

LATAH COUNTY REGION ECONOMIC VITALITY REPORT



PARTNERSHIP
for
ECONOMIC
PROSPERITY

ACKNOWLEDGEMENTS

We would like to express our appreciation to the following entities and people.

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PEP Board of Directors – Dan Ewart, Paul Kimmell, Dave McGraw, Gary Riedner and Brad Flodin

On behalf of the Partnership For Economic Prosperity Board of Directors, I respectfully submit this report on May 24, 2018.

Gina Taruscio, Executive Director

KEY CONCLUSIONS

Idaho and the Statewide Economy:

- According to the Idaho Department of Labor, “the state’s year-over-year employment growth was the highest in the nation at 3.4%, and the unemployment remained level at 3.0 percent. Employment gains were wide-spread, with the construction, education and health services, and government sectors adding the most jobs over the past 12 months.” Statewide, Idaho is thriving, with Coeur D’Alene and Boise ranked in the top ten in the nation for population growth, but these gains are putting pressure on housing prices, with an overall increase of 11.2 percent.

Latah County and the Regional Economy:

- While projected to grow an estimated 1% annually between now and 2026, Latah County population grew by 3.1% from 2012 to 2017.
- The total working age population in Latah County numbers just over 33,000, with 62.7% of the available population ready and able to work. Nationally, the labor force participation rate sits at approximately 62%, roughly the same as Latah County.
- Unemployment rates in Latah County reached a five- year low of 3.05%, down from a high of 4.94% in 2012.
- The three largest industries in Latah County are Government, Retail Trade and Accommodation and Food Services. Health Care and Social Assistance and Professional, Scientific and Technical Services round out the top five.
- The top growing industries in Latah County are Educational Services (up 34% from 2012). Professional, Scientific and Technical Services (up 15% from 2012), Accommodation and Food Services (up 13% from 2012), and Government (up 3% from 2012).
- Finance and Insurance lost 18% of its jobs in Latah County since 2012, and Transportation and Warehousing lost 25 jobs, or 24% since 2012.
- 96.3% of the businesses in Latah County have payrolls of 49 or fewer employees. 47% or 618 businesses employ 1-4 people.
- Latah County has a highly-educated workforce with 27.3% of the county holding a Bachelors degree (almost 9% above the national average), but the emigration of newly-minted graduates to neighboring states can be problematic to businesses hoping to relocate to the region.

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An Economic Analysis of Latah County and the Surrounding Region

What are the economic strengths of Latah County? This question is the basis for the following report. The study is presented by the Partnership for Economic Prosperity, PEP, and, while in a complete form herein, will remain a dynamic document. For the second year, PEP is pleased to present the 2018 Latah County Region Economic Vitality Report. It is the purpose of this report to provide a snapshot of local economic conditions and multi-year trends for workforce and labor, industry sector activity, retail sales, residential housing, income, and regional economic concerns. While this report highlights some areas of seemingly negative data, we see these areas as room for improvement and potential growth. We believe that the power is in identifying these current threats to Latah County vitality so as to inform and empower future economic development strategies. PEP will strive to keep this document relevant and in step with our vibrant Latah County.

For the purpose of this report, the economic context for the County of Latah will include Genesee, Deary, Juliaetta, Kendrick, Bovill, Troy, Potlatch, Onaway, and Moscow. Aggregated data, wherever available, will be included for the unincorporated cities of Avon, Cedar Creek, Farmington, Harvard, Helmer, Howell, Joel, Princeton and Viola.



1. LATAH COUNTY DEMOGRAPHICS

1.1 Population

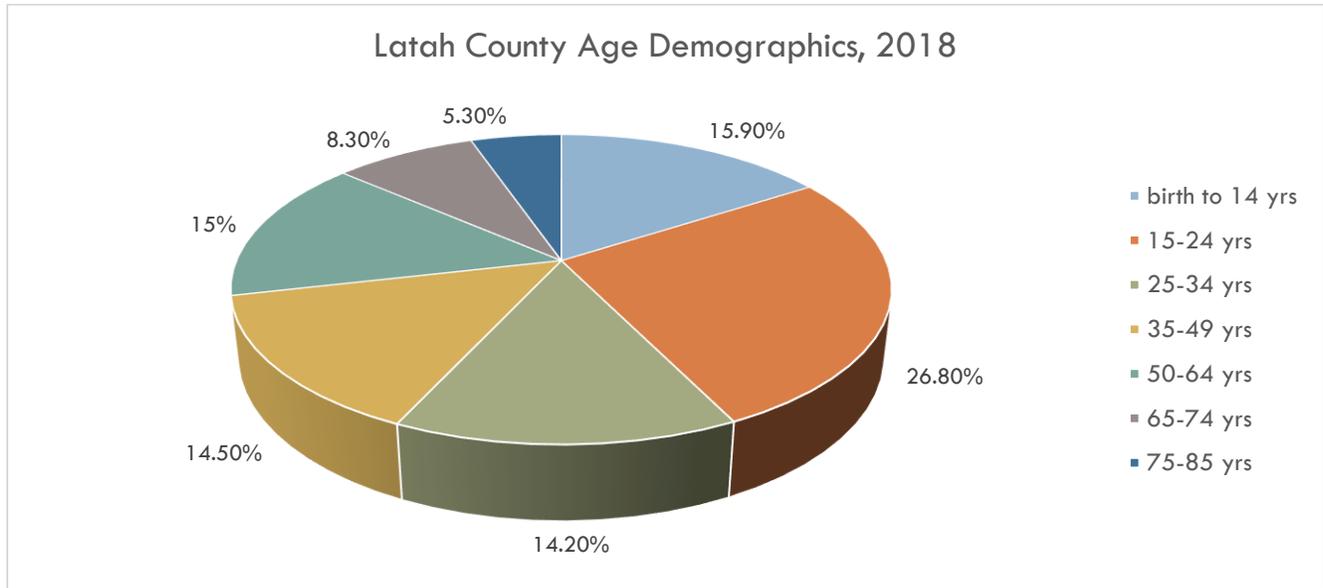
U.S. census data shows that Latah County experienced a 5.2% population growth from 2010 to 2016, with an estimated 0.4% (for a total estimate of 5.6%) growth from 2016 to 2017. This estimate is up from our last report of 4.1%. Growth in Latah County has occurred largely in Moscow, but Genesee, Troy and Deary have also experienced growth, while Potlatch experienced a population decline and Juliaetta and Kendrick remained level.

