

ECONOMIC DEVELOPMENT ADVISORY COUNCIL
HELENA, MONTANA
NOVEMBER 26, 2013

Minutes approved: April 24, 2014

MEMBERS PRESENT

John Rogers, Chair	Jim Atchison
Director Meg O'Leary	Sean Becker
Richard Sangrey	Brent Campbell
Senator Ron Arthun	Mike Henning
Senator Gene Vuckovich	Wade Sikorski
Representative Ed Greef	Jim Smitham
Representative Rae Peppers	Tim Warner

ABSENT

Kathie Bailey	Paul Tuss
Elizabeth Marchi	Walter White Tail Feather
Curt Starr	

STAFF PRESENT

Mary Craigle, Commerce	Karyl Tobel, Commerce
Carolyn Jones, Commerce	Joe Ramler, Commerce
Andy Poole, Commerce	Barb Wagner, Labor & Industry
Anne Pichette, Commerce	

The meeting was called to order at 9:34am by Chairman John Rogers.

MINUTES

Jim Atchison moved approval of the minutes from the August 1, 2012 conference call meeting. Tim Warner seconded the motion and the motion passed unanimously.

OPENING REMARKS

The meeting began with a thank you from Chairman Rogers and introductions of all of the council members present.

OVERVIEW OF STATE ECONOMY

Facts & Myths: Montana's Aging Population & Its Impacts on the Economy.

This presentation provided by Mary Craigle, Bureau Chief, Census & Economic Information Center, Montana Department of Commerce and Barb Wagner, Chief Economist, Montana Department of Labor and Industry provided economic and demographic statistics and trend information relevant to the increasing average age of Montana residents. Key trends included the impact an aging population has on available labor force and participation rates, worker productivity, and demand for services. Information was provided on the dependency ratio and occupational outlooks

as well as key comparisons with other states. The presentation is attached as APPENDIX A.

MAIN STREET MONTANA UPDATE

Director O'Leary gave an update on the Main Street Montana program. Information has been collected from a variety of sources including 2,000 responses to the 56-county survey, more than 1,000 responses collected at the roundtable discussions across the state, and numerous one on one discussions with CEOs and industry meetings statewide. After the report is completed, the discussion of the issues identified will not stop, this process is the start of the conversation.

MONTANA ECONOMY DISCUSSION

Director O'Leary and Chairman Rogers led the Council members in a discussion of Montana's economy, including the opportunities and challenges faced here in the state.

Technology was one of the main discussion points. With the fiber hotel in Billings, new technologies and call centers, Montana is prepared to benefit from a technology boom. It was suggested that the state could make an investment in fiber optics so as to help attract the private sector. There is an opportunity for schools and hospitals, including expanding foreign language options to schools with a teacher via the web. The fiber optic ring in Butte was discussed along with the opportunity for a 'virtual desk' augmenting books in classrooms. With technology a business can be located anywhere. At national conferences there is a lot of focus selling Montana as a place for tourism but not as much selling Montana as a place to come for tourism and then to stay to do business. One idea mentioned involved the possibility of requiring conduit as part of the Department of Transportation doing road work. The infrastructure would already be available and would allow for standards to be set across the state and local areas but would need a funding mechanism. There is also the opportunity to make investments to meet the public sector need and then make available to the private sector.

Infrastructure was another main discussion point. Investing in transportation infrastructure can be a part of an overall economic development project. The Coal Board was mentioned as a resource for communities, along with the Treasure State Endowment Program (TSEP) to help fund these systems.

Resource development was also mentioned as an opportunity. Responsible energy development can be beneficial, though it was mentioned that 'responsible' can be defined in different ways.

Investing in distributed energy (solar energy at homes as an example) creates an opportunity to reduce energy costs if there is an ability to prepare infrastructure and the utility system to use the energy and adapt to the independent sources.

The education system also presents a variety of opportunities including the likelihood for grassroots companies coming out of the university system to stay here in Montana and the opportunity for the 2-year colleges to cross train students for good paying jobs.

State Tribal Economic Development Commission (STEDC) Vice Chairman Richard Sangrey gave a brief update. STEDC is working on a 5-year strategic development plan. He discussed the impact the recent shutdown of the Federal Government had on tribes and in the towns neighboring reservations. Vice Chairman Sangrey also mentioned the Indian Country Economic Development Program (ICED) and the funds leveraged through that program and other sources to reservations and state and local areas.

PUBLIC COMMENT

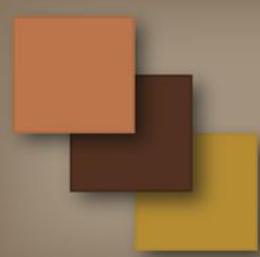
None

NEXT MEETING DATE

March 2014 was proposed in order to have a presentation on the Montana Main Street Report and possibly establish quarterly Council meetings.

Chairman Rogers adjourned the meeting at 12 noon.

APPENDIX A



Facts and Myths: Montana's Aging Population & Its Impacts on The Economy

Mary Craige

Bureau Chief

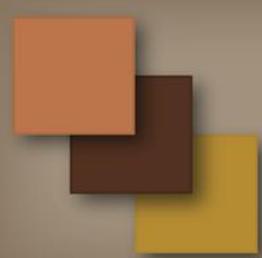
Census and Economic Information Center (CEIC)

MT Dept. of Commerce

Barbara Wagner

Chief Economist

MT Dept. of Labor and Industry



Fact or Myth?

Montana is the Least Populous State.

Montana Population: 1,005,141 (RANK 44th)

Montana's Population:

2010: 989,415

2012: 1,005,141

Largest Cities:

Billings - 104,170

Missoula - 66,788

Great Falls - 58,505

Bozeman - 37,280

Butte - 33,525

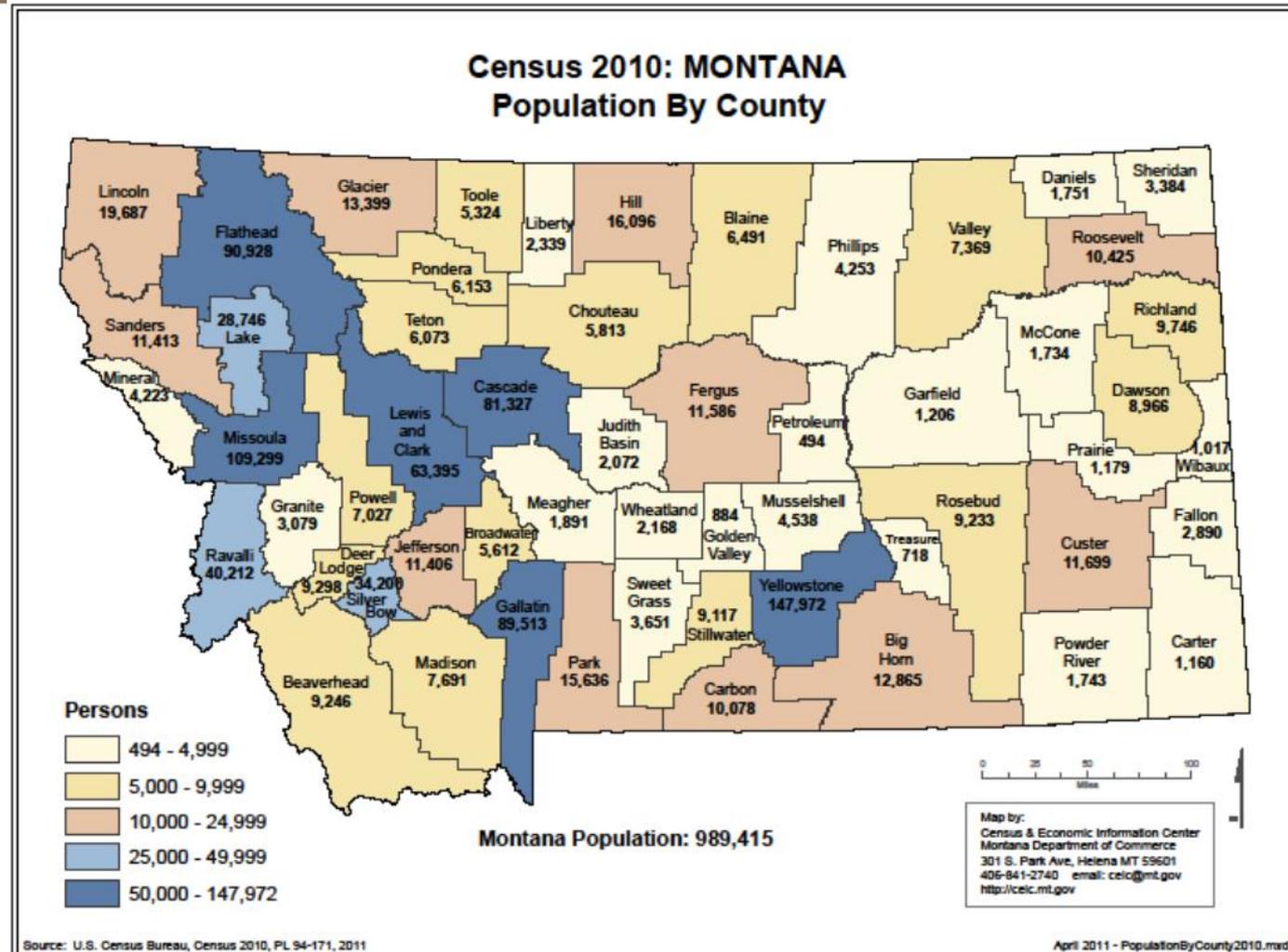
Smallest "Cities":

Neihart - 51

Outlook - 47

Ismay - 19

(excludes CDPs)



Population Density: 6.86 People per Square Mile (Rank 48th)

Population Density Comparisons (People/ Mile²)

