

ANNUAL REPORT FY 2010-2011

BUREAU OF BUSINESS AND ECONOMIC RESEARCH
THE UNIVERSITY OF MONTANA - MISSOULA

DIRECTOR'S LETTER

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Even economists sometimes wish that the economy wasn't front page news so much. Stock market gyrations, congressional stalemates, and home price declines aren't putting smiles on any of our faces, but there are still plenty of good things happening in the economy beneath the radar. Tracking the trends and unearthing the facts on Montana's economic evolution has always been the core mission of the Bureau of Business and Economic Research. Because there's a lot more to know about our economic environment than

can be picked up from a stock ticker or a newspaper headline.

We've tried to give a little flavor of how we go about doing that job on these pages. We invite you to read on and hear a few of the stories and read about a few of the projects that we've been involved with in the past year.

As you can see, our researchers have been as busy as ever. Health Care Director Gregg Davis has become an increasingly sought-after resource for information and analysis as the waves of change ripple through that critical industry. Forest Products Research Director Todd Morgan's work has attracted national attention, with the potential to expand beyond the western part of the country.

Jim Sylvester continues to make sure our surveys are conducted efficiently and recently has taken on expanded national responsibilities with the U.S. Census Bureau. Our award-winning Publications Director Shannon Furniss now produces the quarterly newsletter for the Association for University Business and Economic Research (AUBER). And new KIDS COUNT Director Thale Dillon's award-winning data book continues to draw attention to the economic status of children in our state.

And, of course, we've continued to tour the state with our half-day Economic Outlook Seminar programs each winter. It's a long drive, certainly. But the opportunities to renew connections with business and community leaders, to learn about issues and concerns, and to partner with other Montana universities to bring you their experts' insights makes it more than worth it.

We've been fortunate that Paul Polzin, the face of the Bureau as its director for so many years, has continued to be involved, both in our economic outlook events and on selected research projects. And Chuck Keegan, emeritus forest products research director, has also kept active.

The year ahead is certain to be full of challenges and opportunities. If there's anything we can do to help you and your organization face them, please give us a call. Here's hoping for good fortune and prosperity ahead.

Sincerely,

A handwritten signature in black ink that reads "Patrick M. Barkey". The signature is written in a cursive, slightly slanted style.

Patrick M. Barkey
Director

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YEAR IN REVIEW

The Bureau of Business and Economic Research had a full slate of activities during 2010-11. Some noteworthy accomplishments include:

- The BBER completed **economic impact studies on all units of the Montana University System (MUS)** in 2011, detailing the connections between the education and research activities at Montana State University and The University of Montana and growth in the state economy.
- The **2011 Economic Outlook Seminars** again visited nine cities across Montana, with new moderator Ian Marquand's luncheon "reaction panel" especially well received. Attendance continued at high levels for this year's program, titled "**Paying for the Recession,**" with keynote speaker Patrick Barkey.
- In FY 2011, BBER added **100 paid *Montana Business Quarterly* subscribers**, an increase of 13 percent over FY 2010, and **increased revenues by 63 percent**.
- The survey research program continued to be involved in innovative, high-profile projects, including a **web-based, interactive survey assessing visitors' experience in the boundary waters** region of northern Minnesota that made extensive use of maps and GIS information, in partnership with the UM School of Forestry. (For the full story see page 8)
- There were significant staff changes in 2010-11 – **Daphne Herling** retired from the Montana KIDS COUNT program, with **Thale Dillon** assuming the director role and **Jennifer Calder** joining KIDS COUNT as a research specialist. **Christina Henderson** is the Bureau's new marketing director. **Erik Berg, Colin Sorenson, Eric Simmons,** and **Chelsea Pennick McIver** joined the forest products research team. Director of Survey Development **John Baldrige** is on leave as of July 2011, serving in Afghanistan as a Command Sergeant Major for the U.S. Army.

GOALS FOR 2011-2012

1. Continue the Bureau's tradition of delivering and communicating relevant research that meets the needs of its clients and partners.
 2. Embrace more fully electronic media in communicating and delivering research as well as marketing our activities.
 3. Continuously refine our processes to take advantage of cost-saving efficiencies.
 4. Grow professionally and raise our profile by participating in national and regional organizations and partnerships.
- The BBER's forest products program took on a **national role in its Forest Inventory Analysis (FIA)** activities, for the first time extending its geographic scope from western states to encompass all regions of the country. Research forester **Steve Hayes** was honored as a Fellow of the Society of American Foresters.

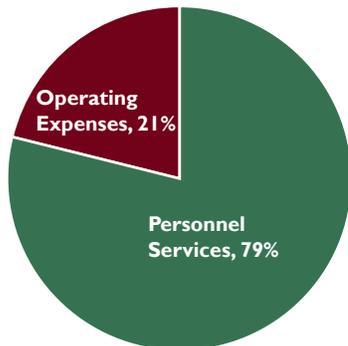
FINANCES

Overall Bureau activity was slightly higher in 2010-11, despite slow economic growth nationwide in the wake of the recession. Revenues grew by 7 percent over year-ago levels, with all of the growth accounted for by increases in contract activity. In 2010-11 contracts and grants continued to make

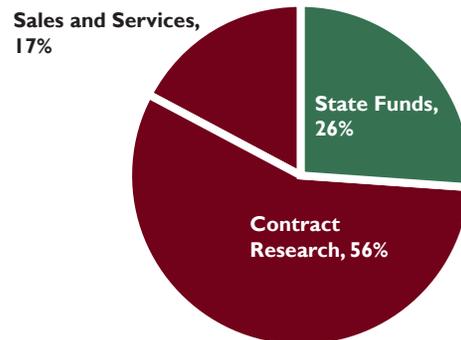
up nearly 75 percent of revenues. Personnel services account for 80 percent of Bureau expenditures, with two-thirds of our payroll supported by contract activity. Almost all of the operating expenses of the BBER are paid for using non-state funds.

	2009-10		2010-11	
Total Revenue	\$1,823,243	100%	1,948,960	100%
State Funds	\$497,034	27%	509,624	26%
Other Sources	\$1,326,209	73%	1,439,336	74%
Contract Research	\$958,917	53%	1,096,856	56%
Sales and Services	\$367,292	20%	339,677	17%
Total Expenses	\$1,823,243	100%	1,948,960	100%
Personnel Services	\$1,492,418	82%	1,533,566	79%
State Funds	\$492,558	27%	499,629	26%
Other Sources	\$999,859	55%	1,033,937	53%
Operating Expenses	\$330,826	18%	412,591	21%
State Funds	\$4,476	0%	9,995	1%
Other Sources	\$326,350	18%	402,596	21%

Expenses, 2010-11



Revenue, 2010-11





ECONOMIC ANALYSIS

The Bureau of Business and Economic Research monitors all aspects of Montana's economy and provides reliable forecasts and analysis to contract clients, policy makers, businesspeople, and the general public. Bureau personnel respond to numerous requests for local, state, and national economic data and many resources are available at no charge at www.BBER.umt.edu.

Director Patrick Barkey **completed economic impact studies for all campuses of The University of Montana and Montana State University** in 2011. Energy projects have also occupied a significant share of the Bureau's work this year. Patrick Barkey and Director Emeritus Paul Polzin completed an economic impact analysis in September 2010 of **the electric generating station in Colstrip, Montana** jointly owned by PPL Montana and five other utilities. And Dr. Barkey has been engaged in an ongoing study for **Arch Coal's Otter Creek development**, including the impact of development of the Tongue River Railroad.

