

# GREAT RECESSION AND NOT SO GREAT RECOVERY: JOB LOSSES AND GAINS BY SECTOR

## BRIEFLY

Today Washington has 88,400 fewer jobs it had four and one-half years ago and 267,400 fewer jobs than would have been expected had the state experienced pre-recession trend growth rather than the Great Recession.

In this brief, we document the performance of various sectors of the state's economy over the course of the downturn and ensuing "Not So Great Recovery."

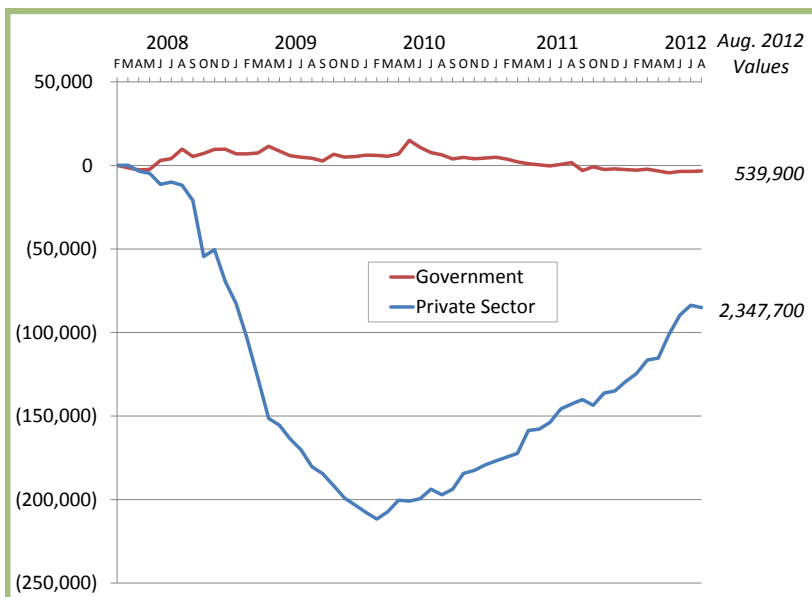
It has been four and a half years since the start of the Great Recession, and state economists forecast that it will take another year and a half for employment in Washington to regain the prerecession highs. Even at that point, the economists project the state unemployment rate will remain about 8 percent. At the peak in February 2008, seasonally adjusted non-farm employment stood at 2,976,000.

In the first months of the downturn, private sector job losses were modest. The rate of decline accelerated dramatically beginning in September 2008. By the time private employment touched bottom in February 2010, Washington had lost 211,700 private jobs, 8.4 percent of the February 2008 total. The recovery in private employment has been less rapid than the decline. August 2012 private employment (2,347,700) was 85,100 (3.5 percent) below the prerecession peak.

The recession had much less of an impact on public sector employment. Overall public employment reached its peak in March 2010, when federal job rolls were swelled by temporary Census workers. In August 2012 overall public employment in the state was 3,300 (0.6 percent) less than February 2008. State government employment was down by 4,400 (2.9 percent) over the period. Local government was down by 2,400 (0.6 percent). Federal employment was up by 3,500 (5.0 percent).

At the February 2008 peak, goods-producing industries provided just 21 percent of private jobs, while service-producing industries provided 79 percent. As shown on Chart 2, more than half of the net jobs lost in the recession were goods-producing, however. The low point for service jobs came in February 2010—102,300 below the prerecession peak. By August 2012 all but 5,400 of this loss had been erased. The

