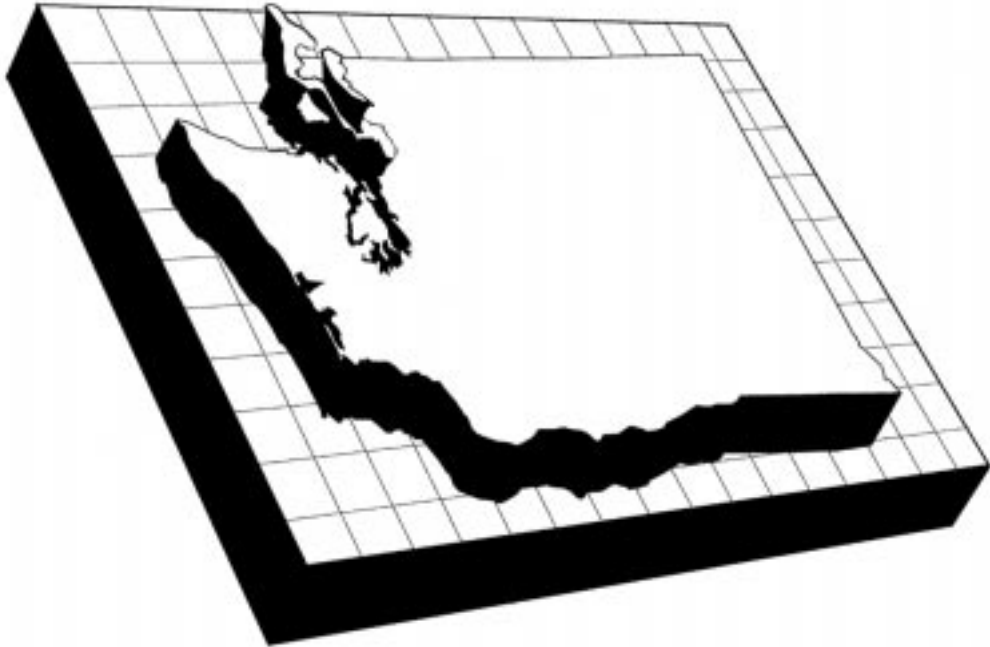


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# ISLAND COUNTY PROFILE

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**April 2000**  
Labor Market and  
Economic Analysis Branch  
Gary Bodeutsch, *Director*

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**ISLAND COUNTY PROFILE**

**APRIL 2000**

Labor Market and Economic Analysis Branch  
Employment Security Department

This report has been prepared in accordance with  
*RCW 50.38.050*.

Carver Gayton, *Commissioner*  
Washington State Employment Security Department

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# INTRODUCTION

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This report profiles the labor and economic characteristics of Island County. It was prepared by the Labor Market and Economic Analysis (LMEA) Branch of the Washington State Employment Security Department and is one in a series that profiles labor market and economic conditions in each of Washington's 39 counties.

The profile is designed to assist state and local planners in developing local economic strategies. It is also an effective tool for answering labor market and economic questions frequently asked about the county. Readers with specific information needs should refer to the *Table of Contents* or to the *data appendix* to more quickly access those sections of particular interest to them.

Like the earlier Island County Profile of May 1995, the purpose of this report is to provide a comprehensive labor market and economic analysis of Island County.

Characteristics profiled include the following:

- physical geography, economic history, and demographics
- labor force composition and trends
- industries, employment, and earnings
- skills and occupations
- economic development and employment services

Much of the information in this report is regularly updated on the LMEA Internet homepage. The homepage contains current and historical labor market information that can be accessed by area or by type of information. The site address is:

**<http://www.wa.gov/esd/lmea>**

Any inquiries or comments about information in the profile should be directed to the Labor Market and Economic Analysis Branch.

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# GEOGRAPHY

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Island County comprises a total land mass of 212 square miles (only neighboring San Juan County is smaller). As such, it ranks 38th in size amongst Washington's 39 counties. It is also one of only two Washington counties—the other being San Juan County—surrounded by water.

Island County is made up of five islands; Whidbey, Camano, Ben Ure, Strawberry, and Smith. The islands were formed millions upon millions of years ago by a combination of volcanic and glacial activity: what emerged were relatively distinct lowlands and highlands. The lowlands start at sea level, rise to about 200 feet, and are comprised mostly of steep and rocky cliffs and pebbled beaches. Whidbey Island in particular has several bays and harbors (Oak Harbor, Penn Cove, Holmes Harbor, Crescent Harbor, Cultus Bay, and Dugualla Bay). The highlands range from 200 to 580 feet above sea level and are typified by forested hills and grassy valleys and plains. The highlands are also dotted with numerous small lakes and ponds.

Whidbey and Camano dominate the landscape, their combined 206 square miles accounting for 97 percent of the county's land mass. Measuring about 60 miles in length and from 1 to 12 miles in width, Whidbey Island stretches roughly north and south in the midst of Puget Sound. Nestled between Whidbey and the mainland is Camano Island, which measures 16 miles in length and ranges from 7 miles to less than a mile in width.

To the east of Island County lies the Washington mainland (Skagit and Snohomish counties), from which it is separated by several bodies of water: Skagit Bay, Saratoga Passage, Port Susan, and Possession Sound. To its west are the Strait of Rosario, the Strait of Juan de Fuca, and Admiralty Inlet—passages that separate Island County from the San Juan Islands (San Juan County) and Olympic Peninsula (Clallam and Jefferson counties). The northern end of Island County is separated from Fidalgo Island (Skagit County) and the mainland by Deception Pass.

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# ECONOMIC HISTORY

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The following was excerpted from two sources, *A History of Whidbey's Island* by George Albert Kellogg and *South Whidbey and Its People* by the South Whidbey Historical Society.

Before the advent of white exploration and settlement, Native Americans moved throughout what is now Island County. The principal tribes were the Snohomish, Skagit, and Kikialos. The Snohomish were mostly in the southern parts of Whidbey and Camano Islands; the Skagit in the central and northern parts of Whidbey Island; the Kikialos in the northern half of Camano Island. The small Clallam tribe lived near Penn Cove on Whidbey Island.

Each tribe maintained several permanent villages on the islands. The villages typically included a potlatch structure (the social and political center of tribal life) surrounded by several large longhouses (multi-family quarters). Most villages were enclosed by a wall of cedar poles. The tribes maintained temporary summer dwellings near the shore in addition to their permanent villages.

Not surprisingly, the mainstay of local tribal economies was fishing. This year-round pursuit was performed mainly by trolling offshore with handmade nets. The tribes supplemented their diet by gathering a variety of roots, berries, and nuts. The spring brought cattails, salmon-berries, and sprouts in abundance. By summer, the harvest included strawberries, blackberries, salal berries, service berries, thimble berries, huckleberries, wood fern, bracken, wild carrots, rose hips, tiger lilies, hazelnuts, acorns, and crab apples. Shellfish, especially clams, were an equally important part of their diet harvested during the spring and summer. Deer, duck, and seal accounted for the game caught now and then during the spring and summer.

The chief item of tribal trade and commerce, however, was the blanket. Used as both bedding and decoration, blankets were traded frequently between neighboring Island County tribes (and later with white trappers and traders). Native Americans are thus established as having engaged in the region's earliest forms of commerce.

In 1792, an expeditionary party led by Captain George Vancouver of the British Navy discovered Puget Sound, thus signaling the advent of white exploration in the region. In June of that year, Ship's Master Joseph Whidbey

of the HMS Discovery (the other ship was the HMS Chatham) charted a recently discovered island—which Captain Vancouver later named *Whidbey* in his honor. Contact was made with local Indian tribes, but the party quickly continued on its voyage down the Sound.

White presence in the islands was not recorded again until 1830 (perhaps as early as 1820), when scouts and trappers for the Hudson's Bay Company were known to have explored the islands in search of potential fur trapping grounds. Finding little, they moved on. There is also some evidence that Catholic missionaries ventured ashore around the same time.

In June 1841, the U.S. Exploring Expedition under the command of Captain Charles Wilkes sailed into Penn's Cove (Whidbey Island). The expedition was there to chart this part of the Oregon Territory—which at the time was still under joint U.S.-British occupation—in anticipation of future American settlement. After naming a number of landmarks, Wilkes and his party left as they came—as observers.

American settlement of Island County got more or less underway in 1850, primarily around the Oak Harbor and Penn's Cove areas. Central Whidbey Island seemed to be the destination of choice; the south end was paid little attention. Many of the claims were filed by sailors and the like who happened across the islands on past voyages. Most, however, did not stay long. Island County got its first permanent white settlers—Colonel Isaac N. Ebey and his wife—in 1852. Other permanent settlers followed and by early 1853 the county numbered six families and 18 bachelors.

With the emergence of permanent settlements came local commerce and industry. In 1853, B.P. Barstow & Co. opened for business at Coveland (at the head of Penn's Cove), thus becoming the first trading post or store in the county. Other trading posts soon followed—including one established by Isaac Ebey himself. By the mid-1850s, the range of businesses included harness makers, coopers, and dock operators, among others.

Island County got its first grist or flour mill in 1868. Before that time, flour (including many other provisions) was obtained directly from trade vessels anchored in the harbor. The mill was operated by James Buzby near Penn's Cove until 1870. In 1877 or 1878, Friend Wilson re-established grist mill operations at Penn's Cove. Other

settlers attempted to establish sawmills as early as 1853, but were unsuccessful.

Additional settlement of Island County commenced in the 1860s. With their arrival on south Whidbey Island came early logging operations. Most arose out of necessity as the newly-arrived homesteaders found their property covered by virgin timber. The timber harvesting usually involved several men and a team of oxen. The hand-felled timber was yarded (or pulled) to the water by ox-teams, the path having been laid with greased skids. The logs were then rafted to mills in Port Ludlow or Port Townsend to be sold for cash or traded for supplies. By the 1880s, though, organized logging companies such as Puget Sound Pulp and Timber Company (later Pope and Talbot) had purchased much of the uncut timberland from homesteaders.

South Whidbey Island thus became the site of large-scale logging operations in the 1880s. During the spring and summer, logging camps provided seasonal employment to large numbers of men. Most of the timber was converted into cordwood used to fuel steamers that plied Puget Sound. Completion of the Great Northern Railway to Bellingham in 1894 made virtually obsolete the steamers which for 20 years had depended on Whidbey Island cordwood. As steamer runs faded, so did the county's logging and lumber industry.

Once cleared, an individual's property was, more often than not, converted to any of a number of farmland uses. Of the wide variety of items produced, the most prevalent were hay, grains, and potatoes. As farms became larger and more sophisticated, the pressure to employ cheap labor grew. From the mid-1880s through 1900, Island County farmers found this labor in the form of the Chinese sojourner. Chinese were hired for labor-intensive tasks such as cultivating and digging up potato crops. By the 1890s, however, local sentiment turned violently against the visiting workers. An anti-Chinese race riot in Tacoma served as the final straw. In 1900, the Chinese were forced out of Island County.

By 1910, the county population was 4,700. As farm families and town entrepreneurs settled into defined communities, a fledgling newspaper industry emerged. *The Island County Sun*, established in 1890, became the county's first paper. *The Island County Times* emerged within the year to compete with the *Sun*. The two merged under the latter's banner in 1894. *The Whidbey Islander* (1900) and *Oak Harbor News* (1911) followed in due course.

The post-World War I period brought renewed prosperity to Island County as local farmers saw new foreign markets open up to their agricultural products. Construc-

tion of the Deception Pass Bridge in 1935 provided a highway link to the mainland and fostered more economic development within the county.

And then came the military. The military played a vital role in Island County's economy long before plans for Whidbey Island Naval Air Station were conceived. In 1860, the War Department commissioned a study for the defense of Puget Sound. President Andrew Johnson—impressed by the study—set aside 24 parcels of land as Puget Sound military reservations in 1866. In 1896, Congress appropriated funds for the construction of a triangular system of fortresses to defend Admiralty Inlet—the entrance to Puget Sound. One position—Fort Casey—was sited at Admiralty Head on Whidbey Island (the others were Fort Worden and Fort Flagler in Jefferson County).

Fort Casey was heavily fortified and manned during the First and Second World Wars and the Korean Conflict. It was also used to a limited extent for troop induction and training. Personnel stationed there contributed tremendously to the local economy, particularly in Coupeville and Keystone. Another defense post—Fort Ebey—was established near Oak Harbor during World War II as an artillery bunker. Fort Casey was deactivated in 1953 when airpower proved a more effective means of defending the Sound. It is now a state park. Fort Ebey is a state recreation area.

Whidbey Island Naval Air Station was established in late 1942 at the height of World War II. It was the site of sea-plane patrol operations, rocket firing training, torpedo overhaul, and recruit and officer training. In late 1949, work began to upgrade it to an all-weather airfield. The conversion was accompanied by more personnel. As a result, Island County's population soared from 6,029 in 1940 to 11,000 by 1950—an 82 percent increase. This far eclipsed the 7 to 10 percent growth rates usually experienced over the course of a decade. To be sure, the tremendous influx of military personnel also boosted local commerce.

Today, the Whidbey Island Naval Air Station is home to all the Navy's electronic warfare squadrons that fly the EA-6B Prowler—a carrier-based tactical aircraft. Patrol and reconnaissance squadrons are also based at Whidbey Island NAS—when all are combined, there are a total of 19 active duty squadrons. The NAS is also a center for reserve training activity.

Island County's economy is based largely on government jobs—principally military personnel and federal civilian workers who support the military—as well as a large retail sector, a fast growing services sector, and tourism.

# POPULATION

The Office of Financial Management has estimated the 1999 population of Island County at 73,300, ranking it 13th among the state's 39 counties. The last actual head count was the 1990 Census when Island County tallied 60,195.

As a rule, population changes are seen as an important economic indicator. A growing population symbolizes economic health while a waning one signifies economic decline. People tend to follow jobs.

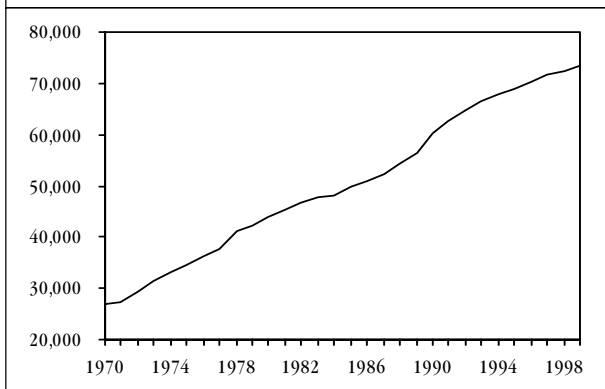
## Trends

Over the last twenty-nine years Island County's population has increased 171 percent (*see Figures 1 and 2*). Statewide growth was less than half of that at 69 percent. During this time, annual growth rates ranged from 1 to 10 percent. The most substantial periods of growth were posted during the 1970s as the county's population rose 7.7 percent, 7.1 percent, and 9.8 percent in 1972, 1973, and 1978 respectively. These higher-than-average population fluctuations were largely influenced by the movement of military personnel at the naval air station. Strong growth continued in the 1980s with annual rates fluctuating between 2 and 3 percent. The 1990s started out strong with 6.5 percent annual growth in 1990 but then settled back into the familiar 2 to 3 percent annual growth rates. Since 1995, annual growth has been at 2 percent or less. As a result of very strong historical growth, Island County is the fifth most densely populated county in the state.

