

# NER

**NORTHWEST  
ECONOMIC  
REVIEW**

**GENERAL INDICATORS:**



<b>DEC. 06</b>	<b>JAN. 07</b>	<b>FEB. 07</b>	<b>MAR. 07</b>
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**BORDER CROSSING**

<b>52.8%</b>	<b>30.7%</b>	<b>3.8%</b>	<b>-2.7%</b>
<small>(total Pass. &amp; Crew, Y-Y % change)</small>			

**MORTGAGE RATE**

<b>6.14</b>	<b>6.22</b>	<b>6.29</b>	<b>6.16</b>
<small>(30-year fixed %)</small>			

**STATE INDEX**

<b>115.6</b>	<b>115.9</b>	<b>116.7</b>	<b>NA</b>
<small>(WA State Leading Index)</small>			

**EXCHANGE RATE**

<b>1.153</b>	<b>1.176</b>	<b>1.171</b>	<b>1.168</b>
<small>(\$CAN/\$US Exchange Rate)</small>			

**DESCRIBING THE WORKFORCE**

*Patterns and Trends*

In this issue of the Northwest Economic Review we explore patterns in workforce and demographic data for the Island, San Juan, Skagit, and Whatcom County region. Our objective is to describe in some sense the workforce. We try to shed light on commuting patterns, education (both attainment and levels needed for various jobs in the region), wages, age, and more. We highlight the large number of graduates from the community and technical colleges, Western Washington University, and high schools in the region. This pool of workers should serve employers well. Far more people graduate from area institutions than jobs are created.

When looking at the figures, keep in mind national demographic trends. The population in the U.S. continues to grow – due in large part to immigration in recent years. We continue to have more people wanting to live relatively close to the coast and many baby boomers relocating from larger metro areas to smaller metro areas. These patterns play out in our region with a population growth rate slightly above the U.S. average, relatively high growth in the 50-59 year old age group, and noticeable increase in the percentage of workers who do not speak English at home.

We also highlight wage gaps and demographic trends that tend to make it harder for employers in the region to attract and retain workers of specific ages or skill levels.

Various economic and demographic factors cause us to have relatively more workers in

the 55-64 year old age group in many sectors (such as manufacturing and health care) than we see in the same sectors in other parts of the state. The potential loss of workers to retirement is a concern to employers.

Another factor to consider is the cost of living in our region. In the fourth quarter of 2006, the cost of living in Bellingham was roughly 15% higher than in several hundred other cities in the U.S. While it is easy to point to the cost of housing in this case, it is also important to note that groceries and health care tend to be more expensive in Bellingham than most other cities (based on data from ACCRA).

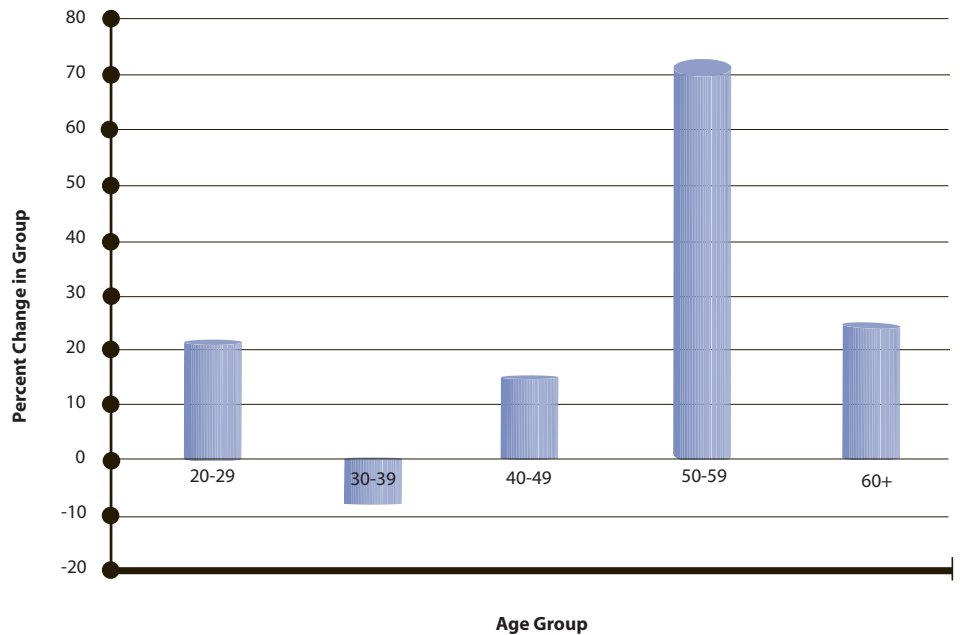
It appears workers in the region have been willing to accept lower wages because we have such good access to recreation, less congestion, and other amenities. However, the out migration of workers in their 30s may be a sign of change. And employers are having more and more trouble finding the workers they need.

