

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

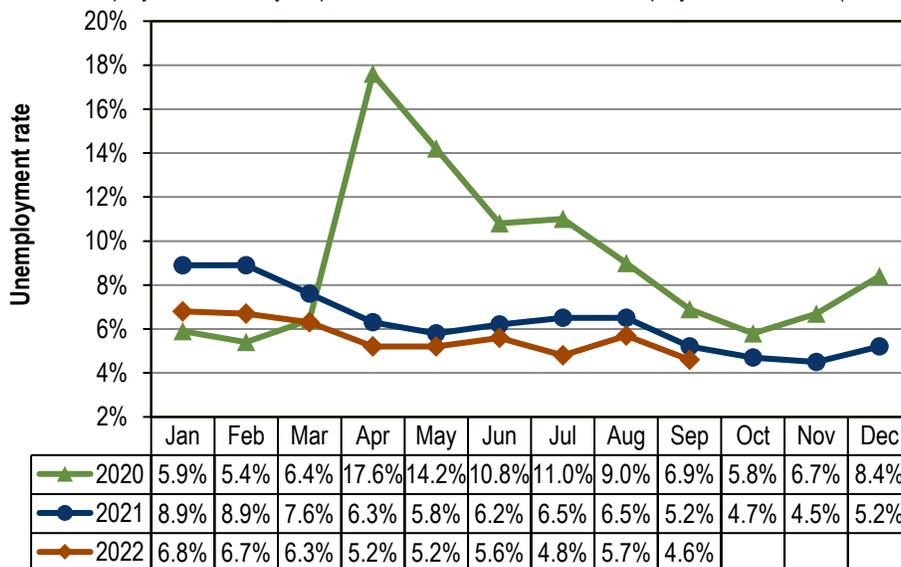
Unemployment rates

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 September 2021 and September 2022, the rate dropped from 4.6 to 3.6 percent. This 3.6 percent reading is the lowest rate for the month of September 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. On a monthly basis, unemployment rates declined, year over year, in each of the 18 months from April 2021 through September 2022 (*Figure 1*).

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

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



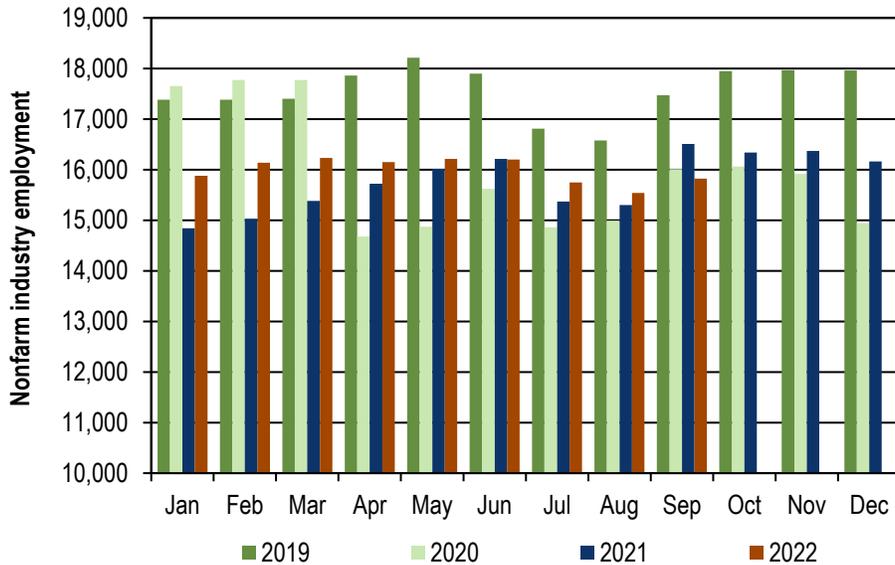
The Kittitas County unemployment rate fell by six-tenths of a percentage point between September 2021 and September 2022.

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 18 months (April 2021 through September 2022). This September, business and government organizations statewide tallied 3,565,500 jobs (not seasonally adjusted) compared with 3,417,400 in September 2021, up by 149,100 jobs and 4.4 percent.

Kittitas County’s economy decreased by 160 jobs in 2021, a -1.0 percent downturn. Year over year, nonfarm employment in Kittitas County expanded for 14 months (April 2021 through May 2022), dipped -0.1 percent this June, increased by 2.5 and 1.6 percent in July and August, but retrenched -4.2 percent in September 2022 (*Figures 2 and 4*). Most recently, in September 2022, total nonfarm employment in Kittitas County provided 690 fewer jobs than in September 2021 (down -2.4 percent) as employment retrenched from 16,510 jobs to 15,820 (*Figure 3*).

