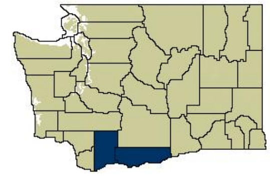
Washington State
Employment Security Department

October, 2021

Klickitat and Skamania Counties

Labor Area Summary

Volume 2021, Number 8



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Monthly Review

I'd give you everything I got
For a little peace of mind…

I'm So Tired, The Beatles

The Big Picture

Climate change? Bring it on. If global leaders can't even agree to phase out burning coal…

Your slip is showing. A number of years ago, the leak of the "Panama Papers" showed how rich individuals and corporations avoided taxation and government oversight by shifting money into legal trusts that are effectively anonymous. This year there have been two more leaks—one of income tax returns of very wealthy individuals, and another of the dealings of one single trust based in South Dakota—that showed again how little tax is paid by the upper 1 percent, and the lengths to which the global elite will go to avoid paying their fair share to support public services. Sigh. We will never have any kind of tax justice until these trusts and global tax loopholes are shut down.

The long and short of it. The economy is beset by supply chain disruptions and labor shortages. While COVID is the proximate cause of both of them, long-term structural issues underlie both of them. Matt Stoller, one of our leading experts on monopolies (I highly recommend his newsletter), has pointed out how the flourishing of monopolies, the growth of private equity buyouts, and deregulation of industries like shipping and finance are the underlying causes of the supply chain problems. (Those of you who have seen me present may have heard me railing about these issues. For years.)

Here's a sneak peak at a draft of two sections of a chapter I'm writing for my department's annual report:

October 2021 Unemployment Rates

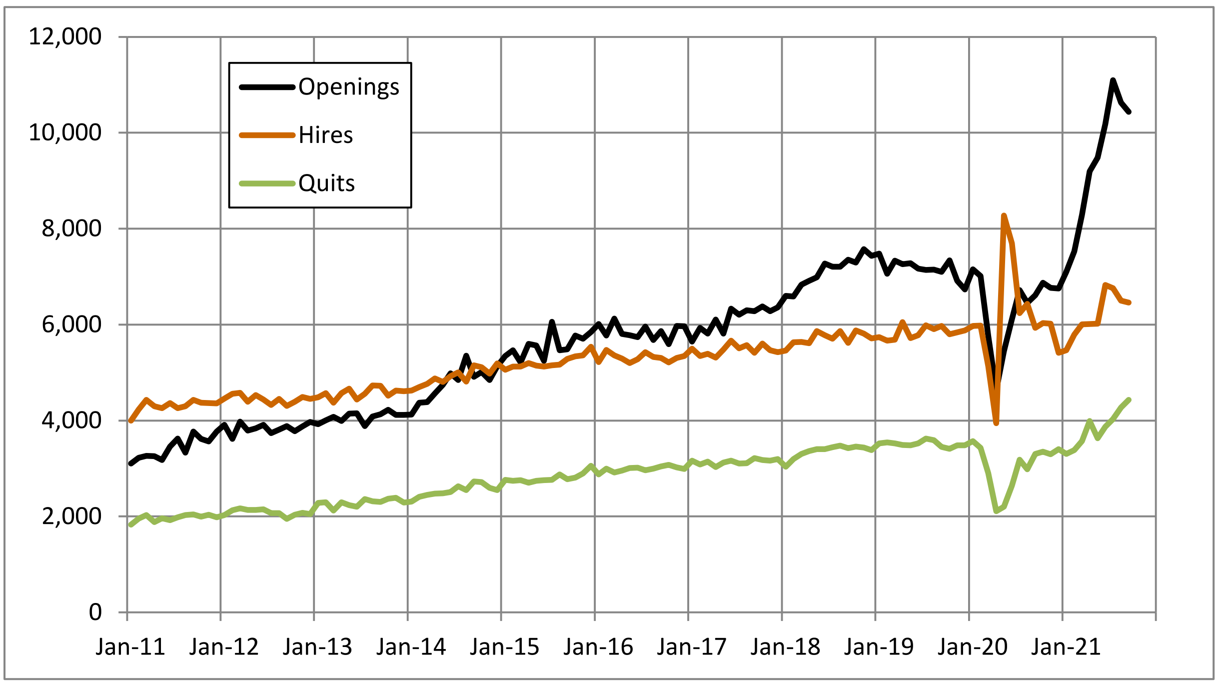
	Oct. 2021	Sep. 2021	Oct. 2020
Seasonally Adjusted:			
U.S.	4.6	4.8	6.9
U.S. U-6**	8.3	8.5	12.1
Washington	5.0	5.1	7.0
Oregon	4.4	4.7	7.0
Portland Metro	4.3	4.7	7.0
Columbia Gorge*	4.4	4.6	6.7
Unadjusted:			
U.S.	4.3	4.6	6.6
Washington	4.4	4.4	6.3
Oregon	3.4	4.2	6.5
Columbia Gorge*	4.0	4.0	6.3
Klickitat	4.7	4.8	6.8
Skamania	5.1	5.2	6.1
Hood River	3.4	4.0	6.7
Sherman	4.3	4.6	6.6
Wasco	4.4	4.4	6.3
Clark	3.4	4.2	6.5
Cowlitz	4.0	4.0	6.3
Wahkiakum	4.7	4.8	6.8
Portland Metro	5.1	5.2	6.1

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

From labor surplus to labor shortage

And then, seemingly in a flash, the nation pivoted from massive unemployment to a labor shortage. Beginning in January 2021, job openings soared well above previous historical highs (see Figure 1-5), peaking at just under 11.1 million in July. One would have thought, with over 10 million unemployed and over 4 million people who dropped out of the labor force, that employers would have been deluged with job applicants. One would have been wrong, however. While there has been solid job growth during 2021, and unemployment steadily declined, hiring didn't increase nearly as much as job openings. Even more unexpectedly, the number of people quitting their job rose to record highs during the summer. The quit rate—the percentage of incumbent workers who quit their job—averaged 2.3 percent in 2019. It rose to 2.8 percent in April 2021 and then hit a high of 3.0 percent this September—3.4 percent in the private sector. By industry, rates were highest for accommodations & food services (6.6 percent), arts, entertainment & recreation (5.7 percent), and retail trade (4.4 percent)—all lower-wage industries with many jobs working closely with the public, increasing the risk of exposure to COVID, and with reports of growing abuse from customers. The quit rate was markedly lower for large employers (5,000+ employees, only 1.0 percent). A number of employers were raising entry-level wages and offering signing bonuses, which may be effective in attracting some workers but not others.

Figure 1-5. Job openings, hires and quits, adjusted for seasonal patterns
United States, February 2020 through September 2021
Source: U.S. Bureau of Labor Statistics/JOLTS



The reasons for these divergent trends were manifold, overlapping, and difficult if not impossible to quantify. They included:

- COVID. Many potential workers remained worried about exposure to COVID in the workplace.
- Childcare/caring for school-age children. Availability of affordable childcare was an issue before the pandemic, particularly for the growing number of parents whose work schedules changed weekly on an unpredictable basis. COVID only exacerbated this challenge—and as noted above, formal childcare employment was still 10 percent below pre-pandemic levels. Also, parents of school-age children (especially mothers) had to deal with students who initially were learning in a virtual or hybrid setting, and then were sometimes unexpectedly sent home due to exposure to COVID at school.
- Unemployment benefits. With normal unemployment benefits augmented initially by $600 per week, later by $300 per week, some former low-wage workers received more in benefits than they did from work. A

number of states ended federal programs early in order to address that issue, anticipating that there would be a flood of jobseekers. That didn't happen. The result instead was a modest upward bump in employment. One survey found that the augmented unemployment benefits may have been a factor for one out of six potential workers staying out of the labor force, which roughly matched with the results in those states.

