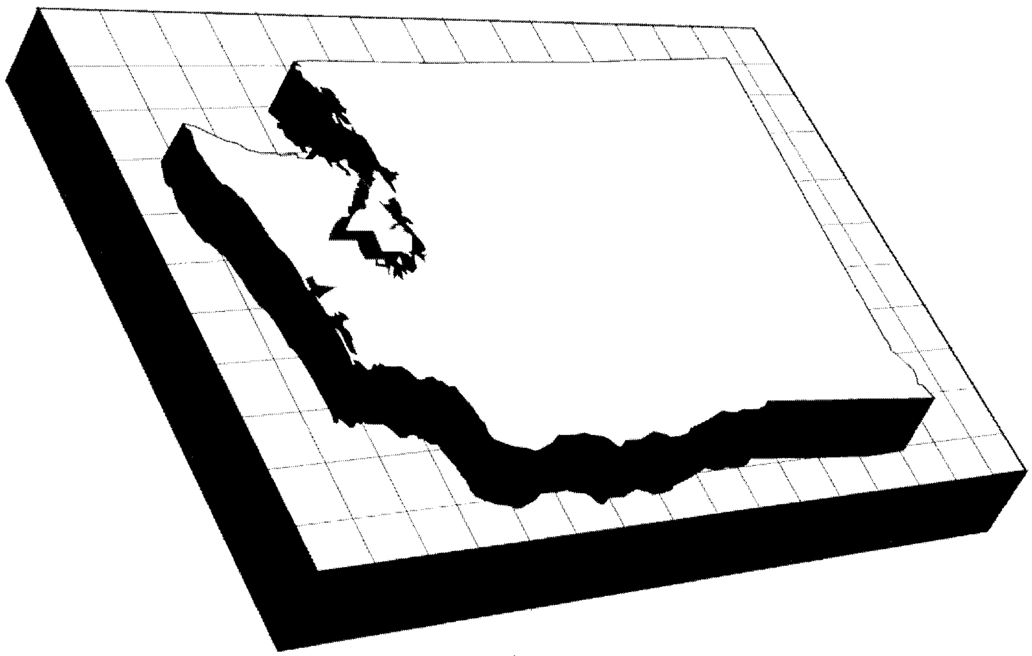
KITSAP COUNTY PROFILE



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Labor Market and
Economic Analysis Branch
Greg Weeks, *Director*

Washington State
Employment Security

KITSAP COUNTY PROFILE
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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

Greg Weeks, *Director*
Labor Market and Economic Analysis Branch
P.O. Box 9046
Mail Stop 46000
Olympia, WA 98507-9046
(360) 438-4800

Prepared by Loretta Payne, *Economic Analyst*
and Revelyn M. Froyalde, *Research Analyst*
Layout by Bonnie Dalebout, *Graphic Designer*

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Acknowledgements:

Kitsap Regional Economic Development Council (KREDC)
Hearthstone Center
4312 Kitsap Way, Suite 103
Bremerton, WA 98312-2446
(360) 377-9499

The Olympic Workforce Development Council
614 Division Street
Mail Stop 23
Port Orchard, WA 98312
(360) 337-7185

Jim Vleming, *Regional Labor Economist*
Employment Security Department
P.O. Box 9046
Olympia, WA 98507-9046
(360) 438-4821

For additional labor market information, contact our

- *homepage at* ***www.wa.gov/esd/lmea***
- *On-line database (WILMA) at* ***www.wilma.org***
- *Labor Market Information Center (LMIC) at* ***1-800-215-1617***

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EXECUTIVE SUMMARY

Kitsap County is poised to enter the next century in good economic shape. After the brief stagnant period of 1993 and 1994, primarily caused by cutbacks at the Puget Sound Naval Shipyard, the employment picture has improved. The unemployment rate began to decline from 1996 around the same time that per capita income began to rise. The number of military personnel peaked in 1996 at 16,010 and has since gradually declined to 10,511 in 2000. Although the decline does not yet seem to have negatively affected the Kitsap economy the effect may be seen over the next couple of years, especially as the unusual growth in the state and national economies begins to slow.

Another good indicator for the area's economy is that it has significantly diversified during the last couple of decades. Government employment, which accounted for 55 percent of all jobs in the county in 1970, decreased to 36 percent in 1999. The decrease was made up for by the expansion in services and trade sectors. The service sector share of employment went from 12 percent in 1970 to 26 percent in 1999, while the trade sector increased from 17 to 22 percent, respectively. The trade and services sectors, in fact all other sectors, simply outgrew public employment. While government, particularly the federal government, remains the driver behind the county's economy, it is not as monolithic as it once was.

An industry that dominates an entire economy is quite often viewed negatively because it can create vulnerability within the economy. A diverse economy usually ameliorates the ups and downs of the business cycle and can even weather restructuring and downsizing of particular industries. However, the dominance of the federal government in Kitsap County has worked well for Kitsap economy. As mentioned above, growth in the trade and services sector has been very strong, and, even more important, the federal government and the Navy have become relatively stable entities in Kitsap County. The nationwide downsizing of the military has not affected the county's naval facilities in a negative way.

Other signs are also encouraging. The unemployment rate has been on the decline since 1996 reaching a low of 5 percent in 1999, despite positive growth in the civilian labor force. Although the annual average wage has been on the decline since 1977 it has been on the rise since 1996 reaching $29,095 in 1999. Per capita income, at $21,580, ranked 15th in the state in 1999 compared to 17th in 1995. Both the average wage and the per capita income increased, as expected, with the increase in employment at the shipyard which began in 1996.

Kitsap County's population showed strong growth in the early 90s; in fact, its 16.3 percent growth between 1990 and 1995 was the 11th highest in the state, outstripping the statewide average of 11.6 percent. From 1995 to 1999 the population grew by only 4 percent; this coincides with the dramatic decline in migration between these two periods, from 4,026 to 1,761. The population of the county was estimated to be 230,200 in 2000.

INTRODUCTION

This report profiles the labor market and economic characteristics of Kitsap 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 *Kitsap County Profile* of June 1995, the purpose of this report is to provide a comprehensive labor market and economic analysis of Kitsap County. Characteristics profiled include the following:

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

The profile is available in a Pdf format from the LMEA Internet homepage. Much of the information included in this report is also regularly updated on the homepage. Current and historical labor market information that can be accessed by area or by type of information can be found at:

http://www.wa.gov/esd/lmea

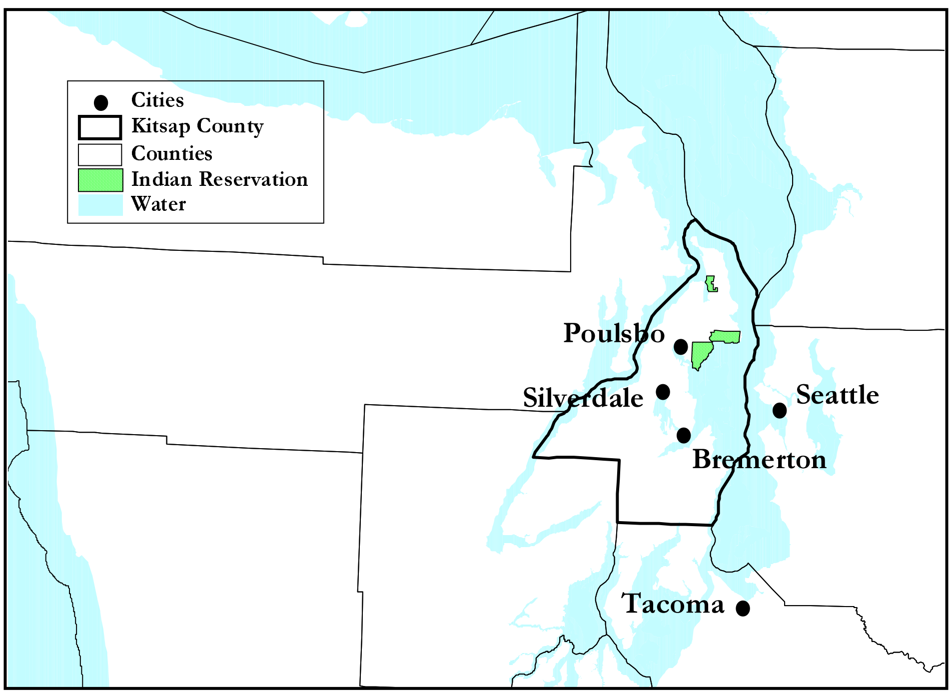
Any inquiries or comments about information in the profile should be directed to the Labor Market and Economic Analysis Branch.

GEOGRAPHY

Kitsap County is situated along the western shore of the central Puget Sound region. It comprises a total landmass of 393 square miles (or 0.6 percent of the state's total land mass). As such, Kitsap County ranks 36th in size among Washington counties.

Because of its relatively water-bound situation, Kitsap County is physically connected only to Mason County by virtue of a land bridge at its southwest corner. To the north of Kitsap County across Admiralty Inlet (at the mouth of Puget Sound) is Island County; to its east across the main body of Puget Sound are parts of King, Pierce and Snohomish counties; and to its south across The Narrows is Pierce County.

The Kitsap County area—indeed all of Puget Sound—was formed eons ago by glacial activity. In Kitsap County, the result was a terrain comprised of low, rolling hills and flat-topped ridges and plateaus. These inland areas are separated by inlets, lakes, and valleys. The county's shoreline is generally one of moderate to steep irregular cliffs.



ECONOMIC HISTORY

The following was excerpted from *Kitsap: A Centennial History* and *Port Madison, 1854-1889* by Fred Perry, ed., *Manette Pioneering* by Erv Jensen, ed., and an article by Chloe Sutton published in the May 15, 1953 edition of the Bremerton Sun.

Native Americans were the first known inhabitants of what would become Kitsap County. The *Suquamish* were the area's principal tribe. They and others around Puget Sound formed a tribal confederation that was ruled by Chief Kitsap, one of the confederation's greatest leaders. Kitsap ruled the confederation from Old Man House on Agate Pass (at present-day Port Madison). Because of the alliance, tribes of the Puget Sound confederation engaged widely in intertribal commerce and trade, making them the first in the region to engage in such activities.

White explorers first came upon what would become Kitsap County in 1792 when Captain George Vancouver—in command of the *H.M.S. Discovery*—charted Puget Sound. In fact, Vancouver was met by Chief Kitsap, who helped guide the vessel to safe harbor off Restoration Point between Bainbridge and Blake islands. Once at anchor, Vancouver and his party set off in skiffs to chart upper Puget Sound. Among their notable discoveries were the Port Orchard area and Hood Canal.

Vancouver's report on Puget Sound stimulated the interest of the fur industry. By the turn of the century, both the Northwest Fur Company and John Jacob Astor's Pacific Fur Company were vying for trapping rights in the new territory. In time, the latter was put out of business by the former. The Northwest Fur Company, in turn, was subsumed by the Hudson's Bay Company. The Hudson's Bay Company—through its Chief Factor Dr. John McLoughlin—held a virtual monopoly over a vast fur empire from its base in Vancouver (WA).

In 1841, Lt. Charles Wilkes—in command of the *U.S.S. Vincennes* and *U.S.S. Porpoise*—charted Puget Sound for the United States government. The expedition was done in anticipation of the U.S. gaining full sovereignty over the region (which at the time was ruled by the U.S. and Great Britain under the Joint Occupation Treaty of 1818). Present-day Kitsap County was among the areas charted by the Wilkes party. Perhaps the most striking of their observations was that of the harbor at Port Orchard, which they found to be "deep enough for the largest class of vessels, with a bold shore and a good anchorage." Fifty years later, the harbor became the site of the Puget Sound Naval Shipyard.

The U.S. gained sovereignty over the region in 1846. This marked the last days of the region's fur trade industry as the Hudson's Bay Company was forced to relocate north of the 49th parallel—the new international boundary. The industry would most likely have faded anyway since the region's beaver population had been trapped to the point of extinction.

With U.S. sovereignty the territory became opened to settlement. However, before that could occur, there lay the task of clearing dense stands of virgin Douglas fir that reached all the way to shore. As a result, the 1850s saw *logging* emerge in Kitsap County. At first, harvested logs were shipped straight to California and other world markets by clipper ship. In 1853—the year Washington became a territory—companies were formed in California to secure market niches for finished lumber. The result was the first lumber mills in Kitsap County—the J.J. Felt & Co. mill at Appletree Cove (later moved to Port Madison) and the Pope & Talbot mill at Port Gamble.

The end of the Indian Wars of 1855-56 saw the Suquamish and Clallam cede land to the United States. The tribes were removed to reservations—the Suquamish to the Port Madison Reservation and the Clallam to the Port Gamble Reservation. The end of hostilities gave rise to increased settlement which, in turn, fueled industry expansion. In 1857, the area's major logging concerns initiated the establishment of Slaughter County (pop. 400), soon renamed Kitsap, the Salish word for *brave*.

Logging and lumber milling continued to be the county's principal industries. At the height of logging activity in the 1870s, as many as 15 huge camps operated within the county—providing a steady stream of logs for local mills. The demand for logs and lumber fueled the demand for sea vessels to transport those goods from Puget Sound to California. From this emerged Kitsap County's prominent wooden ship building industry—the most famous builder being Hall Brothers (of Port Blakely and later Winslow). By the 1880s and 1890s, when the California market became saturated, Kitsap County's logging and lumber industries plunged into a deep depression. Most workers left for California while others headed across the water to Seattle or Tacoma. A few found work in the county's fledgling herring fishing industry.

However, Kitsap County's population grew rapidly in the latter half of the 1880s, particularly around present-day Bremerton, Port Orchard, and Port Madison. The dense inland forest prevented the establishment of roads and railroads and caused settlements to be concentrated along the shore. The *Mosquito Fleet*, an assorted collection of small steamers, plied the waters of the Sound between 1910 and 1930. They were a vital means of transporting passengers, mail, and commodities between towns in Kitsap County and Seattle.

By the 1930s, road transportation in Kitsap County had improved tremendously. More and more residents were driving automobiles. In 1930, the 1,573-foot Manette Bridge (constructed of wooden planks and pilings) opened for business, linking Manette and Bremerton. The Tacoma Narrows Bridge opened to traffic in 1940, only to collapse that very same year, and then opening again in 1950. The Port Washington Narrows Bridge (or Warren Street Bridge) opened to traffic in 1958. Bridges such as these eventually pushed the Mosquito Fleet into obsolescence.

Few sectors have had as great an employment and economic impact on Kitsap County as the military—more specifically the U.S. Navy. The county hosts the Puget Sound Naval Shipyard (Bremerton), Naval Submarine Base (Bangor), and Naval Undersea Warfare Engineering Station (Keyport). For that reason, this section has been reserved specifically to chart its history.

Prospects for Puget Sound Naval Shipyard first arose in 1888 when a Navy commission cited Sinclair Inlet as the best place on Puget Sound for a dry-dock. When the report was released, real estate prices soared to $200 an acre as speculators gobbled up property. What the speculators did not anticipate, however, was that Lt. Ambrose Barkley Wyckoff, U.S.N., would offer them $50 an acre—and not a dollar more. In September 1891, Lt. Wyckoff purchased 190.25 acres of land on Sinclair Inlet for $9,512.50. The land was described as wilderness with heavily forested ridges fronted by marshes and swamps. It was there that the Puget Sound Naval Station was sited with Lt. Wyckoff as its first commandant.

