

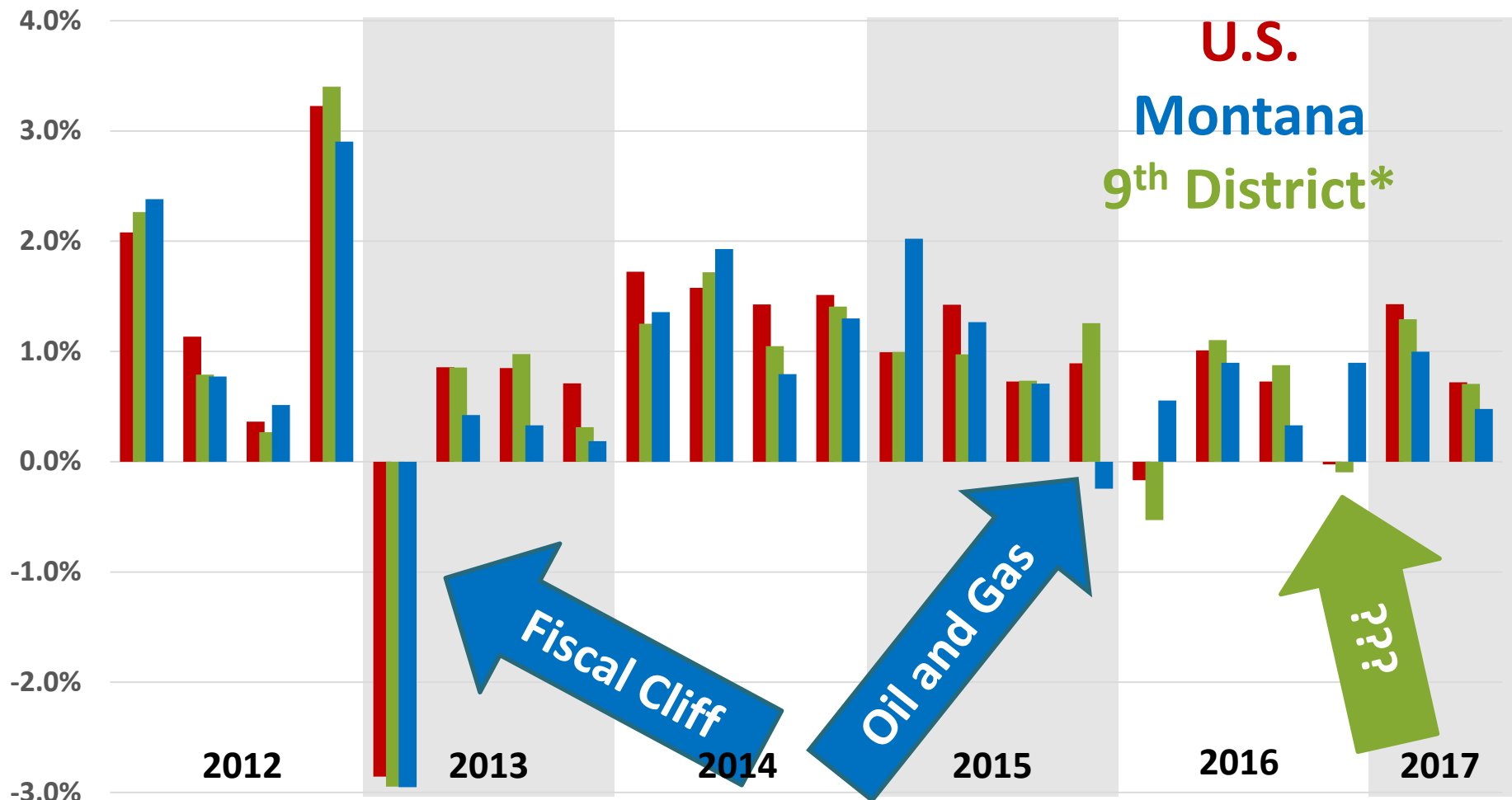


# Montana Economic Update

Presentation to  
Regional Economic Conditions Conference,  
Federal Reserve Bank of Minneapolis, October 2017



