

ECONOMIC DEVELOPMENT INDICATORS

Introduction

I. Purpose of Economic Development Indicators

The key outcomes of the Countywide Planning Policies' (CPPs) economic development policies are to:

- Promote Family-Wage Jobs
- Increase Income and Reduce Poverty
- Increase Business Formation, Expansion and Retention
- Create Jobs that Add to King County's Economic Base
- Increase Educational Skills

The purpose of the Economic Development Indicators is to identify trends in King County that support or undermine these outcomes. Over time, the trends established in the Indicators will help the Growth Management Planning Council (GMPC) evaluate the success of the Countywide Planning Policies in achieving their desired outcomes.

The eight Economic Development Indicators cover wages and income, poverty rates, the growth of jobs and new businesses, employment in export industries, high school graduation rates and educational attainment.

II. Key Observations*

The Countywide Planning Policies were adopted in 1994, and most local Comprehensive Plans were adopted in 1994 or later. We are not yet observing the full effects of these planning and policy initiatives. It may be difficult in some cases to isolate the effects of the Countywide Planning Policies from the many factors exerting influence on the Indicators.

Indicator #1 **Real wages per worker.**

- Real wages per worker rose 32% from 1994 to 1999, after largely stagnating between 1980 and 1994. A slight increase in 1995 was followed by more significant increases from 1996 - 1999, bringing real wages in King County well above their highest level during the past twenty years. Real wages rose 8.5% in 1999.

Indicator #2 **Personal and median household income: King County compared to the United States.**

- King County per capita personal income was 150% of the nationwide average in 1998. For the period from 1980 to 1998, the gap between King County personal income and nationwide income widened by 20 percentage points. This may reflect considerable local ownership and income from shares in high-performing Northwest companies.
- The Seattle-Bellevue-Everett metropolitan area, with a 10.4% increase in total personal income from 1997 - 1998, had the second fastest growth in personal income among all metropolitan areas in the U.S. that year.

* See Section V for definitions of terms.

ECONOMIC DEVELOPMENT INDICATORS

- Household income in the region exceeded the nationwide average by 29% in 1999. At \$53,200 in nominal dollars, it represents a modest 2% increase in real household income since 1998.

Indicator #3 **Percentage of population below the poverty level.**

- From 1980 to 1990 there was an increase in the percentage of people living in poverty for all ethnic groups, except non-hispanic whites. More recent data on poverty in King County will be available with the publication of the 2000 census.
- The highest rates of poverty are among Native Americans and Blacks, particularly among families with children. One-third of people in these ethnic groups live in poverty. Smaller percentages of Asian and Hispanic children are below the poverty level. Yet in terms of total numbers, over half of King County's poverty-level children are White.

Indicator #4 **New businesses created.**

- In 1999 the number of businesses increased 2.5% from the previous year. Business growth was particularly strong in 1998 with a 5.0% increase in new businesses. King County's average annual growth rate for new businesses during the 1990's was a modest, but healthy 2.3%.

Indicator #5 **New jobs created, by employment sector.**

- In the five years from 1994 - 1999 overall employment opportunity increased substantially with nearly 200,000 new jobs added.
- From 1990 to 1999, new job creation was approximately 22%, or an average of 2% percent per year, well above population growth.
- In the 1990s employment in the service sector comprised by far the largest share (59%) of new jobs created. Business Services, which includes the subsector of Computer Software and Services, accounted for 30% of all new jobs in the 1990s. Employment in Business Services grew by 113.5% during the 1990s.
- Job losses in the 1990s have been primarily in the Transportation Equipment Manufacturing sector (which includes aerospace manufacturing). Jobs declined by 28% in that sector, amounting to a loss of nearly 27,000 jobs. However, the 1990s have seen a net gain of nearly 7,000 jobs (a 9% increase) in the manufacturing sector outside of the aerospace industry.
- Overall, the loss of 20,000 jobs in manufacturing since 1990 has been more than offset by the 123,000 new jobs created in the services sector, and 34,500 new jobs in retail from 1990 to 1999.

Indicator #6 **Employment in industries that export from the region.**

- Current indications are that the region's traditional export employment base in the aerospace industry has peaked, and its dominance of the County's economy will decline over time. Planned cuts in employment have been particularly sharp in 1999. Therefore, the contribution of other manufacturing industries and of the service sector to basic employment is becoming critical for the economic health of the region.
- Manufacturing still accounts for about 27% of King County's jobs in the export sectors. The number of jobs declined in both the transportation equipment sector and in other manufacturing sectors during 1999. During this past decade, there has been a loss of nearly 27,000 jobs in the aerospace and other transportation equipment industries. However, the other manufacturing sectors gained nearly 7,000 jobs. This has resulted in a net loss of about 20,000 jobs in manufacturing over the past 10 years.

ECONOMIC DEVELOPMENT INDICATORS

- 48% of employment in King County’s export industries involve the export of services rather than of raw materials or manufactured goods. After manufacturing, Business Services is the second highest contributor to the basic sector, with 18% of all jobs in the export industries. Another 30% of jobs in the export sector are in legal, engineering/management, health care, and financial/real estate services. Computer Software and Services, a subsector of Business Services, employs about 3% of all workers in King County and contributes significantly to export activity.

Indicator #7 **Educational background of adult population.**

- A full 33% of King County adults have a college degree compared with 21% nationally. Nevertheless, research indicates that we are importing college graduates to meet our highly skilled labor force needs.
- Educational level is a predictor of future income. In 1997, adults in the U.S. with only a high school education earned roughly half of what those with a Bachelor’s degree or more earned. Those who dropped out of high school earned about 43% of the earnings of those with a college degree.

Indicator #8 **High school graduation rate.**

- The graduation rate in King County school districts dropped 6 percentage points between 1994 and 1997. In 1997/98 it rebounded by nearly 3 percentage points. However, there were still 3,127 students (18.4% of all public high school seniors) who failed to graduate with their class.
- 7.5% of all King County high school students were recorded as dropouts, or as having left school with no record of enrollment elsewhere, during 1997/98. This represents a total of 5,481 students.

III. Discussion

Although each Benchmark Indicator is measured separately, many are interconnected. Factors affecting the Economic Development Indicators will also have effects on the other Indicators in the Benchmark Report. For example, an individual’s educational level affects his or her earning potential. A family’s earnings affect their ability to find affordable housing, and also affects *where* they find affordable housing. This in turn influences their transportation choices. Sectoral shifts in the economy affect wage levels, and influence the type of education needed to earn a family wage. Housing affordability and the quality of the natural environment affect King County’s ability to attract and retain employers; this in turn affects incomes and the health of our local economy.

Wages and Income

The King County economy has shown strong growth during the last five years, and real wages (wage levels after accounting for inflation) have increased 32% during this period. Per capita personal income in real terms also rose an unusually high 22% from 1993 – 1998. However, because exercised stock options are considered as wage earnings, both these measures have been affected by strong growth in Northwest securities holdings by County residents. The \$401,000 of average wages paid to the 25,000 workers in the computer software sector is evidence of this trend. As the growth in stock values slows in 2000, it is likely that this growth in real wages and income will level off. Apart from stock earnings, the growth in income reflects high wages in manufacturing, finance, transportation/utilities, and computer services while wages in retail and non-professional services remain relatively low. When the earnings of software workers are excluded, King County workers earned an average of \$38,000 in 1999.

Apart from the high wages in business/commuter services, the shift in the economy from high-paying jobs in manufacturing to non-professional service jobs may reduce opportunities for wage and income growth,

ECONOMIC DEVELOPMENT INDICATORS

especially for less educated workers. Although real wages are on the rise, there are still many workers whose jobs do not pay a “family wage” as defined by the King County Comprehensive Plan. In 2000, a single wage earner supporting one school age child would have needed a job that paid approximately \$26,325 or \$13.15 an hour to make ends meet in King County, without requiring public assistance. A single wage earner with two children would need to make approximately \$38,750, or \$19.50 per hour to live on a basic needs budget that allows for some ability to deal with emergencies and to plan ahead. This is equivalent to the average wage in the County for all workers outside of the computer software industry, but it is nearly three times the minimum wage.