This fact has lead several large employers to work with educational and training institutions and workforce professionals to develop new training programs and to market their industries differently. Two examples are marine trades and oil refining. Employers in those sectors are reaching out to high schools and participating in career fairs on college campuses to explain to younger workers what a career in those sectors offers. They have also created training programs at regional community and technical colleges.

## What are the Major Demographic Trends?

### Changing Demographics: 1996 to 2006

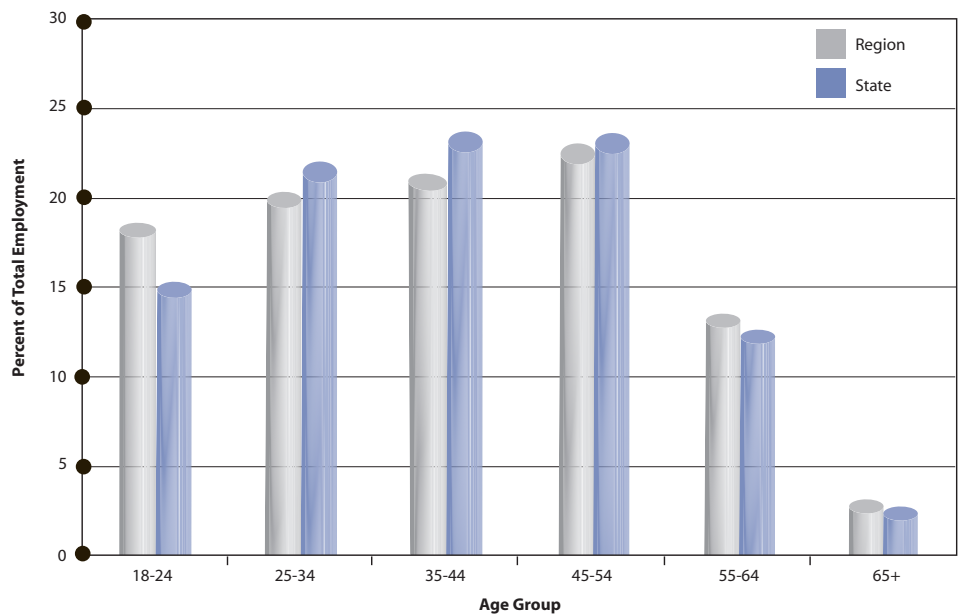
- All counties in the region had fewer people in their 30s in 2006 than in 1996, due in part to people in their 30s moving to larger metro areas for higher wages.
- All counties in the region have seen a significant increase in the number of people in their 50s. People in this age group appear to be making a lifestyle choice, with many moving from larger metro markets to smaller metro markets and coastal areas.
- These demographic changes influence significantly the composition of the workforce.



## Do we have Enough Young People in the Work Force to Replace the People who will be Retiring?

### Distribution of Workers: by Age Group

- The workforce in the region has fewer people in the middle age ranges and more in the extremes than the workforce in the state.
- Specific sectors such as manufacturing and health care show a more pronounced difference, with a relatively high share of workers in the 55-64 year old age group (much more than in the state).
- The large number of workers in the 18-24 year old age group and relative “fall off” in the middle categories is consistent with the large pool of young workers and relatively low wages for workers in the 30-64 age range.



