

# Klickitat and Skamania Counties



July, 2020

## Labor Area Summary Volume 2020, Number 7

**Scott Bailey, Regional Labor Economist**

204 SE Stone Mill Drive, Suite 215, Vancouver WA 98664

Voice: cell 360-810-0048

[scott.bailey@esd.wa.gov](mailto:scott.bailey@esd.wa.gov), <https://esd.wa.gov/labormarketinfo>

### National Outlook

At this point, the “square root” recovery, popularized by State of Oregon economist Josh Lehner, is looking like the real deal: a deep downward slash, a strong but short partial comeback, and then a tapering off into a long, slow multi-year “recovery.” I use quotes because “recovery” doesn’t begin to reflect the numbers of people who will lose their homes, their businesses, suffer homelessness and malnutrition, end up with permanent reductions in their income and loss of savings. The already extreme inequality we have in the United States will worsen, even more so along lines of race.

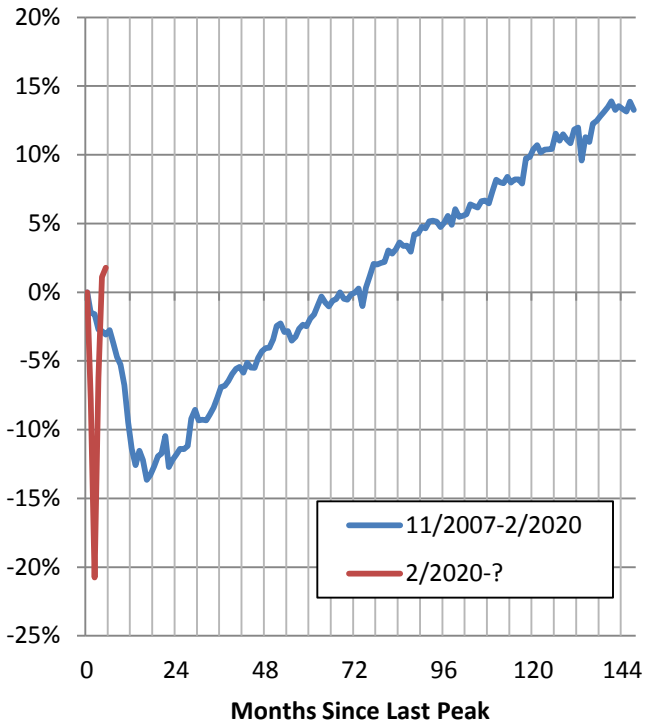
Nonfarm employment dropped by 20.8 million jobs in April, rose by 2.7 million jobs in May, gained 4.8 million in June and added 1.8 million in July. The net change since February: -12.8 million (-8.4 percent). Leisure & hospitality, despite adding back 4 million jobs in the past two months, was still -4.3 million/-26 percent over the past five months. Other private sector industries varied from -2.4 percent (finance) to -11.4 percent (information services, which includes movie production and movie theaters).

Unemployment fell again. The Bureau of Labor Statistics has worked out much of the survey issues that underestimated unemployment by as much as five points in April and three points in May, so June’s 11.1 percent and July’s 10.2 percent were at most a 1.2 percent underestimate. The more inclusive U-6 rate, which includes part-time workers who can’t find a full-time job, and discouraged workers, also declined, falling to 16.5 percent (but add up to 1.2 points to that). Remember, only five months earlier, the unemployment rate was only 3.5 percent! And U-6 was on 7.0 percent.

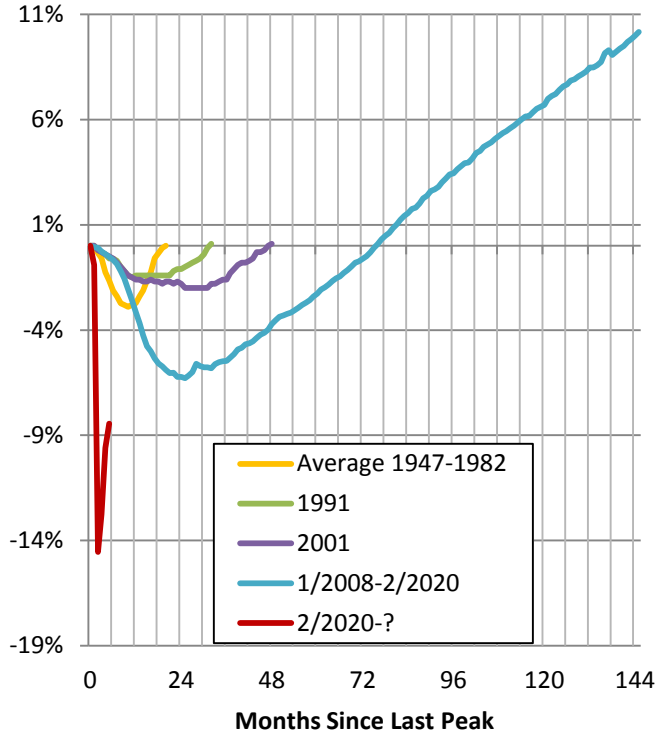
The labor force participation rate declined slightly, not a good sign, from 61.5 percent to 61.4 percent, two points below the 63.4 percent from February. That means 4.7 million people have dropped out of the labor force since February. The decline in the participation rate for the prime working age population (ages 25 to 54) was slightly larger at two tenths of a percent point.

