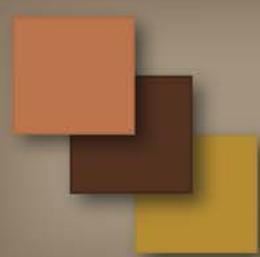


What's Happening on Main Street Montana

Main Street Montana Project Roundtable
Fort Belknap, Montana
July 25, 2013



iClicker Question

Bobcats or Grizzlies? Or Other?

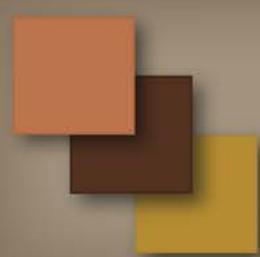
- A. Bobcats
- B. Grizzlies
- C. Other

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Economic Research Center,
Montana State University - Billings**



MSUBILLINGS

Economic Research

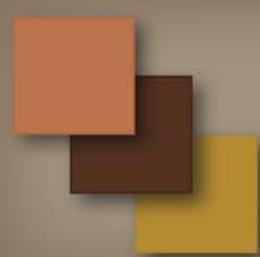


iClicker Questions

What is your gender?

A. Female

B. Male



iClicker Question

What is your role in Montana's economy?

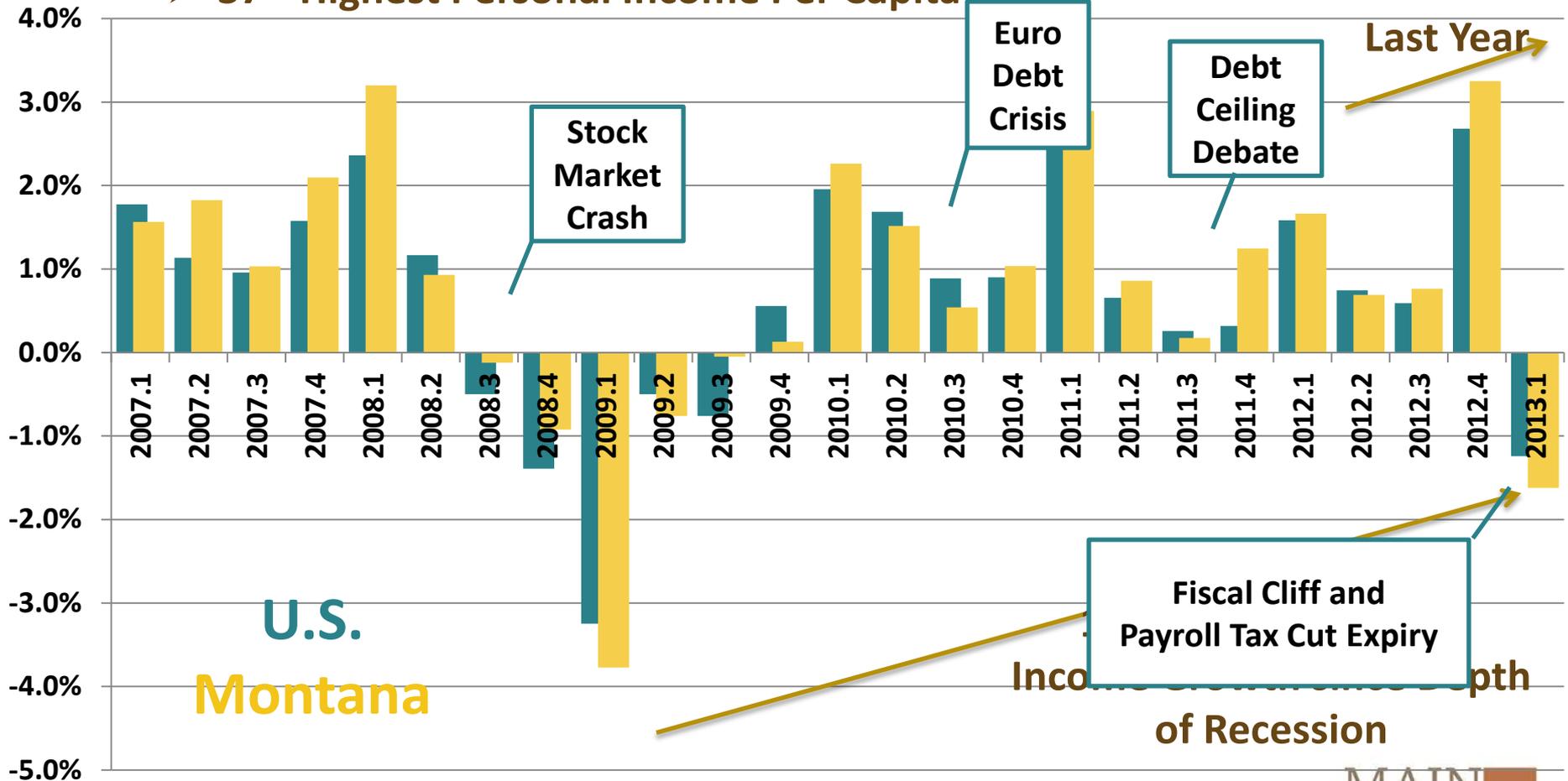
- A. Business owner
- B. Tribal government
- C. Educator or student
- D. Healthcare or non-profit
- E. Other

Montana and U.S. Personal Income Growth

➤ 37th Highest Personal Income Per Capita

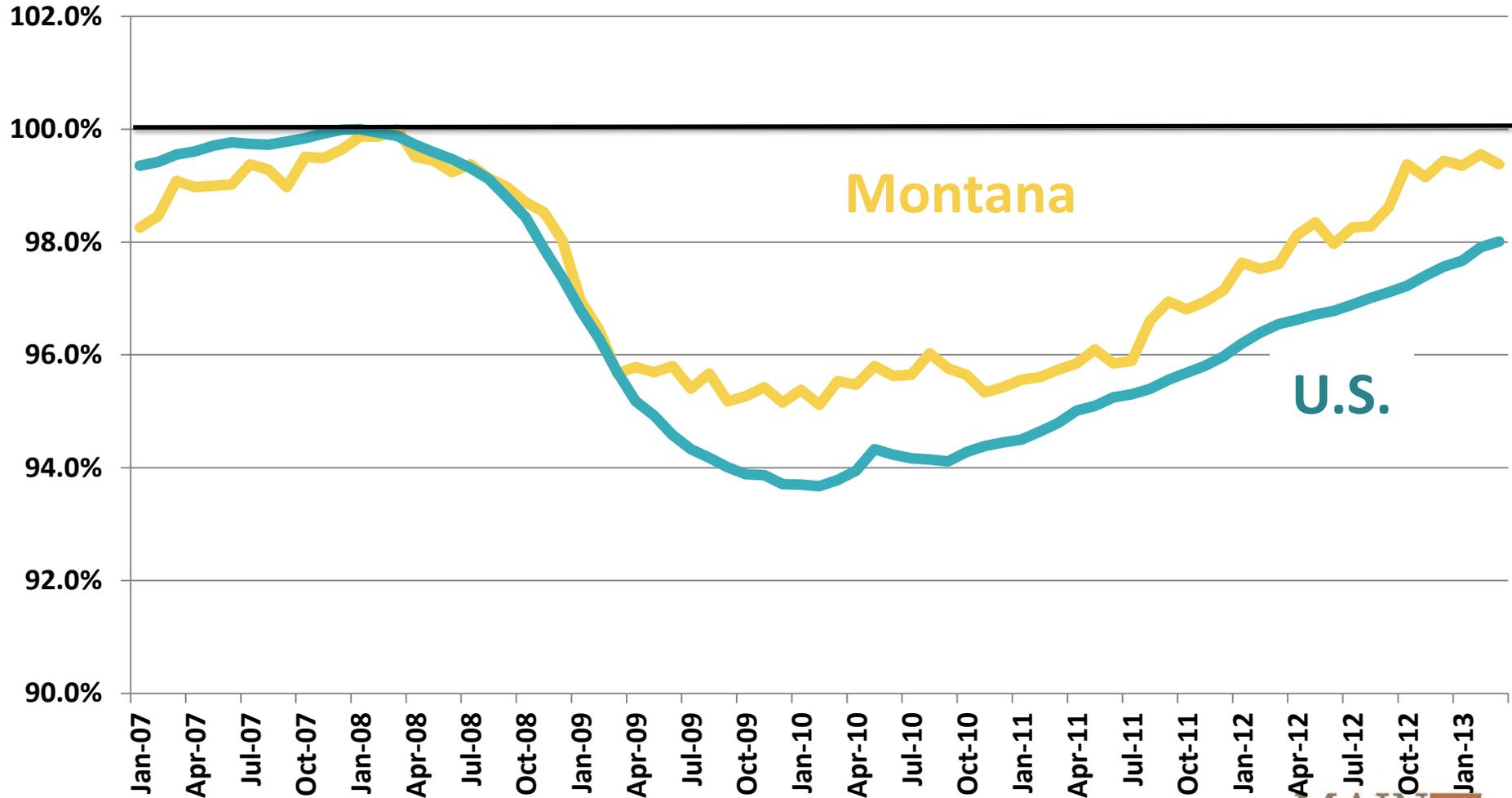
5th Fastest in

Last Year



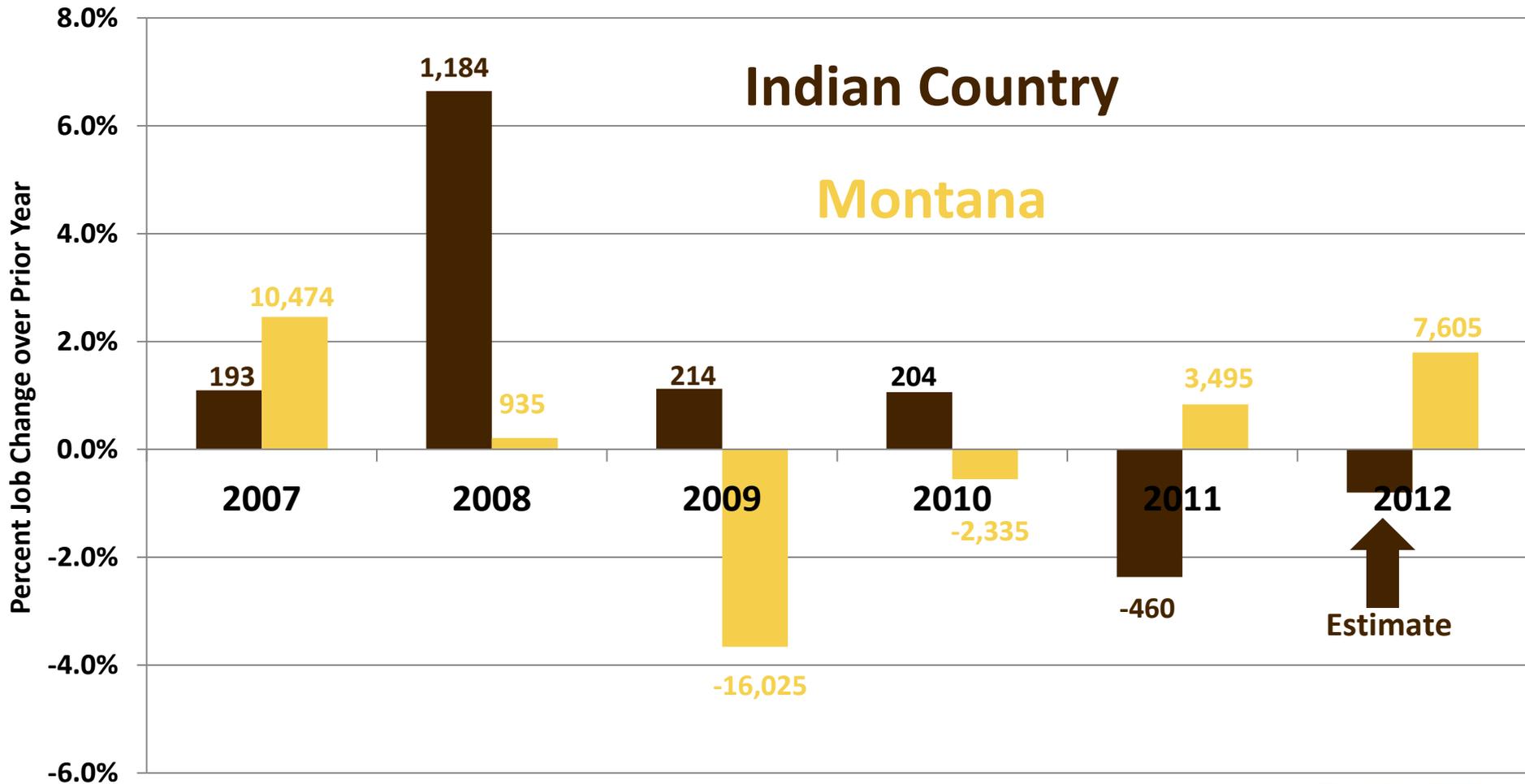
Source: Quarterly Personal Income, Bureau of Economic Analysis, U.S. Dept. of Commerce. 37th in 2012, excludes DC

