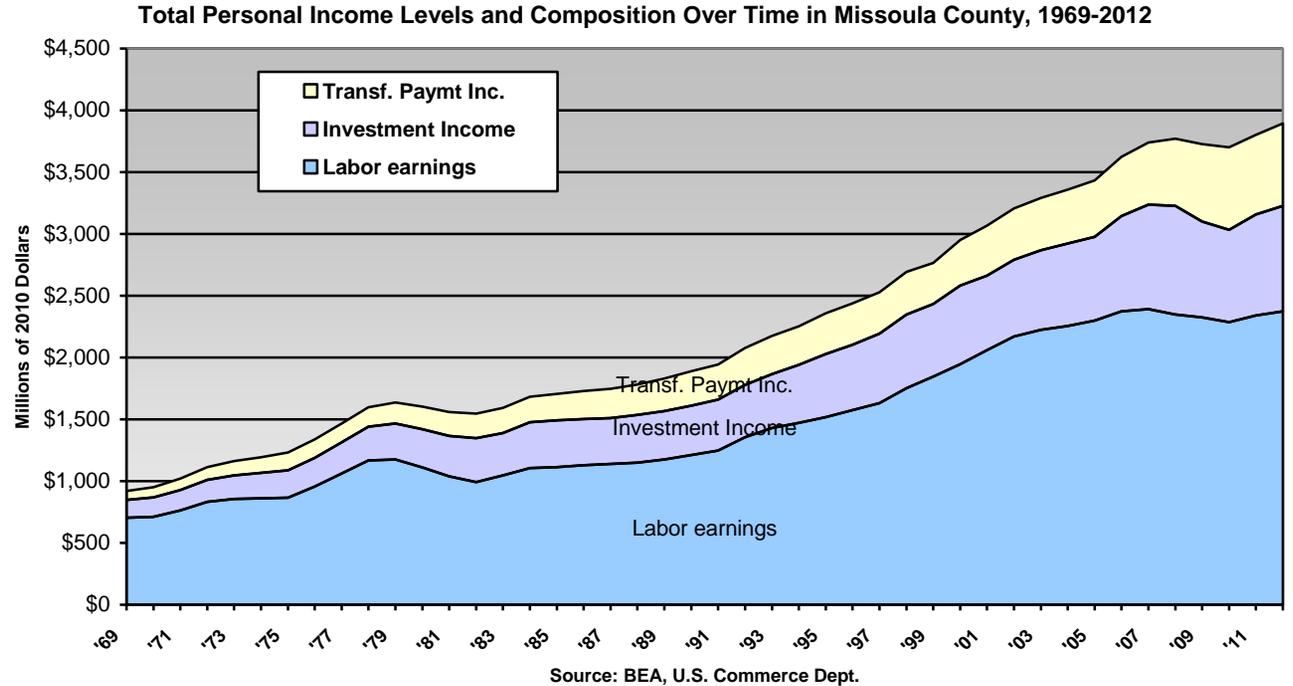
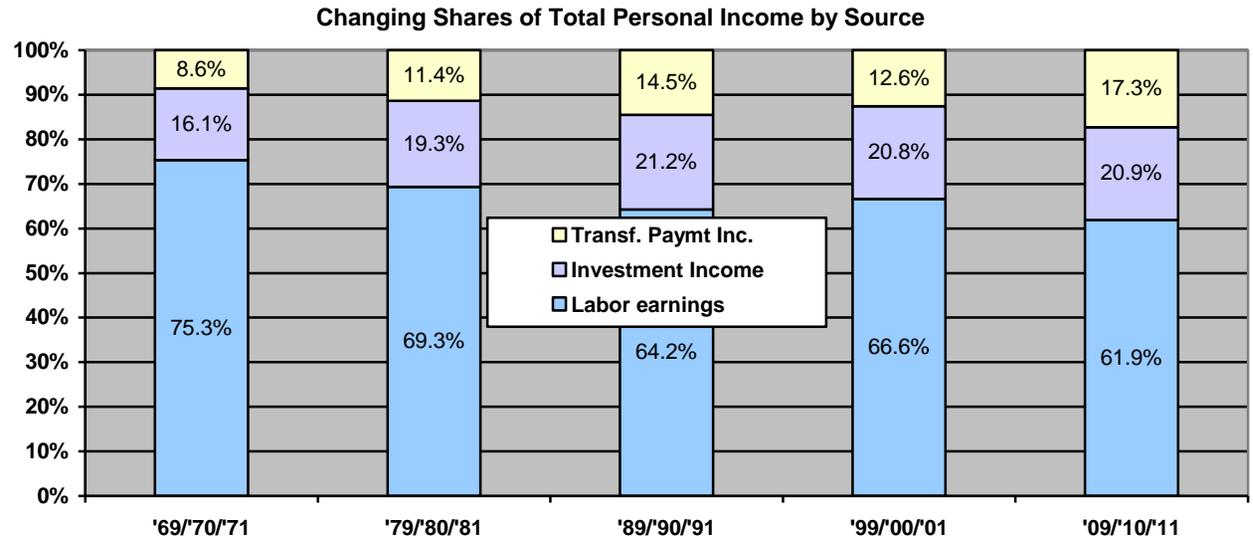


### C. The Missoula Area Economy: Personal Income Growth & Change

Local area economies are carefully followed and charted using data from a variety of sources. The Bureau of Economic Analysis (BEA) produces annual estimates of county-level employment and income for detailed sectors and sub-sectors of the economy. Local area personal income levels are estimated by major source including income received by individuals from their work (labor income), from their investments and savings (investment income), and from public sources like Social Security and Medicare (transfer payments).



The upper chart shows how personal income received by county residents has grown and changed by major source. The first indicator of a growing area economy is growing area personal income. Total personal income in Missoula Co. has steadily increased from less than \$1 billion in the early '70s, to more than \$1.5 billion in the early '80s, and to over \$2 billion in the early '90s. By 2000 personal income stood at almost \$3 billion and had reached almost \$3.8 billion in 2008 before declining for two years during the recession. More recently in 2012, personal income stood at \$3.89 billion in 2010 inflation-adjusted dollars, with 62% of this in labor earnings.



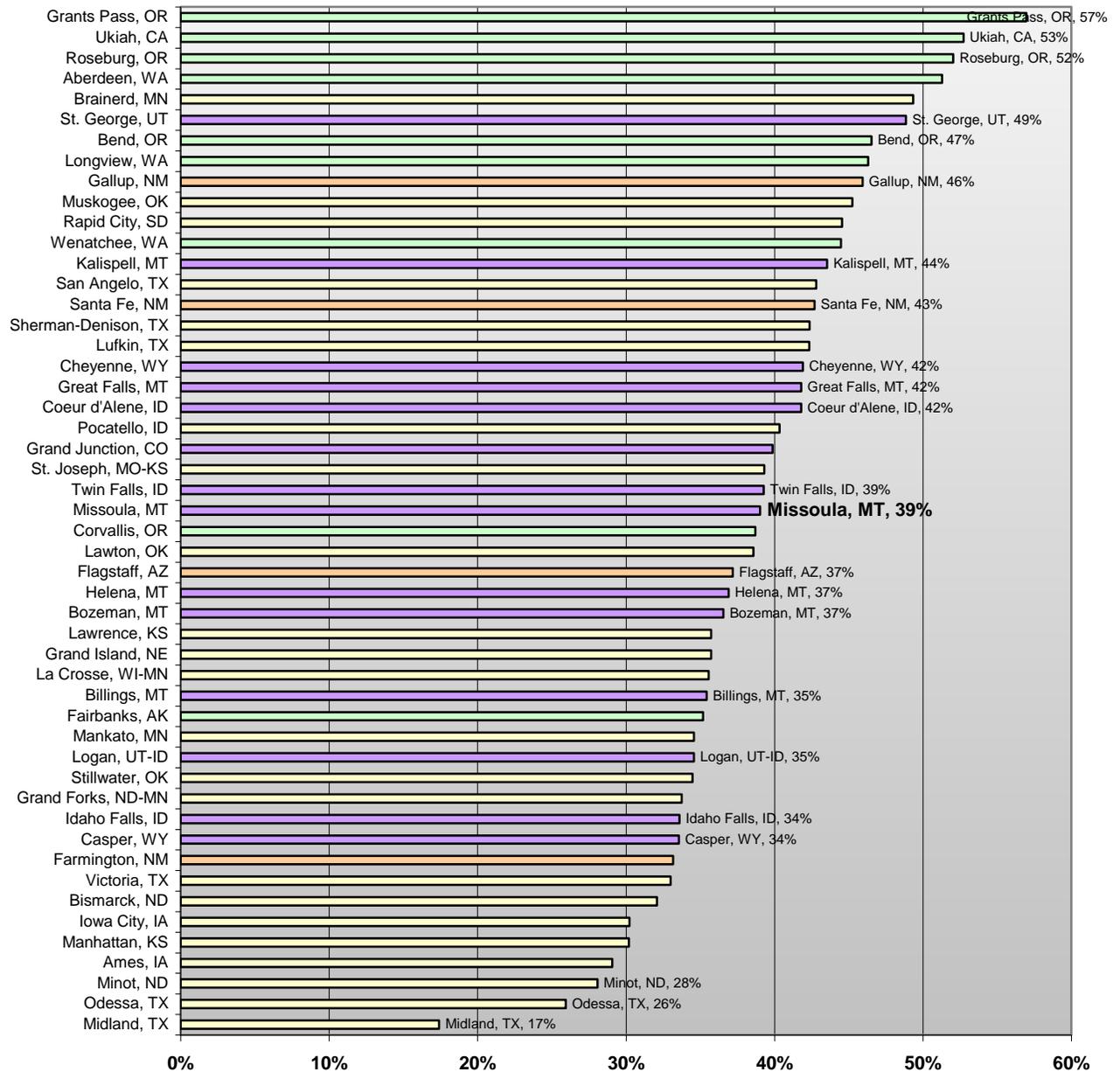
### C. Varying Dependencies upon Non-labor Personal Income Sources among Western Peers

In 2012 Missoula County residents received about 39% of all personal income from sources other than their labor earnings (wage and salary receipts, proprietor income, etc.). In gauging whether this is a relatively large or small percentage of the total, shares of total personal income received from non-labor sources are compared for all 50 western peers.

At 39% Missoula ranked 25<sup>th</sup> among the 50 peers in its reliance on non-labor income. Ranking highest is Grants Pass, OR, at 57%, followed by Ukiah, CA, at 53%. Midland, TX, is lowest at 17%. So, comparatively speaking, Missoula ranks in the middle among peers in how much residents receive in income from non-labor sources, including all income from investments, savings and rental income, as well as all income through transfer payments, including Social Security payments, Medicare and other public health care benefits, and disability benefits.

Among Montana peers, Kalispell ranks highest at 44%, which is 13<sup>th</sup> highest among all 50 peers. Great Falls ranks 19<sup>th</sup> at 42%. Helena and Bozeman rank below Missoula, each with 37%. Billings is at 35%.

Wester Pop. Peers: Non-labor Income Share of Total Personal Income, 2012

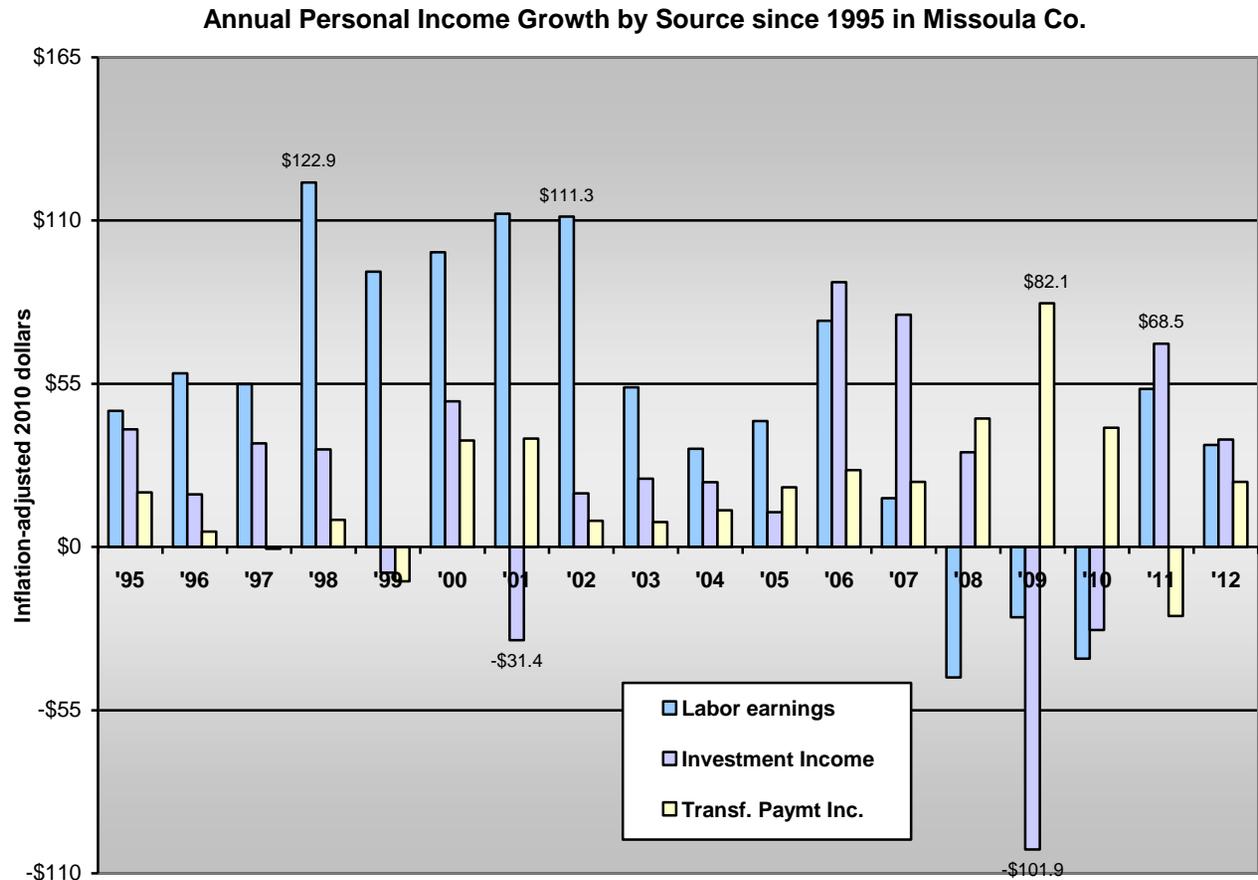


### C. Patterns of Income Growth and Change by Source in Recent Years

The chart at the right shows annual change in total personal income by major source in Missoula County since 1995. Values are in inflation-adjusted 2010 dollars. The blue bars show annual changes in total labor earnings in the county, with the biggest increase here occurring in 1998 when labor earnings grew by \$123 million. Labor earnings fell in 2008, 2009, and 2010, reflecting impacts on area income from work associated with the economic slowdown. Growth returned in 2011 and 2012, but not at prior levels.

