


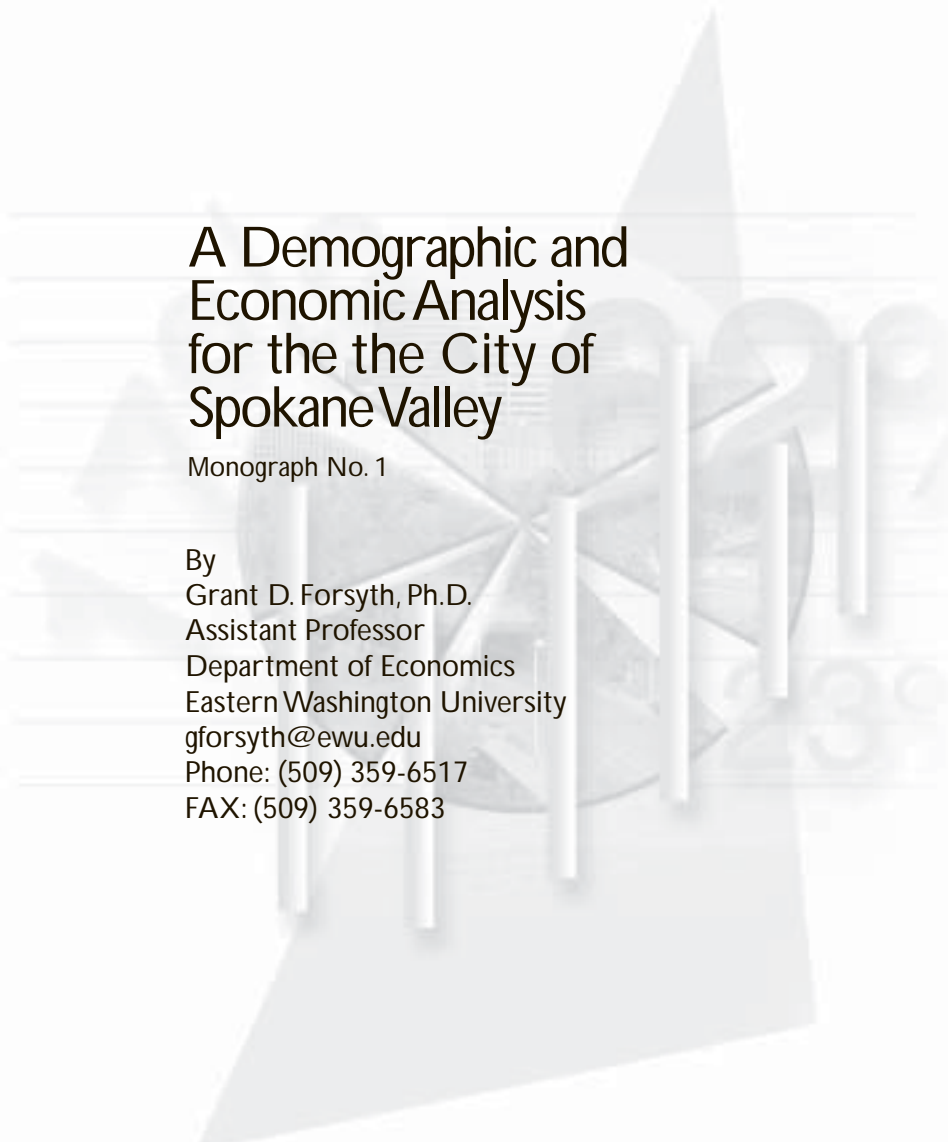
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A Demographic and Economic Analysis for the the City of Spokane Valley

Monograph No. 1

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It is with great pleasure that I introduce you to the monograph series of the Institute for Public Policy and Economic Analysis from Eastern Washington University. I hope this research from Eastern faculty sheds new light on a particular aspect of life in the Inland Northwest.

The goal of the Institute is for our highly-qualified faculty to provide analysis and data that are relevant to your lives. The vision of a regional university that our Board of Trustees has adopted speaks directly to the notion of relevance to the Inland Northwest. Without relevance to the communities that make up this dynamic and beautiful corner of our country, our university is not fully living up to its mission.

Of course, our main mission at Eastern Washington University is to educate students to the highest levels possible, for the sake of their own careers, the future of the communities in which they will reside, and ultimately their growth as individuals. An increasingly important mission of Eastern is also to encourage faculty research. Not only does this help keep our faculty professionally current, but makes them better teachers, through the sharing of research opportunities with their students.

However, not all faculty research at Eastern need be written for professional audiences. In this day of increasingly specialization and complexity, I see an imperative for an informed citizenry. What better source can our region find to translate this knowledge into jargon-free, accessible information than a university like Eastern?

Since coming here five years ago, I am convinced there is a level of excellence at Eastern Washington University that is worthy of recognition and support. The university is a catalyst in the progress of the region – its economy, culture and way of life. The Board of Trustees and I regard the Institute for Public Policy and Economic Analysis as a striking example of our commitment to this region. My office and that of the Institute director welcome all comments on how we might better serve.

A handwritten signature in black ink, appearing to read 'S. M. Jordan'.

Stephen M. Jordan, Ph.D.



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Executive Summary

This study provides an overall socio-economic picture of the The City of Spokane Valley. The purpose of the research is to better understand the strengths and weaknesses of the The City of Spokane Valley, one of the largest in the state of Washington. The analysis focuses on sources of employment, population demographics, income and poverty demographics. The study relies on a variety of data sources, with the U.S. Census being the primary source.



The major findings of the study are:

- The high percentage of retail, construction and hospitably firms suggests that the City of Spokane Valley's business activity will be quite sensitive to changes in the business cycle. In turn, this means the city's sales tax revenue will be quite sensitive to changes in the business cycle.
 - The City of Spokane Valley has a significant number of relatively affordable and fairly new (10 to 25 years old) housing units. In addition, the growth of median home values between 1990 and 2000 indicates that the The City of Spokane Valley has experienced an expanding property tax base.
 - The percentage of adults with a bachelor's degree or higher is low relative to the county and state. Consequently, holding other influences constant, the City of Spokane Valley cannot expect to increase its own income growth unless its share of individuals with advanced degrees increases.
 - Although the overall poverty rates in the the City of Spokane Valley compare favorably with the state and county, within the City of Spokane Valley, the Yardley, Millwood, Dishman-Mica and Trentwood areas-stand-out with higher than average poverty rates in one or more categories.
-

II. Study Organization

The purpose of this analysis is to provide an overall socio-economic picture of the The City of Spokane Valley's economy. The analysis is divided into three parts. The first part analyzes sources of employment and data on employers, employees, the pattern of small business lending and export markets. The second part analyzes population demographics and presents data on age, race, family size, housing characteristics and educational attainment. The third part analyzes incomes, the distribution of incomes and poverty rates.

