

SEPTEMBER 2018

Economic Affairs Interim Committee  
Pat Murdo, Committee Staff

**FINAL REPORT TO THE 66<sup>TH</sup> MONTANA LEGISLATURE**

**Unemployment:  
Barriers in High-Poverty Areas  
Examined Under SJR 20**

# ECONOMIC AFFAIRS INTERIM COMMITTEE

## MEMBERS

Before the close of each legislative session, the House and Senate leadership appoint lawmakers to interim committees. The members of the Economic Affairs Interim Committee, like most other interim committees, serve one 20-month term. Members who are reelected to the Legislature, subject to overall term limits and if appointed, may serve again on an interim committee. This information is included in order to comply with 2-15-155, MCA.

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\*Rep. Nate McConnell of Missoula started the interim as a member of the Economic Affairs Interim Committee but was named as a senator early in 2018 and his "representative" spot was



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## Summary

This report includes research and a summary of the work of the Economic Affairs Interim Committee specific to the study of Senate Joint Resolution 20 as outlined in the Economic Affairs Interim Committee's 2017-2018 work plan and Senate Joint Resolution 20 (2017). The research in this report, combined with highlights of key information provided to the Economic Affairs Interim Committee, was used by the Economic Affairs Interim Committee in reaching its findings. To review additional information, including audio minutes and exhibits, visit the Economic Affairs Interim Committee website: <http://leg.mt.gov/eaic>.

## Proposed Findings

- A** Montana's definition of high-poverty counties for grantmaking purposes should be revised to mean a county that has a poverty rate greater than Montana's average county poverty rate as determined by the U.S. Census estimates for the most current year available.
- B** The Big Sky Economic Development Trust Fund ought to serve, in particular, high-poverty, high-unemployment areas. The statutes governing the grantmaking for job creation, in particular (not necessarily planning grants), should include high unemployment as a criteria to get additional funds provided to high-poverty counties.
- C** The Legislature should consider making the Indian Country Economic Development program, which includes the Indian Equity Fund grants, a grant program recognized in statute, thereby providing legislative direction and continuity.
- D** The Department of Labor and Industry is urged to report the U-6 unemployment information whenever that number becomes available, to add to its reporting of the standard U-3 unemployment rate. Both numbers would be intended to give more recognition to the discouraged and marginally attached members of the state's labor force that are reflected in the U-6 number.
- E** The Department of Labor and Industry is urged to work with tribal governments to develop reporting options for unemployment that provide a more complete picture of those unable to obtain adequate jobs on or near reservations. The collaboration may include incentives based on reporting by tribes required for federal programs, such as Public Law 102-477 reports or their equivalents.
- F** The Department of Public Health and Human Services and the Department of Labor and Industry are urged to enhance their case management services for persons with disabilities to assist them in obtaining jobs.



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## Overview

[Senate Joint Resolution 20](#) proposed a study of unemployment in high-poverty areas of Montana. The conundrum at the heart of the SJR 20 study is the state's relatively low unemployment rate of 3.8% to 4.1% for much of the 2017-2018 interim combined with pockets of rather high poverty rates (although unemployment rates are current time and poverty rates are based on a 5-year survey ending in 2016). Using a 1-year data estimate from the U.S. Census, 26 of 56 Montana counties saw 14% or more of their population in poverty in 2016.


The overlap of high unemployment and high poverty strongly affected Montana's Indian reservations, based on the 2012-2016 survey, with Big Horn County having an unemployment rate topping 10% and a 25.5% poverty rate, while Glacier County saw 28.3% of its population in poverty. Poverty and unemployment do not necessarily go hand-in-hand, but the state may find that policies aimed at both conditions are necessary to improve one or the other, particularly as they implicate a range of other policy areas.

Within the SJR 20 study components were requests for information on barriers to employment. Some of these barriers related to factors in which population scarcity had some role, such as lack of access to transportation or lack of child and elder care services. The study also sought to examine concerns related to accessibility to state Job Service offices, availability of educational offerings that related to job openings, and Internet service access.

The study also entailed a review of different ways of reporting unemployment to try to determine why usual data did not reflect conditions in many areas, particularly on Indian reservations. The study provided a look at whether policy changes, not changes in personal behavior, would improve job opportunities.

## Where Are Montana's High-Poverty Areas?

A map reflecting a 2012-2016 survey of poverty data shows 30 of Montana's 56 counties as high-poverty counties, meaning they met the definition in 90-1-201, MCA, of having 14% or more of their residents of all ages in poverty. The next American Community Survey (for 2013-2017) for the U.S. Bureau of the Census will not be out until December 2018, so the data reflected in Table 1 is the most current data with broader detail than, for example, information available from a Small Area Income and Poverty Estimates unit of the U.S. Census Bureau, which has 1-year, limited data. The 5-year survey provides margins of error that emphasize the data are not black and white, since the Yellowstone County margin of error of 0.7% indicates starkly more useful data than the 5.8% margin for Wibaux and Carter counties. The margin of error in some places could mean the county actually had above a 14% rate, including Flathead County (13.8% with a margin of error of 1.6 percentage points), Gallatin County (13.5% with a margin of error of 1.1 percentage points), and Carter County (12.7% with a margin of error of 5.8 percentage points). Table 1 has more information on Montana's high-poverty counties, and Table 2 lists poverty data for Montana's seven Indian reservations.



At least 30 of  
Montana's 56  
counties had a  
poverty rate of 14%  
or greater in a 5-  
year survey.



Low-population, rural counties are not necessarily among those that place in the high-poverty column. Some counties continue to benefit from the Bakken oil boom. Others appear to benefit from agriculture or tourism. Not included in Table 1 because of poverty rates below 14% are Broadwater, Carbon, Carter, Garfield, Jefferson, Park, and Powell counties plus Sheridan, Stillwater, Sweet Grass, and Teton counties. A few of the lower-poverty counties are outside what economic developers called Montana’s “boot”—the area that attracted new investments stretching from Missoula County through Butte-Silver Bow County (both high-poverty areas) east to Gallatin County and Yellowstone County.

Some of the high-poverty areas also have higher-than-average unemployment. Of the 30 high-poverty counties in Table 1, 20 counties plus Broadwater, Flathead, Jefferson, Park, Powell, and Richland counties, which are not in Table 1, had much higher unemployment rates than the 2016 state average of 4.1% (not seasonally adjusted). The four highest unemployment annual rates in 2016 were in four western counties: Lincoln, 9%; Glacier, 8.6%; Sanders, 7.7%; and Mineral, 7.6%.

Conversely, low 2016 unemployment rates in Dawson County (3.8%) and Liberty County (3.1%) did not keep these counties out of the high-poverty column. So what do the numbers mean and how can state policies address unemployment and possibly poverty rates?

**Table 1: Montana’s High-Poverty Counties\***

\*Unlisted counties have total poverty rates below 14%. Margin of error in parentheses.

County Government	Total Population in Poverty - 2016	Poverty % under age 18 – 2016	Poverty % age 65 and up - 2016	Population 18-64 in Poverty-2016
Beaverhead	17% (+/-2.7)	9.5% (+/-6)	11.2% (+/-4.6)	21.3% (+/-3)
Big Horn	27.8% (+/-3.2)	38.1% (+/-5.8)	15.2% (+/- 3.6)	24.1% (+/- 2.7)
Blaine	28.6% (+/- 3.3)	39.9% (+/- 5.5)	10.8% (+/- 4.3)	26.6% (+/- 3.6)
Cascade	14.7% ((+/-1)	20.9% (+/-2.3)	8.1% (+/-1.1)	14.2% (+/-1.1)
Chouteau	21.8% (+/- 2.9)	31.2% (+/- 5.3)	9.9% (+/- 6.2)	21.5% (+/- 3)
Dawson	15.3% (+/-5.3)	30.6% (+/- 15.1)	7.7% (+/- 3.6)	11.7% (+/- 3.8)
Deer Lodge	20.8% (+/-4.4)	33.9% (+/-12.1)	3.7% (+/-2.4)	23.5% (+/-5.1)
Fergus	14% (+/- 3)	19.3% (+/- 9.2)	11.2% (+/- 3.4)	13.2% (+/- 3.1)
Glacier	33.3% (+/- 4)	36% (+/- 6.5)	16.2% (+/- 4.1)	35.1% (+/- 5.2)
Golden Valley	16.3% (+/- 5.7)	37.8% (+/- 20)	6.7% (+/- 5.3)	13.5% (+/- 5.1)

County Government	Total Population in Poverty -2016	Poverty % under age 18 – 2016	Poverty % age 65 and up - 2016	Population 18-64 in Poverty-2016
Granite	14.4% (+/- 4)	37% (+/- 15.7)	5.2% (+/- 2.8)	11.5% (+/- 3.3)
Hill	22% (+/- 2.6)	27.7% (+/- 4.4)	10.9% (+/- 3.5)	22% (+/- 3)
Lake	21.4% (+/- 1.8)	28.8% (+/- 4.4)	11% (+/- 2.2)	21.9% (+/- 1.8)
Liberty	15.4% (+/- 4.7)	16.4% (+/- 8.5)	13.3% (+/- 6.8)	15.9% (+/- 6.7)
Lincoln	17.9% (+/- 2.7)	21.3% (+/- 6.4)	9.9% (+/- 2.7)	20.3% (+/- 3)
Meagher	15.3% (+/- 6.8)	16.7% (+/- 12)	10.3% (+/- 5.2)	16.6% (+/- 8)
Mineral	20.8% (+/- 4.9)	43.8% (+/- 18)	5.7% (+/- 3.1)	20.5% (+/- 4.2)
Missoula	16.2% (+/- 1.2)	14.7% (+/- 2.6)	7.6% (+/-1.3)	18.2% (+/- 1.3)
Musselshell	17% (+/- 4.9)	21.4% (+/- 12.2)	8.9% (+/- 3.9)	18.4% (+/- 4.8)
Petroleum	15.5% (+/-7.3)	28% (+/- 17.7)	8% (+/- 8.1)	14.5% (+/- 6.9)
Phillips	16.3% (+/- 4.3)	18.2% (+/-8.5)	11.2% (+/-4.3)	17.3% (+/- 5.2)
Pondera	20.2% (+/-3.4)	28.1% (+/-7.4)	9% (+/-3.7)	20.5% (+/-3.2)
Ravalli	17.5% (+/- 2.6)	27.2% (+/- 6.6)	11.6% (+/- 2.6)	16.5% (+/- 2.6)
Roosevelt	26.9% (+/- 3.5)	34.6% (+/- 6.2)	12% (+/- 3.5)	25.1% (+/- 3.7)
Rosebud	19.7% (+/- 2.8)	26.7% (+/- 5.7)	14.9% (+/- 4.6)	17.2% (+/- 2.7)
Sanders	22.3% (+/- 3.2)	36.6% (+/- 7.9)	9.8% (+/- 2.5)	23.6% (+/- 4)
Silver Bow	19.4% (+/- 2.5)	24.4% (+/- 5.2)	8% (+/- 2.5)	20.9% (+/- 3)
Toole	16.9% (+/- 5.1)	24.1% (+/- 12.1)	13.7% (+/- 8.1)	15.3% (+/- 4.5)
Treasure	19.1% (+/- 5.1)	29.9% (+/- 12.1)	10.5% (+/- 7.1)	18.6% (+/- 5.5)
Wheatland	17.6% (+/-8.2)	24.9% (+/-16.4)	16.4% (+/- 8.7)	14.9% (+/- 8.2)

Indicates 40% or more poverty level    
 Indicates 30% to 40% poverty level    
 Indicates 20% to 30% poverty level    
 Indicates 10% to 20% poverty level    
 Indicates less than 10% poverty level

Source: Data from the Montana Census and Economic Information Center using American Community Survey 5-year averages for 2012-2016.

