



Economic Opportunity Institute

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The Economic Opportunity Institute is dedicated to building long-term economic security for working families in Washington State by forging realistic and robust public policies that promote public health and education, protect workers and their retirement, and ensure the benefits of prosperity are broadly shared with all those who contribute to it.

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The State of Working Washington 2007

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Executive Summary

Washington has enjoyed three years of strong job growth, but the effects of recession continue to linger for many families. While we are much further along the path of recovery than the country as a whole, population growth since 2000 has outstripped the supply of newly created jobs. Moreover, the benefits of recent growth are not equitably distributed. Many families are still pinched – even in the midst of a growing economy.

This report compiles and summarizes data from a wide range of state and national sources to give a snapshot of how Washington's families are faring in today's economy, and place that picture in the context of the past 17 years.¹

Key findings:

Jobs

- Jobs are growing across regions of the state and sectors of the economy. Health services, information, restaurants, construction, business and professional services, and even Washington's much-battered manufacturing sector are all adding jobs.
- Growth since 2004 has not made up for the three-year job slump that started in 2001. Although the state added about 80,000 jobs in both 2005 and 2006, we needed an additional 128,000 jobs to employ the same percentage of the working age population in 2006 as in 2000.
- The mix of jobs in the state has changed since 1990, with manufacturing falling from 16% to 10% of all non-farm jobs. Professional and business services, health services, construction, information, and leisure and hospitality have added to their share of jobs.

Income and Benefits

- Hourly wages for middle and high earners in Washington rose in 2005 and 2006, but stagnated or declined for lower income earners.
- After significant real gains during the 1990s, average monthly earnings for Washington men actually declined between 2000 and 2005, and have held steady for women.
- Median household incomes in Washington fell with the recession, but began rising again in 2002. In 2006, the state median annual income was \$52,583, 13th highest among the states and \$4,000 higher than the national level.
- In 2006, employers were less likely to provide every type of benefit, from health insurance to paid leave to a retirement plan, than at the start of the decade.

¹ Unless otherwise noted, Washington job figures throughout this report are drawn from Washington Employment Security Department, Nonagricultural Wage and Salary Employment in Washington State, Historical Series, Not Seasonally Adjusted, Updated March 2007, www.workforceexplorer.com. Other major data sources include the U.S. Census Department's Quarterly Workforce Indicators Online Tool, which provides information on industry employment and average earnings by age and gender, and the Current Population Survey, with analysis provided by the Economic Policy Institute.

Gender Disparities

- Women now make up 49% of the state workforce, but sectors of the economy are still sharply segregated. Construction and manufacturing remain predominately male, while health, educational, and financial services are heavily female.
- Men typically earn far more than women. The median hourly wage for Washington men in 2006 was \$18.54, compared to \$14.38 for women. Men aged 35 to 44 earn on average \$1,834 more per month than women of the same age range. Among full-time, year-round workers in the state, men earn \$12,000 more annually than women.
- Men typically see large gains in earnings between the ages of 25 and 44, while women on average realize only modest boosts in income during this phase of life.
- Despite the media attention to the so-called “opting out” by American women, far more men have left the workforce. From the late 1990s to 2006, the labor force participation rate of Washington men dropped by 6.1%, while the rate for women declined by 3.5%. Since 1979, men’s labor force participation rate has declined by 7.7% while women’s has increased by 14.2%.

National Comparisons

- Incomes are generally higher in Washington than the national average, while poverty, child poverty, and the percentage of workers earning poverty wages are lower.²
- In Washington, 20% of workers belonged to a union in 2006, compared to 12% in the U.S. And bucking the national trend, unionization rates in the state have gone up since 2000.
- In Washington, 11.8% of residents lacked health insurance in 2006, compared to 15.8% in the U.S. While the ranks of the uninsured have risen nationally since 2003, they have declined in Washington. Still, 752,000 Washingtonians of all ages and 119,000 children (6.9% of children in the state) are without health insurance.
- Among private sector workers, 49% in Washington have a workplace-based retirement plan, compared to 44% in the U.S.

Washington has a long history of public policy that promotes high-road development. The economy is doing better here than in the United States as a whole, and working families in the state are benefiting more from economic growth than their counterparts elsewhere. There still remains a great deal of work to do in building a state economy where economic security and opportunity are available to all.

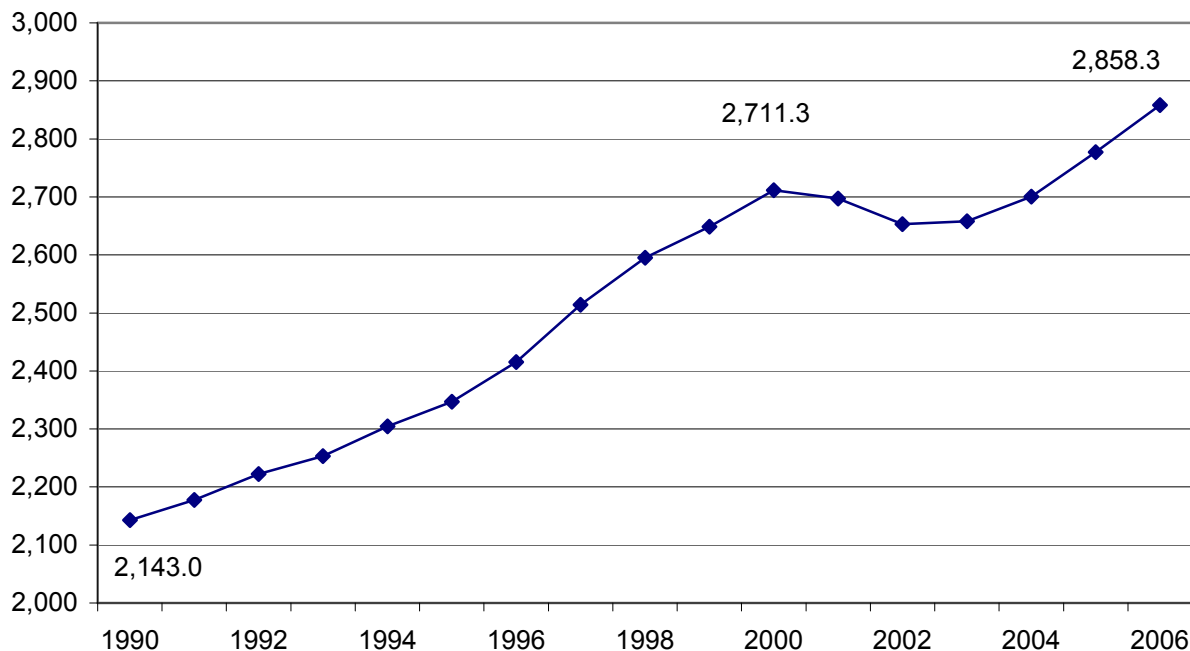
² “Poverty wages” here means the hourly wage necessary to keep a family of four above the poverty level with full-time, year-round work - \$9.91 per hour in 2006.

Job Growth and Change

Washington's economy is continuing to grow, adding jobs at a good clip. The state gained about 80,000 jobs in both 2005 and 2006. It is on pace to do so again in 2007, with monthly job averages through July averaging 80,400 above the same period last year. Jobs are growing across a broad range of sectors and across the state. Even the manufacturing sector, which experienced continual layoffs between 1998 and 2004, is expanding, accounting for 22,000 new jobs between 2004 and 2006.³

While Washington was hit particularly hard by job loss in the 2001 recession and its aftermath, the state has recovered better than the nation as a whole. In 2006, jobs in Washington were up 2.9% over 2005, and 5.4% from the previous peak in 2000. Across the United States, jobs grew by only 1.8% in 2006 and by 3.3% from 2000 to 2006.⁴

**Total Nonfarm Jobs in Washington State
1990-2006 (in thousands)**



Source: Washington Employment Security Department, Nonfarm Industry Employment, Historical Series, Not Seasonally Adjusted

There is good reason to celebrate Washington's economic health, but the effects of recession continue to linger for working families. Recent growth has not yet made up for the three-year job slump that started in 2001. Measured against the previous high point of 2000, Washington gained only 147,000 jobs by the end of 2006. During that same period, the working-age population in the state grew by

³ Unless otherwise noted, Washington job figures throughout this report are drawn from Washington Employment Security Department, Nonagricultural Wage and Salary Employment in Washington State, Historical Series, Not Seasonally Adjusted, Updated March 2007, www.workforceexplorer.com.

⁴ National job numbers are from the U.S. Bureau of Labor Statistics, "Employment, Hours, and Earnings from the Current Employment Statistics survey (National)," historical data, <http://data.bls.gov/>.

402,000.⁵ Jobs would need to grow by another 128,000 to provide work for the same percentage of potential workers.

In addition to manufacturing, some of the biggest current job generators are construction, professional and business services, health services, and restaurants. Over half of the new jobs added in 2006 were in sectors where average pay is above the statewide average. However, a significant number of new jobs are in fields with typical pay well below a living wage. These include restaurants, where average pay barely tops \$17,000 annually, and social assistance (which includes childcare and other social support services), where annual earnings average about \$22,000.⁶

Sectors with Major Job Change in Washington State

	Jobs Added 2006	Total Jobs 2006	Job Change 2000-2006	Job Change July '06- July '07	Average Monthly Wages 2006
Washington State non-farm jobs total	80,600	2,858,300	147,000	89,800	\$3,649
Construction	17,500	195,000	34,400	16,400	\$3,836
Manufacturing	13,400	285,400	-46,500	5,800	\$4,666
Aerospace	7,500	73,200	-14,000	6,100	\$6,496
Professional & business services	13,100	329,600	25,800	17,600	
Prof, scientific and technical	5,700	147,800	7,300	8,000	\$5,394
Admin & support	7,400	134,600	14,400	9,000	\$2,728
Health & social assistance	7,500	293,200	44,000	10,200	
Ambulatory care	2,500	119,100	20,300	3,800	\$3,694
Hospitals	1,600	65,000	6,100	3,100	\$4,241
Nursing & residential care	1,100	55,000	5,500	400	\$2,190
Social assistance	2,400	54,200	12,200	2,900	\$1,823
Food service & drinking places	6,600	196,600	19,300	6,800	\$1,429
Information	3,500	98,400	700	4,400	
Software publishing	3,400	44,700	12,500	2,400	\$10,623
Telecommunications	-1,200	24,400	-6,600	1,000	\$5,743

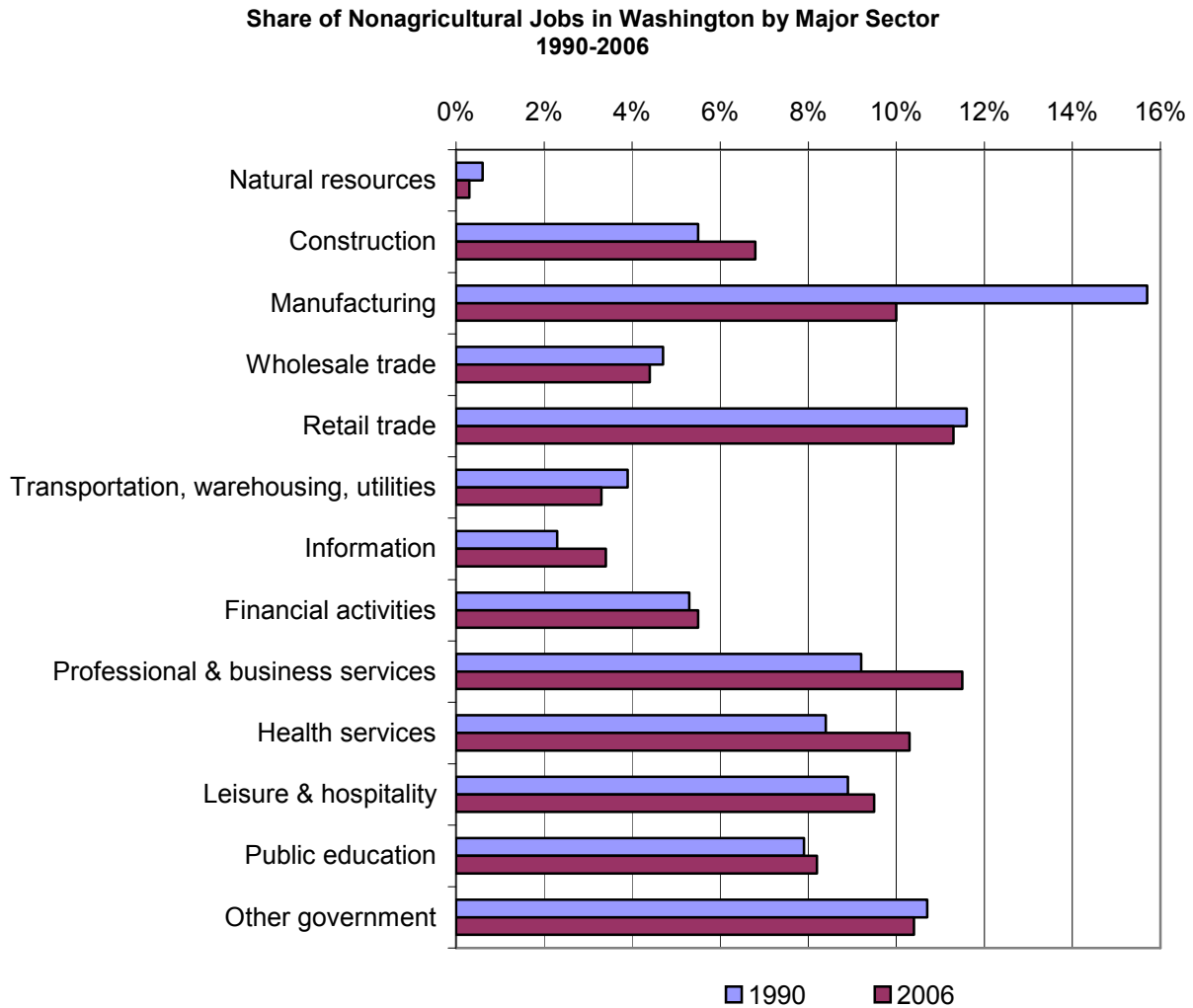
Sources: Washington Employment Security Department, Nonfarm Industry Employment, Historical Series, Not Seasonally Adjusted; U.S. Census, Quarterly Workforce Indicators.

Despite the uptick in manufacturing jobs in the past three years, manufacturing has fallen significantly as a percentage of all jobs in the state over the last half century. In 1950, manufacturing accounted for 26% of state jobs. By 1990, that share had fallen to about 16%. The number of manufacturing jobs rose during the 1990s, but not as quickly as jobs overall. Between 1998 and 2004, the state shed 97,000 manufacturing jobs. Of those, 46,600 were in aerospace, but almost every type of manufacturing took a beating, from sawmills and food preserving to computer production.

⁵ "Working-age population" here includes 15 to 64 year olds. Washington Office of Financial Management, Forecasting Division, "Population Estimates by Age and Sex, 1980-2006, Washington state," November 22, 2006, www.ofm.wa.gov.

⁶ Earnings figures are from U.S. Census, Quarterly Workforce Indicators Online, (NAICS) for Washington State, <http://lehd.did.census.gov/led/datatools/qwiapp.html>.

Sectors that have gained in the share of jobs since 1990 include professional and business services, health services, construction, and information.



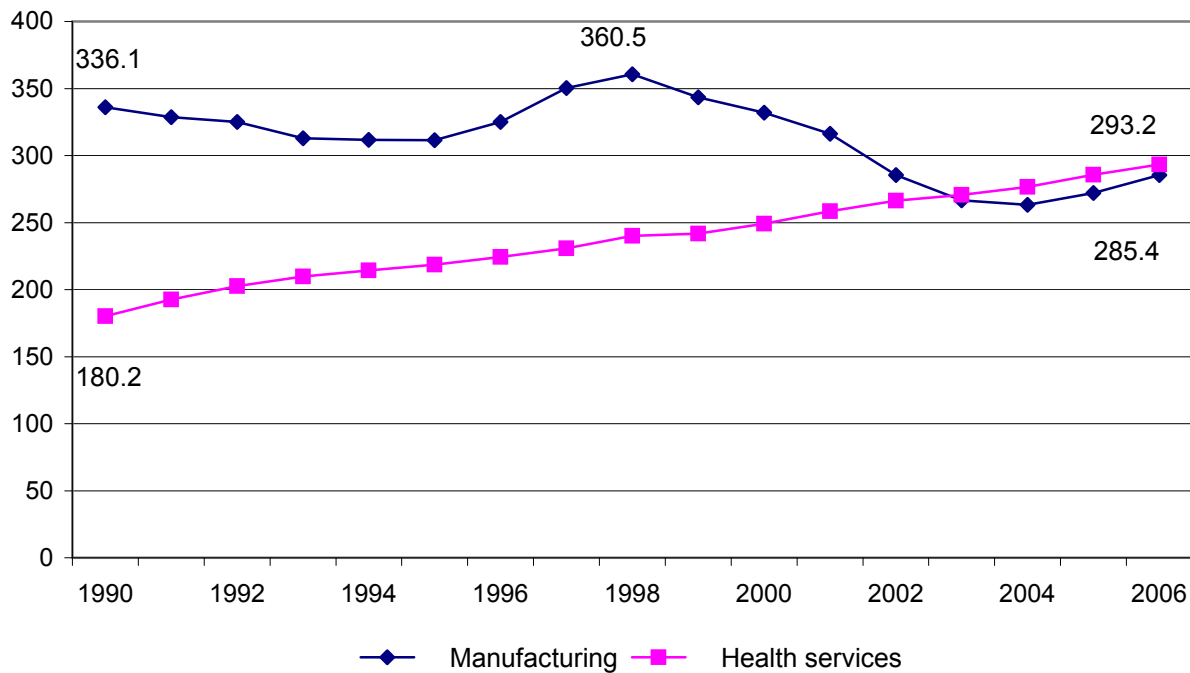
Source: Washington Employment Security Department, Nonfarm Industry Employment, Historical Series

The relative decline of Washington’s manufacturing sector in many ways mirrors the national experience. The United States lost 3.4 million manufacturing jobs between 1998 and 2006, 19% of the jobs in that sector. While Washington’s manufacturing sector is at least for the time being enjoying modest growth, nationwide the decline continues.⁷

In contrast to manufacturing, health service and social assistance jobs grew steadily, even during the recession. In Washington, health services jobs surpassed manufacturing in 2003. At the national level, that symbolic milestone was reached in 2005.

⁷ National job numbers are from the U.S. Bureau of Labor Statistics, “Employment, Hours, and Earnings from the Current Employment Statistics survey (National), <http://data.bls.gov/>.

**Manufacturing and Health Services & Social Assistance Jobs in Washington
1990-2006 (in thousands)**



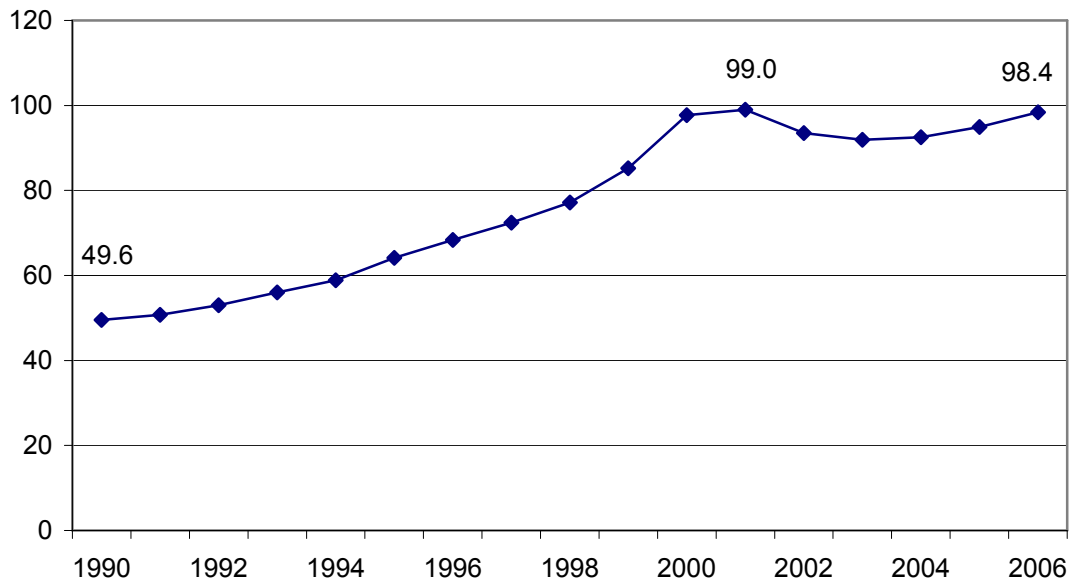
Source: Washington Employment Security Department, Nonfarm Industry Employment, Historical Series

Information sector jobs in Washington doubled between 1990 and 2001. Of course, the dot-com bust was one of the triggers of the most recent recession. Nationally the loss of information jobs that began in 2001 continued through 2006, and only began to turn around in 2007. Nearly one sixth of information jobs were lost nationwide between 2000 and 2006. In Washington, information jobs dropped in 2002 and again in 2003, but then began rebounding. About 7% of Washington's information jobs were lost during the two-year slide.

By 2006, information jobs in the state showed a modest gain over the 2000 level, and in March 2007, monthly information job totals finally exceeded 2001 levels. About 45% of information sector jobs in Washington currently are in software publishing, up from only 15% of those jobs in 1990. That subcategory includes Microsoft's 35,510 permanent employees in the state.⁸ Another 25% of information jobs now are in telecommunications, with wireless communications growing from a tiny fraction in 1990 to half of those jobs in 2006.

⁸ Microsoft Corporation, "Fast Facts About Microsoft: Current Employment Headcount," accessed August 16, 2007, http://www.microsoft.com/presspass/insidefacts_ms.msp#E6MAC.

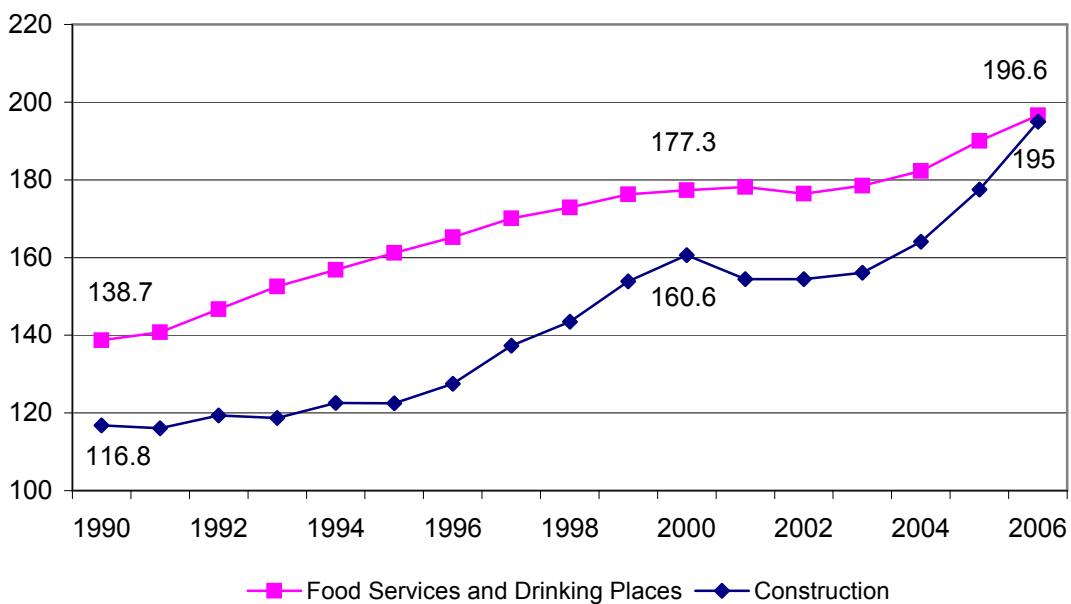
**Information Sector Jobs in Washington
1990-2006 (in thousands)**



Source: Washington Employment Security Department, Nonfarm Industry Employment, Historical Series

Construction jobs fell by 3.9% between 2000 and 2002, but finished 2006 21.4% above 2000 levels. Restaurant jobs in Washington dropped in only a single year – 2002 - by 1%, then resumed more modest but still strong growth, ending 2006 11% above 2000.

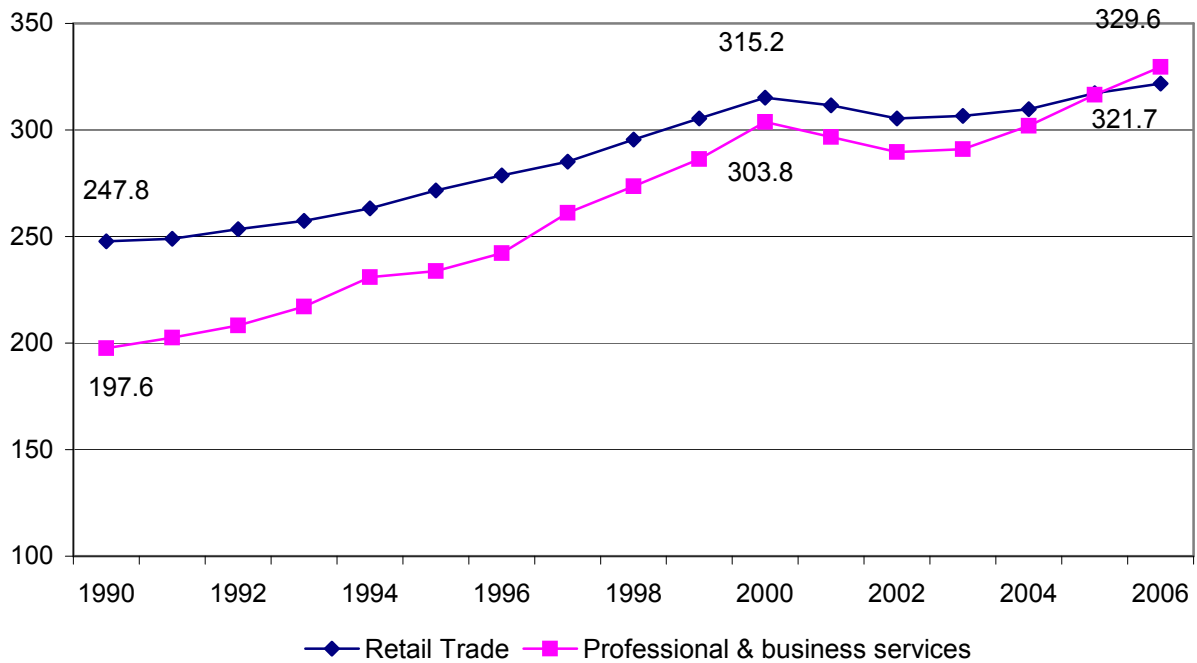
**Restaurant and Construction Jobs in Washington
1990-2006 (in thousands)**



Source: Washington Employment Security Department, Nonfarm Industry Employment, Historical Series

The retail sector in Washington shed 3% of jobs during 2001 and 2002. By 2005, retail jobs surpassed the previous peak and have continued growing since, but at a slower pace than jobs overall in the state. Business and professional services followed a pattern similar to that of retail trade, but with a much faster pace of growth both during the 1990s and since 2003.

**Retail Trade, Business and Professional Services Jobs in Washington
1990-2006**



Source: Washington Employment Security Department, Nonfarm Industry Employment, Historical Series

The public sector, including federal, state, and local government and school districts, represents 18.5% of statewide nonagricultural employment. That percentage has varied little since 1990.

