

# Annual Report



**Bureau of Business and Economic Research  
School of Business Administration  
University of Montana, Missoula**

**BUREAU OF  
BUSINESS  
AND ECONOMIC  
RESEARCH**



# Director's Letter

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One of the enduring aspects of economic trends is that by the time everyone becomes aware of them, they've already begun to change. Everyone thinks that China is still growing like a weed, that tax revenues in Helena are pouring in and even that the recession is still going on. None of those things is exactly true anymore, and so our jobs here at the Bureau of Business and Economic Research keep us pretty busy explaining all of that.

What has endured are the people here at the BBER who are telling that story. We've been fortunate to have some very long-tenured folks whose expertise on everything in the state economy is something we've benefited from a great deal.

One of those people – without doubt the best known and respected economist in the state – is our very own Paul Polzin, now emeritus director. We're proud that Paul has garnered a prestigious national award – the Thayne Robson Award bestowed by the Association for University Business and Economic Research – for his outstanding career of leadership, mentoring, and selfless contributions to his colleagues. Only four others have ever been given this honor in the organization's 64-year history, so it truly is a worthy achievement. Congratulations Paul!

Another long tenured economist at BBER, Jim Sylvester, will retire at the end of this year after 34 years of service. Jim has been a key Bureau leader since the early 1980s, with countless innovations and successful studies to his credit.

We're pleased to have added talent in the last 12 months, with Bryce Ward joining us as our new health care director and Bill Whitsitt, retired Executive Vice President for Public Affairs at Devon Energy Corporation, coming back to Montana to join us as our Executive in Residence. You'll be hearing much more from these folks as well as from the rest of our talented staff.

Of course we are proud of our accomplishments, as you will read in the pages of this report. But what really makes us is our people who continue to push the bar higher in pursuit of our mission to give Montanans a better understanding of our business and economic environment to support better decisions.

Let's hope all your decisions turn out well in the coming year.

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



## About the Bureau

The Bureau of Business and Economic Research has provided 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. 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.

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# Year in Review

## 1

### Goals For 2014-15

1. Build on all of our key partnerships, particularly in the areas of health care and energy/natural resources;
2. Work with the newly elected Legislature to 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;
4. Reach out to new groups to increase awareness of Bureau events and publications;
5. Continue to raise the profile of the Bureau and its programming throughout the state.

### Among the BBER's noteworthy accomplishments for 2013-14

- Presenting one of the most popular and well-attended Economic Outlook Seminar series in history, featuring RightNow Technology founder Greg Gianforte as the keynote speaker delivering his message on how Montana can grow more high paying jobs. The program also featured an address by Montana Governor Steve Bullock in two cities.
- Winning a national award with our newly redesigned website from AUBER – the Association of University Business and Economic Research.
- Hiring a new health care director, Bryce Ward, whose strong consulting background and considerable expertise are already blending in perfectly with our existing programs and initiatives.
- Carrying out one of the first comprehensive assessments of health care's connection to the economy in the largest market in the state – Yellowstone County. The study, conducted by BBER's new Director of Health Care and Social Policy Analysis Bryce Ward, was the first of its kind to take into account the connection between high quality health care and the productivity of the workforce.
- Naming our first Executive in Residence in the BBER, Bill Whitsitt, who has returned to Montana after a long and distinguished career in public affairs management, serving most recently as Executive Vice President at one of the largest oil and gas exploration companies in the United States, Devon Energy Corporation. Bill's keen interest in outreach and communication, as well as his impeccable credentials and expertise, have already made a tremendous contribution to our center.
- Release of research on the pivotal issue of early childhood education by Montana Kids Count in cooperation with the Dennis and Phyllis Washington Foundation and the Montana Governor's Office.

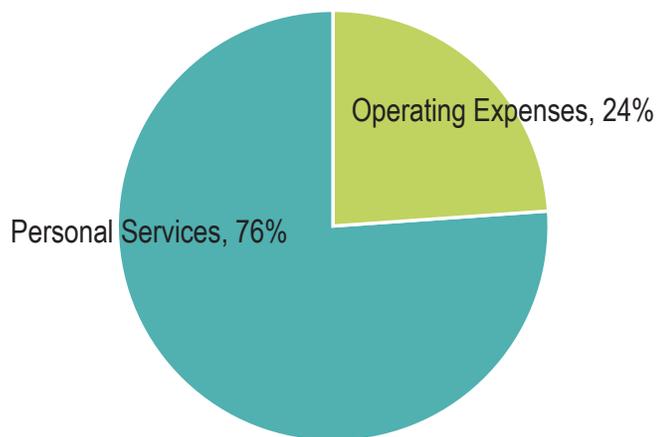
# Finances

**Bureau activity** was down slightly in 2013-14 from the previous year due to staffing vacancies and a slight reduction in state funds. Revenues from contract research decreased slightly less than 16 percent but remained nearly \$1.1 million, a high reached for the first time in 2011-12.

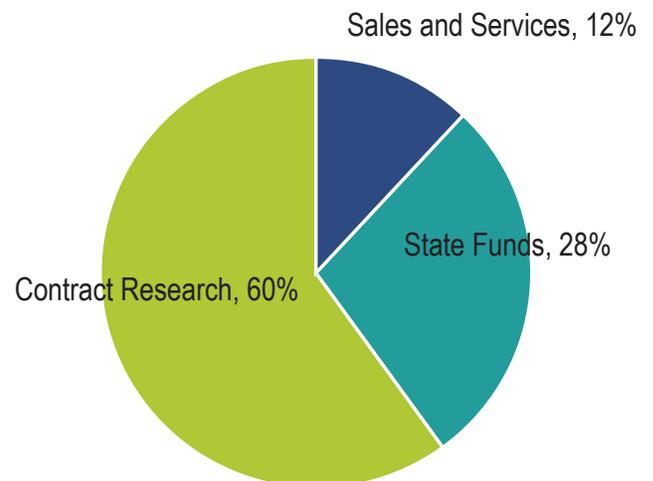
	2012-13		2013-14	
<b>Total Revenue</b>	2,010,629	100%	1,783,479	100%
<b>State Funds</b>	518,178	26%	498,425	28%
<b>Other Sources</b>	1,492,451	74%	1,285,054	72%
<b>Contract Research</b>	1,271,578	63%	1,072,050	60%
<b>Sales &amp; Services</b>	220,873	11%	213,004	12%
<b>Total Expenses</b>	2,010,629	100%	1,783,479	100%
<b>Personnel services</b>	1,593,842	80%	1,346,672	76%
<b>State Funds</b>	498,106	25%	496,570	28%
<b>Other Sources</b>	1,095,736	55%	850,102	48%
<b>Operating Expenses</b>	416,787	21%	436,807	24%
<b>State Funds</b>	20,072	1%	1,855	0.1%
<b>Other Sources</b>	396,715	20%	434,952	24%

# 2

**Expenses, 2013-14**



**Revenues, 2013-14**





# Economic Analysis

## 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 analyses to contract clients, policymakers, business people, and the general public. In addition to producing contract research, bureau personnel also respond each year to thousands of requests for local, state, and national economic data and make many resources available free of charge at [www.bber.umt.edu](http://www.bber.umt.edu).