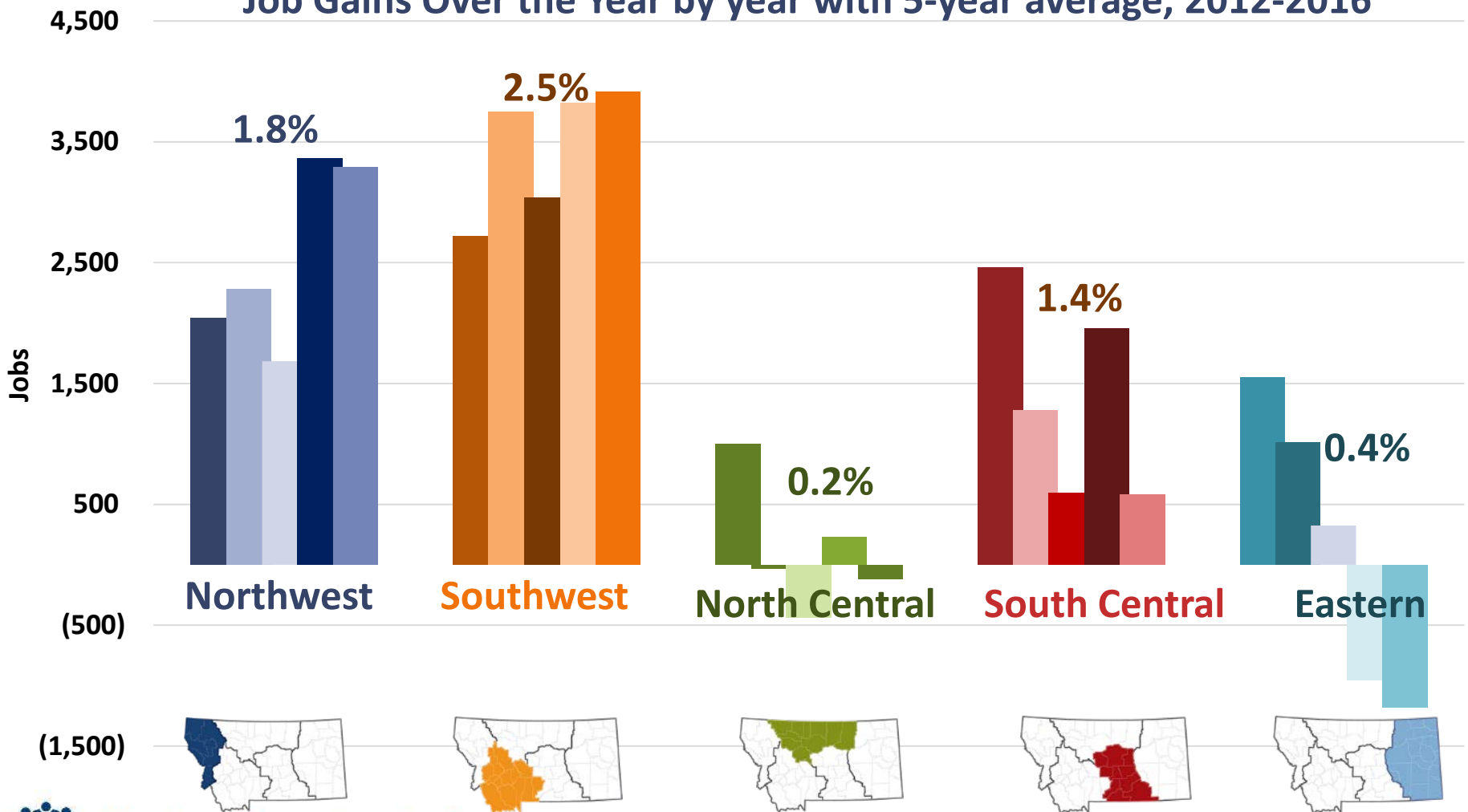
# Montana, U.S., & 9<sup>th</sup> District Quarterly Personal Income Growth





