

Montana's Reservation Economies

By Nick Holom, Economist



Montana's reservations and American Indian populations play an important role in Montana's economy. Montana is home to seven reservations and eight federally recognized tribal governments that represent 12 tribes. Each of Montana's reservations faces different opportunities that vary by location, the makeup of industries, workforce characteristics, and other factors. Understanding Montana's reservation economies and populations is important to help identify how they connect with the broader state economy, as well as any factors that contribute to different economic trends within reservations. This article takes an in-depth look at Montana's reservation economies.¹

American Indian Demographics by State

Demographics provide context for the economic conditions of Montana's American Indian populations and how they compare to the rest of the U.S. and neighboring states.

Six and a half percent of Montana's total population is American Indian,² ranking 5th among states. Among neighboring states, only South Dakota has a larger percentage at 8.7%. Montana's American Indian population is younger than that of the United States, with a median age of 27.3 compared to the nation's

median of 32.8. Compared to neighboring states, Montana's median age falls in the middle.

Attainment of a high school education is greater for Montana's American Indian population than for their national counterparts. In Montana, the percentage of American Indians with a high school diploma (or equivalent) is 84.8%, outperforming the nation (with 80%) and the neighboring states of North Dakota (83.2%) and South Dakota (78.5%).

FIGURE 1:
American Indian Population Demographics by State

	United States	Montana	Idaho	North Dakota	South Dakota	Wyoming
Total American Indian (AI) Population	2,699,073	67,289	22,790	39,462	75,331	14,053
% of Total Population AI Alone	0.8%	6.5%	1.4%	5.2%	8.7%	2.4%
Median Age	32.8	27.3	33.1	26	24.5	28
Median Household Income	\$41,879	\$32,072	\$40,898	\$36,710	\$27,045	\$49,352
% of AI Population Living in Poverty	25.8%	34.1%	25.3%	35.1%	49.9%	24.3%
% High School Graduates (or equivalent)	80.0%	84.8%	85.9%	83.2%	78.5%	87.0%

Source: American Community Survey (ACS) 5-Year Estimates 2014-2018

¹ To see our previous article, "Montana's Reservation Labor Markets," go to Imi.mt.gov/Publications/PublicationsContainer/montana-reservation-labor-markets.

² Demographic numbers refer to the "American Indian alone" category of the American Community Survey, a distinct category from American Indian in combination with another race.

Despite having higher educational attainment, median household incomes are lower for Montana's American Indian population than in other states. Across 50 states, Montana's American Indians rank 10th for attainment of a high school education or higher, but only 49th by median household income. Typically, higher educational attainment is correlated with higher

median earnings. Montana's overall population also has median earnings that are less than expected given education levels, with Montana ranking 1st among states for the share of the population over 25 with a high school education or higher, but only 39th for median household income.

Demographics by Reservation

Figure 2 shows population demographics for Montana's reservations. While the Flathead Reservation is the state's most populous, with 29,717 residents, the Blackfeet Reservation has the largest American Indian population.

FIGURE 2:

Reservation Population Demographics

	Blackfeet	Crow	Flathead	Fort Belknap	Fort Peck	N. Cheyenne	Rocky Boy's	MT
Total Population	10,772	7,184	29,717	3,187	10,319	4,931	3,634	1,062,305
Percent American Indian Alone	80.5%	79.3%	26.8%	91.8%	64.9%	91.9%	94.3%	6.5%
Median Age	30.2	29.9	41.0	26.4	29.2	25.4	26.0	40.1
Median Household Income	\$26,264	\$47,454	\$42,154	\$30,875	\$36,786	\$46,300	\$28,897	\$45,076
Percent Below Poverty Line	36.8%	31.4%	22.5%	43.5%	30.8%	35.3%	39.9%	13.0%
Percent High School+	89.1%	87.0%	90.5%	85.5%	85.8%	86.2%	82.0%	93.8%

Source: ACS 5-Year Estimates 2014-2018

On the Flathead Reservation, only a quarter of the population identifies as American Indian.³ The Flathead Reservation also has the highest percent of the population with a high school education or higher, and the lowest percent living in poverty. In contrast, the Rocky Boy's, Fort Belknap, and Northern Cheyenne Reservations have the highest share of American Indians, higher poverty rates, and are among the youngest. The median age on these reservations is approximately 16 years younger than the median age on the Flathead Reservation. Age can influence both median earnings and poverty rates, as older workers tend to have more working years to build assets and experience, resulting in higher wages. However, because the very young and the old are less likely to be working, populations that are relatively young or old often have higher than average poverty rates.



