

Kittitas County Labor Area Summary September 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 September 2022 and September 2023) and average annual changes (between 2021 and 2022) in the local labor market.

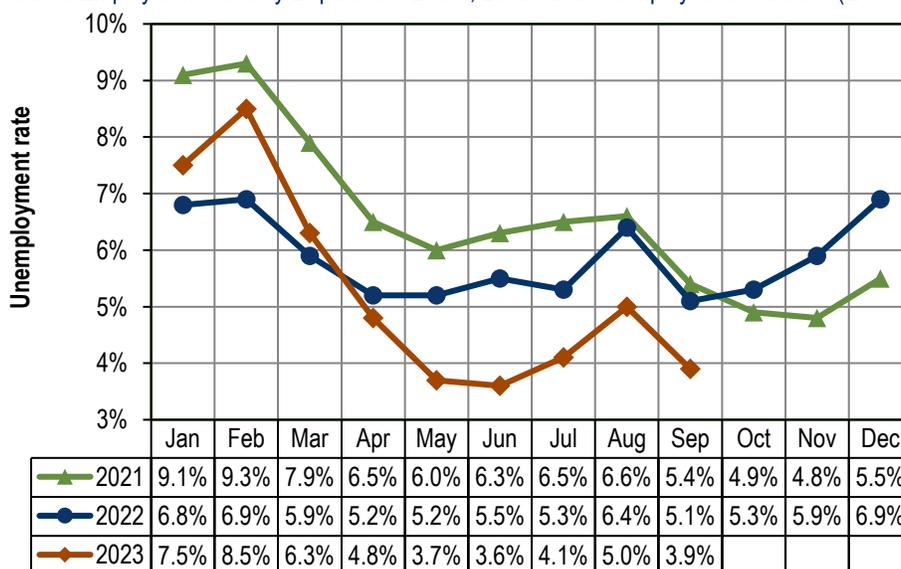
Unemployment rates

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 four-tenths of a percentage point between September 2022 (4.0 percent) and September 2023 (3.6 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 have decreased in each of the past six months (April through September 2023), as shown in *Figure 1*. Although the 3.9 percent reading in September 2023 was a low rate for the month of September, it was a tad above the historic low reading of 3.8 percent recorded in September 1999.

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

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



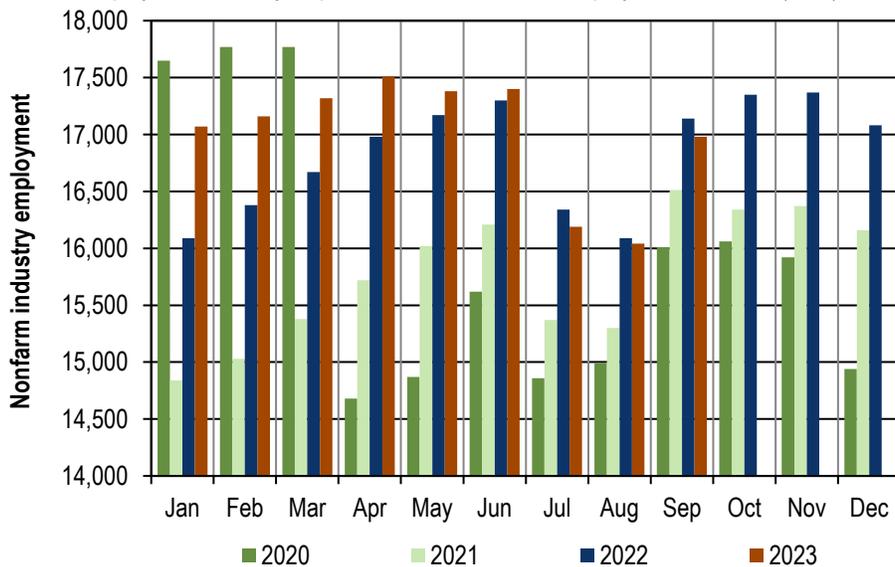
The Kittitas County unemployment rate declined by one and two-tenths percentage points between September 2022 and September 2023.

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 30 months (April 2021 through September 2023). This September, business and government organizations statewide tallied 3,625,800 jobs (not seasonally adjusted) compared with 3,570,500 in September 2022, up by 55,300 jobs and by 1.5 percent. Although this 1.5 percent year-over-year growth rate in September 2023 is still good news for Washington’s labor market, it should be noted that job growth rates have generally been decelerating during the past 12 months (*Figure 4*).

