Economic Development Investment Planning

A VENTURE CAPITAL METHOD FOR PROMOTING RURAL INNOVATION IN SNOHOMISH COUNTY, WASHINGTON

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EVANS SCHOOL OF PUBLIC POLICY & GOVERNANCE CAPSTONE PROJECT | MARCH 2016

Author's Note and Acknowledgements

In March 2015 I began working as an intern in the Snohomish County Office of Economic Development. Early in my internship I had the opportunity to participate in a working group supporting the North Stillaguamish Valley Economic Redevelopment Plan. It was during one of these meetings that I first proposed the concept of rural innovation as a driver for economic growth in Snohomish County.

The economic redevelopment strategy was an outgrowth of the Oso landslide that claimed the lives of 43 people one year earlier. The tragedy of this event shed light on the economic fragility of rural communities in western Washington, economies living in the shadow of one of the fastest growing and most successful metropolitan areas in the nation.

Participating in the strategy also shaped my thinking about rural America as a whole. As I wrestled with the challenge of how to "change the game" in these communities, how to fundamentally transform their economies from struggling to vibrant, I was struck with an idea: Why can't rural communities in western Washington benefit from the tech boom that's happening in the Seattle area? Why couldn't they attract venture capital investment – significant infusions of capital – that can unlock the latent economic potential of these communities?

Over the next year I began formulating an approach for using venture capital investment and decision analytics to promote rural innovation. Along the way, I had the opportunity to meet with dozens of venture capitalists, entrepreneurs, policymakers and innovators throughout the Seattle area. I also pestered my professors in the Evans School of Public Policy and Governance and the Foster School of Business for insights and critical feedback. I leveraged as much of their intellectual capital as I could in formulating this approach. I also discovered an active community of practice engaged in community development venture capital policymaking and dealmaking nation-wide.

This capstone is the result of my research. It is a still inchoate approach, but I believe there is enough merit in the idea to warrant a proof-of-concept pilot project to test it. As a result, I have structured my capstone to provide the foundation to kick start such a pilot project at some point in the future.

I would like to thank the following individuals who were instrumental in shaping my thinking and providing access to invaluable resources and tacit knowledge on this subject.

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Symbol of Resilience in Oso, Snohomish County, WA (pop. 180). Photo: By author, April 3rd 2015.

Capstone Overview

Rural economies in the United States have reached a tipping point – the first time in history that rural America as a whole has experienced net population loss. Many of these communities have struggled to adapt to the information age landscape that has fundamentally transformed the U.S. economy. Over the past several decades, the theory and practice of regional economics have proven traditional policy approaches to be largely ineffective at stemming the tide of urbanization and rural decline.

In the face of change, new approaches are needed to revitalize rural America. Innovation and venture capital investment are among the more promising solutions. However, capitalizing on the ability of innovation and investment to drive economic growth requires a coherent policy framework that can be implemented across all levels of government.

To address this need, I begin by defining rural innovation and describing the various dimensions of rural innovation policy that apply at the regional level, using Snohomish County as a case study. I then describe a venture capital economic development approach for investing in rural economies. I conclude with an analysis of various methods for measuring the impact of innovation investments on the rural economy.

The capstone is divided into three sections. Section one covers the background research on challenges facing rural economies and the policies that govern rural economic development at the state, federal and international levels. Section two defines rural innovation and describes the venture capital investment method for capturing economic value within rural economies. This section also describes an 8-stage decision analytics model to help facilitate investment decision making by public sector stakeholders. Section three offers a phased-approach for Snohomish County to implement the investment method. This section proposes a pilot project to test, validate and scale the community development venture capital method by focusing initially on opportunities in the cross laminate timber segment of the sustainable design and green building industry.

While the venture capital method is not a panacea for rural economic challenges, my hope is that this capstone will stimulate thinking among economic development professionals about new ways to create value-added innovation in rural communities. By doing so, they may ultimately check the tide of economic decline that is affecting much of rural America today.

Research Questions and Methods

Among the top-level research questions this capstone project seeks to address are:

1) How can investments in rural innovation best lead to increased job growth, higher GDP, and increased earnings-potential for rural Washington communities?

2) How can economic development planning for these communities be improved to help enable sound investment decisions at each stage of the development lifecycle (i.e. seed stage, early, and later stage)?

3) Which strategies can help advance concepts not quite ready for investment to become more mature, for example, by identifying needs for further data gathering and analysis, prototyping & experimentation, technology transition, etc.?

4) How can innovation factor into the development of county strategic plans, such as rural innovation investment roadmaps, comprehensive economic development strategies, workforce development plans, and capital improvement plans?

5) How can economic development planning be improved to help identify sources of funding for rural innovation investments through the use of public private partnerships, joint ventures, and other business arrangements?

6) How can economic development planning be improved to conduct due-diligence, manage risk and mitigate adverse outcomes from investment decisions?

SECTION 1: RURAL ECONOMIC DEVELOPMENT POLICIES & GOVERNANCE

Index, Snohomish County, WA (pop. 178). Photo: The Sounds Independent Newspaper

Challenges in Rural Development

While rural communities offer many opportunities and natural amenities that are unavailable in metropolitan areas, they also face significant challenges in growing their economies and maintaining a well-educated and vibrant workforce. The following economic and demographic trends contribute to these challenges:

- ***Urbanization:*** National population shifts toward metropolitan areas and away from rural areas are on the rise, with the last five years marking the first period in U.S. history with an estimated population loss for rural America as a whole.[1]

- ***Declining Agricultural-sector Employment:*** Persistent gains in agricultural efficiency have increased agricultural productivity across the United States, creating new opportunities for transport and international trade. However, efficiency gains have also led to declines in agricultural sector employment in rural communities. These declines are projected to continue through the foreseeable future.[2]

- ***Rural Workforce & Population:*** Rural economies face several unique challenges regarding their labor force and population: 1) incomes are lower and poverty rates tend to be higher in rural areas than in urban areas; 2) a lower proportion of the rural population is of working age (20-64); 3) a higher proportion of rural residents are on disability; and 4) educational attainment lags behind urban areas and economic returns to education are lower.[3]

- ***Rural Economic Opportunities:*** Access to opportunities and amenities such as higher education systems, high quality healthcare, and regional employment centers are more limited in rural areas due to decreased population density, lack of high-speed transit services, and decreased access to utilities and basic services. [4] The absence of these amenities has a compounding effect by both deterring businesses that could expand into rural areas and also limiting the growth of existing rural enterprises.

- ***Rural Development Policy:*** Federal, state and regional policies and regulations, such as those related to environmental protection, resource conservation, and growth management, can provide significant overall benefits to a region while imposing economic burdens and negative externalities on individual rural communities. These negative externalities are frequently seen in employment declines due to regulations in mining, timber, and other natural resource-based industries upon which many rural economies are based. Other policies are better characterized as 'benign neglect', as rural needs may be under-represented in legislative affairs and rural communities often lack the political clout to garner large-scale support for economic development initiatives. Additionally, the traditional approach to rural development policy, which is based on providing sectoral subsidies in order to equalize income levels, has created a

1 Economic Research Service, "Rural Economy & Population," United States Department of Agriculture, 2012.

2 Bureau of Labor and Statistics, "Industry employment and output projections to 2022," United States Department of Labor, 2013.

3 Council of Economic Advisors, "Strengthening the Rural Economy-The Current State of Rural America," The White House Administration, 2010.

4 Office of Consumer and Government Affairs, "Telecommunications Service in Rural America", Federal Communications Commission, 2015.

system of dependency on the federal government rather than one based on principles of sustainability and economic competitiveness.

- ***Rural Classifications & Research:*** Rural-Urban Continuum Codes and Urban Influence Codes have improved analysis of conditions in rural America; however, the number of conflicting and competing definitions for what constitutes a rural area have made regional characterizations difficult.[5] Countywide data is often too large to accurately delineate rural and urban settlement patterns, and many counties that are classified as urban have significant rural influences. Additionally, while much innovation and entrepreneurship research has been conducted on the benefits of clustering and regional agglomeration in metropolitan areas with high population densities, less research has been done on the topic of rural innovation and principles of entrepreneurship in geographically expansive areas with lower population densities.

Given these challenges, it is important to develop a better understanding of how innovation can emerge in a rural setting and how county governments can support and encourage innovation through specific economic development policies.[6]

Rural Development Policy Overview

Over the past several decades, the theory and practice of regional economics has shown traditional policy approaches to rural development to be largely ineffective.[7] These traditional approaches are based on principles of financial redistribution, with the federal government taking the lead in equalizing income through subsidies, primarily to the Agricultural sector. As a result of lackluster outcomes associated with these policies, rural economies in many parts of the United States have begun to decline. Reversing these trends requires a new perspective on rural development, which starts by clearly defining what rural economic development policy currently is, and then re-imagining what rural economies could look like under a more innovative set of policy prescriptions.

What is rural?

A central challenge in identifying economic development opportunities for rural communities lies in defining and characterizing what a rural community is. Within the United States, there are more than two dozen rural classification systems used for policies at the federal level alone.[8] Washington also has a statewide classification system for rural areas that impacts multiple statutes for tax-benefits, growth management, and various state assistance programs.[9] In addition to these classifications, the Organisation for Economic Cooperation and Development (OECD) has also developed a rural-urban

5 Economic Research Service, "What is Rural?", U.S. Department of Agriculture, 2015

6 OECD (2015), *Innovation and Modernising the Rural Economy*, OECD Publishing, 9.

7 OECD (2006), *The New Rural Paradigm: Policies & Governance*, OECD Publishing, 15.

8 Economic Research Service, "Defining the 'Rural' in Rural America," United States Department of Agriculture, 2008.

9 See for example "Population density and land area criteria used for rural area assistance and other programs," and "Select references to population density in Washington law", Office of Financial Management, 2012.

classification system used at the international level to help facilitate economic comparisons between OECD countries.[10]

While specific metrics vary, most classification systems share three criteria in common. These are:

1) An initial population measurement (such as population density)
2) A binding geographical constraint (typically defined in terms of administrative boundaries, land-use patterns, or economic influence)
3) A method for comparing and evaluating the first two criteria against an urban benchmark (such as an urban size threshold and/or mean distance from an urban enclave)

In the United States, the share of the U.S. population that is rural ranges from 17 to 49 percent depending on which criteria are used.[11] County-level economic definitions are the predominant criteria because they are the lowest level for which aggregate data are readily available. However, using county-level data reveals another challenge with rural economic development: many counties contain significant populations that are classified as urban in the aggregate, but would be classified as rural if considered independently. These rural areas are masked when combined with other regions of a county that have significant urban concentrations. This is particularly true for counties that cover large geographic areas.

Within Washington, Snohomish County provides an excellent example of this phenomenon. Table 1 shows the rural-urban classification for Snohomish County based on three classification systems, one each at the state, national and international levels. These systems are described in detail in Appendix A.

Table 1. Treatment of Snohomish County Under Various Rural-Urban Classification Schemes

Organization	Rural Criteria	Snohomish County Data	Classification
Washington State	• Pop. density < 100 ppsm; or Land area < 225 sq. mi	• Pop. density = 350 ppsm • Land area = 2,087.27 sq. mi.	Urban

U.S. Census Bureau	• Pop. density <500 ppsm
	• Total pop. < 2,500 per census designated area
	• <40% contiguous border with an urban area (UA) or urban center (UC)
		• Pop. density = 350 ppsm
		• Population distribution:
		  ○ 615,756 people in UAs
		  ○ 20,400 people in UCs
		  ○ 77,179 people in Rural
			Urban

OECD	• Pop. density <388.5 ppsm • > 50% of pop. in rural areas = Rural, 15-50% = Intermediate • Increase classification if region contains a population center >200,000 people	• Pop. density = 350 ppsm • 15% of population lives in Rural areas • Contains one population center >200,000 people	Urban

10 OECD (2011), *OECD Regional Typology*, OECD Publishing, 3.

11 Office of Consumer and Government Affairs, 2015.

Of the three classification systems, Washington's is the most stringent, requiring a rural county to have a population density less than 100 people per square mile (ppsm) or a total land area less than 225 square miles. The State's population density requirement is five times higher than the Census Bureau's and nearly four times higher than OECD's. Based on population density alone, Snohomish County is considered to be a rural county by both U.S. Census Bureau and OECD standards. However, the County is eliminated in both classification systems due to other restrictions related to the concentration of residents living in urban areas. These county-level designations make opaque the fact that a significant percentage of Snohomish County's population lives in rural communities, many at distances that leave them economically removed from urban centers.

In order to address this challenge, alternative geographic or administrative boundaries must be defined at the sub-county level that more accurately reflect the rural-urban continuum. Census County Divisions (CCDs) may fill this gap. CCDs are sub-county areas delineated by the Census Bureau in cooperation with state, tribal, and local officials for statistical purposes.[12] They have no legal function and are not governmental units. However, they are ideal for analyzing sub-county data in large counties that have significant populations residing outside of Census Designated Places (CPDs) and incorporated cities.

CCDs exist in 20 states, and were first established in Washington for the 1950 census.[13] There are 242 CCDs in Washington, 13 of which are in Snohomish County. These range in area from 15 to 651 square miles, and have population densities ranging from 4.7 to more than 3,800 ppsm (Table 2).

Table 2. Sub-county Analysis of the Rural-Urban Continuum using County Census Divisions as the Geographical Constraint

Snohomish County Census County Divisions	Population	Land Area (Sq. Mi.)	Pop. Density (PPSM)	% Rural (Census)	Designation (OECD)
Darrington CCD	3,065	651.29	4.7	100%	Rural
Granite Falls CCD	13,608	228.05	59.7	61%	Rural
Stanwood CCD	33,790	140.64	240.3	56%	Rural
Tulalip Reservation CCD	10,631	34.54	307.8	51%	Rural
Sultan CCD	14,286	552.58	25.9	44%	Intermediate
Arlington CCD	28,735	134.41	213.8	32%	Intermediate
Monroe CCD	29,402	59.88	491.0	26%	Urban
Snohomish CCD	35,243	77.93	452.2	25%	Urban
Maltby CCD	47,151	47.73	987.9	10%	Urban
Marysville CCD	67,930	42.22	1,609.0	6%	Urban
Lake Stevens CCD	23,492	15.11	1,554.7	3%	Urban
Edmonds CCD	234,501	58.57	4,003.8	0%	Urban
Everett CCD	171,501	44.33	3,868.7	0%	Urban
Snohomish County (Overall)	713,335	2087.3	349.98	10.82% Rural	6 Rural / Int. 7 Urban

12 Census.gov, "2010 Geographic Terms and Concepts – County Subdivision," United States Census Bureau, 2010.

13 Census.gov, "Guide to 2010 Census State and Local Geography – Washington," United States Census Bureau, 2010.

As shown in Table 2, six of the 13 CCDs in Snohomish County are considered predominantly rural or intermediate by OECD standards. Based on U.S. Census definitions, all but two contain some rural populations, with more than half containing rural populations in excess of 25 percent. Under the State system, the entire county is designated as urban. However, based on these sub-county data, between 77,179 people (Census system) and 104,115 people (OECD system) live in rural areas of Snohomish County, equating to 11-15% of the county's population.

By aggregating data at the county level, these rural populations may be overlooked, potentially missing out on both federal and state assistance programs for rural areas as well as the economic development opportunities that are concentrated in urban centers. Given its mixed rural-urban landscape, Snohomish County will be used as the case study for this report. Its current treatment under existing policies will be examined in the remainder of this section, and a new framework for regional economic development will be proposed in Section Two that addresses the shortcomings of current policies toward the development of Snohomish County's rural economies.

Current policies at the State, National, and International levels

The Growth Management Act (GMA) recognizes the importance of Washington's rural lands and rural-based economies in enhancing the economic desirability of the state, helping to preserve traditional economic activities, and contributing to the state's overall quality of life.[14] The federal government also maintains and administers several rural development policies and programs through various organizations, including the U.S. Department of Agriculture (USDA), the Department of Commerce, and the White House. Finally, the 33-member OECD has invested significant time and research in recent years into making rural development policies more effective. The varying effects of these policies and initiatives on Snohomish County reflects the multi-dimensional aspects of the rural-urban continuum and highlights many of the policy challenges facing rural economic developers.

