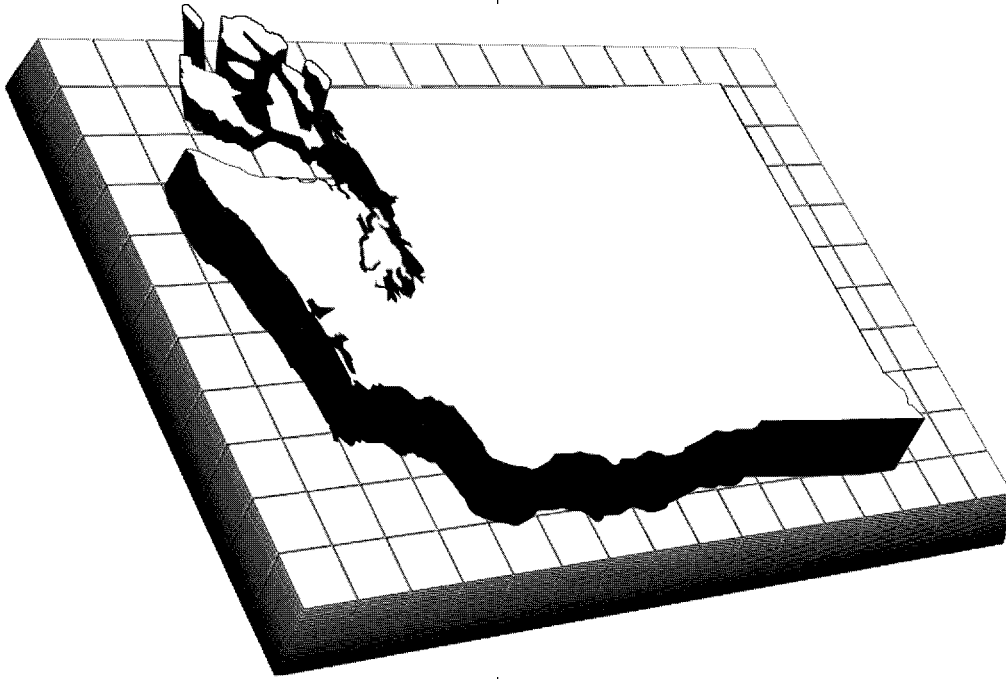


SAN JUAN COUNTY PROFILE



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

SAN JUAN COUNTY PROFILE
SEPTEMBER 1999

Labor Market and Economic Analysis Branch
Employment Security Department

This report has been prepared in accordance with
RCW 50.38.050.

Carver Gayton, *Commissioner*
Washington State Employment Security Department

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

Prepared by Jay Barrier, *Economic Analyst*
and Rev Froyalde, *Research Analyst*
Layout by Bonnie Dalebout, *Graphic Designer*

Acknowledgements:

Island District Economic Development Council
P.O. Box 279
Coupeville, WA 98239
(360) 678-6889 or 1-888-506-7999 Toll Free
(360) 678-2976 Fax
email: icedc@whidbey.net

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INTRODUCTION

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

San Juan County comprises a total land mass of 179 square miles. As such, it is the smallest of Washington's 39 counties. It is also one of two Washington counties—the other being Island—that is surrounded by water.

San Juan County is a cluster of approximately 200 islands (172 of which are named). San Juan, Orcas, Lopez, and Shaw islands, though, are the four largest and most frequently cited. The topography of the larger San Juan County islands is one of rugged mountainous terrain that is both steep and rocky. The mountain terrain once supported dense stands of Douglas fir; the valleys covered with cedar. Heavy logging, however, cleared much of the old-growth. Interestingly, the topography of the tidelands (some 370 miles of it) vary widely from open expanses of sandy beach to treacherous vertical cliffs to small pocket beaches.

San Juan County is set amid the windy straits of northwest Washington. To its east and northeast is the Washington mainland—principally Whatcom and Skagit counties—from which it is separated by the Strait of Rosario.

To the west and northwest lie Vancouver Island and the Canadian mainland, from which San Juan County is separated by Haro Strait and the Strait of Georgia, respectively.

South of San Juan County is Island County and the Olympic Peninsula (principally Jefferson and Clallam counties). San Juan County is separated from Island County by the Strait of Rosario and from the Olympic Peninsula by the Strait of Juan de Fuca.

ECONOMIC HISTORY

The following was excerpted from an article written by San Juan County officials and included in a yearbook of the Washington State Associations of County Commissioners and Engineers.

The first inhabitants of the islands now collectively known as San Juan County were Native American Indians, principally the *Lummi* tribe. The term “inhabitants” is used loosely since the Lummi moved frequently between the islands and the mainland (the main body of Lummi were located in what is now Whatcom County).

When in the San Juan Islands, the Lummi lived in semi-permanent villages symbolized by durable long-houses. The mainstay of their diet was fin fish (salmon, cod, halibut, and snapper) which was caught year-round. They supplemented their diet with shellfish—clams, geoducks, steamers, cockles, and mussels—as well as deer, elk, and waterfowl. Roots and berries were also plentiful. On rare occasions, the tribe would find a whale cast upon the beach. The waters around the San Juan Islands were also visited by warlike *Haida* or *Northern* Indians who ventured across the straits from Vancouver to hunt and fish.

Because cedar canoes afforded them dependable means of transport, trade and commerce among the region’s tribes occurred frequently. The principal items of trade were handmade blankets used for bedding and for decoration. This system of barter is believed to be the region’s first form of commerce.

The San Juan Islands were first discovered and charted by the Spanish explorer Juan Francisco de Eliza in 1791. From that period through the mid-1800s, the San Juan Islands were charted and named at one time or another by both the British and the Americans from the Vancouver and Wilkes expeditions, respectively. None of the expedition leaders, however, stayed long. All seemed more interested in the potential commercial value of the mainland and saw little value in the islands.

The first whites arrived in the San Juan Islands in the late 1840s. Most were fur traders and trappers. They trapped the local beaver in a wholesale fashion—despite warnings from the Hudson’s Bay Company that such practices would quickly end their livelihood. The warnings were to no avail; the San Juan County beaver population was exterminated by 1850. The trappers then turned their attention to mink and raccoon, both of which soon went the way of the beaver.

Permanent settlers began arriving right after trappers abandoned the area. Most new arrivals came as prospective farmers. Since most of the arable land was covered by forests, the task at hand was to clear it. That which could not be used for log cabins was piled high and burned. Surprisingly, no sawmill operations arose in the wake of this clear-cutting. Several years later, though, local entrepreneurs began purchasing the timber from farmers and converting it into cordwood for steamers that plied from Seattle and Port Townsend through the San Juan Islands and on to the town of Fairhaven (known today as Bellingham).

San Juan County’s main farm products were apples, pears, prunes, wheat, hops, potatoes, turnips, and peas. Apples, though, came to dominate the industry. The range of local agricultural pursuits expanded again in 1853 when a boatload of Hudson’s Bay Company cattle and sheep were unloaded at Cattle Point on San Juan Island.

Interestingly, it was a U.S. Customs officer’s attempt to levy a duty on this shipment of British livestock that initially raised tensions between the two camps. Both governments got involved in 1859 after the British issued an arrest warrant for an American potato farmer who shot a British owned pig, hence the “Pig War.” The 13-year dispute was settled in 1872 when Emperor William of Germany, acting as arbitrator, found in favor of the Americans. Most believe the dispute would never have occurred had it not been for the tremendous political influence exerted on the British government by the Hudson’s Bay Company—which had a very profitable post on the island. Little concerned with political maneuverings, the American and British soldiers got along great—often socializing together in town.

By the 1890s, the “Pig War” was distant memory and most of the useful land was either cultivated or being grazed. The local agriculture industry did well as commercial-sized fruit orchards and nurseries prospered. Meanwhile, the hillsides about San Juan County were covered with sheep; the foothills with cattle. The islands also became known for their fine pork and poultry. Local industries were jolted by the Depression of 1900 and the Panic of 1907, but soon returned to prosperity. The period also gave rise to the county’s fledgling tourist industry as boatloads of people from the mainland invaded the islands on weekend excursions.

Limestone mining also became a flourishing industry during this period as the mineral proved to be one of San Juan County's most abundant natural resources. Lime—which is used to make mortar and cement—was produced in the San Juan Islands by firing the limestone in kilns. Since the kilns were fueled by wood, farmers and cordwood sellers found yet another profitable use for timber.

Fishing has been an integral part of the San Juan County economy since its earliest beginnings. Like Native Americans, whites also recognized the importance of fishing. Small sailing vessels fished the waters south of the San Juan Islands as early as 1850. Ships would then be anchored in Griffin Harbor (or Griffin Bay) while their crews salted and packed the day's catch for later sale to the Hudson's Bay Company in Victoria.

As the fishing fleet grew, the natural harbors were increasingly filled with ships at anchor. Thus it is not surprising that a small village came to be. In no time, "San Juan Town" had two stores complete with saloons, rooms to let, and mail service. The town was eventually abandoned as commercial activity moved to Friday Harbor.

As the local fishing industry grew, so did the technology employed to catch the fish. Early hand-seines and reef-nets led to the first power seiners which, in turn, led to efficient and effective fishtraps and fishwheels. In fact, these latter two were so effective that they were eventually outlawed.

A Friday Harbor fish saltery was the first such establishment in San Juan County. After it shut down, the county's first cannery was built. Numerous canneries

were soon operating in the county. Eventually, though, advances in processing, transportation, and refrigeration allowed canning operations to be located on the mainland, making this county industry obsolete.

Through the Great Depression and two world wars, the San Juan County economy went into a period of gradual decline. The local economy shed much of its traditional industries such as fishing and orcharding as competition from mainland firms began to take its toll. In the post-World War II period, however, San Juan County was put back on the road to prosperity as it entered into the resort business—an industry particularly well-placed given the county's surroundings. From this sprang the modern tourism and recreation industry now found in the county.

Tourism and recreation services are by far the largest contemporary industries in the area. San Juan County has gained a statewide—even national—reputation for its pristine beauty, which has drawn tourists for the past one hundred years. One of the county's biggest events is the annual San Juan Island Dixieland Jazz Festival held at Friday Harbor. The county also has a number of state parks which offer hiking and camping opportunities. Popular offshore recreational pursuits include boating, sport fishing, and whale-watching. Not surprisingly, the lodging and eating industries have grown along with tourism and recreation.

For the same reasons that tourists are attracted to the islands, retirees are also attracted. The county has become a very popular retirement site, with many facilities and amenities for those of retirement age.

POPULATION

The Office of Financial Management estimated the 1999 population of San Juan County at 12,700, ranking it 32nd among the state's 39 counties. The last ac-

tual head count was the 1990 Census when there were 10,035 residents.

Trends

The trend is one of strong growth. In 1975, the county's population did not change from the previous year. That was the only time in three decades there was no growth and since 1970 San Juan County's population has been the fastest growing in the state, increasing by 229 percent. The high growth rate, however, is not threatening to swamp the area with people. Starting with a very small base of 3,856 in 1970, the population's swift growth brought the number of residents up to only 12,700 in 1999.

In general, population growth was strong in the 1970s, moderate in the 1980s, strong in the first half of the 1990s, and moderate to light since then.

The natural change in the population (births versus deaths) accounted for only 3.5 percent of the population change over the last decade. The rest, of course,

was from migration. Since 1990, the county's population grew by 2,665: 92 came from natural increase and 2,573 came from net migration. But in the San Juans, reasons for migration are different than from most areas (where the availability of jobs is the big determinant). Only 870 new jobs were created during that time, not enough for the number of in-migrants. People don't move to the islands to work: they move there to live. Many are retirees. So the demographics of population change in the San Juans are unusual.