Table 2: High-Poverty Data for Montana's Indian Reservations

Reservation	Total Population Below Poverty	Population under age 18 in Poverty	Population 65+ in Poverty	Population 18-64 in Poverty
Blackfeet	37.7% (+/- 4.6)	40.4% (+/- 6.9)	20.8% (+/- 5.1)	38.8% (+/- 6.2)
Crow	32.2% (+/- 3.8)	43% (+/- 6.4)	19.5% (+/- 5.7)	28.3% (+/- 6.4)
Fort Belknap	42.6% (+/- 5.6)	55.5% (+/- 7.9)	15.2% (+/- 8.6)	37.3% (+/- 6.1)
Fort Peck	30% (+/- 3.9)	37.9% (+/- 6.6)	14.4% (+/- 3.9)	28.2% (+/- 3.9)
Flathead	22.9% (+/- 2)	30.2% (+/- 4.4)	13.1% (+/- 2.4)	22.9% (+/- 2)
Northern Cheyenne	40.6% (+/- 4)	47.1% (+/- 6.4)	30.3% (+/- 9.5)	37.7% (+/- 4.3)
Rocky Boy's	37.9% (+/- 4.6)	43.2% (+/- 6.4)	23% (+/- 8.9)	35.7% (+/- 4.4)

Indicates 50% or more poverty level
  Indicates 40% to 50% poverty level
  Indicates 30% to 40% poverty level
  Indicates 20% to 30% poverty level
  Indicates less than 20% poverty level

Source: Montana Department of Commerce data using American Community Survey 5-year averages for 2012-2016

## Activities and Presentations

The Economic Affairs Interim Committee chose as part of its [work plan](#) to spend a minimal amount of time on the SJR 20 study. Among presentations to the Economic Affairs Interim Committee were the following:

- Reviews of data compilation for unemployment numbers, including federal information on [alternative reporting measures](#) and a [memo](#) from the Department of Labor and Industry's chief economist on the difficulties related to gathering accurate information in sparsely populated parts of the state. These were both presented at the September 2017 meeting. The November 2017 meeting featured a more [detailed look](#) at [unemployment data](#), including the cost of gathering data.
- Information about reductions in Job Service offices across the state included in a Department of Labor and Industry [overview](#) presented in September 2017 (see the accompanying box).
- Concerns voiced by representatives of three reservations about employment barriers facing tribal members at the February 2018 meeting. Committee members also received a [briefing paper](#) on tribal employment resources.

Sample Unemployment Rates*		
County	12/2016	2/2018
Big Horn	7.1%	12.1%
Cascade	4.1%	4.8%
Gallatin	2.8%	3.1%
Glacier	7.8%	9.4%
Flathead	6.0%	6.6%
Missoula	3.8%	4.6%
Silver Bow	4.4%	5.3%
Yellowstone	3.7%	4.3%
*Not seasonally adjusted (Local Area Unemployment Statistics)		

This final report includes additional information that was part of the study resolution, along with findings recommended by the Economic Affairs Interim Committee.

Job Service Offices Closed or Facing Closure in Montana, Costs, Customers Served*					
Location	HB 2 Funding	Other Funding	Total Operating Costs	Unique Customers Served	Closure
Anaconda	\$289,531	n/a	\$289,531	1,702	10/31/2017
Dillon	\$230,782	\$32,463	\$263,245	1,056	10/31/2017
Glasgow	\$385,993	\$6,520	\$392,513	980	6/30/2017
Hamilton	\$512,416	n/a	\$512,416	4,288	10/31/2017
Lewistown	\$364,107	n/a	\$364,107	1,449	10/31/2017
Livingston	\$341,003	\$21,265	\$362,268	1,527	6/30/2017
Shelby	\$177,880	\$50,780	\$228,660	578	5/31/2017

\*The remaining Job Services offices are in Billings, Bozeman, Butte, Cut Bank, Glendive, Great Falls, Havre, Helena, Kalispell, Lewistown, Libby, Miles City, Missoula, Polson, Sidney, Thompson Falls, and Wolf Point.

## SJR 20 Study Review Regarding Access to Jobs

The study outlined in Senate Joint Resolution 20 (see Appendix 1) focuses not on the poverty rate but on the unemployment rate, particularly in high-poverty counties. In one sense, these two rates are different sides of the same puzzle. For those in poverty in the 18-64 age group typically considered part of the labor force, good-paying jobs would likely help bring them out of poverty. But access to jobs, problematic health or physical disparities, and other factors are at play. It is not always clear that jobs come before a person climbs out of poverty, but employment generally is one key. As the Department of Labor and Industry has pointed out on more than one annual Labor Day report, there often is a mismatch between available jobs and the skill set of workers looking for jobs.

The SJR 20 study itself asked for an examination of the following factors in unemployment:

- lack of jobs and whether available jobs require skills not locally available or pay a wage with benefits, such as health insurance, paid leave, or contributions to retirement;
- lack of transportation to jobs and how transportation options are met;
- lack of access to child care or elder care and how those needs may be alternatively met; and
- accommodations for disabilities and how employers handle those accommodations.

## Where Are the Jobs and Where Does Policy Fit In?

The Department of Labor and Industry (DLI) gathers information about employers in all counties and for the state in general. Job distribution is uneven across Montana. Among job-related data gathered by DLI is a county-by-county review of employers who have the most jobs. In metropolitan areas, the large employers may have more than 1,000 employees on their payroll. In less populated counties, however, the largest businesses may have no more than 19 people on their payroll. There may be many of these small businesses keeping unemployment low. Policymakers would benefit from weighing the most appropriate incentives for both large employers supplying loaded-base home runs and small employers achieving many runs-batted-in. Programs that benefit both may achieve lower unemployment but in different ways. Appendix 2 provides a look at each county's largest employers, except for Golden Valley and Petroleum counties, where reporting had confidentiality constraints. The information in Appendix 2 includes all "largest" employers. Yellowstone County, for example, lists the three largest employers with more than 1,000 employees, while Silver Bow has just one largest employer (Northwestern Energy), which is in the 500-999 employee range.

<b>Montana Sectors with Most Jobs, 2018</b>	
Trade, Transportation, and Utilities	94,200 jobs
All Government	91,700 jobs
Education and Health Services	76,800 jobs
Leisure and Hospitality	67,000 jobs
Professional and Business Services	41,900 jobs
Construction	27,700 jobs
Source: Montana Department of Labor and Industry, "Montana Economy at a Glance," February 2018	

Another important piece of background information is identifying in what fields job growth is expected to occur. In February 2018, the highest number of jobs were in the trade, transportation, and utilities sector (94,200) followed closely by government jobs at all levels (91,700). Projections made by DLI for future job growth show the health care industry as most likely to add the most jobs in the next 10 years. These projections are done annually. Information used for this report was found in *Montana Employment and Labor Force Projections: Job Growth from 2016 to 2026*, published in 2017. <http://lmi.mt.gov/Portals/135/Publications/LMI-Pubs/Labor%20Market%20Publications/Projections2016-26.pdf>

DLI's employment and labor force projections indicate the fastest-growing region will be southwestern Montana. But all regions are estimated to have some growth. Among employers, the most employment growth on a percentage basis is projected to be in construction, but as can be seen from the accompanying box, construction has fewer overall jobs than several other sectors.

Discovering through these data points what jobs currently exist (or do not exist) and where, plus what is expected in the future, is useful for the SJR 20 study primarily in the realm of developing policy options or revisions that address ways to improve job opportunities in high-poverty areas. Various grant and loan programs exist both in statute and through executive branch programs aimed at helping populations across the state. Most but not all of these programs operate through the Montana Department of Commerce. Two programs discussed below are the Big Sky Economic Development Trust Fund and Indian Equity Fund grants, which ultimately are under the control of the Legislature.

### Big Sky Economic Development Trust Fund Grants

Operated through the Department of Commerce, the Big Sky Economic Development Trust Fund pays eligible job creators (those who focus on out-of-state sales or clients and who agree to pay the required wage rate) up to \$5,000 for good-paying jobs (the dollar value of benefits may be included in the wage determination). An extra boost of up to \$2,500 is available for each job created in high-poverty counties as defined in 90-1-201, MCA. That poverty rate, as mentioned earlier, is statutorily set at 14% or more, even if the U.S. rate is 15% or higher. And, as mentioned earlier, high-poverty areas are not necessarily high-unemployment areas.

Almost all applications in the past 3 years for Big Sky Economic Development Trust Fund grants have been for \$7,500, even when the applicants are in counties with lower-than-average unemployment rates. Appendix 3 has a list of recent job creation grants.



Big Sky Economic Development Trust Fund grants are mostly in high-poverty areas but not low-unemployment areas.

In fact, Department of Commerce data show that the majority of Big Sky Economic Development Trust Fund grants in the past 3 years have been promised to areas of the state with lower than the statewide average of employment. Missoula County in 2016 had an annual unemployment rate of 3.7%, according to Local Area Unemployment Statistics on the state DLI website (<http://lmi.mt.gov>). In FY 2016, Missoula County received \$382,500 in Big Sky Economic Development Trust Fund grants to pass on to three different companies that produced 51 new jobs. As a high-poverty county, Missoula County could request for each of the jobs a \$7,500 payout that was then awarded to the job-creating company. In fact, the requests—and money set aside by the Department of Commerce—amounted to \$765,000, with slightly more than half actually spent for filled jobs. The other half remained in or was returned to the fund for use once the time limit on the payment offer expired.

Cascade County in 2016 had a 4% unemployment rate (as compared to the statewide average of 4.1%) and received \$112,500 for 15 new jobs, which went to employer Anderson Steel Supply, Inc. The City of Great Falls received \$168,750 to pass on to B/E Aerospace, Inc., for adding 22 new jobs.

No tribal government has received a job-creation grant since 2009 when legislation allowed the Big Sky Economic Development Trust Fund to specifically include tribal governments as potential recipients. Part of the intent of allowing an extra \$2,500 for each job created under the Big Sky Economic Development Trust Fund was to help create jobs in tribal areas, which routinely are in high-poverty areas. However, Commerce has extended planning grants to tribal governments under the other Big Sky Economic Development Trust Fund program, which awards planning grants. These generally have been for bigger projects benefiting the reservation at large. Among these projects were a \$27,500 grant for an engineering assessment to deal with emergency flooding on the Rocky Boy's Reservation in 2010 and a 2008 grant of \$11,025 to the Northern Cheyenne Reservation for a feasibility study for design and cost analysis of providing broadband services on the Northern Cheyenne Reservation.

Distribution of Big Sky Economic Development Trust Fund grants for job creation is directed primarily to local governments and tribal governments. In addition to the added incentive for high-poverty counties in the extra \$2,500 for each job created, there is a lower 2:1 matching amount rather than a 1:1 match required for applicants not in high-poverty counties. The distribution is further spelled out in 90-1-205, MCA, which provides that—of

Table 3: Big Sky Economic Development Trust Fund Proposed Projects, Resulting Jobs for 2016-2017\*

Grantee	Year	Funds Promised*	Resulting Jobs	Fund Outlays**
Missoula County	2016	\$765,000	51	\$382,500 (still open)
	2017	\$777,600	46	\$313,000 (still open)
Ravalli County	2016	\$465,000	28	\$210,000 (still open)
	2017	\$37,500	3	\$22,500 (still open)
Butte-Silver Bow	2016	\$75,000	2	\$15,000 (still open)
	2017	\$60,000	2	\$15,000 (still open)
City of Bozeman	2016	\$272,500	22	\$165,000 (still open)
	2017	\$160,000	0	(still open)
City of Great Falls	2016	\$330,000	22	\$168,750 (still open)
	2017	\$120,000	0	(still open)
Flathead County Economic Development Association	2016	\$67,500	0	(still open)
	2017	\$562,500	6	\$45,000 (still open)

\*These grantees received more than 1 award over the fiscal years 2016-2018. See Appendix 3 for a detailed listing.

