

## 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 and Retention
- Create Jobs that Add to the 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.

A list of data sources and the policy rationale for each Indicator is included at the end of this chapter.

#### II. Definitions of Terms

- **Current** or nominal dollars are unadjusted for inflation. **Real dollars** are dollars adjusted for inflation. The inflation index used is the Consumer Price Index (CPI-Urban) for King County with 1982-1984 = 100.
- **Employment** refers to covered wage and salary employment (jobs covered by state unemployment insurance). Covered employment represents over 90% of all employment. The **average wage** is the total of all covered wages paid in a given year, divided by the number of covered workers. The **median earnings** (as reported by the census) is the earnings of the middle person in the total population that is reported.
- **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 basic sectors, not just employment that is directly related to exports. A sector is considered basic if the amount it produces locally is relatively

high compared with the amount produced by the nation as a whole. Services, as well as goods, may be "exported" and hence, a service sector can be basic.

- A **family wage** is a wage that is capable of supporting a family.
- **Household Income** includes income of the head of household 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, rent income, social security, 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.
- The median household income used in this report is based on a schedule published by the U.S. Department of Housing and Urban Development. HUD publishes a median household income (100% of median income) for a family of four. It also publishes 50% of median income for households ranging from one to eight persons. Because the average household size in King County is about 2.4 persons, the Benchmark Report interpolates between the median income for a household of two persons and a household of three persons to estimate the median household income for a typical King County household. The calculation doubles the 50% of median income amount to arrive at the 100% figure.
- **Per capita personal income** is the total county personal income (including wages, benefits, interest, single proprietor incomes and tips) divided by the county population.
- **Poverty** is defined by income. Population below the poverty level refers to persons in households whose incomes are below dollar thresholds updated each year by the federal government. They vary depending on age and family size. In 2000, the threshold was just under \$9,000 for an individual, under \$12,000 for a household of two, and about \$17,500 for a household of four.

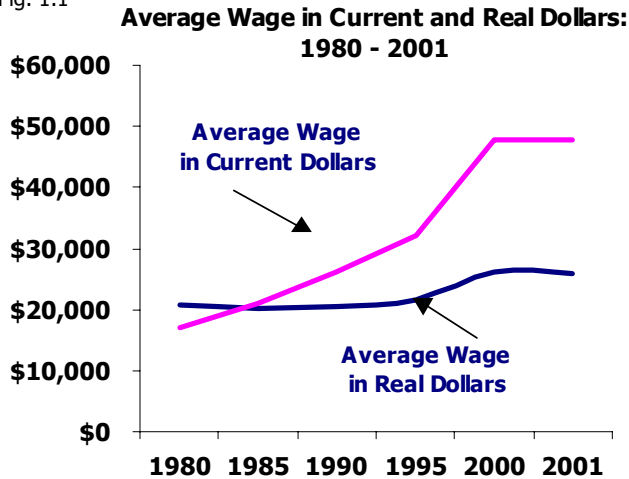
## ECONOMIC DEVELOPMENT INDICATORS

### Outcome: Promote Family-Wage Jobs



#### INDICATOR 1: Real wages per worker.

Fig. 1.1



#### About This Indicator

- The average wage in King County was \$47,760 during 2001, an increase of less than \$50 per worker.
- When the earnings of the software sector are excluded, the average earnings of all other workers in the County falls to about \$42,000. But this represents an increase of nearly \$1,800 per worker since 2000.

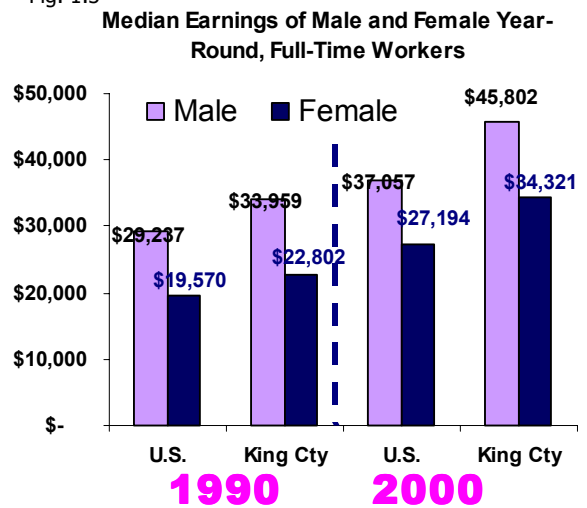
Fig. 1.2

Average Wages Per Covered Worker in King County						
	1980	1985	1990	1995	2000	2001
Average Wages in Real Dollars	\$20,690	\$20,050	\$20,590	\$21,570	\$26,290	\$25,900
Average Wages in Current Dollars	\$17,110	\$21,170	\$26,110	\$32,210	\$47,710	\$47,757
Average Wages in Current Dollars without Software Sector					\$40,200	\$42,000

- For the second year in a row, real wages per worker (after inflation) declined in King County, falling to \$25,900 in 2001. They had reached a 20-year high of \$26,400 in 1999.
- Real wages in King County are still well above the 1990 – 1995 level. After a period of stagnation during the 1980s, real wages rose just under 1% per year in the first half of the decade, and over 4% per year from 1995 – 2000.
- There are still many workers whose jobs do not pay a “family wage”. A needs-based budget for King

County in 2000, indicated that a family of three, with one working adult, one toddler, and one school-aged child, would have needed to make at least \$40,000 per year, or about \$20 per hour. This amount was three times the minimum hourly wage, and one and a half times the average wage for retail workers.

Fig. 1.3



- There remains a very significant gap between the median earnings of women and men. However, wage disparity between men and women has lessened in the last decade.
- In 1990, the median earnings of year-round full-time female workers was just 67% of what their male counterparts earned. In 2000, females throughout the U.S. earned 73% of what males earned, while in King County they earned about 75% of what males earned.