Payroll Employment Nearly Recovered (Indexed to Peak Employment)



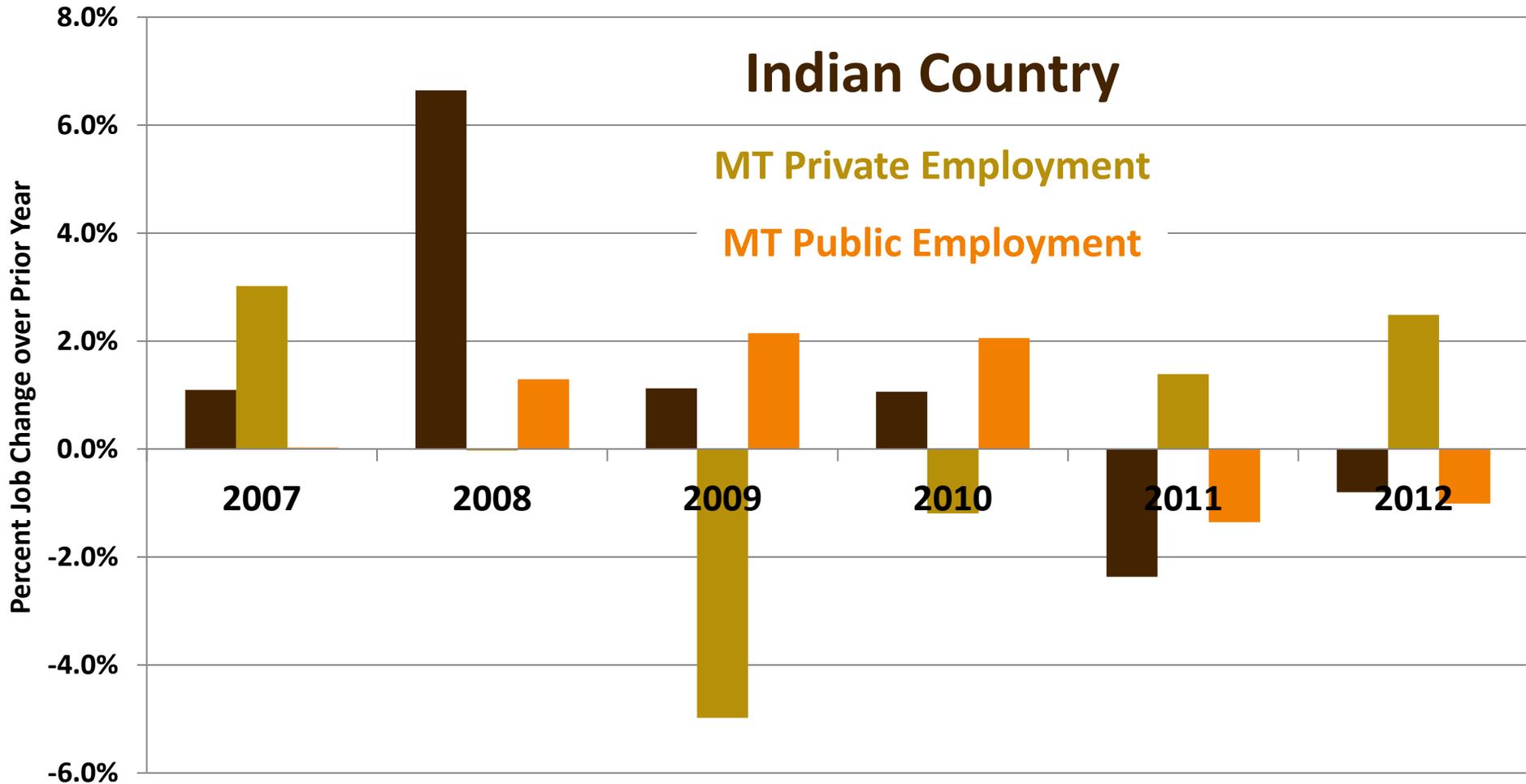
Source: Current Employment Statistics, April 2013 preliminary. Peak employment for Montana occurred in March 2008. U.S. indexed to Jan. 2008 peak. Great Falls to Montana peak in March 2008.

Employment Growth on Reservation Areas Compared to Montana

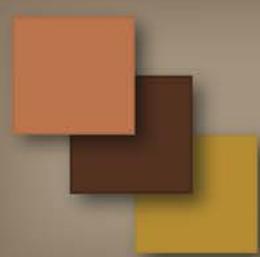


Source: Employment on Montana Reservation Data, Research and Analysis Bureau, Montana Department of Labor and Industry, based on QCEW data. 2012 Reservation Employment Estimate developed from LAUS.

Employment Growth on Reservation Areas Compared to Montana



Source: Employment on Montana Reservation Data, Research and Analysis Bureau, Montana Department of Labor and Industry

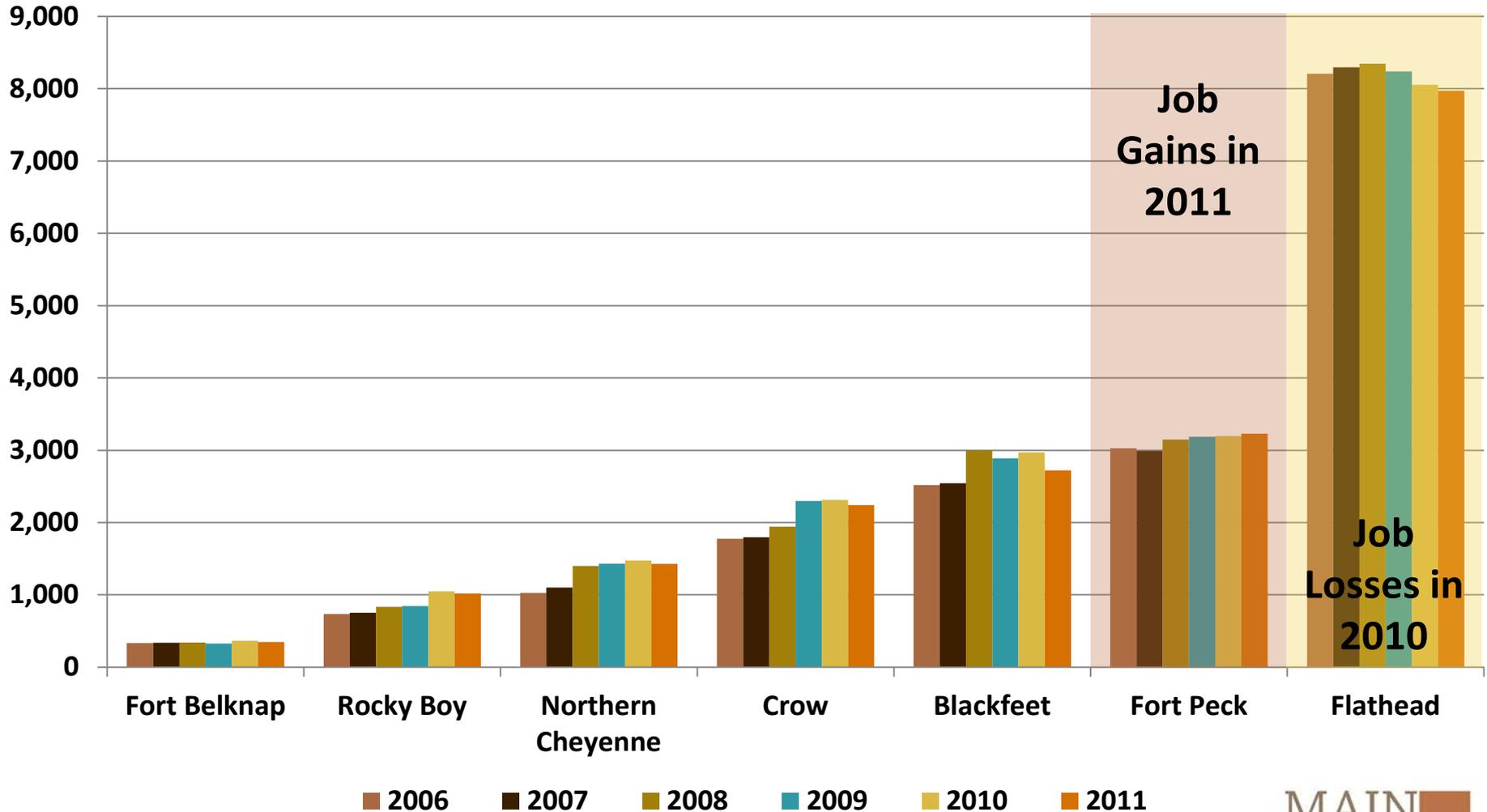


iClicker Question

What area are you from?

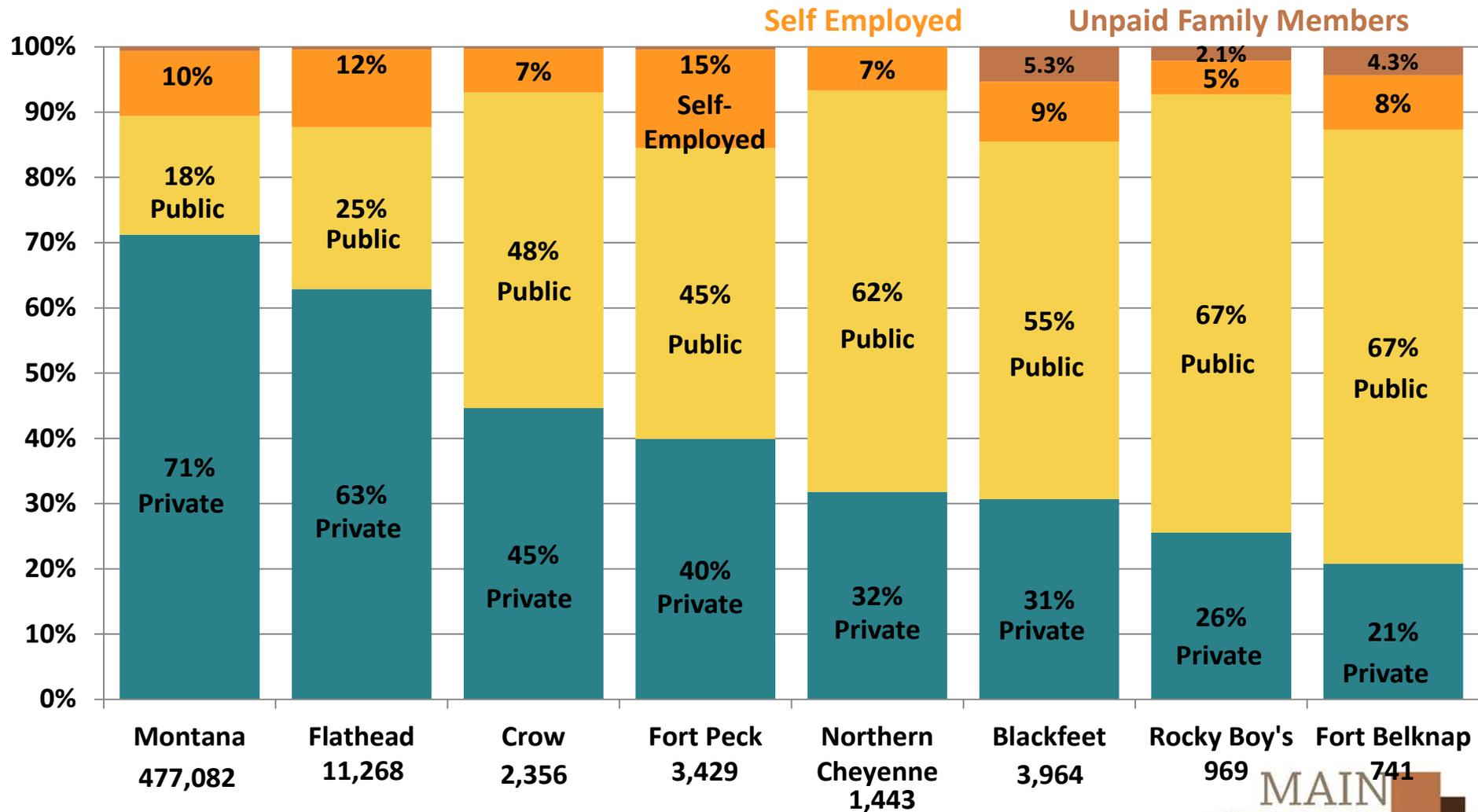
- A. Northern Cheyenne or Crow Reservation
- B. Flathead or Blackfeet Reservation
- C. Fort Belknap or Rocky Boy Reservation
- D. Fort Peck Reservation
- E. Non-reservation area

Employment on Reservation Areas



Source: Reservation Employment Estimates, Research and Analysis Bureau, Montana Department of Labor and Industry