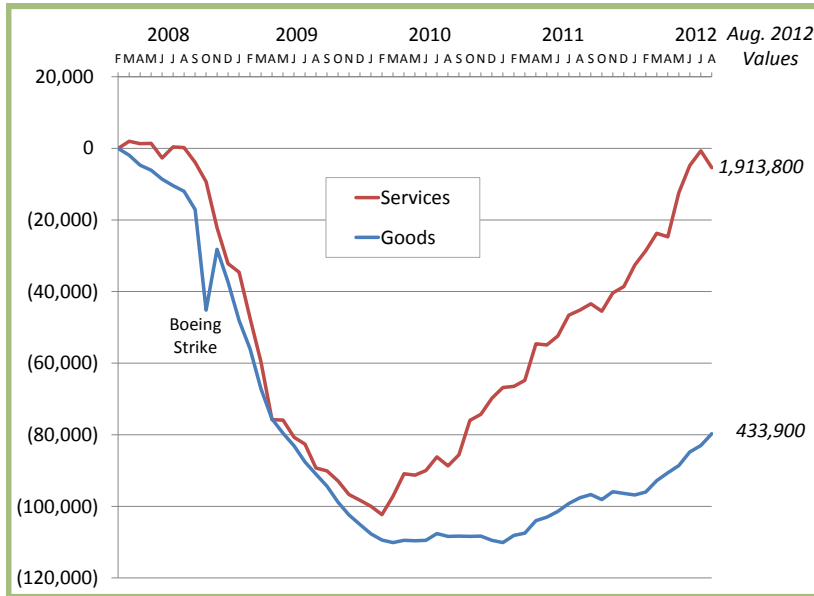
Chart 1: Private and Public Sector Jobs: Change from February 2008



The low point of 2,770,300 was reached two years later, February 2010, a decline of 6.9 percent. By August 2012 the state had added back 117,300 of the jobs, but employment was still 3.0 percent below the peak.

Chart 1 shows the paths of private and public sector employment over the course of the Great Recession.

Chart 2: Goods and Services Jobs: Change from February 2008

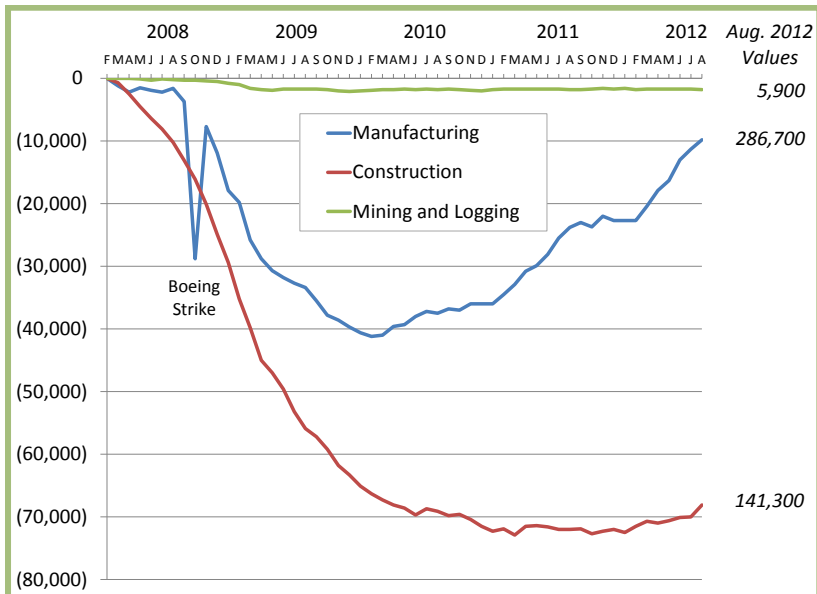


low point in goods-producing jobs, 110,100 below the peak, was reached in March 2010 and again in January 2011. In August 2012, goods employment remained 79,700 below the peak.

**Goods**

As Chart 3 shows, construction accounted for well over one half of the goods-producing jobs lost, and the number of construction jobs continued to decline well after overall employment turned up. The low point in seasonally-adjusted construction jobs was reached in March 2011. The 72,900 construction jobs lost were 35 percent of the February 2008 number. The mining and logging sector

Chart 3: Goods-Producing Sectors: Change from February 2008



lost 2,100 jobs between February 2008 and December 2009; it has since added back 300 jobs.

