WALLA WALLA TRENDS NEWSLETTER Q2 2019

WALLA WALLA TRENDS

PREPARED BY The Institute for Public Policy & Economic Analysis at EWU

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NEWS FROM THE PORT

BY PATRICK H. REAY, EXECUTIVE DIRECTOR

The Port of Walla Walla has added some additional staff capacity to address the needs of the growing operations and the demands of the economy. In June, the Port added three new staff to the team. Two have joined the administrative team and one has been hired to perform utility maintenance functions in the Burbank area. The new hires include Meagan Allen, Samantha Grant Herriot, and Bradley Davidson.

Meagan Allen joined the Port of Walla Walla team in June as the Governmental Affairs/Community Outreach Specialist. Meagan graduated from Oregon State University with a Communications degree and holds a Master of Business Administration from Western Governors University. For the past nine years, she has served as the Legislative Aide to State Rep. Terry Nealey. Prior to that, she was the Restaurant and Bar Manager at the Marcus Whitman. Throughout her career, she has formed valuable relationships with diverse community stakeholders and government officials. Meagan is excited for the new opportunity to work for the Port of Walla Walla. She looks forward to serving as an advocate for continued economic development and investment in the economic vitality of the Walla Walla Valley.

Samantha Grant Herriot joined the Port of Walla Walla team in June as the Communications/Marketing Specialist. Samantha Grant Herriot was born and raised in Walla Walla and is one of the newest team members at the Port of Walla Walla. After receiving her A.A. Degree and high school diploma through the Running Start Program at Walla Walla Community College and Walla Walla High School she continued her education at Washington State University in Pullman. There she received her B.A. in English Education and her M.A. in Rhetoric & Composition. Her post-education career led her to diverse positions working in government relations, community outreach, and policy at private organizations and public offices including the Washington State Senate, Office of Superintendent of Public Instruction, the Washington State House of Representatives, and the U.S. Census Bureau. Samantha is looking forward to bringing her communications and outreach experience back to eastern Washington to foster economic development in our region and to share updates with the public on exciting news from the Port of Walla Walla as the Communications/Marketing Specialist.

NEWS FROM THE PORT

BY PATRICK H. REAY, EXECUTIVE DIRECTOR

Bradley Davidson joined the Port of Walla Walla in late June as the Burbank Maintenance Lead. Bradley grew up in Burbank and is excited to get back to his hometown to begin his career with the Port of Walla Walla. His background in water system operations and maintenance experience will be beneficial to managing and operating the Port's two water systems (Burbank and the Wallula Dodd Water System) and the Burbank wastewater collection system. His certifications in water and wastewater operations will be beneficial to the expanding operations of the Port of Walla Walla in western Walla Walla County.

We are excited the with new additions to our Port staff and look forward to continuing to serve the growing needs of our community and region.

Visit the Port of Walla Walla website: https://portwallawalla.com/





WASHINGTON STATE STATISTICAL ANALYSIS CENTER LAUNCHES NEW COUNTY DASHBOARD

By Walla Walla Trends Staff

The Washington Statistical Analysis Center (SAC) just launched a new interactive website focusing on crime, poverty, education, and health.

The SAC Mapping Tool website offers 12 different indicators with data available for each county in the state. A few of the indicators are common, such as population, share graduating from high school, household income, unemployment, and poverty. Other indicators offered are rather unique. These include Adverse Childhood Experiences, as well as hospitalizations resulting from: violent crimes, brawl crimes, firearm crimes, and abuse crimes.

A complete list of definitions for indicators on the SAC Mapping Tool website can be found here. Click on any county in the state and a pop-up window appears. The first statistic offered is "Hospitalizations from Violent Crimes". Clicking on the arrows in the top-left corner of the pop-up window allows quick scrolling offering data for each Zip Code (when data is available) in the county. A convenient light blue outline of the Zip Code boundaries appears as you scroll.

