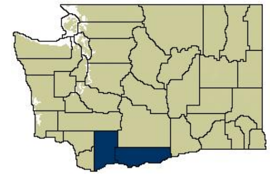
Washington State
Employment Security
Department

Klickitat and Skamania Counties



Labor Area Summary

May, 2021

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National Outlook

Major business cycle indicators improved in May.

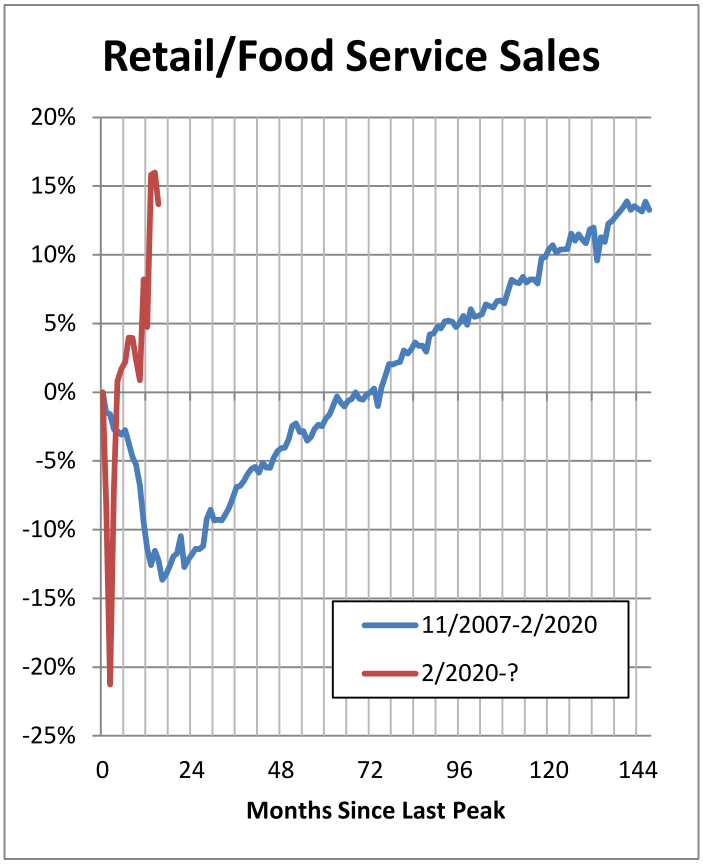
Gross domestic product (GDP) growth for the first quarter of the year was estimated at 6.4 percent, unchanged from the previous estimate, according to the third and final preliminary estimate [apologies for the typo in the last issue which incorrectly stated the growth rate]. Growth in consumer spending was revised upward from a huge10.7 to a humongous 11.4 percent. Nonresidential fixed investment (spending by businesses on physical items like buildings, machinery, equipment and software) was bumped up from 9.9 to 11.7 percent, while the housing market was even hotter than previously thought, with residential investment revised up from 10.8 to 13.1 percent. Growth in government spending was revised downward from 6.3 to a still robust 5.7 percent, while imports expanded by 9.5 percent (vs. the earlier estimate of 5.7 percent). Exports declined by 2.1 percent, a tad worse than the previous -1.1 percent. GDP was still 0.9 percent below the pre-COVID mark from fourth quarter 2019. If exports hadn't collapsed, GDP would have fully recovered.

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	785,000
April	278,000
May	559,000
Net change	-7,629,000
Percent	-5.0%

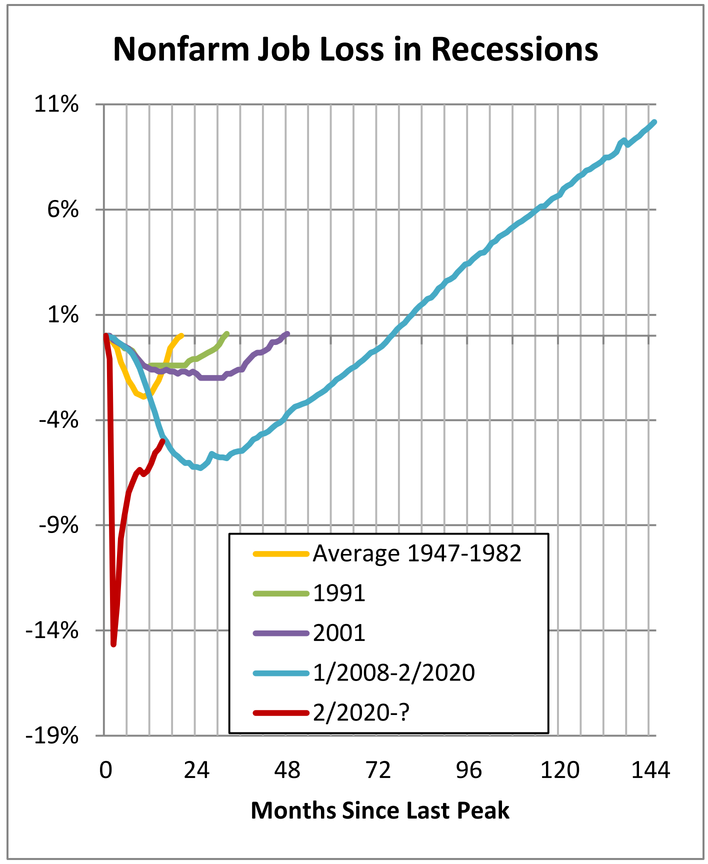
The May labor market report was covered in the previous issue of this newsletter, but we'll highlight a few important points here. First, despite a very respectable showing in May—a gain of 559,000 jobs—the nation was short 7,629,000 jobs compared with the pre-COVID February 2020 job level. Doing a simple division, it would take another 13.5 months of job growth at the May rate to fully recover the job loss. Even that would leave the country a bit short of jobs, to due population growth (estimates vary, but a minimum of 90,000 net new jobs are needed each month to keep up with new jobseekers).

