

I. INTRODUCTION

A. Background

A study completed for the Oregon Coastal Zone Management Association (OCZMA) in 1987 provided an economic snapshot of coastal communities in a report called *The Economic Landscape of the Oregon Coast*. Information in this report was partially updated to 1989 in a publication entitled *Observations on the 1989 Coastal Economy*. The analysis was updated again to data year 1991 in a publication called *A Demographic and Economic Description of the Oregon Coast*, published March 1994. Taken together, these three publications explained the basic industries that drive the coastal economy. The reports were well received and have been widely used for planning and policy deliberations. Recent work with federal and State initiatives, other local policy making activities, and the passage of time provided the justification to update this important information.

The reports provided a general economic and social description of coastal communities, but their heralded usefulness was in the analysis approach. Most descriptive studies are derived from available data for employment in standard industry and occupation categories. These categories cross over economic sectors commonly used to promote and plan for economic development, such as tourism and retirement. The usual approach to understanding the dimensions and trends of economic development sectors is to undertake special studies. However, the special studies do not compare and contrast one sector with another. In addition, because there are different measurements, it is difficult to compile results to determine how all sectors add up to show 100 percent of the driving forces behind economies.

The above mentioned studies completed for the OCZMA resolved this problem through a unique approach derived from "economic base" modeling. Economic base analysis used seven basic sectors to describe the economy: commercial fishing, timber, agriculture, tourism, "other identified export based industries," "other earned income," and "non-earned income." The other identified export based industries sector includes four subsectors: water transportation and marine cargo; paper and paperboard mills; ship building, steel fabrication, and other construction; and other identifiable such as government, research, communication, special education, and military. The other earned income sector contains other unique businesses found on the Oregon Coast which cannot be identified due to data confidentiality and/or data specification issues. The non-earned income is transfer payments and investment earnings. The economic base model was developed to generate estimates of the seven basic sectors' direct, indirect, and induced income at the county level. The model was derived from an economic input-output methodology using response coefficients from IMPLAN.¹ This new project to update the economic analysis uses Year 2000 census information and Year 2003 county level personal income released by the Bureau of Economic Analysis (BEA).

Policy makers and planners benefit by having demographic (age, housing, etc.) statistics, social well being (health, crime, etc.) statistics, and economic analysis (personal income, etc.) data combined in one document. Decision makers can concentrate on defining goals and objectives

1. The input-output model was originally developed by the U.S. Forest Service and is now maintained by the Minnesota IMPLAN Group Inc.

to direct and accommodate changes. Efforts will not have to be expended on generating background information for the planning and policy making. Findings, conclusions, and interpretive descriptions will be useful to comprehend the implications of change and define how proper planning can conserve and sustain coastal economies, coastal livability, and environmental resources.

B. Purpose

In the last decade there have been many significant changes in the national, State, and Oregon Coast's economy. In particular, shifts in federal and state natural resource and land management policies sparked dramatic changes to economies and the general population. Looking at demographics, the Coast's population is accelerating away from young families raising children and moving toward a population of retirees who have either stayed in or relocated to the region to enjoy the environment and quality of life. These social changes have had a profound impact on school and other local government services.

Coastal leaders and communities benefit by having a single, overarching study to document area-wide and local trends. Study results help in having a cost-effective approach for developing plans and policies to address the trends. In the absence of a single study, individual jurisdictions would be forced to prepare their own background and assessments (if they were prepared at all). Locally prepared assessments would not be consistent with neighboring jurisdictions, making region-wide comparisons among jurisdictions difficult or impractical.

C. Approach

This report offers updated descriptions as a result of (1) economic analysis tasks, (2) social analysis tasks, and (3) interpretive tasks.

(1) Economic Analysis Tasks

The economic analysis work has two parts: (a) economic base analysis, and (b) a special emphasis to determine the importance and opportunities from retirement and retirement related income.

Net Earnings Analysis Tasks

The economic base analysis updates the results described in the above mentioned OCZMA reports. IMPLAN response coefficients and industry information are used to describe economic structures and trends. Industry response coefficients use data year 1998 as the midpoint year in this report's trend analysis.

Retirement Income Analysis Tasks

Transfer payments and returns from investments have become a major source of income for most coastal communities. These sources made up 46 percent of total personal income coast-wide in 2003. This compares with about 34 percent for all of Oregon and 31 percent for the U.S. Spin-off jobs traced to these income sources may be lower wage consumer service oriented occupations similar to tourism generated employment. However, not enough is known about spending patterns to make generalizations. An investigation was needed to study households having these income sources to determine how changes are needed in public policy to better accommodate impacts.

(2) Social Analysis Tasks

Population information is from decennial census and other serial primary data collection programs. Social trends are itemized for demographic, housing, health and well being indicators, and wealth statistics at relevant temporal and spatial scales.

(3) Interpretive Analysis Tasks

The interpretive task overlaps the economic and social analysis. Study steering group meetings were held to define emerging issues, the influences and consequences of the issues, and how descriptive indicators can be used for policy and planning.

An often overlooked aspect of planning and public policy making is monitoring. Good planning and policy making is backed by a good understanding of how key factors have changed over time. As conditions change, monitoring will enable communities to adjust policies to best serve citizens. Indicators about economic and social conditions are needed to assess the ability to respond and adapt to change in positive, constructive ways.

D. Report Contents

The report first discusses social and economic setting in the study areas in Chapter II. Chapter III explains the economic analysis methods which provide estimates of the economic contribution from industries driving the local economies. Changes in personal income derived from the industries in the selected study areas are then summarized. Chapter IV discusses regional, national, and international forces affecting local social and economic developments. Chapter V provides an outlook of how these trends will impact the study areas.

II. SETTING

A. Data Used in This Report

Three types of statistics are used in the report to describe the existing situation of the population and economy and to compare and contrast the situation with Oregon and the U.S. *Demographic* statistics refer to population differences, such as age, gender, race, mobility, household size, etc. *Economic* statistics are used, not as a measure of individuals, but of the business activity in which they participate. The amount of business sales, the number of jobs, and the wages businesses generate are all used as measures. This activity has been translated to a common base defined as personal income. Personal income is a more reliable measure for comparative purposes than business activity, because personal income can be related to other income received in households, such as from retirement pay and investment dividends. *Social* statistics measure the well-being and activities of individuals. This definition does not necessarily delineate social statistics from demographic and economic statistics. But the definition does encompass a wide body of information that is clearly not demographic or economic. For example, health and welfare data is usually classified as a social accounting statistic.

The demographic information was largely based on Year 2000 decennial census information. The economic information was harvest and business activity based on information from many sources. Year 2003 is the most recent year in which total personal income information is available at the county level from the U.S. BEA. Some social accounting data was acquired from agency and serial publications other than the U.S. Bureau of Census. The selected data used in this report and its sources are shown in Appendix A. This appendix material also contains other data sources not used in this report. Tables showing detailed statistics for coastal counties and cities is contained in Appendix B.

Several possibilities for the geographic resolution of data were available for census based information. This not only includes areas within political boundaries for counties and cities, but also census defined boundaries for tracts and places. Census information is also reported for zip code areas. Unfortunately, a review of the census defined boundaries and zip code areas found their applicability to land use management questionable. There was little consistency between land use plan data derived urban and rural community growth boundaries and the census defined or zip code area boundaries.

County boundaries were adopted for data presentation and discussion for the following five coastal counties: Clatsop, Tillamook, Lincoln, Coos, and Curry. Where possible, data for coastal Lane and Douglas counties was used. The portions of Lane and Douglas counties adopted for study inclusion can be geographically described as being those portions west of the Coast Range summit.¹ In the case of Lane County, this includes the unincorporated communities of Swisshome, Deadwood, and Mapleton, and all areas west of these communities. For Douglas County, this includes the unincorporated community of Scottsburg and all areas west of it. For some data, it was necessary to use the growth rates and ratios found in Lincoln and Coos

1. These geographic areas were approximated by zip codes 97439, 97493, 97453, 97480, and 97430 for coastal Lane County and 97467, 97441, and 97473 for coastal Douglas County. Data at the zip code level used for coastal Lane and Douglas counties is from decennial census Summary File 3 tables.

counties for coastal Lane and coastal Douglas counties, respectively. When historical growth patterns were reviewed, the cities of Florence and Reedsport were used for coastal Lane and Douglas counties, respectively.

Many of the demographic, economic, and social statistics are expressed as averages or proportions for the Coast. Examples are unemployment rate and housing vacancy rate. In these cases, a weighted mean rather than arithmetic mean of coastal county rates is used for the calculation. The frequency used for the weighting is chosen to most closely be associated with the measurement. In the example of unemployment rate, the average across counties used total employment. In the example of vacancy rate, total housing units (occupied and unoccupied) was used. Whenever possible, absolute numbers were sought to calculate coast-wide averages and proportions. This way, the information would be self-weighted rather than estimated through a weighting technique.

