



# Washington Labor Market Quarterly Review

Volume 29, Number 3

July - September 2005

## INDICATORS UNEMPLOYMENT RATE

Washington (Seasonally Adjusted)		
Sept. (prel)	2005	5.6%
August	2005	5.8%
July	2005	5.6%

United States (Seasonally Adjusted)		
Sept. (prel)	2005	5.1%
August	2005	4.9%
July	2005	5.0%

### Nonagricultural Employment

Washington (in thousands)		
July	2005	2,777.4
August	2005	2,778.3
September	2005	2,783.0

### Nonagricultural Employment % Change

Washington (over-the-year)		
July	2004-2005	2.5%
August	2004-2005	2.7%
September	2004-2005	2.0%

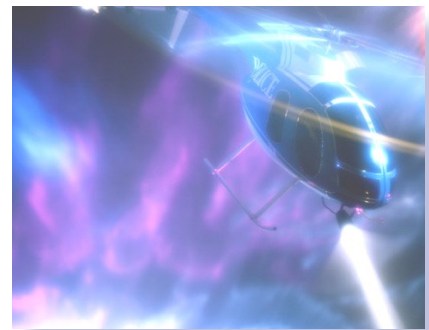
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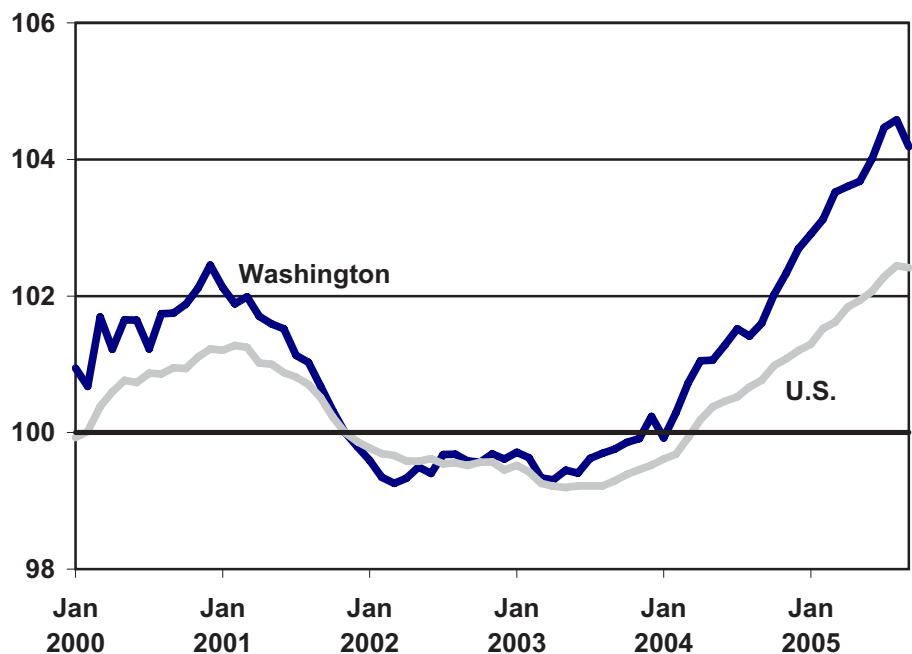
## Strike Clouds the Employment Picture Current State Economic Conditions

By Rick Kaglic, Chief Economist

A nearly month-long work stoppage in aerospace clouded Washington's employment picture in September, and led to a misleadingly negative portrayal of Washington's economic health last month. But when you account for that aberration, business activity remained strong and firms were still adding new jobs.



Washington and U.S. Seasonally Adjusted Employment Indexed to November 2001



Source: Washington State Employment Security Department



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*Seattle area employment, seasonally adjusted, declined 13,300 last month. Manufacturing employment alone was down 15,200 in the area, almost all of this due to the strike.*

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## Impacts of the Strike on Employment and Unemployment

The more than 16,000 aerospace workers were not counted as employed in payroll employment estimates since they were not officially on the payrolls September 12. The employment estimates are based on a survey of businesses that includes the instructions “Report the number of paid employees who worked during, or received pay, for any part of the pay period that includes the 12th of the month.” Subsequently, even though the workers were not out the entire month, they were still excluded from the estimates due to those federal reporting guidelines. In the final calculations, total nonfarm payroll employment in the state was down 10,600 from August to September.

As one might expect, the employment effects of the labor dispute were highly concentrated in the Seattle-Bellevue-Everett metropolitan area. Seattle area employment, seasonally adjusted, declined 13,300 last month. Manufacturing employment alone was down 15,200 in the area, almost all of this due to the strike. Outside of the Seattle area, total nonfarm payroll employment increased 2,600.

Meanwhile, strike-affected workers were not counted as unemployed in September either. The unemployment figures are, in large part, based on a survey of households across the state. The guidelines for households here are “Labor disputants/strikers are not counted as unemployed if they anticipate returning to work within 30 days of the start of the dispute or strike.” The state’s seasonally adjusted unemployment rate decreased from 5.8 percent to 5.6 percent over the month, reflecting a more general tightening of labor markets.

## Industry Employment

Seasonally-adjusted, total nonfarm payroll employment in Washington was down 10,600 last month. Again, this decline was due almost entirely to the work stoppage in aerospace. Payroll employment should rise sharply in October as those affected workers are once again counted in the ranks of the employed.

The most obvious impact of the strike was a sharp drop in the number of manufacturing jobs. Statewide, manufacturing employment was off 14,500 for the month. The losses were concentrated in durable goods manufacturing and particularly aerospace. The aerospace products and parts industry alone had 15,300 fewer jobs in September. Outside of aerospace, there was a smattering of hiring in durable goods—wood products, fabricated metals, and electrical equipment and appliance manufacturing all added jobs last month, though the increases were modest. There was also a net gain of 600 jobs in nondurable manufacturing, with nearly all of the increase coming from food processing.

Government employment was also down notably in September. The loss here was driven by a decline in local government educational services jobs. These figures have been volatile over the last three or four months due to atypical seasonal fluctuations. Local educational institutions lay off a large number of employees at the end of the school year, typically in June. Many of these workers were still on the payrolls in July this year, which threw the seasonal adjustment factors out of whack. When this happens, it will often take three to four months before the seasonal factors come back into alignment.

The job gains statewide were led by leisure and hospitality firms, which added 2,400 net new jobs in September. Professional and business services continued to be one of the most reliable contributors to the state’s employment growth, adding 2,200 jobs during the month with notable gains in administrative and support services and professional and technical services. Construction industries were also among the biggest contributors to job growth in the state, adding 1,400 new jobs last month. The housing markets in Washington are still remarkably strong and resilient.

Private education and health care firms augmented their payrolls with 1,100 new jobs in September with the increases split evenly between the two segments. Information, financial activities, and other services saw smaller increases during the month.

## Over the Year Changes

Over the year, payroll employment gains in Washington continued to outperform the rest of the nation. Quarterly benchmarked employment estimates show a net gain of roughly 70,000 jobs since last September, an increase of 2.6 percent. Construction was still the biggest contributor to year-over-year job growth with the industry adding a little more than 18,000 net new jobs. While construction accounted for just 6 percent of total payroll employment last year, it accounted for over 20 percent of job growth. Business and professional services employment was up roughly 17,000 since last September. These are firms that provide services to other firms, thus a reasonable gauge of business to business activity in the state. Firms engaged in leisure and hospitality services and education and health care services also added significant numbers of new employees to their payrolls, 11,000 and 10,100 respectively.

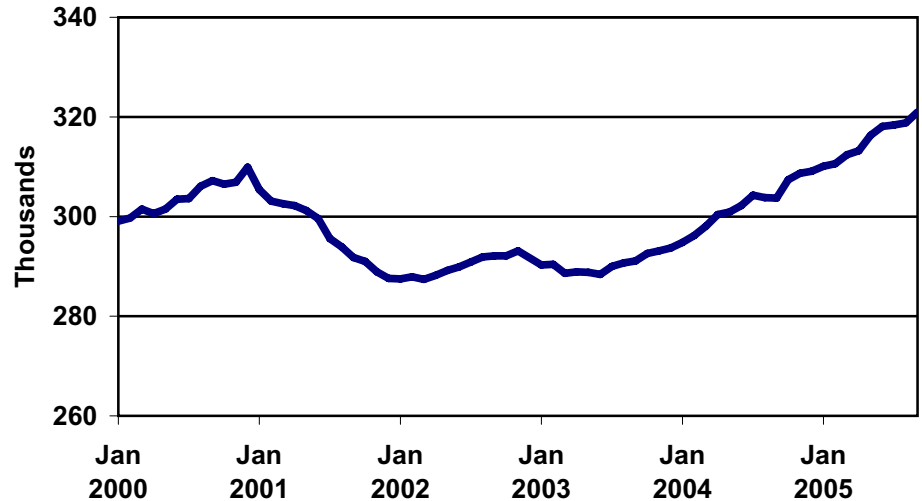
Manufacturing was the only industry to show a notable year-over-year decline in employment, but this was due entirely to the impact of the strike. Natural resources and mining was the other industry to show an outright decline in employment, with a net loss of 500 jobs. Government employment growth was very weak—200 net new jobs in the last 12 months.

The number of unemployed workers fell roughly 3,700 since last September, to 168,300.

