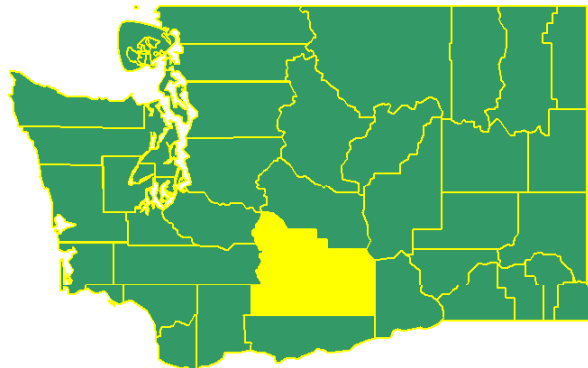


# The Yakima County Labor Economy (March 2003)



Prepared April 28, 2003

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## Nonagricultural Employment

During March 2003 total nonagricultural employment in Yakima County (also called the Yakima Metropolitan Statistical Area or MSA) added about 600 new jobs, as shown in Table 1. Most of this over-the-month upturn occurred at services businesses (+600) and construction firms (+200). Amongst services businesses, accommodation and food services (i.e., restaurants, taverns, and hotels etc.) took on 200 new workers while health services and social assistance hired about 100 more personnel. An over-the-month downturn of roughly 300 jobs occurred at wholesale trade organizations (i.e., fresh fruit packinghouses). Fortunately this loss (-300) was not large enough to derail advances in construction and services. Across Washington, non-adjusted wage and salary employment grew by 8,700 during March, a 0.3-percent increase. Washington's advances were concentrated in professional and business services (+3,000), construction (+1,700), and government (+1,500). Most of these increases were due to normal seasonal hiring in early spring. Particular areas of strength were in heavy construction, water and truck transportation, employment services, private educational services, accommodations, and in state government education.

Figure 1 plots over-the-year total nonagricultural employment change rates in Yakima County and in Washington for the two calendar quarters of 2002 and the first quarter of 2003. Statewide, the job-growth pace was in the negative column until December 2002 when job gains matched job losses. By the first quarter of this year however, Washington's labor economy started to turn the corner and in March 2003, over-the-year job changes weighed in at a positive 0.4-percent. This is certainly not dramatic improvement, but when one considers that Washington lost jobs from May 2001 until December 2002, it is a step

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in the right direction. Yakima County's economy started to post positive job-growth rates in September 2002, about three months before the State reached this break-even point.

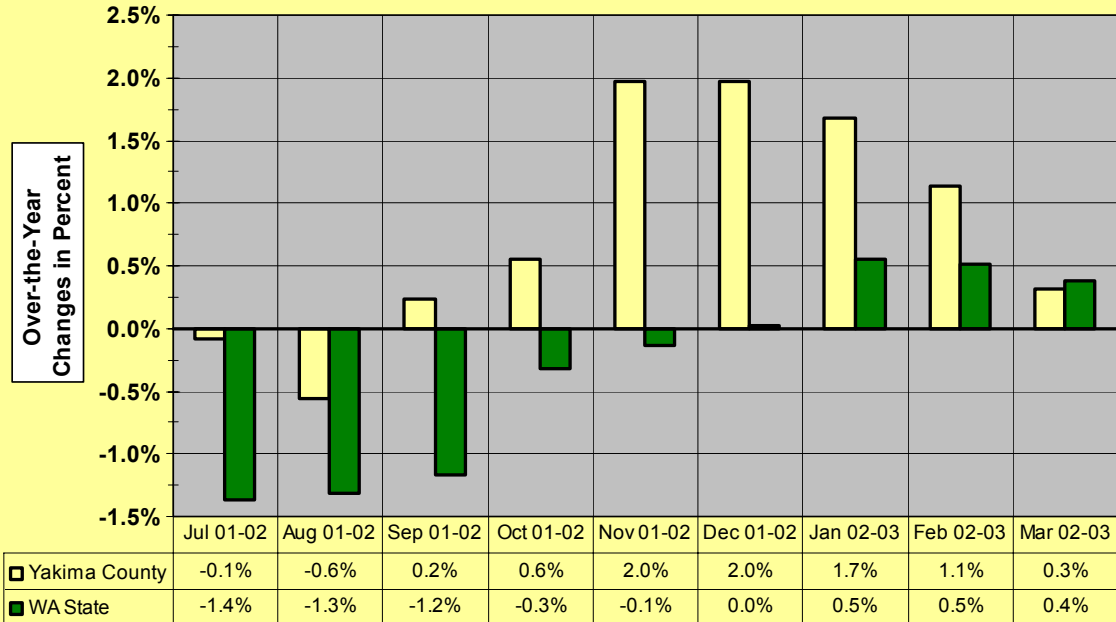
**Figure 2 quantitatively illustrates that during the fourth quarter of 2002, total nonagricultural employment across Yakima County pulled solidly ahead of the fourth quarter of 2001.** However, positive but declining job growth rates in January, February, and March of 2003 from 1.7 percent, to 1.1 percent, to 0.3 percent, respectively, may indicate that the local economy is starting to run out of steam. Two recent manufacturing cutbacks will not help Yakima County's economic comeback either. As announced in *The Yakima Herald*, 75 workers were permanently laid off from Alexandria Moulding in Moxee on the 23<sup>rd</sup> of April, and 63 more employees will be laid off this June at Hi-Country Foods in Selah. Finally, most of Yakima County's March 2002 to March 2003 job growth came from local government hiring. It rose 700 jobs over the year. Only 100 of the 700 new local government jobs were in public primary and secondary schools. The balance came from Indian tribal employment or from town, city, and county governments. It would be much better news for the local labor market if this job growth were diversified amongst several industries.