III. Sources of Employment

Before an economic development plan can be implemented, accounting for the current sources of employment is absolutely crucial to understanding the strengths and weaknesses of the local economy and its sales tax base. Therefore, the analysis below explores the City of Spokane Valley's economic base by looking at the size and industry of existing firms, labor force occupations, the pattern of small business lending and the region's export markets.

The high percentage of retail, wholesale, construction and hospitality firms suggests that the City of Spokane Valley's business activity will be quite sensitive to changes in the business cycle. In turn, this means the city's sales tax revenue will be quite sensitive to changes in the business cycle.

Industrial Structure

The data on employers come from the U.S. Census and are collected by zip code, using the North American Industry Classification System (NAICS). The data can be found online at <http://tier2.census.gov/dbappweb.htm> under "County Business Patterns." Since the data are collected by zip code, some of the data reflect employers outside the City of Spokane Valley's boundaries — in largely unincorporated areas. However, the data provide a good overview of employers operating in the City of Spokane Valley. The data below reflect 2000, the most recent year available, and are created as the sum of all the zip codes that encompass the City of Spokane Valley. Detailed tables for individual regions within the City of Spokane Valley are available from the author.

As of 2000, there were nearly 3,000 employer firms employing 43,305 people. The average annual payroll (wage) per employee for these firms was approximately \$29,000 in 2000 dollars. Table 1 reveals that the City of Spokane Valley is largely composed of small employers, with just over 70 percent of the firms employing less than 10 people. In addition, 76 percent of employers fall into eight categories (See Figure 1):

- retail trade,
- construction,
- health care and social assistance (e.g., hospitals, doctors' offices and nursing homes),
- wholesale trade,
- other services excluding public administration (e.g., repair and maintenance services, personal and laundry services, and religious and professional associations),
- manufacturing,
- professional, scientific and technical services, and
- accommodation and food services.

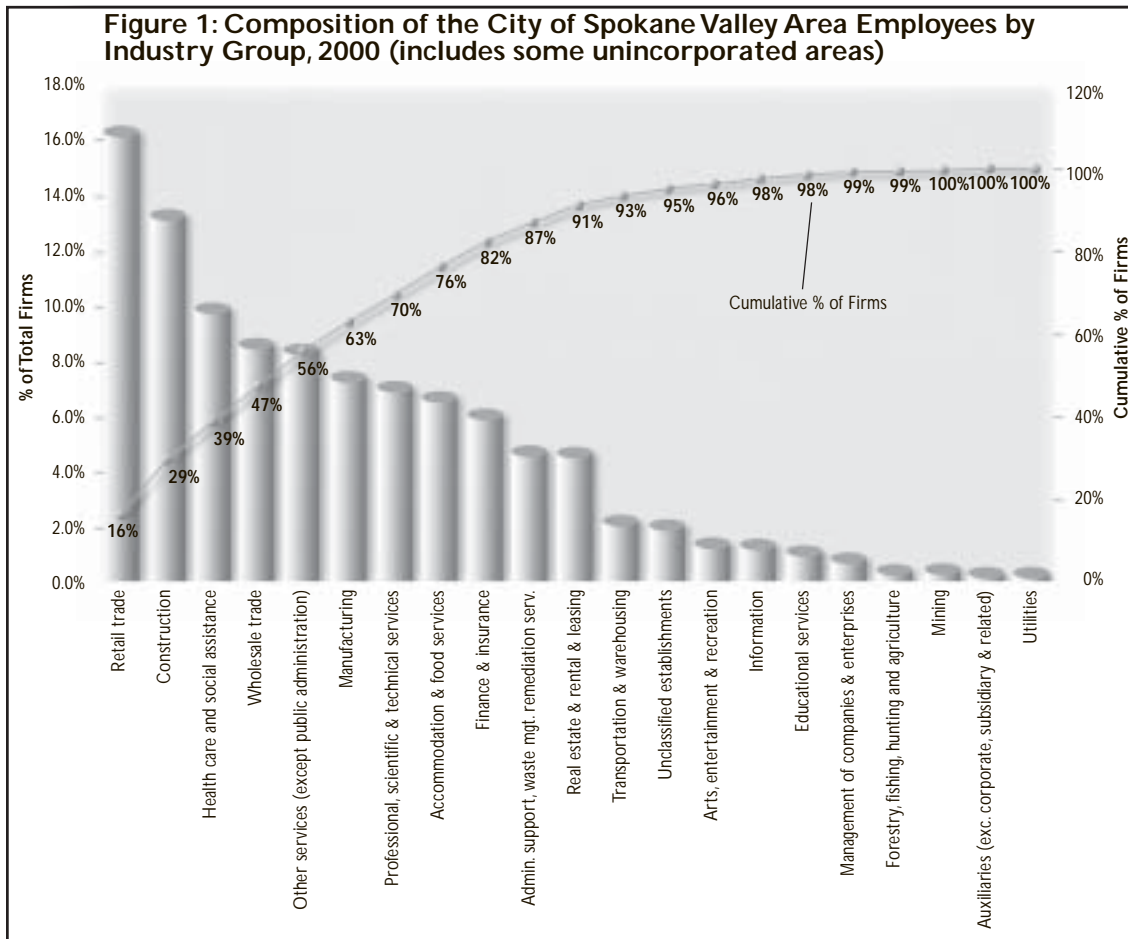
Table **1**

Distribution of Firms by Employment Size, 2000

Employment Range (Number of Employees)	Percent of Firms
1-4	50.2
5-9	20.8
10-19	13.4
20-49	10.1
50-99	3.2
100-249	1.6
250-499	0.5
500-999	0.2
1,000 or more	0.0

Source: U.S. Census Bureau and author's calculations.

