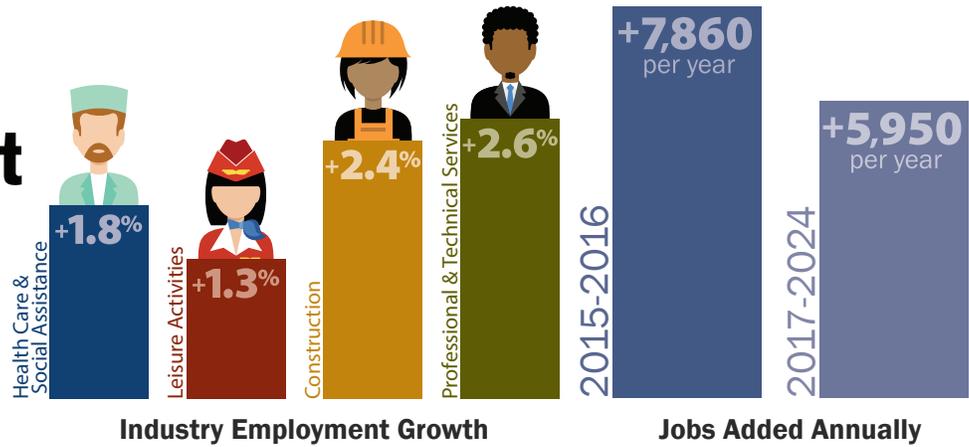


Montana Employment Projections 2015-2024

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Every year, the Montana Department of Labor and Industry produces employment forecasts for the state of Montana. The Montana employment projections provide information for businesses planning workforce needs, for education institutions training future workers, for existing workers looking to advance in their career, and for students trying to make informed decisions about their career opportunities. The employment forecasts are intended to help ensure that Montana’s workforce is prepared for tomorrow’s job opportunities, so that businesses can count on their workforce to ensure strong economic growth in the years to come.

The employment forecasts are produced for both two-year and ten-year time frames, by industry and occupation, and by geographic region. Employment forecasts estimate the future demand for workers based on historical employment data, coupled with other knowledge available at the time of the forecast. Because the economy is constantly changing, no forecast can be 100% accurate. Instead, employment forecasts should be seen as the most likely employment growth outcome, given our current knowledge and information about the economy.

Statewide Forecasts and Factors Influencing Growth

Montana is expected to add roughly 7,860 jobs per year in 2015 and 2016, and then slow to 5,950 per year from 2017 to 2024. The faster growth in the near term is expected because of strong job growth momentum exiting the recession, particularly in the construction, manufacturing, and retail and wholesale trade industries. After 2016, Montana employment growth is expected to slow because of restricted labor supply, returning to a pace slightly slower than the long run growth rate.

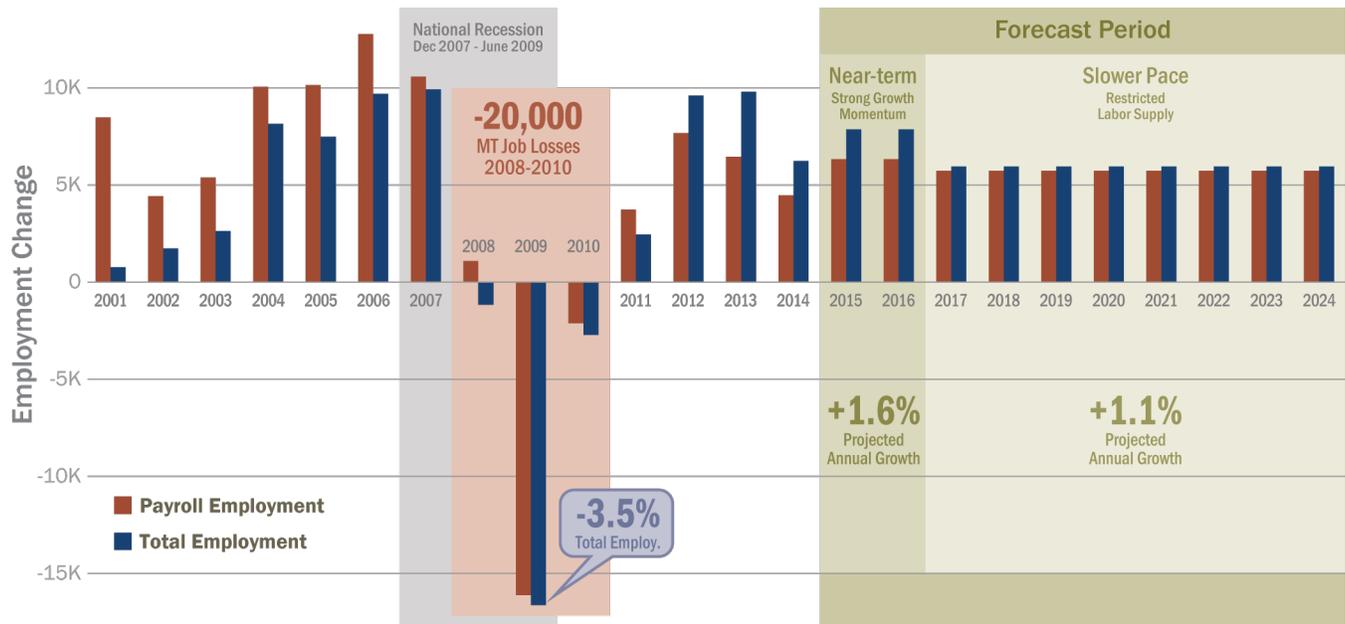
Job growth is expected to continue at a faster-than-average pace, with an average growth of 1.6% in 2015 and 2016.