### Montana Board of Research and Commercialization Technology Outsized Impact on Montana's Economy

Montana's economy has experienced significant impacts from the operations of the Montana Board of Research and Commercialization Technology (MBRCT) including more jobs, higher household incomes and larger tax revenues, according to a study completed by the Bureau of Business and Economic Research.

Over the past 14 years, the MBRCT has produced a larger, more prosperous and more populous state economy than would have existed in its absence, according to BBER Director Patrick Barkey. Established in 2000, the MBRCT encourages economic development through investment in Montana-based research projects with a clear path to commercialization.

The BBER economic impact study found that in the 14-year period MBRCT operations have produced the following economic outcomes:

- An average of 459 jobs have been created;
- More than \$315 million was received by Montana households;
- After-tax household income of Montanans was higher by almost \$229 million;
- Increased gross sales of \$718 million were realized by Montana-based business and other organizations; and
- Tax and non-tax revenues, not including property taxes, were \$66 million higher.

In its 14-year history, MBRCT has supported projects in agricultural research; energy and mining research; biotech and medical research; photonics and optics research; other research, including software, bioreactors, carbon dioxide sensors and biomimetic floating islands.

"Our basic finding is that MBRCT's operations have had an outsized impact on the state economy," Barkey said. "By almost any measure, the program's impacts have been substantial, and it clearly has been a good investment in Montana's economy."

BBER's economic impact study is available at <http://www.bber.umt.edu/Search/Studies.asp>.

# Forest Products Research



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## A National Source for Current Data on the Forest Industry

The BBER's Forest Industry Research Program is one of the largest of its kind, with slightly more than \$2 million in active agreements, nine employees, and as many as 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.

The program's projects include core research with the USDA Forest Service's Forest Inventory and Analysis Program at both the regional (13 western states) and national levels. Ongoing agreements involve timber products output research and studying the nation's timber harvest and forestry. These efforts benefit local and national data users seeking more information on the changes, sustainability, and economic impacts of the forest industries.

In 2013-14, the Forest Industry Research Program continued its third year of a 5-year project with the Northwest Advanced Renewables Alliance (NARA). This \$40 million project investigates the potential production of jet fuel from wood waste in Montana, Idaho, Oregon, and Washington. Research and development is conducted by public and private institutions across the four states. Led by scientists at Washington State University, program partners include Oregon State University, Plum Creek Timber, Boeing, and several other contributors. BBER's role is to evaluate logging and mill residue across the four-state region.

Several new projects were developed and funded during the 2013-2014 fiscal year. BBER forest researchers are now working with UM's College of Forestry and Conservation collecting logging cost data to develop logging cost indices for the western United States. They are also collaborating with the Forest Service's PNW Research Station to examine and reconcile discrepancies in published log export and timber harvest data.

Two smaller ongoing projects include a Forest Service Region One logging and log hauling cost study and the ongoing monitoring of economic impacts of the Southwest Crown of the Continent Collaborative Forest Landscape Restoration Program in northwestern Montana.

Work with long-term cooperators like the Forest Inventory and Analysis Program, and newer cooperators like NARA, is increasingly related to carbon sequestration, woody biomass for fuel and energy, and economic impacts, and sustainability of the wood products industry.



# 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.

In 2013-14, BBER's survey research projects included:

- Examining the characteristics of lease arrangements between Montana agricultural land owners and those who lease their land, through a telephone survey of 880 land owners.
- Surveying nearly 800 members of the Confederated Salish and Kootenai Tribes to identify members' preferences for future employment and their preferences for educational experiences related to job training and job readiness. (see profile on next page).
- Conducting a survey of southern California residents to determine the effectiveness of a messaging system designed to protect southern California residents in the event of wildfire.
- Identifying the current status of small manufacturing companies in the state and figuring out ways to improve their competitiveness, through a survey of more than 400 Montana firms.

### 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 or groups. BBER's capabilities include:

#### Phone

Connecting with 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.

## BBER Survey Examines Workforce and Economic Development on Flathead Indian Reservation

A recent survey of members of the Confederated Salish and Kootenai Tribes on the Flathead Indian Reservation found that 33 percent of tribal members have interest in starting a new business. For those seeking potential job training, top areas of interest include accounting, auditing, budget analysis, teaching, and general management.

These findings are results from two surveys conducted by BBER's survey research team for the Confederated Salish and Kootenai Tribes (CSKT). Results of the two surveys will form the foundation of a new three-year economic development project led by the CSKT Sustainable Economic Development Committee.

The first survey was an extensive assessment of tribal members' job and training needs. The second survey gathered information from tribal business owners and from tribal members who would like to start a new business.

The Flathead Indian Reservation is located in northwestern Montana and covers 1.317 million acres including the scenic Flathead Valley and the Mission Mountains. Tribes on the Flathead reservation include the Bitterroot Salish, Pend d'Oreille, and Kootenai.

In order for the study to be truly beneficial, the project required extensive participation of tribal members representing many groups and interests. To achieve this, the Bureau worked under the supervision of the tribes and several project partners. Tribal administrators undertook a massive

outreach effort to increase tribal member input on survey question content and questionnaire language, and Bureau staff extensively tested the Jobs and Training Survey before administration.

The Job and Training Needs Survey and the Business Owners' Survey were conducted by mail during May-July

2014. Every enrolled tribal member between the ages 18-60 with a mailing address on the Flathead reservation received the Jobs and Training Survey. Outreach efforts were successful and survey responses thoroughly represent every major tribal member demographic group studied.

