SKAGIT COUNTY ECONOMIC PROFILE

July 22, 2016

Prepared for
The Port of Skagit

Student Authors:
Adam Schaffer

Prepared by
WESTERN WASHINGTON UNIVERSITY
CENTER OF ECONOMIC AND BUSINESS RESEARCH
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Introduction
The Center for Economic and Business Research uses a number of approaches to help inform its clients so that they are better able to hold policy discussions and craft decisions. The approaches are all insightful, they are all useful, and they are all a part of the debate, however, none are absolutely fail-safe. Data, by nature, is challenged by how it is collected and how it is leveraged with other data sources; following only one approach without deviation is ill-advised. An abundance of perspectives is fundamental to the ongoing success of the clients we work with. The following report is designed to stimulate discussion and to go beyond simplistic anecdotal data points.

The Skagit County economy to the untrained eye appears simple. One would easily assume that the primary driver of the economy would be agriculture with other sectors taking a much smaller role. One would also assume that tourism, whether for events such as the Tulip Festival or the many shopping destinations, would also be a significant contributor. The truth is that the Skagit County economy is much more diverse.

To the trained eye, the Skagit County economic system looks significantly different. The drivers of the economic system are changing, growing, and adapting to larger economic forces. The report contains a wide-range of data points and discussions that provide multiple viewpoints of what make up and support the county’s economy from the standpoints of retail/income activity, labor/employers and education pathways.

About the Authors
This report has been prepared by the Center for Economic and Business Research (The Center) located within the College of Business and Economics at Western Washington University (WWU). The Center works in partnership with businesses, government entities and non-profits to bridge the resources of WWU students, faculty and staff from throughout the WWU Community to create high quality analysis and proposed solutions to challenges. From answering the simple question, creating understandable and thorough analysis documents, creating internships, class projects, to faculty projects, we assist in creating an informed path to help business owners and policy shapers make decisions to move forward.

We are always seeking opportunities to bring the strengths of Western Washington University to fruition within our region. If you have a need for analysis work or comments on this report, we encourage you to contact us at 360-650-3909. To learn more about The Center, please visit us online at http://cbe.wwu.edu/cebr/.
Labor/Employers

This section provides information from a variety of lenses surrounding what the conditions are in Skagit County for employees and employers. In a very broad sense, there has been little change in the labor/employer market in the past year, with employment remaining relatively stable. According to Washington State’s Quarterly Census of Employment and Wages (QCEW) data for the time period ending Q3 2015, total percent change in employment from September 2014 to September 2015 was .1 percent with 3,953 firms and an employment base of 49,675. This is an increase of 68 employees. The average wage for this time period was $815 per week, an increase of $25 or 3.2 percent from the prior year. Washington as a whole reported a 2.5 percent increase in overall employment with an average weekly wage of $1,111 up 2.2 percent or $24.

Unemployment Rate in Skagit County

According to Washington State’s Employment Security Department, Skagit County’s civilian labor force averaged 56,207 in 2015. Of that annual average, 52,398 people were employed and an additional 3,809 people were estimated to be unemployed and actively seeking work.

During the recent period of recession and recovery, unemployment in Skagit County peaked at 11.7 percent in February 2010. Despite this peak, the average unemployment rate that year was 10.9 percent. The unemployment rate has been falling slowly but consistently throughout 2012 though the end of 2015. The unemployment rate as of November 2015 had fallen to 6.4 percent.

**Figure 1: Unemployment Rates Across Washington 2008 - 2015**

<table>
<thead>
<tr>
<th>Year</th>
<th>Skagit County</th>
<th>King County</th>
<th>Whatcom County</th>
<th>Washington</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>6.1</td>
<td>3.9</td>
<td>5.3</td>
<td>5.5</td>
</tr>
<tr>
<td>2009</td>
<td>10.2</td>
<td>8</td>
<td>8.5</td>
<td>9.2</td>
</tr>
<tr>
<td>2010</td>
<td>10.9</td>
<td>9</td>
<td>9.5</td>
<td>9.9</td>
</tr>
<tr>
<td>2011</td>
<td>10.4</td>
<td>8</td>
<td>8.9</td>
<td>9.2</td>
</tr>
<tr>
<td>2012</td>
<td>9.6</td>
<td>6.4</td>
<td>8</td>
<td>8.1</td>
</tr>
<tr>
<td>2013</td>
<td>8.6</td>
<td>5</td>
<td>7.4</td>
<td>6.9</td>
</tr>
<tr>
<td>2014</td>
<td>7.4</td>
<td>4.6</td>
<td>6.7</td>
<td>6.1</td>
</tr>
<tr>
<td>2015</td>
<td>6.8</td>
<td>4.1</td>
<td>5.9</td>
<td>5.7</td>
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</tbody>
</table>

Data from Bureau of Labor Statistics
The resident labor force in Skagit County is influenced by high seasonality, largely due to the substantial and highly visible agricultural sector. Late every summer, the labor force swells then contracts during off peak seasons. From 2002 to 2008, the Skagit County labor force averaged 1.9 percent growth per year. Since reaching peak levels in 2008, the labor force in Skagit County has been declining.

The unemployment rate data presented in the figure spans from before the 2008 economic crisis to today. The current unemployment rate is at about the same level as it was in 2008.

Although Skagit County’s unemployment rate is slightly higher than that of Washington State (5.5 percent in December 2015) the trend in unemployment is very similarly correlated, implying that Skagit County’s employment is improving similar to the rest of the state.

This data is seasonally adjusted to account for the expected changes in employment from season to season. The data was collected from the Employment Security Department, the Bureau of Labor Statistics, and Local Area Unemployment Statistics.
Average Annual Wages by Sector

The highest average annual wages come from utilities at $80,000-$90,000 a year, and management of companies and enterprise at $70,000-$80,000 a year. The next two highest paying occupations are manufacturing, at $54,000-$60,000 a year and construction, at $53,000-$60,000 a year. The lowest paying sector is accommodations and food services at less than $20,000 a year.

The largest sectors in Skagit County are Government, Retail Trade, Manufacturing, and Healthcare and Social Assistance. The average wage for government employees, which includes teachers and Native American and reservation based businesses, is $45,000 a year. Retail trade’s wages are low, at $28,000 a year, while manufacturing wages are $58,000 a year. Healthcare and social assistance wages stand at $33,000 a year.

Of specific interest in this data are the manufacturing sector wages. In separately conducted studies, The Center found that wages at the two refineries located in Skagit County average above $100,000. These make up nearly the entire top tier of wages in the county – 98 percent of positions pay less and only .25 percent pay higher. Given a sector average of $58,000 and extreme influence, The Center believes that manufacturing jobs, other than those at the mentioned refineries, actually have much lower wages than suggested by the average.

In analyzing revenue and employment data it is critical to understand the substantial tribal influence on data for Northwest Washington. Tribes, tribal enterprises, and businesses with a reporting address within tribal land are all reported as within the government sector. A hotel worker at a tribal hotel, for example, is reported as a government employee, as would a casino employee.

Skagit County varies in average wages from other counties as depicted in the following figure.

**Key Point**

The highest paying sectors are utilities and management and the lowest paying sector is food services.

**Key Point**

Manufacturing wages are significantly influenced by those employed at the refineries and may grossly overstate the non-refinery position wages.

**Key Point**

Tribes, tribal enterprises, and businesses with a reporting address within tribal land are all reported as within the government sector.

**Figure 2: Average Wage by Sector (QCEW)**
It can be noted that the average annual wages have increased over the past five years in the top industries, except for healthcare. This data is collected from QCEW.

**Figure 3: Average Annual Wages in Top Sectors**

Source: Quarterly Census of Employment and Wages
Top Employers of Skagit County

The Center asks businesses for permanent full-time employees based in Skagit County each year – the following table is for employment counts as of December 31, 2015. It is important to note that differences exist in how companies define full-time, how companies count people who work in different locations during the year, etc. Numbers in the table should be used for discussion purposes and reference, with an understanding of the uncertainty surrounding the numbers.

Not all companies contacted agreed to have their employment numbers published. If and omission is believed to have occurred, please contact The Center by phone at 360-650-3909 or by e-mail at cebr@wwu.edu.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company Name</th>
<th>Full Time Only</th>
<th>Notes</th>
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<tr>
<td>1</td>
<td>Skagit Regional Health</td>
<td>1004</td>
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<tr>
<td>2</td>
<td>Island Hospital</td>
<td>743</td>
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<tr>
<td>3</td>
<td>Janicki Industries</td>
<td>655</td>
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<tr>
<td>4</td>
<td>Skagit County Government</td>
<td>577</td>
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<tr>
<td>5</td>
<td>Sedro Woolley School District</td>
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<td>FTE reported</td>
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<tr>
<td>6</td>
<td>Skagit Valley Casino Resort</td>
<td>500</td>
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</tr>
<tr>
<td>7</td>
<td>Swinomish Casino</td>
<td>499</td>
<td>Estimated number</td>
</tr>
<tr>
<td>8</td>
<td>Peace Health United General Medical Center</td>
<td>400</td>
<td>Estimated number</td>
</tr>
<tr>
<td>9</td>
<td>Tesoro Refinery</td>
<td>394</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Dakota Creek Industries Inc</td>
<td>361</td>
<td></td>
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<tr>
<td>11</td>
<td>Burlington Edison School District</td>
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<td>FTE reported</td>
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<td>12</td>
<td>PACCAR Technical Center</td>
<td>340</td>
<td>FTE reported</td>
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<tr>
<td>13</td>
<td>Shell Puget Sound Refinery</td>
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<td>14</td>
<td>Hexcel</td>
<td>254</td>
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<td>15</td>
<td>Walmart</td>
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<td>16</td>
<td>Costco</td>
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<td>Skagit State Bank</td>
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<td>18</td>
<td>Skagit Gardens Inc</td>
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<td>Mount Vernon School District</td>
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<td>20</td>
<td>Home Depot</td>
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<td>21</td>
<td>Kmart Chrysler Dodge</td>
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<tr>
<td>22</td>
<td>Fred Meyer</td>
<td>45</td>
<td></td>
</tr>
</tbody>
</table>

**Table 1: Top Employers As of December 31, 2015**
Major Employers
A separate file has been provided listing 764 companies operating in Skagit County with more than 20 employees. This file provides multiple data points to provide custom analysis as desired. This data is from a public listing of business data and is likely to vary from data held by the various government entities within Skagit County.
B&O Tax Receipts

Business and Occupation tax (B&O), as defined by the Washington Department of Revenue, is a gross receipts tax, measured on the value of products, gross proceeds of sale, and/or the gross income of a business. This tax structure is significantly different than a traditional income tax model because it is calculated by the gross income from activities with limited deductions from the B&O tax base for labor, materials, taxes, or other costs of doing business. Below is data from Washington’s Department of Revenue for the years 2009 to 2014.

Excluding ‘Total All Industries’ category, for all years, ‘Business, Personal, and other services’ has been the top grossing category, while ‘Mining’ has been the least profitable.

From 2009 to 2014, revenue within Skagit County subject to business and occupation tax has increased by nearly $200,000,000.

When utilizing Washington Department of Revenue (DOR) data for Sales Revenue by a region, it is critical to understand the limitations of the data provided by the State. DOR data lists only those businesses with a filing address located within the region specified and does not necessarily represent all firms located within the region. For example, a firm located in Anacortes may use a tax preparer and filing address in Whatcom County which would cause the sales data to appear in a Whatcom County report. This potential error may also apply in the reciprocal, where a Whatcom firm may appear within Skagit County data. Numbers and trends indicated within the DOR data are for informational and evaluative purposes only and should not be used as hard facts.

