



El Dorado Housing Analysis

January 2012

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Introduction

El Dorado Inc. is tasked with facilitating economic growth, promoting ventures and improving the quality of life within the community. Key efforts are supported by the creation of committees within El Dorado Inc. One of those committees, the housing committee, has focused on analyzing housing growth and development. In 2010, the housing committee issued a special report identifying issues that were deemed critical for future economic growth and community stability.

At the request of the committee, the Center for Economic Development and Business Research, W. Frank Barton School of Business at Wichita State University, has completed a report designed to identify the perceptions of residents and nonresidents working within El Dorado, analyze the economic and socioeconomic differences between El Dorado and peer communities, estimate the wage leakage from El Dorado businesses and calculate the impact of those leakages.

Focus Groups

There were four focus groups conducted at two locations between November 21st and December 16th, 2011. There were a total of 35 participants, 13 living in El Dorado, and 22 living outside El Dorado. Each group was asked the same questions, on five topics, related to the location of their current residence. Each participant was given the opportunity to speak, but responses were not required. The most general questions were asked first; followed by the more specific questions if they had not already been addressed.

Interview Responses

Prior to purchasing your current home what was your general impression of the El Dorado community?

- What was the source of this general impression?
- Did local amenities play a role in this impression?
- Did local business/ industry play a role in this impression (specifically the refinery)?

The initial impression of the El Dorado community was very mixed from both the residents and out of town participants. There were generally two sources of the first impression, which was consistent for both groups. They were familiar with the community because of family ties or having grown up in the area, or they developed an initial impression by driving through the community as part of a job interview process. Whether the first impression was positive or negative was strongly dependent on what they saw in the initial drive through. Two participants specifically mentioned that they found the chamber relocation packet to be misleading, making the community look nicer than reality.

The responses of both groups were evenly split on a positive or negative first impression. Positive impressions were based on El Dorado's relatively lively downtown and the city's amenities compared to other places. Those with a negative first impression indicated the city looked "older" and "dilapidated". They also expressed some concern with the refinery, but only when specifically asked. Additionally, the group from out of town indicated a lack of amenities, such as restaurants and shopping, relative to the city they were moving from. The lake was not considered to be an important amenity for either group.

What was the single most important factor in selecting the location of your current home?

- What other factors influenced the decision to purchase in that specific location?
- Was spouse/partner employment a factor?
- Were child amenities /public schools a factor?

For the group that lives in El Dorado, the most common reason given was the desire to live in a small town, with a short commute, and a family friendly environment. They tended to like El Dorado for being a small town, but not too small. The positive impact of a slower pace of a smaller town was significant. The availability of acreage close to town and competitive home pricing in the older part of town were also factors that were mentioned. Although being family friendly was generally a requirement, public schools were not a primary consideration for this group. When specifically asked, two participants stated that although they live in El Dorado, they send their children out of district. However, another participant was happy with the local schools.

In the group that chose to live outside of El Dorado, the quality of schools was a primary consideration. The participants had a generally poor perception of the performance of El Dorado schools relative to other schools in the area, and that information was important in selecting the location of their home. In addition to schools, this group’s location decision was dependent on proximity to family and the anticipated home resale value. There was a general perception that relative to El Dorado, homes closer to Wichita would maintain their value and be easier to sell in the future.

Due to the amount of negative feedback about school districts, CEDBR pulled assessment data for the 2010 school year.

School District	2010 Assessments					
	USD	Schoolwide All Students			2009	2009-2010
		Math	Reading	Science	Graduation Rate	Enrollment
El Dorado	USD 490	85.4	90.6	86.0	86.1	2,103
Andover	USD 385	93.4	96.0	97.3	96.1	4,884
Augusta	USD 402	90.3	93.6	92.1	93.9	2,378
Bluestem	USD 205	79.5	86.4	89.3	88.7	550
Circle	USD 375	84.0	93.5	92.6	95.5	1,658
Douglass	USD 396	83.8	84.9	90.0	97.0	770
Flinthills	USD 492	91.2	95.3	95.0	100.0	292
Remington/Whitewater	USD 206	86.9	91.4	96.5	95.7	547
Rose Hill	USD 394	86.2	88.5	89.9	96.5	1,793
Statewide		83.1	86.4	86.3	89.1	473,772

Source: Kansas Department of Education, Kansas.com

Approximately how long were you actively looking for a home before you purchased?

- Approximately how many homes did you look at before you purchased?
- Did you look at homes in areas other than where you purchased?

In both groups housing searches lasted from one or two days to a year, with the majority of participants searching for approximately three months. The number of homes visited during searches varied significantly and was mostly dependent on individual situations.

The majority of participants in both groups selected the community they wanted to live in first and then limited their home search to that community. However, even those that were looking in multiple communities generally limited their search to homes near desirable amenities.

Although both groups generally spent the same amount of time looking at approximately the same number of homes, the group that lives in El Dorado expressed more frustration with their home search than did the group that lives outside of El Dorado. There were multiple comments about limited options in the low income price range, or the “right” price range. There were also comments about “settling”

for their home, and getting “lucky” when they found their home. The homes that were available did not specifically meet their needs.

If you had it to do over again would you purchase a home in the same location?

- If no, where would you purchase?
- If no, what caused this change?
- If yes, what is the single most important factor keeping you at your current location?

The group that lives in El Dorado would all stay in the community, with the exception of one participant. The most common reasons for staying were proximity to family, an easy commute and enjoyment of the community. The one participant that would leave attributes that attitude to a negative, isolated experience with the public schools in El Dorado.

The group that lives outside the El Dorado community would also likely stay in their current locations. They attribute this primarily to family reasons and not wanting to move their children to a different school. Those who would move would be doing so to be more rural or more urban, depending on their current situation.

Has your general impression of the El Dorado community changed since the purchase of your current home?

- If yes, what caused this change?

Within the group that lives in El Dorado, their general impression has improved since moving to the community. The improvement was generally attributed to increased awareness of community activities, the walking trails, parks and library. There were many compliments given to the local library and new YMCA. There were also negative comments about taxes and dissatisfaction with the schools, but these comments were from a minority of respondents.

Within the group that does not live in El Dorado, their general impression of the community either improved somewhat or remained unchanged. This seemed to be related to people’s involvement in the community as a result of working in El Dorado. Although they live outside of the city there is a group that does interact in the community. Their impression had improved overtime, and they made positive comments about the YMCA, some restaurants and their shopping options. Commuters who strictly come and go to work had an unchanged impression.

Survey Responses

Demographically, the two types of focus groups were very similar. Both groups were predominately Caucasian and non-Hispanic. In both groups, a significant number of participants were between 30 and 34 years of age, with a larger number of older participants than younger. The majority of participants were married with children less than 18 years of age living at home. The “in” El Dorado participants were evenly split between male and female. The participants from outside El Dorado had twice as many men as women.

The participants in the focus groups had, on average, lived in their homes for four years. Most participants owned their home and lived in an incorporated city. Most respondents in both groups did not have a spouse or partner that worked in El Dorado. Proximity to Wichita was a consideration for those outside El Dorado, but not for those living in El Dorado.

The most important factors in selecting a home, for those living in El Dorado, were the cost/value of housing, relative to other markets, and proximity to work.

The most important factors in selecting a home, for those living outside of El Dorado, were the quality of schools, proximity to Wichita and the cost/value of housing, relative to other markets.

On average, those living outside El Dorado did have a higher level of education and household income than the participants that lived in El Dorado. They also tended to own homes with a higher estimated value and more bedrooms and bathrooms.