- Working conditions. Americans work longer hours, with less vacation, weaker workplace protections (e.g. having a regular work schedule), less in the way of benefits like sick leave, more expensive and lower quality health care, and weaker social support systems than workers in most industrialized countries. With COVID giving many workers some time to think about their lives and their values, millions of workers have re-evaluated what they want from a job. Anecdotally, for example, some better-paid workers have opted out of the rat race and sought lower-pressure jobs with a shorter work week. Some lower-wage workers, meanwhile, realizing they were stuck in a dead-end job, have sought work that was more-rewarding, both personally and in terms of wages and benefits.
- Retirements. A recent study by the San Francisco Federal Reserve Bank suggested that the rate of retirement has sped up. There may be (again) a variety of reasons for this trend—ranging from upper income workers who saw their investments appreciate to the point where they could afford to retire early, to lower-income workers who, desperate for income, enrolled in Social Security (at a greatly reduced monthly benefit check compared with waiting a few years more).
- Mismatches between jobs in demand and the skills of unemployed workers, and the location of job openings and the location of workers. Shortages that were occurring before COVID came back into focus again as the economy recovered.

Employers have enjoyed the upper hand in the labor market for much of the past 45 years, with the result being stagnant wages for workers without a bachelor's degree, an erosion of benefits, harsher working conditions, and policies and practices which impeded unionization. Temporarily, at least, the balance of power has shifted slightly towards workers. The big question for the coming year is how long and to what extent this shift will play out, specifically in terms of wages, benefits and working conditions.

Supply chain and inflation

The first notice that COVID had affected the supply chain for goods and services came early in the pandemic with the (thankfully temporary) shortage of toilet paper. When consumers wondered why it would take so long to end the shortage, they discovered an inconvenient truth about present-day manufacturing. In the past, factories were built with extra capacity, to accommodate ups and downs in the demand for products. Over the past few decades, however, there has been a big push for efficiency and "just-in-time" production, and capacity has been squeezed out of the production system. As a result, TP makers couldn't ramp up production, and it took quite a while before availability was back to normal.

As COVID progressed, other shortages began to crop up as well. The nation struggled to keep up with the demand for effective masks and other personal protective equipment and COVID tests. Then automakers cut short their production, due to a shortage of computer chips. These shortages were compounded when semiconductor plants overseas were shuttered due to COVID infections—in turn caused by hoarding of vaccines by richer nations and the refusal of the large vaccine manufacturers to relax their patent rights and allow generic manufacturers to provide effective vaccines at a reduced cost in lower-income countries (in fact, they have raised their prices to increase their already substantial profits). Supply chain issues then worsened and generalized when ports became a traffic jam and the whole system of getting imports off of ships and onto store shelves seemed to seize up.
While COVID has been the proximate cause of supply chain issues, the underlying causes have been decades in the making. These root causes include:

- Lax enforcement of anti-trust laws, allowing monopolies and quasi-monopolies to develop in numerous industries.

- Offshoring of manufacturing and parts suppliers. Some of this has been abetted by large retailers forcing their finished goods suppliers to continually lower their costs (which led to downward pressure on wages for domestic suppliers and more offshoring).
- The shift of manufacturers using a single supplier, leading to consolidation of smaller suppliers—consolidate or die, since larger businesses often have a cost advantage over smaller producers. Of course, once a single business has captured a niche, it can then raise prices without being challenged by competitors.
- Deregulation of shipping industries. Ocean shipping, for example, shifted from being a well-regulated industry with large and small competitors, transparent prices, and stability across business cycles to oligopolies that became extremely concentrated, highly profitable (with their own version of added fees and surcharges that are the bane of consumers of other services) and, after initial productivity gains, less and less efficient.

Systems analysts contrast systems that are "loosely-coupled" and "tightly-coupled". The former have built-in redundancy, so that if one part of the system fails, there are alternatives at hand. They are less efficient in the short run, but more resilient. Tightly-coupled systems have eliminated slack, operate more efficiently in the short term, but when one part fails, there is a cascading domino effect the leads to major damage—think of the financial system in 2008-09, when the implosion of Lehman Brothers almost brought the whole system down.

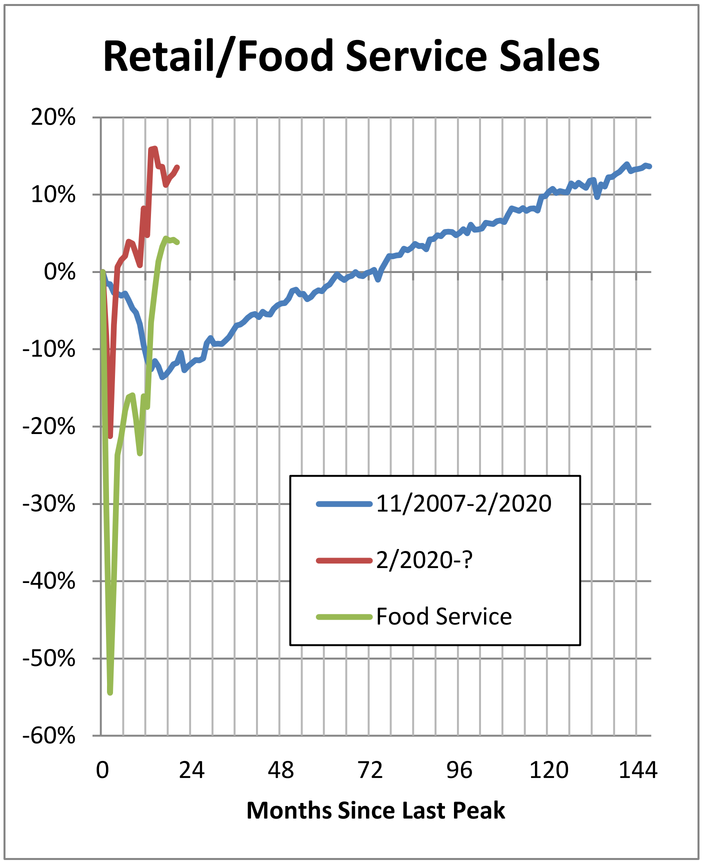
When COVID hit, it exposed these often invisible changes in markets. At points in the supply chain where there was little or no competition, prices and profits went up. If that supplier happened to be overseas, the cost of shipping went up, and availability went down or disappeared. Supply chain issues may abate as COVID eases, but they are not going away, and will return in force when the next crisis hits, be it an earthquake, hurricane, pandemic or bank failure. They are baked in to the current structure of the economy. It will take substantial re-regulation of key industries, enforcement of anti-trust laws, and "re-shoring"—domestic investment to create more competition in the supply chain—to permanently restore resiliency to the supply chain.

