

Annual Report

Bureau of Business and Economic Research

School of Business Administration

University of Montana – Missoula

2013



**BUREAU OF
BUSINESS**

**AND
ECONOMIC
RESEARCH**

Director's Letter

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They say that civilization began on the day when primitive man had time left over after finding enough food to eat. Plenty of Montana businesses have been busy simply trying to survive the worst economic downturn since the Great Depression during the last few years. But with economic growth finally coming back, we have the time to turn to the other challenges and opportunities that the economy presents us.

At the Bureau of Business and Economic Research we strive to play a role in helping businesses in particular and the economy as a whole succeed. Whether it is simply letting leaders know what lies around the corner in the economy, fleshing out the options for health care policy, or investigating the economic viability of converting biomass into jet fuel, our talented researchers and staff are in the middle of policy and technology issues that matter for the Montana economy.

Those efforts have led to the formation of a new research program at the Bureau – the Natural Resources and Energy Research Program. With evidence mounting that the Bakken energy play on our eastern border will be an economic force for decades, and the growing potential for Montana's conventional and renewable energy resources to be a major economic driver, the time was ripe to devote more attention to this vitally important topic.

We're delighted to have Terry Johnson, former senior revenue forecaster for the Montana Legislature, join the BBER team as our new NRE program director. Terry brings a wealth of experience to the table as we seek to improve our understanding of how global markets, state and local policies, labor markets, infrastructure and taxes all combine to shape future growth.

But there's much more to what the Bureau does, as these pages reveal. If there is any one thing we try to accomplish, it is to produce a better informed debate on the issues and policies that matter for the Montana economy. If there is something that we can do that can help your business or organization, please give us a call.

Here's hoping for a healthy and productive year for you and your organization.

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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Among the BBER's noteworthy accomplishments for 2012-13:

- Launching a new Natural Resources and Energy Research Program led by Terry Johnson, former senior revenue forecaster for the Montana Legislature. (Read more on page 9) Johnson gave the Bureau's first official outlook for Montana's energy industry at the 2013 Montana Economic Outlook Seminars.
- Hosting the Montana Economic Outlook Seminars across nine cities, in cooperation with Montana State University and MSU – Billings. The 2013 program featured Larry White, director of the Western Montana Area Health Education Center at the University of Montana, as keynote speaker.
- Completing a comprehensive, survey-based assessment for the Montana State Auditor of the health insurance status of Montana households, including detail on the costs and coverage of the various plans. These data have enabled BBER researchers to assess the likely impact of health insurance exchanges set up as part of the Affordable Care Act on Montana's uninsured and insured populations. A related study examined the economic ramifications of the Medicaid Expansion in Montana.
- Conducting a report commissioned by the Montana Brewers Association titled "The Economic Contribution of Craft Brewing in Montana," which found this growing industry reached nearly \$50 million in private-sector sales and saw employment rise 39 percent in 2012.
- Launching a new, user-friendly BBER website that expands access to BBER research studies, includes new programs and data sets, and features a search tool organizing BBER's extensive archives of Montana economic research by category.

Goals For 2013-14

1. Explore the opportunities for strategic growth in the areas of health care and energy/natural resources;
2. Serve as a resource for advice and information on issues pertaining to the state and local economies;
3. Continue to nurture and integrate our newest staff members; and
4. Grow professionally and raise our profile in national and regional organizations.

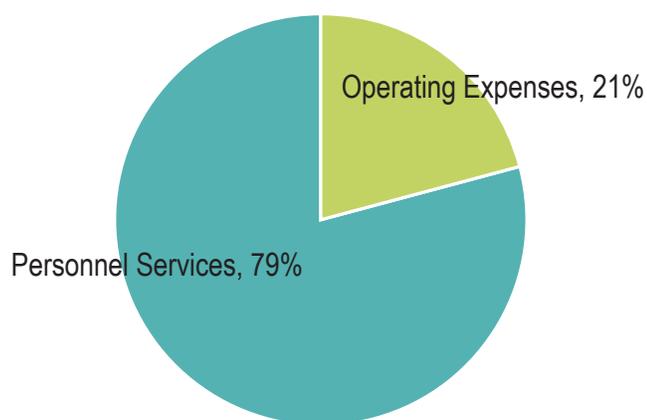
Finances

The fiscal year 2012-13 saw BBER total expenditures grow modestly, exceeding \$2 million for the first time. Most of the increase was due to increased grant revenues. We continue to see a roughly 3:1 ratio between revenues from contracts and state funds. The state funds are almost

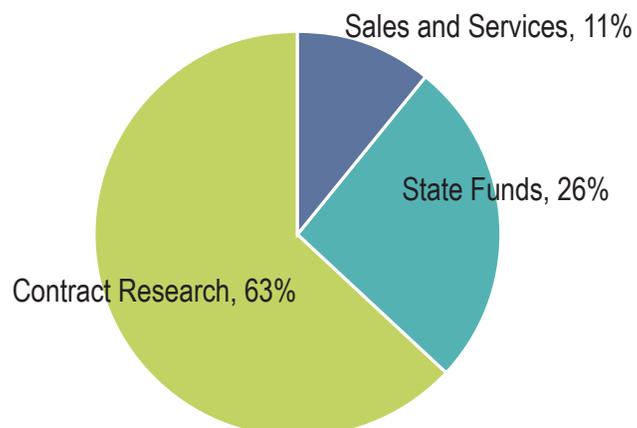
totally devoted to personnel, with other funds used to cover operating expenses. With the modest cutbacks experienced at UM, we expect to see a decline in revenues from state funds in 2013-14.