B. Demographic Description

1. Population Characteristics

Since 1970, the population of Oregon has been growing much faster than the population of the United States (Table II.1 and Figure II.1). There has been overall growth in coastal counties, but at a slower pace than Oregon. The exceptions are Lincoln and Curry counties which have grown almost as fast as Oregon's population in the last two decades. The population of Coos County has been growing much slower than the Coast and the State. Generally, coastal counties have an overall out-migration of young adults who leave the region to find education and employment opportunities. With these migration patterns alone, coastal areas would experience significant shifts in their demographic structure. However, this trend is exacerbated by in-migration patterns. The national population is "aging" with large population

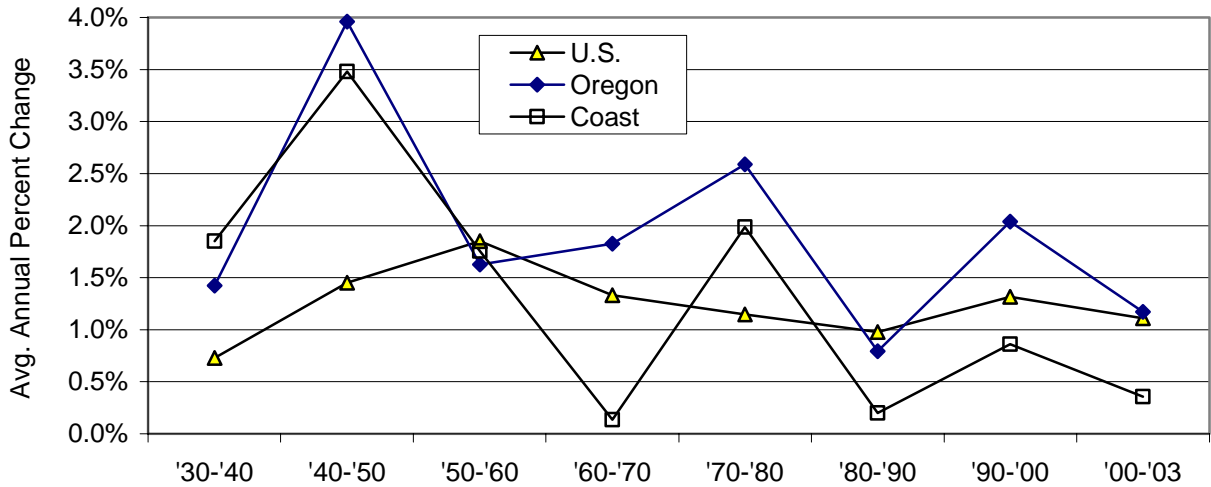
Table II.1
Population Percent Change During 1970 to 2000 for U.S., Oregon, and Coastal Counties

	1970	1980	1990	2000	Percent Change		
					1970-2000	1980-2000	1990-2000
Clatsop	28,473	32,489	33,301	35,630	25%	10%	7%
Tillamook	18,034	21,164	21,570	24,262	35%	15%	12%
Lincoln	25,755	35,264	38,889	44,479	73%	26%	14%
Coastal Lane	2,246	4,411	5,162	7,340	227%	66%	42%
Coastal Douglas	4,039	4,984	4,796	4,370	8%	-12%	-9%
Coos	56,515	64,047	60,273	62,779	11%	-2%	4%
Curry	13,006	16,992	19,327	21,137	63%	24%	9%
Coast	148,068	179,351	183,318	199,997	35%	12%	9%
Oregon	2,091,533	2,633,105	2,842,321	3,421,399	64%	30%	20%
U.S.	203,211,926	226,545,805	248,709,873	281,421,906	38%	24%	13%

Notes: 1. Cities of Florence and Reedsport represent coastal Lane and coastal Douglas counties, respectively.

Source: U.S. Census Bureau and Portland State University Population Research Center (PSU).

Figure II.1
Average Annual Population Growth in U.S., Oregon, and Coastal Counties in 1930 to 2003



Notes: 1. Coast includes Clatsop, Tillamook, Lincoln, Coos, and Curry counties.
Source: U.S. Census Bureau.

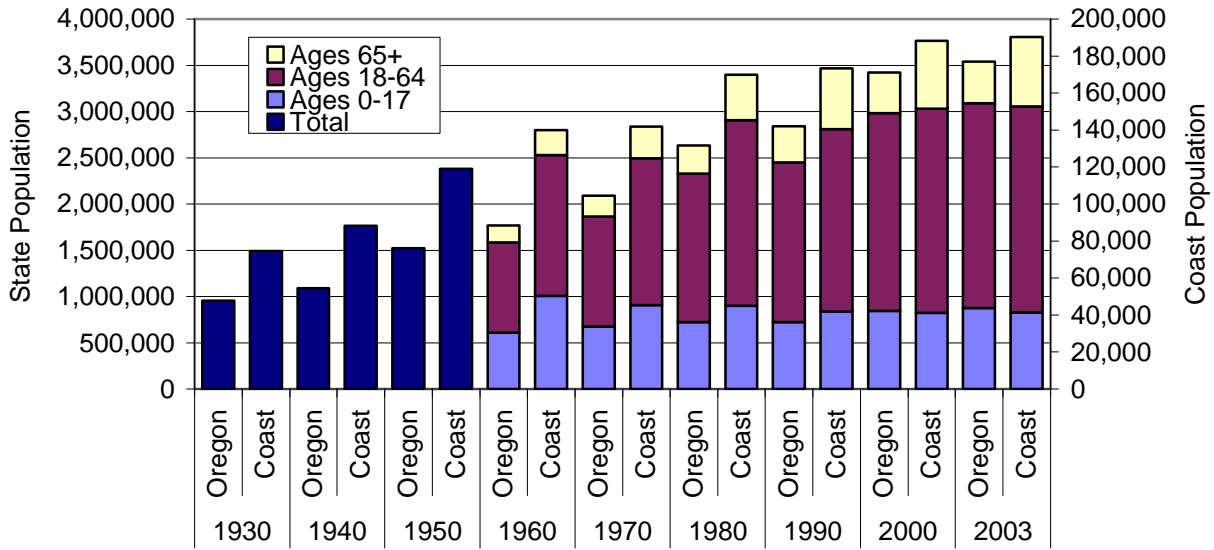
cohorts moving into middle and older age groups. The people in these retirement age cohorts are moving to the Coast.¹ The trend is the same for Oregon, but more so for the coastal counties (Figure II.2 and II.3). Among the coastal counties, Tillamook and Curry counties are attracting the most retirement age people.

The coastal portions of Lane and Douglas counties have interesting population trends. Using the populations of Florence and Reedsport cities, respectively, to approximate the coastal portions of Lane and Douglas counties reveals a disparate growth pattern. The Florence population increased 66 percent from 1980 to 2000. Reedsport lost 12 percent of their residents during the same period. In-migration of retirement age people fueled Florence's population growth. The median age in 2000 in Florence was 56, almost 20 years older than the rest of Oregon. A similar large influx of population in Reedsport has not replaced the out-migration of working age families.²

The Coast and Oregon's components of population change are shown in Table II.2 and Figure II.4. Net migration (individuals moving out minus those moving into an area) has oscillated between positive and negative in the shown intercensal periods. The growth in population due to

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1. Retirement age specific net migration between 1990 and 2000 was calculated by subtracting the expected 55 and older age cohort in 2000 from the actual population. The expected cohort in 2000 was calculated by applying average mortality rates to the 45 and older population in 1990.
 2. All large lumber mills and the International Paper Co.'s paperboard mill in western Douglas County shut down operations in recent years. There are still other strong local employers, principally in ship building and repair, steel fabrication, and communications. Such employer diversification bodes well for the area's future economic development.

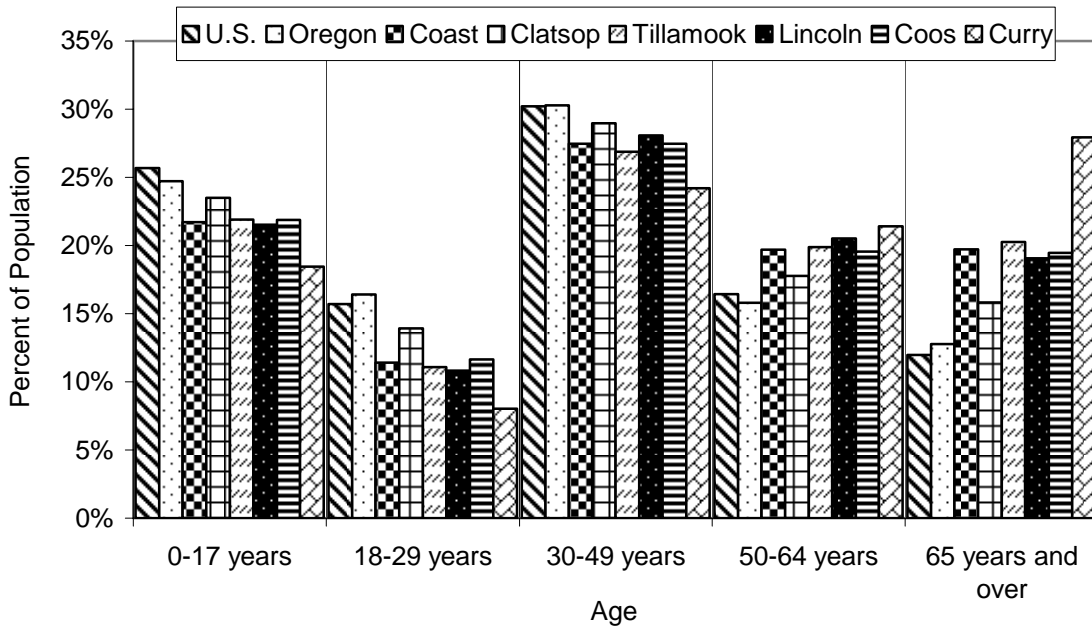
Figure II.2
Population by Age Cohort in Oregon and Coastal Counties in 1930 to 2003



Notes: 1. Coast includes Clatsop, Tillamook, Lincoln, Coos, and Curry counties.
2. Several age years in cohorts for early decennial years are estimated using ratios from more recent decennial years.

Source: U.S. Census Bureau.

Figure II.3
Study Area, State, and U.S. Age of Population in 2003



Source: U.S. Census Bureau and Portland State University Population Research Center.

