



## Welcome to Skagit County, Washington

### Skagit County Profile

The Washington State Employment Security Department updated a report on Skagit County by Reinhold Groepler, Ph.D., regional labor economist. The following is a summary of the report.

#### Economic Overview

Skagit County, established in 1883, is in the northwestern part of the state between Seattle and Vancouver, British Columbia. The treaty of 1855 resulted in the resettlement of many tribes to a reservation on Fidalgo Island. Agriculture, made possible by building dikes, encouraged white settlers beginning in the 1860s. Other industries included logging, mining, fish canneries, and dairies.

Skagit County is known for its tulip fields that draw tourists from around the world. The county is the center of the state's petroleum industry with its refineries and accessible ports, as well as barge and ship berths that handle logs, steel, lumber, and dry bulk commodities in Anacortes.

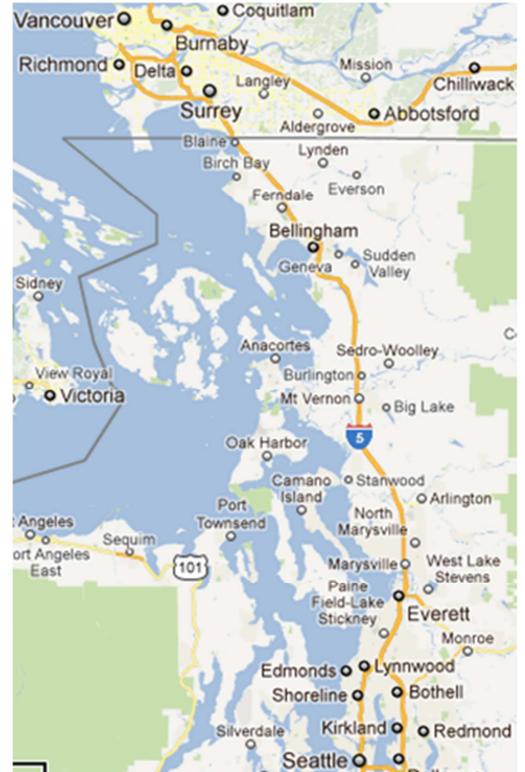
Skagit County, also known as the Mount Vernon-Anacortes Metropolitan Statistical Area (MSA), was certainly one of the fastest growing MSAs in the state from 1990 through 2007. Skagit County's private nonfarm payrolls grew by 60 percent over this period, while the statewide average growth came in at 40 percent. Only the MSAs of Thurston and Kitsap counties exceeded Skagit County's job growth over this period. The unevenness of the descent in private nonfarm jobs since the beginning of the recent recession (December 2007) was just as pronounced, with Skagit County coming in with the highest rate of job losses for an MSA in the state with a 10.3 percent loss compared to a statewide loss of 7.4 percent for the quarter ending in September 2010.

#### Employment and Wages

##### Civilian Labor Force and Unemployment Rate

| Area          | Year | Time Period | Labor Force | No. of Employed | No. of Unemployed | Unemployment Rate |
|---------------|------|-------------|-------------|-----------------|-------------------|-------------------|
| Skagit County | 2011 | Sep         | 57,620      | 52,340          | 5,280             | 9.2               |

For the three months ending in November 2010, the Skagit County year-over-year growth in private sector jobs has been positive. Skagit is the only northwest county to earn this distinction. Indeed, none of the other three northwest counties had any positive private job growth on a year-over-year basis in these three months and neither did the state as a whole. Total payrolls in Skagit County have been dragged down by weakness in the local government sector, but that was not enough to cause a loss in total jobs when including government jobs over these three months. **Clearly, there is something special about the economic dynamism of Skagit County.**





## Industry Detail

The following discussion uses monthly, seasonally adjusted, nonfarm payroll employment data over the January 2000 to November 2010 period, so the growth numbers will of course be different from the overview metrics that start in 1990.

The division of employment between the private and public sectors as well as their growth will be discussed first.