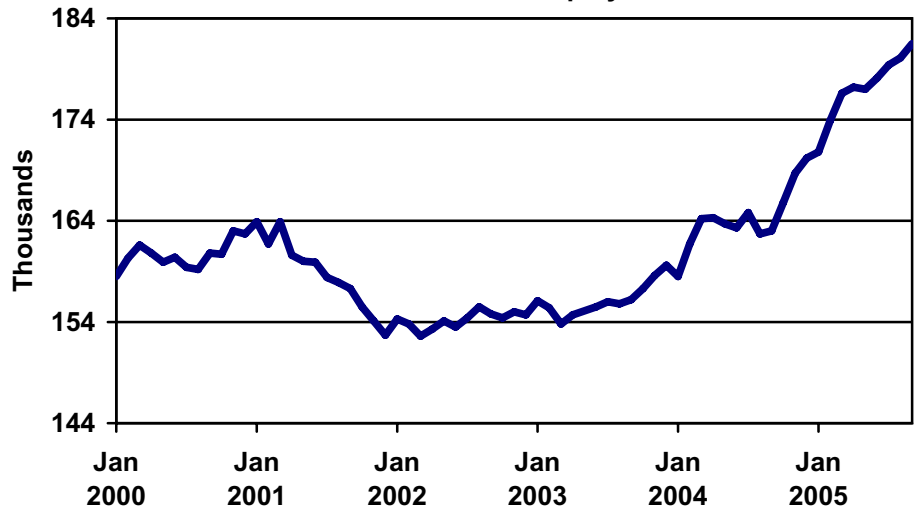
## Conclusion

The work stoppage in aerospace during September skewed the employment data, perhaps leaving a misleadingly negative impression of overall economic activity in Washington. Outside of strike-related areas and industries, the state's economy was solid in September and firms continued to hire new workers. Moreover, more labor force participants entered the market which will allow businesses to expand and hire. At the end of the day, demand for the goods and services produced in the state remains firm and the fundamentals are in place for further job growth.

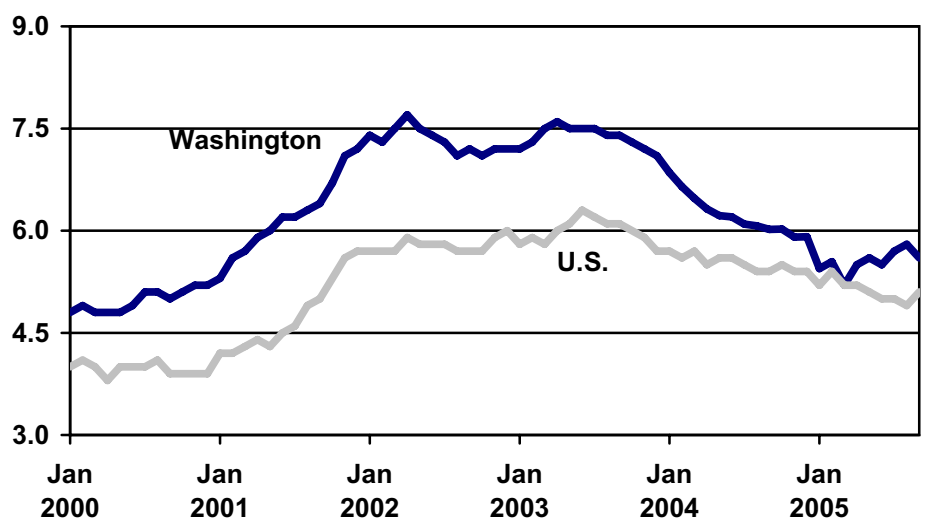
Washington Seasonally-Adjusted Professional and Business Services Employment



Washington Seasonally-Adjusted Construction Employment



Washington, U.S. Unemployment Rates



Source: Washington State Employment Security Department

*The post-storms economy is much harder to read, but most analysts are keeping the faith and forecasting continued expansion.*



## National Outlook

### Storms Increase Uncertainty in Outlook

*By Rick Kaglic, Chief Economist*

The U.S. economy has seen its share of disruptions since our last quarterly report. Most notably, Hurricanes Katrina and Rita swept through the Gulf of Mexico in late August and September. In addition to the terrible cost in terms of human life, the storms also muddled the economic outlook. Up until the storms, the economy seemed to be running on all cylinders—output was increasing at a healthy pace, household spending was strong, and businesses maintained enough confidence in the demand for their goods and services to continue hiring and investing. The post-storms economy is much harder to read, but most analysts are keeping the faith and forecasting continued expansion.

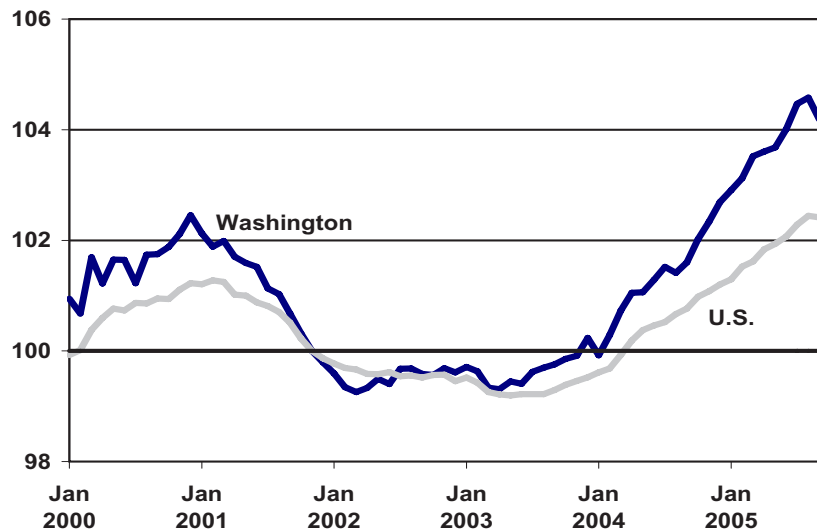
Economists knew that the devastation caused by the hurricanes was going to distort the data, but even then, the numbers have defied expectations. For example, the storm was expected to cause total nonfarm payroll employment to fall anywhere from 100,000 to 200,000 or more in September. But payrolls declined by just 35,000 and the unemployment rate edged up to 5.1 percent from 4.9 percent in August. To some analysts,

this report confirmed their assessment that the U.S. economy would be able to withstand the shock without sinking into a recession.

Despite the disruptions caused by the storm, the Fed continued on its strategy of tightening monetary policy, increasing its targeted rate on federal funds by another 25 basis points, to 3.75 percent. In the statement accompanying its rate decision, the Fed spent a lot of time talking about Katrina's potential impacts on the economy, both growth and inflation. In the end, policymakers decided that economic activity, buoyed by strong productivity growth and still accommodative monetary policy, was healthy enough to sustain the shock without losing much momentum. Apparently they also felt that higher energy prices intensified inflationary pressures enough to warrant another rate hike.

The Fed's view of overall activity was somewhat validated by purchasing managers' indexes from the Institute for Supply Management (ISM). The ISM released survey results for the post-hurricane period. Both the manufacturing and nonmanufacturing indexes remained in expansionary territory in September,

**Washington and U.S. Seasonally Adjusted Employment Indexed to November 2001**



Source: Washington State Employment Security Department

but momentum was mixed. Factories reported a surge in activity as the ISM manufacturing index jumped to 59.4 in September from 53.6 in August (readings above 50.0 signal expansion). Manufacturers saw increases in production, new orders, backlogs, and employment, while inventories were contracting.

At the same time, ISM's nonmanufacturing index tumbled to 53.5 in September, from 65.0 the previous month. While September's reading was its lowest since April 2003, it continued to point to expansion. Most economists were expecting slight declines in both the manufacturing and nonmanufacturing indexes for September, but the results illustrate the difficulty in estimating the economic impacts of a natural disaster on the scale of Katrina.

An element common to both indexes, and one certain to maintain the focus of the Fed, was a sharp increase in the prices paid components. The nonmanufacturing prices paid component jumped to its highest reading in the eight-year history of the survey. Respondents to both surveys indicated higher prices for many petroleum and energy products, as one might anticipate given the disruptions caused by Hurricanes Katrina and Rita.

Inflation fears were raised with the release of import and export prices. Import prices jumped 2.3 percent in September, the biggest monthly increase in fifteen years. While much of this advance can be attributed to higher petroleum/energy-related price increases, other import prices rose as well. Following that, the Consumer Price Index was released showing a 1.2 percent gain for the month and a 4.7 percent increase for the year. Here too, the impact of energy prices was paramount. The energy component of the

CPI jumped 12.0 percent in September following a 5.0 percent increase in August. For the year, energy prices were up nearly 35.0 percent. After accounting for the volatile energy and food components, however, the core CPI advanced just 0.1 percent for the month and 2.0 percent for the year. Still, with limited excess capacity in the economy, it may be easier in the future for firms to pass higher energy costs through to final consumer prices.

With regard to household spending, total retail and food service sales increased 0.2 percent in September. Overall sales were constrained during the month by a sharp drop in sales by motor vehicle and parts dealers. In fact, outside of autos and a slight decline in clothiers' sales, all other retail segments saw stronger sales results. The weakness in light vehicles had been expected all along after strong "pull ahead" sales in the summer months spurred by attractive "employee pricing" promotions. Excluding autos, retail sales advanced a robust 1.1 percent during September. The University of Michigan released its preliminary reading on consumer sentiment during October and it declined to 75.4 from 76.9 in September.

### Conclusion

All signs were pointing toward a robust economic expansion until the storms hit. However, data reflecting post-storms activity has been decidedly mixed and little of it has come in as expected. It is unlikely that we will get a clearer picture of where the U.S. economy is headed until data for October is released. That said, most economists believe that the economy was well positioned to withstand the shocks from Hurricanes Katrina and Rita. Moreover, the fundamentals are still in place for continued expansion, albeit at a more moderate rate.



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## Business Briefs

### How Does Seattle Rate?

By Dave Wallace, Economic Analyst

#### Rating Seattle as a Tech Center

Seattle compares favorably to California's Silicon Valley according to one of the Valley's own organizations. An organization called The Silicon Valley Leadership Group recently released a report comparing their region in several critical areas that influence economic development with a handful of the country's top tech areas. These areas included Austin (Texas), Boston, Fairfax (Virginia), Portland (Oregon), Raleigh-Durham (North Carolina), as well as Seattle.