In addition to our major program areas of health care and social policy, manufacturing and forest products, BBER regularly analyzes:

- Employment, wages and income
- Population and demographics
- Real estate
- Tourism and recreation
- Transportation
- Agriculture
- Education
- Energy
- Global trade
- Technology
- Taxes
- Consumer behavior and opinion
- Market conditions
- Economic trends

Planning for Growth: Sunburst, Montana



The community of Sunburst, Montana, located just south of the Canadian border along Interstate 15, has unique challenges as well as opportunities. Its economy has slowly declined in the decades since the Marathon oil refinery closed and nearby oil production peaked. But the twin opportunities of nearby wind farm development and increased federal and commercial activity related to its proximity to Canada bring the promise of halting

the slide and injecting new vitality. How can this small town position itself to fully reap the benefits of these developments and get back on a growth track?

That was the question addressed by BBER researchers in their August 2010 report, "Planning for North Toole County's Economic Future." Written by Emeritus Director Paul Polzin, the project identified the lack of available housing as an important reason why regional job gains weren't being felt in the community. Local leaders used the information and insights gained from the study to address the obstacles hindering Sunburst's growth.

One year later, John MacDonald of Gallatin Public Affairs reported on the community's progress.

"Based largely on the study BBER put together, Sunburst began pursuing options for some home construction. The city council used the BBER study with a developer to convince him of the need and desire for new homes. There will be about a dozen lots and more than half are already committed to sale by some private residents and a developer. A good and positive development."



FOREST PRODUCTS RESEARCH

BBER's Forest Industry Research Program is one of the largest departments of its kind in the country, **with nine staff members and 10 active grants in 2010-11**. The program's work covers the entire western region, monitoring forest products operations in Montana, Alaska, Arizona, California, Colorado, Idaho, New Mexico, Oregon, Utah, and Wyoming, and its research focuses on the forest industry's size, diversity, and economic impacts.

This year the forest products team continued its work with the **USDA Forest Service's Forest Inventory and Analysis Program**, including the eight Interior West, five Pacific Northwest, 24 northern, and 13 southern states. The program involves ongoing Timber Products Output research, studying the nation's forest industry, and standardizing the entire TPO program nationwide. These efforts will benefit not only BBER and the FIA program but data users across the country seeking more information on the changes, sustainability, and economic impacts of the forest industries. (See sidebar on page 6 for details.)

The Forest Industry Research Program has remained an active partner with the University of Idaho and Washington State University in the **Inland Northwest Forest Products Research Consortium**, which is part of the Wood Utilization Research network with centers at 13 universities in as many states. Work with these long-term cooperators, as well as with new ones, is increasingly related to carbon sequestration, woody biomass for fuel and energy, and economic sustainability of the wood products industry and surrounding communities. Demand for information and analytical services has been growing, particularly in these emerging areas of interest.

Part of the success of BBER's Forest Industry Research Program is due to diverse people working together – students, economists, and foresters with backgrounds in private industry and the federal government. The department added four new employees, saw one advance up his career ladder, and another honored for excellence in his profession.

- **Colin Sorenson** came on board in November 2010 with a bachelor's in Social Science and minor in Economics from Kansas State and a master's degree in Economics from UM. Colin's recent research focuses on woody biomass energy-related impacts.

- **Erik Berg** started at the end of December 2010 and came to us with a Ph.D. in Forest Ecology and a successful career in federal service, including having led fire and fuels research for U.S. Geological Survey and serving as program manager for the Joint Fire Science Program.
- **Chelsea Pennick McIver** joined BBER's forest research program in February 2011, having previously worked for the National Forest Foundation and the Montana Forest Restoration Committee. She is currently working on a master's in Forestry and has a bachelor's degree in Rural and Environmental Sociology from UM.
- In May 2011, **Charlie Gale** received his Forestry degree and moved from being a part-time-student employee to a full-time professional.
- **Eric Simmons** is the newest addition to the forest products industry research team. He has a bachelor's degree in political science and history from Whitworth University in Spokane. Eric's background in field work with the USDA Forest Service makes him a valuable addition to our research survey group.
- Research forester **Steve Hayes** became a Fellow of the Society of American Foresters (SAF) after being selected by his peers for outstanding service to forestry and the society. SAF recognizes approximately 5 percent of its members with this honor. Chuck Keegan, forest products program director emeritus, is also a Fellow.





MANUFACTURING RESEARCH

The Bureau of Business and Economic Research is also a data center for Montana's manufacturing industry. The Bureau has conducted **an annual survey of Montana's largest manufacturers** since 1999. The results are featured in the annual Montana Economic Outlook Seminar Outlook book and in the *Montana Business Quarterly*. In addition, a complete analysis is published in a separate report.

BBER maintains the **Montana Manufacturers Information System (MMIS)**, a web-based database that provides detailed information about Montana manufacturers, their products, and capabilities. MMIS was created to foster partnerships among Montana companies, attract new customers, and identify in-state suppliers. MMIS can be accessed at <http://www.mmis.umt.edu/> or via the BBER website www.BBER.umt.edu and currently contains data on more than 1,200 facilities. Firms can contact **database administrator Bob Campbell** to be added to the MMIS and may update their profiles through a password-protected program.

Timber Products Output: BBER Leads the Way in Drafting a Strategic Vision for the Nation

America's forests are a vast and valuable resource, encompassing 747 million acres of public and private land. The Bureau of Business and Economic Research at The University of Montana plays a vital role in tracking the economic impact of those forests and providing primary data about the forest products industry.

The BBER's Forest Industry Research Program has contracted with the U.S. Forest Service for a number of years to manage the Timber Products Output Program for the Western regions. Timber Products Output traces the flow of a state's timber harvest through the primary sectors and quantifies volumes and uses of wood fiber. In cooperation with the Forest Service's Rocky Mountain and Pacific Northwest Research Stations, BBER has developed an effective system to collect, compile, and make available state and county information on the operations of the forest products industry.

Through written questionnaires, phone interviews, and site visits, BBER researchers uncover detailed information on key economic variables such as:

- type and number of firms in operation,
- plant production capacity and employment,
- sources of raw material,
- volume and species of timber harvested,
- finished product volumes, types, sales, value, and market locations, and
- use and marketing of manufacturing residue.

The BBER's coordinated methods have proved effective in the western United States and are now serving as a model for other parts of the country.



In 2011, the Bureau of Business and Economic Research entered a joint venture agreement with the USDA Forest Service Northern Research Station, titled "Enhancing the Timber Products Output (TPO) Program in the Northern U.S. and Developing a Strategic Plan for Nationalizing TPO." **Project Director Todd Morgan is leading the team in identifying best practices for TPO data collection that can be applied in the northern states. The group will also determine a common set of criteria such as measurements, terminology, or questions to incorporate in a nationwide strategic vision to promote compatibility of data among all 50 states.**

Slated for completion in March 2014, the TPO agreement will help Forest Service researchers in all regions of the country provide decision makers with the best information possible on the forest products industry and the management of America's forests.



SURVEY RESEARCH

The Bureau of Business and Economic Research is the only survey organization in Montana that belongs to the American Association of Public Opinion Researchers (AAPOR), the leading association of public opinion and survey research professionals. **For more than 30 years, BBER has adhered to the rigorous standards set by AAPOR, and because of this our customers may be confident that survey findings will pass the most stringent scrutiny as they are presented before elected officials, in court proceedings, and in the media.**

The BBER has conducted surveys of sensitive topics—such as drug abuse, health status, and insurance status—and it is one of the few organizations in the nation with extensive experience gathering information from businesses using survey methods. Also, the BBER has particular expertise in conducting surveys of American Indians (both individuals and businesses).

