

# Klickitat and Skamania Counties



## Labor Area Summary Volume 2020, Number 10

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### National Outlook

Gross domestic product (GDP) for the last quarter of the year increased by 4.0 percent, according to the first preliminary estimate. That was still 2.5 percent below the first quarter. Most of the major components of GDP were negative compared with the first quarter—including consumer spending (-2.6 percent), non-housing investment (-1.3 percent), and exports (-11.0 percent). Only housing investment (new structures and remodeling) increased (+13.7 percent).

Month	Job Change
March	-1,373,000
April	-20,787,000
May	2,725,000
June	4,781,000
July	1,761,000
August	1,493,000
September	711,000
October	654,000
November	336,000
December	-140,000
Net change	-9,839,000
Percent	-6.5%

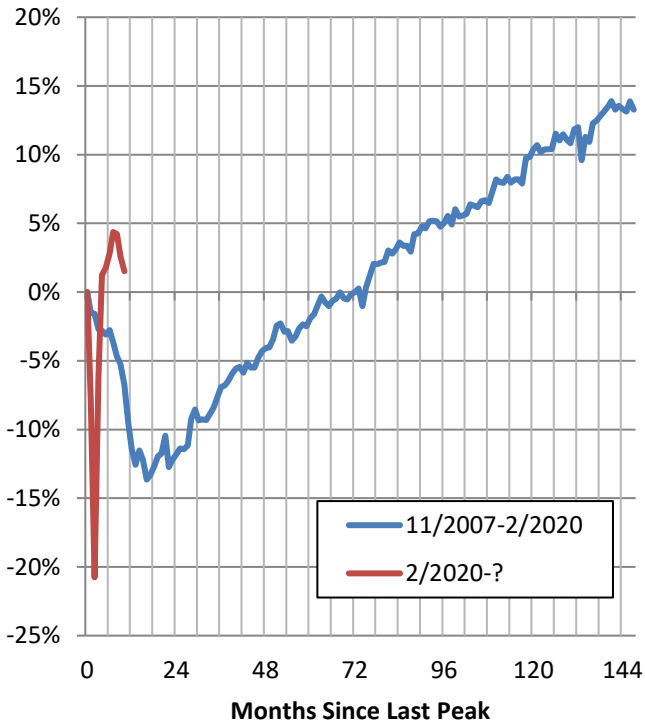
December was not an especially good month for the economy. Nonfarm employment declined by 140,000 jobs. Several industries, like professional & business services and retail trade, had solid month, but all was undone by a huge loss in leisure & hospitality (-498,000), primarily in restaurants (-396,000). The nation has lost almost 10 million jobs since February. Leisure & hospitality, despite adding back 4.4 million jobs since April, was still -3.9 million/-23 percent dating back to February when the recession began. Other

private sector industries varied from -1.2 percent (finance) to -9.3 percent (information services, which includes movie production and movie theaters). Government was down 5.9 percent, with K-12 education at -8.4 percent. What's wrong with this picture?

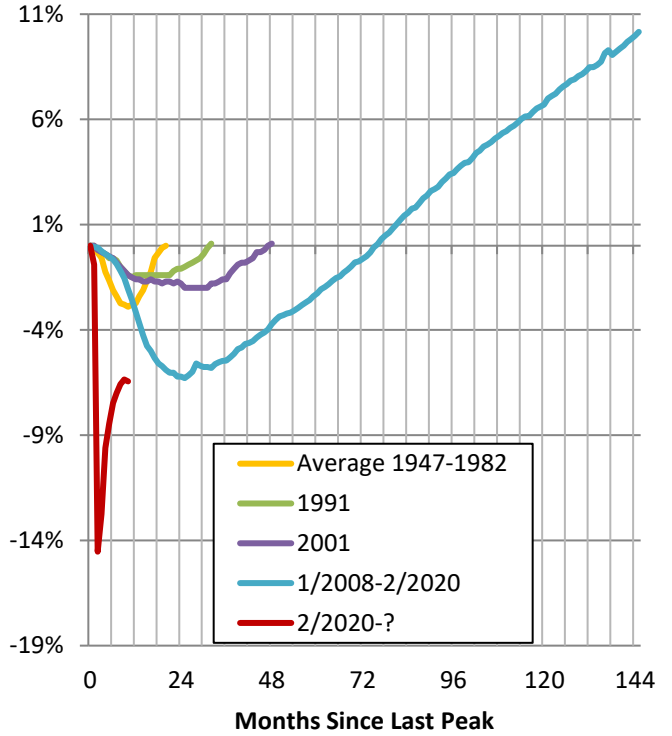
Unemployment was unchanged over the month, at 6.7 percent. The more inclusive U-6 rate, which includes part-time workers who can't find a full-time job, and discouraged workers, declined three tenths of a point to 11.7 percent.