**Figure 4: B&O Tax Receipts 2009 – 2014 Major Sectors**

Source: Washington State Department of Revenue
### Figure 5: B&O Tax Receipts 2009 – 2014 Other Sectors

Source: Washington State Department of Revenue

#### Table 2: B&O Tax Receipts, By Two Digit NAICS 2009-2014

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ag, Forest, Fish &amp; Mining, Quarrying Extracting (11-21)</td>
<td>$9,072,407</td>
<td>$11,536,603</td>
<td>$13,173,042</td>
<td>$13,438,390</td>
<td>$13,106,763</td>
<td>$15,780,739</td>
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<tr>
<td>Utilities (22)</td>
<td>$19,202,776</td>
<td>$23,008,178</td>
<td>$25,010,306</td>
<td>$26,199,140</td>
<td>$26,980,936</td>
<td>$26,309,912</td>
</tr>
<tr>
<td>Construction (23)</td>
<td>$161,549,680</td>
<td>$147,853,626</td>
<td>$149,690,308</td>
<td>$157,910,553</td>
<td>$176,788,136</td>
<td>$196,377,582</td>
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<tr>
<td>Manufacturing (31-33)</td>
<td>$353,723,503</td>
<td>$375,591,293</td>
<td>$441,254,148</td>
<td>$473,175,124</td>
<td>$497,372,391</td>
<td>$519,915,197</td>
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<tr>
<td>Wholesale Trade (42)</td>
<td>$379,973,364</td>
<td>$388,018,345</td>
<td>$420,989,398</td>
<td>$448,922,244</td>
<td>$474,924,272</td>
<td>$494,402,269</td>
</tr>
<tr>
<td>Retail Trade (44-45)</td>
<td>$412,915,640</td>
<td>$437,899,314</td>
<td>$475,489,505</td>
<td>$498,176,296</td>
<td>$519,157,335</td>
<td>$543,338,152</td>
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<td>Transportation, Warehousing (48-49)</td>
<td>$25,109,119</td>
<td>$27,982,147</td>
<td>$29,890,639</td>
<td>$31,533,126</td>
<td>$30,946,820</td>
<td>$31,775,280</td>
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<td>Information (51)</td>
<td>$123,045,715</td>
<td>$130,434,815</td>
<td>$137,168,264</td>
<td>$144,079,532</td>
<td>$155,114,098</td>
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<td>Finance, Insurance, Real Estate (52-53)</td>
<td>$244,005,536</td>
<td>$277,496,054</td>
<td>$307,599,891</td>
<td>$345,302,417</td>
<td>$351,131,371</td>
<td>$337,004,674</td>
</tr>
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<td>Business, Personal, and other Services (54-92)</td>
<td>$963,172,504</td>
<td>$1,098,415,996</td>
<td>$1,207,687,436</td>
<td>$1,261,350,448</td>
<td>$1,217,973,030</td>
<td>$1,194,394,519</td>
</tr>
<tr>
<td>Total All Industries</td>
<td>$2,694,101,336</td>
<td>$2,920,758,937</td>
<td>$3,210,574,761</td>
<td>$3,402,486,807</td>
<td>$3,465,909,553</td>
<td>$3,514,370,868</td>
</tr>
</tbody>
</table>

Source: Washington Department of Revenue
Jobs Created by Sectors

Examining jobs created by sector within a community helps support the concept of business clustering, supports efforts to promote specific growth or attraction efforts, and provides community leaders with opportunities for further development and support.

It must be noted that within Skagit County, change in employment has not exceeded a change of 550 employees over five years in any sector. In fact, all but four sectors experienced a change of less than 200 employees added or subtracted. This indicates stability despite the economic challenges of the past five years within the business community.

The most prominent employment changes have occurred in Manufacturing with 549 jobs added, Government with 347 jobs added, Administrative and Waste Services with 313 jobs added, and Health Care and Social Assistance with 484 jobs subtracted. Coincidentally, Government, Manufacturing, and Health Care and Social Assistance are three out of the four largest sectors. Retail, which is the second largest sector, has had 34 jobs subtracted over five years.

When analyzing revenue and employment data, it is critical to understand the substantial tribal influence on data for Northwest Washington. Tribes, tribal enterprises, and businesses with a reporting address within tribal land are all reported as within the government sector. A hotel worker at a tribal hotel, for example, is reported as a government employee, as would a casino employee.

Overall, the net job creation has been positive. Of the total 20 sectors, 13 sectors have added jobs, while only 7 have subtracted them.

The source for this data is the Quarterly Census for Employment and Wages Annual Averages.

Key Point
Within Skagit County it must be noted that change in employment has not exceeded a change of 550 employees over five years in any sector. In fact, all but four sectors experienced a change of less than 200 employees added or subtracted.

Data Note
Tribes, tribal enterprises, and businesses with a reporting address within tribal land are all reported as within the government sector.
FIGURE 6: NET CHANGE IN EMPLOYMENT BY SECTOR

Source: Quarterly Census for Employment and Wages Annual Averages
Employment Shares of Top Four Sectors

The following table represents the employment shares of top four sectors over a five-year time period. As can be noted, the percentages of employment between various sectors have not changed by more than 1 percent over six years.

<table>
<thead>
<tr>
<th>Sector</th>
<th>2009</th>
<th>2014</th>
<th>Net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>10,509</td>
<td>10,738</td>
<td>229</td>
</tr>
<tr>
<td>Retail trade</td>
<td>6,694</td>
<td>6,743</td>
<td>49</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>4,997</td>
<td>5,781</td>
<td>784</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>4,852</td>
<td>5,242</td>
<td>390</td>
</tr>
<tr>
<td>Other</td>
<td>18,855</td>
<td>19,774</td>
<td>919</td>
</tr>
</tbody>
</table>

**TABLE 3: EMPLOYMENT SHARES IN TOP SECTORS**

The government sector employs the largest percentage of Skagit County’s population, at 22 percent. This sector includes federal, state, and local government officials, as well as teachers, and all business conducted on Native American reservations.

When analyzing revenue and employment data, it is critical to understand the substantial tribal influence on data for Northwest Washington. Tribes, tribal enterprises, and businesses with a reporting address within tribal land are all reported as within the government sector. A hotel worker at a tribal hotel, for example, is reported as a government employee, as would a casino employee.

The second largest sector is retail trade, at 14 percent, followed by manufacturing at 12 percent and health care and social assistance at 11 percent in 2014. Combined, these sectors employ 58 percent of Skagit County’s population, making Skagit a service and manufacturing county.

The source for these data is the Washington State Quarterly Census for Employment and Wages Annual Averages.
Employment Shares by Occupation in 2014

The following circle graphs reflect a breakdown of every occupation sector into the correlating employment shares of smaller subcategories in Skagit County. The four largest sectors, government, retail trade, manufacturing, and healthcare and social assistance are presented first.

When analyzing revenue and employment data, it is critical to understand the substantial tribal influence on data for Northwest Washington. Tribes, tribal enterprises, and businesses with a reporting address within tribal land are all reported as within the government sector. A hotel worker at a tribal hotel, for example, is reported as a local government employee, as would a casino employee.

The largest employment shares in the government sector are local government, which also includes all businesses conducted in Native American reservations. The largest employment share of the retail trade sector is motor vehicle and parts dealers. The largest employment share of manufacturing is food manufacturing, and the largest employment share of health care and social assistance is ambulatory healthcare services.

The source for these data is the Quarterly Census for Employment and Wages Annual Averages.
Retail Trade

The retail trade is a very diverse sector. The highest percentage of employment in this sector comes from general merchandise stores at 23 percent. However, approximately half of the employment in this sector comes from motor vehicle and parts dealers, building material and garden supply stores, and food and beverage stores. Overall, the retail trade accounts for 14 percent of Skagit County’s employment.

<table>
<thead>
<tr>
<th>Sub-sector of Retail trade</th>
<th>Average Employment</th>
<th>Percentage of Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>General merchandise stores</td>
<td>1,539</td>
<td>23%</td>
</tr>
<tr>
<td>Food and beverage stores</td>
<td>1,225</td>
<td>18%</td>
</tr>
<tr>
<td>Motor vehicle and parts dealers</td>
<td>1,066</td>
<td>16%</td>
</tr>
<tr>
<td>Building material and garden supply stores</td>
<td>647</td>
<td>10%</td>
</tr>
<tr>
<td>Clothing and clothing accessories stores</td>
<td>516</td>
<td>8%</td>
</tr>
<tr>
<td>Miscellaneous store retailers</td>
<td>477</td>
<td>7%</td>
</tr>
<tr>
<td>Electronics and appliance stores</td>
<td>309</td>
<td>5%</td>
</tr>
<tr>
<td>Gasoline stations</td>
<td>304</td>
<td>5%</td>
</tr>
<tr>
<td>Health and personal care stores</td>
<td>263</td>
<td>4%</td>
</tr>
<tr>
<td>Sporting goods, hobby, book and music stores</td>
<td>219</td>
<td>3%</td>
</tr>
<tr>
<td>Furniture and home furnishings stores</td>
<td>127</td>
<td>2%</td>
</tr>
<tr>
<td>Non-store retailers</td>
<td>51</td>
<td>1%</td>
</tr>
<tr>
<td>Total</td>
<td>6,743</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Quarterly Census for Employment and Wages Annual Averages

**Table 4: Retail Trade Employment Shares**
Manufacturing

The manufacturing sector is similarly diverse. The largest percentage of the employment for this sector comes from food manufacturing at 24 percent. However, 57 percent of the employment in this sector comes from machinery manufacturing, petroleum and coal products manufacturing, wood product manufacturing, and transportation equipment manufacturing. Overall, manufacturing accounts for 12 percent of Skagit County’s employment.

<table>
<thead>
<tr>
<th>Sub-sector of Manufacturing</th>
<th>Average Employment</th>
<th>Percentage of Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food manufacturing</td>
<td>1,398</td>
<td>24%</td>
</tr>
<tr>
<td>Machinery manufacturing</td>
<td>974</td>
<td>17%</td>
</tr>
<tr>
<td>Petroleum and coal products manufacturing</td>
<td>841</td>
<td>15%</td>
</tr>
<tr>
<td>Wood product manufacturing</td>
<td>743</td>
<td>13%</td>
</tr>
<tr>
<td>Transportation equipment manufacturing</td>
<td>692</td>
<td>12%</td>
</tr>
<tr>
<td>Fabricated metal product manufacturing</td>
<td>315</td>
<td>5%</td>
</tr>
<tr>
<td>Miscellaneous manufacturing</td>
<td>171</td>
<td>3%</td>
</tr>
<tr>
<td>Other industries</td>
<td>154</td>
<td>3%</td>
</tr>
<tr>
<td>Beverage and tobacco product manufacturing</td>
<td>137</td>
<td>2%</td>
</tr>
<tr>
<td>Textile product mills</td>
<td>86</td>
<td>1%</td>
</tr>
<tr>
<td>Computer and electronic product manufacturing</td>
<td>83</td>
<td>1%</td>
</tr>
<tr>
<td>Chemical manufacturing</td>
<td>75</td>
<td>1%</td>
</tr>
<tr>
<td>Plastics and rubber products manufacturing</td>
<td>57</td>
<td>1%</td>
</tr>
<tr>
<td>Furniture and related product manufacturing</td>
<td>41</td>
<td>1%</td>
</tr>
<tr>
<td>Total</td>
<td>5,781</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Quarterly Census for Employment and Wages Annual Averages

**TABLE 5: MANUFACTURING SECTOR EMPLOYMENT SHARES**
A note on value-added agriculture in the Food Manufacturing subsector. This industry transforms livestock and agricultural products into products for intermediate or final consumption. Food manufacturing groups are distinguished by the raw materials, generally of animal or vegetable origin, processed into food products. The food products manufactured in these establishments are typically sold to wholesalers or retailers for distribution to consumers, but establishments primarily engaged in retailing bakery and candy products made on the premises not for immediate consumption are included.

