



GOVERNANCE

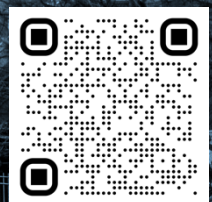
Boise, Billings and Spokane: Three approaches, three outcomes

By Madi Clark
Senior Policy Analyst

JUNE 2024



MOUNTAIN STATES
POLICY CENTER





Boise, Billings and Spokane: Three approaches, three outcomes

By Madilynne Clark
Senior Policy Analyst

Introduction

“Local government is the foundation of democracy, if it fails, democracy will fail.” – Robert W Flack¹

At the local level, government is close and personal. Like pulling back the curtains of national political dramatizations, the actual performance of local government is on scene every day, staffing or cutting police stations, filling or not filling potholes, maintaining or ignoring swimming pools and rec centers, stocking or purging the library shelves, and more. The curtains of national politics should never detract from the performance and vital role of local government.

Mountain States Policy Center recognizes the foundational role local governments play in our constitutional Republic. As a non-partisan free market think tank, we know that “there’s no Democratic or Republican way to fill a pothole or sweep the streets,” as former mayor of Nashville Tim Prucell once said.¹ MSPC supports policies and budgets that cut out waste and favor the core, limited role of government.

What is the proper, limited role of local government? Public safety certainly fits the bill, but what about the local swimming pool, library, rec center, public transportation, golf courses, art displays, parks, waste management services, utility infrastructure, and housing? Determining the best performance in these categories should be a top consideration for all local governments and should come before assuming that the local government is the only star of the show.

The three cities highlighted in this report – Billings, Boise, and Spokane – are as similar as they are different. They represent three different paths, three different states and three different outcomes. They represent the three largest cities in our region, each with tight housing supplies, surrounded by multiple other towns in their metropolitan statistical areas. However, when it comes to budget and roles these similar cities differ by hundreds of millions of dollars. This study dives into the details to determine if bigger budgets aid local government or spread it too thin and hurt the delivery of services promised to the taxpayers.

KEY INFORMATION COLUMN

More than 40% of Idaho's state population resides within the Boise-Nampa Metropolitan Statistical Area.

Before jumping into all the data that sets these cities apart, it is worth noting many of the similarities. These are similar size municipalities between 100,000 to 240,000 residents, residing in a larger metropolitan area within historically rural regions. The average age of residents is between 37-38, about 50% is male/female. Race is roughly 80% white, 8% Hispanic, 6% two or more races, and other diversity is also represented. The average household is between 2.2 to 2.3 persons and many people commute about 18-20 minutes.

The differences highlighted are in population size, income differences, housing costs, poverty, city budgets and finances, regulatory burdens, and taxes.

Demographics & Housing

Billings, Montana: Nestled in the Yellowstone Valley, Billings is the largest city in Montana. Like much of the Mountain States, the population increased by 12% from 2012 to 2022 (date of the last census) to 119,960.¹ The larger Billings Metropolitan Statistical Area (MSA) adds another 85,000 people in the surrounding areas.² The city of Billings is the lowest density of all three cities.

During this time median individual income has seen a rise of 45% to reach \$37,996 but the median household income is \$77,711. Of the three cities, poverty levels are the lowest in Billings at 8.9%. Housing costs are also the lowest at \$323,900 with the highest percent of movers of all three cities in the last year of 17.90%. Of all residents, 29% moved to Billings between 2015-2016 and 26% moved between 2010-2014.

Boise, Idaho: More than 40% of Idaho's state population resides within the Boise-Nampa Metropolitan Statistical Area. Roughly 813,000 people reside in the MSA, and 236,632 are in the city of Boise (about 29% of the metro area population). Boise has a density of 2,806.3 people per square mile.³

Median income was the highest of all three cities at \$46,979 with a median household of \$81,425. The MSA experienced an average median wage growth over 50% from 2012 to 2022.⁴ Idaho led the nation from 2018 to 2022 in median household income growth rate at 15% and Washington was 4th at 14%.⁵ Roughly 29% of residents relocated to Boise between 2010 to 2014 and 24% relocated between 2015-2016.

¹ Billings, Data Commons, available at

https://datacommons.org/place/geoid/3006550?utm_medium=explore&mprop=count&popt=Person&hl=en

² Billings, MT, CensusReporter, available at <https://censusreporter.org/profiles/16000US3006550-billings-mt>

³ Boise City, ID, Census Reporter, available at <https://censusreporter.org/profiles/16000US1608830-boise-city-id>

⁴ Boise, Data Commons, available at

https://datacommons.org/place/geoid/1608830?utm_medium=explore&mprop=income&popt=Person&cpv=age.Years15Onwards&hl=en

⁵ Idaho leads nation with median household income growth rate of 15%, KTVB-7, 28 December 2023, available at

<https://www.ktvb.com/article/news/local/idaho-median-household-income-growth-leads-nation-us-census-bureau/277-64578e02-03cd-436c-838c-d9aa1d40f519>

KEY INFORMATION COLUMN

Billings, Montana was the fastest growing city in this research between 2020 and 2022 at 2.4% growth.

Spokane has seen a stagnated growth much lower than original projections five years ago.

Spokane, Washington: Spokane is home to 230,176 residents, a similar size to Boise. By contrast, the Spokane MSA is home to only 8% of Washington’s residents. It is estimated that 38% of residents of the MSA live within the city limits of Spokane. Spokane is the highest density city of our analysis at 3,347.5 people per square mile.

Individual median income was the lowest of the three statistical areas at \$38,173 and accordingly the household median income was also significantly lower at \$62,287. The price of the average Spokane home was less than Boise but more than Billings at \$368,500. The majority of residents moved to Spokane in the last 15 years – 29% from 2010-2014 and 29% from 2015-2016.

Growth

Billings

Billings, Montana was the fastest growing city in this research between 2020 and 2022 at 2.4% growth.⁶ The percent of people born outside of Montana is gradually slipping to the majority across the state. Billings is still one of the highest percentages of Montana-born residents but this is slowly changing.⁷

Boise

The Boise MSA was one of the fastest growing areas in the region during COVID. An interesting point in the data is that the growth occurred *outside* of Boise City, in surrounding communities of Meridian, Nampa, Caldwell, Eagle, and Star. There was a -0.6% change in population in Boise City from 2021-2022, resulting in 1,387 people leaving the city residents. The rise of 13% in Star, 4.2% Nampa, 3.2% Meridian, and 1.1% in Eagle shows where regional population growth occurred.⁸ As a whole Boise city grew by only 0.4% when accounting for the year 2020-2022. This was the lowest of all three cities.

