



Hello, I'm New Here

Migration and the Labor Force

by Amy Watson, State Economist

Montana is known for its wide open spaces, small communities, access to outdoor recreation, and beautiful scenery. Many people flock to the state during the bustling tourism season, but lately, more visitors have been sticking around permanently. The state's population has been growing, particularly in the last few years, as many people have moved to Montana for a better quality of life.¹ Montana's population has grown by nearly 4% since 2020 due to in-migration ranking 2nd in the nation. This article explores who is moving to Montana and their impact on the state's labor market.

Wide-Spread Population Growth

Montana has long been a net in-migration state. Over the last decade, an average of 6,200 more people moved to the state than left each year. However, since the pandemic recession in-migration has accelerated significantly.

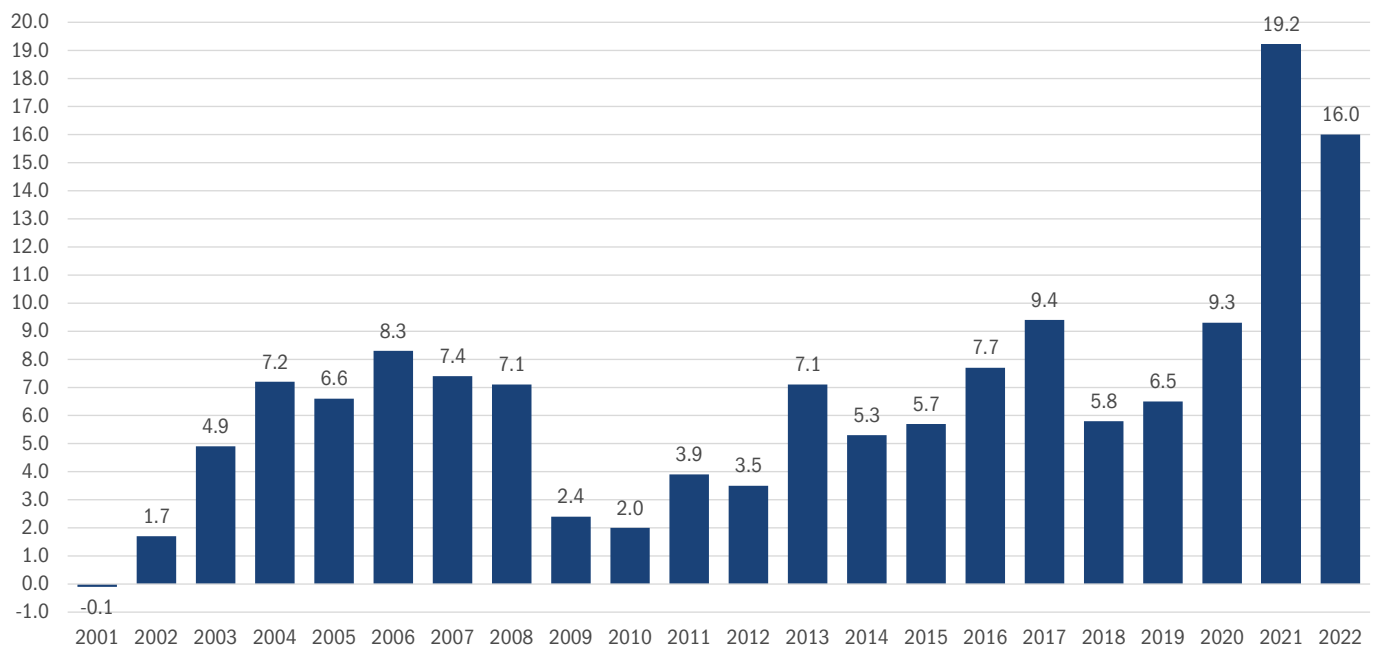
From 2020 to 2022, the state's population increased by 41,000 due to in-migration, which is over three times more people than average.

Figure 1 shows Montana's net migration rate over the last twenty years. In 2021, at the rate's peak, approximately 19 more people moved to Montana than left the state for every 1,000 residents.

