

Kittitas County Labor Area Summary August 2023



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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 (between August 2022 and August 2023) and average annual data changes (between 2021 and 2022) in the local labor market.

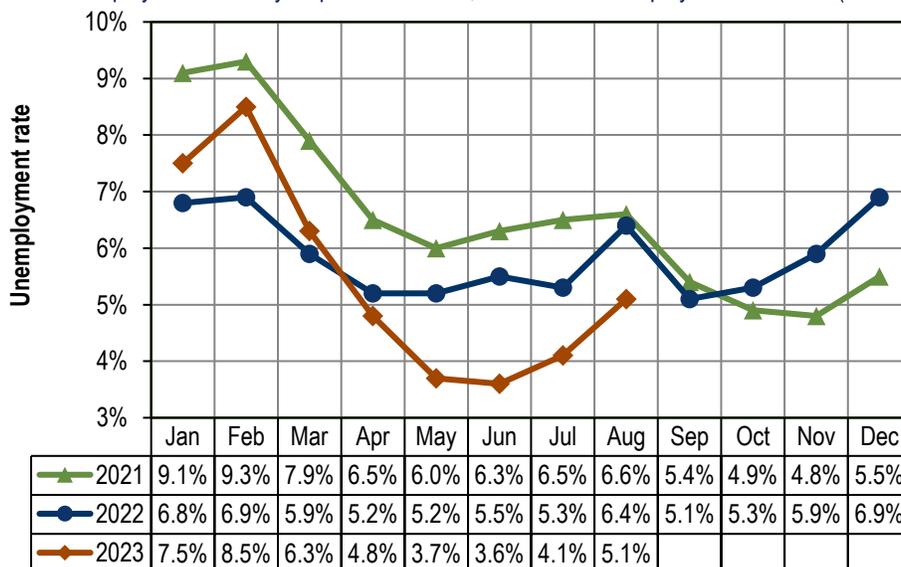
Unemployment rates

Washington’s not seasonally adjusted average annual unemployment rate fell one full point, from 5.2 percent in 2021 to 4.2 percent in 2022. The monthly unemployment rate decreased five-tenths of a percentage point between August 2022 (4.5 percent) and August 2023 (4.0 percent).

In Kittitas County, the average annual unemployment rate declined from 6.6 percent to 5.9 percent between 2021 and 2022. Year over year, monthly unemployment rates increased from October 2022 through March 2023 but have decreased in each of the past five months (April through August 2023), as shown in *Figure 1*. Although the 5.1 percent reading in August 2023 was a relatively low rate for the month of August, it was well above the historic low reading of 4.3 percent recorded in August 1999.

Figure 1. Kittitas County unemployment rates, not seasonally adjusted
 Washington state, January 2021 through August 2023

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



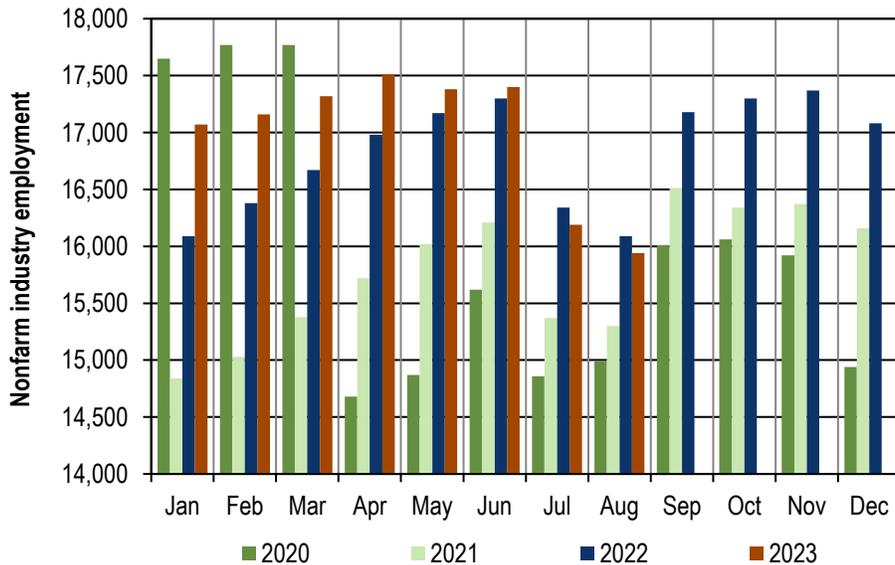
The Kittitas County unemployment rate declined by one and three-tenths percentage points between August 2022 and August 2023.