From 1984 to 2001, the annualized growth in nominal taxable retail sales for areas not in the City of Spokane (i.e., the rest of the Spokane County) has been about 6.2 percent, or 2.8 percent in real terms. This growth is relatively robust compared to City of Spokane, which experienced nominal and real growth rates of about 4.3 percent and 0.9 percent, respectively, over the same period. However, the City of Spokane Valley's future revenue growth will depend on its ability to retain firms covered by the sales tax. As other Washington cities have discovered, the long-run stability of local sales tax revenues is subject to the location decisions of firms.



Source: U.S. Census Bureau and author's calculations.

It is important to remember that Table 1 and Figure 1 only represent establishments with one or more employees. In fact, **most** businesses have no employees. In particular, the U.S. Census notes the following national statistics concerning firms without employees (“non-employers”):

“In terms of sales or receipts, non-employers account for roughly 3 percent of business activity [gross income]. At the same time non-employers account for nearly [75 percent] of all businesses. Most non-employer businesses are very small, and many are not the primary source of income for their owners.” (For additional information see [http://www.census.gov/epcd/nonemployer/.](http://www.census.gov/epcd/nonemployer/))

Type of Firm	Number Reporting	Percent
Non-Employer	21,430	65
Employer	11,689	35
Total	33,119	100

Source: U.S. Census Bureau.

Like the employer firms, the structure of non-employer firms in Spokane County indicates a significant sensitivity to the business cycle.

For Spokane County in 2000 the Census reports the following numbers:

If the City of Spokane Valley is representative of the entire county, then employer firms will represent just over one-third of the firms operating in the City of Spokane Valley. The 21,430 non-employer firms in Spokane County reported a total gross business income (gross receipts) of approximately \$777 million in 2000, or just over \$36,000 per firm. Approximately 72 percent of these firms fall into six categories:

- other services excluding public administration (14 percent),
- professional, scientific and technical services (14 percent),
- retail trade (13 percent),
- real estate, rental and leasing (12 percent),
- construction (10 percent) and
- health and social assistance (9 percent).

Table 2 reveals that compared with the county and state, the proportion of Valley occupations in the *Sales and Office* categories is relatively high, which is consistent with the data for both employer and non-employer firms. ***In general, the data reflect the movement over the last half-century to a non-manufacturing-and non-agricultural-based economy.*** In terms of government employment, the proportion of the City of Spokane Valley's labor force employed by government (12 percent) is noticeably lower than that of the county (16 percent) or state (17

Occupations of the City of Spokane Valley Area Residents, Census 2000

Table **2**

Category	Valley	County	State
% in Management, Professional, and Related Occupations	28.8	33.0	35.6
% in Service Occupations	15.5	16.9	14.9
% in Sales and Office Occupations	30.3	28.4	25.9
% in Farming, Fishing and Forestry Occupations	0.3	0.4	1.6
% in Construction, Extraction, and Maintenance Occupations	9.7	8.6	9.4
% in Production, Transportation, and Material Moving Occupations	15.3	12.7	12.7
% Government Workers (local, state, or federal)	12.3	15.7	16.5

Source: U.S. Census Bureau (Summary File 3) and author's calculations.

percent). However, government still represents a non-trivial employer for the City of Spokane Valley.

Small Business Lending

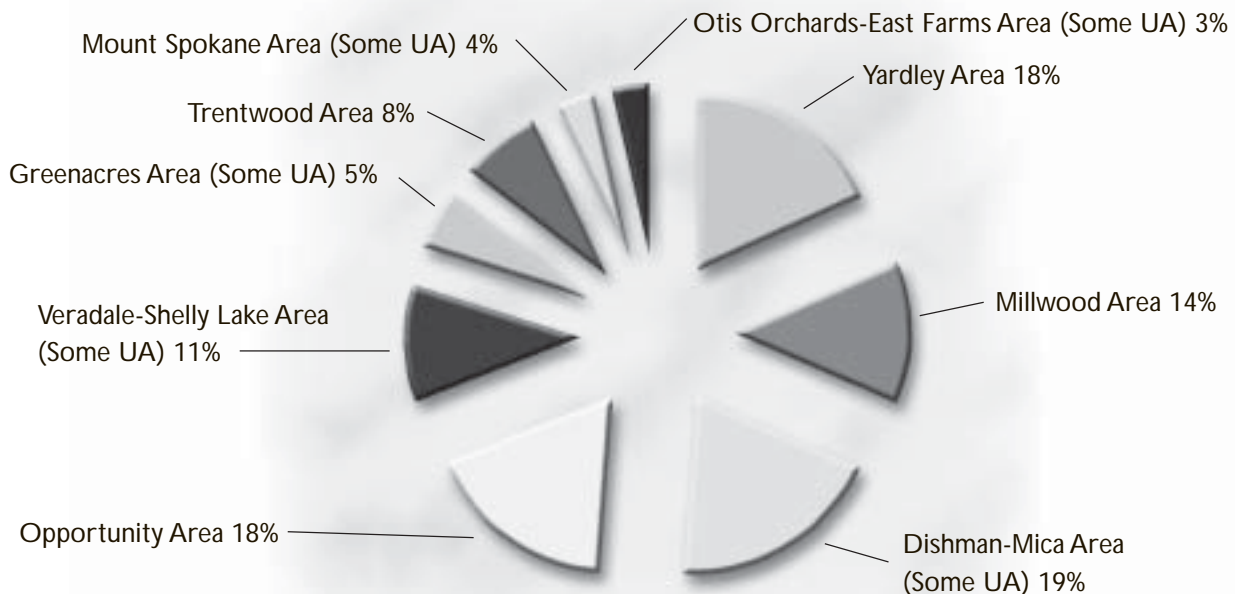
Data on small business lending come from the Federal Financial Institutions Examination Council (FFIEC), as required by the Community Reinvestment Act (CRA). The data cover the period 1996 to 2001. **Since small businesses have a significant presence in the City of Spokane Valley, the pattern of small business lending can provide valuable information concerning the locations of small businesses and areas within the City of Spokane Valley where small businesses may be in decline.** These data can be found online at http://www.ffiec.gov/cra/online_rpts.htm under "CRA Aggregate Reports." A detailed table for the City of Spokane Valley is available from the author.

