

Kittitas County Labor Area Summary May 2022



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Overview

This report provides an update on the Kittitas County economy incorporating not seasonally adjusted, nonfarm employment and civilian labor force data. Analysis focuses on year over year (May 2021 and May 2022) and average annual data changes (between 2020 and 2021) in the labor market.

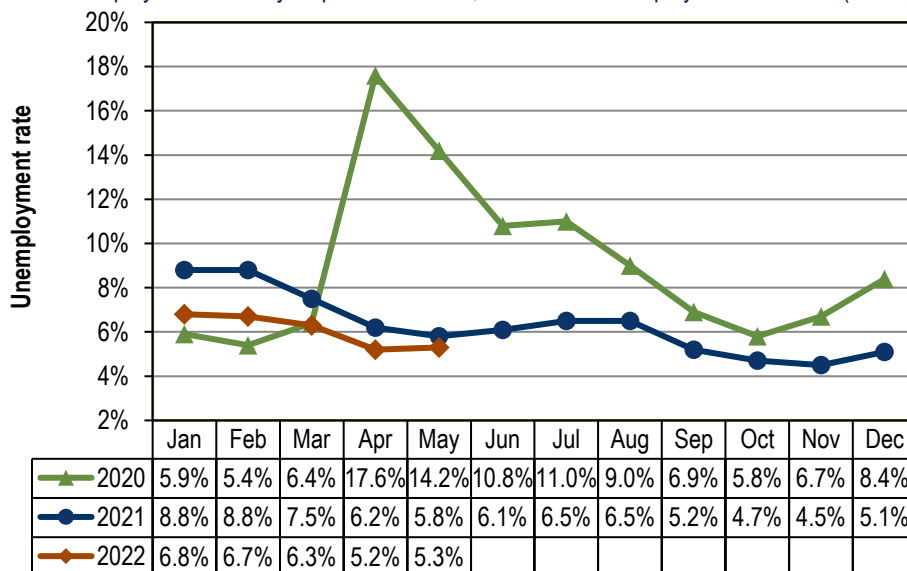
Unemployment rates

Civilian Labor Force (CLF) data show that Washington’s not seasonally adjusted average annual unemployment rate fell from 8.5 percent in 2020 to 5.2 percent in 2021. Between May 2021 and May 2022, the rate dropped from 5.1 to 3.6 percent, a decline of one and five-tenths percentage points.

In Kittitas County, the average annual unemployment rate dropped from 8.9 percent to 6.3 percent between 2020 and 2021. COVID-19-related layoffs pushed unemployment rates upwards, year over year, for 12 consecutive months (April 2020 through March 2021) but rates have since declined for 14 months (April 2021 through May 2022). This May’s 5.3 percent unemployment rate for Kittitas County was five-tenths of a percentage point below the 5.8 percent reading in May 2021 (*Figure 1*).

Figure 1. Kittitas County unemployment rates, not seasonally adjusted
 Washington state, January 2020 through May 2022

Source: Employment Security Department/DATA; Local Area Unemployment Statistics (LAUS)



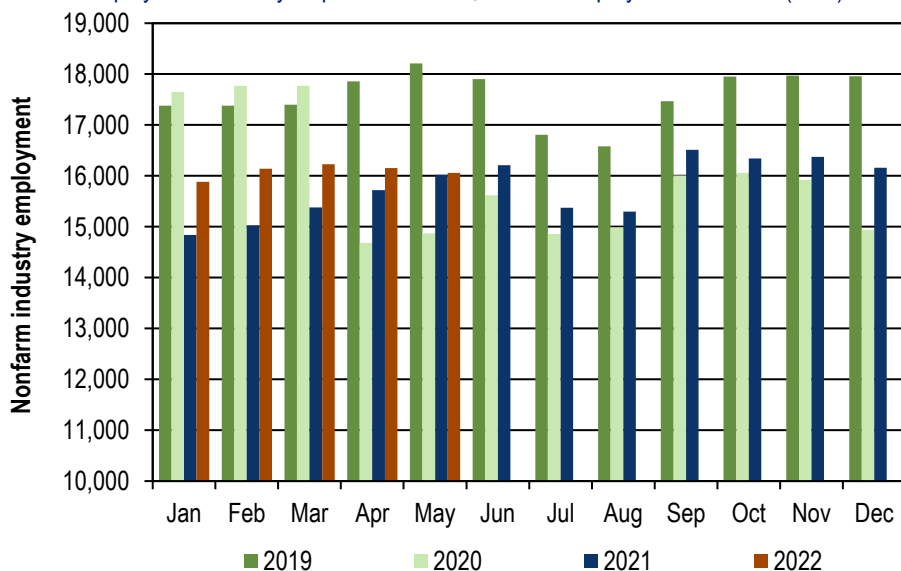
The Kittitas County unemployment rate fell by five-tenths of a percentage point between May 2021 and May 2022.