	2011-12		2012-13	
Total Revenues	1,916,249	100%	2,010,629	100%
State funds	472,885	25%	518,178	26%
Other Sources	1,443,363	75%	1,492,451	74%
Contract Research	1,144,947	60%	1,271,578	63%
Sales & Services	298,416	16%	220,873	11%
Total Expenses	1,916,249	100%	2,010,629	100%
Personnel services	1,452,925	76%	1,593,842	79%
State funds	464,280	24%	498,106	25%
Other Sources	988,015	52%	1,095,736	54%
Operating Expenses	463,953	24%	416,787	21%
State funds	8,604	0%	20,072	0%
Other Sources	455,348	24%	396,715	21%

Expenses, 2012-13



Revenues, 2012-13



Timely Studies on Important Statewide Issues

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. BBER's major areas of analysis include:

- Impact and Policy Analysis
- Industry and Labor Market Research
- Market Research and Feasibility Studies
- Program Evaluation

High-level research studies of major energy projects continue to occupy a significant share of the Bureau's work in economic analysis. Most recently, BBER completed an economic impact study of a hypothetical increase of 20

million tons of coal mined annually at the Cloud Peak Energy mine near Decker, MT.

BBER economist Jim Sylvester continued his role in the Federal-State Cooperative Population Estimates Program, providing raw data to Census Bureau staff and reviewing methodology used by the Census Bureau to estimate local population in the United States.

Other work completed in 2012-13 has addressed economic diversity in the Great Falls economy, the economic impact of the Salazar Settlement distributions to the Confederated Salish Kootenai Tribes on Montana's economy, and the economic impact of Helena's Archie Bray Foundation (see below).

State of the Arts

BBER Measures Economic Impact of Helena's Archie Bray Foundation for the Ceramic Arts

Set against the wooded foothills of the Rocky Mountains and the ruins of a 26-acre former brickyard three miles from downtown Helena, Montana, the Archie Bray Foundation for the Ceramic Arts is internationally recognized as a gathering place for emerging and established ceramic artists. Founded in 1951 by brick maker Archie Bray, the site is listed on the National Register of Historic Places and draws visitors from around the country and beyond who purchase art works and art supplies and attend events and workshops hosted on site.

When BBER economist Patrick Barkey was asked to assess the impact of this nonprofit educational institution, he found a dynamic arts community created by the resident artists that generates a sizable boost to the state economy. Barkey found that in years in which special events occur at the Archie Bray foundation, the operations of the organization ultimately support:

- 38 (year-round equivalent) jobs,
- \$2.1 million in income to Montana households, and
- more than \$4 million in sales recorded by Montana businesses.

According to the study, Archie Bray impacts the Montana economy in three quantifiable ways. First, business operations making ceramic art and distributing school supplies generate jobs, sales, and payments to vendors and suppliers. Second, the educational facility hosts workshops and artist-in-residence programs, which attract spending by out-of-state artists and students who take part in these activities. Third, Archie Bray draws out-of-area visitors attracted to the foundation's reputation and cultural activities.

The Archie Bray Foundation for the Ceramics Arts is dedicated to providing an environment for ceramic artists to work and thrive. As detailed by BBER, accomplishing that mission has brought about another outcome as well. That is to create jobs and generate income in the Montana economy.



Forest Products Research

A National Source for Current Data on the Forest Industry

BBER's Forest Industry Research Program is one of the largest departments of its kind in the country, with nine employees and 12 externally funded research projects ongoing. 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. Its research focuses on the forest industry's size, diversity, and economic impacts.

In August 2012, Micah Scudder joined the team as a graduate student. After completing his MBA and Masters in Forestry, Micah came on full time as a research associate in January 2013.

The forest products team continued its work with the USDA Forest Service's Forest Inventory and Analysis (FIA) Program at both the regional (13 western states) and national levels. Our agreements with FIA involve ongoing Timber Products Output (TPO) research, studying the nation's forest industry, and spreading best practices of the program to other regions of the U.S. These efforts provide more information to users across the country seeking better data regarding the forest industries.

Demand for the information and analytical services developed by the forestry program remains high, particularly in areas related to carbon sequestration, woody biomass for fuel and energy, and economic impacts and sustainability of the wood products industry and surrounding communities.

BBER continues its five-year partnership with the Northwest Advanced Renewables Alliance (NARA), a public-private partnership conducting research and development work in turning wood waste into jet fuel. NARA is led by scientists at Washington State University, with partners including Oregon State University, Weyerhaeuser, Plum Creek Timber, Catchlight Energy, Gevo, Boeing, Alaska Airlines, and others and is funded by a multi-year \$40 million grant from the U.S. Department of Agriculture. BBER's role is to evaluate logging and mill residue across the targeted four-state region—Oregon, Washington, Idaho, and Montana. The Bureau is also facilitating outreach, helping to connect researchers to community stakeholders who have economic and environmental interests in the project.

One challenge faced by the Forest Industry Research Program is a loss of funding for the Inland Northwest Forest Products Research Consortium, a partnership that has sponsored ongoing projects of keen interest to BBER and Montanans. Specifically, the program is no longer funded to produce the annual Montana Forest Industry Outlook, Montana Manufacturing Outlook, and the various quarterly reports, such as the delivered log price and forest industry employment, wages and production, which are provided on the BBER website. The Consortium had also paid for the annual forest industry outlook reports that we craft for Idaho and helped to maintain the Montana Manufacturers Information System (MMIS). This information is frequently requested as part of the Bureau's annual Economic Outlook Seminar and will require funding to ensure production and delivery. Without external support for these items, in-state support will be needed to help provide these annual outlooks, quarterly information, and databases.



Manufacturing Research

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.

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 may contact database administrator Bob Campbell to be added to the MMIS and update their profiles through a password-protected program.



Tapping a Trend

CRAFT BEER HAS GROWING IMPACT ON MONTANA'S ECONOMY

Montana's 33+ craft brewers represent a growing sector of manufacturing activity in the state, according to a new survey and economic impact study completed this year by BBER researchers Colin Sorenson and Todd Morgan. According to the report commissioned by the Montana Brewers Association and titled "The Economic Contribution of Craft Brewing in Montana," the impact of the industry represents:

- more than 430 jobs,
- nearly \$50 million in private-sector sales,
- \$9.8 million in private nonfarm compensation,
- \$1.8 million in government compensation, and
- \$1.5 million in state government revenues.

