

Okanogan County Labor Area Summary September 2022



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Overview

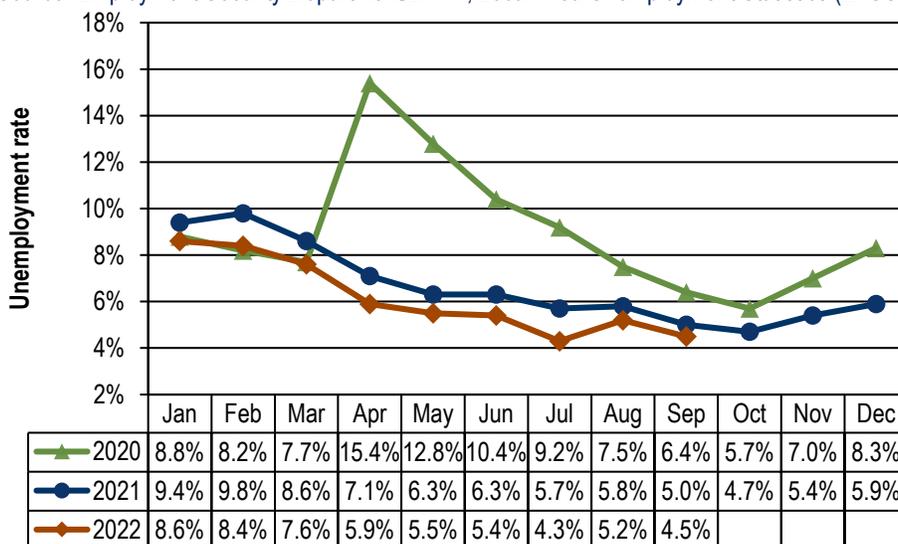
This report provides an update on the Okanogan County economy incorporating not seasonally adjusted, nonfarm employment and civilian labor force data. Analysis focuses on year over year (September 2021 and September 2022) and average annual data changes (between 2020 and 2021) in the labor market.

Unemployment rates

Civilian Labor Force (CLF) data show that Washington’s not seasonally adjusted average annual unemployment rate fell from 8.5 percent in 2020 to 5.2 percent in 2021. Between September 2021 and September 2022, the rate dropped from 4.6 to 3.6 percent. This 3.6 percent reading is the lowest rate for the month of September in Washington since state data began to be recorded electronically in 1976.

In Okanogan County, the not seasonally adjusted average annual unemployment rate decreased two and two-tenths percentage points between 2020 and 2021, from 8.9 to 6.6 percent. The September 2022 unemployment rate of 4.5 percent is lower than September rates during the past two years (*Figure 1*) but is four-tenths of a point higher than the historic low of 4.1 percent in September 2018 (four years ago).

Figure 1. Okanogan County unemployment rates, not seasonally adjusted
 Washington state, January 2020 through September 2022
 Source: Employment Security Department/DATA; Local Area Unemployment Statistics (LAUS)



Okanogan County’s unemployment rate dropped by five-tenths percentage points between September 2021 and September 2022.