A note on marine in the Manufacturing sector. Marine is not a sector in itself; however, a large part of this sector is within the metal manufacturing subsector. A part of the marine business is also in the wholesale trade sector, retail trade, and transportation and warehousing.

A note on aerospace in the Manufacturing sector. Aerospace is also not a sector in itself; rather, it is included within the manufacturing sector, and it’s dispersed between primary metal manufacturing, fabricated metal product manufacturing, machinery manufacturing, computer and electronic product manufacturing, electrical equipment, appliance, and component manufacturing, transportation equipment manufacturing, and furniture and related product manufacturing.
Health Care and Social Assistance

There are several hospitals in Skagit County, however, the data in this pie chart represents private hospitals, and the Bureau of Labor Statistics is not authorized to share data concerning private hospitals. There are, however, 5 hospitals that are owned by the local government, and the annual average employment at these hospital is 1,965 employees, with an average annual wage of $54,865 per employee.

![Health Care and Social Assistance Pie Chart]

**Figure 8: Health Care Employment Shares (QCEW)**
Agriculture, Forestry, Fishing, and Hunting

The agriculture, forestry, fishing and hunting sector comprises establishments primarily engaged in growing crops, raising animals, harvesting timber, and harvesting fish and other animals from a farm, ranch, or their natural habitats.

The establishments in this sector are often described as farms, ranches, dairies, greenhouses, nurseries, orchards, or hatcheries. A farm may consist of a single tract of land or a number of separate tracts which may be held under different tenures. For example, one tract may be owned by the farm operator and another rented. It may be operated by the operator alone or with the assistance of members of the household or hired employees, or it may be operated by a partnership, corporation, or other type of organization. When a landowner has one or more tenants, renters, croppers, or managers, the land operated by each is considered a farm.

**Figure 9: Agriculture, Forestry, Fishing and Hunting Employment Shares (QCEW)**
Mining

According to the United States Census Bureau 2012 NAICS definitions, the mining sector, which is called Sector 21 -- mining, quarrying, and oil and gas extraction, comprises establishments that extract naturally occurring mineral solids, such as coal and ores; liquid minerals, such as crude petroleum; and gases, such as natural gas. The term mining is used in the broad sense to include quarrying, well operations, beneficiating (e.g., crushing, screening, washing, and flotation), and other preparation customarily performed at the mine site, or as a part of mining activity.

Skagit County’s employment in this sector is 100 percent other industries as the county does not employ people in extraction businesses.

The mining, quarrying, and oil and gas extraction sector distinguishes two basic activities: mine operation and mining support activities. Mine operation includes establishments operating mines, quarries, or oil and gas wells on their own account or for others on a contract or fee basis. Mining support activities include establishments that perform exploration (except geophysical surveying) and/or other mining services on a contract or fee basis (except mine site preparation and construction of oil/gas pipelines).

Establishments in the mining, quarrying, and oil and gas extraction sector are grouped and classified according to the natural resource mined or to be mined. Industries include establishments that develop the mine site, extract the natural resources, and/or those that beneficiate (i.e., prepare) the mineral mined. Beneficiation is the process whereby the extracted material is reduced to particles that can be separated into mineral and waste, the former suitable for further processing or direct use. The operations that take place in beneficiation are primarily mechanical, such as grinding, washing, magnetic separation, and centrifugal separation. In contrast, manufacturing operations primarily use chemical and electrochemical processes, such as electrolysis and distillation. However, some treatments, such as heat treatments, take place in both the beneficiation and the manufacturing (i.e., smelting/refining) stages. The range of preparation activities varies by mineral and the purity of any given ore deposit. While some minerals, such as petroleum and natural gas, require little or no preparation, others are washed and screened, while yet others, such as gold and silver, can be transformed into bullion before leaving the mine site.

Mining, beneficiating, and manufacturing activities often occur in a single location. Separate receipts will be collected for these activities whenever possible. When receipts cannot be broken out between mining and manufacturing, establishments that mine or quarry nonmetallic minerals, and then beneficiate the nonmetallic minerals into more finished manufactured products are classified based on the primary activity of the establishment. A mine that manufactures a small amount of finished products will be classified in Sector 21, Mining, Quarrying, and Oil and Gas.
Extraction. An establishment that mines whose primary output is a more finished manufactured product will be classified in Sector 31-33.
Wholesale Trade and Construction

The construction sector includes establishments primarily engaged in the construction of buildings or engineering projects (e.g., highways and utility systems). Establishments primarily engaged in the preparation of sites for new construction and establishments primarily engaged in subdividing land for sale as building sites are also included in this sector.

Construction work may include new work, additions, alterations, or maintenance and repairs. Activities of these establishments are generally managed at a fixed place of business, but the actual construction activities are typically performed at multiple project sites. Production responsibilities for establishments in this sector are usually specified in contracts with the owners of construction projects (prime contracts) or contracts with other construction establishments (subcontracts).

Industries in the merchant wholesalers, nondurable goods subsector sell nondurable goods to other businesses. Nondurable goods are items generally with a normal life expectancy of less than three years. Nondurable goods merchant wholesale trade establishments are engaged in wholesaling products, such as paper and paper products, chemicals and chemical products, drugs, textiles and textile products, apparel, footwear, groceries, farm products, petroleum and petroleum products, alcoholic beverages, books, magazines, newspapers, flowers and nursery stock, and tobacco products.

Industries in the merchant wholesalers, durable goods subsector sell capital or durable goods to other businesses. Merchant wholesalers generally take title to the goods that they sell; in other words, they buy and sell goods on their own account. Durable goods are new or used items generally with a normal life expectancy of three years or more. Durable goods merchant wholesale trade establishments are engaged in wholesaling products, such as motor vehicles, furniture, construction materials, machinery and equipment (including household-type appliances), metals.
and minerals (except petroleum), sporting goods, toys and hobby goods, recyclable materials, and parts.

![Wholesale Trade Pie Chart]

**Figure 11: Wholesale Sector Employment Share (QCEW)**

Industries in the wholesale electronic markets and agents and brokers subsector arrange for the sale of goods owned by others, generally on a fee or commission basis. They act on behalf of the buyers and sellers of goods. This subsector contains agents and brokers as well as business to business electronic markets that facilitate wholesale trade.
Transportation & Warehousing and Information

The transportation and warehousing sector includes industries providing transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation. Establishments in these industries use transportation equipment or transportation related facilities as a productive asset. The type of equipment depends on the mode of transportation. The modes of transportation are air, rail, water, road, and pipeline.

**Figure 12: Transportation and Warehousing Sector Employment Shares (QCEW)**

The information sector comprises establishments engaged in the following processes: producing and distributing information and cultural products, providing the means to transmit or distribute these products as well as data or communications, and processing data.

The main components of this sector are the publishing industries, including software publishing, and both traditional publishing and publishing exclusively on the internet; the motion picture and sound recording industries; the broadcasting industries, including traditional broadcasting and those broadcasting exclusively over the internet; the telecommunications industries; web search portals, data processing industries, and the information services industries.

The information sector groups three types of establishments: (1) those engaged in producing and distributing information and cultural products; (2) those that provide the means to transmit or distribute these products as well as data or communications; and (3) those that process data.
FIGURE 13: INFORMATION SECTOR EMPLOYMENT SHARES (QCEW)
Finance & Insurance and Real Estate

The finance and insurance sector comprises establishments primarily engaged in financial transactions (transactions involving the creation, liquidation, or change in ownership of financial assets) and/or in facilitating financial transactions. Three principal types of activities are identified:

**Raising funds by taking deposits and/or issuing securities and, in the process, incurring liabilities.** Establishments engaged in this activity use raised funds to acquire financial assets by making loans and/or purchasing securities. Putting themselves at risk, they channel funds from lenders to borrowers and transform or repackage the funds with respect to maturity, scale, and risk. This activity is known as financial intermediation.

**Pooling of risk by underwriting insurance and annuities.** Establishments engaged in this activity collect fees, insurance premiums, or annuity considerations; build up reserves; invest those reserves; and make contractual payments. Fees are based on the expected incidence of the insured risk and the expected return on investment.

**Providing specialized services facilitating or supporting financial intermediation, insurance, and employee benefit programs.** In addition, monetary authorities charged with monetary control are included in this sector.

![Finance and Insurance](image)

**Figure 14: Finance and Insurance Sector Employment Shares (QCEW)**

The real estate and rental and leasing sector comprises establishments primarily engaged in renting, leasing, or otherwise allowing the use of tangible or intangible assets, and establishments providing related services. The major portion of this sector comprises establishments that rent, lease, or otherwise allow the use of their own assets by others. The assets may be tangible, as is the case of real estate and equipment, or intangible, as is the case with patents and trademarks.
This sector also includes establishments primarily engaged in managing real estate for others, selling, renting and/or buying real estate for others, and appraising real estate. These activities are closely related to this sector's main activity, and from a production basis, should be included here. In addition, a substantial proportion of property management is self-performed by lessors. The main components of this sector are the real estate lessors industries (including equity real estate investment trusts (REITs)); equipment lessors industries (including motor vehicles, computers, and consumer goods); and lessors of nonfinancial intangible assets (except copyrighted works).

**Figure 15: Real Estate, Rental and Leasing Sector Employment Shares (QCEW)**
Administrative & Waste Services and Arts, Entertainment, & Recreation

The administrative and support and waste management and remediation services sector comprises establishments performing routine support activities for the day-to-day operations of other organizations. These essential activities are often undertaken in-house by establishments in many sectors of the economy. The establishments in this sector specialize in one or more of these support activities and provide these services to clients in a variety of industries and, in some cases, to households. Activities performed include: office administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services.

![Administrative and Waste Services](image)

**Figure 16: Administrative and Waste Services Sector Employment Shares (QCEW)**

The arts, entertainment, and recreation sector includes a wide range of establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons. This sector comprises establishments that are involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; establishments that preserve and exhibit objects and sites of historical, cultural, or educational interest; and establishments that operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure-time interests.

Some establishments that provide cultural, entertainment, or recreational facilities and services are classified in other sectors.
Figure 17: Arts, entertainment and recreation sector employment shares (QCEW)
Accommodation & Food Services and Other Services

The accommodation and food services sector comprises establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption. The sector includes both accommodation and food services establishments because the two activities are often combined at the same establishment.

The other services (except public administration) sector comprises establishments engaged in providing services not specifically provided for elsewhere in the classification system. Establishments in this sector are primarily engaged in activities, such as equipment and machinery repairing, promoting or administering religious activities, grant making, advocacy, and providing dry-cleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.
**Figure 19: Other Services Sector Employment Shares (QCEW)**

- **Repair and maintenance**: 66%
- **Personal and laundry services**: 12%
- **Membership associations and organization**: 19%
- **Private households**: 3%

Other Services
Highlighted Sub-Sector: Boat Building and Boat Repair

The Coast Salish Native Americans (Coast Salish) have lived in the Skagit River valley and the Ross Lake area for millennia. The abundant fisheries and shellfish provided the major sources of protein for the Coast Salish, while fiddleheads from bracken ferns were encouraged by managed fires and camas were cultivated for their bulbs. This history continued through to today, where the marine industry is a major part of Skagit County’s economy.

The North American Industry Classification System (NAICS) is the standard used by economists for classifying industries within an economy. There is no perfect NAICS code for boat building and repair, however, there exists one for transportation equipment manufacturing. In the case of Skagit County, this 3-digit designation actually fits marine manufacturing very well, as the NAICS-defined aerospace and other transportation manufacturing presence is rather small.