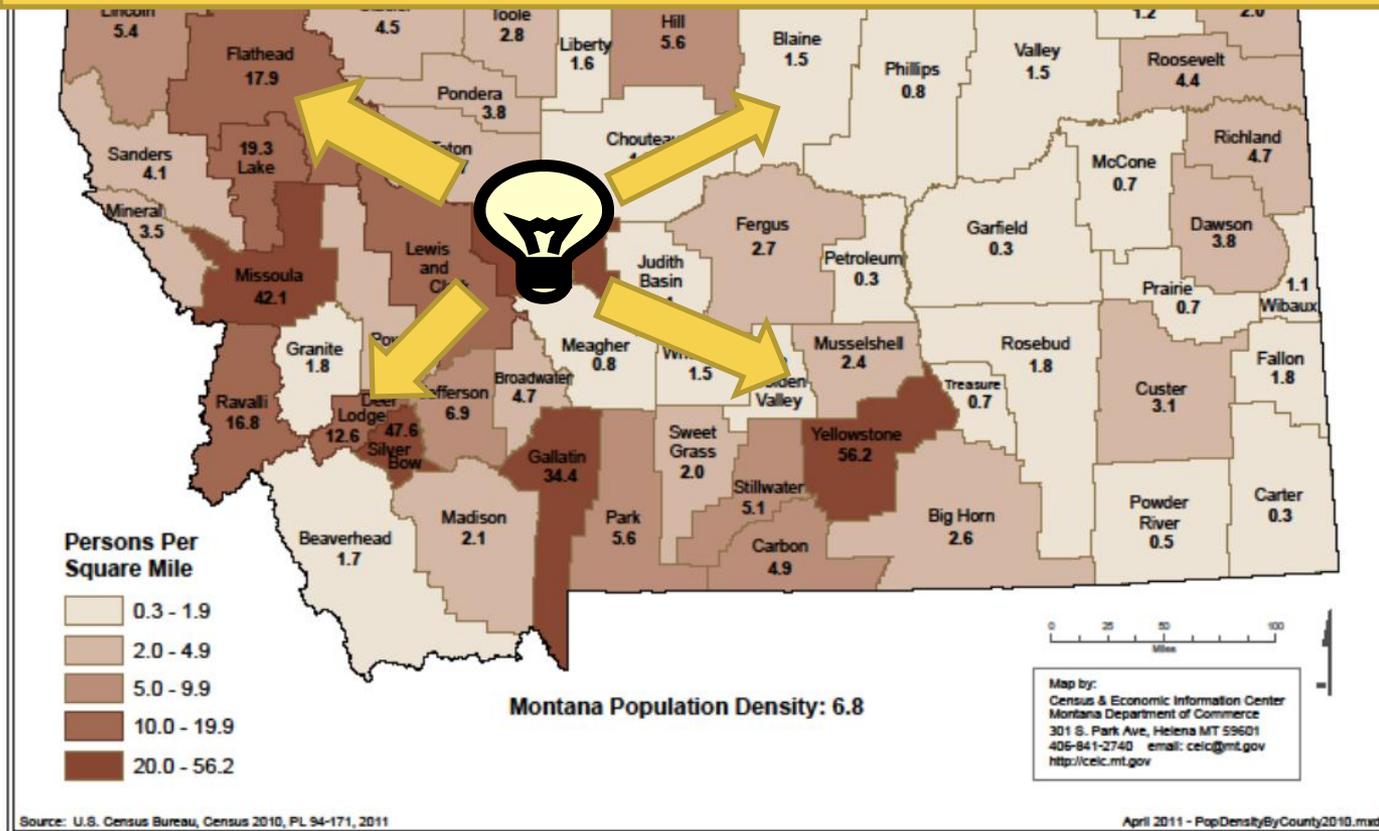
U.S.
87.4

D.C.
9,856.5

New Jersey
(Most Dense)
1,195.5

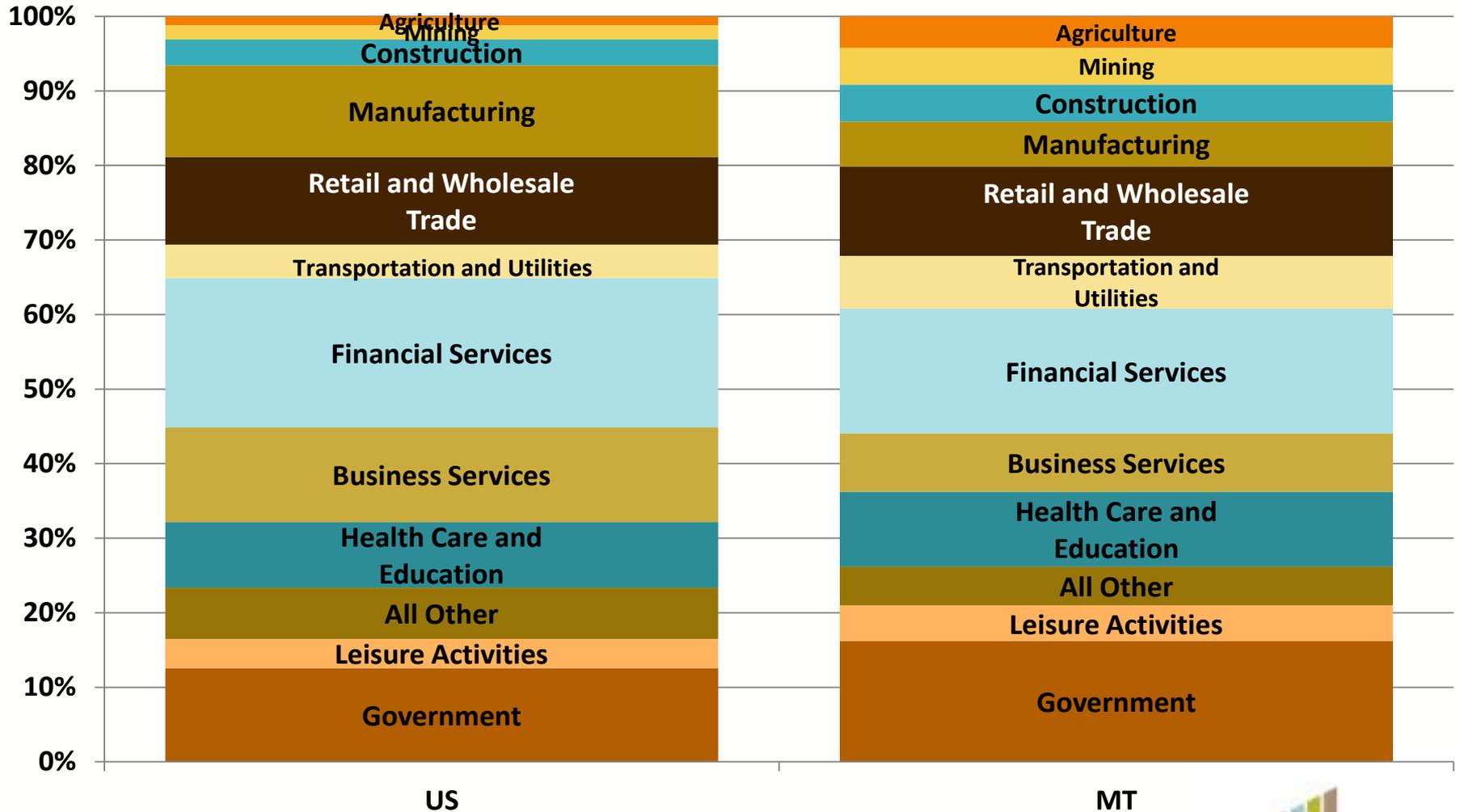
Alaska
(Least Dense)
1.2

- Slow technology diffusion.
- Limited networking between businesses.
- Difficult to develop relationships with universities for worker training and research.



Why Population Density Matters?

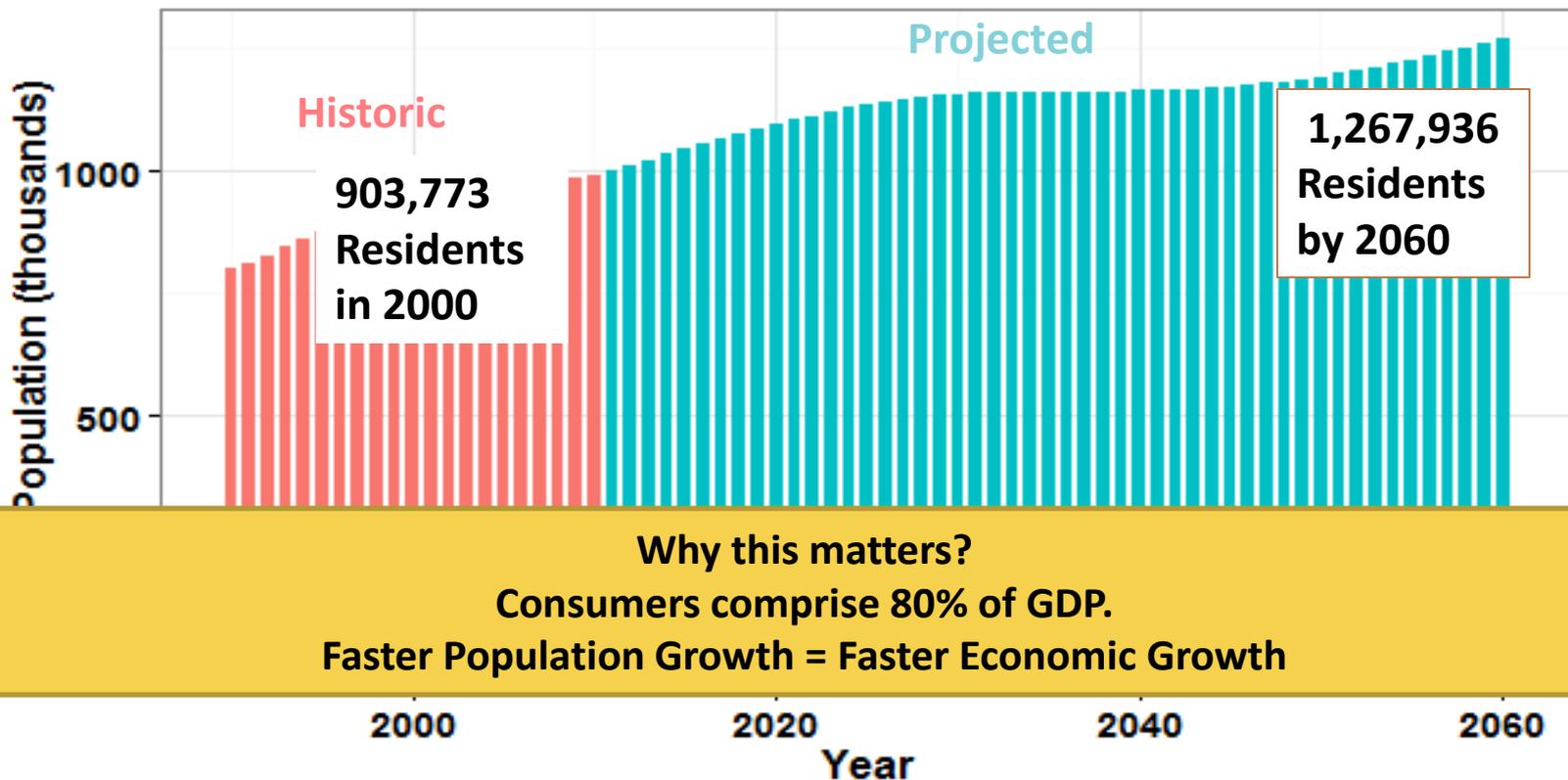
Larger Share of Government Services than U.S. Average



Montana Population Projection

Montana Historic & Projected Total Population

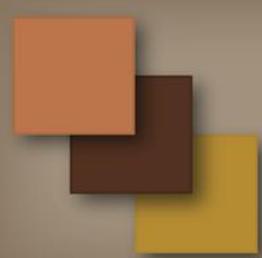
Source: eREMI - Released April 2013



Why this matters?

Consumers comprise 80% of GDP.

