

Kittitas County Labor Area Summary November 2023



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

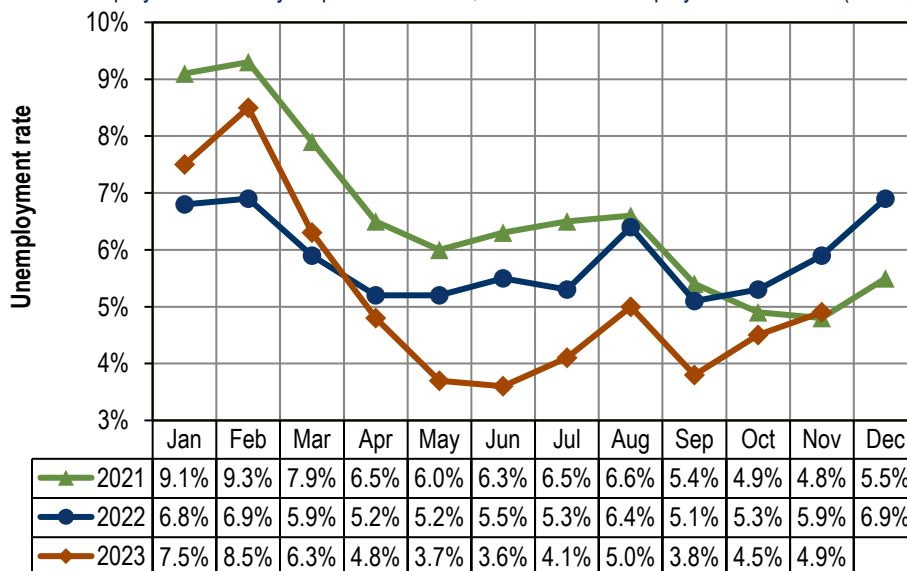
Unemployment rates

Washington’s not seasonally adjusted average annual unemployment rate fell one full point, from 5.2% in 2021 to 4.2% in 2022. The monthly unemployment rate dipped two-tenths of a percentage point between November 2022 (4.4%) and November 2023 (4.2%).

In Kittitas County, the average annual unemployment rate declined from 6.6% to 5.9% between 2021 and 2022. Year over year, monthly unemployment rates have decreased in each of the past eight months (April through November 2023) as shown in *Figure 1*. The current 4.9% reading in November 2023 was a relatively low rate for November in Kittitas County, but it was still greater than the historic 3.8% reading recorded in November 1999.

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

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



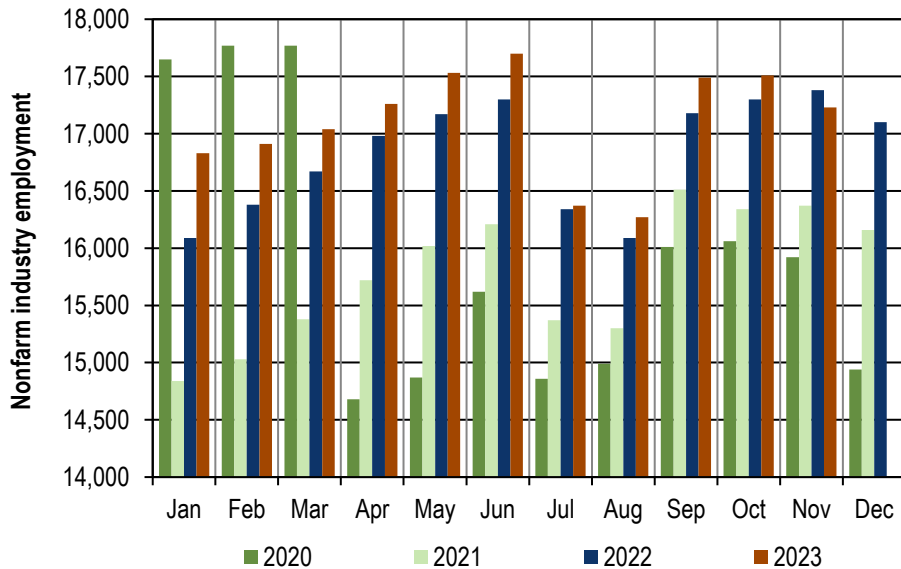
The Kittitas County unemployment rate declined by one percentage point between November 2022 and November 2023.