#### What We Are Doing

- Providing workforce training, placement, and retention for individuals with multiple disadvantages.
- Aiding low-income workers in transitioning from welfare to the workplace.
- Seeking ways to attract and retain businesses which pay a “family” or “living” wage, particularly in economically depressed areas of the County.

## 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*

Fig. 2:1

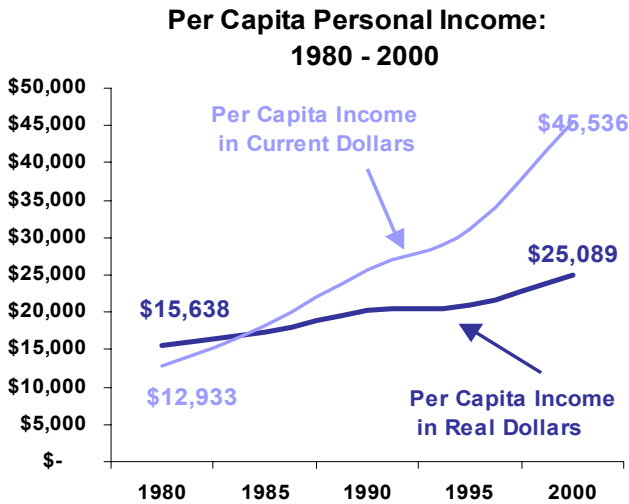


Fig. 2.2

Per Capita Personal Income as a Percent of U.S. Per Capita Personal Income					
Year	1980	1985	1990	1995	2000
<b>Percent of US Per Capita Personal Income</b>	<b>130%</b>	<b>129%</b>	<b>132%</b>	<b>133%</b>	<b>155%</b>
<b>King Co. Per Capita Personal Income in Real Dollars</b>	\$15,638	\$17,275	\$20,286	\$20,874	\$25,089
<b>King Co. Per Capita Personal Income in Current Dollars</b>	\$12,933	\$18,242	\$25,723	\$31,165	\$45,536

### About This Indicator

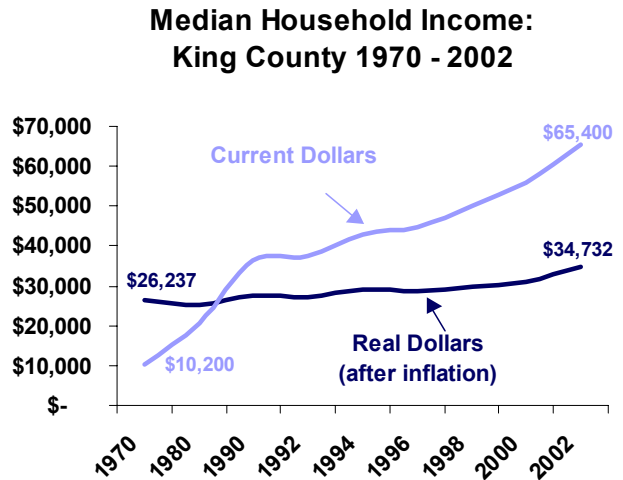
*Per Capita Personal Income*

- King County Per Capita Personal Income was \$45,500 in 2000, up from \$43,200 in 1999. In the decade since 1990, it has risen at an average annual rate of nearly 6%, slightly slower than the 7% average rate of the 1980s.
- In real dollars (after accounting for inflation), per capita personal income has risen at an annual average rate of 2.1% compared to an annual average rate of 2.6% during the 1980s.

- With declining income from securities, as well as higher unemployment, it is likely that growth in per capita personal income will be considerably slower in 2001 and 2002.

*B. Median Household Income*

Fig. 2.3



- Median household income for King County is \$65,400 in current dollars. In 1970, it was just \$10,200.
- In real dollars, median household income has grown about .9% per year over the past thirty-two years. Real income growth has accelerated during the 1990s, with incomes growing nearly 2% per year faster than inflation from 1990 to 2002.

Fig. 2.4

Median Household Income as a Percent of the U.S. Median					
Year	1970	1980	1990	1996	2002
<b>Percent of US median household income</b>	<b>117%</b>	<b>117%</b>	<b>121%</b>	<b>127%</b>	<b>na</b>
<b>Median Household Income in Real Dollars</b>	\$26,237	\$25,142	\$27,681	\$28,508	\$34,732
<b>Median Household Income in Current Dollars</b>	\$10,200	\$20,700	\$36,200	\$44,900	\$65,400

## ECONOMIC DEVELOPMENT INDICATORS

### INDICATOR 2:

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- The median household income in King County, as reported by the 2000 Census (for income in 1999) was 127% of the national median.
- It appears that median HH income continued to grow strongly despite a slowing economy in 2000 – 2001. A combination of more workers per household and slightly higher average wages may account for this.

### For Comparison

- King County personal income was 155% of the nationwide average in 2000. For the period from 1980 to 1999, the gap between King County personal income and nationwide income has widened by 25 percentage points.
- Median household income in the region exceeded the nationwide median by 38% in 2001.

### What We Are Doing

Both per capita personal income and median household income are dependent on factors in the national economy that are not susceptible to influence by local action. However, efforts attract

and retain businesses, improve local wages, and maintain a favorable economic climate, do influence the income of residents. Some efforts in this direction include: *to*

- Providing financing incentives to projects that generate union-scale construction jobs, and that also reserve a fixed percentage of permanent employment for low- and moderate-income workers.
- Requiring the use of apprentices during construction at County-funded projects, in order to encourage youth to enter trades that will pay a family wage.
- As a Brownfields Showcase Community, helping to preserve and reclaim contaminated industrial land, and thus to retain and expand the number of family-wage jobs in the County.
- Seeking to attract higher-paying technology and manufacturing jobs, especially to less affluent areas of the County.
- Working to insure sufficient physical and technological infrastructure in the urban areas to allow new industries to flourish.