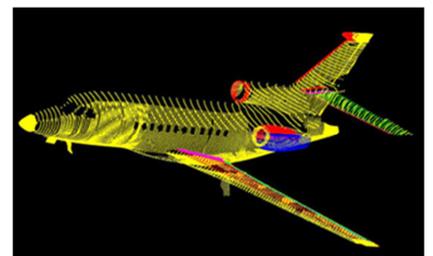
- The share of total nonfarm employment from the private sector began in 2000 with a 78.4 percent share, and ended in November of 2010 at a 76.0 percent share. The private sector share of total employment typically shrinks during recessions with private employment shrinking faster than public employment.
- The public sector share of employment began with a 21.6 percent share over this period and ended with a 24 percent share, but its composition changed somewhat.
- Local government grew from a 16.3 percent share to a 20 percent share, while the share of state government shrank from a 4.1 percent to a 3.2 percent. Federal civilian employment fell from a 1.2 percent share to a 0.9 percent share.

Total percentage growth in nonfarm employment among the various public sectors and the private sector from January 2000 through November 2010 is the metric used next.

- Private employment was essentially flat through early 2004 as the jobless recovery from the earlier recession unfolded. Private employment peaked in late 2007 with a total growth of 14 percent from the 2000 starting point, followed by the 2009 trough where employment was still 2 percent ahead of the 2000 levels and finally after some modest interim changes in mid-2010, employment was 2 percent ahead of the starting levels in 2000.
- Local government had a growth spurt in 2001 and then steadily grew by a total of 31 percent since 2000 through 2008, and has fluctuated at that level since. State government employment in Skagit County has declined by about 18 percent since 2000, while federal civilian employment has declined by about 20 percent over this period.

Shares of private sector employment as a percent of total private employment are discussed below.

- Turning now to the shares of the various industries, in private nonfarm payrolls over the January 2000 to November 2010 period, the biggest share losses occurred in the goods-producing and in the leisure and hospitality industries. These are rather cyclical sectors of the economy so this is not unexpected. Over the entire period, manufacturing declined from a 17 percent to a 15 percent share; natural resources and construction's share fell from 11 percent to 8 percent, while leisure and hospitality's share declined from 16 percent to 13 percent.



- Trade, transportation, warehousing and utilities held a fairly steady share of employment of about 26 percent in 2000 to 28 percent in 2010.
- The largest share and growth of share was in the residual service industries, which is total private services less trade, transportation, warehousing, and leisure and hospitality. This 'residual' services sector grew

from a 30 percent share in 2000 to a 36 percent share as of November 2010. Health care services made up about 10 percent of the state economy employment in 2010, so it is likely that this is the biggest component of 'residual' services at the Skagit County level.



Total percentage growth in employment among the various private sectors from January 2000 through November 2010 is the metric used next.

- Turning again to how these sectors grew from January 2000, natural resources and construction was the most cyclical 'super sector' growing in employment by 25 percent to December 2006, but this pattern changed to a loss of 22 percent from 2000 by November 2010.
- Manufacturing employment was also quite cyclical by peaking out with a gain of 5 percent in 2007, but being down by 11 percent in 2010 compared to its 2000 level.

### Top Occupations for Manufacturing Skagit

| SOC    | Occupation   | Estimated Employment | Median Annual Wage |
|--------|--|----------------------|--------------------|
| 512092 | Team Assemblers                                    | 619                  | \$26,124           |
| 511011 | First-Line Sprvsrs/Mngrs of Prod. and Oper. Wks    | 486                  | \$55,686           |
| 518093 | Petroleum Pump System Operators, Refinery Operator | 466                  | \$62,378           |
| 514121 | Welders, Cutters, Solderers, and Brazers           | 384                  | \$39,789           |
| 513022 | Meat, Poultry, and Fish Cutters and Trimmers       | 359                  | \$19,363           |
| 414012 | Sales Representatives, Wholesale and Manufacturing | 333                  | \$45,693           |
| 537063 | Machine Feeders and Offbearers                     | 297                  | \$25,837           |
| 537062 | Laborers and Freight, Stock, and Material Movers   | 281                  | \$24,797           |
| 512091 | Fiberglass Laminators and Fabricators              | 258                  | \$31,573           |
| 519111 | Packaging and Filling Machine Operators and Tender | 240                  | \$23,750           |

