



Kittitas County

Labor Area Summary

February 2017

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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 the Februaries of 2016 and 2017) and average annual (between 2015 and 2016) changes in the labor market.

Unemployment rates

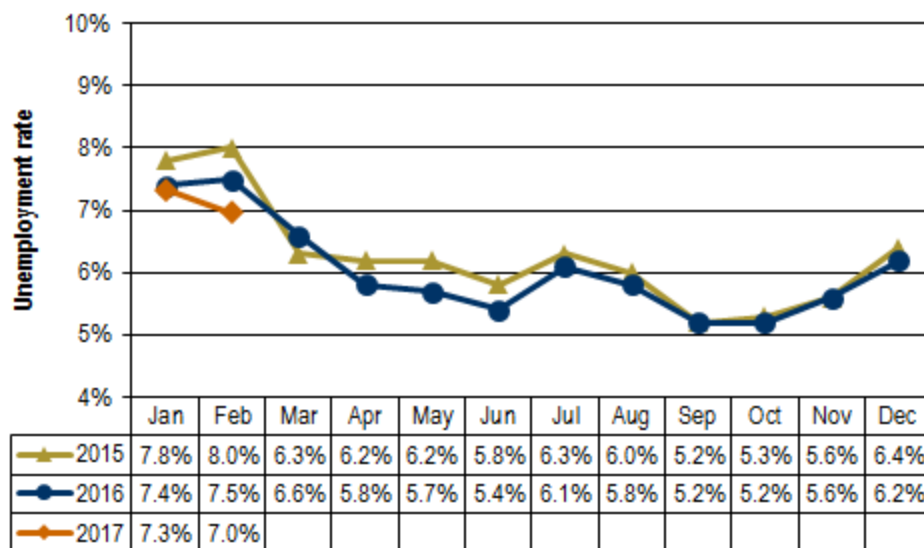
Civilian Labor Force (CLF) data show that Washington’s not seasonally adjusted average annual unemployment rate dipped two-tenths of a point between 2015 and 2016, from 5.6 percent to 5.4 percent. Between the Februaries of 2016 and 2017 the rate fell eight-tenths point, from 6.1 to 5.3 percent.

In Kittitas County, the not seasonally adjusted average unemployment rate dipped from 6.3 to 6.0 percent between 2015 and 2016, a three-tenths percentage point drop. The unemployment rate continued to decline between the Februaries of 2016 and 2017, by five-tenths of a percentage point, from 7.5 to 7.0 percent (see *Figure 1*). Why? During this timeframe, the number of unemployed residents countywide decreased more rapidly than the labor force shrank – a mix of good and bad economic news (see *Figure 3*).

Figure 1. Unemployment rates, not seasonally adjusted

Kittitas County, January 2015 through February 2017

Source: Employment Security Department/LMPA; U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS)



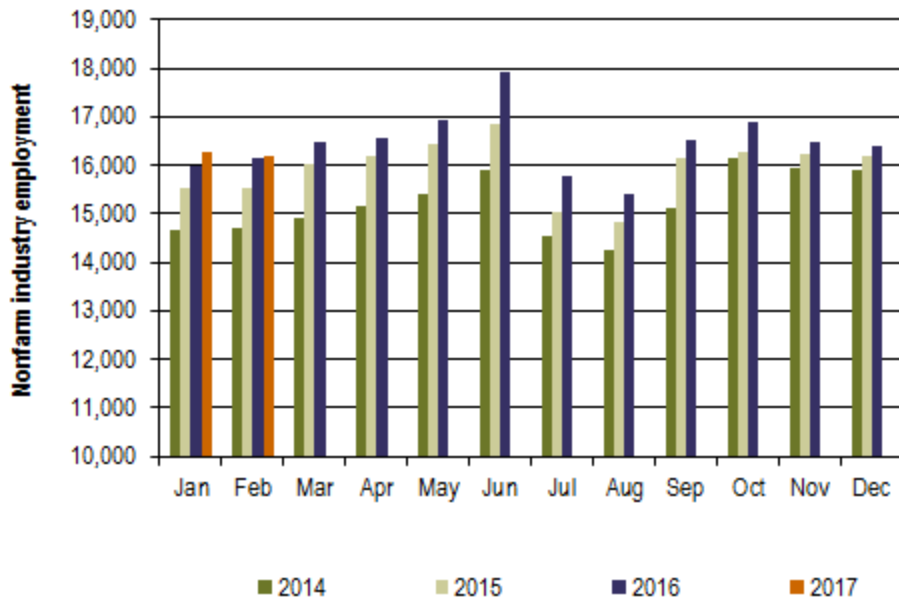
The Kittitas County unemployment rate decreased five-tenths of a point between the Februaries of 2016 and 2017.

