

Okanogan County Labor Area Summary March 2022



Donald W. Meseck, Regional Labor Economist
 Employment Security Department
 Kittitas County WorkSource, 510 N. Pine Street, Ellensburg, WA 98926
 Phone: 509-607-3267
 Email: don.meseck@esd.wa.gov
 Website: <https://esd.wa.gov/labormarketinfo>

Overview

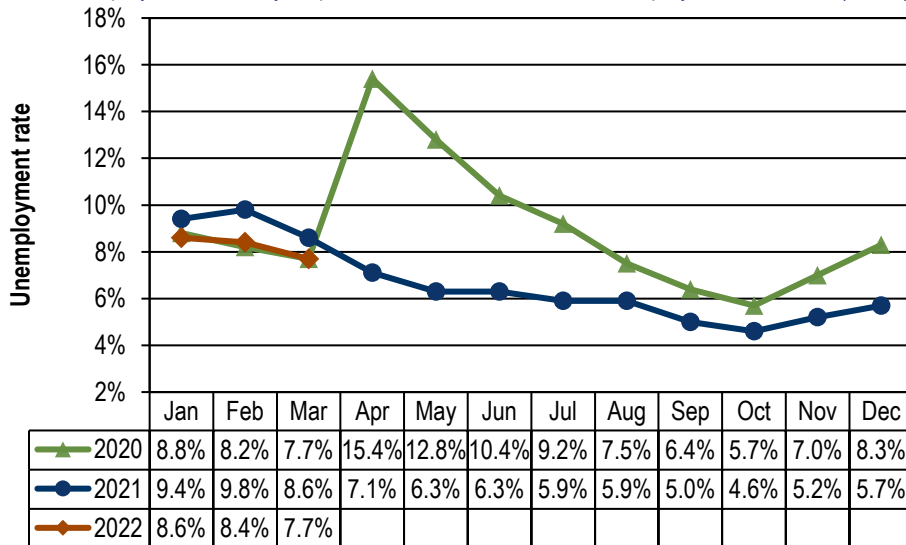
This report provides an update on the Okanogan County economy incorporating not seasonally adjusted, nonfarm employment and civilian labor force data. Analysis focuses on year over year (March 2021 and March 2022) and average annual data changes (between 2020 and 2021) in the labor market.

Unemployment rates

Preliminary Civilian Labor Force (CLF) data show that Washington’s not seasonally adjusted average annual unemployment rate dropped from 8.5 percent in 2020 to 5.2 percent in 2021. Between March 2021 and March 2022, the rate dropped from 6.2 to 4.3 percent, a drop of one and nine-tenths percentage points.

In Okanogan County, the not seasonally adjusted average annual unemployment rate decreased two and three-tenths percentage points between 2020 and 2021, from 8.9 to 6.6 percent. Unemployment rates have declined, year over year, during the past 12 months (April 2021 through March 2022). The March 2022 rate of 7.7 percent was identical to the reading in March 2020 (two years ago).

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



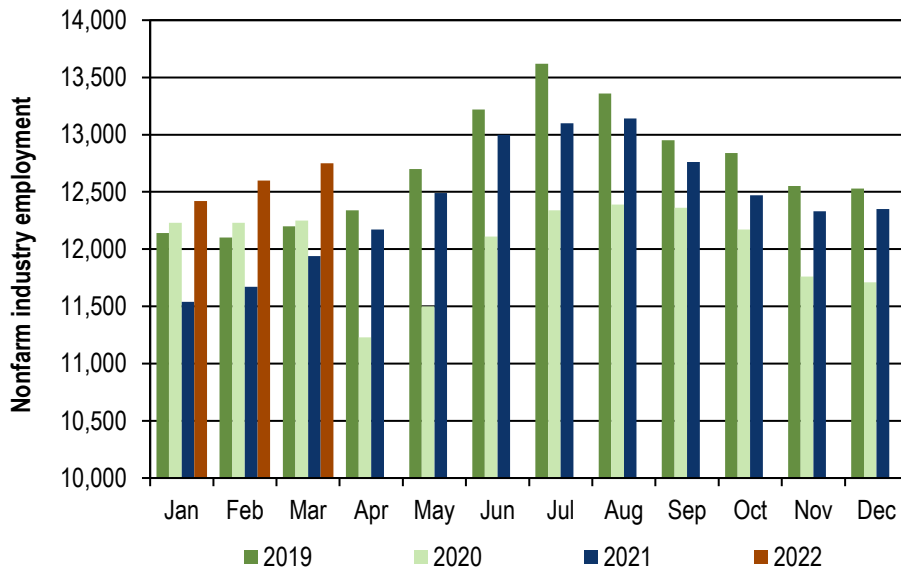
Okanogan County's unemployment rate dropped by nine-tenths of a percentage point between March 2021 and March 2022.