Figure 1 illustrates that Montana had strong job growth prior to the recession, especially between 2004 and 2007, with over 10,000 payroll job gains per year. Total job growth during these years averaged slightly less, at roughly 8,800 job gains per year. Total job estimates include all payroll jobs, as well as self-employed and agricultural workers who are not included in payroll jobs. Data suggests some workers moved from self-employment into payroll jobs during these bubble years because total payroll employment was growing faster than total employment.

From 2008 to 2010, the national recession caused losses of over 20,000 jobs, leaving a large number of Montana workers unemployed. The largest losses came in 2009, when total employment fell by 3.5%. The construction industry was the hardest hit, losing over 9,600 jobs at a rate of 11.1% per year from 2007 to 2010. The manufacturing industry also suffered, losing over 4,000 jobs.

Figure 1

Montana Jobs Added over Prior Year, Total and Payroll, Historic (2001 – 2014) and Projected (2015 – 2024)



Source: Historic total employment data comes from the Local Area Unemployment Statistics. Historic payroll employment data comes from the Quarterly Census of Employment and Wages. Projected data comes from the MT Department of Labor and Industry 2015 Employment Forecasts.

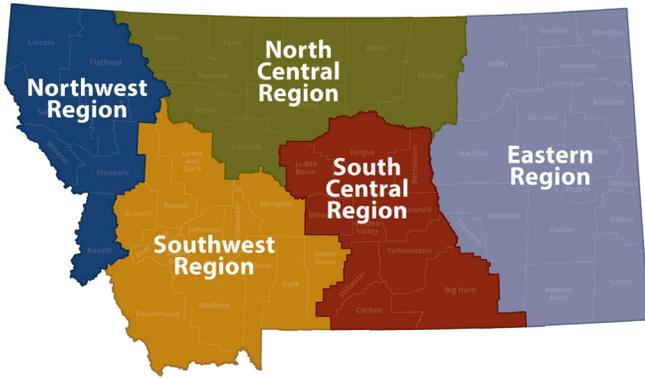
Exiting the recession, Montana’s job growth was slower than expected, with job losses in 2010 and slower-than-average job growth in 2011. Job growth began to increase more rapidly in 2012 and 2013. By September of 2013, Montana had recovered all of the jobs lost during the recession—a year ahead of the nation as a whole. Job growth in the next two years is expected to continue at a faster-than-average pace, with an average annual increase of 1.6% in 2015 and 2016.

Recently, the U.S. economy has caught up with Montana’s employment growth and is now posting strong job and wage growth. The U.S. economy has been strong compared to the global economy, leading to a strengthening of the dollar against other currencies. A strong dollar reduces the price of imported goods, benefiting domestic workers and consumers by allowing their dollars to stretch further and purchase more goods. An increase in purchasing power, coupled with lower gas prices and wage growth, should encourage domestic travel and increase demand for consumer-based industries, contributing to above-average

employment growth in the short run in Montana. However, a strong dollar also makes U.S. products more expensive to foreign countries. Montana’s industries with global consumers, like the natural resource, manufacturing, and tourism industries, may suffer due to slow world demand. The impact of a strong dollar on Montana’s economic growth will be mixed.

Demographics continue to drive changes in the Montana economy. In the long run, job growth is expected to slow in part due to worker shortages caused by the retirement of Montana’s aging workforce. After 2016, employment growth is expected to slow to 1.1%, which is equal to the average annual employment growth in Montana since 1990. Tight labor markets caused by worker shortages can provide economic benefits for workers because jobs are easy to find and wages increase rapidly. However, economic growth can be constrained if businesses cannot find the right workers, or enough workers, to produce their goods and services.

