

Kittitas County Labor Area Summary December 2023



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Overview

This report provides an update on the Kittitas County economy incorporating non-seasonally adjusted nonfarm employment and civilian labor force data. Analysis focuses on year-over-year (between December 2022 and December 2023) and average annual changes (between 2022 and 2023) in the local labor market.

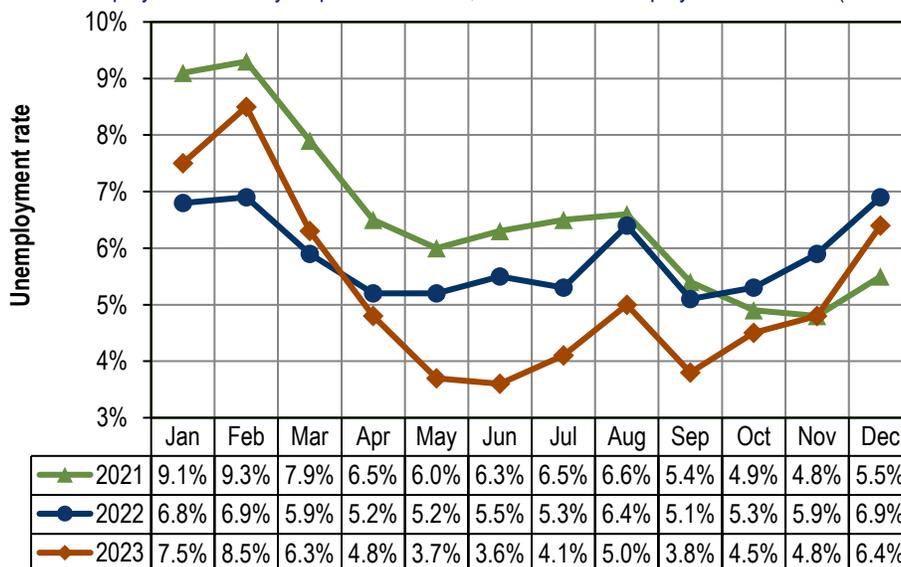
Unemployment rates

Preliminary estimates indicate that Washington’s not seasonally adjusted average annual unemployment rate dipped two-tenths of a point, from 4.2% in 2022 to 4.0% in 2023. The monthly unemployment rate stabilized at 4.6% in the Decembers of 2022 and 2023.

In Kittitas County, the average annual unemployment rate declined from 5.9% to 5.3% between 2022 and 2023. Year over year, monthly unemployment rates have decreased in each of the past nine months (April through December 2023) as shown in *Figure 1*. The current 6.4% reading in December 2023 was five-tenths of a percentage point below the December 2022 reading of 6.9% but was still considerably higher than the historic low December rate of 4.9% recorded in December 2019.

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

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



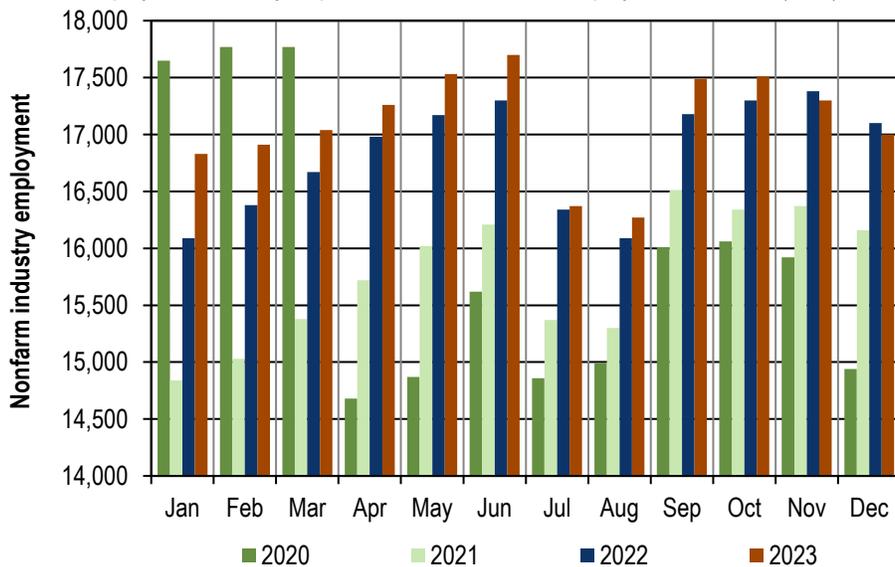
The Kittitas County unemployment rate dipped by five-tenths of a percentage point between December 2022 and December 2023.

