Washington State Employment Security Department

Klickitat and Skamania **Counties**



April, 2021

Labor Area Summary

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ESD Economic Symposium

The Employment Security Department is hosting a virtual Economic Symposium on June 15-16, with speakers, industry panels, and more. See here for more information.

National Outlook

Most of the major business cycle measures have recovered, or were close to recovery, in April. The one glaring exception: employment.

Gross domestic product (GDP) growth for the first quarter of the year was estimated at 4.3 percent, according to the second preliminary estimate. Consumer spending, boosted by federal stimulus, rose by 10.7 percent. Nonresidential fixed investment (spending by businesses on physical items like buildings, machinery, equipment and software) jumped by 9.9 percent, while the hot housing market pushed residential investment up by 10.8 percent.

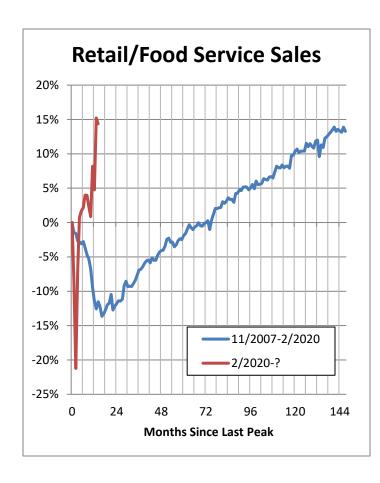
Month	Job Change
March	-1,683,000
April	-20,679,000
May	2,833,000
June	4,846,000
July	1,726,000
August	1,583,000
September	716,000
October	680,000
November	264,000
December	-306,000
January	233,000
February	536,000
March	770,000
April	266,000
Net change	-8,215,000
Percent	-5.4%

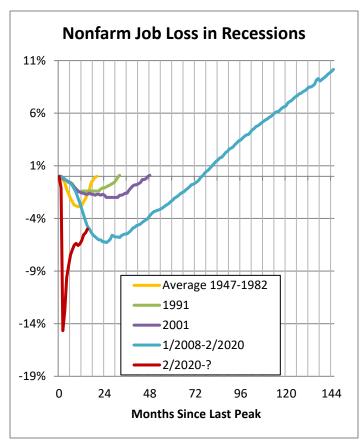
Nonfarm employment had what in normal times would have been a

April 2021 Unemployment Rates							
	Apr. 2021	Mar. 2021	Apr. 2020				
Seasonally Adjuste	ed:						
U.S.	6.1	6.0	14.8				
U.S. U-6**	10.4	10.7	22.9				
Washington	5.5	5.5	16.3				
Oregon	6.0	6.0	13.2				
Portland Metro	6.3	6.5	13.1				
Columbia Gorge*	5.7	5.5	12.4				
Unadjusted:							
U.S.	5.7	6.2	14.4				
Washington	6.1	6.3	16.3				
Oregon	6.2	6.7	13.1				
Columbia Gorge*	6.3	6.5	13.2				
Klickitat	6.9	7.0	12.7				
Skamania	7.3	7.3	15.3				
Hood River	5.5	5.6	13.3				
Sherman	5.0	5.4	10.4				
Wasco	6.3	6.9	12.9				
Clark	6.4	6.3	14.8				
Cowlitz	7.3	7.2	16.4				
Wahkiakum	7.6	7.6	14.1				
Portland Metro	6.1	6.4	13.1				
*Includes Hood River, Klickitat, Sherman, Skamania, and Wasco counties.							

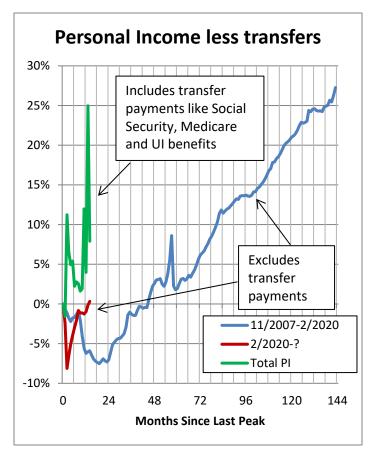
**See text for definition.

strong month (+266,000 jobs) in April, and a blowout (+559,000) in May, but in the context of this recovery the former was seen as weak and the latter merely okay. As one observer pointed out, lackluster hiring was not due to unemployment benefits being a disincentive to returning to work—hiring was robust in low-wage industries, but dropped off in mid- and high-wage industries. Leisure & hospitality accounted for three-fourths of the net new jobs over the two-month period.