Historically, Montana's larger counties and more urban areas have been the primary destination for newcomers. Montana counties with less than 30,000 people experienced net out-migration prior to the pandemic recession. However, since 2020 counties of all sizes have experienced population growth.

A newcomer is someone who has moved to the state within the last year. After a year, the individual is considered an existing resident.

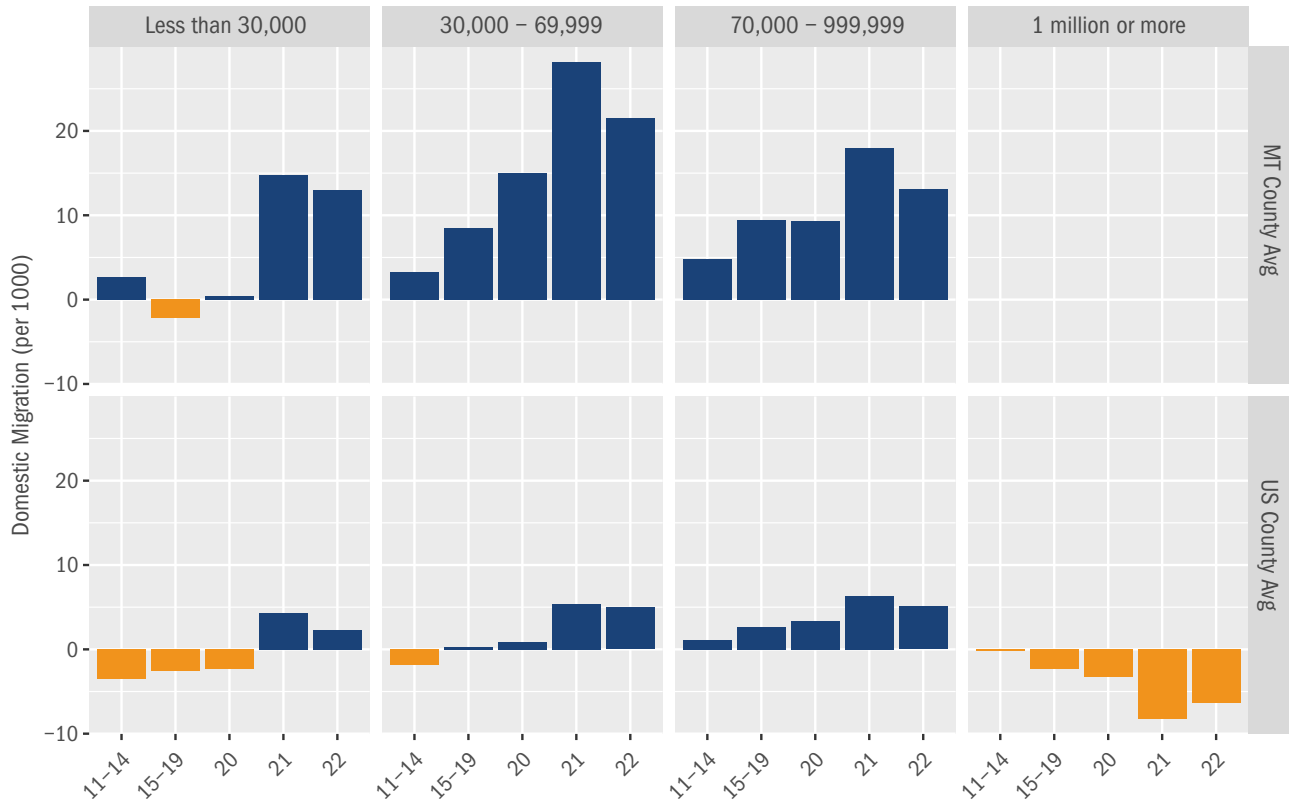
FIGURE 1
Net Migration Rate in Montana



Source: Census Bureau, Components of Population Change, Rate per 1000 population.