Overall Seattle tended to fall in the middle of the pack on issues such as unemployment, housing affordability, traffic, and education. In most cases though, the Seattle area did rate above the Silicon Valley, a great concern to the report writers.

In terms of unemployment (as measured by the unemployment rate), only Portland and Silicon Valley had higher rates over the last several years. According to a measure called the housing opportunity index (put out by the National Association of Home Builders) the Seattle-Bellevue-Everett area was more affordable than Boston, San Diego, San Francisco, and San Jose. However, the Austin, Portland, and Raleigh areas were found to be relatively more affordable than Seattle.

In terms of traffic congestion the Puget Sound region fared worse; only Fairfax and California's Bay area had higher incurred costs. However, Seattle was rated third in both spending on roads and road conditions, and scored better than average for traffic delays and wasted fuel.

At the state level, Washington ranked toward the lower end of states with tech centers in overall education. Massachusetts, Virginia, California, and Oregon all were considered to have a higher educa-

tion level. This was based on completion rates for secondary and post-secondary education. The state also ranked similarly in terms of per-pupil expenditures.

One issue the Puget Sound scored well in was taxes. It should be noted though that the report only included personal and business income and sales taxes. Because of this, taxes such as Washington's Business and Operating tax were not accounted for in the analysis.

Report:

[www.svlg.net/uploads/Events/Projections/SVLG%202006%20Projections%20lores.pdf](http://www.svlg.net/uploads/Events/Projections/SVLG%202006%20Projections%20lores.pdf)

Silicon Valley Leadership Group website:  
[www.svlg.net/](http://www.svlg.net/)

#### Seahawks 15th Most Valuable NFL Franchise

According to Forbes magazine's annual ranking of National Football League franchises, the Seattle Seahawks organization was the 15th most valuable out of 32 franchises. The ranking, which placed them after the Tennessee Titans but before the Pittsburgh Steelers, is based on the current stadium arrangement without deducting for debt. (When taking debt into account, the organization rose to 10th.)

Overall, the Washington Redskins held the highest rank, while the Minnesota Vikings lagged at the bottom. Revenue for the Seahawks was reported as \$183 million, operating income as \$14.4 million, and player expenses as \$109 million. Forbes put the current estimated value of the Seahawks at \$823 million, up significantly from the \$194 Paul Allen paid for it in 1997. Overall NFL team values rose by 12 percent over last year, a trend that is expected to continue for the time being.



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*In most cases, the Seattle area rated above the Silicon Valley.*

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## At-A-Glance

### Getting Paid to Make Paper

By Dave Wallace, Economic Analyst and Cristina Gonzalez, Research Analyst

#### Industry Intro

Washington manufacturing firms have lost more than 90,000 jobs since the industry's peak in 1998. This decline in manufacturing employment has been of great concern to the folks losing those jobs, to businesses closing their doors, and to state officials alike. This article takes a look at several aspects of one specific manufacturing industry—paper manufacturing—and its related occupations.

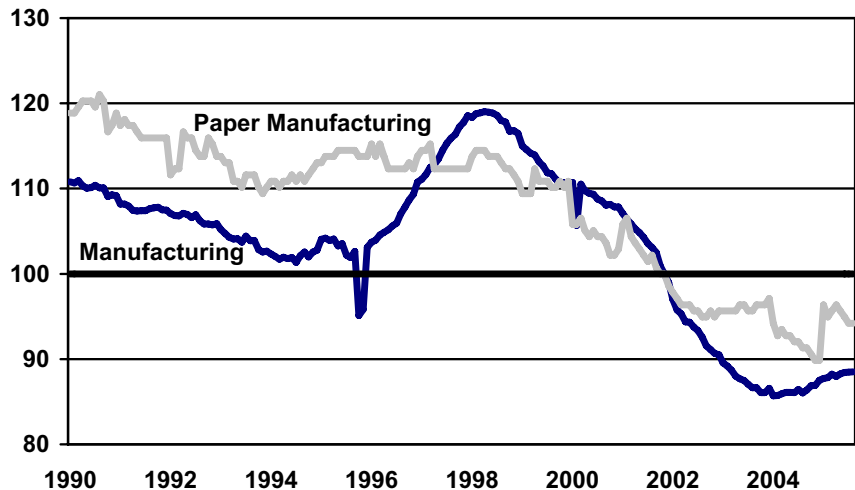
The paper manufacturing industry had an estimated employment figure of 13,000 in August of 2005. This industry is divided into two subsectors: pulp, paper, and paperboard mills (with 61 percent of paper manufacturing employment) and converted paper product manufacturing (with the remaining 39 percent). Firms in the latter subsector do not produce paper, but convert it into other goods such as paper bags, tissue paper, disposable diapers and boxes.

Although paper manufacturing employment increased since last August (3.2 percent), it has been in a structural decline since the early 1990s. Manufacturing employment peaked in the late 1990s, but both manufacturing and paper manufacturing employment plummeted in the recession period. While employment in many manufacturing sectors continues to trend down, paper manufacturing employment has stabilized in the last couple of years.

The number of establishments engaged in paper manufacturing has increased since 1990 by 18 percent. But, from its peak of nearly 17,000 workers in 1990, paper manufacturing employment has decreased at an annual rate of 1.7 percent. The declines in employment, primarily in paper mills, are commonly attributed to a combination of factors, including:

- New technologies that have allowed for increased automation and productivity but require fewer workers.
- The economic recession of 2001 lowered demand and prices of paper and paper products, thus accelerating a structural decline in paper manufacturing employment.
- Fierce global market competition, increased competition within Washington's borders, and timber trade disputes which have hampered some Washington firms from competing in the world paper production market.
- Environmental restrictions reduced timber harvest levels, in turn limiting local supply of paper manufacturing's major inputs.

Washington Employment Indexed to Recession's Trough 1990-2005



Source: Employment Security Department, Seasonally Adjusted Series



## Occupations in Paper Manufacturing

“Paper goods machine setters, operators, and tenders” is the top occupation in the paper manufacturing industry, based on the number of workers. There is a larger total number of “machine feeders and offbearers” working in Washington, but only 15 percent of them work in paper manufacturing firms. These two occupations were followed in order by millwrights, cutting machine setters, and chemical technicians.

All of the top jobs in the paper manufacturing industry are projected to have relatively poor growth prospects. This is based on the ESD occupational projections for the 2002-2012 period.

### Paper Goods Machine Setters, Operators, and Tenders

Of the top occupations in this industry, paper goods machine setters is the only one that is almost exclusive to the industry—97 percent of paper goods machine setters work in paper manufacturing firms. It was also one of the highest paying, with a median estimated wage of \$20.40 in 2005. The typical training/educational requirements are 1-12 months of on-the-job training. Workers in this occupation set-up and operate paper goods machines.

### Machine Feeders and Offbearers

Statewide employment estimates for “machine feeders and offbearers,” are

roughly the same as “paper goods machine setters.” However, this occupational work is found in a variety of industries, and paper manufacturing firms employ fewer than one-in-six machine feeders and offbearers. As opposed to operating the machinery, feeders and offbearers load or remove paper from it.

The median wage (\$11.25 per hour) and typical training requirements are below the other significant paper manufacturing occupations. “Machine feeders and offbearers” match the other occupations in terms of its outlook—below average.

### Millwrights

Like the previously mentioned occupations, millwrights work with machinery. But, their role is to install machinery and dismantle it or move it when necessary. Millwrights are usually required to have more training (of a year or more) and receive an estimated median wage of \$21.90—the highest of the major paper manufacturing occupations. Approximately one-fourth of millwrights work in the paper manufacturing industry. Like the other occupations, the outlook is below average.

### Cutting Machine Setters, Operators, and Tenders

“Cutting machine setters, operators, and tenders” work with machines that cut materials. There were an estimated 1,127

individuals doing this work, one fourth of which were in paper manufacturing. The pay was a little lower than most of the other jobs in the industry (\$14.33), in part reflecting the relatively short on-the-job training required (1-12 months).

### Chemical Technicians

The paper manufacturing industry requires some personnel with knowledge of chemistry. These workers are grouped into the “chemical technicians” occupation, the fifth most common occupation in the industry. Chemical technicians typically run lab tests and assist scientists with chemical analysis.

There were roughly 1,430 chemical technicians employed in Washington with approximately 15 percent employed in the paper manufacturing field. Despite a weak outlook, the occupation is highly paid with a median hourly wage of \$20.44. This is in part due to the training requirements, which usually include an associate’s degree.

Community/technical colleges offering chemical lab technician studies include:

Big Bend Community College

Columbia Basin College

Edmonds Community College

Lake Washington Technical College: in the catalog (science technician)

## Paper Manufacturing Occupation Information

Occupational Title	Est. Empl. 2002	Jobs In Paper Mfg.	Median Hourly Wage 2005	Education/ Training Required	Employment Growth Outlook 2002 - 2012
Paper Goods Mach. Setters, Operts, & Tenders	3,742	3,632	\$ 20.40	Moderate-term OJT	Below Average
Machine Feeders and Offbearers	3,777	581	\$ 11.25	Short-term OJT	Below Average
Millwrights	1,955	460	\$ 21.90	Long-term OJT	Below Average
Cutting Mach. Setters, Operts, & Tenders	1,127	296	\$ 14.33	Moderate-term OJT	Below Average
Chemical Technicians	1,428	219	\$ 20.44	Associate degree	Below Average

Source: Washington State Employment Security Department



## Industry Characteristics

### Employee Benefits

Health insurance is offered to 78 percent of full-time employees of manufacturing firms, and to 13 percent of part-time employees. Manufacturing firms are more likely to offer health insurance, retirement, paid vacation, and paid holidays to full-time employees than the all-industry average. Also, large firms (with 100+ employees) in general are more likely to offer health insurance as well as retirement benefits, than smaller firms. This is significant in that 83 percent of paper manufacturing employees work for firms with 100+ employees.