December 2020 Unemployment Rates			
	Dec. 2020	Nov. 2020	Dec. 2019
<b>Seasonally Adjusted:</b>			
U.S.**	6.7	6.7	3.5
U.S. U-6**	11.7	12.0	6.7
Washington	7.1	5.7	4.0
Oregon	6.0	6.8	3.4
Portland Metro	6.2	6.8	3.2
Columbia Gorge*	6.8	6.1	4.2
<b>Unadjusted:</b>			
U.S.	6.5	6.4	3.4
Washington	7.2	5.6	4.0
Oregon	5.5	6.3	2.9
Columbia Gorge*	5.7	5.6	3.8
Klickitat	6.8	6.0	5.8
Skamania	8.5	7.1	4.9
Hood River	4.6	4.8	2.4
Sherman	4.0	4.8	3.4
Wasco	5.0	5.7	3.4
Clark	7.0	6.4	4.2
Cowlitz	7.7	6.9	5.5
Wahkiakum	8.0	6.8	6.6
Portland Metro	5.9	6.6	2.9
*Includes Hood River, Klickitat, Sherman, Skamania, and Wasco counties. **Underestimated. See text.			

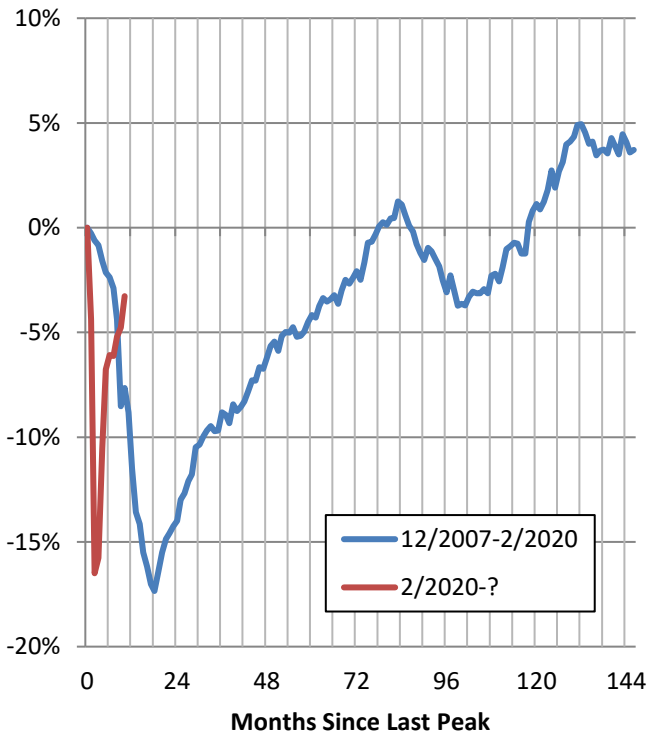
### Retail/Food Service Sales



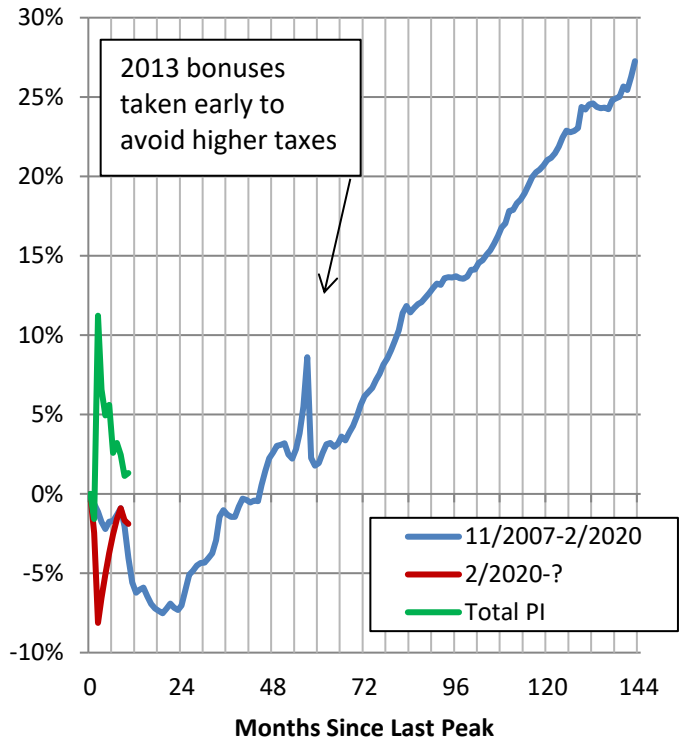
### Nonfarm Job Loss in Recessions



### Industrial Production



### Personal Income less transfers



The labor force participation rate was also unchanged at 61.5 percent, still well below the 63.4 percent from February. Almost 3.9 million people have either dropped out of or not joined/rejoined the labor force since February.

