

**Population and Labor Market Trends
And Economic Development Opportunities
For Deer Lodge County, Montana
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EXECUTIVE SUMMARY

Main patterns and issues in Deer Lodge County identified in this report are:

- Population is currently steady at 10,000 persons with annual births equal to deaths and no significant out-migration in recent years.**
- The county population is aging, a trend reinforced by the out-migration of young people in the 20 to +30 year old age groups.**
- Average labor earnings are 87 percent of Montana's average that is the lowest nationally.**
- A deficiency in labor demand and lack of jobs contribute to a county unemployment rate that is higher than the Montana rate.**
- A strong presence of human services for health, rehab, corrections, and mental health is one major feature of the employment base in Deer Lodge County.**
- Public capital improvements for community facilities including recreation and other public buildings can create jobs and improve the region's economic development attraction.**
- Value added enterprises in agriculture, timber and other natural resource areas should be explored and assessed for market feasibility and economic development potential.**
- Tourism, travel and recreation needs to be more heavily marketed with new opportunities for guided, backcountry ski and snowmobile trips as part of the existing network of Fairmont Hot Springs, Mount Hagen ski/snowmobile area, and Discovery Ski area.**

BACKGROUND

Rural economic development and job creation have been major policy concerns in Montana during the 1990's. While statewide growth in jobs has been strong during the past decade most of this employment growth has been in urban areas. Rural areas have higher unemployment rates due to job declines in timber and mining, and resource-based production and to a general lack of labor mobility. The declines in the demand for workers in resource sectors have not been offset by the inflow of good jobs in other sectors.

Montana is a rural state with its 900,000 population spread out over 147,000 square miles making the state the third least-densely populated with less than 6 people per square mile. The state's large size creates a challenging mix of small, rural labor markets and larger, urban labor market areas. Over 80 percent of all jobs in Montana are located in Billings, Great Falls, Helena, Butte, Bozeman, Kalispell and Missoula. The concentration of employers and jobs in urban counties provides employment to rural workers who are able to commute from outlying areas.

The geographic pull of urban jobs does not reach rural workers in the more remote counties, many of whom are hanging onto low skill and low wage jobs in small retail trade, service, and, in some cases, natural resource-based firms. The rural work force has lower educational attainment rates and skill levels compared to urban workers, a human capital deficiency that poses special challenges since rural job opportunities do not offer incentives to pursue more education and training.

The following analysis of Deer Lodge County identifies demographic, economic, and labor market trends. The economic development potential and opportunities suggested by the data are outlined and discussed. This analysis is part of larger community audit process by the Deer Lodge County Community Management Team. The data analysis and identification of economic development potential are intended to be inputs to a community development framework that will include specific action plans and workforce development strategies.

ECONOMIC CHANGE IN MONTANA'S ECONOMY

The Deer Lodge County economy has been affected by the changes occurring in Montana over the past three decades. In 1970, almost two of every four Montana workers were employed in basic industries—farming, federal government, forestry, manufacturing, mining, and nonresident travel—producing goods for sale outside the state economy. Only one of every four Montana workers was employed in these basic industries by 2000.

Between 1970 and 2000, the basic sectors' share of total employment dropped from 40 percent to 24 percent, with some of the biggest drops occurring in agriculture. Montana agriculture accounted for 12 percent of total jobs in 1970 and dropped to less than 5 percent by 2000. An increase in the number and share of retail trade and service jobs has helped to offset this decline. Retail trade and service sector jobs have grown from 60 percent of all jobs in 1970 to 76 percent in 2000.

One of the most dramatic trends is Montana's drop in per capita income rankings. In 1970, Montana was ranked 34th by per capita income among all states, and had dropped to 47th by 2000. These dramatic changes are best understood by looking at stages of economic growth in Montana over the past 50 years.

I. Growth and Expansion—1950s-1970s: During this period, the state’s basic industries were driving jobs and wages. Real wages and salaries were high and keeping pace with national growth in worker earnings.

II. Recession and Readjustment—1980s: The 1980s saw major declines in labor demand and a phasing down in basic industry sectors due to changing world markets and labor-saving technological changes. Permanent losses of high wage jobs and significant deterioration of workers’ earnings occurred during this period.

III. Recovery and Transformation—1990s: This was a decade of strong job growth but lagging growth in real wages and labor income. During the 1990s, employment continued to shift away from traditional, basic industry to retail trade and service sector jobs.

Growth in worker wages has been the most pressing problem in Montana’s labor market during the 1990’s. While there has been a slight recovery of real earnings in some sectors, the state continues to lag behind the nation in real earnings per worker. Average wage levels in Montana vary over a wide range from \$9.67 in retail to \$11.91 in services and \$14.89 in manufacturing to \$11.75 in mining. The average, non-farm wage rate is \$12.37 per hour. High wage sectors—like mining and manufacturing—employ low proportions of Montana’s work force while most of the state’s job growth has been lower wage jobs in retail trade and services. Of the estimated 7,000 new jobs in the Montana economy in 1997, about 60 percent paid \$9.00 per hour or less.