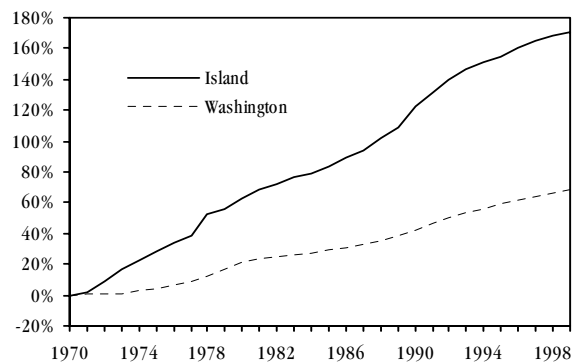
Two components cause population change. One is the natural change caused by births and deaths; the second is migration. This gives some insight into an area's cur-

rent economic trend. Island County's natural change has been supplemented by a strong migratory element. From 1990 to 1999 Island County experienced a natural population increase of 4,841; the result of 8,982 births and 4,141 deaths (*see Figure 3*). In addition, migration added

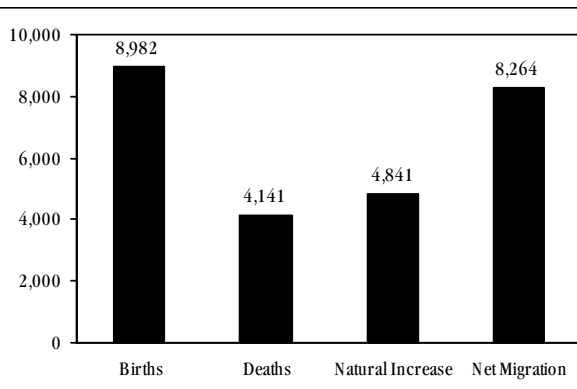
**Figure 1**  
Population Trend  
Island County, 1970-1999  
Source: Office of Financial Management



**Figure 2**  
Population, Annual Percent Change  
Island County & Washington, 1970-1999  
Source: Office of Financial Management



**Figure 3**  
Components of Population Change  
Island County, 1990-1999  
Source: Office of Financial Management





8,264 residents making a total population increase of 13,105. Net migration was almost twice the number of the natural increase but this is relatively low compared to other Washington counties. While this seems

counterintuitive, given the tendency of the armed forces to transfer frequently, the incoming and the outgoing cancel each other out so the net migration number is relatively small.

## Towns and Cities

In 1999, about two-thirds (68 percent) of Island County's residents lived in unincorporated areas concentrated around townships such as Clinton, Freeland, Greenbank, and especially along the shores of Camano Island. The remaining residents lived in one of three

municipalities; Coupeville, Langley, or Oak Harbor. Both the unincorporated and the incorporated areas grew by a little over 20 percent between 1990 and 1999. *Figure 4* shows the population for all municipalities in Island County during the 1990s.

**Figure 4**  
**Population of Cities, Towns, and County**  
**Island County, 1990-1999**  
*Source: Office of Financial Management*

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	% Chg 1990-99
<b>Island</b>	60,195	62,700	64,800	66,500	67,900	68,900	70,300	71,600	72,500	73,300	22%
Unincorporated	40,797	42,500	44,065	45,125	46,394	47,145	48,120	48,710	49,265	49,735	22%
Incorporated	19,398	20,200	20,735	21,375	21,506	21,755	22,180	22,890	23,235	23,565	21%
Coupeville	1,377	1,450	1,490	1,510	1,540	1,575	1,605	1,610	1,630	1,640	19%
Langley	845	860	905	935	966	1,020	1,045	1,090	1,095	1,095	30%
Oak Harbor	17,176	17,890	18,340	18,930	19,000	19,160	19,530	20,190	20,510	20,830	21%

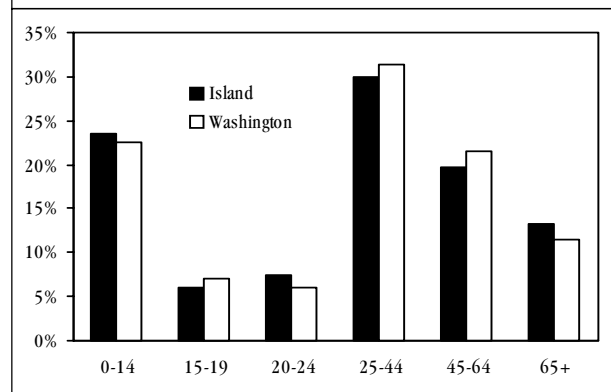
## Age Groups

The distribution of the population among various age groups as well as the changes in this distribution over time shows aspects of the population not revealed by the overall numbers. *Figure 5* categorizes the population of Island County and Washington by age group share. These age groups are significant if we make the following assumptions:

- 0-14 = Infants or adolescents a decade or two removed from the labor force
- 15-19 = Prospective new entrants into the labor force, except college students
- 20-24 = New entrants into the labor force
- 25-44 = Younger adult workers
- 45-64 = Older adult workers
- 65+ = Retirees

Disaggregated by age groups, Island County's population is very similar to the state. This means that the county experiences similar problems to the state in finding a sufficient labor supply. In point of fact, though, labor markets in the county will be tighter during boom

**Figure 5**  
**Population by Age Groups**  
**Island County and Washington, 1998**  
*Source: Office of Financial Management*



times like these because so much of the population is in the armed forces. Military personnel are not considered part of the labor force, so Island County em-

ployers do not have as large a body of workers to draw upon as the population figures would indicate. (Even though some military personnel will take part-time jobs.) County unemployment is consistently lower than statewide unemployment.

A major similarity between both populations is that they both are aging. In the county, the median age increased from 29 in 1980 to almost 34 in 1996. This aging will accelerate in upcoming years as that large cohort born between 1946 and 1964—the babyboomers—

enter retirement age. In 1990, those aged 55 or older accounted for 22 percent of the county’s population. The Office of Financial Management estimates that that age group will make up 35 percent of the total in 2020. This will have a large effect on many institutions: medical services, assisted living facilities, nursing homes, and a host of other services will have to be greatly enhanced. This, of course, is not unique to Island County. The nation and the state are both graying.

## Demographics

Racial characteristics are in the process of shifting. In 1990, the white population constituted a larger majority than it does now. The growth rate of all minority races and those of Hispanic origin has been greater than that of whites. Even so, there is less diversity in the county

than in the state where the same growth phenomenon has been occurring. *Figure 6* shows the numbers for each race in the county and the state for 1990 (Census) and 1998 (estimate).

**Figure 6**  
**Population Estimates by Race and Hispanic Origin**  
**Island County and Washington State, 1990 and 1998**  
*Source: Office of Financial Management*

Island	1990 Census		1998 Estimates		1990-1998 % Change
Total	60,195	100.0%	71,600	100.0%	18.9%
White	55,646	92.4%	64,767	90.5%	16.4%
Black	1,472	2.4%	2,125	3.0%	44.4%
Indian/Aleutian	492	0.8%	583	0.8%	18.5%
Asian/Pac Islander	2,585	4.3%	4,126	5.8%	59.6%
Hispanic*	2,006	3.3%	2,830	4.0%	41.1%
<b>Washington</b>					
Total	4,866,692	100.0%	5,685,300	100.0%	16.8%
White	4,411,407	90.6%	4,746,902	83.5%	7.6%
Black	152,572	3.1%	183,986	3.2%	20.6%
Indian/Aleutian	87,259	1.8%	92,026	1.6%	5.5%
Asian/Pac Islander	215,454	4.4%	319,823	5.6%	48.4%
Hispanic*	214,570	4.4%	342,563	6.0%	59.7%

*\*Hispanics may be of any race*

# CIVILIAN LABOR FORCE

The resident civilian labor force is defined as all persons 16 years of age and older within a specified geographic area who are either working or actively seeking work. This excludes those serving in the armed forces. Like the general population, the labor force can be seen as a key economic indicator. Since gross domestic product and gross state product are not gathered at the county level, labor force changes, as well as other indicators, serve as substitute measures of the economy. The patterns of growth and decline in Island County's labor force are largely driven by economic cycles, as well as development of service industries, particularly those tied to tourism (namely lodging and recreation) and the military. In 1998, the labor force in Island County was estimated at 28,890.

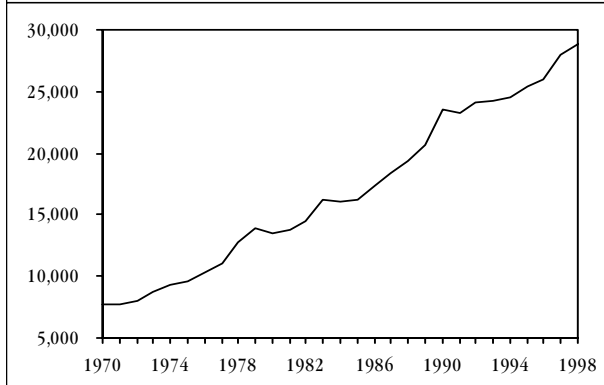
Figures 7 and 8 display the trend of the county's labor force from 1970 to 1998. In all, the labor force growth was extremely strong: 276 percent during the period compared to statewide growth of 115 percent. In 1970, Island County had a labor force of 7,000. Emerging from recession that year, the labor force grew at increasing rates for several years—expanding by 8.9

percent from 1972-73. This trend was interrupted in 1974 by another recession and the downturn held growth to 4 to 5 percent in 1974 and 1975. Once out of the recession, the county's labor force rose at rates of 7 to 9 percent through the end of the decade. It even jumped an astounding 14.8 percent from 1977-78 in the wake of an expansion at Whidbey Island NAS. By 1979, the local labor force stood at 13,860—almost doubling since 1970.

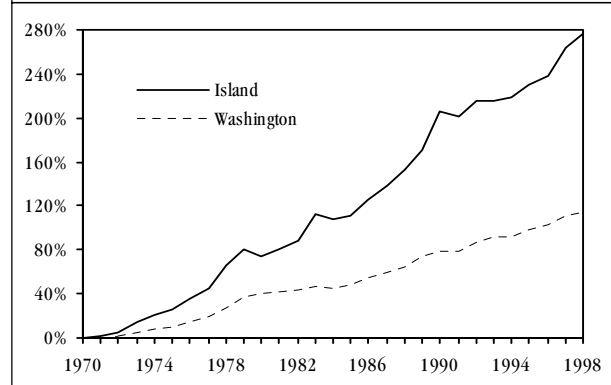
A period of recession and subsequent recovery in the early 1980s caused Island County's labor force to first fall and then expand at modest annual rates of 3 to 4 percent. In the first three years of the 1980s, it had grown only 5.6 percent but then surged 12.6 percent from 1982-83 as new residents entered the county and boosted the local work force. After a slight decline in 1984, strong growth ensued through the rest of the 1980s.

The 1990-91 national recession caused a 1.2 percent decline in the labor force in 1991 and stagnation for several years after. Strong increases have occurred since 1995 with a large 7.6 jump in 1997 and 3.3 percent in 1998.

**Figure 7**  
**Civilian Labor Force**  
**Island County, 1970-1998**  
*Source: Employment Security Department*



**Figure 8**  
**Civilian Labor Force, Cumulative % Increase**  
**Island County and Washington, 1970-1998**  
*Source: Employment Security Department*



## Commuting

As will be seen later, there is a significant difference between labor force size and the number of nonfarm jobs in the county. A primary reason for this is commuting. The labor force numbers are based on place of resi-

dence; the nonfarm employment is based on place of work. And many county residents work outside the county. According to the 1990 Census (the latest available data), more than 6,000 county residents worked in

areas other than Island County. The bulk of them commuted to Snohomish County, Skagit County, or King County, in that order. Although it is overstating the case,

Island County could be called a bedroom community in some respects for those areas.

## Demographics

Ethnically, the labor force composition of Island County is about the same as its general population (*see Figure 9*). According to estimates by Employment Security Department analysts, 89 percent of the county's labor force was non-Hispanic white in 1997. (All the racial groups in this tabulation are non-Hispanic.) The next largest racial group, Asian/Pacific Islanders, had a 6 percent share. Blacks accounted for 2 percent and Native Americans made up 1 percent. People of Hispanic origin, who can be of any race, made up 3 percent of the labor force.

In general, the population is split about evenly between males and females. While this symmetry is not always found in the labor force, in Island County it is. Forty-nine percent of the work force in the county consists of women. Statewide, the figure is slightly less than 46 percent.

**Figure 9**  
**Resident Labor Force by Sex & Minority**  
**Island County, 1997 Annual Averages**  
*Source: Employment Security Department*

	Labor Force	Share
Total	27,870	100.0%
White	24,720	88.7%
Black	580	2.1%
Native American	290	1.0%
Asian & Pacific Islander	1,540	5.5%
Hispanic	740	2.7%
Female	13,700	100.0%
White	12,060	88.0%
Black	230	1.7%
Native American	140	1.0%
Asian & Pacific Islander	920	6.7%
Hispanic	350	2.6%
Female Percent of Total	49.2%	

*All races exclude those of Hispanic origin, as Hispanic is indicated as a separate group.*

*Race estimates are based on 1990 Census and 1997 population data from the Office of Financial Management.*

*Detail may not add to indicated totals because of rounding.*

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# UNEMPLOYMENT

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## Trend

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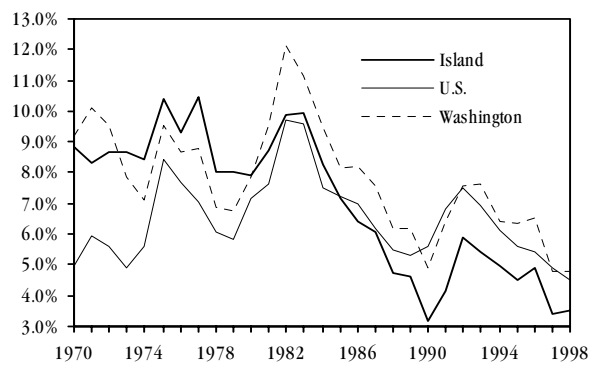
The civilian labor force consists of those who are working and those without a job who are looking for work. The unemployment rate is the percentage of the total labor force who are not working but who are actively looking for work. The unemployed do not include retirees, persons in institutions, or those who have come to be known as discouraged workers, i.e., persons who would like to work but who are not actively searching for a job. None of these groups of people are included in the unemployment figures because they are not looking for work. Again, it is important to remember that military personnel are *not* included in the civilian labor force figures.