Change in Unemployment Rate Since February	
Total	+3.2
White	+3.0
African American	+3.9
Latinx	+4.9
Asian American	+3.3
Less than HS Diploma	+4.0
HS/GED only	+4.3
Some College	+3.3
Bachelor's or more	+1.9

Unemployment rates were higher to begin with for African Americans, Latinos, and those with a high school education or less; the differential has gotten worse in the recession. For example, the gap between African American workers and White workers (5.8 percent vs. 3.1 percent in February, +2.7) has widened (9.9 percent vs. 6.0 percent in October, +3.9). Similarly with high school graduates and college graduates: a 1.7 point difference turned into a 4.1 point gap. The unemployment rate only tells part of the story: labor force participation rates have declined for all types of workers, but more so for African Americans, Latinx workers, and those with only a high school diploma in terms of formal education. The unemployment rate has increased by 3.2 points for both men and women. The labor force participation rate has declined by 1.9 percent for women, 1.8 percent for men.

- Industrial production rose by 1.6 percent in December, the third consecutive increase. Production was still down 3.3 percent from February. Breaking production into its three components: factory production increased by 1.0 percent but was off 2.4 percent from February. Mining (mostly petroleum production) was up 1.6 percent over the month, leaving it 12 percent below February levels. Energy production was up 6.2 percent in December and up 4 percent from February.
- Retail and food service sales declined for the third month in a row, including a 1.0 percent setback in December. Sales were 1.5 percent higher than February. Restaurant sales followed the same pattern, with deeper cuts, including a 4.8 percent monthly slide in December and -23 percent drop since February.
- Total personal income rose by a scant 0.2 percent in December. When transfer payments like Social Security, Medicare and unemployment benefits were excluded (in order to focus on income directly related to economic activity) income fell by 0.2 percent. What this means is that income generated by economic activity (like wages and earnings from self-employment) declined, while an increase in unemployment insurance benefits and similar transfers again helped support households. Compared with February, total income was higher by 1.3 percent; if transfer payments were excluded, income was lower by 1.9 percent. These data underline the importance of the recent CARES Act extension in keeping incomes afloat.

Also of interest:

- Inflation remained low. The CPI chained index rose at annualized rate of 1.0 percent in December, and was up 1.3 percent over the year. The rate was only 0.9 percent higher than a year ago. Food prices were running slightly higher at +3.9 percent over the year following the sharp increase back in April, May and June.

## So how long will recovery take? (updated)

Previously, I listed three factors that would in large part determine how the economy would recover: the virus, how people behave, and the policy response. The short term news on the virus is better. Infection rates in Washington and Oregon have receded from their all-time highs at the end of November, and currently rank 9<sup>th</sup> lowest and 3<sup>rd</sup> lowest among states in infection rates per 100,000 residents—a low bar considering that the U.S. has the fifth-highest per capita infection rate among the most populous 50 nations. Public health experts caution that we should continue to expect roller coaster cycles in infection rates going forward. The good news continues on the vaccine front, although deployment has been inefficient and inequitable in many parts of the country. The development of new variants of COVID, while worrying, do not (yet) seem to threaten the optimistic scenario of substantially beating back infection rates (and hospitalizations and deaths) via inoculation by the end of the year—provided people continue to follow public health protocols (double-mask, wash your hands, practice social distancing) and get vaccinated.

The belated passage of the continuation of the CARES Act is providing support for households and businesses, and another version is up for debate. Stay tuned for that one.

