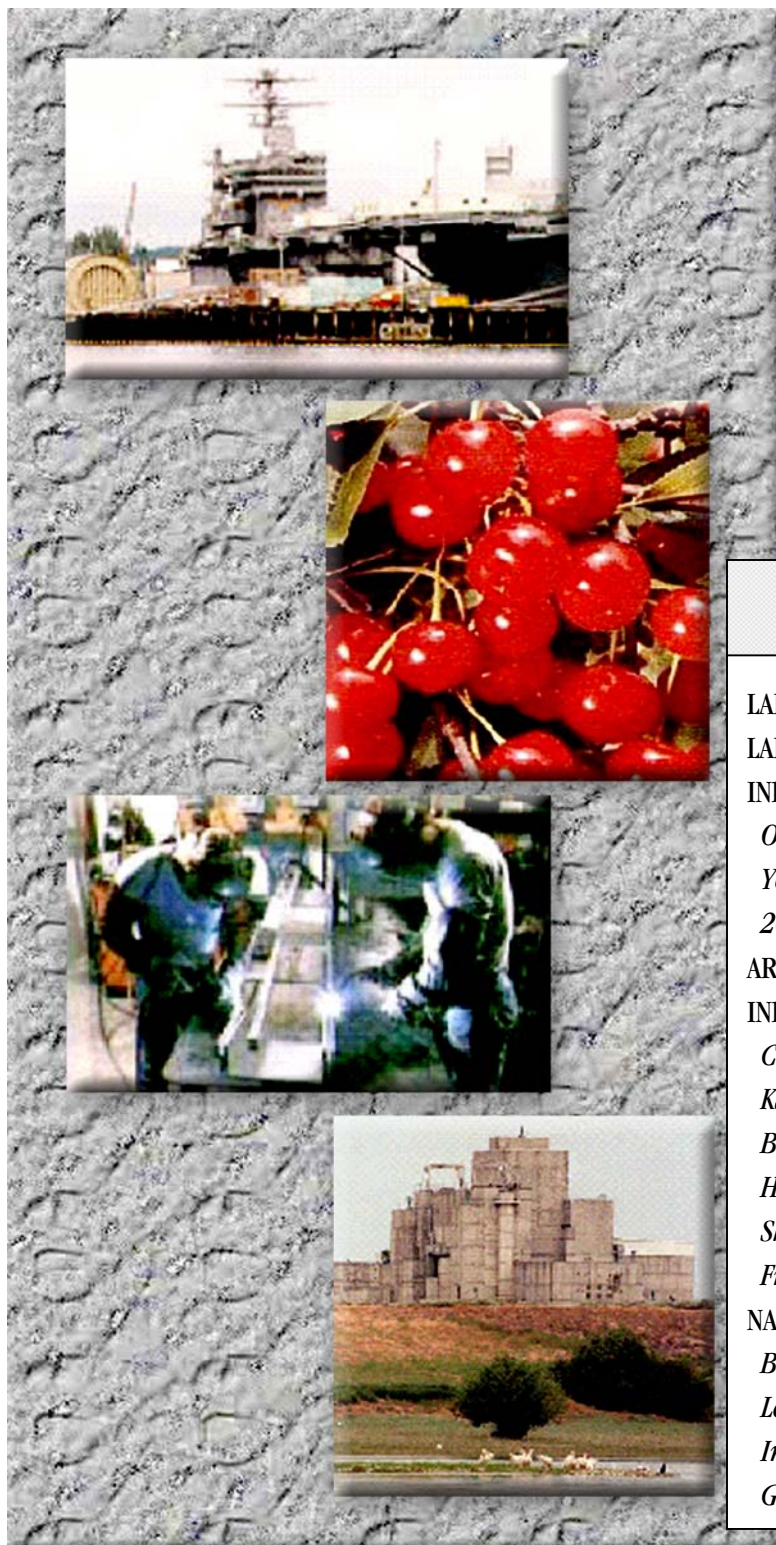


Washington Labor Market



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Washington State
Employment Security

LABOR MARKETS LAG

The national economic recession is being declared over by some almost as quickly as it was announced to have begun. Based on a number of national economic indicators, namely the Index of Leading Economic Indicators, that may well be the case. Labor market indicators have not, however, borne positive news and for this reason: Labor market recovery typically lags economic recovery. Viewed thusly, January's tepid labor market numbers should not be regarded as inconsistent with reports that the national economy is starting to pull out of recession. The recession began because of an imbalance between supply and demand that saw the former outstrip the latter. Producers of goods and services responded by slashing output. Producers, as employers, curbed output by trimming the work force. Now that inventory (supply) has been pared, producers are slowly reviving output. While that should moderate the pace and magnitude of job cuts, it will not necessarily translate into renewed hiring. For one thing, labor productivity (output per hours worked) remains high, which means that there may be weak demand for additional workers even as demand for goods and services rebounds. Labor demand will only come when productivity numbers stall or start to decline. Neither the state nor national economies are at that point. Consequently, economic indicators will show a national economy in recovery, but there will not be commensurate recovery in labor markets for some time. Inasmuch as Washington's economic recovery is expected to be somewhat behind that currently being witnessed nationally, its labor market recovery will be postponed that much longer.

LABOR FORCE AND UNEMPLOYMENT

Washington's seasonally adjusted unemployment rate rose one-tenth of one percentage point to 7.5 percent in January. This followed a three-tenths of one percentage point upward revision to the December rate. The upward revision came as a result of an annual process called benchmarking, in which prior monthly survey numbers are adjusted based on additional information that was not previously available. In contrast, the seasonally adjusted national rate fell two-tenths of one percentage point over the month to 5.6 percent, though that was largely attributed to individuals dropping out of the labor force and not necessarily to an improving labor market. Washington's not seasonally adjusted unemploy-

ment rate rose nine-tenths of one percentage point in January to 8.2 percent following a three-tenths of one percentage point revision to the December rate.

Over the month, all but two Washington counties saw their unemployment rates rise, not surprising given that jobless rates tend to peak around January or February. The biggest jump was two and a half percentage points in Ferry County. San Juan and Klickitat counties also saw their jobless rates increase two percentage points or more. At the other end of the spectrum, the jobless rate actually fell in two counties—Pacific and Lewis—though not much.