Spokane

Spokane has seen a stagnated growth much lower than original projections five years ago. Multiple years of growth put Spokane in an optimistic position expecting growth to continue, fueled by migrants into the city and job creation. However, though neighboring cities bloomed, Spokane grew by a mere 1.6% from 2022 to 2023, outpaced by the state average. In that same time-frame Deer Park grew by 12% and Liberty Lake by 10%.⁹ In a region where move-in growth has been a driver of prosperity, Spokane is struggling to gain better financial footing.

⁶ Quick Facts, US Census Bureau, available at

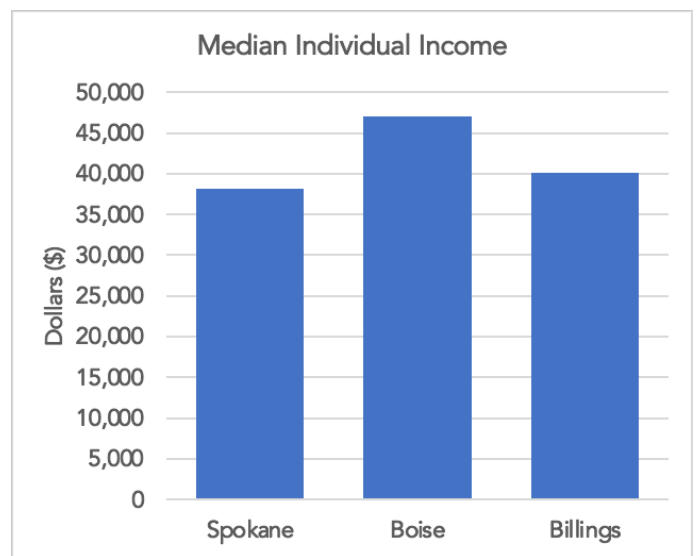
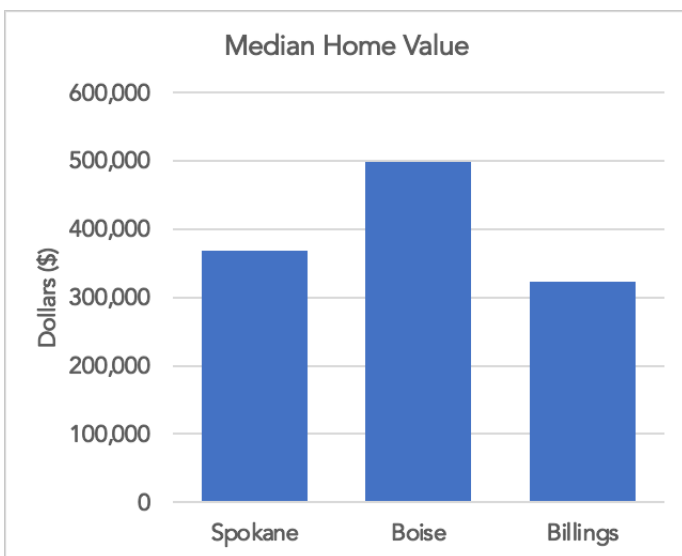
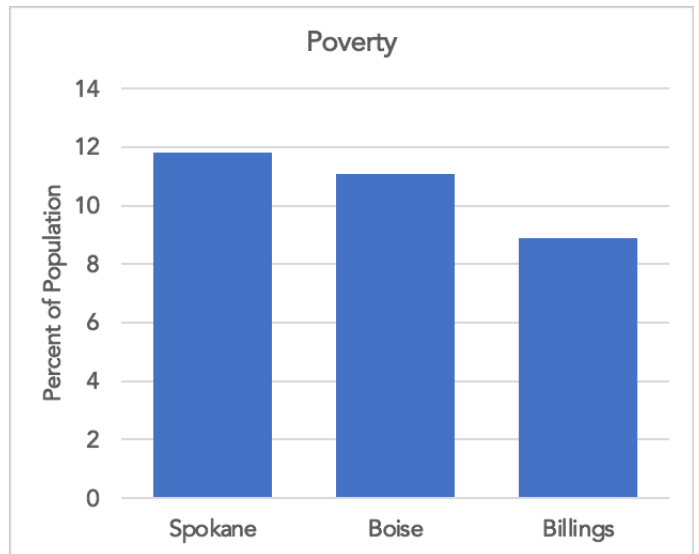
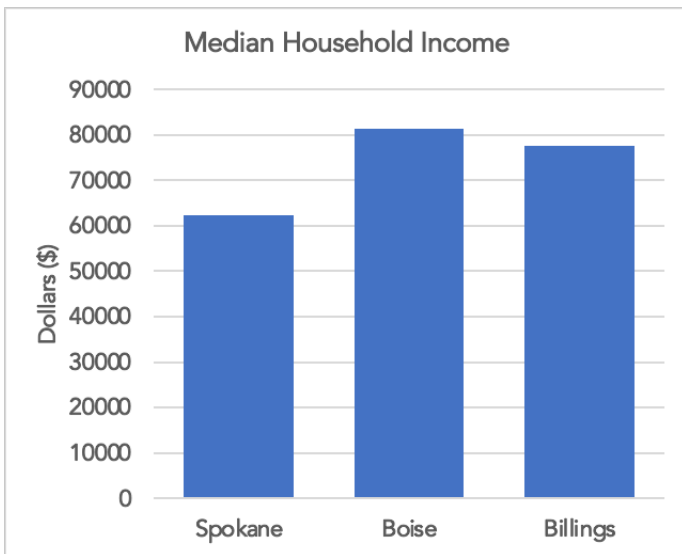
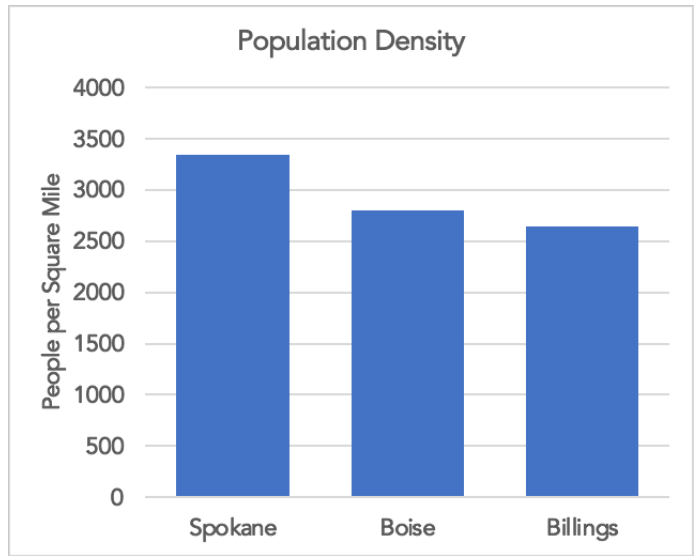
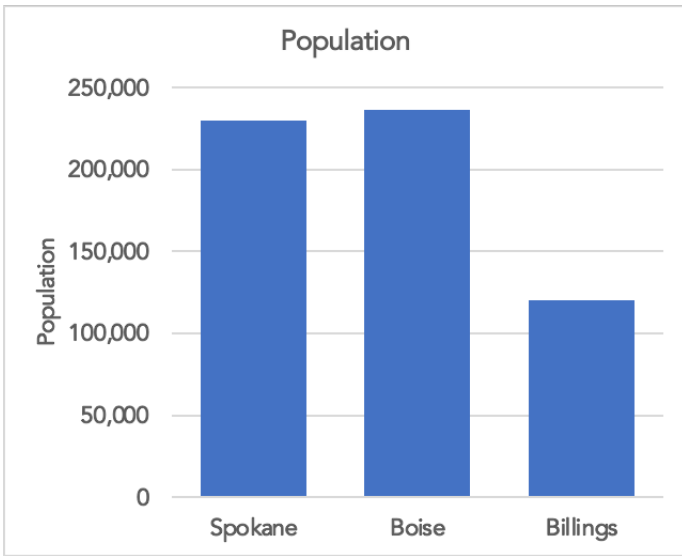
<https://www.census.gov/quickfacts/fact/table/spokanecitywashington,boiseicityidaho,billingscitymontana/PST120222>