The nation has lost <u>more than 7.6 million jobs</u> since February 2020. Leisure & hospitality was still -2.5 million/-15.0 percent dating back to the beginning of the recession. Other major sectors varied from -0.8 percent (finance) to -6.6 percent (information services, which includes movie production and movie theaters). Government was down 5.1 percent, with K-12 education at -6.9 percent.

<u>Unemployment</u> was essentially unchanged in April at 6.1 percent before falling to 5.8 percent in May. The more inclusive U-6 rate, which includes part-time workers who can't find a full-time job, and discouraged workers, fell three tenths of a point to 10.4 percent in April and then further to 10.2 percent in May. <u>The number of long-term (6 months or more) unemployed declined</u> in April and May for the first time since the recession began, slipping to 3.75 million in May from the peak of 4.22 million in March, but compare with the 1.1 million before the recession. The labor force participation rate 61.6 percent, little changed over the past year and still down 1.6 percentage points from pre-COVID. Job impacts continue to be skewed by race and gender, with the total number of employed workers down 5.0 percent since the start of the recession, while employment of African American women has dropped by 7.7 percent and Latinas by 7.6 percent. Also, job losses vary widely be education: -12.5 percent for those who didn't complete high school, -7.1 percent for those who did, -6.4 percent for those who also have some college credits including an associate's degree, and no net loss of employment for those with a bachelor's or higher. Interestingly, teenage employment has risen 2.7 percent since the start of the pandemic, possibly because virtual schooling allowed students to work during the day.

- <u>Industrial production rose by 0.5 percent in April</u>, but still lagged output before the recession by 2.3 percent. Breaking production into its three components: <u>factory production</u> increased by 0.4 percent but was off 1.4 percent from February 2020. <u>Mining</u> (mostly petroleum production) was up 0.7 percent over the month, leaving it 10.6 percent below pre-COVID levels. <u>Energy production</u> increased by 2.6 percent over the month and was up 1.9 percent over the business cycle.
- Retail and food service sales declined slightly (-0.7 percent) in April, not surprising after consumers went on a buying spree in March (+10.0 percent). Sales were 14.4 percent higher than before COVID. Food service sales were only 4.0 percent below pre-COVID levels.
- <u>Total personal income</u> dropped by 13.7 percent from March's stimulus-infused income levels, but was still 7.9 percent above the pre-COVID mark in April. When transfer payments like Social Security, Medicare and unemployment benefits were excluded—in order to focus on income directly related to economic activity—income rose by 0.5 percent over the month, and exceeded its pre-COVID level by 0.3 percent.

Inflation is back in the news. The CPI chained index rose at annualized rate of 10.4 percent in April, following an 8.8 percent increase in March, and was up 4.1 percent over last April. However, prices took a dive last April, so that's not a good comparison month. Compare this April with April 2019, and inflation has averaged only 2.1 percent a year. So in large part we're seeing recovery in prices, not raging inflation. There are also widely-reported supply shortages stemming from a drop in production a year ago, which should work their way out over the coming months. Some economists have been warning that the big stimulus packages will overheat consumer demand and lead to longer-lasting price hikes. These warnings are based on the Congressional Budget Office's estimate of the current production capacity of the economy. Recent research has shown that these estimates are flawed, and that there is a lot more slack in the economy than official estimates.

State of the States and Metro Areas

Like the U.S., both states had smaller job gains in April than in March. Washington added 11,200 jobs, following two months where job gains were a bit under 30,000. Almost three out of four new jobs were in leisure & hospitality—which was still 23 percent below the pre-COVID level. A number of industries were fully recovered or close to it, including construction, wholesale trade, retail trade, information services, finance & insurance, professional services, along with inpatient health services and hospitals. Manufacturing declined slightly in April, deepening its cyclical deficit to 33,700 jobs (-11.5 percent). Most of the loss came in aerospace due to both the

decline in air travel and Boeing's missteps. Other segments were down as well, including fabricated metals, machinery, electronics, food processing and printing. Other services, which includes personal services (of which consumers may still be wary) has lost 14,700 jobs (-11.0 percent). State educational services (-9,900 jobs/-12.1 percent) and K-12 education (-19,700 jobs/-11.1 percent) were still in a world of hurt. The latter should snap back in the fall due to an influx of one-time federal funding; the former depends upon how fast enrollment will recover.

