



# Montana's Agenda

ISSUES SHAPING OUR STATE

## Many Montanas

*Montana is a single state, but in reality there are many Montanas. Some are defined by their terrain, climate, land use, and population density. Others are defined by their economies. While Montanans commonly call their state rural, the reality is that most Montanans live in or near one of the state's cities where most recent economic growth has been focused. Montana's diversity can be the state's biggest obstacle to progress, or it can move the state forward, community by community and region by region.*

*The news media frequently feature articles about the "Montana economy," oftentimes reporting on its weaknesses and deficiencies. The difficulty with this is that there is no single Montana economy. In the chart below, Montana is seen as three somewhat distinct geographic regions. The Western Mountain region extends west from the eastern edge of the Rockies, a line that follows the front of the mountains along the Big Belt range east of Helena and south and east around the Absaroka Range into Wyoming. The area east of these mountains is the Central Front, which extends from northwest of Great Falls to southeast of Billings. East of the region, where the terrain stretches into the distance, is the Eastern Plains.*

No state, including Montana, is isolated from major shifts in the nation's economy and in larger population trends. In recent years there has been a massive population shift to the Interior West, making the Rocky Mountain West (the mountainous area encompassing much of Colorado, Utah, Idaho, Wyoming, and Montana) one of the nation's fastest growing regions. This migration sparked rapid growth in the western third of Montana. Moreover, out-migration has continued from Montana's Eastern Plains, consistent with the trend in the larger northern Great Plains.

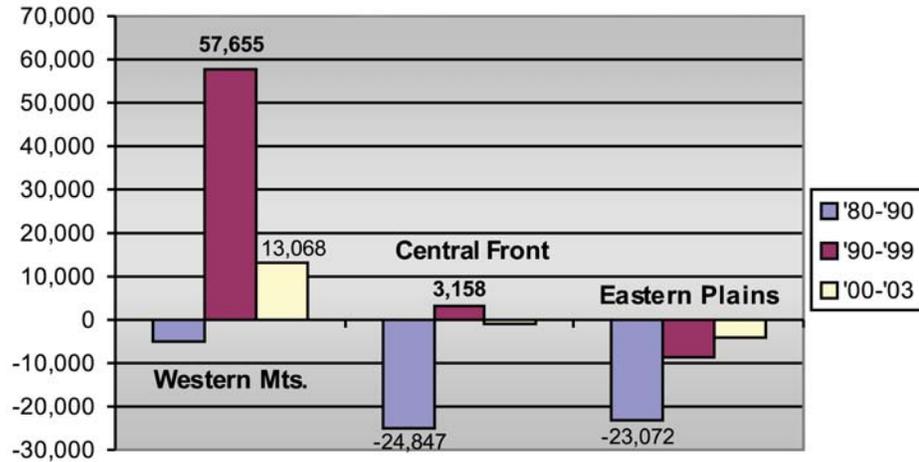
The chart atop page 2, **Net Population Migration in Montana: 1980 - 2003**, shows how national population migration trends played out differently in Montana's three regions. The Western Mountain counties experienced almost all of the increase, with net migration climbing to nearly 58,000 in the 1990s. The Central Front saw some

### Montana's Three Regions



increase, but the Eastern Plains counties continue to see out-migration, consistent with trends in the larger northern Plains. Census estimates through 2003 indicate these trends are continuing.

