

Kittitas County Labor Area Summary July 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 (July 2021 and July 2022) and average annual data changes (between 2020 and 2021) in the labor market.

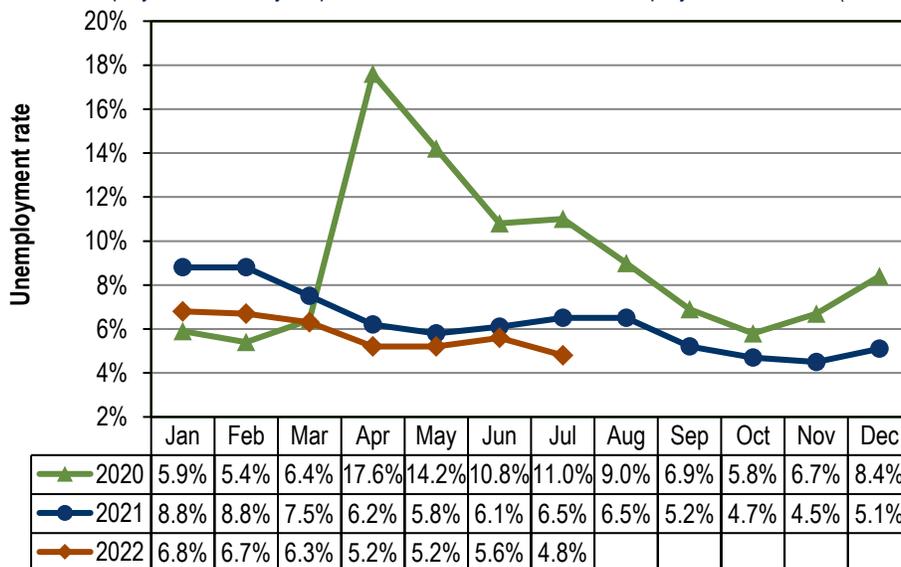
Unemployment rates

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 July 2021 and July 2022, the rate dropped from 5.3 to 3.6 percent. This 3.6 percent reading is the lowest rate for the month of July in Washington since state data began to be recorded electronically in 1976.

In Kittitas County, the average annual unemployment rate dropped from 8.9 percent to 6.3 percent between 2020 and 2021. This July’s 4.8 percent unemployment rate (*Figure 1*) tied with an identical rate in July 1999 as the lowest July readings on record since county data began to be recorded electronically in 1990.

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

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



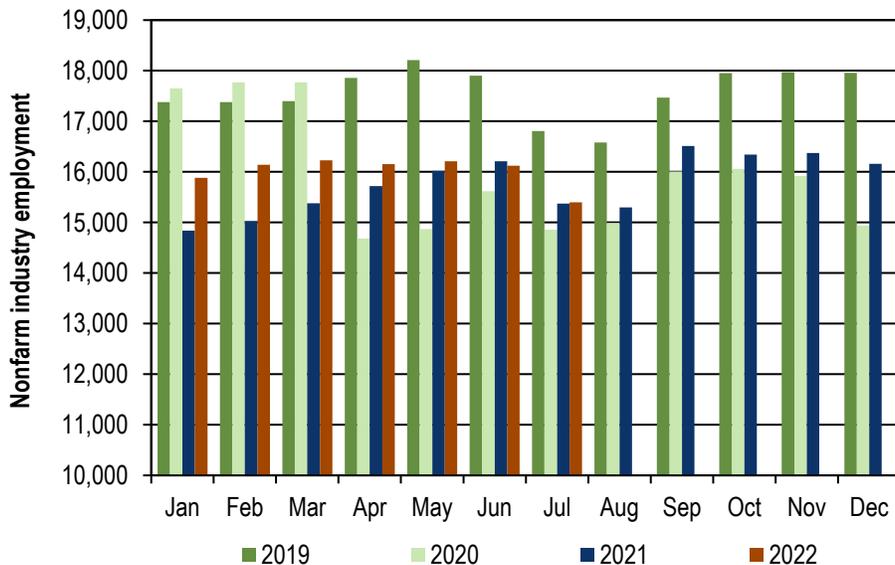
The Kittitas County unemployment rate fell by one and seven-tenths percentage points between July 2021 and July 2022.