Over-the-year changes in unemployment rates provide a good deal of insight into the labor market softening that has occurred statewide. For instance, the state's largest counties experienced some of the most severe labor market deterioration over the year—Snohomish with a jobless rate that was up three and a half percentage points, King not far behind at nearly three percentage points, and Pierce at more than two percentage points. Interspersed with the central Puget Sound counties with year-over-year jobless rates up from two and a half to three and a half percentage points were counties representing southwest Washington—Cowlitz, Clark, and Wahkiakum. Still, only half of Washington's counties saw their jobless rates increase over the year, which means that the other half saw their jobless rates fall. All were rural counties from both sides of the Cascades. Leading the pack were Columbia, Adams, Franklin, and Ferry with jobless rates that were down two percentage points or more over the year. The significance, though, of the half that saw increases—and the reason it showed up so clearly at the state level—was that it encompassed the state's largest labor market areas.

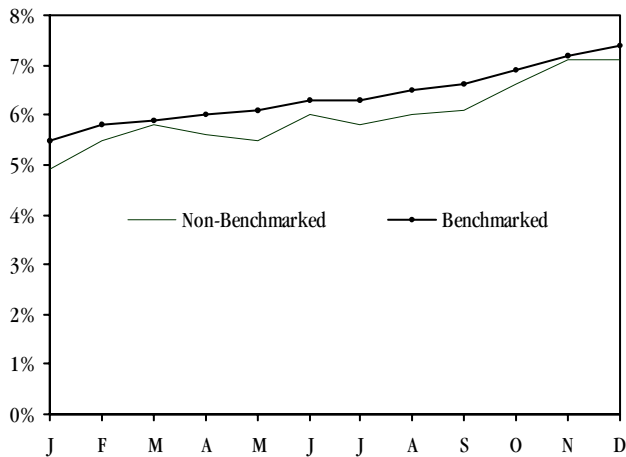
At more than twice the statewide average, Klickitat County (17.1 percent) and Adams County (16.8 percent) had the highest unemployment rates among Washington counties as 2002 got underway. Another dozen Washington counties had jobless rates in double digits, which put more than a third of all counties in that column. The general characteristics of the counties were that they were exclusively rural, resource-dependent areas tied to industries such as agriculture, logging and lumber, food processing, and aluminum smelt-

ing. The lowest unemployment rate in January was Whitman County at 2.9 percent followed by Asotin County at 6.0 percent. Additionally, while the state's western metropolitan counties experienced some of the most significant over-the-year jumps in unemployment rates, they still boast some of the lowest jobless rates among Washington counties as well as jobless rates below the state average.

Benchmarking. The notable three-tenths of one percentage point upward revision to the December 2001 unemployment rate resulted from a process called "benchmarking." Benchmarking is an annual revision process used by the Bureau of Labor Statistics and the state to update monthly labor force and employment estimates. The labor force data provided each month are estimates developed from sample data. Annually, when more complete sample data such as employment by industry and Unemployment Insurance claims become available, the monthly estimates are revised. Consequently, as industry employment is updated, labor force statistics also get updated. This review and update process is extensive and affects historical data, in this case the twelve months of 2001.

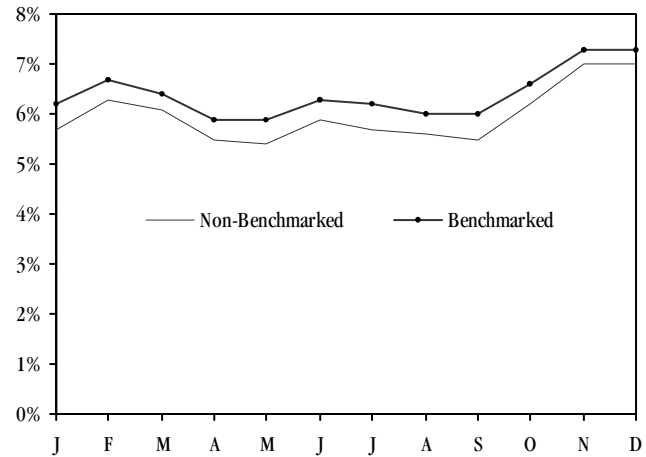
Figures 1 and 2 reveal the results of the benchmarking process on both the seasonally adjusted and not seasonally adjusted monthly unemployment rates in Washington in 2001. Benchmarking moves some monthly estimates upward and some downward. In 2001, however, benchmarking caused an upward revision in every month in both the seasonally adjusted and not seasonally adjusted series. In the seasonally adjusted series, those revisions ranged from as little as one-tenth of one percentage point to as much as six tenths of one percentage point. In the not seasonally adjusted series, the revisions were in a narrower band from three-tenths to five-tenths of one percentage point. Ultimately, though, Washington's monthly jobless rates were higher in 2001 than first estimated.

**Figure 1 Seasonally Adjusted
Unemployment Rates, Washington, 2001**



Source: Employment Security Department

**Figure 2 Not Seasonally Adjusted
Unemployment Rates, Washington, 2001**



INDUSTRY DEVELOPMENTS

Over the Month

Washington's nonfarm employment fell 57,100 jobs or 2.2 percent over the month. Manufacturing shed 6,500 jobs with food and kindred products and lumber and wood products pulling back seasonally by 1,400 and 800, respectively. Larger atypical losses included the 1,300 in transportation, mainly aircraft and parts (-1,100), and the losses of 300 to 500 in printing and publishing, industrial machinery and computer equipment, textiles, electronic equipment, and pulp and paper. Construction pulled back seasonally by 8,400 jobs. Retail trade was down 18,900 jobs with eating and drinking (-4,700) and general merchandise (-4,300) accounting for nearly half of the loss. Apparel, food stores, building materials and garden supplies, and automotive dealers and service stations combined for a loss of another 4,000 jobs. Services shed 13,700 jobs, including 5,700 in business services. Computer and data processing (+800) was not, however, part of the business services contraction. Health services (+100) was up as well. Transportation, communications, and utilities was down 4,300 jobs while finance, insurance, and real estate lost 1,100. Government was down 1,300 jobs with losses of 1,200 and 700 in the federal and local sectors, respectively, more than offsetting the 600 jobs gained in the state sector.