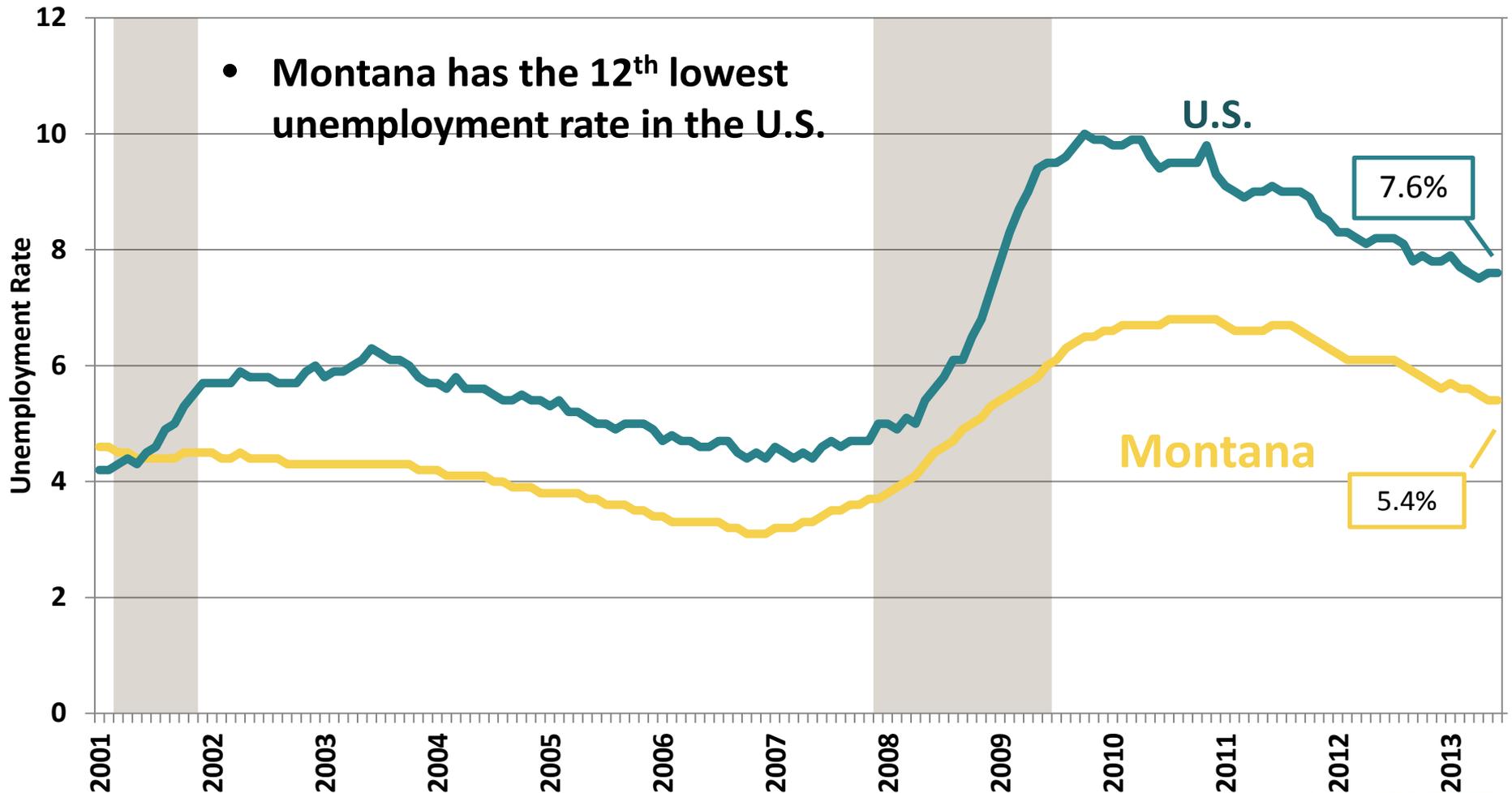
Employment by Employer Class



Source: American Community Survey, 2007-2011. Figures below labels are total employment.

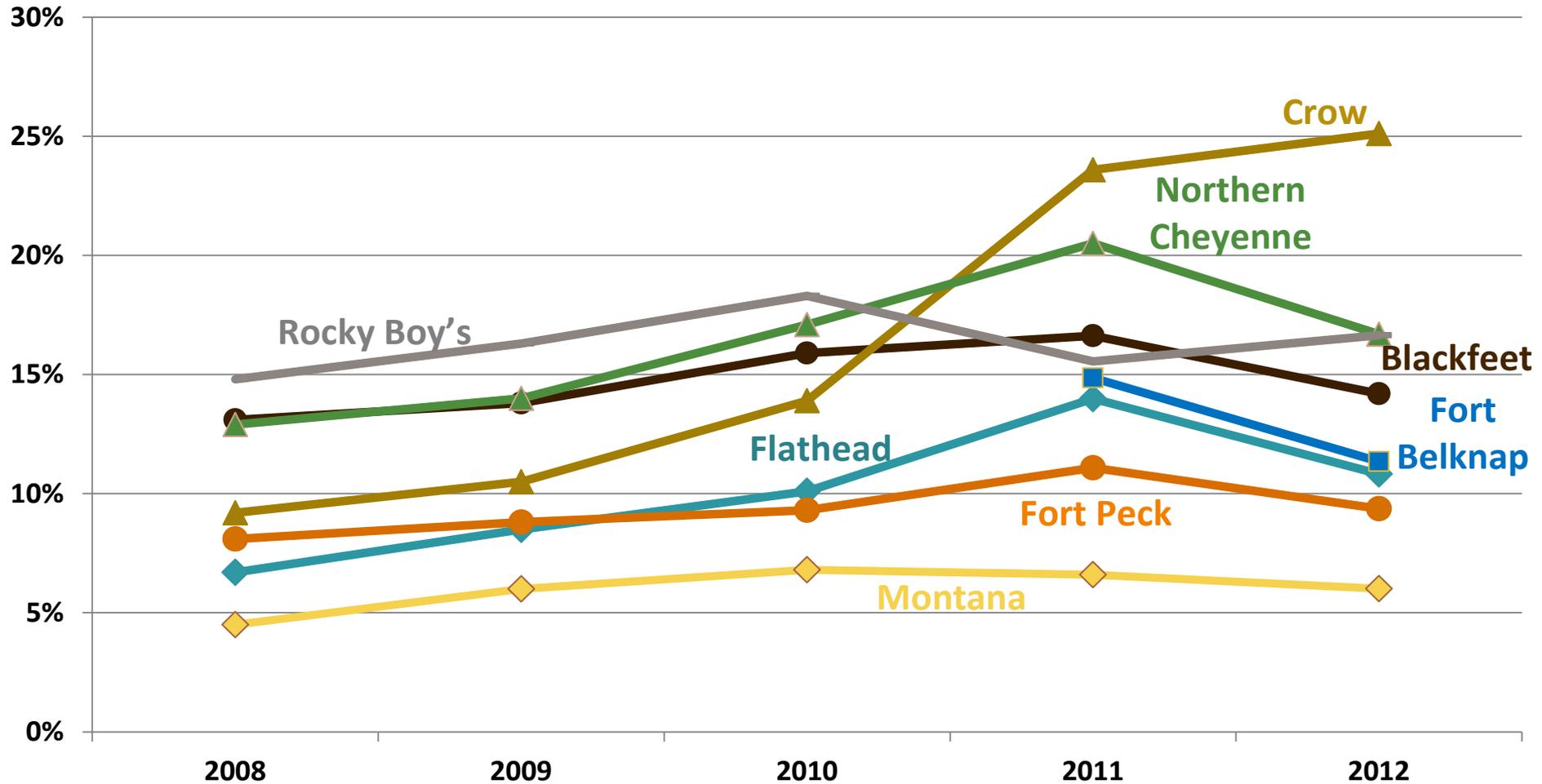
Montana and U.S. Unemployment Rate

- **Montana has the 12th lowest unemployment rate in the U.S.**

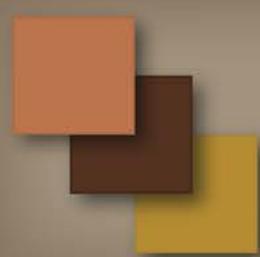


Source: Local Area Unemployment Statistics from MT DLI and the Current Population Survey from BLS. 12th lowest from Annual 2012.

Reservation Annual Unemployment Rates



Source: Reservation unemployment rates, MT Dept. of Labor and Industry, Research and Analysis Bureau.

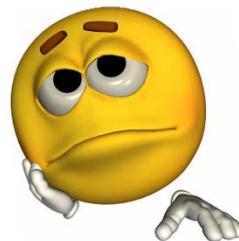
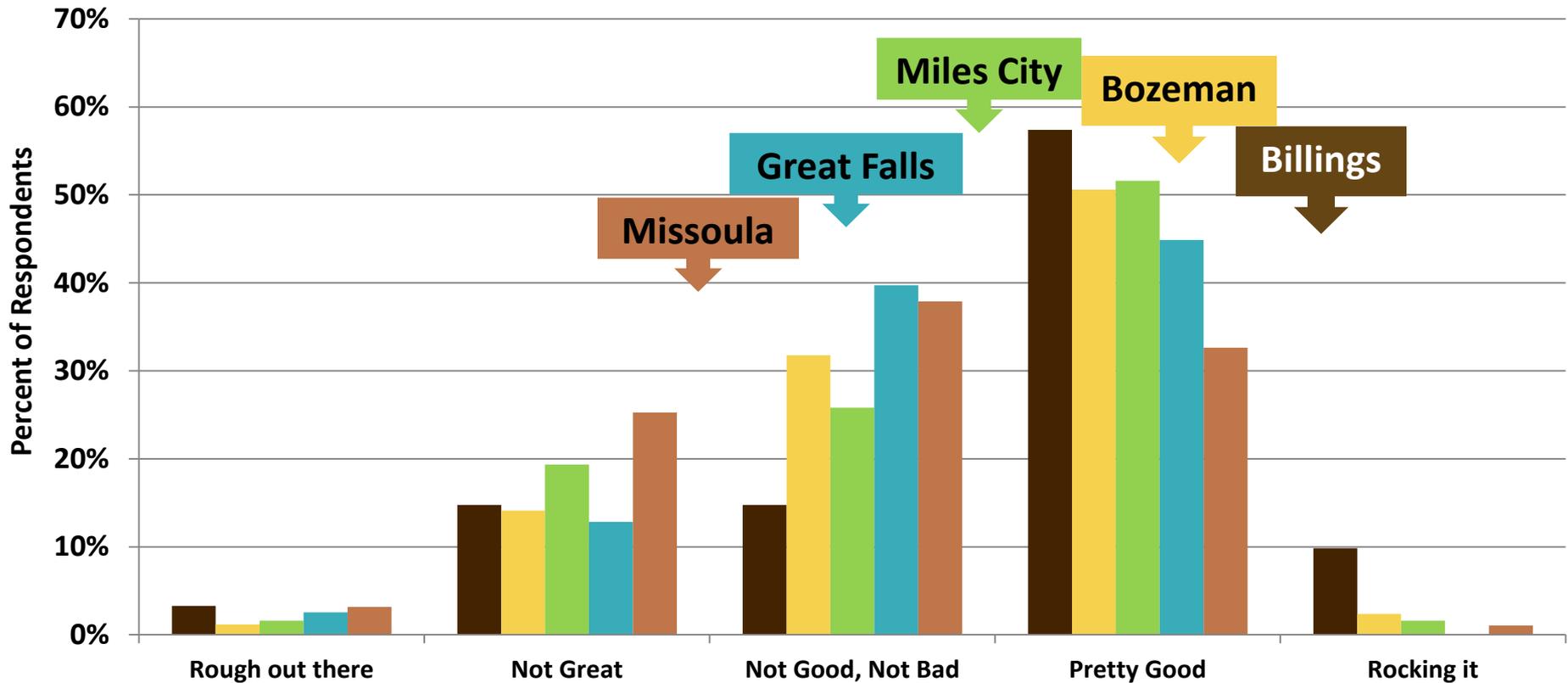


