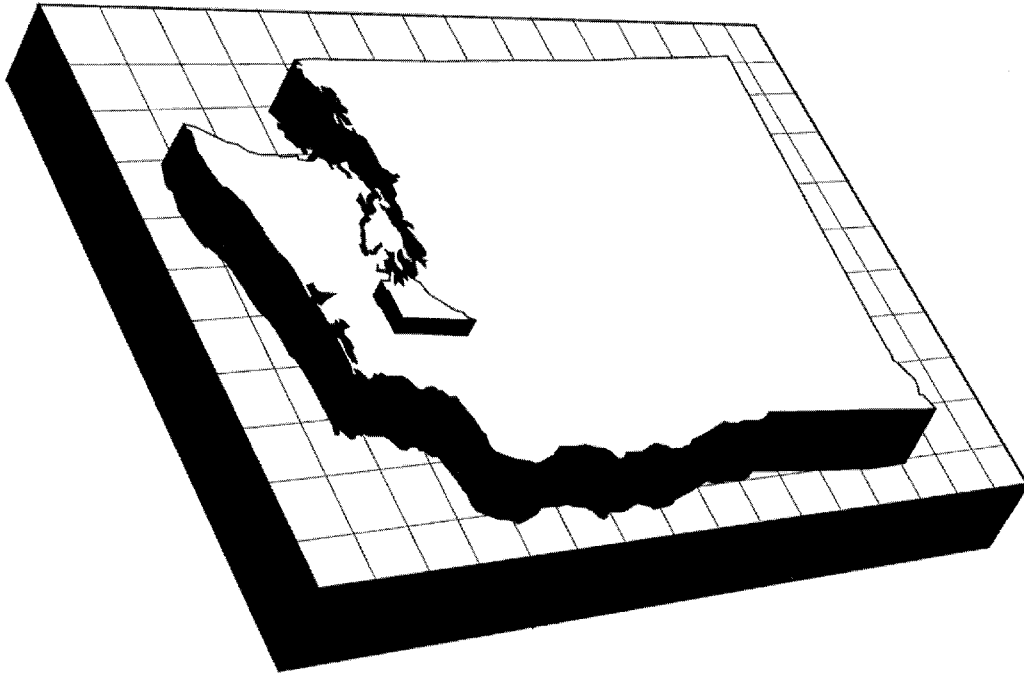


THURSTON COUNTY PROFILE



December 1999
Labor Market and
Economic Analysis Branch
Gary Bodeutsch, *Director*

THURSTON COUNTY PROFILE
DECEMBER 1999

Labor Market and Economic Analysis Branch
Employment Security Department

This report has been prepared in accordance with
RCW 50.38.050.

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INTRODUCTION

This report profiles the labor and economic characteristics of Thurston 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 Thurston County Profile of May 1995, the purpose of this report is to provide a comprehensive labor market and economic analysis of Thurston County.

Characteristics profiled include the following:

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

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

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

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

GEOGRAPHY

Comprising a total land mass of 727 square miles, Thurston County ranks 32nd in size among the 39 Washington counties. The county is located in western Washington at the southernmost end of Puget Sound. Bordering Thurston County to the south and west are Lewis County and Grays Harbor County, respectively. The county's eastern border with Pierce County is formed by the Nisqually River.

The jagged boundary constituting north Thurston County results from saltwater inlets that thrust inland from Puget Sound. In Thurston County, this collection includes Budd Inlet, Eld Inlet, Case Inlet and part of Totten Inlet. It also includes a large part of Nisqually Reach. Lands beyond Thurston County's Puget Sound boundaries are part of Mason and Pierce counties.

As its proximity to Puget Sound might indicate, Thurston County abounds with lakes and ponds, most formed eons ago by glacial activity. The largest bodies of water within the county are Black Lake, Offut Lake, Summit Lake, Lake Lawrence and Lake St. Clair. Additionally, there are a number of small but significant bodies of water in Lacey and Olympia, including Capitol Lake (man-

made), Chambers Lake, Hicks Lake, Long Lake, and Pattison Lake. Numerous smaller lakes and ponds also dot the region.

Because of its location at the foot of Puget Sound, Thurston County is the point through which a number of rivers run their course to the Sound. In addition to the Nisqually River, they include the Deschutes, Black, and Skookumchuck rivers. There are also a host of smaller creeks and tributaries.

Much of the area comprising the west and northwest portions of Thurston County is designated as part of state-owned Capitol Forest (the other half of the state forest is situated in neighboring Grays Harbor County). The land is best described as hilly, even mountainous, with an abundance of Douglas firs and a variety of deciduous trees. The highest point in the county is Capitol Peak (2,658 feet above sea level). The topography is similar at the southeast end of the county inasmuch as the Snoqualmie National Forest lies just over the border between Thurston and Lewis counties.

Those lands not influenced by forests, particularly in the central and northeast reaches of the county, are comprised of relatively flat, low prairies and river deltas.

ECONOMIC HISTORY

The following history is largely excerpted from “A Short History of Industry and Manufacturing in Thurston County, Washington,” by Thomas Rainey. Additional information was added by LMEA staff.

The native inhabitants of what is now Thurston County were engaged in commerce long before the first Europeans and Americans sailed into Puget Sound. The *Nisqually* and *Squaxin* were cedar and salmon people. Their split cedar longhouses were places of dwelling and ceremony during the long rainy winter as well as factories and storehouses. Wooden canoes fashioned from cedar carried the natives and their cargo to war, trade, and visit.

In the late eighteenth century, explorers entered the Sound. In 1792, a surveying team under Lieutenant Peter Puget of the Vancouver expedition put its longboats ashore in south Puget Sound. White explorers did not return, however, until the 1820s when the Hudson’s Bay Company searched the area for beaver and a location for their Puget Sound base of operations.

In the spring of 1833, Dr. John McLoughlin, Chief Factor of the Hudson’s Bay Company, sent agents to establish a trading post at Nisqually in what is now Thurston County. Fort Nisqually was the hub of fur trading activity on Puget Sound. The company also established a large cattle and sheep operation on the Nisqually plains. The British fur trading and agricultural companies were thus well-established on southern Puget Sound when American settlers began arriving. The United States gained full sovereignty over the region by the mid-1840s.

Colonel Michael T. Simmons led the first party of Americans to settle on Puget Sound. In 1846, he staked a claim around the waterfalls of the Deschutes River near Budd Inlet, the southernmost part of the Sound, and harnessed the Deschutes Falls to power a sawmill and grist mill. He named it New Market, later Tumwater.

Levi Lathrop Smith and Edmond Sylvester laid claim to a small peninsula jutting into Budd Inlet two miles north of Tumwater. Their claim became Smithfield, later Olympia. Olympia became the seat of the new county of Thurston. It was there that Isaac Ingalls Stevens, the first governor of the Territory, established the capital in 1853.

Shortly after the founding of Tumwater and Olympia, Isaac Wood founded a village east of Olympia named Woodland (renamed Lacey in 1891 so as not to confuse it with the prominent Woodland on the Columbia River).

The first American settlers in Thurston County had high hopes for its rapid economic development. Except for pockets of prairie land which lured the first farmers, the county was blanketed by marketable timber. Coal was also discovered in the south county.

The mid-1850s found the new settlements on south Puget Sound prosperous. Olympia had a small newspaper, the first on Puget Sound, which championed immigration and rapid development in its first issue. The vast forests surrounding the Sound beckoned. An infant shellfish industry was blooming and lumber mills were springing up around the inlet. Olympia had an established mercantile trade. Though growth was impeded by the Indian War of 1855-56 and the tendency of the men to head for California’s gold fields, Olympia established a significant port and trading center by the 1860s.

Still a prosperous *and* stable economy proved elusive. For example, in the late nineteenth century, Thurston County experienced all of the usual problems of a frontier area—and a few special ones of its own. Puget Sound was essentially an enormous virgin wilderness of fir. The topography therefore dictated that timber would be a major industry. But nature wasn’t so kind. Olympia, the area’s only feasible port, provided a link for local exports, but at low tide was separated from open water by a massive mud flat. Since dense forests made overland travel extremely difficult, water transport was vital.

Tacoma and Seattle, until the 1870s much smaller than Olympia, possessed deeper and more accessible ports which accounted in large part for their phenomenal growth in the late nineteenth century. By the time Olympia dredged its way to deep water at the turn of the century, the cities to its north had eclipsed it in population and industry. Another setback came in 1873 when the Northern Pacific Railroad chose Tacoma instead of Olympia as its major western terminus because of the former’s spacious and deeper waters of Commencement Bay.

By 1893, Thurston County was dependent on outside markets in the sense that its economy tied directly to its most important resource—timber. As new technology made it possible for lumber companies to cut, process, and ship timber out of the county, wood products became the major export and primary driver of the local economy.

The timber industry generated most jobs, with camps and mills springing up all over the county. Several small towns in the south county—like Bordeaux—were really lumber camps. Olympia supplied camps and mills in several western counties, while mills in Tumwater and on Budd Inlet turned logs into finished wood products. Logging and milling operations around Yelm, Tenino, and Bucoda boosted those small towns during good years when demand for lumber was high.

The forest products market during these years was notoriously unstable. With many competitors, lumber prices were low even in the best of times. Small logging and milling firms struggled along with razor-thin profit margins. Owners frequently cut wages, operated outdated machinery, or went out of business when market gluts cut demand. The lumber practice of the day was to cut fast and cheaply, and then abandon the property.

The county's agriculture sector experienced similar market fluctuations. Nature again wielded a stern hand. Glacial activity left rocky rubble in its wake. Sandy loam in some prairie areas was all that remained to attract farmers. Even the prairies had highly acidic soil. At the end of the nineteenth century, farmers barely met the needs of the local market and eventually lost it altogether. They turned to dairy farming to survive market shocks.

Other industries began to brighten the county's economic horizon in the last quarter of the nineteenth century. Most notable were coal mining and stone quarrying in the southeast county and the Olympia Brewery in Tumwater. Coal was discovered early in the county's history and mined well into the twentieth century. An even greater boom to the economy of the south county were the sandstone quarries near Tenino. Craftsmen came from across Europe and America for Tenino Sandstone. The quarries lifted the local economy and, from the late 1880s until the first World War, boosted Tenino's population several times over. But growth in this industry was cyclical, reflecting the availability of disposable income and municipal expenditures. The market for sandstone faded after World War I as architectural tastes changed and cement replaced it as a major building material.

The Olympia Brewing Company proved to be a more enduring aspect of the county's economy. It was founded in 1894 as the Capital Brewing Company. After establishing itself in the Far West, the company expanded to the gold rush towns of Alaska. In 1901, it effected facility expansions in Washington and Oregon and was renamed the Olympia Brewing Company. The company was nearly wrecked by state prohibition in 1916, pushing the economies of Tumwater and Olympia into a minor depression.

However, it sprang from Prohibition in 1933 with a new, thoroughly modern brewing plant which is still in operation, although the firm is now owned by the Miller Brewing Company after having undergone several ownership changes.

The Olympia Brewing Company may have led Thurston County out of the hard times of the 1890s but other sectors prospered as well. As before, the basic economic health of the county depended upon timber. In 1900, a corporate giant emerged when the railroad tycoon James Hill sold 900,000 acres of timberland owned by his Northern Pacific Railroad to Frederick Weyerhaeuser. Over the next 20 years, Weyerhaeuser moved his operations to western Washington and bought additional land, including the last old growth stands on the southeastern slopes of Thurston County. Meanwhile, a regional outfit, Simpson Timber Company, expanded into Thurston County from neighboring Mason County. Simpson purchased part interest in two local companies, Mud Bay Logging and Mason Logging, and was soon logging timber high on the slopes of the Black Hills.

By 1906, the sawmills along Budd Inlet and in other parts of the county were humming with activity. Olympia was expanding north into the Inlet, as new land was formed with dredge material from the mud flats. Olympia was creating a deepwater port, though still relatively small compared to Seattle and Tacoma. The Union Pacific Railroad was surveying a new line to Budd Inlet. The population of the county and real estate values were rising. The San Francisco earthquake ushered in local economic recovery as mills in Thurston County could not keep up with the demand for lumber created as the city began to rebuild. The Banker's Panic of 1907 caused a slight downturn, but one that hardly affected the county.

While the timber industry sustained Thurston County through nearly three decades of prosperity, state government—which would eventually replace it as the dominant local industry—began to emerge. It would not fully replace timber as the major industry until the post-World War II period, but it made a good start in the 1920s. In the process, Thurston County began to reap the economic benefits that accrued directly and indirectly from state government. When the legislature was in session, for example, local businesses saw a healthy pickup despite the fact that state government did not grow substantially until after World War I. A rising state government meant growth in the county economy.

One sign of government-fueled prosperity was the building spree in and around Olympia during the 1920s. Finished in 1927, the State Capitol Campus, anchored by

the domed Capitol Building, was the very symbol of what would become the county's preeminent industry. State employment, bolstered by federal funds, buffered Olympia and the surrounding area from the worst effects of the Great Depression.

The mobilization of resources at the onset of World War II marked a new heyday for the county's timber industry, pulling it out of the downturn experienced in the years immediately following the Depression. Wartime demand did, however, reveal a growing problem—overcutting. The main problem for the county's timber industry was exhaustion of the resource base. Weyerhaeuser felled the last major stands of old-growth Douglas fir in southeast Thurston County, while the Mud Bay and Mason Logging Companies cleared the Black Hills in the western part of the county. However, Weyerhaeuser, with the help of federal conservation agencies, replanted and stewarded forest resources. Companies in the Black Hills, though, were of the old school. By 1941, the area was logged out, and with the timber went the town of Bordeaux. The Department of Natural Resources took over the land and established a tree farm now known as Capital Forest.

Olympia emerged in the post-war era as a major center for lumber communities west of Thurston County while the Port of Olympia remained a major transportation center for logs and finished lumber. But the glory days of the local timber industry were over. Local mills boomed briefly in the post-war period, but began to close after the building orgy of the 1940s and 1950s.

War—both hot and cold—has been good for the economies of counties along Puget Sound. During the war, operations at nearby Fort Lewis increased several fold, forcing soldiers and their families into Lacey and Olympia for housing and other services. Many discharged and retired military personnel later settled in Thurston and Pierce counties permanently. Lacey, a sleepy town before the war, expanded rapidly and by the late 1950s surpassed Tumwater as the county's second largest city. It was also in the 1950s that Olympia assumed its present form as a capital city with mills on Budd Inlet and a seaport.

By the 1970s, Olympia, Tumwater, and Lacey had blended into an extended capital community. The cities represented an urban fixture on the new interstate corridor between Seattle and Portland, while expanding as a center of offices and homes for state employees and military personnel. This further diminished the county's modest farm sector as development pushed into the re-

maining prairies. Dairying and truck (berry) farming continued in south county as did small hobby farms.

The Washington Public Power Supply System plant at Satsop in neighboring Grays Harbor County had a marked impact on Thurston County since half of the 4,000 construction laborers not only lived in Thurston, but usually spent their paychecks there as well. The Satsop nuclear plant benefits came to an abrupt end in the early 1980s as the project was terminated. Unfortunately, it coincided with a severe national economic recession. Even state government suffered layoffs.

Thurston County emerged from the recession and by the late 1980s was in the midst of a commercial, office, and residential building boom. The Olympia waterfront and downtown were revitalized, Black Hills Hospital (now Capital Medical Center) was built, and Lacey and Tumwater began a residential and office boom. Population growth caused schools to be built to accommodate the influx.

In recent years, Thurston County has become an educational and retail center, serving counties to the west and south. In the late 1960s and early 1970s, the state legislature approved and financed construction of The Evergreen State College on a peninsula between Budd and Eld Inlets. The four-year public institution became an economic and cultural fixture in Thurston County with faculty, staff, and students contributing to the local housing and retail sectors. The same can be said for Saint Martin's College and for South Puget Sound Community College, which has been growing rapidly and graduates many students into the local labor force from its voc-tech programs.