	Mar 2003 <sup>1</sup>	Feb 2003	Mar 2002	CHANGE <sup>3</sup>		% CHANGE	
				Feb 03 Mar 03	Mar 02 Mar 03	Feb 03 Mar 03	Mar 02 Mar 03
<b>TOTAL NONFARM<sup>2</sup></b>	<b>72,300</b>	<b>71,700</b>	<b>72,100</b>	<b>600</b>	<b>200</b>	<b>0.8%</b>	<b>0.3%</b>
<b>TOTAL PRIVATE</b>	<b>55,300</b>	<b>54,800</b>	<b>55,800</b>	<b>500</b>	<b>-500</b>	<b>0.9%</b>	<b>-0.9%</b>
<b>NATURAL RESOURCES, MINING, AND UTILITIES</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>CONSTRUCTION</b>	<b>2,600</b>	<b>2,400</b>	<b>2,700</b>	<b>200</b>	<b>-100</b>	<b>8.3%</b>	<b>-3.7%</b>
<b>MANUFACTURING</b>	<b>9,100</b>	<b>9,000</b>	<b>9,500</b>	<b>100</b>	<b>-400</b>	<b>1.1%</b>	<b>-4.2%</b>
Durable Goods	4,300	4,300	4,400	0	-100	0.0%	-2.3%
Non-Durable Goods	4,700	4,700	5,100	0	-400	0.0%	-7.8%
<b>WHOLESALE TRADE</b>	<b>3,800</b>	<b>4,100</b>	<b>3,900</b>	<b>-300</b>	<b>-100</b>	<b>-7.3%</b>	<b>-2.6%</b>
<b>RETAIL TRADE</b>	<b>8,900</b>	<b>8,900</b>	<b>8,800</b>	<b>0</b>	<b>100</b>	<b>0.0%</b>	<b>1.1%</b>
<b>TRANSPORTATION and WAREHOUSING</b>	<b>2,000</b>	<b>2,100</b>	<b>2,300</b>	<b>-100</b>	<b>-300</b>	<b>-4.8%</b>	<b>-13.0%</b>
<b>INFORMATION, FINANCE, INSURANCE, AND REAL ESTATE</b>	<b>4,000</b>	<b>3,900</b>	<b>3,800</b>	<b>100</b>	<b>200</b>	<b>2.6%</b>	<b>5.3%</b>
<b>SERVICES</b>	<b>24,700</b>	<b>24,100</b>	<b>24,500</b>	<b>600</b>	<b>200</b>	<b>2.5%</b>	<b>0.8%</b>
Professional, Scientific, and Tech Svcs	1,800	1,800	1,900	0	-100	0.0%	-5.3%
Health Services and Social Assistance	10,700	10,600	10,500	100	200	0.9%	1.9%
Accommodation and Food Services	5,400	5,200	5,100	200	300	3.8%	5.9%
<b>GOVERNMENT</b>	<b>17,000</b>	<b>16,900</b>	<b>16,300</b>	<b>100</b>	<b>700</b>	<b>0.6%</b>	<b>4.3%</b>
Federal Government	1,300	1,300	1,400	0	-100	0.0%	-7.1%
State Government	3,100	3,000	3,000	100	100	3.3%	3.3%
Local Government	12,600	12,500	11,900	100	700	0.8%	5.9%
Workers in Labor Disputes	0	0	0	0	0	XXX	XXX