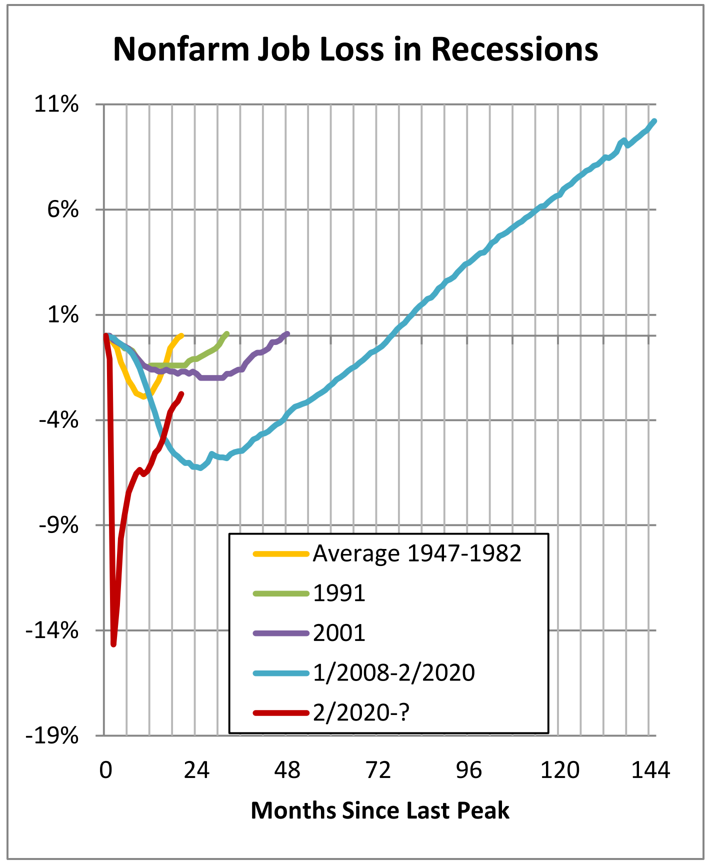
Shortages and increased market power have led to increased prices and the highest inflation rate seen since the early 1990s. To the extent that inflation has been caused by supply bottlenecks, the normal policy response—increase interest rates to lower consumer demand—will not work, and will instead result in higher unemployment coexisting with rising prices.

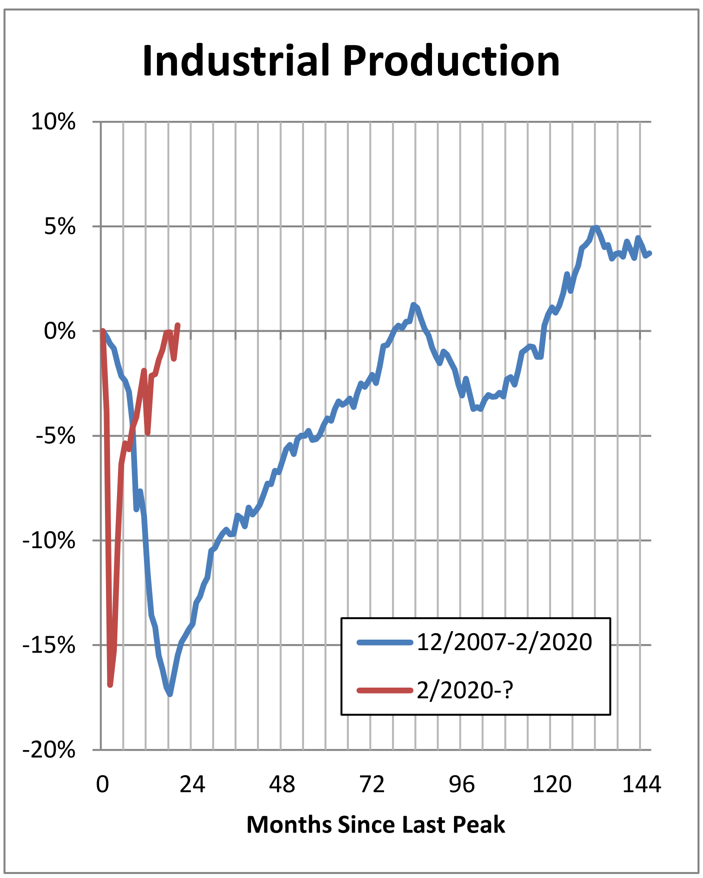
I'd appreciate any feedback or questions you have about these issues.

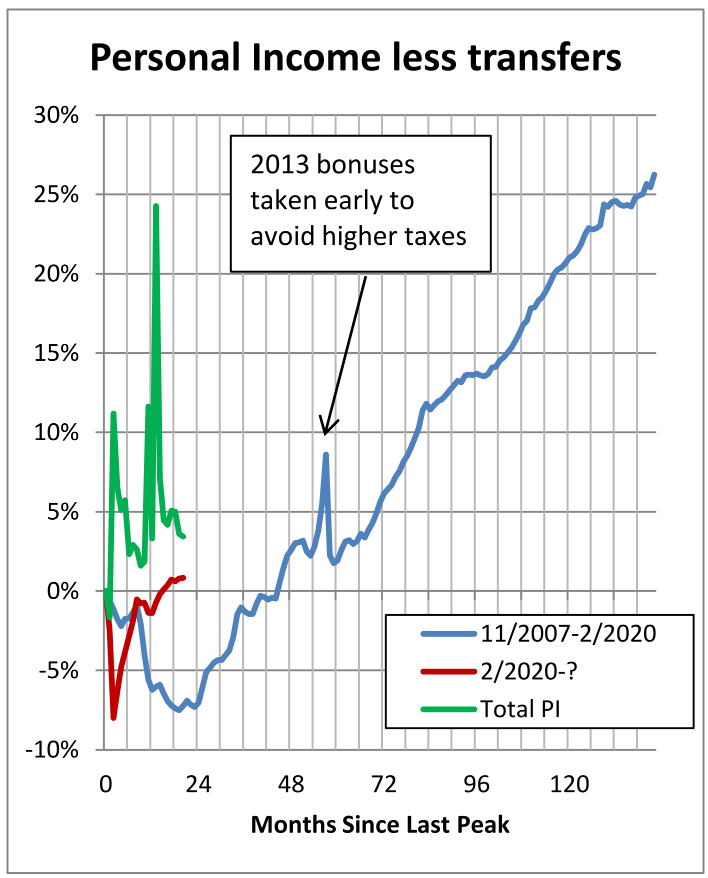
The Nation—current business cycle

Nonfarm employment for August and September was revised upward, and October outdid both of them at +531,000 jobs. The nation was still 4.2 million jobs short of the February 2020 pre-COVID peak, a 2.8 percent gap. Again, that's not counting the jobs that would be needed just to keep up with population growth over the past 18 months (in the neighborhood of 1.8 million). The big deficits in terms of numbers of jobs: leisure & hospitality (-1,383,000, -8.2 percent, about half in restaurants), state & local government (-928,000, -4.6 percent, a majority in public education), and private education & health services (-795,000, -3.7 percent, half in nursing homes). Transportation & warehousing has fully recovered (+148,900, +2.6 percent) despite woes at airlines (-50,300, -9.7 percent), as has financial & insurance services (+40,200, +0.6 percent). Some gory details: we're still wearing our pajamas all day, indicated by the state of apparel manufacturing (-11,000, -10.5 percent) and clothing retailers (-206,300, -16.2 percent). Also, a big drop in the film and recording industry (-92,200, -20.9 percent), solid growth in professional services (+298,200, +3.1 percent), the decline at staffing agencies (-173,300 jobs, -5.9 percent), the worsening situation at nursing & residential care facilities (-4.1 percent in the first two months of the reception, -7.1 percent by last September, further down to -406,200 jobs, -12.0 percent in October), and the ongoing crisis in childcare centers (-105,400, -10.1 percent).