Economic Modeling Specialists, Inc. (EMSI), an economic consulting firm located in Moscow, projects the Latah County population to grow to 39,233 individuals by 2017. The US Census estimates exactly 100 more people in 2017, and population is estimated to grow by 2.2%, or 861 people, in the next 5 years.

In order to formulate this regional snapshot, PEP utilized the EMSI Q2 2018 Data Set to gain insight into potential future shifts in Latah County demographics.

Table 1.1 shows the age characteristics of Latah County. Due in large part to our student population, the largest age cohort is the 15 – 24 year olds, closely followed by the 50 - 64 and 65 – 74 year old cohorts. To see this demographic effect in relation to income, see Table 1.3 Latah County Income by City. **See Table 1.1 Latah County Age Demographics.**

Table 1.1 Latah County Age Demographics

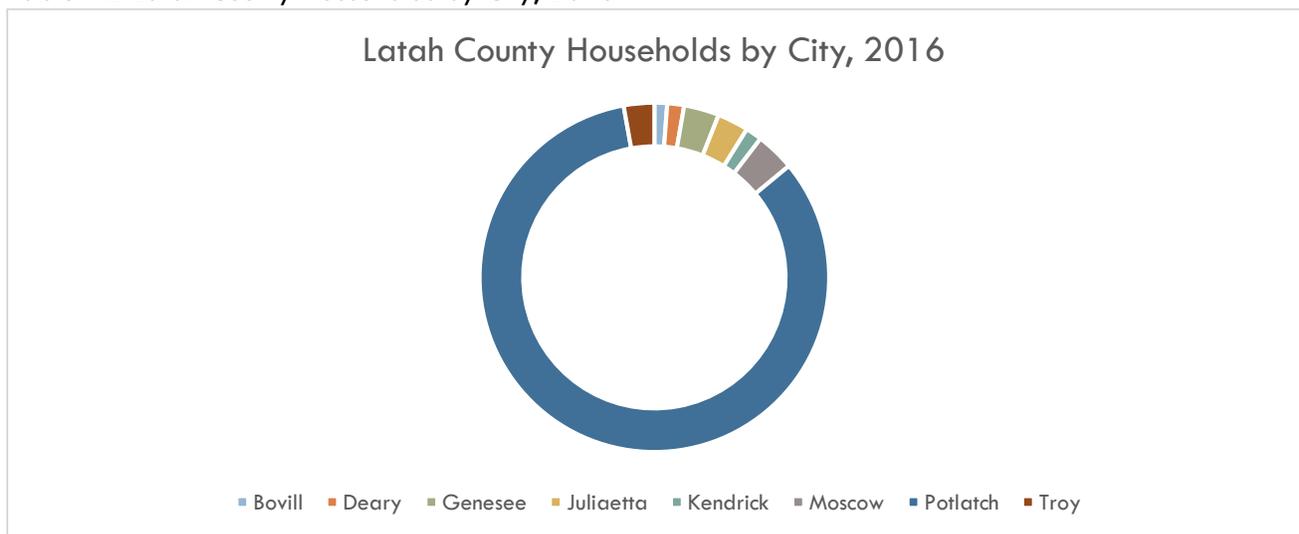


1.2 Households

The 2016 – 2021 average estimated household size in Latah County has remained constant at 2.31 persons per home. This projection represents the bottom of an average household size decline from 2.37 in the year 2000. Decreased household size can affect the types of housing sought and can create increased demand for units accommodating decreased family size.

Table 1.2 Latah County Households by City shows the relative number of households within each city in Latah county. It is interesting to note that while Moscow has the largest number of households, when examining Table 1.3 Latah County Income by City, it also has the lowest income per capita due to the large student population. Historically, due to the transient nature of the student population, the highest demand for housing in Moscow was apartment units. In the surrounding cities, single family dwellings continue to be in demand. **See Table 1.2 Latah County Households by City, 2016**

Table 1.2 Latah County Households by City, 2016.