As with other cities across the nation, the retail business has migrated from historic downtown Olympia to shopping centers and other significant retail outlets on its periphery (the trend has abated somewhat, however, as downtown Olympia has mounted a retail rebound with niche stores). The county's first mall was South Sound Center in Lacey, built in the mid-1960s. It was followed in the late 1970s by Capital Mall and its surrounding retail corridor. More recently, Martin Village in Lacey and other retail centers have further boosted the county's retail core. In addition to capping the retail leakage to Pierce and King counties, Thurston County's retail core has exported its goods to much of southwest Washington by attracting customers from rural parts of Thurston and nearby Lewis, Mason, and Grays Harbor counties. Thurston County's metropolitan area has of late experienced the arrival of large retailers that market in a spe-

cific product category (e.g., electronics, home furnishings, hardware, garden, office supplies, books, etc.) as well as one-stop-shopping centers that carry everything from groceries to clothing to hardware. Plans are underway for another Fred Myer, an Old Navy department store, Walgreen, Rite Aid, and others.

After all is said and done, there remains government. Though its share has grown smaller as the rest of the economy has evolved over the last three decades, it remains by far the largest industry sector in the county and is a vital stabilizing factor for the local economy that generates a very large and important payroll into the area.

POPULATION

Trends

Thurston County's population had exceptionally strong growth over the last three decades. Its 164 percent increase since 1970 was the third largest among Washington's 39 counties (only San Juan and Island counties were higher). Thurston County's resident population more than doubled from 1970-90 (76,894 to 161,238) and the pace of population growth stayed at a healthy pace since, reaching 202,700 in 1999 (see *Figure 1*). During much of this period, Thurston County ranked among the fastest growing counties in the state. As such, the county saw its share of statewide population rise from 2.3 percent in 1970 to 3.5 percent in 1999.

Population in Thurston County has consistently posted net positive annual rates of growth ranging from 1 to 9 percent (see *Figure 2*). The 1970s saw exceptionally high levels of growth which greatly surpassed the statewide average. Even in 1971, in the aftermath of the "Boeing Bust" recession, when Washington actually lost population, the county notched a 2 percent increase. The 1980s saw less volatility but annual rates consistently higher

than the state as a whole. In the last five years, though, the annual increases have been very close to the state's increases and in 1998, for the first time, the state increase was greater than the county. The population boom is subsiding in Thurston County.

Components of population change such as births, deaths, and migration can provide insight into larger population trends. From 1990 through 1999 Thurston County experienced a natural population change of 9,850—the net result of 21,788 births and 11,939 deaths. Add to that strong net migration of 31,612 and the result is total population growth of 41,462.

Net migration has clearly been the strongest factor in Thurston County's population growth. In fact, the migratory element of population change has been considerably stronger in the county than statewide. For the 1990-99 period, net migration accounted for 76 percent of population change in the county and 61 percent statewide. Over the last three to four years, though, the level of net migration has fallen.

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

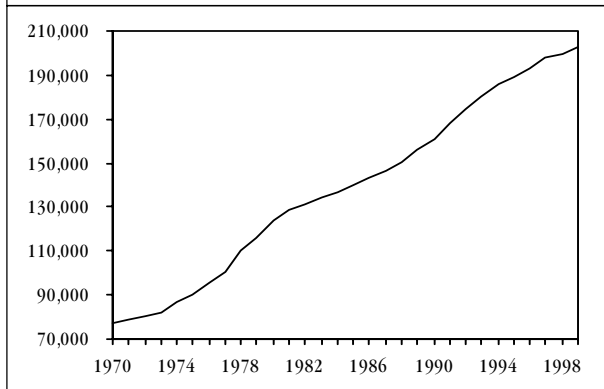
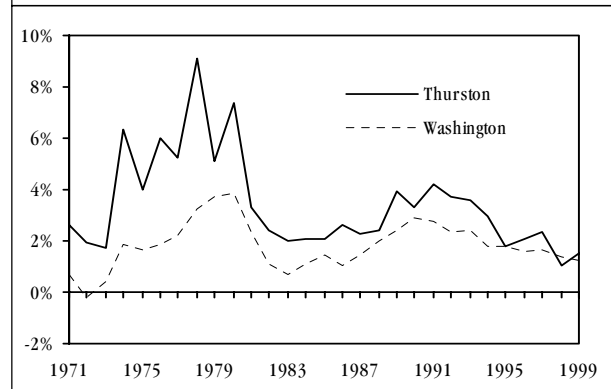


Figure 2
Population, Annual Percent Change
Thurston County & Washington, 1971-1999
Source: Office of Financial Management



Towns and Cities

Almost half (44 percent) of Thurston County residents lived in an incorporated area in 1999 (see *Figure 3 on the next page*). That area is represented by 7 cities (in

order of population size): Olympia (the state capital and county seat), Lacey, Tumwater, Yelm, Tenino, Rainier, and Bucoda. An overwhelming share of those residents,

however, live in Olympia, Lacey, and Tumwater. These three cities are home to 93 percent of the municipal population and 40 percent of the entire county population—all in a roughly 45-50 square mile area of north Thurston County.

Though Olympia remains the most populous of the three principal cities, Lacey is closing the gap. Of the three, Lacey had the fastest growing population over the last decade with an annualized growth rate of 4.6 percent. On the other hand, Olympia (2.0 percent) and Tumwater (2.6 percent) had significantly slower growth. This may be changing, though. Olympia's increase from 1998-99 was 2.9 percent and Lacey's fell off to a slightly

less 2.8 percent. Tumwater posted a 2.5 percent increase. The smaller communities were actually the fastest growing, though. Yelm and Rainier had the highest growth rates over the decade.

Thurston County also has unincorporated townships, most concentrated in its southern reaches. They include East Olympia, Littlerock, Maytown, Rochester, Gate, Tono, and Vail. Some of the phenomenon cited above is also playing out in these even smaller towns. Precise population data, however, are difficult to obtain because of their unincorporated status. Although not a city, per se, the Nisqually Indian Reservation is home to about 3,000 residents.

Figure 3
Population of Cities, Towns, and County
Thurston County, 1990-1999
Source: Office of Financial Management

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	%Chg 1990-99
Thurston	161,238	168,000	174,300	180,500	185,900	189,200	193,100	197,600	199,700	202,700	25.7%
Unincorp.	94,098	98,446	101,853	105,535	108,382	109,860	111,245	113,130	113,815	114,375	21.5%
Incorp.	67,140	69,554	72,447	74,965	77,518	79,340	81,855	84,470	85,885	88,325	31.6%
Bucoda	536	535	530	545	611	610	610	625	635	645	20.3%
Lacey	19,279	20,210	21,290	22,660	24,280	25,110	26,170	27,570	28,240	29,020	50.5%
Olympia	33,729	34,739	35,689	36,520	36,740	37,170	37,960	38,650	39,070	40,210	19.2%
Rainier	991	1,035	1,175	1,290	1,432	1,440	1,490	1,530	1,560	1,570	58.4%
Tenino	1,292	1,310	1,315	1,330	1,360	1,495	1,525	1,570	1,590	1,600	23.8%
Tumwater	9,976	10,360	10,950	11,110	11,200	11,420	11,790	12,130	12,230	12,530	25.6%
Yelm	1,337	1,365	1,498	1,510	1,895	2,095	2,310	2,395	2,560	2,750	105.7%

Age Groups

The distribution of the population among various age groups as well as changes in this distribution over time highlight patterns not revealed by the overall data. *Figure 4* shows the Thurston County population by age group for 1998 and 2020 (projected). The age group categories were developed on the following assumptions:

- 0-14 = Infants or adolescents a decade or two removed from the labor force
- 15-19 = Prospective new entrants into the labor force, except college students
- 20-24 = New entrants into the labor force
- 25-44 = Workers in their prime years of work productivity
- 45-64 = Mature workers with years of accumulated skills and experience
- 65+ = Retirees

The principal revelation, if any, is that Thurston County will be aging over the next two decades. This holds true

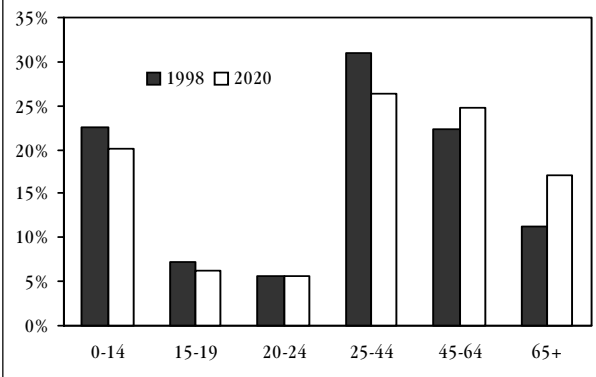
for the county, the state, and the nation. Population shares will rise significantly for the two age groups collectively representing those 45 and older. Conversely, share size will fall for the two categories representing those 19 and under. The 20-24 year-old cohort will remain about the same. The median age in the county is increasing. In 1980 it was less than 30 (29.6). Ten years later, it had increased by four years and in 1999 it was estimated at 36 years.

The baby-boomers, that large population cohort born between 1946 and 1964 and who make up about one-third of the population, will soon start to reach retirement age, and it is the size of that group that shifts the share sizes shown in the chart. The main impact of this aging will be seen in a greater need for social and health services and other needs peculiar to the aging. The growth of this group may put more pressure on service

providers, but the elderly population is not necessarily poor; many have money to spend and their income and spending stream will be an important factor in the county's economy.

Diminishment of the share size of the younger groups is a phenomenon occurring in the county, in the state, and throughout the nation. Labor shortages are a distinct possibility and are already occurring in places. If all areas are affected, in-migration from nearby counties will not be an option. Courses of action may include expansion of foreign in-migration and/or the further expansion of underutilized groups in the work force. Businesses may have to rely on greater infusions of capital to compensate for losses in the labor force.

Figure 4
Population by Age Groups
Thurston County, 1998 and 2020
Source: Office of Financial Management



Demographics

With 90.4 percent of the population in 1998, whites were Thurston County's predominant racial group (*see Figure 5*). That share, however, reflects one that has slowly but steadily eroded for quite a few years.

Since the white populace saw positive growth over the entire observation period, its share loss actually arose from much stronger growth rates in the non-white population. And the differences are clear. From 1990-98, non-white growth eclipsed that of whites, 62 percent

versus 21 percent. The strongest growth was among Asians and Pacific Islanders (76 percent), though blacks (60 percent) and Native Americans (30 percent) also made solid gains.

Those recognized as being of Hispanic origin are distributed across all of the different race categories, i.e., one of Hispanic origin can belong to any race. Their number increased 52 percent from 1990-98.

Figure 5
Population Estimates by Race and Hispanic Origin
Thurston County and Washington State, 1990 and 1998
Source: Office of Financial Management

	1990 Census		1998 Estimates		1990-1998 % Change
Thurston					
Total	161,238	100.0%	199,700	100.0%	23.9%
White	149,549	92.8%	180,515	90.4%	20.7%
Black	2,909	1.8%	4,643	2.3%	59.6%
Indian/Aleut	2,574	1.6%	3,337	1.7%	29.6%
Asian/Pacific Islander	6,206	3.8%	10,905	5.5%	75.7%
Hispanic *	4,872	3.0%	7,400	3.7%	51.9%
Washington					
Total	4,866,692	100.0%	5,685,300	100.0%	16.8%
White	4,411,407	90.6%	5,046,140	88.8%	14.4%
Black	152,572	3.1%	194,003	3.4%	27.2%
Indian/Aleut	87,259	1.8%	108,909	1.9%	24.8%
Asian/Pacific Islander	215,454	4.4%	336,248	5.9%	56.1%
Hispanic *	214,570	4.4%	343,225	6.0%	60.0%

* Hispanics may be of any race

CIVILIAN LABOR FORCE

Trends

The resident *civilian* labor force is defined as all persons 16 years of age and older in a specified geographic area who are either working or looking for work, excluding those serving in the armed forces. Like resident population, the labor force is a major economic indicator. Since gross domestic product and gross state product are not produced at the county level, labor force and other measures are used as substitutes or proxies for those indicators.

Thurston County's resident civilian labor force numbered 99,100 in 1998, more than a 200 percent increase since 1970 (see Figures 6 and 7). This translates into 4.0 percent growth in annualized terms over the 28-year period (compared to 2.8 percent statewide). While actual growth rates varied, including periods of extremely modest growth, the county's labor force posted only positive growth over the entire period, even in the midst of national recessions. By contrast, the state's labor force saw losses or stagnation during recessionary periods (1971, 1984 and 1991).

Thurston County's labor force stability comes largely from state government employment and its complementary trade and service industries. But that sector is not the entirety of the county's labor force dynamics.

In 1978, the county's labor force grew an unprecedented 12 percent. The magnitude of this growth was

all the more impressive for not having been tied to state government which stayed flat during the administration of Governor Dixie Lee Ray. Trade and services carried most of that growth, fueled by the influx of workers constructing the Washington Public Power Supply System's nuclear power plant at Satsop in Grays Harbor County and the influx of military personnel and their families during a strong peacetime military buildup at Fort Lewis in Pierce County.

The county's underlying labor force strength and stability was further revealed in recessionary 1981-82 when neither termination of the WPPSS project nor state government Reduction in Forces (RIFs) resulted in net labor force losses. In fact, the labor force managed to climb between 1 percent and 2 percent. Moreover, the county's labor force increased 11 percent in 1983 as trade and service sector recovery coupled with state government expansion under the administration of Governor John Spellman.

A very strong period of national economic growth in the latter half of the 1980s further boosted Thurston County's labor force, though the pace of that growth has tapered off considerably during the 1990s. The county's labor force growth was less than one-half of 1 percent in 1994 and, after rebounding from 1995-97, actually decreased—for the first time—in 1998 by a tenth of a

Figure 6
Civilian Labor Force
Thurston County, 1970-1998
Source: Employment Security Department

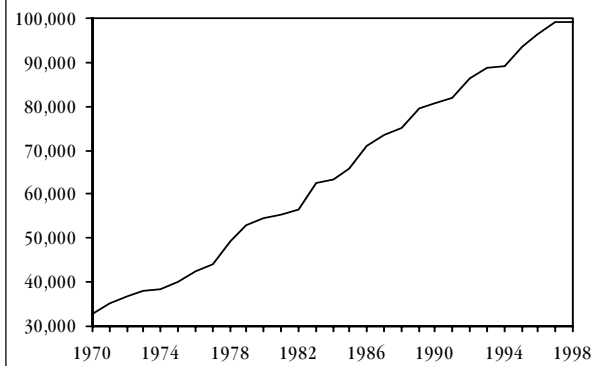
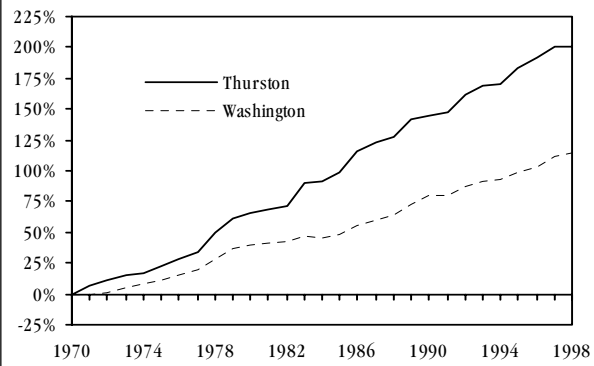


Figure 7
Civilian Labor Force, Cumulative % Increase
Thurston County & Washington, 1970-1998
Source: Employment Security Department



percent. Initiative 601, adopted by the voters in 1993, tied state government expenditures to population growth and inflation. This slowed government employment increases in the county with a consequent effect upon the labor force.

One labor force dynamic perhaps more evident today than in the past is the high commuter rate between Thurston and Pierce counties, which gives Thurston a

notably higher resident employment base than either the place-of-work nonagricultural wage and salary employment or covered employment bases. In 1998, there were 81,200 nonfarm jobs in the county. Labor force employment, based on residence of the worker, totaled 94,200. The difference is found primarily in those who commute out of the county (farm employment doesn't come close to making up the difference).