\*\*The Department of Commerce reserves funds requested for grants but only expends the amount related to jobs actually created. Unspent funds revert to the trust fund. Fund outlays are the cost to the program. If the contract is still open, more funds may be expended.

the money not used for administrative expenses—75% is to be allocated to local government and tribal governments for job-creation efforts, with the remaining 25% awarded to certified regional development corporations (CRDCs), economic development organizations in counties that do not have CRDCs, and tribal governments. See Table 3 for information on top-receiving entities for job-creation funds in the 2016-2017 period.

In 2017, the Department of Commerce revised the rules for the Big Sky Economic Development Trust Fund to allow the 2018-2019 application guidelines to be incorporated by reference as rules governing the program (see ARM 8.99.917). In the future, the guidelines and rules are to be reviewed and similarly updated. Using the guidelines to provide program details allows applicants to see the program criteria within the application. That criteria includes a notice that grant award recipients are subject to providing project updates for 3 years after the contract is closed. The guidelines also note that the local or tribal government and the assisted business are liable for returning the award, or part of it, for failure to create and maintain the estimated number of net new jobs or if the business ceases operations within the contract period. The 2017 update specified that local governments could apply directly for planning projects. The guidelines are available at:

<http://marketmt.com/Portals/129/shared/BSTF/docs/BSTFApplicationGuidelines.pdf?ver=2017-07-25-132401-763>.

### Indian Equity Fund Grants

Not receiving Big Sky Economic Development Trust Fund grants for job creation did not mean tribes or entrepreneurs on reservations received no state assistance. Job-related funding of \$640,000 is available through the



Indian Country Economic Development program, administered by the State Tribal Economic Development (STED) Commission, in partnership with the Department of Commerce to which the STED Commission is administratively attached. The Indian Equity Fund program is the primary business grant program under the Indian Country Economic Development (ICED) program.

One indication of how tribes help tribal members and how counties or economic development groups help nontribal members is seen in Lake County. The county, not the Confederated Salish and Kootenai Tribes, applied for a Big Sky Economic Development Trust Fund grant in FY 2017 for Jore Corp., Hot Woods, LLC, and Ronan Telephone, all of which are located on the Flathead Reservation. Those applications have the potential to result in 45 new jobs. For the creation of those jobs, the businesses could receive up to \$259,500 from the program. The Department of Commerce noted in a March 29, 2018, email that job-creation grants have been awarded in tribal communities but not through tribal governments.

As mentioned above, the Indian Equity Fund grant program serves all the reservations and also serves the state-recognized Little Shell Band of Chippewa Indians, which is not yet federally recognized and does not have a reservation in Montana. In addition, tribal members may be “at-large” applicants eligible for funds in an area of the state other than the reservation on which the applicant is enrolled. According to a March 29, 2018, email from the Department of Commerce, local review committees make recommendations to the state grant review committee for consideration.

Indian Equity Fund Grants	
Distribution	Year
\$98,000	2014
\$112,000	2015
\$322,000	2016
\$331,000	2017
\$330,000	2018

Source: Montana Department of Commerce

In the past 5 years, the Indian Equity Fund grant program had annual funding ranging from \$98,000 in 2014 to a high of \$331,000 in 2017, before dropping slightly to \$330,000 in 2018 (see accompanying box). Businesses were eligible for grants up to \$14,000. One indication of the success of Indian Equity Fund grants is that 84% of the businesses funded through the program remain in operation after 5 years, according to the Department of Commerce staff assigned to the STED Commission.

Allowable purposes listed on the STED Commission website (<http://marketmt.com/ICP/STEDC/IEF>) include buying land, capital equipment, buildings, or furnishings and job-related assets. Those expanding their business must provide an explanation of how the funding will develop either new products or services. Operations and recurring maintenance costs are ineligible as are financial expenses, such as debt-related costs, but working capital may be acceptable on a case-specific demonstration of need, according to the website describing the grants. The website also noted that grants are not to be used for casinos or other gambling establishments or for zoos, aquariums, golf courses, or swimming pools.

The number of grants made to businesses on reservations or to applicants through the Little Shell vary; applicants on the Northern Cheyenne and the Blackfeet reservations were the most active, at least in the 2014-2018 period (see Appendix 4). Grants may be as much as \$14,000, but may be less, depending on a business’s priorities and needs.



Unlike the Big Sky Economic Development Trust Fund grants, there is no requirement in statute for the Indian Country Economic Development program, which includes the Indian Equity Fund grants. However, statutes do exist that call on the Department of Commerce to “assist the state-tribal economic development commission established in 90-1-131...” (90-1-105, MCA). Separately, on a biennial basis, House Bill 2 provides authority for the ICED program, which since 2006 has received money from the general fund. Last biennium (FY 2016-2017), the general fund provided \$800,000 each year of restricted, one-time-only funds for the ICED program. Additionally, the FY 2016-2017 budget provided \$250,000 in state special revenue each fiscal year, which was to be used for collateral support for commercial loans to businesses owned by tribal members. The \$800,000 a year in the FY 2018-2019 budget is from state special revenue funds (the Big Sky Economic Development Trust) and again listed as restricted, one-time-only funds.

Separately, the Legislative Fiscal Division’s Fiscal Report for the 2017 session shows that the STED Commission has \$110,000 in state special revenue funds appropriated for FY 2018 and FY 2019.

An additional \$120,000 in state special revenue funds is for launching and supporting tribal tourism efforts in the next biennium. A provision inserted in Senate Bill 95 through a coordination instruction with HB 2 provides \$100,000 each year of the FY 2019 biennium to address employment barriers, including coaching or providing skills for managing personal finances or developing a skilled workforce. Although not specific to tribal services, the money could be accessed by tribal governments as well as others.



In the past 5 years, the Northern Cheyenne and the Blackfoot reservations have been the most active in receiving Indian Equity Fund grants.

Distribution of the Indian Country Economic Development grants changed after the STED Commission recommended in August 2015 and May 2016 to adjust the program by increasing the total available for small business grants under the Indian Equity Fund to \$320,000 from \$120,000 each fiscal year. The State Tribal Economic Development Report for the FY 2016 Biennium indicated that \$224,000 a year would separately go to business development and planning grants to tribal governments and \$120,000 would go to developing and operating a business advisor grant program for technical assistance. That amounts to \$664,000 of the \$800,000 appropriated annually for the ICED program. The remainder is used for administration, which includes travel, online application costs, and other expenses. (For background, see <http://marketmt.com/Portals/129/shared/ICP/docs/2016%20Biennium%20Report-STEDC.pdf>.) The bottom line is that the current statutes provide broad guidelines for the Department of Commerce and the STED Commission to address economic development on Indian reservations but do not require the ICED program; this means the guidelines are flexible but also may be subject to changes in interpretation by the Department of Commerce.

## Job Availability Is One Aspect of Employment; Overcoming Barriers Is Another

The need for more money often is a theme among economic developers, whether on reservations or not. But money is not necessarily helpful in the less populated areas of the state if development has a poor cost-benefit relationship with resources in the area. Building a business in rural areas usually means building on area resources. Further complicating the situation in some high-poverty areas is a lack of population that, in turn, means fewer

resources like child care, elder care, and public transportation that can help people take care of family demands and get to their jobs.

In general, various surveys show transportation concerns often outweigh lack of access to child care or elder care. That was the case for a survey done under the Medicaid expansion program authorized under Senate Bill 405 in the 2015 Legislature. The Department of Labor and Industry (DLI) reported to the oversight committee on Medicaid expansion in 2016 that, of all participants completing a voluntary survey (the HELP-Link survey) and identifying at least one barrier to employment, more people identified lack of transportation than lack of child care or caring for a family member as a barrier. Among 16 perceived barriers, lack of child care ranked fourth and lack of transportation was third. See:

[http://dphhs.mt.gov/Portals/85/Documents/MedicaidExpansion/DLI\\_HelpLink\\_Oversight\\_Cmte\\_Report\\_Nov2016.pdf](http://dphhs.mt.gov/Portals/85/Documents/MedicaidExpansion/DLI_HelpLink_Oversight_Cmte_Report_Nov2016.pdf)

Similarly, a survey by the Confederated Salish and Kootenai Tribes (CSKT) indicated that paying for gas ranked first as a stumbling block for some job-seekers, with lack of a reliable vehicle ranking third. Lack of child care came in fifth, with lack of elder care last on the list.

Somewhat troubling are the personal attributes ranked as barriers. In the CSKT study, these included physical or mental disability, poor health, criminal charges or legal troubles, and alcohol or addiction. The top-ranked barrier in the HELP-Link survey was troubled personal finances and credit histories. The second-ranked barrier in that survey was a felony or misdemeanor conviction. An employment specialist on the Fort Belknap Reservation told the Economic Affairs Interim Committee in February 2018 that one of his concerns also has been getting programs to counter addictive behaviors on reservations so that job applicants can pass drug tests for jobs. More details on some of these barriers is provided below.

### Transportation Concerns

Most Montanans get to a job by driving. According to the American Community Survey's 5-year estimates, most of the 483,881 people surveyed in Montana (75%) indicated that they drove alone to work (see the accompanying box).

Employment barriers related to transportation include:

- paying for gas;
- obtaining a driver's license, including accessing driver's licensing stations distant from where applicants are living;
- having a working motor vehicle; and
- having access to some sort of multi-user transportation, whether public buses or buses run by companies or nonprofits or tribal governments.

<b>Work-Related Transportation: Numbers for Montana</b>	
Drive Alone to Work	75%
Use Public Transportation	<1%
Carpool or Walk	15.3%
*Source: Based on the American Community Survey of workers age 16 or older.	

Efforts to resolve these concerns have ranged from tribal entities paying for gas cards to help applicants or new hires get to jobs. The Confederated Salish and Kootenai Tribes also have run a bus to help people get to jobs.

At least two companies in Montana have also addressed transportation issues by paying for buses to bring employees to work. The Colstrip Power Plant has offered two options, one of which is part of a deal with the Northern Cheyenne Tribe for a daily bus to transport workers. The other occurs when power plant servicing requires a plant to

be taken offline. See the accompanying box for more information as well as information on Stillwater Mining Co.'s transportation service.

### Employer Best Practices for Transportation: Two Examples

#### Colstrip Power Plant

The two transportation services offered by Colstrip operate differently. Both use contractors.

One option serving the Northern Cheyenne Reservation originated as part of an agreement with the Northern Cheyenne Tribe. The bus serving the reservation takes about 10-12 workers to Colstrip on a daily basis.

The other service operates sporadically whenever one of the Colstrip plants is taken offline for servicing. The 10-12 week event means that 400 to 700 workers are needed, far more than can be housed in the local area. Plant manager Neil Dennehy says that the plant contracts for buses to run from Miles City and pick up workers along the way. These charter-style buses allow workers to avoid driving for an hour or more to get to work and then an hour home on top of 10- to 12-hour shifts.

#### Stillwater Mining Co.

As part of a good neighbor relationship with towns near its mines on the East Boulder River and near Columbus, Stillwater Mining provides bus service to those employees who do not have a four-person or more carpool. The company gives each employee four access passes a year for personal travel. Otherwise, they either carpool with at least three other people, or they can take company-funded buses that run from Billings to the east and Livingston from the west, with stops along the way to pick up workers who may be coming from Rapelje, Laurel, or Bozeman.