The quality and usefulness of survey results reflect the BBER survey research team's advanced skills in scientific data collection combined with highly developed sensitivity and insight. These skills make it possible to capture the needed input of stakeholders across a spectrum of opinion while meeting the goals of the group overall.

Survey designer John Baldrige explained the role of carefully designed surveys in a process like economic and workforce development. "Taking the time to make sure the right questions are asked of the right people ensures that data reflect the opinions and needs of a diverse population of stakeholders," said Baldrige. "When you combine appropriate outreach with the right survey design, you'll get the foundation of good public service," he said.





# Manufacturing Research

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### MANUFACTURING CATEGORIES

- Wood Products
- Chemicals/Petroleum/Refining
- Food/Beverages
- Machinery/Equipment
- All Others



### Timely Studies on Important Statewide Issues

Montana's manufacturing sector includes more than 3,000 entities ranging from large industrial facilities such as oil refineries, to a broad array of lighter production activities, including the assembly of sophisticated high-technology equipment to small cottage industries. Manufacturing accounts for roughly 20 percent of Montana's economic base and pays high wages, with employees averaging almost \$50,000 per year compared to \$40,000 per year. For the past 15 years, BBER has been conducting surveys to find out how the state's manufacturers feel about a wide variety of business issues.

For this year's survey, interviewers asked participants what they saw as the biggest advantages of operating a manufacturing business in Montana and the most significant barriers to starting or expanding an existing manufacturing business in the state. Many respondents said an advantage of operating in state was that they could live a "Montana lifestyle" with access to recreational opportunities. Some cited the affordable cost of living that allows people to pay their mortgages while bootstrapping a business. A few barriers to doing business included the distance to markets and associated transportation and shipping costs. Lack of skilled labor or available workforce was another advantage.

Many manufacturers expressed optimism about their outlook for the upcoming year. The most optimistic sectors were in the food/beverage and machine/equipment sectors. The wood products sector was the most pessimistic. Although manufacturing contains hundreds of highly specific categories, BBER divided the categories into five segments (see sidebar). Results from the Bureau's manufacturing surveys can be found online at [www.bber.umt.edu](http://www.bber.umt.edu).

In addition to the annual survey, BBER conducts economic impact studies for manufacturers. One interesting economic impact study the Bureau conducted was for the Montana Brewers Association to assess the state of the burgeoning Montana craft beer industry.

BBER also maintains the Montana Manufacturers Information System (MMIS), a web-based database created to foster partnerships among Montana companies, attract new customers, and help firms identify in-state suppliers. MMIS lists detailed information about Montana manufacturers, their products, and their capabilities. It can be accessed at [www.mmis.umt.edu](http://www.mmis.umt.edu) or via the BBER website [www.bber.umt.edu](http://www.bber.umt.edu). The database currently contains information 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.

# Natural Resources and Energy Research

## Measuring Montana's Energy Prospects

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

In the second year of the new program, the Bureau welcomed Bill Whitsitt as Executive in Residence. Bill has returned home to Montana after a long and prestigious career in the energy sector. Most recently, Whitsitt served as senior executive vice president at Devon Energy Corporation, one of the largest oil and gas exploration companies in the world.

In the spring of 2014, Whitsitt and BBER Director Emeritus Paul Polzin co-authored an opinion piece published by the Wall Street Journal titled, "The U.S. Energy Boom Lifts Low-Income Workers Too." In the weeks following, Paul Polzin presented Congressional testimony before the U.S. House of Representatives' Committee on Energy and Commerce on the impact of the new American energy boom.

Polzin's recent research finds the boom-town atmosphere of the Bakken in Montana and North Dakota is creating economic growth in all sectors. Workers in construction, professional services, and accommodations also are benefiting from the boom (see sidebar).

### BBER Testimony Before Congress on Economic Impacts of Energy Boom

In Montana and North Dakota, towns that might have become ghost towns are booming because of energy-related activities in the Bakken oil fields. BBER's Director Emeritus Paul Polzin completed research this year that shines more light on the details, including the industries affected beyond oil and gas.

"The streets of Sidney and Williston are crowded with petroleum engineers, drilling managers, environmental

specialists and other natural resource workers," Polzin said. "But these high-paying specialties are not the only ones to benefit from the boom. Almost all sectors of the local economies are experiencing greater-than-expected growth in employment and wages."

Architects, accountants, waitresses and hotel clerks are some of the workers in other industries benefiting from the boom. Percent increases in wages in these

areas are ranging from 3 percent to over 50 percent.

Additionally, in Montana the oil and gas industry paid about \$282 million in taxes, royalties, leases and other payments to state and federal governments in 2013, Polzin said. "These trends in energy-producing areas can have a powerful effect in providing higher wages and strengthening rural economies," he said.



# 7

BBER's energy research team brings over 100 years of combined experience in economic forecasting for both the public and private sectors, including the expertise of Program Director Terry Johnson, Director Emeritus Paul Polzin and current BBER Director Patrick Barkey. They have measured the effects of natural resource development in Montana and the Pacific Northwest since the late 1970s through cycles of both boom and bust. BBER expertise includes analysis of the impacts of these industries on state revenue forecasts, taxes and public policy. Our experienced 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
- Consulting to state and local government



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## Health Care Research & Social Policy Analysis



### BBER Hires New Director of Health Care Industry Research

In this past year, BBER welcomed a new health care industry research director, Bryce Ward. Before joining the Bureau, Ward spent nine years providing expert testimony and policy analysis as a senior economist at

Portland-based consulting firm ECONorthwest. Though Ward is new to the Bureau, he is not new to Missoula. Ward's wife, Maggie, grew up in Missoula, and he and his family were pleased to relocate to her childhood home.

Ward received a doctorate in economics from Harvard and a bachelor's degree in economics and history from the University of Oregon. His areas of expertise include econometric analysis and applied microeconomics – including health economics, labor economics, urban and regional economics, public finance, and environmental and natural resource economics. He has taught courses in economics and public finance at Harvard University, Lewis and Clark College, the University of Oregon and Portland State University.

“We are thrilled to have someone with Bryce's experience and deep knowledge of health economics to fill this key position,” said BBER Director Patrick Barkey. “Given the complexities and opportunities of health care policy, Bryce is up to maintaining the high standards of health care research the Bureau is known for while taking the program in new directions.”

Ward has been busy with many projects, one of which is featured in the sidebar.