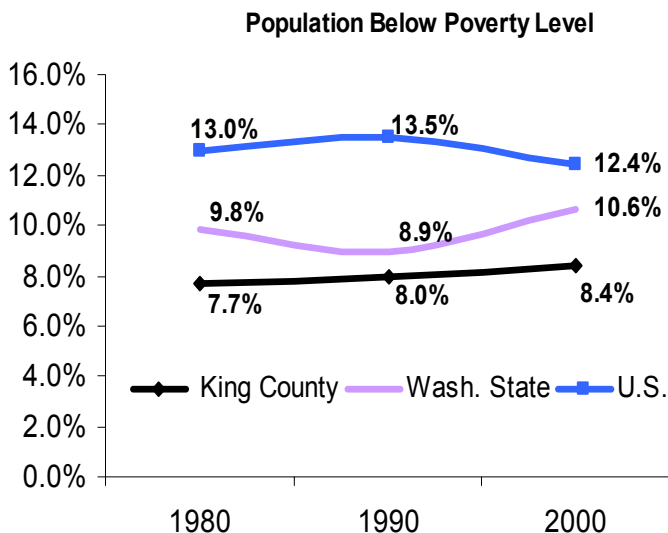
## Outcome: Increase Income and Reduce Poverty



### INDICATOR 3: Percentage of population below the poverty level.

**Definition of Poverty:** In 2000, a family of four with an annual income just under \$17,500 had poverty status. An individual with an income below \$9,000 was considered to be living in poverty. The poverty threshold is established at the federal level, and does not account for local variation in cost of living.

Fig. 3.1



### About This Indicator

- The percent of King County residents living in households with incomes below the poverty threshold rose from 8.0% to 8.4% between 1990 and 2000. This continued the trend toward more poor people in the County, during a decade when the national poverty rate fell from 13.5% to 12.4%.
- However, the overall poverty rate in King County in 2000, at 8.4%, was still considerably lower than the 12.4% national rate, and lower than the 10.6% rate in Washington State.

### What We Are Doing

- Targeting poverty areas in the County for intensive community and economic development activity.

## ECONOMIC DEVELOPMENT INDICATORS

### INDICATOR 3:

(continued from previous page)

- Improving the employability of low income people and long-term welfare recipients, through the Jobs Initiative and Welfare to Work programs.
- Setting goals of sufficient affordable housing in each of the jurisdictions to meet the needs of

households making under 50% and under 80% of the County median income. (See Indicator 29).

- Providing financing incentives to commercial and industrial development projects that reserve a fixed percentage of permanent jobs for low and moderate-income workers.

### Outcome: Increase Business Formation, Expansion and Retention



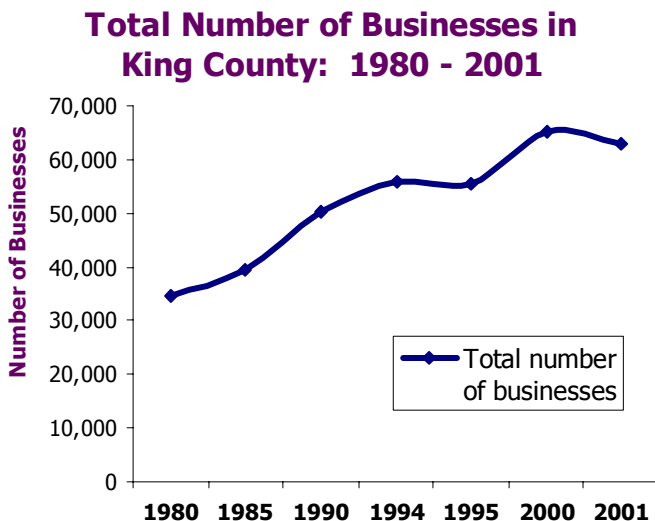
### INDICATOR 4: New businesses created.

This measure captures business vitality, optimism, entrepreneurial activity, business climate and innovation. As the business climate changes, economic vitality is affected, and more new businesses are created or lost.

Fig. 4.1

New Businesses Created, King County							
	1980	1985	1990	1995	2000		2001
Total number of businesses	34,624	39,575	50,204	55,638	65,042		62,828
Number of Net New Businesses in Preceding Five Years	NA	4,951	10,629	5,434	9,404	Change from 2000 - 2001	-2,214
Average Annual Growth Rate for Preceding Five Years	NA	2.7%	4.9%	2.1%	3.2%	Percent Change from 2000 - 2001	-3.4%

Fig. 4.2



### About This Indicator

- The total number of businesses in King County declined in 2001, the first such decline in over a decade.
- The net decline in businesses was felt in most sectors of the economy. It was evident in the financial, insurance, and real estate sector (F.I.R.E.), in construction, in wholesale and retail trade, in computer services, and in manufacturing.
- In the late 1980s, new businesses were formed at a rate of almost 5% per year. From 1990 – 1995, the rate of business formation was 2.1% per year, while during the last five years of the 1990s, business growth strengthened again, showing an average annual growth rate of about 3.2%. Over the long term, business growth appears fairly steady.

### What We Are Doing

- Providing loans to qualified small businesses that do not have access to traditional financing.
- Working with organizations, such as the Economic Development Council of King County, to implement business retention and expansion programs.
- Providing support, training, and advocacy for disadvantaged businesses.
- Coordinating efforts that foster a positive climate for economic growth, such as improved public transportation, technological infrastructure, opportunities for workforce education and training, good schools, and workforce housing.

