

**Attachment 3: Employment Security Department Okanogan
County Profile**



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Okanogan County Profile

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Updated May 2016



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Overview

Regional context

Okanogan County borders Canada on the north. The Columbia River Basin and Lake Roosevelt form its southern and eastern borders and the North Cascade Mountains form its western border. It is one of the largest counties in the state at 5,268 square miles, but has the fifth fewest residents per square mile. It is an agricultural county with many outdoor recreation activities that draw tourists.

The Colville Confederated Tribes reservation includes southeastern Okanogan County and the southern half of Ferry County. Its total size is 1.4 million acres. As of 2015, the Colville Confederated Tribal enrollment was 9,500 descendants of 12 aboriginal Bands. The Bands, commonly known by English and French names, are: the Colville, the Nespelem, the San Poil, the Lakes, the Palus, the Wenatchi (Wenatchee), the Chelan, the Eniat, the Methow, the Okanogan, the Moses-Columbia and the Chief Joseph Band of Nez Perce.

Local economy

Okanogan County was established in 1888, partitioned from Stevens County. Originally, the area was a trading center for furs and pelts, but eventually became part of the gold rush. Gold and silver were discovered in 1858, but gold production never reached higher than fourth in the state.

Timber and logging were also important industries. The original sawmill was built in 1920 and thrived into the mid-2000's. One of the largest mills in Okanogan County was eventually named Quality Veneer and Lumber. A March 25th 2013 PR Newswire article announced: "The Colville tribes, the second-largest tribal organization in the state and the largest employer in Okanogan County, bought the mill in 2001 out of receivership of the prior owner, Quality Veneer & Lumber. The harshest decline in the construction industry in 50 years forced the difficult decision to close its operations in 2009." But this plywood and veneer mill officially reopened on October 7th 2013 with Governor Jay Inslee joining mill workers and area dignitaries for the grand reopening ceremony. The facility was called Omak Wood Products and Wood Resources was the parent corporation for the mill. A March 30th 2013 article from the Wenatchee World said: "The restart comes with a 25-year lease between the Colville Tribal Federal Corporation – the Colville Tribe's business arm – and Wood Resources."

In early February 2016, mill ownership changed again. The Omak-Okanogan County Chronicle stated in a February 16, 2016 article: "A newly formed company has taken over the Omak Wood Products lumber mill. Omak Forest Products took over the business February 11, 2016. Most of the employees have been retained, said owner Richard Yarbrough. Omak Wood Products officials announced just before Christmas (2015) that they planned to "exit operations" at the mill, which was leased from the Colville Confederated Tribes, because of unforeseen circumstances, including changes in its corporate structure and an uncertain supply of timber." The good news of course, is that the mill is still operating.

With more than 300 days of sunshine a year and 3 million acres of public land, outdoor activities are plentiful and attract various outdoor enthusiasts. Recreation activities include camping, fishing, hiking, horseback riding, rock climbing, skiing and various lake activities. In winter, the largest ski-trail system in North America offers over 120 miles of groomed, interconnected trails, with additional opportunities for fat-tire bikes, snowshoes and backcountry skiers. Access to the Cascade Mountains and North Cascades National Park also contributes to tourism in the area. The area is popular with birdwatchers as well as individuals interested in wildlife, from moose to deer to black bears.

Tourism in the area is very diverse. Okanogan is home to various rodeos during the spring and summer, along with a wine festival in the summer and a salmon festival in the fall. Another major tourist attraction is the Grand Coulee Dam, one of the largest concrete structures in the world and the largest electric power-producing facility in the United States.

Agriculture is a very important sector for the Okanogan County economy (also see the "Industry employment" section). In fact, in 2014 it provided more jobs than any other sector/industry countywide. Agriculture consists primarily of various



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tree fruits and wheat. The first orchard was planted in 1858 and the area continued to develop tree fruits into the dominant industry it is today. In addition to the sales of agricultural products, tourists flock to breweries, wineries and the local fruit stands throughout the area.

According to Quarterly Census Employment and Wage (QCEW) data, retail trade sector employment peaked in 2008 at 1,886 jobs. It then decreased in 2009 to 1,822 jobs, in 2010 to 1,795 jobs and again in 2011 to 1,738. The number of part- and full-time retail trade jobs rose substantially to 1,819 jobs in 2012, but dipped to 1,809 in 2013, before averaging 1,824 jobs in 2014. Average annual QCEW employment data for retail trade is not available for 2015, but Current Employment Statistics (CES) estimates indicate that the number of retail jobs across Okanogan County rose by 30, up approximately 1.6 percent, in 2015. Still this recent upturn will still not be strong enough to pull retail employment back up to the 2008 peak of 1,886. The county has historically done well as a tourist destination. Also, in recent years, visiting Canadian shoppers have boosted retail trade sales (and employment) as they travel south to buy goods, enticed by a relatively weak U.S. dollar. However, the recent strengthening of the U.S. dollar has put a damper on some Canadian shopping in neighboring Okanogan County as the stronger U.S. dollar reduces the relative buying power of Canadian currency.

