

Lewis and Clark County Government is Double-Edged Sword

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Lewis and Clark County Profile	
Total Population, 2011	64,318
Percent Change in Population, 2000-2010	13.8%
Median Age, 2011	40.7
Percent 65 or Older, 2011	13.6%
Percent of Population with Bachelor's Degree or Higher, 2011	36.8%
Median Household Income, 2011	\$53,053
Percent of Population without Health Insurance Coverage, 2011	10.2%
Unemployment Rate, 2012	4.9%

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

There is no doubt about it – Helena is a government town. Almost three-fourths of the Lewis and Clark County’s economic base is directly attributable to state and federal governments. State government workers account for about 46 percent of basic earnings, while federal civilian and military workers represent another 25 percent.

The dependence on government is both good news and bad news for the Lewis and Clark economy. The good news is that dependence on government means that the Helena-area economy is relatively non-cyclic. The Great Recession in Lewis and Clark County was only a couple of years of stability or slower than normal growth.

The bad news is that government is not likely to be a prosperous industry in the near future, and this may lead to slower overall growth in the Lewis and Clark County economy. In this era of

deficient reduction and spending cuts, nobody is expecting significant increases in either federal or state employment. In the very short run, the four-year pay freeze for state workers will probably end. But the actual pay raises probably will not go into effect until July 2013, halfway through the calendar year. The full impact will not be felt until 2014.

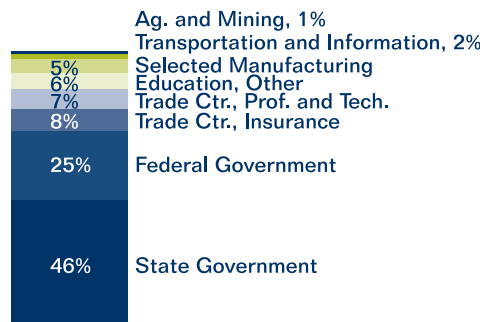
The other sectors of Lewis and Clark County’s economic base include agriculture and mining, transportation, and mining. In addition, Helena has evolved into a second-order trade center, with insurance and professional and technical services firms serving clients from throughout the state and region.

Buoyed by a road project in 2012, the construction industry has finally turned the corner and should continue moderate growth.

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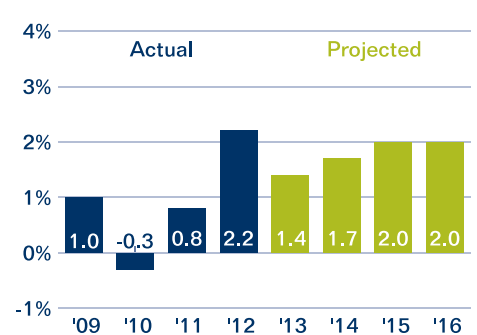
The end of the state government pay freeze should temporarily boost growth in 2014. But the near-term trends for all levels of government will keep overall growth in the Lewis Clark County economy less than 2.0 percent per year, less than the statewide average. ¹³

Figure 1 Earnings in Basic Industries, Lewis & Clark County, 2010-2012, Percent of Total



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

Figure 2 Actual and Projected Change in Nonfarm Earnings, Lewis & Clark County, 2009-2016



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