Total nonfarm employment

Between 2020 and 2021, estimates indicate that Washington’s labor market provided 74,700 more nonfarm jobs, an average annual increase of 2.3 percent. Year over year, Washington's nonfarm market contracted from April 2020 through March 2021 prior to expanding from April 2021 through March 2022. This March, business and government organizations statewide tallied 3,454,300 jobs (not seasonally adjusted) compared with 3,281,300 in March 2021, up by 173,000 jobs and 5.3 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 nonfarm employment down to 12,020 – the lowest point in the past 13 years (2008 through 2020, inclusive). Calendar year 2021 was “kinder” to the local economy. Employment recovered to an average of 12,410, a 390 job and 3.2 percent increase from 2020. Although nonfarm employment countywide contracted from April 2020 through March 2021, it has expanded during the past 12 months (April 2021 through March 2022) as shown in *Figures 2 and 4*. Recently, between March 2021 and March 2022, total nonfarm employment rose by 810 (up 6.8 percent) from 11,940 jobs in March 2021 to 12,750 jobs in March 2022 (*Figure 3*).

Figure 2. Okanogan County nonfarm industry employment, not seasonally adjusted, in thousands Washington state, January 2019 through March 2022
Source: Employment Security Department/DATA; Current Employment Statistics (CES)



In March 2022, nonfarm employment rose to 12,750, an 810-job increase from the 11,940 jobs tallied in March 2021.

Employment and unemployment

Washington’s Civilian Labor Force (CLF) edged downward by 15,964 residents (a -0.4 percent downturn) from 2020 to 2021. Virtually all this contraction occurred in the first half of 2021. Since then, the CLF has either stabilized or expanded from July 2021 through March 2022. Most recently, Washington’s labor force grew by 169,709 residents (up 4.4 percent), from 3,882,427 residents in March 2021 to 4,052,136 in March 2022.

Okanogan County’s CLF edged upwards by 0.7 percent between 2020 (19,464 residents) and 2021 (19,953 residents) as the labor force expanded in the last eight months of 2021 following year-over-year contractions

from January through April 2021. In fact, year over year, the Okanogan County labor force has been expanding for 11 consecutive months (May 2021 through March 2022). Between the Marches of 2021 and 2022, the CLF grew by 991 residents, from 18,734 to 19,725, a 5.3 percent upturn (*Figure 3*). Simultaneously, 90 fewer Okanogan County residents were out of work during this timeframe, a -5.6 percent downturn. The result: the County’s not seasonally adjusted unemployment rate dropped from 8.6 percent in March 2021 to 7.7 percent in March 2022. Additional *modestly* encouraging economic news is found in the fact that Okanogan County’s labor force this March (19,725 residents) was also 28 residents and 0.1 percent larger than the CLF (19,697 residents) in March 2020, that is, in pre-COVID “days” two years ago.