The FFIEC series tracks loans ("commercial and industrial loans" and "loans secured by non-farm or non-residential real-estate") of \$1 million or less to

firms with gross annual revenues of \$1 million or less.¹ A more detailed discussion of this series can be found in the FFIEC's *A Guide to CRA Data Collection and Reporting*. Under the CRA, a financial institution (primarily commercial and saving banks) is required to track its small business loans if it has assets of \$250 million or more, or if it is owned by a holding company with assets of \$1 billion or more. Reported loans include lines of credit and loans from credit cards issued to a firm's employees. Although the data exclude small banks, all credit unions and sub-prime lenders, they capture the activities of the City of Spokane Valley's major lenders. The data presented here have been grouped by regions familiar to the City of Spokane Valley; however, because the data are collected by official Census tracts, the groupings include some unincorporated areas.

In terms of the number of small business loans, The City of Spokane Valley accounted for approximately 24 percent of the loans made in Spokane County in 2001. In terms of the total nominal dollar value of loans, it accounted for approximately 22 percent of loans.

Figure 2: Proportion of Small Business Loans (Number of Loans) in each City of Spokane Valley Area, 2001

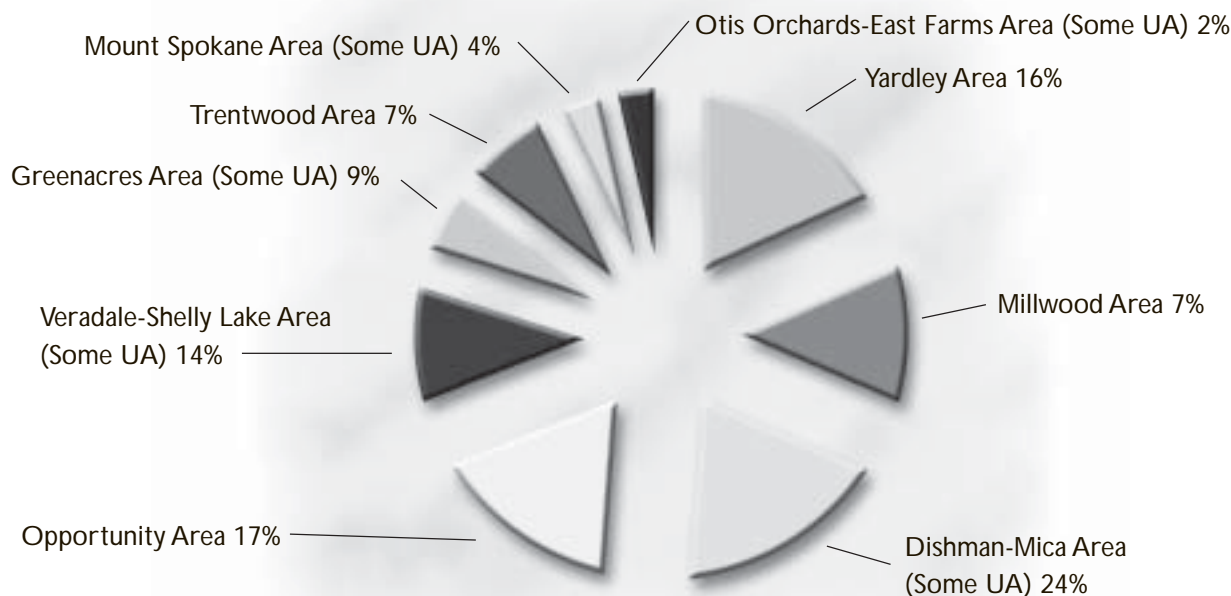


Source: FFIEC and author's calculations.
 Note: UA = unincorporated area.

Considering only the areas inside the City of Spokane Valley, Figures 2 and 3 show the proportion of small business loans in terms of the number of loans and the total nominal dollar value of loans in 2001. The Veradale-Shelly Lake, Yardley, Millwood (excluding the Town of Millwood), Opportunity and Dishman-Mica Areas are all significant destinations for small business loans. **Since these areas cover much of the City of Spokane Valley, it appears that small businesses are widely dispersed geographically. As a result,**

volatile from year to year. The growth values should be interpreted as follows: A negative growth rate for both the number of loans and the total nominal dollar value of loans indicates a general decrease in small business lending in an area. This was the case for the Opportunity and Otis Orchards-East Farms areas. A positive growth rate for both the number and dollar value of loans indicates a general increase in small business lending. This was the case for the Greenacres, Trentwood and Mount Spokane areas. A positive

Figure 3: Proportion of Small Business Loans (Nominal \$) in each City of Spokane Valley Area, 2001



Source: FFIEC and author's calculations.
Note: UA = unincorporated area.

setting up clearly defined zones for commercial and residential structures may be difficult.

Table 3 shows the annualized growth of small business loans from 1996 to 2001. Generally, although the number of loans grew 3.5 percent in the City of Spokane Valley, the average loan size fell from approximately \$65,000 in 1996 to \$38,000 in 2001. However, some caution is necessary in interpreting the growth rates in Table 3, since the number and dollar value of loans in an area can be surprisingly

growth rate for the number of loans and a negative growth rate for the dollar value of loans indicate that although the number of loans increased, the average size of each loan fell year to year. This was case for the Yardley, Millwood, Dishman-Mica, and Veradale-Shelly Lake Areas, and the City of Spokane Valley and Spokane County as a whole.

Foreign Export Markets

One of the more difficult items to track on a regional basis is international trade.