With this NAICS code, we can search back to 2005 to see the change over time in average annual wage, employment, and the number of firms that relate to boat building and repair. Keep in mind, this number is not solely marine manufacturing, but this is the closest one can come to the data regarding that area of the economy while still being accurate. All data comes from the Employment Security Department of Washington State.

Data Note
There is no NAICS code specific to this part of the economy, but we can get close by using the code for Transportation Equipment Manufacturing.

Key Point
Average Annual Wage for this industry is increasing.

Figure 20: Annual Wage for Transportation Equipment Manufacturing

Source: Employment Security Department of Washington State
**Figure 21: Change in Average Annual Employment for Transportation Equipment Manufacturing**

Source: Employment Security Department of Washington State

**Key Point**
Average Annual Employment for this industry was increasing until the recession, when it declined sharply and hasn’t recovered fully since.
Sales Reported as out of Washington

When considering a local economy, sales made outside of the defined location are a good indicator of both the relevancy and strength of the local businesses. Within Washington, data is available from those businesses that choose to take a tax deduction for sales out of Washington State. Two things minimize the effectiveness of this data point: 1) not all eligible businesses use the deduction and 2) only sales that leave the state are reported which does not count sales outside of Skagit County but within the State.

Interstate and foreign sales are an allowed deduction on certain gross business income reporting. The deduction is subtracted from the gross report (along with other eligible deductions) to arrive at the taxable amount for each line code.¹

Skagit County’s total interstate and foreign sales have increased nearly $1.1 billion from 1994 to 2014. From 1994 to 2004, there was an increase in sales of about $35.6 million and from 2004 to 2014, there was an additional increase of sales of about $63.4 million. This suggests that interstate and foreign sales have significantly impacted Skagit County’s economy over the past two decades with sales nearly doubling in the last decade.

Figure 2 examines the distribution of the interstate and foreign sales within the top six industries. In 1994, the wholesale industry contributed 55 percent to Skagit County’s interstate and foreign sales. Over the next two decades, however, the wholesale industry dropped significantly from 55 percent to 12 percent, while construction rapidly increased from 6 percent to 37 percent. This increase is due in part to construction companies based in Skagit County working in neighboring states and Alaska.

Key Point
Sales conducted by Skagit County businesses to those outside of Washington State are increasing and are driving a significant portion of the expansion activities within the county. A majority of this activity is credited to the manufacturing and construction industries.

Data Note
Data presented here is voluntarily reported by companies to receive a tax deduction. Some companies choose not to report it. Data provided by DOR is based on the filing address of the business which may under or over report the actual values.

Key Point
Sales conducted by Skagit County businesses to those outside of Washington State are increasing and are driving a significant portion of the expansion activities within the county. A majority of this activity is credited to the manufacturing and construction industries.

1 Washington State Department of Revenue, Research and Analysis Division
Manufacturing, on the other hand, fluctuated over the two decades beginning with a 4 percent contribution in 1994 to a leading contribution of 49 percent in 2004 and declining to 37 percent in 2014. This data suggests that Skagit County’s construction industry is prospering, along with manufacturing following at a close second, through the use of sales outside of Washington State, which may indicate a tactical advantage for these sectors within the County.

About Construction
Construction is a broad industry that may include technical expertise, pre-built parts as well as physical construction on a job site. There are a number of fairly substantial contractor companies located in Skagit County as well as a number of companies that build items such as trusses. Items and expertise are easily sold and provided outside of Washington – especially to Oregon, Idaho and Alaska.

Another way to examine this data point is the variance that occurs between reporting periods by sector since examining by percentages alone may be misleading. The following tables compare 1994, 2004 and 2014 data by two-digit sector code and by the number of firms reporting such a deduction for state tax purposes.

<table>
<thead>
<tr>
<th>NAICS</th>
<th>1994</th>
<th>2004</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-21 Ag, Forest, Fish &amp; Mining, Quarrying, Extracting</td>
<td>$136,341</td>
<td>$1,114,602</td>
<td>718%</td>
</tr>
<tr>
<td>23 Construction</td>
<td>$2,976,251</td>
<td>$37,619,716</td>
<td>1164%</td>
</tr>
<tr>
<td>31-33 Manufacturing</td>
<td>$2,108,177</td>
<td>$199,885,529</td>
<td>9381%</td>
</tr>
<tr>
<td>42 Wholesale</td>
<td>$29,922,086</td>
<td>$88,270,546</td>
<td>195%</td>
</tr>
<tr>
<td>44-45 Retail</td>
<td>$8,121,449</td>
<td>$53,196,701</td>
<td>555%</td>
</tr>
<tr>
<td>48-49 Transportation, Warehousing</td>
<td>$9,730,476</td>
<td>$18,481,048</td>
<td>90%</td>
</tr>
<tr>
<td>51 Information</td>
<td>$33,096</td>
<td>$1,989,046</td>
<td>5910%</td>
</tr>
<tr>
<td>52-53 Finance, Insurance, Real Estate</td>
<td>D</td>
<td>1,018,907</td>
<td>n/a</td>
</tr>
<tr>
<td>54 Prof, Scientific, Tech Services</td>
<td>$172,377</td>
<td>$3,276,755</td>
<td>1801%</td>
</tr>
<tr>
<td>55-56 Mgmt, Admin, Support of Companies</td>
<td>D</td>
<td>2,241,077</td>
<td>n/a</td>
</tr>
<tr>
<td>61 Educ Services</td>
<td>D</td>
<td>D</td>
<td>n/a</td>
</tr>
<tr>
<td>62 Health &amp; Social Services</td>
<td>D</td>
<td>$824,015</td>
<td>n/a</td>
</tr>
<tr>
<td>71 Arts, Entertainment, Recreation</td>
<td>$109,358</td>
<td>$433,148</td>
<td>296%</td>
</tr>
<tr>
<td>72 Lodging and Food Services</td>
<td>D</td>
<td>D</td>
<td>n/a</td>
</tr>
<tr>
<td>81-92 Other Services &amp; Public Admin</td>
<td>$699,508</td>
<td>$1,964,687</td>
<td>181%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$54,011,113</strong></td>
<td><strong>$410,317,781</strong></td>
<td><strong>660%</strong></td>
</tr>
</tbody>
</table>

*Source: Department of Revenue*

**Table 6: Percent Change in Interstate and Foreign Sales 1994 - 2004**

**Key Point**
Changing distributions between sectors may indicate multiple things. In this case, some industries are growing at significantly higher rates than others.

**Data Note**
When looking at variance data such as that presented here it is critical to remember that a large percent change is possible if the base number is small. In the table to the left information shows a substantial growth even though the actual dollar amount is much smaller than other industries.
<table>
<thead>
<tr>
<th>Table 7: Percent Change in Interstate and Foreign Sales 2004 - 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NAICS</strong></td>
</tr>
<tr>
<td>11-21 Ag, Forest, Fish &amp; Mining, Quarrying, Extracting</td>
</tr>
<tr>
<td>22 Utilities</td>
</tr>
<tr>
<td>23 Construction</td>
</tr>
<tr>
<td>31-33 Manufacturing</td>
</tr>
<tr>
<td>42 Wholesale</td>
</tr>
<tr>
<td>44-45 Retail</td>
</tr>
<tr>
<td>48-49 Transportation, Warehousing</td>
</tr>
<tr>
<td>51 Information</td>
</tr>
<tr>
<td>52-53 Finance, Insurance, Real Estate</td>
</tr>
<tr>
<td>54 Prof, Scientific, Tech Services</td>
</tr>
<tr>
<td>55-56 Mgmt, Admin, Support of Companies</td>
</tr>
<tr>
<td>61 Educ Services</td>
</tr>
<tr>
<td>62 Health &amp; Social Services</td>
</tr>
<tr>
<td>71 Arts, Entertainment, Recreation</td>
</tr>
<tr>
<td>72 Lodging and Food Services</td>
</tr>
<tr>
<td>81-92 Other Services &amp; Public Admin</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Source: Department of Revenue

<table>
<thead>
<tr>
<th>Data Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Washington State Department of Revenue does not release data where only a limited number of companies are present to protect individual company's records. A &quot;D&quot; in the data indicates that this data has been suppressed by DOR.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 8: Percent Change in Interstate and Foreign Sales 1994 - 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NAICS</strong></td>
</tr>
<tr>
<td>11-21 Ag, Forest, Fish &amp; Mining, Quarrying, Extracting</td>
</tr>
<tr>
<td>22 Utilities</td>
</tr>
<tr>
<td>23 Construction</td>
</tr>
<tr>
<td>31-33 Manufacturing</td>
</tr>
<tr>
<td>42 Wholesale</td>
</tr>
<tr>
<td>44-45 Retail</td>
</tr>
<tr>
<td>48-49 Transportation, Warehousing</td>
</tr>
<tr>
<td>51 Information</td>
</tr>
<tr>
<td>52-53 Finance, Insurance, Real Estate</td>
</tr>
<tr>
<td>54 Prof, Scientific, Tech Services</td>
</tr>
<tr>
<td>55-56 Mgmt, Admin, Support of Companies</td>
</tr>
<tr>
<td>61 Educ Services</td>
</tr>
<tr>
<td>62 Health &amp; Social Services</td>
</tr>
<tr>
<td>71 Arts, Entertainment, Recreation</td>
</tr>
<tr>
<td>72 Lodging and Food Services</td>
</tr>
<tr>
<td>81-92 Other Services &amp; Public Admin</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Source: Department of Revenue
Work Shed and Home Shed
Understanding where a community’s residents work and where employers find their employees is critical to understanding the potential needs within a community. This data point changes overtime and the transition often reveals emerging patterns. All data presented within this section has been sourced using the Census Bureau’s On the Map tool.

<table>
<thead>
<tr>
<th>NAICS</th>
<th>1994</th>
<th>2014</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-21 Ag, Forest, Fish &amp; Mining, Quarrying, Extracting</td>
<td>5</td>
<td>8</td>
<td>60%</td>
</tr>
<tr>
<td>22 Utilities</td>
<td>D</td>
<td>D</td>
<td>n/a</td>
</tr>
<tr>
<td>23 Construction</td>
<td>8</td>
<td>42</td>
<td>425%</td>
</tr>
<tr>
<td>31-33 Manufacturing</td>
<td>25</td>
<td>126</td>
<td>404%</td>
</tr>
<tr>
<td>42 Wholesale</td>
<td>29</td>
<td>68</td>
<td>134%</td>
</tr>
<tr>
<td>44-45 Retail</td>
<td>72</td>
<td>268</td>
<td>272%</td>
</tr>
<tr>
<td>48-49 Transportation, Warehousing</td>
<td>9</td>
<td>65</td>
<td>622%</td>
</tr>
<tr>
<td>51 Information</td>
<td>3</td>
<td>10</td>
<td>233%</td>
</tr>
<tr>
<td>52-53 Finance, Insurance, Real Estate</td>
<td>D</td>
<td>6</td>
<td>n/a</td>
</tr>
<tr>
<td>54 Prof, Scientific, Tech Services</td>
<td>16</td>
<td>58</td>
<td>263%</td>
</tr>
<tr>
<td>55-56 Mgmt, Admin, Support of Companies</td>
<td>D</td>
<td>9</td>
<td>n/a</td>
</tr>
<tr>
<td>61 Educ Services</td>
<td>D</td>
<td>6</td>
<td>n/a</td>
</tr>
<tr>
<td>62 Health &amp; Social Services</td>
<td>D</td>
<td>4</td>
<td>n/a</td>
</tr>
<tr>
<td>71 Arts, Entertainment, Recreation</td>
<td>6</td>
<td>17</td>
<td>183%</td>
</tr>
<tr>
<td>72 Lodging and Food Services</td>
<td>D</td>
<td>D</td>
<td>n/a</td>
</tr>
<tr>
<td>81-92 Other Services &amp; Public Admin</td>
<td>11</td>
<td>40</td>
<td>264%</td>
</tr>
<tr>
<td>Total</td>
<td>184</td>
<td>727</td>
<td>295%</td>
</tr>
</tbody>
</table>

Source: Department of Revenue

**TABLE 9: PERCENT CHANGE IN INTERSTATE AND FOREIGN SALES TAXPAYERS 1994 - 2014**

**Key Point**
Commuting data is collected via several methods none of which is considered extremely reliable. Data presented here is collected on the census long-form (a six-year statistical sample of US Citizens). This will vary from data gathered from employers. Both methods over and under-report actual commuting behaviors.