How long have you lived at your current address?			
	Average	In El Dorado	Outside El Dorado
Length of Residency	4 Yrs 4 Mo	4 Yrs 1 Mo	4 Yrs 9 Mo

Do you live in a rural area or within an incorporated city?			
	Responses	In El Dorado	Outside El Dorado
Rural Area	6	4	2
Incorporated City	28	9	19
Total	34	13	21

Do you do the majority of your grocery shopping in El Dorado?			
		In	Outside
	Responses	El Dorado	El Dorado
Yes	18	13	5
No	16	0	16
Total	34	13	21

How many bedrooms and bathrooms does your current home have?			
		In	Outside
	Average	El Dorado	El Dorado
Bedrooms	3.8	3.2	4.1
Bathrooms	2.5	2.1	2.8

Do you own your home?			
		In	Outside
	Responses	El Dorado	El Dorado
Yes	29	10	19
No	6	3	3
Total	35	13	22

If you own your home, what is the estimated value of your home?			
		In	Outside
	Responses	El Dorado	El Dorado
Less than \$50,000	0	0	0
\$50,000 to \$99,999	3	3	0
\$100,000 to \$149,999	6	2	4
\$150,000 to \$199,999	10	2	8
\$200,000 to \$299,999	6	1	5
\$300,000 to \$499,999	2	1	1
\$500,000 to \$999,999	1	0	1
\$1,000,000 or more	0	0	0
Total	28	9	19

Does your spouse/partner work in El Dorado?			
		In	Outside
	Responses	El Dorado	El Dorado
I don't have a spouse/ partner	10	5	5
Yes	3	2	1
No	20	6	14
<i>If no, in what city does your spouse work? 6 - Wichita, 1 - Andover, 1 - Towanda, 1 - Kansas City</i>			
Total	33	13	20

When you moved into your current home, was proximity to Wichita a consideration?			
		In	Outside
	Responses	El Dorado	El Dorado
Yes	21	4	17
No	13	8	5
Total	34	12	22

You currently work in El Dorado and live IN the El Dorado community. Below, is a list of location criteria. Please rate the following by circling their level of importance where "1" indicates critically important and "5" indicates little or no impact on your decision to reside in your current location.

	Index Value	1	2	3	4	5
Quality of Schools	3	2	4	2	1	3
Location of spouse's job/job opportunities	4	1	4	0	1	7
Proximity to Wichita	3	0	5	3	2	3
Sights, smells, and sounds of the refinery	4	0	0	5	5	3
Tax rates	3	2	1	6	1	3
Availability of housing that met your criteria	3	3	6	1	0	3
Cost/value of housing relative to other markets	2	3	7	1	0	2
Available, suitable building sites	4	1	1	2	4	5
Population of the community/rural vs. city setting	4	1	2	3	3	4
Amenities (shopping, restaurants, etc.)	3	1	3	5	4	0
Proximity to El Dorado Lake	4	1	0	4	3	5
Other recreation (golf courses, parks, sports, etc.)	4	1	0	4	5	3
Looking for a young/singles-friendly community)	4	0	0	5	1	7
I wanted to live near work	2	9	2	1	1	0
Recommendations from others	4	0	1	7	2	3
Other				1		2

Please provide "Other" criteria: We originally were going to move to Towanda because the schools were better. We moved to El Dorado because there was no house in Towanda that met our needs.

You currently work in El Dorado and live OUTSIDE the El Dorado community. Below, is a list of location criteria. Please rate the following by circling their level of importance where "1" indicates critically important and "5" indicates little or no impact on your decision to reside in your current location.

	Index Value	1	2	3	4	5
Quality of Schools	2	10	3	4	2	3
Location of spouse's job/job opportunities	4	3	1	6	1	10
Proximity to Wichita	2	3	11	7	1	0
Sights, smells, and sounds of the refinery	4	3	3	3	3	10
Tax rates	4	0	1	9	4	8
Availability of housing that met your criteria	3	5	8	4	1	4
Cost/value of housing relative to other markets	2	7	5	6	1	3
Available, suitable building sites	4	2	4	5	1	10
Population of the community/rural vs. city setting	3	6	5	4	2	5
Amenities (shopping, restaurants, etc.)	3	4	6	6	3	3
Proximity to El Dorado Lake	5	0	0	4	1	17
Other recreation (golf courses, parks, sports, etc.)	4	1	2	6	2	11
Looking for a young/singles-friendly community)	4	4	1	2	4	11
I wanted to live near work	3	4	2	6	3	7
Recommendations from others	4	0	3	7	2	10
Other						

Please provide "Other" criteria: Daycare in my community, Wanted rural, land, specific type of home-we found, current home is closer to work, closer to my parents, perception of vibrancy of housing marketing/"resaleability" of homes, housing resell, have one rental already because we couldn't sell

What is your Gender?			
		In	Outside
	Responses	El Dorado	El Dorado
Female	13	6	7
Male	22	7	15
Total	35	13	22

What is your race?			
		In	Outside
	Responses	El Dorado	El Dorado
White, Caucasian	28	11	17
Black or African American	0	0	0
American Indian or Alaska Native	1	0	1
Asian	1	0	1
Native Hawaiian or Other Pacific Islander	1	1	0
Multi-racial	2	1	1
Other	1	0	1
Total	34	13	21

What is your ethnicity?			
		In	Outside
	Responses	El Dorado	El Dorado
Hispanic or Latino	4	2	2
Non-Hispanic	30	11	19
Total	34	13	21

What is your age?			
		In	Outside
	Responses	El Dorado	El Dorado
18 to 19 years	0	0	0
20 to 24 years	1	1	0
25 to 29 years	7	1	6
30 to 34 years	10	4	6
35 to 39 years	4	3	1
40 to 44 years	4	1	3
45 to 54 years	7	2	5
55 to 59 years	2	1	1
60 to 64 years	0	0	0
65 years and over	0	0	0
Total	35	13	22

What is your current marital status?			
		In	Outside
	Responses	El Dorado	El Dorado
Never Married	5	2	3
Separated	2	1	1
Divorced	4	2	2
Married	24	8	16
Widowed	0	0	0
Total	35	13	22

What is your parental status?			
		In	Outside
	Responses	El Dorado	El Dorado
I do not have any children under the age of 18	12	4	8
I have children under the age of 18 living in my household at least 50 percent of the time	20	9	11
I have children under the age of 18, but they do not reside in my household	2	0	2
Total	34	13	21

What is the highest degree or level of education you have completed? (If currently enrolled, mark the previous grade or highest degree received).

	Responses	In El Dorado	Outside El Dorado
Did not complete high school	0	0	0
High school graduate (including GED or equivalency)	2	1	1
Some college, no degree	5	5	0
Associate degree (for example: AA, AS)	0	0	0
Bachelor's degree (for example: BA, AB, BS)	17	4	13
Master's degree (For example: MA, MS, Meng, Med, MSA, MBA)	7	1	6
Professional or Doctorate degree (For example: PhD, EdD)	4	2	2
Total	35	13	22

What is your estimated annual HOUSEHOLD income?