Demographics

The labor force in Thurston County, like the population in general, is predominantly white. *Figure 8* shows the numbers and percentages of the various races in the county. (Those of Hispanic origin are treated as a separate category and are not included in the racial categories.) Racial distribution is fairly similar to statewide patterns except that minority share sizes tend to be slightly smaller (except for Native Americans, whose proportion in the county is slightly larger than it is statewide).

Almost half of Thurston County's work force is female. At 48.5 percent, the share of working women is greater than the statewide average (45.7 percent) and is the second highest in the state. Only Island County has a larger share of women in the work force (49.2 percent).

Figure 8
Civilian Labor Force by Race & Hispanic Orig.
Thurston County & Washington, 1997
Source: Employment Security Department

	Thurston County		Washington	
Total	97,600	100.0%	2,988,200	100.0%
White	86,600	88.7%	2,536,400	84.9%
Black	2,100	2.2%	83,100	2.8%
Native American	1,500	1.5%	43,200	1.4%
Asian & Pac. Isl.	4,300	4.4%	161,900	5.4%
Hispanic	3,100	3.2%	163,600	5.5%

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

UNEMPLOYMENT

As noted, the civilian labor force consists of those either working or looking for work. The unemployment rate is the share of the labor force not working but actively looking for work. The unemployed do not include retirees, the institutionalized, or discouraged workers (i.e., those who would like to work but who are not actively searching for a job). Again, the common denomi-

nator here is that none of these groups is actively looking for work.

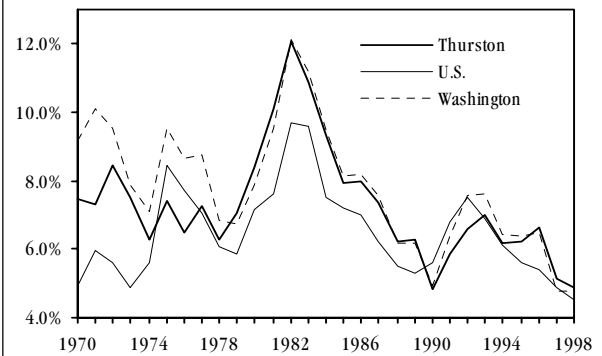
The unemployment rate is determined through a regularly recurring survey of households. The state and county portion of this household survey is merged with other local information (e.g., unemployment insurance claims and business establishment surveys) to produce county level unemployment rates.

Trends

The annual average unemployment rate in Thurston County was 4.9 percent in 1998. This was well below the rates of most of the decade; the rate was less in 1990 (4.8 percent) but hasn't been lower since the 4.6 percent registered in 1969. (The average since 1970 has been 7.3 percent.) The dynamics of the current rate are associated with the tightening of the labor market in response to the nationwide economic boom.

Thurston County's annual average jobless rates have, for the most part, tracked very closely with the state level over the entire 1970-98 period (see Figure 9). This trend appears to lend credence to the observation that as goes the state so goes Thurston County. After all, the county's major industry—state government—is dictated largely by state tax revenues which can reasonably be used as a proxy for the state's economic environment. It could also be indicative of the progressive incorporation of the county into the dynamic Puget Sound regional economy—one that largely drives the state economy.

Figure 9
Unemployment Rates
Thurston, Washington, & U.S., 1970-1998
Source: Employment Security Department



Unemployment Insurance Claims

One of the key factors in determining unemployment figures is the number of claims filed with the Employment Security Department for unemployment insurance (UI) benefits. The accompanying table shows the number of UI claims filed in Thurston County and Washington State from July 1, 1997 to June 30, 1998 by occupational groupings (see Figure 10).

By and large, the occupational stratification of the county's UI claims resembles the stratification statewide. The largest number of claimants comes from the con-

struction trades (structural work) in both the county and the state, and in both cases accounted for almost one-fifth of all claims. Construction work is very seasonal and project-driven. When the project is completed, the workers can draw UI benefits while waiting for their next project. Professional, technical, and managerial workers are the next largest group. Their share of UI claimants is large because this occupational grouping is, by far, the largest in the county, representing almost one-third of all jobs.

In Thurston County, UI claims were fairly evenly split between groupings loosely categorized as white-collar (48 percent) versus blue-collar (52 percent). In terms of a white-collar/blue-collar ratio, local claims differed

slightly from state claims in that the state saw more blue-collar (55 percent) and fewer white-collar (45 percent) occupations.

Figure 10
Unemployment Insurance Claimants
Thurston County and Washington State, July 1, 1997 - June 30, 1998
Source: Employment Security Department

	Thurston		Washington	
	Claimants	Percentage	Claimants	Percentage
Structural work	2,043	19.3%	57,245	18.7%
Professional, technical and managerial	1,740	16.4%	51,013	16.7%
Clerical	1,441	13.6%	34,107	11.2%
Packaging and materials handling	1,311	12.4%	28,132	9.2%
Service	1,236	11.6%	33,975	11.1%
Sales	672	6.3%	16,497	5.4%
Machine trades	623	5.9%	16,577	5.4%
Motor freight and transportation	597	5.6%	15,951	5.2%
Agriculture, forestry and fishing	417	3.9%	25,823	8.5%
Processing	276	2.6%	15,327	5.0%
Benchwork	194	1.8%	8,475	2.8%
Miscellaneous, NEC	62	0.6%	2,246	0.7%
Total	10,612	100.0%	305,368	100.0%
White-Collar*	5,089	48.2%	135,592	44.7%
Blue-Collar*	5,461	51.8%	167,530	55.3%

**Miscellaneous/NEC occupations excluded*

INDUSTRIES, EMPLOYMENT, AND WAGES

Data for this section come from two Bureau of Labor Statistics programs run in Washington by Employment Security—Current Employment Statistics (CES) and Covered Employment and Wages (ES-202). CES produces

estimates of total nonagricultural employment while ES-202 reports all employment and wages covered by the state unemployment insurance program.

Employment Trend

Except for a 2.9 percent decline in 1982, nonagricultural employment in Thurston County climbed consistently from 1970 to 1998 (see Figures 11 and 12). Rising at an average annualized rate of 4.3 percent, the nonagricultural employment base roughly tripled from 25,100 to 81,200. By comparison, statewide nonagricultural employment grew at a lower annualized rate of 3.2 percent.

Perhaps because it is the seat of state government where revenues and programs—and by extension employment—are related to state economic conditions, Thurston County's nonagricultural employment pattern quite closely matches the statewide pattern. Both were essentially straight-line over the 1970-98 period, a pattern interrupted briefly by recession in 1982 and sluggishness in 1990. The industry by industry patterns are, not surprisingly, more volatile.

Figure 11
Nonagricultural Wage & Salary Employment
Thurston County, 1970-1998
Source: Employment Security Department

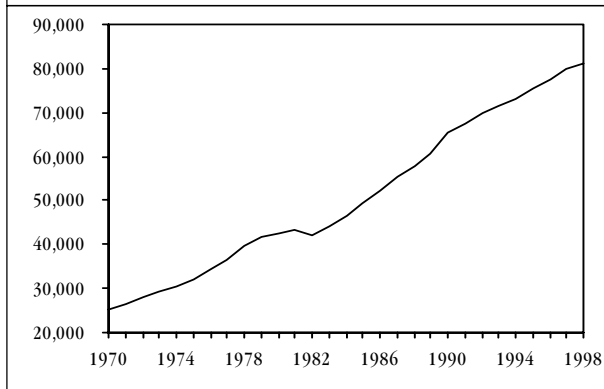
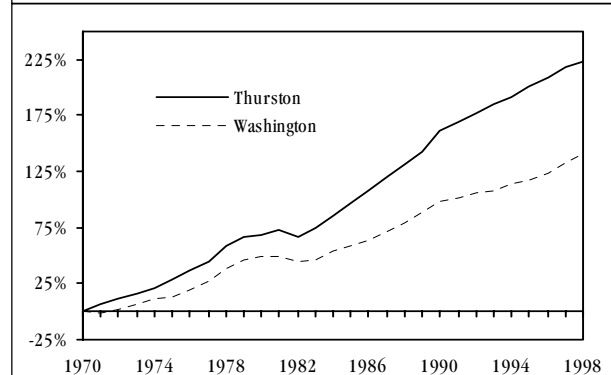


Figure 12
Nonagricultural Wage & Salary Employment,
Cumulative Percentage Increase
Thurston County and Washington, 1970-1998
Source: Employment Security Department



Location Quotients

One way of determining the strength or weakness of an area's economy is to compare it to another area. Location quotients reveal how Thurston County's employment patterns either differ from or coincide with those of Washington. They do this by comparing an industry's share of employment at the county level against the same

industry's share at the state level and in the process revealing differences in the way county and state industry employment is distributed.

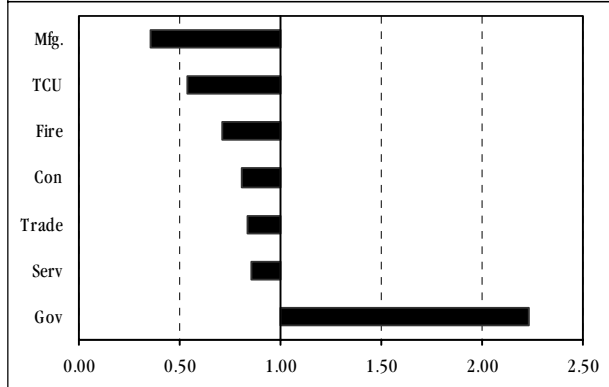
Location quotients are determined by dividing the local industry's share of total employment by the same

industry's share of total employment at the state level. A value of 1.0 means that local industry is similar to its state counterpart. A value higher than 1.0 denotes a local industry with a higher concentration of employment relative to the area's economy than is present statewide in that same industry, while a value below 1.0 denotes just the opposite. Put another way, a quotient higher than 1.0 suggests that the good or service produced by that county industry is in effect more than necessary for local consumption and therefore exported. A quotient less than 1.0 suggests, conversely, that the good or service produced by that local industry is insufficient to meet the needs of the local market and therefore must be imported to satisfy existing demand.

Figure 13 shows that each of Thurston County's industry divisions except government had location quotients of less than 1.0, which normally would translate into unsatisfied demand for the goods and services produced in those sectors. The abnormally large level of government employment in the county, though, skews the chart. With a quotient of 2.23, government exports a huge amount of services to all areas of the state.

The degree of importation of the goods and services produced by the other sectors should only be looked at relative to each other because of the distorting fac-

Figure 13
Location Quotients
Thurston County, 1998
Source: Employment Security Department



tor of government's size. Manufacturing had the smallest value followed by Transportation, Communication, and Utilities. Both quotients are small enough to suggest a significant level of importation must occur to satisfy local needs. Construction; Finance, Insurance, and Real Estate (FIRE); Services; and Trade all are relatively strong positions if the effects of the government size are discounted.

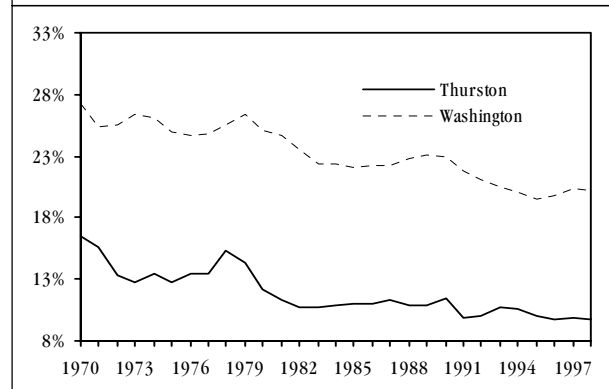
Goods and Services

There has been considerable concern recently that the U.S. is becoming a services-producing economy rather than—and largely at the expense of—a goods-producing economy. Whether or not that concern is warranted the data clearly show that both Washington and Thurston County are moving in that direction.

Figure 14 shows that goods-producing (manufacturing plus construction) jobs as a share of total employment has been eroding in both Thurston County and Washington over the 1970-98 period. Thurston County has, in fact, been moving in lock-step with the state in this regard only from a smaller share position. As such, the county's share of goods-producing jobs was roughly 10 percent in 1998 compared to roughly 20 percent statewide.

The eroding share of goods-producing jobs in Thurston County is not due to net losses in the goods-producing sector. In fact, the number of goods-producing jobs in the county has actually climbed over time from 4,140 in 1970 to 7,900 in 1998. It is clear that the shrinking share of goods-producing jobs

Figure 14
Goods Producing vs. Services Producing
Thurston County and Washington, 1970-1998
Source: Employment Security Department



is due almost solely to the strong growth in services-producing jobs. When people think about services-producing jobs, they tend to equate them with low-skill, low-wage jobs, and the county certainly has its share of those. But services-producing jobs are also

high-skilled, high-wage jobs like many found in state government and health care, for example.

This phenomenon is not in itself a necessarily harmful one. After all, the services industry includes many good jobs, including physicians, lawyers, business consultants, computer and software programmers, and, in

Thurston County, state government. Nevertheless, there does appear to be a rather strong link between goods-producing jobs and higher pay. *Figure 15* shows that change in average wages over time and there is a strong relationship between that trend and that of goods-producing and services-producing jobs.

Annual Average Wages

Annual average wages are derived by taking the total wages paid over the year in an area and dividing it by the area's annual average employment. Jobs not covered by the unemployment insurance program are not included. It is estimated, however, that roughly 90 percent of total employment is covered. It should be further noted that annual average wages do not include benefits (e.g., insurance or retirement), only actual wages.

Despite relatively stable and respectable state government payrolls, annual average covered wages in Thurston County have been consistently below the state average, though not significantly (*see Figure 15*). There is some evidence that the county's lower-than-average wage has come about due to a dearth of traditionally higher-paying manufacturing jobs. The main reason for the difference, however, is the incredible strength of King County's manufacturing and services sector and its upward push on statewide averages which makes most counties appear to be "below average." The statewide average wage in 1998 was \$33,062 but only two counties, King and Snohomish, were "above average." The rest fell below. It is a testament to the strength of state government payrolls that Thurston County, with an average of \$28,457, was ranked fifth highest in the state (without the benefit of a lead manufacturing sector).

The discussion of the average covered wages in Thurston County from 1970 to 1998 starts on a technical note inasmuch as the sudden, dramatic jump in 1971 reflected state government employees being brought under the UI program—and not a major addition of employment or wages to the county economy. The county's average wages were sustained at around that level through 1977 as a couple of large state government construction projects commenced. The county's average wage began slipping thereafter as those projects wound down and the national economy slid into recession. From 1982-89, the average wage remained essentially stagnant. It has climbed since 1989 to its present level in conjunction with even bigger increases in the statewide average.

Figure 15
Annual Average Covered Wages
Thurston County and Washington, 1970-1998
Source: Employment Security Department

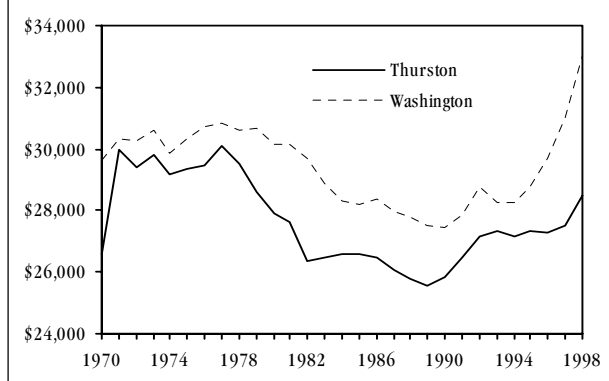


Figure 16 shows 1998 average covered wages for both Thurston County and Washington State by major industry divisions and by specific industries at the two-digit SIC code level. These comparisons should be used only broadly; suppressed industries, part-time workers, and executive earnings can exaggerate wage disparities between otherwise comparable industries.

While a handful of two-digit SIC code sectors in Thurston County boasted higher average wages than the corresponding state sectors, the majority were lower. This was also the case at the major division level, though the county did have a higher average wage than the state in agriculture and government.

The difference between the average wage of private industry in the county compared to the state is remarkable and suggests even further how necessary government is to the county's economy. The private sector in Thurston County paid only 74 percent of the same sector statewide. Overall, the county's average wage was 86 percent of the state. Government wages in the county are 102 percent of the state. Clearly, government has a strong and positive influence on wages.

