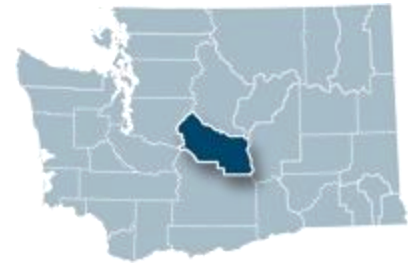


Kittitas County Labor Area Summary December 2022



Donald W. Meseck, Regional Labor Economist
 Employment Security Department
 Kittitas County WorkSource, 510 N. Pine Street, Ellensburg, WA 98926
 Phone: 509-607-3267
 Email: don.meseck@esd.wa.gov
 Website: <https://esd.wa.gov/labormarketinfo>

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 (December 2021 and December 2022) and average annual data changes (between 2020 and 2021) in the labor market.

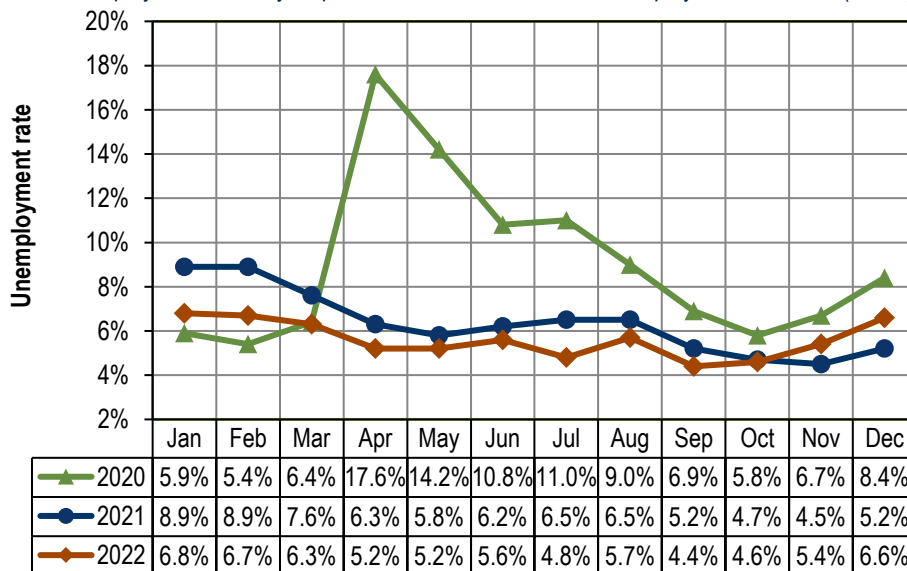
Unemployment rates

Preliminary Civilian Labor Force (CLF) data show that Washington’s not seasonally adjusted unemployment rate fell from 5.2 percent in 2021 to 4.0 percent in 2022. Year over year, Washington’s monthly unemployment rates had decreased for 19 months before increasing in November and December 2022. The rate rose four-tenths of a point between the Decembers of 2021 (4.0 percent) and 2022 (4.4 percent).

In Kittitas County, the average annual unemployment rate declined from 6.3 percent to 5.6 percent between 2021 and 2022. Monthly unemployment rates had dropped, year over year, for 19 consecutive months (April 2021 through October 2022) before rising in November and December 2022 (*Figure 1*).