⁷ Born outside of Montana? You’re nearing the majority in the state, by Phil Van Pelt, KTVQ, 5 October 2023, available at

<https://www.ktvq.com/news/local-news/born-outside-of-montana-youre-nearing-the-majority-in-the-state>

⁸ Census report: Boise population shrinks, while most other areas across Idaho see growth, by Jude Binkley, KTVB-7, 16 June 2023, available at <https://www.ktvb.com/article/news/local/census-report-boise-population-shrinks-most-other-idaho-areas-see-growth/277-889b80cb-34c9-418f-97ed-c2bae675d9cf>

⁹ Spokane isn’t quite booming anymore, but still needs to prepare for growth, by Patrick Jones, The Spokesman-Review, 24 September 2023, available at <https://www.spokesman.com/stories/2023/sep/24/d-patrick-jones-spokane-isnt-quite-booming-anymore>

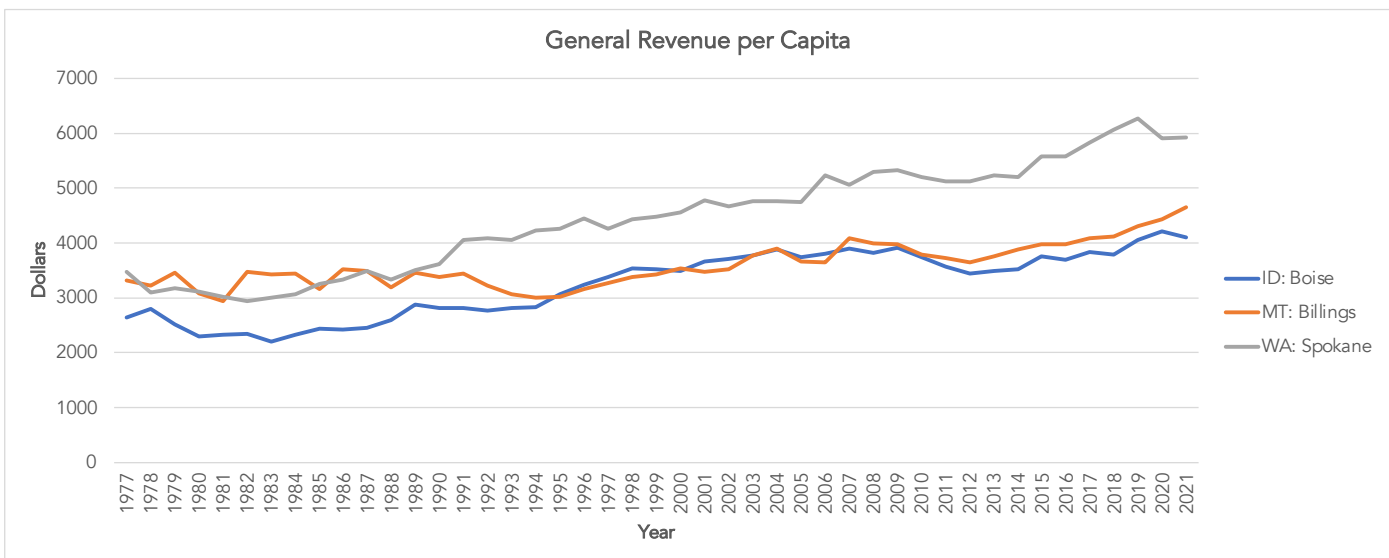


KEY INFORMATION COLUMN

Financial Position

The financial position of the three cities are interesting comparisons. Despite being similar sizes, Boise and Spokane stand in contrast of what role government should play in local services. Both Spokane and Boise employ approximately 2,000 positions, but the budget differs by almost one hundred million dollars. This was a concerning conclusion and required further study.

A standardized fiscal comparison of major metropolitan areas gave more detail into the finances of each city.¹⁰ The standardized fiscal comparison from the Lincoln Institute of Land Policy shows the expenditures for each cities sector, funded through sources like federal, state, city, school, and special districts. The standardization allows city spending patterns to be compared regardless of funding structures.