Oregon added only 2,300 jobs in April, following a 19,600 job gain in March. Leisure & hospitality added 2,000 jobs over the month; that sector was still 21 percent below pre-COVID levels. Transportation services, finance & insurance and professional services have recovered from COVID, while most other industries were still lagging.

Portland and Seattle both continue to trail their state averages, in large part due to heavier impacts on leisure & hospitality—hotel/motels and restaurants in particular—than in less urbanized areas. In addition, the bulk of the aerospace losses in Washington have been in the Seattle metro area.

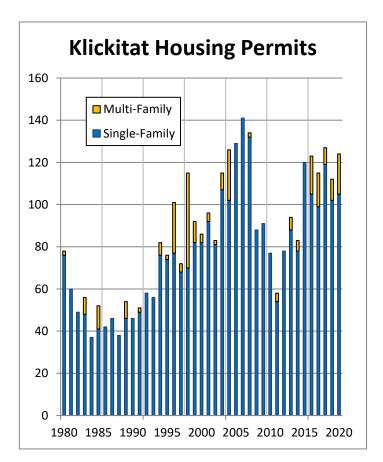
When compared with other states, both Washington and Oregon rank in the lower half in terms of recovery. Taking a longer viewpoint—pre-Great Recession—both states hold up well. Idaho and Utah were the only states to have fully recovered (and were #2 and #1 in long-term job growth). Hawaii (how do you spell "tourism"?) has had the largest COVID decline (-15.1 percent). Similarly, both metro areas were not doing as well as many of their siblings around the nation, but both fare better in the long-term comparison.

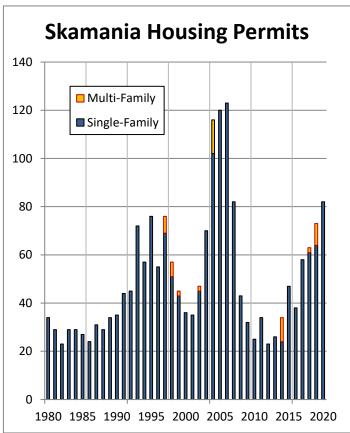
Unemployment in Oregon (6.0) and Portland (6.3) was comparable to the U.S. in April (6.1), while the state of Washington was about half a point lower (5.5). There was likely considerable underemployment (workers working part-time due to having their hours cut), so the broader U-6 labor utilization rate was probably significantly higher, close to the U.S. rate of 10.4 percent. See the warning note below on unemployment rates across the state.

Monthly and cumulative employment change for the COVID recession by area									
Month	Washington	Seattle Metro	Oregon	Portland Metro	US				
March	-23,100	-15,100	-14,600	-13,000	-1,683,000				
April	-385,800	-191,700	-270,900	-166,600	-20,679,000				
May	-11,500	-9,800	17,000	5,500	2,833,000				
June	83,900	35,600	52,300	28,300	4,846,000				
July	37,900	12,000	38,600	22,700	1,726,000				
August	30,600	12,900	17,500	10,300	1,583,000				
September	13,000	13,400	6,900	1,600	716,000				
October	2,700	1,400	9,000	6,400	680,000				
November	7,100	900	500	-300	264,000				
December	-11,100	-8,200	-17,800	-9,400	-306,000				
January	5,100	6,100	7,000	4,300	233,000				
February	29,600	15,100	15,300	10,300	536,000				
March	28,100	10,900	19,600	7,400	770,000				
April	11,200	3,400	2,200	2,800	266,000				
Net change	-182,300	-113,100	-117,400	-89,700	-8,215,000				
Percent	-5.2%	-6.3%	-6.0%	-8.2%	-5.4%				

Housing permits

One of the many differences between the current recession and the Great Recession has been the housing market. Housing prices are up sharply across the country—each of the 20 major metro areas tracked by the Case Shiller housing price index has seen prices increase by between 14 percent and 25 percent—even Detroit, which used to be the poster child for the collapse of home prices. Seattle has seen a 24 percent increase, Portland a mere 17 percent. The charts below show strong building activity in both Klickitat and Skamania counties in 2020 for single-family housing, but far too little—or none at all, in the case of Skamania—multifamily construction.





Taxes? We don't pay no stinking taxes...