The survey research team continually adapts to the changing context of survey research and maintains a state-of-the-art interview facility. In 2008, BBER was the first organization in Montana to incorporate a cell phone component in phone-based surveys in response to the growth of cell-only households. The Bureau is also pioneering new web-based survey tools. (See sidebar on page 8.)

In 2010-11, BBER's survey research projects included:

- measuring spending habits of Montana State Parks visitors,
- surveying perceived legal needs of low income households for the Montana Justice Foundation,
- measuring awareness of an advertising program for riparian areas for the Flathead Conservation District, and
- conducting surveys measuring satisfaction for Montana Department of Transportation.

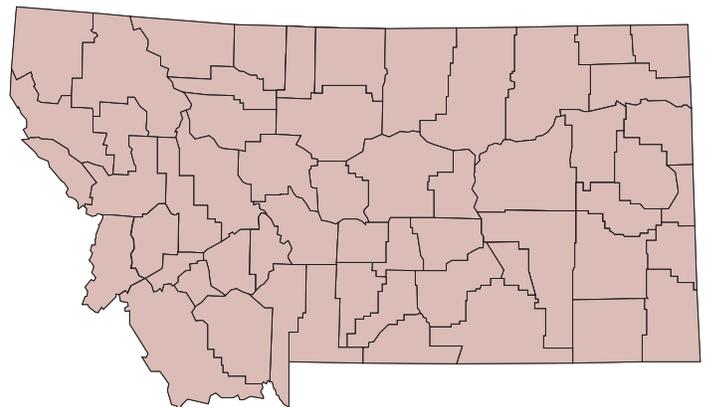
The Qualitative Research Program uses in-depth studies of individuals and small groups to guide and support the development of hypotheses which are descriptive rather than predictive. Qualitative Research reveals a target audience's range of behavior and their perceptions concerning specific topics or issues. Methods include one-on-one interviews, focus groups, diary and journal exercises, and in-context observations. Qualitative research projects have been completed for private and nonprofit firms in Montana, as well as for the Montana Department of Public Health and Human Services.

The Montana Poll®

The Montana Poll® is a statewide public opinion poll that explores the attitudes and opinions of Montanans on a wide variety of social, economic, and behavioral topics. The Montana Poll® is frequently cited as an authoritative source concerning public opinion in the state and is a registered trade name owned by the Bureau of Business and Economic Research. The Poll queries the public on issues including:

- the Montana Index of Consumer Sentiment,
- migration trends,
- Internet use and e-commerce,
- health insurance coverage, and
- food insecurity.

The Montana Poll® also provides government, business, and non-profit organizations the opportunity to add customized, client-specific questions to examine the behavior, preferences, and attitudes of Montanans in a quick and cost-effective manner. Clients may add questions to the Poll on a one-time basis or quarterly to monitor change across time.





SURVEY RESEARCH



Surveying the Wild on the Web: Boundary Waters Canoe Area

The Internet has made it easy and inexpensive for the average person to type up a survey, post it online, and get feedback in a flash. But while do-it-yourself surveys may be convenient, they are no substitute for the scientifically rigorous data collection systems developed by BBER's survey research team. Public and private sector clients who need to meet a higher standard can't afford to cut corners when it comes to research. However, they can realize some cost savings and multi-media options with the Bureau's sophisticated online surveys.

UM's Bureau of Business and Economic Research is tapping the endless possibilities of the Internet with a new custom web-based survey tool designed by John Baldrige and Jim Sylvester of the Survey Research program and Programmer Bob Campbell. Developed in partnership with the U.S. Forest Service and Bill Borrie of the UM School of Forestry, the team created a visual, interactive online platform for the Boundary Waters Canoe Area Wilderness Survey. The government wanted to learn

more about visitors' experience in the Boundary Waters in Northern Minnesota, drilling down to find out which lakes and rivers they paddled each day, which campsites they used, and how easy it was to find those sites.

BBER's web-based survey tool allowed users to create a diary of their trip, click on a map to identify the areas they visited, and then answer questions based on their experience. Survey participants were able to suspend their session and come back later if needed, and questions could vary depending on which part of the map they clicked.

BBER's web survey tool opens the door to numerous possibilities for survey research clients beyond traditional paper or phone surveys. Using visual elements, sound files, data sets, and highly-customized question sets all becomes possible. Thanks to the Bureau's survey research expertise applied to new technology, visitors to the Boundary Waters will find their next trip to the wilderness that much better.



HEALTH CARE RESEARCH AND SOCIAL POLICY ANALYSIS

Health care and health care finance have emerged as pivotal issues for businesses, households, and governments throughout the country. Health care services are now one of the largest employing sectors in the economy, and growth in health care spending has significantly outpaced overall growth for almost thirty years. The Bureau recognized the importance of these developments by establishing a **Health Care Research Program** in the mid-1990s. Since then, BBER has continuously monitored markets, trends, industry structure, and costs related to health care.

Montana's demographics and sparse population present unique health care challenges as well. Our state has one of the highest Medicare populations in the country, and the large distances to urban areas make access to quality care more challenging than in many other states. The BBER Health Care Research Program has devoted considerable time studying the health care needs of special populations in Montana, with emphasis on children and American Indians. Program Director Gregg Davis has been busy with **economic impact**

studies for hospitals across the state, presentations on health care reform, and analysis of Montana's health insurance markets. (See sidebar on public health care funding on page 11.)

BBER's **Economic Evaluation of Social Policy** program conducts evaluations of a wide range of social policies implemented by federal, state, and local governments in Montana and throughout the Pacific Northwest. Policy areas evaluated include employment development for low-wage, unskilled workers; risk prevention programs for alcohol, tobacco and drug use; economic development programs; and public health activities dealing with child safety and health and health care access for the poor.

Steve Seninger and **Daphne Herling** wrapped up their **analysis on binge drinking and drinking and driving in Montana** with an emphasis on underage drinking as part of a five-year study for the U.S. Department of Health and Human Services. Both Steve and Daphne retired this year.





HEALTH CARE RESEARCH AND SOCIAL POLICY ANALYSIS



Montana KIDS COUNT

The **Montana KIDS COUNT** project is a collaborative effort to collect data concerning Montana's children and families. This data provides **baseline measures that show both progress and problems in the educational, social, economic, and physical well-being of the children in our state.** The Montana KIDS COUNT Data Book is published annually and includes information concerning demographics, health, vital statistics, and education. This book is designed to provide the most current and accurate data and indicators to policy-makers, legislators, educators, parents, and others throughout the state. Funded by the Annie E. Casey Foundation, Montana KIDS COUNT is one of 51 projects throughout the United States and is one of eight centers nationwide hosted within a university.

This year marked a change in leadership for Montana KIDS COUNT as **Thale Dillon** replaced Daphne Herling as director. Communications Director **Julie Ehlers** graduated with her MBA and took a position as a loan officer with Montana Community Development Corp. Research Specialist **Jennifer Calder** will join Montana KIDS COUNT in October 2011.

In 2010-11, Thale Dillon led a complete recreation of the existing Montana KIDS COUNT website, including visual design and content management, as well as creating a data blog. Julie Ehlers created a tool kit to help child advocates communicate better with the business community. And Montana KIDS COUNT distributed issue briefs to legislators to inform their work in the biennial session.