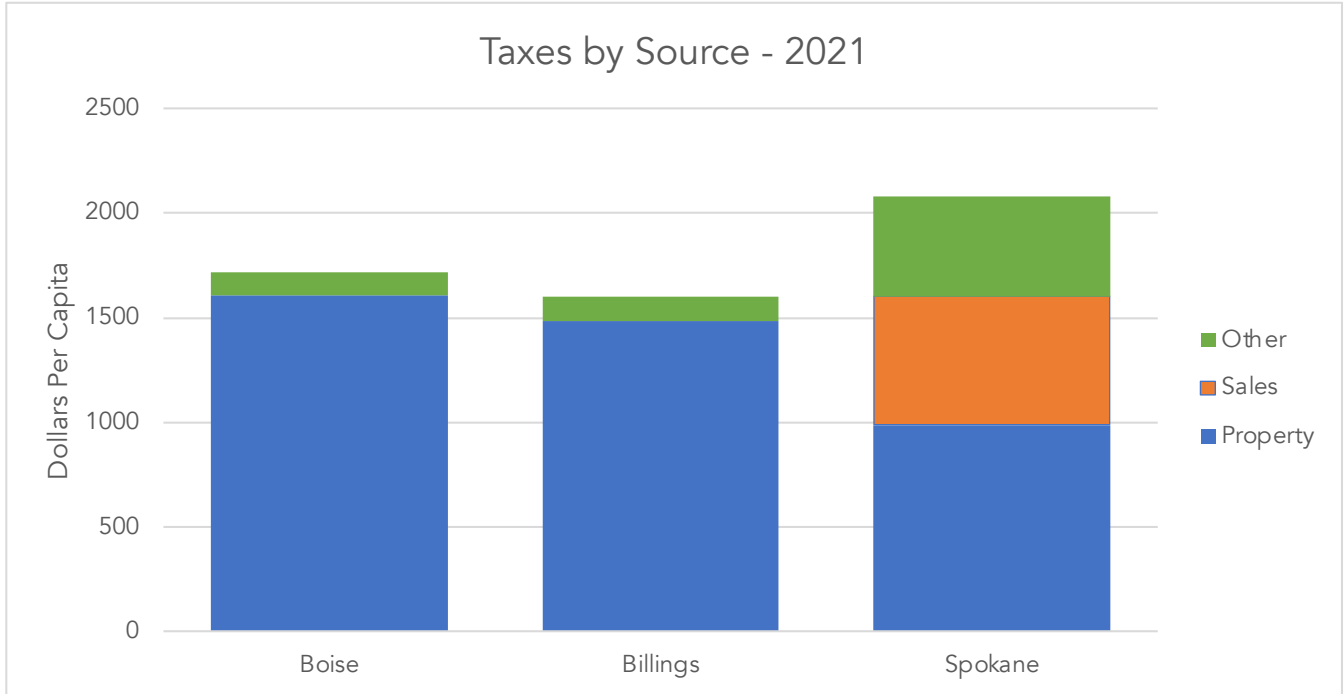
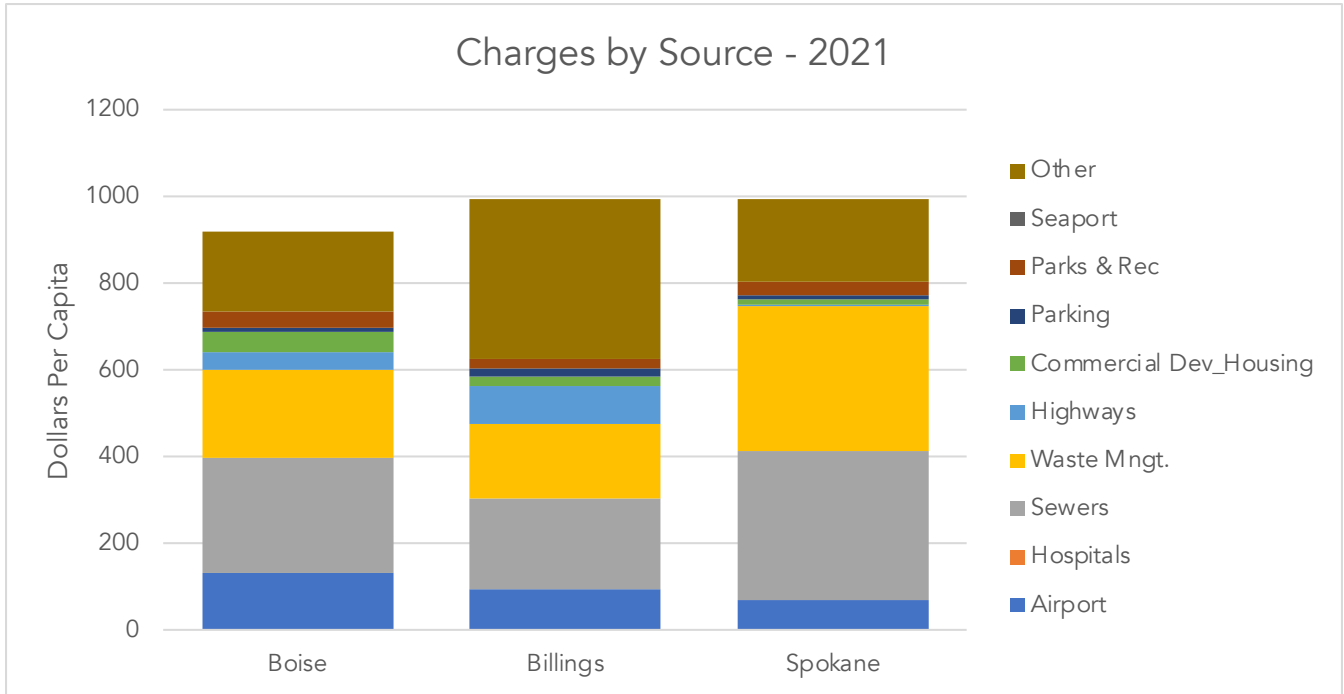
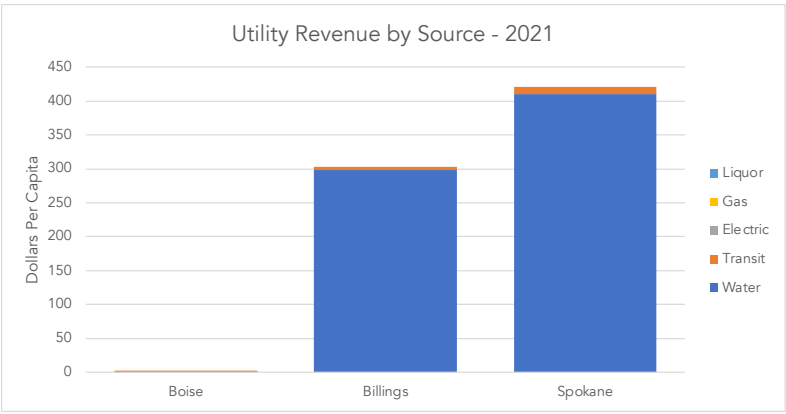
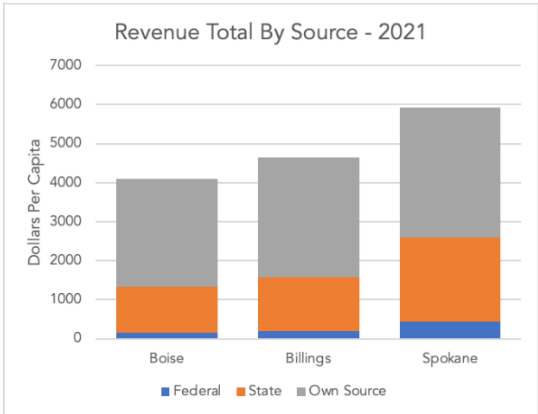