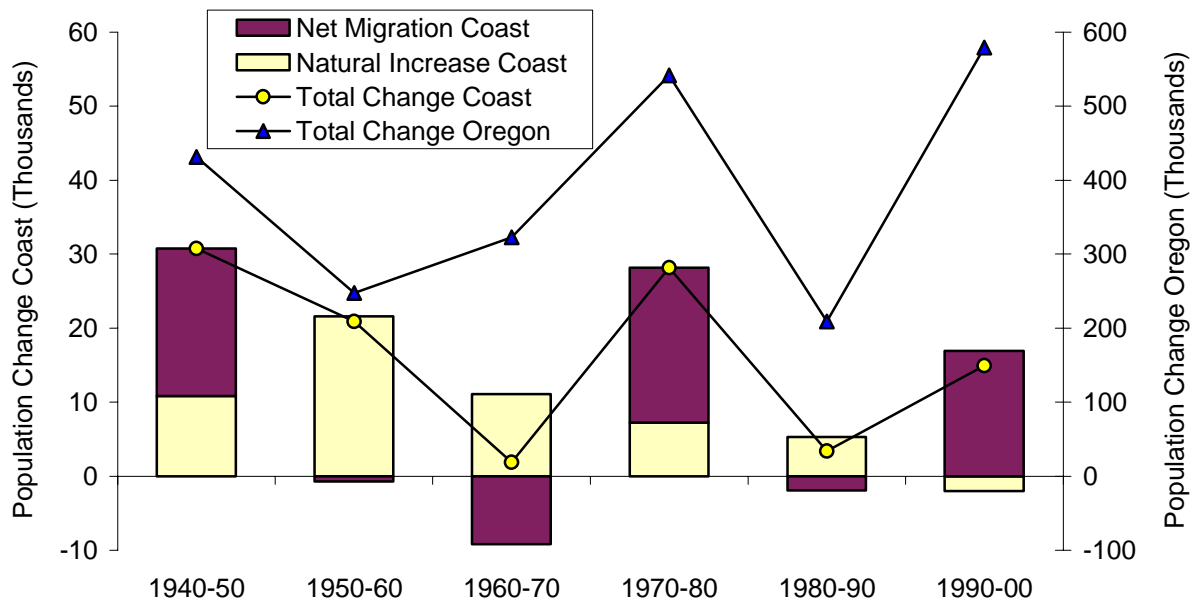
Table II.2
Coast and Oregon Population Change by Components During Years 1940 to 2000

	Years	Population	Total Change	Net Migration	Natural Increase
Coast	1940	88,276			
	1950	119,003	30,727	19,915	10,812
	1960	139,908	20,905	-700	21,605
	1970	141,783	1,875	-9,193	11,068
	1980	169,956	28,173	20,916	7,257
	1990	173,360	3,404	-1,913	5,317
	2000	188,287	14,927	16,929	-2,002
Oregon	1940	1,090,000			
	1950	1,521,341	431,341	293,478	137,863
	1960	1,768,687	247,346	18,501	228,845
	1970	2,091,385	322,698	160,346	162,352
	1980	2,633,156	541,771	396,157	145,614
	1990	2,842,321	209,165	35,766	173,399
	2000	3,421,399	579,078	421,452	157,626

- Notes: 1. Net migration equals in-migrants minus out-migrants.
 2. Natural increase equals births minus deaths.
 3. Coast does not include coastal Lane and coastal Douglas counties.

Source: U.S. Census Bureau and Portland State University Population Research Center.

Figure II.4
Coast and Oregon Population Change by Component During Years 1940 to 2000



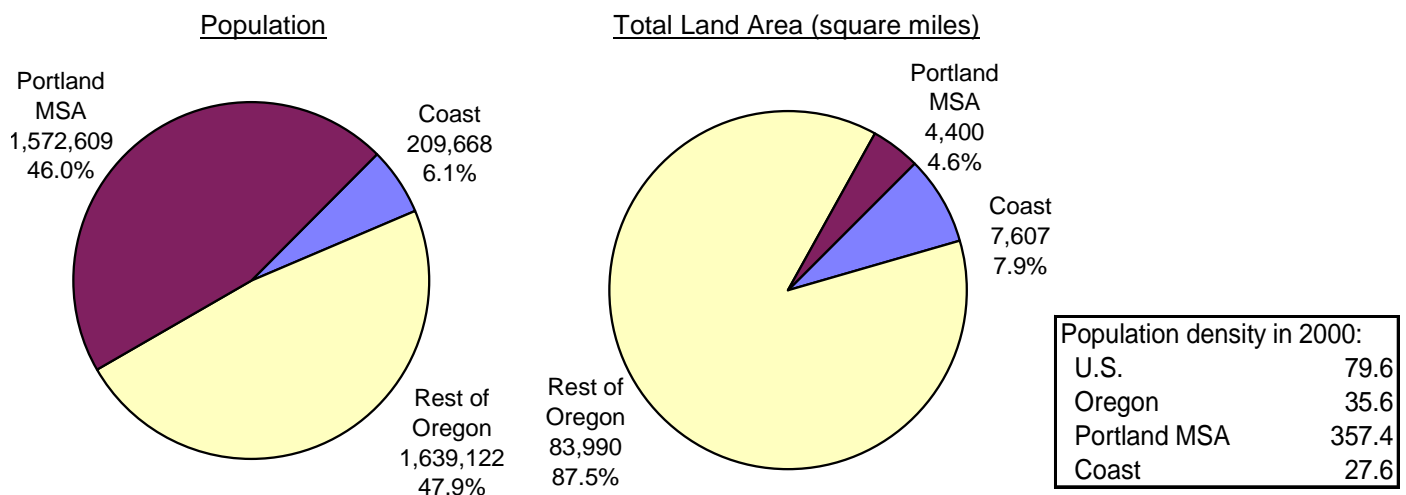
Source and notes, see Table II.2.

natural increases (births minus deaths) has declined steadily since 1950, reaching a negative value between 1990 and 2000.

2. Geographic Density

The State and coastal counties have similar population densities at 35.6 and 27.6 persons per square mile, respectively (Figure II.5). Since Oregon's land area includes vast unpopulated areas east of the Cascades, the coastal counties' density would indicate that density is very low. By comparison, the population density of the Portland Metropolitan Statistical Area (excludes land area and population of Clark County, Washington) is 357.4 in 2000.

Figure II.5
Share of Oregon Coastal Population and Land Area in 2000



- Notes:
1. Coast includes the five coastal counties plus the coastal portions of Lane and Douglas counties.
 2. Coastal Lane and Douglas land area is approximated by the land area of the port districts of Siuslaw and Umpqua. Coastal Lane and Douglas population is approximated by zip code areas.
 3. The Portland Metropolitan Statistical Area counties are Multnomah, Clackamas, Washington, Yamhill, and Columbia. Clark County, Washington is not included in order to show Oregon's share of population and land area.

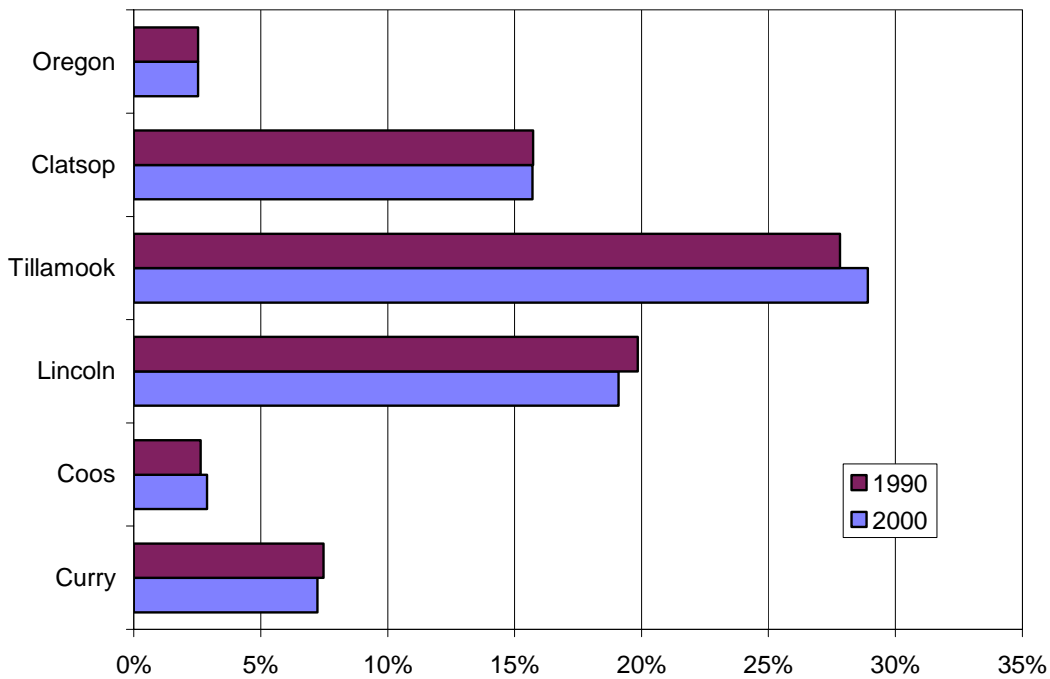
Source: U.S. Census Bureau.

3. Housing Stock

The housing stock for the Oregon Coast is generally older than for the State. This is so despite the growth of second homes and condominiums. For Clatsop and Coos counties in 2000, the median year that a house was built was 1963 and 1968, respectively, as compared to the State's 1973. Tillamook County's median year was also 1973, Lincoln County 1975, and Curry County 1978. Monthly housing costs as measured by rent, mortgage payments, and utility costs are lower than the State for both owners (median \$661 vs. \$914) and renters (median \$537 vs. \$620). Housing costs as a percentage of household income are generally lower than the State.

The usual statistic to measure housing availability is misleading for the Oregon Coast. Most counties' overall vacancy rates are substantially higher than the State's. This is because the census defined total vacancy rate includes vacant units market ready and vacant units which serve as a second home. Coastal counties' housing stock includes a much higher proportion of second homes than the State (Figure II.6). Tillamook County has the highest percentage of second homes of all the coastal counties.

Figure II.6
Second Homes as a Percent of Total Housing Units for Oregon and Coastal Counties in 1990 and 2000



Source: U.S. Census Bureau.

The median value of owner occupied homes is less than the State. But, the residential assessed value per capita is much higher. This demonstrates the presence of higher-valued second homes on the Coast than in the rest of the State.

4. Employment

Oregon's coastal areas have undergone significant economic and demographic transitions. Traditional resource-based industries like commercial fishing and wood products have declined in relative importance. Trade and service jobs associated with businesses serving tourism and retirees have increased. Because of the influence of the dairy industry in Tillamook County, agriculture has remained fairly constant. The major change, however, has been the increase of "other" industries in these counties, which reduced the relative importance of natural resource industries. Other industries in this report are defined to be businesses not associated with the just

mentioned sectors and other large employers that are readily known, like the Hatfield Marine Science Center in Lincoln County. Later chapters discuss this other industry category in depth.

