Walla Walla Trends e-Newsletter - Spring 2018

Indicators in the News:

Search Function is Now Live by Holly Miller

Located in the top right corner of the Walla Walla Trends website, you will find a completely new feature: a search function. Entering a keyword into the search bar gives quick results on the topic of interest. The feature searches in-site only, and the results show the indicators in which the keyword, or similar terminology was found. For example, typing "graduation" into the search bar results in three indicators found: 2.1.6 - Public On-Time High School Graduation Rate, 2.1.7 - Public Extended High School Graduation Rate, and 2.2.1 - Regional College Graduation Rates.

This new feature is very useful to those who have a specific measure in mind, or when lack of time doesn't allow for a leisurely stroll through the Walla Walla Trends website.

Make Room for Population Growth in Walla Walla County By Emily Wavra

The Growth Management Act was adopted in 1990 to help manage and accommodate growth and development in all counties across the state of Washington. Under this act, the Office of Financial Management (OFM) develops population projections for each county in Washington, and the counties use these projections to make decisions on growth and development. The population projections and more information can be found here.

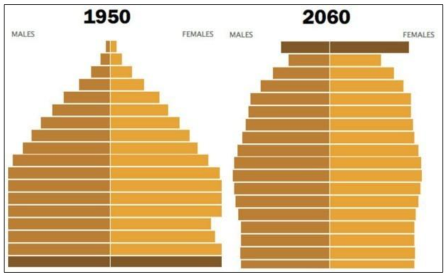
When the OFM calculates population projections, they use the most recent census data, in this case, they used the 2010 census and they calculate three different projections: low, medium, and high. The low and high projections represent the upper and lower bounds of the population projection, since estimating population can be uncertain. The medium projection is therefore the most optimal projection and the most likely to occur.

In 2017, OFM put Walla Walla County’s population at 61,400. Using the medium projection, OFM estimated the county’s population for 2025 at nearly 64,000. That implies a compounded annual growth rate of about 0.5%. This compares to the projected Washington State rate over the period of 1.2%.

The projected County population for the year 2030 is nearly 65,000, implying a compounded annual growth rate from the present to then at about 0.4%. The similar WA rate is 1.2%.

Make room in Walla Walla County for 2,600 more people within the next decade!

[Two Dramas in Slow Motion] by Scott Richter



Population changes, at first, might not appear that interesting. But a good data visualization can often make the mundane exciting and alive - as is the case with population changes.

According to Pew Research, the two dramas occurring in slow motion are 1) the U.S. is “becoming majority non-white”, and 2) “a record share is going gray.” In short, the U.S. is becoming more diverse and we are living longer.

But wait - the most startling aspect is the “age pyramid”. Age pyramids, typically used by demographers to show a breakdown of the population by age in comparison to other age groups, have always been in the shape of a pyramid. Pew Research states “In every society since the start of history, whenever you broke down any population this way, you’d always get a pyramid.”

But the pyramid will keep evolving to look more and more like a rectangle as we continue to live longer and maintain low birthrates. Although 2060 is more than 40 years away, understanding these estimates now and what they mean to the future, will help guide both government and the private sector to better understand the changing demands of a growing and changing population.

Indicator Main Articles:

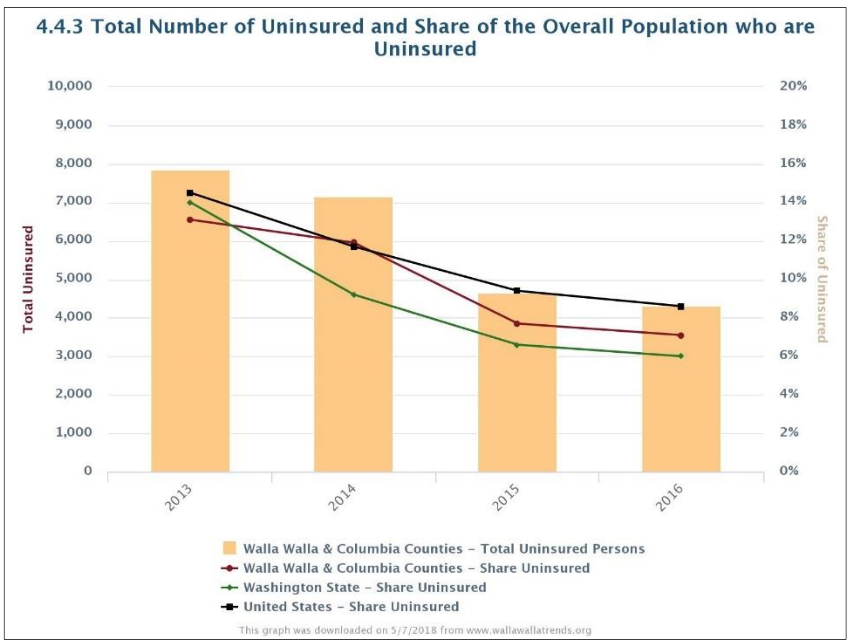
Uninsured Rates at All-Time Low but Uncertain Moving Forward by Brian Kennedy and Dr. Patrick Jones