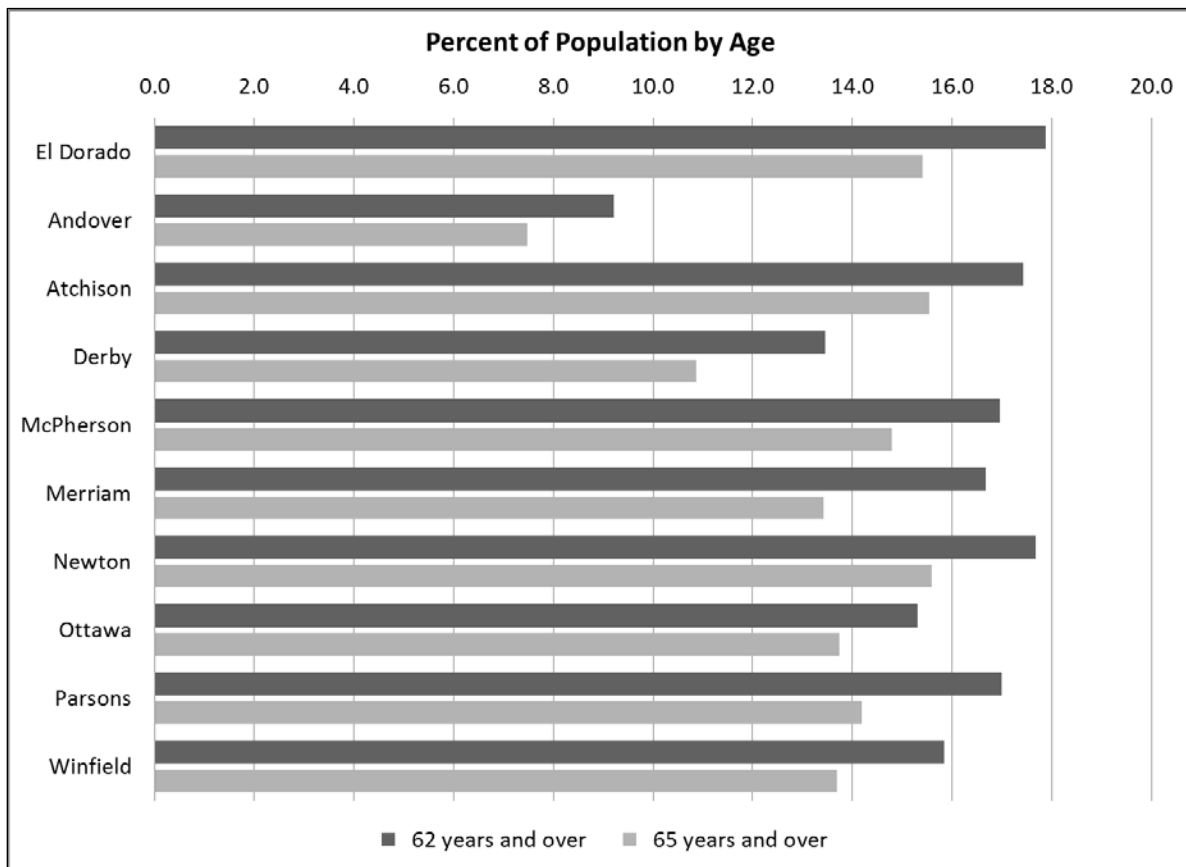
	Responses	In El Dorado	Outside El Dorado
Less than \$15,000	0	0	0
\$15,000 to \$24,999	3	2	1
\$25,000 to \$34,999	2	2	0
\$35,000 to \$49,999	0	0	0
\$50,000 to \$74,999	2	0	2
\$75,000 to \$99,999	7	2	5
\$100,000 to \$149,999	16	5	11
\$150,000 to \$199,999	2	1	1
\$200,000 or more	3	1	2
Total	35	13	22

Peer Community Comparison

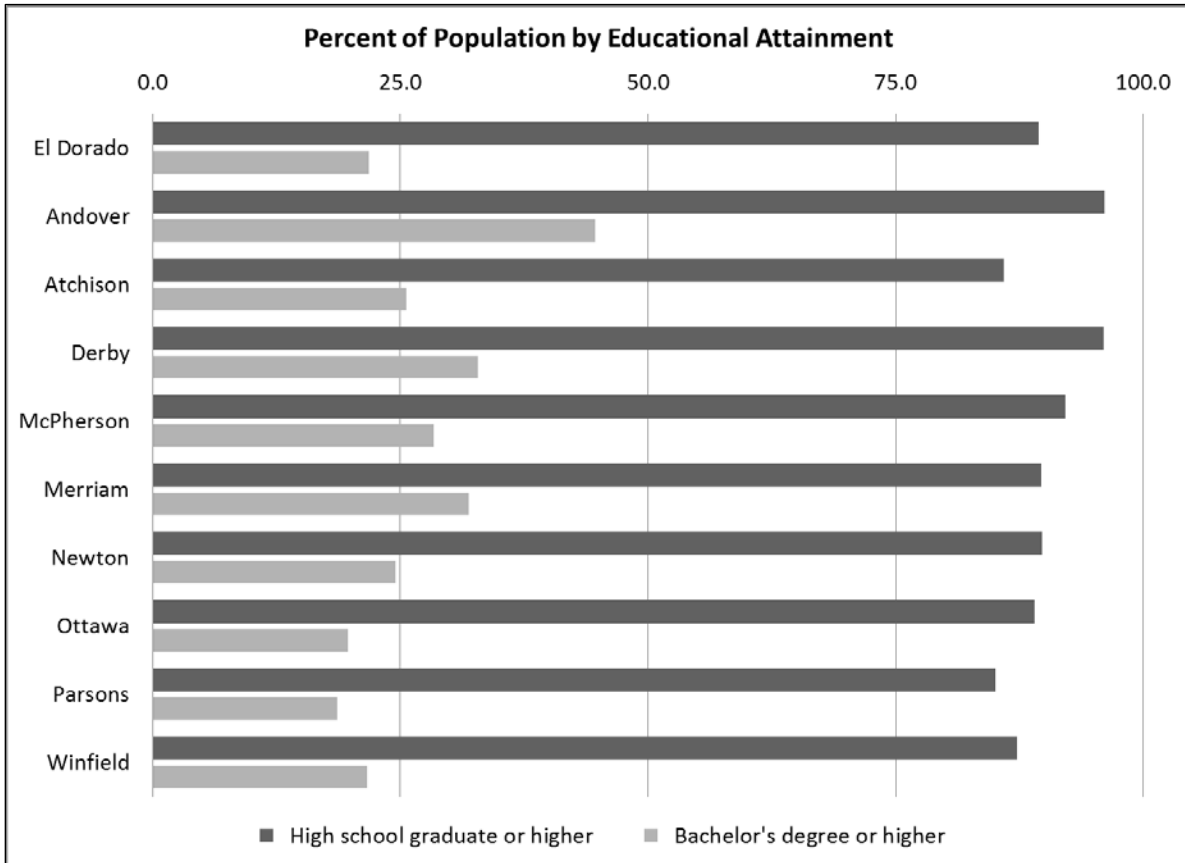
Ten peer communities were selected based on their location and population, for comparison of demographic, housing and economic data to the city of El Dorado. The population of El Dorado, 13,004, was slightly below the average population of the peer communities, which was 13,448, and above the median population of 12,411. All data is from the U.S. Census Bureau, American Community Survey, 5-year estimates.

Social and Demographic

The racial mix, family type, and median age in the El Dorado community were comparable to that of the peer communities. However, El Dorado had the highest percentage of population over the age of 62 at 17.9 percent. El Dorado's population aged 65 and older represents 15.4 percent of its total population. Only Newton and Atchison had a higher percentage of population aged 65 and older at 15.6 and 15.5 percent, respectively.