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

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

Okanogan County	Preliminary Mar-22	Revised Feb-22	Revised Mar-21	Change		Percent change
				Feb-22	Mar-21	Mar-21
				Mar-22	Mar-22	Mar-22
Labor force and unemployment						
Civilian labor force	19,725	19,307	18,734	418	991	5.3%
Resident employment	18,200	17,687	17,119	513	1,081	6.3%
Unemployment	1,525	1,620	1,615	-95	-90	-5.6%
Unemployment rate	7.7	8.4	8.6	-0.7	-0.9	
Industry employment						
Total nonfarm ¹	12,750	12,600	11,940	150	810	6.8%
Total private	7,860	7,740	7,020	120	840	12.0%
Goods producing	1,010	980	820	30	190	23.2%
Mining, logging and construction	660	640	560	20	100	17.9%
Manufacturing	350	340	260	10	90	34.6%
Service providing	11,740	11,620	11,120	120	620	5.6%
Trade, transportation and utilities	2,650	2,600	2,430	50	220	9.1%
Wholesale trade	260	260	170	0	90	52.9%
Retail trade	1,960	1,940	1,800	20	160	8.9%
Information and financial activities	440	430	420	10	20	4.8%
Professional and business services	510	500	400	10	110	27.5%
Education and health services	1,660	1,650	1,620	10	40	2.5%
Leisure and hospitality	1,320	1,300	1,060	20	260	24.5%
Government	4,890	4,860	4,920	30	-30	-0.6%
Federal government	420	420	360	0	60	16.7%
State and local government	4,470	4,440	4,560	30	-90	-2.0%
State and local government education	1,600	1,630	1,620	-30	-20	-1.2%
Workers in labor/management disputes	0	0	0	0	0	

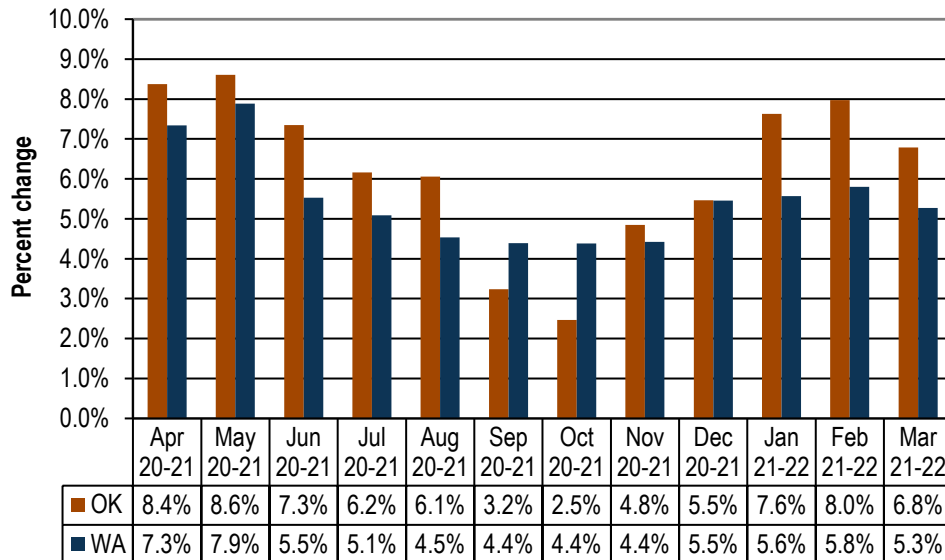
¹Excludes proprietors, self-employed, members of the armed services, workers in private households and agriculture. Includes all full- and part-time wage and salary workers receiving pay during the pay period including the 12th of the month. Columns may not add due to rounding.

Between March 202 and March 2022, the Okanogan County nonfarm market increased by 810 jobs, an upturn of 6.8 percent.