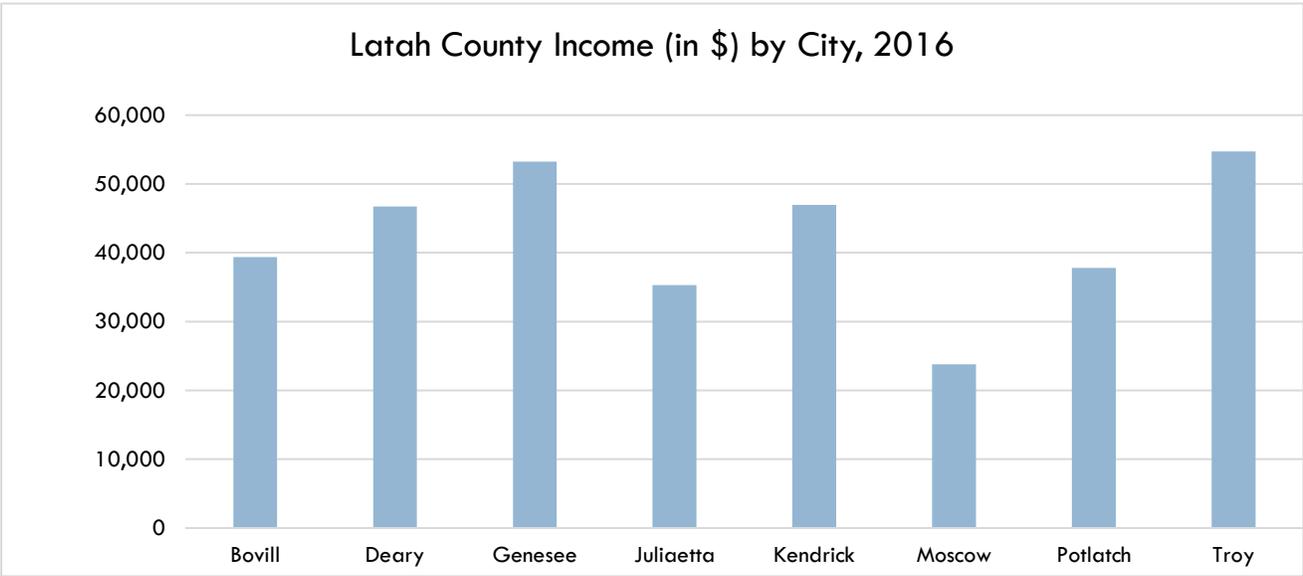


1.3 Income

Currently, the US Census Community Profile data estimates the average earnings per worker in Latah County, which includes wages, salaries, additional benefits, and proprietor income to be \$42,133 annually. Earnings adjusted to the regional cost of living in comparison to the national average cost of living are estimated at \$46,100 annually. Though comparison of these two figures suggests that the cost of living is lower in Latah County, it is necessary to account for the presence of students which lowers the overall regional income earnings.

Within the region, a significant segment of the population within the County registers as non-earnings individuals. According to the University of Idaho’s Quick Facts, current full-time enrollment is 12, 072 individuals. While some students do earn incomes during their university tenures, it is necessary to examine their impact, both negative and positive. In table 1.3, the effect of this cohort can be clearly seen in the average household earnings. **See Table 1.3 Latah County Income by City 2016**

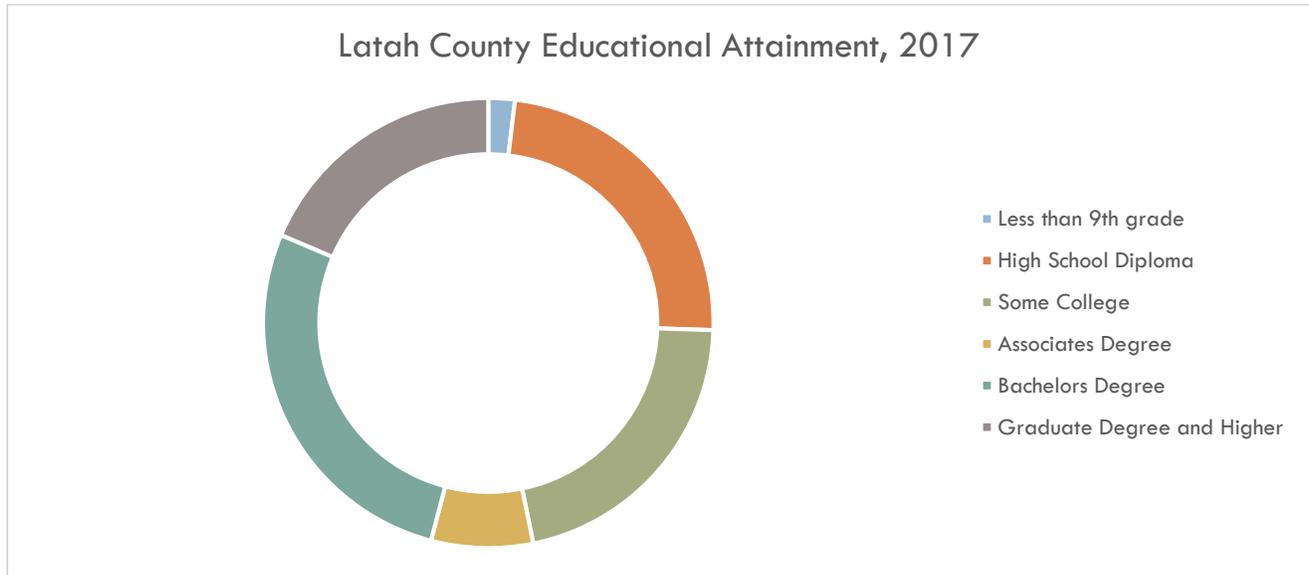
Table 1.3 Latah County Income by City



1.4 Education

Four school districts reside within Latah County; Moscow School District; Whitepine Jt. School District; Troy School District; and Potlatch School District. Combined, there are 19 public schools serving 5,125 students, 4 private schools serving 625 students, and 3 charter schools serving 1,136 students within the County. Latah County school districts have a consistent reputation of providing outstanding education to their communities, preparing students for college or entry into the regional workforce. Of individuals residing within Latah County, 53.2% (up from last years 52%) have obtained an Associates degree or higher. **See Table 1.4 Latah County Educational Attainment**