Since the creation of the Walla Walla metropolitan statistical area in 2013, comprised of both Walla Walla and Columbia Counties, the area has seen the uninsured population fall dramatically. In just four years, the estimated total number of people who didn’t have any form of health insurance fell from 7,858 in 2013 to just 4,312. In 2013, 13.1% of the population was uninsured; that rate nearly halved to now sit at 7.1%. However great this improvement is, this is still about one percentage point higher than the State, which sits at 6%, but 1.5 percentage points lower than the nation at 8.6%. Of the roughly 3,500 people who obtained insurance who previously were without it, 70% of the reduction in the uninsured population occurred between 2014 and 2015.

Differing slightly than the constant decline in the uninsured rate of the overall population, the youth uninsured trend showed a peak in 2014, increasing from 2.7% of the population under eighteen in 2013 to 6.5% in 2014. It was only then did the rate begin to fall back down to where it now sits, at just 1.1%. Despite this initial surge, the rate still managed to fall back down below what was observed in the start of the trend. This new low is better than the State by 1.4 percentage points, and substantially lower than the nation by 3.4 percentage points.

While rates have been dropping, looking at only the total population masks some of the disparities. Considering ethnicity, the uninsured rate for Hispanics or Latinos in 2016 was 15.9%. This is 8.8 percentage points higher than the overall uninsured rate (7.1%) and 11.3 percentage points higher than non-Hispanic whites (4.6%). While there is a clear disparity, there are some positive notes.

The Latino rate, like the overall rate, has been falling quickly. Since 2013 there has been decline of 7.3 percentage points. Meghan Debolt, the Walla Walla Director of Public Health, states that “are several cultural factors that are in play, as with barriers to services (language, comfort, affordability). We have a large migrant community who chooses for various reasons to not have insurance.” As the disparity is very much present in the area, Walla Walla is pretty comparable other metro areas with large agricultural and migrant worker bases. For example, the Benton-Franklin area shows a Hispanic uninsured rate of 17.2% (1.3 percentage points higher), Yakima County sits at 17.4% (1.5 percentage points higher), while Chelan-Douglas area is doing slight better with a rate of 14.1% (1.8 percentage points lower).



4.4.3 Total Number of Uninsured and Share of the Overall Population who are Uninsured

Healthcare officials make clear that there is a distinction between access to care and access to coverage. While the uninsured rate specifically answers the questions of coverage it’s important to determine if people are actually more able to seek care because of increased coverage. DeBolt was able to shed a little light on this topic stating that “Although many people have health insurance now who may not have in the past, they cannot afford to actually use their insurance. This is because they are on a low premium, high deductible plan – which is relatively useless.”

The Behavioral Risk Factor Surveillance System conducts nationwide surveys relating to healthcare and specifically asks if there was a time in the last year when need you needed to see a doctor but could not because of cost. To obtain reliable estimates the most recent three year rolling average (2014-2016) for Walla Walla and Columbia Counties showed that roughly 9% of the population couldn’t afford seeing a doctor. So it would seem that there are a number of local residents that, while covered, still can’t utilize their coverage. Interestingly enough, while the Walla Walla metro area is lagging the state in those covered, more of its residents are able to cover medical costs than the State, which sits at about 12%.

Despite the progress made in reducing the uninsured rate, uncertainty hangs in the air. Wei Yen, Senior Forecast and Research Analyst at the Washington State Office of Financial Management (OFM), states that we’ve probably stabilized in reaching an effective bottom for the uninsured rate. As 2015 to 2016 estimates seem to stay relatively consistent, preliminary estimates for "2017 at the state level show similar consistency but at the county level, there could be more varied fluctuations."