Annualized Growth of Small Business Lending, 1996-2001

Table **3**

Location	Growth in Nominal \$ Value of Loans	Annualized % Growth in Number of Loans Annualized %
Yardley Area	2.6	-12.9
Millwood Area (Excluding Town of Millwood)	3.4	-20.4
Dishman-Mica Area (Some UA)	3.4	-4.0
Opportunity Area	-1.2	-9.9
Veradale-Shelly Lake Area (Some UA)	7.2	-2.6
Greenacres Area (Some UA)	9.3	11.9
Trentwood Area	22.4	16.5
Mount Spokane Area (Some UA)	9.7	15.9
Otis Orchards-East Farms Area (Some UA)	-2.4	-6.2
The City of Spokane Valley	3.5	-6.7
Spokane County	3.6	-5.7

Source: FFIEC and author's calculations
 Note: UA = unincorporated area

However, international trade is increasingly more important to all U.S. communities because of the World Trade Organization (WTO) and the North American Free Trade Agreement (NAFTA). Starting in 1993, export data for metropolitan statistical areas (MSAs) were made available by the International Trade Administration (part of the U.S. Department of Commerce). This data series can be found online at <http://www.ita.doc.gov/td/industry/otea/metro/destinations/destinations.html>. Although the data represent an area encompassing both the City of Spokane and the City of Spokane Valley (the "Spokane MSA"), they provide an overall measure of regional exports. Table 4 presents an analysis of this data.

As of 1999, the most recent year for which data are reported, nearly half a billion dollars in exports came out of the Spokane MSA. To put this value into perspective, it represented about 9 percent of Spokane County's taxable retail sales in the same year. The impact of NAFTA can be seen by the strong growth in exports to Canada, Mexico and other Latin American countries. Overall, export growth on an

annualized basis was a robust 10 percent from 1993 to 1999 — approximately 7.5 percent in real terms.

Of particular interest is the region's heavy reliance on trade with Mexico and Canada; the proportion of the region's trade going to these two countries has increased from 31 percent to 41 percent, while the proportion going to other regions has remained stable or decreased. Although not shown in the table, increased trade with Mexico accounts for much of this gain: on an annualized basis, export growth to Mexico was 49 percent. On an absolute basis, however, Canada still remains the primary destination for the region's exports.

The growing connections to Mexico and Canada mean the region's economic activity is going to be increasingly influenced by the fortunes of these countries.

Table 4: Exports from the Spokane Metropolitan Area, 1993-1999

Region	1999 Nominal \$ Value (000s)	Annualized % Growth, 1993-1999	Proportion of Exports (%)		
			1993	1996	1999
NAFTA Partners (Canada and Mexico)	\$184,906	15.1	31.2	31.9	41.4
Asia	112,594	8.7	26.8	29.9	25.2
Europe	96,102	5.0	28.2	26.1	21.5
South America	19,294	7.0	5.1	5.4	4.3
Australia	12,779	9.5	2.9	3.2	2.9
Near East	9,540	-3.0	4.5	2.3	2.1
Caribbean & Central America	7,289	50.9	0.2	0.2	1.6
Africa	4,628	9.1	1.1	0.9	1.0
Rest of the World	0	0.0	0.0	0.0	0.0
Total	447,132	9.9%	100	100	100

Source: Exporter Location Series, U.S. Census Bureau, International Trade Administration and author's calculations.

Note: All figures show sales by exporters of record located in the Spokane MSA. According to the data's source, "The sales location may or may not coincide with the location of production." However, because the Spokane MSA is not a major transportation center or port area, the data are good indicators for regional export destinations.

IV. Population Demographics

The data on population demographics come from the 2000 U.S. Census and can be found online at <http://factfinder.census.gov/servlet/BasicFactsServlet>. Once again, because the data are collected around official Census tracts, and not for the boundaries of the City of Spokane Valley, they reflect some unincorporated areas. Detailed tables for individual regions familiar to The City of Spokane Valley are available from the author.

Population, Age, Race and Family Size

Population, age, race, family and housing demographics can reveal a great deal about the overall environment a city can offer employers. It can also provide important information regarding the types of public services that residents are likely to value — for example, a city with a majority of residents who are at or close to retirement will face different demands for services than a city with a majority of residents who are in the prime of their working lives. Table 5 presents a summary of these data for the City of Spokane

Valley. Except in a few cases, the data in Table 5 are fairly representative of the United States as a whole.

The population in the City of Spokane Valley is approaching 100,000. From 1990 to 2000, the population of the City of Spokane Valley grew from 83,557 to 96,466, or 1.4 percent on an annualized basis. By comparison, the population of the country, state, and county grew at 1.2 percent, 1.9 percent, and 1.5 percent, respectively, on an annualized basis. ***If the City of Spokane Valley's population growth continues to average 1.4 percent per year, it will take roughly 51 years for the population to double from its current level. By comparison, if the City of Spokane Valley's average growth rate increases to that of the state (1.9 percent), it will only take 37 years for The City of Spokane Valley's population to double.***

In addition, the median age of Valley Area residents is approximately 36 (the median age in the U.S. is about 35). This means the majority of people in the City of Spokane Valley are in the prime of their working lives.

In terms of race, the City of Spokane Valley has a relatively more homogeneous population compared to the U.S. as a whole—about 94 percent of the population reported being “white” compared to 75 percent for the U.S.

In terms of family demographics, the City of Spokane Valley, compared to the United States as whole, has a comparable proportion of family households (68 percent of all households), female householders with no husband present (11 percent), and householders 65 years and older (9 percent). The City of Spokane Valley's average family size (3.05) implies that most family households are caring for at least one child. Finally, the housing occupancy and tenure statistics indicate that approximately 94 percent of housing units are occupied and 68 percent of all housing units are owner occupied; for the U.S. as a whole, the same percentages are 91 percent and 66 percent, respectively. These statistics indicate that home ownership is slightly more widespread in The City of Spokane Valley than in the United States as a whole. ***Since the City of Spokane Valley has a significant number of home-owning families with at least one child, issues such as school quality, the availability of parks and recreation services, and other related issues will likely be important for the City of Spokane Valley. For obvious reasons, these same issues can also play an important role in a city's ability to attract new firms and their employees.***

Table **5**

Table 5: The City of Spokane Valley Summary Demographic Data, Census 2000*

POPULATION	Number	Percent
Age and Sex Demographics:		
Total population	96,466	100
Median age (years)**	36.3	(X)
18 years and over	70,552	73.1
62 years and over	14,025	14.5
Race Demographics:		
Total population	96,466	100
One race	94,348	97.8
White	90,297	93.6
Black or African American	807	0.8
American Indian and Alaska Native	1,091	1.1
Asian	1,430	1.5
Native Hawaiian and Other Pacific Islander	76	0.1
Hispanic or Latino (of any race)	2,291	2.4
HOUSEHOLDS		
Household Demographics:		
Total households	37,798	100
Family households (families)	25,698	68.0
With own children under 18 years	12,822	33.9
Married-couple family	19,956	52.8
With own children under 18 years	8,984	23.8
Female householder, no husband present	4,140	11.0
With own children under 18 years	2,777	7.3
Householder living alone	9,833	26.0
Householder 65 years and over	3,425	9.1
Households with individuals under 18 years	13,345	35.3
Households with individuals 65 years and over	7,994	21.1
Average household size**	2.58	(X)
Average family size**	3.05	(X)
Housing Occupancy:		