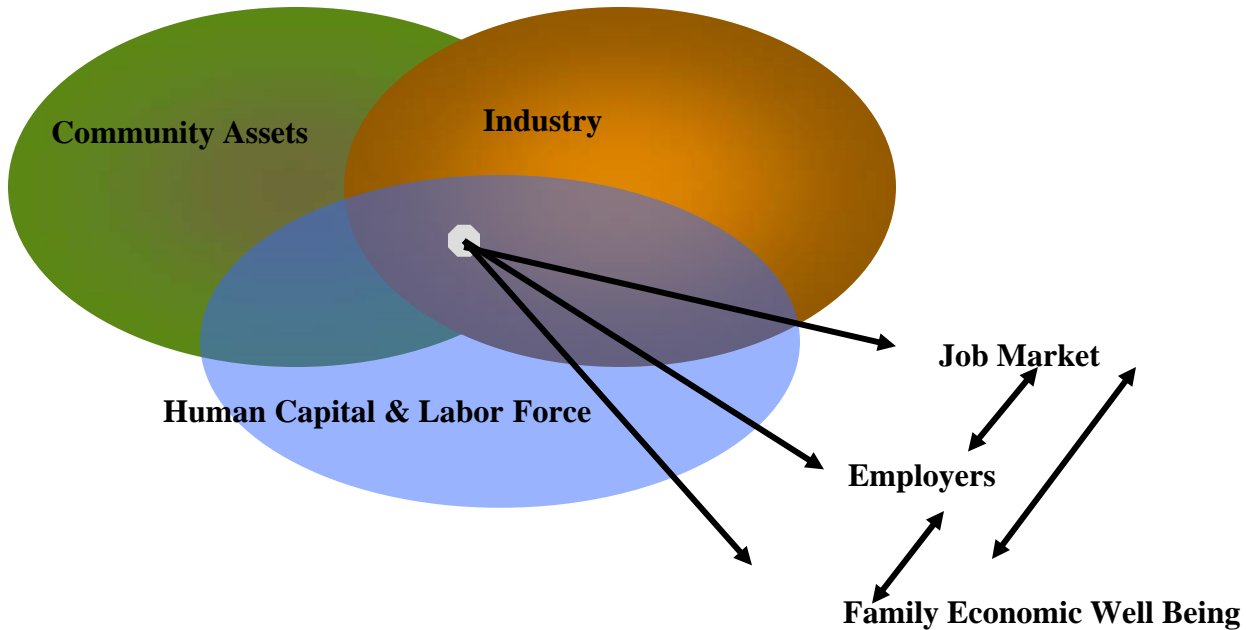
Current job growth projections show a total of approximately 9,400 jobs per year for the next five years. Its expected that about sixty percent of this job growth will be in services and trade establishments such as health services, business services, social services, recreational services and retail trade employers. The demand for skilled workers is expected to continue growing in rapidly expanding areas such as health care and the technical component of business services.

Employers in the goods producing sectors will account for 4,000 jobs per year with significant skill requirements in housing and commercial construction and in durable goods manufacturing. Some of the employment growth and skill needs will be in the manufacture of industrial machinery and sporting goods along with small-scale production of scientific instruments and equipment.

OVERVIEW OF ECONOMIC DEVELOPMENT AND THE COMMUNITY AUDIT

Montana Job Training Partnership’s work with the Anaconda-Deer Lodge Community Management Team includes completing a sustainable community checklist that will become part of a strategic economic development plan. Figure 1 offers a useful perspective on the linkages between major components of a community checklist and economic development.

Figure 1: Infrastructure & Economic Development



A region 's infrastructure—community assets, industry structure, and human resources—reflects important components of the economic development process. Community assets include physical capital assets like transportation, housing, water/sewer, recreational facilities and public building and social capital in the form of community organizations and partnerships among educational, government, business, and non-profit groups. Community assets also include quality of environment and cultural values of the population. The industry component reflects industrial plant and equipment, malls, and commercial real estate plus any special facilities such as ports, rail-warehouse centers, and business parks. Human resources include the workforce along with its level of skills and education and other people assets such as the entrepreneurial energy of individuals and business leaders.

Community assets, industry, and human resources are all vital to a healthy local economy. For example, without an adequate transportation system, products can't get to market and the products cannot be produced without high quality human resources. All three elements of infrastructure affect economic development through the labor market and employers who are producing and selling the goods and services.

Community assets in Deer Lodge County are highly developed with good roads and transportation linkages, especially with its easy access to Interstate 90 and high tourist traffic volume.

The home ownership rate is 74 percent in Deer Lodge County compared to 69 percent for the state.

Education levels in Deer Lodge are above state averages with more than 75 percent of the adult population 25 years and older having a high school degree. The Deer Lodge public school dropout rate was 2.5 percent compared to a 4 percent rate for the state in 2001. Human capital resources are adequate for economic development although the size and age structure of the labor force may pose some problems for economic development. There are several post-secondary education opportunities in the Deer Lodge Community. A satellite program offered through the University of Great Falls and Montana Tech of the University of Montana-Butte Campus offer additional sources of education and learning.

Continued out-migration of younger workers (shown in Figure A1) and their families reduces the size of the labor force and also makes the remaining workforce older. The age impact of out-migration on the Deer Lodge labor force will become greater as the county's population ages. Nineteen (19%) of the county population is 65 years and older in Census Year 2000 compared to 13 percent for the state.

Workforce investment policies for the aging workforce must include skills retraining programs in new occupations for older, under and unemployed workers who do not have mobility. Training and education programs for younger workers will increase their mobility, most likely to jobs outside the region. High road strategies that bring in new jobs with attractive enough wage levels would retain younger workers who will otherwise move out of the area. Effective economic development improves levels of economic well being with workers and families benefiting through increased employment, better job opportunities and higher earnings.

The kind of economic development strategy that is relevant for Deer Lodge County is partly related to the community's recent economic experience along with underlying trends in its population and the local labor market. Demographic patterns and trends will be examined followed by a look at benchmark data on income and wages. Employment patterns will be identified. The implications of the demographic and labor market trends will then be related to economic development strategies and opportunities.

DEMOGRAPHIC PATTERNS

Deer Lodge County's population declined during the 1970's and 1980's and stabilized at 10,000 persons for the first half of the 1990's. The county's 2000 Census population was 9,427 persons, a level representing a 9 percent decrease since 1990. State and surrounding county population growth rates provide some perspective on Deer Lodge County's population change. Montana's population grew by 13 percent between 1990 and 2000. The neighboring counties around Deer Lodge had small population gains. Silver Bow, Beaverhead, and Powell all experienced very small population growth rates that were all slightly over 1 percent. The number of people in Southwest Montana has not significantly increased over the past 10 years although the slight decline in Deer Lodge County population is the one exception.