When examining this data, we look for trends and patterns more than relying on the actual numbers presented.

**TABLE 10: SKAGIT COUNTY HOME/WORK SHED**

From 2002 to 2014, Skagit County has increased its total number of jobs by 13 percent but has simultaneously decreased jobs held by residents by 5 percent. Furthermore, outbound commuting for work has increased by 65 percent while inbound commuting has increased by 55 percent.
What is also interesting is the one year changes in these variances and an excellent illustration of why this data should be used for trend analysis and not hard calculations. We would observe that Skagit’s job market is growing and more residents are finding work within the county but that the job growth inside of Skagit County does not match with the overall population growth.

<table>
<thead>
<tr>
<th>City Destination</th>
<th>2002</th>
<th>2014</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mount Vernon</td>
<td>24.3%</td>
<td>16.4%</td>
<td>-7.9%</td>
</tr>
<tr>
<td>Anacortes</td>
<td>10.6%</td>
<td>7.60%</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Burlington</td>
<td>9.8%</td>
<td>8.10%</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Oak Harbor</td>
<td>1.4%</td>
<td>0.9%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Sedro-Woolley</td>
<td>5.1%</td>
<td>4.60%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Arlington</td>
<td>1.4%</td>
<td>1.1%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Marysville</td>
<td>0.8%</td>
<td>1.20%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Everett</td>
<td>3.1%</td>
<td>3.60%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Kent</td>
<td>0.7%</td>
<td>1.30%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Bellingham</td>
<td>5.1%</td>
<td>5.70%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Bellevue</td>
<td>1.1%</td>
<td>1.90%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Seattle</td>
<td>6.1%</td>
<td>8.10%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

**TABLE 11: TOP SKAGIT COUNTY COMMUTING DESTINATIONS**

Looking at the commuting patterns of Skagit County residents since 2002 reveals an 8 percent decrease of those commuting from home to work in Mount Vernon, the largest change in the county. The next largest change was a 3 percent decrease from home to work in Anacortes. In addition, the four largest increases were destinations located in Seattle, Bellevue, Bellingham, and Kent. Seattle increased the most with a 2 percent increase. This suggests that most job gains for Skagit County residents have occurred outside the county.

It has been assumed that Skagit County has a substantial number of aerospace (specifically Boeing) employees who commute to Paine Field, however, the commuting data collected by the Census Bureau does not support this assumption in either the 2002 or 2014 datasets.
When looking at commuting data, it is imperative to evaluate both city boundaries and zip codes. Paine Field is located within the zip code 98204, which does not appear in the top 10 destinations in either 2002 or 2014. During 2013, 1.4 percent (730 jobs, 60 more than in the prior year) of the Skagit County workforce was attributed to zip code 98204, which also includes a large number of other manufacturing businesses.

Table 12: Top commuting destinations by zip code

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>98273</td>
<td>23.8%</td>
<td>16.8%</td>
<td>-7.0%</td>
</tr>
<tr>
<td>98221</td>
<td>11.8%</td>
<td>9.8%</td>
<td>-2.0%</td>
</tr>
<tr>
<td>98274</td>
<td>5.3%</td>
<td>3.6%</td>
<td>-1.7%</td>
</tr>
<tr>
<td>98233</td>
<td>11.8%</td>
<td>10.2%</td>
<td>-1.6%</td>
</tr>
<tr>
<td>98257</td>
<td>2.5%</td>
<td>1.9%</td>
<td>-0.6%</td>
</tr>
<tr>
<td>98277</td>
<td>1.5%</td>
<td>1.0%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>98284</td>
<td>6.6%</td>
<td>6.2%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>98223</td>
<td>1.7%</td>
<td>1.5%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>98201</td>
<td>1.5%</td>
<td>1.4%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>98225</td>
<td>3.0%</td>
<td>3.3%</td>
<td>0.3%</td>
</tr>
<tr>
<td>98226</td>
<td>2.1%</td>
<td>2.7%</td>
<td>0.6%</td>
</tr>
<tr>
<td>98101</td>
<td>1.3%</td>
<td>1.9%</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

Key Point
Paine Field (Boeing) is not a key destination for Skagit County commuters.
Skagit County Income

All data for this section was collected from the 2010 Census and is displayed using ArcMap 10.2.

Average Household Income

Average income is the amount obtained by dividing the total aggregate income of a group by the number of units in that group. Data collected for this metric by the US Census Bureau is derived from the American Community Survey which utilizes a statistical sample through a moving 6-year period. Skagit County’s average household income was $67,484 in 2012, which was below the state average household income of $74,331 and the national average of $70,883.

![Average Household Income Map](image)

**Figure 23: Average Household Income Map**

With the average household income, the highest average income lies within the Bay View area of the county ranging between $92,784 and $107,594. The second highest average incomes, $74,455 - $92,783, are in the northwestern and southwestern areas of the county.

Anacortes, Guemes Island, Fidalgo Island, Cypress Island as well as north of Sedro-Woolley all have average incomes ranging from $61,623 and $74,454. The lowest average income is seen in all of East Skagit County, the most rural part of the county.
Median Household Income
Median income is the amount which divides the income distribution into two equal groups, half having income above that amount, and half having income below that amount.

According to the US Census Bureau, Skagit County’s median household income was $53,400 in 2012, which was below the state median household income of $57,573 but higher than the national median of $51,371.

*Figure 24: Median household income map*

The highest median household income is in the areas around the cities of Bow and Samish in the Bayview area of the county as well as the communities of Conway and McMurray. The second highest median income is in the Upper Skagit Reservation, north of Sedro-Woolley, and near Hart Island, south of Sedro-Woolley. Like the average household income, East Skagit has the lowest median household income as well.

*Average and median income for people are based on people 15 years old and over with income.*
Per Capita Household Income
Per capita income is the average income received in the past 12 months computed for every man, woman, and child in a geographic area. It is derived by dividing the total income of all people 15 years old and over in a geographic area by the total population in that area.

According to the US Census Bureau, in 2012, the $40,456 per capita income in Skagit County was below both the state ($46,045) and the US ($43,735) averages. The higher income per capita is observed in the areas around the cities of Bow and Samish in the Bayview area of the county. And the lowest near the cities of Lyman and Hamilton in the more rural area of the county. Compared to other counties throughout Washington State, Skagit County ranked 11th out of 39 for highest per capita income.
ESRI Tapestry Data for Skagit County

Based on the 2010 Census, Skagit County has a population of 118,837 and is growing by 1.7 percent.

According to ESRI, Tapestry segmentation data is used by companies, agencies, and organizations to divide and group their consumer markets to more precisely target their best customers and prospects. Segmentation explains customer diversity, simplifies marketing campaigns, describes lifestyles and life stages, and incorporates a wide range of data.

The theory behind segmentation holds that people with similar tastes, lifestyles, and behaviors seek others with the same tastes. It combines the “who” of lifestyle demographics with the “where” of local neighborhood geography to create a model of various lifestyle classifications or segments of actual neighborhoods with addresses.

A combination of both US census data, Current Population Survey, and the American Community Survey is used to construct the Tapestry data. According to ESRI, since the 2010 census, several demographic changes have occurred:

- the US population has increased by two million people
- more than 740,000 households have been created
- half a million people have become homeowners

ESRI has classified the United States neighborhoods into 67 unique market segments, these segments are consolidated into 14 LifeMode Summary Groups and 6 Urbanization summary groups.

Skagit County has 6 different LifeMode Summary Groups: Green Acres, Exurbanites, Rural Resort Dwellers, Midland Crowd, Silver and Gold, and Main Street USA.
All data following is from ESRI.

**FIGURE 26: TAPESTRY MAP OF SKAGIT COUNTY**
Green Acres

Demographic
Seventy-one percent of the households in Green Acres neighborhoods are married couples with and without children. Many families are blue-collar Baby Boomers, many with children aged 6–17 years. With more than 10 million people, Green Acres represents Tapestry Segmentation’s third largest segment; currently more than 3 percent of the US population and growing by 1.92 percent annually. The median age is 42 years. This segment is not ethnically diverse; 92 percent of the residents are white.

Socioeconomic
Educated and hard-working, more than one-fourth of Green Acres residents hold a bachelor’s or graduate degree and more than half have attended college. Occupation distributions of these residents are similar to those of the United States. Seventeen percent of the households earn income from self-employment ventures. The median household income is $60,461.

Residential
Although Green Acres neighborhoods are located throughout the country, they are found primarily in the Midwest and South, with the highest concentrations in Michigan, Ohio, and Pennsylvania. A “little bit country,” these residents live in pastoral settings of developing suburbs. Home ownership is at 86 percent and typical of rural residents, Green Acres households own multiple vehicles; 78 percent own two or more vehicles.

Preferences
Country living describes the lifestyle of Green Acres residents. Pet dogs or cats are considered part of the family. These do-it-yourselfers typically maintain and remodel their homes with projects that include roofing and installing carpet or insulation. They own all the necessary power tools, including routers, welders, sanders, and various saws, to finish their projects. Residents also have the right tools to maintain their lawns, flower gardens, and vegetable gardens. They often own riding lawn mowers, garden tillers, tractors, and even separate home freezers for the harvest. Continuing the do-it-yourself lifestyle, it is not surprising that Green Acres is the top market for owning a sewing machine. In terms of transportation, they prefer motorcycles and full-size pickup trucks. For exercise, Green Acres residents ride their mountain bikes and go fishing, canoeing, and kayaking. They also ride horseback and go power boating, bird watching, target shooting, hunting, motorcycling, and bowling. They listen to auto racing and country music on the radio and read fishing and hunting magazines. Many own satellite dishes so they can watch news programs, the Speed Channel, and auto racing on TV. Another favorite television channel is Country Music Television.
Exurbanites

Demographic
Exurbanites residents prefer an affluent lifestyle in open spaces beyond the urban fringe. Although 40 percent are empty nesters, another 32 percent are married couples with children still living at home. Half of the householders are aged between 45 and 64 years. They may be part of the “sandwich generation,” because their median age of 46.2 years places them directly between paying for children’s college expenses and caring for elderly parents. To understand this segment, the life-stage is as important as the lifestyle. There is little ethnic diversity within this group; most residents are white.

Socioeconomic
Approximately half of these residents work in substantive professional or management positions and relatedly, the residents are educated; more than 40 percent of the population aged 25 years and older hold a bachelor’s or graduate degree while approximately three in four have attended college. The median household income is $82,074 and more than 20 percent of these residents earn retirement income; another 57 percent receive additional income from investments.

Residential
Although Exurbanites neighborhoods are growing by 1.61 percent annually, they are not the newest areas. Recent construction comprises only 22 percent of the housing. 70 percent of the housing units were built after 1969 and most units are single-family homes. Because Exurbanites cannot take advantage of public transportation, nearly 80 percent of the households own at least two vehicles. Their average commute time to work is comparable to the US average.