F. Scott Fitzgerald started a short story with ""Let me tell you about the very rich. They are different from you and me." Besides having more money than the rest of us¹, and <u>living almost a decade longer on average</u>, they don't pay their fair share of taxes. Watchdog organization ProPublica anonymously received multiple years of tax returns from the richest of the rich. Their analysis showed that from 2014 to 2018, the 25 wealthiest Americans paid an average of 15.8 percent of their income in federal income taxes. "That's lower than the rate a single worker making \$45,000 a year might pay if you include Medicare and Social Security taxes." People making between \$2 and \$5 million pay the highest effective tax rate, at 27.5 percent. Above \$5 million and tax rates drop. And in a number of years over the past two decades, the richest of the rich paid zero in federal income taxes.

¹ And no, Hemingway did not say that to Fitzgerald, he stole the line.

ProPublica goes further and calculates taxes paid as a percent of the annual increase in wealth for the 25 ultrarich. To be clear on our definitions, income refers to money coming in from wages, profits paid to the owner of a business, dividends and interest from financial assets, capital gains from selling an asset, and transfer payments like Social Security. Wealth refers to someone's net worth: the value of what they own (property, financial assets) less what they owe. Comparing a tax on income with an increase in wealth is a bit of a mashup, but *we don't tax wealth in the U.S.* outside of local property taxes, and ProPublica uses this unorthodox comparison to make a point. The riches 25 Americans saw their net worth increase by \$401 billion from 2014 to 2018, while they paid \$13.6 billion in federal income taxes—which comes out to 3.4 percent of their increase in wealth. Meanwhile the average taxpayer in their 40s enjoyed a \$65,000 increase in net worth, but paid \$63,000 in federal income taxes.

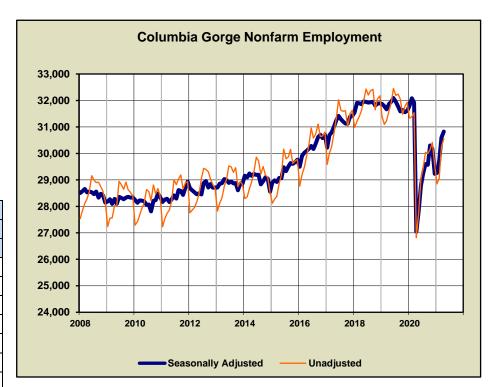
Whew—maybe

Two issues ago there was mention of research showing that sperm counts among men had declined by 60 percent since 1973. Those findings are now in dispute.

The Gorge

Revised data resulted in a more positive picture of economic recovery in the Gorge. The latest estimates put Gorge employment at 30,560 jobs in April. Job loss since the recession began has shrunk to 1,260 jobs, or 3.9 percent—better than the states or the nation.

Gorge Nonfarm Employment					
	Monthly Change				
Month	Not adjusted	SA			
March	160	-164			
April	-4,720	-4,878			
May	890	737			
June	1,350	1,008			
July	390	459			
August	590	352			
September	-45	-32			
October	145	734			
November	275	-120			
December	-865	-953			
January	-700	29			
February	210	462			
March	1,190	879			
April	310	227			
Net change		-1,259			
Percent		-3.9%			



In April, employment rose by 310 jobs—220 jobs after adjustment for seasonal factors. Almost every sector was adding employment, including construction (+60), local government (+55, mostly in K-12 education), trade, transportation & utilities (+45) and manufacturing (+40).

The over the year comparison showed how many jobs have come back since things hit bottom last April: +3,740 jobs. A more telling contrast was between current estimates and February 2020, when the recession began, after adjustment for seasonal factors:

- Mining, logging & construction employed 1,580, which was a seasonally-adjusted increase of 40 jobs over February 2020 (+2.4 percent).
- Manufacturing employed 4,060, which a drop of 30 jobs, a 0.8 percent decline.

- Trade, transportation & utilities gained 180 jobs over the past 14 months, reaching 5,505, a 3.3 percent gain.
- Professional & business services employed 2,060, which was 100 jobs fewer (-4.5 percent) than before the recession began.
- Education & health services has added 35 jobs (+0.7 percent), rising to 4,830 jobs.
- Leisure & hospitality April employment was estimated at 4,040 jobs, down 850 jobs from last February, a 17.2 percent decline.
- All other service industries—including information services, finance and real estate and other services—has lost 90 jobs (-3.4 percent) over the course of the recession, falling to 2,600 jobs in April.
- Government declined by 250 jobs to 5,885, -5.3 percent decline. The loss was concentrated in K-12 education. The good news: an improving state economy and one-time federal assistance should help restore K-12 staffing by September.