Table Cont. **5**

Total housing units	40,151	100
Occupied housing units	37,798	94.1
Vacant housing units	2,353	5.9
Homeowner vacancy rate (percent)**	1.9	(X)
Rental vacancy rate (percent)**	7.6	(X)
Housing Tenure:		
Total Occupied housing units	37,798	100
Owner-occupied housing units	25,880	68.5
Renter-occupied housing units	11,918	31.5
Average household size of owner-occupied unit**	2.66	(X)
Average household size of renter-occupied unit**	2.46	(X)

Source: U.S. Census Bureau (Summary File 1) and author's calculations.

Notes: (X) = not applicable.

* Includes some unincorporated areas.

** Values represent the average of all Census tracts in a given area.

Housing Characteristics

Housing has a unique status since it is used as a financial investment (e.g., many people view the purchase of a home as a vehicle for saving), a consumption good (e.g., we consume housing to maintain a bearable standard of living), and a productivity-enhancing physical investment (e.g., many people work from their homes). Because housing is so important to national productivity, the government counts new housing as "physical investment" and not "consumption" when calculating Gross Domestic Product. Given the role of housing, it is not surprising that housing issues are almost always at the center of discussions over taxation, zoning, public transportation, utility services, the environment and other matters related to economic development. Tables 6 and 7 present a summary of housing data by cost, type and age.

In the analysis of housing values here and incomes in Section V, median values are used in place of averages (i.e., means) since distributions of many economic variables are frequently skewed by a small number of observations in the high dollar range. As a result, average values can be very misleading indicators of "typical" household values or income levels. For example, if you have four homes valued at \$80, \$85, \$90, \$95 thousand, and one home valued at \$500 thousand, the average home

The City of Spokane Valley Median Home Values and Rent, Census 1990 and 2000

Regions	Median Home Value (\$) 1990	Median Home Value (\$) 2000*	Median Gross Rent (\$) 1990***	Median Gross Rent (\$) 2000*
Major Regions:				
State	\$93,400	\$168,300 (6.1%)	\$445	\$663 (4.1%)
King County	140,100	236,900 (5.4%)	510	758 (4.0%)
Spokane County	59,000	113,200 (6.7%)	356	532 (4.1%)
The City of Spokane Valley**	63,354	119,383 (6.5%)	382	571 (4.1%)
Regions in the City of Spokane Valley:				
Yardley Area**	44,304	\$82,796 (6.5%)	345	\$472 (3.2%)
Millwood Area (Excl. Town of Millwood) **	51,243	95,220 (6.4%)	384	526 (3.2%)
Dishman-Mica Area (Some UA)**	72,585	134,360 (6.4%)	377	634 (5.3%)
Opportunity Area**	64,041	113,498 (5.9%)	379	565 (4.1%)
Veradale-Shelly Lake Area (Some UA)**	69,747	132,033 (6.6%)	425	628 (4.0%)
Greenacres Area (Some UA)	56,500	108,700 (6.8%)	385	580 (4.2%)
Trentwood Area	60,900	109,400 (6.0%)	375	538 (3.7%)
Mount Spokane Area (Some UA)	77,700	170,200 (8.2%)	425	613 (3.7%)
Otis Orchards-East Farms Area (Some UA)	58,300	112,000 (6.7%)	432	686 (4.7%)

Source: U.S. Census Bureau (Summary File 3) and author's calculations.

Note: UA = unincorporated area.

* Number in parenthesis is the annualized change in the nominal median value from 1990 to 2000.

** Median values estimated using a weighted average of median values for individual census tracts.

*** The census defines gross rent as the average monthly cost of contract rent plus utilities and fuels.

value is $(\$80,000 + \$85,000 + \$90,000 + \$95,000 + \$500,000) / 5 = \$170,000$. Clearly, the average value is not representative of the majority of home values. By comparison, the median home value is the middle home value when the data are arranged from the lowest value to the highest. In our example, this value is \$90,000, which is much more representative of the typical home.

Table 6 shows that compared to the state in 2000, the median home value in the City of Spokane Valley is significantly lower. When the City of Spokane Valley's median home value (\$119,383) is compared to King County's (\$236,900), housing in the City of Spokane Valley appears very accessible to individuals or firms wishing to relocate to the area. Within the City of

Spokane Valley, there is a wide variation in median home values, with the Mount Spokane Area the highest and the Yardley Area the lowest. In terms of growth, The City of Spokane Valley experienced a relatively robust annualized increase in its median home value (6.5 percent), outpacing both the state (6.1 percent) and King County (5.4 percent). Within the City of Spokane Valley, the Greenacres Area had the largest increase (8.9 percent) and the Opportunity Area had the lowest (5.9 percent).

The growth of median home values between 1990 and 2000 indicates that The City of Spokane Valley has been experiencing an expanding property tax base.

Characteristics for All Housing Units in the City of Spokane Valley, Census 2000

Table **7**

Regions	Year Structure Built			
	% One Unit, Detached or Attached	% in Buildings with 10 or More Units	% 1990 to March 2000	% 1939 or Earlier
Major Regions:				
State	65.4%	14.4%	21.7%	12.5%
Spokane County	68.9	13.6	17.3	18.1
The City of Spokane Valley	67.4	15.5	19.6	6.3
Regions in The City of Spokane Valley:				
Yardley Area*	70.3	10.0	5.3	19.7
Millwood Area (Excluding Town of Millwood)*	65.7	19.2	15.0	16.1
Dishman-Mica Area (Some UA)*	72.8	13.1	14.0	6.3
Opportunity Area*	68.3	19.0	13.6	3.6
Veradale-Shelly Lake Area (Some UA)*	73.4	14.7	26.6	4.5
Greenacres Area (Some UA)	68.8	0.0	26.7	10.7
Trentwood Area	70.3	4.6	17.8	6.5
Mount Spokane Area (Some UA)	75.4	6.6	34.2	7.4
Otis Orchards-East Farms Area (Some UA)	79.9	0.0	20.8	2.7

Source: U.S. Census Bureau (Summary File 3) and author's calculations.
 Notes: UA = unincorporated area.
 * Values represent the average of all Census tracts in a given area.