Preferences
Because of their lifestage, exurbanites residents focus on financial security. They consult with financial planners, have IRA accounts, own shares in money market funds, mutual funds, and tax-exempt funds, own common stock, and track their investments online. Most are well insured with long-term care insurance and substantial life insurance policies. Many have home equity lines of credit. To improve their properties, Exurbanites residents work on their homes, lawns, and gardens. They buy lawn and garden care products, shrubs, and plants. Although they will also work on home improvements such as interior and exterior painting, they often hire contractors for more complicated projects. To help them complete their projects, they own home improvement tools such as saws, sanders, and wallpaper strippers. They are also very physically active; they lift weights, practice yoga, and jog to stay fit. They also go boating, hiking, and kayaking, play Frisbee, take photos, and go bird watching. When vacationing in the United States, they hike, downhill ski, play golf, attend live theater, and sightsee. This is the top market for watching college basketball and professional football games. They listen to public and news/talk radio and contribute to PBS. They participate in civic activities, serve on committees of
local organizations, address public meetings, and help with fundraising. Many are members of charitable organizations.
Rural Resort Dwellers

Demographic
These neighborhoods are found in pastoral settings in rural nonfarm areas throughout the United States. Household types include empty-nester married couples, singles, and married couples with children. The median age is 49.4 years but more than half are aged 55 and older. Most residents are white in these low-diversity neighborhoods.

Socioeconomic
Although retirement age is nearing for many of these dwellers, most of these residents still work. The median household income is $45,733, slightly below the US level. 6 percent of those who are employed work at home which is twice the US rate. Because so many residents are aged 65 and older, receipt of retirement income and Social Security benefits is common. More than two-fifths of these residents collect investment income while approximately 20 percent receive self-employment income. Nearly one in four residents aged 25 years and older holds a bachelor’s or graduate degree and more than half of the residents have attended college.

Residential
The number of households in these small, low-density neighborhoods is growing at 1.5 percent annually. 78 percent of the housing is single-family structures while 15 percent is mobile homes. Home ownership is at 80 percent. Of the Tapestry segments, Rural Resort Dwellers have the highest percentage of seasonal housing at 16 times higher than the national level.

Preferences
These residents live modestly and have simple tastes. They often work on home improvement and remodeling projects and own garden equipment to maintain their yards. They cook and bake at home and many households own multiple pets, particularly dogs and cats. Riding lawn mowers and satellite dishes are familiar sights in these areas, along with multiple vehicles, including a truck. Active participants in local civic issues, residents also belong to environmental groups, church and charitable organizations, fraternal orders, unions, and veterans’ clubs. They go hiking, boating, canoeing, hunting, fishing, horseback riding, and golfing. They listen to country radio and watch Animal Planet, CMT, BBC America, the National Geographic Channel, and primetime dramas on TV. The older residents focus on general health care and financial- and retirement-related matters. Many residents actively manage or plan their investments and retirement savings. The self-employed residents are more likely to have IRAs than 401(k) plans.
Midland Crowd

Demographic
With a growing population of 12 million, approximately 4 percent of the US population, the Midland Crowd is Tapestry Segmentation’s largest segment. Since 2000, the population has grown by 2.18 percent annually. The median age of 37.9 years parallels that of the US median. 62 percent of the households are married couple families, half of which have children while 20 percent of the households are singles who live alone. Midland Crowd neighborhoods are not diverse.

Socioeconomic
Median household income is $47,544 which is slightly lower than the US median. Most income is earned from wages and salaries, however, self-employment ventures are slightly higher for this segment than the national average. Half of the residents who work hold white collar jobs. More than 45 percent of the residents aged 25 years and older have attended college; 16 percent have earned a bachelor’s or graduate degree.

Residential
Midland Crowd residents live in housing developments in rural villages and towns throughout the United States, mainly in the South. Three-fourths of the housing was built after 1969 and the home ownership rate is 80 percent which is higher than the national rate of 64 percent. Two-thirds of the housing is single-family houses while 24 percent are mobile homes.

Preferences
These politically active, conservative residents vote, work for their candidates, and serve on local committees. Their rural location and traditional lifestyle dictate their product preferences. A fourth of the households own three or more vehicles, one of which is typically truck, and many own a motorcycle. Proficient do-it-yourselfers, they work on their vehicles, homes, and gardens and keep everything in tip-top shape. They hunt, fish, and do woodworking. Dogs are their favorite pets. They patronize local stores or shop by mail order. They have recently bought radial tires. They often go to the drive-through at a fast-food restaurant. Many households own a satellite dish so they can watch CMT, the Speed Channel, Home & Garden Television, NASCAR racing, rodeo/bull riding, truck and tractor pulls, fishing programs, and a variety of news programs. They listen to country music on the radio and read fishing and hunting magazines.
Silver and Gold

Demographic
With a median age of 60.5 years, Silver and Gold residents are the second oldest of the Tapestry segments. More than 70 percent are aged 55 years or older. Most residents have retired from professional occupations. Half of the households are composed of married couples without children. This segment is small, accounting for less than 1 percent of all US households, however, annual household growth is 2.35 percent since 2000. Residents of these neighborhoods are not ethnically diverse; 93 percent of these residents are white.

Socioeconomic
These are wealthy, educated seniors. Their median household income is $62,761. 56 percent of the households still earn wages or salaries, half collect Social Security benefits, 63 percent receive investment income, and 35 percent collect retirement income. The percentage of those who work from home is higher than the US worker percentage and nearly one fourth of employed residents are self-employed, also higher than the US level.

Residential
Their affluence enables them to relocate to sunnier climates. More than 60 percent of these households are in the South, mainly in Florida. One-fourth are located in the West, mainly in California and Arizona. Neighborhoods are exclusive, with a home ownership rate of 82 percent. Silver and Gold ranks second of the Tapestry segments for the percentage of seasonal housing. Because these seniors have moved to newer single-family homes, they are often not living in the homes where they raised their children.

Preferences
Silver and Gold residents have the free time and resources to pursue their interests. They travel domestically and abroad including cruise vacations. They are also interested in home improvement and remodeling projects. Although they own the tools and are interested in home improvement and remodeling projects, they are more likely to contract for remodeling and housecleaning services. Active in their communities, they join civic clubs, participate in local civic issues, and write to newspaper or magazine editors. They prefer to shop by phone from catalogs such as L.L. Bean and Lands’ End. Golf is more a way of life than just a leisure pursuit; they play golf, attend tournaments, and watch The Golf Channel. They also go to horse races, bird watch, saltwater fish, and use power boats. They eat out, attend classical music performances, and like to relax with a glass of wine. Favorite restaurants include Outback Steakhouse, Cracker Barrel, and Applebee’s. Silver and Gold residents are avid readers of biography and mystery books and watch numerous news programs and news channels such as Fox News and CNN. Favorite non-news programs include detective dramas.
Main Street USA

Demographic
Main Street, USA neighborhoods are a mix of household types, similar to the US distribution. Approximately half of the households are composed of married-couple families, nearly one-third are single-person or shared households, and the rest are single-parent or other family households. The median age of 36.8 years nearly matches the US median. These residents are less diverse than the US population.

Socioeconomic
The median household income is $50,987 and is derived from wages, interest, dividends, or rental property. More than one in five residents aged 25 years and older hold a bachelor’s or graduate degree and half of the residents have attended college. Occupation and industry distributions are similar to those of the United States.

Residential
A mix of single-family homes and multiunit buildings, these neighborhoods are located in the suburbs of smaller cities in the Northeast, West, and Midwest. Nearly two-thirds of the housing was built before 1970 and the home ownership rate is 62 percent.

Preferences
Family-oriented and frugal, these residents may occasionally go to the movies or eat out at a family restaurant, such as Friendly’s or Red Robin, but are most likely to stay home and watch a rental movie or play games with their children. They own pet cats. They play baseball, basketball, and like to go swimming. They listen to classic hits and rock radio and watch cartoons and courtroom shows on TV. They go to the beach and theme parks or take domestic vacations to visit family or see national parks. They go online periodically to look for jobs, research real estate, and play games and are beginning to shop online. Those who do not have Internet access at home will go online at school or the public library. They use the Yellow Pages to find veterinarians or stores. They will invest in small home improvement and remodeling projects, usually doing the work themselves instead of hiring a contractor. They buy the tools and supplies for these projects from Home Depot or Ace Hardware. They keep up their lawns and gardens by planting bulbs, fertilizing, and applying lawn care products regularly.
Retail/Income Activity

Skagit County Taxable Retail Sales
According to the Department of Revenue, taxable retail sales equals the retail sale activity less deductions or exemptions and is the amount subject to retail sales tax. Critical to analyzing this information is the understanding that the Washington State Legislature commonly changes which transactions are subject to sales tax – typically increasing those subject to it. For example, within this data period, a personal trainer may not have initially collected sales tax but in later years did. This, by itself, may create the illusion of increasing retail sales when in fact it simply adds transactions that may have already been occurring.

When utilizing Washington Department of Revenue data for retail sales / sales tax collection by a region, it is critical to understand the limitations of the data provided by the State. Washington State employs a destination based sales tax strategy where sales tax revenue is attributed to the location where the end customer takes possession of the item. For example, when a customer purchases items at a retail store that sale is attributed to the location of the store but when a customer has an item delivered from that store, or from e-commerce, it is attributed to the customer’s delivery point.

![Skagit County Taxable Retail Sales Chart](chart.png)

**Figure 27: Total Skagit County Taxable sales 2009-2014**

Source: Washington State Department of Revenue
Data is categorized by 2-digit North American Industry Classification System (NAICS) codes. Defined by the US Census, NAICS is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.
Two digit NAICS codes:
11 Agriculture, Forestry, Fishing and Hunting
21 Mining, Quarrying, and Oil and Gas Extraction
22 Utilities
23 Construction
31-33 Manufacturing
42 Wholesale Trade
44-45 Retail Trade
48-49 Transportation and Warehousing
51 Information
52 Finance and Insurance
<table>
<thead>
<tr>
<th>Code</th>
<th>Sector</th>
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<tbody>
<tr>
<td>53</td>
<td>Real Estate and Rental and Leasing</td>
</tr>
<tr>
<td>54</td>
<td>Professional, Scientific, and Technical Services</td>
</tr>
<tr>
<td>55</td>
<td>Management of Companies and Enterprises</td>
</tr>
<tr>
<td>56</td>
<td>Administrative and Support and Waste Management and Remediation Services</td>
</tr>
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<td>61</td>
<td>Educational Services</td>
</tr>
<tr>
<td>62</td>
<td>Health Care and Social Assistance</td>
</tr>
<tr>
<td>71</td>
<td>Arts, Entertainment, and Recreation</td>
</tr>
<tr>
<td>72</td>
<td>Accommodation and Food Services</td>
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<tr>
<td>81</td>
<td>Other Services (except Public Administration)</td>
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<td>Public Administration</td>
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<td>99</td>
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<td>$745,250</td>
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</tbody>
</table>

Source: Washington State Department of Revenue

**Figure 29: Year by Year Retail Sales by Two Digit NAICS**
Family Income and Sustainability

The following chart depicts how many families live within different income brackets. While the percentage of families living in the lowest and highest income brackets has remained stable throughout the past five years, the number of people living on $50,000 a year or more has decreased by approximately 2 percent, suggesting that overall family income is declining.

Assuming $80,000 per year as ideal for an annual family income, indicated by the red line on the figure, it can be noted that approximately 25 percent of all families have income of $80,000 a year or higher. Almost half of the families live on less than $50,000 a year.