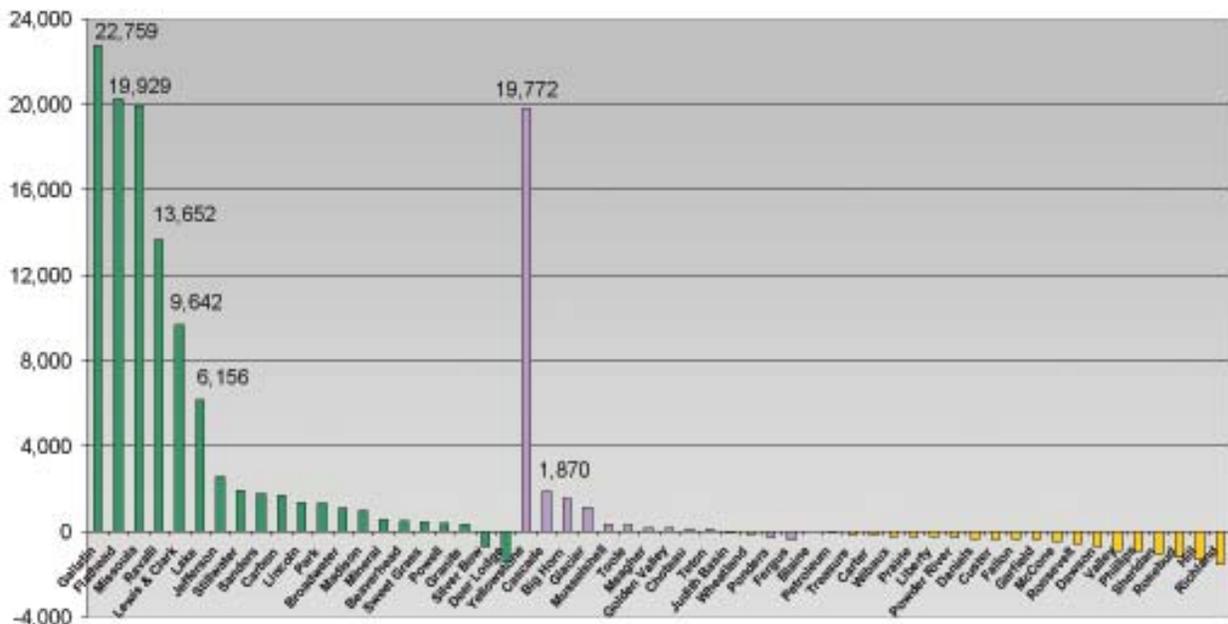
## Net Population Migration in Montana: 1980 - 2003



As a result of migration, overall population growth returned to Montana in the 1990s after an absence in the 1980s. But as the chart below, **Population Change in Montana, West-to-East, 1990 to 2003**, indicates, change was lopsided. While the state's population grew by almost 120,000 people between 1990 and 2003, most of this growth was in the Western Mountain region (green bars), mainly in Gallatin, Flathead, Missoula, Ravalli, Lewis & Clark, and Lake counties. Some of the growth took place in the Central Front region (purple bars), mainly in and around Billings in Yellowstone County. In the Eastern Plains region (yellow bars), every county but one lost population.

The illustration, atop page 3, **Emergence of the "Third Coast,"** shows how a national population dynamic affected Montana's

## Population Change in Montana's, West to East, 1990 - 2003

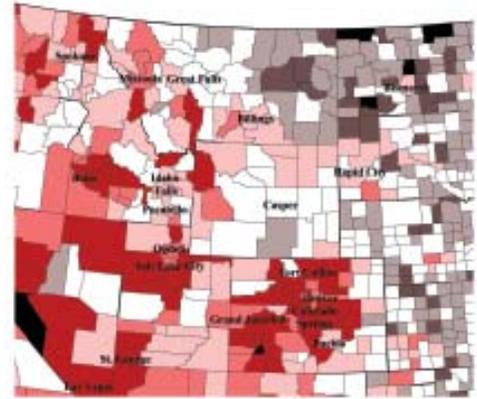


Western Mountain region and portions of the Central Front. Mainly due to migration, a large area of the Interior West, stretching from Washington, Idaho, and western Montana through Utah, Colorado, and the Southwest, emerged as the fastest-growing regional population area in the United States. Some demographers are now referring to this area as the nation's "Third Coast." The "shoreline" of this coast is not oceans, but mountain ranges, forests, and vast landscapes, many on public lands.

### The Fast-growing Interior West and the Emergence of the "Third Coast"

Mainly due to shifts in migration, a large area of the Interior West, stretching from Washington, Idaho, and western Montana in the north down through Utah, Colorado, and into the American Southwest, has emerged as the fastest-growing regional population in the United States. Some demographers are even referring to the broad area along the Rocky Mountains, that serves as this region's "spine," as the "Third Coast". The shoreline for this Third Coast is a series of mountain ranges, not oceans, and vast landscapes, many on public lands.