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

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



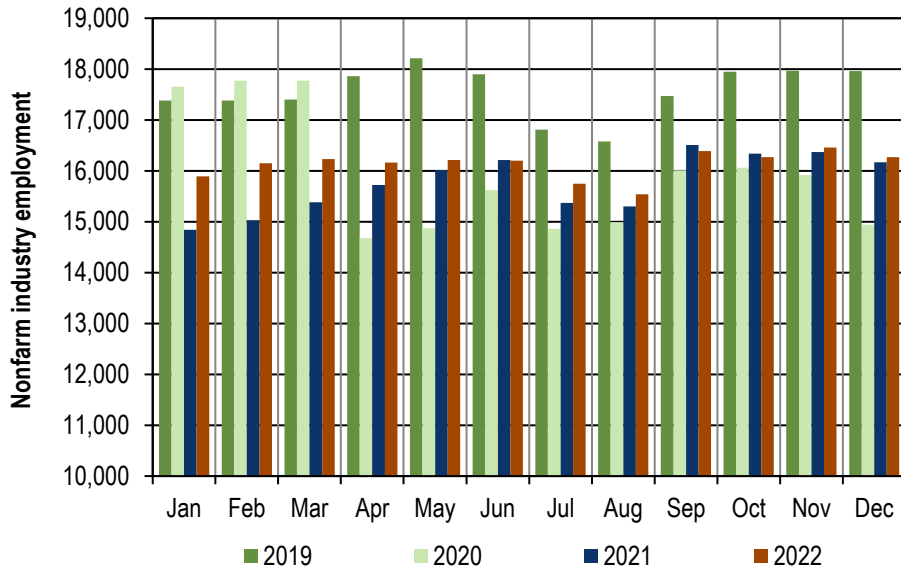
The Kittitas County unemployment rate rose by one and four-tenths percentage points between December 2021 and December 2022.

Total nonfarm employment

Between 2021 and 2022, estimates indicate that Washington’s labor market provided 169,200 more nonfarm jobs, an average annual increase of 5.0 percent. Year over year, Washington's nonfarm market has expanded in each of the past 21 months (April 2021 through December 2022). This December, business and government organizations statewide tallied 3,586,200 jobs (not seasonally adjusted) compared with 3,465,000 in December 2021, up by 121,200 jobs and by 3.5 percent

Kittitas County’s economy increased by 360 jobs in 2022 (up 2.3 percent) due primarily to strong year over year upturns from January through May 2022. Year over year, nonfarm employment in Kittitas County had expanded for 14 months (April 2021 through May 2022) before "vacillating" from June through December 2022 (*Figures 2 and 4*). Recently, in December 2022, total nonfarm employment in Kittitas County provided 100 more jobs than in December 2021 (up 0.6 percent) as employment rebounded from 16,170 jobs to 16,270 (*Figure 3*).

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



Nonfarm employment in Kittitas County increased by 100 jobs between December 2021 and December 2022.

Employment and unemployment

Washington’s Civilian Labor Force (CLF) increased by 99,357 residents (a 2.5 percent upturn) between 2021 and 2022. Year over year, the state’s CLF has expanded during the past 17 months (August 2021 through December 2022). Recently, Washington’s labor force grew by 28,524 residents (up 0.7 percent), from 3,968,555 residents in December 2021 to 3,997,079 this past December. However, the state’s labor force growth rates *generally* decelerated, year over year, throughout 2022. For example, in January and February 2022 CLF growth rates year over year were 3.4 and 4.4 percent, respectively; but, by November and December 2022 CLF growth rates slipped to 0.5 and 0.7 percent.

Kittitas County averaged 21,787 residents in the Civilian Labor Force (CLF) in 2021 versus 22,207 in 2022, a 1.9 percent expansion. However, the local CLF contracted, year over year, in five of the six months between July and December 2022 (with a 1.9 percent growth rate in August 2022). Estimates indicate there were 328 fewer residents in the local labor force in December 2022 than in December 2021, a -1.5 percent downturn (*Figure 3*). Concurrently, the number of unemployed increased by 25.1 percent, from 1,166

residents in December 2021 to 1,459 in December 2022. This increase in the number of unemployed coupled with the decrease in labor force caused the unemployment rate to rise from 5.2 percent in December 2021 to 6.6 percent in December 2022. More concerning economic news is that Kittitas County's labor force also contracted from January through December 2022 compared with these pre-COVID months in 2019 (three years ago). The CLF in December 2022 (21,994 residents) was 2,279 residents (-9.4 percent) below the 24,273 people in the labor force in December 2019 (i.e., during the "pre-COVID days"). Hence, the labor pool of residents ready, willing, and able to work was nearly ten-percent smaller this December than in the pre-pandemic month of December 2019, a situation at least partially attributable to fewer Central Washington University (CWU) students, staff, and/or faculty in the CLF during this period.