One manifestation of this is age. San Juan has the highest proportion of elderly people in the state. The median age is 44.1 years (the statewide median is 35.2). The next oldest county (Pacific) has a median age of 42.4. *(The median age is the point at which half the population is older and half is younger.)*

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

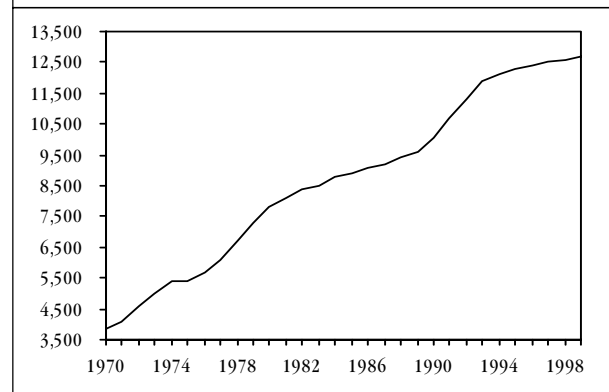


Figure 2
Population, Cumulative Percentage Increase
San Juan County & Washington, 1970-1999
Source: Office of Financial Management

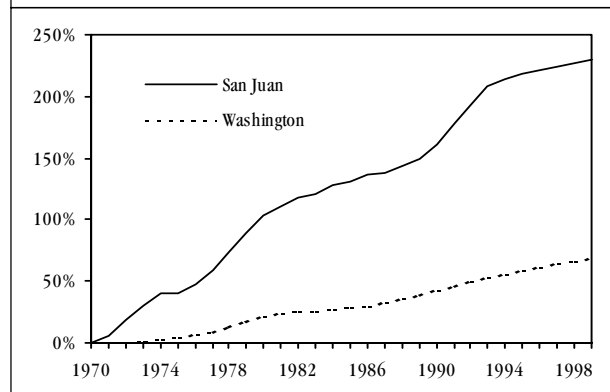
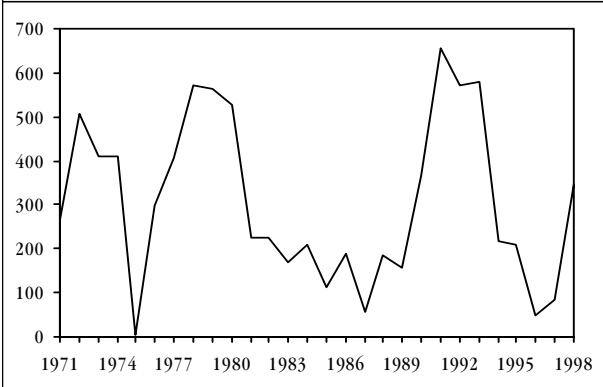


Figure 3
Population Migration
San Juan County, 1971-1998
Source: Office of Financial Management



Towns and Cities

Of San Juan County's 1999 population of 12,700 residents, 15 percent lived in the city of Friday Harbor—the county's only incorporated municipality—on San Juan Island. The remaining residents (85 percent) were concentrated in unincorporated parts of San Juan Island, as well as Orcas, Lopez, and Shaw islands. Most of these residents could be found near such unincorporated villages as Deer Harbor, Doe Bay, Eastsound, Lopez, Olga, Orcas, and Roche Harbor. Population in the unincorporated areas of San Juan

County grew 26 percent from 1990-99, and the incorporated area—Friday Harbor—grew 27 percent. *Figure 4* shows the population data for San Juan County from 1990, the official Census year, to 1999.

As noted previously, San Juan County encompasses approximately 200 named and unnamed islands. Approximately 20 of those islands are inhabited, many with electric and telephone service. Only those listed above, however, have ferry service.

Figure 4
Population of Cities, Towns, and County
April 1, 1990 to April 1, 1999
Source: Office of Financial Management

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	%Chg 90-99
San Juan	10,035	10,700	11,300	11,900	12,100	12,300	12,400	12,500	12,600	12,700	26.6%
Unincorporated	8,543	9,140	9,675	10,170	10,310	10,490	10,550	10,625	10,710	10,800	26.4%
Incorporated	1,492	1,560	1,625	1,730	1,790	1,810	1,850	1,875	1,890	1,900	27.3%
Friday Harbor	1,492	1,560	1,625	1,730	1,790	1,810	1,850	1,875	1,890	1,900	27.3%

Age Groups

The distribution of the population among various age groups as well as the changes in this distribution over time shows aspects of the population not revealed by the overall numbers. *Figure 5* categorizes the population of San Juan County and Washington State by age group share

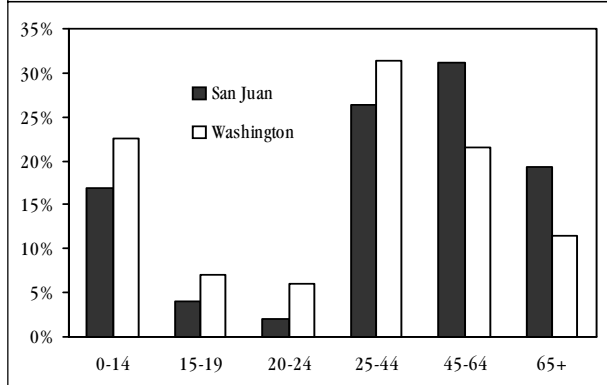
size. These age groups are significant if we make the following assumptions:

- 0-14 = Infants or adolescents a decade or two removed from the labor force

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

Disaggregated by age groups, San Juan County's population is quite different from the state average. The splendor of the San Juan Islands attracts many retirees: they push the age upward. The smaller share size of the younger groups logically relates to the scarcity of employment and the lack of a secondary educational institution. The younger generations leave the county, perhaps, to acquire the same opportunities their counterparts have in more industrially developed areas. As mentioned earlier, the county is older than the state and the two oldest age groups are significantly larger than the statewide cohorts.

Figure 5
Population by Age Groups
San Juan County & Washington, 1998
Source: Office of Financial Management



Demographics

Racial characteristics have not shifted significantly in recent years. In 1990, the white population constituted 98 percent of the total population; in 1998, the estimate was about one-half a percentage point less. While whites remained about the same in share size, they increased 25 percent in actual numbers. Non-white groups all had

higher growth (as a percentage) but, as *Figure 6* shows, the actual numbers are very small. There were only about 300 non-whites in the county in 1998.

Those of Hispanic origin, who can be of any race, numbered 203 and increased their numbers by almost 70 percent since 1990.

Figure 6
Population Estimates by Race and Hispanic Origin
San Juan County and Washington, 1990 and 1997
Source: Office of Financial Management

	1990 Census		1998 Estimates		1990-1998 % Change
San Juan					
Total	10,035	100.0%	12,600	100.0%	25.6%
White	9,841	98.1%	12,286	97.5%	24.8%
Black	23	0.2%	36	0.3%	56.5%
Indian/Aleut	80	0.8%	114	0.9%	42.5%
Asian/Pac Is	91	0.9%	164	1.3%	80.2%
Hispanic*	121	1.2%	203	1.6%	67.8%
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/Pac Is	215,454	4.4%	336,248	5.9%	56.1%
Hispanic*	214,570	4.4%	343,225	6.0%	60.0%

*Hispanics can be of any race

CIVILIAN LABOR FORCE

The resident civilian labor force is defined as all persons 16 years of age and older within a specified geographic area who are either working or actively seeking work. This excludes those serving in the armed forces. Like the general population, the labor force can be seen as a key economic indicator. Since gross domestic product and gross state product are not gathered at the county level, labor force changes, as well as other measures, serve as proxies for measuring economic performance. In 1998, the labor force in San Juan County was estimated at 5,950.

Figure 7 displays the county's labor force from 1970 to 1998. In all, the labor force grew by 300 percent during the period (statewide growth was 115 percent). As with the population, most expansion in the local labor force occurred in the 1970s when it grew at annual rates of 9 to 13 percent during non-recessionary years and even 3 to 6 percent during recessionary years. The labor force more than doubled, to 3,150, by the end of the decade.

Labor force growth was more modest in the 1980s, particularly during the severe recessionary period of the early 1980s. However, when the recessions ended, it soared 30 percent; from 3,530 in 1982 to 4,580 the next year. After a static period in 1984 and 1985, it rose a sound 8.4 percent in 1986 as the nation entered a period of economic expansion. Growth leveled off at a strong annual average of 5.3 percent for the rest of the 1980s.

The apparent decrease in 1990 was the result of different factors applied to the enumeration methodology. This should be viewed as a "break in series" rather than an actual drop in labor force numbers. Data from 1990 forward are not strictly comparable to previous years.

Since 1990, the labor force has grown more moderately than in the past. Averaging about 2 percent annual

Figure 7
Civilian Labor Force
San Juan County, 1970-1998
Source: Employment Security Department

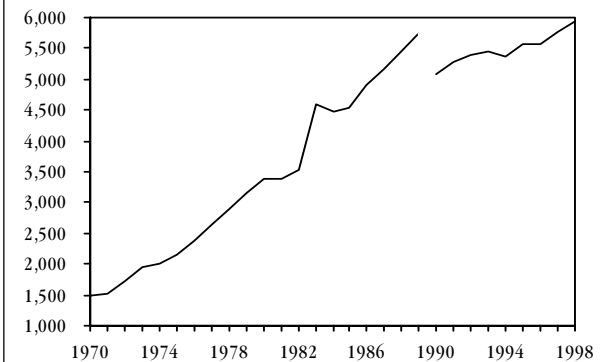
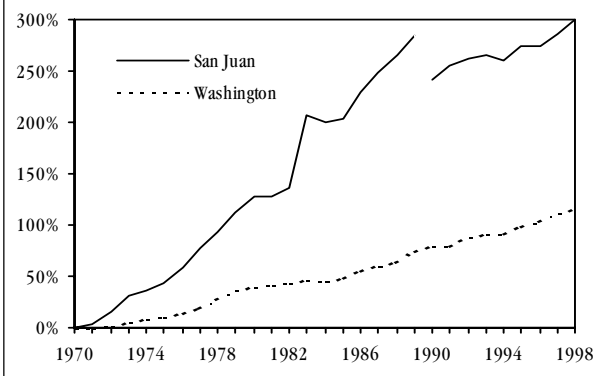


Figure 8
Civilian Labor Force, Cumulative % Increase
San Juan County & Washington, 1970-1998
Source: Employment Security Department



growth, the numbers increased from 5,080 to 5,950 in 1998. For the period 1970-89, the annualized growth rate averaged almost 7.5 percent. Growth has substantially stabilized in the last decade.

Demographics

Racially and by Hispanic origin, the labor force composition of San Juan County is, like the general population, primarily white (see *Figure 9*). About 96 percent of the total is non-Hispanic whites. Native Americans are the next largest group, but with only about 1.6 percent of the labor force. The rest of the racial groups and those of Hispanic origin have relatively small numbers. The table shows the numbers for the county and the share sizes for the county and the state. There are significant differences.

Women constitute about 46 percent of the labor force in both the county and the state.

Figure 9
Resident Labor Force by Sex & Minority
San Juan County & Washington, 1997 An.Avg.
Source: Employment Security Department

	San Juan County		Washington
Total	5,690	100.0%	100.0%
White	5,440	95.6%	84.9%
Black	20	0.4%	2.8%
Native American	90	1.6%	1.4%
Asian & Pac. Isl.	70	1.2%	5.4%
Hispanic	70	1.2%	5.5%
Male	3,100	54.5%	54.3%
Female	2,590	45.5%	45.7%

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

UNEMPLOYMENT

Trend

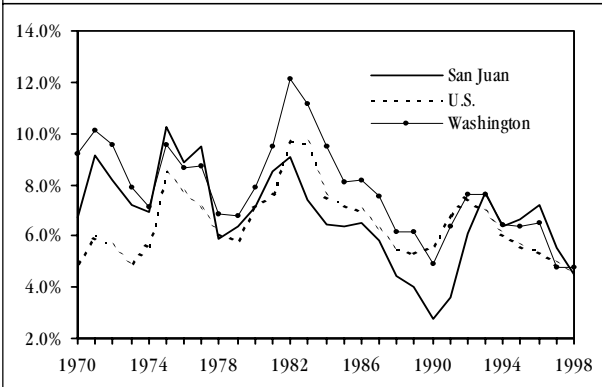
In 1998, the annual average unemployment rate for San Juan County was 4.5 percent of the labor force; identical with the U.S. rate and close to Washington's rate of 4.8 percent.

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

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

Figure 10 shows the unemployment rate for San Juan County, Washington, and the U.S. since 1970. The most obvious aspect of the chart is that the county's unemployment rate tracks in tandem with the state and the

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



nation, even though at a different level. The three economies are interconnected. The second most striking aspect is that unemployment in the San Juans has historically been less than throughout the state. Since 1978, the rate was lower every year until 1993. However, following the 1990-91 national recession, unemployment kept growing in the county longer than it did statewide. However, it has come back down until 1998 when it was less than Washington. The 1998 rate of 4.5 percent equates to 270 unemployed in the county.