The flip side of employment is unemployment. There are some dramatic differences between the counties over time (Figure II.7). In the past, Oregon's coastal counties were much more vulnerable to recessions, such as the downturn in the early 1980's. During those years, all Oregon's counties experienced worse unemployment. In the last decade, there have been fewer spikes in unemployment. And today, four of five coastal counties have less or about equal unemployment rates than the rest of the State.

The industry distribution of employment is shown on Table II.3 and Figure II.8. The industry groups follow an industrial structure described by Beyers (1991). Employment in the following Year 2000 decennial census classes are summed to represent the Beyers industry groups.¹

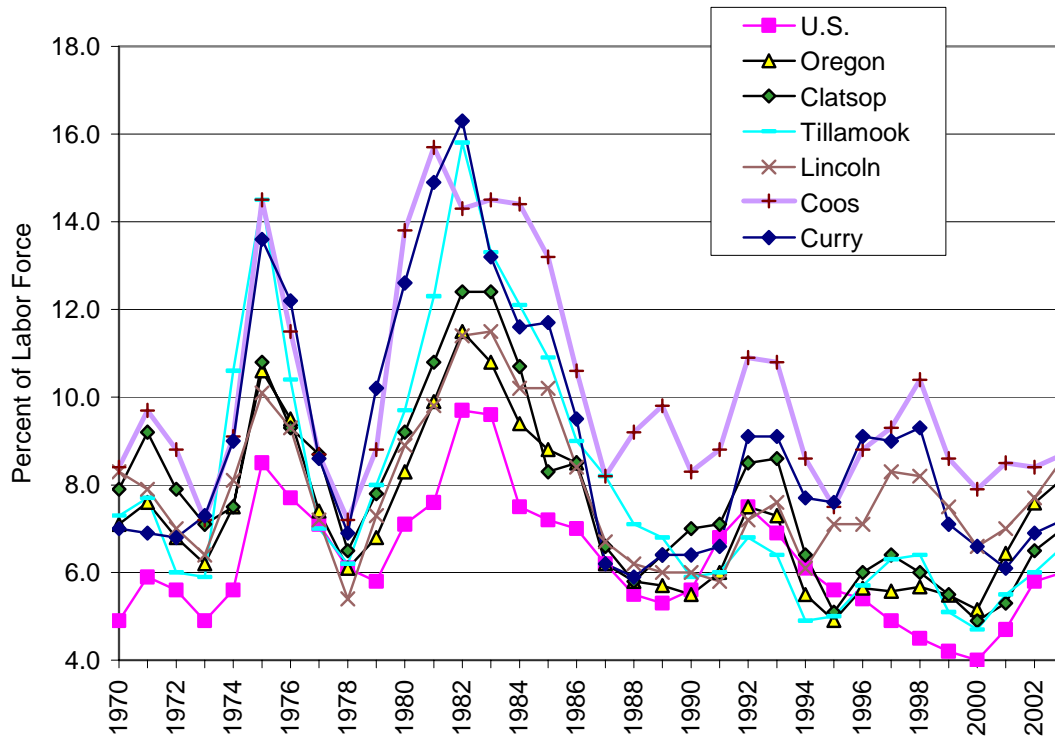
Beyers Groups	Decennial Census Industry Class
Transformative	Agriculture, forestry, fishing and hunting, mining, construction, and manufacturing
Distributive	Wholesale trade, transportation and warehousing, utilities, and information
Retail	Retail
Consumer services	Arts, entertainment, and recreation; accommodation and food services; other services
Producer services	Finance and insurance; real estate and rental and leasing; professional, scientific, and technical; management of companies; and administrative and support and waste management
Social service	Education, health care, and social assistance
Government	Military, local, state, and federal agencies

Coastal employment change lagged the State in all groups except consumer services and government. The resulting employment distribution as compared to the State in 1990 shows that there is a lesser proportion of jobs in the transformative, distributive, and producer services groupings on the Coast (Figure II.9). It is about equal in the social service groups. The employment distribution is greater in retail, consumer, and government groups. These industry transitions, and particularly the development of tourism, have led to a variety of changes with positive and negative social impacts.

One of the impacts of these industry transitions is a shift of occupations away from manufacturing to jobs in services and construction (Table II.4). The share of workers by summary occupation category does not vary significantly from the State. Among the major occupational divisions in which growth is anticipated, the largest numerical gains are projected to occur among service workers, sales related workers, professional and technical workers, and among persons holding clerical and administrative support jobs. The major sectors losing

1. Beyers industry groups are convenient for revealing summary level distributional changes over the years. However, care should be taken in comparing the groupings to traditional industry categories. For example, Beyers education employment is in the social service group while the same employment is in the industry category government as shown in Table II.4.

Figure II.7
Unemployment Rate in 1970 to 2003



Notes: 1. There was a change in measuring unemployment rate starting in 1990. A time series model was used rather than a handbook method.

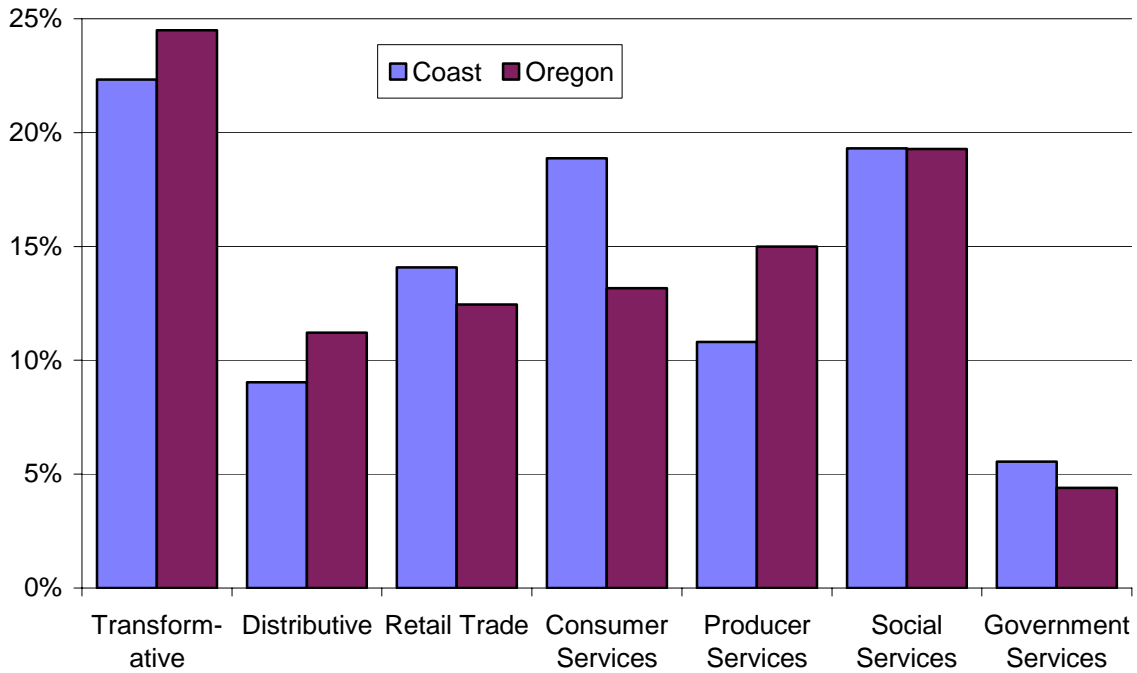
Source: Data years up to 1994 are from the Oregon Employment Department, and 1995 to present are from the U.S. Department of Labor, Bureau of Labor Statistics (BLS).

Table II.3
Coast and Oregon Employment by Industry Group in 1970 to 2000

Industry Group	Percent Distribution					Percent Change					
	Coast				Oregon	Coast			Oregon		
	1970	1980	1990	2000	2000	1970-1980	1980-1990	1990-2000	1970-1980	1980-1990	1990-2000
Transformative	42.0%	34.2%	28.7%	22.3%	24.5%	8.4%	-11.6%	-11.4%	36.7%	7.5%	5.8%
Distributive	9.4%	9.5%	9.3%	9.0%	11.2%	34.5%	3.7%	10.1%	40.2%	9.9%	23.2%
Retail Trade	17.1%	20.3%	21.8%	14.1%	12.5%	58.2%	13.0%	-26.5%	54.7%	17.6%	-15.2%
Consumer Services	6.3%	5.5%	7.0%	18.9%	13.2%	15.8%	34.0%	206.6%	10.4%	31.1%	266.7%
Producer Services	6.8%	8.9%	13.5%	10.8%	15.0%	74.5%	60.1%	-8.9%	69.2%	64.1%	7.1%
Social Services	14.5%	16.7%	14.5%	19.3%	19.3%	53.6%	-8.6%	51.4%	55.7%	2.9%	45.6%
Government	4.0%	5.0%	5.2%	5.6%	4.4%	66.5%	9.3%	21.9%	50.4%	-5.0%	32.2%
Total Employment	100.0%	100.0%	100.0%	100.0%	100.0%	33.2%	5.2%	13.8%	46.2%	15.9%	23.3%

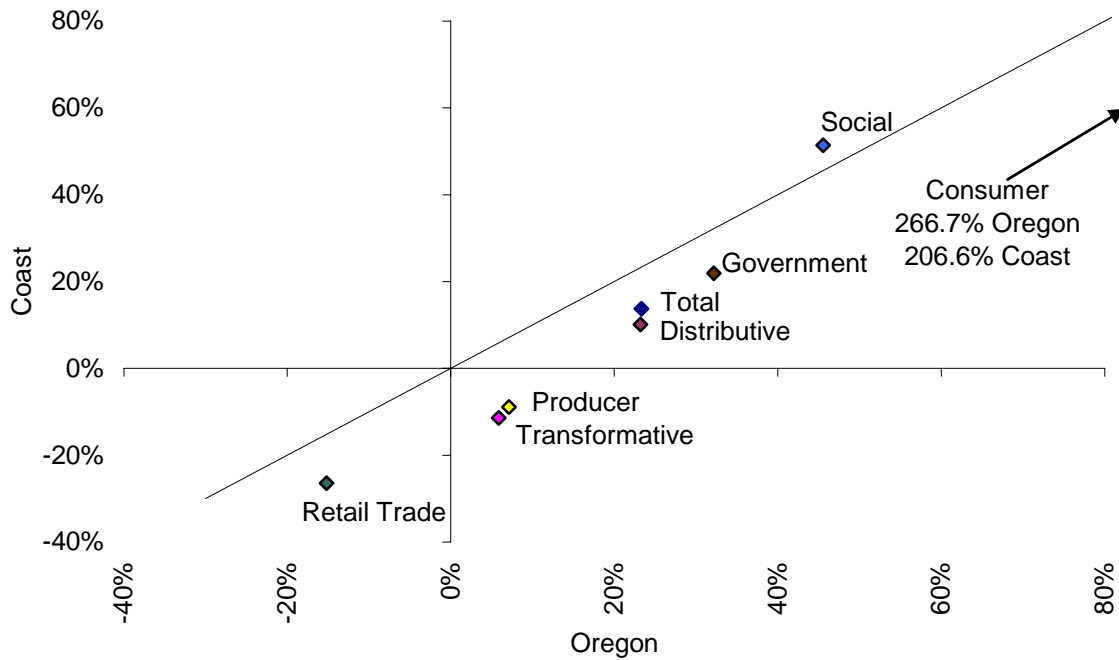
Source: U.S. Census Bureau and Study.