At the national level, the unemployment rate is determined by a monthly survey of households. At the local level, the state's portion of this household survey is integrated with other information (e.g., unemployment insurance claims and surveys of business establishments) to produce unemployment rates at the state and county level.

Figure 10 shows the unemployment rate for Island County since 1970. In general, there is obviously a relationship between the county and the state, for they do track together. However, while following the same pattern, Island County's unemployment rate was higher than the state's from 1973 through 1979; since then, it has been lower, usually 1 to 2 percentage points lower. And since 1986, it has been lower than the national unemployment rate. The rate was 3.5 percent in 1998, the fourth lowest of the state's 39 counties.

The unemployment climate of the state (and the nation) and Island County has improved dramatically since

**Figure 10**  
**Unemployment Rates**  
**Island, Washington, & U.S., 1970-1998**  
*Source: Employment Security Department*



the early-1980s. A string of national recessions—in 1970, 1973-75, 1980, and 1981-82—played havoc with unemployment. Over 10 percent of the county's work force was idle in 1975 and 1977 and close to 10 percent were jobless in 1982 and 1983. The recovery following the 1981-82 recession was very strong, even unprecedented in its duration, and unemployment declined every year until 1991. (The 1990 rate was 3.1 percent in Island County.) The 1990-91 recession was mild compared to the previous ones and while unemployment did increase in 1991 and 1992, it did not reach excessive heights. Since then, the jobless rate has been decreasing in conjunction with the very strong national and state economies. In the past three years it has averaged less than 4 percent.

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## Industrial Typology

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Some industries are more conducive to unemployment than others. Some, referred to as *seasonal*, have employment patterns characterized by large employment increases and decreases in particular months of the year. These variations occur during the same months each year and are caused by factors that repeat each year. Poor weather conditions, holiday seasons, and weather related activities such as harvesting are examples of such

factors. *Cyclical* industries have employment patterns characterized by sharp increases and decreases in employment during periods of general economic growth and contraction. The employment patterns are generally related to upswings and downturns in overall economic activity, i.e., the business cycle. Finally, there are *structurally mature* industries who suffer from long-term jobs losses caused by increased productivity, au-

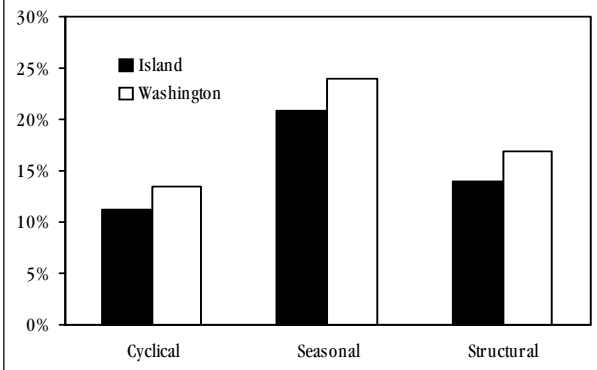
tomation, technological change, exhaustion of natural resources, or other factors.

Figure 11 shows the percentage of workers in these various types of industries in Island County and Washington State. (Government employment is excluded.) As the chart shows, the county has proportionally fewer workers in all three type industries that are associated with higher unemployment. This is a strong contributing factor to the lower unemployment rate enjoyed by Island County.

The number of workers employed in these type industries in Island County has been tabulated. In 1997, seasonal industries accounted for 1,968 workers, another 1,316 workers were employed in structurally mature industries, and 1,065 workers were in cyclical industries.

*Note: An industry can be recognized in more than one typology. Construction, for example, is very dependent upon weather and is also highly sensitive to fluctuations in overall economic activity, i.e., the business cycle. It has been categorized as both seasonal and cyclical.*

**Figure 11**  
**Industrial Typology**  
**Island County & Washington, 1997**  
**Source: Employment Security Department**



## Occupational Unemployment

Unemployment rates are not computed by occupation. However, claims for unemployment insurance do contain occupational information. Figure 12 is a listing

of unemployment insurance claimants categorized by occupational group in both Island County and Washington State. During 1997-98, a total of 1,966 claims were filed

**Figure 12**  
**Unemployment Insurance Claimants**  
**Island County and Washington State, July 1, 1997 - June 30, 1998**  
**Source: Employment Security Department**

	Island County		Washington	
	Claimants	Percentage	Claimants	Percentage
Structural work	451	23%	57,245	19%
Professional, technical and managerial	364	19%	51,013	17%
Clerical	281	14%	34,107	11%
Service	231	12%	33,975	11%
Machine trades	127	6%	16,577	5%
Processing	122	6%	15,327	5%
Sales	95	5%	16,497	5%
Agriculture, forestry and fishing	79	4%	25,823	8%
Motor freight and transportation	79	4%	15,951	5%
Benchwork	72	4%	8,475	3%
Packaging and materials handling	51	3%	28,132	9%
Miscellaneous, NEC	14	1%	2,246	1%
<b>Total</b>	<b>1,966</b>	<b>100%</b>	<b>305,368</b>	<b>100%</b>
White-Collar*	971	50%	135,592	45%
Blue-Collar*	981	50%	167,530	55%

\*Miscellaneous/NEC occupations excluded

by Island County residents. The table lists the groupings in descending size based on number of claims.

The percentage of claims of each group, ranked by size, are very similar between the county and the state. Structural work, primarily construction occupations, is the largest group in both. (This reflects the seasonality of the work as well as the tendency to file a claim for the often short time-periods between construction projects.)

Although the percentage of claims in each grouping may vary somewhat between the county and the state, the order of the groupings (at least the larger ones) is the same, indicating a homogenous occupational mix. The biggest difference comes in agriculture and packing and material handling occupations where the state had more than twice as many claimants as did the

county. This stems, probably, from the paucity in Island County and the abundance in eastern Washington of farm workers and the facilities to process and store agricultural produce.

Classing these groupings, rather loosely, into white-collar and blue-collar jobs, there is only a small difference in the percentage of claims between the county and the state. White-collar jobs accounted for half of the claims in the county and 45 percent throughout the state. (White-collar includes the groupings of professional/technical, clerical, sales, and service occupations; blue-collar subsumes the rest.) The difference here probably is because of the smaller agricultural and manufacturing communities (both blue-collar) in the county compared to the state.

## Demographics

*Figure 13* compares unemployment among the various racial groups and between the state and the county. The overall unemployment rate in Island County in 1997 was 3.4 percent. When categorized by race and ethnicity, there are pronounced differences. For whites, the 1997 unemployment rate was 3.2 percent while for non-whites it was 5.7 percent. Within the non-white grouping, unemployment rates in 1997 were as follows: blacks, 6.9 percent; Native Americans, 10.3 percent; and Asians and Pacific Islanders, 3.9 percent. Those of Hispanic origin, who are excluded from the racial categories in this data series, had an unemployment rate of 6.8 percent.

Even though unemployment rates for minority races are higher than the county's overall rate, which is driven largely by the white unemployment rate, the differences are not as great in Island County as they are statewide. In most cases, the rates statewide for minority races are higher in comparison to the statewide rate than are the rates in the county compared to the county's overall rate. For example, unemployment among blacks in the county was 3.5 percentage points greater than the county's over-

**Figure 13**  
**Unemployment by Race & Hispanic Origin**  
**Island & Washington, 1997 Annual Avgs.**  
*Source: Employment Security Department*

	Island	Washington
Total	3.4%	4.8%
White	3.2%	4.1%
Black	6.9%	9.6%
Native American	10.3%	13.2%
Asian & Pacific Islander	3.9%	4.8%
Hispanic	6.8%	10.4%

*All races exclude those of Hispanic origin, as Hispanic is indicated as a separate group.*

all rate; for blacks statewide, the rate was 4.9 percentage points greater than the state's overall rate.

Although unemployment was low for both men and women, among women it was considerably higher than among men, almost double. The rate for females was 4.4 percent in 1997; for males, 2.5 percent.

# INDUSTRIES, EMPLOYMENT, AND WAGES

Data in this section are derived through a Bureau of Labor Statistics program which is conducted in Washington by the Employment Security Department. The Nonagricultural Wage and Salary Employment data, along with the Quarterly Employment and Wages program (ES-202), includes data on all employment cov-

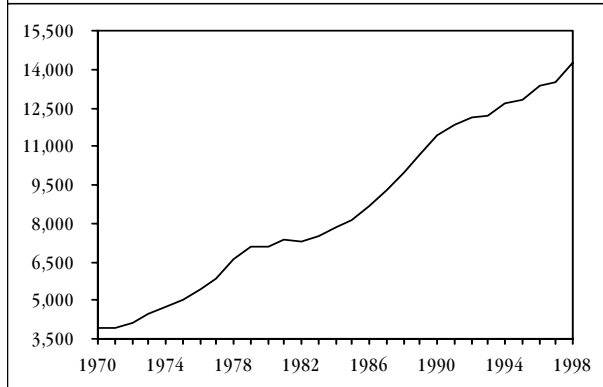
ered under the state unemployment insurance program, plus some select workers not covered under the unemployment insurance program. Approximately 90 percent of all workers in the state are covered by unemployment insurance.

## Employment Trend

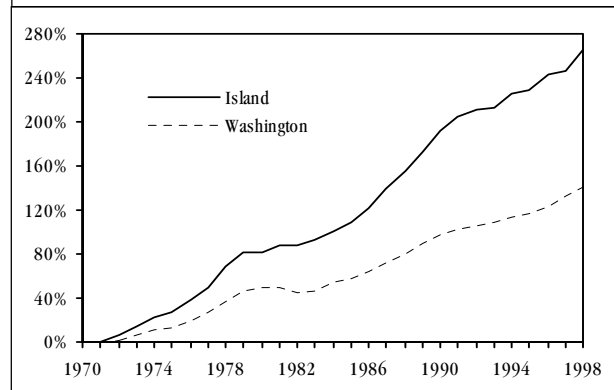
Figures 14 and 15 show nonfarm employment since 1970. Overall, employment growth has been strong in the county, especially when compared to the state as a whole. Statewide, jobs increased by 28 percent; in the county, the increase was almost 34 percent. In 1970 Island County had a total of 3,900 workers; in 1998 that had grown to 14,270.

The only time in the last three decades when the county's number of jobs actually decreased was back in 1982 during what is called the "double dip" recessions. There have also been relatively flat times but the 1990s have been a period of good growth for employment in the county.

**Figure 14**  
Nonagricultural Wage & Salary Employment  
Island County, 1970-1998  
Source: Employment Security Department



**Figure 15**  
Nonagricultural Wage & Salary Employment,  
Cumulative Percentage Increase  
Island County & Washington, 1970-1998  
Source: Employment Security Department



## Location Quotients

One way to determine how an area's economy is shaped is to compare it to another area. The following section shows fairly specifically, by industry sector, how Island County's employment patterns both differ from and coincide with Washington State's. When comparing

an industry's share of all employment at the county level to the same industry's share at the statewide level, it becomes apparent that some county employment is distributed differently than statewide employment. The *location quotient* compares the share of total employ-



ment in a particular industry division in the county with the share it represents in Washington State.

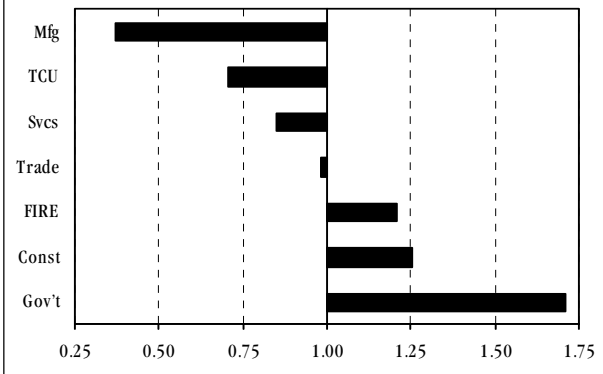
The quotient is determined by dividing the statewide industry employment share into the county industry share. A quotient of 1.0 denotes an industry in which the county is typical to the state as a whole; a value above 1.0 shows an industry with a higher concentration of employment; and a value below 1.0 marks a county industry with a lesser concentration of employment than in the same industry statewide.

A quotient above 1.0 suggests that the good or service produced by an industry is exported from the area; a quotient below 1.0 is a sign that, hypothetically, goods or services must be imported into an area to provide the same consumption patterns found at the state level. The greater the value above or below 1.0, the stronger the suggestion of exporting or importing becomes.

Figure 16 shows the location quotients of the major industry sectors in Island County. Government, with a quotient of 1.71, is easily the highest. Because so much of government employment is DoD related, the product which is exported in this case is national defense. It is exported throughout the United States in the sense that the entire country buys (through taxes) the product of national defense.

Agriculture, manufacturing, and transportation, communications, and utilities are all considerably less

**Figure 16**  
**Location Quotients**  
**Island County, 1998**  
*Source: Employment Security Department*



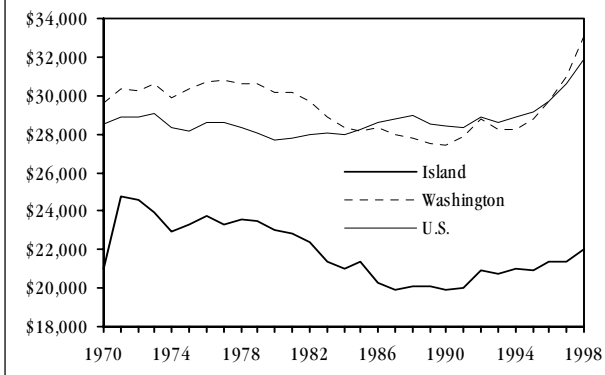
than parity with the state. Statewide agriculture is, of course, driven by eastern Washington and its tremendous fertility. Manufacturing has never been a strong sector in Island County—in 1970 it only amounted to 3 percent of the employment base whereas now it is about 5 percent. Services, at 0.87 is close to par with the state. All the other sectors have quotients above 1.0, indicating at least parity and perhaps a hint of exportation. Construction employment is primarily related to single-family units, indicating a strong housing market in the area.

## Annual Average Wage

The annual average wage is derived by dividing the total wages paid in an area by the annual average employment in that area. Jobs not covered by the unemployment insurance program are excluded; however, approximately 90 percent of all employment in the state is covered under the program. (*Note: all amounts have been inflation adjusted to 1998 dollars.*) The average wage does not include any benefits (e.g., insurance or retirement plans) other than actual wages.