May 2021 Unemployment Rates	May 2021	Apr. 2021	May 2020
Seasonally Adjusted:			
U.S.	6.1	6.1	13.3
U.S. U-6**	10.2	10.4	21.2
Washington	5.3	5.4	12.5
Oregon	5.9	5.9	3.6
Portland Metro	6.0	6.2	12.2
Columbia Gorge*	5.3	5.4	11.0
Unadjusted:			
U.S.	5.5	5.7	13.0
Washington	5.3	5.6	12.7
Oregon	5.5	5.9	11.6
Columbia Gorge*	5.4	5.8	11.1
Klickitat	5.7	6.2	10.3
Skamania	5.9	6.6	13.0
Hood River	5.0	5.2	10.7
Sherman	4.3	4.6	8.1
Wasco	5.6	6.0	11.6
Clark	5.3	5.8	12.6
Cowlitz	6.0	6.6	13.5
Wahkiakum	6.4	6.8	12.1
Portland Metro	5.3	5.7	11.8

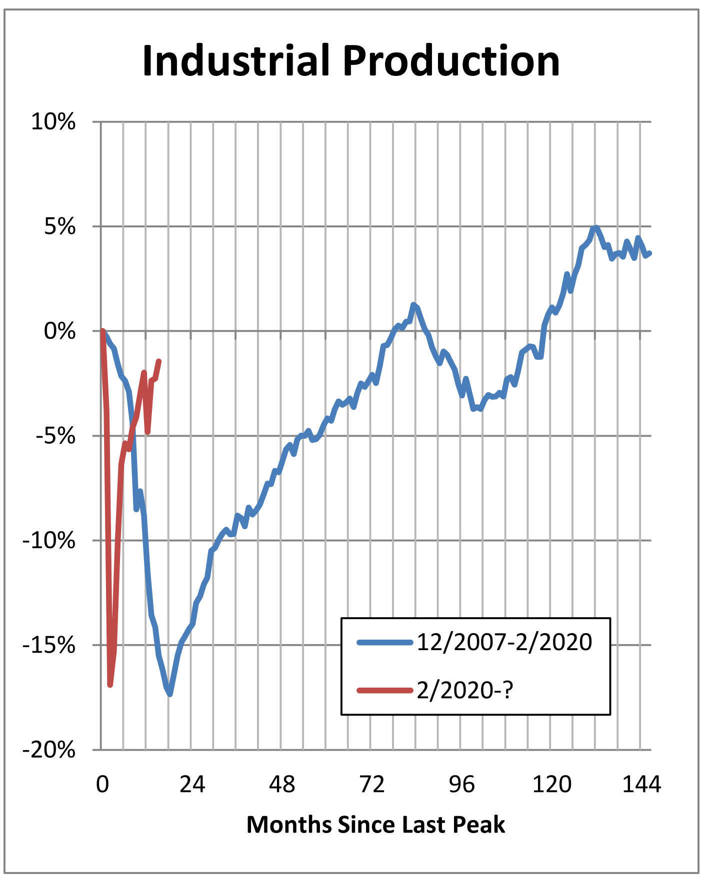
*Includes Hood River, Klickitat, Sherman, Skamania, and Wasco counties.
**See text for definition.



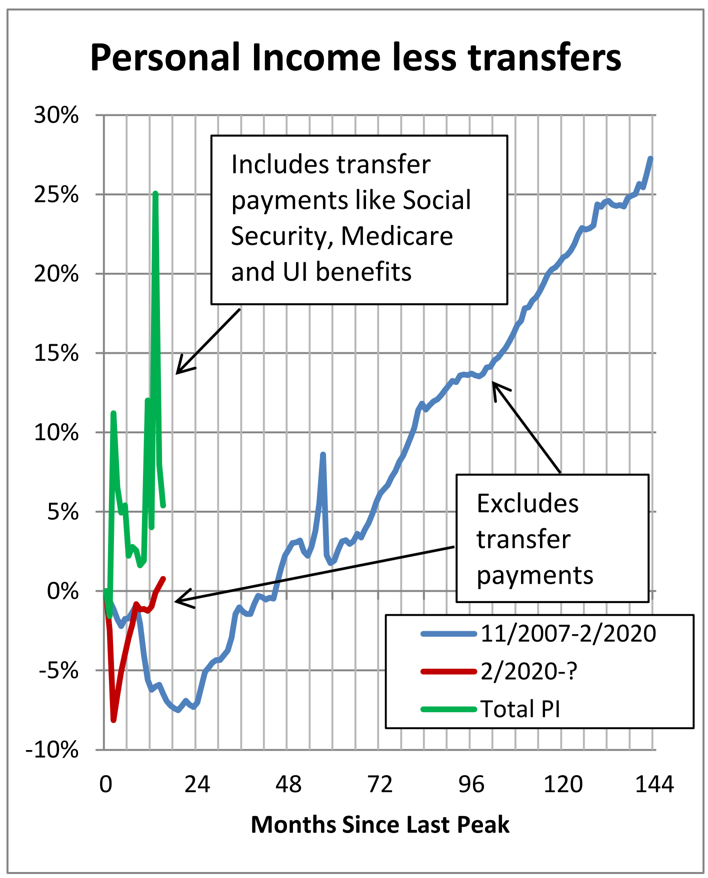
Retail/Food Service Sales
20%
15%
10%
5%
0%
-5%
-10%
-15%
-20%
-25%
0
24
48
72
96
120
144
Months Since Last Peak
11/2007-2/2020
2/2020-?



