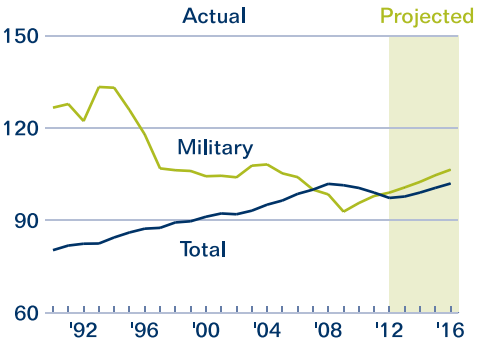
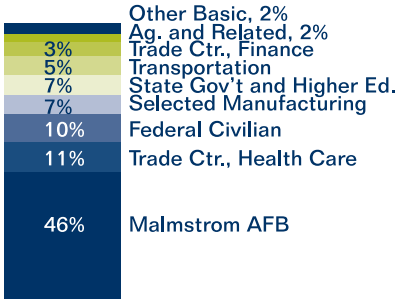
Figure 2
Total Employment and Military Employment, Cascade County Actual and Forecast, 1990-2016, Index 2007=100



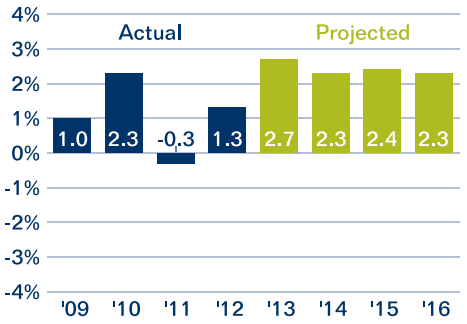
Sources: Bureau of Labor Statistics and IHS Global Insight.

Figure 3
Earnings in Basic Industries, Cascade 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.

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



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

Flathead County

A Matter of Perspective

Gregg Davis, Associate Director, Bureau of Business and Economic Research

Probably all are painfully aware of the impact the Great Recession had in the Flathead Valley economy. Had the Flathead economy grown at its historical average annual growth rate experienced during the robust part of the decade, 2002-2007, total employment in the Flathead today would be over 49,000 jobs. Instead, employment is at just over 37,000, 75 percent of its potential before the Great Recession hit the economy. Still, the Flathead is over 4,000 jobs shy of its 2007 peak employment of more than 41,000 jobs. Economy-wide wages are $57 million shy of their peak in 2008. The private sector bore the brunt of the pain in terms of job and wages lost during the recession. But comparing either gains or losses to the robust growth experienced in the early part of the decade masks the relative position of the economy to growth in other areas.

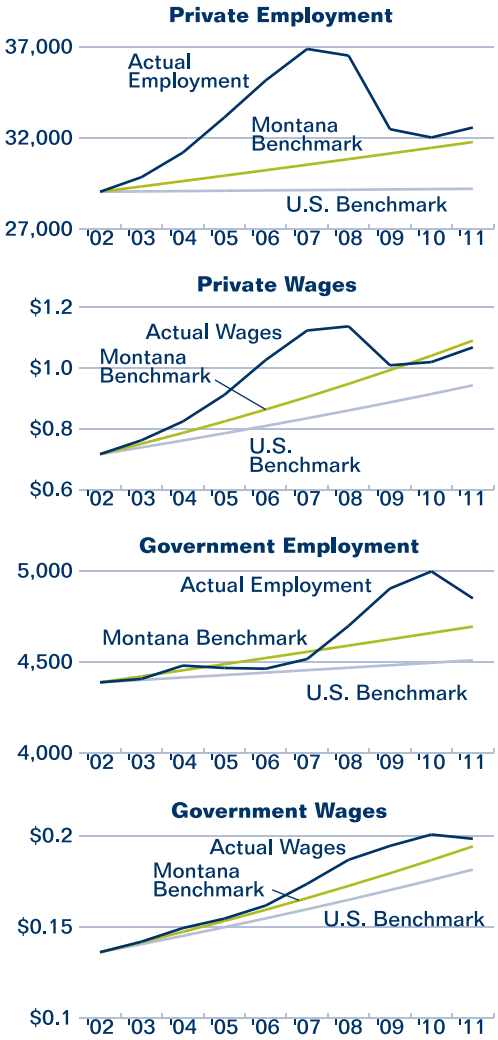
To see another perspective on where the Flathead economy is in 2011 with respect to other economies, we can compare "where we are now" to "where we would be" if, instead, the economy of the Flathead had followed the path of the Montana and the U.S. economies. For this perspective, we'll assume that the Flathead economy grows at the average annual rates of growth for Montana and the national economy during the 2002-2011 period for both employment and total wages. We can then compare where the Flathead economy is in 2011 relative to where it would be if, instead, it had grown at the rates of the Montana and U.S. economies.