Number of Persons

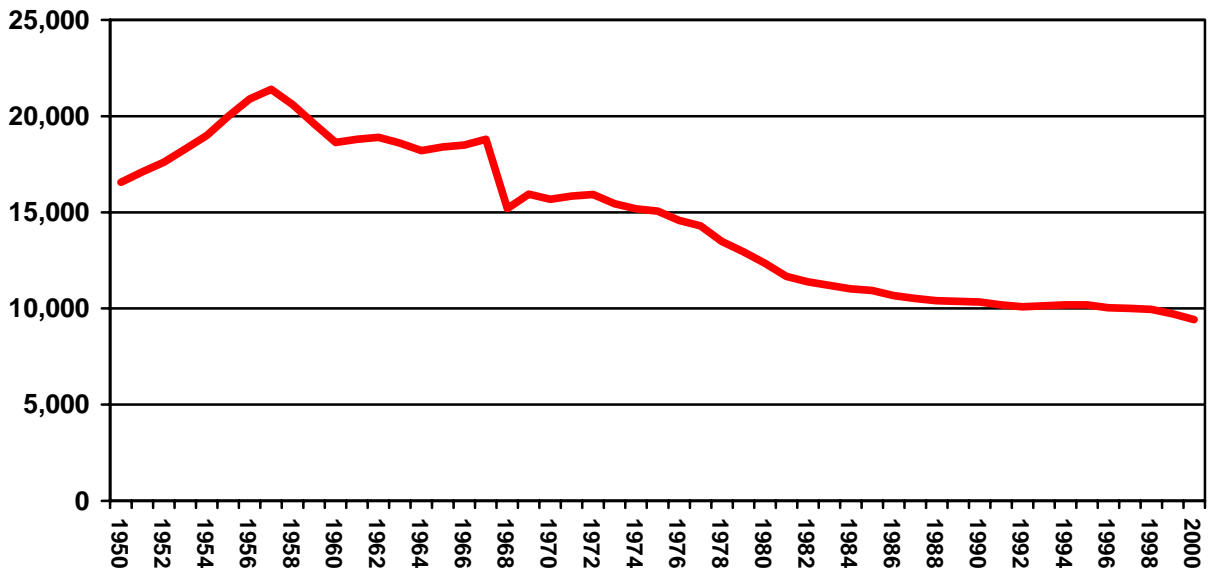


FIGURE 2: Total Population of Deer Lodge County, Montana: 1950-2000

Births, deaths, and net migration are the three major drivers of population in any region including Deer Lodge County (Figure 3). The county's birth rate has been below its death rate in every year since 1986, a pattern that has contributed to the county's population decline. Net migration is the other major determinant of regional population growth. When net migration is positive there is a greater migration of persons into an area than there are persons moving out. A negative migration represents an excess of number of persons moving out over persons who moved in within some time period.

FIGURE 3: Components of Population Growth, Deer Lodge County, 1950-2000

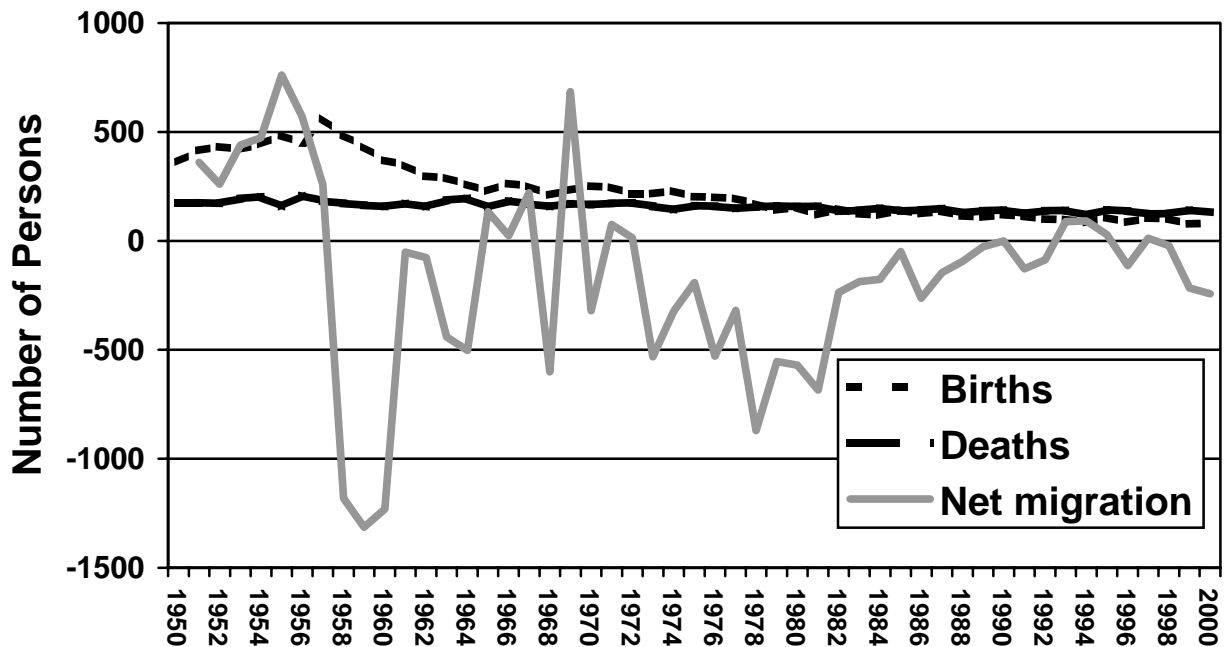
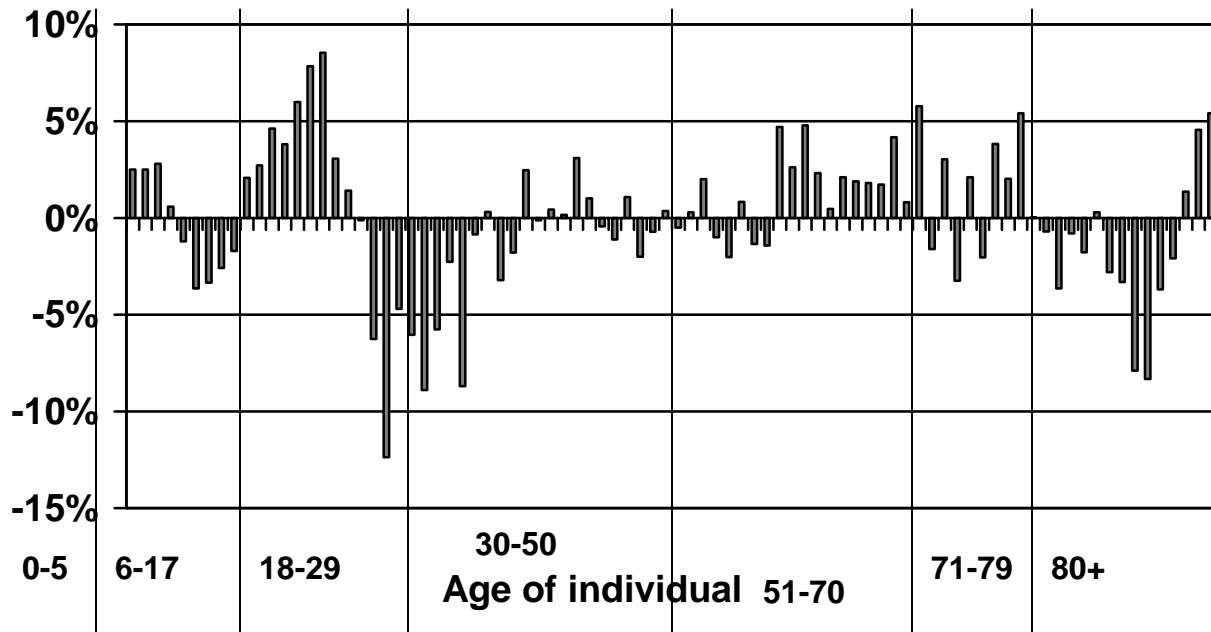