State policies

In 1999, the Revised Code of Washington (RCW) Section 82.14.370 was amended to include a rural county definition based on population density. In this legislation, "rural county" was defined as "… a county with a population density less than 100 persons per square mile." Subsequent legislation expanded the definition to include "... a county smaller than two hundred twenty-five square miles."

This definition immediately removes Snohomish County from consideration as rural, as the County exceeds both the population density and size restrictions imposed by the State. As a result, rural communities in Snohomish County are unable to access specific benefits provided to communities in rural-designated counties.

One example is the local option sales and use tax, established to "promote the creation, attraction, expansion, and retention of businesses and provide for family wage jobs."[15] This Act was created specifically to address a pattern of economic growth in Washington that "continues to be uneven, particularly as between metropolitan and rural areas…[creating] in effect two Washingtons: One

14 RCW 36.70A.011, *Findings—Rural lands*, [2002].

15 RCW 82.14.370, *Sales and use tax for public facilities in rural counties*, [2004 c 130 § 1.]

afflicted by inadequate infrastructure to support and attract investment, another suffering from congestion and soaring housing prices."[16]

The basis for these concerns becomes evident when one looks at the population growth trends experienced in Washington. The GMA is intended to concentrate new growth in designated urban growth areas. However, the policy may become a victim of its own success if concentrating growth in urban areas leads to (or fails to prevent) population decline in rural communities. As shown in Table 1, Washington counties that ranked in the top three quartiles for population growth are predominantly urban in character. These counties experienced ten-year growth rates that ranged from 6.5% in Walla Walla County to 58.4% in Franklin County – the fastest growing county in the state (supporting data shown in Appendix C). In contrast, counties in the bottom growth quartile are predominantly rural in character. These counties have experienced average ten-year growth rates of only 3.5%, with two counties in this group (Pacific and Garfield) in population decline.

Table 3. Comparison of population growth rates by urban-rural composition

County Population Growth & Urban-Rural Composition

	Average Growth Rate (2000-2010)	Percent Urban (2010)	Percent Rural (2010)
Top quartile	21.5	82.2	17.8
Second quartile	12.0	91.4	8.6
Third quartile	8.9	69.6	30.4
Bottom quartile	3.5	35.2	64.8

While the State's policy for classifying rural counties is the most restrictive, the GMA does make provision for county-level administrators to adapt growth management policies to local needs and circumstances. These refinements are made in the Rural Element of a county's comprehensive plan.[17]

Among the more innovative adaptations the GMA allows for is the regional transfer of development rights (TDR) program in the central Puget Sound region. TDR is "a market-based mechanism that supports the voluntary transfer of development rights from [sending] areas where a community would like to discourage development to [receiving areas] where that community would like to focus new growth."[18] TDR has been used effectively in King County for several decades, resulting in the acquisition and preservation of more than 141,500 acres of rural/resource land, earning the county a GMA lifetime achievement award in 2013.[19]

Snohomish County first adopted the TDR approach in 2006, but it has made little use of the policy to date, spending only $2.1M to acquire development rights from 74 acres in the Stillaguamish valley.[20] The

16 *Ibid.,* [1999 c 311 § 1.]

17 RCW 36.70A.070, *Comprehensive plans—Mandatory elements,* see section titled 'Rural element,' [2010].

18 Jeff Aken, et al. *Transfer of Development Rights (TDR) in Washington State: Overview, Benefits, and Challenges* (The Cascade Land Conservancy: 2008), 1.

19 "Transfer of Development Rights (TDR) Program," King County Washington, 2016.

20 Brian Bonlender, et al. *Regional Transfer of Development Rights in Puget Sound* (Washington Department of Commerce: 2013), 27.

County Council updated its countywide TDR regulations effective October 19, 2013, but it remains to be seen whether use of this approach will have a significant economic impact.

Another solution available under Washington State law is the establishment of public development authorities (PDAs). A PDA is a special purpose, quasi-municipal organization that can undertake entrepreneurial ventures for public purposes at the behest of a local government. PDAs may "administer and execute federal grants or programs; receive and administer private funds, goods, or services for any lawful public purpose; and perform any lawful public purpose or public function."[21] PDAs allow for private investment in public initiatives, including the participation of private citizens as board members and partners in the venture.[22]

Other policy tools for promoting rural economic development under the GMA are also available. These include rural clustering to preserve open space, and designation of Limited Areas of More Intense Rural Development" (LAMIRDs) in areas where development already exists. County planners can also provide for master planned resorts, industrial development, and small-scale recreational or tourist uses, and may make specific provisions to maintain and enhance natural resource-based industries.[23]

Further research is needed to ascertain the economic impact that these rural development policies have had in Snohomish County and how effectively or broadly they have been applied to its rural communities. What is clear is that the basic intent of the GMA is to ensure counties "adopt measures to *minimize* and *contain* the existing areas or uses of more intensive rural development" in order to preserve and protect rural character and habitats (RCW 36.70a.070, emphasis added). This mandate on restricting rural development creates a natural tension between the goals of economic development and land-use preservation.

While preservation of natural resource lands and critical habitats is explicitly and statutorily defined in multiple state laws regulating development activities, the term "economic development" is not statutorily defined.[24] Washington is in fact one of the more restrictive states with regard to how counties and cities may participate in economic development activities. The state constitution specifically prohibits municipal and county governments from constructing or operating industrial and commercial facilities and from contributing financially, either directly or indirectly, to private economic development initiatives.[25] As a result, economic developers must look to more innovative solutions, such as public-private partnerships, in order to realize significant economic gains.[26]

21 See RCW 35.21.730, et seq., *Public corporations—Powers of cities, towns, and counties—Administration*.

22 Preston, Gates, Ellis, *City and County Options for Creative Financing: PFDs, PDAs and 501(c)(3)s*, Washington Economic Development Association Spring Conference, 2003.

23 "Growth Management Planning Topics—Rural Lands," Washington Department of Commerce, 2016.

24 See RCW 36.70A.060, *Natural resource lands and critical areas—Development regulations*, and RCW 36.70A.170, *Natural resource lands and* critical areas--Designations

25 Washington State Constitution, Article 8, Section 7; see also Municipal Research and Services Center, "Economic Development in Washington State—An Introduction," 2016.

26 William C. Rivenbark, et al., "Promote Economic Development with Public-Private Partnerships," InFocus, Vol. 42/No. 1 (2010).

Federal policies

A key aim of Federal policy is to "increase economic opportunities and overall standards of living in rural areas."[27] This goal is accomplished through a wide range of federal initiatives and programs led by multiple federal agencies, including the Department of Commerce, the USDA, and the White House.

The USDA currently administers 29 rural development programs under three major categories: Rural Housing and Community Facilities programs; Rural Business and Cooperative programs; and Rural Utilities programs.[28] These programs are designed to improve land use and infrastructure, acquire new property, plant and equipment (PP&E), provide working capital to small businesses, and provide technical training and workforce development assistance. The majority of these programs are financial subsidies, provided either in the form of microloans with low or zero interest rates and generous repayment terms, or grants that do not require financial remuneration.

The Economic Development Administration (EDA) within the Department of Commerce administers multiple programs based on both financial and non-financial incentives. These programs include: Planning and Local Technical Assistance programs to develop Comprehensive Economic Development Strategies (CEDS); Public Works and Economic Adjustment Assistance (EAA) programs for distressed communities; and the Trade Adjustment Assistance for Firms (TAAF) program to help strengthen the competitiveness of U.S. companies in international markets.[29] The EDA also administers the Regional Innovation Strategies (RIS) program through its Office of Innovation and Entrepreneurship. This program was authorized through the America COMPETES Act of 2010 and focuses on providing capital to seed and early-stage small business start-ups. [30] The goal of this program is to create "robust, sustainable regional innovation ecosystems [to] help drive national competitiveness…by fostering connected, innovation-centric economic sectors which support commercialization and entrepreneurship."[31]

In 2011, President Obama established the White House Rural Council through Executive Order 13575.[32] This Council is designed to perform three core functions: 1) Streamline and improve the effectiveness of federal programs serving rural America; 2) Engage stakeholders, including farmers, ranchers, and local citizens on issues and solutions in rural communities; and 3) Promote and coordinate private-sector partnerships. This council coordinates rural development programs across 25 executive branch departments, agencies and offices.

These rural programs are complemented by a number of national economic development initiatives that apply to both rural and urban areas. Among these is the Strategy for American Innovation, updated on October 21st, 2015. This strategy focuses on the importance of investing in research and development in strategic areas ranging from Advanced Manufacturing to Space Technology. The initiative also encourages public-sector innovation and experimentation, including "the use of incentive prizes and

27 Council of Economic Advisors, 2010.

28 "USDA Rural Development Programs Summary", United States Department of Agriculture, 2015.

29 Economic Development Administration, "Funding Opportunities," United States Department of Commerce, 2016.

30 Economic Development Administration, "Regional Innovation Strategies Program (RIS)," United States Department of Commerce, 2016.

31 Grants.gov, EDA-HDQ-OIE-2015-2004566, FY2015 Regional Innovation Strategies Program, United States Department of Commerce, 2016.

32 Executive Order 13575 - Establishment of the White House Rural Council, The White House Administration, 2011.

using a 'test-validate-scale' approach to find and fund what works."[33] While this last example is a strategy rather than a formal program, it does provide a national framework for thinking about and promoting innovation across public, private and non-profit entities.

International Policies

Beginning in 2006, the OECD launched a series of policy reviews to improve understanding of rural economic development best practices in OECD countries. From this review, the OECD identified many of the same shortcomings for rural economies internationally that were discussed previously for the United States. They found that in more than half of OECD member countries, per capita GDP in rural areas declined as a percent of the national average between 1995 and 2000, that agriculture is no longer the backbone of rural economies, and that despite large injections of capital through Agricultural subsidies, most subsidy-based programs have failed to trigger strong economic growth.[34]

However, the OECD also identified several positive findings. In more than one third of OECD countries, the regions with the highest employment creation rates were rural areas, and rural regions that were capable of mobilizing place-based assets were able to perform in line with urban areas in terms of per capita economic growth.[35]

The outgrowth of these studies was the development of the New Rural Paradigm. This paradigm addresses the socio-economic challenges facing rural communities by shifting policy emphasis away from the subsidy-based, Agricultural sector approach and towards a more competitive, multi-dimensional investment approach (Table 4).

Table 4. Changing policy emphasis under the OECD's New Rural Paradigm (from OECD Rural Policy Review)

	OLD APPROACH	NEW APPROACH
OBJECTIVES	Equalization, farm income, farm competitiveness	Competitiveness of rural areas, valorization of local assets, exploitation of underutilized resources
KEY TARGET SECTOR	Agriculture	Multiple sectors (i.e. rural tourism, manufacturing, ICT industry, etc.)
MAIN TOOLS	Subsidies	Investments
KEY ACTORS	National governments, farmers	All levels of government (supra-national, national, regional and local), various local stakeholders (public, private, NGOs)

Under the New Rural Paradigm, OECD recommends that policy makers shift their attention towards "at least four critical policy areas: 1) transport and information and communications technology (ICT) infrastructure development; 2) public service provisioning; 3) valorisation of rural amenities (natural and

33 FACT SHEET: The White House Releases New Strategy for American Innovation, Announces Areas of Opportunity from Self-Driving Cars to Smart Cities," 2015.

34 OECD (2006), *The New Rural Paradigm: Policies & Governance*, OECD Publishing, 22.

35 *Ibid*., 12.

cultural); and 4) rural enterprise promotion (including small and medium enterprise (SME) development and SME financing)."[36]

After ten years of analysis and further investigation, the OECD concluded in 2015 that governments "should frame interventions in infrastructure, human capital and innovation capacity within common policy packages. These factors would have a number of positive effects, including:

- Enhancing the capacity of a given region to absorb public and private investment,
- Curtailing the level of dependency (appropriation of rents from external sources),
- Encouraging business development and entrepreneurship,
- Building a bridge to engender confidence in the rural region and attract private sector investment."[37]

The policy approach of the New Rural Paradigm can best be characterized "as an investment approach in which policy makers assess the costs of policies and identify the expected outcomes to ensure that there are positive returns."[38] This approach fundamentally alters the old paradigm by overlaying the expectation of making net present value (NPV) positive investments in firms capable of generating a positive return on invested capital (ROIC).

While a comprehensive review of all rural development policies is beyond the scope of this report, these examples illustrate the complex nature of rural economic development and the challenges in navigating policies, incentives and regulations at the state, national, and international levels. These policies also highlight a fundamental shift in thinking about rural economies that has slowly taken place over the past ten years. Rural development policy, particularly at the national and international levels, has begun to focus more on the formation of regional innovation ecosystems that create an enabling environment for new and disruptive industries to thrive, and less on providing subsidies to prop up existing industries. The new rural paradigm also requires policy makers, developers and planners to think strategically about economic development activities that will position rural communities to be competitive in national and international markets.

Building on this momentum will require practitioners to adopt a new framework for rural economic development based on principles of innovation and investment. In Section 2, I will explore a unique approach for implementing this new framework in Snohomish County, one that combines a venture capital investment approach from the private sector with best practices in rural innovation and economic development policy from the public sector. This hybrid public-private model is based on three areas of emphasis: 1) designing an effective rural innovation policy framework at the county/regional level; 2) determining the appropriate investment approach; and 3) assessing the economic impact and ROIC of innovation investments in rural communities after they have been made.

36 *Ibid*., 60.

37 OECD (2015), *New Rural Policy: Linking Up for Growth*, OECD Publishing, 19.

38 *Ibid*., 6.

SECTION 2: ADOPTING A RURAL INNOVATION APPROACH

Gold Bar, Snohomish County, WA (pop. 2080). Photo: Summitpost.org

Designing a Rural Innovation Policy Framework

Capitalizing on the ability of innovation to drive economic growth requires a coherent policy framework that can be implemented across all levels of government. I begin constructing this framework by defining rural innovation and describing the various dimensions of rural innovation policy that apply at the county level. I then describe the venture capital economic development approach and develop an eight-stage decision analysis cycle for implementing this framework. I conclude with an analysis of various methods for measuring the impact of innovation investments on the rural economy.

Defining rural innovation

In its simplest form, innovation is a transformative event that combines existing constructs into some new construct that adds greater economic value. This value can be captured as either: 1) increased efficiency; 2) increased profitability; or 3) improved quality of life.[39]

The 2005 edition of the Oslo Manual (used by OECD) identifies four types of innovation:

1) **Product innovation:** the introduction of a good or service that is new or significantly improved with respect to its characteristics or intended uses.
2) **Process innovation:** the implementation of a new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and/or software.
3) **Market innovation:** the implementation of a new marketing method or creation of a new market ecosystem.
4) **Organizational innovation:** the implementation of a new organizational method in a firm's business practices, workplace or external relations.

Based on these definitions, the policy goal of rural innovation should be to strengthen the capacity of rural areas to adapt by transforming their current resources into new products, services, markets, and organizations that add greater economic value.

Dimensions of rural innovation policy

Rural innovation can be viewed as a specialized form of regional innovation. It focuses on scalable entrepreneurial activities that redesign and restructure existing processes to improve performance, bring together previously unconnected partners and resources in new ways, and recognize new applications for existing technologies.

Rural innovation is also unique in several ways. A rural innovation ecosystem:

- Directs entrepreneurial activity toward the needs and strengths of rural communities
- Is an endogenous economic development activity rooted in the fabric of the community
- Leverages a rural community's unique assets, natural resources, and historical character
- Creates sustainable ventures that add local value in the form of rural jobs, income, and resource preservation

39 Source: David Tan, Professor of Entrepreneurial Strategy, University of Washington Foster School of Business

- Creates products and services tailored to the needs of the local economy that can also be scaled and traded at the macro-level in regional, national, and international markets

Areas of investment

A high-functioning rural innovation ecosystem requires public, private and non-profit actors to work together to deliver a regional strategy that builds consensus on investment priorities. These priorities can be viewed as falling into five investment categories.[40] They are:

1) Talent and community development (**investments in people**)
2) Innovation and entrepreneur networks (**investments in firms**)
3) Quality, connected places (**investments in infrastructure**)
4) Effective branding and story-telling (**investments in marketing**)
5) Civic collaboration (**investments in leadership**)

The effectiveness of a rural innovation policy will depend on its ability to integrate the dimensions of innovation with these areas of investment, by first identifying the combination of transformative activities that adds the greatest value, and then making the appropriate investments to enable those activities. An illustration of this principle is shown in Figure 1.