Total nonfarm employment

Between 2015 and 2016, Washington's labor market provided 98,400 new nonfarm jobs, an annual average increase of 3.1 percent. This February, businesses and government organizations across Washington supplied 3,255,000 nonfarm jobs (not seasonally adjusted), compared to 3,169,900 jobs in February 2016, a 2.7 percent year-over-year employment increase. The state's economy has posted year-over-year nonfarm employment increases for the past 77 consecutive months (October 2010 through February 2017).

Kittitas County's total nonfarm labor market averaged 16,450 jobs in 2016, a 500 job or a 3.1 percent upturn, comparable to the statewide 3.1 percent growth rate during 2016. Although the local economy has been growing year over year for the past 29 months (October 2014 through February 2017), the nonfarm job growth rate has generally been declining for the past eight months (June 2016 through February 2017). Between the Februaries of 2016 and 2017 the number of nonfarm jobs across Kittitas County advanced by a paltry 0.2 percent, from 16,140 jobs to 16,170 respectively.

Figure 2. Nonfarm industry employment, not seasonally adjusted
 Kittitas County, January 2014 through February 2017
 Source: Employment Security Department/LMPA



Employers in Kittitas County provided 16,170 nonfarm jobs in February 2017, a marginal 0.2 percent expansion since February 2016.

Employment and unemployment

Washington's Civilian Labor Force (CLF) expanded by 98,209 residents (a 2.8 percent upturn) from 2015 to 2016. The state's labor force has increased, year over year, for the past 37 months (February 2014 through February 2017). In February 2017, Washington's CLF tallied 3,684,546 residents versus 3,608,103 in February 2016 equating to 76,443 more Washingtonians in the labor force (up 2.1 percent).

Kittitas County averaged 20,837 residents in the labor force 2015 and 21,648 in 2016, a relatively strong 3.9 percent expansion. However, the local CLF has contracted, year over year, for the past two months (January and February 2017). In February 2017, Kittitas County had 21,019 residents in the labor force versus 21,386 in February 2016, equating to 367 fewer residents in the CLF - a 1.7 percent upturn. Fortunately, the number of unemployed diminished by 131, with 1,595 residents out of work in February 2016 versus 1,464 in February 2017, a substantial 8.2 percent decrease. Hence, the local unemployment rate declined five-tenths of a point between the Februaries of 2016 and 2017, from 7.5 to 7.0 percent (see *Figure 3*).

Figure 3. Labor force and industry employment, not seasonally adjusted
 Kittitas County, February 2016, January and February 2017
 Source: Employment Security Department/LMPA

Kittitas County	Preliminary Feb-17	Revised Jan-17	Revised Feb-16	Change		
				Jan-17 Feb-17	Feb-16 Feb-17	Feb-16 Feb-17 %
Labor force and unemployment						
Civilian labor force	21,019	21,346	21,386	-327	-367	-1.7%
Resident employment	19,555	19,782	19,791	-227	-236	-1.2%
Unemployment	1,464	1,564	1,595	-100	-131	-8.2%
Unemployment rate	7.0	7.3	7.5	-0.3	-0.5	
Industry employment						
Total nonfarm ¹	16,170	16,280	16,140	-110	30	0.2%
Total private	9,340	9,370	9,280	-30	60	0.6%
Goods producing	1,350	1,350	1,400	0	-50	-3.6%
Mining, logging and construction	840	840	890	0	-50	-5.6%
Manufacturing	510	510	510	0	0	0.0%
Service providing	14,820	14,930	14,740	-110	80	0.5%
Trade, transportation and utilities	2,540	2,580	2,410	-40	130	5.4%
Wholesale trade	530	530	540	0	-10	-1.9%
Retail trade	1,780	1,820	1,640	-40	140	8.5%
Transportation, warehousing and utilities	230	230	230	0	0	0.0%
Information and financial activities	630	620	590	10	40	6.8%
Professional and business services	490	490	480	0	10	2.1%
Education and health services	1,510	1,500	1,510	10	0	0.0%
Leisure and hospitality	2,420	2,430	2,490	-10	-70	-2.8%
Government	6,830	6,910	6,860	-80	-30	-0.4%
Federal government	120	120	120	0	0	0.0%
State and local government	6,710	6,790	6,740	-80	-30	-0.4%
State & local government education	4,970	5,060	5,050	-90	-80	-1.6%
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.						

