

# Okanogon County profile

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*Updated December 2018*



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## Overview

### *Regional context*

Okanogon 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 Okanogon 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, Nespelem, San Poil, Lakes, Palus, Wenatchi (Wenatchee), Chelan, Eniat, Methow, Okanogon, Moses-Columbia and the Chief Joseph Band of Nez Perce.

### *Local economy*

Okanogon 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-2000s. One of the largest mills in Okanogon County was eventually named Quality Veneer and Lumber. A March 25<sup>th</sup> 2013 PR Newswire article announced: “The Colville tribes, the second-largest tribal organization in the state and the largest employer in Okanogon County, bought the mill in 2001 out of receivership of the prior owner, Quality Veneer and Lumber. The harshest decline in the construction industry in 50 years forced the difficult decision to close its operations in 2009.” However, this plywood and veneer mill officially reopened on October 7, 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 30, 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-Okanogon 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 were 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.”

Unfortunately, this plywood and veneer mill went out of business. According to a Worker Adjustment and Retraining Notification (WARN) received on December 8, 2016 by the Washington State Employment Security Department, and as announced in the local media, 217 employees at Okanogan County’s largest manufacturer (Omak Forest Products) were scheduled to be laid off effective January 29, 2017. (Please see the Employment Security Department website at [www.esd.wa.gov/about-employees/WARN](http://www.esd.wa.gov/about-employees/WARN).) Layoffs were completed on February 15, 2017 – a sad ending for Okanogan County’s largest manufacturing firm. The local manufacturing job market has still not rebounded. At the time of this profile preparation, Okanogan County’s manufacturing industry, according to Current Employment Statistics (CES) estimates, has posted year-over-year job losses for the past 20 month (March 2017 through October 2018). Statewide, manufacturing employment has increased for the past six consecutive months (May through October 2018).

On a more upbeat note, 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.

Okanogan County has historically done well as a tourist destination. 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. Arts, entertainment and recreation employment in Okanogan County is also heavily tourism based and has been growing for several years. In 2012, the arts, entertainment and recreation (NAICS 71) sector netted 103 jobs but it expanded every year since, and by 2017, provided 204 jobs countywide. This sector includes casinos, ski and summer resorts, fitness centers, golf courses, museums, Fair associations, etc.

Agriculture is a very important sector for the Okanogan County economy (also see the “[Industry employment](#)” section). In fact, in 2017 it provided more jobs than any other sector/industry countywide. Agriculture consists primarily of various 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.

## Geographic facts

	Okanogan County	Washington state
Land area, 2010 (square miles)	5,267.98	66,455.52
People per square mile, 2010	7.8	101.2

Source: U.S. Census Bureau QuickFacts

## Outlook

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 economy heavily in 2009 and 2010 and less severely in 2011, 2012, and 2013 – for five consecutive years of losses in total nonfarm employment. The local economy did not net any new nonfarm jobs until 2014 when employment rose 2.6 percent. In 2015, the number of nonfarm jobs increased 1.0 percent and in 2016 nonfarm employment advanced again, by 2.5 percent. However, despite these three consecutive years of job gains, total nonfarm employment in 2016 (12,890 jobs) had still not returned to where it was in 2008 (when average annual employment was 13,040). Then, in 2017, Okanogan County’s economy stumbled again, as total nonfarm employment fell to an average of 12,700 jobs. There were probably several causes of this downturn, but the most direct was the closure of Okanogan County’s major manufacturing firm (Omak Forest Products) in early 2017, as mentioned earlier in this report.

It should also be noted that calendar year 2017 was an even more dismal year for the local agricultural industry than for the manufacturing industry – from a jobs perspective. An analysis of covered employment changes (obtained from Quarterly Census of Employment and Wage or QCEW data) between 2016 and 2017 shows that the local agricultural, forestry and fishing sector (NAICS 11) provided 5,346 jobs in 2017 versus 5,947 in 2016, a 601-job and 10.1-percent downturn.

To summarize:

- Current Employment Statistics (CES) and Washington Quarterly Benchmarked (WA-QB) data show annual average nonfarm employment fell from 12,890 jobs in 2016 to 12,700 in 2017 – a 190 jobs and 1.5 percent downturn.
- QCEW data show annual average covered employment fell from 18,524 jobs in 2016 to 17,723 in 2017 – an 801 jobs and 4.3 percent downturn.

