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Washington State Business Employment Dynamics

The Bureau of Labor Statistics' Business Employment Dynamics (BED) data series highlights the forces behind labor market dynamics at the state and national level. It also tracks job gains and losses at private business establishments and can identify whether change is due to establishment openings or closings versus adding or shedding employment in existing firms.

The most recent BED data cover the fourth quarter of 2010, the period from September 2010 to December 2010.

Increases in jobs nationally and in Washington

The fourth quarter of 2010 showed the third consecutive quarter of positive employment change at the national level since the recession began in 2007. Washington state also had a third consecutive positive employment gain, but at a smaller rate than the previous quarter.

Figure 1 depicts this changing dynamic and compares Washington state to national trends. Both the state and the nation show 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 recent recession beginning in the fourth quarter of 2007. Losses slowed during the first three quarters of 2009

for both Washington state and the nation. During the fourth quarter of 2009, Washington losses increased, while the nation showed declining losses. In the fourth quarter of 2010 the nation had increasing job gains whereas the job gains slowed for Washington state.

At the national level, the number of private-sector job gains from opening and expanding establishments increased from 6.6 million to 7 million. This was an increase of 361,000 jobs on a seasonally adjusted basis compared to the previous quarter. The number of job losses from closing and contracting firms had a decrease of 51,000 jobs from the previous quarter. In the fourth quarter of 2010, the nation gained more jobs than the previous quarter, adding 563,000 jobs compared to 151,000 jobs.

Washington state had approximately 166,765 job gains from new and expanding private businesses and approximately 161,011 job losses from closing and downsizing businesses, for a gain of 5,754 jobs. This compares to a gain of 15,405 jobs in the previous quarter and a loss of 29,593 jobs in the fourth quarter of 2009.

Figure 2 tracks the increase in job losses and job gains in the fourth quarter of 2011.

Most industries show job gains nationally and at the state level

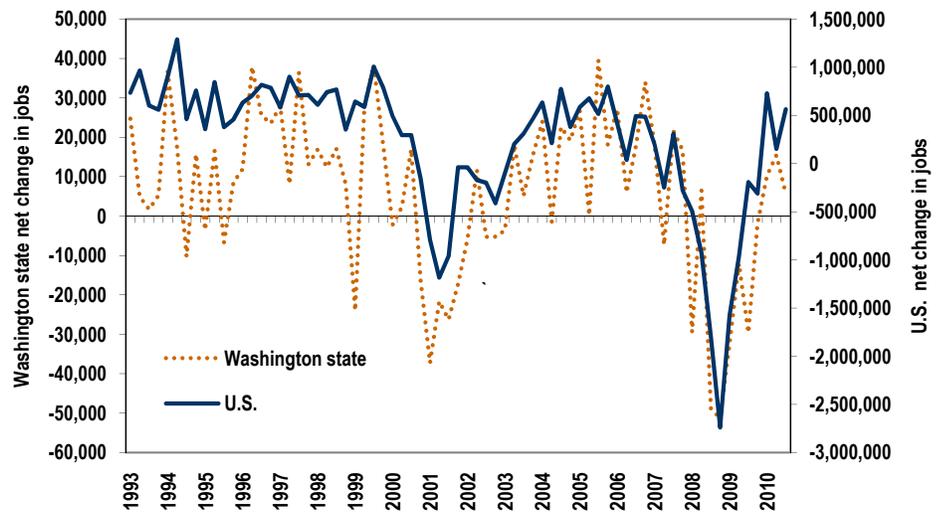
Nationally, service-providing industries had a net gain of 613,000 jobs in the fourth quarter of 2010 compared to a gain of 106,000 in the third quarter. The goods-producing industries posted a decrease of 50,000 jobs in the fourth quarter of 2010 compared to 45,000 jobs in the previous quarter. Total private employment showed an increase of 563,000.

Breaking down job gains and losses by sector for the nation, 10 sectors showed net gains, two showed net losses and one sector was neutral. Professional and business services (which includes temporary help services) had a gain of 193,000 jobs, followed by education and health services (137,000), retail trade (82,000), transportation and warehousing (58,000), wholesale trade (26,000), financial activities (22,000), leisure and hospitality (19,000), manufacturing (11,000), natural resources and mining (2,000) and utilities (1,000). Other services had the same amount of gains as losses. Construction experienced the largest decline of any sector, losing 63,000 jobs, followed by information with a decline of 5,000 jobs.