The Puget Sound Naval Station (PSNS) was a tremendous economic opportunity for Kitsap County as the logging and lumber industry had slumped in the early 1880s and 1890s (local logging and lumber industries all but disappeared by the 1950s before making a slight comeback in the 1970s). The PSNS undertook as its first major project the construction of Dry-dock I. The dry-dock was completed in April 1896 at a cost of $744,636. In 1900, employment at PSNS expanded from 143 to 610. New buildings—including a hospital—were added. During this period, the Puget Sound Naval Station was recommissioned as the Puget Sound Naval Shipyard. Construction of Dry-dock II began in 1909 and was completed four years later at a cost of $2,300,000. At the time, it was the Navy's largest dry-dock.

Shipyard employment rose during World War I as its 6,500 workers launched 25 subchasers, 2 minesweepers, 2 ammunition ships, 7 tugs, and 1,700 smaller vessels. World War II brought similar activity and shipyard employment soared to 34,000 by 1945. Employment at the Shipyard fell off sharply after World War II, but increased again during the Korean War.

The Naval Undersea Warfare Engineering Station (NUWES) at Keyport was constructed in 1910 and activated in 1914 with a total appropriation of $145,000. Originally the Pacific Coast Torpedo Station (NUWES) was sited at Keyport because of proximity to still water (a sheltered inlet on Liberty Bay) for torpedo testing and access to all points in the Pacific. Today, the base's main function is to proof-test and maintain torpedoes for the Navy fleet. The base also repairs and issues sonar equipment, fire control equipment, targets, and mines.

The newest of the state's military installations is the Naval Submarine Base at Bangor. Construction of the 7,676-acre base began in 1974, was completed in 1977 at a cost of $1.2 billion and became operational in 1981. Prior to becoming a submarine base, the site was known as Bangor Munitions Depot. Bangor's dry-dock is one of the deepest ever built by the Navy as well as the only one built parallel to the shoreline.

The Naval Hospital at Bremerton and the Naval Supply Center Puget Sound are also major defense related employers in Kitsap County. Today, the Department of Defense employs a total of almost 13,000 civilians in the various military installations. In addition, approximately 10,500 military personnel are stationed in Kitsap County. Moreover, much of the county's non-military economy is indirectly related to military activity. The county's healthy retail trade and service sectors cater largely to active-duty (and retired) military personnel, federal civilian employees, defense contractors, and their respective families. The current pattern of activity should continue to dominate the local economy.

Of course, there are other factors affecting the Kitsap County economy. More recently, Kitsap County—particularly Bainbridge Island—has attracted residents who work in the greater Seattle area but live in the county.

This phenomenon is also occurring to some extent in the south county as residents are increasingly taking advantage of the Tacoma Narrows Bridge (State Route 16) to commute to and from workplaces in the greater Tacoma area.

A fixture in Kitsap County since 1946, Bremerton-based Olympic College has been a major source of jobs and vocational-technical training for county residents and military personnel.

The county's tourism and recreation-related industries have benefited from local population growth as well as increased awareness of recreational opportunities within the area. For example, the county has seven state recreation areas with scenic Puget Sound as a backdrop, including: Fay Bainbridge, Fort Ward, Illahee, Kitsap Memorial, Manchester, Scenic Beach, and Old Man House (Agate Pass) recreational areas.

POPULATION

The Office of Financial Management has estimated Kitsap County's 1999 population at 229,700, ranking it as the 6th largest of Washington's 39 counties. With an area covering only 396 square miles, Kitsap County's population density stands at 580 people per square mile, making it the second most densely populated county in the state.

Population is viewed correctly as a key economic indicator of an area's vitality. With the exception of retirees and a minority of "footloose" workers, people tend to migrate to an area that has economic opportunities. In short, people tend to follow jobs. However, changes in population are lagging, not leading, indicators. It takes time for people to arrive in an area where jobs are prevalent, and it takes time for them to leave once the demand for labor lessens. Nevertheless, population changes provide insight into how the economy is performing, and how the economy has performed over time.

Population Trends

Kitsap County's population was approximately 229,700 in 1999. This was an increase of only .3 percent over 1998 *(see Figure 1)*. Population growth in the county has fluctuated greatly (*see Figure 2*) averaging 2.8 percent since 1970, but decreasing only twice, in 1986 when there was an exodus of resident armed forces personnel and more recently in 1998. Since 1995 the rate of growth seems to be declining, with only negligible growth since 1998.

One cannot discuss Kitsap County's population without considering the estimated number of resident armed forces personnel—who are included in the resident population figures. Between 1970 and 2000, the county's population of armed forces personnel, primarily naval, fluctuated from a low of 2,750 in 1972 to a high of 16,010 in 1996. Since 1996 the number of military personnel has steadily declined reaching 10,511 in 2000. These fluctuations result from naval vessels arriving at or departing from Puget Sound Naval Shipyard. Along with their accompanying families, the resident armed forces personnel make up a large part of the population of Kitsap County.

Components of population change such as births, deaths, and migration can provide insight into larger population and economic trends. From 1990 to 1999, Kitsap County gained 40,469 residents *(see Figure 3)*. Of that number, 17,864 were the result of natural increase and 22,605 resulted from net in-migration. *Figure 4* shows the changing migratory element of Kitsap County for five-year periods from 1980 to 1999. Net migration decreased by 50 percent from the 1990-1994 period to the 1995-1999 period.

Figure 1
Population Trend
Kitsap County, 1970-2000
Source: Office of Financial Management

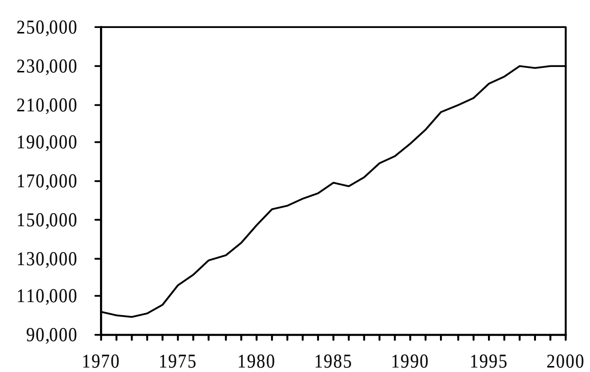


Figure 2
Population Annual Percent Change
Kitsap County and Washington, 1971-2000
Source: Office of Financial Management

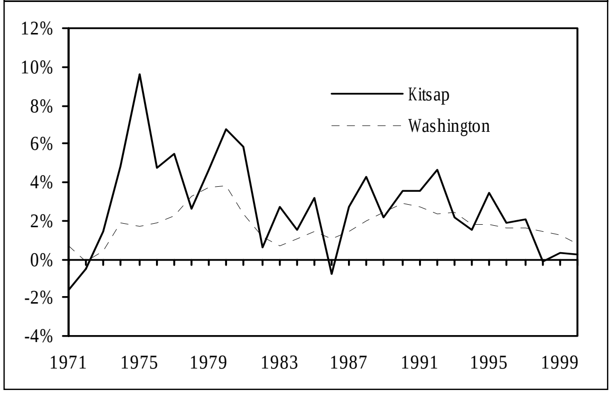


Figure 3
Components of Population Change
Kitsap County, 1990-1999
Source: Office of Financial Management

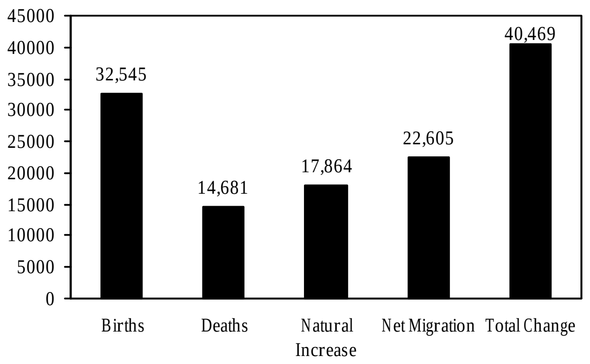
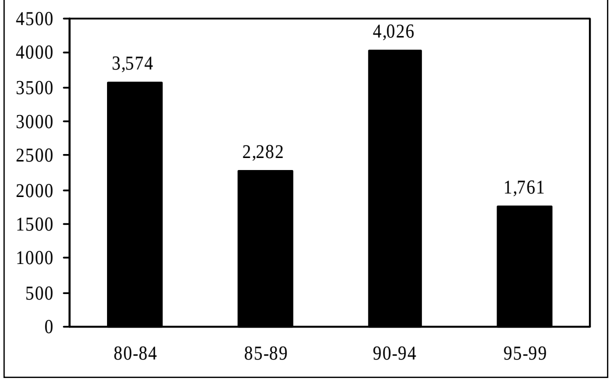


Figure 4
Population Migration
Kitsap County, 1980-1999
Source: Office of Financial Management



Towns and Cities

Of the 229,700 Kitsap County residents in 1999, 31 percent lived in incorporated regions and 52 percent of those live in Bremerton. Since 1990, unincorporated regions grew by 15 percent while incorporated areas have expanded 37 percent. Comparatively, statewide growth was much less at 10 and 13 percent for unincorporated and incorporated areas, respectively. *Figure 5* shows the specific data for Kitsap County between 1990 and 2000. Most interestingly, the population of Bremerton has actually declined by 10 percent over the 10-year period, with a steady decline since 1997. *Note: All of Bainbridge Island was incorporated in 1991, explaining the large increase for that year.*

Figure 5
Population of Cities, Towns, and County
Kitsap County, 1990-2000
Source: Office of Financial Management

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	% Chg 90-00
Kitsap	189,731	196,500	205,600	210,000	213,200	220,600	224,700	229,400	229,000	229,700	230,200	21%
Unincorporated	138,676	132,821	139,205	145,460	148,655	151,075	155,120	158,740	159,125	159,890	160,120	15%
Incorporated	51,055	63,679	66,395	64,540	64,545	69,525	69,580	70,660	69,875	69,810	70,080	37%
Bainbridge Island	3,081	16,390	16,850	17,200	17,510	17,910	18,530	18,920	19,080	19,840	20,150	554%
Bremerton	38,142	37,040	38,990	36,380	35,920	39,610	38,370	38,600	37,260	36,270	36,160	-5%
Port Orchard	4,984	5,109	5,275	5,610	5,700	6,240	6,610	6,965	6,945	7,255	7,270	46%
Poulsbo	4,848	5,140	5,280	5,350	5,415	5,765	6,070	6,175	6,590	6,445	6,500	34%

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 6* categorizes the population of Kitsap County and Washington State by age group share size. The age categories are stratified as follows:

- 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 = Young workers in their prime years of productivity

Figure 6
Population By Age Groups
Kitsap County, 1990, 2000, and 2010
Source: Office of Financial Management

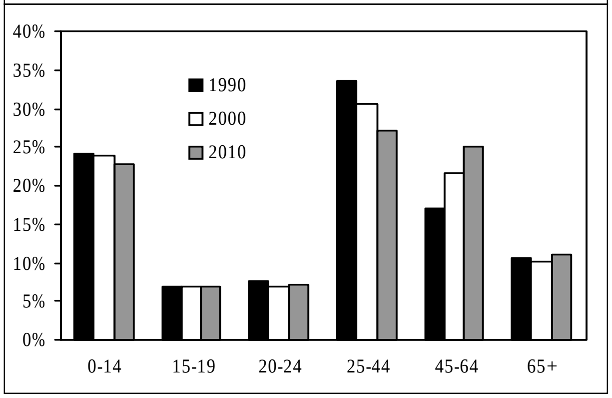
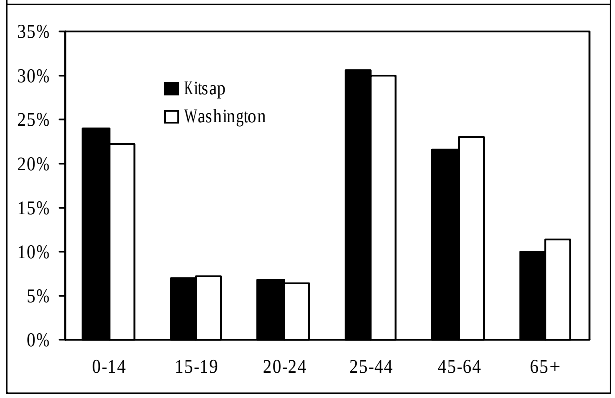


Figure 7
Population By Age Groups
Kitsap County and Washington, 2000
Source: Office of Financial Management



- 45-64 = Mature workers with years of accumulated skills and experience
- 65+ = Retirees

In Kitsap County and in Washington State, the population is getting older. The primary factor behind this overall trend is the aging of the Baby Boomers (those born between 1946 and 1964). Although the greatest shift is from the 25-44 age group and the 45-64 group, the two groups together, the predominant wage earners, continue to comprise the majority of the population. There is very little change in the percentage of persons 65 and over and the other younger age groups, from 1990 to 2010. Age-group percentages for 2000 are very similar between the county and the state, although the population is slightly younger in Kitsap County *(see Figure 7)*, possibly due to fewer retirees.

Demographics

Though Kitsap County's population grew strongly between 1990 and 1998, its gender makeup did not change; males continue to account for 51 percent of the population, likely due to the strong military influence.

In accordance with the federal Office of Management and Budget, the state Office of Financial Management tracks five broad race and ethnic groups: White, Black, American Indian/Eskimo or Aleut (AIEA), Asian or Pacific Islander (API), and Hispanic origin. The share of the total population of these categories is shown in *Figure 8*. Racial characteristics have shifted slightly over the years. In both Kitsap and Washington, the white population has decreased from 91 to 89 percent of the total population from 1990 to 1998.

Figure 8 shows that Asian and Pacific Islanders were the next largest group after whites, in both the county and the state, representing 6 percent of the population. The third largest racial class in Kitsap County was Blacks (3 percent), followed by Native Americans (2 percent). Statewide racial shares are comparable to the county's. People of Hispanic origin, who can be of any race and are tallied separately, made up 4 percent of Kitsap County's population and 6 percent of the state's population. All racial classes had positive growth during this time. White, Black, and Native American racial classes all grew faster in Kitsap County than in the state as a whole.

Figure 8
Population Estimates by Race and Hispanic Origin
Kitsap County and Washington State, 1990 and 1998
Source: Office of Financial Management

	1990 Census		1998 Estimates		1990-1998 % Change
Kitsap					
Total	189,731	100%	229,700	100%	21%
White	172,762	91%	204,223	89%	18%
Black	5,169	3%	7,727	3%	49%
Indian/Aleut	3,314	2%	4,292	2%	30%
Asian/Pacific Islander	8,486	4%	13,458	6%	59%
Hispanic*	6,169	3%	8,816	4%	43%
Washington					
Total	4,866,692	100%	5,757,400	100%	18%
White	4,411,407	91%	5,107,571	89%	16%
Black	152,572	3%	198,670	3%	30%
Indian/Aleut	87,259	2%	109,509	2%	25%
Asian/Pacific Islander	215,454	4%	341,650	6%	59%
Hispanic*	214,570	4%	356,464	6%	66%

**Hispanics may be of any race*

CIVILIAN LABOR FORCE

Since there is no county-level equivalent to gross domestic product or gross state product, labor force and other available measures are used as substitutes for those economic indicators. Like the general population, the labor force can be seen as a key economic indicator. 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. Patterns of growth and decline in the county's labor force are largely driven by economic cycles as well as activity in the local construction, government, and agricultural sectors.

Kitsap County's resident civilian labor force grew from 37,730 in 1970 to 93,000 in 1999, an increase of 147 percent. By comparison, the state's labor force grew by 117 percent. *Figure 9* displays the trend of the county's labor force from 1970 to 1999. *Figure 10* shows how the annual growth rate of the civilian labor force has fluctuated between a low of negative .2 percent and a high of 8.2 percent from 1971 to 1999, with an average annualized growth rate of 3.2 percent. The average growth rate for the state was 2.7 percent. The most recent data for Kitsap County shows a growth rate of 2.2 percent in 1999, after two years of negative growth.