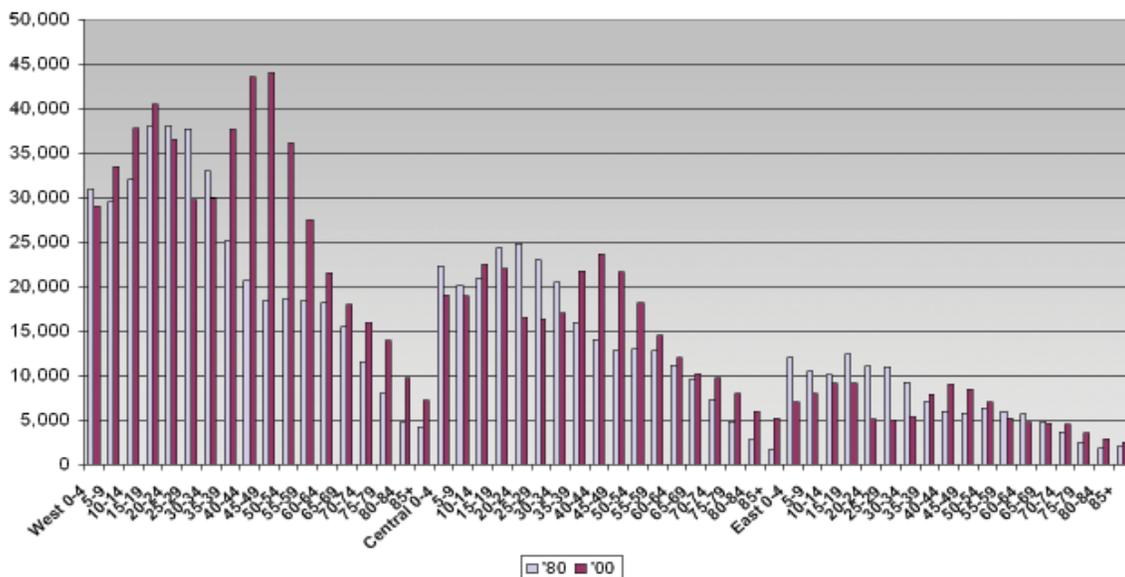
This larger pattern of growth spread into western Montana and portions of the Central Front.



The 1980-2000 population shifts illustrated at right coincided with the

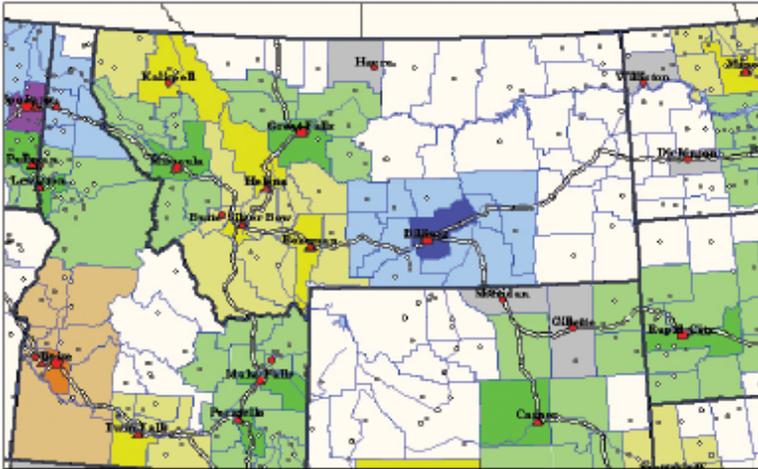
graying of the nation's large baby-boom population. Baby-boomers (born between 1947 and 1964) are now in their 40s and 50s, have greater economic means than younger adults, and are "footloose" because of their dwindling families. Migration patterns reflect the boomers' freedom to choose where they want to live. Much of Montana's population growth involves these middle-aged and older adults. As they relocate, so do their incomes and businesses in some cases. The chart below – **Population by Age Group in Montana's Three Regions, 1980 vs. 2000** – shows how population changed by age group during the period. Growth of 109,000 people in the Western Mountain counties was focused among persons in their early 40s to early 60s. Growth of 21,000 in the Central Front swelled the 40s and 50s group while younger population groups shrank. In the Eastern Plains, population fell by nearly 19,000 and much of the decline was among the young. The median age of the state's population rose from 29 to 38 during this period.

### Population by Age Group in Montana's Three Regions, 1980 vs. 2000



While Montana population, income, and employment trends differ from the east to the west, they also differ systematically from urban to rural areas. Montana has no large cities by national standards, but it has many medium-size and small cities. These regional centers used to be too small to participate in urban-based economic growth. But with revolutionary changes in information technology and communications infrastructure, along with other changes in the economy, Montana cities can now accommodate the nation's expanding service-based economy. The illustration below, **City-Centered Multi-County Sub-Regions in Montana**, depicts regional areas centered on the state's seven major cities (Billings and Yellowstone County shown in dark blue, Missoula and Great Falls shown in dark green, and Helena, Bozeman, Butte, and Flathead County shown in dark yellow). Counties closely linked to these centers are coded in light blue, light green, and light yellow. Isolated rural counties are shown in white.