Total nonfarm employment

Between 2020 and 2021, estimates indicate that Washington’s labor market provided 81,100 more nonfarm jobs, an average annual increase of 2.5 percent. Year over year, Washington's nonfarm market contracted from April 2020 through March 2021 prior to expanding from April 2021 through May 2022. This May, business and government organizations statewide tallied 3,524,400 jobs (not seasonally adjusted) compared with 3,342,600 in May 2021, up by 181,800 jobs and 5.4 percent.

Kittitas County’s economy decreased by 160 jobs in 2021, a -1.0 percent downturn. Year over year, nonfarm employment retrenched for 12 months (April 2020 through March 2021). However, for the past 14 months (April 2021 through May 2022) Kittitas County’s nonfarm labor market has been registering year-over-year job gains (*Figures 2 and 4*). A downside to this nonfarm employment uptrend is that job growth rates have generally been decelerating since December 2021 – a trend to watch (*Figure 4*). In fact, in May 2022, total nonfarm employment in Kittitas County provided only 40 more jobs than in May 2021 (*Figure 3*), rebounding from 16,020 jobs to 16,060, a lethargic 0.2 percent upturn.

Figure 2. Kittitas County nonfarm industry employment, not seasonally adjusted Washington state, January 2019 through May 2022
Source: Employment Security Department/DATA; Current Employment Statistics (CES)



Nonfarm employment in Kittitas County edged upwards by 40 jobs between May 2021 and May 2022.

Employment and unemployment

Washington’s Civilian Labor Force (CLF) edged downward by 15,964 residents (a -0.4 percent downturn) between 2020 and 2021. This contraction occurred in the first half of 2021. Since then, the CLF either stabilized or expanded from July 2021 through May 2022. Washington’s labor force grew by 147,039 residents (up 3.8 percent), from 3,865,117 residents in May 2021 to 4,012,156 this May.

Kittitas County averaged 22,318 residents in the Civilian Labor Force (CLF) in 2021 but only 22,027 in 2022, a -1.3 percent contraction. Year over year, Kittitas County's labor force shrank from April 2020 through April 2021 before recovering in every month from May 2021 through May 2022. Although this is a positive, labor force growth rates have been decelerating from January through May 2022 – a trend to watch in forthcoming months. In May 2022 there were 46 more residents in the labor force than in May 2021, a modest 0.2 percent upturn. Also, Current Local Area Unemployment Statistics (LAUS) estimates indicate a

slightly more rapid *resident employment* growth pace of 0.7 percent between May 2021 and May 2022 – a bit faster than the *civilian labor force* growth rate of 0.2 percent during this period (*Figure 3*). This likely indicates not only that more residents were employed this May than in May 2021, but that a greater ratio of these residents commuted or teleworked to jobs outside of Kittitas County. Finally, the number of unemployed dropped by -7.5 percent, from 1,271 in May 2021 to 1,176 in May 2022. The decrease in the number of unemployed coupled with the labor force expansion caused the unemployment rate to fall from 5.8 percent in May 2021 to 5.3 percent in May 2022. However, the Kittitas County labor force was still smaller in May 2022 than in May 2019 (three years ago). The CLF this May (22,058 residents) was 2,448 residents (-10.0 percent) below the 24,506 residents in the labor force back in May 2019, during the “pre-COVID days.”

