



Bellingham MSA (Whatcom County) Labor Area Summary Volume 2010, Number 12

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Summary

National Employment Summary and Outlook The Bureau of Labor Statistics released its December 2010 national Employment Situation report on January 7, 2011, which shows that workers are still struggling in the wake of the Great Recession. The bright spot is that the seasonally adjusted payroll diffusion index indicates that overall, private employers have increased hiring in December at the highest clip since October 2010.

The large December drop in the U.S. seasonally adjusted unemployment rate from 9.8 percent in November to 9.4 percent in December, while partly due to an increase in the employed, was significantly affected by those discouraged with work prospects who dropped out of the labor force. The number of discouraged workers increased from 0.93 million in December 2009 to a record high of 1.32 million last December. The national unemployment rate calculated by including discouraged workers (and others not counted as unemployed in the headline unemployment number) is still at a rate of 16.7 percent. The mean duration of unemployment remains near a record of 34 weeks, and the percentage of those unemployed more than 27 weeks is still at 44.3 percent.

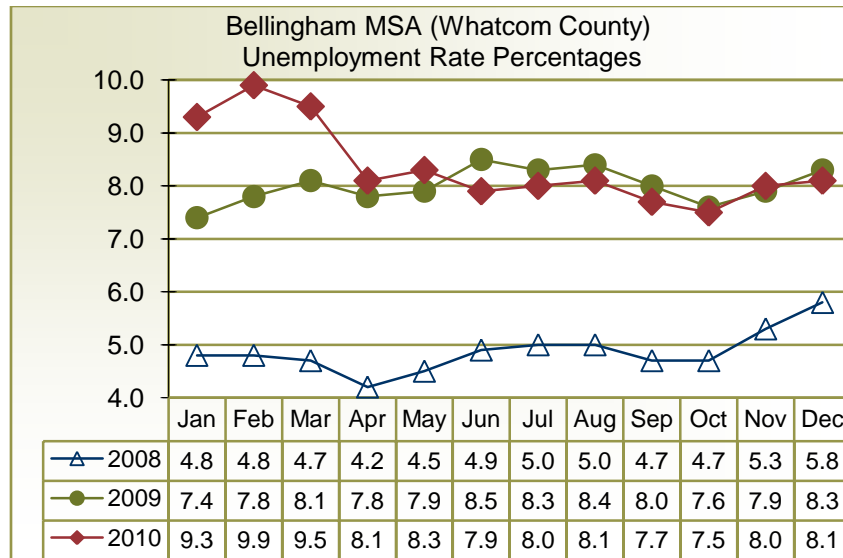
Other signs of caution from this report are: 1) the forward-looking hours worked per week has been flat for three months; 2) state and local government fiscal stress is causing declines in these sources of employment (in Washington, that makes up about 17 percent of total payroll employment); and 3) weekly earnings have eked out miniscule gains over the past three months while consumers face significant increases in inflation due to energy and food price increases. Consumers purchase about 70 percent of U.S. economic output produced so if consumer real income does not rise, consumer spending will likely not rise, nor will the jobs that depend on consumer spending.

Turning to some private leading employment indicators, the INTUIT small business employment index (January 4, 2011 release) is indicating that the employment situation for small businesses is stronger than for large businesses, and this small business employment recovery “albeit slow is unambiguous.” Small business employment is a leading indicator for large business employment, so this is another plus. While compensation has been flat according to INTUIT (too large of an unemployed labor pool to put upward pressure on wages), hours worked has been showing an increase, usually a prelude to increased hiring. The ECRI Weekly Leading Indicator (WLI) has shown considerable strength in recent months, pointing to a continued economic expansion, but ECRI notes that the recovery in jobs is more likely to be painfully slow.

Whatcom County The December 2010 unemployment rate of 8.1 percent in Whatcom County was slightly above November 2010. More troubling in the over-the-month numbers is the size of the labor force and the number of employed – both declined by about 2,350, while the number of unemployed was basically flat. This

may point to a large number of workers who dropped out of the labor force due to discouraging employment prospects. The Whatcom County unemployment rate in December 2009 was 8.3 percent; however, this year-over-year decrease may not be a sign of real progress due to the prospect of increased discouraged workers. Other factors may include ending seasonal employment, moving into student status and moving out of the area.

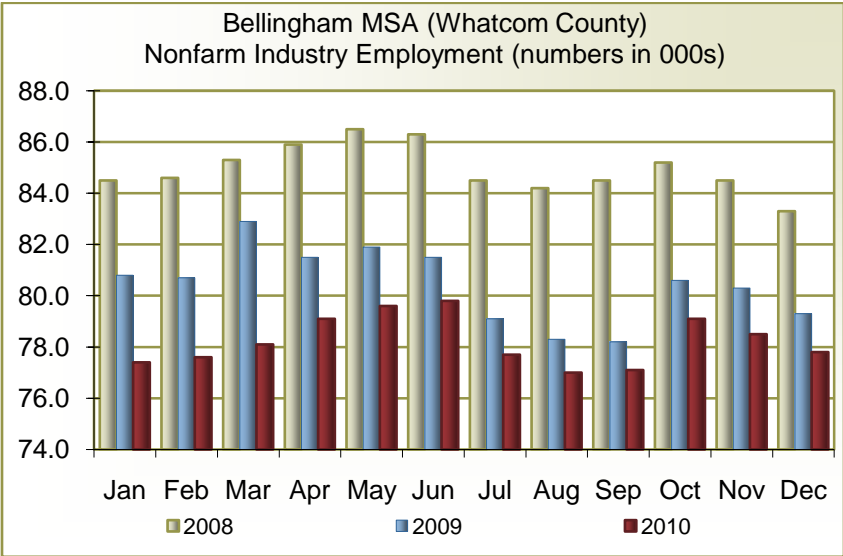
The corresponding Washington state numbers for over the month are discouraging for the same reasons as in the county, but the state over-the-year numbers are more encouraging in the large number making up employment growth, while the labor force also increased year over year. The non-seasonally adjusted Washington state unemployment rate was 9.2 percent in both November and December of last year while it was 9.4 percent in December of 2009.