Nonfarm industry employment

Not seasonally adjusted total nonfarm employment in Okanogan County grew by 6.8 percent (up 810 jobs) in March 2021, as employment elevated to 12,750 jobs above the 11,940 jobs tallied in March 2021 (*Figure 3*), when COVID-19-related layoffs were still wreaking havoc with the local economy. Also, total nonfarm employment countywide this March (12,750 jobs) was 500 jobs (4.1 percent) greater than the 12,250 jobs tallied across Okanogan County in March 2020 (two years ago). In fact, total nonfarm employment in January, February, and March of this year was greater than in these corresponding months of 2000. This is encouraging since it indicates that, as of the 1st Quarter of 2022, the local nonfarm market has recovered (in aggregate) all jobs lost during the COVID-19 pandemic (which hit the local economy hard primarily from the 2nd through the 4th Quarters of 2020). Conversely, Washington’s not seasonally adjusted total nonfarm labor market in March 2022 (3,454,300 jobs) was still 15,700 jobs (-0.5 percent) less than the 3,470,000 jobs tallied in March 2020 (two years ago). Hence, Washington’s nonfarm market is still on the road to economic recovery.

Figure 4. Okanogan County and Washington total nonfarm employment changes
Washington state, April 2020 through March 2022
Source: Employment Security Department/DATA, Current Employment Statistics (CES)



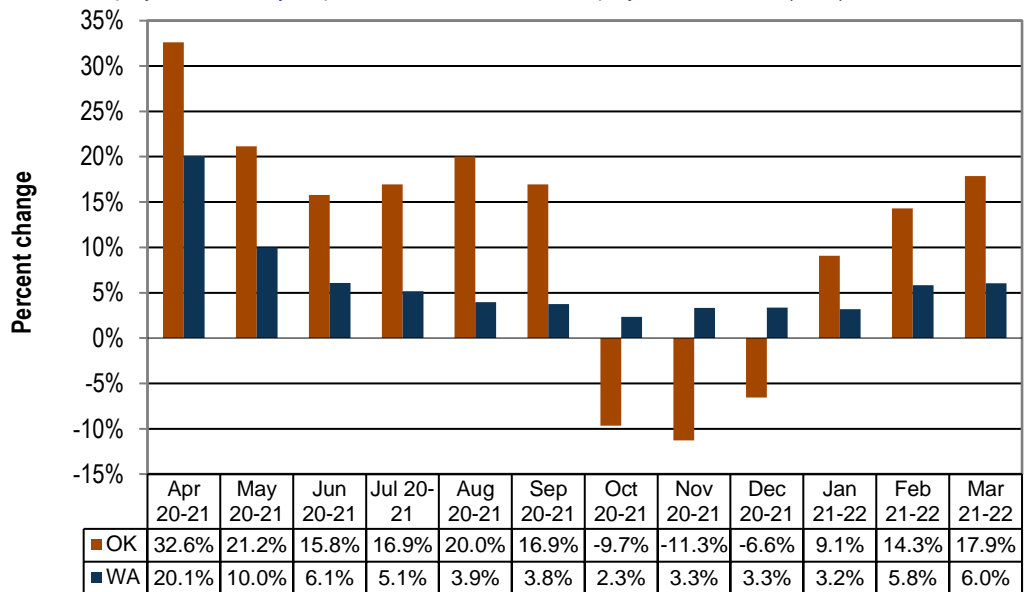
Year over year, nonfarm employment in Okanogan County contracted from April 2020 through March 2021 but increased during the past 12 months (April 2021 through March 2022). Washington’s nonfarm market also retrenched from April 2020 through March 2021 prior to expanding from April 2021 through March 2022.

The following paragraphs highlight job changes in three local industries (construction, retail trade, and leisure and hospitality) between March 2021 and March 2022:

- Construction businesses in Okanogan County netted a relatively modest 20-job, COVID-19-related loss (-3.4 percent) between 2019 (580 jobs) and 2020 (560 jobs) but showed a strong, 8.9 percent employment increase in 2021 (610 jobs). Although employment in Okanogan County's construction industry dipped, year over year, in the 4th Quarter of 2021, estimates indicate that it bounced back nicely in the 1st Quarter of 2022 (*Figure 5*). Estimates indicate there were 560 jobs in the local construction industry in March 2021 versus 660 in March 2022 (*Figure 3*) a robust 17.9 percent upturn. Statewide, construction employment has risen, year over year, from April 2021 through

March 2022 (Figure 5). Between March 2021 and March 2022, the number of construction jobs across Washington’s advanced by 6.0 percent (up 13,100 jobs) from 217,300 jobs to 230,400. Virtually all this year-over-year upturn in Washington’s construction industry has occurred amongst *specialty trade contractors* where the number of jobs grew by 13,000 from 139,900 in March 2021 to 152,900 in March 2022 (up 9.3 percent).