¹ Montana Movers Study 2021 Report. Montana State University Extension. <https://www.montana.edu/extension/communitydevelopment/newcomerresearch.html>

FIGURE 2
Migration by period and county size



Source: Annual Estimates of the Resident Population Change for Counties. US Census Bureau

Figure 2 shows changes in domestic migration rates by county size in Montana and the U.S. In-migration rates in Montana have outpaced the national average over the last decade across all county sizes. There are no counties in the state with over one million people, and nationally these large counties have consistently experienced out-migration that has accelerated since the pandemic.

Most in-migration has occurred in the western portion of the state since the pandemic. **Figure 3a** shows net migration by county since 2020. Flathead County has seen the largest amount of net in-migration, followed by Yellowstone and Gallatin counties. Missoula and the neighboring Ravalli County are also very popular destinations for people moving to the state. Combined, Missoula and Ravalli counties have seen a larger increase in their population than Bozeman or Billings.

Significant population growth in the state’s largest cities has spilled over into the neighboring counties. Among smaller counties with less than 30,000 people, those bordering larger urban areas had the fastest population growth over the last two years. Both in-state and out-of-state movers contribute to population growth in these smaller counties. **Figure 3b** shows the percentage growth in population due to in-migration in each county since the pandemic.

The population of Broadwater County, located between Helena and Bozeman, grew by nearly 15% due to in-migration since 2020 – the fastest of any county in the state. Mineral County outside of Missoula ranked second, with 13.5% growth. Lincoln County near Kalispell ranked third, and Musselshell County just north of Billings ranked fourth. Both counties have experienced over 11% population growth since 2020.