Figure 9
Civilian Labor Force
Kitsap County, 1970-1999
Source: Employment Security Department

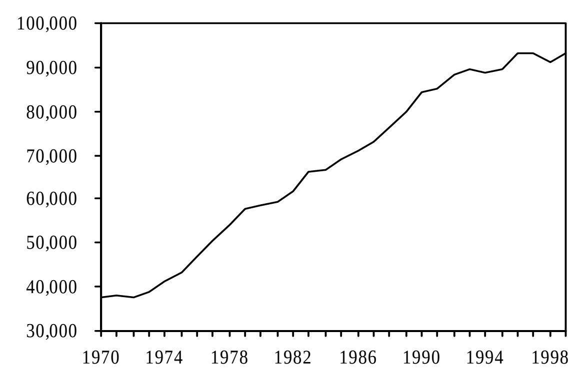
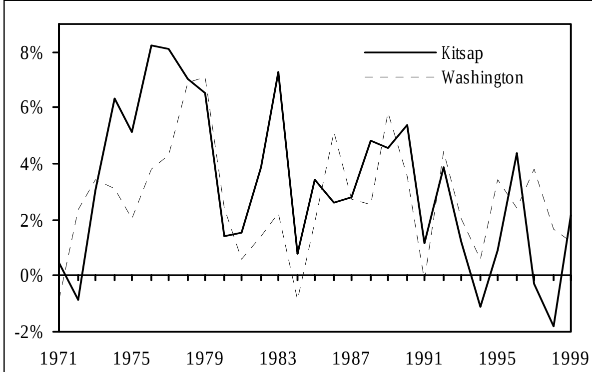


Figure 10
Civilian Labor Force Annual Rate of Change
Kitsap County and Washington, 1971-1999
Source: Employment Security Department



Demographics

Ethnically, the labor force composition of Kitsap County is nearly equivalent to its general population *(see Figure 11)*. The OFM population figures for 1997 are used to create demographic projections for the civilian labor force based on data from the 1990 census. According to these projections, 87.7 percent of the county's labor force was white in 1997. The second largest racial category, Asian and Pacific Islanders, made up 5.3 percent. Blacks and Native Americans each represented 2.2 percent and 1.7 percent of the total work force, respectively. Those of Hispanic origin, who can be of any race, composed 3.1 percent of the county's labor force.

As mentioned earlier, the general population of Kitsap County is relatively evenly split between males and females. However, according to the 1990 Census, 55 percent of the work force is male while 45 percent is female. The female percentage of the work force remains the same for 1997. Statewide, males also have the majority at 55 percent. The number of women working full time in Kitsap County increased 66 percent over the decade while the number of men working full time increased only 28 percent.

Figure 11
Civilian Labor Force by Race, Hispanic Origin, and Gender
Kitsap County and Washington State, 1997 Annual Averages
Source: Employment Security Department

	Kitsap County		Washington State	
	Labor Force	**Share**	**Labor Force**	**Share**
Total	93,000	100.0	2,988,200	100.0
White	81,600	87.7	2,536,400	84.9
Black	2,000	2.2	83,100	2.8
Native American	1,600	1.7	43,200	1.4
Asian & Pacific Islander	4,900	5.3	161,900	5.4
Hispanic	2,900	3.1	163,600	5.5
Female Total	42,400	100.0	1,365,300	100.0
White	37,100	87.5	1,165,100	85.3
Black	700	1.7	35,600	2.6
Native American	700	1.7	19,400	1.4
Asian & Pacific Islander	2,600	6.1	77,000	5.6
Hispanic	1,300	3.1	68,200	5.0
Female Percent of Total	45.6		45.7	

Note: 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.

UNEMPLOYMENT

The civilian labor force consists of both 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.

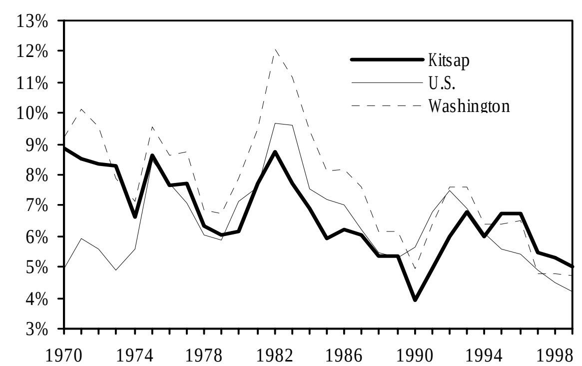
At the national level, the unemployment rate is determined by a monthly survey of households. At the local level, the state's portion of this household survey is integrated with other information (e.g., unemployment insurance claims and surveys of business establishments) to produce unemployment rates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

Trend

Figure 12 shows the unemployment rate for Kitsap County, the state, and the nation since 1970. Unemployment in the county during the decade of the 70s generally hovered between or below the rates of the state and the nation. During the 80s, unemployment in the county was generally less than both. From 1994 the unemployment rate for the county, although low (less than 7 percent), has remained just above the rates for the state and the country. After reaching an almost unprecedented high of 8.7 percent in 1982, unemployment in the county fell steadily throughout the remainder of the 1980s. This entire period was one of strong economic expansion throughout the Puget Sound area and the U.S. as a whole. Kitsap County's percentage of unemployed hit its lowest point, 4.0 percent, in 1990. Many would consider this to be "full employment."

Since 1990, as one might expect, the unemployment rate began to increase—almost a full percentage point in 1991 and again the following two years, ultimately reaching 6.8 percent in 1993. It then fell back to 6.0 percent in 1994 but quickly increased again in 1995, from which point it has been on a steady decline. Population pressure during this period (1990-94) put more and more people into the labor force. The population grew by over 23,000 and the labor force grew by 5,200.

Figure 12
Unemployment Rates
Kitsap, Washington, & U.S., 1970-1999
Source: Employment Security Department



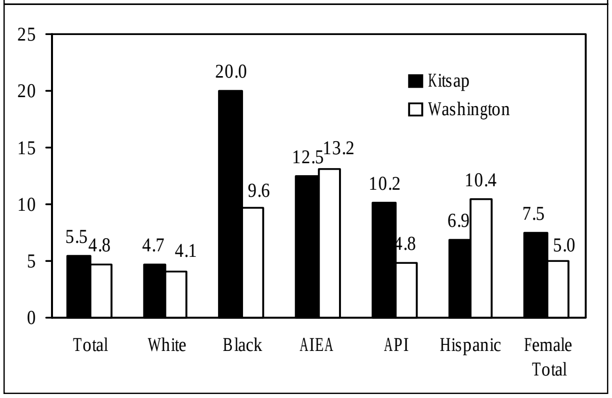
Within the labor force, the number of employed grew by 3,200, but the number of unemployed expanded by 2,000. In other words, the number of employed increased by 4 percent and the number of unemployed by 59 percent. While there was job growth, it was insufficient to meet the increased demand. The decline in the unemployment rate does coincide with a decrease in the labor force annual growth rate from 1996 (*see Figure 10*).

Demographics

The 1997 unemployment rate for Kitsap County and the state is disaggregated by race, ethnicity, and sex in *Figure 13*. While labor force participation finds racial groups represented at about the same level as their presence in the general population, this doesn't hold true for unemployment. The unemployment rate among Blacks and Asian or Pacific Islanders is twice the state unemployment rate for those same groups. The unemployment rate for Hispanics, however, is lower than that for the state, 6.9 verses 10.4 percent.

An important factor to note here is that the Census only takes a "snapshot" of a particular moment in time (during the spring) and does not necessarily represent conditions throughout the year—the figures do not represent annual averages. Moreover, the Census is self-enumerating and does not conform to the Bureau of Labor Statistics' standards and definitions. Even so, there are large differences in unemployment between whites and other racial groups, and differences, though lesser, between males and females.

Figure 13
Unemployment Rate by Race, Ethnic., & Sex
Kitsap County and Washington, 1997
Source: Employment Security Department



Industrial Typology

The characteristics of an area's industrial base hint at the unemployment patterns that the area might face. Therefore, calculations were made to establish the share of seasonality, cyclicality, and structural maturity in the area's employment base. These terms are defined as follows.

Industries with *seasonal* employment patterns are characterized by large employment increases and decreases in particular months of the year, for example, construction and retail sales. These variations occur during the same months each year and are caused by factors that repeat each year, for example: poor weather conditions, holiday seasons, and weather-related activities such as harvesting. A seasonal industry is one in which the maximum variation between the highest and lowest monthly employment is about 19 percent or more of the industry's annual average employment.

Cyclicality refers to business and unemployment patterns caused by or linked to the broader movements of the economy—expansions and contractions. Unemployment in such industries is attributable to a general decline in macroeconomic activity, especially expenditures, which occurs during a business-cycle downturn. When the economy dips into a contraction, or recession, aggregate demand declines, so less output is produced and sold, and thus fewer workers and other resources are employed. Hence business activity of the cyclical variety decreases and unemployment increases. Industries that are especially sensitive to these economic swings are classified as cyclical industries, for example, ship building, aerospace, and automobile manufacturing. A cyclical industry is one in which the total employment variation over a seven-year period is very high when compared to a straight-line trend projection for the same period.

Structurally mature industries are characterized by long-term declines in total annual average employment. These declines may be the result of increased productivity, automation, technological change, exhaustion of natural resources, or other factors. Decreasing sales are due to either displacement by less-expensive competitors, or decreasing overall demand for the good. Affected industries must either shut down, or restructure. Areas with a high degree of structurally mature industries experience specific unemployment issues. First, structurally mature industries shed a significant number of workers causing unemployment to increase. Second, unemployment can persist because of a mismatch between the skills possessed by the available work force and the skills called for in existing and newly created jobs. The impact of structurally mature industries on local economies, therefore, can be devastating in the short run. The structurally mature designation is determined by comparing two consecutive years of annual average employment against the two consecutive years that occurred seven years earlier.

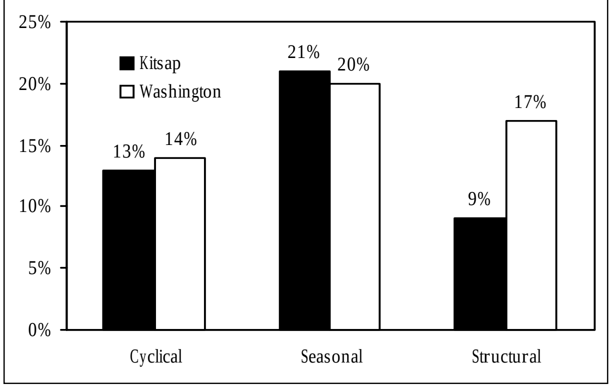
Only private industries were included when producing the figures below, so the large impact of government employment is excluded.

Note: The percentages will not necessarily total 100 percent. 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.

The number of workers employed in these type of industries in Kitsap County is shown in *Figure 14*. In 1998, seasonal, cyclical, and structural industries accounted for 21, 13, and 9 percent of all non-governmental employment, respectively. As the chart shows, the major deviation from state percentages is for structural industries, 17 percent for the state compared with 9 percent for the county.

Compared to the state as a whole, Kitsap County has relatively fewer workers in industries that are subject to the vagaries of abrupt or wide swings in employment. This leads to lesser unemployment in the short- and the long-term. The county does not have wide fluctuations during the course of a year because of seasonal fluctuations nor does it have the strong declines over longer periods of time characteristic of economies over-represented with maturing or cyclical industries. The industrial mix in the county is conducive to employment stability. Additionally, the very large government presence (excluded from the above data) adds further stability to the labor market.

Figure 14
Industrial Typology by Region
Kitsap County and Washington, 1998
Source: Employment Security Department



Unemployment Insurance Claims

One of the key factors, and perhaps most reliable methods, in determining unemployment is the number of claims filed with the Employment Security Department for unemployment insurance (UI) benefits. The accompanying *Figure 15* shows the number of UI claims filed in Kitsap County and Washington State during FY1998-1999 by occupational groupings. Kitsap County had 11,032 UI claimants between July 1, 1998 and June 30, 1999. Occupational groupings differ from industry designations in that the former deal with the type of work performed regardless of industry and the latter deal with work performed within a given industry.

The concentration of UI claims in Kitsap County occupation groupings closely resemble the concentrations statewide. The majority of claims fell in four principal areas: professional/technical/managerial, structural work, clerical, and service. The largest area of difference between the state and county was in the grouping of agriculture, forestry, and fishing which accounted for only four percent of the claims in Kitsap County.

There was a greater level of disparity between state and county UI claimants between white- and blue-collar workers. At the county level 67 percent of the claimants were among white-collar workers, compared to 60 percent at the state level. This, however, is no surprise given that employment is concentrated in typical white-collar categories.

Figure 15
Unemployment Insurance Claimants
Kitsap County and Washington State, July 1, 1998 - June 30, 1999
Source: Employment Security Department

	Kitsap		Washington	
	1999-2000 Claimants	**% of Total**	**1999-2000 Claimants**	**% of Total**
Professional, technical, and managerial	2,337	21%	69,770	20%
Structural work	2,234	20%	68,041	19%
Clerical	1,553	14%	39,861	11%
Service	1,235	11%	35,562	10%
Packaging and materials handling	947	9%	26,847	8%
Sales	633	6%	17,729	5%
Machine trades	625	6%	21,643	6%
Motor freight and transportation	601	5%	16,993	5%
Agricultural, forestry, and fishing	400	4%	26,856	8%
Benchwork	215	2%	10,515	3%
Processing	188	2%	17,838	5%
Miscellaneous, NEC	64	1%	2,420	1%
Total	11,032	100%	354,075	100%
White-Collar*	7,359	67%	213,234	60%
Blue-Collar*	3,609	33%	138,421	39%

**Miscellaneous/NEC occupations excluded*

INDUSTRIES, EMPLOYMENT, AND WAGES

Data in this section are derived through two different Bureau of Labor Statistics programs, which are conducted in Washington by the Employment Security Department. Current Employment Statistics (CES) generates monthly nonagricultural employment figures. The Quarterly Employment and Wages program (ES-202) includes data on both agricultural and nonagricultural employment covered under the state unemployment insurance program. Approximately 90 percent of all workers in the state are covered by unemployment insurance.

Employment Trend

Over the 1970-1999 period Kitsap County's total nonagricultural employment rose at the same average rate as the state, 3.2 percent. Total employment increased almost 250 percent, from 29,090 in 1970 to 72,400 in 1999 *(see Figure 16)*. Since 1990, the county growth rate has been on the decline averaging just 1.2 percent, compared with the state average of 2.4 percent (*see Figure 17*). Nationally and throughout Washington State, there has been moderately strong growth since the trough of the 1990-91 recession.

However, in Kitsap County declines in government, construction, and trade were not offset by growth in other sectors. The largest decline came in government, and it was mainly centered among workers at the Puget Sound Naval Shipyard. A contributing factor of the decline is likely the decreasing number of military personnel, which declined from a peak of 16,010 in 1996 to 10,511 in 2000. Although these persons are not included in employment data their existence has a multiplier effect on the economy; their jobs and consumer demand tend to create other jobs.