Investment income currently accounts for about 21% of all personal income received by county residents. Income from this has grown in most years, except for 2001 when the “dot-com recession” occurred and in 2009 and 2010 with the stock market collapse and housing market fall. So, local area income has been falling in some recent years while recovering gradually in others.

Transfer payment income, mainly from Social Security and Medicare payments, but also from unemployment and disability payments, has grown to about 17% of all income, and shot up considerably in 2009 at the recession’s low.



Source: BEA, U.S. Commerce Dept. data

When 2013 and 2014 data become available for counties, it will indicate continuing recovery in Missoula County’s economy, with increases in both labor earnings and investment income. This growth will return until the nation works its way into the next recession and economic slowdown. Historically, national recessions occur about every 10 years (e.g., early ‘80s, early ‘90s, 2001-02, and 2007-09).

The current recovery nationally is largely being advanced by what is called “quantitative easing” by the Federal Reserve Bank or a policy of low interest rates. This is done to encourage both investment by business and borrowing by consumers in a down economy. However, fiscal measures during this slowdown have been limited and a “fiscal drag” is actually slowing the recovery, with both national and state governments (as well as many local governments) cutting expenditures and reducing demand in the economy. Lower interest rates are spurring recovery in housing, real estate, and real trade.

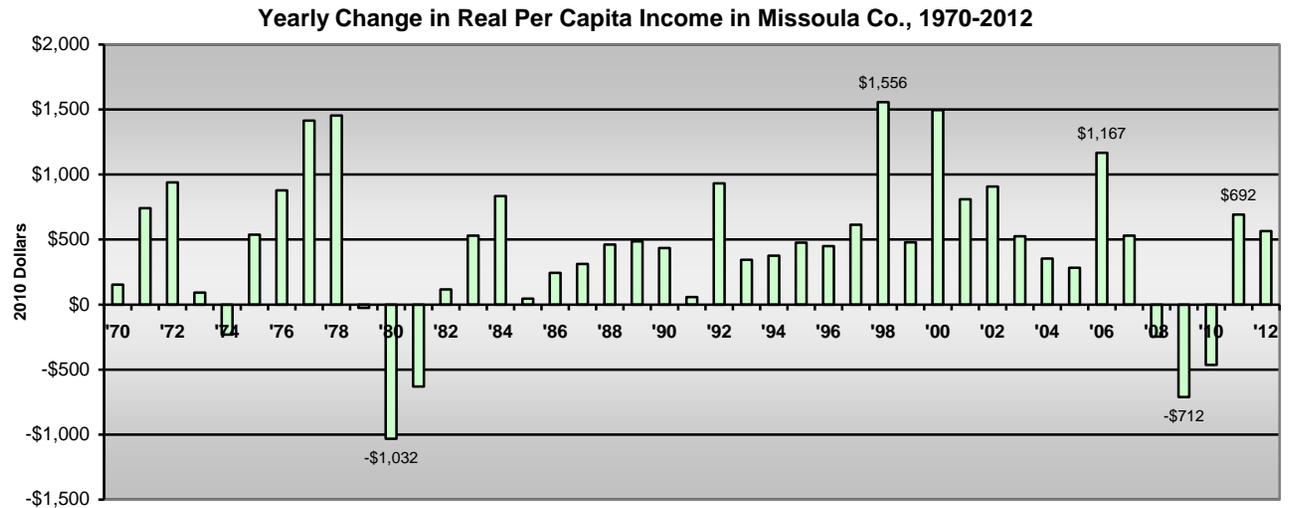
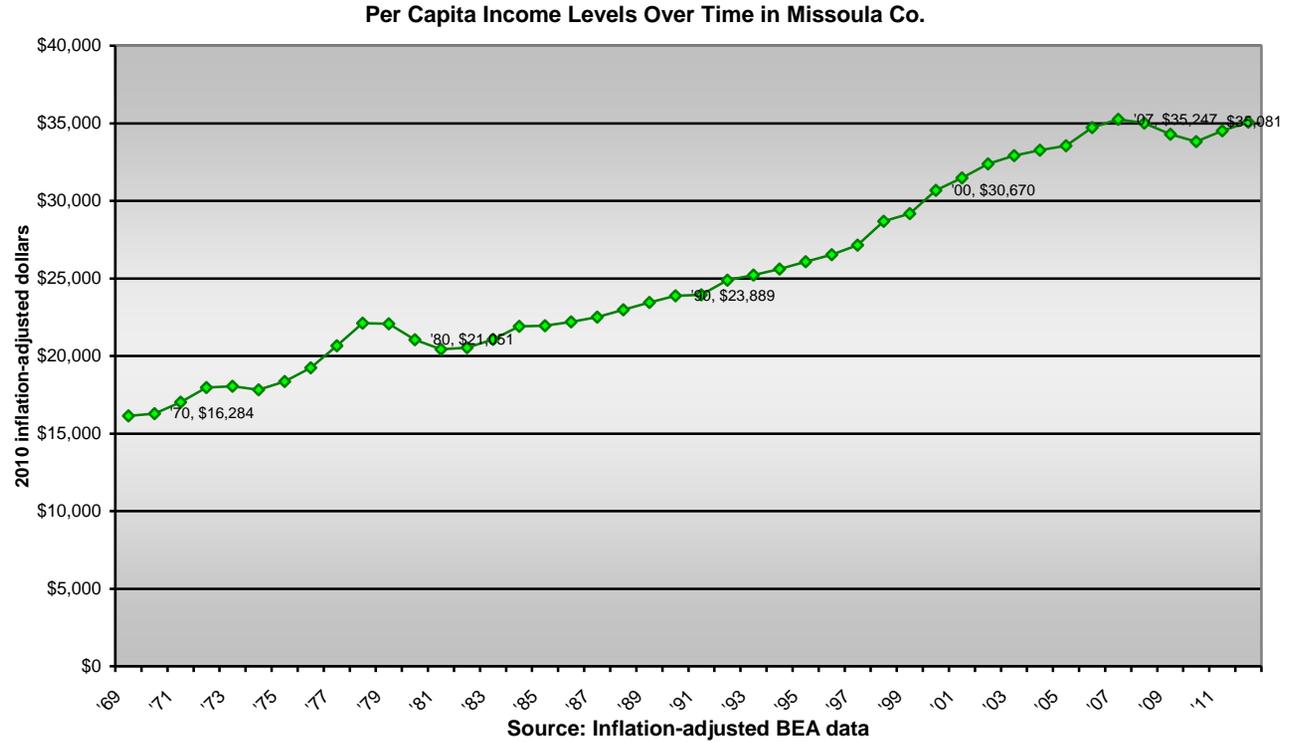
### C. Per Capita Income Growth in Missoula County

The single most common indicator of area economic well-being is per capita income, or total area personal income divided by the total number of area residents. The biggest drawback with per capita income as an indicator of area economic well-being is that it is an “average”. It doesn’t tell us anything about income distribution. The top chart shows per capita income levels in Missoula County since the early ‘70s in inflation-adjusted 2010 dollars.

Real per capita income levels in Missoula County are shown in the chart for every ten years. P.C.I. rose from \$16,284 in 1970, to \$21,051 in 1980, to \$23,889 in 1990, to \$30,670 in 2000, and to \$35,247 in 2007 before falling and then largely recovering by 2012 to \$35,081.

Year to year change in income is shown in the lower chart. The year with the single largest gain was 1998 with an increase of \$1,556. There was a similar gain again in 2000.

Per capita income fell in 2008, 2009, and 2010 with the area and national economic slowdown. Growth returned in 2011 and 2012 and, although not shown in the chart, is continuing in 2013 and 2014, based upon all other indications (including falling area unemployment).



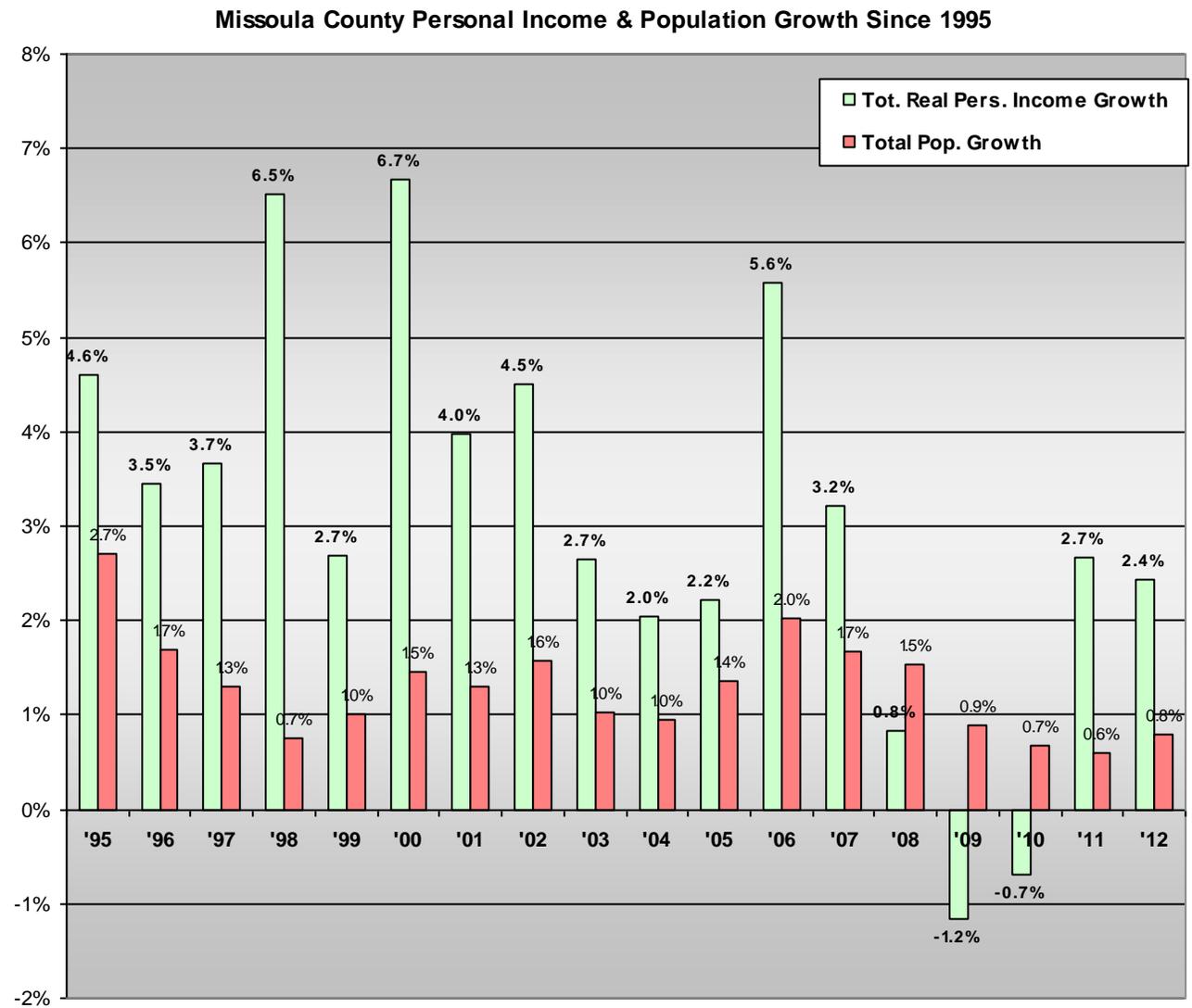
### C. Interplay of Area Population and Total Personal Income Growth in Missoula County

In order for per capita income in an area to grow, total personal income must grow faster than area population.

The chart at the right shows annual change in Missoula County's total personal income base in relation to change in area population. Between 2011 and 2012, total personal income grew by 2.4%, adjusted for inflation, while the area population grew by only 0.8%. This meant per capita income grew by 1.6%.

From an economic development standpoint, for an area to advance economically with increasing prosperity for its residents, it is important that growth not be measured in simple income or population growth, but in per capita real income growth. And it is less important for an area to continue to add more and more residents if it is still able to grow the area's personal income base.

This will become more apparent in future years as population growth slows. Income growth will then hinge upon improvements in the quality of area jobs, not just their number.



Over this extended period there are only two years when population growth (red bars) was greater than personal income growth (green), and this was 2009 and 2010 during the economic slowdown. In all other years there were real gains in area per capita income since income grew faster than population.