The unemployment rate for the Gorge was estimated at 6.3 percent. That was 6.9 points lower than the 13.2 percent from last April. The very unofficial seasonally-adjusted rate inched up two tenths of a point to 5.7 percent. The rate was 3.8 percent in February 2020.

A Follow-up Note on This Month's Unemployment Rates

In prior months, in both Klickitat and Skamania counties (and across most of the state), the official estimate of the number of unemployed residents in each county was almost equal to the number of unemployment claimants, raising questions about the accuracy of the unemployment rate. In April, the issue seems to have abated somewhat in Klickitat. In mid-April the county had around 560 claimants. Subtracting the estimated 15 percent of claimants who were partially employed, we're down to 480+ unemployed claimants. There were 686 estimated unemployed residents; roughly a third of the unemployed were first-time entrants to the labor force, re-entrants, or job leavers, and so were (presumably) not claimants. There were also an unknown number of other unemployed workers who were not claimants, perhaps due to lacking enough of a work history. Ignoring the latter, that would leave about 460 unemployed who would be likely claimants. That would still indicate that unemployment may be underestimated, but not by a significant amount.

In Skamania, there were about 400+ claimants vs. 394 unemployed. Working the same math, that comes down to about 340 unemployed claimants vs. 260 unemployed likely claimants—indicating that the official unemployment rate might be too low by up to two percentage points.

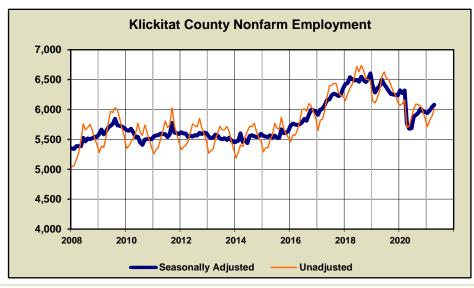
The contrast was even more marked at the state level: about 265,000 unemployed claimants vs. 160,000

unemployed likely claimants.

Another 100,000 unemployed would have boosted the state rate by 2.5 points.

Klickitat Summary

April brought an additional 120 nonfarm jobs to Klickitat County. Hiring occurred across the economy, with leisure & hospitality payrolls rising by 40 jobs, construction by 20 jobs, and local government outside of education by 20 jobs. K-12

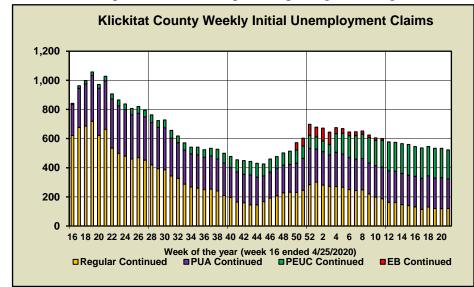


education registered the only loss, inching down by 10 jobs.

The total job count of 6,010 jobs was 310 jobs—5.4 percent—above last April, when the economy had fallen into the abyss. A better comparison: seasonally-adjusted employment was 190 jobs (3.1 percent) below February of 2020. Over that same time period, three industries accounted for most of the over-the-year loss: manufacturing (-40 jobs, mostly in beverage manufacturing), leisure & hospitality (-100 jobs) and K-12 education (-110 jobs). Other industries showed smaller changes over the year, including local government excepting education, +30, and education & health services, +20.

The county unemployment rate fell to 6.9 percent, well below the 12.7 percent posted last April. About 690 county residents were jobless and looking for work, almost 570 fewer than a year ago.

Unemployment claims counts continued to trend downward in April and May. In the latest week (ending May 29), out of 523 continued claims, agriculture had the highest number of claimants (55) followed by manufacturing (41), leisure & hospitality (30) and construction (28). Almost half of the claims weren't associated with an industry, either because they were PUA claimants with no wage history, or were for jobs out of state. By occupation, management occupations were most impacted (62 claims), followed by construction trades (58), food service workers (50), and transportation & material moving occupations (44). The top individual occupations were hand packers/packagers (18), general managers (17), maids/housekeeping cleaners



(16), carpenters (14), construction laborers (14), ag product graders and sorters (12), teaching assistants (11), bartenders (11) and janitors (10).