Figure 16
Nonagricultural Wage & Salary Employment
Kitsap County, 1970-1999
Source: Employment Security Department

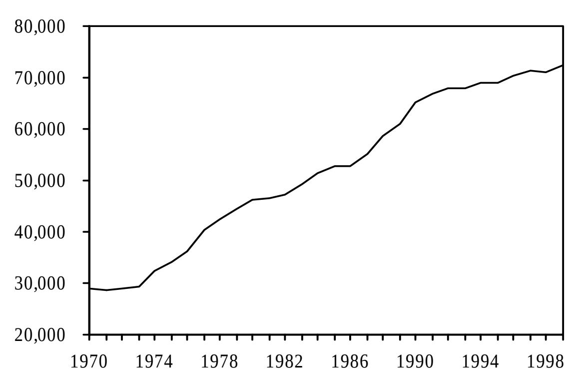
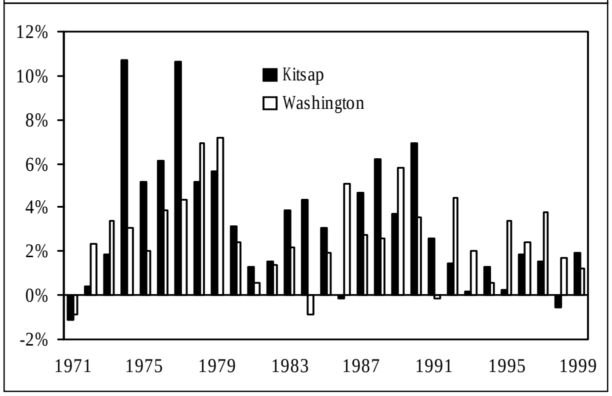


Figure 17
Nonag Wage & Salary Employment Growth
Kitsap County and Washington, 1971-1999
Source: Employment Security Department



Location Quotients

One way of determining the industrial makeup of an area, and thereby its relative economic strength or weakness, is to compare it to another area. This comparison can be done using various measures of economic activity, such as employment, income, or retail sales. In the following analysis, location quotients are calculated using employment figures from ES-202 data.

The following section shows fairly specifically, by industry sector, how Kitsap 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 employment in a particular industry division in the county with the share it represents in Washington State.

The quotient is determined by dividing the local industry's share of local total employment by the same industry's share of total employment at the state level. A value higher than 1.0 denotes a local industry with a higher percentage of employment than exists in the same industry at the state level. A value below 1.0 denotes the opposite. A quotient of 1.0 denotes an industry in which the county is comparable to the state as a whole.

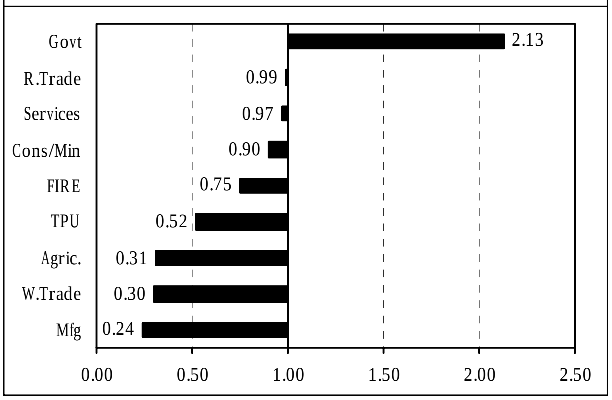
A quotient above 1.0 suggests that the good or service produced by an industry is exported from the area; a quotient below 1.0 is a sign that, hypothetically, goods or services must be imported into an area to provide the same consumption patterns found at the state level. The greater the value above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

Figure 18 shows the location quotients of the major industry sectors in Kitsap County. As expected, the quotient for government employment is very high—2.13. And within government, this figure was driven by the extremely high quotient of 8.03 for federal government. The "product" being exported, in this case, is national defense.

The remaining sectors all fell below 1.00, some substantially so. The retail, services, and construction sectors, however, were fairly near to statewide parity. Agriculture (0.31) and manufacturing (0.24) were extremely low, indicating a high level of importation. (Most of the ship repair work at the naval shipyard is considered manufacturing but it is categorized as government employment rather than manufacturing employment.)

This view shows, not surprisingly, that the federal government dominates the county's economy. Between the active duty military (whose numbers were not included in the data used to generate the location quotients) and federal civilian employees, a very large portion of the county is supported by government spending. Large portions of the healthy trade and services sectors owe their existence to the federal presence.

Figure 18
Major Industry Location Quotients
Kitsap County, 1999
Source: Employment Security Department



Goods and Services

There are three broad sectors in an economy: primary, secondary, and tertiary. The primary sector is comprised of agriculture and mining. The secondary sector is the goods-producing sector, comprised of manufacturing and construction. Finally, the service-sector is everything else—although government is often excluded. (The easiest way to remember the difference between a good and a service is that dropping a service on one's foot doesn't hurt.)

Over the past several decades, most job growth in the U.S. has been in the service sector. This phenomena is not as noticeable in Kitsap County because the economy there has been dominated by the service sector since 1970 and probably earlier. As can be seen in *Figure 19* 'goods' are consistently a very small percentage of the economy, never more than 11 percent from 1970 to 1999. And yet interestingly enough, the share of the goods sector has been climbing steadily from 7 percent in 1982

Figure 19
Percentage of Nonag Goods Producing Jobs
Kitsap County, 1970-1999
Source: Employment Security Department

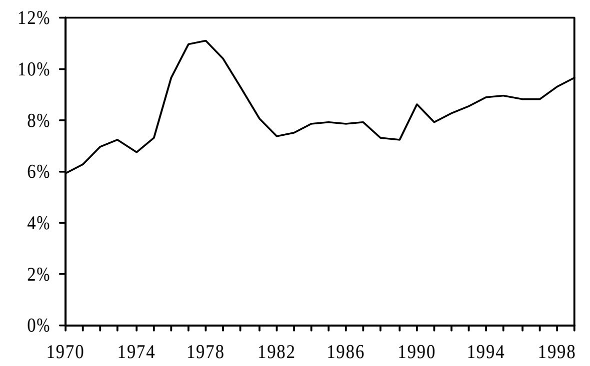
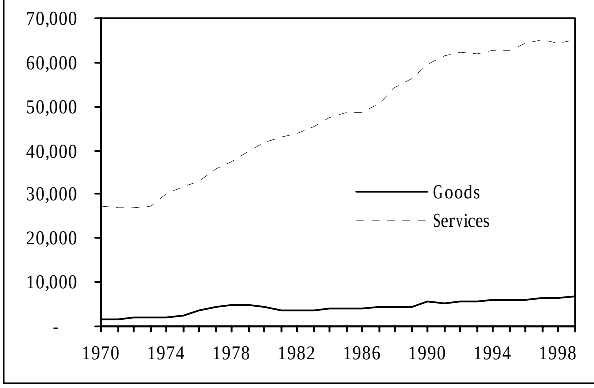


Figure 20
Number of Jobs by Sector
Kitsap County, 1970-1999
Source: Employment Security Department



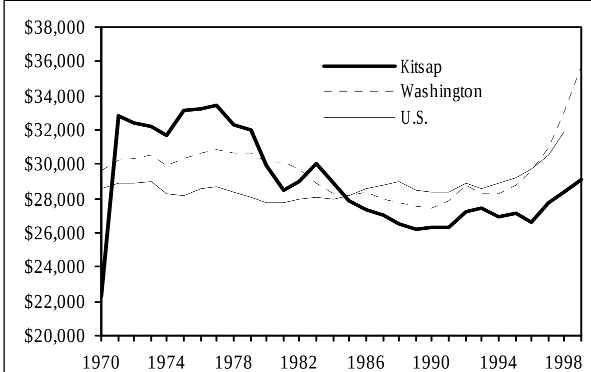
to 10 percent in 1999 *(see Figure 20)*. From 1970 to 1999 the total number of jobs in the good sector has increased by 407 percent, or 5,280 jobs. Over the same period of time the service sector has grown by a lesser 239 percent, but which translates to a total of 37,930 jobs. Although growth in the service sector seems to be reaching a plateau, it will continue to dominate the Kitsap County economy.

Annual Average Covered Wage

The annual average covered wage is derived by dividing the total wages paid in an area by the annual average covered 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. Important to Kitsap County, though, is that military wages are *not* covered. *(Note: all amounts here 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. Kitsap County's annual average civilian wage in 1999 was $29,095, compared to $35,724 for the state, the sixth highest among Washington's 39 counties.

In comparison to the statewide and national average, wages in Kitsap County have not fared well over time. *Figure 21* shows the real annual average wage for Kitsap County, Washington State, and the U.S. since 1970. Throughout the 1970s, Kitsap County's wage remained well above the statewide average. However, beginning in 1978, the averages for all three began falling and the county's wage fell at a faster rate than the state's and the nation's. Since 1985 the wage in Kitsap County has remained below the state's and the nation's. In 1999, the state's average was $6,629 more than the county's. The county average wage has declined by 14 percent from 1977 to 1999.

Figure 21
Real Annual Average Covered Wage
Kitsap, Washington, & U.S., 1970-1999
Source: Employment Security Department



This overall decline of the average wage has been a subject of considerable discussion for it is the national trend, as well. Some of the explanations proffered are listed below; undoubtedly, each is a contributing factor.

- Pay declines within industries caused by international competition, restructuring, the decreased power of unions to set wages, and other factors.
- An overall decline in high paying goods-producing jobs accompanied by a large increase in lower paying trade and services jobs.

- The substitution of employee benefits for direct pay increases.
- Increase in part-time workers.

The annual average 1999 covered wage, and the number employed, for major industry divisions and permissible two-digit SIC code industries are shown in *Figure 22* for Kitsap County and Washington State. Note that the average wage by sector throughout the state is almost always higher than Kitsap County's average wage. The big exception, of course, is in federal government employment. The relatively small agricultural sector also has a higher wage. (The state's average wage data are heavily influenced by King County: the high-paying aerospace and high-tech industries drive up the wage for the densely populated county and, consequently, for the state as a whole.)

Figure 22
Annual Average Covered Employment and Wages
Kitsap County and Washington, 1999
Source: Employment Security Department

SIC		Kitsap Employment	Avg Wage	Washington Employment	Avg Wage
	Total	70,737	$29,095	2,644,241	$35,724
	Agriculture, Forestry, and Fishing	746	$34,746	89,789	$27,299
01	Agricultural Production - Crops	52	$12,293	54,124	$13,644
02	Agricutural Production - Livestock	4	$8,792	5,735	$20,136
07	Agricultural Services	543	$15,300	24,882	$18,995
08	Forestry	118	$26,143	2,373	$26,069
09	Fishing, Hunting, and Trapping	29	$111,203	2,675	$57,653
	Construction and Mining	3,499	$31,119	145,762	$37,353
14	Nonmetalic Minerals, except Fuels	49	$30,479	2,310	$36,452
15	General Building Contractors	1,100	$27,910	39,084	$34,412
16	Heavy Construction, except Building	207	$36,109	18,981	$44,229
17	Special Trade Contractors	2,143	$29,978	85,387	$34,320
	Manufacturing	2,129	$26,952	337,955	$37,185
20	Food and Kindred Products	11	$16,416	40,598	$31,185
23	Apparel and Other Textile Products	235	$28,036	7,098	$21,469
24	Lumber and Wood Products	130	$28,057	33,149	$37,785
25	Furniture and Fixtures	105	$31,931	4,608	$27,877
26	Paper and Allied Products	*	*	15,767	$51,205
27	Printing and Publishing	679	$26,814	23,566	$33,488
30	Rubber and Miscellaneous Plastic Prod.	113	$21,880	10,015	$31,227
32	Stone, Clay, and Glass Products	148	$34,878	8,634	$35,525
34	Fabricated Metal Products	56	$24,209	14,187	$32,865
35	Industrial Machinery and Computer Equip.	41	$36,078	24,396	$46,538
36	Electronic Equipment, except Computer	35	$20,912	18,222	$41,005
37	Transportation Equipment	197	$23,534	114,619	$55,598
38	Instruments and Related Products	217	$29,206	14,553	$54,855
39	Miscellaneous Manufacturing Industries	161	$28,424	8,543	$33,987
	Transportation and Public Utilities	1,864	$28,108	132,799	$41,520
41	Local and Interurban Passenger Transit	220	$18,120	6,677	$19,722
42	Trucking and Warehousing	570	$24,693	31,676	$30,781
44	Water Transportation	72	$21,776	8,879	$55,516
45	Transportation By Air	140	$31,008	26,427	$38,454
47	Transportation Services	138	$16,132	11,890	$33,836
48	Communication	489	$40,250	31,586	$59,030
49	Electric, Gas, and Sanitary Services	235	$44,779	15,664	$53,300
	Wholesale Trade	1,190	$31,607	149,243	$40,078
50	Wholesale Trade - Durable Goods	547	$33,048	84,828	$44,229

A look at Kitsap County's industry divisions shows, *fishing, hunting, and trapping* (SIC two-digit industry 09) as being almost double the state average; $111,203 compared to $57,653. On the other hand, *holding and other investment offices* (67) and *business services* (73) are less than 30 percent of the state average. Other than *fishing, hunting, and trapping* only three industries have an annual average salary greater than $40,000 in Kitsap County: *communication; electric, gas, and sanitary services;* and *security and commodity brokers,*

Figure 22 (Continued)
Annual Average Covered Employment and Wages
Kitsap County and Washington, 1999
Source: Employment Security Department

		Kitsap		Washington	
		Employment	**Avg Wage**	**Employment**	**Avg Wage**
51	Wholesale Trade - Nondurable Goods	643	$30,166	64,415	$35,928
	Retail Trade	14,426	$17,888	472,680	$22,581
52	Building Materials and Garden Supplies	667	$22,872	21,934	$25,028
53	General Merchandise Stores	2,039	$16,972	49,296	$21,016
54	Food Stores	2,335	$19,793	69,488	$20,311
55	Automotive Dealers and Service Stations	1,875	$26,909	48,056	$30,520
56	Apparel and Accessory Stores	442	$11,972	25,426	$21,021
57	Furniture and Homefurnishings Stores	559	$19,560	21,500	$27,525
58	Eating and Drinking Places	4,861	$10,285	176,041	$12,259
59	Miscellaneous Retail	1,648	$14,736	60,939	$22,973
	Finance, Insurance, and Real Estate	2,707	$35,961	134,076	$53,001
60	Depository Institutions	1,051	$28,521	38,174	$37,569
61	Nondepository Institutions	215	$39,609	11,528	$49,433
62	Security and Commodity Brokers	62	$90,583	7,975	$96,273
63	Insurance Carriers	377	$36,805	26,893	$44,664
64	Insurance Agents, Brokers, and Service	212	$25,181	13,322	$40,643
65	Real Estate	754	$20,877	33,597	$26,370
67	Holding and Other Investment Offices	36	$10,152	2,587	$76,058
	Services	18,491	$20,746	709,303	$29,785
70	Hotels and Other Lodging Places	578	$11,645	28,223	$16,642
72	Personal Services	576	$14,174	22,501	$17,467
73	Business Services	2,276	$26,840	165,396	$88,785
75	Auto Repair, Services, and Parking	787	$22,902	25,904	$24,833
76	Miscellaneous Repair Services	125	$27,372	7,567	$29,775
78	Motion Pictures	299	$8,017	9,922	$13,456
79	Amusement and Recreation Services	1,319	$14,747	40,810	$19,873
80	Health Services	5,840	$26,407	184,107	$31,556
81	Legal Services	300	$21,758	17,509	$44,889
82	Educational Services	375	$19,318	22,693	$27,123
83	Social Services	1,712	$16,367	59,045	$17,094
84	Museums, Botanical, Zoological Gardens	29	$24,121	1,535	$21,463
86	Membership Organizations	756	$18,720	24,556	$22,151
87	Engineering and Management Services	2,709	$36,765	64,019	$46,620
88	Private Households	758	$8,016	33,355	$8,787
89	Services, NEC	52	$34,775	2,161	$46,039
	Government				
	Federal	14,526	$47,734	67,631	$42,858
	State	2,037	$31,719	116,916	$35,085
	Local	9,122	$30,055	265,880	$32,501

which at $90,584 is more than double the next highest salary of $44,779.

