

## **II:**

# **DEMOGRAPHICS AND ECONOMICS**

## **Introduction and Summary**

Population and economic characteristics and trends provide important background information for the County to study and analyze for the Growth Policy planning process. These tools can be used to provide insight into current and future needs. Population and economic characteristics also identify the County's attributes, along with the challenges its residents face. A population analysis examines the past, present and future make-up of the County in terms of the number of people living there and the age composition of the population. An economic analysis reveals where people work, the wealth of the County, its reliance on local businesses and services, and its ability to pay for needed public improvements. In order to plan effectively, the County must have a basic understanding of both the population and economic factors, and how they may impact on the County now and in the future.

Some of the key points in this chapter include the following:

- While the County experienced substantial out-migration during the latter 1980s, the annual growth rate in the first half of 1990s has increased at nearly double the average growth rate during the previous decade.
- The Helena Valley continues to encompass the largest percentage of County population and growth. The majority of the growth is occurring in unincorporated areas within the Helena Valley.
- The unincorporated communities within the County comprise a small percentage of the overall county population. Population growth within these areas, however, may eventually warrant an individual plan similar to that developed for the Lincoln area.
- The unincorporated communities within the County comprise a small percentage of the overall county population. Population growth within these areas may eventually warrant individual plans.
- Recent increases in population are primarily attributed to a net increase in migration (for employment purposes) of persons between the ages of 35 and 55, as well as retirees age 65 and older. The long-range trend in the County is an aging population, with a number of important implications for the workforce, healthcare system, and other areas of life.

- The projected 2010 population for the County is 63,316, up from 55,716 in 2000 census, a 14 percent increase.
- Females comprise a larger share of the workforce than in the past decade and continue to hold jobs paying less than males. The County's economy is predominantly based on the government and service sectors.
- Per capita income in Lewis and Clark County as a percentage of the national figures decreased significantly in the period between 1970-2000, but remains higher than in Montana as a whole.
- Approximately half of the adults in Lewis and Clark County have received some training beyond high school, and more than 30 percent of the population has attained a college or technical degree.
- Unemployment has consistently remained lower than that of the entire state of Montana and the United States as a whole as a result of government jobs.
- When examining the four-county area of Broadwater, Jefferson, Meagher, and Lewis and Clark Counties, the latter has the dominant economy and largest labor force by a significant margin, in large measure due to the influence of Helena and East Helena.
- During the past three decades, the economies of southern Lewis and Clark County, northern and central Jefferson County, and central and western Broadwater County, in particular, have been increasingly linked in an economic and demographic region that transcends county boundaries. A growing portion of the workforce in Lewis and Clark County, for example, commutes to work from homes in Broadwater and Jefferson Counties. This trend has increased the need for inter-county planning and cooperation in the region.
- New housing construction has an important, positive economic impact on Lewis and Clark County, but the location of that housing—and its relationship to existing infrastructure—influences the fiscal effect the development will have on local government.

In addition to the data included in this chapter, a much more detailed analysis of the County's population and economy is found in the East Helena-Area Economic Adjustment Strategy. This study—which encompasses the cities of East Helena and Helena, and Lewis and Clark, Broadwater, Jefferson, and Meagher Counties—was completed in July 2002, and was submitted to the U.S. Department of Commerce. The Economic Adjustment Strategy is a supporting document to this Growth Policy, and is on file at the Lewis and Clark County Planning Office.

## **History**

Prior to the coming of non-native explorers, the Lewis and Clark County area had been inhabited by Blackfoot Indians for centuries. The first European visitors to Montana may have been the Verendrye brothers in 1742-43. Trappers and fur traders were visitors in the State in the later half of the 18th century. In 1805, Meriwether Lewis and Captain William Clark visited the territory comprised of the present Lewis and Clark County and opened up this territory to pioneer settlement.

More than half a century after the expedition of Lewis and Clark, gold was discovered in what is now known as Last Chance Gulch. Several mines were opened throughout the later half of the nineteenth century, but the most important settlement was by far Last Chance Gulch, a gold mining camp that eventually became the City of Helena. When the placers were mined out, rich quartz lodes were found nearby, and, with more stable mining activity, Helena became the supply center for neighboring valleys. Its location on important north-south and east-west transportation routes enhanced its development. In 1875, Helena became the territorial capital and won the state capital election in 1894.

The future main street of Helena was still teeming with miners when other pioneers began to run cattle along Sun River, seventy miles north. The first herd driven out of Montana started from the vicinity of Augusta in 1868. During that year, the first homestead entry in the state was filed in the Helena land office.

The Northern Pacific Railway Company battled politicians, reluctant bankers, hostile Indians and northern blizzards to extend the railway to Helena. Overcoming all obstacles, the railway reached Helena in the summer of 1883; regular passenger service was inaugurated, eclipsing the demand for stagecoaches. Interstate commerce also expanded as the first bullion train carried a million pounds of Montana silver to New York. The coming of the railroad proved to be an economic catalyst that--along with an overall rise in the economy of Montana--provided a considerable boost to the size and economic strength of Helena. The farming and livestock industries—along with government--continue to form basic parts of the economy of Lewis and Clark County today.