Year-Over-Year

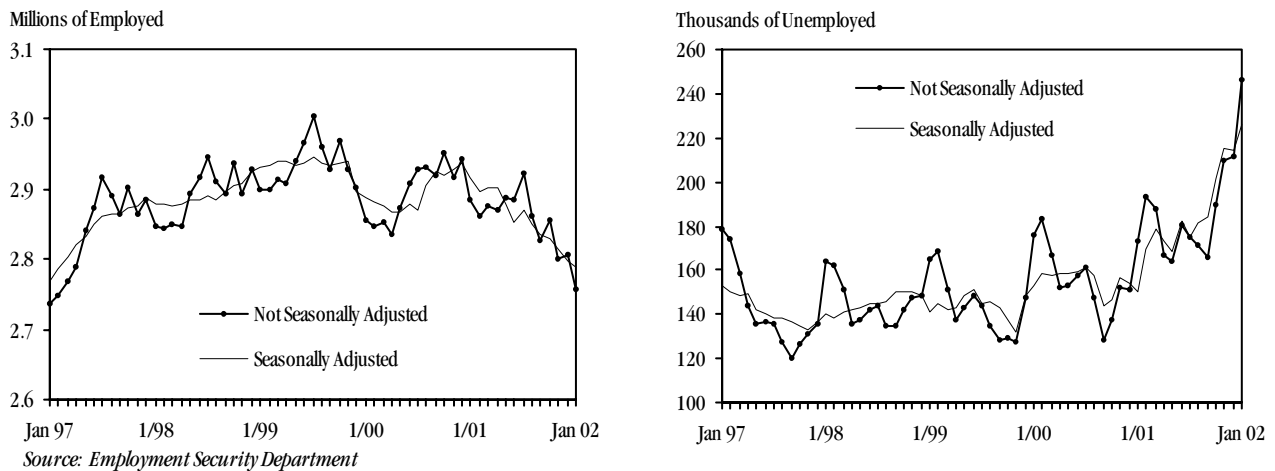
Washington's nonagricultural wage and salary employment adjusted in collaboration with the Office of the Forecast Council fell by 63,700 jobs or 2.3 percent from January 2000 to January 2001. Manufacturing shed 31,900 jobs over the year with three-fourths of the losses coming in durable goods and the balance in nondurable goods. Manufacturing losses were greatest in transportation equipment with 5,000 of the sector's 6,800-job loss tied to aircraft and parts specifically. Major job losses were also seen in electronics, food processing, industrial machinery and computer equipment, primary metals, and lumber and wood products—all of which were down 2,000 or more over the year. Primary metals and electronics were the hardest hit in percentage terms with their ranks down 27 percent and 23 percent, respectively. Construction was down 13,700 jobs. Wholesale and retail trade lost 12,700 jobs with the two sectors sharing the losses almost evenly. Services shed 16,100 workers as gains of 7,300 in health services and 4,100 in educational, social, and engineering and management services were offset by the loss of 20,600 in business services (including 8,500 in computer and data processing). Transportation, communications, and utilities was down 9,500 jobs. Finance, insurance, and real estate was up 5,500 jobs with a 3,700 gain in finance representing the greatest share. Government was up 15,200 jobs with state and local education responsible for just over half of that increase.

2002-03 Forecast Revised

Based on new data, the Office of the Economic and Revenue Forecast Council (OFC) downwardly revised its nonagricultural wage and salary employment projections for 2002 and 2003. In its quarterly forecast for November 2001, the OFC predicted that nonfarm employment would decline 0.8 percent in 2002 and climb 0.9 percent in 2003. Based on the recently generated February 2002 forecast, the OFC now believes that 2002 will reveal a more significant decline of 1.3 percent in 2002 and a more robust increase of 1.4 percent in 2003. The downward revision to the 2002 forecast was driven in large part by lower than expected growth in employment and wages in the fourth quarter of 2001.

Washington State Total Resident Employment and Unemployment

January 1997-January 2002



AREA TRENDS

Not seasonally adjusted unemployment rates in Washington typically experience their biggest jump around this time of year. That was evident in the nine-tenths of one percentage point jump in the statewide jobless rate from December 2001 to January 2002. There was one notable difference, however, between this year's December-January bump up compared to those of the recent past. The seasonal run-up is usually twice as pronounced in eastern Washington and timber-dependent Washington compared to western Washington and metropolitan Washington due to the predominance of weather-affected economic activities among the former. This time around, however, the run-up was roughly comparable from region to region, reflecting the greater than average labor market softness in metropolitan Washington in particular. Nevertheless, jobless rates in timber-dependent and eastern Washington were the highest in absolute terms in January 2001 at 10.9 percent and 10.6 percent, respectively. At those levels, their jobless rates were roughly three percentage points higher than those in western and metropolitan Washington.

Underscoring the metropolitan influence on Washington's labor market softness, the year-over-year numbers posted by region show that Washington's unemployment rate was up two full percentage points from January 2001 to January 2002. Western Washington and metropolitan Washington had the greatest impact on the state situation as their jobless rates were up two and a half percentage points over the year. Eastern Washington, meanwhile, saw its jobless rate rise

three-tenths of one percentage point from January to January while timber dependent Washington's unemployment rate was up five-tenths of one percentage point over the same period. These numbers clearly show that labor market softening in urban, metropolitan areas in particular did more to drive up the state's jobless rate than those in rural, non-metropolitan areas.

January and February are also the time of year when jobless rates tend to peak in Washington. Next month's data should reveal whether or not the 8.2 percent recorded in January turned out to be the peak.

Unemployment Rates by Geographic Areas State of Washington

Areas	Jan-02	Dec-01	Jan-01	Dec-00
Washington State Total	8.2%	7.3%	6.2%	4.9%
Metropolitan Areas	7.8%	6.9%	5.5%	4.4%
Log & Lumber Areas	10.9%	10.2%	10.4%	8.3%
All Western WA Areas	7.6%	6.8%	5.1%	4.1%
All Eastern WA Areas	10.6%	9.5%	10.3%	8.2%

Source: Employment Security Department

INDUSTRY NOTES

Chock Full O' Cherries

Cherry tree acreage in Washington expanded significantly over the past several years to reach 29,000 acres in 2001. That is being viewed as a sign that sweet cherries are solidifying their status as the "chosen" commodity among Washington fruit growers. Washington is already the nation's top producer of sweet cherries (followed by California and Oregon with 25,000 acres and 16,450 acres, respectively) with its crop constituting just under half of the nation's total production. The 2001 crop came in at about 90,000 tons, about two-thirds of which was for the fresh market. The record for sweet cherry production in Washington is 98,000 tons in 1998. However, based on the anticipated yield from all the new tree plantings, sweet cherry production could nearly double in a few years.

This has considerable labor implications because cherry harvesting is currently the most labor-intensive tree fruit activity in Washington. It takes 20-30 workers per acre on average to harvest cherries compared to 7-9 workers for most apple varieties. Additionally, Washington's cherry harvest is compressed into a narrow timeframe of only 1 to 2 months. In 2000, this translated into nearly 15,000 cherry workers in the state in July. This labor situation has fueled fierce debate over the living situations of migrant and seasonal farm workers.