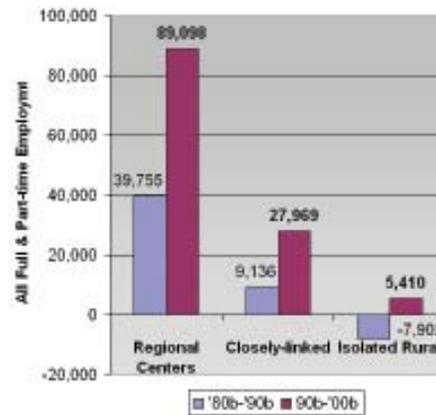
### City-Centered Multi-County Sub-Regions in Montana



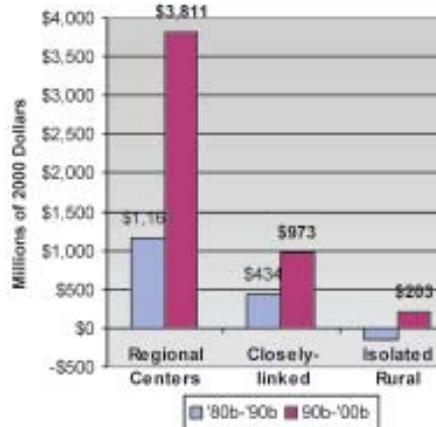
Most Montanans believe the state is languishing economically, based upon state-level comparisons with other states. But in the regional population centers where most people live, personal income growth in inflation-adjusted dollars increased more than three-fold between the 1980s and 1990s. In surrounding counties closely linked to these regional

centers, growth in personal income more than doubled. Montana's cities are not only centers of population, they are also regional centers of finance, commerce, health care, education, and arts and entertainment. The charts **Employment Change** and **Personal Income Changes** show how the state's changing economy has increasingly centered economic growth in the largest cities and their surrounding areas. Personal income growth in the seven regional-center counties grew by less than \$1.2 billion during the 1980s but expanded by over \$3.8 billion in the 1990s. About 96 percent of all of Montana's income and employment growth during the last decade occurred in and around the seven regional centers (which include the closely linked counties).