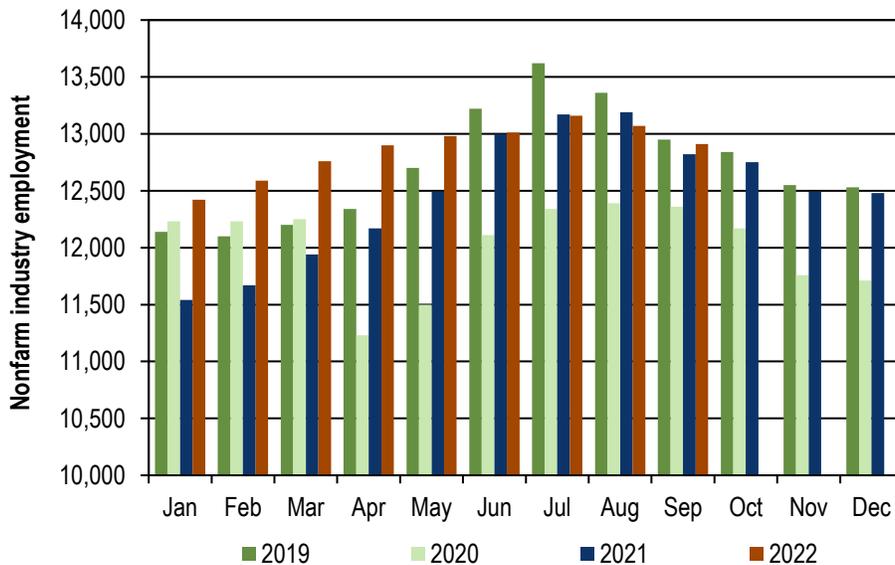
Total nonfarm employment

Between 2020 and 2021, estimates indicate that Washington’s labor market provided 81,100 more nonfarm jobs, an average annual increase of 2.5 percent. Year over year, Washington's nonfarm market has expanded in each of the past 18 months (April 2021 through September 2022). This September, business and government organizations statewide tallied 3,566,500 jobs (not seasonally adjusted) compared with 3,417,400 in September 2021, up by 149,100 jobs and 4.4 percent.

The Okanogan County economy peaked at 13,040 nonfarm jobs in 2008, before the national Great Recession (December 2007 through June 2009) hit the local job market. Average annual total nonfarm employment countywide has experienced some ups and downs ever since, but 2008 was the apex of nonfarm employment in Okanogan County. In 2020, the local nonfarm market lost 690 jobs (-5.4 percent) from the prior year; primarily caused by COVID-19-related layoffs, which pushed average annual employment down to 12,020 – the lowest point in 13 years (2008 through 2020, inclusive). Calendar year 2021 was “kinder” to the local economy as nonfarm employment recovered to 12,480, a 460 job and 3.8 percent increase from the 12,020-job average in 2020. Between the Septembers of 2021 and 2022, total nonfarm employment elevated by 90 jobs (up 0.7 percent) from 12,820 jobs to 12,910, respectively (*Figures 2 and 3*).

Figure 2. Okanogan County nonfarm industry employment, not seasonally adjusted, in thousands Washington state, January 2019 through September 2022

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



In September 2022, nonfarm employment rose to 12,910, a 90-job increase above the 12,820 jobs tallied in September 2021.

Employment and unemployment

Washington’s Civilian Labor Force (CLF) edged downward by 15,964 residents (a -0.4 percent downturn) between 2020 and 2021. This year-over-year labor force contraction occurred in the first six months of 2021. Since then, the state’s CLF has either stabilized or expanded during each of the past 15 months (July 2021 through September 2022). Washington’s labor force grew by 62,908 residents (up 1.6 percent), from 3,943,513 residents in September 2021 to 4,006,421 this September.

Okanogan County’s CLF edged upwards by 0.4 percent between 2020 (19,464 residents) and 2021 (19,538 residents). On a monthly basis, the Okanogan County labor force expanded from May 2021 through June 2022 before contracting in the past three months (July through September 2022). Between the Septembers

of 2021 and 2022, the CLF shrank by 833 residents, from 20,752 to 19,919, a -4.0 percent downturn (*Figure 3*). Fortunately, 135 fewer Okanogan County residents were out of work during this timeframe (a -13.0 percent downturn) which helped push the County's not seasonally adjusted unemployment rate down from 5.0 percent in September 2021 to 4.5 percent in September 2022 (*Figures 1 and 3*).

Also, during the past six months (April through September 2022) the local labor force shrank when compared with the CLF from April through September 2019 (during the pre-COVID era). Okanogan County's CLF this September 2022 (19,919 residents) was 1,522 residents (-7.1 percent) smaller than the 21,441 residents in the local labor force back in September 2019, during the "pre-COVID days."