## **Population**

Population trends and projections are basic guides for most planning, budgeting, and financing decisions. All elements of the Growth Policy utilize this section to determine future demands, and the usefulness of this Plan relies heavily on these projections. The population size and characteristics determine the level of demand for land development, capital improvements, utility extensions, transportation, housing and community facilities. Elements that determine the direction and magnitude of population change include births, deaths, and in/out-migration. Land ownership patterns also influences distribution (see Appendix A for population distribution map).

As time passes, the social, economic and cultural needs of the county change, and as population changes occur in Lewis and Clark County, the nature of the population, both in size and structure, will be altered according to migration patterns. These changes determine the type of land use issues that should be addressed. This section examines population trends in Lewis and Clark County. Through the analysis of these trends, population projections are made. It is crucial that these forecasts be reviewed and updated according to actual demographic changes to insure they remain consistent and serve as a useful tool for the best interests of the community.

## **Population Trends and Forecast**

Lewis and Clark County's population has grown steadily since 1950, and has doubled between 1960 and 2000 (see table 2.1). The County experienced significant growth between 1970 and 1980 (a 29 percent increase), due to substantial in-migration. Most of the impetus for the County's population growth during this period can be attributed to the creation of 1200 new jobs in State government between 1970 and 1977, and more generally, to a 30 percent increase in total employment during this period. Seventy percent of the County's population gain during the 1970s was the result of in-migration. This was almost twice the 36 percent in-migration rate experienced state-wide during the same time frame. Lewis and Clark County's in-migration rate was also higher than that of two other rapidly growing urban Montana counties, Missoula and Yellowstone.

	<b>1950</b>	<b>1960</b>	<b>1970</b>	<b>1980</b>	<b>1990</b>	<b>1995</b>	<b>2000</b>
L & C County	24,540	28,006	33,281	43,039	47,495	52,785	55,716
Montana	594,024	674,767	694,409	786,690	799,065	870,281	902,195

Source: U.S. Bureau of the Census, Census of Population, Montana.

Between 1980 and 1990, Lewis and Clark County's population increased minimally, rising from about 43,000 to 47,500. During this decade, the County—like the State as a whole--experienced an economic downturn that led to out-migration in the latter 1980s. During the decade beginning in 1980, the County had an annual growth rate of one percent, while the State of Montana experienced a 0.1 percent annual growth rate.

The pace of economic and population growth picked up again in the 1990s, in both Lewis and Clark County and Montana as a whole. Montana's population grew by 12.9 percent between 1990 and 2000, increasing to 902,195, a 1.3 percent annual growth rate. State-wide, the most rapid growth occurred during the first five years of the decade, when the population increased by 8.9 percent. By contrast, the state-wide growth rate between 1995 and 2000 was 3.7 percent.

The population in Lewis and Clark County grew even more rapidly than the State as a whole during the past decade, increasing by 17.3 percent between 1990 and 2000, for a total of 55,716 people, a 1.7 percent annual growth rate. Similar to Montana in general, the most rapid growth occurred during the first portion of the decade: The growth rate was 11.1 percent between 1990 and 1995, dropping to 5.6 percent between 1995 and 2000.

During the first part of the 1990s, Montana's population increased at one of the fastest rates seen in twenty-five years. However, Montana's population growth has been uneven throughout the state. The strongest growth areas are occurring in the western part of the state, including Lewis and Clark County. The population of Lewis and Clark County increased from 47,495 in 1990 to an estimated 52,785 in 1995 and 55,716 in 2000.

The population projections for Lewis and Clark County (made prior to the availability of the 2000 census data) were formulated by using the least squares linear regression method, and are based on trends in population growth over the past few decades. This method shows the population of Lewis and Clark County growing at an annual rate of 1.67 percent, resulting in a population of 63,316 in the year 2010. This annual growth rate is slower than the annual growth rate experienced in the early 1990s (2.2 percent) but greater than the annual growth rate in the later part of the 1980s (1 percent).

According to another forecast made by the City of Helena, the population of the greater Helena Valley will increase to approximately 70,000 by 2020. This constitutes an increase of 23,000 people in twenty years, nearly the equivalent of adding the population of another City of Helena to the Valley. It is important to note that population projections are not an exact science, and it is essential to periodically review the projections to ensure their continuing usefulness.

## **Population Distribution**

In 1950, almost 80 percent of all County residents lived in the City of Helena. By 1990, this figure dropped to less than 52 percent. While Helena's share of the County's population declined, the Helena Valley's share increased. From 1970 to 1980, the Helena Valley experienced slightly more than a doubling in the number of residents. This increase represented 70 percent of all the population growth County-wide during that decade. In 1990, the Census Bureau created five Census Designated Places (CDPs) to represent the Helena Valley. Table 2.2 shows the approximate geographic distribution of the County's population based upon 1980-2000 Census Data.