### Billings' Health Care By the Numbers

Bryce Ward, BBER's new health care director, unveiled some interesting numbers when studying health care in Billings. Here is a look at the numbers.

#### **13,000**

Number of workers in health care industry, 16 percent of Billings' employment.

#### **\$641,000,000**

Total payroll paid to health care workers, 20% of total payroll.

#### **21,500**

Total number of jobs in Billings directly or indirectly attributable to health care.

#### **\$1,200,000,000**

Total payroll directly or indirectly attributable to health care.

#### **6,250**

Number of health care jobs added since 1990. Nearly double the change of the next highest industry.

#### **3,700**

Number of health care jobs Billings is expected to add by 2022. Nationally, health care is projected to be the fastest growing industry over this period.

#### **\$2,600,000,000**

Total output in Billings directly or indirectly.

# Montana KIDS COUNT



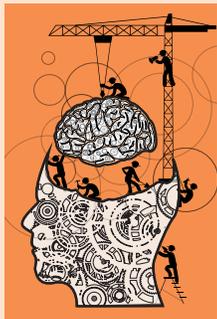
## Research and Resources to Improve the Lives of Children and Families

Montana Kids Count is part of a national program designed to track and use data to promote the wellbeing of children at the local level, and to track changes in outcomes over time, providing the basis for comparative and trend analysis. Established in 2000, 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.

The Montana Kids Count Data Book is published annually and includes information on demographics, health, vital statistics, and education. The book provides the most current and accurate data on indicators of child well-being to policymakers, legislators, educators, parents and others throughout the state.

Led by Director Thale Dillon, Montana Kids Count continued to publish issue briefs in 2013-14. Each publication addresses a particular challenge faced by Montana children and families and offers proven policy solutions to address the issue. A 2014 brief discusses child safety and seat belt usage as they relate to highway fatalities.

In addition to grant-related work for the Casey Foundation, Montana Kids Count also holds contracts to conduct ongoing research projects related to public health and social policy.



## Building Prosperity: The Business Case for Investing in High Quality Early Care and Education

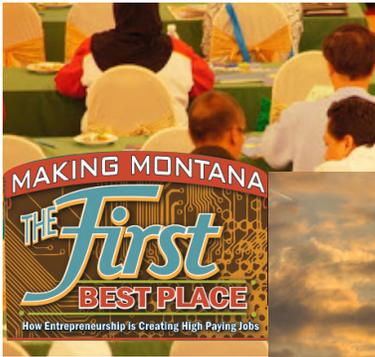
In 2013-14, Montana Kids Count Communications & Outreach Director Jennifer Calder worked with the Montana Governor's Office and the Washington Foundation to create an informational resource titled, "Building Prosperity: The Business Case for Investing in High Quality Early Care and Education." This booklet was created to educate the Montana business community about the value of investing in early care and education.

Drawing on neuroscience, and economic and educational theory and research, the publication highlights the work of Nobel-prize winning economist James Heckman, as well as that of Dr. Jack Shonkoff and colleagues at the Center on the Developing Child at Harvard University.

The benefits of high quality early care and education (to employers, communities, parents and children) were illustrated in a visual timeline of developmental benchmarks and milestones. This outline demonstrates the economic benefits of investing in early care and education, making clear the connection between a \$1 investment in early care and education and the return of more than \$7, on average, over the course of a person's life.

In addition, the publication provides businesses with examples of workplace policies that support families, a list of early childhood resources and ways in which business leaders can support and invest in early care and education.





# 9

BBER surveys showed 95 percent of attendees at the Montana Economic Outlook Seminars were satisfied or very satisfied with their experience and a large majority of the audience attends year after year. Participants appreciate the variety of topics presented, the quality of information and materials, and the inclusion of city/county information along with the national and state economic outlooks.

**For information on the next Montana Economic Outlook Seminar series, visit: [www.bber.umd.edu/events](http://www.bber.umd.edu/events)**

## Seminars and Outreach

### Outlook 2014

#### **Making Montana the First Best Place: How Entrepreneurship is Creating High-Paying Jobs**

In 2014 Montanans turned out in record numbers to see the 39th Annual Economic Outlook Seminars. With a program titled, “Making Montana the First Best Place: How Entrepreneurship is Creating High-Paying Jobs,” Northwestern Energy and the UM Bureau of Business and Economic Research teamed up to bring one of the state’s leading entrepreneurs, Greg Gianforte, to the stage.

Gianforte founded RightNow Technologies in 1997 in a spare bedroom in Bozeman, Montana. By the time the company was acquired by Oracle in 2012 for \$1.8 billion, RightNow was Bozeman’s largest commercial employer and the only publicly traded technology company in the state. As keynote speaker for the 2014 seminars in nine cities across Montana, Gianforte gave a first-hand account of this Montana success story and discussed the potential for entrepreneurship to create more high-wage jobs in the state.

Each year between late January and mid-March the Bureau presents the Montana Economic Outlook Seminars in nine cities across the state. Bureau economists and other experts travel across Montana to offer statewide and community economic forecasts for the coming year. Forecasts include reports on key industries like health care, forest products, real estate, agriculture, tourism and energy. Outlook Seminars were held in Helena, Great Falls, Missoula, Billings, Butte, Bozeman, Kalispell, Lewistown and Havre in 2014.

In 2014, Outlook Seminar attendance increased by 15 percent over the previous year. Though audiences have grown steadily for decades, numbers had fallen slightly in 2013. Attendance rebounded in 2014 with increases of 80 percent in Missoula, 40 percent in Bozeman and Kalispell, 38 percent in Helena, and 20 percent in Billings and Lewistown. Total seminar registrations rose by more than 250 people, with nearly 1,800 registered in all nine seminar cities.

Audiences for the 2014 Montana Economic Outlook Seminars included:

- Influential leaders such as Montana’s Governor, Attorney General, Commissioner of Higher Education, University Presidents, and CEOs of major corporations.
- Nearly 30 percent of Montana state legislators.
- More than 20 staff members for Montana’s congressional delegation.
- Business owners and professionals in banking, real estate, health care, construction and energy.

## Midyear Update

### Manufacturing a Greater Montana

Recent trends indicate the U.S. may be at the beginning of a resurgence in manufacturing. Businesses that had moved their operations to foreign shores have started to come home. Some economists have speculated that lower energy costs and booming energy production may be reversing the trends that moved big energy users like manufacturing overseas.