FIGURE 3A
Net Migration by County from 2020 to 2022

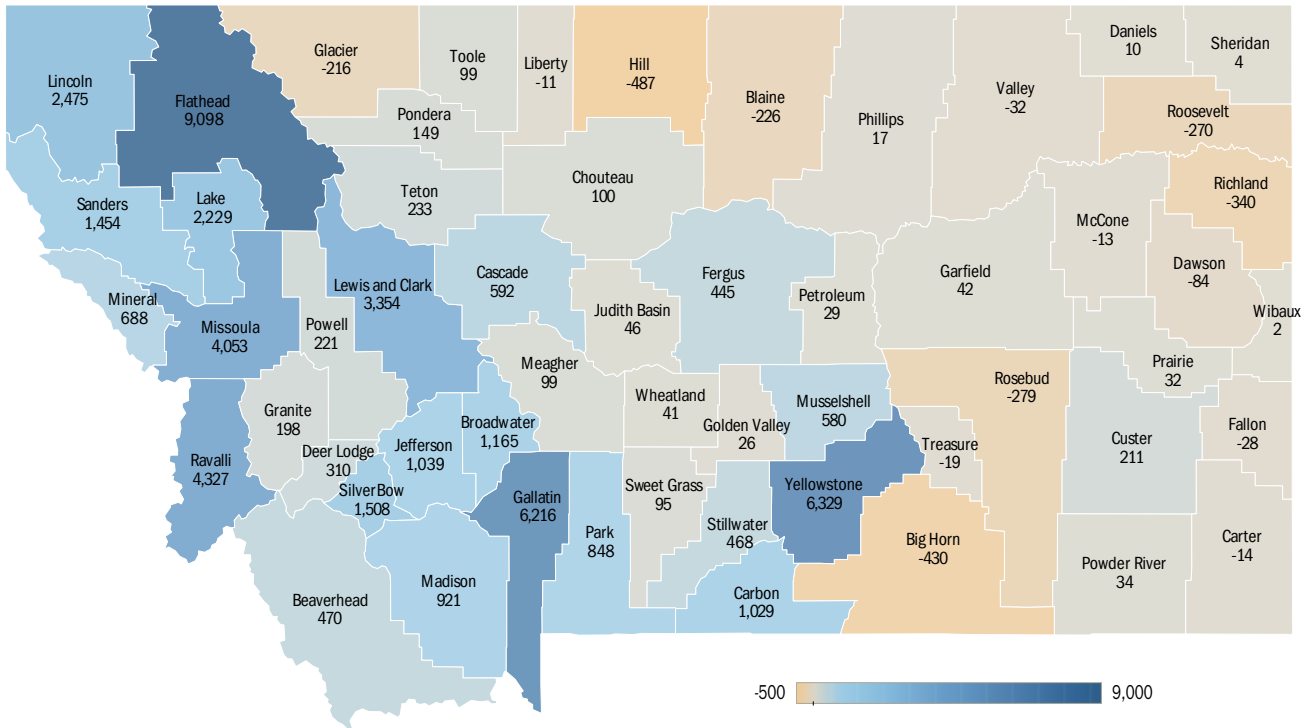
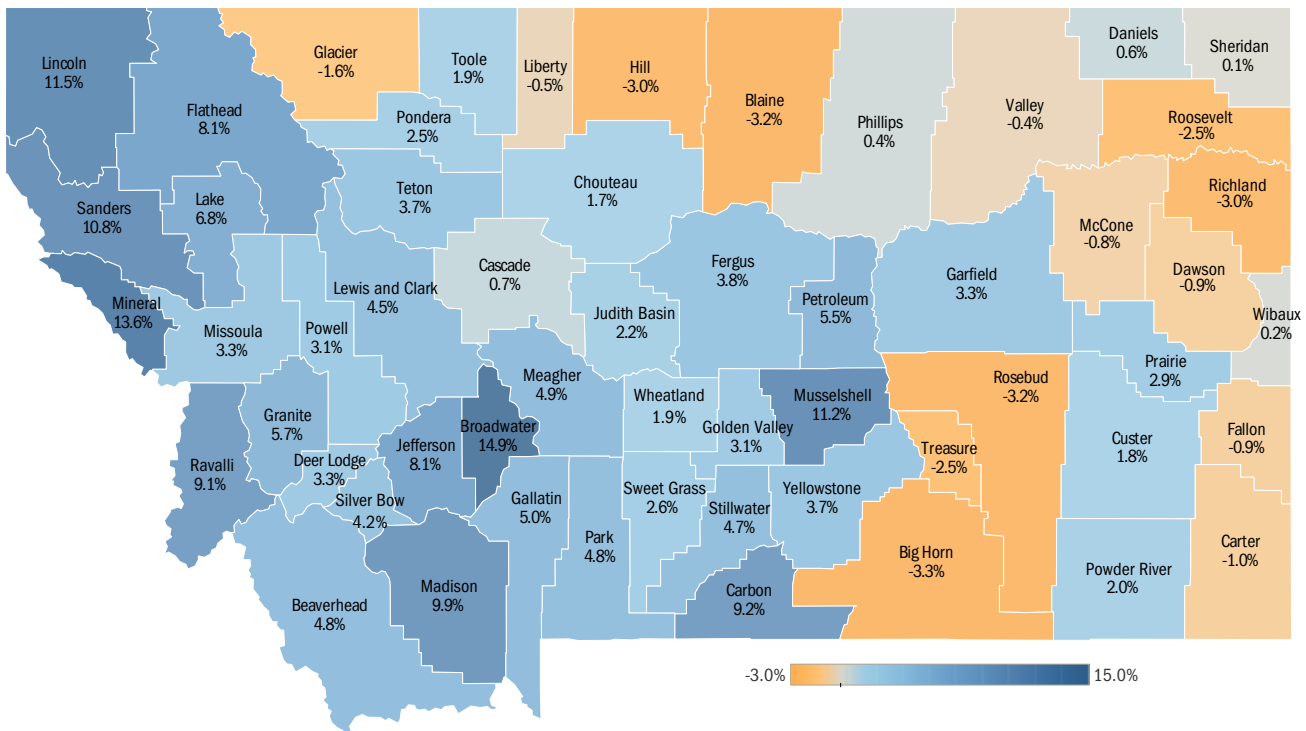


FIGURE 3B
Net Migration as a Percent of Population by County from 2020 to 2022



Source: Census Bureau, Annual Resident Population Estimates, Estimated Components of Resident Population Change, and Rates of the Components of Resident Population Change for States and Counties: April 1, 2020 to July 1, 2022.