Transportation availability also is important for training purposes. A presenter from the Blackfeet Reservation told the Economic Affairs Interim Committee at its February 2018 meeting that those living on the reservation who want to take the substitute test for a high school diploma (formerly called the General Equivalency Diploma (G.E.D.) test and now called Hi-SET) have had to travel to Great Falls from Browning because of a shift in personnel and getting a new person approved to carry out the test. That approval process apparently has been under way for about 2 years. The Office of Public Instruction website shows Browning as having a test center at the Blackfeet Community College. Other test centers, which are operated by private groups or public entities (not the Office of Public Instruction), are in Billings, Bozeman, Butte, Dillon, Glendive, Great Falls, Hamilton, Hardin, Harlem, Havre, Helena, Kalispell, Lame Deer, Lewistown, Libby, Livingston, Miles City, Missoula, Pablo, Poplar, and West Yellowstone. Although not the operator of the sites, the Office of Public Instruction is responsible for approving instructors and reportedly currently is reviewing applications in additional communities. For those communities where colleges are not handling the testing, school districts and a few community service organizations have stepped up to administer the tests on what is essentially a nonremunerative basis. For test sites, see:

<http://opi.mt.gov/Portals/182/Page%20Files/GED%20Hi-Set%20High%20School%20Options%20Program/Docs/HiSET%20Testing%20Centers%20in%20Montana.pdf>

## Child Care Concerns

The American Community Survey, which provides 5-year estimates of detailed information about families, indicates that in Montana of the 71,610 children under age 6, 63.8% had all parents in the family in the labor force. The percentage of all parents of children ages 6 to 17 was larger, at 72.5% of the 140,599 families in the labor force. Child care is an important factor for a parent being able to take a job.

Child care may be handled by a nonworking spouse, grandparents, neighbors, or unlicensed organizations—none of which are clearly identifiable. What can be determined is where licensed child care facilities are and, in particular, in which counties the Head Start program operates. Each of Montana’s reservations has Head Start operations, according to a Department of Public Health and Human Services (DPHHS) website.

DPHHS data for licensed child care facilities or licensed providers show that six counties in Montana do not have any type of licensed child care facility or provider. These include two 2017 high-poverty counties, Golden Valley and Petroleum, as well as Granite, Sheridan, Treasure, and Wibaux counties.

Availability is not the only concern. Costs of child care also can be a factor if a parent determines that the proposed wage is inadequate to cover child care as well as transportation costs. A sampling of DPHHS 2016 data indicates that child care providers licensed by the state may charge anywhere from \$17.51 a day for a child (infant costs were \$17.62/day) to a high of \$22.29 for a child (infants were \$23.88/day). The costs vary among counties and providers as well as the number of children served from a family. Generally, more than one child in a family in day care costs about \$6 more each day. See the 2016 rates on the Early Childhood Services Bureau [website](#):

<https://dphhs.mt.gov/hcsd/ChildCare/ChildCareResourceandReferral#422144955-region-4---child-care-connections->

Child Care Needs Among Montana Workers	
Children under age 6 with parents in workforce	63.8%
Children 6-17 with parents in workforce	72.5%
Source: The American Community Survey’s 5-year estimates (2012-2016) of workers ages 16 or older.	

## Elder or Adult Day Care

Montana has 87 licensed adult day care facilities, all but one associated with another licensed facility type, such as a nursing home. An adult day care facility is defined in 50-5-101, MCA, as a facility that provides on a regularly scheduled basis the care necessary to meet the needs of daily living but that does not provide overnight care.

For job-seekers not living in one of the 44 Montana communities with an adult day care center the cost of transferring the care of an elderly relative to someone at minimum wage would be at least \$66.40 for an 8-hour day (at Montana’s 2018 rate of \$8.30/hour). A person working out of the house would need to make more than the minimum wage to break even if paying someone else to care for an elder needing help at home.

Elder Care in Montana	
Licensed facilities	87
Average hourly cost	\$15-\$20
Towns with adult day care	44
Towns with more than one adult day care facility	13
Source: March 2018 data from the Montana Department of Public Health and Human Services.	

## Providing Training

State or tribal assistance is available through a variety of training programs. Among those gaining in popularity under state auspices is an apprenticeship program. What makes the apprenticeship program popular is that participants can learn on the job while employers who work with the apprentices benefit from gaining added labor. In the 2017 session, the Legislature approved House Bill 308 to provide tax credits to employers hiring registered apprentices (\$750) or apprentices who are military veterans (\$1,500).

The first apprenticeship laws were passed in 1941, with oversight assigned to the Department of Labor and Industry. Apprenticeship requirements include:

- that an apprentice be at least 16 years old; and
- that an employer have a written apprenticeship agreement describing the occupation to be taught, the required number of hours for completion (which must be at least 2,000 “reasonably continuous” hours), a description of the processes to be taught, information on the number of hours of supplemental instruction (recommended to be at least 144 hours a year), and an outline of progressively increasing wages based on criteria set by law. See 39-6-108, MCA, for the criteria and 39-6-106, MCA, for the apprenticeship agreement.

The DLI website lists 77 occupations that have apprenticeships, with “graduation” based either on time in training or competency achieved in training or a combination of both.

Paramedics are an example of the hybrid form. Occupations range from those traditionally associated with unions and trades, such as sheet metal workers, electricians, plumbers, and welders, to administrators of assisted living facilities, medical coders, and pharmacy technicians.

<b>Samples of Apprentice Types of Jobs, by Demand and Salary</b>		
<b>Jobs</b>	<b>Openings thru 2026</b>	<b>Possible Salary</b>
Construction Laborers	241/year	\$37,570
Electricians	115/year	\$61,580
Medical or Health Services Managers	55/year	\$87,490
Medical Records Technicians	40/year	\$36,320
Montana Labor Market Blog, March 6, 2018: <a href="http://lmi.mt.gov/MTLaborBlog/ArticleID/127/Which-Apprenticeable-Occupations-Will-Have-Job-Openings-in-MT">http://lmi.mt.gov/MTLaborBlog/ArticleID/127/Which-Apprenticeable-Occupations-Will-Have-Job-Openings-in-MT</a>		

A chart developed by the Department of Labor and Industry outlined job prospects for various apprenticeship programs, along with salary expectations. The job prospects indicated how many new jobs were anticipated along with vacancies created by retirements. A sample of that chart is provided here. The full chart can be seen at

<http://lmi.mt.gov/MTLaborBlog/ArticleID/127/Which-Apprenticeable-Occupations-Will-Have-Job-Openings-in-MT> .

Colleges, including two-year colleges, are starting to train more specifically for some of the apprenticeable occupations. *Governing* magazine noted that about 53% of job openings call for mid-level education that had elements of post-secondary but not necessarily 4-year college degrees required. (See J.B. Wogan, “Can Apprenticeships Train the Workforce of the Future? States Hope So,” *Governing*, March 2018, <http://www.governing.com/topics/mgmt/gov-work-study-student-debt-apprenticeships.html> .)

In Montana, five of the seven tribal colleges have received funding from the U.S. Department of Labor and from the Northwest Area Foundation to develop or expand apprenticeship programs. Funding for each project ranges from \$45,000 to \$96,000, according to the Governor’s Office of Indian Affairs. The specific developments include:

- Aaniiih Nakoda College (Fort Belknap) – Nursing Assistant Program;
- Fort Peck Community College – Licensed Addiction Counselors;
- Little Big Horn College (Crow) – Transportation/Heavy Equipment Operators and Accounting;
- Salish Kootenai College (Flathead) – Emergency Medical Technicians and Hazmat specialists; and
- Stone Child College (Rocky Boy’s) – Wellness Coaching, Case Management, and Behavior Health/Peer Support.

The Salish Kootenai College on the Flathead Reservation is the only baccalaureate-offering tribal college in Montana. The others are 2-year colleges, with many programs designed to transfer credits to 4r-year colleges. Among the tribal colleges, the major training efforts target business and medical-related programs.

### How Do Employers Meet Accommodations for Disabilities?

Another concern raised by SJR 20 was a perceived barrier to employing those with physical or mental disabilities. The American Community Survey indicates about 6.2% of Montana’s employed workers have some type of disability. That puts Montana among the top 12 highest states (11) with state employment of people with disabilities. However, Montana’s unemployment rate for people with disabilities is 13.1%, still a solid ranking (9<sup>th</sup> lowest) among states (and the District of Columbia) in unemployment rates.

Employment Data for Montanans with Disabilities	
Employed workers with disability	6.2%
Unemployment rate for workers with disabilities	13.1%
Median earnings compared to those without disability	65%
Source: 2015 American Community Survey of workers aged 16 or older.	

The Americans with Disabilities Act prohibits discrimination related to hiring persons with disabilities and says that businesses with 15 or more employees are to provide reasonable accommodations for persons with disabilities unless the accommodation results in undue hardship. The majority of Montana’s private businesses (83%) are small businesses, which may not be impacted by the 15-employee trigger in the law. Nevertheless, these employers, too, are eligible for much of the assistance available to employers.

The problem regarding employment for people with disabilities may be twofold. One barrier may be that the potential employee has a disability and does not feel work is available to them. In the survey of perceived employment barriers on the Flathead Reservation, 21.8% of responding tribal members said someone in the household had a physical or mental disability that was a barrier to employment. The other barrier may be an employer who does not realize the abilities that a person with a disability has.

Examples of other organizations that help the individual are nonprofit organizations that provide jobs for those unable to be in the regular workforce and that extend supported assistance for those who may need help working in the regular workforce. In addition, the Veterans Administration at Fort Harrison works with programs in Missoula, Billings, and Helena to provide vocational rehabilitation to veterans with disabilities. These programs



work with the veteran to determine which occupations are of interest to the veteran and will not aggravate the disabilities. After employment, the vocational rehabilitation program may include case management to further ensure coordination. Through these VA programs, a veteran with disabilities may get tuition and fees paid for training in a prospective job plus mental and physical health care during training.

From the employer perspective, the Veterans Administration has an employment coordinator who works with businesses to find a good fit for veterans with disabilities. The Disability Employment and Transitions Division at DPHHS also provides vocational rehabilitation assistance, although budget reductions have created longer waiting lists. The DPHHS office recommends that prospective employers, as well as individuals with disabilities, review the Job Accommodations Network website: <https://askjan.org/>. That website includes a range of disabilities under “A to Z of Disabilities and Accommodations.” For example, under “Fibromyalgia” the recommendations are to help with concentration issues by providing written job instructions, prioritizing job assignments, allowing flexible work hours, and minimizing distractions. For fatigue and weakness concerns, the recommendations are to reduce or eliminate physical exertion and workplace stress. These recommendations are similar for various disorders.

<b>Assistance for Veterans with Disabilities</b>	
Vocational Rehabilitation Offices in Montana	VA sites in Billings, Helena, and Missoula
Employment Coordinator	Helena VA

Intervention through case-worker assistance may be beneficial in getting both the applicant and the prospective employer thinking about ways to handle accommodations. Under Montana’s employment assistance-linked Medicaid expansion, there has been increased attention to working with the expansion population to find jobs or obtain better-paying jobs. A report by the University of Montana’s Bureau of Business and Economic Research to the Medicaid Expansion oversight committee in March 2018 included one data set that indicated the Medicaid expansion had increased labor participation of people with disabilities and living below poverty levels from 24% in 2015 to 29% after expansion in 2016. See <http://dphhs.mt.gov/Portals/85/Documents/healthcare/Ward%20Presentation%20to%20MT%20HELP%20Oversight%20Cmte%20March%208%202018.pdf>.