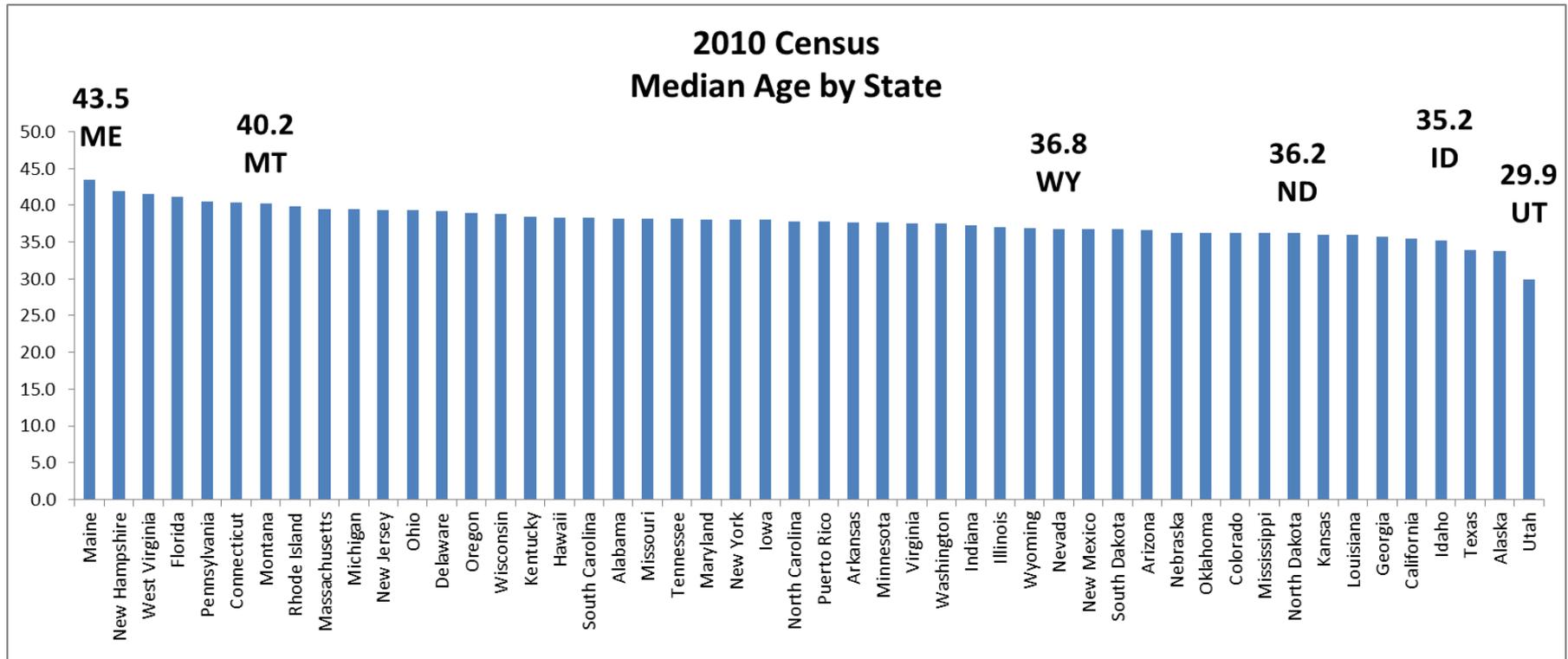
Faster Population Growth = Faster Economic Growth



Fact or Myth?

Montana is the Oldest State.

Maine is the Oldest State in the Nation: Montana Ranks 7th

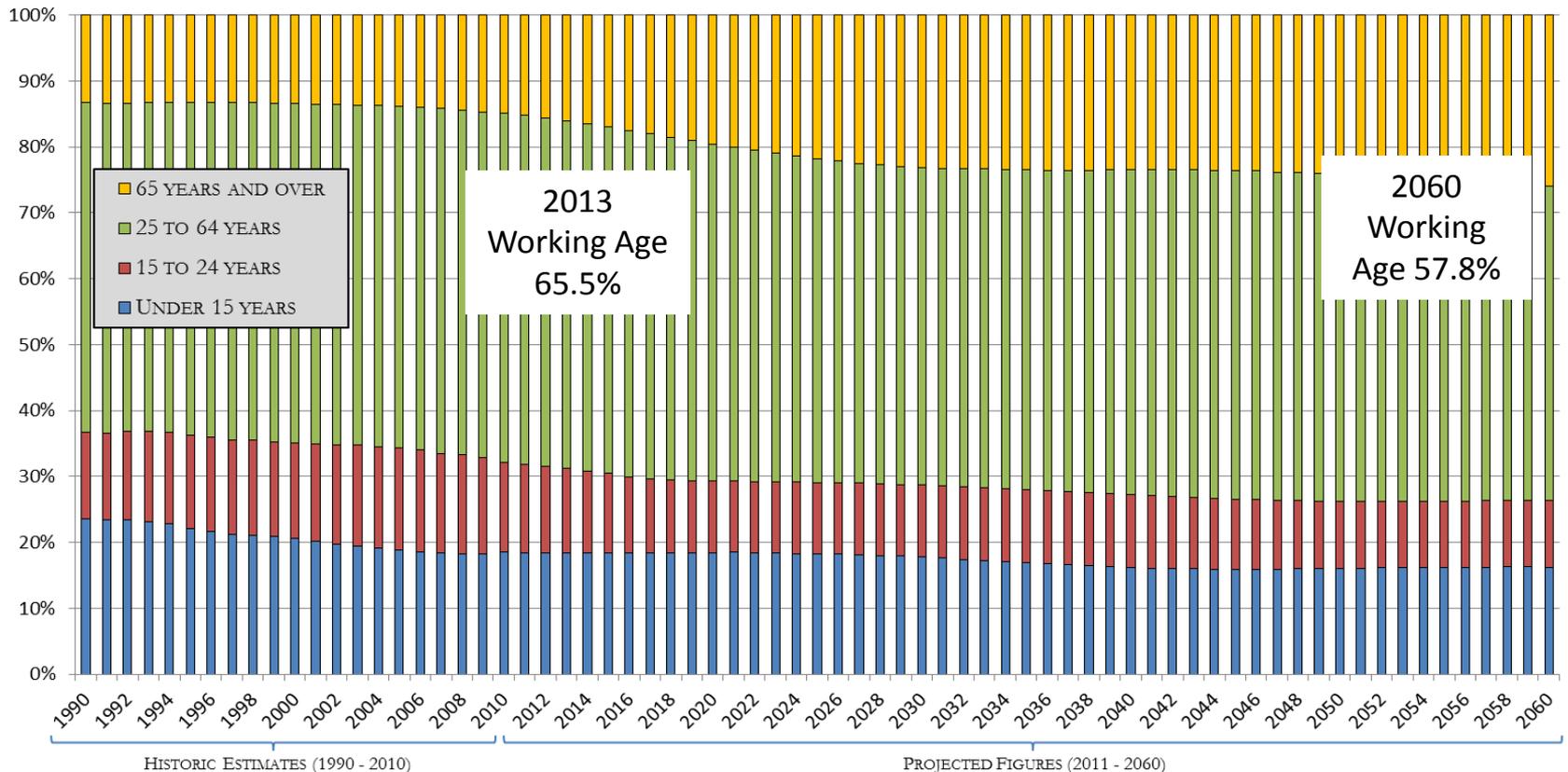


- 14.9% of Montanans were age 65 or older in 2010.
- By 2025, this percentage will rise to 21.8%, placing MT as 4th Oldest State.

Population Projections by Age

MONTANA PROJECTED POPULATION - PERCENT AGE GROUP OF THE TOTAL POPULATION, 1990 - 2060

HISTORIC ESTIMATES FOR 1990 - 2010; PROJECTED FIGURES FOR 2011 - 2060
 SOURCE: EREMI - A PRODUCT OF REGIONAL ECONOMIC MODELS, INC. - RELEASED APRIL 2013



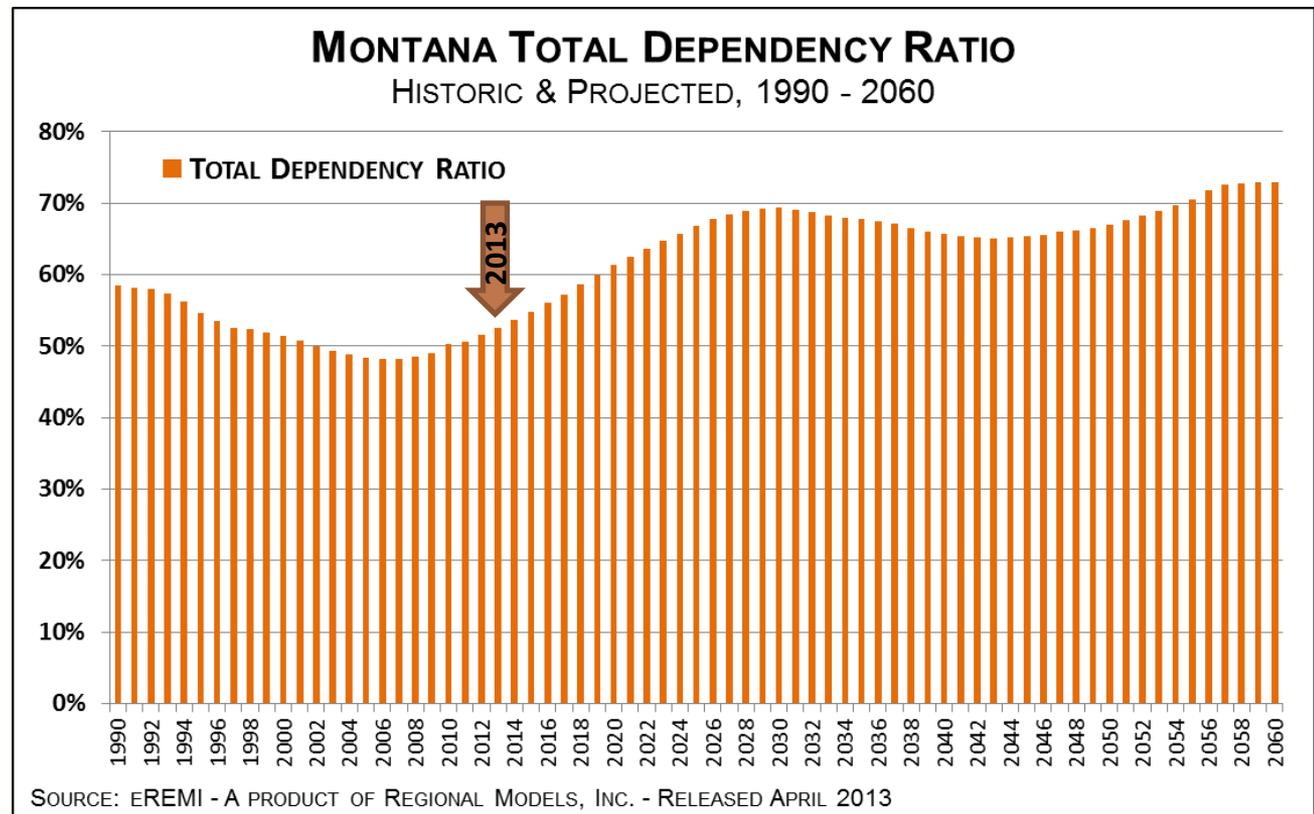
COMPILED BY THE CENSUS & ECONOMIC INFORMATION CENTER, MT DEPARTMENT OF COMMERCE (WWW.CEIC.MT.GOV)

Dependency Ratio: “Workers” Compared to Old & Young

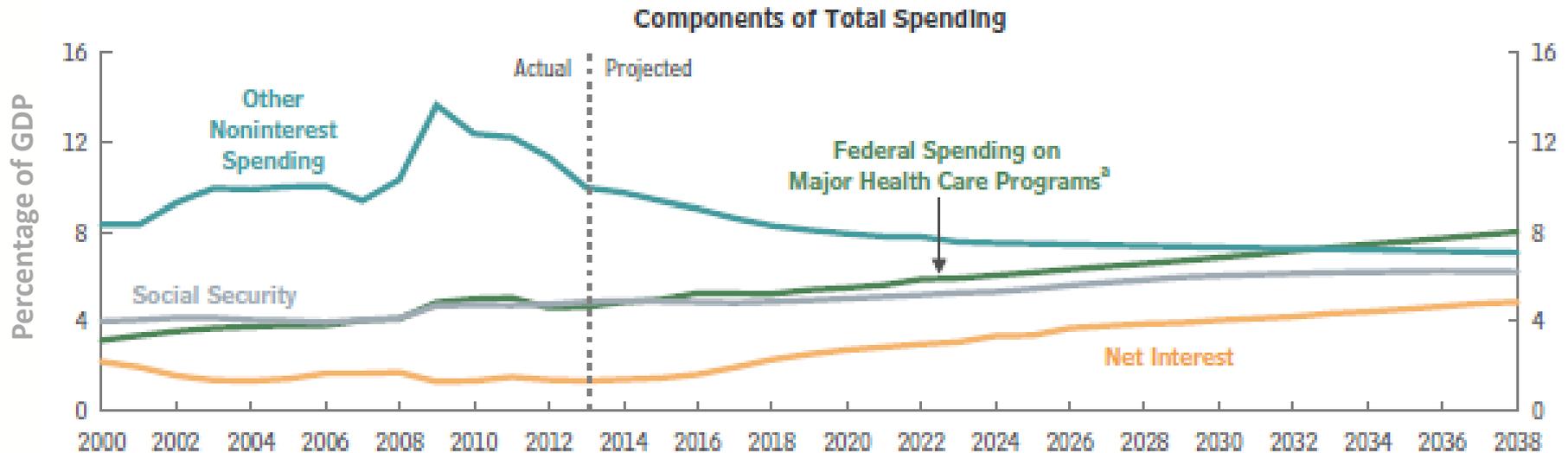
$$\frac{(\text{number of people aged } 0 - 14) + (\text{number of people aged } 65 \text{ and older})}{(\text{number of people aged } 15 - 64)} * 100$$

Why this Matters:
Montana workers and business owners will face increased pressures to care for the old and young in the future.