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Geographic facts

(Source: U.S. Census Bureau QuickFacts)

	Okanogan County	Washington state
Land area, 2010 (square miles)	5,267.9	66,455.5
Persons per square mile, 2010	7.8	101.2

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Outlook

Before attempting to project the direction of the Okanogan economy it may help to quantify how the labor market has fared over the last decade or so. Between 2000 and 2013 the average annual nonfarm employment growth rate was 0.2 percent in the U.S., 0.7 percent in Washington state and minus-0.2 percent in Okanogan County.

The National Bureau of Economic Research (NBER) announced that the national recession occurred from December 2007 through June 2009. The effects of this recession hit Okanogan County’s nonfarm labor market heavily in 2009 and 2010 and less severely in 2011 and 2012. Local nonfarm employment stabilized in 2013, posted an average annual increase of 2.6 percent in 2014, but slowed to a lethargic 0.5 percent pace in 2015. On an annual average basis, nonfarm employment in Okanogan County:

- Plummeted from 13,040 in 2008 to 12,530 in 2009, a 510 job and 3.9 percent decline. Across Washington, nonfarm employment fared worse, dropping by 4.4 percent in 2009.
- Decreased from 12,530 in 2009 to 12,260 in 2010, a 270 job and 2.2 percent downturn. Across Washington, nonfarm employment slipped by 0.9 percent in 2010.
- Declined from 12,260 in 2010 to 12,180 in 2011, an 80 job and 0.7 percent abatement. Across Washington, nonfarm employment rebounded, rising by 1.3 percent in 2011.
- Slipped from 12,180 in 2011 to 12,170 in 2012, a 10 job and 0.1 percent decrease. Across Washington, nonfarm employment rose by 1.6 percent in 2012.
- Stabilized at 12,170 jobs in both 2012 and 2013. Across Washington, nonfarm employment increased by 2.3 percent in 2013.
- Jumped from 12,170 in 2013 to 12,490 in 2014, a 320 job and 2.6 percent upturn. Across Washington, nonfarm employment increased by 2.7 percent in 2014.
- Rose marginally from 12,490 jobs in 2014 to 12,550 in 2015, up 0.5 percent. Across Washington, the number of nonfarm jobs continued to grow, rising by 2.9 percent in 2015.

After four consecutive years of nonfarm jobs losses (2008 through 2011) and one less-than-stellar year (2013) in which nonfarm employment stagnated, the 2.6 percent and 320 job increase (from 12,170 to 12,490 jobs) was very good news for the local economy. In fact, on a percentage basis, the 2.6 percent nonfarm job growth rate in Okanogan County during 2014 was the highest job growth rate since the 3.5 percent nonfarm advance in 2004. However, estimates indicate that job growth in Okanogan County during calendar year 2015 was disappointing, rising by a modest 0.5 percent (up 60 jobs). What happened? Job growth in construction, manufacturing, wholesale trade, retail trade, leisure and hospitality and government was almost countered by retrenchments in information and financial activities, professional and business services, private health services and federal government.

Labor Market and Performance Analysis (LMPA) ten-year industry employment projections for the North Central Workforce Development Area (Adams, Chelan, Douglas, Grant and Okanogan counties) are for an average annual nonfarm job growth rate of 1.5 percent in the ten-year period from 2012 through 2022, a little less robust than the projected growth rate for Washington state of 1.6 percent.

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Labor force and unemployment

(Source: Employment Security Department)

Current labor force and unemployment statistics are available on the [Labor area summaries page](#).

The average not seasonally adjusted unemployment rate in Okanogan County in 2015 was 6.9 percent. This was a two-tenths percentage point drop from the 7.1 percent reading in 2014. The rate has been dropping for the last five consecutive years. The lowest average unemployment reading in the county in recent years was in 2007 at 6.3 percent and the highest rate was 11.3 in 1993. Statewide, the not seasonally adjusted unemployment rate also decreased in each of the last five calendar years since its peak of 10.0 percent in 2010. Washington's unemployment rate in 2015 was 5.7 percent, a four-tenths percentage point drop from the 6.1 percent figure in 2014.