Figure 3. Okanogan County labor force and industry employment, not seasonally adjusted
Washington state, September 2022

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

Okanogan County	Preliminary Sep-22	Revised Aug-22	Revised Sep-21	Change		Percent change
				Aug-22	Sep-21	Sep-21
				Sep-22	Sep-22	Sep-22
Labor force and unemployment						
Civilian labor force	19,919	20,320	20,752	-401	-833	-4.0%
Resident employment	19,017	19,260	19,715	-243	-698	-3.5%
Unemployment	902	1,060	1,037	-158	-135	-13.0%
Unemployment rate	4.5	5.2	5.0	-0.7	-0.5	
Industry employment						
Total nonfarm ¹	12,910	13,070	12,820	-160	90	0.7%
Total private	7,830	7,950	7,780	-120	50	0.6%
Goods producing	1,020	1,080	1,010	-60	10	1.0%
Mining, logging and construction	640	710	680	-70	-40	-5.9%
Manufacturing	380	370	330	10	50	15.2%
Service providing	11,890	11,990	11,810	-100	80	0.7%
Trade, transportation and utilities	2,520	2,560	2,620	-40	-100	-3.8%
Wholesale trade	230	230	240	0	-10	-4.2%
Retail trade	1,830	1,880	1,900	-50	-70	-3.7%
Information and financial activities	450	470	420	-20	30	7.1%
Professional and business services	470	470	470	0	0	0.0%
Education and health services	1,710	1,720	1,650	-10	60	3.6%
Leisure and hospitality	1,340	1,330	1,320	10	20	1.5%
Government	5,080	5,120	5,040	-40	40	0.8%
Federal government	540	570	470	-30	70	14.9%
State and local government	4,540	4,550	4,570	-10	-30	-0.7%
State and local government education	1,590	1,580	1,580	10	10	0.6%
Workers in labor/management disputes	0	0	0	0	0	

¹Excludes 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.

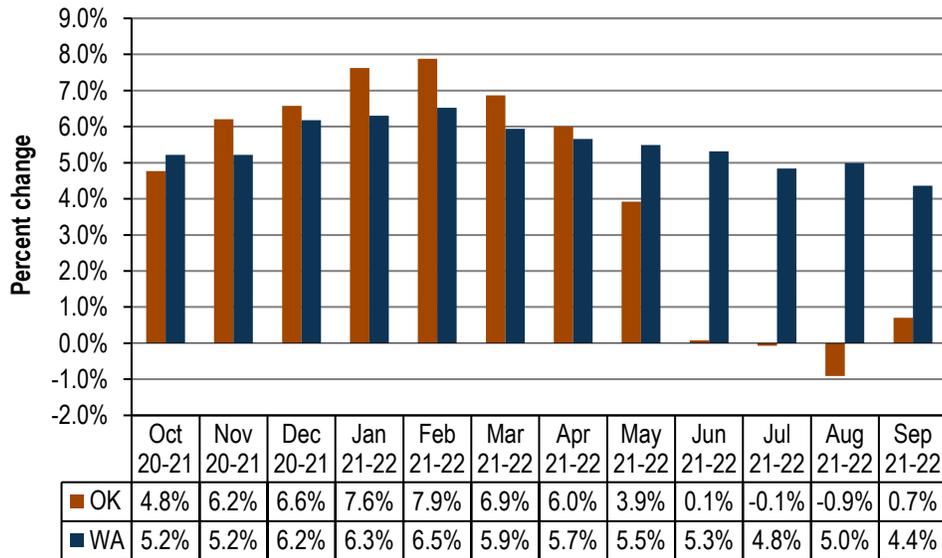
Between September 2021 and September 2022, the Okanogan County nonfarm market expanded by 0.7 percent.