### Demographics

#### Age

Paper manufacturing firms have a higher concentration of employees in the 45-54 and 55-64 year old age ranges than the industry wide averages. There are

relatively few workers in the youngest age categories (14-24) and even fewer in the 65-99 year old category.

#### Gender

Men make up a vast majority of the employment in paper manufacturing. Four of every five employees in the industry are male.

#### Geography

Southeast Washington holds a major concentration of the state's paper manufacturing employment. Clark and Cowlitz counties together account for 42 percent of the industry's workers. (Paper manufacturing makes up 10 percent of Cowlitz County's total employment.) Paper manufacturing firms in King County account for 15 percent of paper manufacturing employment, while Pierce County firms employ 8 percent. Spokane, the county with the highest percentage in Eastern Washington, employs just over 300 paper

manufacturing workers, or 3 percent of the industry's total. While Clark County lost paper manufacturing jobs in the last year, Cowlitz County added jobs.

### Outlook

The outlook for paper manufacturing employment calls for slow increases in the long run. Although demand for paper products should hold steady, increasing competition from outside the state and outside the country will likely continue to pull jobs away from Washington and the Northwest. And although the last economic recession indeed adversely affected paper manufacturing employment, international trade disputes, environmental regulations, and increasing energy prices will likely continue to keep employment from expanding quickly. In the shorter term, employment in paper mills is expected to continue its decline, while employment in all other paper manufacturing firms will likely hold static.

### Percent of Firms Offering Fringe Benefits

	Health Insurance		Retirement Plan		Paid Vacation		Paid Holidays	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
<b>Manufacturing</b>	<b>78%</b>	<b>13%</b>	<b>49%</b>	<b>15%</b>	<b>84%</b>	<b>18%</b>	<b>81%</b>	<b>22%</b>
<b>All Industries</b>	<b>63%</b>	<b>12%</b>	<b>38%</b>	<b>12%</b>	<b>73%</b>	<b>19%</b>	<b>65%</b>	<b>20%</b>

Source: Employment Security Department, 2004 Employee Benefits Survey

### Employment by Age Groups

Age Groups	Paper Manufacturing		All NAICS Subsectors	
	Employment	Percent of Total Employment	Employment	Percent of Total Employment
<b>14-18</b>	17	0.1%	72,883	2.9%
<b>19-21</b>	154	1.2%	136,252	5.4%
<b>22-24</b>	265	2.0%	162,469	6.5%
<b>25-34</b>	1,992	15.3%	560,827	22.3%
<b>35-44</b>	3,423	26.2%	619,692	24.6%
<b>45-54</b>	4,553	34.9%	598,670	23.8%
<b>55-64</b>	2,526	19.4%	300,000	11.9%
<b>65-99</b>	122	0.9%	63,707	2.5%
<b>Total</b>	<b>13,052</b>	<b>100%</b>	<b>2,514,500</b>	<b>100%</b>

Employment for 2004 Quarter 1

Source: Employment Security Department, Quarterly Workforce Indicators

## Across the State

### Slower Growth Due to Aerospace Worker's Strike

By Cristina Gonzalez, Research Analyst

#### Employment Growth by County

Washington's employment\* increased 2.6 percent since September one year ago. Had the nearly 16,100 striking aerospace manufacturing workers been included, the year over year growth would have been closer to 3.2 percent—an increase larger than last month's. The state's employment gains continued to outpace the nation's (1.6 percent).

Washington's urban centers were primarily responsible for employment growth over the last year. Jobs added in King, Snohomish, and Pierce counties (+40,900) in the past year accounted for 58 percent of the state's employment gains. In addition, Clark and Spokane counties each contributed 6,100 jobs since last September.

Seven counties lost jobs over the year, summing to 1,370 net lost jobs. Although Wahkiakum and Lincoln counties remained in the bottom-ten-counties list after many months, neither lost jobs since last September. Lincoln's employment was unchanged, while Wahkiakum's grew 3.7 percent over the year.

#### Employment Growth by Industry

Four industries accounted for 83 percent of the state's employment gains over the year: construction (+19,000); professional and business services (+17,000); leisure and hospitality (+11,300); and trade, transportation, and utilities (+11,100). The four industries together employ 48 percent of Washington's workers.

Construction firms again increased employment more quickly than any other industry in the state, increasing 11.0 percent since last September. Puget

*\*Employment estimates are prepared by LMEA, using a quarterly-benchmark process. The process uses data from the most recent quarter of Unemployment Insurance Tax Reports, and estimates employment from that point to present. December 2004 is the most recent quarter available.*

Sound area firms contributed more than half of the industry's new jobs over the year. Although specialty trades contractor firms make up 4.2 percent of the state's total employment, added jobs in the sector account for 16.0 percent of total employment gains. Employment in the

construction of buildings and heavy and civil engineering sectors also increased by 10.6 percent or more over the year. Spokane (10.5 percent), Pierce (11.5 percent), and Whatcom (18.1 percent) counties added a great number of construction workers over the year.

#### Top and Bottom Counties by Change in Employment

County	Sept 05	Sept 04	Change	Growth Rate
<b>Washington State</b>	<b>2,798,000</b>	<b>2,727,900</b>	<b>70,100</b>	<b>2.6%</b>
<b>King</b>	1,153,900	1,128,700	25,200	2.2%
<b>Snohomish</b>	225,900	218,000	7,900	3.6%
<b>Pierce</b>	266,200	258,400	7,800	3.0%
<b>Clark</b>	130,600	124,500	6,100	4.9%
<b>Spokane</b>	207,500	201,400	6,100	3.0%
<b>Whatcom</b>	79,400	75,500	3,900	5.2%
<b>Kitsap</b>	85,900	82,500	3,400	4.1%
<b>Thurston</b>	94,600	92,800	1,800	1.9%
<b>Benton-Franklin</b>	88,100	86,400	1,700	2.0%
<b>Skagit</b>	45,400	44,400	1,000	2.3%
<b>Pend Oreille</b>	2,950	2,920	30	1.0%
<b>Wahkiakum</b>	850	820	30	3.7%
<b>Lincoln</b>	2,850	2,850	0	0.0%
<b>Columbia</b>	1,090	1,120	-30	-2.7%
<b>Garfield</b>	820	860	-40	-4.7%
<b>San Juan</b>	6,050	6,120	-70	-1.1%
<b>Yakima</b>	76,500	76,800	-300	-0.4%
<b>Kittitas</b>	13,520	13,830	-310	-2.2%
<b>Stevens</b>	10,030	10,370	-340	-3.3%
<b>Walla Walla</b>	23,200	23,540	-340	-1.4%

Source: Washington State Employment Security Department

#### Change in Construction Employment, Selected Labor Markets September 2004 to September 2005

Area	Sept 05	Sept 04	Change	%Growth
<b>Statewide</b>	<b>191,700</b>	<b>172,700</b>	<b>19,000</b>	<b>11.0%</b>
Whatcom	8,500	7,200	1,300	18.1%
Jefferson	800	800	0	0.0%
Chelan-Douglas	2,800	2,700	100	3.7%
Kittitas	1,110	1,060	50	4.7%
Tacoma	22,300	20,000	2,300	11.5%
Spokane	13,700	12,400	1,300	10.5%
Lewis	2,700	2,500	200	8.0%
Island	1,370	1,320	50	3.8%
Olympia	5,200	4,800	400	8.3%
Adams	170	170	0	0.0%
Ferry	290	280	10	3.6%
Whitman	470	430	40	9.3%
King	67,400	61,400	6,000	9.8%
Snohomish	20,000	18,100	1,900	10.5%

Source: Washington State Employment Security Department

Both professional, scientific, and technical services (+7,700) and administrative and support services (+8,900) are responsible for employment gains in professional and business services. Also, both sectors grew at least 5.6 percent in the last year at the statewide level. Half of the industry's jobs gains took place in King County (+8,600), and were evenly split between the two sub-sectors. Snohomish (+2,300), Pierce (+1,200), and Spokane (+1,100) counties all added jobs in professional and business services, while Yakima (-300) and Benton and Franklin (-900) counties lost jobs over the year.

Employment gains in food services and drinking places (+9,300) were primarily responsible for the rising employment in leisure and hospitality. Seventy-two percent of the increases in leisure and hospitality over the year were found in the Seattle-Everett areas. Accommodation employment decreased statewide by 200 jobs since last September.

Trade, transportation, and utilities employment in Washington increased 2.1 percent since September of last year, adding more than 11,000 jobs. A majority of those jobs (56 percent) were added by retail trade employers. The industry's employment gains were geographically widespread with increases in King (+3,300), Pierce (1,300), and Clark

(+1,000) counties; Whatcom, Spokane, and Yakima each added 700 jobs as well.

Manufacturing employment figures showed a loss in employment of 8,100 jobs since last September, but this was due to a month-long strike in aerospace manufacturing. The 16,100 striking workers were not included in employment figures in September. Firms producing durable goods otherwise saw employment gains, specifically in ship and boat building and fabricated metal product manufacturing. Employment in nondurable goods-producing continued to see year over year losses (-1,000).

Pacific, Clallam, and Asotin counties each experienced increases of at least 8.0 percent over the year in manufacturing employment.

### Unemployment

Washington saw a great influx of workers into the labor force in the last year. And again, the state saw only a small decrease in the number of unemployed (-3,700) since last September. More than half of the state's counties saw decreases in the number of unemployed, including King (-1,500), Pierce (-1,100), Whatcom (-400), and Snohomish (-300) counties. Columbia, Garfield, Benton, and Franklin counties saw increases in the number of unemployed workers of at least 10 percent since one year ago.