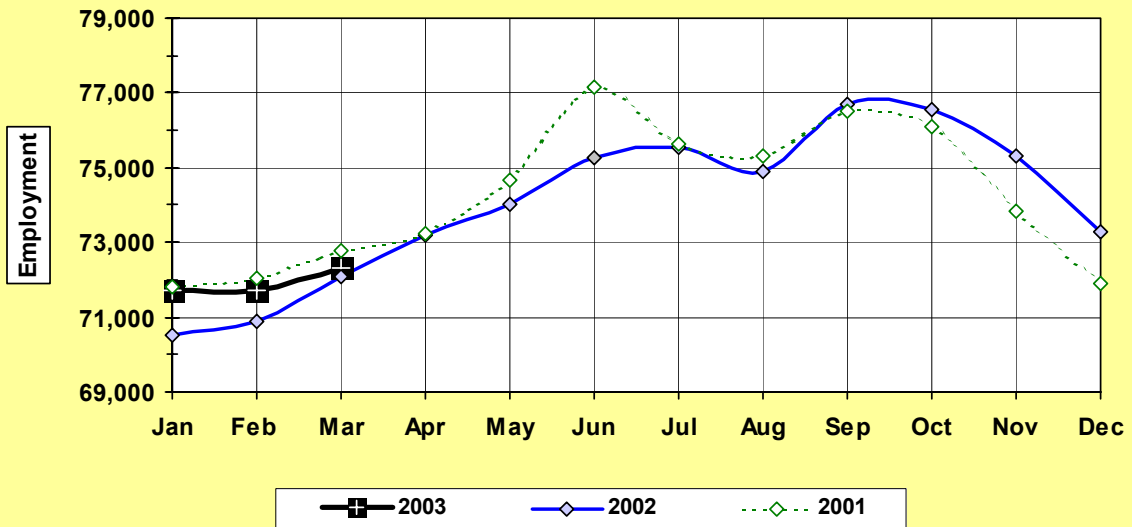
<sup>1</sup> Preliminary employment estimates.  
<sup>2</sup> Excludes proprietors, the self-employed, members of the Armed Services, unpaid family members, workers in private households, and agricultural workers. Includes all full and part-time wage and salary workers receiving pay during the pay period including the 12th of the month, by place of work.  
<sup>3</sup> Differences in industry employment of 100 or less may not be significant due to rounding.

The Yakima County Labor Economy  
(March 2003)

**Figure 1**  
**YAKIMA COUNTY versus WASHINGTON STATE:**  
**OVER-THE-YEAR (OTY) EMPLOYMENT CHANGE RATES**  
(Prepared April 22, 2003)



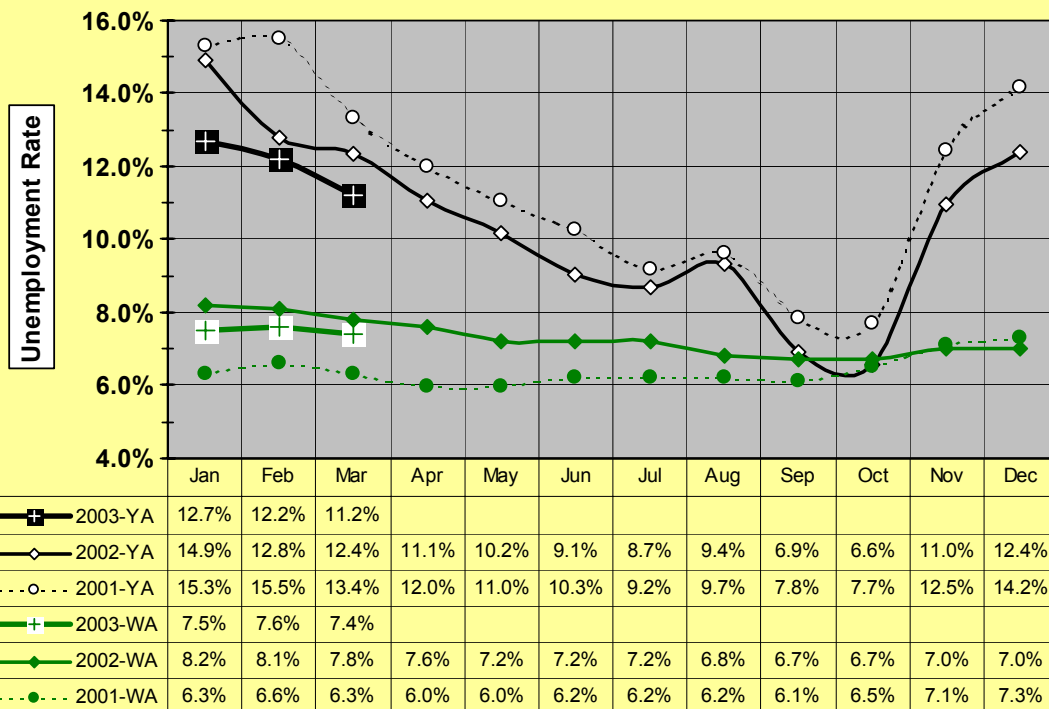
**Figure 2**  
**YAKIMA COUNTY: COMPARISON OF TOTAL NONAGRICULTURAL**  
**EMPLOYMENT FROM JANUARY 2001 TO MARCH 2003**  
(Prepared April 22, 2003)



