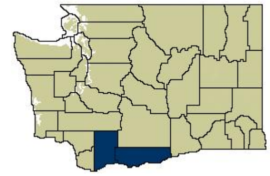
Washington State
Employment Security
Department

Klickitat and Skamania Counties



Labor Area Summary

June, 2021

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Monthly Review

Mars for the privileged
Earth for the poor
Mars terraforming slowly
Earth has been deformed
Just forget it, ya ain't coming here
The ticket's too dear
I stare sadly into my beer
That world no place for me
Red Mars
The czars
Live large
Red Mars for the rich, rich, rich

Red Mars for the Rich, King Gizzard and the Lizard Wizard

June 2021 Unemployment Rates			
	June 2021	May 2021	June 2020
Seasonally Adjusted:			
U.S.	5.9	5.8	11.1
U.S. U-6**	9.8	10.2	18.0
Washington	5.2	5.2	10.8
Oregon	5.6	5.8	3.6
Portland Metro	5.7	6.0	10.7
Columbia Gorge*	4.8	5.1	8.7
Unadjusted:			
U.S.	6.1	5.5	11.2
Washington	5.3	5.0	10.8
Oregon	5.3	5.3	10.4
Columbia Gorge*	4.9	5.1	8.8
Klickitat	5.3	5.3	9.4
Skamania	6.0	5.5	11.3
Hood River	5.2	4.8	8.8
Sherman	4.3	4.2	6.9
Wasco	4.2	5.4	7.8
Clark	5.1	5.0	11.2
Cowlitz	5.8	5.6	10.8
Wahkiakum	5.6	5.9	10.1
Portland Metro	5.1	5.1	10.9

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

The Big Picture

Crikey, what's it mean when I'm turning to heavy metal for lyrical inspiration? Hopefully I'll get back to Kenny G soon.

Well, where to start? COVID, which like a heavyweight fighter has taken our best shot and is now counterpunching and has us wobbling? Infection rates have been rapidly increasing in most states, with some still at a low level but others—like Louisiana, where the infection rate was 25 percent higher than the previous peak—were quite high. Note that actual infection rates are probably higher because many vaccinated people with non-serious symptoms are not being tested.

Climate change? Let me count the ways…The Bootleg Fire in southern Oregon—almost a month old, now thankfully 84 percent under control but still at risk due to high temperatures and winds—burned so intensely that it created its own weather patterns. And it's only the beginning of August! Then there's the 3.7 million acres burning in Siberia. And the town of Lytton, British Columbia which set a temperature record and then tragically burned to the ground. And the rolling blackouts in Spokane during the heat wave, due to an overwhelmed electrical grid. And the billions of shoreline animals that died from the heat. While we were preoccupied with our own local heat wave—

which killed almost 200 people here in the northwest—New York City had monsoon rains that flooded the subways. And mid-summer flooding in Europe. And this is only the (bad analogy) tip of the iceberg: wait another decade as the impacts go up exponentially—except (maybe) wildfires, which according to a University of Washington study, will decline because, well, everything that burns easily will have burned up already.

Closer to home: according to the USDA, 68 percent of the spring wheat crop in the Pacific Northwest was in poor or very poor condition, and wheat harvest in the Midwest is similarly threatened. That could affect transportation jobs locally, as much of that wheat is railed or barged to Vancouver and Kalama for export.

Our friend Dr. Doom (as if you haven't had enough) reminds us that the classic 1972 study *Limits to Growth* has been updated. The original study put out a range of scenarios for how we could come to grips with looming challenges such as resource depletion, overpopulation and environmental degradation. The baseline case: if we continued along the current path of rampant industrialization and consumption, it would lead to a decline in food production, industrial output, and population in the next century. The new study uses better, updated data, and a more sophisticated model, but finds that essentially we have been following the baseline case and so continue on the path to societal collapse. Disaster can still be averted through a massive investment in new technologies to counteract pollution and climate change, and a substantial change in societal values to stop population growth, improve education and healthcare, and reduce our consumer materialism.

Closing on a positive note: Iceland ran a four-year experiment, where almost 3,000 government workers had their 40-hour workweek reduced to 35 or 36 hours, with no cut in pay. The result: workers were happier, productivity went up, and overall production went up. The outcome was so positive that 86 percent of the country's entire workforce now has shorter working hours or the right to shorten their hours, with the same paycheck. I wonder if this would work in America… Nah, what am I thinking, that's just crazy talk.

National Outlook—current business cycle

The recession is over! It (meaning recession defined as the downturn) only lasted (officially) two months. The recovery is taking a wee bit longer. GDP was up, industrial production was up, employment was up, and personal income and retail sales, after adjusting for the ups and downs of stimulus dollars, were doing fine. Unfortunately, economic disparities around race and gender are still with us.