Nonfarm industry employment

Year over year, not seasonally adjusted nonfarm employment in Okanogan County increased for 15 months (April 2021 through June 2022), decreased in July and August 2022, and recuperated modestly in September 2022 (Figure 4). Total nonfarm employment this September (12,910 jobs) was 90 jobs and 0.7 percent greater than the 12,820 jobs tallied across Okanogan County in September 2021. Hence, since April 2021 the local nonfarm market has generally been posting *year-over-year* gains. But the County's nonfarm economy has not completely recovered from losses suffered *during the COVID-19 pandemic*. This September the local nonfarm job market provided 40 fewer jobs (down -0.3 percent) than the 12,950 jobs tallied in September 2019 (three years ago, during the pre-COVID era). In fact, total nonfarm employment in Okanogan County contracted during June through September 2022 below June through September 2019 (i.e., in the pre-COVID era) – certainly not an encouraging economic trend. On the positive side, Washington state's nonfarm market has expanded monthly from January through September 2022 above the pre-COVID months of January through September 2019.

Figure 4. Okanogan County and Washington total nonfarm employment changes
Washington state, October 2021 through September 2022

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



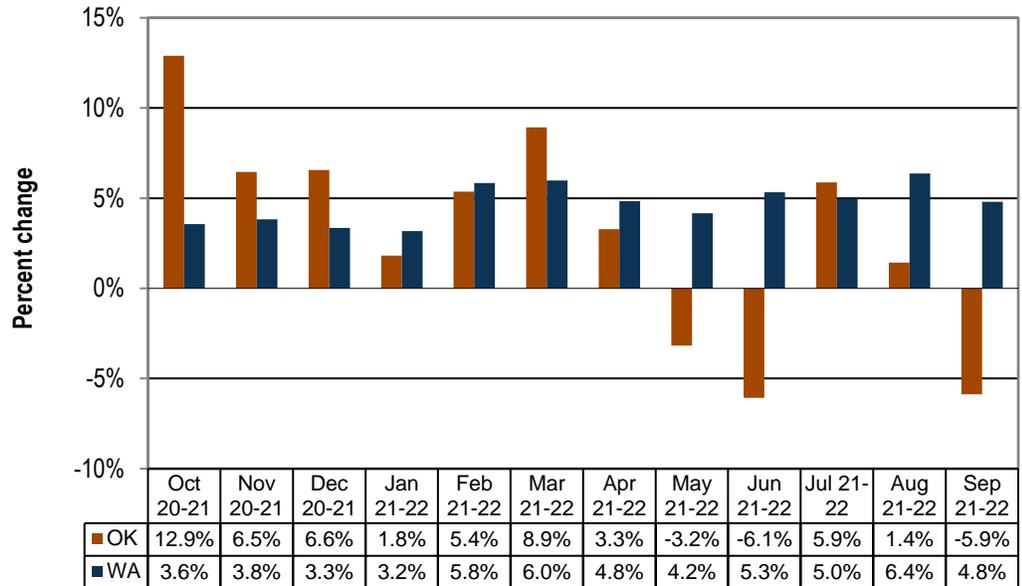
Year over year, nonfarm employment in Okanogan County grew for 15 months (April 2021 through June 2022), faded in July and August 2022, and recuperated modestly in September 2022. Washington's nonfarm market has been expanding for 18 months (April 2021 through September 2022).

The following paragraphs highlight job changes in three local industries (construction, retail trade, and private education and health services) between September 2021 and September 2022:

- Construction businesses in Okanogan County averaged a relatively modest 20-job, COVID-19-related loss (-3.4 percent) between 2019 (580 jobs) and 2020 (560 jobs) but showed a strong, 14.3 percent employment comeback in 2021 (to 640 jobs). On a monthly basis, construction employment in Okanogan County expanded, year over year, from November 2020 through April 2022, before "waffling" from May through September 2022 (Figure 5). Estimates indicate there were 680 jobs in the local construction industry in September 2021 versus only 640 in September 2022 (Figure 3) a -5.9 percent downturn. Statewide, construction employment has been rising for 18

months (April 2021 through September 2022). Between September 2021 and September 2022, the number of construction jobs across Washington advanced by 4.8 percent (up 11,000 jobs) from 229,300 jobs to 240,300 (Figure 5). Much of this year-over-year upturn in Washington’s construction industry has occurred amongst specialty trade contractors (i.e., roofing contractors, electrical contractors, plumbing contractors, painting/wall covering contractors, etc.) where the number of jobs grew by 6,800 from 146,800 in September 2021 to 153,600 in September 2022 (up 4.6 percent).