iClicker Question

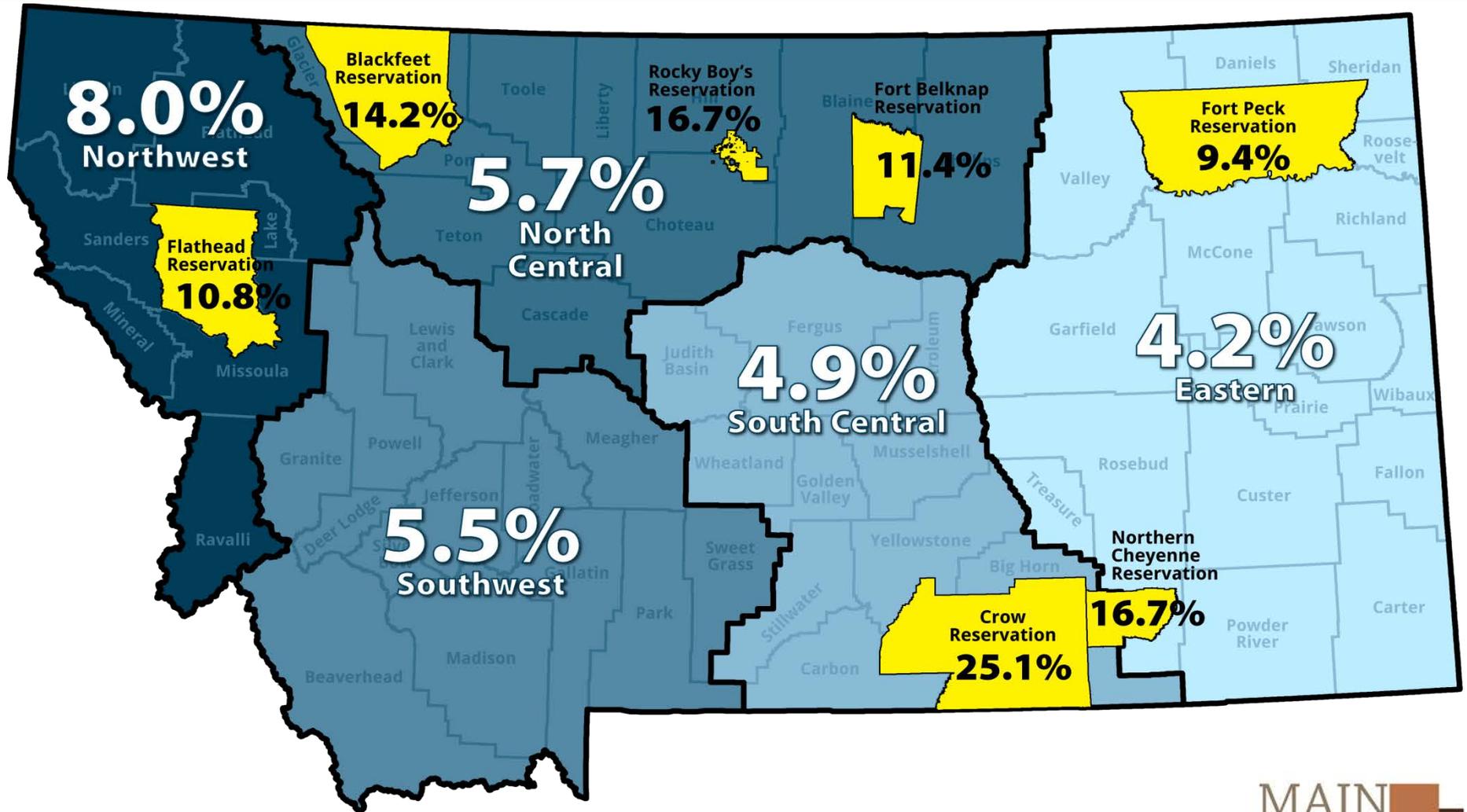
How do you feel our economy is performing right now?

- A. Montana is rocking it!
- B. Doing pretty good, but room for improvement.
- C. Ho hum. The economy isn't good, but it's not bad.
- D. Some people are doing ok, but not the rest of us.
- E. Statistics are lies. It's rough out there.

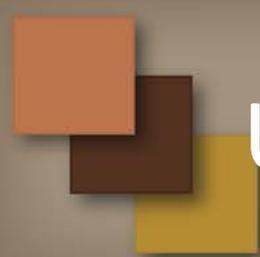
Responses to Current Economic Performance Question



Regional and Reservation Unemployment 2012



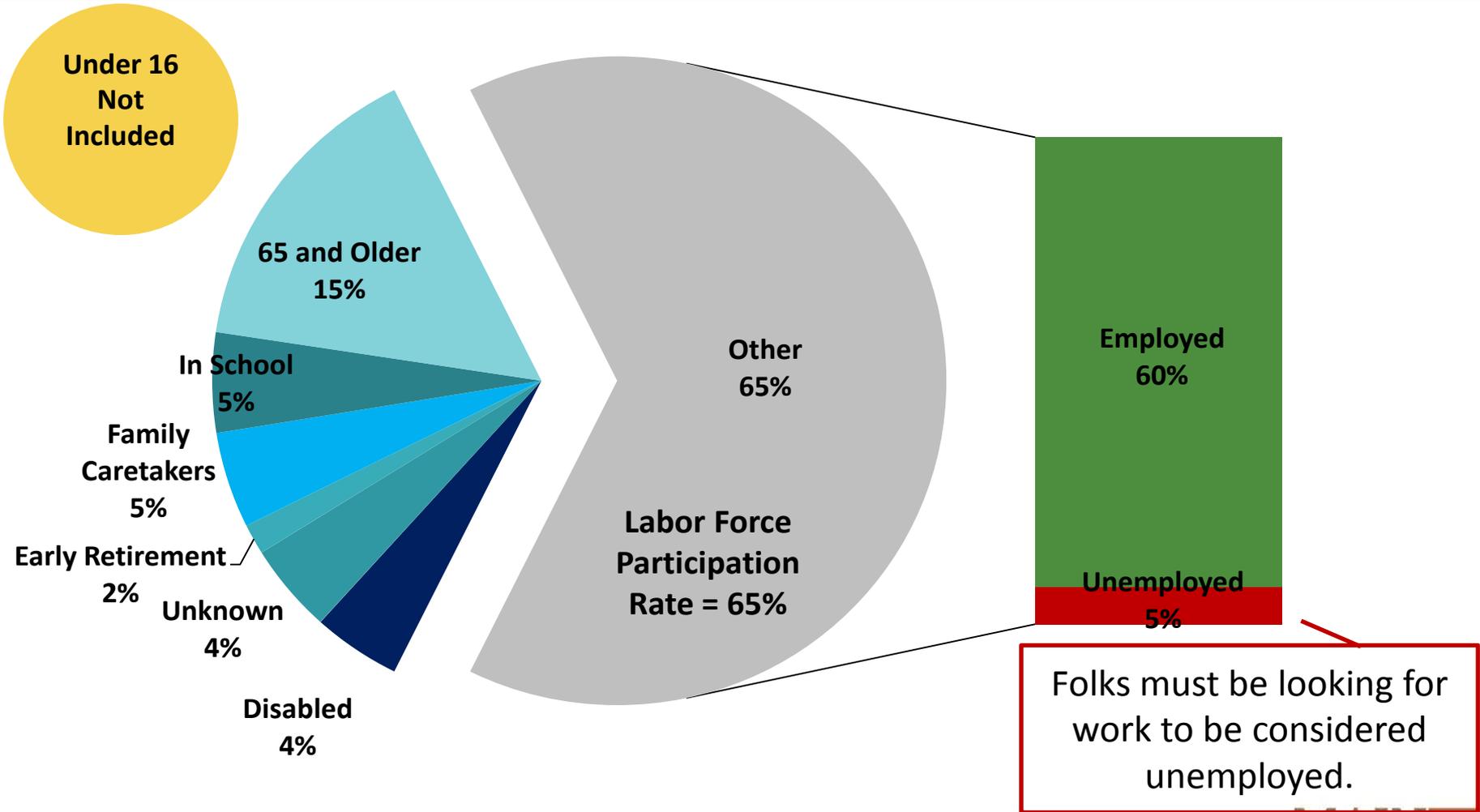
Source: Montana Dept. of Labor and Industry Reservation Unemployment Rates, 2012, and Local Area Unemployment Statistics, BLS and MTDLI.



Understanding Unemployment Rates

| | MT Dept. of Labor | Census Bureau | Bureau of Indian Affairs |
|-------------------|---|---|--|
| Published | Annually, but uses monthly data | Annually, covers multiple years | Last published in 2005 |
| Calculated | Prorated employment based on zip code from multiple sources | Survey-based data | Survey and tribal information |
| Includes | People on reservation working or looking for work | Residents of reservation working or looking for work, (armed forces at state level) | Tribal members 16-65 years, not disabled or incarcerated |
| Purpose | Comparability to state and county unemployment rates | Data on race and geography | One figure to measure economic status of tribe |
| Fort Belknap Rate | 16.5% | 19.8% | 68.5% |

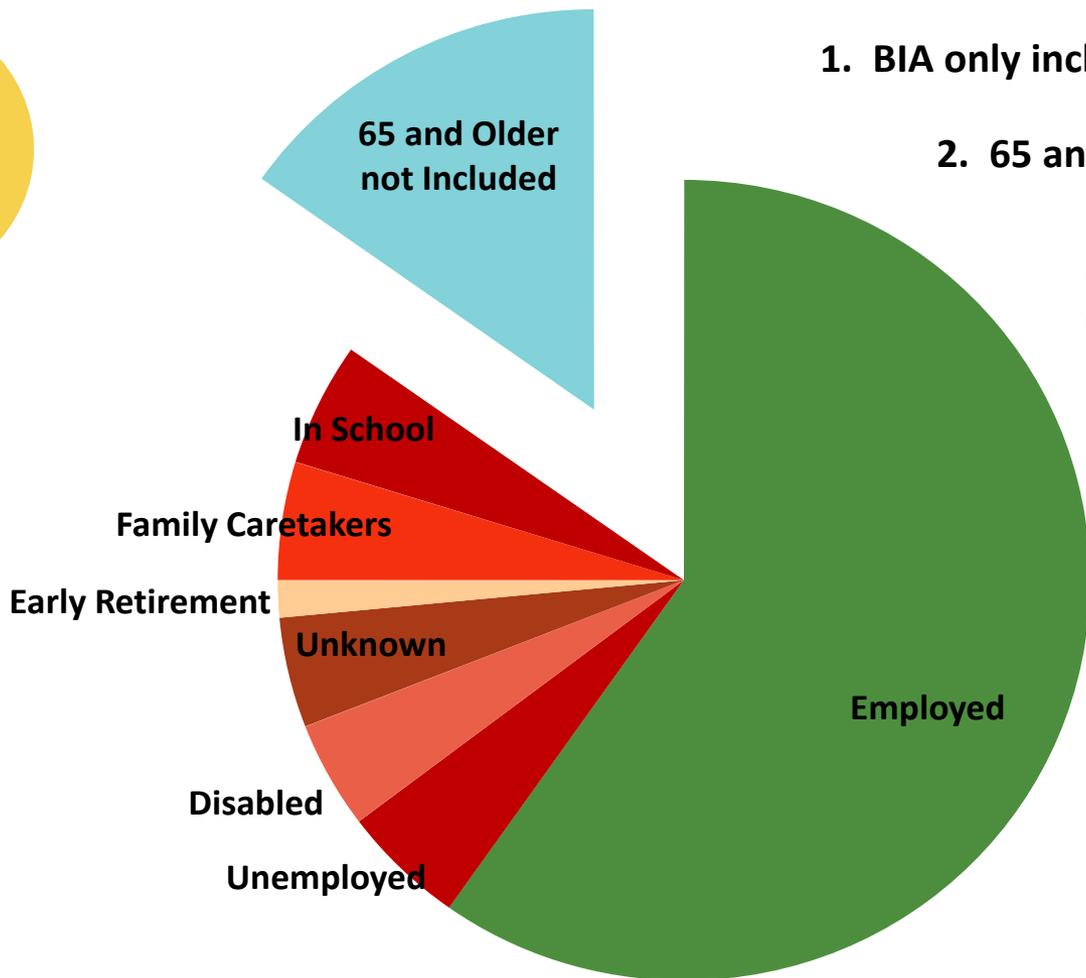
Department of Labor Unemployment Rates



Source: Data compiled by MT Dept. of Labor, Research and Analysis based on American Community Survey micro data from 2009-2011 available through data ferret. Percentages are of full civilian population.

