

Preliminary Findings of California's Ocean Economy Report

California's Ocean Economy, to be released soon, is the most expansive study of its kind. This report provides California with strong evidence demonstrating the importance of its unique coastal resources to sustaining its economy. The work was funded by a Coastal Impact Assistance Grant awarded by the California Resources Agency to The National Ocean Economics Program (NOEP). The NOEP research team, conducting a national investigation into the ocean-based economy of the United States, has carried out this work, using the most reliable, available sources of information to prepare this report. The information and views expressed in this report are those of the authors and do not reflect any official views or positions of the state of California. Professors Judith T. Kildow of California State University at Monterey Bay and Charles S. Colgan from the University of Southern Maine led the team.

This report comes at a time of opportunity for California, only months after the release of the final report by the US Commission on Ocean Policy, *An Ocean Blueprint for the 21st Century*, and shortly after Governor Schwarzenegger announced California's ocean initiative, a response to the recommendations of that Commission. The Commission's final report emphasized the importance of a strong foundation of economic information for decision makers and to assist in the creation of legislation and programs to sustain the nation's coasts. This report should contribute to the creation of that foundation, guiding California in its continued role of leading the nation toward sustaining its coasts.

The report, *California's Ocean Economy*, is an update of a study that was undertaken in 1994 by staff of the California Research Bureau, and later released as part of a larger study in 1997 (*California's Ocean Resources: An Agenda for the Future*). This report follows the 1994 study in general outline and scope. The data and methods used to examine California's Ocean Economy have been developed by the NOEP team in order to provide a nationally consistent approach to measuring the Ocean Economy of the US.

This current report focuses on what the NOEP has termed "the Ocean Economy," which includes those categories used in the earlier study with some expansion: (1) coastal construction, (2) living resources, (3) offshore minerals, (4) ship and boat building and repair, (5) maritime transportation and ports, and (6) coastal tourism and recreation.¹ The report also incorporates some information on the "Coastal Economy" providing a fuller perspective of the importance of the coast and coastal ocean to California's economy. The Coastal Economy information includes demographic and housing data that reflects changes and trends in California's coastal areas and provides context for economic trends.

¹ The definition of the Ocean Economy is a function of both industry and geography. The *Ocean Economy* is that portion of the economy, which relies on the ocean as an input to the production process or which, by virtue of geographic location, takes place on or under the ocean. The Coastal Economy includes all economic activity in the coastal region, the sum of employment, wages, and output in the region.

Managing California's unique and desirable coast, and having a history of innovative programs and policies to meet the challenges of balancing protection and development has put the state in a prominent position of political leadership for many years. Its growing population and historic popularity as a tourist destination have brought it both economic wealth and the accompanying problems of enormous pressure on its natural resources, particularly those along its desirable coast. Additionally, intense coastal land and upland watershed use pose awesome policy and economic challenges for the state of California. A brief summary of findings from this study follows.

Ocean Economy²

- California has the largest Ocean Economy in the US, ranking number one overall in both employment and total market value or gross state product (GSP)³ from the ocean.
- The total⁴ GSP of California's Ocean Economy in 2000 was approximately \$42.9 billion.
- California's Ocean Economy directly provided approximately 408,000 jobs in 2000, and almost 700,000 jobs when multiplier effects are considered.
- The California Ocean Economy provided more than \$11.4 billion in wages and salaries in 2000, and more than \$24 billion when multiplier effects are considered.⁵
- Employment in California's Ocean Economy between 1990 and 2000 grew more slowly than the state's overall economy. Wage and salaried jobs in the Ocean Economy grew at approximately 5%, compared with California's 12% overall growth.
- Total direct ocean salaries and wages actually declined over \$730 million or 6% between 1990 and 2000.
- Coastal-related Tourism & Recreation dominated job growth with lower wages in the California Ocean Economy during this decade, while higher wage jobs in other ocean-related sectors declined. This trend, which also took place nationally, represents a shift in how the ocean relates to the economy, away from goods-related economic activity and towards services.
- Regionally, the largest growth in the state occurred in the Central region that includes Monterey, San Mateo, and Santa Cruz counties. The growth rates on all three measures, employment, wages and GSP, were more than double any other region, driven primarily by growth in Tourism & Recreation.
- The proportion of the Ocean Economy in each region's total economy increases from South to North. However, the largest overall Ocean Economy is in the Southern, most populous region.

² Ocean Economy includes, Offshore Minerals, Marine Living Resources, Coastal Construction, Marine Transportation and Ports, Ship and Boat Building and Repair, and Coastal Tourism & Recreation sectors.

³ Industry GSP is estimated based on wages and sectoral GSP.

⁴ Total includes direct and indirect, or multiplier values.

⁵ This number does not include fishermen's wages or self-employed workers.

Coastal Economy⁶

- Between 1990 and 2000, California's coastal population grew more slowly than the overall state population: 11.3% compared to the total state population growth of 13.7%, a difference of 2.4%.
- Population density, along the coast increased markedly over the decade to 671 people/square mile compared to population density for entire state of California at 217 people /per square mile.
- In 2000, 77% of California's population lived in coastal counties, which represent 25% of the land.
- Coastal employment in California increased by 13.2% from 1990 to 2000, compared to the state's overall employment growth of approximately 12%.
- In 2000, total coastal county employment represented 81% of the state's total employment.

⁶ Coastal Economy includes all coastal counties that are part of the California Coastal Management Program plus counties that include the Sacramento Delta and major port areas.