



Kittitas County

Labor Area Summary

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

Unemployment rates

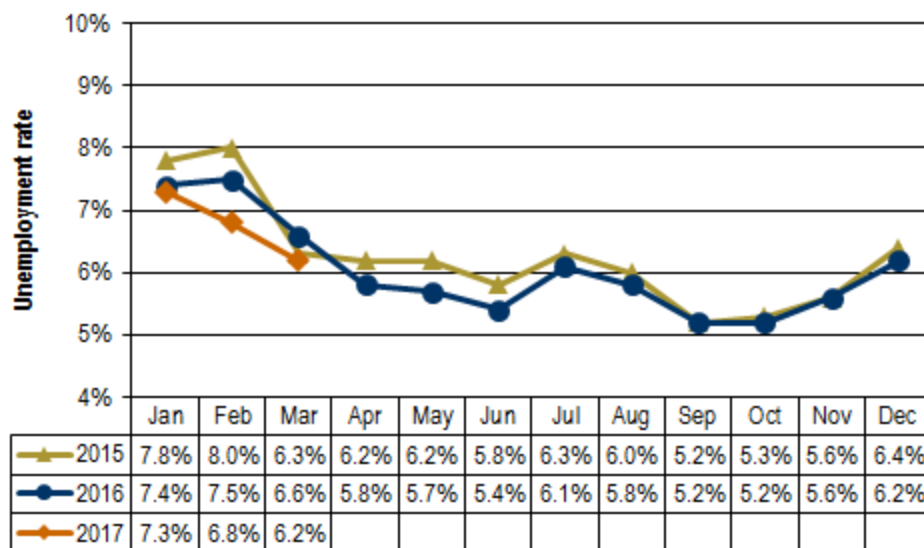
Civilian Labor Force (CLF) data show that Washington’s not seasonally adjusted average annual unemployment rate dipped two-tenths of a point between 2015 and 2016, from 5.6 percent to 5.4 percent. Between the Marches of 2016 and 2017 the rate fell nine-tenths point, from 5.8 to 4.9 percent.

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 Marches of 2016 and 2017, by four-tenths of a percentage point, from 6.6 to 6.2 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 March 2017

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



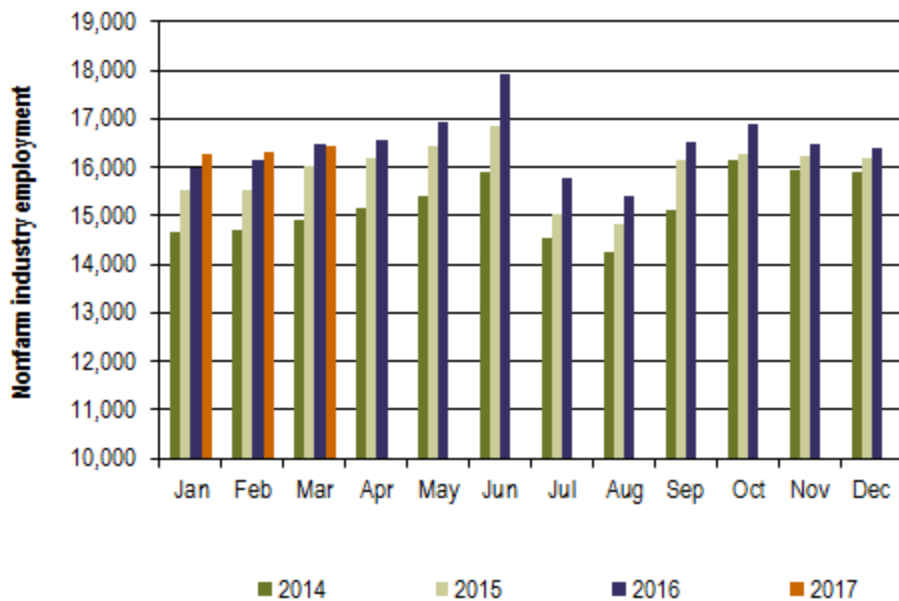
The Kittitas County unemployment rate decreased four-tenths of a point between the Marches of 2016 and 2017.

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 March, businesses and government organizations across Washington supplied 3,280,800 nonfarm jobs (not seasonally adjusted), compared to 3,188,800 jobs in March 2016, a 2.9 percent year over year employment increase. The state's economy has posted year over year nonfarm employment increases for the past 78 consecutive months (October 2010 through March 2017).

Kittitas County's total nonfarm labor market averaged 16,450 jobs in 2016, a 500 job or a 3.1 percent upturn, identical to the statewide 3.1 percent growth rate during 2016. Local nonfarm job growth rates generally slowed from June 2016 through February 2017 and finally contracted between the Marches of 2016 and 2017. Between the Marches of 2016 and 2017 the number of nonfarm jobs across Kittitas County fell from 16,490 jobs to 16,450, loss of 40 jobs and a 0.2 percent downturn.

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



Employers in Kittitas County provided 16,450 nonfarm jobs in March 2017, a 0.2 percent contraction since March 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 38 months (February 2014 through March 2017). In March 2017, Washington's CLF tallied 3,685,830 residents versus 3,624,428 in March 2016 equating to 61,402 more Washingtonians in the labor force (up 1.7 percent).