Survey data collected by BBER show the brewing industry in Montana grew rapidly from 2010 to 2011. Production rose 18 percent, sales were up 20 percent, employment was up 39 percent, compensation increased 23 percent

and expenditures were up 21 percent. Nearly 97 percent of Montana's brewers participated in the survey and many reported offering a variety of employee benefits such as health insurance, retirement, and paid vacations.

BBER's study found that while the activity of craft breweries is concentrated in the more populous regions of the state, economic impacts of craft brewing extend into all regions. As of the end of calendar year 2011, there were 12 breweries in northwest Montana, seven in southwest Montana, four in north central Montana, eight in south central Montana and two in eastern Montana.

"These numbers show the tremendous potential for Montana's breweries to continue to create jobs and wealth in Montana," said Tony Herbert, executive director of the Montana Brewers Association. "The economic impact of the brewing industry in Montana is large and growing, and the potential for breweries to generate more jobs, more statewide tax revenues and more happy customers should not be underestimated."

Survey Research

Customized, Scientific Data Collection and Analysis

BBER's experienced, highly trained researchers use advanced data collection systems and techniques to conduct surveys for public and private sector clients. For more than 30 years, the professionals in BBER's Survey Research Program have adhered to the rigorous standards set by the American Association of Public Opinion Researchers.

Our advanced methods of study design, sample selection, and mathematical analysis ensure data will pass demanding tests like:

- Publication in peer-reviewed, academic journals,
- Testimony before legislators,
- Cross examination in court proceedings, and
- Close scrutiny by the media or interest groups.

BBER's survey research team continually adapts their data collection methods to the changing context of communications. The goal is always to choose the formats that will prove most effective and affordable, whether a study

is targeting businesses, average citizens, or hard-to-reach people groups. BBER's capabilities include:



Phone

Reaching the growing number of cell-only households through our state-of-the-art interview facility and Montana-based workforce.



Mail

Sending well-designed questionnaires that deliver high response rates and dependable results.



Web

Developing interactive online survey tools with multimedia capabilities to engage the target audience in new and exciting ways.

In 2012-13, BBER's survey research projects included:

- Surveying insurance coverage and health status for more than 2,300 Montana households and health insurance benefits at more than 500 businesses,
- Estimating the number of uninsured and those eligible for subsidies under the Affordable Care Act,
- Conducting surveys measuring satisfaction for Montana Department of Transportation,
- Surveying households located in the wildland interface of southern California to examine their attitudes and opinions regarding wildfire in their area.



Hearing Every Voice

BBER Surveys Help Policymakers Understand the True Preferences of the Public

When making decisions with public input, the voices of a vocal minority frequently drown out those of the majority. Likewise, the public often doesn't have a complete picture of all the costs and benefits associated with various choices. That's why BBER surveys have become an invaluable tool for researchers trying to discern the public opinion when managing natural resources.

Researcher Tyron Venn, assistant professor of Natural Resource Economics at the University of Montana, sought to determine preferences of the public in weed management. Many decisions of this kind are complex and incorporate various contingencies. One's preferred decision might change depending on factors such as appearance, cost, and potential benefit. Venn wanted to find out how varied conditions affected how much individuals valued weed control and how much they might pay for a weed control program

Venn partnered with BBER's Survey Research team to conduct a mail survey that asked 1,500 people to weigh in on approximately 16 choices related to weed control in public areas. The data collection process was designed by John Baldrige, director of Survey Development, and Jim Sylvester, director of Survey Operations.

With natural resource areas like weed control that are not widely known, people surveyed often don't have enough information to make an informed decision. Questionnaires were simple and easy to use and included photographs so people could visualize what the choices looked like in a natural setting. Respondents were given a menu of costs and benefits associated with various weed management options and invited to indicate which choice they preferred.

The study also controlled for our human tendencies to make decisions irrationally or inconsistently. Factors were varied 8 or 10 different times for each person to assess how much they value those factors. By asking questions enough times in varied ways, the survey designers ensured the responses accurately represented the true opinion of the individuals taking the surveys.

Careful sampling methods also ensured that the sample truly represented the larger population. A total sample of 3,000 people was selected in order to get 1,500 completions – a rate of 50 percent. BBER's Survey Research team followed AAPOR guidelines for calculations, leading to a higher quality data set.



The results of Venn's research have been published in peer-reviewed journals such as *Ecological Economics*, *Forest Policy and Economics*, and the *International Journal of Wildland Fire*. His work informs the decisions that policy-makers in the legislative and executive branches make, allowing them a more complete picture of what people want and value in managing weed control.

Survey designer John Baldrige explained the importance of carefully-designed surveys in natural resource management. "Such data can serve as a counterweight to interest groups who would have you believe their assertions equal public opinion," he said. "In truth, these studies have found that the public's views on an issue are nuanced, fairly well-considered, and frequently don't align with interest groups on either side."

Natural Resources and Energy Research

Measuring Montana's Energy Prospects

Energy and mining represent nearly 20 percent of what drives Montana's economy. Natural resource development, if responsibly managed, has the potential to reshape the trajectory of the state's economic growth. The UM BBER's new Natural Resources and Energy Research Program examines the trends, issues, and factors affecting the outlook for one of the most dynamic and highest paying sectors in the Montana economy.

BBER's energy research team brings 100 years of combined experience in economic forecasting for both the public and private sectors. Our economists have measured the effects of natural resource development in Montana and the Pacific Northwest since the late 1970s, through various cycles of boom and bust. Our expertise stretches beyond economic analysis to the impacts of these industries on state revenue collections/forecasts, tax and public policy.

Our experienced research team can provide:

- Impact analysis
- Feasibility studies
- Regional forecasting
- Industry studies
- Market research
- Labor supply analysis
- Sentiment surveys
- Community assessment
- Press interviews
- Tax and public policy analysis
- Consultant to state and local government

After its launch in 2013, the Natural Resources and Energy Research Program continued to stay abreast of this important sector by monitoring the latest data, analyzing the economic impacts on Montanans and identifying potentially unique issues. Program director Terry Johnson keeps close track of the most up-to-date information about prices, production and outlook in each energy and natural resource sector. He also studies the data to determine the long and short term implications of industry trends for state and local tax revenues.