Total nonfarm employment

Between 2021 and 2022, Washington’s labor market provided 157,900 more nonfarm jobs, an average annual increase of 4.7 percent. Year over year, Washington's nonfarm market has expanded in each of the past 29 months (April 2021 through August 2023). This August, business and government organizations statewide tallied 3,623,000 jobs (not seasonally adjusted) compared with 3,567,800 in August 2022, up by 55,200 jobs and by 1.5 percent. Although this 1.5 percent year-over-year growth rate in August 2023 is still good news for Washington’s labor market, it should be noted that job growth rates have generally been decelerating for at least the past 12 months (*Figure 4*) – a trend to watch in forthcoming months.

Kittitas County’s economy increased sharply by 1,060 jobs in 2022 (up 6.7 percent) over 2021. Year over year, nonfarm employment in Kittitas County had expanded for 27 months (April 2021 through June 2023) before contracting in July and August 2023, as shown in *Figures 2 and 4*. In August 2023, total nonfarm employment in Kittitas County tallied 150 fewer jobs than in August 2022 (down -0.9 percent) as employment deflated from 16,090 jobs to 15,940 (*Figure 3*).

Figure 2. Kittitas County nonfarm industry employment, not seasonally adjusted
Washington state, January 2020 through August 2023
Source: Employment Security Department/DATA; Current Employment Statistics (CES)



Nonfarm employment in Kittitas County decreased by 150 jobs between August 2022 and August 2023.

Employment and unemployment

Washington’s Civilian Labor Force (CLF) increased by 91,636 residents (a 2.4 percent upturn) between 2021 and 2022. Year over year, the state’s CLF has expanded during the past 24 months (September 2021 through August 2023). Recently, Washington’s labor force grew by 53,611 residents (up 1.3 percent), from 4,010,385 residents in August 2022 to 4,063,996 in August 2023.

Kittitas County averaged 21,279 residents in the Civilian Labor Force (CLF) in 2021 versus 22,452 in 2022, a 5.5 percent expansion. Year over year, Kittitas County's labor force has decreased in five of the past six months (March through August 2023), rising only in June 2023 (up 0.9 percent). Estimates indicate there were 204 fewer residents in the local labor force this August than in August 2022, a -1.0 percent downturn (*Figure 3*). Fortunately, the number of unemployed plummeted by -22.1 percent during this timeframe, from 1,377 residents in August 2022 to 1,073 in August 2023. This decrease in the number of unemployed

overpowered the modest contraction in the labor force and caused the unemployment rate to fall from 6.4 percent in August 2022 to 5.1 percent in August 2023 – good economic news.

On the downside, Kittitas County’s labor force is smaller now than it was in the pre-COVID era (four years ago). Specifically, the local CLF contracted from September 2022 through August 2023 below these pre-COVID months of September 2018 through August 2019. This August there were 21,190 residents in the County’s labor force (*Figure 3*) whereas in the pre-COVID month of August 2019 there were 22,584 residents in the labor force. Hence, there were 1,394 fewer residents (-6.2 percent) in Kittitas County’s CLF in August 2023 than in the pre-pandemic month of August 2019 – and a shrinking labor force is seldom good economic news.

Figure 3. Kittitas County labor force and industry employment, not seasonally adjusted
Washington state, August 2023

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

Kittitas County	Preliminary Aug-23	Revised Jul-23	Revised Aug-22	Change (in #)		Change (in %)
				Jul-23	Aug-22	Aug-22
				Aug-23	Aug-23	Aug-23
Labor force and unemployment						
Civilian labor force	21,190	21,431	21,394	-241	-204	-1.0%
Resident employment	20,117	20,543	20,017	-426	100	0.5%
Unemployment	1,073	888	1,377	185	-304	-22.1%
Unemployment rate	5.1	4.1	6.4	1.0	-1.3	
Industry employment						
Total nonfarm ¹	15,940	16,190	16,090	-250	-150	-0.9%
Total private	11,030	11,050	11,210	-20	-180	-1.6%
Goods producing	2,210	2,120	2,190	90	20	0.9%
Mining, logging and construction	1,550	1,480	1,550	70	0	0.0%
Manufacturing	660	640	640	20	20	3.1%
Service providing	13,730	14,070	13,900	-340	-170	-1.2%
Trade, transportation and utilities	2,830	2,850	2,830	-20	0	0.0%
Wholesale trade	580	590	580	-10	0	0.0%
Retail trade	1,910	1,920	1,900	-10	10	0.5%
Transportation, warehousing, and utilities	340	340	350	0	-10	-2.9%
Information and financial activities	710	710	760	0	-50	-6.6%
Professional and business services	690	690	710	0	-20	-2.8%
Education and health services	1,570	1,580	1,510	-10	60	4.0%
Leisure and hospitality	2,570	2,640	2,740	-70	-170	-6.2%
Government	4,910	5,140	4,880	-230	30	0.6%
Federal government	180	190	180	-10	0	0.0%
State and local government	4,730	4,950	4,700	-220	30	0.6%
State & local government education	2,830	3,030	2,780	-200	50	1.8%
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 15,940 jobs in August 2023, a -0.9 percent downturn since August 2022.

