

# B E D

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## CONTENT

### Figure 1

**Net Change in Jobs, Seasonally Adjusted, Washington State and U.S. 1992 to 2009**

### Figure 2

**Gross Job Gains and Losses, Seasonally Adjusted, Washington State 1992 to 2009**

Washington State  
Employment Security Department

Labor Market and Economic Analysis



# Washington State Business Employment Dynamics

The most recent Business Employment Dynamics (BED) data released by the Bureau of Labor Statistics cover the period from September to December 2009. During this period, both the Washington state and national labor markets continued to contract, showing a net loss of jobs. At the national level, the number of private sector job gains from opening and expanding private sector establishments increased from 6.3 to 6.6 million. This was an increase of 332,000 jobs on a seasonally adjusted basis compared to the previous quarter. The number of job losses from closing and contracting establishments fell to 6.8 million in the fourth quarter, a decline of 439,000 jobs from the previous quarter. Job losses have decreased regularly from December 2008 to the last quarter of 2009, with the lowest level of job losses since June 1994. Washington state had approximately 150,938 job gains from new and expanding private businesses, and approximately 180,531 job losses from closing and downsizing businesses, for a net loss of 29,593 jobs. This job loss compares to a loss of 12,072 jobs in the previous quarter, and a decrease of 48,841 jobs from one year ago.

BED data highlight the forces behind the dynamics of labor markets at the state and national level. It also tracks job gains and losses at private business establishments, and can identify whether the change is due to establishment openings or closings versus adding or shedding employment in existing firms.

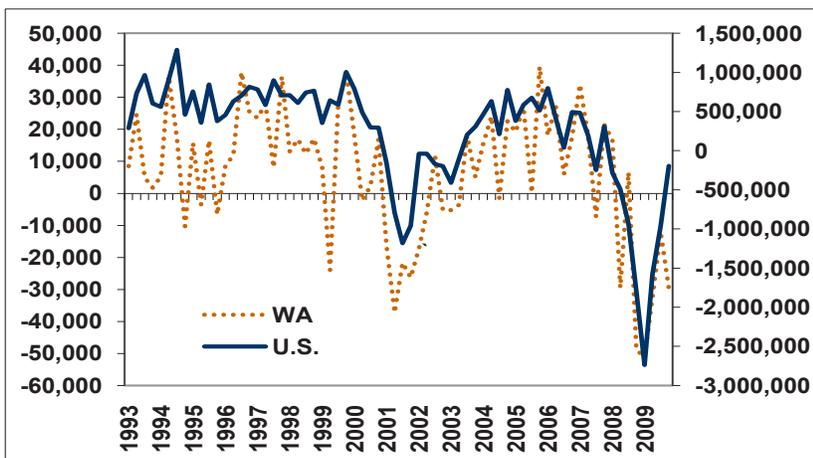
Figure 1 depicts this changing dynamic and compares Washington to national trends. Both the state and the nation show BED net change in jobs to be sensitive to the business cycle. They both dropped sharply during the recession of 2001, and recovered unevenly until the current recession beginning in the fourth quarter of 2007. For the first three quarters of 2009 the pace of losses slowed for Washington and the nation. During the fourth quarter Washington losses picked up while the nation continued to trend down.

When breaking out gross job gains and losses by sector for the nation, only the professional and business services sector, which includes temporary help services, changed from net losses in the third quarter 2009 (-181,000) to net gains in the fourth quarter (+189,000). Education and health services continued to experience growth with gains of 821,000, and net employment change of 157,000. Services providing industries experienced growth with a net change of 82,000, while goods producing industries showed a net employment decline of 275,000. Construction continues to post the high net declines at 161,000 jobs for the fourth quarter 2009. The remaining industry sectors all experienced net declines in employment.

Alaska held the top position nationally in terms of gross job gains as a percentage of employment at 10.3 percent. Eight states experienced changes from negative to positive

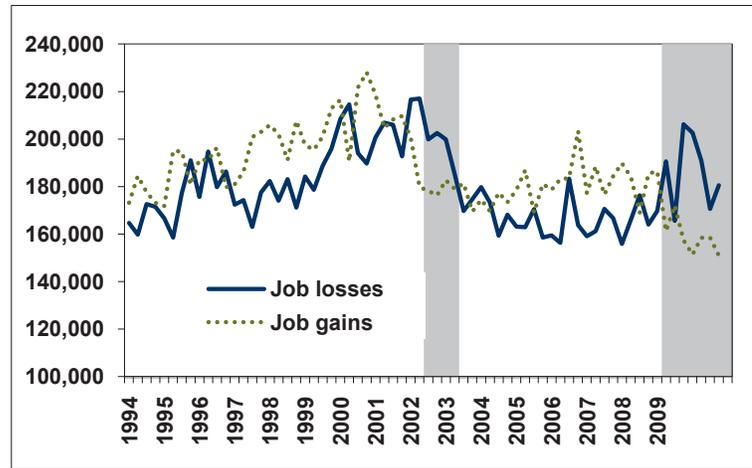
Figure 1. Net Change in Jobs, Seasonally Adjusted, Washington State and U.S., 1992 to 2009

Source: BED/Bureau of Labor Statistics



net employment compared to the prior quarter. Washington ranked 50th in net percent changes among the states, posting a net change of -1.0 percent from the third quarter 2009 to the fourth quarter 2009. Thirty-six states continue to post gross job gains from fourth quarter 2009 compared to the prior. Washington ranked 48th compared to other states with gross jobs gains of 6.7 percent, a 0.4 percent decline from the third quarter 2009. Among gross job losses, 13 states saw an increase from the previous quarters with Washington ranking 2nd just below Nebraska for the greatest increase in gross job losses. Washington state saw job losses as a percentage of employment increase from 7.5 percent in third quarter 2009 to 8.1 in fourth quarter 2009, a 0.6 increase from quarter to quarter. Alaska held the highest number for the fourth quarter 2009 in gross jobs losses at 10.7 percent.

Figure 2. Gross Job Gains and Losses, Seasonally Adjusted, Washington State 1992 to 2009, Source: BED/Bureau of Labor Statistics



After a period of flat growth in job gains, Washington state employment declined in the fourth quarter of 2008 (Figure 2). At the same time job losses were trending up. Note that for most of this time series, job gains in Washington have exceeded job losses, with the 2001 and current recessions as the only sustained periods in which the opposite was true. Job losses reversed a four quarter decline and began to rise again the fourth quarter 2009.

For more information on the Business Employment Dynamics Series, go to the website located at <http://stats.bls.gov/bdm/home.htm>.

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