

Cascade County

Malmstrom is a Two-Edged Sword

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The Cascade County economy has largely escaped the effects of the Great Recession due to its dependence on noncyclical Malmstrom Airforce Base (AFB) and the health care industry. The short-term benefits of relying on the military should be balanced against the longer term risks of significant cutbacks on the base resulting from federal budget concerns and possible changes in defense priorities.

The Great Falls-area economy was one of two urban areas in Montana that did not experience declines sometime during the recent recession. Home construction did sputter to a snail's pace, and some retail sectors were affected, but the impacts were nowhere near those felt in other parts of the state.

Military personnel and civilian contractors account for approximately 46 percent of basic industry earnings in Cascade County. This figure probably slightly overestimates the importance of Malmstrom AFB for two reasons. First of all, this figure includes the Montana Air National Guard, which is located at the Great Falls International Airport. Secondly, military establishments usually have smaller impacts on the local economy (i.e. have smaller multipliers) because servicemen do some shopping at the base exchange rather than at nearby stores. Nevertheless, the base continues to be the largest single component of the economic base in Cascade County.

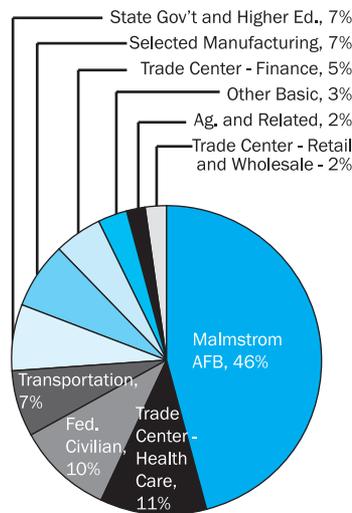
The next Base Realignment and Closing (BRAC) round is not scheduled until 2015. But the current emphasis on major spending cuts means there is the potential for significant reductions in all

Cascade County Profile

Total Population, 2010	81,327
Percent Change in Population, 2000-2010	1.2%
Median Age, 2010	38.9
Percent 65 or Older, 2010	15.6%
Percent of Population with Bachelor's Degree or Higher, 2010	23.9%
Median Household Income, 2010	\$41,828
Percent of Population without Health Insurance Coverage, 2010	14.8%
Unemployment Rate, November 2011	5.6%

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

Figure 1 Earnings in Basic Industries, Cascade County, 2009-2011 (Percent of Total)

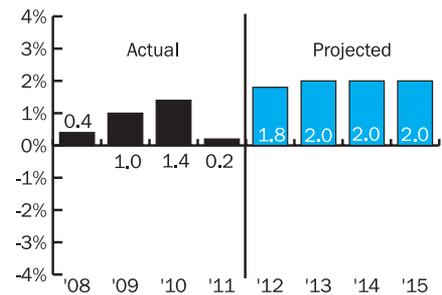


Sources: Bureau of Business and Economic Research, The University of Montana; Bureau of Economic Analysis, U.S. Department of Commerce.

components of the federal government.

Great Falls is the major regional health care center serving central and northern Montana. Nonresidents receiving treatment at local facilities accounted for about 11 percent of the economic base. The medical service area includes Blaine,

Figure 2 Actual and Projected Change in Nonfarm Earnings, Cascade County, 2008-2015



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

Chouteau, Fergus, Glacier, Hill, Liberty, Phillips, Pondera, Teton, and Toole counties. During the recession years of 2008 and 2009, total employment in health care grew 6 percent and 4 percent, respectively. A recent study conducted for Benefis, the major health care provider in Great Falls, concluded that in addition to its 2,700 jobs, there were an additional 2,100 jobs elsewhere in the local economy indirectly attributable to health care.

Other Great Falls merchants serve customers in surrounding rural areas. This is especially true for businesses in retail, wholesale, and farm implement sales industries. The relatively prosperous conditions on farms and ranches and other areas in north central Montana are quickly transferred to the Great Falls-area economy.

The Great Falls-area economy is projected to grow about 2 percent per year from 2012 to 2015. This is approximately the same average growth rate as before the recession. 12