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



Nonfarm employment in Kittitas County decreased by 690 jobs between September 2021 and September 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 year-over-year labor force contraction occurred in the first six months of 2021. Since then, the state’s CLF has either stabilized or expanded during each of the past 15 months (July 2021 through September 2022). Washington’s labor force grew by 62,908 residents (up 1.6 percent), from 3,943,513 residents in September 2021 to 4,006,421 this September.

Kittitas County averaged 22,318 residents in the Civilian Labor Force (CLF) in 2020 but only 21,787 in 2021, a -2.4 percent contraction. Year over year, the local labor force expanded from June 2021 through June 2022, dipped -0.6 percent in July, rose 1.9 percent in August, and sank -3.7 percent in September 2022. In September 2022 there were 833 fewer residents in the labor force than in September 2021, a -3.7 percent downturn (*Figure 3*) – and a shrinking labor force is rarely considered good economic news. Fortunately, the number of unemployed dropped sharply by -15.7 percent, from 1,169 residents in September 2021 to 986 in September 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 5.2 percent in September 2021 to 4.6 percent in September 2022. On the negative side, the Kittitas County labor force was smaller in each of the first nine months of 2022 compared with January through September 2019 (the pre-COVID era). Recently, the CLF in September 2022 (21,453 residents) was 2,209 residents (-9.3 percent) below the 23,662 residents in the local labor force in September 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 was nearly ten-percent smaller this September than during the pre-pandemic month of September 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, September 2022

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

Kittitas County	Preliminary Sep-22	Revised Aug-22	Revised Sep-21	Change		Percent change
				Aug-22	Sep-21	Sep-21
				Sep-22	Sep-22	Sep-22
Labor force and unemployment						
Civilian labor force	21,453	21,227	22,286	226	-833	-3.7%
Resident employment	20,467	20,021	21,117	446	-650	-3.1%
Unemployment	986	1,206	1,169	-220	-183	-15.7%
Unemployment rate	4.6	5.7	5.2	-1.1	-0.6	
Industry employment						
Total nonfarm ¹	15,820	15,540	16,510	280	-690	-4.2%
Total private	10,390	10,600	10,500	-210	-110	-1.0%
Goods producing	1,940	2,020	1,910	-80	30	1.6%
Mining, logging and construction	1,370	1,420	1,330	-50	40	3.0%
Manufacturing	570	600	580	-30	-10	-1.7%
Service providing	13,880	13,520	14,600	360	-720	-4.9%
Trade, transportation and utilities	2,820	2,880	2,800	-60	20	0.7%
Wholesale trade	590	600	560	-10	30	5.4%
Retail trade	1,880	1,920	1,900	-40	-20	-1.1%
Transportation, warehousing, and utilities	350	360	340	-10	10	2.9%
Information and financial activities	670	650	660	20	10	1.5%
Professional and business services	640	660	680	-20	-40	-5.9%
Education and health services	1,420	1,410	1,430	10	-10	-0.7%
Leisure and hospitality	2,530	2,580	2,610	-50	-80	-3.1%
Government	5,430	4,940	6,010	490	-580	-9.7%
Federal government	190	190	160	0	30	18.8%
State and local government	5,240	4,750	5,850	490	-610	-10.4%
State & local government education	3,350	2,830	3,960	520	-610	-15.4%
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 15,820 jobs in September 2022, a -4.2 percent downturn since September 2021.

