



Kittitas County

Labor Area Summary

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

Unemployment rates

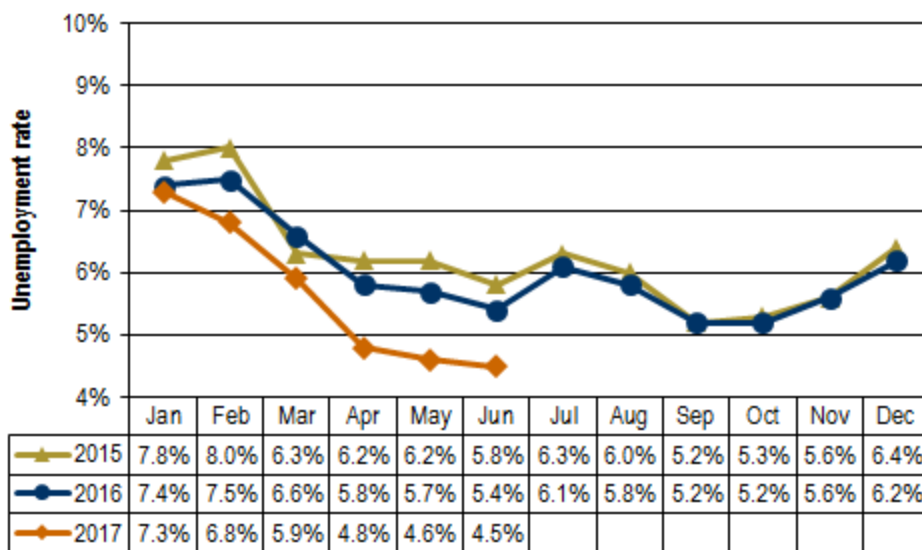
Civilian Labor Force (CLF) data show that Washington’s not seasonally adjusted average annual unemployment rate dipped two-tenths of a point between 2015 and 2016, from 5.6 percent to 5.4 percent. Between the Junes of 2016 and 2017 the rate fell nine tenths of a percentage point, from 5.4 to 4.5 percent.

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 fall between the Junes of 2016 and 2017, by nine-tenths of a percentage point, from 5.4 to 4.5 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 June 2017

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



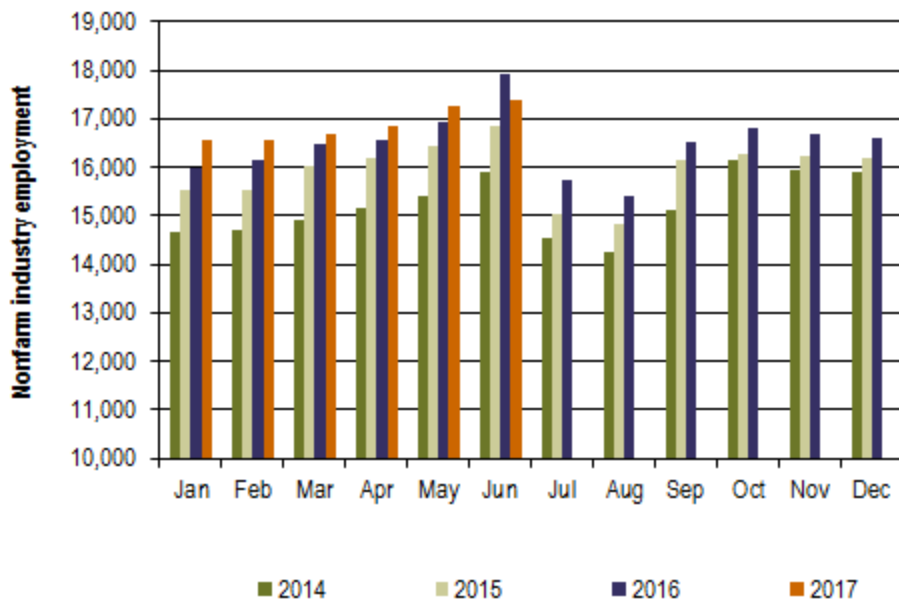
The Kittitas County unemployment rate decreased nine-tenths of a point between the Junes of 2016 and 2017.