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 the past three months (July through September 2023), as shown in *Figures 2 and 4*. In September 2023, total nonfarm employment in Kittitas County tallied 160 fewer jobs than in September 2022 (down -0.9 percent) as employment deflated from 17,140 jobs to 16,980 (*Figure 3*).

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



Nonfarm employment in Kittitas County decreased by 160 jobs between September 2022 and September 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 for the past 25 months (September 2021 through September 2023). Washington’s labor force grew modestly by 32,342 residents (up 0.8 percent), from 4,011,679 residents in September 2022 to 4,044,021 in September 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 rose from September 2022 through September 2023, following declines in July and August 2023. Estimates indicate there were 218 more residents in the local labor force this September than in September 2022, a 1.0 percent upturn (*Figure 3*). Also, the number of unemployed plummeted by -21.6 percent during this timeframe, from 1,126 residents in September 2022 to 883 in September 2023. This decrease in the number of unemployed coupled with the

expansion in the labor force caused the unemployment rate to fall from 5.1 percent in September 2022 to 3.9 percent in September 2023 – encouraging economic news.

The not so encouraging economic news is that 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 October 2022 through September 2023 below these 12 pre-COVID months of October 2018 through September 2019. This September there were 22,448 residents in the County’s labor force (*Figure 3*) whereas in the pre-COVID month of September 2019 there were 23,614 residents in the labor force. Hence, there were 1,166 fewer residents (-4.9 percent) in Kittitas County’s CLF in September 2023 than in the pre-pandemic month of September 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, September 2023

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

Kittitas County	Preliminary Sep-23	Revised Aug-23	Revised Sep-22	Change (in #)		Change (in %)
				Aug-23	Sep-22	Sep-22
				Sep-23	Sep-23	Sep-23
Labor force and unemployment						
Civilian labor force	22,448	21,280	22,230	1,168	218	1.0%
Resident employment	21,565	20,214	21,104	1,351	461	2.2%
Unemployment	883	1,066	1,126	-183	-243	-21.6%
Unemployment rate	3.9	5.0	5.1	-1.1	-1.2	
Industry employment						
Total nonfarm ¹	16,980	16,040	17,140	940	-160	-0.9%
Total private	10,940	11,000	11,120	-60	-180	-1.6%
Goods producing	2,180	2,210	2,220	-30	-40	-1.8%
Mining, logging and construction	1,550	1,550	1,580	0	-30	-1.9%
Manufacturing	630	660	640	-30	-10	-1.6%
Service providing	14,800	13,830	14,920	970	-120	-0.8%
Trade, transportation and utilities	2,810	2,830	2,840	-20	-30	-1.1%
Wholesale trade	580	580	590	0	-10	-1.7%
Retail trade	1,910	1,910	1,910	0	0	0.0%
Transportation, warehousing, and utilities	320	340	340	-20	-20	-5.9%
Information and financial activities	710	710	740	0	-30	-4.1%
Professional and business services	680	690	720	-10	-40	-5.6%
Education and health services	1,570	1,570	1,500	0	70	4.7%
Leisure and hospitality	2,550	2,550	2,650	0	-100	-3.8%
Government	6,040	5,040	6,020	1,000	20	0.3%
Federal government	180	180	180	0	0	0.0%
State and local government	5,860	4,860	5,840	1,000	20	0.3%
State & local government education	3,970	2,930	3,870	1,040	100	2.6%
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 16,980 jobs in September 2023, a -0.9 percent downturn since September 2022.

Nonfarm industry employment

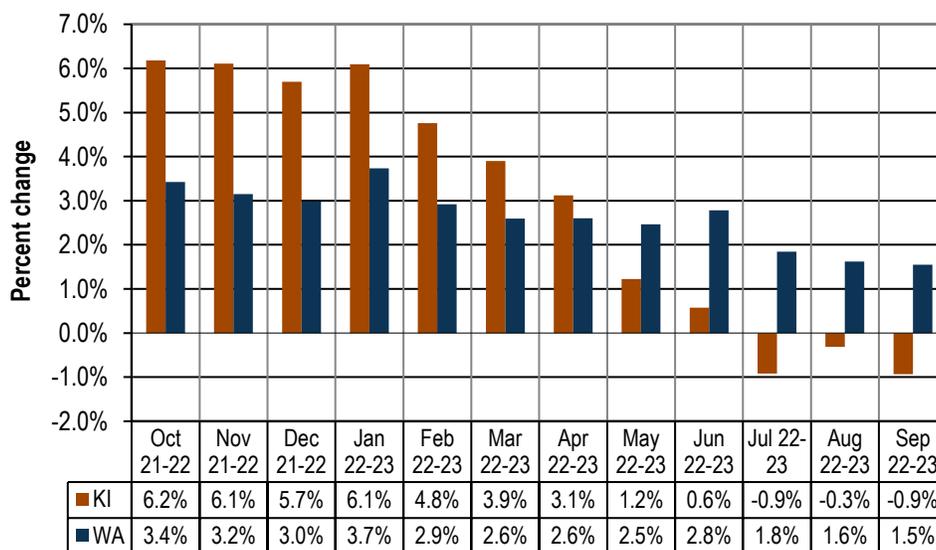
In 2022 total nonfarm employment in Kittitas County averaged 16,830 jobs versus 17,570 in 2019 (the pre-COVID era), a 740 job and -4.2 percent downturn. This means that in 2022 (three years after the start of the pandemic in 2019), total nonfarm employment had still not recovered to the pre-COVID level. 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 the past three months (July through September 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, an -8.5 percent contraction.