FIGURE 4: Migration Rate by Age for Deer Lodge County



The data in Figure 4 shows the percentage of persons in an age group that will move in a given year. Deer Lodge County's net migration has been negative since 1973 except for three years from 1994 to 1995 when there was a very small and positive net migration. The net out-migration of people over an almost 30 year period has reinforced the county's population loss due to an excess of deaths over births. The out-migration is due to several factors including the economic decline and eventual shutdown of Anaconda's mining and smelter operations during the 1980's. Employment and earnings opportunities in other regions also account for some of the county's net out-migration, a pattern that is characteristic of many rural counties throughout Montana.

Migration rates by age group shown in Figure 4 show a consistent pattern of out-migration for younger age groups in Deer Lodge County. The numbers shown by the bars in Figure 4 represent the proportion of persons and an age group that will move either in or out of the region in a given year. These proportions are derived from 1990 and 2000 Census data and represent the probability or likelihood that a person in a certain age range are likely to move in (the bar is above zero) or out (the bar is below zero) of the county.

There is some variation of net-migration probabilities over different age groups in Figure 4. Very young school age children between the ages of 5 and 9 are likely to move out with their parents in the 18 to 29 year old age group. The probability of in-migration by young teenagers between 14 and 17 years of age reflects the Job Corp Center that enrolls young people from outside the Deer Lodge area.

Parents of young children and other people in the young adult to late twenties age group have a likelihood to move out of Deer Lodge County because of post-high school education opportunities, military service, and relocating outside the county to other regions to live and work. The loss of a young labor force through out-migration in the 18 to 29 year old age groups is not offset by in-

migration of middle-aged workers. Middle age groups between 30 and 50 years of age do not show any consistent tendency to move in or out of Deer Lodge County.

There is a tendency for older people between 51 and 70 to migrate into Deer Lodge County. Some of this may reflect 'return' migration of older people who retire from jobs outside the county and decide to return home. People older than 70 years of age show a mix pattern of migration with some moving out (ages 75 to 80) and the very old of 80+ showing a tendency to move in. The data in Figure 4 represent average probabilities for moving in or out of Deer Lodge County.

The age composition of population is one other important feature of Deer Lodge County demographics. **Appendix Figure 1** shows the age and sex composition of the county's population for Census Year 2000. Nineteen (19%) percent of the population is 65 or older and there are not many offsets within the demographic data to this aging of population. The excess of deaths over births plus the in-migration of older folks above 50 years of age will only intensify the aging of the county population.

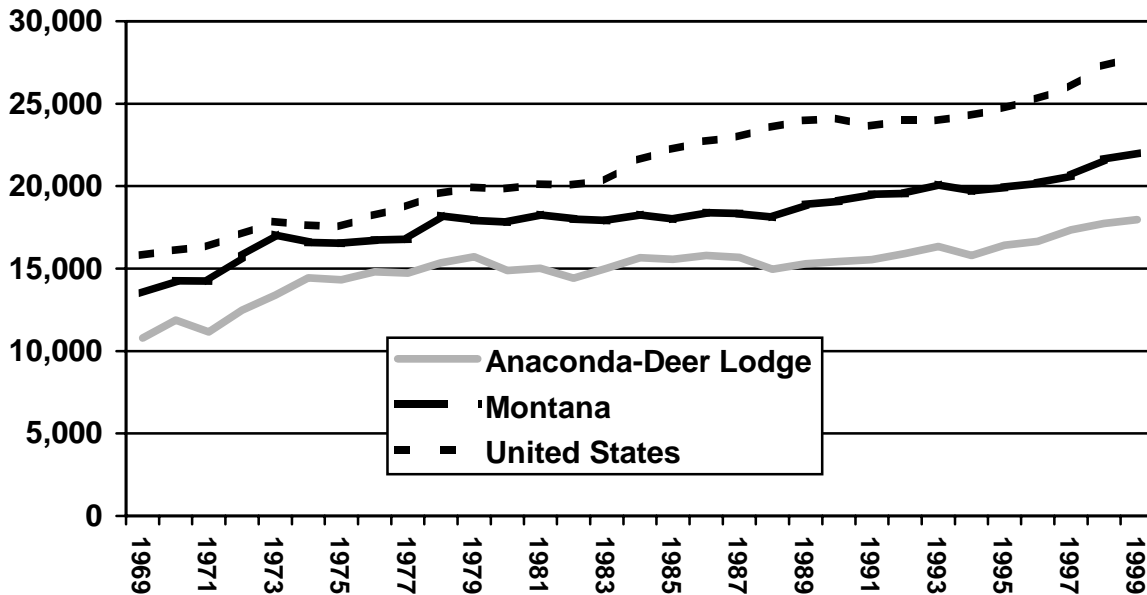
A relatively stable population without any net additions means that Deer Lodge County's labor force will not grow over the next decade. An aging population with a lot of retired people plus and out-migration of young people reduces the population available for the work force. This labor force constraint needs to be recognized in mind as the CMT looks at different economic development opportunities, particularly any large-scale projects that would represent significant numbers of jobs. Labor to fill such jobs would probably have to come, in part, from surrounding counties.