Another strong quarter for gross domestic product (GDP): growth for the second quarter of the year came in at 6.5 percent, slightly higher than the 6.3 percent for first quarter. GDP was 0.8 percent above the fourth quarter of 2019, meaning this measure has fully recovered.

Component of GDP	Change from 2019 Q4 to 2020 Q2	Change from 2020 Q1 to 2020 Q2	Change from 2019 Q4 to 2021 Q2
Total GDP	-10.1 percent	+6.5 percent	+0.8 percent
Consumer spending	-11.3 percent	+11.8 percent	+3.1 percent
Nonresidential investment	-10.5 percent	+8.0 percent	+1.1 percent
Residential investment	-4.4 percent	-9.8 percent	+16.3 percent
Exports	-23.9 percent	+6.0 percent	-10.1 percent
Imports	-20.1 percent	+7.8 percent	+4.5 percent
Government spending	+1.9 percent	-1.5 percent	+1.9 percent

Breaking it down by component, over the past six quarters: consumer spending and imports doing better than average (e.g. better than the overall 0.8 percent increase in GDP) thanks to the various income supports; a relatively small increase in overall government spending (with state & local spending likely down, federal up); a big drop in exports (global economy not doing well); about average increase in nonresidential investment (spending on physical items like buildings, machinery, equipment and software); and a huge jump in residential investment, probably tilted heavily towards single-family housing for higher-income homebuyers.

Nonfarm employment had its best month since last August, adding 850,000 jobs in June. The two industries that needed it the most led the way: leisure & hospitality (+343,000) and K-12 public education (+155,200).

Despite the gain, the nation was still almost 6.8 million jobs below February 2020, a 4.4 percent gap. And that's not counting the jobs that would be needed just to keep up with population growth over the past 16 months (in the neighborhood of 1.5 million). Leisure & hospitality improved to -2.2 million/-12.9 percent. Other major sectors varied from -0.8 percent (finance) to -6.1 percent (information services, which includes movie production and movie theaters). K-12 education was lagging by -5.2 percent.

One of the big debates has been the role of unemployment benefits in the current labor shortage. It's still early, but an initial analysis from economists at Morgan Stanley, looking at states that ended the federal support programs, concluded that "generous unemployment benefits are likely no more of a factor than other impediments, including childcare, transportation and health concerns" in workers' decision-making. Research by the San Francisco Federal Reserve Bank echoes that conclusion.

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	269,000
May	583,000
June	850,000
Net change	-6,764,000
Percent	-4.4%

Unemployment inched up, but by a tenth of a point, from 5.8 percent to 5.9 percent. A better indicator: the more inclusive U-6 rate, which includes part-time workers who can't find a full-time job, and discouraged workers who dropped out of the labor market, dropped by four tenths of a point to 9.8 percent. The labor force participation rate was also unchanged at 61.6 percent, still well below the 63.3 percent from February 2020. If participation hadn't changed, another 4.4 million people would have been in the labor market, raising the headline unemployment rate to 8.4 percent.

The table below shows that different types of workers have been affected differently by and responded differently to employment loss. Some who have lost their job have remained in the labor market, while others have dropped out of the labor market and are not included in the calculation of the unemployment rate. Also—not shown in the table—the labor force for some groups has grown even apart from the decline in the participation rate. For example, even though

The numbers have all improved over the past few months, especially for African American men. Some disparities remain, however.

The table shows three statistics. Looking at the top line, the official unemployment rate has risen by 2.4 points, and the labor force participation rate has fallen by 1.7 percentage points; overall, the number of employed individuals has fallen by 4.5 percent. Several demographic groups have had higher than average job loss: African American women, Latinas; and those with less than a bachelor's degree in education. Note that the impact on white women has been slightly more than on white men but well below the job loss experienced by Black and Latinx women.

A reminder that it's important to note that Asian American workers are very diverse. A look at more detailed annualized data (comparing annualized 2019 and 2020 data not available on a monthly basis) reveals, for example, that employment loss among Vietnamese, Filipino, Japanese, and Chinese Americans has been greater than average.