Industrial Typology

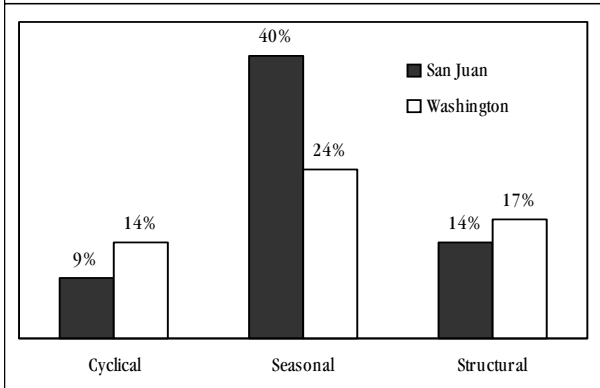
Employment and unemployment is related to different *types* of industries. A number of specific industries within Washington State have been defined as being seasonal, cyclical, or structurally mature. These designations relate to the level of variation in employment or to a decrease in employment over specific time periods. Because all three categories are reflective of employment instability or change, the degree to which a county's economic base depends upon these industries reveals a tendency toward or away from unemployment. Only private industries were included when producing the figures below, so the impact of government employment is excluded.

Industries with *seasonal* employment patterns are characterized by large employment increases and decreases in particular months of the year. Industries with *cyclical* employment patterns are characterized by sharp increases and decreases in employment during periods of general economic growth and contraction. *Structurally mature* industries are characterized by long-term declines in total annual average employment resulting from increased productivity, automation, technological change, exhaustion of natural resources, or other factors. *Note: An industry can be recognized in more than one typology. Construction, for example, is very dependent upon weather and is also highly sensitive to*

fluctuations in overall economic activity, i.e., the business cycle. It has been categorized as both seasonal and cyclical.

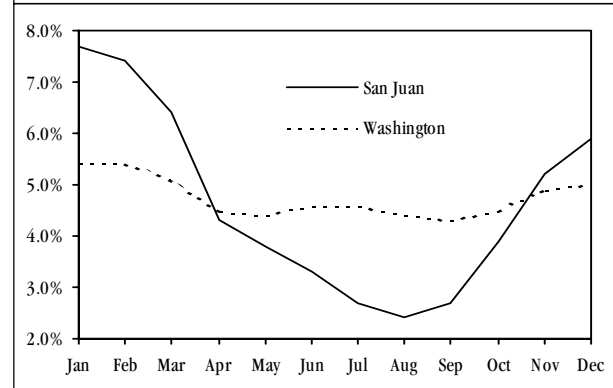
The number of workers employed in these type industries in San Juan County and Washington has been tabulated (see Figure 11). As the chart shows, the percentage of workers in cyclical and structurally mature industries is similar for the county and the state with only a few percentage points separating them. The big difference lies in seasonal industries where the county

Figure 11
Industrial Typology
San Juan County & Washington, 1997
Source: Employment Security Department



has a much higher percentage of workers. Because of significant levels of tourism, the county has a large number of jobs in those industries that cater to tourists, i.e., hotels, other lodging places, restaurants, etc. As tourism dwindles in the cooler months, those industries cut back their employment and the unemployment rate increases. Consequently, the county has a higher variation in unemployment throughout the course of the year than does the state (see Figure 12).

Figure 12
Monthly Unemployment
San Juan County & Washington, 1998
Source: Employment Security Department



Occupational Unemployment

Unemployment rates are not computed by occupation. However, claims for unemployment insurance do contain occupational information. Figure 13 on the next page is a listing of unemployment insurance claims categorized by occupational group in both San Juan County and Washington State. During 1997-98, a total of 575 claims were filed by San Juan County residents. The table lists the groupings in descending size based on number of claims.

The percentage of claims of each group, ranked by size, are not dissimilar between the county and the state. The four largest groupings are the same ones in both the county and the state, indicating a degree of homogeneity. Service occupations, however, generated far more claims, relatively, in the county than in the state. More than one-third of all claims for unemployment insurance stems from service occupations.

The share of claims from the other three large groupings were about the same in the county and the state.

Professional, technical, and managerial occupations generated 19 percent of claims in the county and 17 percent statewide; structural work occupations, primarily construction, represented 19 percent of both county and state claims; and clerical claims were at the 10 to 11 percent level.

Classifying these groupings, rather loosely, into "white-collar" and "blue-collar" jobs, there is a large difference in the percentage of claims between the county and the state. White-collar jobs accounted for 67 percent of the claims in the county and 45 percent throughout the state. (White-collar includes the groupings of professional/technical, clerical, sales, and service occupations; blue-collar subsumes the rest.) Blue-collar jobs generated 33 percent of all claims in the county and 55 percent throughout the state. San Juan County just does not have a sizeable manufacturing or agricultural base with its attendant large numbers of blue-collar workers.

Figure 13
Unemployment Insurance Claimants
San Juan County and Washington, July 1, 1997 - June 30, 1998
Source: Employment Security Department

	San Juan		Washington	
	Claimants	Percentage	Claimants	Percentage
Service	200	34.8%	33,975	11.1%
Professional, technical and managerial	107	18.6%	51,013	16.7%
Structural work	107	18.6%	57,245	18.7%
Clerical	58	10.1%	34,107	11.2%
Agriculture, forestry, and fishing	34	5.9%	25,823	8.5%
Sales	19	3.3%	16,497	5.4%
Motor freight and transportation	18	3.1%	15,951	5.2%
Machine trades	9	1.6%	16,577	5.4%
Benchwork	7	1.2%	8,475	2.8%
Packaging and materials handling	7	1.2%	28,132	9.2%
Processing	5	0.9%	15,327	5.0%
Miscellaneous, NEC	4	0.7%	2,246	0.7%
Total	575	100.0%	305,368	100.0%
White-Collar*	384	67.3%	135,592	44.7%
Blue-Collar*	187	32.7%	167,530	55.3%

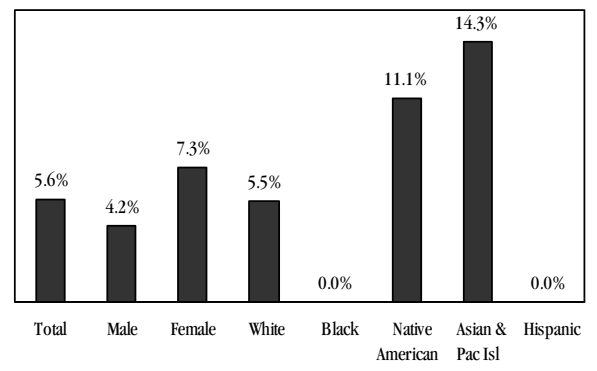
**Miscellaneous/NEC occupations excluded*

Demographics

The overall unemployment rate in San Juan County in 1997 was 5.6 percent. The rate for males was 4.2 percent while for females the rate was significantly higher, 7.3 percent. The high rate of UI claims in service occupations, where women are often clustered, may be a partial explanation.

Unemployment among the racial groups in San Juan County was bizarre in some cases and relatively normal in others. For whites, the rate was not an exceptional 5.5 percent. However, blacks and Hispanics were supposed to have no unemployment while Asians/Pacific Islanders and Native Americans had double digit unemployment. The huge variations are caused by the paucity of minority members. None of the nonwhite groups had 100 members in the labor force and none had more than 10 unemployed. A statistic (such as an unemployment rate) often founders when dealing with such small numbers. The rates should be taken with a grain of salt in this case.

Figure 14
Unemployment by Race & Sex
San Juan County, 1997
Source: Employment Security Department



INDUSTRIES, EMPLOYMENT, AND WAGES

Data in this section are derived through two different Bureau of Labor Statistics programs which are conducted in Washington by the Employment Security Department. The first, called CES (Current Employment Statistics), generates monthly nonagricultural employment figures; the second, the Quarterly Employment and Wages pro-

gram (ES-202), includes data on both agricultural and nonagricultural employment covered under the state unemployment insurance program. All wage data and agricultural employment data in this section stem from the Employment and Wages program; other employment information comes from the CES program.

Employment Trend

Figure 15 shows total nonfarm employment in San Juan County since 1970. The number of jobs has grown consistently except during and immediately after periods of national recession. The 1990-91 recession, which was relatively mild nationally, caused the biggest drop in employment that San Juan County has experienced. There were decreases in 1992 and 1993; however, employment picked up again in 1994 and growth has continued through 1998 when an all-time high of 4,600 was reached.

All in all, employment gains have been astounding in the county. In 1970, there was a total of only 900 jobs. That has increased an amazing 411 percent, the most of any county in the state: by comparison, Clark County was next, but with only a 247 percent gain. Statewide, non-

farm employment grew 140 percent—while this was healthy growth, it doesn't begin to compare to that of the county. And the growth in the San Juans has not been dominated by any specific industry.

Unlike many other counties, changes in employment have not been to the detriment of any particular industrial sector. Even though some sectors have outperformed others, all have grown conspicuously and well above statewide growth in the same sectors. Interestingly, and unlike most other counties, the government share of all employment has decreased substantially, even while its numbers have increased at a healthy pace. There is considerably less dependence on the government payroll than there was two decades ago.

Figure 15
Nonagricultural Wage & Salary Employment
San Juan County, 1970-1998
Source: Employment Security Department

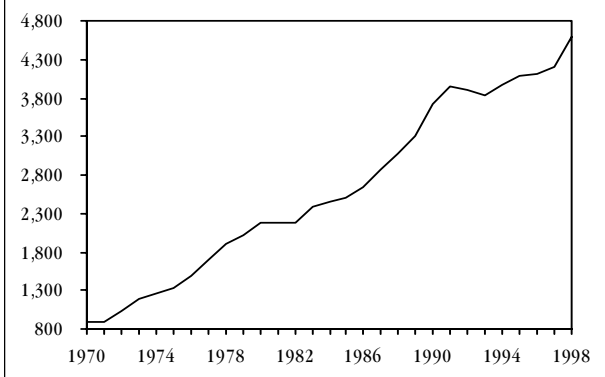
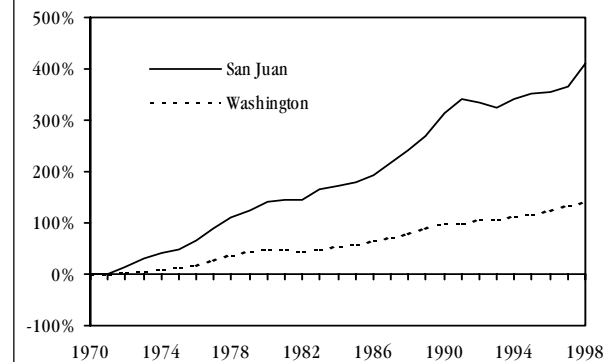


Figure 16
Nonagricultural Wage & Salary Employment,
Cumulative Percentage Increase
San Juan County & Washington, 1970-1998
Source: Employment Security Department



Location Quotients

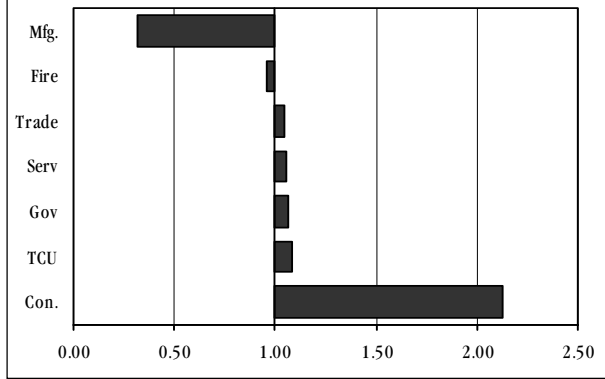
One way to determine how an area's economy is shaped is to compare it to another area. The following section shows fairly specifically, by industry sector, how San Juan County's employment patterns both differ from and coincide with Washington State's. When comparing an industry's share of all employment at the county level to the same industry's share at the statewide level, it becomes apparent that some county employment is distributed differently than statewide employment. The *location quotient* compares the share of total employment in a particular industry division in the county with the share it represents in Washington State.

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

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

Construction's quotient is high, 2.1. Although nothing is physically exported, single-family housing is being

Figure 17
Location Quotients
San Juan County, 1998
Source: Employment Security Department



constructed at a rate much greater than throughout the state. The impetus behind it is in-migrants, who cause the county to "use" construction at a higher consumption level than is found statewide.

The quotients of the TCU (transportation, communication, and public utilities), services, government, trade, and FIRE (finance, insurance, and real estate) sectors are all sufficiently near the 1.0 mark to indicate parity with statewide levels of consumption. Manufacturing is the lowest of the nonfarm sectors (0.31) and strongly suggests a high level of importation is necessary for consumption to be at the same level as statewide.

Annual Average Wage

The annual average wage is obtained by dividing the total wages paid in an area by the annual average employment in that area. Jobs not covered by the unemployment insurance program are excluded; however, approximately 90 percent of all employment in the state is covered under the program. (*Note: all amounts here have been inflation adjusted to 1997 dollars.*) The average wage does not include any benefits (e.g., insurance or retirement plans) other than actual wages.