Unemployment

Over the year, the Yakima County unemployment rate dropped from 12.4 percent to 11.2 percent. This 1.2-percentage points drop in the rate since March 2002 probably overstates the improvement in the local economy. Why? For an answer we must look a little bit deeper at agricultural and nonagricultural employment (which account for jobs by “place of work”) and resident labor force numbers (which estimates the number of people working by “place of residence”). The good news for the Yakima County economy is that in March 2003 the number of “unemployed” declined to 11,600 people which was 1,200 below the March 2002 level of 12,800. More encouraging news; the number of “employed” Yakima County residents expanded over the year by 1,600, to an estimated 92,700 people. However, nonagricultural employment elevated by only 200 jobs in this period (see Table 1), and agricultural employment was estimated to have diminished by 100 jobs. If 1,600 more Yakima County residents were working in March 2003 versus March 2002, one must ask; “Where are they working?” Much of the employment growth as indicated in the labor force estimates is not coming from within Yakima County. Many of the 1,600 additional residents estimated to be working this March commuted to jobs outside of the county, especially to the Tri-Cities where numerous jobs have been created by a new \$4 billion federal environmental clean-up program.

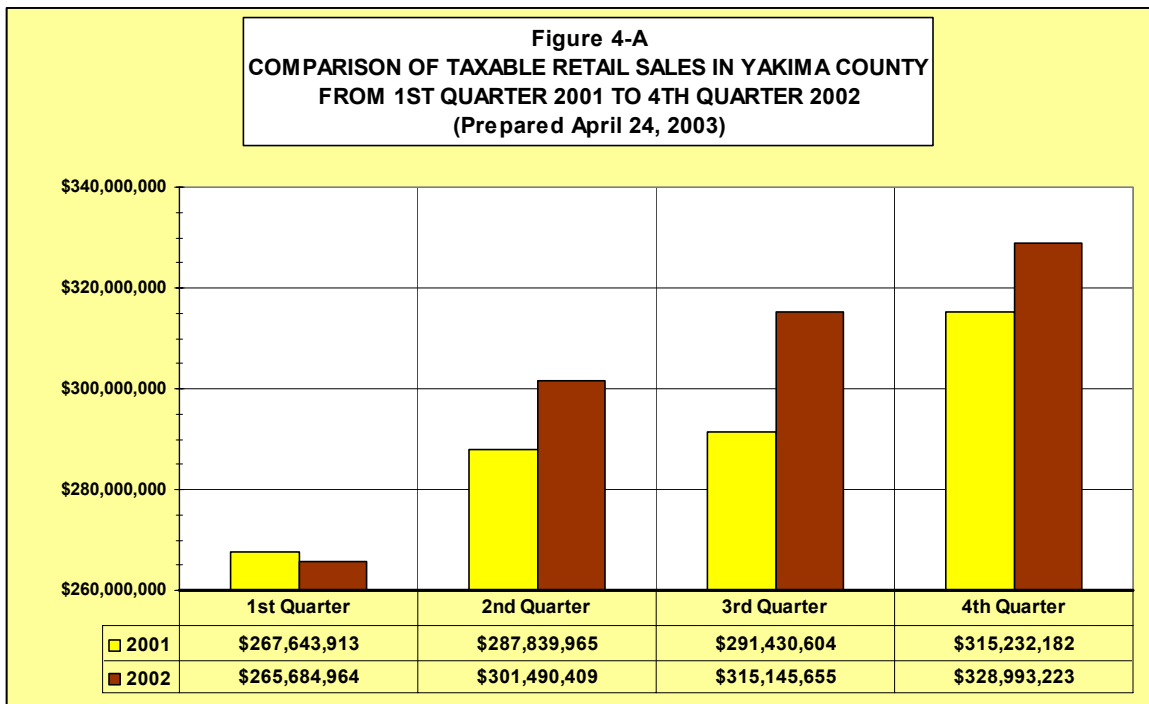
**Figure 3**  
**UNEMPLOYMENT RATES IN YAKIMA COUNTY**  
**AND IN WASHINGTON FROM JANUARY 2001 TO MARCH 2003**  
(Prepared April 22, 2003)