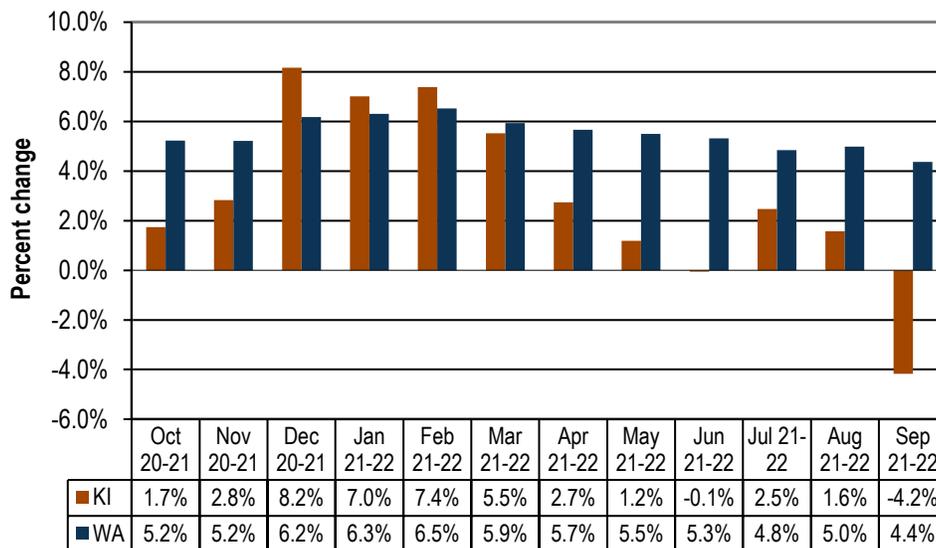
Nonfarm industry employment

Year over year, nonfarm employment in Kittitas County expanded for 14 months (April 2021 through May 2022), dipped -0.1 percent this June, increased by 2.5 and 1.6 percent in July and August, but retrenched -4.2 percent in September 2022 (*Figure 4*). Most recently, between September 2021 and September 2022, total nonfarm employment countywide decreased by 690 jobs (down -4.2 percent), from 16,510 to 15,820 jobs (*Figures 3 and 4*). Total nonfarm employment change rates (*Figure 4*) in Kittitas County have lagged employment change rates statewide from March through September 2022. Also, in each month from January through September of this year, total nonfarm employment has contracted below the corresponding month in the pre-COVID era of 2019 (three years ago). For example, the 15,820 nonfarm jobs provided by the local economy this September was -9.4 percent less than the 17,470 jobs tallied in September 2019. Hence, from January through September 2022, Kittitas County's nonfarm job market has not even come close to rebounding back to the pre-COVID employment levels experienced from January through September 2019 (*Figure 2*).

Figure 4. Kittitas County and Washington total nonfarm employment changes

Washington state, October 2021 through September 2022

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



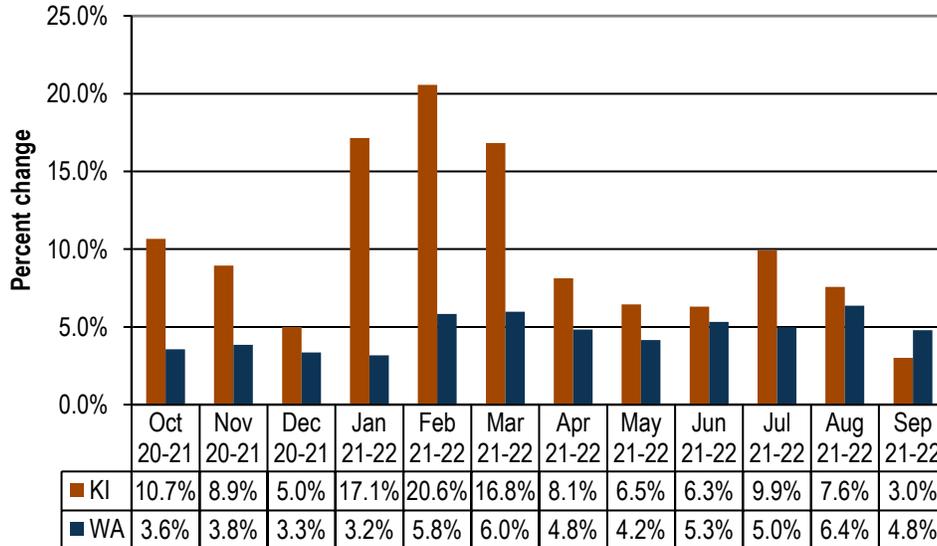
Year over year, nonfarm employment in Kittitas County expanded for 14 months (April 2021 through May 2022), dipped -0.1 percent this June, increased by 2.5 and 1.6 percent in July and August, but retrenched -4.2 percent in September 2022. Washington's job market has expanded from April 2021 through September 2022.

Summaries of employment changes between September 2021 and September 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 27 months (July 2020 through September 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 40 more construction jobs countywide this September (1,370 jobs) than in September 2021 (1,330 jobs), a 3.0 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 18 months (April 2021 through September 2022) albeit at generally slower growth rates than those occurring in Kittitas County (Figure 5).