The negative impact of Adverse Childhood Experiences (ACE's) can potentially have a negative impact well into adulthood. The U.S. Centers for Disease Control and Prevention describes ACE's as "all types of abuse, neglect, and other potentially traumatic experiences that occur to people under the age of 18."

WASHINGTON STATE Statistical Analysis Center Informing a data-driven justice system

WASHINGTON STATE STATISTICAL ANALYSIS CENTER LAUNCHES NEW COUNTY DASHBOARD

By Walla Walla Trends Staff

Most often crime statistics simply report the number of crimes occurring in a particular crime category. Crimes Against Persons, Crimes Against Property, and Crimes Against Society are the three main categories (including 52 specific offenses) of crimes tracked by the National Incident-Based Reporting System(NIBRS). All law enforcement agencies in Washington State now report NIBRS.

Hospitalizations from any form of violence are avoidable if the violent act never takes place. However, understanding the consequences of violent crime beyond the traditional crime statistics of criminal events known to police. The SAC Mapping Tool website takes crime data to the next level by offering information on hospitalizations as the output of violent crime.

You can check out the SAC Mapping tool here: http://waofm.maps.arcgis.com/apps/webap pviewer/index.html? id=e381ae4e8ceb4f4b9c24ed3f7fa 5e937

TRENDS IN THE NEWS:

U.S. CENSUS-MEN & WOMEN, MONEY & WORK

By Walla Walla Trends Staff

Based on data, we know the "typical" U.S. male worker earns more than the "typical" U.S. female worker employed in the same occupation. What is typical? What can drilling deeper into a variety of different occupations and educational attainment levels tell us? Looking at the gender income gap occupation by occupation might be very time consuming and tedious. However, data visualizations and dashboards provide the ability to sift through mounds of data quickly.

Men & Women, Money & Work, a feature in the U.S. Census Bureau Interactive Gallery, estimates different annual incomes of fulltime, year-round workers, aged 25-years and older based on gender. Further detail includes the gender pay gap by occupation, occupation group, occupation size, education level, and by the share of women in a particular occupation. The dashboard offers a variety of detail, such as income differences of women and men based on occupation, occupation group, occupation size, education level, and by the share of women in a particular occupation. The U.S. Census reports during 2016, overall, women workers earned about 80 cents for every one-dollar men earned employed in the same occupation. While the overall disparity is clear, Men & Women, Money & Work also shows the income disparity exists within nearly all occupation groups.

According to Men & Women, Money & Work, during 2016, the median earnings of women were higher than men in just four occupation groups: roofers (1.2%), mining machine operators (0.8%); telecommunications line installers and repairers (3.7%); first-line supervisors of protective service workers, all other (25.9%).



U.S. CENSUS-MEN & WOMEN, MONEY & WORK By Walla Walla Trends Staff

Represented by the low percentages in the parentheses, the share of male workers in each of these four occupation groups dwarfed the share of female workers. Yet even female dominated occupations such a registered nurses (87.7%); nurse practitioners (87.9%); secretaries and administrative assistants (94.8%); and elementary and middle school teachers (77.6%), in these fields, women earn roughly 92%, 90%, 83%, and 94%, respectively, of their male counterparts.

Earning a college degree increases employment opportunities, corresponding with higher income potential and better benefit packages. While also opening new career paths, unfortunately, earning a bachelor's degree increases the income disparity of women to their male counterparts.

According to Men & Women, Money & Work, during 2016, women with a bachelor's degree earned about 74 cents for every one-dollar earned by men employed in the same occupation.

United States™ Census Bureau

Men & Women, Money & Work is a great example of how data visualizations can help streamline through large amounts of data. Alternatively, if someone would like to drill deeper at a little slower pace, the mounds of data behind this visualization are available as well.

