

Benton-Franklin Trends e-Newsletter #2 2018:

Welcome!



Welcome to Benton Franklin Trends quarterly update. In the Tri-Cities our economy continues to remain strong with retail sales tax increasing across the communities of Richland, Kennewick, Pasco and West Richland. It is the season of graduations and we congratulate all local graduates, take a look in this issue to learn more about our local labor force. Recently, the Port of Benton and Tri-Cities Research District provided support to FUSE to host the seventh annual Tri-Cities Launch, except this one was different and a pivotal change in how we engage and support entrepreneurship. Working with Washington State University and Pacific Northwest National Laboratory, FUSE was able to bring technologies to the teams. The result was three winners and six potential companies that are moving forward with developing their business concepts. The key message the sponsors received from that event was that we are “innovators, early adopters”, and we believe this is the growing story around entrepreneurship for our region moving forward. Enjoy this quarter’s edition of Benton-Franklin Trends

-Diahann Howard, Director of Economic Development & Governmental Affairs for the Port of Benton

Indicators in the News:

How Much is Washington State Taxing and Spending?



Curious to know how much the state is spending on college education? Parks? Public health and safety? State and local governments have responded to the demand for transparency by posting more and more information online; however, people with a strong background in internet research were the only ones able to find that information – until now.

The [State and Local Government Snapshot](#) is the most comprehensive and compact view of local government data spanning across the U.S. The tool, created by the U.S. Census Bureau, is a nifty innovation allowing an average American the ability to evaluate the decisions made by our elected representatives on how they are collecting and spending tax dollars.

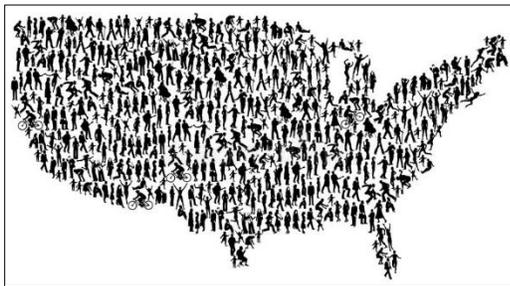
Digging into the tool, you quickly see that the data available includes all 50 states and can be switched from: only local government, only state government, or a combination of both state and local government. Variables include a variety, such as employment of local and government sectors, expenditures cation, health & welfare, public safety, etc.) and for revenues (property tax, sales tax, utilities, etc.).

Digging even deeper into one of the options - property tax revenue for all local and state governments combined in Washington State, you can read that the 2015 total was \$10.1 billion. Digging deeper yet, looking at the per capita property tax revenues during 2015, you learn that Washington came in at

\$1,411, compared to \$1,457 in California, \$1,510 in Montana, \$1,406 in Oregon, and \$965 in Idaho. In sum, state and local government revenue in Washington State during 2015 was about \$73.6 billion and nearly \$3.1 trillion in all of the U.S.

This is but one example that is available from the U.S. Census State & Local Government Snapshot. After a few minutes of changing a few dropdown menus and highlighting different information tabs, you will know a lot more about tax revenues and expenditures - and have fun doing so!

A Day in the Life of Americans - This is How America Runs



Apart from the lengthy and detailed scientific method, it is still part of the human experience to try and simplify complicated things in order to help make sense of them. Simplifying the complicated is part of the beauty of data visualizations.

One informative and fun example shows what Americans are doing at any given time throughout a standard 24-hour day. What are typically considered standard working hours from 8am to 5pm are also the best time for leisure and sleep activities for many people, but for how many people in America and exactly at what time are engaging what activities?

Thanks to Nathan Yau and FlowingData.com, we can find out we are doing collectively as part of American society throughout a typical weekday. Based on the U.S. Census Time Use Survey, Yau created a simulation of 1,000 dots that represent of sample all of America and what we are doing throughout the day by activity and time.

Incarceration Rates for Each U.S. State - Compared to Other Countries



Crime statistics, by nature, can be a little fuzzy, since they are based on crimes that law enforcement know about. To “know” of a crime, the crime needs to receive an official response from law enforcement. In the minimum, law enforcement must acknowledge it having occurred to officially count in crime statistics.

There are crimes that are almost always reported, like motor vehicle theft and arson, as well as crimes like arson that the authorities will discover on their own as part of an overall public safety response to a hazardous situation. There are also crimes

that while common, like petty theft out of people's yards or vehicle prowling, are not consistently reported to law enforcement.