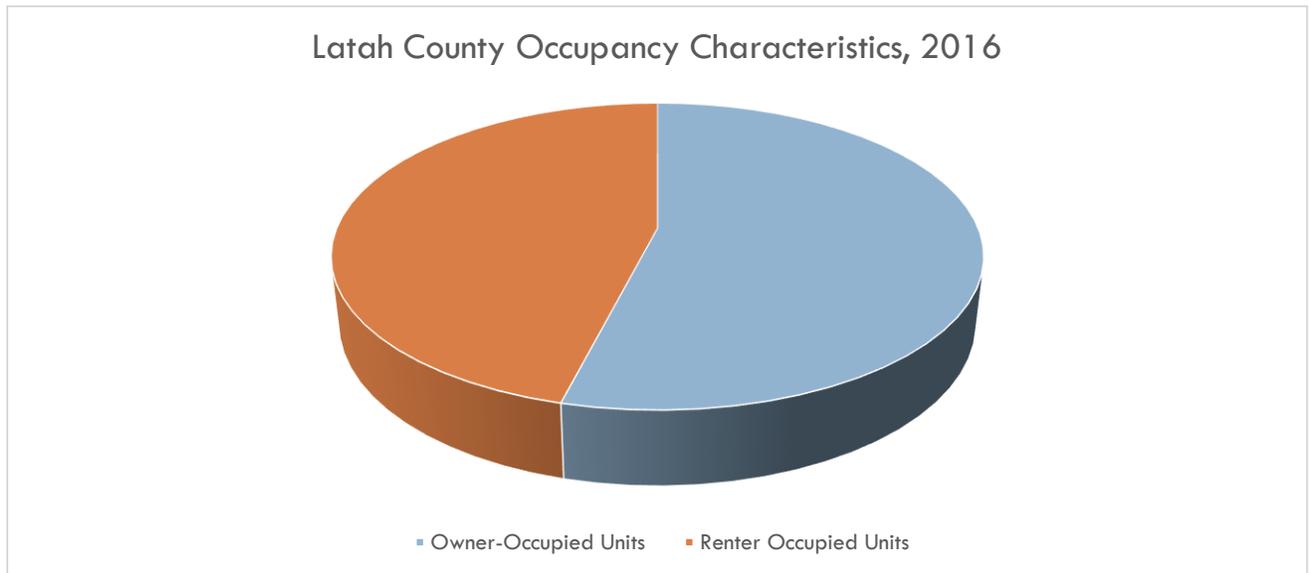
Table 1.4 Latah County Educational Attainment



1.5 Housing

According to the US Census American Community Survey, Latah County has 15, 215 total housing units, with 54% occupied by the owner of the unit. The 46% occupation by a renter can be directly attributed to the large student population in Moscow, and the income level of the population that is unable to purchase a home. Of the households, 42% are comprised of two people, but 29.2% have 4 or more occupants. 55% are considered family households, and 46% are married households. **See Table 1.5 Latah County Occupancy Characteristics**

Table 1.5 Latah County Occupancy Characteristics, 2016.



2. WORKFORCE CHARACTERISTICS

Latah County’s workforce is broken down rather evenly by gender, with the majority of the workforce between 25 years and 55 years of age. **See tables 2.1 Latah County Largest Industries by Gender and 2.2. Latah County Growing Industries by Gender.** It is interesting to note that some industry-specific gender inequality exists in both Health Care and Professional Scientific occupations. According to the American Community Survey from the US Census, females dominate the Healthcare occupations, while males, at 69.2% of the total, work predominantly in the Professional Scientific field. Further research into the influence of early educational choices could render interesting patterns and potential