Figure 3. Kittitas County labor force and industry employment, not seasonally adjusted

Washington state, May 2022

Source: Employment Security Department/DATA; Local Area Unemployment Statistics (LAUS), Current Employment Statistics (CES)

Kittitas County	Preliminary May-22	Revised Apr-22	Revised May-21	Change		Percent change
				Apr-22	May-21	May-21
				May-22	May-22	May-22
Labor force and unemployment						
Civilian labor force	22,058	22,518	22,012	-460	46	0.2%
Resident employment	20,882	21,355	20,741	-473	141	0.7%
Unemployment	1,176	1,163	1,271	13	-95	-7.5%
Unemployment rate	5.3	5.2	5.8	0.1	-0.5	
Industry employment						
Total nonfarm ¹	16,060	16,150	16,020	-90	40	0.2%
Total private	10,120	10,160	10,220	-40	-100	-1.0%
Goods producing	1,900	1,910	1,830	-10	70	3.8%
Mining, logging and construction	1,320	1,330	1,240	-10	80	6.5%
Manufacturing	580	580	590	0	-10	-1.7%
Service providing	14,160	14,240	14,190	-80	-30	-0.2%
Trade, transportation and utilities	2,800	2,830	2,780	-30	20	0.7%
Wholesale trade	590	590	570	0	20	3.5%
Retail trade	1,880	1,900	1,880	-20	0	0.0%
Transportation, warehousing, and utilities	330	340	330	-10	0	0.0%
Information and financial activities	580	590	680	-10	-100	-14.7%
Professional and business services	590	570	620	20	-30	-4.8%
Education and health services	1,380	1,370	1,460	10	-80	-5.5%
Leisure and hospitality	2,480	2,500	2,460	-20	20	0.8%
Government	5,940	5,990	5,800	-50	140	2.4%
Federal government	170	170	150	0	20	13.3%
State and local government	5,770	5,820	5,650	-50	120	2.1%
State & local government education	3,840	3,900	3,850	-60	-10	-0.3%
Workers in labor/management disputes	0	0	0	0	0	

¹ Excludes proprietors, self-employed, members of the armed services, workers in private households and agriculture. Includes all full- and part-time wage and salary workers receiving pay during the pay period including the 12th of the month. Columns may not add due to rounding.

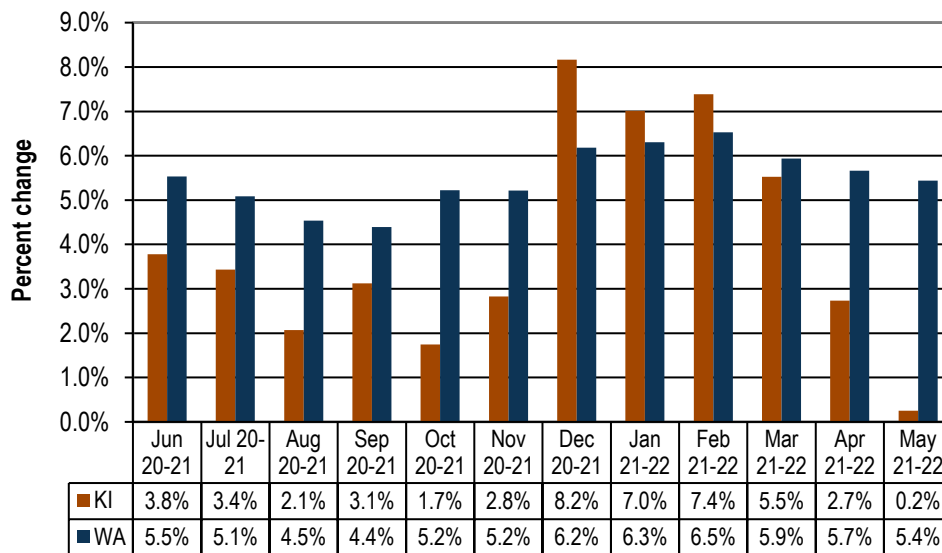
The Kittitas County nonfarm market provided 16,060 jobs in May 2022, a modest 0.2 percent advance since May 2021.

