

Montana Employment Growth Outpaces the Nation

What Industry-Level Data Tells Us About the Trend

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Over the last ten years, Montana’s economy has experienced a major recession followed by a long expansion, ultimately adding over 28,600 more payroll jobs to the economy since 2006 with faster employment growth than the nation as a whole. What is driving this growth? Comparing the growth of industries in the state to national growth can help shed light on which industries are outperforming the nation, and what might have happened if Montana had completely mirrored national trends instead of following its own unique path.

Industry Job Growth

Through all the economic ups and downs over the last ten years, Montana’s payroll employment is 6.7% higher than it was in 2006, slightly better than U.S. growth at 6.0%.¹ Montana growth exceeded U.S. growth in both the private and government sectors. Montana private payroll employment grew by 7.1%, compared to 6.9% in the nation. Total government employment, including local government and education, grew by 4.9%, compared to 1.2% in the nation.²

Figure 1 compares growth rates for Montana and the U.S. from 2006 to 2016. Of the larger industries, Montana’s fastest job growth was in the three industries of healthcare and social assistance (25.1%), professional and technical services (16.3%), and accommodation and food services (14.6%). While these industries grew quickly and added a significant number of jobs, they did not grow as fast in the state as they did in the nation. Although counterintuitive, it is the slower-growing industries that have outpaced U.S. growth.

This trend can be seen in **Figure 2**, which plots each industry by both the U.S. and Montana growth rates, with the size of the bubbles indicating the jobs gained from 2006 to 2016. If a bubble is on the diagonal red line, the industry grew at the same pace both nationally and in Montana. In general, most industries that grew quickly nationally also performed well in Montana. However, industries below the red line, like Administration and waste services and Arts, entertainment, and recreation, grew slower in Montana than in the U.S. Most of the industries with much slower growth than the U.S. are small industries with few jobs added (or lost). The exception is Healthcare, which added a large number of jobs (over 13,000), but is slightly below the national growth rate. Industries above the red line are those where Montana outpaced the nation for job growth. These outperforming industries might be small compared to healthcare, but they helped contribute to Montana’s above- average growth over the last ten years.

¹ All employment data in this article refers to payroll employment from the Bureau of Labor Statistics Quarterly Census of Employment and Wages.

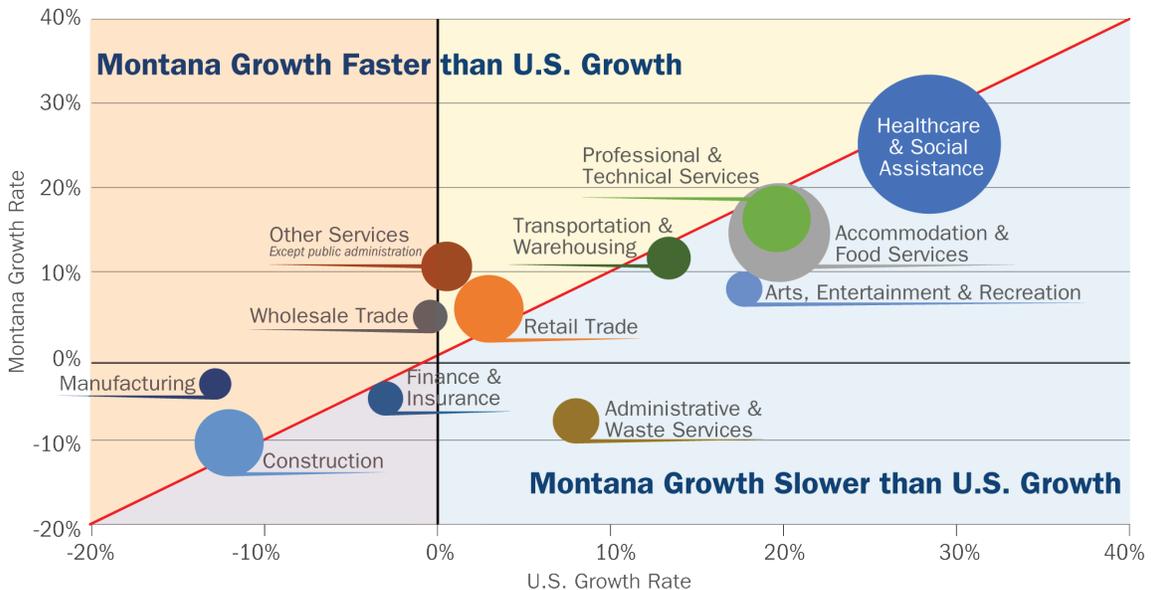
² Government employment is federal, state, and local government (including public education). Approximately 60% of government jobs added in Montana were in local government.