Looking at Figure 17, which displays the average wage in Island County, Washington, and the nation, it is apparent that Island County's average wage is significantly less than the state or the nation. It normally tracks in tandem with the state, albeit at a lower level, but since 1995 the average in the state has risen mercurially while the county's average has only inched up.

**Figure 17**  
**Annual Average Covered Wages**  
**Island, Washington, & U.S., 1970-1998**  
*Source: Employment Security Department*



The high point for the county's average wage in real terms was \$24,798 in 1971. However, it started declining the following year and dropped fairly steadily until 1990 when it bottomed out at \$19,943 after losing almost \$5,000 in real dollars. Since then it has slowly climbed to its 1998 level of \$22,022 (see Figure 18). While the gains are not spectacular, they are certainly an improvement.

Troublesome, though, is the widening of the difference between the average wage in the county and the state. The statewide average wage is accelerating, thanks in large part to the high tech, aerospace, and software firms of King and Snohomish counties. Island County has none of these and is not seeing the huge gains of the state. The wage in Island County has historically been about \$6,000 to \$7,000 less than statewide. While this held true for most of the 1970s and 1980s, it is now widening. In 1995, the difference was \$7,809; in 1996, \$8,273; in 1997, \$9,646; and in 1998 it reached \$11,017.

These differences do not show that many Island County workers travel to the mainland for work and this can make a significant difference in the average wage. The wages of workers who live in Island County but work, say, at Boeing in King or Snohomish counties, have their wages counted in the county of work.

The average wage is based on place of work rather than place of residence and the county has a large number of residents who work outside the county. The civilian labor force data series, however, is based on place of residence, and it showed Island County with 27,880 employed labor force members (1998). The county's covered employment series, though, which is based on the location of the employer, shows only 14,087 workers in the county. The difference between the two is close to the number of workers who commute outside the county. And the wages of that many workers can make a serious difference in the overall average for the county.

**Figure 18**  
**Annual Average Covered Wages**  
**Island County and Washington State, 1998**  
*Source: Employment Security Department*

	Island	State		Island	State
<b>Total</b>	\$22,022	\$33,071	Depository institutions	\$32,305	\$36,300
<b>Agriculture, Forestry &amp; Fishing</b>	\$13,996	\$15,613	Security and commodity brokers	\$19,316	\$88,127
Agricultural production livestock	\$15,857	\$19,614	Insurance carriers	\$29,276	\$45,866
Agricultural services	\$13,159	\$17,267	Insurance agents, brokers, & service	\$27,983	\$39,468
<b>Construction</b>	\$24,629	\$33,653	Real estate	\$18,895	\$24,922
General building contractors	\$24,981	\$32,162	<b>Services</b>	\$17,175	\$35,887
Heavy construction, ex. building	\$28,697	\$41,923	Hotels and other lodging places	\$10,793	\$15,883
Special trade contractors	\$23,248	\$32,409	Personal services	\$11,896	\$16,326
<b>Manufacturing</b>	\$28,023	\$42,247	Business services	\$24,409	\$69,415
Printing and publishing	\$12,166	\$31,327	Auto repair, services, and parking	\$22,301	\$23,985
Stone, clay, and glass products	\$21,992	\$34,809	Motion pictures	\$7,476	\$14,096
<b>Transportation &amp; Public Utilities</b>	\$33,892	\$40,299	Amusement & recreation services	\$11,434	\$19,987
Trucking and warehousing	\$22,423	\$29,910	Health services	\$18,694	\$31,043
Communication	\$54,314	\$52,428	Legal services	\$21,866	\$41,273
<b>Retail Trade</b>	\$13,293	\$17,908	Educational services	\$18,352	\$27,676
Building materials & garden supplies	\$21,104	\$24,227	Social services	\$14,271	\$18,191
General merchandise stores	\$10,496	\$20,060	Membership organizations	\$10,120	\$20,974
Food stores	\$16,814	\$20,073	Engineering & management services	\$31,535	\$44,821
Automotive dealers & service stations	\$24,947	\$28,500	Private households	\$9,209	\$8,811
Apparel and accessory stores	\$9,290	\$20,023	Services, nec	\$19,939	\$45,745
Furniture and homefurnishings stores	\$16,776	\$24,809	<b>Government</b>	\$27,996	\$33,872
Eating and drinking places	\$8,304	\$11,448	Federal	\$28,724	\$42,806
Miscellaneous retail	\$12,714	\$18,215	State	\$27,506	\$33,635
<b>Finance, Insurance &amp; Real Estate</b>	\$28,323	\$40,700	Local	\$27,649	\$31,668

*Employment and wages of many industries not shown to avoid disclosure of data for individual employers.*

# Agriculture, Forestry, and Fishing

This sector is relatively small in Island County, only employing some 272 workers, about 2 percent of all the county's workers in 1998. (Statewide, the sector's employment share was larger, almost 4 percent of the total.) Over the last ten years, employment levels have only had minor fluctuations. Dairy farming and veterinarian services were the largest industries in terms of employment in the sector. Because of the dairy farming, there were also a fair number of veterinarians. *Figure 19* shows some production figures from various sources. Hay is

about the only field crop; the livestock inventory shows Island County as having the fourteenth largest number of milk cows among Washington's 39 counties; and the county has some apple, grape, cherry, and pear orchards. It is the twelfth largest grape producer in the state although acreage is limited.

The average wage for the sector was \$13,996 in 1998, less than the statewide \$15,613. Livestock workers had a wage of \$15,857. The highest wage, overall, was in the fishing industry: however, the data are suppressed for confidentiality reasons and there are very few workers.

**Figure 19**  
**Crops, Livestock, and Orchards**  
**Island County**  
*Source: Census of Agriculture*

<b>CROPS 1996</b>	<b>Acres Harvested</b>	<b>Average Yield</b>	<b>Total Production</b>	<b>Rank in State</b>
Hay, Alfalfa (tons)	1,700	3.6	6,200	22
Hay, Other (tons)	3,100	2.5	7,800	23
Hay, All (tons)	4,800	2.9	14,000	20

*Source: Washington Agricultural Statistics Service*

<b>LIVESTOCK INVENTORY</b>	<b>Number of Head</b>	<b>Rank in State</b>
All Cattle (January 01, 1997)	7,500	30
Beef Cows (January 01, 1997)	1,200	35
Milk Cows (January 01, 1997)	2,600	14
Horses & Ponies (1992)	596	25

*Source: Washington Agricultural Statistics Service, except for Horses & Ponies, which came from the 1992 Census of Agriculture*

<b>ORCHARDS - 1992</b>	<b>Number of Farms</b>	<b>Total Acres</b>	<b>Rank in State</b>
Land in Orchards	20	42	30
Apples	15	16	29
Cherries, All	5	4	21
Grapes	5	6	12
Pears	6	4	23

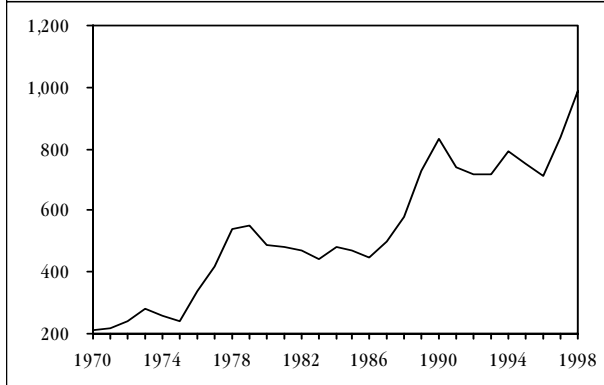
*Source: 1992 Census of Agriculture*

## Construction

Overall growth of construction employment in Island County since 1970 was an astounding 371 percent—statewide, growth in the same industry was 165 percent. As *Figures 20 and 21* show, there were strong bursts of

growth 1975 to 1979, from 1986 to 1990 and one occurring now that started in 1997. Although national recessions ended the growth of the first two of these periods and there was some job erosion, the gains made were,

**Figure 20**  
**Construction & Mining Employment**  
**Island County, 1970-1998**  
*Source: Employment Security Department*

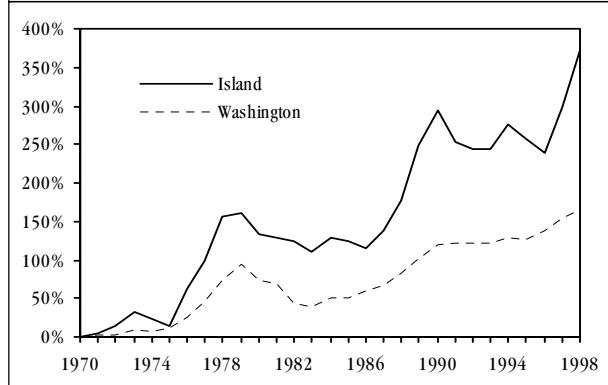


for the most part, maintained. Overall, 780 jobs were created since 1970. In 1998, construction had a 7 percent share of all nonfarm employment compared to less than 6 percent statewide.

The largest group of construction workers are involved with building single family housing. The current construction boom, apparently, has been engendered by the need for additional housing. As Island County is seen more and more as a good place to work or retire, strong demand for housing will undoubtedly continue.

Of the three main groupings of construction workers, the two largest were general building and special

**Figure 21**  
**Construction & Mining, Cumulative % Incr.**  
**Island County & Washington, 1970-1998**  
*Source: Employment Security Department*



trades with each employing about 340 workers. These two groups employed about 89 percent of all construction workers with the remainder employed in heavy construction. The average wage in construction in 1998 was \$24,629, less than three-fourths of the statewide average of \$33,653.

Heavy construction, of which there is currently very little in Island County, numbered only 87 workers in 1998. It is unfortunate that this was the smallest construction industry because the wage was the highest: \$28,697 a year on average. General building contractors averaged \$24,981 per year and special trades came in at \$23,248.

## Manufacturing

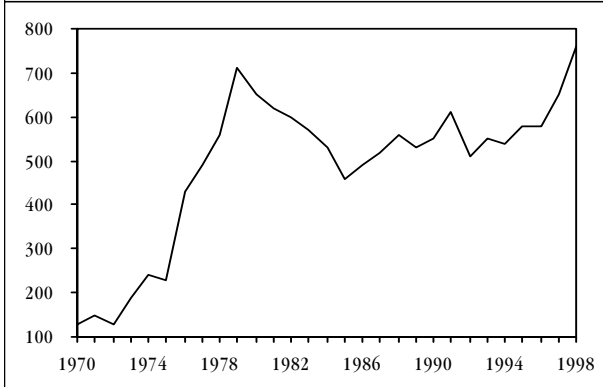
In 1998, the number of employees in the manufacturing sector surpassed its previous highpoint of 710 (set in 1979) to reach 760. Even so, these jobs amounted to only 5.3 percent of the nonfarm jobs in Island County. Even though its overall growth since 1970 (486 percent) looks stupendous, especially when compared to manufacturing statewide (only 59 percent growth), most of that growth occurred between 1972 and 1980. Since then there has been a decline followed by seesawing stagnation, and finally, an uptick in 1997 and 1998.

The recent upturn was brought about by a number of firms expanding or just beginning. A new company builds pre-fab wooden buildings and another makes office fur-

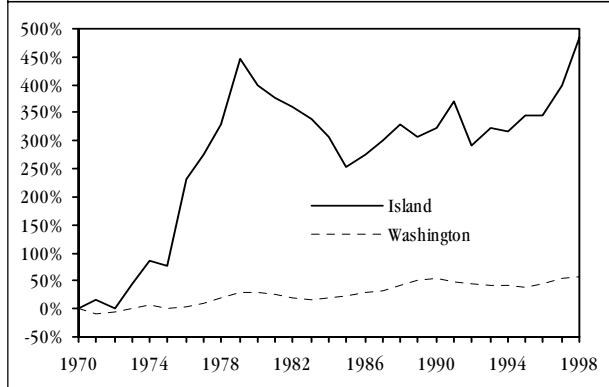
niture. Expansions have occurred in ship building and repair and the manufacture of circuit boards and laboratory apparatuses.

In comparison with statewide averages, the average wage in the county's manufacturing sector is quite low—more than \$10,000 a year less. The statewide average in 1998, driven by the higher wages found in Puget Sound's aerospace and high tech industries, was \$42,247. Island County's was \$28,023. The sector's average would be considerably lower were it not for the transportation equipment industry which includes ship building and repair. It is the sector's largest employer and pays the highest average wage.

**Figure 22**  
**Manufacturing Employment**  
**Island County, 1970-1998**  
*Source: Employment Security Department*



**Figure 23**  
**Manufacturing Employ., Cumulative % Incr.**  
**Island County & Washington, 1970-1998**  
*Source: Employment Security Department*



## Transportation, Communication, and Utilities (TCU)

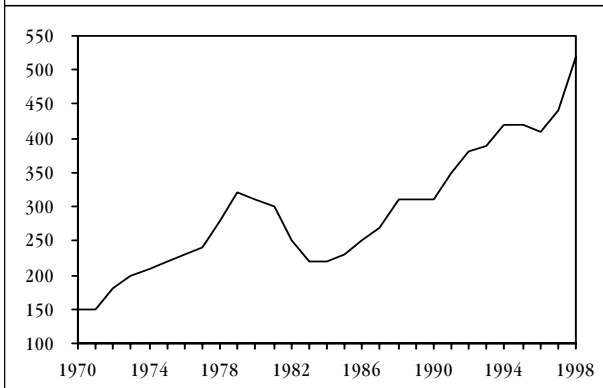
The TCU sector encompasses a number of different industries: air, land, and water transportation; communications; and the various public utilities such as water, sewage, and electricity. (The Washington State Ferry system is a state government entity so is included in the government sector rather than this one.)

Employment in TCU, after dropping rather dramatically during the double-dip recessions of 1980 and 1981-82, has shown strong growth (*see Figures 24 and 25*). In 1998, the sector's share of nonfarm employment was only 4 percent, slightly smaller than statewide TCU which had a 5 percent share. However, its growth in Island County since 1970 has been much stronger than through-

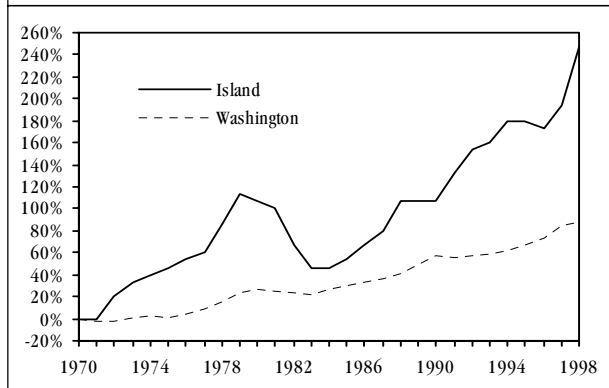
out the state: 247 percent versus 88 percent. The number of jobs grew from 150 to 520. Although a small sector, TCU is a well-paid one; the average wage in 1998 was \$33,892—the highest of all county sectors.