One unfortunate and perhaps the extreme example are rapes. The [Rape, Abuse & Incest National Network](#) (RAINN) estimates only 310 of every 1,000 rapes are reported. Unless law enforcement somehow learns of a rape on their own without it actually having been reported to them, these inevitably are crimes that will not be counted in any official crime statistics.

One criminal justice statistic that has zero or very little ambiguity associated with it is the number of people incarcerated because it is as simple as counting heads.

What is less often available is a breakdown of the incarceration rate by individual state, comparing them to incarceration rate of countries across the globe. But just such a breakdown has been calculated by the [Prison Policy Initiative](#).

During 2018, there are approximately 698 incarcerated people in the U.S. per 100,000 residents. In many ways, especially when compared to more oppressive forms of government, like China, Russia, Saudi Arabia, and Iran, it can appear contradictory to the U.S. being heralded as one of the freest societies in the world.

More locally, during 2018, Washington State has had the 11th lowest incarceration among all states, at a rate of 480 per 100,000 residents, versus the U.S. rate of 698. For purposes of comparison, the incarceration rate per 100,000 residents of China was 118, Russia was 413, Saudi Arabia was 197, and Iran was 284.

To be fair, most people who commit crimes are not forced to do so, aside from perhaps a few people who might have stolen things like food or water to survive. People have the freedom to commit crimes or not to, and both decisions have their own unique set of consequences. But it is difficult not to see the unfortunate irony in the U.S. having the highest incarcerated population in the world. Perhaps the old song speaks to the truth when it claimed "Living so free is a tragedy, when you can't be what you want to be."

Indicators in Action:

College Enrollment Right After High School Declining by Scott Richter and Dr. Patrick Jones

The gaps between [future earning potential by levels of educational attainment are significant](#). Generally speaking, the higher the level of degree equates to a higher future earning potential. Just as important but perhaps less discussed is the fact unemployment rates

decrease by level of educational attainment. So, it is not surprising that there are a lot of societal interest in whether or not and how high school graduates continue their education.

Looking at the [Share of Public High School Students Who Attend Higher Education Institutes within the First Year After High School Graduation](#) indicator on the Trends site, we see that a lower percentage of graduating seniors attending higher education, in the subsequent

year, in the two counties than throughout the state. Note that the indicator is composed of two parts. One part, enrollment in post-secondary two-year academic institutions, was higher than the state for the class of 2016 (the most recent), 29.8% and 27.1% respectively. Yet, enrollment in post-secondary four-year academic institutions was exactly 10 percentage points below the state (21.9% and 31.9% respectively).

Digging a little deeper to look at each of the individual cities, we note that Kennewick has a slightly higher share of four-year enrollments than the combined county average but nearly matches the two-year enrollment of the combined counties. On the other hand, Pasco reveals a higher share of enrollments in two-year institution than the combined counties, while Richland shows a higher share of enrollments in four-year institutions.

According to Tiffany Scott, CEO of Benton - Franklin Workforce Development Council, says "this is a cycle and a trend we see when our local economy is doing well."

Scott continued saying, "When young adults see the current wage opportunities that their high school diploma can provide they choose to go this direction, especially those that are part of

low-income households." This in contrast to being in the red \$40,000 (in some cases) to attending higher education institutions.

When asked about entry-level jobs outside of what can be often typical first-time jobs in service-oriented industries are, Scott said there are jobs "in manufacturing, warehousing, and transporting. Agriculture is also a viable option this season because farmers are having to

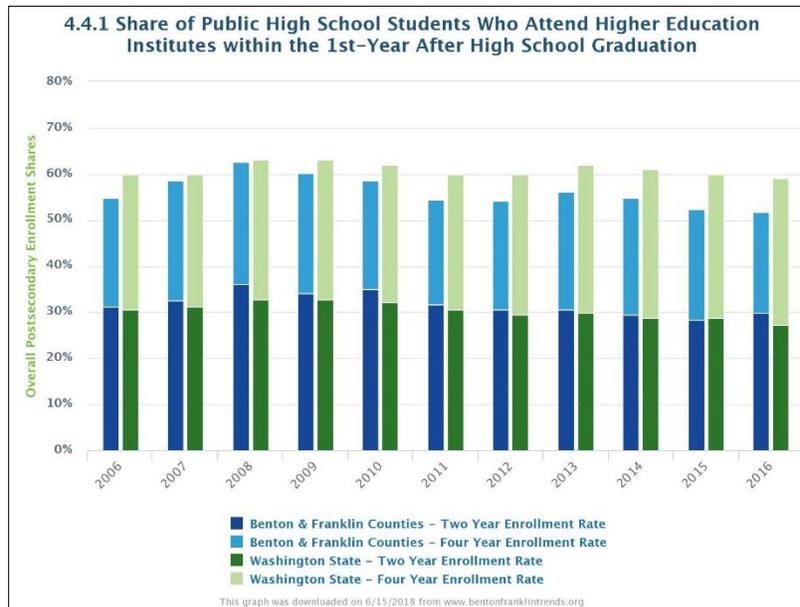
compete for a workforce due to a lack of returning employees due to immigration restrictions."