At the same time, the efficient, effective mechanical harvesting of cherries is moving steadily toward reality. If mechanical harvesting, sorting, and packing of cherries proves to be practical and is adopted on a large scale by the industry, the labor implications would be dramatic. Some sites in Washington are already testing a machine that harvests stemless cherries. Additionally, machines currently exist that can color sort and package stemless cherries at a rate of 70-80 per second, 24 hours a day, seven days a week. These machines are expensive and their efficiencies have yet to justify their cost in an environment of available relatively cheap labor. However, if the imbalance between labor demand, on one hand, and labor supply and affordability, on the other, continues to grow, the cost differences between manual labor and machines could shrink. The longer-term outcome could be a state cherry industry that goes from one of the most labor-intensive to one of the least labor-intensive.

Kaiser Knocked Off Kilter

Kaiser Aluminum Corporation filed for protection under Chapter 11 of the Federal Bankruptcy Code on February 12. The move was driven in large part by its inability to make interest payments on near-term debt that was due at a time of unusually weak aluminum industry business conditions, depressed prices, litigation obligations, and a broad economic slowdown. The convergence of these factors created the prospect of continued operating losses and negative cash flow, resulting in lower credit ratings and an inability to access the capital markets. The company did not make \$25.5 million in interest payments on February 1 and was in danger of default on payments due February 15. The company secured \$300 million in Debtor-in-Possession (DIP) financing from Bank of America to provide sufficient cash to fund its ongoing operations. It received interim

approval from the Bankruptcy Court to use up to \$100 million of the \$300 million DIP financing, together with existing invested cash, to continue operations, pay employees, and purchase goods and services, and pay money owed to vendors during its Chapter 11 case. The company stated that its production and shipment of bauxite, alumina, primary aluminum products, and fabricated aluminum products will continue without interruption. This bankruptcy filing was sobering news to Kaiser employees across Washington. The company's Tacoma and Mead aluminum smelter operations are already idled while its Trentwood aluminum rolling mill was operating at minimal output.

Boeing—Round Five

By the end of February, The Boeing Company shed roughly 15,000 workers, about half of the approximately 30,000 workers whose jobs were scheduled for elimination by June of this year. Not yet included in that number are the 60-day layoff warnings issued on February 15 to 1,766 more workers, including 1,269 in the Puget Sound region. That raises to approximately 20,700 and 12,800 the number of jobs potentially to be eliminated nationally and locally, respectively.

Hanford Cleanup Clipped

President Bush's fiscal year 2003 budget proposes to hold federal environmental management spending on nuclear waste cleanup at roughly \$6.7 billion in 2003. The money will be directed toward the Department of Energy's (DOE) Office of Environmental Management, which is charged with cleaning up environmental waste and contamination at sites where the Department and earlier government agencies tested and produced nuclear weapons or conducted nuclear energy research over the past 50 years. The Hanford Nuclear Reservation in central Washington is one of 114 sites the Office of Environmental Management is charged with cleaning up and restoring.

Within the defense-related cleanup category, however, funding reductions are being proposed at Hanford to reflect "support of higher priority activities" as the budget narrative puts it. In fact, the President's budget cited the history of problems managing the Hanford project and the fact that cleanup was behind schedule and \$6.8 billion or 13 percent over the original 1989 cost estimate. Perhaps not coincidentally, the President's FY 2003 budget proposal

for Hanford reflects a 13.1 percent reduction over FY 2002. That translates into a dollar reduction from \$2.38 billion to \$2.07 billion or \$311 million. Hanford activities covered by those reductions include the plutonium finishing plant, K-Basin, 233-S Facility, D and F reactor areas, 100 area, and the nuclear waste vitrification plant and storage facility.

Faced with possible reduction in their budgets, Hanford cleanup managers indicated that they were developing plans for tapping into the \$800 million Expedited Cleanup Account, which is a new proposal in the President's FY 2003 budget and which will be managed by the Office of Environmental Management.

Shipyard Secures Subs

Bremerton-based Puget Sound Naval Shipyard (PSNS) has been awarded half of a \$3.34 billion Navy contract to refuel and convert four nuclear-powered Trident submarines from platforms for long-range C-4 nuclear ballistic missiles to platforms for Tomahawk cruise missiles and special operations uses. Two of the four submarines—the U.S.S. Ohio and U.S.S. Michigan—will arrive from nearby Naval Submarine Base Bangor for their conversion work. Work on the U.S.S. Ohio will begin in November 2002 while that on the U.S.S. Michigan will begin in November 2003. Each of the conversion projects is expected to take three years. When their conversions are done, they will return to Bangor. The two other submarines—U.S.S. Florida and U.S.S. Georgia—are currently at Naval Submarine Base Kings Bay in Georgia and will have their conversion work done at Norfolk Naval Shipyard in Virginia. Once their conversion work is done, they too will report to Naval Submarine Base Bangor. The conversion program came about following the signing of the second Strategic Arms Reduction Talks (START) treaty between the U.S. and Russia to draw down their respective nuclear weapons arsenals. Part of the U.S. response was to trim by half its fleet of eight Trident submarines at Naval Submarine Base Bangor, which will include the U.S.S. Florida and U.S.S. Georgia along with the U.S.S. Ohio and U.S.S. Michigan. The Navy opted, however, to convert the latter two to other conventional uses rather than decommission them.

Originally established as a naval station in 1891 and later designated a navy yard in 1901, PSNS is today the Pacific Northwest's largest naval shore facility and one of Washington's largest industrial sites. It encompasses 179

acres of land (with additional adjoining and non-adjoining lands including submerged land pushing the combined total to 660 acres) with 130 buildings (4.1 million square feet), six dry docks, and seven piers totaling 8,750 feet of deep water.

Naval Submarine Base Bangor was commissioned as a homeport for the nation's first squadron of Trident nuclear submarines in 1973. Prior to that, the Bangor facility was a U.S. Ammunition Depot, beginning service in 1942 during World War II and continuing on through the Korean and Vietnam conflicts.

Frosty February for State Sector

Washington Governor Gary Locke imposed a statewide hiring freeze on February 19 after learning that the revised State General Fund forecast for the 2001-03 biennial budget was \$21.0 billion—\$247 million less than forecast last November. This turned what had been a \$1.25 billion deficit two months ago into a deficit of more than \$1.5 billion in the \$23 billion 2001-03 biennial budget passed in June. The February 20 meeting of the State Caseload Forecast Council pushed the deficit to \$1.6 billion based on its estimate of rising school enrollment, social service caseloads, and prison populations that will exceed what is currently budgeted by \$100-\$150 million. It should be noted that the hiring freeze does not apply to positions related to public safety, such as the Department of Corrections or the Washington State Patrol, nor does it apply to K-12 education. Higher education, however, is not exempt.