Figure 5. Okanogan County and Washington construction employment changes
 Washington state, April 2020 through March 2022
 Source: Employment Security Department/DATA, Current Employment Statistics (CES)



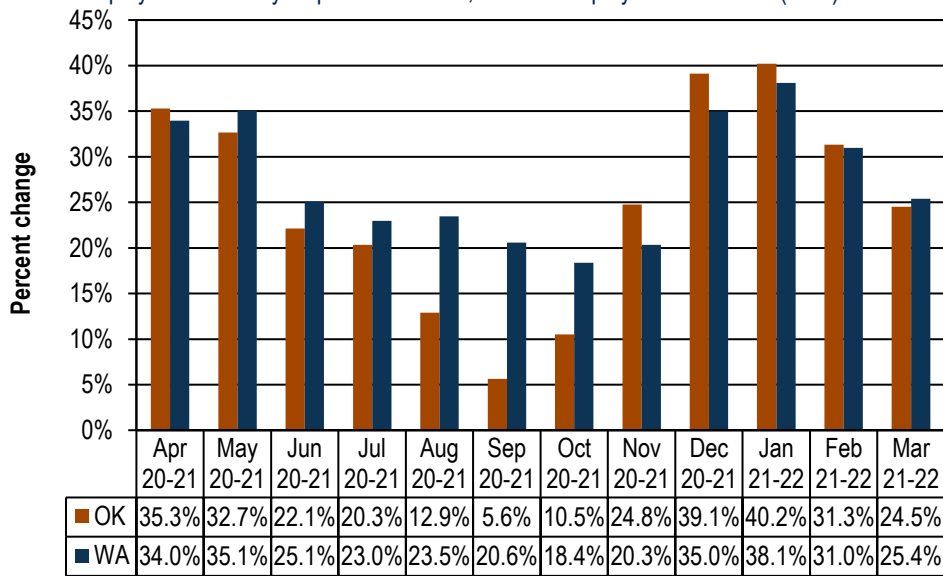
Year over year, estimates indicate that although employment in Okanogan County’s construction industry dipped, year over year, in the 4th Quarter of 2021, it expanded in the 1st Quarter of 2022. Statewide, construction employment has risen from April 2021 through March 2022.

- In calendar year 2020 employment in Okanogan County’s retail trade sector shrank by 40 jobs, to 1,800 from an average of 1,840 in 2019. But the County’s retail sector added 70 new jobs in 2021: rising from 1,800 in 2020 to 1,870 in 2021, a 70 job and a 3.9 percent upturn. Year over year, employment in the local retail trade industry has expanded from September 2021 through March 2022. Recently, retail trade employment advanced from 1,800 jobs countywide in March 2021 to 1,960 jobs in March 2022, a strong 160 job and 8.9 percent upturn (Figure 3). Across Washington, retail trade employment has netted year-over-year gains for 20 consecutive months (August 2020 through March 2022). Current estimates indicate that Washington’s retailers tallied 405,900 jobs this March versus 393,700 in March 2021, a 12,200 job and 3.1 percent upturn. Over 80 percent (81.1 percent) of these 12,200 new jobs generated statewide between March 2021 and March 2022 were in general merchandise stores (up 3,600 jobs) and at “other retail trade” establishments (up 6,300 jobs). The “other retail trade” category includes firms engaged in electronic or on-line shopping. Across Washington, the retail trade sector netted 16,100 new jobs in 2021, of which 6,800 jobs (42.2 percent) were in this “other retail trade” industry.
- COVID-19-related layoffs in leisure and hospitality were severe in Okanogan County during 2020. In fact, of the 690 nonfarm jobs lost in 2020 countywide, 260 jobs, or 37.7 percent, were in the leisure and hospitality sector. Conversely, re-hiring in the local leisure and hospitality industry was strong during 2021. Of the 390 nonfarm jobs gained in 2021 across Okanogan County, 120 jobs, or 30.8 percent, were in leisure and hospitality. Employment in the County’s leisure and hospitality businesses had been backsliding, year over year, from February 2019 through March 2021 (26