Table 2.1 Latah County Largest Industries by Gender

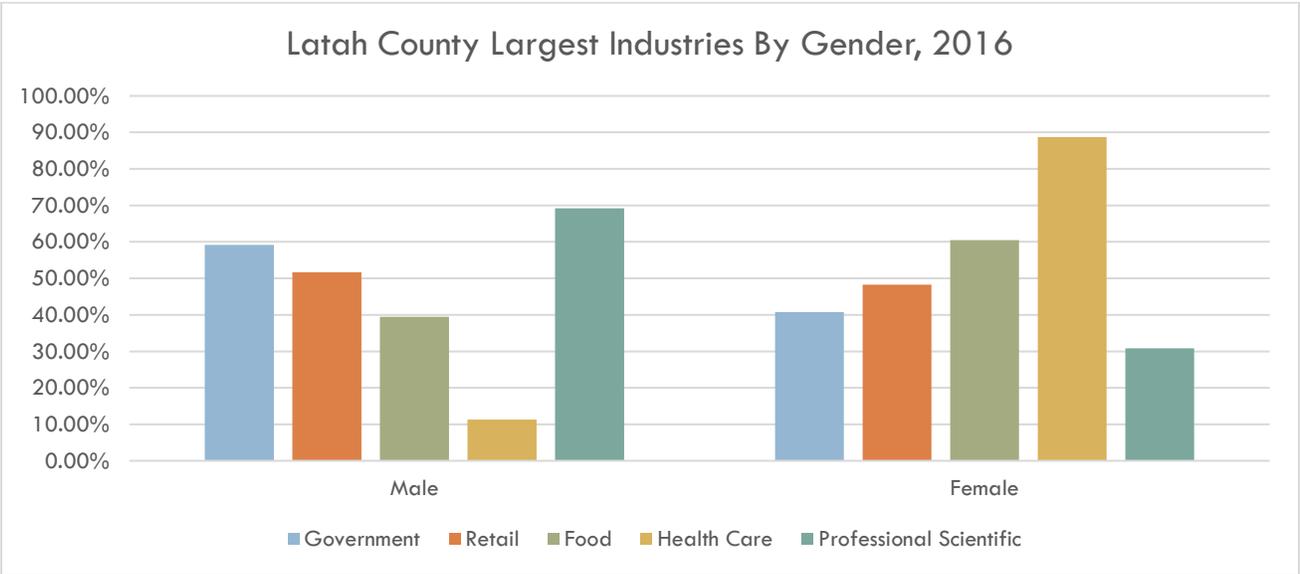
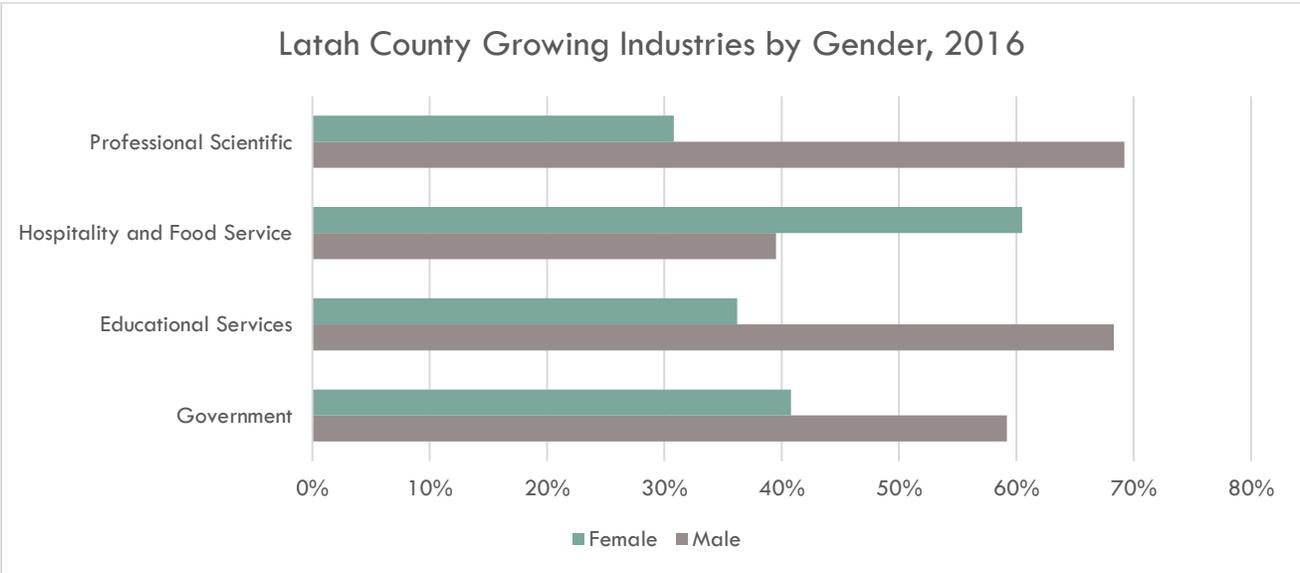


Table 2.2 Latah County Growing Industries by Gender, 2016



As discussed in last years report, approximately 53% of the Latah County workforce has attained an Associates degree or higher, so the workforce is an educated one. Almost 90% of the workforce is white, with the remaining 10% consisting of Hispanic, Asian and African American individuals.

According to the US Census, approximately 63% of our population is in the workforce, and Latah County unemployment has ranged from 5.4% in 2001, to the high of 7.2% in 2010, and has declined to 3.05% for the present. Latah County is home to a total of 3035 businesses.

In **Table 2.3 Regional Job Trends versus State and Nation**, while Latah County lags behind both the state and the national projections, it is projected to have a smooth increase in number of jobs and will climb more in line with the state into 2026. As mentioned earlier, both business retention and expansion could have dramatic effects upon the job numbers in Latah County in the future.