A Regional Look

Most parts of Washington experienced minimal loss of total jobs during the recession that launched the decade and began gaining new jobs quickly. King County is the major exception – and with over 40% of the state’s jobs, the whole state felt the impacts. King County lost jobs for three years, from 2001 through 2003. By the end of 2006, the county had still not recovered its 2000 job numbers.

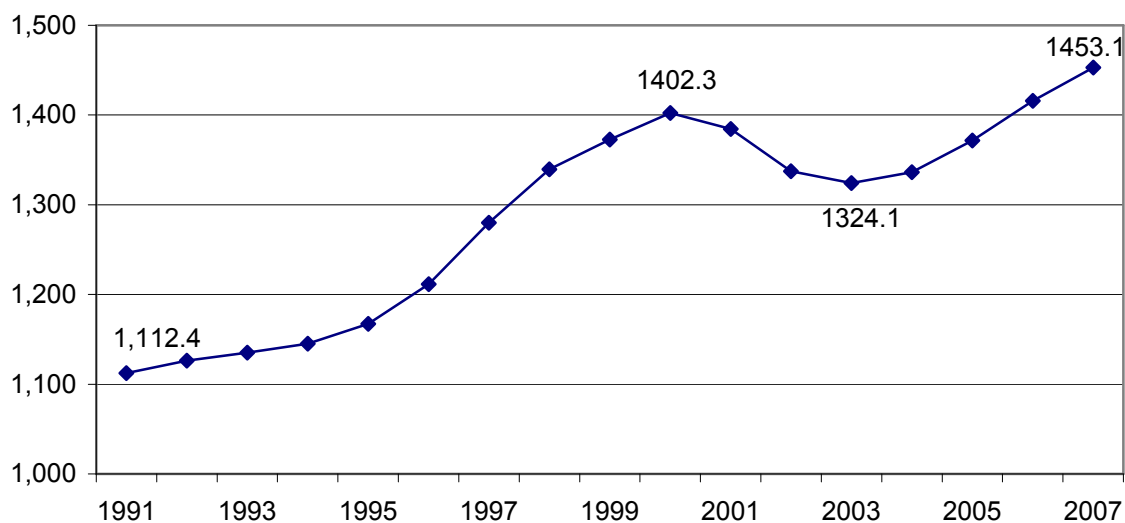
Finally in 2007, King County has posted higher job totals than in 2000. Other regions of the state lost relatively fewer jobs and showed clear signs of recovery by 2003. Most of the urban areas in western Washington outside of King County, as well as the Tri-Cities, enjoyed net job growth of between 11% and 18% from 2000 to 2006. Other parts of eastern Washington and Grays Harbor experienced slower but real job growth. But the mix of jobs is changing statewide, and the decline of manufacturing has caused economic hardship for families throughout the state.

Seattle-Bellevue-Everett (King and Snohomish Counties)

Because of extensive commuting across the King and Snohomish county borders, the two counties are generally considered a single employment region. Together, they account for half of the state’s non-agricultural jobs. Although unemployment in the two counties is usually the lowest in the state, it was the region hardest hit by recession and the slowest to recover. The general decline and restructuring of manufacturing and the dot-com bust all negatively impacted area employers, with ripple effects into other sectors.

From 2000 to 2003, the Seattle metropolitan area lost 5.9% of its jobs. Strong job growth did not resume until 2005. The area ended 2006 with just 1% more jobs than it had in 2000. Fortunately, growth is continuing in 2007. Average monthly job totals for 2007 through July are 52,000 above the same period in 2006.

**Total Nonagricultural Jobs in Seattle-Bellevue-Everett
(King and Snohomish Counties) 1991-2007 (in thousands)**

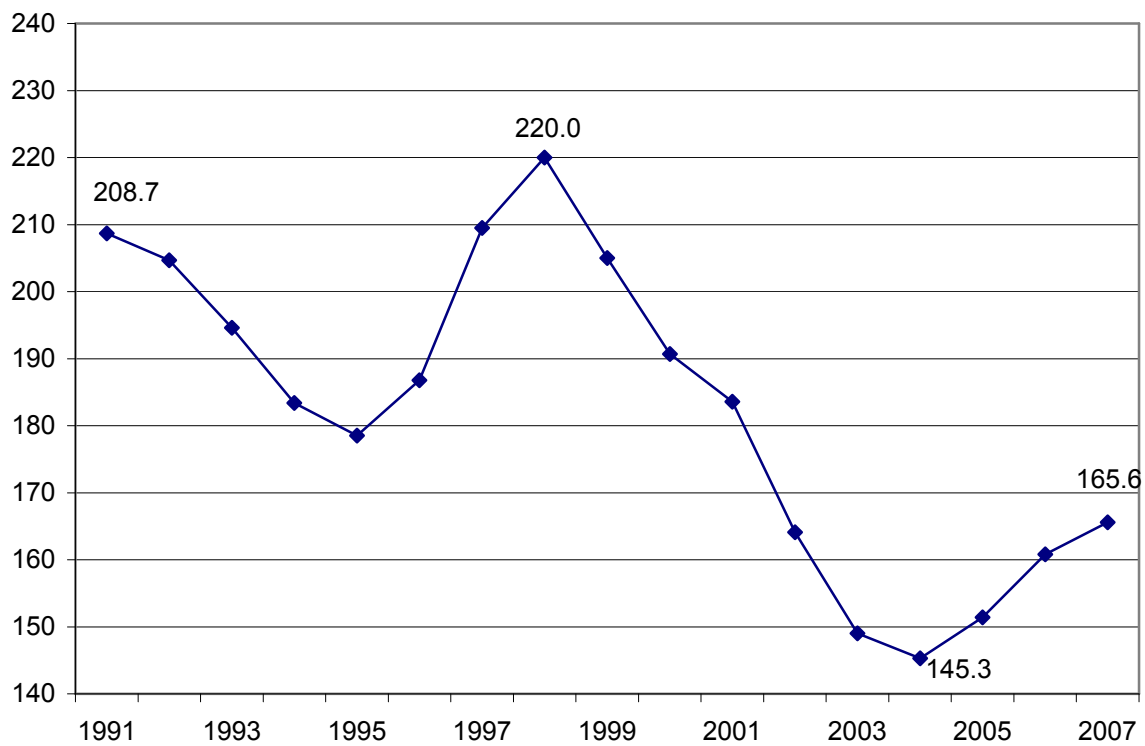


Source: Washington Employment Security Department, Nonfarm Industry Employment, Historical Series. Note: 2007 figures include monthly job totals through July only.

The real problem has been in King County, not Snohomish. Like most other regions in the state, Snohomish employers experienced a fairly modest decline in jobs in 2002 and had recovered most of those by 2004. King County, on the other hand, lost nearly 75,000 jobs over three years. January 2007 was the first month to post job totals above the corresponding month in 2000. Through July, King County is on pace to add about 30,000 in 2007 over the year 2000 level.

Manufacturing jobs in the Seattle metro area declined by a staggering 51.4% from 1998 to 2004, a loss of nearly 75,000 jobs. Much of the recent growth statewide in manufacturing has also occurred in King and Snohomish County, with about 20,000 new jobs in the sector from 2004 through July 2007. This still amounts to a net loss of 55,000 jobs.

**Manufacturing Jobs in King and Snohomish Counties
1991-2007 (in thousands)**

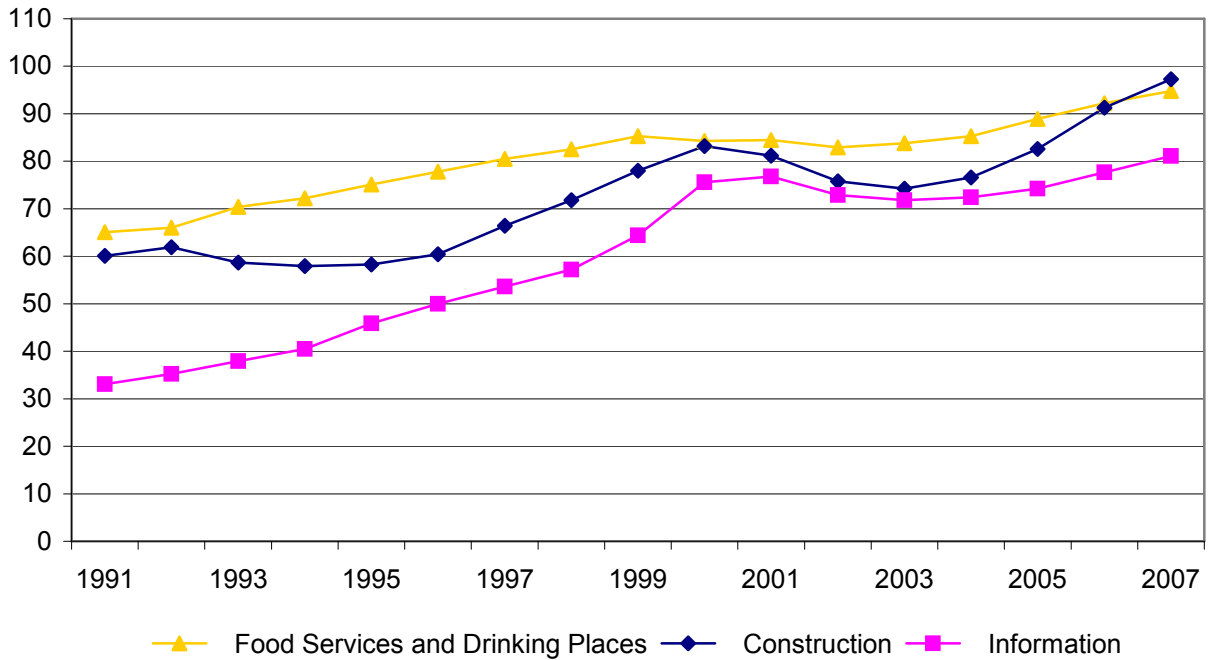


Source: Washington Employment Security Department, Nonfarm Industry Employment, Historical Series. Note: 2007 figures include monthly job totals through July only.

King and Snohomish County jobs in the trade, transportation, and utilities sector have also not recovered their previous peak. Professional and business services, which have grown considerably across the state, fell sharply in the Seattle metro area from 2000 to 2003, and just recovered the 2000 level by the end of 2006.

Construction and food services both clearly felt the recession but have now far surpassed their previous peaks. In the information sector, the region lost 5,000 jobs between 2001 and 2003. By July 2007 it had not only gained those back, but also added 4,300 more.

**Restaurants, Construction, and Information Sector Jobs in King and Snohomish Counties
1991-2007 (in thousands)**

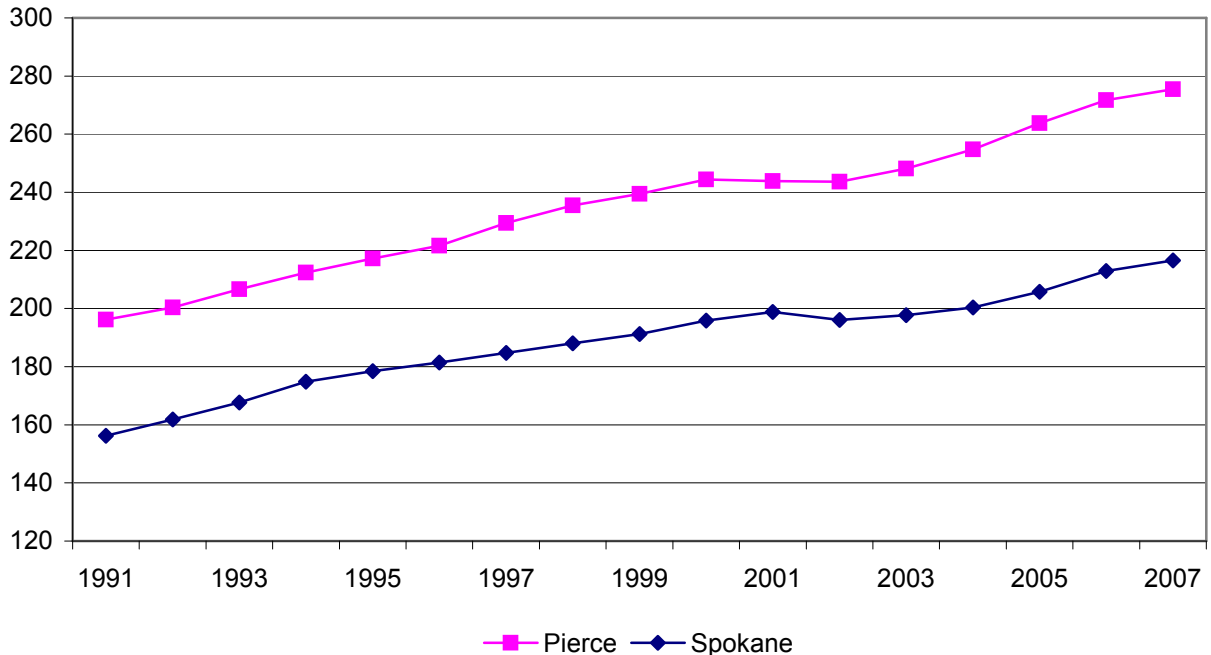


Source: Washington Employment Security Department, Nonfarm Industry Employment, Historical Series. Note: 2007 figures include monthly job totals through July only.

Tacoma and Spokane (Pierce and Spokane Counties)

Tacoma and Spokane are the two largest cities in Washington outside of the Seattle metropolitan area. Both have had similar patterns of job growth, experiencing a clear stall between 2001 and 2003, but recovering nicely since. Tacoma’s job market grew at a somewhat brisker pace both during the late 1990s and during the post-recession recovery. Pierce County ended 2006 with 11.5% more jobs than in 2000. Spokane County had 8.6% more jobs in 2006.

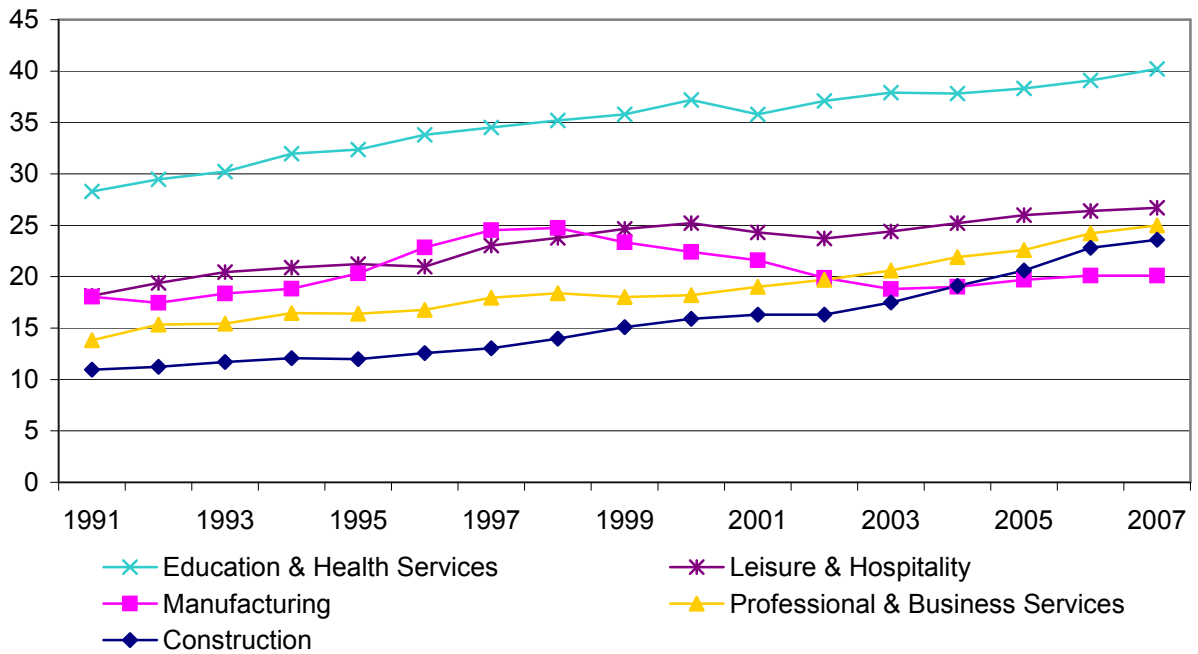
**Nonagricultural Jobs in Pierce and Spokane Counties
1991-2007 (in thousands)**



Source: Washington Employment Security Department, Nonfarm Industry Employment, Historical Series. Note: 2007 figures include monthly job totals through July only.

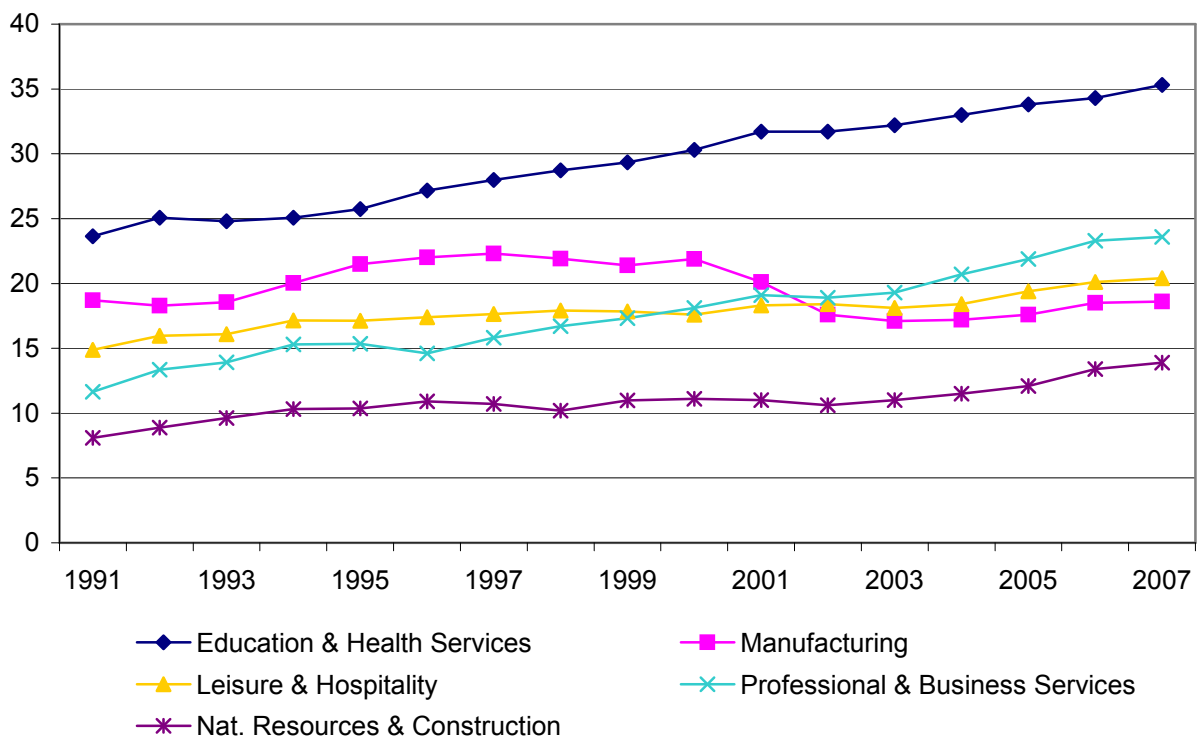
Loss of manufacturing jobs has been a general phenomenon across the state. The two counties together lost 11,000 manufacturing jobs from 1998 to 2003. Only about 2,700 of those jobs have been regained. The largest generators of new jobs have been in construction, professional and business services, health care, and restaurants.

**Nonagricultural Jobs in Pierce County, Selected Sectors
1991-2007 (in thousands)**



Source: Washington Employment Security Department, Nonfarm Industry Employment, Historical Series. Note: 2007 figures include monthly job totals through July only.

**Nonagricultural Jobs in Spokane County, Selected Sectors
1991-2007 (in thousands)**

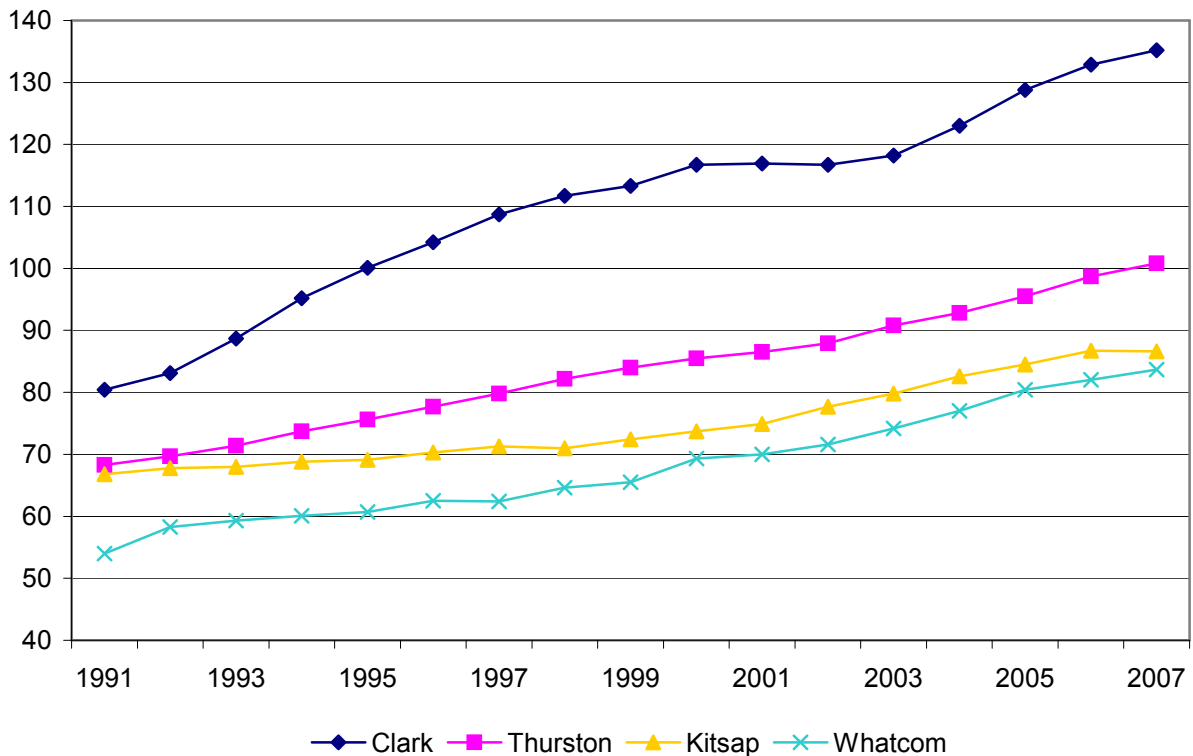


Source: Washington Employment Security Department, Nonfarm Industry Employment, Historical Series. Note: 2007 figures include monthly job totals through July only.

Bellingham, Bremerton, Olympia, and Vancouver

The four western Washington cities of Bellingham, Bremerton, Olympia, and Vancouver all made it through the most recent recession with no job loss. Each experienced a slowdown in job growth in 2002, before resuming a more rapid pace of expansion. Clark County had a second no-growth year, in 2003 as well.

**Nonagricultural Jobs in Bellingham, Bremerton, Olympia, and Vancouver
(Whatcom, Kitsap, Thurston, and Clark Counties), 1991-2007 (in thousands)**



Source: Washington Employment Security Department, Nonfarm Industry Employment, Historical Series. Note: 2007 figures include monthly job totals through July only.

Vancouver and Clark County are within the Portland, Oregon metropolitan area, with extensive commuting across the border. Clark County ended 2006 with 13.9% more jobs than in 2000. It did significantly better in the early days of this decade than the Portland area as a whole, which lost jobs for three consecutive years from 2002 to 2004.

Even in the context of overall growth, some sectors have not fared well. Clark County's manufacturing and information sectors lost jobs from 2000 to 2003 that have yet to be recovered. In 2007, manufacturing workers around Vancouver have experienced additional layoffs, including 300 jobs at a Georgia Pacific paper mill in Camas.⁹ However, other manufacturers are expanding jobs in the county, and most other sectors have seen continual growth.¹⁰

⁹ *The Columbian*, "Clark County job growth steady in June," July 18, 2007, <http://www.columbian.com/business/businessNews/07182007news169690.cfm>.

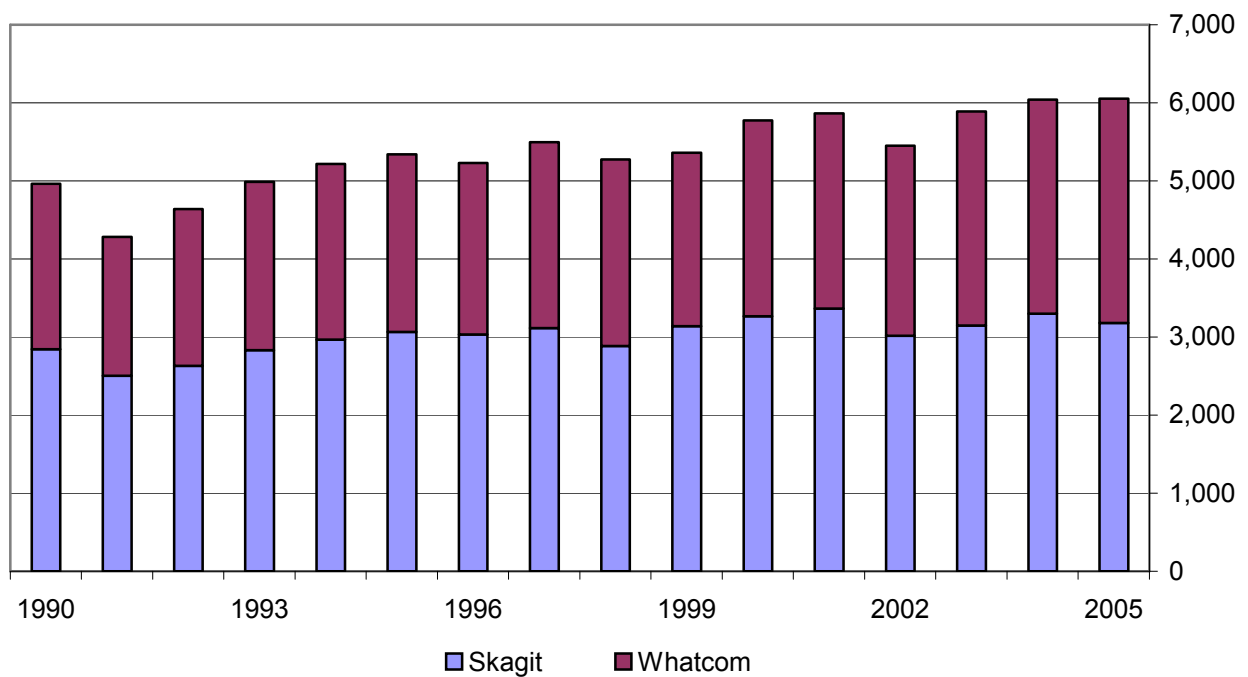
¹⁰ Washington Employment Security Department, "Around the State, July 2007," by Henry Tabalno and Regional Economists, www.workforceexplorer.com.

Thurston County’s growth has been in the private sector, even though it has a high share of public sector jobs. State government accounts for one quarter of total employment in the county, and all levels of government account for over one third. But government employment has been flat since 2000. Construction, professional and business services, and hospitality have been the generators of new jobs.