Taxable Retail Sales and Retail Employment

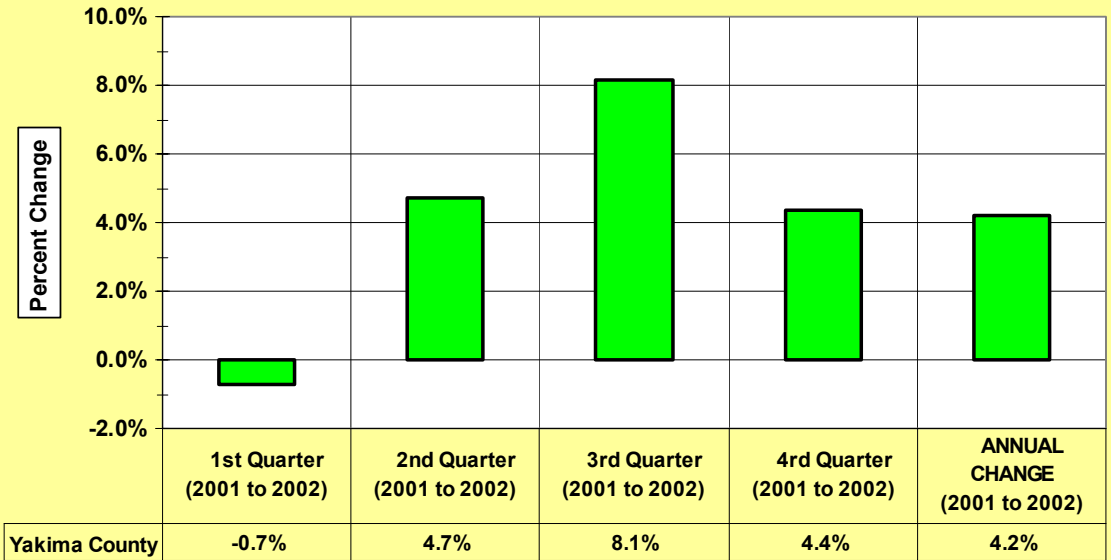
Figures 4-A through 4-C pertain to taxable retail sales and employment trends between 2001 and 2002 in Yakima County. Department of Revenue retail sales figures for this period were compiled using the Standard Industrial Classification (SIC) system. Organized by SIC, retail trade includes such industries as building material and hardware stores, general merchandise stores, auto dealerships and gas stations, restaurants and taverns, food stores, and miscellaneous retail stores. In Pages 5 and 6 of this report, retail employment was also classified using SIC codes. The bottom line of the retail employment – retail trade comparison between 2001 and 2002 was that annual average employment contracted by 1.6 percent whereas retail sales expanded by 4.2 percent. An analysis of retail employment and sales figures by quarter however, provides deeper insight into these trends:

- **Figure 4-A.** Total taxable retail sales rose from \$315.2 million in the fourth quarter of 2001 to \$329.0 million in the fourth quarter of 2002, a \$13.8-million advance.
- **Figure 4-B.** When compared with taxable retail sales for the same quarters in the prior year, it is apparent that retail sales were quite robust in Yakima County in the last three-quarters of 2002. Only in the first quarter of 2002 did total taxable retail sales fall behind the corresponding quarter in 2001.
- **Figure 4-C.** Rising retail sales in Yakima County, especially at the Valley Mall and Valley Plaza in Union Gap, helped pull retail employment out of the doldrums by year’s end. In the 1<sup>st</sup> quarter of 2002 retail employment was 4.5-percent less than in the 1<sup>st</sup> quarter of 2001. By the 4<sup>th</sup> quarter of 2002 however, retail employers were providing 2.1-percent more jobs than in the corresponding period of 2001. The rising number and type of retail establishments in the Union Gap vicinity captured sales dollars that used to slip out of Yakima County to shopping centers in the Tri-Cities and elsewhere.



The Yakima County Labor Economy  
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**Figure 4-B**  
**YAKIMA COUNTY: GROWTH IN QUARTERLY TAXABLE RETAIL SALES**  
**FROM 1ST QUARTER 2001 THROUGH 4TH QUARTER 2002**  
(Prepared April 24, 2003)



**Figure 4-C**  
**YAKIMA COUNTY: COMPARISON OF QUARTERLY GROWTH RATES**  
**IN TAXABLE RETAIL SALES AND IN RETAIL EMPLOYMENT**  
(Prepared April 25, 2003)

