employment estimates.
² Excludes proprietors, the self-employed, members of the Armed Services, unpaid family members, workers in private households, and agricultural workers. Includes all full and part-time wage and salary workers receiving pay during the pay period including the 12th of the month, by place of work.
³ Differences in industry employment of 20 or less may not be significant due to rounding.

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Figure 1
OKANOGAN COUNTY versus WASHINGTON STATE:
OVER-THE-YEAR (OTY) ACTUAL and PROJECTED EMPLOYMENT CHANGE RATES
(Prepared April 15, 2003)

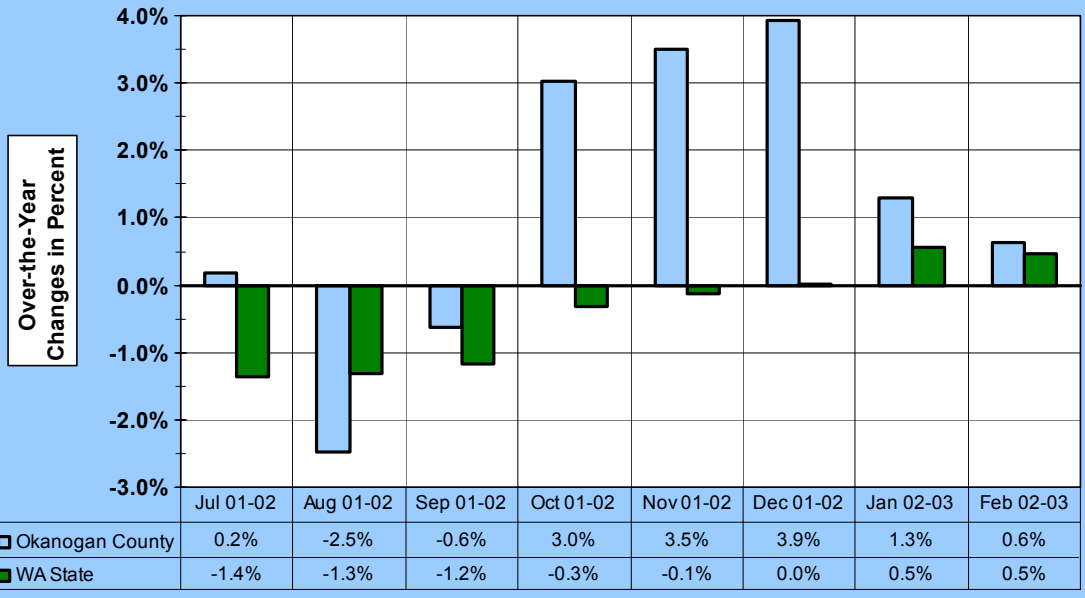
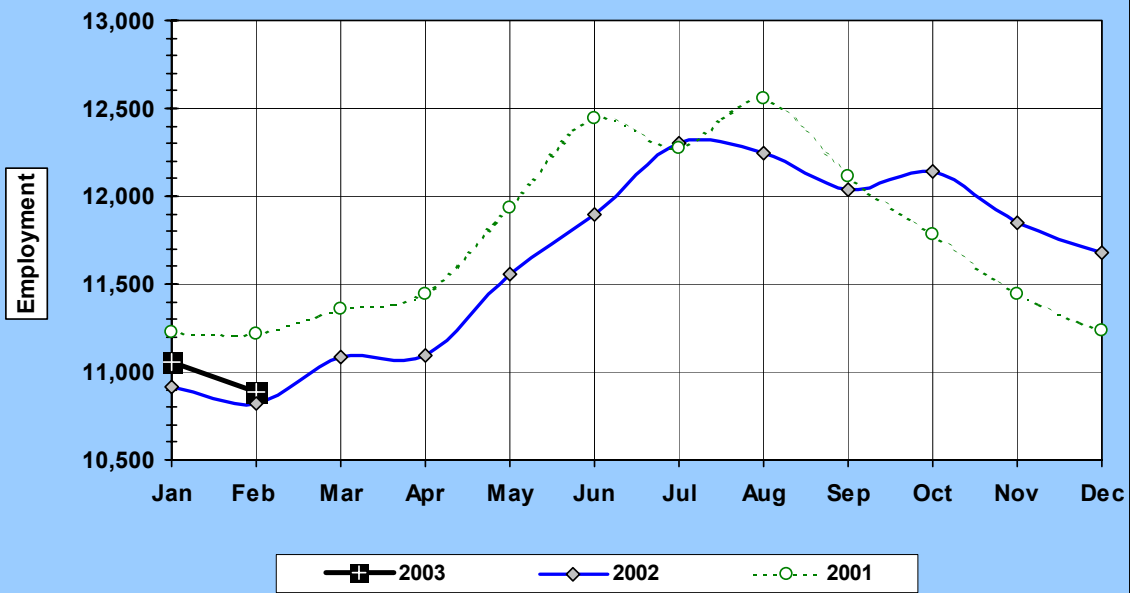