Nonfarm industry employment

From April 2020 (the start of COVID-19-related layoffs) through March 2021, the Kittitas County economy registered year-over-year job losses. However, in each of the past 14 months the local job market has been expanding (*Figure 4*). Most recently, between May 2021 and May 2022, total nonfarm employment in Kittitas County edged ahead by 40 jobs (up 0.2 percent), from 16,020 to 16,060 jobs (*Figure 3*). On the “downside,” total nonfarm employment countywide this May (16,060 jobs) was 2,150 jobs and -11.8 percent shy of the 18,210 jobs tallied in May 2019 (three years ago). Hence, the local nonfarm job market has still not returned to pre-COVID employment levels (*Figure 2*).

Figure 4. Kittitas County and Washington total nonfarm employment changes Washington state, June 2021 through May 2022

Source: Employment Security Department/DATA; Current Employment Statistics (CES)



Year over year, nonfarm employment in Kittitas County retrenched for 12 months (April 2020 through March 2021) before expanding in each of the past 14 months (April 2021 through May 2022). Washington's nonfarm market also retrenched from April 2020 through March 2021 prior to expanding from April 2021 through May 2022.

Summaries of employment changes between May 2021 and May 2022 in three local industries: construction, education and health services, and state and local government education are provided as follows:

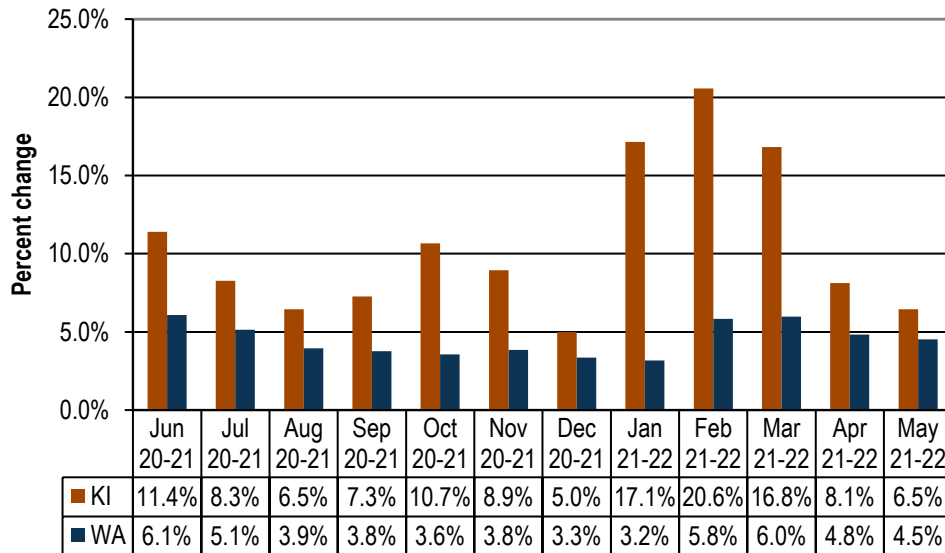
- In the mining, logging, and construction category (*Figure 3*), most jobs are in “construction.” Year over year, Kittitas County's construction industry employment has increased in each of the past 23 months (July 2020 through May 2022) – notwithstanding COVID-19 related layoffs which suppressed hiring in many other local industries during this pandemic. Current Employment Statistics (CES) estimates indicate that there were 80 more construction jobs countywide this May (1,320 jobs) than in May 2021 (1,240 jobs), a 6.5 percent growth rate. At least one factor driving up construction employment in Kittitas County is the rapid population growth, much of which is being caused by in-migration. This is not a new phenomenon. In fact, Washington state's Office of Financial Management (OFM) stated in *Table 3* of their *State of Washington 2020 Population Trends* report, that Kittitas County's population jumped from 40,915 in 2010 to 48,140 in 2020, a 7,225-resident and 17.7 percent increase during this most recent ten-year period. The population growth-rate ranks Kittitas County as the second-fastest growing county amongst Washington state's 39 counties, behind Franklin County (the fastest growing county statewide). Clearly, some of these new residents are purchasing homes, settling down in, and likely teleworking from, Kittitas County. Statewide, construction employment retrenched for 12 months (April 2020

through March 2021) before increasing from April 2021 through May 2022 albeit with relatively slower growth rates than those occurring in Kittitas County (*Figure 5*).

Figure 5: Washington state and Kittitas County construction employment changes

Washington state, June 2021 through May 2022

Source: Employment Security Department/DATA, Current Employment Statistics (CES)



Year over year, construction employment has expanded in Kittitas County for 23 consecutive months (July 2020 through May 2022).