Bremerton, home of a naval shipyard, lost 6,000 federal government jobs during the 1990s, keeping Kitsap County’s job growth during that decade relatively flat. A growth in local government, including tribal government, since 2001 has restored many public sector jobs, but as in Thurston County, much of the Bremerton area job growth has come from the private sector. Construction, retail trade, and leisure and hospitality in particular have experienced growth.

Job growth in Whatcom County has come from professional and business services, leisure and hospitality, construction, retail trade, and state and local government. Agriculture also makes a significant contribution to the economy of Whatcom and Skagit counties.

**Agricultural Jobs in Skagit and Whatcom Counties
1990-2005**

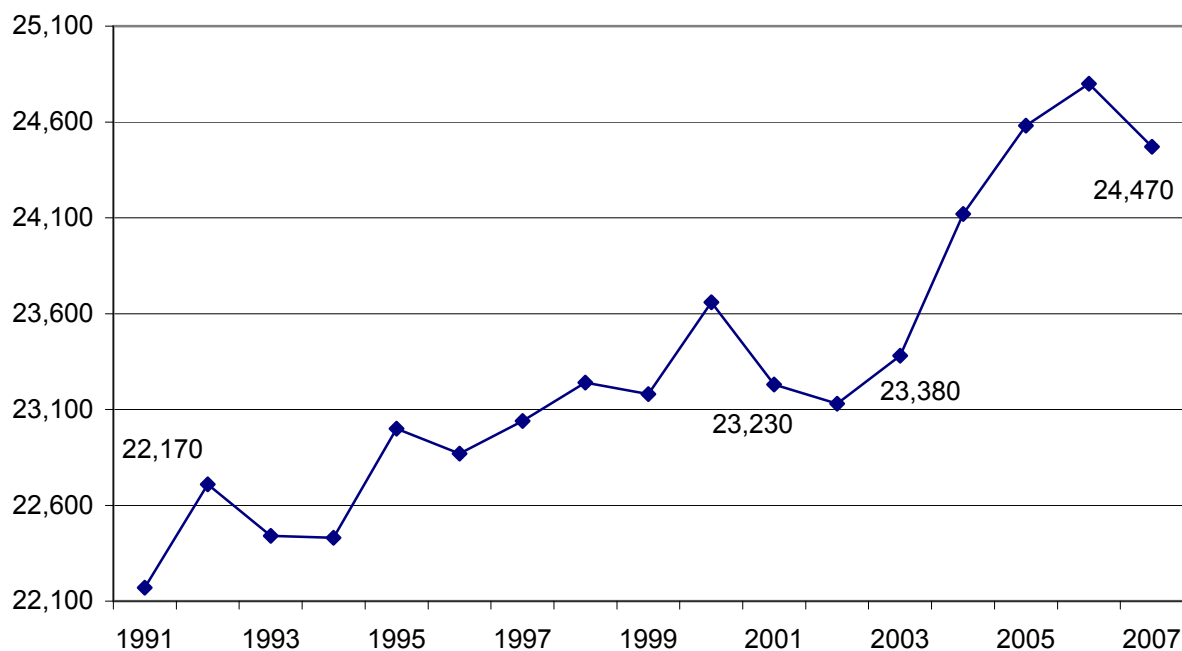


Source: U.S. Census, Quarterly Workforce Indicators Online.

Grays Harbor County

Grays Harbor County struggled economically along with the timber industry during the 1990s. In 1992, the county's unemployment rate was 15.2%.¹¹ The county nevertheless had positive job growth during that decade. It lost 2.3% of jobs over the course of 2001 and 2002, but had surpassed the 2000 level by 2004. Jobs continued to grow through 2006, but monthly job totals for 2007 through July have been lower than the previous year. Overall from 2000 to 2006, Grays Harbor County jobs grew by 4.8%.

**Nonagricultural Jobs in Grays Harbor County
1990-2007**



Source: Washington Employment Security Department.
Historical Series. Note: 2007 figures include monthly job totals through July only.

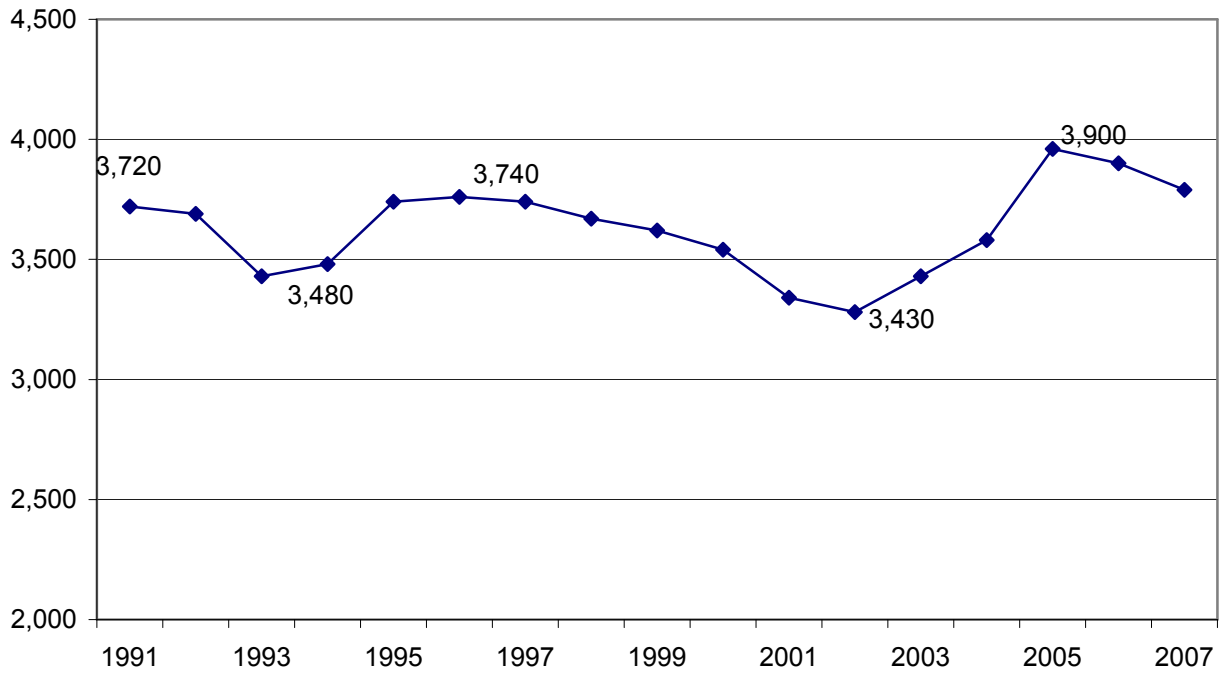
In contrast to the rest of the state, manufacturing jobs in Grays Harbor in 2005 through 2007 actually exceed mid-1990s levels. Nevertheless, manufacturing employment in the county remains lower than the pre-1990 level, and jobs have declined in 2006 and 2007 while other parts of the state have seen expansion in that sector. Weyerhaeuser closed a mill in September 2006 that had employed 300 people, although there is promise of it reopening under new ownership.¹² A new biodiesel plant is helping to diversify the region's economy, but anticipates a permanent workforce of only between 50 and 60 people.¹³

¹¹ Washington Employment Security Department, "Grays Harbor and Pacific County Profile," 2002, p. 5, http://www.workforceexplorer.com/admin/uploadedPublications/395_ghpc.pdf.

¹² *Aberdeen Daily World*, "Union ready to talk about workforce for pulp mill," February 2, 2007, http://www.thedailyworld.com/articles/2007/02/02/local_news/03news.txt; and "Pulp mill 2 permits closer to reopening," August 4, 2007, http://www.thedailyworld.com/articles/2007/08/04/local_news/02news.txt.

¹³ *Seattle Times*, "Biodiesel plant stirs hopes in Grays Harbor," August 16, 2007, <http://seattletimes.nwsources.com>.

**Jobs in Manufacturing in Grays Harbor County
1990-2007**

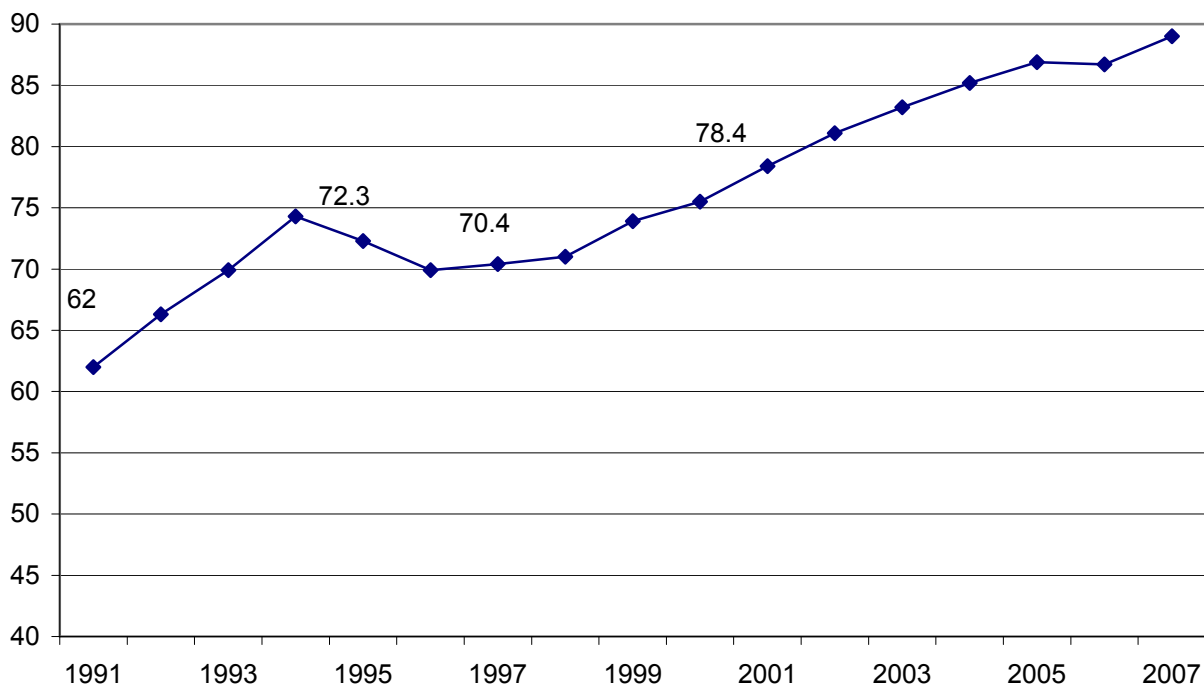


Source: Washington Employment Security Department.
Note: 2007 figures include monthly job totals through July only.

Tri-Cities (Benton and Franklin Counties)

The economy of the Tri-Cities of Kennewick, Richland, and Pasco in Benton and Franklin counties is tied closely to the Hanford nuclear facility. The area saw an influx of jobs for clean-up activities in the early 1990s, but cuts in those jobs in 1994 and 1995. Renewed expansion of federal contracting after 1998 kept jobs growing in the Tri-Cities until 2005. But professional and business services in the area took a downward turn in 2005 and dropped by over 2,000 jobs in 2006. That in turn stalled growth in other sectors as well. Still, the area realized a brisk pace of 14.8% job growth between 2000 and 2006. In 2007 through July, jobs have been growing again across sectors, particularly in construction.

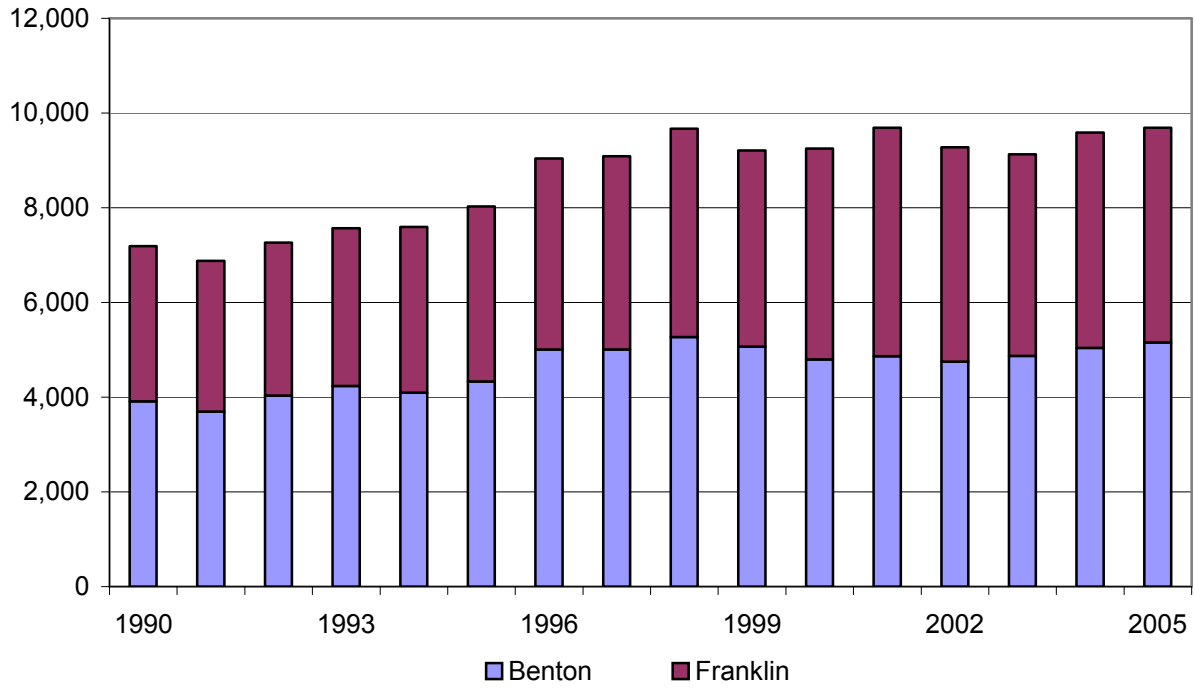
**Nonagricultural Jobs in Kennewick-Richland-Pasco
(Benton and Franklin Counties) 1991-2007 (in thousands)**



Source: Washington Employment Security Department, Nonfarm Industry Employment, Historical Series. Note: 2007 figures include monthly job totals through July only.

The agricultural sector contributes nearly 10,000 jobs in Benton and Franklin counties. While there has been some year-to-year variation, agricultural jobs in the two counties have remained consistently above 9,000 since 1996.

Agricultural Jobs in Benton and Franklin Counties 1990-2005



Source: U.S. Census, Quarterly Workforce Indicators Online.

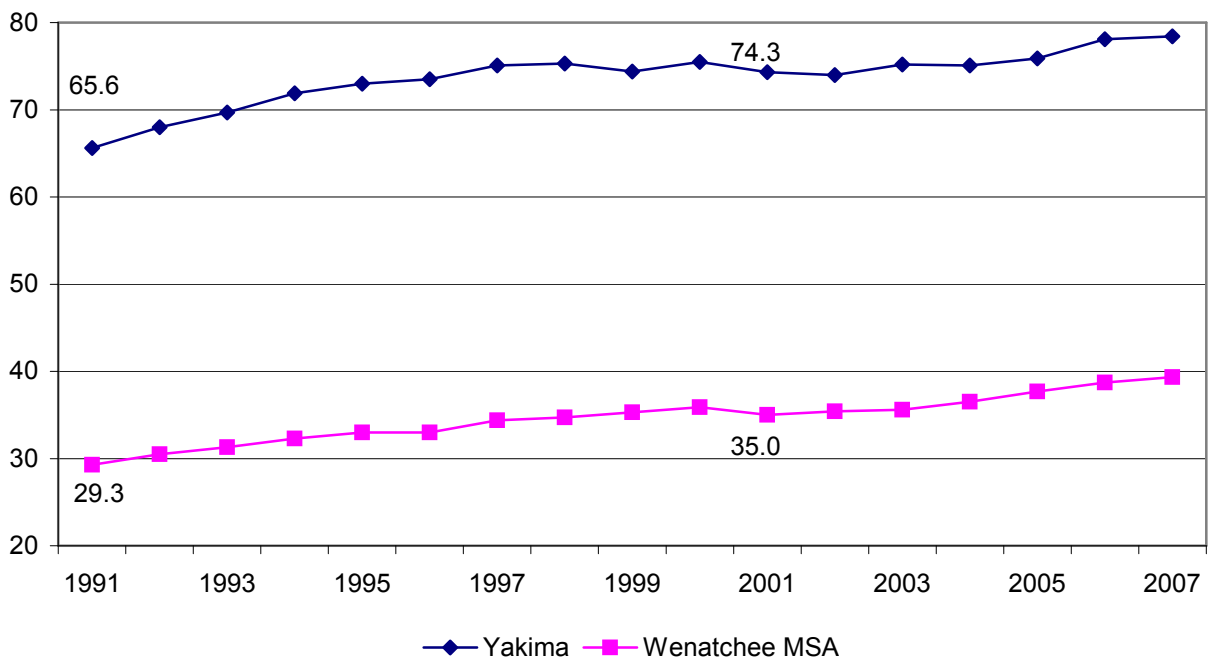
Yakima and Wenatchee (Yakima County and Chelan/Douglas Counties)

Much of Central Washington has experienced only tepid growth over the past 15 years. While the rest of the state boomed in the late 1990s, the Yakima area job market largely stagnated. Yakima County had the same number of nonagricultural jobs in 2004 as in 1997, but has since gained about 3,000 jobs.

The largest numbers of new jobs have been in health services and construction, followed by wholesale trade, local government, and food services. At the same time, there has been a continual slow loss of manufacturing jobs, both in food processing and in durable goods production. Yakima had 3.4% more jobs in 2006 than in 2000.

The Wenatchee area has enjoyed a faster pace of growth, with a recession-related stumble from 2002 through 2004. More like other parts of the state than Yakima, it has seen a modest uptick in manufacturing jobs since 2004, along with growth in retail, health services, construction, and leisure and hospitality. Overall from 2000 to 2006, nonagricultural jobs in the Wenatchee metropolitan area of Chelan and Douglas counties grew by 7.8%.

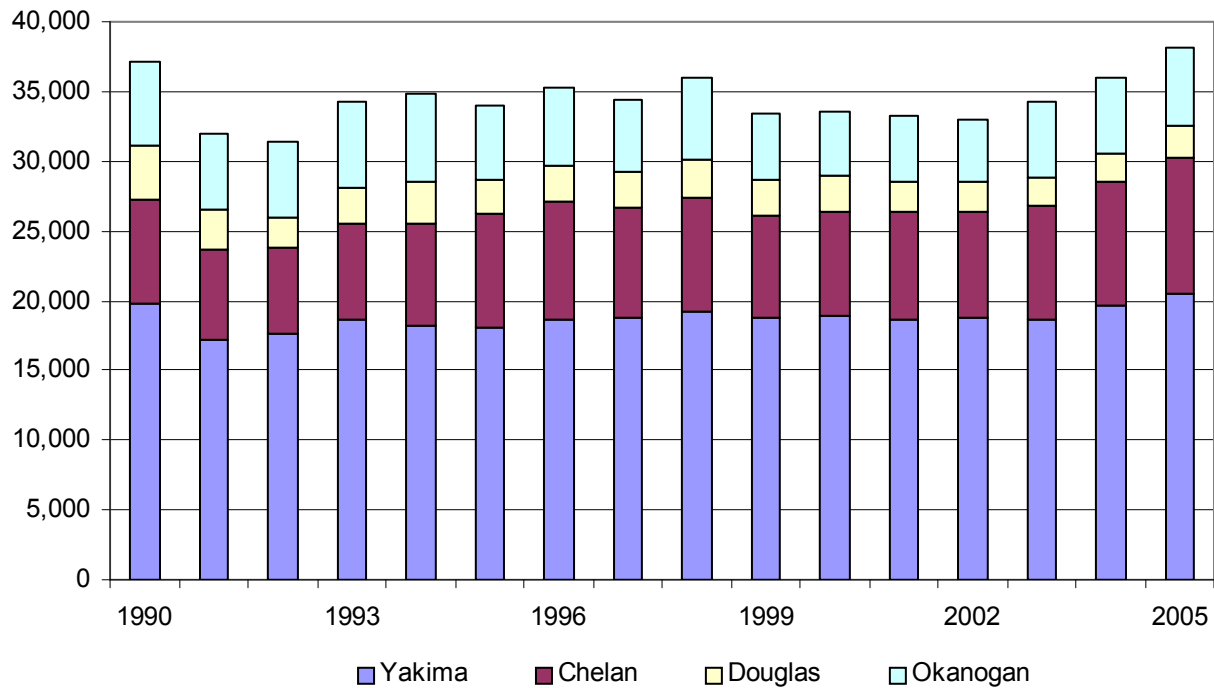
**Nonagricultural Jobs in Yakima and Wenatchee Metro Areas
1990-2007 (in thousands)**



Source: Washington Employment Security Department, Nonfarm Industry Employment, Historical Series. Note: 2007 figures include monthly job totals through July only.

The agricultural sector remains key to the economy of central Washington, with about 20% of the region’s total jobs. Apples and cherries account for the majority of these jobs, with other fruits and vegetables, and dairy and cattle also contributing. While many farm jobs are seasonal, according to a Washington Employment Security Department analysis, the majority of agricultural jobs are year-round, and the percentage of non-seasonal farm jobs has risen over the past decade, primarily due to technological innovation.¹⁴

**Agricultural Jobs in Central Washington
1990-2006**



Source: U.S. Census, Quarterly Workforce Indicators Online.

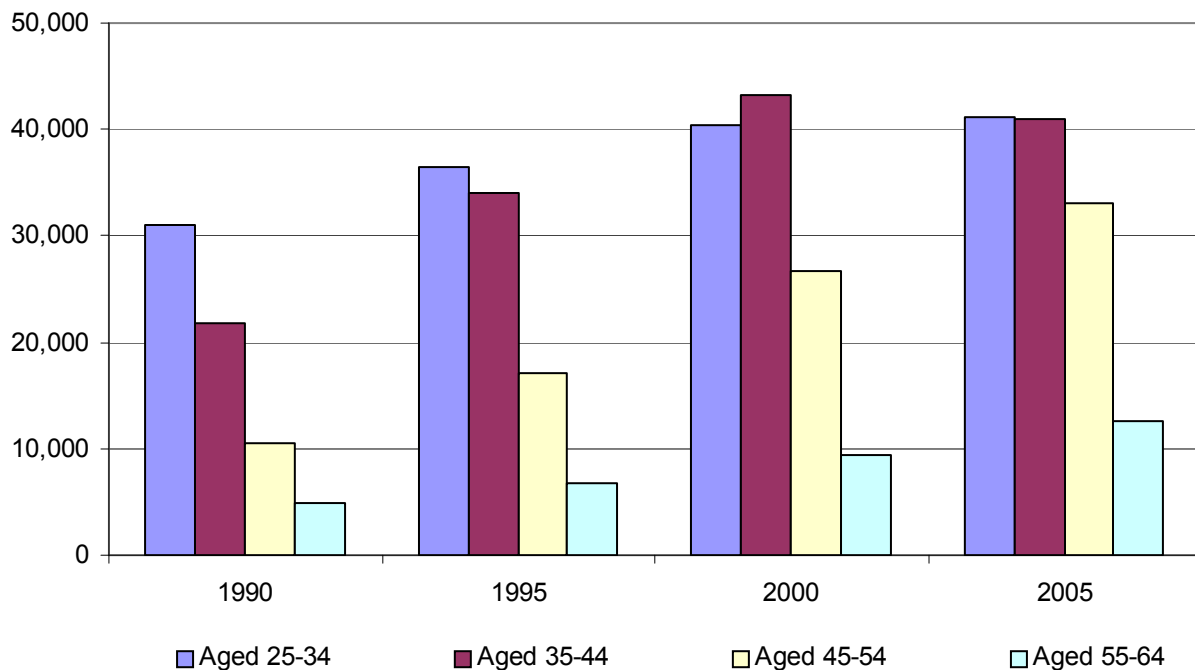
¹⁴ Washington Employment Security Department, *2006 Agricultural Workforce in Washington State* (2007), p. 11-12, https://www.workforceexplorer.com/admin/uploadedPublications/8408_PU_Ag_Report_2006.pdf.

Age Profile

Changes in Washington's economy over the past decade and the general aging of the workforce as the baby boom generation approaches retirement have resulted in considerably different age profiles for various industrial sectors.

In 1990, construction was largely a young man's occupation. Its workforce was 88% male, with 37% between the ages of 25 and 34 and only 19% over 45. As a growing occupation, construction continues to offer young people jobs, and remains 85% male, but workers are staying on the job into their middle years. In 2005, only 26% of construction workers were 25 to 34 and 29% were over 45.

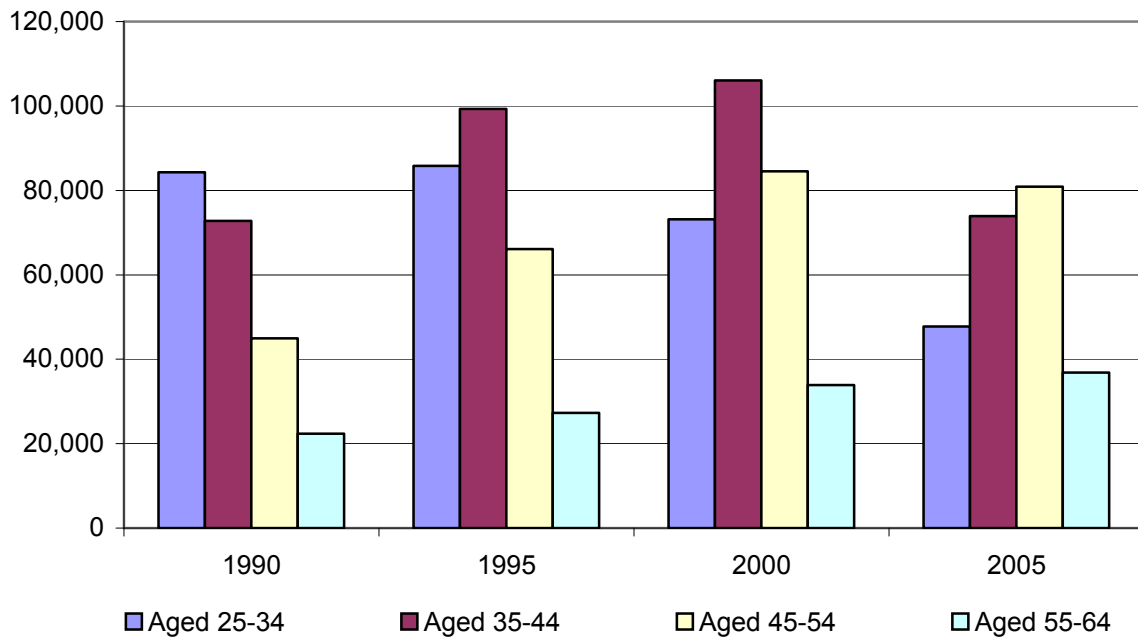
**Age Profile of Construction Workers in Washington
1990-2005**



Source: U.S. Census, Quarterly Workforce Indicators

In contrast to construction, manufacturing employed only about half as many 25 to 34-year olds in 2005 as in 1990 and 1995. As the sector has lost jobs, the workforce has aged even more dramatically than in construction. In 1990, 25 to 34-year olds constituted the largest age group in manufacturing. By 2005, 45 to 54 year-olds formed the largest group. The overall workforce in the sector declined considerably from the late 1990s through 2005.