Interestingly, we provide data in this report concerning a living wage projection based on calculations by The Center with a household income requirement of between $26,000 and $48,500 depending on desired living conditions. At the lower bound (someone living in a one-bedroom apartment), Skagit provides a sustainable income source for nearly 75 percent of households. At the upper bound (three-bedroom house purchased or rented), Skagit provides a sustainable income source for nearly 55 percent of households.

The challenge to be resolved by employers in this discussion is what type of household contains the ideal employee and do wages mirror the costs associated with it. It is an employee attraction/retention question that becomes over simplified with wage debates that center on a flat hourly rate.
In the above figure the red line indicates households at $80,000 per year, the yellow line indicates households at $50,500 and the green line indicates households at $26,000. The key take-away from the figure is the overall change in the number of households at, above and below these points. We note a general increase in lower income households through the time series.
Cost of Living

The term, living wage, is commonly used but also vague. There is no specific definition as to what exactly a living wage is. The Center defines a living wage as the household earning point that adheres to a conventional banking formula dictating that a maximum of 33.3 percent of household income be allocated to housing expenses – whether mortgage or rent. The average price of a home in Skagit County is $246,600 and the associated monthly mortgage payment for a house of that value is $1,166 (principal and interest only). In applying the noted formula to the mortgage, the household living wage turns out to be $3,498 per month. This makes for an annual household wage of $41,976 or an hourly wage of $21.86.

For renting a 1-bedroom apartment or house, an average monthly payment comes out to be $727 which makes the monthly household living wage $2,181. This makes for an annual household living wage of $26,172 or an hourly wage of $13.63.

For renting a 2-bedroom apartment or house, an average monthly payment comes out to be $984 which makes the monthly household living wage $2,952. This makes for an annual household living wage of $35,424 or an hourly wage of $18.45.

For renting a 3-bedroom apartment or house, an average monthly payment averages out to $1,342.86 which makes the monthly household living wage $4,028.57. This makes for an annual household living wage of $48,342.86 or an hourly wage of $25.18.

Indexing Skagit County

The Center has included Skagit County in the quarterly cost of living index created by The Council for Community and Economic Research (C2ER). This index includes 279 urban areas throughout the United States through a directly collected data set of pricing information. CEBR dispatches students throughout Skagit and Whatcom Counties to collect pricing information on a wide number of items and services. In all, students contact several dozen different vendors for a diverse shopping list.

The first set of data was collected during the summer of 2014 and subsequently collected quarterly. CEBR collects distinct data for Whatcom and Skagit County allowing direct comparison between the two locations as well as with the national dataset.
Among the 273 urban areas that participated in the 2015 Cost of Living Index, the
after-tax cost for a professional/managerial standard of living ranged from more than
twice the national average in New York (Manhattan), NY to more than 20 percent
below the national average in McAllen, TX. The Cost of Living Index is published
quarterly by The Council for Community and Economic Research (C2ER).

The Ten Most and Least Expensive Urban Areas
in the Cost of Living Index (COLI)
Annual Review 2015
National Average for 273 Urban Areas = 100

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Urban Areas</th>
<th>COL Index</th>
<th>Ranking</th>
<th>Urban Areas</th>
<th>COL Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New York (Manhattan) NY</td>
<td>227.4</td>
<td>1</td>
<td>McAllen TX</td>
<td>78.3</td>
</tr>
<tr>
<td>2</td>
<td>Honolulu HI</td>
<td>188.2</td>
<td>2</td>
<td>Harlingen TX</td>
<td>79.7</td>
</tr>
<tr>
<td>3</td>
<td>San Francisco CA</td>
<td>176.4</td>
<td>3</td>
<td>Richmond IN</td>
<td>81.2</td>
</tr>
<tr>
<td>4</td>
<td>New York (Brooklyn) NY</td>
<td>173.2</td>
<td>4</td>
<td>Norman OK</td>
<td>81.5</td>
</tr>
<tr>
<td>5</td>
<td>Hilo HI</td>
<td>149</td>
<td>5</td>
<td>Ashland OH</td>
<td>82.3</td>
</tr>
<tr>
<td>6</td>
<td>Orange County CA</td>
<td>148.6</td>
<td>6</td>
<td>Youngstown-Warren OH</td>
<td>82.8</td>
</tr>
<tr>
<td>7</td>
<td>Oakland CA</td>
<td>147</td>
<td>7</td>
<td>Jackson MS</td>
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<tr>
<td>8</td>
<td>Stamford CT</td>
<td>146.9</td>
<td>8</td>
<td>Hattiesburg MS</td>
<td>83.2</td>
</tr>
<tr>
<td>9</td>
<td>Washington-Arlington-Alexandria DC-VA</td>
<td>146.8</td>
<td>9</td>
<td>Idaho Falls ID</td>
<td>83.2</td>
</tr>
<tr>
<td>10</td>
<td>San Diego CA</td>
<td>144.8</td>
<td>10</td>
<td>Tupelo MS</td>
<td>84.2</td>
</tr>
</tbody>
</table>

**TABLE 13: TEN MOST/LEAST EXPENSIVE URBAN AREAS**

The *Cost of Living Index* measures regional differences in the cost of consumer goods
and services, excluding taxes and non-consumer expenditures, for professional and
managerial households in the top income quintile. It is based on more than 90,000
prices covering 60 different items for which prices are collected quarterly by
chambers of commerce, economic development organizations, and university
applied economic centers in each participating urban area. Small differences should
not be interpreted as showing a measurable difference.

**Data Note**

In this table the national average is set to 100 making New York’s score of 227 indicate that the cost of living is more than double the national average.

**Key Point**

Skagit County’s index score is 111.3 indicating that Skagit has a cost of living 11% higher than the national average.
The composite index is based on six component categories – housing, utilities, grocery items, transportation, health care, and miscellaneous goods and services.

The 2015 annual report is included with this report.

Skagit County Cost of Living Composite Index

In the categories tracked by C2ER, Skagit County reports higher than the national average in all but one category – utilities. This is not rare amongst MSAs in the Pacific Northwest where energy costs are low but cost of living is higher. Regionally, Skagit County has similar costs to its immediate neighbor, Whatcom County, but lower costs than its southern neighbors – Everett and Seattle.

<table>
<thead>
<tr>
<th></th>
<th>Composite</th>
<th>Grocery Items</th>
<th>Housing</th>
<th>Utilities</th>
<th>Transportation</th>
<th>Health Care</th>
<th>Misc Goods and services</th>
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</thead>
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<tr>
<td>Whatcom</td>
<td>113.4</td>
<td>108.2</td>
<td>128.9</td>
<td>82.2</td>
<td>120.1</td>
<td>117.0</td>
<td>109.4</td>
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<tr>
<td>Skagit</td>
<td>111.3</td>
<td>117.2</td>
<td>110.0</td>
<td>79.0</td>
<td>113.1</td>
<td>120.4</td>
<td>118.4</td>
</tr>
<tr>
<td>Everett</td>
<td>111.3</td>
<td>107.5</td>
<td>127.1</td>
<td>84.2</td>
<td>116.0</td>
<td>126.3</td>
<td>104.2</td>
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<tr>
<td>Seattle</td>
<td>140.3</td>
<td>124.6</td>
<td>183.9</td>
<td>107.7</td>
<td>121.1</td>
<td>120.5</td>
<td>128.9</td>
</tr>
</tbody>
</table>

*Source: C2ER 2015 Annual Report*

**Table 14: 2015 Regional Cost of Living**

*Data Note*

C2ER cautions that small differences between areas are not significant based on their calculation methods.
Free or Reduced-Price Meals

It is often suggested that there is a positive correlation between high school completion rates and family resources. The free and reduced lunch program is used as a proxy for family resources as it is based on income. Income is used as a proxy for the ability for a family to provide additional time, effort and experiences for school-aged children. It is often observed, as it is in Skagit County, that school districts in areas of wealthier population have fewer kids who require free or reduced-price meals and have higher graduation rates. A possible source of this is that wealthier school districts have more special programs. It is cautioned that while there may be correlation, the actual causation may be entirely different.

The highest percentage of students receiving free or reduced-price meals are located within the Mount Vernon School District, where 64.8 percent of the total students receive subsidized meals. Concrete School District has the second highest of eligible students. Conway School District has the lowest percentage, at 24.6 percent, with Anacortes School District close by at 29.7 percent.

It is interesting to note that La Conner and Anacortes, which have had the highest graduation rates in 2014, are in the bottom three districts as far as percentage of students on free or reduced-price meals. Likewise, Mount Vernon and Concrete, which have had the lowest graduation rates in 2014, have the highest percentage of students on free or reduced-price meals.

These data are from the Office of Superintendent of Public Instruction Washington State Report Card.

Key Point

The districts with the highest graduation rates also have the lowest percentage of students on free or reduced-price meals.
Effective Federal Tax Rate Through Time

Much has been written concerning the taxes paid to the Federal government. The challenge to data analysis within the US tax structure is that each year the basis for the actual tax rate applied changes. Deductions, credits, allowable, non-allowable, filing status impacts and the actual tax table are modified without pattern or in a manner which could be modeled for a direct year over year comparison.

Further complicating this is our progressive tax structure where wage bands are taxed at separate values. In comparing the first tax table with a several through time this becomes apparent. Note, the following are expressed in 2012 dollars and are provided by research provided by the Tax Foundation.

### Table 1: 1913 Federal Tax Table

<table>
<thead>
<tr>
<th>Marginal Tax Brackets</th>
<th>Tax Rate</th>
<th>Over</th>
<th>But Not Over</th>
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</thead>
<tbody>
<tr>
<td>1.0%</td>
<td>$0</td>
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<td>2.0%</td>
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### Table 2: 1929 Federal Tax Table

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### 1946 Federal Tax Table

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<td>89.0%</td>
<td>$1,177,405</td>
<td>$1,766,108</td>
</tr>
<tr>
<td>90.0%</td>
<td>$1,766,108</td>
<td>$2,354,810</td>
</tr>
<tr>
<td>91.0%</td>
<td>$2,354,810</td>
<td>-</td>
</tr>
</tbody>
</table>

**Figure 33: 1946 Federal Tax Table**

### 1970 Federal Tax Table

<table>
<thead>
<tr>
<th>Marginal Tax Rate</th>
<th>Tax Brackets Over</th>
<th>But Not Over</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.0%</td>
<td>$0</td>
<td>$5,917</td>
</tr>
<tr>
<td>15.0%</td>
<td>$5,917</td>
<td>$11,835</td>
</tr>
<tr>
<td>16.0%</td>
<td>$11,835</td>
<td>$17,752</td>
</tr>
<tr>
<td>17.0%</td>
<td>$17,752</td>
<td>$23,669</td>
</tr>
<tr>
<td>19.0%</td>
<td>$23,669</td>
<td>$47,339</td>
</tr>
<tr>
<td>22.0%</td>
<td>$47,339</td>
<td>$71,008</td>
</tr>
<tr>
<td>25.0%</td>
<td>$71,008</td>
<td>$94,678</td>
</tr>
<tr>
<td>28.0%</td>
<td>$94,678</td>
<td>$118,347</td>
</tr>
<tr>
<td>32.0%</td>
<td>$118,347</td>
<td>$142,017</td>
</tr>
<tr>
<td>36.0%</td>
<td>$142,017</td>
<td>$165,686</td>
</tr>
<tr>
<td>39.0%</td>
<td>$165,686</td>
<td>$189,356</td>
</tr>
<tr>
<td>42.0%</td>
<td>$189,356</td>
<td>$213,025</td>
</tr>
<tr>
<td>45.0%</td>
<td>$213,025</td>
<td>$236,695</td>
</tr>
<tr>
<td>48.0%</td>
<td>$236,695</td>
<td>$260,364</td>
</tr>
<tr>
<td>50.0%</td>
<td>$260,364</td>
<td>$307,703</td>
</tr>
<tr>
<td>53.0%</td>
<td>$307,703</td>
<td>$378,712</td>
</tr>
<tr>
<td>55.0%</td>
<td>$378,712</td>
<td>$449,720</td>
</tr>
<tr>
<td>58.0%</td>
<td>$449,720</td>
<td>$520,729</td>
</tr>
<tr>
<td>60.0%</td>
<td>$520,729</td>
<td>$591,737</td>
</tr>
<tr>
<td>62.0%</td>
<td>$591,737</td>
<td>$710,085</td>
</tr>
<tr>
<td>64.0%</td>
<td>$710,085</td>
<td>$828,432</td>
</tr>
<tr>
<td>66.0%</td>
<td>$828,432</td>
<td>$946,779</td>
</tr>
<tr>
<td>68.0%</td>
<td>$946,779</td>
<td>$1,065,127</td>
</tr>
<tr>
<td>69.0%</td>
<td>$1,065,127</td>
<td>$1,183,474</td>
</tr>
<tr>
<td>70.0%</td>
<td>$1,183,474</td>
<td>-</td>
</tr>
</tbody>
</table>

**Figure 34: 1970 Federal Tax Table**
With top tier tax rates ranging from 7 to 91 percent within this random sample of years, the question to ponder is what an average Skagit County family might have actually paid. The Census Bureau currently reports the median family income within Skagit County as $66,085. Keeping in mind a multitude of deductions, credits and programs have come and gone throughout time, it is assumed the married filing jointly return submit through the 100 years of tax code presence has allowed for a net taxable income of $40,000 – all expressed in current dollars.