WAGES, LABOR INCOME, AND EMPLOYMENT

Montana's low average wage levels and its shift from resource based employment to retail trade and service jobs carries to wage and employment patterns in Deer Lodge County. Personal income going to households, labor income earned by workers, and average wages are all lower in the county compared to the state.

FIGURE 5 Per Capita Personal Income

1999 Dollars



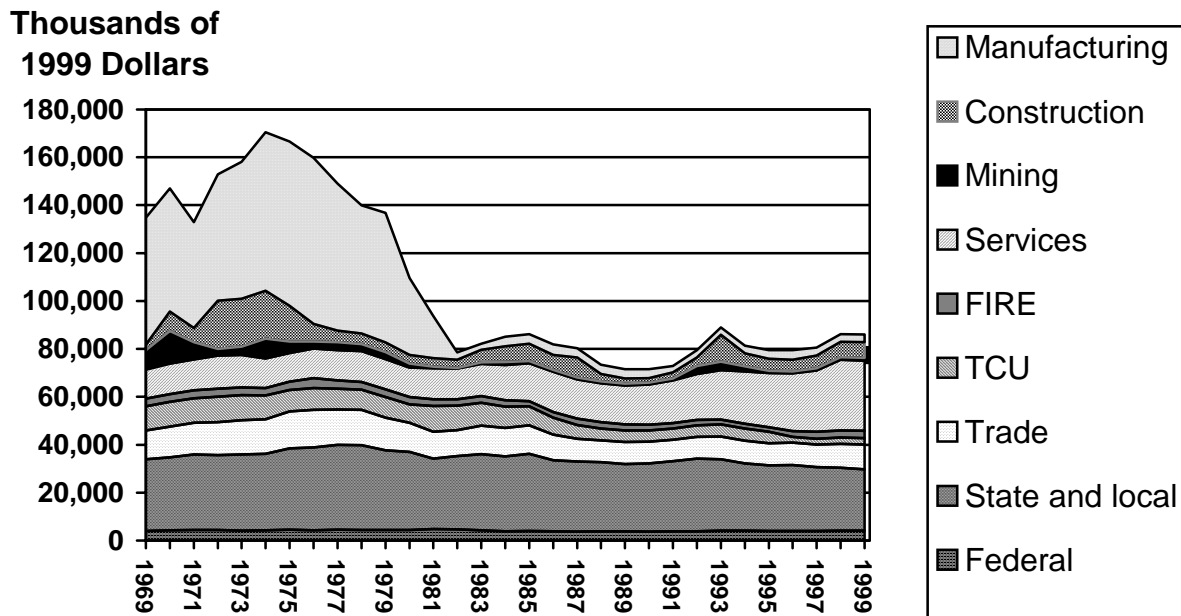
Total personal income is the basis for per capita income and represents income payments to all persons from all sources including labor income, dividends, interest payments, and transfer payments such as Medicare, Social Security, welfare programs, and unemployment compensation. Per capita income is derived by dividing personal income by total population.

Deer Lodge County's per capita has tracked below the state and the nation since the 1980's. Both the level and the rate of growth in county per capita income have been less than Montana's level and growth. Montana's growth rate has been about equal to the national rate during the 1990's although our state level of per capita income has never overcome the negative income growth years during the 1980's. There has been virtually zero growth in Deer Lodge County's per capita income during the past ten years causing the county to fall farther behind the state. The county's 1999 per capita income of \$17,928 was 81 percent of the state average of \$21,997 and 64 percent of the national average, \$27,859.

In 1999, labor earnings were 51 percent of total personal income in Deer Lodge County. Property income consisting of dividends, interest, and rent was 22.6 percent and transfer payments were 26 percent of total personal income. Labor earnings and property income in the county were lower proportions of total personal income compared to the state. Transfer payments were a higher proportion of Deer Lodge County's personal income –26 percent–compared to the state where they represented 15.6 percent of Montana's personal income. Unemployment compensation payments

reflecting the county's high unemployment rate and low income assistance programs including Medicaid accounted for the greater importance of transfer payments in Deer Lodge County's personal income.

Figure 6 Non-Farm Labor Income by Industry, Deer Lodge County



Non-farm Labor income earned by persons in Deer Lodge was \$86 million in 1999. The service sector accounted for 33 percent of non-farm labor income, state and local government represented another 29 percent and retail trade was 12 percent of the total.

The industry patterns of labor income reflect employment patterns in Deer Lodge County. The service sector, which includes lodging, auto repair, and personal services accounted for 36 percent of all jobs while retail trade accounted for another 18 percent. Thirty one percent of all jobs in the county were with government with state and local governments being the largest employers. The predominance of service and retail jobs in the county's employment base affects the labor income and per capita income measures. Retail and service jobs are not high wage jobs contributing to lower labor income and per capita income levels in the county.