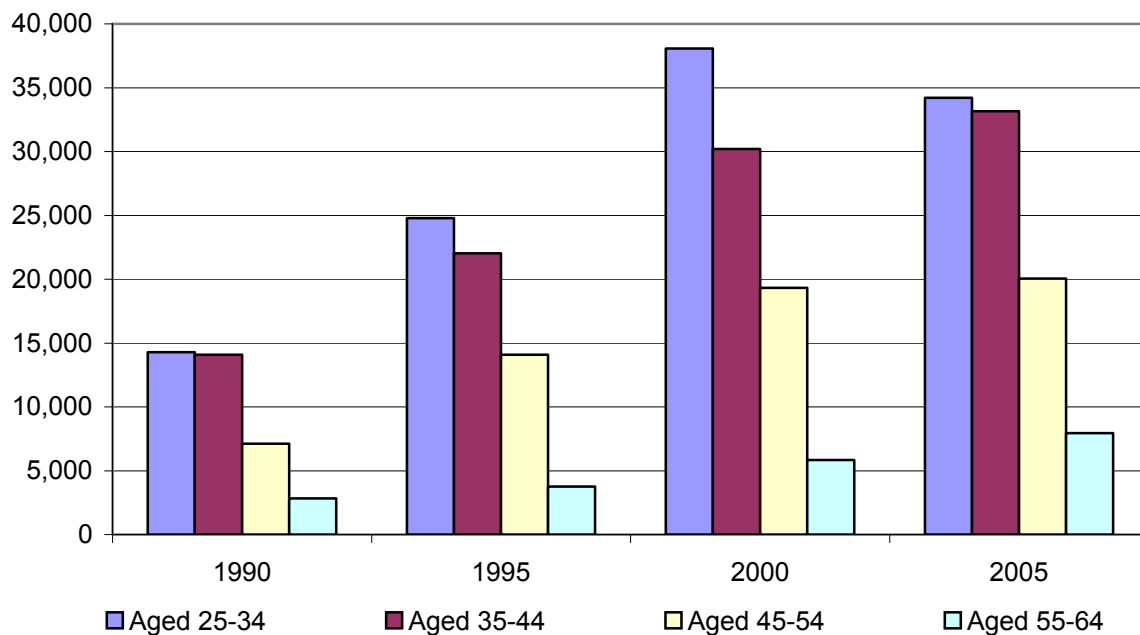
**Age Profile of Manufacturing Workers in Washington
1990-2005**



Source: U.S. Census, Quarterly Workforce Indicators

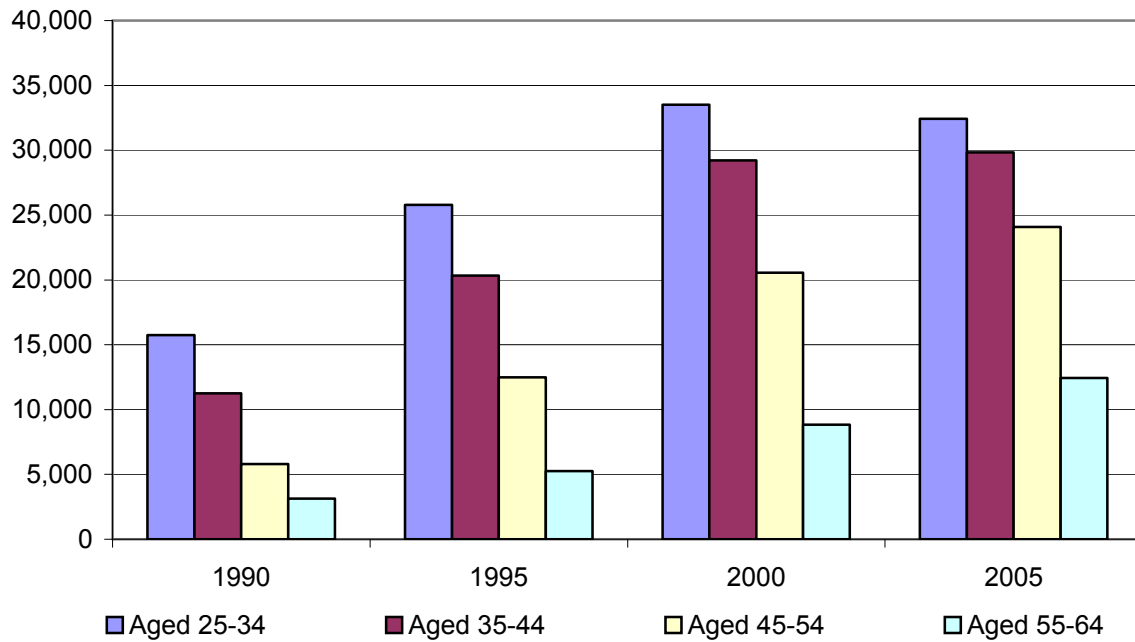
Both the information sector and administrative and support services grew in all age groups through the 1990s. Between 2000 and 2005 both sectors lost members of the younger age cohort, while gaining numbers of older workers.

**Age Profile of Information Workers in Washington
1990-2005**



Source: U.S. Census, Quarterly Workforce Indicators

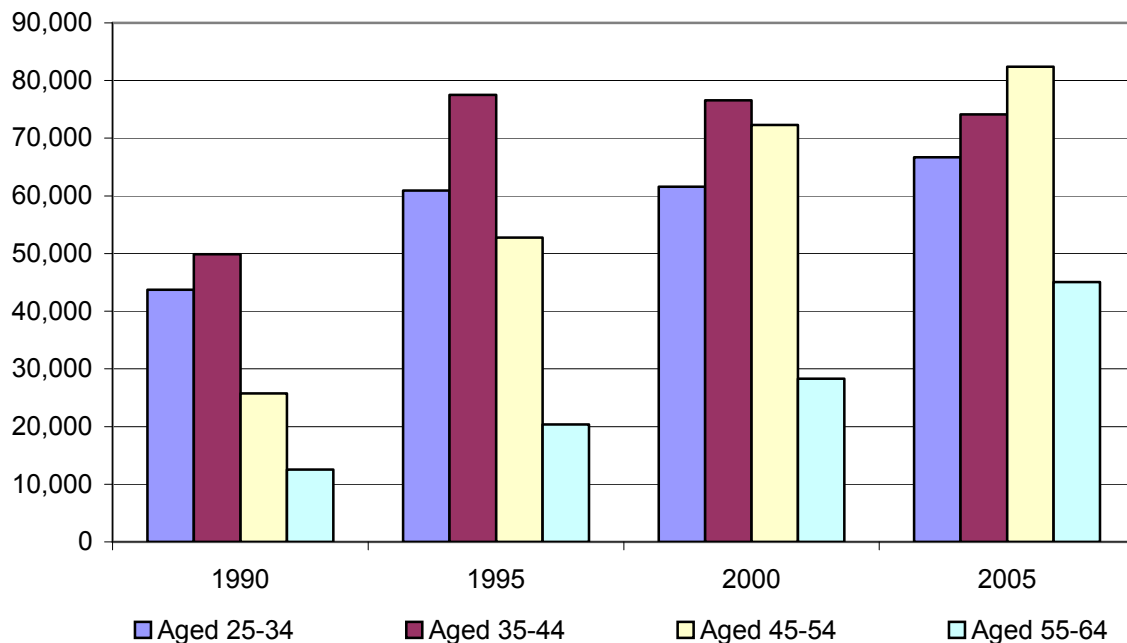
**Age Profile of Administrative & Support Services Workers in Washington
1990-2005**



Source: U.S. Census, Quarterly Workforce Indicators

Employment in health services has risen steadily since 1990. The workforce in health services and social assistance has aged considerably since 1990, even as the numbers of younger workers has increased.

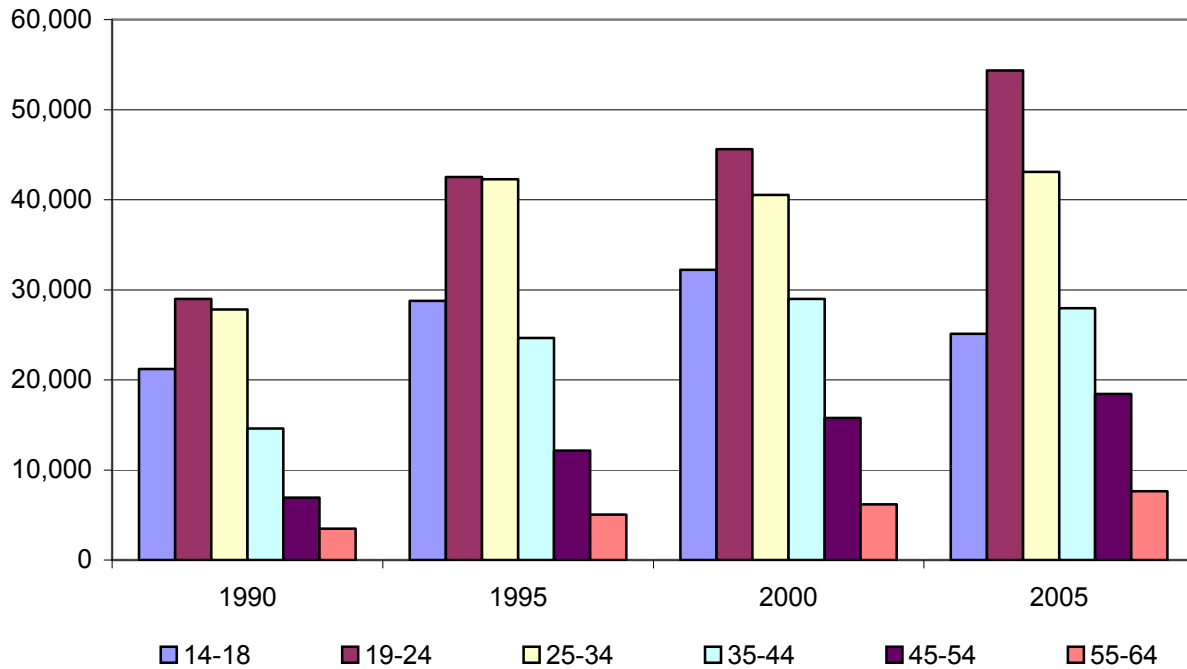
**Age Profile of Health Care and Social Assistance Workers in Washington
1990-2005**



Source: U.S. Census, Quarterly Workforce Indicators

Food service is one of the primary employers of teenagers in Washington, and the overall workforce in the sector is young compared to other industries. The largest age category in food service and drinking establishments is 19 to 24 year olds. But the workforce here, too, has aged. In 2005, one third of restaurant workers were over age 35.

**Age Profile of Food Service and Drinking Places Workers in Washington
1990-2005**



Source: U.S. Census, Quarterly Workforce Indicators

Wages and Incomes

Incomes for many families in Washington have edged up in the past year or two, but economic uncertainty lingers even amidst many positive economic indicators. Median household income in the state has been generally rising since 2001, but has not regained the level of the late 1990s. Gains from the growing economy have been unequally distributed, and many families have to work more hours just to break even.

For middle and high-income earners, hourly wages rose faster than inflation in 2005 and 2006. However, low-wage workers have seen hourly wages stagnate or fall since 2000. In terms of average monthly earnings, men lost income between 2000 and 2005, after significant gains during the 1990s, and women barely held even. Over the past decade, real incomes for most Washington workers are up by every measure, but almost all of that gain occurred during the 1990s.

Household Income

Since the recession, Washington working families have regained their historic comparative advantage over families in most other states. In 2006, the median household income in Washington was \$52,583, 13th highest among the states and \$4,000 higher than the national level.¹⁵ Year-to-year state level data varies more than national because of smaller sample size, but longer-term trends still hold.

For three years, from 1997 to 1999, Washington household incomes were up significantly, then dropped to the national level in 2000 and 2001. While nationally incomes continued to fall slightly in 2002 and 2003, Washington incomes rose again and have held fairly steady since.¹⁶

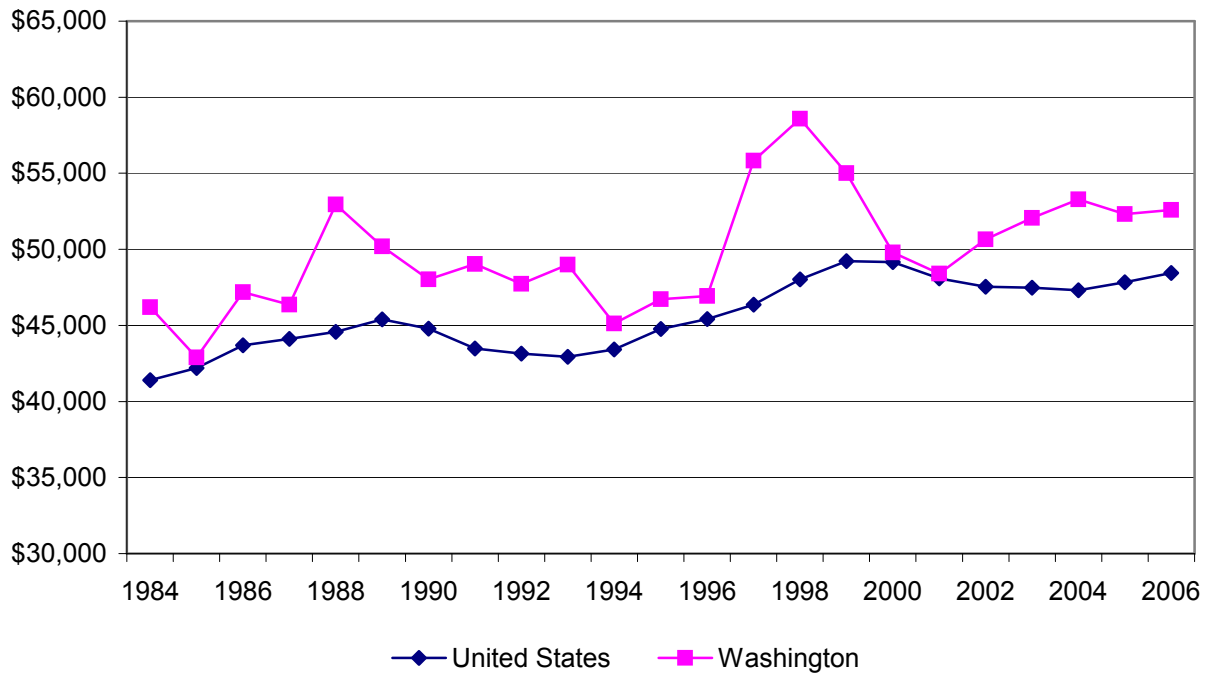
Not surprisingly, household incomes within Washington are highest in the urban areas of the state, especially in the Seattle metropolitan areas. Median household incomes vary from a high of \$65,940 in King County to \$37,287 in the rural portions of eastern Washington.¹⁷

¹⁵ U.S. Census, American Community Survey 2006, Table R1901, <http://factfinder.census.gov/>.

¹⁶ 1984-2005 data: <http://www.census.gov/hhes/www/income/histinc/h08.html>; 2006 data: U.S. Census, American Community Survey.

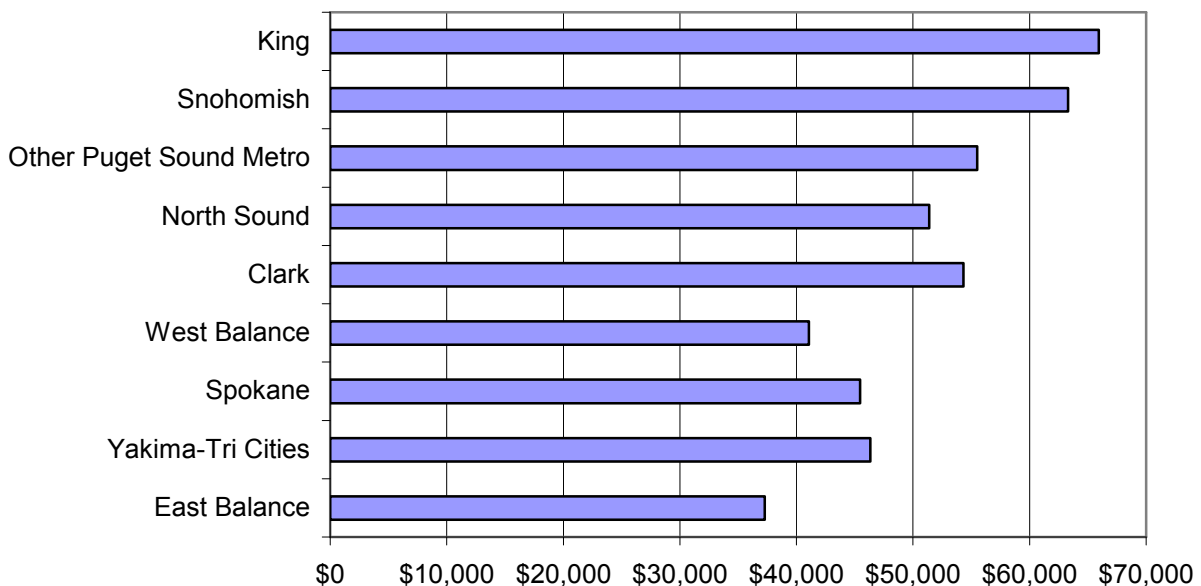
¹⁷ Washington Office of Financial Management, Household Income by County, <http://www.ofm.wa.gov/economy/hhinc/default.asp>.

**Median Household Income, Washington State and United States
1984-2006 (in 2006 dollars)**



Source: 1984-2005 data: <http://www.census.gov/hhes/www/income/histinc/h08.html>;
2006 data: U.S. Census, American Community Survey

**Median Household Incomes by Region
2006**



Other Puget Sound Metro: Kitsap, Pierce, Thurston; North Sound: Island, San Juan, Skagit, Whatcom; West Balance: Clallam, Cowlitz, Grays Harbor, Jefferson, Klickitat, Lewis, Mason, Pacific, Skamania, Wahkaikum; Yakima-Tri Cities: Yakima, Benton, Franklin; East Balance: Adams, Asotin, Chelan, Columbia, Douglas, Ferry, Garfield, Grant, Kittitas, Lincoln, Okanogan, Pend Oreille, Stevens, Walla Walla, Whitman.

Source: Washington Office of Financial Management

Hourly Wages

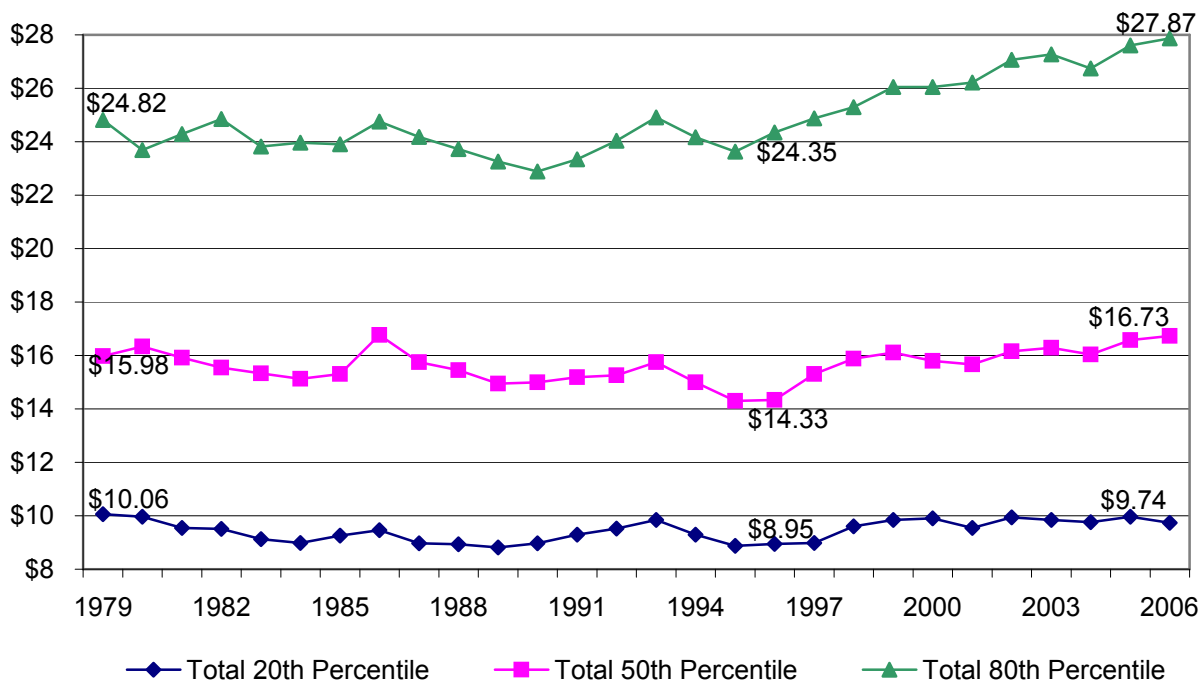
A breakdown of wages by income group and gender over time tells a nuanced story, with much variation. Over the past decade, all income levels have seen real increases in hourly wages, but middle and high-income earners have made greater gains than low-income earners.

Between 1996 and 2006, workers at the 10th and 20th percentile of wage earners increased their wages by \$0.79 an hour, or by 11% and 9%, respectively. However, all of that gain came during the 1990s. These two groups, along with the 30th percentile, actually lost real wages between 2000 and 2006.

Middle income earners lost a bit of ground in 2000 and 2001, then their wages began growing faster than inflation again. Those in the 50th percentile gained \$2.40 an hour, or 16.7% over the course of the decade. The highest earners did best of all. Those in the 90th percentile added \$5.88 to their hourly wage, a 20% increase.

Over a longer time span, earners up and down the income scale lost real hourly earnings between 1979 and the mid-1990s, except for those in the highest 10 percent. During the full-employment economy of the late 1990's, the middle and upper ends of the earning scale finally gained back that long-term loss, but for lower income earners, hourly wages remain lower relative to inflation than in 1979.¹⁸

**20th, 50th, and 80th Percentile Hourly Wages in Washington State
1979-2006 (in 2006 dollars)**



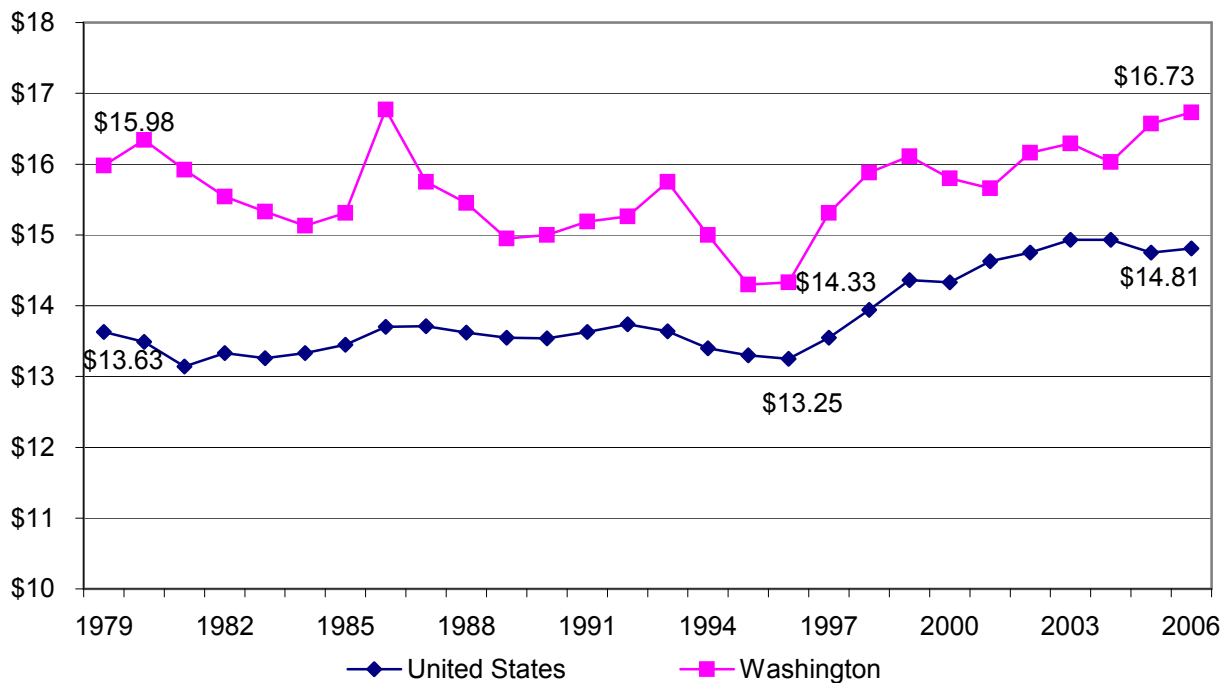
Source: Economic Policy Institute analysis of Current Population Survey data (CPI-U-RS inflation factor).

¹⁸ Economic Policy Institute analysis of Current Population Survey data using CPI-U-RS inflation adjustment.

At every wage level, Washington workers earn higher hourly wages than the national average. Washington workers at the mid-point of the earnings range make almost \$2.00 more per hour than the national median. Washington’s relatively high rankings in union membership, minimum wage, and education levels all contribute to higher earnings.¹⁹

In 2005 and 2006, with jobs in Washington growing rapidly, hourly wages for most workers in the state moved upward faster than inflation. Across the U.S. as a whole, with only tepid job growth, wages for most workers actually fell relative to inflation.²⁰

**Median Hourly Wages for Washington State and United States
1979-2006 (in 2006 dollars)**



Source: Economic Policy Institute analysis of Current Population Survey data (CPI-U-RS inflation factor).

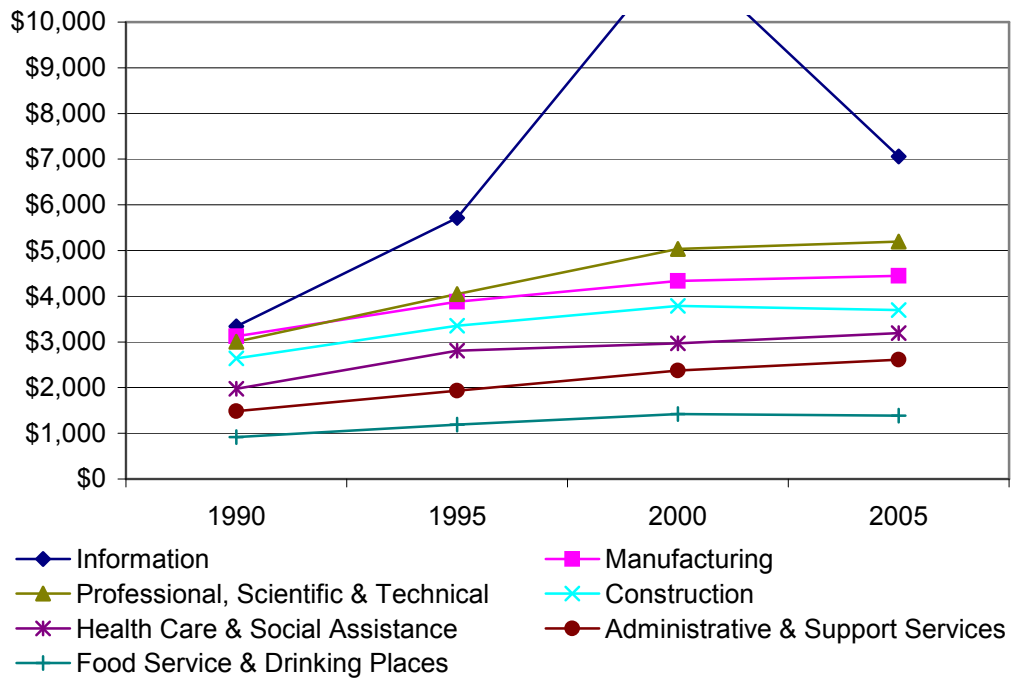
Hourly wages of course do not tell the whole story. Another measure of the financial well being of working families is average monthly earnings, which reflect both hourly wages and the number of hours worked.