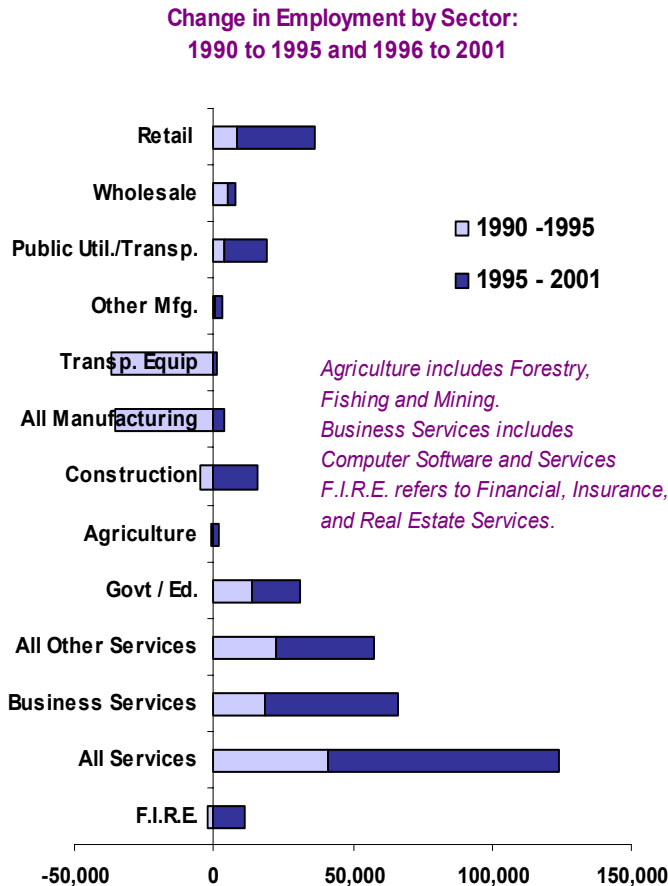
## ECONOMIC DEVELOPMENT INDICATORS

### Outcome: Increase Business Formation, Expansion and Retention



#### INDICATOR 5: New jobs created, by employment sector.

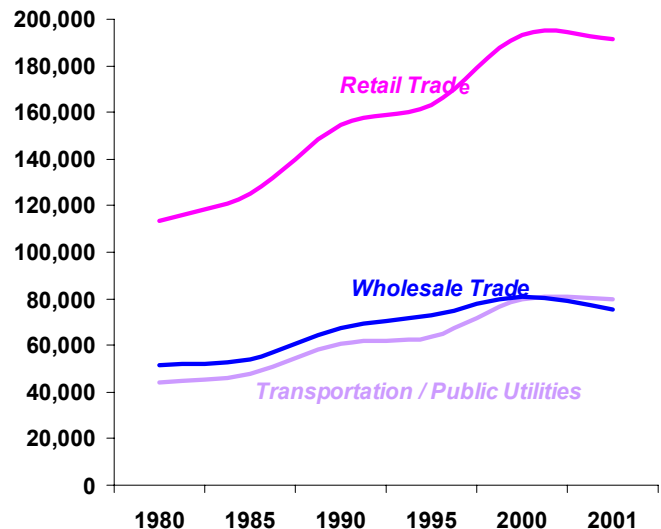
Fig. 5.1



- The remainder of the *Service* sector (other than *Business Services*) gained a further 56,600 jobs since 1990. Despite a troubled economy, it gained 2,021 jobs during 2001.
- The *Transportation Equipment* subsector of *Manufacturing*, (which includes the aerospace industry), experienced heavy job losses during the first half of the 1990s, but actually had a net gain of 2,261 jobs from 1995 – 2001. It lost just over 1,000 jobs during 2001, some due to the moving of Boeing’s corporate headquarters out of King County. A more significant employment loss in this sector is anticipated for 2002.
- The rest of the *Manufacturing* sector lost 3,600 jobs in 2001, but nevertheless it maintained a modest gain of 3,400 since 1990.
- *Retail* posted the third largest gain in employment over the eleven year period, with a net increase of 36,300 jobs since 1990. This is about 18% of the total job increase. It lost 2,250 jobs in 2001.
- *Wholesale Trade* was more adversely affected by the economic downturn of 2001, with a net job lost of 5,500. During the decade, however, over 7,500 new jobs were created in the *Wholesale* sector.

Fig. 5.2

**Change in Jobs 1980 - 2001:  
Transportation and Trade**



#### About This Indicator

- In 2001, King County lost 20,631 jobs. This is the first year of net job loss since 1993 when approximately 2,500 jobs were lost. It is the first year of a loss of this magnitude since the early 1970s.
- Despite this severe job loss in 2001, King County gained nearly 207,000 net new jobs during the 1990 – 2001 period. Job creation was approximately 22% for the decade, or an average of 2% per year.
- *Business Services*, which includes the subsector of *Computer Software and Services*, lost 12,100 jobs in 2001, over half of the total job loss. However, this sector gained a net of 66,500 jobs since 1990, nearly a third of the total employment increase for the period.