Most Newcomers Participate in the Labor Force

For many businesses struggling to find workers, newcomers are a welcome sight. In-migration helps increase labor supply and helps address the state’s longstanding workforce shortage. However, not all people moving to Montana are looking for work. Some newcomers are retired, attending school, or working remotely for an out-of-state employer. Any of these scenarios can mute the impact in-migration has on the state’s available labor supply. **Figure 4** shows the labor force status of people who moved to Montana compared to existing residents.

Most people moving to Montana participate in the state’s labor force. About 65% of people who recently moved to the state are either employed or actively seeking work, which is higher than the labor force participation rate of existing residents.² The remaining third of new residents

Most people (65%) who moved to Montana are employed or actively seeking work.

are not in the labor force, perhaps because they are attending school, are retired, or are taking care of family.

The demographic composition of newcomers explains why they have higher labor force participation rates than the existing population. Newcomers are younger than the statewide average, helping to slow down the aging of Montana’s population. Only 9% of in-movers are over the age of 65, compared to 18% of the overall population. The prime working-age population ages, 25 to 54, has the highest labor force participation rates among age groups. Approximately 50% of newcomers are prime working age, compared to 44% of existing residents. **Figure 5** shows the age distribution of movers compared to the statewide population.

FIGURE 4A
Labor Force Status of Existing Residents

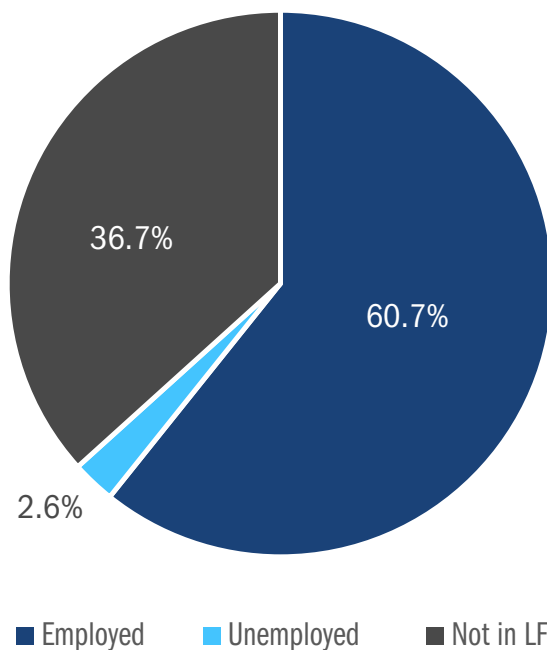
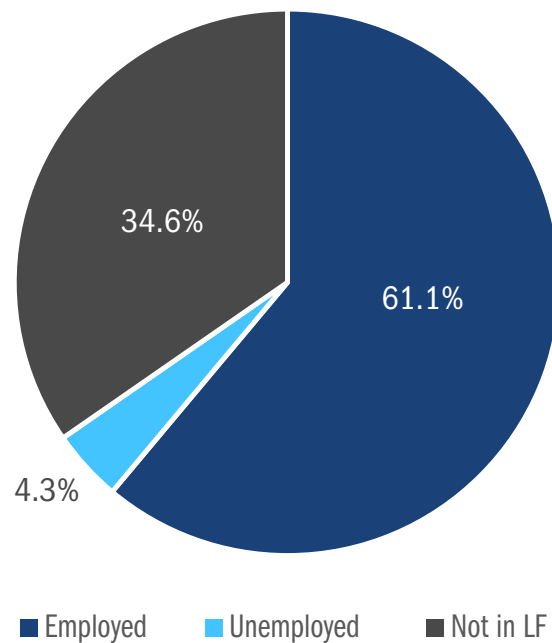