### C. Peer Comparisons of Area Per Capita Income Levels

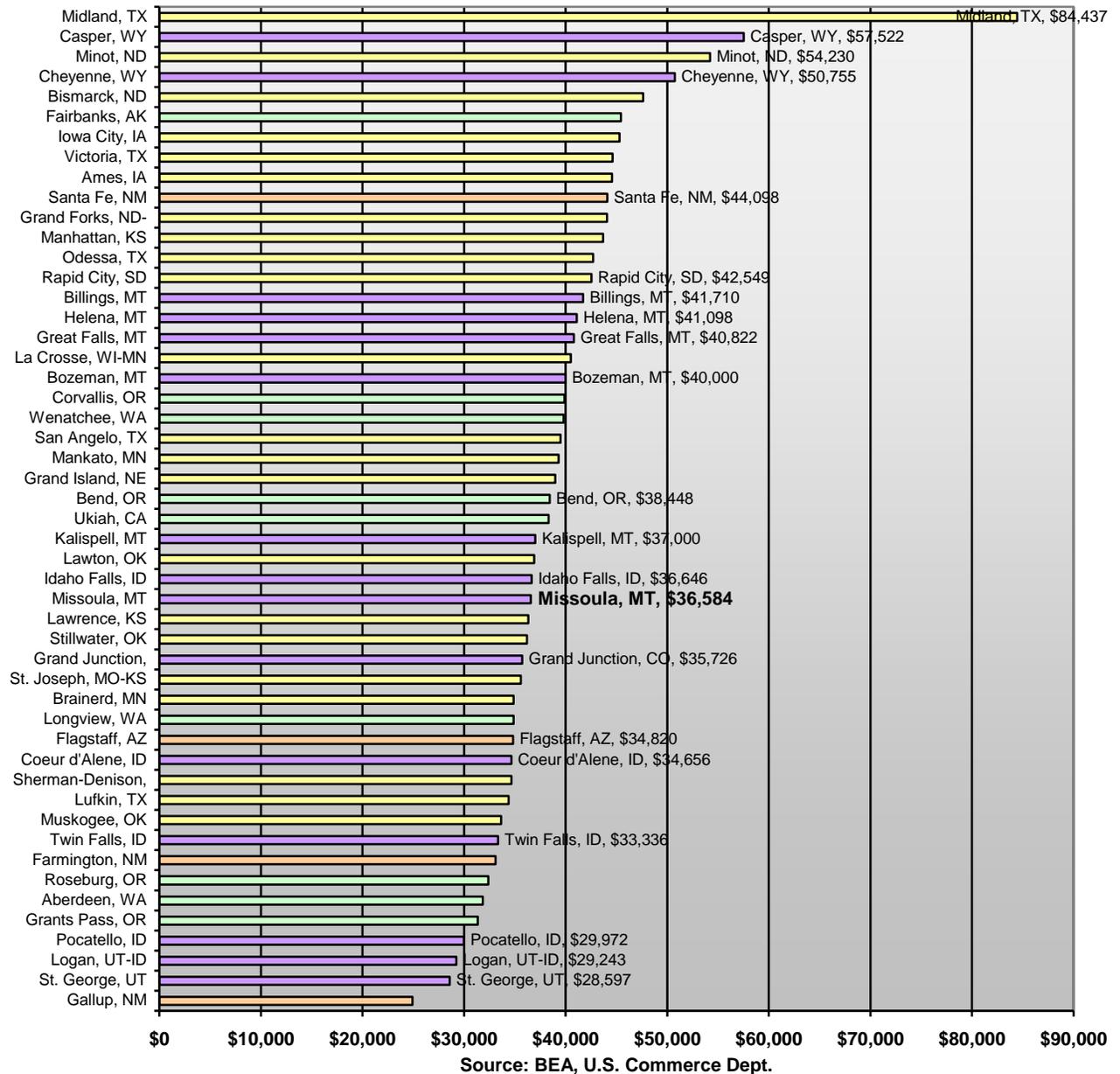
Using the 50 general population peers, comparisons are made in per capita income levels in 2012. Per capita income for Missoula County residents in 2012 was \$35,081 in 2010 inflation-adjusted dollars, but \$36,584 in nominal dollars not adjusted for inflation.

Nominal per capita income levels of all of the 50 western population peers in 2012 are compared in the chart at the right. The chart ranks these from highs (at the top) to lows (at the bottom).

Among these 50 peer areas, Missoula County ranks 30<sup>th</sup> in 2012 per capita income. At the top of the ranking is Midland, Texas, at \$84,437, followed by Casper, WY; Minot, ND; and Cheyenne, WY. All of these at the top of the chart are in oil and gas producing areas and this significantly affects income levels. Areas at the bottom of the ranking include Gallup, NM, and three areas in the Mountain West region including St. George, UT (\$28,597); Logan, UT (\$29,243); and Pocatello, ID (\$29,972).

Of the six places in Montana, five have higher per capita incomes in 2012 than Missoula County, which is last among the six. Yellowstone Co. (Billings) is highest at \$41,710.

Missoula Western Pop. Peers: Per Capita Income in 2012



Source: BEA, U.S. Commerce Dept.

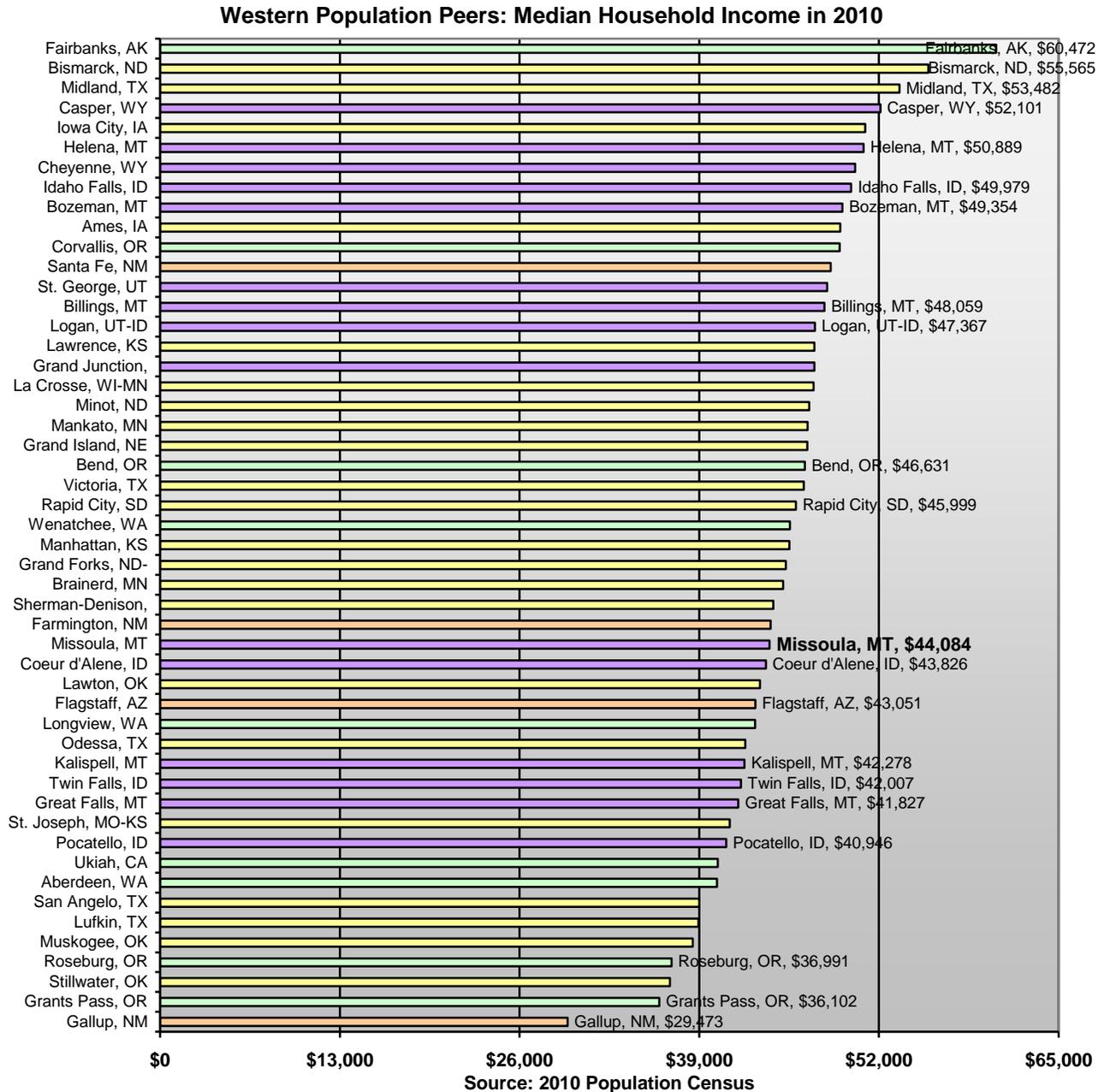
### C. Peer Comparisons of Area Median Household Income Levels

Another indicator of area economic well-being is median household income. Data on median household income are compiled by county in every ten-year population census. In the chart at the right, median household income levels for the 50 general population peers in 2010 are compared and ranked.

Median household income in Missoula County in 2010 was \$44,084. This ranked Missoula 31<sup>st</sup> among the 50 peers from highest to lowest. This compares similarly with Missoula's 30<sup>th</sup> rank when comparing 2012 per capita income levels.

Fairbanks, AK, ranked highest with median household income of \$60,472, and Bismarck, Midland, and Casper ranked 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup>, respectively, each with median household income between \$52,000 and \$56,000. Ranking lowest is Gallup, NM, at \$29,473, followed by Grants Pass, OR; Stillwater, OK; Roseburg, OR; Muskogee, OK; and Lufkin, TX; all under \$39,000.

Eight of the top 15 places ranked in this way are in the Mountain West region (purple bars). Among Montana places, Helena ranks highest at \$50,889, while Great Falls is lowest at \$41,827.



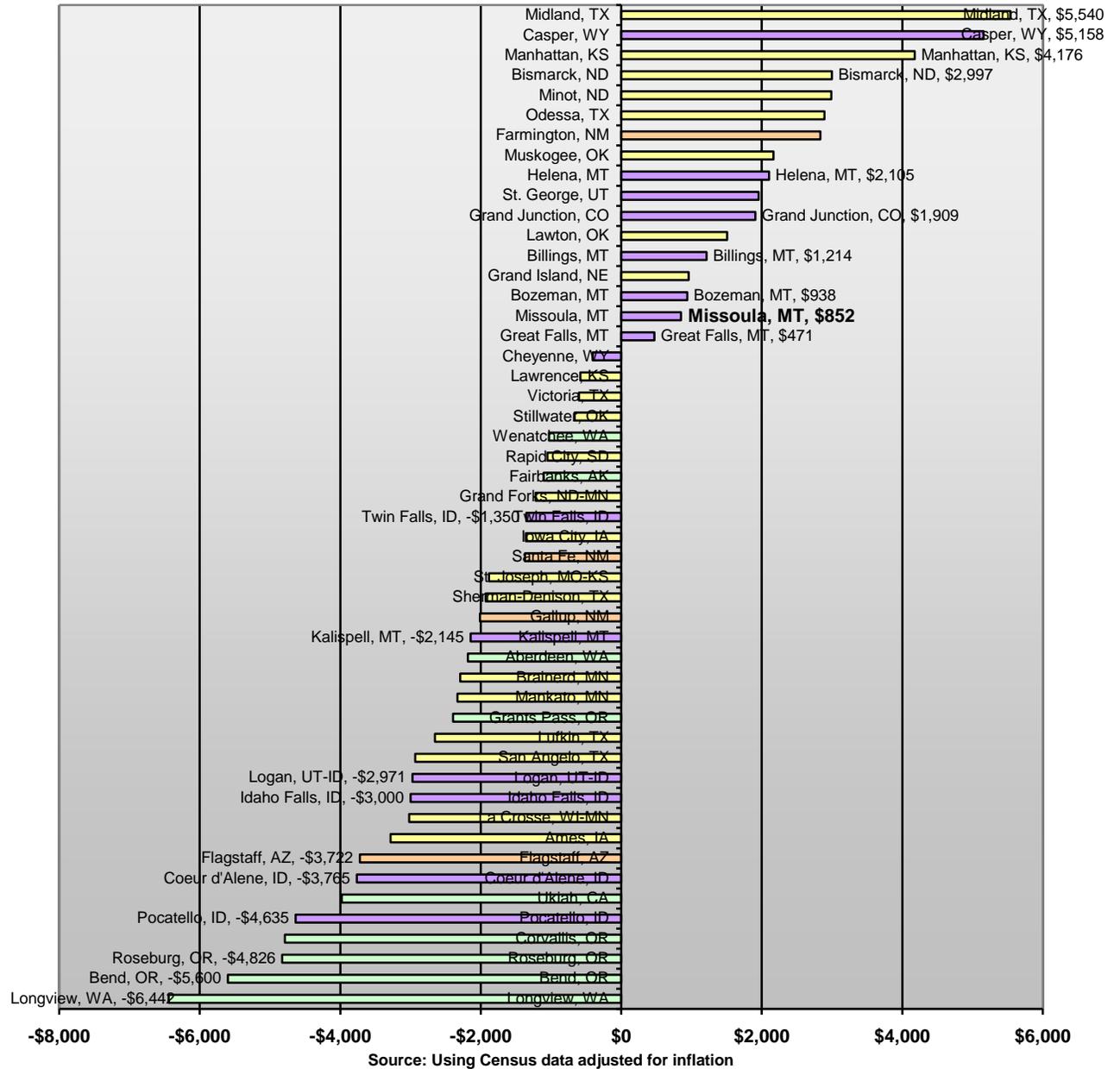
### C. Peer Median Household Income Growth, 2000-10

There is growing concern about increasing income inequality in the U.S. While the economy grows and personal income in the aggregate increases, much of the gains in income are pushing incomes higher among the highest income individuals and households while having little impact on middle income households.

This chart examines and compares growth in median household income levels for the 50 western population peers, gauging the extent to which middle income households are seeing income growth. The data used are from the U.S. Census and median household income estimates for 2000 are converted to inflation-adjusted 2010 dollars.

The first thing to note is that of the 50 peers, only 17 actually experienced increases in median household incomes. For the other 33 peers, median household incomes declined over the last decade. Missoula is one of the 17 peers which had an increase with median household income rising by \$852 – a relatively small increase but an increase just the same. Midland, TX, had the biggest increase – up \$5,540 – followed by Casper with a \$5,158 gain. Five of the six Montana peers had gains. Kalispell did not.