Read more here: https://www.census.gov/library/visualiz ations/interactive/men-womenearnings-gap.html

TRENDS IN THE NEWS:

STATE AUDITOR LAUNCHES FINANCIAL INTELLIGENCE TOOL (FIT) WEBSITE

By Walla Walla Trends Staff

The Office of the Washington State Auditor has a new tool for the public to go to for government financial accountability information called the Finance Intelligence Tool (FIT).

This data has always been (and still is) available through the Local Government Financial Reporting System (LGFRS), also provided by the Washington State Auditor. FIT presents data from a "snapshot in time" published "periodically" by the auditor's office. The LGFRS offers the most recent data available in real-time to include late or corrected financial reports but is difficult to use and does not provide benchmarks. Perhaps the easiest way to navigate through a variety of search options is by using the map. Access the map by clicking on "Find a Government" on the left side of the webpage. Choose an approximate location on the map, and double click. This produces a list of all governments located within a relatively close proximity of the map click (city, local, county, etc.).

From here, select a government from the results list. The map will first re-center itself to the geographical location of the selected government and offer a "View Profile" button. Selecting "View Profile" creates a Government Profile webpage with basic information about the selected government such as mailing address; website link; basis of accounting; and a link to historical financial reports. The Government Profile webpage also includes:

- annual filing data (revenues, expenditures, and total financial summary).
- financial health and scorecard in key areas (fund balance sufficiency and sustainability, debt load, current ratio, etc.)
- share of revenue by source,
- share of expenditures by department
- a side-by-side comparison between the selected government and the statewide averages of similar governments and their revenues and expenditures.

STATE AUDITOR LAUNCHES FINANCIAL INTELLIGENCE TOOL (FIT) WEBSITE

By Walla Walla Trends Staff

The Government Profile webpage for **Walla Walla County** shows during 2017, there was \$43.1 million in revenues and \$39.6 million in expenditures. Scrolling down the page a bit further, we see 83% of revenues were from taxes (61%) and intergovernmental (22%). Approximately 63% of expenditures were for general government (30%) and public safety (33%).

If you are looking for a little more than a basic summary of governmental revenues and expenditures, click on any section of the Government Profile webpage (annual filing data, financial health in key areas, etc.) to find more detail.

For example, the "Annual Filing Data" section offers "Revenues" and "Expenditures" for the selected government, as well as a "Total Financial Summary".

Select "Revenues" to see a breakdown for seven governmental revenue sources, one of which is "Taxes". Selecting "Taxes" provides greater detail on revenues from Property Tax; Retail Sales and Use Taxes; Business and Occupation Taxes; Excise Taxes in Lieu of Property Tax; and Other Taxes.



The FIT is easy to use and navigate while also providing easy access to the underlying data. Now, the public can better inform themselves in less time than before.

Here's the link to the new FIT tool: https://portal.sao.wa.gov/FIT/

ACTION:

NUMBER OF PHYSICIANS (MD'S AND DO'S) REMAIN STEADY

by Scott Richter and Dr. Patrick Jones Health care and universal insurance coverage, a hot topic issue dutifully covered by the mainstream media in recent years, is actually not a new concept. The political debate of government funded and facilitated health insurance goes back to President Theodore Roosevelt. Discussion existed before Roosevelt, but he was the first to include the argument, which he was in support of, into political dialogue.

President Harry Truman unsuccessfully pushed Franklin Roosevelt's proposal of a universal national health insurance program in 1945. President's Lyndon Johnson, Richard Nixon, Jimmy Carter, and Bill Clinton all promoted the idea of universal health care.

We won't take sides in the debate over the Affordable Care Act (ACA), but it is important to note the Act opened access to health care for as many as 20 million Americans. Importantly, for this article, this new access created an almost immediately higher demand for health care professionals at all levels.

Due to the implementation of the ACA, as of April 2019 in Washington State, "nearly

600,000 new enrollees were receiving Apple Health for Adults coverage." Trends indicator 4.4.3 puts the change a different way: between 2013 and 2017, the uninsured rate in the state from 14% to 6.1%. The drop in Walla Walla County was nearly as large: from 13.1% to 5.7%.