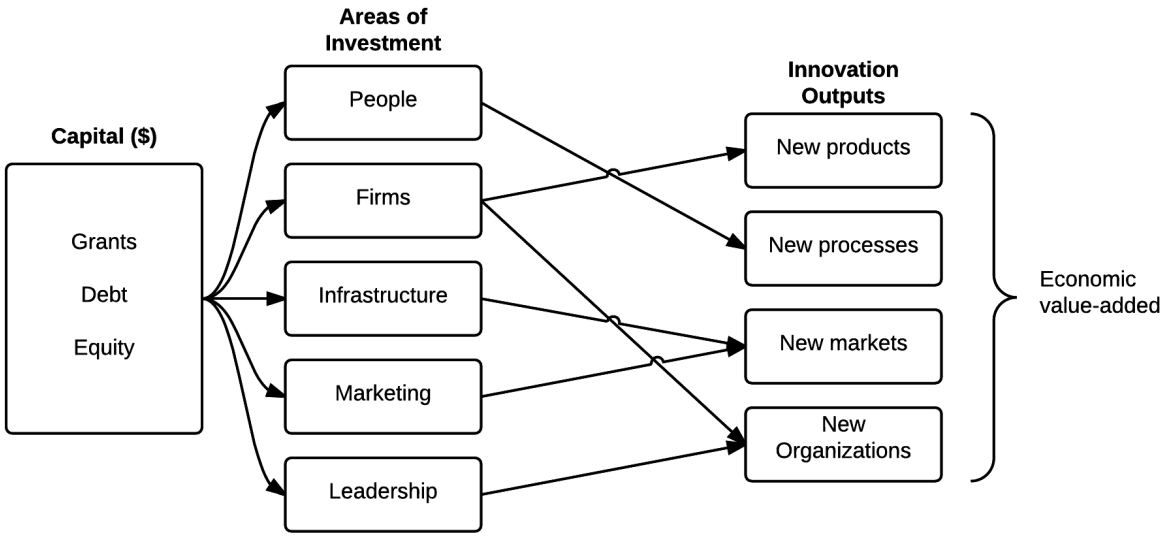


Figure 1. Aligning capital investments with innovation

Sources and uses of capital

County governments have three basic types of capital available for public sector investments: grants, tax-supported debt, and private equity. Grants and debt (in the form of municipal bond proceeds) are the most frequently used financial instruments. In Snohomish County, the majority of revenues for government activities in 2014 were derived from operating grants and contributions, capital grants and

40 Economic Development Administration, *Crossing the Next Regional Frontier*, United States Department of Commerce (2009), 103.

contributions, and tax proceeds. Together these accounted for 91% of the County's $618M in total revenues.[41]

While the County may set aside some of these revenues for specific economic development activities, most tax revenues and bonding capacity are reserved for delivering essential services such as public safety, public transit, and healthcare. These expenditures come out of the County's General Revenue Fund and special funds dedicated for providing these services. The County must also set aside Capital Projects Funds for the acquisition and development of capital improvements needed to provision basic services. In 2014, the General Fund, Special Revenue Fund, County Road Fund, Human Services Fund and Capital Projects Fund in Snohomish County accounted for 67.9% of total governmental fund assets and 64.7% of total governmental spending.

Because basic expenditures require most of a County's tax revenues, state and local governments have begun to look for alternative sources of capital such as private sector investment. These investments can take several forms, including public private partnerships, joint ventures, concession agreements, revenues from the operation of public corporations, and passive public investment.[42] Local governments are also exploring various venture capital (VC) investment strategies as a method to spur disruptive innovation and significant economic growth.

The Venture Capital Method for Economic Development

The appeal of the VC approach to economic development derives largely from its emphasis on net new job creation. As noted by the Kauffman foundation, "new and young companies are the primary source of job creation in the American economy. Not only that, but these firms also contribute to economic dynamism by injecting competition into markets and spurring innovation."[43] VC firms and angel investors inject capital into start-up enterprises that account for "nearly all new job creation and almost 20 percent of gross job creation" in the United States.[44] VC firms specialize in capturing value from new innovations by placing big bets on disruptive innovations – innovations that have the capacity to displace entrenched incumbents by creating a new market and new value system.[45]

An additional service that the VC method provides is the ability to deal with asymmetric information. Large financial institutions cannot accurately evaluate entrepreneurial projects and are therefore more likely to withhold funding from startup businesses, especially if these businesses are in industries that have few tangible assets to use as collateral.[46] VCs address this market inefficiency through tacit knowledge of entrepreneurial finance, strategy and operations. They conduct due diligence assessments of the startup, the founding team, the market, and the competition, and can structure terms between the founder and the investors that ensure incentives remain aligned over the duration of a project.

41 Snohomish County, *Comprehensive Annual Financial Report*, (Snohomish County Finance Department:2014), 10.

42 William C. Rivenbark, et al., 8-11.

43 Jason Wiens and Chris Jackson, "The Importance of Young Firms for Economic Growth," The Kauffman Foundation, 2015.

44 *Ibid.*

45 Clayton Christensen, "Disruptive Innovation," ClaytonChristensen.com, 2015.

46 Douglas Cumming, *Venture Capital: Investment Strategies, Structures, and Policies* (New Jersey:2010), 32.

These terms frequently include taking an equity stake in the company and a position on the board of directors. They may also include specific provisions related to employee stock option pools, founder vesting, liquidation and anti-dilution.[47]

These attributes of VCs are essential to address principle-agent problems that arise in startup enterprises such as moral hazard, when one party takes excessive risks because another party bears the burden of those risks, and adverse selection, where the better informed party selectively participates in trades which benefit them at the expense of the other party. By controlling for these negative outcomes, the venture method is capable of screening out firms with a low probability of success and ensuring that the interests of those that remain are aligned with the desired market outcomes.

VC firms also operate under several constraints. First, because the VC method provides a filtering mechanism for screening out startups with low probabilities of success and/or low expected returns, these firms must have a very high rate of deal flow – the rate at which business proposals and new pitches are received and funneled through the opportunity pipeline (Figure 2). The median VC firm reviews 87 opportunities from a pool of several hundred candidates before making one investment.[48]

Second, VC funds operate on a limited investment horizon, typically ten years. The commitment period (or investment period) usually lasts five years, and is the length of time a VC has for identifying and investing in new firms. The remainder of the investment term is reserved for follow-on investments in later rounds that position the startup for a successful exit.

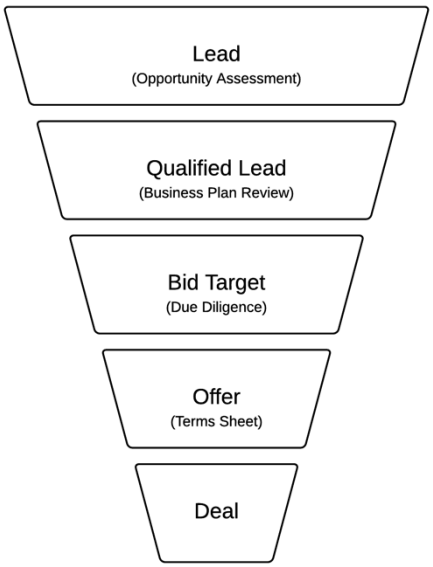


Figure 2. VC Opportunity Pipeline

It is important to note that while the VC method does provide valuable insights for investing in companies that yield new job creation, the analogy is not perfectly suited to the public sector. Because they have a higher risk tolerance for failure, VCs are capable of generating a higher ROIC. But high risk tolerance is not a characteristic of most public sector organizations. As a result, the public sector must look for alternative structures for managing risk that include partnerships (syndicating risk) and decision analysis techniques to mitigate risk, as described later in this section.

Public sector VC approaches

The most prominent example of a public sector approach to VC funding is the Texas Enterprise Fund (TEF). The TEF is a state-led investment fund established by Gov. Rick Perry in 2003 to attract jobs and private equity to the state. It is the largest "deal closing" fund of its kind in the United States.[49] The TEF

47 Brad Feld and Jason Mendelson, *Venture Deals Second Edition: Be Smarter than Your Lawyer and Venture Capitalist* (New Jersey:2013), Chapter 4, "Economic Terms of the Terms Sheet."

48 David Teten, "Where Are The Deals? How VCs Identify The Next Generation Of Startups," Forbes.com, 2014.

49 Texas.gov, "Economic Development & Tourism - Texas Enterprise Fund," Office of the Governor, 2016.

provides public capital from a legislative appropriation as a direct financial investment into mature firms considering expansion in Texas. Each applicant to the fund must undergo a rigorous due-diligence process, and the fund includes clawback provisions for firms that fail to reach specific terms and conditions related to job growth in the state. Over the past ten years, the TEF has funded 129 projects with a total of $576M invested. The ROIC for the fund has been the creation of 77,269 new jobs and more than $21B in new private investment.[50]

A similar approach has been taken by the private sector through an activist investment model called community development venture capital (CDVC). The goal of CDVC is to "provide equity capital to businesses in underinvested markets, seeking market-rate financial returns, as well as the creation of good jobs, wealth, and entrepreneurial capacity."[51] The CDVC Alliance, a not-for-profit policy group, advocates for specific federal policy initiatives such as the Rural Business Investment Program (RBIP), New Markets Venture Capital (NMVC) Program, and Community Development Financial Institutions (CDFI) fund as specific vehicles for incentivizing investment in rural and underserved communities. CDVC operates on similar principles as the TEF, with two notable exceptions. First, the majority of the funds raised in CDVC initiatives are from the private sector rather than the public. Second, the CDVC approach allows private investors to take an equity position in the companies they invest in.

Venture development organizations

In addition to identifying capital sources, businesses in rural economies also need non-financial assistance to help guide and direct their growth. Venture Development Organizations (VDOs) can provide these services. A VDO is "a business-driven, public or nonprofit organization that promotes regional growth by providing a flexible portfolio of services, including: assisting in the creation of high-growth companies; providing expert business assistance to those companies; facilitating or making direct financial investments; and, speeding the commercialization of technology."[52] While VDOs can take many forms, most share the characteristics outlined in Table 5.

Table 5. Characteristics of a Venture Development Organization

Fundamental	Organizational	Programmatic
✓ Grounded in region ✓ Built on the region's existing, evolving innovation system ✓ Integrated with other development activities ✓ Offers portfolio of services ✓ Has adaptable toolkit sensitive to market needs ✓ Management with prior VC / startup experience ✓ Regularly measures impact	✓ Diversified funding pool for long-term stability ✓ Regionally bounded and politically "boundless" ✓ Organized as non-profit entity to maintain focus on public good ✓ Encompasses active, ongoing public-private partnerships ✓ Corporate / business leadership majority on the board	✓ Focused on growing the venture rather than the organization ✓ Technology agnostic: open to any source of commercialization ✓ Service delivery adapts to client's needs ✓ Doesn't tie services to onsite residency or membership

50 Texas Enterprise Fund, 2015 Legislative Report, Office of the Governor, 2016, 3.

51 CDVD.org, "Community Development Venture Capital Alliance", 2016.

52 Regional Innovation Accelerator Network, U.S. Economic Development Administration

By partnering with a VDO, a county can outsource the major economic development functions related to business formation to a team that specializes in developing and launching new businesses. VDOs can also form formal relationships with other partner organizations, including universities, non-profit organizations, and private individuals. This allows the county to take on the role of policymaker by participating as a member of the VDO board and setting the regional agenda for economic growth.

An 8-stage Investment Decision Cycle

Once the necessary capital and support networks are in place, there needs to be a robust and repeatable process for determining which public sector investments to make. I describe such an approach using an 8-stage investment decision cycle that includes two decision points where policymakers can off-ramp and re-evaluate before making a financial investment decision (Figure 3). For explanatory purposes, I assume that these functions will be performed by a VDO on behalf of the county, with the county acting in an advisory capacity to the VDO.

Stage 1: Idea Discovery

The first stage is Idea Discovery. During this stage, the VDO identifies opportunities and leads that are in line with its market strategy and objectives, which is in turn derived from the county's current economic development goals. The VDO's focus in this stage is on deal flow – generating a high enough number of leads to have a reasonable probability of identifying value-added investments. Techniques that may facilitate this stage include hosting and participating in start-up events, referrals from entrepreneurs, and opportunities identified by other funds looking to syndicate an investment.

Stage 2: Opportunity Assessment

During this stage, the VDO will qualify the leads identified in Stage 1 in order to create a candidate pool of potential investments. Firms selected for advancement beyond this stage should have business objectives that are in line with the County's long-term economic development goals and objectives. Obvious issues should also be identified and firms exhibiting these should be carefully scrutinized. These include issues related to timing (likelihood of a successful exit during the investment horizon), risk, and valuation problems (unrealistic founder expectations). Each of these issues will impact ROIC. A number of techniques can be used for this process, including a review of the firm's business plan, go-to-market strategy, and value proposition. Commercial software is also available to facilitate this process.

Stage 3: Pursue / Do Not Pursue Decision Point

Qualified leads should be presented to the VDO board (including County representatives) in order to determine if the opportunity warrants further consideration. Tailored decision criteria should be developed and applied to answer the key question: "Are we going to invest more *time* in this?"

If this answer to this question is no, there are two options available to the VDO. The first is to funnel the startup to an incubator / accelerator program. If the firm shows promise but is not ready for investment, an accelerator can address the weaknesses in the firm's approach. The second option is to choose not to pursue the opportunity further and return to the discovery stage.

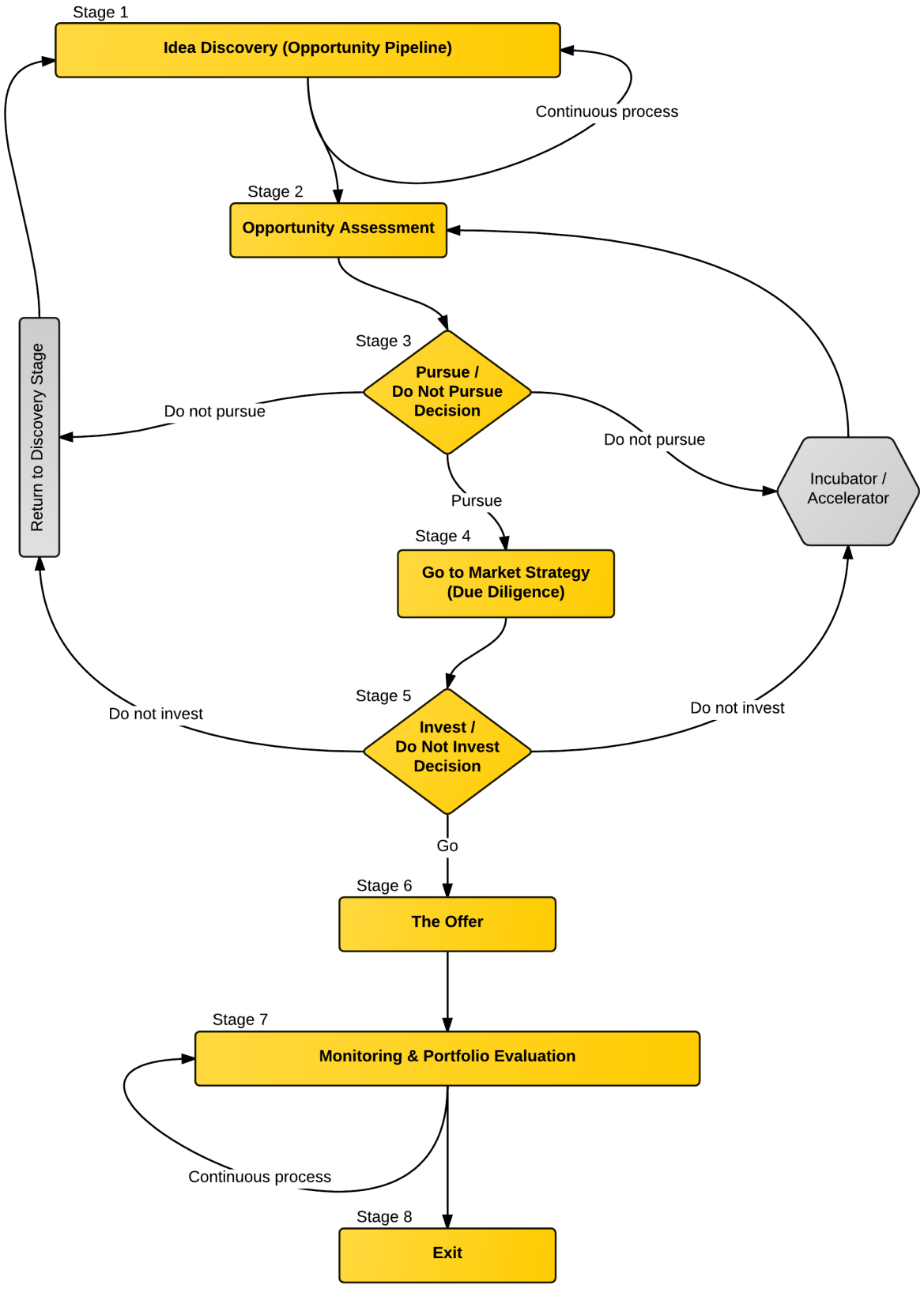


Figure 3. Eight-stage decision analysis cycle

Stage 4: Go to Market Strategy (Due Diligence)

For the qualified leads that were selected for further consideration, this stage looks in detail at the financing requirements, product/service development planning, team building, risk syndication, policy environment, and overall business strategy. This due-diligence stage should include a detailed and in-depth analysis of the methodology that will be used to develop the opportunity and help the startup enter and expand in the market. The TEF developed an 11-step due diligence and project analysis approach that among other things includes a company background report, tax status verification, a third party economic impact assessment, a review of available local and state incentives, and a cost-benefit analysis.[53] This framework along with several approaches posted by commercial VC funds can be adapted to fit the due diligence needs of the County.