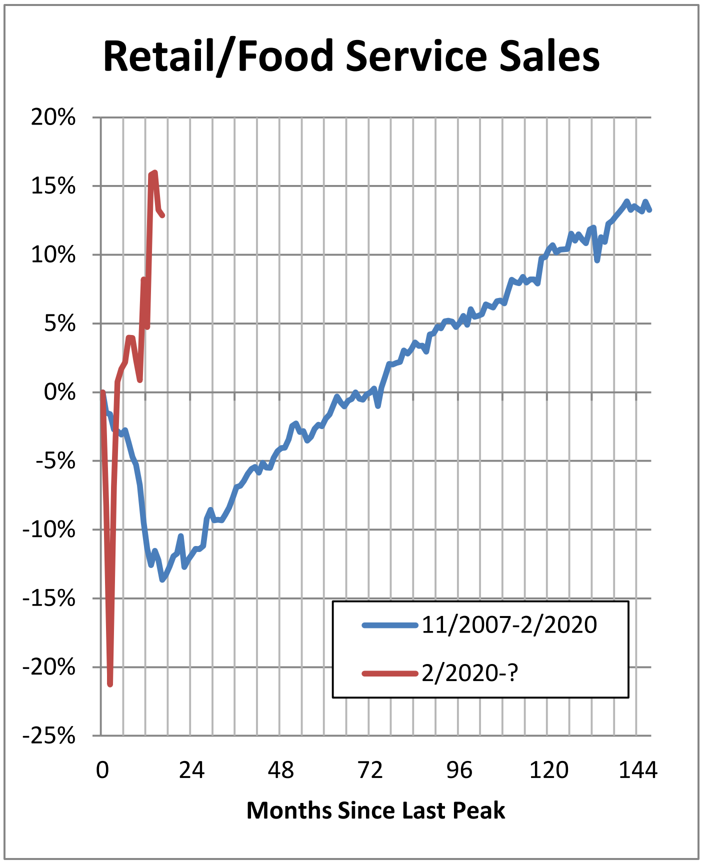
Change in Unemployment Rate, Participation Rate, Employment Since February 2020			
All workers, aged 16+	+2.4	-1.7	-4.5%
Women	+2.4	-1.6	-4.6%
Men	+2.7	-1.7	-4.4%
White	+2.2	-1.9	-4.7%
African American	+3.2	-1.5	-4.7%
Latinx	+3.0	-2.5	-4.6%
Asian American	+3.4	-0.9	-4.7%
Workers aged 20+:			
African American women	+3.7	-3.0	-6.8%
African American men	+4.0	-0.1	-2.4%
Latinx women	+3.0	-3.1	-5.9%
Latinx men	+3.4	-1.7	-3.3%
White women	+2.2	-1.8	-4.8%
White men	+2.4	-2.0	-4.7%
Workers aged 25+:			
Less than HS Diploma	+4.4	-3.6	-10.1%
HS/GED only	+3.5	-2.4	-7.2%
Some College	+2.8	-1.5	-5.9%
Bachelor's or more	+1.6	-0.9	-0.7%

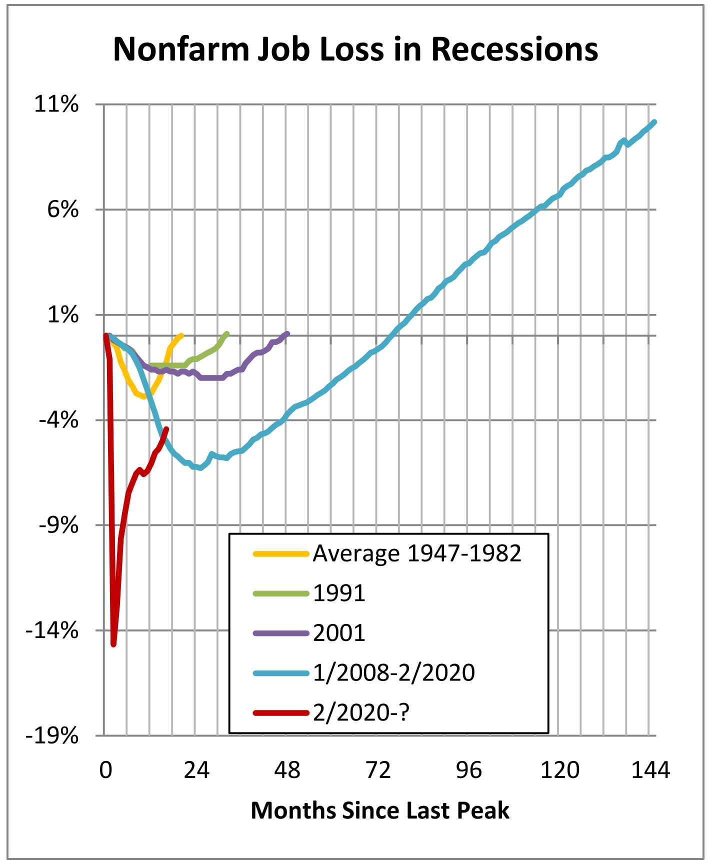
- Industrial production continued to increase, rising by 0.4 percent in June. Production was still 1.2 percent below pre-COVID levels. Breaking production into its three components: factory production was unchanged over the month (blame the supply chain issues), and was off 0.6 percent from February 2020. Mining (mostly petroleum production and fracking) increased 1.4 percent over the month, still a far cry---8.6 percent—from before the pandemic. Energy production was up 2.7 percent in June (those air conditioners suck up the BTUs) and up 2.1 percent from February 2020.
- Total personal income fell by 2.4 percent in May (June data not yet released), but when transfer payments like Social Security, Medicare and unemployment insurance benefits are factored out, income rose by 0.4 percent. What this means is that income generated by economic activity (like wages and earnings from self-employment) increased over the month. Compared with February 2020, total income was higher by 5.4 percent; if transfer payments were excluded, income gains were limited to 0.8 percent.
- Retail and food service sales declined in June by 0.4 percent. Despite the drop, sales were still a whopping 12.9 percent higher than pre-pandemic. Food service sales were up 1.5 percent over the month, and 2.4 percent since the pandemic began. That means restaurants have either automated where they can (e.g. online or electronic ordering) and/or are working their staff to the bones.