## State of the States—and PDX

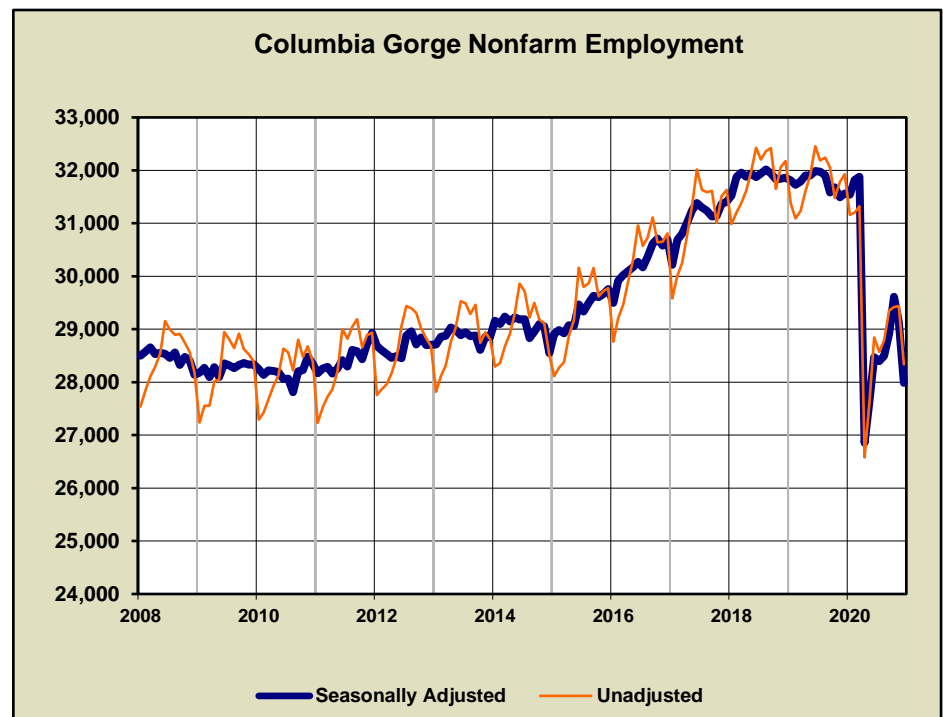
What a contrast: things look a lot less worse in Washington and Seattle than in Oregon and Portland, as shown in the table below. The big differences/bigger job losses in Oregon: 1) leisure & hospitality (-4 percent in Oregon, no change in Washington); 2) business services (-8 percent vs. +4 percent); 3) information services (-10 percent vs. +1 percent); 4) construction (-4 percent vs. +2 percent); 5) education & health services (-6 percent vs. -2 percent); and 6) local government (mostly in K-12 education, -12 percent vs. -8 percent). These numbers are all preliminary and will be revised next month, we'll see how this picture changes.

Month	Washington	Seattle Metro	Oregon	Portland Metro
March	-27,900	-19,400	-19,900	-12,200
April	-259,500	-118,600	-265,300	-164,700
May	-44,900	-6,400	22,900	7,000
June	53,100	16,700	51,600	27,700
July	62,400	27,900	17,700	9,000
August	50,100	15,700	16,200	7,700
September	9,300	8,100	9,300	3,600
October	1,300	600	9,800	7,600
November	23,200	11,500	2,100	2,700
December	-9,900	-3,100	-25,500	-16,000
Net change	-142,800	-67,000	-181,100	-127,600
Percent	-4.1%	-3.8%	-9.2%	-10.3%

## The Gorge: Ugh.

Revised unadjusted and seasonally-adjusted (SA) nonfarm employment since the recession began:

Month	Monthly Change	
	Not adjusted	SA
March	115	60
April	-4,740	-5,025
May	1,020	775
June	1,245	845
July	-270	-75
August	215	90
September	565	430
October	65	690
November	20	-470
December	-1,100	-1,150
Net change	-2,865	-3,830



November (which was revised substantially downward) and December were obviously big steps backwards for employment. On a seasonally-adjusted basis, only a quarter of the April job loss has been recovered. Next month, data from July forward will be revised based on 3<sup>rd</sup> quarter tax returns from all employers. A quick peek at the numbers north of the Columbia showed that both Klickitat and Skamania will be revised upwards, hopefully the same will be true for the Oregon counties.

In November, Gorge employment declined by 470 jobs on a seasonally-adjusted basis (the preliminary estimate was -80). December brought even worse news with a loss of 1,150 jobs. Unadjusted employment declined by 1,100 jobs. Leisure & hospitality payrolls plummeted by 840 jobs, impacted in large part by public health regulations. Manufacturing lost 160 jobs (close to the typical December decline), while other industries had smaller changes.