Ten Washington sectors reported net job gains in the fourth quarter of 2010. The top industry sector was professional and business services (5,635), followed by retail trade (2,745), education and health services (2,066), transportation and warehousing (1,059), wholesale trade (1,034), manufacturing (211) and utilities (27). Construction posted the greatest jobs decrease (-2,717), followed by natural resources

Figure 1. Net change in jobs, seasonally adjusted Washington state and U.S., 1993 through 2010

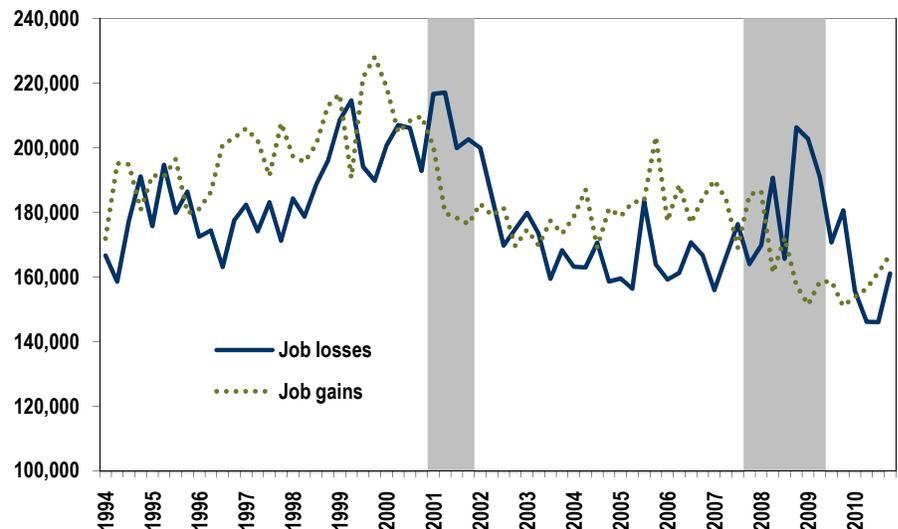
Source: Bureau of Labor Statistics, Business Employment Dynamics



In the fourth quarter of 2010, the nation had increasing job gains whereas job gains slowed for Washington state.

Figure 2. Gross job gains and losses, seasonally adjusted Washington state, 1994 through 2010

Source: Bureau of Labor Statistics, Business Employment Dynamics



Gross job losses and gross job gains increased in Washington state in the fourth quarter of 2011. Gray-shaded area indicates recession.

and mining (-1,956), financial activities (-437), information (-283), leisure and hospitality (-201) and other services (except public administration) (-52).

Figure 3 shows net employment changes by Washington industry sector.

Comparing fourth quarter 2009 to fourth quarter 2010 in Washington state (Figure 4):

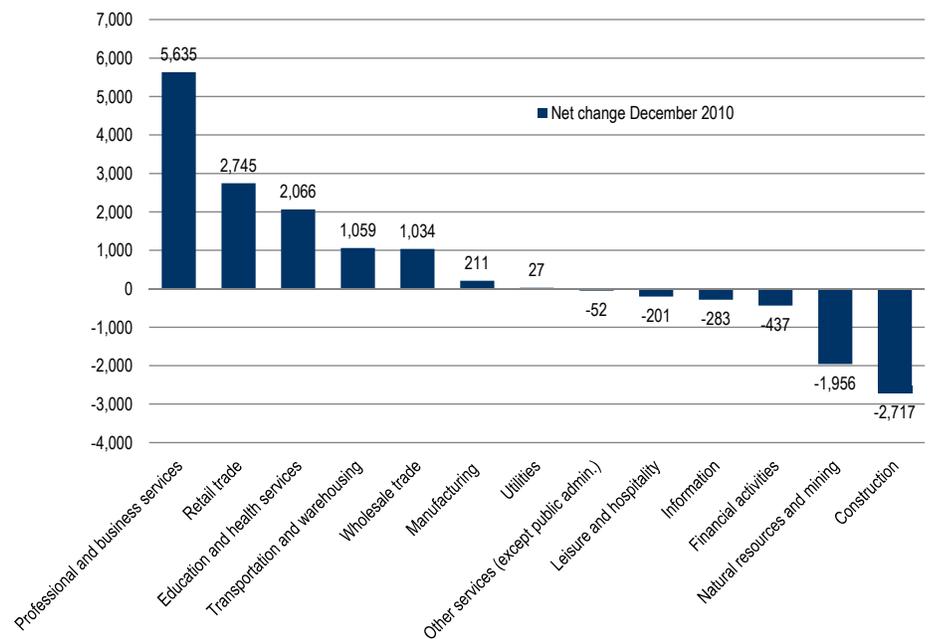
- Four sectors went from job losses to job gains. These were manufacturing, wholesale trade, transportation and warehousing, and retail trade. These job gains were generally a result of higher rates of expansion of establishments compared to contraction of establishments. The exception was for manufacturing, which saw an increasing rate of contractions in jobs and a flat rate of expansions posting a small gain of 211.
- The professional and business services sector and the education and health services sector were the only sectors to post job gains for both periods. These gains were primarily due to an expansion of establishment hiring and fewer contractions of establishments.
- Natural resources and mining, construction, leisure and hospitality, financial activities, information and other services (except public administration) were the only sectors that had job losses in 2009 and 2010. The losses in this industry were primarily due to an increase of contractions of establishments and decreased expansions of establishments.

