Key Trends in Growth and Change in Montana

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- In-migration and Population Growth (Influx of new residents)
- Population Aging (Relatively "Old" population that will continue to age)
- Population Projections
- Economic Restructuring (Much different economy than in the past)
- Labor Market Trends
- Emerging Challenges and Opportunities

Montana Legislature's Revenue Committee

Helena, MT

December, 2007

Keys Propositions in Montana's Economic Future

Cities as Economic "Engines" **Cities in Montana have become the settings if not the engines of economic growth, diversification, and advancement, as is the case in the larger region. They are growing centers of education, health care, entertainment, culture, business and finance. The greatest growth and prosperity will center and expand in cities of quality. Tend to and plan well for this growth.**

Fast-growing Larger Region **The larger Rocky Mountain West region – Western Montana, Idaho, Utah, Wyoming, Colorado – is one of the fastest growing regions in North America. Quality cities in this region with quality businesses and quality workers will likewise grow and prosper.**

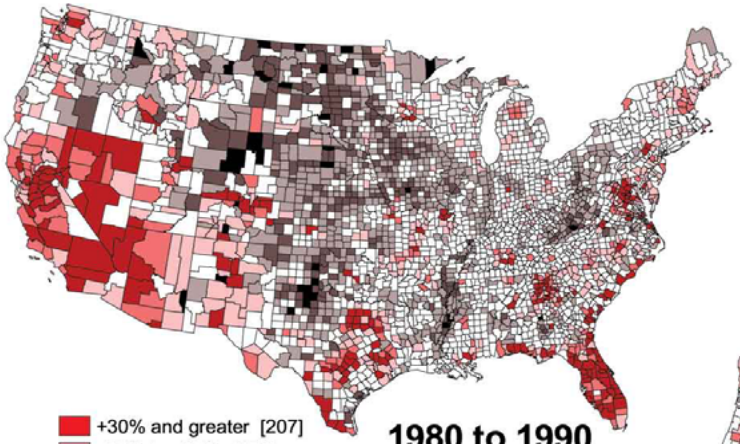
Nearby Highly-valued Amenities **Open lands, mountains, free-flowing streams, and similar amenities help support a high quality of life for area residents and have become "magnets" to new migrants in the region. These amenities are all defining features of landscapes nearby Billings. They have become key economic assets.**

Human-Resource Based Economy **While natural resource based segments of the region's economy remain important, growth is increasingly focused in areas such as health care, financial services, business and professional services, construction and real estate. The economy is more and more "human-resource based". Well-designed, well-funded, adaptive systems for education and work force development in the city and region are essential for continuing economic advancement.**

Changing Area Age Demographics **It's is vitally important to anticipate how area age demographics will continue to shift. Make critical adjustments in thinking about how these will affect housing, education, transportation, health care, labor force, and other needs and opportunities. One of the single biggest mistakes a community and region can make is to "stubble forward" largely unaware of how area demographics are changing.**

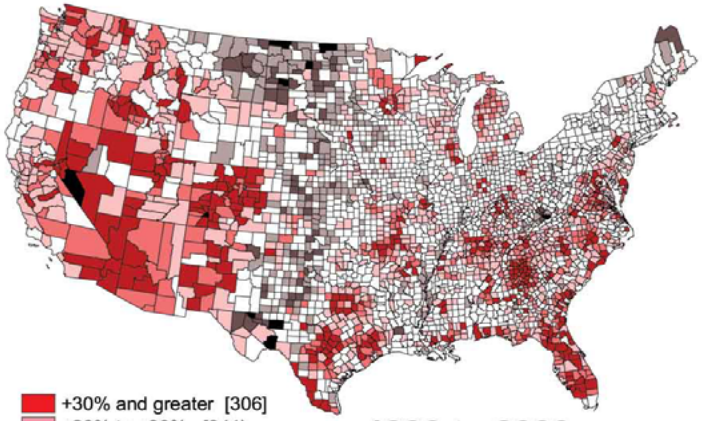
Areas of Rapid Growth or Decline

Regional patterns of population growth tend to shift from place to place from one time period to the next. The upper left map shows areas of fast growth (dark red) and moderately fast growth (medium red) during the decade of the '80s. Declining areas are shown in black and gray. Areas with little change in population are shown in white. The lower left map shows population growth and decline in the '90s and the map bellows shows growth and decline for the more recent 2000 to 2005 time period. Growth shifted into the Interior West in the '90s, but this has slowed in some areas more recently.



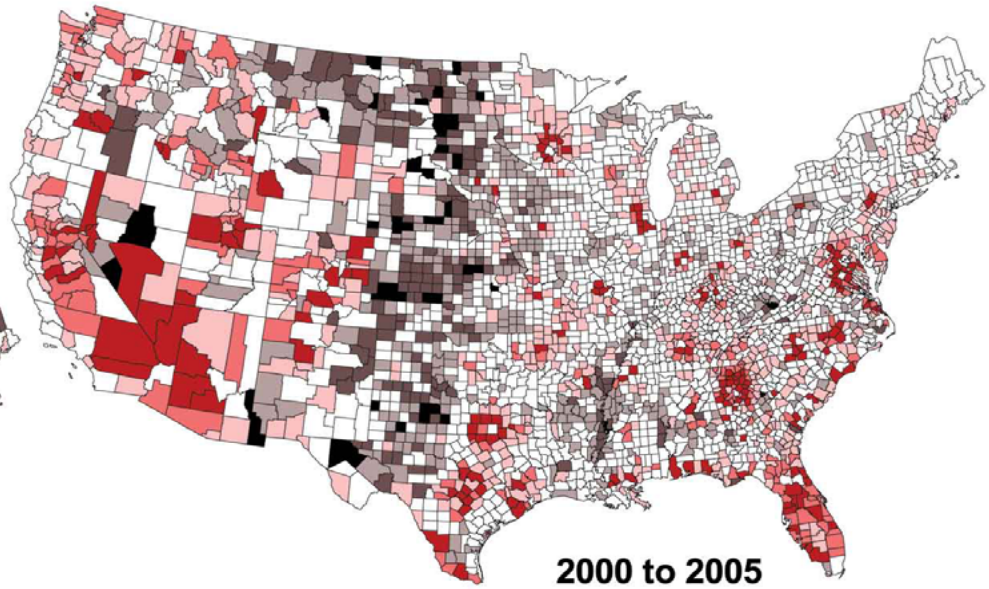
+30% and greater [207]
+20% to +30% [170]
+10% to +20% [299]
-4% to -12% [707]
-12% to -20% [244]
-20% and greater [36]

1980 to 1990



+30% and greater [306]
+20% to +30% [341]
+10% to +20% [728]
-4% to -12% [256]
-12% to -20% [62]
-20% and greater loss [14]

1990 to 2000



+15% and greater [182]
+10% to +15% [200]
+5% to +10% [523]
-2% to -6% [454]
-6% to -10% [159]
-10% and greater [47]

2000 to 2005

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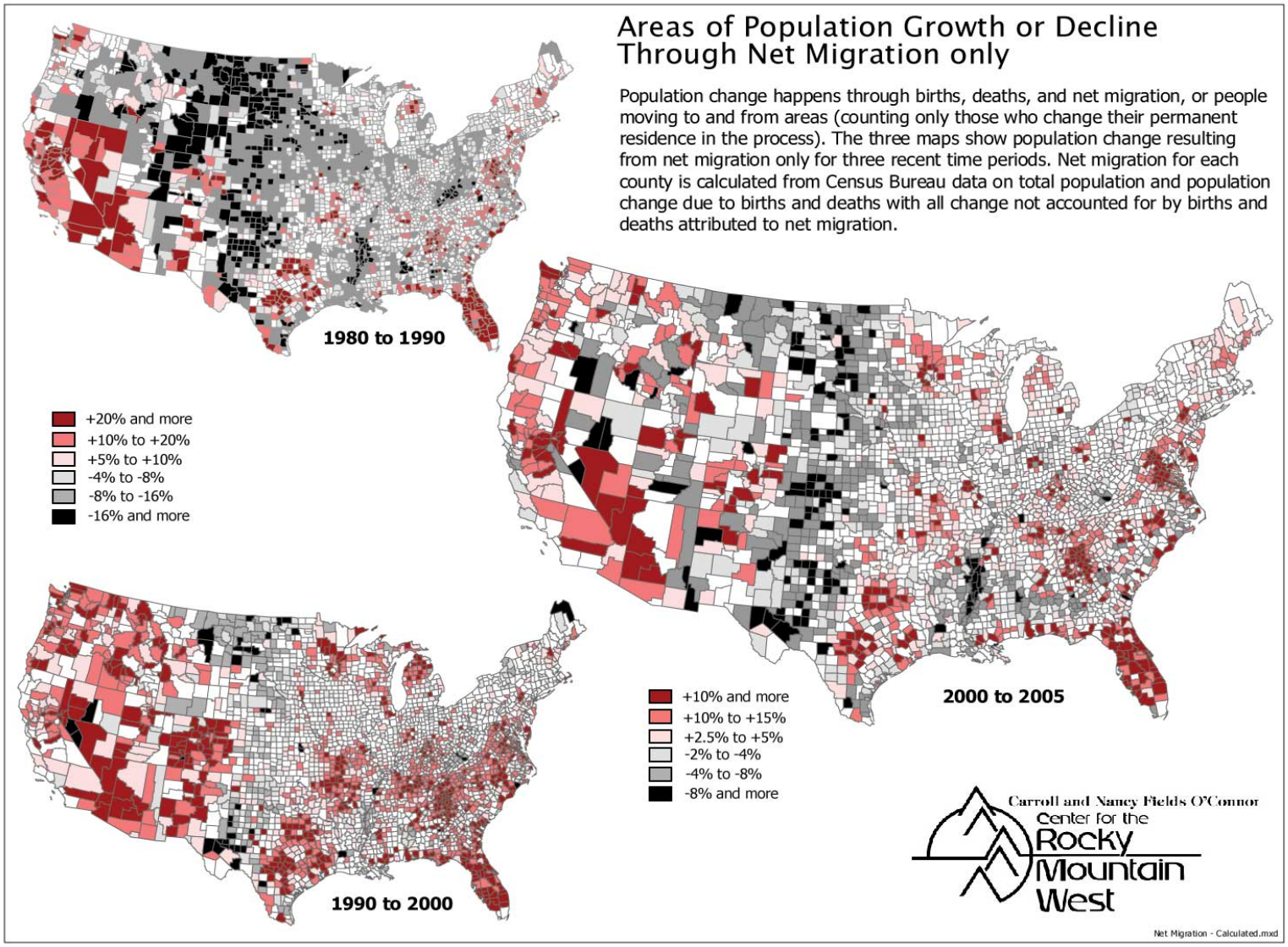
Regional Economies Assessment Database (READ)
The University of Montana, 2006

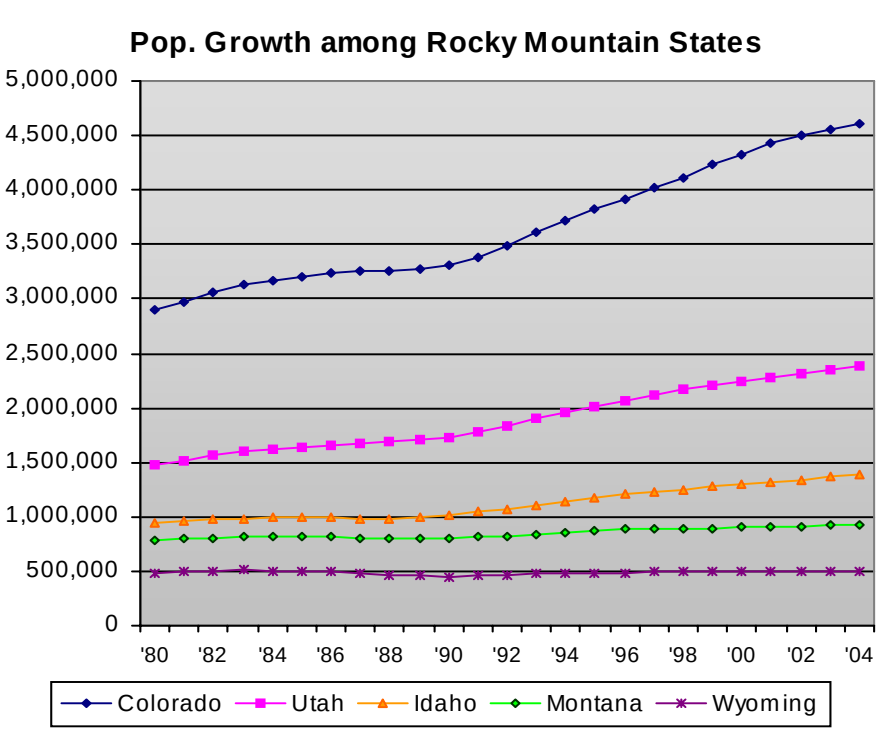
Source: Bureau of Census U.S. Dept. of Commerce.

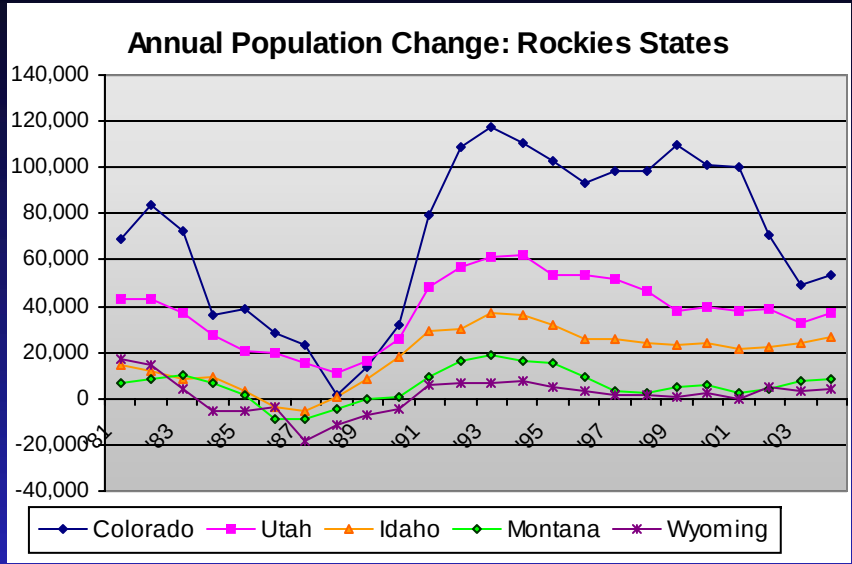
N3c

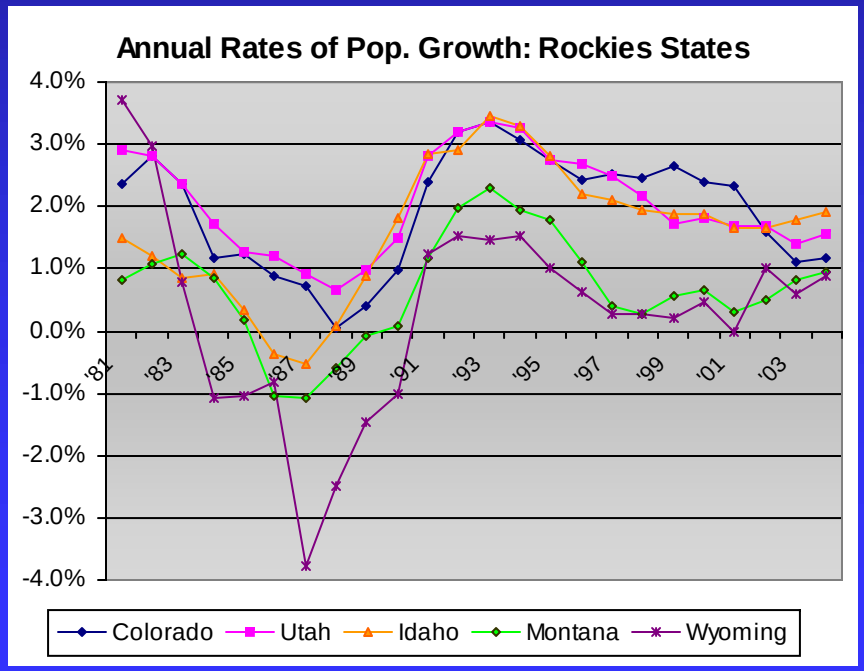

Areas of Population Growth or Decline Through Net Migration only
Population change happens through births, deaths, and net migration, or people moving to and from areas (counting only those who change their permanent residence in the process). The three maps show population change resulting from net migration only for three recent time periods. Net migration for each county is calculated from Census Bureau data on total population and population change due to births and deaths with all change not accounted for by births and deaths attributed to net migration.
1980 to 1990
+20% and more
+10% to +20%
+5% to +10%
-4% to -8%
-8% to -16%
-16% and more
2000 to 2005
+10% and more
+10% to +15%
+2.5% to +5%
-2% to -4%
-4% to -8%
-8% and more
1990 to 2000
Carroll and Nancy Fields O'Connor Center for the Rocky Mountain West
Net Migration - Calculated.mxd

Population Growth among Rocky Mountain States

The chart below shows population levels over time of states in the region since 1980. Colorado has the largest population by far, followed by Utah, then Idaho. Montana and Wyoming have the smallest populations. The population of the five-state region grew from 6.6 million in 1980 to 7.3 million in 1990 and 9.3 million in 2000. The most recent estimates (2004) show continued growth to over 9.8 million. Annual growth is shown in the two charts at the right.



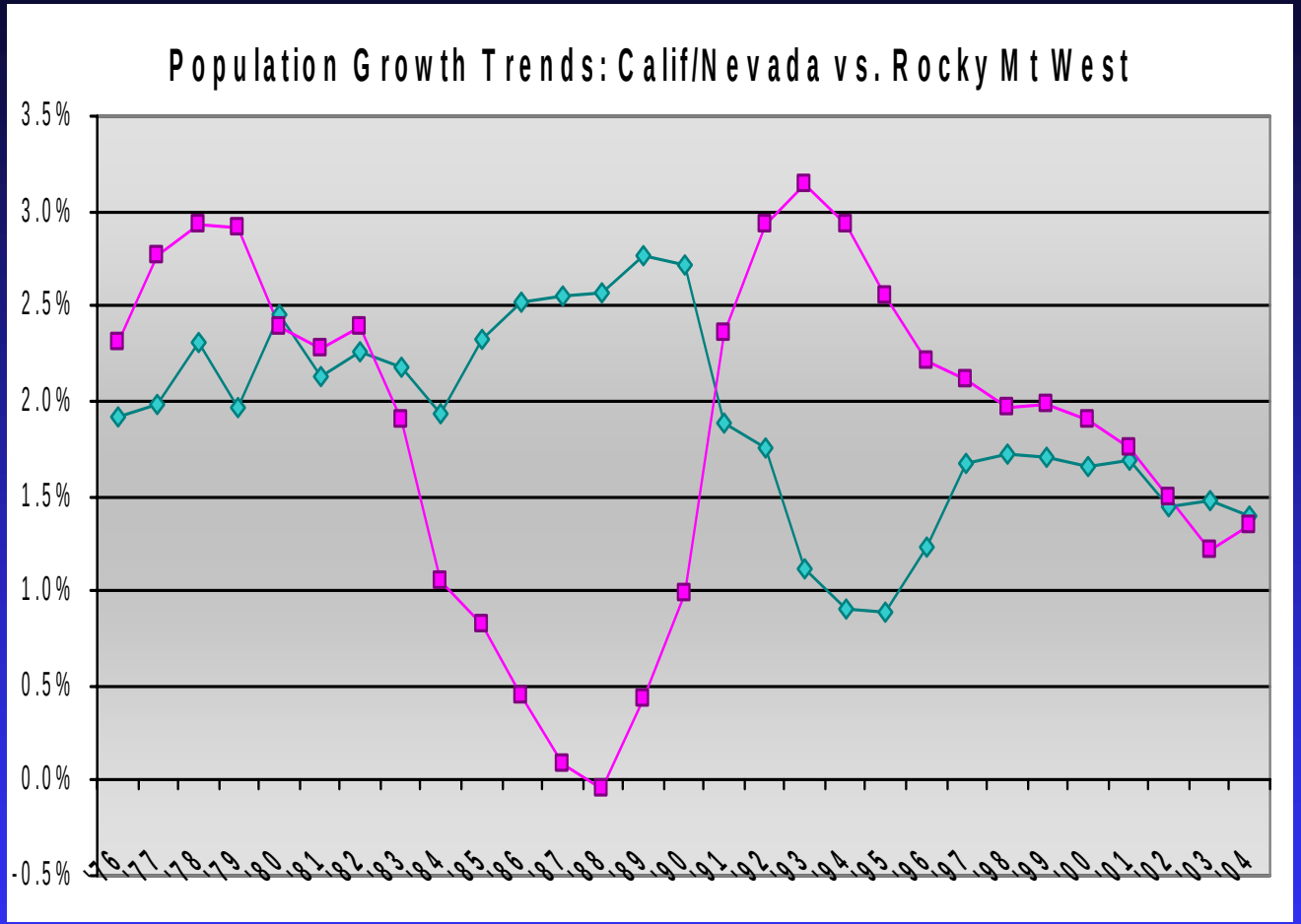




Comparisons of Annual Rates of Population Growth

Fluctuations in regional population trends can be viewed by examining annual population change in percentage terms over time.

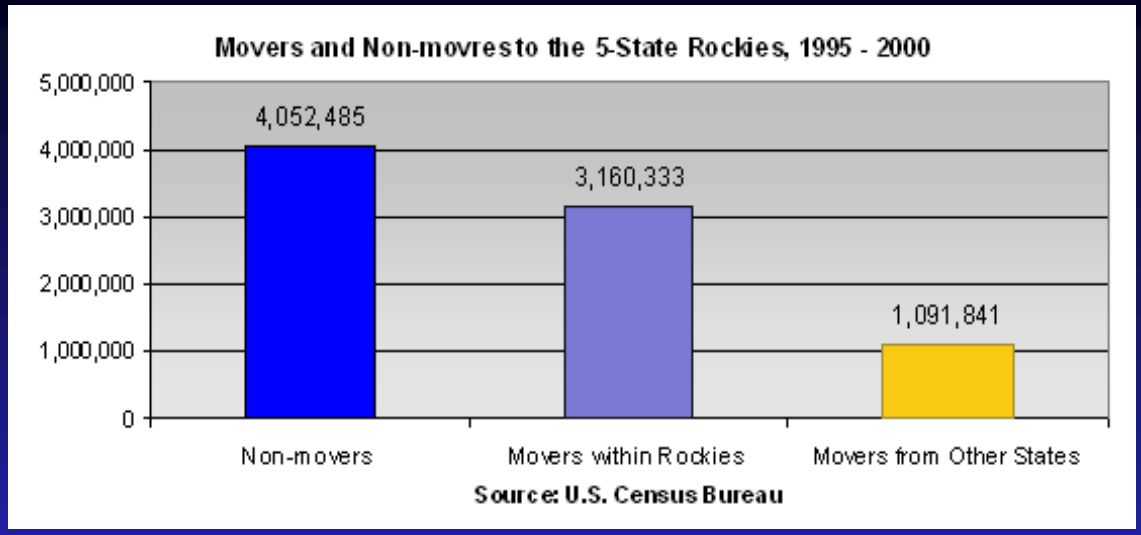
California/Nevada had steady 2 to 2.7 percent population growth from the mid-'70s until 1990. The region's growth rate plunged in 1989 and continued falling until the mid-'90s. This plunge in annual growth in California may have acted to accelerate and sustain growth in other regions, including the Rocky Mountain West.

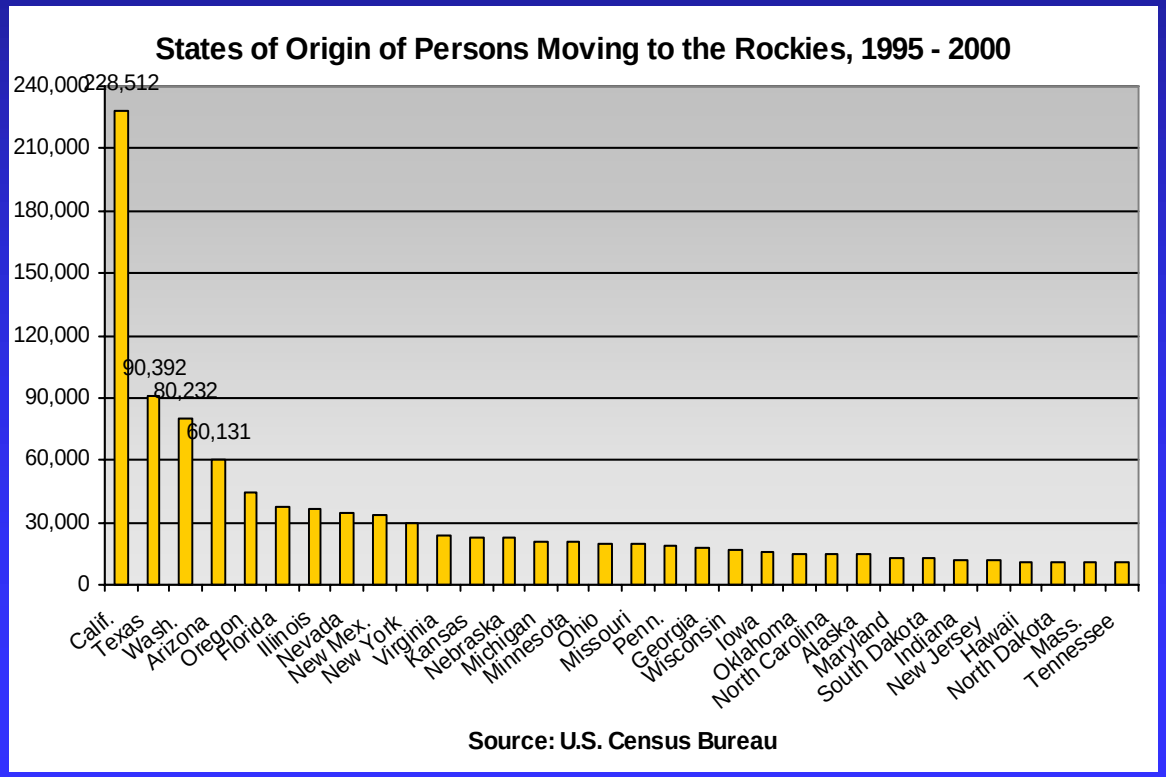


Migration Patterns in the Rocky Mountain West

The sea change in migration patterns so heavily impacting the 5-state Rockies began in the early '90s and continued. In the 2000 Census, estimates were made of residence changes (moving) by states of origin during the five-year period from 1995 to 2000. During this five-year period, of the 8.3 million residents of the region in 2000, about 4.25 million (51%) had been in the same residence in 1995 as they were in 2000 ("non-movers"). For the others who had moved, nearly 3.2 million (38%) had moved within the 5-state region. The other 1.1 million (13%) moved to the region from other states.

The states of origin of these new residents of the Rockies are shown in the lower chart. Many came from California – about 21% of the total. The next two most frequent origin states are Texas (8.3%) and Washington (7.3%), followed by Arizona (5.5%).



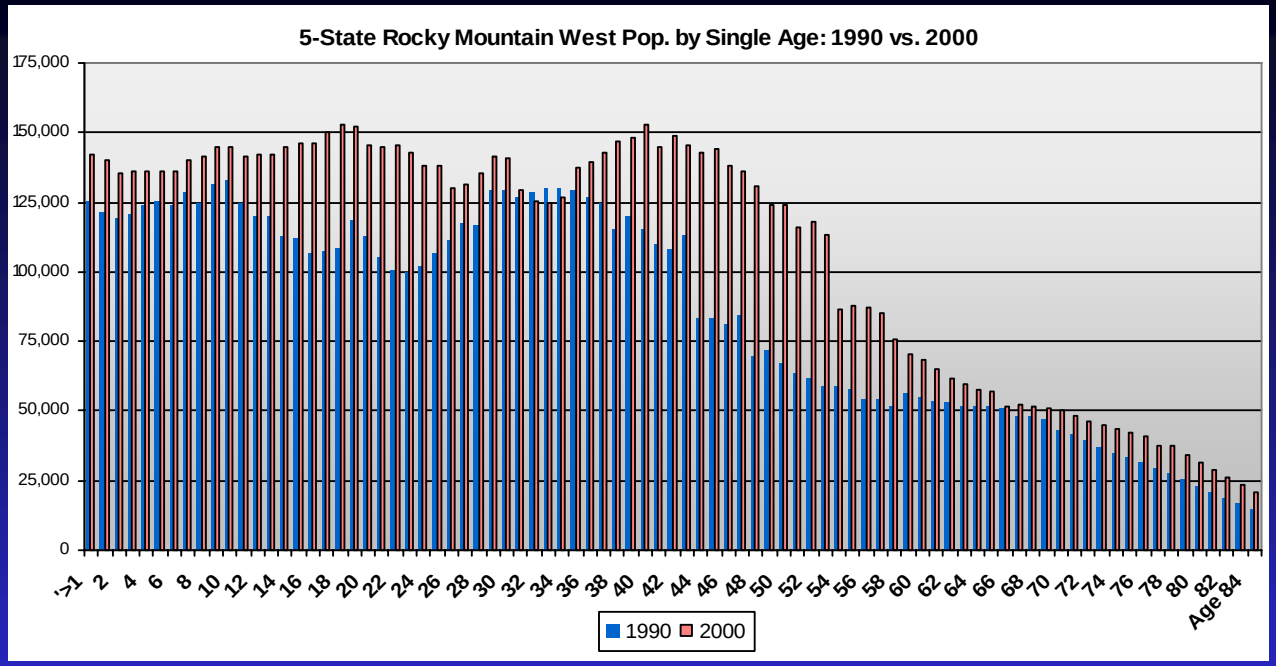


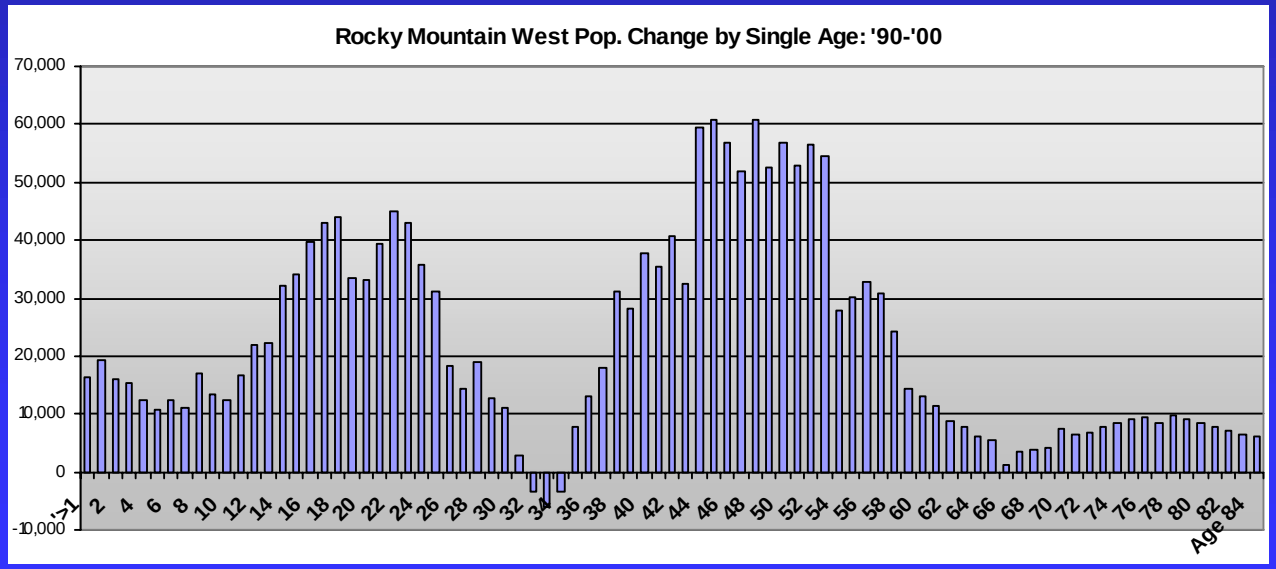
Changing Age Features of the Rocky Mountain West Population

The chart shows population counts by single ages for persons under 1 year of age up to age 84 for the last two Censuses – 1990 and 2000. The figures in the chart combine state totals for the five Rocky Mountain states.

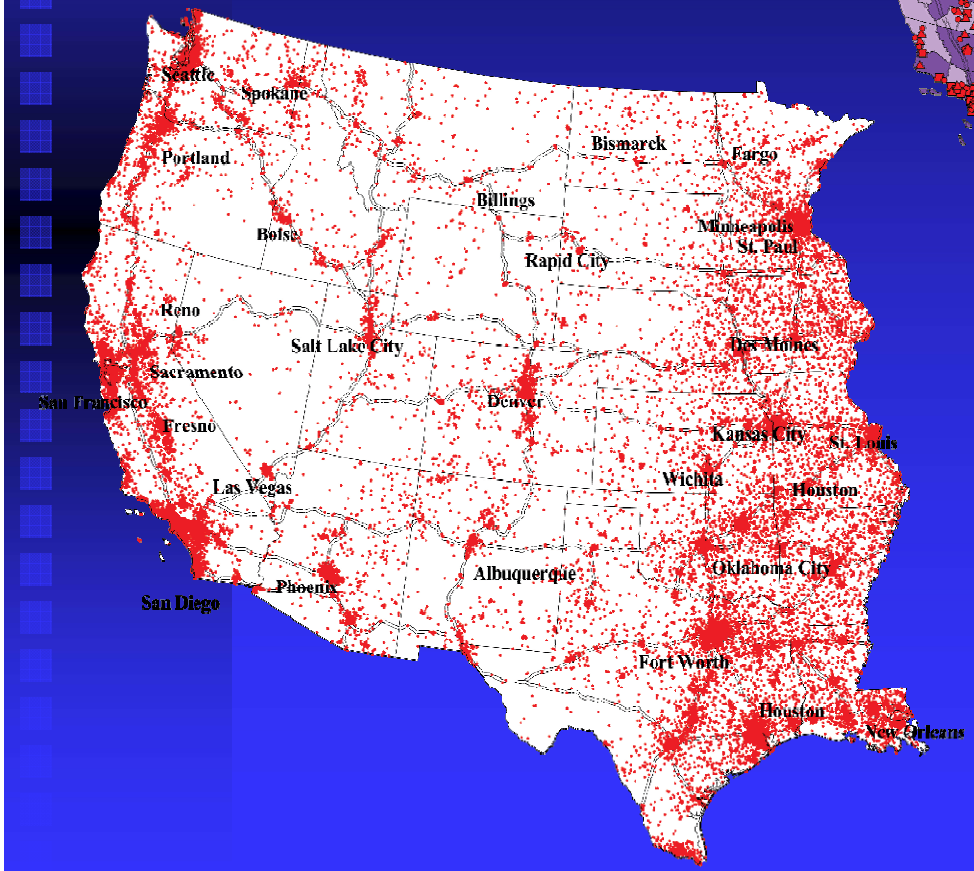
Population growth in the period was concentrated among adults between their late 30s and late 50s – classic "baby boomers," or persons born between 1946 and 1964. Growth also is focused among young adults in their early and mid- 20s and among older children and teen-age children. This latter population concentration largely conforms with children of baby boomers, or what is often referred to as the baby boom "echo."

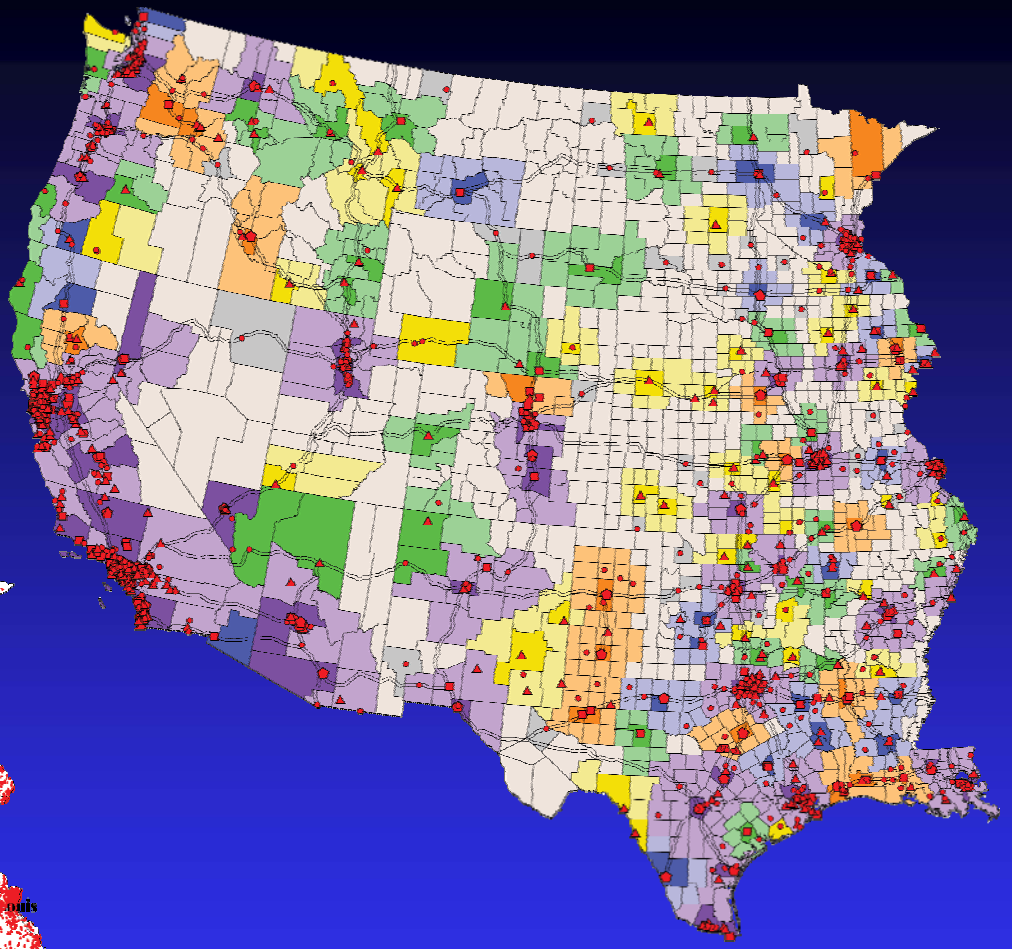
In looking forward toward the 2010 Census, the large population in their late 30s to late 50s, will shift to their late 40s to late 60s, moving steadily toward retirement ages and continue shifting. And the younger population concentrated in their late teens and early 20s will shift to late 20s and early 30s.





Major Population Centers or Region "Cores" and Closely-Linked Counties in the West



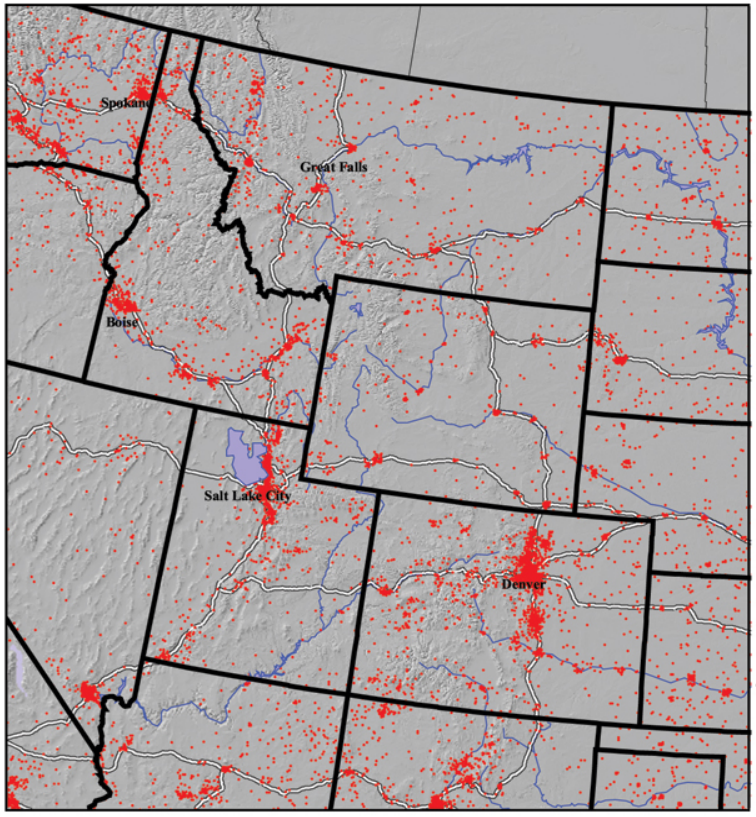


Read Multi-County Core-Based Regions

Major Metro Cores, 250,000+ Pop.	[61]
...adjacent and closely linked counties	[308]
2nd "Tier" Metro Cores of 160,000 to 250,000	[20]
...adjacent and closely linked counties	[136]
3rd "Tier" Metro Cores of 100,000 to 160,000	[24]
...adjacent and closely linked counties	[129]
Large Regional Trade Centers, 60,000 to 100,000	[35]
...adjacent and closely linked counties	[147]
Small Regional Trade Centers, 30,000 to 60,000 ~	[41]
...adjacent and closely linked counties	[147]
Isolated Rural Centers (Counties under 35,000 with places of 10,000 to 20,000 pop.)	[34]
Small Isolated Rural Counties Under 35,000 with no place of 10,000 pop.	[419]

Sub-State Economic Regions in the Rocky Mountain West

The Rocky Mountains stretch from northern New Mexico north to the Canadian provinces of Alberta and British Columbia. Much of Montana, Idaho, Wyoming, Utah, and Colorado is contained in the Rocky Mountain West. The map below shows region population distribution in 1990.



"Hub" Places by Size

- 100,000 Population and Greater
- 50,000 to 100,000 Population
- 20,000 to 50,000 Population
- 10,000 to 20,000 Population

Other Incorporated Places

- 5,000 to 10,000 population
- 250 to 5,000 population
- Interstate Highways

READ Multi-County City-Centered Economic Regions

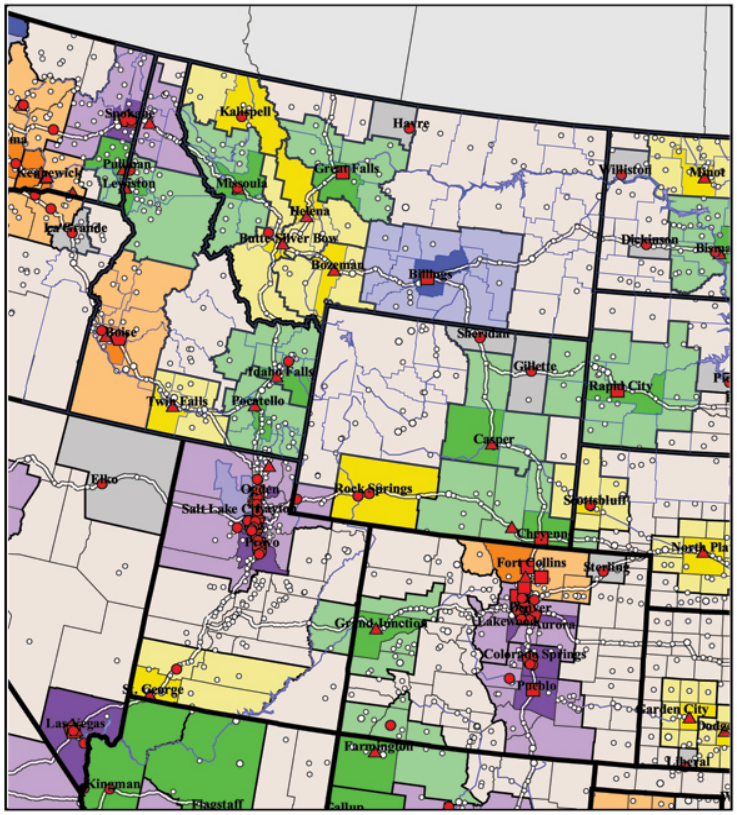
In the left map, each red dot represents 750 people.

Carroll and Nancy Fields O'Connor Center for the Rocky Mountain West

Regional Economies Assessment Database (READ)

The University of Montana
1997

The map below shows how the region is generally spatially-organized around major population centers and into READ regions. There are four "major metro core" regions, with Denver and Salt Lake City the largest, followed by Colorado Springs/Pueblo and Spokane (shown in purple). There are two "2nd Tier" core regions (Boise and Fort Collins shown in orange). There is only one "3rd Tier" core region (Billings shown in blue). At lower levels, there are eight "large regional center" regions (green) and seven "small regional center" regions (yellow).



[Number of counties]

- Major Metro Cores, 250,000+ Pop. [9]
- ...adjacent and closely linked counties [28]
- 2nd "Tier" Metro Cores of 160,000 to 250,000 [2]
- ...adjacent and closely linked counties [12]
- 3rd "Tier" Metro Cores of 100,000 to 160,000 [1]
- ...adjacent and closely linked counties [9]
- Large Regional Trade Centers, 60,000 to 100,000 [8]
- ...adjacent and closely linked counties [40]
- Small Regional Trade Centers, 30,000 to 60,000 [7]
- ...adjacent and closely linked counties [18]
- Isolated Rural Centers (Counties under 35,000 [4] with places of 10,000 to 20,000 pop.)
- Small Isolated Rural Counties Under 35,000 [78] with no place of 10,000 pop.

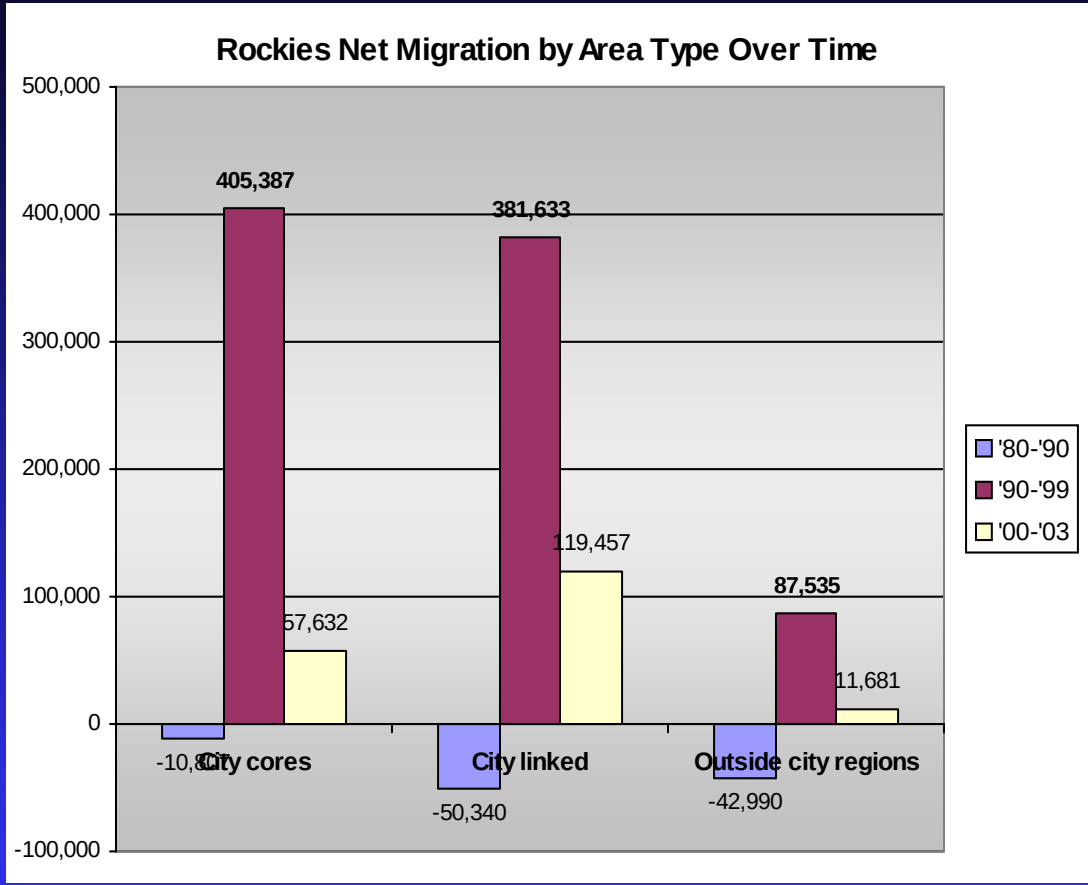
M4

Dramatic Shifts in Net Migration Patterns

In going from the 1980s to the 1990s, there was a "sea change" in migration patterns in the United States and this shift led to dramatically higher levels of net in-migration to the Rocky Mountain West. Nearly half of the region's population growth in the '90s can be attributed to net in-migration, or more people moving to the area than the number moving away (and changing their permanent residence in the process).

In city core counties, net migration went from out-migration of over 10,000 in the '80s to in-migration of over 400,000 between 1990 and 1999 (the period in which migration data were compiled). In closely-linked areas surrounding core counties, net migration climbed from a loss of over 50,000 people in the '80s to over 380,000 in the '90s. And in isolated and more rural areas of the region, net migration went from negative territory (a loss of nearly 43,000 people) to positive (gain of nearly 88,000) from one decade to the next.

This migration shift have made the Rocky Mountain West one of the United States' fastest growing regions.

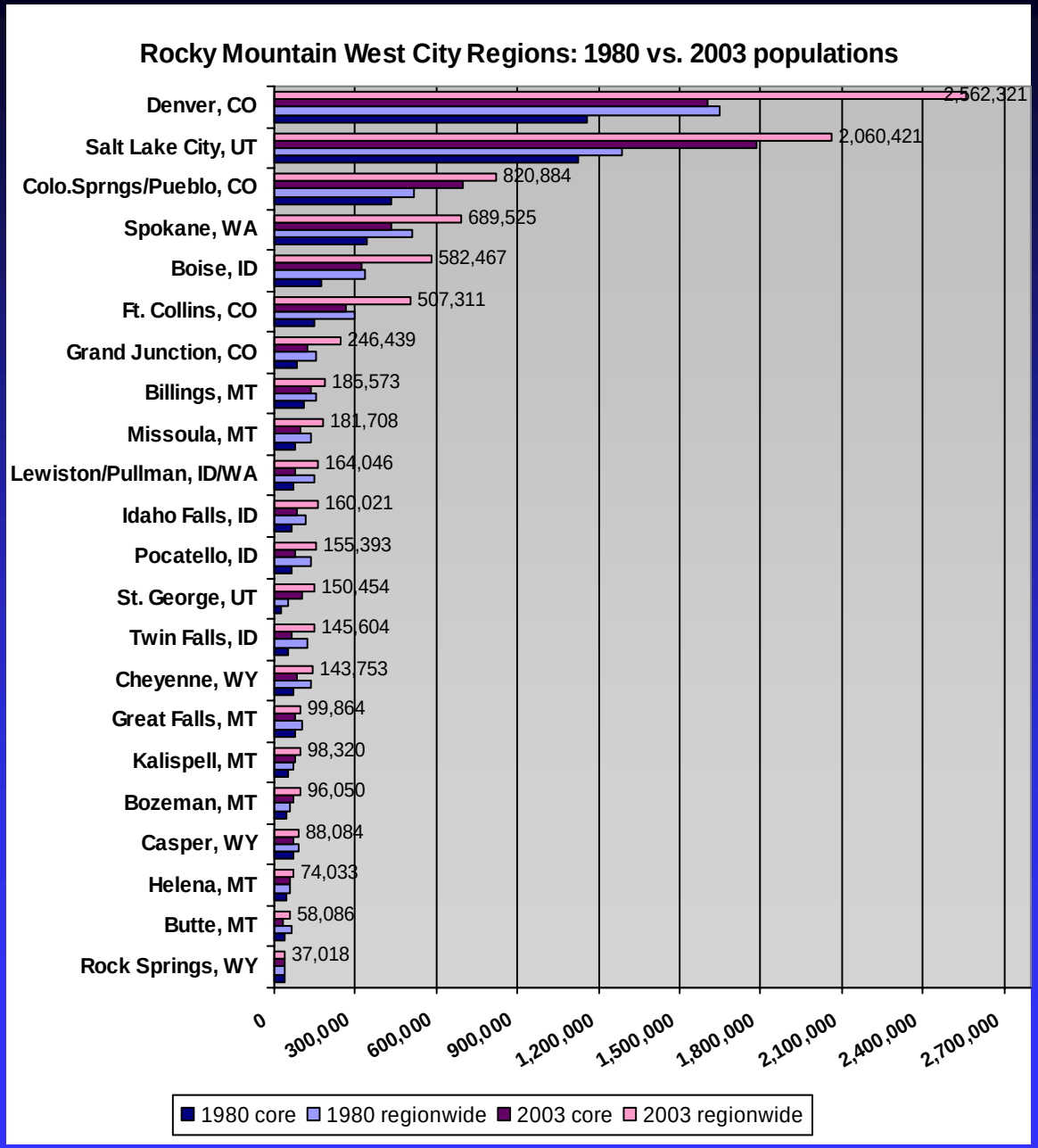


Emerging patterns of migration will largely drive population growth trends over the next ten to fifteen years, largely because of the undue influence of the very large "baby boom" population in the United States, an age group heavily participating in western U.S. migration shifts.

City Regions of the Rocky Mountain West

The 22 Rocky Mountain West city regions are rank-ordered by size of the region-wide population, which includes the population of each region "core" area (one or several counties where a primary regional population center is located) and the closely-linked surrounding counties. The chart shows region core and region-wide populations for both 1980 and 2003.

The most populated city region in the Rockies in 2003 is Denver with nearly 2.6 million people, followed by Salt Lake City at 2.1 million. The third ranked city region drops off considerably from the second, with Colorado Springs/Pueblo at 820,000, followed by Spokane at 690,000. Boise ranks fifth at 580,000, followed by Fort Collins at 507,000. There is another large drop off in population in going to the seventh ranked region – Grand Junction at 246,000. The next 11 city regions are modest in size ranging from Billings, MT, at 185,000 (8th) to Bozeman, MT, at 96,000 (18th). The last four have region-wide populations under 90,000.

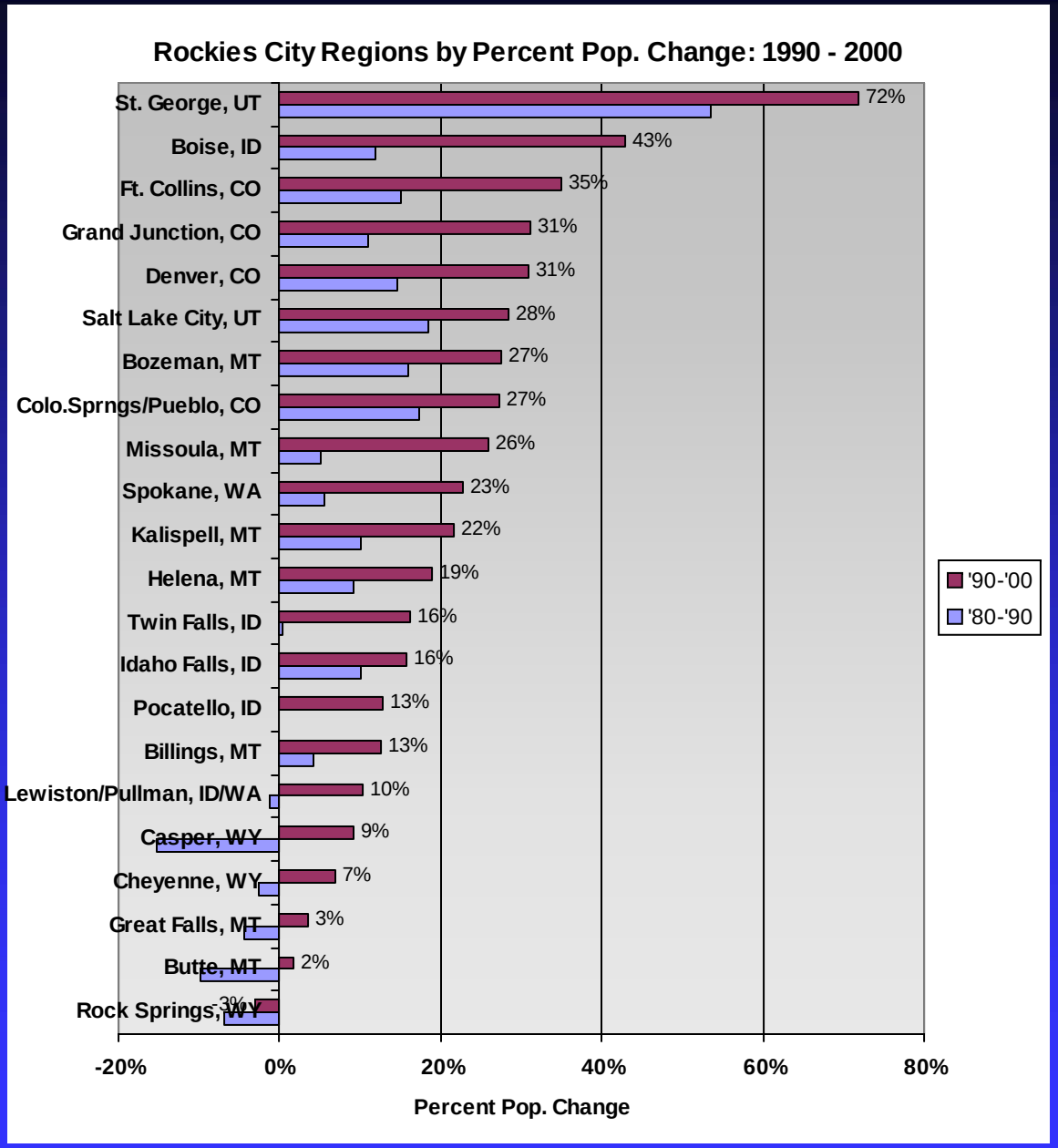


Relative Population Growth among Rockies City Regions

The chart at the right shows the Rockies city regions rank-ordered by relative rates of population growth during the 1990s. Growth rates for the 1980s also are shown for purposes of comparison.

The St. George, UT, region is growing faster than any other city region in the Rockies, up 72% during the '90s. Next in order are Boise (43% in the '90s vs. 12% in the '80s), Fort Collins (35% vs. 15%), Grand Junction (31% vs. 11%), Denver (31% vs. 15%), Salt Lake City (28% vs. 18%), Bozeman (27% vs. 16%), Colorado Springs/Pueblo (27% vs. 17%), Missoula (26% vs. 5%), Spokane (23% vs. 5%), and Kalispell (22% vs. 10%). The remaining 11 city regions all grew by less than 20% in the '90s.

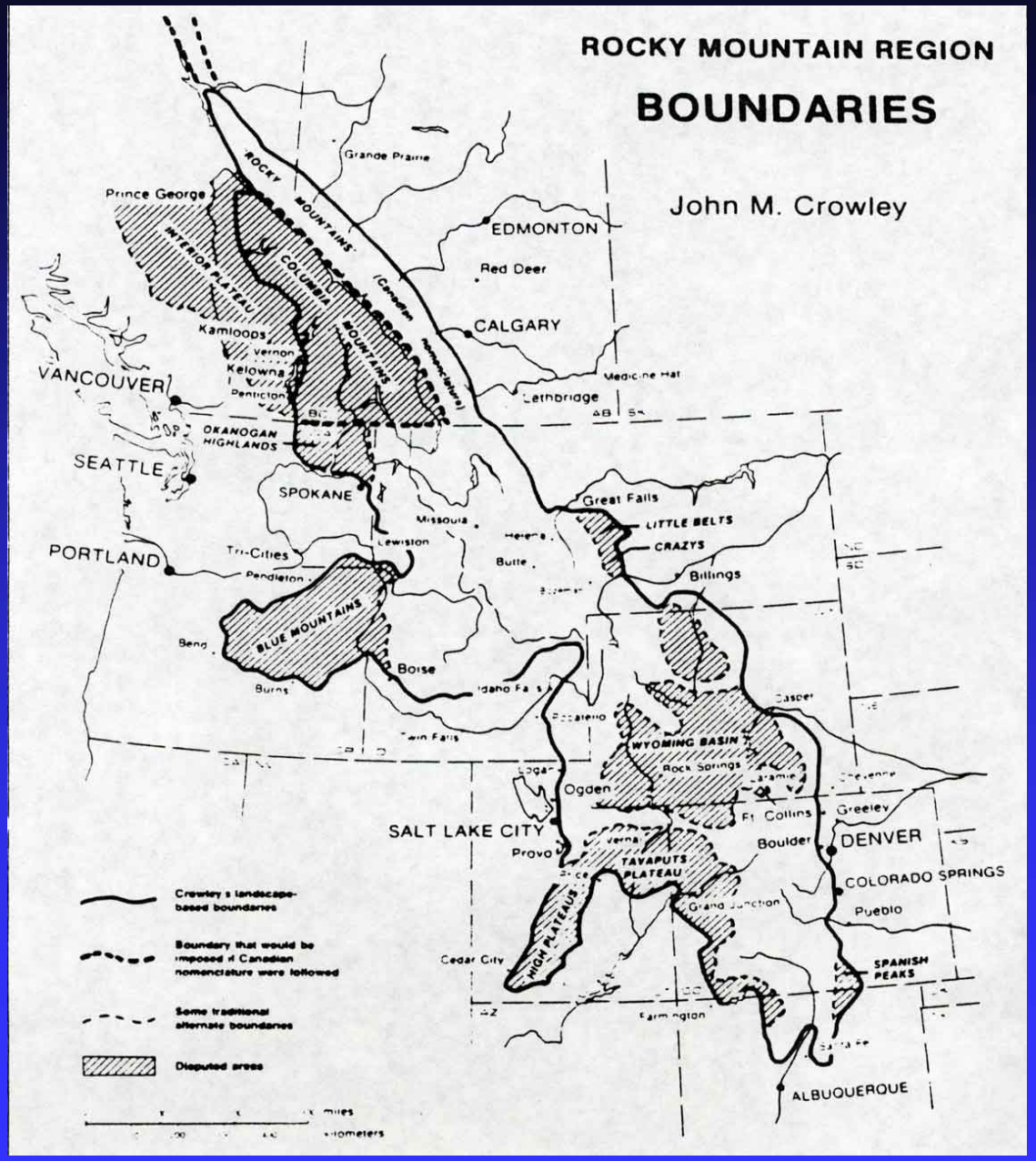
Across the entire gamut of city regions, growth rates in the '90s were significantly higher than in the previous decade.



The North American Rocky Mountain West

The Rocky Mountains are the "spine of North America," and extend from western Alberta and eastern British Columbia in Canada south through western Montana and Idaho and further south into portions of western Wyoming, Utah, Colorado, and New Mexico. The Rocky Mountains themselves define the region. And the "Rocky Mountain West" region expands out from these mountain ranges, with the region's bounds largely ending at points in all directions where the mountains themselves fade and disappear from the horizon.

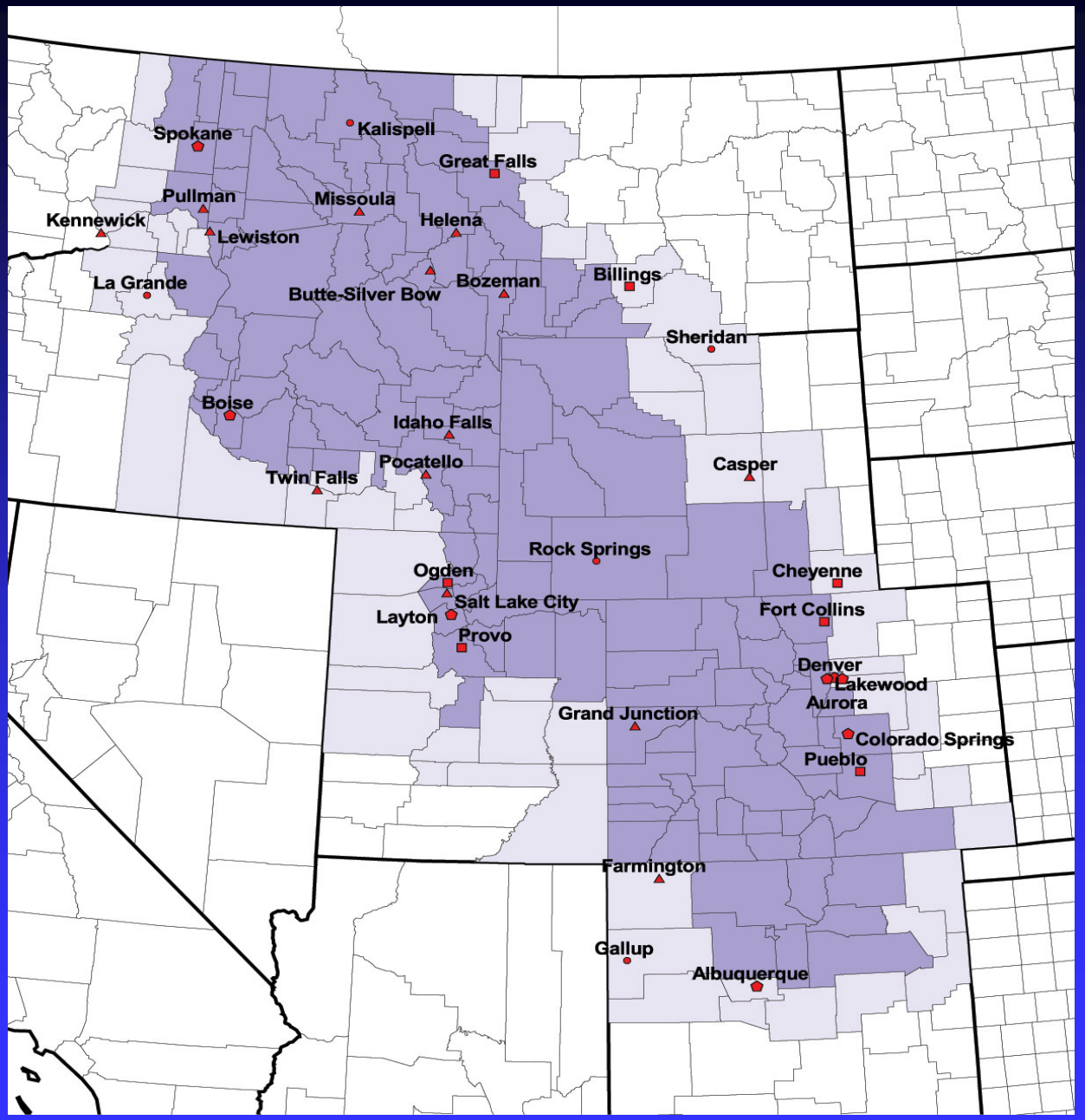
The American Rockies The American Rockies are largely contained within the five states of Colorado, Utah, Wyoming, Idaho, and Montana. The Census Bureau includes New Mexico, Arizona, and Nevada in its "Mountain Region" along with these five states. However, Arizona and New Mexico, while having mountains, are much different places culturally, racially, climactically, demographically, and economically. Most people residing in Nevada live next to the California border (Las Vegas and Reno) and it is much different that the Rockies.



Counties in the Rocky Mountain West Region

There are about 11.5 million people now living in the 208 counties centered over the Rocky Mountains of the Interior West. There are 143 counties that are actually touched by various ranges of the Rockies (shown in blue) and another 65 counties just beyond these on the edges of the mountains (shown in light blue). The map also shows major cities contained in this region. Included among these are Denver, Salt Lake City, Albuquerque, Spokane, Colorado Springs, Boise, and Fort Collins.

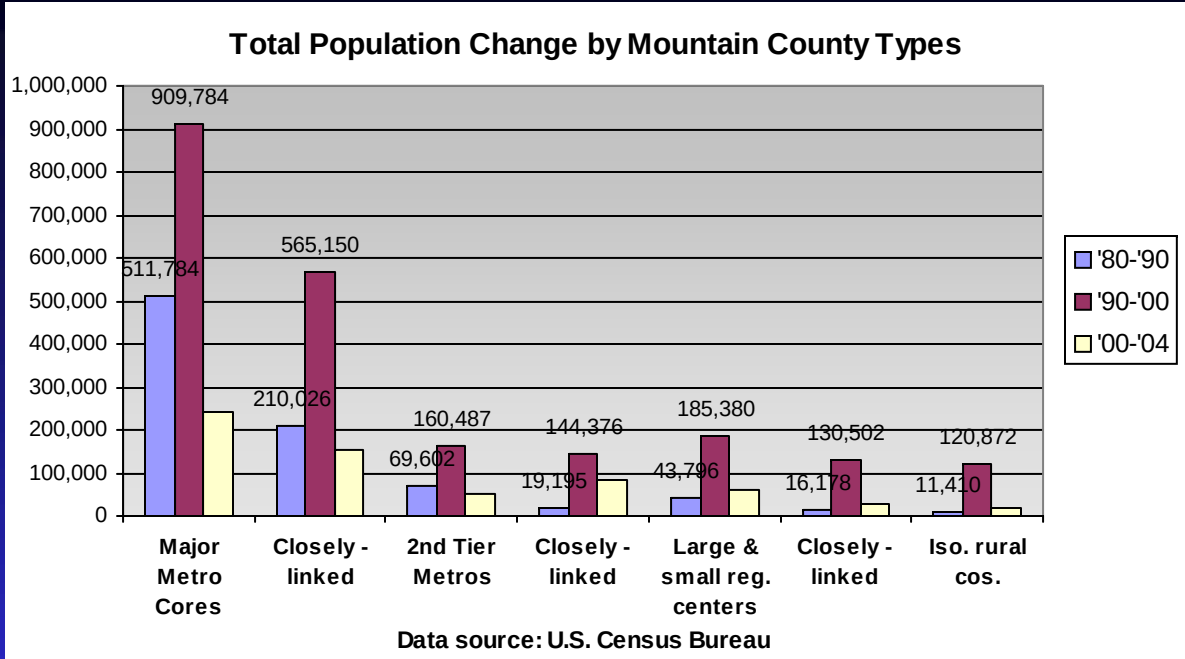
In 1980 only about 7.8 million persons lived in this region defined by mountains. This grew slowly to 8.6 million in 1990. During the '90s the total population swelled to almost 11 million, before reaching 11.5 in 2004. This is one of the continent's fastest growing regions.

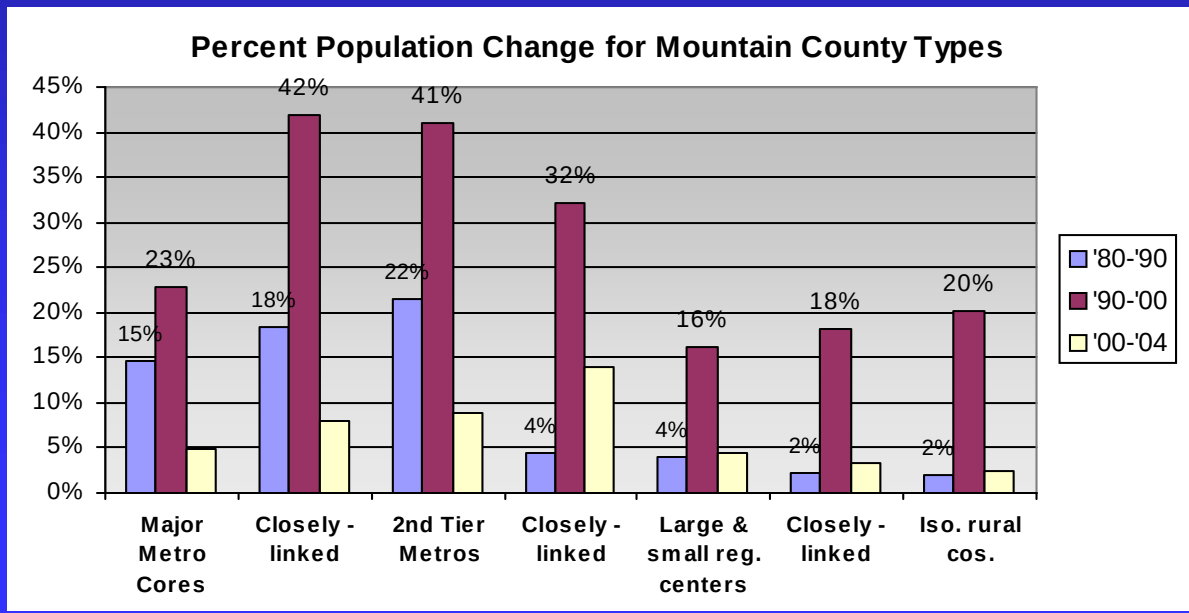


Distribution of Total Population Change among Mountain Counties

The total population of the 208-county area centered around the Rockies grew from 7.8 million persons in 1980 to 11.5 million in 2004. The charts show how this population growth is distributed among the different types of areas for three periods – 1980-90, 1990-2000 and 2000-04.

In absolute terms, the biggest population influx occurred in and around the region's very largest cities. But there was significant population growth across the full range of county types. The lower chart shows the impacts of population growth in percentage terms. Counties closely linked to the very largest metros and 2nd Tier core counties and their surrounding areas had the greatest percentage growth – 32 to 42%. Smaller centers have experienced significant increases in the rate of growth both in their core areas and outlying counties. And isolated rural areas are growing relatively fast as well.