Western Pop. Peers: Median Household Income Growth in 2010 Dollars, 2000 - 2010

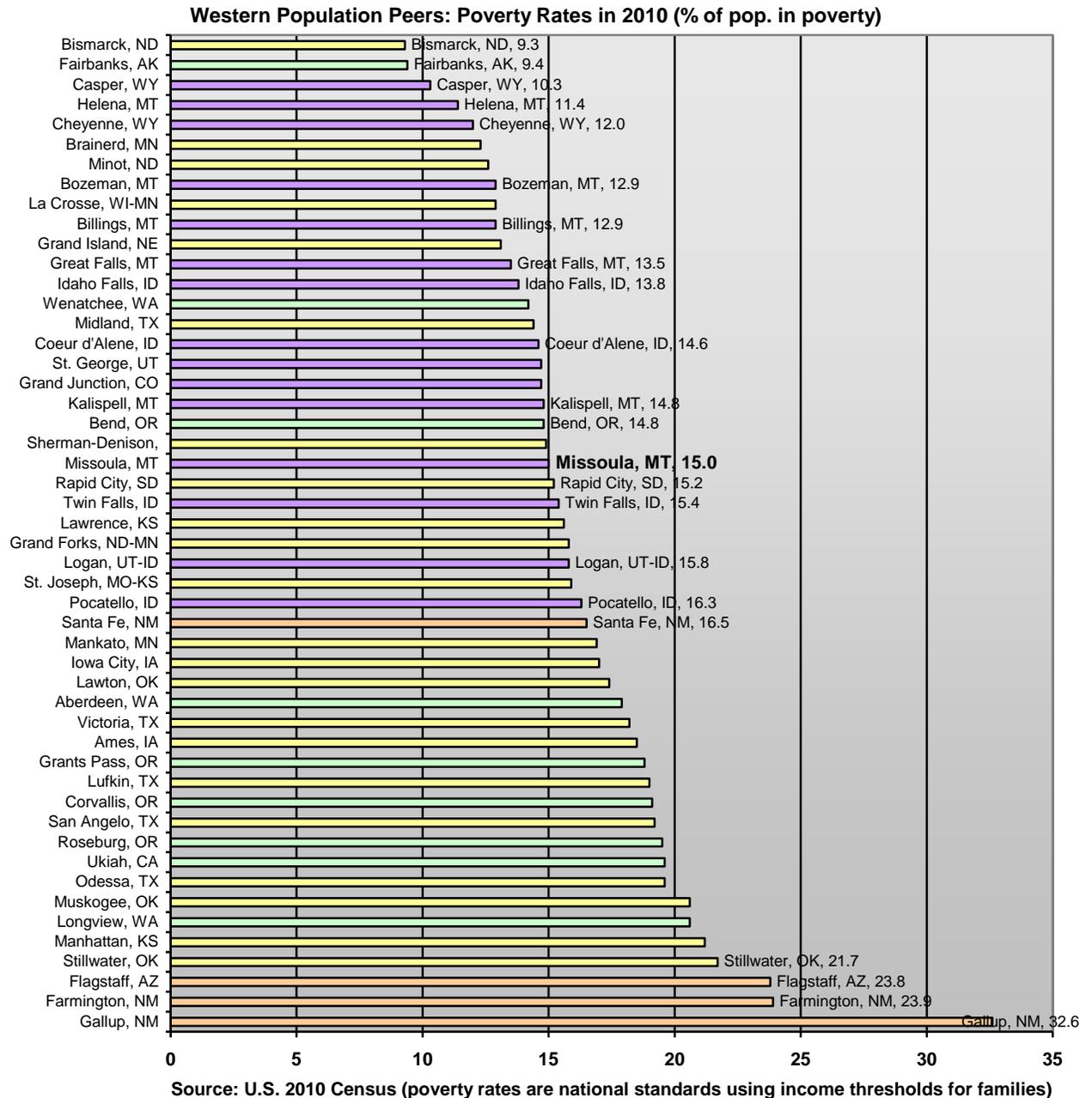


### C. Comparisons of Area Poverty Levels for the 50 Western Peers

Another way of gauging area economic well-being and in making comparisons between peer areas is by using poverty estimates. These are included in each ten-year census and measure the number of people estimated to be living in households and families where incomes are below national threshold levels considered necessary for the basic necessities of living (food, housing, clothing, transport, etc.).

In 2010 the poverty rate in Missoula County was 15% and this ranked 22<sup>nd</sup> (with the lowest poverty rates ranked highest) among the 50 peers. Among the five places with the lowest poverty rates, three are in the Mountain West including Casper (10.3%), Helena (11.4%), and Cheyenne (12%). Areas with the highest poverty rates included Gallup (33%) and Farmington (23.9%) in New Mexico and Flagstaff (23.8%) in Arizona.

Among the six peers located in Montana, Missoula has the highest poverty rate at 15% while Helena has the lowest, followed by Bozeman and Billings, both at 12.9%.



### C. Growth in Poverty Over the Last Decade among Peers

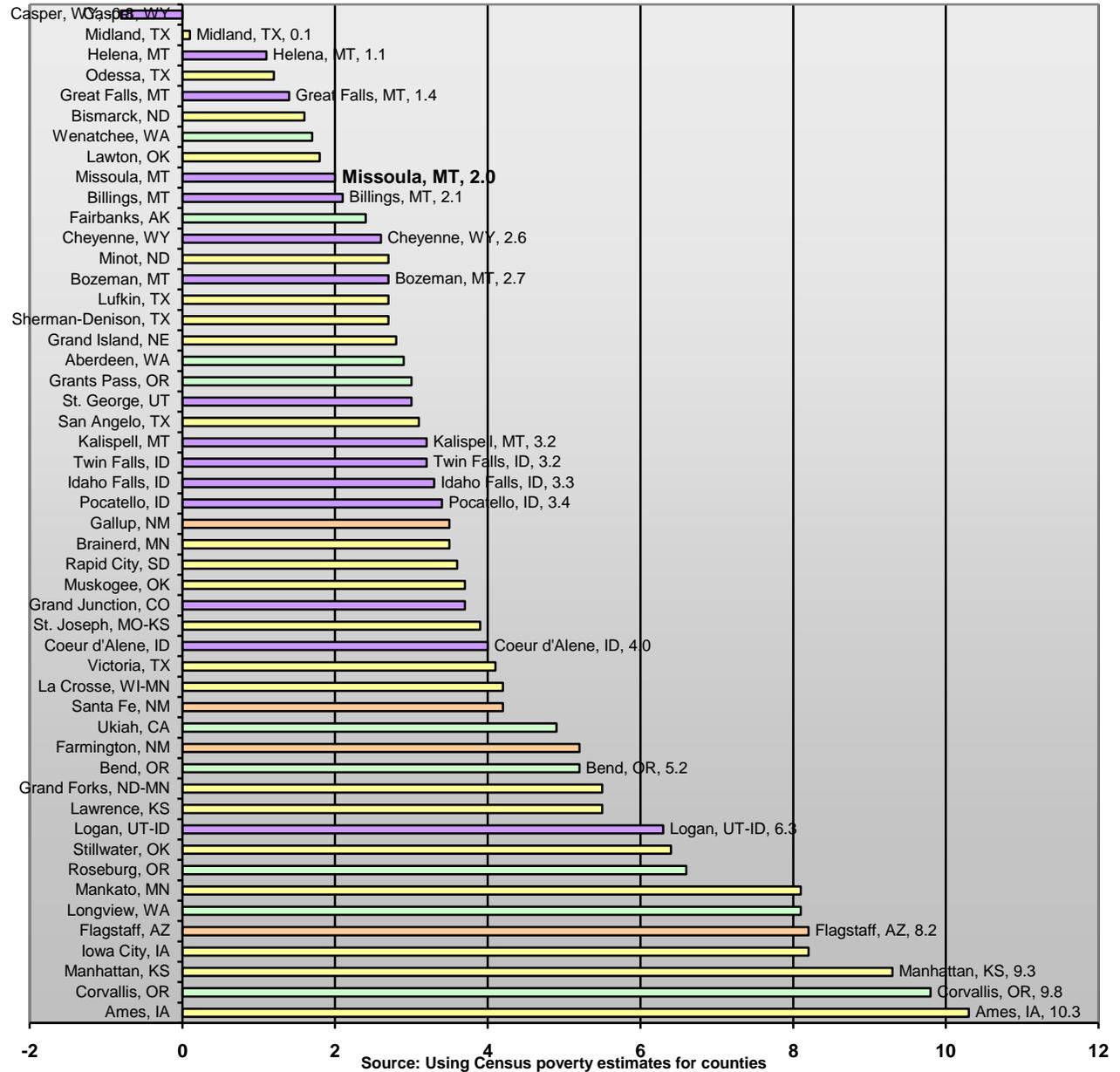
Over the last decade from 2000 to 2010, poverty rates have generally grown across the U.S. This is partly the result of the “great economic recession” in the latter part of the decade, but it also reflects continuing shifts in income distribution.

At the time of the 2000 Census Missoula County’s poverty rate was 15% and ten years later during the 2010 Census Missoula’s poverty rate had increased to 17% – a two percentage point increase in poverty. The chart at the right compares changes in poverty rates among the 50 western population peers over this period.

Only one of the peers – Casper, WY – had a decrease in poverty with the rate falling by less than a percentage point (-0.8 percentage point). Missoula’s poverty rose by two percentage points, but it still ranked 9<sup>th</sup> among peers with the smallest increase in poverty. Helena and Great Falls had smaller increases than Missoula, while Billings (+2.1), Bozeman (+2.7), and Kalispell (+3.2) had larger increases.

Places with the largest increases in poverty include Ames, IA (+10.3), Corvallis, OR (+9.8), and Manhattan, KS (+9.3).

Western Pop. Peers: Percentage Point Change in Poverty Rate, 2000 vs. 2010

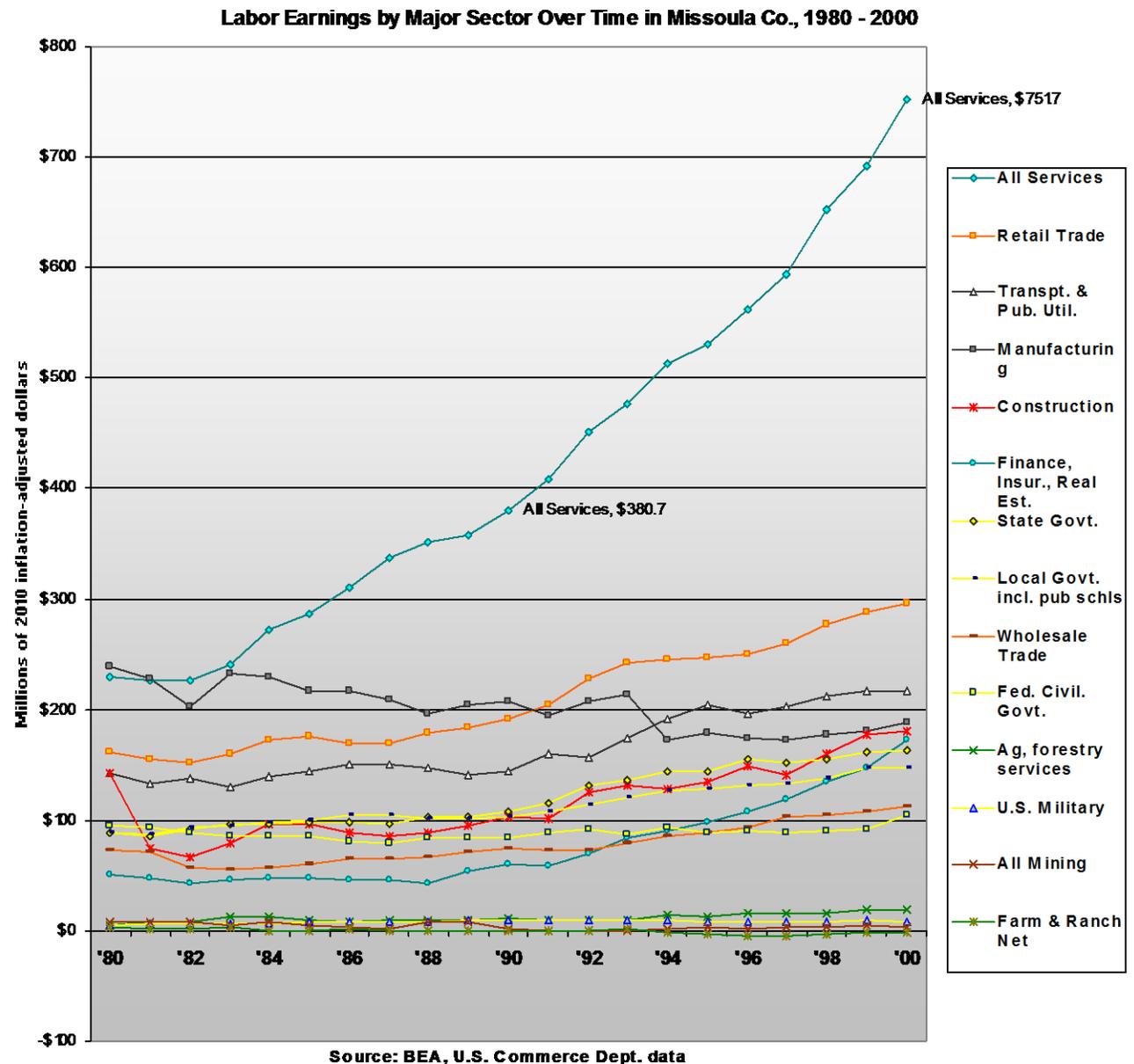


### C. Major Sectors of the Missoula Area Economy and Trends in Growth, 1980 - 2000

Data on labor income and employment are compiled for major sectors of the economy. The system used in doing this prior to 2001 was the SIC (Standard Industry Classification) coding system. The chart shows labor earnings in all SIC industries or sectors in Missoula County from 1980 through 2000 in 2010 inflation-adjusted dollars.

In the SIC system, “services” is broadly defined to include many sectors now broken out separately (including health care, legal services, engineering services, etc.). You can see how significant services became in the economy in the ‘80s and ‘90s, which necessitated a major revision in how these data are compiled. Labor earnings of those employed somewhere in the services economy in Missoula County rose from \$230 million in 1980 to \$380 million in 1990 and to \$750 million in 2000.

The 2<sup>nd</sup> biggest generator of labor earnings is retail trade at \$300 million in 2000, followed by Transportation and Public Utilities at around \$210 million. Net earnings of farmers and ranchers is the smallest income generating sector, followed by mining.



The table on the following page shows actual figures for each major SIC sector for points in time and also shows levels of full- and part-time employment associated with these labor earnings levels.

## C. SIC Sector Levels of Labor Earnings and Employment between 1980 and 2000

The table at the right shows levels of labor earnings for each major SIC sector in 1980, 1985, 1990, 1995, and 2000, all in inflation-adjusted 2010 dollars. Levels of total employment, including all full- and part-time employment, also are shown. To the far right in the table are figures showing change in the area economy by sector for both the '80s and the '90s (1990 to 2000)

Total workplace labor earnings grew by only \$149 million in the '80 – a period in which Missoula's economy struggled and began major restructuring. In the following decade – a period of both population growth spurred by in-migration and economic expansion – total labor earnings generated by the Missoula economy grew by \$884 million, while total employment expanded by over 18,000. About 42% of the economy's labor earnings growth in the '90s was in services (up by \$371 mil.). Retail trade growth added another \$105 million, while construction, transportation and public utilities, and state government (including the University of Montana) added \$77, \$73 and \$55 million, respectively. Meanwhile, Manufacturing industry labor earnings fell by \$19 million, following a \$32 million decline during the '80s.