Retail/Food Service Sales
20%
10%
0%
-10%
-20%
-30%
-40%
-50%
-60%
0
24
48
72
96
120
144
Months Since Last Peak
11/2007-2/2020
2/2020-?
Food Service


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
Months Since Last Peak
2013 bonuses taken early to avoid higher taxes
11/2007-2/2020
2/2020-?
Total PI

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	614,000
June	962,000
July	1,091,000
August	483,000
September	312,000
October	531,000
Net change	-4,204,000
Percent	-2.8%

<u>The unemployment rate has fallen by a point and a half over the past six months</u>, from 6.1 percent in April to 4.6 in October. 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, has dropped even more, from 10.4 percent to 8.3 percent, still more than a point above the pre-COVID 7.0. The <u>labor force participation rate hasn't changed much in over a year</u>, currently at 61.6 percent, well below the 63.3 percent from February 2020. The drop in the participation rate was the equivalent of 4.5 million people withdrawing from the labor market. About 1.3 million of them specifically cited COVID as preventing them from looking for work. Another 1.5 percent of the employed reported being unable to work some time during the month due to COVID impacting their employer through loss of business or closure—down from 20 percent early in the pandemic. Teleworking specifically due to COVID has steadily declined from 35.4 percent of total employed back in May, 2020 to 11.8 percent in October.

The table to the right continues our look at who has been hit the hardest by COVID, looking at unemployment, labor force dropouts, and employment. Note the disparities in the unemployment rate before the onset of the pandemic, reflected in the first column. Looking at the top line, the official unemployment rate for all workers has risen by 1.1 percentage points from February 2020 to October 2021, and the labor force participation rate has fallen by 1.7 percentage points; overall, the number of employed individuals has fallen by 3.0 percent. Employment (the third column) is the bottom line, and as the table shows, in October only two groups had higher employment now than before: those with a bachelor's or higher in formal education, and Asian Americans. 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 was greater than average.

Unemployment Rate, and the Change in Unemployment Rate, Participation Rate, Employment Since February 2020

Type of worker	Feb. 2020 Rate	Change in: UR	LFPR	Emp.
All workers, aged 16+	3.5%	+1.1	-1.7	-3.0%
African American	6.0%	+1.9	-2.0	-3.8%
Latinx	4.4%	+1.4	-2.3	-1.9%
Asian American	2.5%	+1.8	+1.1	+0.1%
White	3.0%	+1.0	-1.7	-3.1%
Workers aged 20+:				
Women	3.1%	+1.2	-1.9	-3.6%
Men	3.2%	+1.1	-1.8	-2.6%
African American women	4.9%	+2.1	-3.0	-5.3%
African American men	6.0%	+2.3	-1.3	-2.4%
Latinx women	4.9%	+0.8	-3.7	-3.9%
Latinx men	3.2%	+2.0	-1.3	-0.7%
White women	2.8%	+1.1	-1.8	-3.6%
White men	2.8%	+0.8	-1.8	-2.7%
Workers aged 25+:				
Less than HS Diploma	5.8%	+1.6	-1.2	-8.4%
HS/GED only	3.5%	+1.9	-3.3	-4.8%
Some College	3.0%	+1.5	-1.9	-6.5%
Bachelor's or more	1.9%	+0.5	-1.3	+1.2%
By age group:				
Teenagers (16 to 19)	11.5%	+0.4	+0.2	-1.0%
Ages 20-24	6.3%	+1.2	-1.5	-3.9%
Ages 25-34	3.7%	+1.1	-1.3	-2.9%
Ages 35-44	2.7%	+1.1	-1.6	-1.0%
Ages 45-54	2.5%	+1.3	-0.7	-3.5%
Ages 55+	2.6%	+1.0	-1.9	-3.4%

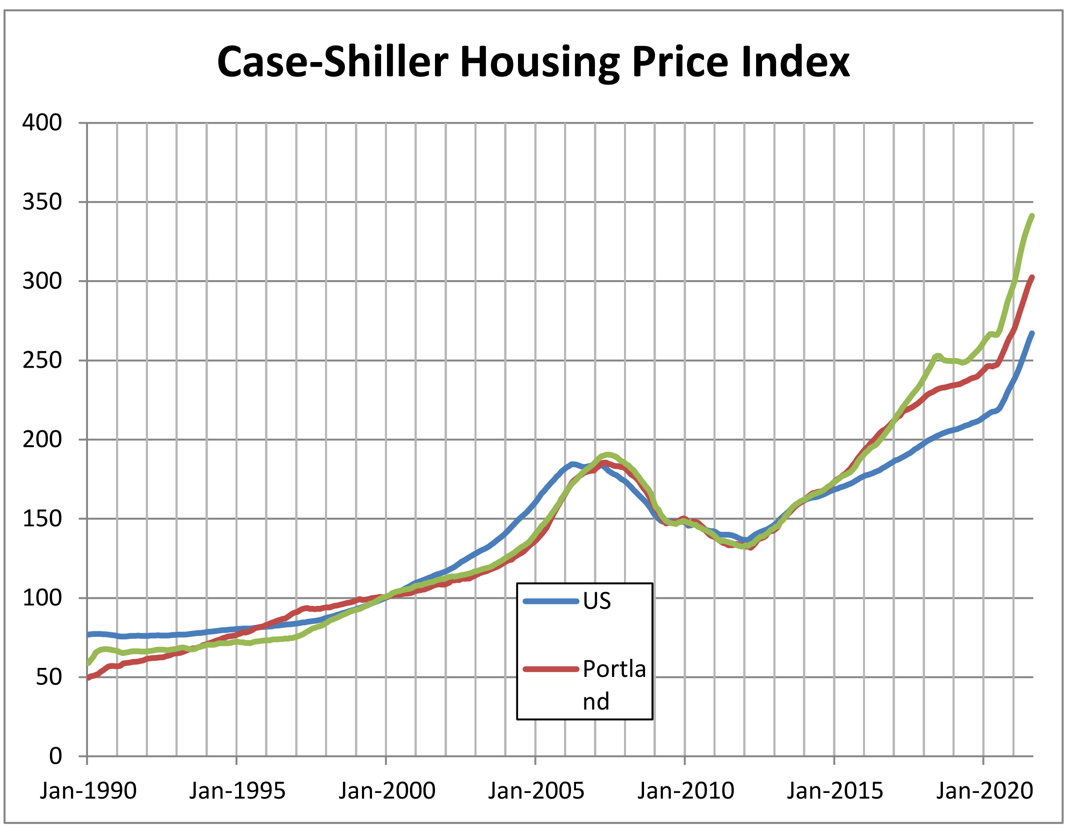
As has been consistent through most of the recession, several demographic groups have had higher than average job loss: African American women, Latinx women, and those with less than a bachelor's degree in education. Until recently, African American men were also hit harder by job loss. Through July, the impact on white women was only slightly worse than on white men, but that gap has widened in the past three months.

- GDP rose by 2.0 percent in the third quarter of 2021, and was 1.4 percent above pre-pandemic levels. The big weak spot: exports, still off by -10.3 percent.
- Industrial production jumped by 1.6 percent in October, the largest gain in seven months, and was fully recovered, topping pre-COVID levels by 0.3 percent. Breaking production into its three components: factory production rose by 1.3 percent over the month and was 1.6 percent higher than pre-COVID—despite supply chain issues. Auto production has been on the rise, so maybe the semiconductor shortage has abated. Mining (mostly petroleum production and fracking) increased 4.1 percent over the month, but was a big -8.5 percent lower than before the pandemic. Energy production was up 1.2 percent over the month and 1.9 percent from February 2020.
- Total personal income slipped by 0.2 percent in October, but when transfer payments like Social Security, Medicare and unemployment insurance benefits were factored out, income was unchanged. What this means is that income generated by economic activity (like wages and earnings from self-employment) didn't change over the month, while transfer payments declined a bit. Compared with February 2020, total income was higher by 3.4 percent; if transfer payments were excluded, incomes were 0.8 percent higher.
- Retail and food service sales have their third straight strong month, rising 0.7 percent in October. That pushed sales 13.5 percent higher than pre-pandemic levels. Food service sales declined slightly over the month, but were still 3.5 percent higher than before the pandemic began. Anecdotally, the high quit rate in restaurants has been linked to staff being overworked due to ~~the labor shortage~~ wages being too low and working conditions so poor.