- Higher Taxes?
- Require Higher Wages?
- More Caretaking?



Components of Federal Spending

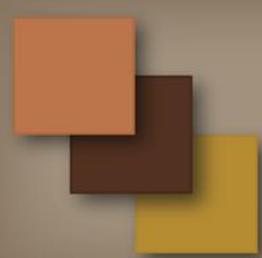


Source: Congressional Budget Office.

Notes: The extended baseline generally adheres closely to current law, following CBO's 10-year baseline budget projections through 2023 and then extending the baseline concept for the rest of the long-term projection period. These projections do not reflect the economic effects of the policies underlying the extended baseline. (For an analysis of those effects and their impact on debt, see Chapter 6.)

These data reflect recent revisions by the Bureau of Economic Analysis to estimates of GDP in past years and CBO's extrapolation of those revisions to projected future GDP.

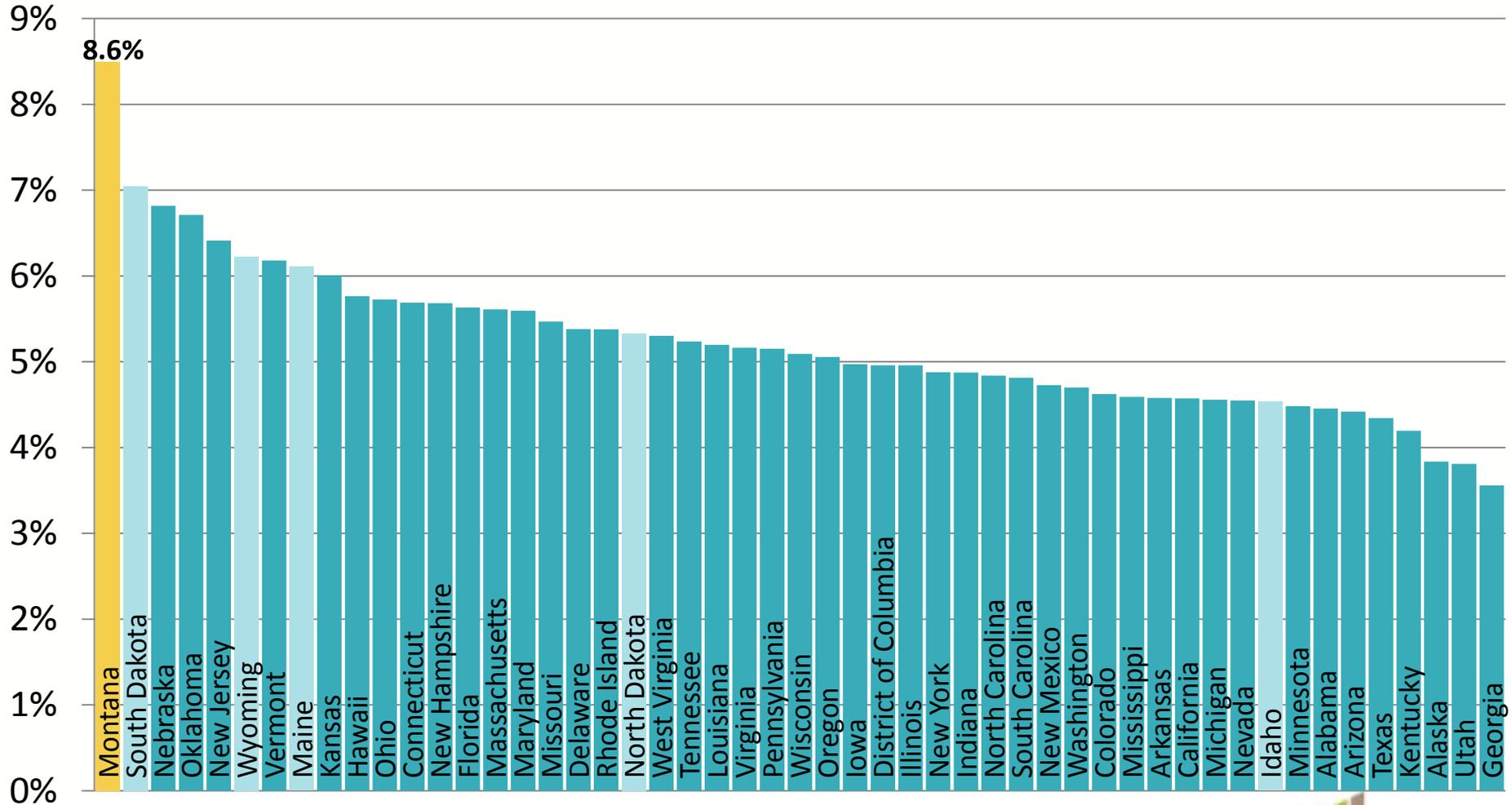
a. Spending on Medicare (net of offsetting receipts), Medicaid, the Children's Health Insurance Program, and subsidies offered through new health insurance exchanges.



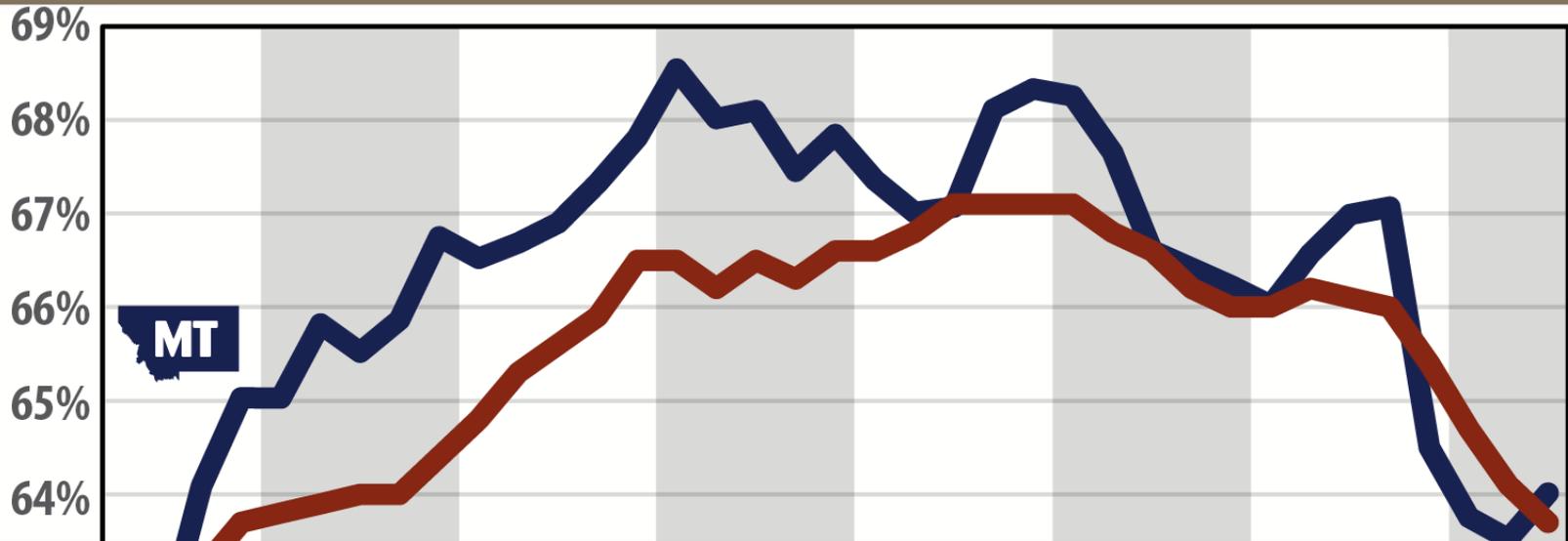
Fact or Myth?

Montana has the Oldest Workers.

Montana Has Highest Percent of Labor Force Over 65

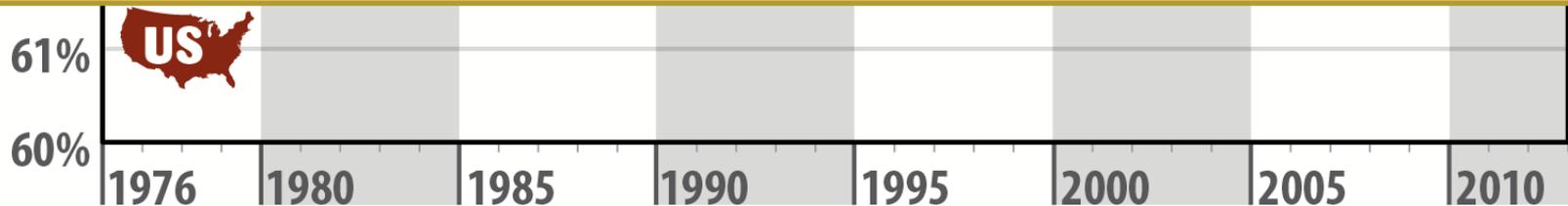


Montana Labor Force Participation: Aging Population is Reducing Participation Rates