What about a matching increase in the supply of healthcare professionals? A recent report from the Federation of State Medical Boards showed a 12% net increase in the number of licensed and practicing physicians in the U.S. from 2010 to 2016.. During the same timeframe, "the actively licensed U.S. physician-to-population ratio increased from 277 physicians per 100,000-population to 295 physicians per 100,000-population." But is that larger supply enough?

While this information provides national context, it doesn't distinguish between different parts of America – primarily the different challenges of urban and rural areas to meet the new demand for health care services created by the ACA.

Life in Rural America, a survey by National Public Radio (NPR), Robert Wood Johnson Foundation and the Harvard T.H. Chan School of Public Health, was conducted during March, 2019 with the report released in May, 2019.

NUMBER OF PHYSICIANS (MD'S AND DO'S) REMAIN STEADY

by Scott Richter and Dr. Patrick Jones

The report found as many as 25% of people living in rural America had "problems accessing health care". Problems included both financial or geographical availability. While affordability was the primary reason (45%), "23% say they felt the health care location was too far or too difficult to get to, 22% say they could not get an appointment during the hours they needed, and 19% say they could not find a doctor who would take their health insurance." So national staffing ratios are likely not helpful in determining the adequacy of access in more rural settings. Looking at Indicator 4.4.2: Total Number of Licensed Physicians (MDs & DOs) and Rate per 1,000 Residents, we see the rate of doctors per 1,000 residents of Walla Walla County is a little behind the state benchmark. A gap between the state and county has slowly increased - from a difference of 0.26 during 2011, to 1.17 physicians per 1,000 residents during 2018. The state experienced a slightly upward trend (3.39 to 4.28) over the series, while the county remained relatively flat (3.13 to 3.11) from 2011 to 2018.



4.4.2 Total Number of Licensed Physicians (MDs & DOs) and Rate per 1,000 Residents

Walla Walla County - Number of Physicians

► Walla Walla County - Number of Physicians per 1,000 Residents

Washington State - Number of Physicians per 1,000 Residents

NUMBER OF PHYSICIANS (MD'S AND DO'S) REMAIN STEADY

by Scott Richter and Dr. Patrick Jones

In actual numbers, Walla Walla County began the series with 184 physicians, increasing to 192, or by 4% from 2011 to 2018. The county's population increased by nearly the same amount, 5%, over the period. This indicator doesn't measure access in the manner that the Life in Rural America did, so we don't know whether the physician numbers are adequate.

Of course, healthcare professionals include many other occupations, such as nurse practitioners, nurses, physician assistants, psychologists, and all the various allied health therapists. The data source for this indicator, however, doesn't allow for a summary tabulation of all these professionals. It may be that many local patients are being served by these professionals. So the question of "are there enough" will need to remain unanswered for the area.

Still, a way to try to answer the question is to compare. The Washington State Department of Health (DOH) is the source for this indicator, does not provide a national benchmark. However, while not directly comparable, data from the Federation of State Medical Boards can provide a little context. Looking at data for 2016, both Walla Walla County and Washington State had a higher concentration of doctors than the rest of the U.S. (323; 402; and 295 per 100,000, respectively This indicator includes both M.D. and D.O. physicians. According to the Mayo Clinic, "A doctor of osteopathic medicine (D.O.) is a fully trained and licensed doctor who has attended and graduated from a U.S. osteopathic medical school. A doctor of medicine (M.D.) has attended and graduated from a conventional medical school."

Walla Walla General Hospital ceased operations on July 24, 2017, leaving Providence St. Mary Medical Center as the only hospital in the county. The closure might explain the decrease in seven physicians from 199 in 2017 to 192 in the county in 2018. The relatively small drop also points to the ability of physicians once employed at Walla Walla General found new employment locally within the next year.