Missoula County Labor Earnings and Employment by Major Sector (SIC Codes), 1980 - 2000

Major Sectors (SIC) Labor Earnings in Millions of 2010 dollars	'80	'85	'90	'95	'00	Change:	
						'80-'90	'90-'00
All Services* -- labor earnings	\$229.0	\$286.4	\$380.7	\$531.0	\$751.7	\$151.7	\$371.0
total full- & part-time emp.	8,997	11,124	14,217	18,264	22,674	5,220	8,457
Finance, Insur., Real Est.	\$51.0	\$46.9	\$60.6	\$98.3	\$173.2	\$9.6	\$112.6
total full- & part-time emp.	2,737	2,811	3,058	3,759	4,584	321	1,526
Retail Trade	\$160.9	\$176.5	\$191.3	\$247.0	\$296.7	\$30.5	\$105.4
total full- & part-time emp.	7,164	8,314	9,278	12,268	13,661	2,114	4,383
Wholesale Trade	\$72.7	\$60.0	\$74.2	\$89.0	\$112.0	\$1.5	\$37.8
total full- & part-time emp.	1,854	1,631	1,861	2,306	2,705	7	844
Transpt. & Pub. Util.	\$142.2	\$144.6	\$144.6	\$203.8	\$217.6	\$2.4	\$72.9
total full- & part-time emp.	2,859	2,744	2,923	3,805	4,103	64	1,180
Construction	\$142.6	\$97.1	\$102.9	\$134.9	\$180.0	-\$39.7	\$77.1
total full- & part-time emp.	2,714	2,169	2,255	3,144	3,995	-459	1,740
Manufacturing	\$239.3	\$217.1	\$207.0	\$178.6	\$187.9	-\$32.3	-\$19.1
total full- & part-time emp.	4,626	4,232	4,419	3,990	3,689	-207	-730
All Mining	\$8.5	\$4.8	\$2.1	\$2.4	\$2.9	-\$6.3	\$0.8
total full- & part-time emp.	166	187	103	109	82	-63	-21
Farm & Ranch Net	\$3.2	-\$0.9	\$0.3	-\$3.8	-\$2.1	-\$2.9	-\$2.4
total full- & part-time emp.	496	543	569	640	695	73	126
Ag, forestry services	\$5.3	\$9.8	\$11.2	\$13.2	\$18.8	\$5.9	\$7.6
total full- & part-time emp.	212	391	471	603	871	259	400
State Govt.	\$88.0	\$98.6	\$107.9	\$143.9	\$163.3	\$20.0	\$55.4
total full- & part-time emp.	3,134	3,034	3,895	4,303	4,098	761	203
Local Govt. incl. pub schls	\$87.8	\$100.1	\$102.2	\$128.5	\$147.8	\$14.4	\$45.5
total full- & part-time emp.	2,486	2,584	2,564	3,090	3,168	78	604
Fed. Civil. Govt.	\$94.3	\$84.9	\$84.6	\$88.9	\$104.8	-\$9.7	\$20.2
total full- & part-time emp.	1,531	1,257	1,377	1,262	1,393	-154	16
U.S. Military	\$5.1	\$7.7	\$9.3	\$8.4	\$8.4	\$4.2	-\$0.9
total full- & part-time emp.	466	546	626	551	507	160	-119
Total Workplace Labor Earnings	\$1,330.0	\$1,333.4	\$1,479.1	\$1,864.0	\$2,362.9	\$149.1	\$883.8
Total Full- and Part-time Emp.	39,442	41,567	47,616	58,094	66,225	8,174	18,609

Source: BEA, U.S. Commerce Dept. (REIS or Regional Employment and Income System data)

\*Services include: Health care, legal, engineering, management, & educational services, business services, personal & household services, hotels/lodging, repair services, amusement & recreation services, museums, membership organizations, & other services.

### C. Magnitudes of Area Economic Restructuring between 1980 and 2000

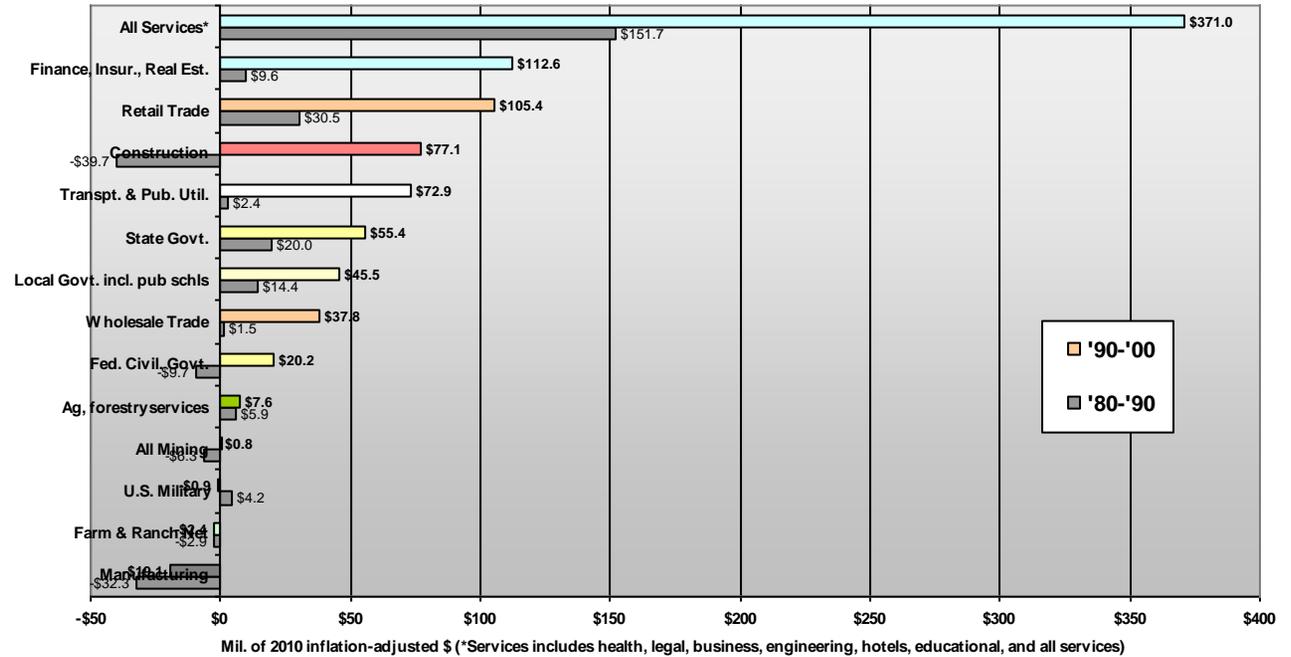
The magnitude of fundamental change in the Missoula County area economy cannot be over-stressed. The top chart shows change in labor earnings for each major SIC sector from 1980 to 1990 and from 1990 to 2000 in millions of 2010 dollars.

The most obvious single area of change is in labor earnings growth in services with an increase of \$371 million between 1990 and 2000. Services also had the largest gain by far during the '80s when the area economy struggled.

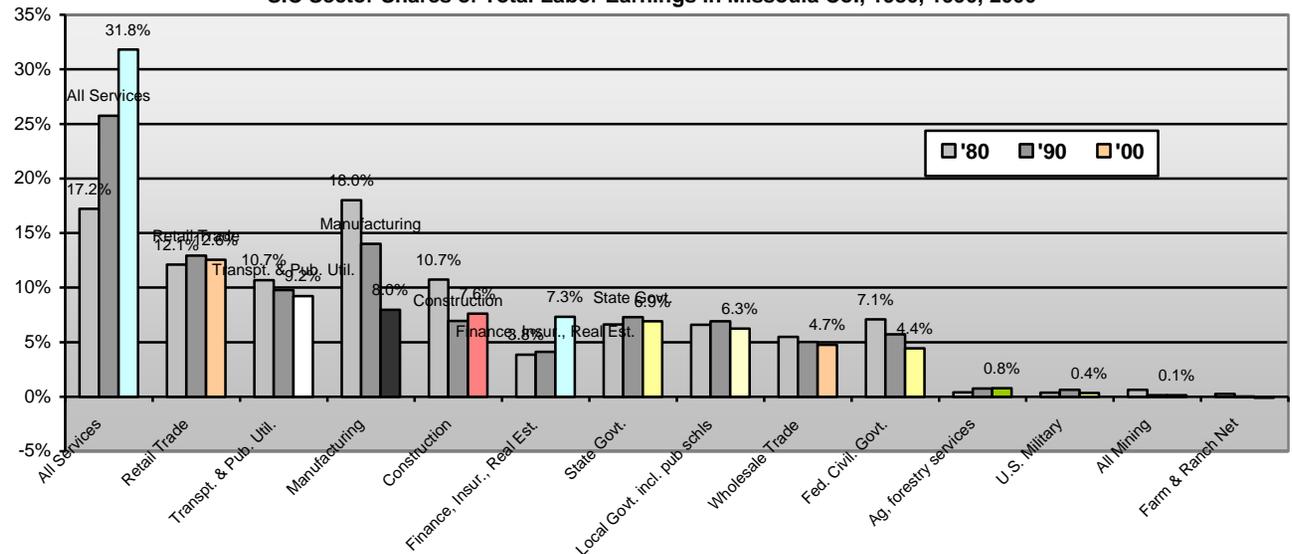
The most obvious single area of labor earnings loss was in manufacturing – with significant declines in both the '80s and '90s. Construction also saw a significant decline in the '80s. However, it rebounded from this and more in the subsequent decade.

As a result of these shifts and changes, the services sector and its share of all labor earnings grew from 17% in 1980 to 32% in 2000, while manufacturing's share fell from 18% in 1980 (which, at that time, was the largest among all of the sectors) to 8% in 2000 (4<sup>th</sup> highest among sectors). Retail trade and transportation and utilities both moved past manufacturing in terms of labor earnings shares,

Sector Labor Earnings Growth: '80s & '90s



SIC Sector Shares of Total Labor Earnings in Missoula Co., 1980, 1990, 2000



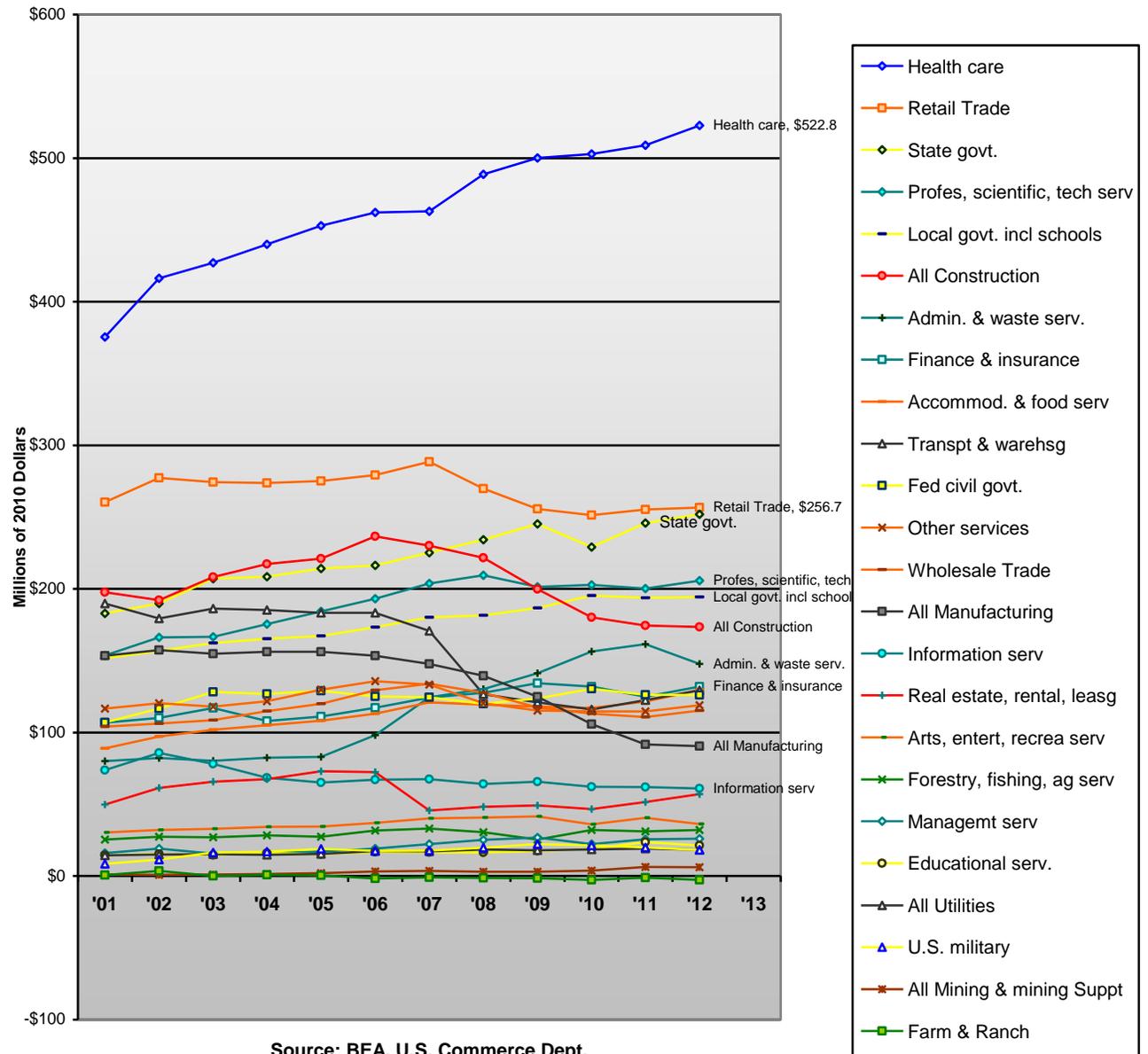
### C. More Recent Trends in Growth at the NAICS Sector Level in Missoula Co., 2001 - 2012

As services have become a larger and larger share of the U.S. economy, changes were made in how income and employment data are compiled, including changes that involved breaking the larger SIC services sector into several smaller and more narrowly defined new sectors. The chart at the right show labor earnings levels in Missoula County since 2001 for these NAICS sectors.

Health care services, once part of the SIC services sector, is the largest generator of labor earnings in Missoula Co. among major sectors with \$523 mil. in labor earnings in 2012 (the most recent annual county data). Well below it in 2<sup>nd</sup> place is retail trade at \$257 mil., followed closely by state government, which includes the University of Montana.

One other major sector has labor earnings exceeding \$200 million in 2012 – professional, scientific and technical services, which includes legal services, accounting services, engineering and architectural services, computing services, consulting services, and other types of similar professional services performed for other businesses and individuals.

Labor Earnings by Major NAICS Sector in Missoula Co., 2001-2012



Source: BEA, U.S. Commerce Dept.

## C. Labor Earnings by Major NAICS Sector in Missoula Co.

The table at the right shows numerical data on levels of inflation-adjusted labor earnings by each major NAICS sector in 2001, 2004, and 2007 (pre-recession) and also for 2010 and 2012 (post-recession, economic recovery period).