Stage 5: Invest / Do Not Invest Decision

This is the second decision stage. Up to this point, the VDO's primary investment has been in time and human capital. This decision point will determine if the VDO is going to commit to investing financial resources. This stage is the opportunity to thoroughly evaluate the startup's exit strategy, teaming, and other issues that presented themselves during due diligence. It is also an opportunity to finalize the funding that will be provided to the company, and revise the business strategy if major roadblocks are anticipated. The goal of this stage is to answer the question: "Are we prepared to invest *money* in this?"

If the answer is no, the same two options are still available to the VDO as in Stage 3. The startup to can be funneled to an accelerator program that will help refine its go to market approach, or it can be filtered out of the opportunity pipeline. Opportunities entering the accelerator should be on-ramped again at Stage 2 so that any fundamental changes to the firm's approach can be reassessed.

Stage 6: The Offer

Firms that have made it to this stage in the pipeline are ready to receive financial support and will be given a term sheet that outlines the the financial incentives and control measures that the VDO is offering. If the VDO is taking an equity stake in the company, the term sheet includes a capitalization table (cap table) that summarizes who owns which share of the company before and after the investment. It also specifies how funds will be disbursed, whether immediately or as a staged investment based on the firm's ability to meet performance criteria. The VDO should also have a VC attorney review the offer to ensure it is legally binding. Assuming the founder accepts the terms, the VDO is now in execution mode, and the role of the VDO shifts to monitoring and evaluation.

Stage 7: Monitoring & Portfolio Evaluation

During this stage the VDO acts as an advisor to the startups in its portfolio, and conducts periodic evaluations of its fund's performance. This stage can last for several years and includes assessing whether the fund is generating the economic returns that were anticipated. Adjustments to the portfolio and the VDO's investment criteria will need to be made during this stage based on the findings of the portfolio evaluation process. This stage is important because the overall economic impact of the

53 Texas Enterprise Fund, "11 Step Process", Office of the Governor, 2015.

VC approach is based on the performance of the entire fund portfolio, not just the performance of an individual firm within the portfolio. It is also important because the data gathering and analysis conducted during this stage will determine if the firm is meeting performance criteria and whether repayments will need to be made for failing to meet criteria.

Stage 8: Exit

At some point, the VDO and County's role in a given investment opportunity will be substantially concluded. The VDO will have established exit criteria during the term sheet negotiation process. As firms mature and reach the milestones in their term sheets, the VDO will exit from its role as investor and advisor. These exits may come in the form of an acquisition by a strategic partner, an initial public offering (IPO), or a liquidation event if the company is unsuccessful.

These scenarios assume the VDO has made a financial investment, and as a result can directly calculate its ROIC. An alternative is to use state and federal grants and appropriated funds to make the investment, in which case the VDO will not take an equity stake in the startup. In these scenarios, the returns are measured in local job creation and increases to the local tax base, or by some other social impact metrics. The TEF calculates this ROI as a function of the total number of jobs created (direct and indirect) and the average cost per job (dividing the funding amount by the number of jobs created). Other approaches include fiscal impact analysis (FIA), benefit cost analysis (BCA), and social return on investment (SROI). The method chosen will depend on the nature of the firm, the goals of the investment, and the breadth and availability of expertise on the VDO staff.[54]

Summary

Investments in innovation seek to unlock latent economic capacity and economic potential. While many traditional development methods, such as tax incentive programs, are widely used, few have shown significant economic impact in rural communities or significant improvements in rural well-being. The VC approach to economic development is high risk and experimental, but it also has the potential to make a significant difference in rural economies by harnessing the power of innovation.

The need for a coherent strategy for promoting innovation as an economic driver has been well documented. It is succinctly summarized with the following statement from *The Entrepreneurial State*: "If it is in the public interest for innovation to occur, there is a role for the public sector to require it to happen, rather than sitting back and hoping it will happen of its own accord provided the conditions are right."[55]

While imperfect, my hope is that the VC model will stimulate thinking among economic development professionals about new ways to create value-added innovation in rural communities. By doing so, they will ultimately check the tide of economic decline that is affecting much of rural America.

54 Economic Development Research Partners, Seeding Growth: Maximizing the Return on Incentives (International Economic Development Council:2015), 30-35.

55 Mariana Mazzucato, The Entrepreneurial State, quote is from the Preface written by Kitty Usher, June 2011.

SECTION 3: SNOHOMISH COUNTY RURAL INNOVATION PILOT PROJECT

Darrington, WA (pop. 1350). Photo: Kate P., *Footprints in the Sod*

Overview of Snohomish County

In this Section, I apply the VC method to rural development in Snohomish County, brining together each of the operational elements of the decision analysis model. I begin by examining Snohomish County's CCDs and socio-economic characteristics, and then describe a pilot project approach for implementing the VC decision framework by applying it to a test case: creating a new Cross Laminate Timber (CLT) venture in Darrington, WA.

County Profile

Snohomish County consists of 20 incorporated cities in 13 CCDs. These CCDs are ranked by rural population percentage in Figure 4, with the colored boxes indicating the OECD rural-urban classification. As shown, four of the CCDs are considered predominantly rural, two are intermediate, and the remaining seven are predominantly urban.

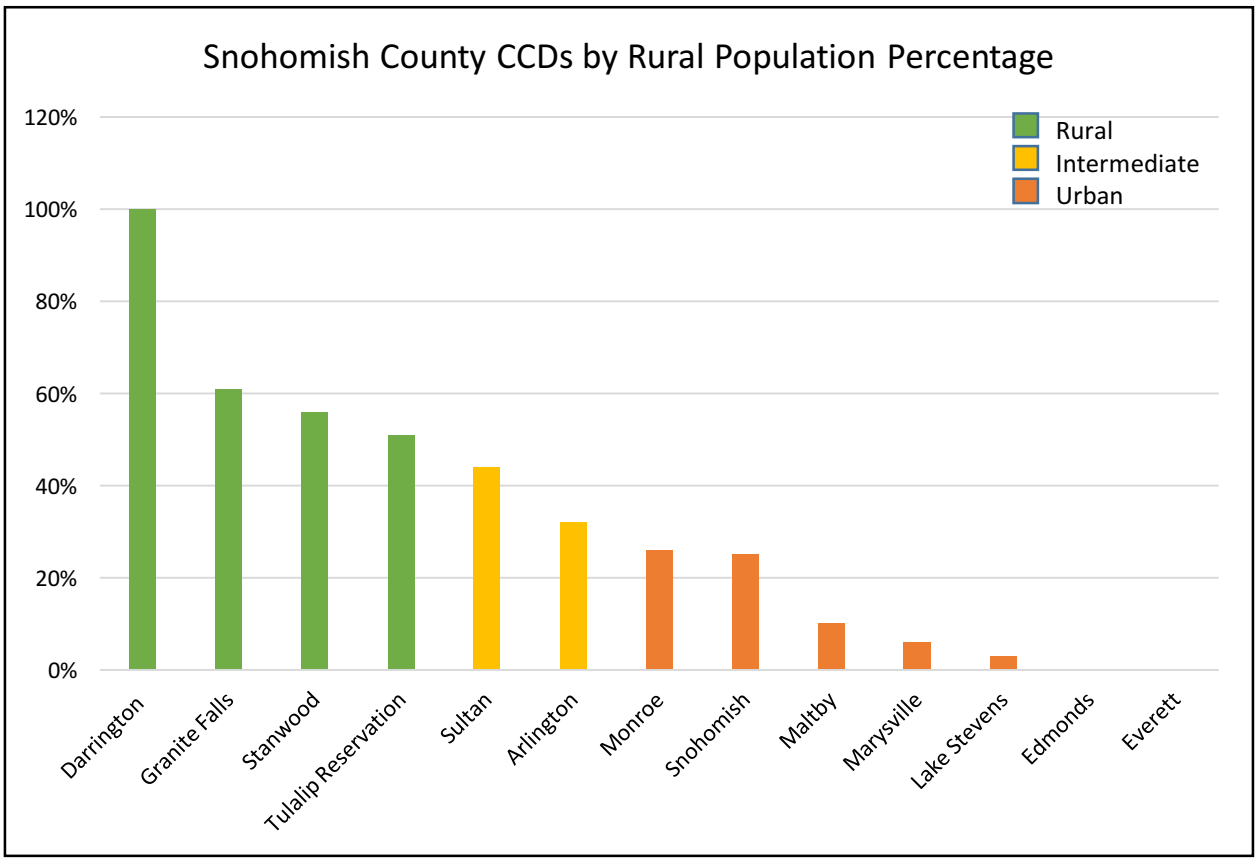


Figure 4. Snohomish County CCDs by rural population percentage

Socioeconomic indicators

Evaluating the data for the 13 CCDs reveals that rural CCDs face many of the socio-economic challenges affecting much of rural America. As shown in Figure 5, rural CCDs tend to have greater socio-economic challenges than intermediate or rural areas generally and exhibit a wider range in performance, with some CCDs faring better than others (detailed data are provided in Appendix B).

Table 6. Socioeconomic indicators based on OECD rural-urban continuum

Socioeconomic Indicator	Rural CCDs	Intermediate CCDs	Urban CCDs
Median household income	$61,612	$68,660	$76,433
Unemployed (16 years +)	7.3% - 22%	8% - 11.6%	5.7% - 10.5%
Lacking health insurance	9.5% - 18.8%	9.9% - 13.1%	5.2% - 16.3%
High school education or higher	87.5% - 91.4%	89.4 - 92.5%	87.5% - 95.7%
Bachelor's degree or higher	12.6% - 19%	15.8 - 23%	18.6% - 45.8%
With a disability	13.4% - 20.5%	12.7% - 14.5%	6.5% - 13.5%
Below poverty level (under 18)	1.9% - 17.3%	12.7% - 14.6%	4.6% - 23.8%
Below poverty level (all)	5.4% - 20.7%	9.9% - 10.4%	4.2% - 15.6%
Population growth rate (10-year)	9% - 22%	17% - 33%	12% - 27%
Population growth rate (20-year)	27% - 78%	68% - 106%	32% - 111%

Rural populations in Snohomish County have lower median household incomes than both intermediate and urban and populations. The upper range for unemployed residents aged 16 and up is highest in rural areas, double the rate of intermediate and urban CCDs, though some rural CCDs are performing slightly better than intermediate and urban CCDs in this category. The same is true for health insurance coverage, educational attainment, disability, poverty status and population growth rates. In each case, the rural CCDs see the highest rates of adversity and lowest levels of educational attainment and population growth, but in some instances outperform intermediate and even urban CCDs in these areas. However, as a general rule, the rural CCDs in Snohomish County are clearly struggling with the same socioeconomic challenges facing the rest of rural America.

This is particularly true for the Darrington CCD. Darrington is the most rural community in Snohomish County. It has the lowest growth rate, and is the most socio-economically challenged (Figure 6). The area was thrown into the national spotlight on March 22nd, 2014 when the most significant landslide in U.S. history claimed 43 lives and destroyed 36 homes near Oso, Washington.[56] Debris from the slide covered State Route 530 for six months, cutting off the only direct passage into the town of Darrington, the Sauk-Suiattle Indian Reservation and other unincorporated communities east of Oso. The slide was declared a federal disaster by FEMA on April 2nd, 2014 and brought to light many of the economic challenges facing this area.[57] As a result, the EDA awarded a grant to Economic Alliance Snohomish County to address the long-term disruptions that occurred in the area.

As a participant in this effort, I proposed a new goal for the County: to become a model for asset-based rural economic development by promoting rural innovation.[58] Building on the foundation laid in that work, on January 29th, 2016, I met with Snohomish County Councilmember Brian Sullivan to discuss applying the rural innovation framework described in Section 2 to the Darrington area by designing a pilot project VDO that will increase access to innovation capital and foster a value-added regional innovation ecosystem in the area. The test case for this effort would be the creation of a new cross-laminate timber (CLT) industry in the Darrington area. The goal of the pilot project would be to

56 NBCNews.com, "Oso Mudslide: Residents Remember One Year Later," March 2015.

57 FEMA, Washington Flooding and Mudslides (DR-4168)

58 Community Attributes Inc., North Stillaguamish Valley Economic Redevelopment Plan, Economic Alliance Snohomish County, July 2015.

determine if such an industry can (and should) be established, and whether it can be scaled and taken to market in a manner that allows it to compete as a new entrant in the market.

Applying the VC Model: Steps to Create a Pilot VDO

There are several important factors for the Snohomish County Council to assess in determining whether or not to adopt the VC approach to rural investment.

The first is the duration. Because it takes time to test, validate, and scale the approach, a minimum of 24 months of funding should be secured for the pilot. This could be provided as a grant from the state, potentially with assistance from the County. It could also be funded by applying to the FY17 RIS Grants program of the EDA.

The second consideration is partnerships. There are several incubators and accelerators in the Seattle area and elsewhere who may have interest in such a pilot. Incubators in the Seattle area to consider partnering with include Madrona Labs, Vulcan Labs, and Pioneer Square Labs. Accelerators include TechStars, 500 Startups, and YCombinator. The County should also consider a joint partnership between UW Evans, UW Foster, and the County's VDO to blend the best of both public policy and entrepreneurship, and gain access to student and professor insights into emerging opportunities. The County can also partner with (via contracts) experienced venture capital firms in the area.

Finally, a measure of realism is necessary in proposing a project like this. As in all venture-backed initiatives, the probability of success is low if success is measured in terms of ROIC. However, the County can construct the pilot in stages that will allow it to capture lessons learned through the startup process. These lessons can refine the scaling strategy if the VDO is successful, and will provide useful metrics for evaluating whether or not venture-backed initiatives can be successful in spurring economic growth in rural Washington communities.

APPENDICES

View of Tulalip Bay, bordering the Tulalip Tribes Indian reservation (pop. 2500) in western Snohomish County, WA. Photo: DeviantArt.com

Appendix A: Rural Classification Systems

The three classification systems considered in this report are described in detail below. By state standards, Snohomish County is classified as Urban/Metro because its population density and land area exceed the the minimum state thresholds. Washington uses the lowest population density and land area thresholds and as a result is the most stringent criteria of the three systems. Based on both U.S. Census Bureau and OECD standards, Snohomish County falls below the minimum population threshold and would therefore be considered rural. However, the County is eliminated in both classification systems due to the concentration of residents living in urban areas.

Washington State Criteria

In 1999, RCW 82.14.370 was revised to include a rural county definition based on population density. In this legislation, "rural county" was defined as"… a county with a population density less than 100 persons per square mile." Subsequent legislation expanded the definition to include"... a county smaller than two hundred twenty-five square miles."