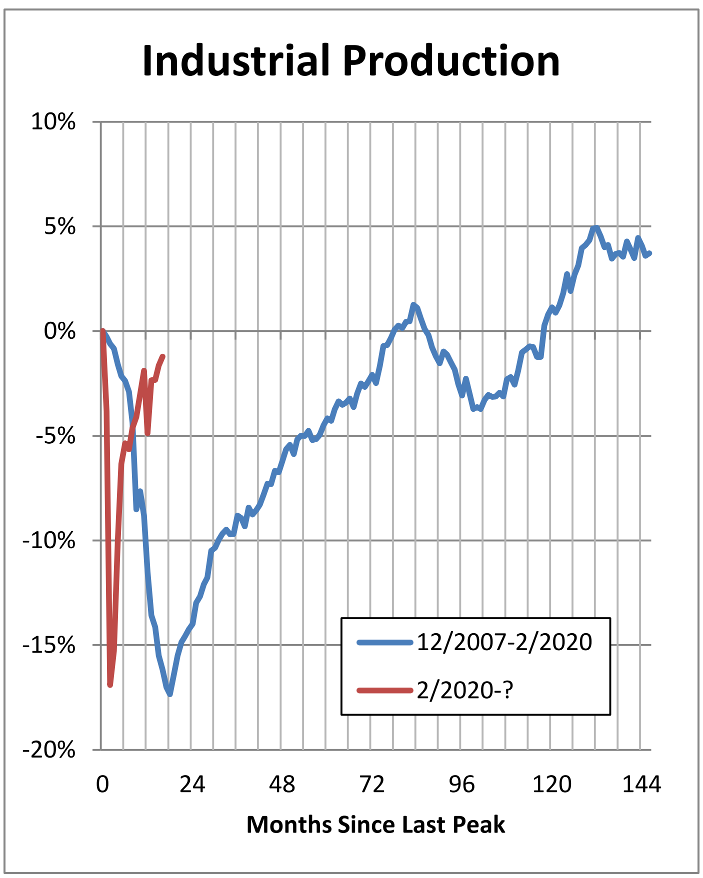
Inflation continued to increase. Over the past four months the chained Consumer Price Index (C-CPI-U) rose at annualized rates of 8.8 percent, 10.4 percent, 9.9 percent, and finally10.9 percent in June. An alternative measure, the Personal Consumption Expenditures (PCE) deflator, rose at lower but still high rates (7.2, 6.2, and 6.3 percent, respectively). A lot the increase was still catching up with low inflation or even price declines due to COVID; comparing this June with June 2019, and inflation has averaged 2.0 to 3.0 percent a year, depending on which measure one uses. A third of the increase in inflation over the past month was due to the spike in used car prices.