As the largest sector measured by labor earnings, health care services is placed at the top in the table. Next are several other professional and business service sectors, followed by finance and insurance along with real estate services (all shown with a teal color background). Below these are the various retail and wholesale trade sectors (shown in light orange), then transportation and warehousing along with utilities, followed by construction.

Manufacturing and mining (including all support services used in mining) are next, then ag-related sectors (with green backgrounds). All sectors that are part of government are shown with yellow backgrounds.

The table highlights changes in sector labor earnings for 2001-07, leading into the recession, changes during the downturn, and then changes as the recovery occurs from 2010 to 2020. Large gains are shown in green. Large losses are shown in red.

Missoula Co. Labor Earnings by Major Sector (NAICS Codes), 2001 - 2012

Major Sectors (NAICS) Labor Earnings in Millions of 2010 dollars	'01	'04	'07	'10	'12	Change:		
						'01-'07	'07-'10	'10-'12
Health care	\$375.4	\$439.9	\$463.0	\$502.8	\$522.8	\$87.6	\$39.9	\$19.9
Profes, scientific, tech serv	\$153.6	\$175.6	\$203.9	\$202.9	\$205.8	\$50.3	-\$1.0	\$2.9
Admin. & waste serv.	\$80.2	\$82.4	\$124.6	\$156.3	\$147.7	\$44.4	\$31.8	-\$8.7
Information serv	\$73.7	\$68.6	\$67.6	\$62.2	\$61.0	-\$6.2	-\$5.4	-\$1.1
Managemt serv	\$16.1	\$16.3	\$22.3	\$22.4	\$26.1	\$6.2	\$0.1	\$3.7
Finance & insurance	\$106.8	\$108.0	\$124.3	\$132.1	\$131.9	\$17.5	\$7.7	-\$0.1
Real estate, rental, leasg	\$49.9	\$67.6	\$45.7	\$46.7	\$57.1	-\$4.3	\$1.1	\$10.3
Retail Trade	\$260.5	\$273.8	\$288.5	\$251.3	\$256.7	\$28.0	-\$37.2	\$5.4
Wholesale Trade	\$104.0	\$114.8	\$134.0	\$113.2	\$115.3	\$29.9	-\$20.8	\$2.1
Other services	\$116.7	\$121.7	\$133.4	\$114.8	\$119.0	\$16.7	-\$18.6	\$4.2
Accommod. & food serv	\$89.0	\$105.1	\$121.1	\$117.1	\$129.7	\$32.1	-\$4.0	\$12.6
Arts, entert, recrea serv	\$30.3	\$34.4	\$40.1	\$36.0	\$36.2	\$9.8	-\$4.1	\$0.2
Transpt & warehsg	\$189.9	\$185.2	\$170.7	\$116.0	\$129.4	-\$19.2	-\$54.7	\$13.4
All Utilities	\$14.4	\$14.7	\$17.3	\$18.5	\$18.3	\$2.8	\$1.2	-\$0.1
All Construction	\$197.7	\$217.4	\$230.1	\$180.3	\$173.4	\$32.4	-\$49.8	-\$6.9
All Manufacturing	\$153.5	\$156.2	\$147.8	\$105.9	\$90.5	-\$5.7	-\$41.9	-\$15.4
All Mining & mining Suppt	\$1.1	\$1.6	\$3.6	\$3.9	\$6.2	\$2.5	\$0.3	\$2.3
Farm & Ranch	\$0.8	\$0.9	-\$0.8	-\$2.7	-\$2.6	-\$1.6	-\$1.9	\$0.1
Forestry, fishing, ag serv	\$25.4	\$28.3	\$33.2	\$32.1	\$32.1	\$7.8	-\$1.1	-\$0.1
State govt.	\$183.0	\$208.4	\$225.1	\$229.2	\$252.0	\$42.1	\$4.1	\$22.8
Local govt. incl schools	\$151.7	\$165.2	\$180.3	\$195.4	\$194.4	\$28.6	\$15.1	-\$1.0
Educational serv.	\$14.4	\$16.0	\$16.6	\$18.8	\$21.2	\$2.2	\$2.3	\$2.4
Fed civil govt.	\$107.0	\$126.9	\$124.5	\$130.4	\$126.1	\$17.4	\$5.9	-\$4.2
U.S. military	\$8.6	\$17.0	\$17.8	\$21.3	\$18.2	\$9.2	\$3.5	-\$3.1
Total Workplace Labor Earnings	\$2,503.7	\$2,746.0	\$2,934.4	\$2,806.9	\$2,868.6	\$430.8	-\$127.5	\$61.6

Source: BEA, U.S. Commerce Dept. (REIS or Regional Employment and Income System data)

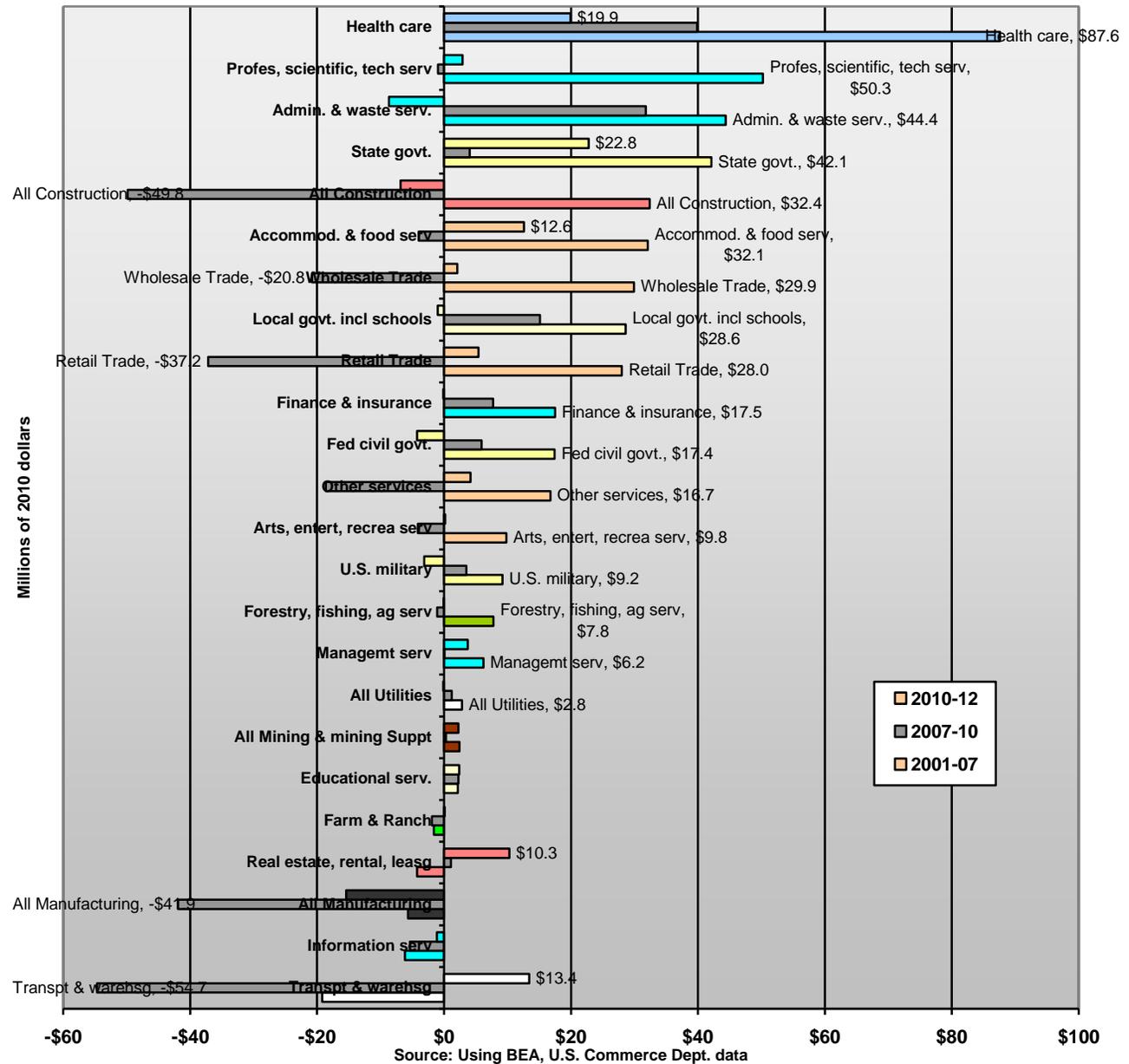
Note: Services are broken down in multiple separate sectors including health care; professional, scientific & technical services; information services, and management serv.

### C. Recent Growth or Decline in Sector Labor Earnings in Missoula County

This chart portrays labor earnings changes in Missoula County for major NAICS sectors since 2001. Change for the seven years from 2001 to 2007 leading up to the recession is shown, as is change occurring as the economy slowed and unemployment rose between 2007 and 2010. The labor income changes occurring as the economy recovers from 2010 to 2012 (the latest available annual county data) are then shown to see where recent growth may be happening. Health care at the top in the chart and it had the biggest increase in labor earnings from 2001 to 2007 (up to \$88 mil.). There also was significant growth occurring in professional, scientific, and technical services (up by \$50 mil.), administrative and waste services (up by \$44 mil.), and state government, which includes UM (up \$42 mil.).

The growth by construction between 2001 and 2007 (+\$32 mil.) is less than the decline this sector incurred between 2007 and 2010 (-\$50 mil.). Transportation and warehousing (-\$55 mil.) had the largest decline during the recession, followed by declines in manufacturing (-\$42 mil.), retail trade (-\$37 mil.), and wholesale trade (-\$21 mil.). The recent recovery is spurred by growth in health care (+\$20 mil.).

Labor Earnings Change by Major NAICS Sector in Missoula Co.

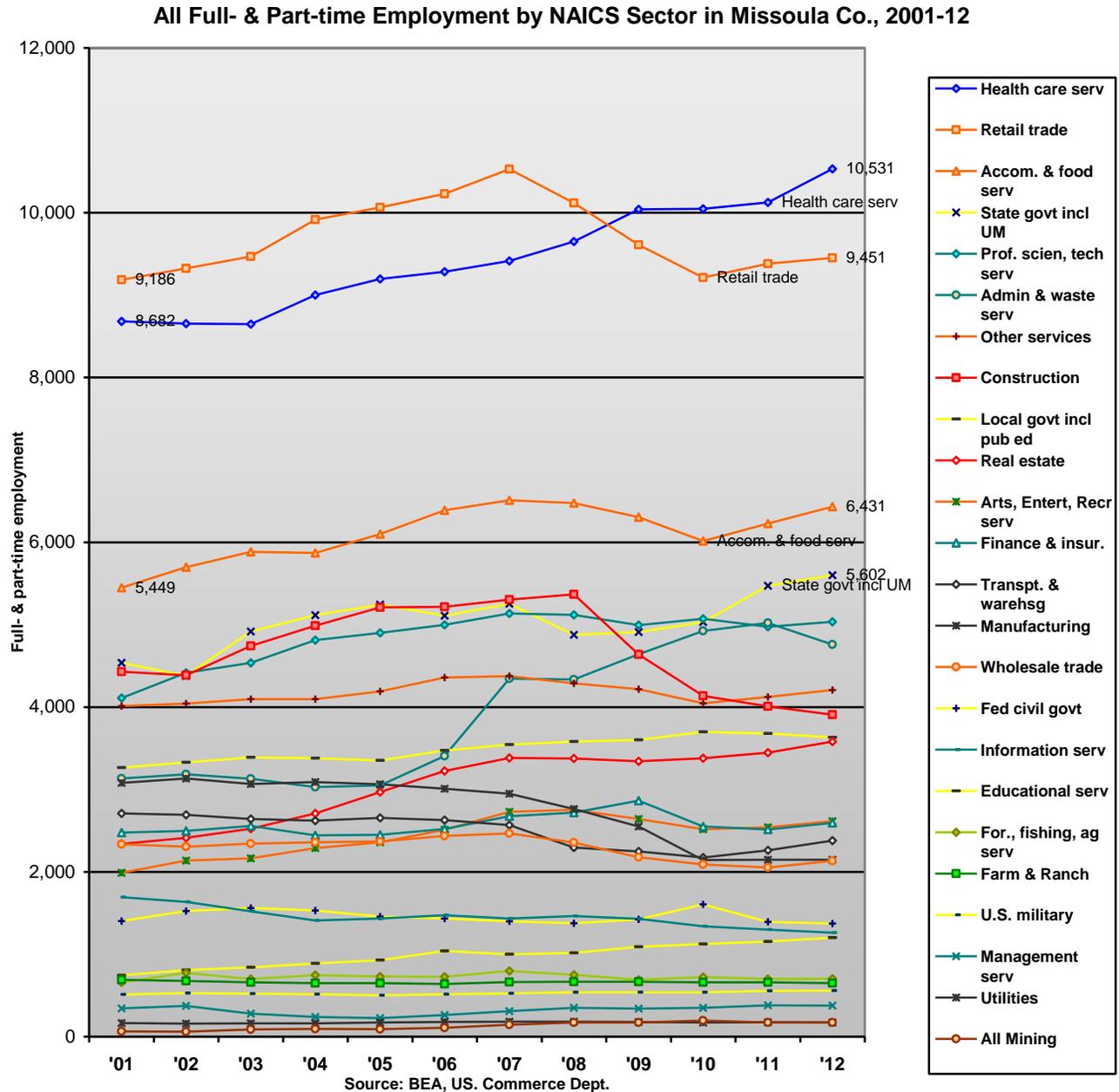


### C. Recent Trends in Employment at the NAICS Sector Level in Missoula Co., 2001 - 2012

This chart examines how the various NAICS sectors look in Missoula County using total employment levels for each rather than total labor earnings. Employment includes all full- and part-time jobs for each major sector for 2001 through 2012 (the latest available annual county data).

Health care services (shown in blue) is the largest employer among all sectors in Missoula County with employment of 10,531 in 2012. It is one of the few sectors that continued to add more jobs almost every year over the period. Retail trade has the 2<sup>nd</sup> highest employment at 9,451, which is down from its 2007 peak of 10,500. At a considerably lower level of employment ranking 3<sup>rd</sup> among sectors is accommodations and food services (lodging facilities, restaurants, etc.). Both it and retail trade are shown in orange as are all sectors that involve largely consumer trade. Sectors largely involving business services are shown in teal color. Ones involving government or education are shown in yellow.

Just as retail trade employment turned sharply lower after 2007, employment in construction moved lower after 2008.