<b>Examples of Accommodations for Disabilities</b>	
<b>Physical Disabilities</b>	<b>Mental Disabilities</b>
Ramps for wheelchairs	Flexible work schedules
Computers with special keyboards	Minimizing distractions

## Looking Behind the Numbers in Reporting Unemployment

Unemployment numbers range widely; understanding what is being represented as unemployment is important. In very simple terms, the usual unemployment rate, U-3, is the number of unemployed people looking for work divided by the total civilian labor force (those who are working plus those who are unemployed). The terminology is important and complicates the examination of unemployment. The usual U-3 number leaves out all those who are discouraged in their job search and no longer looking. The number also leaves out those ages 16 and older who are in school or retired and who are not looking for work (but includes them if they are looking for work or working). Unemployment strictly speaking is not defined as the inverse of employment, simply because the term is

intended to mean that the unemployed person is not working but wants to be working. This leaves out of the unemployed description those who have retired, are in school, are sick and not employed, or are not in the work world because they are taking care of family. But the definitions of unemployment go beyond the standard U-3. For example, the U-6 formula of unemployment includes discouraged and marginally attached workers. None of the descriptions of unemployment in Table 4 is wrong, but understanding the underlying data and its development is helpful.

Unemployment measures vary. The most common depiction, U-3, lists only those not working but looking for work, not those no longer working or looking.

### Difficulties in Data Gathering in Low-Population Areas

The U.S. Bureau of Labor Statistics (BLS) is the “boss” of unemployment data and publishes six different measures of the labor market as shown in Table 4. The most inclusive measure is U-6, which includes the unemployed, plus marginally attached workers (including discouraged workers) and those working part-time but wanting full-time work. In contrast, the reference most typically cited is the U-3 measure, which includes only the unemployed in the numerator, meaning only those who are not working and who are actively looking for work. While that standard U-3 reference shows Montana’s annual 2017 average was 4%, the U-6 BLS rate for that period was 8.3%. All six measures of what economists call “labor utilization” are available for each state on a quarterly basis using data from the Current Population Survey. That survey is compiled from a monthly telephone survey of U.S. households. In Montana, approximately 1,300 households are contacted each month.

Montana’s 2017 Average Unemployment Rate	
Standard Measure (U-3)	4%
Broadest Measure (U-6)	8.3%

While the monthly “official” unemployment rate is the U-3, there is a variation of that U-3 measure compiled by the Montana Department of Labor and Industry in conjunction with the BLS. That variation reflects monthly unemployment data for the state, counties, and reservation areas and uses data from two sources--a business survey and unemployment insurance claims. The reason for the additional sources is to increase the statistical accuracy of the unemployment measurement and allow information on a county and reservation basis. Without the use of these additional data sources, the DLI’s chief economist said, the measurement error would be too large to meaningfully reflect unemployment rates for many rural counties and reservations. Being able to accurately capture conditions in sparsely populated areas of Montana would be costly. The DLI’s chief economist reviewed the process at the November 2017 Economic Affairs Interim Committee meeting and provided more information on the data gathering and statistical analysis as shown in Appendix 5.



**Table 4: Standard Measures of Unemployment**

<b>U-1</b>	<b>U-2</b>	<b>U-3</b> "Official Rate"	<b>U-4</b>	<b>U-5</b>	<b>U-6</b>
<ul style="list-style-type: none"> <li>• Those unemployed 15 weeks or longer</li> </ul>	<ul style="list-style-type: none"> <li>• Those who recently lost a job or completed a temporary job</li> </ul>	<ul style="list-style-type: none"> <li>• Those actively seeking work as a percent of the civilian labor force</li> </ul>	<ul style="list-style-type: none"> <li>• Discouraged workers +</li> <li>• Those actively seeking work represented by U-3</li> </ul>	<ul style="list-style-type: none"> <li>• Marginally attached workers +</li> <li>• Discouraged workers +</li> <li>• Those actively seeking work represented by U-3</li> </ul>	<ul style="list-style-type: none"> <li>• Those working part-time for economic reasons +</li> <li>• Marginally attached workers +</li> <li>• Discouraged workers +</li> <li>• Those actively seeking work represented by U-3</li> </ul>
<p>The U.S. Bureau of Labor Statistics says discouraged workers are those persons not in the labor force who want and are available for work and had looked for a job sometime in the past 12 months but had not looked in the immediate past 4 weeks because they believed no job was available. The marginally attached includes discouraged workers but also includes those who did not look for a job for any reason.</p>					

DLI economist Barbara Wagner’s November 2017 review for the Economic Affairs Interim Committee encompassed the difficulties of obtaining accurate data for the U-6 category of those marginally attached and discouraged workers in the labor force pool. She compared the data gathering to a game of chance, like keno, in which the phone calls and surveys were not necessarily specifically targeted (nor could they be in a random survey). Thus, the information might not capture the part of the population that is marginally attached. See [http://leg.mt.gov/content/Committees/Interim/2017-2018/Economic-Affairs/Committee-Topics/SJR20/wagner-measuring-labor-market\).pdf](http://leg.mt.gov/content/Committees/Interim/2017-2018/Economic-Affairs/Committee-Topics/SJR20/wagner-measuring-labor-market).pdf).

Adding to the difficulties of getting accurate information for unemployment is the likelihood that, particularly for people living in areas of high poverty, a telephone survey would miss all those without phone service. Similarly, employment data is more easily gained than unemployment data because most employers are in businesses that have employer identification numbers, and most businesses are required to report payroll, employment, and wages to the unemployment insurance system. The unemployed may be homeless; there is no reporting requirement unless they are looking for work and receiving unemployment benefits. Or, marginally attached workers may be working part-time because no full-time jobs are available. Under one measure, those part-time workers are employed (U-3), while they are “unemployed” for purposes of the U-6 measure if they are working part-time but want to be full-time.

The only Montana county for which U-6 information is obtained is Yellowstone County (see Table 5). According to a September 2017 memorandum from DLI economist Barbara Wagner, a sampling rate of nearly 100% would be necessary to capture the discouraged workers for each county of the state. Wagner noted that discouraged workers are estimated to be less than 2% of the statewide population. In the Yellowstone County example, the

discouraged workers amount to two-tenths of 1%. The cost for a statewide survey would be high, Wagner said, as would the margin of error. Even for Yellowstone County, however, gathering the U-6 data is not possible on a monthly basis. Instead, Wagner said, data from August 2014 to July 2017 were used to provide greater stability of the estimates.

### General Background

General information provided to the Economic Affairs Committee about unemployment rates included the concept that unemployment does not measure supply (on the part of workers) or demand (on the part of employers). Instead, Wagner told the Economic Affairs Interim Committee at its November 2017 meeting, in essence, the unemployment rate measures the difficulty of finding a job when a person is looking for a job; the rate also conveys economic changes in the labor market.

The unemployment rate is one, but not the only, measure of the health of the overall labor market. For example, a healthy labor market has job applicants whose skills match the needs of employers. A less healthy market may see a mismatch with plenty of job openings but few qualified to fill them. See Wagner’s handout from the November 2017 Economic Affairs meeting: [http://leg.mt.gov/content/Committees/Interim/2017-2018/Economic-Affairs/Committee-Topics/SJR20/wagner-measuring-labor-market\).pdf](http://leg.mt.gov/content/Committees/Interim/2017-2018/Economic-Affairs/Committee-Topics/SJR20/wagner-measuring-labor-market).pdf). While other labor data might be more useful for reflecting labor market health, the U-3 measurement has value for its long-term, consistent measurements.

<b>Labor Force Data</b>	<b># of People</b>	<b>% of Population</b>
<b>Total Population 16 and over</b>	122,400	100%
<b>Employed</b>	78,299	63.9%
Employed part-time	14,600	11.9%
Employed part-time, wanting full-time	2,400	2.0%
<b>Unemployed</b>	2,700	2.2%
On Layoff – Returning to a job	900	0.7%
Only available part-time	600	0.5%
<b>Not in Labor Force</b>		
Discouraged	190	0.2%
Discouraged and in school	30	0.0%
Discouraged and retired	10	0.0%
Not in Labor Force Not Discouraged	41,318	33.8%
Retired	24,900	20.3%
In school	5,100	4.2%
Disabled or ill	5,300	4.3%
Taking care of family or house	5,000	4.1%
<b>U-3 Unemployment Rate</b>		3.3%
<b>U-6 Unemployment Rate (U-3+ discouraged + part time wanting full time)</b>		6.5%
Source: Current Population Data for August 2014 to July 2017 through DataFerret, U.S. Census Bureau, and Bureau of Labor Statistics.		

### Differing Reflections of Tribal Unemployment

At its February 2018 meeting, the Economic Affairs Interim Committee asked for more information related to differing unemployment data for the seven federally recognized Indian reservations in Montana. Table 6 shows the broad differences in data. The state uses the same methodology as for the rest of the state and the requirement to be “looking for work,” which is part of the BLS U-3 unemployment definition. The Bureau of Indian Affairs said in its notes for 2005 data that the unemployment data are self-reported by the tribes and uses a definition of “not working but available for work.” By 2010, the BIA revised its approach to show minimum, medium, and maximum ranges of employment. The BIA report, published in 2013 as required by the Indian Employment, Training, and Related Services Demonstration Act of 1992 (also called Public Law 102-477), emphasized: “It is very important to note that this report does not provide any estimates of ‘unemployment.’” The report’s executive summary goes on to say that the Public Law 102-477 report requires the broad labor force information but does not require estimates of unemployment. The 2013 BIA report simply provides employment ranges, which does not mean that

the inverse represents people available for work but not working because the inverse also includes those not able or not wanting to work. See <https://www.bia.gov/sites/bia.gov/files/assets/public/pdf/idc1-024782.pdf>.

**Table 6: Differing Labor Utilization Reflections for Montana’s Indian Reservations**

Reservation	State-Derived /BLS Unemployment Rate (uses standard definition – U-3)		Combination <sup>1</sup> of BIA, BLS, & State Data (not standard) 2005	BIA 2005 Estimate <sup>2</sup> of Labor Force Not Working	BIA Employment Range <sup>3</sup>		
	2006	12/2017			Min	2010 Mid	Max
<b>Blackfeet</b>	11.7%	11.0%	72%	72%	45.0%	51.2%	57.4%
<b>Crow</b>	9.4%	16.0%	50%	50%	37.3%	43.6%	49.9%
<b>Flathead</b>	4.7%	5%	36%	41%	45.5%	50.1%	54.8%
<b>Fort Belknap</b>	Not available	11.5%	72%	79%	32.5%	36.3%	40.1%
<b>Fort Peck</b>	9.7%	5.4%	57%	57%	46.3	50.7%	55.1%
<b>Northern Cheyenne</b>	11.5%	14.0%	62%	62%	37.6%	43.5%	49.4%
<b>Rocky Boy’s</b>	16.4%	11.3%	76%	70%	42.3%	46.7%	51.1%

<sup>1</sup>The information in this column is from a report by the Fort Belknap Tribe in 2015. The source listed is the Bureau of Indian Affairs plus the Bureau of Labor Statistics and Montana’s Department of Labor and Industry. However, the information is not clearly described in the document and differs for some tribes from the 2005 BIA data in the column on the immediate right. The numbers in both columns are self-reported by the tribes using definitions that are closer to the U-6 unemployment definition of those no longer actively looking for work but who would like a job and are not working now. See Note 2 for BIA data.

<sup>2</sup>The BIA estimates for 2005 are from the Bureau of Indian Affairs *2005 American Indian Population and Labor Force Report*, available at <https://www.bia.gov/sites/bia.gov/files/assets/public/pdf/idc-001719.pdf> and accessed April 5, 2018. The report notes that the unemployment data is not the same as used by the federal Bureau of Labor Statistics.

<sup>3</sup>The 2010 BIA data provides only minimum, medium, and maximum ranges of employment for tribal members age 16 and older employed in civilian jobs. The BIA cautions against using that information for employment data.

The state-derived unemployment numbers for the reservations are not specific to tribal members. Information gathering for the data does not distinguish between people on the reservation who are tribal members and those who are not. The BIA data notes that the information for the reservations includes just those tribal members or Indians who are eligible for BIA services and living on the reservation.