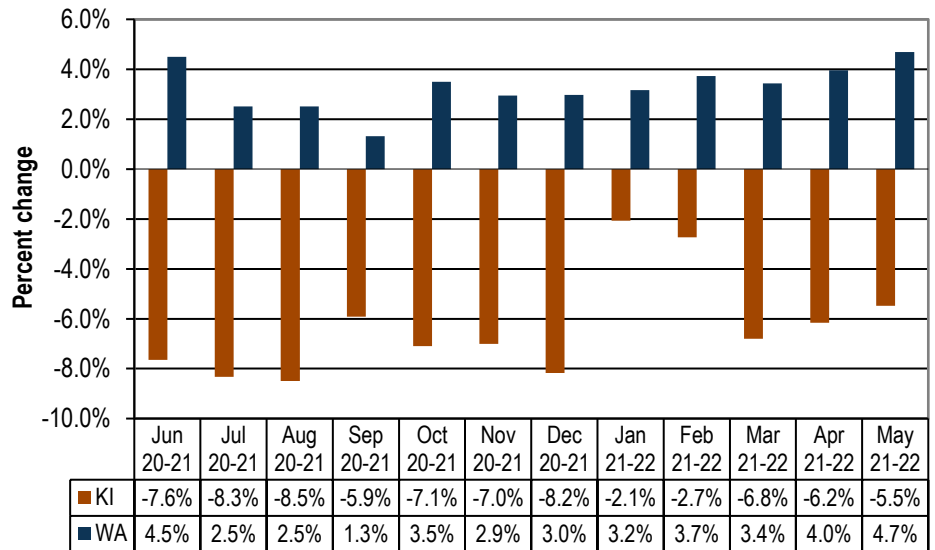
Washington's construction industry has been expanding for 14 months (April 2021 through May 2022).

- Year over year, retail trade employment in Kittitas County stabilized at 1,880 jobs in May 2021 and May 2022 (*Figure 3*). Statewide, retail trade employment edged upwards a marginal 0.2 between May 2021 and May 2022. Although employment in this industry has expanded across Washington for the past 22 months (August 2020 through May 2022) growth rates have generally been decelerating since April 2021. Current estimates indicate that Washington's retailers tallied 398,700 jobs this May versus 397,700 in May 2021, a 900 job and 0.2 percent upturn. There was a considerable amount of "flux" however in employment trends amongst specific retail trade subsectors between the Mays of 2021 and 2022. For example: food and beverage stores tallied only 68,700 jobs this May versus 71,000 in May 2021 (down -3.2 percent) and general merchandise stores provided only 68,500 jobs this May versus 70,600 in May 2021 (down -3.0 percent). Conversely, "other retail trade" establishments accounted for 142,100 jobs statewide this May versus 134,500 in May 2021 (up 5.7 percent). "Other retail trade" includes firms engaged in electronic or on-line shopping. Across Washington, retail trade netted 15,600 new jobs in 2021, of which 6,900 jobs (44.2 percent) were in this "other retail trade" subsector.
- Year over year, employment in Kittitas County's *private* education and health services industry has either stagnated or declined in each of the 26 months from April 2020 through May 2022. Jobs in *public* education (i.e., at local public primary and secondary schools) and jobs at *public* hospitals or clinics (i.e., at Kittitas Valley Healthcare) are tallied under the local government category. But the lion's share of jobs in this education and health services category in Kittitas County (*Figure 3* and *6*) are in private health services (i.e., ambulatory care, nursing and residential care facilities, and social assistance). This local industry, categorized under the North American Industry Classification System (NAICS) as NAICS 62, has not recovered since the onset of the COVID-19 pandemic. In May 2022, education and health services providers accounted for only 1,380 jobs across Kittitas County, a -5.5 percent and 80-job decrease from the 1,460 jobs tallied in May 2021 (*Figure 3*). In May of 2019 (three years ago, and prior to the COVID-19 pandemic) the number of education and health

services jobs here in Kittitas County was 1,660. Hence, employment in this sector is down by 280 jobs and -16.9 percent since the pre-COVID days – a concerning economic trend. Conversely, estimates indicate that Washington’s education and health services firms tallied 520,500 jobs this May versus 497,200 in May 2021, a 23,300 job and 4.7 percent upturn. The social assistance subsector (i.e., individual and family services, community food and housing services, vocational rehabilitation services, child day care services, etc.) accounted for 12,100 (or 51.9 percent) of the 23,300 private education and health services jobs generated in Washington state between May 2021 and May 2022 as shown in *Figure 6*.