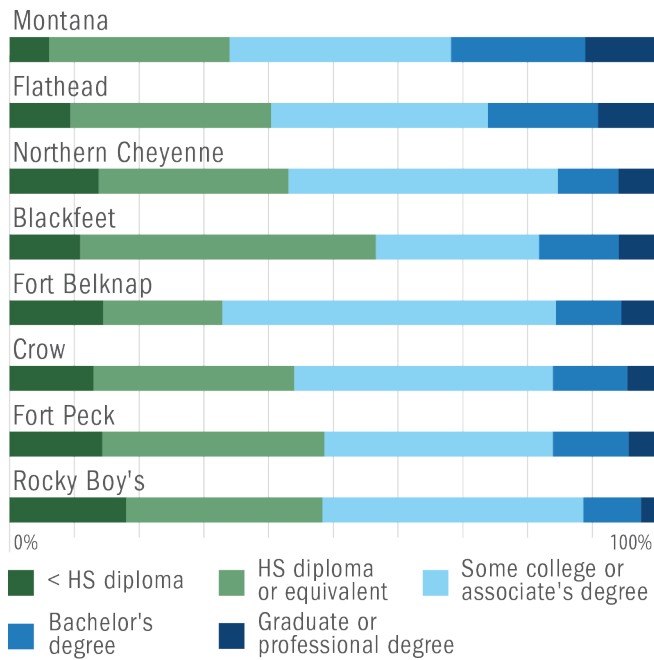
Little Shell Tribe

After more than 100 years, the Little Shell Tribe of Chippewa Indians of Montana gained federal recognition in December 2019. The tribe has approximately 5,400 enrolled members and is headquartered in Great Falls. The Little Shell Tribe is the 8th federally recognized government in Montana and will be working to acquire a reservation in the coming years.

Figure 3 shows the share of each reservation's population by educational attainment. The Flathead Reservation has the greatest share of the population with bachelor's and graduate degrees (26% compared to 33% for Montana and 32% for the U.S.) and one of the highest median incomes. By comparison, the Blackfeet Reservation has a relatively high percentage

³ 32% of the Flathead population are American Indian alone or American Indian in combination with another race.

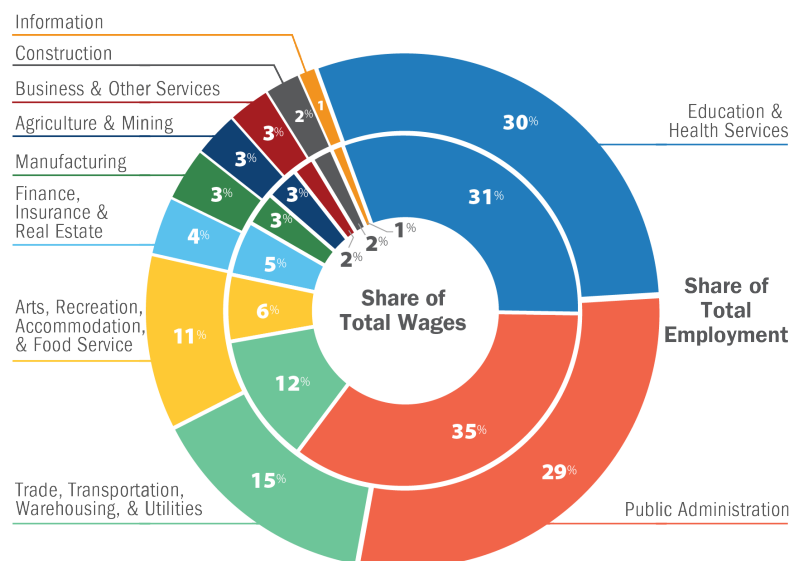
FIGURE 3:
Educational Attainment by Reservation and for Montana as a Whole



Source: ACS 5-Year Estimates 2014-2018

of the population with a high school education, but also has the lowest share of the population who attended at least some college. Educational attainment is likely one factor that contributes to the \$16,000

FIGURE 4:
Industry Share of Total Employment and Wages for Reservations, 2018



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

difference in median household incomes between the Flathead and Blackfeet Reservations.

Education and household median income do not always share a direct positive relationship. The Crow and Northern Cheyenne Reservations have higher median incomes than all reservations and the state, but also have lower high school educational attainment. These areas have high-wage mining jobs in the region, which increases median income.