# Total Employment Growth by Sub-State Region

Job Gains Over the Year by year with 5-year average, 2012-2016

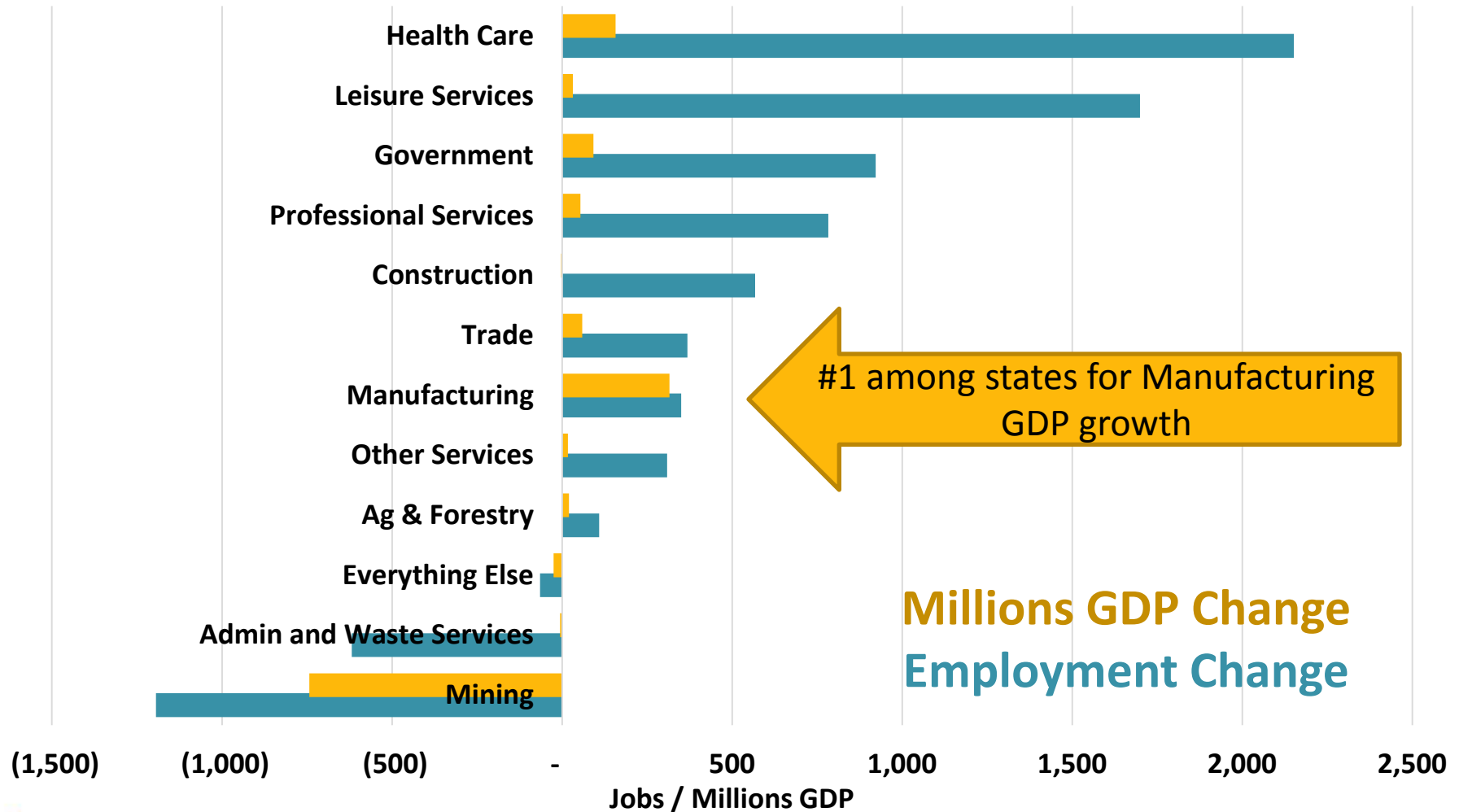