Total nonfarm employment

Preliminary estimates indicate that between 2022 and 2023, Washington’s labor market netted 75,400 new nonfarm jobs, an average annual increase of 2.1%. Although this 2.1% growth rate in 2023 is good news for Washington’s labor market, it should be noted that the average annual increase in 2022 was a more robust 4.7%. Year over year, Washington’s nonfarm market has expanded for 33 consecutive months (April 2021 through December 2023). In December 2023, business and government organizations across the state tallied 3,627,600 jobs (not seasonally adjusted) compared with 3,573,400 in December 2022, up by 54,200 jobs and by 1.5% (Figure 4).

Kittitas County’s economy increased by 270 jobs in 2023 (up 1.6%) over 2022. Year over year, nonfarm employment in Kittitas County had expanded for 31 months (April 2021 through October 2023) before backsliding in November and December 2023, as shown in Figures 2 and 4. In December 2023, Kittitas County’s nonfarm economy tallied 100 fewer jobs than in December 2022 (down -0.6%) deflating from 17,100 jobs to 17,000 (Figures 2 and 3).

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



Nonfarm employment in Kittitas County decreased by 100 jobs between December 2022 and December 2023.

Employment and unemployment

Washington’s Civilian Labor Force (CLF) increased by 68,190 residents (a 1.7% upturn) between 2022 and 2023, according to preliminary estimates. Year over year, the state’s CLF expanded in each of the past 28 months (September 2021 through December 2023). Washington’s labor force elevated by 17,492 residents, a 0.4% upturn, from 4,027,238 residents in December 2022 to 4,044,730 in December 2023. On a cautionary note, year-over-year CLF growth rates decelerated statewide during the 12 months of 2023.

Preliminary estimates indicate that Kittitas County averaged 22,452 residents in the Civilian Labor Force (CLF) in 2022 versus 22,564 in 2023, a 0.5% expansion. Year over year, Kittitas County’s labor force rose for 18 months (September 2022 through February 2023) but levels have vacillated during the past 10 months (March through December 2023). Local Area Unemployment Statistics (LAUS) estimates indicate there were 175 more residents in the local labor force in December 2023 than in December 2022, a 0.8% upturn. Simultaneously, the number of unemployed decreased by -6.7%, from 1,532 residents in December

2022 to 1,430 in December 2023 (Figure 3). The contraction in the number of unemployed and the expansion in the labor force caused the unemployment rate to decline from 6.9% in December 2022 to 6.4% in December 2023.

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 shrank from January through December 2023 below these corresponding pre-COVID months of January through December 2019. There were 22,339 residents in the County’s labor force in December 2023 (Figure 3) whereas in the pre-COVID month of December 2019 there were 24,225 residents in the labor force. Hence, 1,886 fewer residents (-7.8%) were in Kittitas County’s CLF in December 2023 than in the pre-pandemic month of December 2019.