Total nonfarm employment

Between 2021 and 2022, Washington’s labor market provided 157,900 more nonfarm jobs, an average annual increase of 4.7%. Year over year, Washington’s nonfarm market has expanded in each of the past 32 months (April 2021 through November 2023). This November, business and government organizations statewide tallied 3,618,800 jobs (not seasonally adjusted) compared with 3,578,100 in November 2022, up by 40,700 jobs and by 1.1%. Although this 1.1% year-over-year growth rate in November 2023 is good news for Washington’s labor market, it should be noted that job growth rates have been decelerating during the past 12 months (*Figure 4*).

Kittitas County’s economy increased sharply by 1,060 jobs in 2022 (up 6.7%) over 2021. Year over year, nonfarm employment in Kittitas County had expanded for 31 months (April 2021 through October 2023) before contracting in November 2023, as shown in *Figures 2 and 4*. In November 2023, Kittitas County’s nonfarm economy tallied 150 fewer jobs than in November 2022 (down -0.9%) deflating from 17,380 jobs to 17,230 (*Figures 2 and 3*).

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



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

Employment and unemployment

Washington’s Civilian Labor Force (CLF) increased by 91,636 residents (a 2.4% upturn) between 2021 and 2022. Year over year, the state’s CLF expanded in each of the past 27 months (September 2021 through November 2023). Recently, Washington’s labor force grew by 55,952 residents (up 1.4%), from 4,016,778 residents in November 2022 to 4,072,730 in November 2023.

Kittitas County averaged 21,279 residents in the Civilian Labor Force (CLF) in 2021 versus 22,452 in 2022, a 5.5% expansion. Year over year, Kittitas County’s labor force rose for 18 months (September 2022 through February 2023) but it has been vacillating in the past nine months (March through November 2023). The most current monthly estimates indicate there were 145 fewer residents in the local labor force this November than in November 2022, a -0.6% downturn (*Figure 3*). Conversely, the number of unemployed plummeted by -18.1% during this time, from 1,334 residents in November 2022 to 1,093 in November 2023. This decrease in the number of unemployed overrode the contraction in the labor force and caused

the unemployment rate to fall from 5.9% in November 2022 to 4.9% in November 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 December 2022 through November 2023 below these pre-COVID months of December 2018 through November 2019. For example, there were 22,385 residents in the County’s labor force (*Figure 3*) in November 2023 whereas in the pre-COVID month of November 2019 there were 24,383 residents in the labor force. Hence, there were 1,998 fewer residents (-8.2%) in Kittitas County’s CLF in November 2023 than in the pre-pandemic month of November 2019 – and a shrinking labor force is not a good economic indicator.

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

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

Kittitas County	Preliminary Nov-23	Revised Oct-23	Revised Nov-22	Change (in #)		Change (in %)
				Oct-23	Nov-22	Nov-22
				Nov-23	Nov-23	Nov-23
Labor force and unemployment						
Civilian labor force	22,385	23,117	22,530	-732	-145	-0.6%
Resident employment	21,292	22,087	21,196	-795	96	0.5%
Unemployment	1,093	1,030	1,334	63	-241	-18.1%
Unemployment rate	4.9	4.5	5.9	0.4	-1.0	
Industry employment						
Total nonfarm ¹	17,230	17,510	17,380	-280	-150	-0.9%
Total private	10,900	11,040	11,080	-140	-180	-1.6%
Goods producing	2,090	2,170	2,170	-80	-80	-3.7%
Mining, logging and construction	1,480	1,530	1,510	-50	-30	-2.0%
Manufacturing	610	640	660	-30	-50	-7.6%
Service providing	15,140	15,340	15,210	-200	-70	-0.5%
Trade, transportation and utilities	2,820	2,820	2,890	0	-70	-2.4%
Wholesale trade	600	590	590	10	10	1.7%
Retail trade	1,850	1,870	1,930	-20	-80	-4.1%
Transportation, warehousing, and utilities	370	360	370	10	0	0.0%
Information and financial activities	750	760	710	-10	40	5.6%
Professional and business services	700	710	710	-10	-10	-1.4%
Education and health services	1,670	1,650	1,550	20	120	7.7%
Leisure and hospitality	2,420	2,480	2,600	-60	-180	-6.9%
Government	6,330	6,470	6,300	-140	30	0.5%
Federal government	160	190	170	-30	-10	-5.9%
State and local government	6,170	6,280	6,130	-110	40	0.7%
State & local government education	4,210	4,300	4,180	-90	30	0.7%
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 17,230 jobs in November 2023, a -0.9% downturn since November 2022.