Figure II.8
Coast and Oregon Industry Group Employment by Percent Distribution in 2000



Source: U.S. Census Bureau and Study.

Figure II.9
Coast and Oregon Industry Group Employment Percent Change During 1990 to 2000



Notes: 1. The percent change above the diagonal line means the industry group employment at the Coast grew faster than in the State.

2. See text for a definition of industries that are included in groupings.

Source: U.S. Census Bureau and Study.

Table II.4
Coast and Oregon Occupation and Selective Industry Employment Trends in 1980 to 2000

	1980		1990		2000	
	Coast	Oregon	Coast	Oregon	Coast	Oregon
Management, professional, and related occupations	24.0%	26.7%	25.5%	29.4%	27.5%	33.1%
Service occupations	19.3%	15.1%	19.6%	15.3%	20.3%	15.3%
Sales and office occupations	22.5%	27.8%	25.2%	27.8%	24.8%	26.1%
Farming, fishing and forestry occupations	3.1%	1.7%	2.7%	1.7%	3.6%	1.7%
Construction, extraction, and maintenance occupations	11.1%	10.4%	9.9%	9.1%	10.5%	9.1%
Production, transportation, and material moving occupations	20.0%	18.4%	17.1%	16.8%	13.3%	14.7%
Total	66,721	1,138,425	70,220	1,319,960	79,884	1,627,769
<u>Selected industries</u>						
Agriculture, forestry, fishing and hunting	6.7%	4.6%	7.4%	5.1%	6.0%	3.1%
Manufacturing	20.8%	19.5%	15.0%	17.7%	8.3%	14.4%
<u>Selected worker classes</u>						
Government workers (local state, or federal)	17.6%	17.3%	17.3%	15.1%	16.6%	14.4%
Self-employed workers	13.6%	9.1%	13.1%	9.3%	12.4%	8.9%
	<u>% Change 1980-1990</u>		<u>% Change 1980-2000</u>		<u>% Change 1990-2000</u>	
	Coast	Oregon	Coast	Oregon	Coast	Oregon
Management, professional, and related occupations	11.9%	27.8%	37.4%	77.5%	22.8%	38.8%
Service occupations	6.5%	17.5%	25.5%	45.1%	17.9%	23.4%
Sales and office occupations	17.7%	16.0%	31.5%	34.5%	11.6%	15.9%
Farming, fishing and forestry occupations	-6.7%	15.2%	40.3%	46.2%	50.4%	26.9%
Construction, extraction, and maintenance occupations	-6.2%	1.7%	12.9%	25.3%	20.4%	23.1%
Production, transportation, and material moving occupations	-9.9%	5.4%	-20.0%	13.9%	-11.2%	8.1%
Total	5.2%	15.9%	19.7%	43.0%	13.8%	23.3%
<u>Selected industries</u>						
Agriculture, forestry, fishing and hunting	16.9%	27.6%	7.8%	-3.5%	-7.8%	-24.4%
Manufacturing	-23.9%	5.0%	-52.2%	5.6%	-37.1%	0.5%
<u>Selected worker classes</u>						
Government workers (local state, or federal)	3.6%	1.3%	13.4%	18.9%	9.4%	17.4%
Self-employed workers	0.9%	18.8%	8.6%	40.2%	7.6%	18.0%

Notes: 1. Totals include employed civilian population 16 years and over.

2. The 1980 and 1990 occupation categories were translated to 2000 titles using the U.S.

Census Bureau's "1990-2000 Census Tabulation Crosswalk Template: Occupation, Level 1."

Source: U.S. Census Bureau.

employment include forestry and seafood workers; helpers and laborers; and machine setters and operators. Other occupations serving producer services, such as specialized management services, are an outgrowth of the complexities of a global economy, and essentially serve as an input in the production process. As a result, the distinction between production and service has become blurred. Other services play a more traditional secondary role in the economy. The fastest-growing among these are health services and occupations at eating and drinking places.

The shift to service sector employment and the rise of the information economy have modified the nation's as well as the Coast's occupational employment structure. Generally, blue-collar middle class jobs are disappearing. Those jobs are being replaced by either high paying professional and technical jobs or low paying service or clerical jobs. Information systems require skilled programmers and engineers, and low-skilled data entry positions. Legal services require both highly paid attorneys and low paid word processor operators. The rising number of women working outside of the home, due in part to falling family earnings, creates a strong demand for meals out of the home. So, restaurants have benefited. While the fastest growing occupations in the nation include engineers, computer analysts, and lawyers, the bulk of new jobs are low paying positions such as fast food workers, cashiers, and nurse's aides. With the loss of middle class jobs, the work force is becoming increasingly stratified by skill and wage.

Nationally, the large increase of new job seekers resulting from the jump in baby boomers reaching work age is over.¹ Fewer young people are entering the labor force today than in the 1980's (Fullerton 1999). This has resulted in labor shortages in many entry-level occupations which traditionally have been held by young people. Hispanics are largely filling these jobs (Moore and Vong 2004).

5. Firm Size

The Coast has a higher proportion of firms in the smallest size class than the State, though the proportion has been declining for both the Coast and the State (Table II.5). The percent of employment in proprietorships is higher on the Coast than in the State and has stayed about the same over the last 30 years.

6. Labor Force Participation

The Coast's labor force participation is showing a growth rate which exceeds the rate of growth for the area's population (see Table II.6).² This differential in growth rates, which also took place at the State and national level, can be attributed in large measure to the entry of proportionately more women into the labor force.³ In addition, the aging of the population, the

-
1. Baby boomers are generally defined as persons born post-World War II. The years between 1945 and 1964 are used to calculate the population in this birth age cohort.
 2. Labor force is defined to consist of all residents 16 and over who are either employed or jobless and looking for work.
 3. In 1970, women made up 38 percent of the civilian labor force in the United States. By 1990, their proportion of the work force increased to 45 percent. Women made up 46 percent of the total civilian labor force and had a participation rate of about 58 percent in 2000. Men are showing a slight decline in participation rates and are 72 percent in 2000.

Table II.5
Coast and Oregon Firm Size and Type Distribution in Select Years

	Distribution of Firms by Size of Work Force				2003
	1977	1985	1994	2003	Firms
Coast	100.0%	100.0%	100.0%	100.0%	6,168
1-9 employees	83.1%	82.5%	80.5%	79.1%	4,881
10-49 employees	14.7%	15.7%	17.1%	18.8%	1,161
50+ employees	2.1%	1.8%	2.3%	2.0%	126
Oregon	100.0%	100.0%	100.0%	100.0%	103,064
1-9 employees	77.6%	78.0%	75.7%	74.8%	77,111
10-49 employees	18.6%	18.3%	20.1%	20.9%	21,535
50+ employees	3.8%	3.7%	4.1%	4.3%	4,418

	Distribution of Employment by Firm Type				2003
	1977	1985	1994	2003	Employment
Coast	100.0%	100.0%	100.0%	100.0%	102,723
Wage and salary jobs	77.9%	73.7%	74.4%	73.2%	75,199
Proprietors	22.1%	26.3%	25.6%	26.8%	27,524
Nonfarm	19.7%	23.5%	23.5%	24.9%	25,567
Farm	2.4%	2.8%	2.1%	1.9%	1,957
Oregon	100.0%	100.0%	100.0%	100.0%	2,094,696
Wage and salary jobs	82.2%	79.8%	80.5%	79.5%	1,666,262
Proprietors	17.8%	20.2%	19.5%	20.5%	428,434
Nonfarm	15.3%	17.4%	17.4%	18.6%	388,605
Farm	2.5%	2.8%	2.1%	1.9%	39,829

Notes: Employment includes full-time and part-time jobs.

Source: Census County Business Patterns and U.S. Bureau of Economic Analysis.

entry of the baby boomers, early retirement for men, and overall population growth also played their parts.

The movement of females into the labor force has come about for a variety of reasons. Many married women searched for jobs to provide a second income source for family budgets hard hit by inflation. Other women worked to support their families or to pursue individual economic goals. Social factors such as the rising divorce rate and the surge of single, educated women also bring many females into the labor force.

Table II.6
Coast, Oregon, and U.S. Labor Force Participation and Share by Gender in 1980, 1990, and 2000

	1980		1990		2000	
	Male	Female	Male	Female	Male	Female
<u>Labor Force Participation</u>						
Coast	66.9%	42.3%	64.5%	49.0%	62.7%	52.6%
Oregon	74.6%	50.2%	74.4%	56.7%	73.3%	59.2%
U.S.	77.4%	51.5%	75.5%	57.6%	72.2%	58.3%
<u>Share of Labor Force</u>						
Coast	59.9%	40.1%	55.0%	45.0%	52.5%	47.5%
Oregon	58.4%	41.6%	55.1%	44.9%	54.1%	45.9%
U.S.	57.6%	42.4%	54.3%	45.7%	53.2%	46.8%

Notes: 1. Labor force participation includes civilian non-institutional population 16 years and over, and share of labor force includes civilian labor force 16 years and over.

Source: U.S. Census Bureau.