FIGURE 7: Unemployment Rates Deer Lodge County

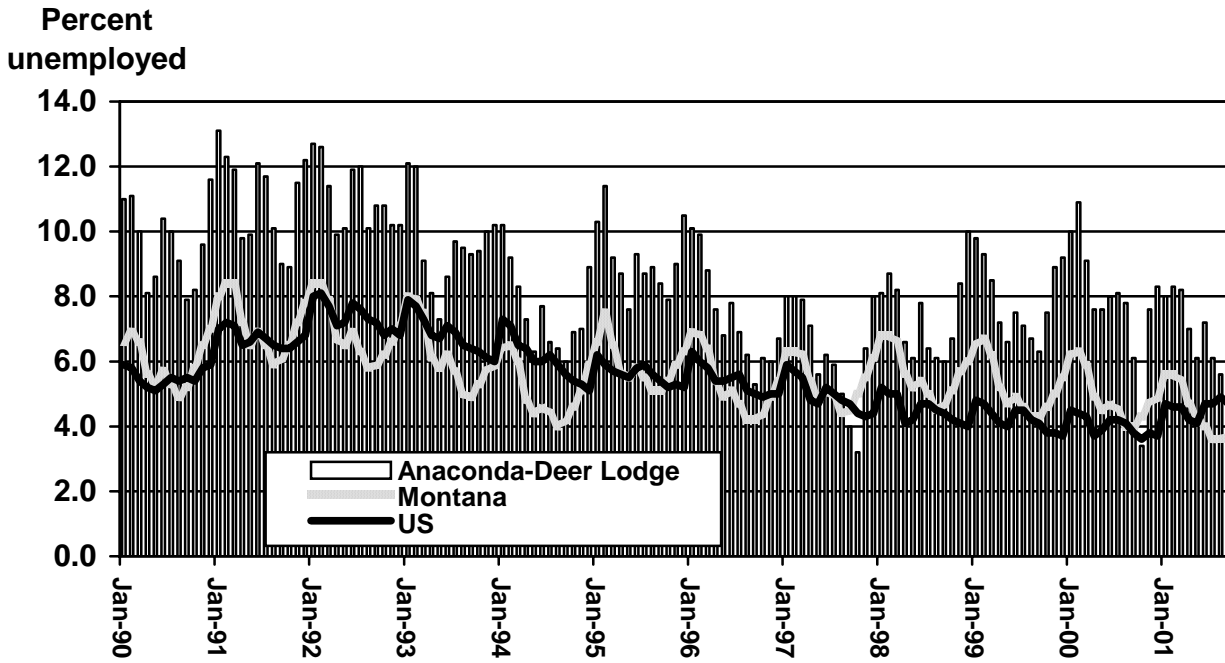
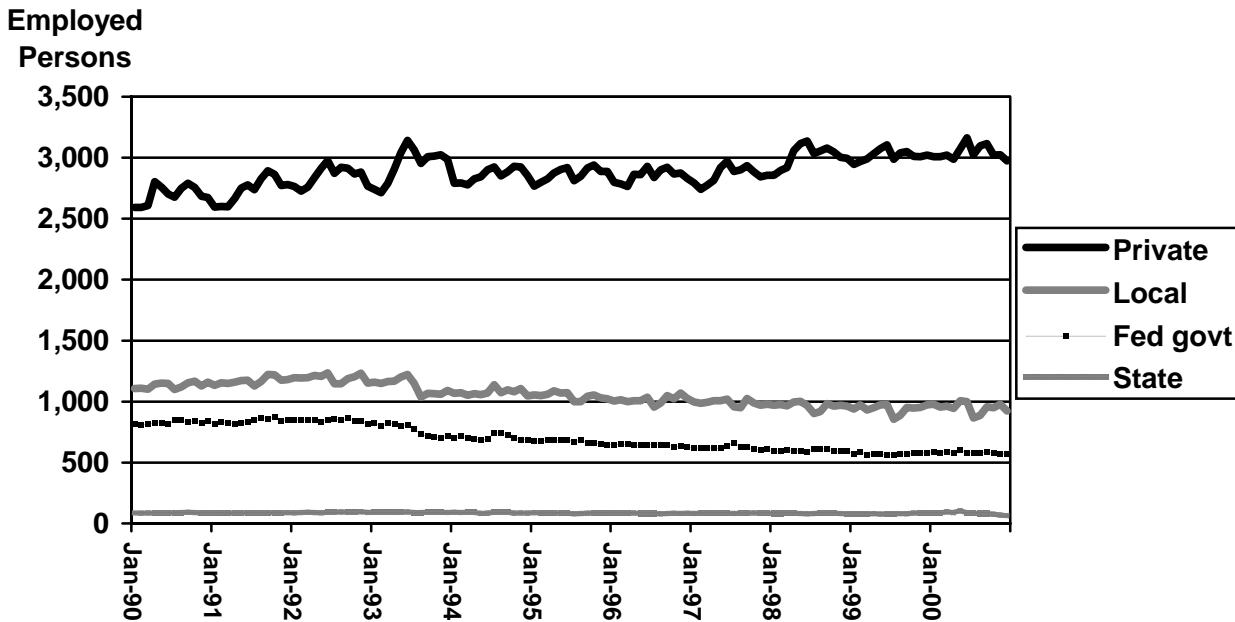


FIGURE 8: Employed Persons in Deer Lodge County



Jobless rates and employment levels in Deer Lodge County are shown in Figures 7 and 8. The Deer Lodge County unemployment rate of 4.6 percent in 2000 was above state's jobless rate of 3.7 percent and the rates in surrounding counties (Beaverhead was 2.3 percent, Powell was 3.3 percent and Silver Bow was 4.4 percent).

The number of employed people in Deer Lodge County grew by 12.6 percent between 1990 and 2000 (Figure 8), a rate that was below the statewide employment growth rate of 30 percent and below job growth rates in Beaverhead County (37.5%), Powell County (16.6%) and Silver Bow County (22.3%). High growth job sectors over the past decade in Deer Lodge County were local government with an increase of 41 percent and services where employment increased by 79 percent over the past ten years. The biggest share of the job growth in services was represented by social services.