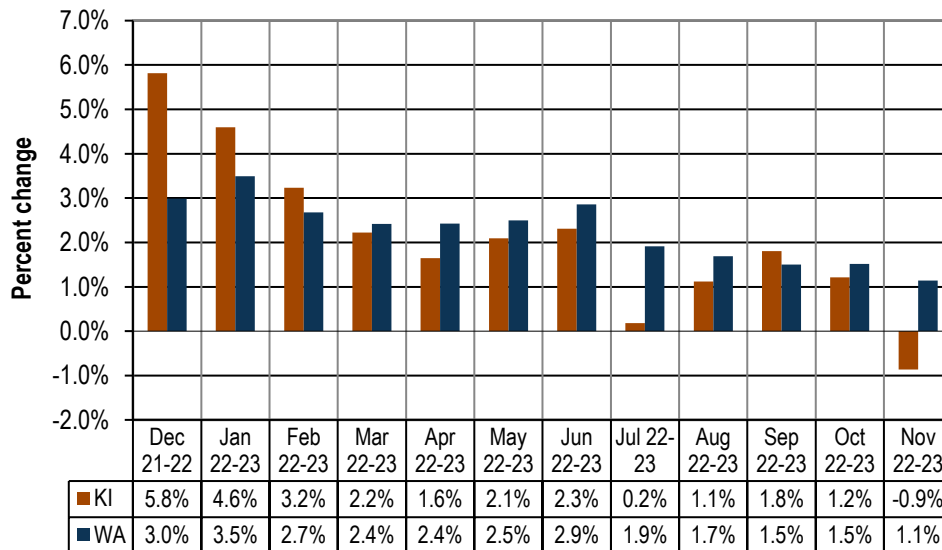
Nonfarm industry employment

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% downturn. This means that in 2022, total nonfarm employment had still not recovered to the pre-COVID level. However, by 2022 some Kittitas County industries had recovered completely since the pandemic. The construction; manufacturing; retail trade; transportation, warehousing, and utilities; information and financial activities; professional and business services; and federal government sectors averaged 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% decline. Also, leisure and hospitality provided 240 fewer jobs countywide in 2022 than in 2019, a -8.5% contraction.

Kittitas County's total nonfarm employment levels from December 2022 through November 2023 were still lower than in these pre-pandemic months of December 2018 through November 2019.

Year-over-year comparisons of total nonfarm employment trends in the local economy look a bit better. In fact, nonfarm employment in Kittitas County expanded, year over year, for 31 months (April 2021 through October 2023) before contracting by -0.9% in November 2023 (*Figure 4*).

Figure 4. Kittitas County and Washington, total nonfarm employment changes Washington state, December 2022 through November 2023
Source: Employment Security Department/DATA; Current Employment Statistics (CES)



Year over year, nonfarm employment in Kittitas County had expanded for 31 months (April 2021 through October 2023) before contracting by -0.9% in November 2023. Washington's nonfarm job market has expanded for 32 months (April 2021 through November 2023) - although growth rates have been slowing in the past 12 months.