In addition to the statewide hiring freeze, Governor Locke ordered state agencies to freeze equipment purchases and restrict travel. Also being seriously considered by the Governor is an across-the-board 6 percent cut, which would save an estimated \$350 million, roughly the amount needed to cover new revenue and caseload forecasts. The Governor may also ask the Legislature to eliminate the 2.6 percent cost of living increase state workers are scheduled to get in July (he had already proposed delaying implementation of the increase for two months as a money-saving measure), as well as the 3.2 percent raise for teachers approved by voters in 2000 (which would require a two-third votes of the Legislature). Eliminating both would save about \$175 million in the next biennium.

NATIONAL INDICATORS

Bush's Budget— What's in Store for DOL

President Bush's FY 2003 federal budget proposes to reduce U.S. Department of Labor funding for training and employment services by consolidating 17 training programs into 9 by 2003. This would be realized in reductions from \$5.635 billion in actual spending on these programs in 2001 to \$5.457 billion in 2002 and then \$4.981 billion in 2003. This represents an 11.6 percent cut over the next two years—3.2 percent in 2002 and 8.7 percent in 2003. Among the programs to be eliminated or transferred are employment and training for migrant and seasonal farmworkers, employment and training services for veterans, programs to reintegrate young offenders, the National Skill Standards Board, and grants to train high-tech workers with fees from H1-B visas.

On another note, states will receive \$9.2 billion in excess Reed Act funds from the U.S. Treasury's Unemployment Trust Fund as soon as October 1, 2002. The funds can be used to expand UI benefits and services, enhance reserves in state UI trust funds, or cut employer payroll taxes. The proposal has its share of detractors, however, since the Labor Department wants states that get Reed Act funds to subsequently assume responsibility for administering their own UI programs—something that has been a 50-50 federal-state match. That caveat is a potential win or loss depending on the state. States whose UI tax collections are more than sufficient to cover UI program administration favor the plan; those whose tax collections are not, aren't.

President Bush is requesting \$511.1 million for the Bureau of Labor Statistics (BLS) in FY 2003, an increase of \$21.5 million over FY 2002. The 2,529 FTE in the FY 2003 request, however, is the same level as that for FY 2002. On the labor force statistics side, \$223 million has been budgeted to run the current program as well as several major BLS initiatives in FY 2003. BLS is collaborating with the Census Bureau to conduct the American Time-Use Survey. BLS will convert national, state, and area covered employment and wage data from the Standard Industrial Classification (SIC) system to the North American Industry Classification System (NAICS), which includes generating a 10-year historical time series. BLS will

complete the four-year phase-in of the Current Employment Survey (CES) sample redesign that will move the entire program to a probability sample design for the first time. BLS will also continue to improve the quality of estimates produced by the Local Area Unemployment Statistics (LAUS) program and develop the capability to produce additional demographic data at the local level.

Leading Index Impresses

According to The Conference Board, the U.S. Index of Leading Economic Indicators rose 0.6 percent to 112.2 in January 2002, marking the fourth consecutive month of improvement in the index. Moreover, the number of positive components within the index rose above 50 percent with six of the ten components now positive. The six positive indicators were vendor performance, index of consumer expectations, average weekly initial claims for unemployment insurance, building permits, money supply, and interest rate spread. The four indicators still revealing negative trends are average weekly manufacturing hours, stock prices, manufacturers' new orders for nondefense capital goods, and manufacturers' new orders for consumer goods and materials.

Among the labor market indicators in the U.S. Index of Coincident Economic Indicators and the U.S. Index of Lagging Economic Indicators were nonagricultural employment and average duration of unemployment, respectively. Although the index of coincident indicators was unchanged in January, nonagricultural employment was negative. The rate of decline, however, has been easing. Meanwhile, the index of lagging indicators was down 0.2 percent in January with average duration of unemployment up, which means it was negative.

Inflation at Bay

The U.S. Consumer Price Index for All Urban Consumers (CPI-U) was up 0.2 percent over the month in January and up 1.1 percent over the year, which suggests that inflation remains well under control. The Seattle-Tacoma-Bremerton CPI-U closed out 2001 by falling 1 percent from October to December. That is the largest October-December drop in the Seattle CPI-U in several years (it fell 0.2 percent in 1999 and 0.3 percent in 2000). Inflation also eased over the year as the Seattle CPI-U was up 2.5 percent in December 2001 compared to 4.1 percent and 3.0 percent in December

2000 and December 1999, respectively. Over the course of the year, inflation in the Puget Sound region was up 3.6 percent—a relatively high level and just a tad lower than the 3.7 percent posted in 2000.

On CPI-related side note, President Bush's FY 2003 budget includes additional funding for BLS's Prices and Living Conditions program, which publishes the Consumer Price Index (CPI), Producer Price Index (PPI), and U.S. Import and Export Price Indexes. In FY 2002, BLS will proceed with planning for continuous updating of the CPI, which historically takes place approximately every 10 years. The FY 2003 request includes \$5.9 million to modernize the computing systems for monthly processing of the PPI and U.S. Import and Export Price Indexes, and to make important improvements to both programs, such as annual weight updates to the U.S. Import and Export Price Indexes and experimental PPIs for goods and services that will provide the first economy-wide measures of changes in producer prices. The BLS request includes \$160.7 million and 1,097 FTE for the Prices and Living Conditions program.

GDP Points Up

Real gross domestic product grew at an annual rate of 1.4 percent in the fourth quarter of 2001 based on a preliminary estimate generated by the U.S. Department of Commerce's Bureau of Economic Analysis. This was more robust than the advanced estimate of 0.2 percent issued in January. This suggests that the U.S. economy as a whole is rebounding more nicely than anticipated from the -1.3 percent real GDP reported in the third quarter of 2001. Although the final estimate for fourth quarter will not be released until the end of March, the current 1.4 percent real growth rate is not much below the 1.9 percent posted in the fourth quarter of 2000; however, it is well below the 8.3 percent reported in the fourth quarter of 1999.

Based on the preliminary fourth quarter 2001 estimate, it was also reported that real GDP increased 1.2 percent in 2001, which was considerably lower than the 4.1 percent registered in 2000. What growth there was in 2001 was attributed to gains in personal consumption expenditures and government spending. The slowdown from 2000 to 2001 was tied to declines in private inventory investment, exports, and private fixed investment.