Differences between Labor and BIA Unemployment rates

Under 16
Not
Included



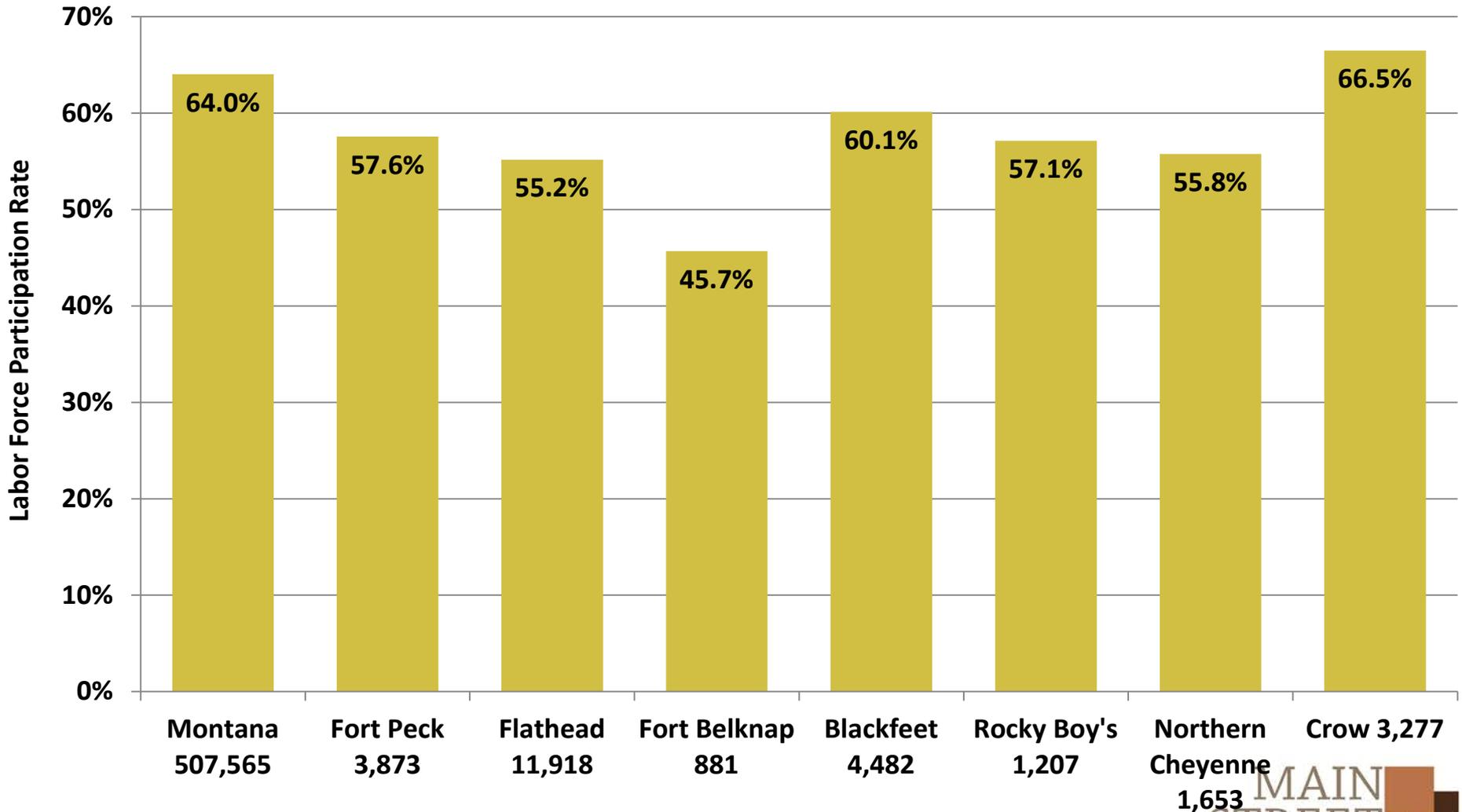
1. BIA only includes tribal members.

2. 65 and Older not included.

3. All others not working are considered unemployed instead of not in labor force.

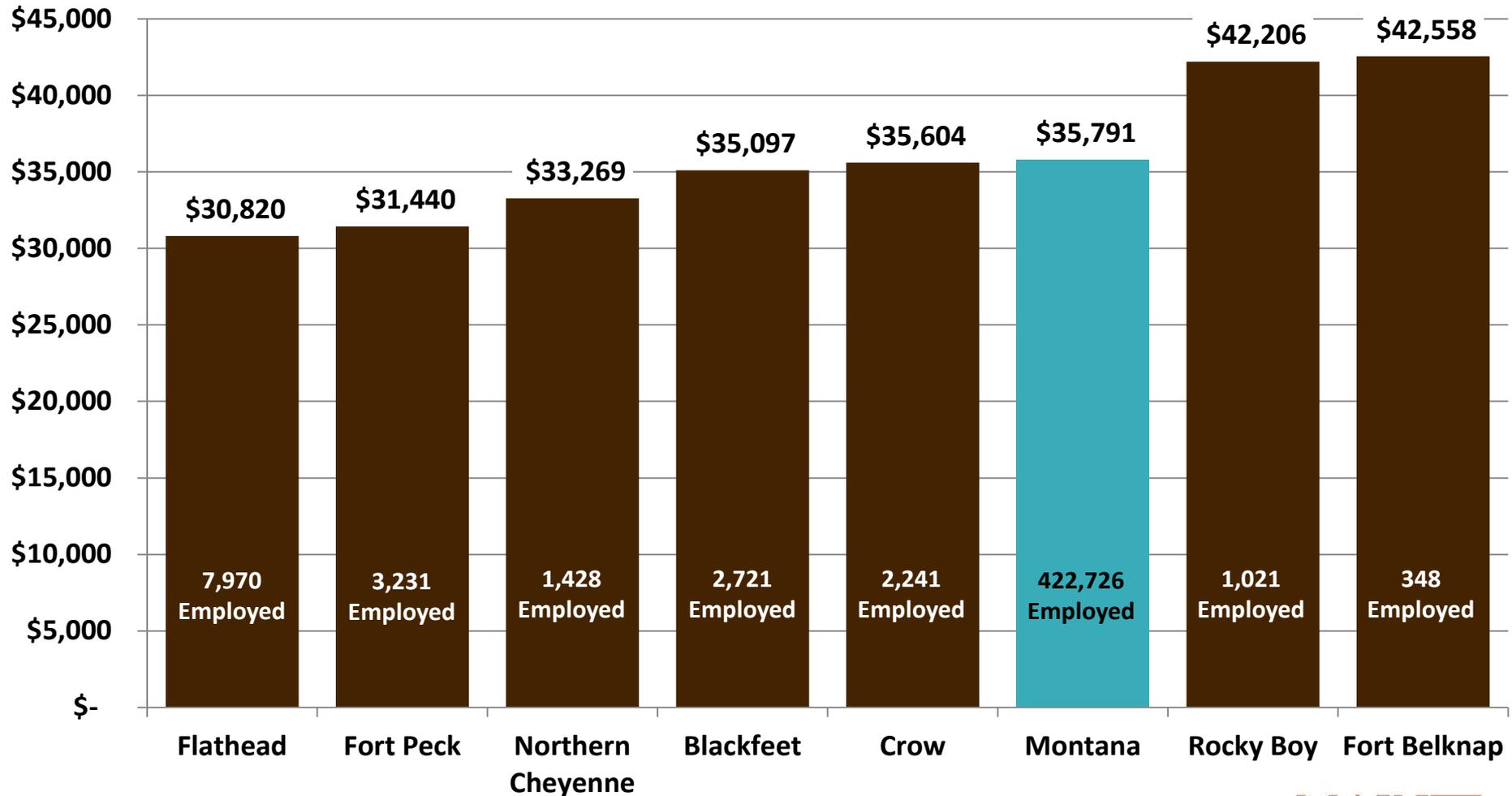
Source: Data compiled by MT Dept. of Labor, Research and Analysis based on American Community Survey micro data from 2009-2011 available through data ferret. Percentages are of full civilian population.

Labor Force Participation on Reservation Areas



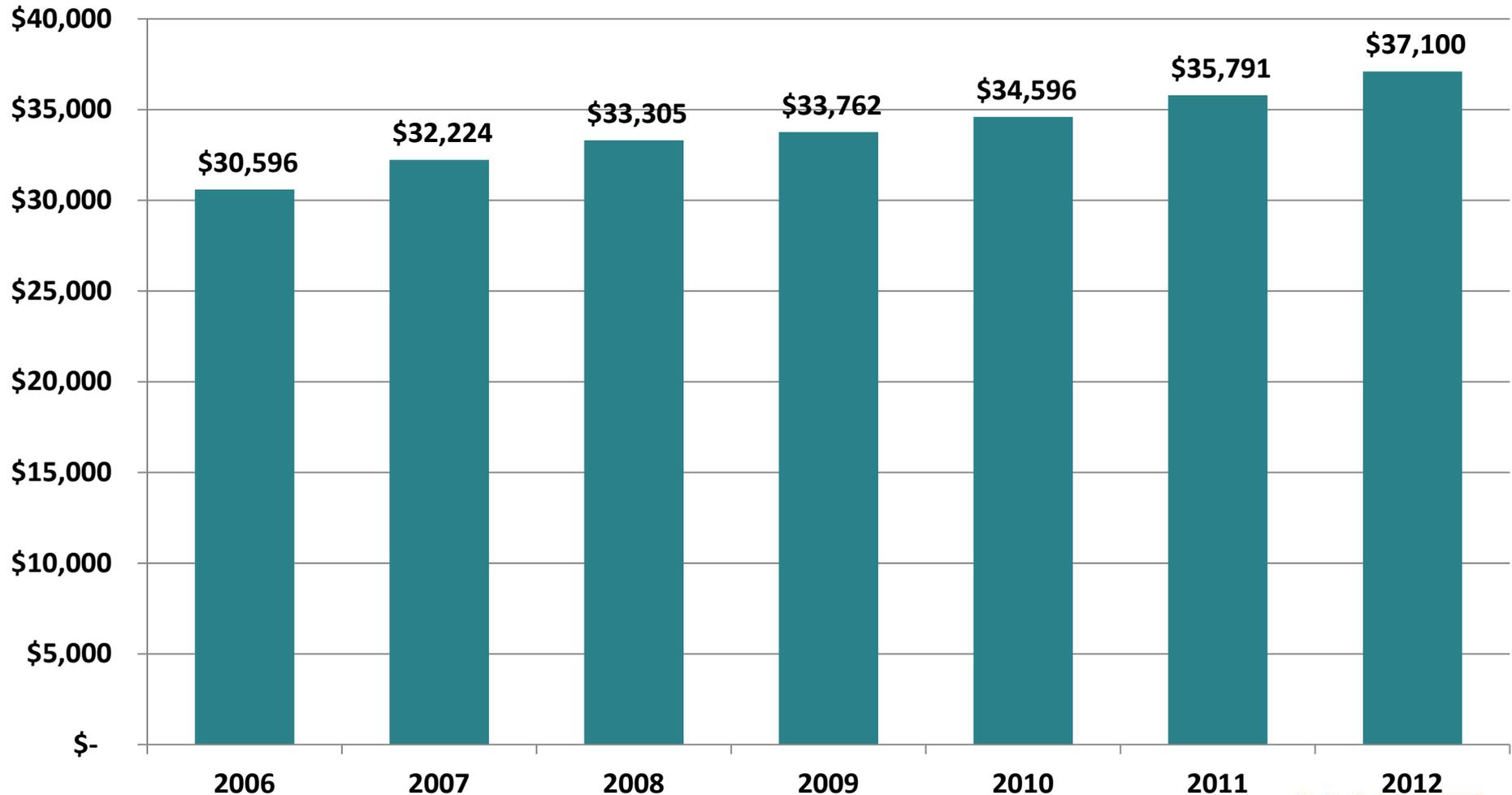
Source: American Community Survey, 2007-2011. Figures below labels are total labor force.

2011 Average Annual Wage by Geography

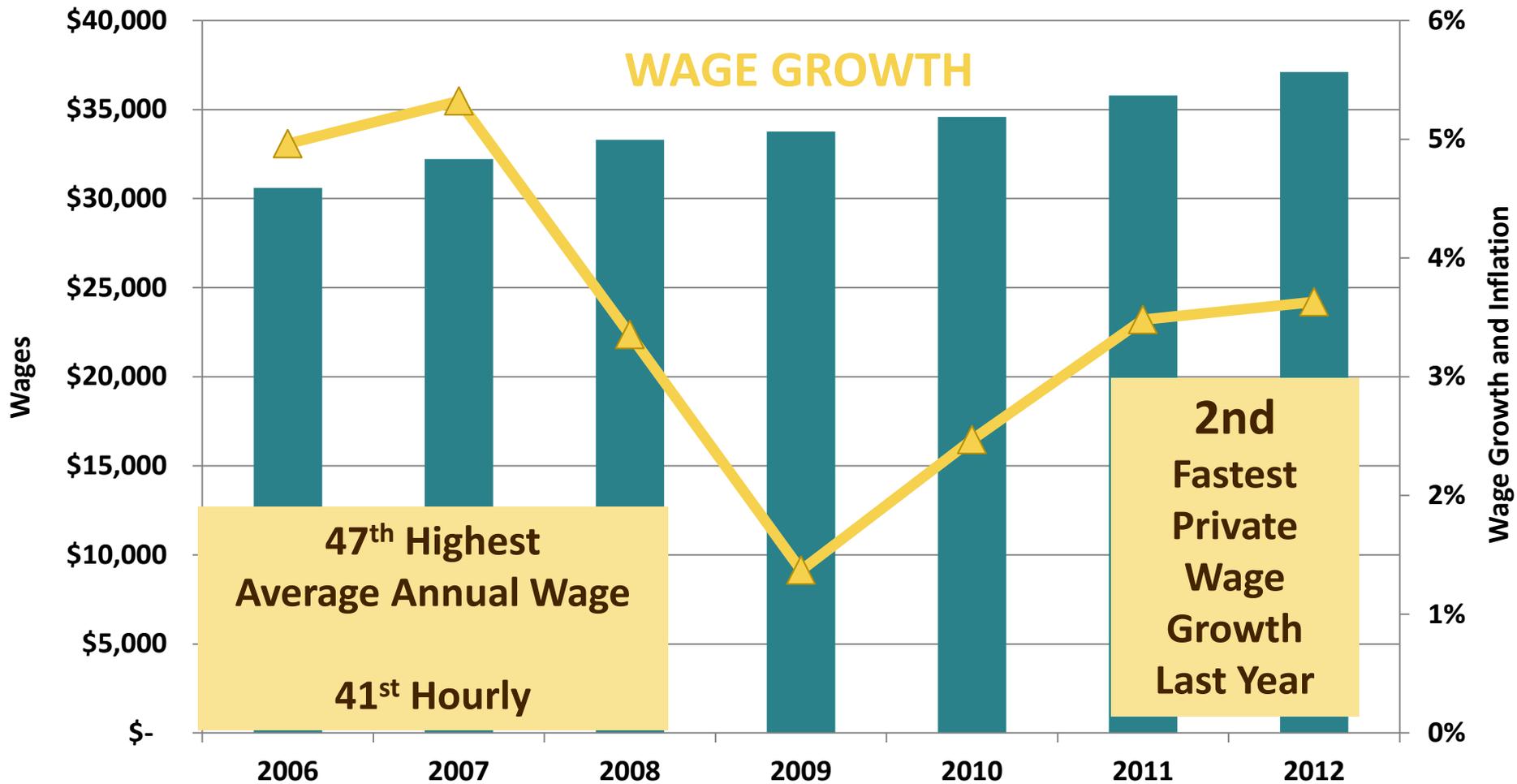


Source: Quarterly Census of Employment and Wages, plus reservation data by Research and Analysis Bureau, Montana Department of Labor and Industry