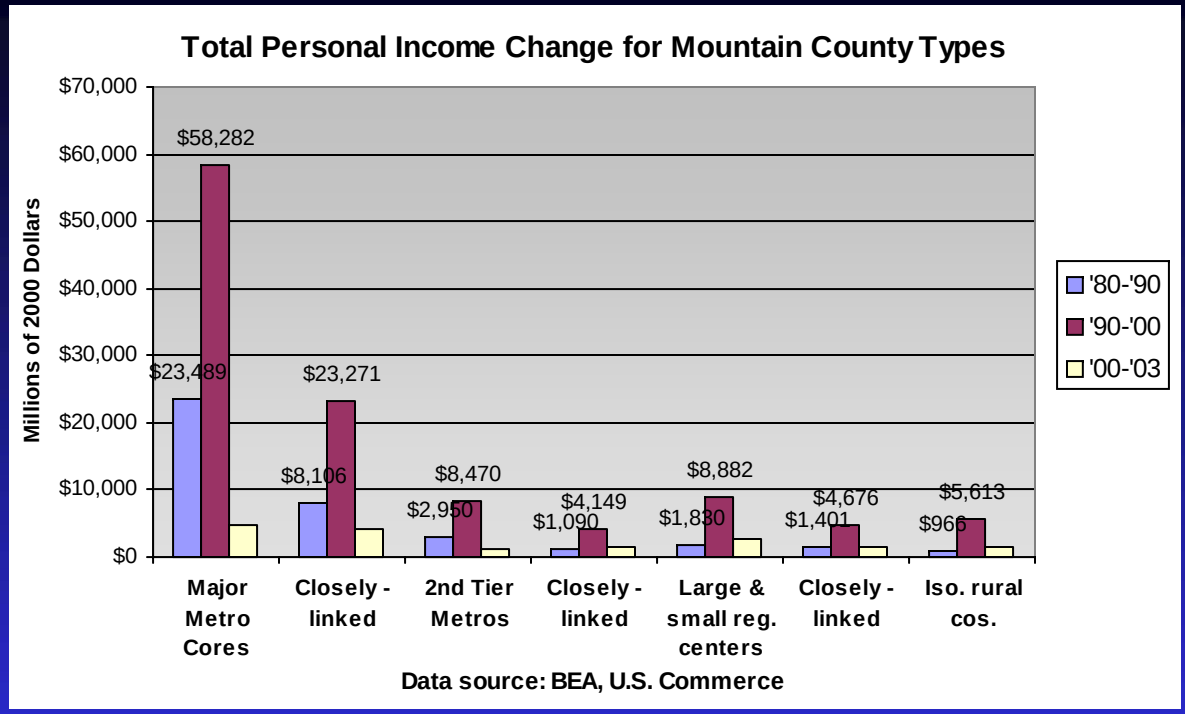


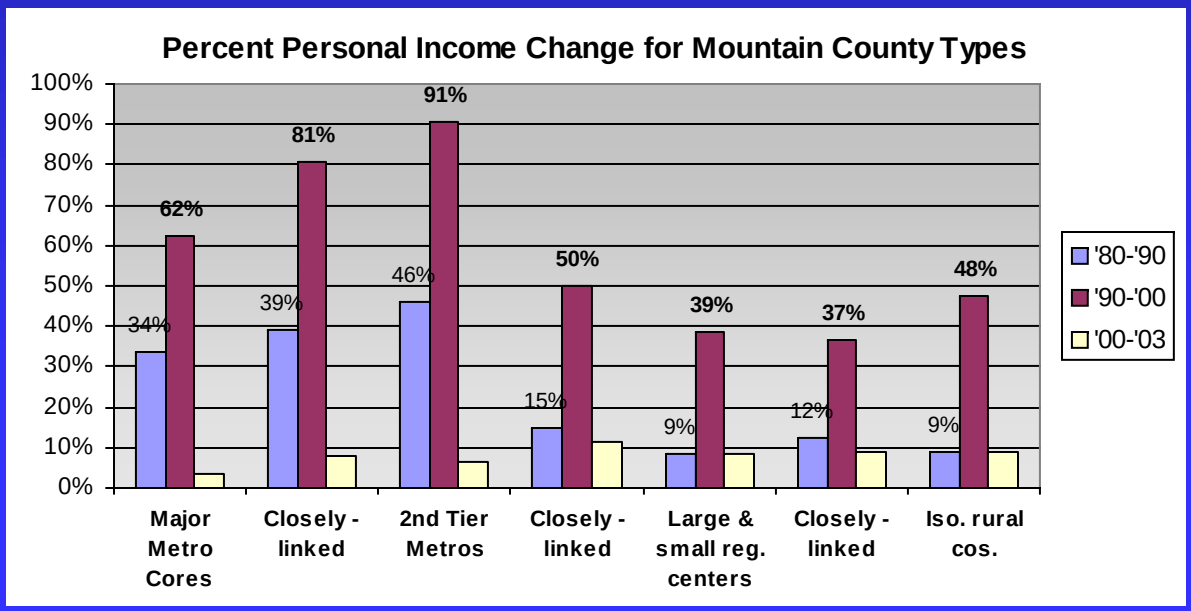
Region Population Influx is spurring Income Growth

The total personal income base of the region has become very fast-growing. In fact, the Rocky Mountain region has one of the fastest growing income bases of any region in the U.S.

The charts show how this income growth is distributed among county types. In absolute terms, the greatest income growth during the '90s was in major metro core areas with a gain of over $58 billion. Surrounding areas had income growth of over $23 billion. But all county types experienced significant increases in their income bases in going from the '80s to the '90s and this income growth is continuing.

In relative or percentage terms, the very fastest growing income base is in 2nd Tier metro core areas (over 90% gain in inflation-adjusted dollars).



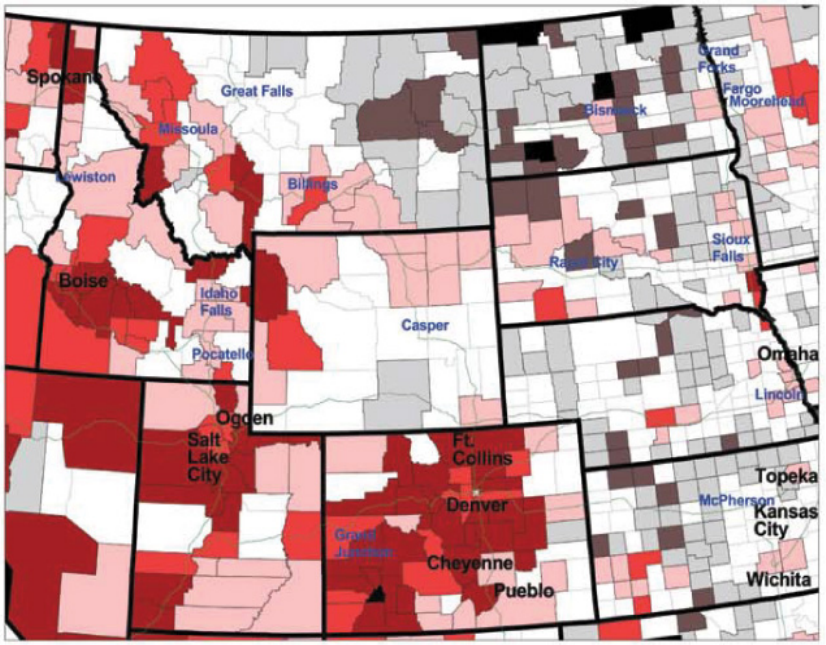


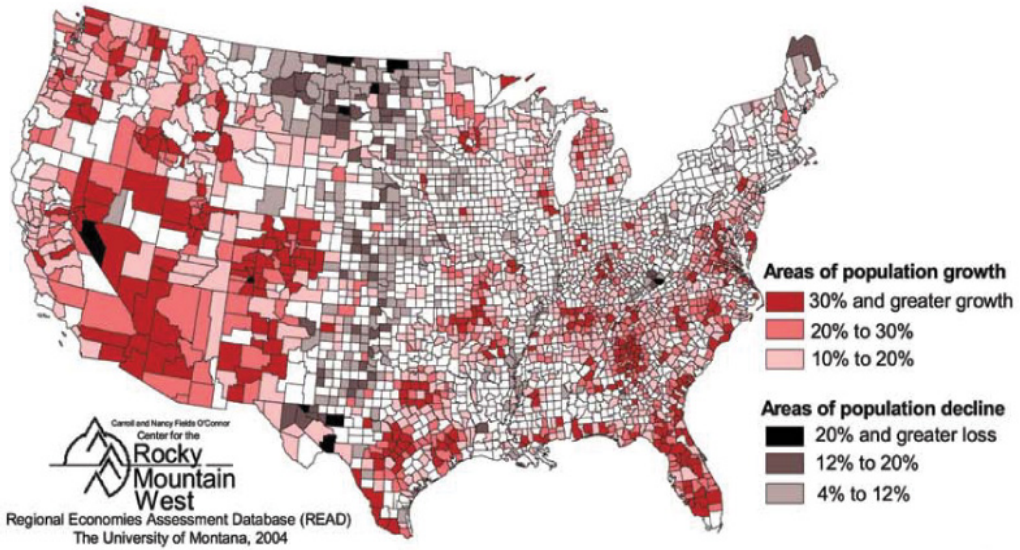
Areas of Major Population Growth or Decline, 1990 – 2000

Population change across the region is being heavily driven by migration patterns, including fairly heavy recent migration into many areas of the Western Mountain region, continuing out-migration from many non-metro or rural areas of the Eastern Plains, and a more mixed pattern along areas of the Central Front. The maps show areas of the nation and of the 8-state region where percentage population growth was the greatest – 30 percent and greater in the dark red areas and 20 to 30 percent in the medium red areas – and areas with the greatest losses in population – 20 percent and greater in the dark black areas and 12 to 20 percent losses in the medium gray ones. Areas shown in white (unscreened areas) are counties whose populations saw only little or moderate changes during the last decade, falling somewhere between gains of 10 percent and losses of 4 percent.

As can be seen, population growth is heavily focused in many areas of the greater Interior West, stretching from western Montana, Idaho and eastern Washington in the north to Colorado, Utah, and Nevada and further south into the larger Southwest region. Growth in Montana is heavily focused in the Western Mountain region – areas like the Flathead valley, the Missoula and Bitterroot valleys, Gallatin valley, and Beartooth area. Population decline remains focused in the Interior Plains region and is particularly heavy in the northern portion of the Plains region. Decline in Montana is heavily focused in the Eastern Plains region.

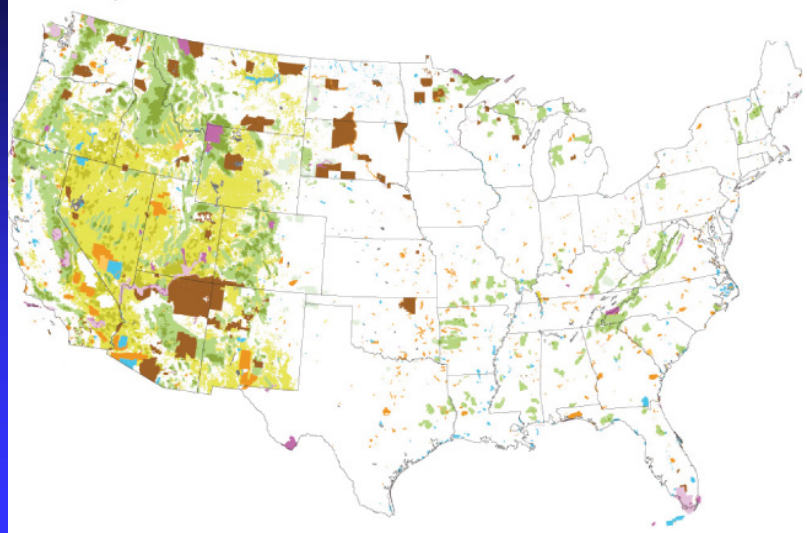
Along the Central Front, aside from the Colorado Front where growth remains high, the pattern is more mixed or less pronounced in one way or the other.

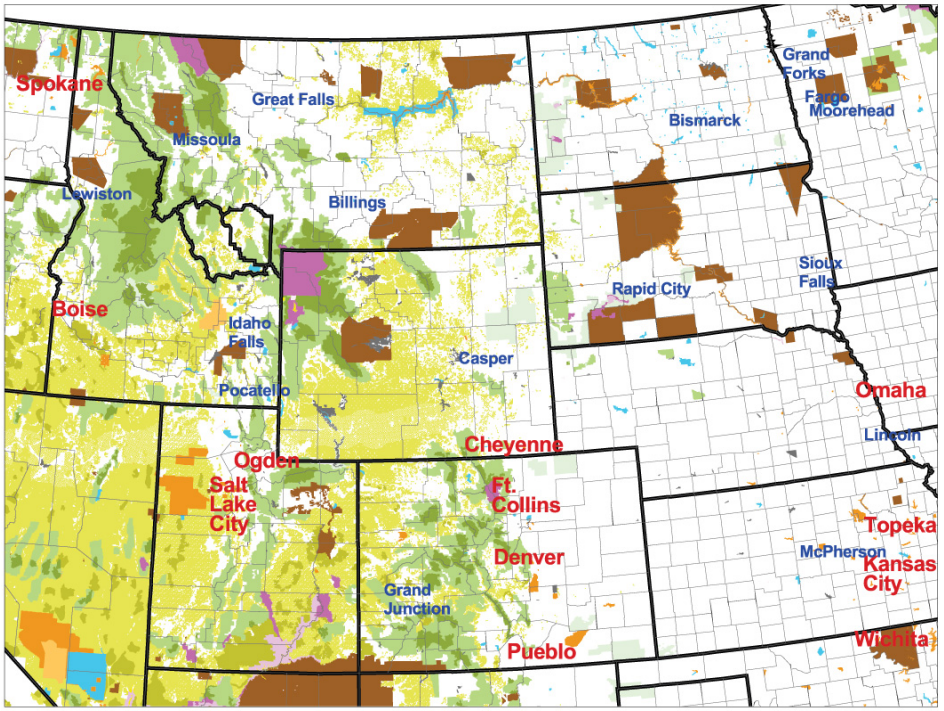




Land in Public Ownership and Federal Management

The largest landowner in the United State is the American people through their national government. In the 48 contiguous states there are around 810,000 square miles of land under some type of federal agency administration and management. Over 90 percent of these lands, or nearly 714,000 square miles, are in the 22 contiguous western states largely west of the Mississippi River, with the greatest concentrations in the Interior West. In the 8-state region, these lands are most heavily focused in the Western Mountain region, with large concentrations of national forest lands, BLM lands, and several major national parks. The 8-state region has several large Indian reservations – most in the region's eastern and central portions. In the last decade, net migration flows have turned in the direction of these lands.





Federal Lands

- Bureau of Indian Affairs
- Bureau of Land Management (Public Domain)
- BLM Wilderness, Wilderness Study, N. Mon. & Other
- Department of Defense
- Department of Energy
- U.S. Forest Service National Forests
- Forest Service Wilderness & Wilderness Study Areas
- Forest Service, Other Lands
- U.S. Fish and Wildlife Service
- National Park Service National Parks
- NPS Wilderness, Wilderness Study, Preserves, Recreation Areas, etc
- NPS National Monuments, Historic Sites, Battlefields, etc
- Other agencies

Source: U.S. Geological Survey, 1:2,000,000 - Scale Digital Line Graph Data. National Atlas of the U.S.

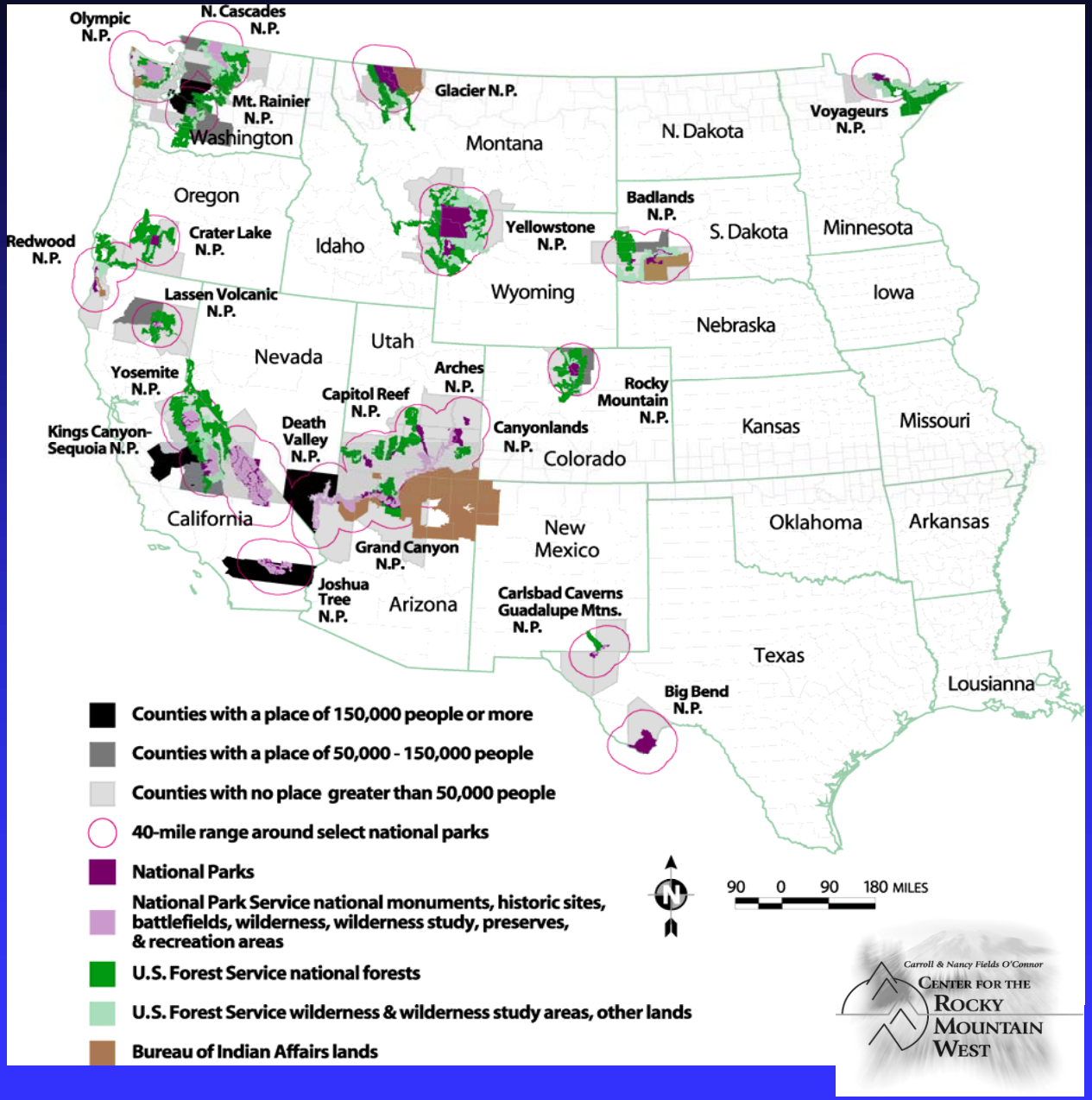
Carroll and Nancy Fields O'Connor Center for the Rocky Mountain West

The University of Montana, 2004
Regional Economies Assessment Database (READ)

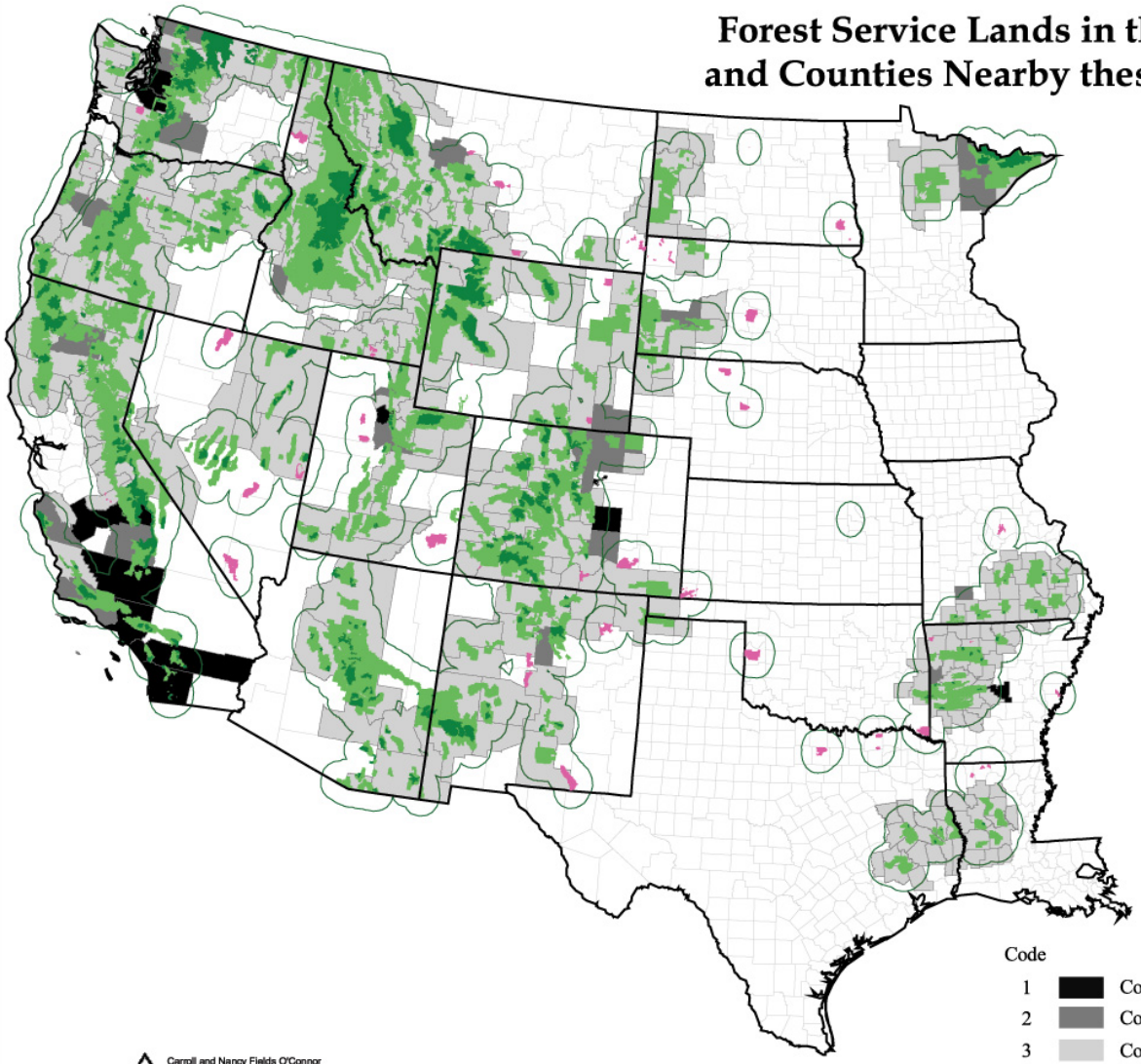
Areas Nearby National Parks In the West

There are 80 western counties whose geographic center is within 40 miles of a major national park in the West. The majority of these (51) are non-metropolitan in character.

The map shows major national parks in the 22 contiguous states west of the Mississippi River. Other federal lands adjacent to these parks are also shown.



Forest Service Lands in the West and Counties Nearby these Lands



The map at the left shows national forest lands in the West that are managed by the U.S. Forest Service. Shown are 45,657 square miles of national forest wilderness and wilderness study areas and 234,637 square miles of national forest and other federal forest lands. One large concentration of these lands is found in Idaho, western Montana, and northwestern Wyoming. Another concentration stretches from North-central Washington south along the Cascades into Oregon and further south into northern California. Other states with large concentrations of these lands include Colorado and Utah in the Rocky Mountain region and Arizona and New Mexico in the Southwest. Smaller concentrations are found in Arkansas, Louisiana, and Missouri in the Southern Plains, Minnesota and North and South Dakota in the Northern Plains, and in Nevada.

Small and somewhat isolated tracts of these lands are highlighted in the map in burgundy. These smaller, more minor lands are excluded in attempting to identify counties that are nearby Forest Service lands, thereby focusing upon areas nearby the largest and most significant concentrations of Forest Service lands. GIS software is employed in identifying within the screened area those counties whose geographic center is within 30 miles of the larger concentrations of Forest Service lands. Further adjustments were then made visually, resulting in a careful targeting of counties in the West nearby U.S. Forest Service lands.

Counties whose geographic center is within 30 miles of Forest Service lands.

Code		
1	Counties with a place of 150,000 people or greater.	[13]
2	Counties having a place of 50,000 - 150,000 people.	[24]
3	Counties having no places greater than 50,000 people.	[373]
	30 mile buffer from selected Forest Service and Forest Service Wilderness Lands.	
	Forest Service and other federal forest land.	(235,000 sq. miles)
	Forest Service Wilderness and Wilderness study areas.	(45,000 sq. miles)
	Small,Isolated or perimeter Forest Service, Forest Service Wilderness and Wilderness study areas.	(7,700 sq. miles)

Carroll and Nancy Fields O'Connor Center for the Rocky Mountain West

T.J. Abbenhaus '00
D. Lawrence '02

Regional Economies Assessment Database (READ)
The University of Montana, 2000

W13-red

A More "Footloose" Economy – both People and Jobs.

Tremendous advances in information technology, combined with radical advances in communications and communications infrastructure, emergence of a services-based economy, further combined with a steady aging of the U.S. population and rapid increases in non-labor and more mobile sources of income .. have re-designed the modern workplace and re-organized the geography of economic activity.

In short, today's economy is much more "footloose" than yesterday's economy. Both people and jobs are moving around more freely and new patterns of migration are emerging. The "old" economy encouraged urbanization and sub-urbanization. The "new" economy increasingly encourages growth to occur mostly in places where people want to live.

Many mid-size cities and outlying non-metro areas – particularly ones with attractive communities in areas with high quality environmental amenities – have become very fast growing.

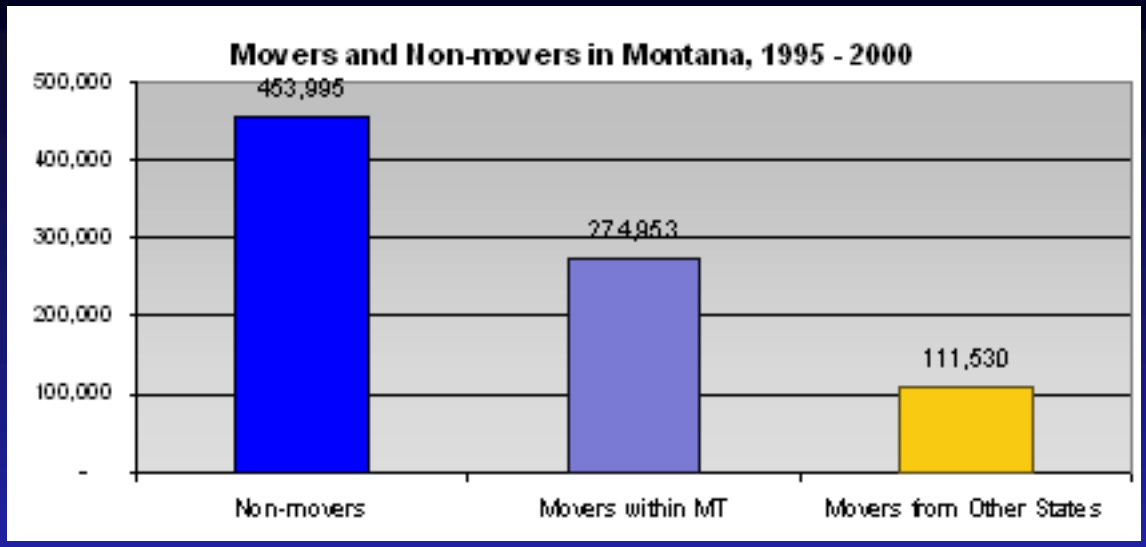
In the old economy, people followed jobs. In this newly emerging economy, jobs increasingly follow people.

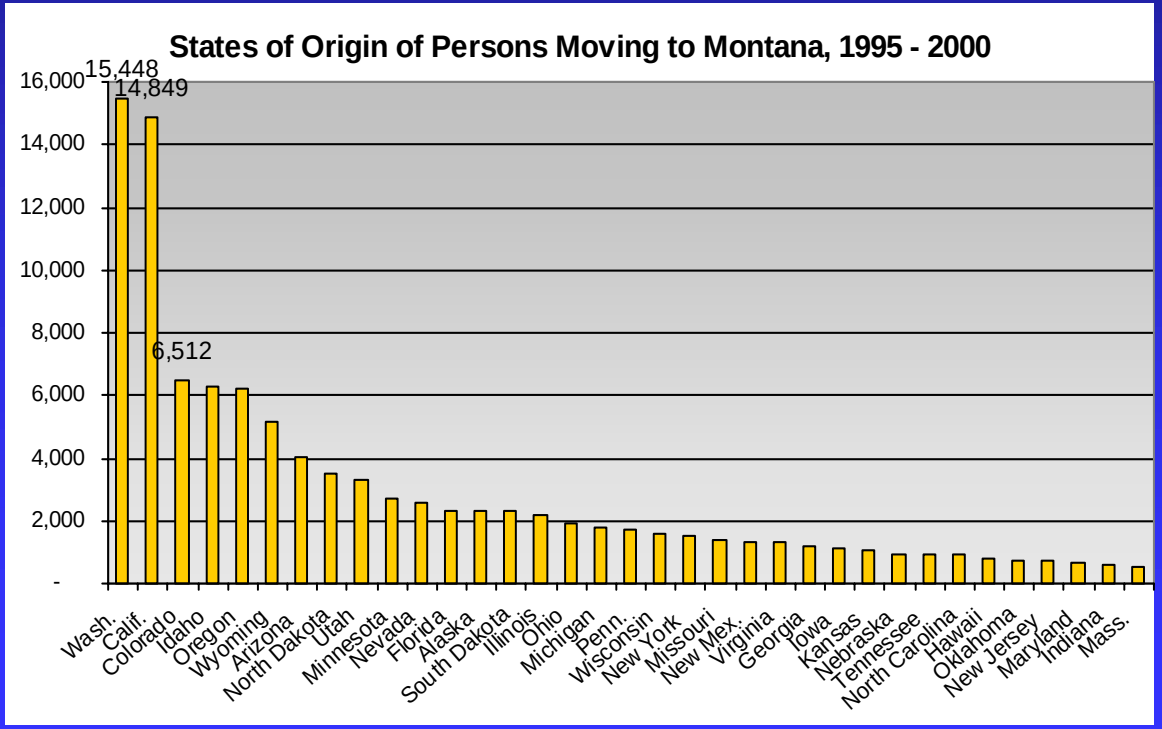
- Larry Swanson, O'Connor Center for the Rocky Mountain West, U. of MT

Movement in and Migration to Montana

Of the 840,478 persons residing in Montana in 2000 that were five years of age and older, 453,995 (54%) lived in the same residence is 1995 as 2000. Of the 46% who had moved, 33% had moved within Montana, oftentimes simply within the same community and the other 13% had moved to Montana from other states.

Two states contributed the most new residents of Montana by far in this five-year period – Washington state provided 15,448 new residents to Montana, 14% of the total number of movers from other states, followed by California with 14,849 (13.3% of the total). Far behind these were the third, fourth, and fifth states of Colorado, Idaho, and Oregon – all contributing more than 6,000 new residents each, 5 to 6% of the total in each case. Next comes Wyoming with over 5,000, followed by Arizona.





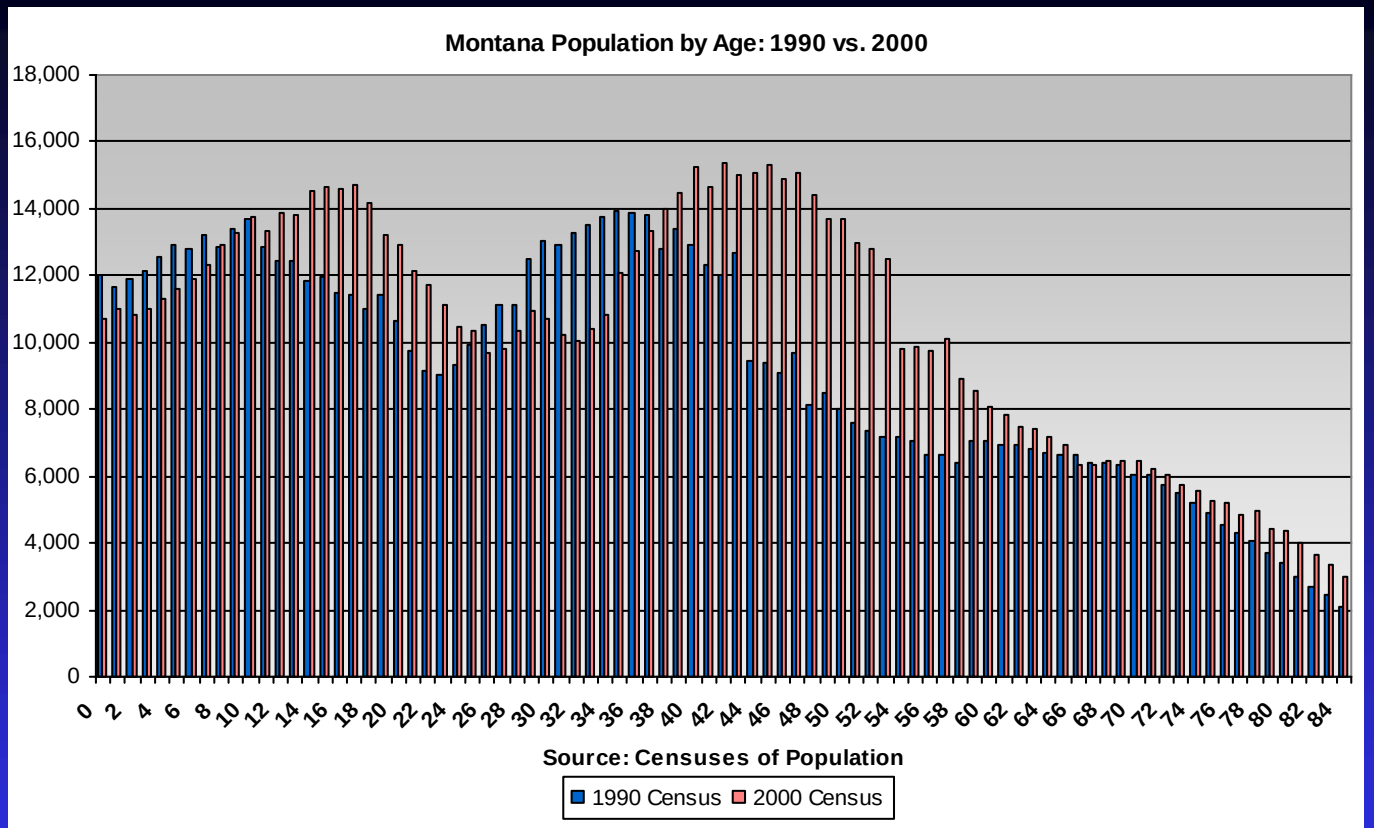
Montana Population by Age, 1990 vs. 2000

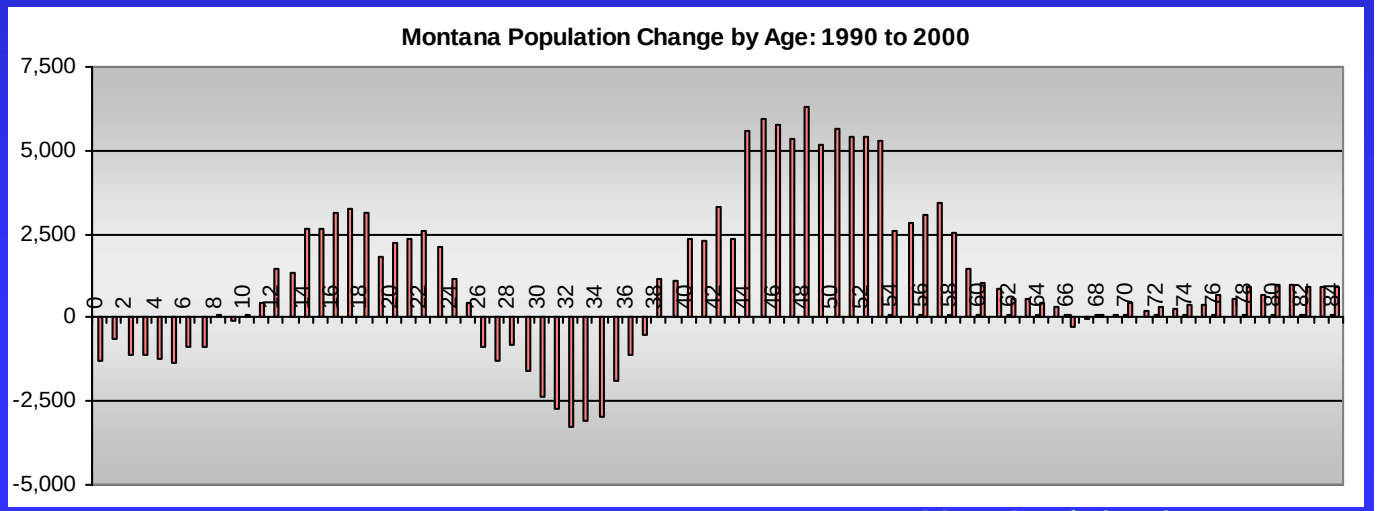
The upper chart shows the number of persons residing in Montana by single age from youngest to oldest in 1990 and ten years later in 2000. The lower chart shows how population changed for each age during this ten-year period.

Most of the state's population growth during the '90s was among persons at ages between their early 40s and late 50s – classic "baby boomers" or persons born between 1947 and 1963. Some population growth also concentrated among children and young adults between the ages of 12 and 25. This latter group is the children of baby boomers or the boomer "Echo" population.

Considerable population decline actually occurred for persons at ages between the boomer group and echo group. There also was a fall-off in population for young children.

These "ripples" or "waves" in the population age profile will continue to play out in the future.



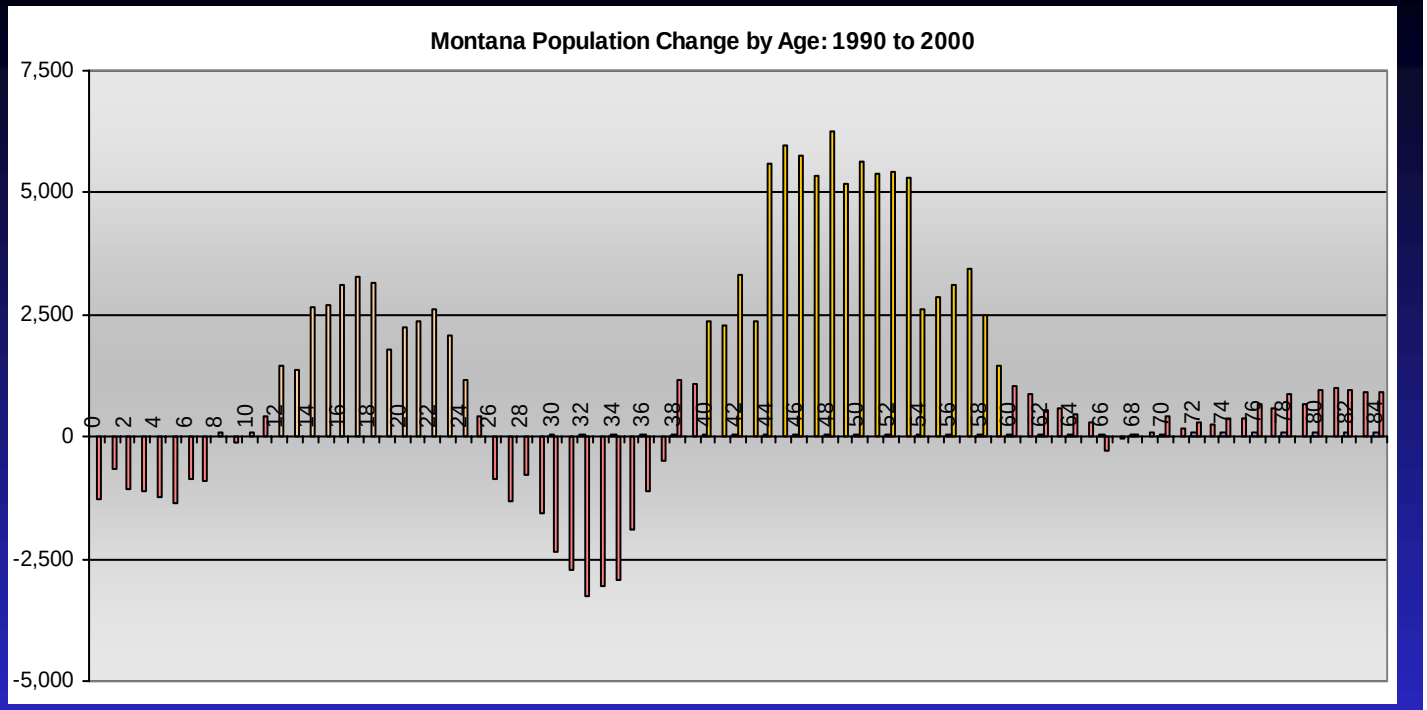


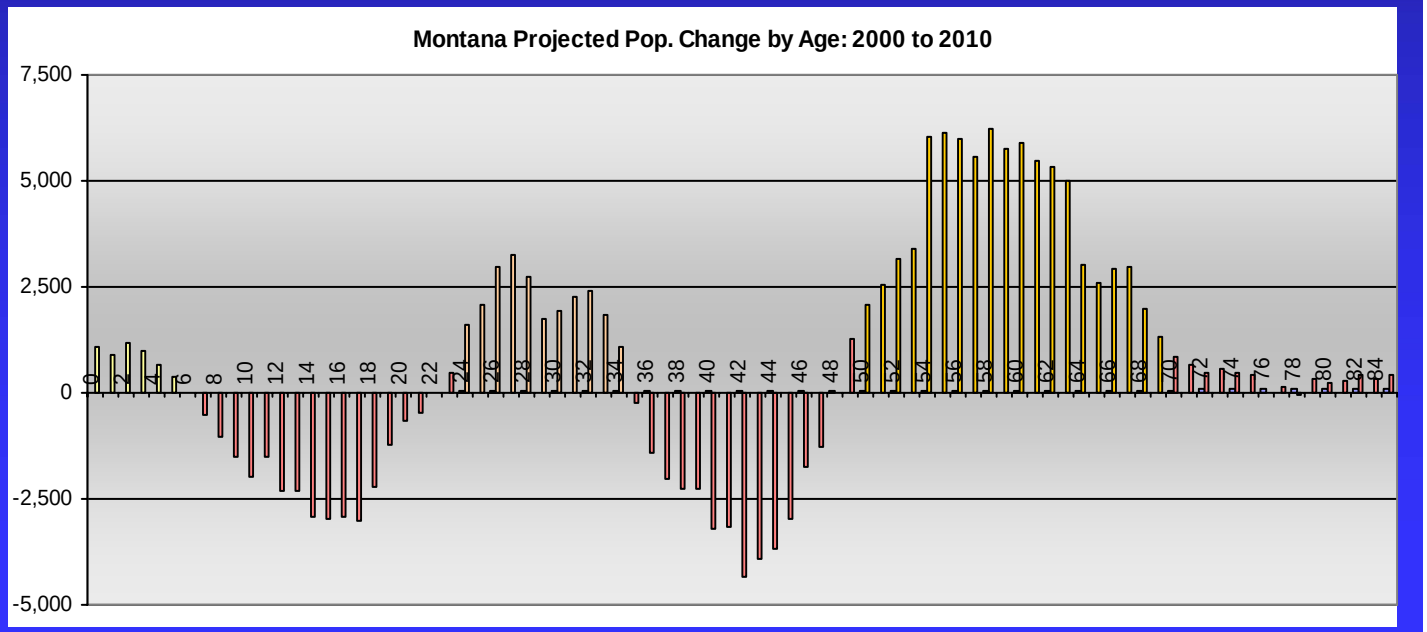
Projected Shifts in the Population of Montana by Age

The upper chart shows how population changed in Montana by single age from youngest to oldest between 1990 and 2000. The lower chart shows how population is projected to change by the U.S. Census Bureau (March, 2005, projections) between 2000 and 2010.

The growth in population that was concentrated among persons between their early 40s and late 50s in the '90s is projected to be concentrated between persons in their early 50s to late 60s in the current decade.

The echo population also will continue to age, shifting growth to persons between their early 20s and mid-30s. And during the current decade the "echo-echo" population will come into being, reflected in the recent increase in births.

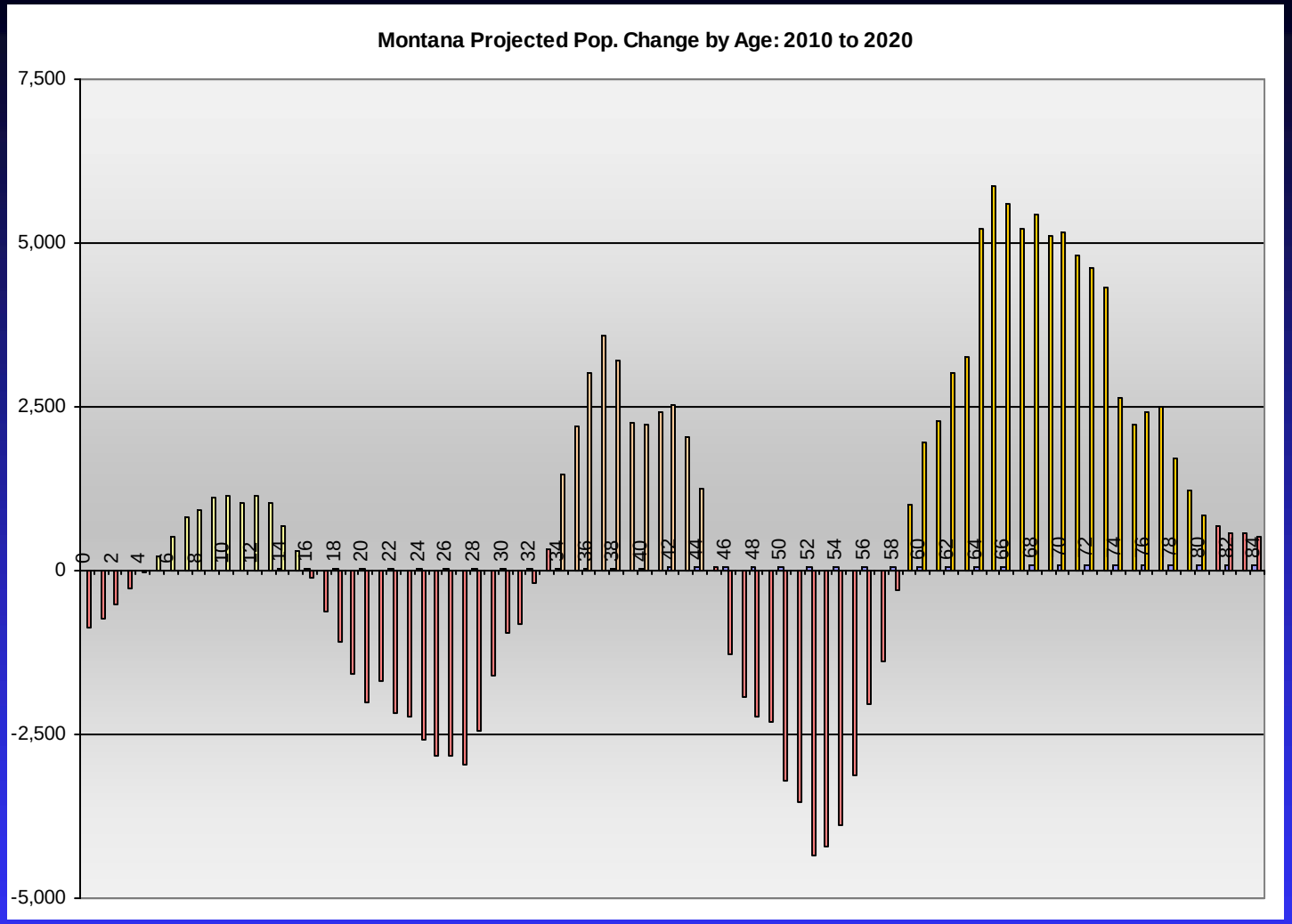




Projected Population Growth by Age in the Next Decade – 2010 to 2020

The chart at the right shows how Montana's population is projected to change by age between 2010 and 2020. During the next decade growth in the state's population will shift to persons in their early 60s to late 70s and Montana is in fact projected to have one of the largest populations 65 and older as a percent of its total by 2020.

The echo group or the children of boomers is shown in growth among persons from their early 30s to mid 40s. However, this echo group is projected by the Census Bureau to be much smaller than the boomer group. In turn, the "echo-echo" group is projected to be much smaller than the echo group.



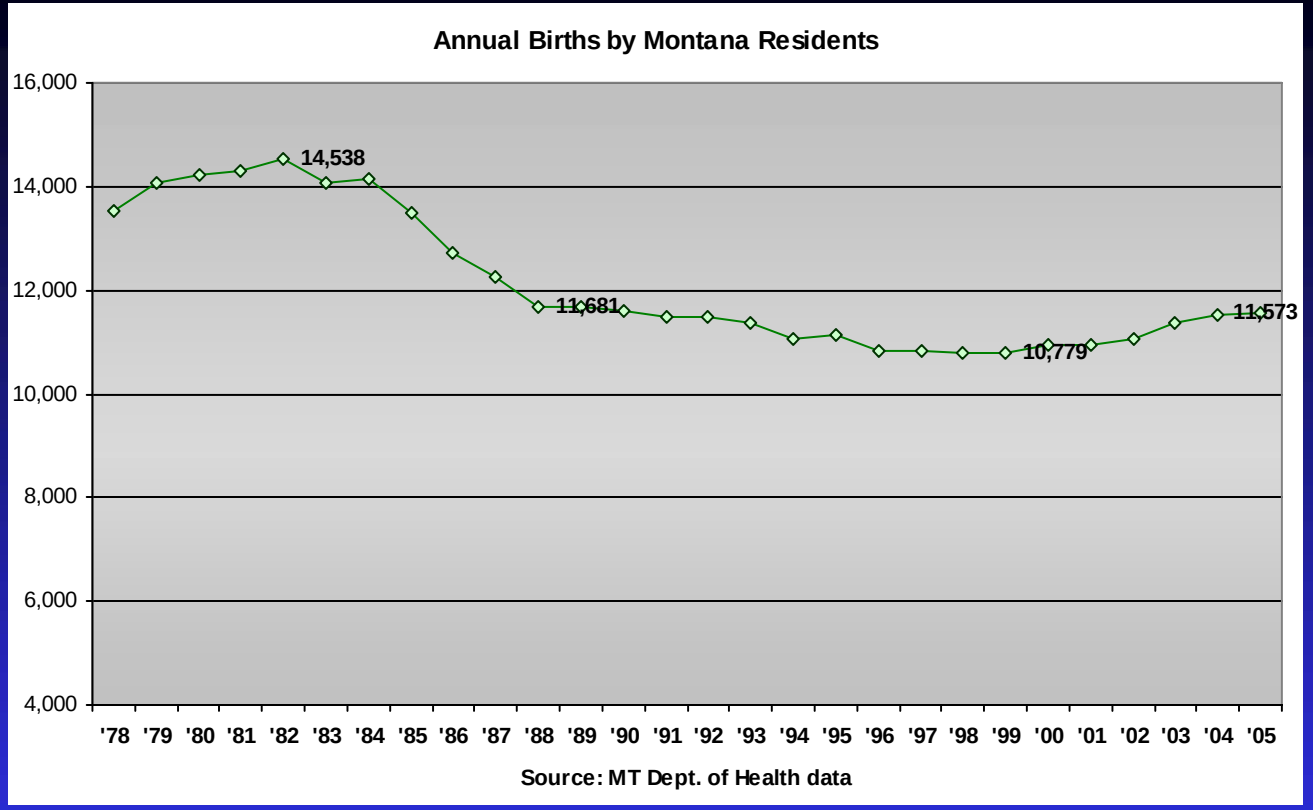
As we look out in front of us, we can see that population growth will continue to manifest itself in ripples and waves, with each successive wave of growth smaller than its immediate predecessor. This pattern of growth has significant implications. The fastest growth will occur among seniors and health care demand will continue to rise and housing needs will change. The number of persons at will move up and down at ages where college students are primarily drawn, as well as for high schools and elementary schools. The labor force of Montana will very likely shrink in size in the future as more and more persons leave the workforce for retirement and there are not enough persons entering the workforce to replace them.

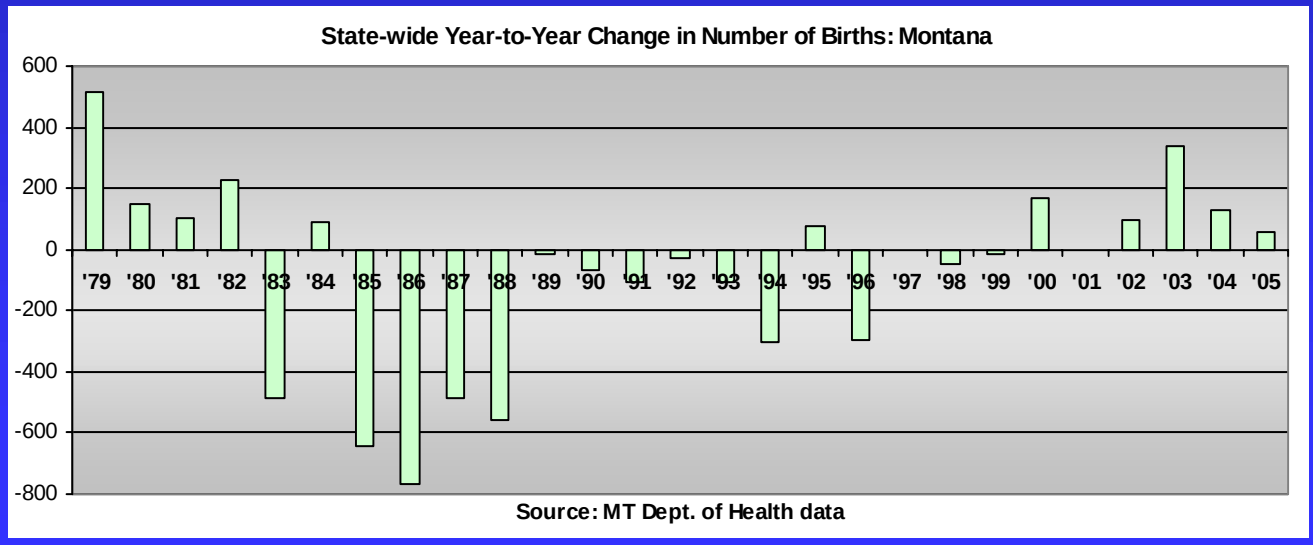
Birth Numbers and Trends in Montana

The number of births in Montana by Montana residents peaked back in 1982, coinciding with births among Montana's "echo" age group or children of baby boomers. Birth numbers gradually declined on a yearly basis for most of the next 17 to 18 years before bottoming out.

Since 2000 there has been gradual but steady increases each year in birth numbers. This latter pattern of increase coincides with rising the echo population now having children themselves. This is the "echo-echo" population now being borne. How large this echo-echo population may be will depend upon how many of the echo population stays in Montana as young adults and how many additional persons from this age group may be attracted to the state from other places.

Our best evidence to date suggests that Montana is not retaining many of its echo population, let alone adding to it. This will mean that the current trend in an increasing number of births may be short-lived.



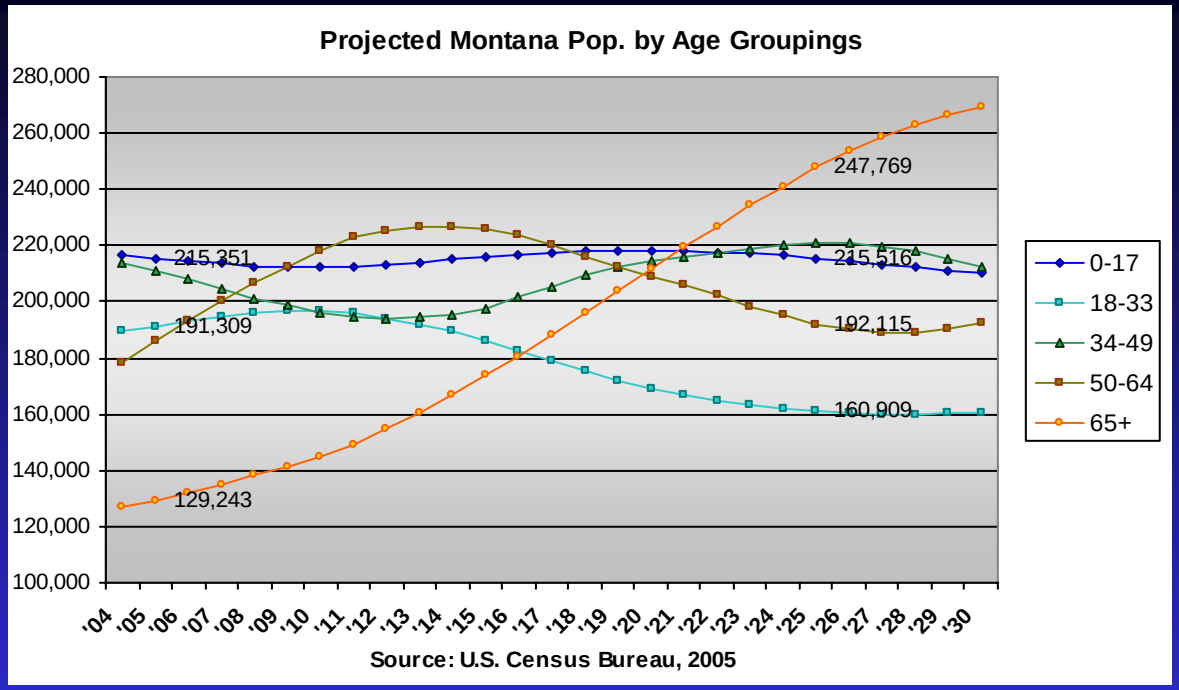


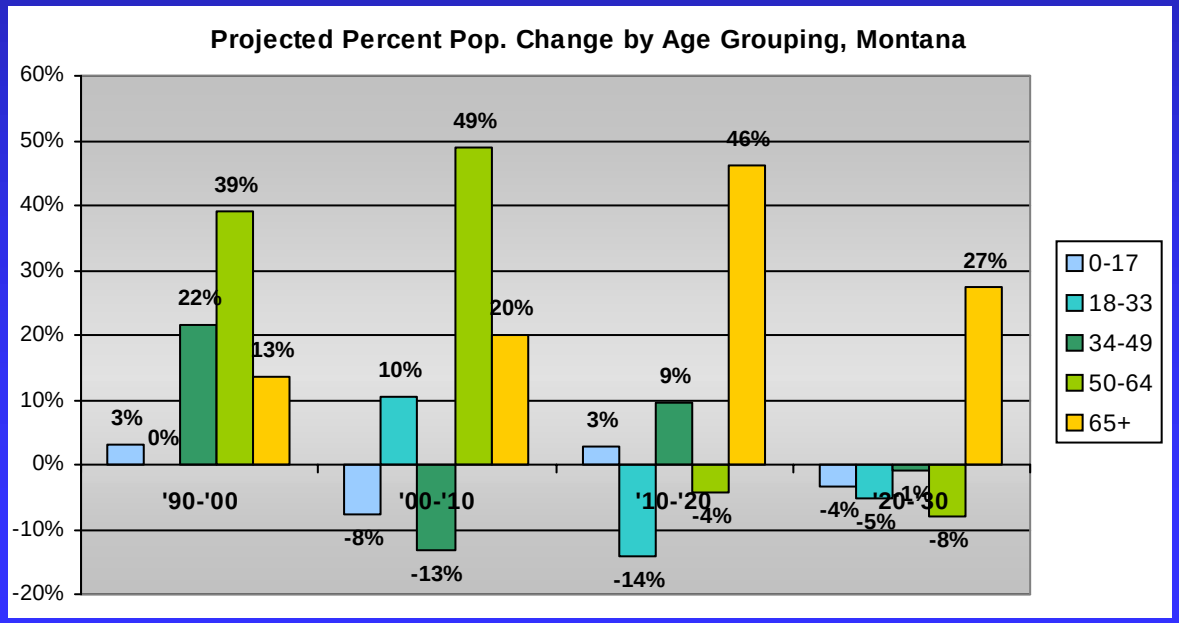
Future Pop. Change in Montana by Age Grouping

The projected aging of Montana's population over the next 20 years can be viewed by examining how the population is expected to change by age grouping. The upper chart shows the population under 18 (high school and younger), the population 18 to 33 (young post-high school adults and those at ages of family formation and childrearing), the population 34 to 49 (young and middle-age adults), the population 50 to 64 (older adults at pre-retirement ages), and the population 65 and older.

The under 18 population, which grew by only 3% in the '90s, is projected to fall by 8% between 2000 and 2010, then grow slightly in the subsequent two decades. The young adult population, which saw very little change in the last decade, would grow by 10% in the current decade before declining in each of the subsequent periods. The older adult working age population between 50 and 64, which saw massive growth in the '90s will also see very high growth in the current period before beginning a decline. And the 65 and older population, which grew by only 13% in the '90s, will grow by 20%, 46%, and 27% in the subsequent three decades.

As a result of these age shifts, Montana will have one of the largest populations over 65 of any state in the country in future years.



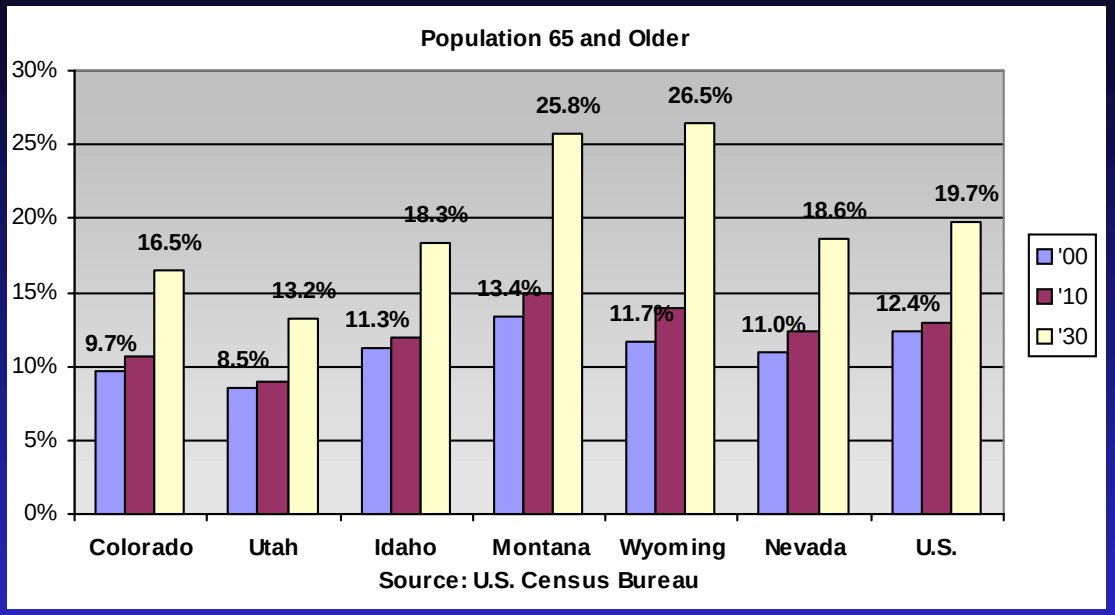


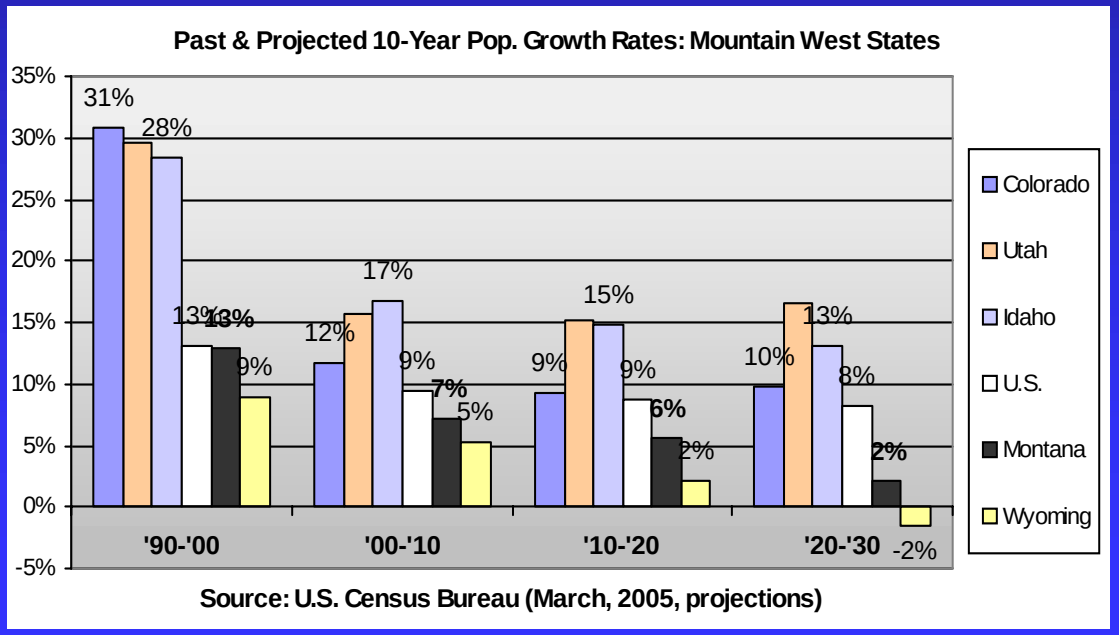
Slowing Population Growth due to Aging in the Region

Montana's population is aging, but so is the population of the U.S. more generally. However, Montana's population is expected to age more quickly than the U.S. as a whole largely because so much of the state's recent growth is concentrated among baby boomers.

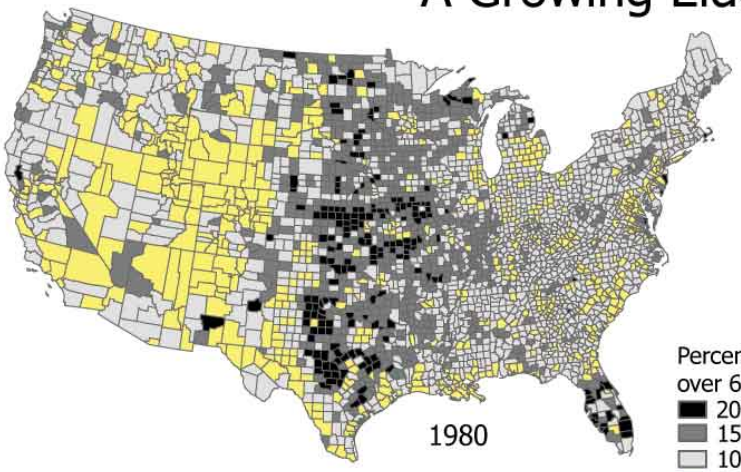
The percent of the population 65 and older in Montana will rise from 13.4 percent at the time of the 2000 Census to nearly 26 percent by 2030 according to projections by the U.S. Census Bureau. Montana and Wyoming are projected to become two of the four oldest populations in the U.S. over the course of the next two decades.

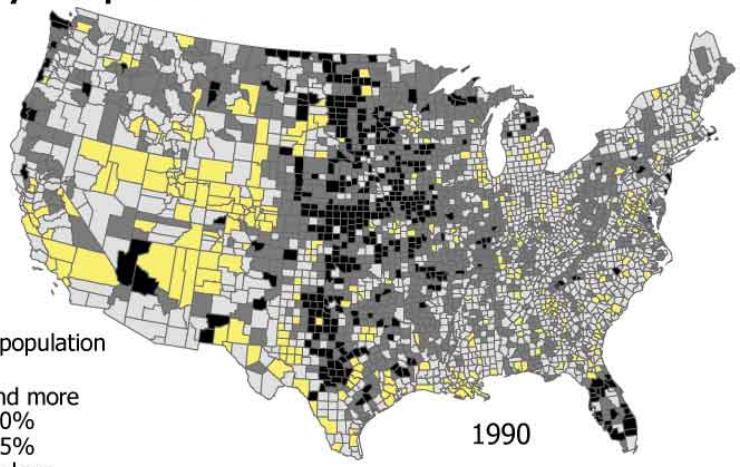
Because population growth is expected to concentrate among older adults, birth rates will fall as death rates rise. This Combined with future expectations regarding net migration translate into steadily falling rates of population growth in Montana and throughout the region. As shown in the lower chart, Montana's population growth is projected to fall from 13 percent in the 1990s to 7 percent, 6 percent, and 2 percent in the subsequent three decades, according to Census Bureau projections.





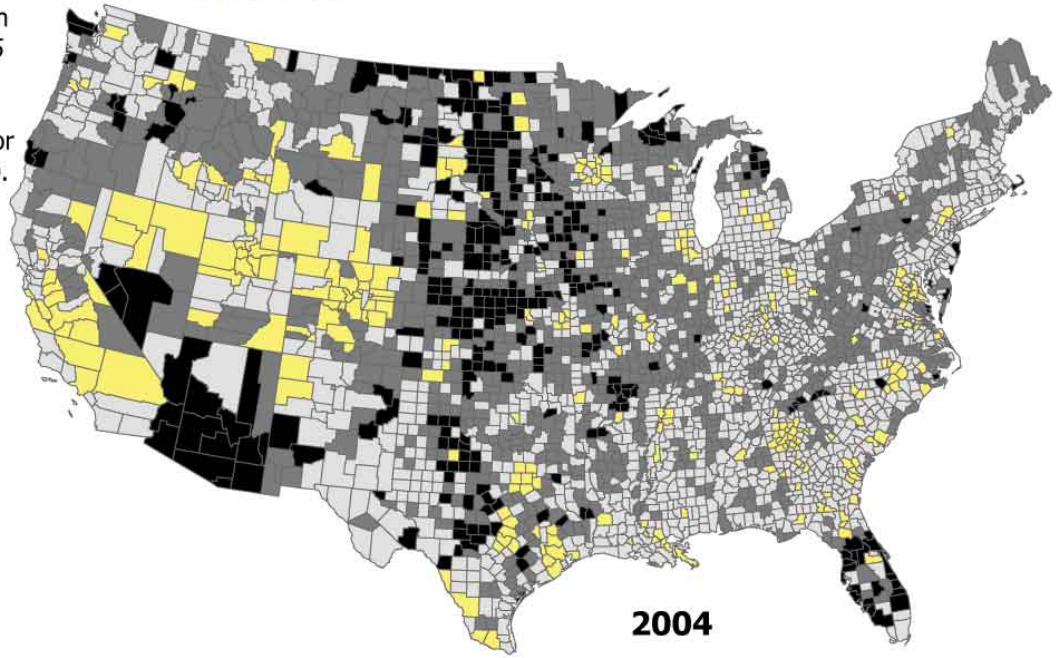
A Growing Elderly Population





Percent of population over 65
- 20% and more
- 15 to 20%
- 10 to 15%
- 10% or less

Another indicator of the aging U.S. population is the rising share of the population that is 65 and older. The maps show how this varies across the U.S. and what is happening over the last twenty years. Most areas had 10% or less of their populations 65 and older in 1980. By 2000 this had changed considerably and this aging process will continue for another two decades. The areas of the country with the highest shares of elderly are where population decline was greatest in past decades.



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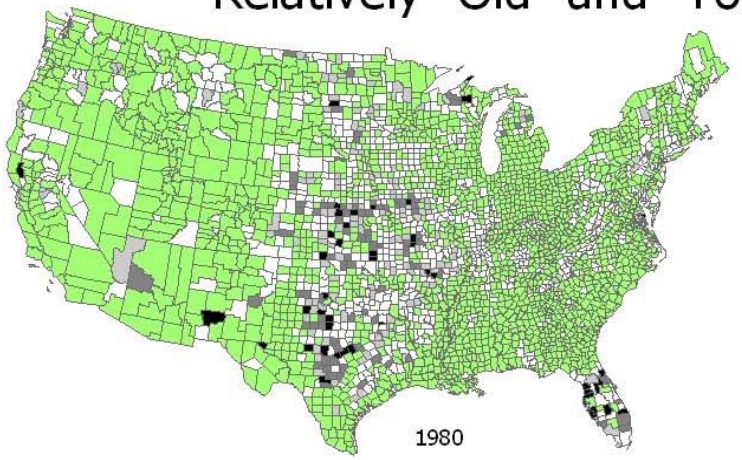
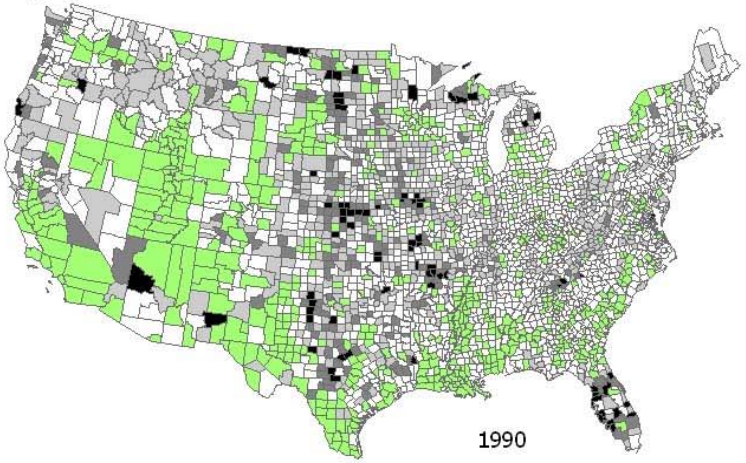
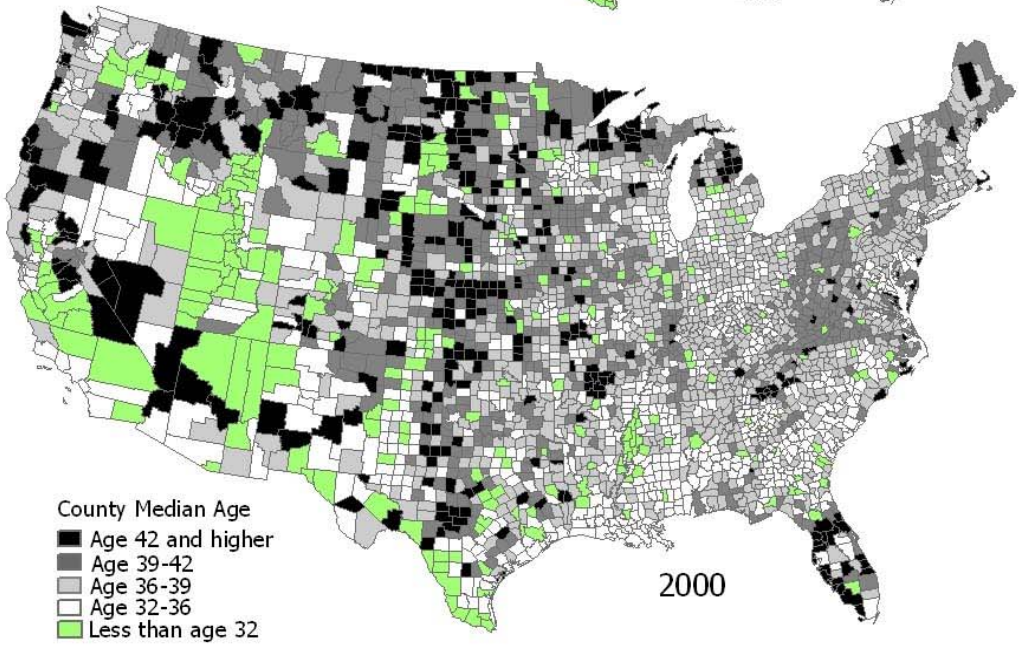
Pop 65 and over.mxd

Relatively "Old" and "Young" Areas of the U.S.





The population of the U.S. is aging, led by aging in the large and influential "baby boom" age group (those born between 1947 and 1963). This is reflected in the steady increase in the population median age across the nation. Areas shown in green are relatively young populations (median ages below 32). Areas shown in black are relatively old populations (median ages of 42 and higher).