Inflation hit double digits in October, with the CPI chained index rising at an annualized rate of 10.1 percent. A lot of that was still catching up with low inflation or even price declines due to COVID; comparing this October with October 2019, inflation has averaged 3.0 percent a year. The combination of supply shortage, rising wages and market power has pushed prices up.

Our famously broken housing market

A picture's worth a thousand words. The chart to the right shows the trends in home prices in each area, compared with the year 2000 (when the index was set to 100). Since then, the national average price has gone up 167 percent. In the Portland metro area, prices have tripled (202 percent) and Seattle even more so (341 percent). Los Angeles and San Diego were worse.



State of the States—and PDX

Washington had two good months of job creation in August and September, adding 16,400 jobs and 18,800 jobs, before slowing in October at +6,300 jobs. The state's job gap closed to 95,400 jobs or 2.7 percent—a bit more than preliminary estimates after benchmark revisions. Some key industries: leisure & hospitality (-11.6 percent during COVID) remains in critical condition, down 47,000 jobs (half of the total jobs deficit). Manufacturing remained 8.8 percent in the hole, with aerospace accounting for 21,900 of the 26,000 job deficit. Fabricated metals and machinery (which probably include some aerospace suppliers) were also ailing. Other services, which include personal services like hair salons and many non-profits, were still 7.3 percent below pre-COVID levels. Public education struggled, with university/college staffing off by 11,500 jobs (-14.1 percent) and K-12 schools employing 11,200 (-6.3 percent) fewer personnel. On the plus side: prepackaged software and computer systems design, two key tech industries, were both up more than 6 percent. Warehousing & storage, a relatively small industry, has grown by almost a third (32.7 percent).

Monthly and cumulative employment change for the COVID recession by area					
Month	Washington	Seattle Metro	Oregon	Portland Metro	US
March	-22,600	-15,800	-14,600	-13,000	-1,683,000
April	-387,300	-191,400	-270,800	-166,700	-20,679,000
May	-11,900	-10,500	16,600	5,900	2,833,000
June	83,600	34,900	53,100	28,400	4,846,000
July	38,300	12,700	38,500	22,700	1,726,000
August	29,900	13,400	17,500	10,200	1,583,000
September	15,000	13,500	6,700	2,000	716,000
October	4,700	1,000	9,400	6,200	680,000
November	7,200	1,000	600	300	264,000
December	-9,000	-6,500	-17,900	-9,700	-306,000
January	5,500	-500	1,700	4,200	233,000
February	21,700	9,800	15,100	7,200	536,000
March	23,100	7,600	25,600	12,500	785,000
April	20,800	9,800	8,100	5,100	269,000
May	2,700	-300	-1,000	2,500	614,000
June	17,100	9,300	6,500	5,100	962,000
July	24,300	11,600	17,800	7,100	1,091,000
August	16,400	10,800	8,900	9,000	483,000
September	18,800	11,400	700	3,600	312,000
October	6,300	8,800	4,700	6,500	531,000
Net change	-95,400	-69,400	-72,800	-50,900	-4,204,000
Percent	-2.7%	-3.9%	-3.7%	-4.1%	-2.8%

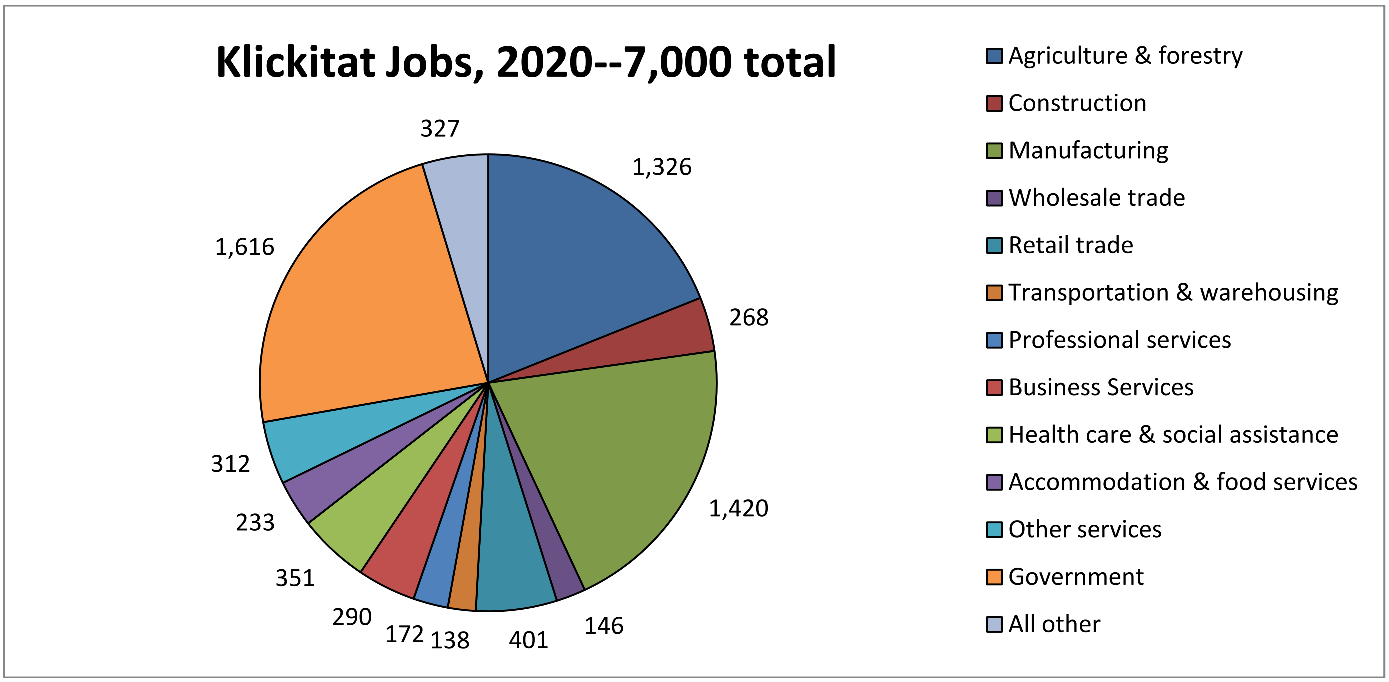
Oregon had a strong August (+8,900), a weak September (+700) and a middling October (+4,700). Almost half of the new jobs over the past three months were in leisure & hospitality; even so, that sector was still down 14 percent from pre-COVID times, about the same as its northern neighbor. Professional services remained the strongest industry in the state (+7.2 percent growth during the pandemic). Industries which have recovered (or were close to it): wholesale trade, transportation & utilities, information services, and professional services.

Seattle (-3.9 percent) has had five months of solid job growth but continued to trail the state average, 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. Portland has been growing almost as fast as Seattle over the past six months, but similarly was lagging the state of Oregon as a whole.