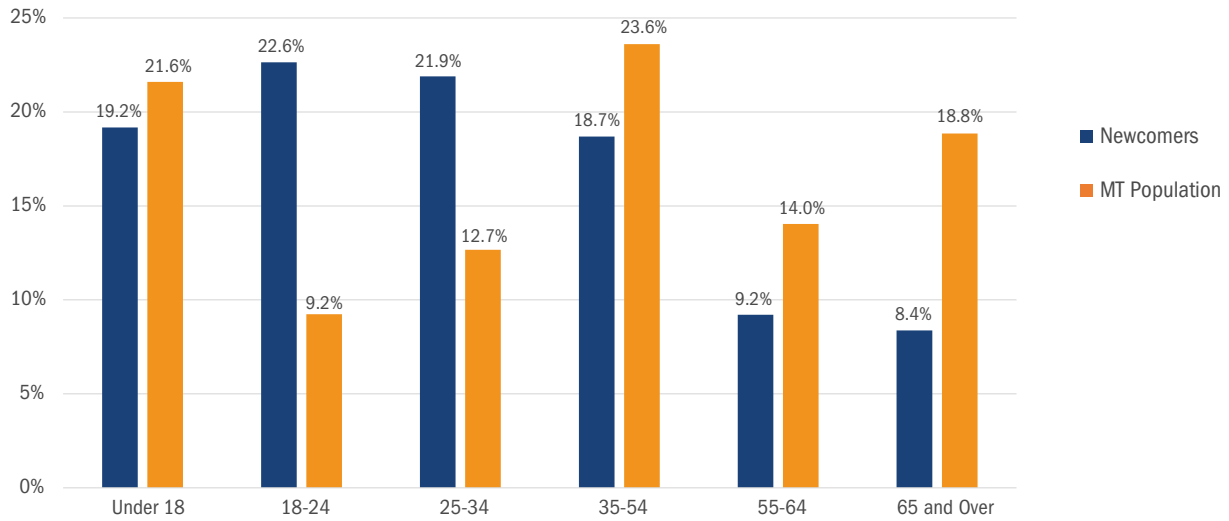
FIGURE 4B
Labor Force Status of Newcomers



Source: MTDLI analysis of American Community Survey 2017-2021 5-Year Sample accessed from IPUMS USA. Newcomer is defined as having moved to Montana from outside the state in the preceding year, while “resident” is those already residing in Montana in the previous year (even if they moved houses or counties within the state).

² Labor force participation rate is the sum of employment and unemployment as a percent of the total civilian population over the age of sixteen.

FIGURE 5
Age Distribution of New and Existing Residents



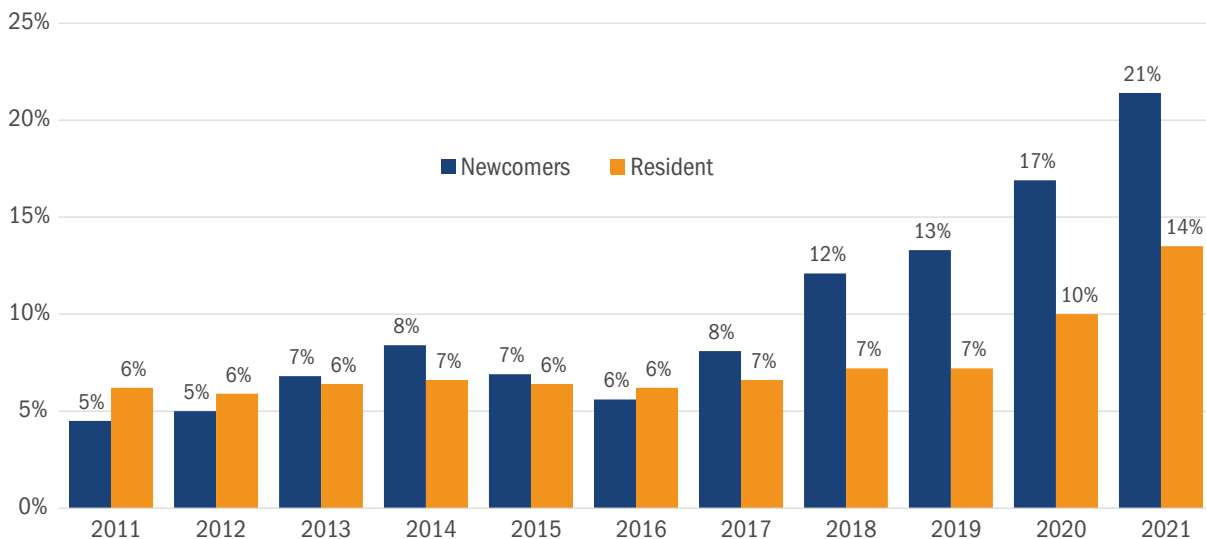
Source: MTDLI analysis of American Community Survey 2017-2021 5-Year Sample accessed from IPUMS USA.

