

# Okanogan County profile



by Don Meseck, regional labor economist - *updated 8 December 2017*

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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 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 8 December 2016 by Washington’s 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 29 January 2017. (Please see the Employment Security Department website at: <https://esd.wa.gov/about-employees/WARN>.) Layoffs were completed on 15 February 2017 – a sad ending for Okanogan County’s largest manufacturing firm. At the time of this Profile preparation, the local manufacturing industry registered year over year job losses for the past eight consecutive months (March through October 2017). As of October 2017, manufacturing provided only 370 jobs countywide versus 580 in October 2016, a 210 job and 36.2 percent downturn.

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.

Agriculture is a very important sector for the Okanogan County economy (also see the “Industry employment” section). In fact, in 2016 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.

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) | 5,267.98        | 66,455.52        |
| Persons per square mile, 2010  | 7.8             | 101.2            |

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## 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 jobs until 2014 when employment rose 2.6 percent. In 2015 the number of nonfarm jobs posted an average annual increase of 1.0 percent and in 2016 when nonfarm employment rose 2.5 percent. Despite these three consecutive years of job gains, average annual total nonfarm employment in 2016 (12,890 jobs) was still not “back up” to where it was in 2008 (when average annual employment was 13,040). A synopsis of average annual local nonfarm employment trends in Okanogan County from 2009 through 2016 follows:

- In 2009 – Nonfarm employment 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 2010 – Nonfarm employment 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 2011 – The local economy 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 2012 – The number of nonfarm jobs in Okanogan County slipped from 12,180 in 2011 to 12,170 in 2012, a 10 job and 0.1 percent decrease. Statewide, total nonfarm employment rose by 1.6 percent.
- In 2013 – The County's nonfarm economy decreased from 12,170 jobs in 2012 to 12,120 in 2013, a 50 job and 0.4 percent contraction. Across Washington, nonfarm employment continued its march upwards, rising by 2.3 percent.
- In 2014 – After five consecutive years of job losses, total nonfarm employment in Okanogan County jumped from 12,120 in 2013 to 12,440 in 2014, a 320 job and 2.6 percent upturn. Across Washington, nonfarm employment increased by 2.5 percent.
- In 2015 – The local economy rose marginally from 12,440 jobs in 2014 to 12,570 in 2015, up by 130 jobs and 1.0 percent. Across Washington, the pace of job growth quickened, rising by 2.9 percent and netting 88,800 new jobs.
- In 2016 – The Okanogan County economy rose from 12,570 jobs in 2015 to 12,890 in 2016, up by 320 jobs and 2.5 percent. Across Washington, the average annual job growth pace was 3.1 percent as not seasonally adjusted nonfarm employment increased from 3,145,600 jobs in 2015 to 3,242,300 in 2016, a 96,600 job upturn.

The discouraging economic news (at the time of this *Profile* preparation) is that Okanogan County's nonfarm labor market registered year over year job losses during each of the eight consecutive months running from March through October 2017, inclusive. Between the Octobers of 2016 and 2017, total nonfarm employment slipped from 13,100 to 13,000, a 0.8 percent downturn.

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 2015 through 2025, identical to the projected growth rate for Washington state.

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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 2016 was 6.9 percent. This was a one-tenth percentage point drop from the 7.0 percent reading in 2015. The rate has been dropping now for the last six consecutive years (2011 through 2016, inclusive). The lowest average unemployment reading in the county in the last dozen years (2005 through 2016, inclusive) was in 2008 at 6.9 percent and the highest rate was in 2010 at 10.7 percent. Statewide, the not seasonally adjusted unemployment rate also decreased in each of the last six calendar years since its peak of 10.0 percent in 2010. Washington's unemployment rate in 2016 was 5.4 percent, a two-tenths percentage point drop from the 5.6 percent figure in 2015.