Figure 5. Okanogan County and Washington construction employment changes Washington state, October 2021 through September 2022
Source: Employment Security Department/DATA, Current Employment Statistics (CES)



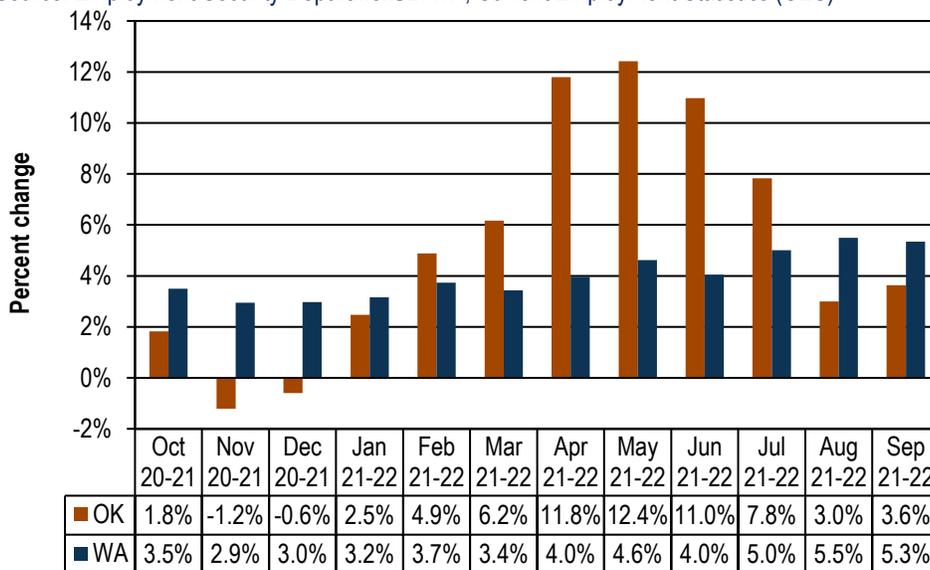
Year over year, construction employment in Okanogan County expanded from November 2020 through April 2022, before "waffling" from May through September 2022. Statewide, construction employment has been rising from April 2021 through September 2022.

- Year over year, employment in Okanogan County's retail trade industry contracted in August and September 2022. Current Employment Statistics (CES) estimates show that, this September, there were 1,830 retail trade jobs countywide, a -3.7 percent decline from the 1,900 jobs in September 2021. Statewide, retail trade employment had expanded from August 2020 through August 2022; but employment in this industry took a step backwards in September 2022, contracting by -0.5 percent since September 2021. Current estimates indicate that Washington’s retail trade stores tallied 404,500 jobs this September versus 406,700 in September 2021, a 2,200 job and -0.5 percent downturn. During this timeframe (September 2021 to September 2022), several of Washington’s retail subsectors reduced employment levels (i.e., at motor vehicle and parts dealers, furniture and home furnishing stores, food and beverage stores, and especially general merchandise stores). By far, the retail subsector which shed the most jobs between the Septembers of 2021 and 2022 was general merchandise stores. This subsector lost 4,200 jobs, a -5.8 percent employment downturn between September 2021 (71,800 jobs) and September 2022 (67,600 jobs). Conversely, the retail subsector which added the most jobs from September 2021 to September 2022, was “other retail trade.” This category includes firms engaged in online shopping. Other retail trade lengthened payrolls by 1,500 and employment rose by 1.0 percent; from 144,400 jobs in September 2021 to 145,900 jobs in September 2022.
- In the private education and health services category in Okanogan County, health services employers provide the lion’s share of employment. Employment in this industry averaged 1,640 in 2019, 2020,