### Employment Change: Urban to Renewal

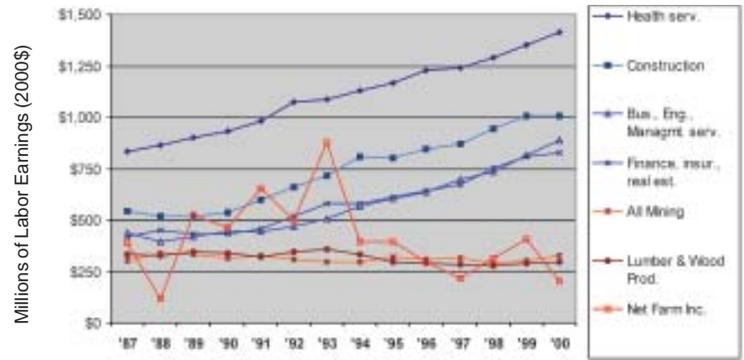


### Personal Income Changes: Urban to Renewal



## Industry Shifts in Montana since the late 1980s

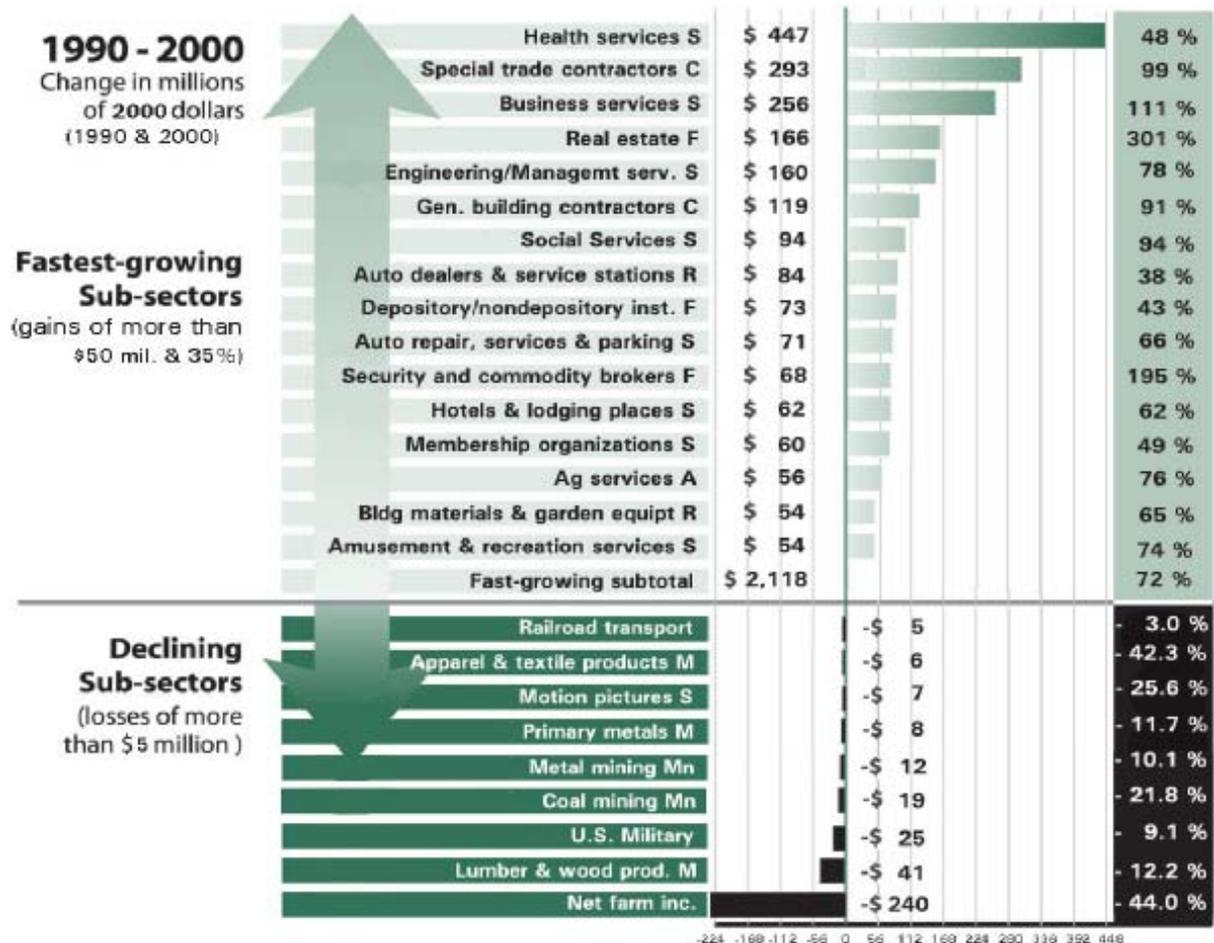
The concentration of income and employment growth in Montana's cities has resulted from fundamental changes in the larger economy. These changes are favoring growth in health care; business, engineering, and management services; finance, insurance, and real estate; and construction, as shown in the chart **Industry Shifts in Montana since the Late 1980s**. Industry decline has occurred in many longstanding industries, including mining, agriculture, and logging and wood products manufacturing. These natural resource industries' share of the state's labor earnings fell from over 13 percent in the early 1980s to 6 percent by 2000.



75 sub-sectors of the economy and the sixteen fast-growing ones shown in the top portion of the chart accounted for two-thirds of all labor income growth in Montana during the 1990s. Growth is heavily concentrated in sub-sectors within services, finance, and construction. Sub-sectors experiencing the greatest decline are listed at the bottom of this chart.

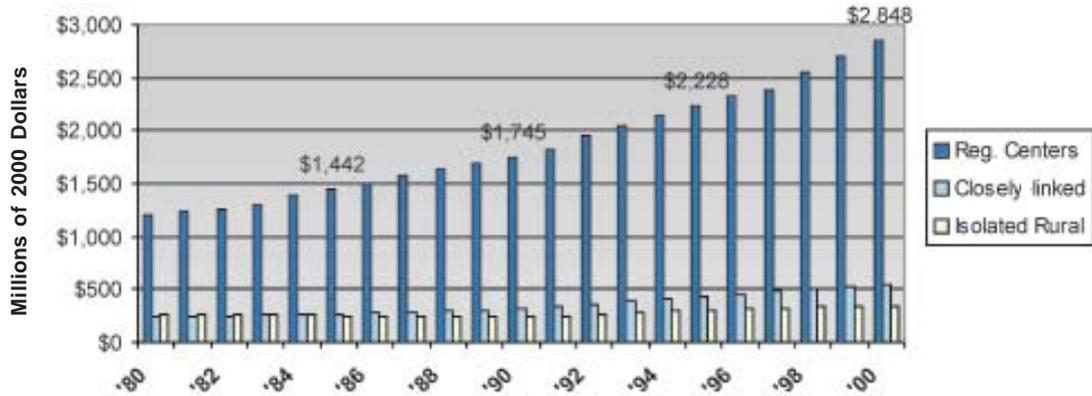
Economic change in Montana at the sub-sector level is highlighted in the chart **Fast-Growing and Declining Sub-Sectors in Montana**. There are over