BBER Economists Patrick Barkey and Paul Polzin examined the prospects for Montana's manufacturing sector in light of the

shale oil boom in a program titled "Manufacturing a Greater Montana," presented at the 9th Annual Midyear Economic Update. Sponsored by the Montana Chamber of Commerce and held each summer, the midyear update reexamines the state and local economic forecasts, accounting for changes in the economy since the Montana Economic Outlook Seminar. Midyear update seminars are presented in Helena, Great Falls, Missoula, Billings, Bozeman, Butte and Kalispell.

## Website Redesign Unveiled

### BBER Wins National Award for Website

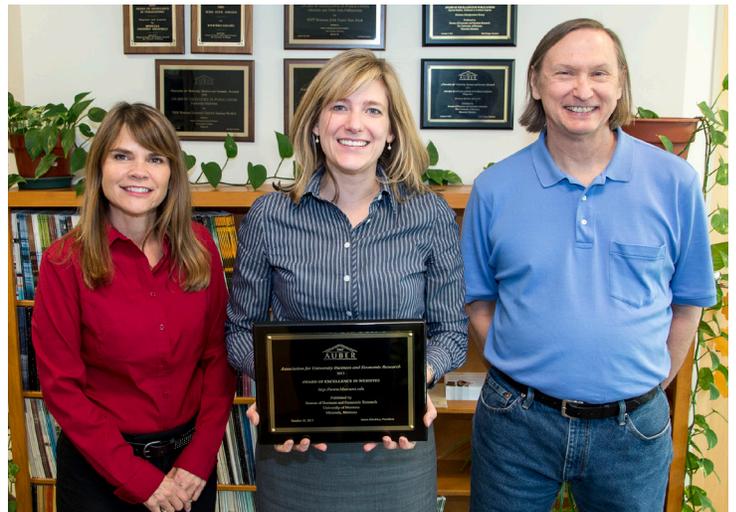
The Bureau of Business and Economic Research unveiled a complete website redesign in 2013, winning a national Website Award of Excellence for its site, [www.bber.umt.edu](http://www.bber.umt.edu).

The Association for University Business and Economic Research presented the award at its conference held in Richmond, Va. AUBER is the professional association of business and economic research organizations at public and private universities and is comprised of 100 leading economic research centers.

"We're proud to see our website recognized as outstanding among our peers nationally," said BBER Director Patrick Barkey. "Providing online access to BBER's wealth of economic research is key to the role we play helping businesses in particular – and the Montana economy as a whole – succeed."

The Bureau's new website provides research studies, articles and data covering diverse topics related to Montana's economy, including energy, health care, housing, forest products, manufacturing, agriculture, entrepreneurship, children and families, population, demographics, state and local economic forecasts and more.

BBER's website development team included Communications Director Shannon Furniss, Programmer and Database Administrator Bob Campbell, Marketing Director Christina



*Shannon Furniss, Christina Henderson and Bob Campbell (pictured from left) were part of the Web development team.*

Henderson, Web Designer Jonathan Nelson, Graphic Designer Billie Loewen, Publications Assistants Nate Hegyi and Deb Schmaus, Forest Products Research Assistant Chelsea McIver and student employees Aidan Dowling, Sara Thane and Perri Taylor.

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ne 387 Pantor

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# 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 more than 50 years. The MBQ continues to grow subscription levels and revenues with innovative design, original research, and provocative articles on pressing topics.

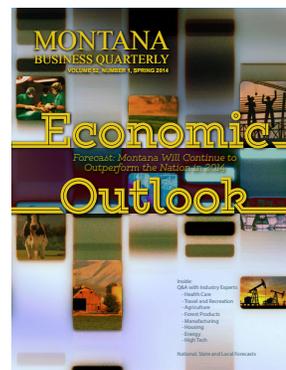
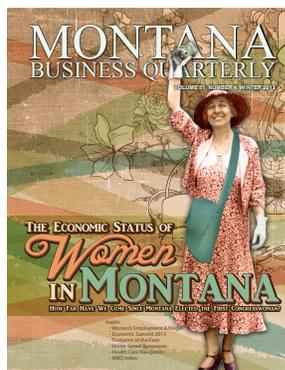
During 2013-14, BBER made front page news in a variety of newspapers for research that appeared in the Montana Business Quarterly. The MBQ tackled issues such as the health insurance exchange, home-based businesses, and the oil boom that is changing Montana's rural economies.

One of the biggest stories for the Montana Business Quarterly was an interview with Montana's newly elected Governor Steve Bullock. MBQ Editor Shannon Furniss, along with BBER Director Patrick Barkey and former Marketing Director Christina Henderson, traveled to Helena to interview the governor about statewide economic issues and plans for his first year as governor. The interview was published in the autumn issue.

The winter issue of the MBQ included coverage of the 2013 Economic Development Summit in Butte, which was attended by nearly 4,000 people and featured a lineup of impressive keynote speakers such as Sheryl Sandberg, chief operating officer of Facebook, Eric Schmidt, executive chairman of Google, and Elon Musk, CEO of SpaceX and Tesla Motors, to name a few. Editor and Communications Director, Shannon Furniss, attended the summit and included a summary of the speakers – top executives from Fortune 500 corporations, including a few on Forbes' list of most powerful men and women in the world – and secured an article from former Sen. Max Baucus. The senator brought together some of the most influential business leaders and trading partners to help bring economic development to Montana.

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 Royce Engstrom, UM Provost Perry Brown, School of Business Administration Dean Larry Gianchetta, and BBER Director Patrick Barkey.

To subscribe to Montana Business Quarterly, visit [www.bber.umt.edu/mbq](http://www.bber.umt.edu/mbq).



# 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 the Bureau served the community in 2013-14 include:

- Giving more than 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), 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 Western Journal of Applied Forestry, 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 Association for University Bureaus of Economic Research (AUBER). The Bureau continues to serve as the business office and secretary-treasurer for the organization, publishes the AUBER newsletter and serves as AUBER 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 Seattle, WA. This two-day conference on regional economic issues draws professionals from throughout the Pacific Northwest and Canada.



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# Research Projects

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## Economic Analysis

**Assessing Costs Avoided and Business Satisfaction for Montana's eGovernment Services**, ongoing. Sponsored by the Montana Department of Administration. An analysis of the cost savings that has been realized by Montana government agencies that have moved from paper forms to online applications for their services.