In a number of high growth occupations, average monthly earnings for all Washington workers edged upward between 2000 and 2005, but very little compared to the large steps of the 1990s. In construction and information, average monthly earnings declined between 2000 and 2005 after accounting for inflation.

¹⁹ In Washington, 20% of workers are in a union, compared with 12% nationally.

²⁰ Economic Policy Institute analysis of Current Population Survey data using CPI-U-RS inflation adjustment.

**Average Monthly Earnings in Washington by Selected Sector
1990, 1995, 2000, 2005 (in 2005 dollars)**

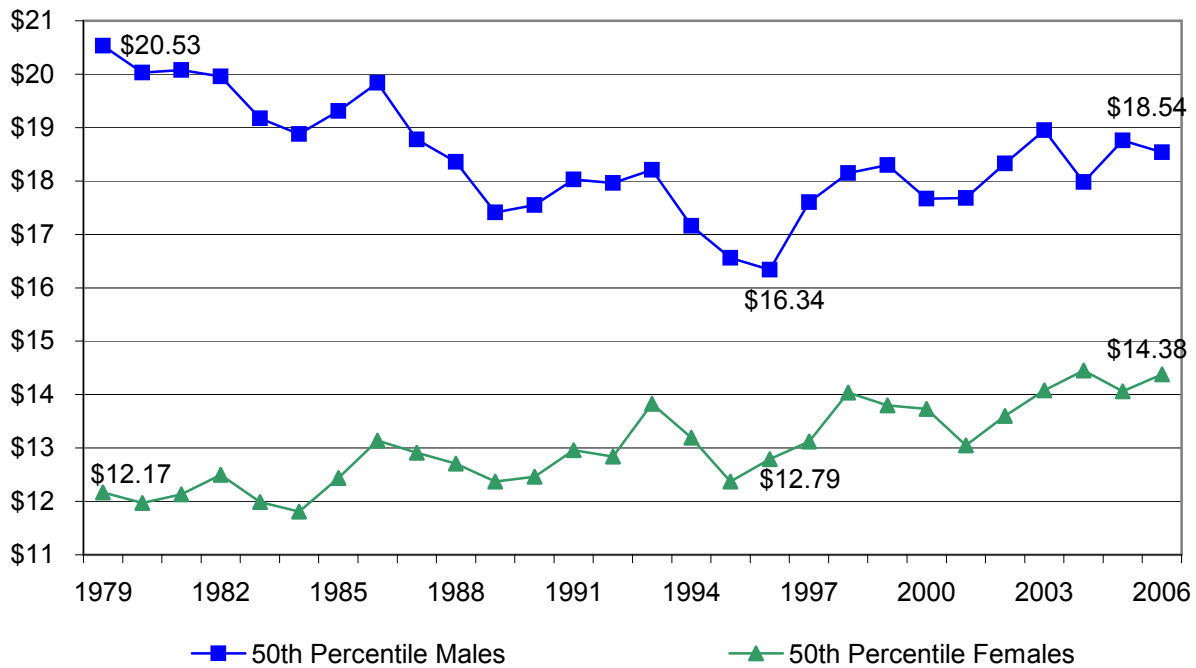


Source: U.S. Census, Quarterly Workforce Indicators; Bureau of Labor Statistics CPI calculator.

Gender and Age Differences

Women make up very close to half of Washington’s workforce, at 49%, but men’s and women’s earnings remain sharply unequal. In 2006, the typical man in Washington earned \$4.16 per hour more than the typical woman. Median hourly earnings for men increased by 13.4% after inflation over the past decade. For women, the increase was 12.4%. Over a longer span, women’s wages escaped the long downward slide that plagued men’s wages between 1979 and 1995. In 1979, the gap between the male and female hourly wage was \$8.36.

**Median Hourly Earnings by Gender in Washington
1979-2006 (in 2006 dollars)**



Source: Economic Policy Institute analysis of Current Population Survey data (CPI-U-RS inflation factor).

**Hourly Wages for Washington Men and Women
1979, 1996, 2006 (in 2006 dollars)**

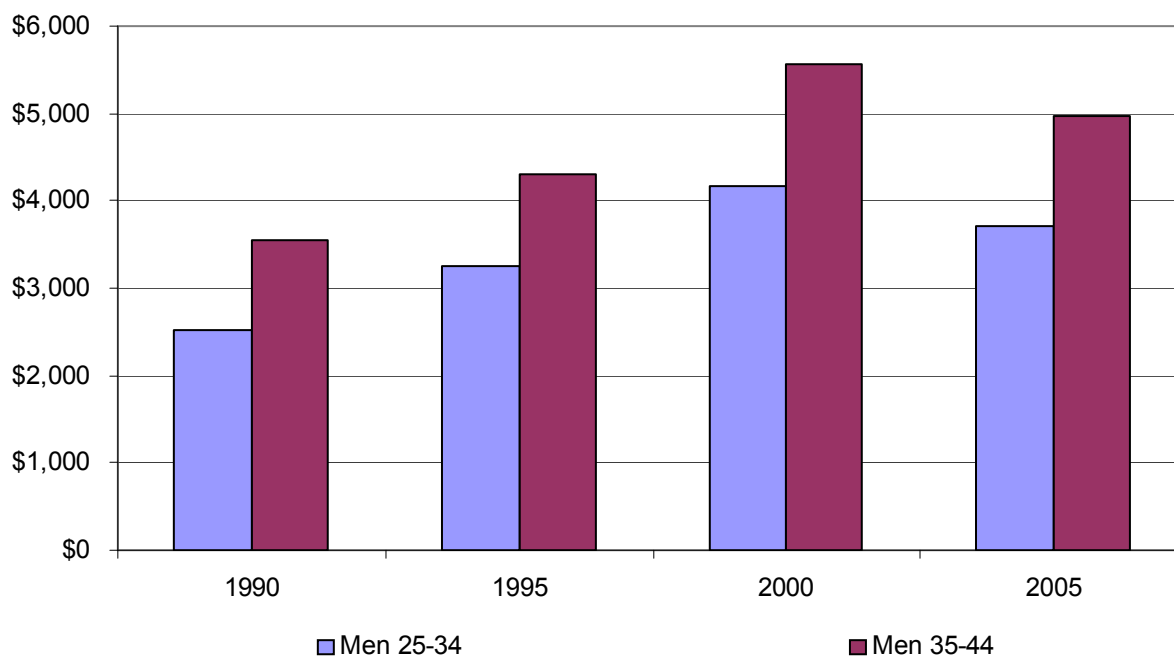
	Hourly Wage 1979	Hourly Wage 1996	Hourly Wage 2006	% Change 1979-2006	% Change 1996-2006
Men:					
20 th percentile	\$12.81	\$9.81	\$10.65	-16.9%	8.6%
50 th percentile	\$20.53	\$16.34	\$18.54	-9.7%	13.5%
80 th percentile	\$27.39	\$25.90	\$30.72	-5.4%	18.6%
Women:					
20 th percentile	\$8.68	\$8.02	\$9.08	4.6%	13.2%
50 th percentile	\$12.17	\$12.79	\$14.38	18.2%	12.4%
80 th percentile	\$17.31	\$21.54	\$23.88	38.0%	10.9%

Source: Economic Policy Institute analysis of Current Population Survey data (CPI-U-RS inflation factor).

Breaking average monthly earnings down by age and gender and viewed over time, we see significant gains for Washington's male workers during the 1990s, but a loss of real income since 2000. Through the 1990s, men gained monthly income as the economy grew and as they aged and gained experience in the workforce.

In 1990, the average 30-year-old man in Washington earned \$2,516 a month, in 2005 dollars. Ten years later when that man was 40, he could expect to earn \$5,574 a month, an increase of 122% after inflation. However, between 2000 and 2005, men aged 25 to 44 actually lost average monthly earnings.²¹

**Average Monthly Earnings for Washington Men Age 25-44
1990-2005 (in 2005 dollars)**

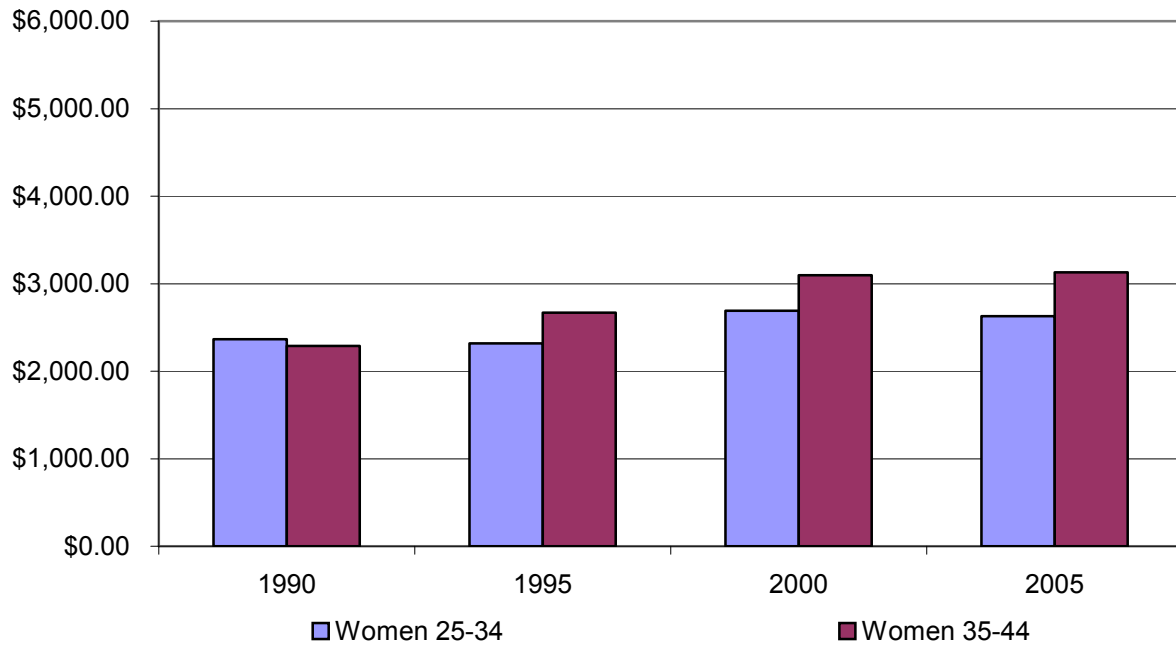


Source: Average monthly wages from the U.S. Census, Quarterly Workforce Indicators Online tool, converted to 2005 dollars using the Consumer Price Index, <http://data.bls.gov/cgi-bin/cpicalc.pl>.

Women's average monthly earnings also increased over the course of the 1990s, but much less dramatically than men. The average 30-year-old woman in Washington in 1990 earned \$2,367 a month. A decade later as a 40 year old, she earned \$3,097, an increase of 31% above inflation. Between 2000 and 2005, Washington women's monthly earnings remained largely stagnant.

²¹ Average monthly wages by age and sex are from the Quarterly Workforce Indicators Online tool (NAICS) maintained by the U.S. Census, using the 4-quarter average for each year. <http://lehd.did.census.gov/led/datatools/qwiapp.html>. Average monthly wages were converted to 2005 dollars using the Consumer Price Index, <http://data.bls.gov/cgi-bin/cpicalc.pl>.

**Average Monthly Earnings for Washington Women Age 25-44
1990-2005 (in 2005 dollars)**



Source: U.S. Census, Quarterly Workforce Indicators

Not only are women’s average monthly earnings significantly below men’s, they also do not benefit from the large increase in earnings that men typically enjoy as they mature. In 2005, women aged 35-44 made on average 19% more each month than women aged 25-34. Men in that older age group, in contrast, made 33.5% more than their younger brothers. The earnings gain for the 45 to 54 year old group is much more modest, and in some years, that middle aged group actually lost income relative to younger workers.

**Average Monthly Earnings for Washington Men and Women Age 25-54
1990-2005 (in 2005 dollars)**

	1990	1995	2000	2005
Men				
25-34	\$2,516.34	\$3,260.77	\$4,162.88	\$3,719.25
35-44	\$3,557.84	\$4,294.29	\$5,574.05	\$4,965.50
45-54	\$3,713.99	\$4,813.30	\$5,364.51	\$5,201.50
Women				
25-34	\$2,366.54	\$2,317.27	\$2,690.48	\$2,628.75
35-44	\$2,289.21	\$2,669.36	\$3,096.50	\$3,130.25
45-54	\$1,930.21	\$2,782.45	\$3,136.48	\$3,222.00

Source: Average monthly wages from the U.S. Census, Quarterly Workforce Indicators Online tool, converted to 2005 dollars using the Consumer Price Index, <http://data.bls.gov/cgi-bin/cpicalc.pl>.

Data from the American Community Survey underlines the difference in earning power between men and women. Among full-time, year-round workers in Washington, men earned 33.7% more than women for the year in 2006. Men’s median annual earnings that year were \$48,331, compared to \$36,158 for women. Washington men ranked 7th highest, and women 9th highest, in earnings among all states. Nationally, the annual earnings gap is a little less than in Washington, at 29%.²²

It is no coincidence that women’s earnings stagnate during their prime childbearing and child-rearing years. Even though women make up 49% of Washington’s workforce, and the majority of mothers of young children work outside the home, workplace standards continue to lack basic supports for parenthood and family care.²³

One major reason for the earnings differential between men and women is that they pursue different careers. Despite the major strides made by women over the past several decades in breaking into non-traditional careers, a breakdown of the state’s workforce by gender and industry sector shows significant continued sex segregation. Construction, manufacturing, wholesale trade, and transportation and warehousing remain mostly male industries, while health care and social assistance, educational services, and finance and insurance are disproportionately female.

Percent of Washington Workforce Male and Female by Industrial Sector 2006



Source: U.S. Census, Quarterly Workforce Indicators, Washington 2nd quarter 2006 and previous 3-quarter average.

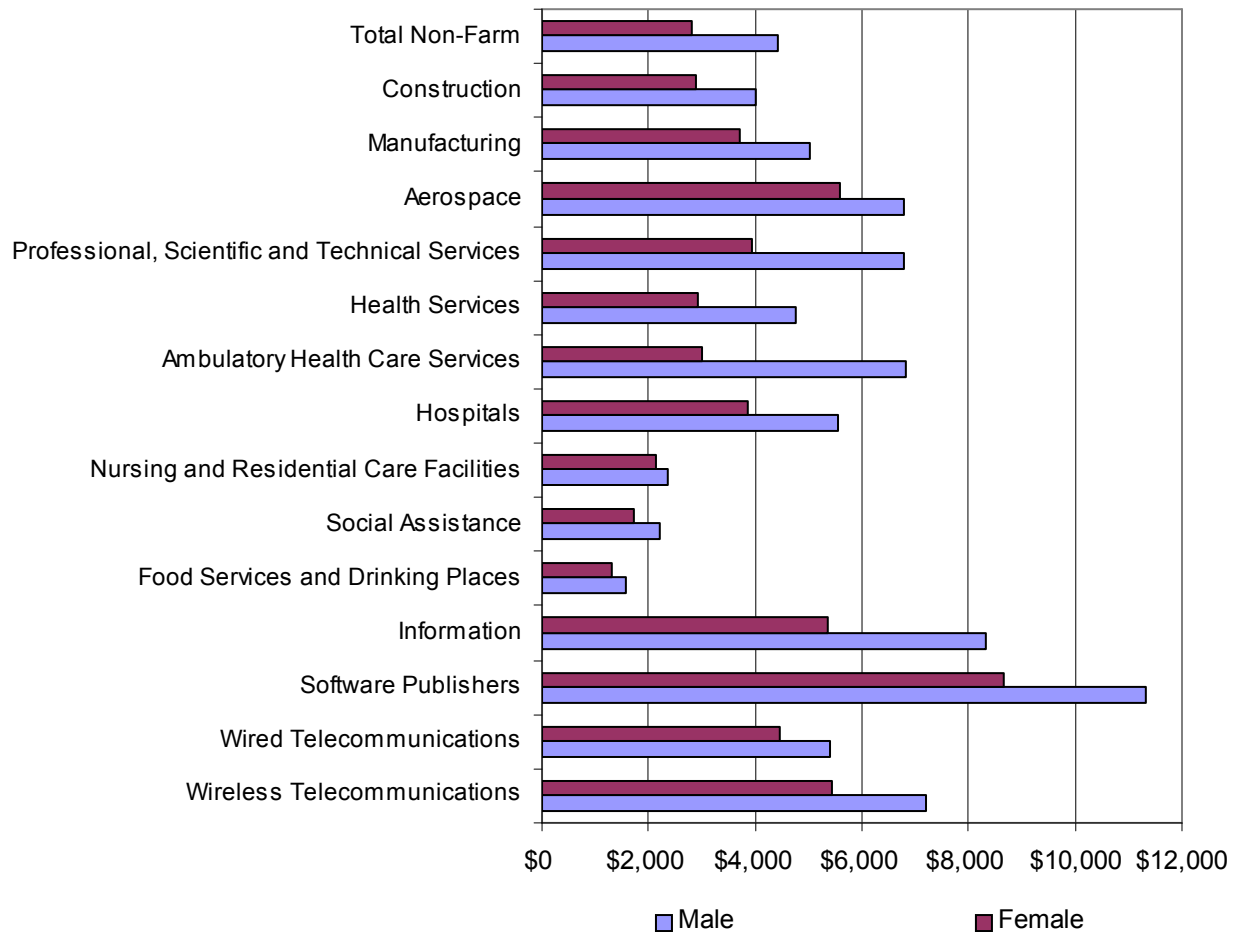
Even within industrial categories and subsectors, women have much lower average monthly earnings than men. The tables above and below display the gender distribution and average

²² U.S. Census, American Community Survey 2006, Tables R2001 and R2002, <http://factfinder.census.gov/>.

²³ U. S Bureau of Labor Statistics, Employment status of the population, Table 5, www.bls.gov.

earnings in the type of establishment in which workers are employed, not the specific occupation. For example, health services include surgeons, with an average annual wage of \$200,000 in 2007, registered nurses averaging \$67,000, and home health aides, with an average annual wage of \$22,000.²⁴

**Average Monthly Earnings for Washington Men and Women by Industrial Sector
2006**



Source: U.S. Census, Quarterly Workforce Indicators, Washington 2nd quarter 2006 and previous 3-quarter average.

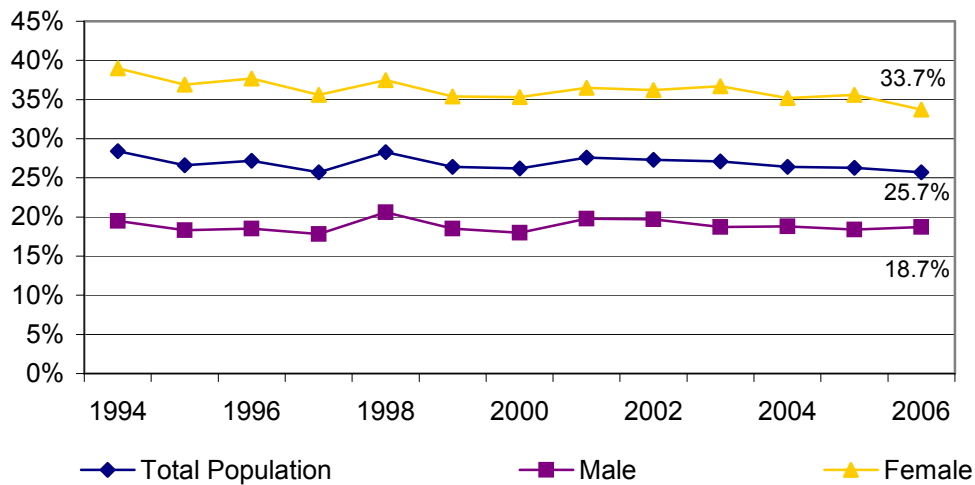
Women are also far more likely than men to work part-time. About one in four workers in Washington are regularly employed less than 35 hours a week. One third of women workers, but only about one fifth of male workers in the state were employed part time in 2006. For women, that rate has dropped from 40% in 1994, but for men the rate has stayed about the same, with a slight increase as the economy slackened in 2001 and 2002.²⁵

²⁴ Washington Employment Security Department, *Occupational Employment and Wage Estimates Washington State and Sub-State Areas*, (March 2007), http://www.workforceexplorer.com/admin/uploadedPublications/8420_OES_Databook_2007_Wex.pdf.

²⁵ Economic Policy Institute analysis of Current Population Survey data.

One of the unfortunate consequences of working part-time is the lack of workplace benefits. Access to health insurance, paid leave, retirement plans, and other benefits all are sharply lower for part-time workers than for full-time workers.²⁶

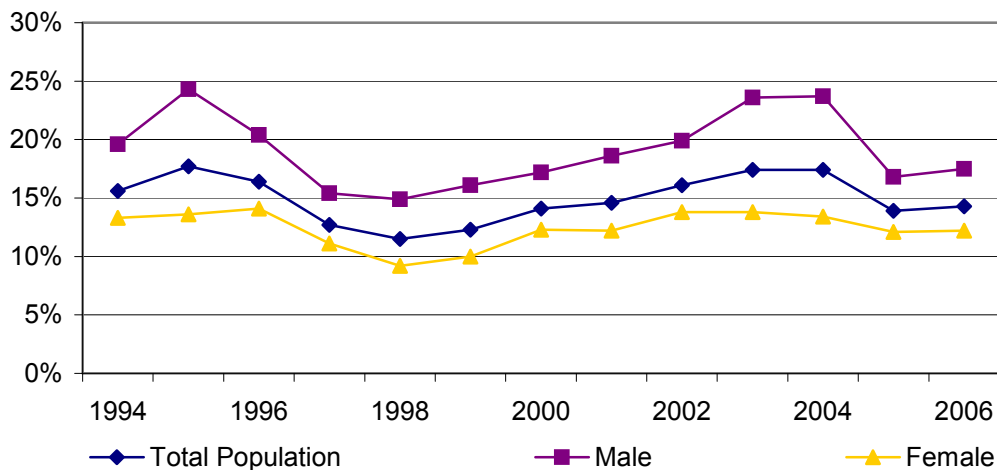
**Part-Time Workers' Share of Total Employment in Washington State
1994-2006**



Source: Economic Policy Institute analysis of Current Population Survey data

When men do work part time, it is more likely to be for economic reasons such as slack business conditions or inability to find full-time work. Among Washington men, the percentage of part-timers due to economic reasons declined by 26% as job growth picked up in 2005 and 2006. Among women, the decrease was only 9%.²⁷

**Percent of Part-Time Workers Working Part Time Due to Economic Reasons in Washington
1994-2006**



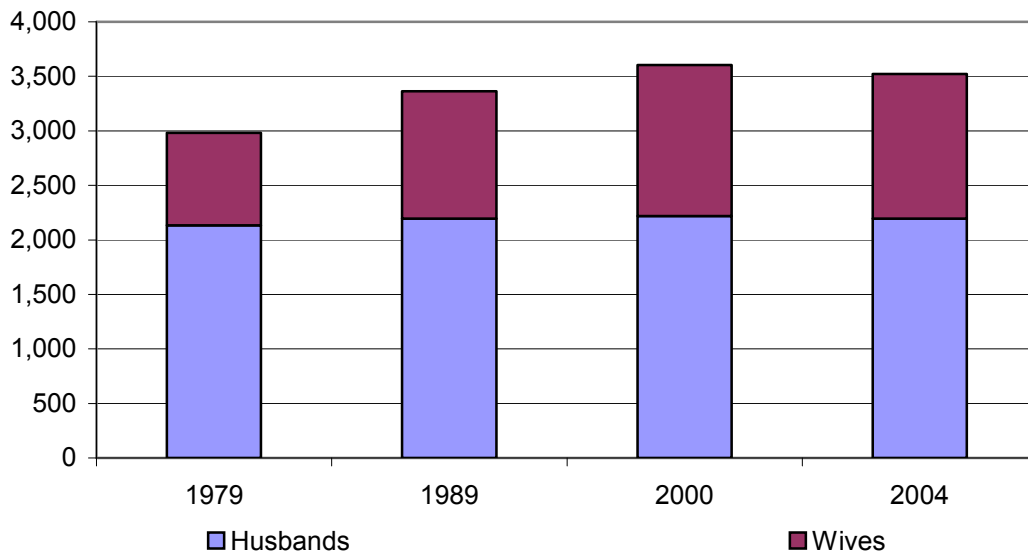
Source: Economic Policy Institute analysis of Current Population Survey data

²⁶ Bureau of Labor Statistics, "National Compensation Survey: Employee Benefits in Private Industry in the United States," 2007, www.bls.gov.

²⁷ Economic Policy Institute analysis of Current Population Survey data

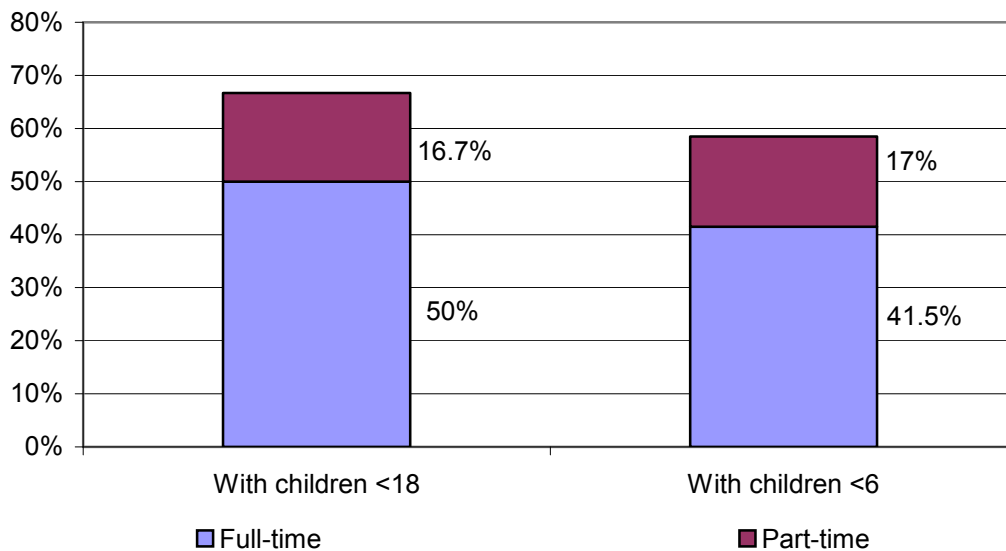
The decline in men’s wages during the 1980s and early 1990s, along with changes in social norms concerning women’s work, resulted in parents spending more hours at work. In the U.S., the typical couple with children worked 12.6% more hours in 2004 than in 1979, a total of 500 extra hours.²⁸ The slight drop off in hours worked by parents between 2000 and 2004 is most likely a reflection of the lagging job market.