A DLI Fact Sheet on Reservation Unemployment Rates notes that metrics such as the labor force participation rate or the employment to population ratio might be more reflective of tribal labor markets than the standard unemployment rate because these data include discouraged workers, a status not surprising if jobs are not available in the vicinity. That fact sheet also reviewed the types of data provided by the U.S. Census Bureau (the American

Community Survey), which include 5-year data from responses to telephone, mail, and in-person surveys. The DLI used Current Population Survey information from May 2012 to September 2015 to compare employment status for all Montanans with that of Indians for populations age 16 and older (see the accompanying box). The details show during that time, on average 61.1% of all Montanans employed and 47.2% of all Indians in the state employed.

The unemployment rate for the state at large was 3.2% while for Indians the rate was 7.7%. For those giving reasons for being unemployed and being out of the labor force (unavailable to work), retirees were 19.4% of the statewide group and 9.6% of the Indian population; those with disabilities or having a long-term illness were 5.5% of the statewide group and 11.9% of the Indian group; those in school and not working were 4.4% of the

statewide group and 7.0% of the Indian group; and those not working because of family care duties were 4.9% in the statewide group and 13.9% of the Indian group. The remainder were listed as not sure. See:

<http://lmi.mt.gov/Portals/135/Publications/LMI-Pubs/Special%20Reports%20and%20Studies/ReservationEmploymentFactSheet.pdf>.

Takeaways from Table 6 include the following:

- State numbers are the only data consistent with reporting elsewhere in the state.
- State numbers for the reservations include all those living on the reservation, not specifically tribal members of the reservation. On reservations where the tribal members comprise the majority population, the numbers are somewhat more likely to be accurate for tribal unemployment. However, the Flathead Reservation numbers are probably not as reflective of tribal unemployment as are those for Montana's other reservations, which were not opened up to non-Indian settlement under the Dawes Act (1904 Allotment Act) as the Flathead Reservation was.

## Personal Behavior and Other Factors

Hiring depends not only on job availability but on the applicant's skill set, availability, and sometimes ability to pass a drug test or having a credit score that makes the employer comfortable with the applicant's ability to handle money and financial responsibilities. Often, a factor in hiring is whether someone has a criminal history, although Montana is one state that allows full rights to be restored to a convict upon termination of state supervision for offenses against the state under Article II, section 28(2), of the Montana Constitution.

Current Population Survey Employment Data		
Data	All Montanans	Indians in Montana
Employment	61.1%	47.3%
Unemployed	3.2%	7.7%
Unemployed due to being:		
Retired	19.4%	9.6%
Disabled, ill	5.5%	11.9%
In school	4.4%	7.0%
Family caregiver	4.9%	13.9%
Not sure	1.4%	2.7%

Source: Montana Department of Labor and Industry Fact Sheet on Reservation Unemployment Rates, using Current Population Survey data from May 2012 to September 2015 from DataFerret.

Policy discussions in the 2017 legislative session that would have improved a former convict’s ability to be hired included a “ban the box” bill, Senate Bill 326, which would have had the effect of removing—at least until a job offer had been made—a question of whether a job applicant had ever been convicted of a crime. That bill did not pass, but Senate Bill 325, which encouraged hiring of those with convictions unrelated to their prospective job, did pass. The new statute, 39-2-710, MCA, enacted by that legislation provides employers with a safe harbor related to hiring a convicted person who can demonstrate having met certain criteria.

Also important to some employers is whether the prospective job applicant has a good credit history, which supporters of that indicator say shows whether a person responsibly pays bills and uses money. However, even though credit scores are not supposed to discriminate against people on the basis of race, some credit rating firms use addresses as a proxy for responsibility, which means that those living on a reservation could see credit scores negatively impacted by a minority of neighbors. Efforts to revise Montana’s credit scoring laws, enacted in 2005, have occurred in almost all legislatures since 2005 but none have resulted in revisions to the credit scoring provisions.

Apples-to-apples comparison is possible with state unemployment data, but state data are geographic for reservations and not specific to the tribal members.

Finally, in terms of policies, Montana competes with its neighboring states as well as the other 45 states to bring in businesses that offer good-paying jobs. An educated workforce, state friendliness to business, consistent regulation, and various other factors ranging from taxes to workers’ compensation costs enter into the business decision of where to locate, as do proximity to resources, transportation possibilities if goods are to be manufactured, and similar considerations. According to the regularly produced index of state economic momentum published by *State Policy Reports*, Montana’s economic health slipped slightly in early 2018 below the national average but was still in the middle of all states at the 25<sup>th</sup> spot. Wyoming, South Dakota, and North Dakota fared worse (North Dakota much worse at the bottom of the list), while Idaho was second in the nation behind Nevada.

## Concerns About Structural Unemployment

The Department of Labor and Industry has highlighted concerns about the aging population in Montana in at least two of its last Labor Day reports on Montana’s economy and labor status. Demographics impacts the unemployment rate as people retire and move out of the labor market. The DLI memorandum on reservation unemployment noted that if other age groups don’t fill in for the retiring baby boomers, for example, the labor force will shrink for reasons unrelated to economic performance. If the denominator (labor force) shrinks, then the unemployed nominator—even if it stays the same—will contribute to a bigger unemployment ratio.

Other structural concerns include changes in how America and the world obtain energy because jobs in coal country are expected to decline as less coal is mined or as demand for coal drops with projected closures of coal-dependent power plants. As seen from the loss of jobs in the timber industry, replacement of the good-paying jobs in the natural resource and utilities sector may take years and possibly not match the salaries and benefits because

replacements are either small businesses or service-oriented industries that may not pay benefits and salaries that match the old jobs.

## Conclusions

Montana's relatively small population spread across a wide expanse results in pockets of opportunities where jobs are more plentiful than elsewhere and difficulties in data gathering when populations are too small to get accurate statistical estimates. What is important for legislators to keep in mind is that statewide data are not as useful for local area statistics if the local area has a low population.

Legislators may want to consider policy approaches that seek to help those with fewer opportunities using the rationale that an overall improvement in the economy is good for the entire state. Or, legislators may want to provide tools that entrepreneurs can use with few constraints, as an indication that the wealth provided in certain areas will enhance opportunities for those elsewhere in less prosperous areas. A third option might be to seek better information for determining how to apply incentives, which may mean more money spent on data gathering.

Another policy consideration would be to allow other metrics in addition to the unemployment rate for requirements related to state assistance programs. While work-based approaches may be a good tie-in for certain benefits, the provisions may need to recognize that not all parts of the state have equal access to jobs. Similarly, some programs, like the Supplemental Nutrition Assistance Program (SNAP), which have job or job training-related requirements, have variations tied to higher unemployment rates, which underscores the need for accurate data. Montana has a waiver based on the Secretary of Agriculture's determination that the request covers an area in which unemployment was over 10% or jobs were relatively unavailable (see Appendix 6).

Other takeaways from the SJR 20 study may include policy considerations for:

- developing more jobs in areas of the state with high unemployment based on lack of job availability;
- expanding access to case management assistance in addressing jobs for persons with disabilities;
- enhancing access to Job Service offices through either expanded visits by Job Service personnel to more Montana towns as the number of towns with Job Service offices shrinks or the possible use of a mobile unit that could be used throughout the state;
- improving coordination, if necessary, of apprenticeship offerings through tribal colleges and community colleges in areas of the state where one-to-one relations may boost apprenticeships;
- improving access to broadband services, both for prospective job applicants and for employers; and
- developing greater coordination between tribes and data-gatherers to reflect current conditions on reservations.

This report has attempted to show the variations in data on unemployment, the difficulties in gathering that data, and the many factors that contribute to unemployment, which range from the personal to, perhaps, choices of where investment incentives are applied. Montana's toolbox for enhancing economic development ranges from programs like the Big Sky Economic Development Trust Fund, which may use funds that benefit larger employers, to the Indian Equity Fund, which helps economic development on reservations often one job at a time. Tweaks to these programs are a possibility to either ensure continued use or to make improvements.



# Appendix 1

## Senate Joint Resolution 20

INTRODUCED BY J. SMALL, D. ANKNEY, E. BUTTREY, V. COURT, R. FITZGERALD, J. FLEMING, J. GROSS, J. KEANE, G. KIPP, K. MCCARTHY, S. MORIGEAU, D. MORTENSEN, A. OLSZEWSKI, J. PATELIS, T. RICHMOND, D. SANDS, R. SHAW, B. SMITH, F. SMITH, F. THOMAS, S. VINTON, G. VUCKOVICH, S. WEBBER, J. WELBORN, L. WHITFORD, J. WINDY BOY

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING AN INTERIM STUDY OF FACTORS AFFECTING UNEMPLOYMENT IN HIGH-POVERTY AREAS AND POTENTIAL SOLUTIONS.

WHEREAS, Montana's unemployment rate of 4.0% in December 2016 was below the nation's average of 4.7%, an indication of healthy employment yet one that, as a statewide average, smooths over the complex differences between urban areas, where jobs are more plentiful and more varied, and many smaller communities, some of which have high unemployment, low levels of job openings, and high poverty rates; and

WHEREAS, unemployment data currently accounts only for people who are working or looking for work but misses people who are not counted as being in the labor force, including people who have given up looking for work because no jobs exist or accommodations are not made for disabilities or for family obligations that require intermittent absences or additional availability of caregivers; and

WHEREAS, many grants promoting improved work opportunities or increased access to jobs and technological infrastructure rely on unemployment data, which means that smoothed-out but timely data is a disadvantage for high-unemployment areas of the state.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That the Legislative Council be requested to designate an appropriate interim committee, pursuant to section 5-5-217, MCA, to examine the many factors involved in unemployment, including:

- (1) lack of jobs and whether the available jobs:
  - (a) require skills not available in the general locale;
  - (b) pay a wage with benefits, including paid leave, health insurance, or contributions toward retirement benefits;
- (2) lack of transportation to jobs and the corollary costs and impact in cases in which employers provide transportation to jobs;
- (3) lack of child care or elder care and the corollary costs and impact in cases in which employers provide onsite child care; or
- (4) lack of accommodation for disabilities and the corollary costs and impact in cases in which employers provide accommodations for disabilities.

BE IT FURTHER RESOLVED, that consultants familiar with the differences related to the terms "discouraged worker", "marginally attached worker", "available for work and not working", and similar descriptions be invited to discuss the philosophy about unemployment in Montana's high-poverty areas, including on Indian reservations, and whether improved understanding of reasons behind unemployment might help redirect resources to improve job growth in high-poverty areas.

BE IT FURTHER RESOLVED, that the interim committee examine:

- (1) the location and placement success of job service or third-party equivalent services, along with the programs put in place with employers at each job service for apprenticeships or other training opportunities;

(2) course offerings at community and tribal colleges as they relate to local employer needs and activities within communities aimed at improving responsiveness for employer job openings;

(3) availability of internet and broadband services and other components that enable workers to either leave home for jobs or work at home.

BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review requirements, be concluded prior to September 15, 2018.

BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions, comments, or recommendations of the appropriate committee, be reported to the 66th Legislature.

- END -



## Appendix 2

### Employers with most jobs by County

Information varies by county. Only employers with most jobs are listed, whether 1000-plus or 5-9. If information is not available, that indicates confidentiality concerns.

Source: Montana Department of Labor and Industry. See 2016 data at <http://lmi.mt.gov/Local-Area-Profiles> .