The lowest average covered wages were for *motion pictures* (78) and *private households* (88), both at approximately $8,000. These are also at the bottom of the scale for the state, in addition to *agriculture production* (01).

These figures should be used only to draw broad conclusions. Some industries are purposefully excluded for confidentiality purposes, and the inclusion of data on part-time workers and executive earnings exaggerate wage disparities between otherwise comparable industries.

Agriculture, Forestry, and Fishing

The agricultural sector in Kitsap County is quite small—1 percent of covered employment—and most of its workers are not employed in the more traditional industries, such as crop or livestock production. Statewide, agriculture's share of employment is about 3 percent, and it is heavily influenced by the concentration of farm workers in eastern Washington. Over 70 percent of Kitsap County's agricultural employment are in the agricultural services industries, whose largest industries are lawn and garden services and veterinarian services (non-livestock). The remainder of the agricultural jobs are scattered among a fairly large number of different industries with very low levels of employment.

Wages in the sector, like agricultural wages everywhere, are relatively low. However, the wage was higher than the statewide average for agriculture, primarily because of a small number of highly paid workers in aquaculture and fishing. If fishing, hunting, and trapping (09) were not included in the calculation, the average salary drops from $34,746 to $15,632.

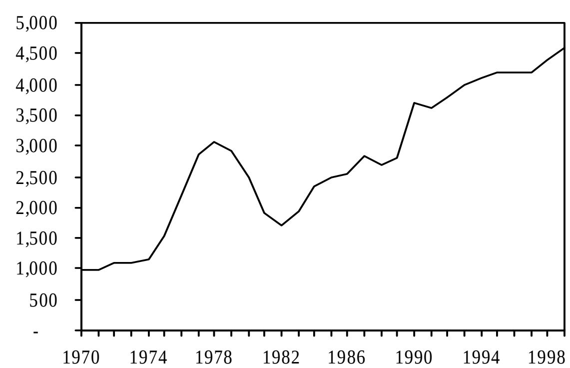
Construction and Mining

Construction and mining employment are rolled up together in this analysis. However, mining employment is minimal in Kitsap County, consisting of a few workers mining gravel and stone. Because its total employment only amounts to about 1 percent of sector employment, the following discussion will center on construction.

Since the "double-dip" recessions of the early 1980s, construction employment has generally been on the rise *(see Figure 23)*. The declines of that period reduced employment to about 1,710 at the trough of the recession in 1982. Growth after that brought the level up to 4,600 in 1999, a quite healthy 269 percent increase. (Statewide during the same period, construction grew by only 198 percent.) The county's construction wage was only 83 percent of the statewide average for construction of $37,353 (*see Figure 22*).

Within construction, there are three main subdivisions: *general building, heavy construction*, and *special trades*. The largest of the three industries, in terms of employment, is *special trades*, which includes carpenters, plumbers, electricians, painters, etc. It contains about 2,143 workers, 61 percent of the sector's total employment. The average wage for special trade workers was $29,978 in 1999.

Figure 23
Construction and Mining Employment
Kitsap County, 1970-1999
Source: Employment Security Department



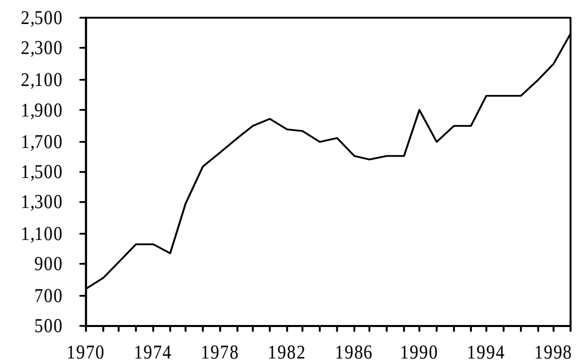
The second largest industry, *general building*, constructs residential and commercial buildings. Employment stood at about 31 percent of all construction employment in 1999 and paid the lowest average wage of the three industries: $27,910. The bulk of these workers were employed in constructing single-family residences.

Heavy construction is the highest paying of all the construction industries, but it employs the fewest workers. This type of work includes highways and streets, bridges and tunnels, and water, sewer, and utility lines. In Kitsap County in 1999, heavy construction workers accounted for about 6 percent of all construction employment (slightly more than 200 workers) and the average pay for each worker was $36,109.

Manufacturing

While it appears that the number of jobs in manufacturing in Kitsap County is quite small (3 percent of total employment), it would be more accurate to say that the number of non-government manufacturing jobs is quite small. Most of the work at the naval shipyard is considered manufacturing, but is listed as government employment—the shipyard workers are all federal military and civilian employees. *Figure 24* shows employment in manufacturing (non-governmental) since 1970. Growth was quite strong during the decade of the 1970s when employment increased from 740 in 1970 to 1,850 in 1981. However, beginning in 1982, sector employment went into a slump from which it only began to recover in 1989. The 1999 total, 2,400, shows significant growth (130 percent) beyond the earlier peak in 1981. Even so, the sector accounted for less than 3 percent of nonfarm jobs in the county, compared to 13 percent statewide. The 1999 average wage for the sector was $26,952, less than three-fourths of the statewide manufacturing wage of $37,185.

Figure 24
Manufacturing Employment
Kitsap County, 1970-1999
Source: Employment Security Department



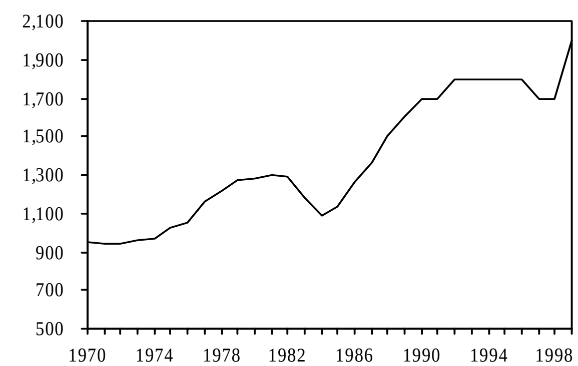
The largest industries within manufacturing, in terms of employment, were: 1) printing and publishing (virtually all related to newspaper publishing), 2) apparel and other textile products, and 3) instruments and related products—at 32, 11, and 10 percent of sector jobs, respectively. In 1994, transportation equipment (primarily related to naval activities at Bremerton and Keyport), and lumber and wood products were the second and third largest sectors; they are now in fourth and seventh place, respectively.

Transportation and Public Utilities (TPU)

The TPU sector encompasses industries as diverse as trucking, garbage pick-up, and phone service. Employment since 1970 in this sector is displayed in *Figure 25*. Despite the temporary decline in the early 1980s, employment in TPU has been expanding steadily from 1970 to 1999 with a total 210 percent increase, compared to statewide growth of 157 percent. In 1999 total employment in TPU was at 2,000, less than 3 percent of the total county employment. Statewide, the same sector made up 5 percent of employment. The average wage in the sector was on par with the overall county average wage: $28,108 versus $29,095 overall.

Within the sector, trucking and warehousing was the largest employer, accounting for 30 percent of all sector jobs. Next in size were communication (26 percent), electric/gas/sanitary services (13 percent), and

Figure 25
TPU Employment
Kitsap County, 1970-1999
Source: Employment Security Department



local and interurban passenger transit (almost 12 percent). Workers in electric, gas, and sanitary services had an average wage of $44,779, the third highest in the county after fishing, hunting, and trapping and commodity brokers. Communication had the next highest average salary of $40,250.

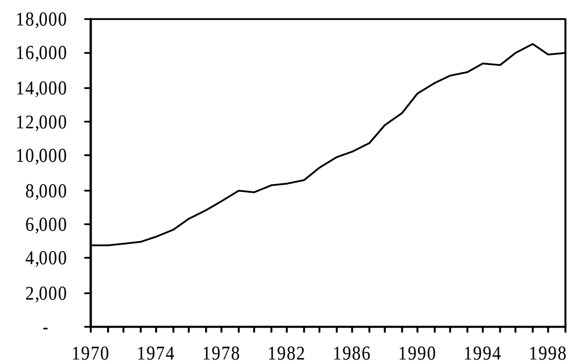
Trade

Growth of trade employment in Kitsap County has far outstripped the statewide growth—335 percent compared to 165 percent. *Figure 26* shows that the number of jobs in trade (wholesale and retail combined) went from 4,770 in 1970 to 15,616 in 1999, although less than 2 percent of these jobs were in wholesale trade. The last two to three years has, however, been a period of no growth, probably related to waning employment in the shipyards.

Jobs in trade amount to 22 percent of the county's total nonfarm employment, compared with 18 percent for the state. There is a much lesser share of jobs in wholesale trade in Kitsap County than there is statewide; 1.7 percent of the county's trade employment is on the wholesale side of the sector compared to 5.6 percent statewide. Unfortunately, the retail sector, on average, pays considerably less than the wholesale sector. The 1999 average annual wage for wholesale and retail trade were $31,607 and $17,888, respectively.

Wholesale trade is divided into two industries: durable and nondurable goods. Employment is split about in half with each industry employing approximately 600 workers. Durable goods averaged a slightly higher wage ($33,048) than nondurable goods ($30,166).

Figure 26
Trade Employment
Kitsap County, 1970-1999
Source: Employment Security Department



Retail trade has more industries than wholesale. The one with the largest number of workers in Kitsap County (and in most other areas) is eating and drinking places. Close to 34 percent of the jobs in retail trade are in this industry, 4,861 workers. It tends to be characterized by large amounts of part-time, entry-level work, and the average wage is accordingly quite low; in 1999, it was only $10,285. Food stores, general merchandise stores, and auto dealers and service stations all employed about 2,000 persons each.

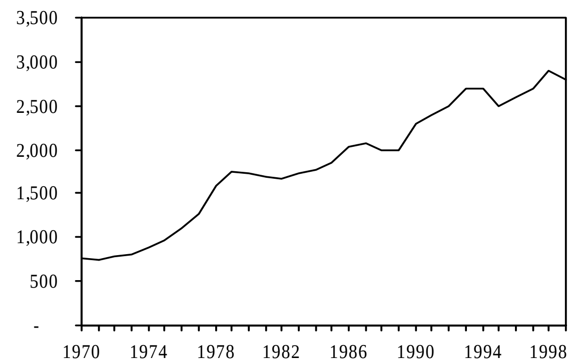
Finance, Insurance, and Real Estate (FIRE)

Relatively, the FIRE sector is slightly smaller in Kitsap County than it is, on average, statewide. It occupies a 3.8 percent niche of nonfarm employment in the county verses about 5 percent for the state. Its growth, though, over the last two decades has been very rapid. The number of workers increased from 760 in 1970 to 2,800 in 1999 *(see Figure 27)*, a 368 percent increase compared to a 152 percent increase for the state.

The sector includes banking, insurance agents, and real estate industries. The largest employer in 1999 was depository institutions, primarily commercial banking, with around 39 percent of sector employment. Real estate, mainly agents, garnered about one-third of the sector's jobs and the remainder was scattered among non-depository credit institutions, security and commodity brokers, insurance agents and carriers, and holding and investment offices.

The average wage for the sector, $35,961, had a strong, upward push from commodity brokers who had an average annual salary of $90,583 but provided only 2 percent of sector employment. On the other hand, holding and other investment offices kept the sector average down with an average salary of $10,152.

Figure 27
FIRE Employment
Kitsap County, 1970-1999
Source: Employment Security Department



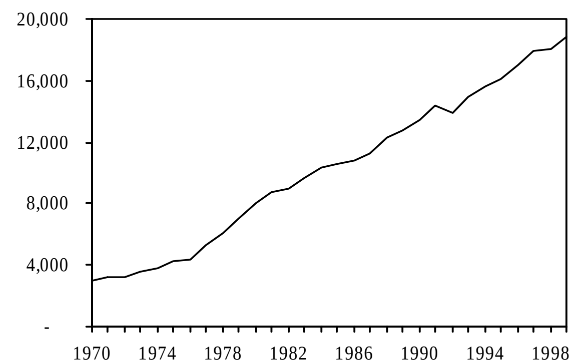
Services

The services sector encompasses a number of very diverse industries, ranging from hotel accommodations to auto repair to health and legal services. After government, the services sector is the largest in the county. Its employment growth has been phenomenal, escalating from 2,970 in 1970 to 18,800 in 1999, an increase of over 600 percent *(see Figure 28)*. In 1970, services accounted for 10 percent of nonfarm employment increasing to a 26 percent share in 1999. Statewide, services has also been the fastest growing sector, but its 232 percent increase did not come close to Kitsap County's.

With as many different and varied industries as there are in the services sector, the average wage can vary considerably. The sector average, $20,746 is relatively low, only 70 percent of the statewide average for the sector. It also falls below the county's overall wage of $29,095. Nevertheless, there are some well paying industries with substantially high average wages in the sector. The three largest industries, fortunately, are also the ones with the highest average wages: *health*, *engineering/management*, and *business services* all offered average salaries over $26,000. The largest employers were the office and clinics (1,439 employees), the county's hospital (Harrison Memorial) with about 1,300 employees, and a number of nursing care facilities (about 1,271 employees). All told, health care workers made up 31 percent of services employment.

The next largest, *engineering and management services*, had over 200 firms which employed 2,709 workers—about 15 percent of services employment. The industry's average wage was unusually high for the services sector, $36,765. In large part, this is explained by virtue of a high concentration of engineering services, much of it marine or naval, contracted to the Department of Defense in Kitsap County.

Figure 28
Services Employment
Kitsap County, 1970-1999
Source: Employment Security Department



Business services in Kitsap County, for the most part, relate to data processing, building maintenance, equipment rental, computer programming, and prepackaged software, etc. In general, these are tasks that a business or organization finds are accomplished more efficiently by an outside specialist than by their "in-house" workers. Firms providing business services employed 2,276 workers and, like much of the services sector, a good portion of the work was contracted to the Navy. Workers in business services averaged an annual wage of $26,840 in 1999.

Government

Underlying virtually all aspects of Kitsap County's economy is the government. More specifically, the federal government. Its size alone, in terms of employment, dwarfs all other sectors. Further, because much work is contracted out, the government is a strong underwriter of the services sector. Public employment also has a tremendous influence on the trade sector; the government payroll is huge and it funnels directly into retail activities throughout the county.

Figure 29 shows the levels of employment and payroll from the private and public sectors of Kitsap County (the chart does not include active duty military personnel). Thirty-six percent of all jobs in the county are government jobs. (If the military was included, 44 percent of employment would be with the government.)

Curiously enough, except for manufacturing, government has had the least employment growth of any sector in the county's economy. Since 1970, the amount of public employment has increased by 143 percent whereas the number of all nonfarm jobs ballooned by 249 percent. Consequently, government's share of total employment has decreased over the period, going from 62 to 37 percent. Even so, it remains the big driver of the county's economy. Aside from a few sparsely populated counties and Thurston County, home of state government, Kitsap County's concentration of government workers is the highest of any county in the state.

Figure 30 shows the trend in government employment since 1970. For the most part it has been a trend of slow, steady growth reaching a peak in 1992, at which point it began to decline. The decline somewhat coincides with a steady decline of military personnel from 15,110 in 1991 to 9,716 in 1994. But, the decline continues despite an increase in military personnel of around 15,000 in 1996/1997.