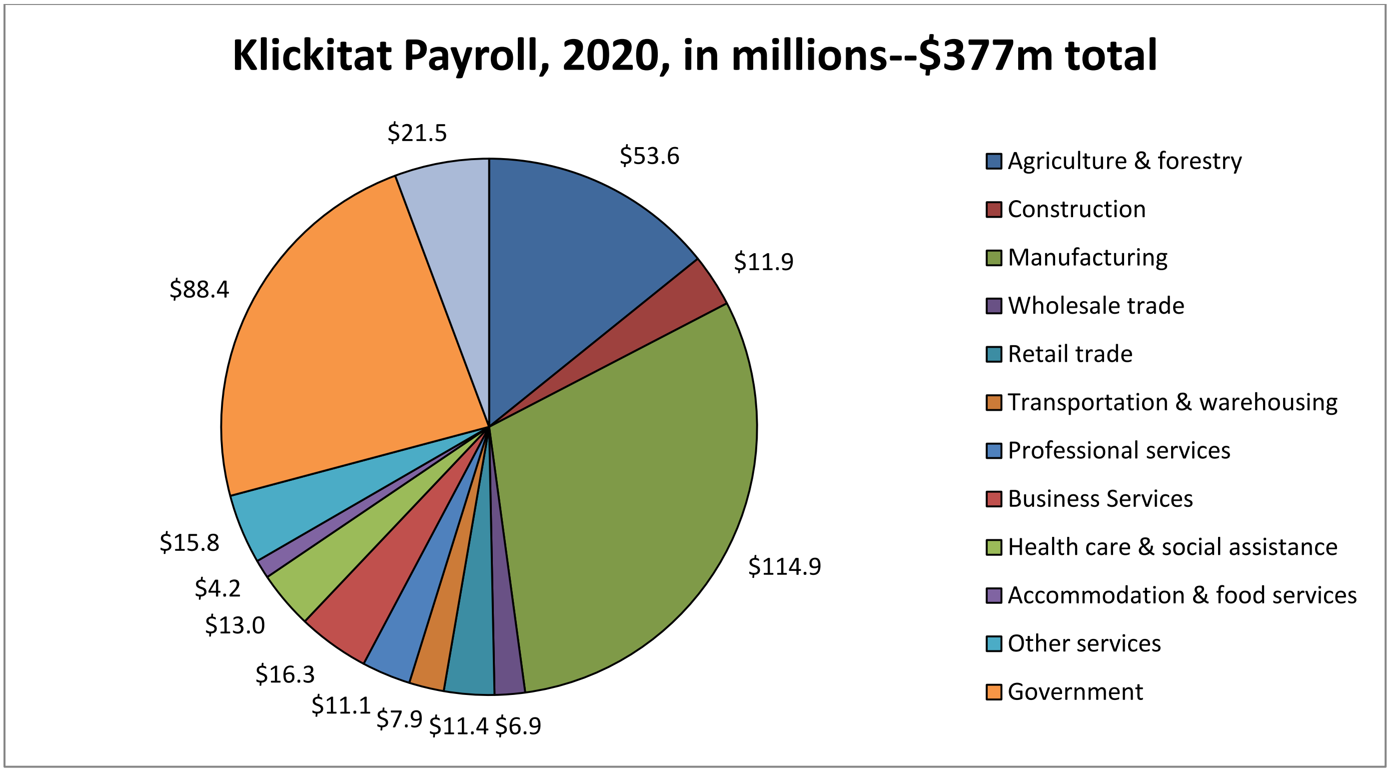
Unemployment rates varied from 5.0 percent in Washington, Seattle Metro's 3.5 percent, 4.4 percent in Oregon and Portland (4.3)—versus the national rate of 4.6 percent. There continues to be considerable underemployment (workers working part-time due to having their hours cut), so the broader U-6 labor 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 8.3 percent.

Covered employment and payrolls, 2020

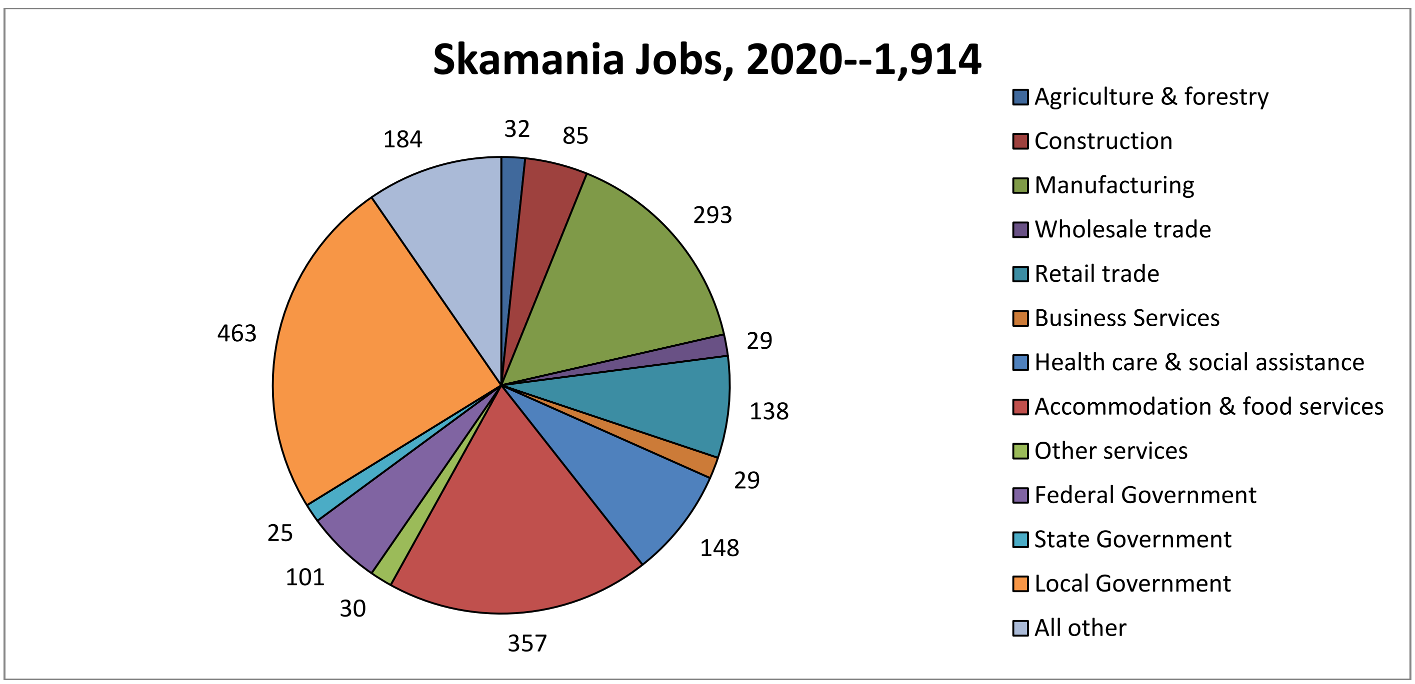
Preliminary data are in for the number of jobs covered by unemployment insurance (which is the vast majority), payrolls, and average wages. The two charts below show the dominance of three industries for employment: agriculture, manufacturing and government (a majority of which is hospitals and K-12 schools).