**Table 2.2 POPULATION IN HELENA VALLEY**

Place	1980	1990	2000
Helena	23,938	24,609	25,780
East Helena	1,647	1,538	1,642
Helena Valley Northeast CDP	---	1,585	2,122
Helena Valley Northwest CDP	---	1,215	2,082
Helena Valley Southeast CDP	---	4,601	7,141
Helena Valley W. C. CDP	---	6,327	6,983
Helena West Side CDP		1,847	1,711
Other unincorporated areas	13,278*	1,201**	---
Total Helena Valley	38,863	42,883	47,461

Source: U.S. Bureau of the Census, Census of Population, Montana.

\* Includes Enumeration Districts 0981 (75 percent), 0986 (75 percent), 0991, 0992, 0993, 0994A, 0995A, 0996, 0997 (40 percent), 0999A (50 percent), 0999A

\*\* Includes unincorporated non-CDP areas of Block Numbering Areas 9795, 9797, 9799, 9801, part of 9802

The aggregate population of the entire Helena Valley in 1990 was 42,883, approximately 39 percent of which was located outside the incorporated cities of Helena and East Helena. This represents an approximate increase of 4,000 persons in the Helena Valley in the 1980s, which was 90 percent of all County-wide growth between 1980 and 1990. Approximately 87 percent of the population growth in the Helena Valley in the 1980s occurred outside of the two incorporated areas.

This pattern of rapid population growth in the Valley continued during the 1990s. For example, between 1990 and 2000, the Helena Valley CDPs collectively increased by 28.7 percent, while Helena and East Helena grew by 4.8 percent and 6.8 percent, respectively. From 1980 to 2000 the percentage of the total Helena Valley population residing in the incorporated areas of Helena and East Helena declined from 66 percent in 1980, to 61 percent in 1990, to 58 percent in 2000.

There are a number of reasons for the dramatic increase in the number of Helena Valley residents. Undeveloped land in the Valley has generally been less expensive than vacant land in Helena. Many people wanted a country-type atmosphere in which to live. Some were avoiding what were perceived as higher building costs in Helena. Some felt there were fewer development restrictions and regulations in the unincorporated area of the County. Higher property taxes in Helena may also have been a consideration.

The movement of growth from Helena to the Helena Valley has increased the burden on Lewis and Clark County for providing public services. In the more densely populated areas of the Valley, the demand for public facilities and services has increased beyond what is typically found in rural areas.

While Helena, East Helena, and Gilman (uninhabited) are the only incorporated cities within Lewis and Clark County, there are several unincorporated communities within the County's jurisdiction. They may have no established boundaries and census counts may not be accurate (see table 2.3). The aggregate population of these unincorporated communities comprises less than three percent of the overall county population. The Montana Department of Commerce has worked with the US Census Bureau to ensure the boundaries more closely match 2000 Census results.

<b>Community</b>	<b>Population</b>
Augusta	284
Canyon Creek	69
Craig	101
Fort Harrison	188
Lincoln	1,100
Marysville	92
Rimini	313
Unionville	370
Wolf Creek	152
<b>Total</b>	<b>2,669</b>

Note: Data from 2000 U.S. Census. Numbers generated by MT Natural Resources Information Center (NRIS) mapping program, using 1 mile buffer around each location. The totals shown are the census block totals for all census blocks that are in the search area, either partially or totally. Because of changes in census tracts and methodology, numbers are not directly comparable to those from 1990.

## **Age**

As the population of the County changes over time, the composition of the population by age changes with it. The age structure has significant bearing on the future population of the County. Many public services and facilities are designed to serve a specific age group, such as local schools. The changes in the age structure must be examined to determine and predict future needs. For instance, a decrease in the number of women in childbearing years or an increase in people of retirement age are signals to target planning efforts towards senior health services, senior centers, and other related public services. They are also signals that economic development and job creation must be encouraged to retain young families in the County.

Table 2.4 shows population by age and sex for 1980, 1990, and 2000 for Lewis and Clark County. Between 1980 and 1990, the County experienced a decrease of people in their late teens and twenties. During the 1980s, the overall population increase was primarily due to a net increase in people between the ages of 35 and 55 and persons age 65 and over. The median age has risen during the past decade, reflecting the aging of the population and the in-migration of retirees.