There were three portions of the ACA that were repealed in late 2017. There were two executive orders, one ending the cost-sharing reduction payments to insurers and one allowing insurers to sell cheaper policies with more limited benefits, and within the newly signed tax law, the penalty under the individual mandate was removed. Yen believes that these actions will have "little impact on 2017's uninsured rates for Washington. However, starting in 2018, there is uncertainty about what the uninsured rates might be for Washington as a result of those actions, plus pending immigration policy changes." More information on the OFM report of county uninsured rates can be found here.

As observed in the overall uninsured rate, the Walla Walla metro area has made some great strides in getting more people covered by health insurance. While exceeding State rates for the overall population, Walla Walla and Columbia Counties combined are outperforming the State with regard to covering children. While there are some disparities, specifically in the Hispanic rate, this is true of all communities with high levels of migrant workers. It will be quite a while before we receive the 2018 estimates reflecting changes to the ACA. So for now we live with a bit of uncertainty as the health insurance industry adjusts to these changes.

First-Time Home Buyers Affordability Stable

by Brian Kennedy and Dr. Patrick Jones

It has been roughly ten years since the subprime mortgage crisis leading to the Great Recession was in full force. Across the nation, the economy has been improving. As the recession was rooted in the financial and housing markets, how have we faired in terms of affordability for the first time buyer since then? If Walla Walla is to attract and retain a workforce for the future, this is not an academic question. Fortunately, the University of Washington Runstad Center for Real Estate Research creates just such a measure.

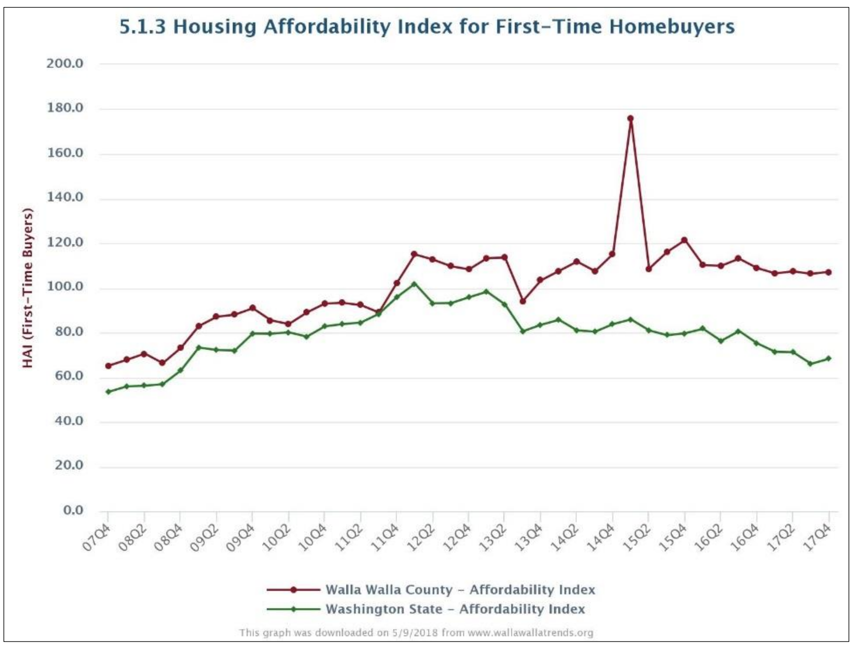
The first-time home buyers' affordability index does just as its name implies: it assesses the ability of a first-time home buyer to purchase a new home. It is a standard measure that can used to compare market conditions across the state. The index is estimated by assuming a household earning 70% of the area's median household income that can purchase a house that is 85% of the median home price. Additional assumptions are a 30 year mortgage, a 10% down payment and an additional 0.25% added as mortgage insurance. Using these assumptions, the index represents the household's ability to afford the loan principal and interest payments so that they do not exceed 25% of their gross income.

In short, an index of 100 indicates that the typical household would pay exactly 25% of their income to these payment. Anything above suggests that housing is more affordable for the first-time buyers. Anything under 100 shows the market is less affordable.

Since the Great Recession, the first-time home buyers' index has steadily climbed, indicating that home purchases for first time buyers have become more affordable. In Walla Walla

County, the affordability index for first-time buyers has increased from 65.2 in the fourth quarter of 2007 to 107.2 in the fourth quarter of 2017. In other words, this part of the housing market has moved from unaffordable to slightly affordable. This represents a 64.4% increase of the affordability index.

The move to greater affordability outpaced the state considerably, which has only shown an increase in the index by 27.7%, or from 53.5 to 68.3 from the fourth quarter of 2007 to the fourth quarter of 2017. Most of the growth in the county's affordability took place from the end of 2007 to the early part of 2012, with the index surpassing the 100 mark threshold for the first time in the fourth quarter of 2011. From 2012 through the present this segment of the County's housing market has seen a plateau, with the trend hovering around 110 (with the exception of the data outlier in the first quarter of 2015).