The biggest employers of Deer Lodge workers are in either human services or tourist and recreation services. The most recent list of major employers in Deer Lodge county shows that most jobs, 80 percent, were in service oriented business and agencies. The Warm Springs State Hospital, local government represented by the school district and the county, a home care firm, the Anaconda Community Hospital and tourist/recreation firms like Discovery Basin Ski area and Fairmont Hot Springs Resort are in the business of providing one kind of service or another. The dominant pattern of service-oriented employment has direct implications for economic development and employment strategies discussed in the next section.

Labor market trends in Deer Lodge County point to two major concerns for economic development. First, wages and earnings are low with the county's average annual wage equal to 87 percent of the state average with the state's average being the lowest in the nation. And second, high unemployment reflects problems of worker skills, education and mobility and weak job growth in the local employment base. The economic strategies and opportunities discussed below outline ways to deal with these two concerns.

RURAL DEVELOPMENT STRATEGIES

There are a number of major strategies for rural economic development, some of which are more relevant to an overall high road strategy of developing better jobs and stronger industries. The appropriate high road strategy depends on a region's recent economic performance and its demographic and labor market characteristics. High road initiatives target training investments toward real opportunities and real skill needs and not for non-existent jobs. The following five strategies are presented starting with the strategies that are a) the most relevant for Deer Lodge County's demographics and location and b) have the best potential for creating good jobs in the community:

- I) Local-within the region- strategies;
- II) Regional associations and networks;
- III) Enterprise recruitment and new firm formation;
- IV) Value added enterprises in natural resources;
- V) Urban-oriented interaction with nearby cities.

I) Local strategies that emphasize development of a region's human and physical capital resources are especially relevant for Deer Lodge County. Human capital refers to the skill and education levels of the population and the health of the population including families and children. The care, parenting, and schooling of children from the ages of 1 to 5, a critical period of mental and physical development, are also part of a region's human capital base. Family support services such as child and eldercare programs, GED programs, and school-to-work transition programs are also part of a human capital approach. Development of physical capital resources includes retail/main street

revitalization and beautification efforts, roads and highways, water/sewer systems, and public service facilities like police stations, post offices, community centers, and recreation facilities.

II) Regional associations and networks can be developed for local government, communities, and businesses. Business networks for marketing of regional products to outside markets can be based on products from agriculture, wood products, as well as artisan and craft groups. Regional associations can also be formed around education and training programs that are delivered over a multi-regional or county area. Multi-community scenic loops for tourists and cooperative administration of education, health care, technology centers and business assistance centers are other examples of regional networks.

III) Enterprise recruitment and new firm formation is a very traditional development strategy emphasizing the attraction of new employers who sell their goods and services in markets outside the region. This strategy involves selling a region's location advantage in terms of natural and human resource endowments, business climate, and reasonable transportation access to export markets. New firm formation is a local approach to engendering establishment of new businesses that sell their good or service to outside markets.

IV) Value added enterprises in natural resources encourage development, especially in natural resource sectors, of more and more highly differentiated markets, chiefly by increasing the value captured locally through design, processing, and marketing of goods. This strategy usually involves some type of industrial activity that generates increased capture of the benefits of local resource based production. The inputs required for this strategy are extensive and include

- Capital and financing of small businesses and start-ups; for plant and equipment expansion including newest technology and for identifying and expanding into new markets;
- Technology—helping firm utilize existing technology more effectively—technology not only in terms of production process but also in terms of new products and services and new markets;
- Training of workers with new and sometimes higher skills
- Marketing and product development involving distribution channels, processes between good products and buyers including redesigning products for targeted markets.

V) Urban oriented interaction involved the marketing of tourism, retirement, and recreation services to nearby, larger cities. Development of 'back office' and other service jobs such as telecommunications—including telemarketing—is another form of rural-urban interaction. Recruiting secondary manufacturing plants from an urban area is also part of this strategy. Marketing of specialty goods in urban markets for crafts and farm goods is another example of this strategy.

An urban oriented strategy for Anaconda and Deer Lodge County depends on the Butte economy, which has not been a strong economic performer in recent years. The Silver Bow job market has started to recover from the layoffs and economic slowdowns imposed by higher electricity prices. The Butte economy continues to face several major uncertainties. The first is whether or not the Montana Resources mine will re-open. The second is the possibility that the sale and reorganization of the Montana Power Company may result in further job losses. Finally, the national slump will adversely affect Advanced Silicon and other technology related firms in some degree of magnitude.

Regional income growth in the nearby urban place is a requirement for urban oriented strategies. Labor income growth has been negative each year in Silver County since 1999. Declines in labor income will continue for 2001 as we recover from the national recession and forecasts for Silver

Bow County income growth are less than 1 percent for the next five years. Population growth in Butte-Silver Bow is projected at a zero to slightly negative rate for the next ten years.

ECONOMIC DEVELOPMENT OPPORTUNITIES FOR DEER LODGE COUNTY

A number of economic development opportunities for Deer Lodge County are suggested by the demographic and labor market trends, by personal visits with people in the county, and by travels in the region. The following, brief discussion should be viewed as a starting point for a more comprehensive approach that will come from the communities in the county and the people involved with the CMT. Full time, year round, higher wage jobs is one objective for reducing unemployment and reducing out-migration of younger workers families out of the county.

Public Capital Construction Projects

Public capital projects offer a source of good jobs and an opportunity for the modernization of the Deer Lodge County's infrastructure serving businesses and industry. Roads and highway improvement, new jail facilities, school buildings, and health clinics could be financed through federal monies for community economic development as well as planning and technical assistance monies from foundations who focus on the Pacific Northwest and the Northern Rockies. The employment and wage benefits from the construction phase of such projects should have some carry over to new business that either start up in the region or come in from the outside and remain after project completion.