<b>TABLE 2.4 POPULATION OF LEWIS AND CLARK COUNTY BY AGE AND SEX: 1980-2000</b>
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Age	1980		1990		2000	
	Male	Female	Male	Female	Male	Female
0-4	1,757	1,646	1,734	1,750	1,761	1,674
5-9	1,671	1,644	2,072	1,906	1,975	1,898
10-14	1,806	1,662	1,871	1,773	2,145	2,088
15-19	2,142	2,011	1,662	1,684	2,185	2,114
20-24	1,798	2,055	1,232	1,353	1,612	1,595
25-29	2,060	2,158	1,581	1,780	1,415	1,496
30-34	1,949	1,878	1,942	2,144	1,657	1,697
35-39	1,388	1,398	2,229	2,303	2,145	2,276
40-44	1,102	1,165	2,043	1,941	2,336	2,537
45-49	964	1,007	1,475	1,396	2,518	2,547
50-54	964	975	1,158	1,174	2,208	2,064
55-59	945	998	964	965	1,535	1,517
60-64	829	943	904	947	1,120	1,114
65-69	686	791	830	913	876	949
70-74	472	572	623	814	724	882
75-79	273	457	420	651	581	776
80-84	151	268	275	402	360	610
85+	126	328	164	420	243	532
Sub-Total	21,083	21,956	23,179	24,316	27,396	28,366
Med. Age	30		34		38	

Source: U.S. Bureau of the Census, Montana.

Between 1990 and 2000, the aging of the population in Lewis and Clark County continued, with the median age rising from 34 to 38. Compared to the 1980s, every age category over 45 increased in number during the last decade. Age groups between 10 and 24 also posted increases, while the number of people between 25 and 39 declined. Age groups under 10 years of age posted minor declines overall.



## **Racial Composition of the Population**

Lewis and Clark County is racially homogenous compared to many other areas of the country. According to 2000 census data, the current racial composition of the Lewis and Clark County population is as follows:

- 95.2 percent: White
- 2.0 percent: American Indian or Alaskan Native
- 1.6 percent: Two or More Races
- .5 percent: Asian
- .4 percent: Some Other Race (Alone)
- .2 percent: Black/African American
- .1 percent: Native Hawaiian/Other Pacific Islanders

(NOTE: Hispanic/Latinos are not a separate racial category in this listing, but are included within the above classifications.)

## **Household Size**

Along with the rest of the country, Lewis and Clark County is experiencing a decrease in average household size. The average household size in Lewis and Clark County decreased approximately 5 percent from 1980 to 1990, from 2.60 to 2.47 persons per household in 1990. Similarly, during the same period the average household size decreased in the Helena Valley, from 2.94 to 2.65 persons per household.

By 2000, the average household size in Lewis and Clark County had declined to 2.38 persons, a 3.6 percent drop from 1990. This reflects national trends: People live longer (and may significantly outlive a deceased spouse), parents have fewer children, and there are more people living alone and in single-parent households. These trends are expected to continue in Lewis and Clark County.

In 1990, approximately 11 percent of the population lived alone, a figure that had increased to 12 percent by 2000. As the County's population ages, single elderly householders will become even more common. Shrinking household sizes have obvious implications for affordable housing needs, and will affect demand for different types of housing. Due to declining household size, population growth in the future will require more housing units per capita, influencing land use patterns.

## **Economics**

Population change is directly related to economic trends. Economic growth, coupled with the County's attractiveness, are two determinants of population growth. When community economic characteristics such as employment and per capita income are stable and growing, growth in population becomes more likely.

This section displays past and existing economic characteristics. These trends, along with existing profiles, allow a community to analyze the local economy and assess the ability to stimulate investment. Employment and income are the gauges for community economic growth and development; it is through these means that the County will find opportunities to diversify and improve. It also determines the need for the County to change the services it provides and build an economic development relationship with community leaders to support expansion of the current businesses, as well as attract new business to the County.

### **Employment Overview**

Table 2.5 illustrates that Lewis and Clark County, with a population of 55,716 in 2000, had 28,464 persons in the civilian labor force. The civilian labor force is defined as the population of working age persons (16 years of age or older) that are employed or actively seeking employment. It excludes those not seeking employment and those serving in the armed forces.

Between 1990 and 2000 the total civilian labor force rose by 11.4 percent in Lewis and Clark County, from 25,554 to 28,464. During the same period, the number of employed individuals in the County increased by 11.7 percent, growing from 24,404 to 27,251. According to the U.S. Census, labor force participation in Lewis and Clark County is among the highest in Montana: In 2000, 70 percent of the county population was part of the labor force, including 74 percent of the males and 63 percent of the females.

Unemployment in Lewis and Clark County has consistently remained lower than the State of Montana as a whole. The unemployment rate in Lewis and Clark County decreased from a twenty-year high of 6.8 percent 1985, to 4.3 percent in 2000, prior to the start of the recent national recession.