Table 2.3 Regional Job Trends versus State and Nation

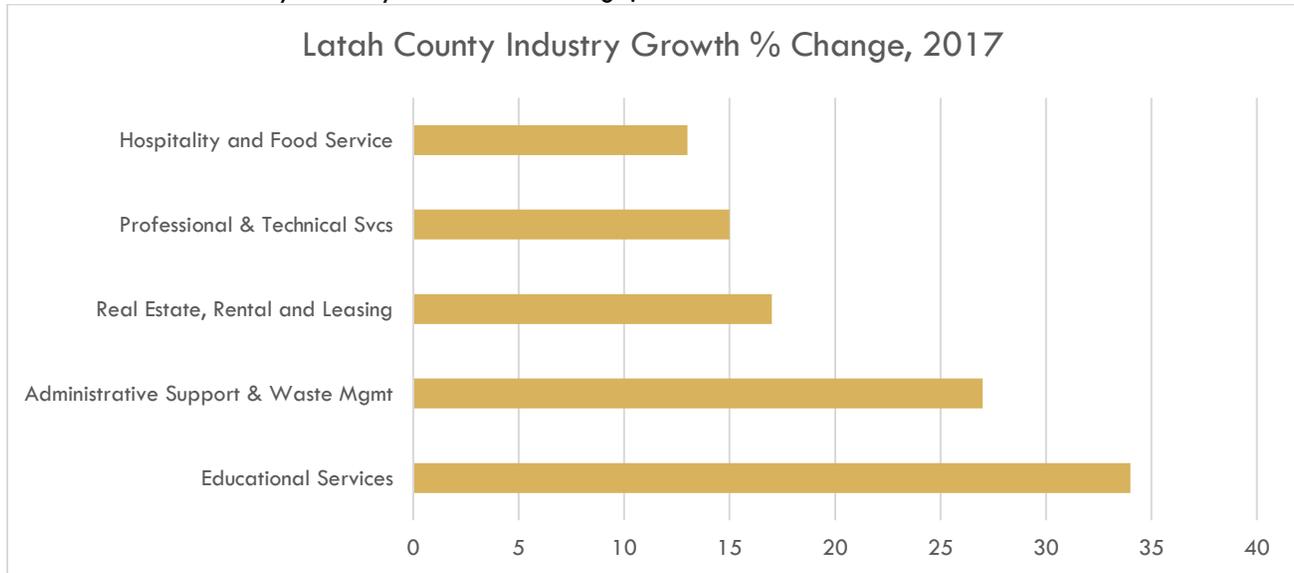


Region	2001 Jobs	2016 Jobs	Change	% Change
● Region	15,512	16,533	1,021	6.6%
● State	657,949	774,464	116,515	17.7%
● Nation	144,791,301	157,312,564	12,521,263	8.6%

3. LATAH COUNTY INDUSTRY ANALYSIS and CLUSTER IDENTIFICATION

Latah county has a diverse array of businesses, and 2017 saw increases in Hospitality and Food Service (up 13%), Professional and Technical Services such as analytical services (up 15%), Real Estate, Rental and Leasing (up 17%), Administrative Support and Waste Management (up 27%). Not surprisingly, given the fact that the largest employer in Latah is the University of Idaho, the Educational industry grew by 34%. See **Table 3.1 Latah County Industry Growth % Change, 2017**.

Table 3.1 Latah County Industry Growth % Change, 2017



Conducting a base analysis serves two primary purposes. First, it serves to identify major sources of income and employment in the local economy. Second, it allows regions to anticipate changes in their local economy. The second purpose is extremely important because it allows local entities to not only implement strategies to adapt to changing economic circumstances, but also to identify and encourage the development and diversification of their industrial base. Additionally, a cluster analysis aids in identifying a region's economic strengths and challenges so that regional economic development practitioners can identify realistic ways to shape their economic future.

3.1 Latah County Industry Analysis

3.1.1 Education

The University of Idaho is the state's premier institution of higher learning, and is one of only 72 land-grant research universities in the United States. It is a leader in student-centered learning and excels at interdisciplinary research. The University boasts 93 undergraduate and 67 graduate majors, contributes to the state's economy as a whole nearly \$1 billion annually, employs a total of 5,838 full and part-time faculty and staff, and makes up approximately 29.9% of the total employment in Latah County. The University of Idaho will invest \$110 Million dollars in research funding in 2018, increased from \$100 Million in 2017.

Institutions of higher learning such as the University of Idaho are invaluable economic assets to the regions in which they reside. Not only is the University a source of knowledge spillover for the region, it is also the region's creativity incubator. All value added to an economy drives economic growth, and all value added increases the region's ability to attract, incubate, and provide the resources for new and creative ideas.

3.1.2 Healthcare

Gritman Medical Center is a not-for-profit Critical Access Hospital that has been a vital asset to the residents of Latah County for more than 100 years. The hospital utilizes cutting-edge medical technology, such as the SPY Elite advanced fluorescence imaging system that helps surgeons identify and remove tissues at reduced risk of infection. Additionally, Gritman's Wound Healing Center was recognized in 2016 as a *Center of Excellence*,

providing advanced techniques in hyperbaric oxygen therapy, negative pressure therapies, bioengineered tissues and bio-synthetics to help wounds heal faster.

Gritman Medical Center reported total assets of \$73.9M in FY 2014, with total income in that period of \$50.8M. The Center employs individuals within occupations such as nursing assistants, licensed practical and vocational nurses, registered nurses, cooks, and those performing housekeeping functions. Of this occupation group, Nursing Assistants account for 42.8% of total jobs within this industry. Gritman currently employs 508 individuals, which constitutes approximately 10.6% of the total employment within Latah County. (This figure represents the total number of individuals on Gritman's payroll excluding individuals on contract).

3.1.3 Forestry and Timber Products

Bennett Lumber Products, Inc. is a family owned company based in Princeton, Idaho. The company owns approximately 70,000 acres of forestland in the north Idaho and eastern Washington region, and operates two lumber mills, one within Latah County, in Princeton, and another located in Clarkston, Washington. Bennett's Princeton operation employs a total of 166 individuals ranging from management to mill and machine operators.

3.2 Secondary Industry Activities

Secondary Activities within a local economy are directly tied to base industries in that they not only provide support functions for those industries, but also provide activities that recirculate the capital inflow brought to the region by the outputs (or exports) of the base industries. Secondary industries within Latah County which provide the most activity are the retail, government, and hospitality industries.