**Median Annual Hours Worked, Married Couples with Children in U.S.
1979-2004**



Source: Economic Policy Institute Analysis of Current Population Survey data.

**Percent of Mothers in the Workforce, United States
2005**



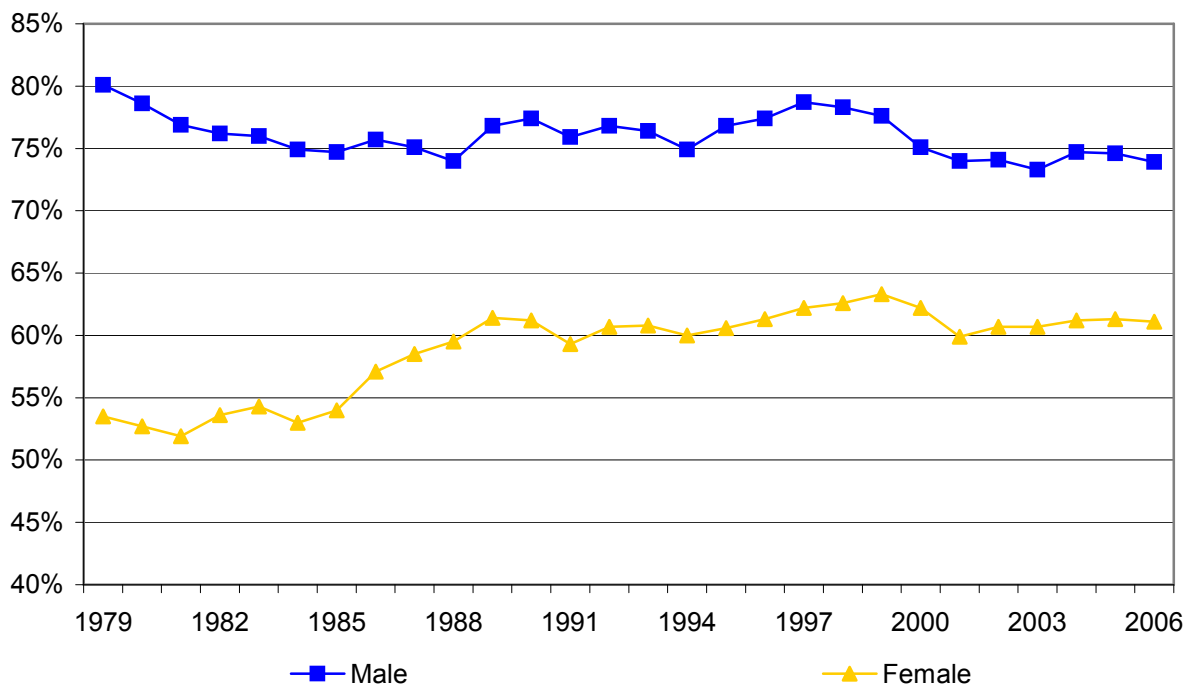
Source: U.S. Bureau of Labor Statistics

²⁸ Lawrence Mishel, Jared Bernstein, and Sylvia Allegretto, *State of working America 2006-07*, (Ithaca, NY: ILR Press), p. 91.

Much media ink of late has been spilled over the so-called “mommy wars” and the alleged “opting out” of the workforce by American women, but it is the dads who have left the workforce as their wages stagnated and declined. The labor force participation rate of Washington women did decline by 5.4% between the peak year for women of 1999 and the low point of 2001.²⁹ However, men’s labor force participation rate declined even more over a longer period. Between 1997 and 2003, the rate for men fell by 6.9%.

The rates for both men and women have edged up as the state economy has rebounded, with more women than men returning to the workforce. Women’s labor force participation rate in 2006 was only 3.5% below the 1999 level, while men’s 2006 rate was 6.1% below the 1997 level. Over a longer period, since 1979, men’s labor force participation has declined by 7.7% while women’s has increased by 14.2%.

**Labor Force Participation Rate in Washington State
1979-2006**



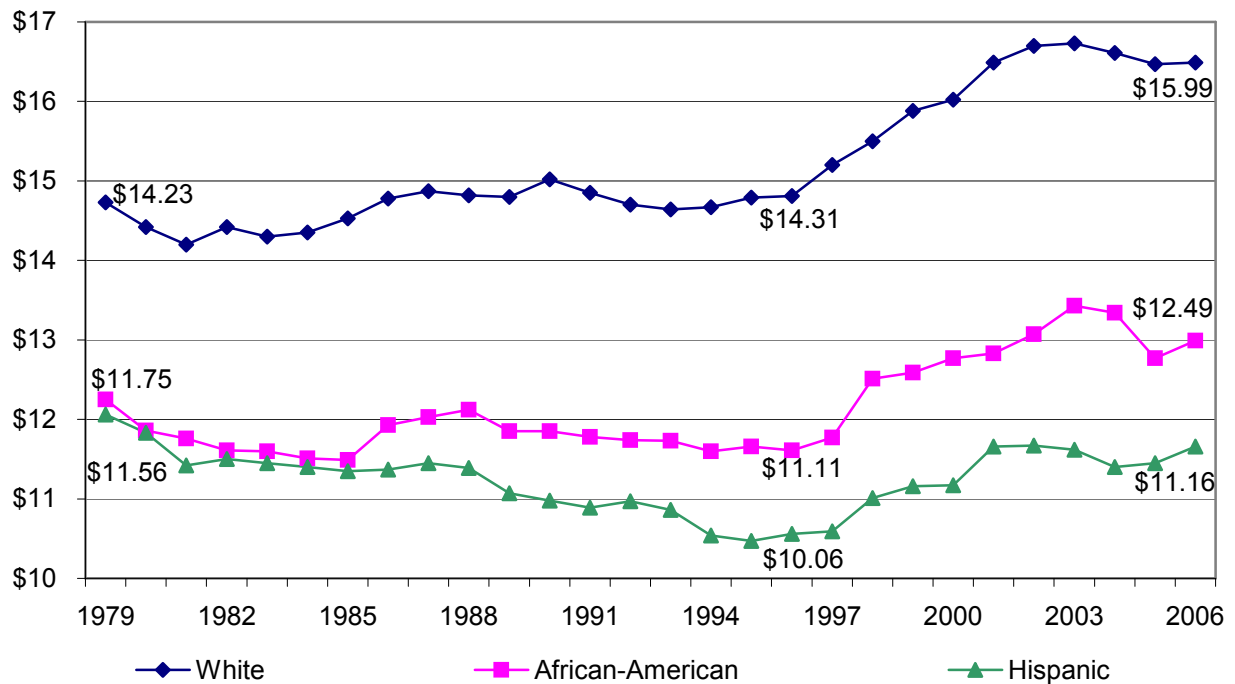
Source: Economic Policy Institute analysis of Current Population Survey data

²⁹ “Labor force participation rate” is the percentage of the particular group (in this case women or men between ages 16 and 65) that is working or seeking work.

Impact of Race and Education

We know from national data that wages vary significantly by race and ethnicity, as well as gender. Unfortunately, we do not have good state-specific data by race. In the U.S. as a whole, the median hourly wage for white workers is \$3.50 higher than for African-Americans and \$4.83 higher than for Hispanic workers. Each of these three groups saw real wage growth after inflation of 11% to 12% between 1996 and 2006, after a long period of declining or stagnating wages. Hispanics in particular saw average hourly earnings fall during the 1980s and early 1990s.³⁰

**Hourly Earnings for the 50th Percentile in the United States by Race
1979-2006 (in 2006 dollars)**

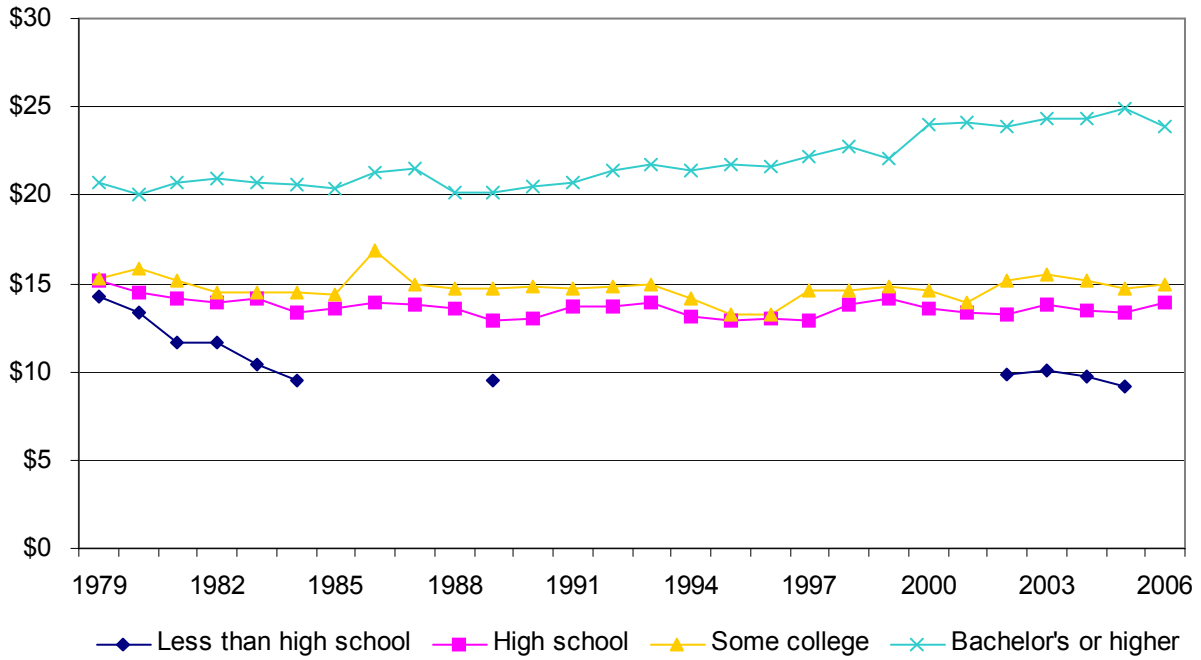


Source: Economic Policy Institute analysis of Current Population Survey data (CPI-U-RS inflation factor).

Higher education has long resulted in higher wages, but the earnings gap between those with a college degree and those without increased markedly during the 1990s. Average hourly earnings for college graduates in Washington rose from about \$20 per hour to about \$25 an hour in 2006 dollars from 1990 to 2000, and have remained at that level since. Earnings for those with only a high school diploma have stagnated at between \$13 and \$14 per hour since the mid-1980s.

³⁰ Economic Policy Institute analysis of Current Population Survey data using CPI-U-RS inflation adjustment.

**Hourly Earnings by Education Level in Washington State
1979-2006 (in 2006 dollars)**



Source: Economic Policy Institute analysis of Current Population Survey data (CPI-U-RS inflation factor).
 Note: Some data points are missing due to small sample size.

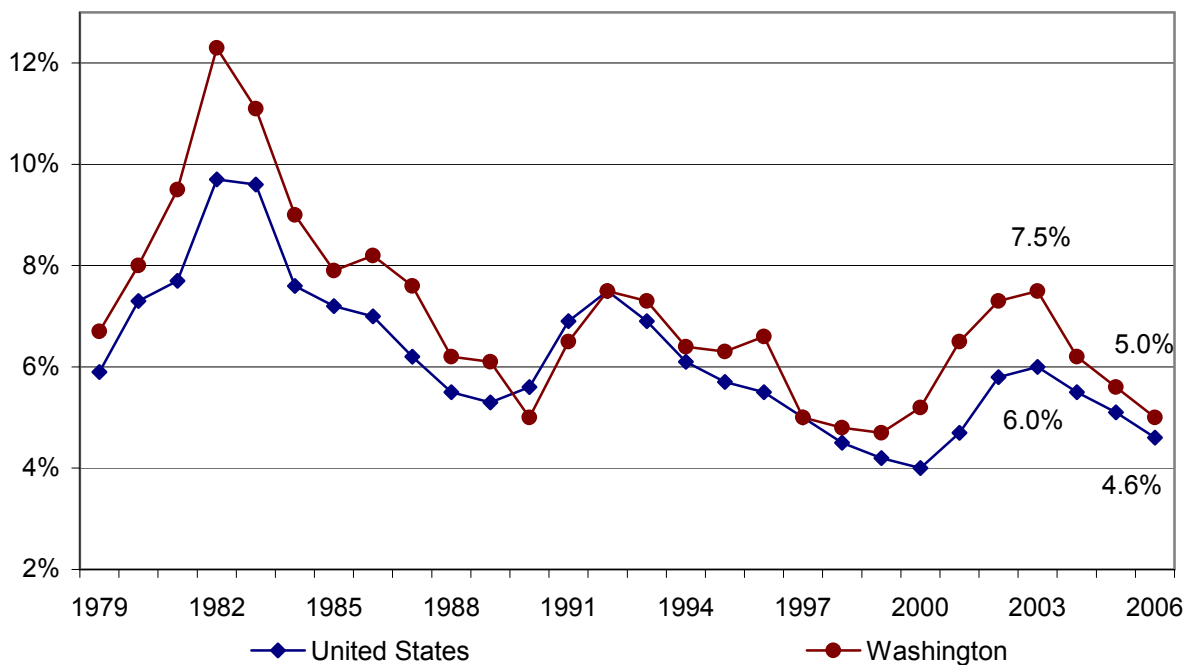
Stresses and Supports

Unemployment

The unemployment rate, which represents the percentage of the labor force actively looking for work, is one of the most frequently used measures of economic distress. The rate closely follows business cycles. The graph below clearly shows the three recessions of the past thirty years, with unemployment rates rising sharply early in each decade, and then gradually declining.

Typically, Washington’s unemployment rate has been a little above the national. The early 1990s were exceptional, when other parts of the country experienced a deeper recession than Washington. In contrast, the dot-com crash and decline in the airline industry that were part of the most recent recession hit Washington particularly hard. At the bottom of the most recent job loss cycle in 2003, Washington’s unemployment rate was 7.5%, higher than the national rate by 1.5%. By 2006, unemployment fell to 5% in Washington and 4.6% nationally.

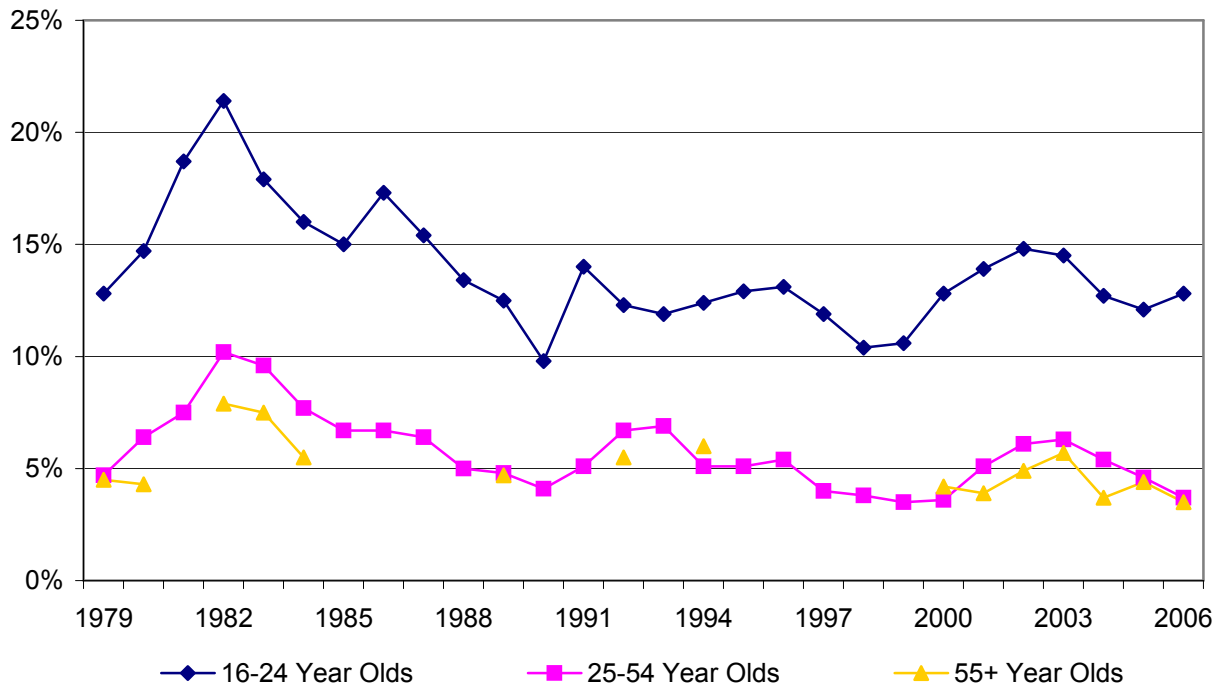
**Unemployment Rate United States and Washington
1979-2006**



Source: Economic Policy Institute analysis of Current Population Survey data

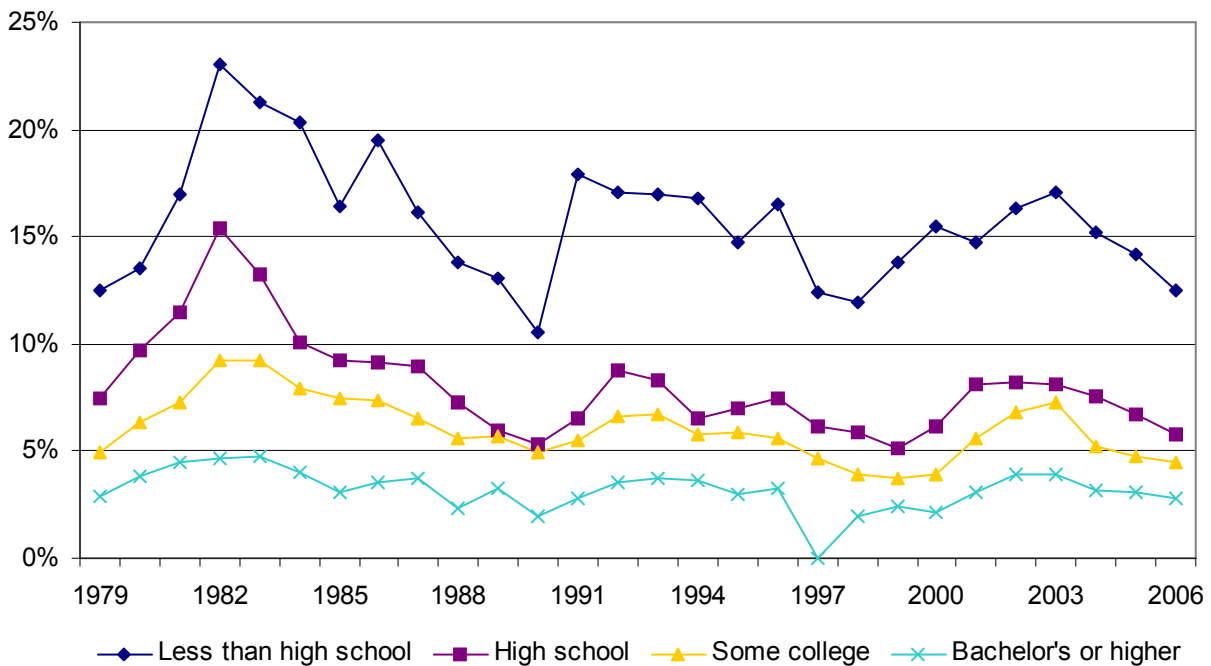
Experienced and well-educated workers are less likely to be unemployed than young adults and those without college degrees, although unemployment rates for each group rise and fall with business cycles.

**Unemployment Rate in Washington by Age Group
1979-2006**



Source: Economic Policy Institute analysis of Current Population Survey data.
Note: Some data points are missing due to small sample size.

**Unemployment Rate in Washington by Education Level
1979-2006**

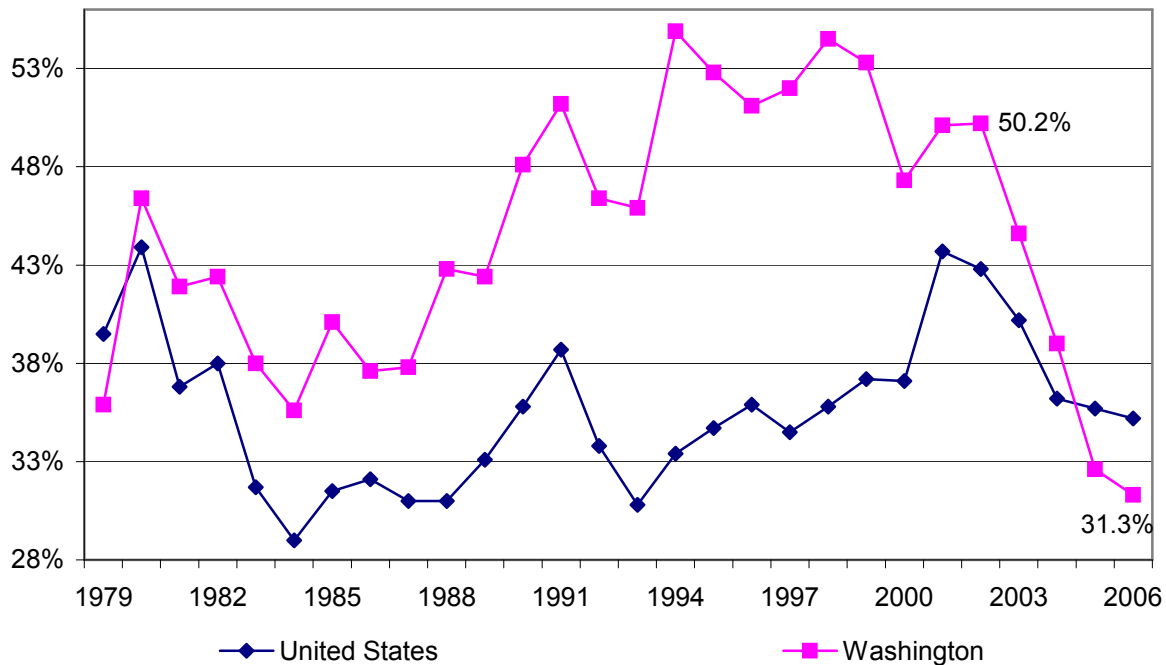


Source: Economic Policy Institute analysis of Current Population Survey data.

Unemployment insurance provides workers with partial wages when they lose a job through no fault of their own, helping both families and businesses in communities hit with job loss. In 2002, about half of Washington's unemployed workers received unemployment insurance, but the UI reciprocity rate fell precipitously after that. By 2006, only 31% of the unemployed received UI.

Throughout the 1980s and '90s, a higher percentage of Washington's unemployed benefited from UI than the national average, but in 2005 and 2006, the state UI reciprocity rate fell below the national average.

**Unemployment Insurance Reciprocity Rate, Washington and U.S.
1979-2006**



Source: U.S. Dept. of Labor; <http://www.doleta.gov/unemploy/chartbook/chartprt.cfm>

A good portion of the decline in UI coverage is due to changes in state policy. In 2003, Washington's legislature tightened allowable reasons for a person to voluntarily quit a job and still qualify for unemployment insurance. For example, under previous law someone who was subjected to a "substantial" reduction in pay or hours could qualify, but under the new law, reductions had to be at least 25%. Provisions were also made more stringent for quits due to a worker's or family member's illness and illegal or unsafe practices in the workplace.

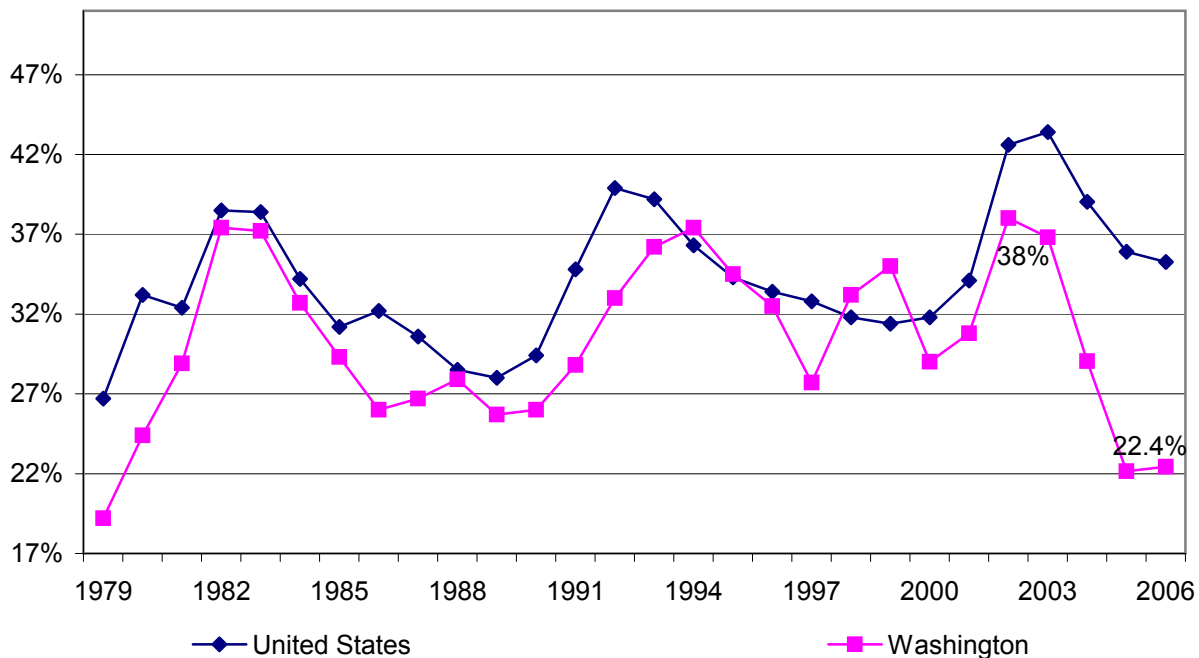
An analysis of voluntary quit claims in 2004 and 2005 found that 10.5% were denied under the new law that would have qualified under the old law.³¹ Administrative policy changes also affected

³¹ Washington Employment Security Department, "Highlights of Voluntary Quits Study," December 2006, <http://fortress.wa.gov/esd/portal/unemployment/researchstudies/VoluntaryQuits.pdf>; and Bob Wagner, et al., "Voluntary Quit Decisions in the Unemployment Insurance System: Before and After Implementation of Second Engrossed Substitute Senate Bill 6097," June 2005, Washington Department of Economic Security, http://fortress.wa.gov/esd/portal/unemployment/pdf_files/VoluntaryQuitStudy.pdf.

reciency by more rigorously enforcing the requirement that UI receivers actively look for work.³² A portion of the decline in reciency may also be due to a change in the type of workers who found themselves unemployed later in the period of job loss. Many workers in the first wave of layoffs in 2001 and 2002 had been employed in manufacturing and information industries, and may have been more likely to meet the hours and other qualifications for unemployment insurance. Layoffs then spread to other sectors that may have had a lower percentage of workers able to meet basic UI requirements.

On average, UI recipients in Washington currently collect benefits for 14.6 weeks.³³ The maximum number of weeks someone can collect in a year was lowered from 30 to 26 weeks in 2003, in the same legislation that reduced the numbers of people able to qualify. In 2002, 38% of UI recipients ran out of benefits before they were able to find work. In 2006, even with the strong job market, nearly one quarter of laid off workers ran out of UI benefits without finding work.