Figure 16
Annual Average Covered Wages
Thurston County and Washington State, 1998
Source: Employment Security Department

	Thurston	Washington		Thurston	Washington
Total	\$28,457	\$33,047	Retail	\$17,255	\$17,908
Private Industry	\$24,332	\$32,878	Building Materials and Garden Supplies	\$27,000	\$24,241
Agriculture, Forestry, & Fishing	\$18,851	\$14,608	General Merchandise Stores	\$16,025	\$20,389
Agricultural Production- Crops	\$18,769	\$12,844	Food Stores	\$18,184	\$20,036
Agricultural Production- Livestock	\$19,641	\$19,622	Auto Dealers and Service Stations	\$27,371	\$28,499
Agricultural Services	\$17,151	\$17,250	Apparel and Accessory Stores	\$10,702	\$20,022
Forestry	\$20,608	\$20,525	Furniture and Home Furnishings	\$46,362	\$24,807
Fishing, Hunting, Trapping	\$18,627	\$48,141	Eating and Drinking Establishments	\$9,625	\$11,443
Construction & Mining	\$27,300	\$33,888	Miscellaneous Retail	\$14,991	\$18,058
Nonmetallic Minerals (Ex. Fuels)	\$31,645	\$36,116	Finance, Insurance, & Real Estate	\$29,585	\$40,719
General Building Contractors	\$25,465	\$32,169	Depository Institutions	\$30,241	\$36,293
Heavy Construction Contractors	\$34,579	\$42,031	Nondepository Credit Institutions	\$44,317	\$52,768
Special Trade Contractors	\$27,036	\$32,428	Security, Brokers and Services	\$86,734	\$88,137
Manufacturing	\$33,494	\$42,255	Insurance Carriers	\$38,603	\$45,871
Food and Kindred Products	\$33,269	\$30,622	Insurance Agents, Brokers and Services	\$25,582	\$39,429
Apparel and Other Textile Products	\$14,322	\$20,415	Real Estate	\$15,928	\$24,856
Lumber and Wood Products	\$31,804	\$34,943	Holding and Other Investment Offices	\$64,712	\$88,176
Paper and Allied Products	\$44,155	\$50,181	Services	\$25,126	\$35,885
Printing and Publishing	\$27,900	\$31,526	Hotels and other Lodging Places	\$14,549	\$15,888
Rubber and Misc. Plastic Products	\$30,085	\$30,606	Personal Services	\$16,085	\$16,330
Stone, Clay, Glass, Concrete	\$33,060	\$34,817	Business Services	\$26,093	\$69,424
Fabricated Metal Products	\$45,859	\$32,595	Auto Repair, Services, and Garages	\$23,724	\$23,989
Machinery, except Electrical	\$28,738	\$43,953	Miscellaneous Repair Services	\$31,315	\$28,368
Electronic and Electrical Equipment	\$30,636	\$37,223	Motion Pictures	\$7,387	\$14,101
Transportation Equipment	\$26,081	\$51,928	Amusement and Recreation Services	\$15,538	\$19,269
Miscellaneous Manufacturing Industries	\$37,905	\$30,358	Health Services	\$31,413	\$30,519
Transportation, Communication, & Utilities	\$32,056	\$40,289	Legal Services	\$31,221	\$41,300
Local and Interurban Passenger Transit	\$13,334	\$22,286	Educational Services	\$29,651	\$25,816
Trucking and Warehousing	\$23,919	\$29,923	Social Services	\$15,341	\$16,047
Water Transportation	\$43,903	\$51,099	Museums, Art Galleries, Botanic/Zool Gdns	\$15,319	\$20,534
Transportation by Air	\$31,647	\$37,911	Membership Organizations	\$22,879	\$20,834
Transportation Services	\$19,084	\$29,601	Engineering, Accounting, Research/Mgmt	\$34,244	\$44,713
Communication	\$42,224	\$52,630	Private Households	\$8,286	\$8,639
Electric, Gas, and Sanitary Services	\$45,411	\$52,123	Miscellaneous Services	\$32,187	\$42,200
Trade	\$19,172	\$23,050	Government	\$34,833	\$33,869
Wholesale	\$31,642	\$39,046	Federal	\$41,165	\$42,710
Durable Goods	\$33,422	\$42,400	State	\$38,205	\$33,641
Nondurable Goods	\$29,742	\$34,582	Local	\$26,822	\$31,675

This is not to suggest that there are no unusually high annual average covered earnings among Thurston County private industries. Of the 63 Thurston County industries in the table (*Figure 16*), about one-fifth had annual average covered earnings higher than those in

the same statewide sectors. These included several industries in agriculture, food processing, a couple of manufacturing entities, and a handful of industries in trade and services.

Agriculture, Forestry, and Fishing

The agriculture, forestry, and fishing sector is relatively small in Thurston County, claiming about 2.4 percent of covered employment. Throughout the state the average is 3.6 percent. Statewide, though, agricultural employment is strongly influenced by the eastern counties where farm-related employment can be as much or more than one-fourth of all employment. Thurston

County's agricultural employment is about average in terms of western Washington.

Figure 17 on the next page shows the crops, livestock, and orchards of Thurston County. Blueberries, corn, and carrots are primary field crops in the county, which ranks high among all counties in the amount produced. Dairy cows and hens (for broilers and eggs)

Figure 17
Crops, Livestock, and Orchards
Thurston County
Source: Census of Agriculture

CROPS - 1996				
	Acres Harvested	Average Yield	Total Production	Rank in State
Hay, Other (tons)	10,000	2.7	26,800	10
Blueberries (lbs)	120	5,500	660,000	4
Carrots - Proc (cwt)	100	31	3,100	7
Sweet Corn - Fresh (cwt)	200	145	29,000	3
<i>Source: Washington Agricultural Statistics Service</i>				
LIVESTOCK INVENTORY				
	Number of Head	Rank in State		
All Cattle (January 01, 1997)	25,000	18		
Beef Cows (January 01, 1997)	4,300	19		
Milk Cows (January 01, 1997)	10,800	7		
Sheep & Lambs (January 01, 1997)	500	18		
Hogs & Pigs (December 01, 1996)	200	15		
Commercial Broilers (1996 Production)	4,200,000	4		
Horses & Ponies (1992)	1,636	13		
<i>Source: Washington Agricultural Statistics Service, except for Horses and Ponies, which came from the 1992 Census of Agriculture</i>				
ORCHARDS - 1992				
	Number of Farms	Total Acres	Rank in State	
Land in Orchards	35	108	23	
Apples	25	70	21	
Cherries, All	19	19	12	
Grapes	8	4	16	
Pears	14	10	18	
Plums & Prunes	3	1	19	
<i>Source: 1992 Census of Agriculture</i>				

are quite large industries and the county is ranked seventh in the state for its inventory of dairy cows and fourth for its broiler production. The major tree fruits of Washington are represented in the county, albeit on a small scale compared to other areas. There are apple, cherry, plum, grape, and pear orchards scattered among some 100 farms.

According to recently released information from the 1997 Census of Agriculture, the amount of land in farms in Thurston County decreased 6 percent in recent years (from 59,980 acres in 1992 to 56,300 in 1997). The average farm size and the number of full-time farms also decreased over the same period (by 8 and 4 percent respectively). However, the market value of agricultural products sold climbed from around \$89 million to \$120 million (1997 dollars). The average per farm in 1997 was \$145,086. Even though the size of agriculture is

waning, those remaining in the industry are seeing good increases in their product valuation.

In 1998, the agriculture, forestry, and fishing sector employed almost 2,000 workers. There were about 360 forestry workers and about 70 involved with fishing and hunting. The remainder were involved in agriculture in some form. Crop production and livestock claimed the most, a little over 1,000, and some 500 performed agricultural services. Agricultural services include veterinary services, landscape planning, and lawn and garden services.

Wages for the sector averaged \$18,851 annually. The wages are considerably higher than the statewide sector average of \$14,608 because of a high concentration of workers in the higher paying industries of ornamental nursery crops, food crops grown under cover, and dairy farms.

Construction

As a share of Thurston County's total nonagricultural employment base, construction varied from a high of 5.9 percent in 1970 to a low of 4.5 percent in 1993. Not surprisingly, that employment fluctuated over time with the duration of major projects and business cycles (see *Figure 18*). In the 1970-93 observation period, it fell from 1,380 in 1970 to 880 by 1973 as The Evergreen State College was completed and recession ensued. It climbed again, however, from 1,010 in 1976 to 2,050 by 1978 as work began on two big public works projects: the Capitol Campus underground parking garage (1976) and the Departments of Social and Health Services and Transportation Buildings on the East Capitol Campus (1978), falling to 1,280 by 1982 as those projects wrapped up and another recession hit. Construction grew strongly in the latter half of the 1980s and through the turn of the decade as a boom in residential, commercial, and office development was coupled with construction of three new state buildings: Natural Resources (East Capitol Campus), Labor and Industries (Tumwater), and Ecology (Lacey), as well as the LOTT wastewater treat-

ment plant at the Port of Olympia. With the 1990-91 recession, employment fell slightly, recovered, and then plateaued at 3,400 until 1997 when it started climbing again. The latest increase, reaching 3,700 in 1998, has been spurred by non-residential construction such as office buildings and commercial establishments.

Construction is normally divided into three categories. In 1998, well over half of sector employment (57 percent) was within *special trade contractors* (plumbing, electrical work, painting, carpentry, etc.). *General building contractors* employed about one-third of the sector and *heavy construction*, the highest paying industry, employed the least (about 9 percent). Construction wages in the county are only about 80 percent of those statewide.

Mining, which is subsumed under this sector, is relatively small in Thurston County. Some 2 percent of sector employment is involved with mining and it is limited to crushed and broken stone and construction sand and gravel. Wages, though, are almost on a par with heavy construction.

Figure 18
Construction & Mining Employment
Thurston County, 1970-1998
Source: Employment Security Department

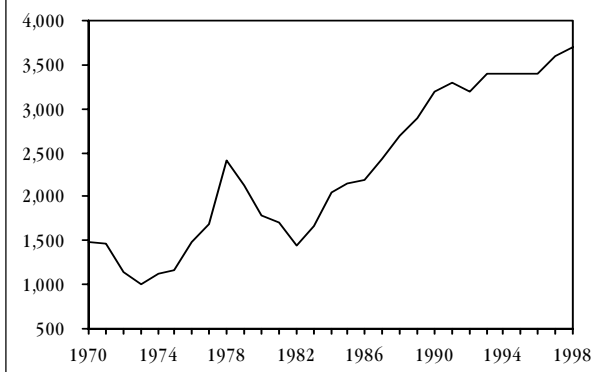
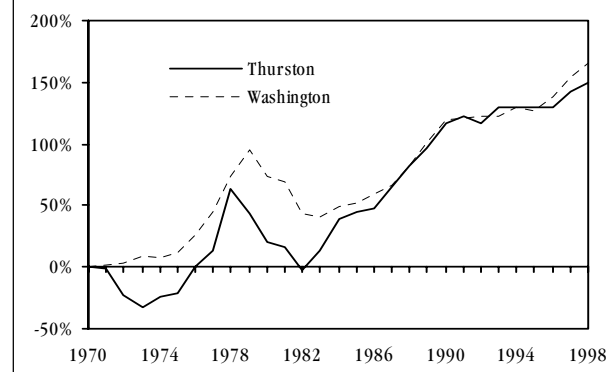


Figure 19
Construction & Mining, Cumulative % Incr.
Thurston County and Washington, 1970-1998
Source: Employment Security Department



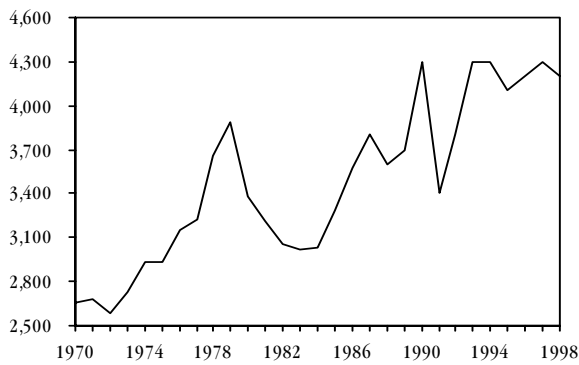
Manufacturing

Manufacturing, particularly forest products, used to dominate employment in Thurston County. But starting in the 1950s, employment shifted away from manufacturing and toward government, services, and trade. Though it remains important to the economy, manufacturing has continued to decline as a share of county employment, slipping from 11 percent in 1970 to 8 per-

cent in 1980 to 7 percent in 1990 to only 5 percent in 1998. The actual number of manufacturing jobs has increased over time but so slowly in comparison to other sectors that the share size has shrunk.

Like construction, manufacturing has experienced some significant cycles over the 1970-98 period (see *Figures 20 and 21 on the next page*). Through the

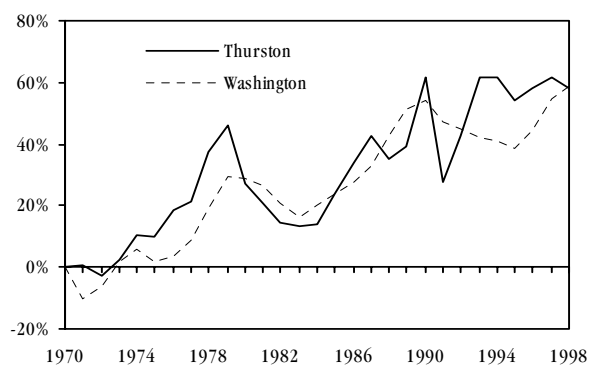
Figure 20
Manufacturing Employment
Thurston County, 1970-1998
Source: Employment Security Department



1970s, the county's manufacturing sector was on a predominantly upward pattern, peaking at nearly 3,900 by 1979. It nevertheless lost a share of county employment as its growth was neither as strong nor as steady as that in government, trade, or services. Manufacturing employment plunged in the first half of the 1980s to nearly 3,000 after being battered by a severe recession. The recovery that followed, however, restored employment to 3,800 by 1987. Manufacturing has produced something of a seesaw pattern over the past decade, peaking at 4,300 in 1990, but never surpassing that. In 1998, employment stood at 4,200.

Lumber and wood products remains the biggest manufacturing industry in Thurston County with about 900 workers comprising more than one-fifth of the area's manufacturing in 1998. Approximately two out of five workers are engaged in logging and a fairly large number are engaged in the manufacture of mobile homes. The balance are scattered through several wood products enterprises. Though the industry is cyclical,

Figure 21
Manufacturing Employ., Cumulative % Incr.
Thurston County and Washington, 1970-1998
Source: Employment Security Department



it has been equally affected by structural as well as political factors that continue even today. Since 1994, covered employment and wages have been declining. The number of workers fell from 1,093 to 907 in 1998 and the real average wage in the industry went from \$33,135 to \$31,804.

Food and kindred products was the county's second largest manufacturing sector in 1998 with 605 workers. Employment was mostly concentrated in brewing, soft drinks, and dairy products (mainly cheese). Smaller amounts of employment are scattered in a number of other industries, including roasted coffee, fabrics, and clothing. Since 1995, employment dropped by almost one hundred and wages by about \$2,000.

Another significant industry is plastic products. Nine or ten firms in the *Rubber and Miscellaneous Plastics Products* employ about 600 workers in the manufacture of plastic bottles, pipes, and plumbing fixtures among other things. Employment has been increasing (up from 335 in 1993) and wages have climbed about \$4,000 over the same time.

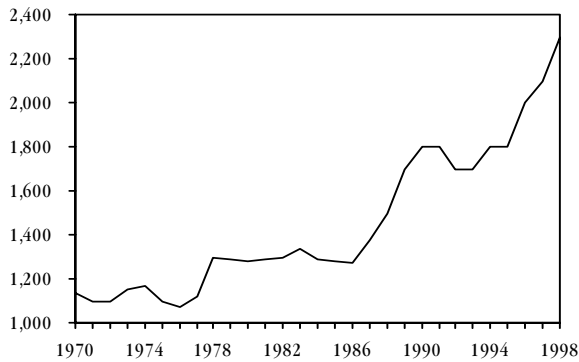
Transportation, Communication, and Utilities (TCU)

Although the actual share size of TCU has decreased from earlier years, the numbers have been rising at about the same rate as statewide (see Figures 22 and 23). Until the latter part of the 1980s, TCU employment in Thurston County ranged from 1,100 to 1,300. Starting in 1986, though, it climbed progressively to 1,800, slacked off in the early 1990s, and then resumed growth, reaching 2,300 in 1998. Most of the strong growth since 1993 has come from local trucking without storage and air courier services (United Parcel Service and Federal

Express—not anything at the airport), which in 1993 was virtually nonexistent.