HEALTH CARE RESEARCH AND SOCIAL POLICY ANALYSIS

Studying Economic Impact: Public Health Care Funding in Montana

Understanding the economic impact of public health care dollars in the U.S. is increasingly important as the population ages and 78 million baby boomers become eligible for Medicare by 2029. It's especially important in Montana, with more baby boomers and veterans per capita than in the nation. Both of these groups rely on public funding for their health care needs.

The Bureau of Business and Economic Research completed a study this year for the Alliance for a Healthy Montana titled "The Importance of Public Health Care Funding to the Montana Economy." **Published in December 2010, the report has received significant attention from the Montana Governor's Office, legislators, and research entities.** Given that this year alone Montanans will spend more than \$6 billion on health care, it's easy to understand the interest.

According to Gregg Davis, BBER's director of Health Care Industry Research, public funding accounts for 47 percent of total personal health care spending, with the balance coming from out-of-pocket and private insurance sources. As the population ages, the public share of total health care spending will increase to more than 50 percent by 2012 and will eventually reach 52 percent by 2019.

Finding ways to pay for the expanding health care needs of the population will be a challenge, but public funds play



a key role in Montana's economy. According to the BBER study, for every \$10 million removed in federal and state support for health care:

- 144 jobs would be lost economy-wide,
- \$6.6 million in earnings would be lost, and
- \$11.9 million in industry sales would be lost.

According to the study's findings, more than 52,000 jobs in Montana are tied to federal and state health care spending, with a combined payroll of over \$2.4 billion.

Health care employment is 16 percent of total employment in Montana and despite the recession, the health care industry has shown positive annual employment growth for the last seven years.

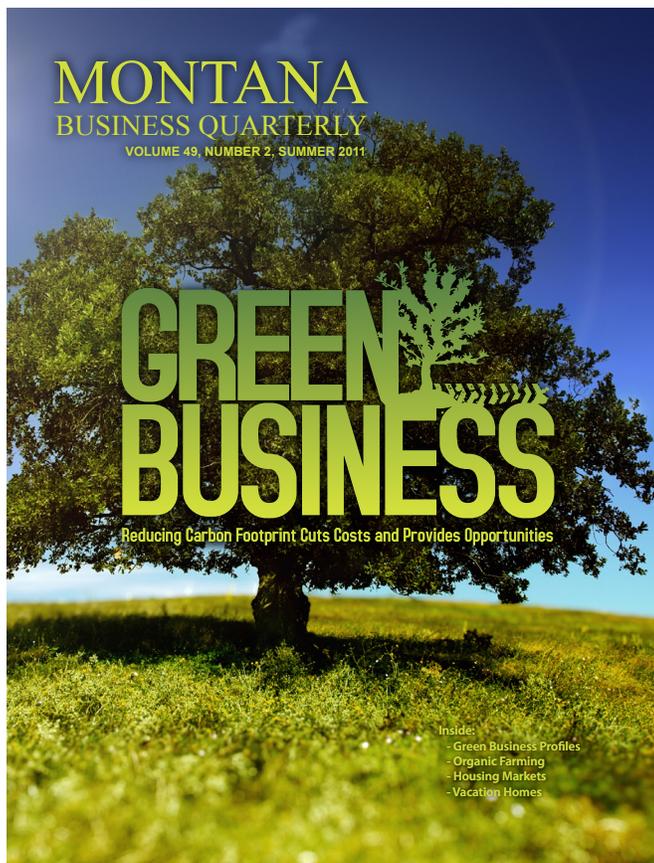


PUBLICATIONS AND OUTREACH

The real strength of the Bureau of Business and Economic Research lies in taking sophisticated economic analysis and making it understandable to public and private decision-makers. The Bureau's mission is to serve the general public, as well as people in business, labor, and government, and BBER reaches out to these audiences throughout the year.

BBER publications and outreach include:

- the annual Montana Economic Outlook Seminars,
- *Outlook*, a proceedings booklet distributed at the seminars,
- the award-winning *Montana Business Quarterly*,
- the BBER website, Facebook and Twitter feeds,
- the Montana Economic Minute podcast,
- presentations for state leaders, professional associations, and service clubs, and
- a variety of special studies reports.



MONTANA BUSINESS QUARTERLY

The Bureau of Business and Economic Research has published the award-winning *Montana Business Quarterly* (MBQ) for nearly 50 years. The MBQ serves as the premier business and public policy publication in Montana, with innovative design, original research, and provocative articles on pressing topics.

During 2010-2011, BBER made front page news in a variety of newspapers for research that appeared in the *Montana Business Quarterly*. **The MBQ tackled issues such as the electric utility industry, health insurance exchanges, and paying for the recession. On a local level, the *Montana Business Quarterly* took an in-depth look at the 2011 Montana Legislature and important issues legislators would face in the session.** Publications Director Shannon Furniss interviewed Sen. Dave Wanzon and Sen. Jim Shockley on topics such as changes in leadership and tough budget decisions.

The key roles BBER and *Montana Business Quarterly* play at The University of Montana were underscored by introductory messages in each issue by UM President George Dennison, UM Provost Royce Engstrom (now UM President), School of Business Administration Dean Larry Gianchetta, and BBER Director Patrick Barkey.

The marketing/publications team continued throughout the year to work on marketing strategies to increase MBQ subscription levels and revenues. Through subscriber retention programs, increased sponsorship, database upgrades, and new marketing campaigns we posted our best year yet. **In FY 2011, BBER added 100 paid *Montana Business Quarterly* subscribers, an increase of 13 percent over FY 2010, and increased revenues by 63 percent.**

To subscribe to *Montana Business Quarterly*, visit www.bber.umt.edu/mbq.



PUBLICATIONS AND OUTREACH

ECONOMIC OUTLOOK SEMINARS

Each year between late January and mid-March, Bureau economists and other experts travel across Montana to offer statewide and community economic forecasts for the coming year, including reports on key industries like health care, forest products, real estate, agriculture, and tourism. BBER's Economic Outlook Seminar series is attended by economic development leaders, representatives from federal agencies, local and state government officials, business owners and managers, nonprofit directors, and educational administrators.

The 36th annual **2011 Montana Economic Outlook Seminar** sustained the Bureau's tradition of high quality and high attendance, exceeding 2010 attendance slightly with 1,340 registrations. BBER Director Patrick Barkey delivered the keynote presentation, "Paying for the Recession: Bringing Economic Growth Back into Balance," with events in Helena, Great Falls, Missoula, Billings, Bozeman, Butte, Kalispell, Sidney, and Miles City.

The number of group registrations increased by 15 percent in 2011, with online registration making it easier than ever for organizations to take advantage of group

"Ian Marquand was a fabulous facilitator and asked some wonderful questions."

"I find the briefing book to be a very useful tool to rely on and look back on. I also liked the addition of the luncheon panel.