July 2020 Unemployment Rates			
	July 2020	June 2020	July 2019
<b>Seasonally Adjusted:</b>			
U.S.**	10.2	11.1	3.7
U.S. U-6**	16.5	18.0	6.9
Washington	10.3	10.0	4.2
Oregon	10.4	11.6	3.7
Portland Metro	11.0	11.6	3.6
Columbia Gorge*	9.7	10.0	4.3
<b>Unadjusted:</b>			
U.S.	10.5	11.2	4.0
Washington	10.2	9.9	4.2
Oregon	10.6	11.7	4.0
Columbia Gorge*	8.5	9.6	3.7
Klickitat	10.4	9.2	5.2
Skamania	12.0	10.3	5.6
Hood River	8.0	9.9	3.1
Sherman	7.6	8.6	3.3
Wasco	6.9	9.3	2.9
Clark	11.7	10.3	4.9
Cowlitz	11.5	9.9	5.9
Wahkiakum	11.0	9.3	6.3
Portland Metro	11.1	11.8	3.8
*Includes Hood River, Klickitat, Sherman, Skamania, and Wasco counties. **Underestimated! See text.			

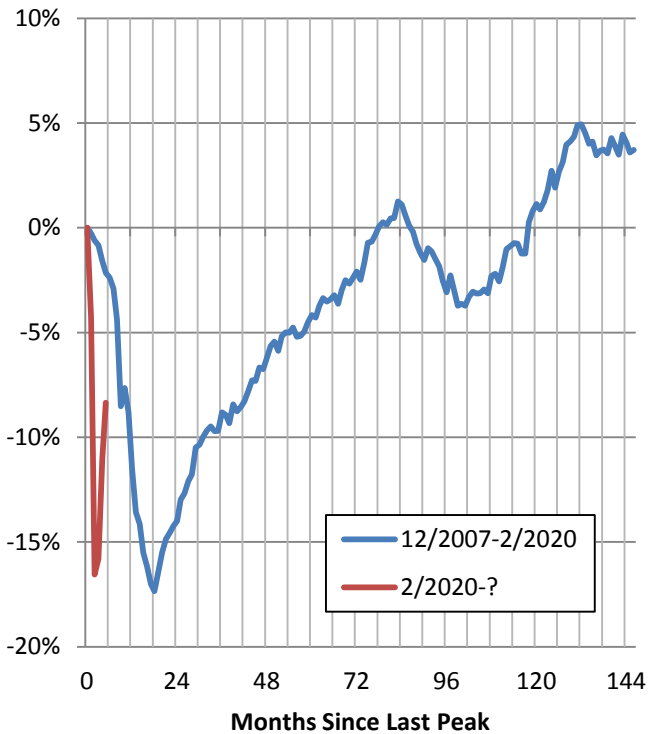
### Retail/Food Service Sales



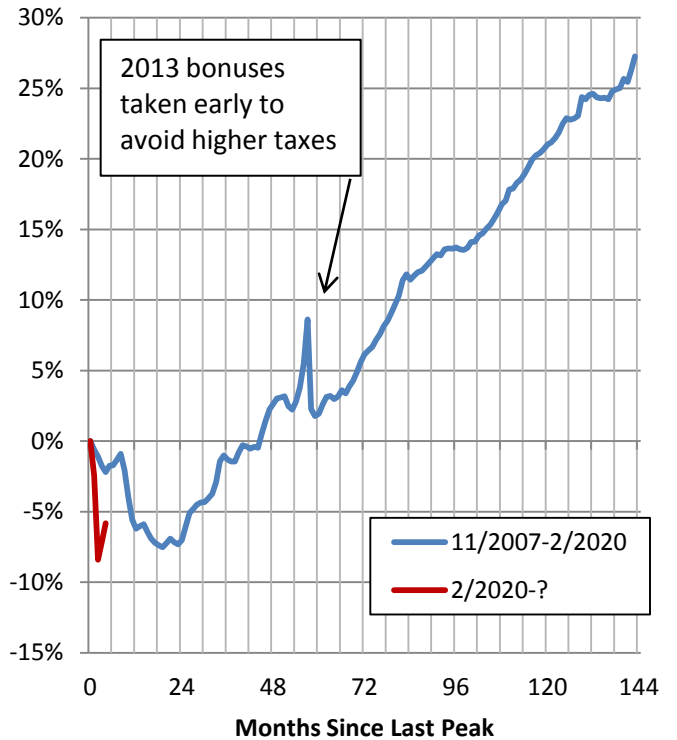
### Nonfarm Job Loss in Recessions



### Industrial Production



### Personal Income less transfers



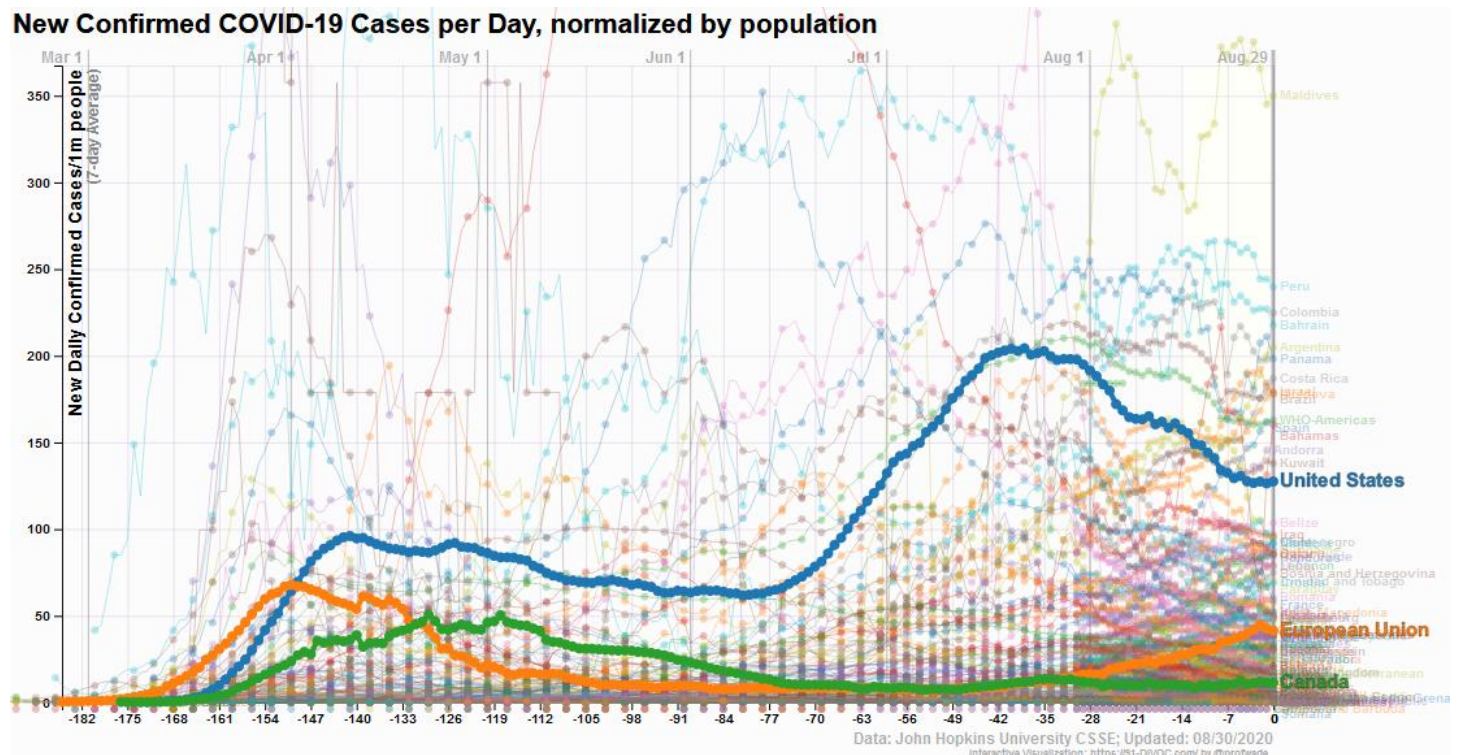
- Industrial production rose by 3.0 percent, following a 5.7 percent gain in June. The change since February: -8.4 percent. Breaking production into its three components: factory production increased by 3.4 percent but was off 7.8 percent from February. Mining (mostly petroleum production) inched up by one percent over the month, and was still 17 percent below February. Energy production was up 3 percent from June to July and 4 percent from February.
- Retail and food service sales, after two big monthly gains, moderated to +0.7 percent. Sales were 1.7 percent higher than February—again demonstrating the importance of income supports passed by Congress, including the \$600 per week added to unemployment insurance payments. It will be morbidly interesting to see how lapse in those payments in August will affect sales.
- Personal income was unchanged in July. When transfer payments like Social Security, Medicare and unemployment benefits were excluded (in order to focus on income directly related to economic activity) income was also unchanged. Compared with February, total income was higher by 6.6 percent; not counting transfer payments, income was lower by 5.0 percent. Wait until next month.