<b>TABLE 2.5</b>						
<b>LABOR FORCE IN LEWIS AND CLARK COUNTY: 1980-2000</b>						
<b>(16 and Over)</b>						
<b>Annual Average Civilian Labor Force:</b>				<b>Annual Average</b>		
<b>Lewis and Clark County</b>				<b>Unemployment Rates</b>		
<b>Year</b>	<b>Total</b>	<b>Employed</b>	<b>Unemployed</b>	<b>County</b>	<b>Montana</b>	<b>U.S.</b>
2000	28,464	27,251	1,213	4.3	4.9	4.0
1999	26,985	25,725	1,260	4.7	5.2	4.2
1998	28,203	26,849	1,354	4.8	5.6	4.5
1997	28,079	26,679	1,420	5.0	5.4	4.9
1996	27,845	26,594	1,251	4.5	5.3	5.4
1995	27,610	26,184	1,426	5.2	5.9	5.6
1994	27,520	26,385	1,135	4.1	5.1	6.1
1993	26,880	25,500	1,380	5.1	6.1	6.9
1992	26,490	25,010	1,480	5.6	6.9	7.5
1991	25,720	24,250	1,470	5.7	7.1	6.8
1990	25,554	24,404	1,150	4.5	6.0	5.6
1985	25,719	23,980	1,739	6.8	7.7	7.2
1980	24,715	23,474	1,241	5.0	6.1	7.1
Source: Montana Dept. of Labor and Industry, Research						

Note: The total civilian labor force in 1999 decreased from the previous year. There was a corresponding decrease in the number of the total civilian labor force. The drop in numbers is due to a change in reporting methodology.

As illustrated in table 2.6, the County's economy is predominantly based on government employment and the services industry: Local, state, and federal government agencies employed 8,382 persons; the services category included 7,612 employees; and the retail sector had 5,009 employees. The employment data from the 2000 Census, which was aggregated differently than the data in table 2.6, broke out the major employment categories as follows:

- Services: 40 percent
- Government: 23 percent
- Trade: 20 percent
- Communications and construction: 9 percent
- Mining and manufacturing: 4 percent
- Agriculture and agricultural services: 3 percent

During the past two decades, the service sector has emerged as an increasingly dominant component of the employment mix in Lewis and Clark County.

<b>TABLE 2.6 MAJOR INDUSTRIES: 1980-1998 (LEWIS AND CLARK COUNTY, TOTAL JOBS)</b>						
<b>Type of Industry</b>	<b>1980</b>		<b>1990</b>		<b>1998</b>	
Agricultural, Forestry and Fisheries	701	3.40%	791	3.45%	805	2.89%
Mining	196	0.95%	235	1.02%	27	0.10%
Construction	1,528	7.40%	1,377	6.00%	1,236	4.44%
Manufacturing	1,177	5.70%	1,090	4.75%	1,023	3.68%
Transportation	610	2.96%	686	2.99%	741	2.66%
Communications and Other Public Utilities	1,295	6.27%	718	3.13%	393	1.41%
Wholesale Trade	563	2.73%	478	2.08%	776	2.79%
Retail Trade	3,191	15.4%	3,788	16.5%	5,009	18.0%
Finance, Insurance, and Real Estate	1,308	6.34%	1,624	7.08%	1,819	6.54%
Services	6,132	29.7%	8,279	36.0%	7,612	27.3%
Government	3,939	19.0%	3,883	16.9%	8,382	30.1%

Source: MT Dept. of Commerce, and the U.S. Bureau of the Census, MT, 1980, 1990, 1998.  
 Note: Data from 2000 Census is not directly comparable because the job categories are different.

In Lewis and Clark County, the highest-paying employment category was government jobs, which averaged \$40,594 a year (see table 2.7). An important reason for this high figure was the influence of high-paying federal government jobs, which averaged \$68,462 in 2000.

After government jobs, the second highest-paying category in 2000 were those in the transportation and utilities sector (\$36,559), followed by construction (\$33,571) and wholesale trade (\$32,034). The lowest paying job categories in 2000 were farming (\$3,164), forestry (\$10,238), and mining (\$11,839). In general, high-paying jobs have been eclipsed by growth in lower-paying jobs during the last decade.

**TABLE 2.7 LEWIS AND CLARK COUNTY: AVERAGE EARNINGS PER JOB CATEGORY (in 2000 )**

<b>JOB CATEGORY</b>	<b>1970</b>	<b>1980</b>	<b>1990</b>	<b>2000</b>	<b>NET CHANGE (1970-2000)</b>
Total Earnings	\$25,321	\$26,612	\$24,197	\$27,615	\$2,294
Farm Employ.	\$34,027	\$8,107	\$4,045	\$3,164	-\$30,863
Forestry, ag. serv., other	\$23,904	\$9,138	\$8,500	\$10,238	-\$13,666
Mining	\$15,744	\$58,497	\$24,138	\$11,839	-\$3,905
Construction	\$32,597	\$32,759	\$27,115	\$33,571	\$974
Manufacturing	\$32,937	\$40,677	\$30,076	\$30,409	-\$2,529
Transp. & Util.	\$37,084	\$45,296	\$37,925	\$36,559	-\$525
Wholesale Trade	\$30,189	\$37,260	\$28,178	\$32,035	\$1,846
Retail Trade	\$18,266	\$16,372	\$15,599	\$15,047	-\$3,219
Fin. Inst. & R. Estate	\$18,465	\$18,493	\$19,242	\$27,055	\$8,590
Services	\$20,489	\$19,362	\$19,956	\$23,973	\$3,484
Gvt. (all)	\$27,693	\$32,898	\$34,061	\$40,594	\$12,901
Fed. Gvt. (civ.)	\$40,889	\$48,498	\$54,598	\$68,462	\$27,573
Military	\$6,462	\$10,902	\$12,570	\$15,424	\$8,962
State/Local	\$25,652	\$30,521	\$30,773	\$36,367	\$10,715
State	NA	\$31,674	\$31,810	\$36,696	\$5,023 (1980-2000)
Local	NA	\$27,704	\$28,341	\$35,532	\$7,828 (1980-2000)