Over the year, the situation was still daunting. Total nonfarm employment declined by 3,540 jobs, an 11.1 percent drop. Almost every sector lost ground. The details:

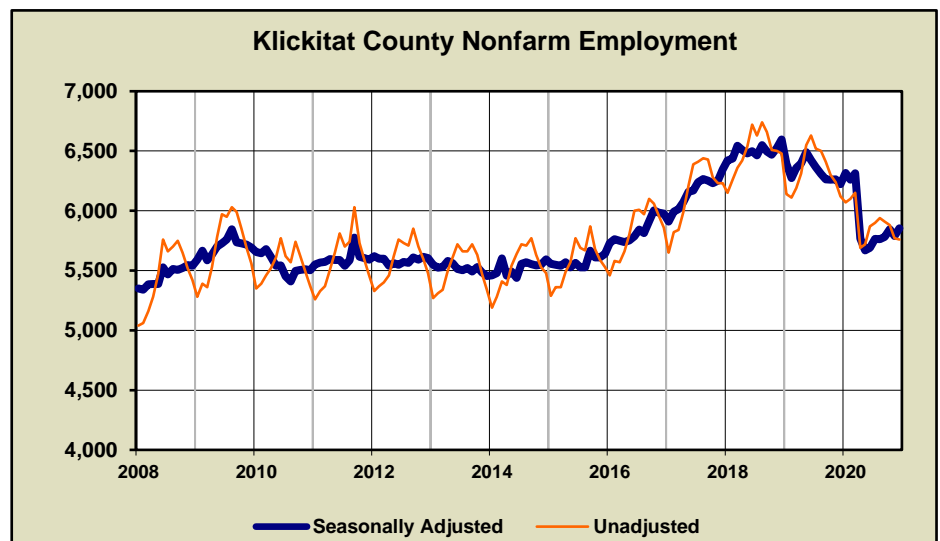
- Mining, logging & construction employed 1,500, which was the same as last December.
- Manufacturing, with 3,840 jobs, lost 380 jobs over the year, a 9 percent decline.
- Trade, transportation & utilities employment, at 5,515 jobs, was down 185 jobs or 3 percent.
- Professional & business services employed 2,010 in December, 160 jobs fewer over the year (-7 percent).
- Education & health services lost 70 jobs over the year (-2 percent), falling to 4,590 jobs.
- Leisure & hospitality again had the biggest loss. December employment was estimated at 2,610, down 2,910 jobs, a 46 percent decline.
- All other service industries—including information services, finance and real estate and other services—employed lost 200 jobs over the year (8 percent), falling to 2,425 jobs.
- Government declined by 355 jobs to 5,850, -6 percent over the year. The loss was concentrated in K-12 education.

The unemployment rate for the Gorge was estimated at 6.4 percent. That was 2.5 points higher than last December's 3.9 percent. The very unofficial seasonally-adjusted rate rose by 0.7 points to 6.8 percent.

## Klickitat Summary

Klickitat County nonfarm employment rose by 65 jobs on a seasonally-adjusted basis in December, continuing a slow recovery from the COVID recession.

The total job count in December came to 5,760 jobs, down 10 jobs from the previous month and 360 fewer than a year earlier. Three industries accounted for most of the over-the-year loss: manufacturing (-100 jobs, half of which happened pre-COVID), leisure & hospitality (also -100) and K-12 education (-130 jobs).



The county unemployment rate climbed to 6.8 percent, a point higher than the 5.8 percent posted last December. About 690 county residents were jobless and looking for work, almost 120 more than a year ago.

Unemployment claims counts declined steadily until the most recent week. Seasonal increases in unemployment are normal for this time of year. The number of regular initial unemployment claims filed by county residents in the state of Washington system rose to 64 in the week ending November 21—the highest since May, and far more than the 24 filed in the same week in 2019. Total continued claims also went up, from 426 to 460. All