Also of interest:

- Inflation jumped sharply again in July. The CPI chained index rose by 0.7 percent over the month, which computes to 6.4 percent on an annualized basis, but was still only 1.0 percent higher than a year ago. Food prices, after three big monthly increases, declined in July but were still 4.1 percent higher than a year ago.

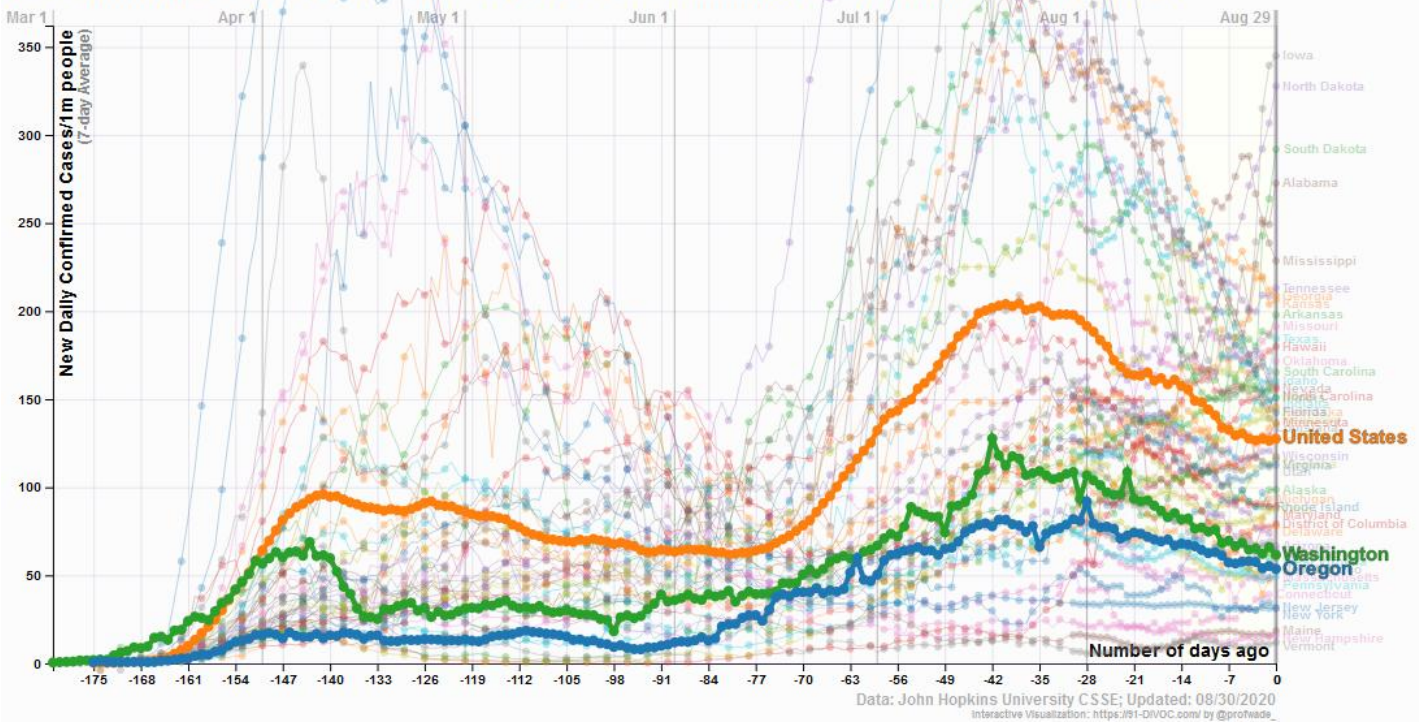
## So how long will recovery take? (updated)

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. In the past month, rate of new infections has dropped substantially, but is still very high. Three months ago, the average daily new infections in the U.S. bottomed out at 63.8 per million residents. It peaked at 215.2 39 days ago (as of August 29), before falling to 143.1. Only 14 countries have a higher per capita infection rate, mostly in Latin America (Peru, Colombia, Argentina, Panama, Costa Rica, Brazil). The overall rate in Europe is much lower (41.4 per million, despite a recent spike in Spain) and in Canada was only 11.6 per million. So we've upgraded from horrendous to merely awful. One big positive: vaccine development seems to be going as quickly and as well as could be expected.



Infection rates in Washington and Oregon have also ridden the roller coaster up and down, and though both states have made progress, the rates are still much higher than the previous lows: Washington bottomed at 18.3 per million fourteen short weeks ago, rose to 125.9 seven weeks ago, before dropping to 61.6, more than three times the previous low. Similarly, Oregon was at only 8.0 per million eleven weeks ago, before rising to 91.9 four weeks ago and settling at 53.6—more than six times the previous low. Oregon ranked 8<sup>th</sup>, Washington 10<sup>th</sup> among states.