The high cost of housing in King County (see Chapter Three) means that some workers in King County, particularly those with lower-paying jobs in the non-professional service and retail sectors, are choosing to live in adjacent counties, where housing is more affordable. This increases their transportation costs, contributes to congestion, and adversely impacts air quality. Relatively affordable housing can still be found in much of South King County, and there is evidence of a stabilizing of housing costs this year as the supply begins to catch up with the demand created by the rapid job growth of the last five years. The issue of providing affordable housing and an efficient transportation system for all King County residents and workers continues to be key to quality of life in the region.

Shifts in the Economy

Business growth has been fairly steady through the 1990’s with an average growth rate for new businesses of 2.3% per year.

Overall employment in King County has been extraordinarily strong, with nearly 200,000 new jobs being added in the past five years. There were 123,000 new jobs added in the service sector and 35,000 jobs in retail. Professional service jobs, such as those in health care, legal services, engineering/management services, and computer software and services, are high paying, but many other service and retail jobs are not.

Employment in manufacturing, traditionally a higher-wage sector, was down by nearly 20,000 workers over the decade. In 1999 less than 6% of County workers were employed in the aerospace and other transportation equipment industries compared to 10% in 1990. However, there was a net increase of 7,000 workers in manufacturing jobs outside of the transportation equipment sector. Whereas in 1990, there were 17,000 more workers employed in that sector than in all other manufacturing combined, in 1999, there were 17,000 more workers in all other manufacturing compared to the aerospace/transportation equipment sector.

The future may show some recovery in the aerospace industry, but it is not likely to return to pre-1990 employment levels. Nor does it appear to dominate the region’s business cycles in the same way that it has in the past. In other sectors, King County’s moderate growth should continue, particularly in computer software and services, other services, and retail trade.

Another interesting phenomena in the King County economy is the growth of professional services as an aspect of our export sector. 48% of all employment in King County’s export industries involve the sale of professional services, rather than natural resources or manufactured goods. These “exported” services include computer software/services, legal, engineering and management services, health care, and financial services. Clientele for these services are regional and national as well as local, and hence they bring dollars into the King County economy.

ECONOMIC DEVELOPMENT INDICATORS

Educational Attainment

Our regional economy is increasingly driven by high technology. Information technology and biotechnology are growing in importance alongside our traditional high-tech industries such as aerospace and instrument manufacturing. Washington ranks third among states in the number of software jobs, and in the top ten in biotech jobs. A large share of these jobs are located in King County. These rapidly growing “knowledge-based” industries are dependent upon a highly educated and technically skilled workforce.

According to the 1990 census, King County is a highly educated community in which 88% of the adult population are high school graduates, in contrast to 77% nationally. A full 33% of King County adults have at least a Bachelor’s degree, compared with 21% nationally. The proportion of the adult population with a Bachelor’s degree or higher nearly doubled between 1970 and 1990. In a 1996 survey of high-technology employers, our region’s skilled work force was named more than any other factor as making this a good or excellent place to do business.

This positive news notwithstanding, further improvement in our educational system is critical to the future economic health of individuals and the region. In the same survey cited above, half of employers described our educational system’s preparation of K-12 students as fair, and another 28% described it as poor to failing. Not surprisingly, employers rank improvements in K-12 math and science curricula as a top priority for the State. In 1993, voters passed the education reform law ESHB 1209 to raise academic standards, develop better methods for measuring student performance, and increase accountability for results. These state mandated education reforms are to be implemented in Washington’s public schools by 2000. This marks the first time the state will have one common set of standards to which all students and teachers will be accountable.

High School Graduation Rates

King County public high school graduation rates were fairly stable at about 84% from 1990 - 1994. However, in 1996 the County’s graduation rate fell to 79.7% and in 1997 it fell further to 78.8%. By 1998 it had rallied to 81.6%. This rate measures only those who drop out during the senior year of high school.

In the 1991/1992 school year (the most recent for which race/ethnic breakdowns are available), the graduation rate for Asian students was 88.7%; for Black students, 73.7%; for Native American students, 76.6%; for White students, 84%; and for Hispanic students, 74.5%.

About 5500 public high school students in King County (7.5% of all those enrolled in 9th – 12th grade) were recorded as dropouts or as having left school with no record of enrollment elsewhere, during 1997-1998. Dropout rates are considered somewhat imprecise, in part due to problems tracking students who move to other school districts.

Opportunities are especially bleak for King County youth that drop out of high school. The job pool for uneducated, unskilled workers is shrinking, and pay for these jobs is low. Nationwide, earnings for female high school dropouts fell 20% in real terms from 1991-1997, and for male high school dropouts earnings fell 3%. In 1997, male high school dropouts earned only 42% of what men with Bachelor’s degrees or more earned. Female high school dropouts earned only 45% of what women with Bachelor’s degrees or more earned.

ECONOMIC DEVELOPMENT INDICATORS

IV. General Information About Indicators and Data Sources

Indicators #1 *Real wages per worker*, #4 *New businesses created*, #5 *New jobs created by employment sector* and #6 *Employment in industries that export from the region* rely on employment reports from the Washington State Employment Security Department on number of businesses, covered employment, and wages and salaries by industry sector. Covered employment is all employment covered by unemployment insurance and worker's compensation programs under the Washington State Employment Security Act. It comprises about 90% of total employment.

Indicator #2 *Personal and median household income: King County compared to the United States*, relies on data from the Bureau of Economic Analysis of the U.S. Dept. of Commerce for personal income data. For the 2000 Benchmark Report, the source for median household income has been changed. The new series for 1991 – 1999 is derived from median income levels by household size as defined by the Department of Housing and Urban Development for King County for the purpose of housing assistance eligibility. The complete 1999 table of H.U.D. income levels is shown on page 78. Median income data for 1970, 1980, and 1990 is from the Decennial Census.

Indicator #3 *Percentage of population below the poverty level* and #7 *Educational background of adult population* rely on decennial Census data. Indicator #8 *High school graduation rate* uses information from the Washington State Superintendent of Public Instruction.

V. Definitions of Terms

- **Current** or nominal dollars are unadjusted for inflation.
- **Employment** is covered wage and salary employment (jobs covered by state unemployment insurance). Covered employment represents over 90% of all employment.
- **Export or basic sectors** are those which contribute to the economic base by exporting to the rest of the nation and the world. The figures reported reflect all employment in sectors that are basic, not just employment that is directly related to exports.
- **Household Income** includes income of the householder and all other persons 15 and older, whether related to the householder or not. It includes income from all sources, including but not limited to wages and salaries, interest and dividends, rental income, social security payments and public assistance, retirement pensions, disability benefits, unemployment compensation, alimony and child support
- **Median household income** is the income of the "middle" household, when all households are arranged in order by income. Half the households in the county have a higher income, and half a lower income, than the median household.
- **Per capita personal income** is the total county personal income (including wages, benefits, interest, transfer payments, single proprietor incomes and tips) divided by the total county population.
- **Poverty** is defined based on income. Population below the poverty level refers to persons in households whose incomes are below dollar thresholds updated each year by the federal Office of Management and Budget. The dollar thresholds are based on the Agriculture Department's lowest of three basic food plans, and vary depending on age and family size. In 1980, the threshold was \$7,412 for a family of four. That figure rose to \$12,674 in the 1990 census year, and to \$16,400 for 1997.
- **Real dollars** are dollars adjusted for inflation. The inflation index used is the Consumer Price Index (CPI-Urban) with 1982-1984 = 100.