The tax code and use of taxes shifted significantly in the early 1940’s making comparisons prior to this date more suspect as is evidenced in the following table. However, what is apparent is the effective tax rate, the amount actually paid by those filing taxes as a percentage of taxable wage – not gross wages-, is lower today than any time before 1942 except for 1977, 1986 and 1987 where it was approximately 1 percent lower. Again, caution should be taken with these years as programs may have existed that impacted taxable income where actual tax paid could have been higher or lower which is not reflected by the tax rate.
<table>
<thead>
<tr>
<th>Year</th>
<th>Inflation Adjusted income</th>
<th>Effective Federal Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913</td>
<td>$1,725</td>
<td>1.0%</td>
</tr>
<tr>
<td>1920</td>
<td>$3,484</td>
<td>4.0%</td>
</tr>
<tr>
<td>1925</td>
<td>$3,049</td>
<td>2.0%</td>
</tr>
<tr>
<td>1930</td>
<td>$2,909</td>
<td>2.0%</td>
</tr>
<tr>
<td>1935</td>
<td>$2,387</td>
<td>4.0%</td>
</tr>
<tr>
<td>1940</td>
<td>$2,439</td>
<td>4.0%</td>
</tr>
<tr>
<td>1945</td>
<td>$3,136</td>
<td>23.7%</td>
</tr>
<tr>
<td>1950</td>
<td>$4,199</td>
<td>20.1%</td>
</tr>
<tr>
<td>1955</td>
<td>$4,669</td>
<td>20.3%</td>
</tr>
<tr>
<td>1960</td>
<td>$5,157</td>
<td>20.4%</td>
</tr>
<tr>
<td>1965</td>
<td>$5,488</td>
<td>16.4%</td>
</tr>
<tr>
<td>1970</td>
<td>$6,760</td>
<td>16.9%</td>
</tr>
<tr>
<td>1975</td>
<td>$9,373</td>
<td>17.9%</td>
</tr>
<tr>
<td>1980</td>
<td>$14,536</td>
<td>13.4%</td>
</tr>
<tr>
<td>1985</td>
<td>$18,746</td>
<td>11.7%</td>
</tr>
<tr>
<td>1990</td>
<td>$22,771</td>
<td>15.0%</td>
</tr>
<tr>
<td>1995</td>
<td>$26,551</td>
<td>15.0%</td>
</tr>
<tr>
<td>2000</td>
<td>$30,001</td>
<td>15.0%</td>
</tr>
<tr>
<td>2005</td>
<td>$34,025</td>
<td>12.9%</td>
</tr>
<tr>
<td>2010</td>
<td>$37,990</td>
<td>12.8%</td>
</tr>
<tr>
<td>2012</td>
<td>$40,000</td>
<td>12.8%</td>
</tr>
</tbody>
</table>

**Figure 38: Effective federal tax rates 1913-2012 in current dollars**
Figure 39: Percentage of K-12 Students on Free or Reduced-Price Meals

Education Pathways

Education, especially when looked at from a P-20 perspective rather than a K-12, is a key ingredient to the economic vibrancy of a community. Like many other community attributes, there is no ideal mix of education levels or where that education is produced but an understanding of the unique mix within a community and what they may mean for a community is important.

High School Graduation Rates

Tracking and reporting high school graduation rates is easily skewed based on the study parameters. The question of cohort definition changes the results dramatically. For example, the completion rate of those entering grade 1 would be a 12-year cohort, which is extremely difficult and expensive to collect due to students moving between districts. A cohort of 4 years is somewhat easier to manage but can be skewed by programs such as Running Start. A cohort of 1 year is easily tracked but generally over reports the success of the completion.

The Kids Count Data Center presents a formal definition of a 4-year adjusted cohort graduation rate, as, “The number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for the graduating class. For any given cohort, students who are entering grade 9 for the first time form a cohort that is subsequently “adjusted” by adding any students who transfer into the cohort later during the next three years and subtracting any students who transfer out, immigrates to another country, or dies during that same period. This definition is defined in federal regulation 34 C.F.R. §200.19(b) (1) (i)-(iv).”

Graduation from high school indicates a readiness to either enter the workforce or to continued education. The following figure reports graduation rates for 3 academic years using a five-year cohort (allows for up to 5 years to complete high school). The red dots indicate the state average for each year which is relatively stable. The graduation rates within the Skagit County schools indicate 10 data points above average (Anacortes, Burlington-Edison, LaConner and Sedro Woolley) and 7 below average (Concrete and Mount Vernon).
An analysis was conducted to determine if gender played a factor in graduation rates. It was noted that female students have a slightly higher graduation rate than males in nearly all instances but not at a significant amount.

An analysis was conducted to determine if lower income students had a lower graduation rate. This was found to be significant with only Sedro Woolley outperforming the state average. Lower income students tend to graduate at a lower level than non-lower income students in districts other than Sedro Woolley.

An analysis was conducted to determine if identified race played a factor in graduation rates. It was noted that several outliers (greater than 10 percent) exist:

- La Conner: American Indian/Alaskan Native 30 percent higher than state average
- Anacortes: Hispanic 16 percent higher than state average
- Burlington-Edison: Hispanic 11 percent higher than state average
- Mount Vernon: Hispanic 12 percent below state average
- Concrete: White 15 percent below state average

In general, it does not appear that race plays a significant factor in reported graduation rates.
Education Pathways
Since 2005 a concerted effort has been made in Washington State to better understand the different pathways high school graduates take. In examining the data available a number of observations may be made about the school districts in Skagit County.

Observations
- La Conner High School is the largest producer (percent basis) of college students.
- La Conner and Burlington have consistently outperformed the state average.
- Anacortes High School has had two years of significant decline in the number of students enrolling in college after graduation.
- Concrete averages 20 percent lower college enrollment than the state and county averages but when looking at just those attending college they exceed the county averages in both public and private 4 year schools in-state and out of state.

**Figure 41: High School Students Enrolling in College (ERDC)**
The class of 2014 is reported with the following enrollment patterns:

<table>
<thead>
<tr>
<th>District</th>
<th>Total</th>
<th>Public 4yr</th>
<th>Private 4yr</th>
<th>Public 2yr</th>
<th>Private 2yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anacortes</td>
<td>75-79%</td>
<td>32%</td>
<td>7%</td>
<td>37%</td>
<td>1%</td>
</tr>
<tr>
<td>Burlington-Edison</td>
<td>85-89%</td>
<td>22%</td>
<td>3%</td>
<td>62%</td>
<td>1%</td>
</tr>
<tr>
<td>Concrete</td>
<td>80-100%</td>
<td>30%</td>
<td>10%</td>
<td>70%</td>
<td>10%</td>
</tr>
<tr>
<td>La Conner</td>
<td>90-100%</td>
<td>55%</td>
<td>10%</td>
<td>45%</td>
<td>5%</td>
</tr>
<tr>
<td>Mount Vernon</td>
<td>90%</td>
<td>31%</td>
<td>6%</td>
<td>52%</td>
<td>1%</td>
</tr>
<tr>
<td>Sedro Woolley</td>
<td>85-89%</td>
<td>17%</td>
<td>3%</td>
<td>62%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Statewide</strong></td>
<td>82%</td>
<td>31%</td>
<td>5%</td>
<td>45%</td>
<td>1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>District</th>
<th>Total</th>
<th>Public 4yr</th>
<th>Private 4yr</th>
<th>Public 2yr</th>
<th>Private 2yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anacortes</td>
<td>22%</td>
<td>12%</td>
<td>7%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Burlington-Edison</td>
<td>12%</td>
<td>3%</td>
<td>7%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Concrete</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>La Conner</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Mount Vernon</td>
<td>10%</td>
<td>3%</td>
<td>6%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Sedro Woolley</td>
<td>12%</td>
<td>7%</td>
<td>7%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Statewide</strong></td>
<td>18%</td>
<td>8%</td>
<td>8%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>District</td>
<td>Total HS Graduates</td>
<td>% Going to College</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------------</td>
<td>--------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anacortes</td>
<td>195</td>
<td>67%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Burlington-Edison</td>
<td>230</td>
<td>64%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concrete</td>
<td>33</td>
<td>35%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>La Conner</td>
<td>47</td>
<td>72%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mount Vernon</td>
<td>306</td>
<td>66%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sedro Woolley</td>
<td>315</td>
<td>47%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Statewide</strong></td>
<td><strong>65,881</strong></td>
<td><strong>61%</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ERDC

**Figure 42: Student enrollment by type of institution Enrolled in Postsecondary Ed**
Share of Jobs by Educational Attainment

Education is seen as the gateway to success. Students are told to study hard and that their hard work today will lead to success tomorrow. Better jobs and better lives are dangled in front of students with education as the secret sauce. The question to ponder is what jobs and careers connect with what education and what overt efforts could be made within a community to support further community development through education partnership initiatives.

The following information is a comprehensive summary of 5-year American Community Survey data of 2006-2010, collected by the Equal Employment Opportunity (EEO) Tabulation that measures the composition of an internal workforce of a region within an occupation.

The most common occupations of people who are not high school graduates are farming, fishing, and forestry occupations, food preparation and serving related occupations, and production occupations. These are largely blue-collar labor-intensive occupations.

The most common occupations of people who are high school graduates are sales and related occupations, office and administrative support occupations, and construction and extraction occupations. These job occupations are less season-dependent than the ones in the previous category and have more job security. There are twice as many high school graduates in these jobs as those who have not completed high school.

The most common occupations of people who have some college or associates degree are office and administrative support occupations, sales and related occupations, and management occupations. The largest part of the working-age population has this educational attainment level, and the occupations support the fact that Skagit County’s largest industries are in retail trade and manufacturing.

The most common occupations of people who have a bachelor’s degree are management occupations, sales and related occupations, and education, training and library occupations.

The most common occupations of people who have a graduate or professional degree are education, training and library occupations, healthcare practitioners and technical occupations, and management occupations. These are higher-paying positions that often require more training. A large percentage of people who have attained this level of education are in healthcare and technical occupations, which aligns with the fact that Skagit County’s fourth largest sector is healthcare and social assistance.

This data is collected from the US Census American Fact Finder EEO Tabulation.