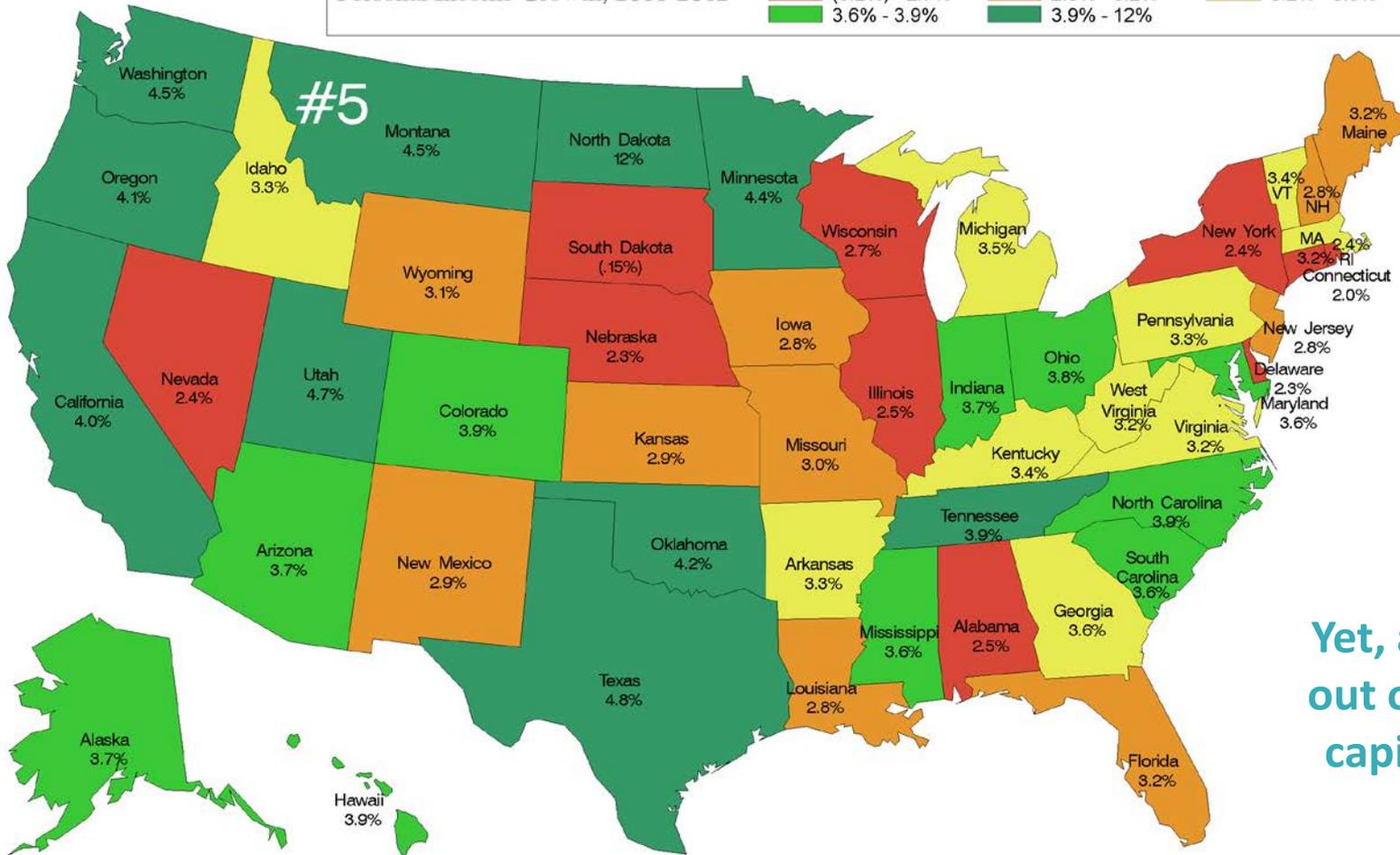


# What's Happening on Main Street Montana

Main Street Montana Project Presentation  
Given at the League of Cities and Towns Conference at the Red Lion  
Helena, Montana  
October 10, 2013

# Montana is #5 for Personal Income Growth in 2012

Personal Income Growth, 2011-2012

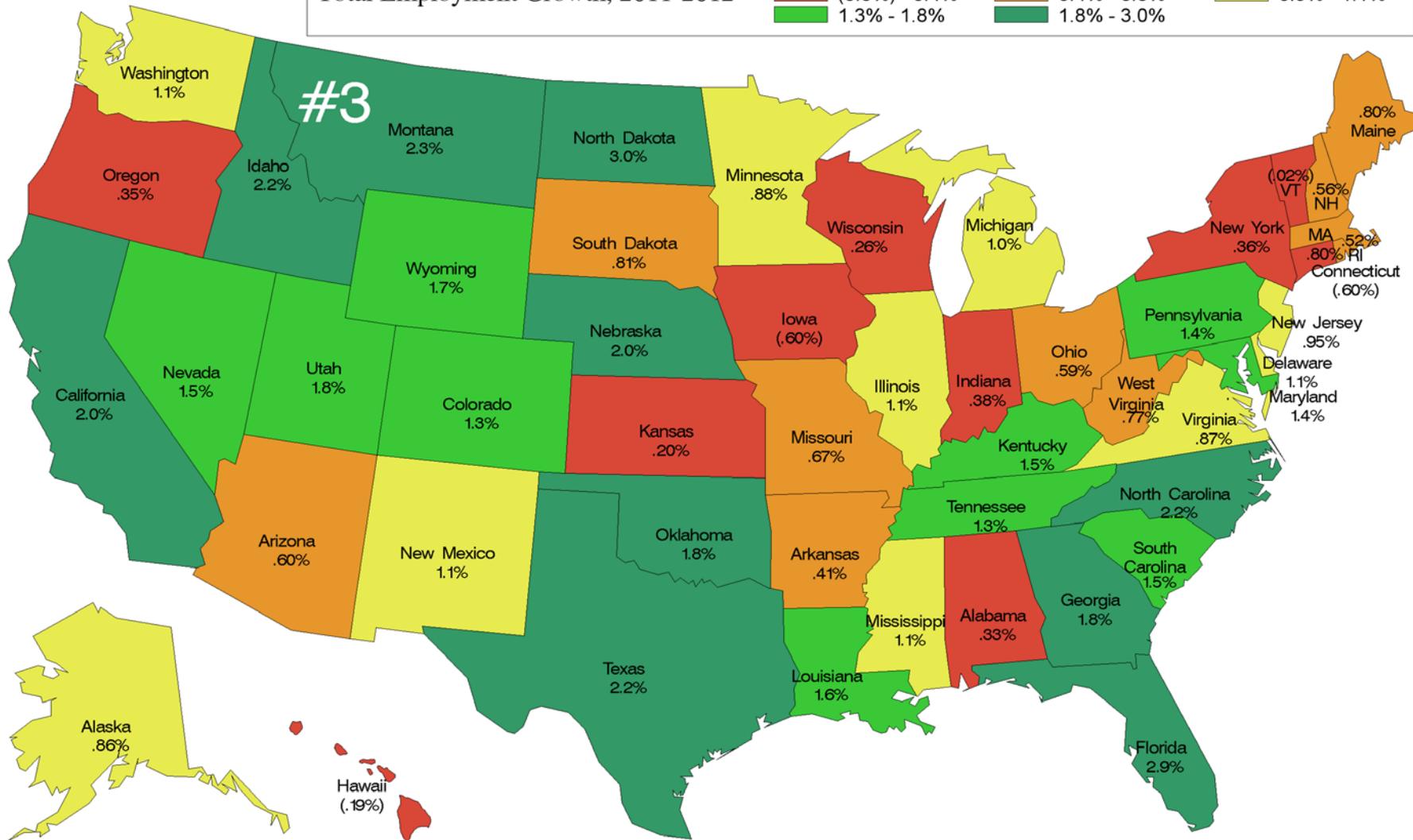


**12<sup>th</sup> Fastest Growth Since Start of Recession**

**Yet, are still 37<sup>th</sup> out of 50 for per capita income.**

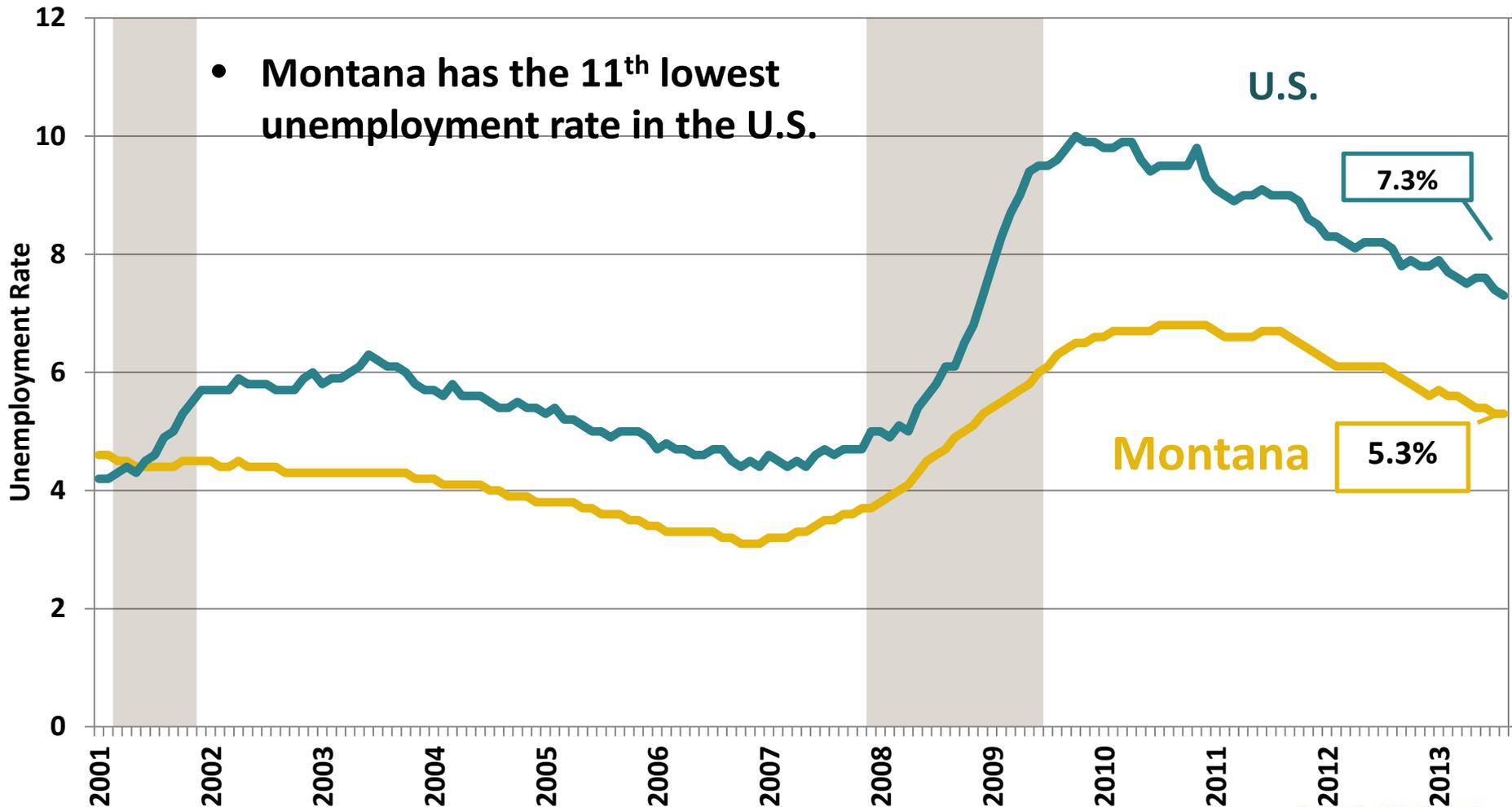
# Montana Ranked #3 for Employment Growth in 2012

