

Montana *On the Move*

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Big Change in the Larger Region During the decade of the 1980s, Montana saw little population growth, resulting in the loss of one of the state's Congressional representatives. The economy of the state slumped under the pressure of declines in most of its longstanding industries – the farm and ranch sector, mining, and logging and wood products. Family median income in Montana fell from \$39,680 in 1979 to \$36,790 in 1989 and the state's poverty rate rose from 12.3% to 16.1%.

However, in the last decade, growth returned to Montana even though longstanding industries largely continued in decline or consolidation. The principal impetus for this growth was a virtual “sea change” in U.S. population migration patterns. Population growth in the West, once favoring growth in California, the Southwest, and Pacific Northwest, began to spread into the Interior West, including much of the region stretching north and south along the Rocky Mountains. And growth, once largely centered in the West's largest cities, including Los Angeles, Phoenix, Seattle, and Denver, began to spread out into many smaller cities and other outlying areas, particularly ones high in area environmental amenities.

In the midst of these trends, the economy of the Interior West became the nation's fastest growing regional economy, with growth favoring the emergence of an increasingly “human resource-based” economy.

Big Change in Montana These trends began to redirect the Montana economy in the late '80s and early '90s and are continuing to play out. The state's population, which grew by only 11,450 people and 1.5% during the '80s, expanded by 103,200 people and 13% in the '90s. Total employment, expanding by only 42,560 full and part-time jobs in the '80s, grew by 124,420 jobs in the '90s. And total personal income, which grew by only \$1.54 billion and 11% in the '80s (inflation-adjusted), grew by \$5.2 billion and 33% in the '90s. Poverty, which had rose to 16.1% in 1989, fell back to 14.6% in 1999.

Job growth during the '90s, jump-started by expansions in construction spurred by population growth, expanded in other areas with large increases in service sector employment. Most of the state's population growth concentrated in the west, pulled by mountain, forest, water, and open landscape amenities. And most of the economic growth concentrated in and around Montana's seven major population centers. These cities, once too small to participate in many facets of urban-based economic growth and diversification, began to grow as the fast-growing economy of the region spread and restructured. In fact, 76% of all personal income growth in the state occurred in and around Montana's major cities. And 95% of all income growth occurred in the seven urban areas, their countywide areas, and other counties adjacent to these.

For much of the last decade, the true character, if not existence, of this renewed economic growth in Montana went largely unrecognized. However, this is no longer the case. It is increasingly understood that Montana's high quality of life – its mountain, forest, and other water and land-based amenities, along with its quality cities and communities – is drawing more and more people to the state as both part-time and permanent residents. Business and job growth have followed and Montana's cities are seeing renewed growth. With prospects for future growth, these cities have become new resources for economic advancement in Montana. They have become "economic engines" for continued job growth, diversification, and income creation.

Importance of Cities in Montana's Economic Development

- Economic growth is increasingly focusing in Montana's major population centers. Total personal income grew by 40% in the seven regional center counties during the '90s (inflation-adjusted). It grew by 27% in counties adjacent to these, while growing by only 8% in more isolated and rural portions of the state.
- Approximately 60% of all Montanans live within 20 miles of the state's seven major cities. And nearly 70% live within 35 miles of these urban centers.
- Montana's major cities are where most of the state's workforce works. The seven counties containing Montana's major population centers provide work places for over 65% of the state's total employment base, up from 59% in 1980.
- Economic growth in Montana's major employment centers is spreading income and prosperity to outlying communities and families residing outside of these cities. The seven regional centers are employment centers for persons living in these cities and also for more and more persons in their surrounding areas. Over \$250 million in employment earnings earned in the seven urban centers flows into surrounding counties each year.
- Income and employment growth is centering in Montana's urban areas because many growing segments of the region's economy require areas with populations at least as large as small cities, like those in Montana. Growth is concentrated in services, including health care, business and professional services, insurance and finance, and real estate and construction.

At one time, cities in Montana were too small to participate in many aspects of urban-based economic growth and development. However, this is no longer the case. In many respects, Montana's cities have become "economic engines" for continued job growth, diversification, and income creation. However, this opportunity can be squandered by taking current growth for granted. Or it can be grasped and strategically pursued, leading to greater economic prosperity for Montana's cities as well as the entire state in the future. The choice is ours.