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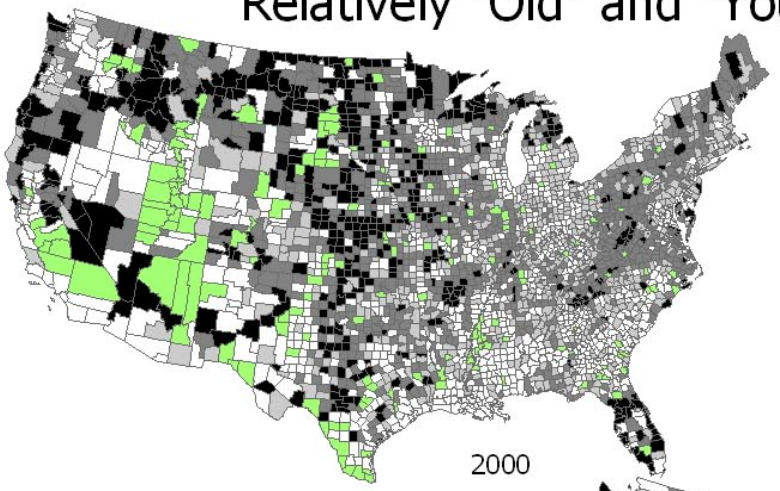
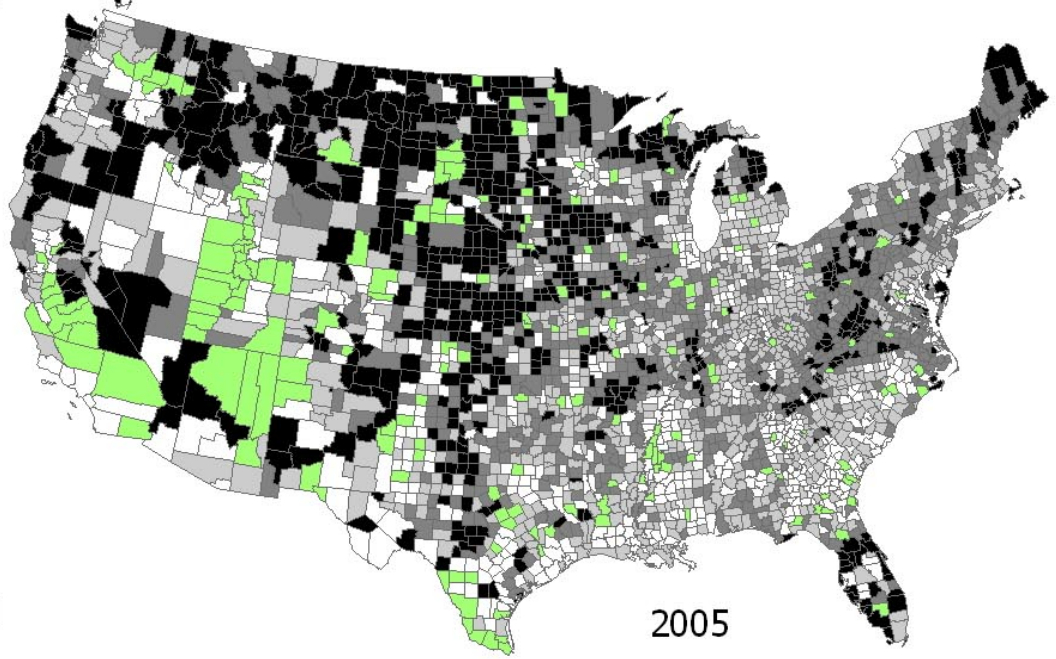
West

Relatively "Old" and "Young" Areas of the U.S.



2000

The population of the U.S. is aging, led by aging in the large and influential "baby boom" age group (those born between 1947 and 1963). This is reflected in the steady increase in the population median age across the nation. Areas shown in green are relatively young populations (median ages below 32). Areas shown in black are relatively old populations (median ages of 42 and higher).



2005

County Median Age
- Age 42 and higher
- Age 38-42
- Age 36-39
- Age 32-36
- Less than age 32

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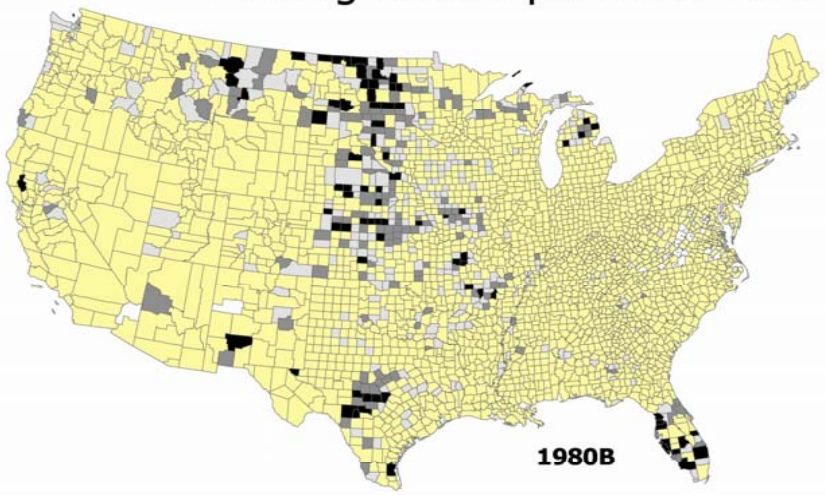
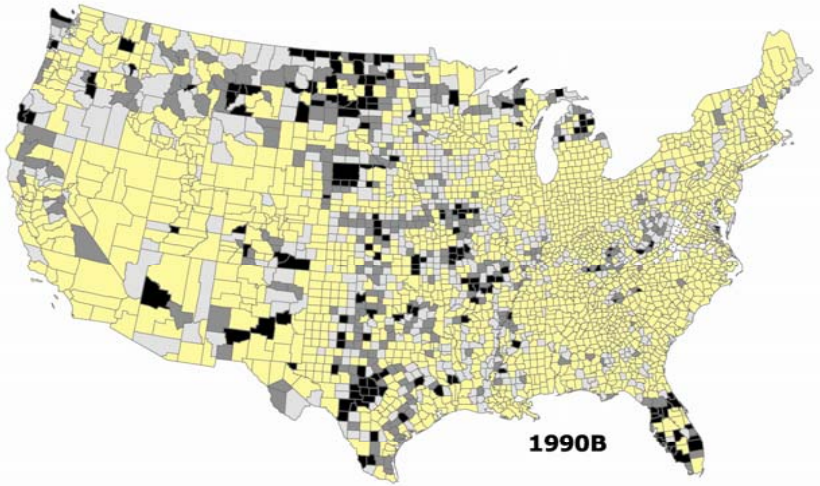
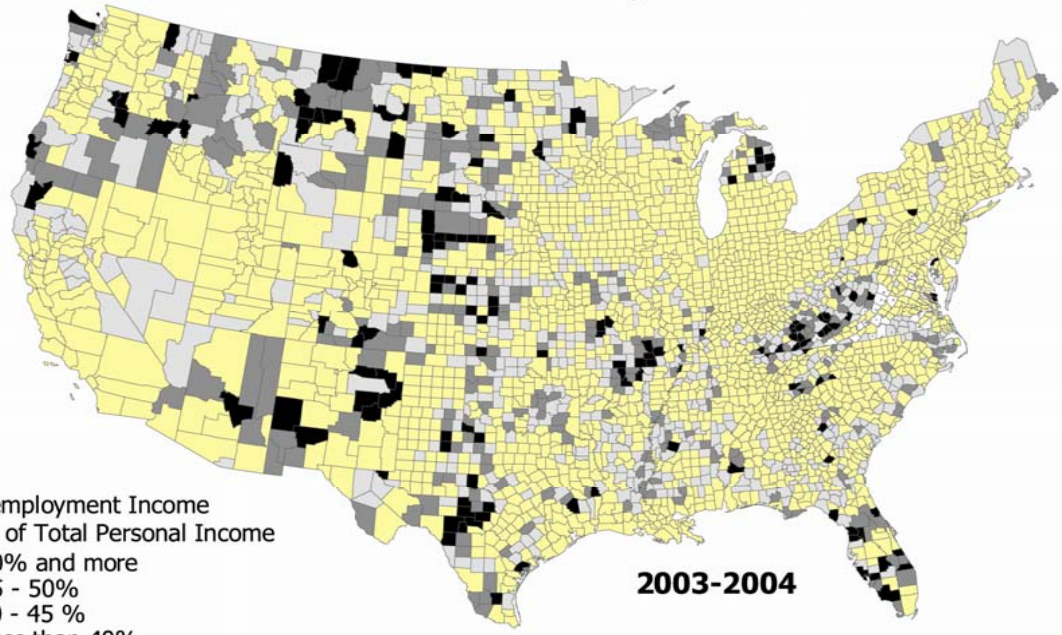
Median Age - 2000 and 2005.mxd

Growing Area Dependence on Non-Employment Income Sources





As the population ages and the economy changes, the composition of income shifts. Over the last couple decades, non-employment earnings have become more and more of a factor in area personal income.



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West

Non-employment Income
Share of Total Personal Income
- 50% and more
- 45 - 50%
- 40 - 45 %
- Less than 40%

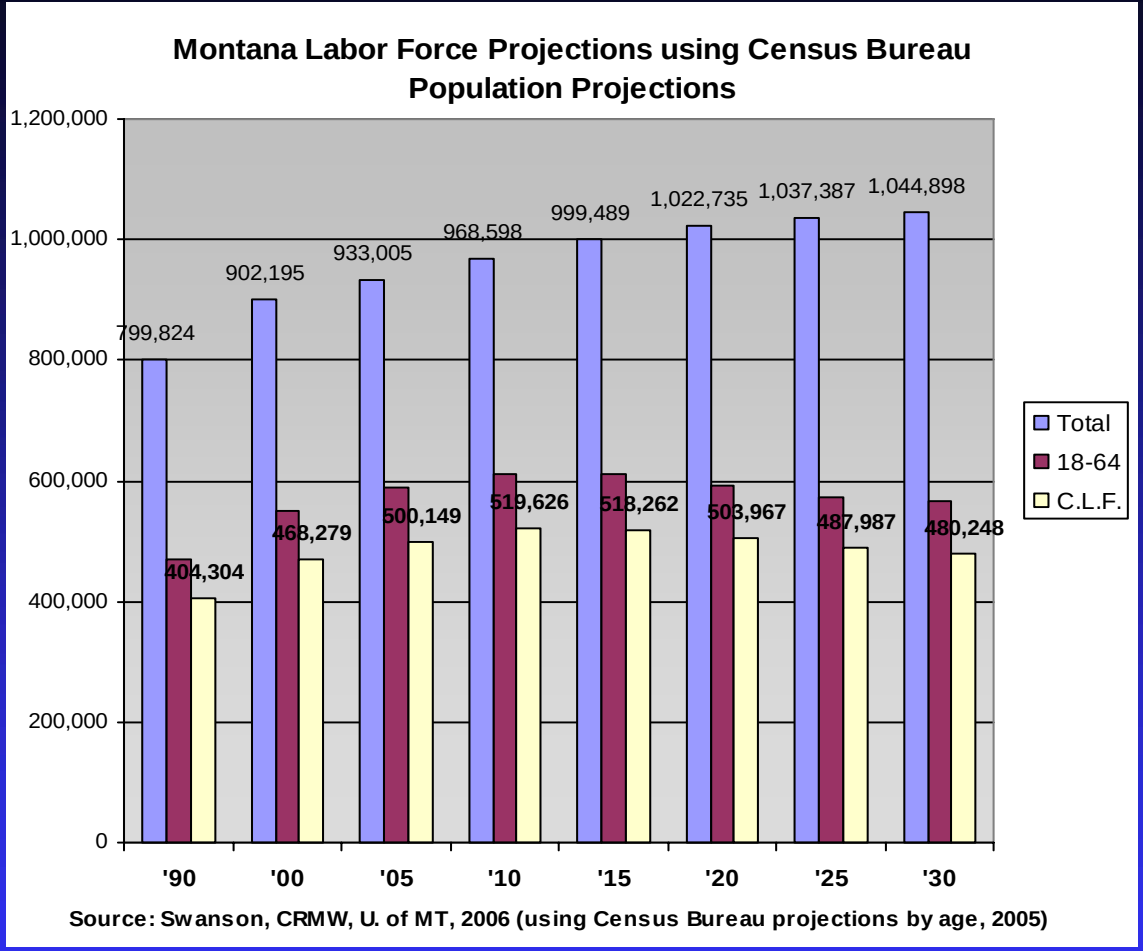
Shifting Income Sources.mxd

Past and Projected Civilian Labor Force in Montana using Census Bureau 2005 Population Projections

The labor force is primarily composed of adults ages 18 and 64. The chart at the right shows past and projected population, as currently projected for Montana by the U.S. Census Bureau (2005 projections). Also shown are past and projected populations for persons 18 to 64. While the total population is projected to continue increasing, the population between 18 and 64 is projected to plateau in 2011 through 2013, then begin a gradual decline.

The ratio between the total civilian labor force in Montana and the state's population 18 to 64 was 86% in 1990 and 85% in 2000. This ratio has been fairly stable over time. Extending this ratio forward and applying it to these population projections provide rough estimates of the size of Montana's civilian labor force in the future as these population and age projections unfold.

Because the work force age group of the population peaks and begins to decline after 2011, so should the total size of the civilian labor force. As can be seen, it will rise from 500,000 in 2005 to about 520,000 in 2010, then plateau and slightly decline to 518,000 in 2015. This decline would continue through 2030.



Source: Swanson, CRMW, U. of MT, 2006 (using Census Bureau projections by age, 2005)

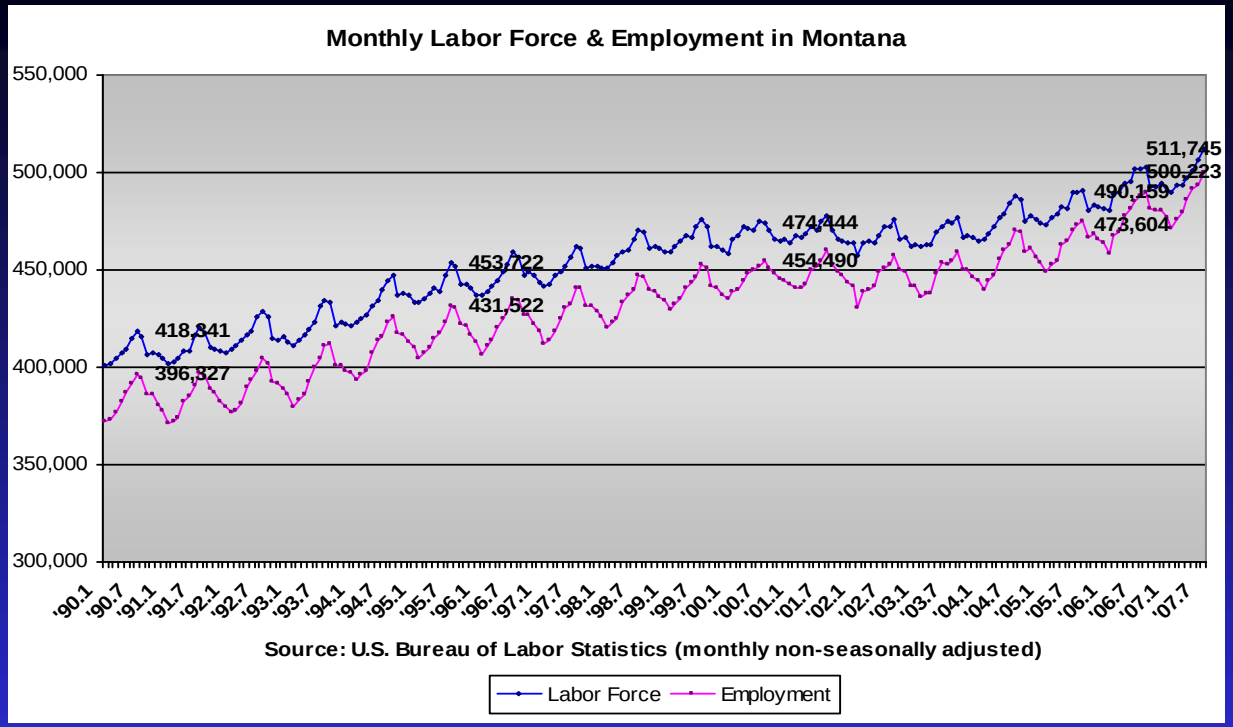
In projecting future growth in the state's labor force, it is very important to factor in how labor force expansion may be constrained by shifting age demographics. If the population at prime ages of work force participation is not growing, then the labor force itself cannot grow. And if labor force expansion is constrained, so will be employment and labor earnings growth. At the national level there is a growing appreciation of how changing age demographics will constrain expansion of the labor force. However, in states like Montana with older populations than the nation as a whole, there is little appreciation of how this same phenomena could result in an actual decline in the state's labor force in future years.

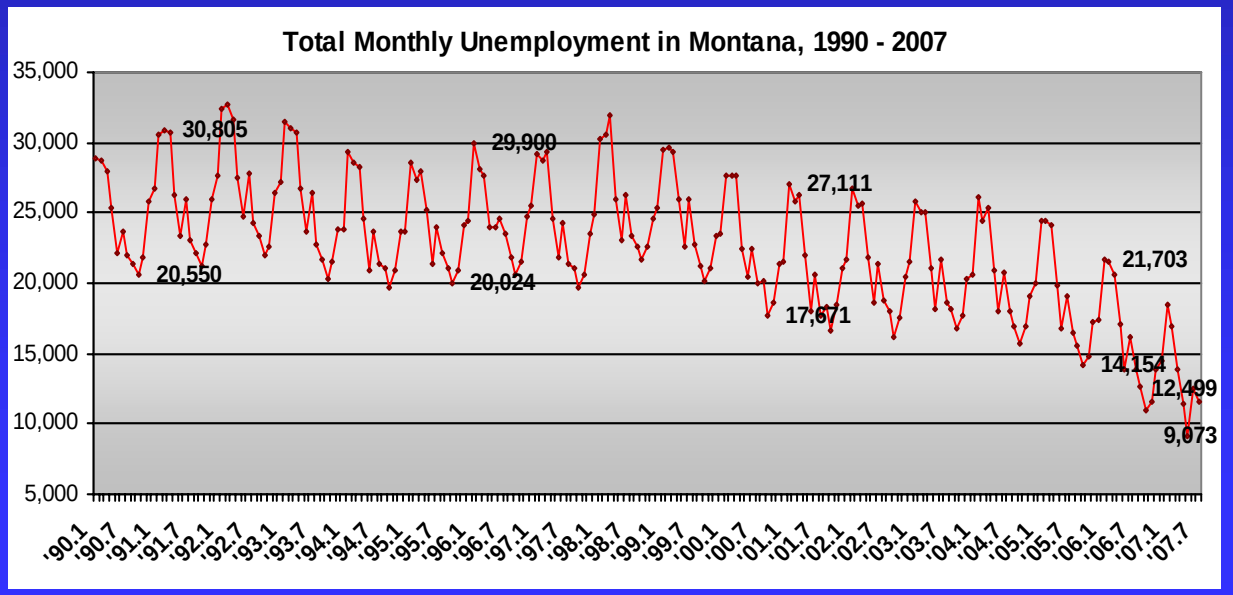
Montana's Tightening Labor Market

The upper chart shows monthly counts for the labor force and employment in Montana from the early '90s up through July of 2007. Many areas of Montana have experienced virtually uninterrupted economic expansion since the early '90s, and this is revealed in terms of gradually increasing levels in labor force and employment.

The swings in labor force and employment levels reveal the amount of seasonality in yearly employment and the margin between the size of the labor force and employment levels is unemployment. This margin as been gradually decreasing and this is further revealed in the steadily falling statewide unemployment rates, as shown in the lower chart.

Unemployment in Montana vacillated between 20,000 and 30,000 persons in the early '90s, then to between 17,000 and 27,000 in the early part of this decade. More recently, unemployment had plunged to less than 10,000 individuals.



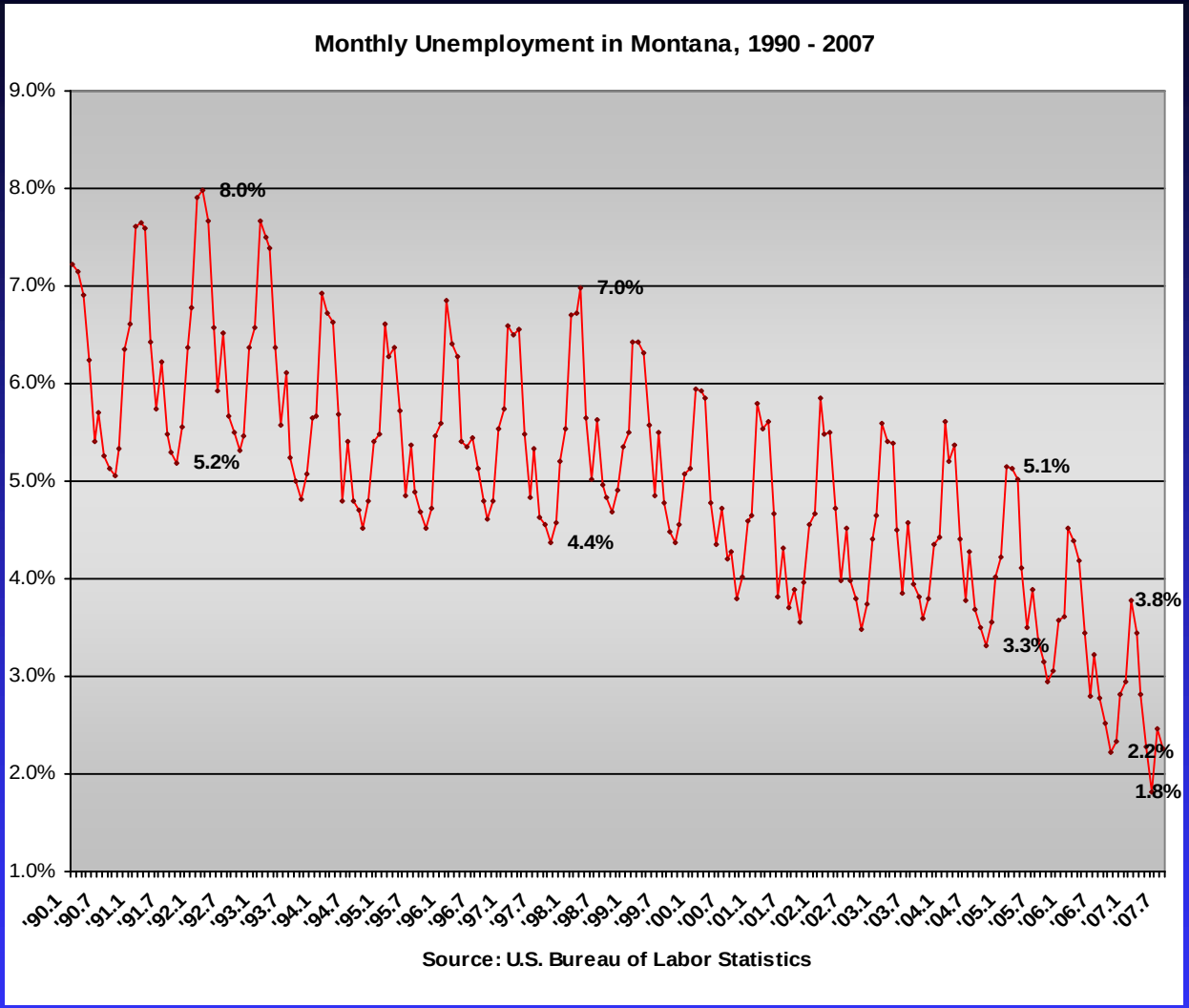


Montana's Falling Unemployment Rate

The chart shows monthly estimates of the percent of the labor force in Montana that is unemployed. Unemployment rates fluctuate up and down on a month-to-month basis, reflecting seasonality in employment. However, the degree of this seasonality in employment has been gradually falling as the state's economy has grown and overall unemployment rates have fallen.

In the early '90s the unemployment rates fluctuated between a low of 5% and high of 8% during a given year. By the latter '90s this fluctuation was from lows of 4% to highs of 7%. More recent the unemployment rate statewide is now fluctuating between a low of less than 2% and high of less than 4%.

This can be considered a relatively tight labor market – one that leads to increasing competition between growing employers for available workers, which in turn will push up wage and salary rates. Workers to fill these jobs from outside of the state also will be increasingly sought, but relatively low wage and salary levels in Montana relative to other areas will make attracting them difficult.



These extremely tight labor market conditions are likely to continue well into the future if the state's economy continues to expand as more and more older workers now in the labor force move toward retirement.

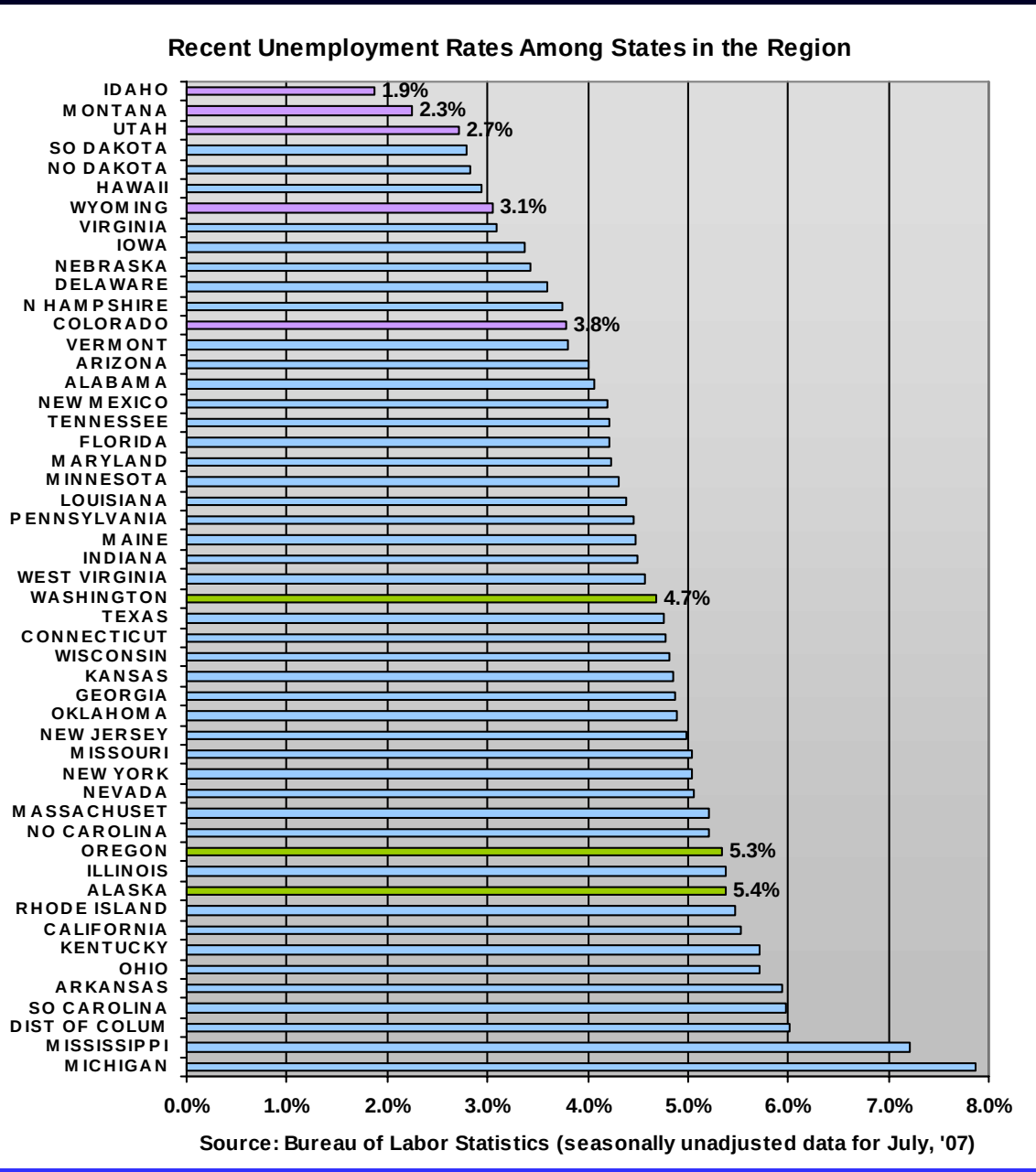
The Region's Tightening Labor Market

Labor markets in many regions of the U.S. are tightening with steadily falling unemployment rates and reduced levels of seasonality in employment over the course of a year.

The chart at the right shows unemployment rates in July of 2007 for individual states with states rank order from the lowest unemployment rate to the highest.

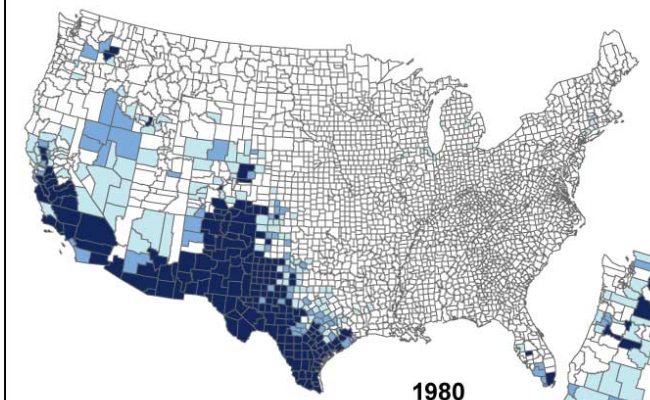
The three states with the lowest unemployment rates are Idaho (1.9%), Montana (2.3%), and Utah (2.7%), all Rocky Mountain West states – the region that has seen the fastest growth in total personal income over the last decade and a half. Another Rocky Mountain state ranks seventh lowest – Wyoming at 3.1%. The last of the five Rocky Mountain West state – Colorado, ranks 13th at 3.8% unemployment.

Three states in the Pacific Northwest are further down the list with Washington at 4.7% and in the middle of the pack and Oregon and Alaska in the bottom third at 5.3% and 5.4%, respectively.

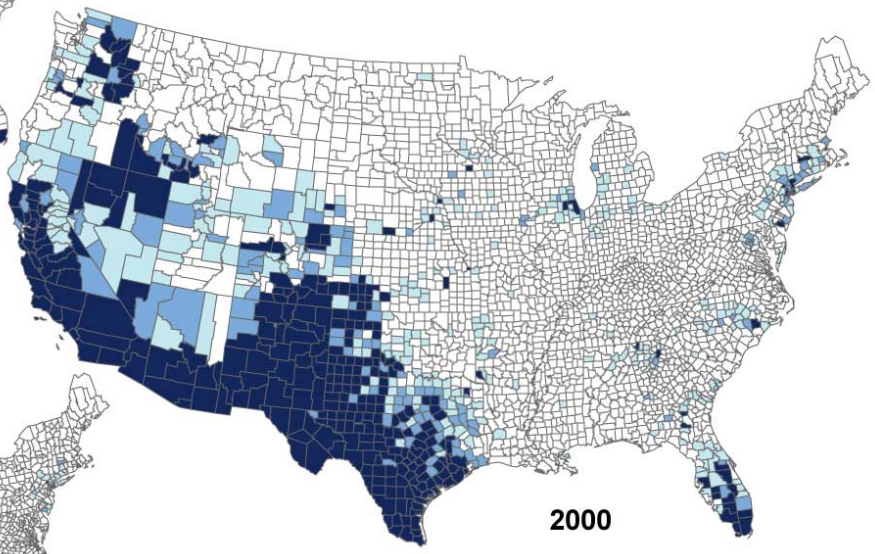


Hispanic Population in the US

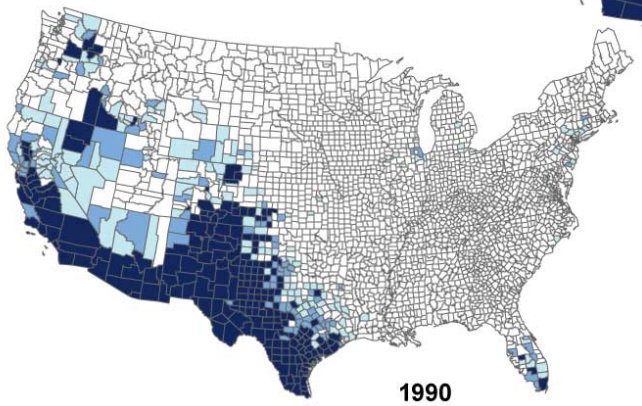
The three maps show areas where Hispanics represent significant portions of area populations. Areas in dark blue are ones where Hispanics are at least 15% of more of the total population of a county. Hispanics are the fastest growing ethnic group in the United States.



1980



2000



1990

Hispanic Population as a
Percentage of the Total Population

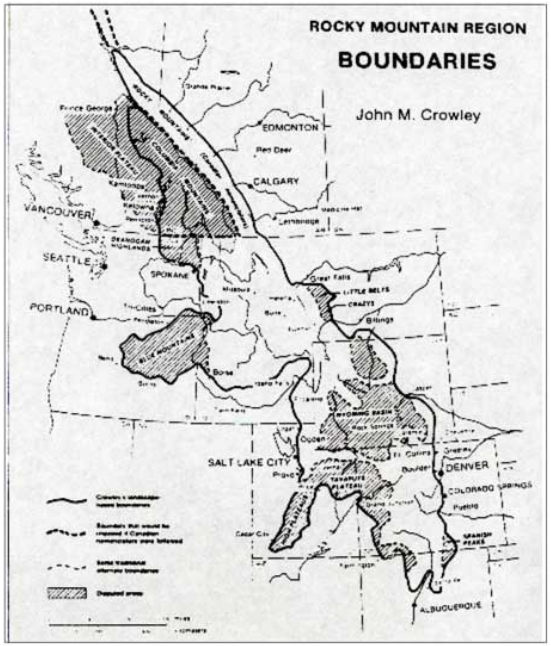
- 15% or more
- 10% to 15%
- 5% to 10%
- Less than 5%

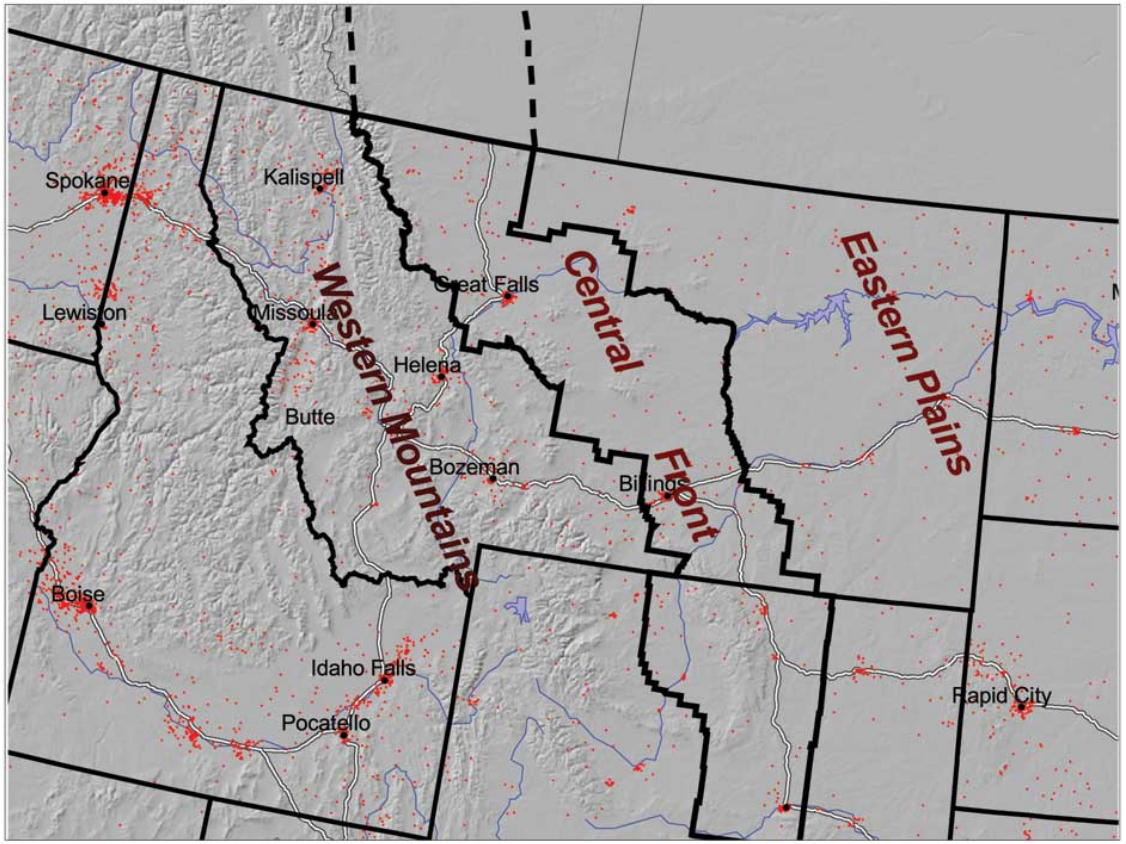
Carroll and Nancy Fields O'Connor
Center for the
Rocky
Mountain
West

Hispanic.mxd

Montana West-to-East "Three Regions"

Montana is a very large state in geographic terms - the nation's fourth largest. In many ways, the state actually cuts across three different regions in going from west to east - the "Western Mountain" region, the "Central Front", and the "Eastern Plains" . The "Western Mountain" region in the west has 22 counties and the eastern boundary of these largely follows the eastern edge of the Rocky Mountains. The map below shows the general boundaries of various major and minor ranges of the Rockies. The map at the right shows how Montana's counties fit within these three regions.





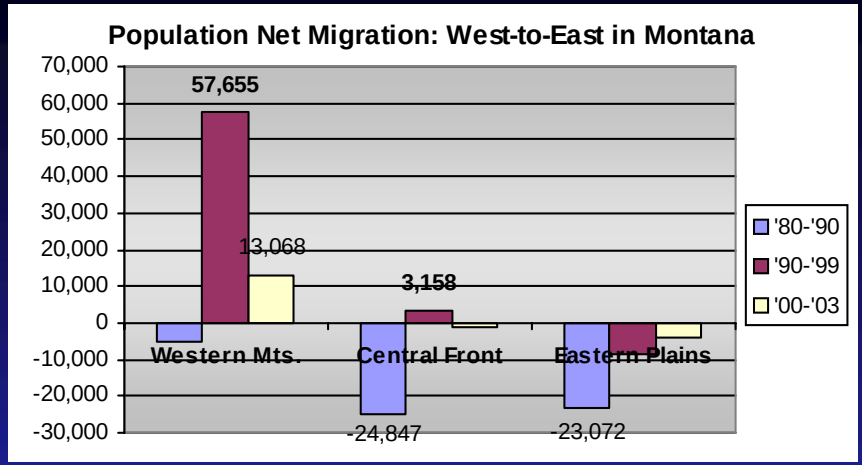
The eastern boundary of the western mountain region begins in the north at the eastern edge of Glacier National Park and then generally follows the eastern front of the Rockies south and southeast, jutting out around the Absaroka Range and Beartooth Highway area in Carbon County, before extending into Wyoming. The "bookends" for this region in Montana are the two magnificent national parks - Glacier and Yellowstone. Nestled up against the front is Montana's Central Front region. In this region, the mountains are generally viewable to the west. In going further east, the landscape flattens, extending into the large and expansive Plains of eastern Montana and the Dakotas. 22 of Montana's counties are in the Western Mountains, 15 are in the Central Front, and 19 are in the Eastern Plains.

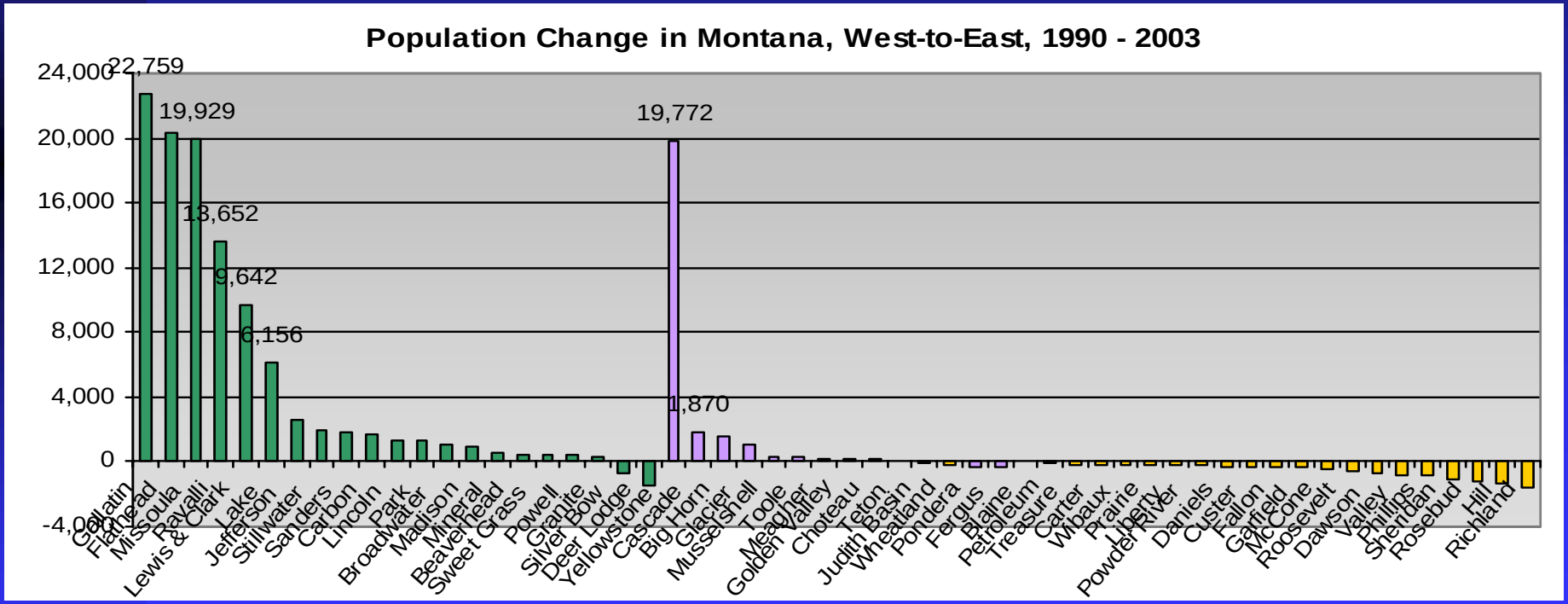
Carroll and Nancy Fields O'Connor Center for the Rocky Mountain West

Regional Economies Assessment Database (READ)
The University of Montana, 2006 CT6B

Lop-Sided Population Change in Montana

The recent "sea change" in U.S. population migration patterns played out very differently in Montana's three regions. The 21 Western Mountain counties saw almost all of the increase with net migration shooting to nearly 58,000 in the '90s. The Central Front saw some of the increase. The 21 Eastern Plains counties continue to lose population. Population counts through 2003 indicate these trends are continuing.





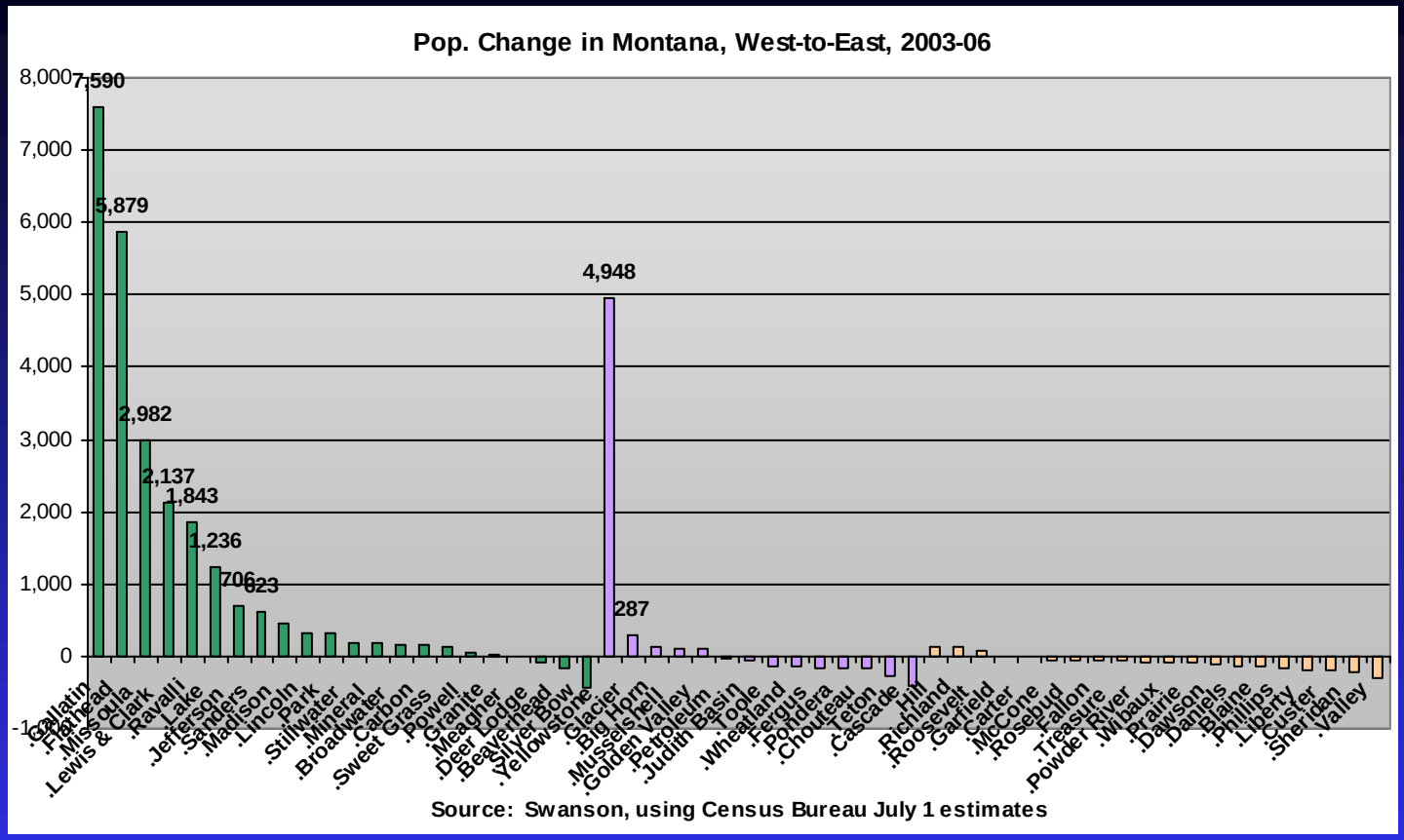
Montana's population grew by almost 120,000 people between 1990 and 2003, after very little growth in the '80s. Over 85 percent of this population growth was the result of net migration. Most of this growth is in the Western Mountain region (green bars), mainly in Gallatin, Flathead, Missoula, Ravalli, Lewis & Clark, and Lake Counties. Some of the growth is in the Central Front (purple bars), mainly in Yellowstone County. In the Eastern Plains (yellow bars), every county except one lost population.

More Recent Population Change in Montana, 2003-06

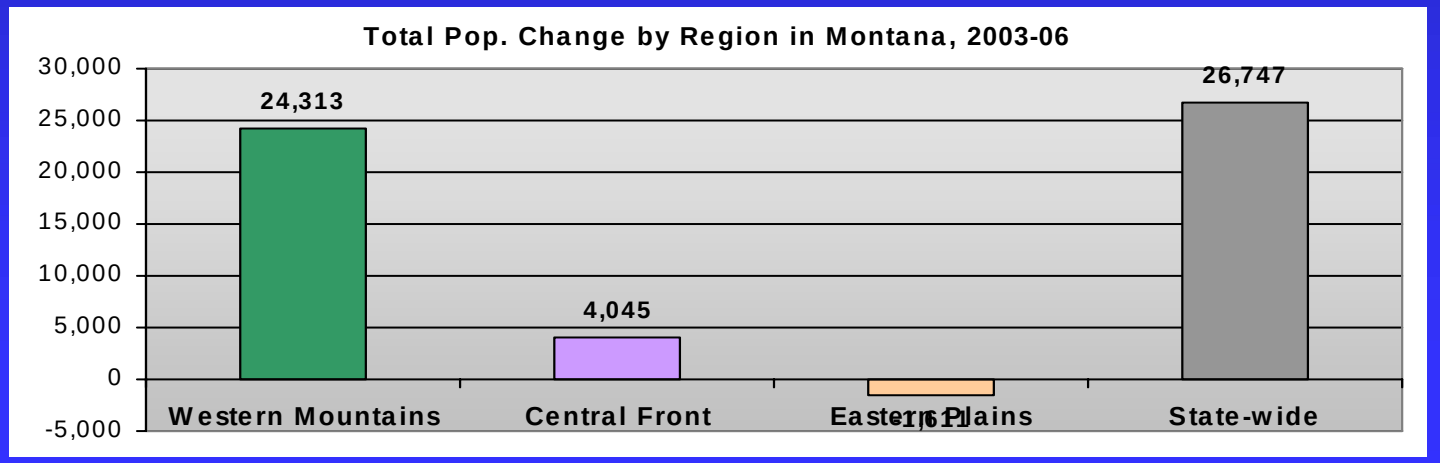
From July 1, 2003, to July 1, 2006, Montana's population grew by 26,747 people. Most of this growth is taking place in ten or fewer of the state's 56 counties.

The upper chart shows change for this 3-year period by county from left to right by region – the western mountain region shown in green, the central front region shown in purple, and the eastern plains region shown in light orange.

About 91% of all growth was in the 22 western counties, mainly Gallatin and Flathead, followed by Missoula, Lewis and Clark, and Ravalli. Outside of these western counties, most of the remaining growth was by Yellowstone.



Source: Swanson, using Census Bureau July 1 estimates



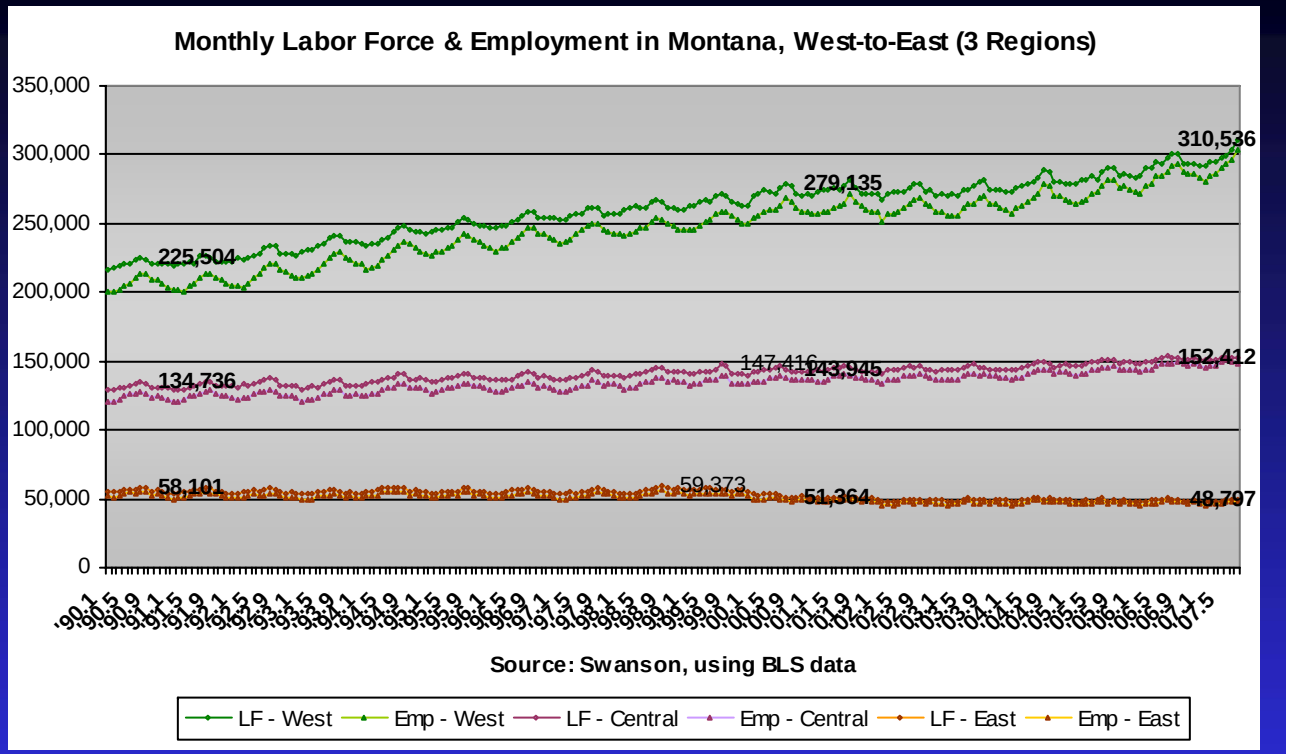
Labor Force and Employment Trends for Montana's Three Regions

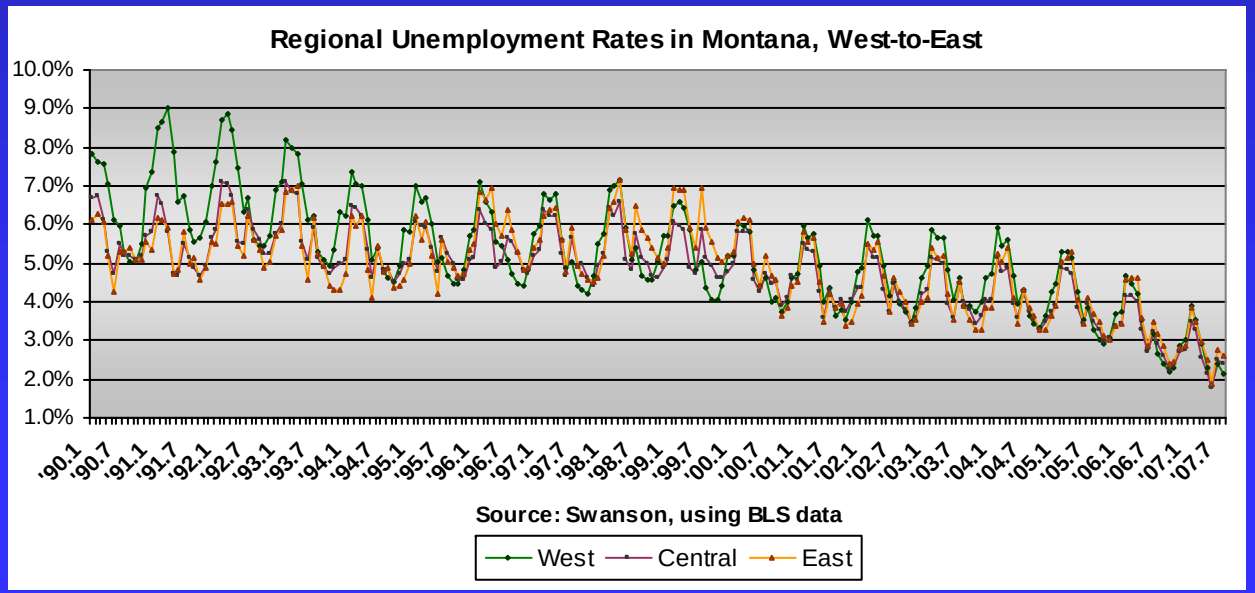
Monthly labor force and employment numbers compiled for Montana's counties are grouped by region – the western mountain region, central front, and eastern plains.

Montana's economic expansion over the last decade and a half is clearly concentrated in the western portion of the state where in-migration and population growth have been focused.

As the economy has continued to expand and increase employment, the gap between the labor force and employment has shrunk and this is evidenced by the steadily falling unemployment rate in all three regions, shown at the bottom.

The labor market is tightening, squeezed by economic expansion and an aging work force.



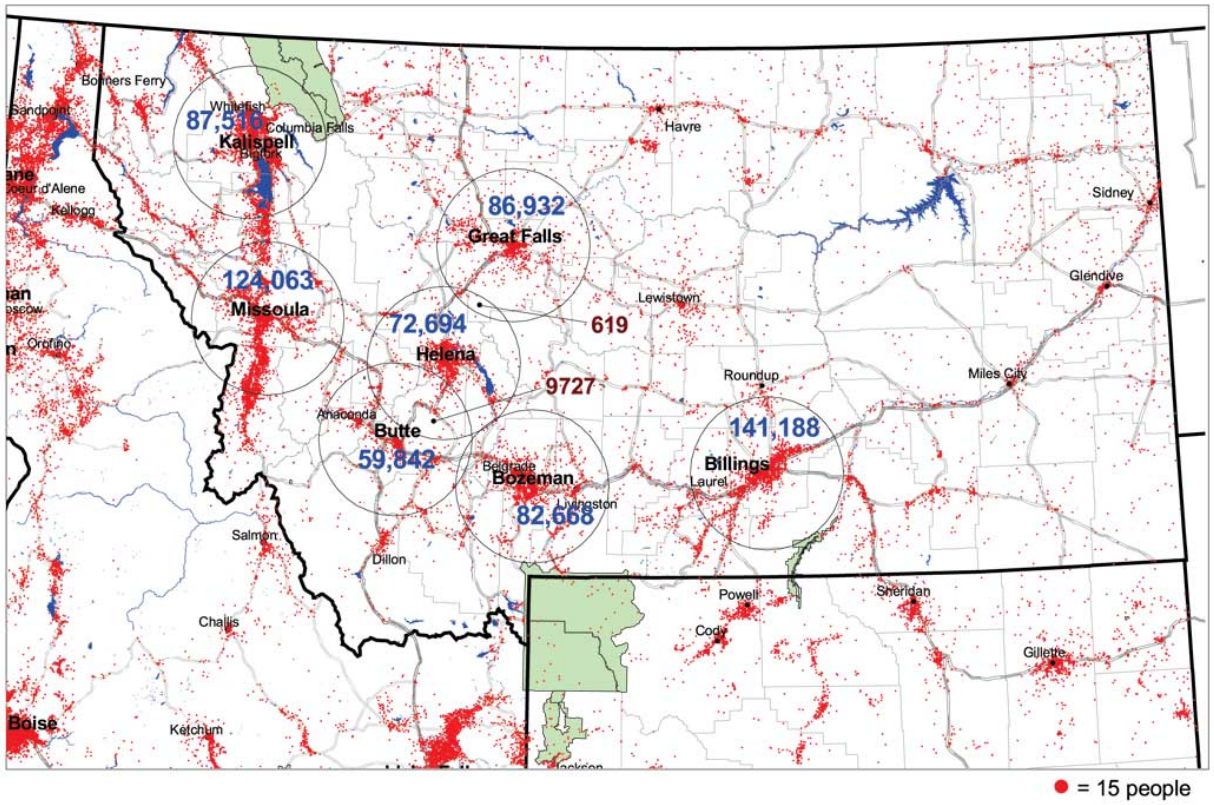


Most Montanans Live in or Nearby One of the State's Seven Major Cities

At the time of the 2000 Census, there were approximately 900,000 people residing in Montana. Although the fourth largest state in geographic size, Montana has one of the smallest populations among states (six states have smaller populations).

Because of the state's large size and small population, Montanans have almost always thought of themselves as largely rural. Adding to this is the fact that the state has no large cities. While having no truly large cities, Montana does have several modest size cities. The largest of these is Billings with an incorporated area population of over 90,000. Next is the City of Missoula with a population of over 60,000 and Great Falls with a population of over 56,000. Many more people live nearby these cities.

Over 70% of all residents live in or within 40 miles of the state's seven major population centers. Altogether, about 645,000 of Montana's 902,000 residents in 2000 (71% of the total) lived within 40 miles of the seven cities.



2000 Census populations mapped at the Census block level.
Each red dot represents 15 persons.

Source: O'Connor Center for the Rocky Mountain West, U. of Montana, 2005 (using U.S. Census Bureau data).

Carroll and Nancy Fields O'Connor Center for the Rocky Mountain West

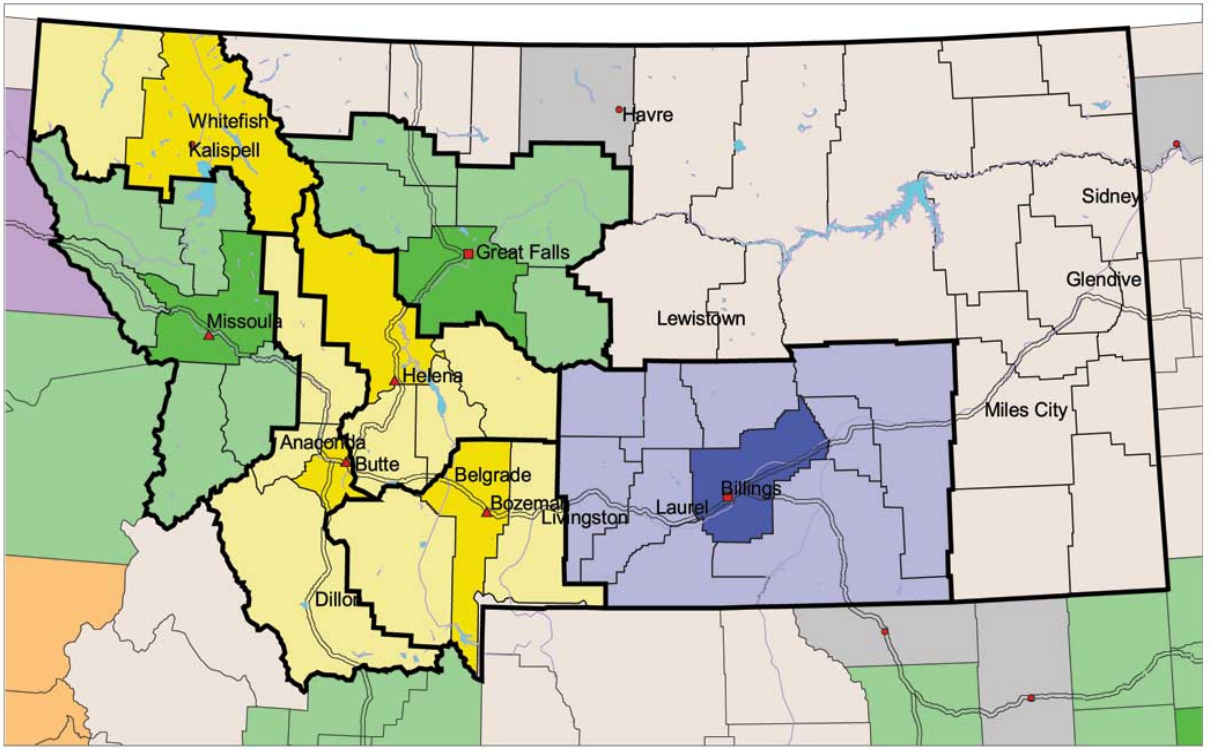
pop density
MT2020 MSF

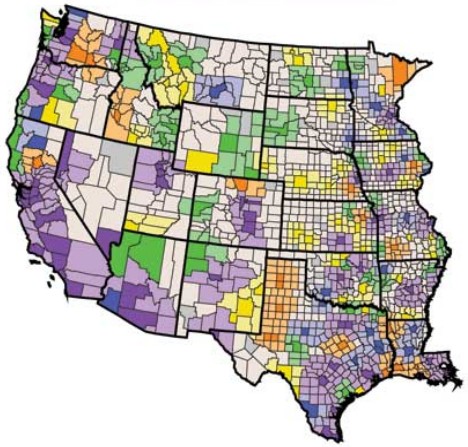
Montana Urban-to-Rural

Regional Population Centers, Closely-linked Surrounding Counties, and Isolated Rural Areas

The map at the right shows how Montana counties are classified under the READ urban-to-rural classification system. This system identifies and classifies regional population center counties by size, color-coded from very large centers to small regional centers with county-wide populations of only 30,000 to 60,000 (dark yellow). Montana has no truly large population centers, but has seven small and large regional centers including Billings (Yellowstone county), Missoula (Missoula county), Great Falls (Cascade), Helena (Lewis & Clark), Bozeman (Gallatin), Butte (Silver Bow), and Kalispell-Whitefish (Flathead).

There are 27 counties shown in light yellow, light green, and light blue that are nearby and "closely-linked" to the seven regional population center counties. The 22 remaining counties are smaller in population with no major cities and are classified as "isolated rural" counties (shown in gray). Most of Montana's population resides in the state's seven regional center counties and nearby counties, that are closely-linked to these regional centers.





Read Multi-County Core-Based Regions

- 3rd "Tier" Metro Cores of 100,000 to 160,000
- ...adjacent and closely linked counties
- Large Regional Trade Centers, 60,000 to 100,000
- ...adjacent and closely linked counties
- Small Regional Trade Centers, 30,000 to 60,000 ~
- ...adjacent and closely linked counties
- Isolated Rural Centers (Counties under 35,000 with places of 10,000 to 20,000 pop.)
- Small Isolated Rural Counties Under 35,000 with no place of 10,000 pop.

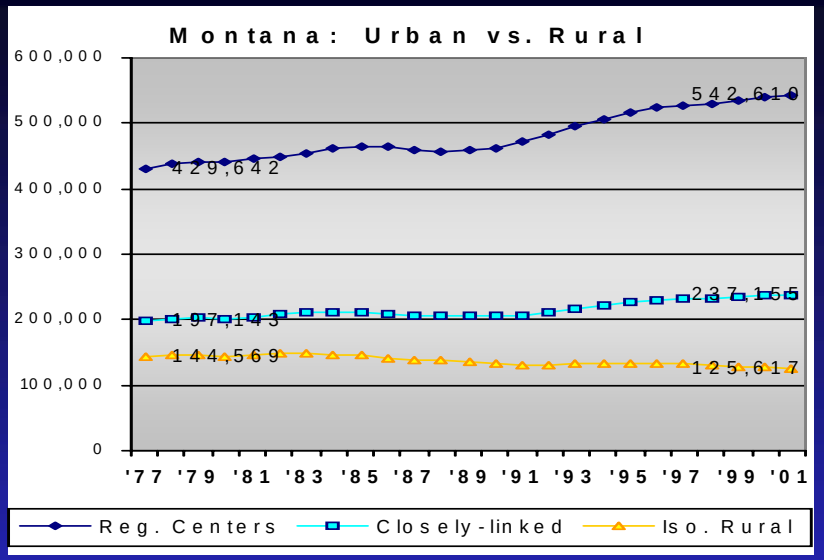
The University of Montana, 2006
Regional Economies Assessment Database (READ)

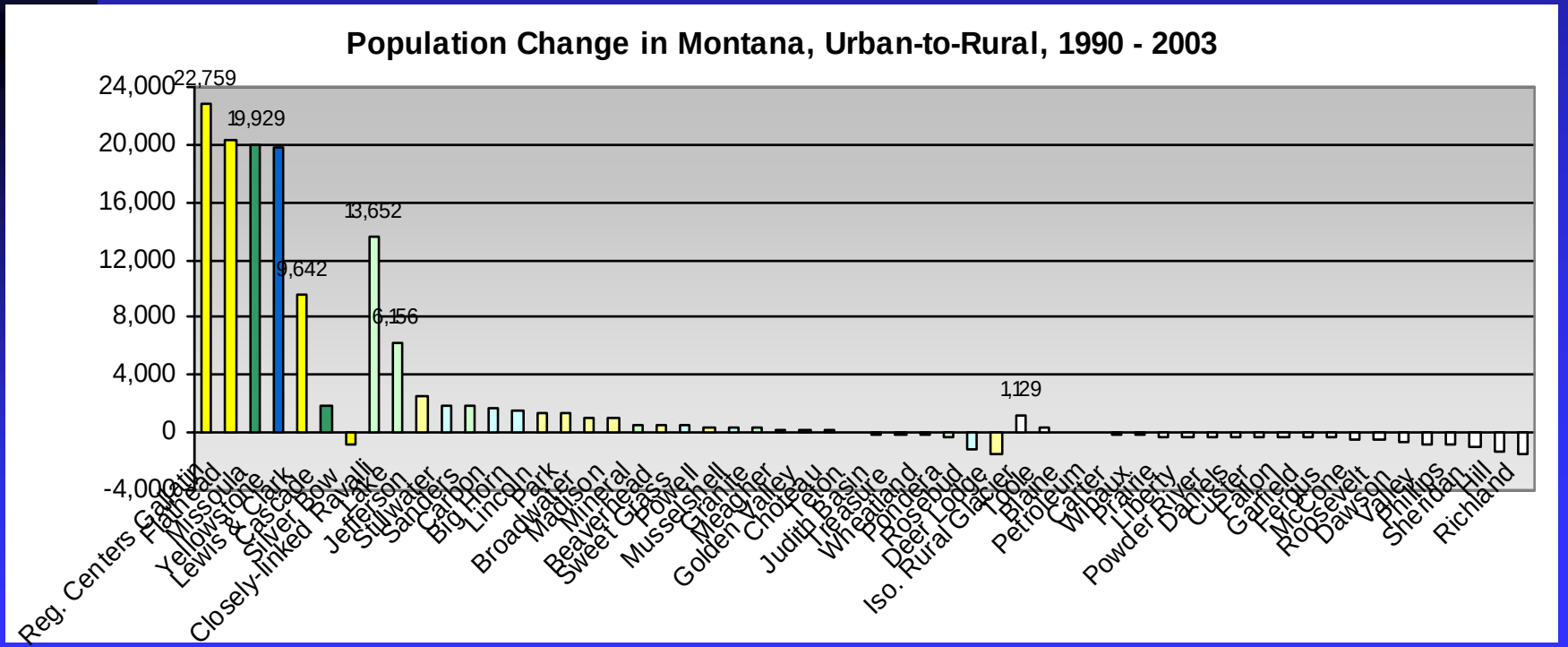
Carroll and Nancy Fields O'Connor Center for the Rocky Mountain West

RC1C

City-Centered Growth in Montana

Most who live in Montana live in or nearby the state's seven largest population centers. In fact, today, more than 60 percent of the state's population lives in the seven counties where its major population centers are located. Another quarter of the population live in counties surrounding these regional centers and are closely-linked to these centers economically and socially. This means that less than 14 percent of the state's population lives in relatively isolated areas with small populations.

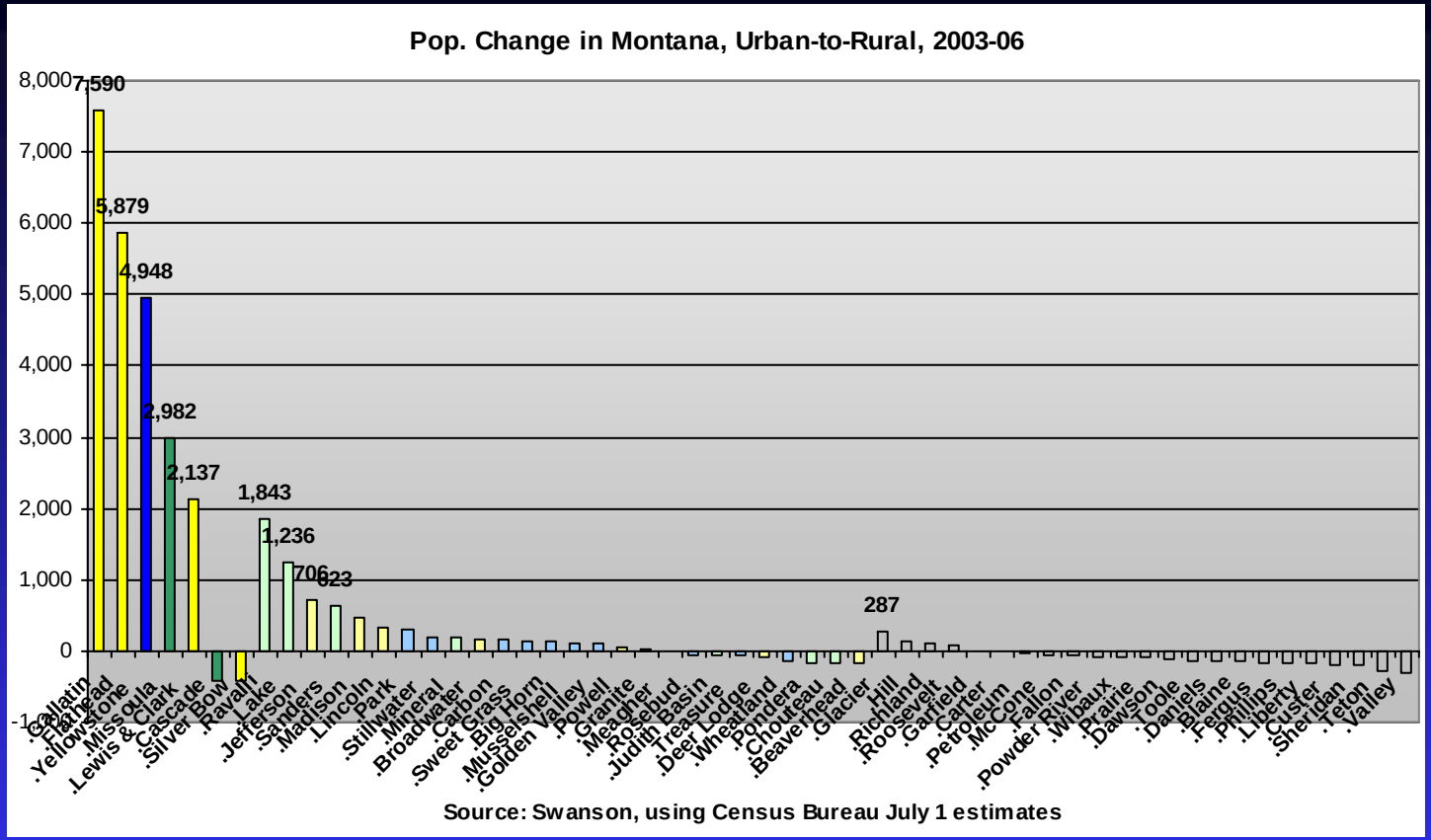




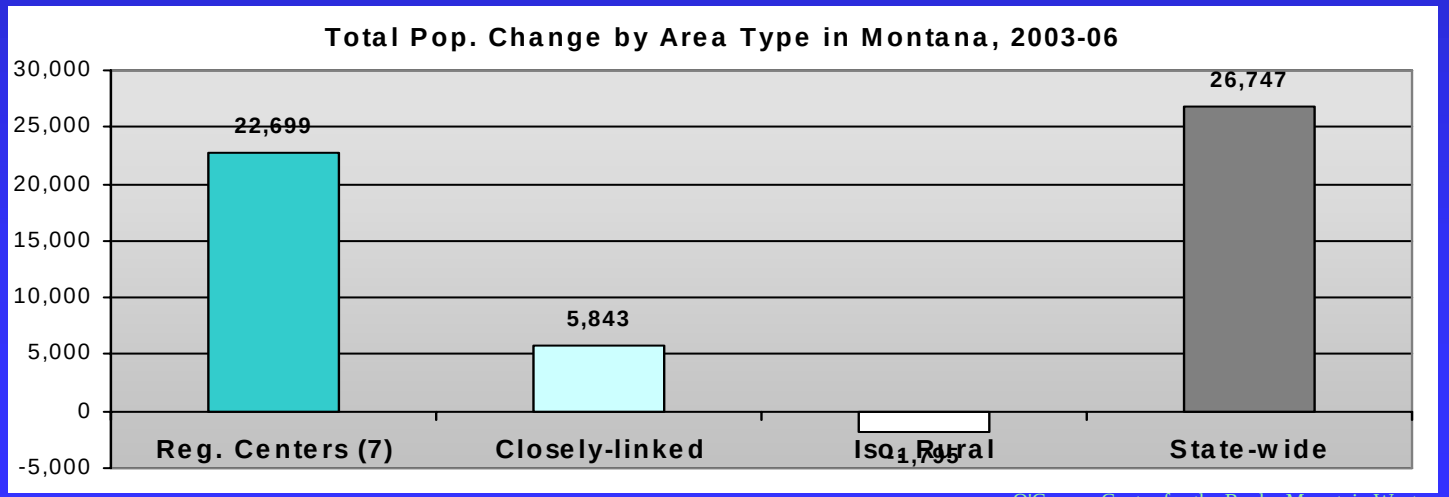
Recent Population Change in Montana, Urban-to-Rural, 2003-06

Of the state's total population growth of 26,747 people between 2003 and 2006, almost 85% was accounted for by the state's seven regional center counties, most notably Gallatin with growth of 7,590 and Flathead with growth of 5,879. Yellowstone was third with an increase of 4,948. Missoula and Lewis and Clark Counties also had moderate growth. Two of the regional centers counties had slight declines – Cascade and Silver Bow.

Counties nearby these regional centers accounted for most of the remaining growth – led by Ravalli, Lake, Jefferson, and Sanders.