## Fast-Growing and Declining Sub-Sectors in Montana



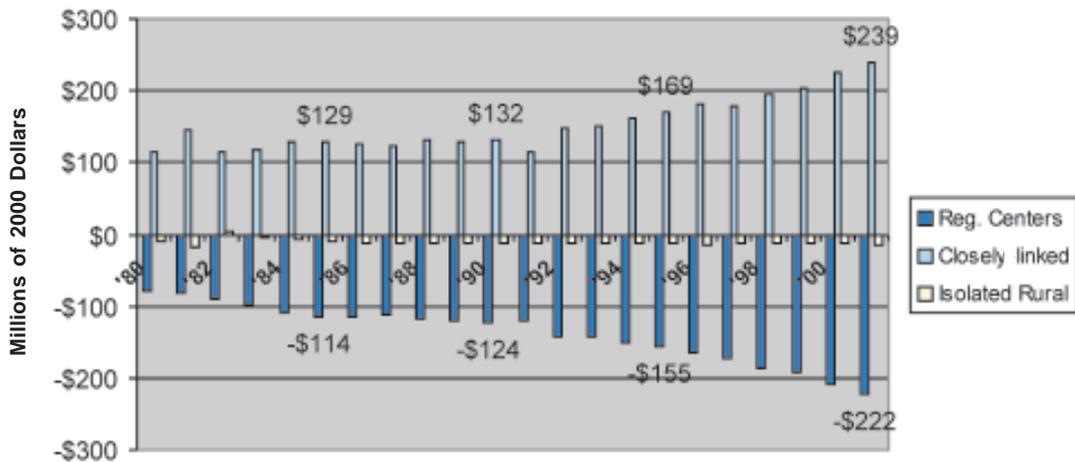
The last three illustrations point to the different impacts of economic growth and decline on rural and urban Montana. The chart, **Service Sector Expansion in Montana: Urban to Rural**, reveals that growth in the state's fast-growing service sector was concentrated in the regional centers. The reason: growth in the service sector usually requires a "market mass" of customers and clients.

### Service Sector Expansion in Montana: Urban to Rural



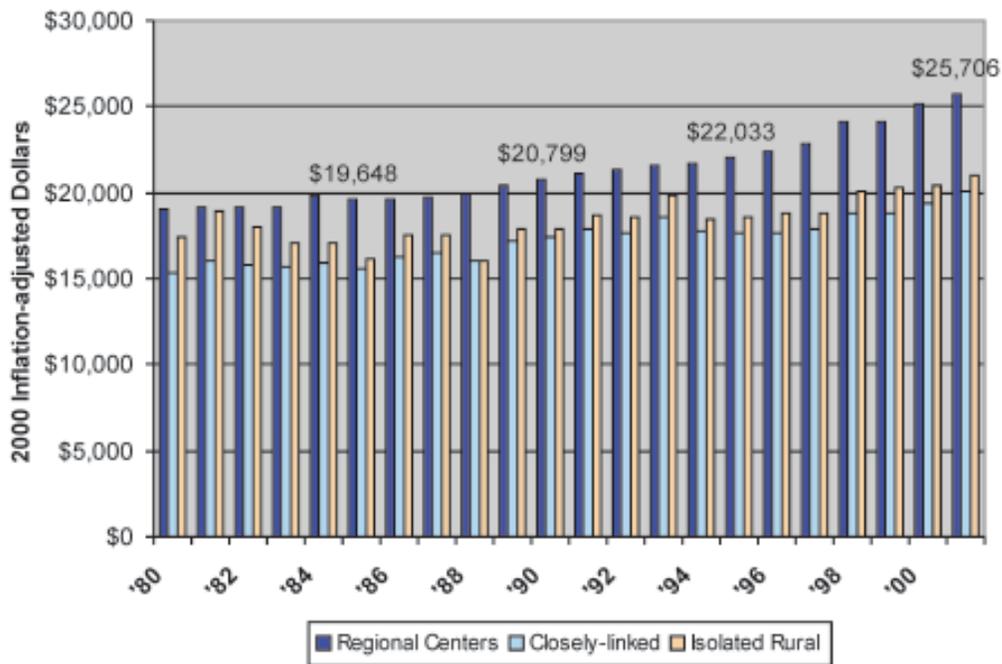
The chart **Labor Income Transfers from Regional Centers in Montana** shows that in 2001, \$222 million in labor income earned by persons residing outside of, but working in, regional centers was transferred to the personal income bases of surrounding, closely linked counties. Employment growth in the regional centers also benefits persons living in surrounding communities.