*Manufacturing employment figures showed a loss in employment of 8,100 jobs since last September, but this was due to a month-long strike in aerospace manufacturing.*

**Change in Manufacturing Employment, Selected Labor Markets  
September 2004 to September 2005**

Area	Sept 05	Sept 04	Change	%Growth
<b>Statewide</b>	<b>259,800</b>	<b>267,900</b>	<b>-8,100</b>	<b>-3.0%</b>
Island	750	730	20	2.7%
Pacific	1,000	860	140	16.3%
Clallam	1,480	1,370	110	8.0%
Whitman	1,070	1,110	-40	-3.6%
Okanogan	230	230	0	0.0%
Klickitat	420	470	-50	-10.6%
Chelan-Douglas	2,300	2,200	100	4.5%
Skagit	5,400	5,100	300	5.9%
Seattle/Everett	138,700	145,900	-7,200	-4.9%
Bellingham	8,700	8,400	300	3.6%
Tacoma	19,900	19,400	500	2.6%
Cowlitz	7,300	7,300	0	0.0%
Grays Harbor	3,780	3,850	-70	-1.8%
Clark	14,000	13,900	100	0.7%
Asotin	610	470	140	29.8%
Walla Walla	3,410	3,770	-360	-9.5%
Pend Oreille	340	320	20	6.3%

Source: Washington State Employment Security Department

## Special Feature

### Seasonal Adjustments—In Plain Talk

By Rick Kaglic, Chief Economist

#### Why Do We Seasonally Adjust Employment Data?

This is a question we receive on a regular basis, particularly around our monthly employment press release. Much of the confusion results from the fact that we produce both unadjusted and seasonally adjusted employment estimates. The unadjusted data is just that—unadjusted. It is our estimate of employment during any particular month based on a survey of businesses. Then there is the seasonally adjusted data, which is explained in more detail below. A rudimentary explanation is that the seasonal adjustment process takes into consideration typical seasonal variations, adjusts the data for the expected variation, and provides a seasonally adjusted estimate of employment.

So what is it that seasonally adjusted data tells us that the unadjusted data does not? The seasonal adjustment process gives us a way to gauge underlying strength in demand for labor, as indicated by employment growth.

#### Trends and Cycles

Employment estimates are affected by several phenomena over the years—trends, cycles, seasonal variations, and irregular events. For simplicity, we will limit the discussion to trends, cycles, and seasonal variations.

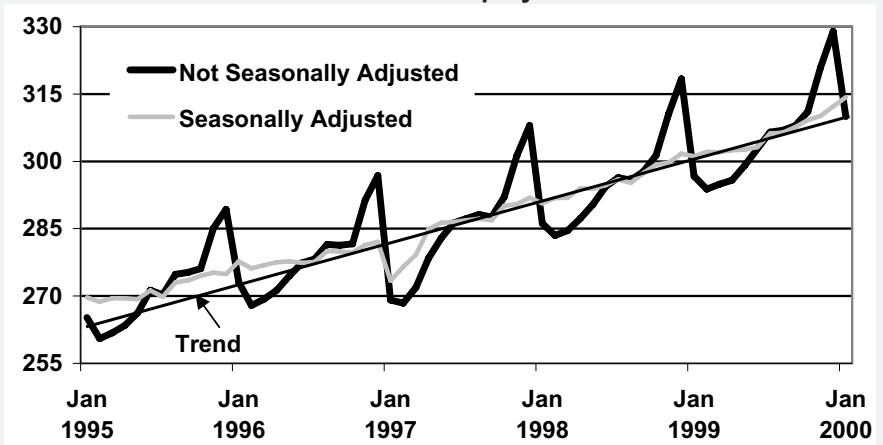
Over the course of several years employment is subject to trends. Changes in technology, productivity, demographics, and income over time can alter the composition of total employment. For example, because of gains in productivity, manufacturing and agricultural firms can produce more output with fewer workers. The increases in productivity limit employment growth in these industries. However, they also allow firms to increase wages (without putting upward pressure on prices), raising workers' standards of living. As a result, workers can afford to consume more goods and services, which (among other factors such as population growth) leads to an increase in retail employment over the years. This increase from year to year to year is called the trend.

Then, there are cycles. Cycles are general movements around the trend resulting from expansions and contractions in overall economic activity. Specifically, this movement around the trend rate of economic growth is called the business cycle.

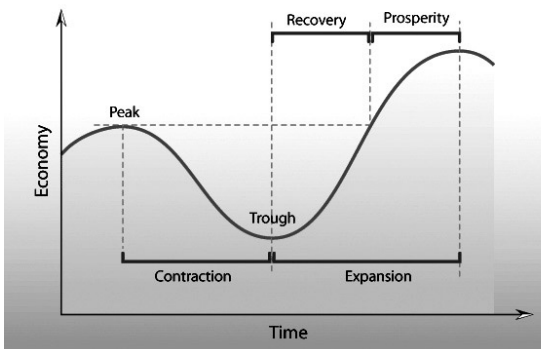
#### Seasonal Patterns

Some industries exhibit strong seasonal trends; that is to say that activity in these industries rises and falls in a more or less predictable pattern during the year. These patterns can result from several factors, among them weather (as in agriculture production), civic decisions (as in the timing of the school year), and holidays (as in Christmas shopping).

Retail Trade Employment



Source: Washington State Employment Security Department



*Cycles are general movements around the trend resulting from expansions and contractions in overall economic activity. Specifically, this movement around the trend rate of economic growth is called the business cycle.*

Let's look at retail trade. Each year the Christmas shopping season occurs in November and December. As holiday shoppers head to their favorite retail outlets, merchants add workers to meet the seasonal increase in demand. Thus, we see a sharp increase in retail employment every December. Then, after the holiday, retail sales activity inevitably slows. As it does, merchants begin to shed those seasonal workers. Subsequently, a sharp decrease in retail employment occurs every January.

### Seasonal Adjustment

The seasonal adjustment process takes the unadjusted data and massages it to account for the longer-term trend and typical seasonal variations. The seasonal factor is based on historical seasonal patterns and magnitudes. An example will help: Every year, retail employment increases sharply in December, then falls materially in January. The seasonal adjustment model assumes that retail employment increases in December. It then compares the actual increase against the expected increase. If the actual exceeds the expected, the seasonally adjusted data will show an increase in employment.

Let's assume that the seasonal adjustment model expects a 5,000 increase in retail employment during December (based on historical patterns). Further assume that the unadjusted employment estimate shows an increase of 5,200. The model compares the unadjusted, or actual (+5,200) to the expected (+5,000), and comes up with a seasonally adjusted employment gain of 200 (5,200 minus 5,000).

On the flip side, if the actual (let's say 4,800) falls short of the expected (5,000), the seasonally adjusted data will show an employment decline (-200). Note that even though the unadjusted data shows an increase, the seasonally adjusted data shows a decrease.

When we move into January, the model now expects to see a decline in retail employment. Now let's assume the seasonal adjustment model expects to see a decrease of 5,000, but gets an actual

decline of 4,800. The model compares the actual (-4,800) to the expected (-5,000) and shows a seasonally adjusted gain of 200 for January.

### Why Look at the Seasonally Adjusted Data?

For this exercise, let's assume that the unadjusted retail employment estimate showed a 5,200 increase in December and a 4,800 decrease in January. The unadjusted employment data will show just that—a 5,200 increase in December and 4,800 decrease in January. Since we were expecting an increase in December and a decrease in January, the unadjusted data don't really tell us much.

The seasonal adjustment process gives us a tool that we can use to compare the actual against the expected, helping us to identify the cycle. The seasonally adjusted data in this exercise would show an increase of 200 in December and an increase of 200 in January. By looking at the seasonally adjusted data, we can see that the retail industry was going through an expansion in employment during these two months.

### Conclusion

The seasonal adjustment process provides economy watchers with a tool to gauge the underlying strength in economic activity by accounting for typical seasonal variations. In this essay, we have explained it only in terms of employment, specifically retail employment. As the number of variables used in one's economic analysis increases, seasonally adjusted data becomes even more valuable. The seasons affect different aspects of the economy differently. As retail activity is rising in the winter, agricultural activity is declining. Employment in education declines during the summer while construction employment increases. These are all typical seasonal behaviors. Trying to sort through all of the unadjusted data, with all its own peculiar seasonal patterns, to get a sense of the underlying conditions in the economy would be virtually impossible. Seasonally adjusted data provides us with a tool to compare apples to apples.