Reservation Industries⁴

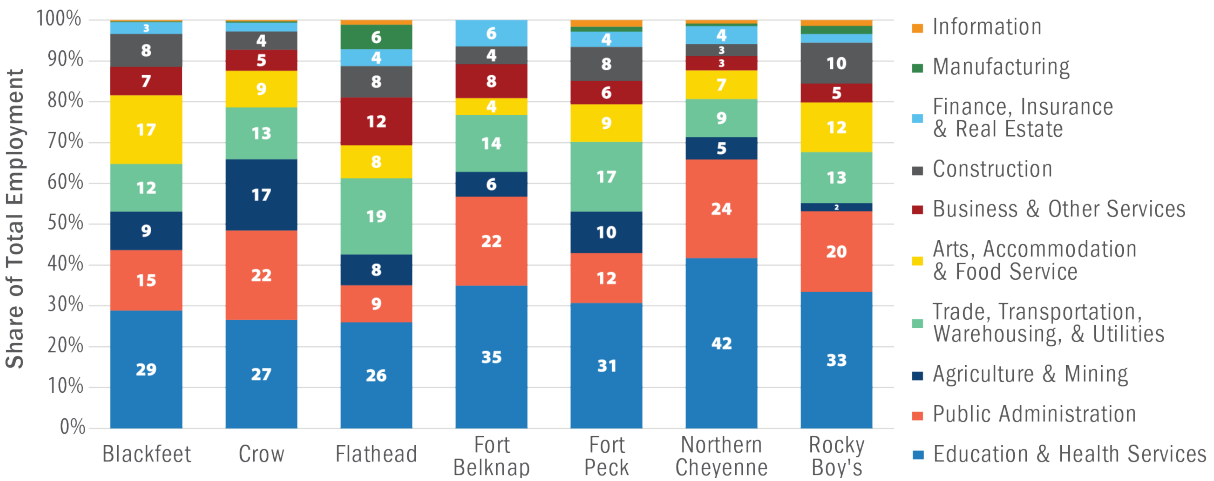
The total wages and employment by industry for all of Montana's reservations summed together can be viewed in **Figure 4**. Similar to Montana as a whole, the two dominant industries on Montana's reservations are the Education and Health Services industry and Public Administration industry, accounting for over half of employment and wages. The Education and Health Services industry accounts for 30% of total employment and 31% of total wages on Montana's reservations, while the Public Administration industry provides 29% of employment and 35% of wages.

Each of Montana's reservations has a tribal college and Indian Health Service unit which contribute to the large Education and Health Services industry, while the large Public Administration industry is largely due to tribal government employment.

Industries that provide many jobs and pay modest wages make up a larger share of employment than their share of total wages. For example, Arts, Recreation, Accommodation, and Food Services has a larger share of total employment than its share of total wages. In this industry, the

⁴ This data can be viewed and downloaded on the MT DLI labor market information website (lmi.mt.gov) and on the Local Area Profiles tab (lmi.mt.gov/Local-Area-Profiles).

FIGURE 5:
Industry Share of Total Employment



Source: ACS 5-Year Estimates 2014-2018

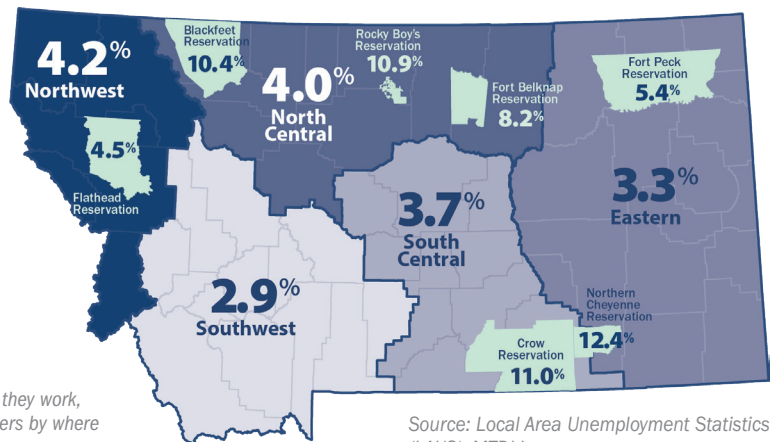
average wage per employee is lower than it would be in an industry like Finance, Insurance, and Real Estate, which provides an outsized share of wages compared to its share of total employment.

Figure 5 provides a more detailed view of each industry’s share of total employment across Montana’s reservations.⁵ Each reservation has a different composition of industries that capitalize on unique regional opportunities and resources.