Regardless of which data set one uses to evaluate Okanogan County labor market changes during 2017, two points are apparent: the local economy “hit a roadblock in 2017” and job losses in agriculture and manufacturing caused much of this slowdown.

The encouraging economic news (at the time of this *Profile* preparation) is that 2018 is shaping up to be a better year for Okanogan County's economy. Specifically:

- CES estimates show the local nonfarm economy has registered year-over-year employment growth during each of the past nine months (February through October 2018). In fact, the pace of local nonfarm job growth has equaled or exceeded the pace of statewide nonfarm job growth in each of the past five consecutive months (June through October 2018). Local industries that are currently in the hiring mode: wholesale trade, retail trade, professional and business services, health services, leisure and hospitality, and state and local government.
- Local Area Unemployment Statistics (LAUS) estimates show that the CLF has been expanding for the past two months. In addition, monthly unemployment rates in Okanogan County for March through October 2018 have fallen below rates for corresponding months in 2017.

Official Labor Market and Economic Analysis (LMEA) 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 1.3 percent in the ten-year period from 2016 through 2026. This is a little less than the 1.6 percent projected growth rate for Washington state during the corresponding period.

## Labor force and unemployment

Current labor force and unemployment statistics are available on the [Labor area summaries](#) page on ESD's labor market information website.

Following six years of declines (2011 through 2016, inclusive) Okanogan County's unemployment rate rose from 6.6 in 2016 to 6.9 percent in 2017, a three-tenths of a percentage point increase. The main reason for this upturn in the unemployment rate in 2017 were huge job losses in the local agricultural sector coupled with the closure of the County's largest manufacturer, Omak Forest Products.

Between October 2017 and October 2018, the County's Civilian Labor Force (CLF) expanded by 3.0 percent (from 21,280 to 21,196 residents) while the number of unemployed contracted by 4.2 percent (from 1,052 to 1,008 residents). This caused the local unemployment rate to fall from 4.9 to 4.6 percent, a three-tenths point downturn between October 2017 and October 2018. In fact, monthly unemployment rates for March through October 2018 have fallen below rates for corresponding months in 2017, an encouraging trend in the Okanogan County labor market.

Washington state's annual average unemployment rate declined five-tenths of a percentage point between 2016 and 2017, from 5.3 percent to 4.8 percent, indicating a significant improvement in the statewide economy. This is the lowest statewide unemployment rate in 10 years since the 4.7 percent reading in 2007. Statewide average annual, not seasonally adjusted, unemployment rates have declined for the past seven consecutive years (2011 to 2017, inclusive) – great economic news for Washington state.

Washington's CLF expanded by 89,522 residents (a 2.5 percent upturn) from 2016 to 2017. The state's labor force has grown, year over year, for the past 57 months (February 2014 through October 2018). In October 2018, Washington's CLF tallied 3,823,627 residents versus 3,757,972 in October 2017 equating to 65,655 more Washingtonians in the labor force (up 1.7 percent).

Source: Employment Security Department/LMEA

## Industry employment

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 business 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, state or local level.

*The top five Okanogan County sectors in 2017 in terms of employment were:*

Sector	Number of jobs	Share of employment
1. Agriculture, forestry and fishing	5,346	30.2%
2. Local government	4,227	23.9%
3. Retail trade	1,849	10.4%
4. Health services	1,519	8.6%
5. Accommodation and food services	1,166	6.6%
All other industries	3,616	20.4%
<b>Total covered employment</b>	<b>17,723</b>	<b>100%</b>

Covered employment and wage trends over the last twelve years (i.e., from 2007 through 2017) 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 2017, QCEW data showed that Okanogan County's labor market provided 17,723 jobs. Nearly four-fifths, or 79.6 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 – similar to many other agriculturally based economies here in Central Washington (Adams, Chelan, Douglas, Grant and Yakima counties, etc.).
- Total covered employment rose from 17,427 in 2007 to 17,723 in 2017, a modest 296 job and 1.7 percent upturn.
- The number of agricultural jobs (a subset of total covered employment) increased from 5,007 in 2007 to 5,346 in 2017, a 339 job and 6.8 percent uptrend, ranking agriculture as first out of 22 NAICS sectors in terms of the number of jobs added during this ten-year period. In 2007, Okanogan County's agricultural industry