Montana's Regions

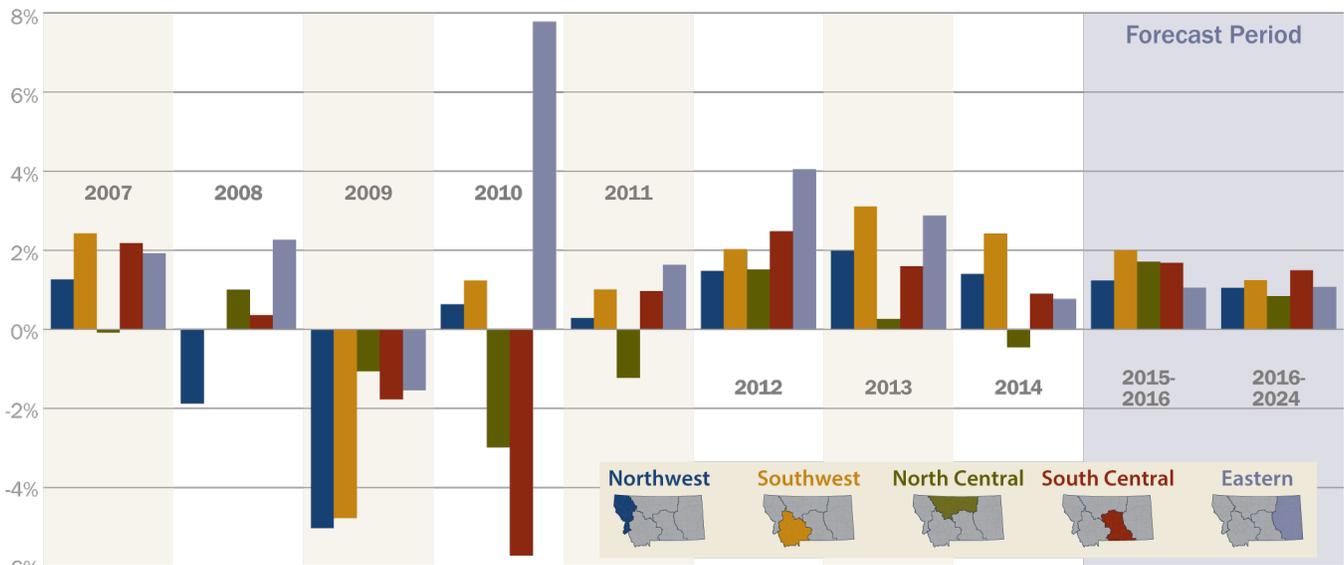


Future employment growth is projected in all of Montana's regions. The Southwest region is projected to add the most jobs, approximately 2,000 every year through 2024. The Southwest region has recovered well from the recession due to the growth of the professional and technical services industry, which includes occupations like engineers, computer programmers and economists. Rapid employment growth in the professional and technical services industry is reflective of a general shift in Montana towards a more service-based economy. Figure 2 illustrates the historic and projected employment growth rate in each region.

The Northwest and Southwest portions of Montana faced the largest job losses during the recession, largely because these areas were more reliant on the hard-hit industries of construction and manufacturing when compared to other portions of the state. In contrast, the Eastern portion of Montana had the fewest job losses because of a heavy reliance on two industries that weathered the recession fairly well, energy and agriculture. The development of the Bakken oil fields in the Eastern region spurred rapid employment growth after the recession, but growth has slowed slightly over the past couple years due to cost controls implemented by the oil industry and the reduced profits from the decline in oil prices in late 2014. The employment forecasts adjust for this slowdown, still looking for continued job growth, but at a more moderate pace of roughly 450 new jobs per year through 2024.

The Northwest and South Central regions of the state are both estimated to add roughly 1,600 jobs every year through 2024. The Northwest region has been slow to recover from the large job losses it suffered during the recession, but is projected to reach pre-recession employment levels by the

Figure 2.
Historic and Projected Annual Job Growth by Region



Source: Historic data from the Quarterly Census of Employment and Wages. Projected data from the MT Department of Labor and Industry 2015 Employment Forecasts.

end of this year. Some of the fastest growing jobs in the Northwest region are projected in health care. The South Central region did not experience the large job losses that other regions did during the recession. However, the slowing of development in the Bakken area has resulted in weaker employment growth in the South Central region over the last few years. The 2015 forecast adjusts for the slowdown, still predicting job growth in the South Central region, but at a more modest pace.

