

# **Population, Employment, Earnings and Personal Income Trends**

Chelan County, WA



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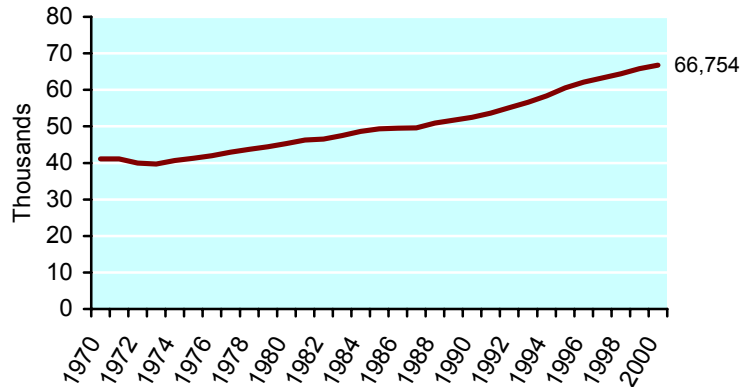
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<a href="#"><u>Summary Findings</u></a>	P-1
<a href="#"><u>Population Trends</u></a>	P-3
<a href="#"><u>Employment Trends</u></a>	P-5
<a href="#"><u>Personal Income</u></a>	P-9
<a href="#"><u>Trends in Earnings Per Job</u></a>	P-12
<a href="#"><u>Another Way to Look at Industry Groupings</u></a>	P-13
<a href="#"><u>Non-Labor Sources of Income</u></a>	P-15
<a href="#"><u>Agriculture</u></a>	P-17
<a href="#"><u>Commuting</u></a>	P-19
<a href="#"><u>Business Establishments by Size</u></a>	P-20
<a href="#"><u>Unemployment Trends</u></a>	P-21
<a href="#"><u>Data Sources</u></a>	P-22
<a href="#"><u>Methods</u></a>	P-23
<a href="#"><u>Glossary</u></a>	P-27

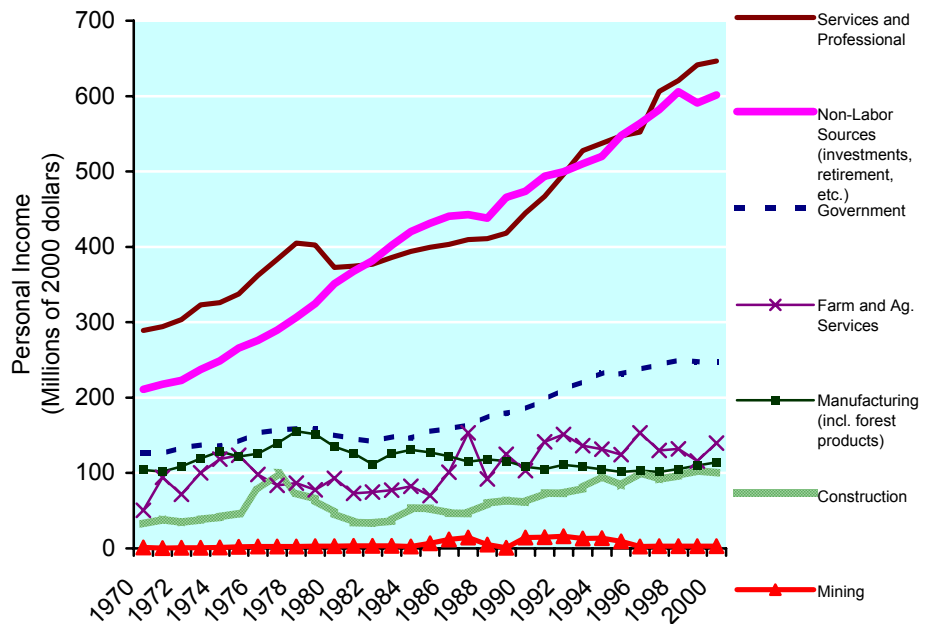
### Population

- From 1970 to 2000 Chelan County, WA grew by 25,691 people, a 63% increase in population.



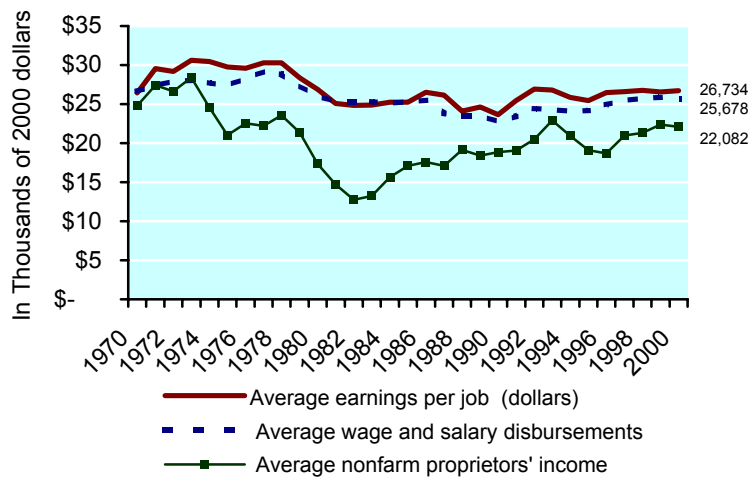
### Income Growth or Decline by Major Category

- From 1970 to 2000 the fastest growing component of personal income, in real terms, was from Non-Labor Sources.
- The second fastest component was Services and Professional.



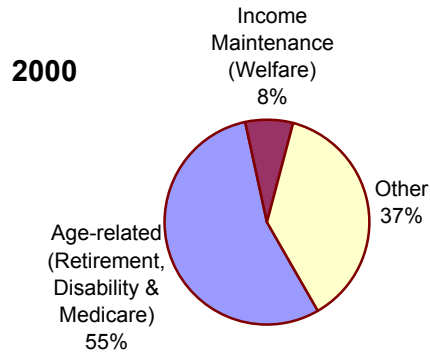
### Average Earnings

- Average earnings per job, in real terms, have not changed much since .



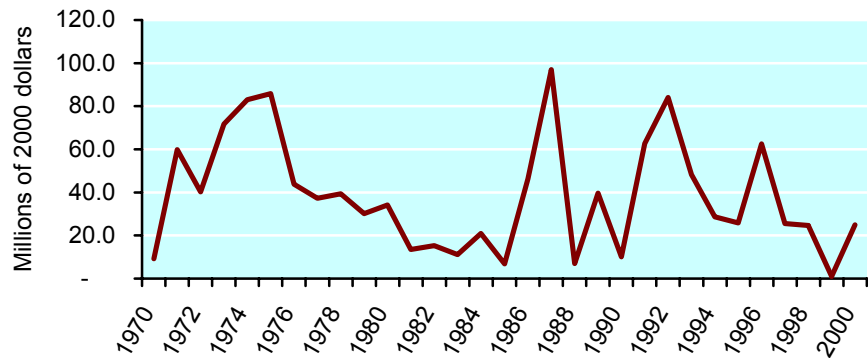
### Components of Transfer Payments

- In 2000, 55% of Transfer Payments were from age-related sources (retirement, disability, insurance payments, and Medicare). 8% was from welfare.



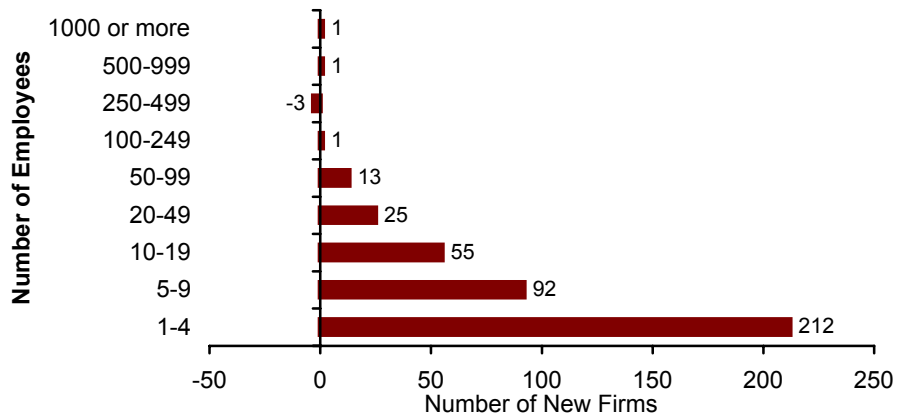
### Net Farm Income

- Net income from farming and ranching rose from \$9 million in 1970 to \$25 million in 2000.



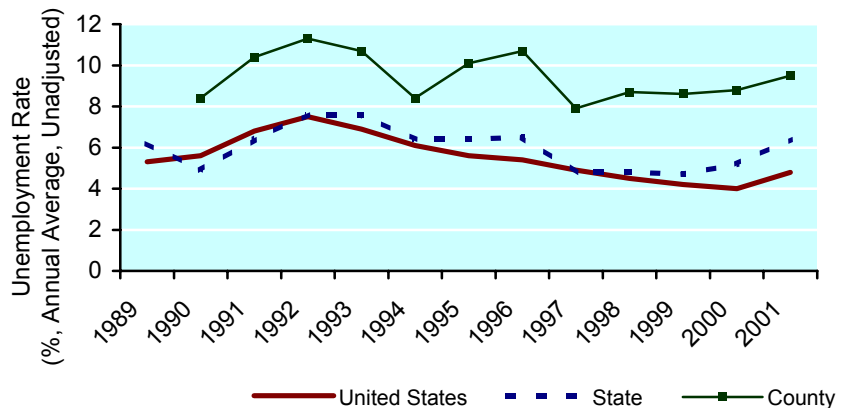
### New Firms by Employment Size 1990 to 2000

- From 1990 to 2000 the majority of new businesses established in Chelan County, WA were small, with fewer than 20 employees.



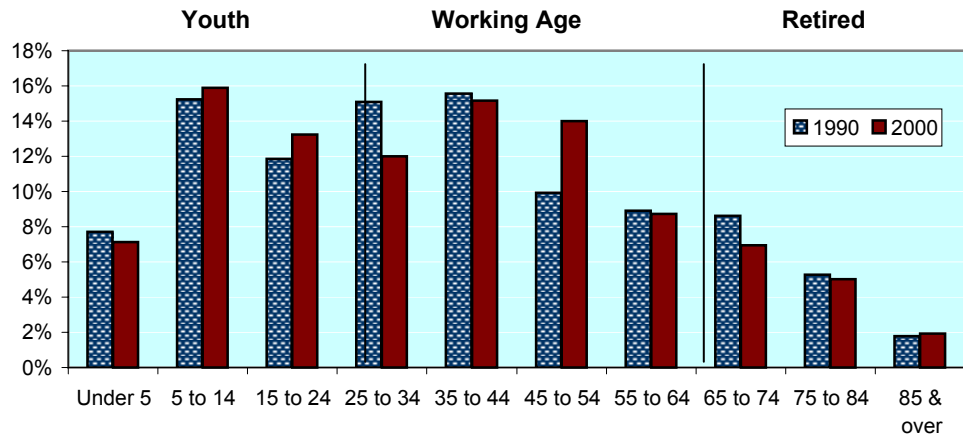
### Annual Average Unemployment Rate Comparing County to State

- In 2001, the unemployment rate in Chelan County, WA was 9.5%, compared to 6.4% for the state and 4.8% for the nation.



## Age Breakout in 2000

- The median age in Chelan County, WA is 36.3 years old, compared to 35.3 in the state and 35.3 in the nation.
- In 2000, the baby boom was aged 40 - 55.



## Trends

- Retirement age category has been shrinking.

## Population by Category, 1990 & 2000

	1990		2000		% Chg 1990 - 2000	
	Population	% of Total	Population	% of Total	% Chg 1990 - 2000	% Chg per Year 1990 - 2000
Population	52,250		66,616		27%	2.7%
Male	25,780	49%	33,158	50%	29%	2.9%
Female	26,470	51%	33,458	50%	26%	2.6%
Under 20 years	15,285	29%	20,527	31%	34%	3.4%
65 years and over	8,195	16%	9,242	14%	13%	1.3%
Median Age			36.3			

## Race Breakout

- Race is broken out two ways. The Hispanic breakout is separate because Hispanics can be of any race.