## Commuting Trends

The workforce in the region is very mobile, with many people commuting across county lines. Data from the U.S. Census show the percentage of workers in different cities by their county of residence. These data show, for example, the percentage of people who live in Snohomish or King County but work in Bellingham. The data also show the industries in which these workers are employed. Overall, people are most likely to commute long distances (e.g., greater than 30 miles each way) for jobs in manufacturing, health care, and retail.

### People that Work in Bellingham

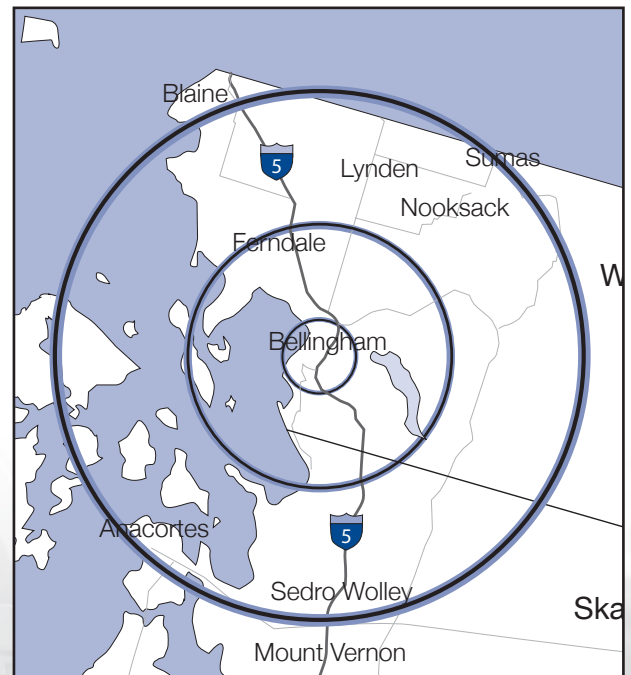
County of Residence	Percent of Workers
Whatcom Co.	76
Skagit Co.	5
King Co.	5
Snohomish Co.	4
All Other Locations	11

### People that Work in Mt. Vernon

County of Residence	Percent of Workers
Skagit Co.	66
Whatcom Co.	8
Snohomish Co.	7
Island Co.	4
All Other Locations	15

### People that Work in Anacortes

County of Residence	Percent of Workers
Skagit Co.	66
Island Co.	11
Whatcom Co.	6
Snohomish Co.	4
All Other Locations	14



Data sources for this edition include U.S. Census, U.S. Bureau of Economic Analysis, and Washington State Employment Security.

## Do Area Graduates have to Leave the Region to Find Work?

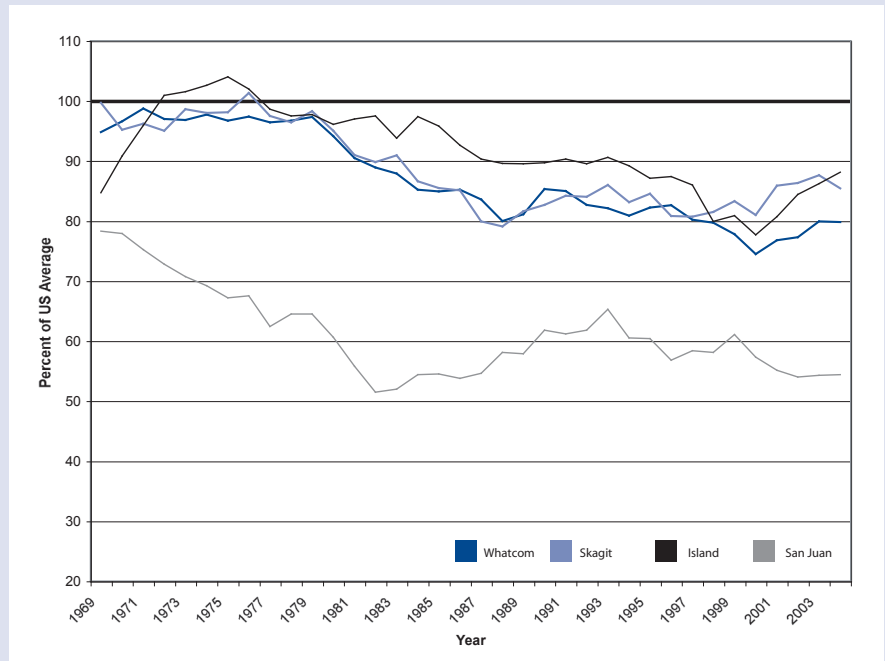
Western Washington University, Bellingham Technical College, Skagit Valley College, and Whatcom Community College together granted more than 5,000 degrees in 2006. For reference, employers in the region created 3,630 net new jobs in 2006 (not counting jobs in agriculture, forestry, and fishing). If we consider the vacancies created with turnover in the workplace that have to be filled before net new jobs are created, we might find

