



Kittitas County

Labor Area Summary

March 2018

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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 2017 and 2018) and average annual (between 2016 and 2017) changes in the labor market.

Unemployment rates

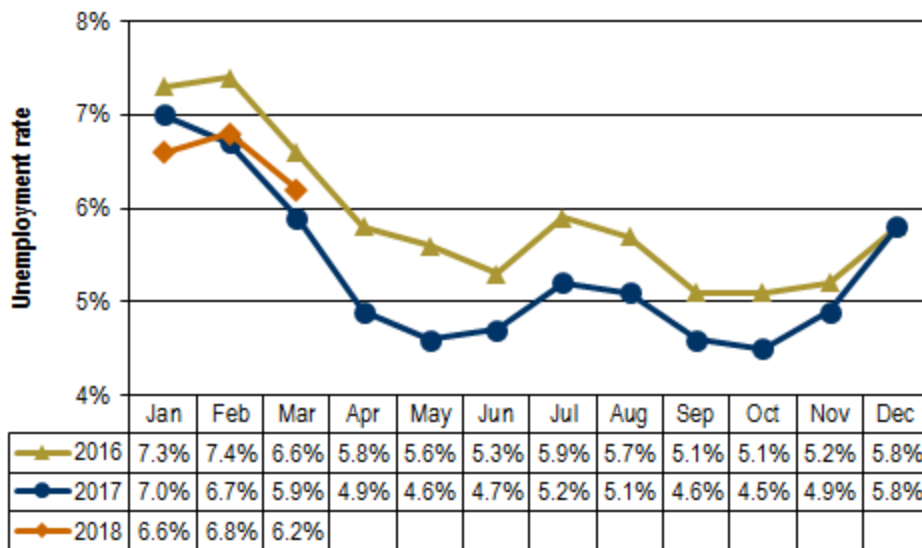
Preliminary Civilian Labor Force (CLF) data show that Washington’s not seasonally adjusted average annual unemployment rate fell five tenths of a point between 2016 and 2017, from 5.3 percent to 4.8 percent. Between the Marches of 2017 and 2018 the rate stabilized at 4.9 percent.

In Kittitas County, the not seasonally adjusted average unemployment rate declined from 5.9 to 5.3 percent between 2016 and 2017, a six-tenths percentage point drop. However, the monthly unemployment rate began edging upward in February and March 2018 following 22 consecutive months (April 2016 through January 2018) of downturns or stabilizations in the rate. Between the Marches of 2017 and 2018 the rate rose three-tenths of a point, from 5.9 to 6.2 percent (see *Figure 1*).

Figure 1. Unemployment rates, not seasonally adjusted

Kittitas County, January 2016 through March 2018

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



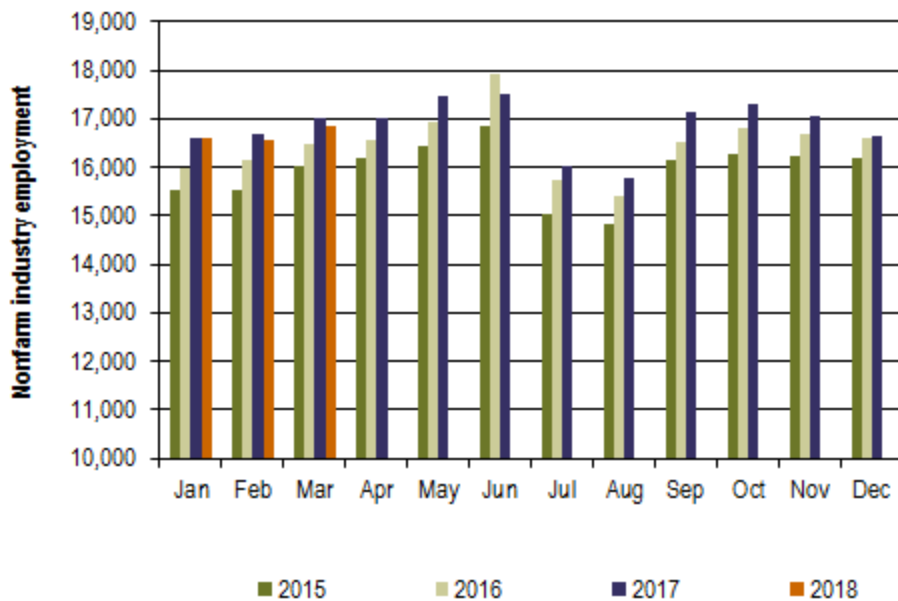
The Kittitas County unemployment rate increased three-tenths of a point between the Marches of 2017 and 2018.

Total nonfarm employment

Between 2016 and 2017, Washington's labor market provided 81,300 new nonfarm jobs, an annual average increase of 2.5 percent. In March 2018, businesses and government organizations across Washington supplied 3,371,000 nonfarm jobs (not seasonally adjusted), compared to 3,277,500 jobs in March 2017, a 2.9 percent year over year employment increase. The state's economy has posted year over year nonfarm employment increases for the past 90 consecutive months (October 2010 through March 2018).

Kittitas County's total nonfarm labor market averaged 16,850 jobs in 2017, a 370 job and a 2.2 percent upturn, a bit less robust than the statewide 2.5 percent growth rate during 2017. However, year over year, Kittitas County's nonfarm market has retrenched for the past three months (January through March 2018). The number of nonfarm jobs decreased countywide from 17,010 in March to 16,830 in March 2018, a loss of 180 jobs and a 1.1 percent downturn.

Figure 2. Nonfarm industry employment, not seasonally adjusted
Kittitas County, January 2015 through March 2018
Source: Employment Security Department/WITS



Employers in Kittitas County provided 16,830 nonfarm jobs in March 2018, a 1.1 percent contraction since March 2017.