Nonfarm Job Loss in Recessions
11%
6%
1%
-4%
-9%
-14%
-19%
0
24
48
72
96
120
144
Months Since Last Peak
Average 1947-1982
1991
2001
1/2008-2/2020
2/2020-?



Industrial Production
10%
5%
0%
-5%
-10%
-15%
-20%
0
24
48
72
96
120
144
Months Since Last Peak
12/2007-2/2020
2/2020-?



Personal Income less transfers
30%
25%
20%
15%
10%
5%
0%
-5%
-10%
0
24
48
72
96
120
144
Months Since Last Peak
Includes transfer payments like Social Security, Medicare and UI benefits
Excludes transfer payments
11/2007-2/2020
2/2020-?
Total PI

Second, 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 in April and May.

Third, job impacts continue to be skewed by race and gender, with the total number of employed workers aged 20 and older down 4.7 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. In comparison, the loss for white women was 4.8 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.

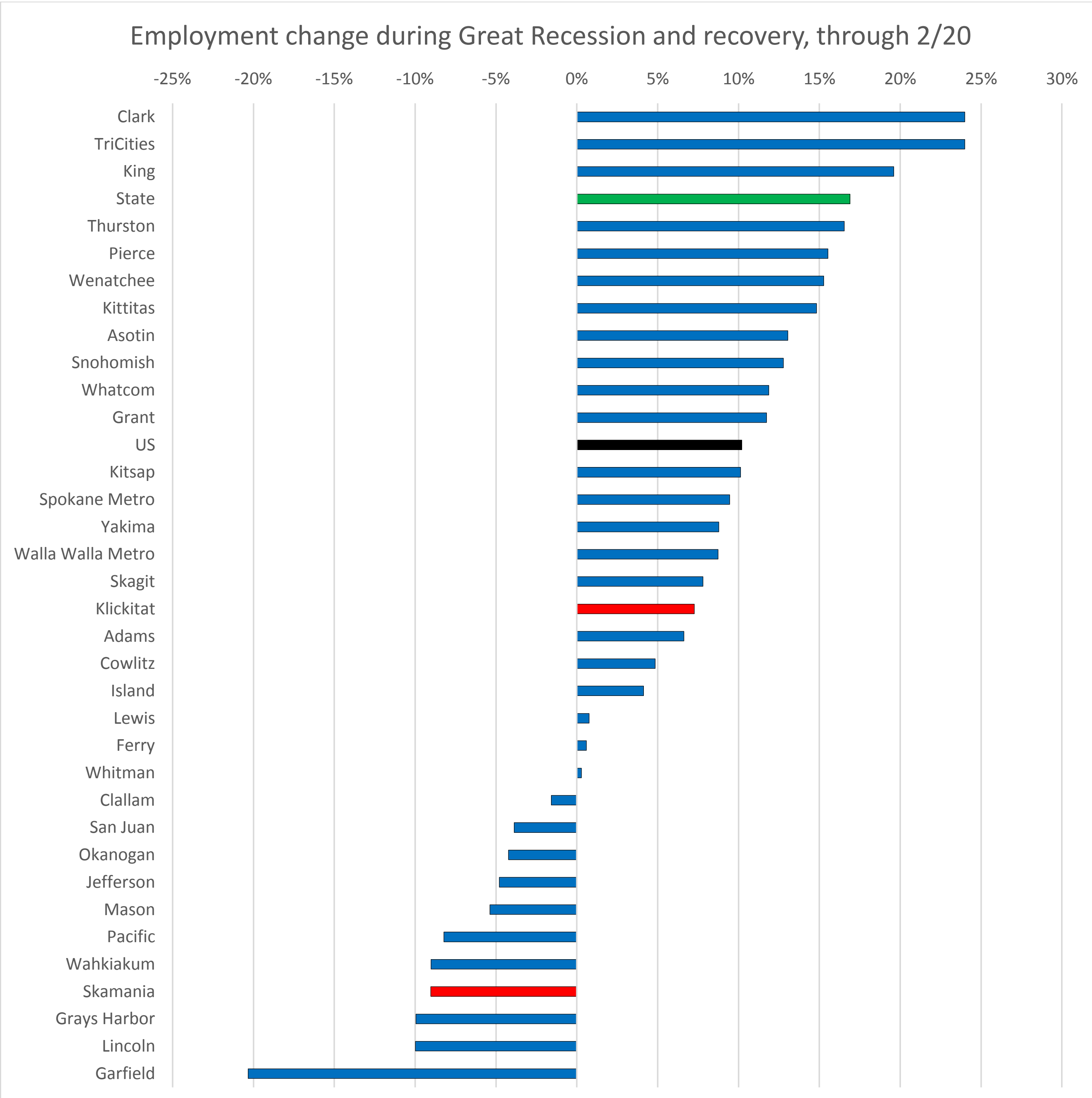
- Industrial production rose by 0.8 percent in May. The gap in output compared with the pre-recession level shrunk to 1.4 percent. Breaking production into its three components: factory production increased by 0.9 percent and was off only 0.3 percent from February 2020—despite widely-reported supply constraints. Mining (mostly petroleum production) was up 1.2 percent over the month, leaving it 10.2 percent below pre-COVID levels. Energy production inched up by 0.2 percent over the month and was down 0.4 percent over the business cycle.
- Retail and food service sales declined by 2.0 percent) in May, not surprising after the stimulus induced buying spree earlier in the year. Sales were 13.7 percent higher than before COVID. Food service sales were only 4.0 percent below pre-COVID levels.
- Total personal income fell again—by 2.4 percent—continuing to normalize following March's stimulus-infused jump. Income was still 5.4 percent above the pre-COVID mark. 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 0.4 percent over the month and exceeded its pre-COVID level by 0.8 percent. Again, though total income has risen, we know that the already-skewed distribution of income has worsened during COVID, meaning the rich have gotten richer, the overall impact on the middle is unclear, while lower income households are undoubtedly worse off. Racial income and wealth divides have also more than likely worsened.