**The Economic Impact of the Montana Board of Research and Commercialization Technology**, April 2014. Sponsored by the Montana Board of Research and Commercialization Technology. An assessment of the economic impact of the last 12 years of operation of a state agency whose mission is to support research activities with a direct path to commercialization.

**The Contribution of UM Research to the Montana Economy**, May 2014. Sponsored by the UM Vice President for Research and Creative Scholarship. An assessment of the economic contributions made by research activities at the University of Montana.

**The Economic Impact of Montana's Beer and Wine Distributors**, July 2014. Sponsored by the Montana Beer and Wine Distributors Association. A study analyzing the economic contribution of Montana's beer and wine distributors to the state economy.

## Forest Products Research

**Region One Logging and Log Hauling Costs**, ongoing. A challenge cost agreement with the USDA Forest Service, Region One, Missoula, MT, to conduct an analysis of logging and log-hauling costs in Montana and Idaho.

**Pacific States Forest Industry and Timber Harvest Analysis**, ongoing. A 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.

**Southern Rockies Logging Utilization**, ongoing. A 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.

**Timber Product Output and Forest Industry Analysis for the Interior West States**, ongoing. A joint venture 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.

**Monitoring in the Southwest Crown of the Continent (SWCC)**, ongoing. Contract Attributes Monitoring, a 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.

**Expanding Bioenergy Production from Mill and Fuel Treatment Residues in the Southern Rocky Mountains**, ongoing. A joint venture research agreement with the USDA Forest Service, Rocky Mountain Research Station, Missoula, MT, to quantify supply, demand, capacity, energy balance, and emissions related to woody materials potentially available for use for biomass energy in Arizona, Colorado, and New Mexico.

**Alaska Timber Harvest and Log Export Data Evaluation**, ongoing. A joint venture research agreement with the USDA Forest Service, Pacific Northwest Research Station, Portland, OR, to identify, understand, and reconcile differences in published timber harvest and log export data in Alaska and other Pacific states by examining published data and working with the agencies and businesses that collect, compile, and report log export and timber harvest information.

**Developing Western Logging Costs as a Basis for Western Logging Cost Indices**, ongoing. A research agreement with the Wood Supply Research Institute, to conduct an analysis of timber harvesting costs in Idaho, Montana, Oregon, and Washington in order to begin development of a publicly available logging cost index for western states. Co-directed with the University of Montana College of Forestry and Conservation.

**Employment and Income Response**, ongoing. A 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.

**AFRI Northwest Biomass Feedstock Analysis**, ongoing. A 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.

**Enhancing the Timber Products Output (TPO) Program in the Northern US and Developing a Strategic Plan for Nationalizing TPO**, March 2014. 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.

**Region One Logging Costs**, February 2014. A 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.

## Manufacturing Research

**The Economic Impact of Craft Brewing in Montana**, August 2014. Sponsored by the Montana Brewers Association. An assessment of the economic impact of Montana's burgeoning craft beer industry. This is the second of two reports. The first was published in 2012.

**An Analysis of the Economic Impacts of Expanding Manufacturing Activity in Montana**, January 2014. Sponsored by Prospera Business Network. An assessment of the employment, income and other impacts from a hypothetical expansion of the most important manufacturing industries in five different regions of Montana.

**Evaluation and Economic Impact of the Montana Manufacturing Extension Center, 2013**. An assessment of the contribution of the Montana Manufacturing Extension Center to the Montana economy. Prepared for the Montana Manufacturing Extension Center, Montana State University-Bozeman.

**The State of Montana Manufacturing, 2014**. An analysis of the state of manufacturing in Montana in the years following the onset of the Great Recession. Prepared for the Montana Manufacturing Extension Center, Montana State University-Bozeman.

**Montana Manufacturers' Survey, 2013-14**. A survey administered for BBER's Manufacturing Research Program that examines the annual business performance of Montana's manufacturing firms.

## Natural Resources & Energy Research

**The Boom that Hasn't Gone Bust: The Maturation of the Oil Economy of the Bakken**, February 2014. Sponsored by the University of Michigan RSQE. A description of the technological innovations and the economic impacts involved with the Bakken oil boom.

## Survey Research

**Montana State Parks Snowmobile Fuel Use Study, 2014**. Mixed mode survey of Montana resident snowmobilers to determine snowmobile use and related expenditures.

**Montana State Parks Off-Highway Vehicle Fuel Use Study, 2014**. Mixed mode survey of Montana resident off-highway vehicle users to determine off-highway vehicle use and related expenditures.

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

**MDT TranPlan 21 Stakeholders Survey, 2013**. Telephone survey and data analysis of stakeholders for Montana Department of Transportation measuring stakeholder satisfaction with the department.

**Missoula County Real Estate Report, 2014**. Contributed demographic and economic data to a study of the Missoula area real estate market prepared by a committee of local stakeholders.

**AUBER Membership Survey, 2013**. Prepared 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.

## Health Care Research & Social Policy Analysis

**Contribution of Health Care to Billings' Economy, 2014**. Sponsored by the Big Sky Economic Development Agency. An assessment of the economic impact and contribution of Billings' health care sector to the Billings economy.

**Economic Analysis of the Confederated Salish Kootenai Tribes (CSKT) Water Compact, 2014**. Sponsored by the Montana Water Stewards. A report of the potential effects of a Water Rights Compact between the Confederated Salish and Kootenai Tribes, the State of Montana, and the United States of America on Montana's economy.

**Russell Street Benefit Cost Analysis**, April 2014. Sponsored by the Montana Department of Transportation. A benefit-cost analysis to support a TIGER grant application prepared by the Montana Department of Transportation.

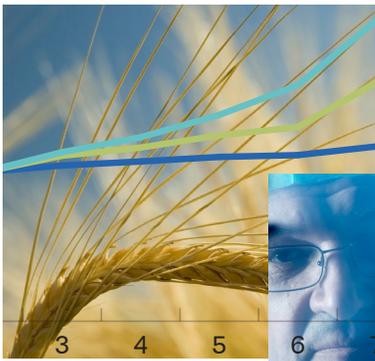
**Montana KIDS COUNT**, continual. Sponsored by the Annie E. Casey Foundation. As the Montana grantee, tracking child well-being in the state and making data related to children and families available to organizations and individual who need it and use it in their work.

**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 two of a 5-year project, by contract with the Childhood Services Bureau, Department of Public Health and Human Services.