## ECONOMIC DEVELOPMENT INDICATORS

### INDICATOR 5:

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Fig. 5.3

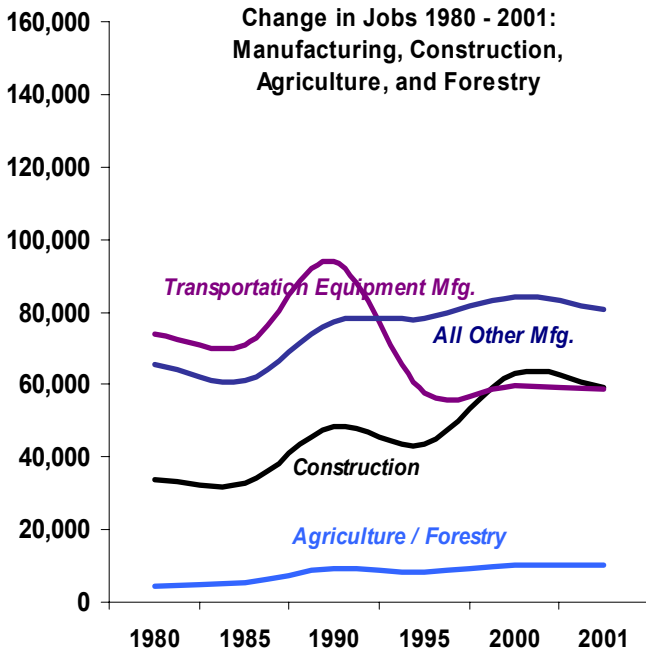
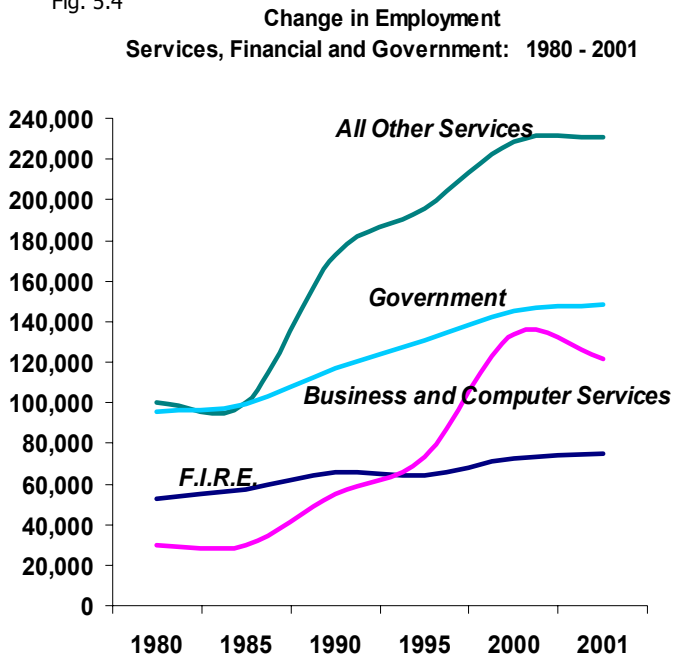


Fig. 5.4



- Like the computer services industry, *Transportation Equipment* employed just over 5% of all King County workers in 2001, down from 6.8% of all County workers in 1998, and from 10% in 1990.

- Retail jobs pay an average wage of just over \$25,000, and many jobs in the *Service* sector are also relatively low-paying. On the other hand, the 32,000 net jobs lost in manufacturing paid relatively high wages.

### What We Are Doing

- Initiating small area and sub-regional economic development planning and implementation activities.
- Working in public-private partnership other economic development organizations, to attract new businesses and to implement business retention and expansion programs.
- Implementing the "Jobs Initiative: and "Welfare to Work" programs to improve the employability of workers in the community.

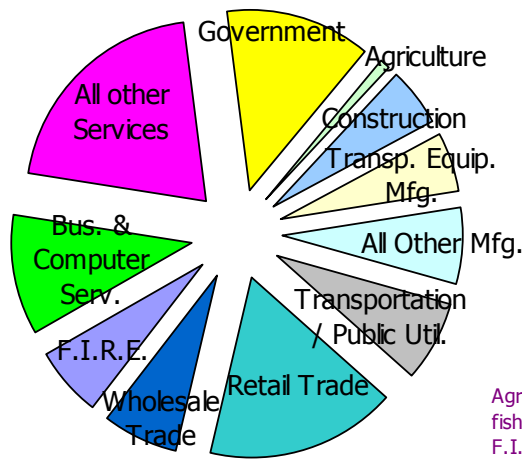
Fig. 5.5

Change in Number of Jobs, Overall and By Sector						
Sector	1990 - 1995		1995 - 2000		2000 - 2001	
	Change in Number of Jobs	Average Annual Change	Change in Number of Jobs	Average Annual Change	Change in Number of Jobs	Annual Percent Change
Agriculture/Forestry/ Fishing/ Mining	-1,048	-2.3%	1,813	3.9%	-155	-1.5%
Construction	-4,952	-2.1%	19,510	7.7%	-3,985	-6.3%
All Manufacturing	-35,619	-4.6%	8,435	1.2%	-4,588	-3.2%
Transportation Equipment	-36,409	-9.3%	2,261	0.8%	-1,011	-1.7%
Other Mfg.	790	0.2%	6,174	1.5%	-3,577	-4.2%
Transportation/ Public Util.	3,499	1.1%	15,822	4.5%	-245	-0.3%
Wholesale Trade	5,326	1.5%	7,770	2.0%	-5,522	-6.8%
Retail Trade	8,273	1.0%	30,299	3.5%	-2,248	-1.2%
Finance, Ins. & Real Est.	-1,977	-0.6%	8,399	2.5%	2,701	3.7%
All Services	40,782	3.3%	93,472	6.1%	-10,079	-2.8%
Business Services (including Software)*	18,349	5.9%	60,318	12.7%	-12,100	-9.0%
All Other Services	22,433	2.5%	33,154	3.2%	2,021	0.9%
Government / Education	13,546	2.2%	14,152	2.1%	3,490	2.4%
<b>Overall Net Change in Jobs</b>	<b>27,830</b>	<b>0.6%</b>	<b>199,672</b>	<b>3.9%</b>	<b>-20,631</b>	<b>-1.8%</b>

\*Currently about 44% of the jobs in this sector are in the computer software and services industry. There are 60,000 jobs in the computer software subsector, or about 5% of all County employment.