Metropolitan King County *Countywide Planning Policies* Benchmark Program

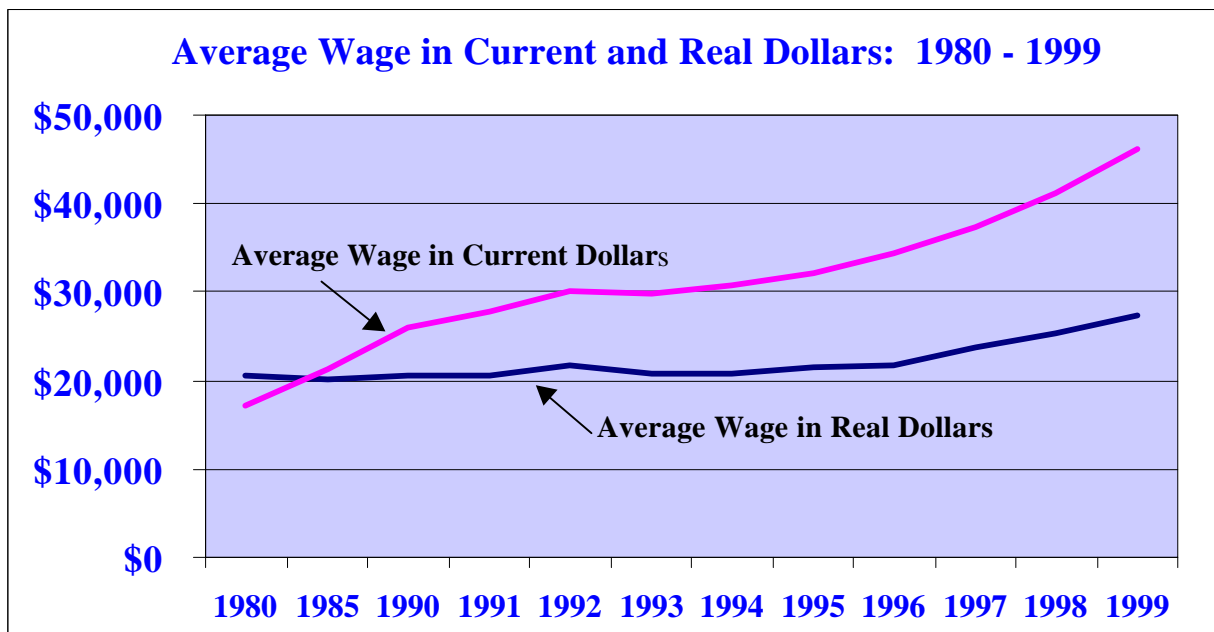
ECONOMIC DEVELOPMENT INDICATORS

ECONOMIC DEVELOPMENT INDICATORS

Outcome: Promote Family-Wage Jobs.

INDICATOR 1: Real wages per worker.

Average Wages Per Covered Worker in King County												
	1980	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Average Wages in Real Dollars	\$20,690	\$20,050	\$20,590	\$20,690	\$21,620	\$20,900	\$20,780	\$21,570	\$21,820	\$23,680	\$25,320	\$27,460
Average Wages in Current Dollars	\$17,110	\$21,170	\$26,110	\$27,750	\$30,050	\$29,870	\$30,720	\$32,210	\$34,370	\$37,300	\$41,275	\$46,050



Definitions:

- Wages shown in the table are per covered worker. Covered workers are all those covered by unemployment insurance and worker’s compensation programs under the Washington State Employment Security Act. They comprise about 90% of total employment.
- The inflation index used is the Consumer Price Index (CPI-Urban) with 1982-1984 = 100. Real dollars are dollars adjusted for inflation using the above index. Nominal or current dollars are unadjusted for inflation.
- The King County Comprehensive Plan defines a **family wage** as a wage that is capable of supporting a family. See observation on the following page.

ECONOMIC DEVELOPMENT INDICATORS

INDICATOR 1:

(continued from previous page)

Observations:

- Real wages per worker rose 32% from 1994 to 1999, after largely stagnating between 1980 and 1994. A slight increase in 1995 was followed by more significant increases from 1996 - 1999, bringing real wages in King County well above their highest level during the past twenty years. Real wages rose 8.5% in 1999.
- This overall average blends high wages in manufacturing, finance, transportation/utilities, and computer services with low wages in retail and non-professional services. The 25,000 workers in computer software/services (a sub-sector of “Business Services”) earned an average of about \$400,000. Their total wages account for 19% of all wage income in the County. However, most of this amount reflects earnings from the sale of stock options by a limited number of software workers rather than regular wages throughout the industry.
- When the earnings of the software sector are excluded, the average earnings of all other workers in the County falls to about \$38,000. Although the increase is much less dramatic, this still represents a significant rise in real wages since 1996.
- Higher real wages in King County for the period 1995 -1999 were due to (a) increases in jobs in high-paying sectors such as aerospace and computer services, (b) lower inflation, and (c) earnings from exercised stock options.
- Although real wages are on the rise in King County, there are still many workers whose jobs do not pay a “family wage”. The Northwest Job Gap Study, published by the Northwest Policy Center at the University of Washington defines a “living wage” as one which “allows families to meet their basic needs without resorting to public assistance, and provides them some ability to deal with emergencies and to plan ahead. It is not a poverty wage.” Using this latter definition, a needs-based budget for King County in 2000, indicates that a family of two, with one working adult and one school-aged child, would need to make about \$26,325 per year, or about \$13.15 per hour. When earnings in the computer software and services sector are excluded, this “family wage” is equivalent to approximately 70% of the average wage in all other sectors. However, it is two times the minimum hourly wage.

Data Source: *Employment and Payrolls in Washington State by County and Industry, Annual Averages*, Washington State Employment Security Department (ESD). The publication is issued quarterly. This information is also available at www.wa.gov/esd/lmea. *The Northwest Job Gap Study* referred to above was conducted by the University of Washington’s Northwest Policy Center and the Northwest Federation of Community Organizations, and was published in January, 1999. King County Office of Regional Policy and Planning prepared an update of this study, making it specific to King County.

Policy Rationale: The policy rationale stems from Countywide Planning Policies FW-36, ED-1, ED-6, and ED-12. This measure monitors how workers are faring, and complements the household income measure (Indicator #2).

ECONOMIC DEVELOPMENT INDICATORS

Outcome: Increase Income and Reduce Poverty.

INDICATOR 2: Per capita personal and median household income: King County compared to the United States.

A. Per Capita Personal Income as a Percent of U.S. Per Capita Personal Income										
Year	1980	1990	1991	1992	1993	1994	1995	1996	1997	1998
Percent of US Per Capita Personal Income	130%	132%	135%	138%	134%	135%	138%	141%	146%	150%
King Co. Per Capita Personal Income in Real Dollars	\$15,638	\$19,390	\$19,112	\$19,777	\$20,005	\$20,334	\$21,571	\$21,867	\$22,682	\$24,392
King Co. Per Capita Personal Income in Nominal Dollars	\$12,933	\$24,587	\$26,031	\$27,747	\$28,587	\$30,054	\$32,205	\$34,440	\$36,971	\$40,905

B. Median Household Income as a Percent of the U.S. Median											
Year	1980	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Percent of US median household income	117%	121%	124%	122%	131%	133%	129%	127%	127%	129%	na
Median Household Income in Real Dollars	\$25,142	\$27,681	\$27,815	\$26,978	\$28,551	\$28,992	\$29,337	\$28,508	\$28,742	\$29,905	\$30,505
Median Household Income in Current Dollars*	\$20,700	\$36,200	\$37,300	\$37,500	\$40,800	\$42,850	\$43,800	\$44,900	\$46,850	\$50,150	\$53,200

Definitions:

- *Per capita personal income is the total County personal income (including wages, benefits, interest, transfer payments, single proprietor incomes and tips) divided by the total County population. Median household income is the income of the “middle” household, when all households are arranged in order by income. Half the households in the county have a higher income, and half a lower income, than the median household.*
- *Median household income as reported in the 1970, 1980 and 1990 Census is for King County. For the 2000 Benchmark Report, the source for median household income has been changed. The new series for 1991 – 1999 (shown above) is derived from median income levels by household size as defined by the Department of Housing and Urban Development for King County for the purpose of housing assistance eligibility. The amount is an average of the median income level for a two-person*

ECONOMIC DEVELOPMENT INDICATORS

INDICATOR 2:

(continued from previous page)

household and a three-person household, since the average household size in King County is 2.4 persons. The complete 1999 table of H.U.D. income levels is shown on page 78.