Counties with a population density less than 100 persons per square mile or counties smaller than two hundred twenty-five square miles as of April 1, 2015; population density (ppsm) shown in parentheses		
Adams (10.08)	Grays Harbor (38.44)	San Juan (93.04)
Asotin (34.60)	Island (386.66)	Skagit (69.67)
Chelan (25.69)	Jefferson (17.12)	Skamania (6.90)
Clallam (41.79)	Kittitas (18.57)	Stevens (17.77)
Columbia (4.71)	Klickitat (11.22)	Wahkiakum (15.11)
Cowlitz (91.46)	Lewis (31.90)	Walla Walla (47.75)
Douglas (21.98)	Lincoln (4.64)	Whatcom (99.57)
Ferry (3.50)	Mason (64.83)	Whitman (21.88)
Franklin (70.16)	Okanogan (7.95)	Yakima (58.19)
Garfield (3.18)	Pacific (22.74)	
Grant (35.05)	Pend Oreille (9.46)	

U.S. Census Bureau Criteria

The Census Bureau's urban-rural classification is fundamentally a delineation of geographical areas, identifying both individual urban areas and the rural areas of the nation. The Census Bureau's urban areas represent densely developed territory, and encompass residential, commercial, and other non-residential urban land uses.

For the 2010 Census, an urban area will comprise a densely settled core of census tracts and/or census blocks that meet minimum population density requirements, along with adjacent territory containing non-residential urban land uses as well as territory with low population density included to link outlying densely settled territory with the densely settled core. To qualify as an urban area, the territory

identified according to criteria must encompass at least 2,500 people, at least 1,500 of which reside outside institutional group quarters. The Census Bureau identifies two types of urban areas:

- Urbanized Areas (UAs) of 50,000 or more people;
- Urban Clusters (UCs) of at least 2,500 and less than 50,000 people.
- "Rural" encompasses all population, housing, and territory not included within an urban area.

Two population density thresholds are used in the delineation of urban areas: 1,000 persons per square mile (ppsm) and 500 ppsm. The higher threshold is consistent with population density criteria used in the 1960 Census through 1990 Census urban area delineation processes; it is used to identify the starting point for delineation of individual, potential urban areas and ensures that each urban area contains a densely settled core area that is consistent with previous decades' delineations. The lower threshold was adopted for the Census 2000 process when the Census Bureau adopted an automated delineation methodology; it provides that additional territory that may contain a mix of residential and nonresidential urban uses can qualify for inclusion in an urban area.

Additionally, at least 40% of its boundary cannot be contiguous with a UA or UC to be considered Rural.

Sources: http://www2.census.gov/geo/pdfs/reference/fedreg/fedregv76n164.pdf

OECD Criteria

The OECD uses a regional typology according to which regions have been classified as predominantly urban, predominantly rural and intermediate, using three criteria:

1. Population density. A community is defined as rural if its population density is below 150 inhabitants per km2 (500 inhabitants for Japan to account for the fact that its national population density exceeds 300 inhabitants per km2).
2. Regions by % population in rural communities. A region is classified as predominantly rural if more than 50% of its population lives in rural communities, predominantly urban if less than 15% of the population lives in rural communities, and intermediate if the share of the population living in rural communities is between 15% and 50%.
3. Urban centres. A region that would be classified as rural on the basis of the general rule is classified as intermediate if it has an urban centre of more than 200 000 inhabitants (500 000 for Japan) representing no less than 25% of the regional population. A region that would be classified as intermediate on the basis of the general rule is classified as predominantly urban if it has an urban centre of more than 500 000 inhabitants (1 000 000 for Japan) representing no less than 25% of the regional population.

Appendix B: Snohomish County Socioeconomic Indicators

The spreadsheets included in this appendix are from the 2014 American Community Survey and were used to derive the tables referenced in the text.

Subject	Arlington CCD, Snohomish County, Washington				Darrington CCD, Snohomish County, Washington				Edmonds CCD, Snohomish County, Washington			
	Estimate	Margin of Error	Percent	Percent Margin	Estimate	Margin of Error	Percent	Percent Margin	Estimate	Margin of Error	Percent	Percent Margin
EMPLOYMENT STATUS												
Population 16 years and over	23,436	+/-627	23,436	(X)	2,510	+/-215	2,510	(X)	195,452	+/-1,570	195,452	(X)
In labor force	15,634	+/-681	66.7%	+/-2.5	1,272	+/-174	50.7%	+/-5.2	135,860	+/-1,646	69.5%	+/-0.7
Not in labor force	7,802	+/-644	33.3%	+/-2.5	1,238	+/-166	49.3%	+/-5.2	59,592	+/-1,486	30.5%	+/-0.7
Percent Unemployed	(X)	(X)	11.6%	+/-1.9	(X)	(X)	22.0%	+/-7.6	(X)	(X)	7.4%	+/-0.6
Civilian employed population 16 years and over	13,705	+/-626	13,705	(X)	980	+/-165	980	(X)	125,378	+/-1,786	125,378	(X)
INCOME AND BENEFITS (IN 2014 INFLATION-ADJUSTED DOLLARS)												
Total households	10,802	+/-344	10,802	(X)	1,234	+/-102	1,234	(X)	93,475	+/-856	93,475	(X)
Median household income (dollars)	64,550	+/-3,403	(X)	(X)	47,794	+/-8,116	(X)	(X)	74,073	+/-1,823	(X)	(X)
Mean household income (dollars)	75,732	+/-3,399	(X)	(X)	78,591	+/-31,556	(X)	(X)	90,054	+/-1,553	(X)	(X)
With earnings	8,684	+/-334	80.4%	+/-2.4	783	+/-80	63.5%	+/-5.8	78,166	+/-829	83.6%	+/-0.7
Mean earnings (dollars)	75,155	+/-3,793	(X)	(X)	61,168	+/-8,985	(X)	(X)	89,493	+/-1,568	(X)	(X)
With Social Security	3,024	+/-312	28.0%	+/-2.7	547	+/-94	44.3%	+/-6.2	21,659	+/-653	23.2%	+/-0.7
Mean Social Security income (dollars)	17,210	+/-928	(X)	(X)	16,079	+/-1,901	(X)	(X)	19,196	+/-424	(X)	(X)
With retirement income	2,005	+/-309	18.6%	+/-2.6	249	+/-92	20.2%	+/-7.1	14,926	+/-749	16.0%	+/-0.8
Mean retirement income (dollars)	20,099	+/-2,894	(X)	(X)	20,676	+/-8,109	(X)	(X)	26,027	+/-1,582	(X)	(X)
With Supplemental Security Income	622	+/-163	5.8%	+/-1.5	107	+/-56	8.7%	+/-4.4	2,887	+/-341	3.1%	+/-0.4
Mean Supplemental Security Income (dollars)	10,277	+/-1,608	(X)	(X)	11,970	+/-3,376	(X)	(X)	9,676	+/-903	(X)	(X)
With cash public assistance income	414	+/-155	3.8%	+/-1.4	91	+/-61	7.4%	+/-4.9	2,785	+/-409	3.0%	+/-0.4
Mean cash public assistance income (dollars)	2,567	+/-784	(X)	(X)	2,509	+/-1,161	(X)	(X)	3,878	+/-937	(X)	(X)
With Food Stamp/SNAP benefits in the past 12	1,453	+/-269	13.5%	+/-2.5	258	+/-76	20.9%	+/-6.0	8,582	+/-578	9.2%	+/-0.6
Families	7,551	+/-265	7,551	(X)	840	+/-107	840	(X)	62,772	+/-1,009	62,772	(X)
Median family income (dollars)	75,419	+/-5,294	(X)	(X)	56,429	+/-6,435	(X)	(X)	88,603	+/-2,177	(X)	(X)
Mean family income (dollars)	86,330	+/-4,585	(X)	(X)	99,547	+/-46,071	(X)	(X)	104,303	+/-2,146	(X)	(X)
Per capita income (dollars)	28,090	+/-1,172	(X)	(X)	31,417	+/-12,706	(X)	(X)	35,687	+/-635	(X)	(X)
HEALTH INSURANCE COVERAGE												
Civilian noninstitutionalized population	29,759	+/-681	29,759	(X)	3,128	+/-304	3,128	(X)	241,403	+/-1,861	241,403	(X)
With health insurance coverage	25,868	+/-851	86.9%	+/-1.9	2,610	+/-294	83.4%	+/-5.9	215,106	+/-2,111	89.1%	+/-0.7
With private health insurance	20,602	+/-912	69.2%	+/-2.8	1,746	+/-305	55.8%	+/-7.9	185,982	+/-2,370	77.0%	+/-0.9
With public coverage	8,499	+/-813	28.6%	+/-2.6	1,344	+/-194	43.0%	+/-5.7	54,537	+/-1,718	22.6%	+/-0.7
No health insurance coverage	3,891	+/-575	13.1%	+/-1.9	518	+/-198	16.6%	+/-5.9	26,297	+/-1,688	10.9%	+/-0.7
Civilian noninstitutionalized population under 18	7,303	+/-469	7,303	(X)	756	+/-163	756	(X)	53,079	+/-1,296	53,079	(X)
No health insurance coverage	506	+/-222	6.9%	+/-3.1	57	+/-57	7.5%	+/-7.1	2,700	+/-455	5.1%	+/-0.9

EDUCATIONAL ATTAINMENT												
Population 25 years and over	20,131	+/-635	20,131	(X)	2,204	+/-203	2,204	(X)	169,376	+/-1,548	169,376	(X)
Less than 9th grade	273	+/-132	1.4%	+/-0.7	48	+/-45	2.2%	+/-2.0	4,238	+/-524	2.5%	+/-0.3
9th to 12th grade, no diploma	1,851	+/-349	9.2%	+/-1.7	142	+/-54	6.4%	+/-2.4	6,328	+/-672	3.7%	+/-0.4
High school graduate (includes equivalency)	6,757	+/-595	33.6%	+/-2.8	782	+/-134	35.5%	+/-5.3	32,926	+/-1,313	19.4%	+/-0.7
Some college, no degree	6,227	+/-519	30.9%	+/-2.4	728	+/-135	33.0%	+/-5.1	42,355	+/-1,402	25.0%	+/-0.7
Associate's degree	1,834	+/-285	9.1%	+/-1.4	226	+/-88	10.3%	+/-3.9	17,584	+/-1,048	10.4%	+/-0.6
Bachelor's degree	2,415	+/-332	12.0%	+/-1.6	192	+/-86	8.7%	+/-3.7	45,084	+/-1,386	26.6%	+/-0.8
Graduate or professional degree	774	+/-150	3.8%	+/-0.7	86	+/-57	3.9%	+/-2.5	20,861	+/-1,050	12.3%	+/-0.6
Percent high school graduate or higher	(X)	(X)	89.4%	+/-1.7	(X)	(X)	91.4%	+/-3.1	(X)	(X)	93.8%	+/-0.5
Percent bachelor's degree or higher	(X)	(X)	15.8%	+/-1.7	(X)	(X)	12.6%	+/-4.9	(X)	(X)	38.9%	+/-1.0

DISABILITY STATUS OF THE CIVILIAN												
Total Civilian Noninstitutionalized Population	29,759	+/-681	29,759	(X)	3,128	+/-304	3,128	(X)	241,403	+/-1,861	241,403	(X)
With a disability	4,326	+/-640	14.5%	+/-2.1	640	+/-120	20.5%	+/-4.0	22,924	+/-1,096	9.5%	+/-0.4
Under 18 years	7,303	+/-469	7,303	(X)	756	+/-163	756	(X)	53,079	+/-1,296	53,079	(X)
With a disability	301	+/-106	4.1%	+/-1.4	25	+/-25	3.3%	+/-3.2	1,770	+/-355	3.3%	+/-0.6
18 to 64 years	19,278	+/-609	19,278	(X)	1,745	+/-196	1,745	(X)	158,461	+/-1,513	158,461	(X)
With a disability	2,791	+/-553	14.5%	+/-2.8	383	+/-107	21.9%	+/-5.6	11,409	+/-749	7.2%	+/-0.5
65 years and over	3,178	+/-328	3,178	(X)	627	+/-120	627	(X)	29,863	+/-718	29,863	(X)
With a disability	1,234	+/-245	38.8%	+/-6.1	232	+/-81	37.0%	+/-12.1	9,745	+/-583	32.6%	+/-1.8