# Select Industry Performance Change over the Year 2015-2016







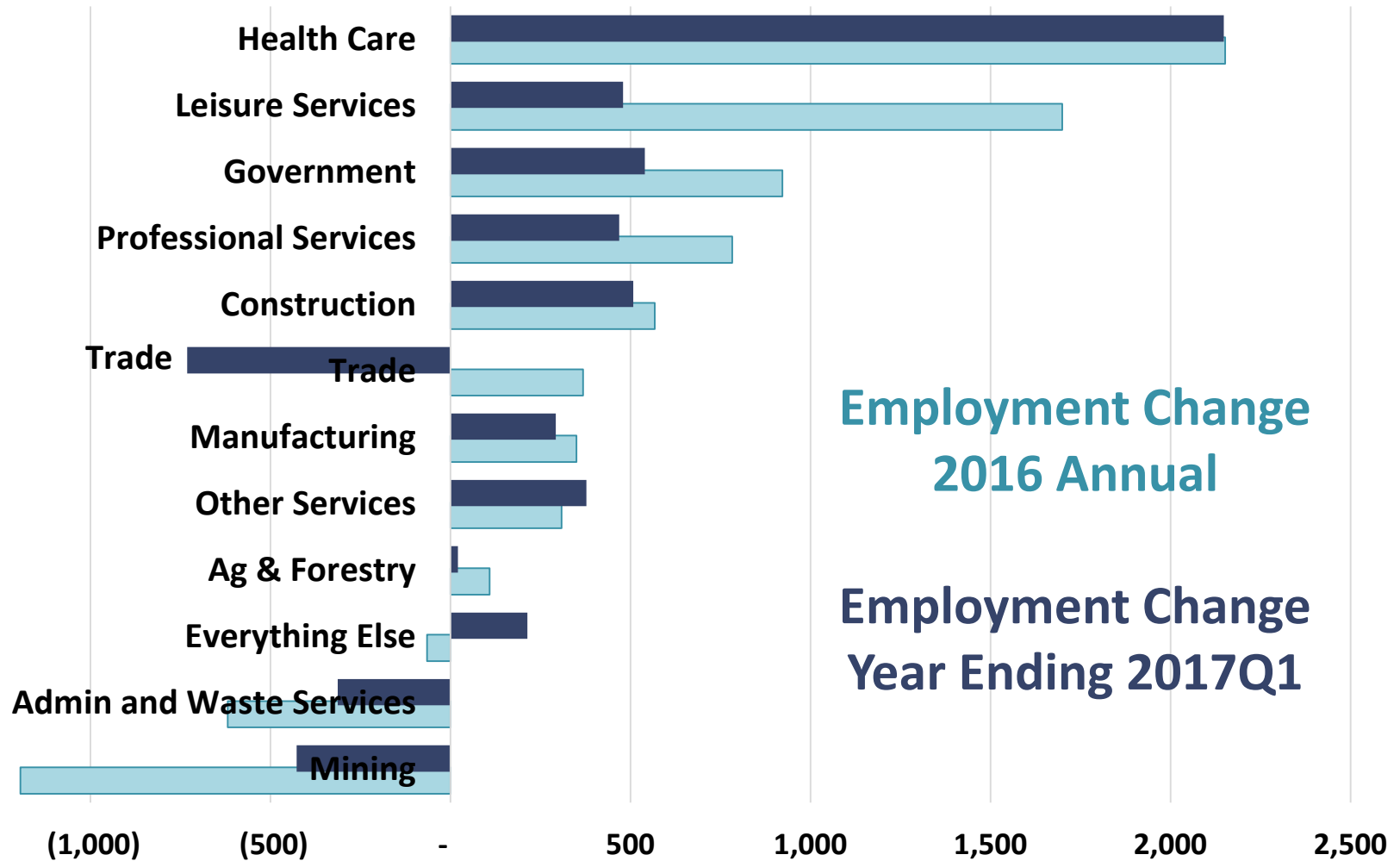
Petroleum Manufacturing GDP  
**more than doubled**  
2010-2015