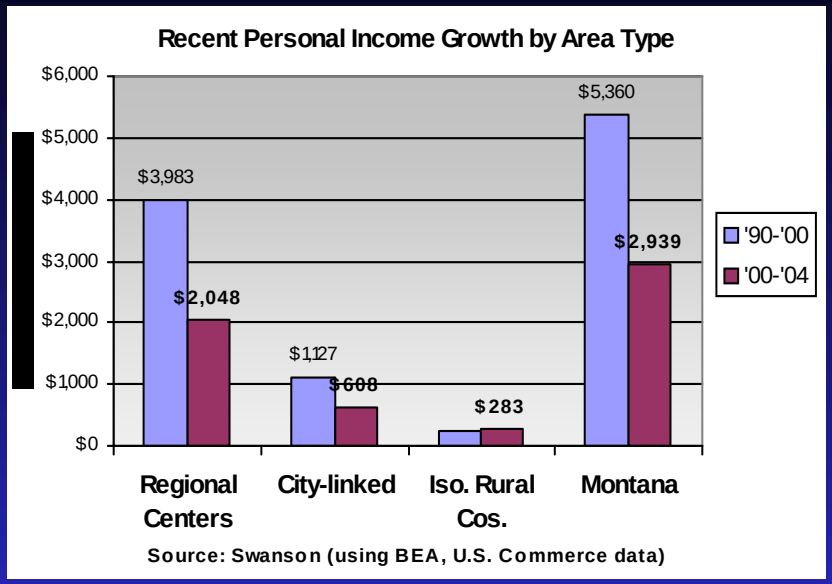
Source: Swanson, using Census Bureau July 1 estimates

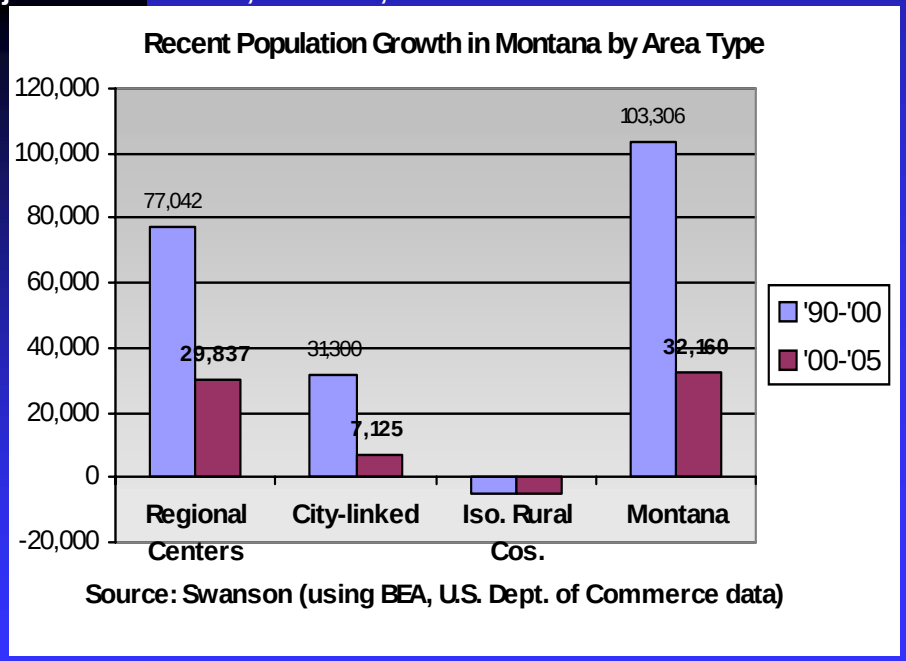


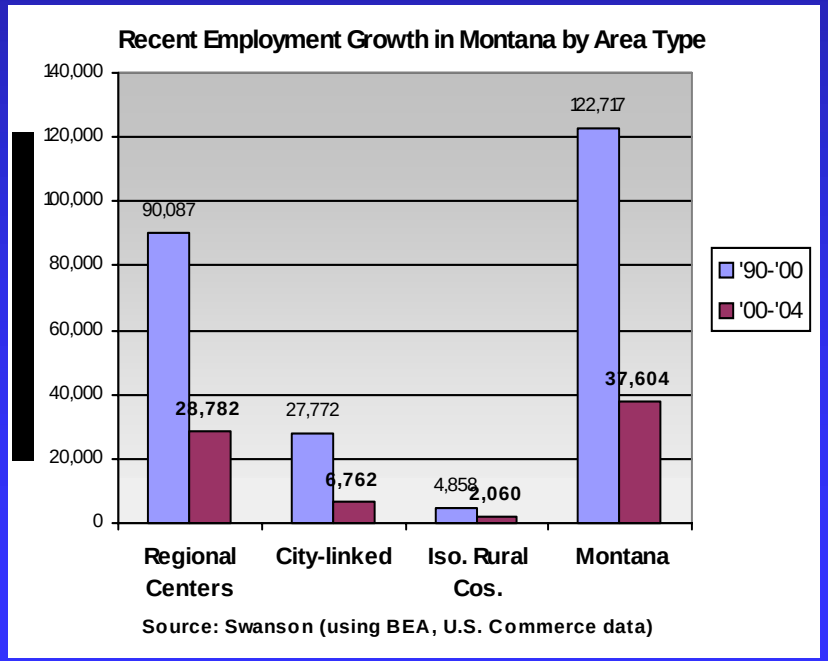
Cities as Centers of Population, Income, and Employment Growth in Montana

Between 1990 and 2000 Montana's population grew by over 103.000 people. Growth in the seven regional center counties totaled over 77,000 and accounted for almost 75% of all population growth in Montana. Total personal income increased by $5.4 billion statewide in Montana between 1990 and 2000 with 74% of this growth (almost $4 billion) in the seven regional center counties. Personal income in Yellowstone County rose from $2.5 bil. in 1990 to $3.9 bil. in 2004, 58% growth accounting for 17% of statewide income growth.

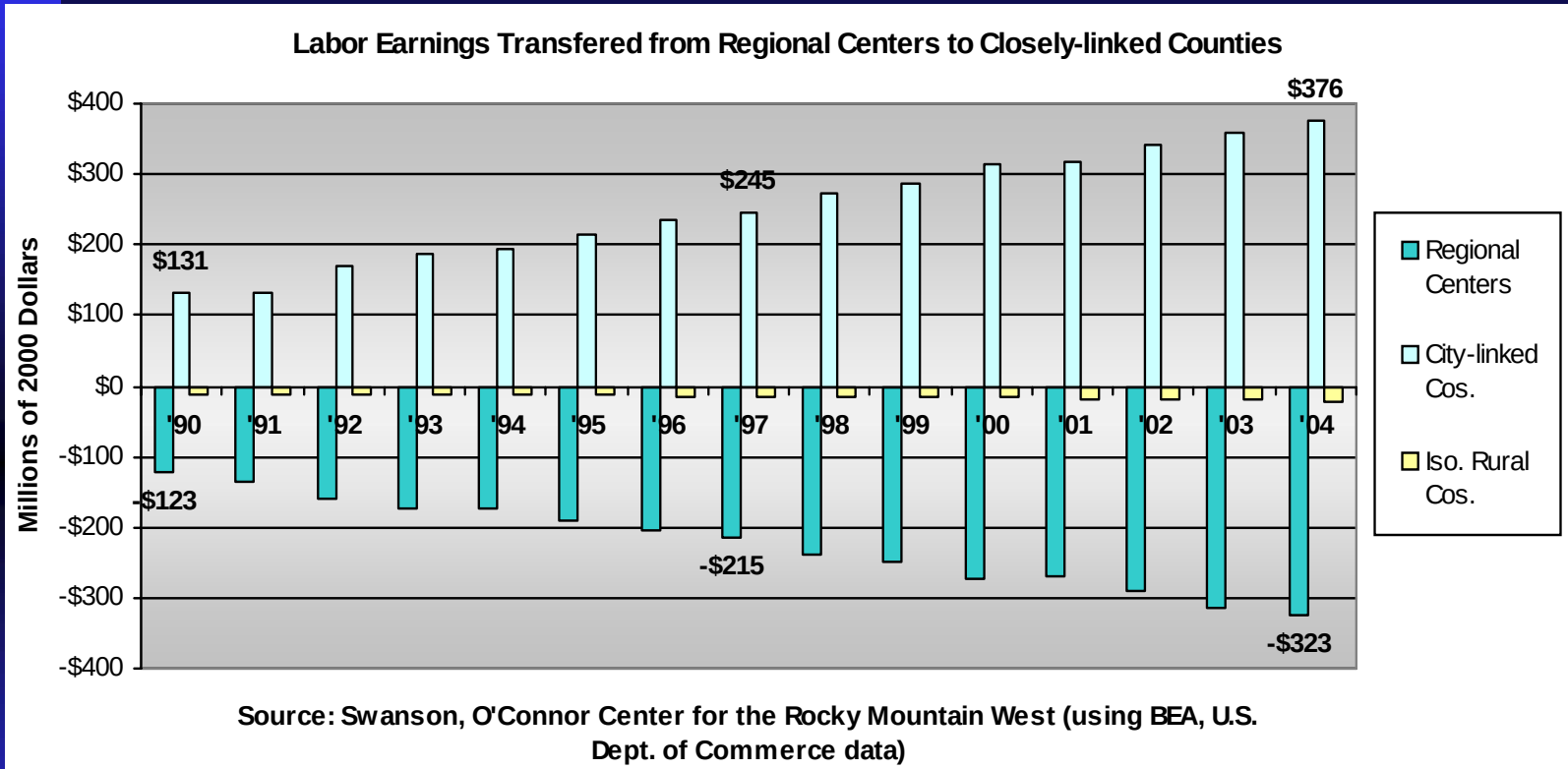
Total employment statewide grew by almost 123,000 jobs between 1990 and 2000, with over 90,000 of these new jobs in the seven regional center counties – over 73% of all new jobs. Yellowstone jobs rose from 70,500 to 95,300.







Cities in Montana as "Economic Engines"



Source: Swanson, O'Connor Center for the Rocky Mountain West (using BEA, U.S. Dept. of Commerce data)

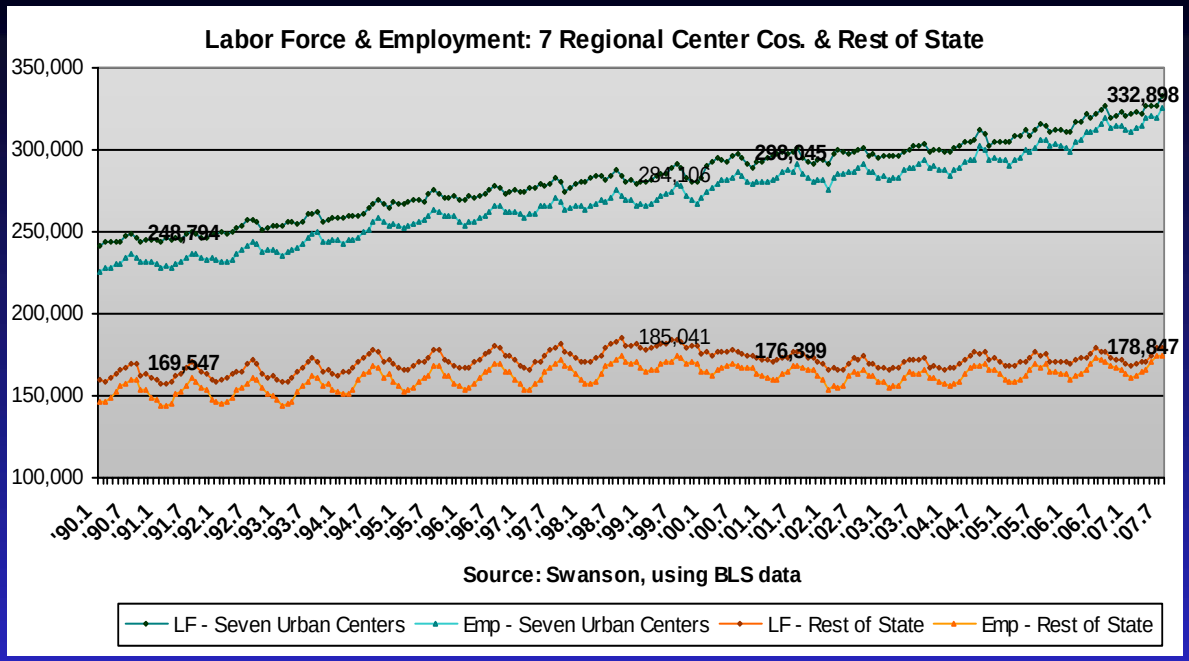
As employment in Montana becomes more concentrated in its seven cities, the labor earnings generated by jobs in these cities are increasingly spilling into the households of persons living in surrounding counties. In 2004 $323 million in income generated by jobs in these urban counties went to persons residing outside of them, largely in nearby, closely-linked counties. This was up from only $123 million in 1990 and $215 million in 1997. Persons and households in counties nearby the state's seven regional center counties received 12.5% of all their employment earnings from job sites outside of their counties of residence, with most in nearby regional population centers. This is up from 6.7% in 1990.

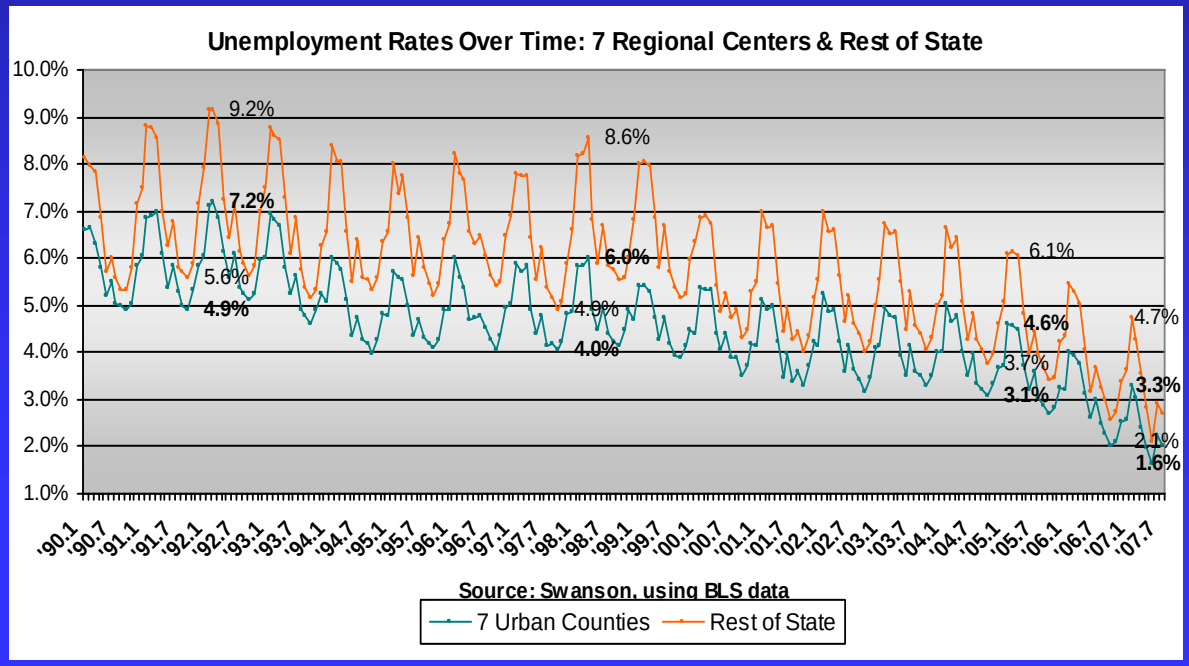
Urban vs. Rural Labor Force and Employment Trends in Montana

Monthly labor force and employment numbers compiled for Montana's counties are combined into two groupings – the seven counties where the state's seven major population centers are located and the rest of the state.

While Montana's economic expansion over the last decade and a half is clearly concentrated in the western portion of the state, it is even more concentrated in the state's seven urban counties, particularly since early in 2000 when employment growth began to increasingly focus in the seven centers. Peak yearly labor force counts in the early '90s in the seven centers totaled about 249,000 versus about 242,000 in the 49 other counties. By 2007 the labor force of the seven centers was approaching 330,000, much larger than the 270,000 in the rest of the state.

As the economy has continued to expand and increase employment, the gap between the labor force and employment has shrunk and this is evidenced by the steadily falling unemployment rate in both sets of counties.





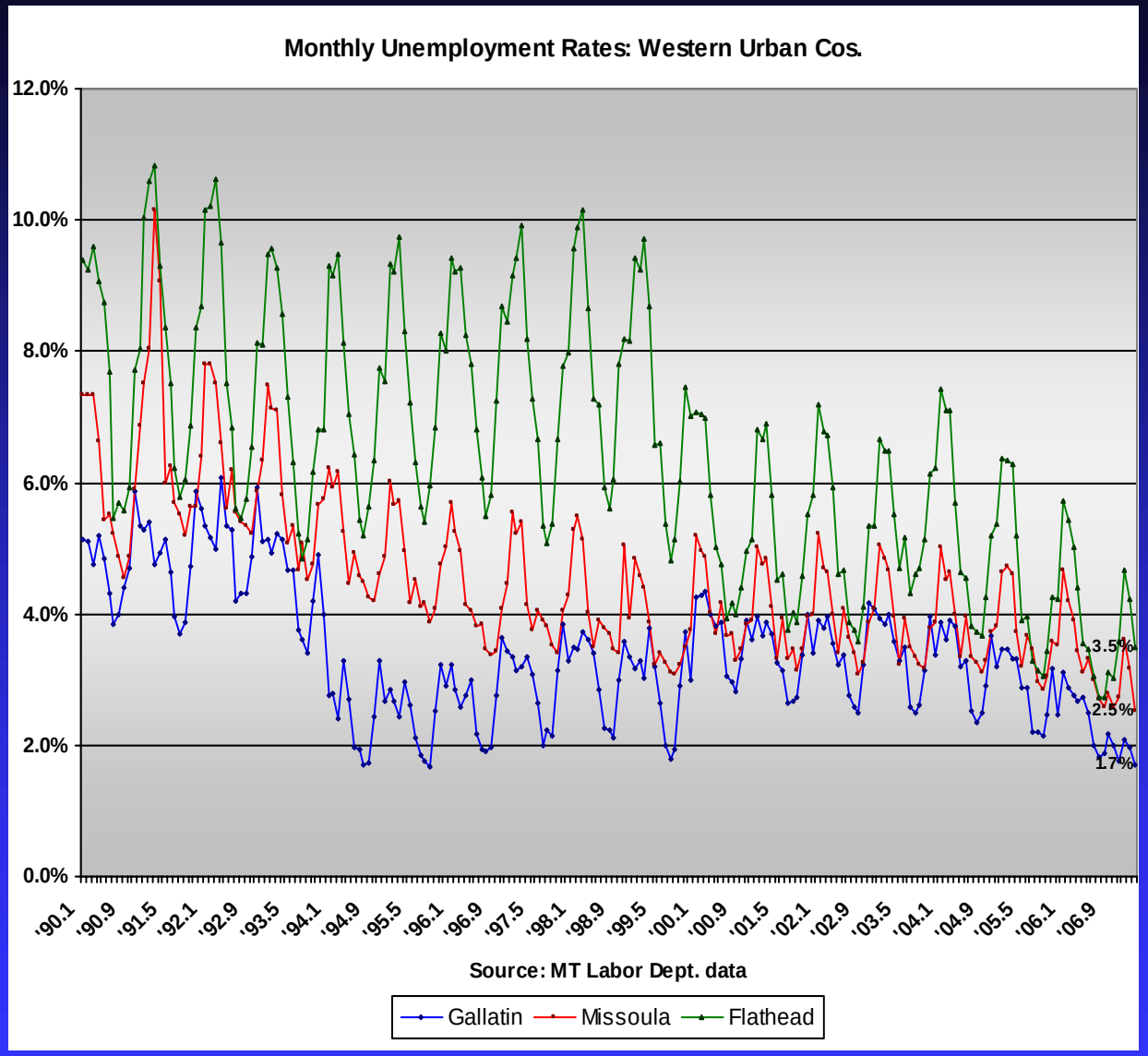
Tightening Labor Market in Three Western Montana Regional Center Counties

The three areas of Montana seeing the fastest growth in the last decade and a half are the Flathead Valley (Kalispell-Whitefish area), Missoula Valley, and Gallatin Valley (Bozeman area). Employment has grown to accommodate economic expansion in all three of these areas, but the labor market is tightening.

Recent unemployment rates in the Bozeman area have fallen below 2%. Unemployment has dropped to less than 2.5% in the Missoula area. And in the Flathead, unemployment has fallen to below 3.5%.

The fairly extreme fluctuations in unemployment over the course of a given year are steadily contracting in all three areas, evidence that year-round employment is more stable.

Tight labor market conditions are likely to persist in areas like these for the foreseeable future and could actually become more acute as more people leave the labor force as they reach ages of retirement.



Counties in Montana with the Ten Largest Labor Forces

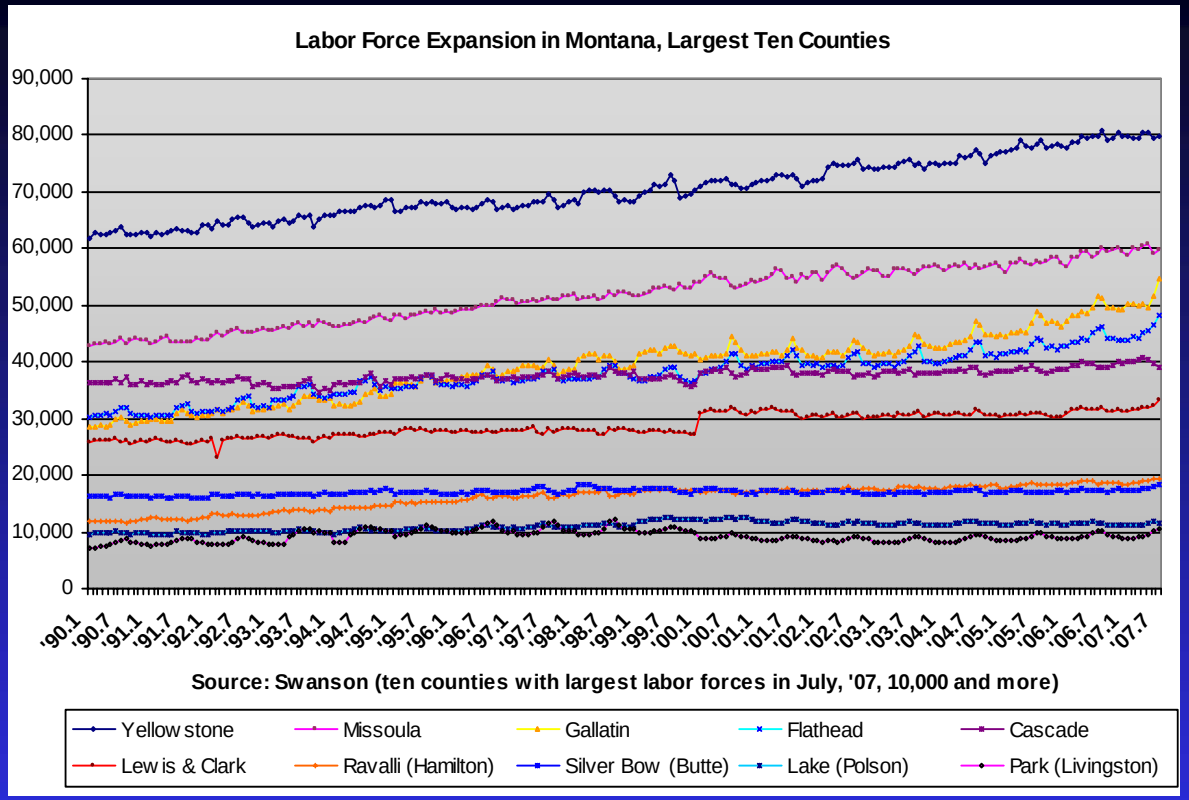
The chart at the right shows labor force counts since the early '90s for the Montana counties with the ten largest labor forces. Yellowstone County is at the top with a labor force of about 80,000, followed by Missoula County with 60,000.

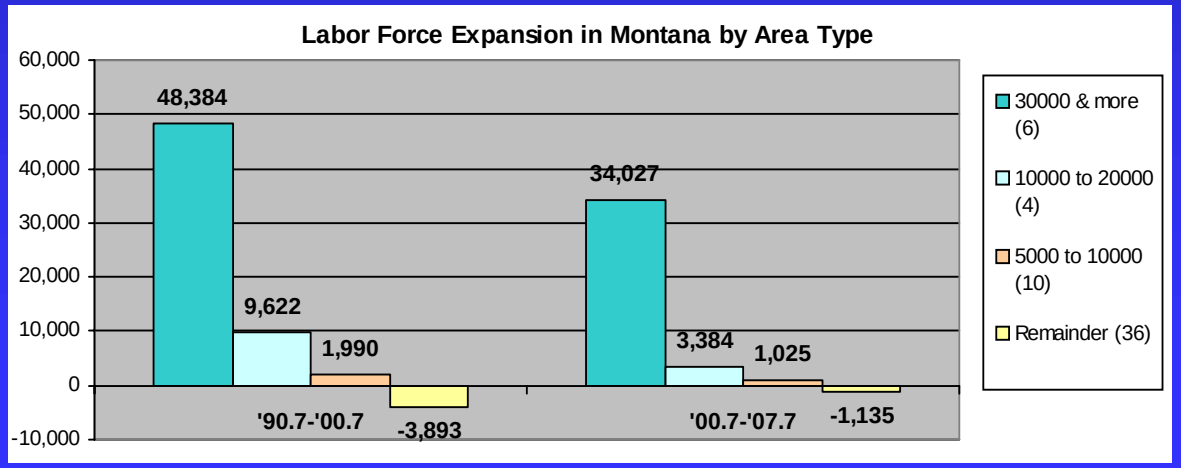
Gallatin and Flathead Counties are next, both with labor forces of 50,000 or greater. Cascade is fifth at 40,000 followed by Lewis and Clark at about 33,000.

The other four counties all have labor forces considerably smaller than these at less than 20,000 each, but more than 10,000. These latter four counties include Ravalli, Silver Bow, Lake, and Park Counties.

The lower chart shows labor force expansion in Montana during the '90s and since 2000 in the six counties with labor forces exceeding 30,000, the four counties with labor forces between 10,000 and 20,000, and in ten other counties with labor forces of 5,000 to 10,000, including Hill, Lincoln, Custer, Fergus, Glacier, Jefferson, Big Horn, Beaverhead, Richland, and Carbon Counties.

Most of the state's labor force growth is occurring in only six of the largest counties.





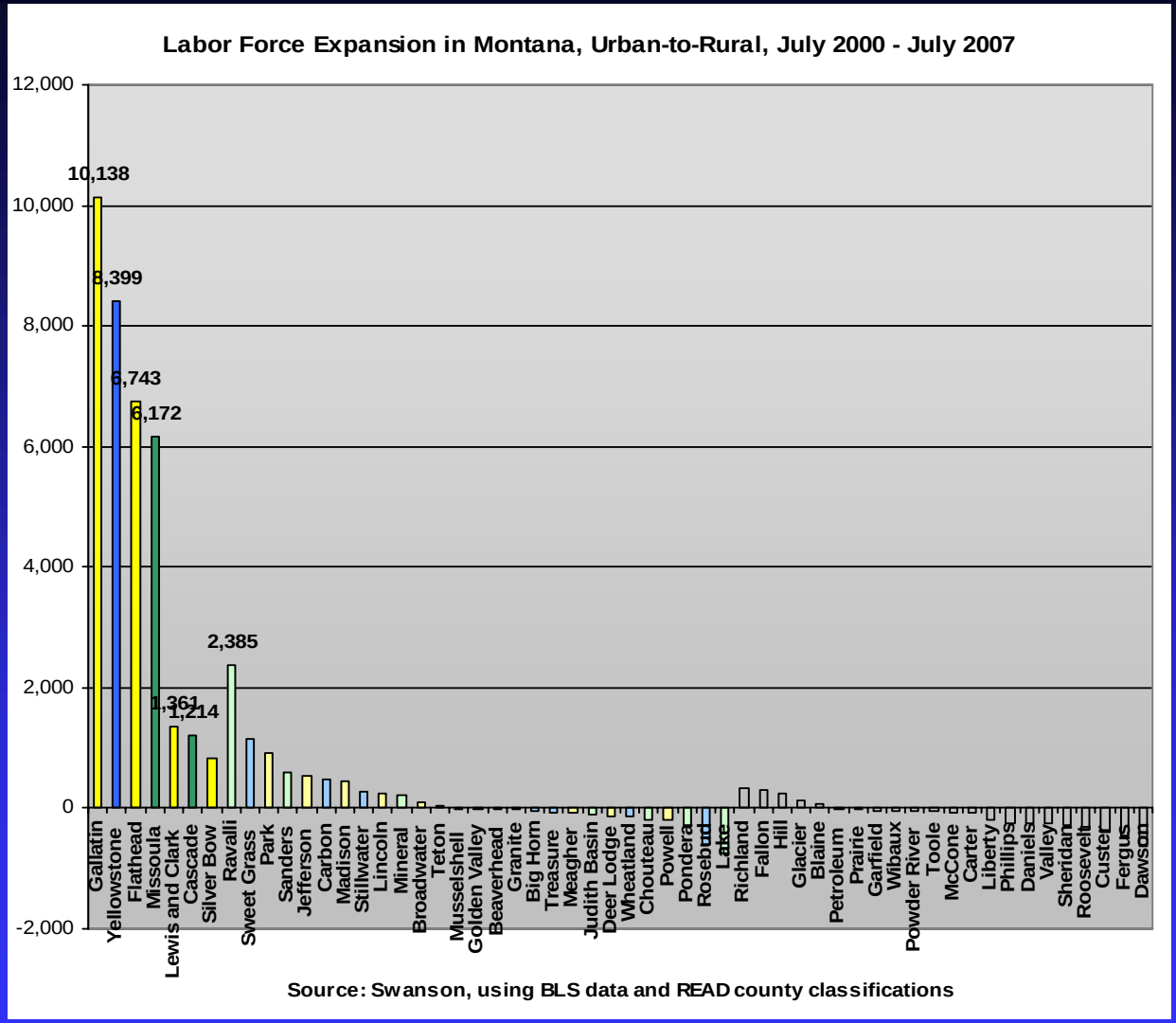
Labor Force Expansion in Montana by County from Urban to Rural

Another way of viewing how Montana's labor force has been expanding is by arraying the 56 counties of the state from the largest and most urban (the seven regional center counties) to counties nearby and closely linked to these seven regional centers to remaining counties with relatively small populations that are more isolated.

The chart shows labor force change from 2000 up until recently (July, 2007) by county with the most urban ones to the left and the most rural ones to the right.

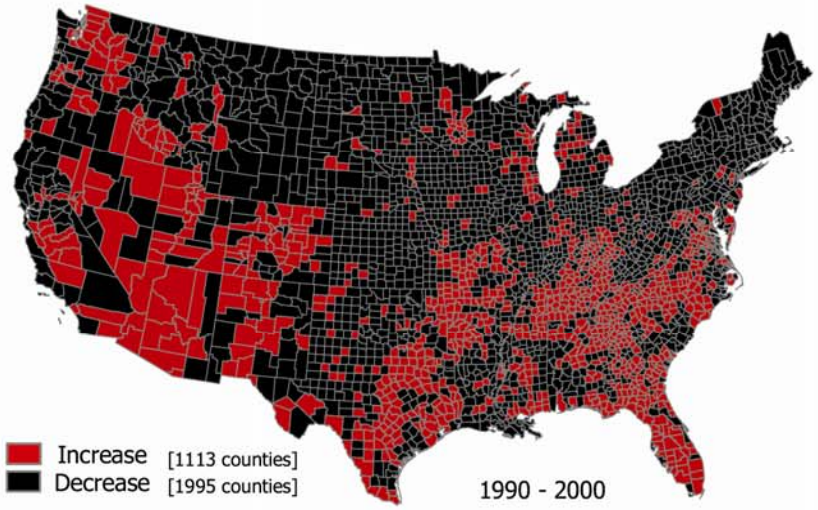
Gallatin County has had the largest increase in its labor force, increasing by over 10,000 during this seven year period. Next is Yellowstone with growth of 8,400. Flathead is third at 6,740, followed by Missoula at 6,170.

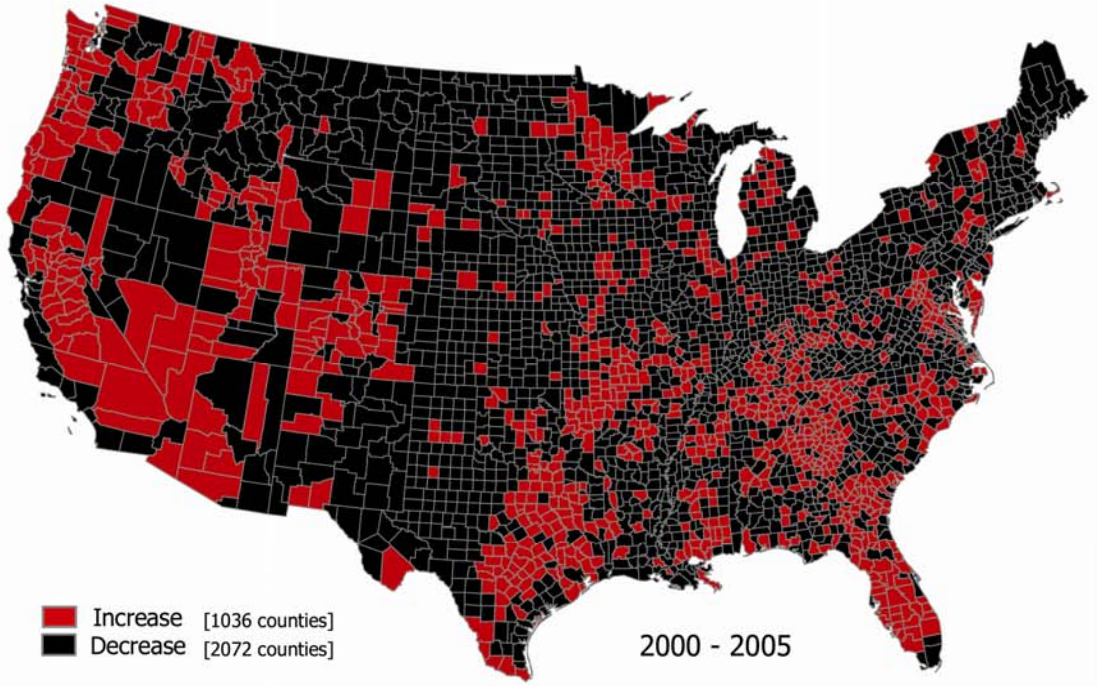
Ravalli County, a county closely linked to Missoula, is next with growth of nearly 2,400. Very little labor force growth is occurring in isolated and rural areas.



Area of Growth or Decline in the Young Adult Population

Much of the population growth in the U.S.since 1990 has been among baby boomers and their children. At the time of the 2000 Census, baby boomers were at ages between 37 and 53 and in the last year the front edge of boomers turned 60 years of age. The maps show areas where the much smaller generation of people coming after baby boomers - young adults between 25 and 39 - is actually increasing in size.



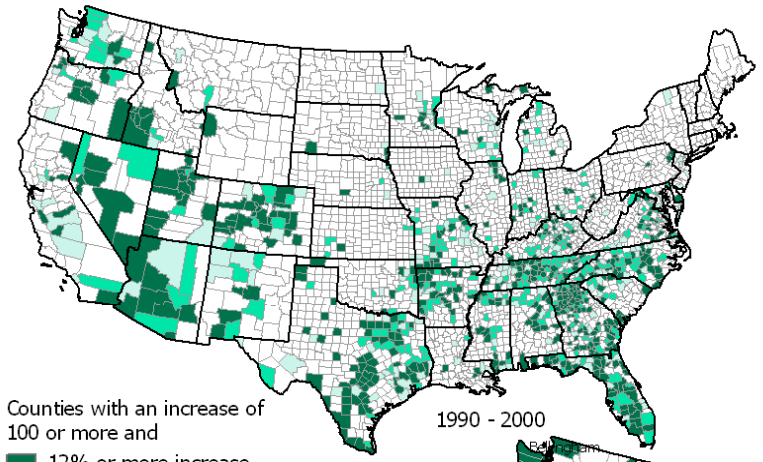


Carroll and Nancy Fields O'Connor
Center for the Rocky Mountain West

Pop 25-39 - Sim Diff.mxd

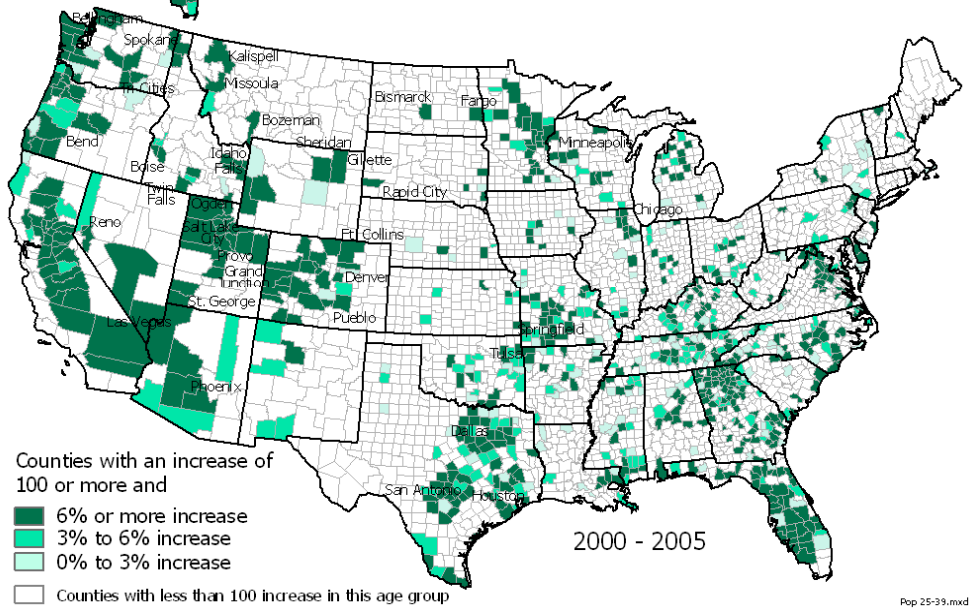
Places of Opportunity for Young Adults in the U.S.

As the U.S. population continues to age, under the influence of a large and aging "baby boom" population, it is sometimes difficult to find areas where there is actually growth occurring in the young adult age population. The maps show areas where there are significant increases occurring in this young adult population, in particular, those between 25 and 39 years of age. The smaller maps show these "areas of opportunity" during the '90s and the larger map shows where growth in this population is occurring since the 2000 Census. Areas in white are ones with stagnant or declining populations of young adults.



1990 - 2000

Counties with an increase of 100 or more and
- 12% or more increase
- 6% to 12% increase
- 0% to 6% increase
- Counties with less than 100 increase in this age group



2000 - 2005

Counties with an increase of 100 or more and
- 6% or more increase
- 3% to 6% increase
- 0% to 3% increase
- Counties with less than 100 increase in this age group

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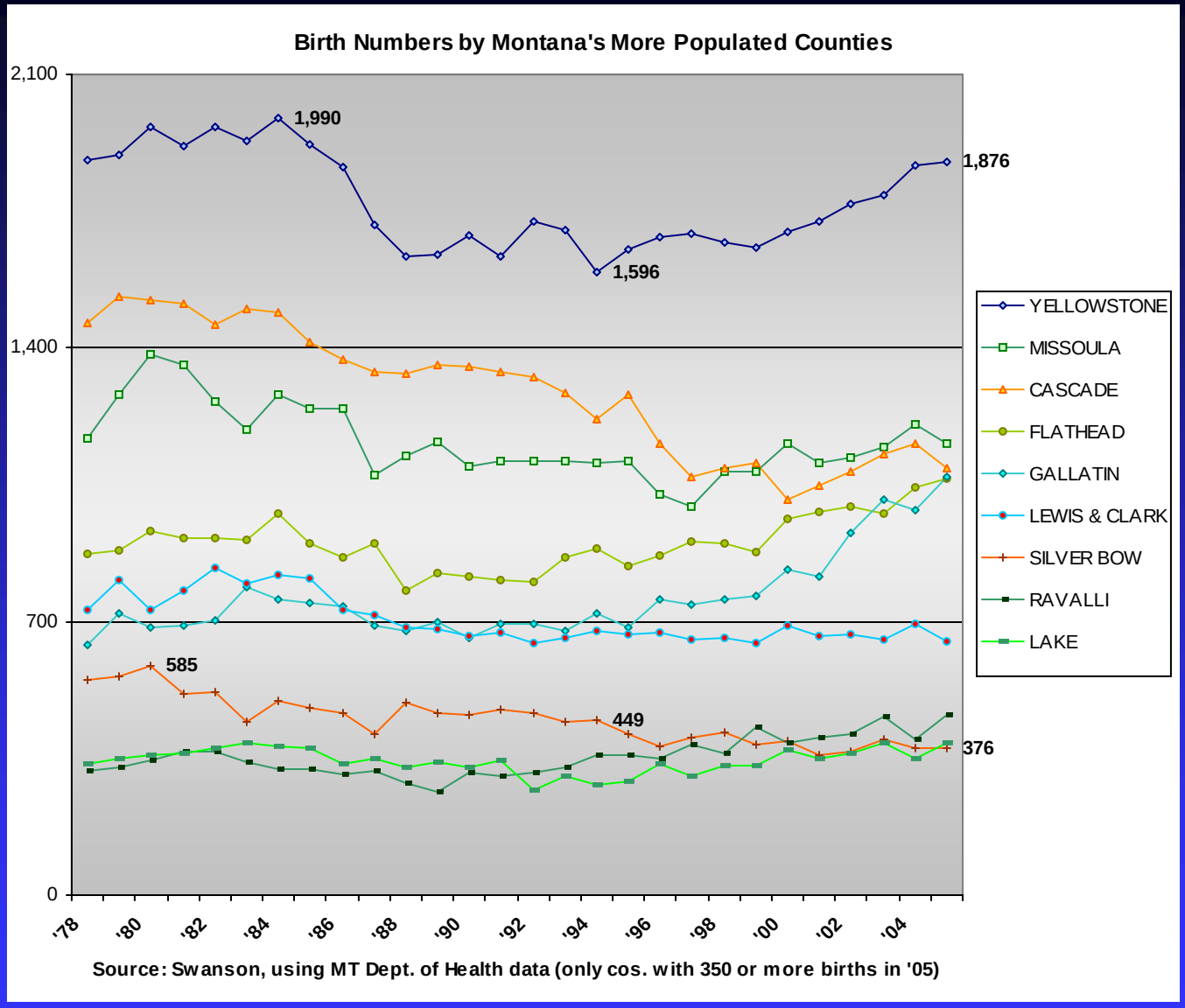
Pop 25-39.mxd

Birth Trends in Montana's More Populated Counties

Birth trends vary among its more populated counties with some seeing a turnaround in birth numbers earlier than others. The chart shows counts for nine counties in Montana with the highest number of annual births. Yellowstone County has the most births and birth numbers began to increase for it in 1995. Missoula has the second highest number of births, but it did not see a turnaround in birth numbers until 1998.

Cascade has the third highest number of births, but its births did not begin to increase until 2001.

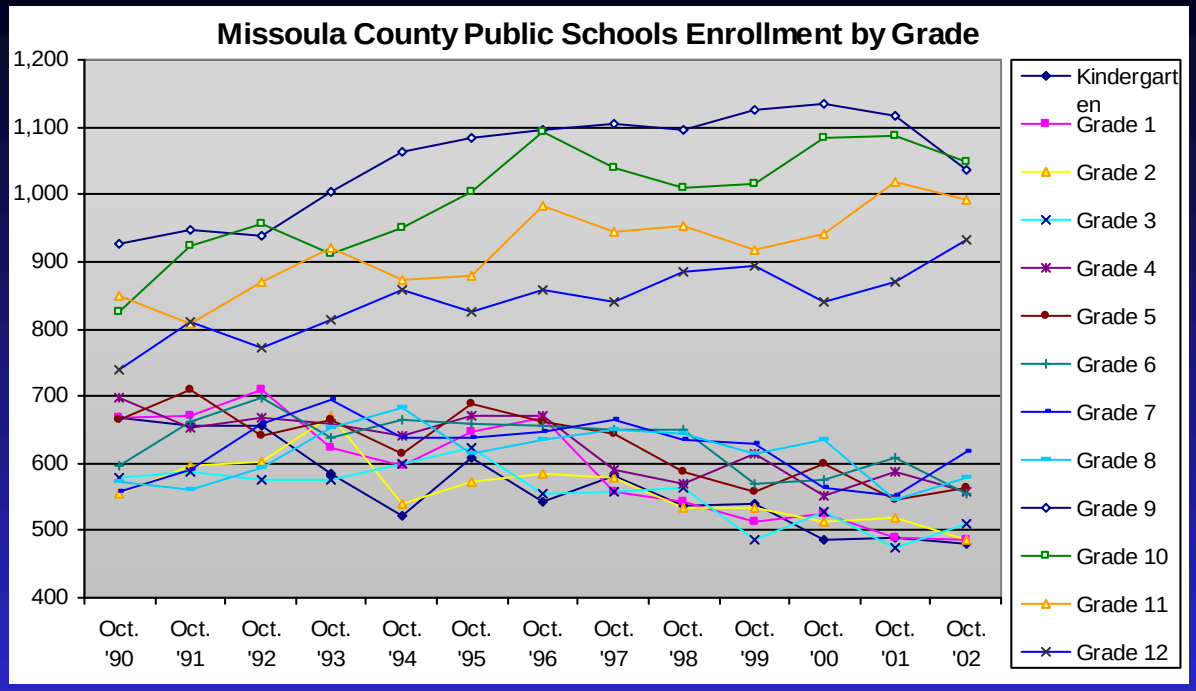
Fast growing Gallatin County experienced a turnaround in birth numbers in 1991, while Flathead County births began to increase in 1989. Silver Bow County which has lost population for most of this period has yet to see an increase in annual births.

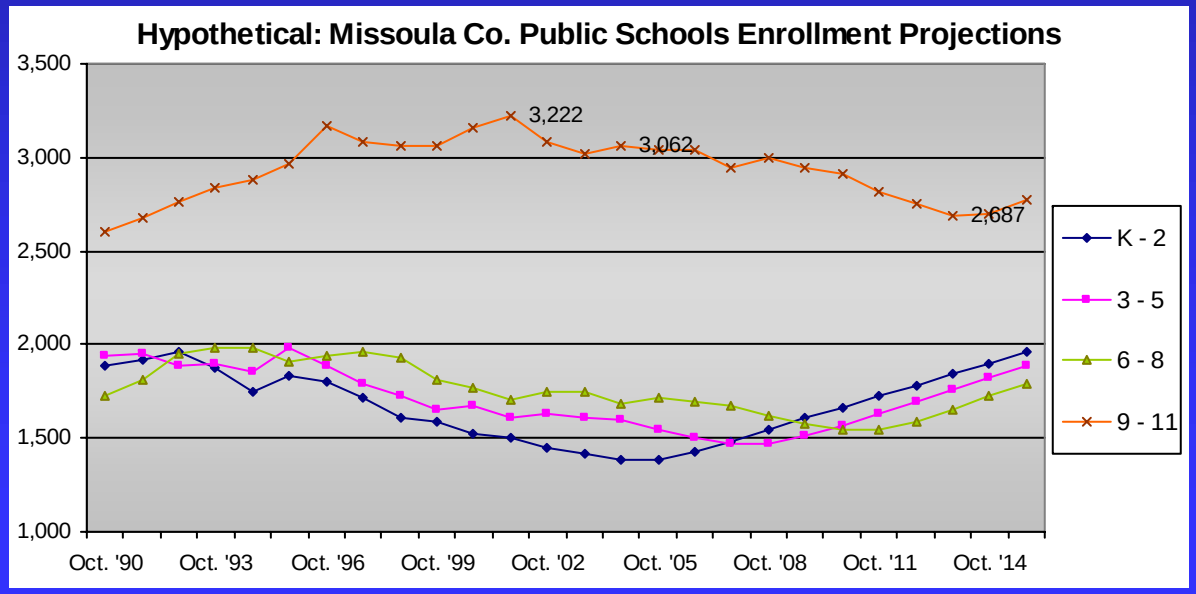


Missoula County Public Schools Enrollment

The upper chart shows actual counts by personnel with the Missoula County Public Schools of enrollment by grade district-wide between 1990 and 2002. Because of the distribution of population by age, high school enrollments grew (children of baby boomers) even as early grade enrollments and then middle grade enrollments declined during most of this period.

However, as birth rates begin to climb, as they have, early grade enrollment decline will be reversed. How this may play out in Missoula County is shown in the lower chart. Enrollment for K through Grade 2 would turnaround in the '04-'06 period and then climb. Enrollment in Grades 3 through 5 would fall until '07-'08, then begin to increase, and enrollment in Grades 6 through 8 would fall until '10-'11, then begin to increase. High school enrollment, once steadily climbing to record levels in recent years, should have reached a peak several years ago and will then steadily fall until about the 2013-2014 period.



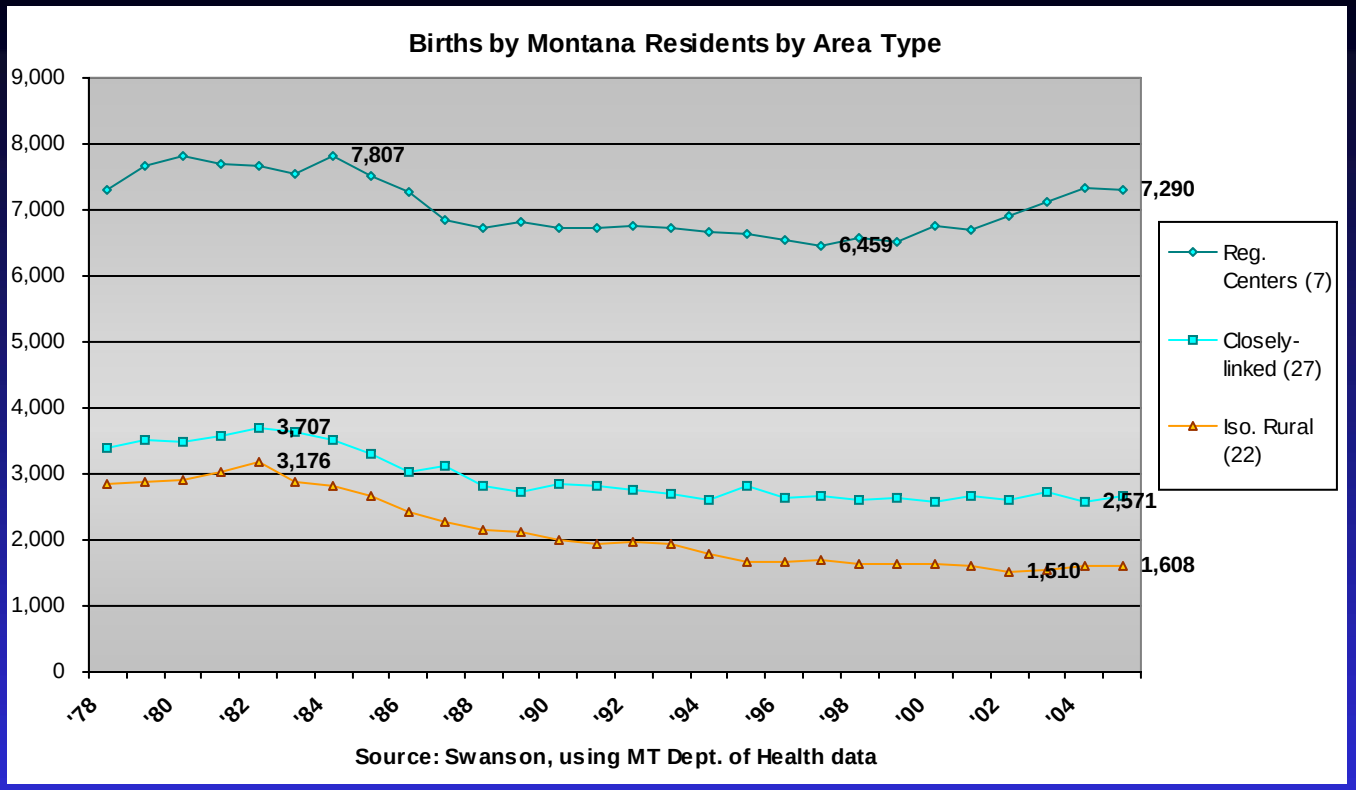


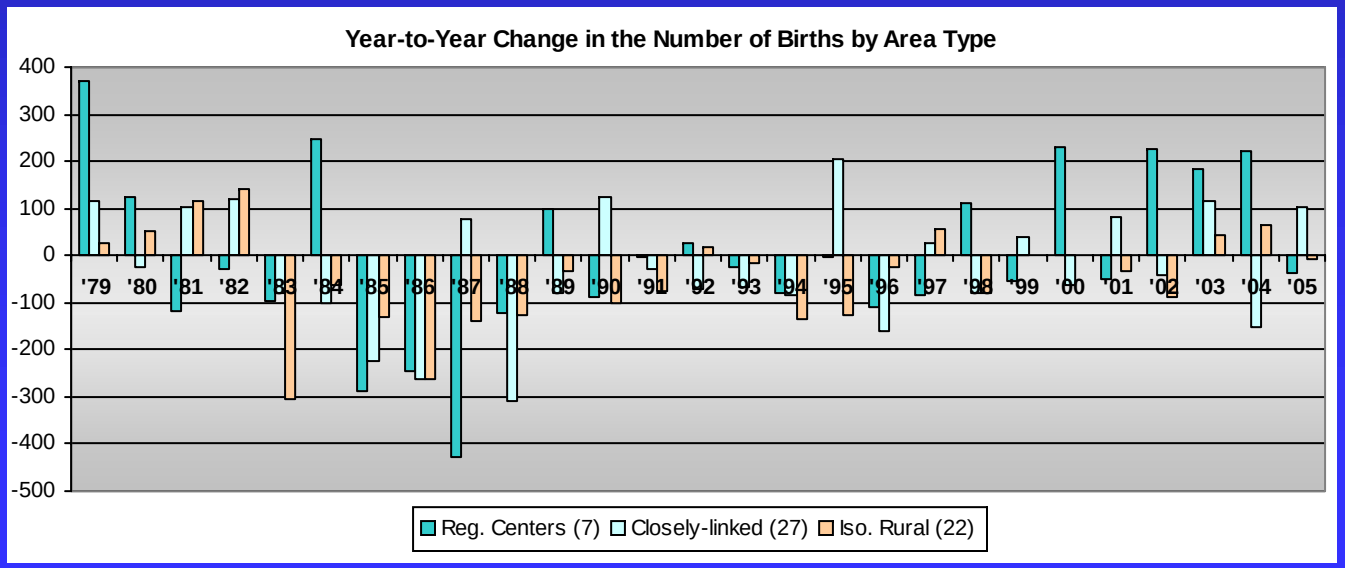
Montana Birth Trends for Urban vs. Rural Areas of the State

Most Montanans live in or nearby the states seven small cities and these more urban counties account for most of the births occurring in Montana. The upper chart shows births each year by residents of the seven urban counties. These had declined up until 1997 before increasing.

Birth counts in counties nearby these regional centers also are shown as are counts for the more rural and isolated counties in Montana.

In these latter counties, birth counts did not begin to rebound until only very recently and this is because the age profile of these areas includes greater proportions of older adults and fewer young adults at ages of family formation and child-rearing.



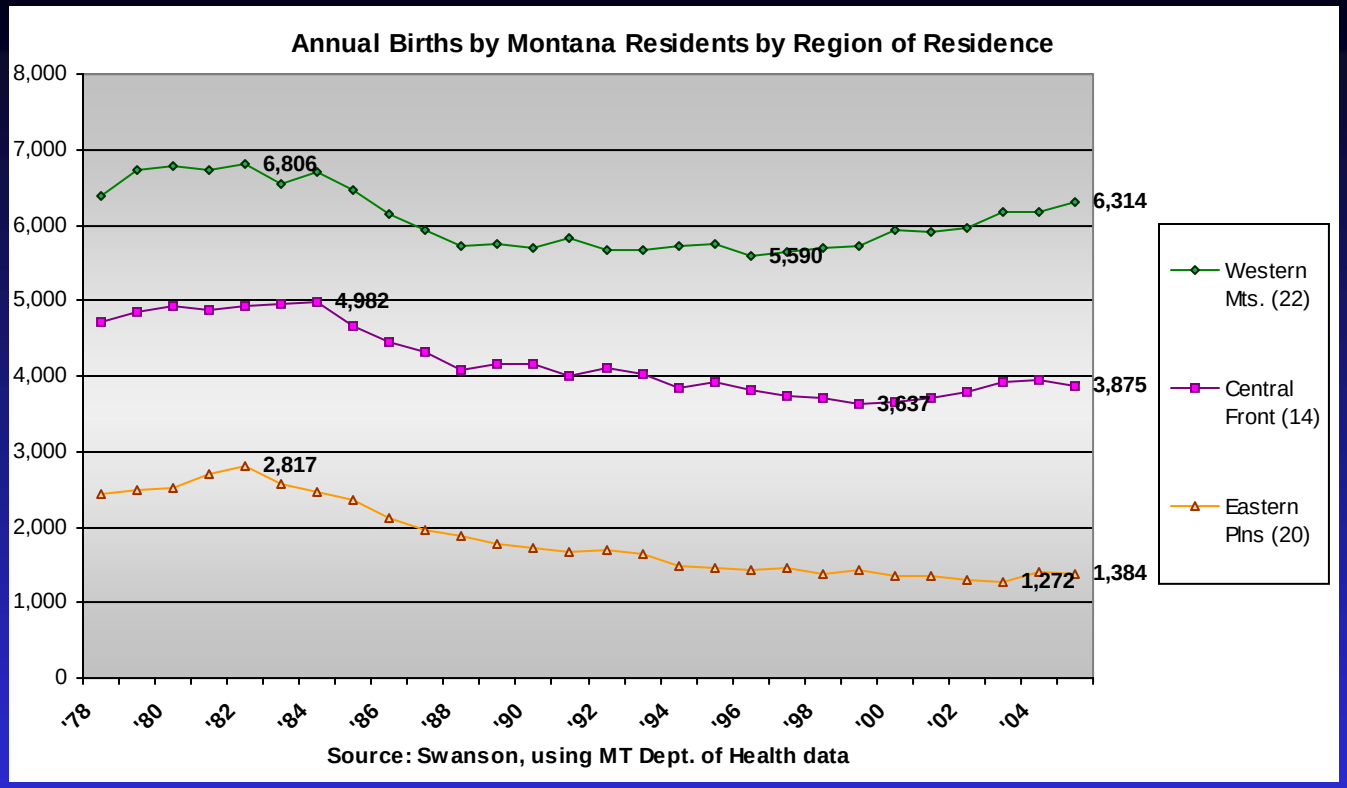


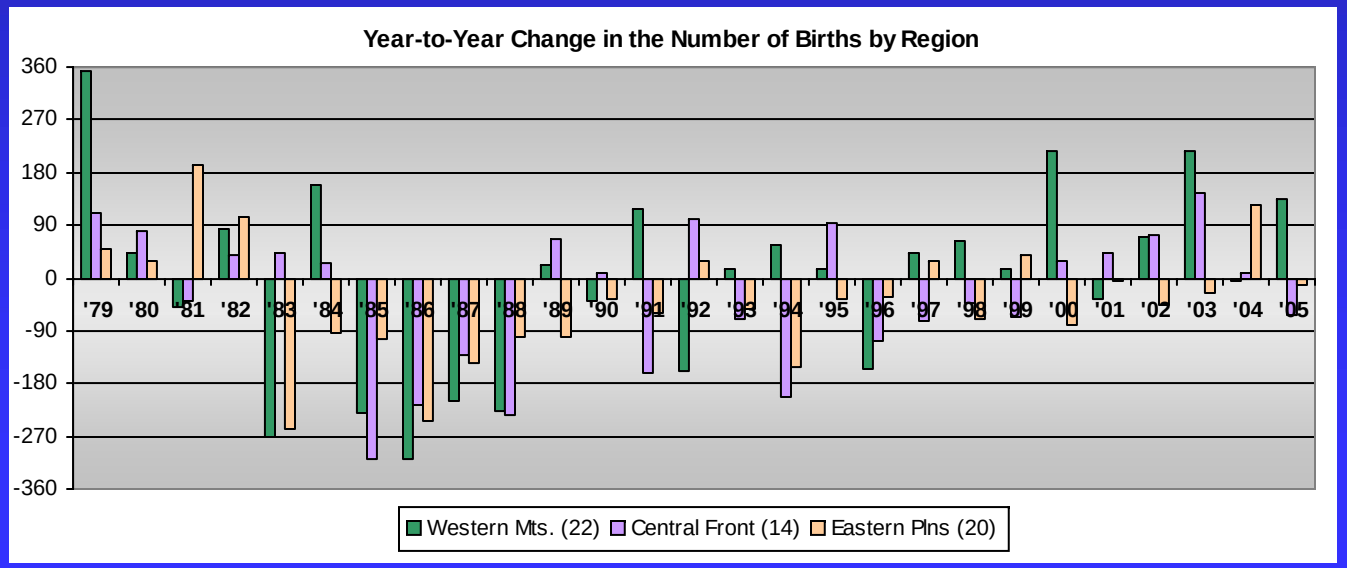
Montana Births by Region – West to East

Because some areas of the state are growing in population and others aren't and some areas are aging faster than others, births are not evenly distributed across Montana. The upper chart shows births each year for counties in the Western Mountain region versus the Central Front and Eastern Plains regions.

There are far more people living in the Western Mountain region than in the Eastern Plains. But birth trends also are different for these regions. Births have been rising in the west since 1996, showing the growth in the "echo-echo" group. Births only recently increased in the east and only moderately.

Birth trends in the state and variations in these across the state are precursors to trends in statewide and area school enrollments. Some areas are seeing school age populations begin to rebuild. Others aren't.



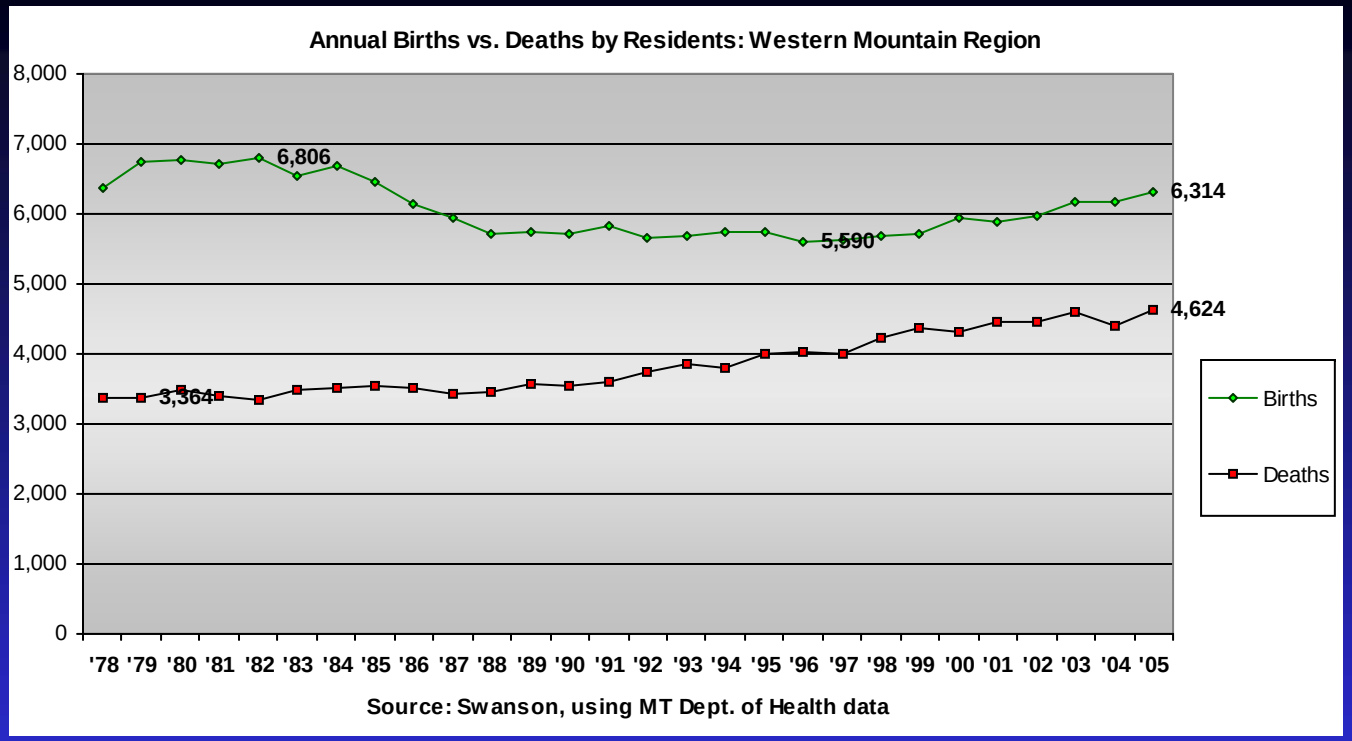


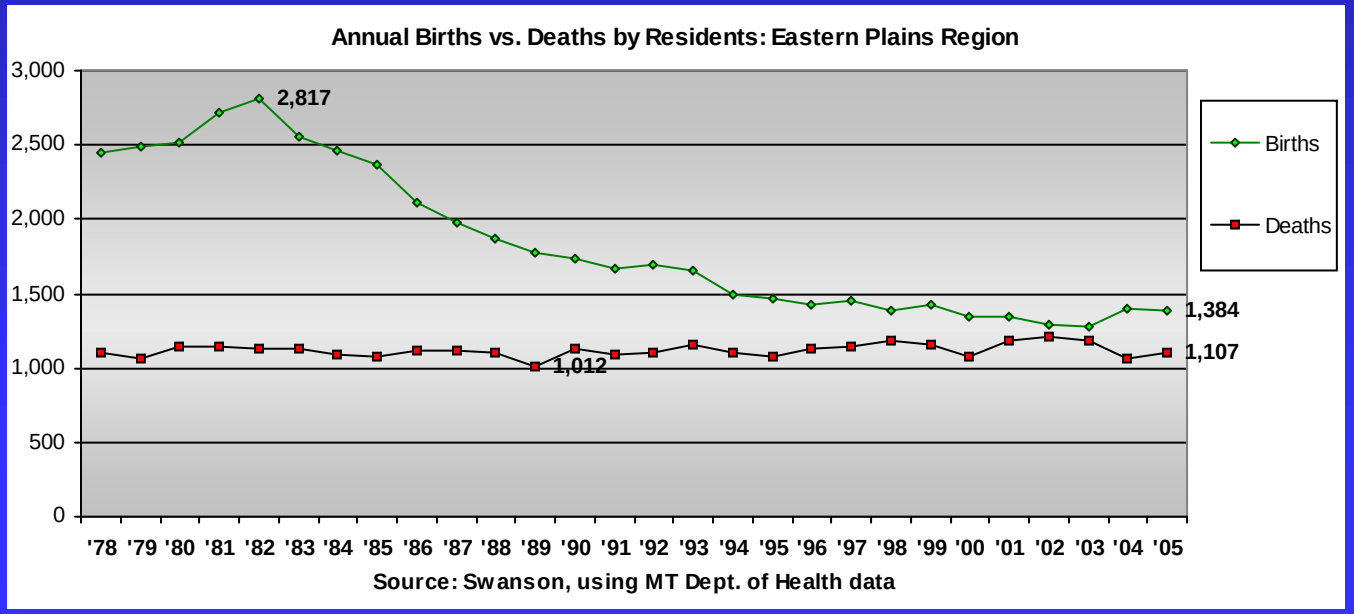
Trends in Births and Deaths in Montana by Region

As the population ages birth counts will fall and death rates will rise. The upper chart shows the number of births versus deaths in the Western Mountain region of Montana since the late '70s. The number of deaths has steadily risen with the increase in population and its gradual aging. Death rates will rise in the future as much of the region's population growth occurs among persons 65 and older.

Birth numbers have fallen since hitting a peak in 1982, but hit bottom in the mid '90s and are now rising. Deaths are rising because the population grows and ages.

The lower chart shows birth and death numbers for residents of Montana's Eastern Plains region. There has been a very sharp decline in births that began after 1982 and continued until very recently. Death counts have stayed fairly continuous but can be expected to rise in the coming years.

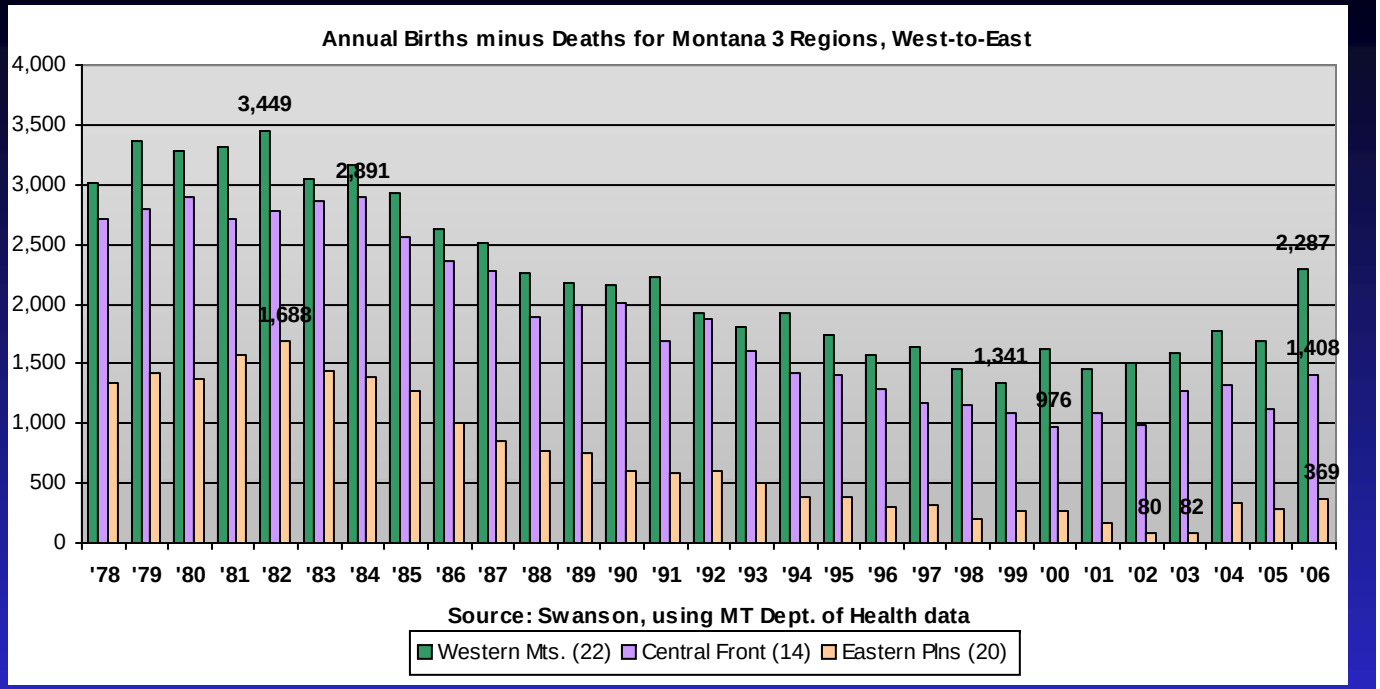


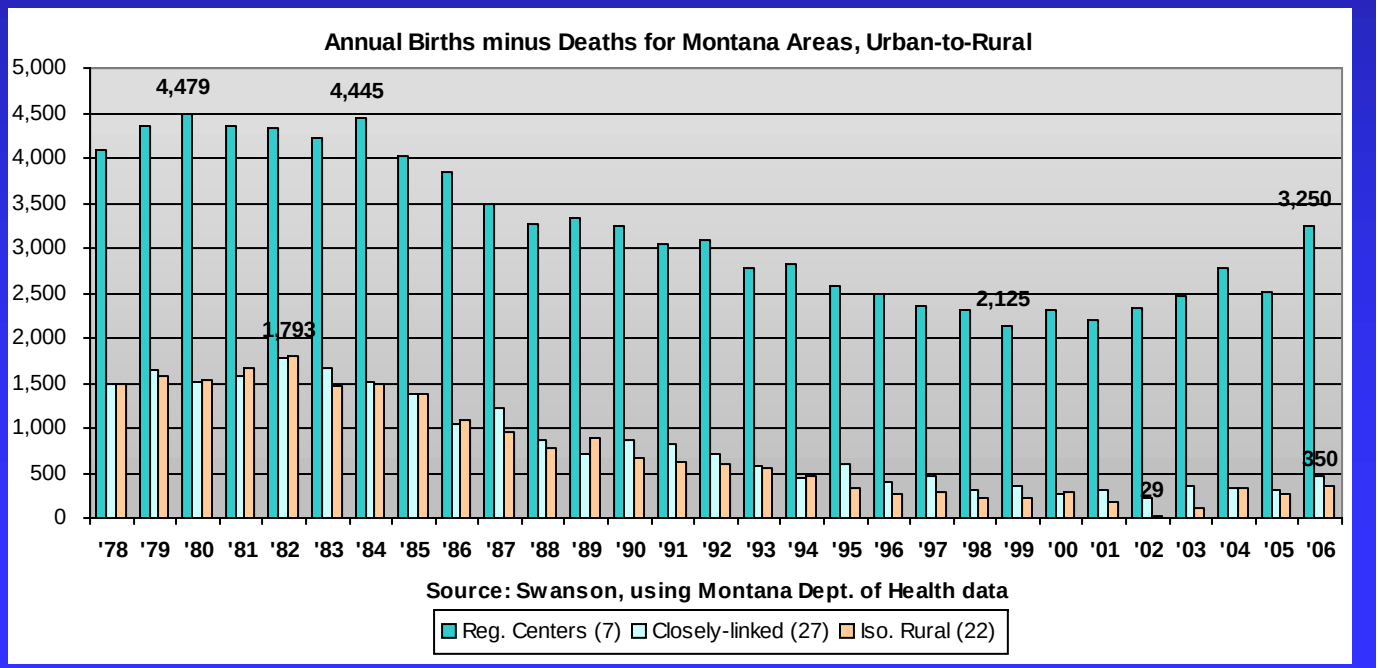


Annual Births Minus Deaths by Region and Area Type in Montana

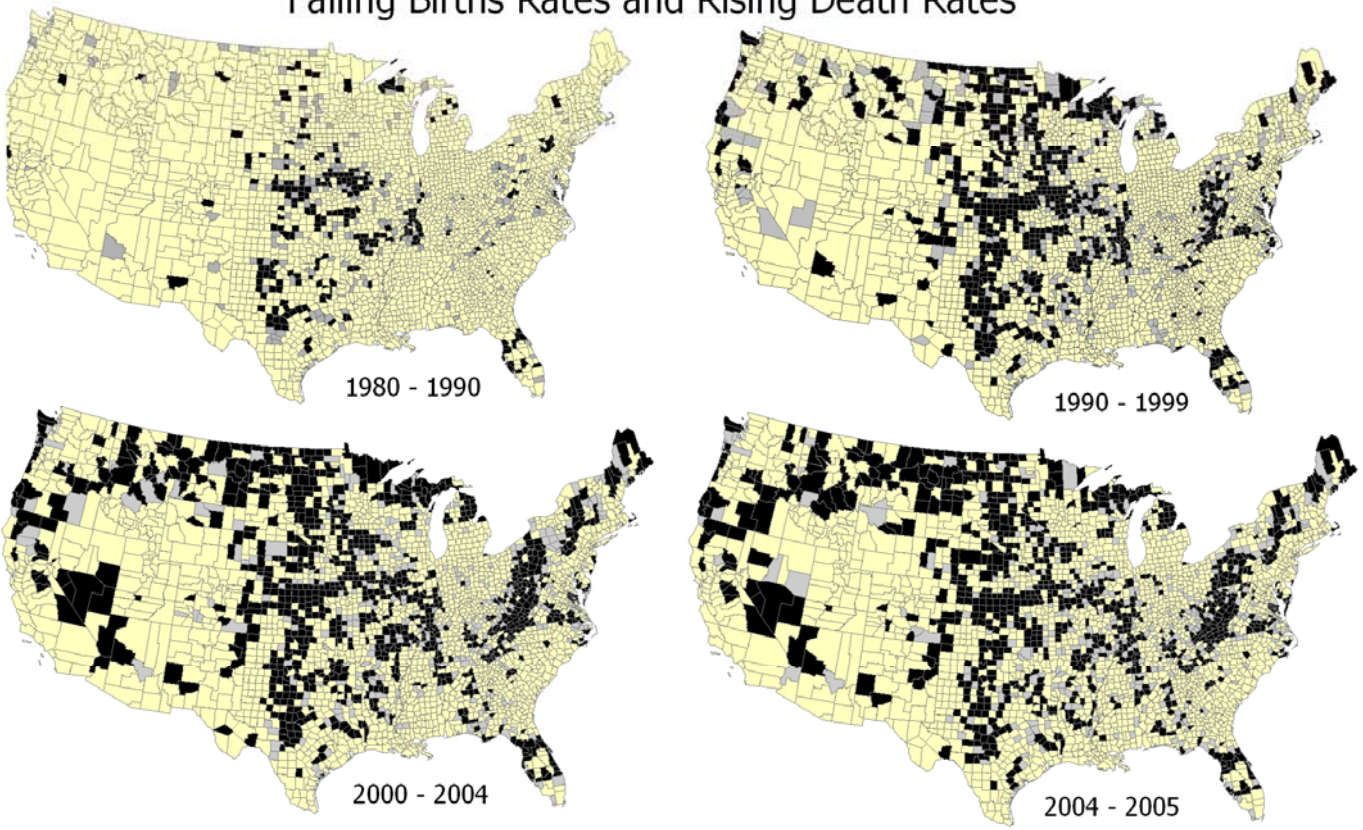
The upper chart shows births minus deaths for counties in Montana's three regions – west to east. If it were not for the recent increase in births associated with the growth of the "echo-echo" age group, deaths would have begun to exceed births in much of eastern Montana. But this reprieve will be short-lived because death rates will continue to rise while birth counts will soon plateau and begin to fall.