AN AGING POPULATION CARRIES ECONOMIC IMPLICATIONS

by Dr. Patrick Jones

A growing economy typically requires a growing labor force. If a core economic development goal is to increase the amount of local goods and services sold, usually more human input is required. But not always. Labor productivity gains can boost output independent of additional hours worked. Still, productivity isn't strong enough to account for all gains in the size of the economy. Walla Walla finds itself in a curious spot, as indicator 1.3.1 reveals. After 2009, the size of the labor force has actually declined for six years in a row, only recently showing gains. At 29,270, the number of those willing to work is actually 1,500 less than in 2009. This pool of workers consists of Walla Walla residents, ages 16 and above, who are either employed or unemployed and looking for a job. Among eastern Washington metro areas, Walla Walla is the only county not to show a labor market recovery from the Great Recession.



This graph was downloaded on 7/12/2019 from wallawallatrends.org

■ Walla Walla County - Total Labor Force
 → Walla Walla County - Participation Rate

- Washington State - Participation Rate

AN AGING POPULATION CARRIES ECONOMIC IMPLICATIONS

by Dr. Patrick Jones

In all areas east of the Cascades, the size of the civilian labor force shrank in the years after 2008 or 2009, as laid-off workers simply quit the labor force and as would-be entrants were put off by the daunting prospects of finding a job. Yet, as the cycle turned upward, all areas yielded a workforce exceeded the earlier peak.

These results are reflected in the line component of the graph of indicator 1.3.1. There one can quickly see that just before last economic peak and for a couple years afterwards, the participation rate of Walla Walla residents in the labor force was actually higher than that of the Washington state. This rate is nothing more than the size of the civilian labor force relative to the overall population 16+. The denominator does not include the penitentiary population.

Since 2013, however, the rate has hovered a couple of percentage points below the state rate. This experience is different than for neighboring Benton, Franklin and Yakima Counties, where their residents' involvement in the labor force is at a higher level than Washington's. Spokane County's participation rate, like Walla Walla's, falls below the state rate.

The phenomenon of a declining labor force participation rates is not unique to Walla Walla. Washington (and for that matter, the U.S.) has experienced a declining labor force participation for years, as indicator 1.3.1 displays. Undoubtedly, many reasons come into play, but the most important is in U.S. history, has started to retire. Their replacement generations in the workforce are not as large, a condition that varies locally, with consequences for Walla Walla.

How might we know this? A summary measure of age, here the median age, shows Walla Walla at nearly 38 years in 2017, the most recent year. Compare that to its counterpart in the Tri Cities, at 34. And to Yakima County, where its median age is younger yet, at 33. Clearly, a younger age means a relatively greater share of working age residents.

One can go directly to an estimate of the share of residents 65+ as well. As this graph reveals, nearly 19% of the Walla Walla population fell into that category in 2017 vs. 14% in Yakima.

A consequence of appearing on the lists of "best places to retire" is the likelihood that Walla Walla's population will likely continue to skew older. Of course, if retirees aren't fully retired, they will add the ranks of the labor force, and therefore to the size of the economy. But if retirees continue to claim a growing share of the population and most decide to forget punching any clock, then the county economy will likely face slow growth.

Two factors could mitigate this prospect. The first is tourism, where goods and services sold depend on out-of-towners. The second is the continued travel by residents of Benton or Franklin Counties to especially western Walla Walla places of work. Both are positive forces if one cares about Walla Walla's economy growing at a decent pace.

ACTION:

ARE WALLA WALLA COUNTY HIGH SCHOOL STUDENTS GRADUATING AT ACCEPTABLE RATES?

by Dr. Patrick Jones

Every June, local high schools engage in the most significant rite of passage of the year: graduation ceremonies. It is not without reason that pomp and circumstance surround the event, with twists provided by students of course. Securing a high school diploma represents a significant milestone in a young person's life.