Source: East Helena-Area Economic Adjustment Strategy, 2000.

## **Recent Employment Trends**

In addition to being impacted by the nation-wide recession (which began in 2001) and anticipated cuts in state government in 2002, Lewis and Clark County has recently been affected by the closure of a number of key employers. Most significantly, the American Smelting and Refining Company (ASARCO)—now a subsidiary of Grupo Mexico—closed production in its East Helena plant in 2001. Direct employment in the facility declined from 259 in 2000 to 24 in 2002. The closure had a serious, adverse impact on the local economy; for nearly a century, the smelter had been the region’s largest industrial taxpayer and employer, offering jobs that generally paid above average wages. The East Helena-Area Economic Adjustment Strategy (2002) sums up the impacts of the closure as follows:

*Suspension of the plant's operations directly displaced 235 jobs and nearly \$10 million dollars in annual earnings from the region's economy. In addition to direct reduction of jobs and earnings at the smelter, loss of plant and worker expenditures within the area economy is predicted to displace another 269 jobs and \$8 million in yearly earning from elsewhere in the economy.*

During the same period as the ASARCO closure, two other significant losses to the County economy occurred. Falcon Publishing—a well known book publishing firm that was founded in Helena—relocated its headquarters to another state in late 2000, while the consulting firm Hydrometrics Incorporated closed in 2002. Each firm employed approximately 70 workers. According to the East Helena-Area Economic Adjustment Strategy, “the combined direct, indirect, and induced economic impacts of the ASARCO shutdown, the Falcon relocation, and Hydrometrics closure is predicted to cost the economy nearly 800 jobs and \$25 million in annual earnings.

Helping to counterbalance these losses—as well as general declines in agriculture, mining, and manufacturing in recent years—the construction sector in Lewis and Clark County was strong during the 1990s through 2001. Major projects such as the Great Northern Town Center and expansions at Fort Harrison, St. Peter's Hospital, and Carroll College—as well as on-going residential and commercial construction--had major positive impacts on the local construction industry.

During the 1990s, construction employment in the four-county region of Lewis and Clark, Broadwater, Jefferson, and Meagher Counties increased from 1,400 to 2,700 jobs, with 78 percent of these jobs in Lewis and Clark County. However, construction tends to be cyclical, and it is unclear how long the present pace of construction activity can be maintained.

Another recent bright spot in Lewis and Clark County employment trends has been the success of Summit Design and Manufacturing, Montana's largest aerospace firm. As of 2002, Summit employs 45 people. However, the Company is planning a 10,560 square foot expansion to their facility near the Helena Regional Airport, an improvement that will enable them to eventually enlarge their employment base to 150, with an average annual salary of nearly \$38,000, well above the County and State-wide average.

## **Regional Perspective**

From a regional perspective, Lewis and Clark County in general and the Helena/East Helena area, in particular, drive the regional economy, and are the source of the majority of jobs and earnings in the area. According to data in the East Helena-Area Economic Adjustment Strategy (2002), when looking at the four-county area of Jefferson, Broadwater, Meagher, and Lewis and Clark County, the latter's share of the overall earnings in the area was 87 percent.

The other side of this equation is that a growing number of people who earn their living in Lewis and Clark County reside outside the County. From 1970 to 2000, the amount of money earned in Lewis and Clark County by non-residents increased from \$8 million

to \$101 million, a 1,200 percent jump. During this same period, the share of total, four-county earnings paid to residents of Lewis and Clark County declined from 83 percent to 78 percent. Many of the out-of-county residents who earn their living in Lewis and Clark County reside in northern and central Jefferson County: In 2000, 51 percent of the money earned by Jefferson County residents came from jobs located outside the County. Many residents of central and western Broadwater County also are employed in Lewis and Clark County. People living on the periphery of Lewis and Clark County also do a considerable amount of shopping in the County, particularly in the Helena area.

This data illustrates the close economic, transportation, and residential ties between Lewis and Clark, Jefferson, and Broadwater Counties, in particular. As these counties grow and the relationships between them strengthen, so too will the need for a broader and increasingly regional perspective to planning.