## C. Total Employment by Major NAICS Sector in Missoula Co.

The table shows numerical data on levels of total employment for each major NAICS sector in 2001, 2004, and 2007 (pre-recession) and also for 2010 and 2012 (post-recession, economic recovery period).

Sectors are arrayed in this table in the same order as the previous table like this that used labor earnings rather than employment. Health care services is at the top and it is not only the biggest generator of area labor earnings among sectors but also the largest employer with 10,531 full- and part-time jobs in 2012. In the pre-recession period from 2001 to 2007, health care added 733 jobs. Job growth in this period was greatest for retail trade (plus 1,344), administrative and waste services (plus 1,212), accommodations and food services (plus 1,060), real estate services (plus 1,044), and professional, scientific, and technical services (plus 1,027).

During the recession (2007-10) the biggest job losses were by retail trade (minus 1,316), construction (minus 1,167), and manufacturing (minus 805). Job losses totaled 3,884 during this period and are shown in red in the table. During the recession jobs continued to grow in health care (plus 633) and administrative and waste services.

## Missoula Co. Employment by Major Sector (NAICS Codes), 2001 - 2012

Major Sectors (NAICS) All full- & part-time employmt	'01	'04	'07	'10	'12	Change:		
						'01-'07	'07-'10	'10-'12
Health care	8,682	9,002	9,415	10,048	10,531	733	633	483
Profes, scientific, tech serv	4,109	4,813	5,136	5,073	5,034	1,027	-63	-39
Admin. & waste serv.	3,135	3,030	4,347	4,925	4,758	1,212	578	-167
Information serv	1,692	1,412	1,433	1,339	1,262	-259	-94	-77
Managemt serv	343	239	311	350	377	-32	39	27
Finance & insurance	2,478	2,444	2,677	2,551	2,594	199	-126	43
Real estate, rental, leasg	2,338	2,710	3,382	3,381	3,580	1,044	-1	199
Retail Trade	9,186	9,917	10,530	9,214	9,451	1,344	-1,316	237
Wholesale Trade	2,336	2,359	2,466	2,091	2,135	130	-375	44
Other services	4,014	4,098	4,375	4,046	4,207	361	-329	161
Accommod. & food serv	5,449	5,869	6,509	6,014	6,431	1,060	-495	417
Arts, entert, recrea serv	1,991	2,289	2,731	2,519	2,615	740	-212	96
Transpt & warehsg	2,711	2,621	2,567	2,173	2,380	-144	-394	207
All Utilities	164	162	182	173	172	18	-9	-1
All Construction	4,431	4,987	5,304	4,137	3,909	873	-1,167	-228
All Manufacturing	3,079	3,091	2,950	2,145	2,148	-129	-805	3
All Mining & mining Suppt	63	95	144	194	170	81	50	-24
Farm & Ranch	691	648	664	661	649	-27	-3	-12
Forestry, fishing, ag serv	660	746	797	725	705	137	-72	-20
State govt.	4,539	5,117	5,253	5,032	5,602	714	-221	570
Local govt. incl schools	3,266	3,381	3,544	3,700	3,632	278	156	-68
Educational serv.	744	888	999	1,124	1,202	255	125	78
Fed civil govt.	1,404	1,531	1,400	1,604	1,373	-4	204	-231
U.S. military	513	514	526	539	560	13	13	21
Total full- & part-time employmt	68,018	71,963	77,642	73,758	75,477	9,624	-3,884	1,719

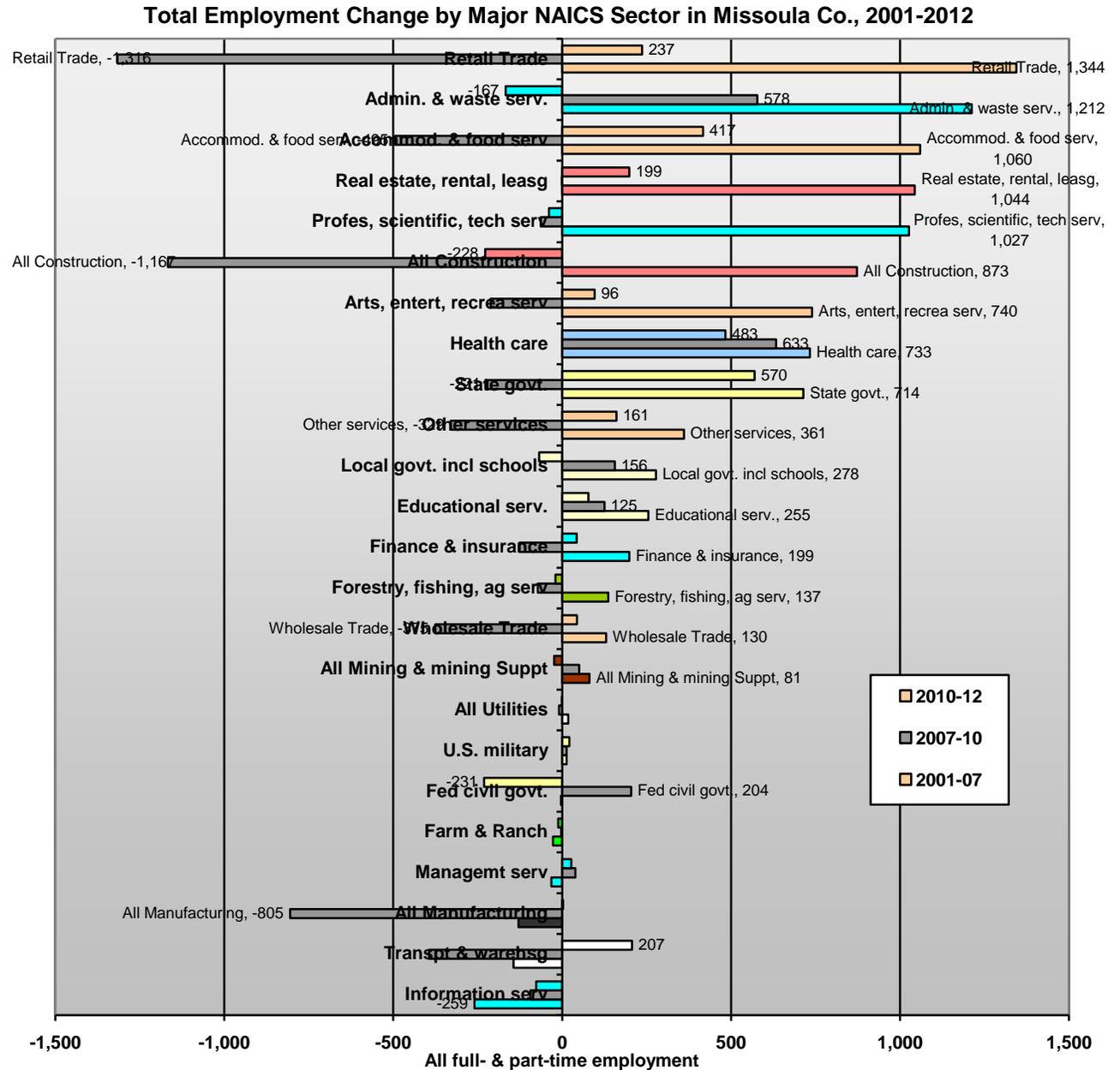
Source: BEA, U.S. Commerce Dept. (REIS or Regional Employment and Income System data)

In the more recent period of economic recovery (2010 to 2012, which is the most recent available annual county data) job growth in Missoula County was led by state government including UM (plus 570), health care (plus 483), and accommodations and food services (plus 417), as well as by retail trade and transportation and warehousing. Job losses occurred in federal civilian government (minus 231), construction (minus 228), and administrative and waste services (minus 167), as well as information services and local government which includes local public schools.

### C. Recent Growth or Decline in Total Employment in Missoula County

This chart portrays total employment changes in Missoula County for major NAICS sectors since 2001. Change for the seven years from 2001 to 2007 leading up to the recession is shown, as is change occurring as the economy slowed and unemployment rose between 2007 and 2010. Employment changes occurring as the economy recovers from 2010 to 2012 (the latest available annual county data) are then shown to see where recent growth may be happening. The dark gray bars highlight where and to what extent job losses occurred in Missoula County during the recession (2007-10). Sectors are rank-ordered in the chart according to their employment growth between 2001 to 2007.

Retail trade added the most jobs in this period leading into the recession (+1,344), followed by administrative and waste services (+1,212). Sector job losses during the recession (the gray bars) were greatest for retail trade (-1,316), construction (-1,167), and manufacturing (-805). Coming out of the recession (2010-12) job growth is highest for state government (+570) and health care (+483). Job growth trends for 2001-07 and 2010-12 provide some indication of what may be expected for the next 5 to 10 years.



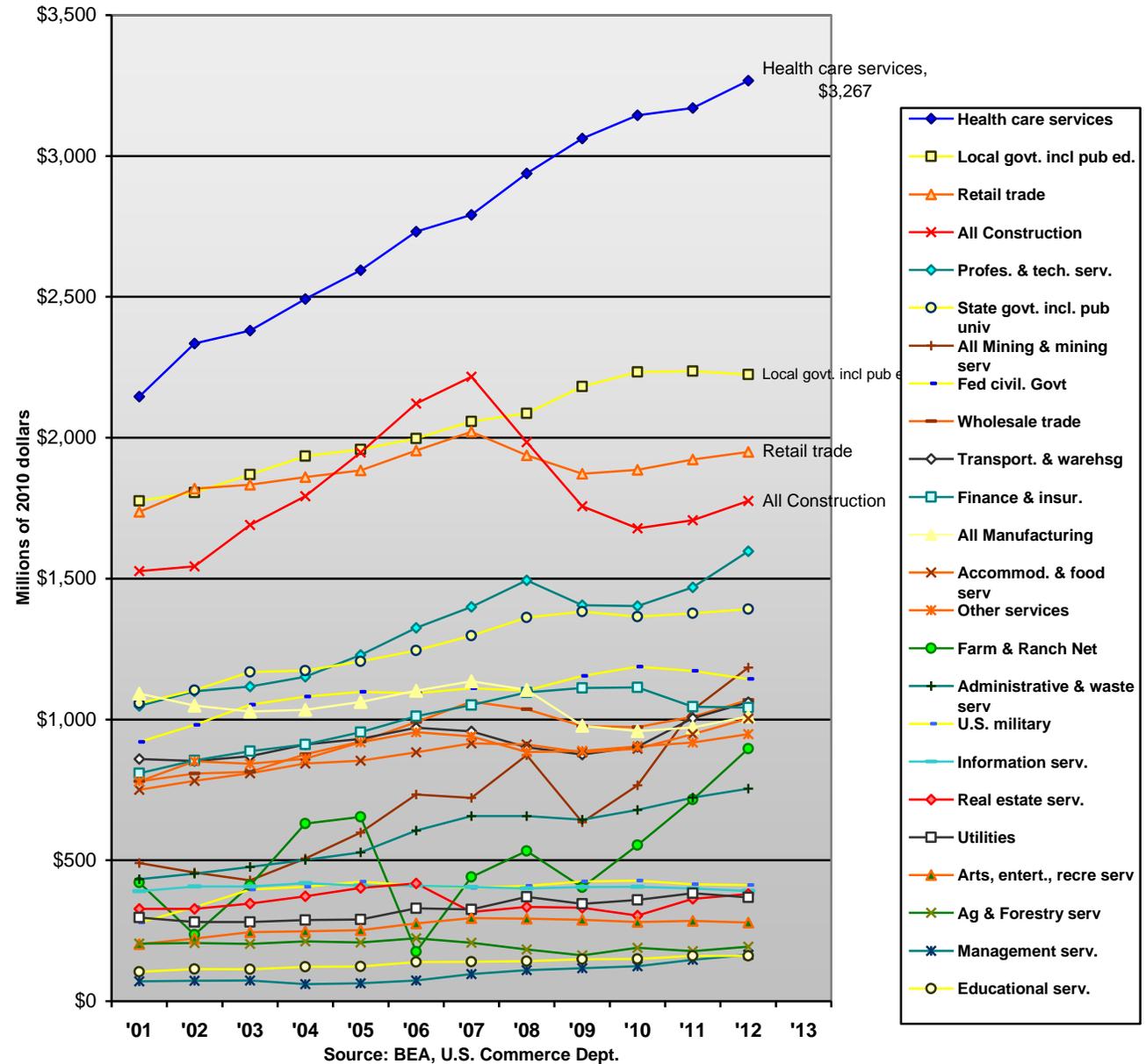
## C. Labor Earnings for Major Sectors of the Economy State-wide in Montana, 2001-12

The biggest generator of labor earnings among sectors state-wide is health care services, as shown at the right. Health care labor earnings in Montana have steadily grown, increasing from \$2.1 bil. in 2001 to almost \$3.3 bil. in 2012. Labor earnings from all sectors state-wide total \$24.6 bil. in 2012, so the \$3.3 bil. from health care services represents over 13% of the total, up from 11% in 2001.

Local government, that includes city and county government as well as local public education, had the 2<sup>nd</sup> highest labor earnings at \$2.2 bil., up from \$1.8 bil. in 2001. Retail trade is 3<sup>rd</sup> with \$1.9 bil. in labor earnings, followed by construction with \$1.8 bil. Construction is well down from its peak in 2007 of \$2.2 bil.

The only other sector having labor earnings greater than \$1.5 bil. is professional and technical services with \$1.6 bil. It has steadily grown from about \$1 bil. in 2001.