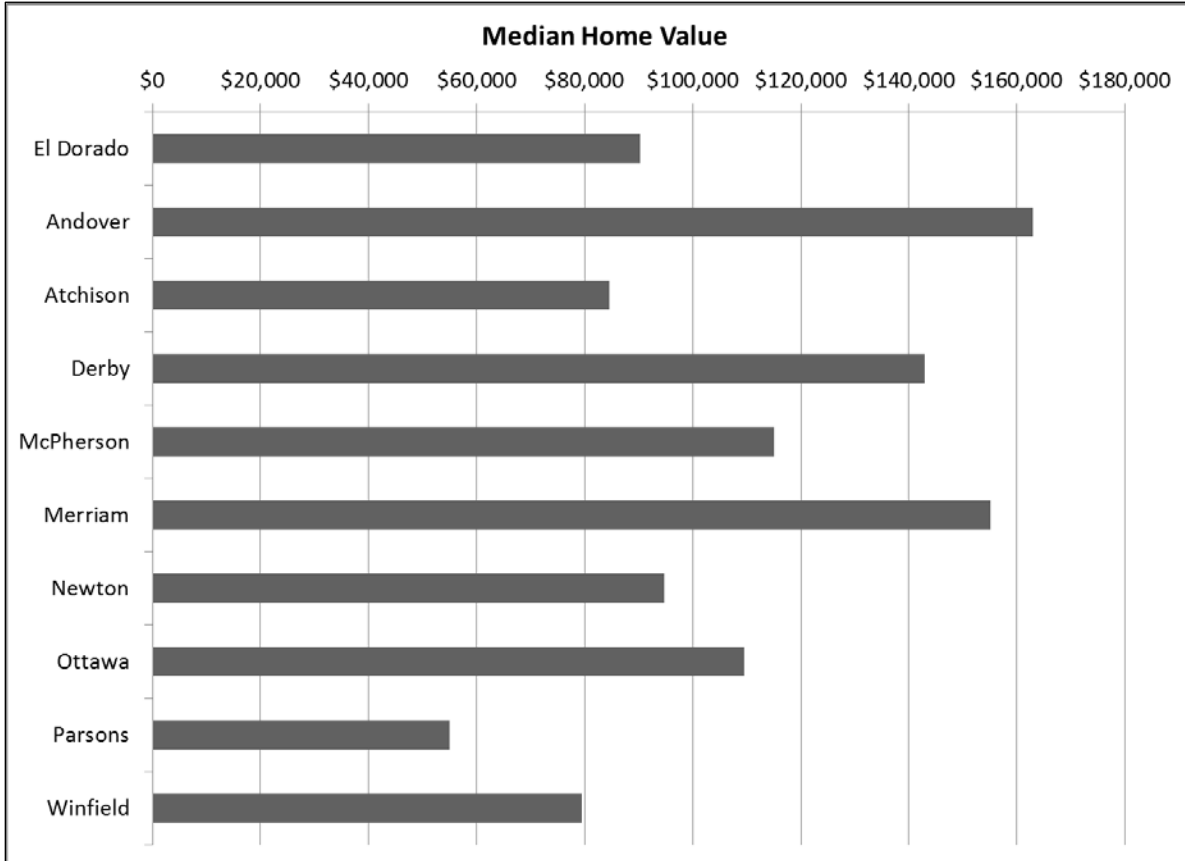


El Dorado’s percentage of people aged 25 years and older, who had at least a high school education, was comparable to the peer communities. However, at 21.9 percent, the percentage of population aged 25 years and older with a bachelor’s degree or higher, was below the peer group average of 25 percent.

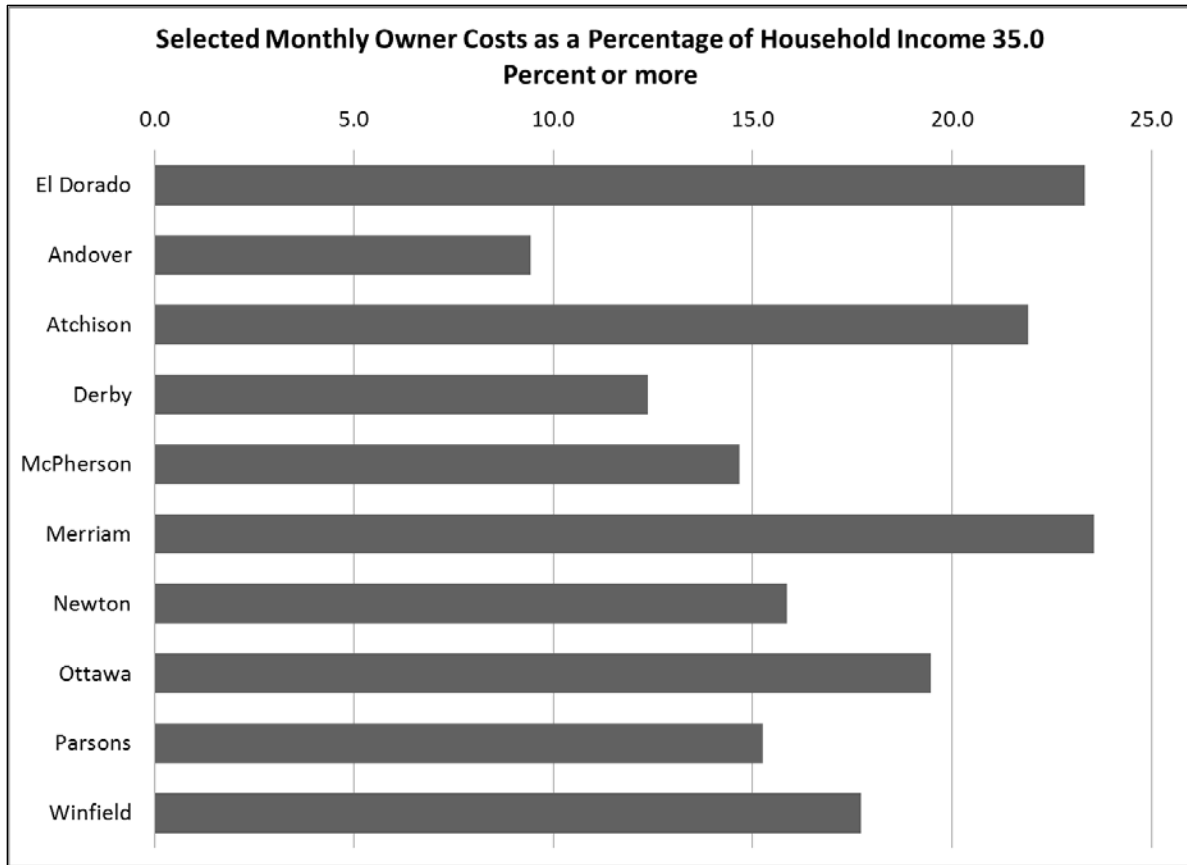


Housing

The median housing value in El Dorado was \$90,300, \$18,660 below the average of the peer communities. El Dorado's ratio of home owners to renters was less than the peer average. However, the number of homeowners without a mortgage was comparable to the peer communities.



El Dorado had the second highest monthly owner costs as a percentage of income, at 23.3 percent of housing units with a mortgage at or above 35 percent of income.