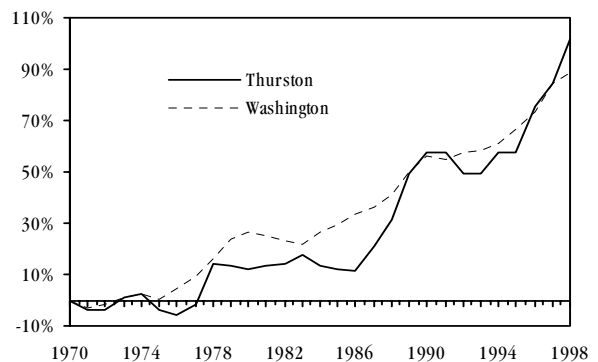
Communication is the largest industry with over 700 covered workers followed by trucking and warehousing with about 600 employees. With advances and changes in communication, the advent of the internet, and new cable services, this could be a strong growth sector. Electric, gas, and sanitary services and local and interurban passenger transit have about 200 workers each.

Figure 22
TCU Employment
Thurston County, 1970-1998
Source: Employment Security Department



The average wage in TCU is almost as high as manufacturing. Relatively high levels of pay in communication and electric, gas, and sanitary services positively effect the sector's average.

Figure 23
TCU Employment, Cumulative % Increase
Thurston County and Washington, 1970-1998
Source: Employment Security Department



Trade

One-fifth of all jobs in Thurston County are in the trade sector. Since 1970, the number has increased by 266 percent, going from 4,480 to 16,400 in 1998. This growth has been stronger than statewide increases (*see Figures 24 and 25*) even though the share size (20 percent) is less than the statewide average (24 percent). The smaller share size can be attributed to two factors. One, the tremendous size of the county's government sector tends to skew the figures and make other sector's share size unrepresentative. And two, shoppers will travel north from

Thurston to neighboring Pierce or nearby King to make their purchases from the larger retail centers in those counties. Local merchants must compete with retail centers throughout western Washington for customers.

Given the competition from other areas and the strong local growth through much of the 1980s and early 1990s when large "big box" retail centers were built, it is not surprising that growth has slowed in the last four to five years. Since 1995, annual employment growth rates have

Figure 24
Trade Employment
Thurston County, 1970-1998
Source: Employment Security Department

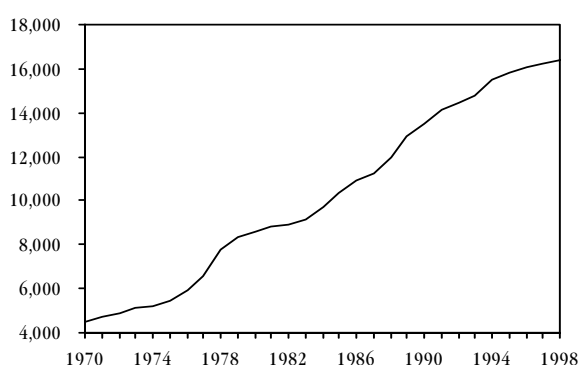
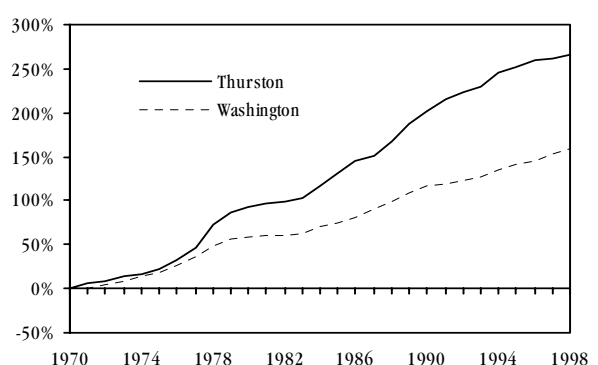


Figure 25
Trade Employment, Cumulative % Increase
Thurston County and Washington, 1970-1998
Source: Employment Security Department



been below 2 percent, considerably less than the 4.8 percent average since 1970.

Trade is traditionally divided into wholesale and retail sectors. In Thurston County, wholesale trade accounts for only about 13 percent of trade's total covered employment. Many of the large wholesale distributors are located north of the county but within easy trucking distance so it is easy for retailers to purchase there (e.g., King County has 30 percent of its trade employment in wholesale). The relatively small number of wholesale trade employees (2,160) is unfortunate because their wages are significantly higher than others in trade. The overall wage for trade averaged \$19,172 in 1998 while wholesale workers averaged \$31,642.

Retail trade employed over 14,000 workers in 1998. The average wage was \$17,255. Retail trade has signifi-

cant amounts of part-time work which cuts down the average considerably. Also, eating and drinking places is the largest industry in all of trade and the lowest paying. It employed about 5,000 workers in 1998 and paid an average wage of only \$9,625 per year. There are also large numbers of workers in general merchandise stores, food stores, and auto dealers and service stations.

Most of retail trade has significant amounts of part-time employment and this strongly influences the average wages that are paid. Computation of the annual average wage merely divides the total wages paid for the year by the average number of jobs. Full-time jobs and part-time jobs are counted the same. The average wage does not equate to a 40 hour-per-week, 52 weeks-per-year job, especially in sectors such as trade.

Finance, Insurance, and Real Estate (FIRE)

Finance, insurance, and real estate is one of the smaller industry divisions, representing 3.7 percent of Thurston County's nonagricultural employment in 1998. As a leading indicator of economic business cycles, FIRE employment tends to contract prior to recession and expand prior to recovery—particularly in the finance and real estate components. This is typically in response to the interest rate and inflation environment. FIRE employment demonstrated this tendency as it retrenched in 1971, 1978, and 1987, several years prior to the 1975, 1982, and 1990 recessions, respectively (*see Figures 26 and 27*). Employment has been strongly increasing since 1990, reflecting the state of the economy.

The largest component within Thurston County's FIRE sector is depository institutions, which includes

banks, savings and loans, and credit unions. These establishments represented 39 percent of FIRE employment in 1998, with about 1,150 workers. Real estate is the second largest industry with some 800 workers. The low average wage in real estate is prompted by large amounts of part-time work and a high level of "commission-only" agents who receive no regular pay rate. Insurance carriers and agents each employ between 300 and 400 workers.

The average wage in FIRE was \$29,985 in 1998, less than 75 percent of the statewide average. Insurance and real estate agents were the primary cause of the difference, each making less than two-thirds of their statewide counterparts.

Figure 26
FIRE Employment
Thurston County, 1970-1998
Source: Employment Security Department

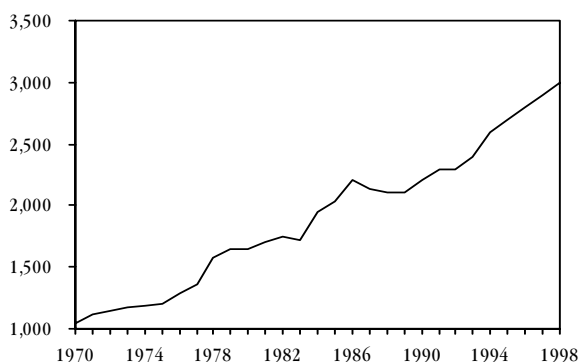
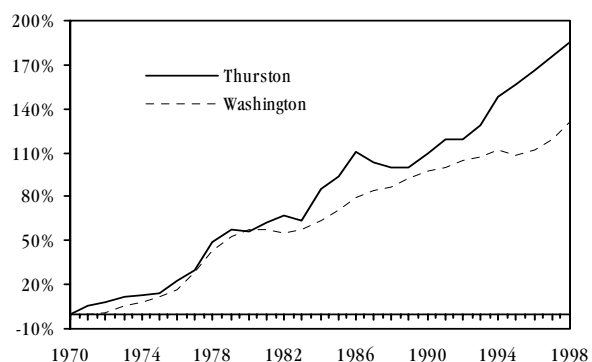


Figure 27
FIRE Employment, Cumulative % Increase
Thurston County and Washington, 1970-1998
Source: Employment Security Department



Services

Even more impressive than trade growth was the tremendous growth within services. From 10 percent of Thurston County's nonagricultural base in 1970, services more than doubled its share to 24 percent by 1998. To think that services moved from one of every ten jobs in Thurston County to one of every four is somewhat remarkable. Service sector employment growth matched its impressive gains in employment share. From 1970-98, the county's services industry expanded more than seven-fold from 2,510 to 19,100, a startling 661 percent increase (see Figures 28 and 29). Except for a recessionary slip in 1982, annual growth rates have been consistently strong, averaging almost 8 percent per year since 1970.

Services is not confined to the stereotypical view of the laundry or the house-cleaning crew, although these are a part of the sector. It also includes professionals such as doctors, lawyers, architects, etc., and is extremely diverse, with industries ranging from auto repair to social work.

Health services, with more than one-third of sector employment, is the largest employing industry in the ser-

vices sector. With two hospitals, a number of clinics, the offices of numerous doctors and dentists, and nursing care facilities, health services employed about 6,700 workers in 1998. The average wage (\$31,413) was higher than the statewide average, primarily because of strong payrolls at the hospitals and the offices and clinics of medical doctors.

Business services was also a large industry in the services sector. It employed about 2,400 workers with an average wage of \$26,093. The wage is lopsidedly low in comparison to the statewide average of \$69,424 but this is because pre-packaged software is categorized in business services and the software giants of Seattle/King County blow the average wage all out of proportion. About half of business services employment in Thurston County is with help services supply (temp workers) and building maintenance services.

Other services with substantial employment (over 1,000) were social services, membership organizations, and amusement and recreation services.

Figure 28
Services Employment
Thurston County, 1970-1998
Source: Employment Security Department

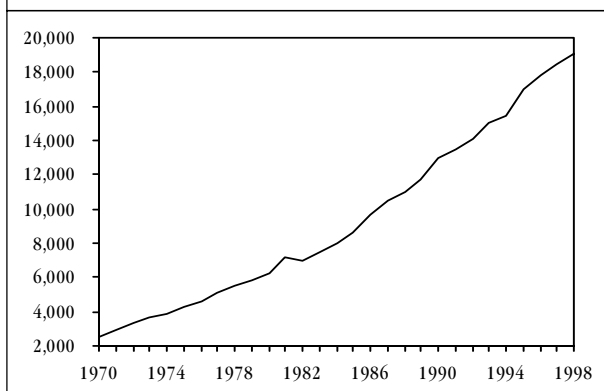
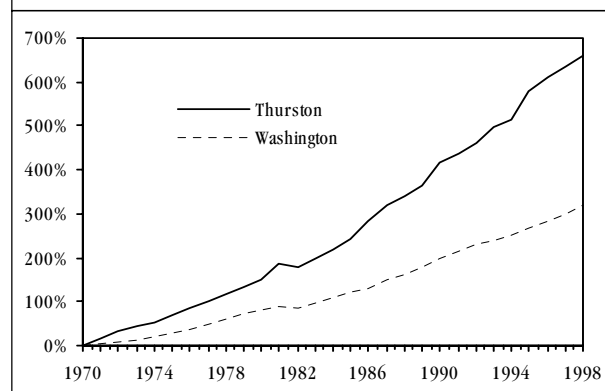


Figure 29
Services Employment, Cumulative % Increase
Thurston County and Washington, 1970-1998
Source: Employment Security Department



Government

It was government, namely state government, that supplanted traditional manufacturing as the dominant industry in Thurston County. From rather shaky beginnings at the time of statehood, government endured to modern times to represent anywhere from 40 to 50 percent of county employment. In 1970, government

represented 47 percent of all county employment, a share that climbed to 50 percent by 1975. Government's share of county employment receded somewhat to between 44 and 45 percent in the latter half of the 1970s—the result of strong gains in the local service and trade sectors and, to a lesser extent, state spend-

ing limits imposed by Governor Ray. During the latter half of the 1980s and through the 1990s, government's share of county employment continued to decline. In 1998, it was 40 percent.

Even though government has been losing share size, its employment growth has been almost consistently positive (see Figures 30 and 31). The average annual rate of growth over the period was 3.7 percent. Government employment rose steadily at the outset of the 1970s, but was slowed by economic recession in 1974. The pace appeared to be picking up again when, in 1977, an administration change, followed by economic recession, brought about a sharp decline in government job growth. Government employment emerged from the recession by rising at rates of 4 percent and 6 percent until 1992 when the aftermath of yet another recession coupled with a voter initiative that tied government growth to population growth and inflation, caused employment to flatten. Growth resumed in 1995 but at a lesser level. In 1998, government employment stood at 32,500. This was a 176 percent increase since 1970.

State government is far and away the largest of the three levels of government in Thurston County. In 1998, its 22,000 workers accounted for two-thirds of all government employment. This is unlike most counties in the state where local government is the largest because of K-12 education. Being the seat of the state's government, though, Thurston County is home of much of the bureaucratic infrastructure of Washington's governmental apparatus. It is also home to The Evergreen State College and South Puget Sound Community College, both

state institutions. In fact, the county is home to over 16 percent of all state government employees even though it has only 3.5 percent of the state's population.

Wages for state government workers exceed statewide norms. The annual wage for all public employees in the county was \$34,833 in 1998, about \$1,000 more than statewide. State government, however, is even higher: \$38,205, almost \$5,000 higher than the statewide average for state government. State level government injected an \$800 million payroll into the county in 1998.

Local government employed close to 10,000 employees. The bulk of this employment was in K-12 education, about 6,500 (this includes the teaching staff as well as administrators and maintenance and support personnel). Local government growth, including K-12 school districts, is driven by population growth and increasing demand for services. In addition to K-12, standard governmental functions, both executive and legislative, employed over 2,300 in the county. Intercity transit was the next largest entity but employed only about 300 workers. The average wage in 1998 for local government was \$26,822, about \$5,000 less than the statewide average for the same.

The federal government presence is relatively small. With no military bases like in neighboring Pierce County, Thurston County's federal workers consist primarily of postal workers and the forest service. Approximately 1,000 federal workers are in the county, amounting to about 3 percent of all government employment. Statewide, some 15 percent of government workers are federal.

Figure 30
Government Employment
Thurston County, 1970-1998
Source: Employment Security Department

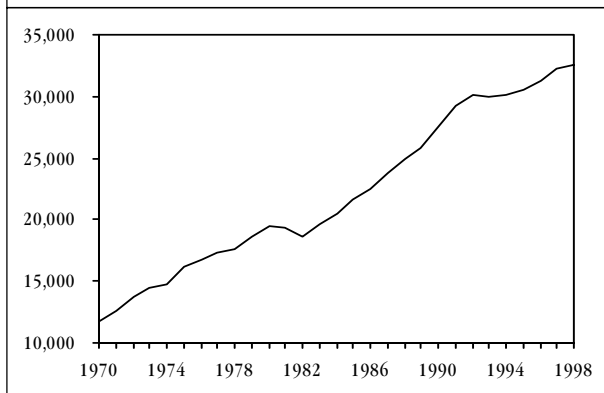
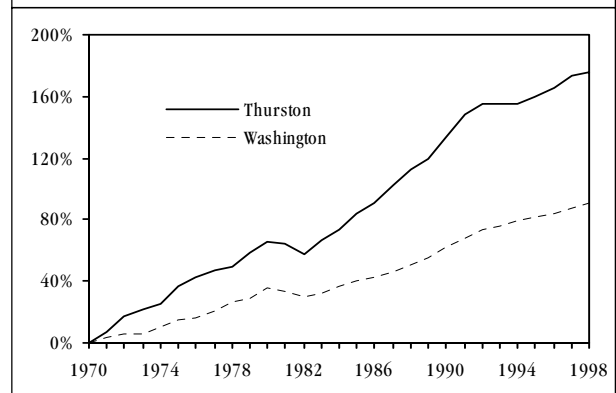


Figure 31
Government Employ., Cumulative % Increase
Thurston County and Washington, 1970-1998
Source: Employment Security Department



Industry Projections

Nonfarm employment projections for the 1998-2003 period are shown in *Figure 32*. The county is expected to increase its employment base at about the same rate as the state. Most of the new jobs will be found in the government sector, followed by services and trade. This continues the tradition of Thurston County being a pro-

vider of services rather than goods. Manufacturing should have the smallest increase of any sector. All in all, about 8,200 new jobs are projected to materialize by 2003 and some 7,600 of them will be in government, services, or trade.