**Montana Strategic Prevention Framework Partnership For Success (SPF-PFS)**, ongoing. Designing and conducting qualitative and quantitative evaluation of implementation of environmental prevention practices across the state and in 23 selected high-need communities (including all seven reservations). The partnership grant is a five-year project funded by the substance abuse and mental health services administration (SAMHSA), and the evaluation work is by contract with the chemical dependency bureau of DPHHS.

**Montana State Epidemiological Outcomes Workgroup (SEOW)**, ongoing. Convene and facilitate bi-annual meetings of the state's cross-agency epidemiological work group and serve as state repository for, and develop annual evaluation of, epidemiological data, and be involved in prevention efforts at the state policy level. The work is funded by the substance abuse and mental health services administration (SAMHSA), through a contract with the chemical dependency bureau of the Montana DPHHS.

# Research Publications



## Economic Analysis

Barkey, Patrick M., 2014. "U.S. Economic Outlook: Is This Finally Next Year?" *Montana Business Quarterly*, Vol. 52, No. 1, Spring 2014.

Barkey, Patrick M., 2014. "Montana Economic Outlook: The West is Back," *Montana Business Quarterly*, Vol. 52, No. 1, Spring 2014.

Barkey, Patrick M., 2014. "Lewis and Clark County Outlook:

Something Old, Something New," *Montana Business Quarterly*, Vol. 52, No. 1, Spring 2014.

Barkey, Patrick M., 2014. "Missoula County: Better Growth Ahead," *Montana Business Quarterly*, Vol. 52, No. 1, Spring 2014.

Barkey, Patrick M., 2014. "Yellowstone County: Next Door to a Boom," *Montana Business Quarterly*, Vol. 52, No. 1, Spring 2014.

Barkey, Patrick M., 2014. "An Analysis of the Economic Impacts of Expanding Manufacturing Activity in Montana," *Prospera Business Network*, January 2014.

Barkey, Patrick M., 2014. "Montana's Economy: The Recession's Shadow Still Lingers," *Montana Business Quarterly*, Vol. 51, No. 3, Autumn 2013.

Polzin, Paul E., 2013. "The Economic Footprint of the Federal Government in Montana," *Montana Business Quarterly*, Vol. 51, No. 4, Winter 2013.

Polzin, Paul E., 2014. "Gallatin County: Data Muddied by RightNow Technologies Sales," *Montana Business Quarterly*, Vol. 52, No. 1, Spring 2014.

Polzin, Paul E., 2014. "Silver Bow-Deer Lodge Economy; Serving Southwestern Montana," *Montana Business Quarterly*, Vol. 52, No. 1, Spring 2014.

Polzin, Paul E., "Cascade County: Stability, Stability, Stability," *Montana Business Quarterly*, Vol. 52, No. 1, Spring 2014.

Polzin, Paul E., "Flathead County: Climbing Out of the Recession Hole," *Montana Business Quarterly*, Vol. 52, No. 2, Spring 2014.

Sylvester, James T., 2014. "Ravalli County: Emerging from the Downturn," *Montana Business Quarterly*, Vol. 52, No. 1, Spring 2014.

Sylvester, James T., 2013. "Who Works from Home in Montana?" *Montana Business Quarterly*, Vol. 51, No. 4, Winter 2013.

## Forest Products & Manufacturing

Berg, E.C., C.B. Gale, T.A. Morgan, A.M. Brackley, C.E. Keegan, S.J. Alexander, G.A. Christensen, C.P. McIver, and M.G. Scudder. 2014. *Alaska's Timber Harvest and Forest Products Industry, 2011*. Gen. Tech. Rep. PNW-903. Portland, OR: USDA, Forest Service, Pacific Northwest Research Station.

Hayes, S.W., T.A. Morgan, C.E. Keegan, C.B. Sorenson, and S. Furniss. "Montana Manufacturers Survey: Operating in Montana Has Many Advantages." *Montana Business Quarterly*, Vol. 52, No. 2, Summer 2014.

McIver, C.P., C.B. Sorenson, C.E. Keegan, T.A. Morgan, and M.T. Thompson. 2014. *Wyoming's Forest Products Industry and Timber Harvest, 2010*. Resour. Bull. RMRS-RB-17. Fort Collins, CO: USDA, Forest Service Rocky Mountain Research Station. 29p.

McIver, C.P., C.B. Sorenson, C.E. Keegan, T.A. Morgan, and J. Menlove. 2013. *Montana's Forest Products Industry and Timber Harvest, 2009*.

Resour. Bull. RMRS-RB-16. Fort Collins, CO: USDA, Forest Service Rocky Mountain Research Station. 42p.

Morgan, T.A., J. O'Laughlin, S.W. Hayes, C.E. Keegan, and R.G. Taylor. 2014. *Idaho's forest products industry current conditions and 2014 forecast*. Idaho Forest, Wildlife and Range Experiment Station, Moscow, ID. Station Bulletin 101, 4p.

Morgan, T.A., S.W. Hayes, C.B. Sorenson, and C.E. Keegan. 2014. *Montana's Forest Products Industry: The Recovery Continues*. Pp 28-30 In *Outlook 2014: 39th Annual Economic Outlook Seminar*. Bureau of Business and Economic Research, University of Montana, Missoula. 36p.

Morgan, T.A., S.W. Hayes, and C.B. Sorenson. 2014. *Montana's manufacturing industry: improvements expected to continue*. Pp 25-27 In *Outlook 2014: 39th Annual Economic Outlook Seminar*. Bureau of Business and Economic Research, University of Montana, Missoula. 36p.

Polzin, Paul E., 2014 *Evaluation and Economic Impact of the Montana Manufacturing Center*, Bureau of Business and Economic Research, University of Montana, Missoula, MT.

Polzin, Paul E., *The State of Montana Manufacturing 2014 Edition*, Bureau of Business and Economic Research, University of Montana, Missoula, MT

Scudder, M., T. Venn, and T.A. Morgan, 2014. "Can Montana Participate in the Lumber Export Market to China?" *Forest Products Journal*: 2014, Vol. 64, No.1-2, pp. 11-18.

Simmons, E.A., T.A. Morgan, E.C. Berg, S.J. Zarnoch, S.W. Hayes, and M.T. Thompson. 2014. *Logging Utilization in Idaho: Current and Past Trends*. Gen. Tech. Rep. RMRS-GTR-318. Fort Collins, CO: USDA, Forest Service Rocky Mountain Research Station. 15p.