Ideally, one would like every senior to march across the stage and pick up a diploma. But as we know, this almost never happens. How close to 100% of all seniors have Walla Walla public high school students managed to hit?

Indicator 2.1.6, depicting the Public High School Graduation 4 Year Rate, gives us an answer. It is defined as the share of a 9th grade cohort who, four years later and after taking into account transfers, qualify to graduate. The latest results are for the 2017-18 school year and reveal a rate of slightly over 82%. With the exception of the beginning year of the series, 2010-2011, the share of 9th graders in the five school districts with a high school graduating has trended softly up over time. (The data do not yet include the new College Place high school.)

What are we to make of this graduation rate? On a data note, it is apparent that the districts in Walla Walla generally outperform the state average, but only slightly. Yet, according to superintendent of Walla Walla Public Schools (WWPS), Wade Smith, results for his district would have been considerably higher, first, had not some coding errors occurred by Lincoln High School. And second, superintendent Smith notes, "The biggest impact to Walla's graduation rate has to do with the WWCC's AEP (Alternative Education) program. Even though we do not serve these students, and many of them are not even Walla Walla School District residents (many come from College Place, Dayton, and other areas), all of the students are coded to WWPS. The WWCC AEP's 16% graduation rate significantly impacts WWPS's overall rate downward as a result."

Given the relative size of the district, this result depressed the results county-wide.

On a less objective note, we might ask whether 82%, or a slightly higher rate, is an acceptable outcome. This implies that nearly one fifth of those ninth graders fails to walk across the June stage after four years of effort.

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These students, of course, have recourse to alternative means. One can get a diploma after 5 years or even longer, a topic taken up briefly below. And the GED is always available. For example, for the Walla Walla school district in 2018, 8% seniors continued on with their high school education while 9% of would-be seniors dropped out between 9th and 12th grades. Too often, students fall into the latter category.

Graduation rates vary widely by race/ethnicity and socio-economic status. For the cohort

graduating in 2017, data from the Office of the Superintendent of Public Instruction (OSPI) show, for example, a 4-year graduation rate throughout the county of 50% for Native Americans, 67% for Asian Americans, 78% for African Americans, 70% for Latinx and 76% for whites. OSPI data for the county further show that among special education students the 4year graduation rate was 60%, while the rate for low income students was 69%.

Graduation rates can differ by district as well.



2.1.6 Public High School On-Time Graduation Rate

Walla Walla County - On-Time Graduation Rate Washington State - On-Time Graduation Rate

ARE WALLA WALLA COUNTY HIGH SCHOOL STUDENTS GRADUATING AT ACCEPTABLE RATES?

by Dr. Patrick Jones

As the "Download Data" tab on the indicator lays out, the results for the 2017 graduating cohort ranged from 73% for the Columbia District to 100% for the Prescott and Touchet districts. (2018 results are suppressed for three of the districts.)

The Trends site also offers a look at the graduation rate for those students who take five years to graduate, found here. Not surprisingly, a higher share graduate in five than in four years. The difference runs 2-5 percentage points. A word of caution in comparing the two graphs: in determining this difference, one needs to compare the prior 4-year result with the current 5-year findings. As with the 4-year results, substantial variation by race/ethnicity and socio-economic status holds for the 5-year findings.

Where will the public districts find themselves in the next five years? If the current trends hold, one might expect a modest increase in the 4-year rate, perhaps to 85%. In fact, according to the WWPS most recent strategic plan, that percentage is exactly the 2022 goal of the district.

If 85% is reached for the on-time rate, that would likely imply, county-wide, about a 3 percentage point higher level for the 5-year rate. In fact, the strategic plan of WWPS calls for a 90% 5-year rate by 2022 to 90%. Perhaps that will be as good as it gets. Or, perhaps even greater engagement by communities and schools will push the share of Walla Walla students reaching this milestone close to 100%.