Consumer Price Index
(All Items, Urban Consumers, 1982-84 = 100,
Not Seasonally Adjusted)

	Indexes			% Change From	
	Jan-02	Dec-01	Jan-01	Dec-01	Jan-01
U.S. City Average	177.1	176.7	175.1	0.2%	1.1%
Seattle *	Dec-01	Oct-01	Dec-00	Oct-01	Dec-00
	186.1	187.9	181.5	-1.0%	2.5%

** The index for Seattle reflects prices in King, Pierce, Snohomish, Kitsap, Island, and Thurston counties.*

Source: U.S. Department of Labor, Bureau of Labor Statistics

Prepared by Gary Kamimura, Senior Economic Analyst

Nonagricultural Wage & Salary Workers in Washington State, Place of Work ¹

In Thousands, Not Seasonally Adjusted

	January 2002 (Prel)	December 2001 (Rev)	January 2001 (Rev)	December 2000 (Rev)	Numeric Change	
					Dec. 2001 to Jan. 2002	Jan. 2001 to Jan. 2002
Total Nonagricultural Wage & Salary Workers	2,612.0	2,669.1	2,675.5	2,749.0	-57.1	-63.5
Manufacturing	312.8	319.3	344.7	350.2	-6.5	-31.9
Durable Goods	217.6	221.3	241.6	244.7	-3.7	-24.0
Lumber & Wood Products	29.4	30.2	31.6	32.4	-0.8	-2.2
Logging	6.2	6.6	6.7	6.8	-0.4	-0.5
Sawmills & Plywood	20.0	20.4	21.6	22.1	-0.4	-1.6
Furniture & Fixtures	4.3	4.5	4.9	5.0	-0.2	-0.6
Stone, Clay & Glass	8.1	8.2	8.8	9.0	-0.1	-0.7
Primary Metals	7.6	7.8	10.4	10.9	-0.2	-2.8
Aluminum	3.9	4.0	6.0	6.5	-0.1	-2.1
Fabricated Metals	13.6	13.7	15.0	15.0	-0.1	-1.4
Industrial Machinery & Equipment	22.2	22.6	25.5	25.7	-0.4	-3.3
Computer & Office Equipment	5.8	5.8	6.3	6.3	0.0	-0.5
Electronic & Other Electrical Equipment	16.5	16.8	21.4	21.6	-0.3	-4.9
Transportation Equipment	93.8	95.1	100.6	101.1	-1.3	-6.8
Aircraft & Parts	81.3	82.4	86.3	86.4	-1.1	-5.0
Ship & Boat Building	6.5	6.6	7.5	7.6	-0.1	-1.0
Instruments & Related	14.1	14.3	14.5	14.8	-0.2	-0.4
Miscellaneous Manufacturing	8.0	8.1	8.9	9.2	-0.1	-0.9
Nondurable Goods	95.2	98.0	103.1	105.5	-2.8	-7.9
Food & Kindred Products	34.1	35.5	38.1	39.4	-1.4	-4.0
Preserved Fruits & Vegetables	9.7	10.5	11.2	12.1	-0.8	-1.5
Textiles, Apparel & Leather	7.1	7.5	7.8	8.0	-0.4	-0.7
Paper & Allied Products	14.2	14.5	15.4	15.8 ²	-0.3	-1.2
Printing & Publishing	22.3	22.8	23.7	24.0	-0.5	-1.4
Chemicals & Allied Products	5.8	5.9	6.1	6.1	-0.1	-0.3
Petroleum, Coal, Plastics	11.7	11.8	12.0	12.2	-0.1	-0.3
Mining & Quarrying	3.0	3.1	3.3	3.4	-0.1	-0.3
Construction	135.0	143.4	148.7	157.8	-8.4	-13.7
General Building Contractors	37.7	40.1	39.2	41.8	-2.4	-1.5
Heavy Construction, except Building	13.4	15.1	15.7	17.6	-1.7	-2.3
Special Trade Contractors	83.9	88.2	93.8	98.4	-4.3	-9.9
Transportation, Communications & Utilities	137.8	142.1	147.3	151.6	-4.3	-9.5
Transportation	86.6	90.6	92.7	96.4	-4.0	-6.1
Trucking & Warehousing	31.8	33.2	33.0	33.9	-1.4	-1.2
Water Transportation	8.4	8.6	8.8	8.9	-0.2	-0.4
Transportation by Air	24.3	26.1	27.3	29.6	-1.8	-3.0
Communications	34.8	35.2	38.2	38.6	-0.4	-3.4
Electric, Gas & Sanitary Services	16.4	16.3	16.4	16.6	0.1	0.0
Wholesale & Retail Trade	616.1	637.8	628.8	657.4	-21.7	-12.7
Wholesale Trade	137.9	140.7	144.1	146.9	-2.8	-6.2
Durable Goods	81.2	82.2	84.6	85.4	-1.0	-3.4
Nondurable Goods	56.7	58.5	59.5	61.5	-1.8	-2.8
Retail Trade	478.2	497.1	484.7	510.5	-18.9	-6.5
Building Materials/Garden Supplies	19.8	20.6	21.0	22.0	-0.8	-1.2
General Merchandise	53.0	57.3	52.1	59.0	-4.3	0.9
Food Stores	69.8	71.0	69.0	71.7	-1.2	0.8
Automobile Dealers & Service Stations	48.9	49.3	48.8	49.7	-0.4	0.1
Apparel & Accessory Stores	24.5	26.1	26.1	30.0	-1.6	-1.6
Eating & Drinking Establishments	174.6	179.3	174.5	179.1	-4.7	0.1
Finance, Insurance & Real Estate	142.8	143.9	137.3	138.6	-1.1	5.5
Finance	65.9	66.3	62.2	62.6	-0.4	3.7
Insurance	42.4	42.4	41.2	41.0	0.0	1.2
Real Estate	34.5	35.2	33.9	35.0	-0.7	0.6
Services	748.9	762.6	765.0	799.0	-13.7	-16.1
Hotels & Lodging	25.9	27.1	26.5	28.4	-1.2	-0.6
Personal Services	22.7	22.7	24.3	23.5	0.0	-1.6
Business Services	164.5	170.2	185.1	195.4	-5.7	-20.6
Computer & Data Processing Services	65.3	64.5	73.8	74.3	0.8	-8.5
Amusement & Recreational Services	34.2	34.8	37.6	44.6	-0.6	-3.4
Health Services	201.4	201.3	194.1	195.1	0.1	7.3
Nursing & Personal Care	33.6	33.3	33.2	32.9	0.3	0.4
Hospitals	61.7	61.8	59.8	60.0	-0.1	1.9
Legal Services	19.8	19.9	19.9	20.1	-0.1	-0.1
Educational Services	37.9	39.7	36.7	38.8	-1.8	1.2
Social Services	65.1	66.2	63.3	64.3	-1.1	1.8
Engineering & Management Services	72.8	73.7	71.7	75.8	-0.9	1.1
Government	515.6	516.9	500.4	491.0	-1.3	15.2
Federal	68.3	69.5	66.8	68.8	-1.2	1.5
State	149.6	149.0	144.9	144.8	0.6	4.7
State Education	82.9	82.9	79.4	79.8	0.0	3.5
Local	297.7	298.4	288.7	277.4	-0.7	9.0
Local Education	154.9	155.8	150.7	151.5	-0.9	4.2
Workers in Labor-Management Disputes	0.0	0.0	0.0	1.0	0.0	0.0