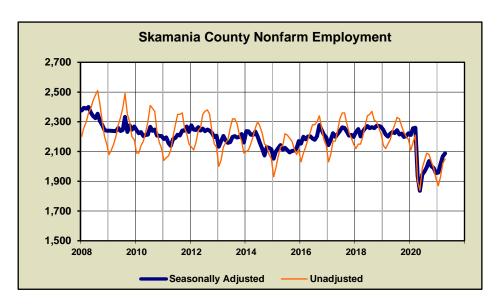
Demographics of claimants were little changed over last month, with the exception of an increase in Latinx claimants. Over half of the claimants (56 percent) were female (vs. women making up 44 percent of the labor force). A disproportionately high percentage (37 percent) had only a high school diploma, while 21 percent had taken some college courses but did not have a degree and

10 percent had an AA (both roughly matching the general population). While 29 percent of the general population had a bachelor's or higher degree, only 17 percent of claimants were in that category. About 18 percent identified as persons of color (primarily Latinx, 11.9 percent, multi-racial, 3.4 percent, Indigenous, 1.9 percent,), somewhat below the adult population (15 percent), except that <u>Indigenous workers were over-represented</u>. Thirty of the claimants (6 percent) were veterans; 20 (4 percent) had some kind of disability.

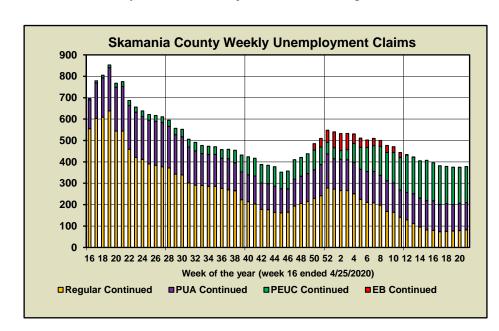
			Klickitat	County Un	employment	Claims			
	Initial Claims (not additive)				Continued Claims				
Week									
Ending	Regular	PUA	PEUC	EB*	Regular	PUA	PEUC	EB*	Total
8/1	37	6	9		386	288	54		728
8/8	31	4	7		343	260	54		657
8/15	31	4	3		327	245	46		618
8/22	33	8	12		288	234	49		571
8/29	41	9	8		268	227	46		541
9/5	27	10	9		260	228	53		541
9/12	30	15	14		250	222	52		524
9/19	42	9	14		253	228	52		533
9/26	17	9	10		240	220	67		527
10/3	21	5	10		209	223	68		500
10/10	29	4	7		196	205	76		477
10/17	19	5	12		164	206	84		454
10/24	19	5	6		160	195	94		449
10/31	21	4	7		146	204	93		443
11/7	59	4	7		145	190	95		430
11/14	34	4	7		168	175	83		426
11/21	64	6	10		192	178	90		460
11/28	36	5	9		207	190	79		476
12/5	47	9	8		228	189	85		502
12/12	40	11	7		232	191	91		514
12/19	36	5	7	10	230	201	91	50	572
12/26	48	7	9	9	246	218	85	54	603
1/2	76	7	9	44	284	248	91	75	698
1/9	58	8	10	4	302	226	83	67	678
1/16	38	10	9	5	281	229	74	88	672
1/23	27	6	10	2	272	215	73	84	644
1/30	36	8	5	2	271	235	129	40	675
2/6	38	7	4	0	267	227	143	32	669
2/13	22	1	7	0	250	220	150	26	646
2/20	22	1	6	0	243	216	161	27	647
2/27	28	1	2	0	249	214	167	22	652
3/6	24	3	6	0	221	211	175	18	625
3/13	21	12	15	0	198	215	176	16	605
3/20	21	2	7	0	187	217	184	12	600
3/27	23	4	3	0	162	218	197	0	577
4/3	28	5	5	0	161	214	199	0	574
4/10	33	0	2	0	147	214	204	0	565
4/17	27	5	4	0	140	208	212	0	560
4/24	29	6	6	0	131	210	205	0	546
5/1	22	3	7	0	114	213	209	0	536
5/8	47	7	19	0	130	215	201	0	546
5/15	54	2	3	0	121	208	205	0	534
5/22	26	4	4	0	119	213	202	0	534
5/29	27	5	6	0	120	203	200	0	523
*Note: exter	nded benefit	s (EB) data n	ot yet availa	ble before 1	12/19				

Skamania Summary

Skamania County nonfarm employment rose by 30 jobs in April—20 jobs in leisure & hospitality and 10 in manufacturing. Total nonfarm employment reached 2,050 jobs, which was 150 more (7.9 percent) than April 2020 when the COVID recession sent employment into a tailspin. A more meaningful comparison: seasonally-adjusted job counts were 170 jobs (-7.5 percent) below February 2020, on the eve of the recession. The loss continues to be concentrated in accommodations & food services.