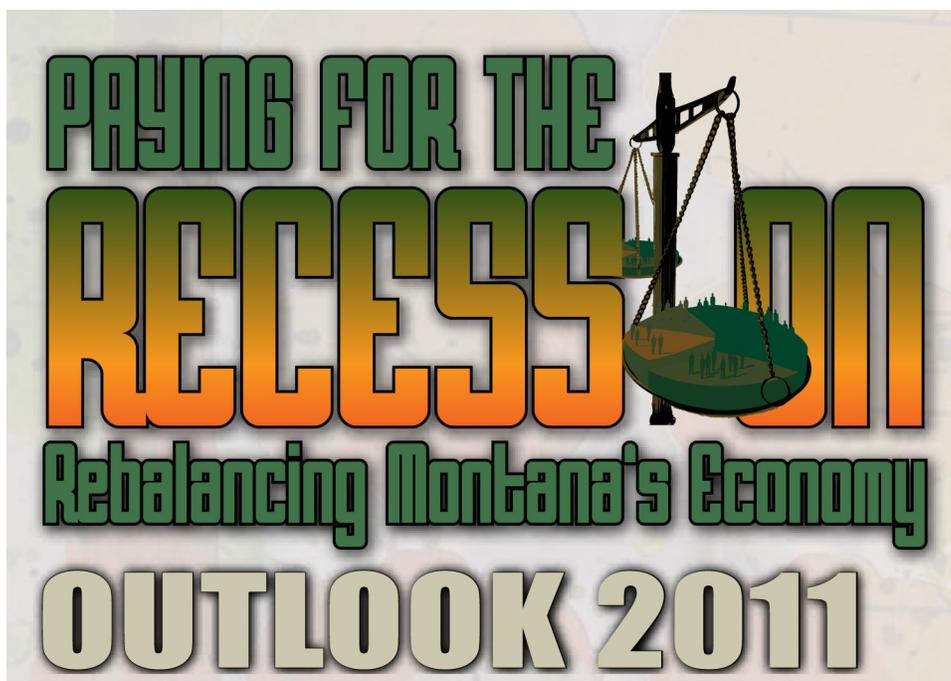
– Feedback from 2011 Seminar participants

discounts. A legislative preview held in Helena during the biennial session was well-attended by legislators.

BBER asks for and responds to feedback from seminar audiences and changes implemented in 2011 were well-received. Award-winning journalist Ian Marquand served as moderator for this year's seminars and facilitated a luncheon panel that invited more audience interaction. Attendees continue to report high levels of satisfaction with the Economic Outlook Seminars and plans are underway to make 2012's events even more successful.

Christina Quick Henderson joined BBER in March 2011 as marketing director and event planner. Christina brings significant experience in economic development, marketing, and education. She holds a B.A. in English education from the University of Iowa and a graduate certificate in facilitating training from Northern Michigan University.

For information on the next Montana Economic Outlook Seminar series, visit: www.bber.umt.edu/events.





PUBLICATIONS AND OUTREACH

MIDYEAR ECONOMIC UPDATE

In the summer of 2011, BBER director Patrick Barkey served as keynote speaker on the topic “**Montana’s Construction-less Recovery**” at the 6th Annual 2011 Mid-Year Economic Update series sponsored by the Montana Chamber of Commerce. This mid-year update re-examines the state and local economic forecasts, accounting for changes in the economy since the Montana Economic Outlook Seminar. BBER Director Emeritus Paul Polzin provided local forecasts for each community, with events in Helena, Great Falls, Missoula, Billings, Bozeman, Butte, and Kalispell.



MONTANA ECONOMIC MINUTE



The **Montana Economic Minute podcast** began in January of 2009 and consists of daily one-minute segments written and recorded by BBER Director Patrick Barkey. The Montana Economic Minute airs on radio stations throughout the state, providing insights on economic issues that are timely and newsworthy. The podcast is also featured on the homepage of the Bureau’s web site, www.bber.umt.edu.

In 2011 BBER expanded the Montana Economic Minute’s digital reach with daily posts on Facebook, Twitter, and the online business journal MTbusiness.com.



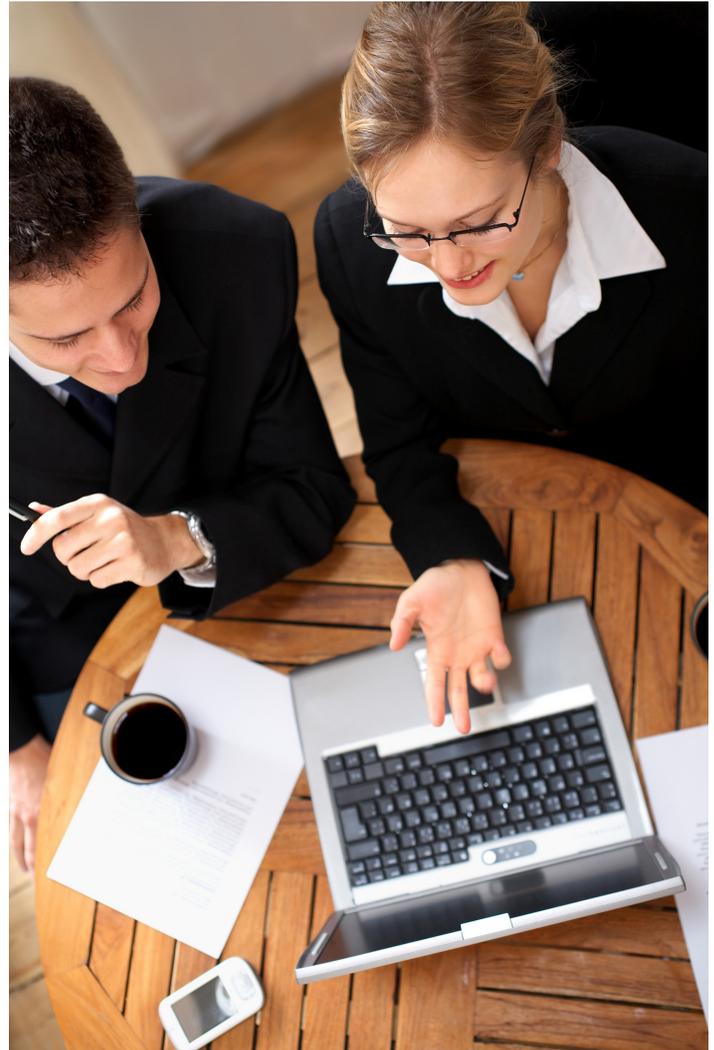
PUBLICATIONS AND OUTREACH

WEBSITE AND SOCIAL MEDIA

The Bureau's website, www.bber.umt.edu, provides the most recent data on Montana's economy, as well as updates regarding current research, recent surveys, and economic news. The BBER website allows visitors to subscribe to the *Montana Business Quarterly*, correspond with Bureau employees, and register for the Economic Outlook Seminars. During the past year, BBER's web development team created a new digital marketing strategy designed to drive traffic to the website and increase interaction with BBER research, publications, and events. Economic information available on the BBER website includes:

- state and local economic outlook reports, income data, employment, population, economic impact studies,
- survey research on Montana's labor supply, land use, tourism, transportation, alcohol use, gambling, the Montana Poll ®,
- health care analysis on insurance, Medicare, market forecasts,
- Montana Manufacturers Survey and MMIS database,
- forestry data, log prices, timber capacity, biomass research, and
- Montana KIDS COUNT data by county.

New reports and data sets are added to the website regularly. Visitors may sign up for the email list on the BBER homepage for regular updates.