Total Employment Growth, 2011-2012



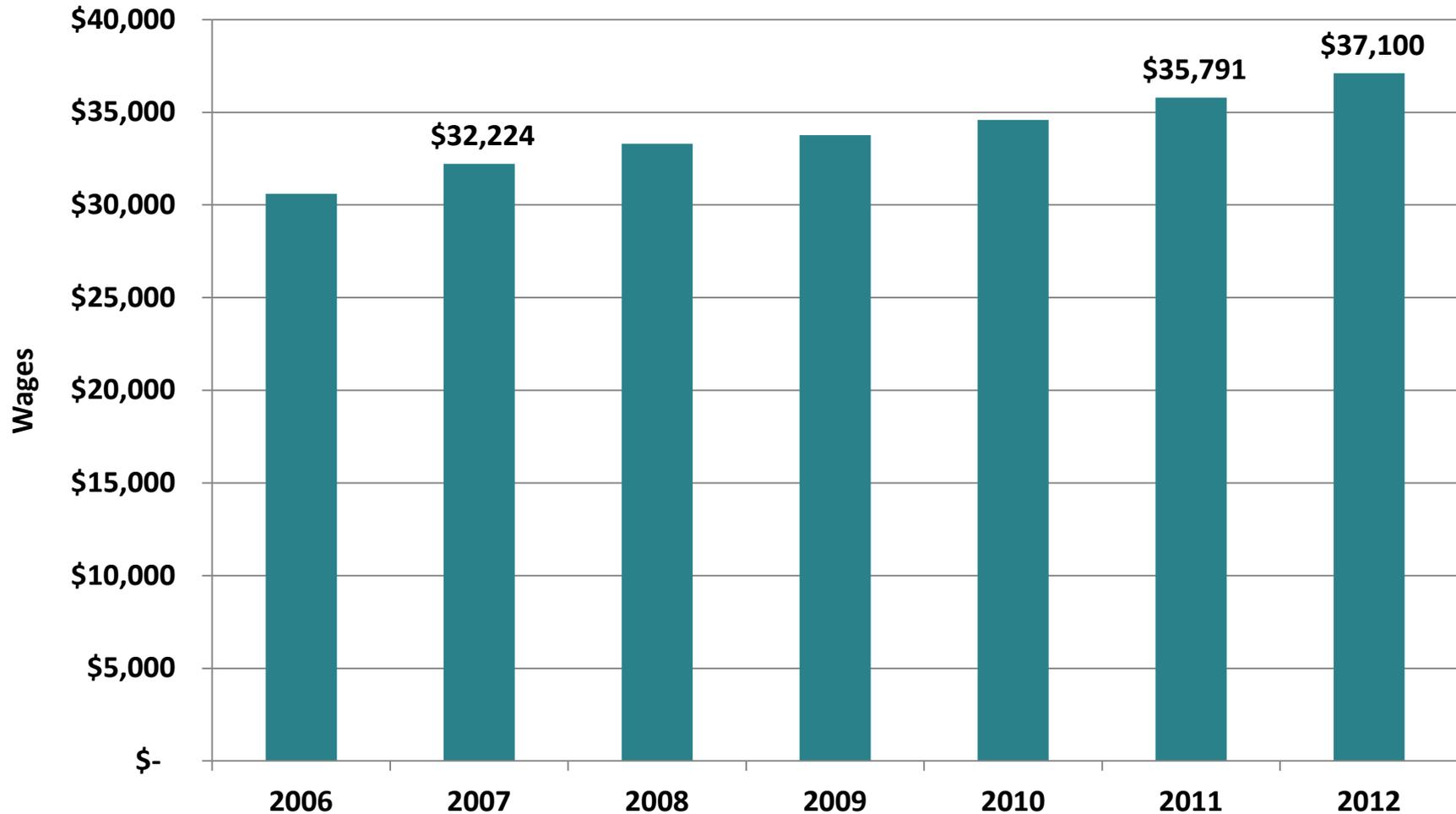
# Montana and U.S. Unemployment Rate

- **Montana has the 11<sup>th</sup> lowest unemployment rate in the U.S.**



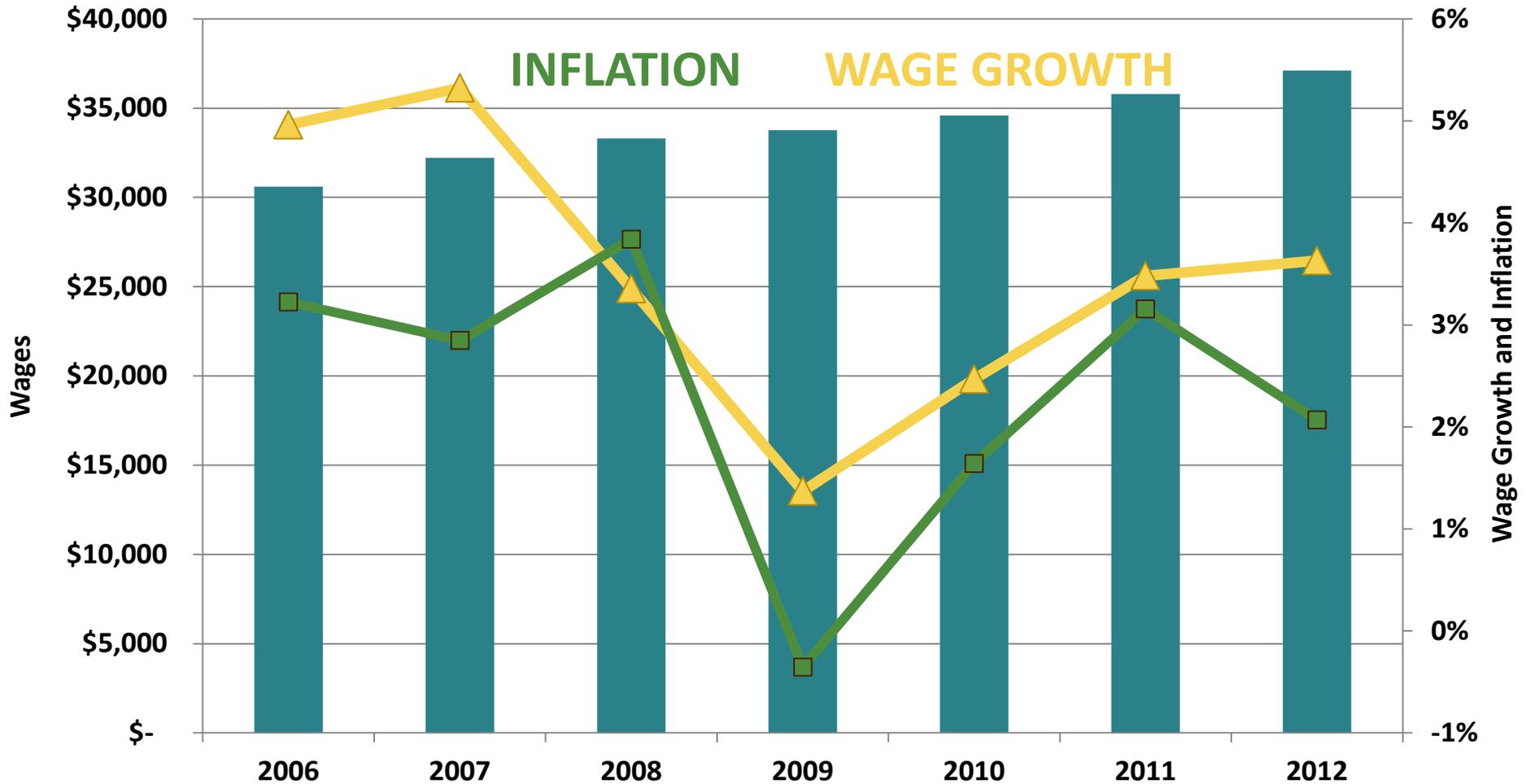
Source: Local Area Unemployment Statistics from MT DLI and the Current Population Survey from BLS. 11<sup>th</sup> lowest from August 2013.