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*Seasonally adjusted data provides us with a tool to compare apples to apples.*

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# Third Quarter Stats-At-A-Glance

**Average Unemployment Rates by County**  
**July, August, and September, 2005**  
**Washington State = 5.3%**  
**United States = 5.0%**  
*Not Seasonally Adjusted*

## Monthly Resident Civilian Labor Force and Employment in Washington State

(In Thousands)

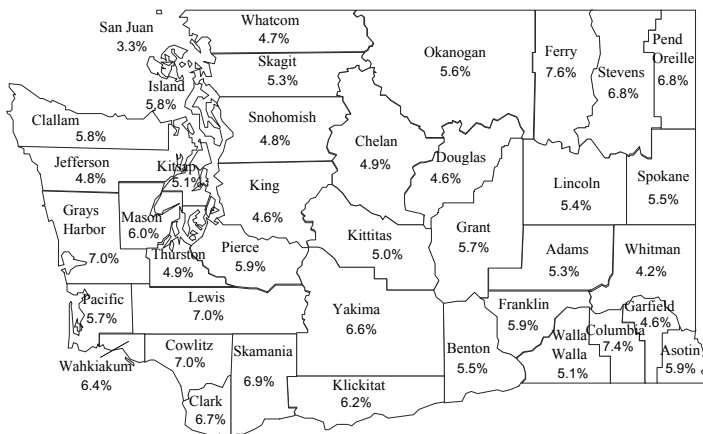
	<b>July 2005</b> (Rev)	<b>August 2005</b> (Rev)	<b>Sept. 2005</b> (Prel)
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### Seasonally Adjusted Unemployment:

Washington State	5.6%	5.8%	5.6%
United States	5.0%	4.9%	5.1%

### Not Seasonally Adjusted:

Resident Civilian Labor Force	3,320.8	3,318.0	3,303.7
Employment	3,145.2	3,136.3	3,135.4
Unemployment	175.6	181.7	168.3
Percent of Labor Force	5.3%	5.5%	5.1%



## Civilian Labor Force Estimates for Washington State Counties and MSAs<sup>1/</sup>

Date: 10/18/05  
 Benchmark: March 2004

Washington State  
 Employment Security Department  
 Labor Market and Economic Analysis

Not Seasonally Adjusted	July 2005 Revised				August 2005 Revised				September 2005 Preliminary			
	Labor Force	Employment	Unemployment	Unemployment Rate	Labor Force	Employment	Unemployment	Unemployment Rate	Labor Force	Employment	Unemployment	Unemployment Rate
Washington State Total	3,320,800	3,145,200	175,600	5.3	3,318,000	3,136,300	181,700	5.5	3,303,700	3,135,400	168,300	5.1
Bellingham MSA	106,200	101,200	5,000	4.7	104,800	99,600	5,200	5.0	102,700	98,100	4,500	4.4
Bremerton MSA	124,500	118,100	6,400	5.2	125,100	118,400	6,700	5.4	124,100	118,100	5,900	4.8
Kennewick-Richland-Pasco MSA	121,100	114,400	6,800	5.6	120,100	112,900	7,200	6.0	120,400	114,200	6,200	5.2
Benton County 2/	92,200	87,300	4,900	5.4	91,600	86,200	5,500	6.0	91,900	87,100	4,700	5.2
Franklin County 2/	28,900	27,100	1,800	6.3	28,500	26,800	1,800	6.2	28,600	27,100	1,500	5.2
Longview MSA (Cowlitz)	44,360	41,300	3,050	6.9	43,360	40,070	3,290	7.6	43,160	40,360	2,810	6.5
Mt. Vernon-Anacortes MSA (Skagit)	60,110	56,890	3,220	5.4	59,880	56,540	3,350	5.6	58,330	55,520	2,820	4.8
Olympia MSA	124,500	118,400	6,200	4.9	124,800	118,400	6,400	5.1	123,600	117,900	5,700	4.6
Seattle-Bellevue-Everett MD*	1,362,200	1,298,900	63,300	4.6	1,366,800	1,305,500	61,400	4.5	1,356,500	1,290,700	65,800	4.9
King County 2/	1,017,400	970,600	46,800	4.6	1,021,000	975,500	45,400	4.5	1,013,000	964,500	48,500	4.8
Snohomish County 2/	344,800	328,300	16,500	4.8	345,900	329,900	15,900	4.6	343,500	326,200	17,300	5.0
Spokane MSA	224,600	212,300	12,200	5.4	226,100	212,900	13,200	5.8	227,000	215,400	11,600	5.1
Tacoma Metropolitan Division	371,100	349,000	22,000	5.9	374,100	350,700	23,400	6.3	373,800	353,200	20,500	5.5
Wenatchee MSA	68,880	66,020	2,860	4.2	62,630	58,720	3,910	6.2	65,890	63,240	2,650	4.0
Chelan County 2/	45,820	43,900	1,930	4.2	41,720	39,050	2,670	6.4	43,830	42,050	1,780	4.1
Douglas County 2/	23,060	22,120	940	4.1	20,910	19,680	1,240	5.9	22,060	21,190	870	4.0
Yakima MSA	125,300	116,900	8,400	6.7	123,400	113,900	9,600	7.8	124,400	117,600	6,800	5.5
Aberdeen LMA (Grays Harbor)	32,400	30,150	2,250	6.9	32,270	29,850	2,410	7.5	31,730	29,620	2,100	6.6
Centralia LMA (Lewis)	32,290	29,970	2,320	7.2	32,480	30,060	2,410	7.4	31,690	29,630	2,060	6.5
Ellensburg LMA (Kittitas)	18,380	17,420	970	5.3	18,490	17,490	1,000	5.4	18,940	18,100	840	4.4
Moses Lake LMA (Grant)	40,260	37,870	2,390	5.9	40,470	37,960	2,510	6.2	41,490	39,370	2,120	5.1
Oak Harbor LMA (Island County)	32,200	30,400	1,900	5.8	32,300	30,300	2,000	6.1	32,100	30,400	1,700	5.3
Port Angeles LMA (Clallam)	30,190	28,420	1,780	5.9	30,420	28,510	1,900	6.3	29,970	28,390	1,580	5.3
Pullman LMA (Whitman)	18,720	17,860	860	4.6	20,840	19,920	920	4.4	21,440	20,670	770	3.6
Shelton LMA (Mason)	24,720	23,220	1,500	6.0	24,820	23,260	1,560	6.3	24,520	23,160	1,370	5.6
Walla Walla LMA (Walla Walla)	30,640	29,090	1,550	5.1	29,450	27,850	1,600	5.4	29,700	28,310	1,400	4.7
Adams	9,490	8,900	590	6.2	8,940	8,450	480	5.4	9,240	8,840	410	4.4
Asotin 2/	10,110	9,530	580	5.8	10,140	9,500	630	6.2	10,160	9,570	590	5.8
Clark 2/	197,300	184,000	13,300	6.7	198,600	184,700	13,900	7.0	196,700	184,200	12,500	6.3
Columbia	1,620	1,510	110	6.6	1,540	1,410	130	8.4	1,540	1,430	110	7.0
Ferry	3,150	2,910	250	7.8	3,170	2,920	250	7.8	3,170	2,960	220	6.8
Garfield	1,210	1,160	50	4.5	1,190	1,140	60	4.6	1,100	1,050	50	4.3
Jefferson	13,950	13,280	670	4.8	14,080	13,370	710	5.0	13,890	13,260	630	4.5
Klickitat	10,870	10,210	660	6.1	10,540	9,760	780	7.4	10,370	9,850	520	5.0
Lincoln	4,930	4,670	270	5.4	5,210	4,920	290	5.6	4,900	4,650	250	5.1
Okanogan	25,710	24,410	1,300	5.1	21,930	20,450	1,470	6.7	22,750	21,610	1,140	5.0
Pacific	10,090	9,530	560	5.5	10,140	9,530	610	6.0	9,850	9,310	540	5.5
Pend Oreille	5,140	4,780	360	7.1	5,190	4,820	370	7.2	5,140	4,820	320	6.3
San Juan	9,500	9,190	310	3.3	9,550	9,220	330	3.5	8,950	8,650	290	3.3
Skamania 2/	4,980	4,630	350	7.0	5,010	4,650	360	7.3	4,950	4,630	320	6.4
Stevens	18,390	17,110	1,280	7.0	18,410	17,080	1,330	7.2	17,980	16,870	1,110	6.2
Wahkiakum	1,680	1,570	110	6.5	1,750	1,630	120	6.7	1,720	1,630	100	5.6

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.  
 \*Metropolitan Division