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

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

Kittitas County	Preliminary Dec-23	Revised Nov-23	Revised Dec-22	Change (in #)		Change (in %)
				Nov-23	Dec-22	Dec-22
				Dec-23	Dec-23	Dec-23
Labor force and unemployment						
Civilian labor force	22,339	22,447	22,166	-108	173	0.8%
Resident employment	20,909	21,359	20,634	-450	275	1.3%
Unemployment	1,430	1,088	1,532	342	-102	-6.7%
Unemployment rate	6.4	4.8	6.9	1.6	-0.5	
Industry employment						
Total nonfarm ¹	17,000	17,300	17,100	-300	-100	-0.6%
Total private	10,820	10,910	10,950	-90	-130	-1.2%
Goods producing	2,020	2,090	2,080	-70	-60	-2.9%
Mining, logging and construction	1,420	1,480	1,440	-60	-20	-1.4%
Manufacturing	600	610	640	-10	-40	-6.3%
Service providing	14,980	15,210	15,020	-230	-40	-0.3%
Trade, transportation and utilities	2,870	2,840	2,880	30	-10	-0.3%
Wholesale trade	600	600	590	0	10	1.7%
Retail trade	1,920	1,870	1,910	50	10	0.5%
Transportation, warehousing, and utilities	350	370	380	-20	-30	-7.9%
Information and financial activities	740	750	720	-10	20	2.8%
Professional and business services	690	700	700	-10	-10	-1.4%
Education and health services	1,680	1,670	1,600	10	80	5.0%
Leisure and hospitality	2,390	2,420	2,520	-30	-130	-5.2%
Government	6,180	6,390	6,150	-210	30	0.5%
Federal government	140	150	150	-10	-10	-6.7%
State and local government	6,040	6,240	6,000	-200	40	0.7%
State & local government education	4,130	4,300	4,070	-170	60	1.5%
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 be added due to rounding.

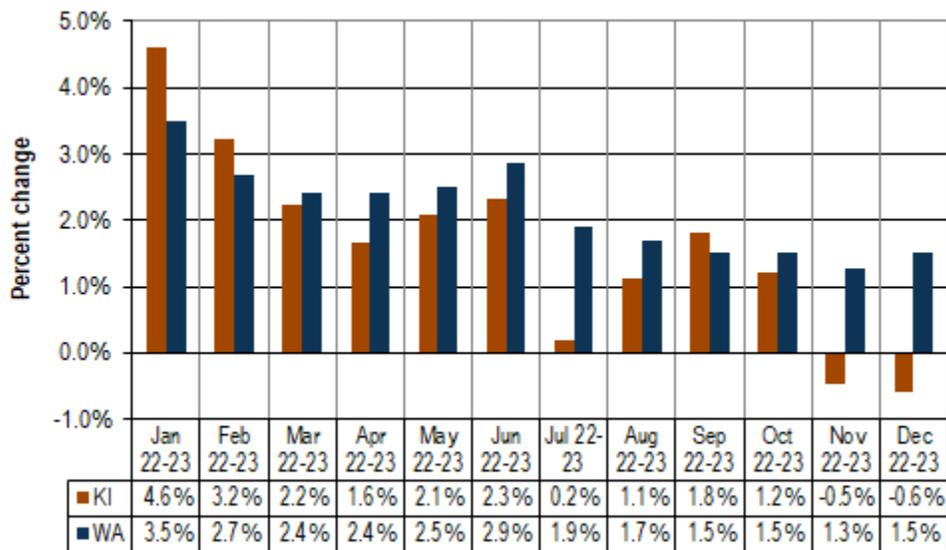
The Kittitas County nonfarm market provided 17,000 jobs in December 2023, a -0.6% downturn since December 2022.

Nonfarm industry employment

In 2023 total nonfarm employment in Kittitas County averaged 17,100 jobs versus 17,570 in 2019 (the pre-COVID era), a 470-job and -2.7% downturn. This means that in 2023, annual average total nonfarm employment had not recovered to the pre-COVID level. On the positive side, by 2023, construction; manufacturing; retail trade; transportation, warehousing, and utilities; information and financial activities; professional and business services; and federal government averaged more jobs in 2023 than in 2019. But on the negative side, average annual employment in wholesale trade (especially the wholesale trade of nondurable/agricultural goods), leisure and hospitality, and state and local government education shrank during the pandemic and did not recover by 2023. Especially noteworthy was the decline in state and local government education which dropped from an average of 5,090 jobs in 2019 to 4,030 jobs in 2023, a loss of 1,060 jobs and a -20.8% decline.

Between the Decembers of 2022 and 2023, construction, manufacturing, transportation, warehousing and utilities, professional and business services, leisure and hospitality; and federal government lost jobs. Industries adding jobs during this time were: wholesale trade, retail trade, information and financial activities, health services, and state and local government education. In aggregate, total nonfarm employment in the local economy fell from 17,100 jobs in December 2022 to 17,000 in December 2023, a 100-job and a -0.6% downturn (*Figures 3 and 4*).