Nonfarm industry employment

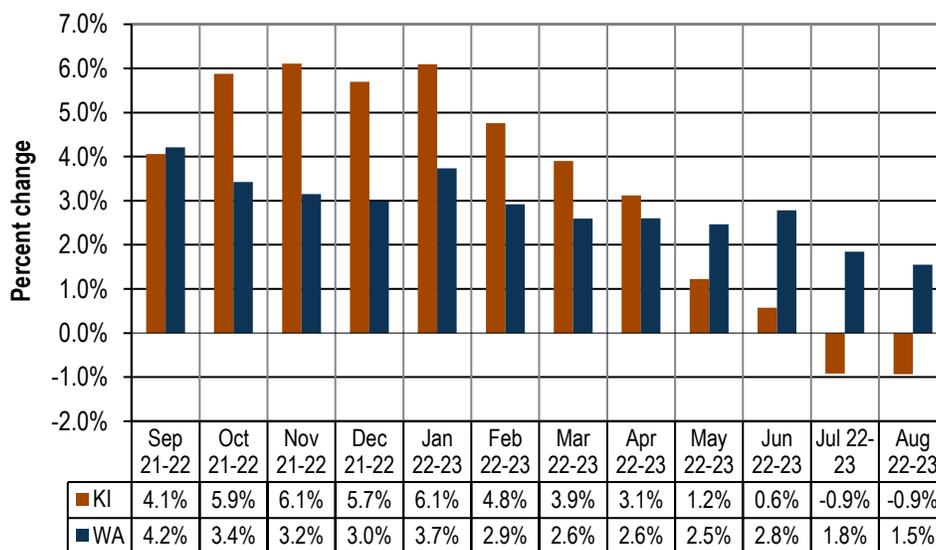
In 2022 total nonfarm employment in Kittitas County averaged 16,830 jobs versus 17,570 in 2019 (the pre-COVID era), a 740 job and -4.2 percent downturn. This means that in 2022 (three years after the start of the pandemic in 2019), total nonfarm employment had still not recovered to the pre-COVID level. Also, as mentioned in the *Total nonfarm employment* section of this report, nonfarm employment countywide had expanded, year over year, for 27 months (April 2021 through June 2023) before contracting in July and August 2023 (as shown in *Figures 2 and 4*).

However, by 2022 some Kittitas County industries had recovered completely since the pandemic. Specifically, the construction; manufacturing; retail trade; transportation, warehousing, and utilities; information and financial activities; professional and business services; and federal government sectors netted more jobs in 2022 than in 2019. But average annual employment in wholesale trade, private education and health services, leisure and hospitality, and state and local government education shrank during the pandemic and did not recover as of 2022. Especially noteworthy was the decline in state and local government which dropped from an average of 5,090 jobs in 2019 to 3,960 jobs in 2022, a loss of 1,130 jobs and -22.2 percent decline. Also, leisure and hospitality provided 240 fewer jobs countywide in 2022 than in 2019, a -8.5 percent contraction.