Subject	Everett CCD, Snohomish County, Washington				Granite Falls CCD, Snohomish County, Washington				Lake Stevens CCD, Snohomish County, Washington			
	Estimate	Margin of Error	Percent	Percent Margin	Estimate	Margin of Error	Percent	Percent Margin	Estimate	Margin of Error	Percent	Percent Margin
EMPLOYMENT STATUS												
Population 16 years and over	139,482	+/-1,681	139,482	(X)	11,336	+/-835	11,336	(X)	18,032	+/-654	18,032	(X)
In labor force	95,842	+/-1,860	68.7%	+/-1.0	7,509	+/-664	66.2%	+/-3.1	12,894	+/-577	71.5%	+/-2.1
Not in labor force	43,640	+/-1,477	31.3%	+/-1.0	3,827	+/-444	33.8%	+/-3.1	5,138	+/-437	28.5%	+/-2.1
Percent Unemployed	(X)	(X)	10.5%	+/-0.9	(X)	(X)	7.3%	+/-2.2	(X)	(X)	7.7%	+/-1.8
Civilian employed population 16 years and over	83,857	+/-1,847	83,857	(X)	6,949	+/-576	6,949	(X)	11,804	+/-555	11,804	(X)
INCOME AND BENEFITS (IN 2014 INFLATION-ADJUSTED DOLLARS)												
Total households	67,373	+/-976	67,373	(X)	5,165	+/-324	5,165	(X)	8,251	+/-257	8,251	(X)
Median household income (dollars)	55,090	+/-1,300	(X)	(X)	71,955	+/-5,758	(X)	(X)	78,224	+/-3,937	(X)	(X)
Mean household income (dollars)	68,819	+/-1,346	(X)	(X)	83,424	+/-5,327	(X)	(X)	88,441	+/-4,234	(X)	(X)
With earnings	54,416	+/-1,042	80.8%	+/-1.1	4,285	+/-294	83.0%	+/-3.4	7,109	+/-277	86.2%	+/-2.0
Mean earnings (dollars)	71,210	+/-1,496	(X)	(X)	83,818	+/-6,066	(X)	(X)	89,487	+/-4,529	(X)	(X)
With Social Security	15,615	+/-635	23.2%	+/-0.9	1,485	+/-204	28.8%	+/-3.6	1,548	+/-197	18.8%	+/-2.2
Mean Social Security income (dollars)	17,372	+/-457	(X)	(X)	18,450	+/-1,536	(X)	(X)	18,111	+/-1,509	(X)	(X)
With retirement income	9,146	+/-623	13.6%	+/-0.9	987	+/-181	19.1%	+/-3.3	1,065	+/-168	12.9%	+/-2.0
Mean retirement income (dollars)	20,954	+/-1,362	(X)	(X)	20,601	+/-3,334	(X)	(X)	21,678	+/-2,924	(X)	(X)
With Supplemental Security Income	4,063	+/-472	6.0%	+/-0.7	231	+/-123	4.5%	+/-2.3	253	+/-89	3.1%	+/-1.1
Mean Supplemental Security Income (dollars)	9,623	+/-472	(X)	(X)	13,058	+/-3,872	(X)	(X)	10,804	+/-2,258	(X)	(X)
With cash public assistance income	3,957	+/-428	5.9%	+/-0.6	129	+/-60	2.5%	+/-1.2	354	+/-150	4.3%	+/-1.8
Mean cash public assistance income (dollars)	2,818	+/-363	(X)	(X)	9,770	+/-6,095	(X)	(X)	3,552	+/-1,951	(X)	(X)
With Food Stamp/SNAP benefits in the past 12	12,730	+/-572	18.9%	+/-0.9	456	+/-141	8.8%	+/-2.7	1,084	+/-196	13.1%	+/-2.3
Families	39,646	+/-750	39,646	(X)	3,533	+/-289	3,533	(X)	6,157	+/-266	6,157	(X)
Median family income (dollars)	66,625	+/-2,463	(X)	(X)	77,120	+/-6,573	(X)	(X)	88,107	+/-5,860	(X)	(X)
Mean family income (dollars)	79,300	+/-1,883	(X)	(X)	91,921	+/-6,611	(X)	(X)	97,057	+/-5,107	(X)	(X)
Per capita income (dollars)	27,449	+/-583	(X)	(X)	31,400	+/-2,404	(X)	(X)	30,392	+/-1,494	(X)	(X)
HEALTH INSURANCE COVERAGE												
Civilian noninstitutionalized population	172,964	+/-1,955	172,964	(X)	14,048	+/-1,020	14,048	(X)	24,441	+/-785	24,441	(X)
With health insurance coverage	144,697	+/-2,212	83.7%	+/-1.0	12,711	+/-1,023	90.5%	+/-2.8	22,229	+/-848	90.9%	+/-1.7
With private health insurance	108,070	+/-2,563	62.5%	+/-1.3	10,684	+/-892	76.1%	+/-3.7	18,696	+/-1,026	76.5%	+/-3.5
With public coverage	52,073	+/-1,812	30.1%	+/-1.0	3,361	+/-555	23.9%	+/-3.4	4,986	+/-620	20.4%	+/-2.4
No health insurance coverage	28,267	+/-1,811	16.3%	+/-1.0	1,337	+/-396	9.5%	+/-2.8	2,212	+/-430	9.1%	+/-1.7
Civilian noninstitutionalized population under 18	41,075	+/-1,281	41,075	(X)	3,252	+/-479	3,252	(X)	7,547	+/-514	7,547	(X)
No health insurance coverage	2,139	+/-491	5.2%	+/-1.2	63	+/-69	1.9%	+/-2.1	303	+/-126	4.0%	+/-1.7
EDUCATIONAL ATTAINMENT												
Population 25 years and over	116,893	+/-1,675	116,893	(X)	9,556	+/-728	9,556	(X)	14,978	+/-529	14,978	(X)
Less than 9th grade	5,756	+/-602	4.9%	+/-0.5	226	+/-143	2.4%	+/-1.5	139	+/-120	0.9%	+/-0.8
9th to 12th grade, no diploma	8,124	+/-663	6.9%	+/-0.6	657	+/-205	6.9%	+/-2.1	996	+/-220	6.6%	+/-1.4
High school graduate (includes equivalency)	29,687	+/-1,227	25.4%	+/-1.0	3,218	+/-400	33.7%	+/-3.4	3,822	+/-380	25.5%	+/-2.3
Some college, no degree	31,872	+/-1,203	27.3%	+/-1.0	2,804	+/-466	29.3%	+/-4.1	4,658	+/-501	31.1%	+/-2.9
Associate's degree	13,261	+/-844	11.3%	+/-0.7	992	+/-236	10.4%	+/-2.4	1,740	+/-299	11.6%	+/-2.1
Bachelor's degree	20,419	+/-1,028	17.5%	+/-0.8	1,290	+/-279	13.5%	+/-2.6	2,614	+/-331	17.5%	+/-2.2
Graduate or professional degree	7,774	+/-528	6.7%	+/-0.5	369	+/-118	3.9%	+/-1.3	1,009	+/-223	6.7%	+/-1.5
Percent high school graduate or higher	(X)	(X)	88.1%	+/-0.8	(X)	(X)	90.8%	+/-2.4	(X)	(X)	92.4%	+/-1.6
Percent bachelor's degree or higher	(X)	(X)	24.1%	+/-0.9	(X)	(X)	17.4%	+/-3.1	(X)	(X)	24.2%	+/-2.5
DISABILITY STATUS OF THE CIVILIAN												
Total Civilian Noninstitutionalized Population	172,964	+/-1,955	172,964	(X)	14,048	+/-1,020	14,048	(X)	24,441	+/-785	24,441	(X)
With a disability	23,292	+/-1,224	13.5%	+/-0.7	1,981	+/-353	14.1%	+/-2.1	2,190	+/-379	9.0%	+/-1.6
Under 18 years	41,075	+/-1,281	41,075	(X)	3,252	+/-479	3,252	(X)	7,547	+/-514	7,547	(X)
With a disability	1,782	+/-381	4.3%	+/-0.9	176	+/-110	5.4%	+/-3.2	343	+/-132	4.5%	+/-1.8
18 to 64 years	114,034	+/-1,645	114,034	(X)	9,100	+/-764	9,100	(X)	15,131	+/-550	15,131	(X)
With a disability	14,235	+/-947	12.5%	+/-0.8	1,058	+/-293	11.6%	+/-2.8	1,353	+/-289	8.9%	+/-1.9
65 years and over	17,855	+/-625	17,855	(X)	1,696	+/-239	1,696	(X)	1,763	+/-186	1,763	(X)
With a disability	7,275	+/-526	40.7%	+/-2.2	747	+/-183	44.0%	+/-8.3	494	+/-117	28.0%	+/-6.6

Subject	Maltby CCD, Snohomish County, Washington				Marysville CCD, Snohomish County, Washington				Monroe CCD, Snohomish County, Washington			
	Estimate	Margin of Error	Percent	Percent Margin	Estimate	Margin of Error	Percent	Percent Margin	Estimate	Margin of Error	Percent	Percent Margin
EMPLOYMENT STATUS												
Population 16 years and over	39,091	+/-991	39,091	(X)	54,073	+/-960	54,073	(X)	23,749	+/-529	23,749	(X)
In labor force	27,723	+/-865	70.9%	+/-1.8	37,402	+/-879	69.2%	+/-1.3	14,533	+/-643	61.2%	+/-2.2
Not in labor force	11,368	+/-826	29.1%	+/-1.8	16,671	+/-830	30.8%	+/-1.3	9,216	+/-553	38.8%	+/-2.2
Percent Unemployed	(X)	(X)	5.7%	+/-1.0	(X)	(X)	9.9%	+/-1.4	(X)	(X)	8.0%	+/-1.6
Civilian employed population 16 years and over	26,132	+/-829	26,132	(X)	33,334	+/-953	33,334	(X)	13,339	+/-639	13,339	(X)
INCOME AND BENEFITS (IN 2014 INFLATION-ADJUSTED DOLLARS)												
Total households	16,775	+/-306	16,775	(X)	24,990	+/-490	24,990	(X)	9,122	+/-350	9,122	(X)
Median household income (dollars)	107,334	+/-4,702	(X)	(X)	66,511	+/-2,283	(X)	(X)	82,175	+/-5,046	(X)	(X)
Mean household income (dollars)	123,028	+/-4,973	(X)	(X)	75,643	+/-2,404	(X)	(X)	91,897	+/-3,532	(X)	(X)
With earnings	15,022	+/-339	89.5%	+/-1.5	20,478	+/-476	81.9%	+/-1.3	7,837	+/-331	85.9%	+/-1.8
Mean earnings (dollars)	123,265	+/-5,525	(X)	(X)	77,599	+/-2,872	(X)	(X)	90,966	+/-3,525	(X)	(X)
With Social Security	2,924	+/-253	17.4%	+/-1.5	6,341	+/-426	25.4%	+/-1.6	1,940	+/-210	21.3%	+/-2.1
Mean Social Security income (dollars)	21,224	+/-1,269	(X)	(X)	18,331	+/-757	(X)	(X)	19,034	+/-1,249	(X)	(X)
With retirement income	2,221	+/-236	13.2%	+/-1.4	4,586	+/-390	18.4%	+/-1.5	1,433	+/-184	15.7%	+/-1.9
Mean retirement income (dollars)	25,291	+/-2,620	(X)	(X)	20,118	+/-1,865	(X)	(X)	23,562	+/-2,785	(X)	(X)
With Supplemental Security Income	382	+/-131	2.3%	+/-0.8	1,072	+/-228	4.3%	+/-0.9	289	+/-89	3.2%	+/-1.0
Mean Supplemental Security Income (dollars)	8,582	+/-1,347	(X)	(X)	8,424	+/-811	(X)	(X)	12,399	+/-2,324	(X)	(X)
With cash public assistance income	403	+/-111	2.4%	+/-0.7	1,010	+/-232	4.0%	+/-0.9	158	+/-69	1.7%	+/-0.7
Mean cash public assistance income (dollars)	3,369	+/-830	(X)	(X)	2,822	+/-675	(X)	(X)	1,700	+/-547	(X)	(X)
With Food Stamp/SNAP benefits in the past 12	765	+/-199	4.6%	+/-1.2	3,519	+/-366	14.1%	+/-1.4	759	+/-141	8.3%	+/-1.6
Families	13,982	+/-357	13,982	(X)	18,022	+/-446	18,022	(X)	7,147	+/-262	7,147	(X)
Median family income (dollars)	116,012	+/-4,687	(X)	(X)	75,302	+/-3,007	(X)	(X)	90,529	+/-4,066	(X)	(X)
Mean family income (dollars)	132,500	+/-5,636	(X)	(X)	83,657	+/-3,087	(X)	(X)	99,793	+/-4,323	(X)	(X)
Per capita income (dollars)	41,712	+/-1,922	(X)	(X)	27,796	+/-989	(X)	(X)	28,670	+/-1,274	(X)	(X)
HEALTH INSURANCE COVERAGE												
Civilian noninstitutionalized population	50,383	+/-1,100	50,383	(X)	69,541	+/-926	69,541	(X)	27,841	+/-736	27,841	(X)
With health insurance coverage	47,783	+/-1,084	94.8%	+/-0.8	61,027	+/-1,229	87.8%	+/-1.3	24,064	+/-830	86.4%	+/-2.1
With private health insurance	44,660	+/-1,190	88.6%	+/-1.3	48,949	+/-1,425	70.4%	+/-1.9	20,580	+/-914	73.9%	+/-2.7
With public coverage	6,701	+/-514	13.3%	+/-1.0	19,137	+/-1,307	27.5%	+/-1.8	5,790	+/-633	20.8%	+/-2.3
No health insurance coverage	2,600	+/-427	5.2%	+/-0.8	8,514	+/-905	12.2%	+/-1.3	3,777	+/-614	13.6%	+/-2.1
Civilian noninstitutionalized population under 18	13,272	+/-505	13,272	(X)	18,161	+/-661	18,161	(X)	7,944	+/-445	7,944	(X)
No health insurance coverage	267	+/-163	2.0%	+/-1.2	1,241	+/-268	6.8%	+/-1.5	559	+/-249	7.0%	+/-3.0

EDUCATIONAL ATTAINMENT												
Population 25 years and over	32,999	+/-578	32,999	(X)	45,966	+/-997	45,966	(X)	20,332	+/-542	20,332	(X)
Less than 9th grade	404	+/-134	1.2%	+/-0.4	1,531	+/-296	3.3%	+/-0.6	770	+/-187	3.8%	+/-0.9
9th to 12th grade, no diploma	1,026	+/-255	3.1%	+/-0.8	3,203	+/-452	7.0%	+/-1.0	1,770	+/-392	8.7%	+/-1.9
High school graduate (includes equivalency)	5,827	+/-581	17.7%	+/-1.7	13,336	+/-670	29.0%	+/-1.4	5,477	+/-517	26.9%	+/-2.2
Some college, no degree	7,669	+/-565	23.2%	+/-1.6	14,107	+/-817	30.7%	+/-1.6	5,599	+/-471	27.5%	+/-2.3
Associate's degree	2,962	+/-334	9.0%	+/-1.0	5,223	+/-487	11.4%	+/-1.0	1,970	+/-271	9.7%	+/-1.3
Bachelor's degree	10,483	+/-618	31.8%	+/-1.8	6,306	+/-484	13.7%	+/-1.1	3,221	+/-326	15.8%	+/-1.5
Graduate or professional degree	4,628	+/-432	14.0%	+/-1.3	2,260	+/-340	4.9%	+/-0.7	1,525	+/-261	7.5%	+/-1.3
Percent high school graduate or higher	(X)	(X)	95.7%	+/-1.0	(X)	(X)	89.7%	+/-1.0	(X)	(X)	87.5%	+/-2.2
Percent bachelor's degree or higher	(X)	(X)	45.8%	+/-1.9	(X)	(X)	18.6%	+/-1.3	(X)	(X)	23.3%	+/-1.8

DISABILITY STATUS OF THE CIVILIAN												
Total Civilian Noninstitutionalized Population	50,383	+/-1,100	50,383	(X)	69,541	+/-926	69,541	(X)	27,841	+/-736	27,841	(X)
With a disability	3,275	+/-375	6.5%	+/-0.7	8,821	+/-611	12.7%	+/-0.9	2,780	+/-379	10.0%	+/-1.3
Under 18 years	13,272	+/-505	13,272	(X)	18,161	+/-661	18,161	(X)	7,944	+/-445	7,944	(X)
With a disability	184	+/-86	1.4%	+/-0.6	781	+/-224	4.3%	+/-1.2	263	+/-97	3.3%	+/-1.2
18 to 64 years	33,078	+/-914	33,078	(X)	43,919	+/-851	43,919	(X)	17,378	+/-650	17,378	(X)
With a disability	1,839	+/-327	5.6%	+/-1.0	4,948	+/-542	11.3%	+/-1.1	1,463	+/-254	8.4%	+/-1.4
65 years and over	4,033	+/-266	4,033	(X)	7,461	+/-474	7,461	(X)	2,519	+/-230	2,519	(X)
With a disability	1,252	+/-194	31.0%	+/-4.3	3,092	+/-336	41.4%	+/-3.8	1,054	+/-200	41.8%	+/-6.3

Subject	Snohomish CCD, Snohomish County, Washington				Stanwood CCD, Snohomish County, Washington				Sultan CCD, Snohomish County, Washington			
	Estimate	Margin of Error	Percent	Percent Margin	Estimate	Margin of Error	Percent	Percent Margin	Estimate	Margin of Error	Percent	Percent Margin
EMPLOYMENT STATUS												
Population 16 years and over	27,841	+/-707	27,841	(X)	26,915	+/-735	26,915	(X)	11,601	+/-510	11,601	(X)
In labor force	18,624	+/-624	66.9%	+/-1.7	16,911	+/-796	62.8%	+/-2.2	7,513	+/-434	64.8%	+/-2.6
Not in labor force	9,217	+/-536	33.1%	+/-1.7	10,004	+/-615	37.2%	+/-2.2	4,088	+/-355	35.2%	+/-2.6
Percent Unemployed	(X)	(X)	8.5%	+/-1.4	(X)	(X)	8.0%	+/-1.6	(X)	(X)	12.1%	+/-2.0
Civilian employed population 16 years and over	16,967	+/-579	16,967	(X)	15,414	+/-741	15,414	(X)	6,570	+/-437	6,570	(X)
INCOME AND BENEFITS (IN 2014 INFLATION-ADJUSTED DOLLARS)												
Total households	12,829	+/-372	12,829	(X)	12,417	+/-343	12,417	(X)	5,464	+/-230	5,464	(X)
Median household income (dollars)	71,627	+/-3,633	(X)	(X)	72,770	+/-3,500	(X)	(X)	60,539	+/-5,364	(X)	(X)
Mean household income (dollars)	82,924	+/-2,967	(X)	(X)	81,111	+/-2,943	(X)	(X)	68,581	+/-3,527	(X)	(X)
With earnings	10,468	+/-349	81.6%	+/-1.9	9,548	+/-360	76.9%	+/-2.3	4,289	+/-225	78.5%	+/-3.5
Mean earnings (dollars)	83,817	+/-2,895	(X)	(X)	82,337	+/-3,585	(X)	(X)	70,831	+/-4,152	(X)	(X)
With Social Security	3,338	+/-258	26.0%	+/-1.8	3,717	+/-296	29.9%	+/-2.3	1,337	+/-173	24.5%	+/-2.9
Mean Social Security income (dollars)	19,520	+/-934	(X)	(X)	20,627	+/-893	(X)	(X)	18,576	+/-1,404	(X)	(X)
With retirement income	2,301	+/-195	17.9%	+/-1.4	2,704	+/-279	21.8%	+/-2.1	923	+/-159	16.9%	+/-2.8
Mean retirement income (dollars)	22,078	+/-1,981	(X)	(X)	25,124	+/-2,345	(X)	(X)	23,855	+/-6,121	(X)	(X)
With Supplemental Security Income	425	+/-103	3.3%	+/-0.8	513	+/-140	4.1%	+/-1.1	286	+/-90	5.2%	+/-1.7
Mean Supplemental Security Income (dollars)	8,388	+/-1,367	(X)	(X)	8,484	+/-1,457	(X)	(X)	8,763	+/-1,139	(X)	(X)
With cash public assistance income	356	+/-120	2.8%	+/-0.9	464	+/-156	3.7%	+/-1.2	199	+/-84	3.6%	+/-1.6
Mean cash public assistance income (dollars)	3,726	+/-1,931	(X)	(X)	4,169	+/-1,399	(X)	(X)	4,945	+/-1,909	(X)	(X)
With Food Stamp/SNAP benefits in the past 12	1,298	+/-207	10.1%	+/-1.6	1,191	+/-234	9.6%	+/-1.8	774	+/-152	14.2%	+/-2.9
Families	9,420	+/-306	9,420	(X)	9,438	+/-346	9,438	(X)	3,620	+/-195	3,620	(X)
Median family income (dollars)	80,327	+/-3,359	(X)	(X)	79,064	+/-3,074	(X)	(X)	73,319	+/-5,812	(X)	(X)
Mean family income (dollars)	92,173	+/-3,306	(X)	(X)	88,775	+/-3,617	(X)	(X)	79,130	+/-4,859	(X)	(X)
Per capita income (dollars)	31,288	+/-1,164	(X)	(X)	30,486	+/-1,154	(X)	(X)	26,767	+/-1,519	(X)	(X)
HEALTH INSURANCE COVERAGE												
Civilian noninstitutionalized population	34,651	+/-911	34,651	(X)	33,508	+/-939	33,508	(X)	14,360	+/-478	14,360	(X)
With health insurance coverage	30,806	+/-890	88.9%	+/-1.5	30,181	+/-925	90.1%	+/-1.2	12,271	+/-544	85.5%	+/-2.3
With private health insurance	25,923	+/-959	74.8%	+/-2.6	26,013	+/-1,034	77.6%	+/-2.2	10,172	+/-614	70.8%	+/-3.6
With public coverage	8,287	+/-722	23.9%	+/-1.9	8,285	+/-735	24.7%	+/-2.1	3,679	+/-471	25.6%	+/-3.2
No health insurance coverage	3,845	+/-560	11.1%	+/-1.5	3,327	+/-419	9.9%	+/-1.2	2,089	+/-340	14.5%	+/-2.3
Civilian noninstitutionalized population under 18	8,208	+/-466	8,208	(X)	7,868	+/-554	7,868	(X)	3,307	+/-326	3,307	(X)
No health insurance coverage	468	+/-165	5.7%	+/-1.9	470	+/-153	6.0%	+/-2.0	179	+/-102	5.4%	+/-3.1