Director Emeritus Paul Polzin has analyzed the local economic impacts of Bakken oil and gas activities on two Montana and two North Dakota communities. He has identified the exact composition of the oil and gas industry in each community and differences between the communities in terms of changes in their local economic bases. Professor Polzin has also quantified the effects of the oil and gas boom on service sector wages.

Future projects for the research program include identifying the unique economic characteristics of the oil and gas boom in Montana and North Dakota. For example, new energy transportation systems are much more of an issue in the Bakken than elsewhere. There are similar developments in Texas and Pennsylvania, but existing pipeline and nearby refining capacity have greatly reduced the need for additional energy transportation.



Health Care Research & Social Policy Analysis

A Trusted Source for Health Care Analysis in Montana

Over the next decade, the Affordable Care Act will transform the health care landscape. Nearly 195,000 people in Montana are uninsured. And Medicaid expansion has been a hot topic in the past year as Montana was one of many states to wrestle with the impact of the Medicaid expansion on their rate of uninsured, the health of their population, and the budgetary impact on state finances.

Under the leadership of Health Care Research Program director Gregg Davis and now interim director Paul Polzin, BBER continues its important role monitoring markets, trends, industry structure, and costs related to the shifting health care landscape in Montana. This year BBER researchers completed a timely survey-based assessment of

the health insurance status of Montana households, including analysis of the impact of the Affordable Care Act on Montana's insured, uninsured and underinsured populations. Related studies conducted for the Montana State Auditor's office examined the economic ramifications of the Medicaid expansion in Montana.

In 2012-13, Davis completed a study estimating the economic contribution of Montana's private hospitals to the Montana economy and an analysis of the impact of the Medicaid expansion on Montana's hospitals. BBER also looked at health care on a regional level, with a follow-up to a 2010 economic impact study for Benefis Health System in Cascade County and a new study examining the economic contribution of the Kalispell Regional Healthcare network to the Flathead County economy.



Photo by Todd Goodrich

Montana KIDS COUNT

Research and Resources to Improve the Lives of Children and Families

Montana KIDS COUNT is one of 53 similar projects throughout the United States funded by the Annie E. Casey Foundation and one of eight centers nationwide hosted within a university. This network of state grantees uses data to promote the wellbeing of children at the local level, and to track changes in outcome over time, providing the basis for comparative and trend analysis.

The Montana KIDS COUNT data Book is published annually and includes information on 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.

Led by director Thale Dillon, Montana Kids Count continued to publish quarterly issue briefs in 2013. Each publication discussed a particular challenge faced by Montana children and families and offered proven policy

solutions to address the issue. Briefs released this year included a Fall 2012 volume focusing on the implications of youth not graduating high school and a Winter 2013 volume discussing what it means to be “working poor.”

In addition to the grant with the Casey Foundation, Montana Kids Count also holds contracts to conduct ongoing research projects related to public health and social policy. BBER researchers convene and facilitate bi-annual meetings of the Montana Epidemiological Workgroup and recently conducted year one of a five-year project to evaluate progress related to services provided for pregnant and parenting teenagers in the state.



Publications

Montana Business Quarterly The Premier Business and Public Policy Publication for Montana

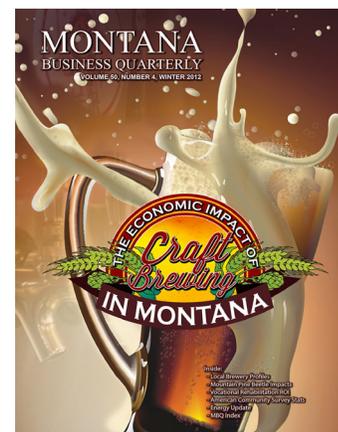
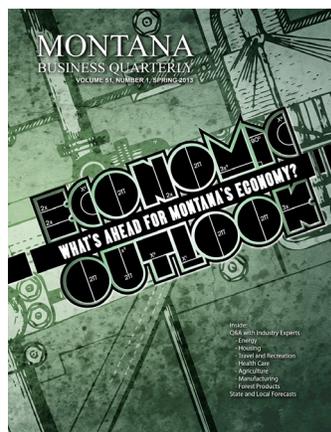
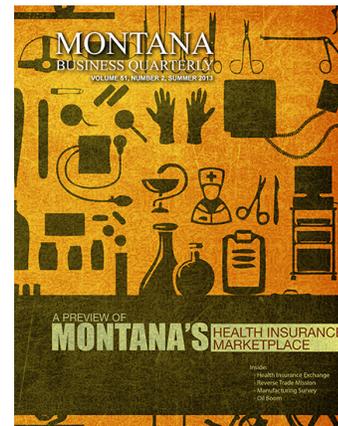
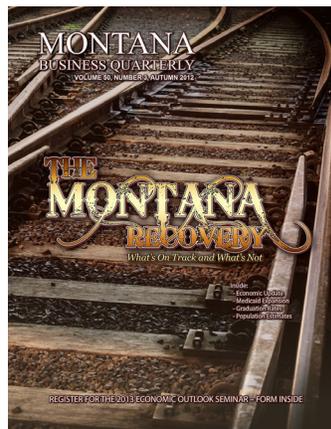
The Bureau of Business and Economic Research has published the award-winning Montana Business Quarterly (MBQ) for nearly 50 years. The MBQ continues to grow subscription levels and revenues with innovative design, original research, and provocative articles on pressing topics.

During 2012-2013, the Bureau of Business and Economic Research made front page news in a variety of media outlets for research that appeared in the Montana Business Quarterly. The MBQ tackled a wide variety of issues including the health insurance marketplace, the economic impact of craft brewing, the status of Montana's economic recovery, and much more. The MBQ featured its first infographic, a data illustration portraying the working poor in Montana. The infographic was well received, and the MBQ hopes to continue displaying data in such a manner. Another highlight for the MBQ was interviewing Montana's new governor, Steve Bullock. The interview with Gov. Bullock will be featured in an upcoming MBQ.