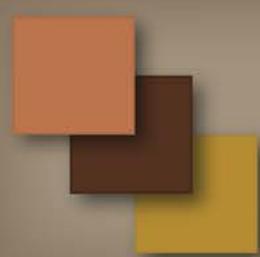
Montana Average Annual Wages



Montana Average Annual Wages



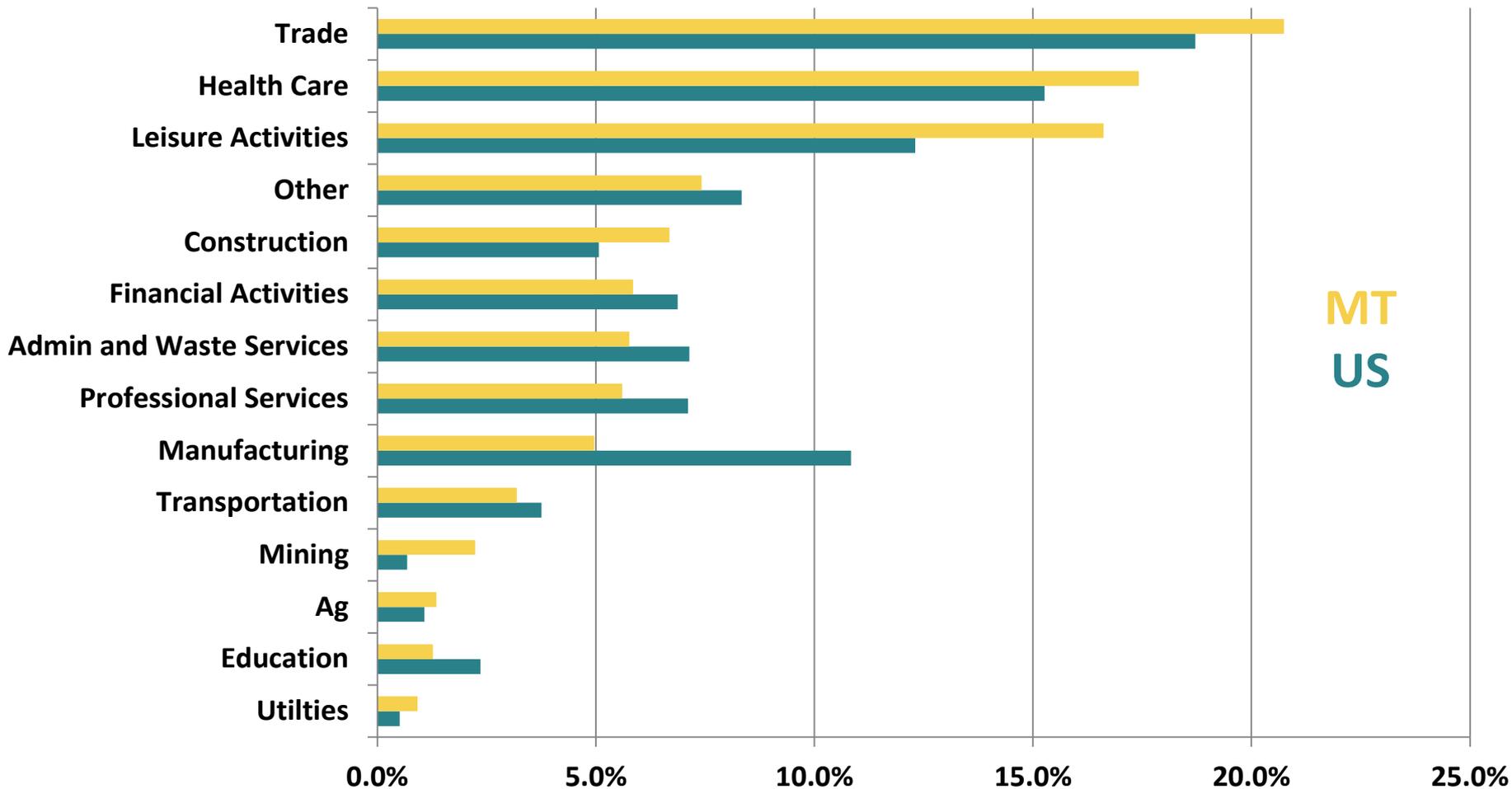
Source: Quarterly Census of Employment and Wages, BLS, and MT DLI. 4th and 2rd determined by 2012 QCEW, 41st by Occupational Employment Statistics, 2012.



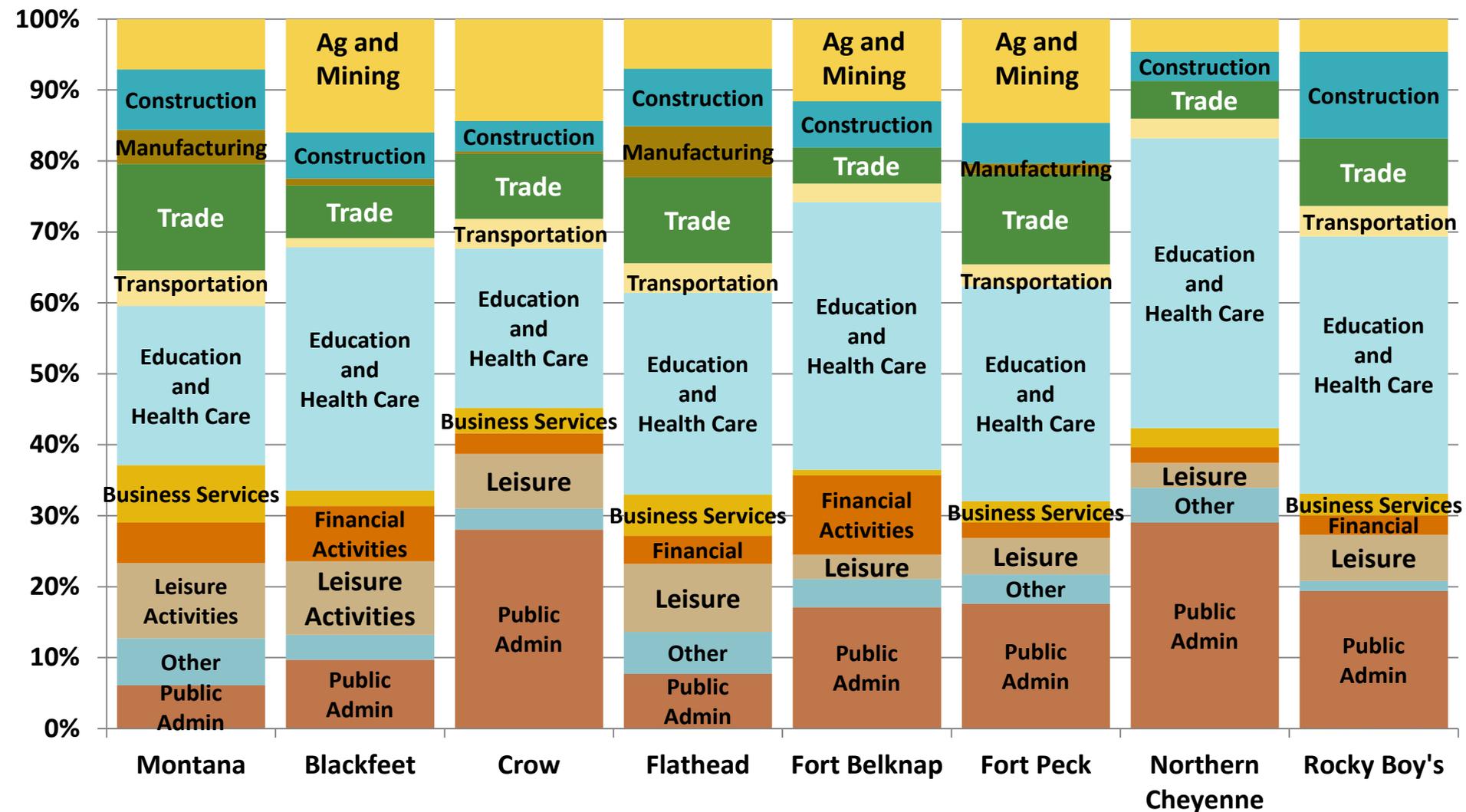
Take Away Points

- Montana's economy is growing quickly,
 - Faster income growth,
 - Faster job growth,
 - Faster wage growth, and
 - Lower unemployment than the nation.
- But we have a long way to go.
 - What are we doing right?
 - What do we need to work on?
- How are we different from other state's economies?

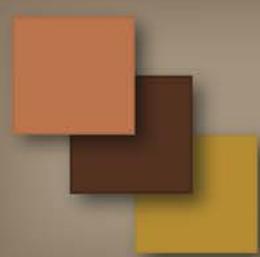
Comparative Industry Private Employment: U.S. and Montana



Employment by Industry



Source: American Community Survey, 2007-2011.

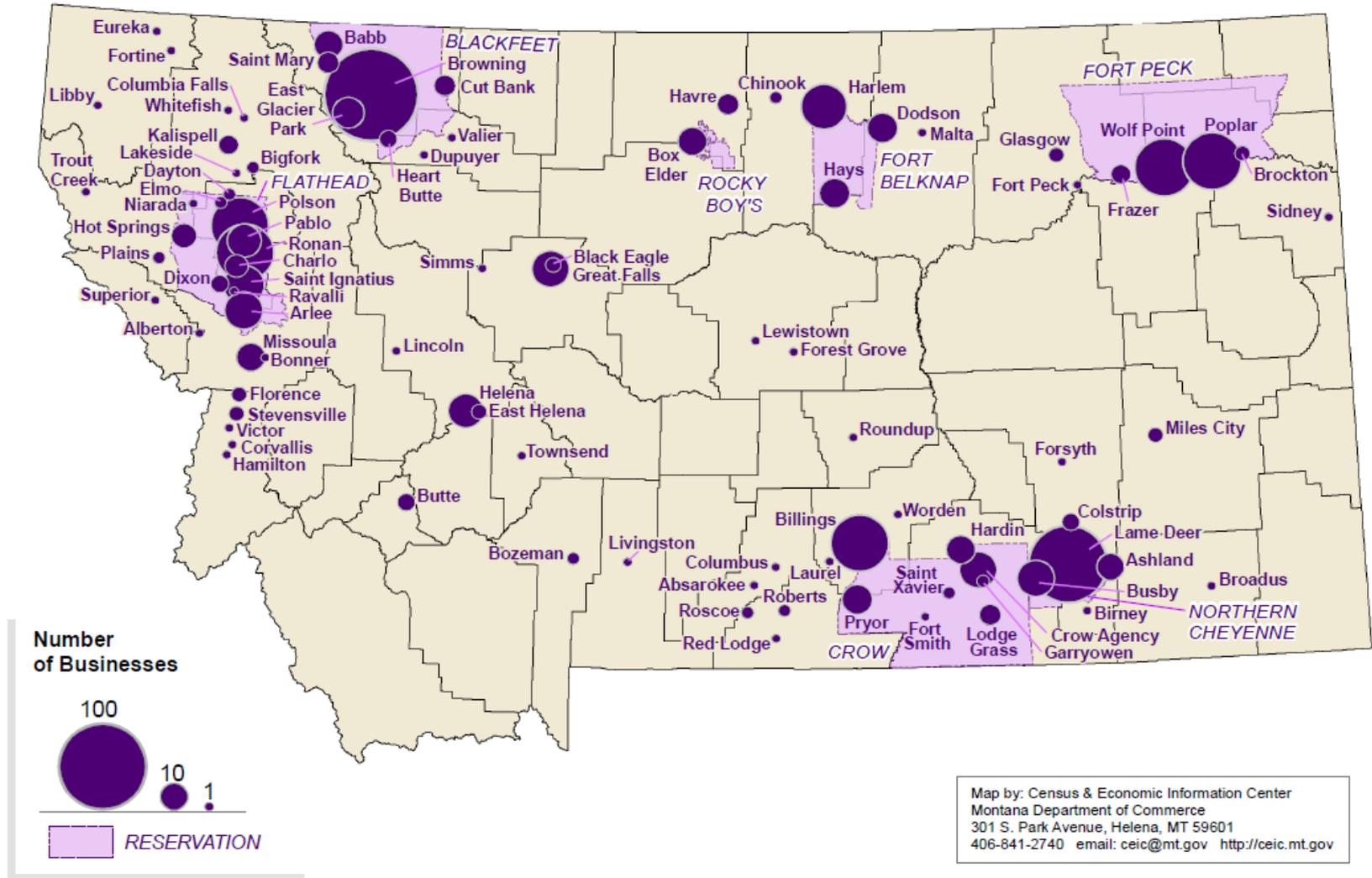


iClicker Question

What industry do you represent?