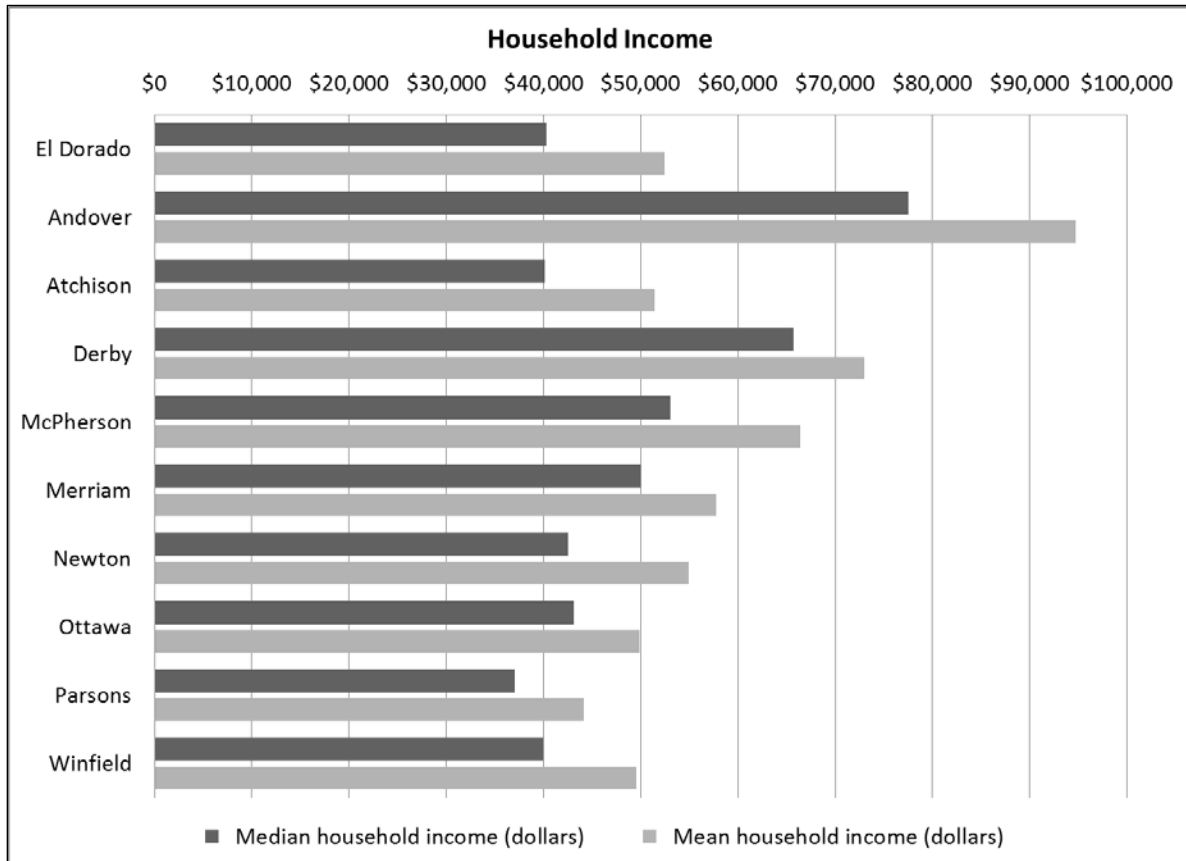


The length of occupancy of El Dorado homeowners was comparable to the peer communities. El Dorado had the highest percentage of residents who moved into their current home prior to 1969 with respect to the age of the population in El Dorado.

The age of the housing stock in El Dorado was similar to many of the cities in the peer group. At 1.1 percent of the homes being built in 2005 or after, El Dorado had the fewest new homes. However, at 27.6 percent, it had more homes built before 1939 than the peer average. The housing stock in Winfield, Parsons, Ottawa, Atchison and Newton were a similar age. McPherson, Merriam, Derby and Andover had a much newer housing stock, relative to El Dorado.

Economic

El Dorado had a below average percentage of the population in the labor force, likely attributable to the age of the population. The median household income in El Dorado, of \$40,334, was below the peer group median of \$42,844. The average income in El Dorado is \$52,492, also below the peer communities' average of \$59,451.



The occupational mix of El Dorado's employed population 16 years and older was more evenly distributed than the peer communities. El Dorado had a below average percentage employed in the management, business, science, arts, production, transportation and material moving occupations. There was an above average level of employment in services, sales, office, natural resources, construction and maintenance occupations.

The industrial mix of the employed population 16 years and older in the city of El Dorado was concentrated in educational services, health care and social assistance, manufacturing and retail trade. This industrial mix was very similar to the peer communities. At 3.2 percent El Dorado had the highest percentage of employment in agriculture, forestry, fishing, hunting and mining. There was an above average level of employment in education and health care in El Dorado, which was the largest segment of the local industry mix. There was a below average level of employment in manufacturing, finance, insurance, and real estate, as well as arts, entertainment and recreation.

For additional information, please refer to the excel document ACS-5YR-CommunityComparison.

Costs/Benefits of Commuter Workforce

To establish an estimate of the financial impact of commuters to the El Dorado community, CEDBR first established the number of commuters and the wages associated with them. An estimate of the expenditures of residents by income group was also developed, as well as estimated tax collections by household income. This information was then used to estimate the financial impact of commuters to El Dorado.

The costs and benefits of a commuter workforce are not unique to El Dorado. In many areas a significant portion of the workforce commutes. There are numerous impacts of a mobile work force, in addition to the financial impact to the community.

Growth in commuting is a result of growth in the labor force, which has been fueled by population growth and women's increasing labor force participation rate. Also contributing to this growth is the exodus of people to the suburbs. Although growth in commuting has slowed, it remains an every-day affair for workers in both metro and nonmetro locations.¹

Reasons commute to work²:

- Higher wages and/or lower cost of living in the residence community
- Job availability
- Career advancement
- Better benefits (offered, usually, by larger firms)
- Life experiences (amenities)

The costs associated with workers who commute into a community are:

- Lack of community involvement
- Lack of positive community impression
- Decreased tax revenue – both property and retail sales revenues

The benefits associated with community residents who commute to another community for better jobs are:

- Increased spending where the worker lives
- Increased tax revenue – both property and retail sales revenues – to the resident community
- Good will ambassadors

¹Aldrich, Lorna, Calvin Beale, and Kathleen Kassel. Commuting and the Economic Functions of Small Towns and Places. *Rural Development Perspectives*, vol. 12, no. 3 pgs. 26-31.

<http://www.ers.usda.gov/Publications/RDP/RDP697/RDP697e.pdf>

² Kitsap Regional Coordinating Council. 2006. *Workers Away*. Kitsap County, WA.

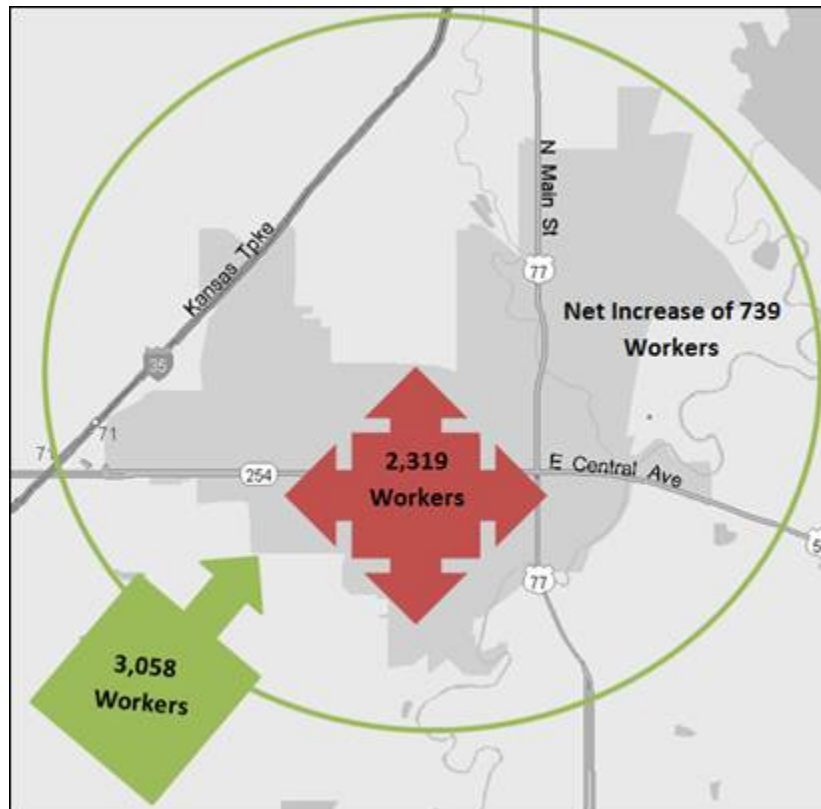
<http://kitsapeda.org/pdfs/Workers%20Away%20Report.pdf>

Daytime Worker Population

To develop an estimate of the flow of wages into and out of the El Dorado community, an estimate of the daytime population of the city was first determined. This estimate was based on the total resident population and then adjusted for workers commuting into the community and workers commuting out of the community. El Dorado was estimated to have a net inflow of approximately 739 workers.