# Montana Average Annual Wages

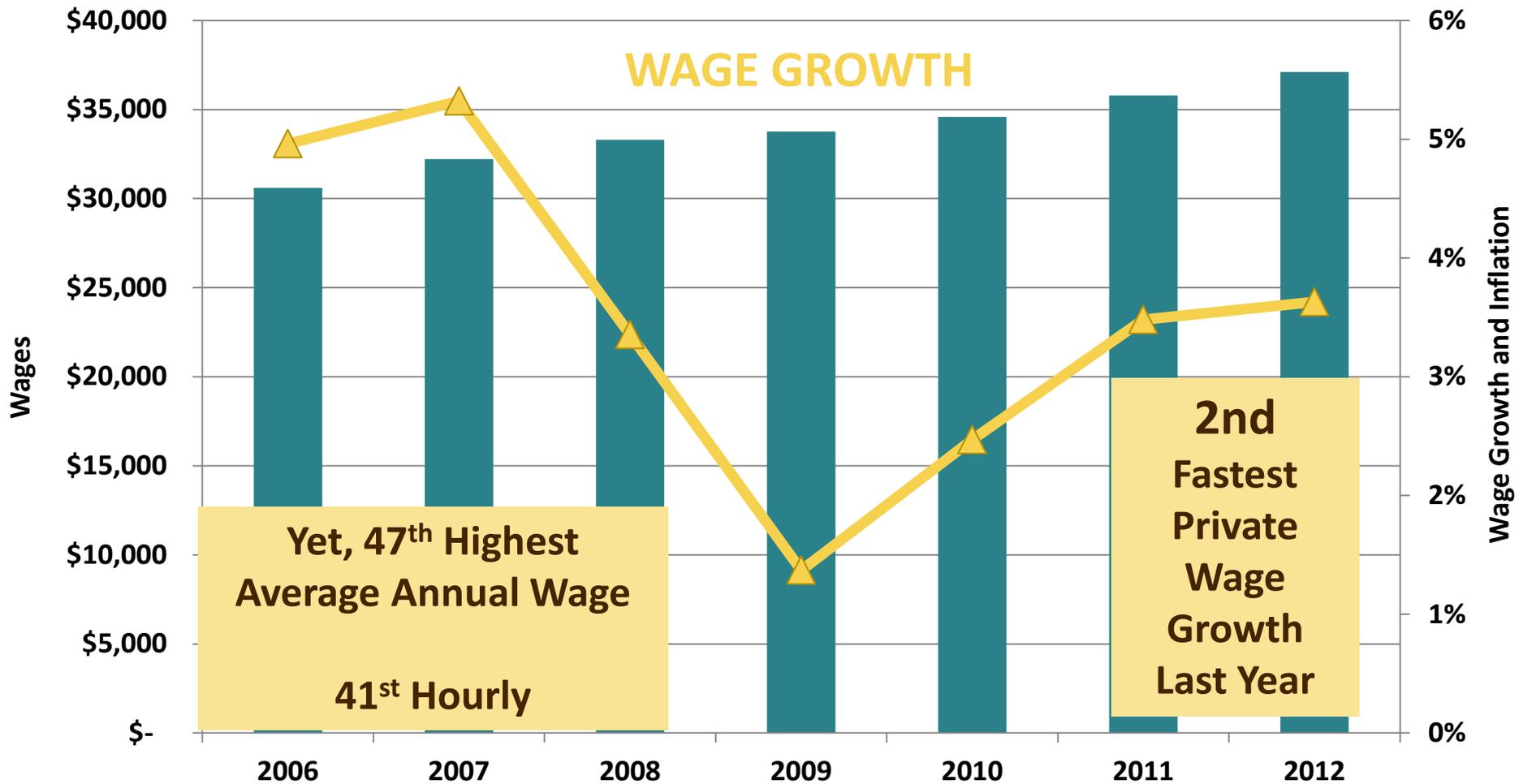


Source: Quarterly Census of Employment and Wages, BLS, and MT DLI

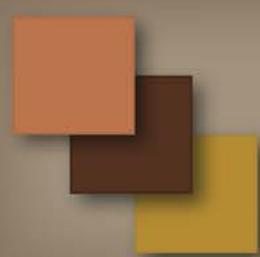
# Montana Average Annual Wage Growth Has Outpaced Inflation



# Montana Average Annual Wages



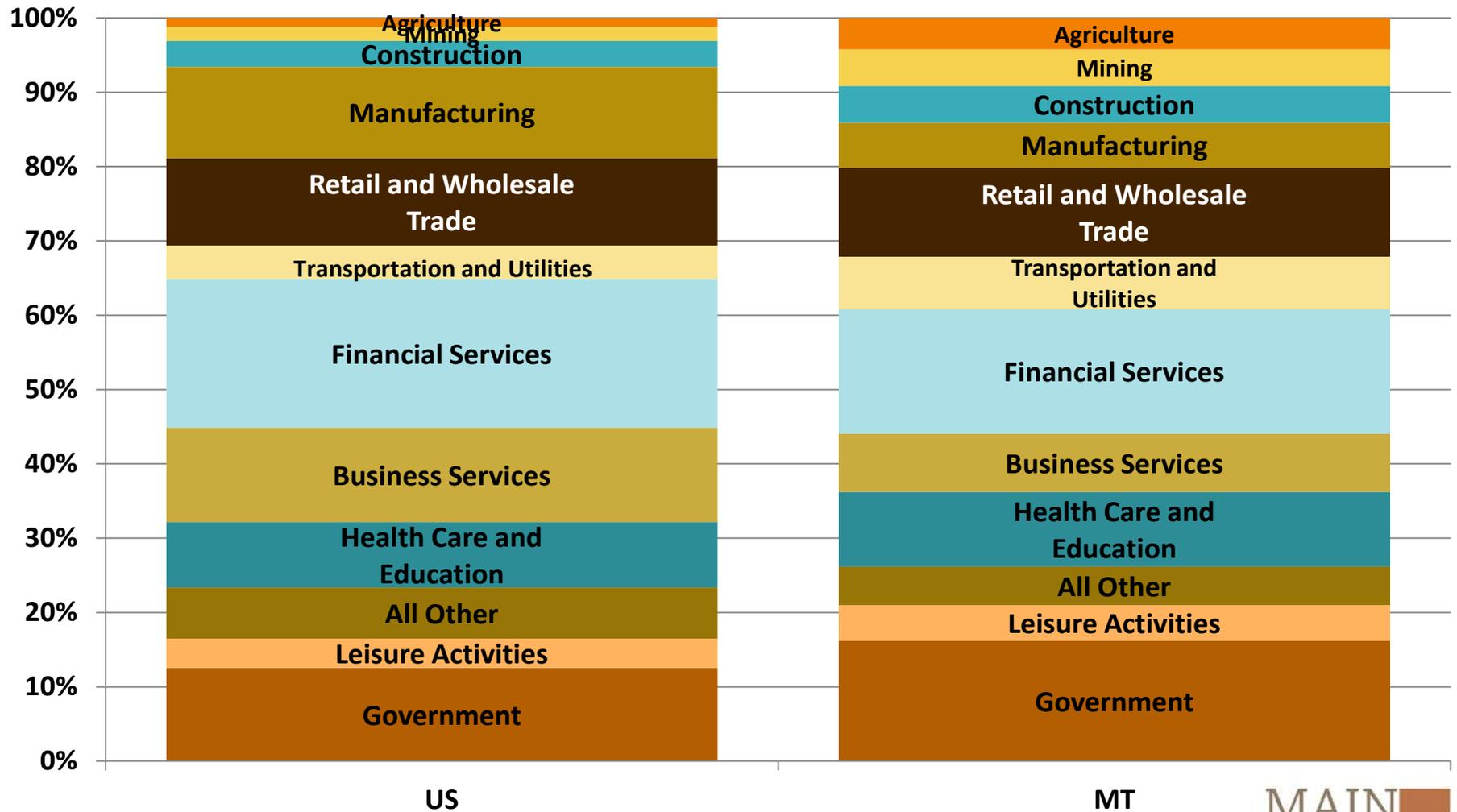
Source: Quarterly Census of Employment and Wages, BLS, and MT DLI. 4<sup>th</sup> and 2<sup>rd</sup> determined by 2012 QCEW, 41<sup>st</sup> by Occupational Employment Statistics, 2012.



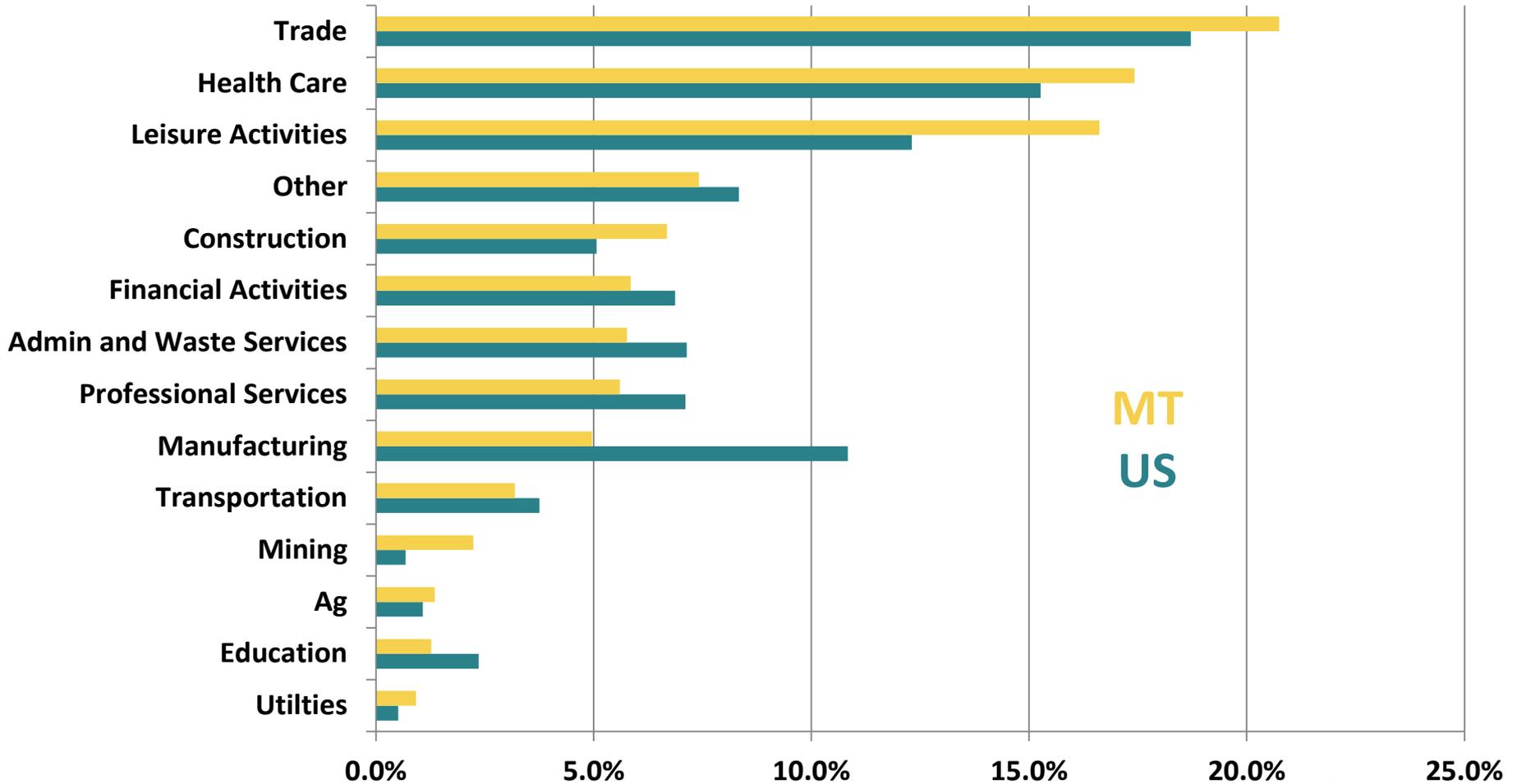
# Take Away Points

- 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?
- Let's focus on wages.

# Industry Composition of U.S. and MT Economies (by GDP)

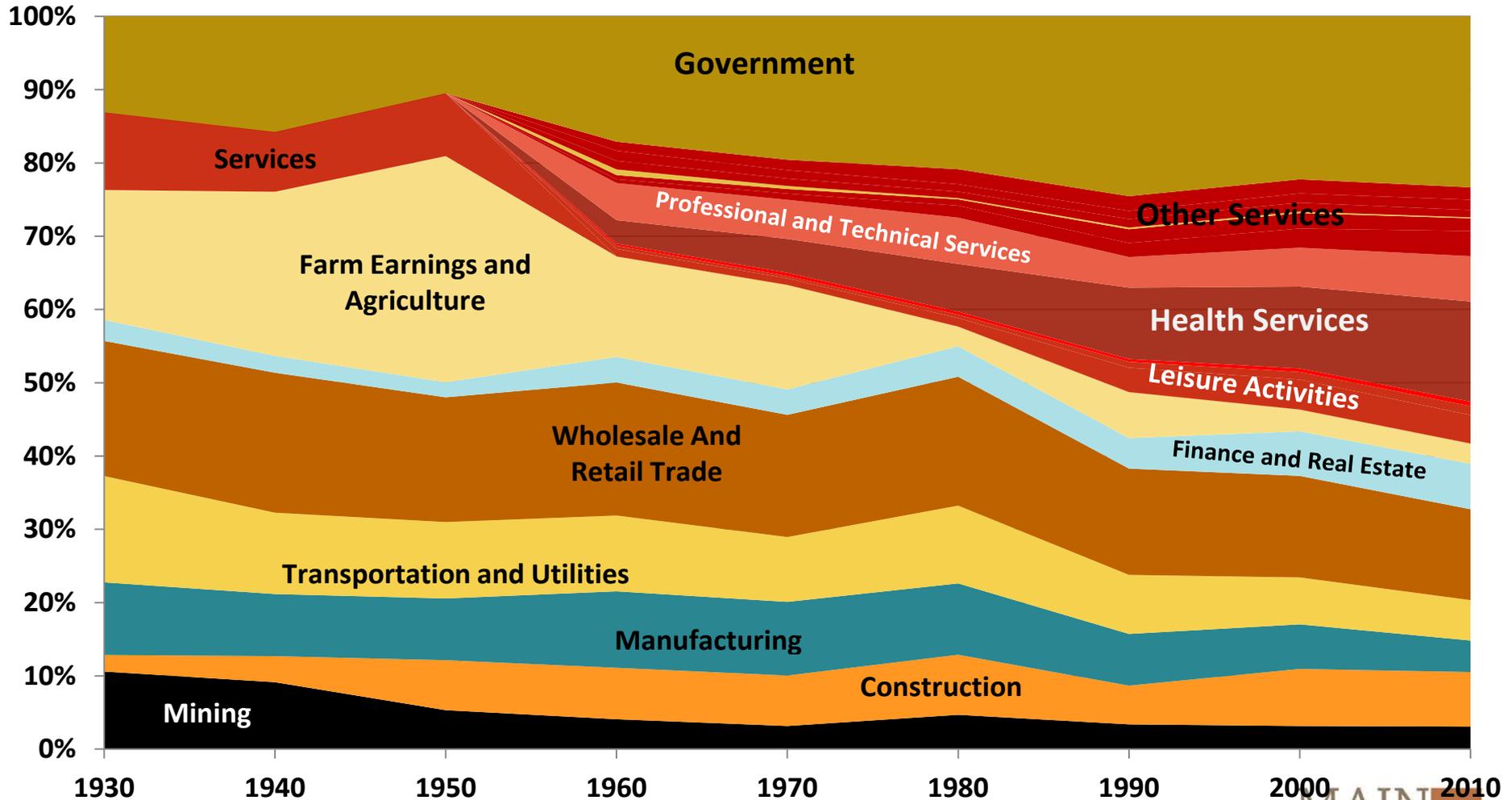


# Comparative Industry Private Employment: US and MT

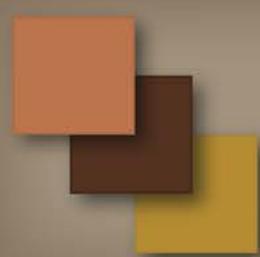


MT  
US

# Montana Personal Income by Industry Since 1930



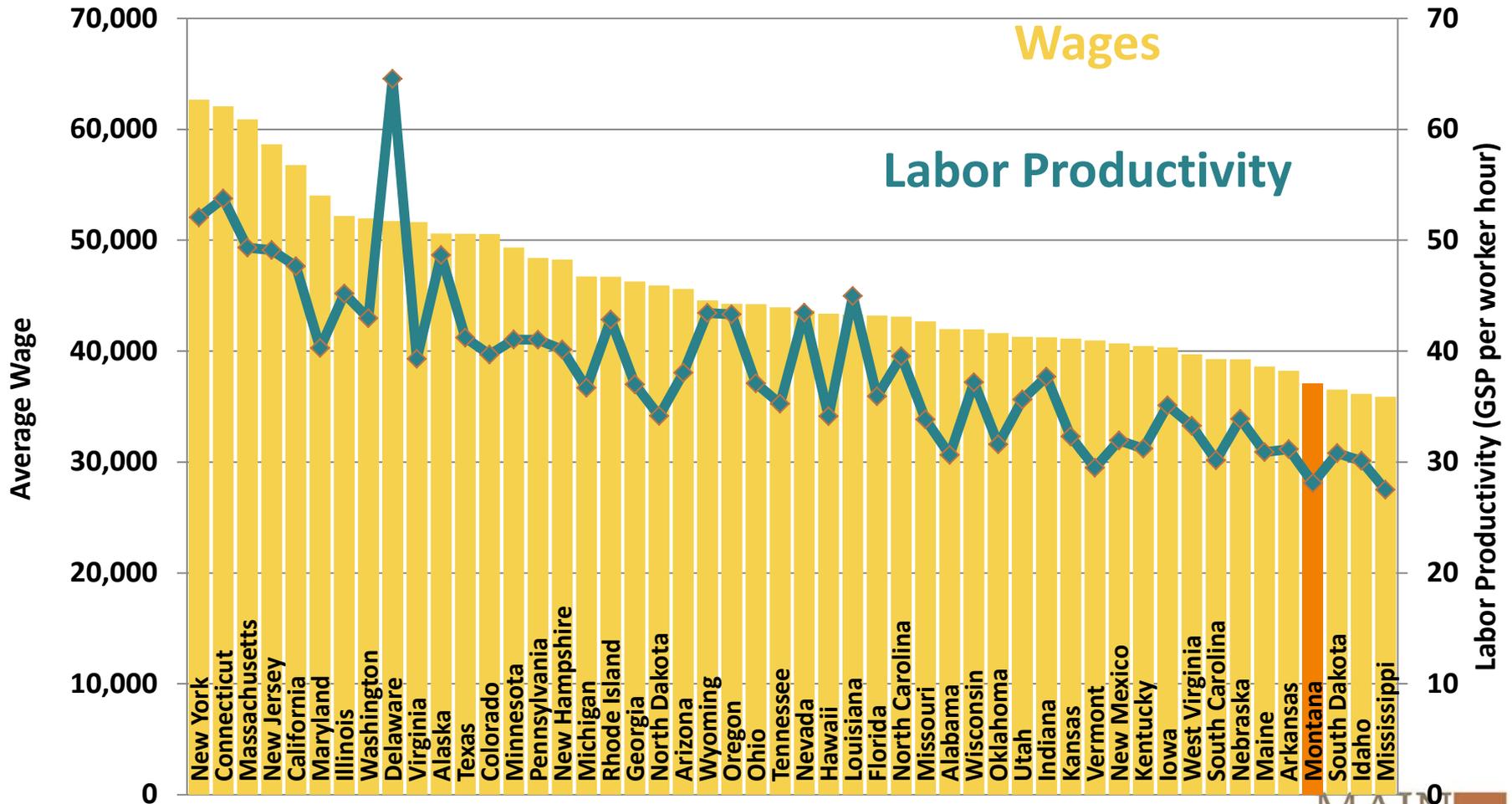
Source: Bureau of Economic Analysis, Personal Income from 1930, SICs to NAICS conversion compiled by the Montana Department of Labor and Industry Research and Analysis Bureau.



# Industry Mix Compared to U.S.

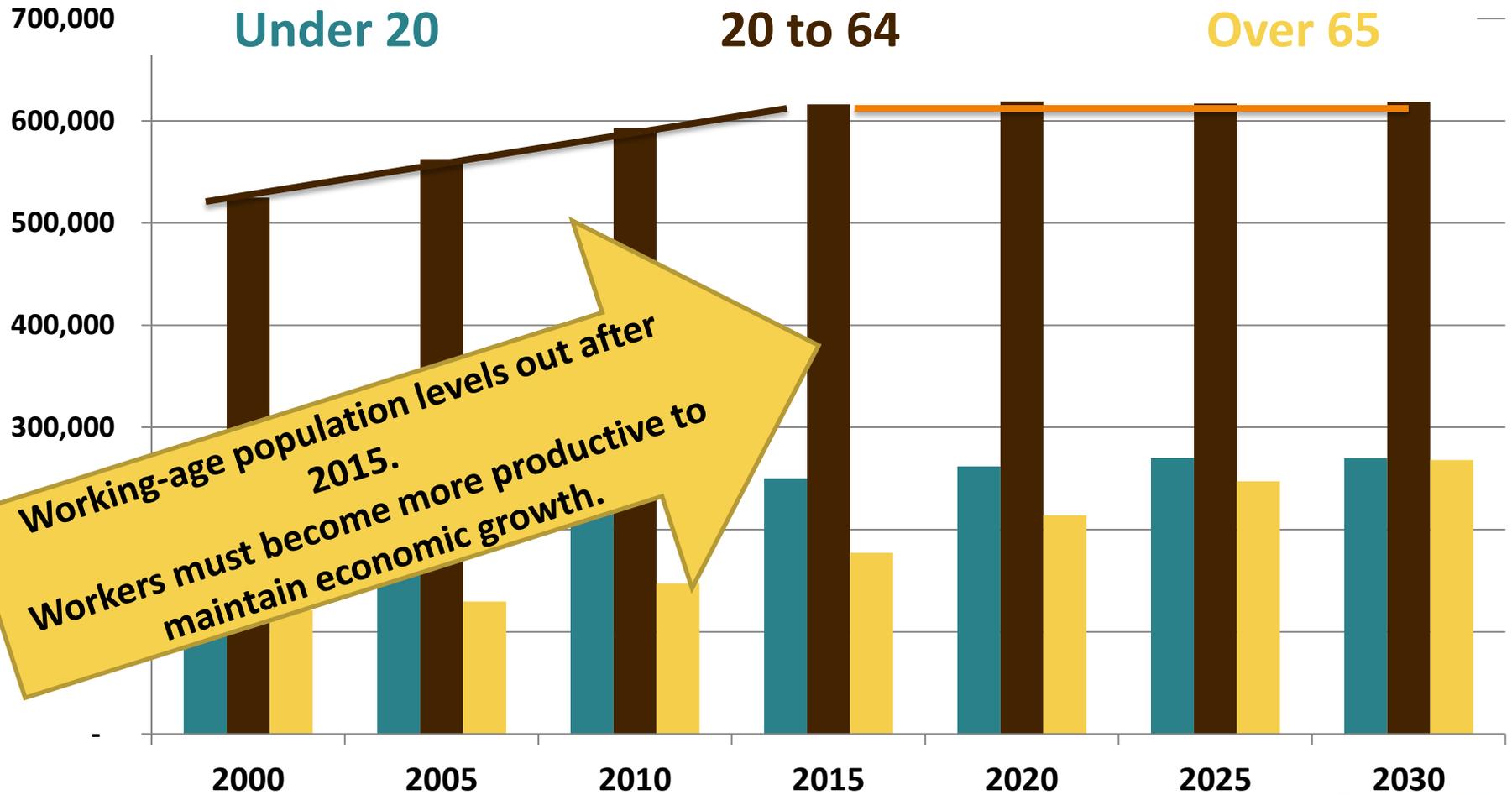
- Roughly equal in good-producing industries, but less manufacturing.
- Larger government, health care, and tourism.
- Smaller financial and business services.
- Industry mix doesn't explain lower wages.

# Wages and Productivity



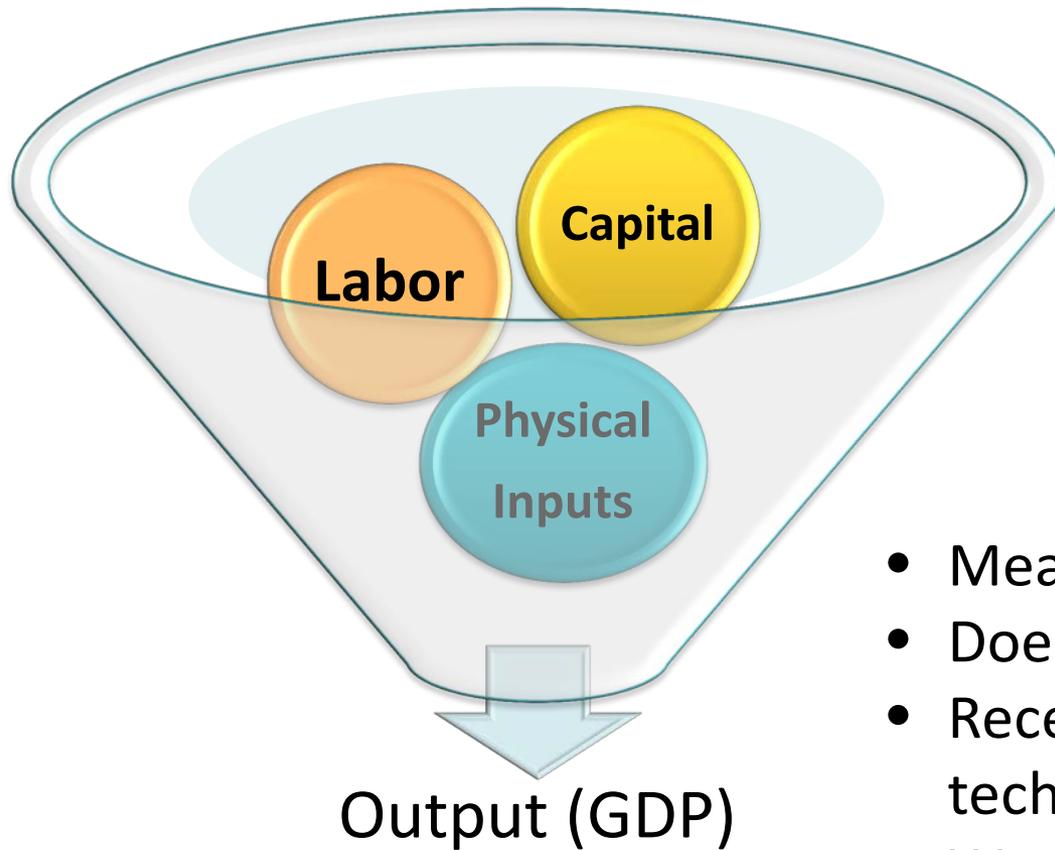
Source: Wages from Quarterly Census of Employment and Wages, 2012 annual. GSP and employment from the Bureau of Economic Analysis and average hours from the Current Employment Statistics. Calculated by MT DLI R&A.

# Montana's Aging Population



Working-age population levels out after 2015.  
Workers must become more productive to maintain economic growth.

# Productivity Defined

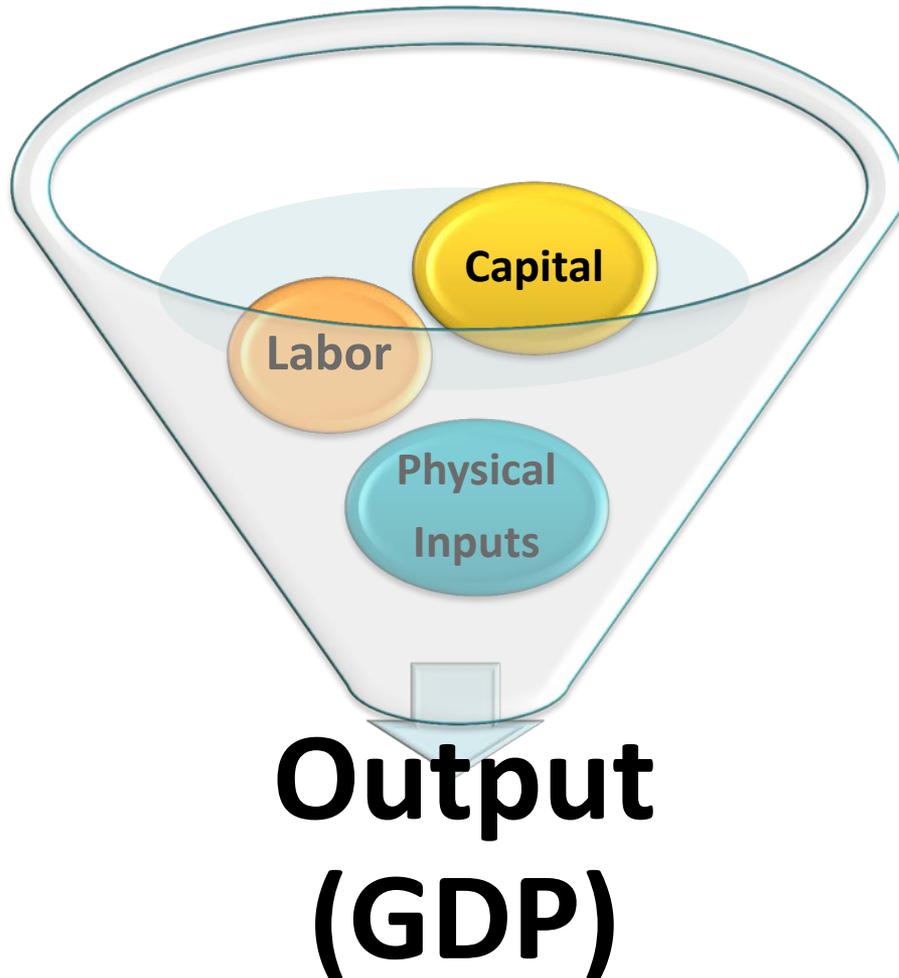


**Productivity:**  
the “recipe” used to combine labor, capital (equipment), and inputs together to make output.

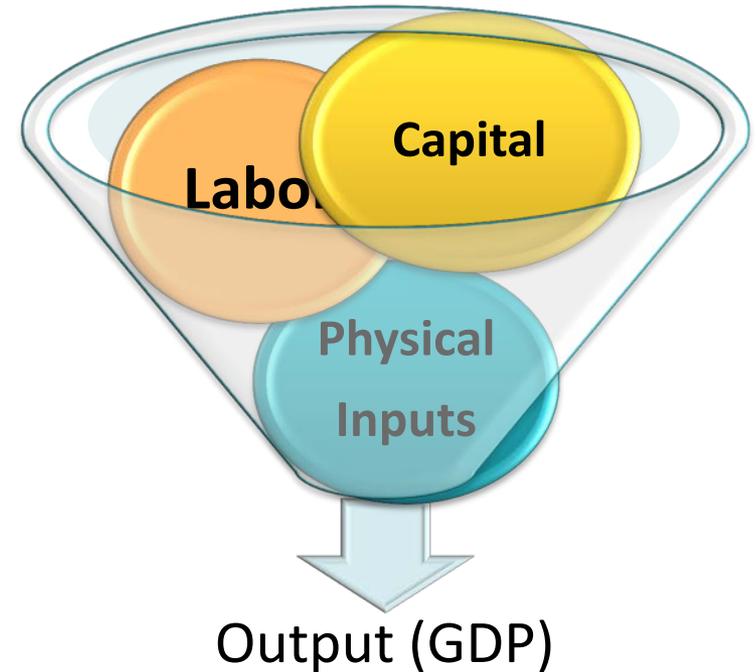
- Measured by labor in states.
- Does NOT mean workers are lazy.
- Recently, it is a factor of technology.
- Work smarter, not harder.