Government employment is important to Kitsap County not only because of the number of jobs that it provides but also because they are "good" jobs that provide a living wage. The annual average wage for all of Kitsap County was $29,095 in 1999; the average for government was $36,503. Not only does this wage substantially surpass the county's average, it is also on par with the statewide average for government ($36,815).

Public employment in the county differs from statewide figures with respect to the distribution of jobs among the three levels of government. Only 2.9 percent of the county's workers are employed by state government whereas statewide the figure is 4.4 percent. Local government employment fairly closely approximates statewide levels—12.9 versus 10 percent—but the largest difference is in federal government. Throughout Washington, 2.6 percent of all employment is with the federal government; in Kitsap County the figure is 20.5 percent.

At the federal level, there were about 14,526 workers who earned an average wage of $47,734 in 1999. The wage is almost $5,000 more than federal workers earn on average statewide, primarily because of the concentration of manufacturing jobs at the Puget Sound Naval Shipyard and the underwater weapons facility. The payrolls of these two facilities combine to push up the average wage of federal workers in Kitsap County.

Figure 29
Total Government and Private Employment
Kitsap County, 1999
Source: Employment Security Department

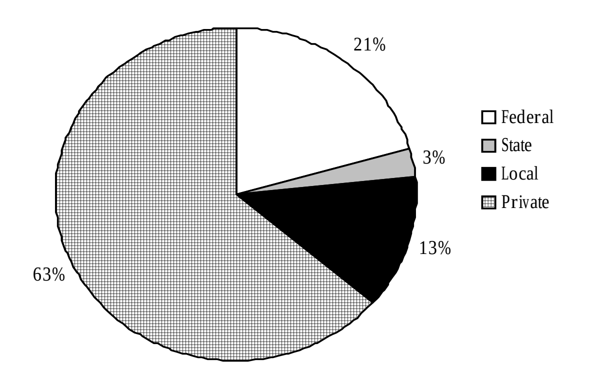
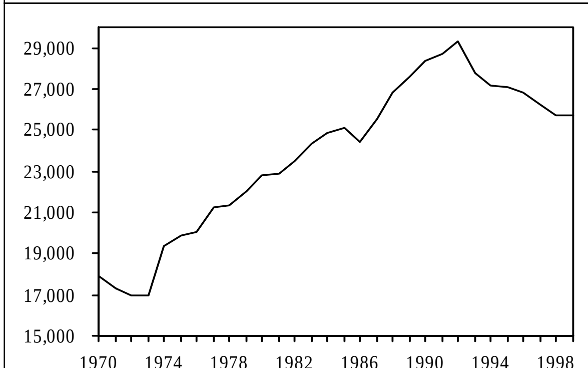


Figure 30
Government Employment
Kitsap County, 1970-1999
Source: Employment Security Department



The federal presence, civilian and military, is the decisive element in Kitsap County's economy. Fortunately, the naval installations in the county seem to have escaped any ill effects from the recent (and ongoing) military downsizing. Overall, the Navy seems to be achieving its goal of having a strong concentration in only two West Coast areas: San Diego and Puget Sound. The ships recently homeported at Bremerton all came from facilities affected by base closure, specifically from the San Francisco Bay Area facilities in California. This bodes well for Kitsap County.

State and local government together employed about 11,159 workers in 1999. The largest employers in state government were the Olympic College, the Ferry System, and the Veterans Home. All told, state government employed about 2,037 workers. Local government, with 9,122 employees, is primarily dedicated to K-12 education (typical of local governments in all counties). The average wage for state workers was $31,719 in 1999 and $30,055 for local government workers.

Industry Projections

Nonfarm employment projections for the 1998-2003 period are shown in *Figure 31*. The county is expected to increase its employment base at about the same rate as the state, except for the manufacturing, transportation and utilities, and government sectors. Manufacturing is expected to grow by 8.7 percent by 2003, while a decline of 2.3 percent is projected for the state. While zero growth is expected for transportation and utilities at the county level, 4.8 percent growth is expected for the state. The last major difference is for government, which as discussed earlier, dominates the Kitsap County economy. Three percent growth is expected for the county, compared to almost 10 percent growth for the state.

Figure 31
Industry Projections
Kitsap County and Washington State, 1998 and 2003
Source: Employment Security Department

	Kitsap				Washington
	1998	**2003**	**% Change**	**#Change**	**% Change**
Total Nonfarm Employment	71,500	77,600	8.5%	6,100	9.3
Manufacturing	2,300	2,500	8.7%	200	-2.3%
Construction and Mining	3,600	3,900	8.3%	300	9.9%
Transportation and Utilities	1,800	1,800	0.0%	0	4.8%
Wholesale and Retail Trade	16,000	17,800	11.3%	1,800	9.3%
Finance, Insurance, and Real Estate	2,900	3,100	6.9%	200	5.9%
Services	18,900	21,700	14.8%	2,800	16.8%
Government	26,000	26,800	3.1%	800	9.6%

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 32* shows employment in the major occupational divisions as well as the share of each grouping for Kitsap County and the state. The data are based on Occupational Employment Surveys (OES) conducted in the area by the Employment Security Department in 1999.

The occupational makeup reveals only a modest departure from the state's occupational structure. The most visible disparity between the county and state was in precision production, craft, and repair occupations, where the county's 17.3 percent outpaced the state's 11 percent. This dissimilarity is the result of the presence of the Puget Sound Naval Shipyard. Dividing the occupational mix into blue-collar and white-collar occupations, Kitsap County has virtually the same percentage of white-collar occupations as the state, 72 percent.

Occupational employment projections for Kitsap County and the state are also shown in *Figure 32*. The greatest projected growth for the county will be for managerial/administrative and service occupations, a 27 percent increase for both by 2008. In contrast, for the state the greatest growth will be for professional, paraprofes-

Figure 32
Occupational Employment Projections
Kitsap County and Washington State, 1998 and 2008
Source: Employment Security Department

			Kitsap			
	1998		**2008**		**%Chg**	**Jobs**
Total	87,700	100.0%	102,160	100.0%	16.5%	14,460
Managerial & Administrative	5,431	6.2%	6,932	6.8%	27.6%	1,501
Professional, Paraprofessional, & Tech	20,534	23.4%	25,196	24.7%	22.7%	4,662
Marketing & Sales	9,550	10.9%	11,275	11.0%	18.1%	1,725
Clerical & Administrative Support	12,591	14.4%	13,886	13.6%	10.3%	1,295
Service Occupations	15,828	18.0%	20,104	19.7%	27.0%	4,276
Ag., Forestry, Fishing, & Related	1,425	1.6%	1,661	1.6%	16.6%	236
Precision Production, Craft, & Repair	15,202	17.3%	14,722	14.4%	-3.2%	-480
Operators, Fabricators, & Laborers	7,139	8.1%	8,384	8.2%	17.4%	1,245
White-Collar	63,934	72.9%	77,393	75.8%	21.1%	13,459
Blue-Collar	23,766	27.1%	24,767	24.2%	4.2%	1,001
			Washington			
	1998		**2008**		**%Chg**	**Jobs**
Total	3,042,950	100.0%	3,583,190	100.0%	17.8%	540,240
Managerial & Administrative	236,687	7.8%	288,456	8.1%	21.9%	51,769
Professional, Paraprofessional, & 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 & Administrative Support	474,747	15.6%	519,647	14.5%	9.5%	44,900
Service Occupations	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
Precision 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

sional, and technical positions, at 26 percent. The only sector showing negative growth is precision production which is expected to decline from 18.9 to 15.7 percent of the total labor force in Kitsap County. For the state there is little change in terms of the percentage of the labor force occupied by the various occupations.

Figure 33 is also based on occupational surveys conducted in Kitsap County by the Employment Security Department in 1998. The list of occupations and wages presents the various nonfarm jobs in the area and their average level of pay. Wages are generally provided as hourly rates, except for those occupations for which

Figure 33
Occupational Wages
Kitsap County, 1998
Source: Employment Security Department

Occupational Title	Wage*	Rank
Managerial and Administrative Occupations		
General Manager & Top Executive	$24.12	7
All Other Manager & Administrator	$24.09	16
Food Service & Lodging Manager	$11.97	38
Financial Manager	$22.51	60
Property & Real Estate Manager	$21.30	65
Education Administrator	$31.19	85
Construction Manager	$21.74	97
Marketing, Advertising, Public Rel Mgr	$19.54	120
Engineering, Math, Natrl Science Mgr	$28.98	137
Administrative Service Manager	$25.89	143
Medicine & Health Service Manager	$25.22	154
Purchasing Manager	$15.78	198
Professional, Paraprofessional and Technical Occupations		
Teacher, Elementary	$37,910	13
Teacher, Secondary School	$40,700	14
Registered Nurse	$21.50	15
Computer System Analyst, EDP	$26.02	22
Teacher Aide, Paraprofessional	$10.34	31
All Other Engineering & Related Tech	$19.15	33
Electrical & Electronic Engineer	$28.69	36
All Other Professional, Paraprof, Tech	$21.07	40
Management Analyst	$26.71	44
Mechanical Engineer	$26.23	51
Electrical & Electronic Technician	$18.32	53
Nuclear Engineer	$29.09	58
Accountant & Auditor	$19.50	61
Lawyer	$28.07	66
All Other Management Support Worker	$19.46	68
Residential Counselor	$10.33	72
Licensed Practical Nurse	$14.62	73
Teacher, Preschool & Kindergarten	$0.00	78
Recreation Worker	$10.04	83
Teacher, Special Education	$37,930	84
All Other Physical & Life Science Tech	$16.24	86
Physician & Surgeon	$56.51	87
Computer Engineer	$29.59	91
Social Work, exc Medical & Psychiatric	$15.82	92
All Other Engineer	$28.44	94
Purchase Agent, exc Whlsl, Retail, Farm	$19.87	98
Designer, except Interior Design	$14.82	100
Instructor & Coach, Sport	$12.42	106
Social Work, Medical & Psychiatric	$14.54	112
Personnel, Train & Labor Relation Spec	$19.64	118
Dentist	$54.67	119
Artist & Related	$16.45	121
Teacher, Vocational Education	$18.16	127
Loan Officer & Counselor	$16.78	129
Instructor, Nonvocational Education	$11.87	130
Civil Engineer, including Traffic	$25.79	133
Writer & Editor	$23.17	136
Drafter	$14.99	140
Mechanical Engineering Technician	$19.72	142

Occupational Title	Wage*	Rank
Psychologist	$23.45	150
Radiologic Technologist	$18.04	151
Dental Hygienist	$24.55	152
Pharmacist	$29.82	153
Photographer	$13.07	155
Instructional Coordinator	$19.49	156
Medical Records Technician	$11.80	159
Librarian, Professional	$20.56	162
Computer Programmer	$20.68	163
Cost Estimator	$17.02	164
All Other Teacher, Instructor	$17,960	166
Architect, except Landscape & Marine	$22.29	169
Clergy	$17.51	172
Medical & Clinic Laboratory Technologist	$17.39	173
Marine Architect	$30.25	175
Musician, Instrumental	$44,370	184
All Other Health Prof, Paraprof, Tech	$17.46	190
Emergency Medical Technician	$19.20	193
Technical Assistant, Library	$12.95	199
Sales and Related Occupations:		
Salesperson, Retail	$9.80	1
Cashier	$8.98	3
First Line Supervisor, Sales & Related	$15.49	6
Counter & Rental Clerk	$7.83	59
All Other Sales & Related Occupation	$12.33	79
Stock Clerk, Sales Floor	$9.53	80
Sales Rep, exc Retail, Sci, Related	$13.18	82
Sales Agent, Real Estate	$13.62	93
Insurance Sales Worker	$16.33	95
Salesperson, Parts	$10.61	96
Travel Agent	$10.31	144
Broker, Real Estate	$29.34	195
Securities, Financial Services, Sales	$28.80	200
Clerical and Administrative Support Occupations:		
General Office Clerk	$10.83	4
Bookkeeping, Accounting & Auditing Clerk	$12.43	5
Secretary, except Legal & Medical	$12.54	12
Receptionist, Information Clerk	$9.82	25
All Other Service Supervisor	$13.97	26
First Line Supervisor, Clerical	$16.82	27
Teacher Aide & Educational Asst, Clerk	$8.77	37
All Other Clerical & Admin Support	$11.98	39
Stock Clerk, Stockroom or Warehouse	$12.27	45
Traffic, Shipping & Receiving Clerk	$10.75	62
Production, Planning, Expediting Clerk	$16.29	64
Bank Teller	$9.60	67
Postal Mail Carrier	$16.19	102
Data Entry Keyer, except Composing	$10.11	103
Medical Secretary	$10.14	111
Library Assistant & Bookmobile Driver	$8.86	132
Loan & Credit Clerk	$12.38	134
Computer Operator, exc Peripheral Eq	$13.68	141
Billing, Cost & Rate Clerk	$11.21	145

hourly rates are unavailable. The rank of each occupation, in terms of the number of people employed, is also shown. The occupation of salesperson is ranked number 1, which means there are more persons employed in sales than any other occupation. The occupations are organized under seven broad categories, for example, "Managerial and Administrative Occupations." Within each category the occupations are sorted by rank, the most common occupation will be at the top of the list within its category. For example, the most common occupation within "professional, paraprofessional, and technical occupations" is elementary teacher.

Figure 33 (Continued)
Occupational Wages
Kitsap County, 1998
Source: Employment Security Department