In December, on a year-over-year basis, statewide nonfarm total payroll and private payroll employment gained 0.32 percent and 0.57 percent respectively. These figures indicate year-over-year declines in state and local government payrolls of 1.7 and 0.7 percent, respectively, thereby dragging down the total employment numbers. On a statewide year-over-year basis, educational services also declined for both the state and local governments, so the government fiscal stress has impacted government employment over the year.

In December, on a year-over-year basis, Whatcom County total nonfarm employment was whacked by a nearly 2 percent decline and private payrolls declined by a slightly smaller amount, likely some form of reversal from the extraordinary growth earlier in the decade. Clearly, Whatcom County is suffering more than the statewide averages, due to several sometimes countervailing factors. Health care employment on a statewide basis enjoyed a solid year-over-year gain, while the residual services category of employment (that includes health care), in the county suffered approximately a 4 percent decline (about 600 jobs) year over year in December.

While there was a surge in retail sales in the county due to the impacts of a strengthening Canadian dollar and an increase in the Harmonized Sales Tax in BC, this has not shown up strongly in retail sector employment, which has grown about 1 percent year over year in December (while the comparable statewide figure is up more than double that). In December, on a year-over-year comparison, construction employment (goods-producing industries down about 12 percent) has been the weakest, followed by business and professional services (both of which have struggled all year). Manufacturing employment has been the bright spot in all of the northwest counties, and in Whatcom County, it increased by about 4 percent or 300 jobs. On a percentage basis year over year, this is about four times the statewide growth rate, but with manufacturing at about a 10 percent share of employment in the county, other sectors will need to expand to help lower the unemployment rate.



Summary Table

Labor Market Information for the Bellingham Metropolitan Statistical Area (Whatcom County) Not Seasonally Adjusted/*Updated with ***QCEW Data: June 2010						
				Change		
Employment by Place of Residence	Prelim Dec-10	Revised Nov-10	Revised Dec-09	Nov-10 Dec-10	Dec-09 Dec-10	Dec-09 Dec-10 %
Civilian Labor Force	106,380	108,670	106,820	-2,290	-440	-0.4%
Resident Employment	97,710	100,020	98,010	-2,310	-300	-0.3%
Unemployment	8,660	8,640	8,810	20	-150	-1.7%
Unemployment Rate	8.1	8.0	8.3	0.1	-0.2	
Employment by Place of Work (**NAICS Industry Titles, numbers in thousands)						
Total Nonfarm 1/	77.8	78.5	79.3	-0.7	-1.5	-1.9%
Total Private	61.6	62.1	62.7	-0.5	-1.1	-1.8%
Goods Producing	13.1	13.4	13.5	-0.3	-0.4	-3.0%
Mining, Logging, and Construction	5.3	5.5	6.0	-0.2	-0.7	-11.7%
Manufacturing	7.8	7.9	7.5	-0.1	0.3	4.0%
Service Providing	64.7	65.1	65.8	-0.4	-1.1	-1.7%
Private Services Providing	48.5	48.7	49.2	-0.2	-0.7	-1.4%
Trade, Transportation, Warehousing, and Utilities	15.3	15.1	15.3	0.2	0.0	0.0%
Retail Trade	10.4	10.3	10.3	0.1	0.1	1.0%
Financial Activities	2.8	2.8	2.8	0.0	0.0	0.0%
Professional and Business Services	6.6	6.7	6.8	-0.1	-0.2	-2.9%
Leisure and Hospitality	9.1	9.2	9.0	-0.1	0.1	1.1%
Government	16.2	16.4	16.6	-0.2	-0.4	-2.4%
Federal Government	1.4	1.4	1.4	0.0	0.0	0.0%
State Government	5.4	5.5	5.4	-0.1	0.0	0.0%
Local Government	9.4	9.5	9.8	-0.1	-0.4	-4.1%
Workers in Labor/Management Disputes	0.0	0.0	0.0	0.0	0.0	
1/ Excludes proprietors, self-employed, members of the armed services, workers in private households, and agriculture. Includes all full- and part-time wage and salary workers receiving pay during the pay period including the 12th of the month. Columns may not add due to rounding.						
*Prepared by the Labor Market and Economic Analysis branch using a Quarterly Benchmark process. This process uses the most recent quarter from the Unemployment Insurance Tax Reports and estimates employment from that point to present.						
**North American Industry Classification System						
***QCEW = Quarterly Census of Employment and Wages						