County	Employer	Job Range
<b>Beaverhead</b>	Barrett Hospital and Healthcare	250-499
<b>Big Horn</b>	Big Horn Hospital Assn. Decker Coal Co. Spring Creek Coal Westmoreland Resources Inc.	100-249
<b>Blaine</b>	Sweet Memorial Nursing Home	50-99
<b>Broadwater</b>	RY Timber Wheat Montana Bakery	100-249
<b>Carbon</b>	Beartooth Hospital and Health Center Red Lodge Mountain Resort	100-249
<b>Carter</b>	Dahl Memorial Health Care	20-49
<b>Cascade</b>	Benefis Hospital	1000+
<b>Chouteau</b>	Big Sandy Medical Center	50-99
<b>Custer</b>	Holy Rosary Healthcare	250-499
<b>Daniels</b>	Nemont Telephone	100-249
<b>Dawson</b>	Glendive Medical Center	250-499
<b>Deer Lodge</b>	Community Hospital and Nursing Home	250-499
<b>Fallon</b>	Denbury Onshore	100-249

County	Employer	Job Range
<b>Fergus</b>	Central Montana Medical Center	250-499
<b>Flathead</b>	Kalispell Regional Medical Center	1000+
<b>Gallatin</b>	Bozeman Deaconess Hospital	1000+
<b>Garfield</b>	Farmers Union Oil Garfield County Bank Ryan Grocery & Processing, Inc.	20-49
<b>Glacier</b>	Albertsons Glacier Care Center Glacier Park Lodge Northern Rockies Medical Center Teeples Market Town Pump	50-99
<b>Golden Valley</b>	Not available	
<b>Granite</b>	The Ranch at Rock Creek	100-249
<b>Hill</b>	Northern Montana Hospital	500-999
<b>Jefferson</b>	Ash Grove Cement Co. Elkhorn Health & Rehabilitation LLC Golden Sunlight Mine JS Redpath Corp.	50-99
<b>Judith Basin</b>	Bos Terra LP	20-49

County	Employer	Job Range
Lake	Mission Mountain Enterprises	100-249
	New Jore Corp.	
Lewis & Clark	St. Peter's Hospital	1000+
Liberty	Liberty County Hospital	100-249
Lincoln	Rosauers Food & Drug	100-249
	St. John's Lutheran Hospital	
Madison	Big Sky Resort	500-999
McCone	McCone County Health Center	50-99
Meagher	Mountainview Medical Center	50-99
Mineral	Tricon Timber	100-249
Missoula	Community Medical Center	1000+
	St. Patrick Hospital	
Musselshell	Signal Peak Energy	100-249
Park	Livingston Healthcare	250-499
Petroleum	Not available	
Phillips	Albertsons	50-99
	Phillips County Hospital	
Pondera	Pondera Medical Center	100-249
Powder River	Alderman Oil Co.	20-49
	Larry's IGA	
	Will Bros. Construction	
Powell	Sun Mountain Lumber	100-249
Prairie	Roy Rogers Tavern	10-19
Ravalli	Marcus Daly Memorial Hospital	500-999

County	Employer	Job Range
Richland	Sidney Health Center	250-499
Roosevelt	Northeast Montana Health Services	250-499
Rosebud	PP&L of Montana	250-499
	Western Energy	
Sanders	Clark Fork Valley Hospital	100-249
Sheridan	Sheridan Memorial Hospital	100-249
Silver Bow	Northwestern Energy	500-999
Stillwater	Stillwater Mining Co.	500-999
Sweet Grass	Stillwater Mining Co.	250-499
Teton	3 Rivers Telephone Cooperative	100-249
Toole	CrossRoads Correctional Facility	100-249
Treasure	PV Ranch Co.	20-49
Valley	Frances Mahon Deaconess Hospital	100-249
	Prairie Travelers	
	Professional Transportation Inc.	
Wheatland	Elk River Systems	50-99
	Wheatland Memorial Healthcare	
Wibaux	Pipe Renewal Service Management	10-19
	Rainbow Club	
	Shamrock Club	
	Tvedt Trucking	
Yellowstone	Billings Clinic	1000+
	St. Vincent Healthcare	
	United Parcel Service	

## Appendix 3

### Big Sky Economic Development Trust Grantees, Recipients, Awards, Jobs Created, 2016-2018

Grantee	Assisted Business	Award/Jobs Proposed	Jobs Created	Balance (Not Spent)	Fiscal Year
Missoula County	Agile Legal Technology, Inc.	\$105,000/14	0	\$105,000	2016
	Harris Manufacturing	\$262,500/35	4	\$232,500	
	Columbia Pacific Finance	\$90,000/12	6	\$45,000	
	ATG, Inc. #3	\$307,500/41	41	All jobs filled	
	2017	MT Health Solutions (Consumer Direct Management Solutions Inc.)	\$268,000/40	40	All jobs filled
		onXmaps, Inc.	\$187,500/25	In process	\$125,800 to date
		HB Enterprises, Inc.	\$29,600/5	0	\$29,600
		VIM & VIGR, LLC	\$37,500/5	In process	\$37,500 to date
		Orbital Shift, Inc.	\$120,000/16	3	\$97,500 to date
		Audience Awards, Inc.	\$60,000/8	3	\$37,500 to date
		Modern Entrepreneur, LLC	\$75,000/10	0	\$75,000 to date
	2018	TOMIS, LLC	\$142,500/19	In process	In process
		Synema Studios, LLC	\$53,100/9	In process	In process
Tru-Home Montana, LLC		\$45,000/6	In process	In process	
ATG #4		\$225,000/25	In process	In process	
Elite One		\$170,400/24	In process	In process	
Big Sky Digital, Inc (LumenAd)		\$195,000/26	In process	In process	
DermaXon, LLC		\$52,500/7	In process	In process	
Noteworthy Paper and Press, Inc.		\$28,000/4	In process	In process	
Ravalli County	Freight Monster, Inc.	\$225,000/30	5	\$187,500	2016
	Ironhaus, Inc.	\$240,000/32	23	\$67,500	
	Everstone Sustainable, LLC	\$37,500/5	3	\$15,000	2017
	White River Contracting, LLC (Rocky Mountain Homes)	\$180,000/24	In process	In process	2018
Gallatin County	Simms Fishing Products, LLC	\$202,500/27	27	All jobs filled	2016

## UNEMPLOYMENT: BARRIERS IN HIGH-POVERTY AREAS

Grantee	Assisted Business	Award/Jobs Proposed	Jobs Created	Balance (Not Spent)	Fiscal Year
<b>Butte-Silver Bow</b>	Marcom, LLC	\$75,000/10	2	\$60,000	2016
	Headframe Spirits, Inc.	\$60,000/8	2	\$45,000	2017
	Synesis 7 Corporation	\$255,000/34	In process	In process	2018
	MT Craft Malt Company MT Precision Products	\$111,000/15 \$210,800/31	In process In process	In process In process	
<b>Lake County</b>	JORE Corp.	\$170,000/23	6	\$125,800	2017
	Hot-Woods, LLC	\$70,400/11	3	\$51,200	
	Ronan Telephone Co. (Access Montana)	\$82,500/11	In process	In process	2018
<b>City of Bozeman</b>	Elixiter, Inc.	\$150,000/20	19	\$7,500	2016
	Montana Meat Co.	\$22,500/5	3	\$22,500	
	Orbital Shift, Inc.	\$80,000/16	0	\$80,000	2017
<b>City of Great Falls</b>	B/E Aerospace, Inc.	\$330,000/44	22	\$161,250	2016
	First Call Response, LLC	\$120,000/16	0	\$120,000	2017
<b>Flathead County EDA</b>	Glacier Hops Ranch, LLC	\$37,500/5	0	\$37,500	2016
	Old Town Creative Communications, LLC	\$30,000/6	Expired	\$30,000	
	Stoll Innovations, LLC	\$15,000/3	0	\$15,000	2017
	SmartLam, LLC	\$247,500/33	6	\$202,500	
	ViZn Energy Systems, Inc.	\$300,000/40	0	\$300,000	
	Down Range Solutions, LLC (U.S. Optics)	\$420,000/56	In process	In process	2018
<b>LCPA</b>	Alpine Precision, Inc.	\$75,000/10	5	\$37,500	2016
	Knack Media, Inc.	\$112,500/15	Cancelled	\$112,500	
	Invizon, LLC	\$75,000/10	Withdrawn	NA	2017

Source: Montana Department of Commerce via emails in March 2018 and downloads from the Department of Commerce transparency document at [https://dataportal.mt.gov/t/DOASITSDDataPortalPub/views/DOCGrants/DOCGrantsDashboard?%3Aembed=y&%3AshowAppBanner=false&%3AshowShareOptions=true&%3Adisplay\\_count=no&%3AshowVizHome=no](https://dataportal.mt.gov/t/DOASITSDDataPortalPub/views/DOCGrants/DOCGrantsDashboard?%3Aembed=y&%3AshowAppBanner=false&%3AshowShareOptions=true&%3Adisplay_count=no&%3AshowVizHome=no).

# UNEMPLOYMENT: BARRIERS IN HIGH-POVERTY AREAS

## Appendix 4

### Grants to Indian Country, 2014-2018

Tribal Entity	Grant Type	Project	Amount	Year
<b>Blackfeet Reservation</b>	Indian Equity Fund Grant	Hired Gun Window Tinting and Design	\$7,000	2014
	Indian Equity Fund Grant	Lodge Pole Gallery and Tipi Village	\$7,000	
	Indian Equity Fund Grant	Mark Lanes	\$7,000	
	Indian Equity Fund Grant	Native Star Quilting Company	\$14,000	2015
	Indian Equity Fund Grant	Sun Tours, Inc.	\$14,000	
	Big Sky EDTF Planning Grant	Sweetgrass Development Corp. for Blackfeet Community College Construction Design	\$26,250	
	Indian Equity Fund Grant	Blackfeet Tours	\$14,000	2016
	Indian Equity Fund Grant	Feather Woman Mountain Adventures	\$13,700	
	Indian Equity Fund Grant	Gussman Enterprises	\$14,000	
	Indian Equity Fund Grant	P'ita Paintings	\$7,611	
	Big Sky EDTF Planning Grant	Preliminary architectural feasibility report and construction design for Blackfeet Tribal Honor Your Life	\$27,000	
	Indian Equity Fund Grant	C&C Meat Processing	\$6,000	2017
	Indian Equity Fund Grant	Glacier Gateway Vacation Rentals	\$7,000	
	Indian Equity Fund Grant	McEvers Trucking	\$7,000	
	Indian Equity Fund Grant	Stone Transportation LLC	\$14,000	
Tribal Business Planning Grant	Heart Butte Gas Station & C Store Feasibility Study	\$28,000		
Indian Equity Fund Grant	Carlson Designz	\$13,000	2018	
Indian Equity Fund Grant	Johnson's of St. Mary's	\$9,000		
Indian Equity Fund Grant	Leaning Tree Camp/Cabins	\$14,000		
Indian Equity Fund Grant	Painted Sky Brandking	\$14,000		
Indian Equity Fund Grant	Red Root Herbs and Divide Creek Campground	\$14,000		
<b>Crow Reservation</b>	Indian Equity Fund Grant	Arrow Creek Café	\$5,000	2014
	Indian Equity Fund Grant	D&L Bakery and Catering	\$11,500	
	Indian Equity Fund Grant	Franco Little Light Entertainment	\$4,500	