EDUCATIONAL ATTAINMENT												
Population 25 years and over	24,176	+/-694	24,176	(X)	23,456	+/-648	23,456	(X)	9,785	+/-419	9,785	(X)
Less than 9th grade	495	+/-187	2.0%	+/-0.8	252	+/-117	1.1%	+/-0.5	399	+/-116	4.1%	+/-1.2
9th to 12th grade, no diploma	1,487	+/-268	6.2%	+/-1.1	1,508	+/-283	6.4%	+/-1.2	757	+/-161	7.7%	+/-1.6
High school graduate (includes equivalency)	6,607	+/-522	27.3%	+/-1.8	6,745	+/-501	28.8%	+/-1.9	2,923	+/-304	29.9%	+/-2.9
Some college, no degree	7,050	+/-490	29.2%	+/-1.9	6,662	+/-469	28.4%	+/-1.9	2,928	+/-333	29.9%	+/-3.0
Associate's degree	2,650	+/-282	11.0%	+/-1.1	2,903	+/-285	12.4%	+/-1.3	923	+/-176	9.4%	+/-1.8
Bachelor's degree	3,952	+/-451	16.3%	+/-1.8	3,796	+/-398	16.2%	+/-1.6	1,413	+/-251	14.4%	+/-2.6
Graduate or professional degree	1,935	+/-241	8.0%	+/-1.0	1,590	+/-264	6.8%	+/-1.1	442	+/-118	4.5%	+/-1.2
Percent high school graduate or higher	(X)	(X)	91.8%	+/-1.2	(X)	(X)	92.5%	+/-1.3	(X)	(X)	88.2%	+/-2.0
Percent bachelor's degree or higher	(X)	(X)	24.4%	+/-2.1	(X)	(X)	23.0%	+/-2.0	(X)	(X)	19.0%	+/-2.8

DISABILITY STATUS OF THE CIVILIAN												
Total Civilian Noninstitutionalized Population	34,651	+/-911	34,651	(X)	33,508	+/-939	33,508	(X)	14,360	+/-478	14,360	(X)
With a disability	3,832	+/-343	11.1%	+/-1.0	4,256	+/-518	12.7%	+/-1.5	1,929	+/-308	13.4%	+/-2.1
Under 18 years	8,208	+/-466	8,208	(X)	7,868	+/-554	7,868	(X)	3,307	+/-326	3,307	(X)
With a disability	268	+/-89	3.3%	+/-1.1	333	+/-125	4.2%	+/-1.6	154	+/-67	4.7%	+/-2.0
18 to 64 years	22,051	+/-625	22,051	(X)	20,988	+/-752	20,988	(X)	9,567	+/-436	9,567	(X)
With a disability	1,964	+/-277	8.9%	+/-1.3	2,426	+/-413	11.6%	+/-1.9	1,200	+/-237	12.5%	+/-2.4
65 years and over	4,392	+/-309	4,392	(X)	4,652	+/-369	4,652	(X)	1,486	+/-250	1,486	(X)
With a disability	1,600	+/-201	36.4%	+/-3.8	1,497	+/-227	32.2%	+/-4.2	575	+/-126	38.7%	+/-8.0

Subject	Tulalip Reservation CCD, Snohomish County, Washington			
	Estimate	Margin of Error	Percent	Percent Margin
EMPLOYMENT STATUS				
Population 16 years and over	8,162	+/-369	8,162	(X)
In labor force	4,938	+/-291	60.5%	+/-2.1
Not in labor force	3,224	+/-216	39.5%	+/-2.1
Percent Unemployed	(X)	(X)	12.2%	+/-1.9
Civilian employed population 16 years and over	4,320	+/-268	4,320	(X)
INCOME AND BENEFITS (IN 2014 INFLATION-ADJUSTED DOLLARS)				
Total households	3,617	+/-128	3,617	(X)
Median household income (dollars)	66,160	+/-3,280	(X)	(X)
Mean household income (dollars)	79,351	+/-3,695	(X)	(X)
With earnings	2,872	+/-123	79.4%	+/-2.3
Mean earnings (dollars)	74,213	+/-3,618	(X)	(X)
With Social Security	1,166	+/-93	32.2%	+/-2.4
Mean Social Security income (dollars)	18,465	+/-1,066	(X)	(X)
With retirement income	664	+/-82	18.4%	+/-2.3
Mean retirement income (dollars)	21,779	+/-2,998	(X)	(X)
With Supplemental Security Income	216	+/-51	6.0%	+/-1.4
Mean Supplemental Security Income (dollars)	11,386	+/-1,358	(X)	(X)
With cash public assistance income	172	+/-45	4.8%	+/-1.2
Mean cash public assistance income (dollars)	3,003	+/-795	(X)	(X)
With Food Stamp/SNAP benefits in the past 12	516	+/-81	14.3%	+/-2.1
Families	2,584	+/-136	2,584	(X)
Median family income (dollars)	69,583	+/-5,769	(X)	(X)
Mean family income (dollars)	85,714	+/-4,838	(X)	(X)
Per capita income (dollars)	29,444	+/-1,669	(X)	(X)
HEALTH INSURANCE COVERAGE				
Civilian noninstitutionalized population	10,072	+/-491	10,072	(X)
With health insurance coverage	8,174	+/-409	81.2%	+/-2.3
With private health insurance	6,491	+/-345	64.4%	+/-2.5
With public coverage	2,901	+/-248	28.8%	+/-2.1
No health insurance coverage	1,898	+/-273	18.8%	+/-2.3
Civilian noninstitutionalized population under 18	2,243	+/-250	2,243	(X)
No health insurance coverage	441	+/-152	19.7%	+/-5.8

EDUCATIONAL ATTAINMENT				
Population 25 years and over	6,913	+/-286	6,913	(X)
Less than 9th grade	135	+/-50	2.0%	+/-0.7
9th to 12th grade, no diploma	732	+/-101	10.6%	+/-1.4
High school graduate (includes equivalency)	2,127	+/-186	30.8%	+/-2.4
Some college, no degree	2,056	+/-204	29.7%	+/-2.5
Associate's degree	660	+/-93	9.5%	+/-1.3
Bachelor's degree	840	+/-110	12.2%	+/-1.6
Graduate or professional degree	363	+/-77	5.3%	+/-1.1
Percent high school graduate or higher	(X)	(X)	87.5%	+/-1.4
Percent bachelor's degree or higher	(X)	(X)	17.4%	+/-2.1

DISABILITY STATUS OF THE CIVILIAN				
Total Civilian Noninstitutionalized Population	10,072	+/-491	10,072	(X)
With a disability	1,640	+/-169	16.3%	+/-1.6
Under 18 years	2,243	+/-250	2,243	(X)
With a disability	130	+/-61	5.8%	+/-2.7
18 to 64 years	6,460	+/-355	6,460	(X)
With a disability	994	+/-139	15.4%	+/-1.8
65 years and over	1,369	+/-116	1,369	(X)
With a disability	516	+/-68	37.7%	+/-4.0

Subject	Arlington CCD, Snohomish County, Washington						Darrington CCD, Snohomish County, Washington						Edmonds CCD, Snohomish County, Washington					
	Total		Below poverty level		Percent below poverty level		Total		Below poverty level		Percent below poverty level		Total		Below poverty level		Percent below poverty level	
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Population for whom poverty status is determined	29,709	+/-691	3,088	+/-700	10.4%	+/-2.4	3,134	+/-301	543	+/-178	17.3%	+/-5.4	241,014	+/-1,865	20,930	+/-1,709	8.7%	+/-0.7
AGE																		
Under 18 years	7,143	+/-438	909	+/-393	12.7%	+/-5.3	747	+/-162	135	+/-75	18.1%	+/-10.0	52,323	+/-1,281	6,074	+/-855	11.6%	+/-1.6
Related children under 18 years	7,134	+/-440	900	+/-396	12.6%	+/-5.3	727	+/-165	115	+/-65	15.8%	+/-9.0	51,961	+/-1,288	5,729	+/-879	11.0%	+/-1.7
18 to 64 years	19,388	+/-622	1,928	+/-404	9.9%	+/-2.1	1,760	+/-200	385	+/-129	21.9%	+/-6.1	158,828	+/-1,530	12,627	+/-1,005	8.0%	+/-0.6
65 years and over	3,178	+/-328	251	+/-116	7.9%	+/-3.4	627	+/-120	23	+/-36	3.7%	+/-5.6	29,863	+/-718	2,229	+/-348	7.5%	+/-1.1
SEX																		
Male	14,812	+/-586	1,378	+/-369	9.3%	+/-2.5	1,565	+/-164	272	+/-109	17.4%	+/-6.4	118,623	+/-1,551	9,432	+/-1,042	8.0%	+/-0.9
Female	14,897	+/-555	1,710	+/-424	11.5%	+/-2.8	1,569	+/-183	271	+/-99	17.3%	+/-6.0	122,391	+/-1,472	11,498	+/-1,026	9.4%	+/-0.8
EDUCATIONAL ATTAINMENT																		
Population 25 years and over	20,059	+/-639	1,847	+/-370	9.2%	+/-1.8	2,196	+/-201	367	+/-125	16.7%	+/-5.3	168,756	+/-1,543	11,870	+/-980	7.0%	+/-0.6
Less than high school graduate	2,116	+/-349	431	+/-180	20.4%	+/-7.6	190	+/-70	29	+/-27	15.3%	+/-12.8	10,465	+/-851	1,998	+/-344	19.1%	+/-3.2
High school graduate (includes equivalency)	6,727	+/-589	650	+/-206	9.7%	+/-2.9	781	+/-133	117	+/-67	15.0%	+/-7.9	32,691	+/-1,303	3,237	+/-533	9.9%	+/-1.5
Some college, associate's degree	8,027	+/-587	670	+/-243	8.3%	+/-2.9	949	+/-157	189	+/-76	19.9%	+/-7.7	59,723	+/-1,848	4,541	+/-550	7.6%	+/-0.9
Bachelor's degree or higher	3,189	+/-364	96	+/-65	3.0%	+/-2.0	276	+/-114	32	+/-36	11.6%	+/-13.7	65,877	+/-1,601	2,094	+/-352	3.2%	+/-0.5

Subject	Everett CCD, Snohomish County, Washington						Granite Falls CCD, Snohomish County, Washington						Lake Stevens CCD, Snohomish County, Washington					
	Total		Below poverty level		Percent below poverty level		Total		Below poverty level		Percent below poverty level		Total		Below poverty level		Percent below poverty level	
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Population for whom poverty status is determined	172,772	+/-1,899	26,967	+/-2,248	15.6%	+/-1.3	14,007	+/-995	751	+/-241	5.4%	+/-1.6	24,423	+/-787	2,220	+/-611	9.1%	+/-2.5
AGE																		
Under 18 years	40,009	+/-1,309	9,524	+/-1,377	23.8%	+/-3.0	3,201	+/-466	60	+/-47	1.9%	+/-1.5	7,418	+/-509	916	+/-399	12.3%	+/-5.1
Related children under 18 years	39,632	+/-1,319	9,179	+/-1,363	23.2%	+/-3.0	3,189	+/-468	48	+/-46	1.5%	+/-1.4	7,359	+/-511	857	+/-389	11.6%	+/-5.0
18 to 64 years	114,908	+/-1,629	15,693	+/-1,123	13.7%	+/-1.0	9,110	+/-767	672	+/-231	7.4%	+/-2.3	15,242	+/-538	1,234	+/-291	8.1%	+/-1.9
65 years and over	17,855	+/-625	1,750	+/-322	9.8%	+/-1.8	1,696	+/-239	19	+/-32	1.1%	+/-1.9	1,763	+/-186	70	+/-47	4.0%	+/-2.6
SEX																		
Male	86,226	+/-1,252	11,933	+/-1,224	13.8%	+/-1.4	6,819	+/-482	311	+/-120	4.6%	+/-1.7	12,579	+/-573	924	+/-268	7.3%	+/-2.2
Female	86,546	+/-1,405	15,034	+/-1,316	17.4%	+/-1.4	7,188	+/-694	440	+/-186	6.1%	+/-2.4	11,844	+/-530	1,296	+/-406	10.9%	+/-3.3
EDUCATIONAL ATTAINMENT																		
Population 25 years and over	115,626	+/-1,721	13,899	+/-967	12.0%	+/-0.9	9,547	+/-727	494	+/-187	5.2%	+/-1.8	14,977	+/-528	1,216	+/-282	8.1%	+/-1.9
Less than high school graduate	13,644	+/-934	3,814	+/-581	28.0%	+/-3.9	882	+/-238	93	+/-78	10.5%	+/-8.3	1,135	+/-240	190	+/-103	16.7%	+/-8.1
High school graduate (includes equivalency)	29,209	+/-1,219	4,112	+/-593	14.1%	+/-2.0	3,213	+/-399	211	+/-131	6.6%	+/-3.7	3,821	+/-380	562	+/-189	14.7%	+/-4.8
Some college, associate's degree	44,701	+/-1,331	4,721	+/-533	10.6%	+/-1.1	3,793	+/-466	171	+/-94	4.5%	+/-2.5	6,398	+/-473	419	+/-139	6.5%	+/-2.1
Bachelor's degree or higher	28,072	+/-1,102	1,252	+/-279	4.5%	+/-1.0	1,659	+/-312	19	+/-19	1.1%	+/-1.2	3,623	+/-378	45	+/-30	1.2%	+/-0.8