The largest source of employment across all reservations is the Education and Health Services industry. Public Administration is also an important industry for many of the reservations, typically ranking as the second or third largest. For Flathead and Fort Peck, the Trade, Transportation, Warehousing, and Utilities industry makes up the second-largest share of employment. The Crow Reservation, which is home to two coal mines and produces a variety of agricultural products such as wheat and cattle, attributes 17% of its total employment to the Agriculture and Mining

industry. The Blackfeet Reservation borders Glacier National Park and has a significant seasonal tourism economy, making Arts, Accommodation, and Food Service its second-largest industry for employment (17%). Construction has a relatively large share of employment (10%) on the Rocky Boy’s Reservation, while the Flathead Reservation stands apart in having a larger share of employment (6%) in Manufacturing. These industries provide an important source of employment to each reservations’ population, but it is also important to recognize smaller industries’ role in contributing to the diversity and dynamism of each reservation’s economy.

FIGURE 6:
Unemployment Rates for Montana’s Regions and Reservations



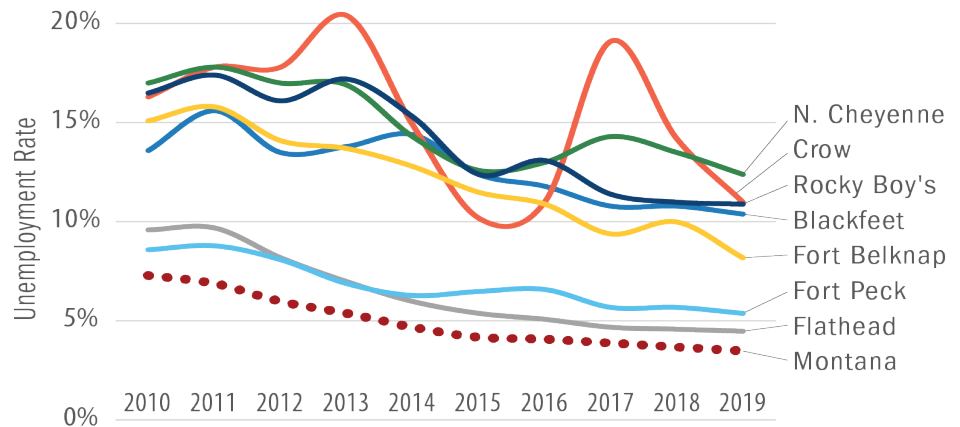
Source: Local Area Unemployment Statistics (LAUS), MTDLI

⁵ While Figure 4 uses QCEW data, which measures individuals by where they work, Figure 5 uses data provided by the Census Bureau, which counts workers by where they live.

Unemployment⁶

The unemployment rate is an important metric when considering the health of the economy. The unemployment rate tells us how difficult it is to find a job for people who are seeking employment. Low unemployment means that it may be relatively easy for workers to find a job.

FIGURE 7:
Annual Unemployment Rates



Source: LAUS and MTDLI

Figure 6 shows unemployment rates for Montana’s reservations alongside unemployment rates in their corresponding regions. In each case, Montana’s reservation unemployment rates are higher than the regional unemployment rates. The magnitude of this disparity varies. For example, the Flathead Reservation has an unemployment rate that is only 0.3 percentage points higher than the Northwest’s regional unemployment rate. Reservations in North and South-Central Montana, as well as the Northern Cheyenne Reservation, have considerably higher unemployment rates than their regions. This disparity means that reservation workers experience more difficulty finding work than those in the same region who live off the reservation. Unemployment rates also tend to be higher among younger workers, which may factor into higher unemployment among the younger populations on the Rocky Boy’s, Fort Belknap, and Northern Cheyenne Reservations.

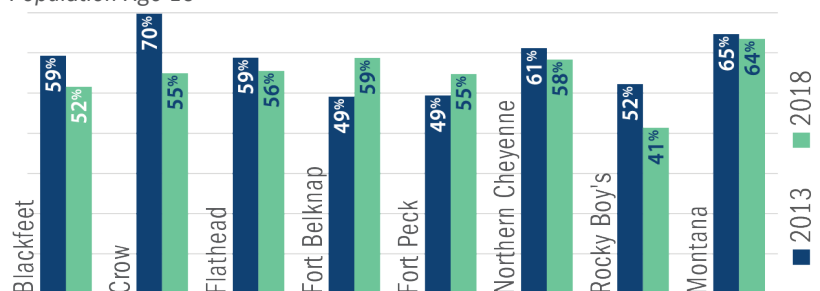
Though many reservations have high unemployment, reservation economies are improving. **Figure 7** shows that annual unemployment rates have decreased for almost every reservation over the past nine years. One special case is the Crow Reservation, which has experienced large swings in the unemployment rate due to major changes in mining-related economic activity and tax revenues that have affected the availability of jobs. The economic growth for most reservations over this period has been positive, with relatively fewer workers having difficulty finding employment.