## Population by Race in 2000

	County	% of Total	State	% of Total
White	55,711	83.6%	4,821,823	81.8%
Black or African American	172	0.3%	190,267	3.2%
American Indian & Alaska Native	661	1.0%	93,301	1.6%
Asian	451	0.7%	322,335	5.5%
Native Hawaiian & Other Pacific Islander	77	0.1%	23,953	0.4%
Some other race	8,121	12.2%	228,923	3.9%
Two or more races	1,423	2.1%	213,519	3.6%
Hispanic or Latino (of any race)	12,831	19.3%	441,509	7.5%
Not Hispanic or Latino	53,785	80.7%	5,452,612	92.5%

## Household Type

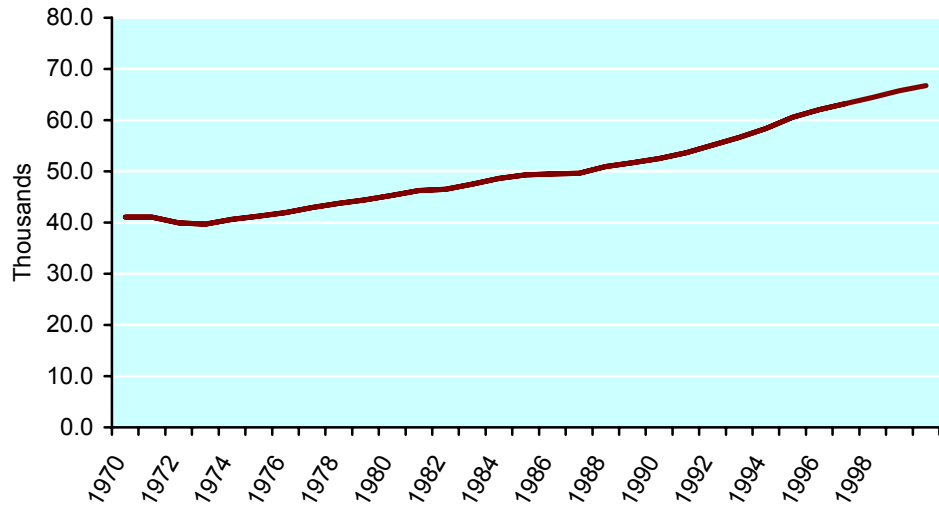
- Chelan County, WA has a higher owner occupancy rate than the state.

## Population by Household Type in 2000

	County	% of Total	State	% of Total
Total Housing Units	30,407		2,451,075	
Occupied Housing Units	25,021	82.3%	2,271,398	92.7%
Vacant Housing Units	5,386	17.7%	179,677	7.3%
For Seasonal, Recreational, or Occ. Use	2,815	9.3%	60,355	2.5%
Homeowner Vacancy Rate (%)	2.9%		1.8%	
Rental Vacancy Rate (%)	7.2%		5.9%	
Housing Tenure	County	% of Occ.	State	% of Occ.
Occupied Housing Units	25,021		2,271,398	
Owner-occupied Housing Units	16,178	64.7%	1,467,009	64.6%
Renter-occupied Housing Units	8,843	35.3%	804,389	35.4%
Avg Household Size - Owner Occupied	2.7		2.7	
Avg Household Size - Renter Occupied	2.6		2.3	

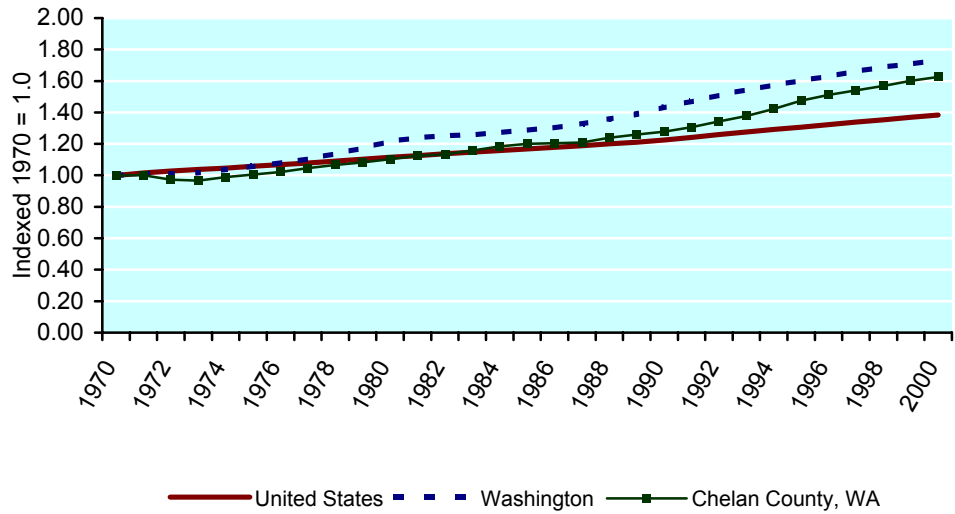
**Population**

- From 1970 to 2000 Chelan County, WA grew by 25,691 people, a 63% increase in population.

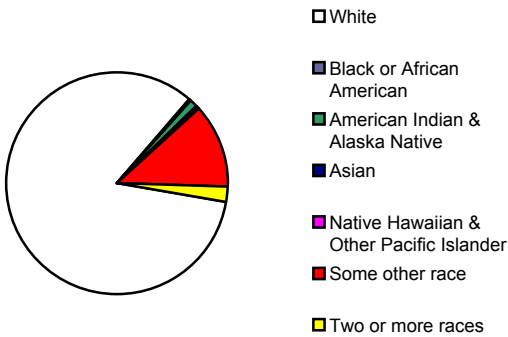


**Compared to State and the Nation**

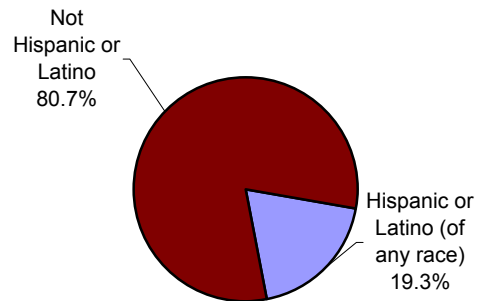
- Since 1970, the population in Chelan County, WA has grown slower than the state and faster than the nation.



**2000 Race Breakout**

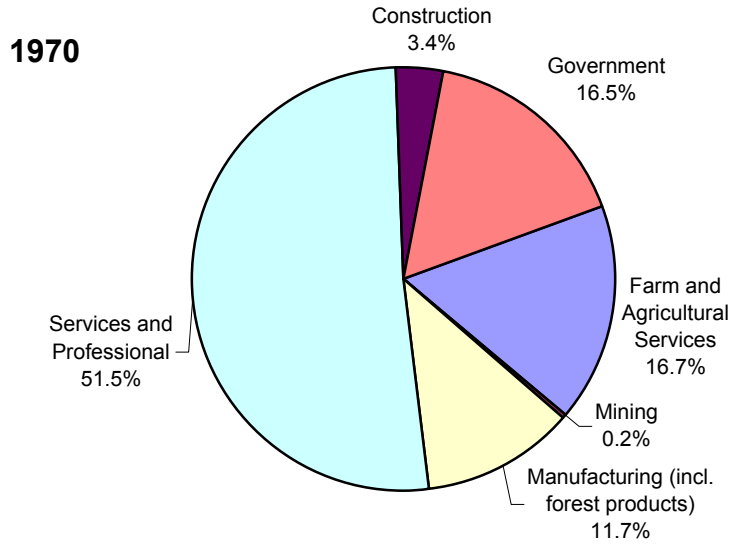


**2000 Hispanic Breakout**



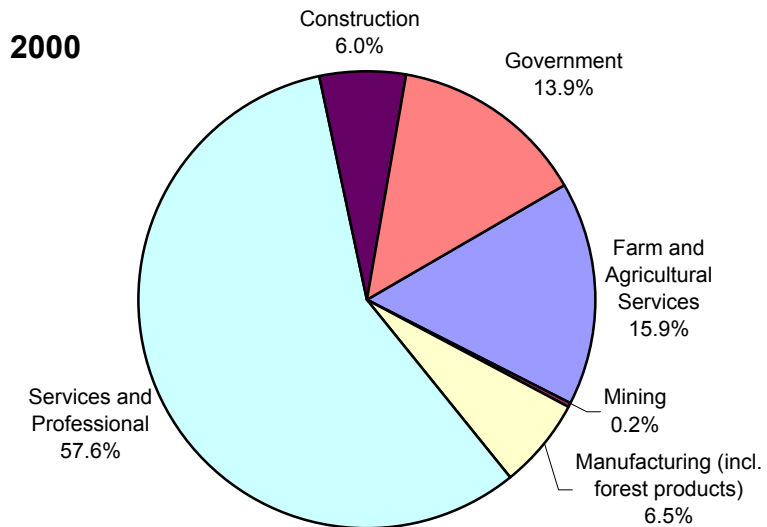
**Job Growth**  
(See next page)

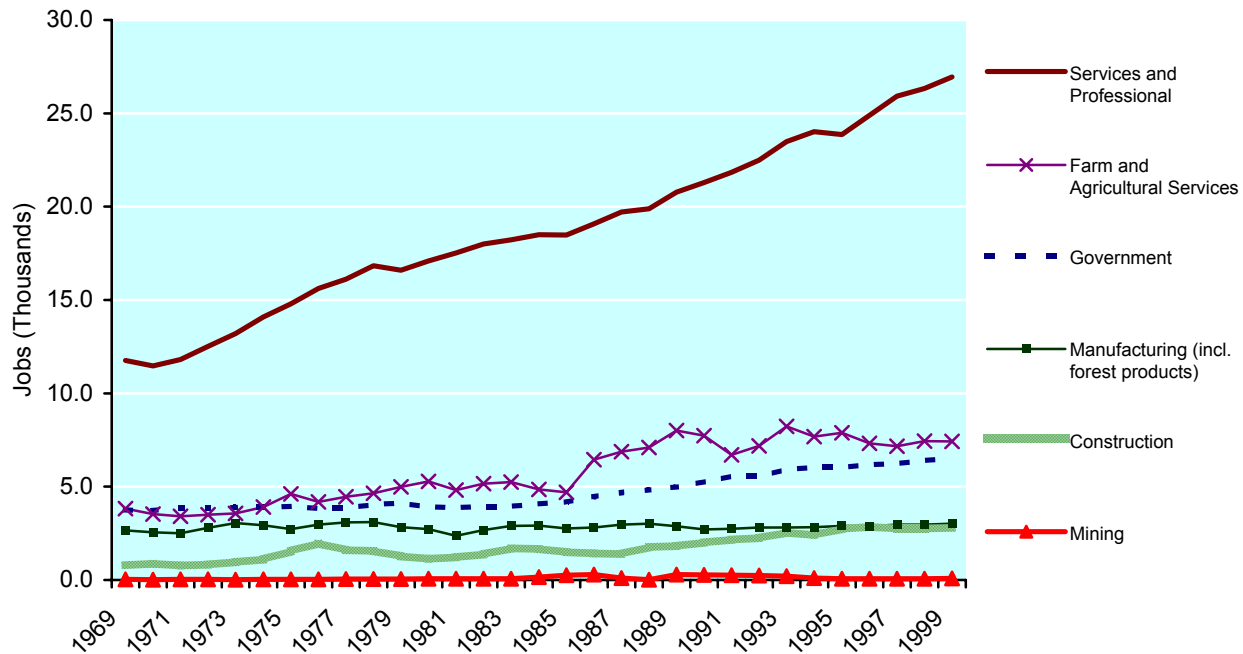
- From 1970 to 2000, 23,928 new jobs were created.
- Services and Professional accounted for 15,191 new jobs.
- Farm and Agricultural Services accounted for 3,594 new jobs.



**Jobs 1970 & 2000**

- In 1970, the largest employment sectors were Services and Professional (52%) and Farm and Agricultural Services (17%).
- In 2000 the largest employment sectors were Services and Professional (58%) and Farm and Agricultural Services (16%).