Figure 4. Kittitas County and Washington, total nonfarm employment changes Washington state, January 2023 through December 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 in November and December 2023. Washington's nonfarm job market has expanded for 33 months (April 2021 through December 2023).

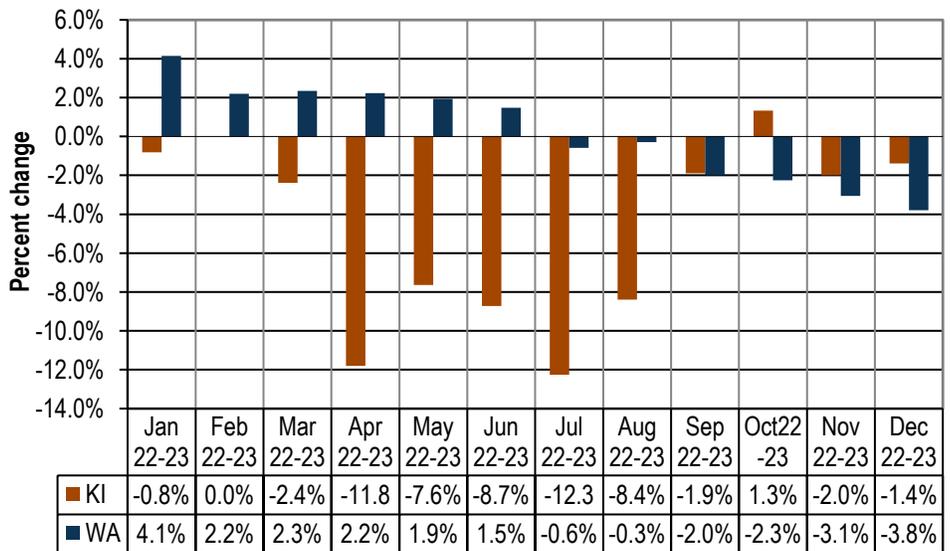
Summaries of employment changes between December 2022 and December 2023 in three local industries: construction, (private) education and health services, and state and local government education are provided as follows:

- In the mining, logging, and construction category in Kittitas County (*Figure 3*), most jobs are in construction. On an average annual basis, Kittitas County's construction industry added jobs for 10 years (2013-2022, inclusive). The rate of construction job growth was particularly robust in

2021 (up by 120 jobs and 10.7%) and in 2022 (up by 200 jobs and 16.1%). Even during 2020, when COVID pandemic layoffs were shortening payrolls in many industries, construction netted an average of 20 new jobs, a 1.8% increase. But this employment growth trend ended in 2023 when Kittitas County’s labor market averaged only 1,370 construction jobs, down by 70 jobs and -4.9% from the 1,440 jobs tallied in 2022. Year over year, employment either stagnated or retrenched in 11 of the 12 months of 2023 (*Figure 5*). Current estimates show 1,420 construction jobs in December 2023 versus 1,440 in December 2022, a 20-job and -1.4% downturn (*Figure 3*).

Statewide, construction employment has contracted in each of the past six months (July through December 2023). Recently, between December 2022 and December 2023, the number of construction jobs statewide decreased by -3.8% (*Figure 5*) and by 8,800 jobs, from 232,100 jobs to 223,300. Residential construction lost 2,200 jobs statewide between December 2022 (39,100 jobs) and December 2023 (36,900 jobs) while nonresidential trade contractors inched ahead by 400 jobs between December 2022 (23,200 jobs) and December 2023 (23,600 jobs). But the lion’s share of the 8,800-job construction employment downturn in Washington state between the Decembers of 2022 and 2023 was in specialty trade contractors. This subsector provided 6,600 fewer jobs in December 2023 (142,700 jobs) than in December 2022 (149,300 jobs), a -4.4% contraction. Relatively high interest rates are likely putting the dampers on construction hiring throughout Washington state.