**Unemployment Insurance Exhaustion Rates
1979-2006**



Source: U.S. Dept. of Labor; <http://www.doleta.gov/unemploy/chartbook/chartprt.cfm>

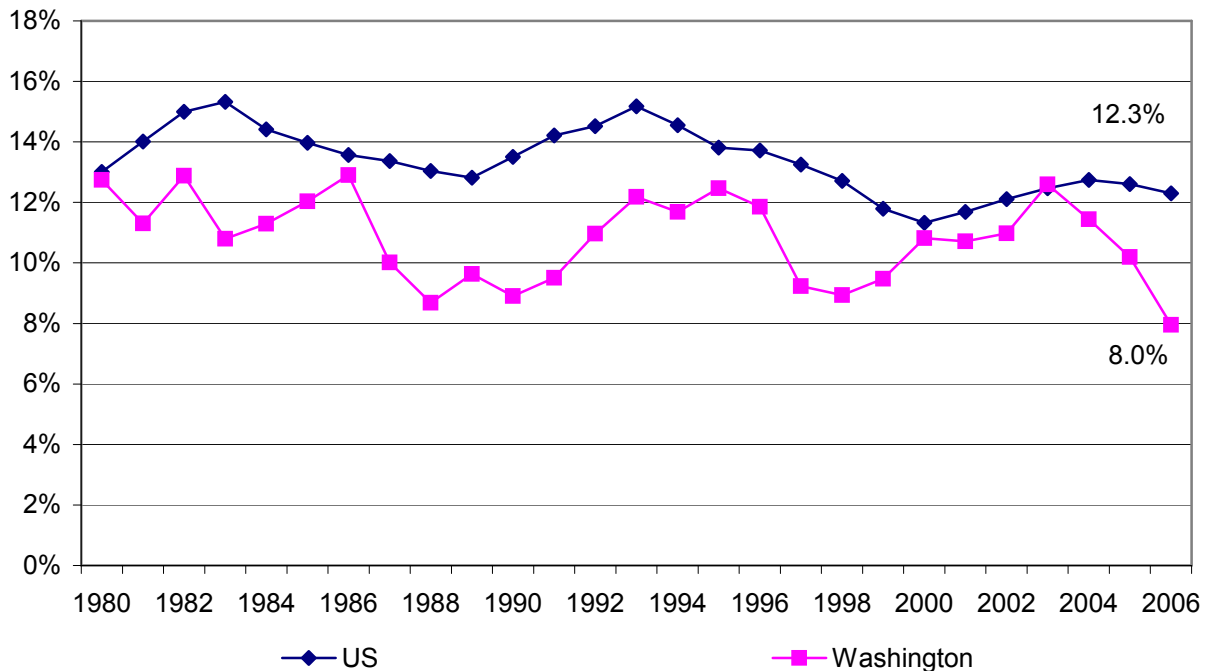
³² Washington Employment Security Department, Recipiency Rate Fact Sheet: Qualifying for Unemployment, 2007, <http://fortress.wa.gov/esd/portal/unemployment/researchstudies/FactSheet.RecRate.pdf>.

³³ Washington Employment Security Department, Unemployment Insurance Frequently Asked Questions, accessed August 28, 2007, <http://fortress.wa.gov/esd/portal/info/newsroomnew/FAQ>.

Poverty

Poverty rates are another clear indicator of family and community stress. Both in Washington and the United States as a whole, poverty rates rose during the period of job loss and have declined as jobs have expanded again. In keeping with Washington’s generally higher incomes, poverty rates in the state are lower than in the U.S. as a whole.

**Poverty Rates in Washington and the U.S.
1980-2006**



Source: Economic Policy Institute analysis of Current Population Survey March supplement

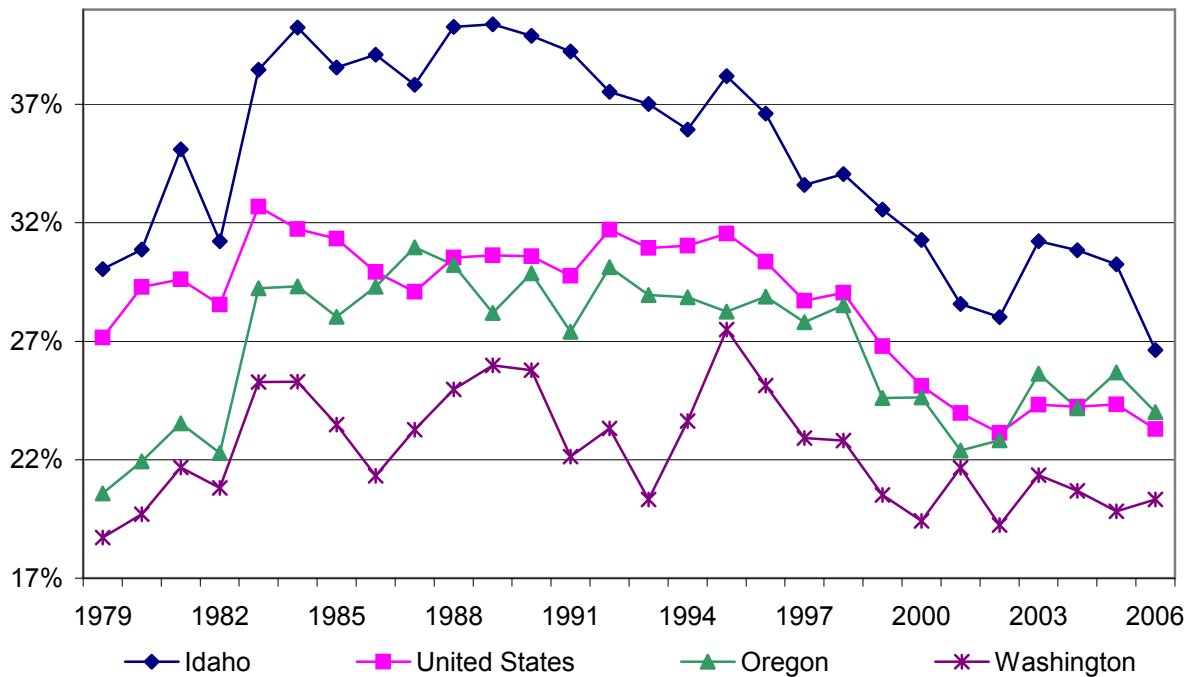
Children are more likely to be poor than the general population. According to the U.S. Census Department’s American Community Study, in 2006 child poverty in the U.S. was 18.3%, and in Washington was 15.4%. Seniors, most of whom have assured income through the Social Security program, have a lower rate of poverty. The senior poverty rate was 8.8% in Washington in 2006, about one percentage point below the national average. Only 3.2% of Washington households received public cash assistance in 2006.³⁴ The federal government’s poverty thresholds for 2007 are \$13,690 for a family of two and \$20,650 for a family of four.³⁵

³⁴ U.S. Census Department, American Community Study 2006, <http://factfinder.census.gov/>.

³⁵ U.S. Department of Health and Human Services, “The 2007 HHS Poverty Guidelines,” <http://aspe.hhs.gov/poverty/07poverty.shtml>.

Washington’s relatively high wages, including the minimum wage, and union density mean that a lower percentage of workers are employed full-time yet still live in poverty than in most other states. However, about one in five workers in the state did not earn a high enough hourly wage in 2006 to support a family of four above the poverty level with full time work.³⁶

**Percentage of Workers Earning Poverty Wages
Washington, Oregon, Idaho, United States, 1979-2006**



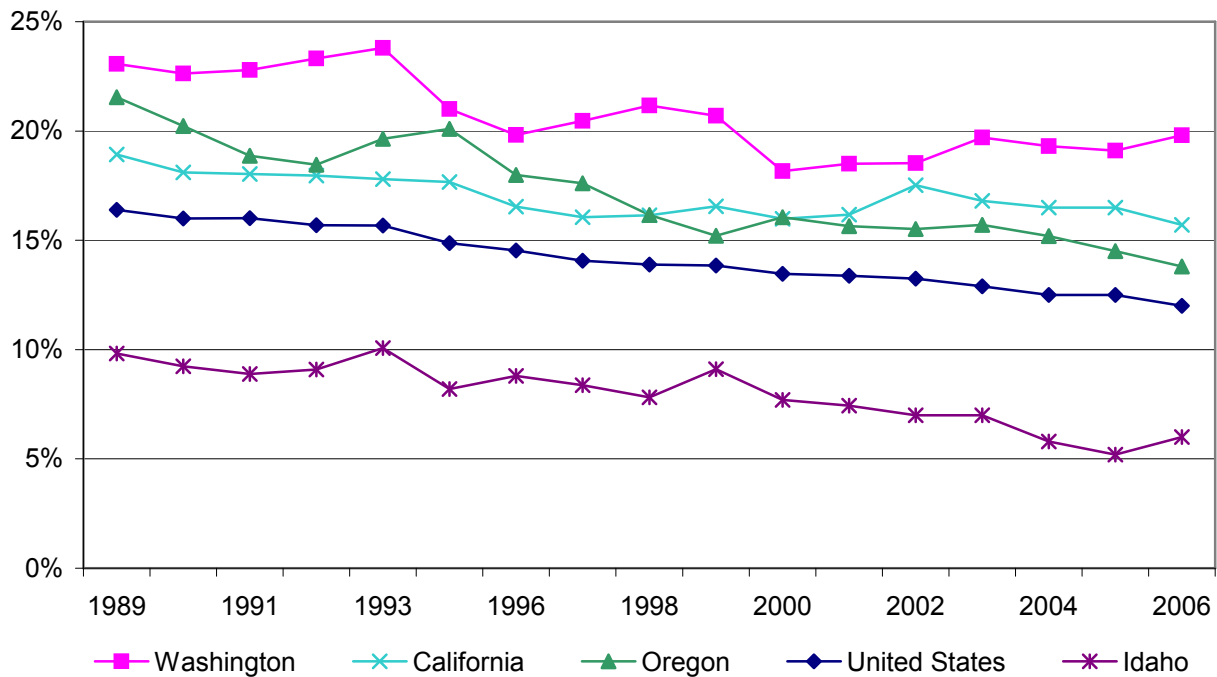
Source: Economic Policy Institute analysis of Current Population Survey data

³⁶ The poverty threshold for a family of four in 2006 was \$20,615. For a full-time, year-round worker to reach that level, it required an hourly wage of \$9.91. The following table shows the percentage of workers earning less than \$9.91 per hour (in 2006 dollars). Economic Policy Institute analysis of Current Population Survey data.

Union Coverage

Labor unions contributed substantially to wage and benefit gains and the growth of the middle class over the course of the 20th century, but union memberships have been in long-term decline. In Washington, 19.8% of workers belonged to a union in 2006, representing a 14% decline since 1989. Union membership in the state has gone up a bit since 2000, as home care workers and others have gained union contracts. At the national level, the loss of union coverage has continued. In 2006, only 12% of U.S. workers belonged to a union.³⁷

**Percentage of Workers Belonging to a Union
West Coast States, 1989-2006**



Source: Bureau of Labor Statistics

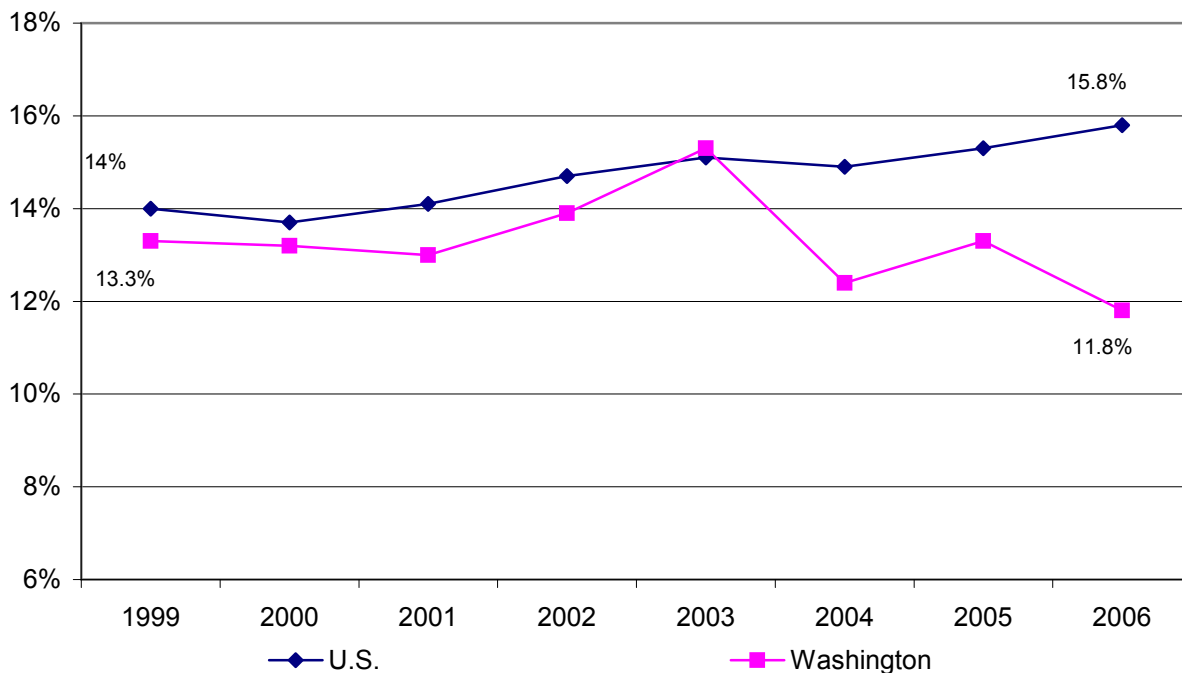
³⁷ Economic Policy Institute analysis of Bureau of Labor Statistics data.

Health Insurance and Other Benefits

Benefits are another important indicator of well being for working families. Access to health care consistently ranks as a top concern among Americans. In the U.S. as a whole, the percentage of individuals without health insurance has risen steadily since 2000, reaching 15.8% in 2006. In Washington, the percentage without coverage increased in 2002 and 2003, but has fallen to 11.8% in 2006.

Children, who are relatively cheap to insure and have been the target of both federal and state insurance programs, are covered at higher rates than adults. Only 6.9% of Washington children under age 18 lacked health insurance in 2006, down from 9.2% in 2000. Nationally, 11.7% of children were without health insurance in 2006, about the same level as in 2000.³⁸ Washington's rates of coverage, while relatively good from a national perspective, still represent 752,000 Washingtonians of all ages and 119,000 children without health insurance.³⁹

**Percentage Without Health Insurance
U.S. and Washington, 1999-2006**



Source: <http://www.census.gov/hhes/www/hlthins/historic/hihist4.html>. Note: Because of survey changes and other revisions, the Census Department does not recommend comparing current and pre-1999 data on health insurance coverage.

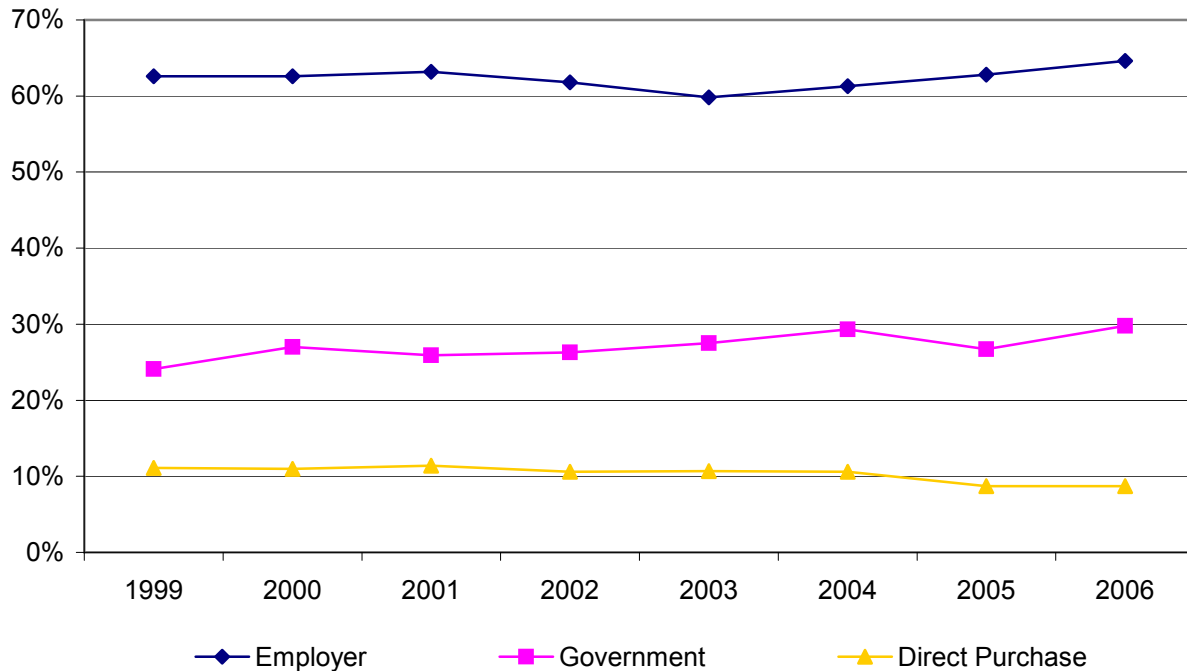
A fall in employer provided health insurance lies behind the drop in coverage nationally. In 1999, 64% of Americans received health insurance through employers, but only 60% did in 2006. Washington workers and employers bucked that trend. In this state, employer provided coverage

³⁸ U.S. Census, <http://www.census.gov/hhes/www/hlthins/historic/hihist5.html>.

³⁹ Numbers of uninsured based on 2006 figures in Washington Office of Financial Management, Forecasting Division, "Population Estimates by Age and Sex, 1980-2006, Washington State," November 22, 2006, www.ofm.wa.gov.

declined in 2002 and 2003, but then began rising again. In 2006, employers provided coverage for 64.6% of state residents.

**Source of Health Insurance Coverage in Washington State
1999-2006**



Source: <http://www.census.gov/hhes/www/hlthins/historic/hihist4.html>

Even when workers receive health insurance benefits, they still bear significant health care costs. A recent Kaiser Family Foundation study found that non-elderly Americans with private insurance paid 19% of health care costs themselves in 2003.⁴⁰

Between 1994 and 2004, per capita out-of-pocket spending rose from \$533 to \$788. In 2005, three fourths of workers contributed to the cost of premiums, 95% had co-pays for office visits, and over half had deductibles and other costs. These costs have been rising rapidly.⁴¹

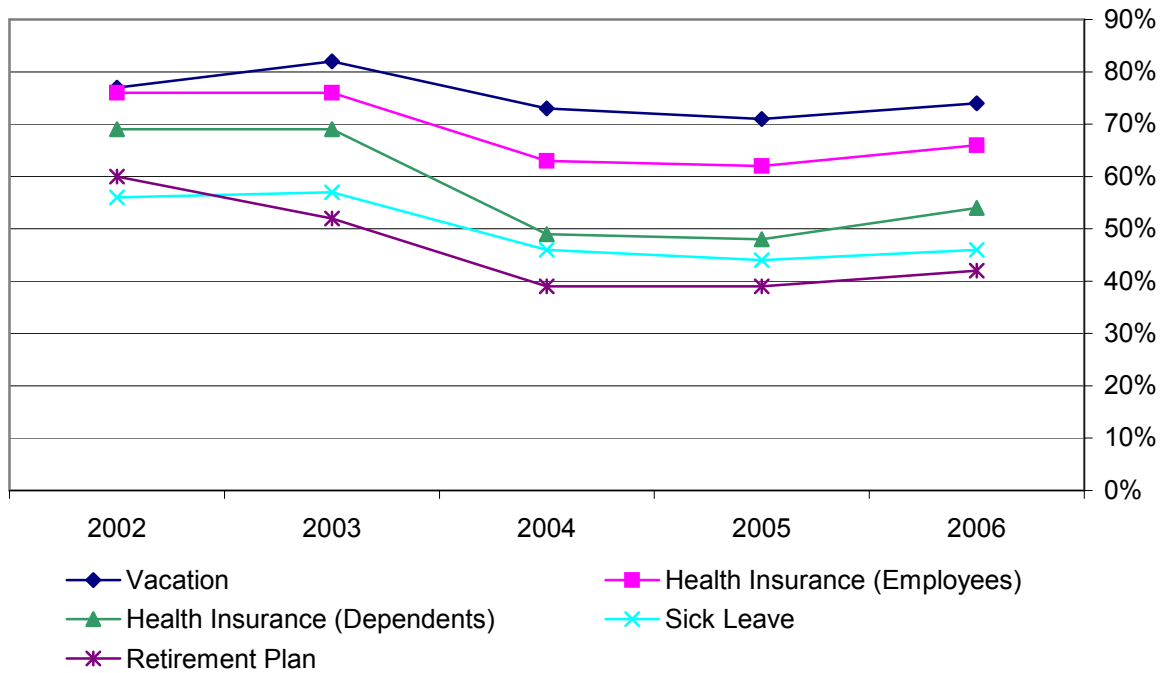
Annual surveys of Washington firms by the Washington Economic Security Department show a decline in the percentage of firms providing all types of benefits after 2003.⁴² Firms are much less likely to offer every type of benefit to part-time employees than full time, while the larger the firm the more likely it is to provide benefits.

⁴⁰ Kaiser Family Foundation, "Snapshots: Distribution of Out-of-Pocket Spending for Health Care Services," 2006, <http://www.kff.org/insurance/snapshot/chcm050206oth.cfm>.

⁴¹ Kaiser Family Foundation, "Trends & Indicators in the Changing Health Care Marketplace," Exhibits 1.8, 4.3, 4.5, <http://www.kff.org/insurance/7031/print-sec1.cfm>.

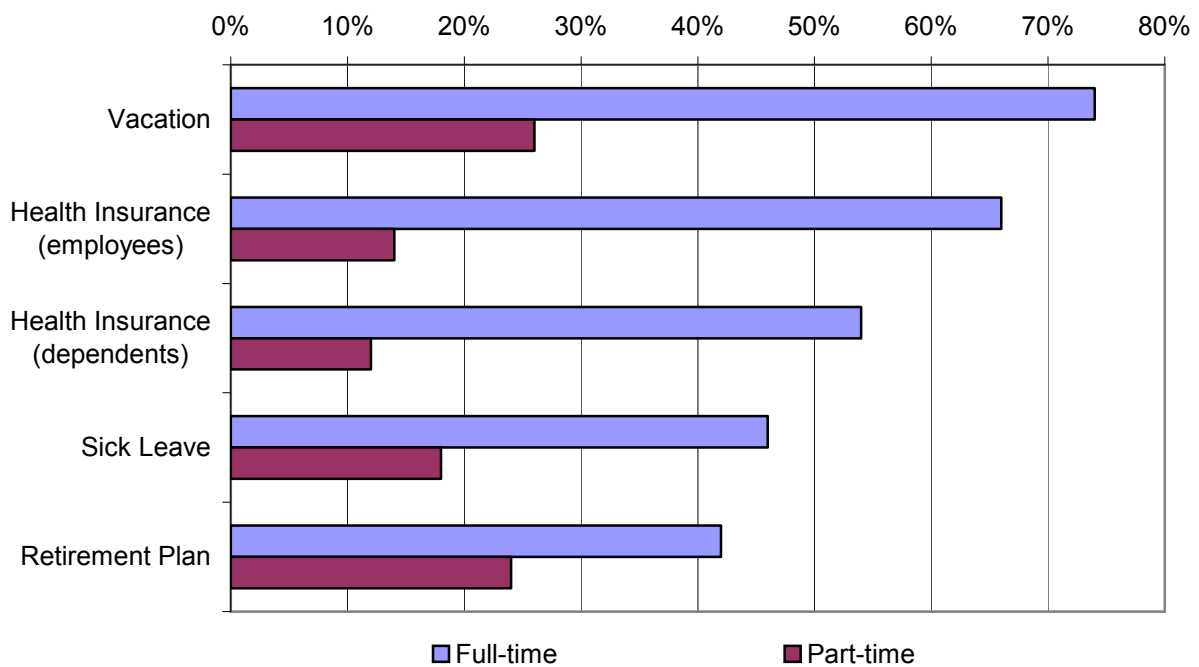
⁴² Washington Employment Security Department began publishing an annual *Employee Benefits Reports*, based on surveys of Washington firms in 2002. The most recent was released in February 2007, with 2006 data. http://www.workforceexplorer.com/admin/uploadedPublications/7794_EB_2006_Report.pdf.

**Percentage of Washington Firms Providing Benefits for Full-Time Workers
2002-2006**



Source: Washington Employment Security Department, Employee Benefits Reports

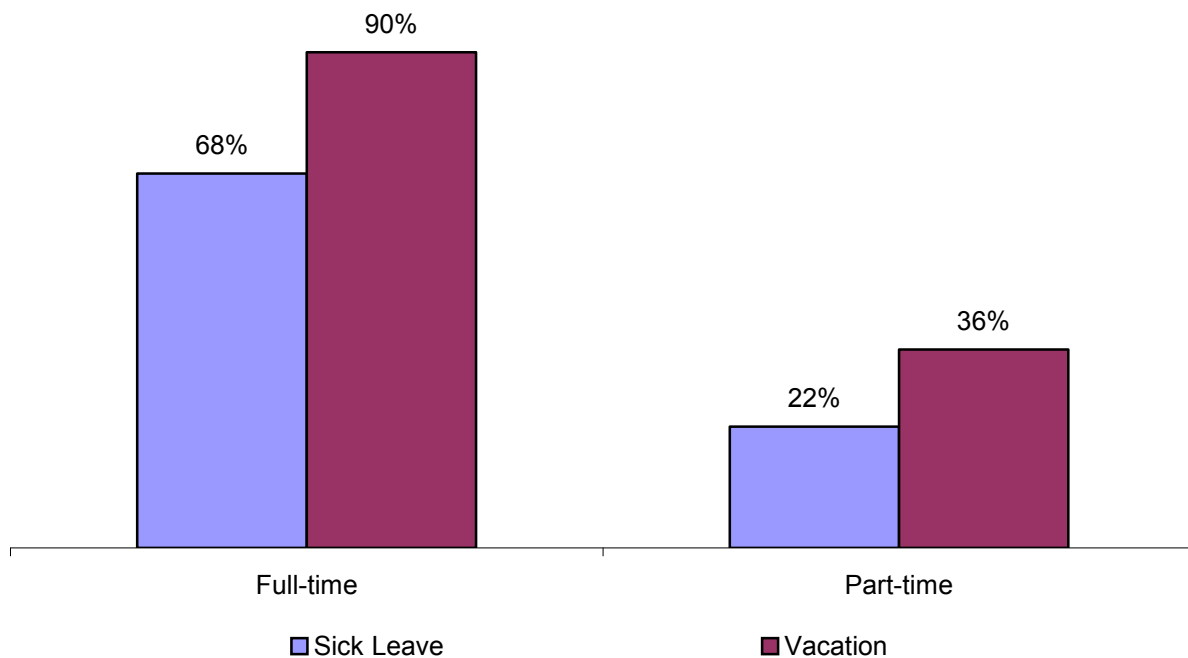
**Percentage of Washington Firms Providing Benefits to Full-Time vs. Part-Time Workers
2006**



Source: Washington Employment Security Department, Employee Benefits Reports

With most parents in the workforce and four in ten workers having care responsibilities for an elderly parent, paid leave is critical to healthy families. Studies show that children do better in school and recover more quickly from illness when their parents have access to paid leave.⁴³ Paid sick leave is particularly important to public health, allowing workers to recover from illness at home rather than spreading disease to co-workers and the public. While most full-time workers get some vacation, over 40% of private sector workers have no sick leave. Few part-time workers have any paid leave.⁴⁴

**U.S. Workers with Paid Leave in Private Industry
2006**



Source: Bureau of Labor Statistics

American workers get relatively little paid time off. For those employees with paid vacations, the average is nine days a year after one year of service. The allowable days of vacation gradually increase with job tenure, but it takes the typical worker 10 years to reach three weeks of vacation.⁴⁵ Unlike other developed countries, American workers have no right to vacation time.⁴⁶ San Francisco is the only U.S. jurisdiction that currently requires that all workers have access to some paid sick days.⁴⁷ Low-income parents are especially unlikely to have paid time off, and have fewer days when they do get leave benefits.⁴⁸

⁴³ Jody Heymann, *The Widening Gap: Why America's Working Families Are in Jeopardy – and What Can Be Done About It*, (New York: Basic Books, 2000).