Common Needs and Opportunities for Montana's Cities

Economic development opportunities and needs were explored in a series of *Montana on the Move* meetings around the state, including ones in Billings, Missoula, Great Falls, Butte, and Kalispell. These meetings, planned and organized by local planning committees, were well-attended by broad cross-sections of these communities, including key public and private leadership. Discussions ultimately focused on the following question:

“How can we take advantage of emerging trends in the economy to better position Montana’s communities for greater economic prosperity in the future?”

Several key themes emerged from these discussions common to all of the cities.

Building and Maintaining Cities of Quality in Montana

In the fast-growing Rocky Mountain West, cities of quality with quality workforces and quality businesses will see the greatest economic advancement. And an increasingly human resource-based economy will require different economic development strategies and approaches than in the past in Montana. Three key areas of need were identified in all of the communities relative to building and maintaining cities of quality:

#1 Quality Infrastructure Growing cities require quality infrastructure and funding for infrastructure of nearly all types in Montana’s cities has lagged behind their growth. Area funding for roads, streets, and other transportation, sewer and water, police and fire protection services, and other facets of community infrastructure is lacking. New sources of funding for local infrastructure are needed if Montana’s cities are to grow and prosper and remain competitive as high quality places for people to live and work. Cities built with impoverished infrastructure will have impoverished economies. Cities that can anticipate growth and that can put into place quality infrastructure as they grow, will have greater capacity for sustained growth and prosperity in the future.

Billings: *Our infrastructure is not keeping pace with growth. Infrastructure funding is lacking. The existing tax structure is not balanced. We are too dependent on property taxes, while we are missing opportunities for tax revenue from tourism and recreation. We need additional tax revenue to offset a history of disinvestment in infrastructure and amenities. We need to build a tax structure based on where the economy is going. We need statewide legislation authorizing local option taxes.*

Missoula: *If we are to prosper as a community, we must be aware of the new economic landscape. One of the fundamental cornerstones of that landscape is the new importance of cities. Today cities provide the critical mass needed for our new economy. Infrastructure and transportation were identified as an area weakness by a majority of forum participants.*

Flathead: Flathead County's infrastructure is not keeping pace with growth in the area. More funding is necessary to meet transportation and other infrastructure needs in this growing area. We need to develop a more comprehensive street/road grid system for the future and develop a transportation plan that includes a tri-city public transportation system. We need to strengthen our infrastructure system – roads, public services, etc. – to better position the area for promising economic development. We need to develop a serious zoning plan that reflects and aligns infrastructure planning. Area leaders need to meet with local legislators to request that the local option resort tax be opened up to include the larger communities.

Butte: We need to make better use of existing infrastructure for economic development. We need to capitalize better on I-90 and I-15. Butte local governments can learn about the demands placed on community infrastructure in neighboring communities currently experiencing rapid growth. Butte needs to revitalize its historic uptown district and create a more aesthetically pleasing environment. We need to clean up our community. Community appearance, urban amenities, and the availability of suitable housing are critical in recruiting and maintaining professionals in the area's technology and health care sectors.

Great Falls: Tax reform is needed in Montana, including consideration of a sales tax and local option tax.

#2 Quality Workforces Virtually every facet of the economy where growth is now concentrating requires a quality work force – workers with skills, education, and experience, as well as ready-access to more training and education as workplace requirements change. People are our “key asset” and they must be trained and educated to succeed in the emerging economy. A centerpiece of any strategy for economic improvement in Montana is quality workforce development programming and a quality system of education more generally. The design of this programming must be grounded in the communities and regions served. And well-designed education and training programming must be well-funded.

Billings: We need a vision of what education can do for economic development in Billings, and we need to create effective partnerships to move that vision forward. Education is crucial – it's the foundation of a human services based economy. Just as education is increasing in economic importance, problems are emerging that undermine Billings' ability to deliver quality education. The lack of a sales tax was frequently mentioned as creating a barrier to securing adequate funding for important services, including education.

Missoula: Support and enhance the educational system at all levels.

Flathead: We need to cultivate a well-educated workforce to attract and retain businesses. We need to identify what jobs are needed by current businesses as well as what ones are needed by businesses with an eye to moving to the Flathead. We need incentives for businesses to send employees to training and education classes. We need greater cooperation between FVCC, the high schools, the business community and general community in planning curriculum.

Butte: Many sectors, such as high tech and health care, need more highly trained workers and professionals to grow and prosper. There also are additional workforce development needs in such fields as communications. Business/education relationships need to be emphasized and developed.