### Labor Income Transfers from Regional Centers in Montana



Finally, **Per Capita Income Levels in Montana: Urban to Rural**, tells us that, while Montana ranks quite low among states in per capita income, income levels for most of Montana's regional centers are significantly higher than in rural areas. In fact, per capita income levels in Montana's regional centers compare favorably to the income levels in western U.S. cities of comparable size. The average per capita income for the seven regional-center counties has risen steadily from less than \$20,000 in the late 1980s to just under \$26,000 in 2000. Levels in outlying and isolated rural areas lag behind, but this kind of gap between urban and rural areas is common throughout the West.

### Per Capita Income Levels in Montana: Urban to Rural



One of the most important things state policy leaders and decision makers can do to advance Montana economically is to fully embrace the state's wide economic diversity. There is no single Montana economy. There are many. And because of this there can be no single state strategy for economic improvement. The most viable state strategy must comprise several sub-state strategies that recognize and reflect regional differences. As promising strategies are conceived and pursued community by community and region by region, Montana will become stronger and better positioned for the future.

*Larry Swanson is associate director, O'Connor Center for the Rocky Mountain West, The University of Montana. The Center is assisting local organizations in planning and conducting community economic forums and workshops across Montana. To read about this project, Montana on the Move, go to: [www.crmw.org/montanaonthemove](http://www.crmw.org/montanaonthemove).*



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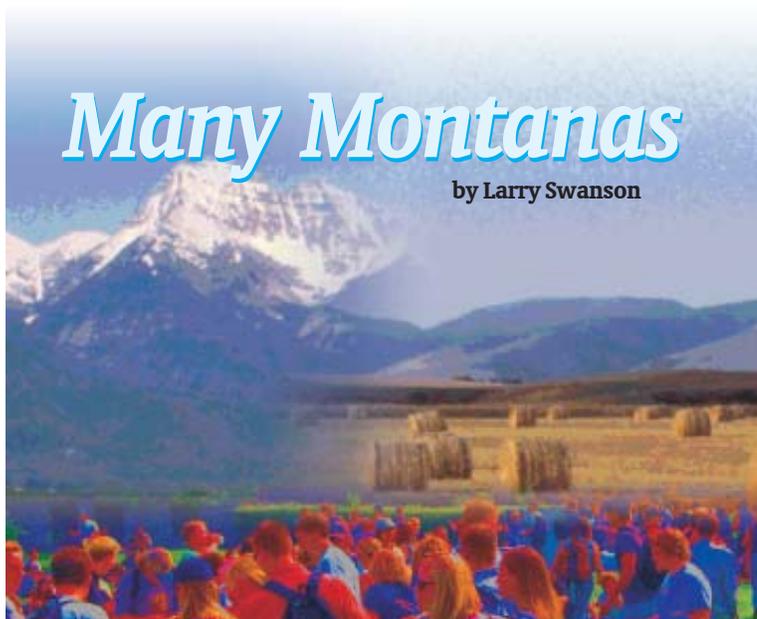
*The Discovery Continues...*



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by Larry Swanson



This is the inaugural issue of *Montana's Agenda*, published by The University of Montana, Missoula, MT, 59812. It is edited by James Lopach, professor of Political Science; Carol Van Valkenburg, professor of Journalism; Jean Luckowski, professor of Education; Robert Frazier, University executive vice president; and Larry Swanson. Send ideas for future issues to [james.lopach@umontana.edu](mailto:james.lopach@umontana.edu).

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