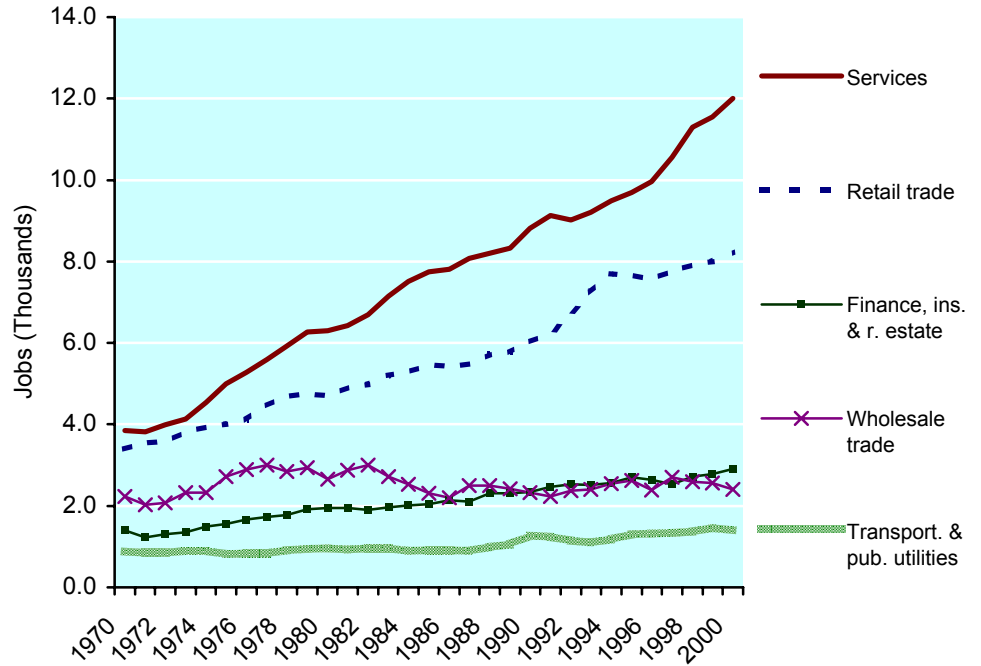
Employment by Industry Changes from 1970 to 2000						
	1970	% of Total	2000	% of Total	New Employment	% of New Employment
<b>Total Employment</b>	22,830		46,758		<b>23,928</b>	
<b>Wage and Salary Employment</b>	18,573	81.4%	36,660	78.4%	<b>18,087</b>	<b>75.6%</b>
<b>Proprietors' Employment</b>	4,257	18.6%	10,098	21.6%	<b>5,841</b>	<b>24.4%</b>
<b>Farm and Agricultural Services</b>	3,822	16.7%	7,416	15.9%	<b>3,594</b>	<b>15.0%</b>
<b>Farm</b>	3,549	15.5%	4,726	10.1%	<b>1,177</b>	<b>4.9%</b>
<b>Ag. Services</b>	273	1.2%	2,690	5.8%	<b>2,417</b>	<b>10.1%</b>
<b>Mining</b>	42	0.2%	77	0.2%	<b>35</b>	<b>0.1%</b>
<b>Manufacturing (incl. forest products)</b>	2,665	11.7%	3,024	6.5%	<b>359</b>	<b>1.5%</b>
<b>Services and Professional</b>	11,763	51.5%	26,954	57.6%	<b>15,191</b>	<b>63.5%</b>
<b>Transportation &amp; Public Utilities</b>	878	3.8%	1,396	3.0%	<b>518</b>	<b>2.2%</b>
<b>Wholesale Trade</b>	2,236	9.8%	2,407	5.1%	<b>171</b>	<b>0.7%</b>
<b>Retail Trade</b>	3,399	14.9%	8,230	17.6%	<b>4,831</b>	<b>20.2%</b>
<b>Finance, Insurance &amp; Real Estate</b>	1,405	6.2%	2,912	6.2%	<b>1,507</b>	<b>6.3%</b>
<b>Services (Health, Legal, Business, Others)</b>	3,845	16.8%	12,009	25.7%	<b>8,164</b>	<b>34.1%</b>
<b>Construction</b>	782	3.4%	2,786	6.0%	<b>2,004</b>	<b>8.4%</b>
<b>Government</b>	3,756	16.5%	6,501	13.9%	<b>2,745</b>	<b>11.5%</b>

**Agricultural Services** include soil preparation services, crop services, etc. It also includes forestry services, such as reforestation services, and fishing, hunting, and trapping. **Manufacturing** includes paper, lumber and wood products manufacturing.

## Services & Professional

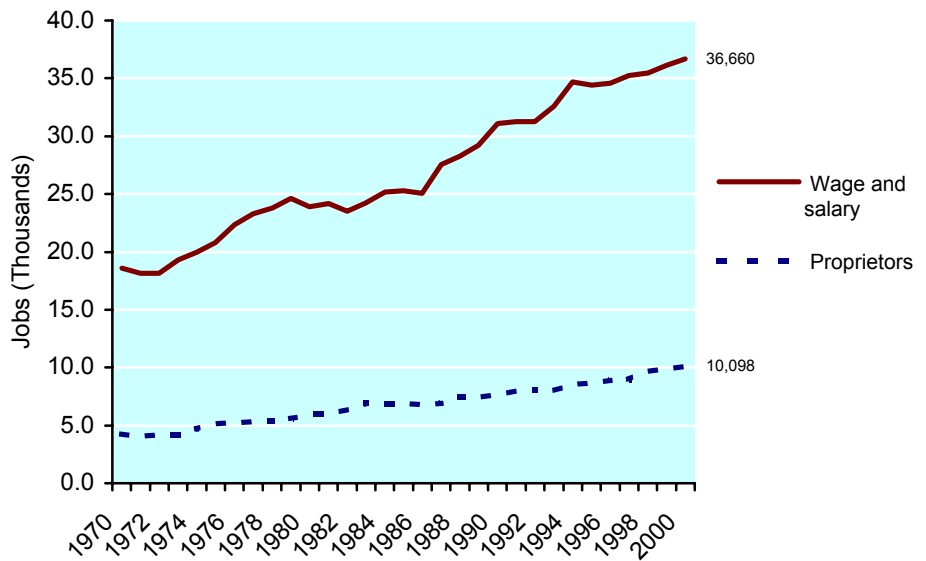
The fastest growing categories under Services and Professional are:

- Services (which includes health, business, legal, engineering and management services) represent 26% of total employment in 2000.
- Retail Trade accounts for 18% of total employment.



## Employees vs. Proprietors

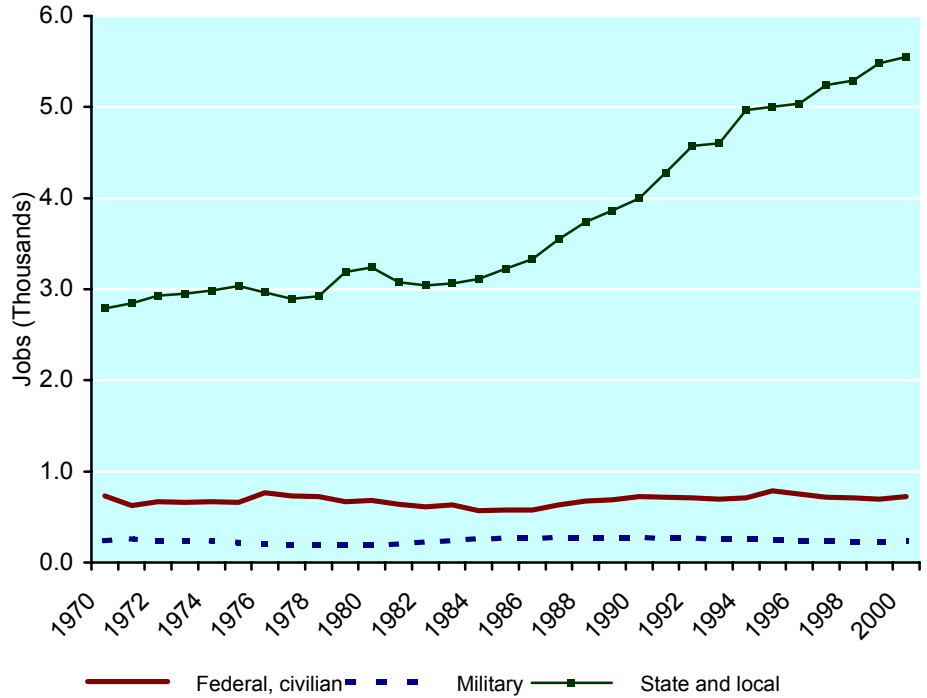
- From 1970 to 2000, the majority of job growth, 76% of new jobs, has been in wage and salary employment (people who work for someone else).
- Employment of proprietors contributed to 24% of new employment from 1970 to 2000. In 1970, proprietors represented 19% of total employment; by 2000, they represented 22%.



**Proprietors** include sole ownerships, partnerships, and tax-exempt cooperatives.  
**Wage and salary** employment refers to employees.

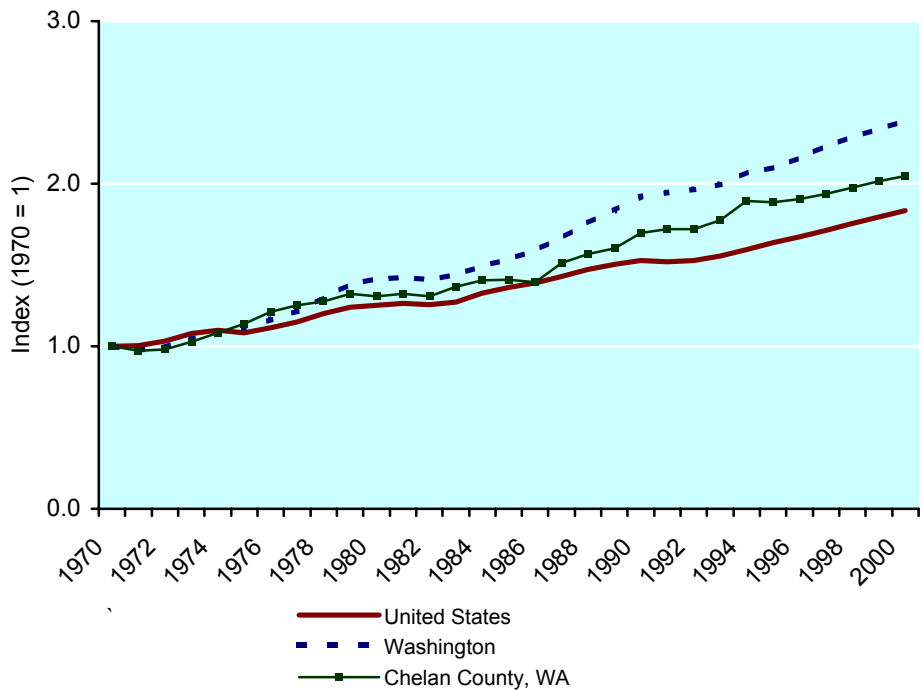
**Government Jobs**

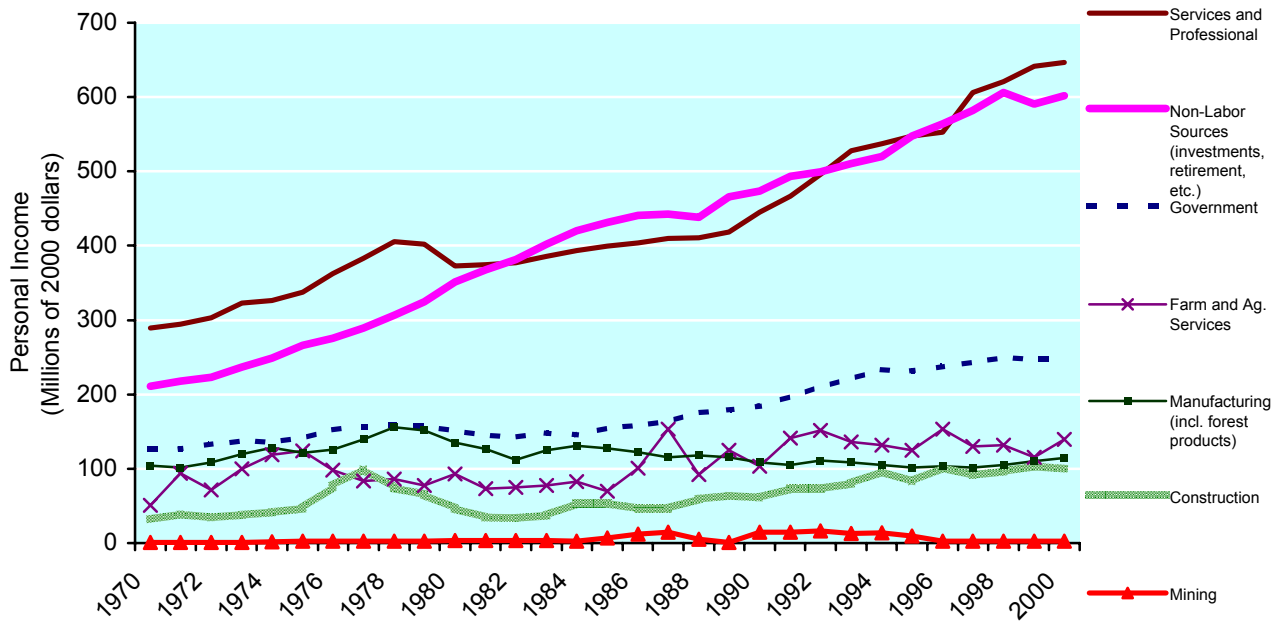
- The majority of the growth in government employment has been in state and local government.