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 has expanded in each of the past 16 months (April 2021 through July 2022). This July, business and government organizations statewide tallied 3,555,100 jobs (not seasonally adjusted) compared with 3,393,400 in July 2021, up by 161,700 jobs and 4.8 percent.

Kittitas County’s economy decreased by 160 jobs in 2021, a -1.0 percent downturn. However, year over year, nonfarm employment in Kittitas County expanded for 14 months (April 2021 through May 2022), dipped this June, and increased in July 2022 (*Figures 2 and 4*). Most recently, in July 2022, total nonfarm employment in Kittitas County provided only 30 more jobs than in July 2021 (up 0.3 percent) as employment edged upwards from 15,370 jobs to 15,400 (*Figure 3*).

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



Nonfarm employment in Kittitas County edged upwards by 30 jobs between July 2021 and July 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 labor force contraction occurred in the first half of 2021. Since then, the state’s CLF has either stabilized or expanded, year over year, for 13 months (July 2021 through July 2022). Most recently, Washington’s labor force grew by 63,531 residents (up 1.6 percent), from 3,935,387 residents in July 2021 to 3,998,918 this July.

Kittitas County averaged 22,318 residents in the Civilian Labor Force (CLF) in 2020 but only 22,027 in 2021, a -1.3 percent contraction. Year over year, the Kittitas County CLF expanded from May 2021 through May 2022, before contracting in June and July 2022. In July 2022 there were 285 fewer residents in the labor force than in July 2021, a -1.3 percent downturn (*Figure 3*). Fortunately, the number of unemployed plummeted by -26.3 percent, from 1,371 in July 2021 to 1,010 in July 2022. The decrease in the number of unemployed more than made up for the labor force contraction and caused the unemployment rate to fall from 6.5 percent in July 2021 to 4.8 percent in July 2022. On the negative side, the Kittitas County labor force was smaller in each of the first seven months of 2022 compared with January through July 2019 (the

pre-COVID era). The CLF in July 2022 (20,855 residents) was 2,128 residents (-9.3 percent) below the 22,983 residents in the labor force in July 2019, during the “pre-COVID days.” Hence, the labor pool of residents 16 years of age or older who are ready, willing, and able to work is smaller now than during the pre-pandemic era of 2019; a situation at least partially attributable to fewer students on Central Washington University’s (CWU’s) Ellensburg campus thus far in 2022.

Figure 3. Kittitas County labor force and industry employment, not seasonally adjusted
Washington state, July 2022

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

Kittitas County	Preliminary Jul-22	Revised Jun-22	Revised Jul-21	Change		Percent change
				Jun-22	Jul-21	Jul-21
				Jul-22	Jul-22	Jul-22
Labor force and unemployment						
Civilian labor force	20,855	21,769	21,140	-914	-285	-1.3%
Resident employment	19,845	20,548	19,769	-703	76	0.4%
Unemployment	1,010	1,221	1,371	-211	-361	-26.3%
Unemployment rate	4.8	5.6	6.5	-0.8	-1.7	
Industry employment						
Total nonfarm ¹	15,400	16,120	15,370	-720	30	0.2%
Total private	10,480	10,160	10,420	320	60	0.6%
Goods producing	2,140	2,000	1,900	140	240	12.6%
Mining, logging and construction	1,440	1,350	1,310	90	130	9.9%
Manufacturing	700	650	590	50	110	18.6%
Service providing	13,260	14,120	13,470	-860	-210	-1.6%
Trade, transportation and utilities	2,850	2,830	2,830	20	20	0.7%
Wholesale trade	600	590	560	10	40	7.1%
Retail trade	1,900	1,900	1,930	0	-30	-1.6%
Transportation, warehousing, and utilities	350	340	340	10	10	2.9%
Information and financial activities	590	580	650	10	-60	-9.2%
Professional and business services	550	570	650	-20	-100	-15.4%
Education and health services	1,420	1,390	1,430	30	-10	-0.7%
Leisure and hospitality	2,540	2,400	2,580	140	-40	-1.6%
Government	4,920	5,960	4,950	-1,040	-30	-0.6%
Federal government	190	180	170	10	20	11.8%
State and local government	4,730	5,780	4,780	-1,050	-50	-1.0%
State & local government education	2,760	3,840	2,940	-1,080	-180	-6.1%
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 15,400 jobs in July 2022, a marginal 0.2 percent advance since July 2021.