## **Overview: Economic Impacts of New Housing**

The economic impacts of new housing are complex and widely debated. The effects can be examined from a number of different perspectives, including direct and indirect impacts, on-going impacts, geographic location, and the relationship between costs to service new development versus the tax revenue it generates.

Expenditures on new housing can have an important effect on a local economy. The most obvious and immediate impacts are related to construction: Payments to architects, engineers, construction workers, and electricians benefit the economy as these individuals purchase goods and services with their wages, and pay taxes to local government. Once new residents move in to the completed housing, they too purchase goods and services and pay taxes, on an on-going basis. These expenditures create a ripple effect that cascades through the local economy, increasing the demand for new goods and services and creating additional jobs.

A study completed at Montana State University—Billings attempted to quantify the economic benefits of new home construction in a variety of Montana counties (The Economic Impact of Home Construction on Montana Counties, by Dr. Ann L. Adair and Cheryl Heath, CPA, December, 2002). According to the study, the 284 housing starts in Lewis and Clark County in 2001 generated 541 local jobs during the first year, producing \$20,227,470 in local income, and \$1,100,500 in local taxes. These figures include both direct, construction-related impacts, as well as indirect, non-construction effects.

The researchers also calculated the “on-going” economic impact of new housing, which includes things like landscaping, household purchases, healthcare expenditures, and taxes paid by the new residents. According to the study, the long-term benefit of the 2001 housing starts in Lewis and Clark County was 169 local jobs, \$5,801,561 in local income, and \$832,636 in local taxes.

One variable the study did not examine was the geographic location of development within the counties that were examined, and how that might affect the financial health of local government. The location of new housing can have a significant effect on whether it becomes a net financial benefit or loss to local government. Development that is located a long distance from existing infrastructure and services can require costly public expenditures in new schools, roads, sewer lines, fire protection, and other items. Conversely, all other things being equal, new housing located in areas with existing infrastructure and services with excess capacity will be less burdensome on local government.

Numerous studies in Montana and throughout the country have suggested that sprawling housing developments constructed away from existing infrastructure can be a net drain on local government coffers, particularly compared to the agricultural land that may have been taken out of production. A study in Gallatin County during the 1990s, for example, indicated that housing in outlying areas cost local government \$1.45 to service for every dollar generated in taxes, while providing service to farms only cost \$0.25 for every tax dollar paid. Similarly, a study in Broadwater County found that servicing new housing in outlying areas cost \$3.40 for each tax dollar produced, while the comparable figure for agriculture was \$0.31 (Mark Haggerty, 1996). Many other studies have been done in various locations around the country, and have produced generally similar results. From a purely financial point of view, the key questions are "Who pays?" and "Who benefits?"

To summarize a complex issue, new housing can have a significant positive impact on local economies, but the nature of the fiscal impact on local governments is strongly influenced by where the development occurs, and whether it requires significant public expenditures for new infrastructure.

## **Income and Poverty**

Trends in income reflect the standard of living of a community and affect future growth. Income and wages are changing due to a variety of factors, including national trends. Pay declines in industry can be attributed to international competition, value of the dollar, industry restructuring from higher-paying manufacturing jobs to low-paying retail and service jobs, and an increase in part-time employment. Lewis and Clark County is working to keep pace with economic development needs, as mining, utilities, and manufacturing jobs have decreased. The County is working on expanding incentives to retain current businesses or recruit new ones.

Per capita income is an important indicator that reveals the overall wealth of an area -- the buying power of the average resident. Estimated per capita personal income equals the total of all sources of income divided by the resident population. Per capita income in the County is higher than in the State as a whole, but substantially below the national average (see table 2.8). Between 1970 and 1999, per capita personal income in both Montana and Lewis and Clark County decreased significantly as a percentage of the national average. Montana's personal per capita income fell from 87 percent of the



national average, to 77 percent. Similarly, Lewis and Clark County fell from 102 percent to 85 percent during this period.

However, Lewis and Clark County has a lower poverty rate than the state as a whole. According to the 2000 U.S. Census, Lewis and Clark County had 13 percent of its population below the poverty line (using a 1997 model-based estimate), compared with 16 percent for the state as a whole. According to the same data, the County had 18 percent of its children below the poverty line, compared with 21 percent for the entire state.

**TABLE 2.8 PERSONAL INCOME (Per Capita) IN MONTANA AND LEWIS AND CLARK COUNTY: 1970-1999**

	State of MT	% of U.S. Ave.	L&C. Co.	% of U.S. Ave.
<b>1970</b>	\$3,524	87%	\$4,116	102%
<b>1980</b>	\$8,728	88%	\$9,879	99%
<b>1990</b>	\$10,474	79%	\$15,880	85%
<b>1991</b>	\$15,772	82%	\$16,896	88%
<b>1992</b>	\$16,555	82%	\$17,837	89%
<b>1993</b>	\$17,635	85%	\$18,726	90%
<b>1994</b>	\$17,794	82%	\$19,402	89%
<b>1995</b>	\$18,764	80%	\$21,080	89%
<b>1996</b>	\$19,383	79%	\$22,003	89%
<b>1997</b>	\$20,173	78%	\$22,587	87%
<b>1998</b>	\$21,307	78%	\$23,483	86%
<b>1999</b>	\$21,997	77%	\$24,325	85%

Source: U.S. Department of Commerce Bureau of Economic Analysis, Regional Economic Information System. All figures in real dollars.