Inflation measures remained high in May. The CPI chained index rose at annualized rate of 9.9 percent and was up 5.0 percent over last May. However, prices took a dive last April, so the year-over-year comparison is a bit misleading. Compare this May with May 2019, and inflation has averaged 2.5 percent a year. So in large part we're seeing recovery in prices, not raging inflation.

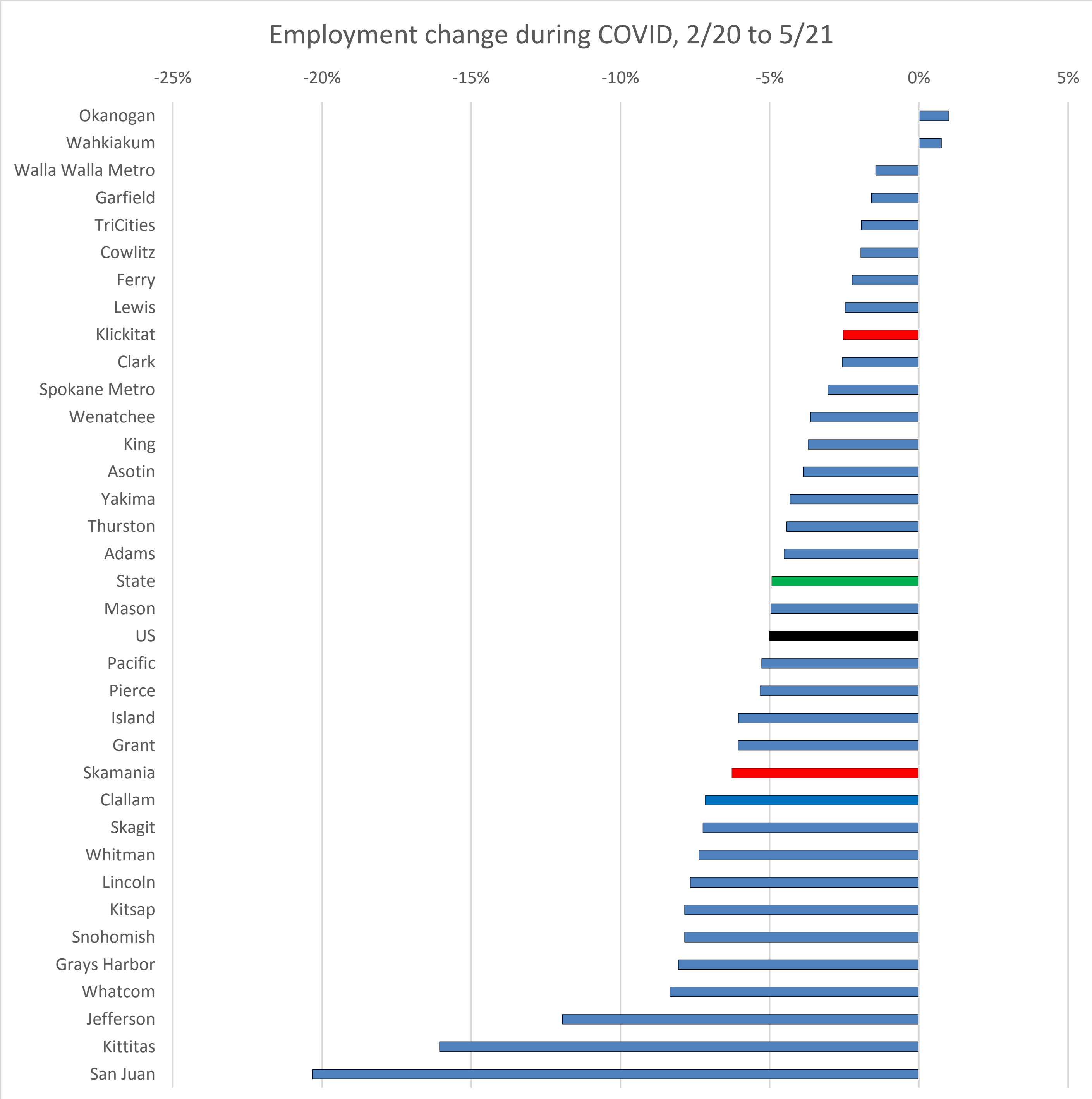
State of the States and Metro Areas

In May, Washington continued to do a little better, and Oregon a little worse, than the nation as a whole. The former added 8,300 jobs in May, following an upwardly-revised 13,200 jobs in April, putting employment at 4.9 percent below pre-COVID levels. Again, three out of four new jobs were in leisure & hospitality (mostly in arts, entertainment & recreation, only 2,100 out of 6,300 were in restaurants)—which was still 21 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 for the third month in a row, increasing its cyclical deficit to 34,700 jobs (-12 percent). Most of the loss came in aerospace due to both the decline in air travel and Boeing's missteps. Fabricated metals, machinery, electronics, food processing and printing were also lagging. Other services, which includes personal services (of which consumers may still be wary) lost 200 jobs over the month, and was 14,500 jobs (-11 percent) down for the cycle. State educational services (-8,300 jobs/-10 percent) and K-12 education (-19,000 jobs/-10 percent) were still slow on the comeback. 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.