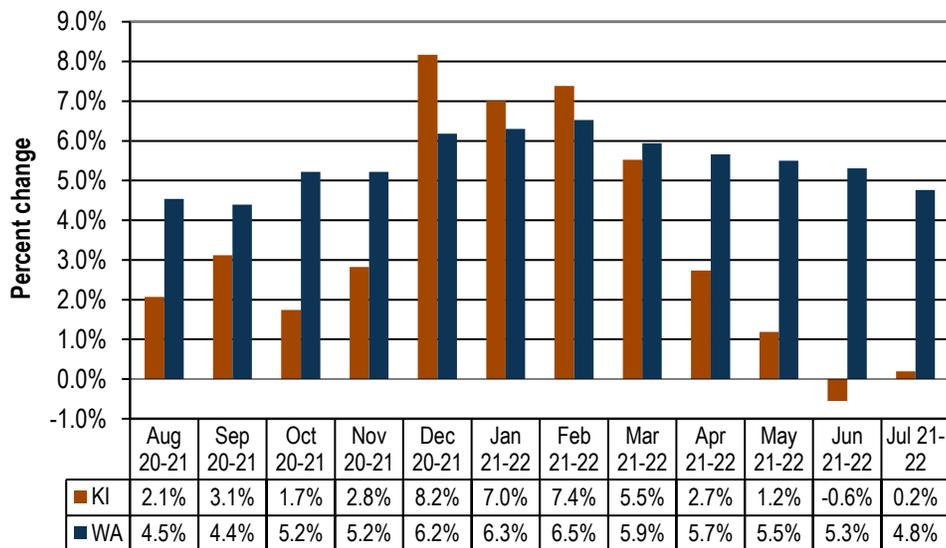
Nonfarm industry employment

Year over year, nonfarm employment in Kittitas County expanded for 14 months (April 2021 through May 2022), dipped this June, and edged upwards in July 2022 (*Figure 4*). Most recently, between July 2021 and July 2022, total nonfarm employment in Kittitas County edged ahead by 30 jobs (up 0.2 percent), from 15,370 to 15,400 jobs (*Figures 3 and 4*). Total nonfarm employment change rates (*Figure 4*) in Kittitas County have lagged employment change rates statewide from March through July 2022. Also, from January through July 2022, total nonfarm employment countywide contracted below the corresponding seven-month pre-COVID era in 2019 (three years ago). Specifically, the 15,400 jobs provided in the local nonfarm market this July was -8.4 percent less than the 16,810 jobs tallied in July 2019. 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, August 2021 through July 2022

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



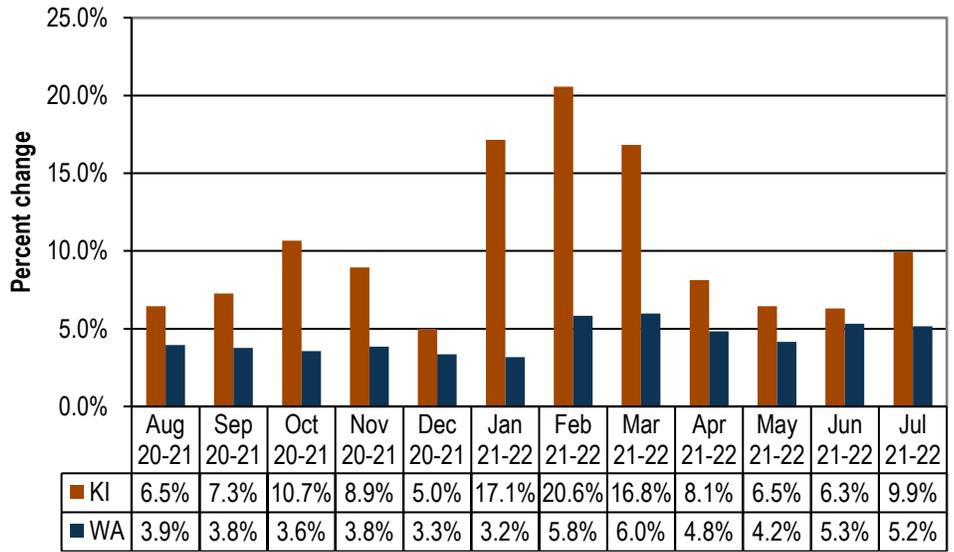
Year over year, nonfarm employment in Kittitas County expanded for 14 months (April 2021 through May 2022), dipped this June, and edged upwards in July 2022. Washington's job market consistently expanded from April 2021 through July 2022.