Figure 4. Kittitas County and Washington, total nonfarm employment changes

Washington state, September 2022 through August 2023

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



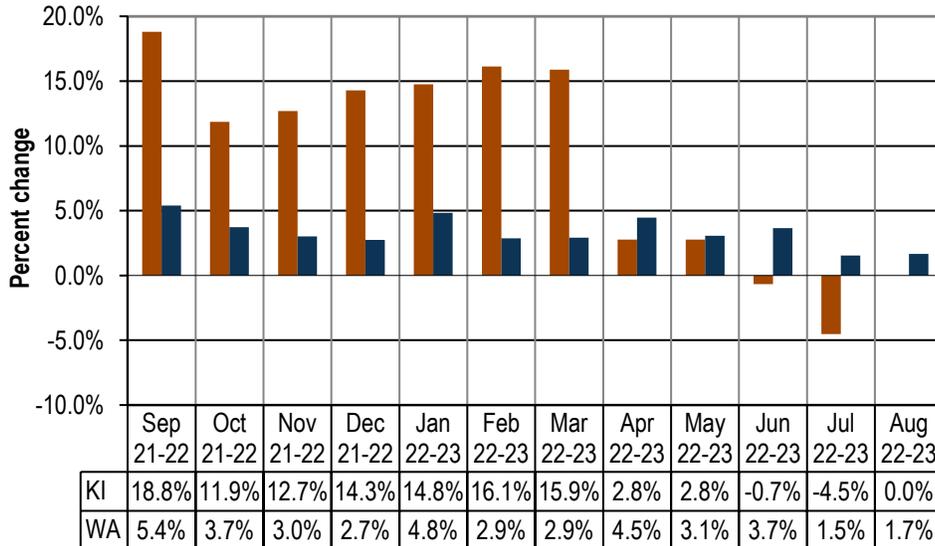
Year over year, nonfarm employment in Kittitas County had expanded for 27 months (April 2021 through June 2023) before contracting in July and August 2023. Washington's nonfarm job market has expanded for 29 months (April 2021 through August 2023).

Summaries of employment changes between August 2022 and August 2023 in three local industries: construction, (private) education and health services, and leisure and hospitality are provided as follows:

- In the mining, logging, and construction category (*Figure 3*), most jobs are in “construction.” Year over year, construction employment in Kittitas County was on a "growth streak" for 35 consecutive months (July 2020 through May 2023) before contracting in June and July 2023 and then stagnating in August 2023. Current Employment Statistics (CES) estimates indicate that there were 1,550 construction jobs countywide in the Augusts of 2022 and 2023 (*Figures 3 and 5*).

Across Washington, construction employment has posted year-over-year increases for 29 consecutive months (April 2021 through August 2023). Between August 2022 and August 2023, the number of construction jobs statewide elevated by 1.7 percent (*Figure 5*) and by 4,000 jobs, from 241,600 jobs to 245,600. Although residential construction lost 1,300 jobs statewide between August 2022 (40,200 jobs) and August 2023 (38,900 jobs); specialty trade contractors gained 4,300 jobs between August 2022 (154,800 jobs) and August 2023 (159,100 jobs).

Figure 5: Washington state and Kittitas County, construction employment changes
 Washington state, September 2022 through August 2023
 Source: Employment Security Department/DATA, Current Employment Statistics (CES)



Year over year, construction employment in Kittitas County was on a "growth streak" for 35 consecutive months (July 2020 through May 2023) before contracting in June and July 2023 and then stagnating in August 2023. Statewide, construction employment has expanded for 29 months (April 2021 through August 2023).

- In the combined (private) education and health services category, health services employers provide the lion’s share of employment in Kittitas County. Year over year, employment in Kittitas County's private education and health services industry advanced for 20 consecutive months (January 2022 through August 2023). Between August 2022 and August 2023, the number of jobs in this local industry advanced from 1,510 to 1,570 respectively, a 60 job and 4.0 percent increase (*Figure 3*).

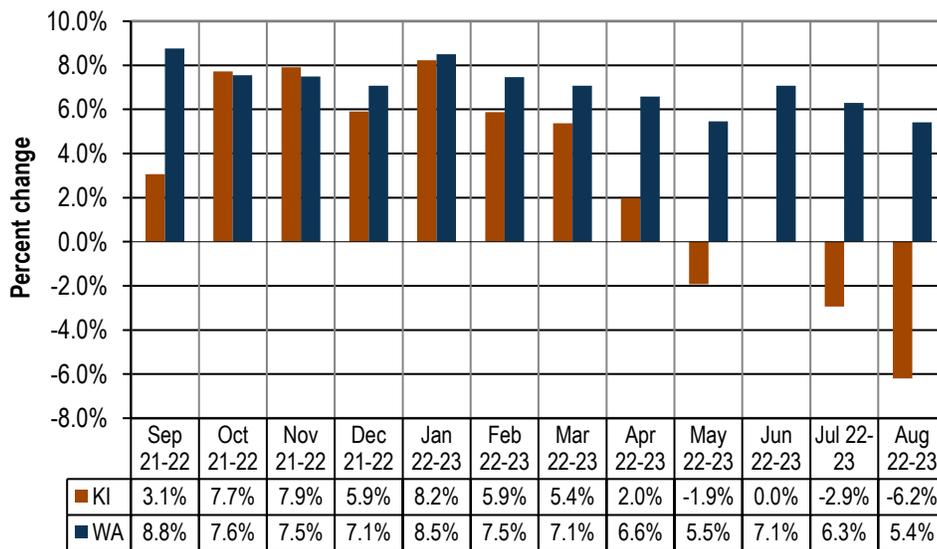
Statewide, employment in this industry has expanded for 29 months (April 2021 through August 2023). Current Employment Statistics (CES) estimates indicate that Washington’s education and health services employers tallied 511,300 jobs in August 2022 versus 533,700 in August 2023, a 22,400 job and 4.4 percent upturn. Nursing and residential care facilities, a subsector within the broader education and health services category, advanced from 57,400 jobs in August 2022 to 62,800 jobs in August 2023, a robust 5,400 job and 9.4 percent employment growth rate.