FIGURE 1:
Payroll Employment Growth by Industry
 Montana and U.S. - 2006-2016

	2006 MT Jobs	2016 MT Jobs	MT Growth	US Growth	Difference
Payroll Employment	426,182	454,819	6.7%	6.0%	0.7%
Private	346,275	370,994	7.1%	6.9%	0.2%
Health care and social assistance	53,087	66,431	25.1%	28.4%	-3.3%
Retail trade	56,159	59,301	5.6%	3.0%	2.6%
Accommodation and food services	45,940	52,668	14.6%	19.7%	-5.1%
Construction	30,136	27,029	-10.3%	-12.0%	1.7%
Professional and technical services	18,579	21,601	16.3%	19.6%	-3.3%
Manufacturing	20,168	19,497	-3.3%	-12.9%	9.5%
Other services, except public admin	15,833	17,516	10.6%	0.5%	10.1%
Wholesale trade	16,530	17,303	4.7%	-0.4%	5.1%
Administrative and waste services	18,215	16,811	-7.7%	8.0%	-15.7%
Finance and insurance	15,956	15,151	-5.0%	-3.0%	-2.0%
Transportation and warehousing	10,786	12,039	11.6%	13.4%	-1.7%
Arts, entertainment, and recreation	10,819	11,678	7.9%	17.7%	-9.8%
Mining, quarrying, & oil/gas extraction	7,296	6,393	-12.4%	-0.5%	-11.9%
Information	7,736	6,324	-18.3%	-8.0%	-10.2%
Agriculture, forestry, fishing and hunting	4,430	5,543	25.1%	8.6%	16.6%
Real estate and rental and leasing	6,052	5,501	-9.1%	-1.3%	-7.8%
Educational services	4,097	4,951	20.8%	25.4%	-4.5%
Utilities	2,969	3,029	2.0%	1.2%	0.8%
Management of companies and enterprises	1,222	2,070	69.4%	24.9%	44.5%
Government	79,907	83,825	4.9%	1.2%	3.7%
Educational services	34,487	35,199	2.1%	1.3%	0.7%

Source: Bureau of Labor Statistics. Quarterly Census of Employment and Wages.

FIGURE 2:
Montana vs. U.S. Payroll Employment Growth Rates by Industry
 2006-2016



Note: Size of bubble indicates the number of jobs added (or lost in cases of negative growth). Includes industries with employment greater than 10,000. Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW)

Although the faster-growing industries of Healthcare and social assistance, Accommodation and food services, and Professional and technical services grew slightly slower than the U.S. average, they still added a significant number of jobs to the Montana economy. Out of the 37,600 jobs added to the economy over the last ten years, 23,100 jobs were in one of these three industries (about 60%). If these three industries had grown at the same rate as the national trend, Montana growth would have reached nearly 8%.

An example of a slower-growing industry is Retail trade, which grew much slower than Healthcare in Montana, at 5.6% compared to 25.1%. But Retail trade in Montana grew faster than retail trade throughout the rest of the nation, at 3.0%. This trend is similar in the Construction, Manufacturing, Wholesale trade, and Other services industries. If these five industries had followed the national trend and grown at the same rate as the nation (see **Figure 3**), Montana would have nearly 6,400 fewer jobs, resulting in a lowered total growth rate of 5.2%. This difference suggests these industries are important in keeping Montana’s employment growing faster than U.S. employment.