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SERVICE TO THE UNIVERSITY, PROFESSIONAL ASSOCIATIONS, AND COMMUNITY

Bureau personnel are leaders in their respective fields, serving on boards for professional organizations, filling key roles at the UM, and sharing their expertise with groups across the state. Some of the many ways we served the community in 2010-11 include:

- Giving **more than 60 presentations** across Montana for educational leaders, elected officials, professional associations, and service clubs.
- Answering **information requests for hundreds of individuals and organizations.**
- Providing **articles and quotes for nearly 200 news stories** for newspapers, TV, and radio.
- **Serving on boards and committees** for organizations like the Society of American Foresters, Montana Environmental Education Association, MSU's Montana Manufacturing Extension Center (MMEC), American Association of Public Opinion Research (AAPOR), Association for University Business and Economic Research (AUBER), Pacific Northwest Regional Economic Conferences (PNREC), The Montana Health Care Forum, Montana Council on Economic Education (MCEE), Montana KIDS COUNT Advisory Board, Montana Economic Developers Association (MEDA), Missoula Development Authority, and City Club Missoula.
- Acting as **peer reviewers for publications** such as *American Journal of Health Promotion*, *USDA Forest Service Research*, and *Forest Products Journal*.
- Representing the state of Montana in the **Federal-State Cooperative Population Estimates Program (FSCPE)**, a partnership between the states and the U.S. Census Bureau.
- **Teaching classes**, serving on graduate committees, and reviewing scholarship applications for students at The University of Montana.

BBER has maintained a long tradition of intensive involvement in its national organization. The Bureau continues to serve as the **business office and secretary-treasurer for the Association for University Business and Economic Research (AUBER)**, publishes the AUBER newsletter, and this year took on the additional role of webmaster.

BBER is also actively involved in the **Pacific Northwest Regional Economic Conferences (PNREC)**, providing event planning support and managing online registration for this year's event in Victoria, BC, which took place in May. This two-day conference on regional economic issues draws professionals from the entire region.



RESEARCH PROJECTS

ECONOMIC ANALYSIS

The Economic Impact of Otter Creek Coal Development, ongoing. Sponsored by the Montana Contractors Association. An economic impact analysis of the potential development of Power River basin coal in the Otter Creek tracts owned or leased by Arch Coal. Includes the impact of potential development of the Tongue River Railroad.

Green Jobs Report, May 2011. Sponsored by Montana Department of Labor and Industry. The Bureau organized and edited survey data submitted by the Northern Plains and Rocky Mountain Consortium, a six-state effort studying green jobs.

The Economic Impact of University of Montana, March 2011. Sponsored by the Office of the President, The University of Montana. Updated economic impact analysis of UM-Missoula, as well as impact analyses of UM-Helena, Montana Tech and UM-Western.

The Economic Impact of Montana State University, October 2010. Sponsored by the Office of the President, Montana State University. An economic impact analysis of the four campuses of MSU: Bozeman, Billings, Havre and Great Falls, as well as the Montana Agricultural Experiment Station.

The Economic Contribution of Colstrip Steam Electric Station Units 1-4, September 2010. Sponsored by PPL Montana, LLC. An economic impact analysis of the electric generating station in Colstrip, Montana jointly owned by PPL Montana and five other utilities.

Planning for North Toole County's Economic Future, August 2010. Sponsored by Northern Toole County Economic Development Corp., Sunburst, MT. A report identifying economic challenges and opportunities for Northern Toole County including economic analysis, five-year forecast, and community assessment survey.

FOREST PRODUCTS RESEARCH

Enhancing the Timber Products Output (TPO) Program in the Northern US and Developing a Strategic Plan for Nationalizing TPO, ongoing. Joint venture agreement with the USDA Forest Service, Northern Research Station, St. Paul, MN, to develop a strategic plan for enhancing the TPO program at the Northern Research Station and a strategic vision for nationalizing the TPO program across all 50 states. Project completion date March 2014.

Region One Logging Costs, ongoing. Challenge cost share agreement with the USDA Forest Service, Region One, Missoula, MT, to conduct an analysis of logging and log-hauling costs in Montana and Idaho. Project completion date December 2013.

Pacific States Forest Industry and Timber Harvest Analysis, ongoing. Cooperative research agreement with the USDA Forest Service, Pacific Northwest Research Station, Portland, OR, to conduct a comprehensive analysis of the primary forest products industry in Alaska, California, Hawaii, Oregon, and Washington by examining trends in wood products, industry structure, source of timber supply, and employment. Project completion date June 2013.

Inland Northwest Forest Products Research Consortium 2010, ongoing. Cooperative multi-state research, education, and extension service sub-award to bring together the Bureau of Business and Economic Research at The University of Montana with the Forest Products Laboratory at the University of Idaho and the Wood Material and Engineering Laboratory at Washington State University. These departments provide multi-disciplinary teams to address research questions involving forest products in the region. Project completion date August 2012.

Inland Northwest Forest Products Research Consortium 2011, ongoing. Cooperative multi-state research, education, and extension service sub-award to bring together the Bureau of Business and Economic Research at The University of Montana with the Forest Products Laboratory at the University of Idaho and the Wood Material and Engineering Laboratory at Washington State University. These departments provide multi-disciplinary teams to address research questions involving forest products in the region. Project completion date June 2012.

Timber Product Output and Forest Industry Analysis for the Interior West States, ongoing. Cooperative research agreement with the USDA Forest Service, Rocky Mountain Research Station, Ogden, UT, to provide a comprehensive analysis of timber use and impact on timber inventory in the Rocky Mountain region. Project completion date April 2012.

RESEARCH PROJECTS, CONT.

Idaho Logging Utilization, ongoing. Cooperative research agreement with the USDA Forest Service, Rocky Mountain Research Station, Ogden, UT, to study and report on the quantities of logging residue generated while harvesting timber in Idaho. Project completion date March 2012.

Conversion and Recovery Trends in the Western U.S.

Sawmill Industry, ongoing. Cooperative research agreement with the USDA Forest Service, Pacific Northwest Research Station, Portland, OR, to provide updated estimates of the timber-processing capacity and proportion of capacity utilized by mills in Washington and Oregon. Project completion date December 2011.

Ongoing Timber Product Output, Removal, and Forest Industry Analysis for the Interior West States, April 2011. Cooperative research agreement with the USDA Forest Service, Rocky Mountain Research Station, Ogden, UT, to provide a comprehensive analysis of timber use and impact on timber inventory in the Rocky Mountain region.

Inland Northwest Forest Products Research Consortium

2008, August 2010. Cooperative state research, education, and extension service sub-award to bring together the Bureau of Business and Economic Research at The University of Montana with the Forest Products Laboratory at the University of Idaho and the Wood Material and Engineering Laboratory at Washington State University. These departments provide multi-disciplinary teams to address research questions involving forest products in the region.

MANUFACTURING RESEARCH

2011 Montana Manufacturing Firms Database

Management Project, ongoing. Community Trade Adjustment Assistance sub-award to the Bureau of Business and Economic Research at The University of Montana through the Bitterroot Economic Development District to enhance, update, and promote the Montana Manufacturers Information System (MMIS) maintained by BBER. Project completion date April 2012.

The State of Montana Manufacturing 2011, March 2011. Prepared for the Montana Manufacturing Extension Center, Montana State University-Bozeman.

The Evaluation and Economic Impact of the Montana Manufacturing Extension Center, June 2011. Prepared for the Montana Manufacturing Extension Center, Montana State University-Bozeman.

Montana Manufacturers' Survey

A survey administered for BBER's Manufacturing Research Program that examines the annual business performance of Montana's largest manufacturing firms.

SURVEY RESEARCH

Montana Department of Transportation TranPlan 21 Public Involvement Survey, 2011. A telephone survey of Montana households for the Montana Department of Transportation measuring satisfaction with Montana's transportation system and MDT's performance.