consecutive months) before expanding in each of the past 12 months (April 2021 through March 2022) as shown in *Figure 6*. Between March 2021 and March 2022, preliminary estimates indicate that leisure and hospitality (primarily hotels, eating and drinking places, and amusement and recreation services) jumped by 260 jobs in Okanogan County, an appreciable 24.5 percent upturn (*Figure 3*) as employment elevated from 1,060 jobs to 1,320, respectively. Employment in Washington state's leisure and hospitality industry retrenched for 13 months (March 2020 through March 2021) before also posting year-over-year job gains from April 2021 through March 2022. Statewide, leisure and hospitality employment escalated by 25.4 percent between the Marches of 2021 and 2022 (*Figure 6*) with accommodation businesses within this leisure and hospitality sector rising 39.8 percent, from 20,100 jobs in March 2021 to 28,100 this March.

Figure 6. Okanogan County and Washington leisure and hospitality employment changes Washington state, April 2020 through March 2022

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



Year over year, leisure and hospitality employment in Okanogan County has expanded in each of the past 12 months (April 2021 through March 2022). Employment in Washington's leisure and hospitality industry has also added jobs from April 2021 through March 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 September 2021, revised average annual QCEW data for calendar year 2020 became available. An analysis of employment changes from 2010 through 2020 shows that in Okanogan County:

- Total covered employment decreased from 17,329 in 2010 to 15,899 in 2020, a 1,430-job and -8.3 percent downturn, with annualized employment growth between 2010 and 2020 of minus-0.9 percent. The number of agricultural jobs (a subset of total covered employment) decreased from 5,560 in 2010 to 4,184 in 2020, a 1,376 job and -24.7 percent downtrend, with annualized employment growth between 2010 and 2020 of -2.8 percent. In 2010, Okanogan County's agricultural industry accounted for 32.1 percent of total covered employment. In 2020, agricultural employment accounted for just 26.3 percent of total covered employment countywide. Hence, the

share of agricultural employment dropped by 5.8 percentage points (from 32.1 to 26.3 percent) in Okanogan County during this most recent ten-year period.

- Total covered wages rose from \$439.5 million (in 2010) to \$625.0 million (in 2020), a \$185.5 million and 42.2 percent upturn, with annualized wage growth between 2010 and 2020 of 3.6 percent. The agricultural payroll (a subset of total covered wages) advanced from \$82.3 million in 2010 to \$115.7 million in 2020, an \$33.3 million and 40.5 percent uptrend, with annualized wage growth between 2010 and 2020 at 3.5 percent. In 2010, Okanogan County's agricultural industry accounted for 18.7 percent of total covered wages. In 2020, agricultural wages accounted for 18.5 percent of total covered payroll countywide. Hence, the share of agricultural *wages* (compared with total covered payroll) virtually stabilized at 18.7 percent in 2010 versus 18.5 percent in 2020 whereas agricultural *employment* trends showed that the agricultural industry has become less influential in Okanogan County's economy (when comparing the agriculture/total covered employment ratios in 2010 and in 2020). Certainly, agriculture is still a seasonal industry in Okanogan County, but anecdotal evidence indicates that more agricultural workers are being hired into full-time year-round positions (with relatively fewer hires into part-time/seasonal positions); plus, automation in the picking, packing, and sorting of fresh fruit and vegetables appears to have reduced the need for labor. These are two apparent reasons why the agricultural share of total covered employment receded during this most recent ten-year period (see previous paragraph) while the agricultural share of total covered wages/payroll remained virtually unchanged.

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

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