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

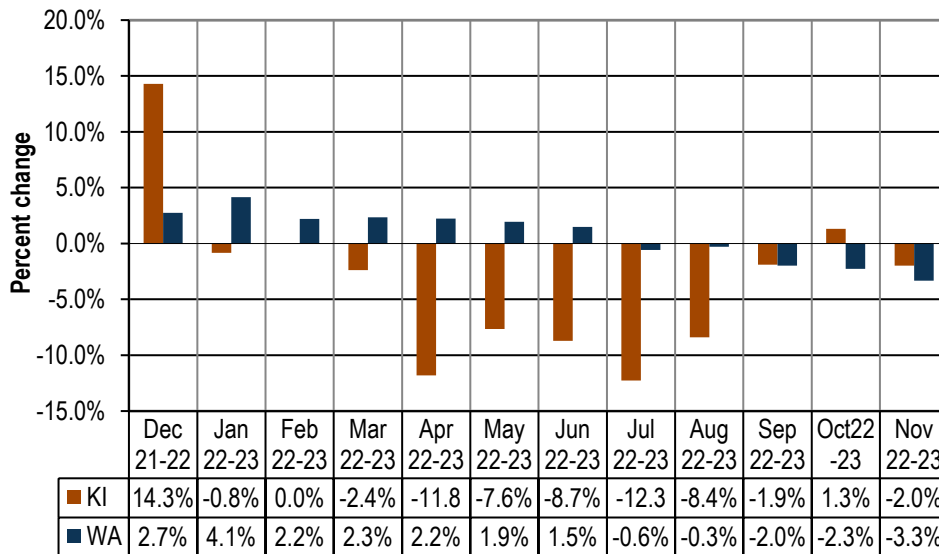
- In the mining, logging, and construction category (*Figure 3*), most jobs are in construction. Year over year, construction employment in Kittitas County was on a growth streak for 30 consecutive months (July 2020 through December 2022). However, in 10 of the first 11 months of 2023 job

growth has either stalled or retrenched (*Figure 5*). Estimates indicate there were 1,510 construction jobs countywide in November 2022 versus 1,480 in November 2023, a 30-job and -2.0% downturn (*Figures 3 and 5*). But employment in this local industry had been on a tear, jumping from an average of 1,100 jobs in 2019 to 1,440 in 2022, a dramatic 30.9% increase. Hence, hiring in Kittitas County’s construction sector appears to be entering a consolidation phase following such rapid growth – with rising interest rates certainly playing their part.

Statewide, construction employment has contracted in each of the past five months (July through November 2023). Recently, between November 2022 and November 2023, the number of construction jobs statewide decreased by -3.3% (*Figure 5*) and by 7,800 jobs, from 235,100 jobs to 227,300. Residential construction lost 2,000 jobs statewide between November 2022 (39,400 jobs) and November 2023 (37,400 jobs) while nonresidential trade contractors inched ahead by 100 jobs between November 2022 (23,400 jobs) and November 2023 (23,500 jobs). But the lion’s share of the 7,800-job construction employment downturn in Washington state between the Novembers of 2022 and 2023 was in specialty trade contractors. This sector provided 5,400 fewer jobs in November 2023 (145,400 jobs) than in November 2022 (151,800 jobs), a -3.6% contraction. Relatively high interest rates are likely putting the dampers on construction hiring in Washington (*Figure 5*).

Figure 5: Washington state and Kittitas County, construction employment changes
Washington state, December 2022 through November 2023

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



Year over year, construction employment in Kittitas County was on a growth streak for 30 consecutive months (July 2020 through December 2022). However, in 10 of the first 11 months of 2023 job growth has either stalled or retrenched. Statewide, construction employment has contracted in the past five months (July through November 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 23 consecutive months (January 2022 through November 2023). Between November 2022 and November 2023, the number of jobs in this local industry advanced from 1,550 to 1,670 respectively, a robust 120-job and 7.7% increase (*Figure 3*).