Walla Walla's experience mimicked much of what the state experienced from 2007-2012. However the state affordability has been on a fast track since then. The stabilization of Walla Walla County's earlier progress has left the county with the highest first-time buyers' affordability index of all the metro areas in Eastern Washington. While Walla Walla County currently sits at 107.2, Benton County is the closest county in terms of affordability at 100.1 followed by Spokane (98.8), Yakima (82.1), and Douglas (71.9).

Affordability is largely based what is happening in the housing and labor markets. Indicator 5.1.1 looks at the median home resale value over the same time period. Again we see median home prices falling until they reached their low point of $150,000 during the first quarter of 2015, corresponding with that of the high point in the affordability measure (again dismissing the data outlier in the first quarter of 2015). Since then, home prices have continued to rise to current high at $221,000, or a home price increase of 40% since 2012.

Consulting the Office of Financial Management's records of median household income, we find that in 2012, household income in the state was at $46,147 and has since increased to $55,709 by 2017. This is a 21% increase. Interestingly, these twin trends of income and housing values have been impacting the affordability index of all-buyers much more dramatically than the first-time buyers index. The all-buyers housing affordability index has steadily declined over this same time period (2012-2017). While Walla Walla's first-time home buyers' affordability index has been relatively stable. It has fallen just 7.8 points versus to the decline of 54.2 points of the all-buyers affordability index.

Despite this increasing disparity in the two groups of buyers, Walla Walla appears to be faring relatively well in the measure of household income going towards the costs of homeownership. Take indicator 5.1.6, in 2016 only 17% of all Walla Walla homeowners were paying 30% or more of the household income to shelter costs. This is considerably lower than the State, which sits at 24.1%, and the nation, at 22.7%.

If past trends are any indication of what lies ahead in the near future, it is likely that affordability for first-time buyer should continue its slow decline. Housing prices are simply increasing at a rate faster than median household income, putting pressure on the affordability of all home buyers. So while in the near future home buyers might expect no major shifts in affordability, some warning signs point to the pace of decreasing affordability quickening down the road.

Income Increasing, But Not as Fast as the State by Scott Richter and Dr. Patrick Jones

To most people and households, income is personal. But one might wonder how the total personal income earned is measured on a grander scale, like for a county, state, or even the U.S. as a whole. How might my income compare to others in my community? To others in my state and my country?

Total personal income represents all sources of income - wages and salaries; investment gains and rents collected, proprietors' income, pensions, transfer payments and all other sources of income of an area. The smallest geographical areas PCPI is available for is at the county level.

Per capita is described by Investopedia as a "Latin term that translates into 'by head'…[and can] basically take the place of saying 'per person' in any number of statistical observances."

Combining the two terms, we get per capita personal income (PCPI). PCPI is the total personal income earned in an area divided by the total population. Per capita figures include all residents, regardless of age or whether they earned any income or not. Even children and infants are included in per capita figures.

Earned income consists of wages, salaries and benefits paid by an employer, as well as proprietors' income. Investment income consists of returns to physical property and liquid assets. Transfer payments require a little explanation.

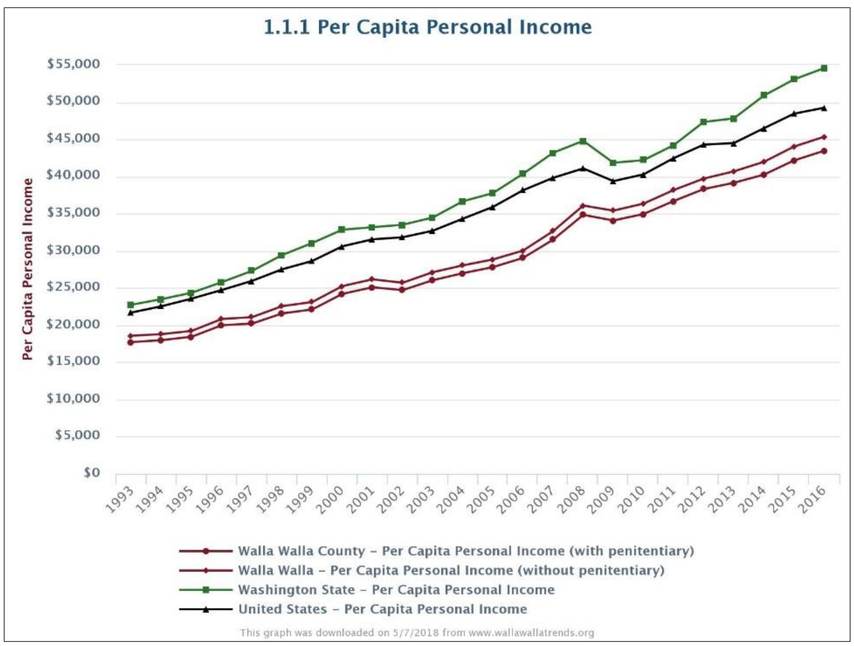
Transfer payments are defined as flows from the federal government to individuals for work done prior or for contemporary aid. They are made up a dozens of programs, the largest typically being Social Security, Medicare, and the federal portion of Medicaid. These three categories claimed nearly 80% of all federal transfers into Walla Walla County. The classic welfare programs – food stamps and family assistance – were mere slivers of the larger welfare programs.