Daytime Population		
Total resident population		13,004
Total workers working in area	6,517	
Workers who lived and worked in same area	3,459	
Workers commuting in:		3,058
Total workers living in area	5,778	
Workers who lived and worked in same area	3,459	
Workers commuting out:		2,319
Total Daytime Population		13,743
Estimated Inflow of Workers		739

Source: U.S. Census Bureau, American Community Survey, 5-year estimates 2006-2010



Wage Outflow

The flow of workers into the El Dorado community is not evenly distributed between occupations and industries. As indicated by the survey, higher paid employees generally commute into the city. This is further supported by the following quote from *Rural Development Perspectives*.

“Commuting can include exchanges of residential and working populations. ... The residents, mostly middle- and low-income, commute out to industrial and service employment. Business owners and professionals commute into the town from their residences outside of town. To the extent that certain types of employment, such as high-skilled professional employment, are concentrated in places with fewer attractive residential options, those workers are more likely to commute to their jobs and choose from a wide range of residential options outside their place of work.”³

To establish the flow of earnings from workers commuting into El Dorado, earnings were estimated for wages paid by businesses in El Dorado and the wages paid to workers that work and live in El Dorado. The difference between these two sets of earnings represents the outflow of El Dorado wages.

An estimate of the wages paid by the businesses of El Dorado was developed based on the industry mix from the U.S. Census Bureau’s 2009 County Business Patterns for zip code 67042. The zip code represents a larger geographic area than the city of El Dorado. However, for the purpose of this estimate it was assumed that the proportion of each industry would be comparable to the industry mix within the El Dorado city limits. The number of daytime workers in El Dorado was applied to the 67042 industry mix to estimate the number of daytime workers in each industry in El Dorado.

The wages paid by the businesses of El Dorado were represented by the annual average pay for each industry for Butler County by the Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2010. These estimates were developed based on the wages paid to workers by the location of the business, not the residence of the worker.

The U.S. Census Bureau, American Community Survey, 5-year estimates for 2006-2010 indicate there were 6,517 workers employed by El Dorado businesses, in 2010. Using industry mix from the U.S. Census Bureau’s 2009 County Business Patterns and earnings data from the Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2010, the center estimated total wages paid by El Dorado businesses to be \$208.8 million.

The U.S. Census Bureau, American Community Survey, 5-year estimates for 2006-2010 indicate there were 3,459 workers who worked and lived in El Dorado, in 2010. Using industry mix from the U.S. Census Bureau’s 2009 County Business Patterns, workers were distributed among the industries. Earnings data from the Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2010,

³ Aldrich, Lorna, Calvin Beale, and Kathleen Kassel. Commuting and the Economic Functions of Small Towns and Places. *Rural Development Perspectives*, vol. 12, no. 3, pg.28.
<http://www.ers.usda.gov/Publications/RDP/RDP697/RDP697e.pdf>

were used to estimate the wages paid by each industry to workers that both lived and worked in El Dorado. The center estimated those wages totaled \$110.8 million.

Industry	Estimate of Wages Paid by Businesses in El Dorado			Estimate of Wages Paid by Business to El Dorado Residents		Leakage	
	Workers	Earnings	Total Wages	Workers	Total Wages	Workers	Total Wages
Natural Resources and Mining	44	\$39,355	\$1,737,429	23	\$922,168	21	\$815,261
Construction	418	\$55,255	\$23,086,948	222	\$12,253,760	196	\$10,833,188
Manufacturing	757	\$59,214	\$44,814,103	402	\$23,785,788	355	\$21,028,315
Wholesale trade	175	\$39,482	\$6,909,891	93	\$3,667,533	82	\$3,242,358
Retail trade	1,097	\$22,814	\$25,035,700	582	\$13,288,091	515	\$11,747,610
Transportation and warehousing	230	\$52,038	\$11,979,054	122	\$6,358,071	108	\$5,620,983
Utilities	63	\$66,558	\$4,197,680	33	\$2,227,984	30	\$1,969,695
Information	60	\$37,635	\$2,254,886	32	\$1,196,816	28	\$1,058,070
Financial Activities	235	\$37,221	\$8,744,266	125	\$4,641,157	110	\$4,103,110
Professional and Business Services	266	\$38,598	\$10,284,912	141	\$5,458,878	125	\$4,826,034
Education and Health Services	1,902	\$26,642	\$50,659,768	1,009	\$26,888,467	892	\$23,771,301
Leisure and Hospitality	967	\$11,984	\$11,582,741	513	\$6,147,721	454	\$5,435,019
Other Services	303	\$24,716	\$7,482,186	161	\$3,971,287	142	\$3,510,898
Total	6,517		\$208,769,564	3,459	\$110,807,721	3,058	\$97,961,842

In general there are more workers commuting into the community than commuting out. The daytime population expands by approximately 739 people. The total wages leaked outside of El Dorado were estimated to be \$98 million in 2010. Education and health services provided the most leaked wages, followed closely by the manufacturing industry.

Expenditure Matrix

Having established an estimate of the flow of workers and earnings, CEDBR then developed an estimate of the spending patterns of workers by income level. This expenditure information was then used in the development of the potential tax revenues and costs associated with each worker.

The Consumer Expenditure Survey is collected for the U.S. Bureau of Labor Statistics by the U.S. Census Bureau. The program provides detailed consumer expenditure information by household income. The center used average annual expenditures by income and applied it to the total number of consumer units or households in El Dorado. The number of households in El Dorado was based on 2006-2010 American Community Survey 5-year Estimates.

In the table below, one can see that households making less than \$10,000 makeup 6.8 percent of all households, while contributing 2.8 percent of total expenditures. Conversely, households making \$150,000 or more comprise 3.3 percent of all households, while contributing 9.4 percent of total expenditures. In general, households with larger incomes tend to contribute more to total expenditures.