Let's take a look at the rest of the state. The first chart shows job change dating back to the start of the Great Recession, through February 2020, the last month before COVID hit. The state as a whole had a much stronger recovery than the nation, but only three areas exceeded the state mark: Clark, the TriCities, and King. A number of other metro counties did better than the national average, while two non-metro counties east of the Cascades also did well. Klickitat's recovery was stronger into 2018 before weakening with the Insitu layoffs. Skamania's recovery lagged in part because the repurposing of the former Bonneville Hot Springs Resort has yet to materialize. Notice that most of the non-metro counties in the western part of the state never recovered or had only a very weak recovery: Grays Harbor, Wahkiakum, Pacific, Mason, Jefferson, San Juan, Clallam, Lewis.



With that as background, let's move on to the COVID recession.



Thus far the state has been doing slightly better than the nation, and Klickitat has been doing better than the state average. Skamania has been hit much harder—along with other tourism-reliant counties like the San Juans. Counties with a relatively high number of university jobs (like Kittitas) have also suffered higher job losses. Note that some counties that never recovered from the 2008 recession, like Jefferson, Grays Harbor and Clallam, have suffered a double-whammy with COVID.

Oregon added 6,900 jobs in May, following an upwardly-revised but still disappointing 3,700 job gain in April. 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.

Similar to last month, 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 "improved" to a COVID job loss of "only" -14.8 percent. Similarly, both metro areas were not doing as well as many of their siblings around the nation, but both fare better in the longer-term comparison.

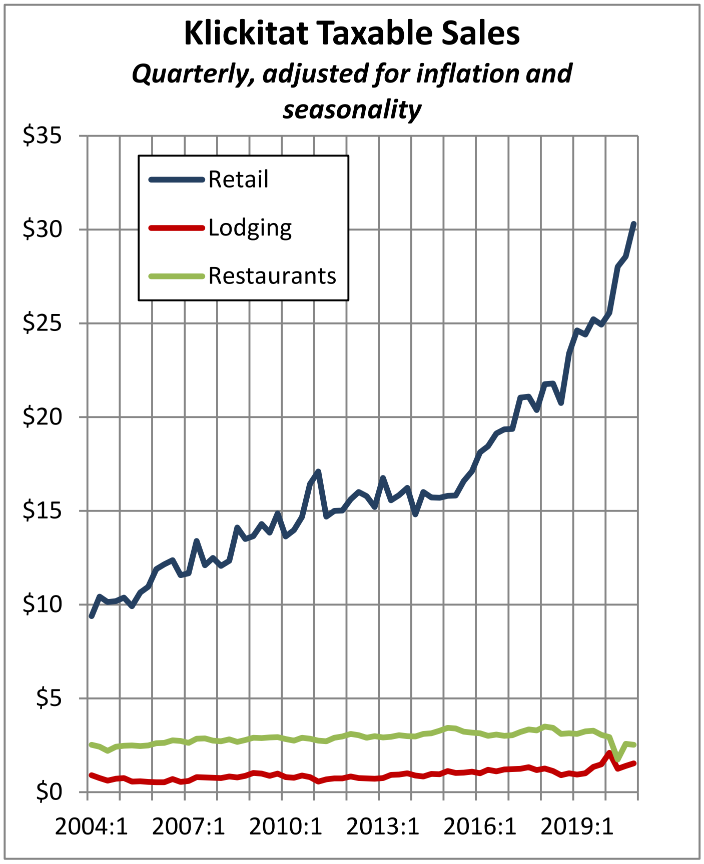
Unemployment in Oregon (5.9) and Portland (6.0) was slightly lower than the U.S. in May (6.1) (despite greater job loss), while the state of Washington was close to a point lower (5.3). There was likely considerable underemployment (workers working part-time due to having their hours cut), so the broader 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.

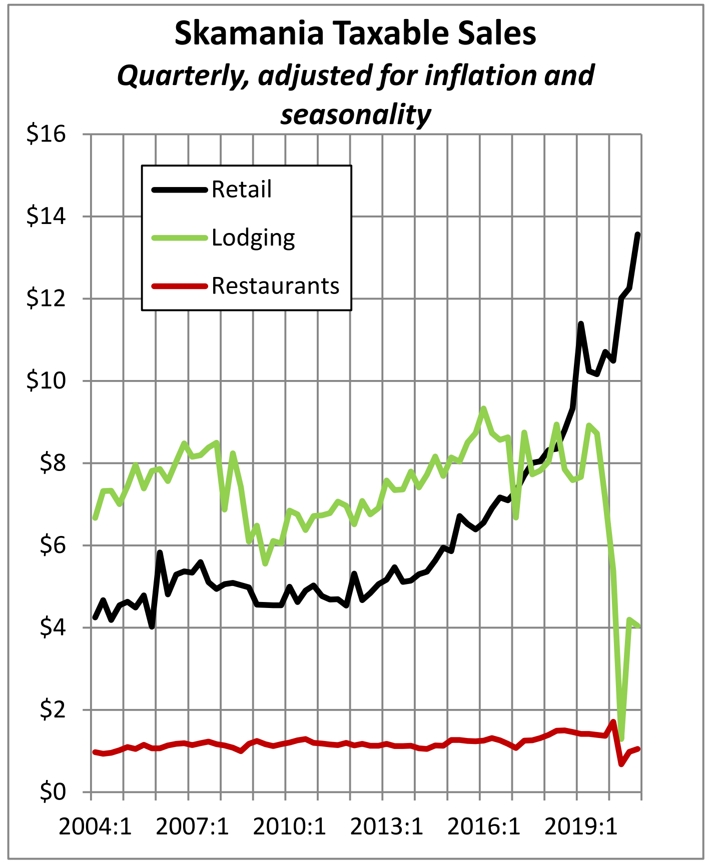
Monthly and cumulative employment change for the COVID recession by area					
Month	Washington	Seattle Metro	Oregon	Portland Metro	US
March	-23,100	-15,100	-14,600	-13,000	-1,683,000
April	-385,800	-191,700	-270,900	-166,600	-20,679,000
May	-11,500	-9,800	17,000	5,500	2,833,000
June	83,900	35,600	52,300	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	27,000	10,900	19,600	7,400	785,000
April	13,200	2,700	3,700	4,000	278,000
May	8,300	2,600	6,900	7,300	559,000
Net change	-173,100	-111,200	-109,000	-81,200	-7,629,000
Percent	-4.9%	-6.2%	-5.5%	-7.4%	-5.0%