The same chart is shown at the bottom for counties based upon their urban and rural characteristics. Montana's seven regional center counties are accounting for most of Montana's population growth through "natural change". They also are where most of the growth but "net migration" is occurring.





Falling Births Rates and Rising Death Rates



Areas where deaths exceed births
Areas where deaths are 90 to 100% of births
Areas where deaths are less than 90% of births

Carroll and Nancy Fields O'Connor
Center for the Rocky Mountain West

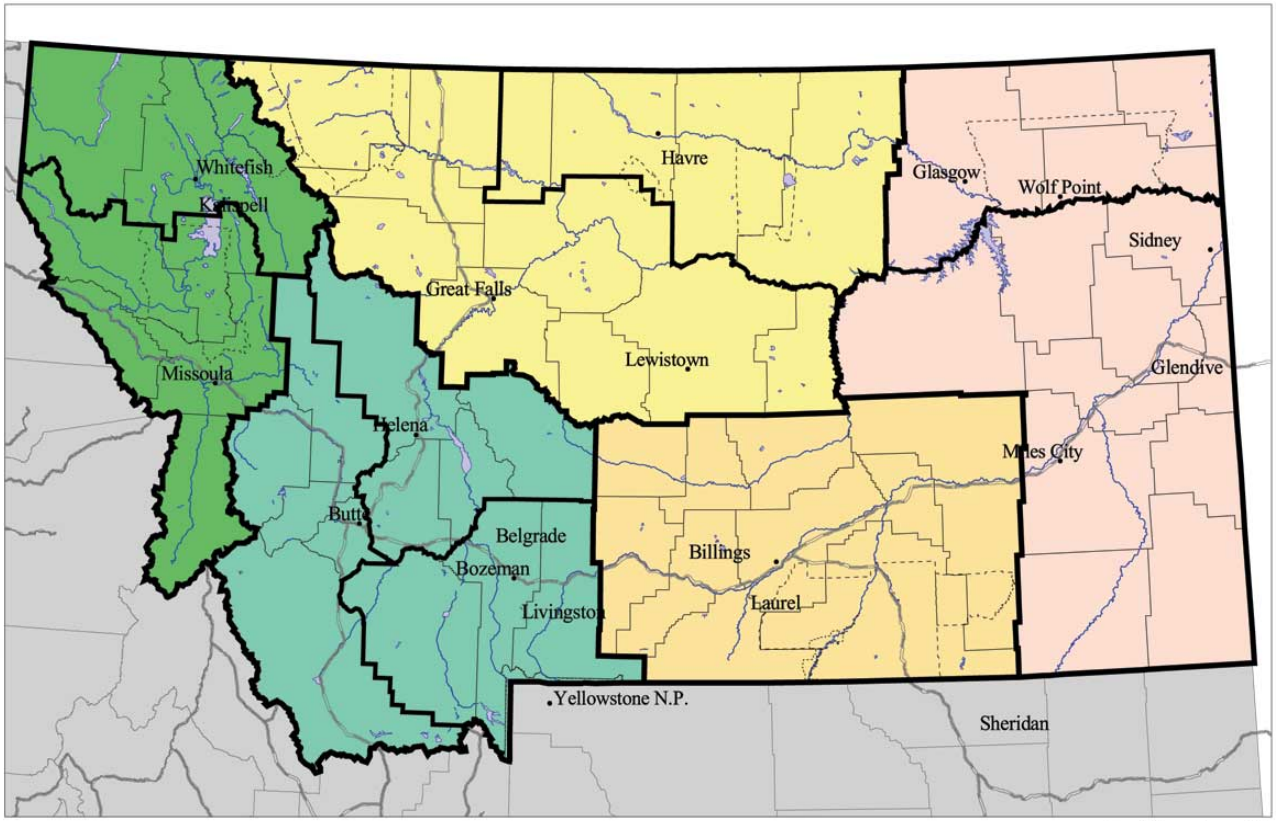
As the population of an area becomes older, birth rates tend to fall as death rates rise. Population growth through what is called "natural change" is simply area births minus deaths for a given time period. The maps show areas where deaths have begun to out-number births in some areas (shown in black) and areas where deaths have risen to as high as 90 to 100% of births (gray). Areas shown in green are ones where births still greatly out-number deaths. This shifting dynamic tied to an aging population will play a greater role in the future in many areas with slow-growing or declining populations.

Subregions of Montana

In attempting to understand the wide diversity of Montana, it is best to think in terms of "subregions." The state can be seen as five general regions - Northwest, Southwest, Northcentral, Southcentral, and East. These regions, in turn, can be further divided into 10 smaller subregions - seven centered around the state's seven major population centers (Billings, Missoula, Great Falls, Helena, Bozeman, Butte, and Kalispell/Whitefish), an eighth centered around Havre and the Hi-Line, and two others dividing eastern Montana north and south.

The map shows these major sub-regions. The Missoula and Kalispell/Whitefish regional centers serve as hubs of the Northwest region. It has the largest population of all of the subregions with over 285,000 residents ('05). Next largest is the Southwest region with over 237,000 residents. The South-central region centered around Billings has about 189,000 residents, and the Northcentral region, centered around Great Falls and Havre, has 160,000 residents. The Eastern Montana region has less than 63,000 residents and no major cities.

These regions and sub-regions are logical multi-county groupings for use in regional planning at the sub-state level and for program management and delivery at the state-level.



Carroll and Nancy Fields O'Connor Center for the Rocky Mountain West

The University of Montana, 2006
Regional Economies Assessment Database (READ)

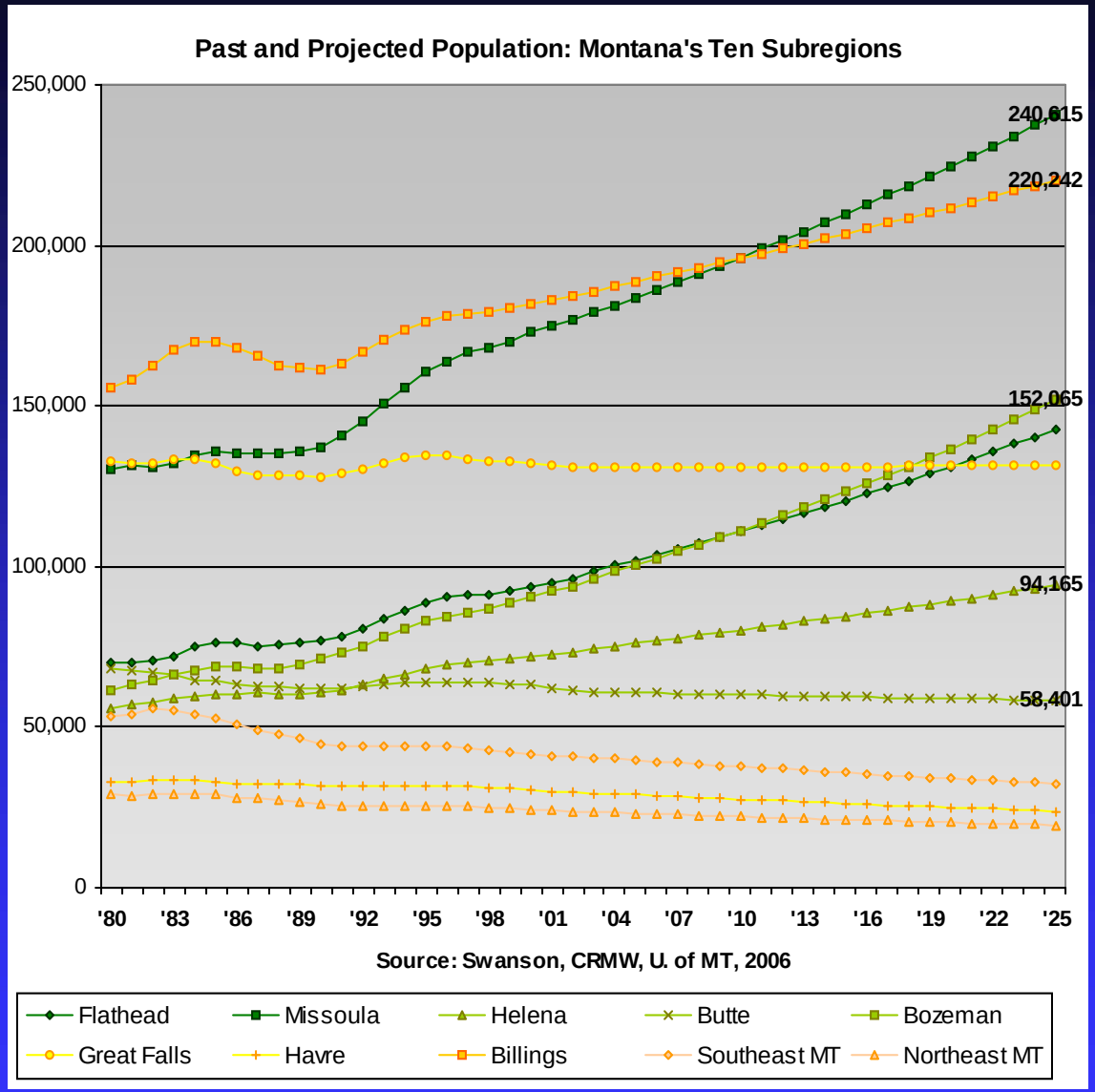
RC1B

Past and Projected Population Growth among Montana's Ten Sub-regions

The chart shows sub-regional population growth, past and projected, for the ten sub-regions of Montana that are mainly centered around major population centers. The two most populated ones are the Billings sub-region, which will reach 220,000 people by 2025, and the Missoula sub-region, which will increase to over 240,000 people by 2025. The combined population of the 5-county area centered around Missoula will have a larger population than the 10-county area centered around Billings by or shortly after 2010.

The populations of the Bozeman and Flathead sub-regions will each reach about 150,000 people by 2025 according to these population projections. The populations of both of these fast-growing sub-regions will move past the population of the more expansive Great Falls sub-region by or before 2015.

Population growth in Montana has centered around its main regional population centers, although these are growing are differing rates.

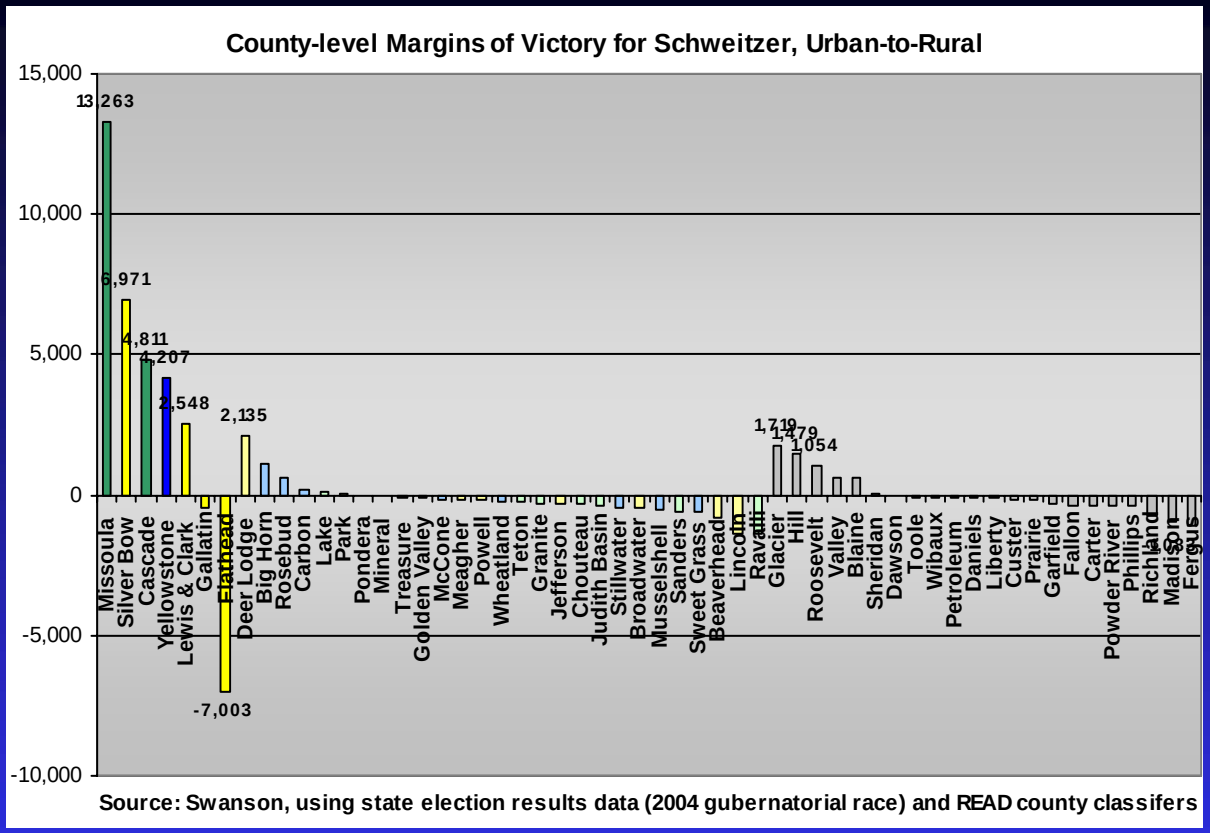


Voting in Montana in the 2004 Governors Race – Urban-to-Rural

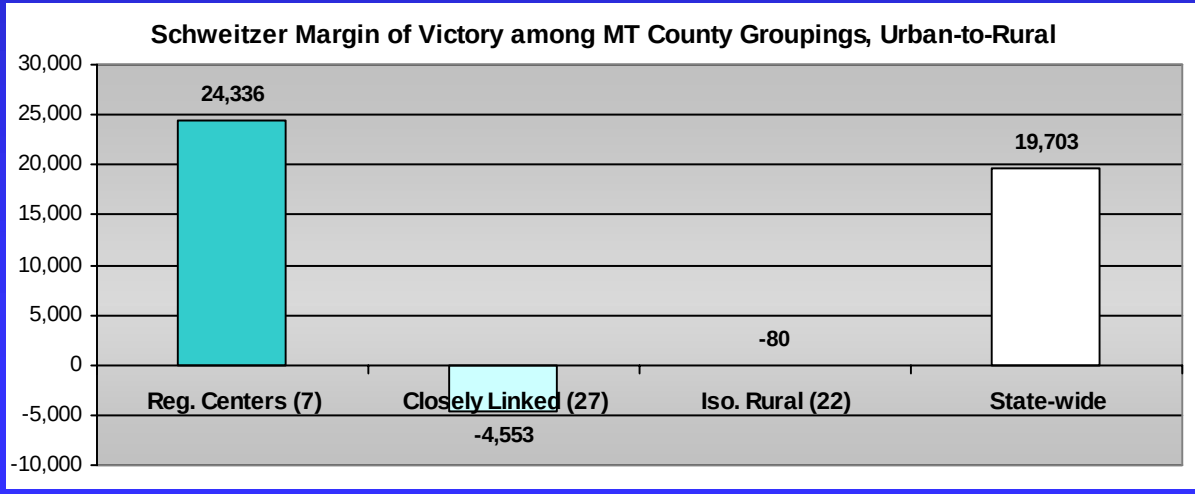
The upper chart shows the county-by-county margin of victory for Democratic candidate Bryan Schweitzer in the 2004 election, with counties arrayed from left-to- right based upon urban-rural characteristics. The most urban counties are at the left and the most rural ones are at the right.

Schweitzer won in only 17 of the state's 56 counties, but he won in many of the counties with the largest votes, including Missoula where his margin of victory was 13,260 votes. His statewide margin of victory was less than 20,000, so Missoula County by itself accounted for most of this. Next was Silver Bow where his victory margin was 6,970 votes. Cascade, Yellowstone, and Lewis and Clark were next, with all of these counties where Schweitzer's margin was built regional center counties.

The lower chart shows margin of victory for these groupings of counties. The seven urban counties together gave Schweitzer a victory margin of 24,300, surpassing the statewide margin, which was reduced by negative victory margins in the other two categories of counties.



Source: Swanson, using state election results data (2004 gubernatorial race) and READ county classifers

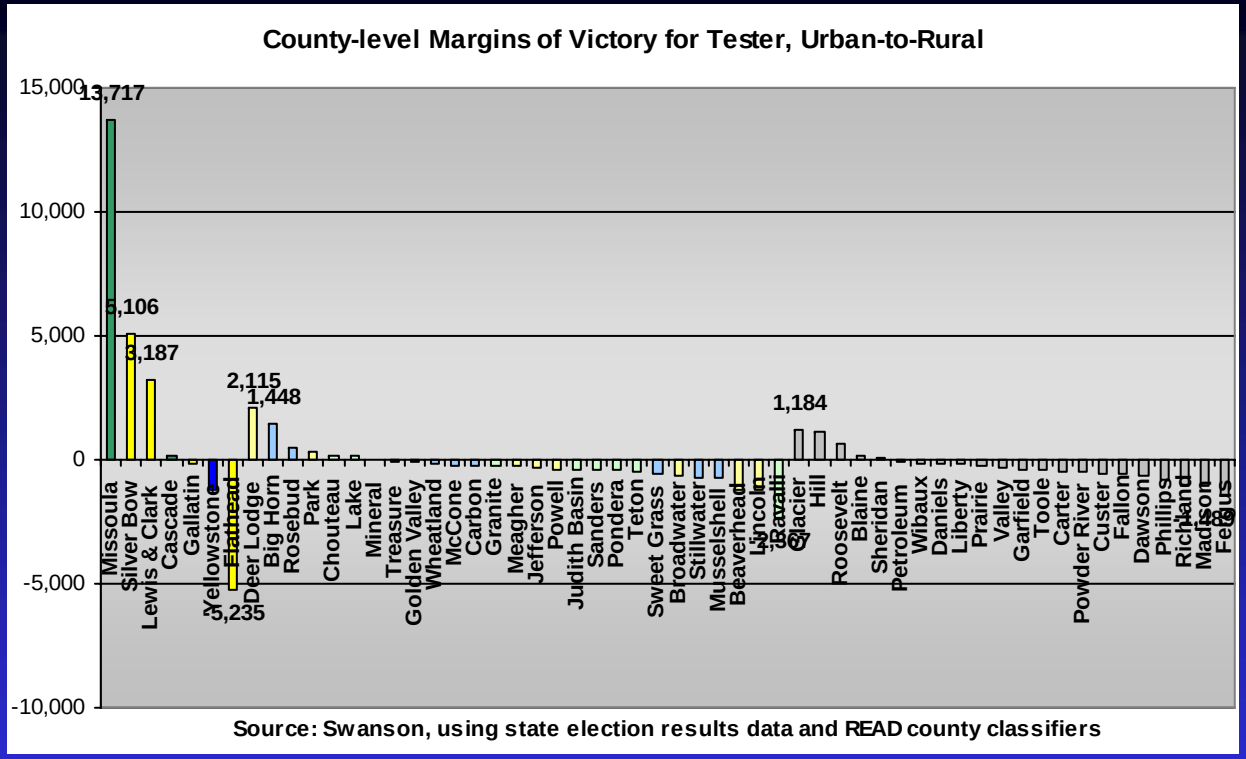


Voting in Montana in the 2006 U.S. Senate Race – Urban-to-Rural

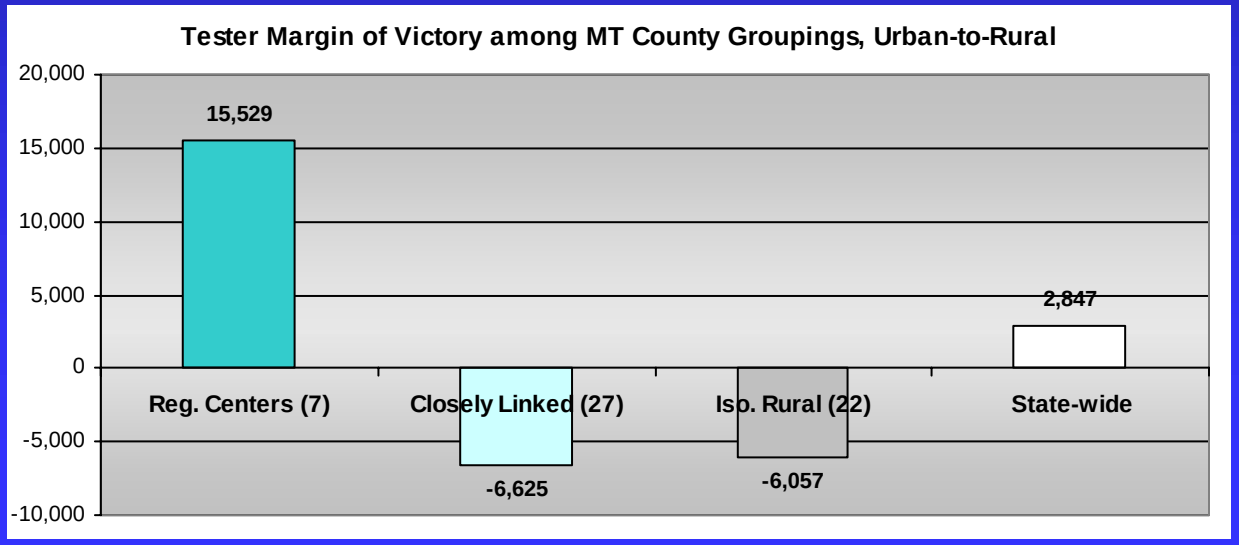
The 2006 senate race in Montana featured newcomer Jon Tester, a Democrat, challenging a longstanding incumbent, Republican Conrad Burns. Tester won the election by winning only 16 of the state's 56 counties and had a statewide margin of victory of less than 3,000 votes.

The upper chart shows Tester's victory margin by individual county from urban to rural. Missoula County provided Tester a margin of 13,700 votes over Burns all by itself and this stood up against loses in most other counties with the notable exceptions of Silver Bow, Lewis and Clark, Deer Lodge, Big Horn, Glacier, and Hill Counties.

The lower chart then shows Tester's victory margin for county groupings. The seven regional center counties provided him a margin for victory of more than 15,500 votes. He lost by fairly large margins in the other two more rural county groupings.



Source: Swanson, using state election results data and READ county classifiers

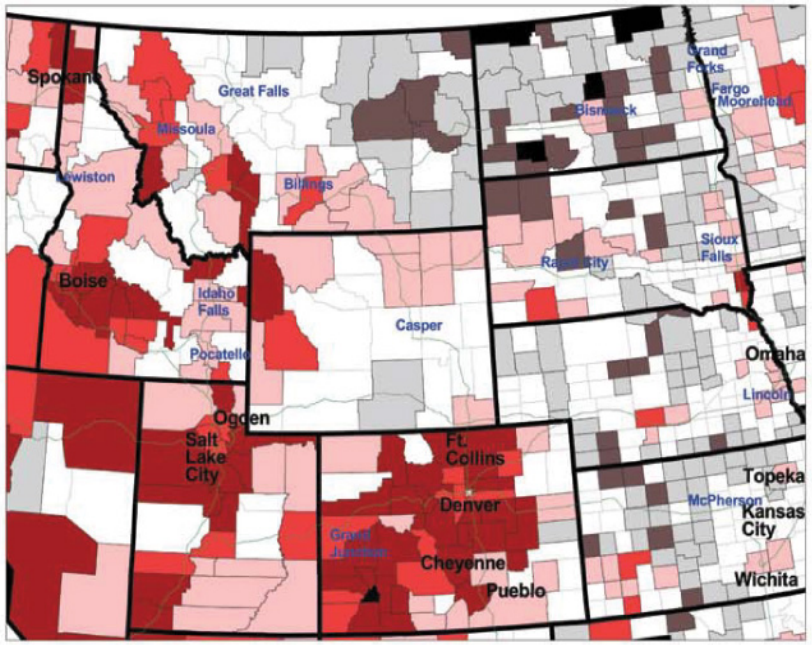


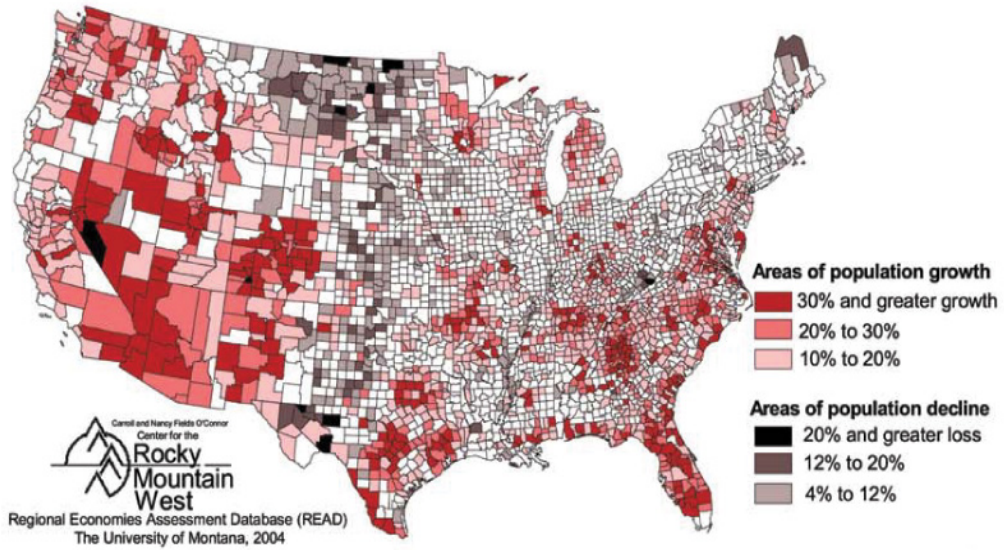
Areas of Major Population Growth or Decline, 1990 – 2000

Population change across the region is being heavily driven by migration patterns, including fairly heavy recent migration into many areas of the Western Mountain region, continuing out-migration from many non-metro or rural areas of the Eastern Plains, and a more mixed pattern along areas of the Central Front. The maps show areas of the nation and of the 8-state region where percentage population growth was the greatest – 30 percent and greater in the dark red areas and 20 to 30 percent in the medium red areas – and areas with the greatest losses in population – 20 percent and greater in the dark black areas and 12 to 20 percent losses in the medium gray ones. Areas shown in white (unscreened areas) are counties whose populations saw only little or moderate changes during the last decade, falling somewhere between gains of 10 percent and losses of 4 percent.

As can be seen, population growth is heavily focused in many areas of the greater Interior West, stretching from western Montana, Idaho and eastern Washington in the north to Colorado, Utah, and Nevada and further south into the larger Southwest region. Growth in Montana is heavily focused in the Western Mountain region – areas like the Flathead valley, the Missoula and Bitterroot valleys, Gallatin valley, and Beartooth area. Population decline remains focused in the Interior Plains region and is particularly heavy in the northern portion of the Plains region. Decline in Montana is heavily focused in the Eastern Plains region.

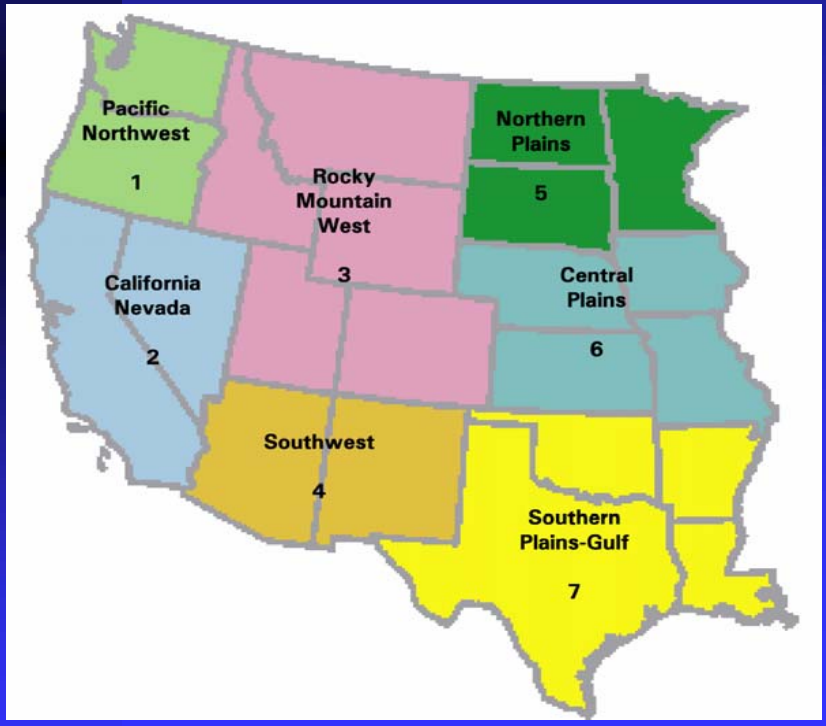
Along the Central Front, aside from the Colorado Front where growth remains high, the pattern is more mixed or less pronounced in one way or the other.

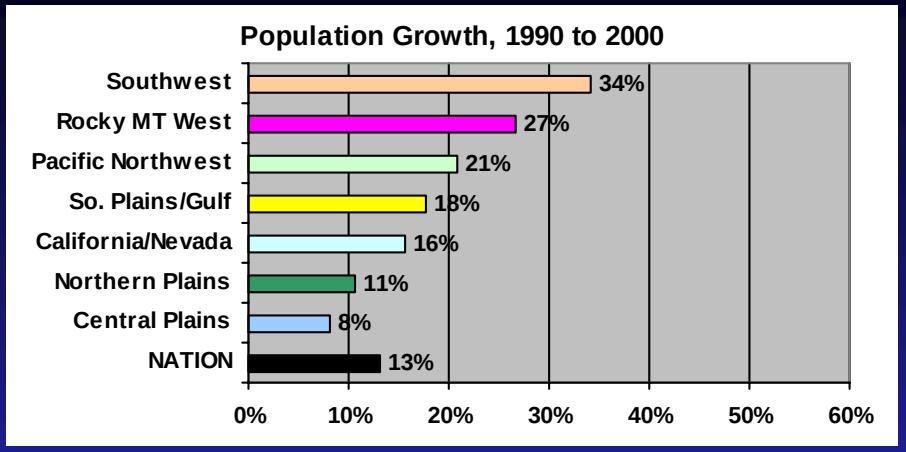


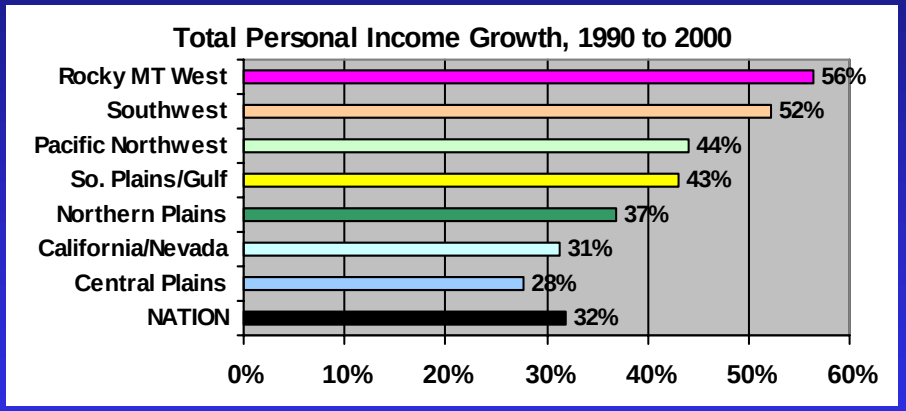


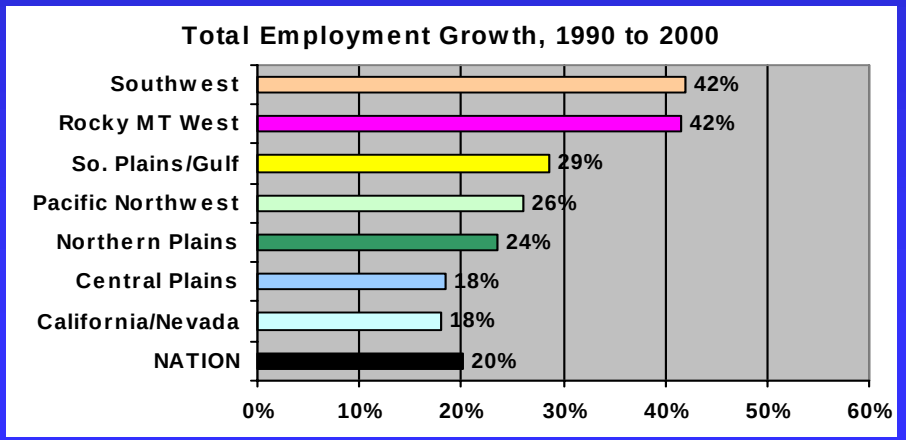
The Rocky Mountain West is one of the U.S.'s fastest growing regions

During the last decade, the Rocky Mountain West emerged one of the fastest-growing regions in the U.S. with one of the fastest growing regional economies. The Rockies also had one of the highest percentage increases in per capita income; up 23% in inflation-adjusted dollars.





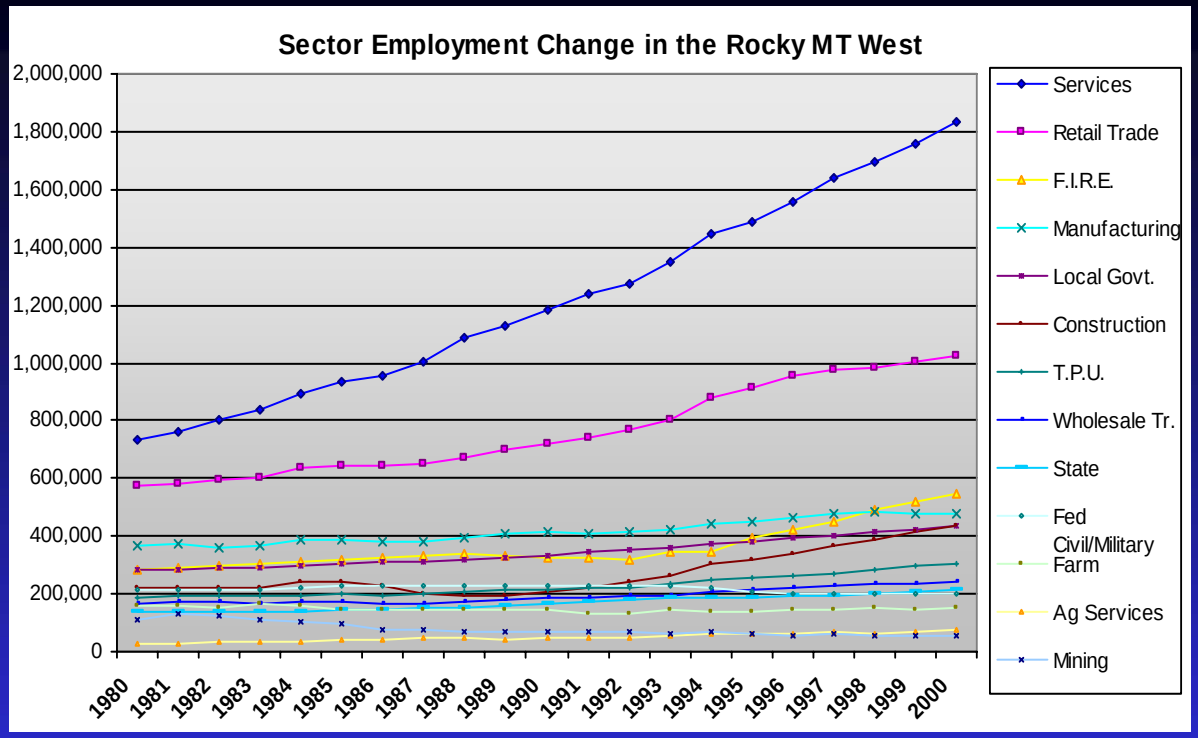


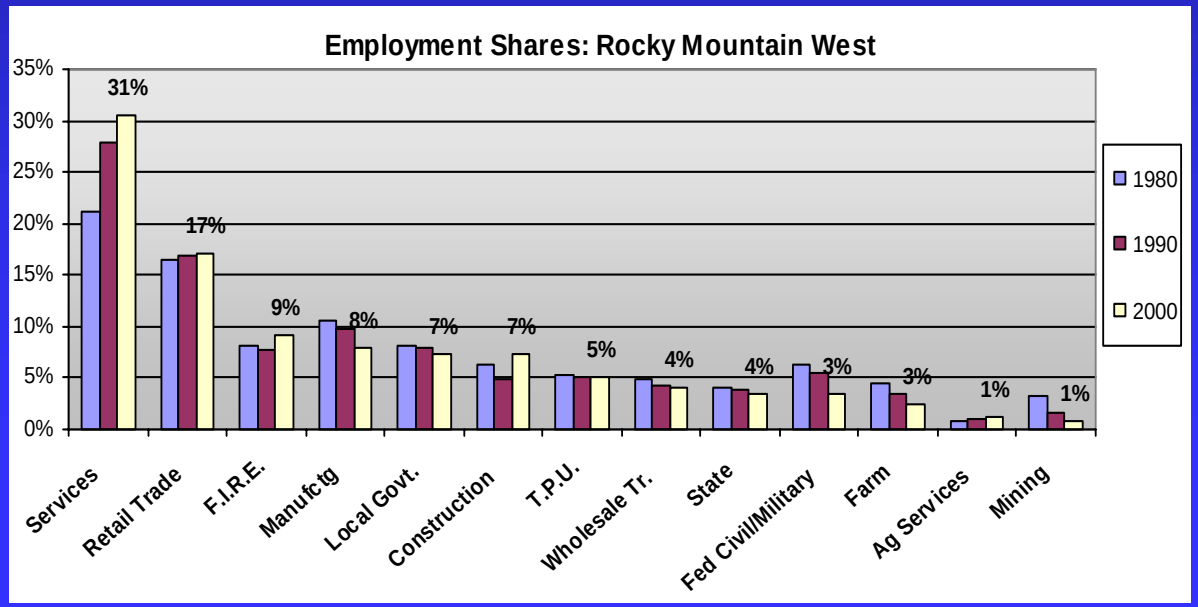


Employment Shifts in the Nation's Fastest-growing Regional Economy

Over the period of time when the Rocky Mountain West emerged as one of the nation's fastest growing regional economies, employment growth heavily focused in the services sector. There are 13 major sectors of the economy (listed in the chart legend at the right), and services is clearly where most employment growth concentrated. In a region that views itself as built upon traditional industries such as mining, oil and gas, logging and lumber production, railroads, and farming and ranching, this wholesale shift into services employment has been unsettling and misunderstood. The region itself had the fastest growing income base in the United States, measured in percentage growth, during this period.

The lower chart shows the relative shares of total employment accounted for by each major sector for three points in time: 1980, 1990, and 2000. The most significant feature in this chart is the increase of services' share of total employment from 21 percent in 1980 to 31 percent twenty-years later.



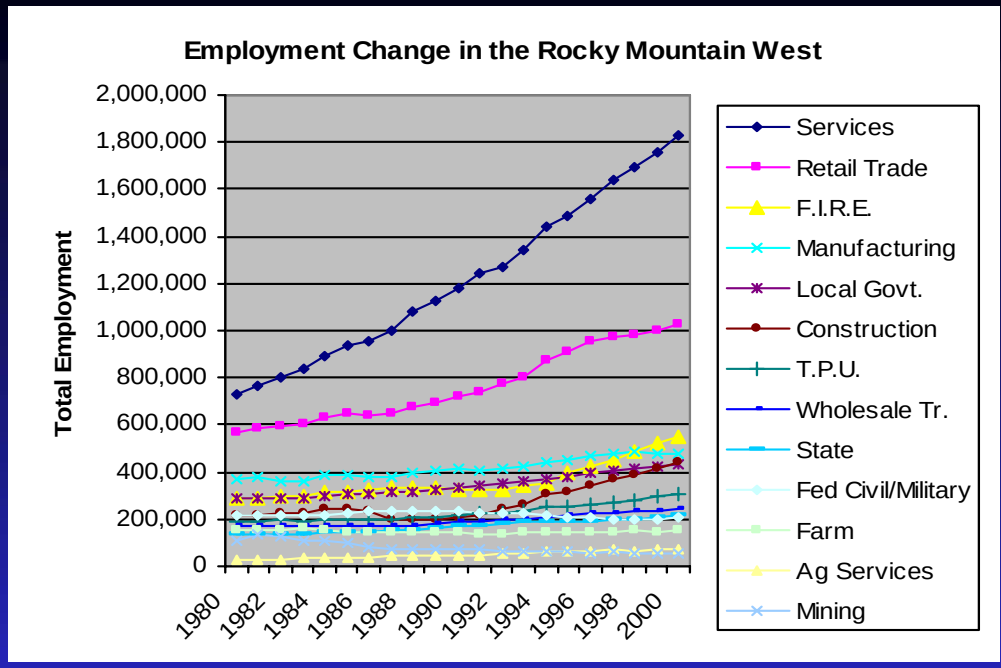


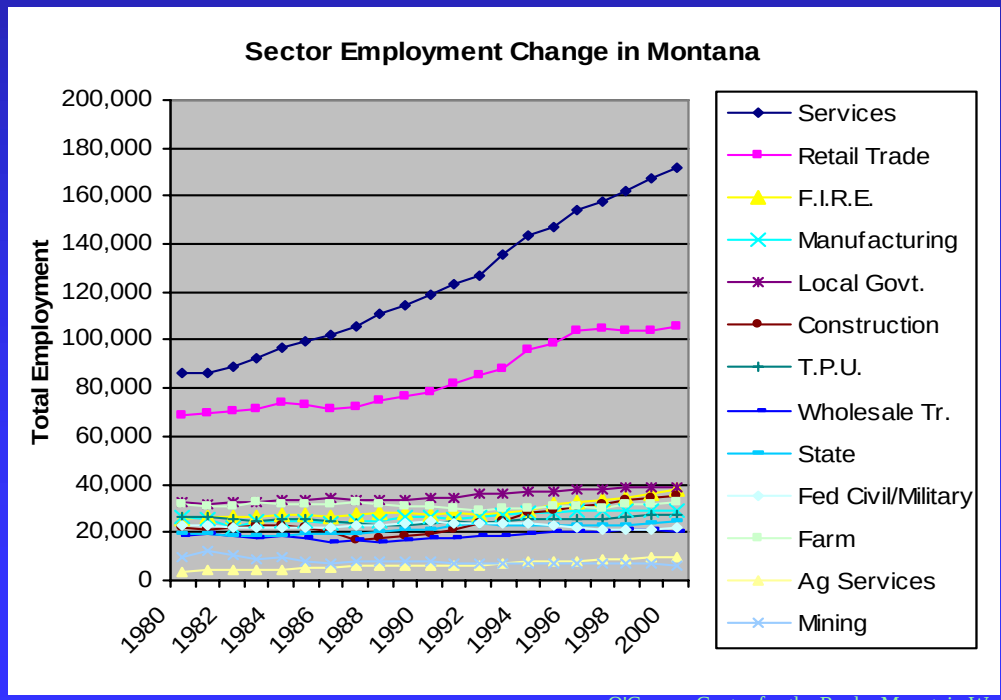
Recent Employment Change in the Fast-growing Rockies and in Montana

In the last decade when the economy of the Rocky Mountain West became one of the fastest-growing regional economies in the nation, employment growth in the broad services sector accounted for 37 percent of all new jobs in the region. The top chart shows employment change in the five-state region by major sector over the course of the last twenty years. There are 13 major sectors of the economy and two of these, services and retail trade, now account for nearly half of all employment. The sector with the third highest employment is Finance, Insurance, and Real Estate, or the F.I.R.E. sector, which is followed by manufacturing, construction, and local government (which includes public education).

There is a common perception in Montana that the state's economy is deteriorating, with many citing the growth in service and retail trade jobs and the loss of other "good" jobs in the economy. In actuality, the changing mix of jobs in Montana closely parallels the changing mix of jobs in the larger Rocky Mountain West region; which has seen significant gains in economic performance in recent years. In the last decade while service jobs grew by 37 percent in the fast-growing Rockies, they grew by 42 percent in Montana. And, while services and retail trade now account for nearly half of all jobs in the Rockies, they accounted for 49 percent of jobs in Montana in 2000.

When you compare employment trends in Montana with the larger Rocky Mountain region, there are differences. F.I.R.E. is also the fourth highest major sector of employment rather than third as in the Rockies. Manufacturing is seventh, rather than fourth. And farm and ranch employment is sixth in Montana rather than twelfth.

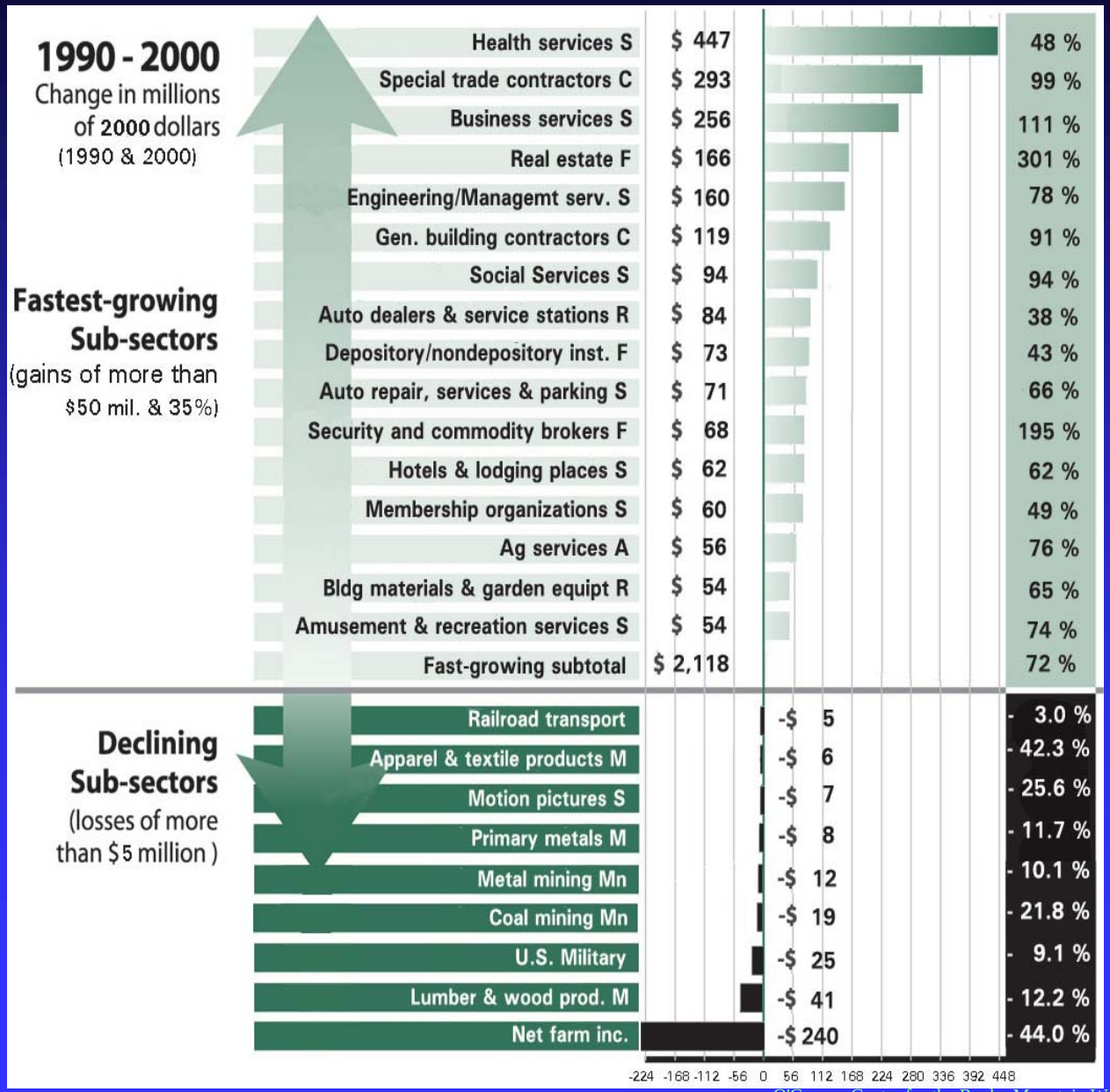




Fast Growing and Declining Sub-Sectors in Montana

There are 76 individual sub-sectors of the economy. The chart shows which are fast-growing or declining during the decade of the '90s – a period of accelerated growth and economic restructuring. Growth is most heavily focused in several service sub-sectors – particularly health care, business services, engineering and management services, and social services. Areas of finance, insurance, and real estate, as well as construction also are fast-growing.

Only sixteen sub-sectors, listed in the top of the chart, accounted for two-thirds of all growth in labor earnings in Montana during the '90s. Conversely, decline in the economy is concentrated in an even smaller number of sub-sectors - most longstanding industries including the natural resource industries of mining, logging and wood products, and agriculture.



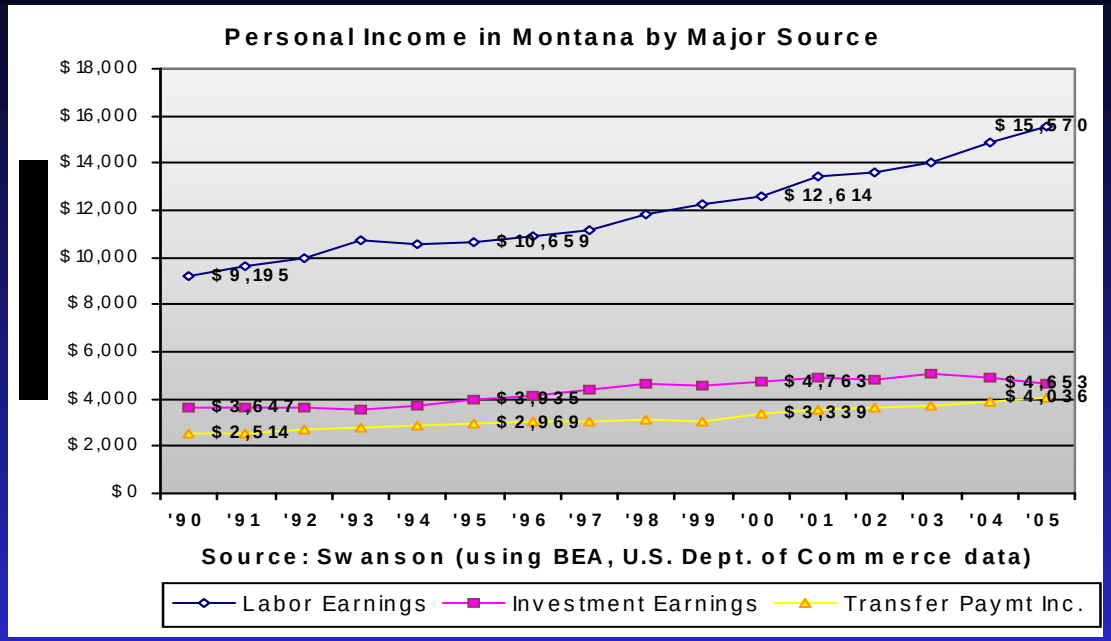
Personal Income Expansion in Montana

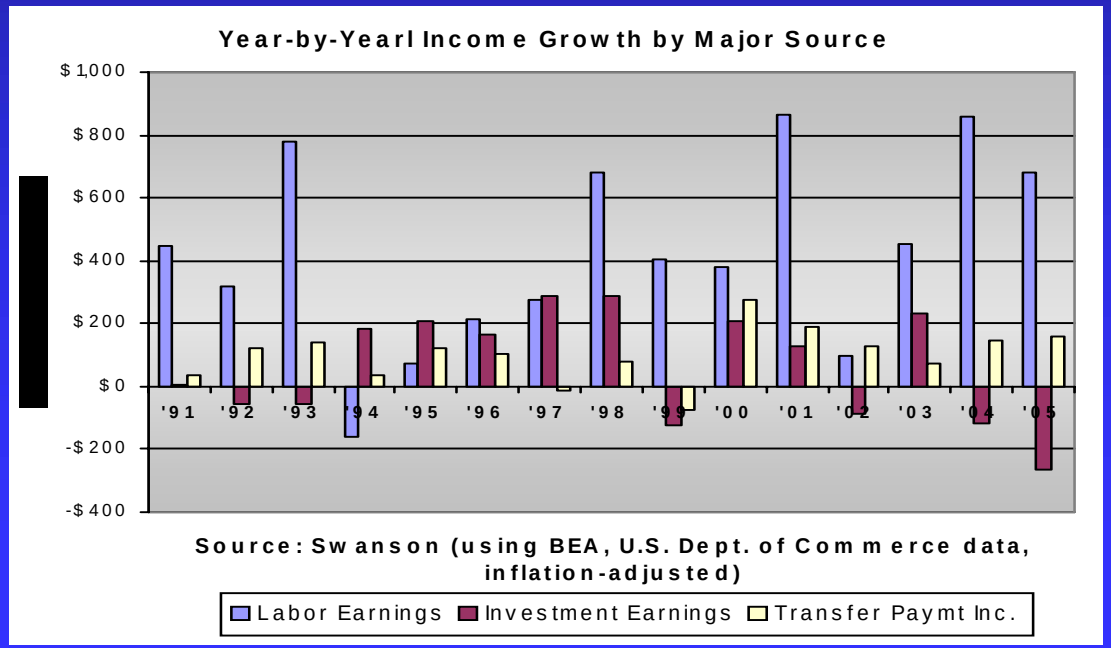
The total personal income base of Montana expanded from $15.4 bil. in 1990 to $17.6 bil. in 1995, an increase of $2.2 bil., and to $20.7Bil. in 2000, another increase of $3.1 bil., and to $24.3 bil. in 2005, a further increase of $3.6 bil. These growing increases in income for each 5-year period are inflation-adjusted 2000 dollars.

The upper chart shows income growth in the state by major source – labor or employment earnings, earnings from investments (dividends, rent, capital gains, etc.), and transfer payments income (Social Security, Medicare/Medicaid payments, etc.).

The next chart shows changes in personal income by major source from one year to the next since 1990.

Income growth in Montana is largely concentrated in gains in labor earnings. Statewide labor earnings have increased from $10.7 bil. in 1995 to nearly $15.6 bil. in 2005.



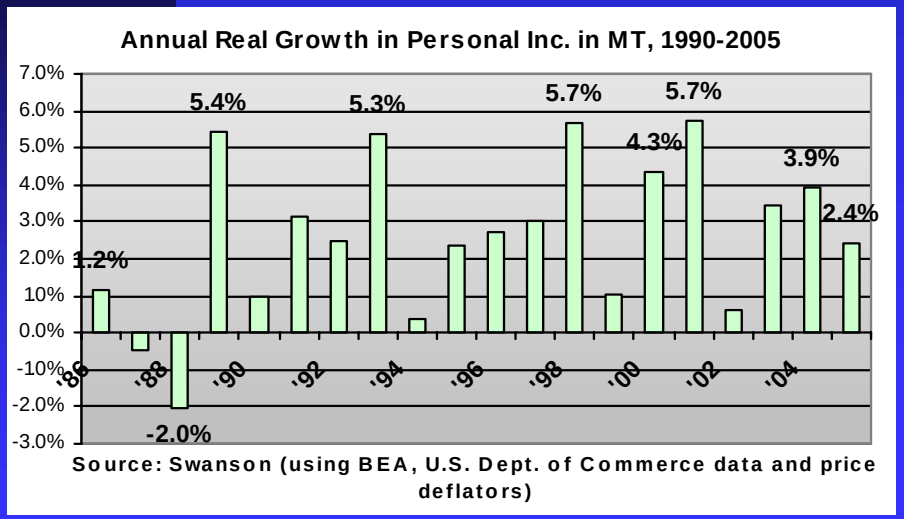


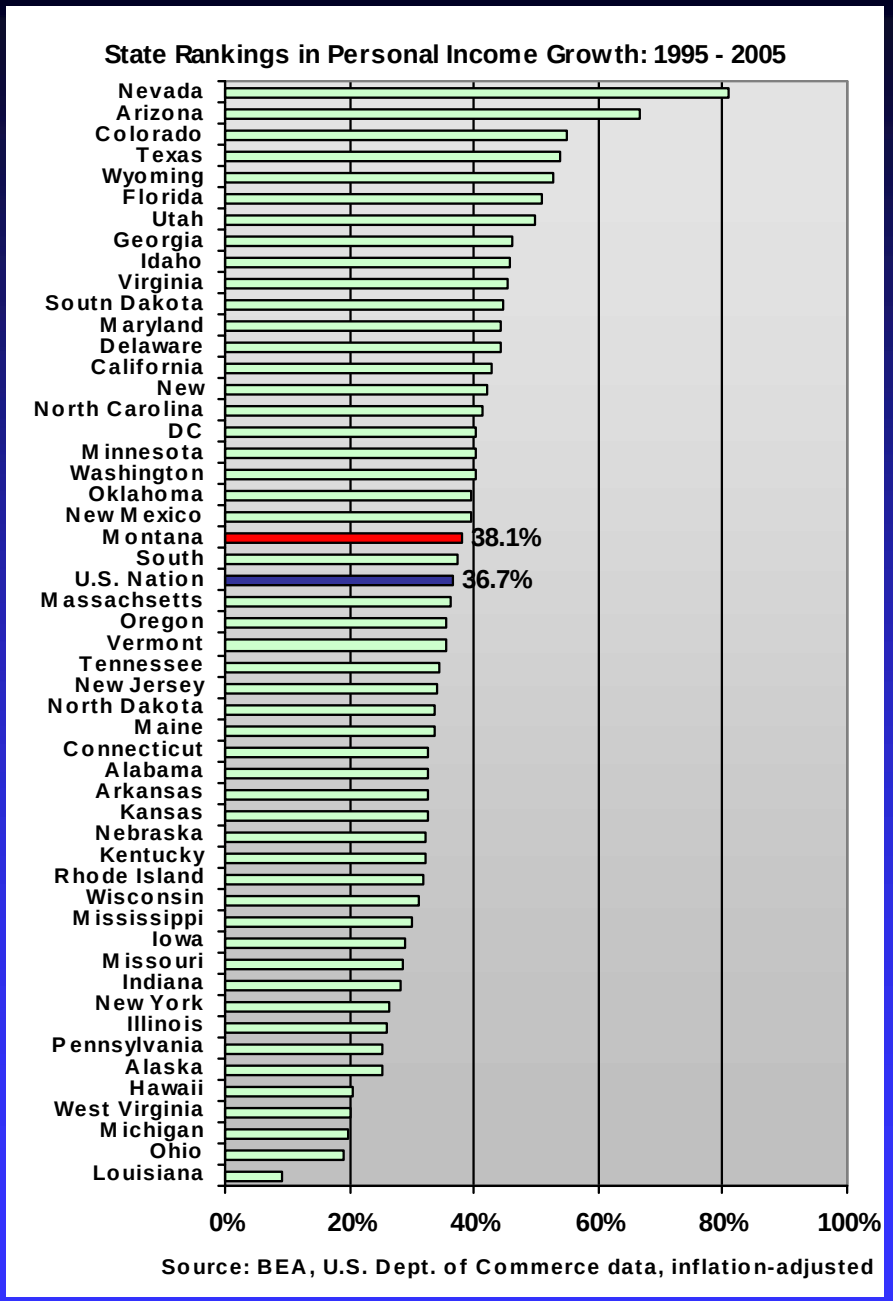
Personal Income Growth in Montana

The latest available annual data for personal income at the state level is 2005. The lower chart shows personal income growth on an annual basis, adjusted for inflation, between 1985 and 2005. The state's economy came out of the doldrums of the '80s in the early '90s, spurred by a turnaround in population migration patterns – more people began to move to the state than the number moving away, stimulating income and employment growth.

In four of the last 15 years, annual personal income growth exceeded 5%, but more recently income growth is slowing, falling to 2.4% growth for 2004-05.

The chart at the right shows how states rank in relation to other states for personal income growth between 1995 and 2005. Over this recent ten-year period, personal income grew by more than 38% in Montana, ranking the state 22nd among all states. For the 2003-05 period, personal income grew by 6.4% in Montana, ranking it 21st.





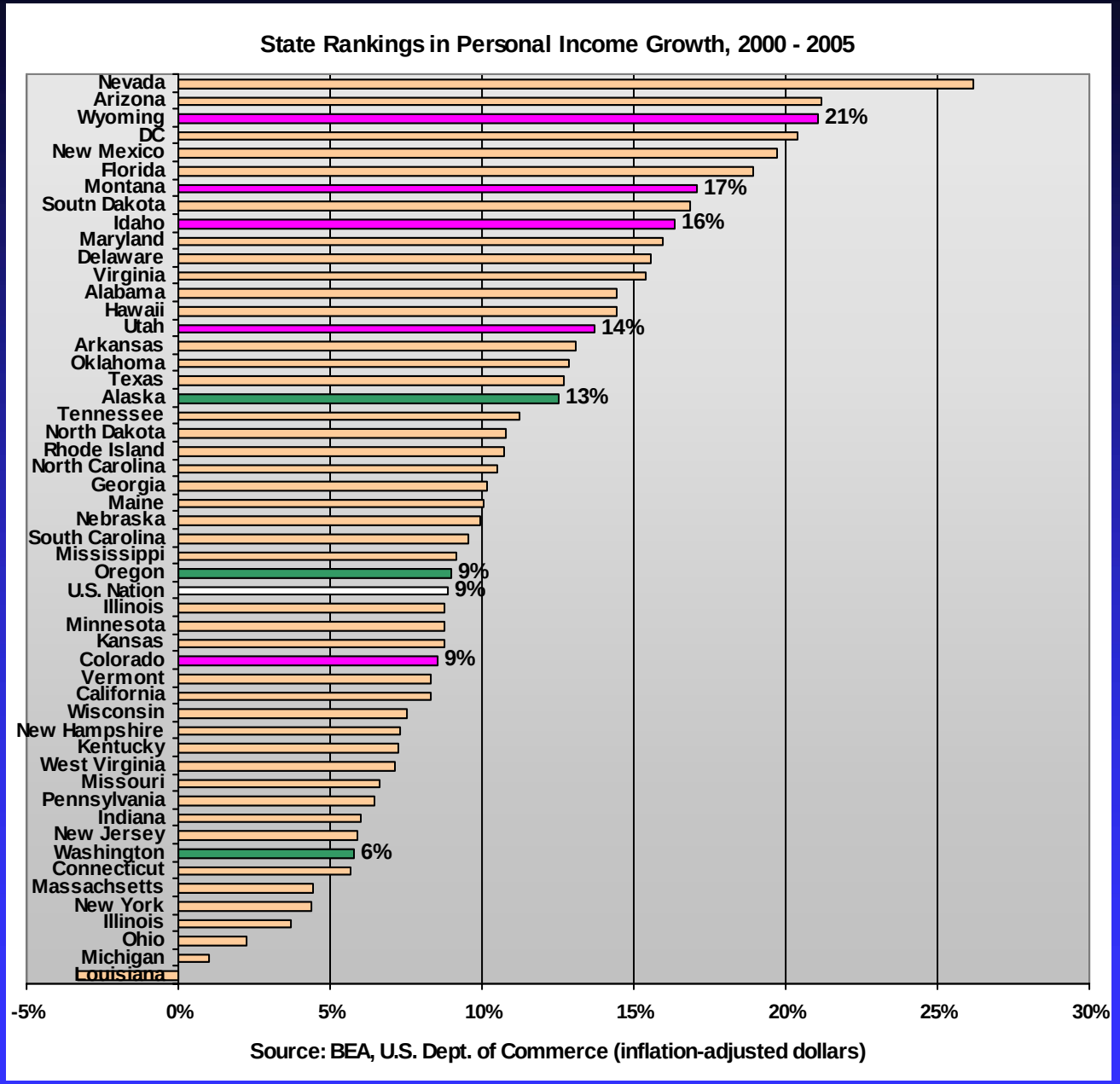
State Rankings in Personal Income Growth, 2000 – 2005

For the more recent five-year period from 2000 to 2005, Nevada continues to lead the nation in personal income growth, followed by Arizona.

Among Rocky Mountain West states, Wyoming ranks 3rd with 21% growth over the five-year period, adjusted for inflation. Montana ranks 7th with 17% growth. Idaho ranks 9th with 16% growth. So, three of the top ten states in terms of personal income growth are in the Rocky Mountain West.

Utah ranks 15th with growth of 14%. Colorado, hit hard by the dot-com fall in the early part of the period, ranks 34th with 9% growth. It is the only one of the five Rocky Mountain West states with personal income growth below the national average.

Washington ranked in the bottom 10 while Oregon was at the national average. Alaska ranked 19th.

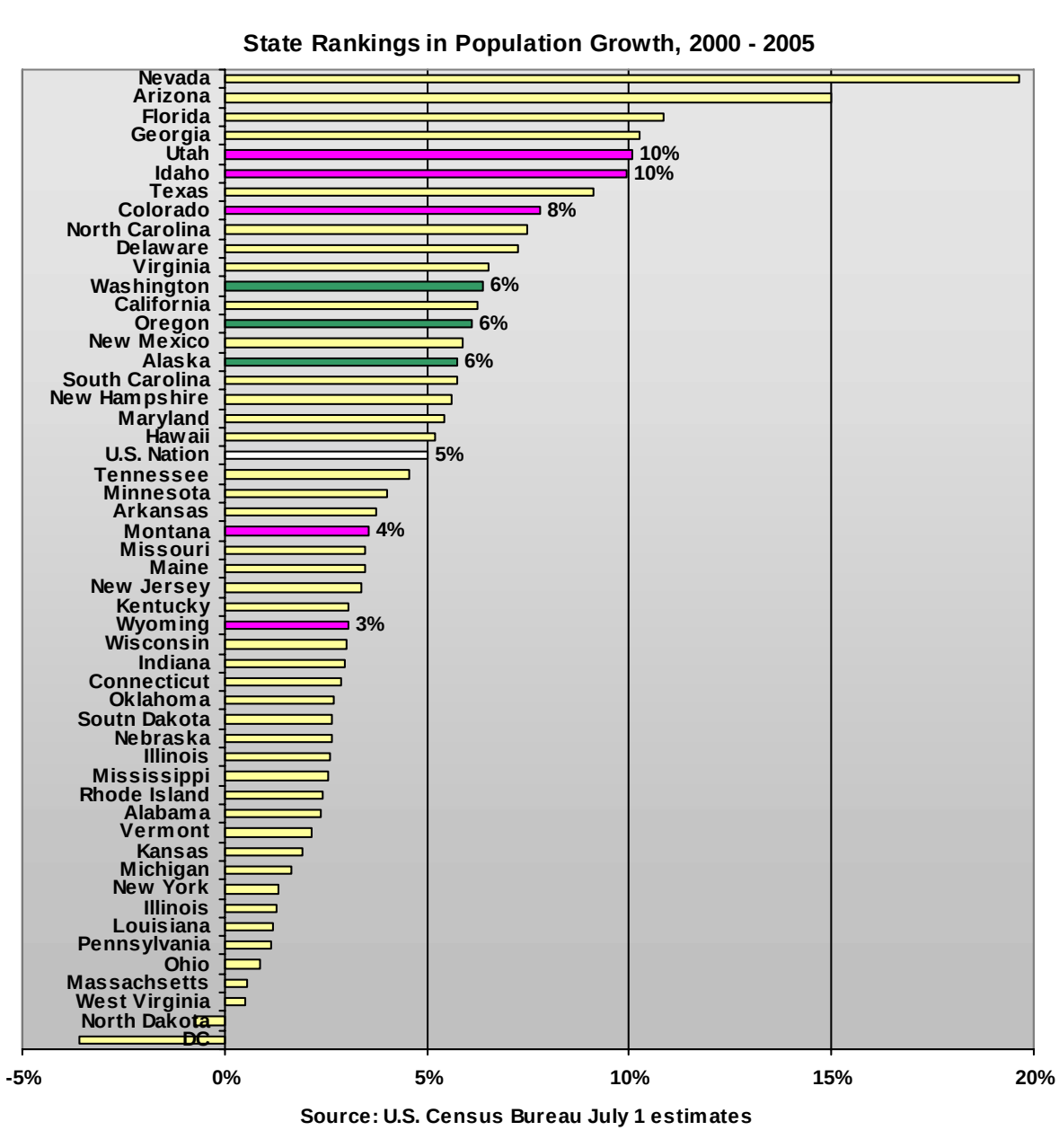


Recent Population Growth among States, 2000 – 2005

Population growth nationwide over the last five years was about 5%. Nevada continues to lead the nation in growth with an increase of about 19%. Three Rocky Mountain West states rank very high in population growth – Utah and Idaho, each with growth of 10%, and Colorado with growth of 8%.

Montana ranks 24th among states with population growth of 4% and Wyoming ranks 29th with growth of 3%.

Washington state ranks 12th and Oregon 14th. Alaska ranks 16th.

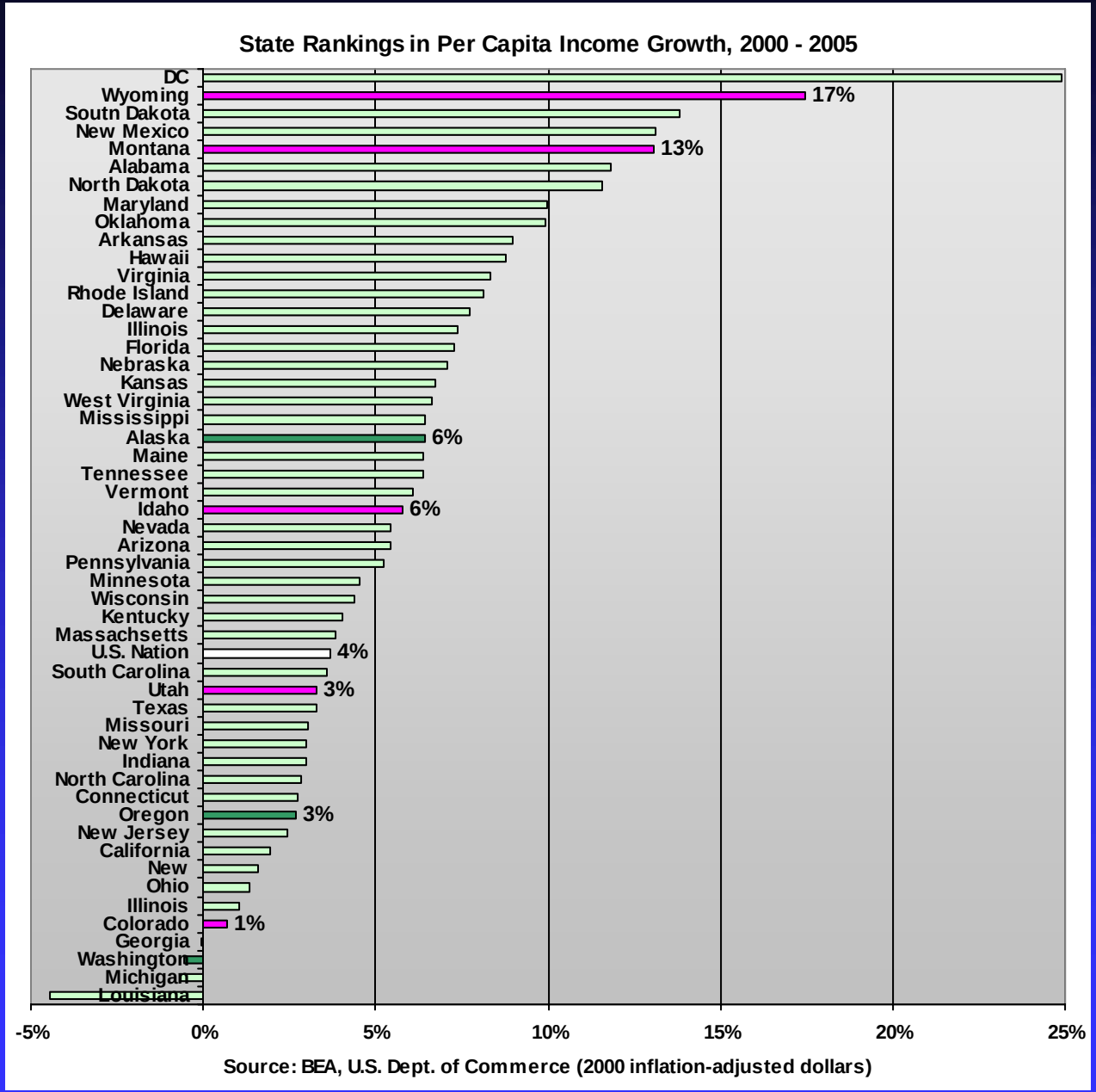


State Rankings in Per Capita Income Growth, 2000 – 2005

In the more recent time period from 2000 to 2005, per capita income grew nationwide by 4%. Wyoming ranks second among states with growth of 17%, adjusted for inflation. Montana ranks 5th with growth of 13%.

Idaho ranks 25th with per capita income growth of 6% over the five-year period. Both Utah and Colorado had per capita income growth below the national average.

Washington ranks near the bottom and Oregon is below the national average as well. Alaska ranks 21st.