Subject	Maltby CCD, Snohomish County, Washington						Marysville CCD, Snohomish County, Washington						Monroe CCD, Snohomish County, Washington					
	Total		Below poverty level		Percent below poverty level		Total		Below poverty level		Percent below poverty level		Total		Below poverty level		Percent below poverty level	
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Population for whom poverty status is determined	50,344	+/-1,097	2,136	+/-675	4.2%	+/-1.3	69,634	+/-914	6,457	+/-1,011	9.3%	+/-1.4	27,667	+/-813	2,469	+/-532	8.9%	+/-1.9
AGE																		
Under 18 years	13,222	+/-505	603	+/-281	4.6%	+/-2.1	17,847	+/-699	2,106	+/-571	11.8%	+/-3.2	7,761	+/-407	833	+/-282	10.7%	+/-3.4
Related children under 18 years	13,195	+/-505	592	+/-281	4.5%	+/-2.1	17,639	+/-692	1,898	+/-551	10.8%	+/-3.1	7,730	+/-408	810	+/-282	10.5%	+/-3.4
18 to 64 years	33,089	+/-915	1,398	+/-472	4.2%	+/-1.4	44,326	+/-815	3,941	+/-547	8.9%	+/-1.2	17,387	+/-653	1,454	+/-327	8.4%	+/-1.9
65 years and over	4,033	+/-266	135	+/-80	3.3%	+/-2.0	7,461	+/-474	410	+/-120	5.5%	+/-1.6	2,519	+/-230	182	+/-100	7.2%	+/-3.9
SEX																		
Male	25,254	+/-797	1,089	+/-393	4.3%	+/-1.5	35,406	+/-860	2,812	+/-526	7.9%	+/-1.4	13,688	+/-557	1,186	+/-331	8.7%	+/-2.3
Female	25,090	+/-789	1,047	+/-353	4.2%	+/-1.5	34,228	+/-733	3,645	+/-603	10.6%	+/-1.7	13,979	+/-608	1,283	+/-275	9.2%	+/-2.0
EDUCATIONAL ATTAINMENT																		
Population 25 years and over	32,971	+/-578	1,224	+/-308	3.7%	+/-0.9	45,736	+/-986	3,608	+/-504	7.9%	+/-1.1	17,699	+/-584	1,342	+/-282	7.6%	+/-1.6
Less than high school graduate	1,427	+/-324	138	+/-94	9.7%	+/-6.4	4,688	+/-485	778	+/-224	16.6%	+/-4.4	2,016	+/-347	531	+/-205	26.3%	+/-8.0
High school graduate (includes equivalency)	5,817	+/-579	445	+/-233	7.6%	+/-3.7	13,246	+/-665	1,313	+/-312	9.9%	+/-2.4	4,761	+/-491	317	+/-143	6.7%	+/-2.8
Some college, associate's degree	10,623	+/-568	397	+/-152	3.7%	+/-1.4	19,255	+/-907	1,199	+/-282	6.2%	+/-1.5	6,258	+/-497	386	+/-132	6.2%	+/-2.0
Bachelor's degree or higher	15,104	+/-636	244	+/-104	1.6%	+/-0.7	8,547	+/-618	318	+/-144	3.7%	+/-1.7	4,664	+/-359	108	+/-85	2.3%	+/-1.8

Subject	Snohomish CCD, Snohomish County, Washington						Stanwood CCD, Snohomish County, Washington						Sultan CCD, Snohomish County, Washington					
	Total		Below poverty level		Percent below poverty level		Total		Below poverty level		Percent below poverty level		Total		Below poverty level		Percent below poverty level	
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Population for whom poverty status is	34,594	+/-915	2,879	+/-628	8.3%	+/-1.8	33,603	+/-907	3,326	+/-597	9.9%	+/-1.8	14,345	+/-470	1,686	+/-338	11.8%	+/-2.3
AGE																		
Under 18 years	8,074	+/-464	864	+/-289	10.7%	+/-3.4	7,808	+/-533	1,139	+/-348	14.6%	+/-4.3	3,257	+/-323	409	+/-191	12.6%	+/-5.3
Related children under 18 years	8,022	+/-460	826	+/-288	10.3%	+/-3.5	7,712	+/-543	1,043	+/-346	13.5%	+/-4.3	3,240	+/-320	392	+/-183	12.1%	+/-5.1
18 to 64 years	22,128	+/-624	1,764	+/-381	8.0%	+/-1.7	21,143	+/-735	2,022	+/-382	9.6%	+/-1.8	9,602	+/-440	1,127	+/-227	11.7%	+/-2.4
65 years and over	4,392	+/-309	251	+/-95	5.7%	+/-2.2	4,652	+/-369	165	+/-87	3.5%	+/-1.8	1,486	+/-250	150	+/-100	10.1%	+/-6.3
SEX																		
Male	17,503	+/-588	1,207	+/-309	6.9%	+/-1.7	16,904	+/-593	1,390	+/-341	8.2%	+/-1.9	7,269	+/-355	831	+/-203	11.4%	+/-2.6
Female	17,091	+/-612	1,672	+/-385	9.8%	+/-2.2	16,699	+/-629	1,936	+/-377	11.6%	+/-2.2	7,076	+/-363	855	+/-209	12.1%	+/-2.8
EDUCATIONAL ATTAINMENT																		
Population 25 years and over	23,910	+/-694	1,553	+/-318	6.5%	+/-1.3	23,275	+/-647	1,931	+/-373	8.3%	+/-1.6	9,780	+/-419	1,126	+/-210	11.5%	+/-2.1
Less than high school graduate	1,953	+/-303	323	+/-143	16.5%	+/-6.8	1,734	+/-308	389	+/-188	22.4%	+/-9.5	1,154	+/-205	175	+/-70	15.2%	+/-5.7
High school graduate (includes equivalency)	6,466	+/-518	505	+/-173	7.8%	+/-2.7	6,653	+/-506	698	+/-271	10.5%	+/-3.9	2,920	+/-303	407	+/-116	13.9%	+/-3.7
Some college, associate's degree	9,650	+/-567	666	+/-168	6.9%	+/-1.7	9,529	+/-483	639	+/-178	6.7%	+/-1.8	3,851	+/-357	398	+/-141	10.3%	+/-3.7
Bachelor's degree or higher	5,841	+/-490	59	+/-55	1.0%	+/-0.9	5,359	+/-506	205	+/-102	3.8%	+/-1.9	1,855	+/-273	146	+/-67	7.9%	+/-3.5

Subject	Tulalip Reservation CCD, Snohomish County, Washington					
	Total		Below poverty level		Percent below poverty level	
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
Population for whom poverty status is	9,949	+/-481	1,397	+/-233	14.0%	+/-2.2
AGE						
Under 18 years	2,101	+/-235	434	+/-127	20.7%	+/-5.3
Related children under 18 years	2,040	+/-236	373	+/-120	18.3%	+/-5.1
18 to 64 years	6,479	+/-353	834	+/-146	12.9%	+/-2.0
65 years and over	1,369	+/-116	129	+/-48	9.4%	+/-3.4
SEX						
Male	5,087	+/-296	625	+/-124	12.3%	+/-2.4
Female	4,862	+/-275	772	+/-139	15.9%	+/-2.6

EDUCATIONAL ATTAINMENT						
Population 25 years and over	6,903	+/-290	795	+/-120	11.5%	+/-1.6
Less than high school graduate	867	+/-106	273	+/-72	31.5%	+/-7.0
High school graduate (includes equivalency)	2,117	+/-188	238	+/-62	11.2%	+/-2.6
Some college, associate's degree	2,716	+/-212	233	+/-67	8.6%	+/-2.4
Bachelor's degree or higher	1,203	+/-148	51	+/-24	4.2%	+/-1.9

Appendix C: Data on Washington County Population Growth

Twenty-nine counties were originally mandated to plan under the GMA or chose to do so.[59] These counties are italicized in the table and are highlighted in the map below. The counties planning under the GMA make up about 95 percent of the state's population. The remaining ten counties plan only for critical area and resource land preservation.

Recognizing the potential of the GMA to impose negative externalities on rural counties, the Washington State Legislature passed a resolution in 2014 to allow smaller, slow growth counties that originally opted to fully plan under the GMA to revert to partially planning status.[60]

Quartiles identified in the text are as follows:

- Franklin to Snohomish = Quartile 1
- Adams to Pend Oreille = Quartile 2
- Cowlitz to Walla Walla = Quartile 3
- Klickitat to Garfield = Quartile 4

The data source is the 2010 U.S. Census.

County Growth Rank		**2010 Population Demographics**				**Population Change (2000-2010)**		
County	**Rank**	**Urban Pop.**	**Rural Pop.**	**Percent Urban**	**Percent Rural**	**Pop. 2010**	**Pop. 2000**	**Percent Change**
Franklin	1	67741	10422	86.7	13.3	78163	49347	58.4
Clark	2	366797	58566	86.2	13.8	425363	345238	23.2
Benton	3	156659	18518	89.4	10.6	175177	142475	23.0
Mason	4	22036	38663	36.3	63.7	60699	49405	22.9
Kittitas	5	24526	16389	59.9	40.1	40915	33362	22.6
Thurston	6	199317	52947	79.0	21.0	252264	207355	21.7
Whatcom	7	149098	52042	74.1	25.9	201140	166826	20.6
Grant	8	54587	34533	61.3	38.7	89120	74698	19.3
Douglas	9	28210	10221	73.4	26.6	38431	32603	17.9
Snohomish	10	636156	77179	89.2	10.8	713335	606024	17.7
Adams	11	11207	7521	59.8	40.2	18728	16428	14.0
Jefferson	12	12705	17167	42.5	57.5	29872	26299	13.6

novation/process/index.html)

59 HYPERLINK "http://mrsc.org/Home/Explore-Topics/Planning/General-Planning-and-Growth-Management/Comprehensive-Planning-Growth-Management.aspx"

http://mrsc.org/Home/Explore-Topics/Planning/General-Planning-and-Growth-Management/Comprehensive-Pla

nning-Growth-Management.aspx

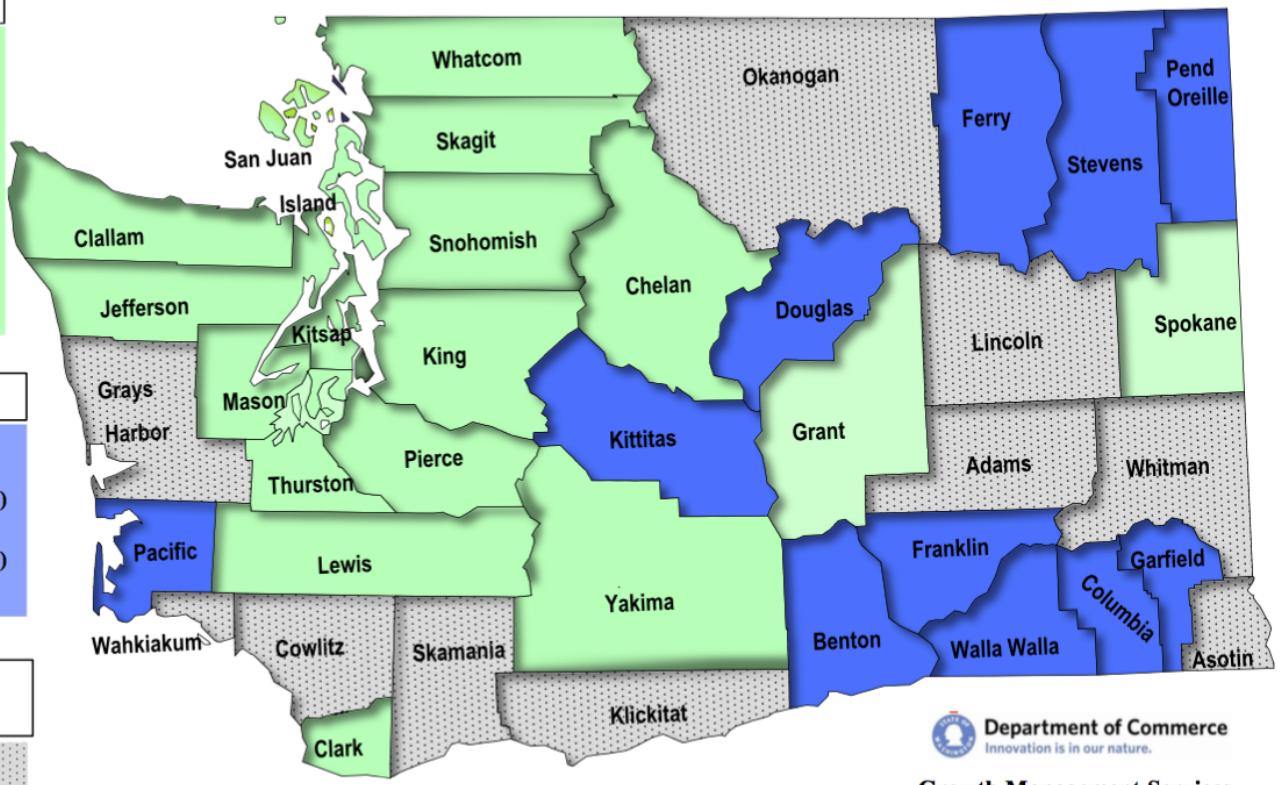
60 HYPERLINK "http://www.commerce.wa.gov/Services/localgovernment/GrowthManagement/Pages/LawsRules.aspx"

http://www.commerce.wa.gov/Services/localgovernment/GrowthMan

Skagit	13	82975	33926	71.0	29.0	116901	102979	13.5
Pierce	14	742814	52411	93.4	6.6	795225	700818	13.5
Spokane	15	406797	64424	86.3	13.7	471221	417939	12.7
Skamania	16	0	11066	0.0	100.0	11066	9872	12.1
San Juan	17	0	15769	0.0	100.0	15769	14077	12.0
Clallam	18	46089	25315	64.5	35.5	71404	64179	11.3
King	19	1869311	61938	96.8	3.2	1931249	1737044	11.2
Pend Oreille	20	2196	10805	16.9	83.1	13001	11732	10.8
Cowlitz	21	73068	29342	71.3	28.7	102410	92948	10.2
Lewis	22	29688	45767	39.3	60.7	75455	68600	10.0
Whitman	23	32449	12327	72.5	27.5	44776	40740	9.9
Island	24	41690	36816	53.1	46.9	78506	71558	9.7
Yakima	25	186025	57206	76.5	23.5	243231	222581	9.3
Chelan	26	52728	19725	72.8	27.2	72453	66616	8.8
Stevens	27	9052	34479	20.8	79.2	43531	40066	8.6
Grays Harbor	28	43596	29201	59.9	40.1	72797	67194	8.3
Kitsap	29	209089	42044	83.3	16.7	251133	231969	8.3
Walla Walla	30	48715	10066	82.9	17.1	58781	55180	6.5
Klickitat	31	8084	12234	39.8	60.2	20318	19161	6.0
Asotin	32	20184	1439	93.3	6.7	21623	20551	5.2
Wahkiakum	33	0	3978	0.0	100.0	3978	3824	4.0
Ferry	34	0	7551	0.0	100.0	7551	7260	4.0
Okanogan	35	8229	32891	20.0	80.0	41120	39564	3.9
Lincoln	36	0	10570	0.0	100.0	10570	10184	3.8
Columbia	37	2681	1397	65.7	34.3	4078	4064	0.3
Pacific	38	7370	13550	35.2	64.8	20920	20984	-0.3
Garfield	39	0	2266	0.0	100.0	2266	2397	-5.5
Totals	**39**	**5651869**	**1072671**	**84.0**	**16.0**	**6724540**	**5894141**	**14.1**

Growth Management Act – County Map

Mandated to Plan, Opting to Plan, and Planning Only for Critical Areas and Resource Lands



Counties Mandated to Plan

Chelan (1990)	Mason (1990)*
Clallam (1990)	Pierce (1990)
Clark (1990)	San Juan (1990)*
Grant (1992)	Skagit (1990)
Island (1990)	Snohomish (1990)
Jefferson (1990)*	Spokane (1993)
King (1990)	Thurston (1990)
Kitsap (1990)	Whatcom (1990)
Lewis (1994)	Yakima (1990)

Counties Opting to Plan

Benton (1990)	Kittitas (1990)
Columbia (1991)	Pacific (1990)
Douglas (1990)	Pend Oreille (1990)
Ferry (1990)	Stevens (1993)
Franklin (1990)	Walla Walla (1990)
Garfield (1991)	

Counties Planning Only for Critical Areas and Resource Lands

Adams	Lincoln
Asotin	Okanogan
Cowlitz	Skamania**
Grays Harbor	Wahkiahum
Klickitat	Whitman

* Did not exercise ability to opt-out of full GMA planning
** Exercised ability to opt-out of full GMA planning

Department of Commerce
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Growth Management Services

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November 2013

Appendix D: Works Cited

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