Total nonfarm employment

Between 2015 and 2016, Washington's labor market provided 96,400 new nonfarm jobs, an annual average increase of 3.1 percent. This June, businesses and government organizations across Washington supplied 3,346,600 nonfarm jobs (not seasonally adjusted), compared to 3,265,600 jobs in June 2016, a 2.5 percent year over year employment increase. The state's economy has posted year over year nonfarm employment increases for the past 81 consecutive months (October 2010 through June 2017).

Kittitas County's total nonfarm labor market averaged 16,480 jobs in 2016, a 530 job or a 3.3 percent upturn, a shade more robust than the statewide 3.1 percent growth rate during 2016. Year over year, the Kittitas County nonfarm market expanded for 32 consecutive months (from October 2014 through May 2017) before contracting 3.0 percent between the Junes of 2016 and 2017, as the number of nonfarm jobs decreased from 17,920 jobs to 17,380, loss of 540 jobs and a 3.0 percent downturn. Virtually all this loss was centered in state and local government education which is influenced by student employment at Central Washington University (CWU).

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



Employers in Kittitas County provided 17,380 nonfarm jobs in June 2017, a 3.0 percent contraction since June 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 41 months (February 2014 through June 2017). In June 2017, Washington's CLF tallied 3,720,051 residents versus 3,655,602 in June 2016 equating to 64,449 more Washingtonians in the labor force (up 1.8 percent).

Kittitas County averaged 20,838 residents in the labor force 2015 and 21,648 in 2016, a 3.9 percent expansion. However, the local CLF contracted a modest 1.5 percent, from 22,968 residents in June 2016 to 22,627 in June 2017, while the number of unemployed residents plummeted 18.5 percent (see *Figure 3*). The result: Kittitas County's unemployment rate dropped nine-tenths of a point between the Junes of 2016 and 2017, from 5.4 to 4.5 percent. This June 2017 unemployment rate of 4.7 percent is the lowest reading for the month of June in the County since electronic records were implemented in 1990 – 27 years ago.

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

Kittitas County	Preliminary Jun-17	Revised May-17	Revised Jun-16	Change		
				May-17 Jun-17	Jun-16 Jun-17	Jun-16 Jun-17 %
Labor force and unemployment						
Civilian labor force	22,627	22,313	22,968	314	-341	-1.5%
Resident employment	21,613	21,278	21,724	335	-111	-0.5%
Unemployment	1,014	1,035	1,244	-21	-230	-18.5%
Unemployment rate	4.5	4.6	5.4	-0.1	-0.9	
Industry employment						
Total nonfarm ¹	17,380	17,280	17,920	100	-540	-3.0%
Total private	10,380	10,150	10,170	230	210	2.1%
Goods producing	1,610	1,550	1,540	60	70	4.5%
Mining, logging and construction	1,030	990	970	40	60	6.2%
Manufacturing	580	560	570	20	10	1.8%
Service providing	15,770	15,730	16,380	40	-610	-3.7%
Trade, transportation and utilities	2,660	2,630	2,580	30	80	3.1%
Wholesale trade	560	560	510	0	50	9.8%
Retail trade	1,860	1,840	1,830	20	30	1.6%
Transportation, warehousing and utilities	240	230	240	10	0	0.0%
Information and financial activities	620	620	620	0	0	0.0%
Professional and business services	580	560	530	20	50	9.4%
Education and health services	1,520	1,540	1,490	-20	30	2.0%
Leisure and hospitality	2,990	2,840	2,980	150	10	0.3%
Government	7,000	7,130	7,750	-130	-750	-9.7%
Federal government	180	150	170	30	10	5.9%
State and local government	6,820	6,980	7,580	-160	-760	-10.0%
State & local government education	5,060	5,220	5,870	-160	-810	-13.8%
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 3.0 percent, a loss of 540 jobs between the Junes of 2016 and 2017.