FIGURE 3:
Hypothetical Payroll Employment Growth for Five Montana Industries

	MT Jobs 2006	MT Jobs 2016	MT Growth Rate	US Growth Rate	2016 MT Jobs at U.S. Growth Rate	Difference
Retail trade	56,159	59,301	5.6%	3.0%	57,819	-1,482
Construction	30,136	27,029	-10.3%	-12.0%	26,505	-524
Manufacturing	20,168	19,497	-3.3%	-12.9%	17,575	-1,922
Other services, <i>except public admin</i>	15,833	17,516	10.6%	0.5%	15,915	-1,601
Wholesale trade	16,530	17,303	4.7%	-0.4%	16,458	-845
All Five Industries	138,826	140,646	1.3%	-3.3%	134,273	-6,373

Source: BLS. QCEW.

The rest of this article looks at four select industries – Manufacturing, Retail trade, Wholesale trade, and Professional and technical services – and why they diverged from the U.S. growth rate. It also analyzes how many jobs would have been gained or lost if the industry had followed the national trend.

Manufacturing

Looking back at **Figure 2**, Manufacturing and Construction stand out because they both had a negative net employment growth over the last ten years. However, that is not because they are currently declining. Instead, both industries decreased significantly during the recession and have been growing steadily to catch up to their prerecession levels as shown in **Figure 4**. Although Montana’s construction employment is growing faster than the nation, it still closely follows the U.S. trend. Manufacturing, on the other hand, diverges from the U.S. starting in 2010.

Since 2010, employment in manufacturing grew by 19%, which is over 3,100 jobs. Meanwhile, manufacturing employment in the U.S. grew by just 7%. If Montana would have followed the U.S. growth trend of 7%, then Montana’s Manufacturing industry would have added only about 1,150 jobs. **Figure 5** shows the actual number of jobs added, the hypothetical number of jobs added (if Montana would have grown by the U.S. growth rate), and the difference between the two.

FIGURE 4:
Construction and Manufacturing Jobs Indexed to 2006 Employment

Montana and United States - 2006-2016

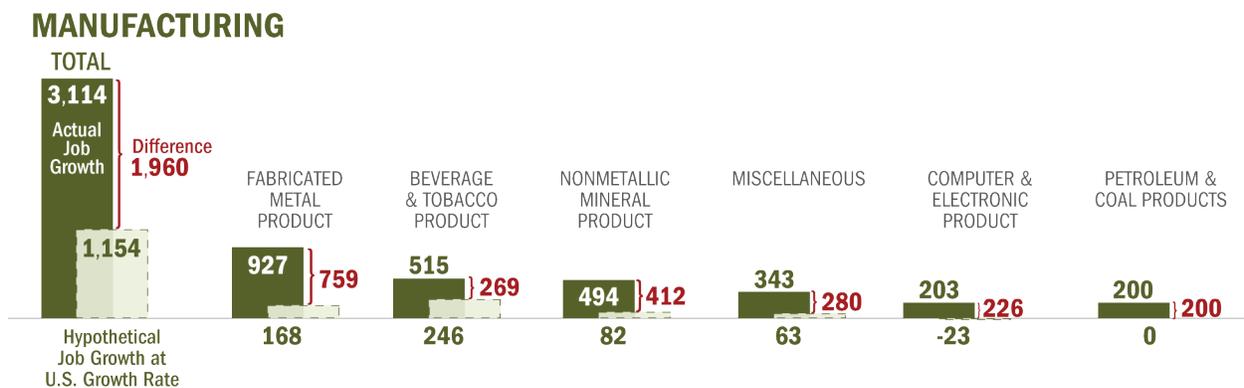


Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW)

Figure 5 also shows actual and hypothetical growth for the six Manufacturing subsectors that added the most jobs. Fabricated metals products manufacturing added the most jobs, followed by beverage and tobacco products manufacturing. Jobs within the fabricated metal products manufacturing subsector include machinists and welders. Beverage and tobacco products manufacturing include breweries. Manufacturing job growth was especially strong in the Southwest and North Central region, at 31% and 22%, respectively.