Occupational Title	Wage*	Rank
File Clerk	$8.95	147
Typist, including Word Processing	$11.29	148
Switchboard Operator	$10.07	157
Personnel Clerk, except Payroll, Time	$13.76	168
Legal Secretary	$13.41	171
Hotel Desk Clerk	$7.52	176
Bill & Account Collector	$11.10	187
All Other Material Record, Sched, Distr	$14.08	188
Payroll & Timekeeping Clerk	$12.46	191
Adjustment Clerk	$10.38	196
Child Care Worker, Private Household	$0.00	107
Cleaner & Servant, Private Household	$0.00	108
Service Occupations		
Combined Food Preparation & Service	$6.20	2
Waiter & Waitress	$5.77	10
Janitor & Cleaner, except Maid	$9.12	11
Child Care Worker	$7.06	17
Nursing Aide, Orderly & Attendant	$8.80	20
Food Preparation Worker	$7.59	24
Cook, Restaurant	$8.54	35
Hairdresser & Cosmetologist	$8.70	41
Maid & Housekeeping Cleaner	$7.35	46
Dining Room, Cafeteria & Bartender Help	$6.29	52
Bartender	$7.30	55
Home Health Aide	$8.17	56
Dental Assistant	$11.78	69
Cook, Fast Food	$6.13	74
Police Patrol Officer	$19.61	88
Guard & Watch Guard	$10.40	89
Medical Assistant	$10.59	101
Fire Fighter	$19.17	105
Host & Hostess, Restaurant, Lounge	$6.59	109
Counter Attendant, Lunchroom, Cafeteria	$6.00	110
Cook, Short Order	$8.23	114
Cook, Institution or Cafeteria	$10.63	116
All Other Protective Service	$12.35	123
All Other Service Worker	$8.97	128
Baker, Bread & Pastry	$9.65	139
All Other Cleaning & Building Service	$9.97	158
All Other Food Service Worker	$8.30	170
Amusement & Recreation Attendant	$6.46	177
Sheriff & Deputy Sheriff	$23.56	181
Agricultural, Forestry, Fishing, and Related Occupations		
Fisher, Hunter & Trapper	$0.00	117
Laborer, Landscaping & Groundskeeping	$9.46	32
All Other Agricultural, Forestry, Fish	$11.56	113
Animal Caretaker, except Farm	$7.16	124
Production, Construction, Oper, Maint, & Material Handling Occup		
Carpenter	$16.49	8
Plumber, Pipefitter, Steamfitter	$22.18	9
Painter & Paperhanger, Constr & Maint	$15.53	18
Electrician	$20.60	19
Maintenance Repairer, General Utility	$15.77	21
Automotive Mechanic	$15.52	23
Truck Driver, Light, incl Delivery & Rel	$9.82	28
All Other Help, Labor, Matl Move, Hand	$12.68	29
First Line Supervisor, Constr & Extract	$23.71	30
Welder & Cutter	$15.68	34
Truck Driver, Heavy or Tractor-Trailer	$15.60	42
Electronic Repair, Commercial & Industry	$19.30	43
Machinery Maint Mechanic, Marine Equip	$18.38	47
Insulation Worker	$16.01	48
First Line Supervisor, Mechanic & Repair	$22.16	49
Rigger	$18.70	50
All Other Mechanic, Installer & Repairer	$16.71	54
Bus Driver, School	$13.27	57
Shipfitter	$13.91	63
First Line Supervisor, Production	$18.71	70
Hand Packer & Packager	$7.47	71
Machinist	$14.35	75
First-Line Supervisor, Mgr, All Other	$19.97	76
Sheet Metal Worker	$17.95	77
All Other Hand Worker	$10.29	81
Cabinetmaker & Bench Carpenter	$12.54	90
Vehicle Washer & Equipment Cleaner	$9.34	99
Assemble, Fabricate, ex Mach, Elec, Prec	$10.71	104
Bus Driver, except School	$13.81	115
Automotive Body, Related Repairer	$15.78	122
All Other Precision Textile, Furn Worker	$16.29	125
All Other Transportation Related Worker	$15.25	126
Driver/Sales Worker	$10.88	131
Helper, Carpenter & Related Worker	$12.21	135
Heat, A/C, Refrigeration Mech & Install	$17.67	138
Helper, Mechanic & Repairer	$9.17	146
Operating Engineer	$21.29	149
All Other Precision Worker	$12.29	160
Bus & Truck Mechanic & Diesel Specialist	$18.81	161
Laund, Dry-clean Mach Op/Tend, exc Pres	$7.67	165
Industrial Truck & Tractor Operator	$13.57	167
All Other Transport & Matl-Moving Eq Op	$19.04	174
Crane & Tower Operator	$15.46	178
Mobile Heavy Eq Mechanic, exc Engine	$17.66	179
All Other Const & Extract, exc Helper	$13.87	180
Taper	$20.72	182
Boilermaker	$18.42	183
Excavating & Loading Machine Operator	$14.61	185
Service Station Attendant	$7.09	186
All Other Motor Vehicle Operator	$11.66	189
Mobile Home Installer & Repairer	$12.08	192
Hard Tile Setter	$19.57	194
Sheet Metal Duct Installer	$23.95	197

**Wages are either hourly or annual*
***Ranking is by amount of employment per occupation, from highest (1) to lowest (200).*
Note: The "all other" classification denotes a collection of occupations which are, individually, too many to be listed.

INCOME

The following sections relate to income, which includes both wage and non-wage sources. The data are derived from the U.S. Department of Commerce, Bureau of Economic Analysis. All income data have been adjusted to constant 1998 dollars.

Personal Income

Personal income is generally seen as a key indicator of a region's economic vitality. Conceptually, personal income captures all forms of income: wages, salaries, government transfer payments, retirement income, farm income, self-employed income, proprietors' income, interest, dividends, and rent, but not contributions toward social insurance. By definition business and corporate incomes are not included.

In 1998, total personal income in Kitsap County was slightly over $5.3 billion. *Figure 34* displays both real and nominal (not adjusted for inflation) since 1970. Since 1970, real personal income showed an average annual growth rate of 4.5 percent in Kitsap County, compared to 4.1 percent for the state. More recently since 1995, Kitsap County had an average annual growth rate of 2.7 percent, compared to 5.4 percent for the state.

Per capita income (PCI) is calculated by dividing total personal income by the total population for an area. PCI provides a figure that can be used as a common denominator between different time periods and/or different areas. It is also useful as an indicator of the character of consumer markets and of the overall economic well being of the residents of an area. *Figure 35* compares the changes in the adjusted per capita personal income for the county, the state, and the nation. From 1970 to 1998 PCI increased approximately 180 percent for both the state and the U.S., but only 150 percent for Kitsap County.

The county's income kept pace with the state's and the nation's for most of the 1970s. However beginning in 1979, it declined three years in a row. Although total personal income was growing throughout this period, it was surpassed by the population increase. Since then, per capita income has generally been growing, albeit slowly in comparison to the state's growth. PCI actually declined steadily from 1991 to 1995, at which point it began to increase slightly. The 1998 PCI for Kitsap County is virtually the same as it was in 1991. In 1998, the PCI for Kitsap County was almost $23,000 ranking Kitsap 15th among the counties. The greatest gap between the state and the county was in 1998, when the county PCI was $22,957 compared to $28,719 for the state.

Figure 34
Total Personal Income (thousands)
Kitsap County, 1970-1998
Source: Bureau of Economic Analysis

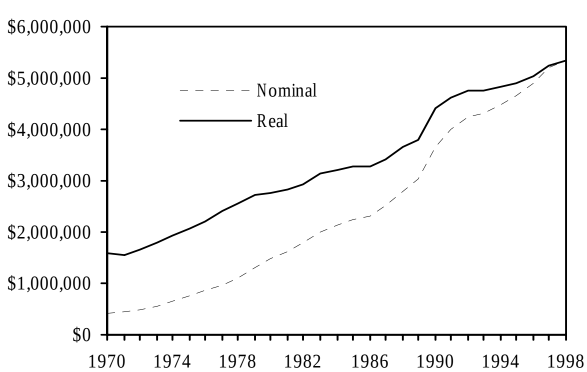
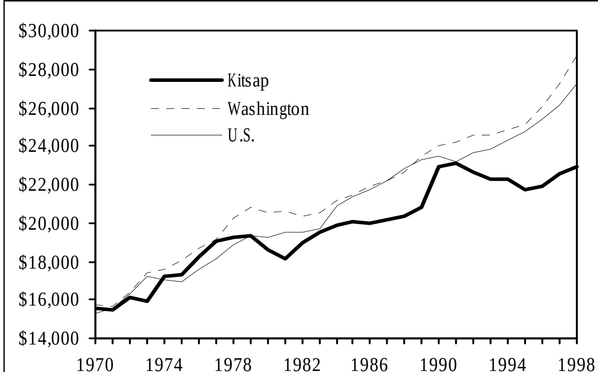


Figure 35
Adjusted Per Capita Income
Kitsap, Washington, & U.S., 1970-1998
Source: Bureau of Economic Analysis



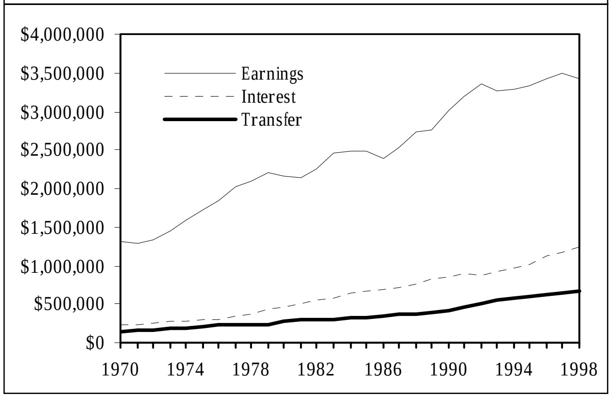
Components of Personal Income

As mentioned earlier, personal income encompasses many different types of income. These sources fall into three broad categories: earned income, transfer payments, and investment income. Earned income includes wages, salaries, proprietors' income, and other income. Transfer payments include income maintenance, unemployment insurance, medical, and retirement payments. Finally, investment income includes interest, dividends, and rent. While investment and transfer payment income is based on residence within Kitsap County, earned income is not. Earned income is based on place of work (within Kitsap County) and earned income from outside the county is not included. As total personal income is based on residence, it is possible for the sum of the components to not equal 100 percent if a significant amount of income is earned outside of the county.

The composition of Kitsap County's total personal income in 1998 is compared to Washington State's in *Figure 36*. Earned income is the largest single source of income at both the county and state levels, as one might normally expect. However, the county's residents do derive slightly less income through earned income than the state (64 compared to 72 percent); half of this difference is compensated for by the higher percentage of income derived from investments. Part of the difference is explained by the fact that five percent of Washington State income is earned by persons residing outside of the state.

Figure 37 shows the growth trends for each of the three personal income components from 1970 to 1998.

Figure 37
Personal Income Component Trends (1,000s)
Kitsap County, 1970-1998
Source: Bureau of Economic Analysis



All three components have increased steadily over time, and earned income appears to have had greater absolute growth than the other two components. In fact, the value of investments and transfers increased by 541 and 510 percent, respectively, while the value of earned income increased by only 224 percent.

Figure 38 shows the growth trend for the share of each of the components of personal income from 1970 to 1998. The fact that the total adds up to only 90 percent in 1970 implies that 10 percent of TPI earned by residents of Kitsap County at that time, was actually earned outside of the county. Apparently, earned income from commuting has significantly decreased over the years.

Figure 36
Personal Income Components
Kitsap County and Washington, 1998
Source: Bureau of Economic Analysis

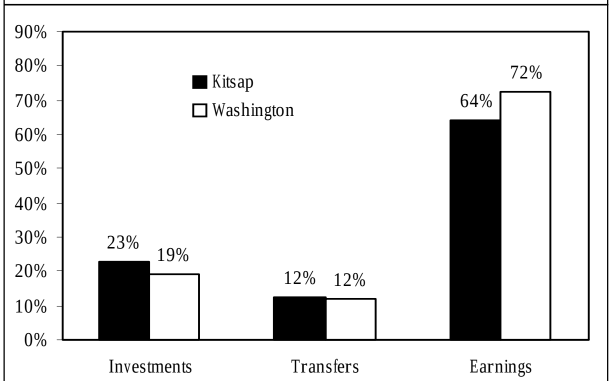
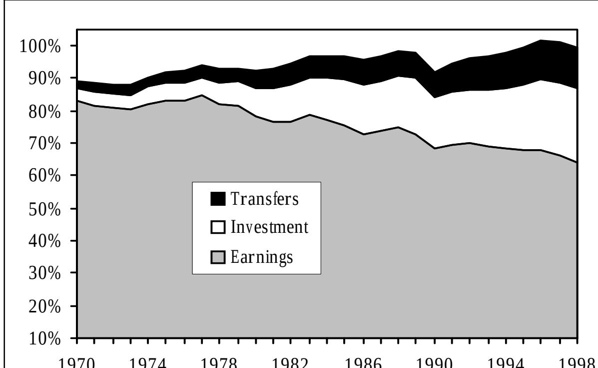


Figure 38
% Share of Personal Income Components
Kitsap County, 1970-1998
Source: Bureau of Economic Analysis

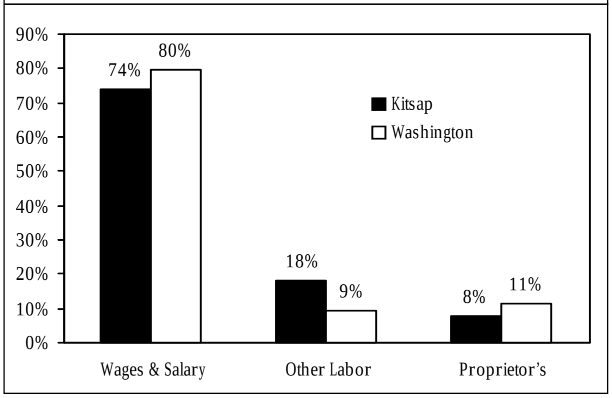


Earned Income

The largest component of personal income in Kitsap County is earned income ($3.5 billion in 1998), which includes: wage and salary disbursements (earnings), other labor income, and proprietor's income. "Other labor income" subsumes an assortment of incomes but primarily consists of employer payments into employee pension and health care plans. Earned income is important because it shows how much income is derived directly from work and work-related factors by residents of Kitsap County, regardless of where individuals work. Although its percentage of the total has diminished over the last 28 years, from 83 to 74 percent it, nevertheless, retains the lion's share of all income. The primary reason for the decline is that increases in earned income has just not kept pace with growth of other income sources. Investment and transfer payments both increased at twice the rate of earned income.

At the county level, wage and salary disbursements accounted for 74 percent of earned income, after a steady decline from 86 percent in 1970 *(see Figure 39)*. The difference between the value for the county and the state is more than made up for in the higher percentage of income from "other labor," 18 percent compared to 9 percent for the state. Other labor income consists of employer payments to private pension and profit-sharing plans, private group health and life insurance plans, privately administered worker's compensation plans, and supplemental unemployment benefit plans. Proprietor's income was the smallest component of earned income.

Figure 39
Earned Income Components
Kitsap County and Washington, 1998
Source: Bureau of Economic Analysis



Transfer Payments

A transfer payment is defined as a payment from the government (and some businesses) to an individual who renders no service in exchange. Government transfer payments include: retirement, medical, income maintenance, and unemployment insurance. As can be seen in *Figure 40* the proportion of the different components of transfer payments is very much the same as for the state, except retirement which is slightly less. The two largest components for Kitsap County are retirement (39 percent) and medical (32 percent), (medicare and medicaid), which increased by 472 and 1,352 percent, respectively. (The total is less than 100 percent as some of the smaller benefits are left out of the analysis.) In previous profiles retirement and medical were consolidated under retirement. As medical has become such a large component of transfer payments, in its own right, it is now separated out from retirement. Also, approximately 50 percent of medical is in the form of medicaid which is not at all associated with retirement.

Figure 41 shows how the proportion of the transfer income components have changed over time for Kitsap County. While income maintenance payments have held steady over the years, the retirement and unemployment insurance payments have declined as shares of the total payments. The biggest increase is in medical payments which has increased from a low of 12 percent in 1970 to

Figure 40
Components of Transfer Payments
Kitsap County and Washington, 1998
Source: Bureau of Economic Analysis

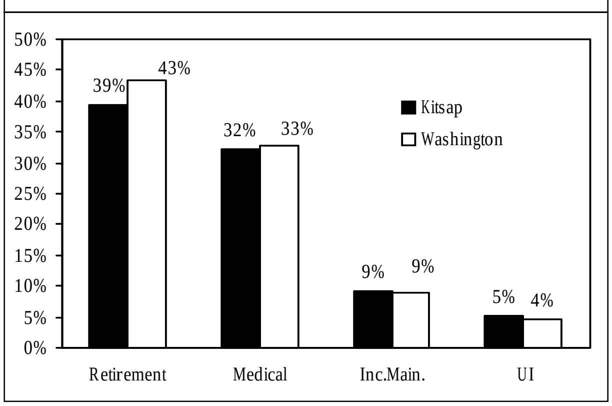
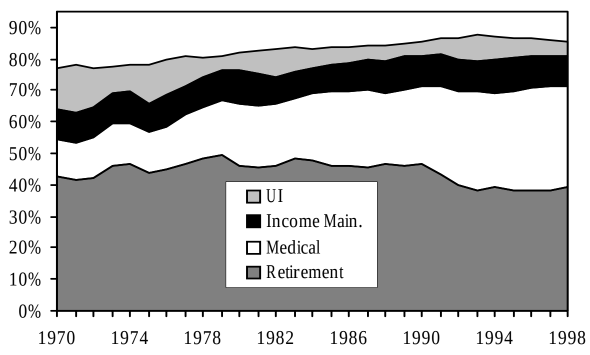


Figure 41
Change in Proportion of Transfer Payments
Kitsap County, 1970-1998
Source: Bureau of Economic Analysis



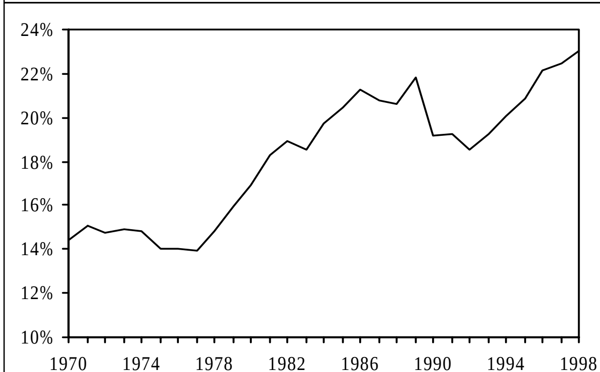
32 percent of total transfer payments in 1998. Washington as a whole has experienced this same kind of growth in medical payments, increasing from 14 percent in 1970 to 33 percent in 1998. On the other hand, for the state the share of retirement payments has held steady between 40 and 50 percent over the years, beginning and ending at 43 percent in 1970 and in 1998, averaging at 47 percent of the total share of transfer payments over the years.