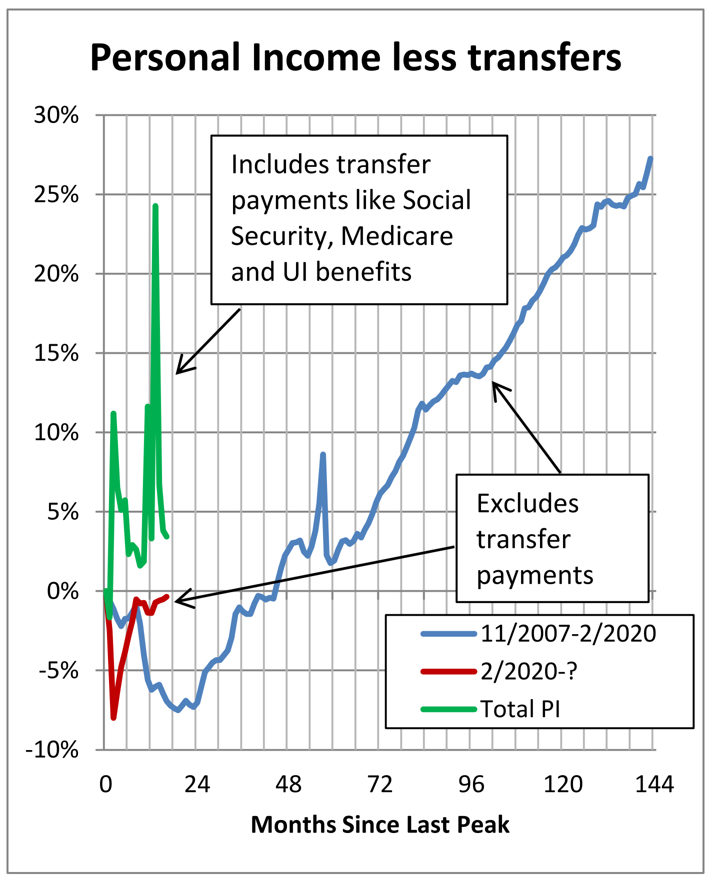
State of the States and Metro Areas

Like the U.S., both states had big job gains in June, especially Washington, which added 24,100 jobs. Hiring continued to be strong in leisure & hospitality, which with 4,200 additional jobs gained back 1.5 percent of its deficit—which was still 19.6 percent below the pre-COVID level. Industries that were fully recovered or within a percentage point included construction, wholesale trade, retail trade, information services, finance & insurance, professional services, private educational sevices, along with inpatient health care, social assistance, and the federal government. Manufacturing declined by 400 jobs in June, pushing its cyclical loss to 34,700 jobs (-11.8 percent). Most of the loss came in food processing. Segments that continue to struggle: fabricated metals, machinery, electronics, aerospace, food processing and printing. Employment services, which has shown little change over the past few months, was up by 1,100 jobs, a good sign if it persists. Both private educational services and state educational services had big increases over the month on a seasonally-adjusted basis, while only adding a relatively small number of jobs on an unadjusted basis. That's one of the figments of using seasonally adjusted data—these industries, operating at a lower employment base, did not have the usual large seasonal layoffs in June, which translated into a sizable increase after adjustment.


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

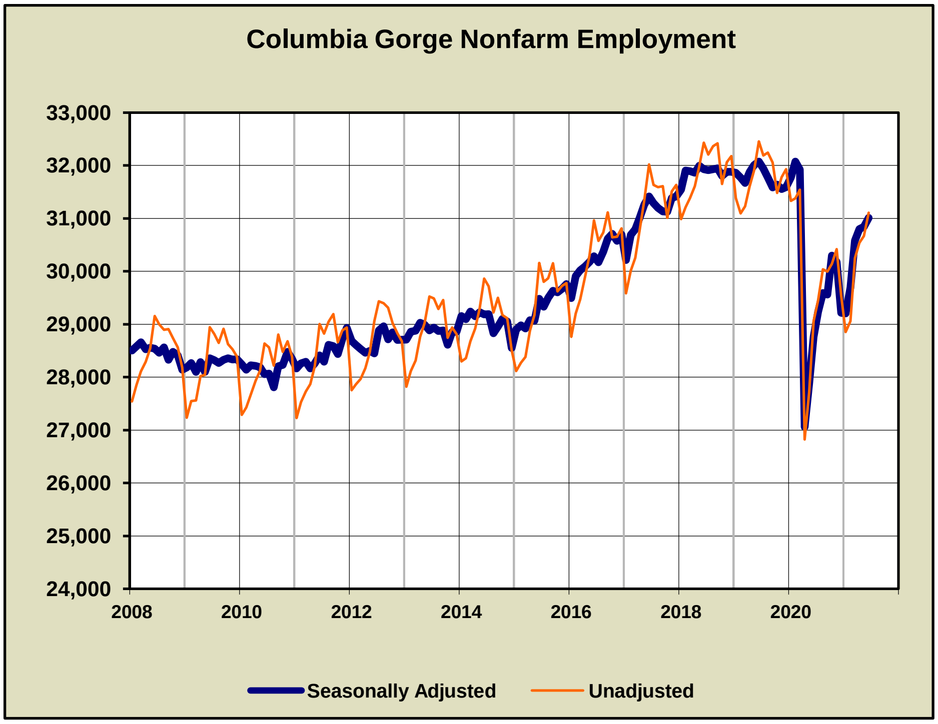
Monthly and cumulative employment change for the COVID recession by area					
Month	Washington	Seattle Metro	Oregon	Portland Metro	US
March	-23,100	-15,100	-14,600	-13,000	-1,683,000
April	-385,800	-191,700	-270,900	-166,600	-20,679,000
May	-11,500	-9,800	17,000	5,500	2,833,000
June	83,900	35,600	52,300	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	269,000
May	9,100	2,500	4,700	6,400	583,000
June	24,100	9,000	7,500	6,200	850,000
Net change	-148,200	-102,300	-103,700	-75,900	-6,764,000
Percent	-4.2%	-5.7%	-5.3%	-6.8%	-4.4%

Oregon added 7,500 jobs in June, its best month since March. Three industries accounted for the bulk of the hiring: trade, transportation & utilities, education & health services, and other services. Accommodations & food services was unchanged over the month, and remained 19.7 percent short of pre-COVID levels. Industries which have recovered (or were close to it): trade, transportation & utilities, finance & insurance, professional services and the federal government.