Newcomers more likely to Work from Home

Over half of people who recently moved to Montana are employed, and an increasing share of these newcomers work from home. The percentage of teleworking employees in Montana has grown since the pandemic – particularly for new residents of the state. Newcomers are more likely than existing residents to work from home. **Figure 6** shows the share of Montana employees working from home by migration status since 2011. Over the last ten years, the percentage of employees working from home has doubled for existing residents and quadrupled for those who recently moved to Montana.

Increased prevalence of remote work is perhaps the most significant pandemic-era workforce adaptation to persist in today’s labor market. Prior to the pandemic, about 21% of Montana businesses had

FIGURE 6
Share of Employees Working from Home by Migrant Status



Source: ACS 1-Year IPUMS. Calculated as 2-Year Moving Averages, includes employed workers 20 and up. Individuals self-identified as working from home in the week they were surveyed.

25% of Montana businesses had remote employees in 2022, up from 21% prior to the pandemic.

teleworking employees. In 2022 approximately a quarter of businesses reported having some remote workers. Furthermore, about 12.7% of businesses were fully remote, meaning all their employees were teleworking all the time. Montana ranks 15th in the nation for the percentage of fully remote businesses.³

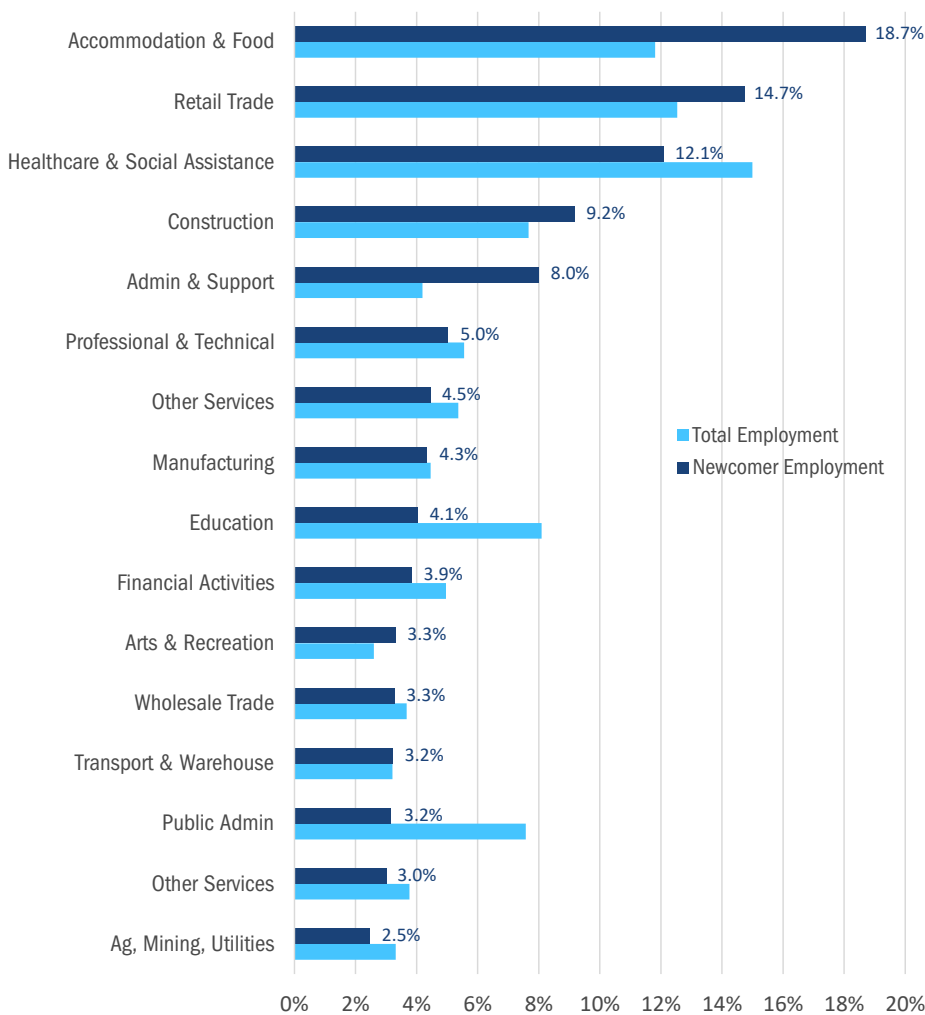
Another 12.7% of Montana businesses operate with a hybrid model, meaning some of their employees telework some of the time.