Each issue of the Montana Business Quarterly featured introductions written by alternating authors - UM President Royce Engstrom, UM Provost Perry Brown, School of Business Administration Dean Larry Gianchetta, and BBER Director Patrick Barkey. The marketing/publications/communications team continued through the year to work on marketing strategies to increase MBQ subscription levels.

This year the publications team welcomed Deborah Schmaus as publications assistant when Nate Hegyi left BBER to begin graduate school in journalism at the UM.

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



Seminars and Outreach

Outlook 2013

Montana Economic Outlook Seminars Provide Timely Analysis of Changes in Health Care

Changes in health care are all around us, and important choices lie ahead for our state. Recognizing this reality, NorthWestern Energy and the UM Bureau of Business and Economic Research presented our 2013 Economic Outlook Seminars on the topic of “The Best Medicine: How Can Montanans Take Charge of Changes in Health Care?” Featuring keynote Larry White, director of the UM Western Montana Health Education Center, this year’s series provided timely information to patients, health care providers, employers, and policy makers as they prepare to cope with the largest changes in health care regulation and finance since Medicare.

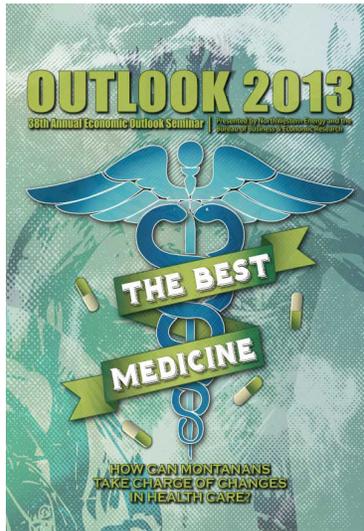
Each year between late January and mid-March, Bureau economists and other experts travel across Montana to offer statewide and community economic forecasts for the coming year, including reports on key industries like health care, forest products, real estate,

agriculture, and tourism. In 2013, BBER added a new presentation on Montana’s energy sector featuring our new director of Natural Resources and Energy Research Terry

Johnson. Events were held in Helena, Great Falls, Missoula, Billings, Bozeman, Butte, Kalispell, Sidney, and Miles City, and a special Legislative Update was given to lawmakers in Helena during the January session.

Though seminar audiences in 2013 did not surpass the record attendance prompted by statewide interest in energy in 2012, registrations were still 100 people above the average of the previous four years. Seminar attendance was up around 6 percent in Bozeman and Butte but was down 16 percent overall. More than 1,500 people registered in all nine seminar cities. BBER surveys showed attendees at the

2013 Montana Economic Outlook Seminars were more satisfied than ever with their experience, with more than 98 percent of respondents indicating they were satisfied or very satisfied.



Seminars and Outreach

Midyear Update

Examining Montana's Federal Economic Footprint

After four straight years of trillion dollar annual budget deficits, the news is dawning on all political parties that the federal budget is long due for serious repair. And that less spending is part of the process. As a state that historically has gotten \$1.50 back for every dollar it sends to Washington, Montana faces uncertainty regarding cutbacks in federal spending and whether our pain will be more, or less, than other regions.

BBER economists Patrick Barkey and Paul Polzin addressed these questions in a presentation on "Montana's Federal Economic Footprint: The Local Impact of Changes in Washington D.C." at the 8th Annual 2013 Economic Update series sponsored by the Montana Chamber of Commerce. Held every summer, the mid-year update reexamines the state and local economic forecasts, accounting for changes in the economy since the Montana Economic Outlook Seminar with events in Helena, Great Falls, Missoula, Billings, Bozeman, Butte, and Kalispell.

Montana Economic Minute

Making Economic Analysis Accessible Through Sound Bites



The Montana Economic Minute podcast was started 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 website, www.bber.umd.edu.

Website and Social Media

New Website Brings Users More Information, Fewer Clicks

The UM Bureau of Business and Economic Research is constantly improving its web presence to make www.bber.umd.edu a valuable resource for visitors seeking the most current research and news about Montana's economy. In 2013, BBER's web development team unveiled a complete website redesign with a vision for giving the site a fresh look, expanding access to BBER research studies and data, and designing a more user-friendly interface to help visitors find what they're looking for.

Recent additions to the BBER website include:

- A new search tool that organizes BBER's complete archive of research publications by category,
- Information on the Bureau's new Natural Resources and Energy Research Program,
- An expanded Forest Industry Research section including time series data on quarterly log prices and a new interactive tool allowing users to access timber harvest data at the county- and ownership-level for five western states,
- Updated analysis of Montana's Health Care industry, with in-depth coverage of Medicaid expansion, the uninsured, and the Affordable Care Act,
- Survey Research case studies covering BBER's best practices in scientific data collection using phone, mail, and web-based tools.

Along with access to the Bureau's historic data and reports, the BBER website offers continuous updates regarding current research, recent surveys, and economic news. The site also allows visitors to subscribe to the *Montana Business Quarterly*, correspond with Bureau employees, and register for the Economic Outlook Seminars and other events.

Visitors may sign up for the email list on the BBER homepage for regular updates.



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Seminars and Outreach

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School of Business Administration | A to Z Index | Directory | UM Home |

BUREAU OF BUSINESS AND ECONOMIC RESEARCH

SAVE THE DATES
2014 ECONOMIC OUTLOOK SEMINAR
JANUARY 28 - MARCH 12, 2014

SEARCH **SUBSCRIBE TO MONTANA BUSINESS QUARTERLY**

ABOUT US | EVENTS | PROGRAMS | REPORTS | DATA CENTER | CONTACT US

New Montana Data Center
Search BBER's new comprehensive Data Center for research studies, articles, and statistics covering diverse topics related to Montana's economy, including energy, business, housing, children and families, population, demographics, education, entrepreneurship, and more.

