

# Assessing the Impact of Energy Development for Montana

## BBER Uses State-of-the-Art Methods to Estimate Economic Impacts in Montana

The size and scope of the investments being planned to develop Montana's energy resources are large. So when BBER economists were asked to assess how some of those investments might be translated into jobs, income, output, and other measures of Montana-based economic activity, their findings were noteworthy. According to the report, "The Impact of Otter Creek Coal Development on the Montana Economy" by **Patrick Barkey** and **Paul Polzin**, construction of the Otter Creek mine proposed by Arch Coal, new rail development, and related infrastructure represents a total investment approaching \$1 billion.

During the permitting and construction phase, if the project goes forward, it is expected to create 2,648 construction jobs in Montana in the peak building year. About 1,740 new permanent, year-round jobs would be created in the Montana economy while the mine is operating, increasing household income by \$125.4 million per year.

Statewide impacts on income for Montana households during the peak construction year would be similarly substantial, with \$103.5 million of new personal income generated. The overall state population would increase by 2,850 people and the school-aged population by more than 560 students.

Barkey and Polzin presented the findings of their Otter Creek study in a plenary session at the Montana Energy Expo in Billings in 2012. Nearly 1,000 people attended the expo, including Senator Baucus and Congressman Rehberg. The report was well-received by the audience and featured prominently in media coverage of the event.

Research studies like these are increasingly common at the UM Bureau of Business and Economic Research. The BBER has earned a reputation statewide as the place to go for high-level impact studies. Using the powerful REMI modeling software, BBER economists have studied the impacts of several large-scale energy development projects, Montana's major hospitals, and both the University of Montana and Montana State University on the state's economy.

The capabilities of the REMI model, combined with the Bureau's expertise in survey development and data collection, have greatly improved the depth and quality of economic projections pertaining to Montana. This is particularly true in research areas where federal survey data for Montana are unavailable or inadequate.

BBER's advanced research techniques and expert analysis are especially valuable when the data must hold up in the court of law or the court of public opinion. Watch for more of these high-level studies from the Bureau in the coming year.