The largest sources of a city’s own revenue came from airports, sewers, waste management, and other categories. Water was the highest utility revenue for billings and Spokane.

The data show that over the last thirty years, Spokane has differentiated itself from neighboring cities by becoming the largest revenue generator per capita – in other words, the city receives the most money from federal, state, and ‘own’ sources generated through taxes and business activities. The spending difference over the last forty years averaged \$1,200 per capita. All three cities were funded by a majority of their ‘Own Sources.’ Spokane has the lowest reliance on own source and the highest reliance on state and federal funding of the three cities. Boise and Billings had similar profiles.

The largest sources of a city’s own revenue came from airports, sewers, waste management, and other categories. Water was the highest utility revenue for billings and Spokane.

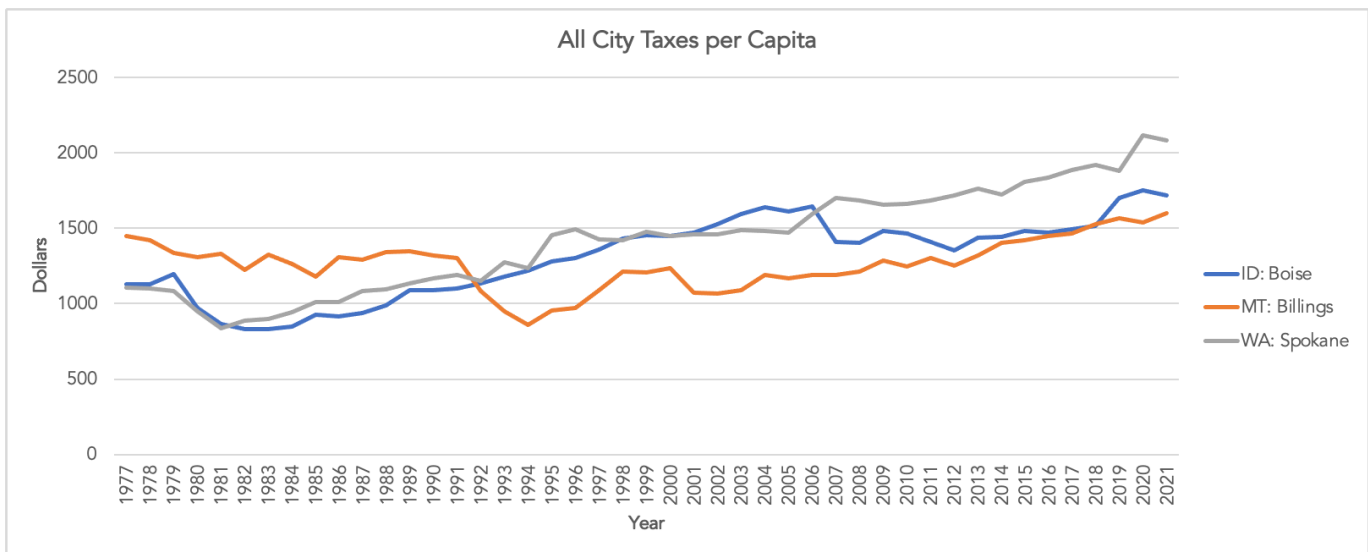
¹⁰ Fiscally Standardized Cities, Lincoln Institute of Land Policy, < <https://www.lincolnst.edu/data/fiscally-standardized-cities/>>.



KEY INFORMATION COLUMN

Percent of Funding Source			
	Federal	State	Own Source
Boise	3.53%	28.84%	67.63%
Billings	4.15%	29.63%	66.22%
Spokane	7.54%	36.23%	56.23%

A closer look at the city taxes per capita, shows that keeping with the trend, Spokane has the highest taxes per capita for the last 15 years. Boise and Billings have had some trade-offs in the last 15 years for highest taxes, with Boise recently becoming second highest taxes per capita.