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

Washington state, October 2022 through September 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 the past three months (July through September 2023). Washington's nonfarm job market has expanded for 30 months (April 2021 through September 2023).

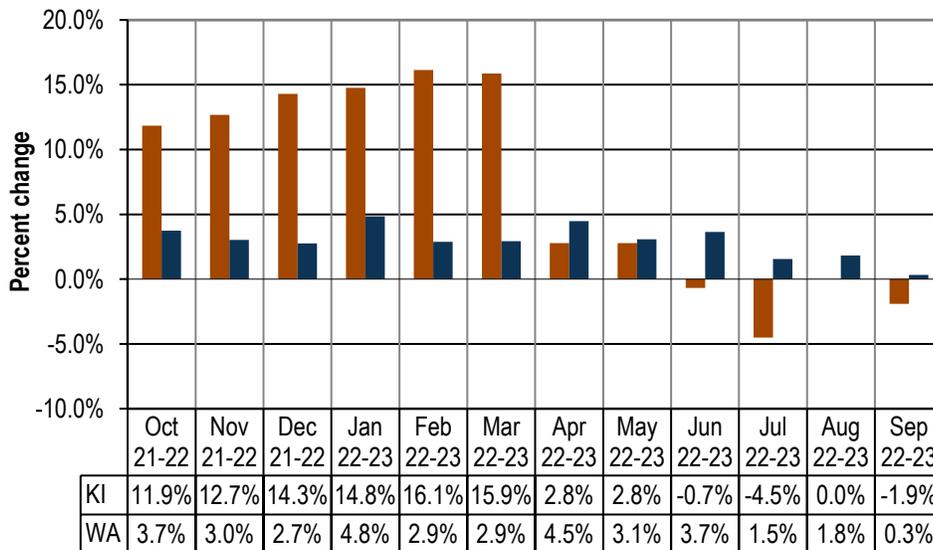
Summaries of employment changes between September 2022 and September 2023 in three local industries: construction, (private) education and health services, and leisure and hospitality are provided as follows:

- In the mining, logging, and construction category (*Figure 3*), most jobs are in construction. Year over year, construction employment in Kittitas County had been on a year-over-year growth streak for 35 consecutive months (July 2020 through May 2023) before contracting or stagnating from June through September 2023 (*Figure 5*). Current estimates indicate that there were 1,580 construction jobs countywide in September 2022 versus 1,550 this September, a 30 job and -1.9

percent downturn (*Figures 3 and 5*). However, employment in this local industry had been “on a tear,” rising from an average of 1,100 jobs in the pre-COVID era of 2019 to 1,440 in 2022, a dramatic 30.9 percent increase. Hence, hiring in Kittitas County’s construction industry appears to be entering a consolidation phase following such rapid growth – with rising interest rates certainly playing their part.

Across Washington, construction employment has posted year-over-year increases for 30 months (April 2021 through September 2023). Between September 2022 and September 2023, the number of construction jobs statewide elevated by 0.3 percent and by 800 jobs, rising from 241,700 jobs to 242,500. Washington’s *nonresidential* construction subsector gained 600 jobs between September 2022 (23,900 jobs) and September 2023 (24,500 jobs) while the *residential* construction subsector lost 1,000 jobs between September 2022 (40,500 jobs) and September 2023 (39,500 jobs). Employment amongst specialty trade contractors grew at a modest 1.4 percent pace, rising by 2,200 jobs from September 2022 (154,400 jobs) to September 2023 (156,600 jobs). A note of concern in evaluating Washington’s construction employment growth trends is that job growth rates are decelerating. Specifically, the September 2022 to September 2023 construction job growth rate of 0.3 percent (*Figure 5*) is rather lethargic versus the hardy job growth rates in the fourth Quarter of 2022 (approximately 3.1 percent) and in the first Quarter of 2023 (approximately 3.5 percent).