- Retail trade employment peaked out at 22 percent growth in the middle of the decade, but then showed only a 5 percent growth from 2000 to 2010.
- Wholesale trade, transportation and utilities, while about an 8 percent share of employment, grew by 17 percent from 2000.
- Leisure and hospitality employment shrank by a stout 17 percent over the decade – this is somewhat surprising since in the state, it grew by 6 percent over this period and in neighboring Whatcom County, it grew by a healthy 22 percent.

Finally, 'residual' services grew at a fairly steady pace over the decade for a total increase in employment of about 25 percent, which is likely due a large health care component.





### Population

The county has a 1.4 percent average annual growth rate over the past 10 years, while Mount Vernon's rate was 1.6 percent over the past 10 years. Since 1990, 78 percent of the population growth in the county has been due to in-migration.

### Population Census Data

#### Population

| Area          | Year | Time Period | Source                         | Population |
|---------------|------|-------------|--------------------------------|------------|
| Skagit County | 2010 | Annual      | Office of Financial Management | 119,300    |

### Age, Gender and Ethnicity

- In 2009, Skagit County had a much lower percentage of the population in the 20 to 44 age group compared both to the state and the United States.
- With the aging of the baby boomers, those 65 years and older will jump from about 15.5 percent in 2009 to 20.3 percent of the population in 2030.
- The percentage of females in Skagit County was estimated to be 50.4 percent in 2009.
- Skagit County is far less diverse ethnically than either the state or the nation. In 2008, 79.5 percent of the county was white, non-Hispanic compared to 76.8 percent of the state and 66.4 percent of the nation. Of the minority groups in the county, Asian/Pacific Islander and Hispanic origin have had the biggest increase as a share of the population compared with 2000.

### Educational Attainment

- Compared to the nation in 2008, Skagit County had fewer adults with less than a high school diploma (12.2 percent versus 15.0 percent), and fewer adults with a Bachelor's degree or higher (24.4 percent versus 27.7 percent).
- Compared with the state in 2008, Skagit County had more adults with a high school diploma or some college (52.4 percent versus 49.6 percent).

### Labor Force and Unemployment

- The county civilian labor force was benchmarked at 58,460 in 2009.
- The county unemployment rate was 9.6 percent, with 5,620 unemployed residents in 2009. The county has had higher unemployment rates than the state for every year since 1990, with the exception of a tie in 2007.



### Industry Employment by Age and Gender

The Local Employment Dynamics (LED) database, a joint project of state employment departments and the Census

Bureau, matches state employment data with federal administrative data. They report industry employment by age and sex. All workers covered by state unemployment insurance data are included; federal workers and non-covered workers like the self-employed are not. Data is presented by place of work, not place of residence. Here are some highlights:

- Workers ages 14 to 24 held 3.9 percent of the jobs in the county, including 16.6 percent of the jobs in accommodation and food services.
- Workers ages 55 and older held 19.7 percent of the jobs in the county, including 29.8 percent of the jobs in educational services and 33.7 percent of the jobs in mining.
- In 2008, men and women were evenly distributed at 50-50 percent in jobs in Skagit County. Census data confirms that there is almost an even split in gender in the county's population. There were substantial differences between industries.



Male-dominated industries include mining (85.4 percent), construction (84.2 percent); manufacturing (77.1 percent); and transportation (75.9 percent).

Female-dominated industries include health care and social assistance (81 percent); education (71.1 percent); and finance and insurance (75 percent).