ANNUAL TAXABLE RETAIL SALES: POST-RECESSION RECOVERY, SECTOR VOLATILITY, AND THE RISE OF ONLINE SHOPPING

by Brian Kennedy and Dr. Patrick Jones

In 2018, according to the Washington State Department of Revenue (DOR), over a billion (\$1.054 billion) in taxable retail sales took place within Walla Walla County. This is the highest recorded number since the beginning of the trend in 1999, where it was just \$462 million. In terms of a growth rate, this was a 10.4% increase from the prior year. It edged out the state, sitting at 9.6%, by nearly one percentage point and marked the 3rd largest annual growth rate since 1999.

Yet, the county, with a population 61,800, is subject to quite a bit of volatility in its taxable retail sales, if nothing else due to the economy's small size. Sales here are concentrated in a few key sectors, which have tipped the scales in a variety of directions, before and after the recession. Further, online sales have begun to play a stronger role and will be touched on shortly. Indicator 1.2.1 allows us to track these changes over the last twenty years.

In the years leading up to the Great Recession (1999 through 2007), Walla Walla County's average annual compound growth rate of taxable retail sales was 4.8%, comparable to the state rate of 4.4%. However during the steepest downturn since the 1930s, Walla Walla County crashed a bit harder: 1.1 percentage points harder. From 2008 through 2010, the compound annual growth rate dropped to -4.9%, considerably lower than the state rate at -3.8%. Throughout the recovery, from 2011 to 2018 the Walla Walla economy has certainly grown. Yet, despite a strong 2018 year, the county is still lagging the state's recovery. The county average annual compound growth rate since 2008 has been 5.5%, nearly one percentage point lower than the state at 6.4%.

When we take a close look at Indicator 1.2.1: Total Annual Taxable Retail Sales & Annual Growth Rate for Walla Walla County, we see a quite volatile set of results. For example, the three years leading into the recession, Walla Walla County posted annual growth rates of 10.9% (2006), -2% (2007), and 8% (2008). And this isn't unique to a recessionary interval. 2012 marked a growth rate of 8.6%, but 2013 fell back to -1.1%, only to bounce up to 7.5% in 2014. Diving deeper into the DOR data, we can tease out which sectors are causing the variability.

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During the 2006 to 2008 period, for example, a large portion of the volatility can be attributed to construction and agriculture. Moving from 2006 to 2007, most sectors were still posting positive growth rates. The "retail trade" sector, which accounts for the spending of residents on general everyday goods, grew by 6%. While this sector does account for roughly 40% of the taxable sales, it faced a contraction in construction and agriculture, which fell by -23% and -61%, respectively. The effect was to push the overall growth rate into the negative. However, it was the same two sectors leading the charge that pulled the overall rate back up, by posting growth rates of 23% and 220% in the following year.

A similar story can be observed from 2012 through 2014. Yet the decline wasn't as severe, because in this case it was only construction that fell.

So if individual sectors can cause dynamic shifts in the growth rate, which sectors have contributed the largest shares to taxable retail sales growth and which have been performing the best in the recovery of the Great Recession?

The sectors that hold the largest share of the pie, in terms of taxable sales, comes from retail trade (40%), construction (21%), and accommodation and food services (11%).



ANNUAL TAXABLE RETAIL SALES: POST-RECESSION RECOVERY, SECTOR VOLATILITY, AND THE RISE OF ONLINE SHOPPING

by Brian Kennedy and Dr. Patrick Jones

Combined, these three sectors account for nearly three fourths of all the taxable retail sales throughout Walla Walla County. Retail trade is generally a slow moving sector, as shifts in residents' spending stays relatively constant overtime. Construction, however can be quite unpredictable, one large building or road project can often make or break the overall growth rate, as described above.

Within the retail trade sector, leading the recovery have been furniture and home furnishings, drug and health stores, and new and used auto dealers. These sectors boasted average annual compound growth rates of 14.9%, 11.8%, and 9%, respectively, from 2011 to 2018. Since furniture and automobiles are big ticket items, growth in these sectors would indicate that residents have shown signs of improved confidence, that is, they expect the economy in the near future to do well enough to foot the bill for these purchases.