and 2021. However, it is expected that education and health services will post some solid job growth in 2022 since estimates indicate year over year growth in this industry from January through September 2022 (Figure 6). Recently, between September 2021 and September 2022, the number of education and health services jobs advanced from 1,650 to 1,710 respectively, a 3.6 percent and 60 job upturn (Figure 3). Statewide this industry has added jobs during each of the past 18 consecutive months (April 2021 through September 2022). Current Employment Statistics (CES) estimates indicate that Washington’s education and health services employers tallied 520,900 jobs this September versus 494,500 in September 2021, a 26,400 job and 5.3 percent upturn. Over half (54.9 percent), or 14,400 of these 26,400 new education and health services jobs generated statewide between September 2021 and Septembers 2022 were in the social assistance subsector (NAICS 624). Social assistance is comprised of the following organizations/businesses: individual and family services, community food and housing, vocational rehabilitation services, and child day care services.

Figure 6. Okanogan County and Washington education and health services employment changes Washington state, October 2021 through September 2022

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



In Okanogan County, private education and health services employment has been posting year over year growth from January through September 2022. Statewide this industry has been adding jobs for the past 18 consecutive months (April 2021 through September 2022).

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 2022, preliminary average annual QCEW data for calendar year 2021 became available. An analysis of employment changes from the most recent 10-year period (2011 through 2021) shows that in Okanogan County:

- Total covered employment decreased from 17,179 in 2011 to 16,124 in 2021, a 1,055-job and -6.1 percent downturn, with annualized employment growth between 2011 and 2021 of -0.6 percent. The number of agricultural jobs (a subset of total covered employment) plummeted from 5,525 in 2011 to 3,956 in 2020, a 1,569 job and -28.4 percent downtrend, with annualized employment growth

between 2011 and 2021 of -3.3 percent. In 2011, Okanogan County's agricultural industry accounted for nearly one third (32.2 percent) of total covered employment. In 2021, agricultural employment accounted for nearly one quarter (24.5) percent of total covered employment countywide. Hence, the share of agricultural employment dropped by seven and seven-tenths percentage points (from 32.2 to 24.5 percent) during this 10-year period - a dramatic structural change in the Okanogan County labor market.

- Total covered wages rose from \$449.0 million (in 2011) to \$670.0 million (in 2021), a \$221.0 million and 49.2 percent upturn, with annualized wage growth between 2011 and 2021 of 4.1 percent. The agricultural payroll (a subset of total covered wages) advanced from \$86.5 million in 2011 to \$118.5 million in 2021, a \$32.0 million and 37.0 percent uptrend, with annualized wage growth between 2011 and 2021 at 3.2 percent. In 2011, Okanogan County's agricultural industry wages accounted for 19.3 percent of total covered wages. In 2021. This percentage slipped to 17.7 percent in 2021, a one and six-tenths points downturn.
- Across Okanogan County from 2011 through 2021, the percentage of *agricultural wages versus total covered wages/payroll* declined modestly (down one and six-tenths percentage points) whereas the percentage of *agricultural employment versus total covered employment/jobs* declined substantially (down seven and seven-tenths percentage points). One could generalize from these data trends that Okanogan County's agricultural industry (especially from an employment perspective) has become relatively less influential in the local economy. This is not to say that the agricultural industry is not a still a "bedrock" to the local economy. It still is. Nevertheless, the number of agricultural jobs actually "peaked" countywide in 2014 at 6,234 jobs (34.0 percent of total covered employment) and has slowly and steadily declined in each of the next seven years (from 2015 through 2021, inclusively). There are at least three possibilities for this slow and steady seven-year decline in agricultural employment countywide: automation, the gradual conversion of some seasonal agricultural jobs to year-round positions, and the increased use of H-2A agricultural labor.

Web link to Monthly Employment Report (MER) for Washington state

<https://esd.wa.gov/labormarketinfo/monthly-employment-report>