# July

## Nonagricultural Wage & Salary Workers in Washington State, Place of Work <sup>1</sup>

In Thousands, Not Seasonally Adjusted	July		June		Numeric Change	
	2005 (Prel)	2005 (Rev)	2004 (Rev)	2004 (Rev)	Jun. 2005 to July 2005	July 2004 to July 2005
<b>Total Nonagricultural Wage &amp; Salary Workers</b>	2,776.7	2,787.6	2,709.4	2,729.3	-10.9	67.3
Natural Resources and Mining	9.2	9.1	9.2	9.0	0.1	0.0
Logging	5.8	5.6	5.8	5.7	0.2	0.0
<b>Construction</b>	182.3	176.0	171.3	166.5	6.3	11.0
Construction of Buildings	47.4	45.9	44.9	43.4	1.5	2.5
Heavy and Civil Engineering	23.1	21.8	22.1	21.1	1.3	1.0
Specialty Trade Contractors	111.8	108.3	104.3	102.0	3.5	7.5
<b>Manufacturing</b>	271.0	269.3	267.2	264.6	1.7	3.8
Durable Goods	189.6	189.1	183.1	182.2	0.5	6.5
Wood Product Manufacturing	18.7	18.6	18.8	18.6	0.1	-0.1
Fabricated Metal Products	18.0	17.9	17.7	17.4	0.1	0.3
Computer and Electronic Products	21.6	21.6	22.3	22.2	0.0	-0.7
Transportation Equipment	80.0	79.5	73.3	73.1	0.5	6.7
Aerospace Products and Parts	67.1	66.5	60.8	60.9	0.6	6.3
Nondurable Goods	81.4	80.2	84.1	82.4	1.2	-2.7
Food Manufacturing	34.2	33.4	35.5	34.0	0.8	-1.3
<b>Wholesale Trade</b>	122.5	120.9	121.2	120.1	1.6	1.3
<b>Retail Trade</b>	321.6	318.9	310.8	309.8	2.7	10.8
Motor Vehicle and Parts Dealers	43.5	43.3	42.3	42.1	0.2	1.2
Food and Beverage Stores	61.6	61.1	60.1	59.8	0.5	1.5
Clothing and Clothing Accessories Stores	26.6	26.1	25.0	25.2	0.5	1.6
General Merchandise Stores	57.1	56.3	54.7	53.7	0.8	2.4
<b>Transportation, Warehousing, and Utilities</b>	93.4	92.6	90.6	90.6	0.8	2.8
Utilities	4.5	4.5	4.5	4.5	0.0	0.0
Transportation and Warehousing	88.9	88.1	86.1	86.1	0.8	2.8
Air Transportation	11.8	11.7	12.6	12.5	0.1	-0.8
Water Transportation	3.6	3.6	3.3	3.3	0.0	0.3
Truck Transportation	24.3	24.1	23.9	23.4	0.2	0.4
Support Activities for Transportation	17.6	17.3	16.7	16.6	0.3	0.9
Support Activities for Water Transportation	5.5	5.4	5.8	5.7	0.1	-0.3
Warehousing and Storage	10.2	9.7	8.7	8.7	0.5	1.5
<b>Information</b>	94.9	94.0	93.0	92.9	0.9	1.9
Software Publishers	42.4	41.7	39.8	39.2	0.7	2.6
Telecommunications	24.9	24.7	26.2	26.5	0.2	-1.3
<b>Financial Activities</b>	154.7	154.2	152.9	152.6	0.5	1.8
Finance and Insurance	103.2	103.2	102.8	102.9	0.0	0.4
Credit Intermediation and Related Activities	53.1	53.2	52.9	53.2	-0.1	0.2
Insurance Carriers and Related Activities	38.4	38.4	38.5	38.3	0.0	-0.1
Real Estate and Rental Leasing	51.5	51.0	50.1	49.7	0.5	1.4
<b>Professional and Business Services</b>	318.7	316.0	307.0	303.5	2.7	11.7
Professional, Scientific, and Technical Services	140.4	140.0	136.7	135.8	0.4	3.7
Legal Services	21.4	21.3	21.1	21.1	0.1	0.3
Architectural, Engineering, and Related Services	32.3	32.2	32.6	32.2	0.1	-0.3
Computer Systems Design and Related Services	21.9	21.8	21.4	21.1	0.1	0.5
Management of Companies and Enterprises	34.0	33.8	33.2	33.3	0.2	0.8
Admin., Suppt. Svcs., Waste Mgmt., and Remediation	144.3	142.2	137.1	134.4	2.1	7.2
Employment Services	52.0	50.9	49.0	46.3	1.1	3.0
<b>Education and Health Services</b>	323.6	328.3	313.8	320.0	-4.7	9.8
Educational Services	37.3	42.1	36.5	42.8	-4.8	0.8
Hospitals	64.4	64.2	62.8	62.7	0.2	1.6
Nursing and Residential Care Facilities	54.7	54.5	53.4	52.8	0.2	1.3
Social Assistance	49.2	49.9	47.3	48.2	-0.7	1.9
<b>Leisure and Hospitality</b>	271.3	268.6	266.0	263.8	2.7	5.3
Arts, Entertainment, and Recreation	48.5	48.3	47.2	47.1	0.2	1.3
Accommodation	32.1	31.0	31.4	30.0	1.1	0.7
Food Services and Drinking Places	190.7	189.3	187.4	186.7	1.4	3.3
<b>Government</b>	509.9	536.4	504.3	534.2	-26.5	5.6
Federal	70.8	70.8	71.0	69.9	0.0	-0.2
State	131.6	149.8	132.5	150.3	-18.2	-0.9
State Educational Services	63.2	81.5	64.0	82.0	-18.3	-0.8
Local	307.5	315.8	300.8	314.0	-8.3	6.7
Local Educational Services	146.0	157.3	140.9	156.5	-11.3	5.1
<b>Workers in Labor-Management Disputes</b>	0.0	0.0	0.0	0.0	0.0	0.0

<sup>1</sup>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.

Prepared in cooperation with the Bureau of Labor Statistics

## August

### Nonagricultural Wage & Salary Workers in Washington State, Place of Work <sup>1</sup>

In Thousands, Not Seasonally Adjusted					Numeric Change	
	August 2005 (Prel)	July 2005 (Rev)	August 2004 (Rev)	July 2004 (Rev)	Jul. 2005 to Aug. 2005	Aug. 2004 to Aug. 2005
<b>Total Nonagricultural Wage &amp; Salary Workers</b>	2,776.6	2,777.4	2,704.6	2,709.4	-0.8	72.0
Natural Resources and Mining	9.3	9.3	9.3	9.2	0.0	0.0
Logging	5.7	5.7	5.7	5.8	0.0	0.0
<b>Construction</b>	185.7	181.9	174.3	171.3	3.8	11.4
Construction of Buildings	48.4	47.4	45.2	44.9	1.0	3.2
Heavy and Civil Engineering	23.7	22.8	22.7	22.1	0.9	1.0
Specialty Trade Contractors	113.6	111.7	106.4	104.3	1.9	7.2
<b>Manufacturing</b>	272.2	270.9	267.1	267.2	1.3	5.1
Durable Goods	190.6	189.7	183.4	183.1	0.9	7.2
Wood Product Manufacturing	18.9	18.8	18.9	18.8	0.1	0.0
Fabricated Metal Products	18.2	18.0	17.8	17.7	0.2	0.4
Computer and Electronic Products	21.7	21.6	22.3	22.3	0.1	-0.6
Transportation Equipment	80.4	80.1	73.2	73.3	0.3	7.2
Aerospace Products and Parts	67.6	67.1	60.7	60.8	0.5	6.9
Nondurable Goods	81.6	81.2	83.7	84.1	0.4	-2.1
Food Manufacturing	34.7	34.2	35.3	35.5	0.5	-0.6
<b>Wholesale Trade</b>	123.3	122.5	121.1	121.2	0.8	2.2
<b>Retail Trade</b>	322.9	321.5	312.4	310.8	1.4	10.5
Motor Vehicle and Parts Dealers	43.6	43.5	42.4	42.3	0.1	1.2
Food and Beverage Stores	61.9	61.6	60.6	60.1	0.3	1.3
Clothing and Clothing Accessories Stores	27.1	26.6	25.7	25.0	0.5	1.4
General Merchandise Stores	57.4	57.0	54.8	54.7	0.4	2.6
<b>Transportation, Warehousing, and Utilities</b>	93.7	93.4	90.8	90.6	0.3	2.9
Utilities	4.6	4.6	4.5	4.5	0.0	0.1
Transportation and Warehousing	89.1	88.8	86.3	86.1	0.3	2.8
Air Transportation	11.7	11.7	12.6	12.6	0.0	-0.9
Water Transportation	3.6	3.6	3.3	3.3	0.0	0.3
Truck Transportation	24.5	24.4	24.0	23.9	0.1	0.5
Support Activities for Transportation	17.8	17.5	16.8	16.7	0.3	1.0
Support Activities for Water Transportation	5.5	5.4	5.6	5.8	0.1	-0.1
Warehousing and Storage	9.9	10.0	8.7	8.7	-0.1	1.2
<b>Information</b>	95.8	95.1	93.1	93.0	0.7	2.7
Software Publishers	42.8	42.4	40.0	39.8	0.4	2.8
Telecommunications	24.8	24.6	26.1	26.2	0.2	-1.3
<b>Financial Activities</b>	155.0	154.7	153.2	152.9	0.3	1.8
Finance and Insurance	103.4	103.2	103.0	102.8	0.2	0.4
Credit Intermediation and Related Activities	53.2	53.2	53.0	52.9	0.0	0.2
Insurance Carriers and Related Activities	38.5	38.4	38.5	38.5	0.1	0.0
Real Estate and Rental Leasing	51.6	51.5	50.2	50.1	0.1	1.4
<b>Professional and Business Services</b>	321.9	319.0	310.0	307.0	2.9	11.9
Professional, Scientific, and Technical Services	141.2	140.5	137.4	136.7	0.7	3.8
Legal Services	21.4	21.4	21.0	21.1	0.0	0.4
Architectural, Engineering, and Related Services	32.5	32.4	32.8	32.6	0.1	-0.3
Computer Systems Design and Related Services	22.0	21.9	21.4	21.4	0.1	0.6
Management of Companies and Enterprises	33.9	33.9	33.3	33.2	0.0	0.6
Admin., Suppt. Svcs., Waste Mgmt., and Remediation	146.8	144.6	139.3	137.1	2.2	7.5
Employment Services	53.8	52.1	51.5	49.0	1.7	2.3
<b>Education and Health Services</b>	324.0	323.8	313.6	313.8	0.2	10.4
Educational Services	36.8	37.6	35.5	36.5	-0.8	1.3
Hospitals	64.6	64.4	62.8	62.8	0.2	1.8
Nursing and Residential Care Facilities	54.9	54.7	53.6	53.4	0.2	1.3
Social Assistance	49.1	49.1	47.2	47.3	0.0	1.9
<b>Leisure and Hospitality</b>	273.3	271.5	267.2	266.0	1.8	6.1
Arts, Entertainment, and Recreation	48.8	48.6	47.0	47.2	0.2	1.8
Accommodation	32.5	32.2	31.7	31.4	0.3	0.8
Food Services and Drinking Places	192.0	190.7	188.5	187.4	1.3	3.5
<b>Government</b>	495.5	510.1	490.6	504.3	-14.6	4.9
Federal	70.8	70.9	71.0	71.0	-0.1	-0.2
State	133.8	132.0	134.8	132.5	1.8	-1.0
State Educational Services	65.8	63.9	66.3	64.0	1.9	-0.5
Local	290.9	307.2	284.8	300.8	-16.3	6.1
Local Educational Services	130.0	145.9	124.5	140.9	-15.9	5.5
<b>Workers in Labor-Management Disputes</b>	0.0	0.0	0.0	0.0	0.0	0.0

<sup>1</sup>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.