The county's average wage (\$19,548 in 1997) is considerably lower than the statewide average (\$30,755). Over the years (*see Figure 18*), the difference has averaged over \$10,000 per year and in 1997 it was \$11,207. The wage in San Juan County, while considerably less than statewide, has nevertheless tended to track in tan-

dem with the state with the highs and lows occurring at about the same time. This has not been the case since 1995. The state, propelled by expanding Puget Sound firms, has seen strong increases in the average: San Juan County has experienced a flatness that is mainly associated with the loss of relatively high paying manufacturing jobs (which have offset gains in other areas).

Figure 19 shows the average wage for all the industry sectors and for some particular industries in San Juan County and for the same sectors and industries statewide. As mentioned earlier, the overall average wage in San Juan County is less than it is statewide. With only a few exceptions, the wage in all sectors and industries is significantly less than for the same ones throughout the state.

Figure 18
Annual Average Wage
San Juan County & Washington, 1970-1997
Source: Employment Security Department

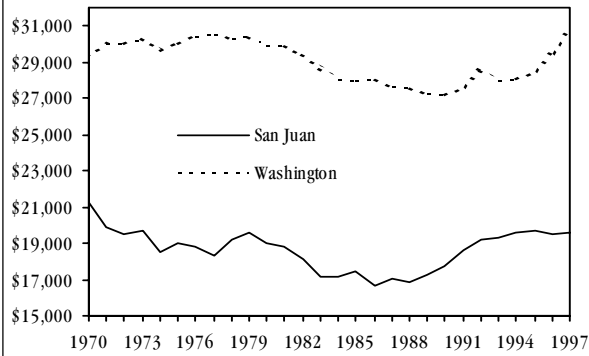


Figure 19
Annual Average Covered Wage
San Juan County and Washington, 1997
Source: Employment Security Department

	San Juan	Washington		San Juan	Washington
Overall	\$19,548	\$30,755	Apparel and accessory stores	\$11,382	\$19,168
Agriculture, Forestry, & Fishing	\$16,585	\$15,369	Eating and drinking places	\$10,425	\$10,326
Agricultural production livestock	\$14,474	\$18,706	Miscellaneous retail	\$8,243	\$16,870
Agricultural services	\$10,392	\$16,935	Finance, Insurance, & Real Estate	\$23,941	\$37,481
Fishing, hunting, and trapping	\$27,015	\$50,919	Depository institutions	\$33,343	\$32,858
Construction	\$24,363	\$32,600	Security and commodity brokers	\$37,659	\$80,169
General building contractors	\$25,226	\$30,984	Insurance agents, brokers, & service	\$35,110	\$37,889
Heavy construction, ex. building	\$25,182	\$41,280	Real estate	\$16,442	\$22,472
Special trade contractors	\$23,170	\$31,268	Services	\$15,790	\$30,941
Manufacturing	\$27,159	\$40,724	Hotels and other lodging places	\$14,643	\$15,397
Lumber and wood products	\$31,269	\$34,034	Personal services	\$12,600	\$15,765
Printing and publishing	\$17,694	\$30,378	Business services	\$18,509	\$52,014
Stone, clay, and glass products	\$23,180	\$33,712	Auto repair, services, and parking	\$20,938	\$23,032
Fabricated metal products	\$18,839	\$31,666	Miscellaneous repair services	\$16,332	\$27,087
Transportation equipment	\$19,164	\$52,025	Motion pictures	\$5,856	\$13,452
Misc. manufacturing industries	\$8,413	\$29,406	Amusement & recreation services	\$19,014	\$18,287
Transportation, Communicat, Util.	\$25,158	\$38,602	Health services	\$18,439	\$29,235
Trucking and warehousing	\$20,420	\$28,592	Legal services	\$21,822	\$39,593
Water transportation	\$21,133	\$49,737	Social services	\$11,226	\$15,413
Electric, gas, and sanitary services	\$31,988	\$51,229	Membership organizations	\$10,880	\$19,821
Trade	\$13,602	\$21,677	Engineering & management services	\$27,821	\$42,287
Retail Trade	\$13,352	\$16,821	Private households	\$19,468	\$8,318
Building materials & garden supplies	\$20,817	\$23,072	Government	\$25,124	\$32,826
Food stores	\$15,988	\$19,529	Federal	\$27,976	\$41,936
Automotive dealers & service stations	\$20,469	\$26,986	State	\$20,668	\$32,973
			Local	\$25,372	\$30,341

Agriculture, Forestry, and Fishing

Workers who derive their living from the soil and the sea are few and far between in San Juan County. Employment in this sector amounts to 2.5 percent of all covered employment in the county, and most of it is not directly agricultural in nature. Employment is scattered among a number of different industries, but the bulk of it is in the category of agricultural services. This includes veterinarian services, animal specialty services (animal shelters, kennels, dog grooming services, etc.) and lawn and garden services.

The sector also has a handful of fishermen (harvesting both finfish and shellfish), a very small number of farmers, and a few workers involved with various types of livestock.

The annual average wage for this sector is higher than the wage paid to the same sector statewide; \$16,585 versus \$15,369. Although the wage is lower in the agricultural services and livestock industries (*see Figure 19*), the wage stemming from fishing is quite high and brings up the average for the sector. (The data are suppressed for reasons of confidentiality.)

Construction

After a very steep rise from 1985 to 1991, employment in construction declined for several years but picked up in 1997 and 1998 (*see Figure 20*). The actual number of jobs expanded from 90 in 1970 to 550 in 1998, but the peak was 580 in 1991. Overall for the period, this has been a tremendous 511 percent increase (statewide, the increase was only 140 percent), giving construction a 12 percent share of all nonfarm employment. This represents a far greater proportion than is found statewide where it is about 5.5 percent. In San Juan County, the annual average wage in construction in 1997 was \$24,363, about \$8,000 per year less than the statewide average of \$32,600.

Often, a high employment level in construction is reflective of expanding business, but in the San Juans the biggest factor driving employment growth has been construction of single-family residences. While there are

some workers involved in heavy construction, e.g., road and highway work, there is very little non-residential construction activity.

Of the three categories of construction, general building contractors employ half of the county's construction workers, who are all involved in building single-family residences. The 239 workers in that category earned an average wage of \$25,226 in 1997.

Special trades accounted for 42 percent of construction employment. This group includes carpenters, plumbers, heating and air conditioning workers, painters, electricians, etc. In 1997, employment was 203 and the wage was \$23,170.

The other major division, heavy construction, accounted for only 9 percent of employment and paid an average wage of \$25,182.

Figure 20
Construction & Mining Employment
San Juan County, 1970-1998
Source: Employment Security Department

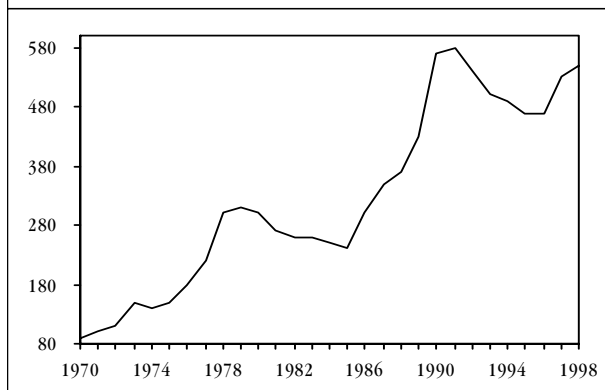
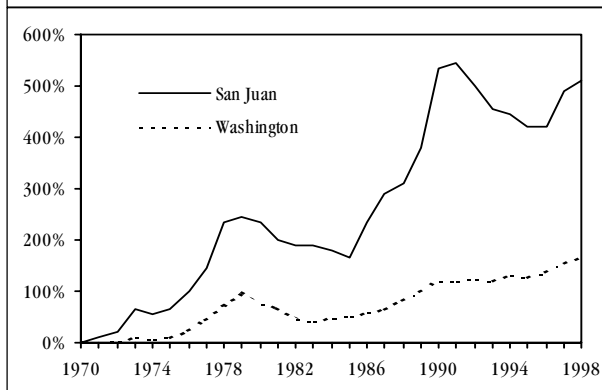


Figure 21
Construction & Mining Employment,
Cumulative Percentage Increase
San Juan County & Washington, 1970-1998
Source: Employment Security Department

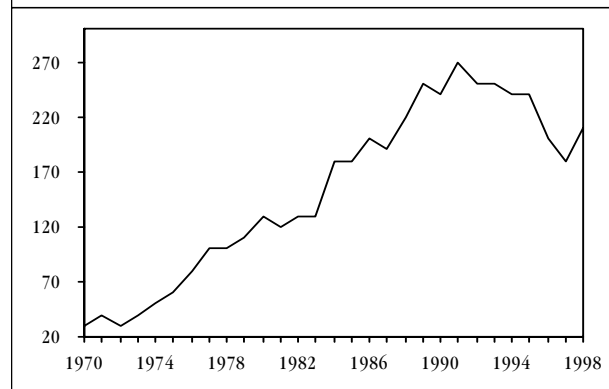


Manufacturing

While manufacturing is not a large industry sector in San Juan County—relative to the state—its growth has not only kept up with the other sectors, it has surpassed most. In 1970, there were only 30 manufacturing jobs in the county. In 1998, there were 210 (see Figure 22). That equates to 600 percent growth, which resulted in manufacturing's share of total employment doubling from 3 to 5 percent. (Statewide, manufacturing accounted for 15 percent of all nonfarm jobs in 1998.)

Manufacturing, however, has seen sharp declines since 1991. Many relatively well-paying jobs, primarily in machinery and electronics, but also a number in printing and publishing and food processing, were lost. The year 1998 saw an uptick in employment for the first time in 8 years with a gain of about 30 jobs.

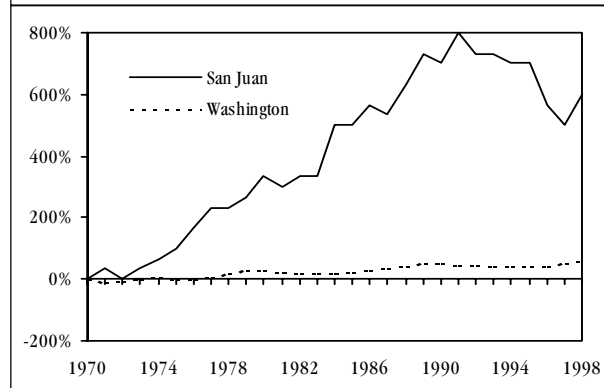
Figure 22
Manufacturing Employment
San Juan County, 1970-1998
Source: Employment Security Department



Like most areas, wages in manufacturing are higher than in the other industrial sectors. In 1997, the average manufacturing wage in San Juan County was \$27,159, substantially higher than the county's all-sector wage of \$19,548 but considerably less than the \$40,724 manufacturing wage enjoyed statewide. (The statewide average, of course, is driven up by the high-wage aerospace and high-tech industries of King and Snohomish counties.)

There is not a high concentration of employment in any one manufacturing industry in the county; rather, it is spread out among quite a few, including food processing, logging, newspaper production, some light manufacturing of special industrial machinery, ready-mix concrete, and others. No one industry employs over 35 workers.

Figure 23
Manufacturing Employment,
Cumulative Percentage Increase
San Juan County & Washington, 1970-1998
Source: Employment Security Department



Transportation, Communication, and Utilities (TCU)

This sector includes land, water, and air transportation; communications; and the more traditional public utilities such as electric, gas, and sanitation services. After a long period of stasis (1977-1988), employment rose sharply through 1991, declined some and then grew until it reached its historical high point of 260 in 1997 and 1998 (see Figure 24 on the next page). In all, employment in the sector grew by about 270 percent since 1970, considerably more than the statewide 88 percent

(see Figure 25 on the next page), and in 1998 it held a 6 percent share of nonfarm employment in San Juan County (the statewide share for TCU was 5 percent.)

The average wage in TCU was \$25,158 in 1997, considerably higher than the overall county average wage. Relatively well-paid workers providing electrical and telephone services were largely responsible for the high wage.

Electrical services employed the most workers in the sector, followed by air courier services and marina workers.