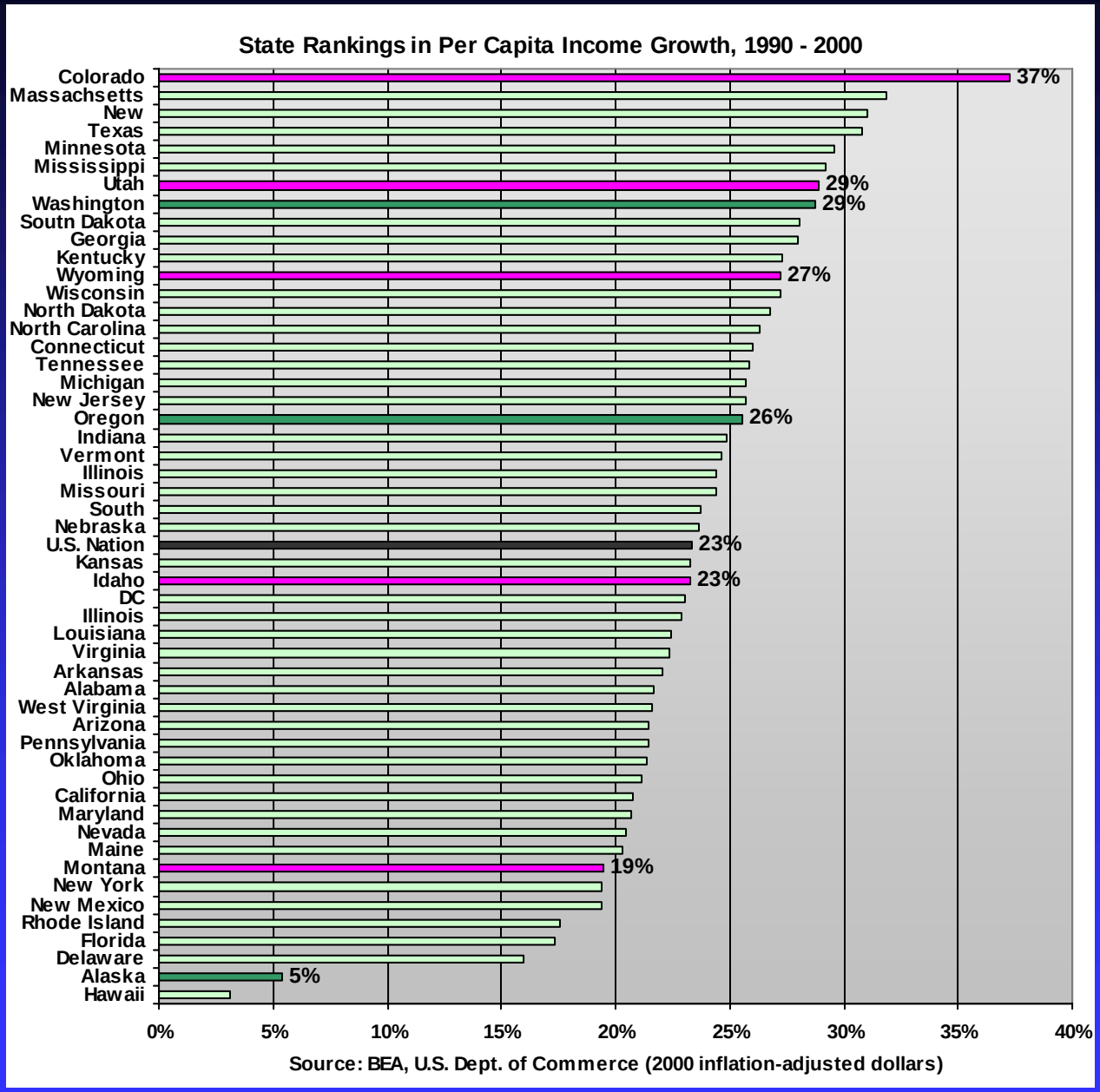


State Rankings in Per Capita Income Growth, 1990 – 2000

Per capita income is calculated by simply dividing the total personal income of an area by its total population. Per capita income is the most common measure used in assessing area economic well-being.

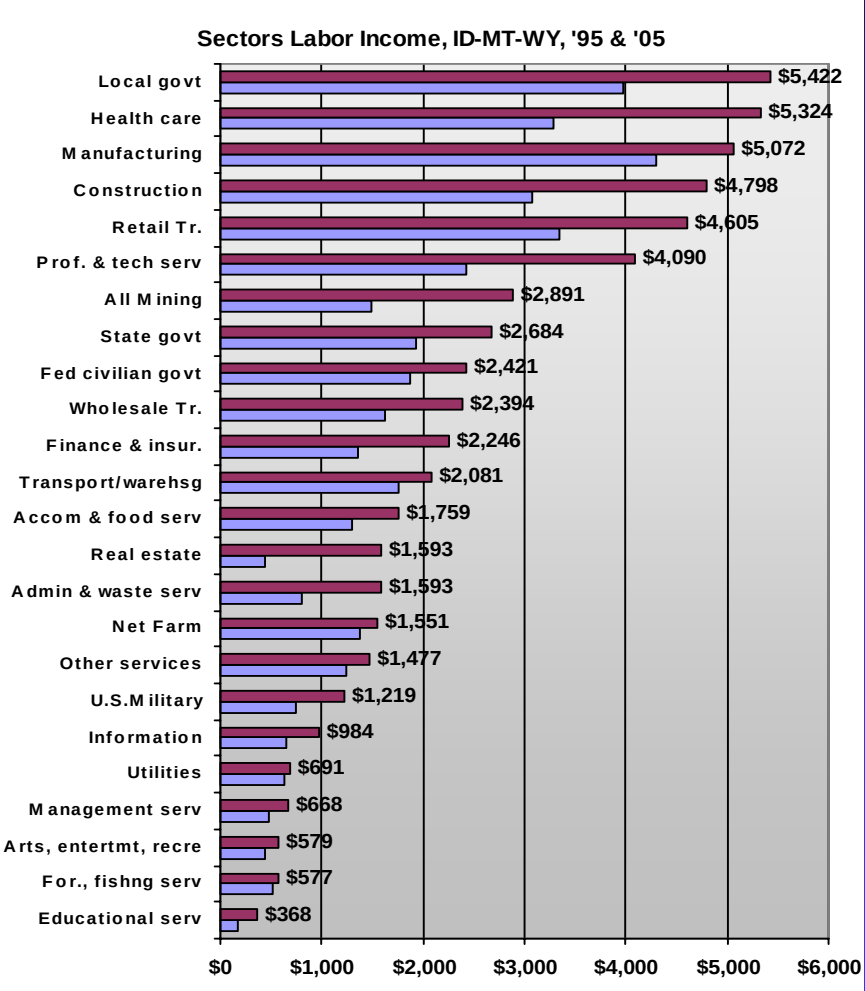
Per capita income increased by 23% between 1990 and 2000, adjusted for inflation. Colorado had the largest increase in per capita income with an increase of 37%, ranking it first among all states. Utah ranked 7th with per capita income growth of 29%. Wyoming ranked 12th with growth of 27%. Idaho ranked 29th with growth in per capita income of 23% - about the same as the national average. Per capita income grew by 19% in Montana during the period, ranking it 45th.

Washington ranked 8th and Oregon 20th. Alaska ranked near the bottom.

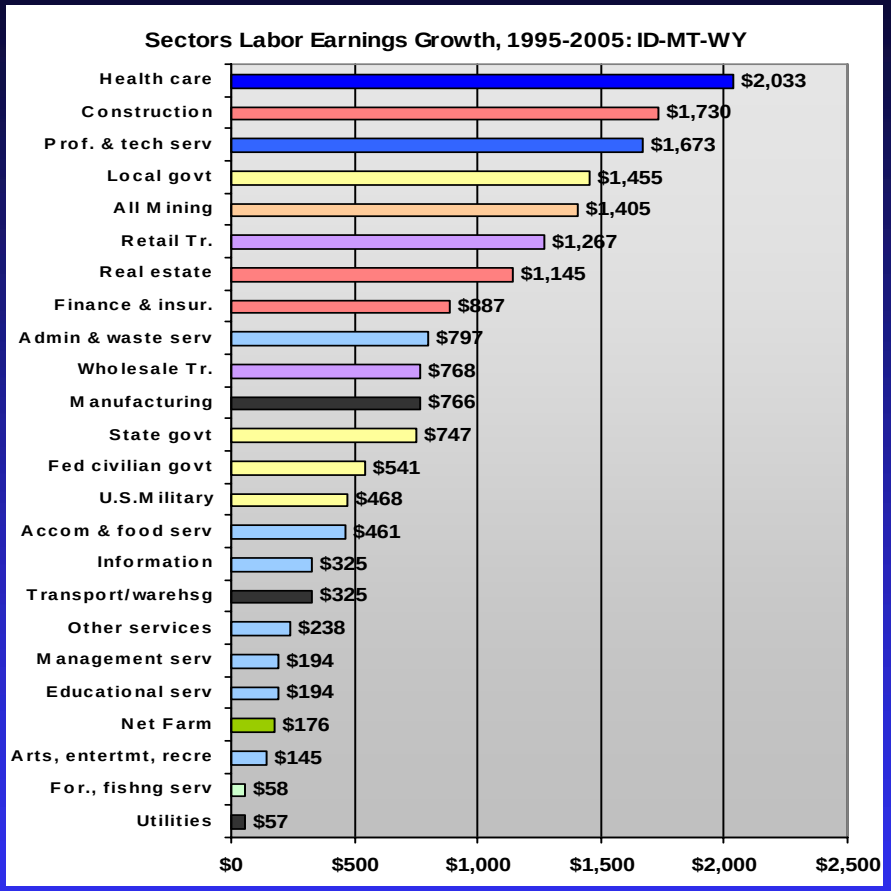


Recent Sector Growth Across the Idaho-Montana-Wyoming Region

The chart below shows sector growth from 1995 to 2005. Local government, health care, manufacturing, construction, retail trade, and professional and technical services are the largest sectors, all exceeding $4 billion.



The chart below ranks sectors by growth between 1995 and 2005.

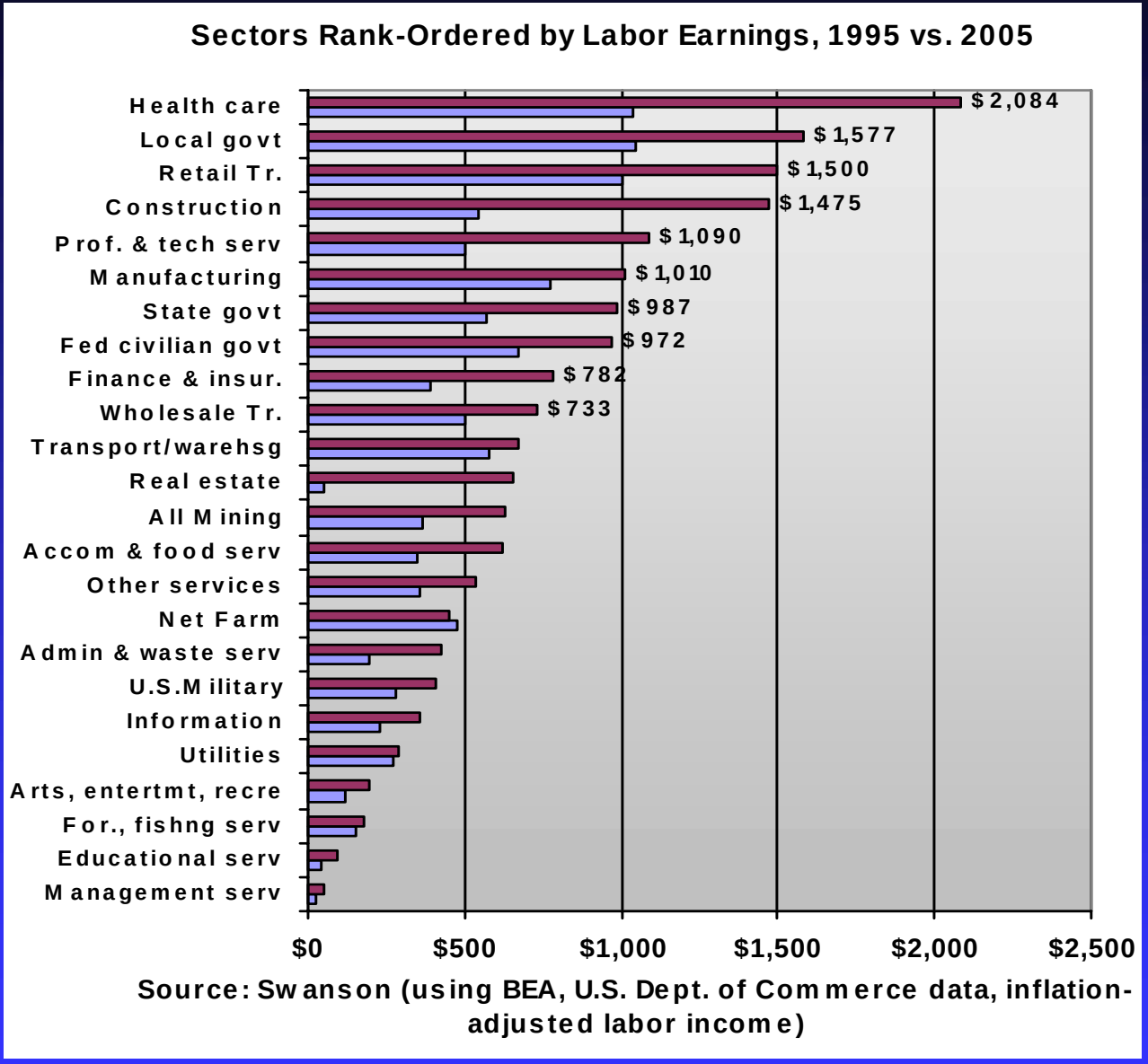


Growth is focused in two major service sectors – health care and professional and technical services, shown in blue – and in construction-related sectors – construction, real estate, and finance and insurance, shown in red. Trade sectors – retail and wholesale trade, shown in purple – are accounting for considerable growth as well. The only other sectors in this top group of growth sectors is mining, shown in light brown, and local government, shown in yellow.

Labor Income Growth in Montana by Sector

There are 24 major sectors of the economy and these are rank-ordered by size , showing both sector labor earnings in 2005 and 15-years earlier in 1990. Health care is Montana's single largest sector, as measured in labor earnings. Persons in the state employed in some aspect of health care received over $2 bil. in 2005 and this sector nearly doubled in size over the period.

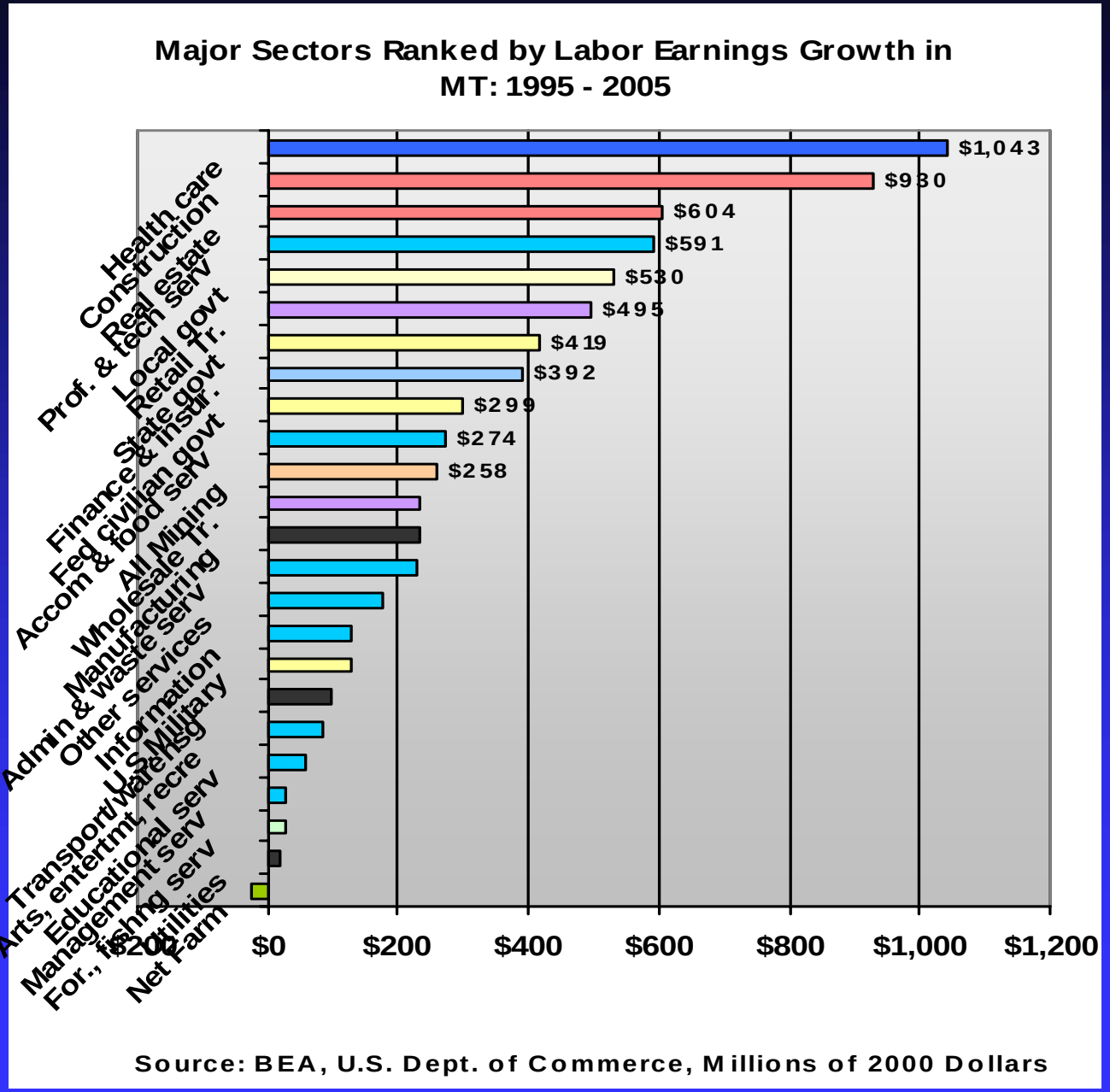
Local government, which includes city and county workers as well as persons working in local public education, is the next largest sector at $1.6 bil. It is followed by retail trade, construction, professional and technical services, and manufacturing. All of these sectors generated labor earnings exceeding $1 bil.



Sector Growth in Montana

Economic expansion in Montana over the last ten years was greatest in health care – up by over $1 bil. – and construction – up by $930 mil. in 2000 inflation-adjusted dollars. Real estate is 3rd, followed by professional and technical services (engineering services, accounting services, computer services, scientific services, etc.).

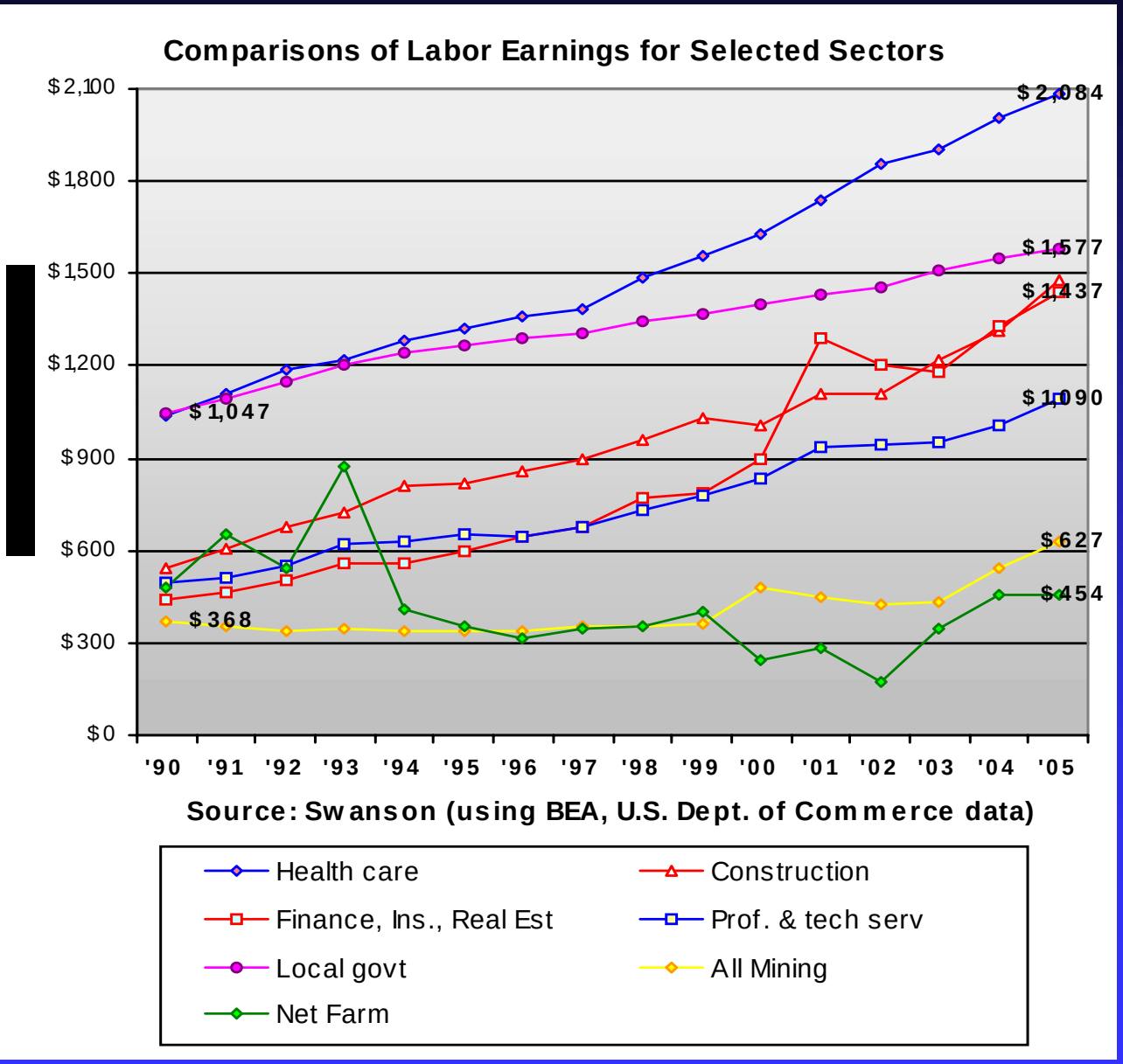
Employment earnings growth will continue to be concentrated in health care, professional and technical services, real estate and construction, finance and insurance, retail trade, and local government.



Labor Income Growth in Montana by Sector

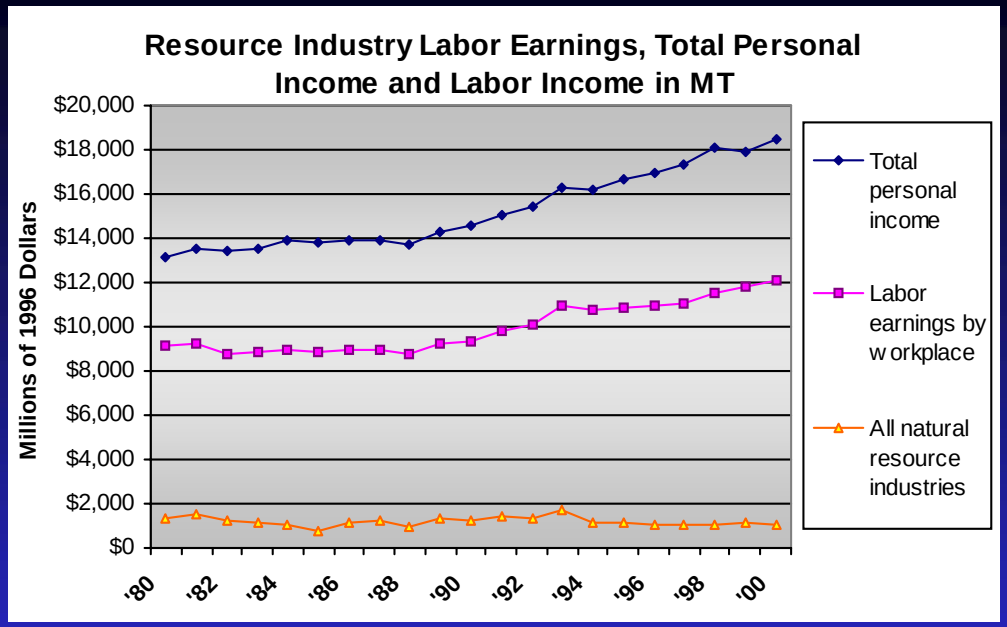
The chart shows how the state's economy is changing. Health care and local government, the two largest sectors, are shown. Two sectors are combined (finance and insurance and real estate) and shown. Construction and professional and technical services, both fast-growing, are shown as are mining (including all coal mining and other mining and oil and gas) and net farm earnings.

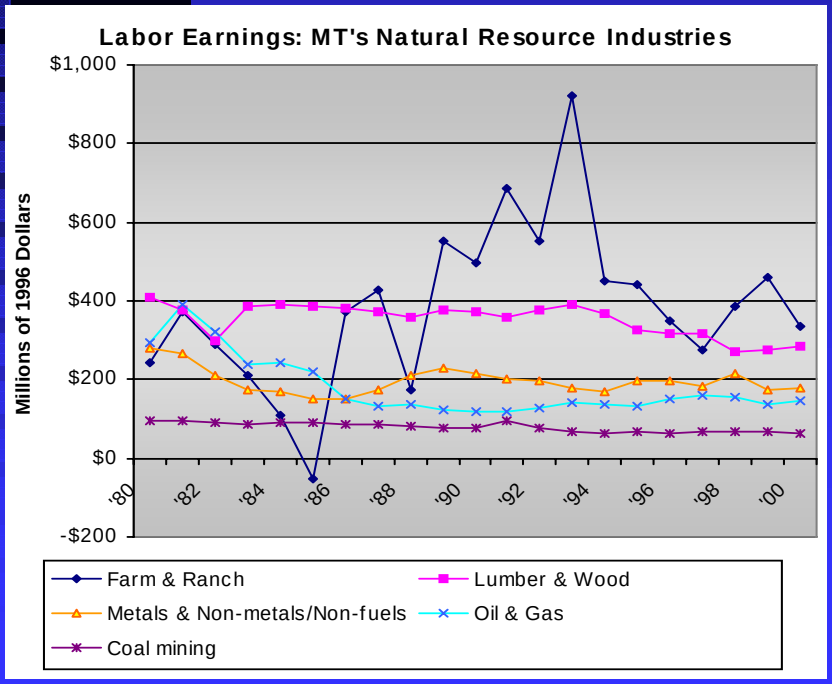
Mining has seen some gains in more recent years. But, the greatest gains over the entire period have been in health care; construction; real estate and finance and insurance; and in professional and technical services – all sectors where growth is most heavily concentrated in Montana's more urban areas and areas surrounding them.

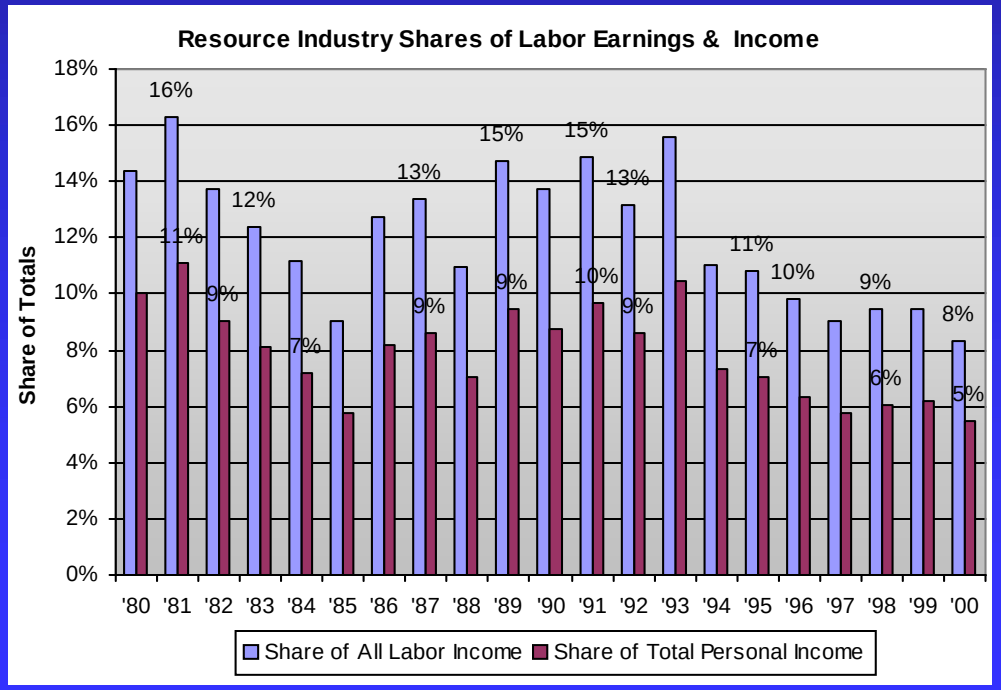


Consolidation and Decline in Montana's Natural Resource Industries

For much of the state's history, Montana depended on these pillars of the economy – agriculture, mining, and wood products. Year-by-year net earnings in agriculture are erratic, and wood products earnings are flat or declining, as are earnings in mining. In spite of this decline or stagnation in the state's natural resource industries, the larger economy has continued to grow, with growth in fact accelerating during the last decade. Resource industries' share of all labor earnings has fallen from 16% in the early '80s to 8% by 2000 and continues to fall.





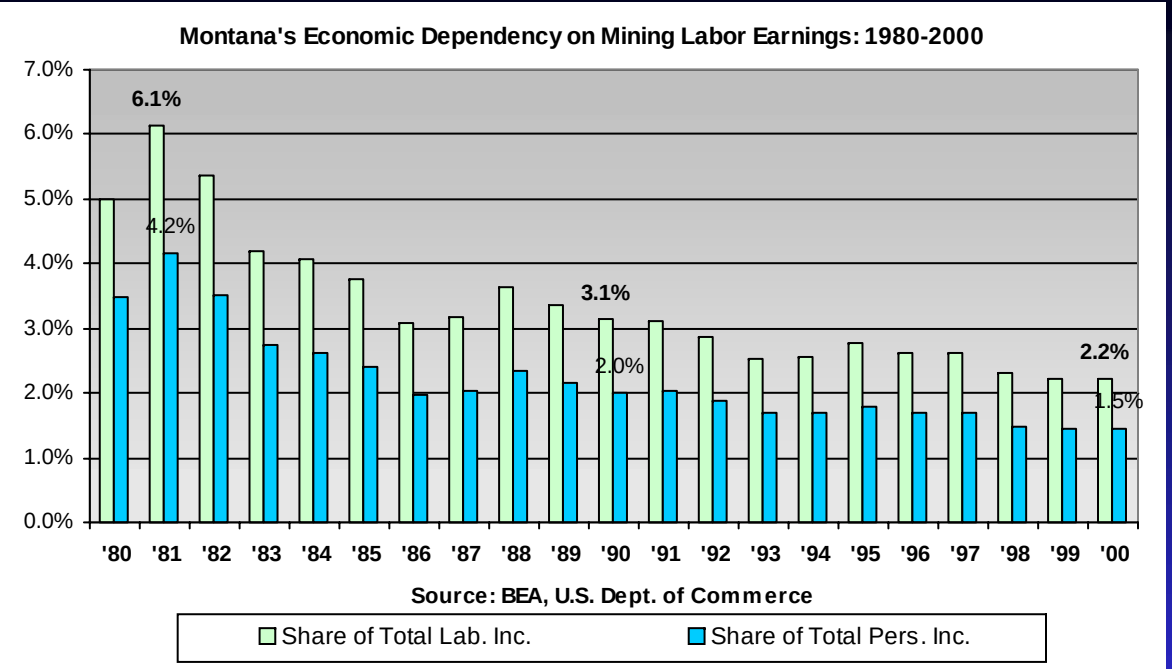


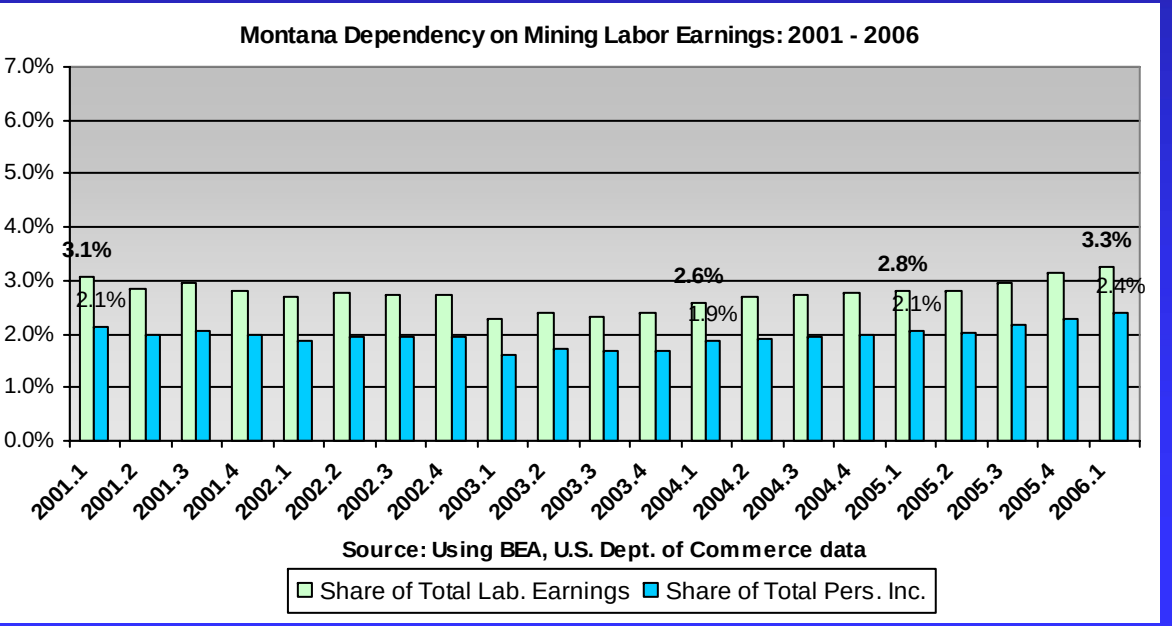
Dependency on Mining Industry Labor Earnings in Montana

The recent spurt in mining industry activity has been credited by some as accounting for much of the state's recent "economic boom." However, most of the state's income gains in recent years occurred before there was much increase in mining activity. In fact, the state's economy has steadily moved away from a large dependency on the mining industry as it has grown.

The upper chart shows mining industry labor earnings as a percent of total personal income and total labor earnings in Montana for each year between 1980 and 2000. The state's dependency on mining peaked in 1981 when mining labor earnings accounted for 6.1% of all labor earnings and 4.2% of all personal income. These income dependencies fell steadily to only 2.2% of all labor income and 1.5% of all personal income in 2000.

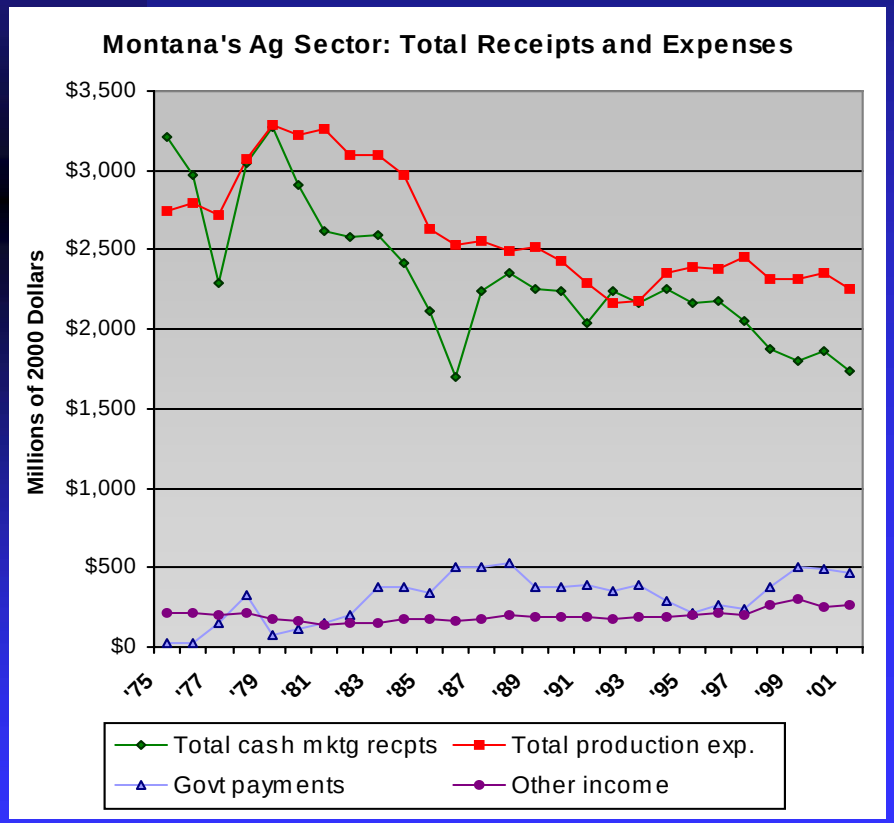
The more recent gains in mining have stopped this decline in mining industry dependency only temporarily, with estimates of dependency shown for each quarter for more recent years. After recent gains, mining accounts for only 3.3% of statewide labor earnings and 2.4% of personal income, as of the 1st quarter of 2006.

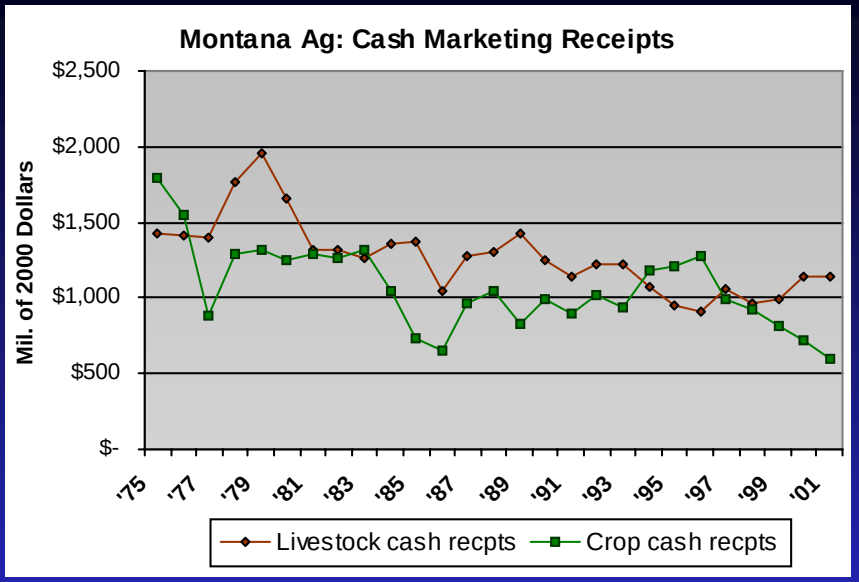


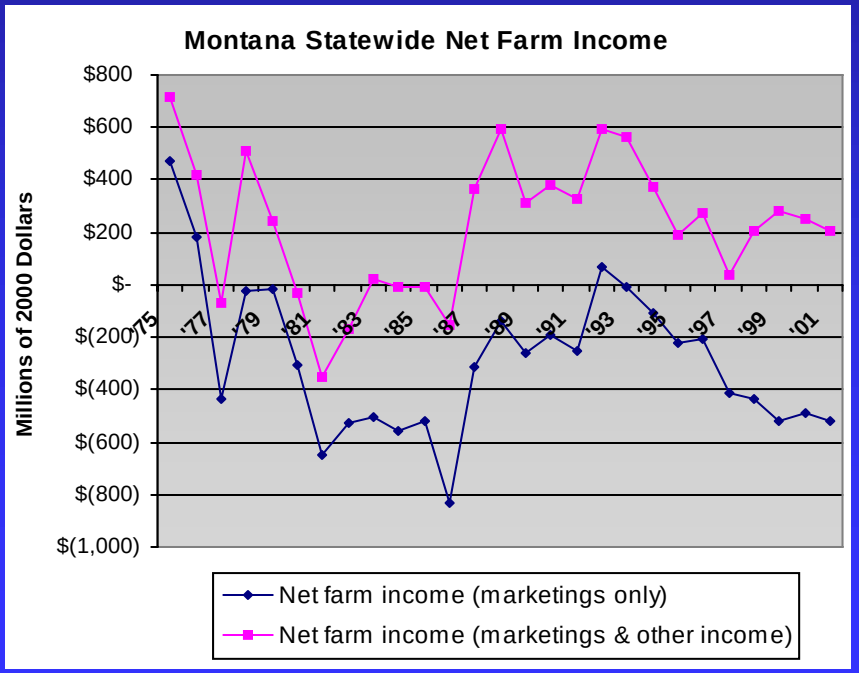


Montana's Struggling Ag Sector

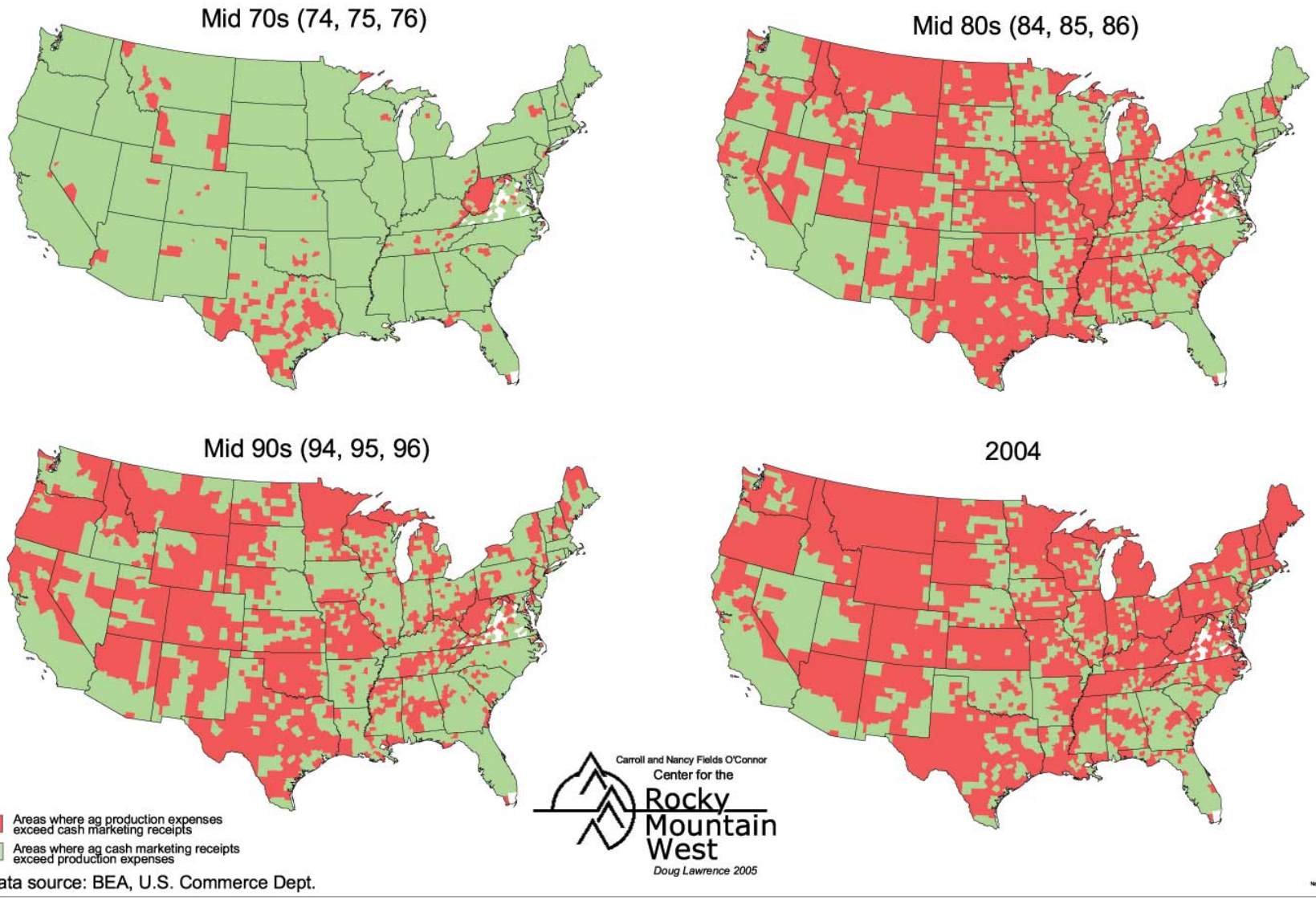
Agricultural producers in Montana have produced and sold just under $1.9 billion in crops and livestock annually in recent years, with receipts from livestock sales of over $1.1 billion and receipts from crop sales of $600 to $800 million. Their production expenditures, however, have hovered at $2.3 to $2.4 billion a year. Ag profitability hangs in the balance almost each year depending upon the level of farm program payments and "other" farm income, primarily off-farm earnings.





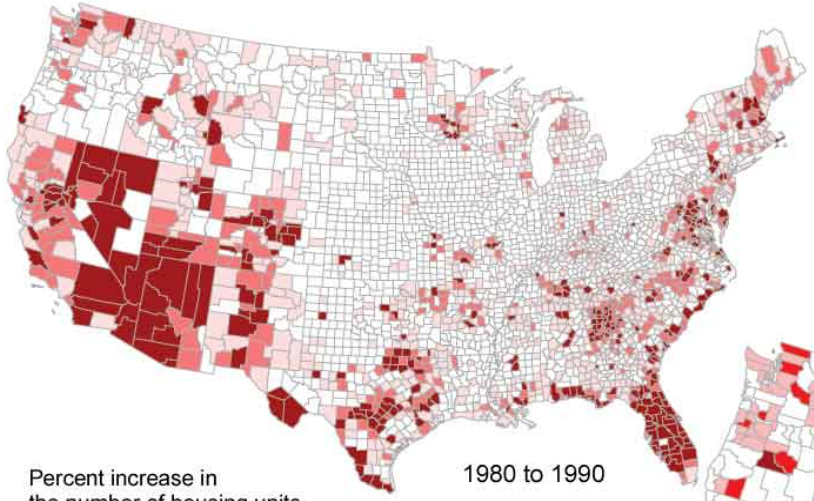


Ag Profitability in the U.S.



Areas of High Housing Growth in the U.S.

The U.S. Census Bureau periodically compiles estimates of the number of housing units by county in the U.S. A housing unit is "a mouse, apartment, mobile home or trailer, group of rooms, or a single room that is occupied, or, if vacant, intended for occupancy as separate living quarters." Estimates were made at the time of the ten-year Censuses ('80, '90, '00) and also again for 2005. The map shows areas of the U.S. where housing growth has been the greatest for recent periods, including the most recent five-year one from 2000 to 2005.

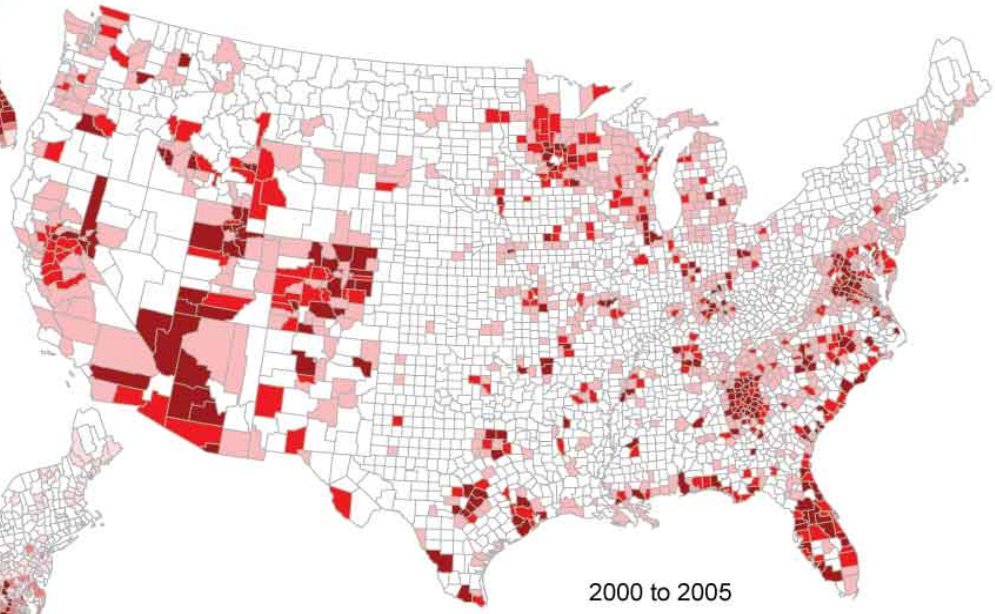


1980 to 1990

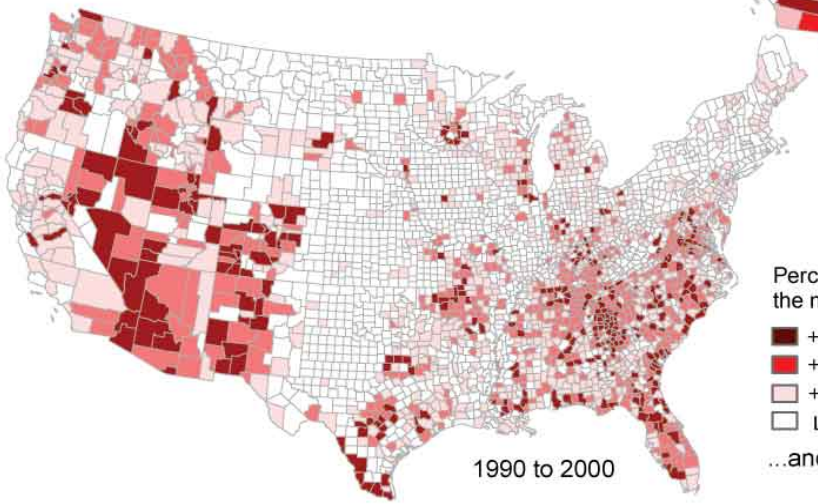
Percent increase in
the number of housing units

- +30% and more
- +20% to +30%
- +10% to +20%
- Less than +10% growth

...and an increase of at least 50 units.



2000 to 2005



1990 to 2000

Percent increase in
the number of housing units

- +15% and more
- +10% to +15%
- +5% to +10
- Less than +5% growth

...and an increase of at least 25 units.

Carroll and Nancy Fields O'Connor
Center for the
Rocky
Mountain
West

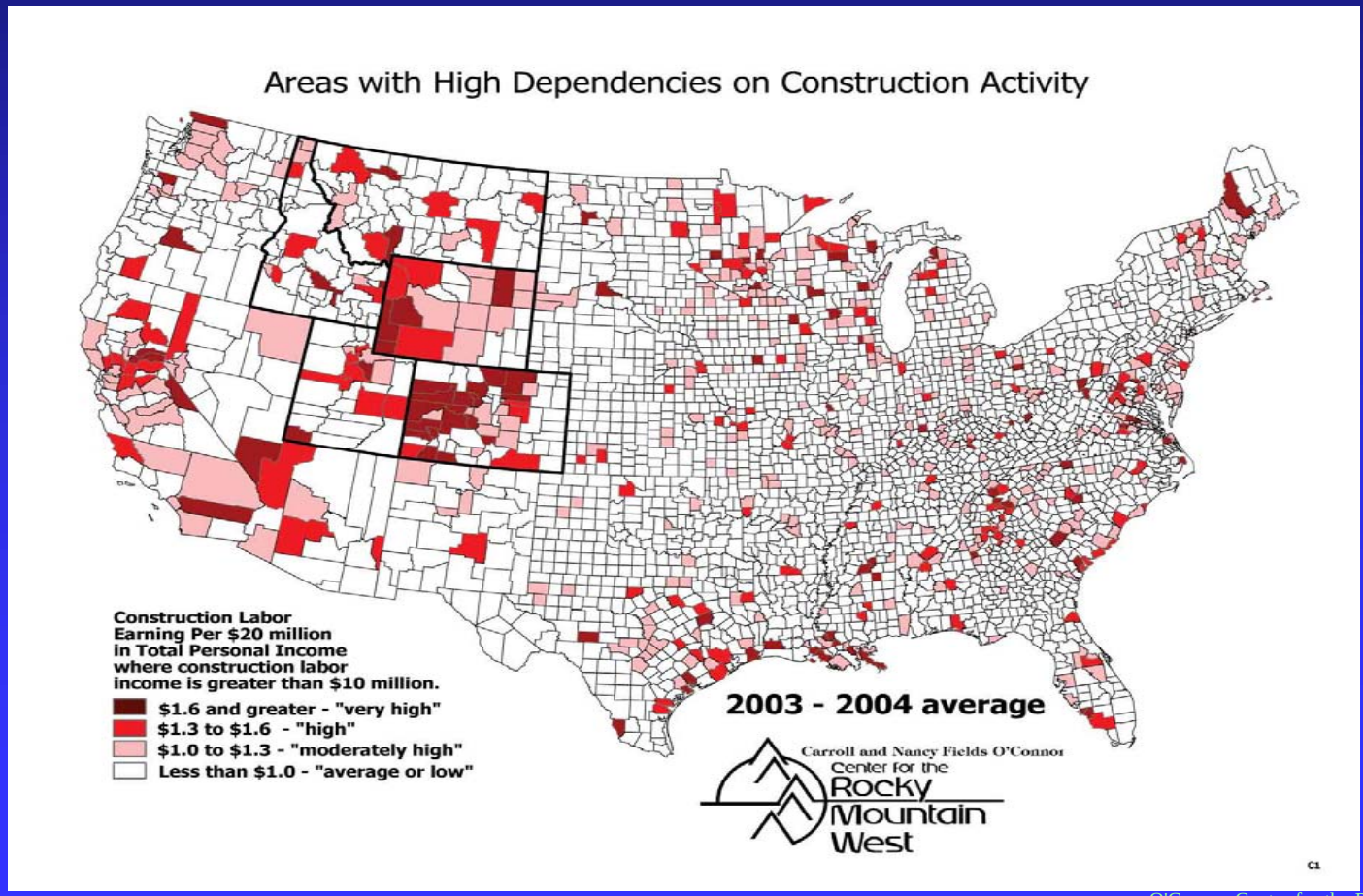
Data source: U.S. Census Bureau

Housing Units.mxd

Growing Area Economic Dependency on Construction Activity

Increased construction activity is normal for area's with rising populations. But some areas can have particularly high levels of construction when compared to the overall size of the area economy.

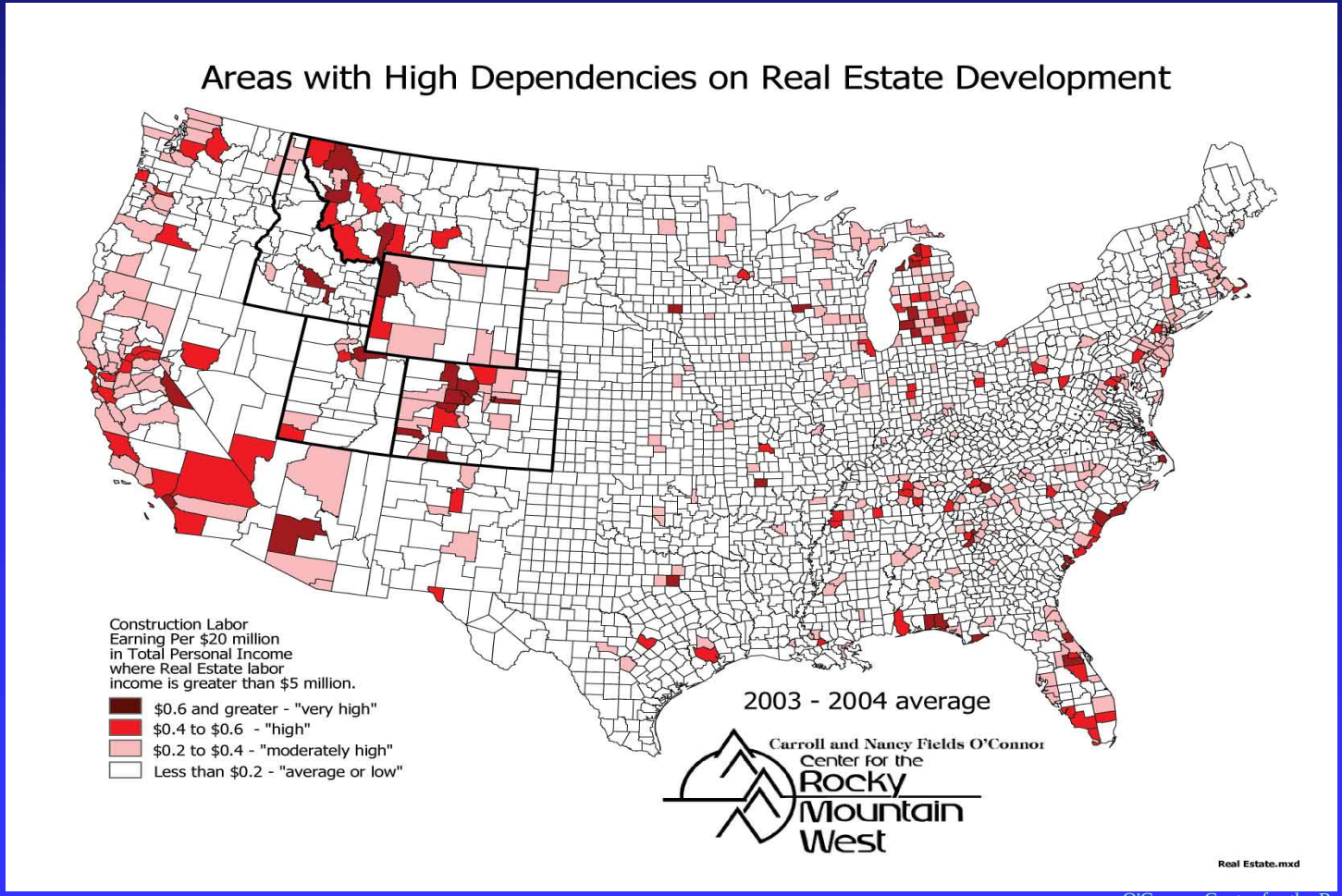
The map shows areas where construction labor earnings are particularly large in relation to area personal income, using data for 2003-04. The darkest red counties, the most construction dependent areas, are ones with construction labor earnings of $1.6 million and more for every $20 million in total personal income. If they remain fairly heavily dependent on construction in this way, their economies are vulnerable to factors that can quickly reduce construction, like high interest rates and rising material costs.



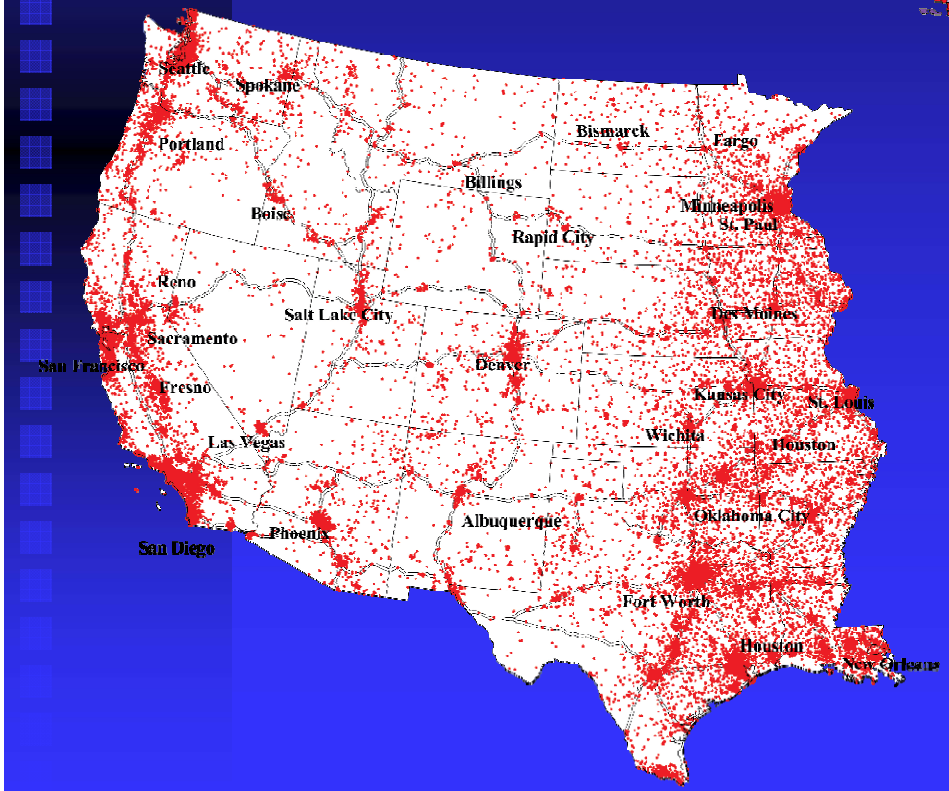
Growing Area Dependency on Income from Real Estate Sales and Development

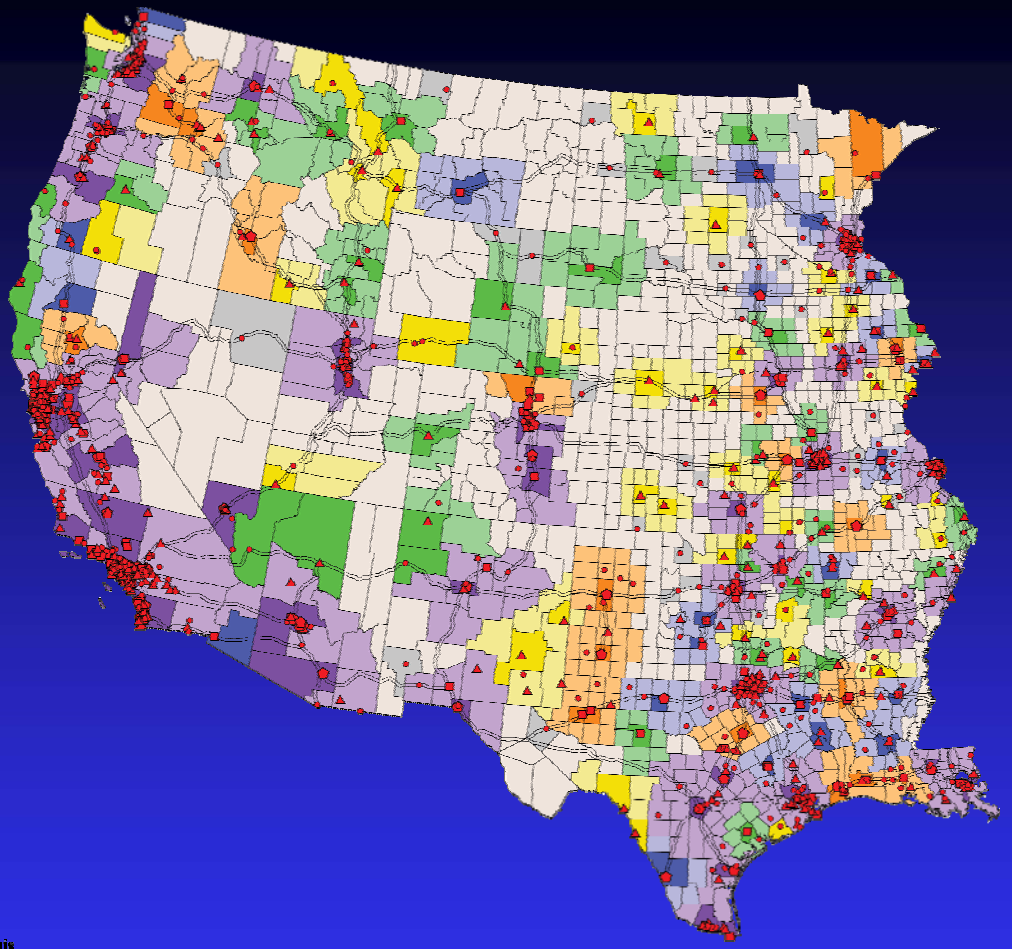
Another sector of the economy heavily influenced by area growth and construction activity is the real estate sector. This sector includes all income received by persons in an area tied to real estate sales and transactions, real estate development, and real estate leasing and rentals.

The map shows areas of the U.S. where real estate labor earnings are particularly large in relation to total personal income, using data for 2003-04. The darkest red counties are the most real estate dependent areas, ones with real estate labor earnings of $0.6 million ($600,000) and more for every $20 million in total personal income.



Major Population Centers or Region "Cores" and Closely-Linked Counties in the West

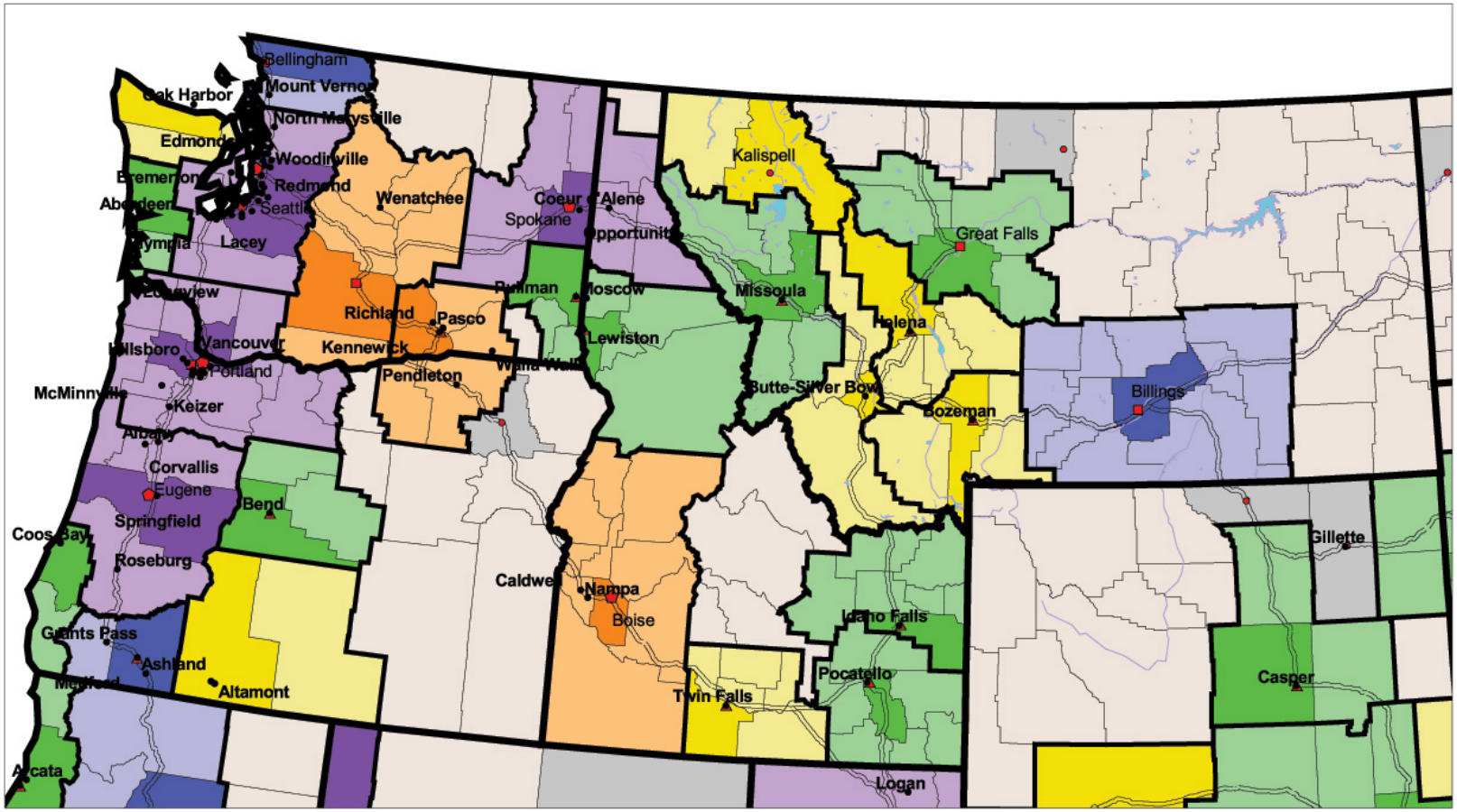




Read Multi-County Core-Based Regions

Major Metro Cores, 250,000+ Pop.	[61]
...adjacent and closely linked counties	[308]
2nd "Tier" Metro Cores of 160,000 to 250,000	[20]
...adjacent and closely linked counties	[136]
3rd "Tier" Metro Cores of 100,000 to 160,000	[24]
...adjacent and closely linked counties	[129]
Large Regional Trade Centers, 60,000 to 100,000	[35]
...adjacent and closely linked counties	[147]
Small Regional Trade Centers, 30,000 to 60,000 ~	[41]
...adjacent and closely linked counties	[147]
Isolated Rural Centers (Counties under 35,000 with places of 10,000 to 20,000 pop.)	[34]
Small Isolated Rural Counties Under 35,000 with no place of 10,000 pop.	[419]

READ Regions Across the Pacific Northwest



Read Multi-County Core-Based Regions

- 3rd "Tier" Metro Cores of 100,000 to 160,000
- ...adjacent and closely linked counties
- Large Regional Trade Centers, 60,000 to 100,000
- ...adjacent and closely linked counties
- Small Regional Trade Centers, 30,000 to 60,000
- ...adjacent and closely linked counties
- Isolated Rural Centers (Counties under 35,000 with places of 10,000 to 20,000 pop.)
- Small Isolated Rural Counties Under 35,000 with no place of 10,000 pop.

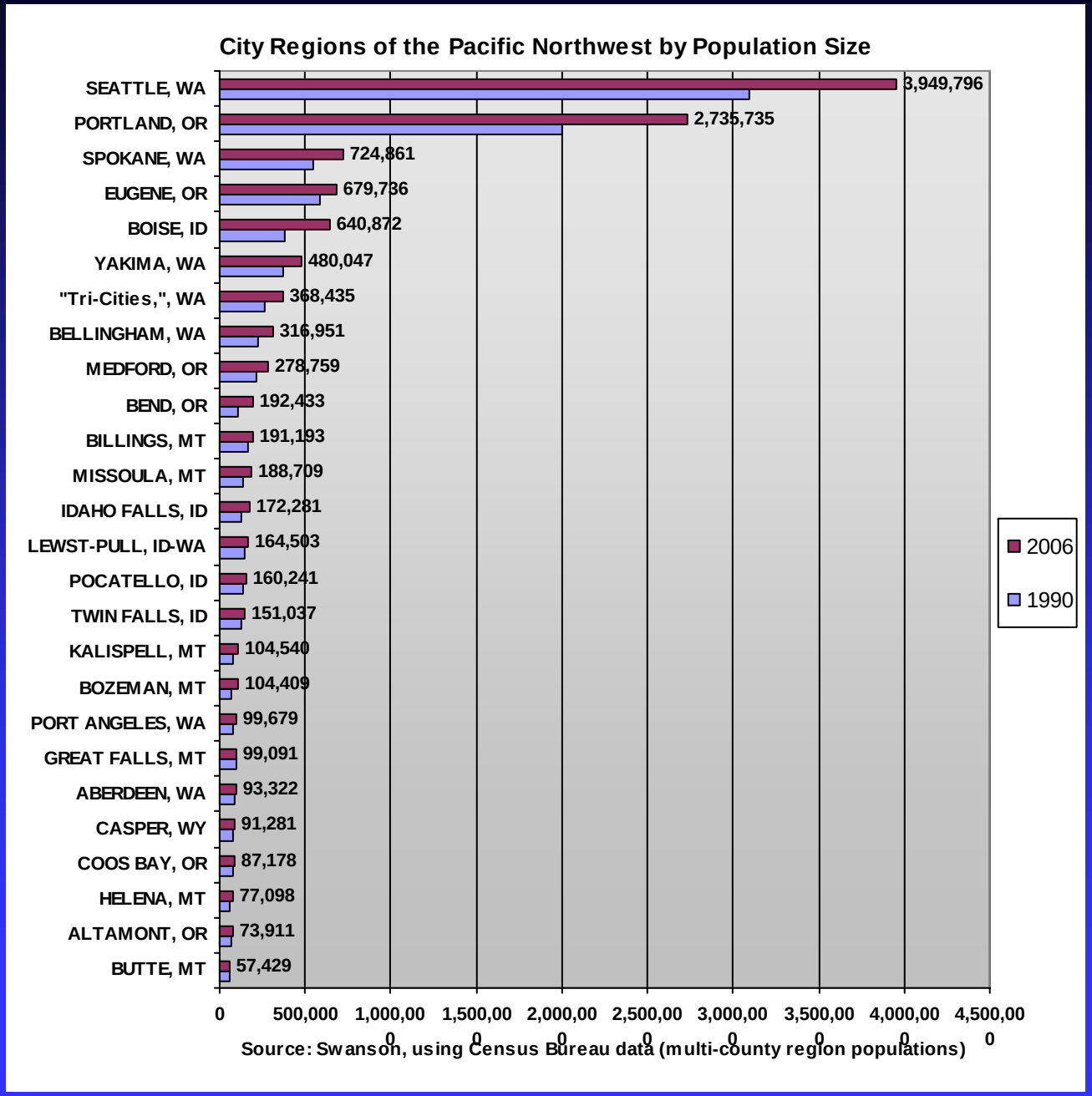
Carroll and Nancy Fields O'Connor Center for the Rocky Mountain West

City Regions of the Larger Pacific Northwest Region by Population

There are 26 multi-county, city-centered regions in the larger Pacific Northwest region, that also includes northern Wyoming. The largest, most populated one is Seattle with a region-wide population in 2006 of almost 4 million people – up from about 3.1 million in 1990. Next largest is Portland with over 2.7 million people in 2006.

Far behind these in size are Spokane, Eugene, and Boise, each with populations between 640,000 and 725,000.

There are many more smaller city regions in the region ranging in size from Butte, MT, with a region-wide population of 57,000 to Yakima with 480,000.