- *H.U.D. uses the same income levels for all three counties that make up the Seattle-Bellevue-Everett Primary Metropolitan Statistical Area. Since 1993 that PMSA has included Island County as well as King and Snohomish Counties. Note that median household income in the three-county region is likely to be slightly lower than in King County alone.*
- *Household income includes all sources of income and typically includes more than one worker, hence median household income is higher than per capita personal income. There is an average of 1.4 workers per household in King County.*
- *Nominal dollars are dollars unadjusted for inflation. The inflation index used is the national consumer price index for all urban consumers (CPI-U), 1982-1984=100.*

Observations:

- King County personal income was 150% of the nationwide average in 1998. For the period from 1980 to 1998, the gap between King County personal income and nationwide income has widened by 20 percentage points. This measure of personal income includes non-wage income such as dividends and other income from securities. It may reflect considerable local ownership and income from shares in high-performing Northwest companies. Employees of these companies often receive stock and stock options as part of their compensation.
- Total personal income in the Seattle-Bellevue-Everett metropolitan area grew by 10.4% from 1997 – 1998. This was the second fastest growth in personal income among all metropolitan areas in the U.S. that year, after Austin-San Marcos, Texas.
- With declining values in technology stocks during 2000, and considerably slower growth in all income from securities, it is possible that per capita personal income will stagnate or even decline in the current year.
- Household income in the region exceeded the nationwide average by 29% in 1999. At \$53,200 in nominal dollars, it represents a modest 2% increase in real household income since 1998.

Data Sources: Table A: *Local Area Personal Income and Washington Total Personal Income and Per Capita Personal Income* (by county), Bureau of Economic Analysis, U. S. Department of Commerce. The personal income data for 1993 - 1997 were revised and updated in the 1998 Benchmark Report based on figures released by the Bureau of Economic Analysis in April and May, 1998. 1998 per capita personal income data is also from BEA (www.bea.doc.gov/bea/regional/bearfacts). Table B: *Decennial Census of Population: Social and Economic Characteristics, Washington* for median household incomes in 1970, 1980 and 1990. Department of Housing and Urban Development (H.U.D.) Median Family Income and Income Eligibility Limits by Household Size, 1991 – 1999 (<http://huduser.org>).

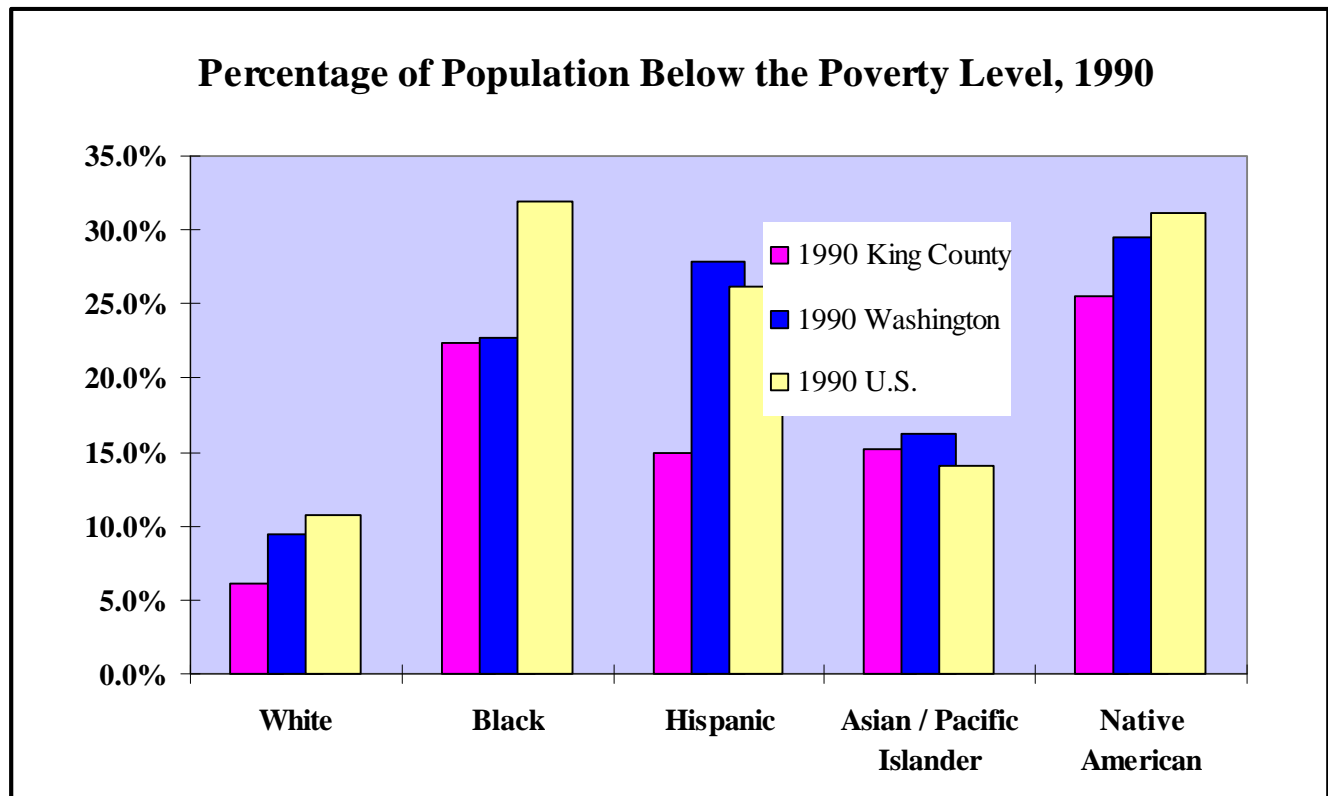
Policy Rationale: The policy rationale stems from Countywide Planning Policies FW-36, ED-1, and ED-6. As King County makes progress towards its goal of strengthening the economy, the earnings of King County residents should improve relative to the U. S. as a whole.

ECONOMIC DEVELOPMENT INDICATORS

Outcome: Increase Income and Reduce Poverty.

INDICATOR 3: Percentage of population below the poverty level.

Percent and Total Number of Persons Below the Poverty Level, by Race/Ethnic Group						
Race/Ethnic Group:	1980	1990 King County		1990 Washington		1990 U.S.
	Percent	Number	Percent	Number	Percent	Percent
Total	7.7%	95,577	8.0%	117,589	10.9%	13.5%
White	6.5%	71,942	6.1%	76,601	9.4%	10.7%
Black	21.0%	11,250	22.3%	16,149	22.8%	31.9%
Hispanic	13.9%	3,642	14.9%	6,134	27.8%	26.2%
Asian / Pacific Islander	13.2%	8,105	15.2%	17,784	16.2%	14.1%
Native American	20.7%	2,673	25.6%	4,432	29.5%	31.2%



ECONOMIC DEVELOPMENT INDICATORS

INDICATOR 3:

(continued from previous page)

Definitions:

- *The poverty threshold is based on income. Population below the poverty level refers to persons in households whose incomes are below dollar thresholds updated each year by the Office of Management and Budget. The dollar thresholds are based on the Agriculture Department's lowest of three basic food plans, and vary depending on age and family size. In 1970, the threshold was \$3,721 for a family of four. That figure rose to \$7,412 and to \$12,674 for the 1980 and 1990 census years, respectively. In 1997 it was \$16,400. "NA" means data were not available*

Observations:

- As the *total numbers* in poverty show, most individuals who are below the poverty level are White. However, non-Whites are far more likely to be poor, as the *percentage* figures indicate. In King County, Native Americans and Blacks are four times more likely to be poor than are Whites.
- The highest rates of poverty are among Native Americans and Blacks, particularly among families with children. One third of Native American and Black children live in poverty. Smaller percentages of Asian and Hispanic children are below poverty level. Yet in terms of total numbers, over half of King County's 32,600 poverty-level children are White.
- There was a 23 percent increase in the number of King County residents with incomes below the poverty level between 1980 and 1990. Yet the overall poverty rate in King County in 1990 at 8.0 percent is still considerably lower than the 10.9 percent in the State of Washington and 13.5 percent nationally.
- *1993 Income and Poverty Estimates* from the U.S. Bureau of Census indicate a rise in King County's poverty rate to 9.9% compared to the 8.0% reported in 1990. According to this estimate 12.2% of children in King County are in households below the poverty threshold, compared to 9.3% reported in 1990. This information is based on a limited sample and is not reported in the table above. No further data will be available until after publication of the results of the decennial census in 2000.

Data Source: *Decennial Census of Population: Social and Economic Characteristics, Washington, 1990. Statistical Abstract of the United States, 1995, U.S. Department of Commerce. County Income and Poverty Estimates for Washington: 1993. Poverty Thresholds, 1997. U.S. Census Bureau.*

Policy Rationale: The policy rationale stems from Countywide Planning Policies FW-34, FW-36, ED-1, ED-12, and ED-13. This Indicator measures the success of King County's efforts to increase the skills and employability of those in poverty and to add them to the work force in jobs that provide wages which support families.