Because private and government employment often behave differently during economic downturns, they will be separated.

Flathead County Profile	
Total Population, 2011	91,301
Percent Change in Population, 2000-2010	22.1%
Median Age, 2011	41.0
Percent 65 or Older, 2011	13.9%
Percent of Population with Bachelor's Degree or Higher, 2011	27.6%
Median Household Income, 2011	$45,588
Percent of Population without Health Insurance Coverage, 2011	20.8%
Unemployment Rate, 2012	9.2%

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

Figure 1
Employment and Wages, Flathead County, 2002-2011 (Wages in Billions of Dollars)



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

In Figure 1, actual private employment in the Flathead is compared to what private employment would be if, instead, it had grown at the historical state and national growth rates.

In 2002, private employment in Flathead County was just over 29,000. By 2011, private employment had increased by 12 percent to 32,500. If, instead, private employment in 2002 had grown at the historical Montana and U.S. average annual growth rates for the 2002-2011 period, Flathead County would have private employment totaling just 32,000 and 29,000, respectively, in 2011. Despite the plummet in jobs during 2007-2009, overall private employment was still better than if the economy had grown at statewide or national growth rates.

It is the same story for private sector wages. In 2002, the Flathead economy had almost $717 million in private wages, and in 2011 ended up with $1.1 billion in total wages. Had total wages grown at the average annual growth rate experienced in the state, total wages in 2011 would have been $22 million higher. If total wages had instead grown at the national rate, total wages would have been $125 million less than actually experienced.

A similar picture emerges with respect to government employment and wages. Government employment and wages include federal, state, and local governments.

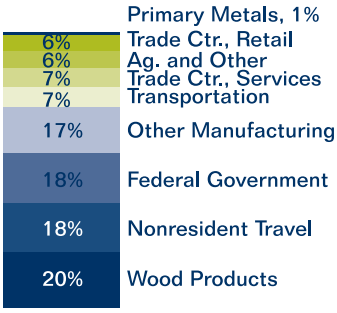
In 2002, government employment in Flathead County was almost 4,400. By 2011, it had increased to over 4,800, an increase of more than 10 percent. If, instead, government employment had grown at the statewide average annual rate, it would have been 155 less (4,700) in 2011 and 340 less (4,500) had employment increased at the national average annual rate.

Government total wages in the Flathead were $136.2 million in 2002 and grew to more than $198.4 million by 2011, an increase of 46 percent. Total wages fell in 2011, mirroring the fall in government employment in the same year.

If, instead, government wages in Flathead County had grown at the state rate of growth, total wages in the Flathead would have been $4.2 million less in 2011. Wages in 2011 would have been $16.9 million less if government wage growth followed the national average annual rate of growth.

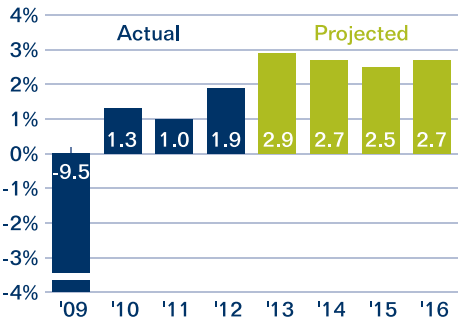
Despite the fact that total Flathead County employment is still just 90 percent of its peak employment in 2007, and total wages are still 96 percent of the peak wages experienced in 2008, comparing the performance of the local economy to what "might have been" given state and national growth rates yields a perspective often lost in evaluating economic performance.

Figure 2
Earnings in Basic Industries, Flathead 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.

Figure 3
Actual and Projected Change in Nonfarm Earnings, Flathead County, 2009-2016



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