Figure 32
Industry Projections
Thurston County and Washington State, 1998 and 2003
Source: Employment Security Department

	1998	Thurston County		# Change	Washington
		2003	% Change		% Change
Total Nonfarm Employment	82,200	90,400	10.0%	8,200	9.6%
Manufacturing	4,400	4,500	2.3%	100	1.1%
Construction & Mining	3,700	3,900	5.4%	200	6.4%
Transportation & Utilities	2,000	2,300	10.0%	300	6.5%
Wholesale & Retail Trade	16,800	18,200	8.3%	1,400	8.8%
Finance, Ins. & Real Estate	3,000	3,100	3.3%	100	6.5%
Services	19,300	22,100	14.5%	2,800	16.8%
Government	33,000	36,400	10.3%	3,400	9.6%

OCCUPATIONAL PROFILE

A different but informative way to view an area's work force is in terms of occupational grouping rather than industry divisions (*see Figure 33*). The data show employment by major occupational divisions within Thurston County and Washington State for 1996 and projections to 2006.

Although Thurston County tends by and large to reflect state trends, it varied somewhat from the state pattern with respect to occupational mix. In 1996, the county had a higher proportion of white-collar occupations than the state as a whole. State government was definitely a factor in increasing the shares of managerial and ad-

ministrative and clerical and administrative support occupations, while otherwise being a residential community boosted the county's share of sales occupations. The county did lag, however, in professional and technical and service occupations.

Conversely, Thurston County had a lower share of blue-collar occupations than did the state. While the county had a lesser share of agriculture, forestry, and fishing occupations, the real measure of this deficit was a much lower share of other blue-collar jobs, both skilled and unskilled.

Figure 33
Occupational Employment and Projections
Thurston County and Washington State, 1996 and 2006
Source: Employment Security Department

	1996		Thurston 2006		% Chg	Jobs
Total	83,842	100.0%	102,120	100.0%	21.8%	18,278
Managerial & Administrative	6,685	8.0%	8,068	7.9%	20.7%	1,383
Professional, Paraprof., & Tech	25,111	30.0%	32,182	31.5%	28.2%	7,071
Marketing & Sales	8,350	10.0%	10,092	9.9%	20.9%	1,742
Clerical & Admin. Support	14,935	17.8%	16,729	16.4%	12.0%	1,794
Services	13,171	15.7%	16,792	16.4%	27.5%	3,621
Ag., Forestry, Fishing & Related	2,280	2.7%	2,234	2.2%	-2.0%	-46
Prec. Production, Craft, & Repair	5,939	7.1%	7,307	7.2%	23.0%	1,368
Operators, Fabricators, & Laborers	7,371	8.8%	8,716	8.5%	18.2%	1,345
White-Collar	68,252	81.4%	83,863	82.1%	22.9%	15,611
Blue-Collar	15,590	18.6%	18,257	17.9%	17.1%	2,667
			Washington			
Total	2,670,369	100.0%	3,234,014	100.0%	21.1%	563,645
Managerial & Administrative	190,797	7.1%	234,329	7.2%	22.8%	43,532
Professional, Paraprof., & Tech	610,458	22.9%	783,554	24.2%	28.4%	173,096
Marketing & Sales	298,912	11.2%	370,762	11.5%	24.0%	71,850
Clerical & Admin. Support	431,765	16.2%	486,377	15.0%	12.6%	54,612
Services	416,939	15.6%	521,578	16.1%	25.1%	104,639
Ag., Forestry, Fishing & Related	106,121	4.0%	106,278	3.3%	0.1%	157
Prec. Production, Craft, & Repair	277,498	10.9%	324,415	10.0%	16.9%	46,917
Operators, Fabricators, & Laborers	337,879	12.7%	406,721	12.6%	20.4%	68,842
White-Collar	1,948,871	73.0%	2,396,600	74.1%	23.0%	447,729
Blue-Collar	721,498	27.0%	837,414	25.9%	16.1%	115,916

The projections to 2006 portend no dramatic changes. The proportion of white-collar jobs will increase a small amount as Thurston County furthers its image as a services producer. The mixture of jobs will remain basically the same with only minor share size changes.

Figure 34 is based on occupational employment surveys conducted in the Olympia PMSA (Thurston County) in 1997 by the Employment Security Department. The occupations and wages offer a good perspective of the range of occupations in the area and the levels of pay

they command. Wages are either hourly or monthly. The ranking shows the amount of employment in each occupation, from highest (1) to lowest (197).

The occupations which contain the phrase “all other” (as in “all other professional, paraprofessional, technical”) denote a collection of occupations too numerous to be listed individually. The all other professional, paraprofessional, technical grouping, which is ranked number one in terms of employment, stems from government which has a large number of those type occupations and which cannot all be listed.

Figure 34
Occupational Wages
Thurston County, 1997
Source: Employment Security Department

Occupational Title	Wage*	Rank**	Occupational Title	Wage*	Rank**
<i>Managerial and Administrative Occupations:</i>			Lawyer	\$30.32	37
Financial Manager	\$24.14	33	Paralegal	\$15.86	196
Personnel, Train & Labor Relation Mgr	\$23.73	143	Social Science Teacher, Postsec	\$17.73	126
Purchasing Manager	\$16.11	140	English & Foreign Lang Tchr, Postsec	\$12.93	136
Marketing, Advertising, Public Rel Mgr	\$21.57	77	All Other Postsecondary Teacher	\$29,570	147
Administrative Service Manager	\$18.68	124	Teacher, Elementary	\$35,930	18
Engineering, Math, Natrl Science Mgr	\$30.48	88	Teacher, Secondary School	\$35,990	13
Education Administrator	\$26.84	84	Teacher, Special Education	\$34,580	63
Medicine & Health Service Manager	\$31.73	69	Teacher, Vocational Education	\$12.92	159
Property & Real Estate Manager	\$10.19	120	Instructor, Nonvocational Education	\$12.41	45
Construction Manager	\$23.55	109	Instructor & Coach, Sport	\$13.75	38
Communication, Transport, Utilities Mgr	\$23.87	184	Librarian, Professional	\$19.31	106
Food Service & Lodging Manager	\$10.92	74	Technical Assistant, Library	\$11.26	162
Public Admin, Chief Exec & Legislator	\$27.10	110	Vocational & Educational, Counselor	\$14.63	137
General Manager & Top Executive	\$26.30	7	Instructional Coordinator	\$18.43	145
All Other Manager & Administrator	\$25.45	4	Teacher Aide, Paraprofessional	\$9.64	17
<i>Professional, Paraprofessional, and Technical Occupations:</i>			Physician & Surgeon	\$50.45	67
Loan Officer & Counselor	\$16.40	82	Registered Nurse	\$19.88	14
Accountant & Auditor	\$18.29	19	Licensed Practical Nurse	\$11.80	60
All Other Financial Specialist	\$20.47	50	Pharmacist	\$29.67	158
Wholesale, Retail Buyer, except Farm	\$14.13	121	Dental Hygienist	\$30.36	117
Purchase Agent, exc Whsl, Retail, Farm	\$17.53	167	Radiologic Technologist	\$16.48	165
Personnel, Train & Labor Relation Spec	\$19.46	52	All Other Health Prof, Paraprof, Tech	\$17.68	51
Cost Estimator	\$21.08	125	Writer & Editor	\$13.36	160
Management Analyst	\$21.79	114	Public Relations Spec, Publicity Writer	\$18.56	98
Comply Officer & Inspector, exc Const	\$17.44	104	Artist & Related	\$11.86	182
Tax Examiner, Collector, Revenue Agent	\$20.14	76	Designer, except Interior Design	\$10.57	122
All Other Management Support Worker	\$18.94	48	All Other Professional, Paraprof, Tech	\$19.52	1
Civil Engineer, including Traffic	\$24.59	39	<i>Sales and Related Occupations:</i>		
All Other Engineer	\$25.96	101	First Line Supervisor, Sales & Related	\$14.97	12
Surveying & Mapping Scientist	\$20.55	192	Insurance Sales Worker	\$15.67	132
Civil Engineering Technician	\$17.72	103	Real Estate Appraiser	\$23.94	146
Drafter	\$14.23	155	Sales Agent, Business Services	\$18.65	139
All Other Physical Scientist	\$23.63	64	Travel Agent	\$10.67	190
Forester, Conservation Scientist	\$19.30	150	Sales Rep, Science & Related, exc Retail	\$14.08	149
Biological Scientist	\$20.68	81	Sales Rep, exc Retail, Sci, Related	\$12.95	47
Computer System Analyst, EDP	\$24.34	43	Salesperson, Retail	\$8.96	2
Computer Support Specialist	\$18.87	29	Salesperson, Parts	\$12.07	92
Computer Programmer	\$18.70	91	Counter & Rental Clerk	\$7.61	61
All Other Mathematical Scientist	\$19.27	100	Stock Clerk, Sales Floor	\$9.14	42
Urban & Regional Planner	\$24.07	189	Cashier	\$9.21	6
All Other Social Scientist	\$21.77	144	Telemarketer, Door-To-Door Sales & Rel	\$7.09	156
Social Work, Medical & Psychiatric	\$15.32	79	All Other Sales & Related Occupation	\$13.37	65
Social Work, exc Medical & Psychiatric	\$16.94	35	<i>Clerical and Administrative Support Occupations:</i>		
Residential Counselor	\$8.97	181	First Line Supervisor, Clerical	\$14.75	23
Human Service Worker	\$11.74	138	Bank Teller	\$9.18	59
Adjudicator & Hearing Officer	\$18.22	49	Loan & Credit Clerk	\$12.09	94

Figure 34 (Continued)
Occupational Wages
Thurston County, 1997
Source: Employment Security Department

Occupational Title	Wage*	Rank**	Occupational Title	Wage*	Rank**
Adjustment Clerk	\$11.26	187	Amusement & Recreation Attendant	\$5.91	73
Insurance Policy Processing Clerk	\$11.02	172	Personal Home Care Aide	\$8.63	164
Library Assistant & Bookmobile Driver	\$11.36	173	Child Care Worker	\$7.98	34
Teacher Aide & Educational Asst, Clerk	\$6.73	95	All Other Service Worker	\$10.13	24
Legal Secretary	\$9.74	177	<i>Agricultural, Forestry, Fishing, and Related Occupations:</i>		
Medical Secretary	\$12.79	112	First Line Supervisor, Agr, Forest, Fish	\$17.56	175
Secretary, except Legal & Medical	\$11.93	8	Forest & Conservation Worker	\$12.93	174
Stenographer	\$13.47	197	Animal Caretaker, except Farm	\$8.18	176
Receptionist, Information Clerk	\$8.88	21	Laborer, Landscaping & Groundskeeping	\$10.81	25
Typist, including Word Processing	\$11.33	22	Farmworkers, Food/Fiber Crops:	\$6.26	89
Personnel Clerk, except Payroll, Time	\$13.79	141	Farmworkers, Farm/Ranch Animals:	\$8.15	93
File Clerk	\$7.54	32	All Other Agricultural, Forestry, Fish	\$14.33	68
Statistical Clerk	\$12.29	193	<i>Production, Construction, Oper, Maint, & Material Handling Occupations:</i>		
Customer Service Represent, Utilities	\$16.26	151	First Line Supervisor, Mechanic & Repair	\$20.18	105
Bookkeeping, Accounting & Auditing Clerk	\$11.74	9	First Line Supervisor, Constr & Extract	\$20.21	118
Billing, Cost & Rate Clerk	\$9.71	168	First Line Supervisor, Production	\$16.55	119
General Office Clerk	\$10.20	3	Production Inspector, Grade, Sort, Test	\$12.24	178
Computer Operator, exc Peripheral Eq	\$13.56	97	All Other Machinery Mechanic	\$17.28	99
Data Entry Keyer, except Composing	\$10.08	62	Maintenance Repairer, General Utility	\$10.85	28
Switchboard Operator	\$8.90	129	Automotive Mechanic	\$14.93	44
Postal Mail Carrier	\$16.27	87	Automotive Body, Related Repairer	\$14.18	153
Stock Clerk, Stockroom or Warehouse	\$10.52	70	Bus & Truck Mechanic & Diesel Specialist	\$16.94	128
Order Filler, Sales	\$8.86	170	Telephone & Cable TV Line Install/Repair	\$16.26	166
Traffic, Shipping & Receiving Clerk	\$11.01	57	Heat, A/C, Refrigeration Mech & Install	\$17.19	111
All Other Clerical & Admin Support	\$11.89	5	All Other Mechanic, Installer & Repairer	\$14.54	163
<i>Service Occupations:</i>			Carpenter	\$15.79	26
Police & Detective Supervisor	\$26.23	194	Drywall Installer	\$18.25	115
All Other Service Supervisor	\$11.61	36	Taper	\$22.84	183
Police Patrol Officer	\$21.75	113	Electrician	\$17.56	78
Correction Officer & Jailer	\$16.40	135	Painter & Paperhanger, Constr & Maint	\$17.49	85
Sheriff & Deputy Sheriff	\$20.15	148	Plumber, Pipefitter, Steamfitter	\$19.23	142
Guard & Watch Guard	\$8.17	107	Roofer	\$14.06	180
All Other Protective Service	\$14.38	72	Sheet Metal Worker	\$15.19	157
Host & Hostess, Restaurant, Lounge	\$6.30	102	Cabinetmaker & Bench Carpenter	\$12.37	171
Bartender	\$6.53	55	Printing Press Machine Operator/Tender	\$16.48	133
Waiter & Waitress	\$5.63	10	Laund, Dry-clean Mach Op/Tend, exc Pres	\$7.28	186
Dining Room, Cafeteria & Bartender Help	\$6.40	71	Paper Goods Machine Setter/Set-Up Op	\$15.14	179
Counter Attendant, Lunchroom, Cafeteria	\$5.87	161	Packaging & Filling Machine Op/Tend	\$11.41	134
Baker, Bread & Pastry	\$8.63	130	All Other Machine Setter/Set-Up Operator	\$12.27	123
Butcher & Meat Cutter	\$12.82	185	All Other Machine Operator/Tender	\$13.06	169
Cook, Restaurant	\$8.05	41	Assemble, Fabricate, ex Mach, Elec, Prec	\$7.67	83
Cook, Institution or Cafeteria	\$9.49	90	All Other Hand Worker	\$8.34	131
Cook, Fast Food	\$6.22	58	Truck Driver, Heavy or Tractor-Trailer	\$15.38	27
Cook, Short Order	\$7.81	116	Truck Driver, Light, incl Delivery & Rel	\$9.37	30
Food Preparation Worker	\$7.58	20	Bus Driver, except School	\$11.39	54
Combined Food Preparation & Service	\$5.93	16	Bus Driver, School	\$12.21	56
Dental Assistant	\$14.70	80	Driver/Sales Worker	\$11.53	75
Medical Assistant	\$11.18	86	Service Station Attendant	\$7.73	188
Nursing Aide, Orderly & Attendant	\$8.33	31	Industrial Truck & Tractor Operator	\$12.85	108
Home Health Aide	\$7.45	53	Helper, Mechanic & Repairer	\$8.40	152
All Other Health Service Worker	\$11.69	195	Helper, Carpenter & Related Worker	\$16.43	154
Maid & Housekeeping Cleaner	\$7.87	40	Machine Feeder & Offbearer	\$10.39	191
Janitor & Cleaner, except Maid	\$7.57	15	All Other Freight, Stock, Mat Move, Hand	\$8.26	96
All Other Cleaning & Building Service	\$10.17	127	Hand Packer & Packager	\$7.88	46
Hairdresser & Cosmetologist	\$7.45	66	All Other Help, Labor, Matl Move, Hand	\$10.44	11

*Wages are either hourly or annual.