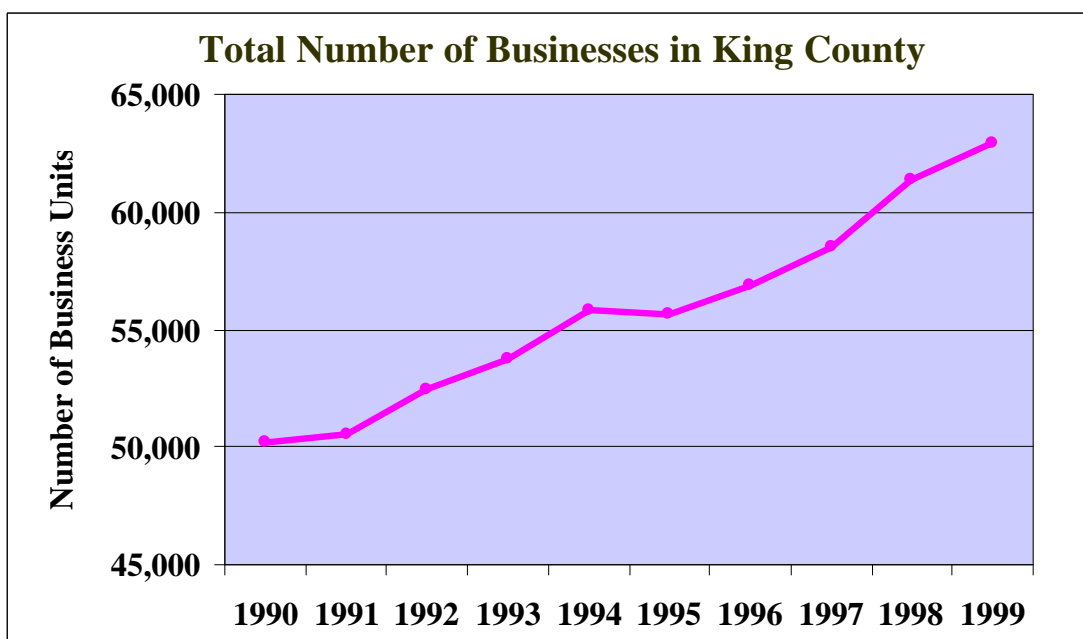
ECONOMIC DEVELOPMENT INDICATORS

Outcome: Increase Business Formation, Expansion and Retention.

INDICATOR 4: New businesses created.

New Businesses Created, King County										
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Total number of businesses	50,204	50,501	52,486	53,748	55,813	55,638	56,887	58,485	61,381	62,890
Number of net new businesses	2,951	297	1,985	1,262	2,065	-175	1,249	1,598	2,896	1,509
Annual growth rate	6.2%	0.6%	3.9%	2.4%	3.8%	-0.3%	2.2%	2.8%	5.0%	2.5%

*The reduced rate of growth between 1990 and 1991 may be due partly to an accounting change in the way businesses and jobs were counted.



Definitions:

- The figures presented above are net figures which account for business closures.
- The annual growth rate is the number of new businesses as a percentage of the previous year's total establishments.
- Businesses shown are employer units (firms, agencies and individuals) whose employees are covered by the Washington State Employment Security Act and Federal government agencies or departments covered by Title 5, U.S.C. 85. All firms regardless of size are included. These firms account for approximately 90% of all employment.

ECONOMIC DEVELOPMENT INDICATORS

INDICATOR 4:

(continued from previous page)

- *Excluded from this analysis are:*
 - *sole proprietorships or partnerships with no employees*
 - *private households as employer units. There has been a significant growth of this group due to 1) an increased awareness of reporting requirements for domestic workers, and to 2) several federal programs which help households to pay for home health or “chore services” for sick or disabled persons. However, many of these “employer units” offer employment for only a short period of time, e.g. for several weeks or months while an individual is recovering, so they are not comparable to long-term employer units.*

Observations:

- In the late 1980s, new businesses were formed at a rate of almost five percent per year. Since 1990, the rate has varied somewhat, declining in 1995 and rising again in 1996 to 1999. Business growth was particularly strong in 1998 with a 5.0% increase in new business, while in 1999 it rose just 2.5%. Over the long term, business growth appears fairly steady.
- King County’s average annual growth rate for new businesses during the 1990’s was a modest, but healthy 2.3%.
- This measure captures business vitality, optimism, entrepreneurial activity, business climate and innovation. As the business climate improves, economic vitality also improves and the numbers in this Indicator increase.

Data Source: *Employment and Payrolls in Washington State by County and Industry, Annual Averages*, Washington State Employment Security Department (ESD).

Policy Rationale: The policy rationale stems from Countywide Planning Policies FW-36, ED-1, ED-6, ED-8 and ED-9. Small business growth has been characterized as the basis of a healthy economy.

ECONOMIC DEVELOPMENT INDICATORS

Outcome: Increase Business Formation, Expansion and Retention.

INDICATOR 5: New jobs created, by employment sector.

Yearly Change in Number of Jobs, Overall and By Sector												
Sector	Job Growth 1990 - 1995	Percent Growth 1990 - 1995	1995	1996	1997	1998	1999	Job Growth 1994 - 1999	Percent Growth 1994 - 1999	Job Growth 1990 - 1999	Percent Growth 1990 - 1999	Annualized Rate of Growth 1990 - 1999
Agriculture/ Forestry/ Fishing/ Mining	-1,048	-11%	-206	138	519	712	208	1,371	16%	529	6%	1%
Construction	-4,952	-10%	-27	1,655	4,394	4,672	4,230	14,924	34%	9,999	21%	2%
All Manufacturing	-35,619	-21%	-3,996	4,279	13,360	6,192	-8,025	11,810	8%	-19,813	-12%	-1%
<i>Transportation Equipment</i>	-36,409	-39%	-6,499	1,751	10,263	4,851	-7,052	3,314	5%	-26,596	-28%	-3%
<i>Other Mfg.</i>	790	1%	2,503	2,528	3,097	1,341	-973	8,496	11%	6,783	9%	1%
Transportation/ Public Util.	3,499	6%	2,233	2,833	2,783	2,901	2,984	13,734	22%	15,000	25%	2%
Wholesale Trade	5,326	8%	3,120	1,428	2,043	2,722	634	9,947	14%	12,153	18%	2%
Retail Trade	8,273	5%	5,164	5,698	4,926	7,765	7,862	31,415	20%	34,524	22%	2%
Finance, Ins. & Real Est.	-1,977	-3%	-2,014	531	1,571	4,321	1,786	6,195	9%	6,232	9%	1%
All Services	40,782	18%	12,144	19,715	21,656	18,815	22,138	94,468	37%	123,106	54%	4%
<i>Business Services (including Software)*</i>	18,349	33%	7,446	12,890	12,329	7,779	11,226	51,670	78%	62,573	114%	8%
<i>All Other Services</i>	22,433	13%	4,698	6,825	9,327	11,036	10,912	42,798	22%	60,533	35%	3%
Government	13,546	12%	2,318	2,471	2,854	2,826	3,632	14,101	11%	25,329	22%	2%
Overall Net Change in Jobs	27,830	3%	18,736	38,748	54,106	50,926	35,449	197,965	21%	207,059	22%	2%

*Currently about 22% of the jobs in this sector are in the computer software industry.

