Strong but uneven growth in 2013 state economy

Washington’s economy continued to recover jobs lost to the Great Recession during 2013, but, as of November, was still almost 35,000 jobs short of pre-recession levels. Meanwhile, since the end of 2007, state population increased by over 8%. Overall, Washington’s rate of recovery has tracked closely with the tepid national rate, and Washington’s November 2013 unemployment rate of 6.8% was just under the 7% U.S. rate. That rate reflects over 235,000 Washington residents who were actively looking for work.¹ King County, which is home to about 40% of the state’s jobs, accounted for 62% of job growth statewide in 2013. Since 2010, 59% of statewide job growth has been in King County.

Average Monthly Nonfarm Jobs, Washington State 2000 to 2013

![Graph showing average monthly nonfarm jobs in Washington State from 2000 to 2013.]

Job Change, King County and Washington State, 2008 to 2013

![Bar chart showing job change in King County and the remainder of Washington from 2008 to 2013.]

¹ Source: Washington Employment Security Department, December 2013
Two employment areas with the largest numbers of new jobs pay among the lowest wages: retail and food services. Retail has added 20,000 jobs statewide since 2010, and food services 18,000, with half of those new jobs for both areas opening in 2013. Other strong growth areas include high-wage jobs in aerospace production, computer systems design, and management, and jobs closer to statewide average earnings in health care and construction.

State government jobs have continued to decline, slowing the overall rate of recovery. State government jobs outside of education have fallen steadily since 2008, with 6,400 fewer jobs in November 2013 than 5 years earlier – despite increases in state population and demand for government services, including unemployment insurance.

Separating average monthly earnings by gender as well as sector shows large disparities. On average, Washington women only take home 61% of men’s monthly wages. (The commonly cited figure of 77% is based on earnings of full-time, year-round employees only, excluding many hourly service jobs as well as people who “voluntarily” work part time for family-care or other reasons.)

A closer look at job loss and growth in specific sectors illuminates the bubble/bust nature of the economy since 2000, along with some areas of steady growth. After modest losses resulting from the 2001 recession, construction boomed with 50,000 additional jobs, only to lose 70,000 – over 1/3 of the sector’s employment – with the collapse of the housing bubble in 2008. Manufacturing had 360,000 jobs in the state in 1998, fell to 264,000 in 2004, then regained 30,000 only to lose 35,000 by 2010, before starting to slowly climb. Both retail and restaurant jobs have followed the general contours of economic ups and downs. Meanwhile, health care jobs have grown with barely a hiccup due to the two recessions.
The slow recovery and weak job market have depressed incomes for all but the top earners. Nationally, in 2012 median household incomes were back to the level of the late 1980s and early 1990s, once adjusted for inflation. A full decade of slow job growth dating back to the 2001 recession erased all the income gains from the second half of the 1990s. Washington has fared somewhat better than the national average, with a strong base of high-wage jobs thrown into the state’s mix and a relatively strong minimum wage that at least keeps pace with inflation. In 2012, Washington’s median household income stood at $62,000, compared with $51,000 for the U.S. as a whole. But Washington’s families in the middle still earned below the levels reached before each of the previous two recessions.2

Computer system design jobs plummeted early in the 2000s following the dot.com bust, but have grown steadily since with only a slight slowdown in 2009. Software publishing jobs – with average monthly earnings of over $16,000, three times the state average for all jobs – have grown 67% since 2000. Nearly three in four of those jobs are held by men. Social assistance jobs have grown on a similar trajectory, but average monthly earnings in that field are only $2,000. Over three-fourths of those jobs are held by women.

Lack of income growth for people in the middle and lower segments of the earnings spectrum is contributing to the weak economy.
Lower incomes mean fewer consumers for every type of business, and consequently slower rates of hiring, feeding a downward loop.

Some parts of our economy have recovered well from recession, and some individuals in top-earning professions are prospering. But many of the occupations where jobs are growing pay wages so low that even people who work full time cannot always cover basic expenses without public assistance.

Even with the best possible education system, not all Washington wage earners in the future will be software engineers or unionized aerospace producers. Our economy will continue to generate jobs in restaurants, retail, home care, and child care. Moving forward, policymakers must consider what policies will assure that all jobs can be economy boosters rather than poverty generators. Policies that will begin to restore economic security to working families include:

- Raising our state minimum wage closer to a living wage
- Ensuring that all workers are able to earn paid sick days to keep themselves and their families healthy while maintaining economic security
- Implementing a full family and medical leave insurance program, as other states have
- Opening new opportunities for retirement savings
- Following through on health care reform
- Restructuring state taxes to allow sustainable investments in education and infrastructure, with more equitable contributions from the wealthiest and most profitable

Without bold new policy choices at the state and federal level, Washington’s economy will continue on a path of tepid and unequal growth, benefitting some, but leaving many state residents shut out of the benefits of economic growth and innovation. Fortunately, we have successful models of achievable policies that will provide all Washington residents with opportunity in the future economy – if we have the political courage to enact them.