Statewide, employment in this industry has posted year-over-year growth for 32 consecutive months (April 2021 through November 2023). Current Employment Statistics (CES) estimates indicate that

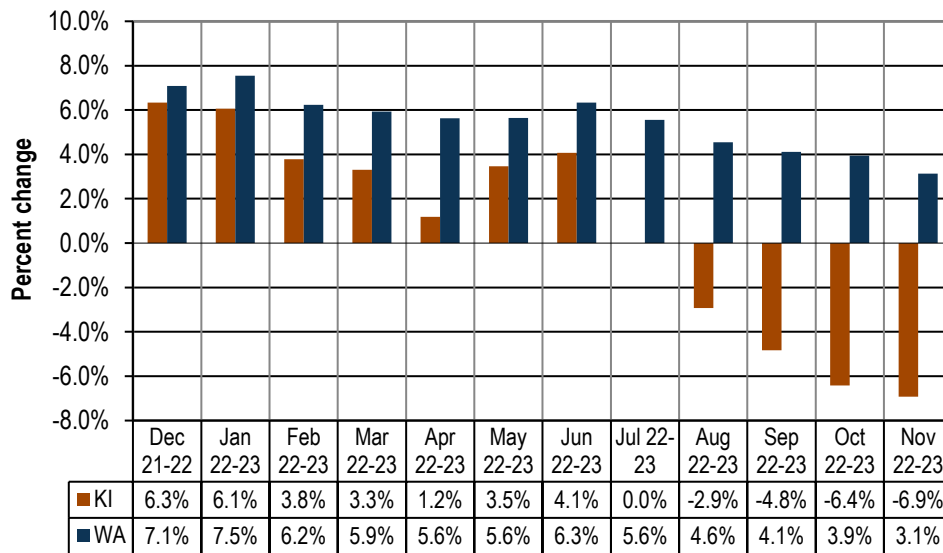
Washington state’s education and health services employers tallied 523,600 jobs in November 2022 versus 545,600 in November 2023, a 19,000 job and 3.6% upturn. Ambulatory health care services, a subsector within the broader education and health services category, advanced from 168,300 jobs in November 2022 to 177,600 jobs in November 2023, a healthy 9,300-job and 5.5% employment growth rate.

- Year over year, employment in Kittitas County's leisure and hospitality industry has stagnated or decreased from July through November 2023), as shown in *Figure 6*. Current Employment Statistics (CES) estimates indicate that in November 2023, there were 2,420 leisure and hospitality jobs countywide (primarily in hotels, eating and drinking places, and amusement and recreation), a 180-job and -6.9% decrease from the 2,600 jobs provided in November 2022.

Statewide, employment in this industry has expanded for 32 months (April 2021 through November 2023). Current Employment Statistics (CES) estimates indicate that Washington’s leisure and hospitality employers tallied 328,400 jobs in November 2022 versus 338,700 in November 2023, a 10,300 job and 3.1% upturn (*Figure 6*). Arts, entertainment, and recreation facilities (i.e., movie theaters, golf courses, fitness centers, etc.), a subsector within Washington’s broader leisure and hospitality industry, moved upwards from 48,100 jobs in November 2022 to 53,400 jobs in November 2023, a robust 5,300-job and 11.0% job growth rate.

Figure 6: Washington state and Kittitas County, leisure and hospitality employment changes Washington state, December 2022 through November 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 July through November 2023). Employment in Washington's leisure and hospitality industry has expanded from April 2021 through November 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 10-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 and a 17.3% upturn, with annualized employment growth between 2012 and 2022 of 1.6%. The number of agricultural jobs (a subset of total covered employment) increased from 865 in 2012 to 972 in 2022, a 107-job increase and a 12.4% uptrend, with annualized employment growth of 1.2%. In 2012, Kittitas County's agricultural industry accounted for 6.4% of total covered employment. In 2022, agricultural employment accounted for 6.1% 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%) in Kittitas County during this 10-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 and a 76.5% upturn, with annualized payroll growth between 2012 and 2022 of 5.8%. 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 and a 53.8% uptrend, with annualized payroll growth of 4.4%. In 2012, the agricultural industry accounted for 5.4% of total covered wages in Kittitas County. In 2022, agricultural wages accounted for 4.7% 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%) across Kittitas County during this 10-year period.

Web link to Monthly Employment Report (MER) for Washington state

<https://esd.wa.gov/labormarketinfo/monthly-employment-report>