Great Falls: *Lack of investment in education threatens economic development. Higher education opportunities need to be expanded in Great Falls. MSU-GF is customizing its college curriculum to area workforce needs. State legislators need to fix education.*

#3 Quality Planning and Growth Management Becoming “better” places as they become “bigger” places requires careful management and planning for growth. Nearly all of Montana’s cities are facing growth pressures that are straining their capacity to plan and manage this growth. More attention must be given to the planning needs of our cities.

Billings: *We need to manage growth better to retain our small town character and to protect and enhance city amenities. We need a common vision for future growth and a corresponding planning strategy to pursue it.*

Missoula: *In order for cities to be great for business, they also must be great places to live. Missoula is one such place. The challenge is to maintain and enhance the beauty of this place while adapting to the changes that dictate our economic environment. We must be proactive to secure the best of what the future has to offer.*

Flathead: *There is a need for a community vision with respect to growth and greater cooperation between government entities responsible for development. We need growth that contributes to our economy while keeping our quality of life. We need for our cities and county governments to work together using a multi-jurisdictional planning group to address development standards, growth issues, and ways of doing business.*

Butte: *We need to come together to form a unified community vision and adapt a more positive, energetic attitude.*

Great Falls: *Our area hasn’t seen the growth like in the western portion of the state, but the Rocky Mountain Front area has great potential. The natural beauty of the Front, Falls area, and Missouri River have great outdoor recreation potential.*

Two other important propositions emerged from the community meetings, relating to how economic prosperity must be pursued and how greater capacity for pursuing opportunity in our cities can be extended into surrounding rural communities. These are:

Pursuing Economic Prosperity Economic development in Montana has often focused attention on attempting to solve our biggest problems, with limited success, while ignoring some of our greatest opportunities. *Montana needs to be more opportunistic in its economic development focus.* While there are many common needs across Montana, the state’s economic diversity precludes development of a single state strategy for economic improvement. *Successful economic development initiatives must reflect emerging economic development strengths and potentials and these vary from place to place in Montana, as must approaches to economic development.* Finally, successful economic development programming is more than just business promotion and development. Infrastructure, workforce development, and community planning also are all involved. This means that a broad cross-section of the community, including key public and private leadership must be sitting together at the “economic development roundtable.”

Billings: *We need to build effective partnerships between business and education in our city and between city and county government, and with the legislature.*

Missoula: *If we are to correctly read the signals about our economic future, we must have real-world, real-time data about our situation, and we must take the time to develop a full understanding of the issues. We must be proactive to secure the best of what the future has to offer. We want home-grown solutions, that draw out the talents and capabilities of fellow Missoulians.*

Flathead: *The Flathead Valley needs to create more opportunities for constructive dialog and consensus building. We want to heal wounds resulting from unhealthy and unnecessary divisions in the community. The Flathead needs a pro-active yet flexible strategy for economic development.*

Great Falls: *The linkages between government and non-government community development entities need to be strengthened with a clearer understanding of how non-government entities can help in community development.*

Butte: *All of the entities and organizations working on various aspects of economic development need to come together and work as a “team.” Team Butte is born.*

Urban-Rural Partnerships for Economic Progress As Montana’s cities become stronger economically, they will have greater capacity to help in addressing some of the lingering economic development needs of surrounding rural communities. To do this, Montana’s cities and rural neighbors must develop greater trust in working together toward common goals and forge healthy, forward-looking partnerships for regional economic improvement.

Billings: *Our city needs to build visible partnerships with outlying communities. We need better working relationships with rural communities.*

Flathead: *The economy of the Flathead Valley will always be based upon the surrounding forests and how they are managed. We need to make the most of public lands – with responsible management and public access for recreation and timber harvest. We need to manage the forests for multiple uses providing a healthy economic base and retaining existing infrastructure.*

Butte: *Anaconda and Butte have been “joined at the hip” for most of their history and must overcome rivalries to work together for the benefit of both. Butte is the commercial, healthcare, education, and financial center for the larger region. There is a need to think regionally in creating economic development strategies.*

Great Falls: *Great Falls is expanding its relationships with surrounding communities in areas of economic development. The city is working hard on several initiatives for value-added processing linked to area agriculture. The success of these ventures will help in improving economic conditions for area agricultural producers.*

Missoula: *Missoula is clearly the “hub” of a growing regional economy. And economic conditions and trends in the larger region clearly affect the health and vitality of the region’s hub. We must work with surrounding communities in our region for mutual gain. Neither they nor us should go it alone.*