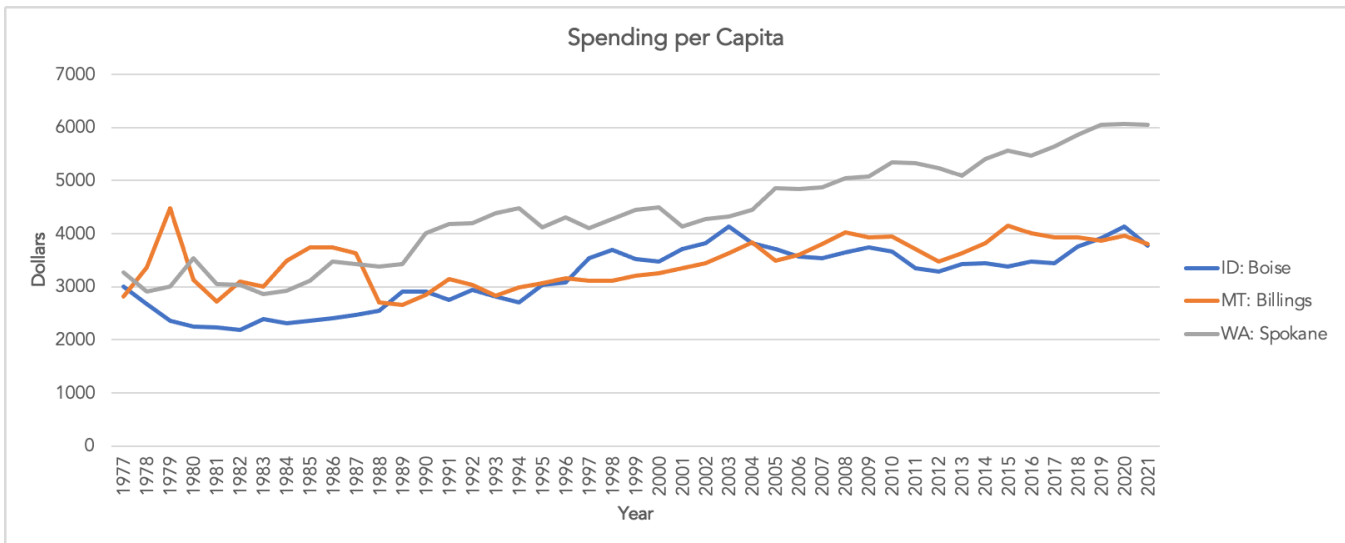


Revenue alone is a narrow view of a city's financial health, more importantly spending patterns need to be analyzed.

A quick look at the data show that most of these taxes come from property taxes. Unfortunately, for Spokane residents they also have a large city sales tax category, in addition to 'Other' taxes imposed by the city. Boise shoppers are still subject to a sales tax, but the proceeds are used by state budgets. Montana does not have a sales tax.

Revenue alone is a narrow view of a city's financial health, more importantly spending patterns need to be analyzed. In keeping with our conclusions, Spokane also has the highest spending per capita, and Boise and Billings are similar in amount per capita.

Across all three cities, the largest budget items are education, environment and housing, and public safety. Standardized education spending is mostly for elementary and secondary purposes, with libraries a small contributor (the funding comes from various sources but not the cities tax revenues).



KEY INFORMATION COLUMN

From 2018 to 2023, Idaho and Montana saw the largest home price increases in the nation at 74% and 72%, respectively.

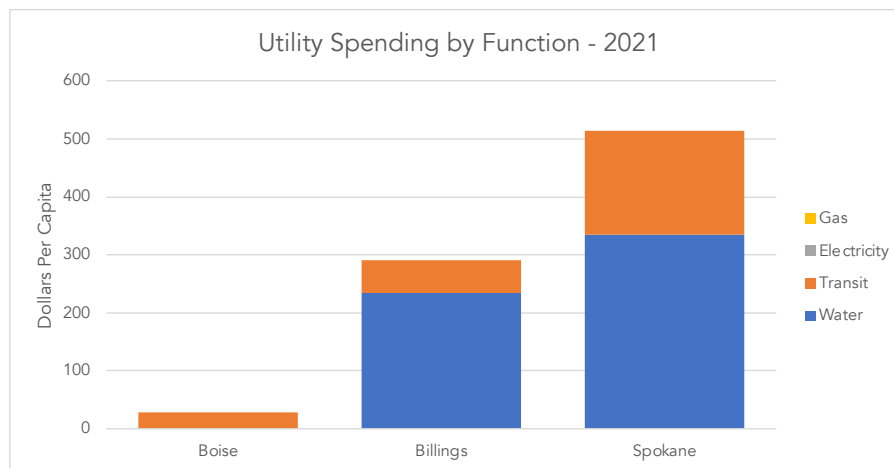
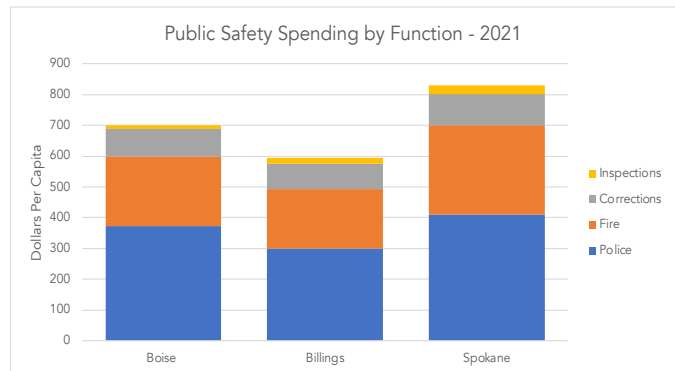
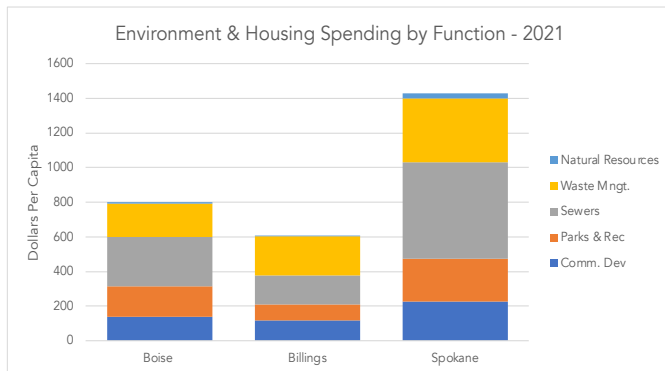
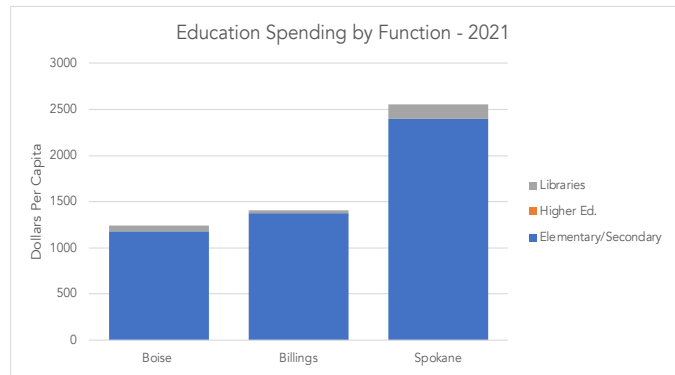
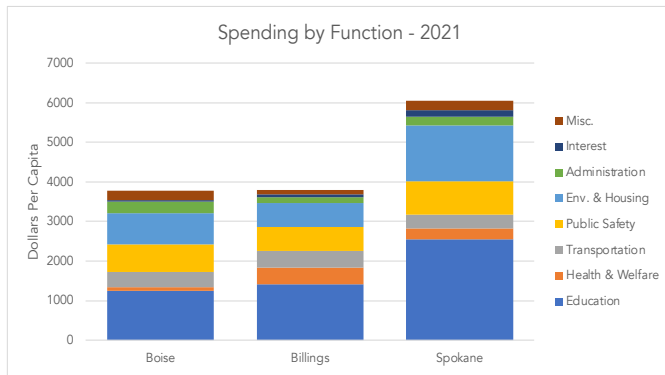
Environment and housing expenditures are distributed differently in each city across commercial development, parks and recreation, sewers, and waste management.