Prepared in cooperation with the Bureau of Labor Statistics



# September

## Nonagricultural Wage & Salary Workers in Washington State, Place of Work <sup>1</sup>

In Thousands, Not Seasonally Adjusted	September		August		Numeric Change	
	2005 (Prel)	2005 (Rev)	2004 (Rev)	2004 (Rev)	Aug. 2005 to Sep. 2005	Sep. 2004 to Sep. 2005
<b>Total Nonagricultural Wage &amp; Salary Workers</b>	2,783.0	2,778.3	2,727.5	2,704.6	4.7	55.5
Natural Resources and Mining	9.2	9.3	9.4	9.3	-0.1	-0.2
Logging	5.6	5.7	5.8	5.7	-0.1	-0.2
<b>Construction</b>	185.8	186.5	172.9	174.3	-0.7	12.9
Construction of Buildings	48.5	48.5	44.8	45.2	0.0	3.7
Heavy and Civil Engineering	23.6	23.5	22.6	22.7	0.1	1.0
Specialty Trade Contractors	113.7	114.5	105.5	106.4	-0.8	8.2
<b>Manufacturing</b>	257.5	272.2	268.0	267.1	-14.7	-10.5
Durable Goods	175.5	190.7	183.5	183.4	-15.2	-8.0
Wood Product Manufacturing	18.8	18.9	18.9	18.9	-0.1	-0.1
Fabricated Metal Products	18.1	18.2	17.8	17.8	-0.1	0.3
Computer and Electronic Products	21.8	21.7	22.1	22.3	0.1	-0.3
Transportation Equipment	65.2	80.5	73.4	73.2	-15.3	-8.2
Aerospace Products and Parts	52.2 2/	67.6	61.2	60.7	-15.4	-9.0
Nondurable Goods	82.0	81.5	84.5	83.7	0.5	-2.5
Food Manufacturing	34.8	34.6	36.1	35.3	0.2	-1.3
<b>Wholesale Trade</b>	122.9	123.2	121.1	121.1	-0.3	1.8
<b>Retail Trade</b>	321.9	322.9	311.6	312.4	-1.0	10.3
Motor Vehicle and Parts Dealers	43.6	43.6	42.4	42.4	0.0	1.2
Food and Beverage Stores	61.6	61.9	60.4	60.6	-0.3	1.2
Clothing and Clothing Accessories Stores	26.7	27.1	25.4	25.7	-0.4	1.3
General Merchandise Stores	57.3	57.4	54.7	54.8	-0.1	2.6
<b>Transportation, Warehousing, and Utilities</b>	93.8	93.2	92.0	90.8	0.6	1.8
Utilities	4.5	4.5	4.5	4.5	0.0	0.0
Transportation and Warehousing	89.3	88.7	87.5	86.3	0.6	1.8
Air Transportation	11.2 2/	11.3	12.6	12.6	-0.1	-1.4
Water Transportation	3.5	3.6	3.3	3.3	-0.1	0.2
Truck Transportation	24.4	24.4	23.8	24.0	0.0	0.6
Support Activities for Transportation	17.7	17.6	16.7	16.8	0.1	1.0
Support Activities for Water Transportation	5.6	5.5	5.7	5.6	0.1	-0.1
Warehousing and Storage	10.3	9.9	9.4	8.7	0.4	0.9
<b>Information</b>	95.4	95.9	92.1	93.1	-0.5	3.3
Software Publishers	42.6	42.8	39.8	40.0	-0.2	2.8
Telecommunications	24.5	24.6	25.8	26.1	-0.1	-1.3
<b>Financial Activities</b>	154.9	155.0	152.5	153.2	-0.1	2.4
Finance and Insurance	103.3	103.4	102.6	103.0	-0.1	0.7
Credit Intermediation and Related Activities	53.2	53.2	52.9	53.0	0.0	0.3
Insurance Carriers and Related Activities	38.4	38.5	38.4	38.5	-0.1	0.0
Real Estate and Rental Leasing	51.6	51.6	49.9	50.2	0.0	1.7
<b>Professional and Business Services</b>	322.8	322.2	309.6	310.0	0.6	13.2
Professional, Scientific, and Technical Services	141.5	141.5	137.1	137.4	0.0	4.4
Legal Services	21.2	21.4	20.8	21.0	-0.2	0.4
Architectural, Engineering, and Related Services	32.4	32.5	32.5	32.8	-0.1	-0.1
Computer Systems Design and Related Services	22.2	22.1	21.4	21.4	0.1	0.8
Management of Companies and Enterprises	33.9	33.9	33.2	33.3	0.0	0.7
Admin., Suppt. Svcs., Waste Mgmt., and Remediation	147.4	146.8	139.3	139.3	0.6	8.1
Employment Services	55.0	53.9	51.7	51.5	1.1	3.3
<b>Education and Health Services</b>	329.5	324.2	318.8	313.6	5.3	10.7
Educational Services	41.7	36.8	40.7	35.5	4.9	1.0
Hospitals	64.7	64.7	62.9	62.8	0.0	1.8
Nursing and Residential Care Facilities	55.0	54.9	53.2	53.6	0.1	1.8
Social Assistance	49.7	49.1	47.7	47.2	0.6	2.0
<b>Leisure and Hospitality</b>	273.7	273.5	266.0	267.2	0.2	7.7
Arts, Entertainment, and Recreation	50.7	48.8	48.4	47.0	1.9	2.3
Accommodation	31.2	32.6	30.3	31.7	-1.4	0.9
Food Services and Drinking Places	191.8	192.1	187.3	188.5	-0.3	4.5
<b>Government</b>	512.2	496.2	512.3	490.6	16.0	-0.1
Federal	70.3	70.7	70.6	71.0	-0.4	-0.3
State	141.3	134.3	142.2	134.8	7.0	-0.9
State Educational Services	74.0	66.1	74.2	66.3	7.9	-0.2
Local	300.6	291.2	299.5	284.8	9.4	1.1
Local Educational Services	139.0	130.2	138.0	124.5	8.8	1.0
<b>Workers in Labor-Management Disputes</b>	16.1	0.0	0.0	0.0	16.1	16.1

<sup>1</sup>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. <sup>2</sup>Workers excluded because of involvement in labor-management dispute.

Prepared in cooperation with the Bureau of Labor Statistics

## New Product—National Wrap Up Explained

By Rick Kaglic, Chief Economist

Welcome to the National Weekly Wrap Up, a weekly roundup of national economic indicators. Every Monday morning, on [Workforceexplorer.com](http://Workforceexplorer.com), 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.

When I proposed the idea of such a weekly article, my boss was intrigued. Still, he challenged me to show where we could add some value. "Why do our customers and stakeholders care about this mind numbing array of national economic indicators?" he asked.

There are many answers to this question, but I'll share with you my top three.

First, the overall health of the U.S. economy is the single most important variable outside Washington's borders which will impact our economic activity. Washington's economy does not operate in isolation—what happens in the rest of the country has direct bearing on what happens here. Many of the goods and services produced in the state are exported to other states and nations for consump-

tion. Consequently, many Washington firms base their production, expansion, and hiring plans on demand for their goods and services worldwide. Thus, it is important for anyone who does business outside our boundaries to know what is happening in the broader economy.

Secondly, many of the variables important to doing business in the state are determined elsewhere. When the Federal Reserve decides to raise the targeted rate on federal funds from their headquarters in Washington D.C., financial markets worldwide are affected. Just recently, energy prices were driven higher by an event far beyond our control, namely Hurricane Katrina. There is nothing we can do about the cause, but for planning purposes, it is very useful to know about the consequences.

Thirdly, economic indicators can be "mind-numbing." There is a plethora of numbers that purportedly tell us something about the economy. There are data on household spending, business spending, exports, new orders, inventories, labor markets, etc. Some data give you a different perspective on what a

non-economist may consider to be the same thing. For example, the Bureau of Labor Statistics provides an employment estimate based on a survey of households, and another based on a survey of businesses. One of them is considered to be more accurate and reliable than the other. Do you know which it is?

There is a lot of economic data out there and it can be overwhelming at times, as well as confusing. It is often helpful for someone to help you make sense of it all. I spent ten years at the Fed doing just that—taking data from many different sources and making a cohesive story out of it.

Our goal is to provide you, our customers with timely and relevant economic information that you can count on—information that is accurate in content, tone, and balance. And free from hyperbole. In the end, our mission is to help job-seekers, businesses, policymakers, and others succeed in a rapidly changing economic environment. We believe this information helps.

Please email your questions and comments to [RKaglic@esd.wa.gov](mailto:RKaglic@esd.wa.gov).

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Quality labor market information to help you make informed decisions

**Unemployment Rates**

	Sep-05	Aug-05	Sep-04
Washington	5.1%	5.5%	5.3%
United States	4.8%	4.9%	5.1%

Source: Bureau of Labor Statistics and Washington State Labor Market and Economic Analysis [Full Press Release](#)

**National Wrap Up**

- [Wrap Up Explained - why we have this feature](#)
- [Wrap Up - week ending October 21, 2005](#)

Tools

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## What's New?

# 11th Annual Economic Symposium 2005



### Invitation

The Labor Market and Economic Analysis (LMEA) Branch of Washington State Employment Security Department cordially invites you to attend the **11th Annual Economic Symposium** on Labor Market Information.

This year's **Symposium** will be held on **Wednesday, November 30th, 2005** from 9:00 a.m. to 2:00 p.m. at the Worthington Center at Saint Martin's University in Lacey, Washington. Registration will begin at 8:30 a.m.

To reserve your place, **please register by November 18th, 2005**. You may register online at [Workforceexplorer.com](http://Workforceexplorer.com).

LMEA Economists and other professional staff will present a multimedia program that will benefit you through an increased understanding of labor market and economic issues that are shaping events in Washington State.

#### Lunchtime panel discussion:

- What is currently happening in Washington's manufacturing sector?
- Is there a future for manufacturing in the state?
- What can policymakers do to help manufacturing firms survive in an increasingly competitive environment?

#### Other issues to be discussed:

- Educating the Workforce
- The Rising Costs of Health Benefits
- Our Annual Regional Roundups

**Please Register by November 18th, 2005**  
**(Registration is limited to the first 150 participants)**



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## Washington Labor Market



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