¹ Excludes proprietors, self-employed, members of armed forces, & private household employees. Includes all full- & part-time wage & salary workers receiving pay during the pay period including the 12th of the month. ² Workers excluded because of involvement in labor-management dispute. Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Not Seasonally Adjusted	January 2002 Preliminary			December 2001 Revised			January 2001 Revised					
	Labor Force	Employment	Unemployment	Unemployment Rate	Labor Force	Employment	Unemployment	Unemployment Rate	Labor Force	Employment	Unemployment	Unemployment Rate
Washington State Total	3,004,400	2,758,000	246,400	8.2	2,976,800	2,758,200	218,600	7.3	3,008,400	2,821,500	186,900	6.2
Bellingham MSA	80,300	73,900	6,500	8.1	79,700	73,800	6,000	7.5	79,700	73,900	5,900	7.3
Bremerton PMSA	95,100	88,400	6,600	7.0	92,900	87,000	5,900	6.4	93,000	87,600	5,400	5.8
Olympia PMSA	102,000	95,500	6,500	6.4	100,600	94,500	6,100	6.1	98,800	93,200	5,600	5.6
Seattle-Bellevue-Everett PMSA	1,370,900	1,272,900	98,000	7.1	1,361,900	1,277,300	84,600	6.2	1,386,500	1,329,700	56,800	4.1
King County 2/	1,002,900	934,000	68,900	6.9	997,700	937,200	60,400	6.1	1,015,800	975,700	40,200	4.0
Snohomish County 2/	339,400	312,100	27,200	8.0	335,800	313,200	22,600	6.7	341,400	326,100	15,400	4.5
Island County 2/	28,610	26,790	1,820	6.4	28,430	26,880	1,550	5.5	29,200	27,990	1,220	4.2
Spokane MSA	207,700	189,400	18,200	8.8	207,100	191,700	15,400	7.5	209,900	195,200	14,700	7.0
Tacoma PMSA	332,200	305,800	26,400	7.9	330,000	306,900	23,100	7.0	331,000	312,100	18,900	5.7
Tri-Cities MSA	94,200	85,600	8,600	9.1	92,900	85,000	7,800	8.5	91,200	82,100	9,000	9.9
Benton County 2/	71,200	65,600	5,600	7.8	70,200	65,200	5,100	7.2	68,400	62,900	5,500	8.0
Franklin County 2/	23,070	20,010	3,060	13.3	22,600	19,900	2,800	12.3	22,700	19,200	3,500	15.6
Yakima MSA	102,800	87,400	15,400	14.9	101,400	87,400	14,100	13.9	103,600	88,000	15,700	15.1
Adams	7,100	5,910	1,190	16.8	7,310	6,140	1,170	16.0	7,070	5,710	1,360	19.3
Asotin 2/	11,510	10,820	690	6.0	11,420	10,940	480	4.2	11,870	11,110	770	6.4
Chelan-Douglas LMA	49,100	43,610	5,500	11.2	49,100	43,750	5,350	10.9	49,310	43,570	5,750	11.7
Chelan County 2/	31,640	27,810	3,830	12.1	31,620	27,900	3,720	11.8	31,760	27,780	3,980	12.5
Douglas County 2/	17,460	15,800	1,660	9.5	17,480	15,850	1,620	9.3	17,560	15,790	1,770	10.1
Clallam	24,160	21,930	2,230	9.2	23,720	21,750	1,970	8.3	24,340	22,020	2,320	9.5
Clark 2/	184,030	169,290	14,730	8.0	179,500	165,700	13,800	7.7	180,000	169,900	10,200	5.6
Columbia	1,170	990	180	15.3	1,120	970	150	13.7	1,220	1,000	220	17.9
Cowlitz	40,540	35,650	4,900	12.1	39,930	35,610	4,310	10.8	40,190	36,650	3,540	8.8
Ferry	2,420	2,060	370	15.1	2,340	2,050	300	12.6	2,500	2,070	430	17.1
Garfield	1,100	1,000	100	7.1	1,090	1,020	70	6.3	1,050	980	70	6.3
Grant	34,380	29,590	4,790	13.9	33,610	29,410	4,200	12.5	33,760	28,760	5,000	14.8
Grays Harbor	26,220	23,220	3,010	11.5	25,770	22,930	2,850	11.0	26,150	23,070	3,080	11.8
Jefferson	10,900	10,000	900	8.3	10,940	10,150	790	7.2	10,650	9,960	690	6.5
Kititas	15,000	13,800	1,200	8.2	14,810	13,710	1,100	7.4	14,970	13,760	1,200	8.0
Klickitat	7,650	6,340	1,310	17.1	7,680	6,520	1,160	15.1	8,410	7,050	1,350	16.1
Lewis	28,080	25,370	2,720	9.7	27,580	24,880	2,700	9.8	27,720	24,810	2,920	10.5
Lincoln	4,330	4,010	320	7.3	4,330	4,020	310	7.2	4,220	3,910	320	7.5
Mason	18,500	16,700	1,800	9.8	18,810	17,190	1,610	8.6	18,060	16,380	1,670	9.3
Okanogan	18,400	15,810	2,590	14.1	18,140	15,680	2,460	13.6	18,930	15,930	3,000	15.8
Pacific	7,650	6,950	700	9.1	7,610	6,870	740	9.7	7,450	6,710	740	10.0
Pend Oreille	4,290	3,820	470	11.0	4,320	3,880	440	10.2	3,970	3,490	480	12.2
San Juan	6,000	5,570	430	7.1	6,490	6,170	320	4.9	5,790	5,430	360	6.2
Skagit	51,000	46,370	4,630	9.1	49,590	45,270	4,310	8.7	50,720	46,620	4,100	8.1
Skamania	3,930	3,370	550	14.1	3,850	3,320	530	13.8	3,570	3,110	460	12.8
Stevens	15,890	13,750	2,130	13.4	15,690	13,750	1,940	12.4	16,530	14,580	1,950	11.8
Wahkiakum	1,650	1,500	150	9.0	1,630	1,500	130	7.8	1,760	1,640	110	6.5
Walla Walla	25,230	23,090	2,140	8.5	25,060	23,210	1,850	7.4	25,540	23,170	2,360	9.3
Whitman	19,100	18,540	560	2.9	18,800	18,310	490	2.6	18,870	18,300	570	3.0

1/ Official U.S. Department of Labor, Bureau of Labor Statistics data

2/ Estimates are determined by using the Population/Claims Share disaggregation methodology.