C. Social Description

The Oregon Coast is distinguished by its health and well-being characteristics. Figure II.10 shows statistics for educational attainment, access to health services, the poverty rate, the proportion of substandard housing and the crime rate for the Oregon Coast as compared to the State. (Appendix A contains sources for other social accounting indicators.) All statistics show the Coast is quite different than the State.

1. **Health and Well-Being Characteristics**

The average education level in these counties is worth examining (Table II.7). These counties have fewer people with college or graduate degrees and more people with high school levels of education than the rest of the State.

The Oregon Coast has higher levels of staffed hospital beds per capita than the State when you use county boundaries to define proximity. The doctor count, however, is proportionally much lower than the State. Hospitals and health clinics along the Oregon Coast provide trauma and basic health services while specialized medical services are located in the major population centers of the State.

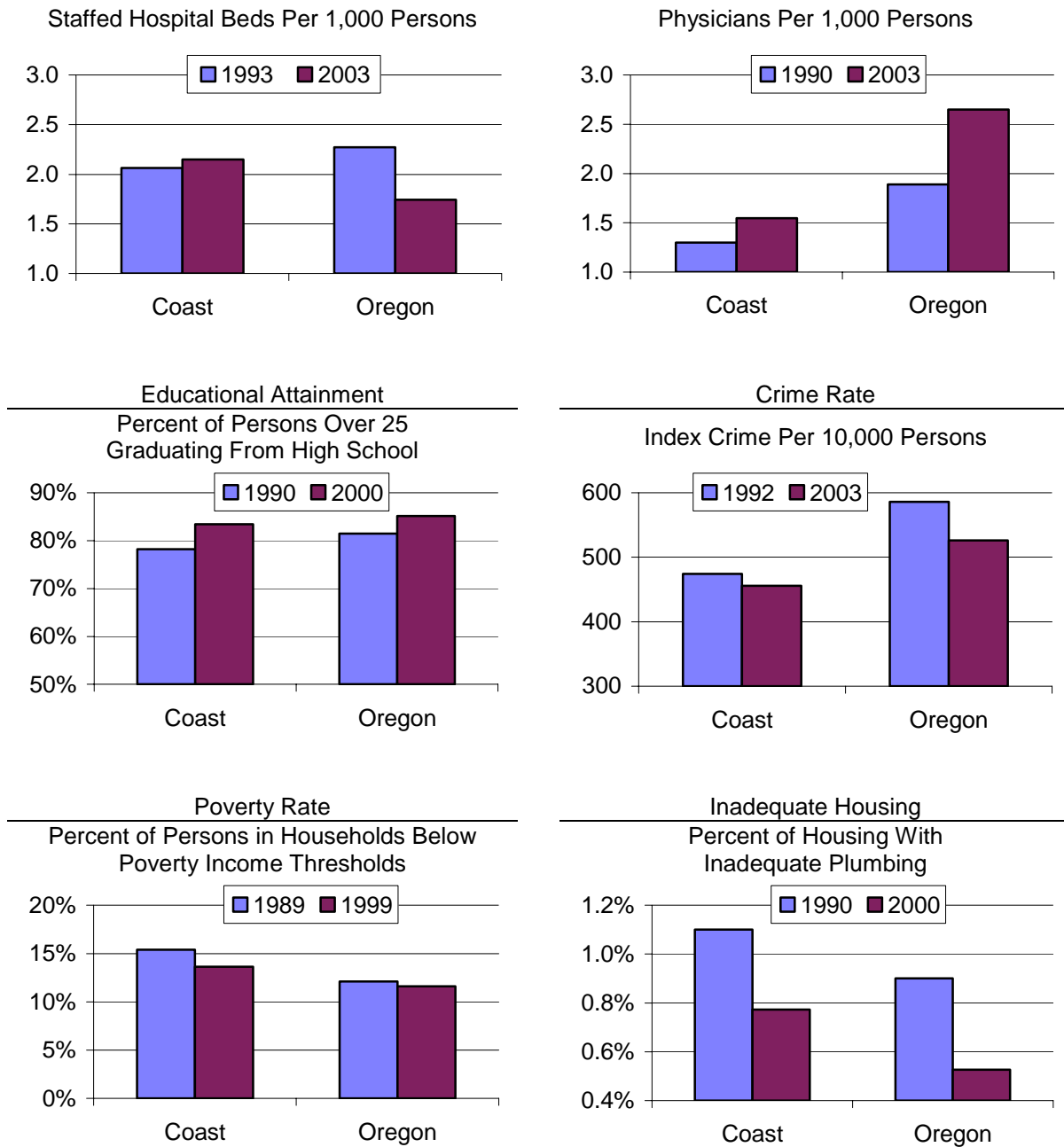
The crime rate for coastal counties is less along the Oregon Coast than the State. The trend over the last decade shows decreasing overall reported crimes for both the Coast and the State.

2. **Income Characteristics**

A revealing income trend over time is the dramatic increase in transfer payments as a percent of total household and individual personal income (Figure II.11 and II.12). This is partially a

Figure II.10
Coast and Oregon Social Characteristics and Decadal Changes

Health Services



- Notes: 1. Data for Coast includes Clatsop, Tillamook, Lincoln, Coos, and Curry counties, except hospital beds per capita include the coastal portions of Lane and Douglas counties.
 2. Hospital service area assumed to be inclusive of county area where hospital is located.
 3. The index crime statistic was created by the FBI to provide a general measure of crime rates across jurisdictions and over time. Index crimes include the person crimes of murder and non-negligent manslaughter, forcible rape, robbery, and aggravated assault and the property crimes of burglary, larceny-theft, motor-vehicle theft, and arson.

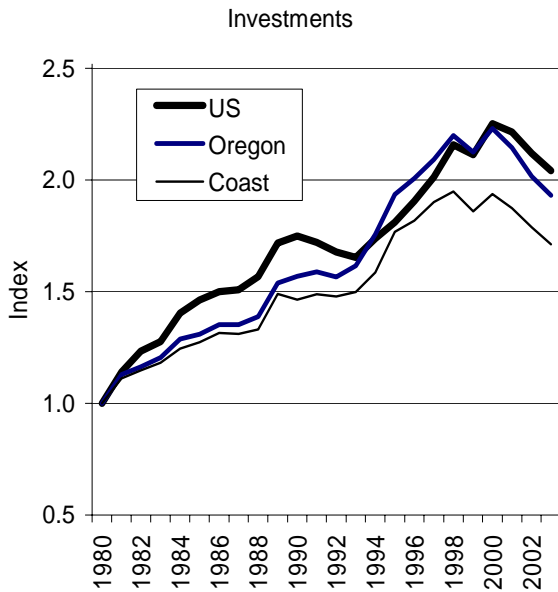
Source: Oregon Office of Rural Health, U.S. Census Bureau, and Oregon Criminal Justice Commission.

Table II.7
Social Indicators in 2000

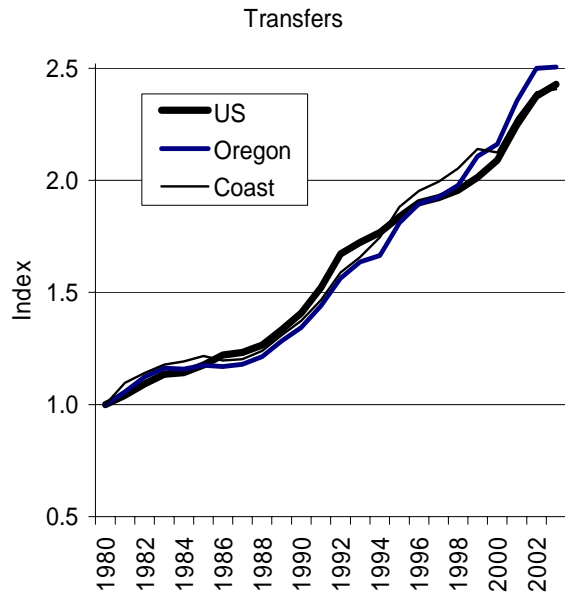
	<u>Coast %</u>	<u>Oregon %</u>
<u>Educational Attainment (25 years and older)</u>		
High school graduate (includes equivalency)	83.4	85.1
Bachelor's degree	17.6	25.1
<u>Marital Status (population 15 years and over)</u>		
Never married	18.7	25.1
Now married	57.5	55.4
Separated	2.0	1.7
Widowed	8.4	6.1
Divorced	13.4	11.6
<u>Residence in 1995 (population 5 years and over)</u>		
Same house in 1995	50.8	46.8
Different house in the U.S. in 1995	47.9	50.6
Same county	23.8	27.0
Different county	24.1	23.6
Same state	10.6	11.1
Different state	13.4	12.5
Elsewhere in 1995	1.4	2.6
<u>Race (population)</u>		
One race	97.2	96.9
White	92.2	86.6
Black or African American	0.3	1.6
American Indian and Alaska Native	2.1	1.3
Other one race	2.5	7.4
Two or more races	2.8	3.1
<u>Poverty (all ages, 1999)</u>		
Below poverty level	13.6	11.6
<u>Housing Characteristics</u>		
Median year a house was built	1971	1973
Vacancy rate	22.5	8.2
Renters below median income spending more than 30% of income for housing (including utilities)	70.9	70.1
Owner occupied households below median income spending more than 30% of income for housing (including utilities)	40.6	40.1

Sources: U.S. Census Bureau and Oregon Progress Board (2005).