Job gains and losses among states

Among all states, the District of Columbia and Puerto Rico, 41 areas posted net job gains as a percent of employment in the fourth quarter of 2010, ranging from 1.9 to 0.1 percent. North Dakota had the highest net percentage job gains at 1.9, and

Figure 3. Net change in job gains and losses, seasonally adjusted Washington state, fourth quarter 2010

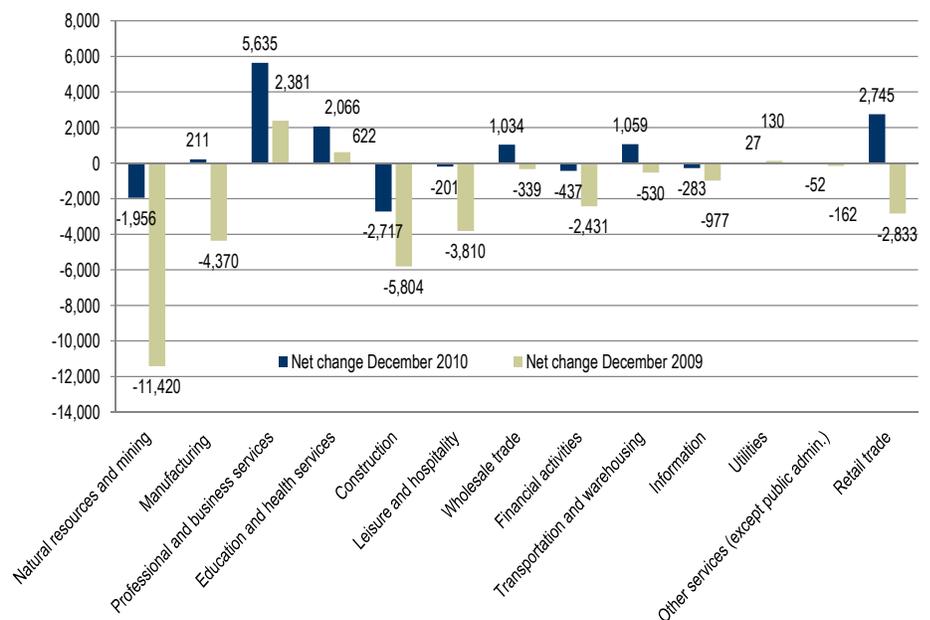
Source: Bureau of Labor Statistics, Business Employment Dynamics



Professional and business services had the most job gains in the fourth quarter of 2010 while construction had the most job losses.

Figure 4. Net change in jobs by sector, seasonally adjusted Washington state, year to year

Source: Bureau of Labor Statistics, Business Employment Dynamics



Most Washington industries sectors fared better in terms of job gains in fourth quarter 2010 than in fourth quarter 2009. Professional and business services showed the biggest gains and natural resources and mining show the greatest losses compared to the same quarter a year earlier.

Washington ranked 33rd, posting a 0.3 percent increase in the fourth quarter of 2010. Four states posted no change and eight states declined as a percent of employment, ranging from 0.1 to 0.5 percent. In contrast, during the fourth quarter of 2009, only 10 states gained jobs on a percentage basis. Two posted no change. The other 41 states, the District of Columbia and Puerto

Rico all recorded percentage declines during the fourth quarter of 2009.

The top five states in terms of gross job gains as a percent of employment were: Alaska (10.3 percent), Wyoming (9.1 percent), Idaho (8.2 percent), Montana (8.2 percent) and North Dakota (8 percent). Washington ranked 7th with a gross job gain of 7.5

percent. The five states with the highest percentage gross job losses were: Alaska (10.6 percent), Wyoming (8.9 percent), Montana (8.2 percent), Idaho (7.7 percent) and Maine (7.5 percent). Washington ranked 6th at 7.2 percent.

More information on the Business Employment Dynamics data series is available at www.bls.gov/bdm/.

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