# Select Industry Performance

## Change Over the Year Ending 2017Q1



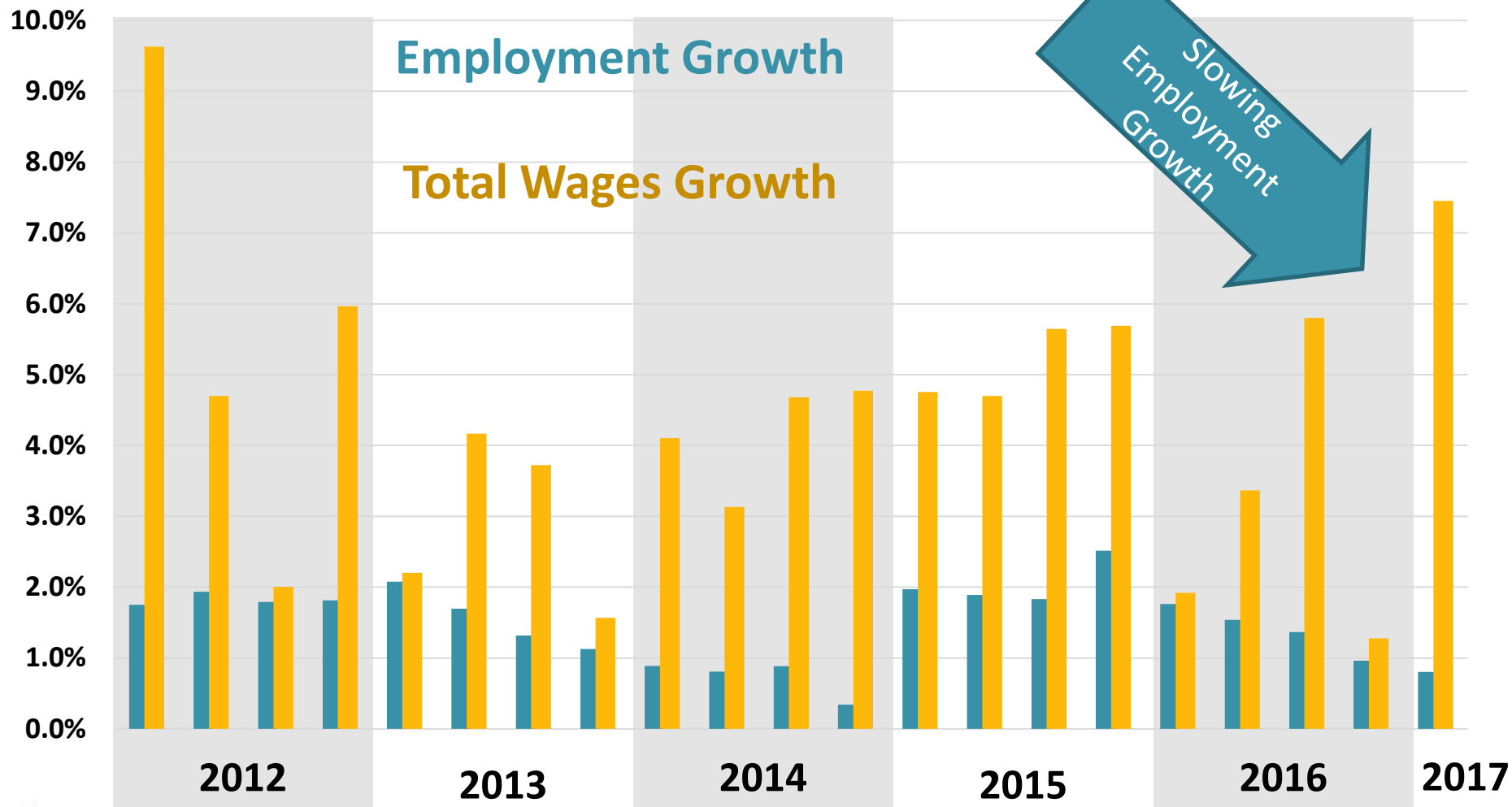
Employment Change  
2016 Annual

Employment Change  
Year Ending 2017Q1



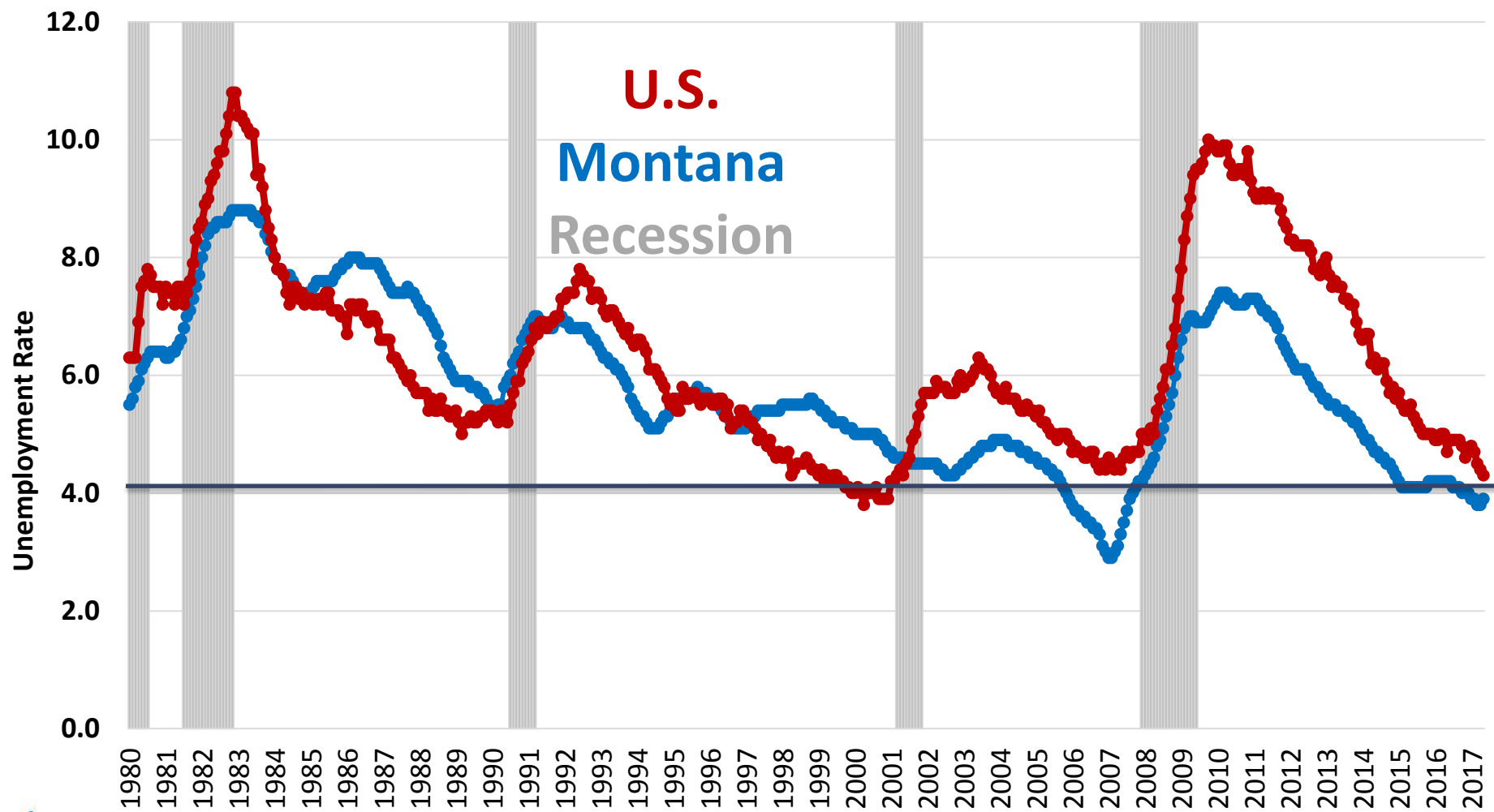


# Total Payroll Employment and Wage Over-the-Year Growth





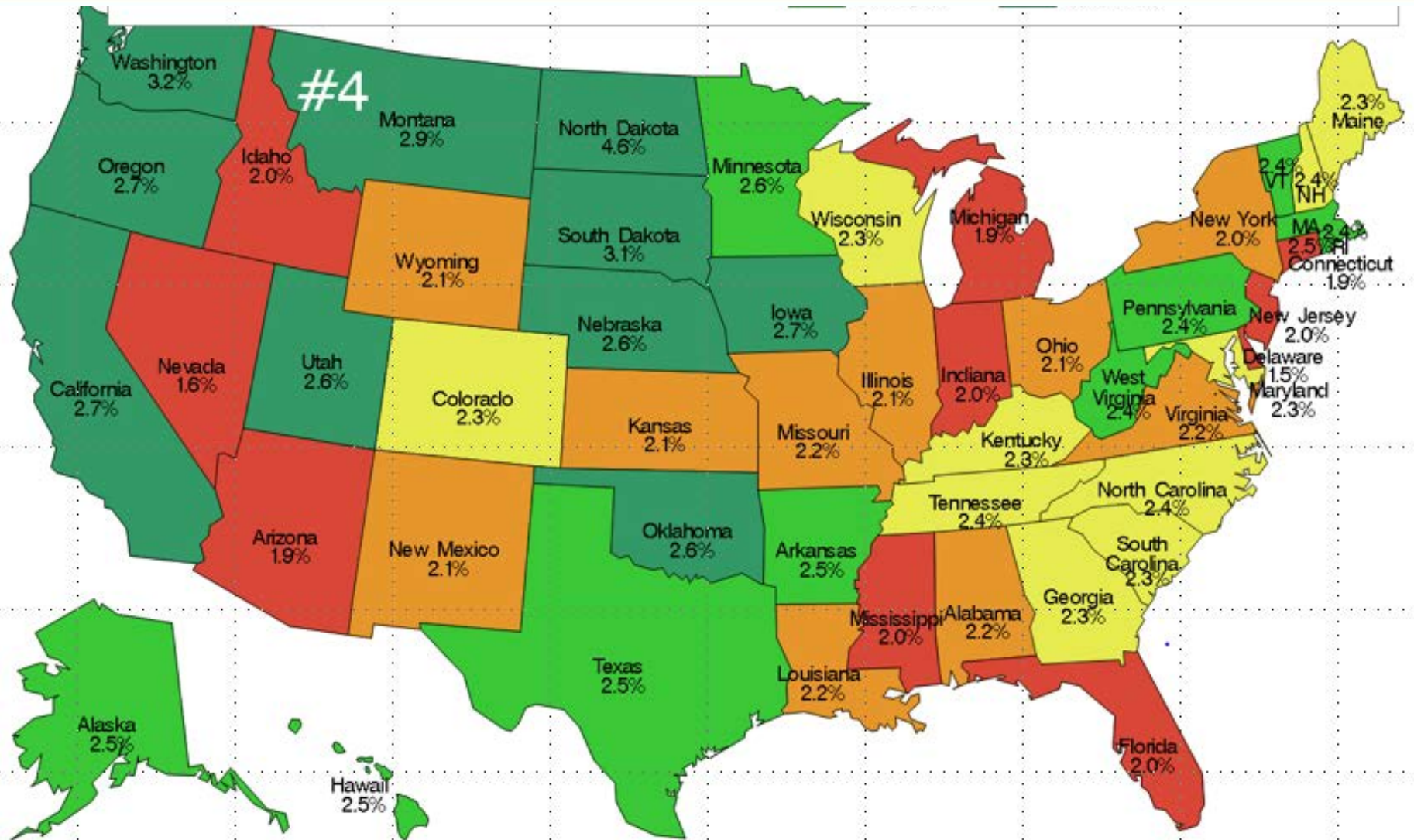
# Unemployment since 1980



Source: CPS, BLS, and LAUS, BLS and MT DLI



# 4<sup>th</sup> Fastest Wage Growth 2006-2016



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





**Workers  
Needed!**









# Devastating Wildfire Season

- \$61 million total cost paid by State (Sept. 22)
- Likely over \$300 million from all agencies (Oct. 1)
- 1,697 total wildfires in Montana this season (~70 big ones)
  - 1.2 million acres burned
    - 78 structures lost
      - Over 10,000 workers impacted
      - 39 fires still active as of Oct. 4
      - 2 firefighter deaths



**Costs not yet realized**

Data from MTDLI Governor's Office, as of Sept. 22, and Michels, Holly "More than 1 Million Acres Burned this Summer; State Fire Fund Drained" Helena IR, Sept. 7. Inciweb. And Norther Rockies Coordination Center

Photo credit to Bureau of Land Management, Jonathon Moor, posted on Facebook



A man wearing a cowboy hat, a dark jacket, and tan chaps is working on a fence in a field that has been burned. The ground is dark and charred, with some patches of brown soil visible. The man is standing next to a wooden fence post and appears to be adjusting the wire. The background shows a vast, open landscape under a clear sky.

## Lodgepole Complex Fire

- 270,000 acres burned – mostly rangeland
- No estimates on cattle loss yet
- 1,400 miles of fencing at \$15 million

**Donate at Montana Business Disaster Recovery Site:**

**[businessrecovery.mt.gov](http://businessrecovery.mt.gov)**



# Glacier National Park Sprague Fire

Lake McDonald Lodge  
Damaged but Intact



Sperry  
Chalet  
Lost



Glacier visits up for year

Yellowstone slightly down (as of Aug)





# State Finances

- Projected \$227 million deficit
  - Budget included reductions in most state agencies
  - Ir
  - 1
- Mon
  - budget
- Federal funding also flat or declining for many agencies

## Special Session?

- Allow for targeted cuts
  - Tax increases
- Reduce required ending fund balance

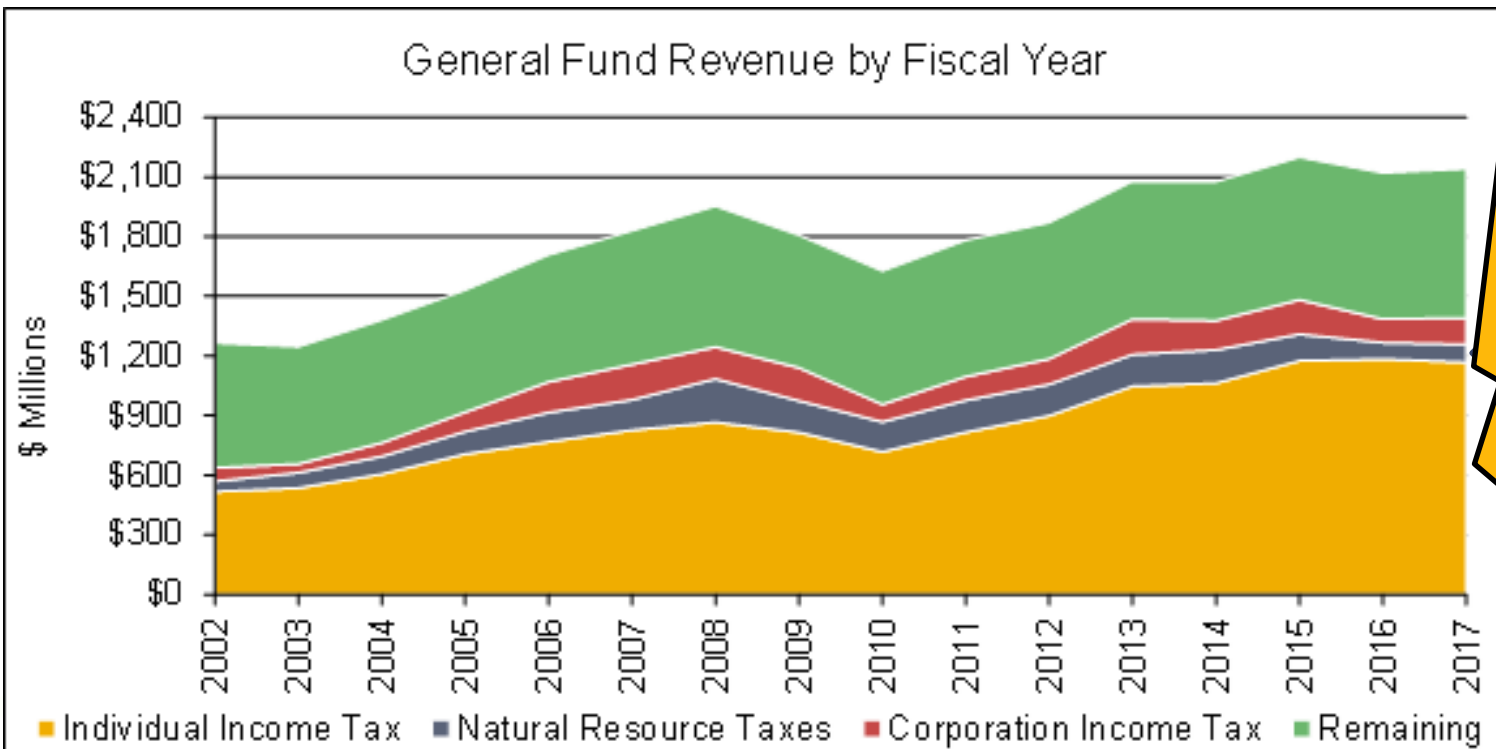
on)