Item	Less than \$10,000	\$10,000 to \$14,999	\$15,000 to 19,999	\$20,000 to \$29,999	\$30,000 to \$39,999	\$40,000 to \$49,999	\$50,000 to \$69,999	\$70,000 to \$79,999	\$80,000 to \$99,999	\$100,000 to \$119,999	\$120,000 to \$149,000	\$150,000 and more	Total
Number of El Dorado Households	359	408	431	636	790	693	679	316	394	243	169	176	5,294
<i>as a % of total</i>	6.8%	7.7%	8.1%	12.0%	14.9%	13.1%	12.8%	6.0%	7.4%	4.6%	3.2%	3.3%	100.0%
Average annual expenditures	\$18,297	\$19,909	\$24,935	\$29,158	\$35,556	\$40,616	\$47,966	\$57,024	\$62,966	\$74,797	\$89,614	\$123,064	\$48,109
Food	\$1,103,207	\$1,278,264	\$1,590,821	\$2,549,088	\$3,857,570	\$3,821,895	\$4,280,416	\$2,208,156	\$3,077,558	\$2,279,270	\$1,766,154	\$2,343,792	\$30,156,192
Alcoholic beverages	\$47,388	\$52,224	\$68,529	\$110,664	\$240,160	\$228,690	\$308,945	\$140,482	\$208,608	\$156,864	\$134,871	\$226,688	\$1,924,113
Housing	\$2,740,606	\$3,405,576	\$4,330,257	\$7,027,164	\$10,115,160	\$9,945,243	\$11,352,880	\$5,881,560	\$8,250,643	\$5,672,883	\$4,679,642	\$7,002,512	\$80,404,126
Apparel and services	\$348,948	\$247,248	\$390,917	\$724,404	\$989,870	\$957,033	\$1,055,166	\$580,910	\$752,957	\$593,165	\$731,579	\$794,464	\$8,166,661
Transportation	\$830,726	\$1,063,248	\$1,649,437	\$3,104,952	\$4,920,910	\$4,919,607	\$5,283,978	\$3,387,378	\$4,090,291	\$3,053,862	\$2,526,430	\$2,782,208	\$37,613,028
Healthcare	\$342,845	\$682,584	\$881,395	\$1,691,124	\$2,313,120	\$2,036,034	\$2,311,995	\$1,197,574	\$1,575,581	\$1,106,560	\$758,081	\$984,544	\$15,881,437
Entertainment	\$306,586	\$400,248	\$514,183	\$878,952	\$1,345,370	\$1,328,481	\$1,675,772	\$942,239	\$1,227,245	\$1,052,326	\$859,698	\$1,237,632	\$11,768,733
Personal care products and services	\$97,289	\$101,184	\$144,816	\$248,676	\$327,850	\$335,412	\$383,635	\$196,801	\$307,008	\$232,499	\$192,263	\$245,520	\$2,812,953
Reading	\$10,770	\$17,136	\$22,843	\$41,976	\$61,620	\$54,054	\$63,826	\$33,855	\$47,626	\$37,210	\$30,215	\$49,280	\$470,410
Education	\$313,407	\$193,392	\$164,642	\$251,220	\$354,710	\$331,254	\$435,918	\$234,136	\$407,770	\$352,640	\$445,294	\$963,248	\$4,447,631
Tobacco products and smoking supplies	\$119,906	\$128,112	\$148,264	\$238,500	\$317,580	\$299,376	\$279,748	\$128,458	\$155,472	\$71,501	\$42,369	\$41,536	\$1,970,822
Miscellaneous	\$79,339	\$174,624	\$163,780	\$272,208	\$450,300	\$595,980	\$721,098	\$338,232	\$429,024	\$224,230	\$189,394	\$418,176	\$4,056,385
Cash contributions	\$126,368	\$208,896	\$341,352	\$540,600	\$949,580	\$983,367	\$1,091,153	\$602,742	\$873,792	\$584,653	\$443,775	\$903,232	\$7,649,510
Personal insurance and pensions	\$100,879	\$170,136	\$336,180	\$865,596	\$1,845,440	\$2,311,155	\$3,324,384	\$2,170,188	\$3,379,450	\$2,772,966	\$2,327,077	\$3,666,432	\$23,269,882
Total	\$6,568,264	\$8,122,872	\$10,747,416	\$18,545,124	\$28,089,240	\$28,147,581	\$32,568,914	\$18,042,710	\$24,783,024	\$18,190,630	\$15,126,843	\$21,659,264	\$230,591,883
<i>as a % of total</i>	2.8%	3.5%	4.7%	8.0%	12.2%	12.2%	14.1%	7.8%	10.7%	7.9%	6.6%	9.4%	100.0%

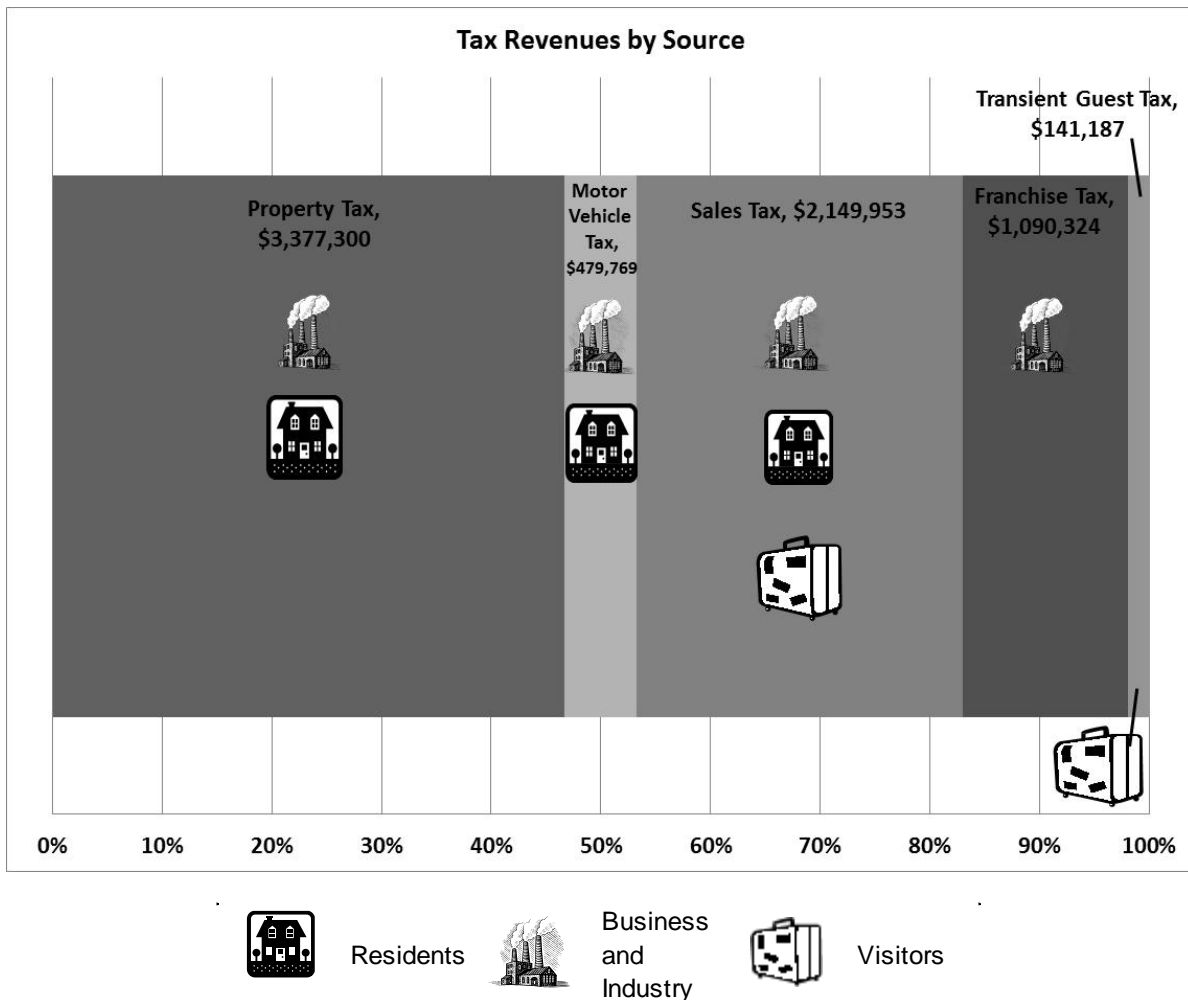
For additional detail, please refer to excel document ConsumerExpenditureElDorado-2010Update-Final.

