Montana, U.S., & 9th District
Quarterly Personal Income Growth

Source: Change from prior quarter, not annualized. Bureau of Economic Analysis (BEA). 9th District data includes full states of Wisconsin and Michigan, not just the area in the district.
Total Employment Growth by Sub-State Region

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

- **Northwest**: 1.8%
- **Southwest**: 2.5%
- **North Central**: 0.2%
- **South Central**: 1.4%
- **Eastern**: 0.4%

Source: Local Area Unemployment Statistics (LAUS), Bureau of Labor Statistics (BLS) and Montana Department of Labor & Industry (MTDLI). Growth rates are compounding annual.
Select Industry Performance
Change over the Year 2015-2016

- Health Care
- Leisure Services
- Government
- Professional Services
- Construction
- Trade
- Manufacturing
- Other Services
- Ag & Forestry
- Everything Else
- Admin and Waste Services
- Mining

#1 among states for Manufacturing GDP growth

Source: Quarterly Census of Employment and Wages, BLS and MT DLI and Bureau of Economic Analysis, GDP by State
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

Health Care
Leisure Services
Government
Professional Services
Construction
Trade
Manufacturing
Other Services
Ag & Forestry
Everything Else
Admin and Waste Services
Mining

Source: Quarterly Census of Employment and Wages, BLS and MT DLI
Total Payroll Employment and Wage Over-the-Year Growth

Employment Growth

Total Wages Growth

Source: Quarterly Census of Employment and Wages, BLS and MT
Unemployment since 1980

Source: CPS, BLS, and LAUS, BLS and MT DLI
4th 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
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

Photos from Garfield County Lodgepole Complex Fire Relief Group
Glacier National Park Sprague Fire

Lake McDonald Lodge
Damaged but Intact

Glacier visits up for year

Yellowstone slightly down (as of Aug)
State Finances

• Projected $227 million deficit
  – Budget included reductions in most state agencies
  – Includes automatic cuts of $37 million
  – 10% additional cuts proposed/in progress ($236 million)

• Montana must have $143 million left in the bank for “balanced” budget

Special Session?

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

• Federal funding also flat or declining for many agencies

Source: Governor’s Budget Office Testimony on Oct. 4, 2017
Why Budget Shortfall?

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