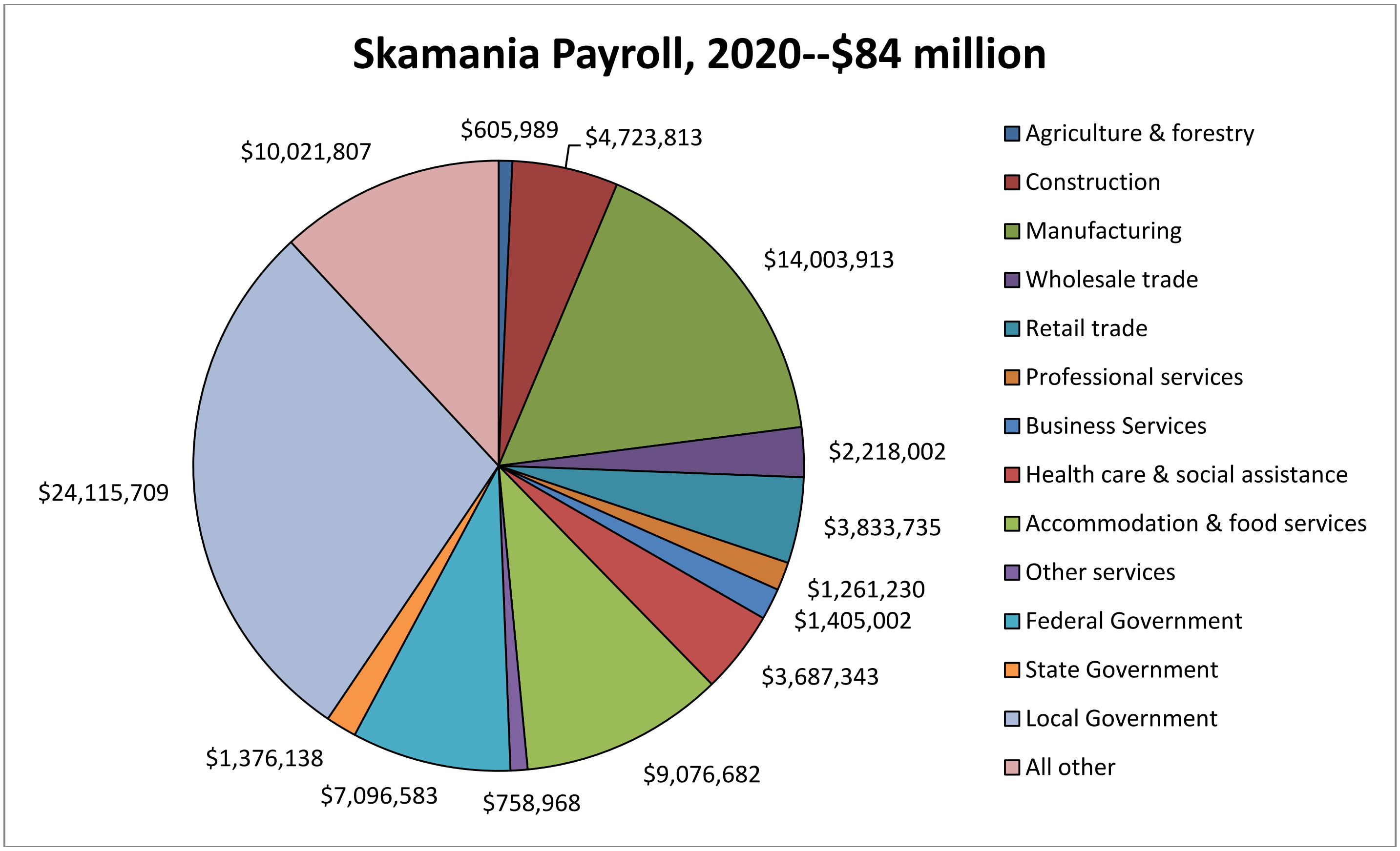
When it comes to payroll, manufacturing was most important, due to its high average wage: $80,922, vs. $53,844 for all industries, $49,435 for agriculture, and $54,713 for government.



In Skamania County, the big three for jobs were local government, accommodations & food services, and manufacturing.



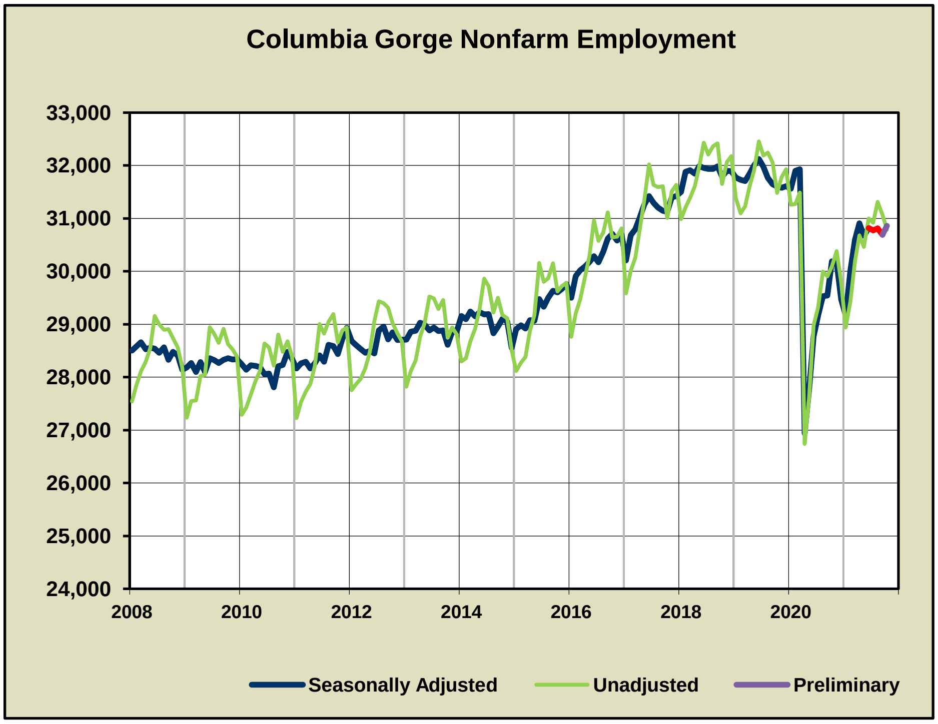
When it comes to payroll, local government became more dominant due to its higher average wage: $52,086, vs. $25,425 for accommodations & food services (tips not included), $47,795 for manufacturing, and $43,984 for all jobs).



Some comparisons with the previous year:

Covered employment and payroll						
	Jobs		Payroll*		Average Wage*	
	2019	2020	2019	2020	2019	2020
Klickitat	7,416	7,000	$386.2	$377.2	$52,070	$53,884
Agriculture	1,385	1,326	$50.4	$53.6	$36,384	$40,435
Manufacturing	1,655	1,420	$135.8	$114.9	$82,075	$80,922
Government	1,736	1,616	$87.6	$88.4	$50,459	$54,713
Skamania	2,140	1,914	$83.7	$84.1	$39,120	$43,984
Manufacturing	294	293	$12.5	$14.0	$42,491	$47,795
Accommodations & food services	538	357	$14.7	$9.1	$27,388	$25,425
Local government	503	463	$23.9	$24.1	$47,542	$52,086
*Not adjusted for inflation, which was about 1.2 percent.						

The Gorge



Quarterly benchmarking led to only small revisions in preliminary Gorge employment for the April-June period. The revised June numbers showed that the region was 1,080 jobs below its pre-COVID levels, a -3.4 percent gap. Preliminary estimates for July through October indicate there has been little improvement since then.

In October, seasonally-adjusted employment rose by 169 jobs, more than matching the 117 job loss in September.

Unadjusted employment fell by 285 jobs over the month. Leisure & hospitality accounted for almost all of the change, shedding 315 jobs.