⁴⁴ Bureau of Labor Statistics, "National Compensation Survey: Employee Benefits in Private Industry in the United States," 2007, www.bls.gov.

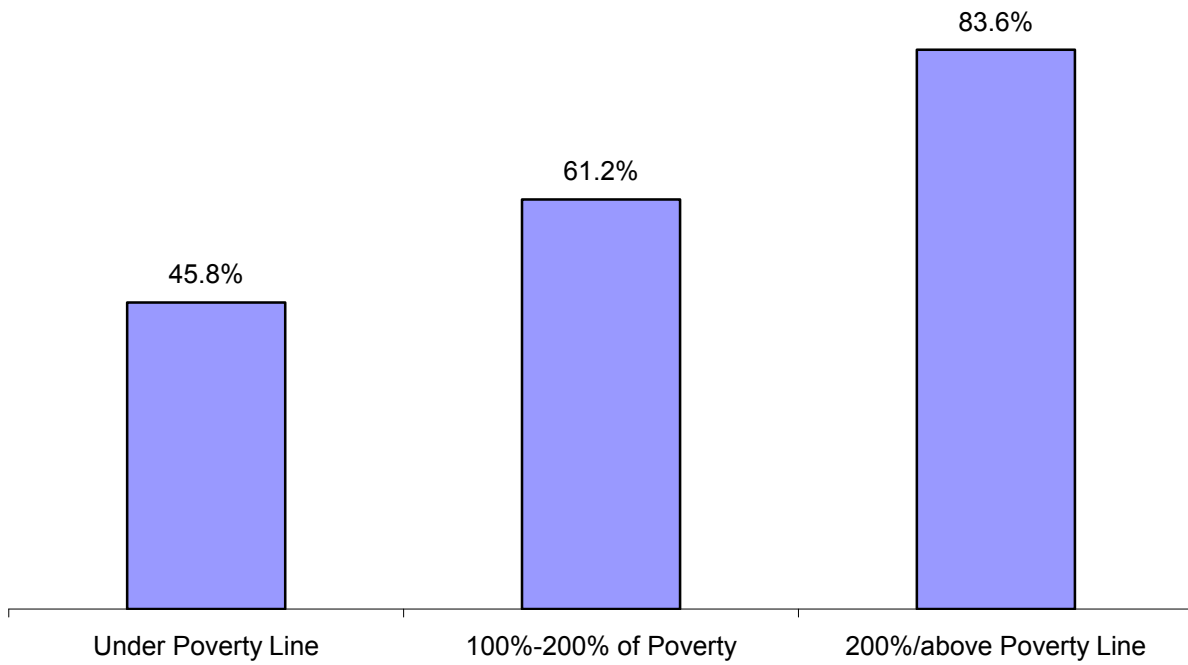
⁴⁵ BLS, "National Compensation Survey."

⁴⁶ Rebecca Ray and John Schmitt, "No-Vacation Nation," 2007, Center for Economic and Policy Research, <http://www.cepr.net/>.

⁴⁷ The San Francisco measure passed by ballot initiative in 2006, requiring large employers to provide 9 sick days a year, and small businesses to provide 5. <http://www.paidicksdaysf.org/>.

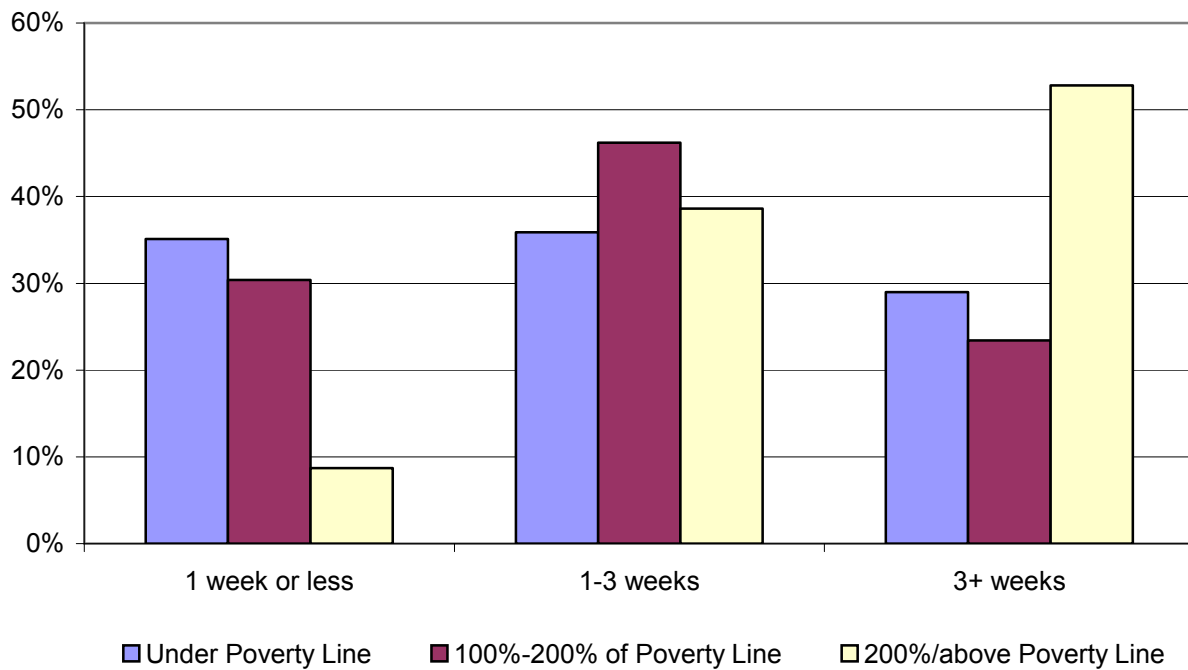
⁴⁸ Urban Institute, "Getting Time Off: Access to Leave among Working Parents," <http://www.urban.org/publications/310977.html>.

U.S. Parents With Paid Time Off By Poverty Level



Source: Urban Institute from 2002 National Survey of America's Families

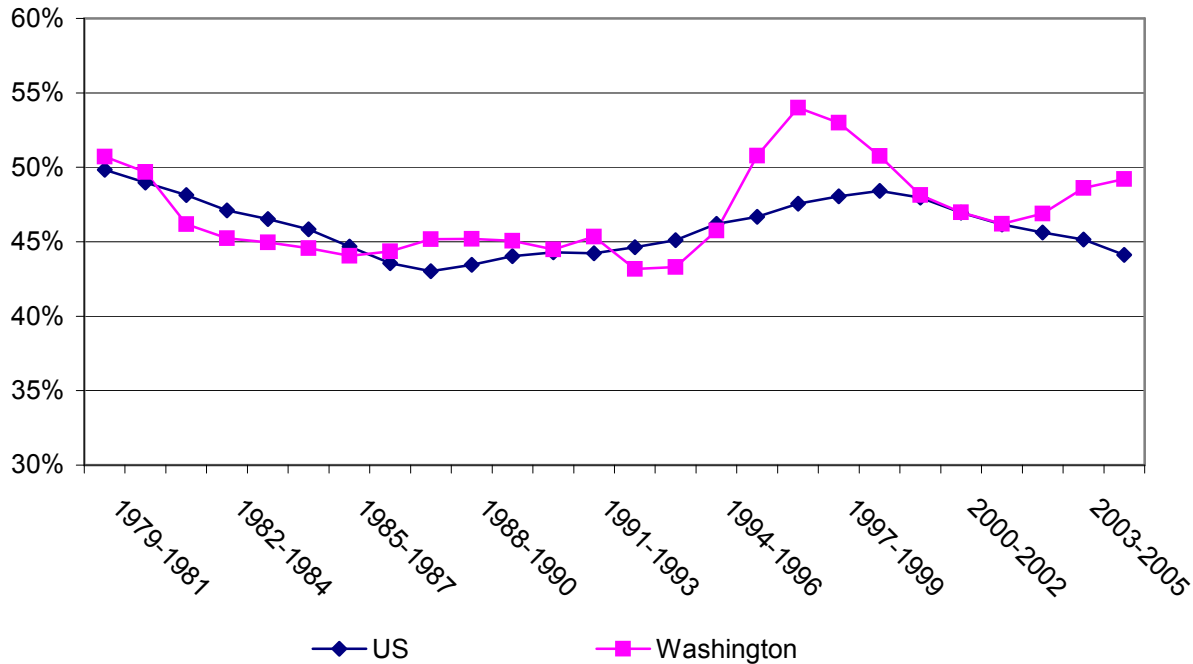
Weeks of Annual Leave for U.S. Parents



Source: Urban Institute from 2002 National Survey of America's Families

Access to a workplace based retirement plan has also varied with competition for workers, with access rising during the full-employment 1990s and falling along with jobs in 2000 and beyond. Here, as with other factors, Washington workers fare better than their counterparts nationally. Still, only half of workers in the state had a workplace based retirement plan in 2006.

**Private Sector Workers with Workplace Retirement Plan, Washington and U.S.
1979-2005**



Source: EPI analysis of Current Population Survey March supplement. Note: Universe is private-sector wage and salary workers age 18-64, who worked at least 20 hours per week and 26 weeks per year.

Over the past quarter century, the risk of saving for retirement has shifted onto workers themselves. Workers are now more likely to have a defined contribution plan, such as a 401(k), than a plan where they are guaranteed a particular benefit upon retirement, regardless of the ups and downs of the stock market.

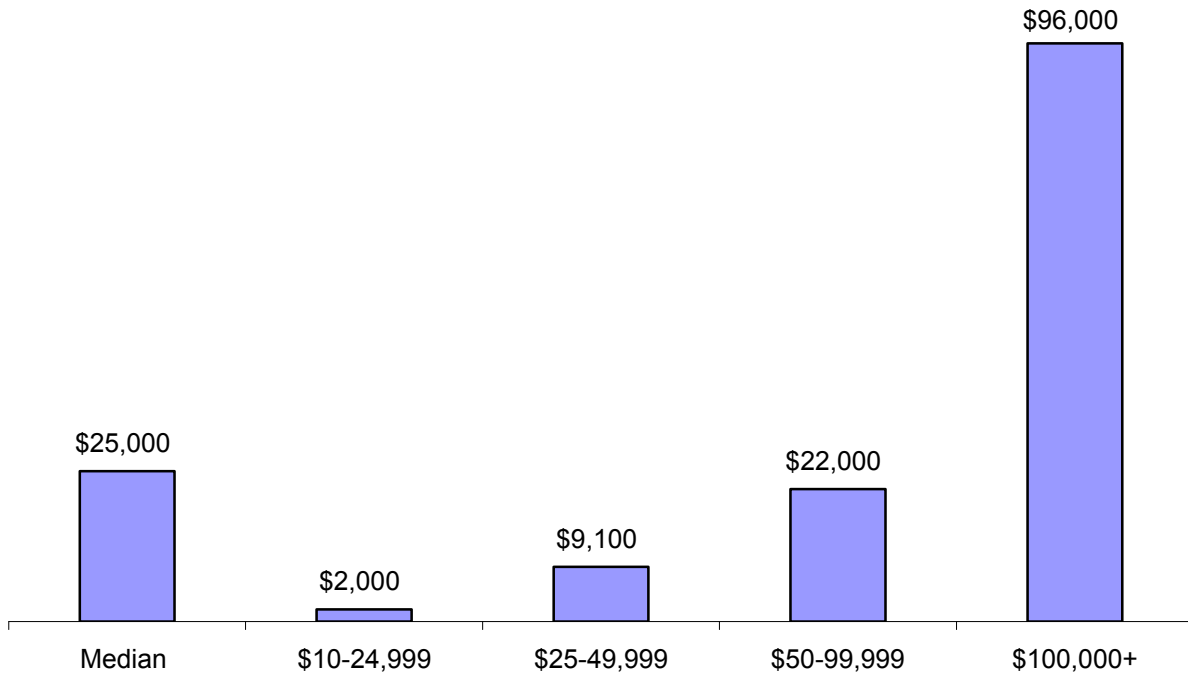
High-income workers have been able to shelter large amounts from taxes in retirement savings accounts, while most low and moderate-income workers have accumulated very little in such plans. In 2004, the median value of retirement savings accounts for families with incomes between \$50,000 and \$99,999 was \$22,000.⁴⁹

Working families with incomes under \$100,000 were less likely to have any employer-provided retirement plan in 2004 than a comparable family in 1992. The higher one's income, the more likely one is to have a retirement plan.⁵⁰

⁴⁹ Employee Benefit Research Institute, "Individual Account Retirement Plans: An Analysis of the 2004 Survey of Consumer Finances," 2006, www.ebri.org.

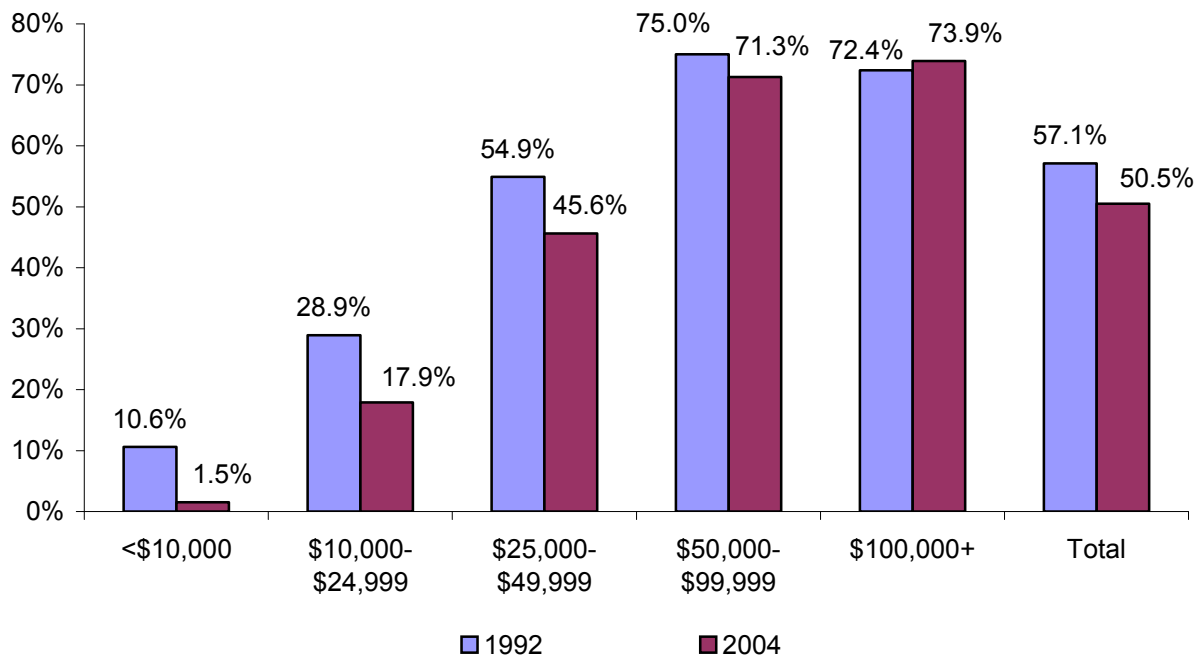
⁵⁰ EBRI, "Individual Account Retirement Plans," 2006, www.ebri.org.

**Median Value of All Defined Contribution Plans by Income
2004**



Source Employee Benefit Research Institute, "Individual Account Retirement Plans," 2006

Families with Household Head Under Age 65 and Worker with Employer-Based Retirement Plan by Income, 1992 vs. 2004 (Inflation Adjusted)



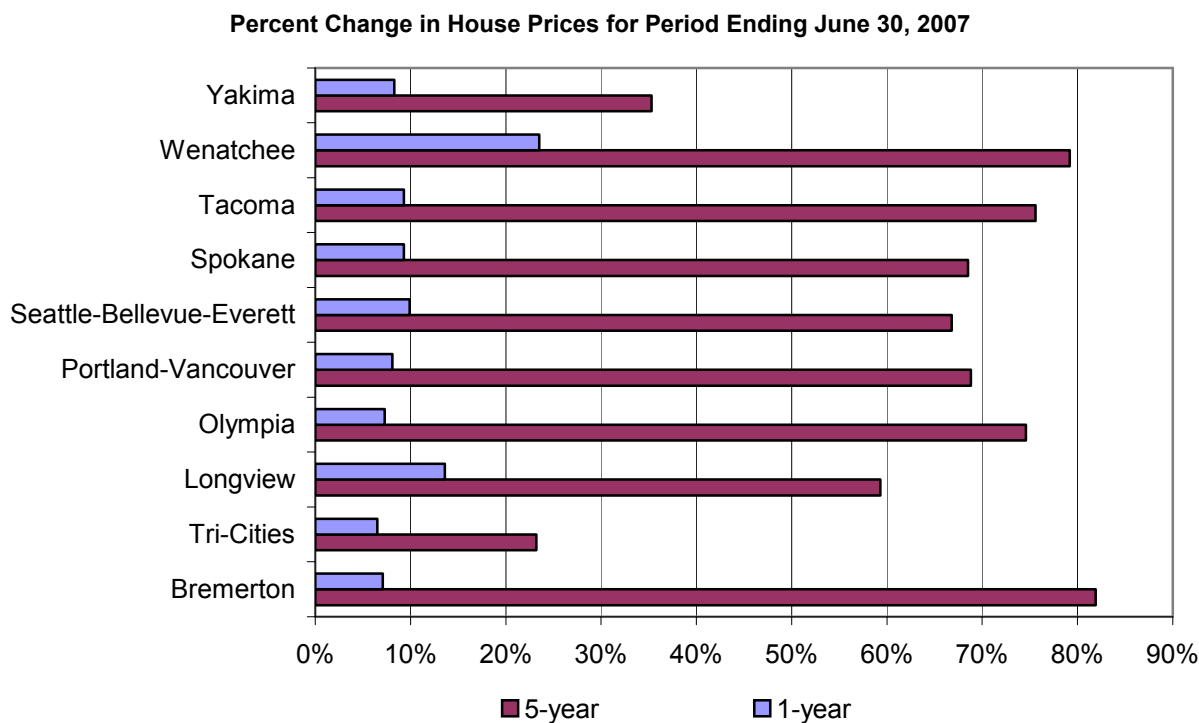
Source Employee Benefit Research Institute, "Individual Account Retirement Plans," 2006

Housing

The good news for Washington homeowners is that the collapse of the housing bubble seems to have bypassed our state. Strong job and population growth has kept demand for housing relatively strong in Washington, even as demand and prices have sagged nationally. But that is not such good news for those seeking to buy or rent a home in Washington.

In fact, Washington as a whole ranks number three among the states in housing price increases over the past year. Between July 1, 2006 and June 30, 2007, house prices increased by 9.1% in Washington, compared to 3.2% across the U.S. Five of the top twenty metropolitan districts in the country in home price rate increases are in Washington.

Wenatchee boasts the fastest growing home prices in the nation, with Longview, Seattle, Tacoma, and Spokane also making the top 20. Over the past five years, most urban areas in the state have seen house prices rise by 60% to 80%. Yakima and the Tri-Cities are the two exceptions, with slower growth.⁵¹



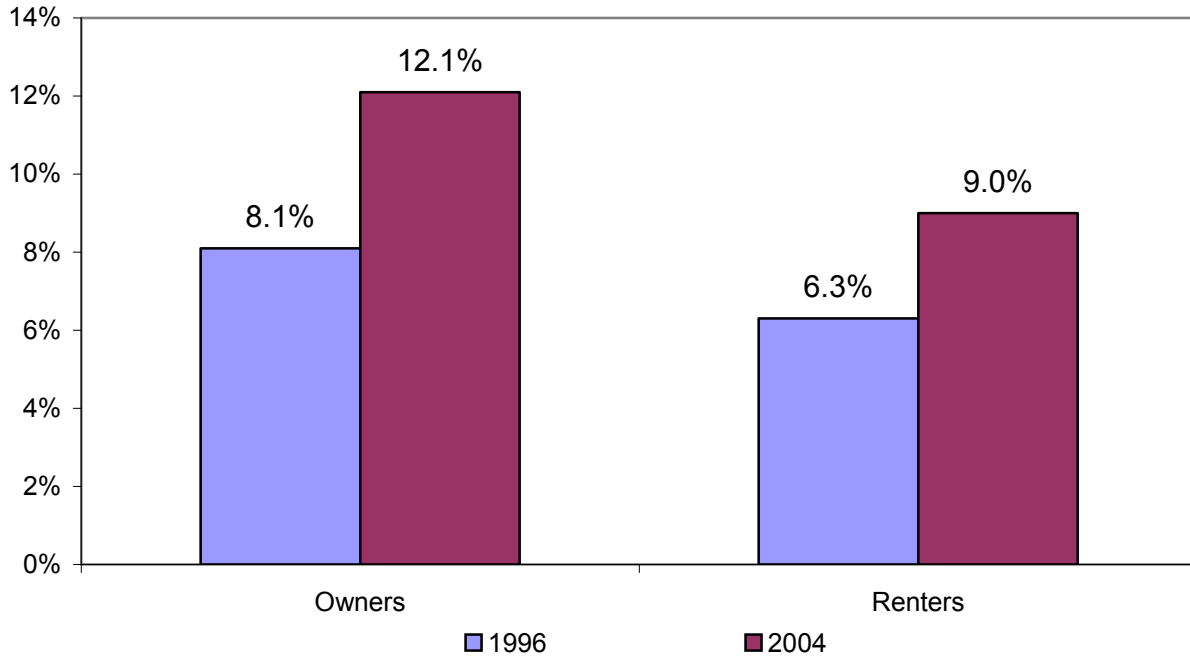
Source Office of Federal Housing Enterprise Oversight

The run-up in home prices has allowed established homeowners to benefit from substantial increases in equity, but it is tough for those entering the market. A study by the Center for Housing Policy of families with a full-time worker earning between minimum wage and 120% of area median income found a nearly 50% increase in those in the Seattle area spending half or more of their

⁵¹ Office of Federal Housing Enterprise Oversight, News Release: U.S. House Prices Slow, August 30, 2007, www.ofheo.gov.

income on housing between 1996 and 2004. Working families in the Portland-Vancouver area experienced similar increases.⁵²

Percent of Seattle-Area Low- and Median-Income Working Families Spending More Than Half of Income on Housing



Source: Center for Housing Policy

⁵² Center for Housing Policy, The Housing Landscape for America's Working Families 2007, August 2007, www.nhc.org.

Conclusion

There are many reasons to feel positive about Washington's economy and the prospects for working families in the state. For three years, jobs have been growing strongly across many sectors of the economy and most regions of the state. Washington is much closer to full recovery from recession than the country as a whole. The typical working family here enjoys a higher income than in most other states. We have lower rates of poverty, more residents covered by health insurance, and higher rates of union membership than the national norms.

However, for too many Washington workers, incomes and benefits have fallen since 2000. While those with the right credentials are doing well in today's marketplace, it is clear that workers across the board do not command the same bargaining power that they did during the second half of the 1990s, when wages and benefits were going up. Part of the reason for this is the severity of job losses in 2002 and 2003. Even with recent gains, Washington does not come close to providing employment for the same percentage of the population as before the recession.

Trends in consolidation, globalization, and outsourcing also limit the bargaining power of workers. Every day the business pages tell of corporate takeovers and plant relocations.⁵³ Some of these restructurings create jobs in Washington, while others result in layoffs. Companies are also contracting out work that was formerly performed in-house. Typically those contract workers receive lower pay and fewer benefits than the in-house workers they have replaced.⁵⁴

Public policy has had both positive and negative impacts on our state. Nationally, job recovery after the 2001 recession was remarkably slow compared to other recent recessions.⁵⁵ The Bush administration policy of cutting taxes - primarily for the wealthy - in order to stimulate economic growth simply did not work. Washington's working families suffered accordingly, as did others like them across the country. And workers didn't only lose jobs; the same tax cuts resulted in budget deficits and more limited federal investments in our state's infrastructure, basic research, social programs, and education from pre-school to college.

Fortunately (and in contrast to the federal response), Washington State policy makers moved to speed the pace of investment in capital, infrastructure, and education projects when recession hit. These investments immediately created new good-paying jobs and helped lay the foundation for long-term, broad-based growth today.

Today, Washington's workers and families are confronting new challenges to their economic well-being. While jobs are growing overall, structural changes in the economy are making it difficult for many workers to find jobs with comparable pay and benefits to the ones they have lost. And changes to the state unemployment insurance system make it harder than ever to qualify for unemployment benefits while looking for a new job.

⁵³ See, for example, *Seattle Times*, "After Icos acquisition, no time to mourn," July 23, 2007; "Cenveo printing facility in Tukwila to close," August 23, 2007, <http://archives.seattletimes.nwsource.com>.

⁵⁴ *Seattle Times*, "Boeing goes outside for 787 parts delivery," February 24, 2006, http://seattletimes.nwsource.com/html/business/technology/2002825298_boeing24.html

⁵⁵ Sylvia Allegretto, Jared Bernstein, and Isaac Shapiro, "The Lukewarm 2004 Labor Market," February 2005, Economic Policy Institute and Center on Budget and Policy Priorities, http://www.epinet.org/issuebriefs/20050216_epi_cbpp.pdf.

Looking ahead, the future is increasingly uncertain for young people just starting in the workforce, who face a much different mix of career possibilities than just fifteen years ago. For those who have jobs, the risks and costs of health care and retirement have shifted from employers to individuals and families, while costs for housing, transportation, and education continue to climb.

These slips in economic security can be overcome. The right strategies for economic development and prosperity will take into account the Boeing mechanic in Everett, the unemployed mill worker in Aberdeen, the software entrepreneur in Seattle, and the single mom with a health care job in Spokane – all trying to balance the needs of their families and their careers.

Our state's policy makers can help ensure the benefits of the growing economy are broadly shared by targeting the following key areas:

- Education - Expanding high quality childcare and early learning programs, improving K-12 education, and increasing access to higher education.
- Health care - Covering all children and improving insurance access for workers, those temporarily not employed, and small businesses.
- Paid leave - Fully funding the state's new family leave insurance program.
- Infrastructure development - Implementing regional transportation plans that focus on public transit and seismic upgrades and repair of bridges.

These fundamental steps will help build an economy that benefits all Washington residents. We have the tools to create economic opportunity for everyone in Washington – the knowledge, entrepreneurial drive, historical culture, and worker organization are all in place. We need only create and corral the necessary political will to be a bell-weather state for prosperity and hope for our nation.