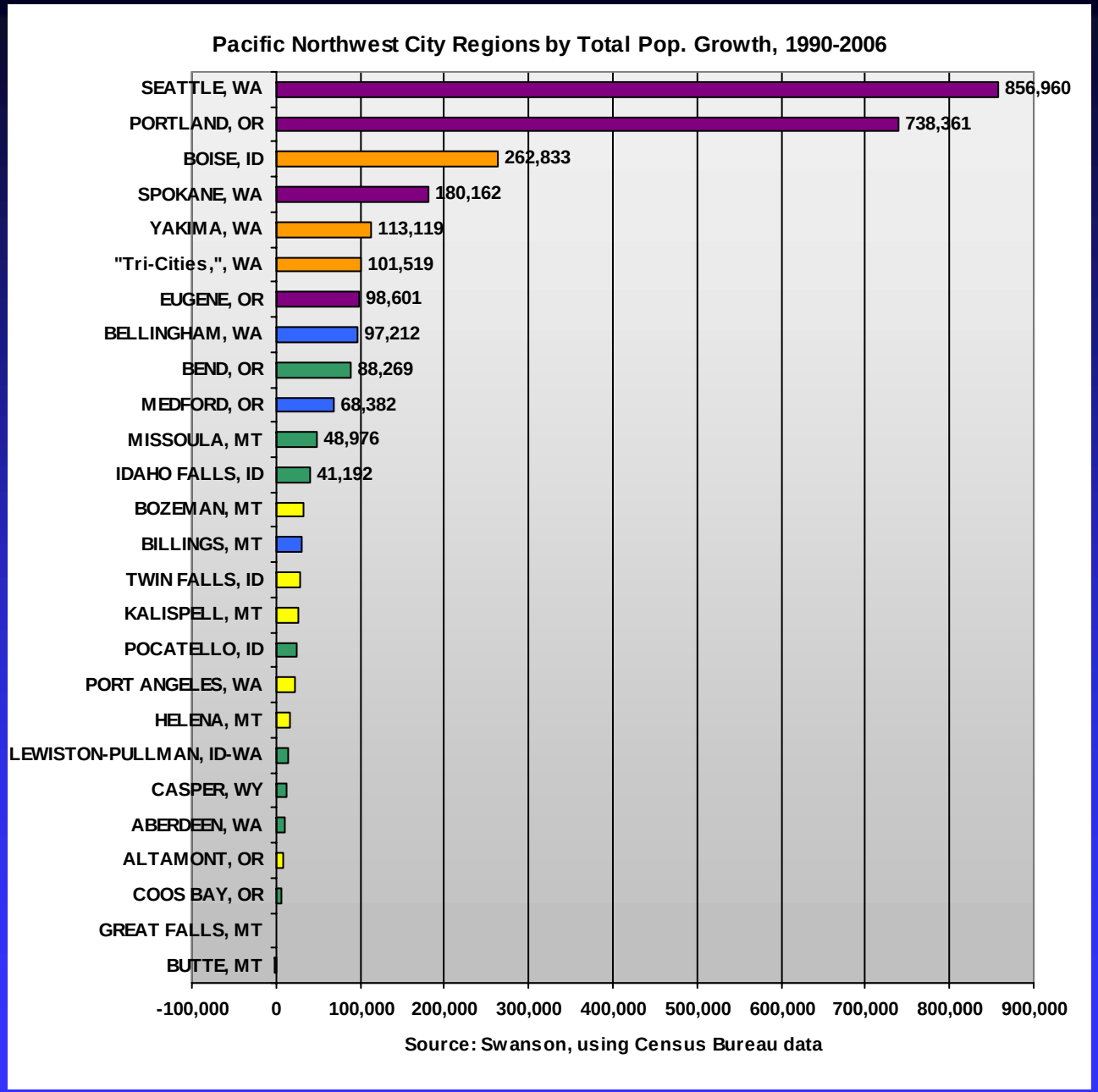


Pacific Northwest City Regions by Population Growth, 1990 to 2005

The greatest increases in area populations since 1990 have been in the Seattle and Portland city regions, both large metro ("1st Tier) city regions. Cities shown in orange are "2nd Tier" metro cores, including Boise, Yakima, and the Tri-Cities area centered around Kennewick. City regions shown in blue are "3rd Tier" ones and include Bellingham, Billings, and Medford.

City regions centered around larger regional centers with 1990 core populations of 60,000 to 100,000 people are shown in green and include Bend, Missoula, Idaho Falls, Pocatello, Lewiston-Pullman, Casper, Aberdeen, Coos Bay, and Great Falls. Among these those with the greatest growth are Bend and Missoula.

Among the regions 7 city regions centered around small regional centers, the greatest growth was by Bozeman, Twin Falls, and Kalispell.



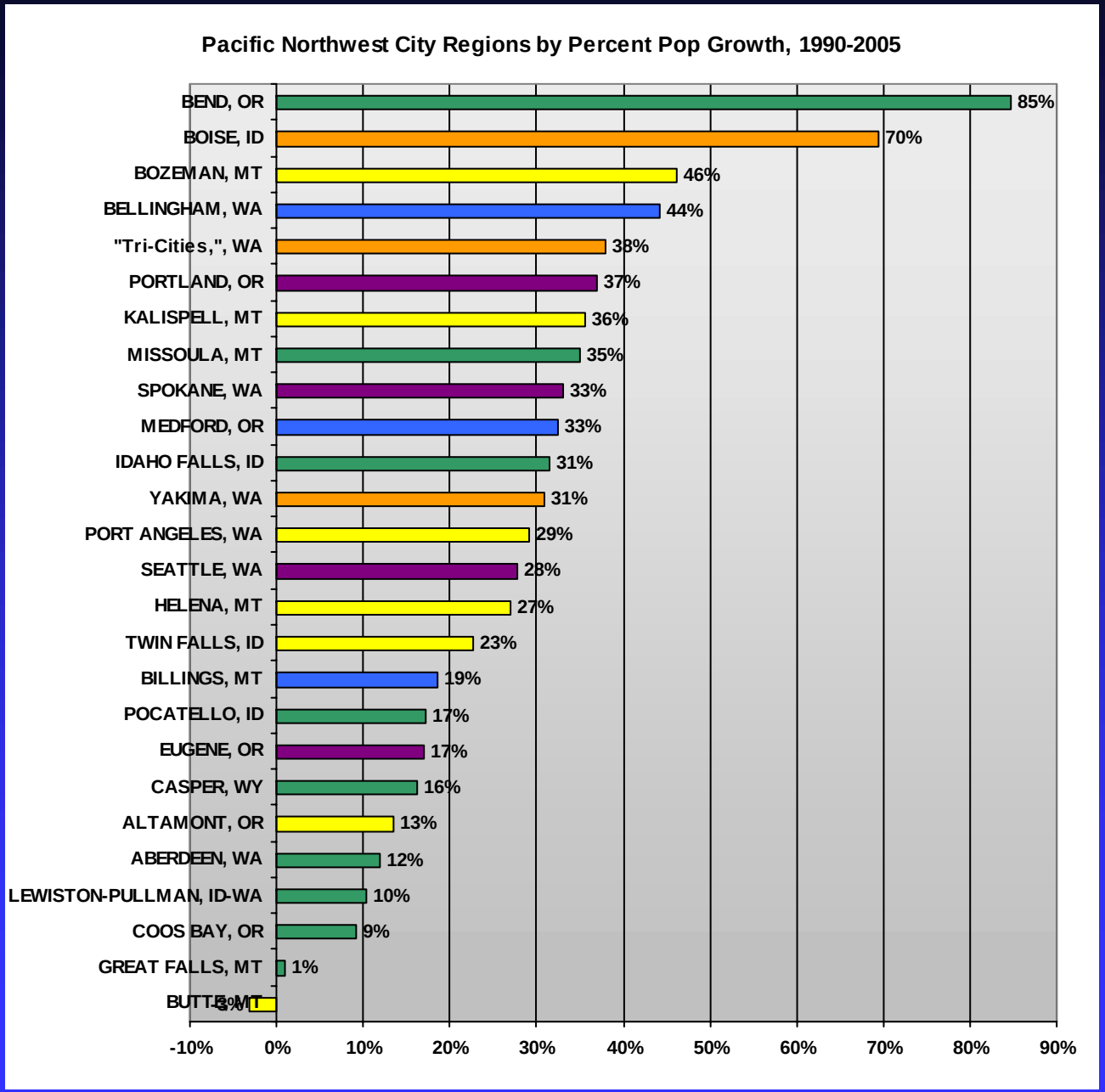
Pacific Northwest City Regions by Percent Population Growth, 1990 to 2006

Looked at in percentage terms, it can be seen that population growth in the region is distributing itself more evenly among large and small centers. The region's very fastest growing city region is Bend, Oregon, with growth of 85 percent over the period from 1990 to 2006. Bend is classified as a "large regional center" (green).

The second fastest growing city region is Boise (2nd Tier center, orange) with growth of 70 percent.

Far behind these two in third is Bozeman, MT, with growth of 46 percent, followed closely by Bellingham with growth of 44 percent.

Some of the region's fastest growth is actually occurring among its smaller and medium size city regions, reflecting

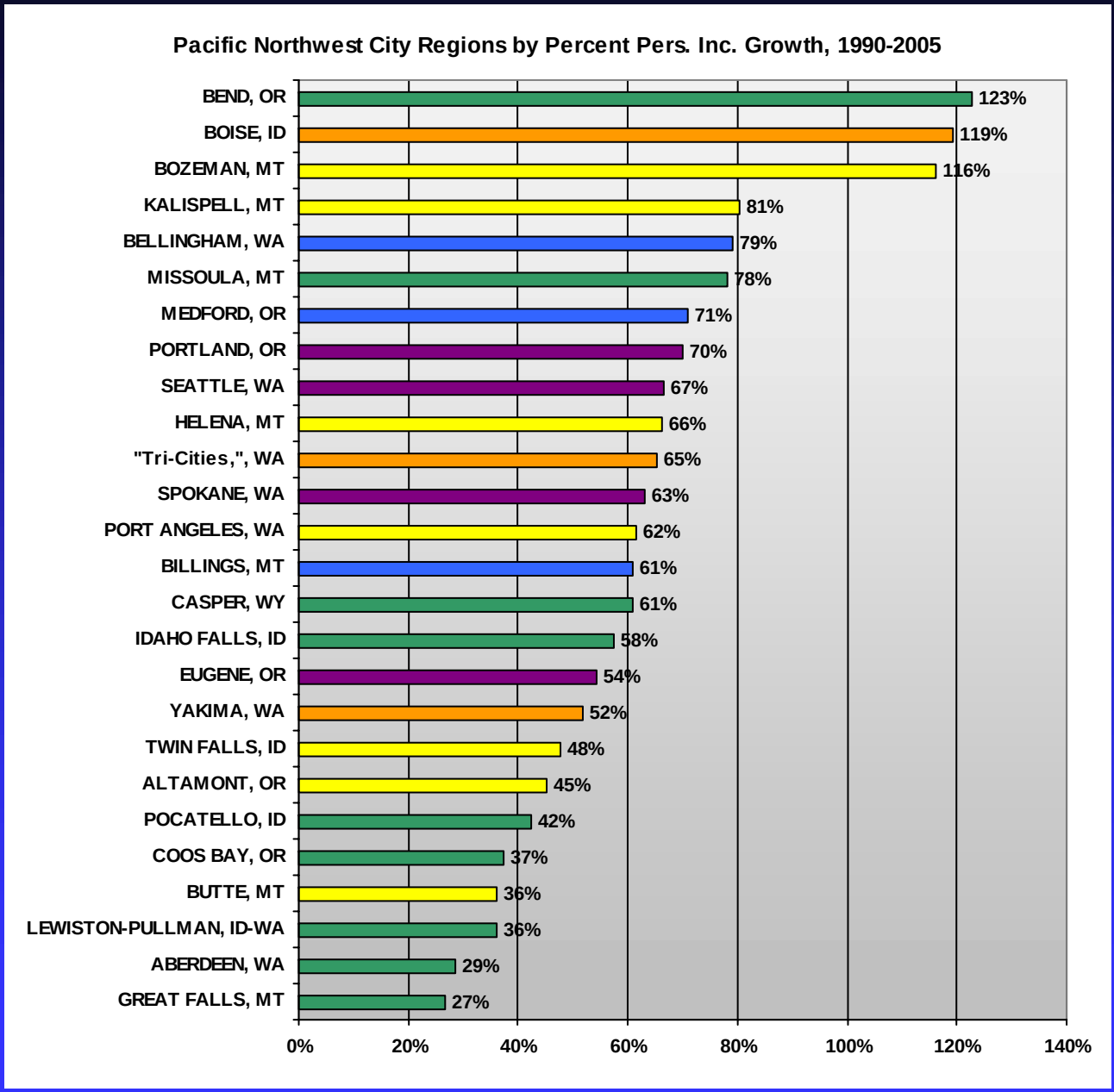


Pacific Northwest City Regions by Percent Growth in Total Personal Income

Bend, Oregon, also has the fastest growing total personal income base with growth of 123% between 1990 and 2005, as measured in inflation-adjusted dollars. Boise and Bozeman closely follow with growth of 119% and 116%, respectively.

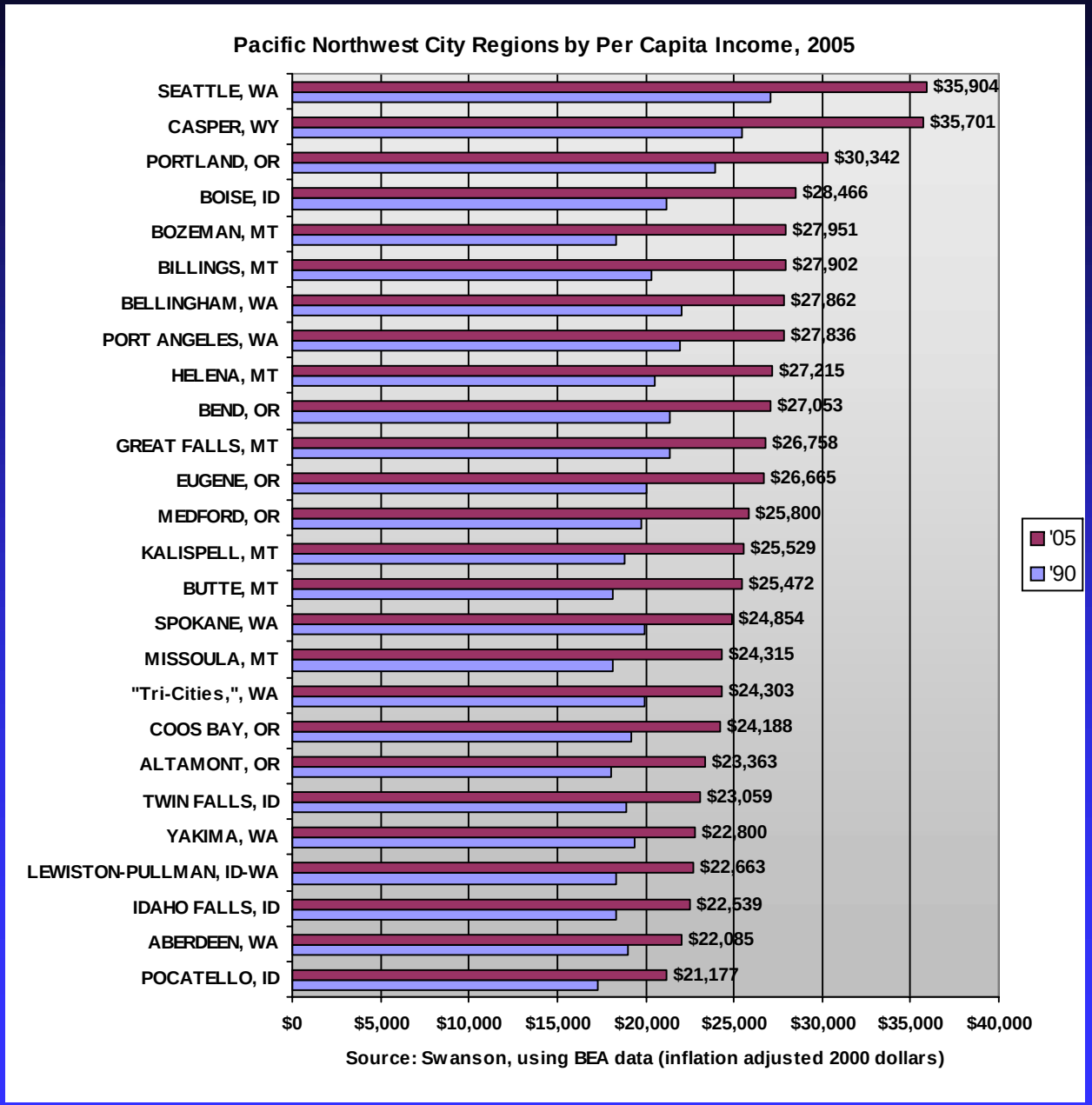
At the next level down the leaders are Kalispell, MT, Bellingham, WA, and Missoula, MT – all with income growth of around 80% over the period.

Income growth is spreading itself across city regions of all types and sizes.



Per Capita Income Levels for City Regions of the Pacific Northwest

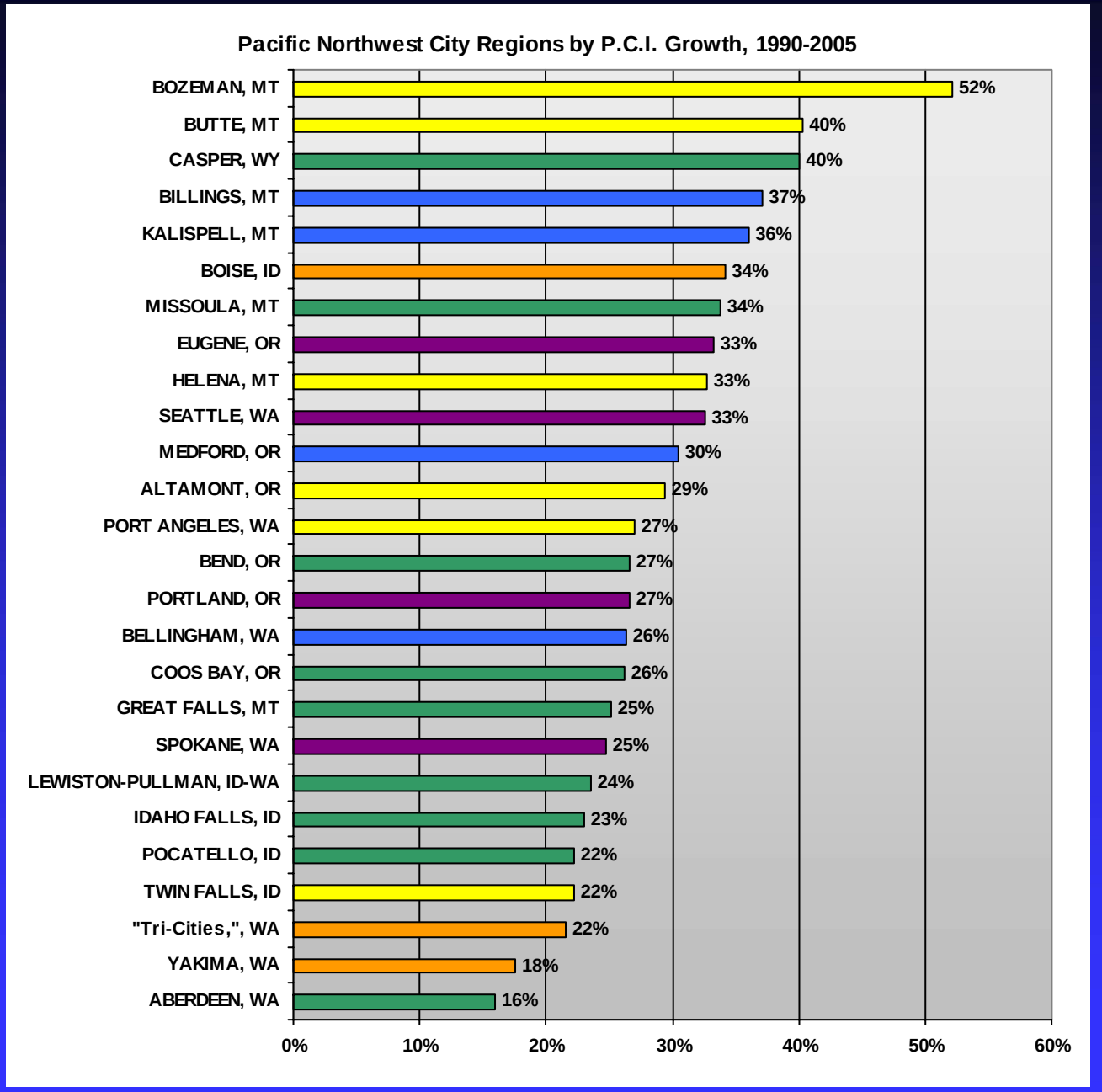
The region's very highest per capita income levels are in its largest cities and their surrounding areas, led by Seattle with a region-wide per capita income in 2005 of nearly $36,000 in 2000 inflation-adjusted dollars. At second, however, is Casper, WY, with $35,700. Portland and Boise are in 3rd and 4th.



Relative Growth in Per Capita Income Levels among Pacific Northwest City Regions

In relative or percentage terms the region with the fastest growing per capita income is Bozeman, MT, with growth of 52% between 1990 and 2005. Next are Butte, MT, and Casper, WY, with growth of 40%.

Billings and Kalispell, MT, are in 4th and 5th place and Boise is in 6th – the highest percentage growth among larger population centers in the region.



Dominant Trends that will shape the Region's Economy

Steadily Aging Population The population 65 and older will grow at a much faster rate than the population as a whole. This has huge implications for the changing composition of area incomes, trends in housing construction, continuing growth in health care, and growing constraints on labor force expansion.

Gradually Falling Rates of Population Growth Net In-migration will continue but migration patterns continue to change and reconfigure. But general population aging is leading to rising death rates and falling birth rates, slowing population growth in many areas.

Continuing Economic Restructuring Growth in the economy will continue to be concentrated in several service sectors, including health care and professional and technical services. The region's economy as a whole will become more and more "human-resource based". This will place a growing premium on the region's workforce development capabilities.

Future Expansion of Non-labor Income Sources Income growth from non-labor sources – investment income received in the form of dividends, interest, rent, capital gains, etc., and transfer payments income (primarily Social Security and Medicare/Medicaid) – will grow at faster rates than income from all forms of employment. In many areas, income from non-labor sources will exceed local area employment earnings.

Better Positioning Communities for Future Growth and Change Many facets of economic development planning and programming, even finance, are shifting and will continue to shift from national and state levels of decision making to local and sub-state regional levels. There is much work to be done in better positioning communities, businesses, workers, and families for future growth and change.

What increasingly really counts in local area economic development in this new economy?

The Quality of your community .. infrastructure, schools, neighborhoods, commercial development, streets, parks, arts and cultural amenities, identity, energy, vitality, multi-dimensionality, visual appeal, surrounding environs, …

The Quality of your work force .. diverse, appropriately educated, and adaptive with training and education opportunities at all levels and nearby multi-faceted, well-delivered programs in workforce development

The Quality of your surrounding environment .. not just parks and attractive, well-planned neighborhoods, downtowns, and commercial districts, but landscapes and natural amenities like streams, lakes, mountains, forests, open spaces, etc.

Although most forces driving change in the economy are supra-community in nature – technological change, transportation developments, new products, major demographic shifts, etc. - so much of what really counts in area economic vitality .. is within the reach of community leaders and decision makers. .. they can help create and sustain the types of positive attributes that attract, nurture, and stimulate economic energy and vitality over time.

- Larry Swanson, O'Connor Center for the Rocky Mountain West, U. of Montana

Lessons to Learn from Emerging Economic Patterns

Look Forward **Promising strategies for economic improvement must reflect where the economy is going, not where it has been.**

Customize Strategies **Needs and opportunities vary widely from place to place. Goals and strategies must likewise vary.**

Urban-Rural Relations Matter **Pursuing economic development town-by-town or county-by-county is difficult. Influencing local economies sub-region by sub-region with healthy urban-rural partnerships has potential.**

Become "Learning Communities" **Successful businesses are adaptive businesses. Successful communities are adaptive communities. Adaptive communities must be "learning communities," keeping abreast of change.**

Think about "Regional Positioning" **Local economies can't be remade by local leaders. What they can do is find ways of better positioning themselves – businesses, schools, work forces, governments, families – for future change. Anticipate future change and position yourself for it.**

Human-Resource Based Economy **The economy is less and less "natural resource based," and more and more "human resource based." Do we know how to invest in human resource development? Well-designed, well-funded, adaptive systems for education and work force development are essential for economic prosperity.**

Environment as a "Key Economic Asset" **In the new economy, a quality environment is a key economic asset. Protecting and enhancing environmental qualities is not the enemy of economic development. It is essential for economic prosperity.**

- Larry Swanson, O'Connor Center for the Rocky Mountain West, U. of MT

Framework for Community & Regional Development

Sub-state, City- and Region-based Strategies for Success **To be successful, economic development initiatives must reflect underlying and emerging area strengths and weaknesses. These vary widely from place to place. Don't look to "one-size-fits-all" generally targeted state-level economic development strategies to pursue your future. Look to yourself.**

Attend to Key Foundations for Future Economic Success **Key elements for economic success extend beyond business development and assistance. For cities and regions to be competitive, they must have:**

- ***Quality Infrastructure:*** **streets, water, sewer, schools, parks, neighborhoods, office buildings and complexes, business centers, communications, transportation, educational facilities, cultural amenities, etc., develop a "vision" for what you want and put it into place.**
- ***Quality Workforce:*** **adaptive well-stratified workforce, with access to good training and education programming – tailored to the particular needs and opportunities of area employers. The area education and economic development providers working in tandem with area workforce training programs.**

Devise "Twin" Strategies for Business Development and Workforce Development using Clusters **Don't try to decipher business assistance and workforce development needs of hundreds of employers all as one - stratify current and potential employers in the area into "clusters" and customize strategies for each cluster.**

Chart and Assess Your Progress using "Peers" **Understanding change in your own community requires understanding change in the larger region and among cities and regions like yours.**

Build Healthy Urban-Rural Partnerships for Progress **The futures of the region's cities and their surrounding communities are inextricably linked. You are not competitors. You are allies.**

Establish an *"Area Economic Development Roundtable"* **Area economic success requires a combination of strategies for business assistance, education, workforce development, infrastructure, and city planning. Key leadership extending across this array of needs must regularly meet in order that this type of multi-faceted approach can be developed, inter-coordinated, pursued and continually assessed.**

- Larry Swanson, O'Connor Center for the Rocky Mountain West, U. of MT

Challenges for Workforce Development and Adult Education Programming

In an increasingly "human-resource based" economy, workforce development and education have become centerpieces of any strategy for community economic improvement. Well-designed, adaptive, regionally-based systems for workforce development and training are essential for economic prosperity .

Regionally-based: **Workforce development programs must be grounded in the region served.**

Integrated: **Workforce development and training, education more generally, business technical and financial assistance, marketing assistance and promotion, infrastructure development, and other aspects of community development … must be inter-coordinated.**

Well-designed, customized: **Workforce development must be tailored to particular needs and opportunities of area employers. Since these needs and opportunities vary significantly across Montana, so must the composition and make-up of workforce development programming. Be "strategic."**

Adaptive: **The economy is continually restructuring and changing. To be successful workforce development programming must reflect where the economy is going, not where it has been. Be "forward-looking" and "opportunistic."**

Life-long: **The pace of economic change combined with the aging of the workforce require that workforce development itself be life-long. Develop programming for workers of all ages.**

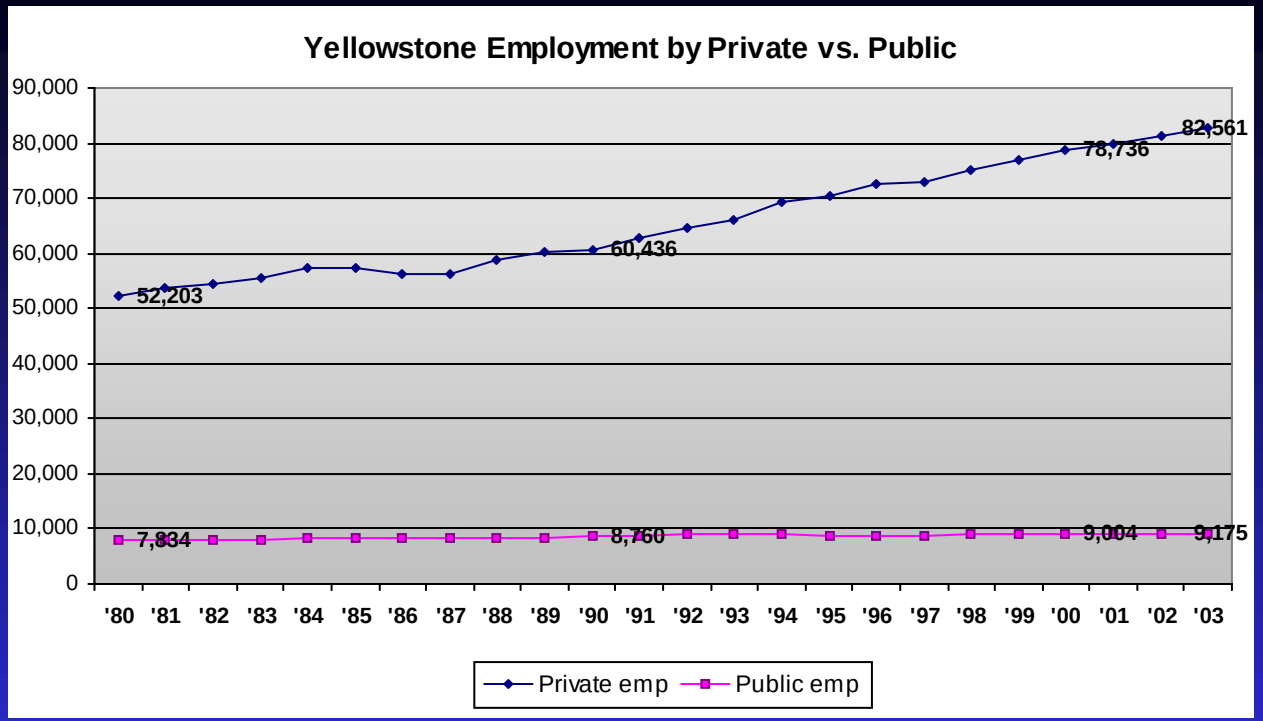
Workplace-oriented: **Workforce development is something workers need while they work. It is not simply something workers do between jobs. Make it easy. Place programming in or near the workplace.**

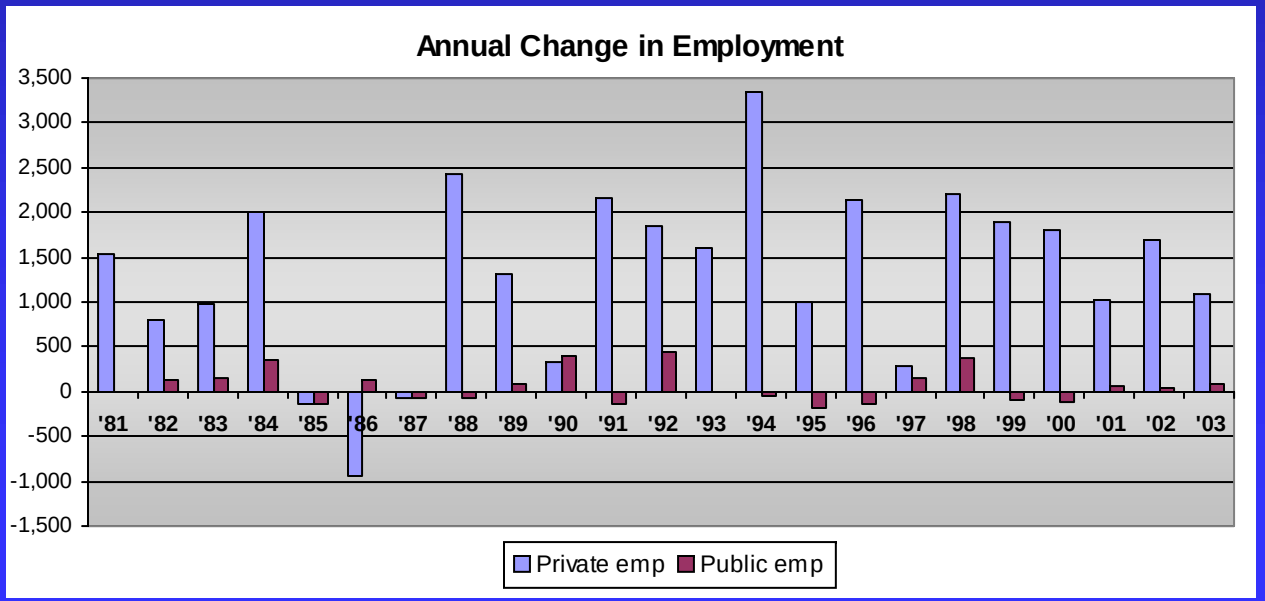
Well-funded: **To be successful, workforce development programming must be well-funded.**

Private Sector vs. Public Sector Employment Trends in Yellowstone County

Private sector employment accounted for almost all of the employment gains in the county over the last ten or more years. Private employment increased from 60,436 in 1990 to almost 79,000 in 2000 and reach 82,560 in 2003 (the latest available data). Meanwhile, public sector employment of all types – federal civilian, U.S. military, state government including MSU-Billings, and local government which includes city and county governments as well as local public education staff – has increased only modestly, rising from a total of 8,760 in 1990 to 9,175 in 2003.

The lower chart shows change in private and public employment each year since 1980. With a couple exceptions, there have been significant gains each year in private sector employment since 1988. However, this growth could be slowing.

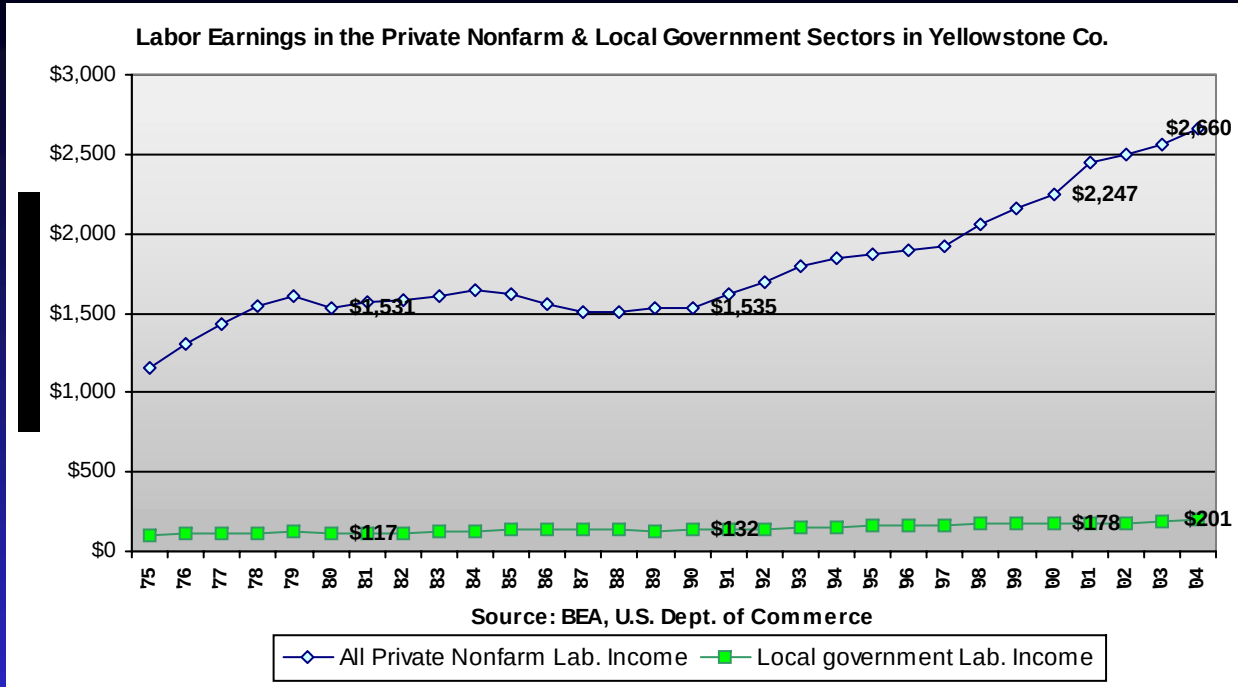


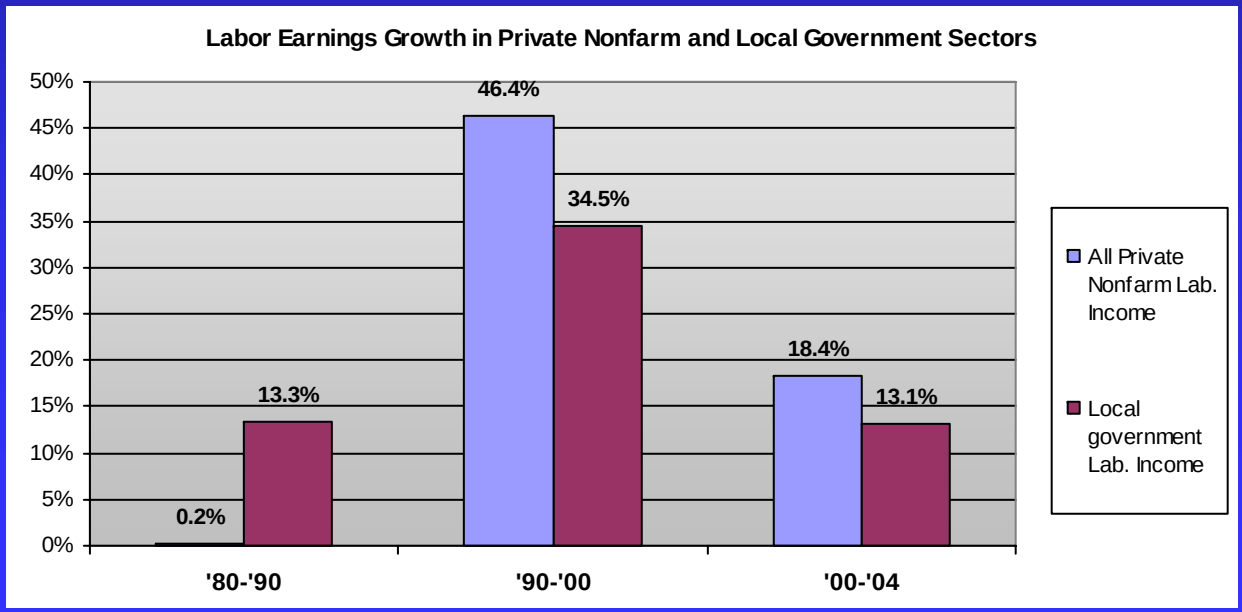


Comparative Growth in the Private Nonfarm and Local Government Sectors of Yellowstone County

Most of the growth in the Yellowstone economy has been in the private sector. The upper chart shows levels of labor earnings for all private nonfarm businesses in the county versus labor earnings for all of local government, including local public schools.

In the '80s when economic growth in the area was sluggish, there was very little expansion in the private sector, even though labor earnings in local government grew by over 13 percent. However, in the '90s when the economy began to expand more rapidly, private sector labor earnings grew by over 46 percent as compared to local government growth of less than 35 percent. And since 2000, private nonfarm sector labor earnings have increased by over 18 percent while local government labor earnings grew by 13 percent.

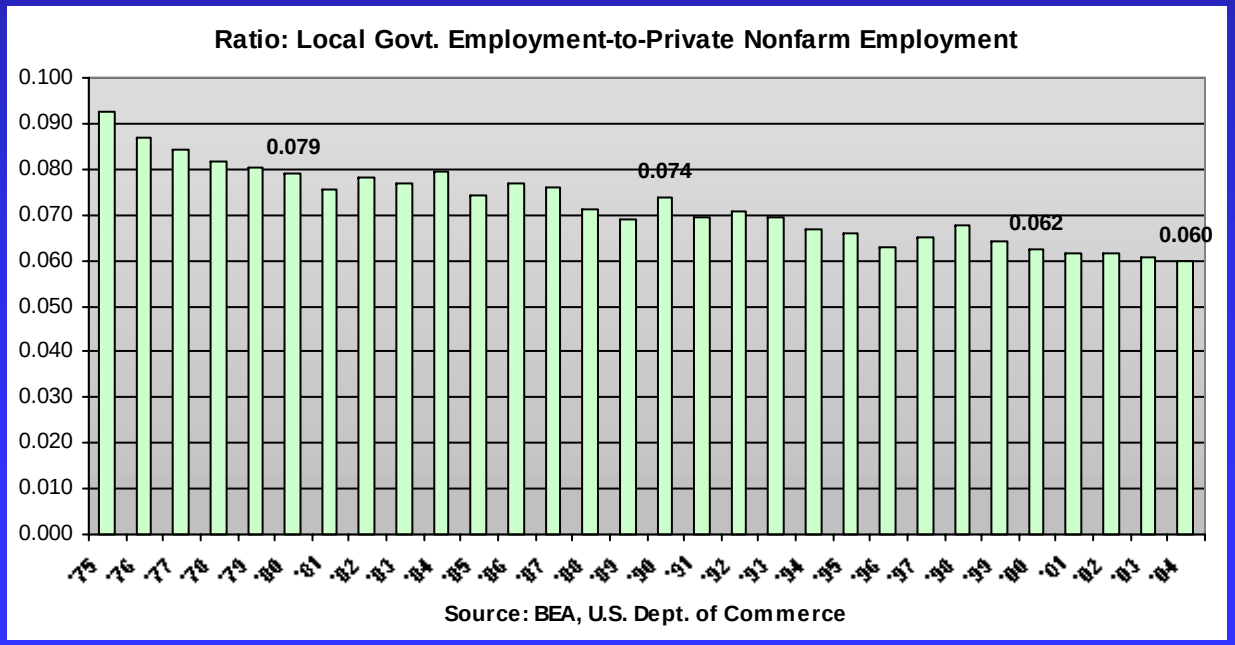




Relationship between the Size of the Private Nonfarm Sector and Local Govt. Sector in Yellowstone Co.

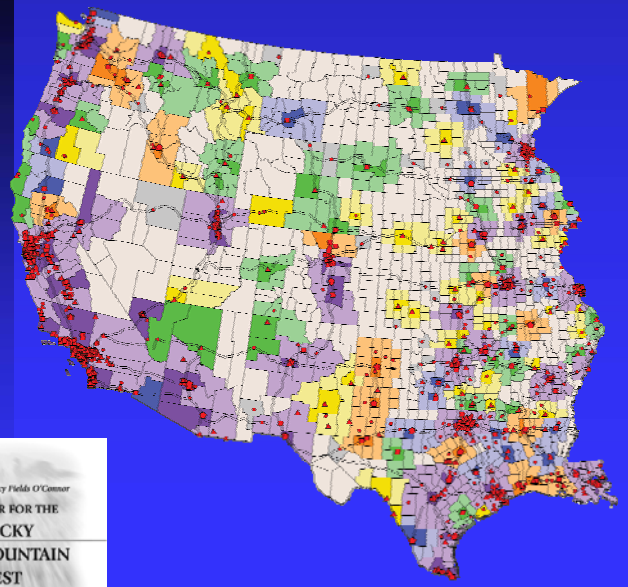
The upper chart shows the ratio of local government labor earnings in Yellowstone Co. to private nonfarm labor earnings over time. This ratio fell to as low as .073 in 1980 then increased to .091 in 1987. Since then, this ratio has largely declined, falling to as low as .072 in 2002 before rising to .076 in 2004.

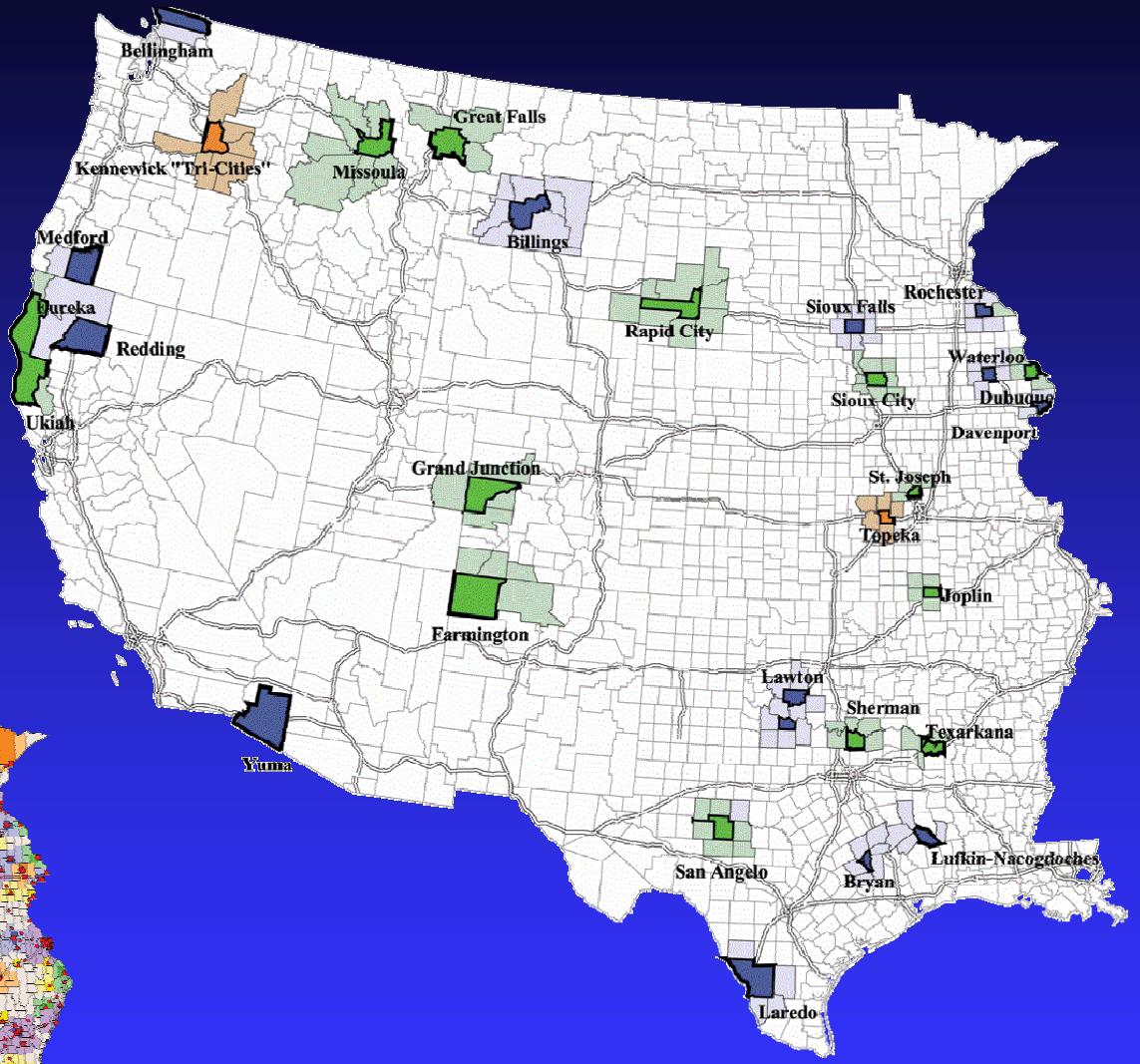
The lower chart shows the ratio between these major sectors of the economy with regard to total employment. This ratio has been steadily falling from .079 in 1980 to .074 in 1990 and to .060 in 2004. This clearly indicates that growth in area employment is primarily private sector oriented. However, this decline in the relative size of the local governmental sector also raises the question: Is local government employment and labor earnings growth keeping pace with expansion in the Yellowstone area economy or does this matter?



Billings Area Population "Peers" in the West

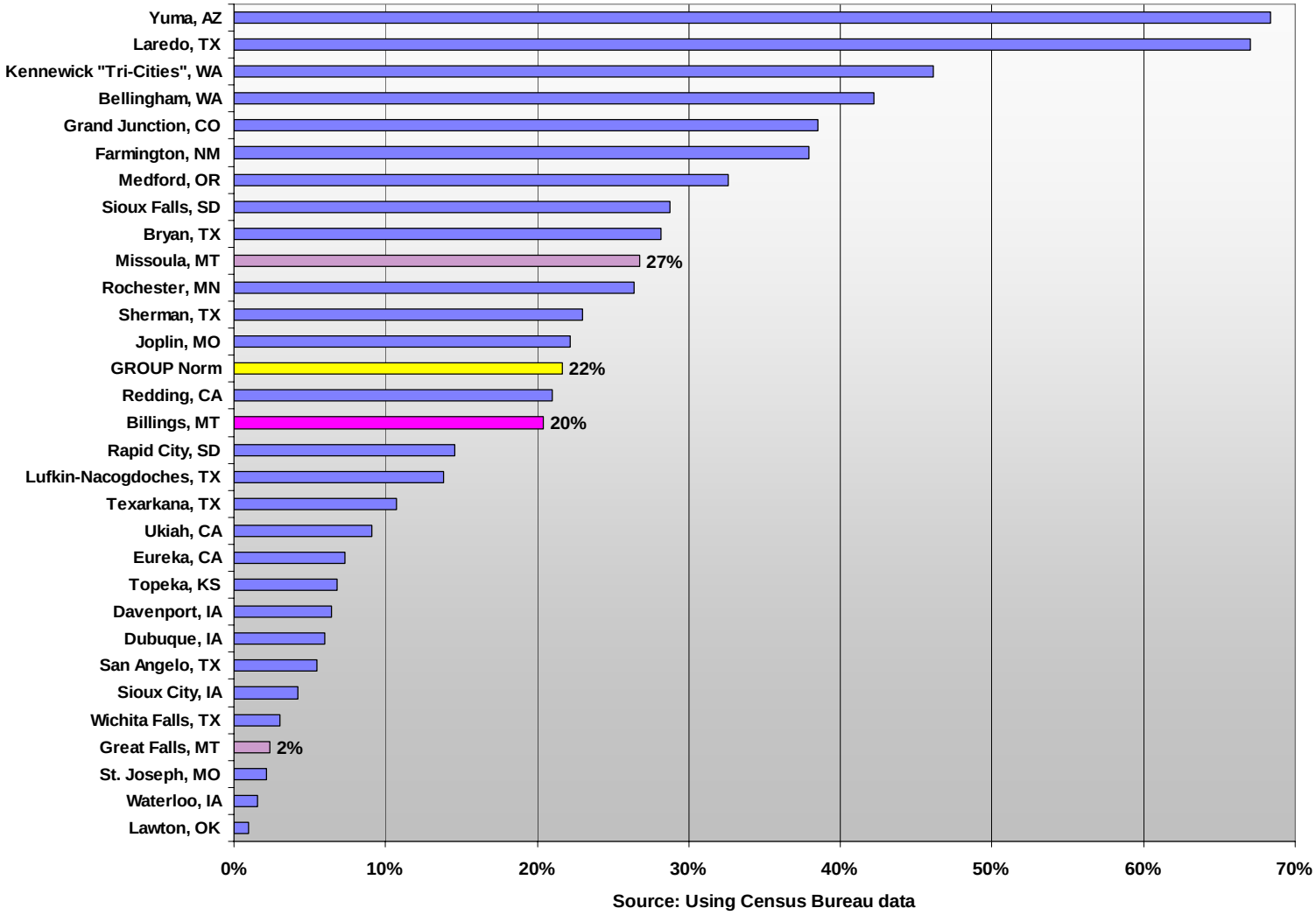
There are 30 regional population centers in the 22 contiguous western states largely west of the Mississippi River with "core" populations between 75,000 and 170,000 and "region-wide" populations between 100,000 and 250,000 ('90 Census). Billings is one of these. The relative performance of area economies can be gauged by making side-by-side comparisons between peer areas.





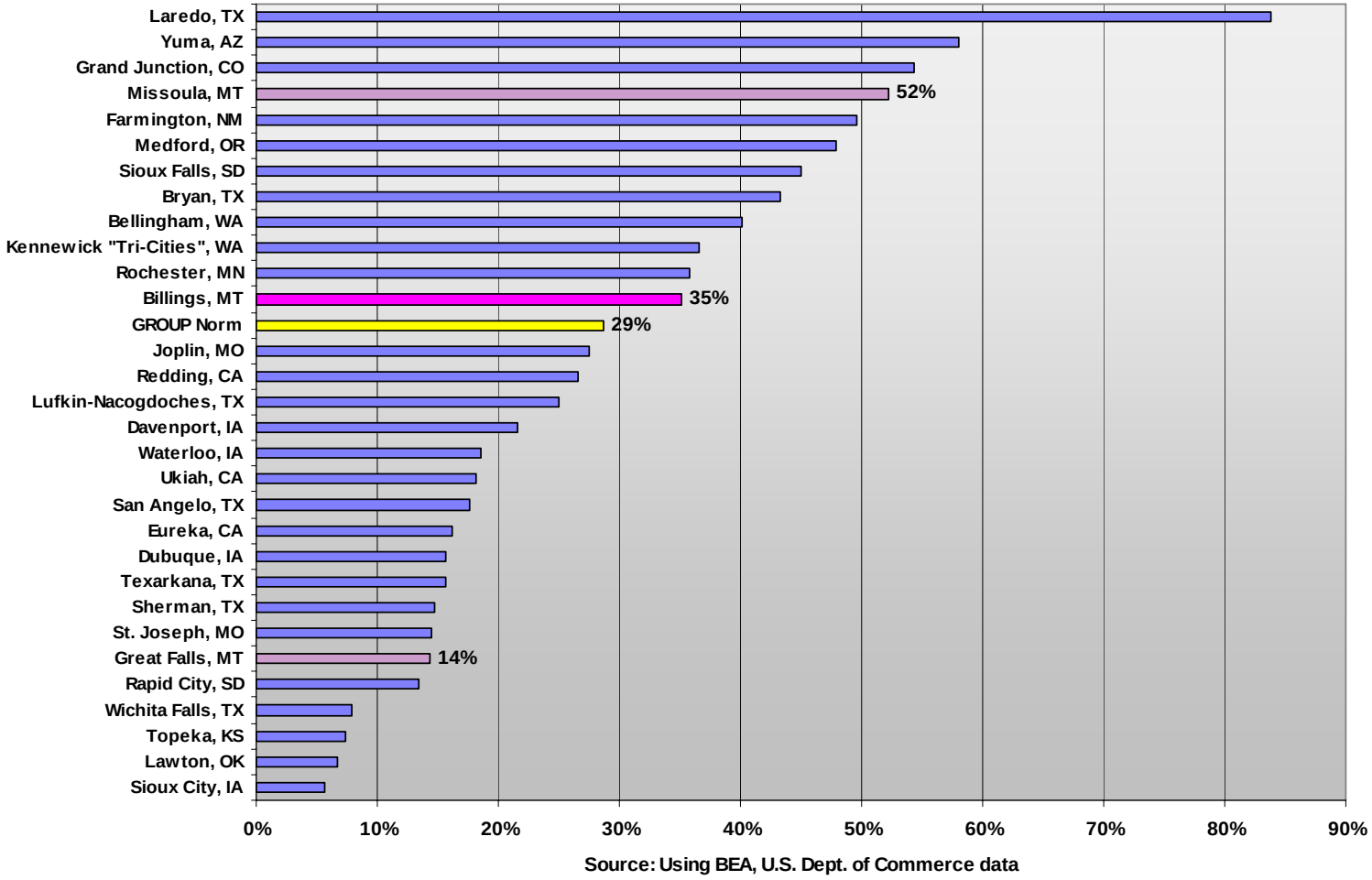
Carroll & Nancy Fields O'Connor
Center for the Rocky Mountain West

Billings Peers: Total Population Growth, 1990 to 2005



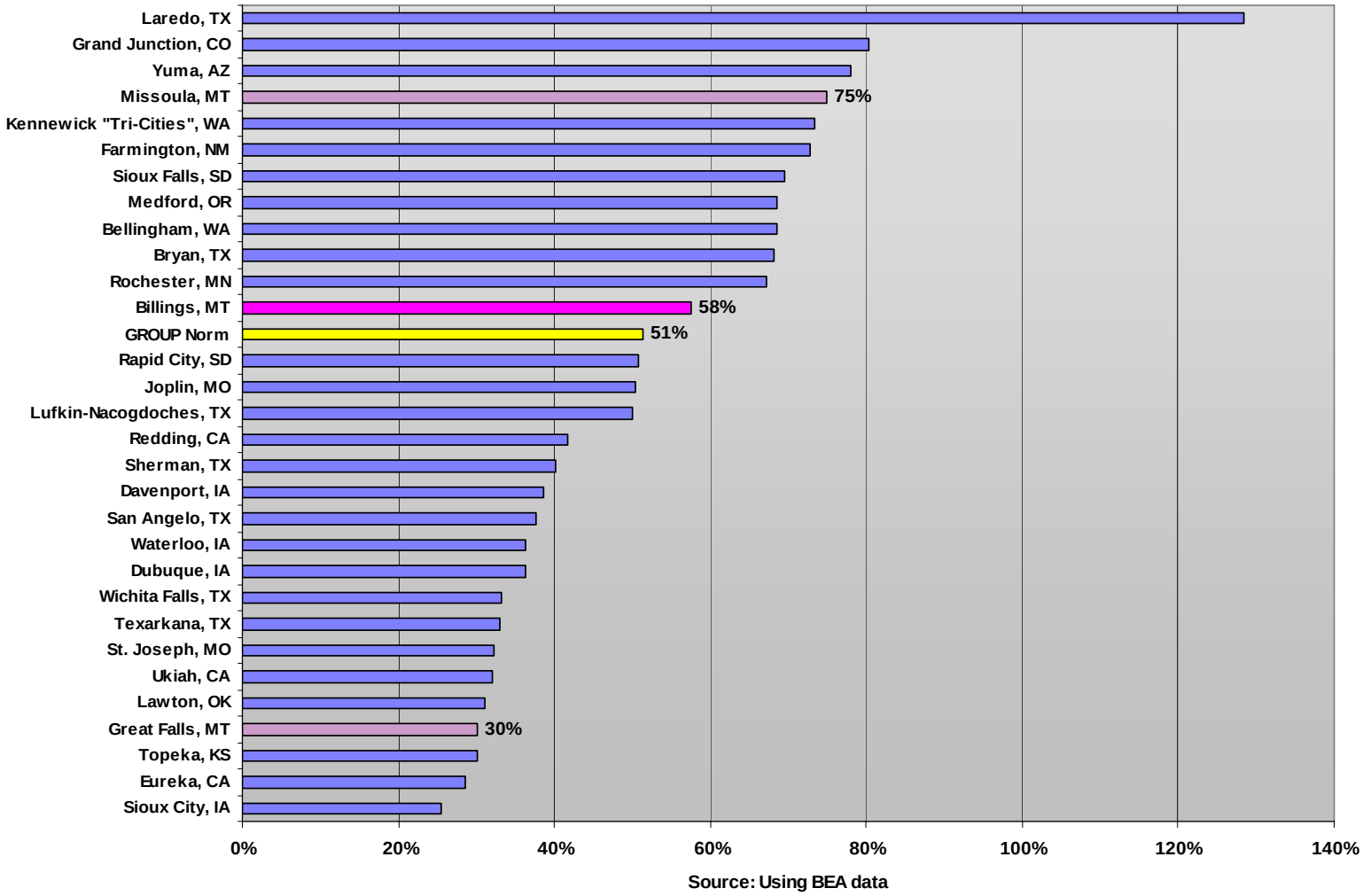
Source: Using Census Bureau data

Billings Peers: Total Employment Growth, 1990 to 2004



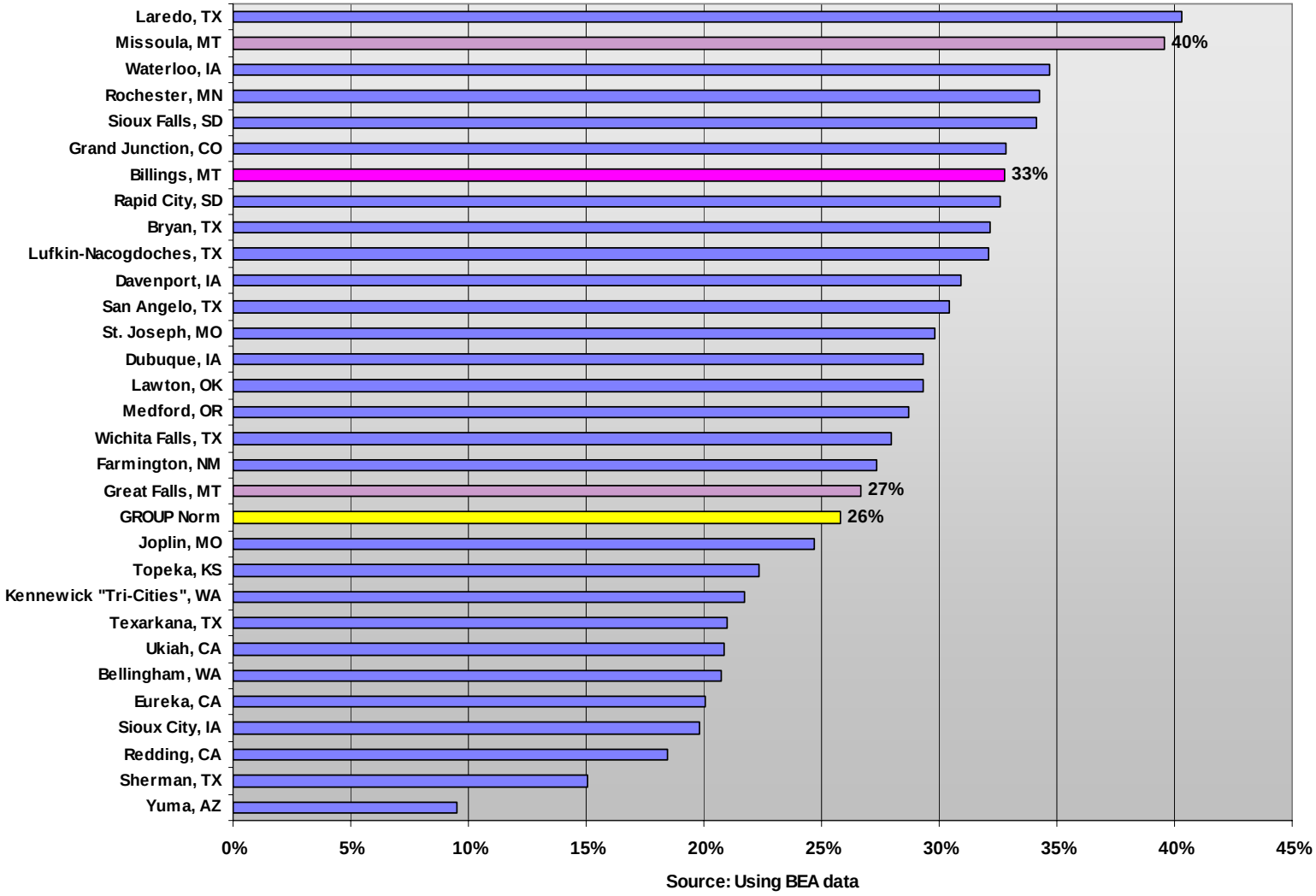
Source: Using BEA, U.S. Dept. of Commerce data

Billings Peers: Total Personal Income Growth, 1990 to 2004



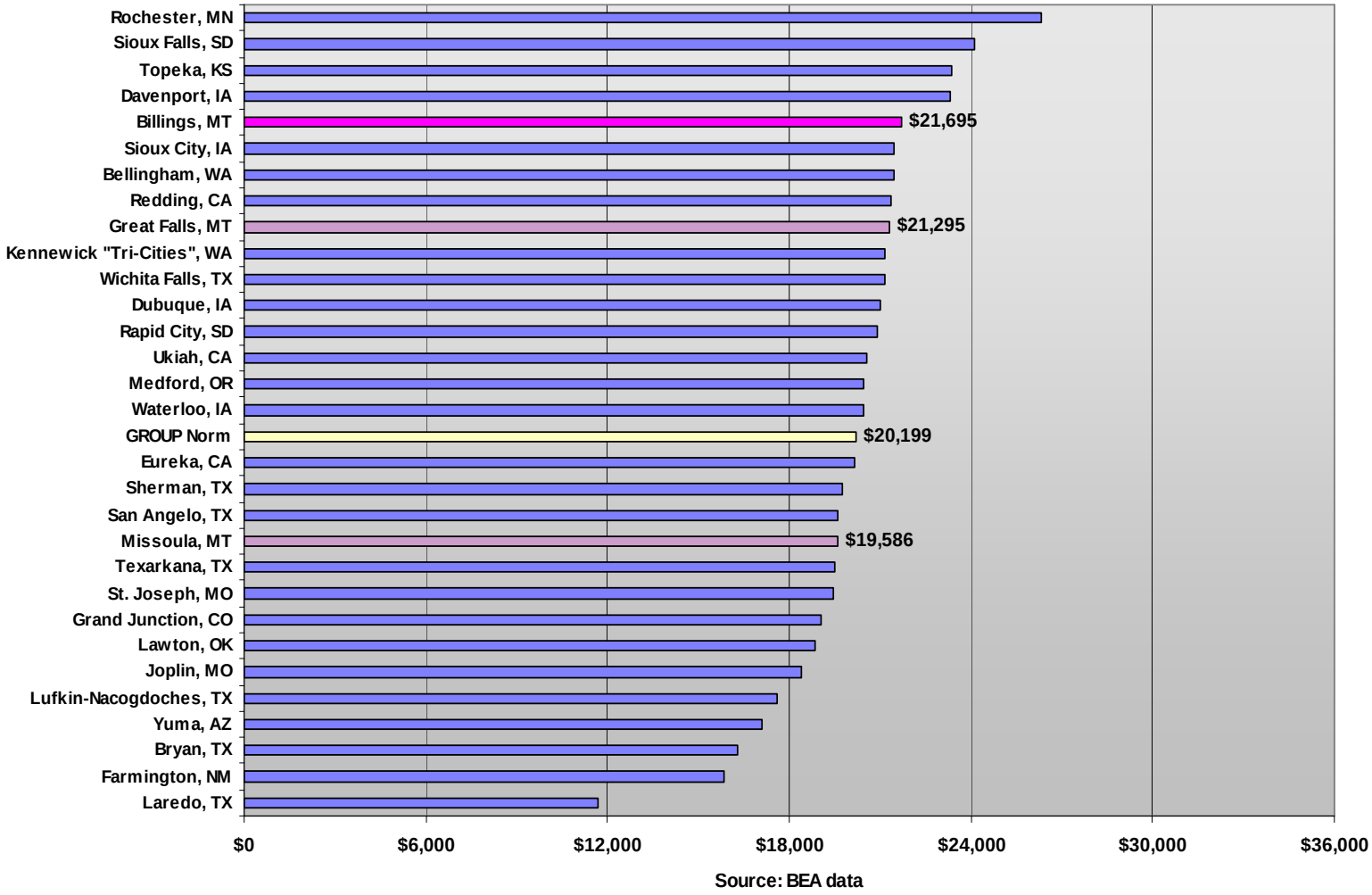
Source: Using BEA data

Billings Peers: Per Capita Income Growth, 1990 to 2004



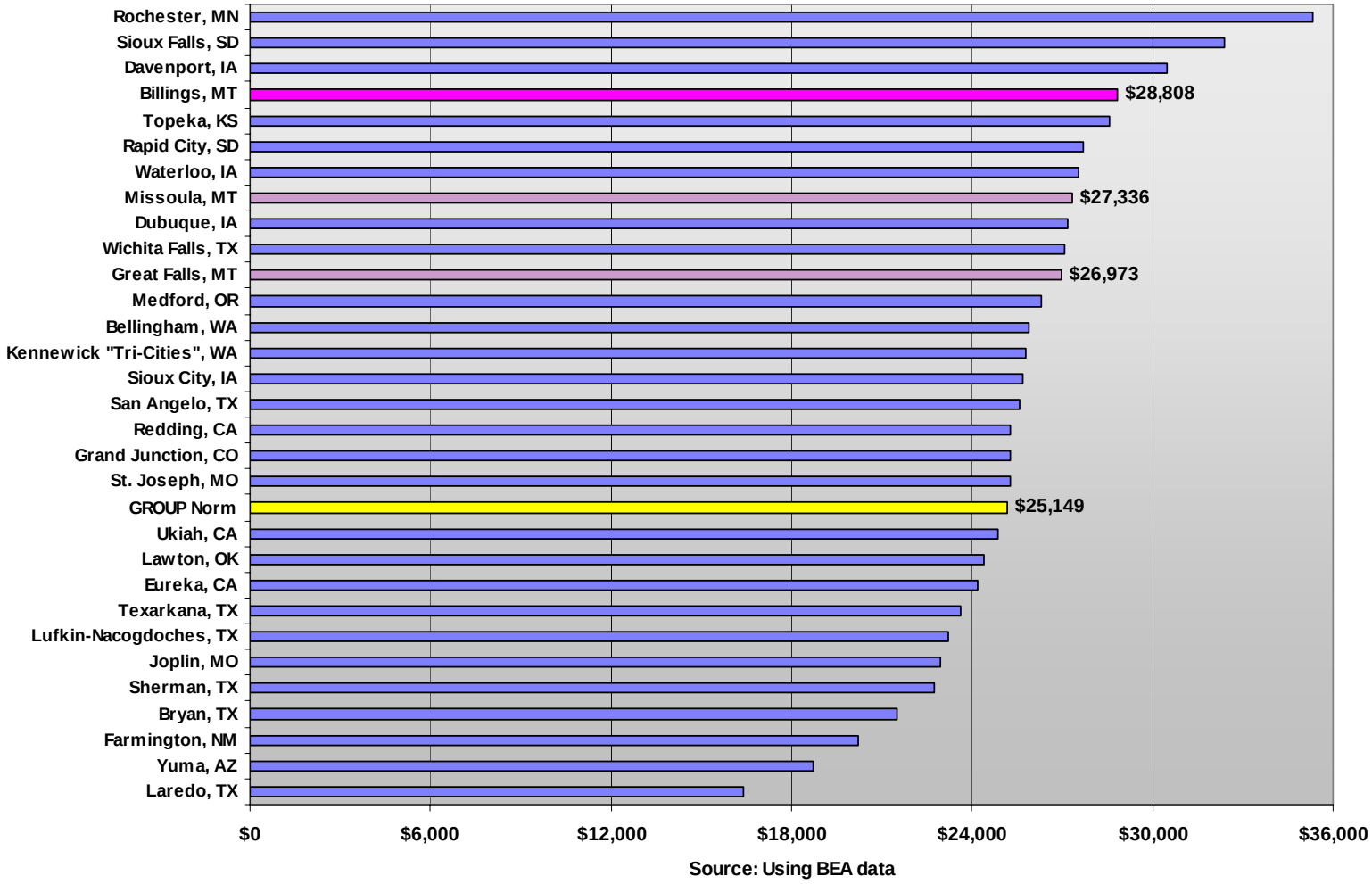
Source: Using BEA data

Billings Peers: Per Capita Income in 1990



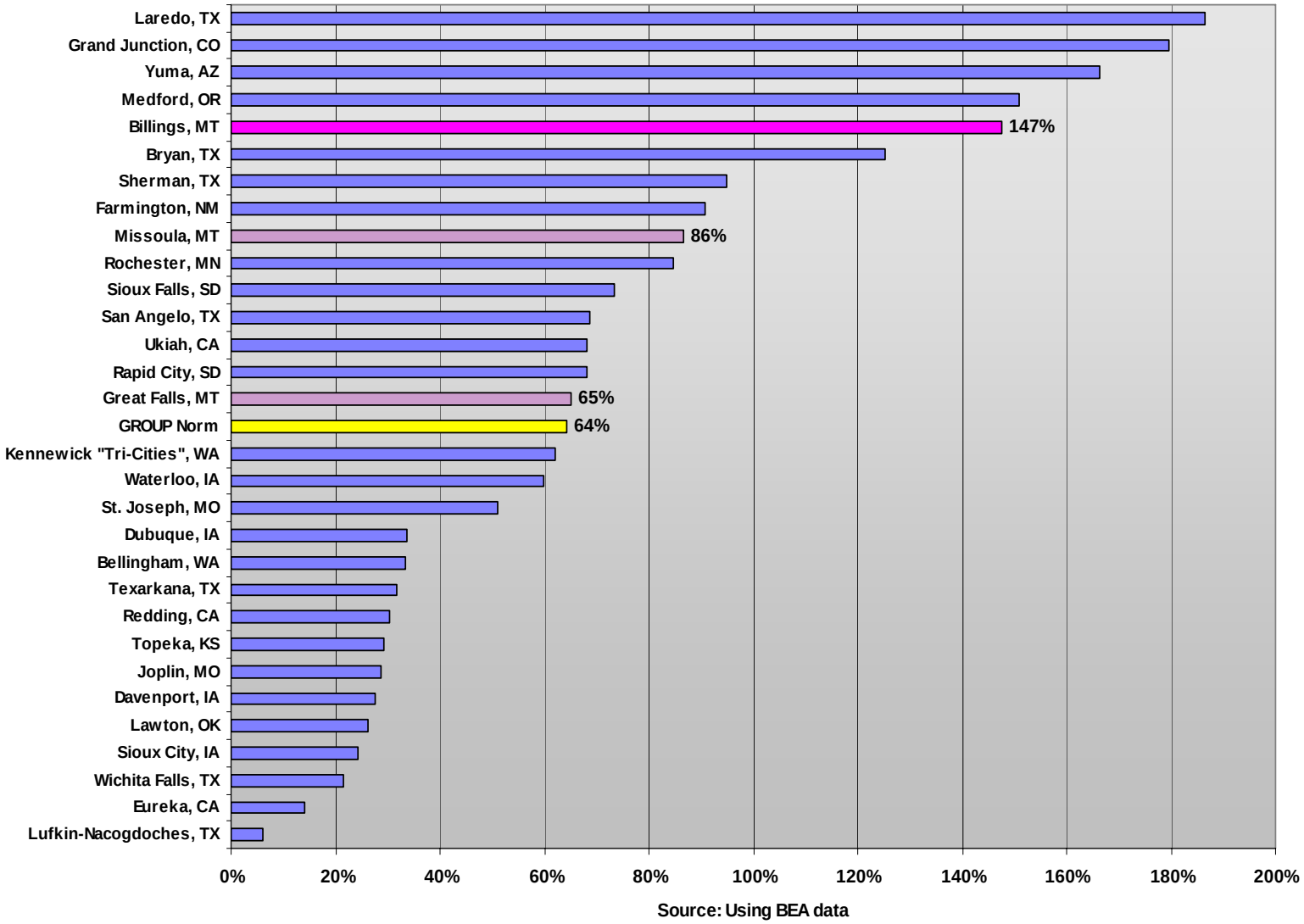
Source: BEA data

Billings Peers: Per Capita Income in 2004



Source: Using BEA data

Billings Peers: Construction Labor Earnings Growth, 1990 to 2004



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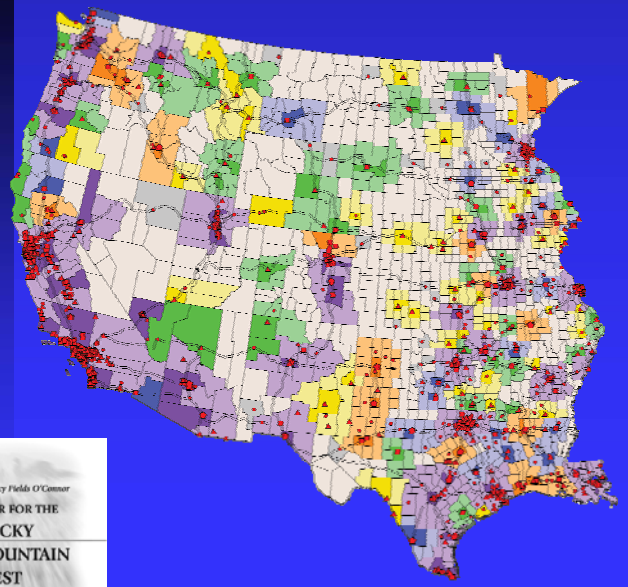
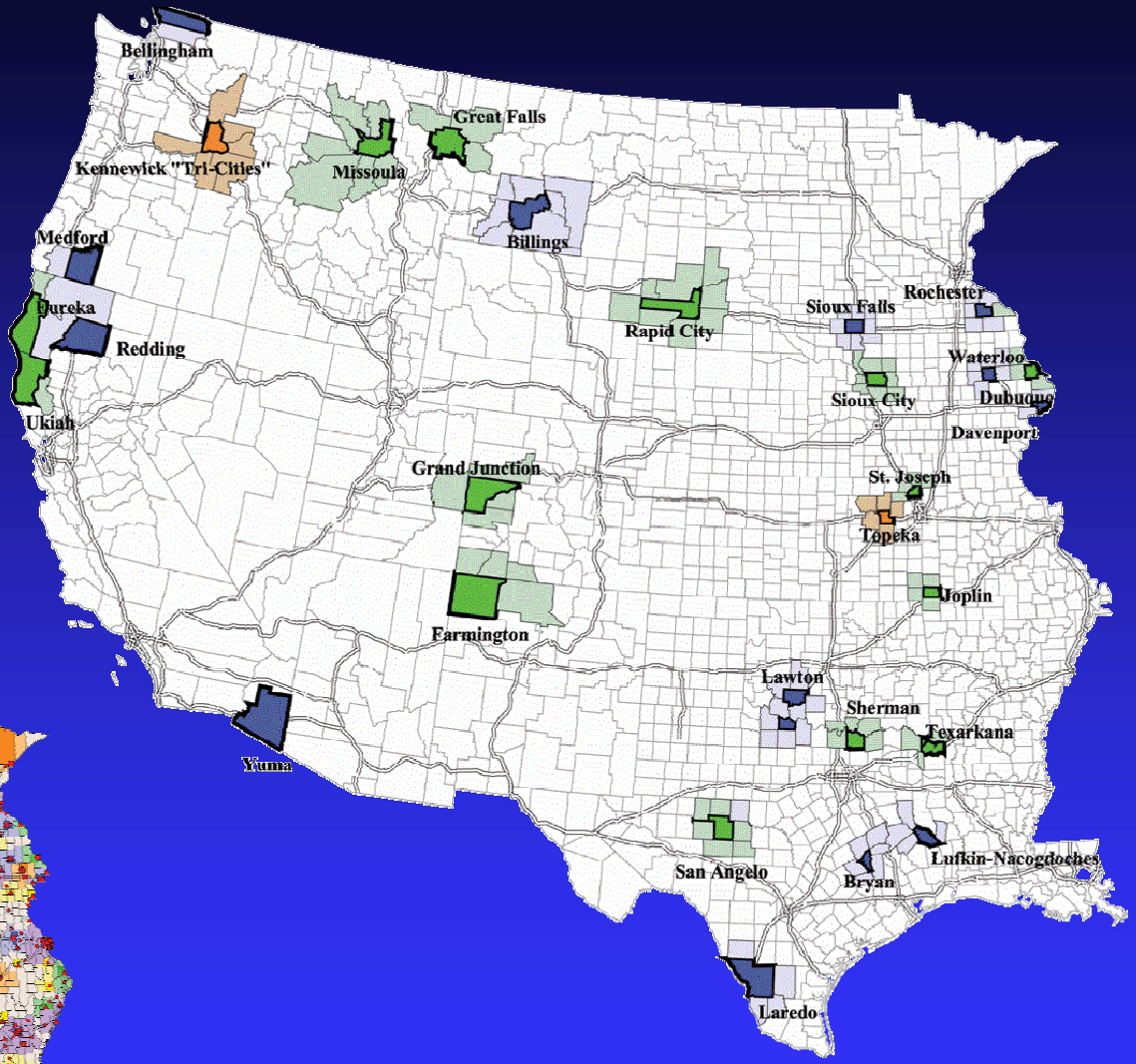
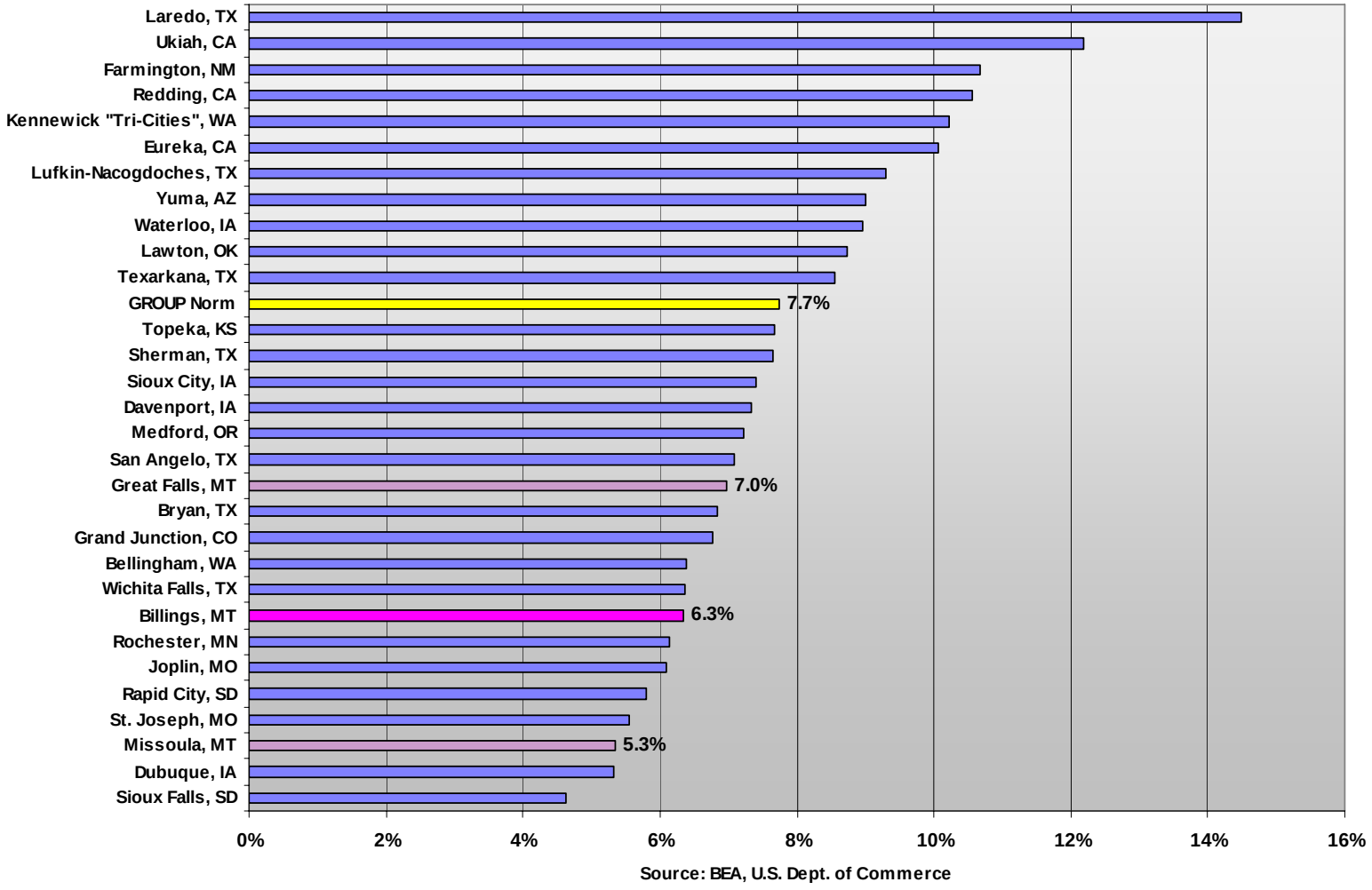