Taxable sales

The numbers are in for the fourth quarter of 2020, when public health measures restricted business activity, particularly in restaurants. In Klickitat County:

- Taxable sales at retail outlets continued to rise sharply, with sales topping $30 million in the fourth quarter.
- Lodging sales reached $1.5 million, which matched where they were a year earlier.
- Restaurant sales remained depressed, declining slightly to $2.5 million, well under the pre-COVID average of $3.1 million.





In Skamania County:

- Same story for taxable sales at retail outlets—a continuing surge, up to $13.6 million in the fourth quarter.
- Lodging sales remained subdued at $4.0 million, half of the pre-COVID level.
- Restaurant sales increased slightly, but at $1.1 million were well below the $1.4 million pre-COVID baseline.

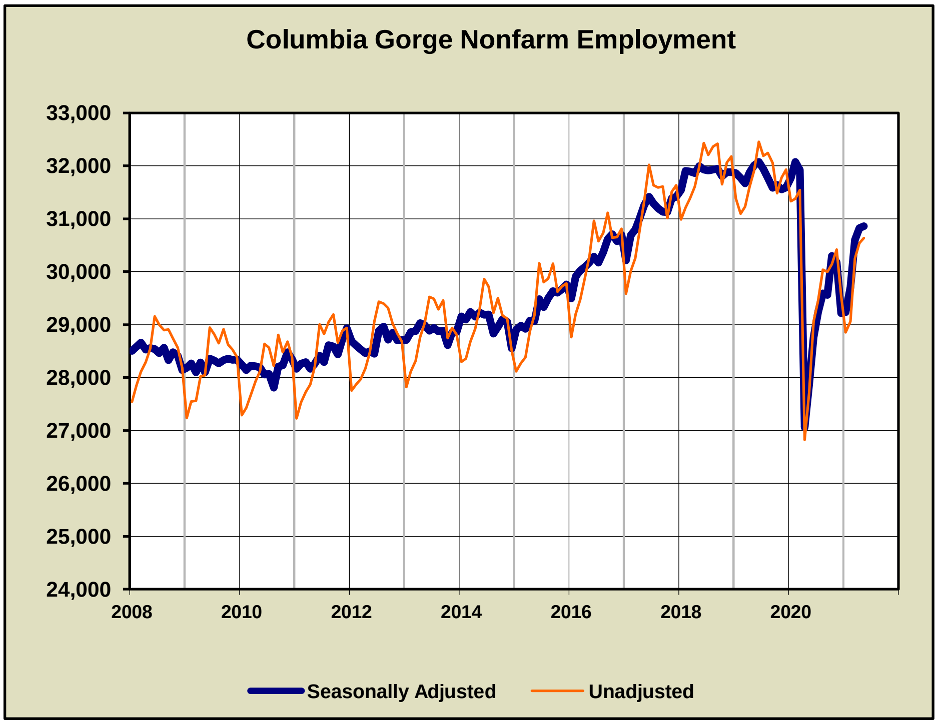
Population 2021

The state Office of Financial Management (OFM) just released estimates for state, county and city population in 2021. These estimates will all be revised when official 2020 Census data is released later on this summer.

Klickitat's population rose from 22,770 to 23,150, a gain of 1.7 percent. That was a bit faster than the previous year (1.5 percent) and the state average (1.4 percent). Most of the increase was in unincorporated areas, with the three incorporated cities (Goldendale, White Salmon, Bingen) up a collective 30 residents. Compared to the previous year, there was one more birth (213), seven more deaths (216). In Skamania, total population was estimated at 12,450, up 230 from 2020, a gain of 1.9 percent. Incorporated areas (Stevenson, North Bonneville) had 55 new residents, the rest were in unincorporated areas. There were 83 births and 117 deaths.

The Gorge

Gorge nonfarm employment was estimated at 30,635 jobs in May. Employment rose by 95 jobs from April—+35 jobs after adjustment for seasonal factors. Sectors adding employment: trade, transportation & utilities (+95), local government (+85), construction (+70), federal government (+45) and manufacturing (+40). On the downside: leisure & hospitality dropped by 280 jobs.



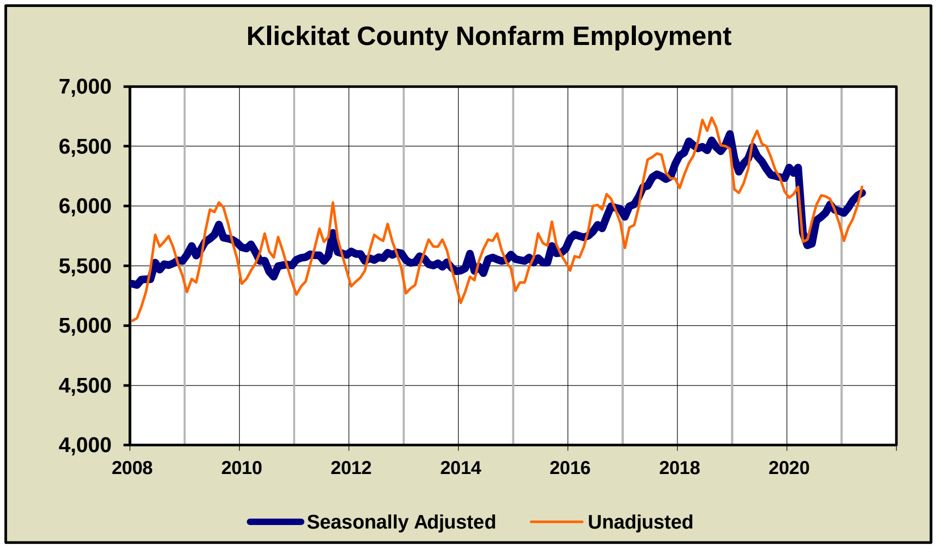
The over the year comparison is again a bit misleading because the economy was only one month away from rock bottom last May: +2,925 jobs. A more telling contrast was between current estimates and February 2020, when the recession began, after adjustment for seasonal factors:

Gorge Nonfarm Employment		
	Monthly Change	
Month	Not adjusted	SA
March	160	-151
April	-4,720	-4,865
May	890	812
June	1,350	894
July	390	470
August	590	355
September	-45	-30
October	145	740
November	275	-124
December	-865	-961
January	-700	23
February	210	472
March	1,190	892
April	290	223
May	95	35
Net change		-1,216
Percent		-3.9%

- Mining, logging & construction employed 1,650, which was a seasonally-adjusted increase of 20 jobs over February 2020 (+1.1 percent).
- Manufacturing employed 4,090, which a drop of 120 jobs, a 2.8 percent decline.
- Trade, transportation & utilities gained 290 jobs over the past 15 months, reaching 5,600, a 5.4 percent gain.
- Professional & business services employed 2,050, which was 130 jobs fewer (-5.9 percent) than before the recession began.
- Education & health services has added 120 jobs (+2.6 percent), rising to 4,830 jobs.
- Leisure & hospitality employment was estimated at 3,760 jobs, down 650 jobs from last February, a 13.7 percent decline.
- All other service industries—including information services, finance and real estate and other services—employed 2,635, a loss of 70 jobs (-2.5 percent) over the course of the recession.
- Government declined by 265 jobs to 6,020, -5.9 percent decline. The loss was concentrated in K-12 education.

The unemployment rate for the Gorge was estimated at 5.4 percent. That was 5.7 points lower than the 11.1 percent from last May. The very unofficial seasonally-adjusted rate dropped a tenth of a point to 5.3 percent. The rate was 3.8 percent in February 2020.

Klickitat Summary

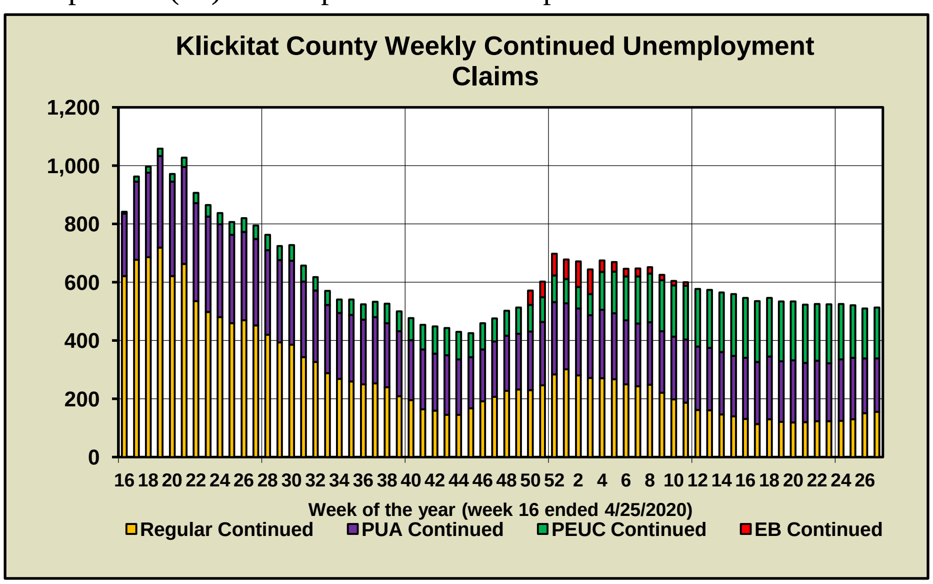


In May, nonfarm employment rose by 150 jobs in Klickitat County. Hiring occurred across the economy, led by leisure & hospitality at +50 jobs. Only professional & business services declined, and that by only 10 jobs.

The total job count of 6,160 jobs was 440 jobs—7.7 percent—above last May, when the economy was still in the abyss. A better comparison: seasonally-adjusted employment was 170 jobs (2.6 percent) below February of 2020. Over that same time period, three industries accounted for most of the loss: manufacturing (-50 jobs, mostly in beverage manufacturing), leisure & hospitality (-100 jobs) and K-12 education (-90 jobs). Other industries showed smaller changes over the year, including local government excepting education, +30, and education & health services, +30.

The county unemployment rate fell to 5.7 percent, well below the 10.3 percent posted last May. About 570 county residents were jobless and looking for work, almost 450 fewer than a year ago.