3.2.1 Retail

EMSI estimates that total current employment within the sector is approximately 2,030 jobs, with average hourly earnings for individuals within this sector being \$14.70. Retail constitutes 11.8% of the total employment within Latah County, second only to education. Additionally, the retail sector within Latah County has experienced positive post-recession retail growth of 7% from 2009 to 2016. From 2012 to 2017, retail jobs increased by 33.

3.2.2 Government

The role of regional government is to provide services to individuals within their communities. Providing for public safety, recreation, and sanitation are just a few of the many services local governments provide. Latah County's government sector employment peaked in 2005 with 1,022 individuals employed. Since 2005, government within Latah County experienced two major contractions in employment numbers, first in 2007 (17.8%) and again in 2012 (16.4%). Currently, the total number of individuals employed within the government sector is 918, which is 22% higher than the national average, yet still 8.9% below the previous peak employment level. The average annual income of individuals employed within Latah County's government sector is \$51,335.

3.2.3 Hospitality

The hospitality industry makes up the largest percentage of secondary industry workforce participation within Latah County, with 2,056 individuals employed in various occupations within the industry. Latah County's hospitality industry has experienced steady post-recession growth since leveling off in 2011, currently

exceeding the national average for employment within the industry by 27%. However, the hospitality industry continues to trail the national growth trend in total employment between 2001 and 2016 by roughly 23%.

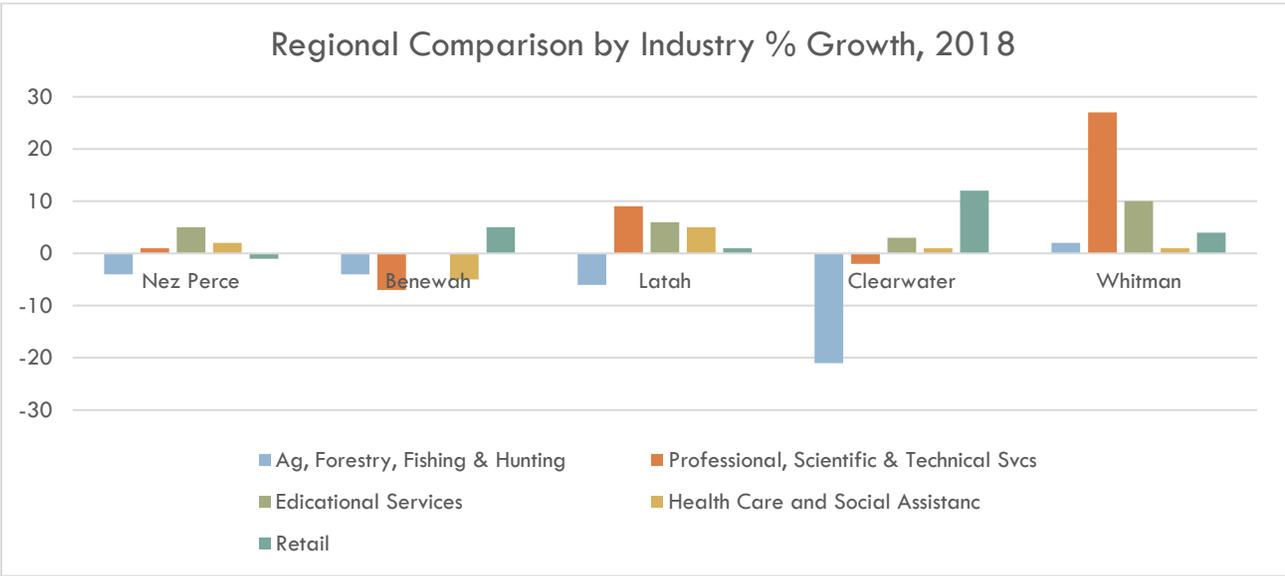
4. LATAH COUNTY AS PART OF THE PALOUSE REGION

On a state level, Idaho is not well positioned when considering the tax structure of neighboring states. According to the 2018 State Business Tax Climate Index developed by the Tax Foundation, Idaho ranks fifth among its neighbors. Idaho ranks 20th overall nationally, with Wyoming ranked #1, Nevada #5, Montana #6, Oregon #10, and Washington #17. Some Idaho laws are less restrictive regarding personal rights, however the lack of a supportive business tax policy has required local government ingenuity regarding business recruitment. Collaboration and ‘co-opetition’ help position local government as players in an increasingly competitive regional landscape. Its important to note that a business-friendly climate is paramount to business recruitment efforts, but also critical to retention and expansion of existing businesses. Local governments cognizant of issues such as taxation, regulatory compliance and economic incentives are building their foundations for future success.