Tax Revenue Overview⁴

Property tax collections, in the city of El Dorado, are the predominant form of tax revenues. In 2010, 57 percent of all tax revenues came from property tax collections. The second largest revenue came from sales tax collections, contributing 36.3 percent. Sales tax collections have declined since 2007, likely due to recessionary pressures, including business closures. Franchise tax collections contributed 18.4 percent to total tax collections, followed by motor vehicle collections at 8.1 percent and transient guest tax collections of 2.4 percent.

Resident workers of a community generate taxes by spending money in the local economy. Residents buy homes and own vehicles, generating property tax collections, and purchase goods and services generating sales tax collections.

Commuter workers spend only a fraction of what a resident worker spends in the local economy. A commuter worker may buy gas, lunch or run buy a retail location on their way out of town, but the majority of their income is spent in their local resident community.



⁴ City of El Dorado 2010 Comprehensive Annual Financial Report

Impact Summaries

Tax Collections by Annual Household Income

The center estimated property, sales and motor vehicle tax generations by household income, based on El Dorado tax rates, using the Bureau of Labor Statistics Consumer Expenditure Survey. This provides an estimate of approximately how much a household in each income category would generate in tax revenue for the city of El Dorado.

For example, the average household income in El Dorado in 2010 was \$52,492. A household/consumer unit with average income would generate approximately \$823 in tax revenues for the city of El Dorado. Total tax revenues generated, excluding income tax, to city, county, school district and state municipalities, were estimated to be \$3,547.

Item	Less than \$10,000	\$10,000 to \$14,999	\$15,000 to 19,999	\$20,000 to \$29,999	\$30,000 to \$39,999	\$40,000 to \$49,999	\$50,000 to \$69,999	\$70,000 to \$79,999	\$80,000 to \$99,999	\$100,000 to \$119,999	\$120,000 to \$149,000	\$150,000 and more	Average Consumer Unit
Property Value	\$19,830	\$32,460	\$43,980	\$47,970	\$66,330	\$70,080	\$87,810	\$97,350	\$116,490	\$75,000	\$204,510	\$348,600	\$87,780
<i>El Dorado Tax Revenues</i>	\$112	\$183	\$248	\$270	\$374	\$395	\$495	\$548	\$656	\$423	\$1,152	\$1,964	\$495
Sales Taxable Purchases	\$8,919	\$9,145	\$11,720	\$13,729	\$16,941	\$19,389	\$22,171	\$27,227	\$28,064	\$33,718	\$41,260	\$49,872	\$21,801
<i>El Dorado Tax Revenues</i>	\$93	\$96	\$123	\$144	\$177	\$203	\$232	\$285	\$294	\$353	\$432	\$522	\$228
Motor Vehicle Value	\$4,360	\$5,175	\$8,260	\$10,737	\$14,088	\$16,098	\$17,000	\$26,016	\$23,988	\$28,693	\$36,970	\$36,210	\$16,086
<i>El Dorado Tax Revenues</i>	\$25	\$29	\$47	\$60	\$79	\$91	\$96	\$147	\$135	\$162	\$208	\$204	\$91
El Dorado Tax Revenues per Household	\$230	\$308	\$417	\$475	\$631	\$689	\$823	\$980	\$1,085	\$937	\$1,793	\$2,690	\$814
Tax Revenues: City, County, School District, State*	\$1,105	\$1,363	\$1,818	\$2,085	\$2,716	\$3,004	\$3,547	\$4,260	\$4,629	\$4,396	\$7,432	\$10,648	\$3,502

*Includes property, sales and motor vehicle taxes paid. Excludes income taxes paid.

The center's goal was to compare total revenues generated by household income to total benefits and services received by households. Benefits and services are expenditures to the city of El Dorado. Using El Dorado's 2011 Annual Budget and Capital Improvement Plan in conjunction with the tax revenue estimates for households, the center was able to estimate the expenditures per dollar of tax revenues by household income. In addition, the center referred to *How the Wealth is Spread: The Distribution of Government Benefits, Services and Taxes by Income Quintile in the United States*⁵. The document provided the distribution of benefits and services received by income quintile.

Property, sales and motor vehicle tax revenue estimates from households accounted for nearly \$4 million of the \$8.1 million in El Dorado's 2010 general fund, or 49 percent of the general fund. Assuming that households received approximately 49 percent of benefits from the \$7.6 million in general fund expenditures in 2010, benefits and services provided by El Dorado to households would total \$3.7 million. The \$3.7 million was then distributed by income quintile and finally distributed to individual income category.

⁵Rector, R., & Kim, C. (2008). *How the Wealth is Spread: The Distribution of Government Benefits, Services and Taxes by Income Quintile in the United States*. <http://www.heritage.org/research/reports/2008/11/how-wealth-is-spread-distribution-of-government-benefits-services-taxes-by-income-quintile-in-us>

It was estimated that households with income below \$10,000 contribute approximately \$230 in tax revenues, but use \$888 in services from the city of El Dorado. In other words, for every \$1 paid in taxes, these households gain \$3.86 in services. Conversely, households with income above \$150,000 pay \$2,690 in taxes and receive \$622 in services from El Dorado. In other words, for every \$1 paid in taxes, these high income households gain only \$0.23 in services.

Item	Less than \$10,000	\$10,000 to \$14,999	\$15,000 to 19,999	\$20,000 to \$29,999	\$30,000 to \$39,999	\$40,000 to \$49,999	\$50,000 to \$69,999	\$70,000 to \$79,999	\$80,000 to \$99,999	\$100,000 to \$119,999	\$120,000 to \$149,000	\$150,000 and more	Total
El Dorado Tax Revenues per Household*	\$230	\$308	\$417	\$475	\$631	\$689	\$823	\$980	\$1,085	\$937	\$1,793	\$2,690	
Number of El Dorado Households	359	408	431	636	790	693	679	316	394	243	169	176	5,294
Total Tax Revenues from Households	\$82,465	\$125,592	\$179,761	\$301,818	\$498,109	\$477,210	\$558,629	\$310,144	\$427,215	\$227,973	\$302,602	\$473,506	\$3,965,024
Total El Dorado Expenditures for Households	\$318,613	\$362,100	\$374,791	\$528,842	\$533,031	\$420,563	\$385,607	\$187,173	\$244,697	\$151,195	\$104,941	\$109,418	\$3,720,972
El Dorado Tax Expenditures	\$888	\$888	\$870	\$832	\$675	\$607	\$568	\$592	\$622	\$622	\$622	\$622	
Expenditures Per Dollar of Revenue	\$3.86	\$2.88	\$2.08	\$1.75	\$1.07	\$0.88	\$0.69	\$0.60	\$0.57	\$0.66	\$0.35	\$0.23	

Survey Respondents

The center, using survey responses and tax collections by income, estimated the total fiscal impact created by enticing non-resident workers from the survey to become resident workers in El Dorado. The respondents with the three highest household incomes would generate an estimated \$8,071 in tax revenues if they moved to the city of El Dorado. The respondents with the ten highest household incomes would generate an estimated \$18,909 in new tax revenues if they moved to El Dorado. If all 22 non-resident workers responding to the survey moved to El Dorado, there would be an estimated \$30,206 in new tax revenues.

Property, Sales and Motor Vehicle Tax Revenues - El Dorado						
	Property	Sales	Motor Vehicle	Total Revenues	Cost of Providing Services	Balance
Survey Respondents						
Three Highest Household Incomes	\$5,892	\$1,567	\$612	\$8,071	\$1,865	\$6,206
Ten Highest Household Incomes	\$12,498	\$4,435	\$1,977	\$18,909	\$6,217	\$12,692
All 22 Non-Resident Workers responding to survey	\$18,729	\$7,926	\$3,551	\$30,206	\$13,779	\$16,426