**Job Growth Compared to the State and Nation**

- Over the last 30 years job growth in Chelan County, WA has been slower than the state and faster than the nation..





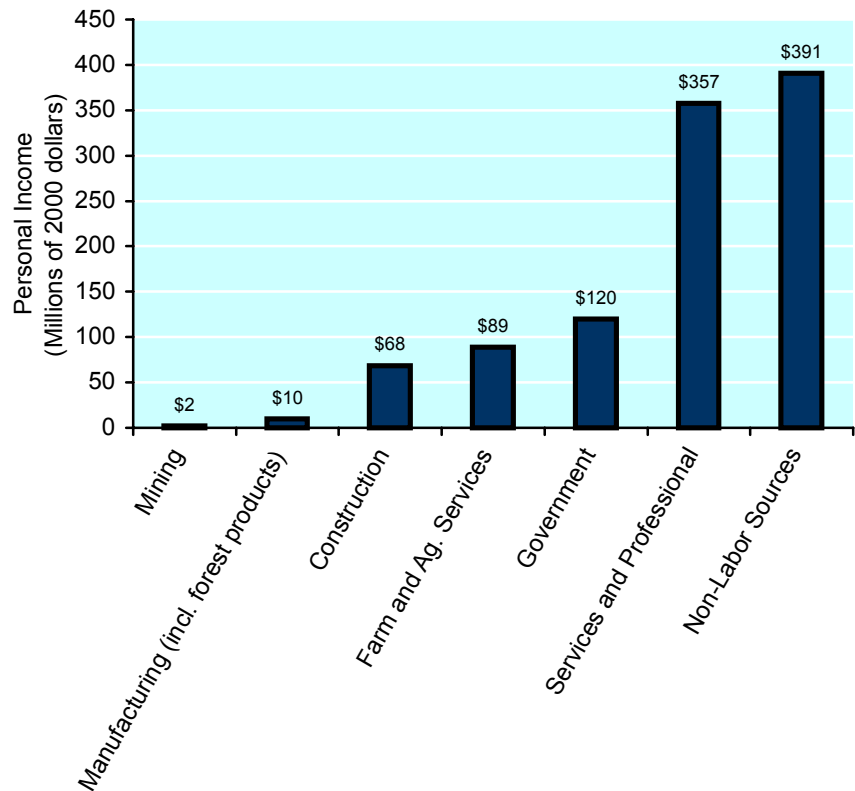
## New Income by Type

All figures in millions of 2000 dollars	% of Total in 1970		% of Total in 2000		New Income 1970 to 2000	% of New Income
	1970	% of Total in 1970	2000	% of Total in 2000		
<b>Total Personal Income*</b>	714		1,626		912	
<b>Farm and Agricultural Services</b>	51	7.1%	140	8.6%	89	10%
<b>Farm</b>	44	6.2%	88	5.4%	43	5%
<b>Ag. Services</b>	6	0.9%	52	3.2%	46	5%
<b>Mining</b>	1	0.1%	3	0.2%	2	0.2%
<b>Manufacturing (incl. forest products)</b>	104	14.6%	114	7.0%	10	1%
<b>Services and Professional</b>	289	40.4%	646	39.7%	357	39%
<b>Transportation &amp; Public Utilities</b>	36	5.0%	63	3.9%	27	3%
<b>Wholesale Trade</b>	56	7.8%	68	4.2%	12	1%
<b>Retail Trade</b>	88	12.3%	146	9.0%	58	6%
<b>Finance, Insurance &amp; Real Estate</b>	21	2.9%	55	3.4%	34	4%
<b>Services (Health, Legal, Business, Others)</b>	88	12.4%	314	19.3%	226	25%
<b>Construction</b>	32	4.5%	100	6.2%	68	7%
<b>Government</b>	126	17.7%	247	15.2%	120	13%
<b>Non-Labor Income</b>	211	29.5%	602	37.0%	391	43%
<b>Dividends, Interest &amp; Rent</b>	119	16.6%	333	20.5%	215	24%
<b>Transfer Payments</b>	92	12.9%	268	16.5%	176	19%

\*The sum of the above categories do not add to total due to adjustments made for place of residence and personal contributions for social insurance made by the U.S. Department of Commerce.

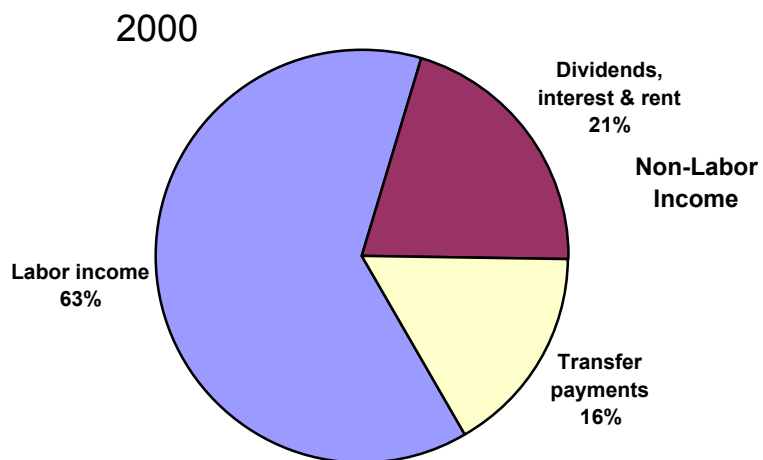
### Net Change by Major Category

- From 1970 to 2000, Chelan County, WA added \$912 million in personal income, in real terms.
- Non-Labor Sources accounted for 43% of new income.
- The second fastest growth was in Services and Professional.



### Income by Type 1970 & 2000

- In 1970, Non-Labor Income sources represented 30% of total personal income. By 2000, they comprised 37%.
- In 2000, Dividends, Interest and Rent represented 21% of total personal income. Transfer Payments comprised 16%.



**Non-Labor Income** includes Transfer Payments (primarily related to retirement) and Dividends, Interest and Rent (money earned from past investments).

Per Capita Income

Per Capita Income									
All income in millions of 2000 dollars (Except Per Capita)	1970		1980		1990		2000		% Change 90-00
	1970	% of Total	1980	% of Total	1990	% of Total	2000	% of Total	
Total Personal Income	714		1,003		1,203		1,626		35%
Non-Farm	670	94%	933	93%	1,140	95%	1,538	95%	35%
Farm	44	6%	70	7%	62	5%	88	5%	40%
Population (Thousands)	41.1		45.3		52.5		66.8		27%
Per Capita Income	17,398		22,125		22,920		24,359		6%

- Per capita income, in real terms, increased by 6% from 1990 to 2000.

Note: Population estimates from the Bureau of Economic Analysis vary slightly from those in the Census (Page P-3).

Sources of Labor Income

Sources of Labor Income									
All income in millions of 2000 dollars	1970		1980		1990		2000		% Change 90-00
	1970	% of Total	1980	% of Total	1990	% of Total	2000	% of Total	
Labor Sources									
Wage and Salary	495	69%	622	62%	707	59%	941	58%	33%
Other Labor Income	30	4%	68	7%	85	7%	96	6%	13%
Proprietor's	79	11%	111	11%	124	10%	213	13%	71%
Non-Labor Sources	211	30%	351	35%	474	39%	602	37%	27%
Dividends, Interest & Rent	119	17%	201	20%	277	23%	333	21%	20%
Transfer Payments	92	13%	150	15%	197	16%	268	16%	36%

Percentages do not add to 100 because of adjustments made by BEA, such as residence, social security, and others.

- In 2000, proprietor's income accounted for 13% of total personal income, compared to 10% in 1990. From 1990 to 2000, proprietor's income grew by 71%, in real terms. Wage and salary income during those years grew by 33%.

- From 1990 to 2000 Non-Labor income sources grew by 27%.

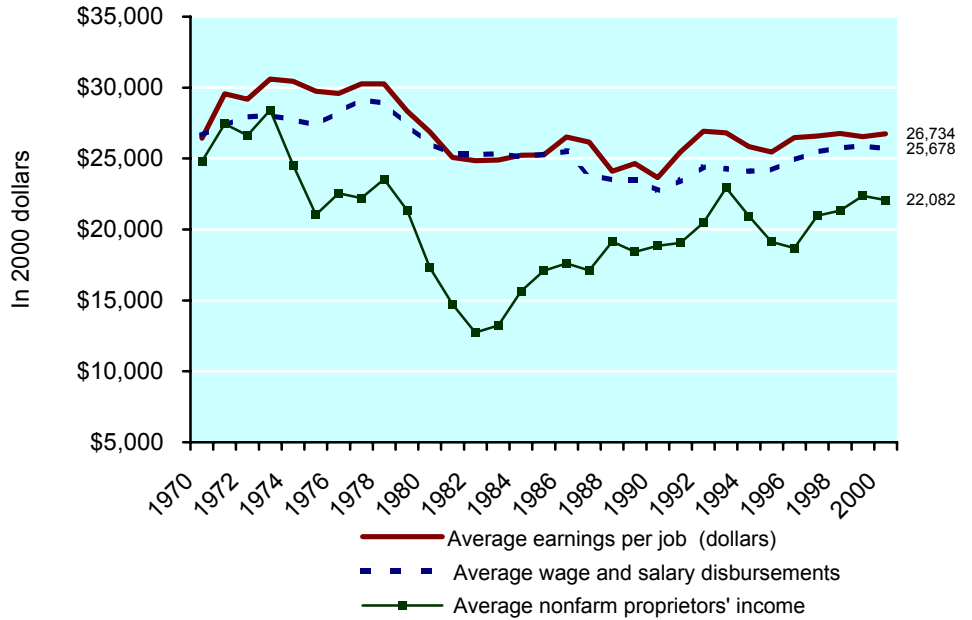
**Wage and salary** is monetary remuneration of employees, including employee contributions to certain deferred compensation programs, such as 401(K) plans.

**Other labor income** is payments by employers to privately administered benefit plans for their employees, the fees paid to corporate directors, and miscellaneous fees. The payments to private benefit plans account for more than 98 percent of other labor income.

**Proprietors** is income of sole proprietorships, partnerships and tax-exempt cooperatives. A sole proprietorship is an unincorporated business owned by a person. A partnership is an unincorporated business association of two or more partners. A tax-exempt cooperative is a nonprofit business organization that is collectively owned by its members.