## Education

Education can act as an indicator of the type of work and level of income a in a community. The educational status of Lewis and Clark County residents has risen over the last ten years. According to the 2000 census, 91 percent of the adult population at least 25 years of age in Lewis and Clark County has at least graduated from high school, while 32 percent has attained a bachelors degree or higher, up from 28 percent in 1990 (see table 2.9). Conversely, 13 percent of adults in Lewis and Clark County had not graduated from high school in 1990; by 2000, this figure had dropped to 9 percent.

<b>TABLE 2.9: EDUCATION STATUS IN 2000 (PERSONS 25 YEARS AND OVER): LEWIS AND CLARK COUNTY</b>		
	Lewis and Clark County	Percentage
<i>Persons (over 25 and older)</i>	36,690	100%
Less than ninth grade	802	2.2%
Some high school, no diploma	2,369	6.5%
High school diploma	10,742	29.3%
Some college, no degree	9,316	25.4%
College, Associate degree	1,874	5.1%
College, Bachelor's degree	7,799	21.3%
College, Graduate degree	3,788	10.3%

Source: U.S. Bureau of the Census, General Social and Economic characteristics, 2000.

## **Issue, Goals, and Policies:** **Economic Development**

A healthy economy is essential to Lewis and Clark County's vitality and quality of life. A thriving economy provides jobs and a tax base to support basic infrastructure, schools, parks, public safety, and other public facilities and services.

While the County's natural setting sets the stage and determines the parameters within which economic development may take place, virtually every other feature of community life stems from the area's economic health. The County should attempt to encourage existing businesses and attract new ones by providing assistance through appropriate local, state, and federal programs. It is worth emphasizing that the scenic, natural, and cultural amenities present in Lewis and Clark County contribute to the local quality of life, and are an important incentive for attracting and retaining businesses.

**ISSUE A**    **Trade, retail business, agriculture and government provide the backbone of the County's economy and present significant opportunity for economic expansion.**

**Goal 1**     Promote retention, diversification, and expansion of existing businesses.

**Goal 2**     Provide opportunities for commercial growth and development in Lewis and Clark County.

**Policy 2.1**   Encourage commercial development in central neighborhood areas, when sufficient population is present.

**Policy 2.2** Encourage cluster commercial development over strip commercial development.

**Policy 2.3** Prepare, in conjunction with community leaders and economic development institutions, an economic development strategy to promote and recruit new business to the County.

**Goal 3** Support the agricultural sector of the County's economy.

**Policy 3.1** Support opportunities for value added natural resource-based business (e.g., food products made from locally grown crops, furniture or building materials made from locally harvested timber).

**Policy 3.2** Encourage preservation of areas suitable for agricultural-based business.

**ISSUE B** **The tourism industry presents an economic opportunity for the County.**

**Goal 4** Assist the tourism industry as a vital part of the Lewis and Clark County economy.

**Policy 4.1** Improve the visual entrances or gateways to the County and the communities within the County.

**Policy 4.2** Encourage the location of compatible visitor support services near attractions, when consistent with other land use planning activities.

**Policy 4.3** Assess the impact of tourism on the County's economy.

**Policy 4.4** Maintain and protect historic areas which are a significant tourism attraction.

**Policy 4.5** Foster preservation and conservation by supporting the efforts of the Historic Preservation Commission and other similar organizations.

**ISSUE C** **Growing industrial development may provide further wage and job opportunities, increase housing needs, and expand other services.**

**Goal 5** Provide opportunities for industrial development at locations with suitable access to transportation and adequate public services.

**Policy 5.1** Conduct a county-wide industrial lands suitability study.

**Policy 5.2** Industrial lands should have access to arterial roads and to adequate basic services (for example water, sewer, fire, and police).

**Policy 5.3** Industrial development should be undertaken in ways that reduce impacts on the natural environment.

**Policy 5.4** Industrial development, other than that which is dependent on a natural resource, should be located in or near urban or transitional areas.

**Policy 5.5** Infrastructure investment should be directed to areas identified for planned industrial expansion.

**ISSUE D Sports Facilities attract visitors to the County.**

**Goal 6** Continue working with the schools, Carroll College, the Fair Grounds, the University of Montana, technical colleges, the Helena Regional Airport, and the private sector to develop sporting complexes that not only provide activities for County residents, but attract sporting events throughout Montana and the Northwestern U.S.