Summaries of employment changes between July 2021 and July 2022 in three local industries: construction, retail trade, 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 25 months (July 2020 through July 2022) – notwithstanding COVID-19 related layoffs which suppressed hiring in many other local industries during the pandemic. Current Employment Statistics (CES) estimates indicate that there were 130 more construction jobs countywide this July (1,440 jobs) than in July 2021 (1,310 jobs), a 9.9 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. Washington's construction industry has expanded in each of the past 16 months (April 2021 through July 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, August 2021 through July 2022
 Source: Employment Security Department/DATA, Current Employment Statistics (CES)



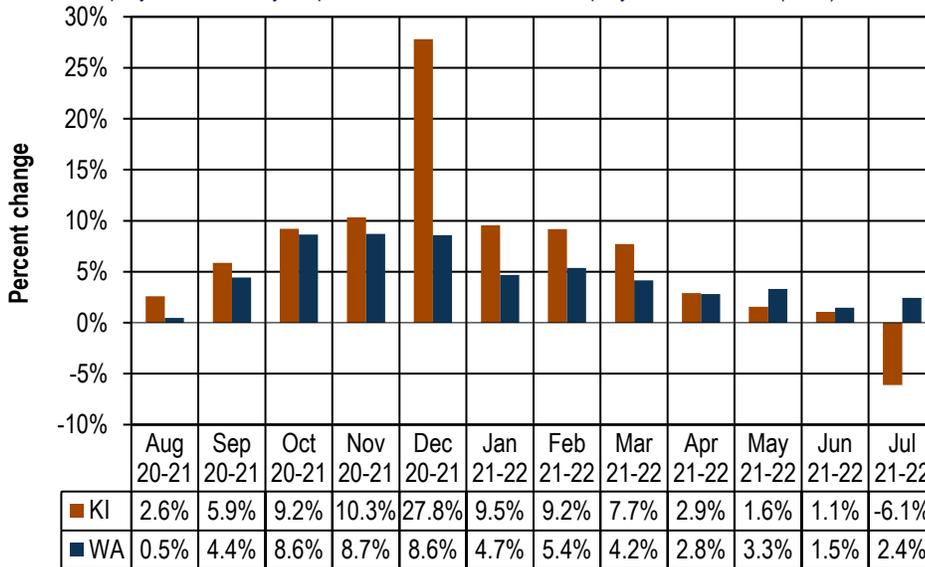
Year over year, construction employment has expanded in Kittitas County for 25 consecutive months (July 2020 through July 2022). Washington's construction industry has expanded in each of the past 16 months (April 2021 through July 2022).