Labor Force Participation

The Labor Force Participation Rate (LFPR) is another important metric that tells us the percent of the population who are either employed or unemployed and actively seeking employment. **Figure 8** presents the LFPRs for Montana’s reservations and for the entire state for the years 2013 and 2018. Though the reservations and Montana

FIGURE 8:
Labor Force Participation Rates

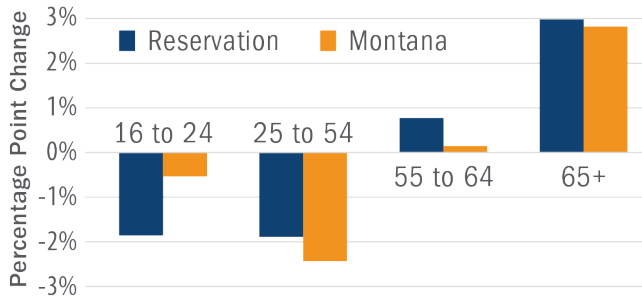
Population Age 16+



Source: ACS 5-Year Estimates 2009-2013 and 2014-2018

⁶ For more information on the reservation unemployment rate see the Reservation Unemployment Fact Sheet at lmi.mt.gov/Portals/193/Publications/LMI-Pubs/Special%20Reports%20and%20Studies/ReservationEmploymentFactSheet.pdf

FIGURE 9:
Change in the Share of the Population by Age
 2013 to 2018



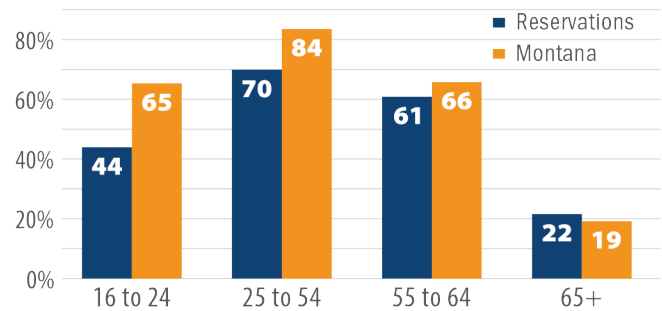
Source: ACS 5-Year Estimates 2009-2013 and 2014-2018

have experienced decreases in the unemployment rate during this period, which tends to draw more workers to participate in the labor force, the dominant trend is a decrease in LFPR due to changing age demographics.

Figures 9 and 10 provide a more detailed look at how aging populations contribute decreases in the LFPR on Montana’s reservations. In **Figure 9**, there was a decrease from 2013 to 2018 in the share of the population in younger age groups and an increase in the share in older age groups. The main reason for this shift is the aging Baby Boomer population, ages 55 to 74, who began retiring in 2009 and will continue into 2029.

Relative to Montana as a whole, Montana’s reservations have had a larger decrease in the youngest population of workers ages 16 to 24, and a smaller decrease in the percent of the population in their prime working years of ages 25 to 54. **Figure 10** shows that the LFPR is highest for people in their prime working years and tapers off towards retirement. With fewer people entering their prime working years, there are fewer workers to replace the Baby Boomers as they exit into retirement, leading to a decrease in the overall LFPR across Montana as a whole.⁷ Reservations typically have younger median ages, which can present opportunities for businesses who are looking for a younger workforce in the upcoming years.

FIGURE 10:
Labor Force Participation Rates by Age



Source: ACS 5-Year Estimates 2014-2018

Montana’s reservations have lower LFPRs for every age category except among workers age 65 and over. Workers may choose not to participate in the labor force for a variety of reasons, such as attending school, child rearing, or may exit the labor force due to discouragement from the lack of available jobs.

In **Figure 8**, Fort Peck and Fort Belknap were the only reservations that experienced increases in their labor force participation among those 16 and older. These reservations similarly had increases in the retirement-age population, but also had increases in the share of the population ages 25 to 44 (5.2 percentage point increase for Fort Belknap and 2.3 percentage point increase for Fort Peck). In addition, LFPRs increased among many age groups for both reservations.

Conclusion

Montana’s reservations and American Indian populations are a vital part of Montana’s economy. Each reservation has a diverse industry makeup and workforce through which it contributes uniquely to Montana’s overall economy. Understanding differences in demographics, industry makeup, and workforce characteristics can illustrate how these economies are evolving over time and what factors may contribute to their economic success.

⁷ For more discussion on this topic, see the article *Where are the Workers?* at Imi.mt.gov/Publications/PublicationsContainer/where-are-the-workers-1