Figure 5: Washington state and Kittitas County, construction employment changes
Washington state, October 2022 through September 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 or stagnating in the past four months (June through September 2023). Statewide, construction employment has expanded for 30 months (April 2021 through September 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 21 consecutive months (January 2022 through September 2023). Between September 2022 and September 2023, the number of jobs in this local industry advanced from 1,500 to 1,570 respectively, a 70 job and 4.7 percent increase (*Figure 3*).

Statewide, employment in this industry has expanded for 30 months (April 2021 through September 2023). Current Employment Statistics (CES) estimates indicate that Washington’s education and health services employers tallied 517,800 jobs in September 2022 versus 540,200 in September 2023,

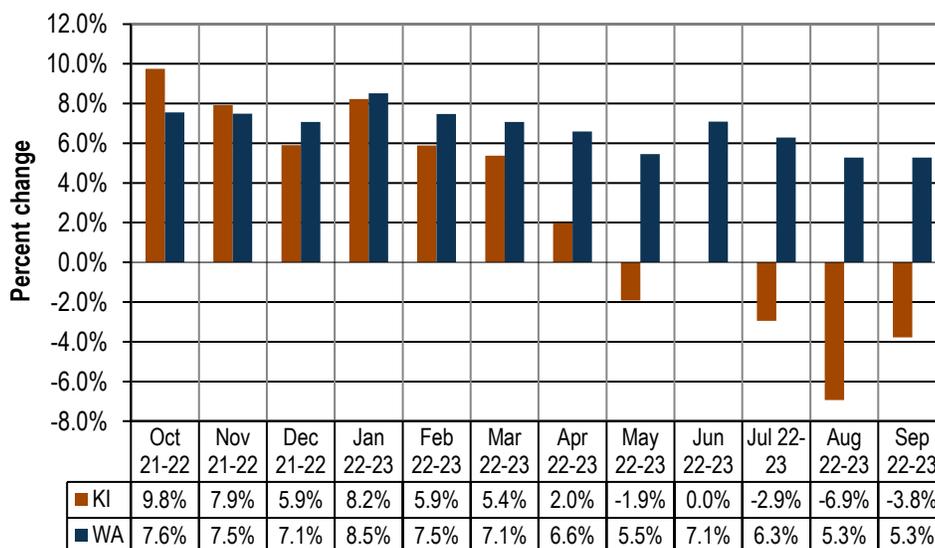
a 22,400 job and 4.3 percent upturn. Nursing and residential care facilities, a subsector within the broader education and health services category, advanced from 57,500 jobs in September 2022 to 63,400 jobs in September 2023, a robust 5,900 job and 10.3 percent employment growth rate.

- 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 five months (May through September 2023), as shown in *Figure 6*. Current Employment Statistics (CES) estimates indicate that in September 2023, there were 2,550 leisure and hospitality jobs countywide (primarily in hotels, eating and drinking places, and amusement and recreation), a 100 job and -3.8 percent decrease from the 2,650 jobs provided in September 2022.

Employment in Washington's leisure and hospitality industry has consistently expanded in each of the past 30 months (April 2021 through September 2023). Recently, leisure and hospitality employment elevated 5.3 percent (up by 17,800 jobs) between September 2022 (337,500 jobs) and September 2023 (355,300 jobs). Within this leisure and hospitality category, job growth in the arts, entertainment, and recreation sector was quite strong, escalating from 51,900 jobs to 58,900 (up 13.5 percent) between September 2022 and September 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 October 2022 through September 2023

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



Year over year, employment in Kittitas County's leisure and hospitality industry has stagnated or decreased from May through September 2023). Employment in Washington's leisure and hospitality industry has expanded for 30 months (April 2021 through September 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 September 2023 revised 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 15,943 in 2022, a 2,349 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 972 in 2022, a 107 job increase or a 12.4 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 \$799.7 million in 2022 (not adjusted for inflation), a \$346.5 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 \$38.0 million in 2022, a \$13.3 million increase or a 53.8 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 4.7 percent of total covered payroll countywide. Hence, the share of agricultural payroll to total covered payroll slipped by seven-tenths of a percentage point (from 5.4 to 4.7 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>