The low point in manufacturing jobs was reached in February 2010—41,200 below the peak. Since that point, the sector has gained back 31,400 jobs. From February 2008 to February 2010, wood products manufacturing lost 5,300 jobs; aerospace manufacturing lost 4,800 jobs; other transportation equipment manufacturing and fabricated metal product manufacturing both lost 4,200 jobs; machinery manufacturing lost 4,100 jobs; computer and electronic products manufacturing lost 3,800 jobs; paper manufacturing lost 1,200 jobs; and food products manufacturing lost 200 jobs. From February 2010 to August 2012, aerospace manufacturing added 15,600 jobs—almost half of the overall manufacturing gain. Over this same period, food products manufacturing added 3,000 jobs; fabricated metal products manufacturing added 2,700 jobs; machinery manufacturing added 2,200 jobs; computer and electronic products manufacturing added 1,400 jobs; other transportation equipment manufacturing added 1,200 jobs; wood products manufacturing lost 800 jobs; and paper manufacturing lost 1,300 jobs.

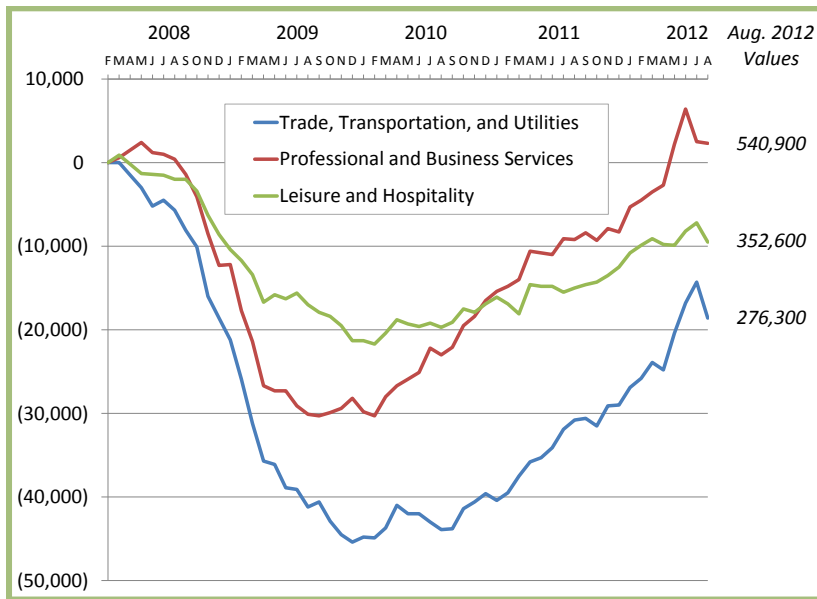
**Services**

Charts 4a and 4b show paths of employment for service-producing industries. From February 2008 to December 2009, employment in the trade, transportation and utilities grouping fell by 45,400. Over this period, employment in retail trade fell by 26,500; employment in wholesale trade fell by 10,800; and employment in transportation fell by 7,200. Meanwhile utilities employment grew by 100. From December 2009 to August 2012, trade transportation and utility employment grew by 36,700. Retailers added 33,800 jobs, and transportation added 7,100 jobs. Meanwhile utilities lost 2,700 jobs, and wholesale trade lost 7,800 jobs.