Turning to rental housing, we note that The City of Spokane Valley has relatively affordable rental rates relative to the state and county. Like home values, there is a wide variation in rents within The City of Spokane Valley. In general, the annualized increase in The City of Spokane Valley's median rent (4.1 percent) is in line with those for the state and county.

Table 7 confirms that the use of single family homes in The City of Spokane Valley is relatively widespread. In addition, consistent with its recent growth as a residential area, The City of Spokane Valley has a relatively low percentage of homes built in 1939 or earlier. **Thus, The City of Spokane Valley has a significant number of relatively affordable and fairly new (10 to 25 years old) housing units.**

Educational Attainment

Educational attainment has important implications for economic development for two reasons. First, it is a good indicator of the local labor force's productivity. The ability to attract high value-added firms will depend, in part, on the City of Spokane Valley's ability to supply these firms with skilled workers and managers. Second, because educational attainment is directly related to productivity, it has a significant impact on personal income growth. On average, regions with an educated work force enjoy higher incomes when compared with those with lower levels of educational attainment.

Table 8 presents a summary of educational attainment in the City of Spokane Valley.

The notable finding in Table 8 is that the percentage of adults with a bachelor's degree or higher is low relative to the county and state. In part, this reflects the limited opportunities in medium-sized cities, like the City of Spokane Valley, for employment in industries that require advanced degrees. Therefore, when an individual finishes his or her degree locally, they are often compelled to leave the area to find work in their field. This is one reason why smaller locales have a difficult time retaining workers who would be attractive to cutting-edge industries such as biotechnology. Consequently, holding other influences constant, new city cannot expect to increase its own income growth unless the shares of the latter two categories in Table 8 grow.

V. Income Demographics

Initial judgments of an area's level of economic development almost always come from measures of its income and poverty levels. The best available data on income and poverty are available from the U.S. Census online at <http://factfinder.census.gov/servlet/BasicFactsServlet>.

Median Income and Poverty Rates

Table 9 demonstrates that the median income in the City of Spokane Valley compares favorably with the county, but is below that for the state. (The median family income is higher than the median household income because households include single-person households where only one income earner is present.) However, the difference between the state's median income and the City of Spokane Valley's median income is heavily influenced by King County and Kaiser Aluminum's employment reductions. ***In terms of***

Table **8****Educational Attainment in the City of Spokane Valley, Census 2000**

Category	The City of Spokane Valley	County	State
Population 25 Years and Over:			
<i>% with Less than a 9th Grade Education</i>	3.0	2.9	4.3
<i>% High School Graduate or Higher</i>	88.9	89.1	87.0
<i>% with Bachelor's Degree or Higher</i>	19.4	25.0	27.7
<i>% with Professional or Graduate Degree</i>	5.7	8.7	9.3

Source: U.S. Census Bureau (Summary File 3) and author's calculations.

Table **9****Incomes in the City of Spokane Valley, Census 2000***

Category	Valley Median (\$)**	County Median (\$)	State Median (\$)
Income:			
<i>Household †</i>	\$40,309	\$37,308	\$45,776
<i>Family †</i>	47,394	46,463	53,760
Earnings:			
<i>Male</i>	\$35,886	\$35,097	\$40,687
<i>Female</i>	25,532	25,526	30,021
Regions in The City of Spokane Valley:			
	Median Household †	Median Family †	Median Family Ratio***
Yardley Area**	\$29,680	\$40,941	0.86
Millwood Area (Excluding Town of Millwood)**	30,995	38,091	0.80
Dishman-Mica Area (Some UA)**	45,584	54,307	1.15
Opportunity Area**	38,454	44,677	0.94
Veradale-Shelly Lake Area (Some UA)**	45,052	50,722	1.07
Greenacres Area (Some UA)	38,710	42,282	0.89
Trentwood Area	37,870	44,313	0.93
Mount Spokane Area (Some UA)	55,750	60,473	1.28
Otis Orchards-East Farms Area (Some UA)	42,891	46,068	0.97

Source: U.S. Census Bureau (Summary File 3) and author's calculations.

Note: UA = unincorporated area.

* Based on 1999 reported income.

** Median values estimated using a weighted average of median values for individual census tracts.

*** Ratio of an area's median family income to the median family income for the City of Spokane Valley.

† Households can include single-person households; families are related individuals residing together.

regions within the City of Spokane Valley, the Dishman-Mica, Veradale-Shelly Lake, and Mount Spokane Areas represent above average income areas; in contrast, incomes in the Yardley and Millwood Areas stand out as below average.

Table 10 presents the distribution of household and family income by income brackets for The City of Spokane Valley and state. The table reveals that the City of Spokane Valley, compared to the state, has a higher proportion of households and families in the middle income (\$25,000 to \$74,999) and lower income categories (less than \$10,000 to \$24,999). The proportion of households and families in the higher income categories (\$75,000 to more than \$200,000) is lower than that for the state. **Table 10 suggests that The City of Spokane Valley's income distribution is relatively tight around its median household and family incomes, but slightly skewed in the direction of the lower income categories.**

Table **10**

Distribution of Household and Family Income, Census 2000

Income in 1999	% of Valley Households	% of State Households	% of Valley Families	% of State Families
Less than \$10,000	7.7%	7.6%	4.0%	4.5%
\$10,000 to \$14,999	6.3	5.5	3.8	3.5
\$15,000 to \$24,999	15.2	11.7	11.6	9.1
\$25,000 to \$34,999	14.7	12.5	14.4	11.2
\$35,000 to \$49,999	19.5	17.1	21.2	17.2
\$50,000 to \$74,999	21.5	21.4	26.1	24.5
\$75,000 to \$99,999	8.8	11.6	11.0	14.3
\$100,000 to \$149,999	4.4	8.3	5.5	10.4
\$150,000 to \$199,999	1.1	2.1	1.5	2.7
\$200,000 or more	0.8	2.2	1.1	2.7
Total	100%	100%	100%	100%

Source: U.S. Census Bureau (Summary File 3) and author's calculations.