### New Confirmed COVID-19 Cases per Day by US States/Territories, normalized by population



There has still been no movement on legislation that would further address the plight of small businesses, the unemployed—although another \$300 per week was made available for what looks to be about a five week span lasting through the first week of September—and state and local government budgets.

## State of the States—and PDX

In Washington, after data was revised through March and re-estimated for subsequent months, the picture looks like this: March, -28,300 jobs; April, -528,600 jobs; May, +90,500 jobs; June, +140,600 jobs: and now July preliminary, +44,500 jobs. That leaves the state at -245,000 jobs over the year (-7.0 percent, slightly better than the nation as a whole). Over the month, a third of the job gain was due to rehiring in accommodations & food services (+14,300), leaving that industry with a loss of 71,300 jobs over the year (-24 percent, with accommodations off by 43 percent). The unemployment rate increased in July, from 10.0 percent to 10.3 percent. While employment rose, more people reentered the labor force looking for work, so the number of unemployed (as opposed to sitting on the sidelines) increased even faster. Because of the issues with the national unemployment rate referenced above, add an additional 1 percent to the June and July rates. There is no current measure of the U-6 rate for the state.

The picture was similar in Oregon— -19,100 in March, -252,800 in April, +26,100 jobs in May, +57,000 in June, and +20,500 in July, -7.1 percent over the year. Almost half of the July hiring was in accommodations & food services, cutting that industry’s over-the-year loss to -25 percent. Unlike Washington, however, Oregon’s unemployment rate dropped in July, from 11.1 percent to 10.2 percent, as the state’s labor force shrank substantially.

Usually Portland Metro is better off than the rest of the state. Not so this time around. Unemployment was higher (falling from 11.6 percent to 11.0 percent), and job losses were greater: -8.1 percent over the year.

## The Gorge

Quarterly benchmarking led to a 400 job upward revision in Gorge nonfarm employment for March. Subsequent months were also revised upward. To recap the last few months:

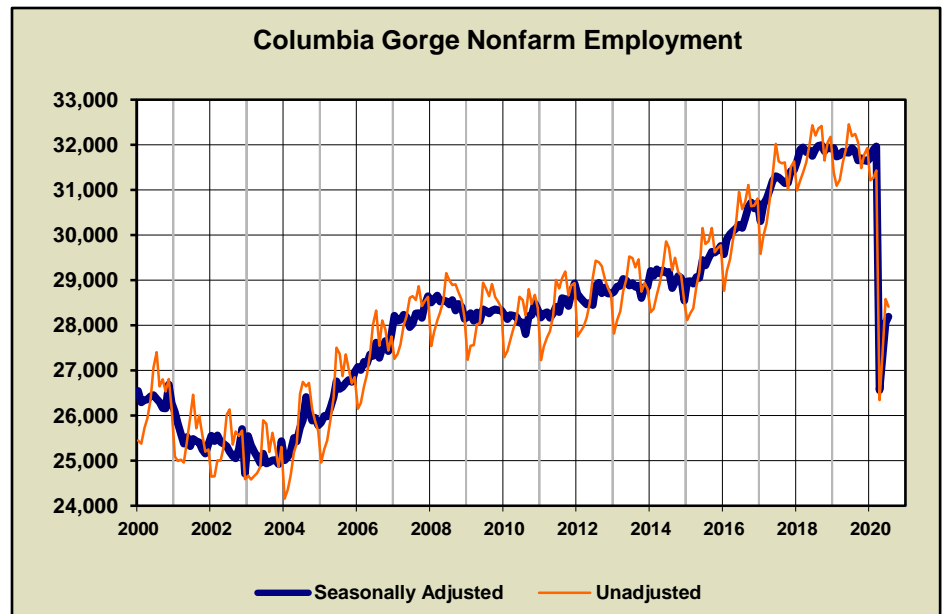
April, -5,090 jobs

May, +980 jobs

June, +1,265 jobs

Net loss: 2,845 jobs

When seasonally adjusted (to reflect that employment usually rises during this period), the loss would be higher at 3,910 jobs. In another three months, we will have benchmarked data for April, May and June. It would not be surprising to see substantial revisions in these uncertain times.



In July, Gorge employment declined by 170 jobs. Private sector payrolls rose by 155, with three significant shifts over the month. Leisure & hospitality added 295 jobs for the summer tourist season (a season like no other in the past), while trade, transportation & utilities cut 100 jobs (mostly in wholesale trade), and education & health services dropped by 70 jobs. Meanwhile public sector jobs fell by 325 positions, mostly due to summer layoffs in public education. Some of these layoffs may translate into more permanent job reductions in the fall.