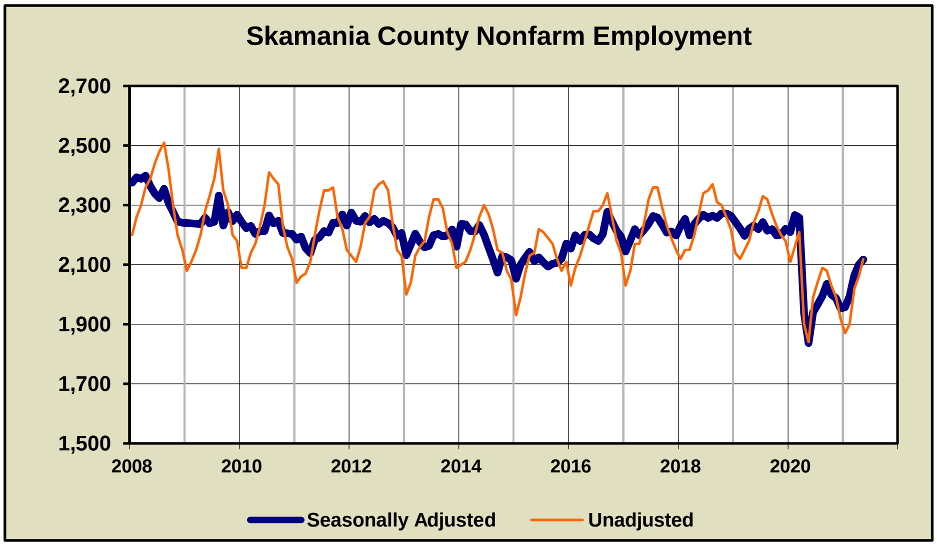
Unemployment claims counts continued to trend downward into July—but slowly. In the latest week (ending July 10), out of 513 continued claims, agriculture again had the highest number of claimants (53) followed by manufacturing (46), health care & social assistance (33), construction (29) and leisure & hospitality (24). About 40 percent (222) 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, construction trades were most impacted (58 claims), followed by managers (57), food service workers (51), and transportation & material moving occupations (43). The top individual occupations were construction laborers (18), hand packers/packagers (18), general managers (14), maids/housekeeping cleaners (14), carpenters (11), preschool teachers (11), childcare workers (11), logging equipment operators (11), teaching assistants (10), farmworkers (10) and janitors (10).



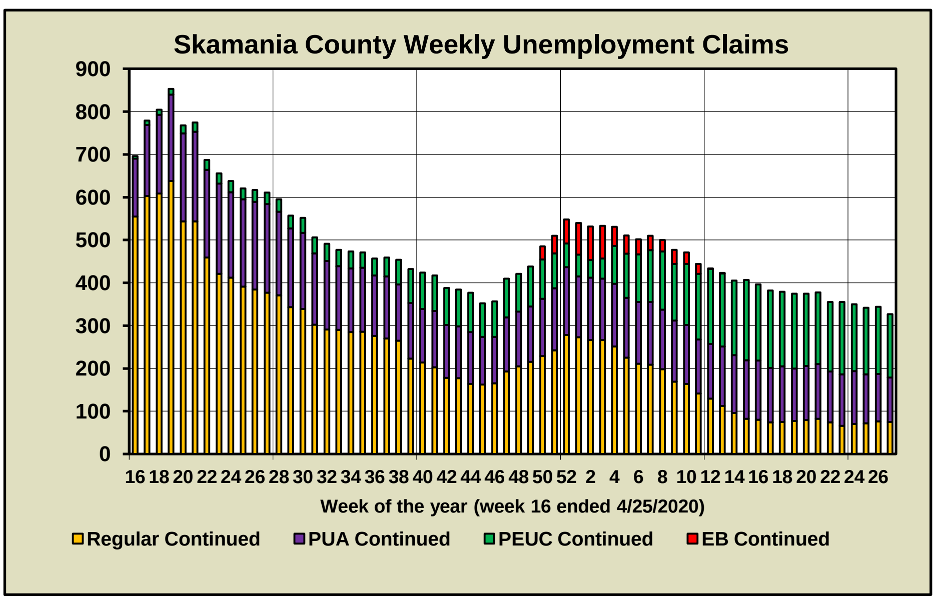
Demographics of claimants were little changed over last month, with the exception of an increase in Latinx claimants. Over half of the claimants (57 percent) were female (vs. women making up 44 percent of the labor force). A disproportionately high percentage (37 percent) had only a high school diploma, while 20 percent had taken some college courses but did not have a degree and 13 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 16 percent of claimants were in that category. About 18 percent identified as persons of color (primarily Latinx, 11.5 percent, multi-racial, 4.1 percent, Indigenous, 1.4 percent,), somewhat above the adult population (15 percent), with Indigenous workers over-represented. Forty-one of the claimants (8 percent) were veterans; 20 (4 percent) had some kind of disability.

Skamania Summary

Skamania County nonfarm employment totaled 2,120 jobs in May. That was 70 more than in April. Job gains were scattered across a number of industries, led by leisure & hospitality with +30. The total nonfarm employment was 280 more (15.2 percent) than May 2020 when the COVID recession was bottoming out. A more meaningful comparison: seasonally-adjusted job counts were 150 jobs (-6.6 percent) below February 2020, on the eve of the recession. Losses continue to be concentrated in accommodations & food services.



The county's estimated unemployment rate of 5.9 percent was seven points below last May's 13.0 percent. About 320 county residents were jobless and seeking work, 390 less than a year ago.



The number of continued unemployment claims filed by county residents declined into July, falling to 327 in the week ending July 10.

Accommodations & food services again had the highest number of claimants (55) followed by manufacturing (37) and educational services (19). Another 140 claimants (out of 327) 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 (48 claims) followed by managers (34), construction trades (26), sales workers (24) and office workers (24). The top four individual occupations were waiters/waitresses (16), teaching assistants (15) and massage therapists (14).

Similar to Klickitat, females were disproportionately represented among claimants (57 percent of claimants vs. 47 percent of the workforce). A disproportionately high percentage (39 percent) had only a high school diploma, while 23 percent had some college courses under their belt but no degree, 9 percent had an AA degree and 17 percent had a bachelor's or higher degree (vs. 24 percent of the total population). Over 12 percent identified themselves as a person of color, mostly Latinx (6.4 percent), multi-racial (2.8 percent) and Indigenous (2.4 percent). Three percent were veterans, and 4 percent had some sort of disability.