Within the sector, the largest and best-paid industry is communications. With more than a third of TCU employment, communications workers were paid an average wage of \$54,314. (Of that grouping, workers for the telephone companies were the most numerous and highest paid.) Smaller employment shares and a lower average wage were found in other industries such as trucking and warehousing (15 percent and \$22,423) and electric/gas/sanitary services (12 percent and \$36,913).

**Figure 24**  
**TCU Employment**  
**Island County, 1970-1998**  
*Source: Employment Security Department*



**Figure 25**  
**TCU Employment, Cumulative % Increase**  
**Island County & Washington, 1970-1998**  
*Source: Employment Security Department*



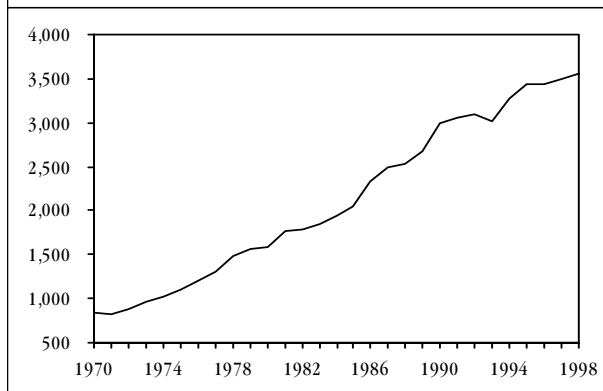
# Trade

Employment in trade declined slightly from 1970 to 1971 and flattened out from 1995 to 1996. But the rest of the time the sector has been on a steady uptrend. The number of jobs in retail trade has grown from 850 in 1970 to 3,560 in 1998, nearly a 320 percent increase (statewide, trade grew 159 percent). *Figure 26* charts the growth. In 1998, trade accounted for roughly a fourth (25 percent) of all nonfarm employment. Although trade generates many jobs, it has a low average wage, the lowest of all sectors in the county. In 1998 it was \$13,293. (The methodology that determines the average wage does not take part-time work into account, and trade is characterized by a high level of part-time work.)

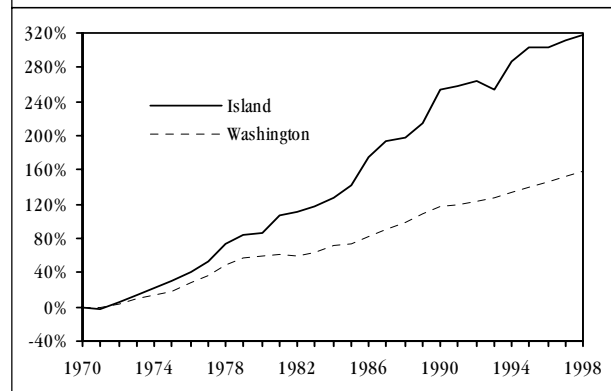
Part-time employment is often found in eating and drinking places—particularly fast-food restaurants. Employment has been growing quite consistently throughout the past decade from 1,053 in 1988 to 1,290 in 1998. Eating and drinking places employ more workers than any other industry in the retail sector, accounting for roughly 40 percent of all trade employment in the county.

Another industry with substantial employment in the retail sector is food stores. Employment has gone from 401 in 1988 to 635 in 1998, a 58 percent increase. Other industries with fairly high amounts of employment are auto dealers/service stations (270), building material/garden supply stores (221), and general merchandise stores (226).

**Figure 26**  
Trade Employment  
Island County, 1970-1998  
Source: Employment Security Department



**Figure 27**  
Trade Employment, Cumulative % Increase  
Island County & Washington, 1970-1998  
Source: Employment Security Department

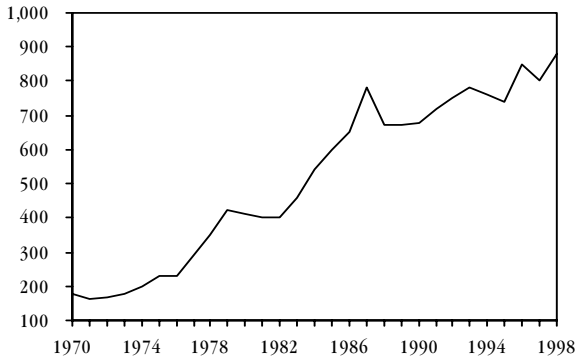


## Finance, Insurance, and Real Estate (FIRE)

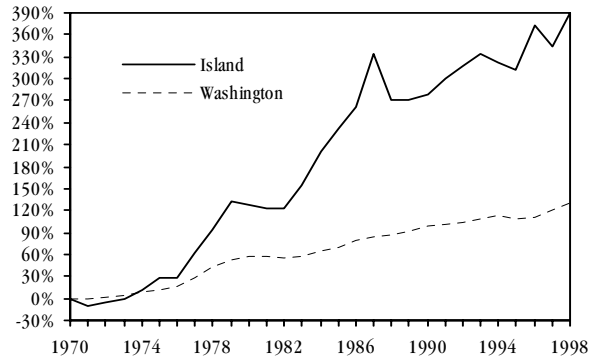
Growth in FIRE sector employment, like other sectors in Island County, has far surpassed statewide growth. The number of county jobs in finance, insurance, and real estate increased by 389 percent since 1970 while throughout the state, growth amounted to 131 percent. In 1998, the FIRE sector's share of nonfarm jobs was 6 percent in the county and 5 percent throughout the state. The actual number of jobs in Island County grew from 180 to 880 (see *Figures 28 and 29*).

The largest industry in this sector is depository institutions. By definition, this includes commercial banks, savings institutions, and credit unions. Employment has remained relatively stable over time; there were 486 workers reported in depository institutions in 1998. Growth in this sector has come principally among real estate agents and brokers where employment has almost trebled over the past ten years, going from 90 to 196. There was also good growth among insurance agents and brokers.

**Figure 28**  
**FIRE Employment**  
**Island County, 1970-1998**  
*Source: Employment Security Department*



**Figure 29**  
**FIRE Employment, Cumulative % Increase**  
**Island County & Washington, 1970-1998**  
*Source: Employment Security Department*



## Services

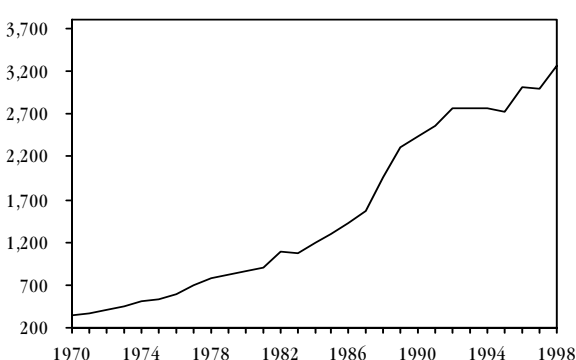
The services sector includes a wide variety of industries as diverse as hotels and motels, health care, business services, legal services, private education, and engineering and management services. Growth in this sector has been nothing short of phenomenal. In 1970, Island County had 340 people working in services, representing 9 percent of total nonfarm employment (see *Figure 30*). By 1998, there were 3,260 services workers in the county accounting for 23 percent of the county's overall employment base. The number of jobs jumped by 850 percent. Comparable statewide growth was on the order of 320 percent.

Wages in services are relatively low; only agriculture and retail trade pay less. Overall, the sector aver-

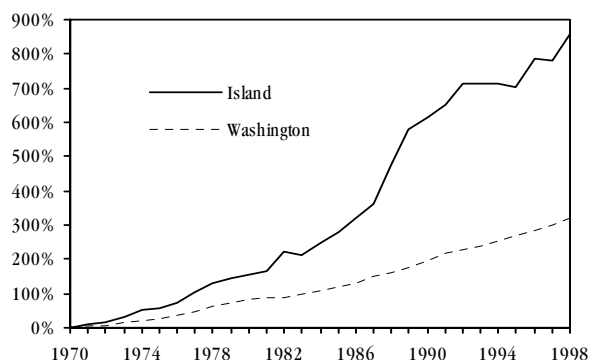
age was \$17,175 in 1998. Of industries with more than minimal employment, the highest annual average wages centered in engineering and management services (\$31,535), business services (\$24,409), and legal services (\$21,866) with the lowest wages positioned in hotels and lodging places (\$10,793) and personal services (\$11,896).

The largest employer in the sector is health care services with 721 workers in 1998, representing 22 percent of services employment. This includes offices of physicians, dentists, optometrists, chiropractors, etc., with the largest concentration reported in skilled nursing care facilities. (These data only reflect private practices and facilities—

**Figure 30**  
**Services Employment**  
**Island County, 1970-1998**  
*Source: Employment Security Department*



**Figure 31**  
**Services Employment, Cumulative % Increase**  
**Island County & Washington, 1970-1998**  
*Source: Employment Security Department*



the Whidbey General Hospital is a public facility and employment shows up in the government sector.)

Social services was the second largest employer in this sector with 368 workers in 1998 paid an average of \$14,270. Employment has risen from 232 workers in 1988. The great majority of employment relates to job

training and vocational rehabilitation with child care, residential care, and individual and family social services also grouped in this industry. Growth, however, has been heaviest in business services where net new job creation has jumped three fold over the past ten years from 77 workers in 1988 to 228 in 1998.

## Government

Government employment overwhelms the picture of economic activity in Island County. Moreover, it is fair to say that the size of the county's large trade and services sectors depends to a great degree on the enormous government payroll. *Figures 32 and 33* show the employment trend in government over the past 30 years. By definition, government includes federal, state, and local public entities within Island County. However, the federal presence dominates with 1,457 federal civilian workers and 6,394 active duty military personnel in 1998 virtually all in the Navy assigned to Naval Air Station Whidbey Island.

Since 1970, government employment doubled from 2,040 workers to 4,300 in 1997-98. Active duty military personnel, over the same time period, grew 62 percent from 3,957 to 6,394 (*see Figure 34 on the next page*). To put these numbers in perspective, remember that total nonfarm civilian employment in the county in 1998 was just 14,163.

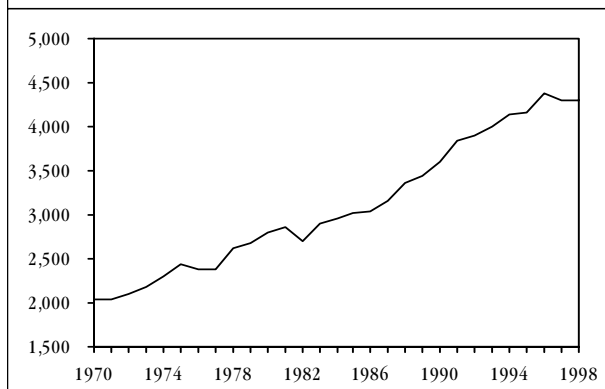
The DoD payroll—military and civilian compensation—in Island County was \$253 million in fiscal year 1998. These are not abstract numbers. This is real money that filters through the community when the military and civilian personnel buy houses, rent apartments, go to

restaurants, buy clothes, and do all the things people do in the normal course of their lives. By way of comparison, the total payroll for all workers in the county, excluding federal civilian workers, was only \$262 million in 1998. In addition, the DoD spent another \$98 million in Island County on items other than wages and salaries. These are tremendously large sums of money injected into the county's economy on an annual basis.

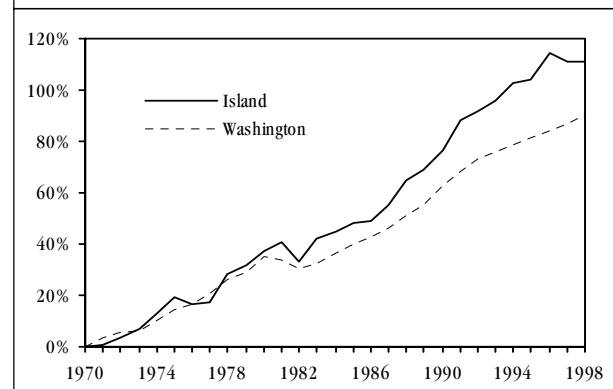
The Naval presence in Island County has emerged from recent armed services down-sizing relatively unscathed. Some modest attrition has taken place in recent years: the active duty military count has come down from a high of 7,698 in 1995 to 6,394 in 1998 and further to 5,945 in 1999. On the other hand, there is no effort underway currently to scale back activities at the Whidbey Island NAS significantly anytime in the future.

Civilian federal government employment accounted for 33 percent of all government employment in 1998. Except for a number of postal workers and a handful of others, the vast majority of federal employees are associated with the Naval Air Station. The largest sector of public employment (excluding the military), however, is local government where employment has grown steadily from about 1,700 in 1988 to 2,557 in 1998. Some

**Figure 32**  
**Government Employment**  
**Island County, 1970-1998**  
*Source: Employment Security Department*



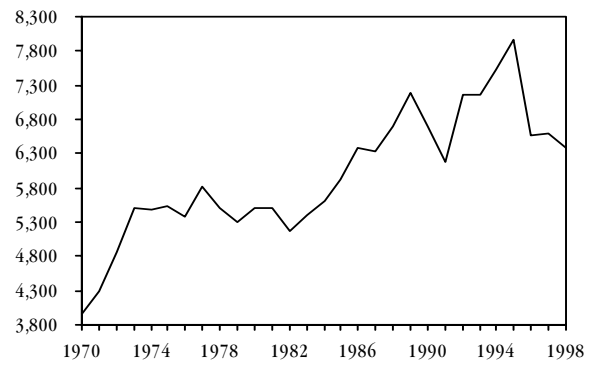
**Figure 33**  
**Government Employ., Cumulative % Increase**  
**Island County & Washington, 1970-1998**  
*Source: Employment Security Department*





58 percent of public employment is in the local government sector with the largest employer being the K-12 educational system whose 1,272 employees constitute approximately half of local government. Over 800 local government workers are involved with standard governmental activities (local licensing, regulatory activities, police functions, etc.). Whidbey General Hospital, an entity of local government, employs about 420 workers. State government is the smallest public sector in the county with 350 workers in 1998.