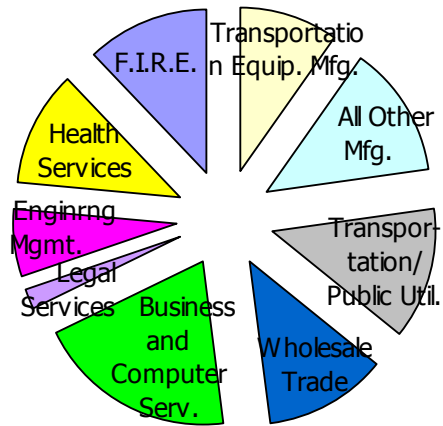
## ECONOMIC DEVELOPMENT INDICATORS

**2001 King County Employment by Sector**



Agriculture includes forestry, fishing, and mining.  
F.I.R.E. stands for financial, insurance, and real estate services.

**2001 King County Employment in Sectors that Export**



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

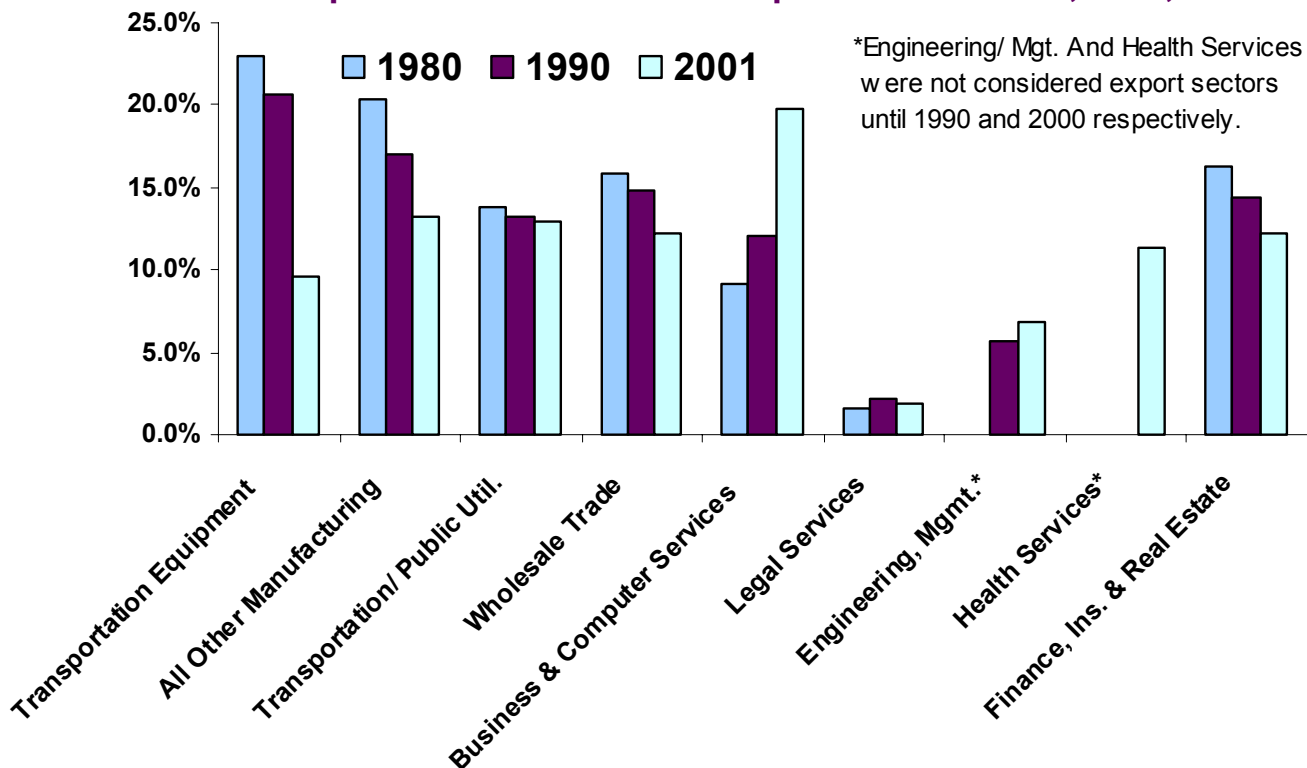
**INDICATOR 6:** Employment in industries that export from the region.



Export or basic sectors are those which contribute to the economic base by exporting to the rest of the nation and the world. Services as well as goods may be "exported", i.e. they serve a significant portion of clients who reside outside the County. The figures shown reflect all employment in sectors that export; however, not all employment in these sectors is directly related to exports.

Fig. 6.1

### Proportion of Jobs in Each Export Sector: 1980, 1990, 2000





## ECONOMIC DEVELOPMENT INDICATORS

### INDICATOR 6:

(continued from previous page)

#### About This Indicator

- Employment in the *Transportation Equipment Industry* (mainly aerospace) now accounts for less than 10% of jobs in King County's export industries. In 1980 it accounted for 23% of those jobs.
- *Manufacturing*, as a whole, has declined from 43% of export jobs in 1980 to under 23% in 2001.
- The greatest growth in the export industries has been in business/computer and professional services. *Business Services* now comprises 20% of export industry jobs, compared to 9% in 1980.
- A total of 32% of jobs in the export sector are in *Legal Services, Engineering/Management, Health Care, and Financial/ Real Estate Services*. Combined with *Business and Computer Services*, 52% of employment in King County's export industries involve the

export of services rather than of raw materials or manufactured goods.

- 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.

#### What We Are Doing

- As a Brownfields Showcase Community, providing technical support and assistance for the clean-up of contaminated industrial sites so that they can be reclaimed for manufacturing/ industrial uses.
- Providing assistance in the social and economic development of depressed communities in order to attract long-term business investment, particularly in basic sector industries.
- Sponsoring subregional efforts to attract more high technology and biotechnology companies, as well as other basic sector industries.