### **Wages and Income**

- In 2009, Skagit County averaged 45,921 jobs covered by Unemployment Insurance (UI), with a total payroll of \$1.7 billion measured in nominal dollars, i.e., inflation-unadjusted dollars.
- The Skagit County's average annual wage was \$37,092 in 2009 in nominal dollars.
- Skagit County's median hourly pay (\$17.58) was below the state average of \$20.11 (both measured in inflation-adjusted dollars using the U.S. Personal Consumption Expenditure Deflator (PCED), which is a more comprehensive and consistent gauge of inflation than the Consumer Price Index (CPI). The PCED uses the average increase in consumption prices compared to the CPI's fixed basket of goods).
- In 2008, Skagit County's resident personal income was \$4.5 billion, including \$2.9 billion earned at work, \$1 billion from investments, and \$0.8 billion in transfer payments like Social Security and Medicare. All measured in nominal dollars.)
- Per capita income, in inflation-unadjusted dollars, reached \$37,989 in 2008, eighth in the state – 5 percent below the U.S. average and 11 percent below the state average.

### **Income**

- In 2008, Skagit County median household income increased to \$53,348, but it was still well below both the state (\$58,078) and slightly greater than the nation (\$52,029). (All measured in nominal dollars.)
- Median family income in nominal dollars was \$62,876, which was below both the state (\$70,498) and the nation (\$63,366).
- The county poverty rate was estimated at 11 percent in 2008, slightly below the state rate of 11.3 percent, but below the national rate of 13.2 percent.



Modest employment growth is project through the year 2014.

## Annual Average Non-Farm Wage and Salary Employment in Skagit County

|                                    | <u>2004</u> | <u>2014</u> | <u>% Change 2009-2014</u> |
|------------------------------------|-------------|-------------|---------------------------|
| Total Non-Farm Employment          | 43,200      | 52,200      | 1.3%                      |
| Construction                       | 3,200       | 4,700       | 1.3%                      |
| Manufacturing                      | 5,000       | 5,300       | 0.0%                      |
| Wholesale Trade                    | 900         | 1,100       | 0.0%                      |
| Retail Trade                       | 7,000       | 8,700       | 1.2%                      |
| Trans., Warehousing, Utilities     | 1,300       | 1,600       | 2.7%                      |
| Information                        | 400         | 600         | 3.7%                      |
| Financial Activities               | 1,800       | 2,200       | 0.9%                      |
| Professional and Business Services | 2,200       | 2,900       | 2.2%                      |
| Education and Health Services      | 4,600       | 5,800       | 2.2%                      |
| Leisure and Hospitality            | 4,600       | 5,300       | 1.2%                      |
| Other Services                     | 1,700       | 2,000       | 1.0%                      |
| Government                         | 10,200      | 11,900      | 1.4%                      |

Source: The Washington State Employment Security Department, Labor Market and Economic Analysis Branch

## Out Migration of Workers

The most recent statistics show that almost 47 percent of Skagit residents commuted outside the county for work in 2009 — up from 37.7 percent in 2006.

## Top Regional Employers

The Bellingham Business Monthly published the following top employers in Skagit, Whatcom and Island County in February 2011:

| <b>Skagit County</b>              | <b>Employees</b> | <b>Island County</b>           | <b>Employees</b> | <b>Whatcom County</b>         | <b>Employees</b> |
|-----------------------------------|------------------|--------------------------------|------------------|-------------------------------|------------------|
| Skagit Valley Hospital            | 1,700+           | NAS Whidbey                    | 10,000+          | Peace Health Medical Group    | 2,271            |
| Skagit Valley College             | 900-1,110        | Whidbey General Hospital       | 700              | Western Washington University | 2,255            |
| Mount Vernon School District      | 100-1,000        | Oak Harbor School District     | 612              | Bellingham School District    | 1,500            |
| Skagit County                     | 684              | Whidbey Island Bank            | 464              | BP Cherry Point               | 850              |
| Janicki Machines                  | 526              | Island County                  | 450              | City of Bellingham            | 809              |
| Sedro-Woolley School District     | 525              | Navy Exchange                  | 250              | Whatcom County                | 804              |
| Burlington-Edison School District | 468-600          | Coupeville School District     | 234              | Haggen                        | 760              |
| Regence Blue Shield               | 472              | Wal-Mart                       | 210              | Heath Techna                  | 760              |
| Draper Valley Farms               | 403              | South Whidbey School District  | 205              | Lummi Indian Business Council | 750-800          |
| Wal-Mart                          | 400+             | Nichols Brothers Boat Builders | 189              | Ferndale School District      | 660-670          |
| Puget Sound Refinery              | 400              | Waste Management               | 177              | Fred Meyer                    | 650              |
| Tesoro Northwest                  | 360              | Idex Health & Science          | 155              | Whatcom Community College     | 635              |
| Anacortes School District         | 353              | Safeway                        | 150              | Intalco                       | 620              |
| United General Hospital           | 350              | City of Oak Harbor             | 140              | Silver Reef Casino            | 550              |
| Haggen                            | 285              | Careage of Whidbey             | 130              | T-Mobile                      | 525              |
| COSTCO                            | 2,623            | New Leaf                       | 120              | The Markets LLC               | 500              |
| Snelson Companies                 | 240              | Island Transit                 | 130              | Everyday Staffing             | 396              |
| Fred Meyer                        | 200              | Home Depot                     | 125              | Anvil Corp.                   | 350+             |
| City of Mount Vernon              | 189-229          | Whidbey Telecom                | 122              | Wal-Mart                      | 355              |
| The Markets LLC                   | 162              |                                |                  | Mount Baker School District   | 300              |
|                                   |                  |                                |                  | Blaine School District        | 294              |
|                                   |                  |                                |                  | Bellingham Technical College  | 274+             |

## The Skagit Advantage: The Bottom Line

| Category   | Mount Vernon       | Skagit County      | Everett, Snohomish County | Seattle, King County | Tacoma, Pierce County |
|--|--------------------|--------------------|---------------------------|----------------------|-----------------------|
| Business and Occupation Tax - Manufacturers                              | No tax             | No tax             | 0.001                     | 0.00215              | 0.0011                |
| Local Sales Tax Rate   | 8.50%              | 8.50%              | 9.20%                     | 9.50%                | 9.30%                 |
| Industrial building leasing rates  | \$3.60 - \$5.40/sf | \$3.60 - \$5.40/sf | \$4.20 - \$6/sf           | \$4.80 - \$12/sf     | \$3.36 - \$5.40/sf    |
| Industrial buildings asking price  | \$50 - \$70/sf     | \$50 - \$70/sf     | \$80 - \$100/sf           | \$80 - \$100/sf      | \$40 - \$100/sf       |
| Industrial land asking price   | \$2.75 - \$6/sf    | \$2.75 - \$6/sf    | \$5 - \$12/sf             | \$6 - \$12/sf        | \$6 - \$12/sf         |
| B&O Credit for New Employees in Manufacturing and Research & Development | Yes                | Yes                | No                        | No                   | No                    |
| Rural County B&O Tax Credit for New Employees                            | Yes                | Yes                | No                        | No                   | No                    |
| Median home price  | \$226,200          | \$264,000          | \$273,800                 | \$452,000            | 239,600               |

### Did you know.....

- There are more arts organizations in Skagit County per capita than any other area in Washington State?
- Mount Vernon School District has an 80% on-time graduation rate – Seattle’s is 70.1%?
- Skagit Valley Regional Health is Washington’s third largest public hospital and also a teaching hospital?
- Skagit Valley College was named one of America’s top 20 community colleges by Washington Magazine?
- The Skagit Tulip Festival attracts over one million people from all 50 states and from 51 countries?

### Connect to a great life.

Mount Vernon Community and Economic Development (360) 336-6211  
[www.GetAGreatLifeInMountVernon.com](http://www.GetAGreatLifeInMountVernon.com)

Watch our videos:

