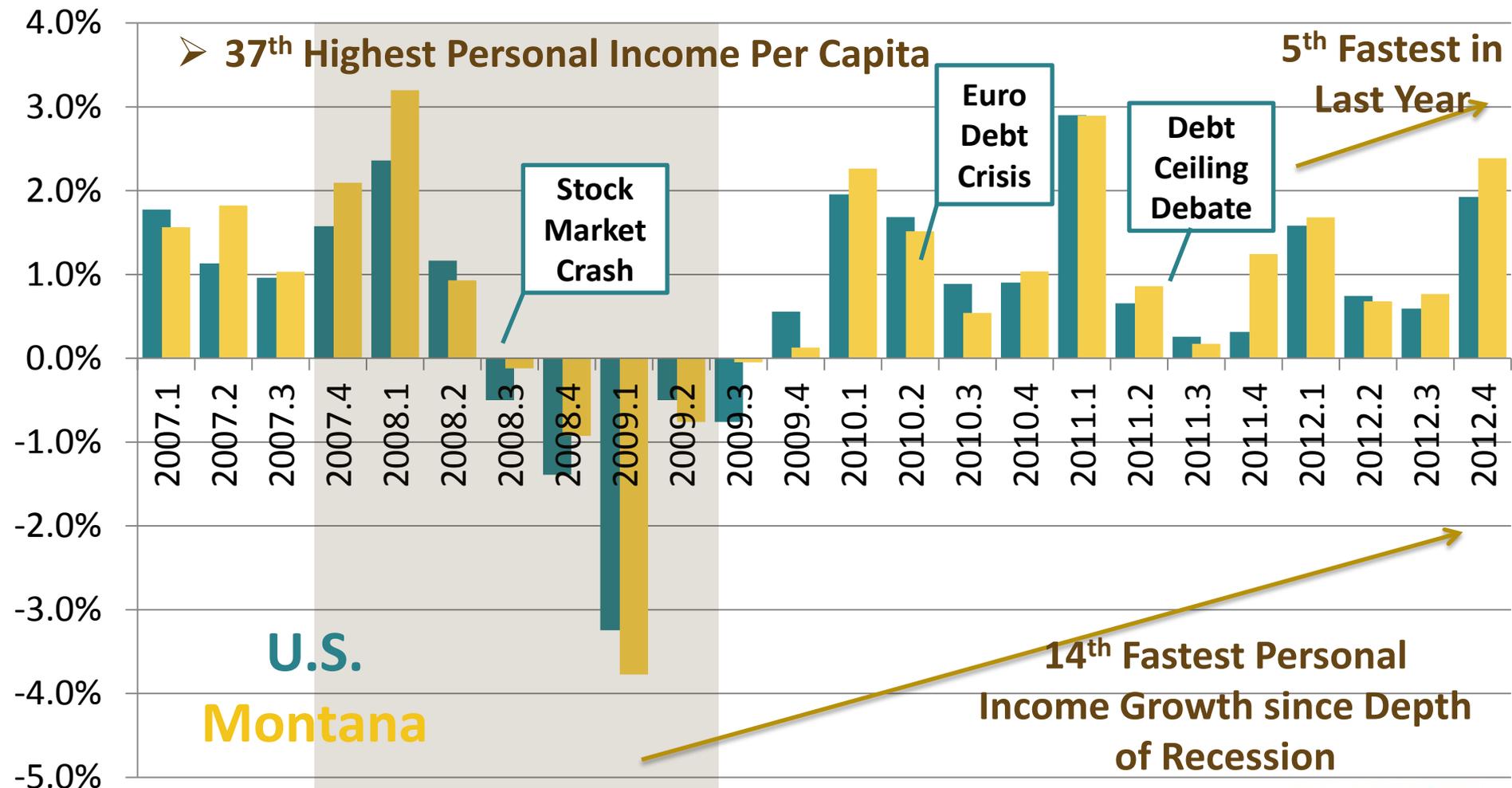


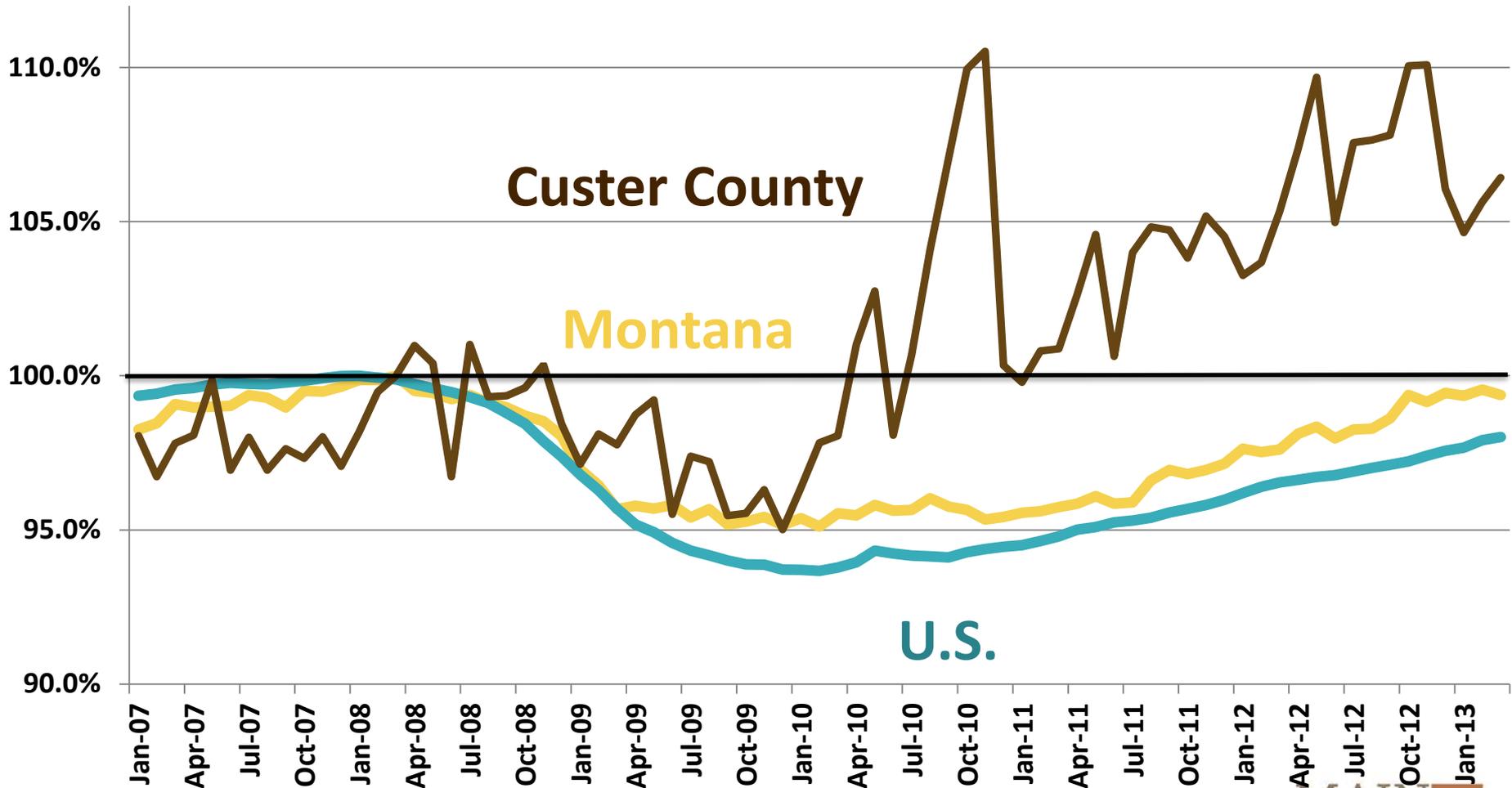
# What's Happening on Main Street Montana

Main Street Montana Project Roundtable  
Miles City, Montana  
June 19, 2013

# Montana and U.S. Personal Income Growth



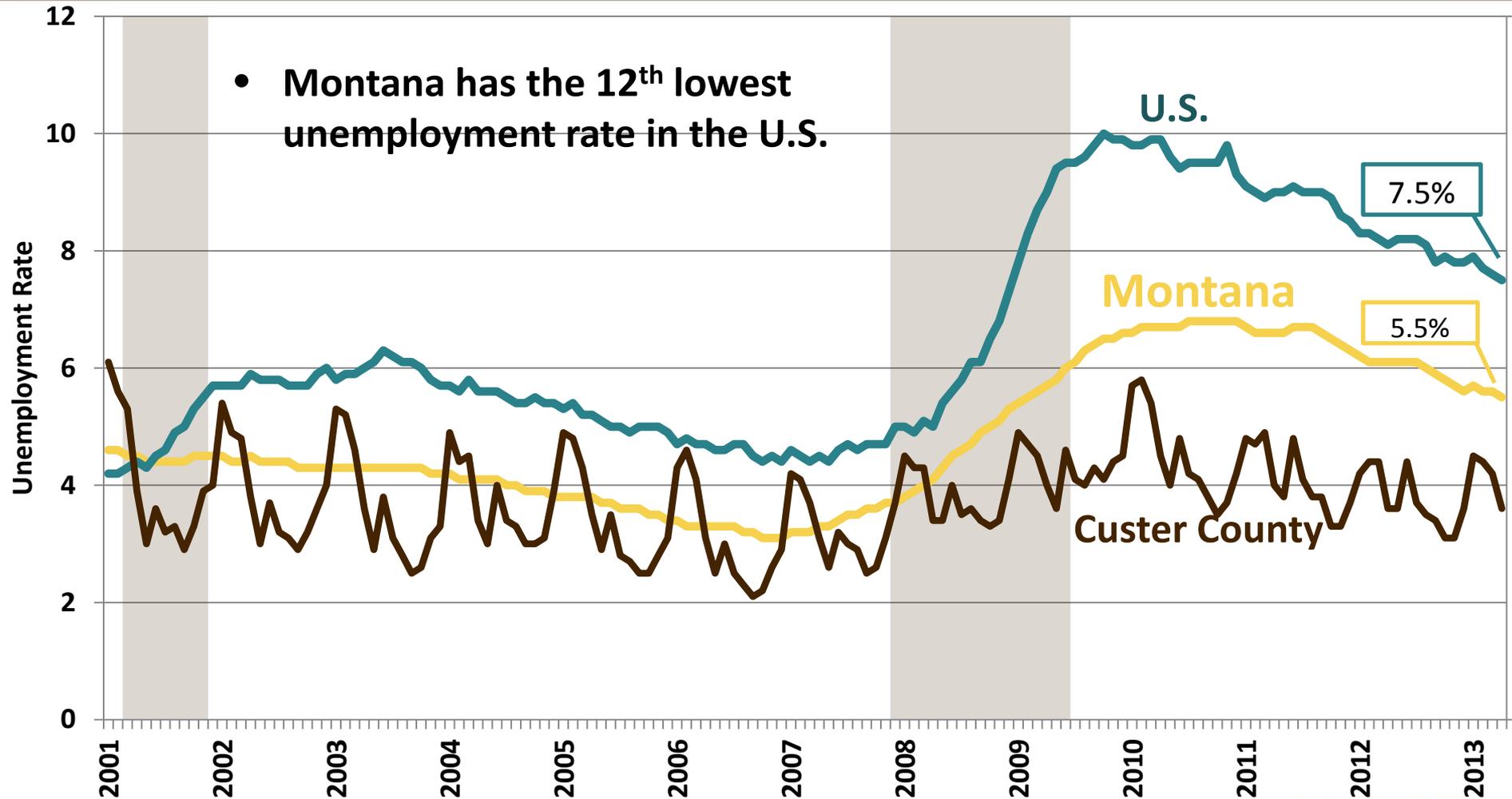
# Payroll Employment Nearly Recovered (Indexed to Peak Employment)



Source: Current Employment Statistics, April 2013 preliminary. Peak employment for Montana occurred in March 2008. U.S. indexed to Jan. 2008 peak. Miles City data from LAUS data indexed to MT peak.

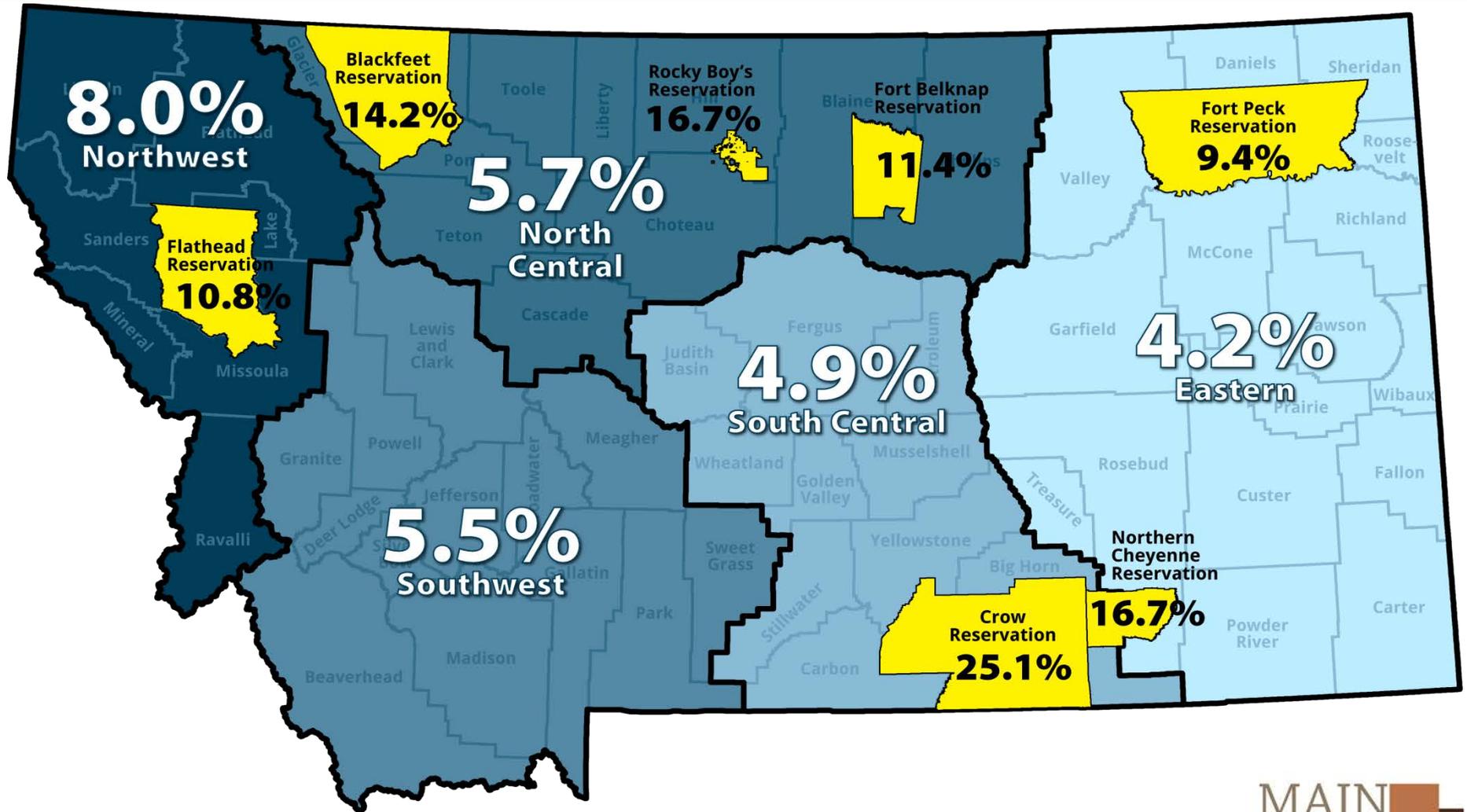
# Montana and U.S. Unemployment Rate

- **Montana has the 12<sup>th</sup> lowest unemployment rate in the U.S.**

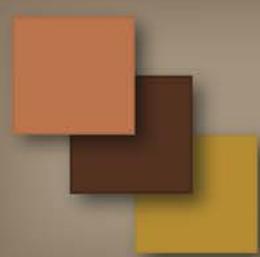


Source: Local Area Unemployment Statistics from MT DLI and the Current Population Survey from BLS. 12<sup>th</sup> lowest from April 2012.

# Regional and Reservation Unemployment 2012



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

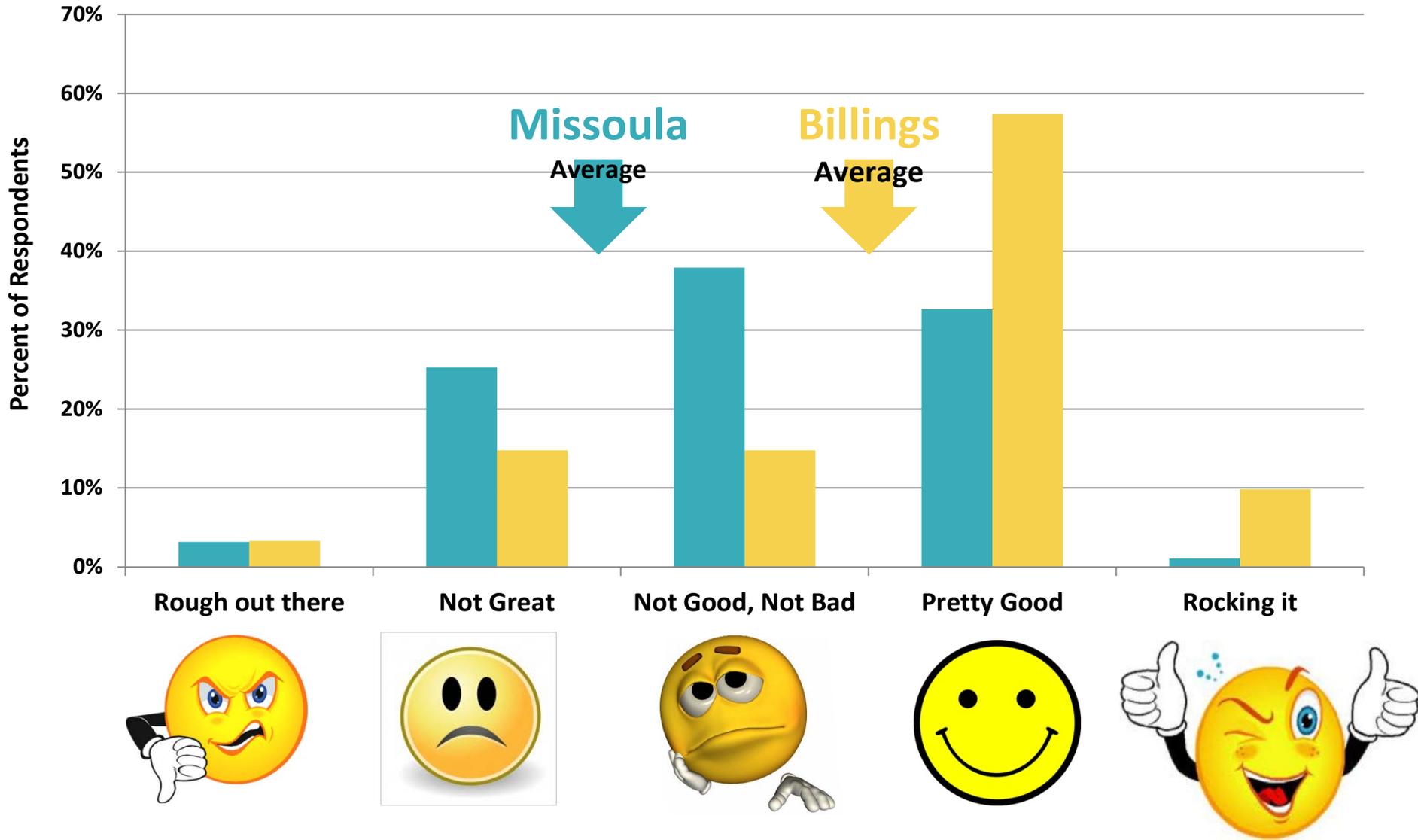


# iClicker Question

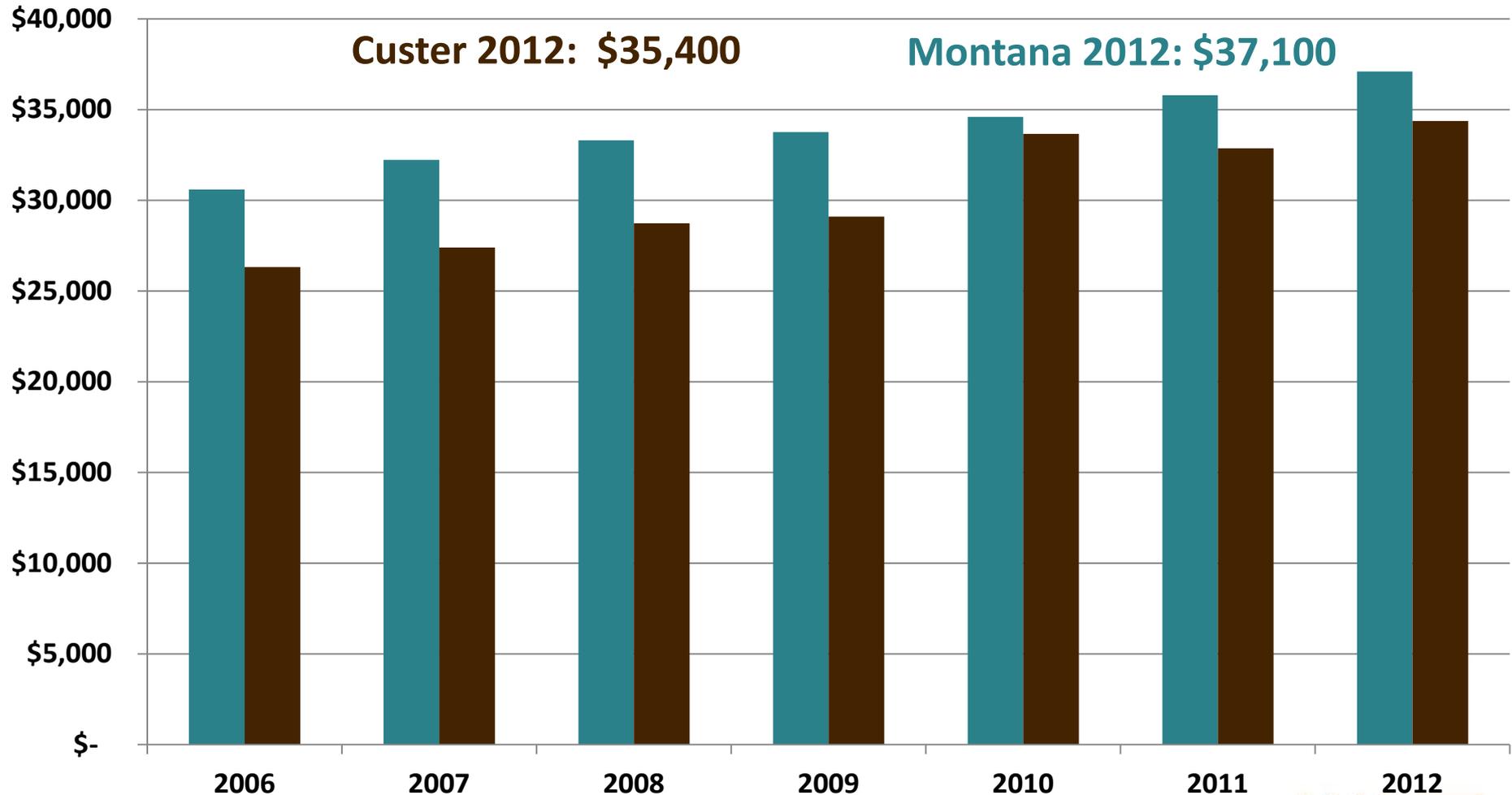
How do you feel our economy is performing right now?

- 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.

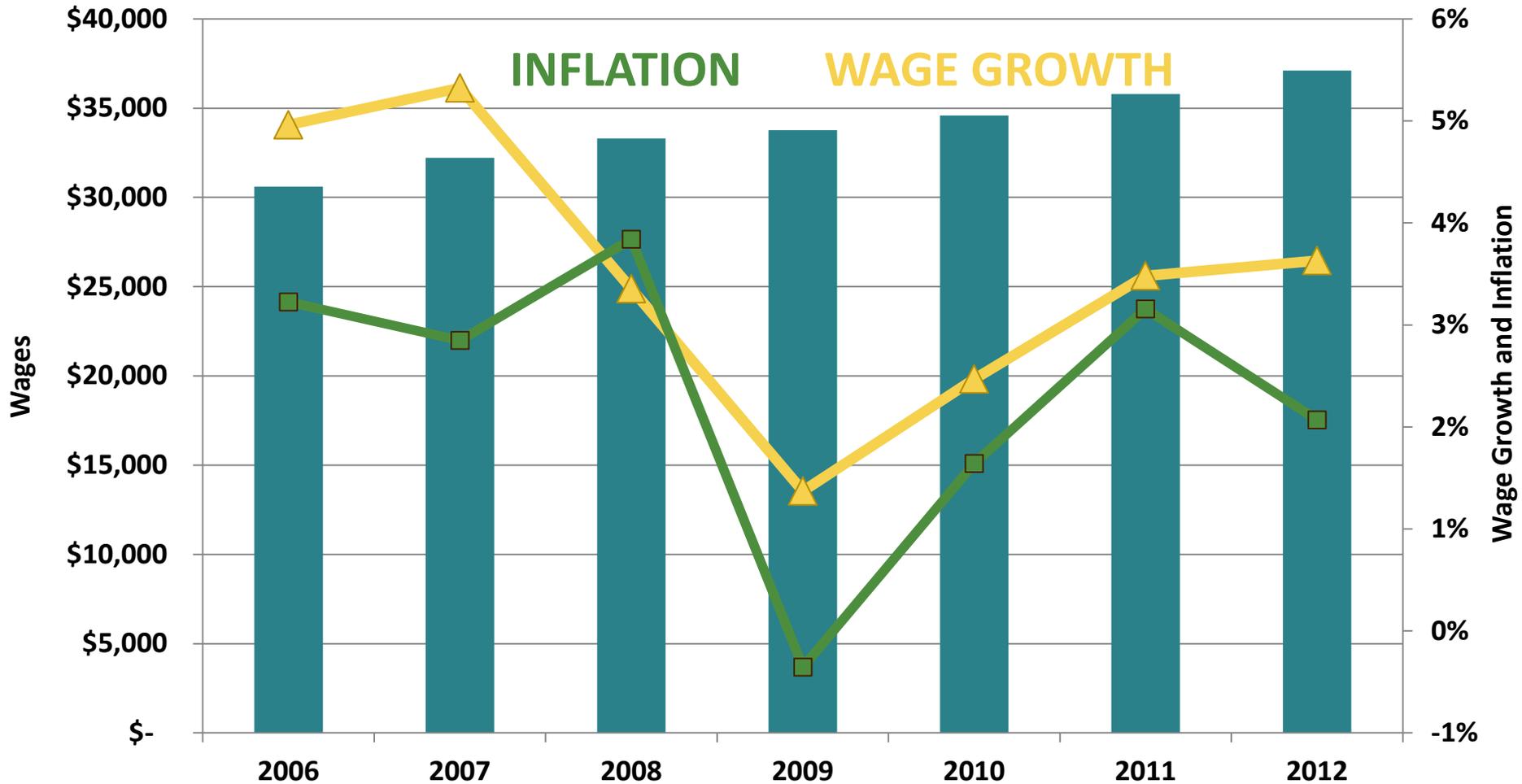
# Responses to Current Economic Performance Question



# Montana Average Annual Wages

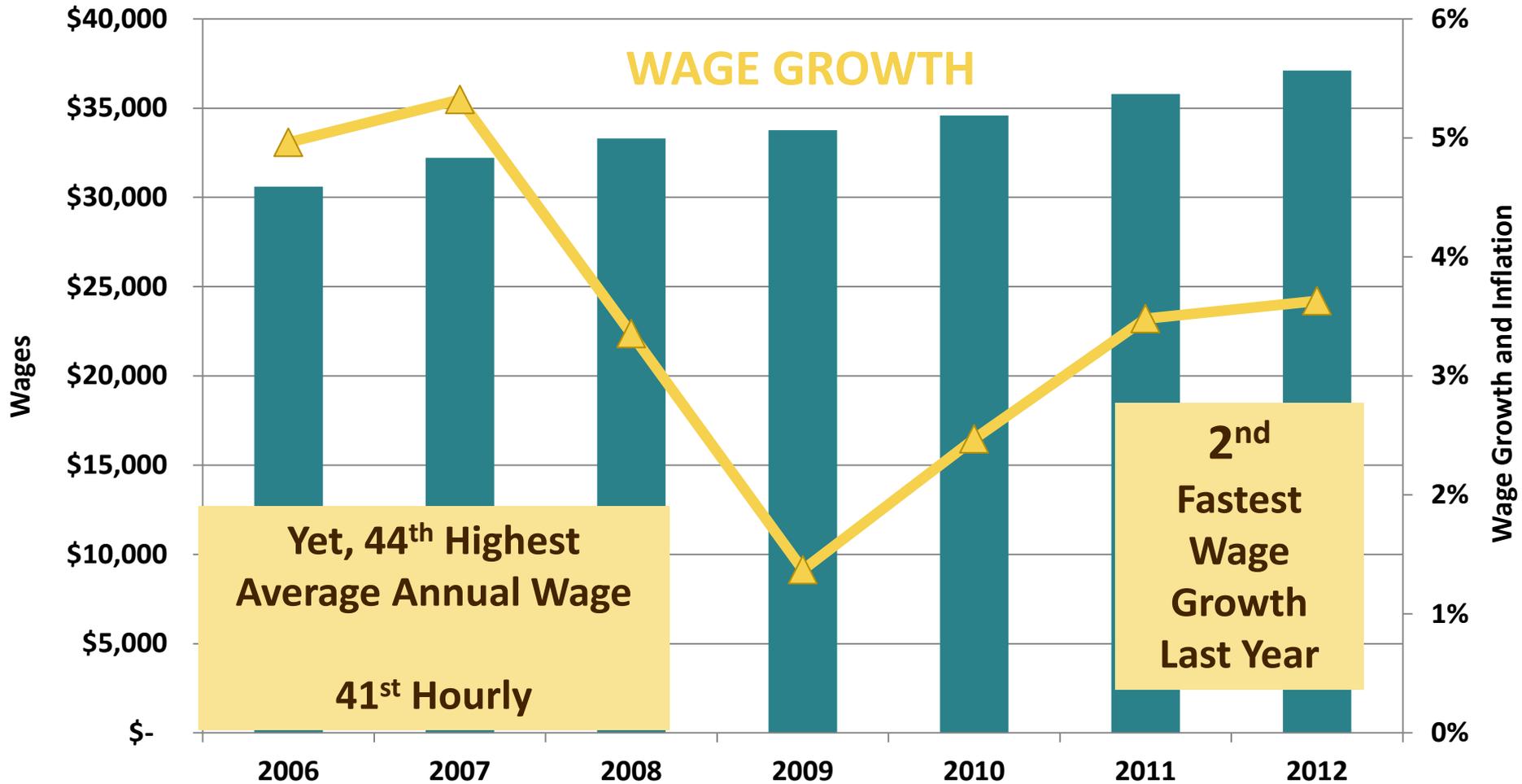


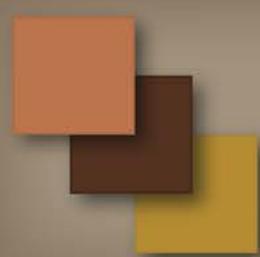
# Montana Average Annual Wages



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

# Montana Average Annual Wages

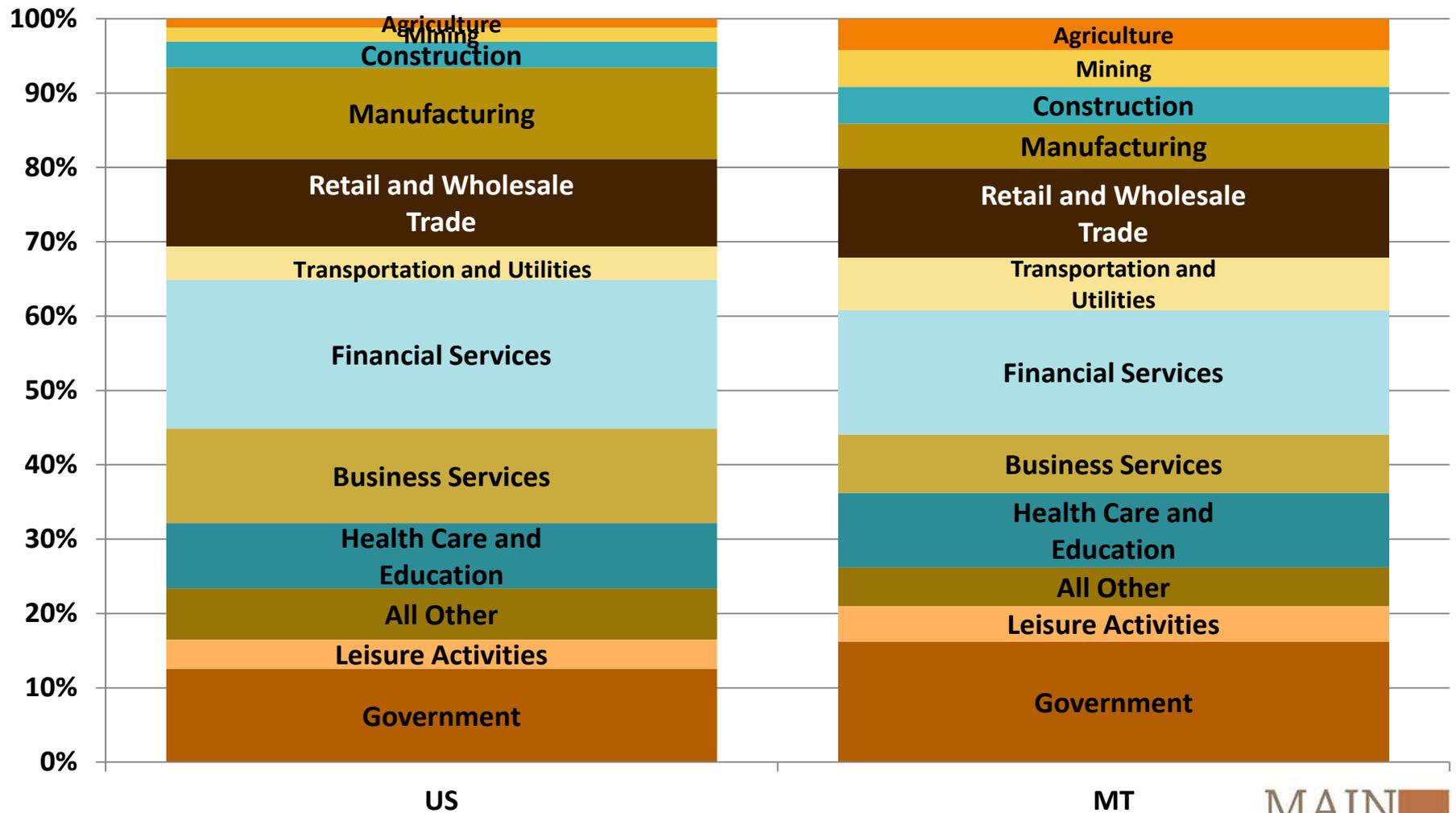




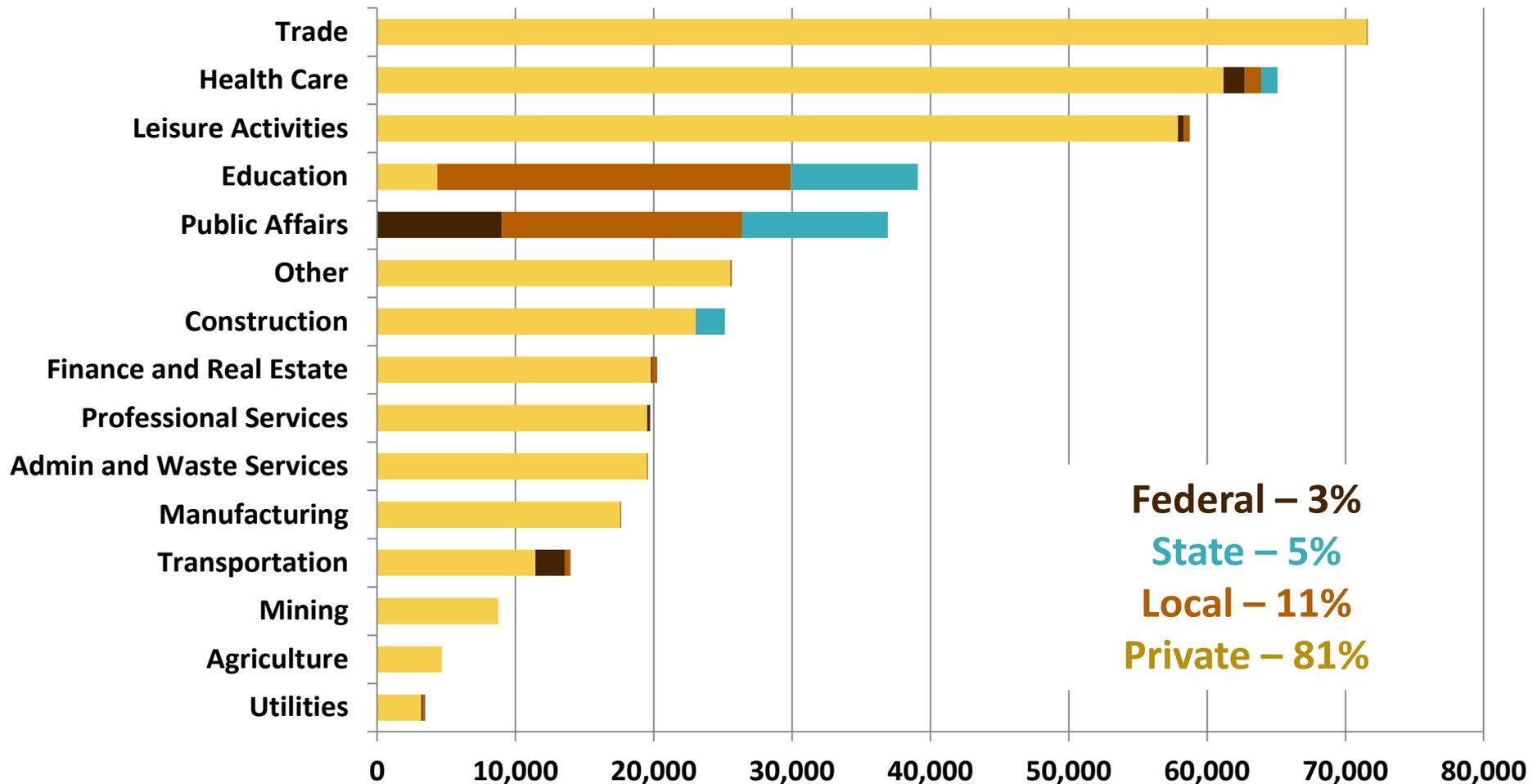
# Take Away Points

- 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)

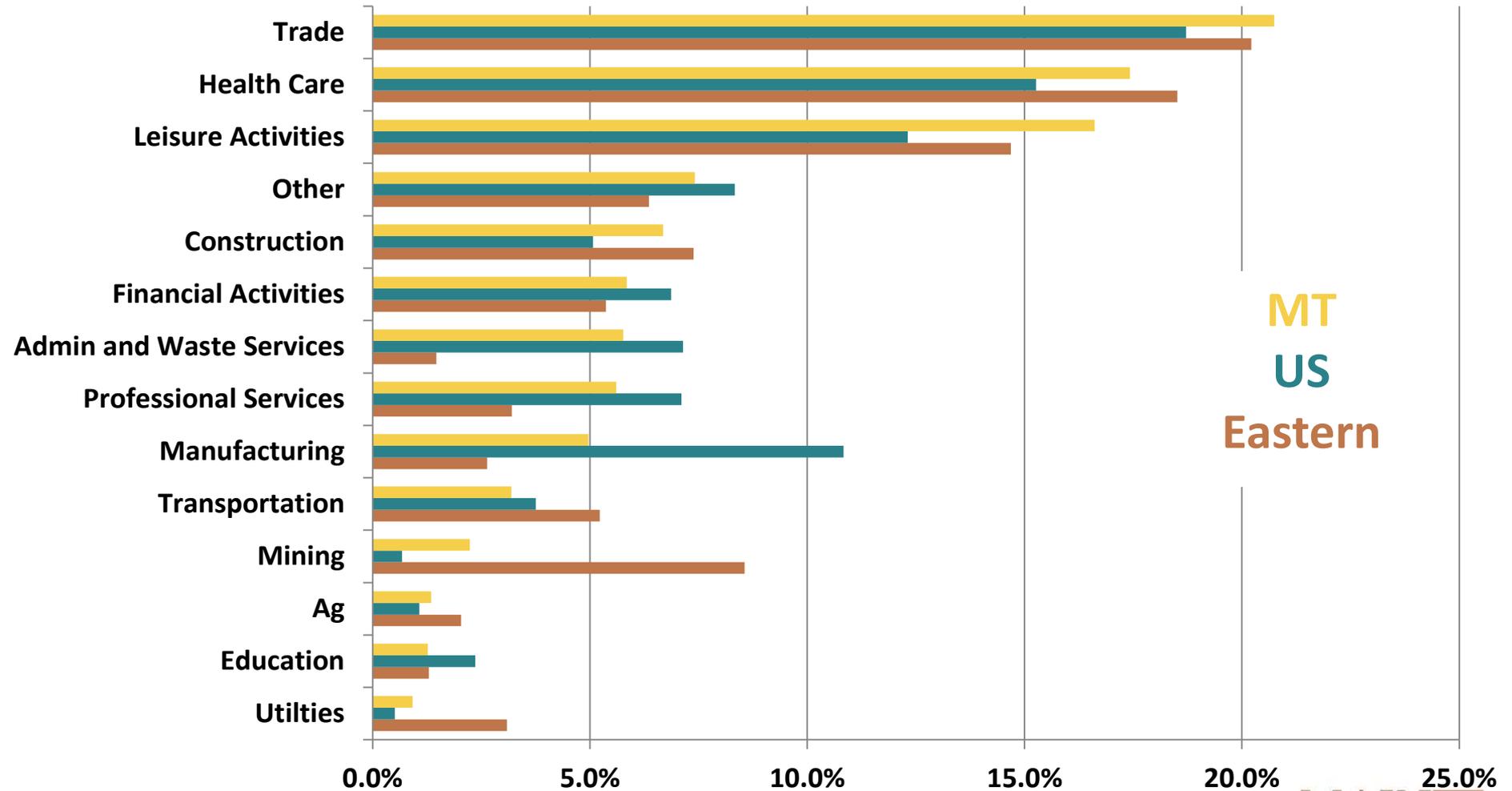


# Comparative Industry Employment



**Federal – 3%**  
**State – 5%**  
**Local – 11%**  
**Private – 81%**

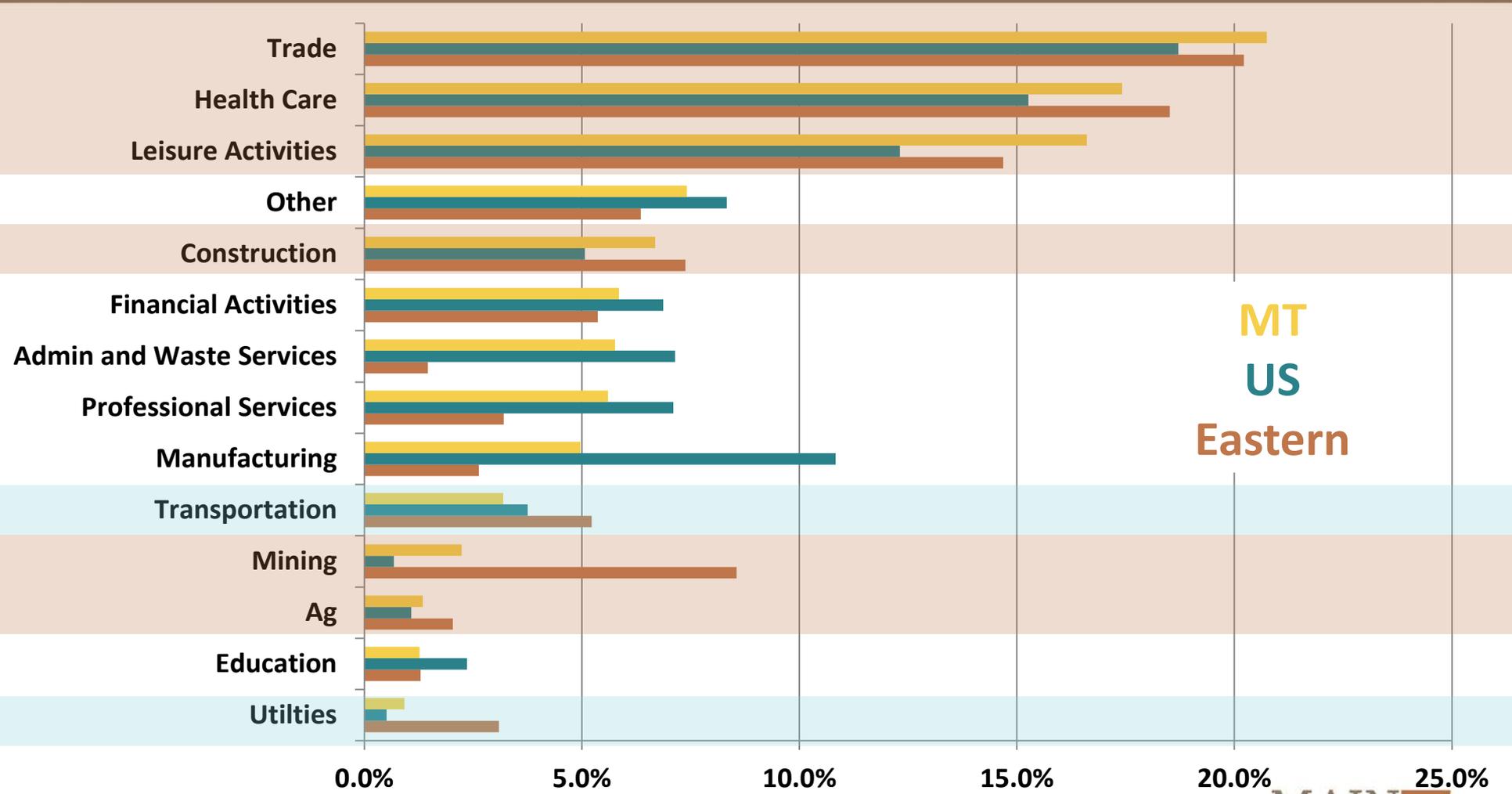
# Comparative Industry Private Employment: US, MT, and Eastern MT



MT  
US  
Eastern

Source: Quarterly Census of Employment and Wages, 2011 Private Employers only.

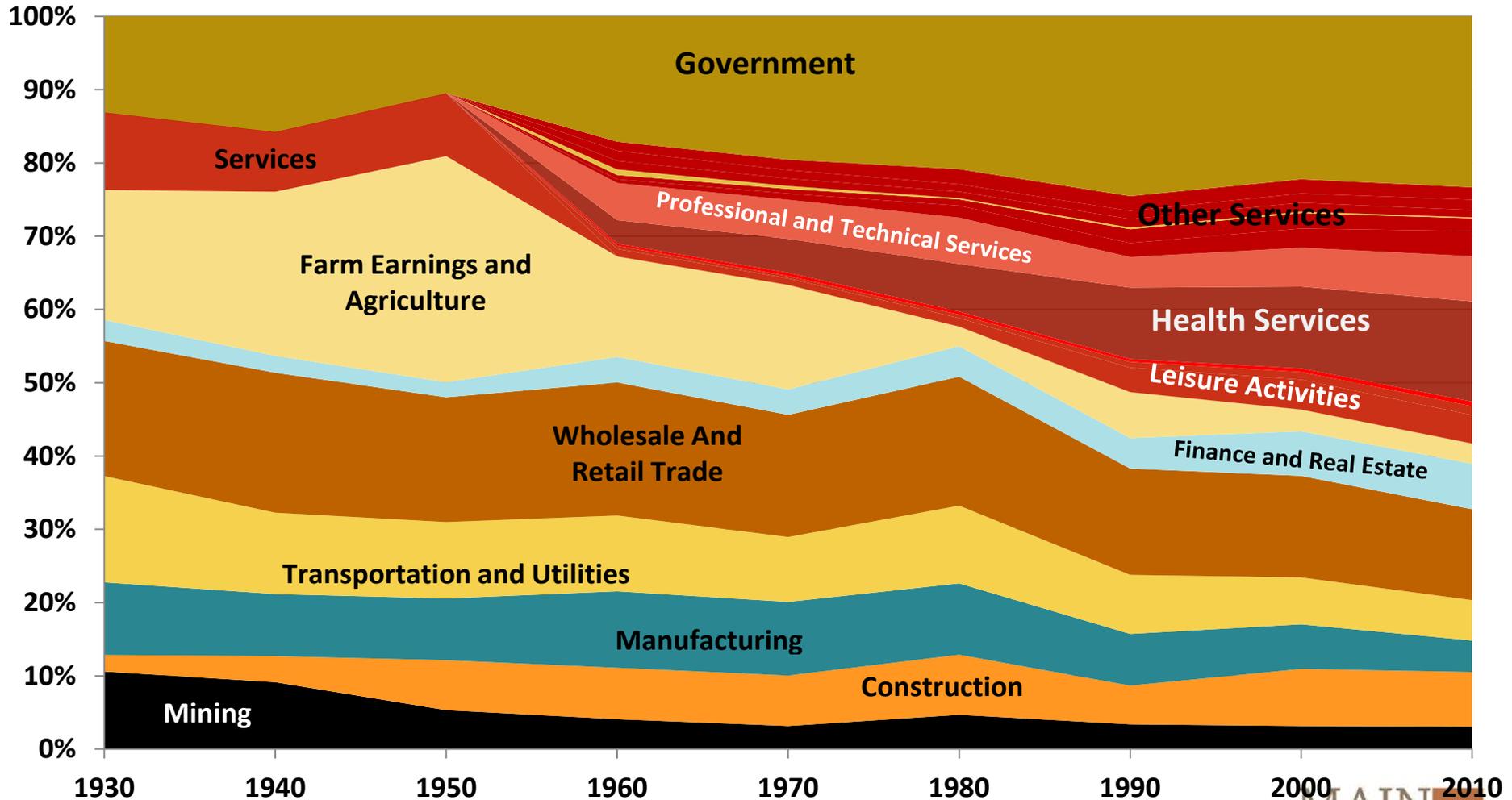
# Comparative Industry Private Employment: US, MT, and Eastern MT



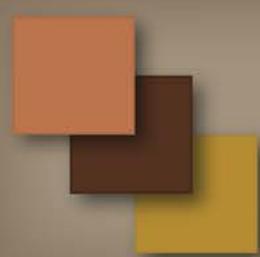
MT  
US  
Eastern

Source: Quarterly Census of Employment and Wages, 2011 Private Employers only.

# Montana Personal Income by Industry Since 1930



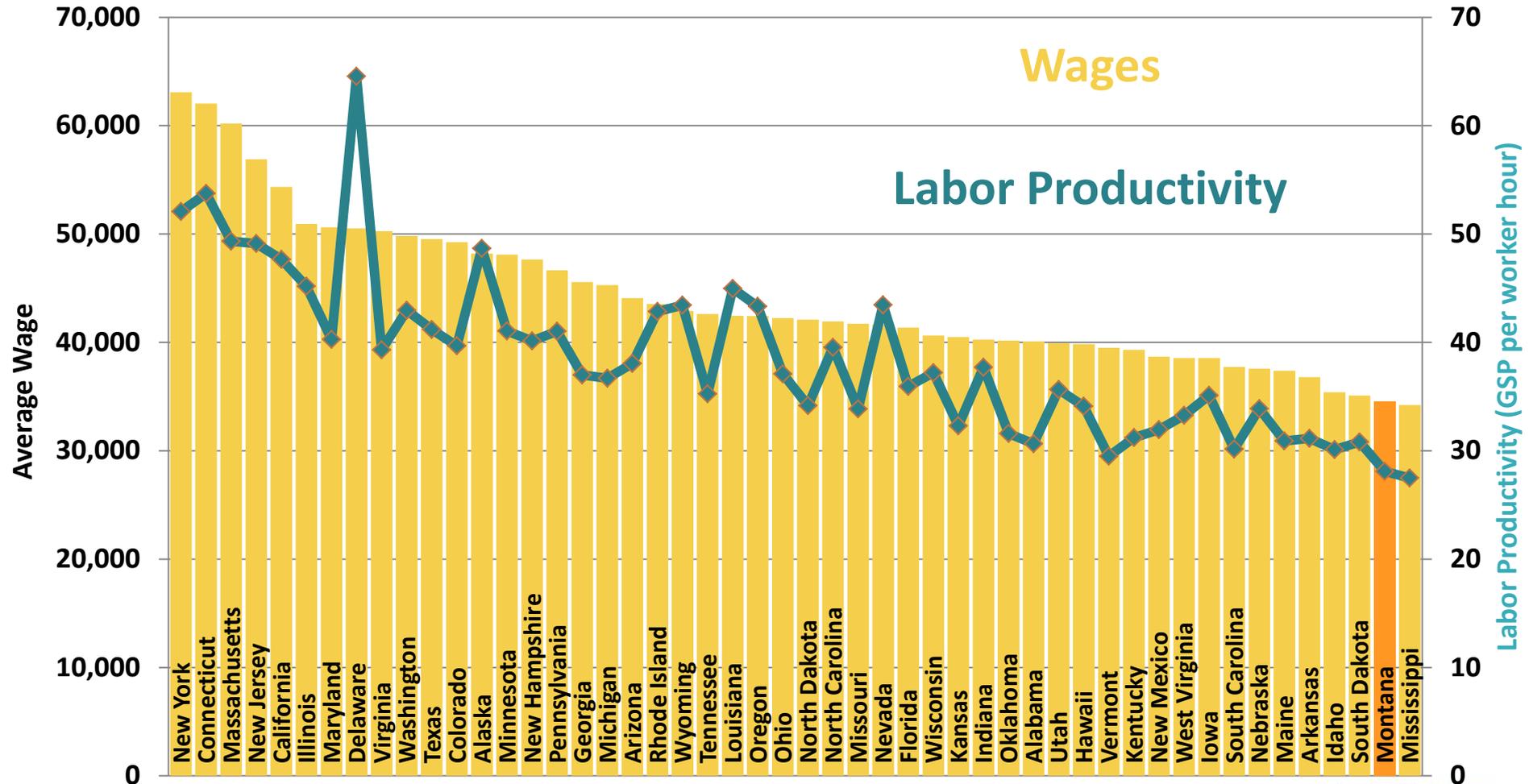
Source: Bureau of Economic Analysis, Personal Income from 1930, SICs to NAICS conversion compiled by the Montana Department of Labor and Industry Research and Analysis Bureau.



# Industry Mix Compared to U.S.

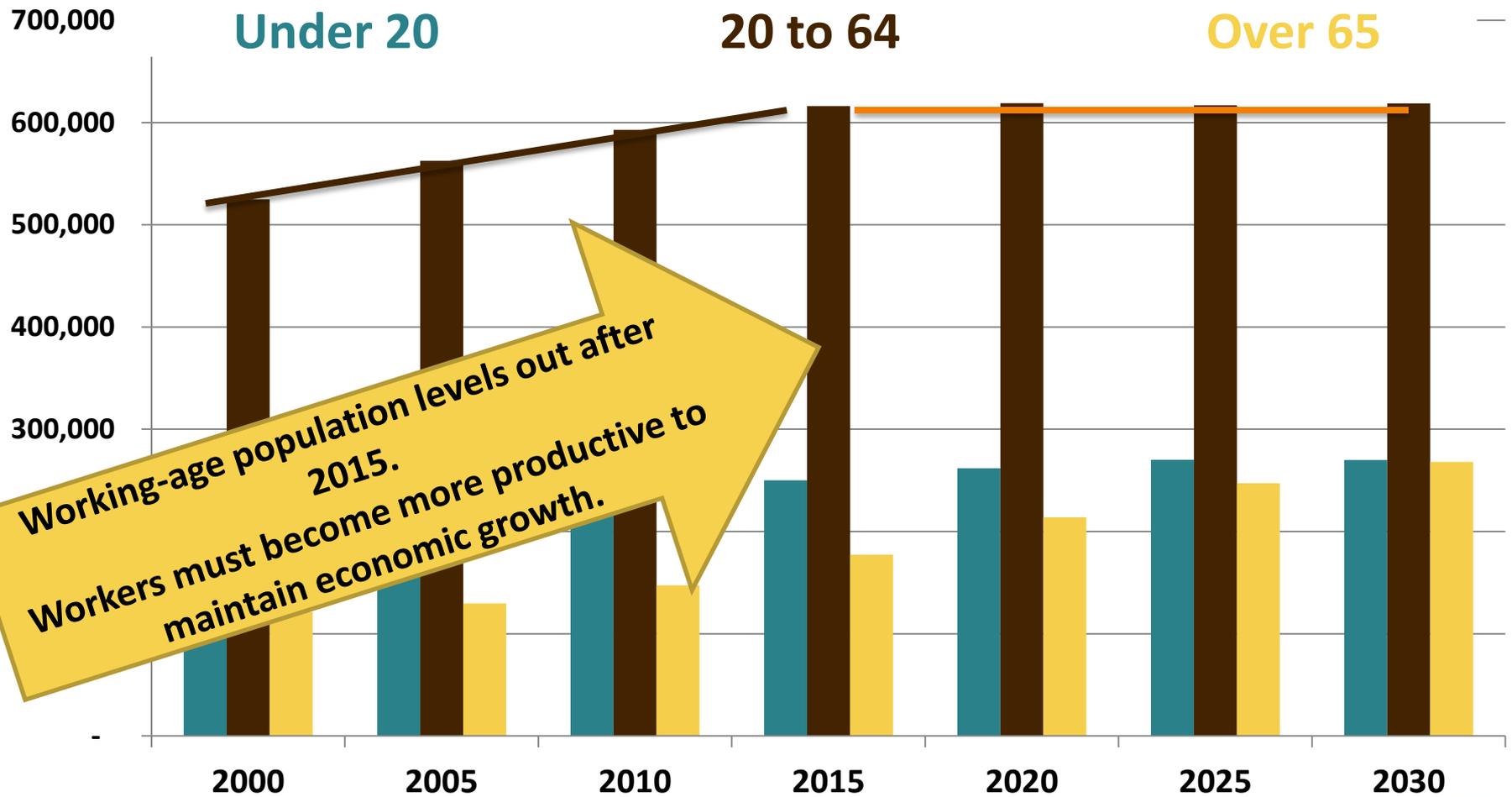
- Roughly equal in good-producing industries, but less manufacturing.
- Larger government, health care, and tourism.
- Smaller financial and business services.
- Industry mix doesn't explain lower wages.

# Wages and Productivity

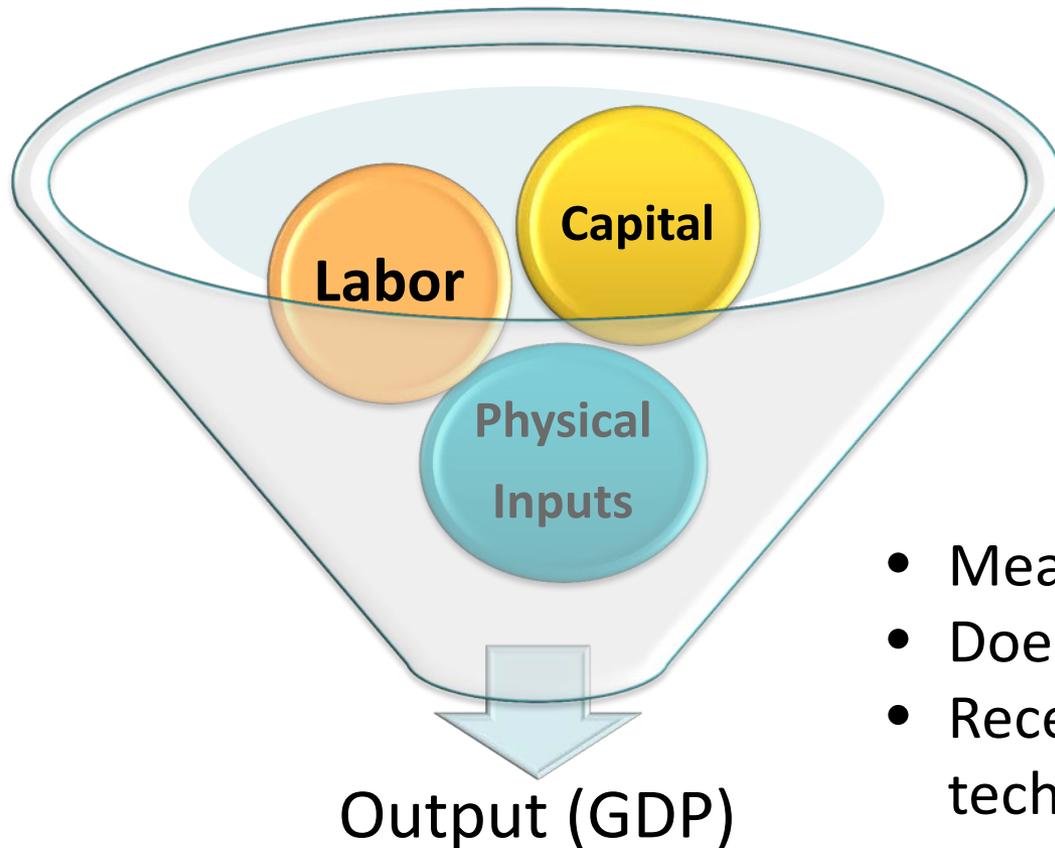


Source: Wages from Quarterly Census of Employment and Wages, 2011 annual. GSP and employment from the Bureau of Economic Analysis and average hours from the Current Employment Statistics. Calculated by MT DLI R&A.

# Montana's Aging Population



# Productivity Defined

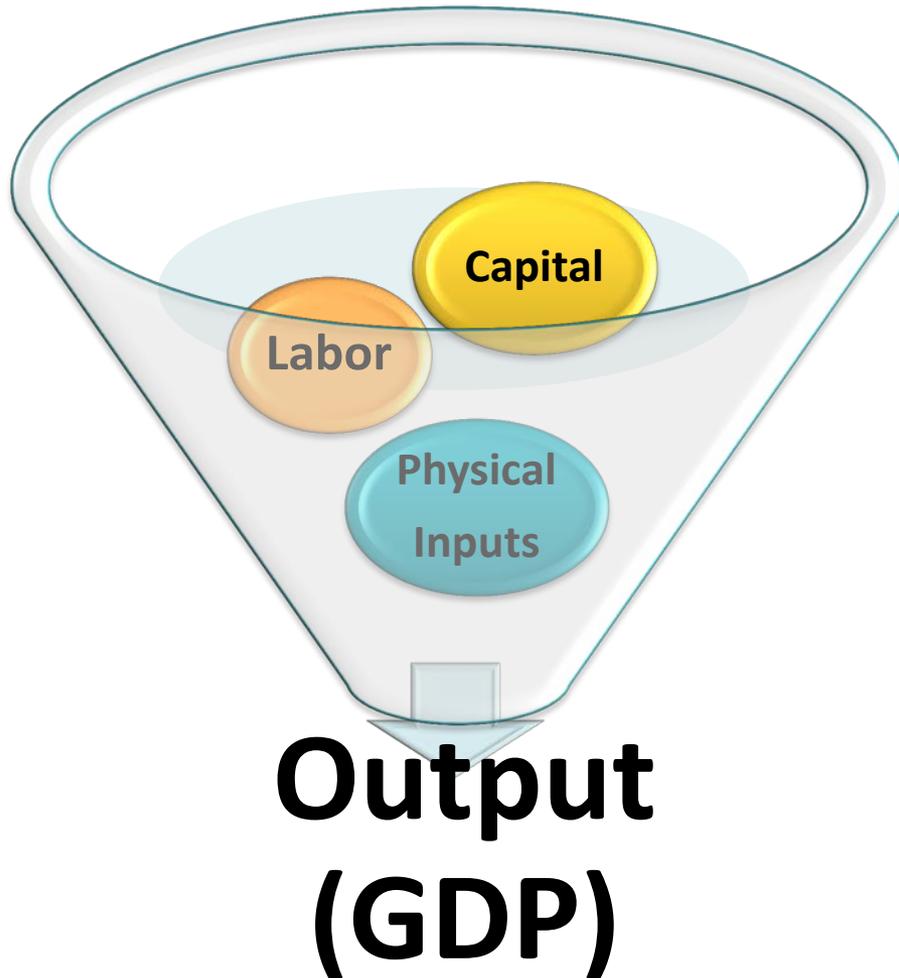


**Productivity:**  
the “recipe” used to combine labor, capital (equipment), and inputs together to make output.

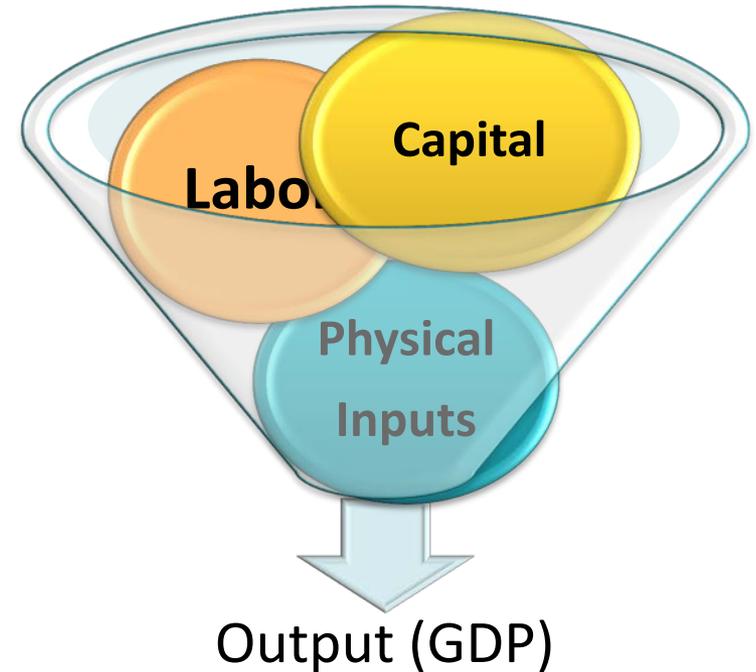
- Measured by labor in states.
- Does NOT mean workers are lazy.
- Recently, it is a factor of technology.
- Work smarter, not harder.

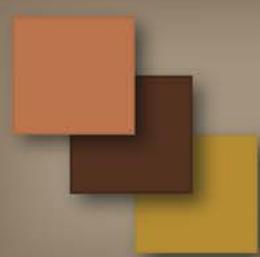
# Productivity Defined

## High Productivity



## Low Productivity

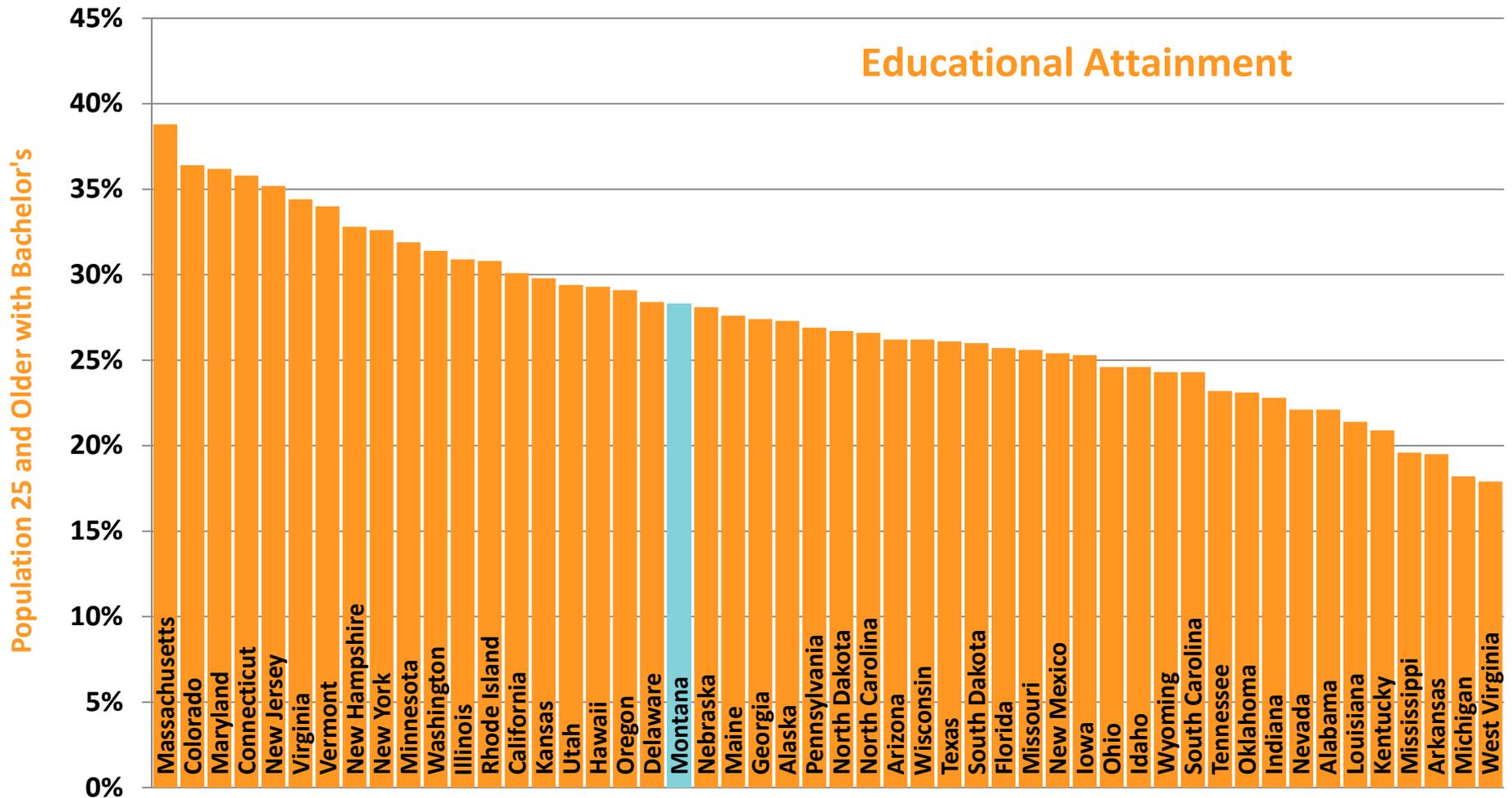




# Factors Influencing Productivity

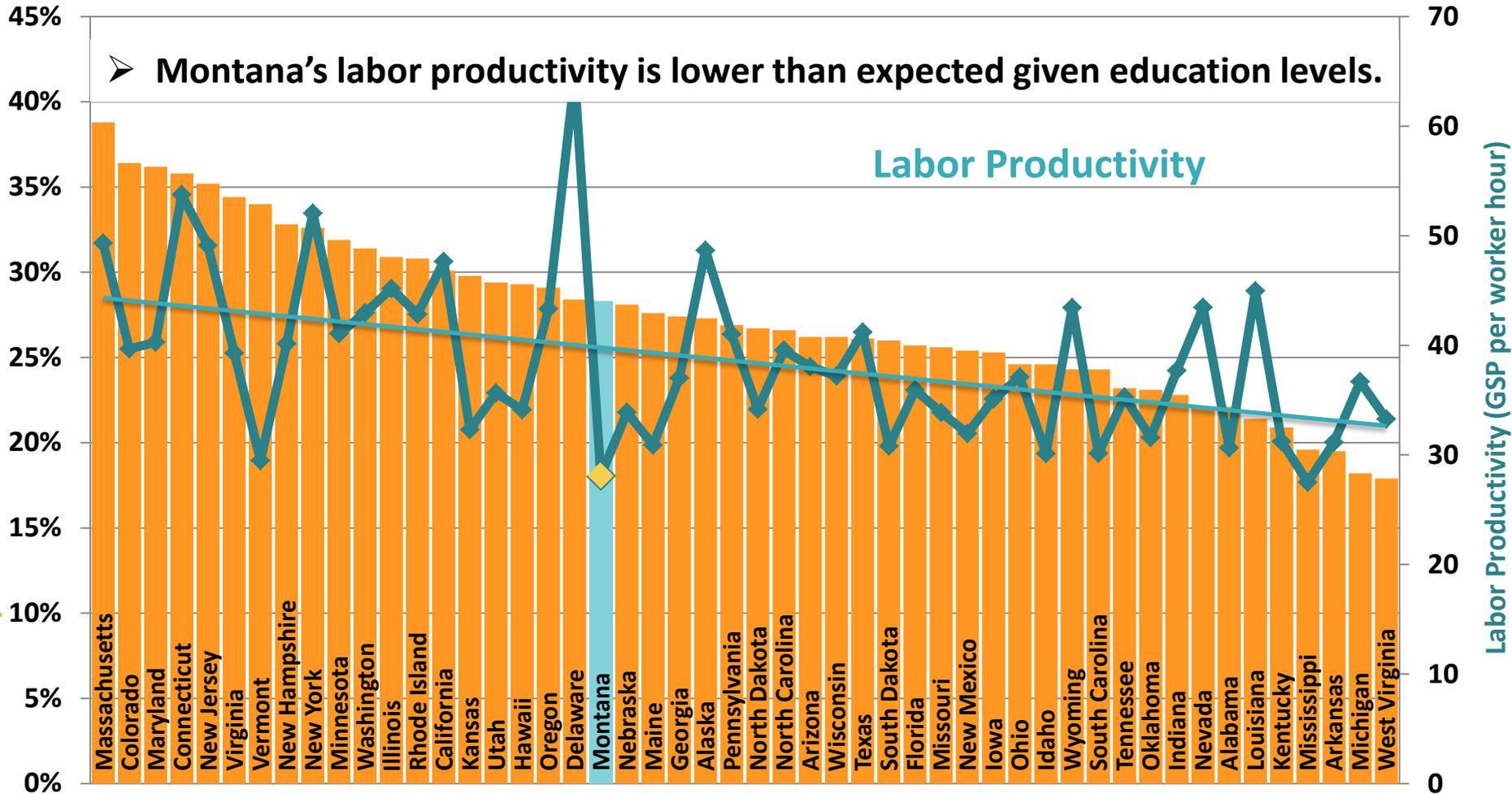
- Education

# Productivity and Education

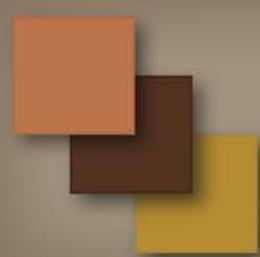


Source: Education attainment from 2009-2011 ACS, U.S. Census. GSP and employment from the Bureau of Economic Analysis and average hours from the Current Employment Statistics. Calculated by MT DLI R&A.

# 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.

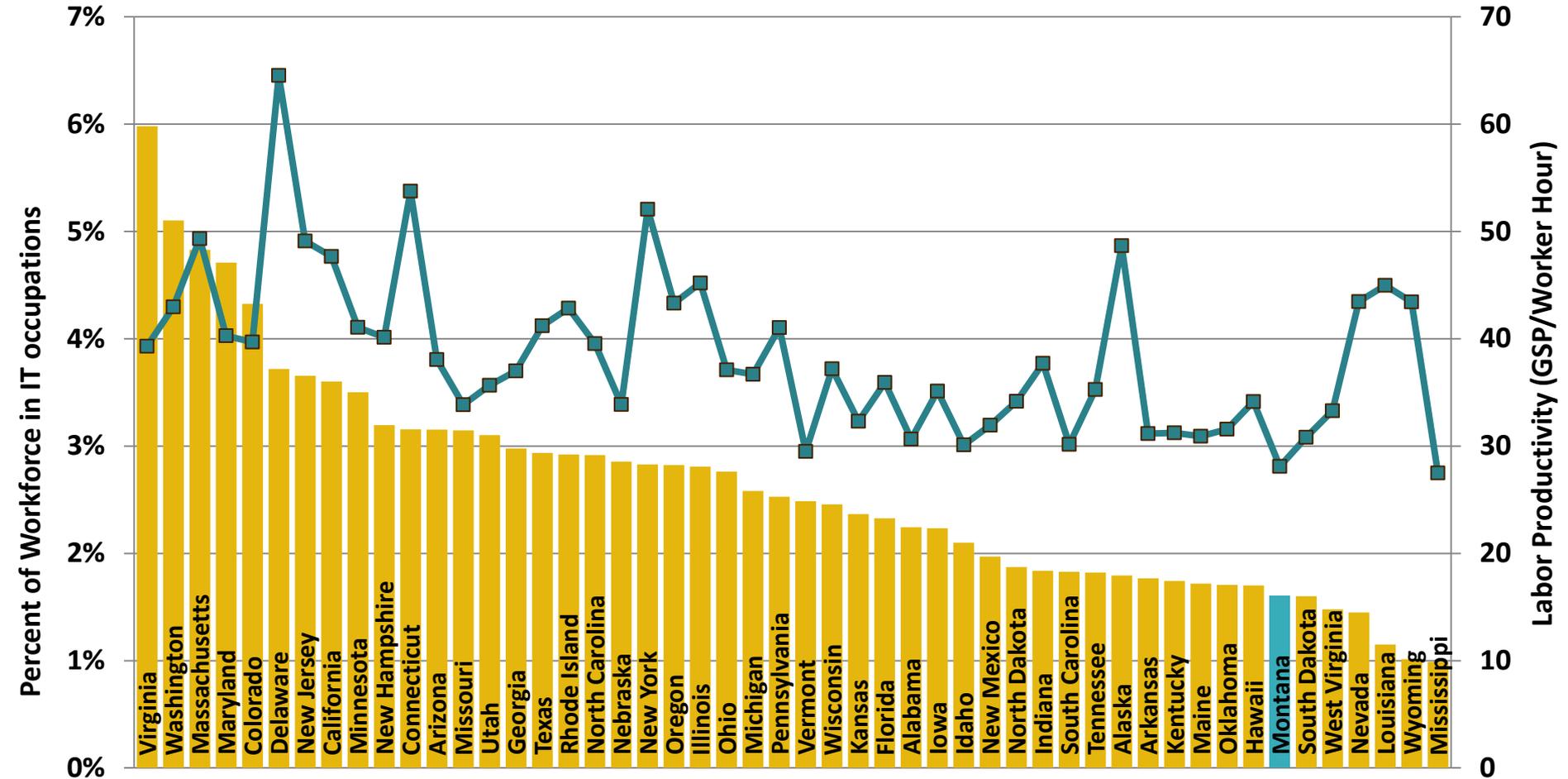


# Factors Influencing Productivity

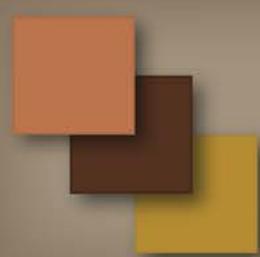
- Education
- Experience in job
- Job Matching
- Industry Mix
- Urban concentration
- Use of technology
- Spread of best practices and innovative methods
- Business Size

# Use of Technology

(measured in percent of workers in IT fields)

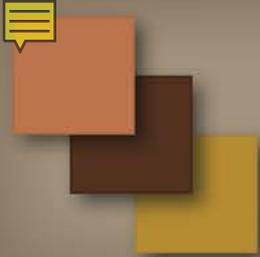


Source: Occupational Employment Statistics, 2012. Employment in 11-3021 and 15-0000 as percent of total employment.



# Factors Influencing Productivity

- Education
- Experience in job
- Job Matching
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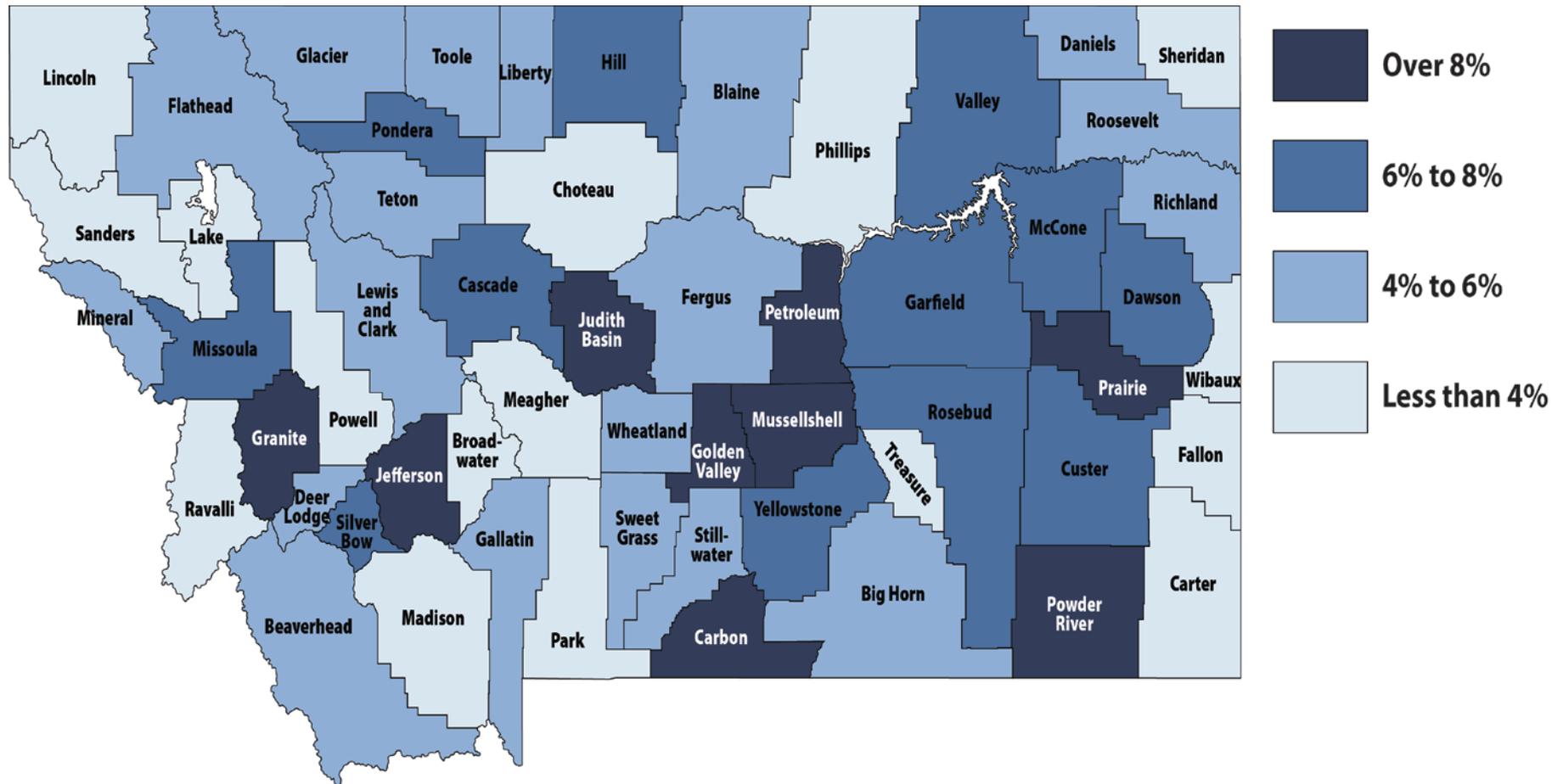
# Montana has High Rates of Entrepreneurialism

## Montana Ranks Among States

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

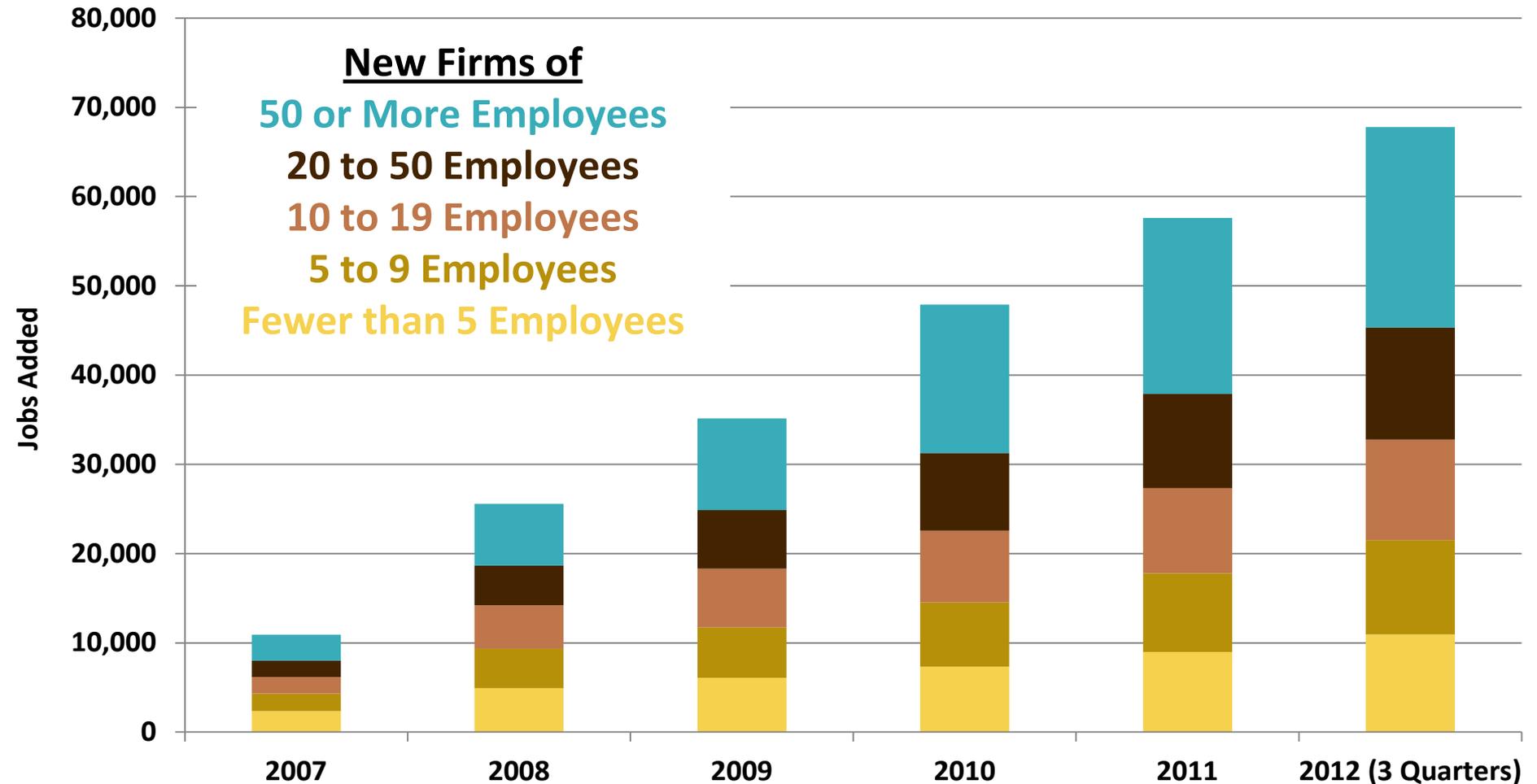
# Business Startups by County 2007-2010

(as percent of existing establishments)

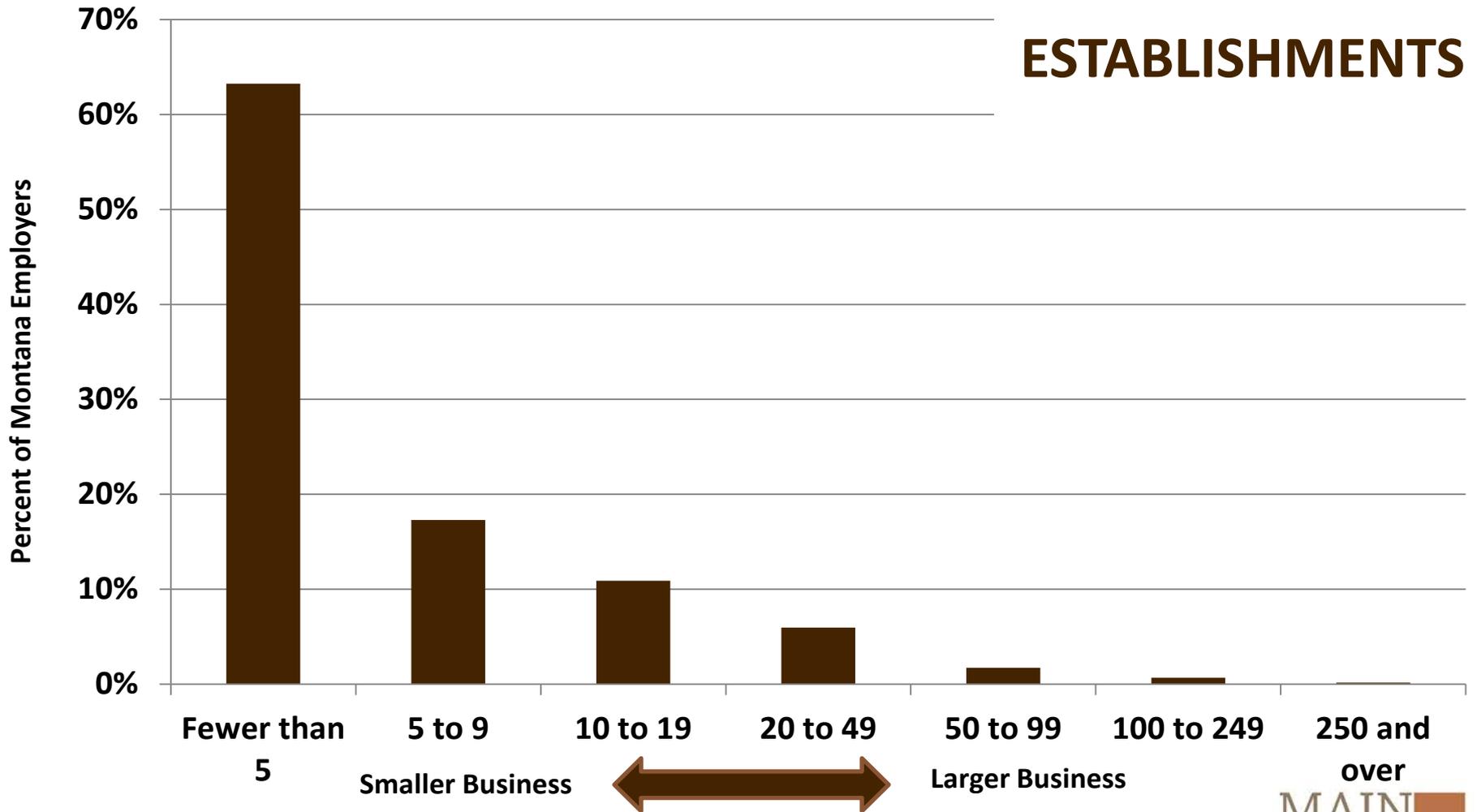


Source: Research and Analysis Bureau, MT Dept of Labor and Industry

# Job Performance of New Firms Started Since 2007 by Size

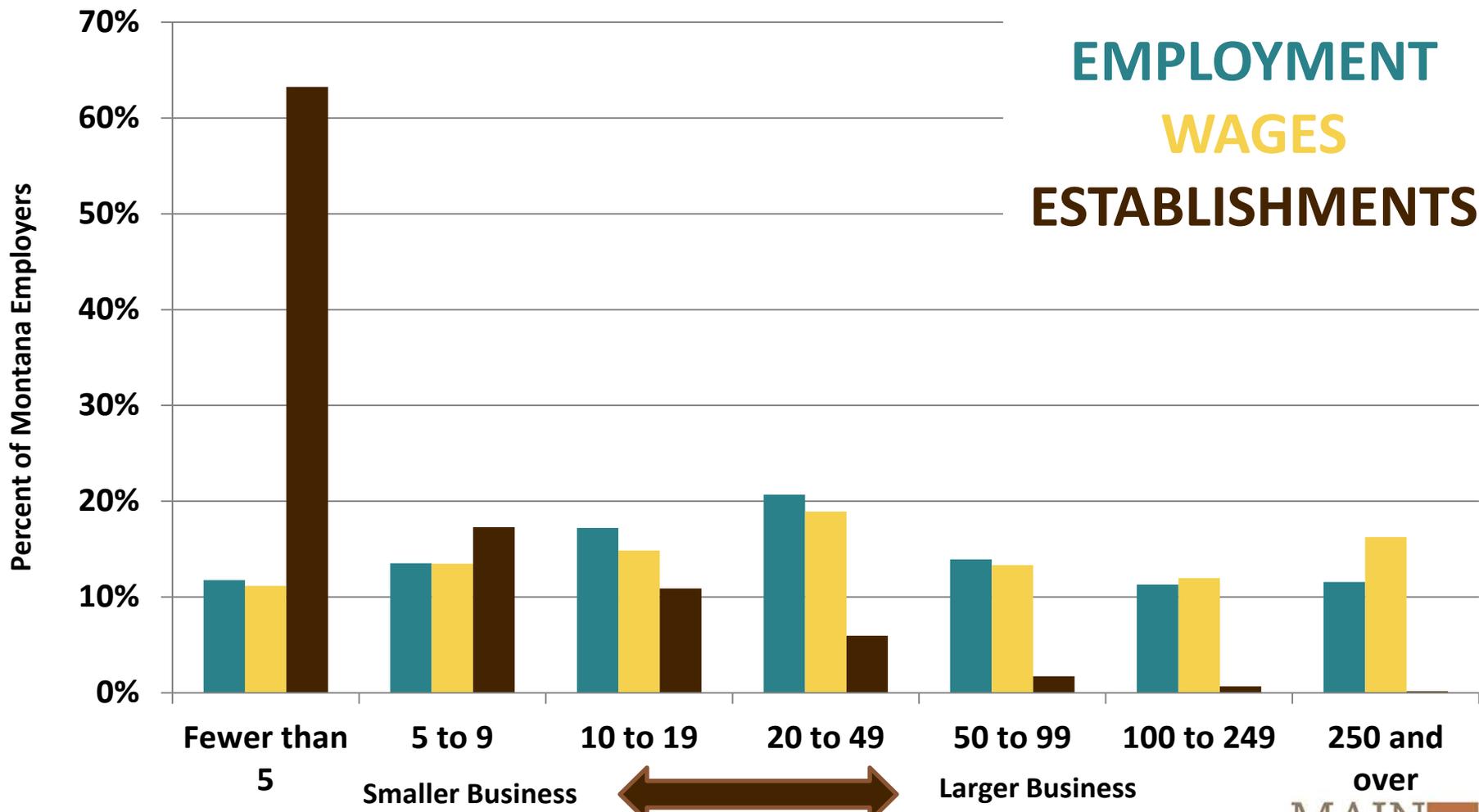


# Montana has Lots of Small Businesses, but Large Business Provide the Jobs and Wages



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

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

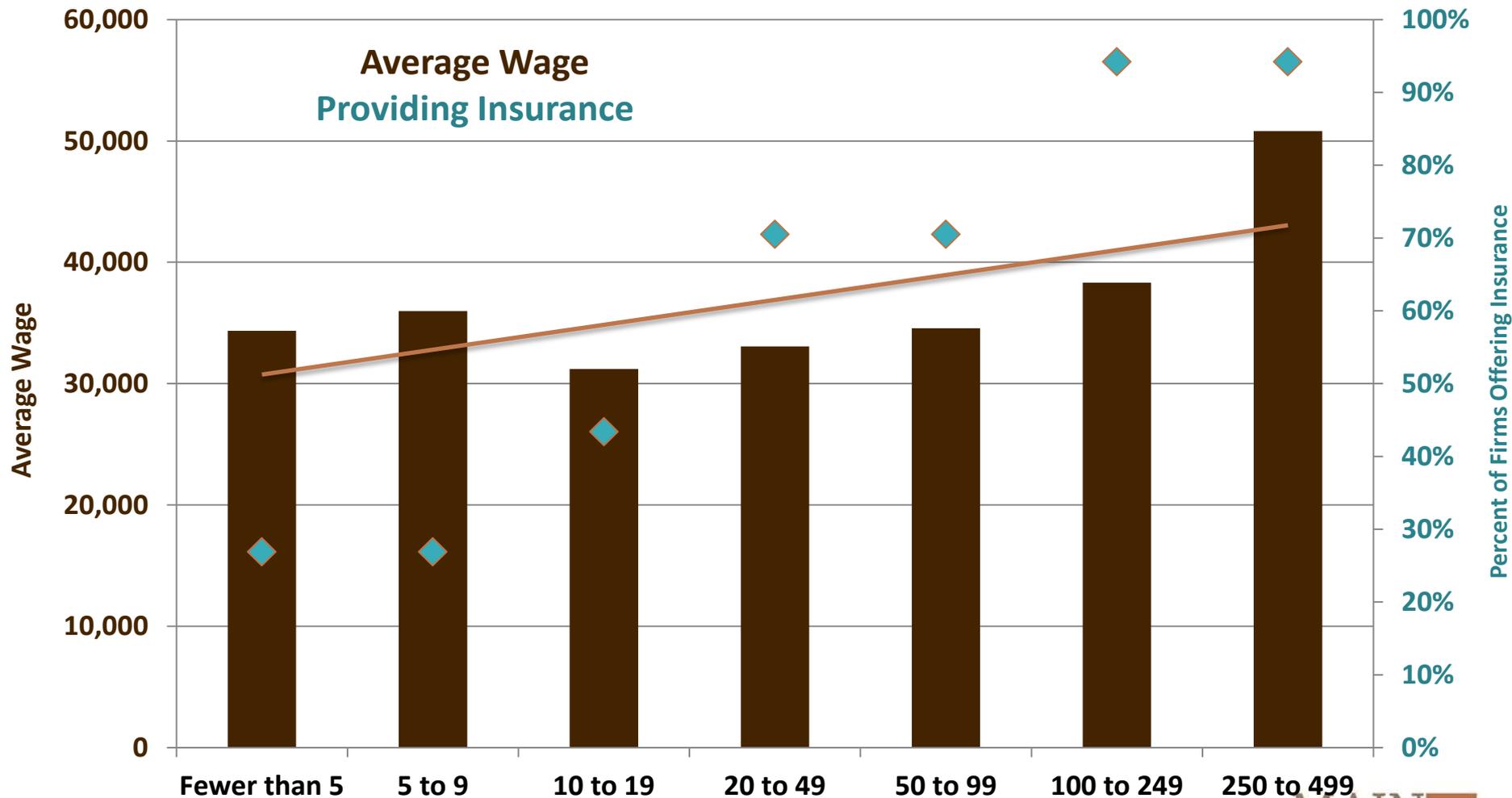


**EMPLOYMENT**  
**WAGES**  
**ESTABLISHMENTS**

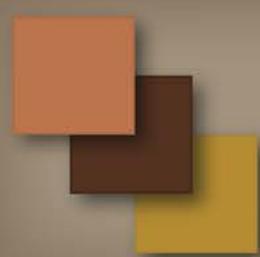


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), 2012

# 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
- Use of technology
- Spread of best practices and innovative methods
- 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

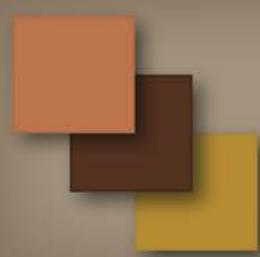
## Labor

### (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.lmi.mt.gov](http://www.lmi.mt.gov)

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