that the number of openings in a year is similar to the number of graduates. But graduates aren't always available when employers need workers and the skill sets the new graduates offer aren't always what employers need. So we have many employers in the region looking for workers (note our very low unemployment rate) while young graduates are one of the region's top exports.

## How do Wages in the Area Compare to the U.S. Average?

### Average Wage per Worker: by County, Compared to U.S.

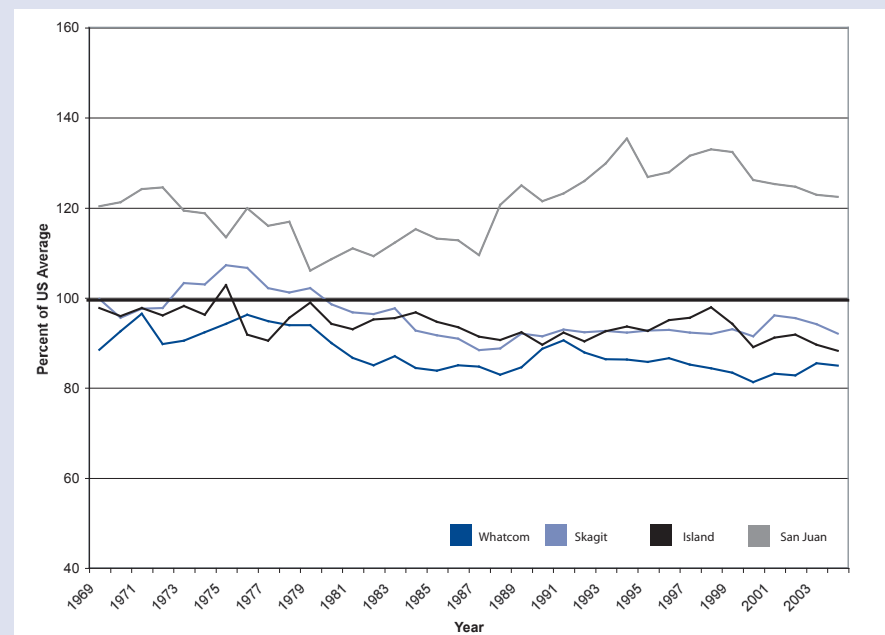
- The average wage per worker in the region compared favorably to the U.S. average in the mid-1970s, but is now well below the U.S. average. In comparison, the average wage in Seattle is well above the national average.
- Relative increases in wages from 2001-2003 reflect the limited impact of the last recession in this region – and may be signs of a stronger regional economy.
- People value living in the region and, as such, may not need a high wage to accept a job in the region. But concerns about low wages are becoming more common place.