**Ranking is by amount of employment per occupation, from highest (1) to lowest (197)

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 as opposed to wages, the latter of which is only one aspect of income. The data are derived from the U.S. Department of

Commerce, Bureau of Economic Analysis. All income data have been adjusted to constant 1997 dollars.

Personal Income

Personal income is generally viewed as an important measure of regional economic vitality. Conceptually, personal income captures all forms of income: wages, salaries, transfer payments, retirement income, farm income, self-employed income, proprietors' income, interest, dividends, and rent. Because the category is restricted to personal income only, business and corporate incomes are not included.

Dividing total personal income by population yields per capita personal income. Per capita income is useful because it generates a common base from which to compare and contrast areas with disparate populations and personal income levels.

The period from 1970-97 saw real personal income in Thurston County rise nearly three-fold from \$1.3 billion to \$4.7 billion, a 274 percent gain (see Figure 35). By comparison, the statewide growth in personal income was a lower 174 percent. The county's pattern of personal income growth was a relatively smooth one. If there were any distinguishable periods, they would be the bulge from 1977-81 created by the large public works projects underway during that period and the net personal income loss in 1982 as the projects ended and a severe

recession struck. It might also be noted that the county's personal income stream was somewhat resistant to recessionary forces (1975 hardly registered, 1982 was modest and 1991 did not register at all). Personal income has risen rather strongly the past several years as transfer payments have picked up speed.

Per capital personal income displayed a somewhat more erratic pattern as it climbed in real terms from roughly \$16,000 in 1970 to \$23,600 in 1997 (see Figure 36). Were one to discount the fits and starts, the personal income growth over the period would be just about 45 percent, 1.4 percent in annualized terms. Thurston County's per capita income trend, though, is marked by fits and starts, especially during the ten-year period from 1972-82. That stretch alternated between recession-induced contractions and public works-induced recoveries.

Real per capita income in Thurston County has been lower than the state average for most of the last 20 years. The exception was in the early 1970s when the county exceeded the state by several percentage points. From the late-1970s through the mid-1980s, the difference between the county and the state stayed fairly constant at

Figure 35
Personal Income, Cumulative % Increase
Thurston County and Washington, 1970-1997
Source: Bureau of Economic Analysis

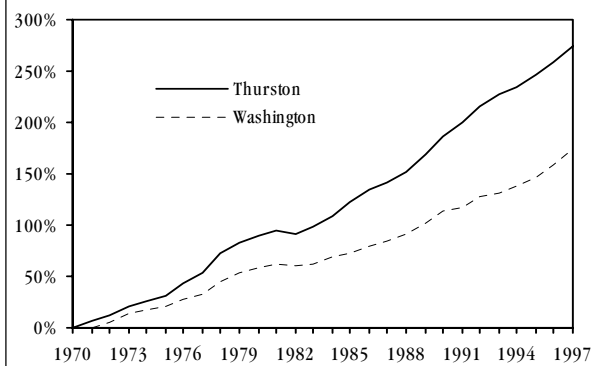
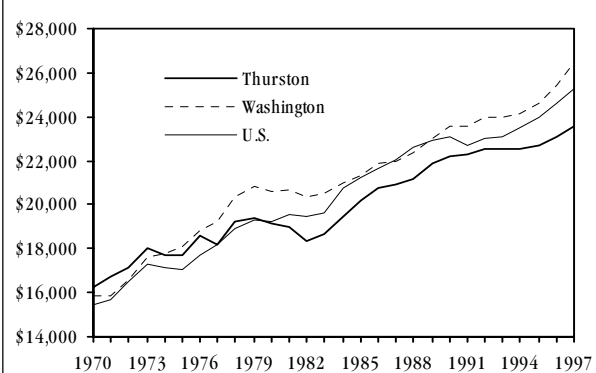


Figure 36
Per Capita Income
Thurston, Washington, & U.S., 1970-1997
Source: Bureau of Economic Analysis



between \$1,000 and \$2,000 in favor of the state. From 1986 onward, though, the gap has been widening; and fairly rapidly since 1994 when there were significant increases in the state's income (and the nation's). The state-wide per capita income figure is strongly influenced by

King County and the high tech and aerospace industries there. Their explosive growth over the last few years has fueled strong income gains. Although the county's income made gains, they were at a lesser rate. In 1997, the difference was \$2,844.

Components of Personal Income

Personal income encompasses a number of types of income. These incomes can be disaggregated into three broad income 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, and retirement payments; and investment income includes interest, dividends, and rent. Note: earned income is adjusted to place of residence rather than place of work, social insurance costs are deducted, and investment income and transfer payments are based on place of residence.

At \$2.8 billion, earned income was the largest piece of personal income in Thurston County in 1997. Even with a 204 percent increase over the 1970-97 period, it was not the fastest growing. The fastest growing aspect

of personal income was transfer payments. At \$893 million in 1997, it was modest compared to earned income; however, its share of total personal income increased from 12 percent in 1970 to 20 percent in 1997 on the strength of a 485 percent growth. Investment incomes was the smallest component of personal income in 1997 at \$752 million

Figure 37 shows the growth of the three components of personal income since 1970 and how transfer payments greatly exceeded both earned and investment income. Figure 38, though, shows the proportional size of the three types of income and that earned income still commands the lion's share of the total. Even so, in comparison with statewide income, Thurston County is more dependent upon transfer payments.

Figure 37
Pers. Income Components, Cumulative % Incr. Thurston County, 1970-1997
Source: Bureau of Economic Analysis

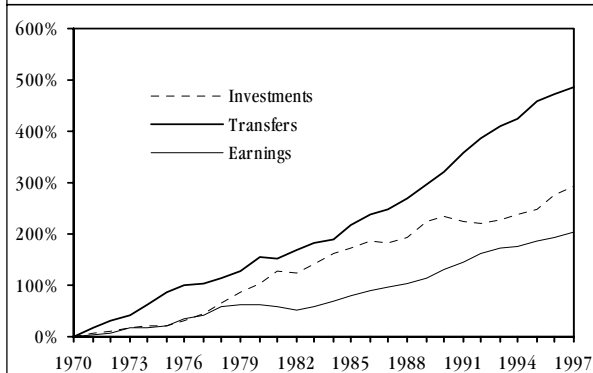
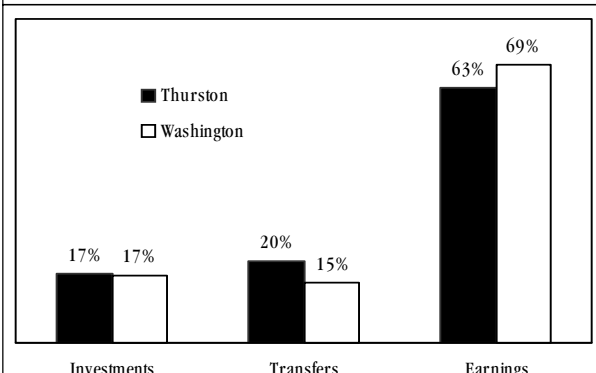


Figure 38
Personal Income Components Thurston County and Washington, 1997
Source: Bureau of Economic Analysis



Earned Income

As noted, the largest component of personal income in Thurston County is earned income—this despite the fact that its share of personal income has diminished over time. Earned income is important, though, because it shows how much income is derived directly from work

and work-related factors. Earned income totaled \$2.8 billion in 1997.

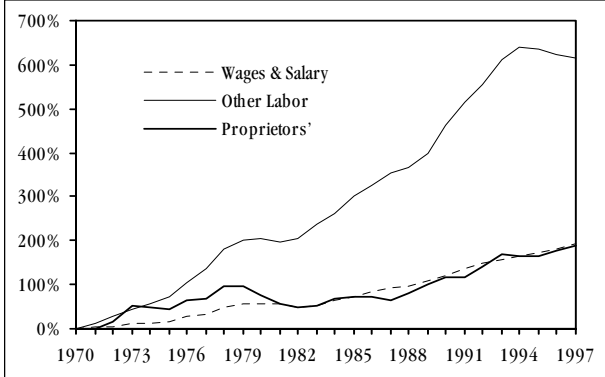
Earned income includes wages and salaries, proprietors' income, and "other labor" income. Other labor income is broad-based, but consists primarily of em-

ployer payments into employee pension and health care plans. A review of these components reveals some interesting trends.

At 83 percent, wages and salaries were the dominant component of earned income in Thurston County in 1997. Although growth has been moderate, at least in comparison to some other income streams, it has been steady and has expanded at an annualized rate of 4.1 percent. In 1997, wages and salaries amounted to \$2.3 billion.

Although proprietors' income made up as much as 13 percent to 14 percent of earned income during much of the 1970s, it has more recently carried a 10 percent to 11 percent share. Growth since 1970 amounted to almost 200 percent, reaching a value of \$295 million in

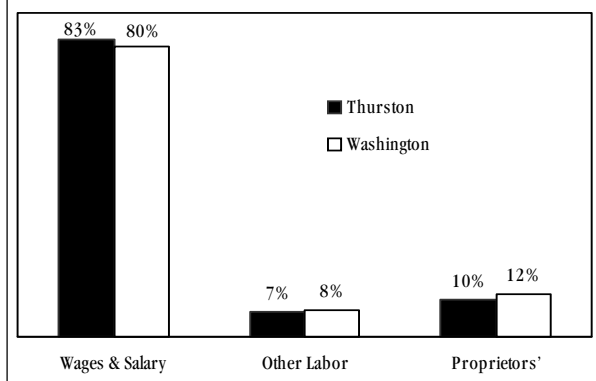
Figure 39
Earned Income Components
Cumulative Percentage Increase
Thurston County, 1970-1997
Source: Bureau of Economic Analysis



1997. Though its rate was comparable to that for wages and salaries, proprietors' income traveled a more volatile cyclical path—no surprise given the riskier nature of the sector.

Though the smallest component of earned income, other labor income was still the fastest growing with 13.9 percent annualized growth from 1970-1992. As such, its share of earned income has risen from 3 percent in 1970 to 7 percent in 1997. The biggest factor has been increased employer contributions to employee health care plans, especially since the costs were rising faster than the average rate of inflation. Another factor would be increased employer contributions to employee 401K or deferred compensation plans. Other labor income is beneficial for employers and employees as both realize tax advantages from this type compensation.

Figure 40
Earned Income Components
Thurston County and Washington, 1997
Source: Bureau of Economic Analysis



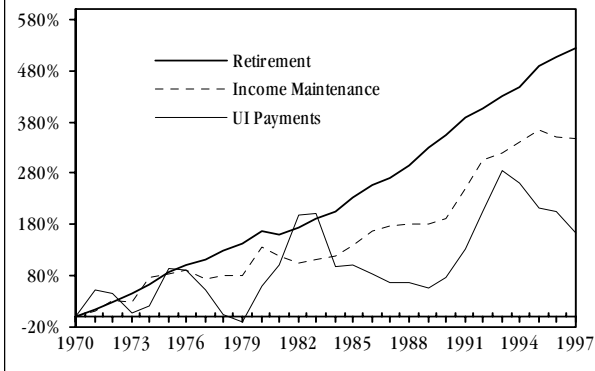
Transfer Payments

Transfer payments are generally viewed as payments by the government to someone from whom no direct or immediate service is rendered. Transfer payments are second only to earned income among components of personal income and they have grown tremendously over the past three decades at an annualized rate of 6.8 percent, totaling a 485 percent increase (see *Figure 41 on the next page*). As such, their share of total personal income in the county has soared as well. In 1997, transfer payments amounted to 20 percent of all personal income in the county with a dollar value of \$893 million.

In Thurston County, as in other areas, the largest form of transfer payments is retirement and related payments,

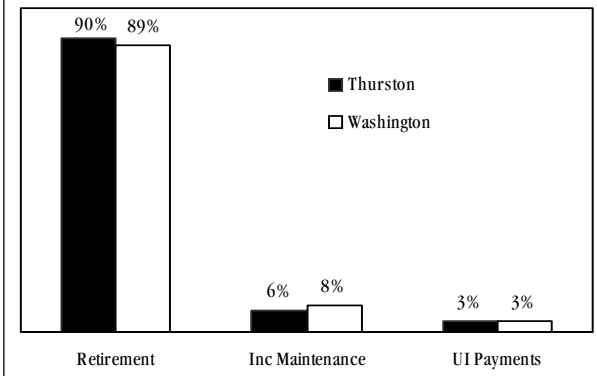
which includes social security, federal civilian and military retirement, and state and local government retirement. Medical payments such as Medicare and Medicaid are also parts of this category. At nearly \$808 million in 1997, retirement payments constituted 90 percent of the county's transfer payments—far and away the largest component (see *Figure 42*). Moreover, retirement payments were the fastest rising segment of transfer payments from 1970-97. Much of the increase is because of the sheer demographics of an aging population generally and Thurston County's higher than average retiree population specifically, but it comes also from liberalization of a number of programs, particularly those involved with medical payments.

Figure 41
Transfer Payments Components
Cumulative Percentage Increase
Thurston County, 1970-1997
Source: Bureau of Economic Analysis



Income maintenance includes Aid to Families with Dependent Children (now known as TANF, Temporary Assistance for Needy Families), general assistance, food stamps, and other payments regarded as welfare. Income maintenance in Thurston County was \$57 million in 1997, and constituted 6.4 percent of total transfer payments (see Figure 42). Though income maintenance grew at an annualized rate of 5.7 percent over the 1970-97 period, it has actually declined from as much as 9.1 percent of transfer payments (1974). Look for this category's

Figure 42
Transfer Payments Components
Thurston County and Washington, 1997
Source: Bureau of Economic Analysis



share to fall even further as federal and state welfare reforms are reflected in the data series.

Unemployment insurance (UI) payments represent the third component of personal income. UI payments, while they have nearly trebled from 1970-97, display a fair amount of fluctuation as unemployment usually follows swings in the business cycle (see Figure 41). On average, UI has climbed at an annualized rate of 3.7 percent over the period, the lowest rate of growth among the three types of transfer payments. In 1997, their share was only 3.1 percent of transfers.

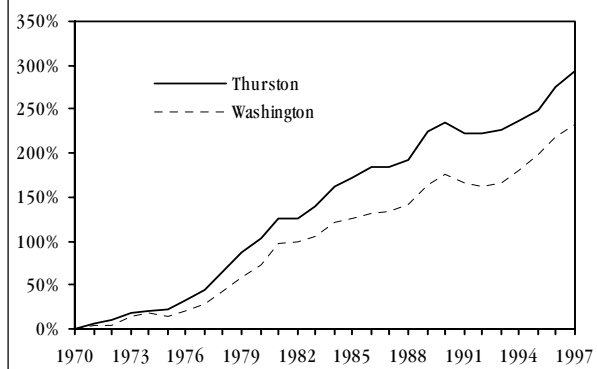
Dividends, Interest, and Rent

The types of income collectively called investment incomes are examples of using money to generate more money. It can be in the form of stock or bond purchases, interest on checking or savings accounts or loans, or purchases of rental properties. All can return a profit. No service or work is performed, yet income is derived from these investments. There are, of course, risks as well.

Investment incomes in Thurston County grew at an annualized rate of 5.2 percent from 1970-97 translating into a 293 percent gain over the period (see Figure 43). While its 16.9 percent share of total personal income in 1997 was higher than that in 1970, it has been as high as 20 percent of personal income in 1984.

The late 1970s and early 1980s marked a period of tremendous growth for investment incomes though for one of the worst reasons—high inflation. Investment

Figure 43
Investment Income, Cumulative % Increase
Thurston County and Washington, 1970-1997
Source: Bureau of Economic Analysis



incomes rose at annual rates of better than 20 percent during that stretch as investors poured money into interest-bearing vehicles to protect its value in the face of rising inflation.