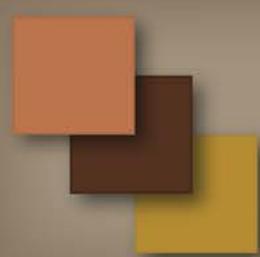
# Productivity Defined

## High Productivity



## Low Productivity

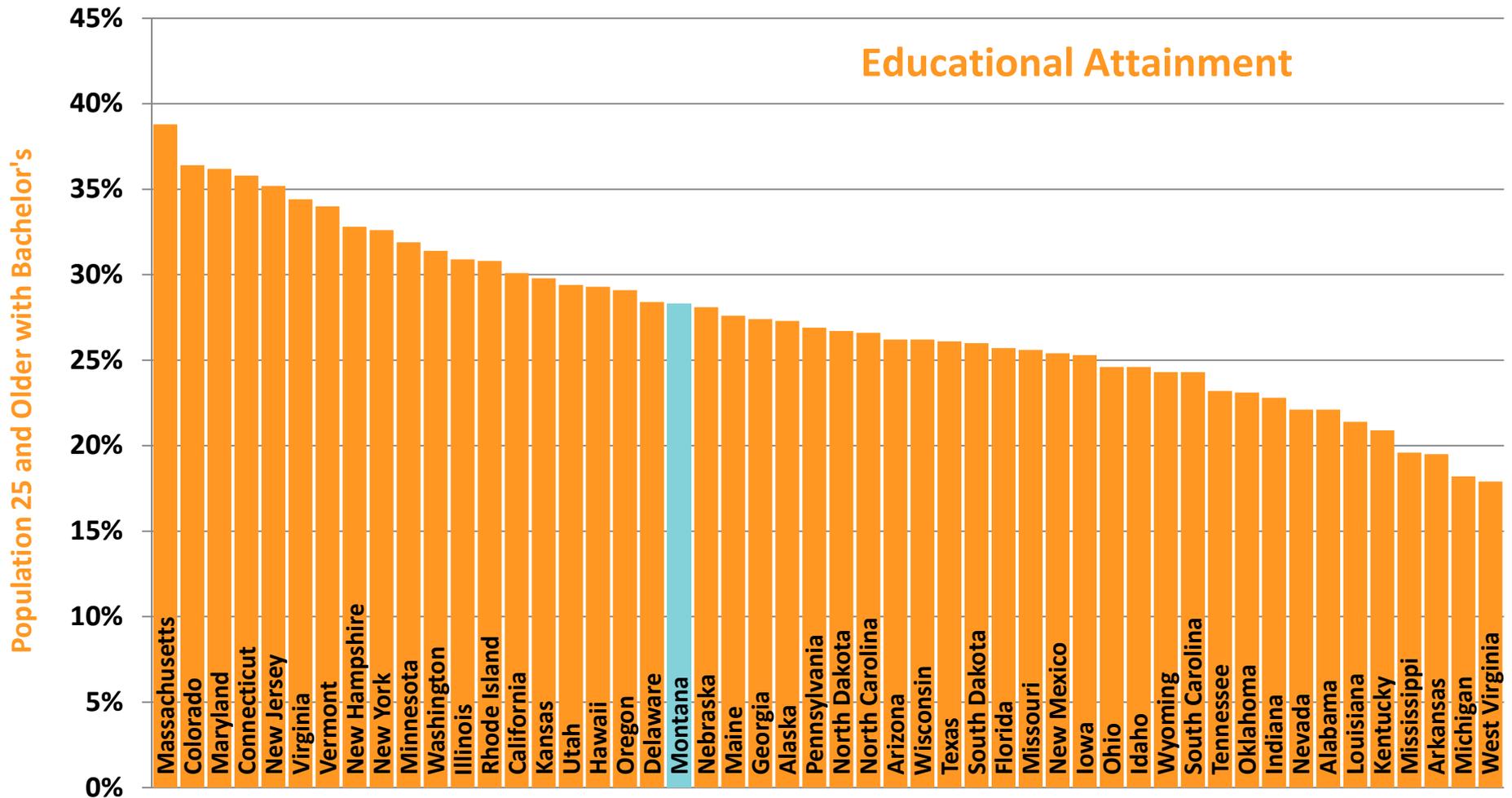




# Factors Influencing Productivity

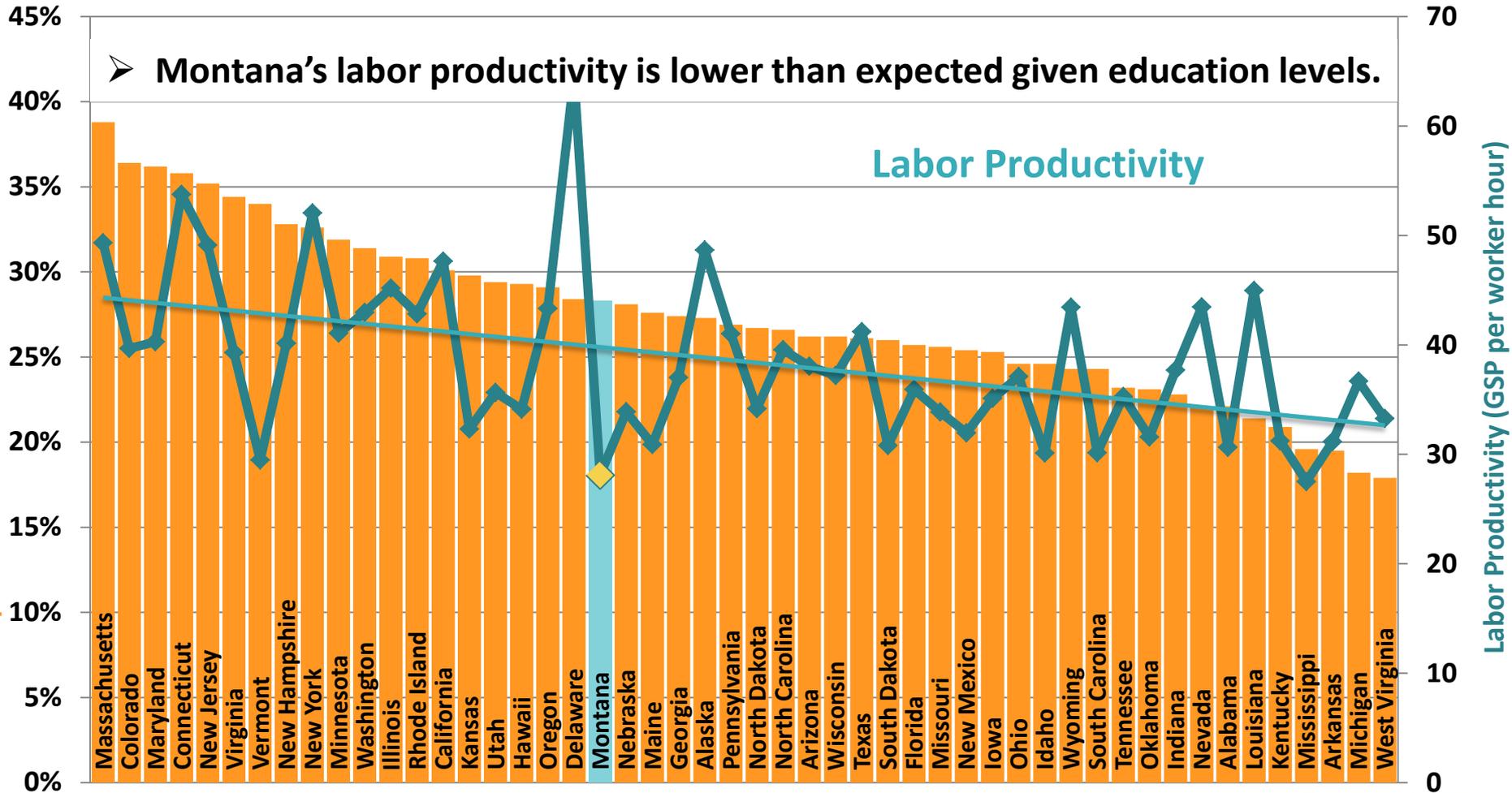
- Education

# Productivity and Education

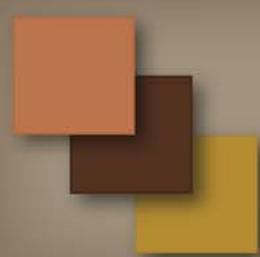


Source: Education attainment from 2009-2011 ACS, U.S. Census. GSP and employment from the Bureau of Economic Analysis and average hours from the Current Employment Statistics. Calculated by MT DLI R&A.

# Productivity and Education



Source: Education attainment from 2009-2011 ACS, U.S. Census. GSP and employment from the Bureau of Economic Analysis and average hours from the Current Employment Statistics. Calculated by MT DLI R&A.

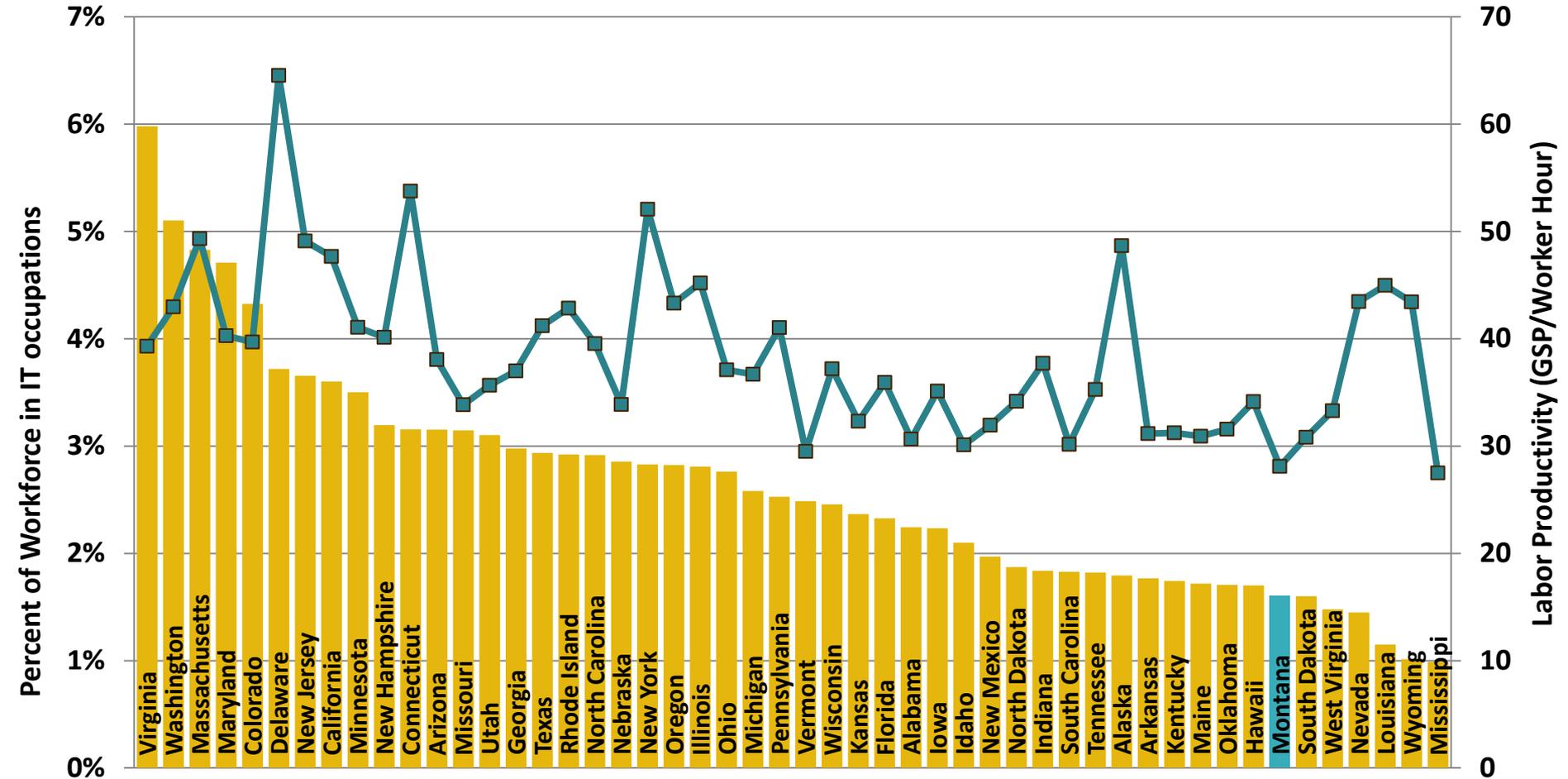


# Factors Influencing Productivity

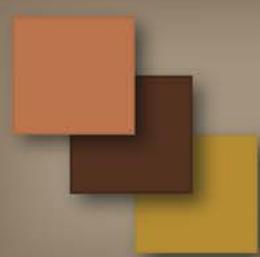
- Education
- Experience in job
- Job Matching
- Industry Mix
- Urban concentration
- Spread of best practices and innovative methods
- Use of technology

# Use of Technology

(measured in percent of workers in IT fields)

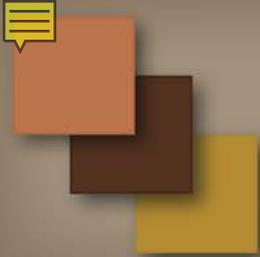


Source: Occupational Employment Statistics, 2012. Employment in 11-3021 and 15-0000 as percent of total employment.