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

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

Kittitas County	Preliminary Dec-22	Revised Nov-22	Revised Dec-21	Change		Percent change
				Nov-22	Dec-21	Dec-21
				Dec-22	Dec-22	Dec-22
Labor force and unemployment						
Civilian labor force	21,994	22,271	22,322	-277	-328	-1.5%
Resident employment	20,535	21,064	21,156	-529	-621	-2.9%
Unemployment	1,459	1,207	1,166	252	293	25.1%
Unemployment rate	6.6	5.4	5.2	1.2	1.4	
Industry employment						
Total nonfarm ¹	16,270	16,460	16,170	-190	100	0.6%
Total private	10,380	10,420	10,140	-40	240	2.4%
Goods producing	2,000	1,960	1,830	40	170	9.3%
Mining, logging and construction	1,410	1,390	1,260	20	150	11.9%
Manufacturing	590	570	570	20	20	3.5%
Service providing	14,270	14,500	14,340	-230	-70	-0.5%
Trade, transportation and utilities	2,950	2,960	2,880	-10	70	2.4%
Wholesale trade	580	590	590	-10	-10	-1.7%
Retail trade	1,900	1,900	1,890	0	10	0.5%
Transportation, warehousing, and utilities	470	470	400	0	70	17.5%
Information and financial activities	600	610	580	-10	20	3.4%
Professional and business services	670	660	600	10	70	11.7%
Education and health services	1,400	1,420	1,460	-20	-60	-4.1%
Leisure and hospitality	2,360	2,420	2,380	-60	-20	-0.8%
Government	5,890	6,040	6,030	-150	-140	-2.3%
Federal government	130	120	130	10	0	0.0%
State and local government	5,760	5,920	5,900	-160	-140	-2.4%
State & local government education	3,910	4,080	4,090	-170	-180	-4.4%
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 16,270 jobs in December 2022, a 0.6 percent upturn since December 2021.

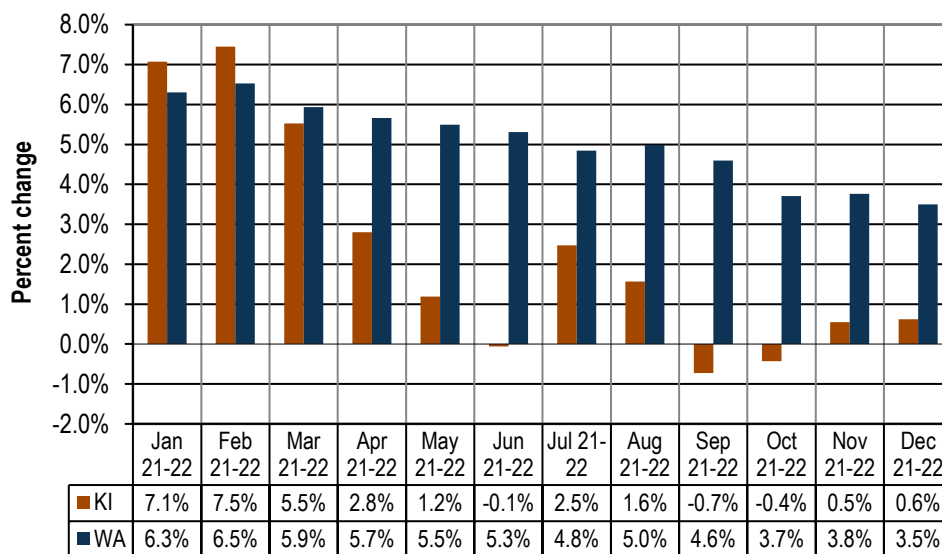
Nonfarm industry employment

Year over year, nonfarm employment in Kittitas County expanded for 14 months (April 2021 through May 2022) before "vacillating" from June through December 2022 (*Figure 4*). Most recently, between December 2021 and December 2022, total nonfarm employment countywide increased by 100 jobs (up 0.6 percent), from 16,170 to 16,270 jobs (*Figures 3 and 4*). Total nonfarm employment growth rates in Kittitas County have lagged employment growth rates across Washington since March of 2022 (*Figure 4*). But perhaps an even more concerning trend is that during each month of 2022, total nonfarm employment in Kittitas County lagged pre-COVID employment levels (i.e., from January through December 2019). Current Employment Statistics (CES) estimates show there were 16,270 nonfarm jobs countywide in December 2022 - a substantial -9.4 percent abatement below the 17,960 jobs tallied in December 2019.