Labor Earnings in Montana by Major Sector, 2001-2012



### C. Major Sectors of the Montana Economy Rank Ordered by Size as measured by Labor Earnings in 2012

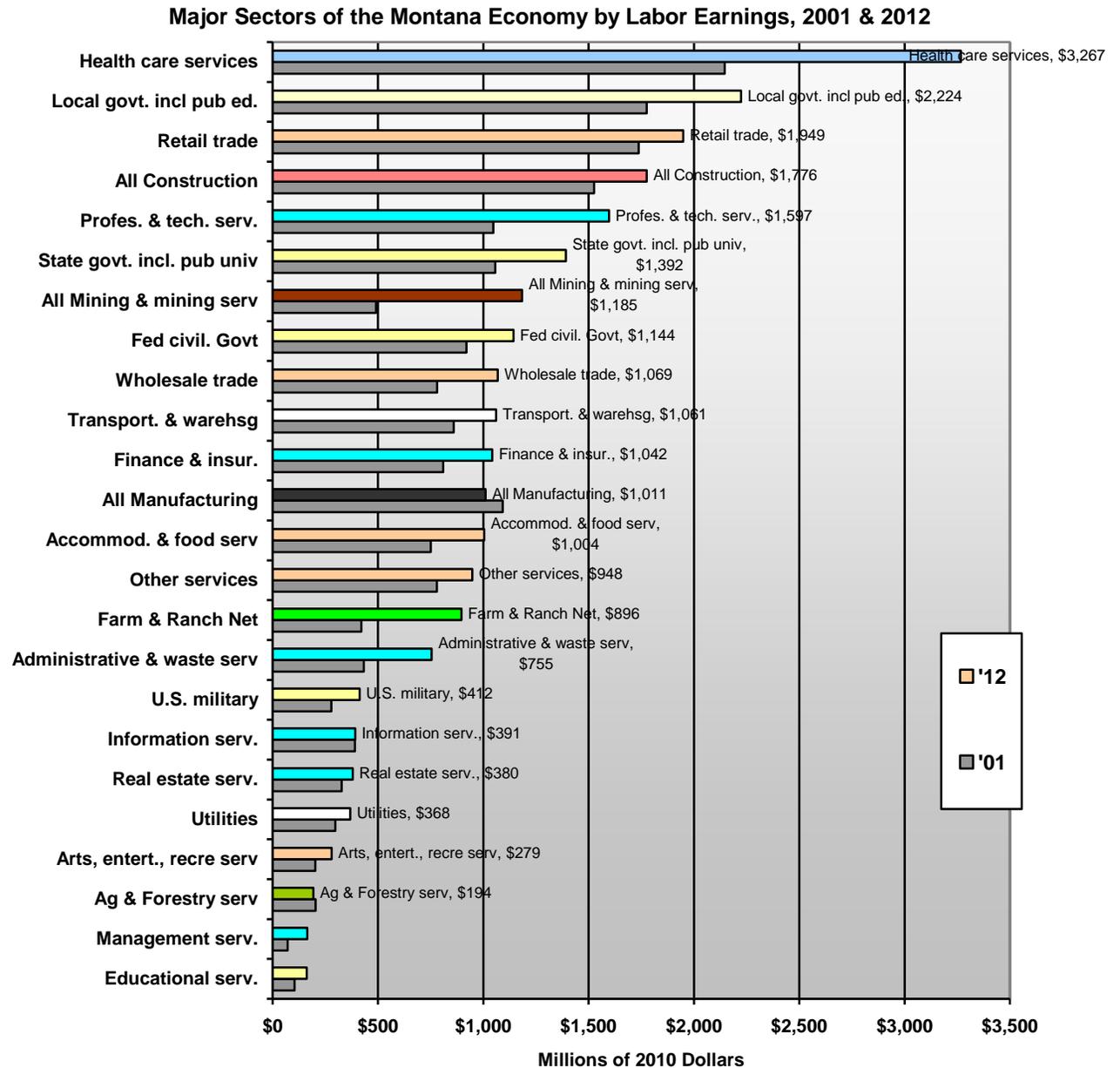
This chart simply rank orders major sectors of the state-wide economy by the amount of labor earnings each generated in 2012. Labor earnings for each sector in 2001 also are shown (gray bars). The figures are inflation-adjusted 2010 dollars.

All government sectors are shown in yellow bars, including local government (\$2.2 bil.), state government (\$1.4 bil.), the federal civilian government (\$1.1 bil.), and U.S. military (\$412 mil.), along with private educational services (\$161 mil.), also shown in yellow.

Sectors that entail retail or wholesale trade of some type mainly for consumers are shown in light orange or tan and include retail trade (\$1.9 bil.), wholesale trade (\$1.1 bil.), accommodations and food services (\$1 bil.), other services, which include household services, repair services, but also membership organizations (\$948 mil.), and arts, entertainment, and recreation services (\$279 mil.).

Sectors that entail some type of professional, technical, financial, or business service are shown in teal blue bars. These include professional and technical services, finance and

insurance, administrative and waste services, information services, real estate services, and management services.

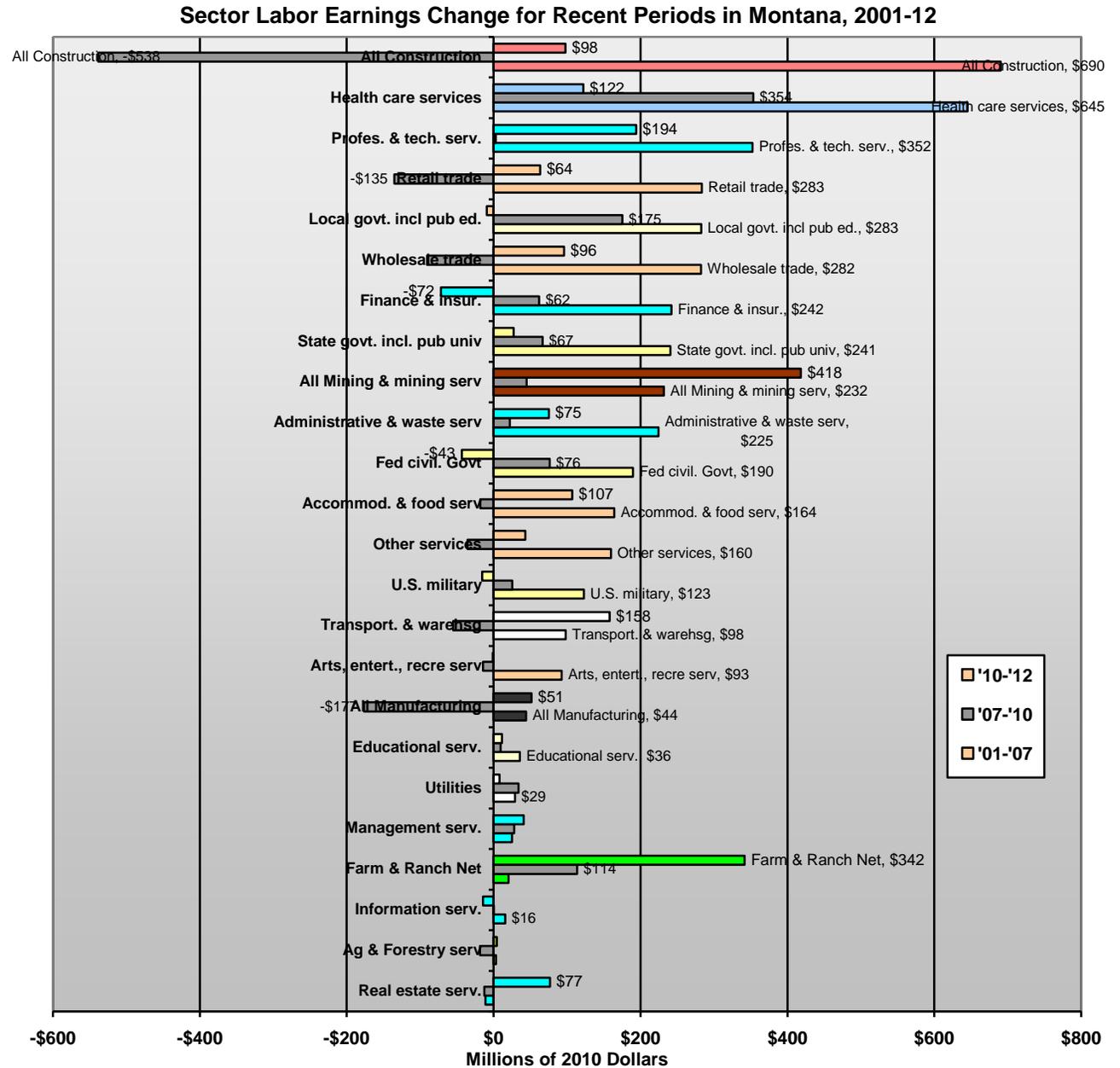


### C. Change in State-wide Labor Earnings by Sector for Recent Periods

This chart rank orders major sectors of the economy by how much labor earnings changed in each in the years leading up to the recent recession (2001 to 2007). It also shows how labor earnings changed during the recession years (2007 to 2010) and also in the post-recession recovery years (2010 to 2012).

Labor earnings growth in Montana leading into the recession was led by construction where labor earnings grew by \$690 mil. between 2001 and 2007. Construction had the biggest decline in labor earnings during the recession, falling by \$538 mil. between 2007 and 2010. Between 2010 and 2012 as the economy has recovered construction labor earnings grew by \$98 mil.

Health care services had the 2<sup>nd</sup> biggest gain from 2001 to 2007 (up by \$645 mil.) and continued to grow in the subsequent two other periods. Professional and technical services grew by \$352 mil. in the pre-recession period and by another \$194 mil. in the post-recession recovery. Mining has had a large increase in the more recent period, growing by \$418 mil. from 2010 to 2012. It grew by \$232 mil. in the pre-recession period. Farm net income also saw a large increase recently.



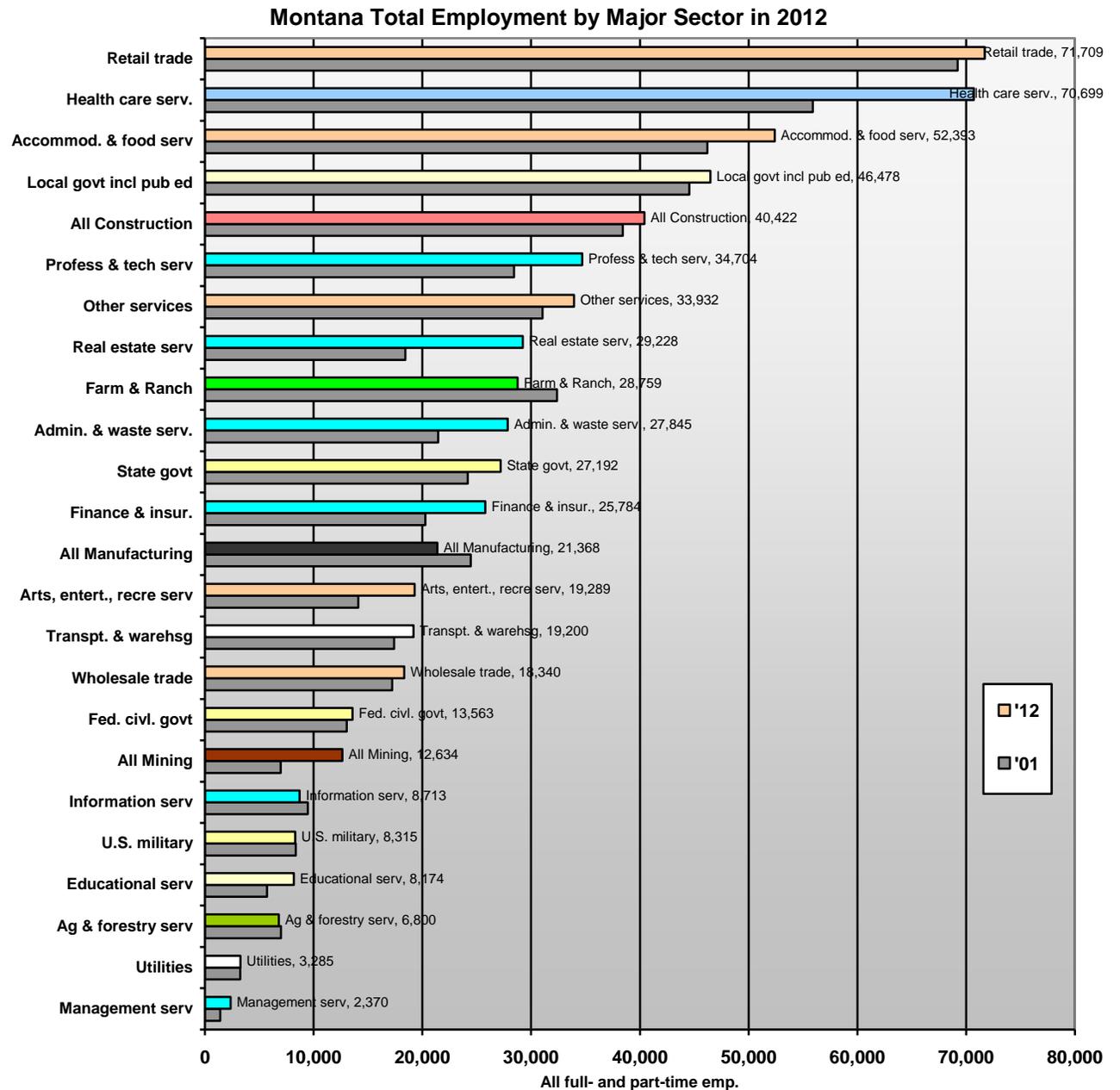
### C. Total Employment for Major Sectors of the Economy State-wide in Montana, 2001-12

Another way of weighing the relative size of various sectors of the economy is by how many people they employ or by total employment. This includes all full- and part-time jobs generated by each of these sectors.

Retail trade has the highest total employment in Montana with almost 72,000 jobs in 2012, which is 11.4% of the total. But if you add all sectors involving primarily consumer product and service retail and wholesale trade (all those shown in light orange or tan bars, including accommodations and food services), this total grows to over 195,000 jobs or 31% of the total.

Health care jobs total nearly 71,000, 11.2% of the total. Jobs in local government totaled 46,500, 8% of the total. Jobs in the six sectors that entail some type of professional, financial, or business service (teal colored bars) together total 128,600 jobs, over 20% of the total.

Manufacturing totaled 21,400 in 2012, down from 24,450 in 2001. Transportation and warehousing totaled 19,200 in 2012, up from 17,400 in 2001. Mining jobs grew to about 12,600, about 2% of the total.



## C. Employment by Major Sectors Nation-wide

The economies of Montana and, more locally, Missoula County, do not exist and change within a vacuum. Their restructuring and growth and change in many ways follow patterns in the national economy. The chart at the right shows total employment levels nationally by major NAICS sector for 2000, 2007, and 2013 (latest available national BEA data). Sectors are rank-ordered in the chart by total employment in 2013.

The largest sector measured by total employment is health care services with almost 21 mil. jobs in 2013. Health care jobs grew by over 5.5 mil. between 2000 and 2013, the biggest increase among major sectors. During this same period U.S. jobs in manufacturing decreased by 5 mil., the biggest decrease in jobs among sectors.

Real estate services, accommodations and food services, and professional and technical services all increased jobs by 2.4 to 2.5 mil. Jobs in finance and insurance increased by 2 mil. and jobs in administrative and waste management services grew by 1.4 mil. Jobs in “other services” (mainly personal services for consumers and households) grew by 1.6 mil.