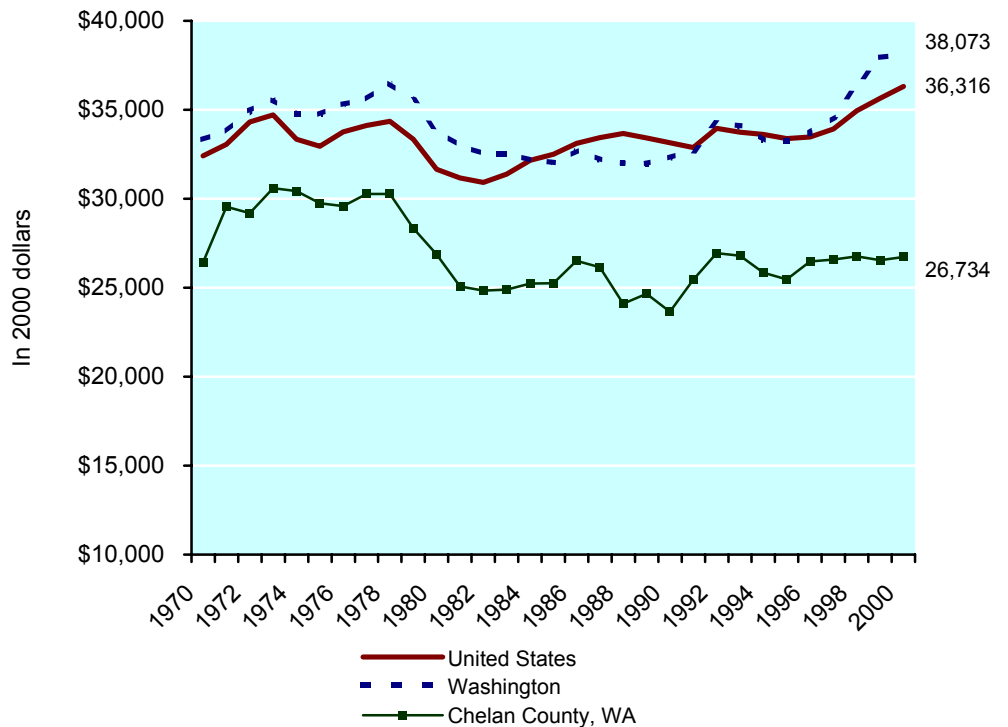
**Average Earnings Per Job**

- Average earnings per job in Chelan County, WA, in real terms, have risen from \$26,425 in 1970 to \$26,734 in 2000.



**Average Earnings Compared to State and Nation**

- In 1999, Average earnings per job in Chelan County, WA are lower than the state and the nation.



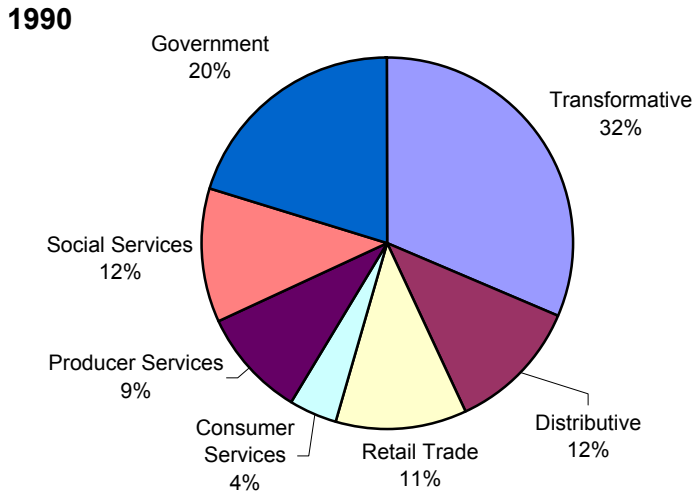
# Another Way to Look at Industry Groupings

Another way to look at industry trends is to group industries differently, as shown in the table. This grouping allows a more detailed review of "service" sectors, which can be broken down into categories such as producer, consumer, social, and government services. Consumer services are generally low-paying. They include jobs in amusement and recreation, hotel and lodging, repair shops, motion pictures, household and personal services.

Social services include education and health care. Government services include state and local government, military, as well as federal employees, and public lands agencies. Producer services are defined as those services that are part of goods production and they include some of the higher paying sectors, such as finance, insurance, real estate, legal and business services, membership organizations, and engineering and management services.

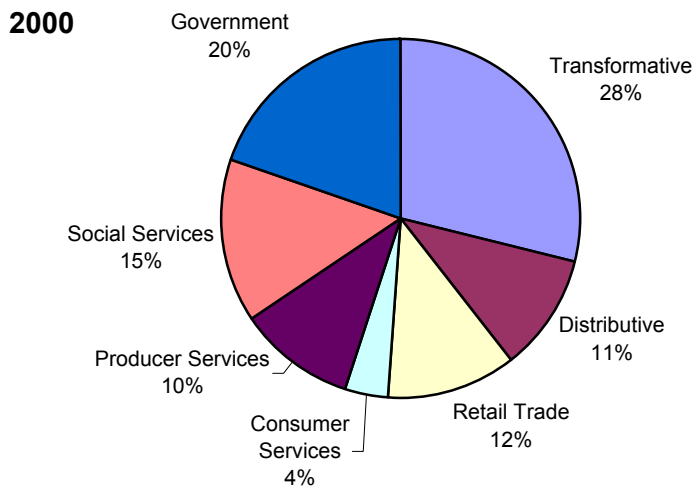
## Labor Income by Industry Grouping

- In 1990, the largest two industry groupings were in Transformative and Government. The largest two "service" types were Government and Social Services.



## Labor Income by Industry Grouping

- In 2000, the largest two industry groupings were in Transformative and Government. The largest two "service" types were Government and Social Services.



# Another Way to Look at Industry Groupings

## Personal Income Change by Category 1990 to 2000

The largest contributors to new personal income from 1990 to 2000 in real terms, were:

- The fastest growth was in the Social Services sectors; 70% growth.
- The second fastest growth was in the Producer Services sectors; 49% growth.
- The third fastest growth was in the Retail Trade sectors; 40% growth.

Personal Income					
All figures in thousands of 2000 dollars.	1990	2000	New Income	% Change	% of New Income
Total Personal Income	1,202,732	1,626,045	423,313	35%	
<b>LABOR INCOME</b>					
<b>Transformative</b>					
Agriculture	103,046	139,554	36,508		
Mining	14,452	2,977	-11,475		
Construction	61,323	100,276	38,953		
Manufacturing	108,412	114,366	5,954		
Total	287,233	357,173	69,940	24%	17%
<b>Distributive</b>					
Transportation & public utilities	39,240	63,312	24,073		
Wholesale Trade	66,337	67,761	1,424		
Total	105,577	131,073	25,496	24%	6%
<b>Retail Trade</b>					
	104,439	145,793	41,354	40%	10%
<b>Consumer Services</b>					
Hotels & Other Lodging	12,383	15,845	3,462		
Personal Services	5,548	7,897	2,349		
Household Services	3,070	3,623	553		
Repair Services	8,785	13,757	4,972		
Motion Pictures	1,115	888	-227		
Amusements & Recreation	7,265	7,622	357		
Total	38,166	49,632	11,466	30%	3%
<b>Producer Services</b>					
Finance, Insurance & Real Estate	36,761	55,388	18,627		
Legal Services	9,768	17,247	7,479		
Business Services	15,332	28,016	12,684		
Engineering & Management Service	17,219	16,634	-585		
Membership Organizations	7,740	11,913	4,173		
Total	86,821	129,198	42,377	49%	10%
<b>Social Services</b>					
Health Services	99,192	166,126	66,934		
Social Services	7,059	12,150	5,091		
Educational Services	939	3,841	2,902		
Total	107,191	182,117	74,926	70%	18%
<b>Government Services</b>					
Federal, Civilian	36,022	40,753	4,731		
Military	3,393	3,231	-162		
State and Local	145,110	202,529	57,419		
Total	184,525	246,513	61,988	34%	15%

Note: The sum of the above categories does not add to total because non-labor income is not included. See page P-9 for non-labor income data.

The term "Non-Labor Income" is also referred by some economists as "Non-Earnings Income". It consists of Dividends, Interest and Rent (collectively often referred to as money earned from investments) and Transfer Payments (payments from governments to individuals, age-related, including Medicare, disability insurance payments, and retirements).

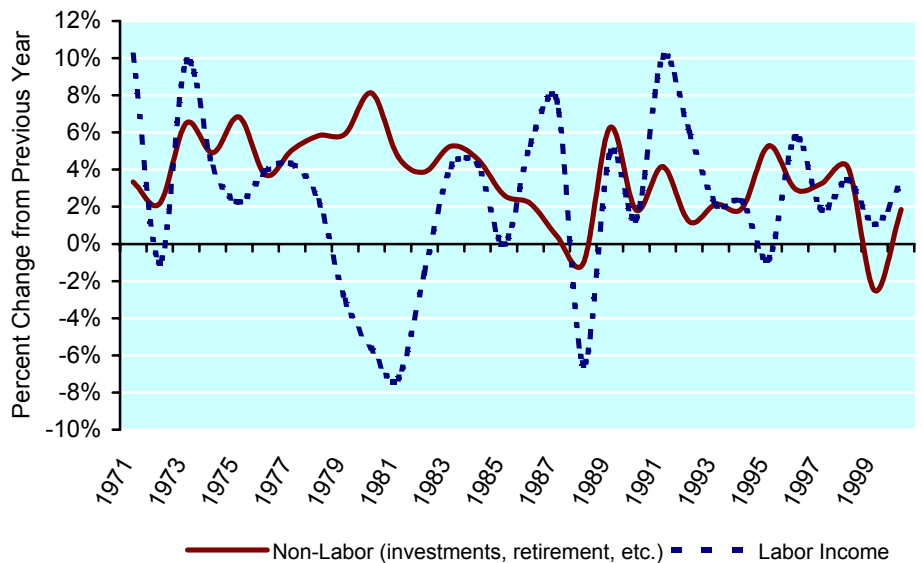
(See methods section for definitions and further explanations.)

## Components of Transfer Payments

All figures in millions of 2000 dollars	1970	% of Total TP	1980	% of Total TP	2000	% of Total TP	New Payments 1970 to 2000	% of New Payments
<b>Total transfer payments</b>	92.3		150.0		268.2		<b>175.9</b>	
<b>Government payments to individuals</b>	88.0	95%	143.0	95%	253.8	95%	<b>165.8</b>	<b>94%</b>
Retirement & disab. insurance benefit payments	43.9	48%	74.5	50%	118.2	44%	<b>74.4</b>	<b>42%</b>
Medical payments	13.63	15%	26.08	17%	90.99	34%	<b>77.4</b>	<b>44%</b>
Income maintenance benefit payments ("welfare")	10.7	12%	14.1	9%	20.4	8%	<b>9.7</b>	<b>5%</b>
Unemployment insurance benefit payments	11.0	12%	19.5	13%	16.6	6%	<b>5.7</b>	<b>3%</b>
Veterans benefit payments	8.4	9%	7.3	5%	5.0	2%	<b>(3.5)</b>	<b>NA</b>
Federal educ. & trng. asst. pay. (excl. vets)	0.4	0.4%	1.5	1.0%	2.3	0.9%	<b>1.9</b>	<b>1%</b>
Other payments to individuals	0.1	0.1%	0.1	0.0%	0.3	0.1%	<b>0.2</b>	<b>0%</b>
<b>Payments to nonprofit institutions</b>	2.5	3%	4.3	3%	9.5	4%	<b>7.0</b>	<b>4%</b>
<b>Business payments to individuals</b>	1.8	2%	2.7	2%	4.9	2%	<b>3.1</b>	<b>2%</b>

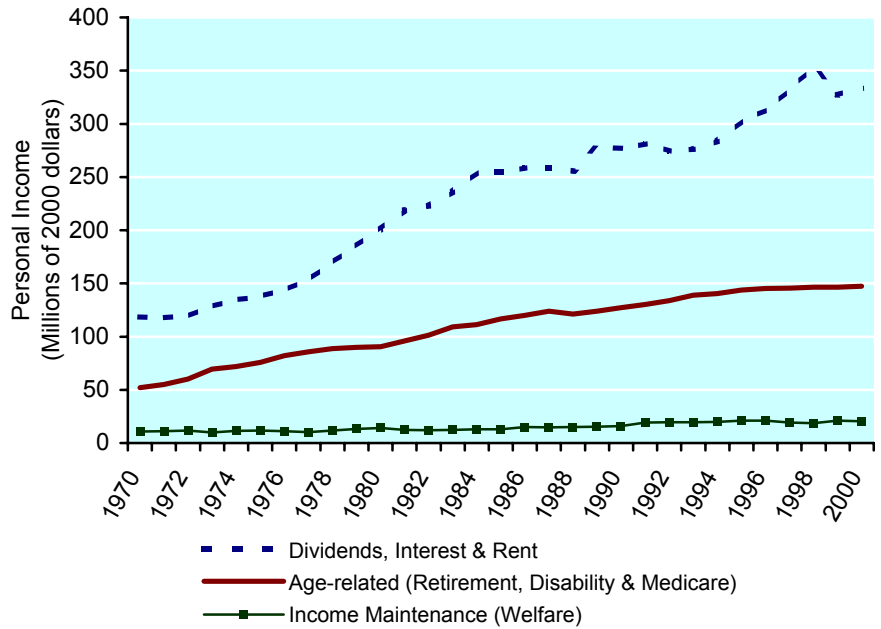
## Labor vs. Non-Labor Income Stability

- Over the last 30 years Non-Labor Income sources have had a stabilizing effect relative to the frequent fluctuations of Labor Income sources in most areas.