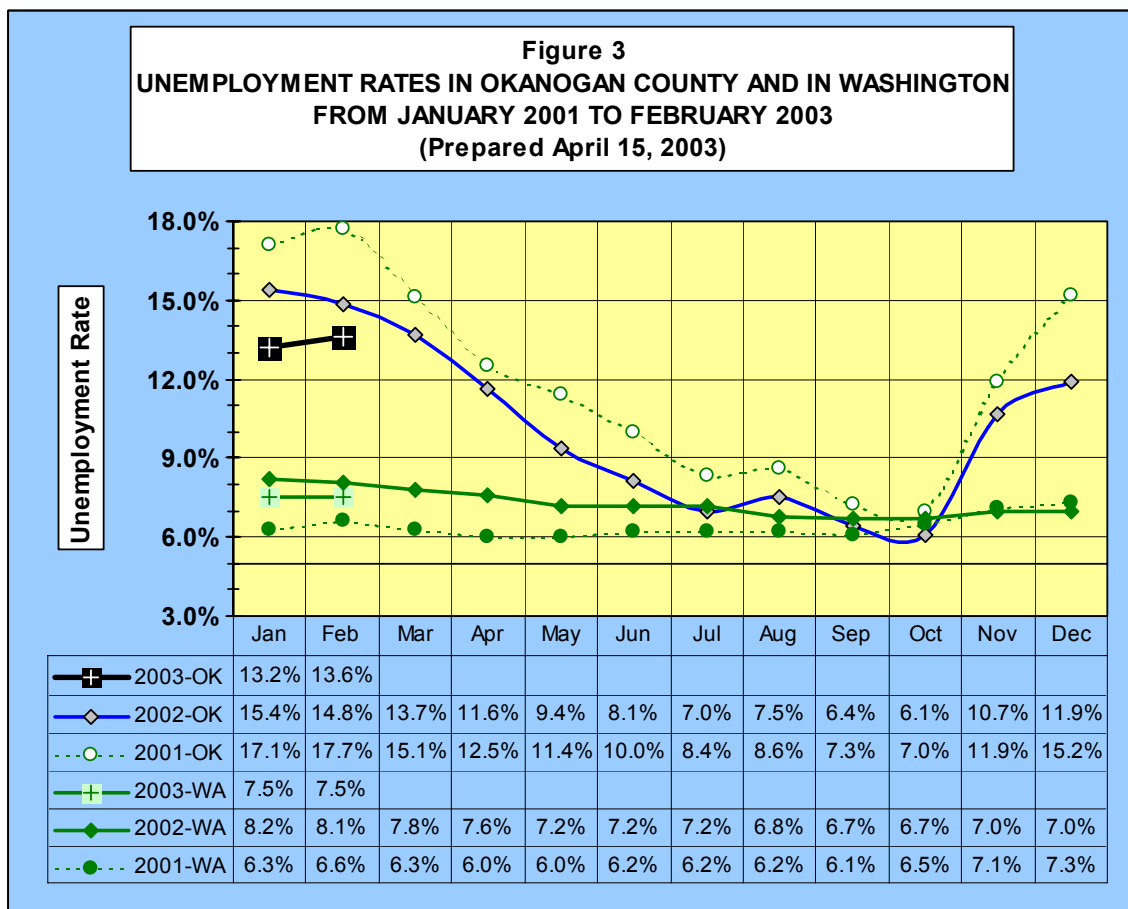
Figure 2
OKANOGAN COUNTY: COMPARISON OF TOTAL NONAGRICULTURAL
EMPLOYMENT FROM JANUARY 2001 TO FEBRUARY 2003
(Prepared April 15, 2003)



Unemployment

The unemployment rate in Okanogan County rose four-tenths of a percentage point to 13.6 percent over the month of February 2003 (see Figure 3). A 170-job contraction in nonagricultural employment between January and February 2003 (from an estimated 11,060 to 10,890) and a moderate 70-person increase in the number of unemployed (from 2,330 to 2,400) primarily caused this monthly-upturn in the rate.

Okanogan County's February 2003 unemployment rate declined 1.2-percentage points over the year, to the current reading of 13.6 percent, a good economic indicator. This February the number of "unemployed" in Okanogan County stood at 2,400 people, only 100 below the February 2002 level of 2,500. Nonagricultural employment advanced slightly by 70 jobs, a 0.6-percent improvement. Preliminary estimates indicate that there is roughly the same number of agricultural jobs in the county this February as last. However, the number of employed Okanogan County residents, according to resident labor force estimates, grew 6.3 percent between February 2002 and February 2003 (from 14,390 to 15,300, respectively). It appears that the number of people, who reside here but work outside Okanogan County, is rising. Thus, one notes little over-the-year, agricultural and nonagricultural job-growth inside the county, while observing a 6.3-percent rise in "employment" in the resident labor force.



Resident Labor Force (RLF) and Population Changes

Figure 4 illustrates that the decline in size of the resident labor force in Okanogan County over the last five years has been nothing short of abysmal. In 1997 there were 23,440 people in the labor force. In 2002 this figure plummeted to 18,930, a 19.2-percent contraction over this five-year inclusive period. Thus, the labor force shrank at an annual rate of 4.2 percent. The decline is primarily attributed to a slow regional economy that caused some residents to leave the area for jobs elsewhere. It is also likely the number of discouraged workers rose in Okanogan County during this timeframe. These people still reside in the county but have given up searching for work and hence are no longer counted in the labor force numbers. Further, census data substantiates that between 1990 and 2000 many residents between the ages of 21 and 44 left the county, while the number of retirees settling/returning here grew dramatically. Population increased slightly from 38,286 in 1997 to 39,800 in 2002, a modest annualized growth rate of 0.8-percent.

Between 2001 and 2002 the mad dash of workers out of Okanogan County began to subside. The resident labor force dipped nominally from an annual average of 18,950 people in 2001 to an annual average of 18,930 people in 2002. When one couples this recent trend with the fact that the labor force grew between February 2002 and February 2003 (see Paragraph 2 on Page 4), it could signal that the exodus of workers out of Okanogan County is drawing to a close.