Transfer payments are not a trivial part of total income in Eastern Washington, and Walla Walla is no exception. In 2016, they amounted to 22% of the total. However, earned income in Walla Walla still makes up the largest component of the total income earned.

PCPI serves as a key measure of economic success of a region. As an average, however, it does not measure the distribution of income among the population. The total per capita personal income reflected here represents income before the payment of income, estate, and gift taxes.

This is important to understand, especially in an area with a large prison facility because per capita figures include the inmate population, even though they do not earn incomes where wages are spent in the community.

The Per Capita Personal Income indicator depicts two measurements for Walla Walla County: one with the inmate population of the Washington State Penitentiary included and another with the inmate population excluded. To expand on the data available for this indicator, the inmate population was manually factored out of the PCPI calculations.



According to Ajsa Suljic, Regional Labor Economist with the Washington State Employment Security Department says the "census has always counted prisoners as residents of the locations where they are incarcerated, rather than residents of their pre-incarceration addresses. In several cases where someone might be away from home during the census — at boarding school, on a business trip — census officials will still count them at home."

Suljic also says that by not removing or separating a prisoner population, these data are standardized for all counties and places across the U.S., making them directly comparable.

Back to the indicator on the Trends site, during 2016, the difference between the county PCPI figures with and without the inmate population was nearly $2,000 ($43,459 and $45,344 respectively). Both of these Walla Walla County measurements were behind the state ($54,579) and the U.S. ($46,246). But regarding PCPI, it is typical for eastern Washington metro areas to be behind the state and U.S.

We should keep in mind that per capita personal income is an average. As with all averages, it has holds the benefit of summarizing many outcomes in one number, one that purports to represent the middle of a population. But it doesn't address the distribution of income. In income matters, the distribution is typically "skewed" upwards, since a few billionaires can really move that middle value. As Trend 1.1.3 reveals, the distribution of income in the Walla Walla metro area (this indicator uses data for Walla Walla and Columbia Counties combined) is little different from that of the U.S.

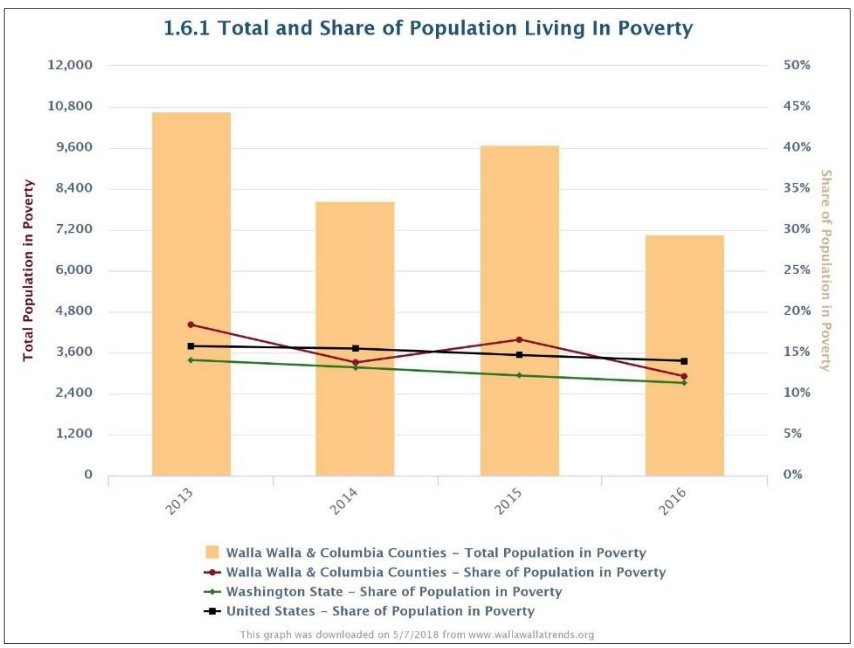
The changes are significant and positive. With PCPI nearly increasing by $10,000 from 2009 through 2016 (excluding the prison inmate population), the positive trend line of this indicator should continue to increase.