Police and fire funding is the primary destination of public safety dollars, with the highest amount per capita for police expenditures in Spokane, followed by Boise and Billings. Crime rates and costs per capita are highest in Billings – the lowest spender on public safety of the three cities. Out of a dataset on crime in 302 cities in the United States, Billings was the most dangerous of the three (ranked 235th), where Spokane was ranked 197th. An interesting note is that Spokane’s nearest neighbor, Spokane Valley, had a much lower rate.

The majority of crime in Billings was violent crime with a cost per capita of \$3,008. The increase in violent crime in Billings is gang violence and drug crime.¹¹ Spokane’s crime concentration was highest in property crimes (a trend keeping with national conclusions that more property crime is happening in the west) with a cost of \$2,343 per capita. The crime cost per capita is a calculation from MoneyGeek using academic research papers that estimate the societal cost of different crimes and combining those estimates with crime statistics in the 302 cities.¹²

¹¹ Forte, Travia, “Billings Police Department addresses the rise in violent and gang-related crime in the Magic City,” KULR 8, 2 November 2023, <https://www.kulr8.com/news/billings-police-department-addresses-the-rise-in-violent-and-gang-related-crime-in-the-magic/article_dbd3dc6e-79eb-11ee-a1a1-f720f4ae8a7.html>.

¹² Gordon, Deb, “Safest Cities In America 2024: Violent Crime Rate Increases Drive Per Capita Cost of Crime,” MoneyGeek, 14 December 2023, <<https://www.moneygeek.com/living/safest-cities/>>.

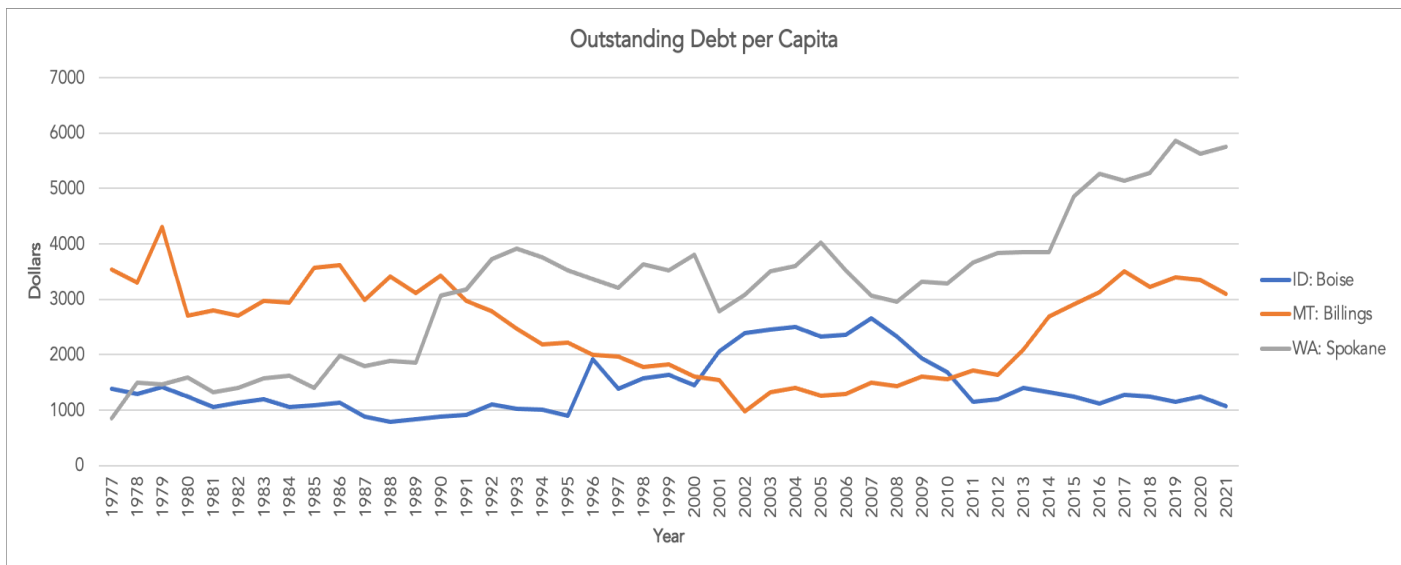


Crime Statistics by Metropolitan Area						
Rank	City	Crime Cost per Capita	Violent Crime Rate	Property Crime Rate	Total Crime Cost (in millions)	
95	Spokane Valley, WA	\$1,112	333	4,062	\$120,221	
197	Spokane, WA	\$2,343	672	5,736	\$537,262	
47	Boise, ID	\$709	247	1,204	\$169,473	
235	Billings, MT	\$3,008	929	4,317	\$354,569	

KEY INFORMATION COLUMN

For public utilities, water is the main budget item for Spokane and Billings. Boise's only utility spending item is transit. Ridership numbers should always be considered for transit budgets and many of these cities would be better served to cut the buses and devote funds to van pool systems that are a better use of resources.

Unsurprisingly, debt per capita is the highest in Spokane. Billings has increased debt per capita in the last 12 years, and Boise has remained relatively consistent in debt per capita, decreasing its risk slightly.



Conclusion

The influx of new residents into the Mountain States reiterates the message that the regions around Boise, Billings, and Spokane are desirable. However, data show that regions with smaller governments are much more attractive than cities that expand financial obligations. Spokane has experienced this painful reality, as its growth stagnates and doesn't meet expectations, while the neighboring cities of Liberty Lake and Spokane Valley skyrocket in growth.

Billings and Boise seem to recognize that smaller government is appealing and have kept their spending per capita more manageable.

The differences between Boise, Billings, and Spokane are likely to become more pronounced if the trends of government growth continue in Spokane.

Nothing in this publication shall be construed as an attempt to aid or hinder the passage of any legislation.