Figure 24
TCU Employment
San Juan County, 1970-1998
Source: Employment Security Department

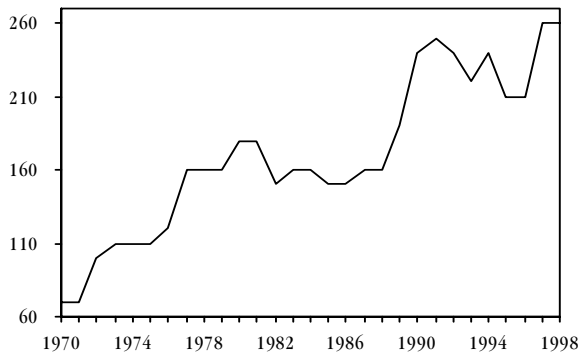
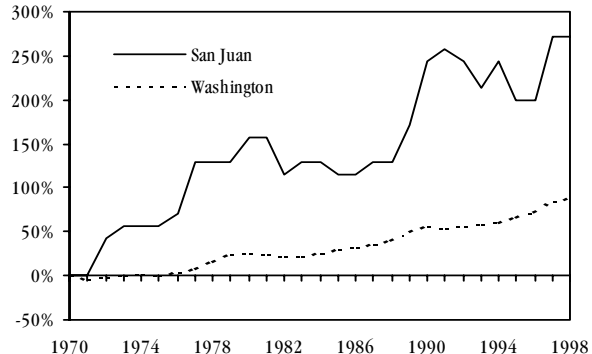


Figure 25
TCU Employment, Cumulative % Increase
San Juan County & Washington, 1970-1998
Source: Employment Security Department



Trade

Although trade is composed of wholesale and retail sectors, the wholesale portion in San County is small, only 3 percent of all covered trade employment. The retail sector, however, is quite large: it accounts for 23 percent of nonfarm employment; statewide, its share is about 18 percent. Trade is another of those San Juan County industry sectors that has had phenomenal growth in terms of employment (*see Figures 26 and 27*). In 1970 there were 150 trade jobs; in 1998 there were 1,160. Total growth amounted to 673 percent, much higher than the state's 160 percent. After services, it is the largest employing sector in the county.

However, like in many areas, it is the lowest paid of all the sectors. In 1997, the average wage was \$13,602—less than the statewide wage for trade of \$21,677, and much less than the county's overall average wage. It is important to note, though, that this wage does not necessarily correspond to someone working full time year-round. Computation of the average wage does not distinguish between full-time and part-time work, and large numbers of trade jobs are part time, which lowers the average.

The largest industry within trade was eating and drinking places. This category includes restaurants, bars, taverns, fast food establishments, etc., and accounts for close to half of all retail trade employment (43 percent). Its wages averaged out to almost \$10,500 per year; the relative paucity of the wage denoting large amounts of part-

time work in the industry and the add-on of tip income which is not included.

Food stores, the second largest trade industry, employed 287 workers in 1997. The industry includes grocery stores, meat and fish markets, bakeries, etc. It paid an average wage of almost \$16,000.

The remainder of trade employment is scattered among a number of different businesses. Gas stations, furniture stores, building materials and garden supply stores, and others are all represented, each with a relatively small number of workers.

Figure 26
Trade Employment
San Juan County, 1970-1998
Source: Employment Security Department

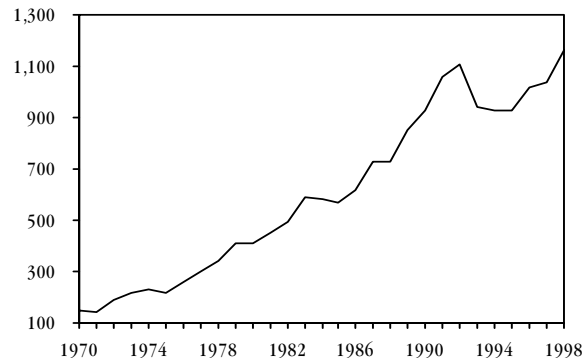
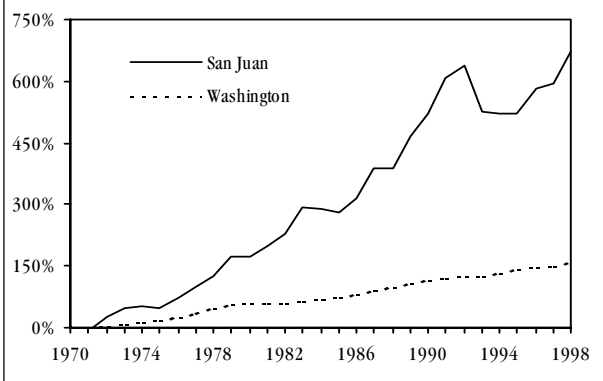


Figure 27
Trade Employment, Cumulative % Increase
San Juan County & Washington, 1970-1998
Source: Employment Security Department



Finance, Insurance, and Real Estate (FIRE)

The FIRE sector is a small employer in San Juan County and throughout the state; in both areas it accounts for about 5 percent of nonfarm employment. However, its growth in the county has been on a par with the other sectors, rising from 40 in 1970 to 230 in 1998, a 475 percent expansion. As the charts show, most of that growth occurred after 1986.

Industries in this sector include banks, savings and loans, credit unions, insurance agents and brokers, real estate agents, real estate managers, and a number of related businesses. Most of the fluctuations in the employment numbers are related to real estate, an industry particularly sensitive to ups and downs in the economy.

The 1997 average wage in the FIRE sector, \$23,941, was almost \$4,500 above the county's overall average. The wage in real estate, though, with about 56 percent of sector employment, was only \$16,442 and tended to counterbalance the wage of more than \$33,000 in depository institutions, which made up about one-third of sector employment. As with some trade employment, the average wage in real estate does not necessarily reflect that of a full-time worker—many real estate agents work only part-time hours and are paid on a commission basis only. Depository institutions—banks, credit unions, S&Ls, etc.—make up one of the industries that pays a higher wage than is paid statewide in the same industry.

Figure 28
FIRE Employment
San Juan County, 1970-1998
Source: Employment Security Department

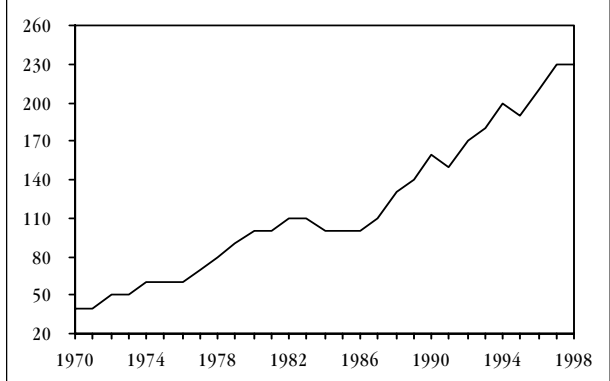
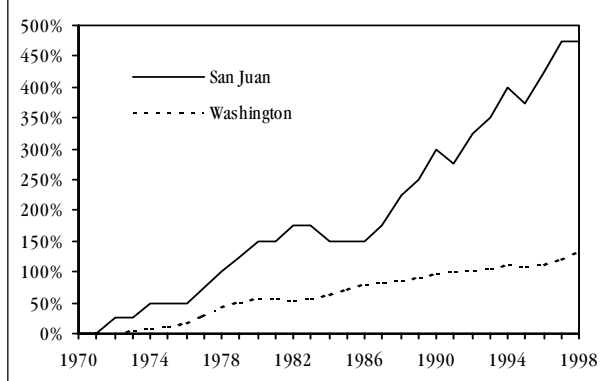


Figure 29
FIRE Employment, Cumulative % Increase
San Juan County & Washington, 1970-1998
Source: Employment Security Department



Services

In San Juan County, services is the largest of all industry sectors; its 1,320 workers comprised 29 percent of all nonfarm employment in 1998. Growth since 1970, however, was less than in most other sectors and, consequently, services' share size fell: in 1970, the sector accounted for 31 percent of employment. Even though share size has contracted, the growth was still very healthy. San Juan's services sector grew 371 percent over the period; statewide, growth was 318 percent.

The sector encompasses many very different industries, ranging from hotels and motels to auto repair to doctors and lawyers. The payroll, accordingly, can vary greatly from industry to industry. Overall though, the average wage for the sector (\$15,790) is quite low relative to the county's all-sector average wage and to the services sector statewide. Only the trade sector has a lower average in the San Juans.

The largest industry, by far, in the county's services sector is hotels and other lodging places. This category includes hotels, motels, campsites, trailer parks, etc. Throughout the state as a whole, this industry is relatively small: only 4 percent of services workers are employed by the lodging industry; in San Juan County, half of all services employment is geared toward accommodations. This, of course, is directly related to the high level of tourism in the San Juans.

Employment in most other services industries is relatively small. Membership organizations, amusement and recreation services, private households, and business services are all on the next tier but still employ far fewer workers than lodging places. Employment ranges from 65 to 115 for these industries.

Figure 30
Services Employment
San Juan County, 1970-1998
Source: Employment Security Department

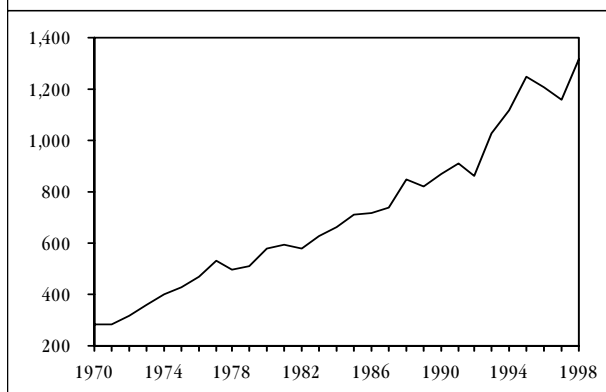
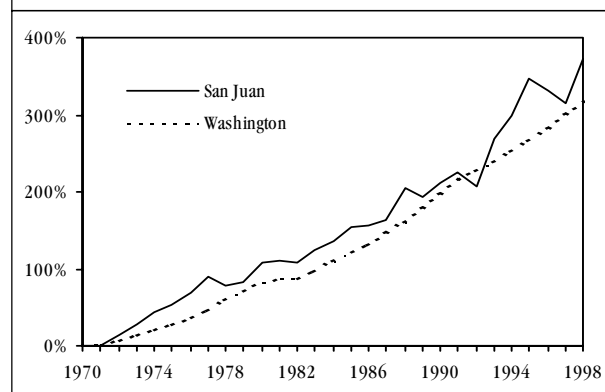


Figure 31
Services Employment, Cumulative % Increase
San Juan County & Washington, 1970-1998
Source: Employment Security Department



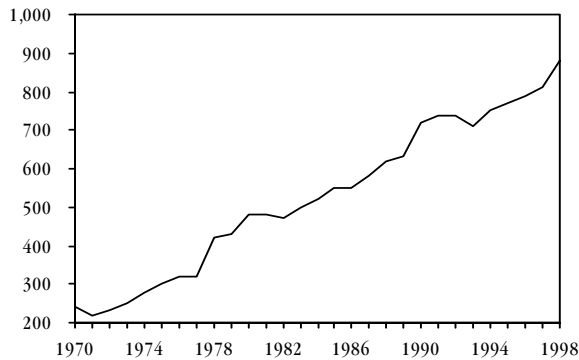
Government

Public employment, at all its levels (federal, state, and local), has been the slowest growing of all nonfarm sectors in San Juan County, but it has, nevertheless, outpaced the statewide rate by a wide margin. In the county it grew 267 percent since 1970, whereas throughout the state it only grew 91 percent. In both, though, the share size is about the same, 19 percent in the county and 18 percent statewide. *Figures 32 and 33* show employment and percentage growth since 1970: except for slight downturns during or immediately after periods of national recession, the number of jobs has been constantly

growing and hit its peak in 1998 with 880 workers. The average wage for government workers in the San Juans was \$25,124 in 1997, close to \$8,000 less than the statewide average for government workers of \$32,826.

Even though, in relative terms, the size of government is the same in San Juan County as throughout the state, there is a large difference in its composition. San Juan County has only a handful of workers at the federal and state level while a full 82 percent are at the local level (statewide, the figure is only 59 percent). The largest

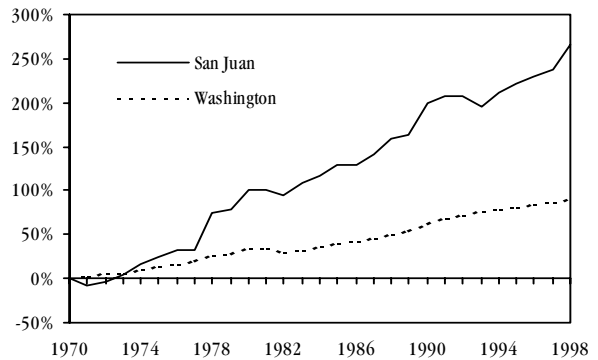
Figure 32
Government Employment
San Juan County, 1970-1998
Source: Employment Security Department



group of federal workers is postal employees and the largest group of state workers is involved with education at the community college extension.