Population in Poverty on the Decrease

by Scott Richter and Dr. Patrick Jones

The U.S. is well-known as one of the richest countries in the world. As a share of the 2014 total global personal wealth, the U.S. owns about 41.6%, which is second to no other country. During 2017, the GDP per capita of the U.S. came in 11th place, just ahead of Saudi Arabia.

For income inequality, the U.S. is also at the top. The Gini coefficient, designed to measure the income distribution of a nation, had the U.S. as the fourth highest in the world during 2014, behind only Turkey, Mexico, and Chile.



For decades, the federal government has sponsored programs to help the livelihoods of low income Americans. And for years, the government has measured the incomes of this unfortunately large group of Americans. The Federal Poverty Guidelines, also referred to as the Federal Poverty Level (FPL), determines income ranges varying by family size and age make-up, and below which a household unit is said to be living in poverty. The FPL then serves as the most important criterion for many of the federal government's social programs.

It is important to note that the source for this indicator, the U.S. Census American Community Survey (ACS) includes people living in both institutionalized and non-institutionalized Group Quarters (GQ). Examples of institutionalized GQ include correctional facilities, nursing homes, and mental hospitals. Examples of non-institutionalized GQ include college dormitories, military barracks, group homes, missions, and shelters. People who have lived in a GQ residence for at least 2-months are included.

This ultimately has an effect on the share of the population living in poverty. Consider the inmate population (included in this measurement) and students living in GQ. Just like in the per capita personal income (PCPI) indicator, Inmates aren't earning an income but are counted in the population numbers.

Due to the fact inmates are included in the overall population numbers of an area, based on how the U.S. Census counts everyone living in an area, whether in GQ or a typical household, as explained in the Per Capita Personal Income article, the inclusion of inmate numbers effect these numbers. But by including the inmate population, it standardized the methodology so places across the U.S. can be directly compared with each other.

Examining the Total and Share of the Population Living in Poverty indicator for the Walla Walla metro area, we see a decrease over the 4-year period. The estimated number of people in the combined counties of Walla Walla and Columbia who were living below the federal poverty line has decreased by 30% since 2012. More specifically, this was an estimated 10,668 people in 2013, decreasing to 7,089 people in 2016.

The share of the population living below the poverty line has dropped by over six percentage points, and in 2016 was below the U.S. share, and within one percentage point of the state.

The limited breadth of this indicator (2013-2016) is due to Walla Walla and Columbia Counties being combined to form a Metropolitan Statistical Area (MSA) for the first time in 2013. The MSA designation allowed for annual statistics from the ACS previously only available in 5-year rolling averages.

With poverty decreasing slightly, what will this mean for the current resources available for people who remain living in poverty?

Justin Jording, Administrative Manager for Helpline Walla Walla, said "There are more resources and options available here than any other place I've been in the country."

"Residents of Walla Walla County have the option of going to three food banks in a 30-day period. There is also breakfast and dinner served at Christian Aid Center everyday as well as soup lunch's everyday throughout the city at different churches", said Jording.

Digging a little deeper into other indicators on the Trends site might provide some additional insight into why the poverty rate has decreased. The total number of persons employed has increased by just over under 1,000 workers from 2015 to 2016. Still, at 27,261 employed persons in the county during 2016, the county lags the peak year of 29,002 during 2009. Also important to note, the population of Walla Walla County has increased by almost 5%, or by nearly 3,000 residents from 2013 to 2016.

Another reason for the declining poverty number lies in the Overall Average Annual Wage. Overall, wages have climbed in the past few years, increasing by over $3,000 from 2013 to 2016.

So the population of the Walla Walla and Columbia Counties combined is growing while at the same time the numbers in poverty has declined. This is all due to an improving economy getting closer to regaining its pre-Great Recession position. These are all positive signs for the county, but poverty will still be with us. By monitoring this and other income measurements on the Trends site, we will know exactly how we are doing in this key aspect of community life.