FIGURE 5:
Manufacturing Job Growth

Actual vs. Hypothetical - Montana - 2006-2016



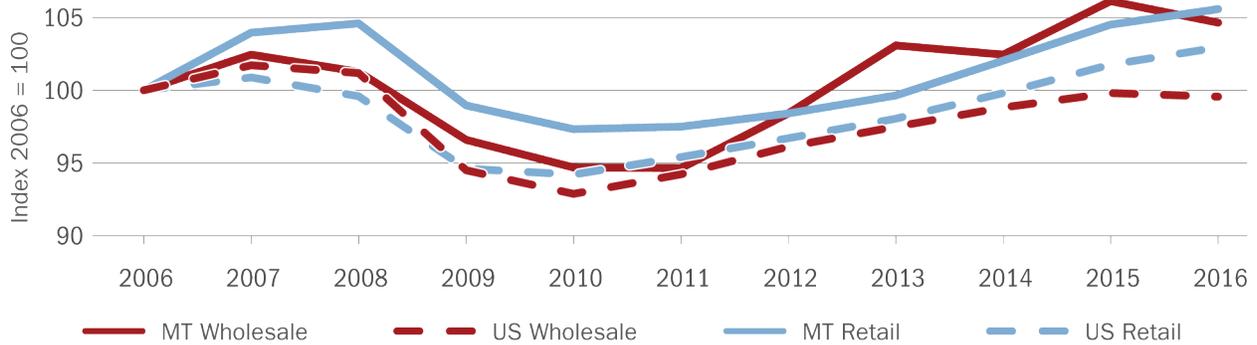
Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW)

Wholesale and Retail Trade

Payroll employment in Retail trade and Wholesale trade stand out in **Figure 2** because they both grew faster in Montana than in the U.S. The stronger growth in Retail trade is especially important because it is Montana's second largest industry for private employment. Of the twelve subsectors that make up Retail trade, the food and beverage stores subsector, general merchandise stores subsector, motor vehicle and parts dealers subsector, and gasoline stations subsector added the most jobs in Montana. Employment in general merchandise stores was the only subsector of these four to grow slower than the U.S. While most employment within the twelve retail subsectors increased, employment in clothing and clothing accessories stores declined by 15.8%, compared with a decline of 7.5% in the U.S. (see **Figure 6**).

FIGURE 6:
Wholesale and Retail Job Growth Indexed to 2006 Employment

Montana and United States - 2006-2016



Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW)

The faster growth in Retail trade, particularly in the four subsectors that added the most jobs, is likely due to strong population growth in the eastern part of the state and the urban areas. From 2006 to 2016 Montana’s population grew by 9.4% compared to 8.3% in the U.S.³ Gallatin County (including Bozeman and located in the Southwest region) and Richland County (including Sidney and located in the Eastern region) had fastest population growth of approximately 24%. Likewise, employment in Retail trade in the Southwest and Eastern regions exceeded the rest of the state, at 12.9% and 9.5%.

While Wholesale trade is only Montana’s eighth largest industry, it is interesting because it had a positive net employment growth from 2006 to 2016 in Montana while remaining nearly level in the nation as a whole. If Montana had followed the national trend, it would have lost about 70 jobs. Instead, Wholesale trade grew by over 770 jobs as shown in **Figure 7**.

This growth is especially interesting when looking at the three subsectors that make up Wholesale trade. Although each Wholesale trade subsector grew faster than its U.S. counterpart, employment in Montana’s electronic markets and agents and brokers subsector significantly surpassed national growth, at 48% compared to 14%. And although this subsector is the smallest of the three, it added the most amount of jobs to the industry (over 600). Typical jobs in this subsector are sales representatives and customer services representatives who arrange the sale of goods owned by others. Most of the growth in this subsector was in Gallatin County, Yellowstone County, Missoula County, and Flathead County.