Within local government, close to one-half (47 percent) of employment is in K-12 education. This is the largest single segment of local government. Most of the

Figure 33
Gov. Employment, Cumulative % Increase
San Juan County & Washington, 1970-1998
Source: Employment Security Department



rest were involved in traditional executive and legislative governmental functions at the city and county level.

The average wage in local government was \$25,372 in 1997. Those working in education were paid an average of \$22,895 and those in executive/legislative positions averaged \$29,475.

Tourism

Tourism is not an industry *per se*, as categorized by the federal Office of Management and Budget's Standard Industrial Classification system. It is made up of segments of different industries, primarily in the trade and services sectors. It, nevertheless, plays a significant role in many area economies, and is crucial to San Juan County's.

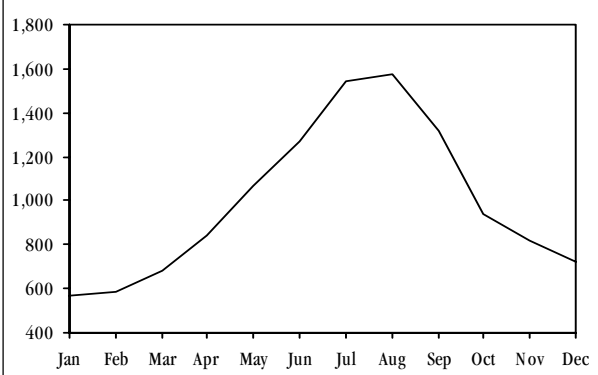
The San Juans are a major draw for tourists who want to "get away from it all" for a while, relax, and enjoy some of Washington's finest scenery. And these tourists spend a lot of money in the islands. A recent study entitled, "1991-1998p Travel Impacts and Visitor Volume" (prepared by Dean Runyan Associates for Washington's Department of Community, Trade and Economic Development) details the economic aspects of travel and tourism throughout Washington and its counties, including San Juan.

The study reports that travelers in 1997 spent \$84.3 million in the islands. That amounts to \$6,745 per resident. That per capita rate of spending is the highest of all counties in the state. Spending by travelers directly supported 1,370 jobs with a payroll of \$15.4 million. Further, tax revenues garnered by local governments from visitors amounted to over \$1 million. Clearly, tourism injects considerable amounts of money and jobs into the

local economy. Tourism is also rapidly growing—the study points out that travel expenditures in the county expanded 67 percent from 1991 to 1997.

A drawback to such a strong reliance on tourist travel is its inherent seasonality. *Figure 34* shows employment in two industries strongly influenced by tourism (hotels and lodging places and eating and drinking places)

Figure 34
Hotels/Lodging, Eating/Drinking Employment
San Juan County, 1997
Source: Employment Security Department



throughout 1997. As the weather grows warmer, employment rises; however, the reverse is true as the weather grows colder. In January, the slowest employment month, the industries employed almost 600 workers. In August,

the best month, there were almost 1,600 employees. This cycle recurs every year and creates sharp changes in the county's unemployment rate during the course of the year.

Industry Employment Projections

Employment growth in the county is expected to slow from its historically high velocity over the next five years. Employment increases in the decade of the 1990s averaged close to 5 percent per annum. Employment Security Department analysts expect a cumulative increase of only 9.4 percent for all of the next five years (1998-2003).

Figure 35 shows projections for the county and its major industry sectors and for Washington as a whole. The services and trade sectors are expected to have the most growth, adding a combined total of 270 jobs. Moderate growth in the other sectors, except manufacturing which is flat, should add another 150 jobs over the period.

Figure 35
Industry Projections
San Juan County and Washington, 1998 and 2003
Source: Employment Security Department

	1998	San Juan County		Washington	
		2003	% Change	# Change	% Change
Total Nonfarm Employment	4,480	4,900	9.4%	420	9.6%
Manufacturing	180	180	0.0%	0	1.1%
Construction & Mining	590	640	8.5%	50	6.4%
Transportation & Utilities	260	280	7.7%	20	6.5%
Wholesale & Retail Trade	1,090	1,190	9.2%	100	8.8%
Finance, Insurance, & Real Estate	230	240	4.3%	10	6.5%
Services	1,280	1,450	13.3%	170	16.8%
Government	850	920	8.2%	70	9.6%

OCCUPATIONAL PROFILE

A different but informative way to view an area's work force is in terms of occupational divisions rather than industrial divisions. *Figure 36* shows employment in the major occupational divisions as well as the share of each grouping for the combined counties of San Juan and Skagit as well as the state. The data are based on Occupational Employment Surveys (OES) conducted in the area by the Employment Security Department. Unfortunately, data are not available for San Juan County alone.

The two-county occupational make-up reveals only a modest departure from the state's occupational structure. The most visible disparity between the counties and Washington State was in the professional and technical fields where the counties' 17 percent share was considerably less than the state's 23 percent. Agriculture, forestry, and fishing occupations were far more prevalent

in the counties than the state, but primarily because of the concentration of agriculture in Skagit County.

Dividing the occupational mix, roughly, into blue-collar and white-collar occupations, the counties have a smaller percentage of white-collar occupations than the state as a whole. This is also attributable to the larger percentage of agricultural, blue-collar jobs in the two counties, or at least in Skagit County.

Employment projections for the two-county region are also shown on the same table. The table shows the projected annual openings by major grouping over the 1996-2006 period. The largest number of new jobs, nearly a third, will be in services. Professional, paraprofessional, and technical has the next highest amount. Marketing and sales jobs will have the greatest percentage increase.

Figure 36
Occupational Employment and Projections
San Juan and Skagit Counties and Washington, 1996 and 2006
Source: Employment Security Department

	1996		San Juan/Skagit 2006		% Chg	Jobs
Total	47,394	100%	60,397	100%	27%	13,003
Managerial & Administrative	3,318	7%	4,316	7%	30%	998
Professional, Paraprof., & Tech	8,109	17%	10,475	17%	29%	2,366
Marketing & Sales	5,624	12%	7,735	13%	38%	2,111
Clerical & Admin. Support	6,323	13%	7,540	12%	19%	1,217
Services	8,516	18%	11,136	18%	31%	2,620
Ag., Forestry, Fishing & Related	4,081	9%	4,493	7%	10%	412
Prec. Production, Craft, & Repair	5,374	11%	6,963	12%	30%	1,589
Operators, Fabricators, & Laborers	6,049	13%	7,739	13%	28%	1,690
White-Collar	31,890	67%	41,202	68%	29%	9,312
Blue-Collar	15,504	33%	19,195	32%	24%	3,691
Washington						
Total	2,670,369	100%	3,234,014	100%	21%	563,645
Managerial & Administrative	190,797	7%	234,329	7%	23%	43,532
Professional, Paraprof., & Tech	610,458	23%	783,554	24%	28%	173,096
Marketing & Sales	298,912	11%	370,762	11%	24%	71,850
Clerical & Admin. Support	431,765	16%	486,377	15%	13%	54,612
Services	416,939	16%	521,578	16%	25%	104,639
Ag., Forestry, Fishing & Related	106,121	4%	106,278	3%	0%	157
Prec. Production, Craft, & Repair	277,498	11%	324,415	10%	17%	46,917
Operators, Fabricators, & Laborers	337,879	13%	406,721	13%	20%	68,842
White-Collar	1,948,871	73%	2,396,600	74%	23%	447,729
Blue-Collar	721,498	27%	837,414	26%	16%	115,916

Figure 37 is also based on occupational surveys conducted in San Juan and Skagit counties by the Employment Security Department. The list of occupations and wages gives a good idea of what the various jobs are in

the area as well as the levels of pay. Occupations are shown in their primary groupings, the wage is a mean wage, and the ranking number is based on employment levels (1 equals the highest and 150 the lowest).

Figure 37
Occupational Wages
San Juan and Skagit Counties, 1997
Source: Employment Security Department

Occupation	Wage*	Rank**	Occupation	Wage*	Rank**
<i>Managerial & Administrative Occupations:</i>			All Other Health Prof, Paraprof, Tech	\$15.57	63
Financial Manager	\$22.82	46	Designer, except Interior Design	\$9.95	140
Purchasing Manager	\$18.46	95	All Other Professionl, Paraprof, Tech	\$17.00	48
Marketing, Advertis., Public Rel Mgr	\$20.87	81	<i>Sales & Related Occupations:</i>		
Administrative Service Manager	\$20.06	135	First Line Supervisor, Sales & Related	\$13.82	8
Education Administrator	\$27.92	61	Sales Agent, Real Estate	\$13.40	115
Medicine & Health Service Manager	\$26.24	122	Sales Rep, exc Retail, Sci, Related	\$16.34	53
Construction Manager	\$23.60	105	Salesperson, Retail	\$8.46	1
Food Service & Lodging Manager	\$10.85	43	Salesperson, Parts	\$10.85	73
Public Admin, Chief Exec & Legis	\$16.60	113	Counter & Rental Clerk	\$7.25	106
General Manager & Top Executive	\$23.52	4	Stock Clerk, Sales Floor	\$8.09	37
All Other Manager & Administrator	\$21.79	20	Cashier	\$7.51	2
<i>Professional, Paraprof, & Technical Occupations:</i>			All Other Sales & Related Occupation	\$11.77	78
Accountant & Auditor	\$18.02	49	<i>Clerical & Administrative Support Occupations:</i>		
Wholesale, Retail Buyer, except Farm	\$13.77	116	First Line Supervisor, Clerical	\$14.22	33
Cost Estimator	\$20.12	125	Bank Teller	\$8.70	47
Comply Officer & Inspec, exc Const	\$15.90	145	Hotel Desk Clerk	\$7.17	82
Psychologist	\$21.09	92	Legal Secretary	\$11.45	146
Social Work, Medical & Psychiatric	\$14.34	100	Medical Secretary	\$9.88	107
Social Work, exc Med & Psychiatric	\$15.37	71	Secretary, except Legal & Medical	\$11.12	14
Residential Counselor	\$9.73	76	Receptionist, Information Clerk	\$8.88	28
Human Service Worker	\$11.37	114	Typist, including Word Processing	\$9.85	96
Recreation Worker	\$9.59	57	File Clerk	\$8.28	83
Lawyer	\$31.25	85	Bookkeep, Account & Auditing Clerk	\$10.60	5
Teacher, Elementary	\$35,460	16	Billing, Cost & Rate Clerk	\$10.65	101
Teacher, Secondary School	\$34,130	17	General Office Clerk	\$9.57	6
Teacher, Special Education	\$33,370	89	Postal Mail Carrier	\$15.95	64
Teacher, Vocational Education	\$15.89	127	Dispatch, exc Police, Fire & Ambul	\$15.29	128
Instructor, Nonvocational Education	\$13.71	68	Stock Clerk, Stockroom or Warehs	\$10.00	52
Instructor & Coach, Sport	\$12.95	44	Traffic, Shipping & Receiving Clerk	\$11.61	39
Librarian, Professional	\$18.66	131	All Other Clerical & Admin Support	\$10.21	94
Vocational & Educational, Counselor	\$18.90	136	<i>Service Occupations:</i>		
Teacher Aide, Paraprofessional	\$9.43	18	Housekeeping Superv, Institutional	\$8.68	147
Physician & Surgeon	\$53.62	77	All Other Service Supervisor	\$12.31	45
Registered Nurse	\$20.06	12	Fire Fighter	\$12.52	84
Licensed Practical Nurse	\$12.56	65	Police Patrol Officer	\$18.25	98
Emergency Medical Technician	\$12.28	132	Guard & Watch Guard	\$8.81	62
Medical & Clinic Lab Technologist	\$18.54	137	Host & Hostess, Restaurant, Lounge	\$6.14	120
Medical Records Technician	\$9.89	134	Bartender	\$7.08	32

Figure 37 (Continued)
Occupational Wages
San Juan and Skagit Counties, 1997
Source: Employment Security Department