The county's estimated unemployment rate of 7.3 percent was eight points below last April's 15.3 percent. About 390 county residents were jobless and seeking work, 460 less than a year ago.



The number of continued unemployment claims filed by county residents declined in April and leveled out in May, averaging about 400 in April and 375 in May.

In the last week of May, accommodations & food services again had the highest number of claimants (57) followed by manufacturing (37) and construction (22). Another 169 claimants (out of 378) did not have an industry assigned to them because they had worked out of state or were self-employed. By occupation, food service workers were the most

impacted (54 claims) followed by construction trades (37), managers (34) and sales workers (32). The top four individual occupations were waiters/waitresses (17), massage therapists (14), teaching assistants (12) and production workers (12).

Similar to Klickitat, females were disproportionately represented among claimants (56 percent of claimants vs. 47 percent of the workforce). A disproportionately high percentage (38 percent) had only a high school diploma, while 23 percent had some college courses under their belt but no degree, 8 percent had an AA degree and 16 percent had a bachelor's or higher degree (vs. 24 percent of the total population). Over 11 percent identified themselves as a person of color, mostly Latinx (5.2 percent), multi-racial (2.9 percent) and Indigenous (2.4 percent). Four percent were veterans, and 3 percent had some sort of disability.

			Skamani	a County Un	employment	Claims			
	Initial Claims (not additive)				Continued Claims				
Week									
Ending	Regular	PUA	PEUC	EB	Regular	PUA	PEUC	EB	Total
8/1	20	2	5		339	178	35		552
8/8	20	5	4		302	167	37		506
8/15	27	5	5		291	160	40		491
8/22	50	6	6		290	149	38		477
8/29	38	7	8		285	149	39		473
9/5	34	8	7		286	149	36		471
9/12	32	8	20		276	141	40		457
9/19	35	7	5		270	145	44		459
9/26	23	3	9		265	131	58		454
10/3	11	4	14		223	130	79		432
10/10	27	3	7		214	125	85		424
10/17	15	3	4		203	131	83		417
10/24	14	3	6		178	123	87		388
10/31	21	3	3		177	121	86		384
11/7	29	5	3		164	121	92		377
11/14	18	2	6		162	112	78		352
11/21	75	7	8		165	109	83		357
11/28	30	7	7		193	126	91		410
12/5	49	4	6		205	128	88		421
12/12	25	3	5		215	130	93		438
12/19	38	11	9	10	229	134	92	30	485
12/26	39	9	5	7	242	145	82	41	510
1/2	56	6	7	32	278	159	55	56	548
1/9	44	6	8	3	273	142	51	74	540
1/16	52	2	9	5	266	146	41	79	532
1/23	27	6	5	2	266	144	47	76	533
1/30	18	1	4	4	251	147	88	45	531
2/6	15	4	6	0	225	140	103	43	511
2/13	22	2	3	0	211	144	112	35	502
2/20	20	1	7	0	209	146	121	34	510
2/27	17	1	4	0	198	139	136	27	500
3/6	14	2	10	0	169	143	132	33	477
3/13	15	2	4	0	164	137	143	27	471
3/20	11	4	2	0	141	127	153	23	444
3/27	12	2	2	0	129	128	175	2	434
4/3	15	3	1	0	112	139	171	1	423
4/10	19	2	1	0	96	135	174	0	405
4/17	25	2	0	0	82	137	188	0	407
4/24	8	1	1	0	80	138	178	0	396
5/1	16	4	0	0	74	127	181	0	382
5/8	17	4	8	0	75	130	174	0	379
5/15	30	3	2	0	77	123	175	0	375
5/22	15	1	4	0	79	127	169	0	375
5/29	10	3	2	0	82	128	168	0	378
*Note: exter	nded benefit	s (EB) data r	ot yet availa	ble before 1	.2/19				