- A. Wholesale or retail trade
- B. Government
- C. Healthcare
- D. Education
- E. Other

Location and Count of American Indian Owned Businesses

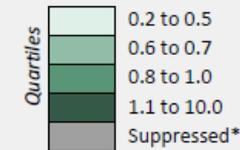


Comparison to Other States

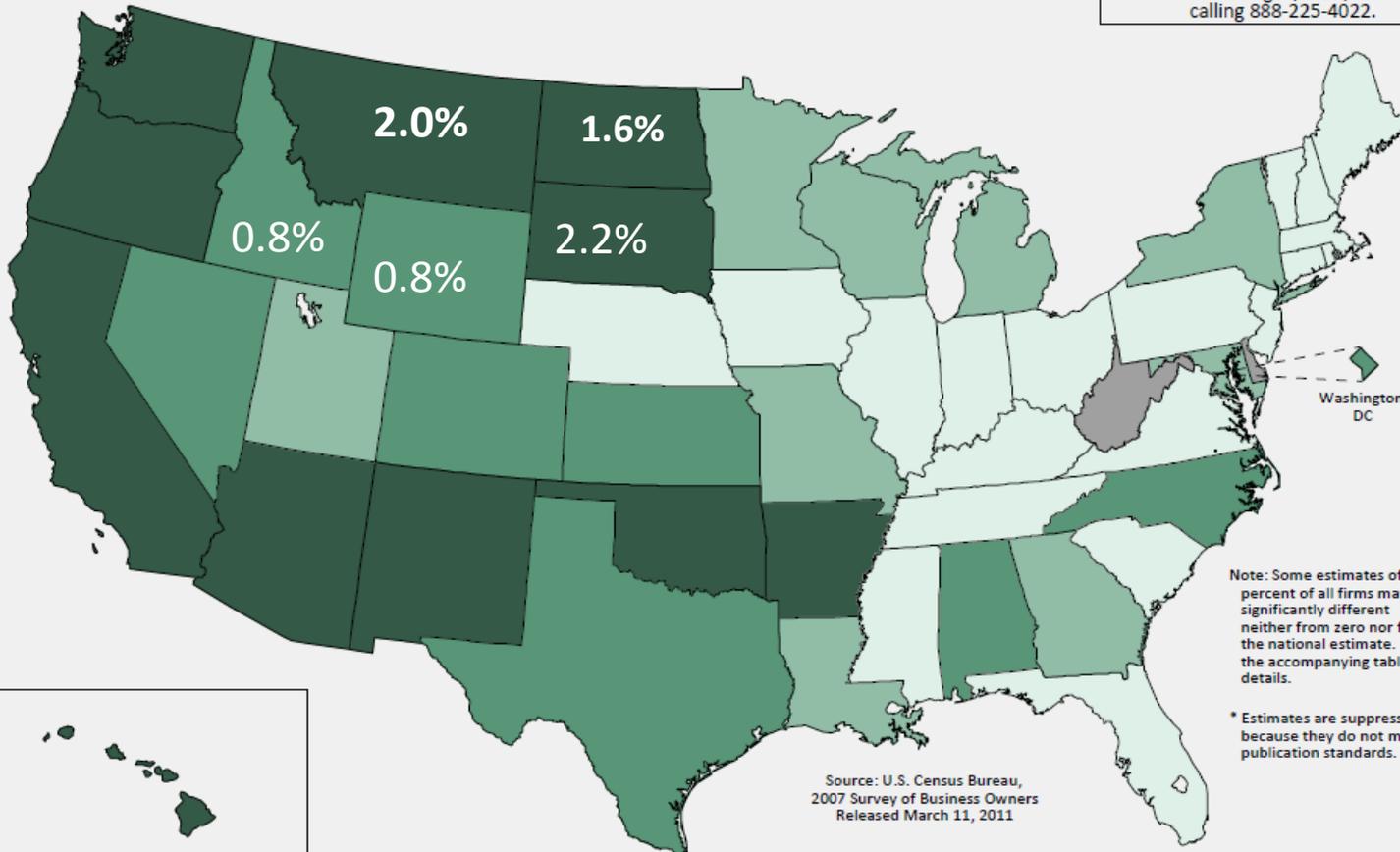
American Indian- and Alaska Native-Owned Firms

Percent of All Firms in Each State: 2007
 Percent of All Firms in the United States: 0.9

Percent of All Firms



More information is available at www.census.gov/econ/sbo or by calling 888-225-4022.



American Indian and Alaska Native Share of Population

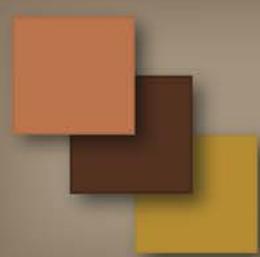
SD = 10.0%
 MT = 7.8%
 ND = 6.2%
 WY = 3.8%
 ID = 2.4%

Note: Some estimates of percent of all firms may be significantly different neither from zero nor from the national estimate. See the accompanying table for details.

* Estimates are suppressed because they do not meet publication standards.

Source: U.S. Census Bureau, 2007 Survey of Business Owners Released March 11, 2011

Source: 2007-2011 American Community Survey



Take Away Points

- Montana and Reservations are more concentrated in Government than the U.S.
- Montana has a higher level of American Indian-owned firms than other states, but not yet proportional to population.
- Each reservation has a different industry mix – regional differences are important to economic planning.
- What does economic theory say about economic development?

Economic Concept Map

Capital

- Assets and Savings
- Machines and Plants
- Productive Equipment

Technology

- Process that combines Labor, Capital, and Inputs
- Work smarter, not harder
- Efficiency of production

Output

Labor

- Workers
- Human Capital
- Education and Training

Other Inputs

- Other inputs needed to produce a firms output

Role of Capital in Economy

- Equipment needed to produce output.

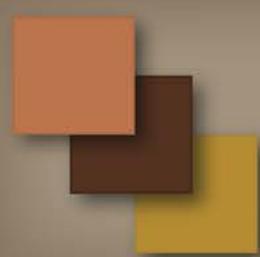


- Replace deteriorating equipment.



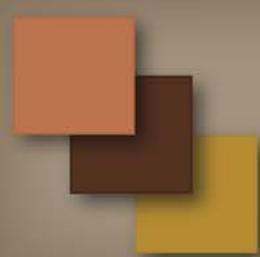
- Enhance worker productivity by upgrading equipment.





Role of Capital in Economy

- Equipment needed to produce output.
 - Replace deteriorating equipment.
 - Enhance worker productivity by upgrading equipment.
- Increase
Current
Production**
- Provide enhanced ability to spend in the future.
 - Assets to borrow against.
 - Savings for future consumption.
- Increase
Potential
Production**



How to Increase Capital

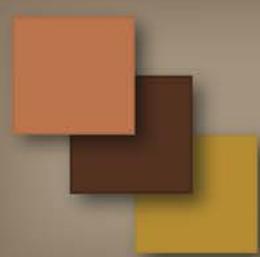
1. Increase Dollars Entering Economy

- Exports

Montana Foreign Exports



Source: Exports including services from the Brookings-Rockefeller Project on State and Metropolitan Innovation.