**Figure 34**  
**Armed Forces Personnel**  
**Island County, 1970-1998**  
*Source: Employment Security Department*



## Tourism

Tourism is not an industry, *per se*, as recognized by the federal Office of Management and Budget. Nevertheless, tourist spending generates significant income to the local economy. According to the most recent study prepared for the state's Department of Community, Trade, and Economic Development, tourists spent about \$96

million dollars in the county in 1998. Further, tourism was responsible for 1,650 jobs with a payroll of \$20 million dollars a year. Local governments in the county realized an extra \$1.1 million in annual tax revenue because of tourist spending. Location and scenic beauty of the area are a major draw.

# OCCUPATIONAL PROFILE

A different but informative way to view an area's work force is in terms of occupational divisions rather than industrial divisions. *Figure 35* shows employment in the major occupational divisions as well as the share of each grouping for the county and the state. These data are from the 1998 Occupational Projections that forecast to 2008.

The percentages of each occupational grouping mark out how the county differs from and is similar to the state. Proportionally, more Island County workers are in services and sales occupations than throughout the state. A modestly smaller share of managerial and professional jobs, and a significantly smaller share of operator, fabricator, and laborer jobs counter this

higher share of service and sales jobs. In general, loosely dividing the occupational mix into blue-collar and white-collar occupations, the county has a decidedly lesser portion of blue-collar jobs than the state. This occupational mix is a result of the much smaller manufacturing base in Island County, and the much higher share of public sector jobs.

*Figure 36* on the next page is based on Occupational Employment Statistics (OES) wage and salary survey data that were gathered by the Employment Security Department in 1998. Because of the high incidence of commuting, the U.S. Department of Commerce has designated Island County as part of the Seattle-Bellevue-Everett Metropolitan Area. As a result, much of the official employ-

**Figure 35**  
**Occupational Employment and Projections**  
**Island County and Washington State, 1998 and 2008**  
*Source: Employment Security Department*

	Island County					
	1998		2008		% Chg	Jobs
Total	18,883	100.0%	22,735	100.0%	20.4%	3,852
Managerial and Administrative	1,400	7.4%	1,664	7.3%	18.9%	264
Professional, Paraprof, & Tech	4,232	22.4%	5,311	23.4%	25.5%	1,079
Marketing & Sales	2,308	12.2%	2,815	12.4%	22.0%	507
Clerical & Admin. Support	2,948	15.6%	3,329	14.6%	12.9%	381
Services	3,592	19.0%	4,322	19.0%	20.3%	730
Ag., Forestry, Fishing & Related	414	2.2%	537	2.4%	29.7%	123
Prec. Production, Craft, & Repair	2,544	13.5%	2,988	13.1%	17.5%	444
Operators, Fabricators, & Laborers	1,445	7.7%	1,769	7.8%	22.4%	324
White-Collar	14,480	76.7%	17,441	76.7%	20.4%	2,961
Blue-Collar	4,403	23.3%	5,294	23.3%	20.2%	891
<b>Washington State</b>						
Total	3,042,950	100.0%	3,583,190	100.0%	17.8%	540,240
Managerial and Administrative	236,687	7.8%	288,456	8.1%	21.9%	51,769
Professional, Paraprof, & Tech	689,989	22.7%	869,794	24.3%	26.1%	179,805
Marketing & Sales	345,850	11.4%	406,194	11.3%	17.4%	60,344
Clerical & Admin. Support	474,747	15.6%	519,647	14.5%	9.5%	44,900
Services	469,185	15.4%	574,817	16.0%	22.5%	105,632
Ag., Forestry, Fishing & Related	119,106	3.9%	122,271	3.4%	2.7%	3,165
Prec. Production, Craft, & Repair	336,198	11.0%	374,422	10.4%	11.4%	38,224
Operators, Fabricators, & Laborers	371,188	12.2%	427,589	11.9%	15.2%	56,401
White-Collar	2,216,458	72.8%	2,658,908	74.2%	20.0%	442,450
Blue-Collar	826,492	27.2%	924,282	25.8%	11.8%	97,790

ment data are clustered with the larger counties, making some comparisons for Island County difficult. Fortunately, some specific wage data are available for Island County. For those occupations in which there are confidentiality issues or sampling difficulties, state or national wages are used. Even though the OES wage surveys were

conducted only with nonagricultural establishments, the list of occupations and wages gives a good idea of what the various jobs are in the area as well as the levels of pay. Wages are arrayed by hourly or annual rates, and show the mean (arithmetic) average. Also included is a ranking based on the size of employment in the particular occupation.

**Figure 36**  
**Occupational Wages**  
**Island County, 1998**  
*Source: Employment Security Department*

Occupational Title	Wage*	Rank**	Area	Occupational Title	Wage*	Rank**	Area
<i>Managerial and Administrative</i>				Vocational & Educational, Counselor	\$20.10	90	
Financial Manager	\$28.59	46		Instructional Coordinator	\$19.33	44	
Personnel, Train & Labor Relation Mgr	\$26.25	184		Teacher Aide, Paraprofessional	\$10.48	41	
Purchasing Manager	\$24.61	92		Physician & Surgeon	\$42.25	104	
Administrative Service Manager	\$25.83	192		Dentist	\$52.07	100	
Education Administrator	\$27.17	98		Veterinarian, Veterinary Inspector	\$26.30	139	
Medicine & Health Service Manager	\$25.00	65		Physical Therapist	\$25.66	177	
Property & Real Estate Manager	\$15.42	45		Registered Nurse	\$24.42	14	
Construction Manager	\$25.74	88		Licensed Practical Nurse	\$14.94	67	
Food Service & Lodging Manager	\$13.26	21		Emergency Medical Technician	\$12.63	105	
Lawn Service Manager	\$14.97	185		Pharmacist	\$29.95	140	
Public Admin, Chief Exec & Legislator	\$40.16	95		Dental Hygienist	\$30.82	130	
General Manager & Top Executive	\$32.24	7		Medical Records Technician	\$12.71	146	
All Other Manager & Administrator	\$26.77	16		Radiologic Technologist	\$17.99	145	
<i>Professional, Paraprofessional, &amp; Technical</i>				All Other Health Prof, Paraprof, Tech	\$17.95	79	
Loan Officer & Counselor	\$21.69	135		Writer & Editor	\$21.37	91	
Tax Preparer	\$18.21	129		Artist & Related	\$19.43	110	
Accountant & Auditor	\$21.72	51		Designer, except Interior Design	\$17.96	47	
All Other Financial Specialist	\$21.17	158		Interior Designer	\$19.06	173	
Wholesale, Retail Buyer, except Farm	\$15.73	136		Music Direct, Sing, Compose & Rel	\$58,870	147	
Purchase Agent, exc Whsl, Retail, Farm	\$19.87	170	N	Musician, Instrumental	\$45,580	178	
Personnel, Train & Labor Relation Spec	\$19.73	186		Air Traffic Controller	\$28.51	153	N
Cost Estimator	\$23.25	151		All Other Professional, Paraprof, Tech	\$21.07	25	S
Management Analyst	\$28.73	66		<i>Sales &amp; Related</i>			
All Other Management Support Worker	\$19.42	89		First Line Supervisor, Sales & Related	\$18.72	5	
Civil Engineer, including Traffic	\$26.62	159		Insurance Sales Worker	\$19.93	96	
Architect, except Landscape & Marine	\$22.05	123		Broker, Real Estate	\$33.07	113	
Civil Engineering Technician	\$20.48	160		Sales Agent, Real Estate	\$13.89	36	
Electrical & Electronic Technician	\$18.32	57	N	Real Estate Appraiser	\$24.31	106	
Mechanical Engineering Technician	\$19.47	193		Sales Agent, Business Services	\$18.78	179	
Drafter	\$16.60	196	N	Travel Agent	\$11.22	137	
Surveying & Mapping Technician	\$18.47	171		Sales Rep, exc Retail, Sci, Related	\$20.96	148	
All Other Engineering & Related Tech	\$19.15	85	N	Salesperson, Retail	\$10.65	3	
Computer System Analyst, EDP	\$26.02	72	N	Counter & Rental Clerk	\$8.22	63	
Computer Programmer	\$25.00	172		Stock Clerk, Sales Floor	\$9.31	48	
Psychologist	\$24.70	73		Cashier	\$9.24	2	
Social Work, Medical & Psychiatric	\$16.82	124		All Other Sales & Related Occupation	\$15.36	182	
Social Work, exc Medical & Psychiatric	\$16.20	59		<i>Clerical &amp; Administrative Support</i>			
Residential Counselor	\$11.51	27		First Line Supervisor, Clerical	\$17.50	20	
Human Service Worker	\$12.31	119		Bank Teller	\$9.80	30	
Recreation Worker	\$10.81	103		New Account Clerk	\$11.88	131	
Clergy	\$17.42	152		Loan & Credit Clerk	\$14.35	176	
Lawyer	\$38.74	52		Insurance Policy Processing Clerk	\$13.14	141	
Title Examiner & Abstractor	\$18.34	144		Court Clerk	\$14.97	167	
Teacher, Elementary	\$40,550	11		Reservation & Transport Ticket Agent	\$12.55	107	
Teacher, Secondary School	\$40,860	8		Hotel Desk Clerk	\$8.17	125	
Teacher, Special Education	\$41,210	121		Teacher Aide & Educational Asst, Clerk	\$9.40	54	
Teacher, Vocational Education	\$19.42	86		Legal Secretary	\$17.39	161	
Instructor, Nonvocational Education	\$15.23	53		Medical Secretary	\$10.81	142	
Instructor & Coach, Sport	\$14.41	58		Secretary, except Legal & Medical	\$13.42	17	
Librarian, Professional	\$21.89	166		Receptionist, Information Clerk	\$10.13	24	

**Figure 36 Continued**  
**Occupational Wages**  
**Island County, 1998**  
**Source: Employment Security Department**

Occupational Title	Wage*	Rank**	Area	Occupational Title	Wage*	Rank**	Area
Typist, including Word Processing	\$12.90	68		Farmworkers, Farm/Ranch Animals	\$6.91	108	
Personnel Clerk, except Payroll, Time	\$13.76	138	S	All Other Agricultural, Forestry, Fish	\$14.05	75	
File Clerk	\$9.34	114		<i>Precision Production, Craft &amp; Repair</i>			
Bookkeeping, Accounting & Auditing Clerk	\$13.19	4		First Line Supervisor, Mechanic & Repair	\$22.16	162	S
Billing, Cost & Rate Clerk	\$12.99	154		First Line Supervisor, Constr & Extract	\$24.07	64	
General Office Clerk	\$11.69	9		First Line Supervisor, Production	\$18.71	163	N
Computer Operator, exc Peripheral Eq	\$14.59	81		First Line Supervisor, Transportation	\$21.92	189	
Postal Mail Carrier	\$16.19	38	S	First-Line Supervisor, Mgr, All Other	\$19.40	164	
Dispatcher, Police, Fire & Ambulance	\$17.36	194		Production Inspector, Grade, Sort, Test	\$14.40	115	
Stock Clerk, Stockroom or Warehouse	\$11.32	31		Machinery Maint Mechanic, Marine Equip	\$16.41	78	
Traffic, Shipping & Receiving Clerk	\$12.78	43		Maintenance Repairer, General Utility	\$13.76	12	
All Other Clerical & Admin Support	\$12.38	29		Automotive Mechanic	\$14.86	37	
<i>Services</i>				Automotive Body, Related Repairer	\$16.60	111	
Housekeeping Supervisor, Institutional	\$11.58	168		Bus & Truck Mechanic & Diesel Specialist	\$19.44	120	
All Other Service Supervisor	\$14.20	23		Aircraft Mechanic	\$18.34	97	N
Fire Fighter	\$23.12	55		Telephone & Cable TV Line Install/Repair	\$18.19	112	
Police Patrol Officer	\$22.76	143		Electrical Power-line Install & Repair	\$25.59	181	
Correction Officer & Jailer	\$17.07	187		Heat, A/C, Refrigeration Mech & Install	\$18.45	190	
Sheriff & Deputy Sheriff	\$23.56	77	S	Carpenter	\$19.13	1	
Guard & Watch Guard	\$9.71	80		Drywall Installer	\$22.51	150	
All Other Protective Service	\$12.86	87		Taper	\$21.58	183	
Host & Hostess, Restaurant, Lounge	\$7.00	82		Electrician	\$21.44	50	
Bartender	\$7.64	40		Concrete & Terrazzo Finisher	\$22.41	174	
Waiter & Waitress	\$6.38	15		Painter & Paperhanger, Constr & Maint	\$16.05	19	
Dining Room, Cafeteria & Bartender Help	\$6.06	60		Plumber, Pipefitter, Steamfitter	\$23.24	84	
Counter Attendant, Lunchroom, Cafeteria	\$7.19	71		Carpet Installer	\$22.26	134	
Baker, Bread & Pastry	\$9.96	93		Roofer	\$17.14	94	
Butcher & Meat Cutter	\$14.67	116		All Other Const & Extract, exc Helper	\$21.65	165	
Cook, Restaurant	\$9.44	28		Machinist	\$14.35	175	N
Cook, Institution or Cafeteria	\$10.01	117		Jeweler & Silversmith	\$14.14	195	
Cook, Fast Food	\$6.53	149		Cabinetmaker & Bench Carpenter	\$12.38	62	
Food Preparation Worker	\$7.86	32		All Other Precision Worker	\$12.29	118	N
Combined Food Preparation & Service	\$6.55	6		<i>Operators, Fabricators, &amp; Laborers</i>			
All Other Food Service Worker	\$9.04	101		Laund, Dry-clean Mach Op/Tend, exc Pres	\$8.35	127	
Dental Assistant	\$13.85	76		Electrical, Electronic Assembler	\$10.61	35	
Medical Assistant	\$11.54	155		Assemble, Fabricate, ex Mach, Elec, Prec	\$11.08	191	
Nursing Aide, Orderly & Attendant	\$9.61	39		All Other Hand Worker	\$11.61	56	
Home Health Aide	\$8.33	74		All Other Plant & System Operator	\$12.20	156	
All Other Health Service Worker	\$13.58	169		Truck Driver, Heavy or Tractor-Trailer	\$16.69	22	
Maid & Housekeeping Cleaner	\$8.14	26		Truck Driver, Light, incl Delivery & Rel	\$11.15	34	
Janitor & Cleaner, except Maid	\$9.54	13		Bus Driver, except School	\$14.31	102	
All Other Cleaning & Building Service	\$10.42	180		Bus Driver, School	\$12.46	61	
Hairdresser & Cosmetologist	\$9.54	18		Service Station Attendant	\$7.85	128	
Amusement & Recreation Attendant	\$7.35	83		All Other Transportation Related Worker	\$15.49	70	
Personal Home Care Aide	\$7.80	133		Excavating & Loading Machine Operator	\$18.89	132	
Child Care Worker	\$7.73	10		Operating Engineer	\$22.49	157	
All Other Service Worker	\$10.02	188		Helper, Carpenter & Related Worker	\$10.31	122	
<i>Agriculture, Forestry, Fishing &amp; Related</i>				All Other Freight, Stock, Mat Move, Hand	\$10.76	109	
Animal Caretaker, except Farm	\$7.68	49		Hand Packer & Packager	\$7.97	99	
Laborer, Landscaping & Groundskeeping	\$10.97	33		Vehicle Washer & Equipment Cleaner	\$8.97	69	
Farmworkers, Food/Fiber Crops	\$7.04	126	S	All Other Help, Labor, Matl Move, Hand	\$11.90	42	

\*Wages are either hourly or annual.