Note: Detail may not add due to rounding.

Resident Civilian Labor Force and Employment in Washington State

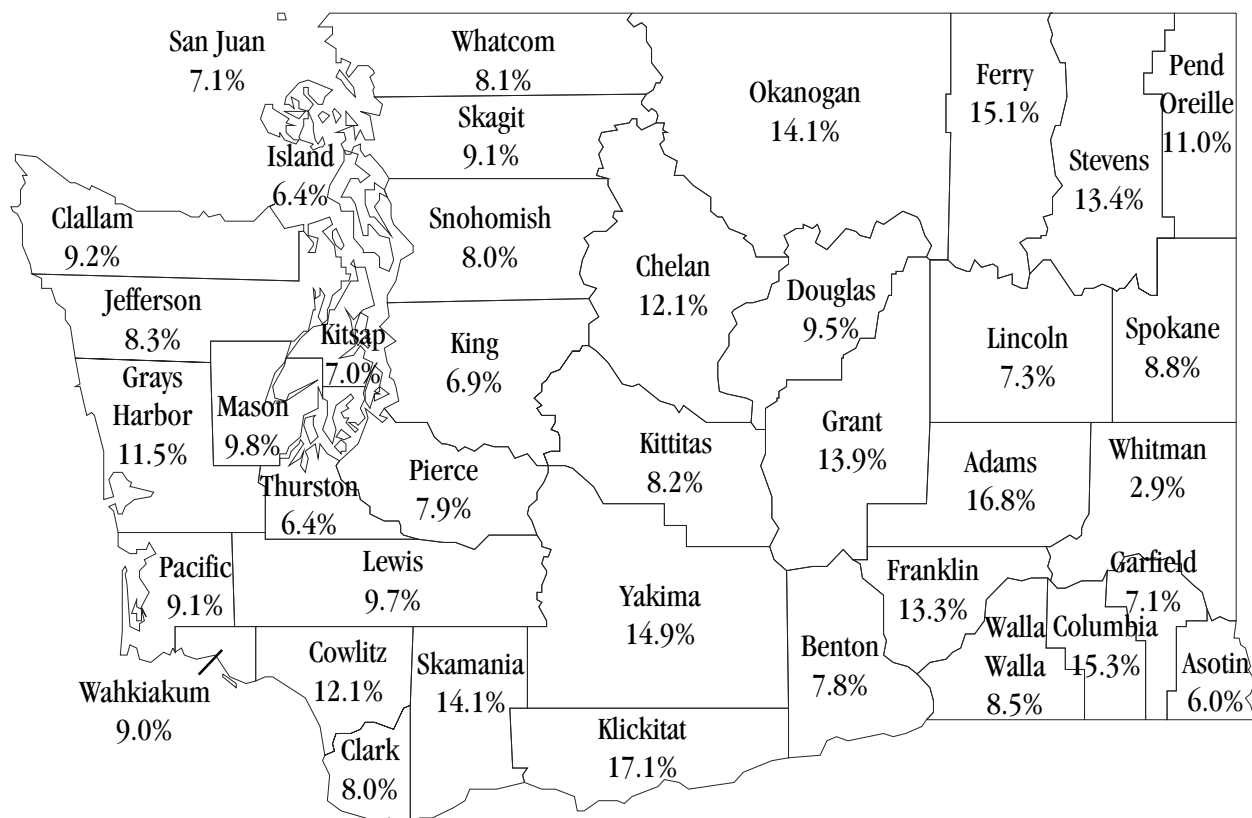
<i>(In Thousands)</i>	January 2002 (Prel)	December 2001 (Rev)	January 2001 (Rev)	December 2000 (Rev)
<i>Seasonally Adjusted Unemployment:</i>				
Washington State	7.5%	7.4%	5.5%	5.5%
United States	5.6%	5.8%	4.2%	4.0%
<i>Not Seasonally Adjusted:</i>				
Resident Civilian Labor Force	3,004.4	2,976.8	3,008.4	3,093.6
Employment	2,758.0	2,758.2	2,821.5	2,941.7
Unemployment	246.4	218.6	186.9	151.9
Percent of Labor Force	8.2%	7.3%	6.2%	4.9%

Unemployment Rates by County, January 2002

Washington State = 8.2%

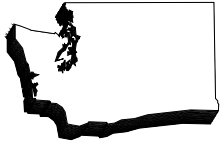
United States = 6.3%

Not Seasonally Adjusted



Estimated Average Hours and Earnings of Production Workers in Manufacturing and of Nonsupervisory Workers in Nonmanufacturing Activities, Washington State

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Jan 2002	Dec 2001	Jan 2001	Jan 2002	Dec 2001	Jan 2001	Jan 2001	Dec 2001	Jan 2001
Total Manufacturing Industries	\$722.14	\$734.23	\$686.81	39.7	40.7	39.7	\$18.19	\$18.04	\$17.30
Selected Manufacturing Industries									
Lumber and Wood Products	\$613.13	\$584.06	\$605.60	40.1	42.7	39.8	\$15.29	\$15.31	\$15.11
Primary Metal Industries	\$606.36	\$722.33	\$727.87	37.2	42.0	42.5	\$16.30	\$16.64	\$18.09
Transportation Equipment	\$1,042.85	\$1,034.46	\$983.66	42.6	42.0	41.3	\$24.48	\$24.34	\$23.59
Food and Kindred Products	\$550.57	\$497.45	\$525.29	38.8	40.6	41.1	\$14.19	\$13.98	\$12.86
Chemicals and Allied Products	\$1,022.09	\$986.98	\$1,051.42	40.9	43.7	43.2	\$24.99	\$24.95	\$22.51
Selected Nonmanufacturing Industries									
Construction	\$885.09	\$878.21	\$864.42	36.2	36.2	37.6	\$24.45	\$24.26	\$22.99
Wholesale and Retail Trade (Includes eating and drinking establishments)	\$386.63	\$398.79	\$384.67	30.3	31.7	30.7	\$12.76	\$12.58	\$12.53



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