A couple of anomalies or outliers appear in the data. The rather modest 1.6 percent gain in 1987 reflects the adverse impact of the stock market crash, while the tremendous 16.8 percent gain in 1989 reflects the shift by investors to tax-deferred and tax-free investments in anticipation of the 1990 federal income tax code changes.

The strong gains of the most recent years reflect the current high performance of the stock market. The growth of high tech and cyber stocks has been phenomenal and the performance of American business in general has been outstanding after a period of re-tooling, modernizing, and downsizing in the 1980s and early 1990s. Those sometimes draconian efforts put businesses into a very competitive position for succeeding in the emerging global economy.

JOB TRAINING AND ECONOMIC DEVELOPMENT

The following information is designed to give readers a brief overview of job training and economic develop-

ment programs and services provided by public and private agencies and organizations in Thurston County.

Job Training

Olympia Job Service Center. As part of Employment Security, the Olympia Job Service Center provides job services to employers and jobseekers in Thurston County. All the JSC programs now fall into employment services only.

The JSC's principal employment service is general intake and placement services, which includes referring applicants to job orders in Job Net or other Employment Security Programs or other community services on a per need basis.

The Worker Profiling/Claimant Placement Program (CPP) helps UI claimants return to work through workshops delivered in a modular design with each module conducted on a weekly basis. The modules are as follows: Transferable Skills, Creating a Personal Job Search Portfolio, Cover Letters, Master Job Applications, Making Your 60-Second Commercial, Preparing for Job Interviewing, Dress for Success, Networking/Informational Interviewing, Resume Workshop and the Internet. There is also a Veterans Program to assist discharged and retired vets with employment, training, and education.

WorkFirst is a program specifically for *Temporary Assistance for Needy Families (TANF)* recipients, and assists with education, training, placement, counseling, and social services.

The *Dislocated Worker* programs provide job placement and retraining via on-the-job training and technical college classes for UI claimants and exhaustees who are unlikely to return to work due to diminished demand for their skills. Most are enrolled in the *Economic Dislocated Worker Adjustment and Assistance* program, forest products workers are enrolled in the *Dislocated Timber Worker* program.

The *Refugee Employment Services* program assists non-English speaking clients with pre-employment training, job search, job readiness, job placement, social services and referrals to other community services.

The *South Puget Sound Community College* office of the JSC provides job search assistance and labor market information to students and the general public.

The *Federal Bonding* program provides fidelity bonds to employers for job applicants who are denied coverage by other carriers because of personal histories.

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

The JSC office is located at 3738 Pacific Avenue SE Olympia, Washington 98501. JSC staff can be reached by telephone at (360) 407-5104 or by FAX at (360) 407-5125. Office hours are 8 a.m. to 5 p.m., Monday-Friday.

Thurston County/Pacific Mountain Job Development and Training Department. The Thurston County/Pacific Mountain Job Development and Training Department is an entity of Thurston County government. On behalf of the Board of County Commissioners, the department acts as the administrative entity for the receipt of federal *Job Training Partnership Act (JTPA)* funds for a five-county consortium that includes Lewis, Mason, Grays Harbor, and Pacific counties.

The department is responsible for the administration of funds, contract negotiations and compliance, and carrying out the provisions of policy directed by local elected officials in partnership with the *Pacific Mountain Private Industry Council (PMPIC)*. In addition to serving as administrative entity, the department also provides staff support to the PMPIC, a 501(c)(3) private non-profit corporation responsible for policy development and oversight of JTPA activities throughout the five-county service delivery area. The PMPIC has emerged as the managing partner in this federally-legislated public/private partnership, administering approximately \$10 million of employment and training grants.

While the department balances administrative responsibilities between the Board of County Commissioners and the PMPIC, it also operates two employment and training programs. In Thurston County, the department manages the *JTPA Title IIA* program for low-income adults. In Grays Harbor County, the department manages and delivers services to dislocated workers who have become unemployed due to plant closures, declining industries and obsolete job skills. In both instances, the programs offer occupational skill training and support services to assist customers in their transition to unsubsidized employment.

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

The department's offices are located at 719 Sleater-Kinney Road SE Lacey, Washington 98503. Staff can be reached by telephone at (360) 754-4113 or by FAX at (360) 754-4119. Office hours are 8 a.m. to 5 p.m., Monday-Friday.

Educational Institutions. Thurston County has academic and vocational instruction at a number of educational levels from primary and secondary through post-secondary education.

At the K-12 level, Thurston County hosts seven school districts: North Thurston, Olympia, Rainier, Rochester, Tenino, Tumwater, and Yelm. These districts operate more than 60 primary, middle, and secondary schools. Of these, New Market Skills Center and New Century High School stand out as nontraditional programs that merge academic and vocational instruction.

Post-secondary education centers on three schools—The Evergreen State College, Saint Martin's College and South Puget Sound Community College.

The Evergreen State College. Founded in 1967, The Evergreen State College (TESC) is a public, four-year liberal arts and sciences college located on 1,000 acres of land and 3,300 feet of shoreline on Eld Inlet. TESC is recognized nationally for its innovative programs and has been further recognized as one of the best liberal arts institutions in the country. In addition to a wide range of undergraduate programs, TESC offers a master program in teaching, environmental studies, and public administration.

Saint Martin's College. Established in 1895, Saint Martin's College is a private, accredited, four-year liberal arts college located in Lacey. Saint Martin's offers bachelors degrees in several academic fields and majors in 22 different disciplines. Saint Martin's also offers masters degrees in business administration, counseling, education, engineering management, and teaching. A new master in civil engineering program will go on line in 2000. Saint Martin's further offers pre-professional tracks and certificate programs.

South Puget Sound Community College. Established in 1962, South Puget Sound Community College (SPSCC) is a public, two-year school with its main campus located in southwest Olympia on the heights bordering Tumwater and its branches located at Hawks Prairie Center in Lacey and in Yelm. SPSCC offers associates degrees in numerous different academic, vocational, and technical programs while meeting the needs of full-time or part-time and day or evening students. More than half of the school's enrollees take classes in preparation for transferring to a four-year institution.

Economic Development

Thurston County Economic Development Council (EDC). The Thurston County Economic Development Council is a private/public partnership of business, private non-profit organizations and government committed to expanding private enterprise throughout Thurston County. The EDC works closely with the Port of Olympia, local chambers of commerce, and local governments in carrying out its mission. Specific goals of the EDC include:

- Expand existing and attract new businesses that serve markets in and beyond Thurston County and provide family wage jobs.
- Provide technical assistance to encourage job creation through small business startups and business expansions.
- Provide assistance and referral services to at-risk businesses to retain family-wage jobs in Thurston County.
- Address key economic development issues affecting family-wage jobs in Thurston County through strengthened private/public partnerships.
- Strengthen the community's long-range commitment to economic development in Thurston County.

The EDC is a private, non-profit organization with a 20-member Board of Directors selected from business and government leaders across Thurston County. The EDC has three full-time and one part-time staff, including an Executive Director, an Executive Assistant, a Targeted Business Development Manager, and a Business Resource Center Manager. Funding is provided through memberships, local and state contracts for services, grants, and purchased services.

The EDC's *Business Resource Center (BRC)* program provides technical assistance and counseling to residents thinking of starting a business and existing businesses considering expansion or needing retention services. The BRC maintains a complete resource library at the EDC main office in Olympia. Small Business Development Center counseling offered through South Puget Sound Community College is also co-located at the Olympia office, and provides ongoing professional business counseling to existing small businesses.

During 1998, the BRC provided first time assistance to more than 360 Thurston County residents interested in starting, expanding or retaining a small business. The Business Resource Center also provided assistance to more than 350 returning users of technical assistance. In addition, the Center provided business training pro-

grams to more than 380 residents interested in starting or operating a business.

The *Targeted Business Development (TBD)* program provides case management services and business recruitment assistance to companies in targeted sectors that provide family-wage jobs and are a good match with other quality of life goals in Thurston County. The program also provides business retention assistance and referral services to family-wage employers in Thurston County that are at risk of closure or major layoffs.

The TBD program assisted seven companies to locate or expand in Thurston County in 1994, providing nearly 188 new direct jobs and an investment of \$29 million in facilities and equipment. The EDC also developed a new caseload of 19 targeted firms actively considering Thurston County locations. These firms represented more than 1,130 potential new jobs and \$33 million in new investment.

The EDC main office is located at 721 Columbia SW in Olympia, Washington 98501. EDC staff can be reached by telephone at (360) 754-6320, by FAX at (360) 586-5493 and by e-mail at edc@orcalink.com. Office hours are 8:30 a.m. to 5:30 p.m., Monday-Friday.

Thurston Regional Planning Council (TRPC). Thurston Regional Planning Council is a 15-member intergovernmental board made up of local governmental jurisdictions within Thurston County plus the Nisqually Indian Tribe. The Council was established in 1967 by RCW 36.70.060, which authorized creation of regional planning councils.

TRPC's mission is to "Provide Visionary Leadership on Regional Plans, Policies, and Issues." The primary functions of TRPC are to develop regional plans and policies for transportation (as the federally recognized Metropolitan Planning Organization and state recognized Regional Transportation Planning Organization), growth management, environmental quality, and other topics determined by the Council; provide data and analysis to support local and regional decision making; act as a "convener" to build community consensus on regional issues through information and citizen involvement; build intergovernmental consensus on regional plans, policies, and issues, and advocate local implementation; and provide planning, historic preservation, and technical services on a contractual basis.

Each member jurisdiction funds the Council's operations based on a per capita formula. The Council determines the budget and work program annually for TRPC projects and operations. On contract projects, the contracting governments determine the work program and funding levels for the planning work.

TRPC offices are located at 2404-B Heritage Court SW #B, Olympia, Washington 98502. TRPC staff can be reached by telephone at (360) 786-5480 or by FAX at (360) 754-4413. Office hours are 8 a.m. to 5 p.m. Monday-Friday.

Port of Olympia. The Port is a publicly-owned corporation that serves as a bridge between public and private sector enterprise. Its purpose is to provide facilities and services in the interest of industrial and commercial development in Thurston County. Among the Port's assets are a 60-acre deepwater marine terminal boasting three 650-foot all-purpose berths and 76,000 square feet of dockside covered storage that can accommodate 1.2 million cubic feet of cargo. The terminal and storage areas are served by trucks, railroads, and vessels. The Port's Swantown Marina has permanent moorage for 488 boats and transient moorage for 50 more. The Port also manages 750 acres of property zoned for light industry at its NewMarket Industrial Campus. The Port also manages Olympia Regional Airport, a general aviation airport with two 5,000 foot asphalt runways located adjacent to NewMarket Industrial Campus.

The Port of Olympia offices are located at 915 Washington Street NE in Olympia, Washington 98501. Staff can be reached by telephone at (360) 586-6150 or by FAX at (360) 586-4653.

Chambers of Commerce. Chambers are private membership organizations that further the business interests of their members and community by influencing and advancing the economic, social, and civic qualities of life through the free enterprise system. The six chambers of commerce in Thurston County are: Olympia/Thurston County, Lacey Area, Tumwater Area, Tenino Area, Yelm, and Grand Mound/Rochester.

Infrastructure. Infrastructure is an integral part of economic development. The following are the primary infrastructural elements currently in place in Thurston County.

Roads and Highways. Like most urban areas in the Puget Sound corridor, Thurston County has a well-established network of roads and highways. The county sits strategically at the confluence of U.S. Interstate 5 and U.S. Highway 101. I-5 runs north and south through the county (though east and west through Lacey-Olympia-Tumwater), connecting the Lacey-Olympia-Tumwater area to major metropolitan areas like Seattle, Tacoma, and Portland. U.S. 101 provides access to the Olympic Peninsula and Hood Canal. U.S. Highway 12 and State Route 8 provide access to communities in the southwest and northwest corners, as well as access to the Pacific Ocean. State Routes 121, 507, 510, and a host of provincial roads connect the populated areas in south Thurston County to one another and to U.S. Interstate 5.

Bus Transportation. Intercity Transit (IT) is the provider of bus services in the county. It operates a comprehensive system of routes throughout the metro area as well as into outlying regions. The recent passage of Initiative 695, however, is forcing a large reduction in operating funds and is causing IT to scale back its services.

Air Transportation. Olympia Airport is Thurston County's only public airfield. It is located two miles south of Tumwater and five miles from downtown Olympia. It is used by private operators, business charters, and government. County residents can drive the roughly 45 miles north to Seattle-Tacoma International Airport for direct major commercial passenger service.

Rail Service. Rail service continues to play a role in linking Thurston County to markets within the region and the midwest. Service is offered by Burlington Northern and Union Pacific, while Amtrak provides services through Thurston County via the Lacey Centennial Depot off Yelm Highway.

Utilities. Major providers: U.S. West Communications and Advanced Telecom Group (telephone), Puget Sound Energy (electricity and natural gas), AT&T Cable Services (cable-based television and Internet services), LOTT (sanitary sewer and waste water treatment), and municipalities (water). Note: Most unincorporated areas use private wells and septic systems for water and sanitary sewer/waste water.

SUMMARY

Located at the foot of Puget Sound, Thurston County sits along the I-5 corridor between Portland and Seattle. In an area once thickly covered by forests of cedar and fir, a large and thriving community has evolved: one no longer dependent upon natural resources as an economic base. As the importance of agriculture and timber abated, there was a concurrent increase in the significance of trade and services and especially governance. Thurston County's economy, while not unique in Washington, is unusual. Public employment dominates the labor market. A full 40 percent of nonfarm jobs belong to one of the three levels of government. While a few other counties have higher shares of government workers, none has the population or labor force size of Thurston County.

Total government employment in the county added up to 32,500 workers in 1998. Because the state capital is in Olympia, the headquarters of most state government agencies and departments are located in the area and are responsible for the huge size of the sector. Some 22,000 workers were employed by the state with a payroll of over \$800 million dollars. In addition to that, state government purchases significant levels of good and services from the local economy and some companies are almost totally dependent upon government activity. Employment growth in state government, though, has subsided: through the 1990s, it averaged less than 2 percent per year and for the last three years, less than 1 percent.

Nonfarm employment, in total, rose to 81,200 in 1998, but that was a gain of only 1.8 percent over the previous year. This was the smallest increase since 1982 (when jobs actually decreased). In general, there was very strong growth from 1970-90, when the annual increase averaged 4.9 percent. The 1990s, though, have been a different story with annual gains averaging 2.7 percent for the decade to date. Even so, annual gains of close to 3 percent are strong gains and Thurston County has outperformed the state in job creation this decade. Underlying the slower growth of the 1990s has been the minimal gains in state government.

The county's trade and services sectors anchor the remainder of the employment base. Both sectors have outgrown their statewide counterparts and within the county provide high levels of employment. Together, there were 35,500 workers employed in these industries in 1998. Add government to that and about 85 percent of all employment is accounted for. Trade has expanded in recent years with the construction of numerous "big box" retail emporiums while services is buttressed by a huge regionally-oriented health care industry and fast-growing presence of retirement-related services.

Unemployment has fallen in conjunction with the strengthening of the state and national economies over the last five years. The most recent year, 1998, had only 4,900 unemployed out of a labor force of 99,100 for a jobless rate of 4.9 percent, the lowest since 1990. Based on what has occurred through most of 1999, the rate should decline a little more this year.

Wages have increased in the county. The annual average covered wage gained almost \$1,000 from 1997 to 1998, a 3.4 percent hike. The county's average (\$28,457) is strongly influenced by government employment: the 40 percent of employment that is government generates 48 percent of total wages. Per capita and median household income have also increased in recent years: to \$23,607 (1997) and \$40,925 (1998), respectively. While the gains have not been as great as in other locales, they are a definite improvement over severe losses that occurred in the 1970s and 1980s.

In general, the economy in Thurston County has been performing very well. Unemployment is down, wages are up, and job growth has been relatively strong. The core of the economy is government employment: while this limits exponential upward growth like that found in Seattle, it nevertheless provides stability, continuity, and a large number of "good" jobs. Projections for the next five years show the county growing at about the same rate as the state, averaging an annualized employment growth rate of almost 2 percent.