Same as last month: Portland and Seattle both improved but 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.

Unemployment in Oregon (5.6) and Portland (5.7) was slightly lower than the national rate in June (5.9), while the state of Washington was lower at 5.2 percent. There continues to be considerable underemployment (workers working part-time due to having their hours cut), so the broader U-6 labor utilization rate (which also includes “marginally attached” workers who have been in the labor force in the past year but not in the current was probably significantly higher, close to the U.S. rate of 9.8 percent.

The Gorge



Seasonally-adjusted nonfarm employment in the Gorge rose by 170 jobs in June. The preliminary estimates (revisions coming next month!) over the past three months show the labor market adding 140 jobs a month. As an exercise in perspective, it would take about seven months at that rate for employment to reach its pre-COVID level. Hopefully job growth will quicken its pace.

Unadjusted employment rose by 440 jobs over the month. Sectors adding employment included leisure & hospitality (+225), local government (+70), trade, transportation & utilities (+45), manufacturing (+40), construction (+30), and state government (+30). On the downside: education & health services dropped by 50 jobs.

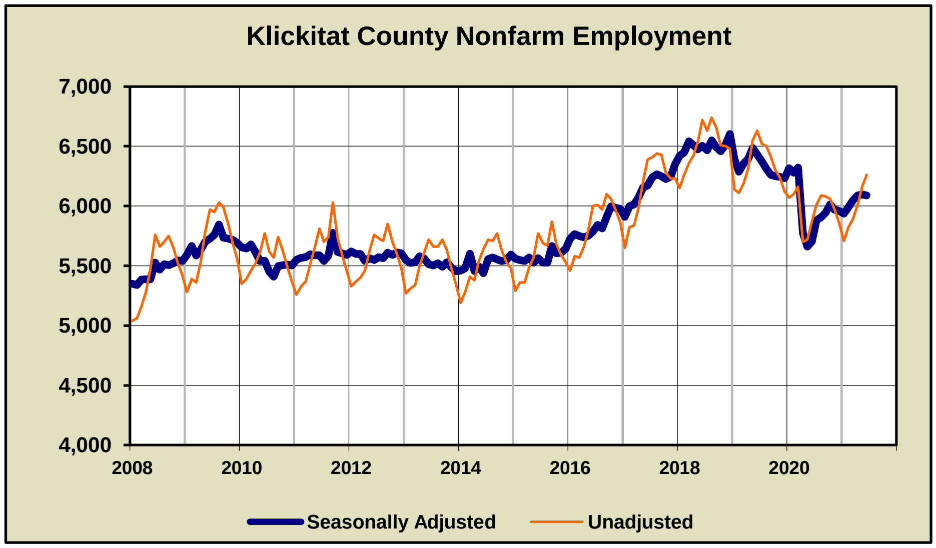
Gorge Nonfarm Employment		
	Monthly Change	
Month	Not adjusted	SA
March	160	-154
April	-4,720	-4,867
May	890	793
June	1,350	1,082
July	390	293
August	590	359
September	-45	-21
October	145	741
November	275	-119
December	-865	-953
January	-700	-12
February	210	489
March	1,190	888
April	290	218
May	125	42
June	440	169
Net change		-1,052
Percent		-3.9%

The over the year comparison (+2,045 jobs) is yet again a bit misleading because the economy was only two months away from rock bottom last June. A more telling contrast was between current estimates and February 2020, when the recession began, after adjustment for seasonal factors:

- Mining, logging & construction employed 1,680, which was a seasonally-adjusted increase of 25 jobs over February 2020 (+1.6 percent).
- Manufacturing employed 4,130, which a drop of 25 jobs, a 0.6 percent decline.
- Trade, transportation & utilities gained 195 jobs over the past 16 months, reaching 5,640, a 3.6 percent gain.
- Professional & business services employed 2,070, which was 130 jobs fewer (-5.8 percent) than before the recession began.
- Education & health services has added 100 jobs (+2.2 percent), rising to 4,780 jobs.
- Leisure & hospitality employment was estimated at 4,025 jobs, down 710 jobs from last February, a 14.5 percent decline.
- All other service industries—including information services, finance and real estate and other services—employed 2,650, a loss of 110 jobs (-3.9 percent) over the course of the recession.
- Government declined by 230 jobs to 6,130, -3.8 percent decline. The loss was concentrated in K-12 education.

The unemployment rate for the Gorge was estimated at 4.9 percent. That was 3.9 points lower than the 8.8 percent from last June. The very unofficial seasonally-adjusted rate dropped three tenths of a point to 4.8 percent. The rate was 3.8 percent in February 2020.