As mentioned, between 2015 and 2016 Okanogan County's unemployment rate dipped a marginal one tenth point (from 7.0 to 6.9 percent) and the Civilian Labor Force (CLF) grew a modest 1.5 percent. However, year over year, the Okanogan County CLF shrank in each of the past three months (from August through October 2017). Between the Octobers of 2016 and 2017 the labor force retrenched by 2.6 percent, declining from 22,276 residents to 21,692 (meaning that there were 584 fewer residents in the local labor force during this timeframe) – not a particularly good indicator. Fortunately, the number of unemployed decreased at an even more rapid rate (down 13.7 percent during this period); falling from 1,183 in October 2016 to 1,021 this October (meaning that 162 fewer residents were out of work) – a good economic indicator. The net result: the County's unemployment rate declined six-tenths of a point, from 5.3 percent in October 2016 to 4.7 percent in October 2017, the lowest reading for the month of October since the 4.6 percent rate back in October 2007 (ten years ago).

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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 2016 in terms of employment were:

| Sector                               | Number of jobs | Share of employment |
|--------------------------------------|----------------|---------------------|
| 1. Agriculture, forestry and fishing | 5,947          | 32.1%               |
| 2. Local government                  | 4,152          | 22.4%               |
| 3. Retail trade                      | 1,837          | 9.9%                |
| 4. Health Services                   | 1,533          | 8.3%                |
| 5. Accommodation and food services   | 1,213          | 6.5%                |
| All other industries                 | 3,842          | 20.7%               |
| <b>Total covered payrolls</b>        | <b>18,524</b>  | <b>100%</b>         |

Covered employment and wage trends over the last twelve years (i.e., from 2004 through 2016) 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 2016, QCEW data showed that Okanogan County’s labor market provided 18,524 jobs. Nearly four-fifths, or 79.3 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, Yakima counties, etc.).
- Total covered employment rose from 16,751 in 2004 to 18,524 in 2016, a 1,773-job and 10.6 percent upturn. The number of agricultural jobs (a subset of total covered employment) increased from 4,684 in 2004 to 5,947 in 2016, a 1,263-job and 27.0 percent uptrend. In 2004 Okanogan County’s agricultural industry accounted for 28.0 percent of total covered employment. In 2016 agricultural employment accounted for 32.1 percent of total covered employment countywide. Hence, the agricultural share of employment rose 4.1 percentage points (from 28.0 to 32.1 percent) in Okanogan County during these twelve years. This substantial 1,263 job and 27.0 percent uptrend indicates the growing importance of the agricultural industry to the local economy during this twelve-year period. It will be interesting to observe however, the limits of agricultural hiring across Okanogan County. Specifically, the number of agricultural jobs actually “peaked” here in 2014 at 6,234 (34.0 percent of total covered employment). Agricultural employment ebbed again in 2015 to 6,124 jobs (33.3 percent of total covered employment) before averaging 5,947 jobs in 2016. The agricultural industry has implemented many labor-saving techniques in recent years. Hence the question remains whether employment in Okanogan County’s agricultural industry in 2017 will continue to slowly slip from this 2014 “peak” of 6,232 jobs.
- Between 2004 and 2016, 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 2016, local government (which includes public school districts, tribal employment, etc.) tallied 4,152 jobs (22.4 percent) of all covered employment countywide. Hence, this sector experienced a loss of 419 jobs, a 9.2 percent employment downturn in the past twelve years.

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 2016 was those age 55 and older comprising 27.7 percent of the workforce. This group was followed closely by the 35 to 44 age group with 21.0 percent of the workforce. In 2016, males held 51.2 percent and women held 48.8 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 (84.9 percent) and wholesale trade (74.6 percent).
- Female-dominated industries included healthcare and social assistance (74.9 percent) and educational services (68.8 percent), and finance and insurance (65.6 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 2016, approximately \$571.3 million in wages, covered by unemployment insurance, was paid countywide. The county's average annual covered wage in 2016 was \$30,839, approximately 52.2 percent of Washington's annual average wage of \$59,090.

The top five Okanogan County industries in 2016 in terms of payrolls were:

| <b>Sector</b>                        | <b>Payroll</b>       | <b>Share of payrolls</b> |
|--------------------------------------|----------------------|--------------------------|
| 1. Local government                  | \$177,453,561        | 31.1%                    |
| 2. Agriculture, forestry and fishing | \$124,811,022        | 21.8%                    |
| 3. Health Services                   | \$53,052,200         | 9.3%                     |
| 4. Retail trade                      | \$45,844,338         | 8.0%                     |
| 5. Federal government                | \$27,371,083         | 4.8%                     |
| All other industries                 | \$142,730,457        | 25.0%                    |
| <b>Total covered payrolls</b>        | <b>\$571,262,661</b> | <b>100%</b>              |

Local government (which includes tribal wages) provided \$177.5 million, or 31.1 percent of total covered wages in Okanogan County in 2016. Agricultural employers paid out another \$124.8 million, or 21.8 percent of total wage income. Hence, local government and agriculture accounted for 52.9 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 monetary importance of these two sectors to the local economy.