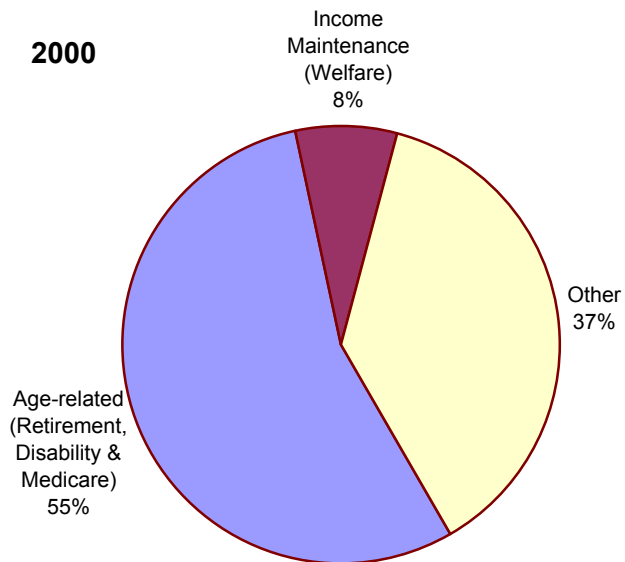
## Trends in Non-Labor Income by Type

- The largest components of Non-Labor Income are from Dividends, Interest & Rent (i.e. money earned from past investments).
- In 2000 welfare represented 8 percent of transfer payments, and 1.3 percent of total personal income. This is down slightly from 1980 and down from 1970.



## Components of Transfer Payments

- In 2000, 55% of Transfer Payments were from age-related sources (retirement, disability, insurance payments, and Medicare) while 8% was from welfare.



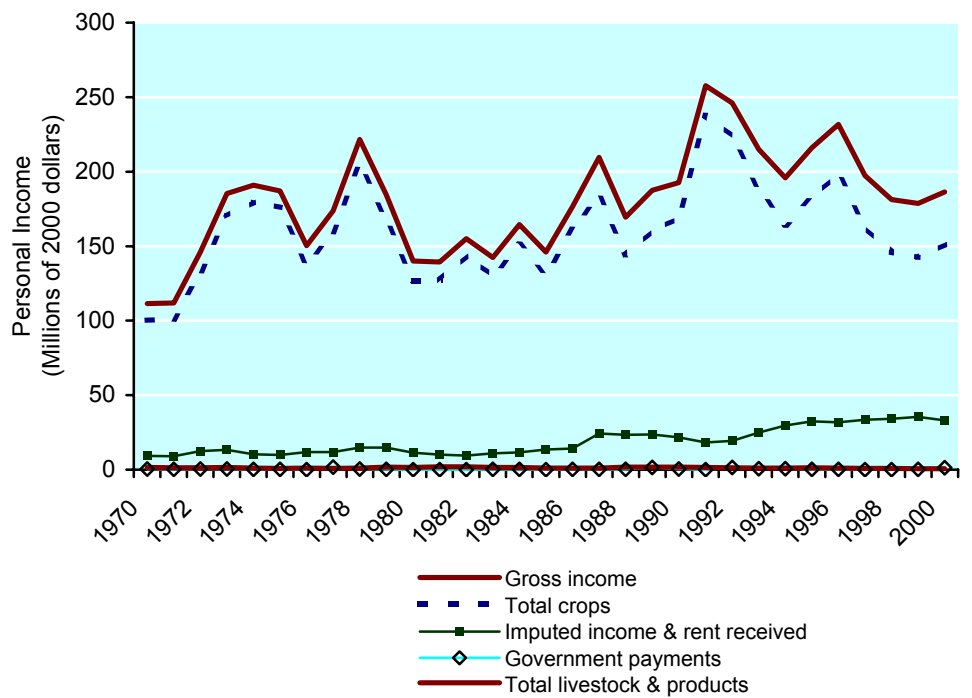
### Gross Income, Expenses, and Net Income from Farming and Ranching

All figures in thousands of 2000 dollars	1970	% of Gross Income	1985	% of Gross Income	2000	% of Gross Income
<b>Gross Income (Cash + Other)</b>	111,544		145,965		186,423	
<b>Cash Receipts from Marketings</b>	101,909	91%	132,370	91%	151,918	81%
<b>Livestock &amp; Products</b>	1,598	1%	1,168	1%	750	0.4%
<b>Crops</b>	100,311	90%	131,202	90%	151,168	81%
<b>Other Income</b>	9,635	9%	13,595	9%	34,505	19%
<b>Government Payments</b>	391	0.4%	80	0.1%	1,330	1%
<b>Imputed Rent &amp; Rent Received</b>	9,245	8%	13,515	9%	33,175	18%
<b>Production Expenses</b>	89,264		134,934		166,847	
<b>Realized Net Income (Income - Expenses)</b>	22,279		11,031		19,576	
<b>Value of Inventory Change</b>	(13,075)	-12%	(4,225)	-3%	5,421	3%
<b>Total Net Income (Inc. corporate farms)</b>	9,205		6,806		24,997	

### Farm Income by Category

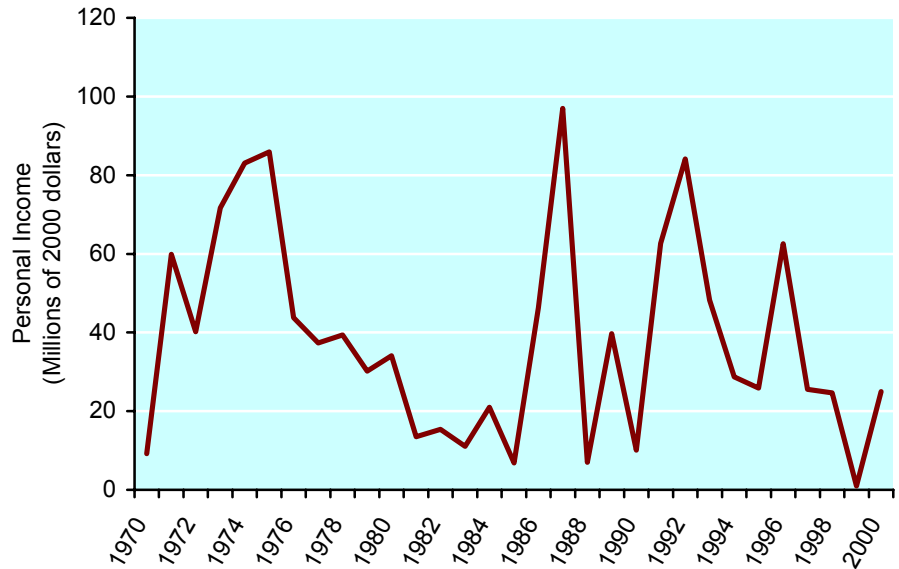
(Includes Ranching)

- In 1970, 1% of gross farm income was from livestock, while 90% was from crops. By 2000, 0% percent of gross income was from livestock, and 81% percent from crops.
- Income from government payments has remained unchanged from 1970 to 2000.



### Net Farm Income

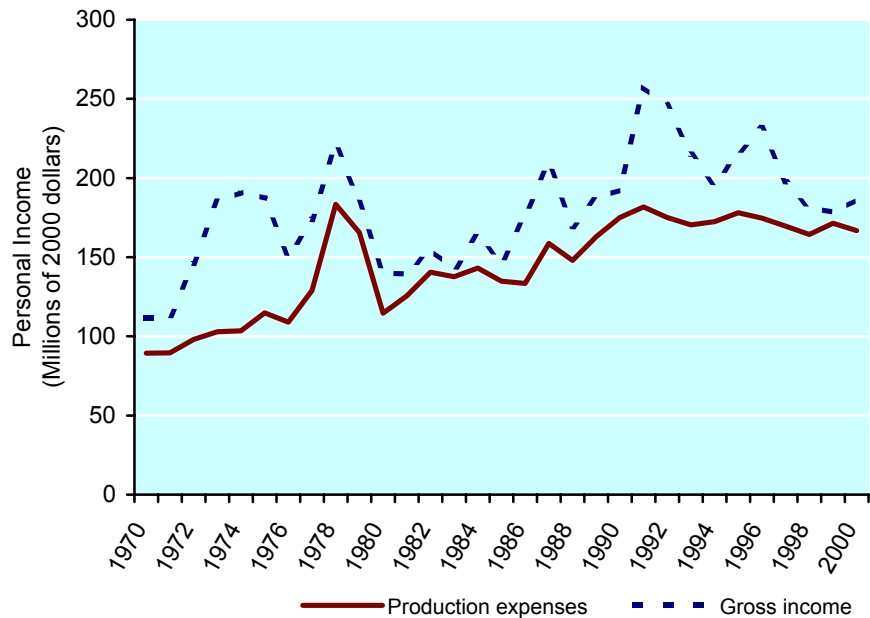
- Total net income from farming and ranching in Chelan County, WA, in real terms, dropped from \$9.2 million in 1970 to \$6.8 million in 1985, and then rose to \$25.0 million in 2000.



Net farm income can be counted as positive by the Department of Commerce, even with slim margins, because the value of inventories may rise.

### Gross Income vs. Production Expenses

- In 1970 Gross Farm Income exceeded Production Expenses by \$22 million.
- By 2000 Gross Farm Income minus Production Expenses (realized net income) equaled \$19.6 million.

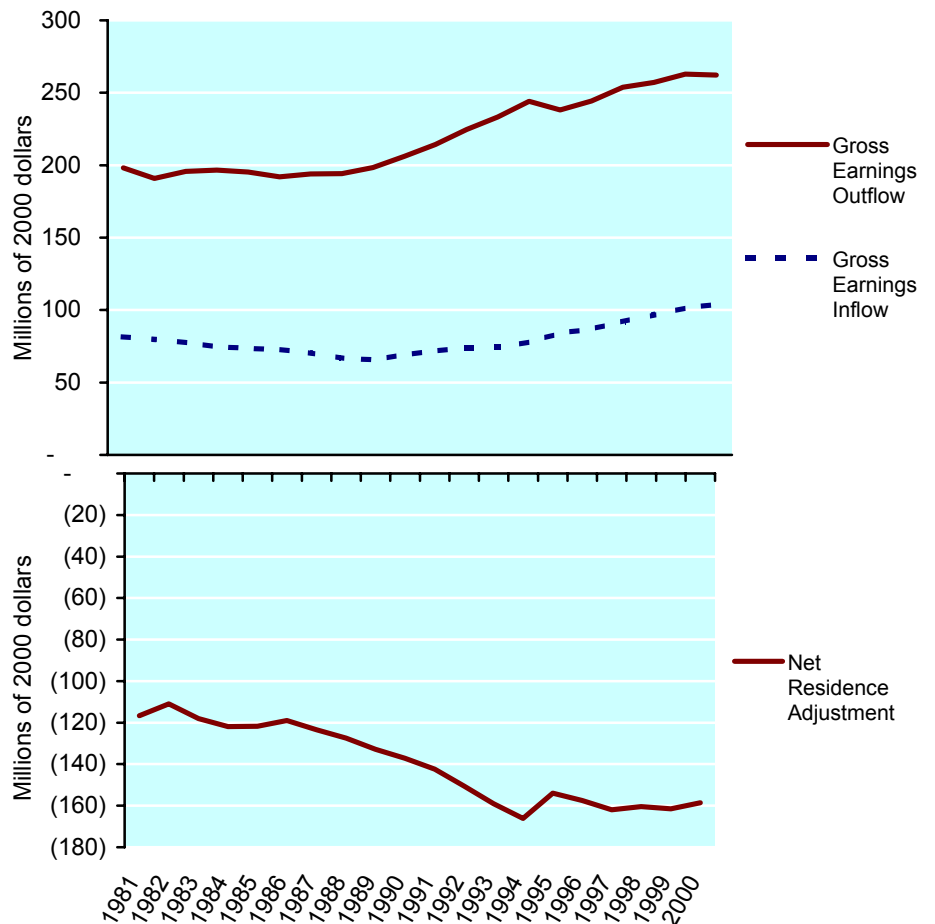


The Bureau of Economic Analysis (BEA) reports personal income in terms of location of residence. BEA calculates how much money is earned in the county by people living outside the county (Total Gross Earnings Outflow) and it calculates how much money is brought into the county by residents who work outside of the county (Total Gross Earnings Inflow). Subtracting one from the other gives the Net Residence Adjustment. The Inflow and Outflow Trends indicate whether the county is closely tied to others in terms of commuting.