The low point in professional and business services employment, 30,300 jobs

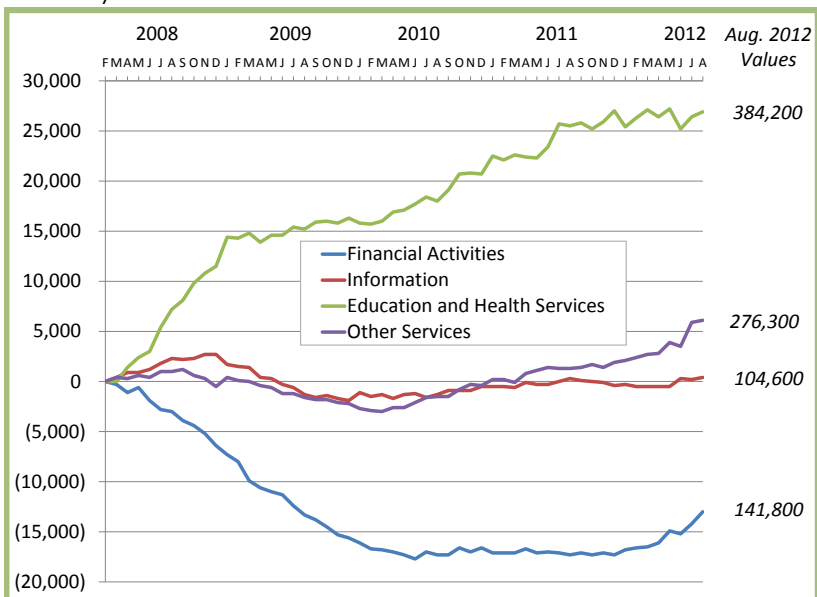
Chart 4a: Service-Producing Sectors: Change from February 2008

below the peak, was reached twice, in September 2009 and again in February 2010. From February 2008 to February 2010, employment services (temporary



workers) dropped 16,200 jobs; architectural and engineering services employment dropped by 4,900; and legal, accounting and bookkeeping services dropped by 1,100. Meanwhile computer system design increased by 800. From February 2010 to August 2012, professional and business services added 32,600 jobs. Over this period, employment services added 10,900 jobs; computer systems design services added 5,400 jobs; legal, accounting and bookkeeping services added 2,800 jobs;

Chart 4b: Service-Producing Sectors: Change from February 2008



and architectural and engineering services added 1,900 jobs.

The leisure and hospitality sector lost 21,700 jobs from February 2008 to February 2010. Of these lost jobs, 16,200 jobs were in food services and drinking places, 2,800 were in accommodations and 21,700 were in arts, entertainment and recreation. From February 2010 to August 2012, the leisure and hospitality sector gained back 12,200 jobs: 9,900 in food services and drinking places; 1,900 in arts, entertainment and recreation; and 400 in accommodations.

From February 2008 to June 2010, the state lost 17,200 jobs in financial activities. Banks, mortgage brokers and other credit intermediaries accounted for 9,600 of the lost jobs; real estate, 7,400; and insurance carriers, 2,100. From June 2010 to August 2012, financial activities regained 4,700 jobs. Real estate added 1,800; insurance added 1,700; and credit intermediation lost 400.

From February 2008 to December 2009, the information sector lost 1,900 jobs. Within the sector, software publishers added 1,600 jobs over the period. From December 2009 to August 2012, the state gained 2,300 information jobs, net. Software alone added 2,600.

There was no recession in health services, social assistance and (private) education. From February 2008 to August 2012, the sector added 26,900 jobs. Of these jobs, 9,600 were in hospitals; 9,400 were in doctors' offices and other walk-in health care providers; 4,800 were in nursing homes and other residential care facilities; 1,700 were in education; and 1,400 were in social assistance.

Other services lost 3,000 jobs between February 2008 and March 2010. Within this grouping, repair and maintenance services lost 3,400 jobs, and personal and laundry services lost 700, while membership organizations added 1,100. From March 2010 to August 2012, other services added 9,100 jobs: 5,300 in membership organizations, 2,800 in personal and laundry services, and 1,000 in repair and maintenance services.

### Comment

While the state has added 117,300 jobs in the last two and a half years, we have a long ways to go until we're back to normal.

If employment in Washington had continued to grow from February 2008 at the average rate experienced over preceding 8 years, the state would have 267,400 more jobs than it has today.

The economy faces a number of headwinds. A financial crisis begat by a bub-

ble in housing was the core of the Great Recession. The effects of the crisis linger in low house prices and weak household balance sheets. It may be many years until the housing market—and construction employment—fully recover. Additionally, the European economies have slipped into recession, China's economy is decelerating, and the International Monetary Fund has just reduced its forecast of world economic growth.