Simmons, E.A., S.W. Hayes, T.A. Morgan, C.E. Keegan, and C. Witt. 2014 (In Press). *Idaho's Forest Products Industry and Timber Harvest, 2011*. Resour. Bull. RMRS-RB-19. Fort Collins, CO: USDA, Forest Service, Rocky Mountain Research Station. 46 p.

Sorenson, C.B., C.E. Keegan, T.A. Morgan, C.P. McIver. 2014. *Employment and wage impacts of timber harvesting and processing in the United States*. Report submitted to USDA Forest Service, Ecosystem Management Coordination, Washington, DC. 36p.

## Natural Resources and Energy Research

Barkey, Patrick M. "Tight Oil Revolution: A Game Changer for Montana's Economy." *Montana Business Quarterly*, Vol. 52, No. 2, Summer 2014.

Johnson, Terry. "Is Oil the Next Goldrush? North Dakota Experiences a Bigger Boom than Montana." *Montana Business Quarterly*, Vol. 51, No. 3, Autumn 2013.

Johnson, Terry. "Oil Outlook: Will the Bakken Take Backseat to the Three Forks Formation?" *Outlook 2014*. 39th Annual Economic Outlook Seminar.

Paul Polzin and Bill Whitsitt, "The U.S. Energy Boom Lifts Low-Income Workers Too," *The Wall Street Journal*, April 4, 2014

## Health Care Research & Social Policy Analysis

Barkey, Patrick M. "Changes in Health Care Landscape Not Limited to Obamacare, Outlook 2014. 39th Annual Economic Outlook Seminar.

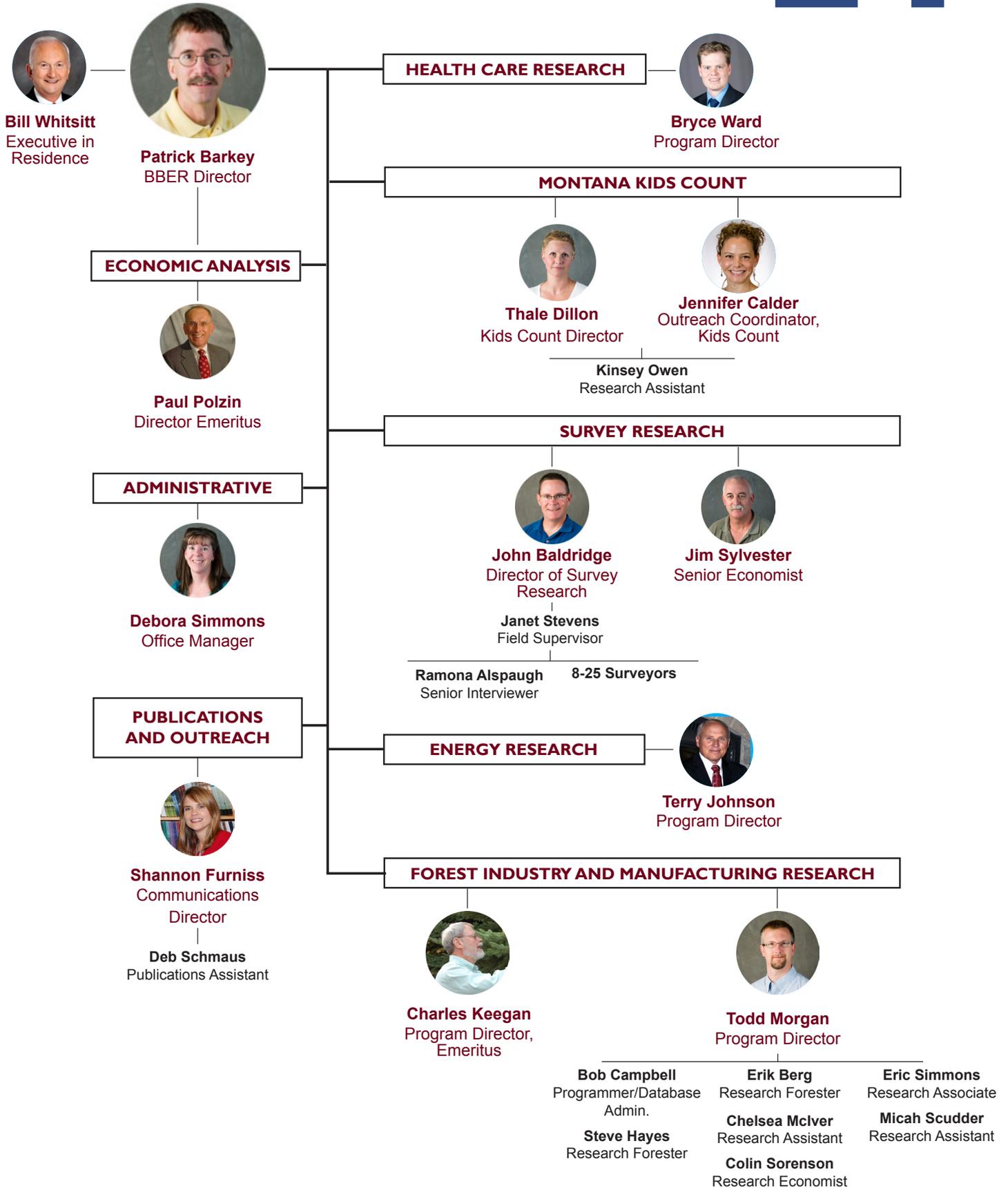
Calder, Jennifer. "Early Childhood Education: Investment Brings Big Results." *Montana Business Quarterly*, Vol. 52, No. 2, Summer 2014.

Polzin, Paul E., 2013. "Navigating the Health Insurance Marketplace." *Montana Business Quarterly*, Vol. 51, No. 4, Winter 2013.

Herling, Daphne, 2014. "Seat Belts—Saving Lives on Montana Roads." *Montana Kids Count Issue Brief*, Vol 3, No. 1, Summer 2014.

# Organizational Chart

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Bureau of Business and Economic Research  
University of Montana  
Gallagher Business Building, Suite 231  
Missoula, MT 59812-6840  
Telephone: (406) 243-5113  
Fax: (406) 243-2086  
[www.bber.umt.edu](http://www.bber.umt.edu)



School of **Business Administration**