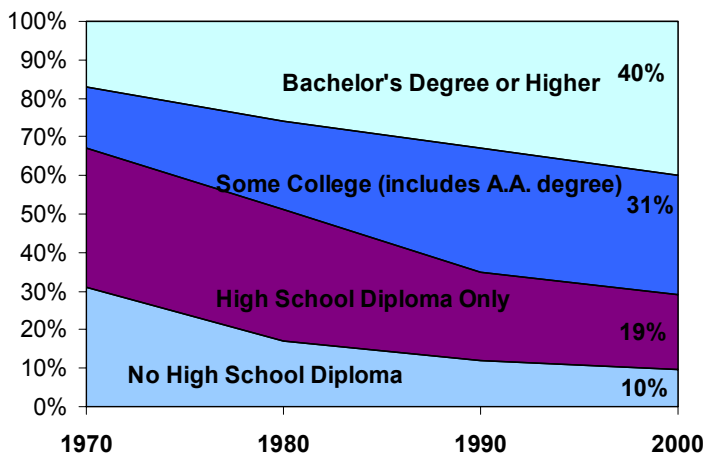
### Outcome: Increase Educational Skill Levels

### INDICATOR 7: Educational background of adult population.



Fig. 7.1

Educational Attainment of King County Population Over 25 Years of Age

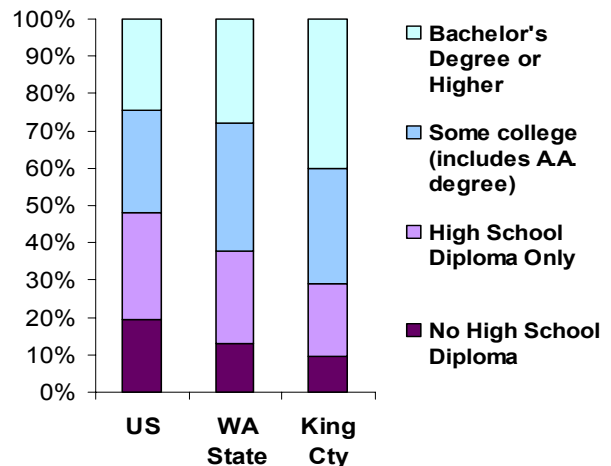


High school diploma figures include GED (General Educational Development) certificate holders.

#### About This Indicator

- 2000 Census data shows that King County is a highly educated community in which 90% of the adult population are high school graduates. This is up from 87% in 1990.

Educational Attainment of Adult Population in 2000: U.S., WA State, and King County



## ECONOMIC DEVELOPMENT INDICATORS

### INDICATOR 7:

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- In King County a record 40% had a Bachelor's Degree or higher, compared to 33% in 1990.

### For Comparison

- In Washington State 87% of adults over 25 years of age had high school diplomas, while in the U.S. as a whole just 80% have high school diplomas.
- In Washington State 28% of adults had a bachelor's degree or higher. Nationally, 24% of adults had bachelor's degrees.
- Generally, the percent of the population with high school and college degrees increases as members of the older generations, with less access to educational opportunities, die.

### Educational Attainment and Earnings: National Data

- Educational level is a predictor of future income. In 1998, adults in the U.S. with only a high school education earned roughly half of what those with a college degree earned.

- Those who dropped out of high school earned about 38% of the earnings of those with a college degree.

### What We Are Doing

- Requiring the use of apprentices in County-funded construction projects, in order to encourage youth to be trained in trades which will pay a family-wage.
- Providing services to families with children and youth at risk of leaving the educational system.
- Managing the Renton Worksource Center to assist clients in finding training and/or employment, and to support employers through employee training and retraining, and through assistance in hiring employees.
- Providing GED and work skills training through Opportunity Skyway and Youth Build.
- Provide training and reemployment services to dislocated workers in King County.
- Encouraging families to read to their children and take part in other life-long learning activities, especially through the King County Library System.

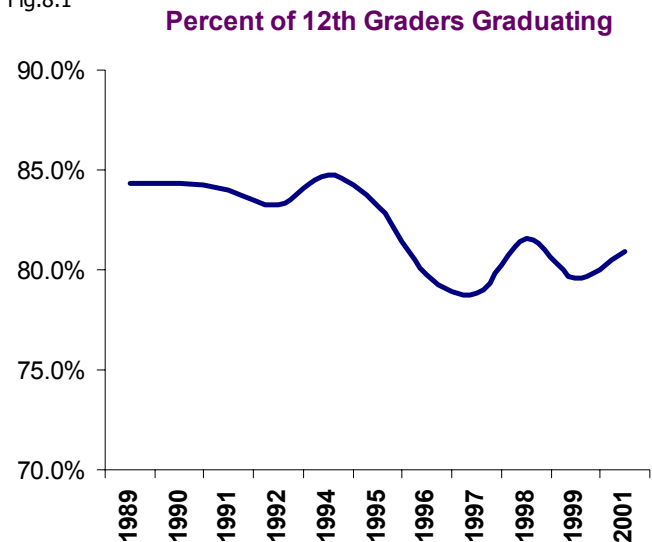
## Outcome: Increase Educational Skill Levels



### INDICATOR 8: Twelfth Grade Graduation Rate.

Graduation rates are for students in public school districts in King County. This graduation rate, published by the Washington State Office of the Superintendent of Public Instruction (OSPI), measures the percent of students who graduate out of the number of students enrolled in 12th grade in October of the school year. It does not account for dropouts prior to 12th grade, so is considered by some to be an overstatement of the actual percent of students who graduate. An alternative method is to determine the number of 9th graders who successfully complete high school and graduate, but so far there has been little success in tracking this in Washington State. The method used below (the number of graduates / the October enrollment) is the only available long-term trend data.