Figure 5: Washington state and Kittitas County construction employment changes Washington state, October 2021 through September 2022
Source: Employment Security Department/DATA, Current Employment Statistics (CES)



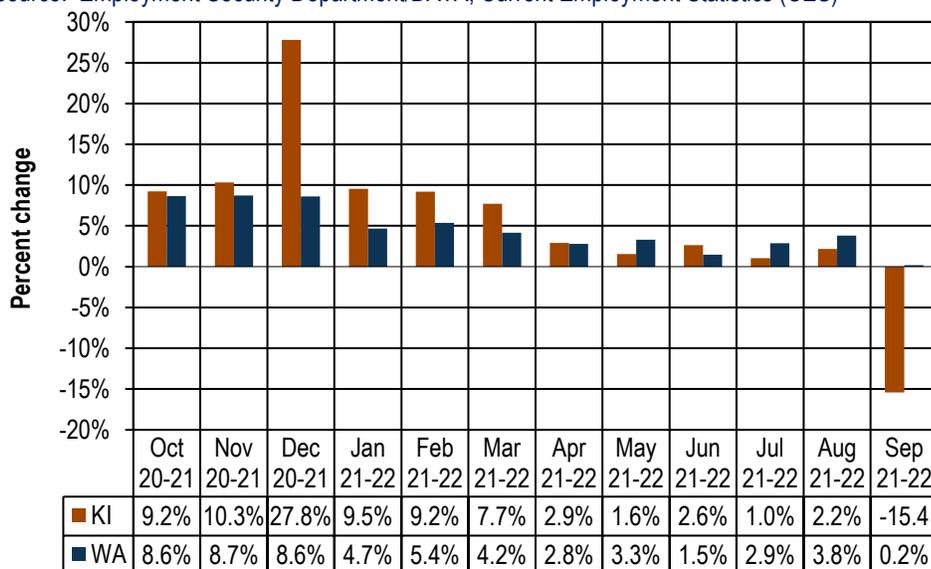
Year over year, construction employment has expanded in Kittitas County for 27 consecutive months (July 2020 through September 2022). Washington’s construction industry has expanded in each of the past 18 months (April 2021 through September 2022).

- Year over year, retail trade employment in Kittitas County has either stagnated or decreased in the past four months (June through September 2022). This four-month slump in retail hiring will bear watching in forthcoming months. Recent estimates show that, this September, there were 1,880 retail trade jobs countywide, a -1.1 percent decline from the 1,900 jobs in September 2021. Statewide, retail trade employment had expanded from August 2020 through August 2022; but employment in this industry also took a step backward in September 2022, contracting by -0.5 percent since September 2021. Current estimates indicate that Washington’s retail trade stores tallied 404,500 jobs this September versus 406,700 in September 2021, a 2,200 job and -0.5 percent downturn. During this timeframe (September 2021 to September 2022), several of Washington’s retail subsectors reduced employment levels (i.e., at motor vehicle and parts dealers, furniture and home furnishing stores, food and beverage stores, and especially at general merchandise stores). By far, the retail subsector which shed the most jobs between the Septembers of 2021 and 2022 was general merchandise stores. This subsector lost 4,200 jobs, a -5.8 percent employment downturn between September 2021 (71,800 jobs) and September 2022 (67,600 jobs). Conversely, a retail subsector which added jobs from September 2021 to September 2022, was “other retail trade.” This category includes firms engaged in online shopping. Other retail trade lengthened payrolls by 1,500 and employment rose by 1.0 percent; from 144,400 jobs in September 2021 to 145,900 jobs in September 2022.

- State and local government education employment in Kittitas County posted year over year growth from July 2021 through August 2022 before falling by -15.4 percent (down by 610 jobs) in September 2022 (*Figure 3*). Hence, year over year, state and local government employment in Kittitas County was on the upswing during these 14 months (as partially shown in *Figure 6*). It is likely that this recent, -15.4 downturn between the Septembers of 2021 and 2022 was caused by a later start date of Central Washington University’s (CWU’s) Autumn Quarter meaning that many student jobs for returning students will be tallied in October 2022 versus in September 2022 (i.e., delayed reporting). But, when one compares state and local government education employment levels in the first nine months of 2022 with the corresponding months in the pre-COVID era (of 2019), the picture is not so rosy. In fact, 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 nine months (January through September) of 2019 compared with the first nine months of 2022, state and local government education employment loss rates have been in the 20-percent range. For example, in September 2019 state and local government education tallied 4,590 jobs countywide, but in September 2022 this category provided only 3,350 jobs, a 1,240 job and -27.0 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 CWU. Hence, Current Employment and Statistics (CES) data suggest that faculty, staff (i.e., administrative, transportation, and maintenance/logistical staff), and student employment (i.e., student interns/teaching assistants, etc.) at this institution has not yet fully recovered since the onset of the COVID-19 pandemic.

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

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



State and local government education employment in Kittitas County posted year over year growth for 14 months (July 2021 through August 2022) before falling by -15.4 percent between the Septembers of 2021 and 2022. Washington's state and local government education sector has grown for the past 17 months (May 2021 through September 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>