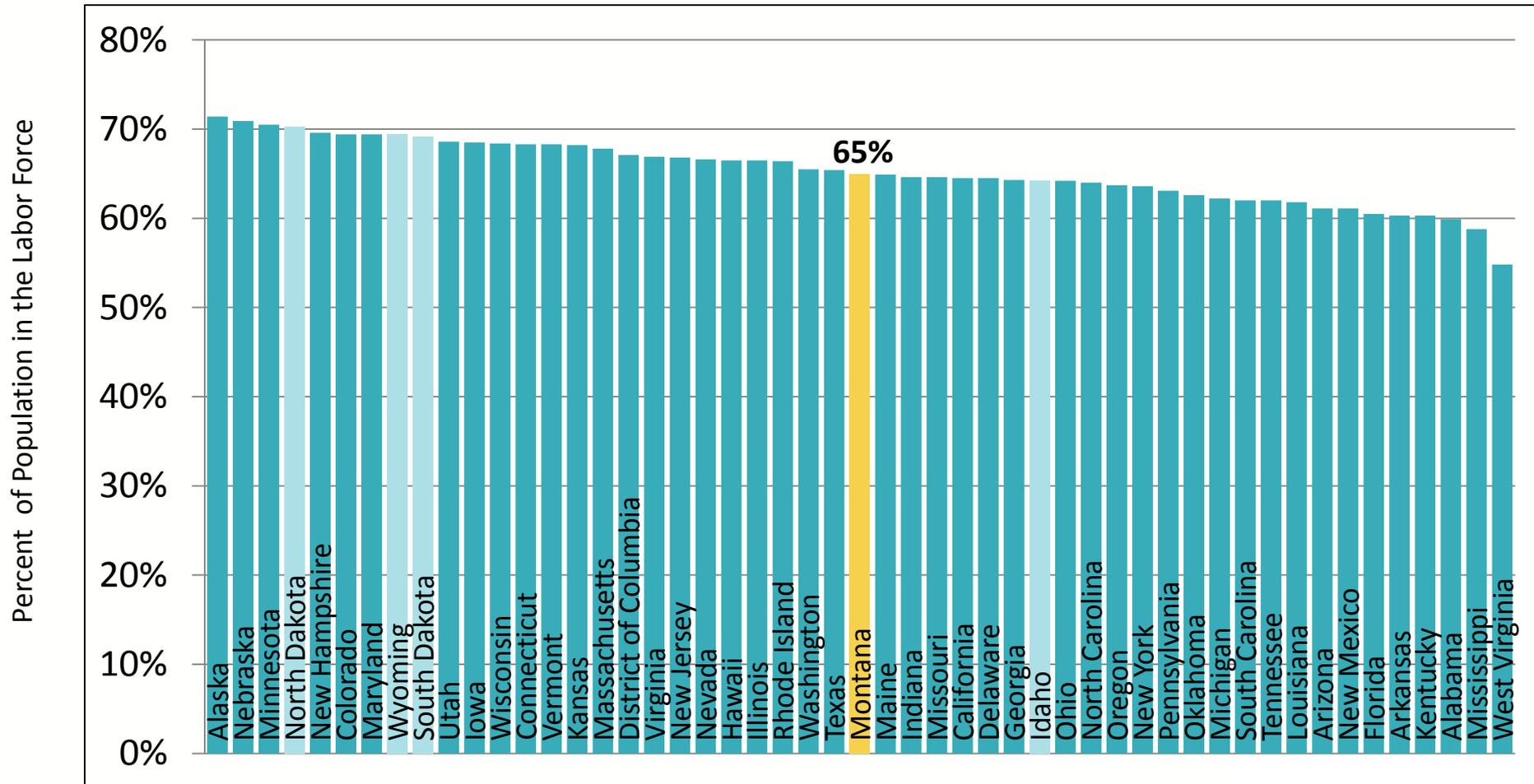


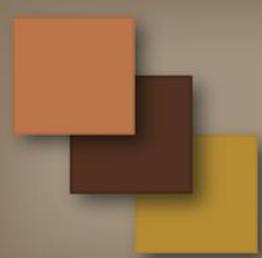
Why this matters?

Declines in Labor Force Size Will Likely Lead to Worker Shortages



Labor Force Participation Rate

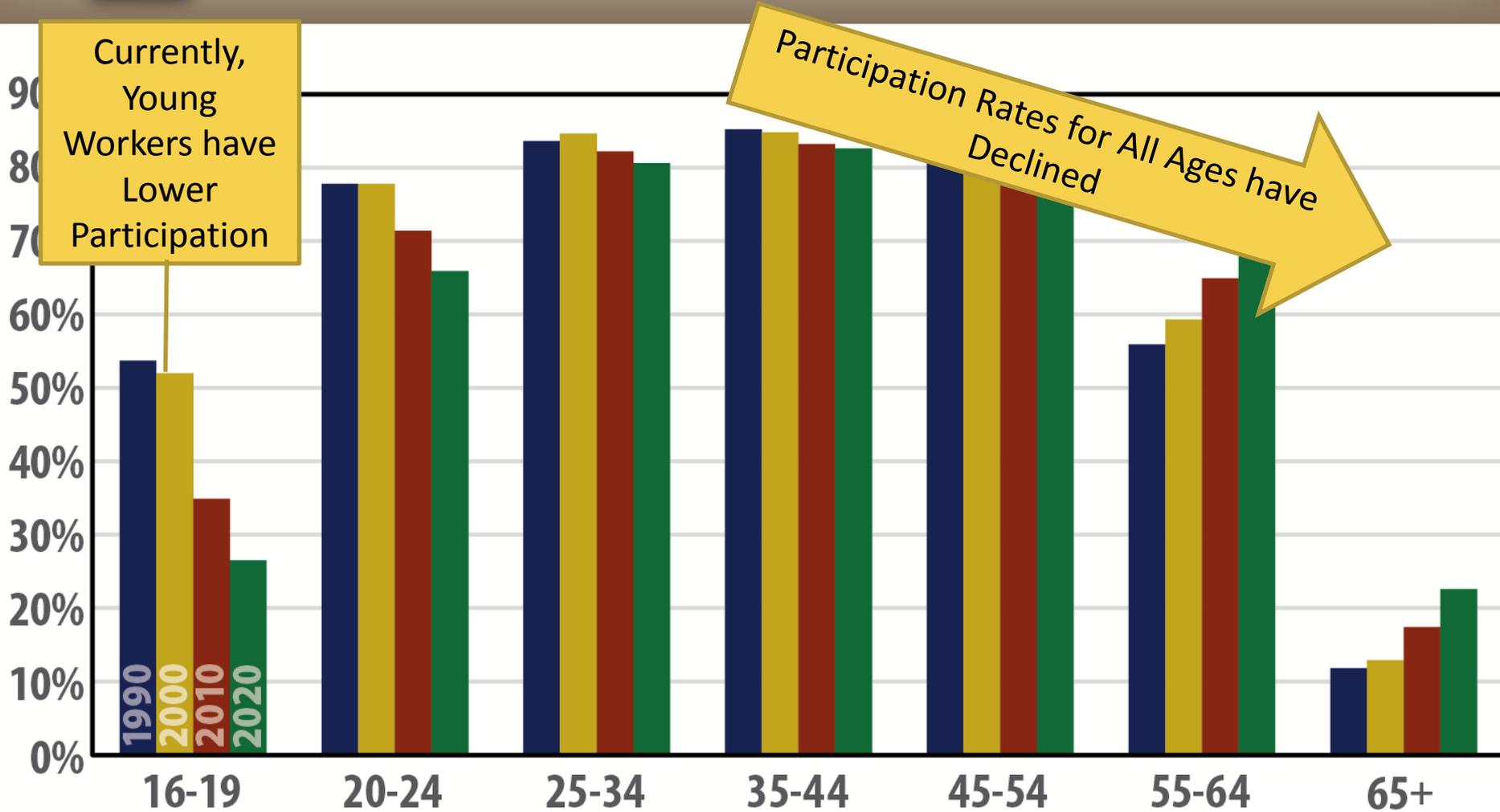




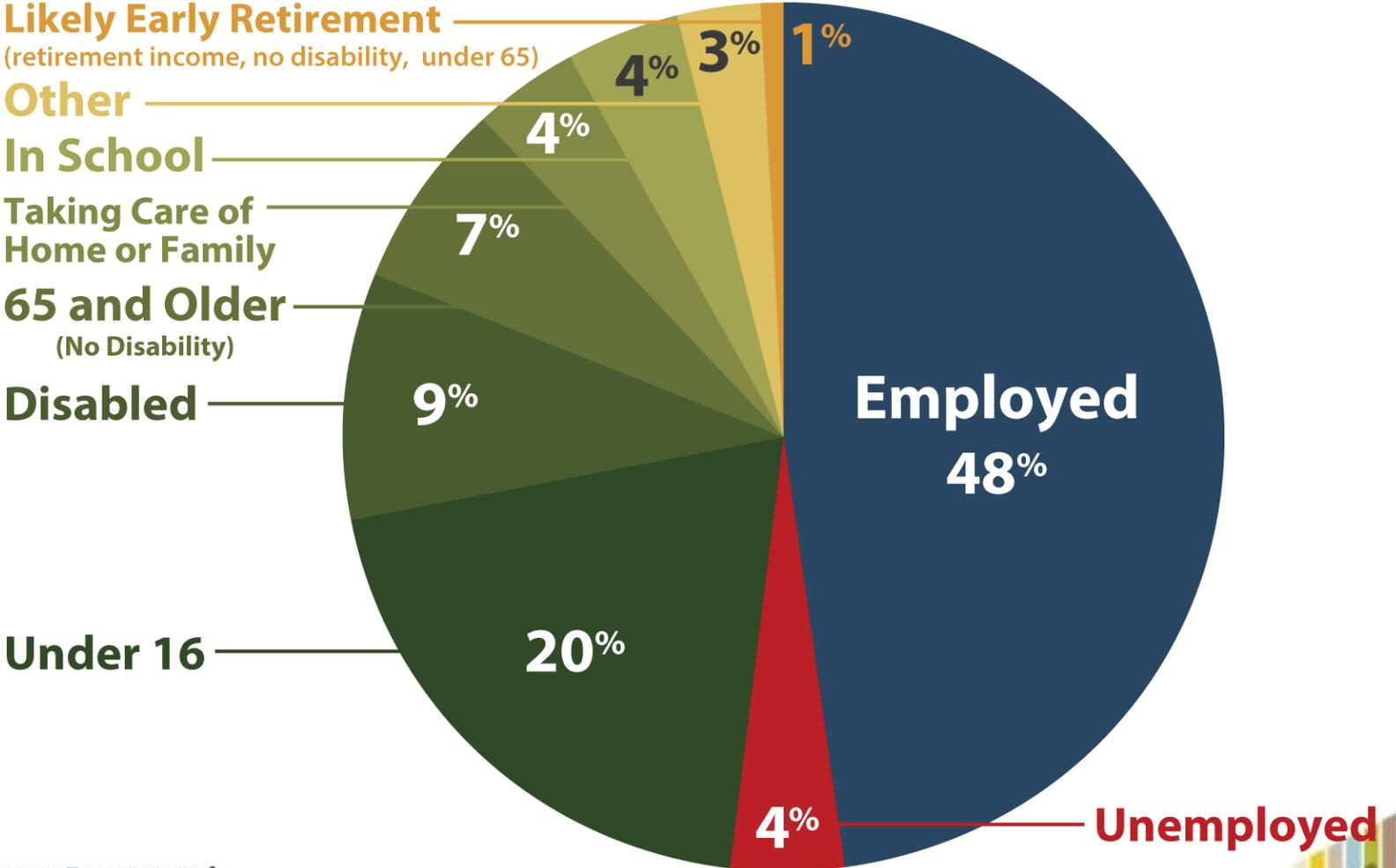
Fact or Myth?

Don't Worry. Younger workers will
fill in the gap.