Occupation	Wage*	Rank**	Occupation	Wage*	Rank**
Waiter & Waitress	\$5.68	7	Automotive Body, Related Repairer	\$12.53	117
Dining Rm, Cafeteria & Bartend Help	\$6.53	41	Bus & Truck Mech & Diesel Special	\$15.44	102
Counter Attend, Lunchrm, Cafeteria	\$6.61	55	Mobile Heavy Eq Mech, exc Engine	\$15.91	88
Baker, Bread & Pastry	\$9.34	50	Farm Equipment Mechanic	\$11.81	99
Cook, Restaurant	\$7.88	21	Small Engine Specialist	\$10.66	123
Cook, Institution or Cafeteria	\$9.23	87	Electrical Power-line Install & Repair	\$21.84	148
Cook, Fast Food	\$6.20	103	Heat, A/C, Refrigeratn Mech & Install	\$14.30	142
Cook, Short Order	\$7.44	75	Carpenter	\$17.53	10
Food Preparation Worker	\$6.97	19	Drywall Installer	\$15.61	144
Combined Food Prep & Service	\$6.27	15	Electrician	\$19.39	30
Dental Assistant	\$12.14	90	Painter & Paperhngr, Constr & Maint	\$15.79	67
Medical Assistant	\$10.06	104	Plumber, Pipefitter, Steamfitter	\$19.33	74
Nursing Aide, Orderly & Attendant	\$7.46	31	Roofer	\$13.90	133
Home Health Aide	\$7.31	54	Machinist	\$15.67	93
All Other Health Service Worker	\$10.38	126	Cabinetmaker & Bench Carpenter	\$13.45	110
Maid & Housekeeping Cleaner	\$7.08	23	Packaging & Filling Mach Op/Tend	\$11.55	109
Janitor & Cleaner, except Maid	\$8.85	13	Welder & Cutter	\$15.59	79
All Other Cleaning & Building Service	\$8.19	129	Cannery Worker	\$7.76	66
Hairdresser & Cosmetologist	\$7.83	51	Meat, Poultry, Fish Cut, Trim, Hand	\$8.26	24
Amusement & Recreation Attendant	\$7.40	38	Assemb, Fabricat, ex Mach/Elec/Prec	\$8.81	34
Personal Home Care Aide	\$7.70	119	Water, Liquid Wast Treat Plnt, Sys Op	\$16.29	149
Child Care Worker	\$7.49	40	Gauger	\$19.28	121
<i>Agricultural, Forestry, Fishing, & Related Occupations:</i>			All Other Plant & System Operator	\$14.54	59
1st Line Supervisor, Agr, Forest, Fish	\$23.65	112	Truck Driver, Heavy or Tractor-Trail	\$14.33	11
Forest & Conservation Worker	\$14.48	91	Truck Driver, Light, incl Deliv & Rel	\$10.32	22
Grader & Sorter, Agricultural Product	\$7.20	58	Bus Driver, School	\$11.94	60
Animal Caretaker, except Farm	\$8.14	141	Driver/Sales Worker	\$10.83	118
Farm Equipment Operator	\$7.50	29	Service Station Attendant	\$7.14	97
Laborer, Landscaping & Grndskpng	\$9.50	27	All Other Transportation Rel Worker	\$14.06	56
Farmworkers, Food/Fiber Crops	\$6.19	3	Excavating & Loading Machine Op	\$15.17	150
Farmworkers, Farm/Ranch Animals	\$7.97	35	Grader, Bulldozer & Scraper Op	\$17.51	124
All Other Agricultural, Forestry, Fish	\$11.59	26	Industrial Truck & Tractor Operator	\$11.06	80
<i>Produc, Construc, Op, Maint, & Material Handl Occup:</i>			Operating Engineer	\$18.64	86
1st Line Superv, Mechanic & Repair	\$19.86	69	Helper, Mechanic & Repairer	\$9.67	138
1st Line Supervisor, Constr & Extract	\$21.04	70	Helper, Carpenter & Related Worker	\$10.80	139
First Line Supervisor, Production	\$18.57	72	Machine Feeder & Offbearer	\$10.81	143
First-Line Supervisor, Mgr, All Other	\$18.92	130	All Oth Frght, Stock, Mat Move, Hnd	\$8.65	111
Maintenance Repairer, General Utility	\$13.52	9	Hand Packer & Packager	\$7.37	42
Automotive Mechanic	\$13.73	36	Vehicle Washer & Equipment Cleaner	\$8.14	108
			All Oth Help, Labor, Matl Move, Hnd	\$10.44	25

*Wages are either hourly or annual.

**Ranking is employment level per occupation, from highest (1) to lowest (150).

PERSONAL INCOME

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

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

Total Personal Income

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

In 1997, personal income in San Juan County totaled \$395.3 million. It has been growing consistently and rapidly since 1970 (see Figure 38) and has shown a total increase of 427 percent (statewide growth was a much less 174 percent). The only decline, a slight one, occurred in 1982 at the height of the major national recession of that year.

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

Figure 39 shows PCPI for San Juan County, Washington, and the U.S. from 1970 through 1997. Per capita income in the county in 1997 was \$32,542 and ranked second among Washington's 39 counties (only King County ranked higher). Historically, this measure has been significantly higher in the islands than the state or the nation. Since 1970, the difference between the county and the state has averaged about \$4,000 annually; however, during the decade of the 1990s, the difference has generally been more than \$6,000. The gap is widening.

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

San Juan County's median household income in 1998 (estimated by the Office of Financial Management) was \$40,549 and ranked eighth among Washington's counties. The statewide median was \$44,134. That the county's per capita income ranked second in the state while its

Figure 38
Personal Income, Cumulative % Increase
San Juan County & Washington, 1970-1997
Source: Bureau of Economic Analysis

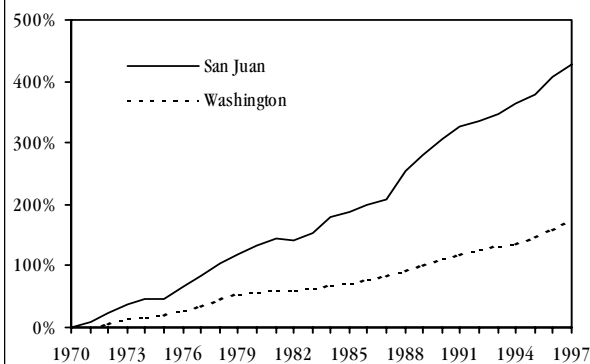
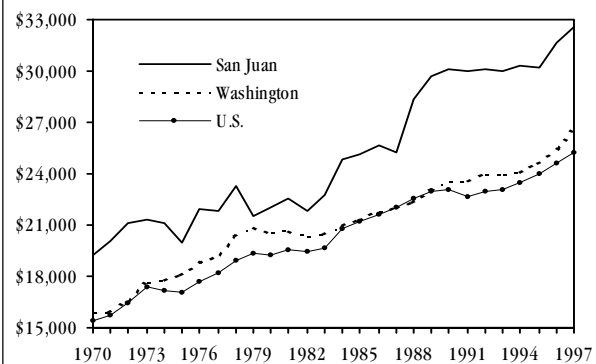


Figure 39
Per Capita Income
San Juan, Washington, & U.S., 1970-1997
Source: Bureau of Economic Analysis



median income ranked eighth says that income in the county is not strongly concentrated in relatively few hands; that is, it is more evenly distributed than in other areas. (By way of comparison, Lincoln County in eastern

Washington ranked sixth in per capita income and thirtieth in median household income; much of the county's income there is concentrated among farm proprietors, a relatively small portion of the population.)

Components of Personal Income

As mentioned earlier, personal income encompasses many different types of income. All the various types, however, can be subsumed under the three broad categories of earnings, transfer payments, and investment income. Earnings include wages, salaries, and proprietors' income; transfer payments include income maintenance, unemployment insurance, and retirement payments; investment income consists of interest, dividends, and rent. *Figure 40* shows the growth of these components of personal income since 1970 in San Juan County.

Figure 40
Pers. Income Components, Cumulative % Incr.
San Juan County, 1970-1997
Source: Bureau of Economic Analysis

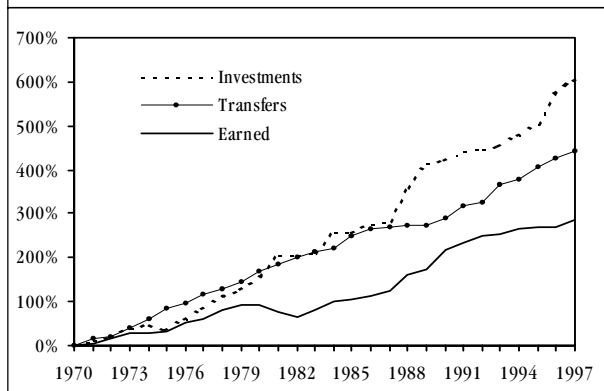
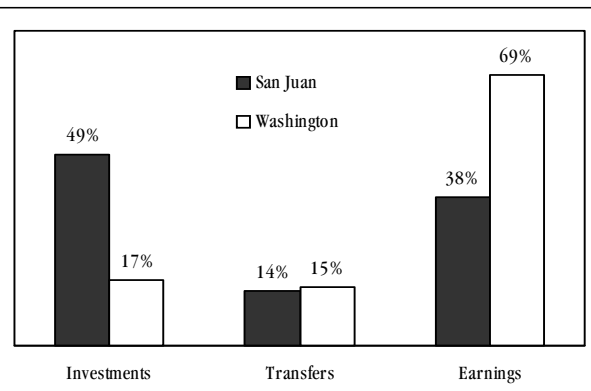


Figure 41 shows the share size of each component in 1997. The most striking aspect of the data portrayed in the chart is the size of investment income in San Juan County. In 1997, it amounted to a whopping 49 percent of *all* personal income. Earned income, which in most counties is far and away the largest component, was 38 percent of the total. Transfer payments amounted to 14 percent. Comparison with statewide figures is revealing: most Washingtonians rely upon earnings for the bulk of their income. Islanders rely upon investments.

Figure 41
Personal Income Components
San Juan County & Washington, 1997
Source: Bureau of Economic Analysis



Dividends, Interest, and Rent

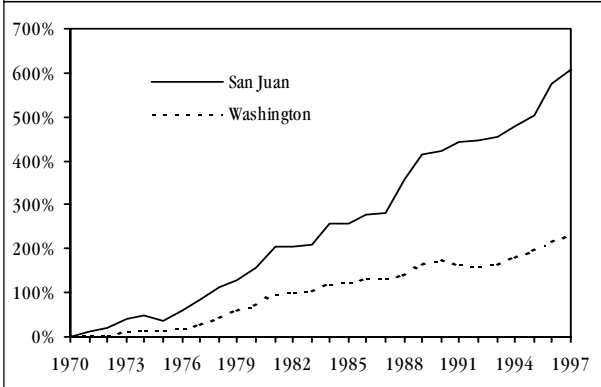
Total investment income amounted to \$188.5 million in 1997, the highest it has ever been. It has shown phenomenal growth since 1970 when it was \$26.7 million. That equates to more than 600 percent growth—and by way of comparison, Washington State's investment income grew by only 332 percent over the same period.

The large amount of investment income explains why the county can have a per capita income that ranked second in the state, a median household income that ranked eighth, and an annual average wage that ranked *thirty-fifth*. The average wage does not reflect any income other than wages—investment income is excluded from its computations. And much of San Juan County's income derives from investments rather than earnings.

Also, much of the county's employment base, from which earnings originate, derives from traditionally low-paying trade and services industries.

The large amount of investment income relates to the demographics of the county. As the section on population pointed out, the county's population is significantly older than the statewide population: the median age is 44 compared to the statewide average of 35. And, a substantially large segment of the population is retired (or at least over age 65). The elderly, according to one nationwide study, receive about 35 percent of all investment income. It is not unrealistic to think that the elderly in San Juan County receive an even higher percentage.

Figure 42
Investment Income, Cumulative % Increase
San Juan County & Washington, 1970-1997
Source: Bureau of Economic Analysis



Earned Income

San Juan County is one of twelve counties in Washington where earnings do not make up even half of personal income. Often, this occurs when an area is relatively poor or has suffered economic reverses and the amount of transfer payment increases to a large portion of income. However, this is not the case in the islands, where transfer payments are ranked after only King County in their sparseness. The relative paucity of earnings in the county is caused by the large size of investment income. Even so, earned income is significant with a 38 percent share of all income.

Earned income includes wages and salaries, proprietors' income, and what is called other labor income. Other labor income subsumes an assortment of incomes

but primarily consists of employer payments into employee pension and health care plans.

Even though earned income's share of personal income has declined, the dollar amount has had good growth, increasing by 285 percent since 1970. (It went from \$40 million to \$146 million.) Statewide growth in earnings was considerably less, 154 percent.