Montana Department of Transportation TranPlan 21 Stakeholders Survey, 2011. A telephone survey of key Montana Department of Transportation stakeholders measuring satisfaction with Montana's transportation system and MDT's performance.

2010 Census Count Review Program, 2011. A contract with the U.S. Census Bureau to conduct a review of Montana group quarters for the 2010 Census.

Missoula County Real Estate Report, 2011. Contributed demographic and economic data to a study of the Missoula area real estate market prepared by a committee of local stakeholders.

Legal Needs of Montana Low-Income Households, 2011. A telephone survey measuring the perceived legal needs of low-income households in Montana for the Montana Justice Foundation.

2010 Economic Impact Survey of Visitors to Montana State Parks, December 2010. Sponsored by Montana Fish, Wildlife and Parks. An update of a 2002 study examining the economic contribution of Montana's state parks to local economies and the state economy overall in terms of jobs, labor income and sales by Montana businesses, as well as an extensive survey of park visitor satisfaction and attitudes on a wide array of state park issues.

Riparian Area Advertising Study, 2010.

Two telephone surveys, pre-and post-advertising campaign, that measured the impact of an advertising program aimed at increasing knowledge of best practices for managing riparian areas in Gallatin County. Administered for the Flathead Conservation District.

Montana Poll ®, December 2010. A survey administered for the Bureau of Business and Economic Research that tracks Montana consumer sentiment, food insecurity, computer ownership and Internet access, and other important demographic characteristics of Montana residents.

HEALTH CARE RESEARCH AND SOCIAL POLICY ANALYSIS

The Economic Contribution of the Sisters of Charity of Leavenworth Health System and Providence Health and Services to Their Local Economies, ongoing. A study of the economic importance of five Catholic owned hospitals in Montana to each of their respective local economies.

A Study of the Impact of the Montana Vocational Rehabilitation Program on the Montana Economy, ongoing. Sponsored by Montana Vocational Rehabilitation Program. This study will examine the efficacy of the Montana vocational rehabilitation program in returning people to work and examine the cost-benefit of the program from a state and federal tax dollar perspective.

A Study of Montana's Health Insurance Markets, ongoing. Sponsored by The Office of the Commissioner of Securities and Insurance, Montana State Auditor. This study will examine the health insurance markets in Montana from the standpoint of the uninsured, underinsured, the impact of the Affordable care Act, and cycling within health insurance markets.

Cost Effective Analysis and Epidemiological Profile of Substance Use Prevention Programs in Montana, 2005-present. Sponsored by the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. Analysis and evaluation of Montana's SPF-SIG project from SAMSA and DPHHS on binge drinking and drinking and driving with an emphasis on underage drinking.

Early Childhood Comprehensive System (ECCS) database maintenance and evaluation, ongoing. An extensive database containing indicators for school readiness in pre-Kindergarten children, evaluating progress in the domains of Ready Families, Ready Communities, Ready Schools, Ready Services and Ready State.

The Economic Contribution of Barrett Hospital and HealthCare to the Beaverhead Economy, June 2011. Sponsored by Barrett Hospital and HealthCare, Dillon, MT. A study examining the economic contribution of a critical access hospital to a small southwestern community.

Economic Burden Attributable to Prescription Drug Abuse in Montana, June 2011. Sponsored by Montana Board of Crime Control. A study to assess the economic cost associated with prescription drug abuse in Montana.

The Economic Contribution of Northwest Healthcare to the Flathead Economy, January 2011. Sponsored by Kalispell Regional Medical Center. An update to several previous studies, a quantification of the relative importance of Kalispell Regional Medical Center and Health Center Northwest to the Flathead economy.

All Payer Claims Database Project, in collaboration with The Montana Association of Health Care Purchasers, June 2011. Sponsored by the Office of the Commissioner of Securities and Insurance, Montana State Auditor. A pilot project investigating the development of a statewide all-payer claims data center to provide consumers of health care transparency in medical services and provider pricing.

Research and analysis for Montana Primary Care Association, Helena, MT, June 2011. Developed a research plan for Montana's community health centers to estimate cost effectiveness of delivering primary health care to low-income Montanans including Medicaid clients and developing estimates of system-wide savings from Montana's community health centers.

Epidemiological research relating to Rocky Mountain tribes and reservations, 2011. An extensive and unprecedented inventory of health-related data for the American Indian populations in Montana and Wyoming, requiring cooperation and good-will from both state and federal agencies.

2011 Head Start Community Assessment, 2011. A complete community assessment for the Head Start recruitment area administered by Child Start, Inc. in Missoula, as required by federal mandate every three years, including a comprehensive data inventory and a community/family survey.

The Economic Contribution of the Benefis Health System to the Cascade County Economy, December, 2010. Sponsored by Benefis Health System. A study to quantify in terms of employment, labor income and sales the contribution of the Benefis Health System to the economy of Cascade County.

The Economic Contribution of the Benefis Health System to the Regional Economy, December 2010. Sponsored by Benefis Health System. This study expanded the economic contribution study to the multi-county service area of the Benefis Health System.

The Importance of Public Health Care Funding to the Montana Economy, December 2010. Sponsored by the Alliance for a Healthy Montana. A study to estimate the importance of public funding in health care in terms of jobs, labor income and sales to the state economy.

PUBLICATIONS

ECONOMIC ANALYSIS

Barkey, Patrick M., 2011. "Paying for the Recession: Rebalancing Economic Growth." *Montana Business Quarterly*, Vol 49, No. 1, Spring 2011.

Barkey, Patrick M., 2011. "Montana Outlook: Stronger Growth Ahead." *Montana Business Quarterly*, Vol 49, No. 1, Spring 2011.

Polzin, Paul E., 2011. "Local Outlook: Stronger Growth Ahead." *Montana Business Quarterly*, Vol 49, No. 1, Spring 2011.

Barkey, Patrick M., 2010. "Montana's Economy: Making Sense of Mixed Signals." *Montana Business Quarterly*, Vol 48, No. 3, Autumn 2010.

Barkey, Patrick M., 2010. "The University of Montana: Growing Montana's Economy." *Montana Business Quarterly*, Vol 48, No. 2, Summer 2010.

Barkey, Patrick M., 2010. "Recession Throws Migration Trends a Curve Ball." *Montana Business Quarterly*, Vol 48, No. 2, Summer 2010.

Barkey, Patrick M., 2010. "U.S. Economy: Slow Getting Started." *Montana Business Quarterly*, Vol 48, No. 1, Spring 2010.

Barkey, Patrick M., 2010. "Montana Outlook: The Transition to Growth." *Montana Business Quarterly*, Vol 48 No. 1, Spring 2010.

FOREST PRODUCTS AND MANUFACTURING

Morgan, Todd A., Charles E. Keegan III, and Colin B. Sorenson, 2011. "Montana's Manufacturing Industry." *Montana Business Quarterly*, Vol 49, No. 1, Spring 2011.

Morgan, Todd A., Charles E. Keegan III, Steven W. Hayes, and Colin B. Sorenson, 2011. "Montana's Forest Products Industry." *Montana Business Quarterly*, Vol 49, No. 1, Spring 2011.

Keegan, Charles E., Todd A. Morgan, Jason Brandt, and John Baldrige, 2010. "Permanent Closures at Major Facilities Hamper Montana's Manufacturing Industry." *Montana Business Quarterly*, Vol 48, No. 3, Autumn 2010.