Appendix

Boise						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for services	71,131	66,157	188,871	175,843	260,002	242,000
Operating grants and contributions	9,866	2,419	21,836	41,662	31,702	44,081
Capital grants and contributions	12,187	5,991	30,015	35,127	42,202	41,118
General Revenues					-	-
Property taxes	178,584	171,245			178,584	171,245
Other taxes	41,148	39,811			41,148	39,811
Other taxes	8,837	(10,039)	12,450	(5,660)	21,287	(15,699)
Total Revenues	321,753	275,584	253,172	246,972	574,925	522,556
					-	-
Expenses:					-	-
General Government	61,817	52,576			61,817	52,576
Fire	58,839	56,169			58,839	56,169
Police	76,913	71,173			76,913	71,173
Parks and Recreation	40,319	37,260			40,319	37,260
Culture	15,717	15,070			15,717	15,070
Community Services	47,333	32,098			47,333	32,098
Community Development	275	162			275	162
Interest and fiscal charges	1,003	1,075			1,003	1,075
Airport			57,695	49,777	57,695	49,777
Water Renewal			78,197	60,387	78,197	60,387
Solid Waste			40,325	38,345	40,325	38,345
Other			45,374	46,754	45,374	46,754
Total Expenses	302,216	265,583	221,591	195,263	523,807	460,846
Increase in net position before transfers	19,537	10,001	31,581	51,709	51,118	61,710
Net transfers	(25,020)	(1,258)	25,020	1,258		
Increase in net position before transfers	(5,483)	8,743	56,601	52,967	51,118	61,710
Net position - beginning	485,462	476,719	770,072	717,105	1,255,534	1,193,824
Adjustment to Net position			657			
Net position - Ending	479,979	485,462	827,330	770,072	1,306,652	1,255,534

Billings						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues						
Charges for services	45,720	45,055	92,039	89,048	137,759	134,102
Operating grants and contributions	27,617	21,155	12,672	13,745	40,289	34,900
Capital grants and contributions	16,321	11,288	16,162	18,238	32,483	29,526
General revenues	-	-	-	-	-	-
Property taxes	55,308	49,898	2,568	2,508	57,876	52,406
Franchise fees	1,234	1,238	-	-	1,234	1,238
Business licenses	738	701	-	-	738	701
Unrestricted federal/state shared revenue	18,698	20,326	-	-	18,698	20,326
Unrestricted investment earnings	2,783	(1,541)	3,145	(1,737)	5,928	(3,278)
Gain/(Loss) on sale of property and equipment	58	801	0	(16)	58	785
Miscellaneous	866	762	2,645	976	3,510	1,738
Total Revenues	169,343	149,683	129,232	122,762	298,575	272,446
	-	-	-	-	-	-
Expenses	-	-	-	-	-	-
General government	13,174	13,562	-	-	13,174	13,562
Public safety	68,799	59,187	-	-	68,799	59,187
Public works	40,965	40,097	-	-	40,965	40,097
Public health	1,137	1,124	-	-	1,137	1,124
Culture and recreation	13,499	13,514	-	-	13,499	13,514
Housing and economic development	4,342	4,121	-	-	4,342	4,121
Interest on long-term debt	2,478	1,959	-	-	2,478	1,959
Solid Waste	-	-	23,255	20,863	23,255	20,863
Airport	-	-	12,930	12,526	12,930	12,526
Water	-	-	23,631	22,194	23,631	22,194
Wastewater	-	-	19,988	19,690	19,988	19,690
Parking	-	-	2,547	2,687	2,547	2,687
Transit	-	-	7,314	6,982	7,314	6,982
Golf Course	-	-	701	520	701	520
Total Expenses	144,395	133,565	90,366	85,461	234,761	219,026
Increase in net position before transfers	24,949	16,118	38,865	37,301	63,814	53,420
Transfers	(565)	(199)	565	199	-	-
Change in net position	24,384	15,919	39,430	37,501	63,814	53,420
Net position, beginning of year	329,287	313,754	589,622	552,259	918,909	866,013
Prior period adjustment	-	(385)	31	(138)	31	(523)
Net position, end of year	353,671	329,287	629,084	589,622	982,754	918,909

City of Spokane						
	Governmental Activities		Business-Type Activities		Total	
Change in Net Position (in thousands)	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	39,329	78,740	266,386	266,893	305,715	345,633
Operating grants and Contributions	76,640	38,755	268	18	76,908	38,773
Capital grants and Contributions	19,136	9,222	4,370	1,756	23,506	10,978
General Revenues					-	-
Taxes	274,482	263,603			274,482	263,603
Miscellaneous	6,396				6,396	-
Interest and investment Earnings	(10,345)	(1,484)	1,758	808	(8,587)	(676)
Total Revenues	405,638	388,836	272,782	269,475	678,420	658,311
Expenses						
General government	(26,715)	(35,280)			(26,715)	(35,280)
Judicial	(3,261)	(3,712)			(3,261)	(3,712)
Public Safety	(165,994)	(108,791)			(165,994)	(108,791)
Transportation	(65,779)	(61,084)			(65,779)	(61,084)
Economic Environment	(37,228)	(31,217)			(37,228)	(31,217)
Social Services	(25,723)	(16,589)			(25,723)	(16,589)
Culture and recreation	(39,248)	(34,436)			(39,248)	(34,436)
Interest on long term debt	(8,211)	(8,416)			(8,211)	(8,416)
Water/Sewer	-		(145,414)	(136,049)	(145,414)	(136,049)
Solid Waste	-		(85,038)	(75,917)	(85,038)	(75,917)
Other business activities	-		(11,798)	(11,185)	(11,798)	(11,185)
Total Expenses	(372,159)	(299,525)	(242,250)	(223,151)	(614,409)	(522,676)
Excess (deficiency) of revenues over expenses before contributions and transfers	33,479	89,311	30,532	46,324	64,011	135,635

ABOUT THE AUTHOR

Madilynne Clark is a senior policy analyst at Mountain States Policy Center.

Madi holds a master's degree in Agricultural and Resource Economics from Colorado State University as well as a B.S. in Environmental Economics, Policy, and Management from Oregon State University.

She is the former Director for the Initiative on Agriculture at Washington Policy Center, one of the first free market think tanks in the nation to launch a focus on Agriculture.

Before joining WPC, she worked for Ag Association Management in Tri-Cities, Washington, working with growers and industry across Washington, Oregon, and Idaho. She also spent two years as an associate of The Context Network. Her time involved working as a business analyst on various agriculture projects in production, wholesale, retail, and policy Ag sectors. She was also a wildland firefighter for four summers.

Madi's work has been published in the Idaho Statesman, The Capital Press, Tri-City Herald, and the Spokesman-Review.