Unemployment insurance is the smallest portion of transfer payments. It grew by only 206 percent since 1970. It tends, of course, to be closely related to the economy. As unemployment increased since 1990, so have unemployment insurance payments. Income maintenance is that category of transfer payments commonly referred to as "welfare" or "aid to dependent families." It includes food stamps, AFDC, supplemental security income (SSI), and other income maintenance payments. It grew 487 percent from 1970 to 1998 and comprised only 9 percent of all transfer payments in 1998, compared to 10 percent in 1970.

Investment Income

Investment income is derived from three sources: interest, dividends, and rent. Investment income has grown the most of the personal income components (541 percent), amounting to $1.2 billion in 1998, or 23 percent of all personal income. As shown in *Figure 42* the percentage of investment as personal income, increased steadily between 1977 and 1989. After a three year decline the share of investment income began increasing again from 1992, ultimately reaching the 28 year high in 1998 at 23 percent of total personal income.

Figure 42
Change in Investment Share of Pers. Income
Kitsap County, 1970-1998
Source: Bureau of Economic Analysis



EMPLOYMENT SERVICES AND ECONOMIC DEVELOPMENT

Workforce Development

The *Workforce Investment Act (WIA)* of 1998 replaced the Job Training Partnership Act (JTPA) of 1982 on July 1, 2000. The purpose of WIA is to provide training, education, and other services that prepare all individuals, not just youth and unskilled adults, for current and future jobs. It is guided by several principles: universal access, individual empowerment, streamlined services, state and local flexibility, strong local role, increased accountability, and improved youth programs. It is upon this legislation that the Employment Security Department and other providers base their training and employment service programs.

The **Olympic Workforce Development Council (OWDC)** is the regional job training organization that oversees the Workforce Investment Act's activities in Region 1, which encompasses Kitsap, Jefferson, and Clallam counties. Among the main functions of the Council are certifying eligible training providers, workforce development policymaking, and certifying WorkSource Career Development Centers, including that in Kitsap County.

Each WDC is responsible for strategic planning for employment and training related programs, oversight of the WorkSource system within its specific geographic area, and service delivery to eligible dislocated workers, adults, and youth. The WDC is led by private business and has wide representation from labor, education, and other local organizations in the community. The WIA and Governor Locke's Executive Order 99-02 describe the functions of the WDC as follows:

- Provide input to the state Workforce Development Board (WDB) in the development of the state unified plan, which articulates their local strategies and needs.
- In partnership with the local elected officials, develop and maintain a local unified plan for the workforce development system including, but not limited to, the local plan required by law. The WDC submits a unified plan to the WDB for review and to the Governor for approval.
- Conduct oversight of the local one-stop system, including selection, certification, and de-certification of one-stop providers.
- Promote coordination of workforce development activities at the local level and ensure that they are linked with local economic development strategies.
- Establish youth councils, which are responsible for developing portions of the local plan relating to eligible youth, as well as implement and administer youth programs.
- Provide for a coordinated and responsive system of outreach to employers.
- Identify eligible providers using performance standards established by the WDB.
- On behalf of the Governor, negotiate with local elected officials and the WDB to develop performance measures for local programs.
- Assess the planning process to identify quality improvements.
- Implement a partnership agreement with local elected officials that establishes the working relationships and specific responsibilities of each body in the partnership.
- Collaborate in the development of WorkFirst service area plans.

The Olympic Workforce Development Council is located at 614 Division Street, Mail Stop 23, Port Orchard, Washington 98366; phone is (360) 337-7185; fax number is (360) 337-7187; email address is *bpotter@co.kitsap.wa.us;* website address is *www.wa.gov/kitsap*.

Kitsap WorkSource Center. A WorkSource Center is a facility characterized by the provision of co-located and integrated services offered through a variety of self-service, group, and one-on-one activities. The Centers provide customers one point at which to access programs administered by multiple agencies. They offer access to all WorkSource Center system services, most of which will be available on site. However, not all services will necessarily be provided on a full-time basis. Each area will have at least one full service Center. In terms of services, the Center must:

- provide all core services;
- serve as a "broker" for services not available on site such as training or support services;
- provide referrals for services not provided through the WorkSource system;
- coordinate services for customers; and
- provide access to the Internet and other electronic linkages.

The core services, which are available onsite or through electronic access and which are available to all customers (no eligibility required), include:

- initial assessment to evaluate job readiness based on job skills, experience, aptitudes, interests, and abilities;
- job counseling to help customers determine what services are available and best use of the information;
- job referral and placement providing access to available jobs and posting of resumes;
- employer services that provide access to labor market information, recruitment, screening, and referral of qualified applicants;
- information and referral to services such as housing, food, and medical assistance;
- information on training and retraining programs such as basic skills, literacy, occupational skills training, and apprenticeships;
- labor market information on current occupational supply and demand and occupational wages;
- computers with Internet access;
- access to a telephone to file for Unemployment Insurance benefits; and
- translation services to customers in their first language using AT&T services or the Internet.

The programs (eligibility required) include:

- WIA Title I (adults, dislocated workers, youth, and national programs)
- Title V of the Older Americans Act
- Veterans' Employment Programs
- Claimant Placement Program
- Worker Retraining
- Post Secondary Vocational-Technical Programs
- Vocational Rehabilitation
- Welfare to Work
- Adult Basic Education Programs
- ESL Programs
- Worker Profiling
- Migrant Farm worker Services
- NAFTA/Trade Assistance Act
- HUD Employment & Training
- Early Intervention services to potentially dislocated workers
- Rapid Response to plant closures
- WorkFirst (employment services only)
- Community Services Block Grant

The Kitsap WorkSource Center is located at 1300 Sylvan Way, Bremerton, Washington.

Regional Colleges and Universities. In addition to Olympic College in Bremerton, **t**ransportation networks put Kitsap County residents in close proximity of colleges and universities in Seattle-King County and Tacoma-Pierce County.

Tacoma-Pierce County (36 miles from Bremerton):

- University of Puget Sound
- Pacific Lutheran University
- Tacoma Community College
- Pierce Community College
- Clover Park Technical College
- Bates Technical College
- University of Washington Branch Campus
- The Evergreen State College Branch Campus

Seattle-King County (15 miles from Bremerton via ferry crossing, 10 miles from Winslow via ferry crossing):

- University of Washington
- Seattle University
- Seattle Pacific University
- Griffin College
- Cornish College of the Arts
- Seattle (Central) Community College
- North Seattle Community College
- South Seattle Community College

Economic Development

The **Kitsap Regional Economic Development Council (KREDC)** is the principal economic development organization in the Kitsap County area. It is a non-profit organization comprised of representatives from business, labor, education, and government. The primary purpose of the EDC is to "retain existing employment, expand existing employers' operations, and promote selected new employment opportunities." To do this, the EDC has several notable programs:

The EDC maintains an important role as Information Clearinghouse for Kitsap County's economic community. Toward this effort, the EDC maintains a comprehensive library of Kitsap County demographics and distributes them all over the country. Information includes a Business Development Guide, along with up-to-date population, employment, housing, and market statistics.

Land use, growth management, infrastructure, affordable housing and education are all concerns and projects the EDC consistently monitors and leads in a continuing effort to provide a business-friendly environment along with a marketable and economically viable quality of life.

Recruiting new business to Kitsap County is a major focus for the KREDC. Through a network with the State Office of Trade and Economic Development and a wide variety of business contacts, the KREDC has developed an extensive program to match expanding, relocating and new business ventures with Kitsap County properties and business assistance entities.

Through our business assistance efforts, the KREDC supports local businesses in a variety of ways. Services provided include one-on-one counseling, financing information, referrals/business packaging, extensive small business/home-based business library, and site location assistance.

Marketing assistance to the Port of Bremerton for Olympic View Industrial Park and Bremerton National Airport is also provided by the KREDC. The KREDC is located in the Hearthstone Center at 4312 Kitsap Way, Suite 103, Bremerton, Washington 98312. Contact the KREDC by telephone at (360) 377-9499 or on the Internet at *www.kitsapedc.org*

The **Bremerton Electronic Commerce Resource Center (ECRC)** is one of 17 centers nationally which have been established to help small- and medium-sized businesses, especially those doing business with the federal government, adopt various methods of electronic commerce. Since this helps both the businesses and the federal government, the ECRC is sponsored by the Department of Defense Joint Electronic Program Office (JECPO). The Bremerton ECRC is a partnership of Concurrent Technologies Corporation, the Kitsap Regional Economic Development Council, and Olympic College.

The Bremerton ECRC is responsible for an eight state area covering Alaska, Idaho, Montana, North Dakota, Oregon, South Dakota, Washington, and Wyoming. In addition to education and training, the center offers outreach, consultation, technical support, and acts as a laboratory for various forms of advanced technology such as video conferences and legacy data management. The ECRC site address is *www.becrc.org*

The **Port of Bremerton** was created by a vote of Kitsap County residents October 8, 1913. The adopted vision of the Port of Bremerton is to build, operate and maintain world class facilities providing recreation and economic development opportunities for aviation, marine, and business facilities. The Port has a strong relationship with its neighbors and local government, and plans projects and infrastructure that encourage today's businesses to flourish and future businesses to become established in Kitsap County.

Serving corporate and general aviation, **Bremerton National Airport** is ideal for general aviation and corporate hangars, aviation business, and maintenance operations. Adjacent to Olympic View Industrial Park, Bremerton National's 6,200-ft. runway is equipped with the state-of-the-art instrument landing system, pilot controlled approach lighting and a non-directional beacon, and is capable of accommodating most Boeing 727, 737, and 757 aircraft. There are over 600 acres available for corporate maintenance operations to develop.

Amenities available include hangar space, Avgas (truck and 24-hour self-service) and Jet A fuel, a full-service restaurant, aircraft maintenance, pilot training services, air parcel service, and other fixed base aviation support services. Bremerton National is the regional hub for aircraft activities and is home to 125 based aircraft. Bremerton National is only 10 minutes by air from Sea-Tac and Boeing Field.

The Port of Bremerton's **Olympic View Industrial Park** located west of Bremerton National Airport on State Highway 3 offers 560 acres of zoned industrial property. Rail frontage is available. The industrial park is a stand-alone urban growth area and is zoned light industrial. Thirty two businesses occupying 75 acres and 300,000 sq. ft. of building space now call Olympic View Industrial Park home. Competitive operating costs, combined with a supportive building permitting process, assistance with industrial development revenue bonds, developer services, and aggressive lease practices are some of the economic development tools and benefits offered by the Port. Designated properties in the industrial park, as well as at the adjacent Bremerton National Airport, offer the benefits of a Foreign Trade Zone and are just 10 minutes by air to Sea-Tac International Airport and 1 hour by interstate highway and ferry systems to any of the deep water ports at Seattle, Tacoma, and Olympia.

Olympic View Business Park will be an excellent setting for business and technology-oriented businesses. It is adjacent to a broad bandwidth fiber optics line and is next to Bremerton National Airport. The 30-acre planned business park will be developed on two terraces facing the Olympic Mountain range.

Foreign Trade Zone Designation. Over 500 acres of land at the Port's industrial park and airport are designated by the U.S. Department of Commerce as a foreign trade zone (FTZ). Users can benefit from delayed and reduced duty payments and in some cases, no payments on a wide variety of import and export activity. Warehousing, repackaging, assembly, and manufacturing activities can benefit financially from use of the FTZ.

Port Orchard and Bremerton Marinas. The Port's award winning recreational marinas provide both permanent and guest moorage. The Port Orchard Marina presents the state-of-the-art accommodations and utilities to both permanent and guest boaters. Both the Port Orchard and Bremerton Marinas draw high numbers of guest boaters every year and contribute approximately $1.5 million dollars to the local economies. The cities of Port Orchard and Bremerton offer community events on the waterfront such as concerts and farmers' markets, the annual Blackberry Festival, and provides many shopping and entertainment opportunities within walking distance. The promotion of tourism receives great attention in the Port's economic development activities.

Chambers of Commerce. Kitsap County has six Chambers of Commerce. They are (in alphabetical order): Bainbridge Island, Bremerton Area, Greater Poulsbo, Kingston, Port Orchard, and Silverdale. Chambers of Commerce are, in general, associations of business owners and other interested parties who work to further the business interests of their respective communities. Links to each of the chambers can be found at: *www.kitsapedc.org/links.htm* or *www.tscnet.com*

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

Roads and Highways. Major transportation corridors in Kitsap County are based upon a network of state routes. The county's municipalities and other population centers are accessed by State Routes 104, 303, 304, 305, and 308. These thoroughfares, in turn, hook up with State Route 3 which travels north and south through central and northern Kitsap County. State Route 3 heads southwesterly out of Kitsap County through Belfair, Allyn, and Shelton (in Mason County) before merging with U.S. Route 101.

The major thoroughfare in south Kitsap County is State Route 16 that travels north and south through the area. In fact, State Route 16 connects Kitsap County with Tacoma-Pierce County via the Tacoma Narrows Bridge

Built in the early 1980s, the Hood Canal Bridge (State Route 104) connects Kitsap and Jefferson counties from its location in the north county near historic Port Gamble.

Bremerton and Bainbridge Island are connected to the downtown Seattle area—and points beyond—by routes operated by Washington State Ferries. Washington State Ferries also link Kingston to north King County and south Snohomish County, and Southworth to Vashon and Fauntleroy Cove in West Seattle.

Air Transportation. Kitsap County has three airports—Bremerton National Airport, Port Orchard Airport, and Apex Airpark (Silverdale). The largest airport in Kitsap County, Bremerton National, has a jet accommodating 6,200-foot runway (see Economic Development). Port Orchard is a commercial airport and, as such, is not served by air carriers. Similarly, Silverdale, with its 2,500 foot runway, is a commercial airport and is also not served by air carriers.

Ports and Rail Service. There are presently no berths at ports within Kitsap County. The Port of Bremerton (see Economic Development section), however, has commercial access and fuel available at the Port Orchard Marina and full service recreational boating facilities along with passenger ferry access at the Bremerton Marina. The Port of Silverdale has park and moorage expansion. These references are, of course, to commercial shipping berths. The U.S. Navy and Washington State Ferries operate berths and docks, respectively, at their facilities.

Burlington Northern Railroad has rail service in and around Bremerton with a rail line running through the Port of Bremerton's Olympic View Industrial Park.