Employment in the North Central region is projected to grow by 680 jobs every year through 2024. Jobs in this region of the state are more heavily concentrated in government, agriculture and health care, which are industries that experience little to no job losses during the recession. The North Central region had a more stable path through the recession than other regions of the state, and employment growth exiting the recession has been more moderate in the North Central region. A late season rain damaged much of the crop in the region, resulting in lower agricultural revenues. Federal military cutbacks and the completion of the transmission line projects have also slowed employment growth in the region recently. Employment growth is projected to pick up over the next couple years in the North Central region and then return to a more normal growth pattern by 2017.

Industry Growth

Figure 3 illustrates the projected annual employment growth in Montana by industry, both in terms of percentage and job counts. The large-employing industries of health care, leisure activities, and construction are expected to add the greatest number jobs per year. The health care industry is projected to demand the most workers of all industries, adding roughly 1,300 jobs every year through 2024. Health care employment is expected to grow as Montana’s aging population continues to demand more health care services and Montana’s overall population grows. The health care industry is the only industry that experienced job gains through the recession and recovery,

Figure 3:
Annual Employment Growth by Industry, 2014-2024

| Industry | Annual Growth Rate | Average Job Gain Per Year |
|-----------------------------------|--------------------|---------------------------|
| Health Care & Social Assistance | 1.8% | 1,320 |
| Leisure Activities | 1.3% | 820 |
| Construction | 2.4% | 680 |
| Professional & Technical Services | 2.6% | 590 |
| Wholesale & Retail Trade | 0.8% | 590 |
| Admin & Waste Services | 2.2% | 420 |
| Educational Services | 0.6% | 240 |
| Local Government | 1.0% | 210 |
| Mining | 1.9% | 180 |
| Finance and Real Estate | 1.0% | 160 |
| Other Services | 0.9% | 160 |
| Manufacturing | 0.8% | 160 |
| Transportation | 0.7% | 130 |
| State Government | 0.7% | 90 |
| Ag and Forestry | 0.6% | 30 |
| Information | 0.5% | 30 |
| Utilities | 0.7% | 20 |
| Management of Companies | 0.3% | 10 |
| Federal Government | -0.5% | -50 |
| Total Payroll Employment | 1.2% | 5,847 |
| Self-Employed | 1.0% | 488 |
| Total Employment | 1.2% | 6,335 |

Source: Montana Department of Labor and Industry, Employment Projections 2014 to 2024.

meaning there is not a pool of already trained workers waiting to become reemployed. Healthcare is expected to require significant worker training to fill open positions.

The professional and technical services industry is projected to have the fastest employment growth over both the two-year and ten-year time frames. The industry is estimated to add roughly 600 jobs every year through 2024, growing at 2.6%. Rapid employment growth in the professional and technical services industry is reflective of a general shift in Montana towards a more service-based economy. Although service jobs are generally thought to



Construction

is one of the fastest growing industries in terms of total jobs added and as a percentage of employment. However, even with this rapid growth, the construction industry is not expected to regain the jobs lost during the recession until after 2022. The training needs in this industry will be less severe because the large job losses from the recession resulted in many unemployed construction workers who might wish to return to the industry when jobs become available.



Leisure Activities

is projected to add over 800 jobs every year through 2024. Many jobs in the leisure activities industry, such as waiters or hotel receptionists, require little education and experience. Because of the low training need for these jobs, the leisure activities industry is unlikely to require significant worker training to fill open positions.

be only low-paying jobs, the service sector also includes the high-paying industries of health care, professional and technical services, and finance and real estate.

Occupational Projections

Food preparation, office and administrative support, and sales occupations top the list of jobs with the most expected annual openings. These occupational groups are the largest occupational groups in Montana and are found in a wide variety of industries, so it is not surprising that the state will need a large number of workers to fill these positions in the future. Across all industries, about 6,400 new jobs are expected each year through 2024. As workers retire or change positions, new workers will also be needed to fill the resulting openings. The total number of workers needed each year is the sum of replacement openings and growth openings.

Many of the occupations with the most job openings do not require high levels of training and education to fill. High-demand occupations, like cashiers and retail salespersons, do not represent an immediate training need because the jobs can be filled by entry-level workers without high levels of education or experience. Figures 4 and 5 illustrate the top jobs requiring at least some post-secondary education. Occupations in the education, and business services industries are in relatively high demand compared to other occupations requiring a bachelor's degree, as shown in Figure 4.