Morgan, T. A., J.P. Brandt, J.D. Baldrige, and D.R. Loeffler. 2011. "Use of Financial And Economic Analyses by Federal Forest Managers for Woody Biomass Removal." *Western Journal of Applied Forestry* 26(1): 5-12.

Keegan, C.E., T. A. Morgan, K. A. Blatner, and J.M. Daniels. 2010. "Trends in Lumber Processing in the Western United States, Part 2: Overrun and Lumber Recovery Factors." *Forest Products Journal* 60(2):140-143.

Keegan, C.E., T. A. Morgan, K. A. Blatner, and J.M. Daniels. 2010. "Trends in Lumber Processing in the Western United States, Part 1: Board Foot Scribner Volume Per Cubic Foot of Timber." *Forest Products Journal* 60(2):133-139.

SURVEY RESEARCH

Barkey, Patrick M. and James T. Sylvester, 2011. "Housing Affordability and Montana's Real Estate Markets." *Montana Association of REALTORS*, June 2011.

Sylvester, James T., 2011. "Census Numbers Show More Vacation Homes in Montana." *Billings Gazette*, May 30, 2011. *Missoulian*, June 13, 2011. *Great Falls Tribune*, June 23, 2011.

HEALTH CARE RESEARCH AND SOCIAL POLICY ANALYSIS

Davis, Gregg, 2011. "Public Health Care Funding." *Montana Business Quarterly*, Vol 49, No. 1, Spring 2011.

Davis, Gregg, 2010. "Montana's Health Care Safety Net." *Montana Business Quarterly*, Vol 48, No. 4, Winter 2010.

Friese, Bettina, Joel W. Grube, Steve Seninger, Mallie J. Paschall and Roland S. Moore, 2011. "Drinking Behavior and Sources of Alcohol: Differences Between Native American and White Youths." *Journal of Studies on Alcohol and Drugs*, Vol 72, No. 1, January 2011, pp. 53-60.

Davis, Gregg, 2010. "Health Insurance Unlikely to Cause Labor Market Disruptions." *Montana Business Quarterly*, Vol 48, No. 3, Autumn 2010.

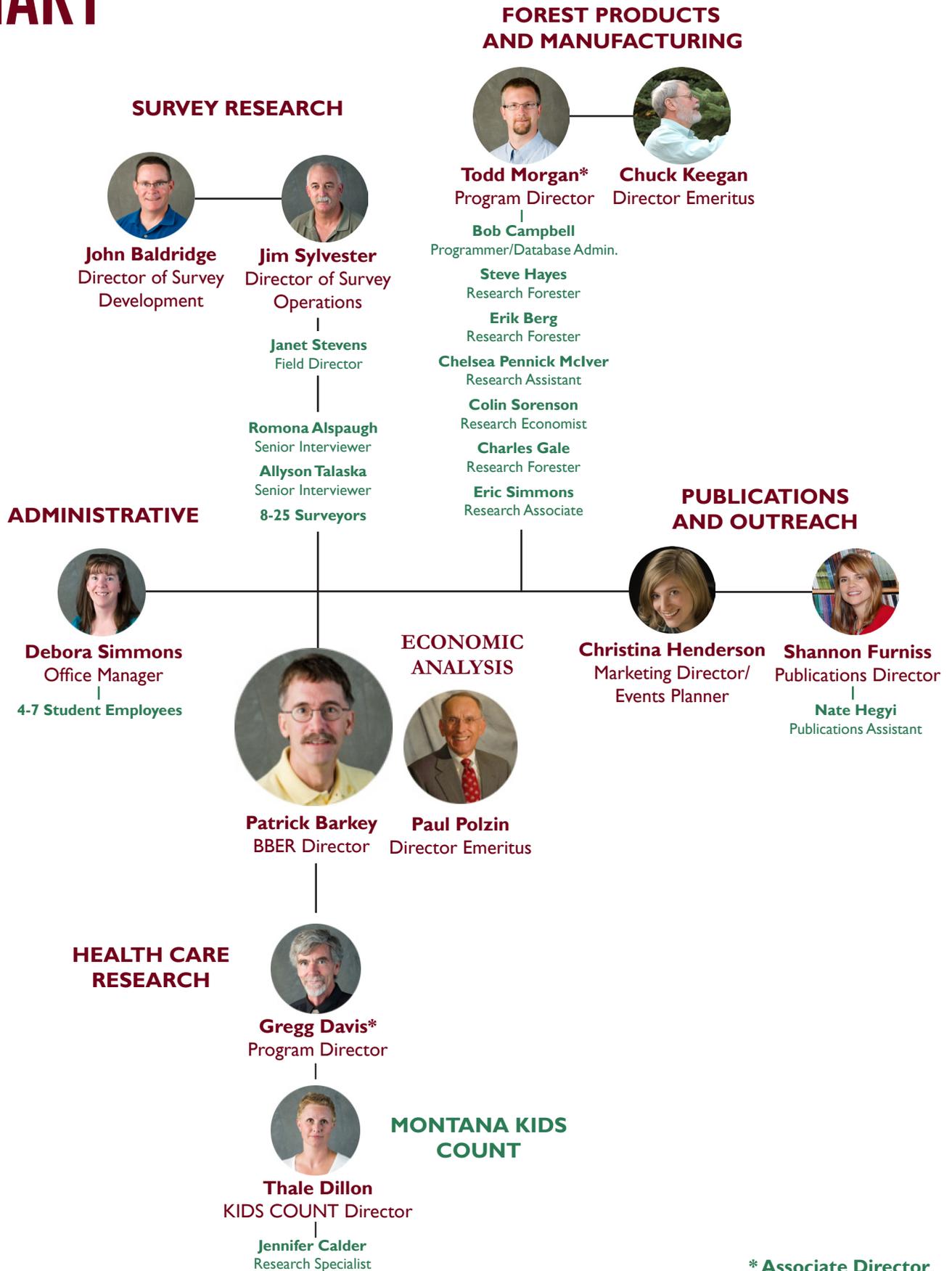
Davis, Gregg, 2010. "More Montanans Have Health Insurance Than at Beginning of the Decade." *Montana Business Quarterly* Vol 48, No. 3, Autumn 2010.

Davis, Gregg and Jerry Furniss, 2010. "The New Health Care Law: Montana's First Steps." *Montana Business Quarterly*, Vol 48, No. 2, Summer 2010.

Seninger, Steve, 2010. "Economic Costs of Alcohol-Related Vehicle Crashes in Montana." *Montana Business Quarterly* Vol.48, No. 2, Summer 2010

Dillon, Thale, 2010. "Montana KIDS COUNT Data Book 2010."

ORGANIZATIONAL CHART



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**BUREAU OF
BUSINESS
AND ECONOMIC
RESEARCH**



ABOUT THE BUREAU

The Bureau of Business and Economic Research has been providing information about Montana's state and local economies for more than 60 years. Housed on the campus of The University of Montana-Missoula, the Bureau is the research and public service branch of the School of Business Administration. On an ongoing basis, the Bureau:

- analyzes local, state, and national economies;
- provides annual income, employment, and population forecasts;
- conducts extensive research in the industries of forest products, manufacturing, health care, and Montana KIDS COUNT;
- designs and conducts comprehensive survey research from its on-site call center;
- presents the annual Montana Economic Outlook Seminar in nine cities throughout Montana;
- publishes the award-winning *Montana Business Quarterly*.

MISSION STATEMENT

The Bureau's purpose is to serve the general public, as well as people in business, labor, and government, by providing an understanding of the economic environment in which Montanans live and work.