PROGRAMS

- HEALTH CARE**
Affordable Care Act, Status of Uninsured, Medicaid Expansion, Health Care Industry Outlook
- FOREST INDUSTRY**
Harvest and Industry, Montana Quarterly Data, Timber Processing Capacity, Logging Utilization, Biomass Research
- ECONOMIC ANALYSIS**
State and Local Area Economic Forecasts, Industry Studies, Impact Studies

SURVEY RESEARCH
Customized, scientific data collection and analysis in Montana. Phone, mail, and web-based surveys.

KIDS COUNT
Data collection on Montana's children and families and their economic status and well-being.

MANUFACTURING
Montana Manufacturing Industry Outlook, Manufacturing Surveys, MMIS, MMEC

PODCAST

- Montana Economic Minute**
Why Food Stamps Spending Has Doubled

NEWS

- Health Insurance Exchange Provides Opportunities for Montana's Uninsured
- View Presentations: Midyear Economic Update Series 2013
- Craft Brewing is a Healthy and Growing Sector of Montana's Economy

BBER's website development team included Shannon Furniss, communications director; Bob Campbell, programmer/database administrator; Christina Henderson, marketing director; Jonathan Nelson, web designer; Billie Loewen, graphic designer; Nate Hegyi and Deborah Schmaus, publications assistants; Chelsea McIver, forest products research assistant; and Aidan Dowling, Sara Thane, and Perri Taylor, student employees.

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 2012-13 include:

- Giving 80 presentations across Montana and the Pacific Northwest for educational leaders, elected officials, professional associations, and service clubs.
- Answering information requests for hundreds of individuals and organizations.
- Providing numerous articles and quotes for newspapers, TV, and radio.
- Serving on boards and committees for organizations like the Society of American Foresters, Forest Products Society, Montana Environmental Education Association, MSU's Montana Manufacturing Extension Center (MMEC), American Association of Public Opinion Research (AAPOR), Association for University Bureaus of Economic Research (AUBER), Pacific Northwest Regional Economic Conferences (PNREC), The Montana Health Care Forum, Montana Council on Economic Education (MCEE), Montana Economic Developer's 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, Western Journal of Applied Forestry, 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 continued a long tradition of active involvement in its national organization – the Association for University Bureaus of Economic Research (AUBER). The Bureau

continues to serve as the business office and secretary-treasurer for AUBER, publishes the AUBER newsletter, and serves as AUBER webmaster.

BBER is also actively involved in the Pacific Northwest Regional Economic Conferences (PNREC), a two-day conference on regional economic issues that draws professionals from throughout the northwestern United States and Canada. BBER Director Patrick Barkey served as president of PNREC in 2012-13.



Research Projects

Economic Analysis

The Economic Impact of Research at the University of Montana, ongoing. Sponsored by the UM Vice President for Research and Creative Scholarship. A comprehensive assessment of the contribution of research at the University of Montana, including patents, spin-offs and other indirect impact.

The Great Falls Development Authority Diversity Index, July 2013. Sponsored by the Great Falls Development Authority. Developed and estimated an index of economic diversity for the Great Falls economy, based on a portfolio approach of industries present in the local economy.

The Economic Impact of the Archie Bray Foundation for the Ceramic Arts, June 2013. Sponsored by the Archie Bray Foundation. An impact study of the renowned ceramics arts center in Helena.

The Impact of State Taxes on Telecommunications Investment, February 2013. Sponsored by the Montana Taxpayers Association. Used cross section data by state for the beginning and end of the 2000-2010 period to model the investment in telecommunications infrastructure as a function of economic, demographic and tax policy variables.

The Economic Impact of the Salazar Settlement Distributions to Confederated Salish and Kootenai Tribes Members in Montana, January 2013. Sponsored by Confederated Salish and Kootenai Tribes (CSKT) Measured the impact of the payment of funds to eligible CSKT members as part of the settlement of the *Nez Perce, et. al. v. Salazar* lawsuits in 2012.

The Economic Impact of Increased Coal Production at the Spring Creek Mine, October 2012. Sponsored by the Montana Chamber of Commerce. An economic impact study of a hypothetical increase of 20 million tons of coal mined annually at the Cloud Peak Energy mine near Decker, MT.

The Economic Contribution of MilTech Assisted Department of Defense Technology Transition Projects to the U.S. Economy, 2013. Sponsored by TechLink. Measured the impact of Department of Defense technology transfer projects to the private sector of the U.S. economy.

The Economic Contribution of MilTech Assisted Department of Defense Technology Transition Projects to the Montana State Economy, 2013. Part of the award from TechLink above. This study looked at the economic impact of Department of Defense technology projects on employment, sales, labor income, and value added, along with state/local and federal tax revenues, with respect to projects located in Montana.

Missoula County Real Estate Report , 2012. Contributed demographic and economic data to a study of the Missoula area real estate market prepared by a committee of local stakeholders.

Forest Products Research

Monitoring in the Southwest Crown of the Continent (SWCC)–Contract Attributes Monitoring, ongoing. Challenge cost share agreement with the USDA Forest Service to develop a contract attributes database of Collaborative Forest Landscape Restoration Program (CFLRP) contracts issued in the SWCC and perform local contract capture analysis of CFLRP contracts awarded in the SWCC area–i.e., northwest Montana. Project completion date December 2015.

Southern Rockies Logging Utilization, ongoing. Joint venture 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 Arizona and New Mexico. Project completion date December 2016.

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 2016.

Pacific States Forest Industry and Timber Harvest Analysis, ongoing. Joint venture 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 December 2015 to be extended.

Employment and Income Response, ongoing. Challenge cost share agreement with the USDA Forest Service, Ecosystem Management Coordination (EMC), Fort Collins, CO, to conduct a national analysis of direct employment and worker earnings associated with the harvesting, hauling, and processing of timber into primary wood products. Project completion date December 2014.

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.

Research Projects

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 to be extended.