Over the year, the situation was improved but still awful: employment declined by 3,785 jobs, a 12 percent drop. Every sector lost ground. The gory details:

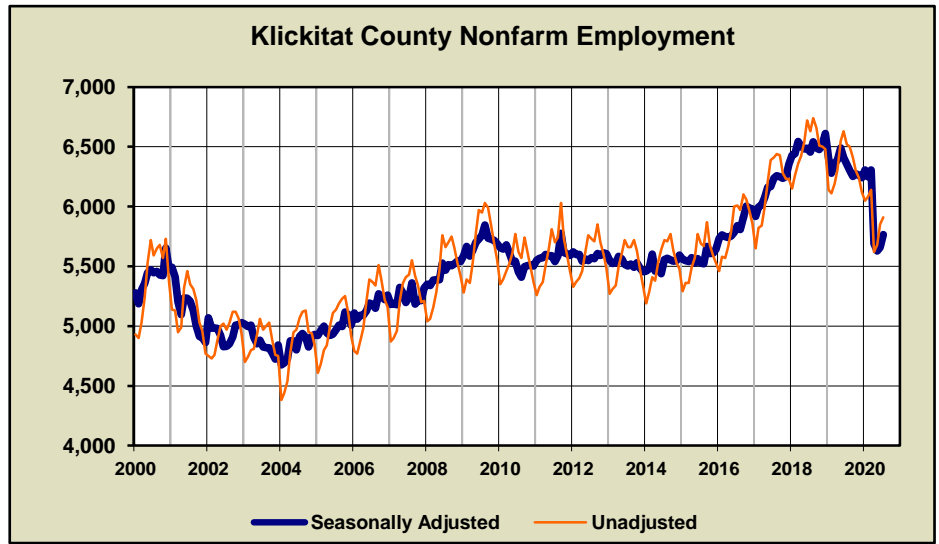
- Mining, logging & construction employed 1,460, which was 200 below last July (-12 percent).
- Manufacturing dropped to 3,930 jobs, -620 over the year, a -14 percent decline.
- Trade, transportation & utilities employment was upwardly revised to 5,130 jobs, easing the over-the-year loss to 405 jobs or 7 percent.
- Professional & business services—also revised upward—employed 2,120 in July, 170 jobs fewer over the year (-7 percent).
- Education & health services—also revised upward—lost 190 jobs over the year (-4 percent), falling to 4,370 jobs.
- Leisure & hospitality again had the biggest loss. This sector employed 3,550 in July, down 1,480 jobs, a 29 percent loss.
- All other service industries—including information services, finance and real estate and other services—employed lost 305 jobs over the year (12 percent), falling to 2,335 jobs.
- Government declined by 415 jobs to 5,520, -7 percent over the year.

The unemployment rate for the Gorge was estimated at 8.5 percent, just more than a point lower than June's 9.6 percent. A year earlier the rate was 3.7 percent. The very unofficial seasonally-adjusted rate declined by three tenths of a point to 9.7 percent.

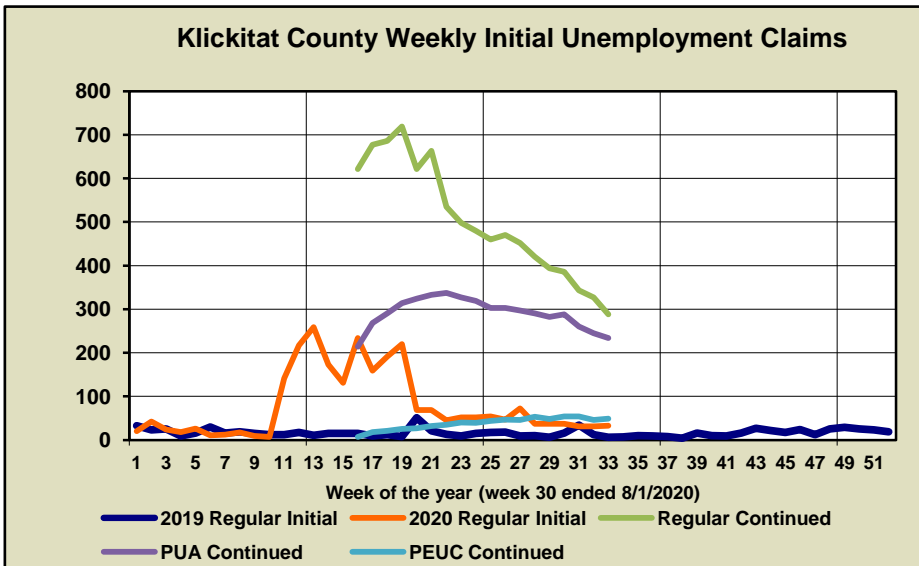
## Klickitat Summary

Quarterly benchmarking led to a small (+40 jobs) upward revision in Klickitat County nonfarm employment. These days, every little bit helps.