Figure 4. Kittitas County and Washington total nonfarm employment changes

Washington state, January 2022 through December 2022

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



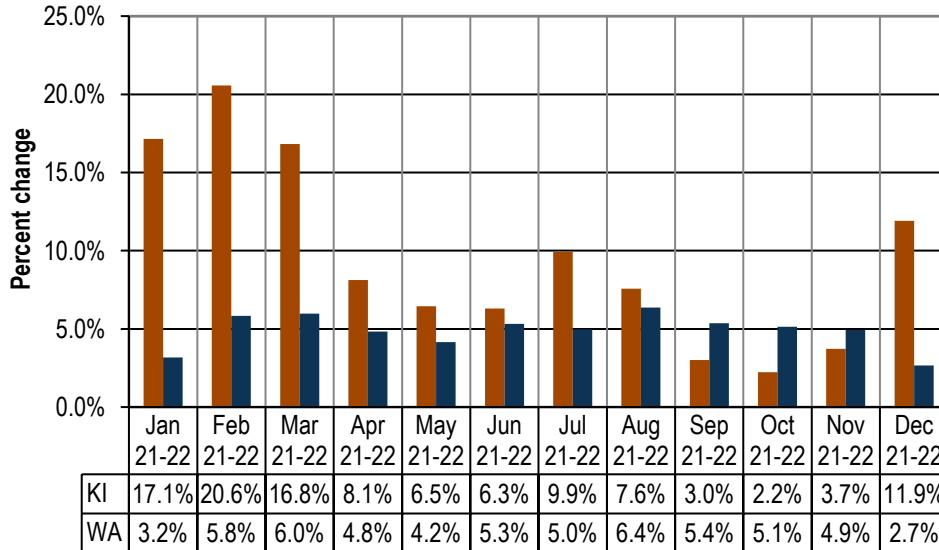
Year over year, nonfarm employment in Kittitas County expanded for 14 months (April 2021 through May 2022) before "vacillating" from June through December 2022. Washington's nonfarm economy has consistently added jobs from April 2021 through December 2022.

Summaries of employment changes between December 2021 and December 2022 in three local industries: construction, leisure and hospitality, 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, construction employment has expanded in Kittitas County for 30 consecutive months (July 2020 through December 2022) – despite COVID-19 related layoffs which suppressed hiring in many other local industries during the pandemic. Current Employment Statistics (CES) estimates indicate that there were 150 more construction jobs countywide this December (1,410 jobs) than in December 2021 (1,260 jobs), a robust 11.9 percent growth rate (*Figures 3 and 5*). 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 ranked 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. Across Washington state, construction employment has posted year-over-year gains for 21 consecutive months (partially shown in *Figure 5*). Between December 2021 and December 2022, the number of construction jobs statewide advanced by 2.7 percent (up 6,000 jobs) from 225,300 jobs to 231,300. Washington’s nonresidential building construction contractors saw employment climb by 10.9 percent, from 22,900 jobs in December 2021 to 25,400 in December 2022. A nonresidential building is defined as any commercial, industrial, institutional, public, or other building not occupied as a dwelling, including hotels and motels.