anced”



# Why Budget Shortfall?

- Fire costs \$30-\$40 million over budget
- Declining oil and gas revenues?



Also impact individual

Tax changes during boom

Chart provided by  
Legislative Fiscal  
Division, Sept. 27





# Concerns about Coal

- **Montana's coal industry expanded 2010-2015**
  - **Nationally, 2015 coal mining employment was 80% of 2010 level**
- **Job loss of 12% in 2016 (118 jobs in coal mining, \$12 million in wage earnings)**
  - **Nationally, employment loss of 29%**



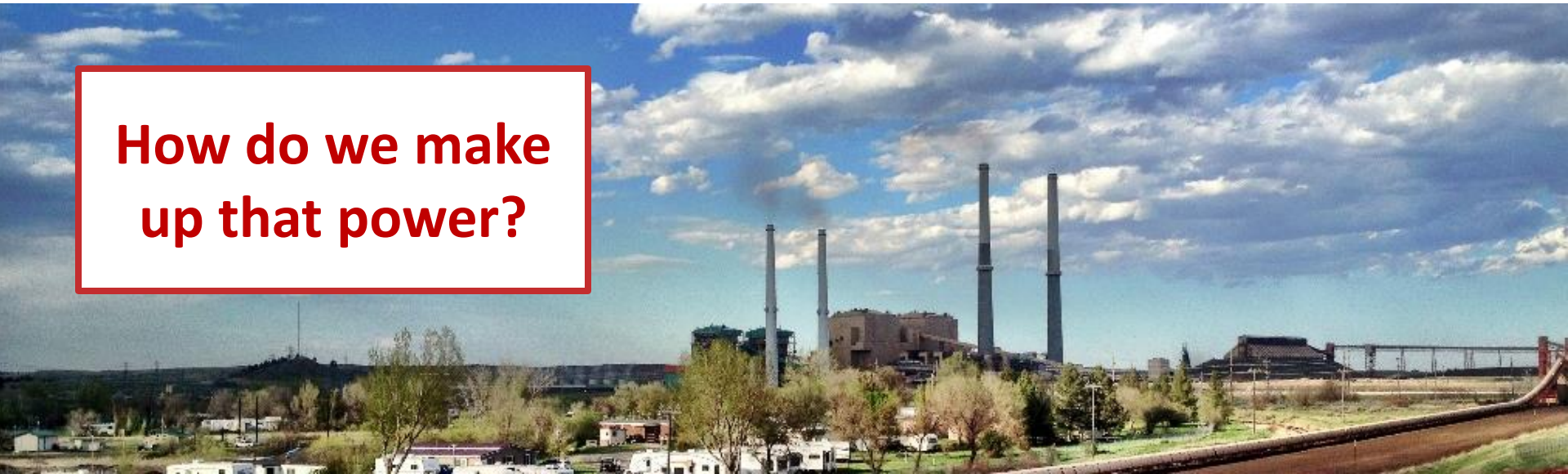




# Concerns about Colstrip Power Plant

- Legal settlement requires partial closure by 2022.
  - Worker retraining grant of \$2 million
- Full closure to around 2027, 2030, or 2035???
  - Proposed: companies will fully depreciate by 2027 while Washington rates increase 0.9% due to \$10 million going to Colstrip

**How do we make  
up that power?**







# Take Away Points

- Montana's economy is strong....
- But not without challenges.
  - Tight labor markets
  - Fire
  - Declines in state spending
  - Loss of coal exports & power generation
- Transitioning to less industrial economy
  - Growth professional service, technology, healthcare





**MORE INFORMATION AVAILABLE:**  
**[WWW.LMI.MT.GOV](http://WWW.LMI.MT.GOV)**