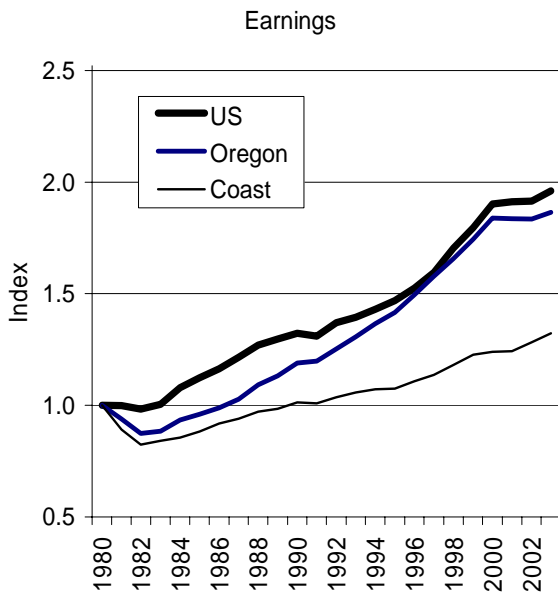
Figure II.11
Comparison of Oregon Coast Personal Income Trends With the State and Nation in 1980 to 2003



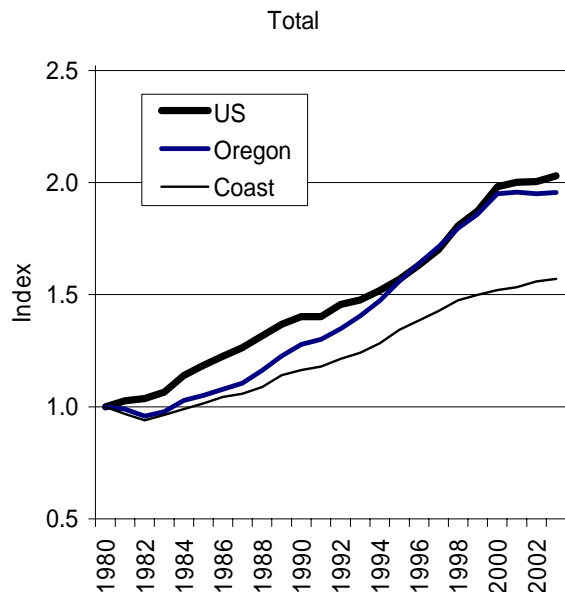
Notes: Investments include dividends, interests, and rent.



Notes: Transfers are payments to persons for which no current services are performed, and include such disbursements as retirement, disability insurance, unemployment insurance, veterans benefits, and student loans.



Notes: Earnings are wages, salaries, and proprietor income by place of residence.



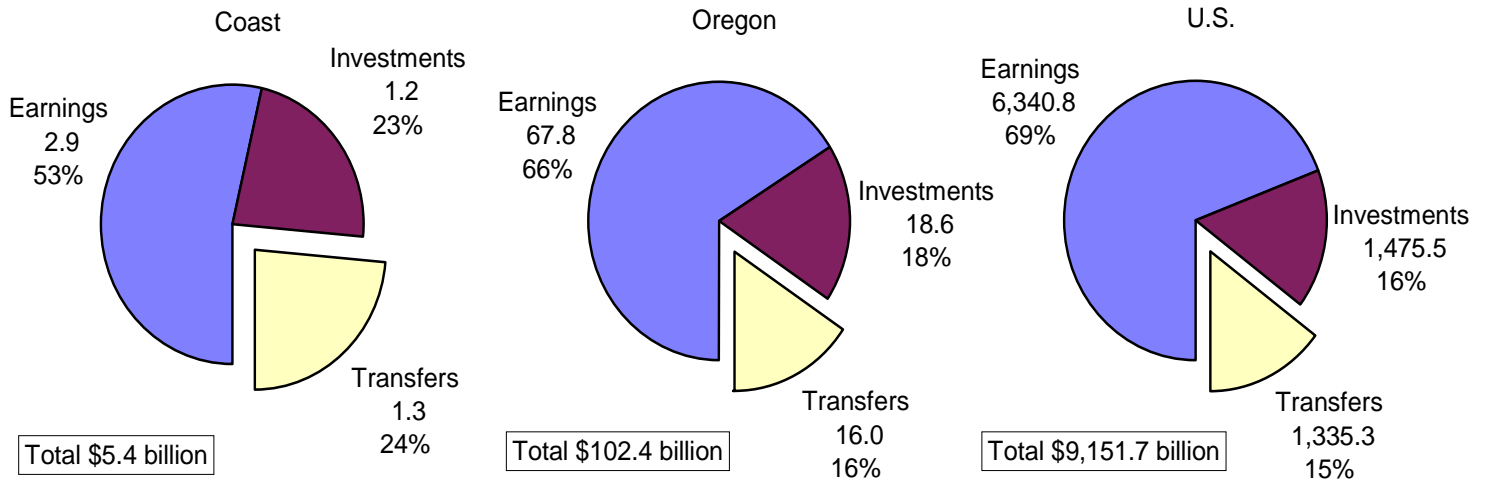
Notes: Total personal income is the sum of investments, transfers, and earnings.

Notes: 1. Personal income adjusted to Year 2003 dollars using the GDP implicit price deflator developed by the U.S. Bureau of Economic Analysis.

2. Oregon Coast includes Clatsop, Tillamook, Lincoln, Coos, and Curry counties.

Source: U.S. Bureau of Economic Analysis.

Figure II.12
Sources of Personal Income to the Coast, Oregon, and U.S. in 2003



Notes: 1. Coast includes Clatsop, Tillamook, Lincoln, coastal portions of Lane and Douglas, Coos, and Curry counties.
Source: U.S. Bureau of Economic Analysis and Study.

function of the increase in retirees collecting Social Security payments in these areas. While total personal income has increased, the share of total personal income that is earned (i.e., employee compensation and proprietor income) has remained about the same (Figure II.13). This means a lot of spending on the Oregon Coast is not tied to salaries and wages from local businesses or industries.

Per capita income is one of the most accurate indicators of economic well-being. It is the total of income from all sources - wages, interest earnings, dividends, business profits, and transfer payments like welfare, unemployment compensation, and retirement - divided by the total population. The per capita net earnings in the coastal counties are still well below per capita net earnings at the State or national level. However, the gap has been decreasing in recent years (Figure II.14).

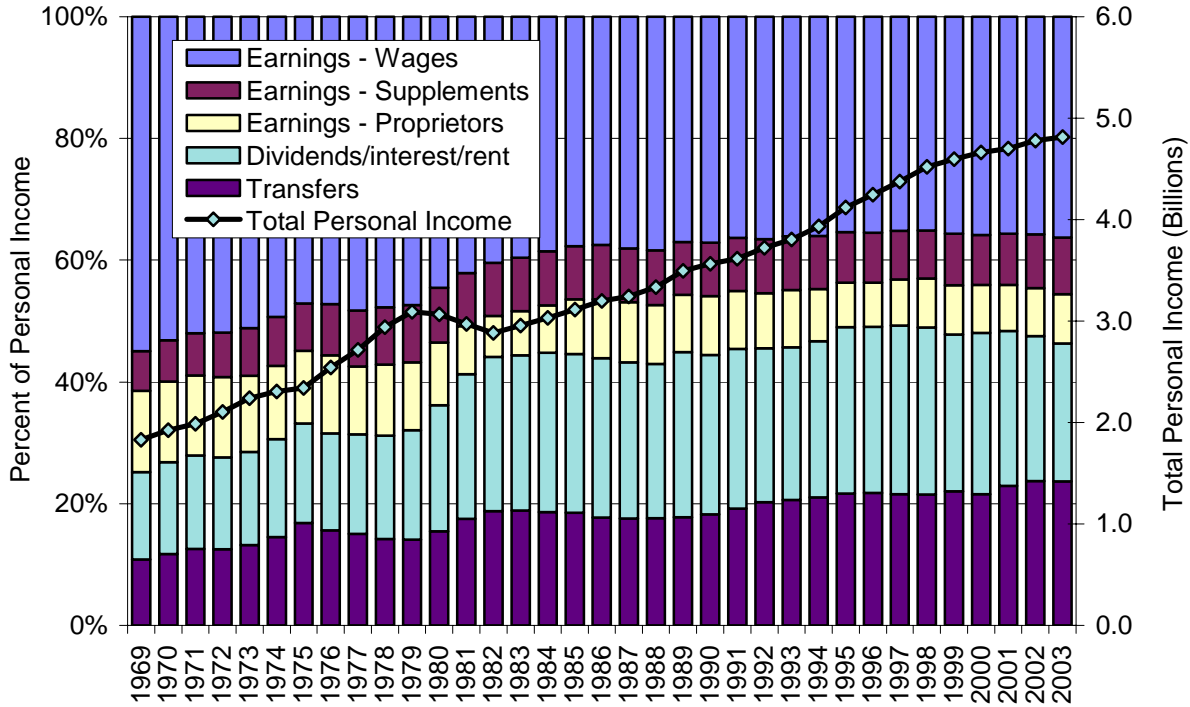
The personal income component for wages, largely comprised of the amount the average worker earns, is less along the Coast and in Oregon.¹ Measured in real 2000 dollars, the average Coast worker earned about \$24,112; the average Oregon worker earned \$32,776.

1. Real wages are the average wages for all workers adjusted for inflation. The data for this calculation are drawn from payroll tax data collected by the Oregon Employment Department. The average wage is the sum of all wages for all covered workers divided by the average number of workers each year. Wages are adjusted for inflation by dividing the actual average wage for each year by the change in the cost of living as measured by the GNP implicit price deflator calculated by the U.S. Bureau of Economic Analysis. Neither the self-employed, agriculture, nor the fishing work force are specifically included in payroll income.

The net earnings component of total personal income includes more than just wages and salaries. It also includes proprietor earnings. Wages and salaries typically are three quarters of net earnings, proprietor earnings are one fifth, and the balance is employer contribution to pensions. The share of net earnings that are proprietor earnings are generally higher at the Coast because there are more business units per employee than in the State.

Figure II.13

Total and Shares in Sources of Total Personal Income for the Oregon Coast in 1969 to 2003



- Notes: 1. Total personal income in billions adjusted to Year 2003 dollars using the GDP implicit price deflator developed by the U.S. Bureau of Economic Analysis.
 2. Includes Clatsop, Tillamook, Lincoln, Coos, and Curry counties.
 3. Components of earnings by place of residence estimated using components of earnings by place of work.