### Inflow & Outflows

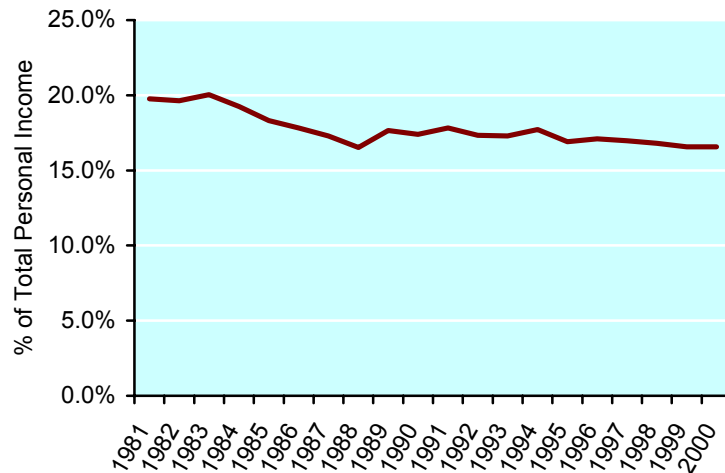
- Outflow outpaces Inflow. (See definitions above.)

- A negative Net Residential Adjustment indicates in-commuting for work from adjacent counties.



### Outflows as a Percent of Total Personal Income

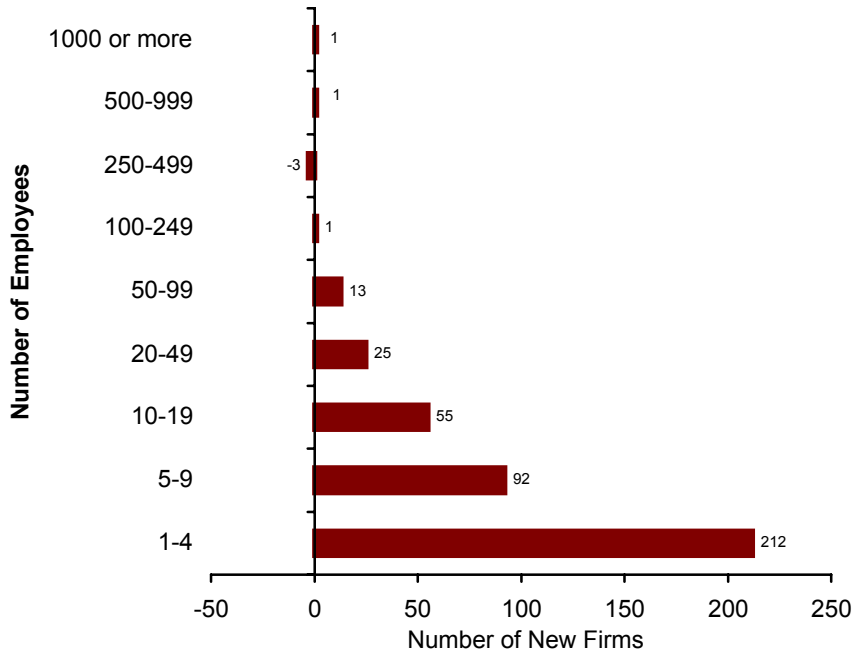
- In 2000, outflow represented 16.6% of total personal income in Chelan County, WA, down from 18.3% during the 1980's.



In its annual report *County Business Patterns*, the Bureau of the Census lists employment by the size and type of employer. These statistics are useful to help determine what size of business, large or small, are adding most of the new jobs.

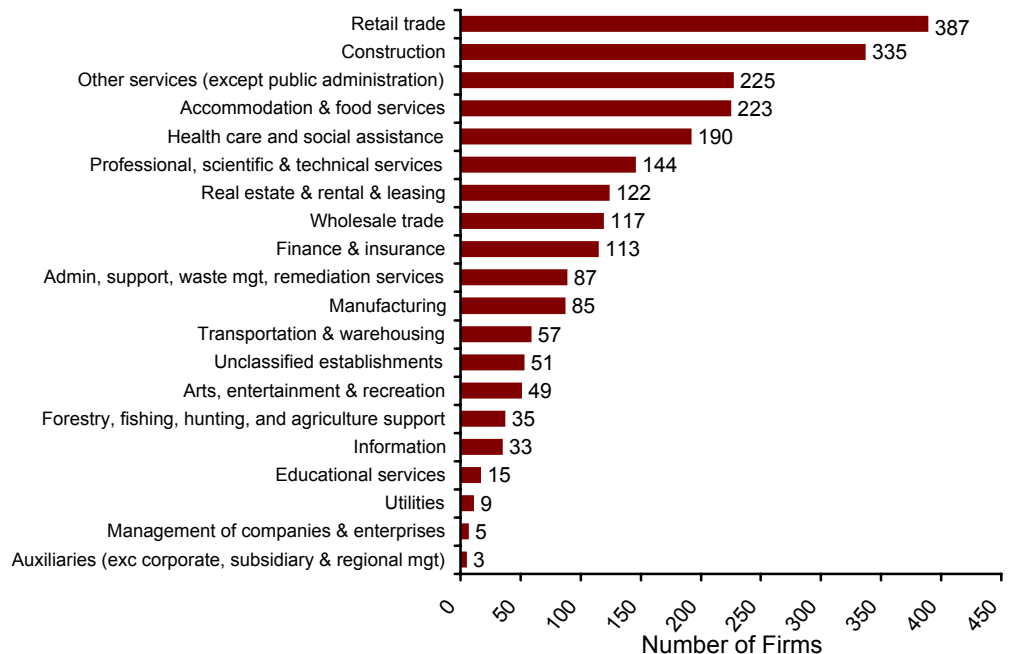
### New Firms by Employment Size 1990 to 2000

- The majority of new businesses established in Chelan County, WA from 1990 to 2000 have been small, with fewer than 20 employees.
- The largest growth has been in firms of 1-4 employees, with 212 new businesses.



### Number of Firms by Major Category in 2000

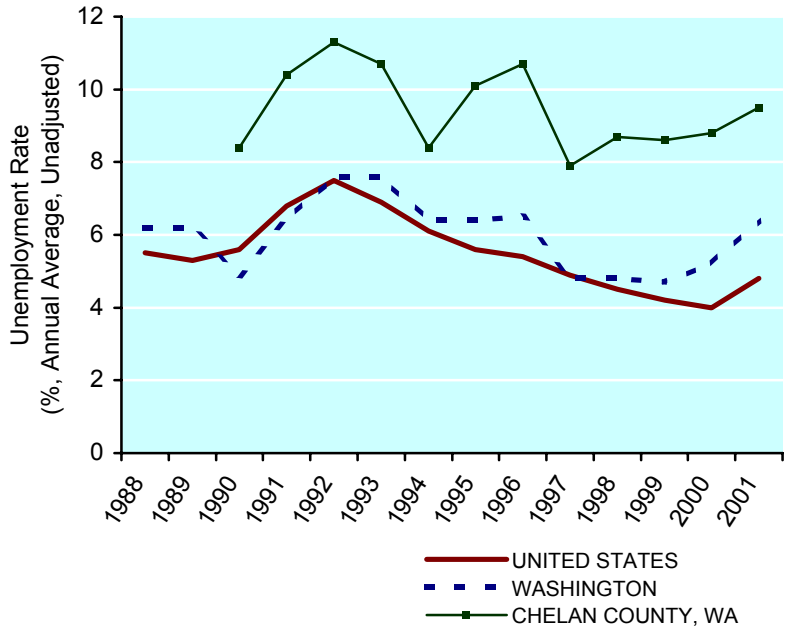
- The majority of firms are in Retail trade (387 firms) followed by Construction (335 firms), and Other services (except public administration) (225 firms).



**Note:** Data for this page was obtained from *County Business Patterns* (CBP), which counts only wage and salary employment. Therefore the self-employed ("proprietors" in previous sections of this profile) are not counted, and therefore total employment is underestimated. Also, data on this page was reported by CBP using the NAICS system. Previous pages used data from REIS, which uses the SIC system. See Methods Section for a discussion on the transition from SIC to NAICS.

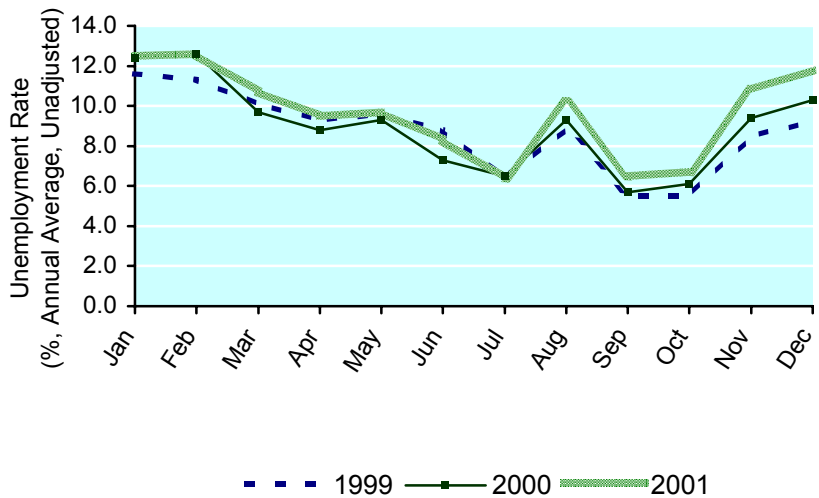
## Annual Average Unemployment Rate Comparing County to State

- In 2001, the unemployment rate in Chelan County, WA was 9.5%, compared to 6.4% for the state and 4.8% for the nation.



## Unemployment Rate Seasonality

- This graph illustrates the seasonal variation in the unemployment rate over the last three years. In 2001, the unemployment rate varied from a low of 6.4% to a high of 12.4%



## APPENDICES

### Data Sources

Data for this profile were obtained from four sources:

- Regional Economic Information System (REIS CD-ROM) of the Bureau of Economic Analysis, US Department of Commerce.
- Bureau of Labor Statistics, US Department of Labor.
- *County Business Patterns*, Bureau of the Census, US Department of Commerce.
- Bureau of Census, US Department of Commerce.

The data in this profile is organized to show long-term trends at the county level. We used this method and geographic scale for several reasons: (1) trend analysis provides a more comprehensive view of change than spot data for select years, (2) the most reliable information on long-term employment and income trends is available at the county level, and (3) communities within counties rarely function as economic units themselves. Finally, even though in many areas the most accurate geographic scale to understand economic changes may be at the multi-county or regional level, county-level data is useful in the context of existing political jurisdictions, such as county commissions and planning departments. The list below contains the World Wide Web sites and telephone numbers for the databases used in this report:

Bureau of Economic Analysis:  
<http://www.bea.doc.gov>; Tel. 202-606-9600

Bureau of Labor Statistics:  
<http://stats.bls.gov:80/bls/home>; Tel. 202-606-5886

Bureau of Census:  
<http://www.census.gov>; Tel. 303-969-7750

Oregon State University, Government Information Sharing Project:  
<http://govinfo.library.orst.edu>; Tel. 541-737-4514.

University of Virginia, Geospatial and Statistical Data Center:  
<http://fisher.lib.virginia.edu>; Tel. 804-982-2630

### **Use of Federal Rather than State Data Bases**

Data from state agencies was not used for this profile. Many of the state and local sources of data do not include information on the self-employed or on the importance of non-labor income, such as retirement income and money earned from past investments. In many counties this can result in the underestimation of employment and total personal income by at least one third. The REIS disk of the Bureau of Economic Analysis contains the most robust data set and for this reason it was used as the primary source.