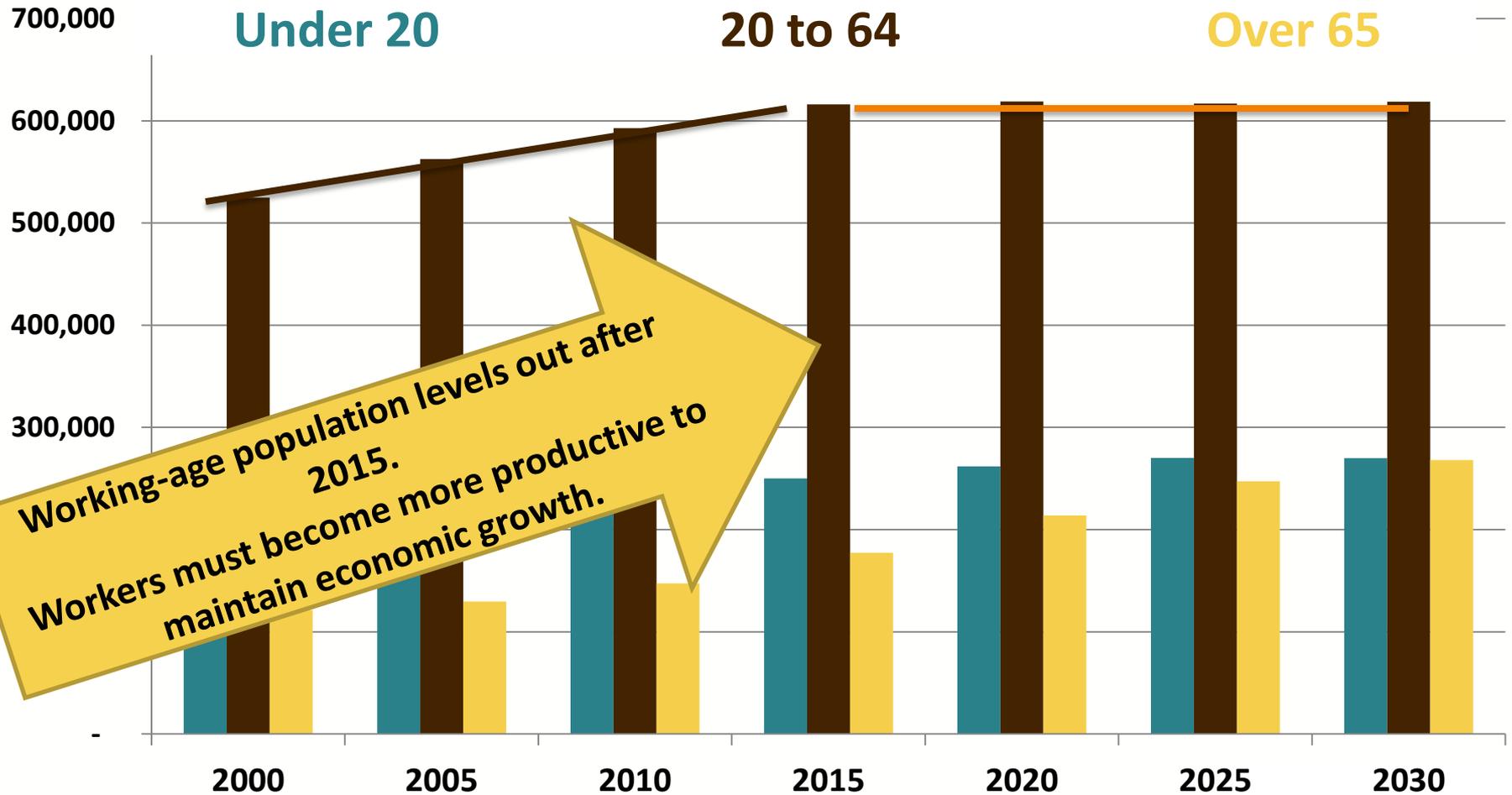
Labor Force Participation Rates by Age

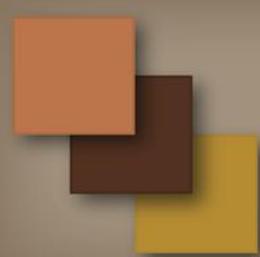


Employment Status of the Montana Population



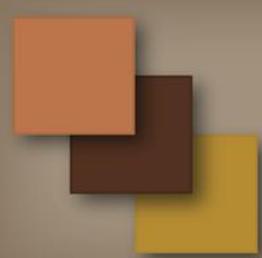
Montana's Aging Population





Montana Workers Will Need to Be More Productive

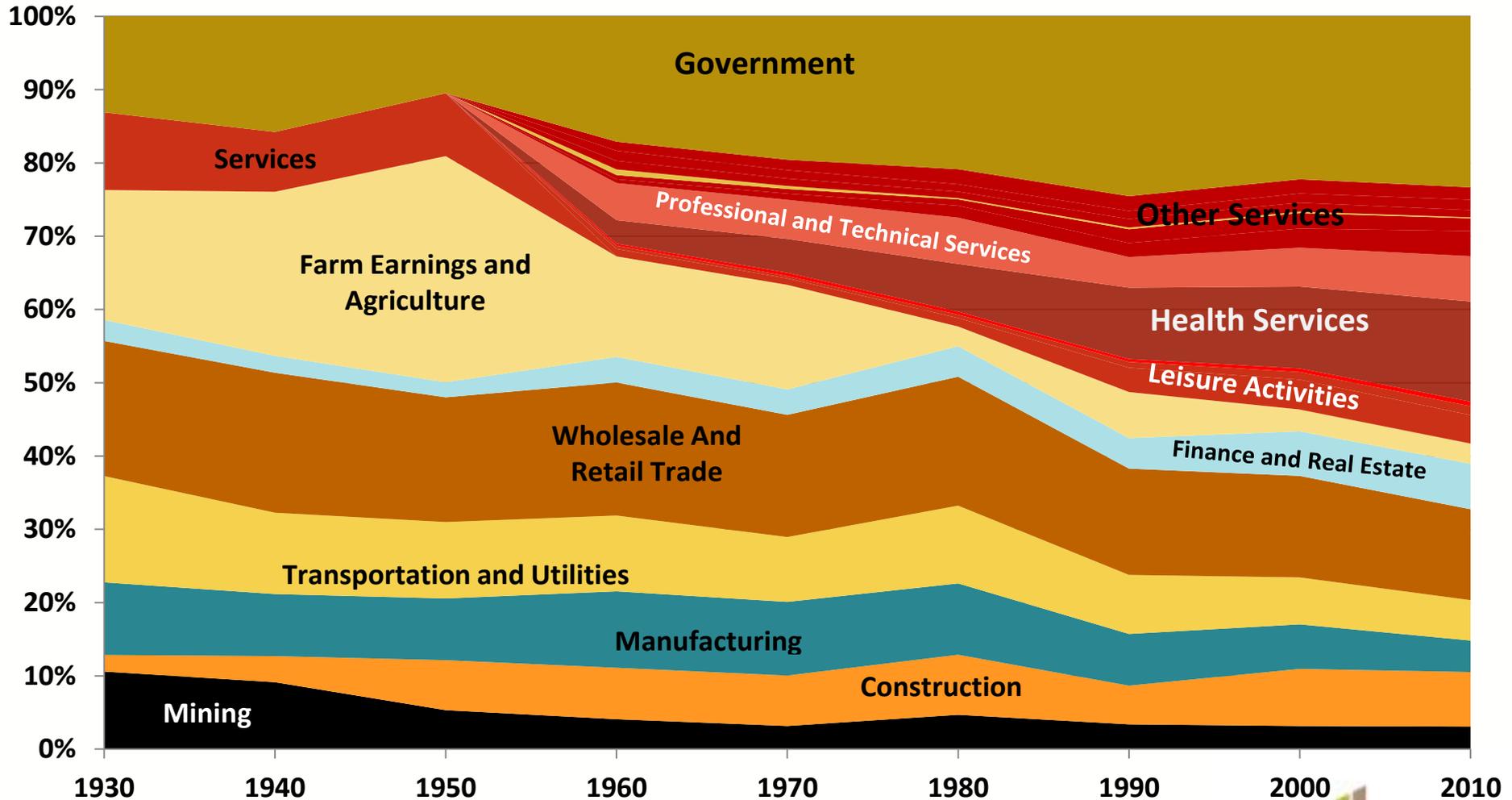
- Education
- Experience in job
- Job Matching
- Industry Mix
- Urban concentration
- Use of technology
- Spread of best practices and innovative methods
- Business Size



Fact or Myth?

Aging Population Also Has Economic Benefits

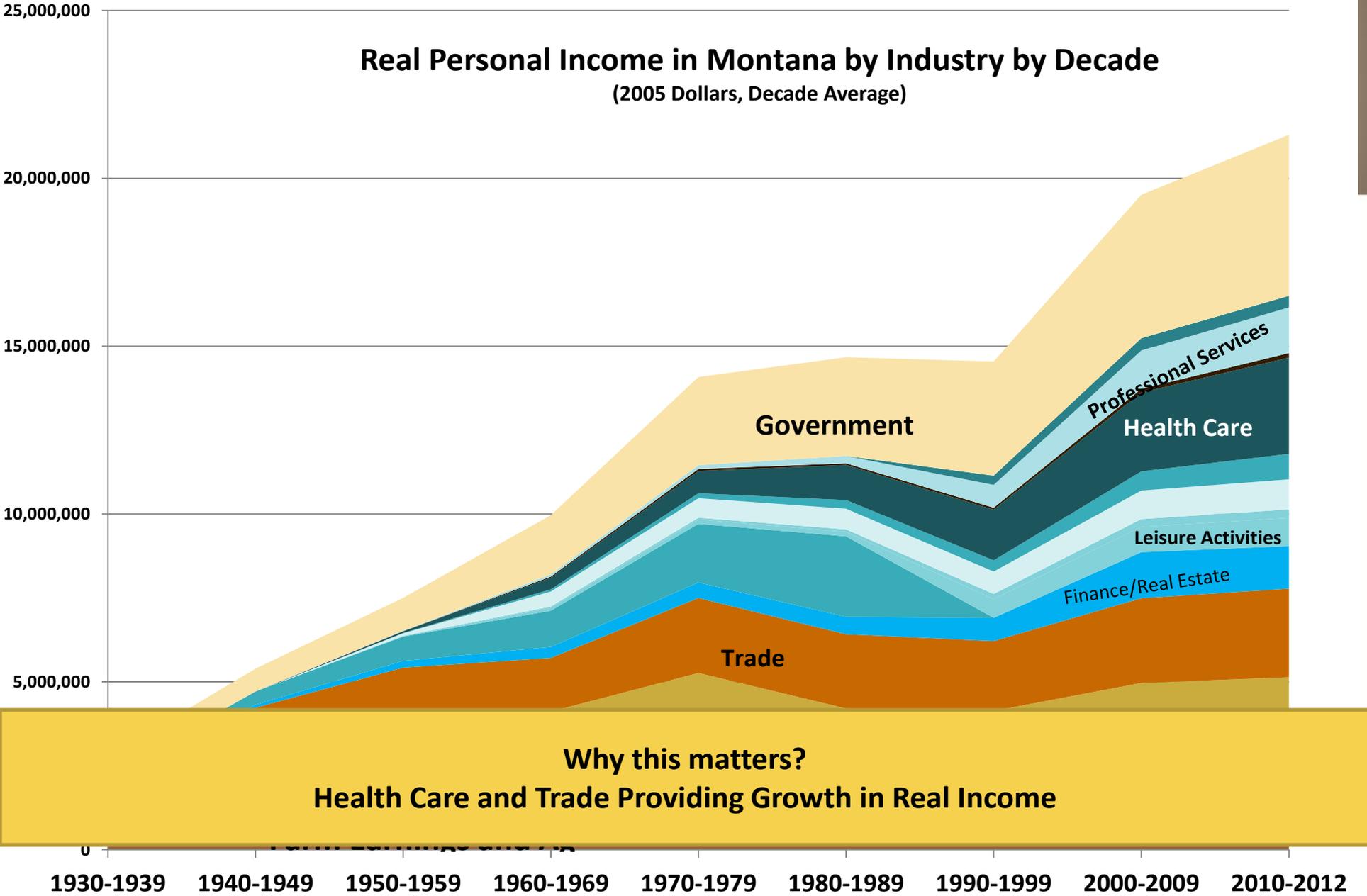
Montana Personal Income by Industry Since 1930



Source: Bureau of Economic Analysis, Personal Income from 1930, SICs to NAICS conversion compiled by the Montana Department of Labor and Industry Research and Analysis Bureau.