"With a booming housing market", said Scott, "a young adult with a high school diploma can join a

company, receive the industry knowledge they need then be on their way in a successful career without college."

While this is occurring at the moment, Scott says "Should unemployment rates increase the trend will change to an increase in post-secondary education as young job seekers will conclude that their high school diploma doesn't hold as much value."

So perhaps one of the most basic fundamental economic laws, supply and demand, here in the local labor market, is at work for job seekers too.



Youth Drug Arrests Above Benchmarks

by Scott Richter and Dr. Patrick Jones

Two of the first national anti-drug campaigns targeting youth were: Nancy Reagan's inspired "Just Say No," and the Drug Abuse Resistance Education (DARE) program. A [lesser known local program](#) in Plainview, NY two decades ago put "Too Cool To Do Drugs" on pencils. As kids sharpened pencils, their message slowly changed to "Cool To Do Drugs" and eventually "Do Drugs". So maybe not the greatest idea.

Years later, two distinct camps have evolved toward [the effectiveness of these and similar programs](#).

Not up for debate, however, is their target goal of reducing youth drug use. After all, there are no easy answers or quick fixes to the problem because of the many possible underlying socioeconomic, mental health, and environmental layers involved.

In research recently published by the U.S. Library of Medicine national Institutes of Health titled "[Youth Drug Offenders: An Examination of Criminogenic Risk and Juvenile Recidivism](#)," the authors point out "While youth arrests overall have been declining, arrests of youth for drug-related crimes trend in the opposite direction." Additionally, "juvenile drug offenders [are] more likely to engage in other forms of delinquency... more likely than nondrug offenders to continue offending into adulthood

[while] the higher the frequency and the more severe the drugs used is associated with more serious forms of delinquency."

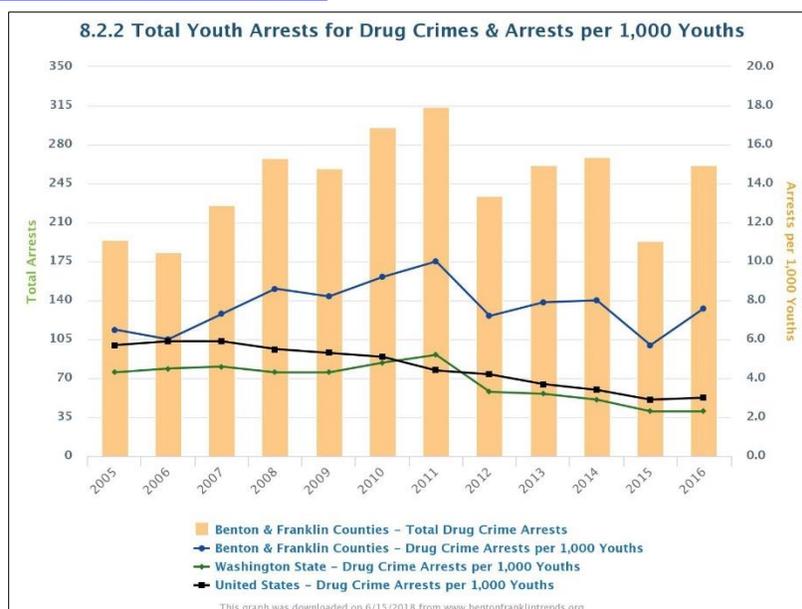
Commander Randy Maynard, Division Commander with the Kennewick Police Department (KPD), says "when youth are arrested by the KPD, the Benton County Prosecutor reviews the investigative report and ultimately decides if a criminal charge will be filed - unless otherwise declared by the juvenile court. Generally, these kids will be routed through diversion while the juvenile criminal justice system works with school counselors,

teachers and administration, as well as with parents and guardians to help these kids get back on the right track."