The hybrid model is less common in Montana than the rest of the nation. Across the U.S., about 32% of businesses operate with a hybrid model, allowing employees to telework some of the time. Montana ranks 40th in the nation for the percentage of businesses with a hybrid telework model.

A business's ability to offer remote work for its employees largely depends on the job's requirements. Accommodation and food service, for example, is one of the larger employing industries in the state. Restaurants and hotels cannot offer remote work because of the in-person nature of their services. Hospitals and

other healthcare providers face similar problems when considering remote work opportunities. Montana's below-average prevalence of remote work can be explained, in part, by the industry composition of employment.

FIGURE 7
Industry Employment by Migration Status



Newcomers Help Meet Significant Workforce Needs

The largest employing industries of newcomers to Montana are accommodation and food service (19%) and retail trade (15%). These industries employ a larger share of newcomers than the general population. **Figure 7** shows the industry of employment for people who moved to Montana within

Source: Total employment from Quarterly Census of Employment and Wages, 2022. In-migrant employment from Census Bureau J2J Movers to Montana, 2021.

³ 2022 U.S. Business Response Survey on Telework, Hiring, and Vacancies, U.S. Bureau of Labor Statistics

the last year compared to the statewide industry composition of employment.

Employment in accommodation, food service, and retail trade has grown exceptionally fast in recent years, following significant job losses in 2020. The accommodation and food service workforce has increased by 9.4% annually in the last two years, over four times faster than average.⁴ Demand for workers in these industries is very high as pent-up demand and excess savings accumulated during the pandemic has driven an increase in consumer spending on services in recent years.⁵ Newcomers are helping to address the significant workforce shortage in these difficult-to-fill jobs.

A large share of people moving to Montana also work in construction (9%) compared to the statewide average. Construction employment has grown by 7.4% annually since 2020, the second fastest growth rate among industries and nearly twice as fast as the industry average. Construction employment growth has accelerated as builders respond to rising demand. While newcomers are a major component of the population growth driving increases in construction demand, they are also helping increase the industry's labor supply.

Administrative and support businesses, which include temp agencies, also employ a significant number of people who have recently moved to the state. About 8% of people who moved to Montana in the last year work in this industry, compared to only 4% of existing residents. Staffing firms are included in this industry, suggesting that newcomers are helping to fill temporary job openings at various businesses

across the state, perhaps as a way to establish workforce connections in Montana.

Conclusion

Many people have moved to Montana over the last few years in search of increased access to the outdoors, smaller communities, and a slower pace of life.⁶ These newcomers provide an important source of labor supply to help address the state's longstanding workforce shortage. People moving to Montana tend to be younger than the average population, helping to slow down the state's aging population. Restaurants, hotels, retail stores, healthcare providers, and construction companies are among the most common businesses to employ newcomers. All these industries have experienced significant workforce shortages over the last few years, and in-migration helps to close that gap.

While the influx of people moving to Montana might make our favorite hiking and biking trails a little more crowded, newcomers are also contributing to the state's labor force and helping to ensure the economy continues to grow.

⁴ *MTDLI Quarterly Census of Employment and Wages.*

⁵ *Consumer spending on services grew by 10% in 2021 and 9.7% in 2022. U.S. Bureau of Economic Analysis, Personal Consumption Expenditures: Services [PCES], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/PCES>.*

⁶ *Montana Movers Study 2021 Report. Montana State University Extension.*