Klickitat Summary

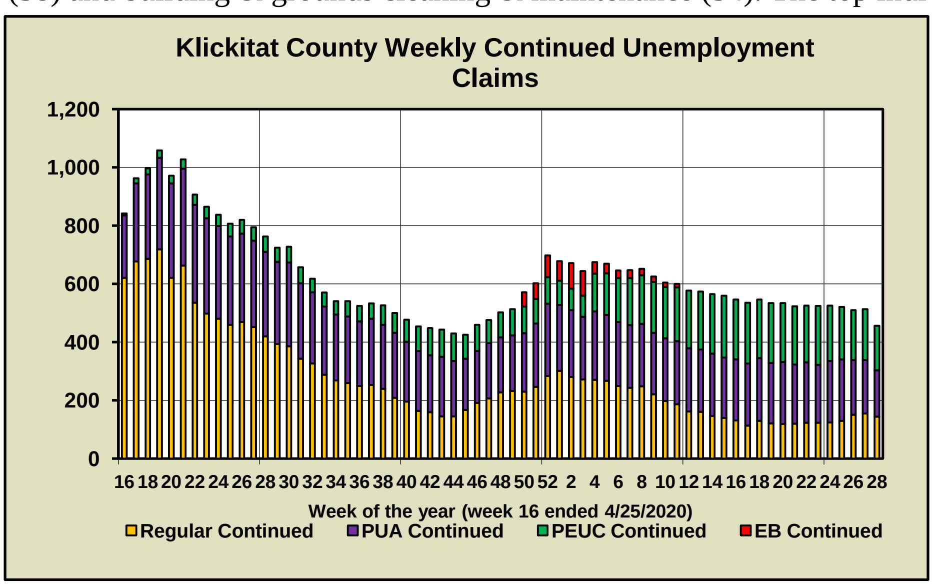


According to preliminary estimates, the recovery stalled a bit in Klickitat County in June. Nonfarm employment slipped by 10 jobs on a seasonally adjusted basis. Unadjusted job counts rose by 100 jobs, with half of the gain in leisure & hospitality, and little change in other industries.

The county had 6,260 jobs—390 more than last June, when the economy was still reeling. A better comparison: seasonally-adjusted employment was 190 jobs (-3.0 percent) below February of 2020. These preliminary estimates, to be revised with next month's release, had Klickitat with a lower percentage job loss than the comparables (see table next page). Over that same time period, three industries accounted for most of the loss: manufacturing (-40 jobs, mostly in beverage manufacturing), leisure & hospitality (-90 jobs) and K-12 education (-80 jobs). On the plus side: local government excepting education, +30, and construction, transportation services, and education & health services, all at +20.

The county unemployment rate was estimated at 5.3 percent, identical to the revised May rate, and thankfully well below the 9.4 percent from last June. About 560 county residents were jobless and looking for work, almost 410 fewer than a year ago.

In the week ending July 17, unemployment claims counts had their biggest weekly decline this year, falling from 513 to 456. That week, agriculture again had the highest number of claimants (48) followed by manufacturing (35), health care & social assistance (31), construction (25) and leisure & hospitality (22). Over 40 percent (197) 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, managers were most impacted (58 claims), followed by construction trades (52), food service workers (40), transportation & material moving occupations (38) and building & grounds cleaning & maintenance (34). The top individual occupations were hand packers/packagers (16), construction laborers (15), general managers (14), maids/housekeeping cleaners (14), preschool teachers (12), carpenters (11), teaching assistants (10), and janitors (10).

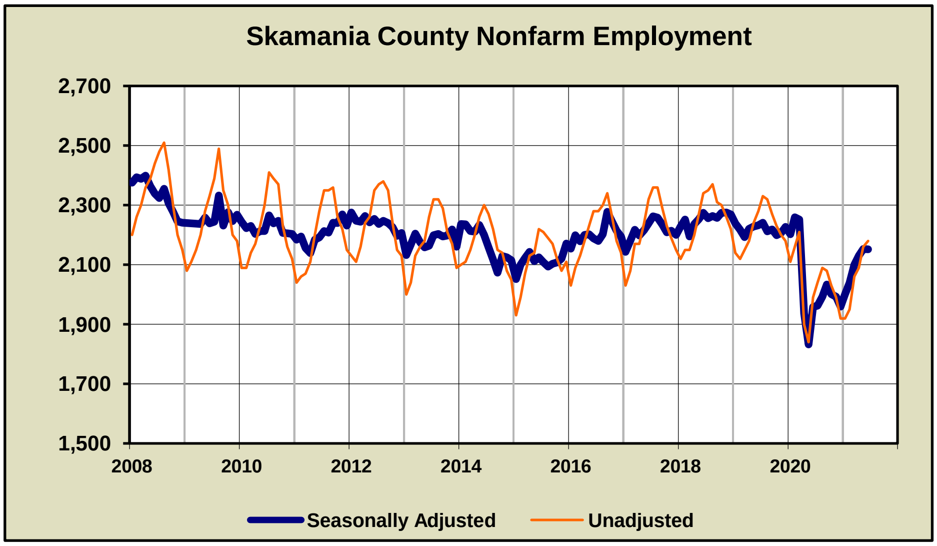


Demographics of claimants were little changed over last month. Over half of the claimants (58 percent) were female (vs. women making up 44 percent of the labor force). A disproportionately high percentage (36 percent) had only a high school diploma, while 22 percent had taken some college courses but did not