The only disadvantage of the REIS dataset is it's not as recent; 1999 being the latest for REIS, while state data sources provide data for as recent as 2000 and in some instances 2001. By providing long-term trends data, from 1970 to 1999, having the most recent data is less important than being able to discern where the county's economy was, and the direction in which it is headed in recent years.

### **The Standard Industrial Classification (SIC) System**

Employment and income information is organized by the US Department of Commerce according to the Standard Industrial Classification (SIC) code. Industries are classified in broad categories (e.g., Farm), sub-categories (e.g., Agricultural production - crops), and progressively finer levels of detail (e.g., Ag. Production – cash grains). For a detailed description of SIC codes consult *The Standard Industrial Classification Manual* (National Technical Information Service, order no. PB-100012, Tel. 703-487-4600).

### **Services**

Since much of the growth in labor earnings in the US economy over the last two decades has been in “services,” it should be noted that the term is defined in various ways by different researchers. Some economists define services broadly as “all output that does not come from the four goods-producing sectors: agriculture, mining, manufacturing, and construction.”<sup>1</sup> The US Department of Commerce defines services more narrowly as major groups 70-89 of the SIC code.<sup>2</sup> However, even their restricted classification includes a wide variety of sectors, ranging from hotels and lodging, and social services to business services, and engineering and management services.

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<sup>1</sup> E. Ginzberg and G.J. Vojta. 1981. “The Service Sector in the US Economy.” *Scientific American*. 244 (3): 48-55.

<sup>2</sup> SIC codes 70-89 are: Hotels, Lodging and Other Places, Personal Services, Business Services, Auto Repair, Miscellaneous Repair Services, Motion Pictures, Amusement and Recreation Services, Health Services, Legal Services, Educational Services, Social Services, Museum Services, Museums, Botanical, and Zoological Services, Engineering and Management Services, Private Households, and Services Not Elsewhere Classified.

In this profile, we define services broadly as “Services and professional” industries, and then also into categories -- such as producer, consumer, social and government services -- to gain a clearer picture of where service growth is taking place. We use the term Services and Professional to underscore an important point: service occupations are not just “hamburger flippers and maids,” but rather consist of a combination of high-paying and low-paying professions, mixing physicians with barbers, and chambers maids with architects and financial consultants.

According to economist Lester Thurow, “Services is simply too heterogeneous to be an interesting category. The real issue is not the growth of services but whether the economy is making a successful transition from low-wage, low-skill industries ... to high-wage, high-skill industries.”<sup>1</sup> One way to gauge this is to follow the long-term trends in average earnings per job.

#### **A Transition from SIC system to NAICS:**

##### **An Important Precaution on the Interpretation of Economic Trend Data.**

Most of the historic data, from 1970 to 1999, used in this profile is based on industry data that is organized by the U.S. Department of Commerce using the Standard Industrial Classification (SIC) system. In the next few years, depending on the agency, data will be organized according to a new system, called the North American Industry Classification System (NAICS, pronounced “nakes”). In this profile, only the section called Business Establishments, which uses data from *County Business Patterns*, is organized according to the NAICS system.

The NAICS system is an improvement to the SIC system in several ways: first, businesses that use similar processes to produce goods or services are classified together. Previously, under the SIC system, some businesses were classified on the basis of their production processes while others were classified under different principles, such as class of consumer. Second, NAICS is a flexible system that will be updated every five years in order to keep pace with changes in the economy. Third, the NAICS system recognizes the uniqueness and rising importance of the “information economy,” and provides several new categories that are new, such as cable program distributors, and database and directory publishers. Finally, and perhaps the most useful, the NAICS system provides seven sectors to better reflect services-producing businesses that were previously combined into one generic SIC division (the Services division). This new system allows the data user to differentiate more clearly between what was previously often lumped under the general heading of “services,” into categories such as arts and entertainment; education; professional, scientific and technical services; health care and social assistance, among others.

Arguably the most important change of NAICS is the recognition of hundreds of new businesses in the economy. NAICS divides the economy into 20 broad sectors rather than the SIC’s 10 divisions as seen in the table below. Creating these additional sector-level groupings allows NAICS to better reflect key business activities as well as chronicle their changes.

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<sup>1</sup> Lester Thurow, *The Future of Capitalism* (New York: William and Morrow and Company), p. 71.

SIC Divisions vs. NAICS Sectors

<i>SIC Divisions</i>	<i>NAICS Sectors</i>
<ul style="list-style-type: none"> <li>• Agriculture, Forestry, and Fishing</li> </ul>	<ul style="list-style-type: none"> <li>• Agriculture, Forestry, Fishing and Hunting</li> </ul>
<ul style="list-style-type: none"> <li>• Mining</li> </ul>	<ul style="list-style-type: none"> <li>• Mining</li> </ul>
<ul style="list-style-type: none"> <li>• Construction</li> </ul>	<ul style="list-style-type: none"> <li>• Construction</li> </ul>
<ul style="list-style-type: none"> <li>• Manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing</li> </ul>
<ul style="list-style-type: none"> <li>• Transportation, Communications, and Public Utilities</li> </ul>	<ul style="list-style-type: none"> <li>• Utilities</li> <li>• Transportation and Warehousing</li> </ul>
<ul style="list-style-type: none"> <li>• Wholesale Trade</li> </ul>	<ul style="list-style-type: none"> <li>• Wholesale Trade</li> </ul>
<ul style="list-style-type: none"> <li>• Retail Trade</li> </ul>	<ul style="list-style-type: none"> <li>• Retail Trade</li> <li>• Accommodation and Food Services</li> </ul>
<ul style="list-style-type: none"> <li>• Finance, Insurance, and Real Estate</li> </ul>	<ul style="list-style-type: none"> <li>• Finance and Insurance</li> <li>• Real Estate and Rental and Leasing</li> </ul>
<ul style="list-style-type: none"> <li>• Services</li> </ul>	<ul style="list-style-type: none"> <li>• Information</li> <li>• Professional, Scientific, and Technical Services</li> <li>• Administrative and Support and Waste Management and Remediation Services</li> <li>• Educational Services</li> <li>• Health Care and Social Assistance</li> <li>• Arts, Entertainment, and Recreation</li> <li>• Other Services (except Public Administration)</li> </ul>
<ul style="list-style-type: none"> <li>• Public Administration</li> </ul>	<ul style="list-style-type: none"> <li>• Public Administration</li> </ul>
<ul style="list-style-type: none"> <li>• None (previously, categories within each division)</li> </ul>	<ul style="list-style-type: none"> <li>• Management of Companies and Enterprises</li> </ul>

**Non-Labor Income**

Non-labor income is a mix of Dividends, Interest, and Rent (money earned from past investments), and Transfer Payments (government payments to individuals). Private pension funds (e.g. 401(K) plans) are not counted as part of transfer payments.

Some data sources, such as “Section 202” data available from state unemployment insurance records and reported by the Bureau of Labor Statistics, do not report non-labor income. The Bureau of Economic Analysis (BEA), on the other hand, tracks non-labor income. In order to understand the actual growth (labor and non-labor) of personal income, the REIS/BEA data set must be used, and this is what was used for this profile.

**Disclosures**

Some data, such as employment and income figures in counties with small economies, are not available because of confidentiality restrictions. In order to protect information about individual businesses, data are sometimes suppressed or, in the case of the publication *County Business Patterns*, a range of values are given instead of a specific value. Generally, the smaller the geographic level of analysis or the smaller the economy under examination the higher the chances that industry-specific information will be suppressed.

In some of the profiles a few disclosure restrictions were encountered. Sometimes *County Business Patterns* data was used to estimate data where disclosures exist in the REIS/BEA database. In other instances the missing data was left blank, particularly if doing so has little effect on the ability to discern long-term trends. In other cases, where data was missing for one or two years, a rolling average was used to estimate the data gaps. In each case where disclosures were estimated, annotations were made in the Excel files.

### **Adjustments from Current to Real Dollars**

Because a dollar in the past was worth more than a dollar today, data reported in current dollar terms should be adjusted for inflation. The US Department of Commerce reports personal income figures in terms of current dollars. All income data in this profile were adjusted to real (or constant) 2000 dollars using the Consumer Price Index.

### **Unemployment Rate**

Unemployment is generally available as seasonally unadjusted or adjusted, and there is an advantage to using adjusted data. From the Bureau of Labor Statistics web site (<http://stats.bls.gov/lauseas.htm>), an explanation of why adjusted figures should be used, whenever possible: “Over the year, the size of the Nation's labor force, the levels of employment and unemployment, and other measures of labor market activity undergo sharp fluctuations due to seasonal events including changes in weather, harvests, major holidays, and the opening and closing of schools. Because these seasonal events follow a more or less regular pattern each year, their influence on statistical trends can be eliminated by adjusting the statistics from month to month. These adjustments make it easier to observe the cyclical, long term trend, and other non-seasonal movements in the series.”

Unadjusted numbers were used in this profile in order to obtain an annual average and because county-level data are not available in adjusted format from the Bureau of Labor Statistics web site. This may introduce some error in counties where the size of the workforce fluctuates seasonally, such as tourist destination areas.

### **Farm Income Footnote:**

Note that farm income figures on pages 17 and 9 are not the same. In brief, the figures on page 17 (see table) reflect income from farming *enterprises* (farm proprietors and corporate income), while the farm figure on page 9 (see table) indicates personal income earned by *individuals* (both proprietors, and wage and salary employees) who work in farming.

Note also that the term “farm” includes farming and ranching, but not agricultural services such as supplying soil preparation services and veterinary and other animal services – see table on page 9.

#### **Farm income on page 17 is calculated as follows:**

Total cash receipts and other income  
 less: Total production expenses  
 Realized net income  
 plus: Value of inventory change  
 Total net income including corporate farms

#### **Farm income on page 9 is calculated as follows:**

Total net income including corporate farms  
 less: Net income of corporate farms  
 plus: Statistical adjustment  
 Total net farm proprietors' income  
 plus: Farm wages and perquisites  
 plus: Farm other labor income  
 Total farm labor and proprietors' income

**Income:**

Total Personal Income = private earnings, income from government and government enterprises, dividends, interest, and rent, and transfer payments plus adjustments for residence minus personal contributions for social insurance.

Wage and salary = monetary remuneration of employees, including employee contributions to certain deferred compensation programs, such as 401K plans.

Other labor income = payments by employers to privately administered benefit plans for their employees, the fees paid to corporate directors, and miscellaneous fees. The payments to private benefit plans account for more than 98 percent of other labor income

Proprietors' income = income from sole proprietorships, partnerships, and tax-exempt cooperatives. A sole proprietorship is an unincorporated business owned by a person. A partnership is an unincorporated business association of two or more partners. A tax-exempt cooperative is a nonprofit business organization that is collectively owned by its members.

**Transfer Payments:**

Transfer payments = payments to persons for which they do not render current services. As a component of personal income, they are payments by government and business to individuals and nonprofit institutions.

Retirement & disab. insurance benefit payments = Old-Age, Survivors, and Disability Insurance payments (Social Security), Railroad Retirement and Disability payments, Federal Civilian Employee & Disability Payments, Military Retirement, and State and Local Government Employee retirement payments.

Medical payments = Medicare, public assistance medical care and CHAMPUS payments.

Income maintenance (welfare) = Supplemental Security Income (SSI), Aid to Families with Dependent Children (AFDC), Food Stamps, and Other Income Maintenance Payments, such as emergency assistance, foster care payments and energy assistance payments.

Unemployment insurance benefit payments = unemployment compensation for state and federal civilian employees, unemployment compensation for railroad workers, and unemployment compensation for veterans.

Veterans benefits = primarily compensation to veterans for their disabilities and payments to their survivors.

Federal education and training assistance = Job Corps payments, interest payments on Guaranteed Student Loans, federal fellowship payments, and student assistance for higher education.

Other government payments = compensation of survivors of public safety officers and compensation of victims of crime. In Alaska this item includes Alaska Permanent Fund payments.

Payments to nonprofit institutions = payments for development and research contracts. For example, it includes payments for foster home care supervised by private agencies.

Business payments to individuals = personal-injury liability payments, cash prizes, and pension benefits financed by the Pension Benefit Guarantee Corporation.