## Income in the Region

### Per Capita Income: by County, Compared to U.S.

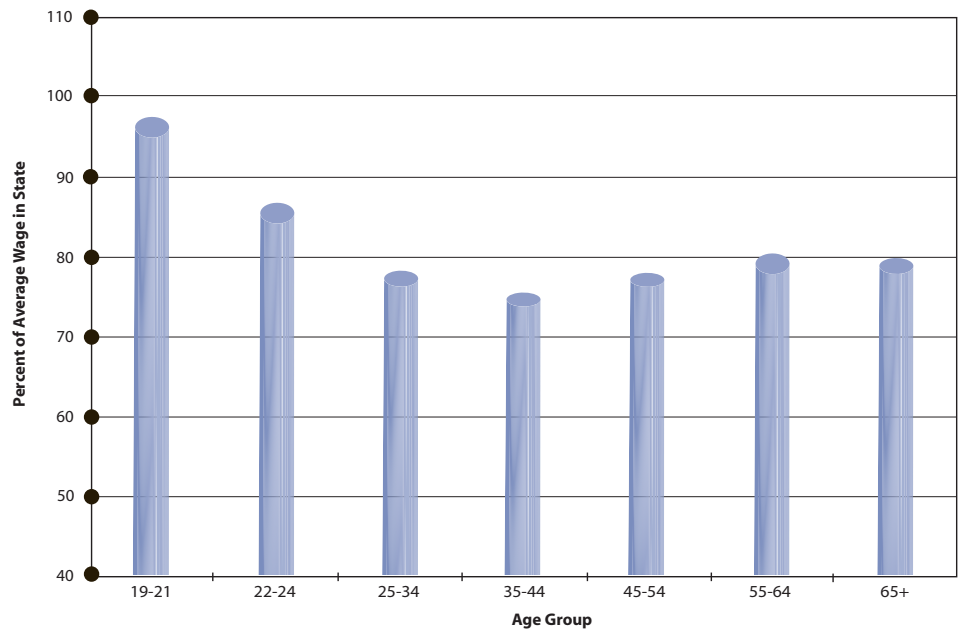
- Like wages, per capita income in the region tends to be below the U.S. average.
- It is important to remember that wages are but one part of income. Notice the difference in relative wages and income in San Juan County.
- Income data at the county level are not available until all figures at the national and state level are confirmed – so the most recent data always seems a bit dated.



## How do Wages in the Area Compare to the State Average?

### Wages as Percent of State Average: by Age Group

- The difference between the average wage earned by workers in the region and workers elsewhere in the state is higher for workers in the middle age groups. This wage gap is almost certainly part of the reason people in their 30s have left the region.



## What Skills are Needed for Jobs

The “O-net” data show that 27% or more of the jobs in the region require at least a bachelor’s degree. According to statistics from the U.S. Census, roughly 29% of the working age population in the region has a bachelor’s degree or higher. At issue, then, is how well the education and training of workers aligns with the skills needed for jobs in the region.

Percent of Jobs in Region	Education and Training Needed
9	These occupations may require a high school diploma or GED certificate. Some may require a formal training course to obtain a license.
31	These occupations usually require a high school diploma and may require some vocational/ Technical training or job-related course work. In some cases, an associate’s or bachelor’s degree could be needed.
33	Most occupations in this zone require training in vocational / technical schools, related on-the-job experience, or an associate’s degree. Some may require a bachelor’s degree.
18	Most of these occupations require a four - year bachelor’s degree, but some do not.
9	A bachelor’s degree is the minimum formal education required for these occupations. However, many also require graduate school. For example, they may require a master’s degree, and some require a Ph.D., M.D., or J.D. (law degree).

<http://online.onetcenter.org/help/online/zones>

## What do we Know About People who are Unemployed?

Education Attainment of Persons Claiming Unemployment Benefits						
Percent						
County	None	Less Than High School	High School Diploma or GED	College no degree	Associate Degree	Bachelor's or higher
Island	1.76	4.80	45.02	24.49	10.87	13.06
San Juan	1.46	3.28	36.50	25.18	11.31	22.26
Skagit	5.11	11.88	47.15	18.99	9.12	7.73
Whatcom	3.71	9.19	43.56	20.39	10.03	13.12

## Other Changes to Consider

Percent of Population Speaking a Language Other Than English at Home			
County	2000	2005	Percent change
Island	8.2	NA	NA
San Juan	4.9	NA	NA
Skagit	11.7	15.3	30.8
Whatcom	9.2	10.4	13.0
U.S.	17.9	19.4	8.4

- Employers in the region, as in all other parts of the U.S., have to consider language and other cultural issues.
- The share of our population – and workforce in particular – that speaks a language other than English at home is increasing more rapidly than in the U.S. as a whole.

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