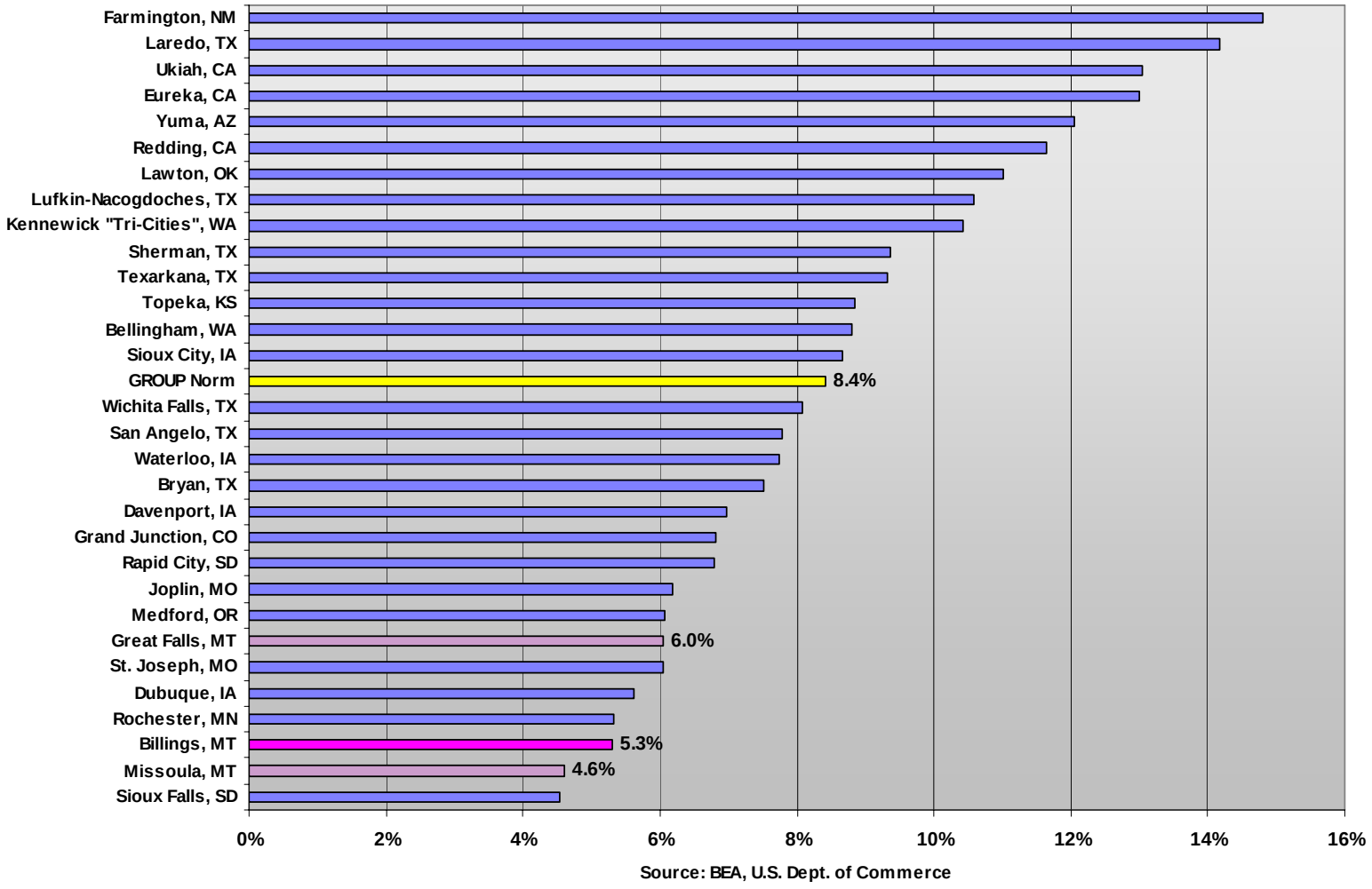
Carroll & Nancy Fields O'Connor
Center for the Rocky Mountain West

Billings Peers: Local Govt. Employment Share of Total Employment: 1990



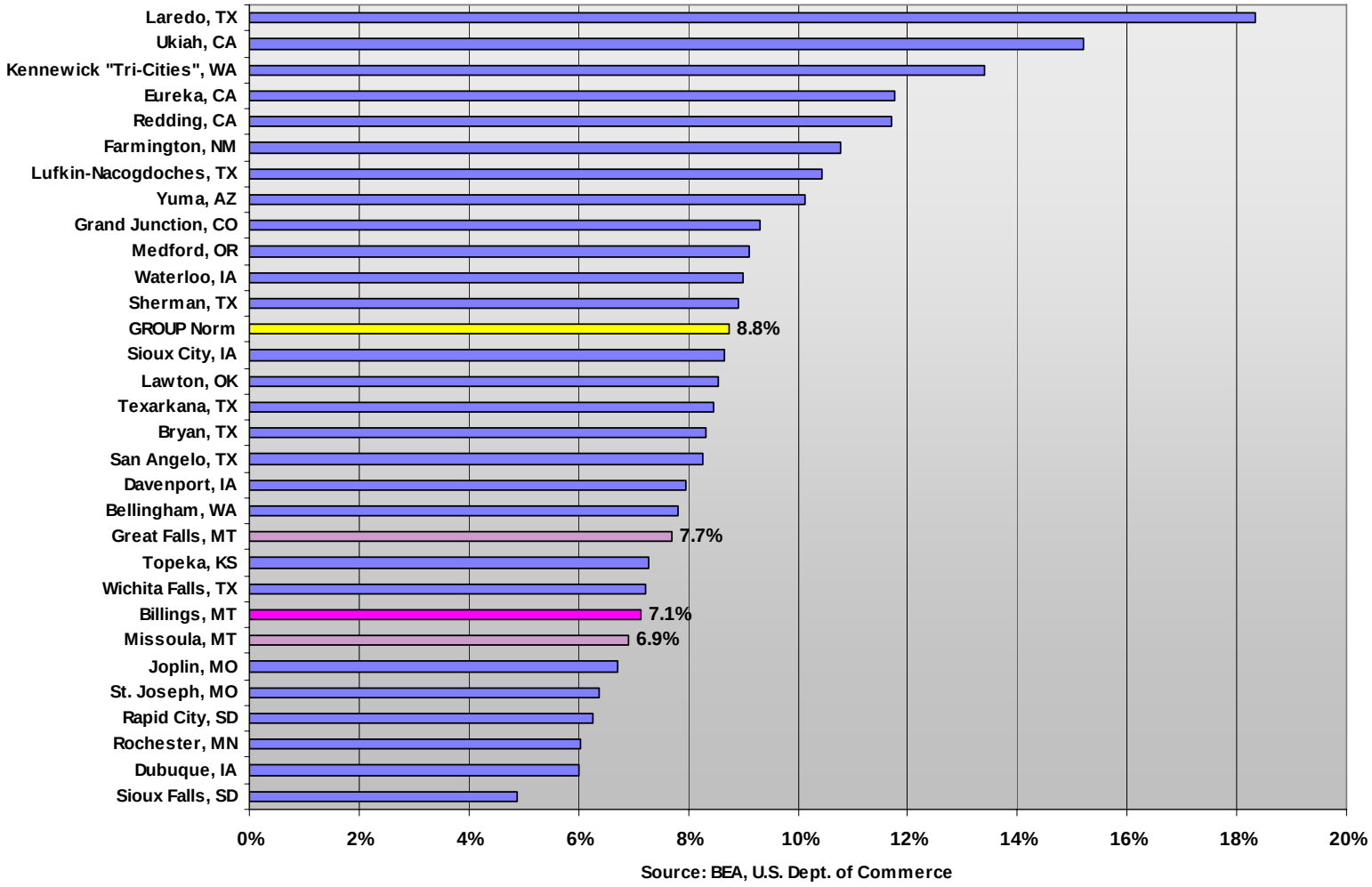
Source: BEA, U.S. Dept. of Commerce

Billings Peers: Local Govt. Employment as Share of Total Employment, 2004



Source: BEA, U.S. Dept. of Commerce

Billings Peers: Local Govt. Labor Earnings to Total Labor Earnings, 1990



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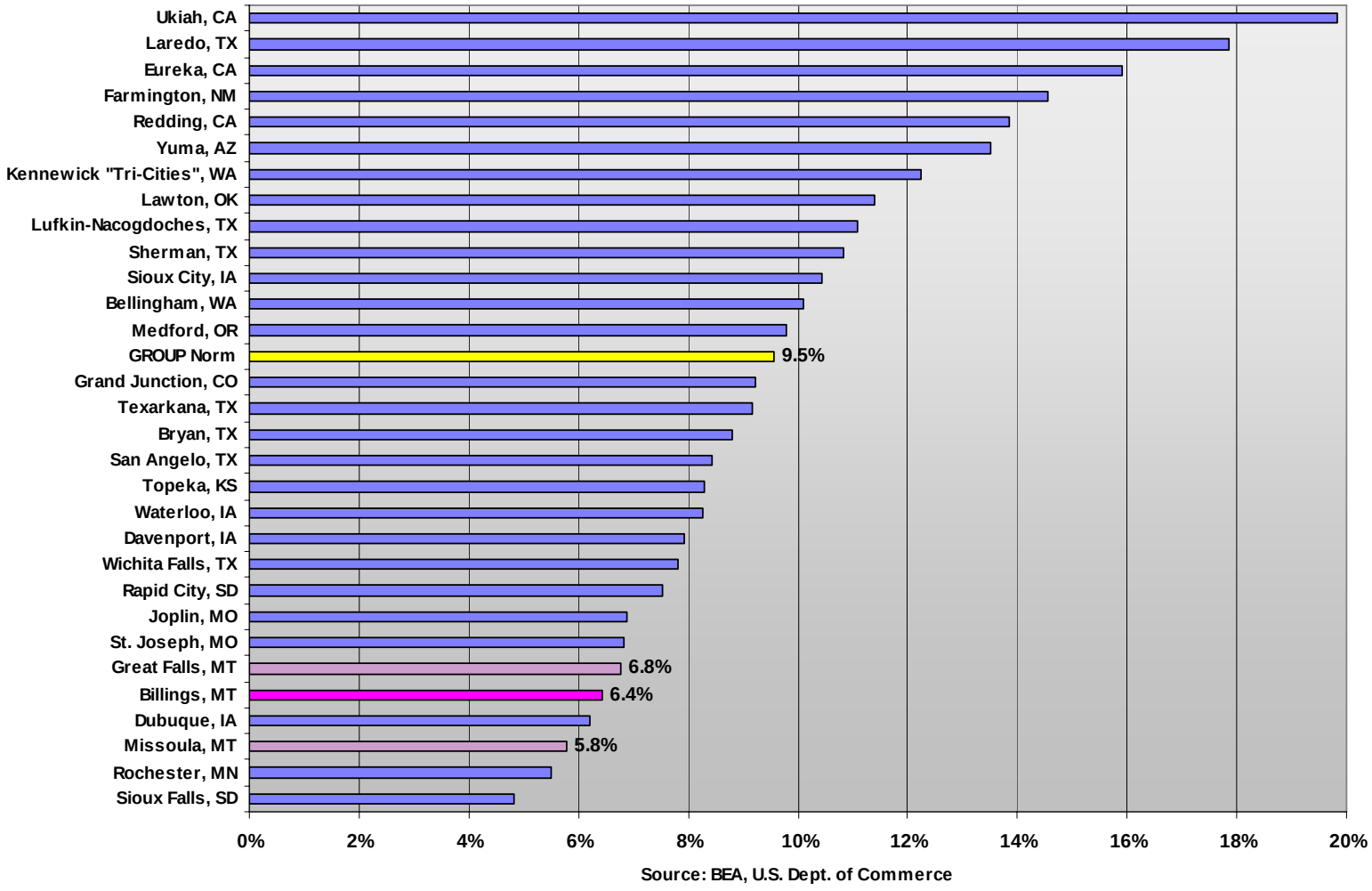
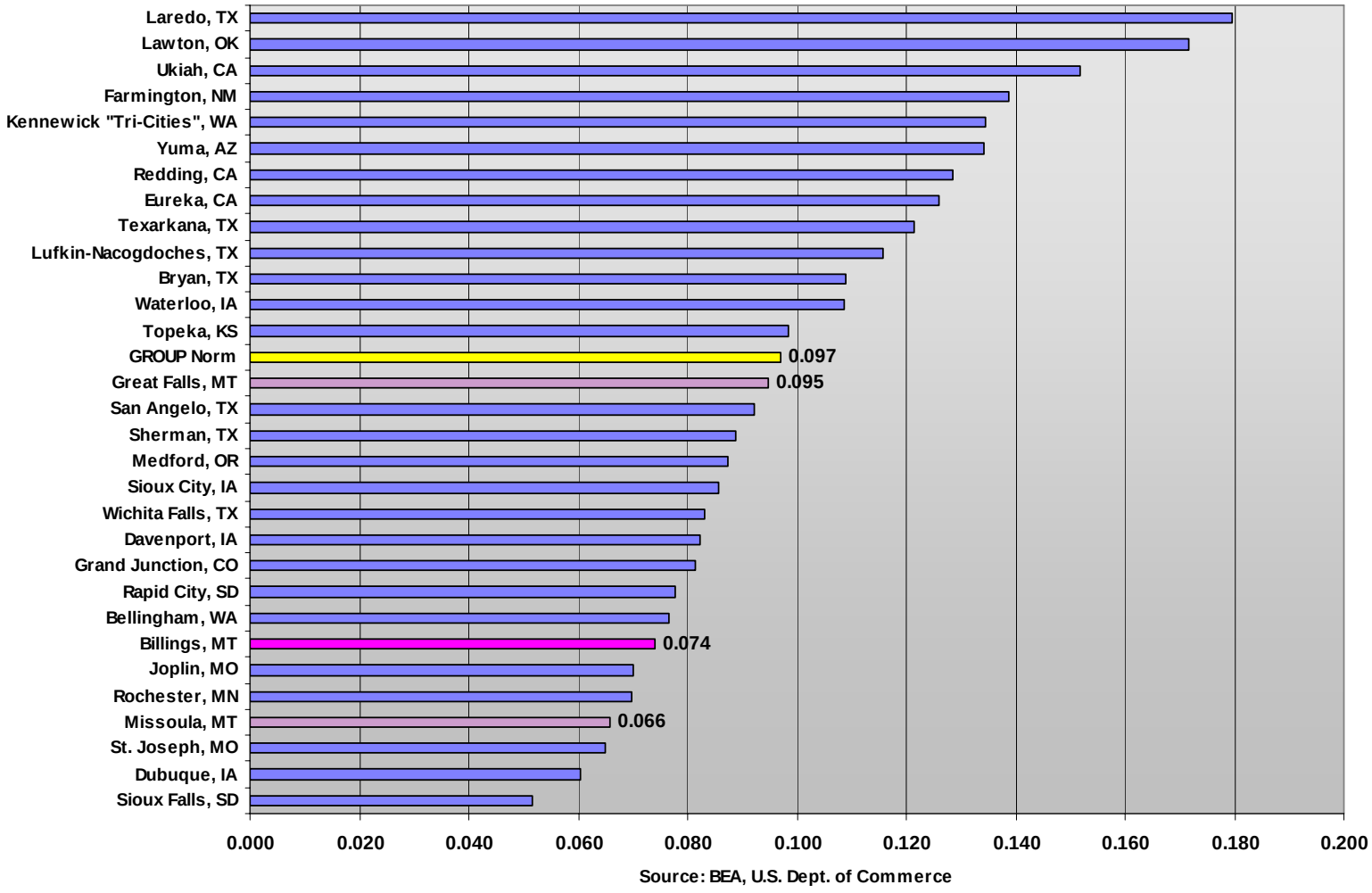


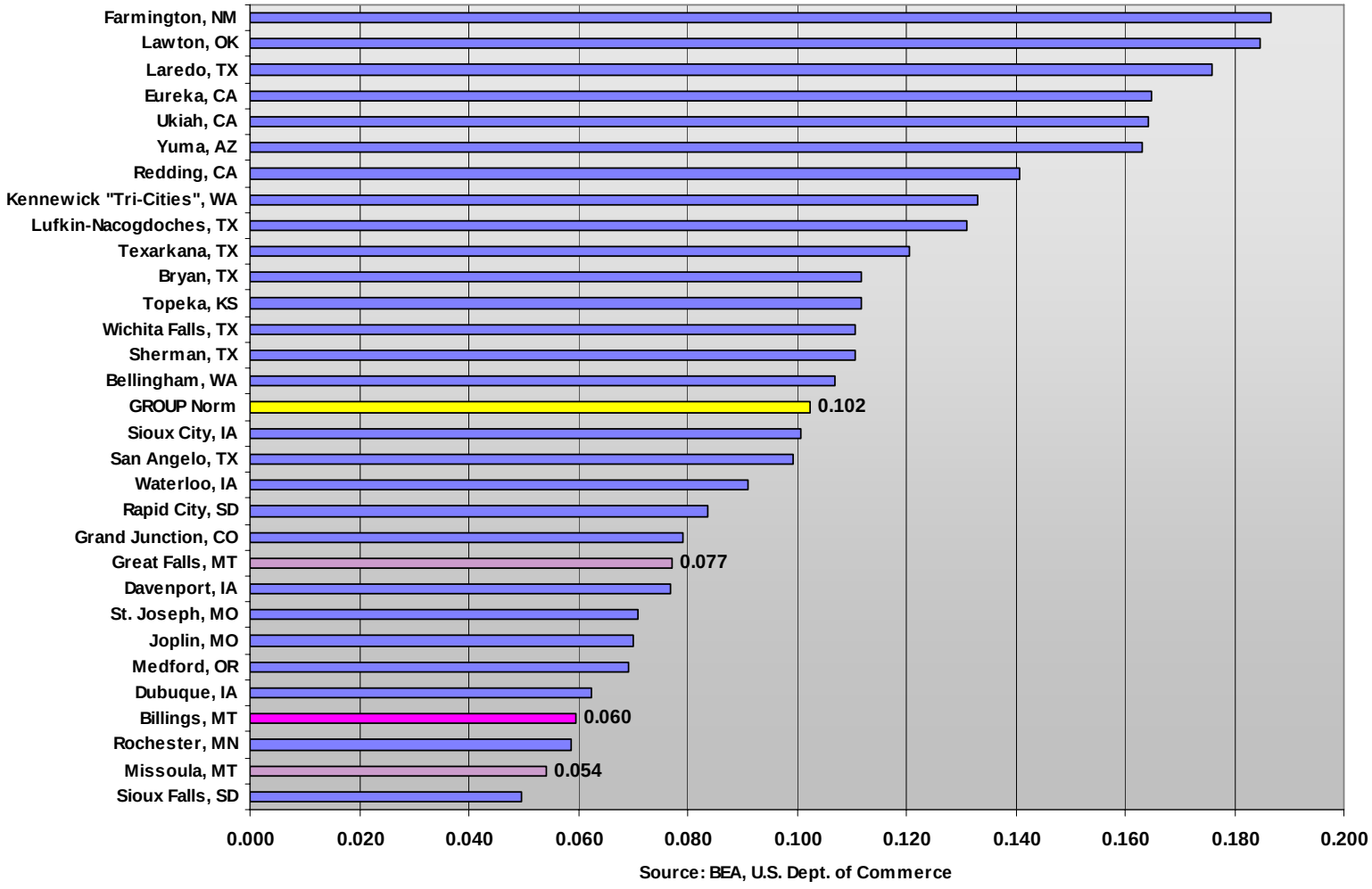
Source: BEA, U.S. Dept. of Commerce

Billings Peers: Local Govt. Employment to Private Nonfarm Employment, 1990



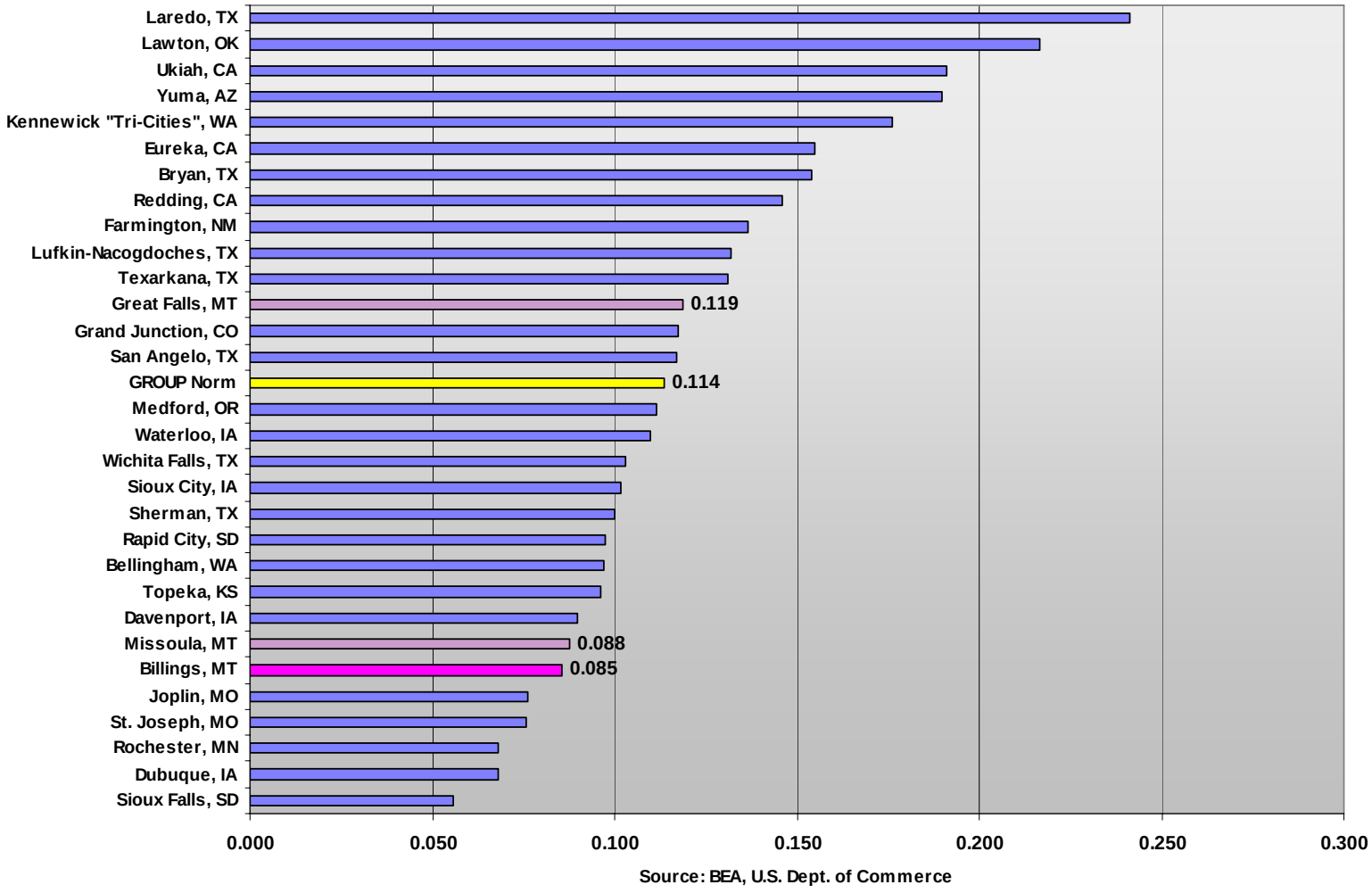
Source: BEA, U.S. Dept. of Commerce

Billings Peers: Local Govt. Employment to Total Private Nonfarm Employment, 2004



Source: BEA, U.S. Dept. of Commerce

Billings Peers: Local Govt. Labor Earnings to Private Nonfarm Labor Earnings, 1990



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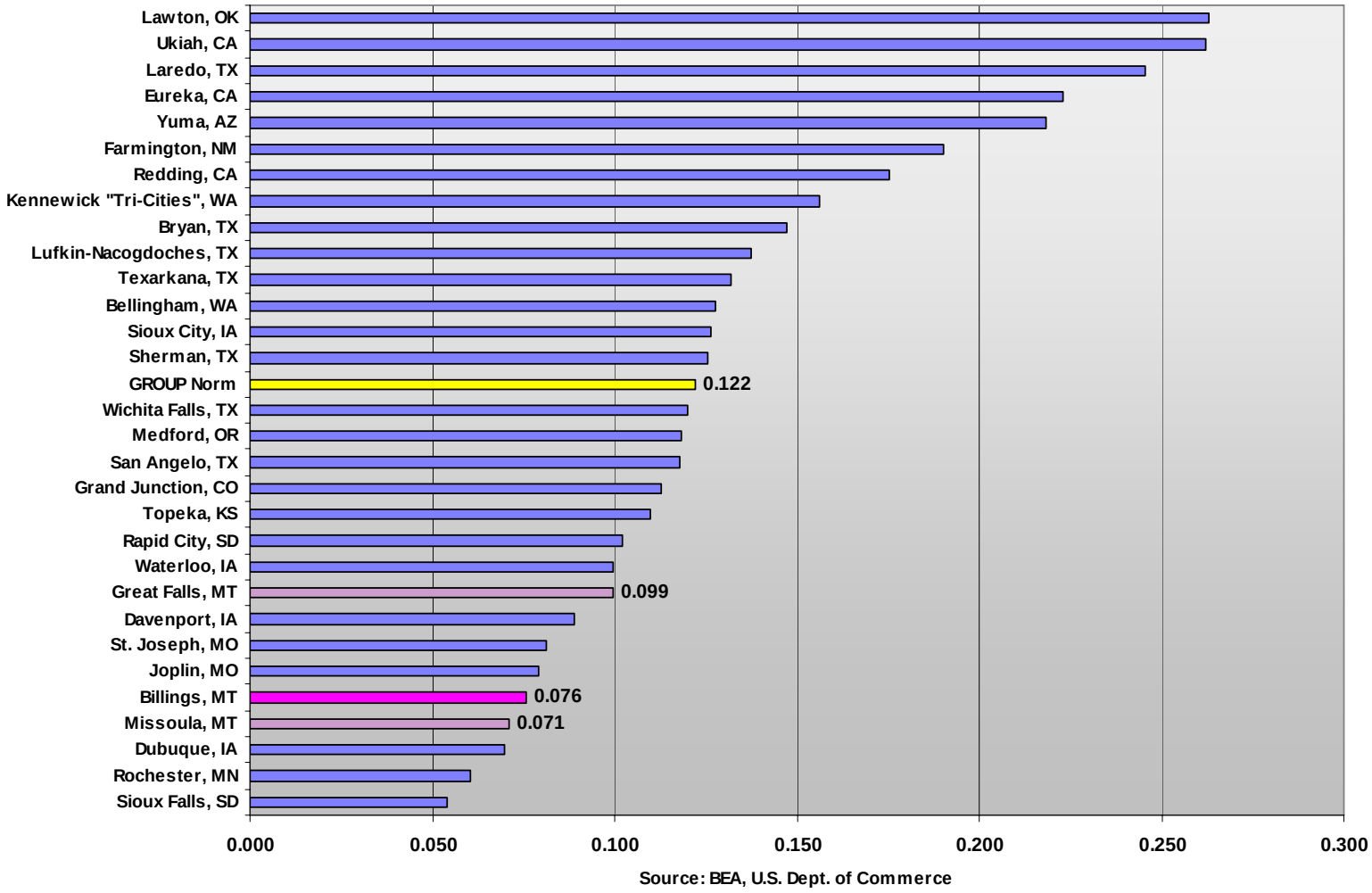
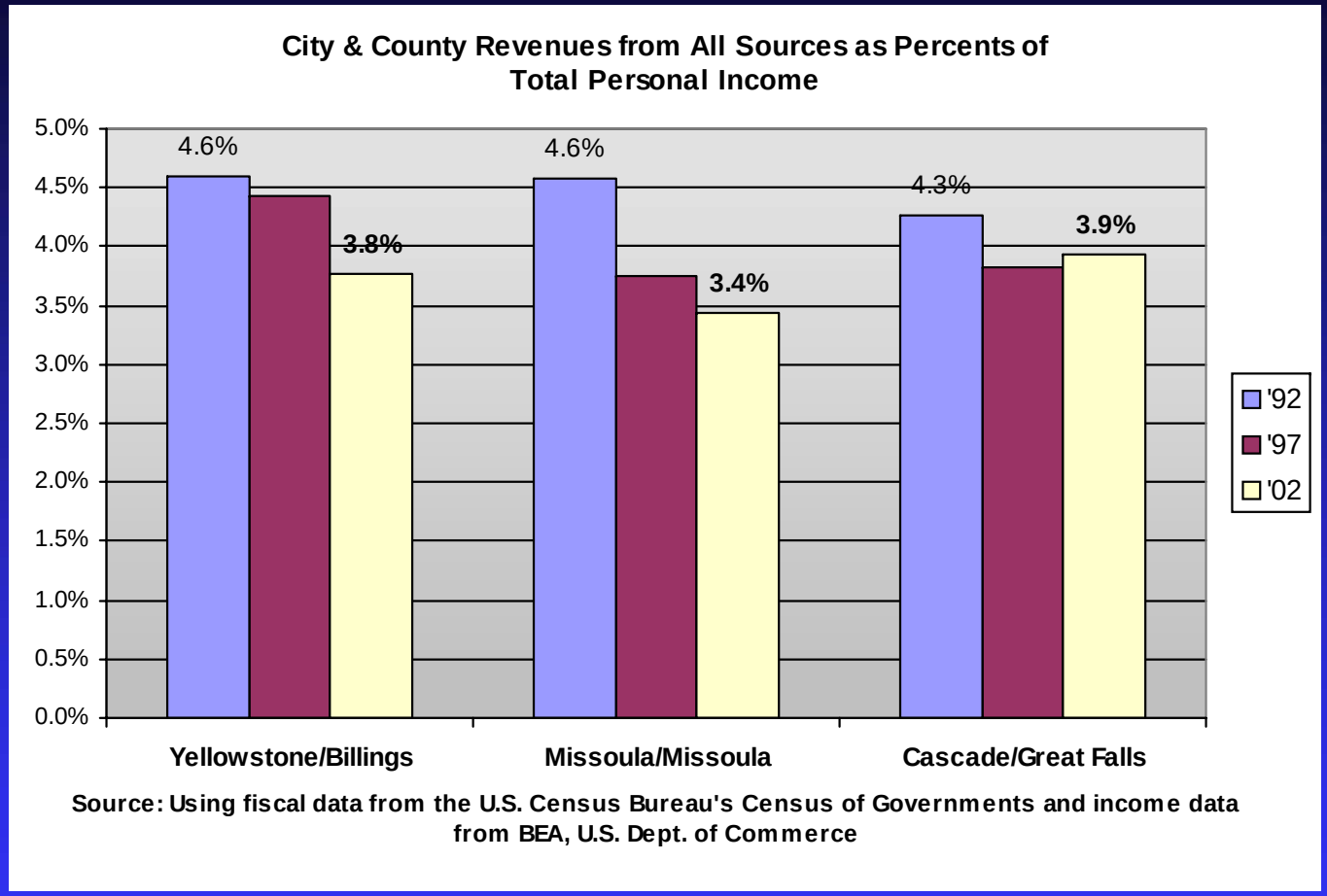


Source: BEA, U.S. Dept. of Commerce

City and County Revenues from All Sources in Relation to Area Personal Income

The total personal income base of Yellowstone Co. rose from $2.2 billion in 1992 to almost $2.9 bil. In 1997 and to $3.8 billion in 2002, in nominal or non-inflation adjusted dollars. Meanwhile, county revenues from all sources rose from $36 to $54 million and city revenues rose from $67 to $89 million. Together as a percent of total personal income, these city and county revenues have fallen from 4.6% of income to 3.8% between 1992 and 2002.

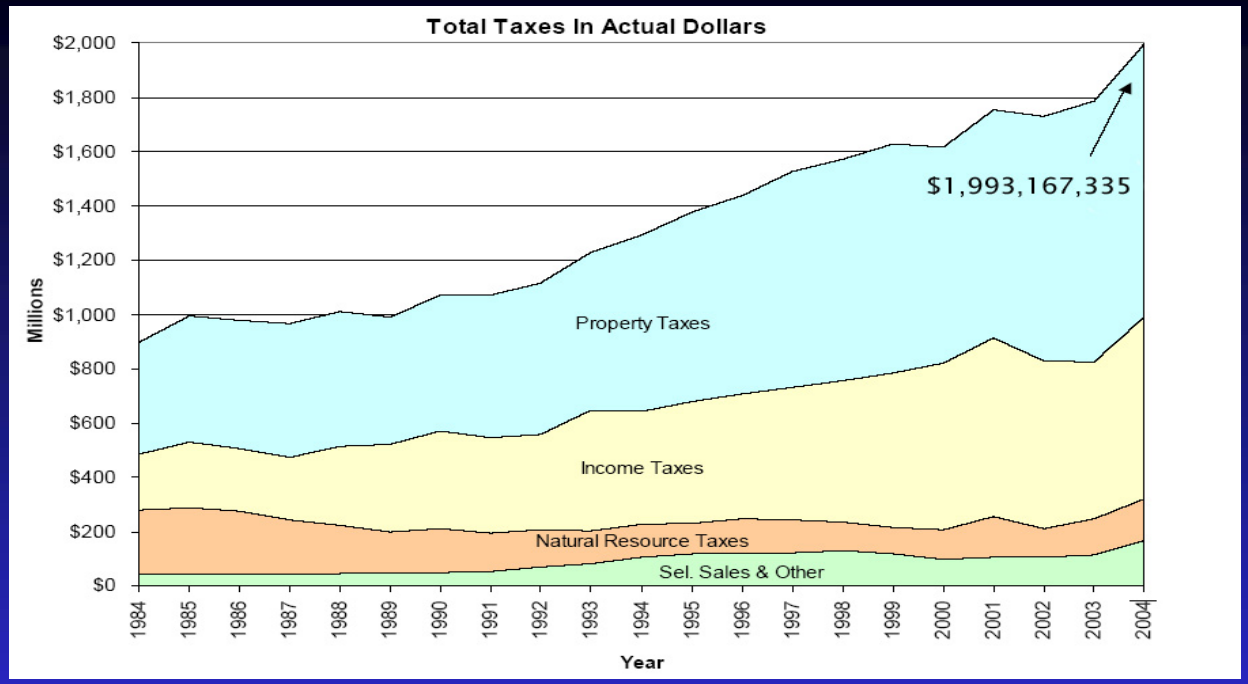
In Missoula County these city and county revenues fell from 4.6% to 3.4% of personal income and in Cascade County they fell from 4.3% to 3.9%.

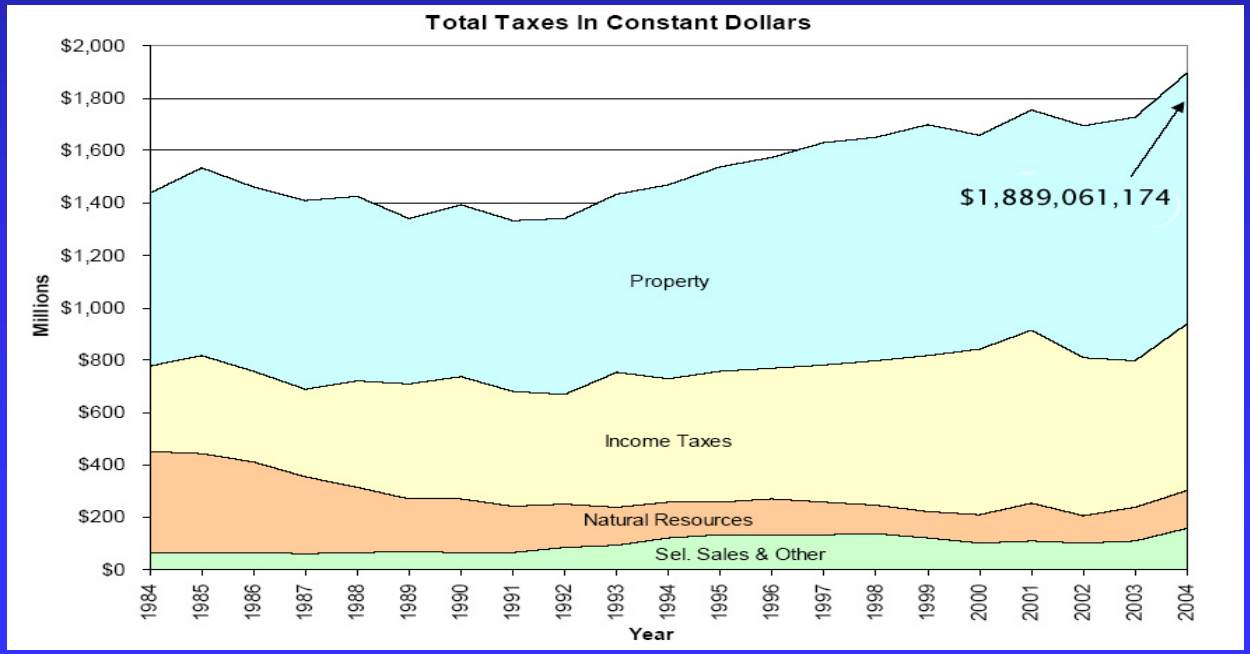


Trends in the Growth of Tax Revenues in Montana

The two charts are taken from the Montana Dept. of Revenues Biennial Report. They show total state tax revenues of all types that have been collected over the period from 1984 to 2004 that are available for state and local government.

The upper chart shows these tax revenues in nominal or non-inflation adjusted dollars, with these growing from around $900 million in 1984 to almost $2 billion in 2004. The lower chart shows these same figures in inflation-adjusted 2000 dollars. In "real" or inflation-adjusted dollars, state tax revenues have grown from just over $1.4 billion in 1984 to almost $1.9 billion in 2004. This is an increase of about $460 million, or increase of about 32 percent. However, over this same period, total personal income in the state rose by about 60 percent, adjusted for inflation. This means that state tax revenue has grown much more slowly than the economy as a whole.



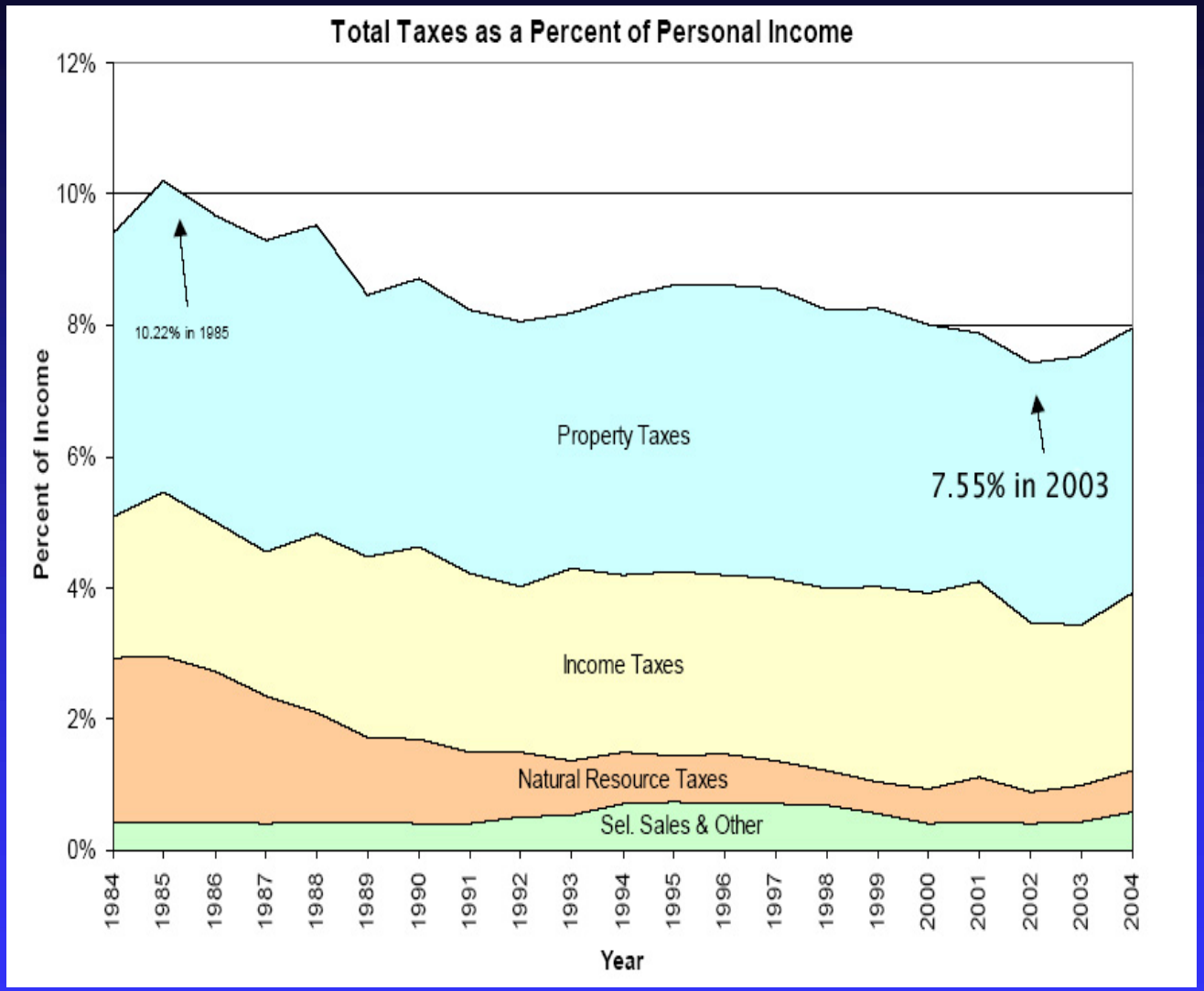


Total State Tax Collections in relation to the Size of Montana's Economy

The chart at the right is also taken from the Montana Dept. of Revenues Biennial Report and shows total state tax collections from all sources as a percent of total personal income.

Taxes rose to as high as 10.2 percent of personal income in 1985, but have gradually and almost systematically declined from this high, falling to as low as 7.6 percent of income in 2002. More recently, taxes as a percent of personal income increased slightly to just under 8 percent.

In 2004 total personal income in Montana totaled about $23.6 billion statewide measured in 2000 inflation-adjusted dollars. This means that for every percentage decline in tax revenues as a percent of total personal income as the economy of the state has grown, about $236 million in less is now being collected for state and local governmental functions of all types.



Area Sponsoring and Participating Organizations

Billings:

- Celebrate Billings
- Billings Gazette
- Montana State University – Billings
- City of Billings Mayor's Office
- St. Vincent Healthcare
- Deaconess Billings Clinic

Butte:

- Montana Standard

Butte Chamber of Commerce

- Butte Local Development Corp
- Mainstream Uptown Butte
- NorthWestern Energy
- MERDI and MSE Technology
- Town Pump

St. James Hospital

Flathead Valley:

- City of Kalispell Mayor's Office
- City of Whitefish Mayor's Office
- Jobs Now, Inc.;Flathead County EBA
- Flathead County
- Flathead Valley Community College
- Bigfork Area Chamber of Commerce
- Columbia Falls Chamber of Commerce
- Kalispell Area Chamber of Commerce
- Whitefish Chamber of Commerce
- Lakeside-Somers Chamber of Commerce
- Montanans for Multiple Use
- National Parks Conservation Asso

Bozeman

Bozeman Chamber of Commerce, MSU, Tech Ranch

Missoula:

- City of Missoula Mayor's Office
- Missoula County
- Montana Community Develop Corp. (MCDC)
- Missoula Area Economic Develop Corp. (MAEDC)
- The University of Montana

Bitterroot Economic Develop District

Great Falls:

- City of Great Falls
- Great Falls Regional Growth Alliance

Great Falls Development Corp.

Great Falls Chamber of Commerce

MSU/ Great Falls

O'Connor Center for the Rocky Mountain West

Common Needs and Opportunities for Montana's Cities

Quality Infrastructure **Growing cities require quality infrastructure and city services, but funding for Montana's cities has lagged behind their growth. New locally-generated sources of funding for area infrastructure and public services are needed if Montana's cities are to grow and prosper and remain competitive with other cities as quality places for people to live and work.**

Quality Workforces **The changing economy is placing a premium on highly educated and highly trained workers. A centerpiece of any strategy for economic improvement must be well-designed and well-funded programs for workforce development and a quality system of education more generally.**

Quality Businesses **Business and employment growth has shifted primarily into small businesses. Business development programming must nurture and expand businesses within key "business clusters" accounting for area employment and labor income growth as well asarea comparative and competitive advantages. Key business clusters within Montana's sub-regions are where workforce and business development efforts should be focused.**

Quality Planning and Growth Management **Most of Montana's cities are facing growth pressures that are straining their capacity to manage and plan for growth. Becoming better places as they become bigger places requires proactive planning for growth and redevelopment. Cities in Montana must have the necessary tools and authorities to successfully plan for growth.**

Pursuing Economic Prosperity **There is no single Montana economy. Because of this, there can be no single strategy to advance Montana economically. There must be several strategies, carefully tailored for the particular needs and opportunities of Montana's different regions.**

Urban-Rural Partnerships for Progress **The economic development, workforce training, and educational resources of Montana's growing cities must be increasingly applied to the rural economic development needs of their closely-linked surrounding areas and communities.**

Framework for Economic Success in Montana's City Regions

Sub-state, City Region-based Strategies for Success **To be successful, economic development initiatives must reflect underlying and emerging area strengths and weaknesses. Don't look to "one-size-fits-all" generally targeted state-level economic development strategies to pursue your future. Look to yourself.**

Attend to Key Foundations for Future Economic Success **For our cities and their closely-linked surrounding communities to be competitive with other areas in the larger region and nation, they must have:**

– *Quality Infrastructures:* streets and transportation systems, water, sewer, schools, parks, neighborhoods, office buildings and complexes, business centers, educational facilities, main streets, etc., develop a "vision" for what you want to be and pursue it deliberatively and with purpose.

– *Quality Workforces:* adaptive well-stratified workforces, with access to good training and education – tailored to the particular needs and opportunities of area employers - area COTs, community colleges, and universities working in tandem with area workforce training programs.

Coordinated Strategies for Business Development and Workforce Development using Clusters **Stratify current and potential employers in every sub-region of Montana into "clusters" with customized strategies for each cluster.**

Become Learning Communities **Understanding change in your own community requires understanding change in the larger region and among cities and regions like yours. It requires places to become "learning communities" and "learning regions".**

Build Healthy Urban-Rural Partnerships for Progress **The futures of Billings and its surrounding communities are inextricably linked. You are not competitors. You are allies.**

Area Economic Development is more than Business Assistance **It requires an inter-coordinated strategy of business assistance, education, workforce development, infrastructure, and community planning with key leadership across this array of needs working in partnership and empowered with tools and resources.**

2008 Rev. Estimates for Alternative Local Option Tax Proposals @ 2% Rates

	Gov. Martz Tax Com. Proposal/1	Current Resort Tax/2	Luxury Goods Tax (S. Bill 184)/3	Gen. Sales Tax (excl. necessities)/4
Yellowstone County	$ 7.6 mil.	$ 8.0 mil.	$ 9.1 mil.	$ 41.8 mil.
Missoula County	$ 5.7	$ 6.4	$ 6.8	$ 31.7
Cascade County	$ 3.5	$ 3.4	$ 4.3	$ 20.9
Gallatin County	$ 5.8	$ 7.2	$ 6.7	$ 24.7
Flathead County	$ 4.4	$ 4.4	$ 5.2	$ 22.0
Lewis & Clark County	$ 2.5	$ 2.8	$ 3.0	$ 14.8
Silver Bow	$ 1.6	$ 1.8	$ 1.9	$ 8.9

Source: Based upon estimates provided to Sen. Lynda Moss by the Montana Dept. of Revenue (Wagner, 8-16-06)

1/ Sales tax measure proposed by former Gov. Martz's tax committee that would include in its base: prepared foods, alcoholic beverages sold by the drink, accommodations, rental cars, rental of recreational equipment, guided recreation and sightseeing, admissions, camp tuition, recreation fees, and souvenirs.

2/ Several communities in Montana are already utilizing a local "resort tax" as described in 7-6-1503, MCA. This statute provides taxation of retail sales of lodging, eating, and drinking establishments, sales of destination recreational facilities, and on sales of luxuries. This covers most businesses in the accommodations and food services and drinking places industries. It also applies to theater companies and dinner theaters.

3/ In the 2005 Legislative Session, Senate Bill 184 proposed a luxury goods tax. It would have allowed localities to tax lodging facilities, prepared meals, alcohol beverages, rental of travel and recreational vehicles and recreational equipment, ski lift tickets, guide services, and admission to movies, shows, events, amusement parks, and golf courses.

4/ This more general sale tax proposal would tax virtually all sales of goods and services, excluding "necessities," such as groceries and non-prepared foods, clothing, housing, fuels, prescription drugs and medical supplies, and health care more generally.

2008 Rev. Estimates for Alternative Local Option Tax Proposals @ 3% Rates

	Gov. Martz Tax Com. Proposal/1	Current Resort Tax/2	Luxury Goods Tax (S. Bill 184)/3	Gen. Sales Tax (excl. necessities)/4
Yellowstone County	$11.3 mil.	$ 12.0 mil.	$ 13.6 mil.	$ 62.7 mil.
Missoula County	$ 8.5	$ 9.6	$ 10.3	$ 47.5
Cascade County	$ 5.3	$ 5.1	$ 6.4	$ 31.3
Gallatin County	$ 8.7	$ 10.8	$ 10.0	$ 37.0
Flathead County	$ 6.6	$ 6.6	$ 7.8	$ 33.0
Lewis & Clark County	$ 3.7	$ 4.2	$ 4.5	$ 22.2
Silver Bow	$ 2.4	$ 2.7	$ 2.9	$ 13.4

Source: Based upon estimates provided to Sen. Lynda Moss by the Montana Dept. of Revenue (Wagner, 8-16-06)

1/ Sales tax measure proposed by former Gov. Martz's tax committee that would include in its base: prepared foods, alcoholic beverages sold by the drink, accommodations, rental cars, rental of recreational equipment, guided recreation and sightseeing, admissions, camp tuition, recreation fees, and souvenirs.

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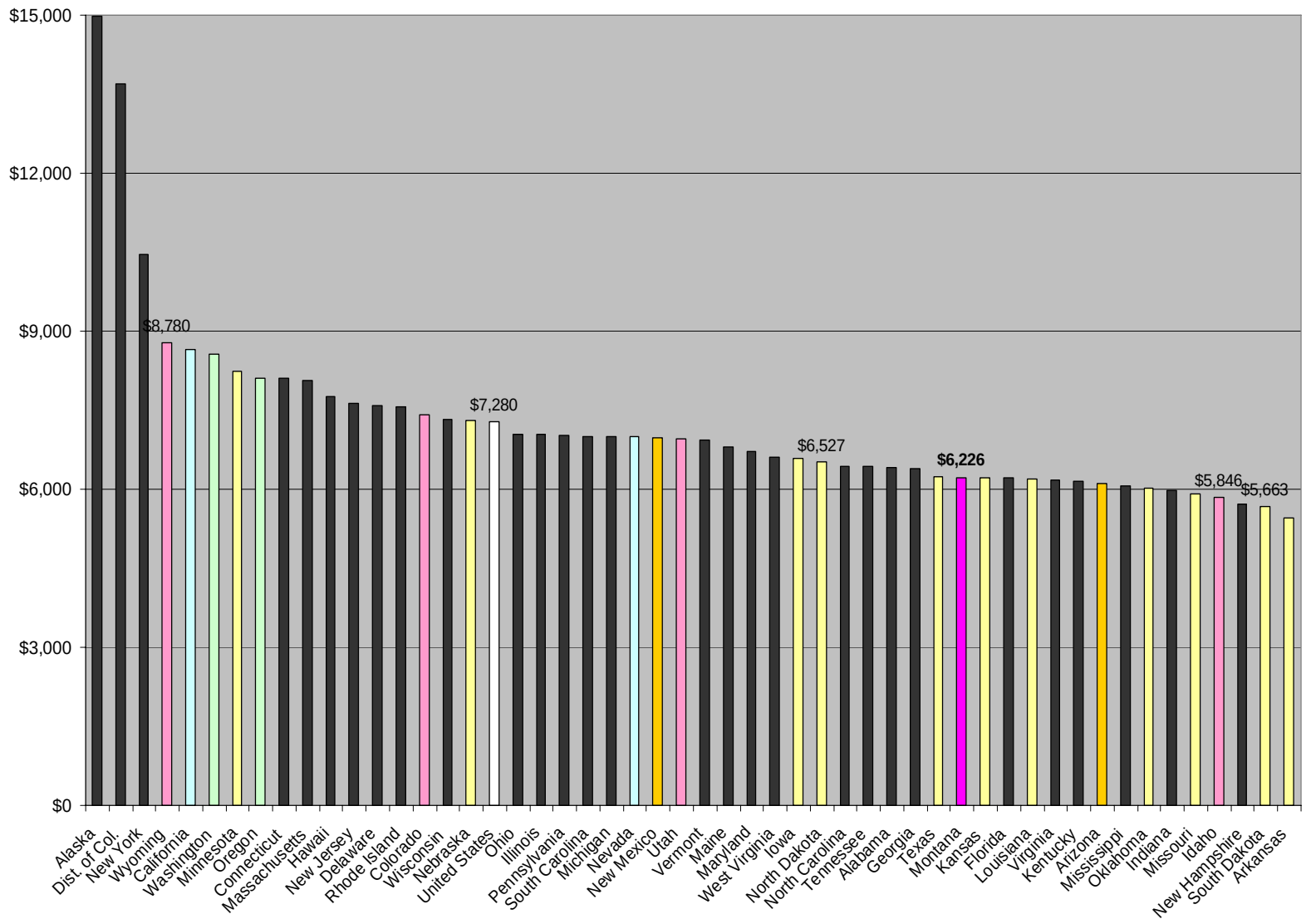
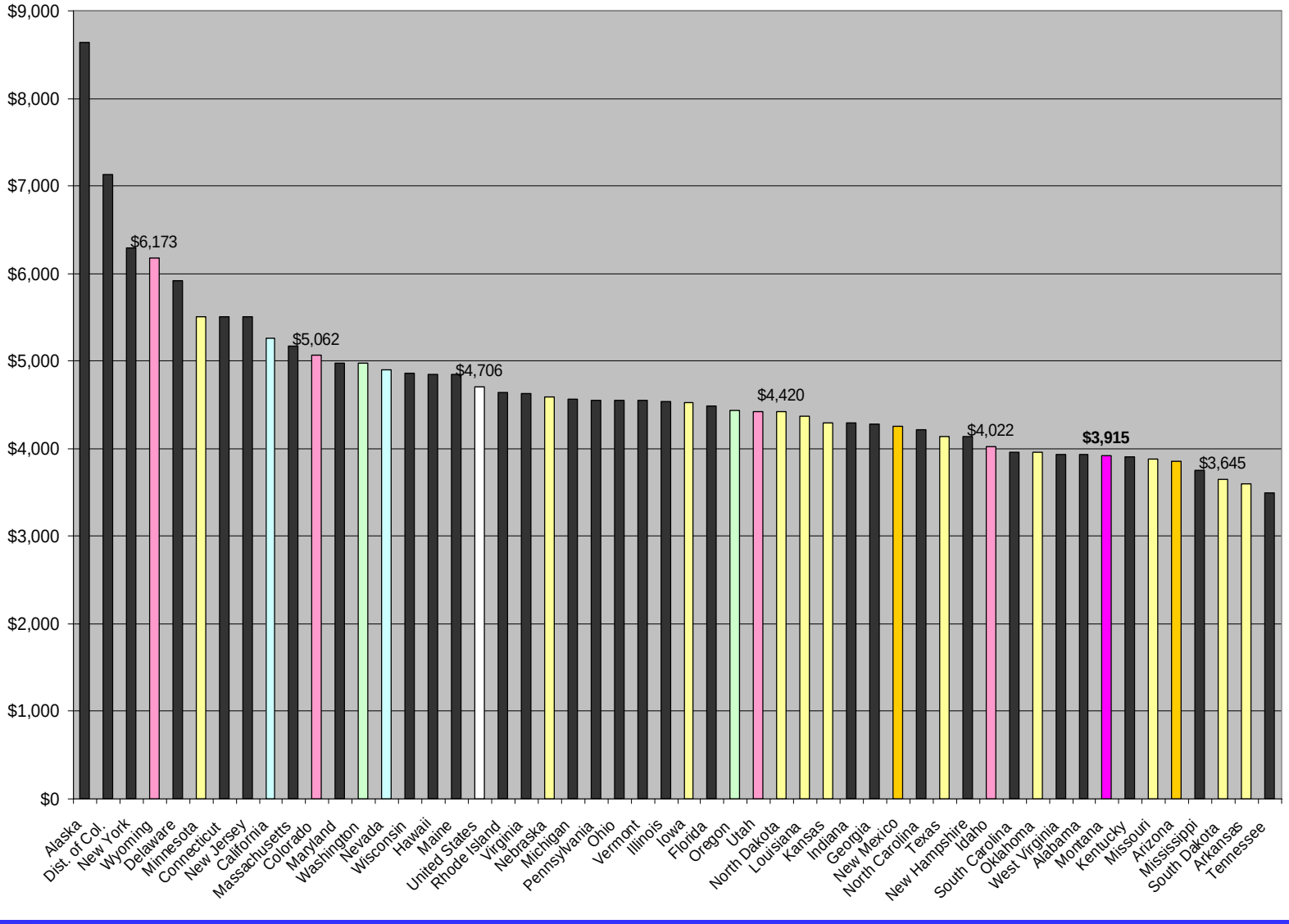
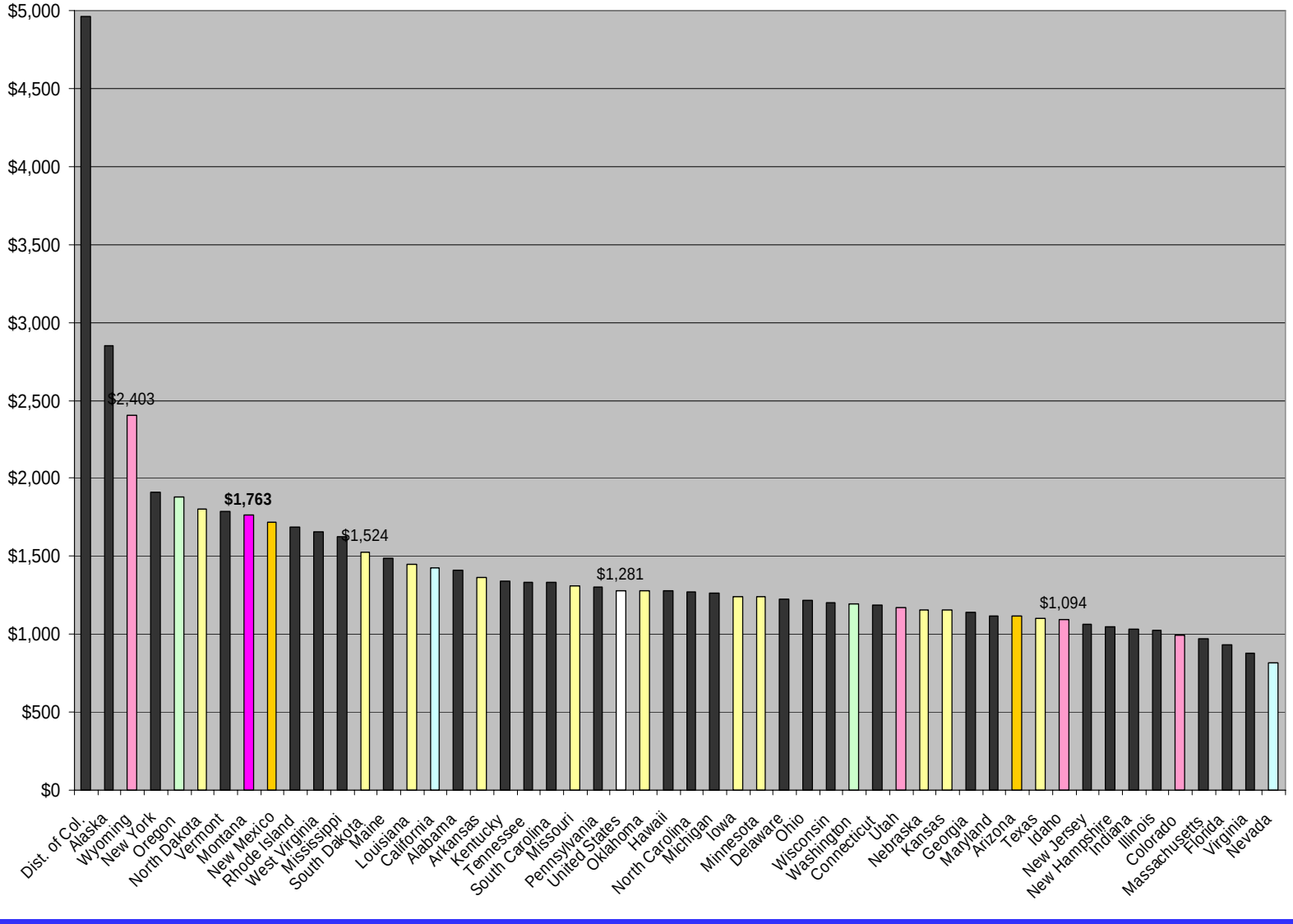
State & Local Govt. Expenditures Per Capita, 2001-02



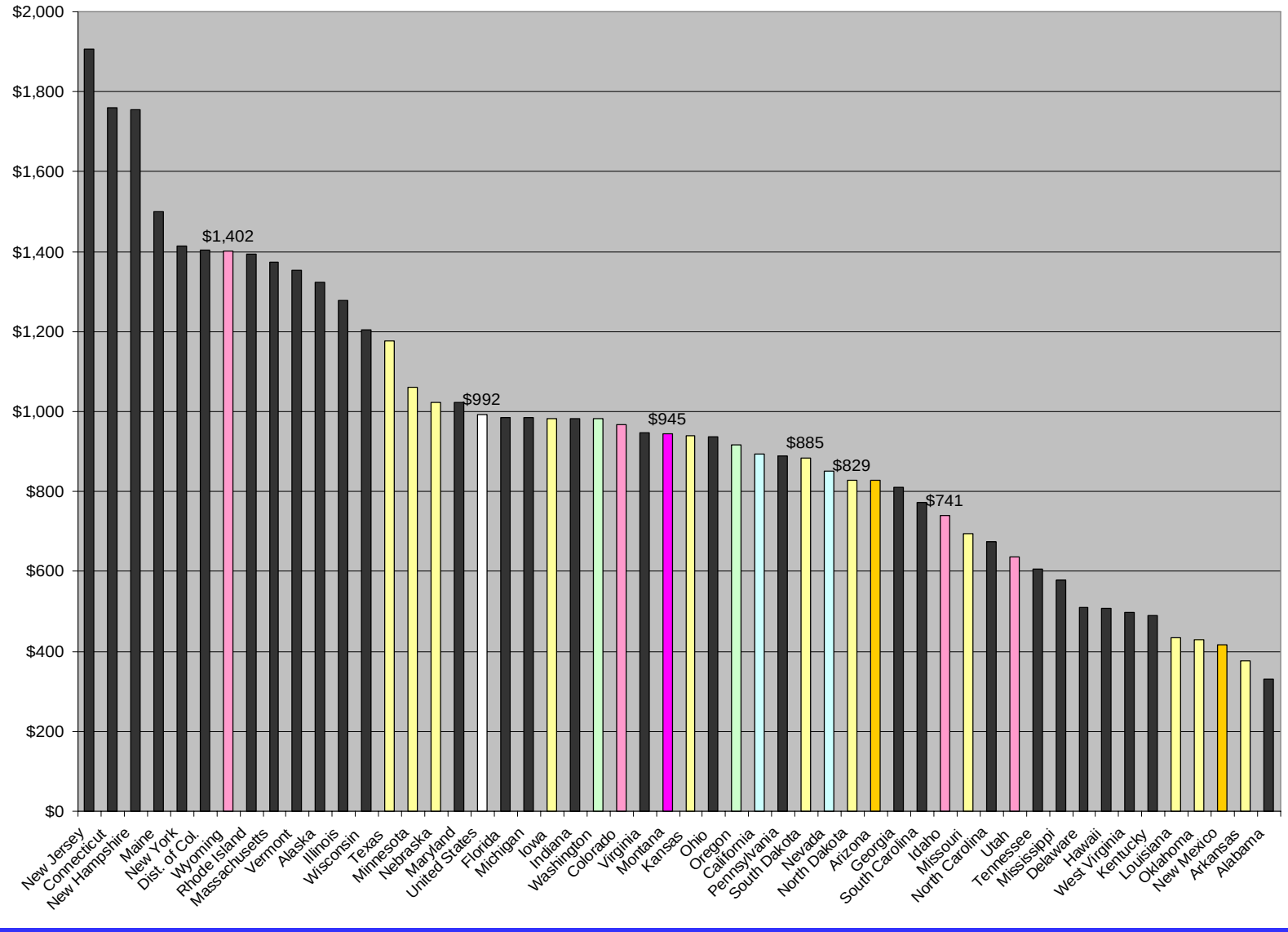
State & Local General Revenue Per Capita from "Own" Sources, 2001-02



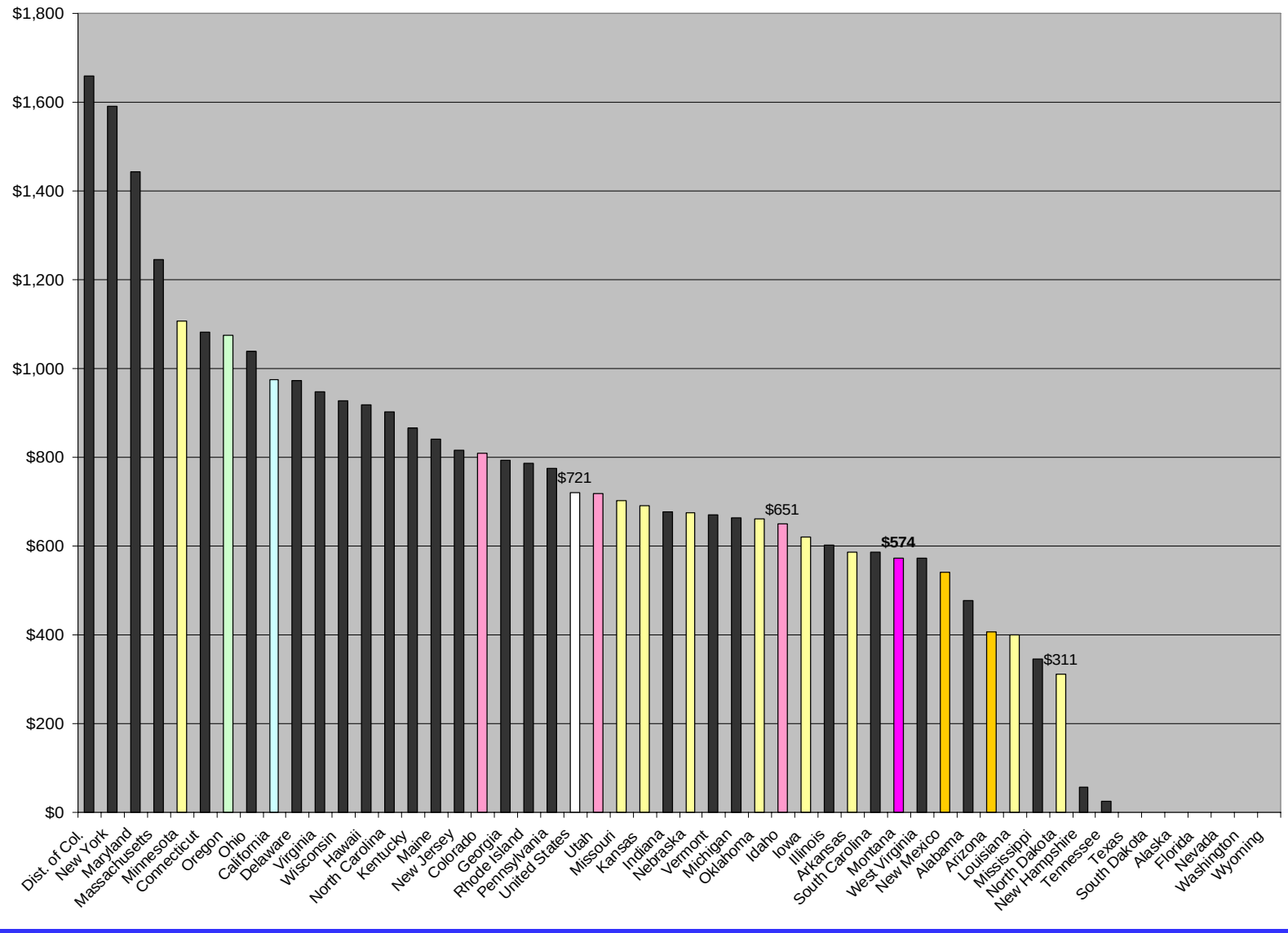
General Revenue Per Capita from the Fed. Govt., 2001-02



Property Taxes Per Capita, 2001-02



Individual Income Taxes Per Capita, 2001-02



Gen. & Selective Sales Taxes Per Capita, 2001-02