Outside of the retail trade sector,

management, education, and health services have been growing by 13.9%, real estate and rental leasing has seen a 10.2% growth rate, and finance and insurance has grown by 9.8% since 2011.

The other major concern with regard to retail sales is how local brick and mortar stores are doing in the rise of internet shopping. Actually, brick and mortar shops in Walla Walla County have been relatively shielded from the online rise as online sales haven't really been pushing into the retail trade sector as strongly as one might expect. In 2004 (earliest available data from the DOR), ecommerce and mail order only accounted for 1% of the retail trade sales. Fastforward to 2018, that share sits at 2%. However, that share has steadily increased, reaching the maximum of 5% in both 2016 and 2017.

In fact, this relationship isn't unique to Walla Walla County. In a state that boasts Amazon's HQ, online and mail order shopping accounted for just 1% in 2004 and 2% in 2018. Similar to the county, these sales peaked in 2017 at just shy of 5%. This doesn't imply that online shopping isn't poaching sales from specific storefronts, but it does show that in relation to the entire retail trade sector, online isn't consuming a large swath of the sales and growing at an extreme rate. Furthermore, from a local government perspective, all online sales are now counted as if they occurred in the County and therefore the tax distribution doesn't diminish.

So while taxable retail sales are a good barometer of what is happening with consumer spending, it's clear in smaller counties like Walla Walla's, the annualized growth rate can be quite volatile. The trend shows that a few key sectors can swing the growth rate dramatically, notably construction. Leading the charge are everyday consumers, largely purchasing goods at brick and mortar storefronts, who are paving the path in the post-recession recovery.

INDICATOR HIGHLIGHT WALLA WALLA COUNTY TOTAL GALLONS OF WINE PRODUCED

WHY IS THIS IMPORTANT?

Grapes, wine and wine touring are now big businesses for Walla Walla County. According to the Washington State Wine Commission, the Evergreen State is the second largest premium wine (wines sold for \$8 or higher) producer in the United States, with more than 800 wineries and 350 growers. Washington State has 13 American Viticultural Areas (wine regions), including 50,000 acres across the state. The wine industry has grown very rapidly over the years, providing more revenue and employment for local vintners. According to a 2012 economic impact study cited by the commission, the industry has grown statewide from 19 wineries in 1981 to more than 800 today as the state's fourth biggest fruit crop, employing more than 27,000 people.

This indicator measures the total gallons of wine produced and gallons of wine produced on a per capita basis in Walla Walla County. Measuring total wine production in gallons gives a sense of the growth trajectory of the industry, while measuring wine production on a per capita basis allows comparisons to the Washington State benchmark.

WHERE ARE WE?

During 2018, the total wine produced in Walla Walla County was 3,057,604 million gallons, increasing from 1,582,456 gallons, or by 93% since 2009. The numbers displayed in the graph below are in the **millions of gallons**.



By comparison during 2018, wine production on a per capita basis in:

- Walla Walla County was 49.5 gallons, increasing from 27.0 gallons in 2009.
- Washington State was 6.4 gallons, increasing from 3.8 gallons in 2009.

FOR MORE: HTTP://WALLAWALLATRENDS.ORG/GRAPH.CFM? CAT_ID=1&SUB_CAT_ID=4&IND_ID=6

THE INSTITUTE FOR PUBLIC POLICY AND ECONOMIC ANALYSIS AT EWU

The EWU Institute for Public Policy & Economic Analysis was created in 2002 to provide data and analysis about a variety of factors in the region that will be useful for businesses, communities and others as they plan for the future. The Community Indicators Initiatives seek to improve local, private and public decision-making by providing relevant data in an easily navigable website. The data is neutral information for all parties involved.

COMMUNITY PARTNERS

Port of Walla Walla



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