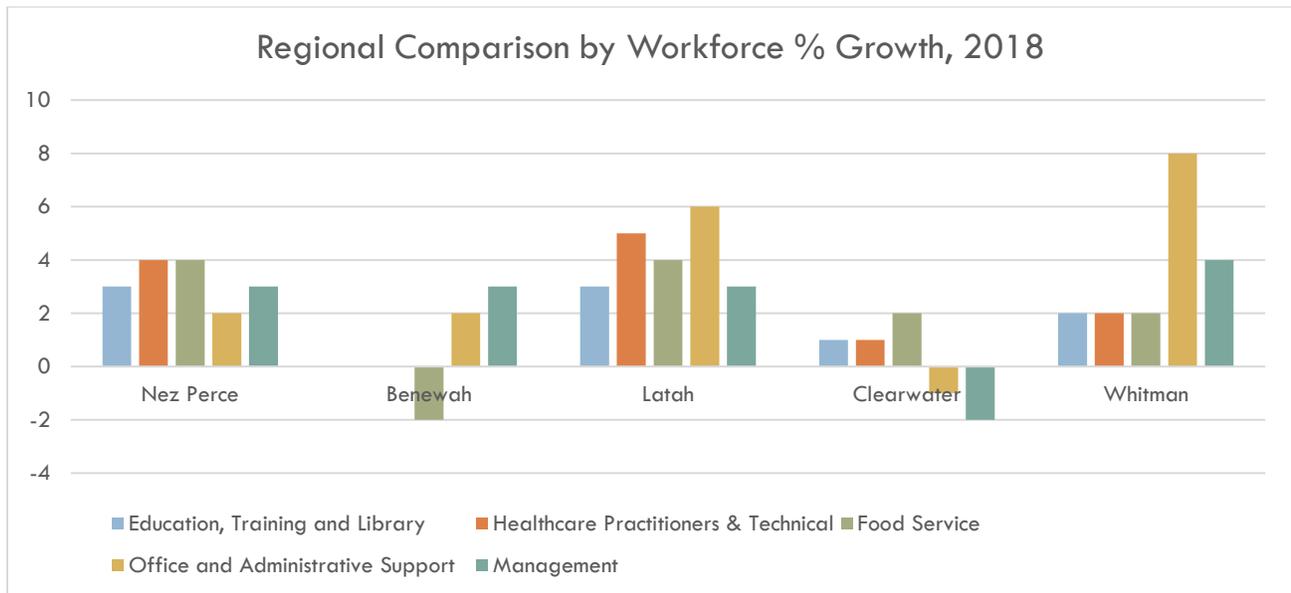
There are six main counties in the Palouse region, but due to the dramatic differences in elevation and microclimate, the two counties, Latah and Whitman, included in this economic discussion are also the most similar in those same essential elements.

On the regional level, Latah and Whitman Counties compare readily in some areas and this year, a comparison to neighboring counties including Whitman county in Washington identified some interesting aspects. **See Table 4.1 Regional Comparison by Industry % Growth, 2018.** In the Idaho counties, Ag, Forestry, Fishing and Hunting lost jobs, while Whitman county gained 12 jobs. Whitman and Latah counties continued to benefit from Schweitzer Engineering Laboratories in their gains for Professional, Scientific and Technical services jobs, while Nez Perce, Clearwater and Benewah counties lost jobs overall. The contraction of the munitions industry could be a factor in these counties. Educational Services grew in the compared region, with the exception of Benewah county. All of the counties house an educational institution, except Benewah county.

Table 4.1 Regional Comparison by Industry % Growth, 2018



Workforce growth shows that regionally, Latah, Nez Perce and Whitman counties are doing well, with robust growth in all occupations. Benewah county has appreciable losses in food service, and showed no growth in Healthcare and Technical industries, while Clearwater had losses in Education and Management.



A benchmarking comparison can be seen in **Table 4.2 A Comparison of Latah and Whitman Counties.**

Table 4.2 A Comparison of Latah and Whitman Counties

	Whitman County, WA	Latah County, ID
Population (2016)	48,830	39,184
Population (2018)	49,898	39,593
Population Change %	2%	1%
Total Industry Jobs (2017)	20,666	16,085
Total Industry Jobs (2018)	22,564	16,867
Total Industry Jobs Change %	21%	6%
Median Household Earnings	\$38,636	\$42,133
Cost Of Living Index	110	95.5
Bachelor's Degree or Higher	26.2%	27.3%
Gross Regional Product	\$1.8B	\$1.2B

While last years report showed a considerable disparity between Whitman and Latah counties, Idaho has a robust economy, and is the fastest growing state in the nation. With the commitment to a partnership approach to economic development quickly becoming the norm, it is reasonable to see continued growth and prosperity in Latah County.

5. STRATEGIES and TACTICS

1. PEP will embark on an **ecosystem mapping project** this summer and Fall to thoroughly assess the regional resources for the businesses in Latah county and the region. PEP believes that the best way to know where you want to go it to know where you are. Identification of existing resources and gaps within the ecosystem are critical to our business retention and recruitment efforts.
2. PEP supports rural community vitality through its efforts in each Latah county community to develop a **scale-able playbook** for their economic development future. PEP will utilize the “13 Ways To Kill Your Community” assessment tool to gather a baseline of information and utilize that information to develop an action plan for each Latah county community. PEP will partner with Emsi on this project.
3. A **comprehensive housing analysis** will be done to help identify the housing needs of the region and to help civic leaders make decisions about affordable housing. Latah county, if it intends to grow jobs, will need additional affordable housing throughout the county.
4. PEP will continue with its community consensus building **PEP Talks** to further support the ecosystem mapping project as well as bring the community new and fresh ways to look at economic development.
5. PEP continues to connect local businesses to existing resources through its one-on-one meetings with individual community members. **Business retention** efforts such as this support both large and small businesses and enrich the entrepreneurial culture in Latah county.
6. PEP will work with its partners at the Idaho Department of Commerce and at CEDA to identify creative ways to improve **broadband** within Latah county. Communication infrastructure continues to be an important factor in the retention and recruitment of business to any area.

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