Despite the fact that Okanogan County's unemployment rate dipped two-tenths of a point between 2014 and 2015 (from 7.1 to 6.9 percent, as previously mentioned), its Civilian Labor Force (CLF) contracted by 0.9 percent in 2015. In fact, year over year, the County's labor force has been shrinking for the past nine months (July 2015 through March 2016). Between the Marches of 2015 and 2016 the CLF contracted from 19,791 to 19,539 residents (meaning that 252 fewer residents were in the CLF). Simultaneously, the number of unemployed residing in Okanogan County increased from 1,679 in March 2015 to 1,906 in March 2016 (meaning that 227 more residents were out of work). The result: the local unemployment rate rose from 8.5 percent in March of last year to 9.8 percent in March 2016, a one and three-tenths percentage point upturn – certainly not good economic news for Okanogan County.

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Industry employment

(Source: Employment Security Department)

Current industry employment statistics are available on the [Labor area summaries page](#).

The North American Industry Classification System (NAICS) is an industry classification system that assigns every businesses and government organization in America a six-digit NAICS code based primarily on the activities in which that business or government organization is engaged. All business and government organizations are also more broadly categorized into one of 22 two-digit NAICS sectors. Nineteen sectors are in private enterprise and three sectors are in government service – either at the federal, the state, or the local level.

The top five Okanogan County sectors in 2014 in terms of employment

(Source: Quarterly Census of Employment and Wages (QCEW))

	Number of jobs	Share of employment
1. Agriculture, forestry and fishing	6,234	34.0%
2. Local government	3,852	21.0%
3. Retail trade	1,824	9.9%
4. Health Services	1,561	8.5%
5. Accommodation and food services	1,180	6.4%
All other industries	3,711	20.2%
Total covered employment	18,362	100%

Covered employment and wage trends over the last eleven years (i.e., from 2004 through 2014) were analyzed using the Employment Security Department's annual average Quarterly Census of Employment and Wages (QCEW) data for the 22 two-digit NAICS sectors in Okanogan County. Following are some of the findings:

- In 2014, QCEW data showed that Okanogan County's labor market provided 18,362 jobs. Roughly four-fifths, or 79.8 percent of all local jobs were in five two-digit NAICS industries or sectors (agriculture, local government, retail trade, health services and accommodation and food services). Hence, the Okanogan County economy is not very diversified. Approximately one third of total covered employment in Okanogan County was in agriculture (6,234 of the county's 18,362 jobs).
- Between 2004 and 2014, the industry sector in Okanogan County which added the most jobs was agriculture. In 2004 the local agricultural industry provided 4,684 (28.0 percent) of total covered employment in Okanogan County. By 2014 this industry tallied 6,234 jobs (34.0) percent of all covered employment countywide. This substantial 1,550 job uptrend indicates the growing importance of the agricultural industry to the Okanogan County economy during the past ten years.
- Between 2004 and 2014, the sector that lost the most jobs was local government. Local government provided 4,571 jobs (27.3 percent) of total covered employment in Okanogan County in 2004. By 2014, local government (which includes public school districts, tribal employment, etc.) tallied 3,842 jobs (21.0 percent) of all covered employment countywide.

For historical industry employment data, [contact an economist](#).

Industry employment by age and gender

(Source: *The Local Employment Dynamics*)

The Local Employment Dynamics (LED) database, a joint project of state employment departments and the U.S. Census Bureau, matches state employment data with federal administrative data. Among the products is industry employment by age and gender. All workers covered by state unemployment insurance data are included; federal workers and non-covered workers, such as the self-employed, are not. Data are presented by place of work, not place of residence. Some highlights:

The largest job holder group in 2014 was those age 55 and older comprising 28.0 percent of the workforce. This group was followed closely by the 45 to 54 age group with 21.2 percent of the workforce. In 2014, males held 50.7 percent and women held 49.3 percent of jobs in Okanogan County. There were substantial gender composition differences in the industry groups:

- Male-dominated industries included mining (85.0 percent), construction (83.5 percent), manufacturing (72.9 percent) and utilities (72.3 percent).
- Female-dominated industries included healthcare and social assistance (77.3 percent), management of companies and enterprises (71.8 percent), educational services (68.7 percent) and professional, scientific and technical services (62.2 percent).

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Wages and income

(Source: *Employment Security Department; Bureau of Labor Statistics; Bureau of Economic Analysis; U.S. Census Bureau; U.S. Census Bureau, American Community Survey*)

In 2014, approximately \$529.2 million in wages, covered by unemployment insurance, was paid countywide. The county's average annual covered wage in 2014 was \$28,823, approximately 52.4 percent of Washington's annual average wage of \$55,003.