\*\*Ranking is by amount of employment per occupation from highest (1) to lowest (196)

N=National

S=State

# PERSONAL INCOME

This section deals with income rather than wages, which were discussed earlier and which are only one aspect of income. Data in this section are derived from

the U.S. Department of Commerce, Bureau of Economic Analysis. All income data have been adjusted to 1997 dollars using the U.S. Implicit Price Deflator for Personal Consumption Expenditures.

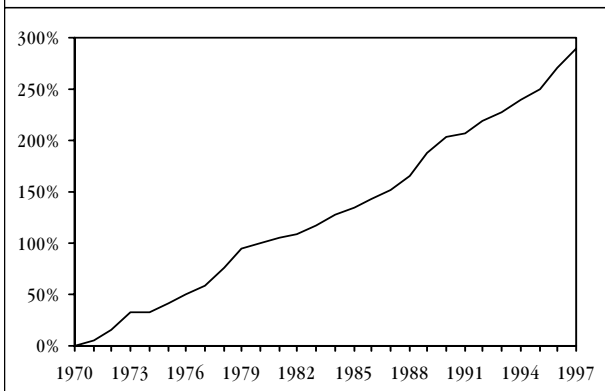
## Total Personal Income

Personal income is generally seen as a key indicator of a region's economic vitality. Conceptually, personal income captures all types of income earned by residents of the county—whether commuting or not. Wages, salaries, government transfer payments, retirement income, farm income, self-employed income, proprietors' income, interest, dividends, and rent are all included in this measure. Because business and corporate incomes are not included, it is considered personal income.

In 1997, total personal income in Island County stood at more than \$1.5 billion. It posted net positive rates of real growth every year since 1970 for a total increase of 289 percent or 5.2 percent on an annualized basis (see *Figure 37*).

The total amount of personal income in an area is practical as a measurement tool only if one has some idea of the number of people in that area. Per capita personal income (PCPI) captures that. By dividing total personal income by the population, one arrives at a figure that can be used as a common denominator between different time periods or different areas.

**Figure 37**  
**Personal Income, Cumulative % Increase**  
**Island County, 1970-1997**  
*Source: Bureau of Economic Analysis*

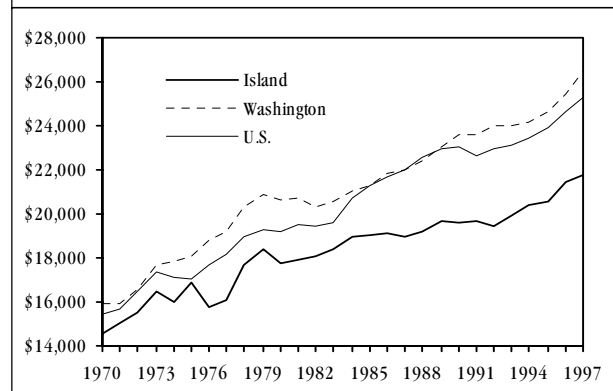


*Figure 38* shows PCPI for Island County, Washington, and the U.S. from 1970 to 1997. Since 1970, the county's per capita income has grown from \$14,542 to \$21,776, a real increase of nearly 50 percent or 1.5 percent in annualized terms. Bear in mind once again that these are inflation-adjusted figures; the increase is a reflection of real dollars. PCPI in Island County ranked 14th among Washington's 39 counties and was 82 percent of the state average.

In Island County, the decade of the 1970s was marked by volatile changes that produced sharp jumps and sharp drops in PCPI, though the overall trend was one of growth. Since 1980, the dominant pattern has been one of gradual, minor increases interrupted occasionally by recession-induced declines.

Though there has always been a gap between Island County's PCPI and that of the state, it has generally been narrowing, particularly since the early 1980s. This is because the economic recovery following the double-dip national recessions of the early 1980s favored the in-

**Figure 38**  
**Per Capita Income**  
**Island, Washington, & U.S., 1970-1997**  
*Source: Bureau of Economic Analysis*



dustrial mosaic of the Puget Sound region, of which Island County was a part.

Per capita personal income is a good measure of how personal income is growing relative to the population. However, it gives no indication of how income is distributed among the population. To a degree, median household income does that. It indicates the point in income where half of all households have a higher income and half have a lower income.

Island County's median household income in 1997 was \$38,504, which ranked 9th among Washington's

counties. This was 89 percent of the statewide median household income of \$43,280. That Island County's per capita income ranked 14th in the state while its median income ranked 9th says that income in the county is not strongly concentrated in relatively few hands; that is, it is more evenly distributed than in other areas. By way of comparison, Lincoln County in eastern Washington ranked 4th in PCPI and 15th in median household income as much of that county's income is concentrated among farm proprietors who make up a relatively small portion of the population.

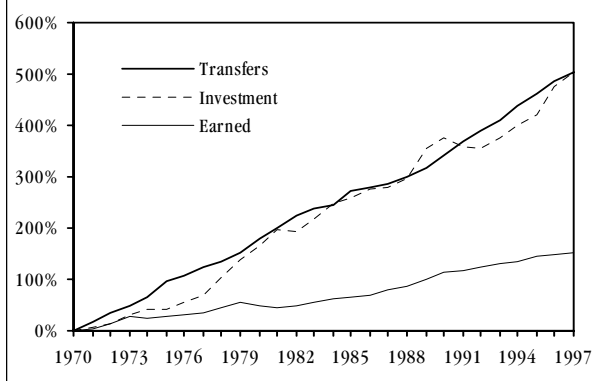
## Components of Personal Income

As mentioned earlier, personal income encompasses many different types of income. All the various types, however, can be subsumed under three broad categories: earnings, transfer payments, and investment income. Earnings include wages, salaries, and proprietors' income; transfer payments include income maintenance, unemployment insurance, and retirement payments; and investment income consists of interest, dividends, and rent. *Figure 39* shows how these components of personal income have changed over time in Island County.

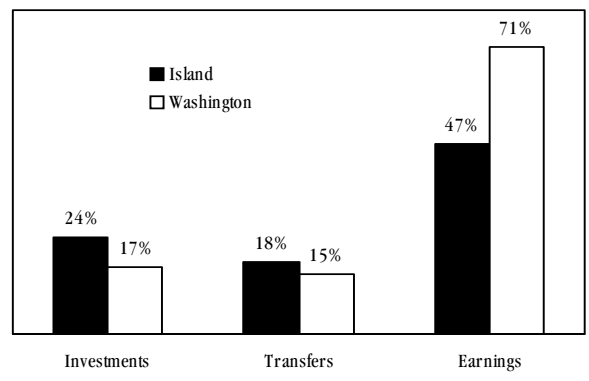
The most striking aspects of the chart are the decline in real earnings and the increase in transfer payments

and investment income. In 1970, earnings accounted for 72 percent of total personal income. By 1997, they accounted for only 47 percent. Investment income share of total personal income increased from 15 percent to 24 percent. Transfer payments share of total personal income grew from 12 percent to 18 percent. This is a dramatic shift in that the sources of income have shifted over time from earnings to either government payments or investments. The shift is not unique to Island County; it is occurring throughout the state and throughout the nation. However, Island County, with its higher than average share of retirees, represents a more dynamic picture of this phenomenon.

**Figure 39**  
**Pers. Income Components, Cumulative % Incr.**  
**Island County, 1970-1997**  
*Source: Bureau of Economic Analysis*



**Figure 40**  
**Personal Income Components**  
**Island County and Washington, 1997**  
*Source: Bureau of Economic Analysis*



# Earned Income

The largest portion of personal income is earned income. Though its share of personal income has diminished over the last two decades, it nevertheless retains the lion's share of all income. This component of personal income is an important reflection of an area's economy because it shows how much income people derive directly from their jobs.

Earned income includes wages and salaries, proprietors' income, and what is called other labor income. Other labor income subsumes an assortment of incomes but primarily consists of employer payments into employee pension and health care plans.

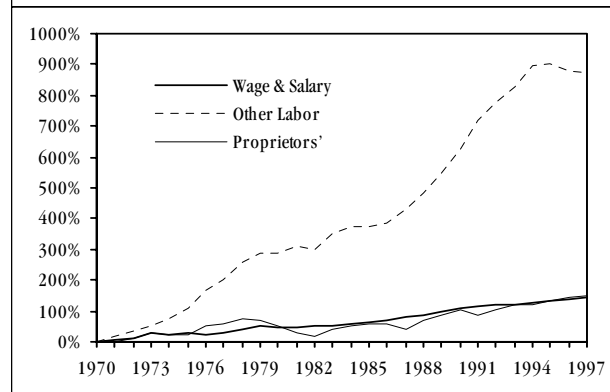
Even though earned income's share of personal income has declined significantly, the actual dollar amount has grown considerably over the 1970-97 period (see *Figure 41*), increasing 151 percent or 3.5 percent in annualized terms from \$286 million to \$717 million. Clearly, the loss of share was caused not by a decline in earned income, but by even higher rates of growth in transfer payments and investment income.

Of the components of earnings, the greatest rate of growth was "other labor income" which grew by almost

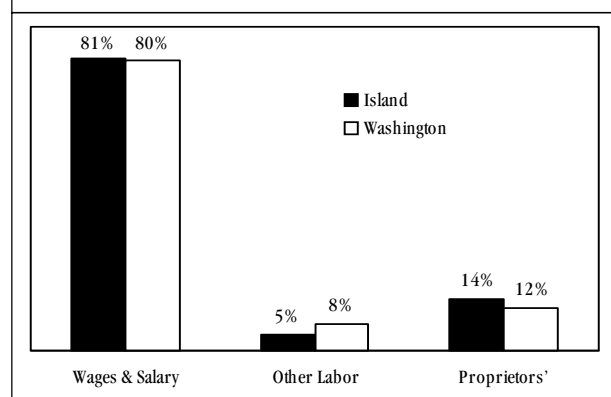
875 percent. This is because more and more compensation is being realized through benefits rather than direct cash payments. Nevertheless, it is important to recognize that "other labor income" is also the smallest part of earnings in terms of absolute dollars. The largest is wages and salaries, which at \$581 million in 1997 has grown by 141 percent since 1970. It represented 81 percent of all earnings in 1997. At \$103 million in 1997, proprietors income has experienced a 150 percent gain since 1970, which amounted to 14 percent of all earnings. *Figure 42* shows the shares of the various components of earnings in 1997.

Looking at the data from a different perspective, 1997 earnings by industry show total earnings of \$717 million for Island County. Of that figure, \$392 million or 55 percent was paid to individuals employed in the public sector. The federal military alone accounted for \$259 million or 66 percent of the government total. The Island County industry with the second highest level of earnings was services (\$116 million) followed by retail trade (\$66 million).

**Figure 41**  
**Earned Income Components**  
**Cumulative Percentage Increase**  
**Island County, 1970-1997**  
*Source: Bureau of Economic Analysis*



**Figure 42**  
**Earned Income Components**  
**Island County and Washington, 1997**  
*Source: Bureau of Economic Analysis*

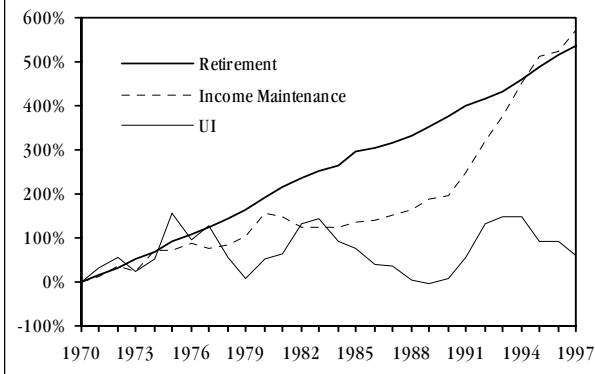


# Transfer Payments

A transfer payment is generally seen as a payment by the government to someone from whom no service is rendered. Transfer payments are second in size after earnings in the composition of personal income, and have grown tremendously over the last two decades. As

acknowledged earlier, transfer payments have garnered an increasingly larger share of personal income over the years. *Figure 43* shows the growth in real transfer payments dollars in Island County. In 1970, they amounted to \$46 million. By 1997, transfer payments

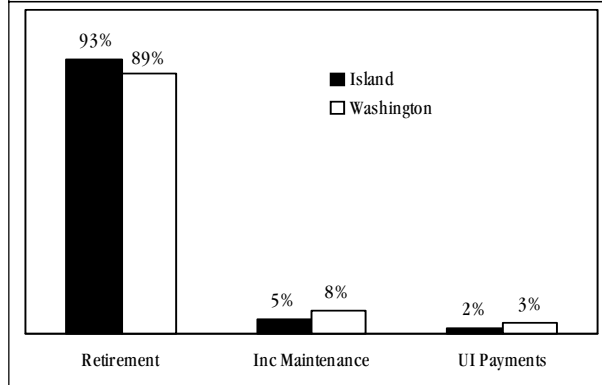
**Figure 43**  
**Transfer Payments Components**  
**Cumulative Percentage Increase**  
**Island County, 1970-1997**  
**Source: Bureau of Economic Analysis**



were more than \$278 million or 18 percent of total personal income. This translates into a gain of more than 500 percent since 1970.

The largest portion of transfer payments is retirement-related payments. These include social security payments, federal government civilian and military retirement pay, and state and local government retirement pay. It also includes Medicare payments, a very fast growing item. *Figure 44* shows the proportional size of the three main components of transfer payments. Retirement-related payments amounted to \$260 million in 1997, which reflected a 537 percent increase since 1970. In 1997 those retirement-related payments represented 93 percent of all transfer payments

**Figure 44**  
**Transfer Payments Components**  
**Island County and Washington, 1997**  
**Source: Bureau of Economic Analysis**



Income maintenance includes Aid to Families with Dependent Children, general assistance, food stamps, and other transfers generally thought of as welfare. Income maintenance grew from nearly \$2 million in 1970 to a little more than \$13 million in 1997, a 572 percent increase. This amounts to slightly more than 5 percent of total transfer payments. Statewide, the like share is 8 percent.

