Strengthening Rural Communities
Montana Growing Faster than the U.S.

MONTANA VS U.S., PERCENT CHANGE, 2000-2015

- Population: Montana 14%, U.S. 14%
- Employment: Montana 20%, U.S. 15%
- Personal income: Montana 49%, U.S. 30%
- Per capita income: Montana 30%, U.S. 14%
75% of New Jobs Since 2000 in Five Counties

Change in jobs by county, Montana, 2000-2016

Eric Dietrich / Solutions Journalism Network; U.S. Bureau of Economic Analysis
Perception of Economic Activity: Commodity Driven
New Jobs & Income in Montana

CHANGE IN PERSONAL INCOME BY SOURCE, MONTANA, 1970-2015

- **Non-Labor**: Retirement, investments, Social Security, Medicare, Medicaid, etc.
- **Services**: Doctors, engineers, lawyers, accountants, waiters, barbers, etc.
- **Non-Services**: Construction, manufacturing, mining, oil & gas, agriculture, etc.
- **Government**: Local, state, federal
We define non-metro as rural. Metro counties contain a core population of 50,000 or more people or are "outlying" counties and tied economically to the core areas by labor force commuting.
Jobs & Value of Production Track Closely

All Industries in U.S.

Jobs

Value

Total Full & Part-Time Jobs (Thousands)

Total Value Added (Billions of 2014 $s)

Jobs & Value of Production Track Closely
Productivity higher than ever, but with fewer workers

88% of job loss due to automation

Manufacturing Is the Exception

95% of New Jobs in U.S. in SERVICES

Health care & social assistance
Accommodation & food services
Real estate & rental & leasing
Professional & technical services
Administrative & waste services
Other services, except public admin
Finance & insurance
Educational services
Transportation & warehousing
Arts, entertainment, & recreation
Government & government enterprises
Retail Trade
Mining
Management of companies & enterprises
Wholesale trade
Forestry, fishing, & related activities
Construction
Utilities
Farm employment
Information
Manufacturing

New jobs 2000-2016

Services
Non-Services

https://headwaterseconomics.org
How Many Western Counties Dependent on ...?

Mining

% of counties with >10% of labor income from:

12% all mining

2% oil & gas

https://headwaterseconomics.org
How Many Western Counties Dependent on ...?

Services

% of counties with >50% of labor income from service industries:

41%
How Many Western Counties Dependent on ...?

Non-Labor Income

% of counties with >50% of total personal income from non-labor sources:

25%
A Theory of Rural Development
Timber Dependence ≠ Future Performance

County Performance on Various Measures of Growth and Prosperity Predicted by Trajectory in 1990

- Proximity to Metro / Industry Diversity
- Amenities
- Community Vision & Adaptability

https://headwaterseconomics.org
Over Time ……

Diverse economy:
Agriculture, resource industries, tourism, plus …
high-tech
footloose businesses
investment income, retirement, semi-retirement
construction, health care, retail, etc.

AMENITY MIGRATION

Access to population centers via airports diversifies the economy beyond resource industries and tourism
Steps to Strengthen Rural Economies

- Improve access to markets
- Natural amenities, such as federal lands
- Quality of life to attract human capital
- Outdoor recreation
- Non-labor income
- Fiscal policy
Three Types of Counties in the West

**METRO**
- Higher wages
- Less volatility
- More high-wage services
- Fastest-growing
- Younger, More educated

**CONNECTED** (via airports)
- Over time, perform like METRO

**RURAL & ISOLATED (3%, 50%)**
- Lowest wages
- Most volatility
- Few high-wage services
- Slowest-growing
- Older & aging
- Less educated

https://headwaterseconomics.org
Broadband

Where...
I-15
Rail
Southern Utah University
Work force
Technology
Ideas
....Connect

CedarCity.org • 435-586-2270 • CEDARMUSE@CEDARCity.ORG
Non-Metro Counties w/ Protected Federal Lands Grew Faster

Growth 1970-2015

County share of federal land in rural western counties:
- **Bottom 25th percentile**
- **Top 25th percentile**

- **Population**: 34% (Least protected federal lands), 89% (Most protected federal lands)
- **Employment**: 72% (Least protected federal lands), 169% (Most protected federal lands)
- **Personal Income**: 108% (Least protected federal lands), 252% (Most protected federal lands)
- **Per Capita Income**: 54% (Least protected federal lands), 73% (Most protected federal lands)

Does not imply cause & effect

Quality of Life

Small town feel, good local schools, natural amenities and other factors make a community a pleasant place to live
Recruitment of Talent

Colorado Springs, Colorado

https://headwaterseconomics.org
Outdoor Recreation

7.6 million jobs

2% of GDP

In the West:

1.9 million jobs

143 million Americans participate

Non-Labor Income Will Keep Growing

In 3 years ¼ will be over 55 years

Baby Boomers control 80% of the country’s financial assets

Health care needs
Long-Term Funding Solutions

Fiscal Policy to Build a Reserve Rural Counties
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