Nonfarm industry employment

Kittitas County's nonfarm employers tallied 540 fewer jobs in June 2017 than in June 2016, a 3.0 percent downturn, while Washington's nonfarm market grew at a 2.5 percent clip during this timeframe. The following paragraphs highlight changes in major local industries between the Junes of 2016 and 2017:

- Kittitas County's mining, logging and construction industry (with the majority of these jobs in construction) rebounded from a slow start from January through April 2017 by registering year over year job growth in May 2017 and in June 2017. In June 2017, mining, logging and construction tallied 1,030 jobs countywide versus the 970 provided in June 2016, equating to a 60 job and a 6.2

percent increase. Home sales were brisk across Kittitas County year-to-date (YTD) when comparing the number of homes sold during the first six months of 2016 versus the corresponding period in 2017. According to the *Real Review Data Report: June 2017*, prepared by KMW Enterprises LLC, Selah, WA, the number of homes sold in Kittitas County YTD in June 2017 was 543. This was up 26.9 percent from the 428 homes sold between January and June 2016. The dollar value of home sales countywide drove upward 38.6 percent YTD, from \$128.6 million in the first six months of 2016 to \$178.2 million in the first half of 2017.

- Wholesale trade tallied 560 jobs across Kittitas County in June 2017, a noteworthy 50 job and 9.8 percent upturn from the 510 provided in June 2016. Year over year, employment in Kittitas County's wholesale trade industry has been rising for the past eight months (November 2016 through June 2017). Approximately three-quarters of Kittitas County's wholesale trade jobs are with "merchant wholesalers of nondurable goods" (North American Industry Classification System or NAICS subsector 424). The lion's share of these jobs are at firms engaged in the wholesale distribution of timothy hay.
- State and local government education tallied 5,060 jobs in June 2017 versus 5,870 in June 2016, a 13.8 percent and 810 job decrease. Kittitas County's state and local government education sector had registered year over year increases in employment for 19 months (November 2015 through May 2016) prior to this rather sudden 810-job loss. In fact, between 2015 and 2016 this sector averaged 260 new jobs, rising from 4,560 to 4,820 respectively and accounting for 49.1 percent the 530 new nonfarm jobs generated countywide last year. One of the reasons for the recent dramatic job loss in state and local government education is that it includes student employment at Central Washington University (CWU) - a highly volatile employment category. It is anticipated that employment levels in this category will stabilize somewhat when July 2017 nonfarm employment data are released. Washington's state and local government education sector has been growing for 58 months (from September 2012 through June 2017).

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 June 2017 preliminary annual average QCEW data for calendar year 2016 became available. An analysis of employment changes from 2004 through 2016 shows that in Kittitas County:

- Total covered employment rose from 12,494 in 2004 to 14,390 in 2016, a 1,896-job increase or 15.2 percent upturn. The number of agricultural jobs (a subset of total covered employment) increased from 640 in 2004 to 968 in 2016, a 328-job increase or 51.3 percent uptrend. In 2004 Kittitas County's agricultural industry accounted for 5.1 percent of total covered employment. In 2016 agricultural employment accounted for 6.7 percent of total covered employment countywide. Hence, the share of agricultural employment rose 1.6 percentage points (from 5.1 to 6.7 percent) in Kittitas County during this twelve-year period.
- Total covered wages rose from \$327.7 million (in 2004) to \$561.1 million (in 2016) a \$233.4 million increase or 71.2 percent upturn. The agricultural payroll (a subset of total covered wages) advanced from \$14.0 million in 2004 to \$31.3 million in 2016, a \$17.3 million increase or 123.6 percent uptrend. In 2004 Kittitas County's agricultural industry accounted for 4.3 percent of total covered wages. In 2016 agricultural wages accounted for 5.6 percent of total covered payroll countywide. Hence, the share of agricultural wages rose 1.3 percentage points (from 4.3 to 5.6 percent) in Kittitas County during this twelve-year period.