Figure 6: Kittitas County and Washington private education and health services employment changes June 2021 through May 2022

Source: Employment Security Department/DATA, Current Employment Statistics (CES)



Year over year, employment in Kittitas County's private education and health services industry has either stagnated or declined for 26 months (April 2020 through May 2022). Statewide, employment in this industry has expanded for the past 14 months (April 2021 through May 2022).

- State and local government education employment in Kittitas County posted year over year growth from July 2021 through April 2022 before dipping by -0.3 percent (down by 10 jobs) between the Mays of 2021 and 2022 (*Figure 3*). But comparing state and local government education employment now versus the pre-COVID timeframe is more revealing. In a nutshell, this is the “elephant in the room” in terms of what is holding back the recovery of the Kittitas County job market. Specifically, in May 2019 state and local government education tallied 5,580 jobs countywide. In May 2022 employment in this sector registered only 3,840 (*Figure 3*), a 1,740-job and -31.2 percent contraction. State and local government education includes jobs in local, public primary and secondary schools and at community colleges and universities. In Kittitas County the “big kid on the block,” in terms of employment and payroll, is Central Washington University (CWU). Faculty, staff (i.e., administrative, transportation, and maintenance/logistical staff), university student interns/employees, etc. at this institution have felt the pinch since the onset of the COVID-19 pandemic. This belt tightening is not unique to CWU in Kittitas County. Across Washington, state government education is also in the recovery mode, providing only 72,000 jobs this May versus 86,200 jobs in May 2019, down by 14,200 jobs and -16.4 percent.

Agricultural employment/production

The Bureau of Labor Statistics' Quarterly Census of Employment and Wage (QCEW) program, conducted by the Washington State Employment Security Department provides agricultural and nonagricultural employment and wages for firms, organizations, and individuals whose employees are covered by the Washington State Employment Security Act. Frequently termed "covered" or "QCEW" data, this information provides a reliable data set for comparing employment and wage trends in major industries at the county level. In September 2021, revised average annual QCEW data for calendar year 2020 became available. An analysis of employment changes from 2010 through 2020 (the most recent ten-year period) shows that in Kittitas County:

- Total covered employment rose from 13,384 in 2010 to 14,752 in 2020, a 1,368 job increase or 10.2 percent upturn, with annualized employment growth between 2010 and 2020 of 1.0 percent. The number of agricultural jobs (a subset of total covered employment) increased from 798 in 2010 to 1,012 in 2020, a 214 job increase or 26.8 percent uptrend, with annualized employment growth of 2.4 percent. In 2010, Kittitas County's agricultural industry accounted for 6.0 percent of total covered employment. In 2020, agricultural employment accounted for 6.9 percent of total covered employment countywide. Hence, the share of agricultural employment rose a modest nine-tenths percentage point (from 6.0 to 6.9 percent) in Kittitas County during this ten-year period.
- Total covered wages rose from \$429.7 million in 2010 to \$685.1 million in 2020, a \$255.4 million increase or 59.4 percent upturn, with annualized payroll growth between 2010 and 2020 of 4.8 percent. The agricultural payroll (a subset of total covered wages) advanced from \$20.9 million in 2010 to \$34.9 million in 2020, a \$14.0 million increase or 66.8 percent uptrend, with annualized payroll growth of 5.3 percent. In 2010, Kittitas County's agricultural industry accounted for 4.9 percent of total covered wages. In 2020, agricultural wages accounted for 5.1 percent of total covered payroll countywide. Hence, the share of agricultural payroll to total covered payroll elevated by only two-tenths of a percentage point (from 4.9 to 5.1 percent) across Kittitas County during this ten-year period.

Web link to Monthly Employment Report (MER) for Washington state

<https://esd.wa.gov/labormarketinfo/monthly-employment-report>