# Factors Influencing Productivity

- Education
- Experience in job
- Job Matching
- Industry Mix
- Urban concentration
- Spread of best practices and innovative methods
- Use of technology
- Business Size

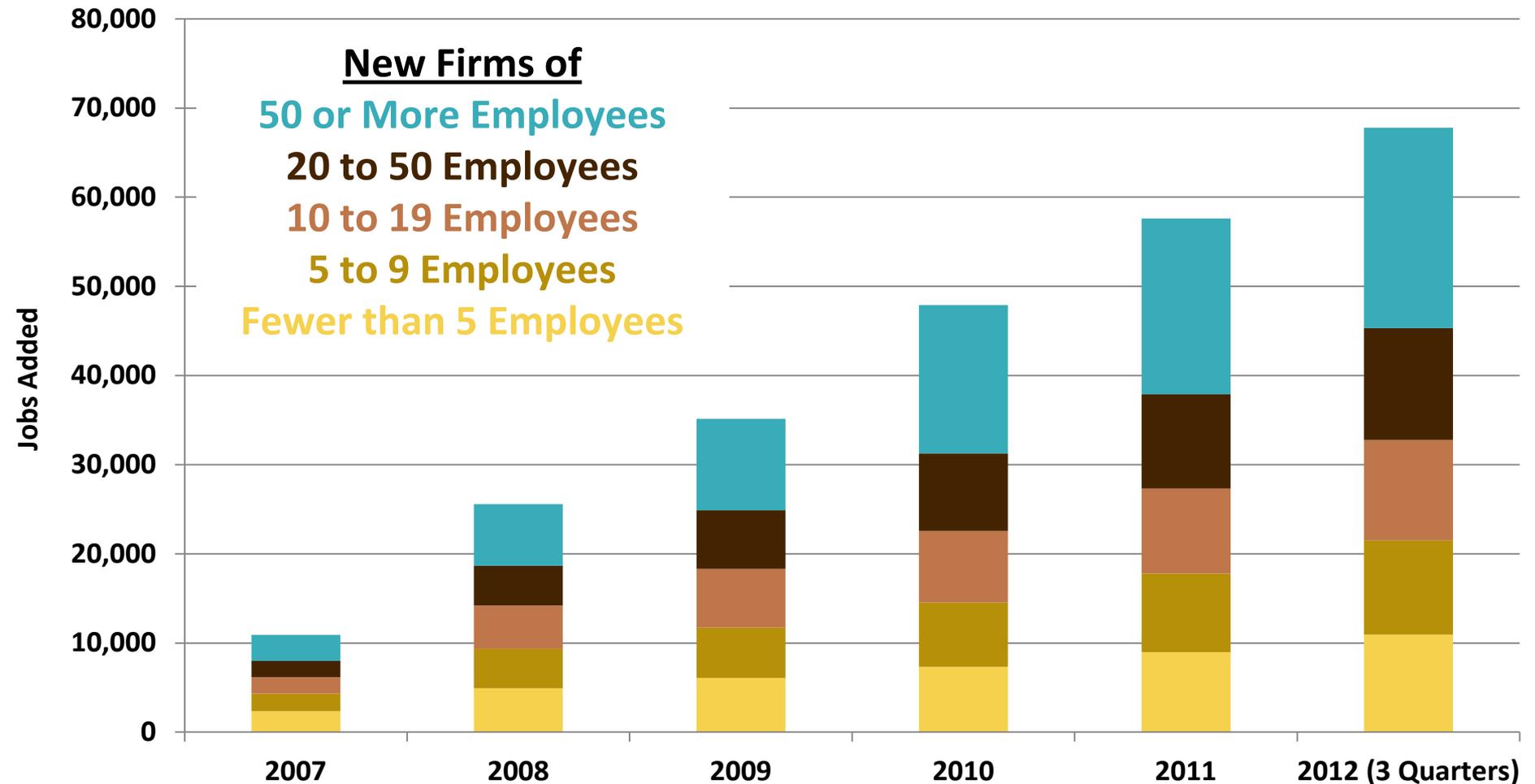


# Montana has High Rates of Entrepreneurialism

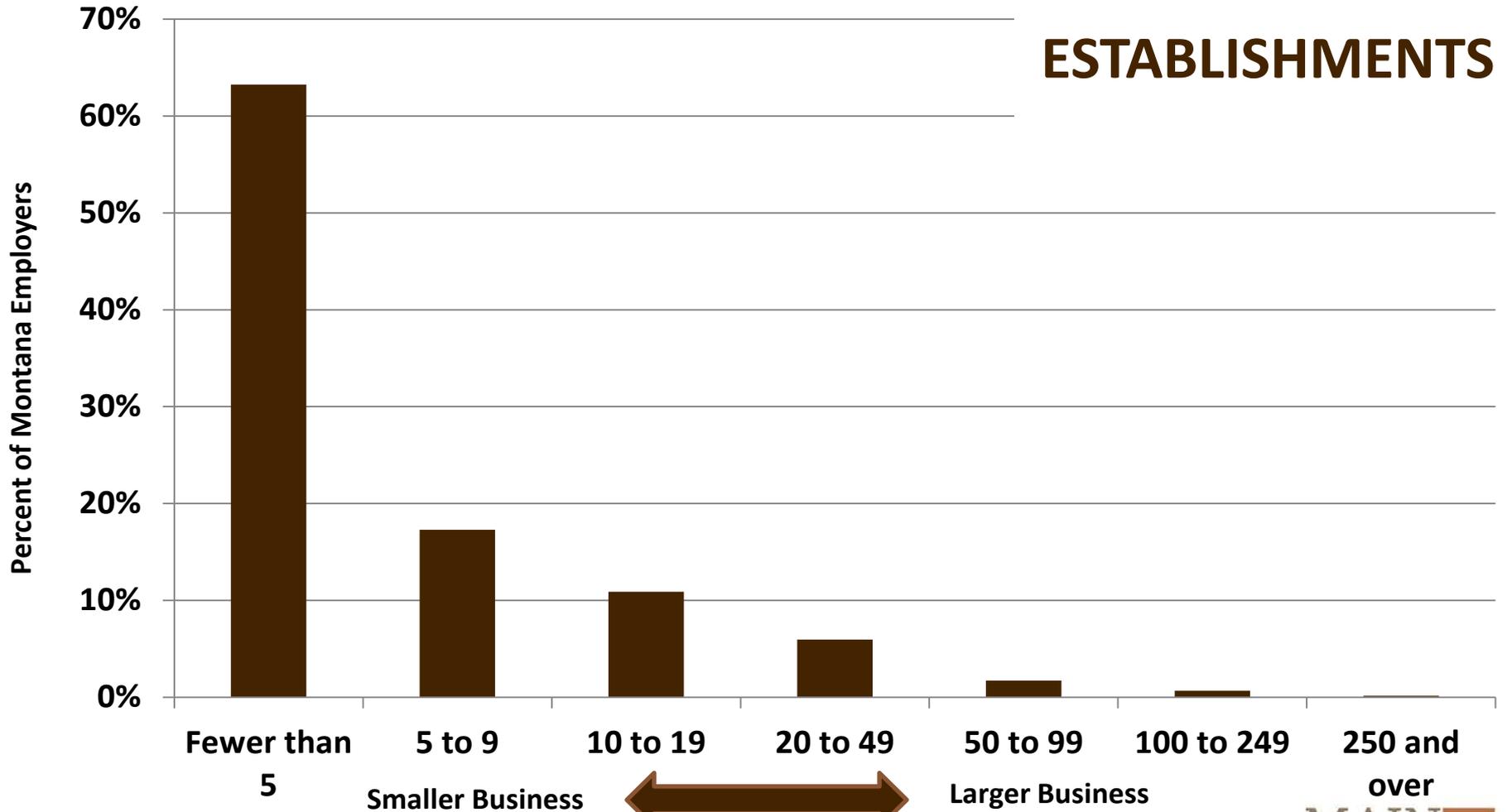
## Montana Ranks Among States

- #3 for Percent of Households owning a Business
- #6 for Employer Startups
- #15 for Net Employer Startups

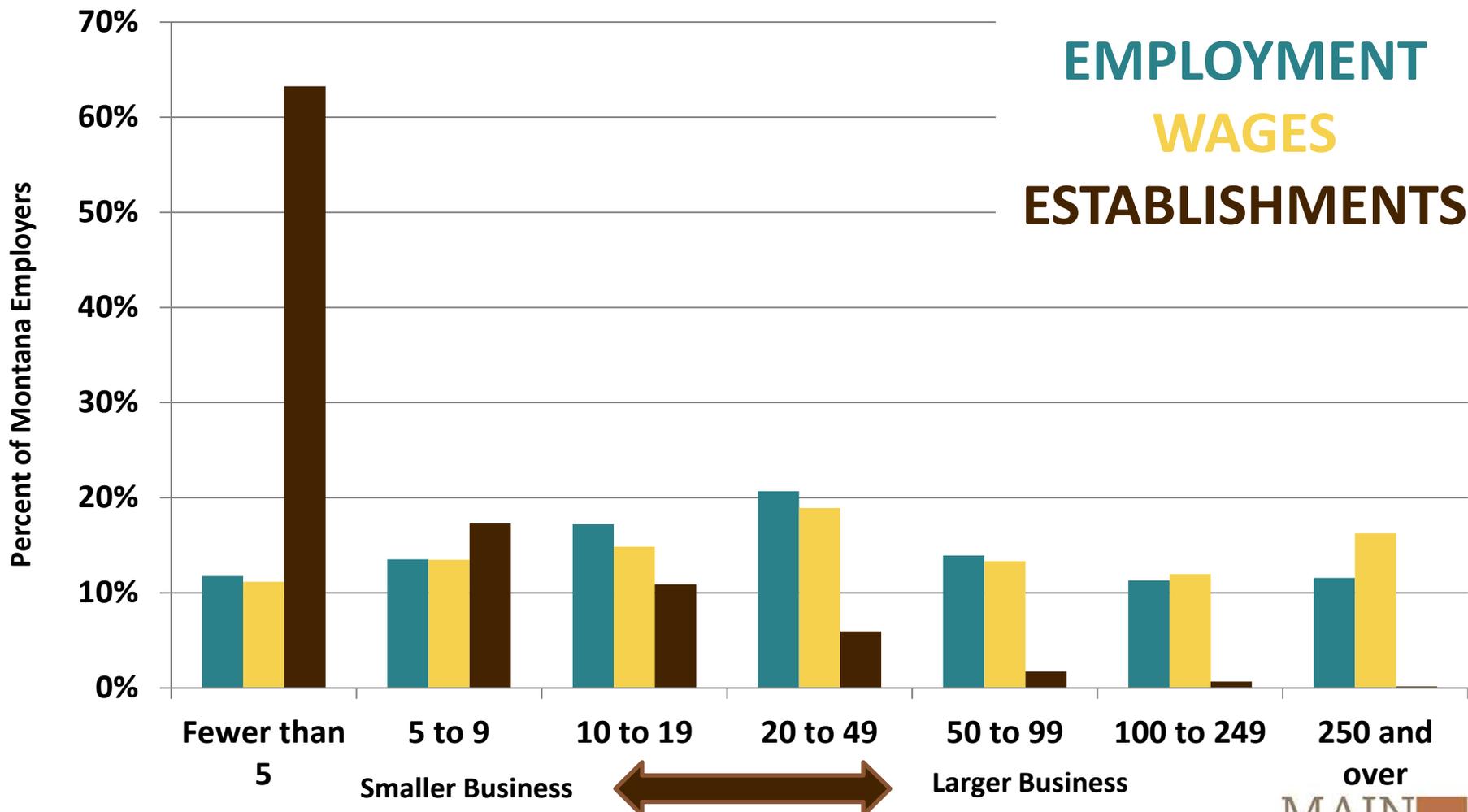
# Job Performance of New Firms Started Since 2007 by Size