In July, nonfarm employment rose by 60 jobs to 5,910 jobs. Almost every sector expanded, but by small numbers—government at +30 was the largest. The exception was education & health (-20 jobs). This was the third consecutive monthly gain following the 520 job loss in April. On a seasonally-adjusted basis, April registered a 615 job loss, with 75 of those made up over the past three month. So the labor market has been slowly digging out of a deep hole.



Over the past year, the county has lost 610 jobs, which translates to 9 percent of payrolls. Manufacturing again had the biggest decline at -230 jobs, most of which happened pre-COVID. Leisure & hospitality dropped by 160 jobs, while government employment was 80 below last July, including a loss of 50 jobs in K-12 education. There were smaller losses in trade, transportation & utilities (-60 jobs), professional & business services (-40 jobs), construction (-40 jobs) and education & health services (-20 jobs).



The county unemployment rate was estimated at 10.4 percent, more than a point above the revised June rate of 9.2 percent, and double the rate from last July. About 1,080 county residents were jobless and looking for work, again almost double that of a year ago.

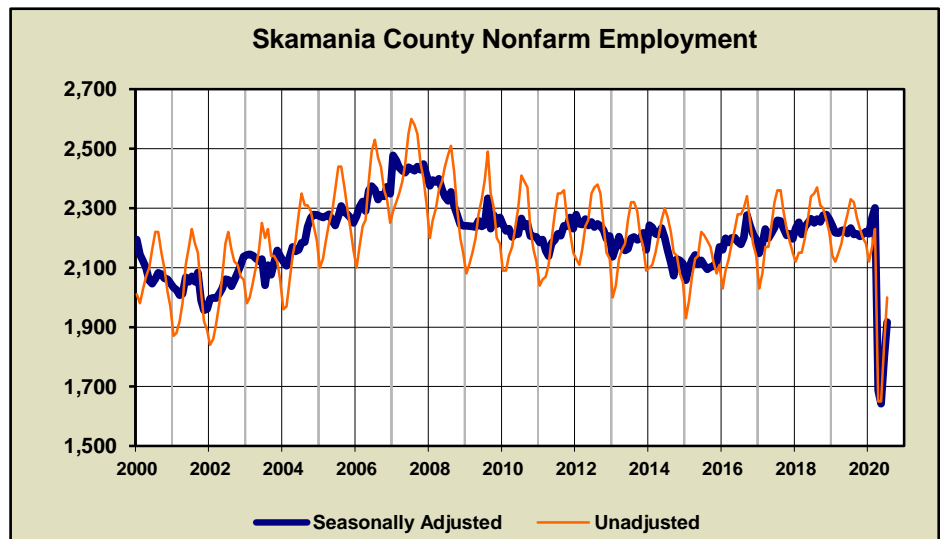
Unemployment claims counts have declined but still remain at elevated levels. The number of regular initial unemployment claims filed by county residents in the state of Washington system has been in the 30's for the past six weeks at 37 for three consecutive weeks (the latest being the week ending August 22). While still well above normal (6 in Week 33 last year), the number was well below the peak of over 250 back in March. Regular continued claims continued to ease down, falling to 288, down from the peak of 719 over the same period. Continued claims for the federal Pandemic Unemployment Assistance (PUA), for the self-employed and other workers who typically aren't eligible for state assistance, have declined a bit from a high of 337 eleven weeks ago to 234 in the most recent week. Continued claims filed for Pandemic Emergency Unemployment Compensation (PEUC), the federal program which provides up to an additional 13 weeks of benefits for workers who have exhausted their state benefits, have numbered around 50 for the past two months.

Klickitat County Unemployment Claims	Regular Initial Claims	PUA Initial Claims	PEUC Initial Claims	Regular Continued Claims	PUA Continued Claims	PEUC Continued Claims
Week 16—week ending 4/25	234	309	173	621	214	7
Week 17—week ending 5/2	159	87	54	677	268	18
Week 18—week ending 5/9	191	75	54	686	290	21
Week 19—week ending 5/16	220	122	103	719	314	25
Week 20—week ending 5/23	69	37	28	621	324	27
Week 21—week ending 5/30	69	37	15	663	333	32
Week 22—week ending 6/6	45	20	9	535	337	35
Week 23—week ending 6/13	52	17	6	498	327	40
Week 24—week ending 6/20	52	15	9	480	319	39
Week 25—week ending 6/27	54	16	12	460	303	44
Week 26—week ending 7/4	47	14	13	470	303	47
Week 27—week ending 7/11	72	8	15	452	297	46
Week 28—week ending 7/18	37	11	8	420	290	53
Week 29—week ending 7/25	37	7	5	394	282	48
Week 30—week ending 8/1	37	6	9	386	288	54
Week 31—week ending 8/8	31	4	7	343	260	54
Week 32—week ending 8/15	31	4	3	327	245	46
Week 33—week ending 8/22	33	8	12	288	234	49