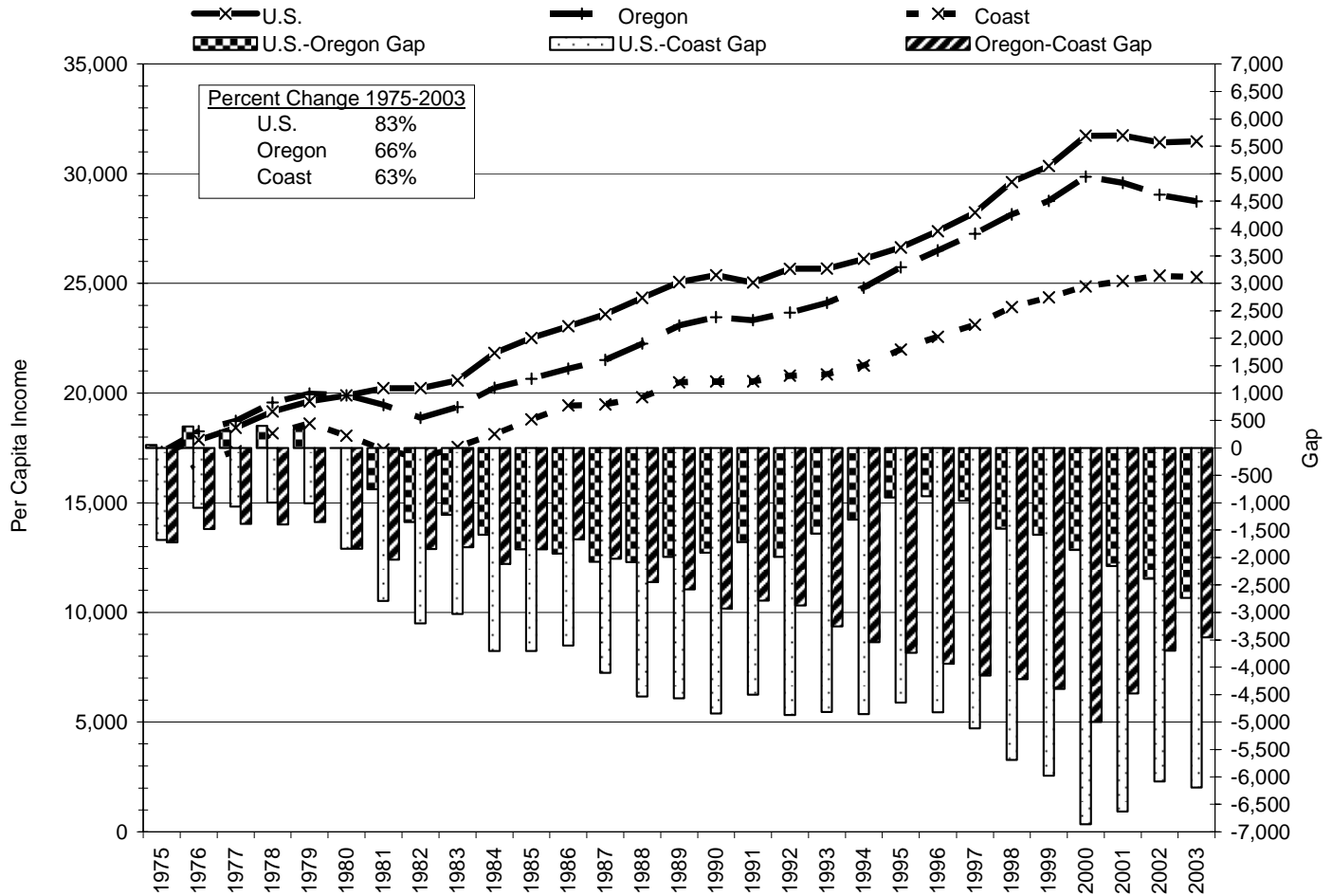
Source: U.S. Bureau of Economic Analysis.

A significant factor in the comparison of wages has been the rapid growth of jobs in the relatively low wage service sector occupations. A greater fraction of the population is earning wages now than in previous years. In other words, today there are more workers per capita than ten years ago. This increase in workers per capita has helped offset the decline in wages per worker.

Income inequality statistics can be misleading when averages are used as indicators. A few households in very high income brackets can mask the effects of many households in lower income brackets. The income brackets by county are shown in Table II.8 and Figure II.15. All coastal counties have far fewer households in the highest income brackets than the State. Coos and Curry counties have the highest proportion of households in the lowest income bracket.

Another indicator which shows coastal counties are skewed towards lower household incomes than the State is the proportion of people living below poverty level. The proportion in coastal counties is 13.6 percent, compared to the State's 11.6 percent in 2000. A comprehensive accounting of Oregon's poverty data, causes, and assistance programs can be found in Oregon Housing and Community Services (2004).

Figure II.14
Coastal Counties Income Maintenance in 1975 to 2003



- Notes: 1. Per capita income is average annual per capita personal income. This includes household income from all sources (net earnings, investments, and transfers) divided by population.
 2. Dollars adjusted to 2003 using the GDP implicit price deflator developed by the U.S. Bureau of Economic Analysis.
 3. Coastal counties are Clatsop, Tillamook, Lincoln, Coos, and Curry.

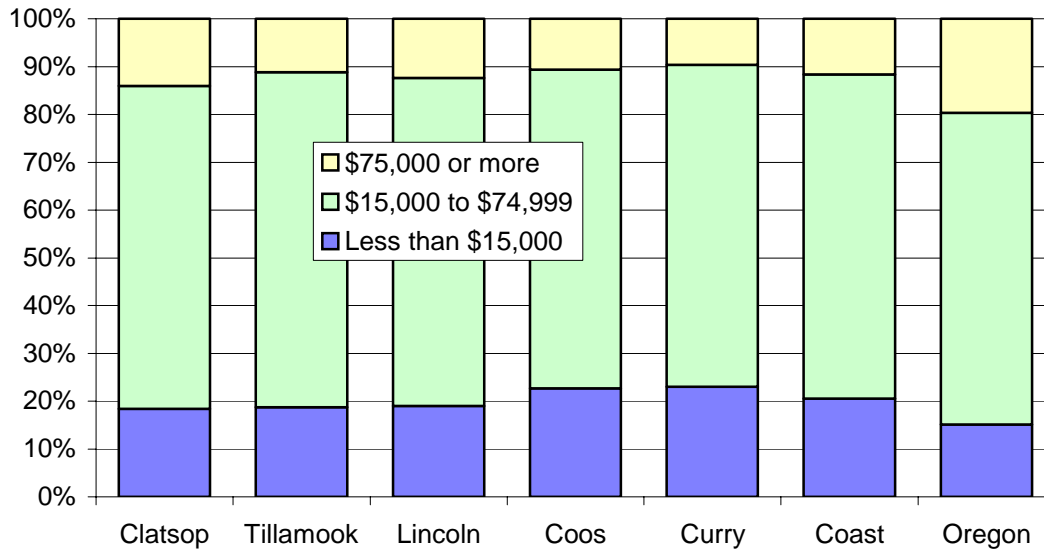
Source: U.S. Bureau of Economic Analysis data; data adapted for report by Study authors.

Table II.8
Household Income Distribution by County in 1999

Area Name	Median		Income				Income Distribution			
	Household Income	Households	Less than \$15,000	\$15,000 to \$74,999	\$75,000 or more	\$100,000 or more	Less than \$15,000	\$15,000 to \$74,999	\$75,000 or more	\$100,000 or more
Clatsop	\$36,301	14,741	2,709	9,959	2,073	946	18.4%	67.6%	14.1%	6.4%
Tillamook	\$34,269	10,214	1,914	7,157	1,143	548	18.7%	70.1%	11.2%	5.4%
Lincoln	\$32,769	19,352	3,675	13,285	2,392	1,071	19.0%	68.6%	12.4%	5.5%
Coos	\$31,542	26,181	5,929	17,459	2,793	1,251	22.6%	66.7%	10.7%	4.8%
Curry	\$30,117	9,554	2,198	6,438	918	466	23.0%	67.4%	9.6%	4.9%
Coast	\$32,893	80,042	3,833	12,438	2,129	968	20.5%	67.8%	11.6%	5.3%
Oregon	\$40,916	1,335,109	201,824	870,422	262,863	133,375	15.1%	65.2%	19.7%	10.0%

Source: U.S. Census Bureau.

Figure II.15
Household Income Distribution by County in 1999



Source: U.S. Census Bureau.

Lagging wages contribute to the housing problem along much of the Coast. Many potential workers are unable to secure affordable housing as rising demand for coastal property has priced homes and rentals out of their reach. This lack of workforce housing in turn makes it more difficult for employers to attract and retain workers in occupations such as trade and service workers. This is especially true for businesses oriented towards the tourism industry.

3. Wealth Characteristics

Other indicators of prosperity for coastal residents compared to the rest of the State are shown in Table II.9. Bank deposits per capita are less on the Coast than for the State. The effective buying income (equivalent to the federal government's disposable personal income and a bulk measure of retail market potential) is less for the Coast than the State. Not surprisingly, retail sales per capita on the Coast is also less. A contributing factor is the sales leakages that occurs when coastal residents travel to large urban centers along the I-5 Corridor where price and product selection is better than on the Coast.

Table II.9
Coast and Oregon Prosperity Measures in 2003

	<u>Coast</u>	<u>State</u>
<u>Property Value</u>		
Assessed Value Per Capita		
Residential	\$47,737	\$30,518
Commercial/Industrial/Multi-housing	\$15,796	\$15,111
Utilities	\$2,846	\$3,248
Other	\$15,994	\$13,182
Total	\$82,373	\$62,059
Net Property Tax Rate	1.204%	1.533%
<u>Wealth</u>		
Bank Deposits Per Capita	\$8,619	\$11,791
Effective Buying Income (2002) Per Household	\$35,657	\$43,768
Retail Sales Per Household	\$24,779	\$33,946
Personal Bankruptcy Filing Rate (Per 1,000 Population)	6.01	6.67
Average Wage Per Worker	\$26,000	\$34,446
<u>Housing Costs</u>		
Median Monthly Housing Costs to Owners in 1999	\$661	\$914
Median Monthly Housing Costs to Renters in 1999	\$537	\$620
Median Value of Owner Occupied Homes (2000)	\$130,228	\$152,100

Notes: 1. Average wage per worker is for covered employment in 2003.

Source: Oregon Department of Revenue, Portland State University Population Research Center, Oregon Division of Finance and Corporate Securities, Claritas (undated), Oregon Employment Department, and U.S. Census Bureau.