Gorge Nonfarm Employment		
	Monthly Change	
Month	Not adjusted	SA
March	220	30
April	-4,750	-4,995
May	880	839
June	1,360	992
July	340	395
August	675	368
September	-90	15
October	185	645
November	290	-24
December	-585	-694
January	-855	-294
February	495	846
March	750	572
April	495	313
May	-220	-236
June	540	147
July	-80	-45
August	395	35
September	-245	-117
October	-285	169
Net change		-1,040
Percent		-3.3%

Manufacturing dropped by 90 jobs, while trade, transportation & utilities gained 90. Local government added 80 staff, while other industries lost smaller amounts.

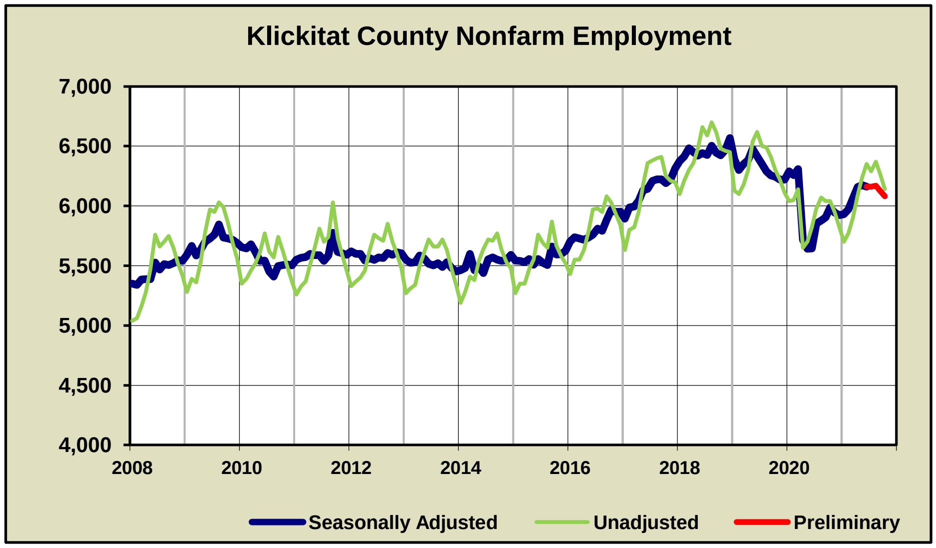
Comparing October with February 2020, before COVID struck:

- Total nonfarm employment declined by 1,040 jobs, or 3.3 percent. This was a bit more than the nation and Washington, a bit less than Oregon, Portland and Seattle.
- Mining, logging & construction employed 1,540 in October, which after seasonal adjustment was 50 jobs fewer February 2020 (-3.3 percent).
- Manufacturing employed 4,020; after adjustment, that was a drop of 110 jobs, a 2.6 percent decline.
- Trade, transportation & utilities had 5,750 employees, a gain of 170 jobs/3.2 percent after adjustment.
- Professional & business services employed 2,150, which was 25 jobs more (1.2 percent) than pre-pandemic times.
- Education & health services, with 4,810 jobs, was little changed from February 2020.
- Leisure & hospitality employment was estimated at 4,035 jobs, down 690 jobs, a 14.1 percent decline.
- All other service industries—including information services, finance and real estate and other services—employed 2,465, a loss of 220 jobs (-8.2 percent) over the course of the recession.
- Government declined by 140 jobs to 6,015, a -2.4 percent decline. The loss remained concentrated in K-12 education.

The unemployment rate for the Gorge was estimated at 3.6 percent. That was two points lower than the 5.6 percent from last October. The very unofficial seasonally-adjusted rate was unchanged at 4.5 percent.

Klickitat Summary

Quarterly benchmarking led to little change in estimates for Klickitat County in the April-June period. Preliminary estimates for July through August show a small decline in seasonally-adjusted nonfarm employment.



In October, the county had 6,140 jobs. Over the month, job counts dropped by 120, with manufacturing declining by 60 jobs and leisure & hospitality by 70. On the plus side, K-12 schools added 40 staff, and other local governments another 30.

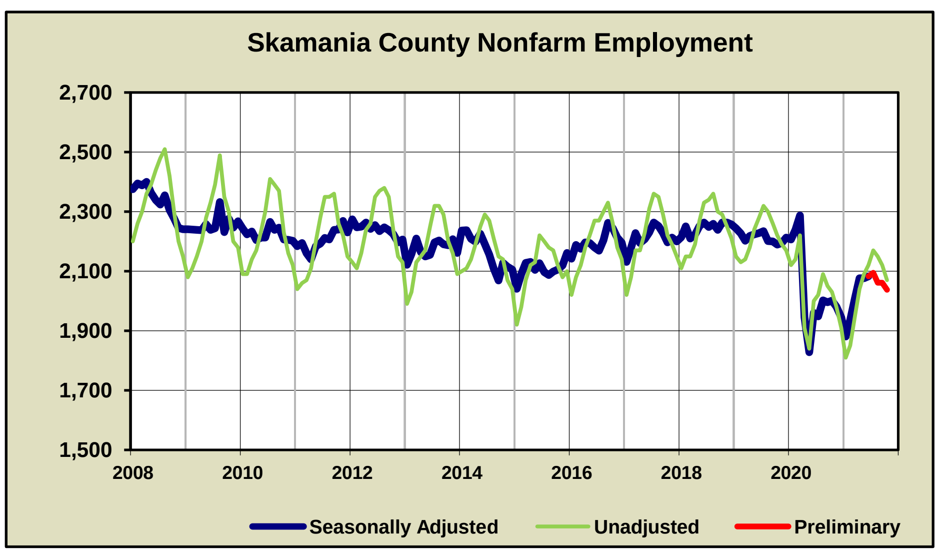
Seasonally-adjusted employment slipped by 40 jobs during the month, mostly due to the loss in manufacturing. Going back to the start of the pandemic, employment has declined by 180 jobs (-2.8 percent). On the plus side: retail trade (+60 jobs), professional & business services (+80 jobs) and education & health services (+40 jobs). lower percentage job loss than the comparables (see table next page). On the down side: manufacturing (-190 jobs), leisure & hospitality (-70 jobs) and K-12 education (-50 jobs).

Job Loss Since February 2020	
Klickitat	-2.2 percent
Skamania	-8.0 percent
The Gorge	-3.3 percent
U.S.	-2.8 percent
Washington	-2.7 percent
Oregon	-3.7 percent
Portland Metro	-4.1 percent

The county unemployment rate was estimated at 4.4 percent, compared with 5.7 percent last October. About 510 county residents were jobless and looking for work, 440 fewer than a year ago.

Skamania Summary

Quarterly benchmarking led to little change in Skamania County's nonfarm employment. Preliminary estimates from July through October show a small decline in jobs since June. In October, seasonally-adjusted nonfarm employment fell by 20 jobs. Unadjusted employment dropped by 50 jobs, due to small declines in five different industries. The county was still 180 jobs (on a seasonally-adjusted basis) below the pre-COVID total. Trade, transportation & utilities has gained 30 jobs, and



manufacturing has added 20. Accommodations & food services was still 190 jobs below prepandemic levels, while "all other services"—information services, financial services, professional & business services, and other services—has dropped by 50 jobs.

The county's estimated unemployment rate of 4.5 percent was more than two points below last October's 6.8 percent. About 250 county residents were jobless and seeking work, 140 less than a year ago.

Taxable sales

Taxable sales data are in for the second quarter of 2021. Sales classified as made at retail stores shot up in Klickitat—the reality was probably a large business in the county (as opposed to consumers) made a one-time taxable purchase. Lodging and restaurant sales in the county increased and bested their pre-COVID levels. In Skamania, sales at retail outlets declined slightly, but remained high. Lodging and restaurant sales were up, but still have a ways to go to recover.