Employment and unemployment

Washington's Civilian Labor Force (CLF) expanded by 89,522 residents (a 2.5 percent upturn) from 2016 to 2017. The state's labor force has grown, year over year, for the past 50 months (February 2014 through March 2018). In March 2018, Washington's CLF tallied 3,766,825 residents versus 3,696,726 in March 2017 equating to 70,099 more Washingtonians in the labor force (up 1.9 percent).

Kittitas County averaged 21,533 residents in the labor force in 2016 and 22,228 in 2017, a 3.2 percent expansion – stronger than Washington's 2.5 percent upturn. However, the County's CLF has been contracting, year over year, for the past three months (January through March 2018). Our most recent estimates show that the labor force contracted 1.0 percent, from 22,392 residents in March 2017 to 22,172 in March 2018, while the number of unemployed residents increased 3.6 percent (see *Figure 3*). The result: Kittitas County's unemployment rate rose by three-tenths of a percentage point between the Marches of 2017 and 2018, from 5.9 to 6.2 percent.

Figure 3. Labor force and industry employment, not seasonally adjusted
 Kittitas County, March 2017, February and March 2018
 Source: Employment Security Department/WITS

Kittitas County	Preliminary Mar-18	Revised Feb-18	Revised Mar-17	Change		
				Feb-18	Mar-17	Mar-17
				Mar-18	Mar-18	Mar-18 %
Labor force and unemployment						
Civilian labor force	22,172	21,686	22,392	486	-220	-1.0%
Resident employment	20,806	20,203	21,073	603	-267	-1.3%
Unemployment	1,366	1,483	1,319	-117	47	3.6%
Unemployment rate	6.2	6.8	5.9	-0.6	0.3	
Industry employment						
Total nonfarm ¹	16,830	16,550	17,010	280	-180	-1.1%
Total private	9,630	9,500	9,800	130	-170	-1.7%
Goods producing	1,360	1,330	1,470	30	-110	-7.5%
Mining, logging and construction	870	840	960	30	-90	-9.4%
Manufacturing	490	490	510	0	-20	-3.9%
Service providing	15,470	15,220	15,540	250	-70	-0.5%
Trade, transportation and utilities	2,670	2,630	2,590	40	80	3.1%
Wholesale trade	580	570	580	10	0	0.0%
Retail trade	1,840	1,820	1,760	20	80	4.5%
Transportation, warehousing and utilities	250	240	250	10	0	0.0%
Information and financial activities	630	630	620	0	10	1.6%
Professional and business services	560	540	570	20	-10	-1.8%
Education and health services	1,600	1,610	1,580	-10	20	1.3%
Leisure and hospitality	2,380	2,340	2,560	40	-180	-7.0%
Government	7,200	7,050	7,210	150	-10	-0.1%
Federal government	120	120	120	0	0	0.0%
State and local government	7,080	6,930	7,090	150	-10	-0.1%
State & local government education	5,320	5,160	5,340	160	-20	-0.4%
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 1.1 percent, a loss of 180 jobs between the Marches of 2017 and 2018.

Nonfarm industry employment

Kittitas County's nonfarm employers tallied 180 fewer jobs in March 2018 than in March 2017, a 1.1 percent downtrend, 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 2017 and 2018:

- Year over year, the number of jobs in Kittitas County's construction industry has been declining for the past five months (from November 2017 through March 2018). In March 2018, mining, logging and construction tallied 870 jobs countywide versus the 960 provided in March 2017, equating to a 90 job and a 9.4 percent decrease. Correspondingly, home sales were off a bit across Kittitas County year-to-date (YTD) when comparing the number of homes sold during the first three months of

2017 versus the corresponding period in 2018. According to the *Real Review Data Report: March 2018*, prepared by KMW Enterprises LLC, Selah, WA, the number of homes sold in Kittitas County YTD as of March 2018 was 75. This was down 3.8 percent from the 78 homes sold during the first calendar quarter of 2017. The dollar value of home sales countywide also decreased, by 11.6 percent, from \$68.2 million in the 1st Quarter of 2017 versus \$60.2 million from January through March 2018. Statewide however, construction has been adding workers for the past 73 consecutive months (from March 2012 through March 2018).

- In Kittitas County, retail trade employment has been posting year over year gains for 39 months (January 2015 through March 2018). In fact, the retail trade industry accounted for more new jobs between the Marches of 2017 and 2018 than any other major local industry. This employment category provided 1,760 jobs in March 2017 versus 1,840 this March – up by 80 jobs and 4.5 percent. Statewide, retail trade employment has increased for 90 months (October 2010 through March 2018).
- Leisure and hospitality (primarily hotel and restaurant) employment tallied 2,380 jobs across Kittitas County in March 2018, a 180 job and 7.0 percent downturn from the 2,560 provided in March 2017. Kittitas County's leisure and hospitality employment has been declining year over year for the past five months (November 2017 through March 2018). One example of a local leisure and hospitality business that has fallen on tough times recently is the Bar 14 restaurant in Ellensburg. According to a 4 January 2018 article in Ellensburg's *Daily Record* newspaper: "Workers at the Bar 14 Ranch House Restaurant on Canyon Road were told the day after Christmas that the business was closing." This article also mentioned that the closure resulted in the layoff of "about 20 people." Conversely, Washington's leisure and hospitality industry has added jobs for 90 consecutive months (October 2010 through March 2018). A rule of thumb is that 70-75 percent of all leisure and hospitality jobs across Washington are in "food services and drinking places."

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 2017 revised 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 14,400 in 2016, a 1,906-job increase or 15.3 percent upturn. The number of agricultural jobs (a subset of total covered employment) increased from 640 in 2004 to 967 in 2016, a 327-job increase or 51.1 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 123.9 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.