Investigating the [Total Youth Arrests for Drug Crimes & Arrests per 1,000 Youths](#) indicator on the Trends site, perhaps the

most prominent aspect are the decreases in the number of youth arrested for drug crimes - especially from 2011 to 2012 (dropping from 314 to 234 in the two counties).

Also standing out, is the youth arrest rate for drugs per 1,000 youth ages 10-17 in the combined counties. Throughout the series, this figure has consistently been higher than both the state and national benchmarks. More specifically, during 2016, there were 7.6 per 1,000 youth ages 10-17 arrested for a drug



crime compared to 3.0 in the U.S. and 2.3 in the state.

Looking at individual counties, Benton County has been generally shown a higher rate than the combined counties while Franklin County has generally produced lower values, especially in the latter half of the series.

When asked what the predominant substance involved in youth drug arrests by the KPD, Commander Maynard said it is predominantly marijuana.

Jennifer Dorsett, a certified Chemical Dependency Professional and Prevention Specialist, Target Zero Manager for Region 14 Traffic Safety, and co-chair for Pasco Discovery Coalition said “Our treatment numbers remain constant. Marijuana is still the #1 drug our youth are attending drug and alcohol treatment for.”

Dr. Amy Person, Health Officer with the Benton-Franklin Health District, said “Healthy Youth Survey trends show increase in percent of teens who do not think that regular use of marijuana is harmful.”

The real question is “Where do we go from here?”

Commander Maynard said, the KPD has 1 full-time D.A.R.E. officer who teaches the curriculum to all 5th graders in the Kennewick School District. There are currently three school resource officers in the district, one allocated at each high school. The KPD will also be increasing the presence of school resource officers in middle schools who will then also be responsible for the corresponding feeder elementary schools. According to Maynard, this is certainly not being done to target more youth for more drug crimes or make more arrests, but to enhance the overall school safety of both students and employees – especially in the wake of school shootings across the nation.

Dr. Person said “Teens are self-medicating with marijuana as well as other drugs to mask poor coping skills, deal with childhood trauma, or manage mental illness. This may reflect lack of access to behavioral health care in our area as well.”

Employment by Firm Size: Jobs in the Region Staying Steady by Brian Kennedy and Dr. Patrick Jones

[Indicator 3.3.6](#), shown above, depicts the breakdown of employment by the size of the firm. This helps determine the underlying health of firms of varying sizes, particularly small businesses. For many reasons, economic development organizations, chambers of commerce and elected officials look favorably at small businesses.

The [Small Business Administration](#) (SBA) defines a small business as an independent business having fewer than 500 employees and claims that these firms account for 48% of all private sector employment in the U.S. With such a large portion of the workforce falling into this category it is important to see how the Benton Franklin community fares.

In the two counties in 2017, employment was equally divided between small businesses and large scale employers, as defined by the SBA. This share has slowly but steadily increased in

favor of employment for small businesses since the beginning of the indicator, where 47.7% of those employed worked at a small business. However, this is quite the opposite trend than that happening statewide. In Washington in 1993, nearly 60% of all employment could be found in small businesses. Fast-forward to 2017: small businesses account for just 51.4% total employment.

Interestingly, employment in small firms in the Benton-Franklin area is largely driven by firms in Franklin County. While smaller in overall employment compared to Benton County, this county's large share of employment in small businesses has moved the two county total. Despite declining over the years small businesses there still make up

65% of the entire workforce, down from 72% at the start of the trend in 1993. Benton County small businesses, on the other hand, make up just 45% of the total workforce. While much lower than Franklin County it is still on par with the SBA's national average.