Figure 4:
Most Openings for Jobs that Require a Bachelor's Degree or Higher
2014-2024

| Occupation | Minimum Requirements Before Entering Profession | | Annual Openings | | | 2014 MT Average Annual Wage |
|---|---|-----------------|-----------------|------------------------|----------------|-----------------------------|
| | Education | Work Experience | Due to New Jobs | Due to Workers Leaving | Total Openings | |
| 1 Accountants and Auditors | Bachelor's | | 71 | 106 | 176 | \$61,098 |
| 2 Elementary School Teachers, Except Special Education | Bachelor's | Internship | 43 | 105 | 148 | \$46,721 |
| 3 General and Operations Managers | Bachelor's | < 5 years | 57 | 77 | 134 | \$86,213 |
| 4 Secondary School Teachers, Except Special and Career/Technical Ed | Bachelor's | Internship | 9 | 93 | 102 | \$49,117 |
| 5 Coaches and Scouts | Bachelor's | | 26 | 50 | 76 | \$27,976 |
| 6 Lawyers | Prof. Degree | | 36 | 36 | 72 | \$75,712 |
| 7 Civil Engineers | Bachelor's | | 36 | 32 | 68 | \$68,963 |
| 8 Substitute Teachers | Bachelor's | Internship | 15 | 46 | 61 | \$22,808 |
| 9 Computer Programmers | Bachelor's | | 21 | 38 | 58 | \$64,031 |
| 10 Cost Estimators | Bachelor's | | 27 | 31 | 58 | \$53,015 |

Source: Montana Department of Labor and Industry, Employment Projections 2014 to 2024.

Figure 5:

Jobs Requiring Some Post-Secondary Education, but Less than a Bachelor’s Degree
2014-2024

| Occupation | Minimum Requirements Before Entering Profession | | Annual Openings | | | 2014 MT Average Annual Wage |
|--|---|-----------------|-----------------|------------------------|----------------|-----------------------------|
| | Education | Work Experience | Due to New Jobs | Due to Workers Leaving | Total Openings | |
| 1 Registered Nurses | Associate’s | | 199 | 177 | 376 | \$61,814 |
| 2 Nursing Assistants | PS Award | | 107 | 111 | 217 | \$24,890 |
| 3 Heavy and Tractor-Trailer Truck Drivers | PS Award | ST-OJT | 100 | 115 | 215 | \$44,069 |
| 4 Licensed Practical and Licensed Vocational Nurses | PS Award | | 50 | 69 | 119 | \$38,762 |
| 5 Teacher Assistants | SCND | | 14 | 83 | 97 | \$25,424 |
| 6 Computer User Support Specialists | SCND | MT-OJT | 44 | 33 | 77 | \$40,802 |
| 7 Forest and Conservation Technicians | Associate’s | | 3 | 69 | 71 | \$35,353 |
| 8 Medical Records and Health Information Technicians | PS Award | | 24 | 34 | 57 | \$34,727 |
| 9 Preschool Teachers, Except Special Ed. | Associate’s | | 10 | 32 | 42 | \$25,188 |
| 10 Hairdressers, Hairstylists, and Cosmetologists | PS Award | | 11 | 29 | 40 | \$29,828 |

Abbreviations: PS Award=Postsecondary Award; SCND= Some College, No Degree; ST-OJT= Short-Term On-The-Job Training; MT-OJT= Moderate-Term On-The-Job Training

Source: Montana Department of Labor and Industry, Employment Projections 2014 to 2024.

For occupations requiring some post-secondary education but less than a bachelor’s degree, shown in Figure 5, many health care occupations, like nursing, top the list for the most job openings. The greater demand for nurses will persist even if the economy undergoes a structural shift or experiences a large recession. The relative demand of occupations is more stable and of greater certainty than the numerical demand. These high demand occupations in Figures 4 and 5 represent more immediate training needs because the higher levels of training and education required reduce the qualified workers available in the existing workforce.

The education and work experience listed in Figures 4 and 5 are the minimum required to enter the profession. At these minimums, the worker will likely be earning less than the average wage for the industry. Although many hospitals are now requiring registered nurses to have bachelor’s degrees before getting hired; there are still some workers filling these positions with an associate’s degree, thus the minimum education requirement listed is an associate’s degree.

The shift in jobs over the next ten years will require Montana’s workforce to become more educated.

Although about 70% of job openings are expected to require only a high school diploma or less, the shift in jobs over the next ten years will require Montana’s workforce to become more educated. Occupations requiring higher levels of education are projected to grow faster than occupations at low education levels, resulting in an overall shift towards a more educated workforce in Montana. In addition to formal education, Montana workers need to have developed soft skills like coordination, service orientation, and social perceptiveness in order to successfully fill jobs in the future.

The full employment projections publication will be released soon. To view the publication, or find more information about the employment projections or other labor market resources, please visit lmi.mt.gov.