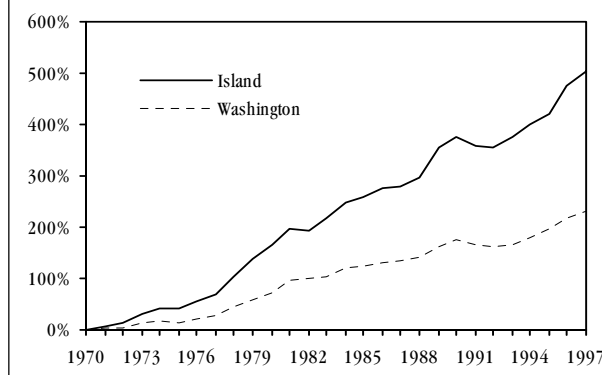
Unemployment insurance payments are the final component of transfer payments. They increased 58 percent since 1970 to \$5 million by 1997 and amount to 2 percent of total transfer payments. Statewide, the share is 3 percent.

## Dividends, Interest, and Rent

Dividends, interest, and rent (collectively called investment income) are the prime examples of making money with money. Money that is used to purchase stocks and bonds, or resides in bank accounts, or is loaned, or is used to purchase rental properties, can return a profit. No service or work is performed, yet income is derived from the invested money.

Island County's rate of investment income growth has been twice that seen statewide over the 1970-97 period (503 percent compared to 232 percent) and investment income's share of total personal income in Island County is greater than it is statewide (24 percent compared to 17 percent in 1997). *Figure 45* shows investment income for the 1970-97 period.

**Figure 45**  
**Investment Income, Cumulative % Increase**  
**Island County and Washington, 1970-1997**  
**Source: Bureau of Economic Analysis**





# Elderly Income

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The large amount of investment income in Island County, compared to the state, can probably be attributed to its elderly population. Since 1978, the percentage of people 65-and-older has been and is considerably higher in the county than throughout the state. Many people find Island County an attractive place to retire. Additionally, the elderly generally have a higher level of investment income than the population as a whole. A national estimate puts the elderly share of investment income at 35 percent of the total.

Combining the elderly share of investment income (assuming the 35 percent figure nationally holds true for the county) with strictly retirement-related transfer payments reveals a very significant sum of \$260 million in 1997, which amounted to 17 percent of the county's total personal income. Though the share is somewhat lower than several years earlier, it remains a substantial portion of the county's income.

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# EMPLOYMENT SERVICES AND ECONOMIC DEVELOPMENT

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The following information is designed to give readers a brief overview of the employment and economic de-

velopment programs and services provided by public and private agencies and organizations in Island County.

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## Employment Services

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The *Employment Security Department (ESD)* offers a variety of employment services to the general public through staff located at either the *Mount Vernon Job Service Center (JSC)* in Skagit County or the *Whidbey Career Center* in Island County (soon to be a *WorkSource Center*) in calibration with partner organizations. This ESD location setup provides job services to residents of Island, San Juan, and Skagit counties.

**Mount Vernon Job Service Center (JSC).** The Mount Vernon JSC provides job service to both employers and jobseekers. All the JSC programs now fall into employment services only.

Individuals can apply for *Unemployment Insurance (UI)* benefits by calling the Employment Security Department's new UI Claims TeleCenter, Monday-Friday, 8 a.m. to 5 p.m. at 1 (800) 362-4636.

*WorkFirst* is administered in cooperation with the Department of Social and Health Services, a program specifically for *Temporary Assistance for Needy Families (TANF)* recipients. *WorkFirst* is Washington State's welfare reform program that helps financially struggling families find jobs, keep their jobs, get better jobs and build a better life for their children. Services include:

- job planning and counseling
- case management
- childcare assistance
- educational and vocational training
- job placement.

The *Worker Profiling/Claimant Placement Program (CPP)* targets recent unemployment insurance applicants for job placement services to speed their return to work. This shortens the duration of unemployment for the individual and saves costs to the unemployment insurance trust fund.

The *North American Free Trade Act (NAFTA)* is another JSC administered program. This one is designed to assist those who have been displaced because of the impact of foreign imports on their industries. While

the amount of benefits and compensation periods vary, the program offers services only after the U.S. Department of Labor certifies that the individual has indeed been dislocated as a result of such impacts on his or her industry.

Because of the heavy concentration of military personnel in Island County, job placements and other services for retired and discharged veterans is an important JSC program. Many of these services are provided through the *Veterans Placement Program* and the *Transitional Assistance Program (TAP)*. These programs assist military personnel in their transition from military to civilian employment. As part of this effort, the JSC also has counselors located at Oak Harbor.

The Mount Vernon JSC also manages the *Economic Dislocation and Worker Adjustment Assistance Act (EDWAAA)*, a collaborative program between the Private Industry Council and ESD. This program is designed to assist clients laid-off because of either plant closures or plant restructuring and technology improvements. Through this program, clients work with counselors to assist job skills and interests. They then draw up an individual training strategy, which may include retraining at the community college with tuition and fees paid by the state. Job search workshops are provided to enhance skills such as resume writing, application processing, and interviewing.

The JSC office is located at 301 Valley Mall Way #110 Mount Vernon, Washington 98273. JSC staff can be reached by telephone at (360) 416-3500 or by FAX at (360) 416-3580. Office hours are 8 a.m. to 5 p.m., Monday-Friday.

**Private Industry Council (PIC).** Washington is divided into areas that provide services related to employment. These regions, called Service Delivery Areas, are often administered by Private Industry Councils. For Island County the administrator for job services is the *Northwest Washington Partnership Private Industry Council, Inc.*

The *Job Training Partnership Act (JTPA)* of 1982 established programs to prepare youth and unskilled adults for entry into the labor force. A special note is the emphasis placed on economically disadvantaged individuals and others who face serious barriers to employment. A nonprofit corporation, the PIC has jurisdiction over JTPA grants via the state Employment Security Department. These grants are used to train and place local unskilled or unemployed workers. The PIC has jurisdiction over JTPA Service Delivery Area III, which includes Island as well as San Juan, Skagit, and Whatcom counties. Administrative responsibilities (e.g., record-keeping, data collection, program planning, employer contact, etc.) and executive oversights are handled by the PIC.

This program will end on June 30, 2000 and will be officially replaced by the *Workforce Investment Act (WIA)* on July 1, 2000.

The PIC office is located at 31975 SR 20 Suite #2 Oak Harbor, Washington 98277. Staff can be reached by telephone at (360) 675-5966 or by FAX at (360) 679-7243. Office hours are 8 a.m. to 12 noon and 1 p.m. to 5 p.m., Monday-Friday.

**Workforce Development Council.** The *Workforce Investment Act (WIA) of 1998* provides a new structure allowing flexibility in addressing local priorities and customer needs within the work force development system. WIA is designed to:

- Increase educational and occupational skills, employment, and earnings
- Develop a more skilled work force which meets local employers' needs
- Generate greater economic productivity and competitiveness on the local and national level.

WIA establishes a local, business majority-led Workforce Development Council in partnership with local-elected officials. The Council has an important strategic role and broad systemic responsibility for planning and oversight of a complete range of local job training and employment programs.

The *Northwest Workforce Development Council* is responsible for the work force development system in Island, Whatcom, Skagit, and San Juan counties. While providing strategic planning and governance of the system, the Council is also the operator of the local WorkSource Career Centers and provider of specific job training programs funded under the WIA. Its programs prepare youth, dislocated workers, and unskilled adults for entry or return to the labor force.

**WorkSource Career Center.** Job training and placement assistance is available through the Council at the Whidbey Career Center. Intensive services designed to assist in gaining and retaining employment are available to dislocated workers, low-income individuals, youth, and welfare recipients who meet the Council's priority criteria. Limited job training services, in the form of Individual Training Accounts, are available to individuals who have engaged in intensive services and meet additional criteria established by the Council for training services.

Access to the full array of products and services to support job seekers and business is available to all through the one-stop service delivery system, known as WorkSource. Customers will find access to the area's job training and placement programs and services through WorkSource Career Centers. The Whidbey Career Center is, as of publication date, targeting to meet the criteria for a WorkSource Career Center by July 1, 2000. Otherwise, the Whidbey Career Center may be considered a WorkSource Affiliated Site, which offers a set of core services and not the full access to all programs and service.

Effective July 1, 2000, the Whidbey Career Center office will continue its operation at the former PIC location, which is at 31975 SR 20 Suite #2 Oak Harbor, Washington 98277. Staff can be reached by telephone at (360) 675-5966 or by FAX at (360) 679-7243. Office hours are 8 a.m. to 12 noon and 1 p.m. to 5 p.m., Monday- Friday.

**Educational Facilities.** There are no public institutions of higher education in Island County. The principal two- and four-year public institutions in the northwest region are Skagit Valley Community College and Western Washington University, respectively. Both schools operate branch campuses in Island County. Skagit Valley Community College, based in Mount Vernon with a branch campus located in Oak Harbor and South Whidbey, provides an Associate's Degree program transferable to a four-year institution. Western Washington University at Bellingham operates a branch campus in Oak Harbor co-located with Skagit Valley College. They offer Education and Social Work accreditation. Two small private institutions—Chapman University and Embry Riddle Aeronautical University—are located on-base at Whidbey Island Naval Air Station (enrollment at both is opened to all).

# Economic Development

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The major economic development organization based in the county is the *Island District Economic Development Council (EDC)*. Founded in 1985, the EDC is a coalition of local governments, businesses, schools, non-profit organizations, and private individuals responsible for the majority of economic development and business assistance efforts within the county. The primary objective of the EDC is to promote business growth by assisting new and existing businesses that employ local residents, purchase local products and services and contribute to [the local] tax base. Some examples of services the EDC offers to local businesses are:

- Provide direct business counseling and alternative business financing assistance programs
- Promote local businesses by means of trade fairs, consulting, marketing and e-commerce
- Sponsor entrepreneurial, managerial and staff training
- Provide ombudsman representation and assistance for business with government

Island County also has development organizations that specialize in their own local economies. Chambers of Commerce are generally comprised of business owners and other interested individuals who work together to further the business interests of their local communities. Island County has Chambers of Commerce in the areas of Oak Harbor, Central Whidbey, Freeland, Langle, Clinton, and Camano.

Other organizations devoted to the economic development of Island County are the local port districts. Port districts are private-public entities designed to manage and operate commercial land and facilities. In Island County, they include the Port District of South Whidbey Island and the Port of Coupeville.

**Infrastructure.** An area's infrastructure is an integral part of economic development. The following are primary infrastructural elements currently in place in Island County.

*Roads and Highways.* Major roadways on Whidbey Island include State Route 20 in the northern half of the island and State Route 525 in the southern half of the island. Several provincial routes also exist, mostly to provide coastal access. Whidbey Island is connected to the mainland by State Route 20, which extends westward from U.S. Interstate 5 near Mount Vernon in Skagit County.

Camano Island is connected to the mainland by State Route 532, which extends westward from U.S. Interstate 5 near Stanwood in Skagit County. Provincial roads extend from State Route 532 once the land-sea bridge is crossed.

Washington State Ferries maintains a water highway system to and from Island County via two routes. The Mukilteo-Clinton route (south Whidbey Island) and the Port Townsend-Keystone route (north Whidbey Island).

*Air Transportation.* There are three airfields in Island County (excluding the Whidbey Island Naval Air Station). They are Oak Harbor Airport (3,300 foot asphalt runway), Whidbey Air Park (2,600 foot asphalt runway) and Camano Air Park (1,750 foot asphalt runway). Oak Harbor Airport is served by Harbor Airlines, with daily flights to Seattle (SeaTac). The other fields accommodate private aircraft only.

*Port and Rail Service.* Though Island County has several marinas, there are no facilities large enough to accommodate large ship transportation. As for barge service, the U.S. Navy (North Whidbey) has one slip that handles aviation fuel. There are no railroad facilities in Island County.

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# SUMMARY

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Island County, in the heart of Puget Sound, has seen its economy change over the decades from the trading and fishing activities of the original Native American inhabitants to an economy dominated by a huge military presence and defense spending. In between were Hudson's Bay Company fur trappers, as well as loggers, fishermen, and farmers (who still occupy a niche). Further, the beauty of the islands draws tourists and retirees. It has become a very popular place.

In fact, the population has been growing rapidly. From 1970, when the population was 27,011, to 1999 at 73,300, there has never been a period of decline in population. Overall growth totaled 171 percent, eclipsing the statewide average of 69 percent. Contributing to the uptick has been a dramatic increase in the number of elderly persons in Island County. Growth of the 65-and-older population has been close to 310 percent since 1970 with 10,346 or 14 percent of the total population residing in this age group in 1999.

At the heart of Island County's economy today lies the Department of Defense. Naval operations at Naval Air Station Whidbey Island inject tremendous amounts of money into the county's economy. About 6,000 active duty military and 1,400 DoD civilian employees bring in a payroll of roughly \$250 million dollars annually. And, DoD non-wage spending adds further to the total.

As this money circulates through the county's economy, it creates jobs in the trade and services industries, which are large, proportionately, in Island County. Employment growth in these two sectors over the last two decades has been phenomenal, far outstripping growth in DoD personnel. The other industrial sectors in the county have also grown at a fast clip. In fact, employment growth in *every* major reporting sector has outpaced its counterpart statewide, usually by a wide margin. Overall, nonfarm employment grew by 266 percent between 1970 and 1998. Statewide, the growth was 140 percent.

Unemployment, accordingly, is relatively low. In 1998, only 3.5 percent of the work force was idle—the rate statewide was 4.8 percent. Although the 1990-91 national recession drove unemployment up (from its 1990 all-time low of 3.1 percent), it has declined progressively in recent years.

Even though unemployment is not a significant problem currently, the type of employment available can be seen as somewhat problematic. About half of all non-farm civilian jobs are classified in trade and services. And much of this employment is characterized by relatively low wages, part-time hours, and few benefits. However, this is not unique to Island County. About the same proportion of jobs are classified in services and trade statewide. Overall, this is a prime factor behind the relatively flat real annual average wage over time, both in the county and in the state. Island County's average covered wage was \$22,022 in 1998—not much changed from \$21,035 in 1970 (1998 dollars).

In terms of total income, rather than just wages, Island County is in good shape. Per capita income registered \$21,776 in 1997 ranking 14th among Washington's 39 counties. However, its median household income was \$38,504 and ranked 9th among the counties. This is an indication that income produced in the county is distributed fairly evenly and not concentrated in relatively few hands.

The presence of the Navy in Island County is key to the area's economy. Federal downsizing and budget-cutting in recent years largely bypassed Island County (and most of the state, for that matter), and the Naval Air Station at present seems relatively secure. Because of this, the economic situation of the county will probably continue as it has over the last couple of decades, turning in a very good performance—especially in comparison to a majority of the other counties in Washington.