AFRI Northwest Biomass Feedstock Analysis, ongoing. Cooperative research agreement through WSU with the USDA Agriculture and Food Research Initiative (AFRI) to conduct a comprehensive analysis of the woody biomass supply and potential for bio-jet fuel production in Montana, Idaho, Oregon, and Washington. Project completion date July 2013-to be extended.

Pacific States Forest Industry and Timber Harvest Analysis, June 2013. 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.

Inland Northwest Forest Products Research Consortium 2011, June 2013. Cooperative multi-state research, education, and extension service sub-award to bring together BBER with the Forest Products Laboratory at the University of Idaho and the Wood Material and Engineering Laboratory at Washington State University.

Region One Timber-Processing Capacity, December 2012. Purchase order agreement with the USDA Forest Service, Region One, Missoula, MT, to conduct an analysis of timber flow and wood-using capacity of mills in Montana and Idaho.

Manufacturing Research

The State of Montana Manufacturing, 2013. Prepared for the Montana Manufacturing Extension Center, Montana State University-Bozeman.

Evaluation and Economic Impact of the Montana Manufacturing Extension Center, 2013. Prepared for the Montana Manufacturing Extension Center, Montana State University-Bozeman.

Montana Manufacturers' Survey 2012-13. A survey administered for BBER's Manufacturing Research Program that examines the annual business performance of Montana's manufacturing firms.

2011 Montana Manufacturing Firms Database Management Project, September 2012. Community Trade Adjustment Assistance sub-award to BBER through the Bitterroot Economic Development District (BREDD) to enhance, update, and promote the Montana Manufacturers Information System (MMIS) maintained by BBER.

Survey Research

Montana Health Insurance Study, 2011. Survey of 2,306 households regarding insurance coverage and health status and a survey of 516 businesses measuring whether they provided health insurance as a benefit. Project included questionnaire development, sampling, data collection and report writing.

MDT TranPlan 21 Public Involvement Survey, 2013. Telephone survey and data analysis of Montana households for Montana Department of Transportation measuring satisfaction with MDT.

MDT TranPlan 21 Stakeholders Survey, 2013. Telephone survey and data analysis of MDT stakeholders measuring satisfaction with MDT.

Western Regional Climate Center Survey, 2013. Telephone survey of 467 households located in the wildland interface of southern California to examine their attitudes and opinions regarding wildfire in their area as well as their potential behavior given various potential wildfire scenarios.

UM Graduate Survey, 2012. Survey of University of Montana MBA graduates to evaluate teaching methods used in a particularly successful class.

AUBER Membership Survey, 2012. A web-based questionnaire surveying members of the Association for University Bureaus of Economic Research regarding characteristics of each center, activities and publications, employee and budget information, and other items. Data and analysis were published in an accompanying report.

Research Projects

Health Care Research & Social Policy Analysis

The Status of Montana's Health Insurance Population, 2013.

Sponsored by The Office of the Commissioner of Securities and Insurance, Montana State Auditor. Examined 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.

Montana's Health Insurance Market: Prospects for 2014 and Beyond, 2013. Sponsored by the Office of the Commissioner of Securities and Insurance, Montana State Auditor. Examined the structure of Montana's health insurance market with respect to the provisions of the Affordable Care Act.

The Economic Ramifications of the Medicaid Expansion in Montana, 2013. The Office of the Commissioner of Securities and Insurance, Montana State Auditor. This study was part of the "Montana's Health Insurance Market: Prospects for 2014 and Beyond," grant awarded by the Office of the Commissioner of Securities and Insurance, Montana State Auditor.

The Economic Contribution of Montana's Private Hospitals to the Montana Economy, 2013. Sponsored by the Montana Hospital Association. Estimated the economic contribution of Montana's private hospitals to the Montana economy with respect to employment, labor income, sales, value added, and state/local and federal tax revenues. Included an analysis of the impact of the Medicaid expansion on Montana's hospitals.

The Economic Contribution of the Benefis Health System to the Cascade County Economy, 2012. Sponsored by Benefis Health System. An update of a 2010 study to quantify in terms of employment, labor income and sales the contribution of the Benefis Health System to the economy of Cascade County using 2011 data.

The Medicaid Expansion in Cascade County, 2013. Sponsored by Benefis Health System. This study estimated the cost of the Medicaid expansion for Cascade County.

The Economic Contribution of Kalispell Regional Healthcare to the Flathead Economy, 2013. Sponsored by Kalispell Regional Healthcare. Estimated the economic contribution of the Kalispell Regional Healthcare network of health care services to the Flathead County economy.

Cost Analysis of a Nurse Care Management Program for High-Risk Medicaid Patients in Montana, 2013. Sponsored by the Commonwealth Fund. Montana is one of only a handful of states with a program targeted toward high-risk Medicaid enrollees. This study examined the efficacy of targeting high-risk Medicaid patients in reducing the utilization and cost of providing health care to Montana's financially indigent population.

Montana Epidemiological Workgroup, ongoing. Convene and facilitate bi-annual meetings of the state's cross-agency epidemiological work group, and develop annual updates to the state's epidemiological profiles; by contract with the Addictive and Mental Disorders Division, DPHHS.

Healthy Montana Teens Evaluation, ongoing. A federally-mandated qualitative and quantitative evaluation of progress related to services provided for pregnant and parenting teenagers in the state; Year One of 5-year project, by contract with the Early Childhood Services Bureau, DPHHS.

Economic Analysis

Barkey, Patrick M., 2013. "Montana Economic Outlook: Smooth Sailing Toward a Cliff?" *Montana Business Quarterly*, Vol. 51, No. 1, Spring 2013.

Barkey, Patrick M., 2013. "Cascade County: Opportunities and Challenges." *Montana Business Quarterly*, Vol. 51, No. 1, Spring 2013.

Barkey, Patrick M., 2013. "Butte-Silver Bow and Southwestern Montana: Economic Transformation Continues." *Montana Business Quarterly*, Vol. 51, No. 1, Spring 2013.