- Year over year, retail trade employment in Kittitas County increased from February through May 2022 before backsliding in June and July 2022 (*Figure 3*). This July there were 1,900 retail trade jobs countywide, a -1.6 percent decline from the 1,930 jobs in July 2021. Statewide however, the number of part- and full-time retail trade jobs has escalated for 24 consecutive months (August 2020 through July 2022). Although employment in this industry has expanded across Washington in each of the past 24 months, year-over-year growth rates have been slipping and were less than one percent in May, June, and July 2022. Hence, this “lethargic” growth trend will bear watching in forthcoming months. Current estimates indicate that Washington’s retail trade stores tallied 406,100 jobs this July versus 405,800 in July 2021, a modest 300 job and 0.1 percent upturn. It is interesting to note that during this recent timeframe (July 2021 to July 2022), several of Washington’s retail subsectors experienced year-over-year job losses (i.e., motor vehicle and parts dealers, furniture and home furnishing stores, building material and garden supply stores, food and beverage stores, and general merchandise stores). Conversely, the retail subsector accounting for the lion’s share of this July 2021 to July 2022 job growth was “other retail trade” which includes firms engaged in online shopping. This “other retail trade” category saw payrolls lengthen by 5,300, as employment rose by 3.8 percent; from 139,900 jobs in July 2021 to 145,200 in July 2022.
- State and local government education employment in Kittitas County posted year over year growth from July 2021 through June 2022 before falling by -6.1 percent (down by 180 jobs) between July 2021 and July 2022 (*Figure 3*). It is fair to say that, year over year during the past 12 months, state and local government employment in Kittitas County has generally been on the upswing (*Figure 6*). But, when one compares state and local government education employment levels in the first seven months of 2022 with the pre-COVID timeframe, the picture is not so rosy. This is the “elephant in the room” in terms of what is holding back the recovery of the Kittitas County job market.

Specifically, in each of the first seven months (January through July) of 2019 (pre-COVID era) compared with 2022 state and local government education has fallen short by over 1,000 jobs. For example, in January 2019 state and local government education tallied 5,440 jobs countywide, but in January 2022 this category provided only 4,020 jobs, a 1,420 job and -26.1 percent decrease. In July 2019 state and local government education in Kittitas County tallied 3,940 jobs, but in July 2022 this category provided only 2,760 jobs, a 1,180 job and -29.9 percent decrease. State and local government education tallies employment at 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 Kittitas County’s state and local government education sector. Across Washington, state and local government education is also still in the recovery mode, providing only 230,800 jobs this July versus 240,000 jobs in July 2019, down by 9,200 jobs and -3.8 percent.

Figure 6: Kittitas County and Washington state and local government education employment changes August 2021 through July 2022

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



State and local government education employment in Kittitas County posted year over year growth from July 2021 through June 2022 before falling by -6.1 percent between the Julys of 2021 and 2022. Washington's state and local government education sector has grown for the past 15 months (May 2021 through July 2022).

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 June 2022 preliminary average annual QCEW data for calendar year 2021 became

available. An analysis of employment changes from 2011 through 2021 (the most recent ten-year period) shows that in Kittitas County:

- Total covered employment rose from 13,467 in 2011 to 15,161 in 2021, a 1,694 job increase or 12.6 percent upturn, with annualized employment growth between 2011 and 2021 of 1.2 percent. The number of agricultural jobs (a subset of total covered employment) increased from 814 in 2011 to 1,090 in 2021, a 276 job increase or 33.9 percent uptrend, with annualized employment growth of 3.0 percent. In 2011, Kittitas County's agricultural industry accounted for 6.0 percent of total covered employment. In 2021, agricultural employment accounted for 7.2 percent of total covered employment countywide. Hence, the share of agricultural employment rose by one and two-tenths percentage points (from 6.0 to 7.2 percent) in Kittitas County during this ten-year period.
- Total covered wages rose from \$439.5 million in 2011 to \$737.9 million in 2021 (not adjusted for inflation), a \$298.4 million increase or 67.9 percent upturn, with annualized payroll growth between 2011 and 2021 of 5.3 percent. The agricultural payroll (a subset of total covered wages) advanced from \$22.3 million in 2011 to \$41.1 million in 2021, a \$18.9 million increase or 84.7 percent uptrend, with annualized payroll growth of 6.3 percent. In 2011, the agricultural industry accounted for 5.1 percent of total covered wages in Kittitas County. In 2021, agricultural wages accounted for 5.6 percent of total covered payroll countywide. Hence, the share of agricultural payroll to total covered payroll elevated by a modest five-tenths of a percentage point (from 5.1 to 5.6 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>