Definitions:

- *Employment figures are for covered workers. Covered workers are all those covered by unemployment insurance and worker's compensation programs under the Washington State Employment Security Act or Title 5, U.S.C. 85. They comprise about 90% of total employment.*
- *In this classification scheme, a sub-category of business services is the computer software and services industry, which employs 22 – 25% of workers in that sector.*

ECONOMIC DEVELOPMENT INDICATORS

INDICATOR 5:

(continued from previous page)

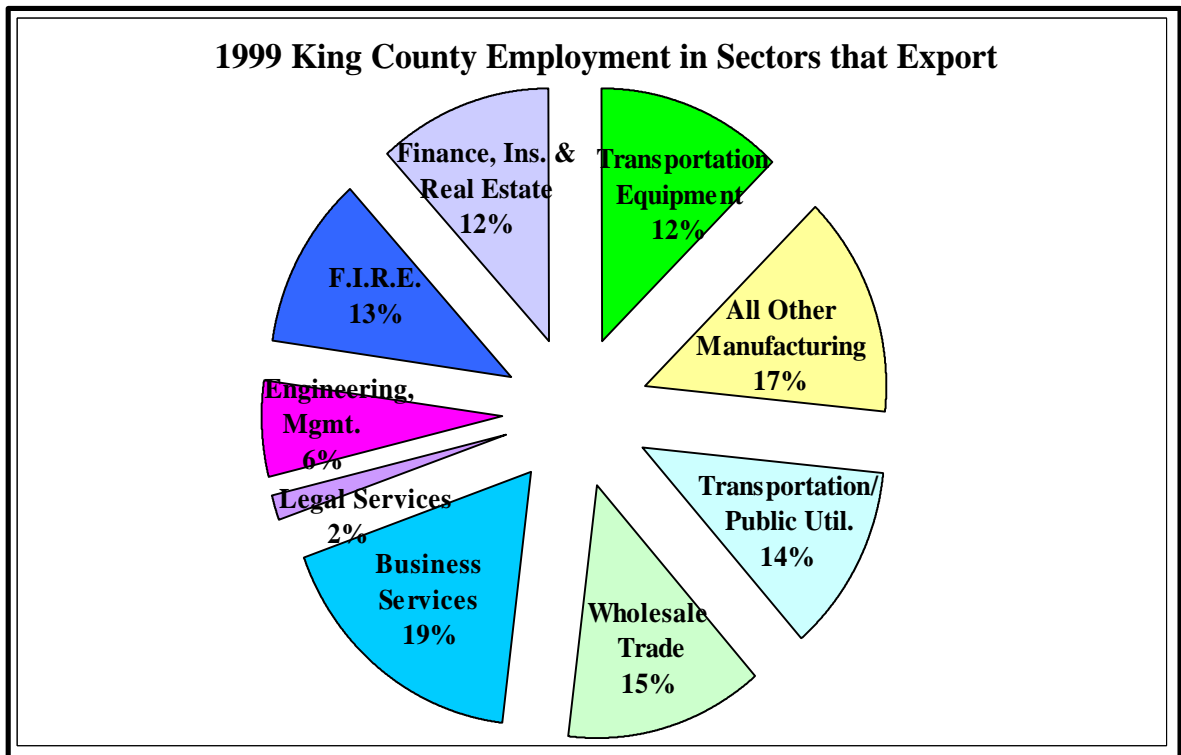
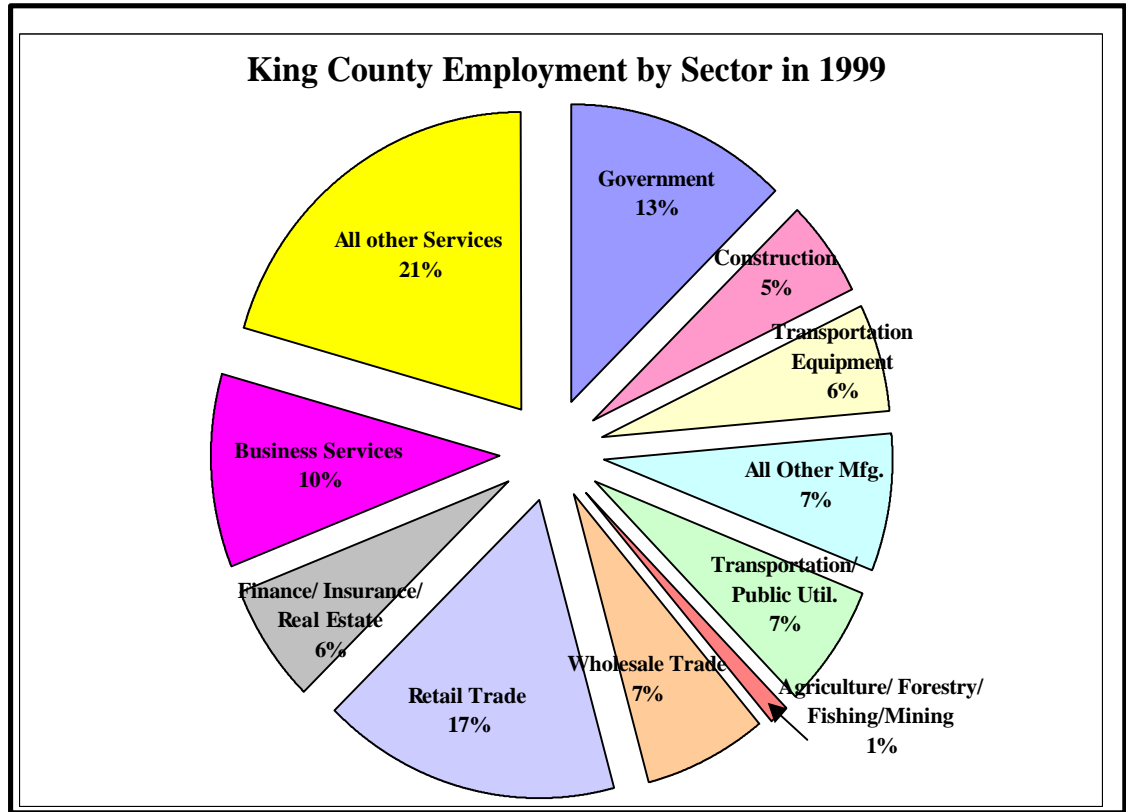
Observations:

- In the five years from 1994 - 1999 overall employment opportunity increased substantially with nearly 200,000 new jobs added.
- From 1990 to 1999, new job creation was approximately 22%, or an average of 2% percent per year.
- Job growth since 1990 has focused more narrowly than the broad growth characteristic of the second half of the 1980s. During that five year period there was a 30% increase in jobs, of which nearly a third were in the Services sector, and the rest were widely distributed across all other sectors.
- In the 1990s Services comprised by far the largest share (59%) of new jobs created. Business Services, which includes the subsector of Computer Software and Services, accounted for 30% of all new jobs in the 1990s. Employment in Business Services grew by 113.5% during the 1990s.
- Retail Trade, Government, Transportation/Public Utilities, and Wholesale Trade contributed the next largest shares of the new jobs, although they are well below the growth in the Service sector.
- In 1999 Services employed 31% of all workers in King County. Over 10% of all County workers were in Business Services. 3% were employed in the subsector of computer software and services.
- In comparison, the sector which includes aerospace manufacturing employed about 5.9% of all King County workers in 1999, down from 6.8% of all County workers in 1998, and from 10% in 1990.
- Job losses in the 1990s have been primarily in the Transportation Equipment Manufacturing sector (which includes aerospace manufacturing). Jobs declined by 28% in that sector, amounting to a loss of 26,600 jobs.
- Although there was a loss in “All Other Manufacturing” in 1999, the 1990s have seen a net gain of nearly 7,000 jobs (a 9% increase) in the manufacturing sector outside of the aerospace industry.
- The Agriculture/Forestry/Fishing/Mining and Construction sectors experienced job losses annually in the 1992 – 1995 period. However, both of these sectors had job gains from 1996 to 1999.
- Overall, job losses since 1990 have been more than offset by the 123,000 new jobs created in the Services sector, and 34,500 new jobs in retail from 1990 to 1999.
- In 1999 overall job growth continued at a slower rate than in either 1997 or 1998. The future may show some recovery in the aerospace industry, but it is not likely to return to pre-1990 employment levels. Nor does it appear to dominate the region’s business cycles in the same way that it has in the past. In other sectors, King County’s moderate growth should continue, particularly in computer software and services, other services, and retail trade.

Data Source: *Employment and Payrolls in Washington State by County and Industry, Annual Averages*, Washington State Employment Security Department (ESD).

Policy Rationale: The policy rationale stems from Countywide Planning Policies FW-36, ED-1, ED-6, ED-8 and ED-9. This Indicator helps evaluate one of the bases of a healthy economy.

ECONOMIC DEVELOPMENT INDICATORS



ECONOMIC DEVELOPMENT INDICATORS

Outcome: Create Jobs that Add to King County's Economic Base.

INDICATOR 6: Employment in industries that export from the region.