Kittitas County averaged 20,838 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 three months (January through March 2017) – certainly not a good economic trend. In March 2017, Kittitas County had 21,364 residents in the labor force versus 21,740 in March 2016, equating to 376 fewer residents in the CLF - a 1.7 percent downturn. However, the number of unemployed residents diminished by 114, with 1,434 people out of work in March 2016 versus 1,320 in March 2017, a substantial 7.9 percent decrease – an encouraging economic indicator. The result: the local unemployment rate declined four-tenths of a point between the Marches of 2016 and 2017, from 6.6 to 6.2 percent (see *Figure 3*).

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

Kittitas County	Preliminary Mar-17	Revised Feb-17	Revised Mar-16	Change		
				Feb-17	Mar-16	Mar-16
				Mar-17	Mar-17	Mar-17 %
Labor force and unemployment						
Civilian labor force	21,364	21,132	21,740	232	-376	-1.7%
Resident employment	20,044	19,685	20,306	359	-262	-1.3%
Unemployment	1,320	1,447	1,434	-127	-114	-7.9%
Unemployment rate	6.2	6.8	6.6	-0.6	-0.4	
Industry employment						
Total nonfarm ¹	16,450	16,300	16,490	150	-40	-0.2%
Total private	9,490	9,380	9,400	110	90	1.0%
Goods producing	1,380	1,350	1,400	30	-20	-1.4%
Mining, logging and construction	860	840	900	20	-40	-4.4%
Manufacturing	520	510	500	10	20	4.0%
Service providing	15,070	14,950	15,090	120	-20	-0.1%
Trade, transportation and utilities	2,590	2,570	2,450	20	140	5.7%
Wholesale trade	540	540	550	0	-10	-1.8%
Retail trade	1,820	1,800	1,670	20	150	9.0%
Transportation, warehousing and utilities	230	230	230	0	0	0.0%
Information and financial activities	620	620	590	0	30	5.1%
Professional and business services	500	490	500	10	0	0.0%
Education and health services	1,500	1,510	1,490	-10	10	0.7%
Leisure and hospitality	2,470	2,420	2,570	50	-100	-3.9%
Government	6,960	6,920	7,090	40	-130	-1.8%
Federal government	120	120	120	0	0	0.0%
State and local government	6,840	6,800	6,970	40	-130	-1.9%
State & local government education	5,110	5,060	5,260	50	-150	-2.9%
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 decreased 0.2 percent, a loss of 40 jobs between the Marches of 2016 and 2017.

Nonfarm industry employment

Kittitas County's nonfarm employers tallied 40 fewer jobs in March 2017 than in March 2016, a 0.2 percent downturn, while Washington's nonfarm market grew at a 2.9 percent clip during this timeframe. The following paragraphs highlight changes in major local industries between the Marches 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, from November 2015 through December 2016, before posting year over year declines in each of the first three months of 2017. In March 2017, mining, logging and construction tallied 860 jobs countywide versus the 900 provided in March

2016, equating to a 40 job and a 4.4 percent decrease. However, home sales were brisk across Kittitas County year-to-date (YTD) when comparing the number of homes sold during the first three months of 2016 versus the corresponding period in 2017. According to the *Real Review Data Report: March 2017*, prepared by KMW Enterprises LLC, Selah, WA, the number of homes sold in Kittitas County YTD in March 2017 was 205. This was up 29.7 percent from the 158 homes sold between January and March 2016. The dollar value of home sales countywide drove upward 47.2 percent YTD, from \$46.3 million in the first three months of 2016 versus \$68.2 million in January, February and March 2017.

- Retail trade tallied 1,820 part- and full-time jobs across Kittitas County in March 2017, a noteworthy 150 job and 9.0 percent upturn from the 1,670 provided in March 2016. The local retail trade industry has been adding jobs, year over year, for 27 months (January 2015 through March 2017). This industry averaged 90 more jobs countywide in 2016 (1,760 jobs) than in 2015 (1,670 jobs), up 5.4 percent. Statewide, retail trade employment has been increasing for the past 78 months (from October 2010 through March 2017), rising 4.5 percent between the Marches of 2016 and 2017.
- Year over year, Kittitas County's leisure and hospitality businesses (primarily hotels and restaurants) provided fewer jobs, year over year, for the past five months (November 2016 through March 2017). This was a weak finish last year for an industry that averaged 60 new jobs (up 2.3 percent) in 2016. In March 2017 leisure and hospitality provided 2,470 jobs, a 3.9 percent and 100 job downturn from the 2,570 jobs tallied in March 2016. Washington's leisure and hospitality industry has escalated for 78 months (from October 2010 through March 2017). A rule of thumb is that 70-75 percent of all leisure and hospitality jobs across Washington are in “food services and drinking places.”
- State and local government education tallied 5,110 jobs in March 2017 versus 5,260 in March 2016, a 2.9 percent and 150 job decrease. However, this employment category had expanded for 16 months (November 2015 through February 2016) prior to the recent downturn. State and local government education includes student employment at Central Washington University (CWU).

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.