Real Personal Income in Montana by Industry by Decade

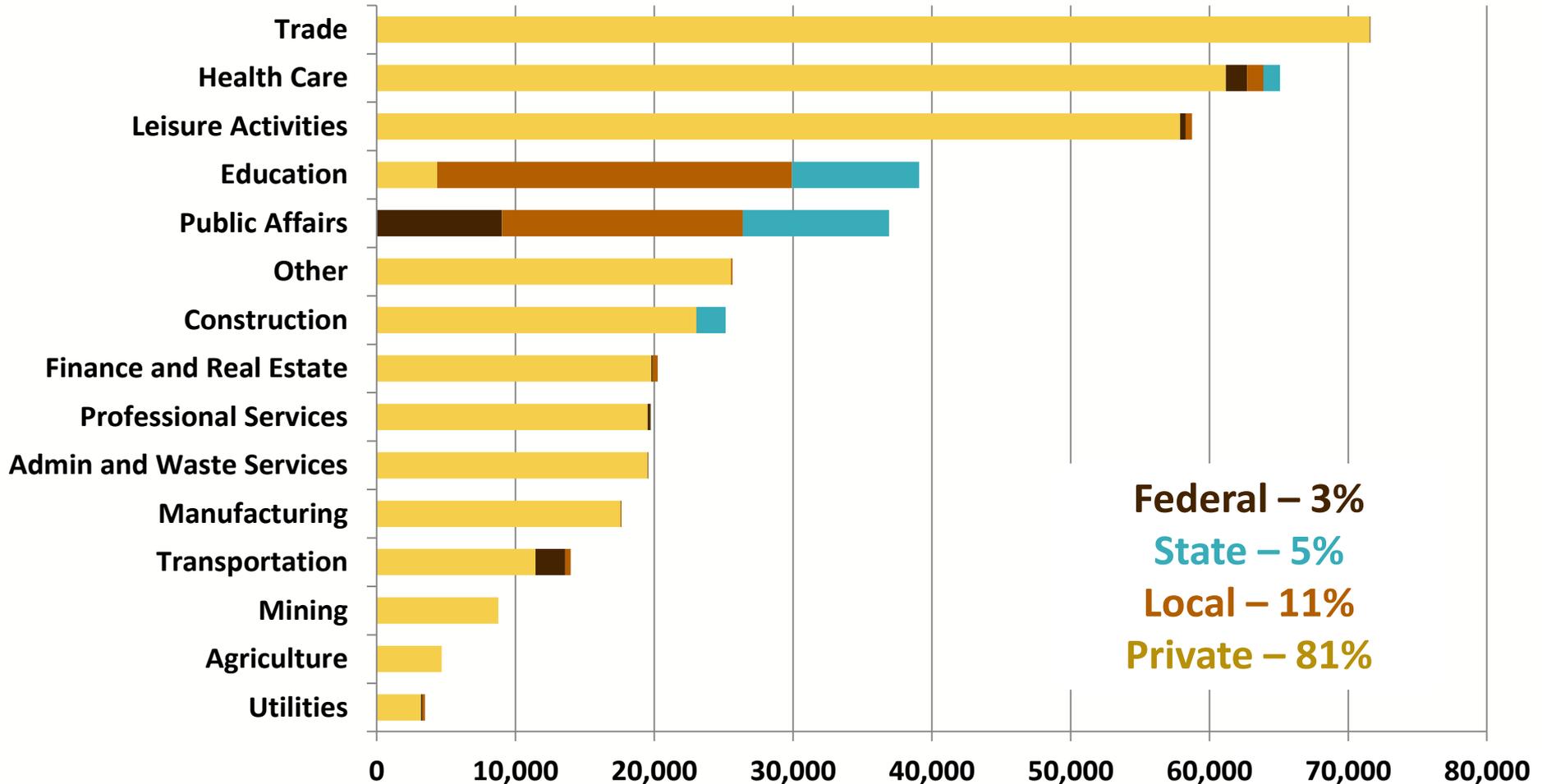
(2005 Dollars, Decade Average)



Why this matters?

Health Care and Trade Providing Growth in Real Income

Comparative Industry Employment

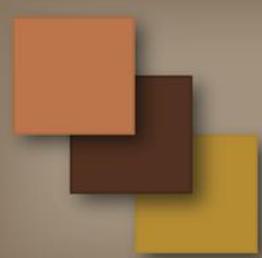


Source: Quarterly Census of Employment and Wages, 2012.

Ten Growing Occupations with Unmet Demand for Workers

Occupation	Projected Annual Growth	Minimum Training Required
Home Health Aides	96	Short OJT
Registered Nurses	72	Associate
Personal and Home Care Aides	54	Short OJT
Elementary School Teachers	52	Bachelor's
Nursing Aides, Orderlies, and Attendants	46	Vocational training
Medical Secretaries	31	Moderate OJT
Network Systems and Data Communications Analysts	22	Bachelor's
Medical Assistants	22	Moderate OJT
Child Care Workers	22	Short OJT

OJT: On-the-Job Training

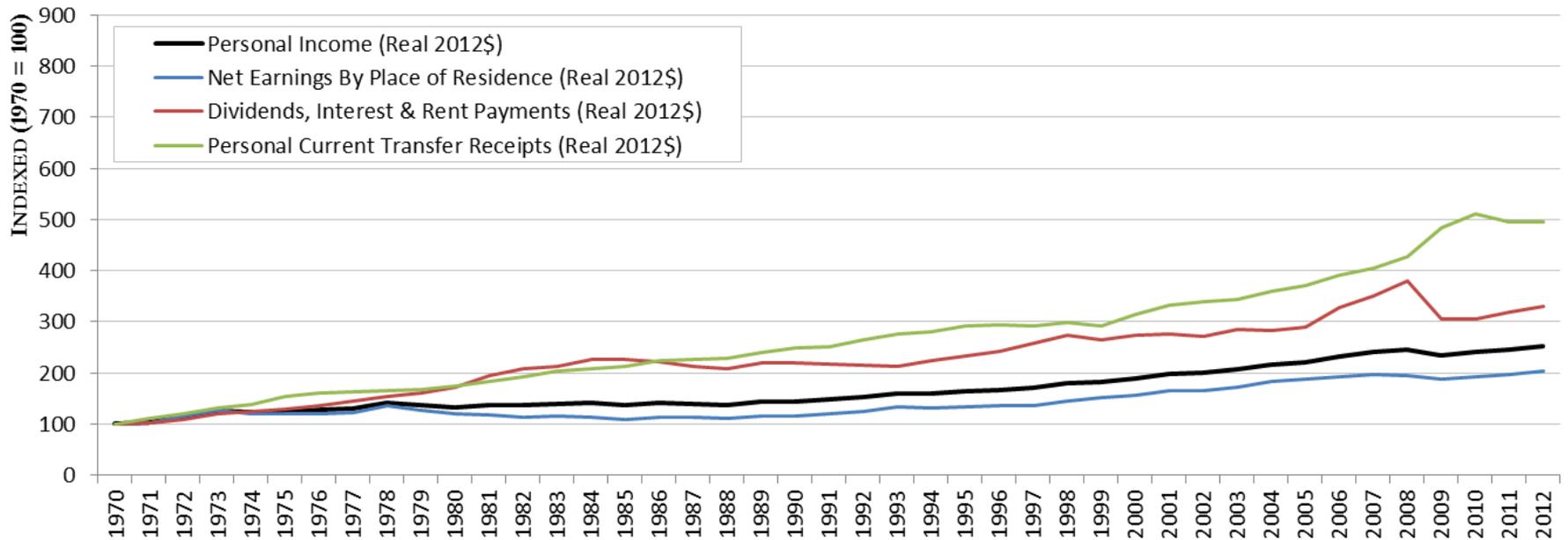


Fact or Myth?

Retirees Contribute Retirement Income to
Montana's Economy.

Components of Personal Income

COMPONENTS OF PERSONAL INCOME , MONTANA 1970 - 2012
 FIGURES ARE INDEXED (1970 = 100)