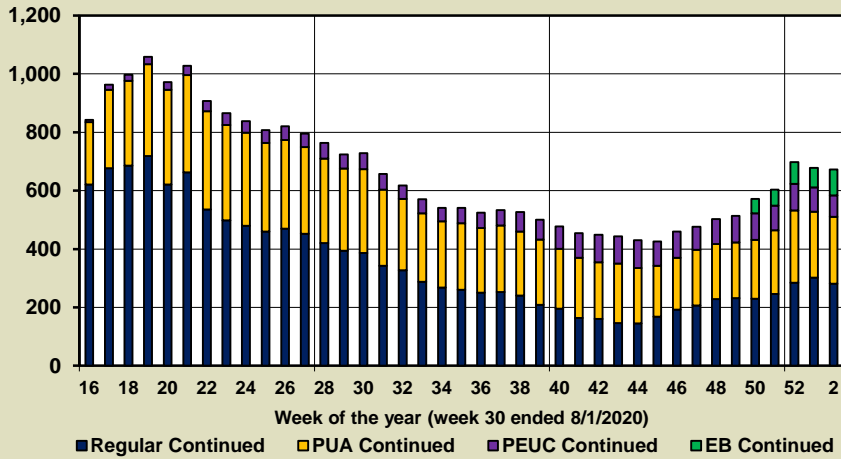
three types of continued claim increased, especially regular claims (from 168 to 192). The uptick in claims was not concentrated in any particular industry or occupation.

Klickitat County Unemployment Claims									
Week Ending	Initial Claims (not additive)				Continued Claims				
	Regular	PUA	PEUC	EB*	Regular	PUA	PEUC	EB*	Total
7/4	47	14	13		470	303	47		820
7/11	72	8	15		452	297	46		795
7/18	37	11	8		420	290	53		763
7/25	37	7	5		394	282	48		724
8/1	37	6	9		386	288	54		728
8/8	31	4	7		343	260	54		657
8/15	31	4	3		327	245	46		618
8/22	33	8	12		288	234	49		571
8/29	41	9	8		268	227	46		541
9/5	27	10	9		260	228	53		541
9/12	30	15	14		250	222	52		524
9/19	42	9	14		253	228	52		533
9/26	17	9	10		240	220	67		527
10/3	21	5	10		209	223	68		500
10/10	29	4	7		196	205	76		477
10/17	19	5	12		164	206	84		454
10/24	19	5	6		160	195	94		449
10/31	21	4	7		146	204	93		443
11/7	59	4	7		145	190	95		430
11/14	34	4	7		168	175	83		426
11/21	64	6	10		192	178	90		460
11/28	36	5	9		207	190	79		476
12/5	47	9	8		228	189	85		502
12/12	40	11	7		232	191	91		514
12/19	36	5	7	10	230	201	91	50	572
12/26	48	7	9	9	246	218	85	54	603
1/2	76	7	9	44	284	248	91	75	698
1/9	58	8	10	4	302	226	83	67	678
1/16	38	10	9	5	281	229	74	88	672

\*Note: extended benefits (EB) data not yet available before 12/19

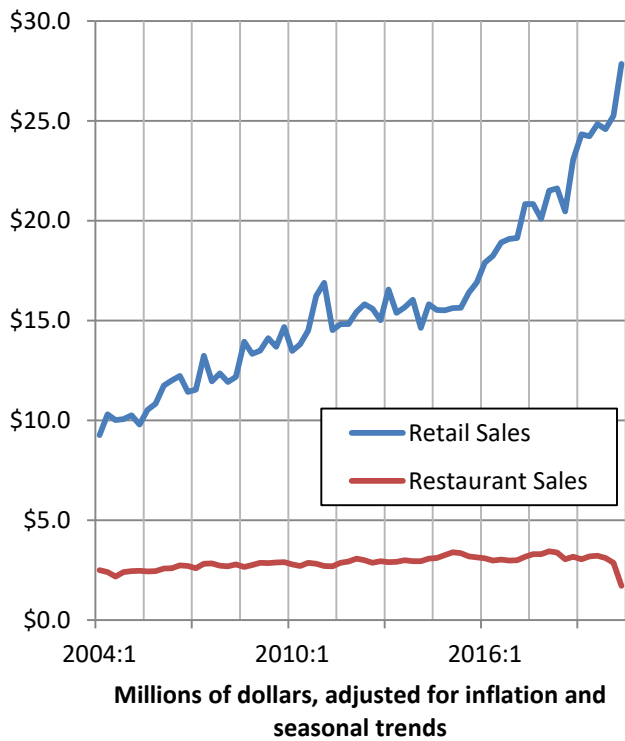
In the latest week, manufacturing had the highest number of claimants (28 regular and 8 PEUC) followed by accommodations & food services (12 regular and 18 PEUC) and health care & social assistance (18 and 5). By occupation, food service workers were the most impacted (54 claims) followed by managers (52), personal care & service occupations (31+), office & administrative support (29+) and construction trades (29+), with the “+” signifying that the number of claims was higher but claims data of a certain type were suppressed. Well over half of the claimants (55 percent) were female (vs. women making up 44 percent of the labor force). A disproportionately high percentage (32 percent) had only a high school diploma, while 24 percent had taken some college courses but did not have a degree.