Nonfarm employment in Kittitas County increased 0.2 percent, a gain of 30 jobs between the Februaries of 2016 and 2017.

Nonfarm industry employment

Kittitas County's nonfarm employers tallied 30 more jobs in February 2017 than in February 2016, a 0.2 percent upturn, much slower than Washington's 2.7 percent job-growth pace during this timeframe. The following paragraphs highlight changes in major local industries between the Februaries of 2016 and 2017:

- Mining, logging and construction employment in Kittitas County (with the majority of these jobs in construction) rose for 14 consecutive months (November 2015 through December 2016) before posting year over year declines in the first two months of 2017. In February 2017, mining, logging and construction tallied 840 jobs countywide versus the 890 provided in February 2016, equating to

a 50 job and a 5.6 percent decrease. Statewide, construction has been adding workers for the past 60 consecutive months (from March 2012 through February 2017). Countywide, home sales were more brisk year-to-date (YTD) when comparing the number of homes sold during the first two months of 2016 versus 2017. According to the *Real Review Data Report: February 2017*, prepared by KMW Enterprises LLC, Selah, WA, the number of homes sold in Kittitas County YTD in January and February 2017 was 126. This was up 24.8 percent from the 101 homes sold during January and February 2016. The dollar value of home sales countywide drove upward 40.5 percent YTD, from \$28.9 million in the first two months of 2016 versus \$40.5 million in January and February 2017.

- Retail trade tallied 1,780 part- and full-time jobs across Kittitas County in February 2017, a noteworthy 140 job and 8.5 percent upturn from the 1,640 provided in February 2016. The local retail trade industry has been posting year over year employment gains for 26 months (January 2015 through February 2017). In fact, retail trade averaged 90 more jobs countywide in 2016 (1,760 jobs) than in 2015 (1,670 jobs), a 5.4 percent upturn. Statewide, retail trade employment has been increasing for the past 77 months (from October 2010 through February 2017), rising by 4.4 percent between February 2016 and February 2017.
- Year over year, Kittitas County's leisure and hospitality businesses (primarily hotels and restaurants) provided fewer jobs, year over year, for the past four months (November 2016 through February 2017). This was a weak-finish last year for an industry that averaged 60 new jobs (up 2.3 percent) in 2016. In February 2017 leisure and hospitality provided 2,420 jobs, a 2.8 percent and 70 job downturn from the 2,490 jobs tallied in February 2016. Conversely, Washington's leisure and hospitality industry has expanded for 77 months (October 2010 through February 2017).
- State and local government education tallied 4,970 jobs in February 2017 versus 5,050 in February 2016, a 1.6 percent and 80 job decrease. This employment category includes student employment at Central Washington University (CWU). In 2016, state and local government education averaged 4,810 jobs versus 4,560 in 2015, a 250 job and 5.5 percent upturn. This industry accounted for one half of the 500 job increase in nonfarm employment countywide in calendar year 2016.

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 July 2016 preliminary annual average QCEW data for calendar year 2015 became available. An analysis of employment changes from 2004 through 2015 shows that in Kittitas County:

- Total covered employment rose from 12,494 in 2004 to 14,001 in 2015, a 1,507-job increase or 12.1 percent upturn. The number of agricultural jobs (a subset of total covered employment) increased from 640 in 2004 to 953 in 2015, a 313-job increase or 48.9 percent uptrend. In 2004 Kittitas County's agricultural industry accounted for 5.1 percent of total covered employment. In 2015 agricultural employment accounted for 6.8 percent of total covered employment countywide. Hence, the share of agricultural employment rose 1.7 percentage points (from 5.1 to 6.8 percent) in Kittitas County during these eleven years.
- Total covered wages rose from \$327.7 million (in 2004) to \$524.5 million (in 2015) a \$196.8 million increase or 60.1 percent upturn. The agricultural payroll (a subset of total covered wages) advanced from \$14.0 million in 2004 to \$32.7 million in 2015, an \$18.7 million increase or 133.6 percent uptrend. In 2004 Kittitas County's agricultural industry accounted for 4.3 percent of total covered wages. In 2015 agricultural wages accounted for 6.2 percent of total covered payroll countywide. Hence, the share of agricultural wages rose 1.9 percentage points (from 4.3 to 6.2 percent) in Kittitas County during these eleven years.