Table 11: Poverty in the City of Spokane Valley, Census 2000*

Regions	% of Population for Whom Poverty Status is Determined			
	All Ages	Families with Related Child Under 18 Years Old	65 Years and Over	% of All Families
Major Regions:				
State	10.6%	13.2%	7.5%	7.3%
Spokane County	12.3	14.2	8.1	8.3
The City of Spokane Valley	9.1	11.6	7.4	6.7
Regions in the City of Spokane Valley:				
Yardley Area**	15.6	24.1	11.9	12.4
Millwood Area (Excluding Town of Millwood)**	12.8	16.6	9.1	10.3
Dishman-Mica Area (Some UA)**	10.3	16.5	5.9	7.8
Opportunity Area**	8.9	10.9	6.0	6.1
Veradale-Shelly Lake Area (Some UA)**	5.7	3.3	7.5	2.9
Greenacres Area (Some UA)	9.0	11.7	3.3	5.8
Trentwood Area	9.7	10.3	12.9	9.1
Mount Spokane Area (Some UA)	6.8	8.8	6.1	4.8
Otis Orchards-East Farms Area (Some UA)	6.0	5.7	10.5	4.5

Source: U.S. Census Bureau (Summary File 3) and author's calculations.
 Note: UA = unincorporated area.
 * Based on 1999 reported income.
 ** Values represent the average of all Census tracts in a given area.

Table 11 presents poverty rates for The City of Spokane Valley. These rates are based on 1999 federal poverty lines adjusted for family or household size.² The data show that The City of Spokane Valley as a whole has lower poverty rates than the state and county across all four categories in Table 11. This could be due to a higher labor force participation rate in the City of Spokane Valley, or a larger proportion of two income families. ***Within the City of Spokane Valley, the Yardley, Millwood, Dishman-Mica, and Trentwood Areas stand out with higher than average poverty rates in one or more categories.*** (This is largely consistent with the income data in Table 9.)

VI. Summary

This analysis indicates the following:

- The high percentage of retail, construction, and hospitably firms suggests that the City of Spokane Valley's business activity will be quite sensitive to changes in the business cycle. In turn, this means the city's sales tax revenue will be quite sensitive to changes in the business cycle.
- Widely dispersed small businesses may complicate the zoning process.
- The proportion of the region's trade going to Mexico and Canada has increased from 31 percent to 41 percent, while the proportion going to other regions has remained stable or decreased. The growing connections to Mexico and Canada mean the region's economic activity is going to be increasingly influenced by the fortunes of these countries.
- If the City of Spokane Valley's population growth continues to average 1.4 percent per year, it will take roughly 51 years for the population to double from its current level. The majority of people in the City of Spokane Valley are in the prime of their working lives.
- Since the City of Spokane Valley has a significant number of home-owning families with at least one child, then issues such as school quality, the availability of parks and recreation services, and other related issues will likely be important for the City of Spokane Valley.
- The City of Spokane Valley has a significant number of relatively affordable and fairly new (10 to 25 years old) housing units. In addition, the growth of median home values between 1990 and 2000 indicates that the City of Spokane Valley has been experiencing an expanding property tax base.
- The percentage of adults with a bachelor's degree or higher is low relative to the county and state. Consequently, holding other influences constant, The City of Spokane Valley cannot expect to increase its own income growth unless its share of individuals with advanced degrees increases.
- In terms of regions within the City of Spokane Valley, the Mount Spokane, Veradale-Shelly Lake and Dishman-Mica Areas represent above average income areas; in contrast, incomes in the Yardley and Millwood Areas stand out as being below average.
- The City of Spokane Valley's income distribution is relatively tight around its median household and family incomes, but slightly skewed in the direction of the lower income categories.
- Within the City of Spokane Valley, the Yardley, Millwood, Dishman-Mica and Trentwood Areas stand out with higher-than-average poverty rates in one or more categories.

(Footnotes)

¹ The CRA's definition of a small business loan is a loan that is \$1 million or less. This definition means that a firm with annual revenues of less than \$1 million that obtained a loan for more than \$1 million would not be counted as having received a small business loan.

² For example, the poverty line in 1999 for one person under 65 years was \$8,667, while the poverty line for a four-person family was \$17,029.



Our Mission

Eastern Washington University's mission is to prepare broadly educated, technologically proficient and highly productive citizens to obtain meaningful careers, to enjoy enriched lives and to make contributions to a culturally diverse society. The University's foundation is based on career preparation, underpinned by a strong liberal arts education.

Our Students

Eastern is emerging with fresh, dynamic leadership and campus-wide enthusiasm for its future. As of fall quarter 2002, Eastern's enrollment numbers are 9,093 full-time equivalent students.

Accreditations

The university is accredited by the Northwest Association of Schools and Colleges and many discipline-specific associations, such as the American Assembly of Collegiate Schools of Business, the National Association of Schools of Music, the Computing Sciences Accreditation Board, the National Council of Accreditation of Teacher Education, the Planning Accreditation Board and many more.

Exceptional Faculty and Academic Programs

Eastern provides a student-centered learning environment. Students have access to more than 130 undergraduate majors, nine master's degrees, four graduate certificates, 76 graduate programs of study and a doctor of physical therapy. The University consists of six colleges – Business and Public Administration; Education and Human Development; Arts and Letters; Social and Behavioral Sciences; Science, Mathematics and Technology; and School of Social Work and Human Services.

Eastern enhances its strong commitment to teaching and learning by vigorously pursuing grants, extramural funding and student-faculty research collaborations. For the most recent fiscal year, the university secured a total of over \$11.2 million in grants and extramural funding. This success placed Eastern at the second-highest ranking university in its class (Carnegie Masters I) in the country. In addition, university faculty often win awards such as Fulbright scholarships to deepen their mastery of their fields.

Several Institutes or Centers of Excellence add focus to faculty research and performance. They are: creative writing, music and honors. Student-faculty research projects are a priority of the institution. Every spring, the Research and Creative Works Symposium showcases undergraduate and graduate students' collaborative efforts with their professors.