FIGURE 7:
Wholesale Trade Job Growth
Actual vs. Hypothetical - Montana - 2006-2016



Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW)

3 U.S. Census Bureau.

Professional and Technical Services

Although payroll employment in the Professional and technical services industry grew slower in Montana than in the U.S., the industry is interesting to watch as it continues to develop in the state. The computer systems design and related services subsector and the management and technical consulting services subsector added the most jobs, around 1,400 and 620, respectively. While both these subsectors had very strong growth, they did not match the rate of the U.S. Computer systems design and related services grew by 48% in Montana over the last ten years, and 55% in the nation. Management and technical consulting services grew by 36% in Montana, and 46% throughout the nation. **Figure 8** shows actual job growth, hypothetical job growth, and the difference.

Professional and technical services payroll employment is displayed by region in **Figure 9**. The Southwest region (including Gallatin county) stands out because not only is it the fastest growing region, but it is growing faster than the U.S. making it a unique trend to the region. Employment in Professional and technical services seem to cluster in the larger counties. Nearly three-quarters of this industry's employment is within Yellowstone county, Gallatin county, Missoula county, Lewis and Clark county, and Flathead county. Total private employment in these counties is only 62% of the total. This clustering in the more urban areas may help explain the negative growth in the North Central and Eastern regions.

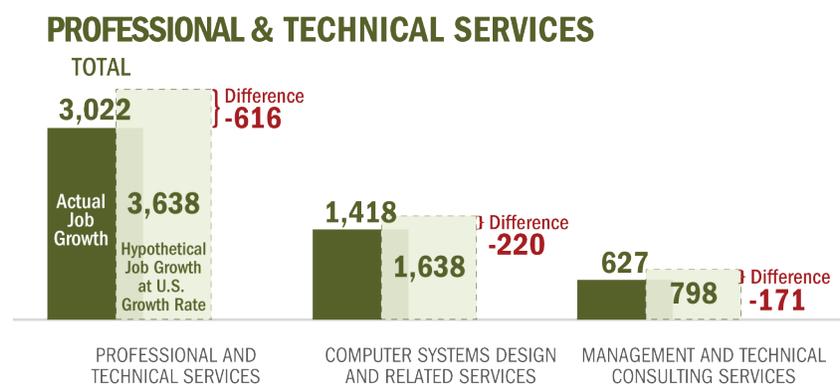
Conclusion

Comparing Montana to U.S. payroll employment growth helps identify different

strengths of Montana's economy. Although Montana's largest and fastest-growing industries typically get recognized as the job creators, it is the smaller and slower-growing industries that have helped Montana outpace the nation in terms of payroll employment growth. Manufacturing, Retail trade, Wholesale trade, Construction, and Other services stand out as the industries that have grown faster than the U.S. and ultimately led to employment in the entire state growing faster than the nation.

FIGURE 8:
Professional & Technical Services Job Growth

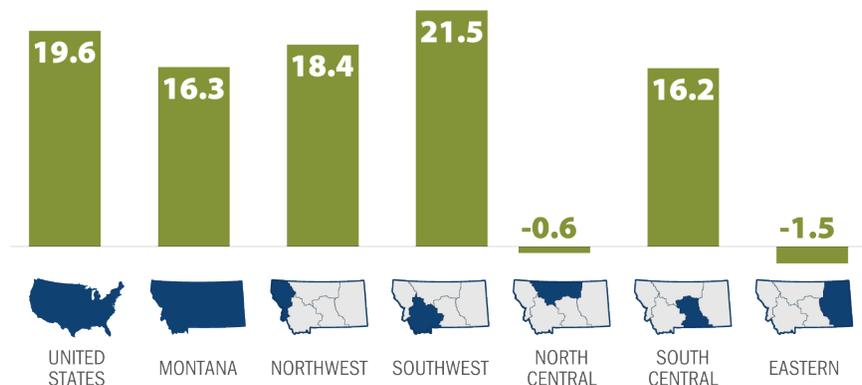
Actual vs. Hypothetical - Montana - 2006-2016



Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW)

FIGURE 9:
Professional and Technical Services Job Growth by Region

Montana - 2006-2016



Source: Montana Department of Labor & Industry, Quarterly Census of Employment and Wages (QCEW)