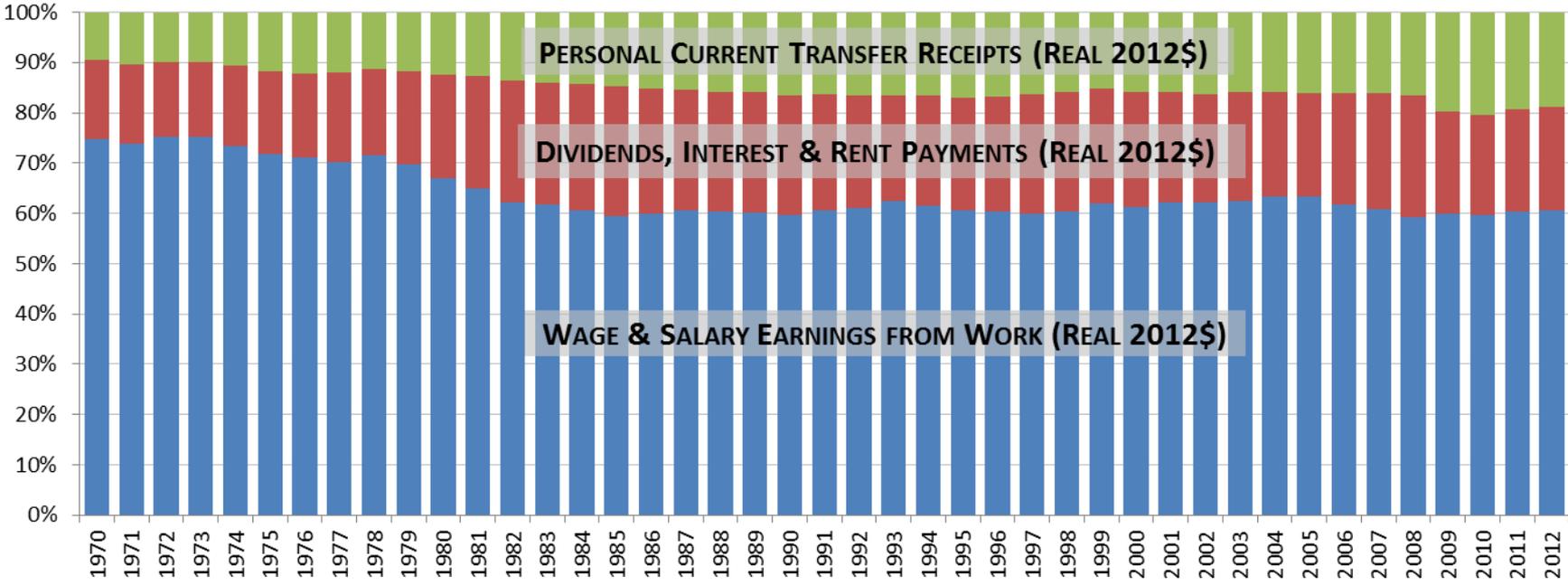


SOURCE: US DEPARTMENT OF COMMERCE, BUREAU OF ECONOMIC ANALYSIS. DATA LAST UPDATED MARCH 2013

Growth Comes from All Areas of Income: Highest Growth in Transfers

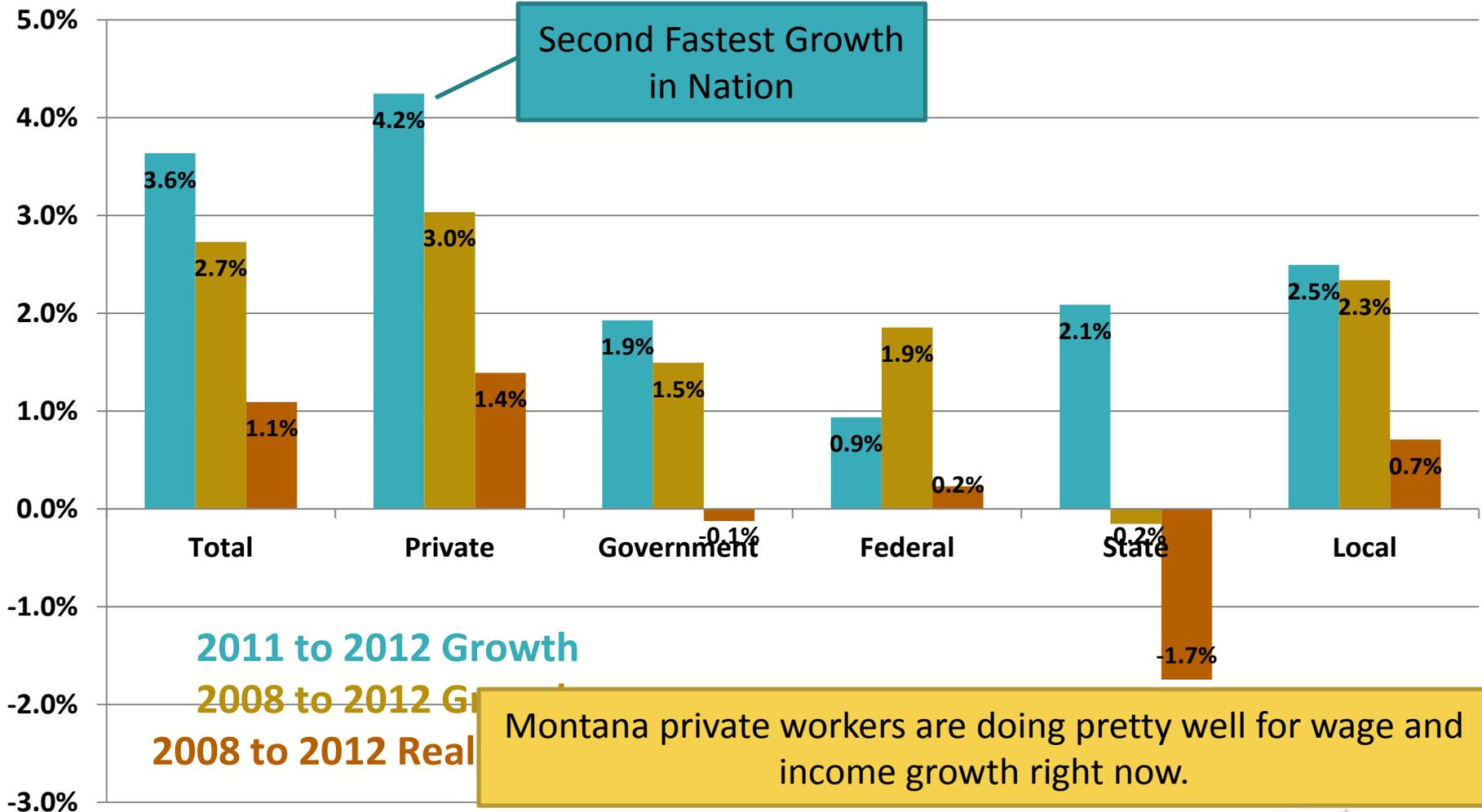
COMPONENT SHARE OF PERSONAL INCOME, MONTANA 1970 - 2012

FIGURES ARE ADJUSTED FOR INFLATION (REAL 2012\$)



SOURCE: US DEPARTMENT OF COMMERCE, BUREAU OF ECONOMIC ANALYSIS. DATA LAST UPDATED MARCH 2013

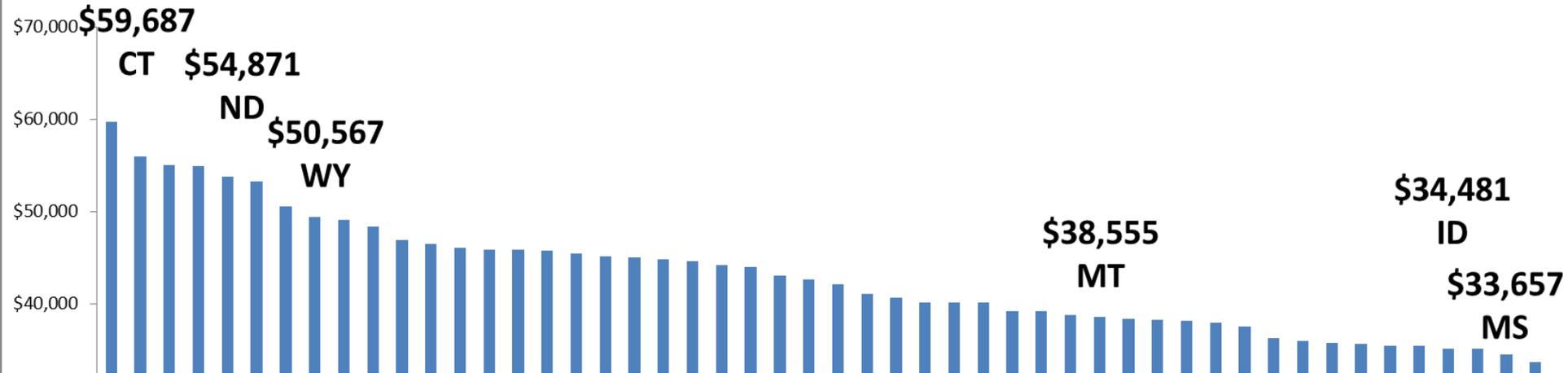
Percent Wage Growth By Sector



Montana Ranks 35th in Per Capita Income (Improved from 47th in 2002)

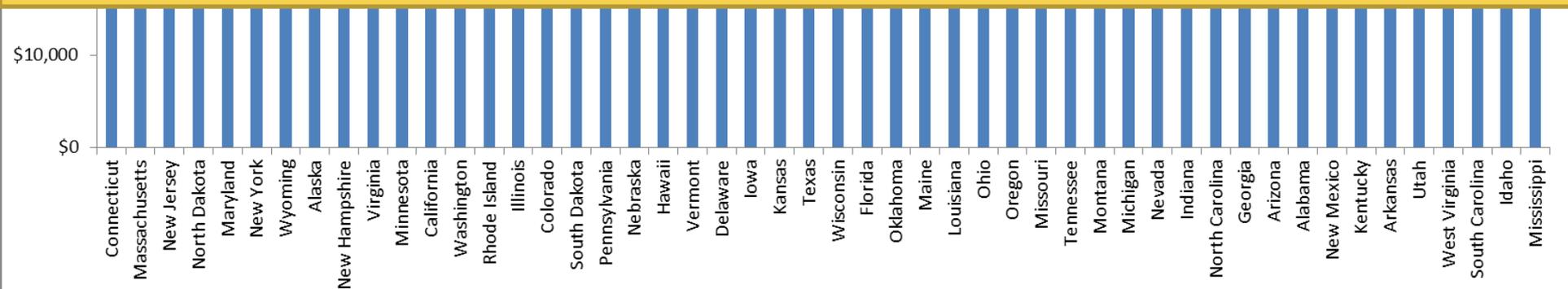
2012 Per Capita Personal Income by State

BEA



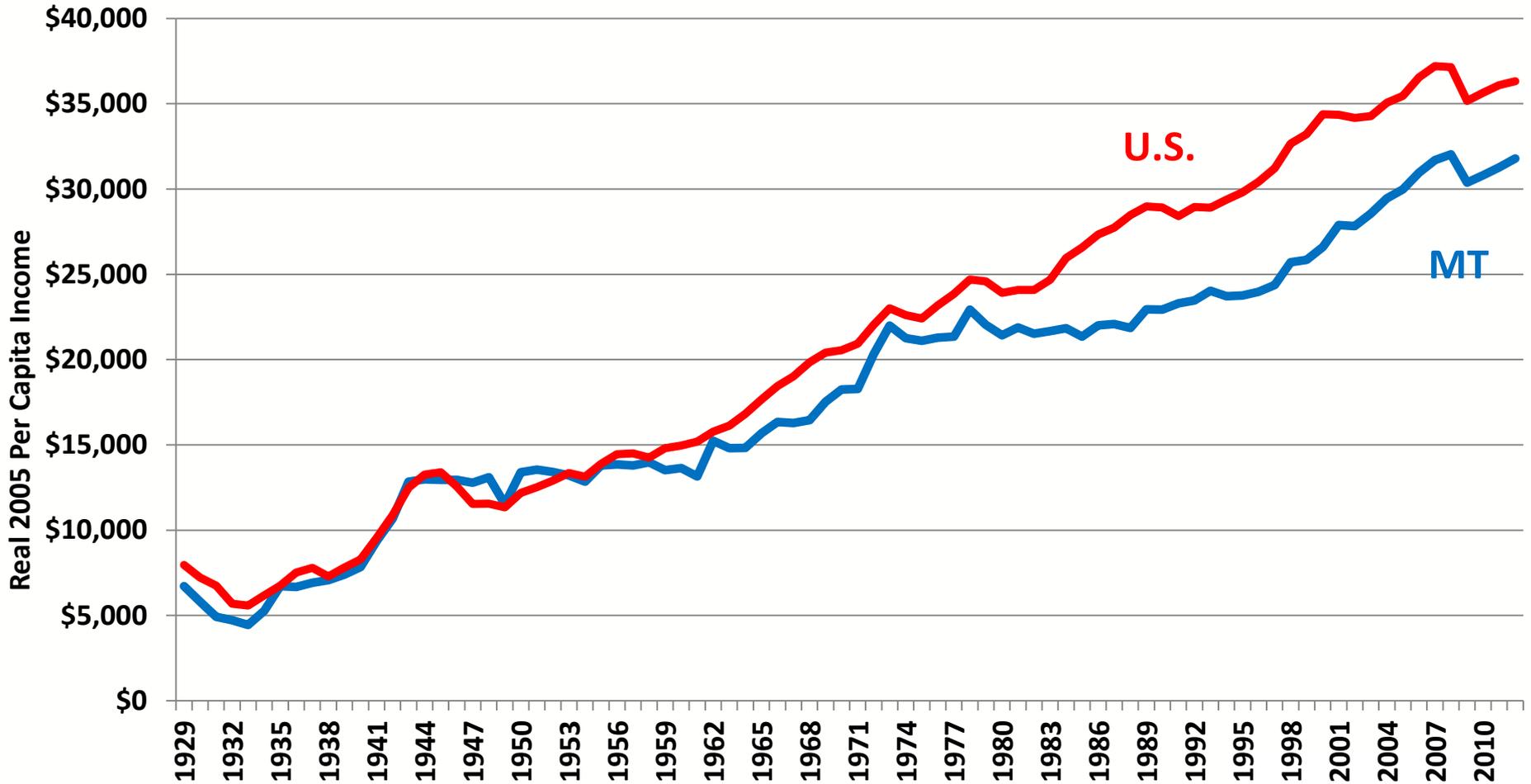
Why this matters?

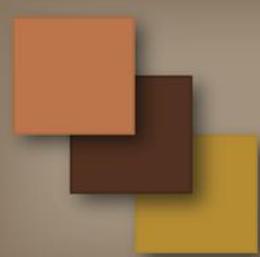
Measure of Standard of Living



Real Per Capita Income Over Time

2005 Dollars





Age Impacts our Economy

- Population growth slowing
- Worker shortages with more retirees
- Pressure on workers to care for young/old
- Changes in components of personal income
- Industry demand shifts towards services
- Need healthcare worker training

QUESTIONS???

CONTACT INFORMATION

Montana Department of Labor

WWW.LMI.MT.GOV

Montana Department of Commerce
Census & Economic Information Center

WWW.CEIC.MT.GOV



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