How to Increase Capital

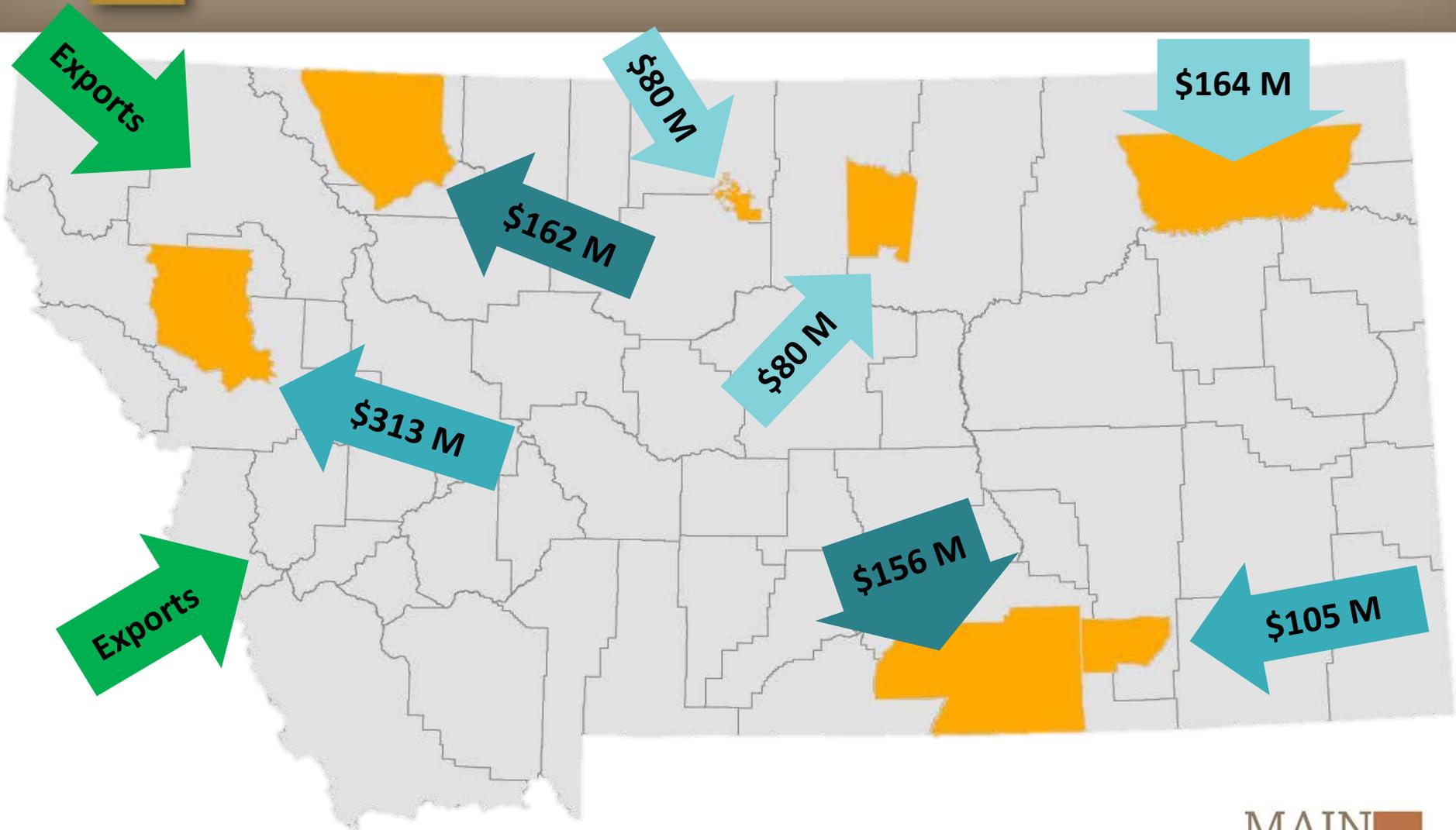
1. Increase Dollars Entering Economy

- Exports

2. Retain Dollars Within Community

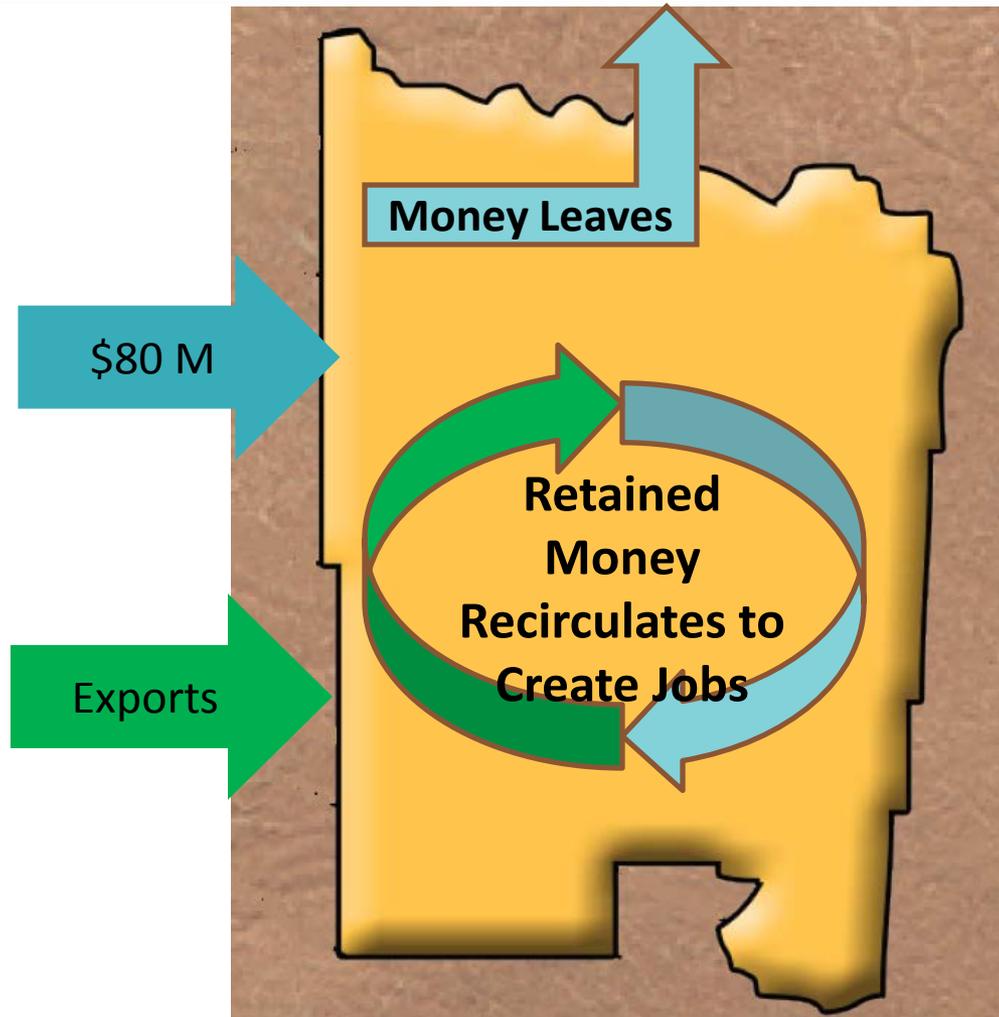
- Develop local businesses to provide goods and services

Retaining Dollars Within Community

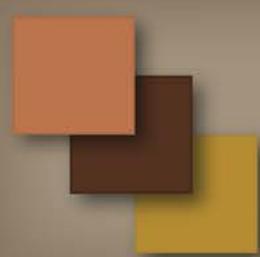


Source: Dollar figures represent expenditures made on reservations by government institutions, including funds raised by federal, state, nonprofit, and earned income sources. Preliminary data compiled by the Census and Economic Information Center, MT Dept. of Commerce, FY2009.

Retaining Dollars Within Community



Source: Preliminary data compiled by the Census and Economic Information Center, MT Dept. of Commerce, FY2009.



How to Increase Capital

1. Increase Dollars Entering Economy

- Exports

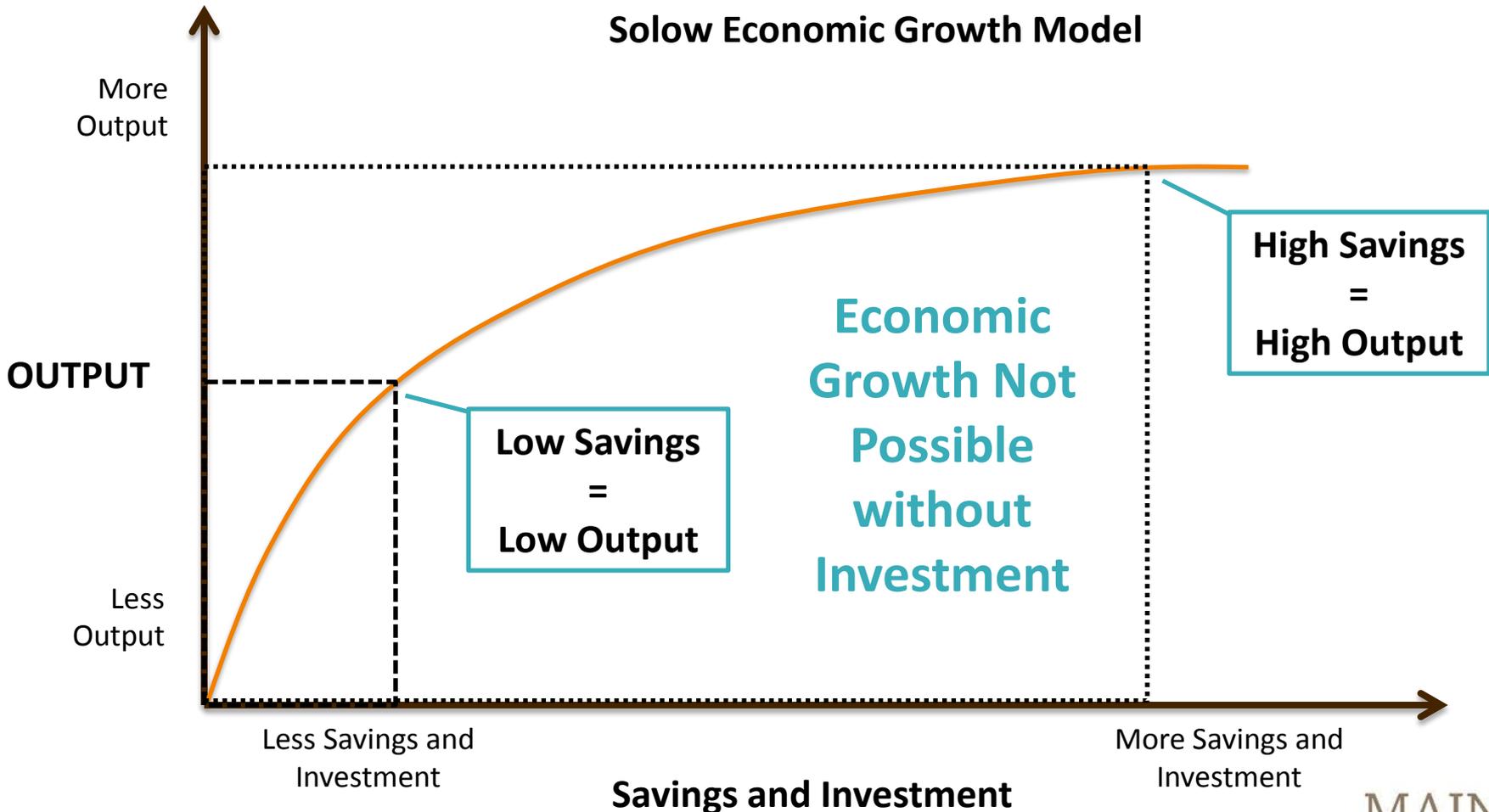
2. Retain Dollars Within Community

- Develop local businesses to provide goods and services

3. Increase Savings Rates

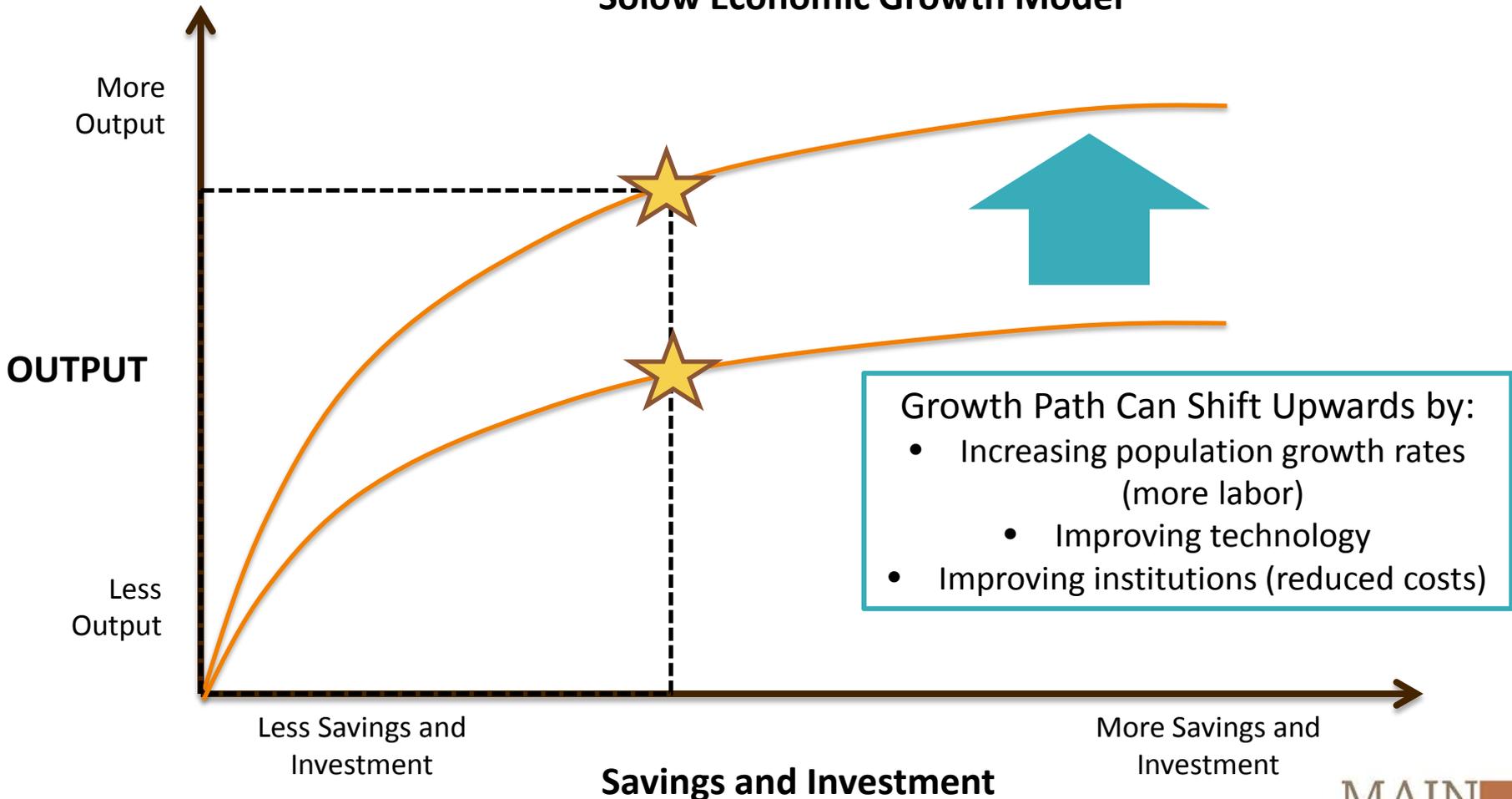
- Invest funds in productive ways to build asset base and grow output

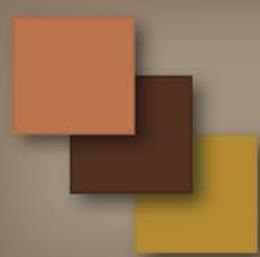
Importance of Saving and Capital Stock



Other Variables also Important

Solow Economic Growth Model





How to Increase Capital

1. Increase Dollars Entering Economy

- Exports

2. Retain Dollars Within Community

- Develop local businesses to provide goods and services

3. Increase Savings Rates

- Invest funds in productive ways to build asset base and grow output

4. Improve Access to Financing

- Legal system improvement
- Community banks or other financial institutions

Capital

- Venture Capital
- Exports
- Outside Investment
- Reduce Taxes

Technology (Productivity)

- R&D
- Increase innovation
- Professional Networks
- Education
- Linkages to Universities

Labor

(Human Capital)

- Education and Training
- Better Job Matching
- Entrepreneurialism
- Recruit People to Good Place to Live

Reduce Input Costs

- Improve Infrastructure
- Clustering
- Reduce Transportation Costs

Output

What aspect of economic development is most important?

- A. Reducing transportation costs
- B. Increasing capital availability
- C. Improving our labor force
- D. Improving innovation and technology diffusion
- E. Other

www.lmi.mt.gov

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