The top five Okanogan County sectors in 2014 in terms of payrolls

(Source: *Quarterly Census of Employment and Wages (QCEW)*)

	Payroll	Share of payrolls
1. Local government	\$158,530,696	30.0%
2. Agriculture, forestry and fishing	\$117,992,980	22.3%
3. Retail trade	\$45,427,255	8.6%
4. Health Services	\$45,208,557	8.5%
5. Federal government	\$27,228,067	5.1%
All other industries	\$134,860,450	25.5%
Total covered payrolls	\$529,248,005	100%

Local government provided \$158.5 million, or 30.0 percent of total covered wages in Okanogan County in 2014. Agricultural employers paid out another \$118.0 million, or 22.3 percent of total wage income. Hence, local government (which includes tribal wages) and agriculture accounted for 52.3 percent of total covered wages. When one considers that all business and government organizations are categorized into 22 two-digit NAICS sectors (nineteen private enterprise sectors and three government sectors – either at the federal, the state, or the local level) but only two NAICS sectors (local government and agriculture) provide over half of all earned wage income countywide, it stresses the importance of these two sectors to the local economy.

Okanogan County's median hourly wage was \$14.17 in 2014, lower than Washington state's \$22.61 median hourly wage.

Personal income

Personal income includes earned income, investment income and government payments such as Social Security and Veterans Benefits. Investment income includes income imputed from pension funds and from owning a home. Per capita personal income equals total personal income divided by the resident population.

Per capita personal income in Okanogan County was \$37,562 in 2014. This figure is considerably below the state figure of \$49,610 and the nation's per capita income of \$46,049. Okanogan County ranked 26th out of 39 counties statewide in 2014 in terms of per capita income. A steady trend in Okanogan County over the last forty years is that a growing percentage of residents' personal income is coming from transfer payments versus earnings/wages or investments. For example:

- In 1974, 74 percent of earnings in Okanogan County came from earnings, 15 percent from investments and 13 percent from transfer payments.
- In 1984, 58 percent of earnings in Okanogan County came from earnings, 24 percent from investments and 18 percent from transfer payments.
- In 1994, 60 percent of earnings in Okanogan County came from earnings, 18 percent from investments and 22 percent from transfer payments.
- In 2004, 60 percent of earnings in Okanogan County came from earnings, 17 percent from investments and 23 percent from transfer payments.
- In 2014, 50 percent of earnings in Okanogan County came from earnings, 21 percent from investments and 29 percent from transfer payments.

percent from transfer payments.

According to U.S. Census Bureau QuickFacts, the median household income in Okanogan County from 2010-2014 was \$39,665, approximately 65.8 percent of the state's at \$60,294.

In the period 2010 to 2014, 23.2 percent of the county's population was living below poverty level, much higher than 13.2 percent in Washington state and 14.8 percent for the nation, according to U.S. Census Bureau QuickFacts. The state and national rates are not directly comparable to the county rate because they each use different data sources.

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Population

(Source: U.S. Census Bureau, Office of Financial Management)

Okanogan County's population in 2015 was 41,516. The growth rate from April 1, 2010 to July 1, 2015 was 1.0 percent for Okanogan County, much less robust than that of the state at 6.6 percent. The largest city in Okanogan County is Omak with an estimated population of 4,900 in 2015.

Population facts

(Source: U.S. Census Bureau QuickFacts)

	Okanogan County	Washington state
Population 2015	41,516	7,170,351
Population 2010	41,120	6,724,543
Percent change, 2010 to 2015	1.0%	6.6%

Age, gender and ethnicity

(Source: U.S. Census Bureau QuickFacts)

In 2014, Okanogan County's population of those 65 years and older (19.8 percent) was higher than the Washington state's 14.1 percent, indicating that the county has become somewhat of a retirement destination.

In 2014, females made up 49.5 percent of Okanogan County's population, slightly less than that of the state (50.0 percent).

Okanogan County has a much larger American Indian/Alaskan Native population (12.6 percent) than that of the state (1.9 percent). This is due to the concentration of the Colville Confederated Tribes in this area. Hispanics are also more prevalent in the county (19.0 percent) compared to the state (12.2 percent).

Demographics

(Source: U.S. Census Bureau QuickFacts)

	Okanogan County	Washington state
Population by age, 2014		
Under 5 years old	6.4%	6.3%
Under 18 years old	23.4%	22.7%
65 years and older	19.8%	14.1%
Females, 2014	49.5%	50.0%
Race/ethnicity, 2014		
White	82.4%	80.7%
Black	0.8%	4.1%
American Indian, Alaskan Native	12.6%	1.9%
Asian, Native Hawaiian, Other Pacific Islander	1.2%	8.9%
Hispanic or Latino, any race	19.0%	12.2%

Educational attainment

(Source: U.S. Census Bureau QuickFacts)

Over the period 2010 to 2014, 82.4 percent of individuals age 25 and older were high school graduates. This figure is

lower than that of Washington state (90.2 percent) and the nation (86.3 percent). The percent of residents with a bachelor's degree or higher was 17.0 percent. This figure does not compare favorably with the state (32.3 percent) or nation (29.3 percent).

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