## UNEMPLOYMENT: BARRIERS IN HIGH-POVERTY AREAS

<b>Crow Reservation,</b> continued	Indian Equity Fund Grant	Simpson's Mobile Wild Game Processing	\$13,500	2015
	Indian Equity Fund Grant	Indian Battle Tours	\$14,000	2016
	Indian Equity Fund Grant	River Crow Trading Post	\$14,000	
	Indian Equity Fund Grant	Better than Twine Fencing	\$14,000	2017
	Indian Equity Fund Grant	CHiKKUiA Designs	\$13,000	
	Indian Equity Fund Grant	Apsaalooke Glamping	\$14,000	2018
	Indian Equity Fund Grant	Crow Country Guides and Outfitters	\$14,000	
Indian Equity Fund Grant	Greasy Mouth Concession & Catering	\$7,000		
Indian Equity Fund Grant	Meilas Manicures and Makeovers	\$7,000		
Indian Equity Fund Grant	Randy NotAfraid Ranch	\$7,000		
<b>Flathead Reservation</b>	Indian Equity Fund Grant	Tim Ryan Heritage Education	\$14,000	2014
	Indian Equity Fund Grant	Kick Start Compost	\$14,000	2015
	Indian Equity Fund Grant	Caroline Antoinette Photography	\$14,000	2016
	Indian Equity Fund Grant	Caudill Industries LLC	\$14,000	
	Indian Equity Fund Grant	id Studio	\$10,000	
	Indian Equity Fund Grant	Northwest Construction and Abatement	\$14,000	
	Indian Equity Fund Grant	32 Pairs of Scissors	\$12,000	2017
Indian Equity Fund Grant	Double Dragon LLC	\$14,000		
Indian Equity Fund Grant	Water People Tours	\$14,000		
Tribal Business Planning Grant	Matching Funds 2017 SSBCI/STED Indian Equity Fund	\$28,000		
Indian Equity Fund Grant	All American Autoworks	\$14,000	2018	
Indian Equity Fund Grant	Willow Canyon Professional Counseling Services	\$14,000		
<b>Fort Belknap Reservation</b>	Indian Equity Fund Grant	Sacred Grounds Mobile Coffee Shop	\$14,000	2014
	Indian Equity Fund Grant	Buckskin Transport	\$14,000	2015

## UNEMPLOYMENT: BARRIERS IN HIGH-POVERTY AREAS

<b>Fort Belknap Reservation,</b> continued	Indian Equity Fund Grant	Blue Heaven Guest Ranch	\$14,000	2016
	Indian Equity Fund Grant	Dakota Trading Post	\$10,589	
	Indian Equity Fund Grant	Juanita's Machine Quilted Star Quilts	\$14,000	
	Indian Equity Fund Grant	Main Event Photography	\$10,000	
	Indian Equity Fund Grant	Yellow Bear Enterprises	\$11,000	
	Indian Equity Fund Grant	Archambault Towing	\$14,000	2018
	Indian Equity Fund Grant	Curley Head Horse Training	\$14,000	
	Indian Equity Fund Grant	Smoke House Grill	\$12,000	
<b>Fort Peck Reservation</b>	Indian Equity Fund Grant	RY Enterprise, LLC	\$7,000	2014
	Indian Equity Fund Grant	Rosa's Fabric and Quilt Shop	\$14,000	2015
	Indian Equity Fund Grant	Rosa's Quilting and Embroidery	\$14,000	2016
	Indian Equity Fund Grant	RY Enterprise, LLC	\$4,100	
	Big Sky Planning Grant	State of the Workforce Study	\$26,250	
	Indian Equity Fund Grant	Baby Got Back BBQ	\$14,000	2017
Indian Equity Fund Grant	Cleo MacDonald Organic Garden	\$14,000		
Indian Equity Fund Grant	Da'kota O'wizan	\$13,000		
	Indian Equity Fund Grant	BSC Consulting	\$7,000	2018
	Indian Equity Fund Grant	Gorilla Heating and Air, LLC	\$14,000	
	Indian Equity Fund Grant	Indigenous Auto, LLC	\$12,000	
	Indian Equity Fund Grant	Wolf City Auto Inc.	\$12,000	
<b>Little Shell Band of Chippewa</b>	Indian Equity Fund Grant	David McGillis Alignment and Brake	\$7,000	2014
	Indian Equity Fund Grant	Silver Wolf Enterprises	\$7,000	
	Indian Equity Fund Grant	Montana Baskets	\$5,000	2015
	Indian Equity Fund Grant	Cottage Floral and Gifts	\$14,000	2016
	Indian Equity Fund Grant	Dianna Grantham M.S., LAC	\$10,000	2017
Indian Equity Fund Grant	Dimensions Cabinetry & Design LLC	\$14,000		
Indian Equity Fund Grant	Takes Horse Gallery	\$14,000		

## UNEMPLOYMENT: BARRIERS IN HIGH-POVERTY AREAS

<b>Little Shell,</b> continued	Big Sky Planning Grant	Little Shell Tribal Enterprises, LLC Travertine Quarry Due Diligence	\$7,580	
	Indian Equity Fund Grant	Great Mountain Creative LTD, Company	\$14,000	2018
	Indian Equity Fund Grant	Plains Soul	\$9,000	
<b>Northern Cheyenne Reservation</b>	Indian Equity Fund Grant	Indigenous Technology Solutions, LLC	\$14,000	2014
	Indian Equity Fund Grant	Cowboy Transport	\$7,000	2015
	Indian Equity Fund Grant	Fire & Rock Construction	\$7,000	
	Indian Equity Fund Grant	Good Warrior Engineering, LLC	\$7,000	
	Indian Equity Fund Grant	Roxy's Rockin Coffee Shop	\$2,500	
	Indian Equity Fund Grant	7 XL Cattle	\$7,000	2016
	Indian Equity Fund Grant	Big Man Ranch Company	\$14,000	
	Indian Equity Fund Grant	Burns Burger Barn	\$14,000	
	Indian Equity Fund Grant	C/F Welding	\$10,500	
	Indian Equity Fund Grant	C Heart Cattle	\$14,000	
	Indian Equity Fund Grant	F Heart Cattle	\$10,500	
	Indian Equity Fund Grant	Mudzz Bucket Disposal	\$14,000	
	Indian Equity Fund Grant	Medicine Bear Auto Repair	\$14,000	2017
	Indian Equity Fund Grant	Michelle's Munchies	\$14,000	
	Indian Equity Fund Grant	Speelman Construction	\$12,000	
Indian Equity Fund Grant	Warrior Trail Jewelry & Gifts	\$14,000		
Indian Equity Fund Grant	Dr. "B"ILL'z Repair	\$14,000	2018	
Indian Equity Fund Grant	Ewing Bovine Ulta and Artificial	\$6,000		
Indian Equity Fund Grant	Motor Medic	\$7,000		
Indian Equity Fund Grant	Phat Gurl Catering	\$14,000		
Indian Equity Fund Grant	Small Equine Sports Therapy	\$7,000		
Indian Equity Fund Grant	Warrior Trail Jewelry Gifts	\$7,000		
<b>Rocky Boy's Reservation</b>	Indian Equity Fund Grant	Prairie Brew Espresso and More	\$7,000	2014
				2015
	Indian Equity Fund Grant	Centennial Cafe	\$14,000	2016



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<b>Rocky Boy's,</b> continued	Indian Equity Fund Grant	Nate's Gonna Fix It	\$14,000	2017
	Indian Equity Fund Grant	Parker's BBQ Pit	\$14,000	
	Tribal Business Planning Grant	Market Analysis of Top 5 Needed Businesses on Rocky Boy's Reservation	\$28,000	
	Indian Equity Fund Grant	HM Salon & Spa, LLC	\$14,000	2018
<b>Other</b> Havre	Indian Equity Fund Grant	TruColors Painting	\$14,000	2016
Lewis & Clark Missoula	Indian Equity Fund Grant	The Survivor's Boutique	\$14,000	2017
	Indian Equity Fund Grant	Stack Speech Therapy, LLC	\$14,000	

**NOTES:** 1) Job creation is a consideration of the review committee that awards grants but no specific number of new or retained jobs is required for an Indian Equity Fund grant.

2) There are no constraints about grants to the same families provided that the grants do not duplicate funding for the same project in one business operation.

3) A grant recipient may not receive funds for a use for which they had already received funds. So repeat grants tend to be for expansions of services or facilities. Businesses must demonstrate how the new funding will support development of a new product or service with an associated strategy.

4) Follow-up since FY 2016 has taken place over 3 years annually from the grant project closeout. The information that is tracked includes: a) any increase in revenue or employment or plans to make capital outlays, increase inventory, expectations of higher sales, cost-savings/efficiencies gained, or earning trends; b) any additional borrowing activity, including loan product amount, purpose, and impact on revenue, or employment; and c) an on-site visit with the funded businesses in collaboration with the Native American Business Advisory program.

Source: Montana Department of Commerce, provided in emails in March 2018.

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# UNEMPLOYMENT: BARRIERS IN HIGH-POVERTY AREAS

## Appendix 5

### Data Sources and Procedures for Figuring Unemployment Rates

The following information is directly from the Montana Department of Labor and Industry Fact Sheet: Reservation Unemployment Rates, pp. 5 and 6.

Data Sources for the Reservation Unemployment Rates Using Bureau of Labor Statistics methodology:

1. Sample of 740 households across the state each month, or 44,000 over a five-year timeframe. It is difficult to determine how many of these households are on a reservation, but similar stratification is used for the Current Population Survey as the American Community Survey (The American Community Survey takes household samples collected in-person, by mail, or by telephone interviews reaching between 2% and 7% of the reservation population over a five-year timeframe.)
2. Sample of 3,600 businesses every month reporting employment levels, or 216,000 over a five-year timeframe. It is difficult to determine how many of these businesses are on reservation areas, but national businesses like McDonalds or Walmart report nationally, so we know that at least some reservation employers are included.
3. Unemployment insurance claims by county and area. One of Montana's reservations runs its own unemployment insurance system, but the claim levels are often small (less than 50), so the exclusion likely doesn't influence unemployment rates by a large amount (although it does increase error). Also, layoffs often impact both reservation and off-reservation workers, so increases in the claims amount by nontribal members likely would enter the model.
4. Employment data reported to the MT Department of Labor and Industry for the unemployment insurance program, which should cover 96% of all Montana payroll employment.
5. Census population data on the level of unemployed and employed people in Census tracts on and off the reservation, which is used to divvy up the number of unemployed/employed people in each county to on-reservation and off-reservation areas. This data comes from the American Community Survey (ACS), so concerns about bias in the ACS are a concern for the ACS data as well.

#### **Figuring the unemployment rate in Montana:**

Montana begins with the national unemployment rate. Every month, the Bureau of Labor Statistics conducts a national telephone survey including 60,000 households (about 740 in Montana) called the Current Population Survey. This survey is used to develop the estimates for total employment and unemployment at the national level. The large sample allows for the national rate to be fairly accurate, especially when statistical models to use data from the previous and future months are also included to reduce volatility.

Once accurate employment data is generated at the national level, the employment is allocated to each state based on data from three sources:

- 1) The state-level data in the Current Population Survey;
- 2) Unemployment insurance claims trends; and
- 3) The survey data from the Current Employment Statistics.

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## UNEMPLOYMENT: BARRIERS IN HIGH-POVERTY AREAS

### Figuring the unemployment rate in Montana, continued

The Current Employment Statistics is a monthly survey of employers, including about 3,600 Montana employers, that generates payroll employment estimates by industry. These data sources are combined in a complex statistical nonlinear regression model that has been developed and refined by elite statisticians over the 40-year history of producing unemployment rates for Montana. In concept, the LAUS (local area unemployment statistics) model behaves as an autoregressive model with the trend dependent on the three data sources mentioned above, smoothed with a Kaufmann filter, and seasonally adjusted with an ARIMA model. A footnote provides more information on the monthly estimating model.

See the Fact Sheet at:

<http://lmi.mt.gov/Portals/135/Publications/LMI-Pubs/Special%20Reports%20and%20Studies/ReservationEmploymentFactSheet.pdf>

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# UNEMPLOYMENT: BARRIERS IN HIGH-POVERTY AREAS

## Appendix 6

Letter regarding a Time Limit Waiver under the Supplemental Nutrition Assistance Program *(provided separately online)*