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



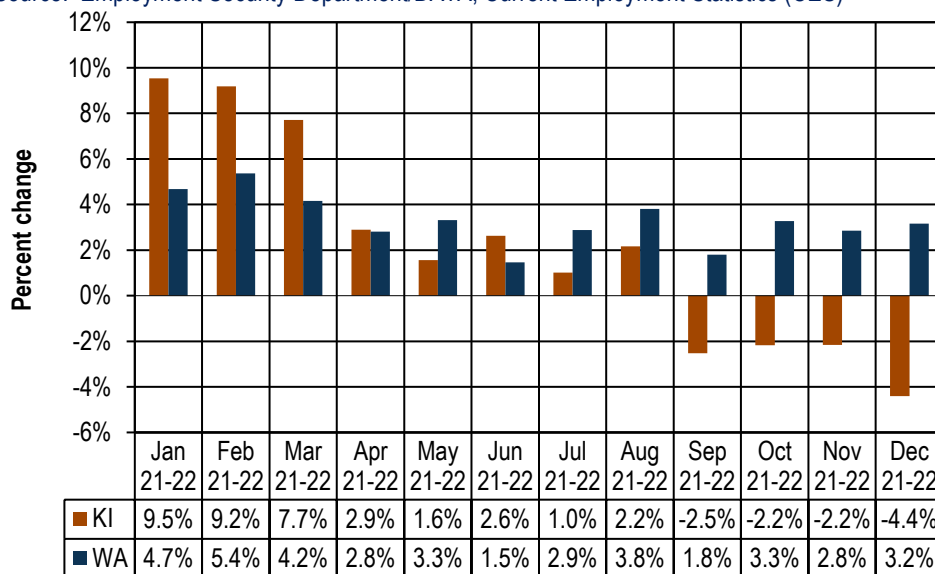
Year over year, construction employment has expanded in Kittitas County for 30 consecutive months (July 2020 through December 2022). Statewide, construction employment has risen for 21 consecutive months (April 2021 through December 2022).

- Year over year, employment in Kittitas County's leisure and hospitality industry increased for 14 months (April 2021 through May 2022) before virtually stagnating in the past seven months (June through December 2022). Estimates indicate that, in December 2022, there were 2,360 leisure and hospitality jobs countywide (primarily in hotels, eating and drinking places, and amusement and recreation), a slight -0.8 percent retrenchment from the 2,380 jobs provided in December 2021. Employment in Washington's leisure and hospitality industry has expanded in each of the past 21 months (April 2021 through December 2022). Statewide, leisure and hospitality employment elevated 9.8 percent (up by 30,100 jobs) between December 2021 (307,900 jobs) and December 2022 (338,000 jobs). Approximately three-quarters (75.7 percent), or 22,800 of these 30,100 new leisure and hospitality jobs were generated in the food services and drinking places subsector, which increased from 235,900 to 258,700 jobs between the Decembers of 2021 and 2022 (up 9.7 percent).
- State and local government education employment in Kittitas County expanded, year over year, for 14 months (July 2021 through August 2022) before contracting in the past four months (September through December 2022), as shown in *Figure 6*. In December 2022 there were 3,910 state and local government education jobs countywide, a -4.4 percent downturn from the 4,090 jobs tallied in December 2021. These recent (September to December 2022) year over year job losses are in the minus-two to minus-four percent range (*Figure 6*). However, if one compares state and local government education employment levels in Kittitas County in the 12 months of 2022 with the corresponding 12 months of the pre-COVID era (in 2019), the picture is disquieting. On a

quantitative basis, this is the “elephant in the room” in terms of what is holding back the recovery of the Kittitas County job market. During the 12 months (January through December) of 2019 versus the 12 calendar months of 2022, state and local government education employment loss rates have generally been in the -25 to -30 percent range. In December 2019 state and local government education tallied 5,590 jobs countywide, but in December 2022 estimates indicate this category provided only 3,910 jobs, a 1,680 job and a -30.1 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) estimates 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 recovered since the onset of the COVID-19 pandemic.

Figure 6: Kittitas County and Washington, state and local government education employment changes January 2022 through December 2022

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



Year over year, state and local government education employment in Kittitas County expanded for 14 months (July 2021 through August 2022) before contracting in the past four months (September through December 2022). Washington's state and local government education sector has grown for the past 20 months (May 2021 through December 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 November 2022 revised 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 15,170 in 2021, a 1,703 job increase or a 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 1,091 in 2021, a 277 job increase or a 34.0 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 \$733.7 million in 2021 (not adjusted for inflation), a \$294.1 million increase or a 66.9 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 \$41.0 million in 2021, an \$18.7 million increase or an 84.1 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 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>