Between 2004 and 2016, the industry/sector registering the greatest payroll increase (on a dollar basis) was agriculture. In calendar year 2004 agricultural employers paid \$62.7 million in wages, but by 2016 this sector was pumping \$124.8 million in wages into the Okanogan County economy, a 99.0 percent and \$62.1 million upturn. Local government (which includes tribal employment) also saw payrolls rise from \$136.7 million to \$177.5 million, a 29.8 percent and \$40.8 million advance during this same twelve-year period.

Okanogan County's median hourly wage (unadjusted for inflation) was \$15.27 per hour in 2016, lower than Washington state's \$23.91 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 \$37,934 in 2015. This figure is considerably below the state figure of \$51,898 and the nation's per capita income of \$48,112. 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 1975, 70 percent of earnings in Okanogan County came from earnings, 15 percent from investments and 15 percent from transfer payments.
- In 1985, 56 percent of earnings in Okanogan County came from earnings, 24 percent from investments and 21 percent from transfer payments.
- In 1995, 58 percent of earnings in Okanogan County came from earnings, 19 percent from investments and 23 percent from transfer payments.
- In 2005, 57 percent of earnings in Okanogan County came from earnings, 17 percent from investments and 26 percent from transfer payments.
- In 2015, 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 2011-2015 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.

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## Population

(Source: U.S. Census Bureau QuickFacts)

Okanogan County's population in 2016 was 41,554. The growth rate from April 1, 2010 to July 1, 2016 was a modest 1.0 percent which was much less robust than that of the state at 8.4 percent. The largest city in Okanogan County is Omak with an estimated population of 4,925 in 2016.

### *Population facts*

(Source: U.S. Census Bureau QuickFacts)

|                              | Okanogan County | Washington state |
|------------------------------|-----------------|------------------|
| Population 2016              | 41,554          | 7,288,000        |
| Population 2010              | 41,117          | 6,724,545        |
| Percent change, 2010 to 2016 | 1.1%            | 8.4%             |

### *Age, gender and ethnicity*

(Source: U.S. Census Bureau QuickFacts)

In 2016, 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 2016, 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 2016 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*

(Source: U.S. Census Bureau QuickFacts)

|  | Okanogan County | Washington state |
|--|-----------------|------------------|
| <b>Population by age, 2016</b>             |                 |                  |
| Under 5 years old                          | 6.2%            | 6.2%             |
| Under 18 years old                         | 23.0%           | 22.4%            |
| 65 years and older                         | 20.9%           | 14.8%            |
| <b>Females, 2016</b>                       |                 |                  |
|  | 49.8%           | 50.0%            |
| <b>Race/ethnicity, 2016</b>                |                 |                  |
| White alone                                | 81.6%           | 80.0%            |
| Black alone                                | 1.0%            | 4.1%             |
| American Indian and Alaskan Native alone   | 12.9%           | 1.9%             |
| Asian alone                                | 1.2%            | 8.6%             |
| Native Hawaiian and other Pacific Islander | 0.3%            | 0.8%             |
| Hispanic or Latino, any race               | 19.5%           | 12.4%            |

### *Educational attainment*

(Source: U.S. Census Bureau QuickFacts)

Over the period 2011 to 2015, 82.9 percent of individuals age 25 and older were high school graduates. This figure is lower than that of Washington state (90.4 percent) and the nation (86.7 percent). The percent of residents with a bachelor's degree or higher was 18.5 percent. This figure does not compare favorably with the state (32.9 percent) or nation (29.8 percent).

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#### 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](#)
- [U.S. Census Bureau QuickFacts](#)
- [Washington Ports](#)
- [Workforce Development Areas and WorkSource Office Directory](#)
- [Confederated Tribes of the Colville Reservation](#)

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