accounted for 28.7 percent of total covered employment. In 2017, agricultural employment accounted for 30.2 percent of total covered employment countywide. Hence, the agricultural share of employment rose 1.5 percentage points (from 28.7 to 30.2 percent) in Okanogan County during these ten years. This 339 job and 6.8 percent uptrend indicates the growing importance of the agricultural industry to the local economy during this ten-year period. However, there may be limits to agricultural hiring in Okanogan County. Specifically, the number of agricultural jobs actually “peaked” here in 2014 at 6,234 (34.0 percent of total covered employment). Average annual agricultural employment decreased in 2015 to 6,124 jobs (33.3 percent of total covered employment), in 2016 to 5,947 jobs (32.1 percent of total covered employment), and in 2017 to 5,346 jobs (30.2 percent of total covered employment) – three consecutive years of job losses in this key local industry. The tree fruit industry, nationally and locally, has implemented many labor-saving techniques in recent years. Whether or not this three-year downtrend in employment is just a “blip on the radar screen” or indicates a structural downturn in the number of agricultural jobs provided in Okanogan County remains to be seen.

- Between 2007 and 2017, the sector that lost the most jobs was other services (NAICS 81). Other services provided 521 jobs (3.0 percent of total covered employment) in Okanogan County in 2007. By 2017, local government (which includes automotive repair, computer and office machine repair, barber shops, beauty salons, agricultural organizations, labor unions, private households, etc.) tallied only 232 jobs (1.3 percent of all covered employment) countywide. Hence, this sector experienced a loss of 289 jobs – a 55.5 percent employment downturn during the last ten years. Hence, the lion’s share of the ten-year downturn in this sector was “administratively caused” by the NAICS reclassification of private household employment and wages (NAICS 814) into services for the elderly and disabled (NAICS 624) in first quarter 2014 as directed by the Bureau of Labor Statistics (BLS).

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

Source: Employment Security Department/LMEA

### *Industry employment by age and gender*

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.

#### *Okanogan County highlights:*

The largest job holder group in 2017 was those age 55 and older comprising 28.3 percent of the workforce. This group was followed closely by the 35 to 44 age group with 21.1 percent of the workforce. In 2016, males held 51.0 percent and women held 49.0 percent of jobs in Okanogan County. There were substantial gender composition differences in the industry groups:

- Male-dominated industries included mining (86.1 percent), construction (84.5 percent) and wholesale trade (77.5 percent).
- Female-dominated industries included healthcare and social assistance (74.4 percent), educational services (69.3 percent) and finance and insurance (65.2 percent).

Source: The Local Employment Dynamics

## Wages and income

In 2017, approximately \$587.2 million in wages, covered by unemployment insurance, was paid countywide. The county's average annual covered wage in 2017 was \$33,132, approximately 53.4 percent of Washington's annual average wage of \$62,073.

*The top five Okanogan County industries in 2017 in terms of payrolls were:*

Sector	Payroll	Share of payrolls
1. Local government	\$ 185,515,501	31.6%
2. Agriculture, forestry and fishing	\$ 124,624,499	21.2%
3. Health services	\$ 57,117,926	9.7%
4. Retail trade	\$ 49,337,817	8.4%
5. Federal government	\$ 29,058,770	4.9%
All other industries	\$141,537,078	24.1%
<b>Total covered payrolls</b>	<b>\$ 587,191,591</b>	<b>100%</b>

Local government (which includes tribal wages) provided \$185.5 million, or 31.6 percent of total covered wages in Okanogan County in 2017. Agricultural employers paid out another \$124.6 million, or 21.2 percent of total wage income. Hence, local government and agriculture accounted for 52.8 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, state or local level) but only two NAICS sectors (local government and agriculture) provide over half of all earned wage income countywide, it stresses the monetary importance of these two sectors to the local economy.

Between 2007 and 2017, the industry sector registering the greatest payroll increase (on a dollar basis) was agriculture. In calendar year 2007, agricultural employers paid \$78.3 million in wages and by 2017, this sector was pumping \$124.6 million in wages into the Okanogan County economy – a 59.2 percent and \$46.3 million upturn. Local government (which includes tribal employment) also saw payrolls rise from \$146.2 million to \$185.5 million, a 26.9 percent and \$39.3 million advance during this same ten-year period.

The sector whose payroll added the third-highest number of dollars in this timeframe was health services. Between 2007 and 2017, health services wages grew from \$34.6 million to \$57.1 million – a 65.2 percent and \$22.6 million upturn.