Job Loss Since February 2020	
Klickitat	-3.0 percent
Skamania	-4.8 percent
The Gorge	-3.9 percent
U.S.	-4.4 percent
Washington	-4.2 percent
Oregon	-5.3 percent
Portland Metro	-6.1 percent

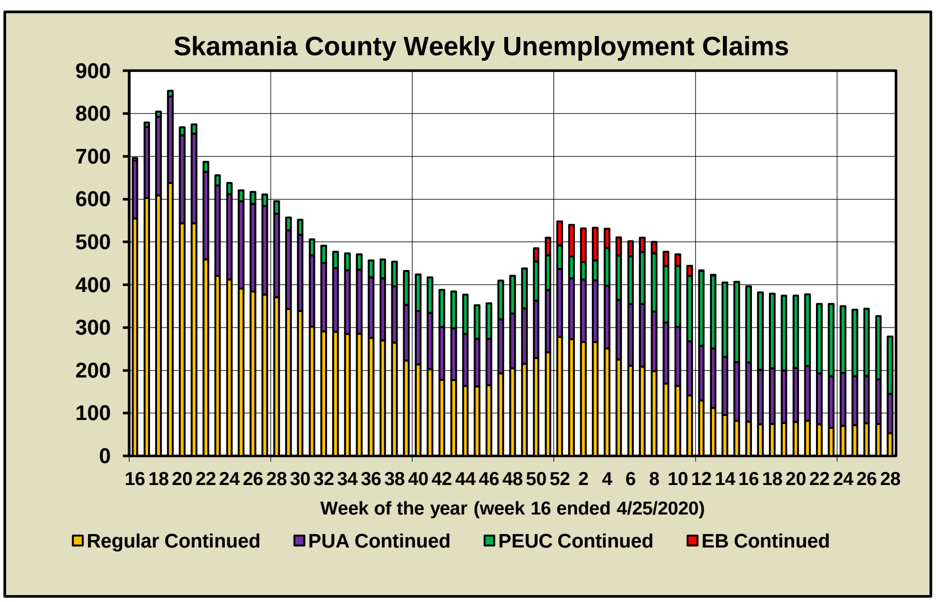
have a degree and 14 percent had an AA (both roughly matching the general population). While 29 percent of the general population had a bachelor's or higher degree, only 15 percent of claimants were in that category.
About 17 percent identified as persons of color (primarily Latinx, 10.5 percent, multi-racial, 3.3 percent, Indigenous, 1.8 percent,), a bit above the adult population (15 percent), with Indigenous workers over-represented. Claimants who were veterans dropped to 29 (6 percent), while 20 claimants (4 percent) had some kind of disability.

Skamania Summary



Skamania County nonfarm employment rose by 20 jobs in June to a total of 2,180 jobs. Hiring matched the usual seasonal pattern, meaning there was no change in seasonally-adjusted employment. The county had 190 more jobs than in June 2020. Job gains were scattered across a number of industries, led by leisure & hospitality with +120. A more meaningful comparison: seasonally-adjusted job counts were 110 jobs (-4.8 percent) below February 2020, on the eve of the recession. Losses continue to be concentrated in accommodations & food services. These preliminary estimates (to be revised with next month's release) indicate that Skamania has had a similar job loss to other areas (see table above).

The county's estimated unemployment rate of 6.0 percent was more than five points below last June's 11.3 percent. About 330 county residents were jobless and seeking work, 280 less than a year ago.



Like Klickitat, Skamania had a sharp decline in the number of continued unemployment claims filed by county residents in the week ending July 17. The drop from 327 to 279 was the largest since the early weeks of the pandemic.

Accommodations & food services again had the highest number of claimants (38) followed by manufacturing (31) and educational services (21). Another 122 claimants 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 (36 claims) followed by construction trades (27), managers (24), educators (23), sales workers (19) and office workers (19). The top individual occupations were teaching assistants (15), waiters/waitresses (13), and massage therapists (11).

Similar to Klickitat, females were disproportionately represented among claimants (58 percent of claimants vs. 47 percent of the workforce). A disproportionately high percentage (41 percent) had only a high school diploma, while 24 percent had some college courses under their belt but no degree, 8 percent had an AA degree and 15 percent had a bachelor's or higher degree (vs. 24 percent of the total population). Over 13 percent identified themselves as a person of color, mostly Latinx (7.5 percent), multi-racial (2.5 percent) and Indigenous (2.5 percent). Four percent were veterans, and 3 percent had some sort of disability.