

Gallatin County Shifting to a Higher Gear

Patrick M. Barkey, Director, Bureau of Business and Economic Research

Gallatin County Profile	
Total Population, 2011	91,377
Percent Change in Population, 2000-2010	32%
Median Age, 2011	32.1
Percent 65 or Older, 2011	9.2%
Percent of Population with Bachelor's Degree or Higher, 2011	45.1%
Median Household Income, 2011	\$51,391
Percent of Population without Health Insurance Coverage, 2011	14.1%
Unemployment Rate, 2012	6.7%

Sources: American Community Survey, U.S. Census Bureau; Research and Analysis Bureau, Montana Department of Labor and Industry.

Is the Gallatin County economy regaining its pre-recession form? Judging from the most recent data you might be tempted to say it has. Inflation-adjusted wage and salary earnings rose by a heady 7.5 percent in the 12-month period ending in June 2012, compared to the previous period. Construction ended its deep slump, posting solid gains for the year as well. Even Bozeman airport has grown to come within a whisker of overtaking Billings as the busiest airport in the state.

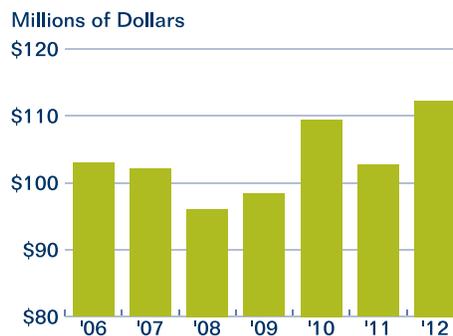
Things are certainly improving in Gallatin County, but not quite as quickly as the latest data suggest. Almost 80 percent of the increase in wages and salaries in the total economy occurred in a single industry – Professional Business Services – and that gain was related to a one-time event, namely, the sale

of RightNow Technologies to Oracle. If this industry is dropped from the total, wage growth falls to a much less stratospheric 1.9 percent.

But faster growth does lie in the future. Steady growth in Montana State University, especially in its research activities (Figure 1), good prospects for high-tech manufacturing and services, and an improved outlook for real estate and construction have combined to make our forecast for overall growth in Gallatin County higher than any other major urban area in the state.

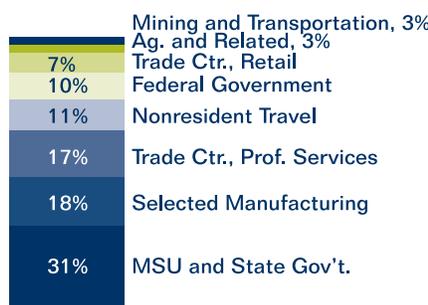
The area has needed that faster growth the last few years just to erase

Figure 1
Montana State University –Bozeman, Research Expenditures by Fiscal Year



Source: Montana Office of the Commissioner for Higher Education.

Figure 3
Earnings in Basic Industries, Gallatin County, 2010-2012, Percent of Total

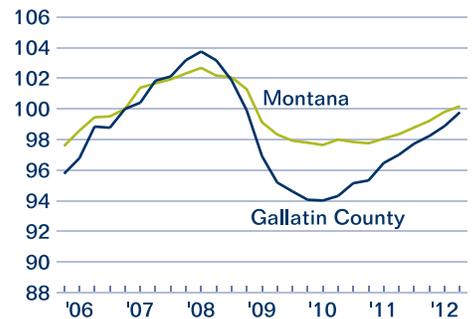


Sources: Bureau of Business and Economic Research, The University of Montana; Bureau of Economic Analysis, U.S. Department of Commerce.

the deep declines suffered during the recession. Since the beginning of 2010, job growth has outpaced the state average, yet employment is only back to the levels achieved at the end of 2006 (Figure 2).

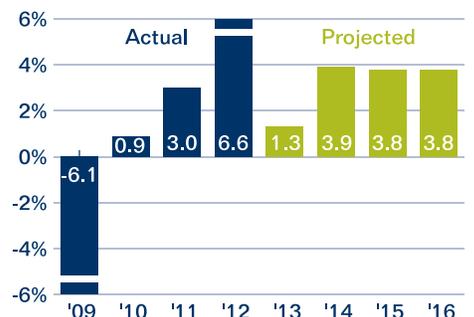
What is impressive about job and income growth in the recovery for Gallatin County to date is the fact that it was achieved largely without any contribution from the construction sector. That will change in the coming years, as residential construction finally begins to restart after four stagnant years. 13

Figure 2
Payroll Employment, Gallatin County and Montana, Seasonally Adjusted Index, 2006Q4 = 100



Sources: Quarterly Census of Employment and Wages. Seasonal Adjustment by Bureau of Business and Economic Research, The University of Montana.

Figure 4
Actual and Projected Change in Nonfarm Earnings, Gallatin County, 2009-2016



Sources: Bureau of Business and Economic Research, The University of Montana; Bureau of Economic Analysis, U.S. Department of Commerce.