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



Year over year, construction employment in Kittitas County either stagnated or retrenched in 11 of the 12 months of 2023. Statewide, construction employment has contracted in each of the past six months (July through December 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 24 consecutive months (January 2022 through December 2023). Between December 2022 and December 2023, the number of jobs in this industry advanced from 1,600 to 1,680 respectively, a strong 80-job and 5.0% increase (*Figure 3*).

Statewide, employment in this industry has posted year-over-year growth for 33 consecutive months (April 2021 through December 2023). Current Employment Statistics (CES) estimates indicate that Washington state’s education and health services employers tallied 523,200 jobs in December 2022

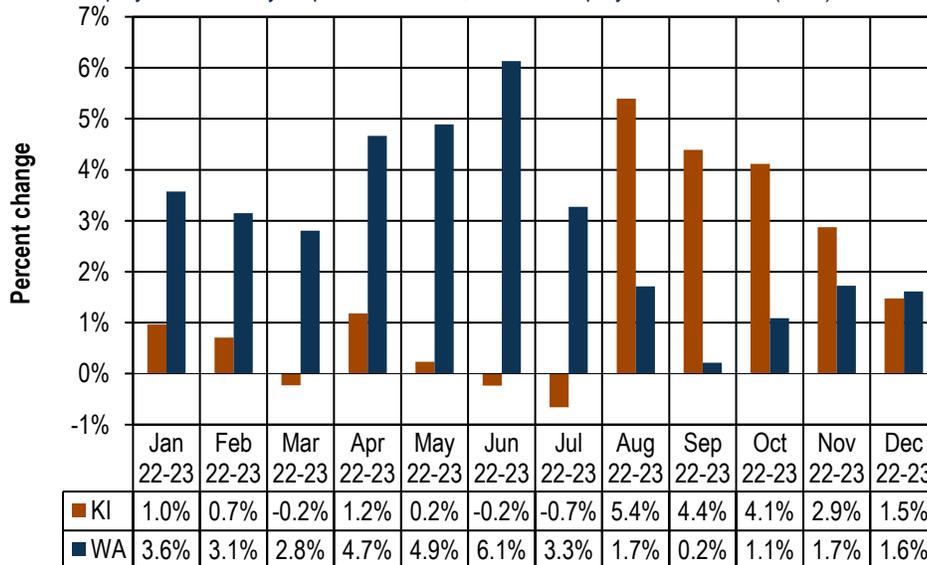
versus 541,900 in December 2023, an 18,700 job and 3.6% upturn. Ambulatory health care services, a subsector within the broader education and health services category, advanced from 168,500 jobs in December 2022 to 176,200 jobs in December 2023, a healthy 7,700-job and 4.6% employment growth rate. Nursing and residential care facilities, another subsector within the education and health services category, advanced from 58,400 jobs in December 2022 to 62,900 jobs in December 2023, an appreciable 4,500-job and 7.7% employment growth rate.

- Current Employment Statistics (CES) estimates indicate that, year over year, employment in Kittitas County's state and local government education sector expanded from August through December 2023, as shown in *Figure 6*. In December 2023, there were 4,130 state and local government education jobs countywide, a 60-job and 1.5% increase from the 4,070 jobs provided in December 2022. On an average annual basis state and local government education organizations tallied 70 more jobs in 2023 (4,030 jobs) than in 2022 (3,960 jobs), a 1.8% upturn. Nevertheless, as mentioned in the *Nonfarm industry employment* section of this report, state and local government education has not recovered all jobs lost during the COVID-19 pandemic. Payrolls shortened from an average of 5,090 jobs in 2019 to 4,030 in 2023, a substantial loss of 1,060 jobs and a -20.8% decline.

Across Washington, state and local government education employment has increased in each of the past 32 months (May 2021 through December 2023). State and local government education statewide elevated from 248,300 jobs in December 2022 to 252,300 in December 2023, a 4,000-job and 1.6% upturn – comparable to the 1.5% growth pace in Kittitas County (*Figure 6*).

Figure 6: Washington state and Kittitas County, state and local government education employment changes
Washington state, January 2023 through December 2023

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



Year over year, state and local government education employment in Kittitas County expanded from August through December 2023. Washington's state and local government education sector has grown for 32 months (May 2021 through December 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>