**Klickitat County Weekly Initial Unemployment Claims**

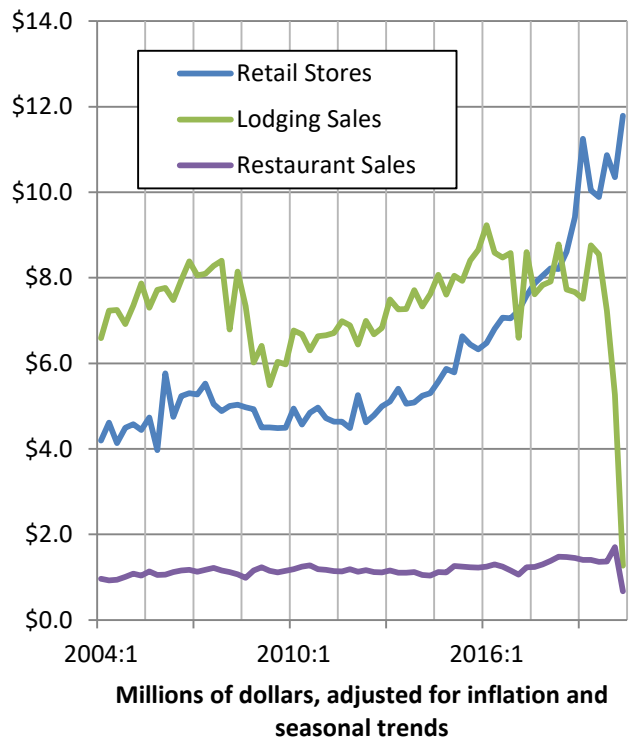


Finally: a look back at the second quarter. Taxable retail sales data was just published for the April-June period. Sales at retail outlets increased by an inflation-adjusted \$3.8 million (+15 percent), with only about 15 percent of the increase attributable to e-commerce, the rest was purchasing at local stores. Restaurant sales tumbled by \$1.6 million/46 percent, however. Spending in the recreation industry was off by \$750,000 (-82 percent).

**Klickitat Taxable Sales**



**Skamania Taxable Sales**



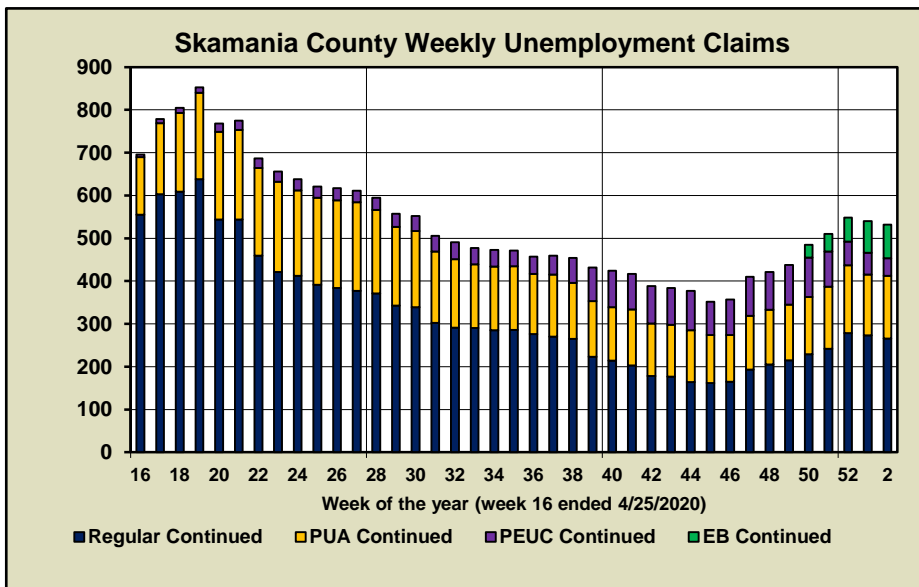
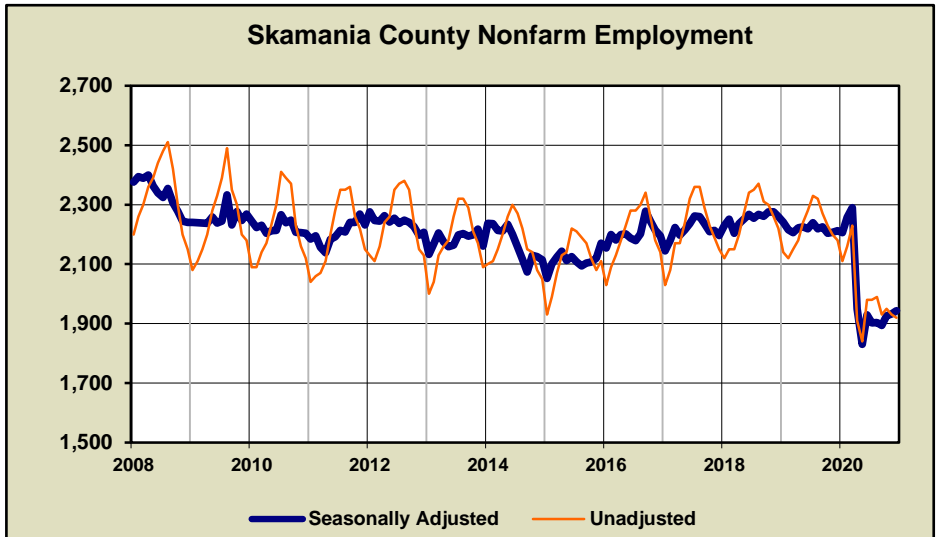
## Skamania Summary