# Montana has Lots of Small Businesses, but Large Business Provide the Jobs and Wages



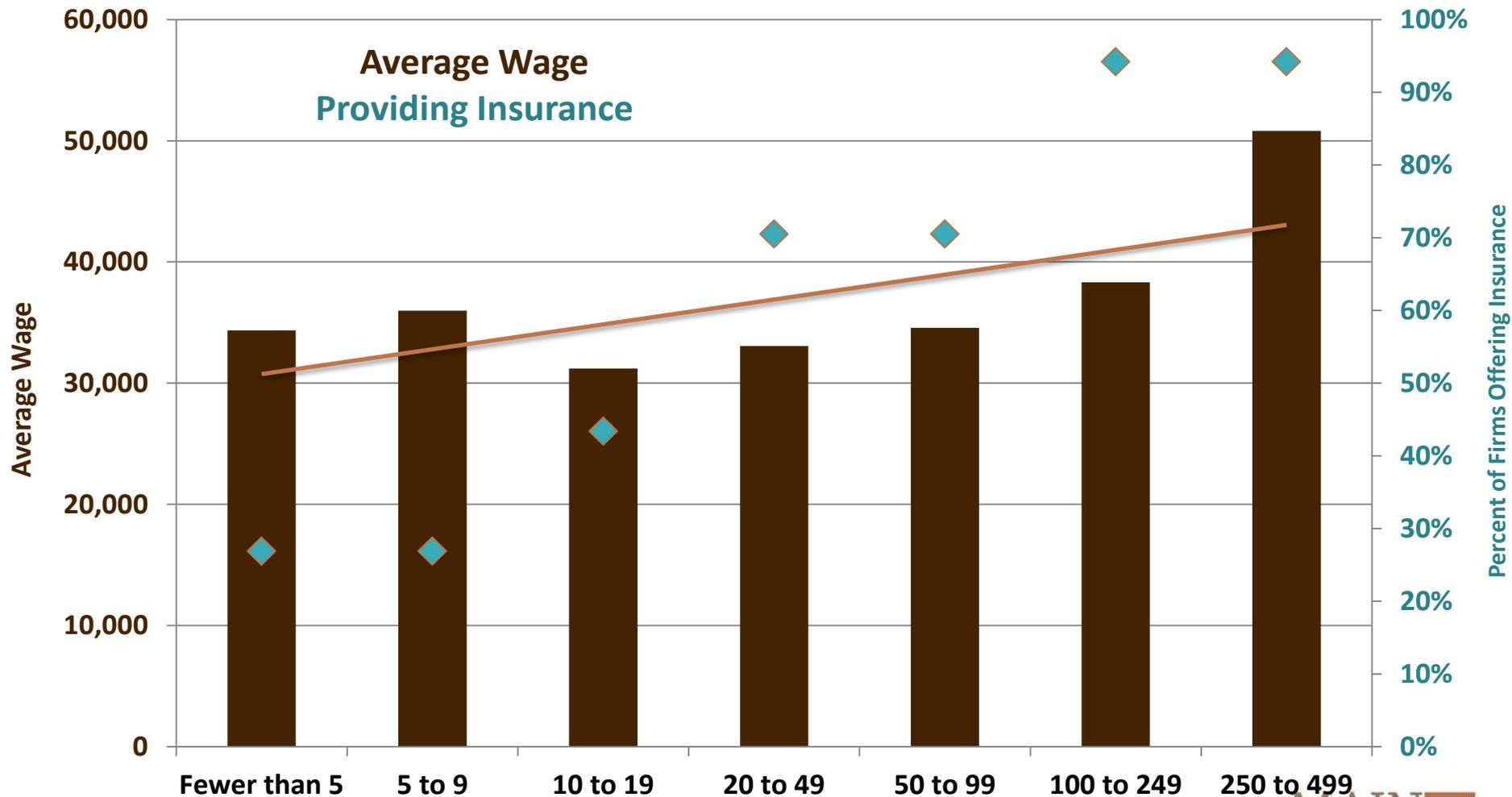
# Montana has Lots of Small Businesses, but Large Business Provide the Jobs and Wages



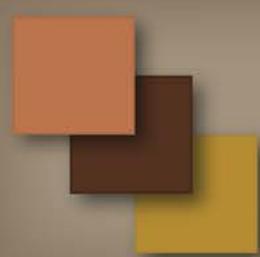
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), 2012



# Large Businesses Provide Higher Pay and Benefits



Source: Quarterly Census and Employment and Wages and Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. 2011 Medical Expenditure Panel Survey-Insurance Component.



# Factors Influencing Productivity

- Education
- Experience in job
- Job Matching
- Industry Mix
- Urban concentration
- Spread of best practices and innovative methods
- Use of technology
- Business Size

# Economic Development Concept Map

## Capital

- Venture Capital
- Exports
- Outside Investment
- Reduce Taxes

## Technology (Productivity)

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

## Output

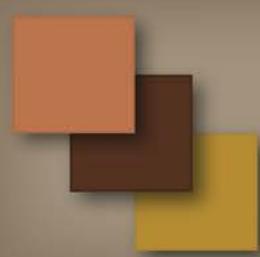
## Labor

### (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



[www.mainstreetmontanaproject.com](http://www.mainstreetmontanaproject.com)

Barbara Wagner,

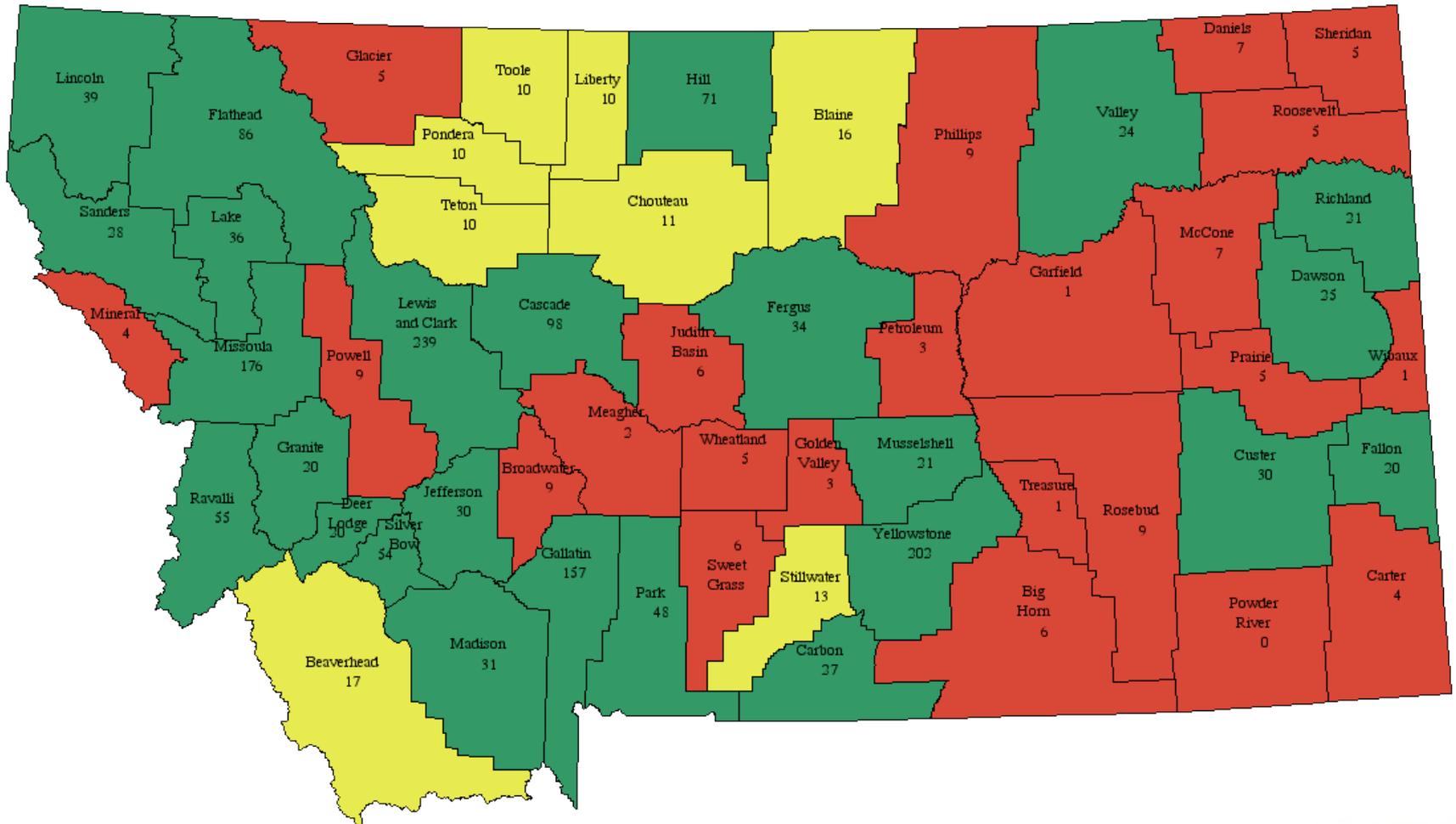
Chief Economist

Montana Department of Labor and Industry

406-444-5474

[bwagner@mt.gov](mailto:bwagner@mt.gov)

# Responses to Survey by County

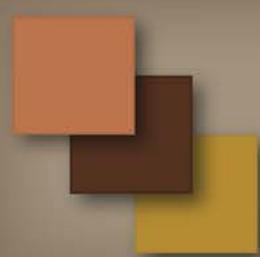


Responses

Less than 10

10 to 19

More than 20



Take the survey at  
[www.mainstreetmontanaproject.com/survey](http://www.mainstreetmontanaproject.com/survey)