Of the components of earnings, the most growth, in terms of percentage, was "other labor income," which grew by almost 1,000 percent (see Figure 43). However, other labor income is the smallest part of earnings, accounting for only 6 percent (\$8.5 million) of all earnings in the county in 1997. The largest is wages and salaries, which grew by 334 percent since 1970. The 1997

Figure 43
Earned Income Components,
Cumulative Percentage Increase
San Juan County, 1970-1997
Source: Bureau of Economic Analysis

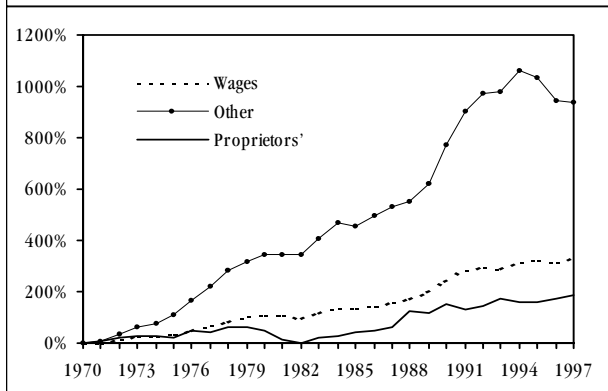
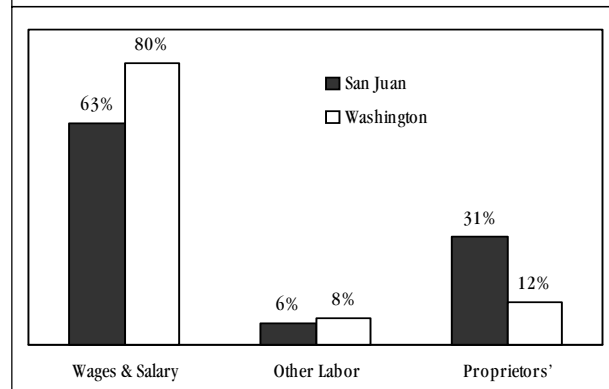


Figure 44
Earned Income Components
San Juan County & Washington, 1997
Source: Bureau of Economic Analysis



level was \$92 million, or 63 percent of all earnings. Proprietors' income grew by 185 percent since 1970, and in 1997 its \$39 million amounted to 31 percent of all

earnings. This is quite different than the statewide picture where proprietors accounted for only 12 percent of earned income. *Figure 44* shows the share size of the three components of earnings in 1997.

Transfer Payments

A transfer payment is generally seen as a payment by the government to someone from whom no service is rendered. In San Juan County, the smallest element of personal income is transfer payments. In 1970, they amounted to almost \$10 million. Since then, they grew 441 percent and in 1997 they reached \$53 million. This growth, while it outstripped statewide growth which was 256 percent, only kept the share size of these payments about the same: they totaled to 13 to 14 percent both in 1970 and 1997.

The largest portion of transfer payments is made up of retirement and related payments. These include social security payments, federal government civilian and military retirement pay, and state and local government retirement pay. This portion also includes medical payments (Medicare and public assistance medical care), a very fast growing item. *Figure 45* shows the three main components of transfer payments and their growth since 1970. Retirement and related payments increased by 461 percent, giving this component a 92 percent share of all transfer payments in 1997 (see *Figure 46*).

Income maintenance includes Aid to Families with Dependent Children, general assistance, food stamps, and other transfers generally thought of as welfare. Income maintenance grew from 1970's \$265,000 to 1997's \$2.3 million, a 755 percent increase. However, this amounts to only about 3 percent of total transfer payments. Statewide, the portion is 8 percent. The sharp increase from 1991 through 1997 in income maintenance is attributed to large program increases in Supplemental Security Income (SSI) and the Earned Income Tax Credit, both of which were expanded in 1991.

Unemployment insurance payments form the final component of transfer payments. They increased by 180 percent since 1970 and amount to 6 percent of total transfer payments (7 percent statewide). UI payments, of course, fluctuate with economic contractions and ex-

Figure 45
Growth of Transfer Payments Components, Cumulative Percentage Increase San Juan County, 1970-1997
Source: Bureau of Economic Analysis

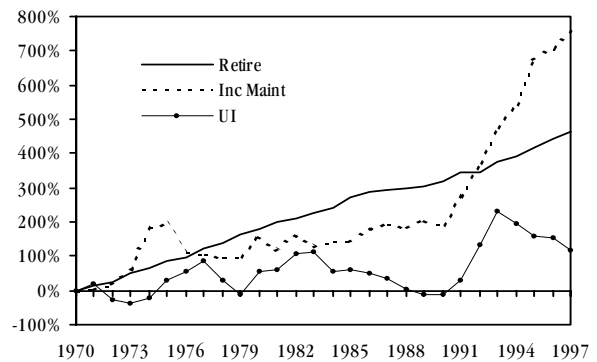
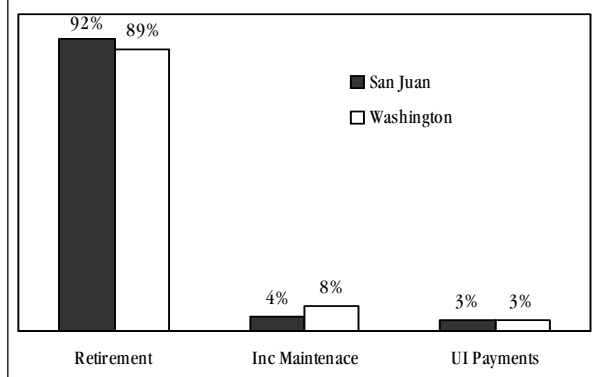


Figure 46
Transfer Payments Components San Juan County & Washington, 1997
Source: Bureau of Economic Analysis



pansions and are tied directly to the unemployment rate. From an all-time high of \$2.7 million in 1993, they have since declined, to \$1.8 million in 1997.

JOB TRAINING AND ECONOMIC DEVELOPMENT

Job Training

The *Job Training Partnership Act (JTPA)* of 1982 established programs to prepare youth and unskilled adults for entry into the labor force. Of special note is the emphasis placed on economically disadvantaged individuals and others who face serious barriers to employment. It is upon this legislation that the Employment Security Department and other providers base their job service programs.

Private Industry Council. Washington is divided into areas that provide services related to employment. These regions, called Service Delivery Areas, are often administered by Private Industry Councils (PICs). For San Juan County the administrator for employment and training services is the *Northwest Washington Private Industry Council, Inc.* A nonprofit corporation, the PIC has jurisdiction over JTPA grants via the state Employment Security Department. These grants are used to train and place local unskilled or unemployed workers. The PIC has jurisdiction over JTPA Service Delivery Area III, which includes San Juan as well as Island, Skagit, and Whatcom counties. Administrative responsibilities (e.g., record-keeping, data collection, program planning, employer contact, etc.) and executive oversights are handled by the council.

Job Service Center. Operated by the Employment Security Department, the *Mount Vernon Job Service Center (JSC)*, located in Skagit County, provides job services to residents of San Juan, Island, and Skagit counties. The JSC is a full-service office; that is, it provides the full range of services offered by any JSC in the state. The *Unemployment Insurance (UI)* claims are handled by the *King County TeleCenter* by calling 1 (800)362-4636.

The *WorkFirst* program is administered in cooperation with the Department of Social and Health Services. It seeks to make those on public assistance self-sufficient through employment. Services include job planning and counseling, case management, childcare assistance, educational and vocational training, and job placement.

Re-employ Washington Workers (RWW) is a voluntary job search program that assists low-income unemployment insurance claimants to become re-employed rapidly.

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

The *Claimant Placement and Worker Profiling Programs* target recent unemployment insurance applicants for job placement services to speed their return to work. This shortens the duration of unemployment for the individual and saves costs to the unemployment insurance trust fund.

The *Trade Adjustment Act (TAA)* is another JSC administered program. This one is designed to assist those who have been displaced because of the impact of foreign imports on their industries. While the amount of benefits and compensation periods vary, the program offers services only after the U.S. Department of Labor certifies that the individual has indeed been dislocated as a result of such impacts on his or her industry.

Other programs operated by the Mount Vernon JSC include the *Veterans Placement Program*, the *Transitional Assistance Program (TAP)*, and the *Migrant and Seasonal Farm Workers (MSFW)* program. These programs provide counseling, job training, job search and placement opportunities for military personnel and agricultural workers.

Educational Facilities. San Juan County maintains a satellite campus of Skagit Valley College at Friday Harbor. By and large, though, students wishing to pursue such studies typically leave the county. The principal two- and four-year institutions in northwest Washington are Skagit Valley Community College in Mount Vernon and Western Washington University in Bellingham.

Economic Development

San Juan County is served by the *Island District Economic Development Council (EDC)*. The EDC serves as an umbrella organization to help facilitate local government, chambers, business owners, and other interested individuals who work together to further the business interests and needs of their local communities. San Juan County has Chambers of Commerce on Lopez Island, Orcas Island, and San Juan Island.

Other organizations devoted to the economic development of San Juan County are the local port districts. Port districts are private-public nonprofit entities responsible for maintaining and managing publicly owned property and facilities within their jurisdiction. This can include airports, marinas, industrial parks, and warehousing facilities, to name a few. In San Juan County, they include the Port of Friday Harbor and the Port of Lopez.

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

Roads and Highways. Because of their water-locked situations, none of the San Juan Islands is accessed by U.S. or state highways. Instead, each depends on its own network of provincial routes. The most thorough state transportation network through San Juan County is that provided by the Washington State Ferry system. Ferry

routes run between the four largest islands—San Juan, Orcas, Lopez, and Shaw—with connections to Anacortes in Skagit County and Sidney in Victoria Island, B.C.

Air Transportation. San Juan County has three public airfields—Friday Harbor International (3,400-foot asphalt runway), Eastsound or Orcas Island Airport (2,900-foot asphalt runway), and Lopez Island Airport (2,900-foot asphalt runway). The county also has two private airfields—Friday West Airport (2,100-foot gravel runway) on San Juan Island and Windssock Airport (1,850-foot turf runway) on Lopez Island.

All of the three public airfields are served by land-based carriers. Scheduled commuter flights are provided by West Isle Air and Harbor Airlines. A multitude of carriers provide chartered service throughout the area. Scheduled seaplane service is provided by Kenmore Air and Northwest Seaplane between seaplane bases in Friday Harbor, Roche Harbor, Westsound, Lopez Island, and Rosario Resort.

Ports and Rail Service. San Juan County has no port capable of accommodating the loading or unloading of cargo. Consequently, water-borne freight enters the county on either private barges or Washington State Ferries. There are neither railroads nor rail-lines in San Juan County.

SUMMARY

San Juan County is an economic anomaly. The land mass is small and surrounded by water, with ferry travel being the primary mode of travel to and from the islands, and the population is quite small by Puget Sound standards, only 12,700 in 1999. Yet its growth in most every measure has far outstripped the statewide average.

The driving force behind the growth is something economists rarely take into account as an explicator; its natural beauty. The islands are spectacularly scenic, and attract great numbers of people. Consequently, tourists come in droves, and many people choose to retire there. These are the well-springs of the economy.

The population has grown 229 percent since 1970; the state's has grown 69 percent. During the same time, the labor force grew 300 percent (the state's grew 115 percent) and nonfarm employment increased by 411 percent (the state's growth was 140 percent). Within nonfarm employment, growth among the major industry sectors *all* surpassed their statewide counterparts. Manufacturing, trade, construction, etc., all outstripped statewide growth by healthy margins.

Unemployment has usually (since 1981) been less than the statewide average. It inched above the statewide level, though, in 1993 and stayed slightly above that rate for several years until 1998. Unemployment that year was 4.5 percent in the county and 4.8 percent in the state. In general, unemployment tracks in tandem with the state, hitting highs and lows at about the same times. The difference between the two rates is generally not very great.

In terms of income, the county ranks among the highest in the state. Per capita personal income (\$32,542 in 1997) is the second highest of all Washington counties, with only King County's being higher. Median household income (\$40,529 in 1998) has San Juan County ranked

eight in the state. Growth in all types of income (wage and salary, proprietor, investment) has outstripped the corresponding state's growth.

The thorn on the rose is the annual average wage. In 1997, it was \$19,548 and ranked thirty-fifth among Washington's 39 counties. The statewide average was \$30,755. The county has much of its employment base in the tourism-related services and trade sectors. Because these sectors have many workers (combined they account for over half of nonfarm employment) and the pay is low relative to other sectors, the average wage for the county is quite low. There is a jarring disparity between the workers in these sectors who rely upon wages for their income and those (usually retirees) who receive a high level of investment income. Investment income constitutes 49 percent of the county's total personal income, the highest percentage in the state.

A strong contributor to the low average wage is the high level of employment in eating and drinking places and in hotels. Almost one-fourth of covered employment in the San Juans is in these tourist-driven industries, the highest rate of all counties in the state. Not only are the wages relatively low, there are high levels of part-time and seasonal employment. In fact, in these two industries the number of jobs will almost triple from January to August: in 1997, employment went from 600 to 1,600 over those months.

But, the evolution of the county's economy has been laudable in most respects. There has been significant growth, an average level of unemployment, and, overall, a high level of income, all occurring while the quality of the islands' ambiance has been maintained. The San Juans remain a tranquil oasis in the midst of Puget Sound's hectic economy.