



## King County Wages

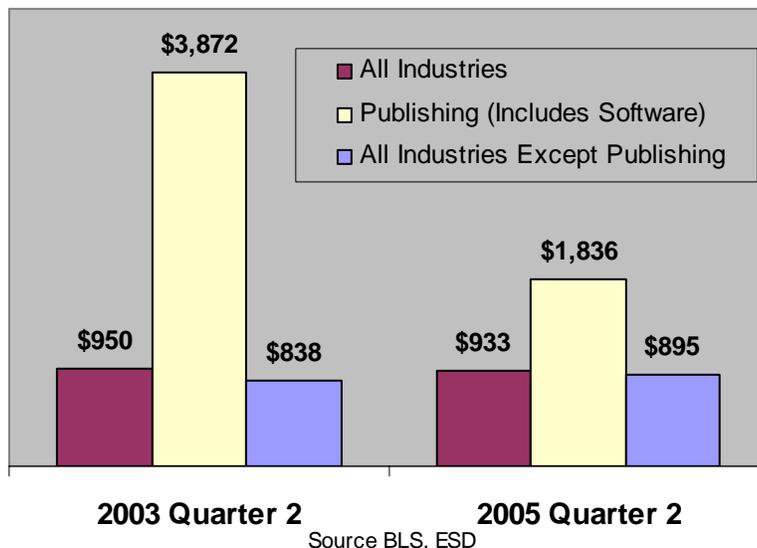
### BRIEFLY

A recently reported decline in King County wages is a statistical artifact.

A recent posting to the CNNMoney website ranked 309 large U.S. counties according to their percentage growth in average weekly wages from the second quarter of 2003 to the second quarter of 2005. The article reported the average wage in King County fell by 1.8 percent over the period, the second worst performance of all of the counties surveyed. (Les Christie, "Real wages are having trouble keeping up with prices," [http://money.cnn.com/2006/01/30/pf/real\\_wage\\_growth\\_slow/index.htm](http://money.cnn.com/2006/01/30/pf/real_wage_growth_slow/index.htm)) One local blog picked up this story under the headline "King County in Economic Decline" (<http://www.soundpolitics.com/archives/005654.html>).

Fortunately, the decline is a statistical artifact, reflecting the inclusion of Microsoft employee stock option income in wages for the earlier quarter but not for the later quarter.

### Average Weekly Wage in King County



The average wage data cited by CNNMoney are derived from the Bureau of Labor Statistics's Quarterly Census of Employment and Wages (QCEW), which BLS compiles, in partnership with state employment security departments, from administrative records of the unemployment insurance program. The 2003 unemployment insurance reforms enacted by the Washington Legislature removed stock option income from the definition of wages used to calculate UI benefits beginning with the first quarter of 2004. As a result, QCEW wage data do not include stock option income from that quarter forward.

According to QCEW, the average King County weekly wage fell from \$950 in the second quarter of 2003 to \$933 in the second quarter of 2005. The chart shows this decline in average wage is tied to stock option income. The largest share of the county's stock

option income goes to Microsoft employees, who fall under the "Publishing" industry. For this industry, QCEW shows average weekly wages of \$3,872 in the second quarter of 2003 and \$1,836 in the second quarter of 2005, a 53 percent decline that is clearly attributable to a decline in income from stock options. The average weekly wage in all industries excluding Publishing was \$838 in the second quarter of 2003 and \$895 in the second quarter of 2005, a 6.8 percent increase.

The latter figure, 6.8 percent wage growth, more accurately reflects the health of the King County economy than does the 1.8 percent decline cited by CNNMoney.

### Washington Research Council

108 S Washington St., Suite 406

Seattle WA 98104-3408

206-467-7088

fax: 206-467-6957

[www.researchcouncil.org](http://www.researchcouncil.org)