Skamania employment has been slowly creeping up over the fast four months. While the monthly increases have been small, they have added up to +50 jobs on a seasonally-adjusted basis.

Unadjusted employment slipped by 10 jobs in December, with three sectors inching downward while government agencies added 20 jobs.

The loss brought total employment down to 1,920 jobs, 260 jobs below last December. Accommodations & food services continued to be heavily impacted, with employment dropping 200 jobs over the year to 300 (-40 percent). Manufacturing payrolls fell from 300 to 250 (-17 percent).

The county's estimated unemployment rate of 8.5 percent was more than three points higher than last December's 4.9 percent. About 450 county residents were jobless and seeking work, 170 more than a year ago.



The number of continued unemployment claims filed by county residents rose the last two weeks of last year and declined slightly the first two weeks of the new year.

In the latest week, accommodations & food services had the highest number of claimants (119) followed by manufacturing (53). By occupation, food service workers were the most impacted (123 claims) followed by construction trades (49) and managers (47). Similar to Klickitat, females were disproportionately represented among claimants (56 percent of claimants vs. 47 percent of the workforce). A disproportionately high percentage (38 percent) had only a high school diploma, while 25 percent had some college courses under their belt but not degree.



Skamania County Unemployment Claims									
Week Ending	Initial Claims (not additive)				Continued Claims				
	Regular	PUA	PEUC	EB	Regular	PUA	PEUC	EB	Total
7/4	43	14	8		384	205	28		617
7/11	56	19	14		377	207	27		611
7/18	36	8	5		371	195	29		595
7/25	33	6	11		343	184	30		557
8/1	20	2	5		339	178	35		552
8/8	20	5	4		302	167	37		506
8/15	27	5	5		291	160	40		491
8/22	50	6	6		290	149	38		477
8/29	38	7	8		285	149	39		473
9/5	34	8	7		286	149	36		471
9/12	32	8	20		276	141	40		457
9/19	35	7	5		270	145	44		459
9/26	23	3	9		265	131	58		454
10/3	11	4	14		223	130	79		432
10/10	27	3	7		214	125	85		424
10/17	15	3	4		203	131	83		417
10/24	14	3	6		178	123	87		388
10/31	21	3	3		177	121	86		384
11/7	29	5	3		164	121	92		377
11/14	18	2	6		162	112	78		352
11/21	75	7	8		165	109	83		357
11/28	30	7	7		193	126	91		410
12/5	49	4	6		205	128	88		421
12/12	25	3	5		215	130	93		438
12/19	38	11	9	10	229	134	92	30	485
12/26	39	9	5	7	242	145	82	41	510
1/2	56	6	7	32	278	159	55	56	548
1/9	44	6	8	3	273	142	51	74	540
1/16	52	2	9	5	266	146	41	79	532

\*Note: extended benefits (EB) data not yet available before 12/19

Finishing up: taxable retail sales in the second quarter of the year showed some big changes from the same period a year earlier. Sales at retail outlets were up an inflation-adjusted \$1.8 million (17 percent). Over half the increase coming in the “miscellaneous retailers” category, which includes florists, office supplies, used merchandise, and dispensaries. Sales at food stores and general merchandise stores were higher than usual. As expected, sales at lodging establishments plummeted (-86 percent), as did restaurant sales (-52 percent).