- Year over year, employment in Kittitas County's leisure and hospitality industry increased for 25 months (April 2021 through April 2023) before declining or stagnating in the past four months (May through August 2023), as shown in *Figure 6*. In August 2023, there were 2,570 leisure and hospitality jobs countywide (primarily in hotels, eating and drinking places, and amusement and recreation), a 170 job and -6.2 percent decrease from the 2,740 jobs provided in August 2022. However, local leisure and hospitality employment estimates for August 2023 are preliminary. It is possible that tourism related events (such as this year’s 100th Anniversary of the Ellensburg Rodeo) may cause

these preliminary August 2023 estimates to be revised upwards when “hard” data (from UI tax records) are received in forthcoming months.

Employment in Washington's leisure and hospitality industry has consistently expanded in each of the past 29 months (April 2021 through August 2023). Recently, leisure and hospitality employment elevated 5.4 percent (up by 18,700 jobs) between August 2022 (345,000 jobs) and August 2023 (363,700 jobs). Within this leisure and hospitality category, job growth in the arts, entertainment, and recreation sector was quite strong, escalating from 55,400 jobs to 61,600 (up 11.2 percent) between August 2022 and August 2023; as more Washingtonians decided to go to movie theaters, hit the golf courses, and join or rejoin fitness centers.

Figure 6: Kittitas County and Washington, leisure and hospitality employment changes September 2022 through August 2023
Source: Employment Security Department/DATA, Current Employment Statistics (CES)



Year over year, employment in Kittitas County's leisure and hospitality industry increased for 25 months (April 2021 through April 2023) before declining or stagnating in the past four months (May through August 2023). Employment in Washington's leisure and hospitality industry has expanded for 29 months (April 2021 through August 2023).

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 2023 preliminary average annual QCEW data for calendar year 2022 became available. An analysis of employment changes from 2012 through 2022 (the most recent ten-year period) shows that in Kittitas County:

- Total covered employment rose from 13,594 in 2012 to 15,950 in 2022, a 2,356 job increase or a 17.3 percent upturn, with annualized employment growth between 2012 and 2022 of 1.6 percent. The number of agricultural jobs (a subset of total covered employment) increased from 865 in 2012 to 976 in 2022, a 111 job increase or a 12.8 percent uptrend, with annualized employment growth of 1.2 percent. In 2012, Kittitas County's agricultural industry accounted for 6.4 percent of total

covered employment. In 2022, agricultural employment accounted for 6.1 percent of total covered employment countywide. Hence, the share of agricultural employment dipped by three-tenths of a percentage point (from 6.4 to 6.1 percent) in Kittitas County during this ten-year period.

- Total covered wages rose from \$453.2 million in 2012 to \$799.9 million in 2022 (not adjusted for inflation), a \$346.7 million increase or a 76.5 percent upturn, with annualized payroll growth between 2012 and 2022 of 5.8 percent. The agricultural payroll (a subset of total covered wages) advanced from \$24.7 million in 2012 to \$38.1 million in 2022, a \$13.4 million increase or a 54.2 percent uptrend, with annualized payroll growth of 4.4 percent. In 2012, the agricultural industry accounted for 5.4 percent of total covered wages in Kittitas County. In 2022, agricultural wages accounted for 4.8 percent of total covered payroll countywide. Hence, the share of agricultural payroll to total covered payroll slipped by six-tenths of a percentage point (from 5.4 to 4.8 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>