Fig.8.1



Graduating Year	Percent Graduating
1989	84.4%
1990	84.3%
1991	84.0%
1992	83.3%
1993	NA
1994	84.8%
1995	83.2%
1996	79.7%
1997	78.8%
1998	81.6%
1999	79.6%
2000	NA
2001	80.9%

## INDICATOR 7:

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### About This Indicator

- For 2001 the graduation rate in King County school districts was 80.9%, up slightly from the 1999 rate. Reliable data for 2000 is not available.
- In 2001, the King County graduation rate showed a 3.4 percentage point drop from the rate in 1990.
- 2001 graduation rates in King County school districts ranged from 68% to over 100% (due to transfers in, or to re-entry programs).
- There are 19 school districts in King County. Although the aggregated graduation rate in King County went up slightly between 1997 and 2000, only 6 of the 19 school districts reported a higher graduation rate. In the other 13 districts the graduation rate was lower in 2001 than in 1997.
- A recent study completed by the Manhattan Institute for Policy Research, and funded by the Bill and Melinda Gates Foundation, has faulted the state graduation statistics as misleading and unrealistically high. An alternative method, employed by the Manhattan Institute Study, is to determine what percent of ninth graders successfully complete high school and graduate, accounting for

transfers in and out, and for deaths. OSPI has attempted to track this, but has not yet published reliable statistics using this "9<sup>th</sup> grade cohort graduation" method.

- Using this alternative method, the Manhattan Study estimated that one-third of Washington State public high school students fail to graduate. This differs from the OSPI statistics which show about 20% failing to graduate. In Seattle, the study estimated that about 71% of the 2001 cohort (9<sup>th</sup> graders in 1997) graduated. OSPI reported a twelfth grade graduation rate of 79% in Seattle in 2001.
- In the U.S., the graduation rate is about 72%. Recently the U.S. was ranked just 27<sup>th</sup> among 29 industrialized countries based on its graduation rate.
- In 1998, high school dropouts earned only 38% of what those with Bachelor's degrees or more earned.

### What We Are Doing

- Supporting academic programs which provide career exploration opportunities for youth, such as: 1) the John Stanford Public Service Academy; 2) High Technology Learning Centers; 3) Opportunity Skyway; 4) Worktraining; 5) Summer Youth Employment; and 6) TransEd Program, which introduces and prepares teachers for careers in transportation.
- Through New Start, providing an adjudicated Youth Stay in School Program.
- Developing a variety of programs for Out of School Youth, including the Career Development Learning Center; Career Education Opportunity Centers; and Youth Build.

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## Data Sources and Policy Rationale for Economic Indicators

### Indicator 1: Real Wages Per Worker

**Data Source:** *Employment and Payrolls in Washington State by County and Industry, Annual Averages*, Washington State Employment Security Department (ESD). *The Northwest Job Gap Study* 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." This study was conducted by the University of Washington's Northwest Policy Center, and was published in January, 1999.

1990 and 2000 *Decennial Census of Population*.

**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).

### Indicator 2: Personal Income and Median Household Income

**Data Sources:** Fig.2.1 and Fig. 2.2: *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. Per capita personal income table are available on the web at [www.bea.doc.gov/bea/regional/bearfacts](http://www.bea.doc.gov/bea/regional/bearfacts). 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 Northwest companies. Employees of these companies often receive stock and stock options as part of their compensation. The 1999 Percent of US Per Capita Personal Income is based on Census data.

Fig. 2.3 and Fig. 2.4: *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 – 2002, available on the web at <http://huduser.org> The figures for 1996, 2000, and 2002 (as shown in Fig. 2.4) are derived from median income levels by household size as defined by the Department of Housing and Urban Development. The amount is an average of the median income level for a two-person household and a three-person household, since the average household size in King County is 2.4 persons. The complete 2001 table of H.U.D. income levels is shown at the beginning of Chapter Three.

The median household income determined by the 2000 Census is based on reported income for 1999. It was \$53,200, the same as the 1999 interpolated H.U.D. figure of \$53,200 for a 2.4 person household.

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.

**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.

#### **Indicator 3: Percentage of Population in Poverty**

**Data Source:** *Decennial Census of Population: Social and Economic Characteristics, Washington, 1980, 1990 and 2000.* [www.census.gov](http://www.census.gov) *Statistical Abstract of the United States, 2000*, U.S. Department of Commerce.

**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.

#### **Indicator 4: New Businesses Created**

**Data Source:** *Employment and Payrolls in Washington State by County and Industry, Annual Averages*, Washington State Employment Security Department (ESD). The figures presented are net figures which account for business closures. Businesses shown are firms, agencies and sole proprietorships whose employees are covered by the Washington State Employment Security Act and Federal government agencies or departments. All firms regardless of size are included. These firms account for approximately 90% of all employment. Excluded from this analysis are: sole proprietorships or partnerships with no employees; and private households as employer units. Many of these "employer units" offer employment for only a short period of time so they are not comparable to long-term employer units.

The annual growth rate is the average percentage growth per year of net new businesses over the previous five year period.

**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.

#### **Indicator 5: New Jobs by Employment Sector**

**Data Source:** *Employment and Payrolls in Washington State by County and Industry, Annual Averages*, Washington State Employment Security Department (ESD), 1980 - 2000. 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. They comprise about 90% of total employment.

In the S.I.C. classification scheme, business services is a subset of All Services, and a sub-sector of business services is the computer software and services industry. Currently, there are approximately 60,000 jobs in the computer software subsector. About 5% of all County employment.

**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.

#### **Indicator 6: New Jobs in Sectors that Export**

**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. 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 or world.

**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.

#### **Indicator 7: Educational Background of Adult Population**

**Data Source:** Decennial Census of Population (1970, 1980, 1990, 2000): *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.

#### **Indicator 8: Twelfth Grade Graduation Rate**

**Data Source:** Office of the Superintendent of Public Instruction, Olympia. *Statistical Abstract of the United States, 1995, 1997, 2000*. Education Liaison for the King County Executive Department. 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. A report on the Manhattan Institute Study appeared in the Seattle PI, August 28, 2002.

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