Okanogan County's median hourly wage (adjusted for inflation) was \$16.01 per hour in 2016, lower than Washington state's \$24.89 median hourly wage (also adjusted for inflation).

## *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 (adjusted for inflation) in Okanogan County was \$39,912 in 2016. This figure is considerably below the state figure of \$54,579 and the nation's per capita income of \$49,246. Okanogan County ranked 29<sup>th</sup> out of 39 counties statewide in 2015 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 whereas the percent of personal income coming from earnings is decreasing. For example:

- In 1976, 70 percent of earnings in Okanogan County came from earnings, 15 percent from investments and 15 percent from transfer payments.
- In 1986, 58 percent of earnings in Okanogan County came from earnings, 24 percent from investments and 20 percent from transfer payments.
- In 1996, 58 percent of earnings in Okanogan County came from earnings, 22 percent from investments and 23 percent from transfer payments.
- In 2006, 57 percent of earnings in Okanogan County came from earnings, 17 percent from investments and 26 percent from transfer payments.
- In 2016, 51 percent of earnings in Okanogan County came from earnings, 20 percent from investments and 29 percent from transfer payments.

According to U.S. Census Bureau QuickFacts, the median household income in Okanogan County from 2011 to 2015 was \$40,730, approximately two-thirds (or 66.7 percent) of the state's at \$61,062.

In the period 2011 to 2015, approximately 19.7 percent of the county's population was living below poverty level, much higher than 11.3 percent in Washington state and 12.7 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.

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

## **Population**

Okanogan County's population in 2017 was 41,742. The growth rate from April 1, 2010 to July 1, 2017 was a modest 1.5 percent, which was much less robust than that of the state at 10.1 percent. The largest city in Okanogan County is Omak with an estimated population of 4,935 in 2017.

### *Population facts*

	Okanogan County	Washington state
Population 2017	41,742	7,405,743
Population 2010	41,117	6,724,545
Percent change, 2010 to 2017	1.5%	10.1%

### *Age, gender and ethnicity*

In 2017, Okanogan County's population of those 65 years and older (20.9 percent) was higher than the Washington state's 14.8 percent, indicating that the county has become somewhat of a retirement destination.

In 2017, females made up 49.8 percent of Okanogan County's population, while females accounted for 50.0 percent of the population statewide.

Okanogan County has a much larger American Indian/Alaskan Native population (12.9 percent) in 2017 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 (19.5 percent) compared to the state (12.4 percent).

### *Demographics*

	Okanogan County	Washington state
<b>Population by age, 2017</b>		
Under 5 years old	6.2%	6.2%
Under 18 years old	23.2%	22.2%
65 years and older	1.2%	15.1%
<b>Females, 2017</b>	<b>49.6%</b>	<b>50%</b>
<b>Race/ethnicity, 2017</b>		
White alone	81.5%	79.5%
Black alone	1.0%	4.2%
American Indian and Alaskan Native alone	13%	1.9%
Asian alone	1.2%	8.9%
Native Hawaiian and other Pacific Islander	0.3%	0.8%
Hispanic or Latino, any race	20%	12.7%

### *Educational attainment*

Over the period 2013 to 2017, 82.3 percent of individuals age 25 and older in Okanogan County were high school graduates. This figure is lower than that of Washington state (90.8 percent) and the nation (87.3 percent). The percent of residents with a bachelor's degree or higher was 18.3 percent. This figure does not compare favorably with the state (34.5 percent) or the nation (30.9 percent).

Source: U.S. Census Bureau QuickFacts

## Useful links

- [County data tables](#)
- [Grand Coulee Dam Area Chamber of Commerce](#)
- [North Central Workforce Development Council](#)
- [Okanogan Chamber of Commerce](#)
- [Okanogan County Economic Alliance](#)
- [Okanogan County History](#)
- [Okanogan County on ChooseWashington.com](#)
- [Okanogan County on ofm.wa.gov](#)
- [Okanogan County home page](#)
- [Self Sufficiency Calculator for Washington State](#)
- [Census Bureau QuickFacts](#)
- [Washington Ports](#)
- [Workforce Development Areas and WorkSource Office Directory](#)
- [Confederated Tribes of the Colville Reservation](#)

Employment Security Department is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Language assistance services for limited English proficient individuals are available free of charge. Washington Relay Service: 711.