Total employment in the smallest of firms, those with fewer than 20 employees, has slowly declined as well. In 1993 their share of employment was 22.9% but by 2017 this had fallen to 19.1%. This follows suit of the statewide trend, but which is falling at a quicker pace - 24.8% to 19.1% today. For the two counties, much of the decline can be linked to the growth in the employment of those slightly larger firms -- with employee counts of 50 to

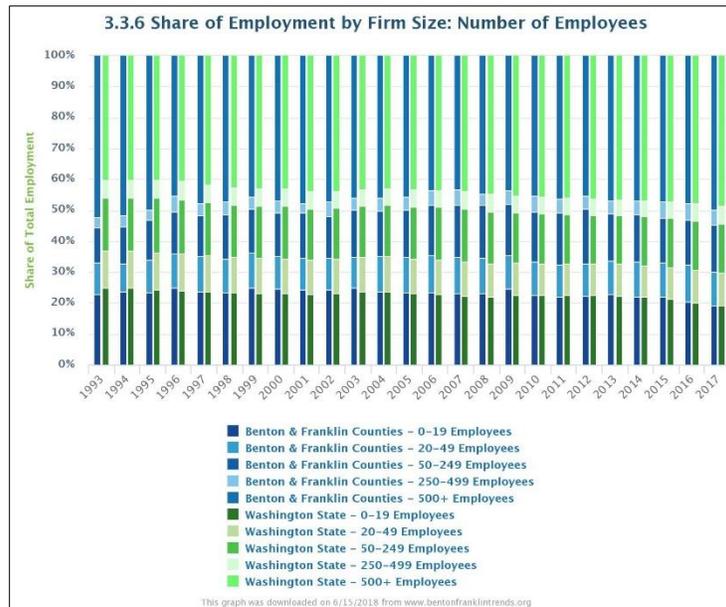
249. Their growth offsets the decline of the local smallest firms. The reason for the decline in very small business shares in the state lies in the growth of firms with over 500 employees.

A look at the separate counties, reveals that the fall in employment of the smallest businesses is largely due to a substantial drop in Franklin County. The trend shows a drop of almost 13 percentage points since 1993. Most of this decline has been being offset by employment growth in the larger firms within Franklin

County. In fact, firms with 500 or more employees saw a growth of nearly 15 percentage points, moving from just 28% in 1993 to 34.8% in 2017. Ajsa Suljic the Washington State Regional Economist for the area commented, "small businesses in the area face

challenges like they would in any other area. Some of these challenges are poor business planning, high capital expenses, lack of capital for growth, including the costs of hiring and firing employees." The drop in statewide small businesses show that this trend isn't one unique to the region.

While Benton and Franklin Counties share many characteristics, their economic sector make ups are quite different, [indicator 3.3.4](#) shows the breakdown of the shares of employment in the top 5 employing sectors. There are three sectors that both counties have in common as their top employing sectors: Government. It is Benton County's number one employing sector, comprising 15.2% of the workforce and Franklin



County's number two employing sector, at 18.5%. Healthcare and social assistance, is Benton County's second largest and Franklin County's fourth largest sector, accounting for 13% and 7.6% respectively total. A third, retail trade occupies 4th place in counties, with 11.4% and 9.9% of total employment.

Key differences remain, as any casual observer would notice. For example Benton County's remaining two top sectors are admin and waste services (11.5%) along with professional and technical services (11.3%). Pacific Northwest National Laboratory and the many companies associated with the Hanford clean-up obviously prime Benton County job creators.

These sectors are simply not present in Franklin County. Agriculture is the County's top employing sector, with 19.5% of all employment. Manufacturing, the county's 2nd largest employing sector, accounts for 11.1% of total employment. According to Carl Adrian, President and CEO of TRIDEC, the focus of TRIDEC has been on the manufacturing sector and most recently on food and beverage companies. These efforts can be observed in the data as well. The importance of manufacturing as a value added activity to the large agricultural base of Franklin County is clear. According to the [Quarterly Census of](#)

[Employment and Wages \(QCEW\)](#), the manufacturing sector consisted of 3,791 jobs in 2016, of which 79% of them (2,984 jobs) were specifically food manufacturing.

As a whole, it seems that despite the disparate makeup of the economies of two counties overall employment shares seem to be stable. Franklin County is still largely dominated by employment in small business, while Benton County follows the national trend, at just under half working in small businesses. However, Franklin County has experienced a decline in this share while Benton County has improved slightly over time.

With slight fluctuations happening individually within the counties forecasting the future is risky, so listening to local experts seems to be the best course of action. Thus, according to Suljic, "economic development never stops; job growth in five to ten years is projected to grow at 1.1% to 1.6% a year" With the pending Lamb Weston expansion and AutoZone's regional recently completed distribution, Adrian believes the region "will continue to see additions in the market of similar magnitude and doesn't anticipate any events to dramatically shift the trends over the past decade." Whether those additions will occur in the small business space, however, is an open question.