Barkey, Patrick M., 2013. "Gallatin County: Shifting to a Higher Gear." *Montana Business Quarterly*, Vol. 51, No. 1, Spring 2013.

Davis, Gregg, 2013. "Flathead County: A Matter of Perspective." *Montana Business Quarterly*, Vol. 51, No. 1, Spring 2013.

Polzin, Paul E., 2013. "Lewis and Clark County: Government is Double-Edged Sword." *Montana Business Quarterly*, Vol. 51, No. 1, Spring 2013.

Polzin, Paul E., 2013. "Missoula County: A New Growth Reality?" *Montana Business Quarterly*, Vol. 51, No. 1, Spring 2013.

Polzin, Paul E., 2013. "Yellowstone County: A Unique Montana Trade Center." *Montana Business Quarterly*, Vol. 51, No. 1, Spring 2013.

Polzin, Paul E., 2013. "Custer County: Indirect Energy Impacts." *Montana Business Quarterly*, Vol. 51, No. 1, Spring 2013.

Polzin, Paul E., 2013. "Richland County: It's Not Just Oil." *Montana Business Quarterly*, Vol. 51, No. 1, Spring 2013.

Sylvester, James T., 2013. "Ravalli County: Slowly Coming Out of Recession." *Montana Business Quarterly*, Vol. 51, No. 1, Spring 2013.

Sylvester, James T., 2013. "The Use of Cadastral Data to Estimate Sub-county Populations." Presented at annual meeting of Population Association of America, April 11, 2013, New Orleans, LA and the Pacific Northwest Regional Economic Conference, May 16, 2013, Spokane, WA.

Sylvester, James T., 2012. "The American Community Survey: A Bevy of Information." *Montana Business Quarterly*, Vol. 50, No. 4, Winter 2012.

Barkey, Patrick M., 2012. "The Montana Recovery: What's On Track and What's Not." *Montana Business Quarterly*, Vol. 50, No. 3, Autumn 2012.

Sylvester, James T., 2012. "Population Stats: How Accurate are the Estimates?" *Montana Business Quarterly*, Vol. 50, No. 3, Autumn 2012.

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Hayes, S.W., C.E. Keegan, T.A. Morgan, and C.B. Sorenson. 2013. "Manufacturing Outlook: Continued Improvement in Operating Conditions." *Montana Business Quarterly*, Vol. 51, No. 2, Summer 2013.

Scudder, Micah. 2013. "Exporting Montana Wood Products: Building New Relationships with Asian Wood Product Importers." *Montana Business Quarterly*, Vol. 51, No. 2, Summer 2013.

Sorenson, Colin B., Morgan, Todd A. and Shannon Furniss, 2012. "The Economic Impact of Craft Brewing in Montana." *Montana Business Quarterly*, Vol. 50, No. 4, Winter 2012.

Keegan, C.E., C.B. Sorenson, T.A. Morgan, S.W. Hayes, and J.M. Daniels. 2012. "Impact of the Great Recession and Housing Collapse on the Forest Products Industry in the Western United States." *Forest Products Journal* 61(8):625-634.

Simmons, E., E. Berg, T. Morgan, S. Zarnoch, S. Hayes and M. Thompson. 2013. "Logging utilization in IDAHO: an investigation of current and past trends." Draft USDA Forest Service Rocky Mountain Research Station Resource Bulletin.

Simmons, E.A., E.C. Berg, T.A. Morgan, C.B. Gale, S.J. Zarnoch, and S.W. Hayes. (In Revision) "Idaho Logging Utilization: 2008/2011." *Western Journal of Applied Forestry*. (Submitted 2012).

Woodall, C.W., Ince, P.J., Skog, K.E., Aguilar, F.X., Keegan, C.E., Sorenson, C.B., Hodges, D.G., Smith, W.B. 2012. "An Overview of the Forest Products Sector Downturn in the United States." *Forest Products Society, Forest Products Journal*, 61(8), pp. 595-603.

Natural Resources & Energy Research

Sylvester, James T., 2013. "Oil Boom: Driving Rapid Population Growth in Northeastern Montana." *Montana Business Quarterly*, Vol. 51, No. 2, Summer 2013.

Johnson, Terry and Paul E. Polzin, 2012. "Montana's Energy Industries: A Real Boom?" *Montana Business Quarterly*, Vol. 50, No. 4, Winter 2012.

Barkey, Patrick M., 2012. "Update on Montana's Energy Boom." *Montana Business Quarterly*, Vol. 50, No. 3, Autumn 2012.

Health Care Research & Social Policy Analysis

Davis, Gregg, and Christina Goe, 2013. "A Preview of Montana's Health Insurance Marketplace." *Montana Business Quarterly*, Vol. 51, No. 2, Summer 2013.

Davis, Gregg, and James T. Sylvester, 2012. "Vocational Rehabilitation: Investing in Disabled Population Provides Returns." *Montana Business Quarterly*, Vol. 50, No. 4, Winter 2012.

Davis, Gregg, 2012. "The Medicaid Expansion: Choices Ahead for Montana." *Montana Business Quarterly*, Vol. 50, No. 3, Autumn 2012.

Dillon, Thale and Daphne Herling, 2012. "Graduation Counts: Connection Between Education and the Economy." *Montana Business Quarterly*, Vol. 50, No. 3, Autumn 2012.

Dillon, Thale, 2012. "Children in Working Poor Families." *Montana KIDS COUNT Issue Brief*, Vol. 2, No. 1, Winter 2013.

Dillon, Thale and Daphne Herling, 2012. "Graduation Counts." *Montana KIDS COUNT Issue Brief*, Vol. 1, No. 2, Summer 2012.

Montana KIDS COUNT Data Book 2012.

Organizational Chart



Bureau of Business and Economic Research
The University of Montana
Gallagher Business Building, STE 231
Missoula, MT 59812-6840
Telephone: (406) 243-5113
Fax: (406) 243-2086

About the Bureau

The Bureau of Business and Economic Research has provided information about Montana's state and local economies for over 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. 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, energy, 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.