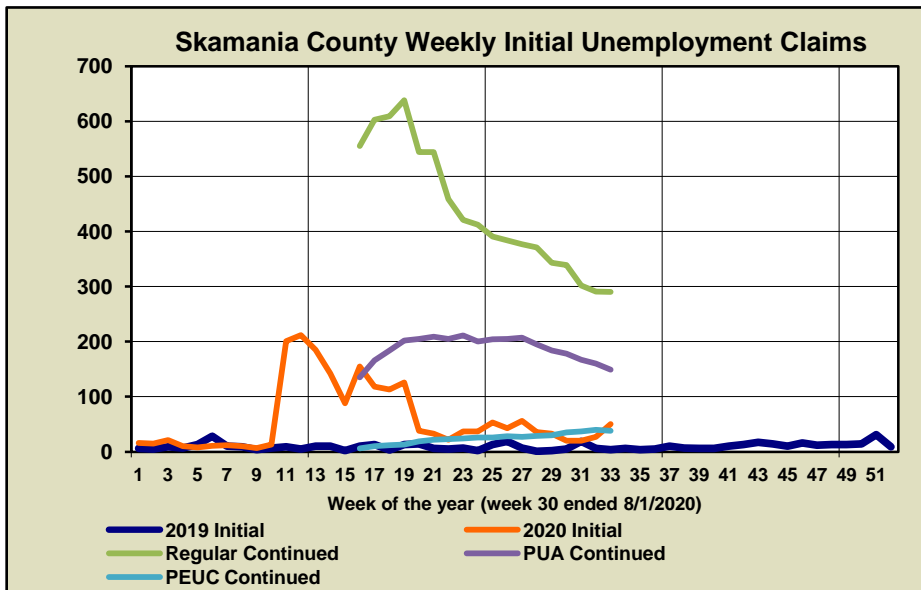
## Skamania Summary

Quarterly benchmarking led to a small upward revision in May employment (+20) and a downward revision in June numbers (-130). The June revision was mostly due to a shift of employment gains from June to July.

Speaking of July, the county gained 150 jobs that month. Leisure & hospitality accounted for essentially all of the job gains. Other services did add 10 jobs, while manufacturing slid by the same amount.



Employment totaled 2,000 jobs, 330 below last July. Almost half of the deficit came in leisure & hospitality (-150 jobs). Trade, transportation & utilities was 60 jobs (mostly retail), as was government (also -60, concentrated in K-12 education). Another 40 jobs were lost in other service industries like finance, health care, social assistance, and personal services.



The county’s unemployment rate was estimated at 12.0 percent, more than twice the 5.6 rate from last July. About 680 county residents were jobless and seeking work, 370 more than a year ago. County residents filed 50 initial unemployment claims during the week ending August 22 (compared to 4 a year ago), including 15 in manufacturing and 6 in accommodations & food services. Continued claims declined slightly during the week and at 290 were well below the high of 638 back in April. Continued claims filings for PUA continued to dwindle, down to

149 in the latest week, while PEUC continued claims have stabilized around 40. Around 70 to 80 continued claims would be normal for August, vs. the total of 477 in Week 33.

Skamania County Unemployment Claims	Regular Initial Claims	PUA Initial Claims	PEUC Initial Claims	Regular Continued Claims	PUA Continued Claims	PEUC Continued Claims
Week 16—week ending 4/25	155	234	161	555	135	6
Week 17—week ending 5/2	118	74	38	603	166	10
Week 18—week ending 5/9	113	50	31	609	184	12
Week 19—week ending 5/16	126	65	50	638	202	13
Week 20—week ending 5/23	38	26	18	544	205	19
Week 21—week ending 5/30	33	15	9	544	209	22
Week 22—week ending 6/6	22	8	13	459	205	23
Week 23—week ending 6/13	37	13	8	421	211	24
Week 24—week ending 6/20	37	7	7	412	200	26
Week 25—week ending 6/27	53	11	13	391	204	26
Week 26—week ending 7/4	43	14	8	384	205	28
Week 27—week ending 7/11	56	19	14	377	207	27
Week 28—week ending 7/18	36	8	5	371	195	29
Week 29—week ending 7/25	33	6	11	343	184	30
Week 30—week ending 8/1	20	2	5	339	178	35
Week 31—week ending 8/8	20	5	4	302	167	37
Week 32—week ending 8/15	27	5	5	291	160	40
Week 33—week ending 8/22	50	6	6	290	149	38