Average Monthly Employment in King County Export Sectors, by Year									
Sector	Year							Sector's Share of Export and Total Jobs in County, 1999	
	1980	1990	1992	1994	1996	1998	1999	Export	Total
Manufacturing:	139,324	171,450	161,362	139,827	140,110	159,662	151,637	26.6%	14.1%
<i>Transportation Equipment</i>	73,800	94,015	87,335	64,105	59,357	74,471	67,419	12.4%	6.6%
<i>All Other Manufacturing</i>	65,500	77,435	74,027	75,722	80,753	85,191	84,218	14.2%	7.5%
Transportation/Public Util.	44,416	60,494	60,842	61,760	66,826	72,510	75,494	12.1%	6.4%
Wholesale Trade	51,270	67,605	68,256	69,811	74,359	79,124	79,758	13.2%	7.0%
Services:									
<i>Business Services</i>	29,673	55,130	55,060	66,033	86,369	106,477	117,703	17.7%	9.4%
<i>Legal Services</i>	5,045	10,239	9,761	9,811	9,747	10,095	10,517	1.7%	0.9%
<i>Engineering, Mgmt.</i>	NA	25,768	25,967	27,433	29,766	35,380	37,993	5.9%	3.1%
<i>Health Services*</i>	* Health Services did not qualify as an export sector until recently					67,311	67,765	11.2%	6.0%
Finance, Ins. & Real Estate	52,673	65,815	64,550	65,852	64,369	70,261	72,047	11.7%	6.2%
Total Jobs in Export Sectors	322,377	456,501	445,798	440,527	471,546	600,820	612,914	100.0%	53.1%

Definitions:

- **Export or basic** sectors are those which contribute to the economic base by exporting to the rest of the nation and the world. This analysis defines export sectors as those sectors with Location Quotients greater than 0.3 for manufacturing sectors, greater than 0.9 for professional/financial services, and greater than 1.2 for sectors other than manufacturing and professional services. Location quotients are ratios which identify which industry sectors contribute to the economic base through exports. The formula for Location Quotients is:

$$\frac{\text{Total workers in a particular sector in King County} / \text{Total employment in King County}}{\text{Total workers in a particular sector in the U.S.} / \text{Total employment in the U.S.}}$$

- The higher a King County sector's Location Quotient is, the more it exports to the rest of the nation and the world.
- In this classification scheme, Business Services includes the Computer Software and Services industry.
- The figures shown reflect all employment in sectors that export; however, not all employment in these sectors is directly related to exports.

ECONOMIC DEVELOPMENT INDICATORS

INDICATOR 6:

(continued from previous page)

Observations:

- Current indications are that the region's traditional export employment base in the aerospace industry has peaked and will decline over time. Cuts in employment were particularly sharp in 1999. Therefore, the contribution of other manufacturing industries and of the service sector to basic employment is becoming critical for the economic health of the region.
- Significant amounts of export activity are not represented in the table; the table shows the key export sectors, but sectors other than those shown also export (e.g. educational services and retail) and thereby bring dollars into our economy.
- The Services sector as a whole is not considered an export sector (see *Definitions* above), however the four itemized sub-categories of the Services sector, are considered basic because they serve many clients from outside the County. Since King County increasingly fills the role of a regional medical center, health care now qualifies as an export sector.
- In 1990, there were nearly 17,000 more jobs in transportation equipment manufacturing than in all other manufacturing combined. But the balance of manufacturing employment has shifted, and in 1999, there were about 17,000 more jobs in all other manufacturing than in the transportation equipment sector.
- The number of jobs declined in both the transportation equipment sector and in other manufacturing sectors during 1999. During this past decade, there has been a loss of nearly 27,000 jobs in the aerospace and other transportation equipment industries. However, the other manufacturing sectors gained nearly 7,000 jobs. This has resulted in a net loss of about 20,000 jobs in manufacturing over the past 10 years. Manufacturing still accounts for about 27% of King County's jobs in the export sectors.
- Business Services is the second highest contributor to the basic sector, with 18% of all jobs in the export industries. A total of 30% of jobs in the export sector are in legal, engineering/management, health care, and financial/real estate services. Computer software and services, a subsector of Business Services, employs about 3% of all workers in King County and contributes significantly to export activity. Taken together, this means that 48% of employment in King County's export industries involve the export of services rather than of raw materials or manufactured goods.
- Although agriculture, fishing, and timber are relatively minor employers in this County, they are significant export industries in the larger Puget Sound region and throughout Washington State. Because of their regional importance, they impact the overall economy of King County.

Data Sources: *Employment and Payrolls in Washington State by County and Industry, Annual Averages*, Washington State Employment Security Department (ESD). The annual *Statistical Abstract of the United States* provides data on total national employment and national employment levels by industry sector.

Policy Rationale: The policy rationale stems from Countywide Planning Policies FW-36, ED-1, ED-3, and ED-6a and ED-9. The export base of the economy brings income into the region by selling to customers outside of the region and is the driving force of the economy.

ECONOMIC DEVELOPMENT INDICATORS

Outcome: Increase Educational Skill Levels.

INDICATOR 7: Educational background of adult population.

Educational Background of Adult Population in King County			
Percent of population over 25 with:	1970	1980	1990
High School Diploma or Higher	69%	83%	88%
Some college (includes A.A. degree)	16%	23%	32%
Bachelor's Degree or higher	17%	26%	33%

Definitions:

- *High school diploma figures include GED (General Educational Development) certificate holders. "A.A." refers to Associate of Arts degree. "Some college, includes A.A. degree" includes all who completed one to three years of college.*

Observations:

- In 1990 a far higher proportion of the population held both high school and higher education qualifications than in 1970. King County is a highly educated community in which 88% of the adult population are high school graduates, in contrast to 77% nationally.
- One third of King County adults (over age 25) have a college degree, compared to 21% for the U.S. as a whole. An additional 32% have attended some college, but did not obtain a four year degree. 23% of King County adults have a high school diploma with no further education, and 12% do not have a high school diploma or equivalency degree.
- More current data on educational attainment should be available after the publication of the 2000 census.

The following table and observations are based on data for the nation as a whole, not specifically for King County.

Average Earnings of Year-Round Full-Time Workers in the U.S. by Educational Attainment: 1991 and 1997							
		1991			1997		
		H.S. Dropouts	H.S. Grads	Bach. Degree	H.S. Dropouts	H.S. Grads	Bach. Degree
Male	Current \$	\$ 23,765	\$ 28,230	\$ 50,747	\$ 27,638	\$ 32,611	\$ 66,393
	Real \$*	\$ 17,449	\$ 20,727	\$ 37,259	16,956	20,007	40,732
Female	Current \$	\$ 19,336	\$ 25,554	\$ 33,144	\$ 18,594	\$ 22,656	\$ 41,626
	Real \$*	\$ 14,197	\$ 18,762	\$ 24,335	11,407	13,899	25,537

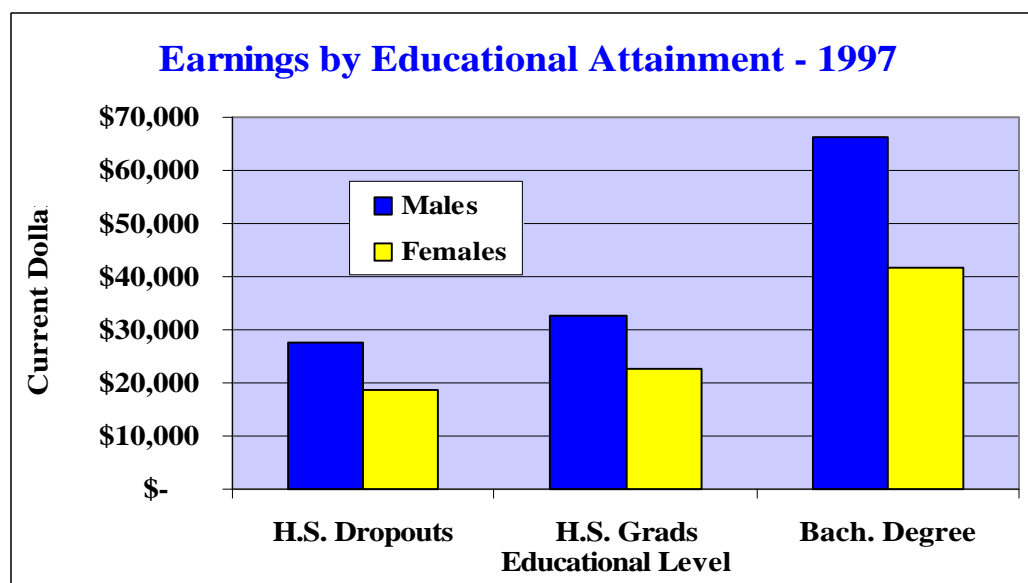
* Based on '82-'84 = 100

ECONOMIC DEVELOPMENT INDICATORS

INDICATOR 7:

(continued from previous page)

- Educational level is a predictor of future income. In 1997, adults in the U.S. with only a high school education earned roughly half of what those with a Bachelor's degree or more earned. Those who dropped out of high school earned about 43% of the earnings of those with a college degree.
- For men, incomes are increasing for those with Bachelor's degrees or more, and falling for those less educated. Nationwide, the average earnings of men with Bachelor's degrees grew 9% in real terms from 1991 to 1997. During the same period, the average real earnings of men with only a high school education and the earnings of male high school dropouts each fell 3%.
- Between 1991 and 1997 women's average earnings in real terms rose just 5% for those with a Bachelor's degree. The average earnings for female high school dropouts working full-time, year-round fell 20% in real dollars, and for female high school graduates real earnings dropped 26%.
- As women reach higher educational levels, their average earnings compared to men at the same educational level actually decline. In 1997, female high school dropouts working full-time, year-round, earned 67% of what male high school dropouts earned. Women with Bachelor's degrees earned only 63% of what men with Bachelor's degrees earned. The disproportion between women and men's salaries, regardless of educational attainment, has actually increased between 1991 and 1997.
- A 1998 survey conducted by Washington State University for the Washington State Office of Financial Management found that nearly two-thirds of individuals without a high school diploma or G.E.D. earned \$25,000 or less



Data Source: Decennial *Census of Population: Social and Economic Characteristics, Washington*. For observations about earnings, *1995 Statistical Abstract of the United States* and *1998 Statistical Abstract of the United States*.

Policy Rationale: The policy rationale stems from *Countywide Planning Policies* FW-31, ED-1 and ED-13. King County must have a work force that is very well educated. Education and training are critical to develop and maintain a highly skilled and well-paid workforce.

ECONOMIC DEVELOPMENT INDICATORS

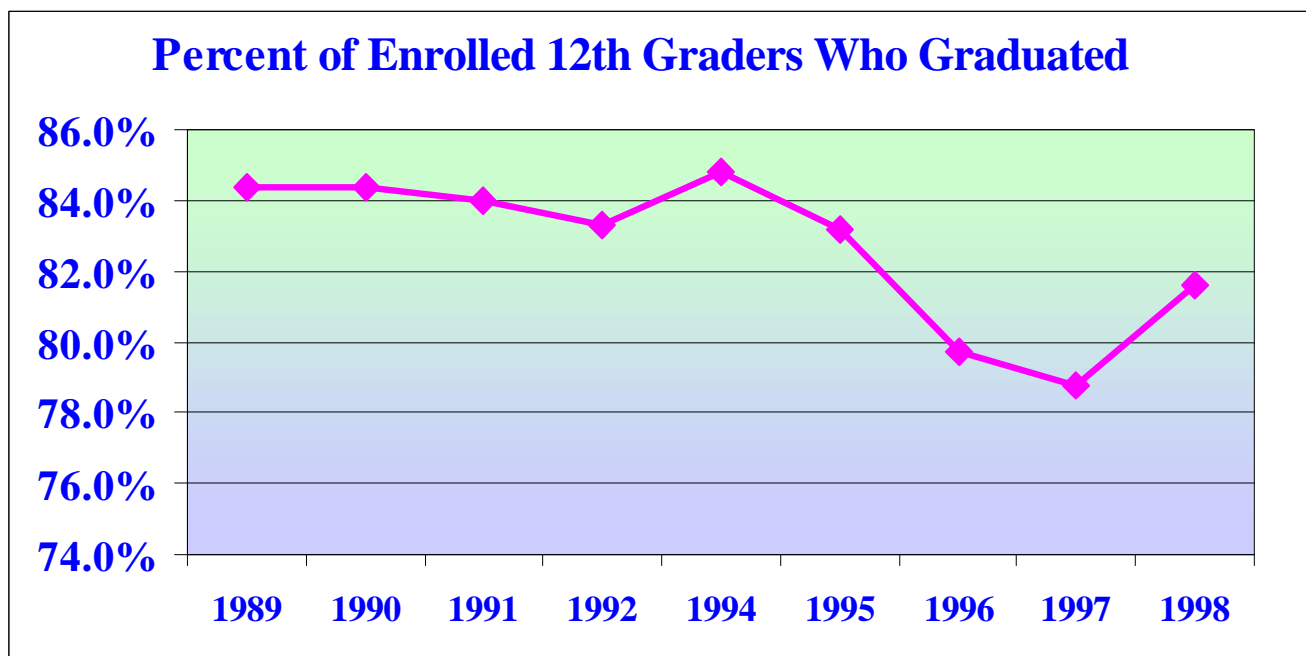
Outcome: Increase Educational Skill Levels.

INDICATOR 8: High school graduation rate.

King County High School Graduation Rates by Race/Ethnic Group									
Graduating Year	1989	1990	1991	1992	1994	1995	1996	1997	1998
Percent Graduating	84.4%	84.3%	84.0%	83.3%	84.8%	83.2%	79.7%	78.8%	81.6%
Black	79.9%	82.6%	77.2%	73.7%	NA	NA	NA	NA	NA
Asian	89.4%	88.7%	88.8%	88.7%	NA	NA	NA	NA	NA
Hispanic	77.8%	78.3%	78.8%	74.5%	NA	NA	NA	NA	NA
Indian	73.2%	70.2%	76.6%	67.6%	NA	NA	NA	NA	NA
White	84.4%	84.3%	84.0%	83.7%	NA	NA	NA	NA	NA

Definitions:

- Graduation rates are for students in public school districts in King County. The graduation rate is the percent of students who graduate out of the number of students enrolled in 12th grade in October of the school year.
- Ethnic designations shown are those used by the Office of the Superintendent of Public Instruction. Data are not available for 1993, and are not available by ethnic group for 1994 - 98.



ECONOMIC DEVELOPMENT INDICATORS

INDICATOR 8:

(continued from previous page)

Observations:

- The graduation rate in King County school districts dropped 6 percentage points between 1994 and 1997. In 1997/98 it rebounded by nearly 3 percentage points. However, there were still 3,127 students (18.4% of all public high school seniors) who failed to graduate with their class.
- 7.5% of all King County high school students were recorded as dropouts, or as having left school with no record of enrollment elsewhere, during 1997/98. This represents a total of 5,481 students.
- Opportunities are especially bleak for King County youth that drop out of high school. The job pool for uneducated, unskilled workers is shrinking, and pay for these jobs is low. Nationwide, earnings for female high school dropouts fell 20% in real terms from 1991-1997, and for male high school dropouts earnings fell 3%. In 1997, male high school dropouts earned only 42% of what men with Bachelor's degrees or more earned. Female high school dropouts earned only 45% of what women with Bachelor's degrees or more earned.
- This Indicator was originally titled '*Percentage of 9th graders who go on to obtain a high school diploma*'. The Washington State Office of the Superintendent of Public Instruction (OSPI) requires school districts to track each student's progress from the 9th through the 12th grades. The new measure is intended to account for students who move or transfer between districts, or leave and return to school. Reliable data from this tracking system is not yet available.
- Approximately 12.5% of all enrolled students in King County attend private schools. They are not considered in this indicator. Minority students represent 20.2% of those enrolled in private schools and 29.8% of those enrolled in public schools in King County.
- In the U.S., the graduation rate is 72%. An international study released in 1998 by the Organization for Economic Cooperation and Development ranked the U. S. second from the bottom among 29 industrialized countries based on its graduation rate.

Data Source: Office of the Superintendent of Public Instruction, Olympia. *1995 and 1997 Statistical Abstract of the United States*.

Policy Rationale: The rationale stems from Countywide Planning Policies FW-34, ED-1 and ED-13.



Metropolitan King County *Countywide Planning Policies* Benchmark Program

ECONOMIC DEVELOPMENT INDICATORS