Human Service Occupations and Labor Force Development

The size and age of the county's labor force and the occupational emphasis of training programs are two important issues for Deer Lodge County. Out-migration and relocation outside the county by younger workers and their families combined with an aging county population constrains regional labor force development. Any new, big employer coming into the county would have to recruit workers from surrounding counties. Thus, retention of younger workers in the region is important. The occupational emphasis of education and training in Deer Lodge County is another issue of labor force development. Retention of younger workers combined with occupation targeted training will lead to a higher quality work force that offers a location cost advantage to new businesses and firms.

NEED JOBS

A strong presence of human services for health, rehab, corrections, and mental health is one major feature of the employment base in Deer Lodge County. The Warm Springs hospital, the new DUI rehab center, the Job Corp Center, a juvenile detention center, the community hospital, and the state prison are major employers in the human services area.

It would be useful to identify other types human service firms—those involved with special physical and mental health problems that could be targeted for recruitment with an existing, experienced labor force as an attraction. Potential new employers might require special skills and professional qualifications that could be coordinated the training system and professional training programs offered by state colleges and community colleges on an extension basis. Recruitment of regional (Pacific Northwest and Northern Rockies) and smaller, national non-profit organizations involved in the human service areas currently in place would be another opportunity to explore.

Resource Based Value Added

Value added business opportunities related to the region's natural resources would seem to be in the agricultural and wood products areas. A starting point for this opportunity area would to identify examples, individuals, and existing firms that produce or process resource-based commodities and find some natural interactions between like firms—informal like tips and ideas exchanged through business and social contact to more formal such as joint marketing or subcontracting ventures; shared advice about technological innovations to joint efforts in product procurement and quality management.

There are examples of value-added agriculture businesses in other parts of Montana. The bovine biotechnology businesses around Miles City's and Billings livestock industry, and log home manufacturers in Western Montana are examples. Another example is Wheat Montana Farms and Bakery in the Three Forks area that sells to customers throughout Southwest Montana and has succeeded on the basis of niche-marketing, establishing brand name recognition, and low-cost sourcing of wheat and wheat flour. Cream of the West in Billings is another agricultural value-added business based on high-protein, hard red Montana spring wheat. Their niche marketing has encountered some market obstacles in the form of consolidation in retail food stores reducing the number of outlets as well as a dwindling number of independent food distributors in the state for getting Cream of the West delivered to stores.

Success in agricultural value-added business requires a) low costs; b) entrepreneurial energy; and c) niche marketing. Wheat Montana and Cream of the West score well on the entrepreneurial and niche marketing factors but, for several external reasons, not well on realizing lower costs. Higher transportation and distribution costs prevent market penetration in the larger urban markets such as Seattle, Spokane, Salt Lake City, Denver and Minneapolis. As a result these firms deal with Montana and other, nearby regional markets, the size of which prevent lower per unit production costs via economies of large-scale production.

Examples outside the state include Woodnet, a regional network of firms in wood and logging in Washington's Olympic Peninsula who used a foundation grant to get started on wood products firms ranging from logging to lumber to furniture to boats to wood cabinets. Woodnet—Woodnet is the lead organization that establishes and develops network and partnerships—through community organizations and through regular meetings and communications between businesses although its role will become more passive role of facilitating and serving as a clearinghouse.

It is important to remember the full array of resources and inputs need for success in resource-based value added business development. The finance capital, technology, labor skills, and marketing requirements are not insignificant. It is also important to note the availability of statewide and community resources for some of these requirements. The Anaconda Local Development Corporation, the Chamber of Commerce, the County Extension Office and a strong network of other community organizations working with Montana Jobs Training Partnership are the base for identifying resource-based value added-opportunities. Identification of such opportunities could then be coordinated with other statewide organizations that provide technical assistance on production and marketing feasibility. The Montana World Trade Center at the University of Montana in Missoula offers marketing expertise to Montana firms seeking new product development and markets. MSU-Bozeman has the Montana Manufacturing Extension Center that offers technical and business operations assistance to manufacturing firms of all kinds. The Montana Job Training Partnership and the state Department of Labor and Industry offer range of resources and programs for worker training and labor market projects and trends. The Bureau of Business and Economic

Research, School of Business Administration at the University of Montana monitors the state economy and its major industry and provides information on-line at www.bber.edu.

Travel, Tourism, and Recreation Businesses

There are opportunities for tourism and recreation businesses in Deer Lodge County. More eating places and motels and other small businesses such as tackle/hunting shop, regional artisan and craft shops, and outdoor/recreation stores are opportunities in this area.

The mountain setting of Anaconda and Deer Lodge County offers a number of opportunities. The Discovery Ski area, Fairmont Hot Springs Resort, and the Mt. Hagen cross county skiing and snowmobile attractions already provide a strong base to visitors, recreationists, and tourists from outside the region. Continued marketing and development of these facilities along with camping, hiking, and outfitting in the Anaconda-Pintlar Mountains is a good opportunity. Winter sports and excursions, especially for the cross-country ski and snowshoe tourists can bring in a more affluent client base for extended trips. Development and marketing for guided backcountry ski and snowmobile trips as part of the existing network of Fairmont Hot Springs, Mount Hagen ski/snowmobile area, and Discovery Ski area.

Regional arts and crafts oriented to the Anaconda-Pintlar country can be more of an established, differentiated product through continued development and marketing of the annual fall festival for arts and crafts. Establishment of a genuine artisan and fine craft industry can become the hallmark for a region's tourist and recreation business and offer wages and earnings above a part-time job. Arts and crafts coops of artisans and small producers of high craft goods could share workshop space and facilities, purchase supplies together, share large jobs, and market through common channels.

Concluding Points on High Road Strategies

There are many economic development opportunities in Deer Lodge County. It is helpful to keep in mind that many of these opportunities depend on local people—entrepreneurs and workers. It is also important to remember that some 'outside markets' come to you in the form of tourism and recreation and that time spent in planning how to develop and expand those markets into more substantive, higher pay, year round jobs can be very productive and at relatively low costs. Other outside markets depend on national and world conditions and economic forces. These external forces do generate wide swings in employment and business within regions that become highly dependent on such outside markets.

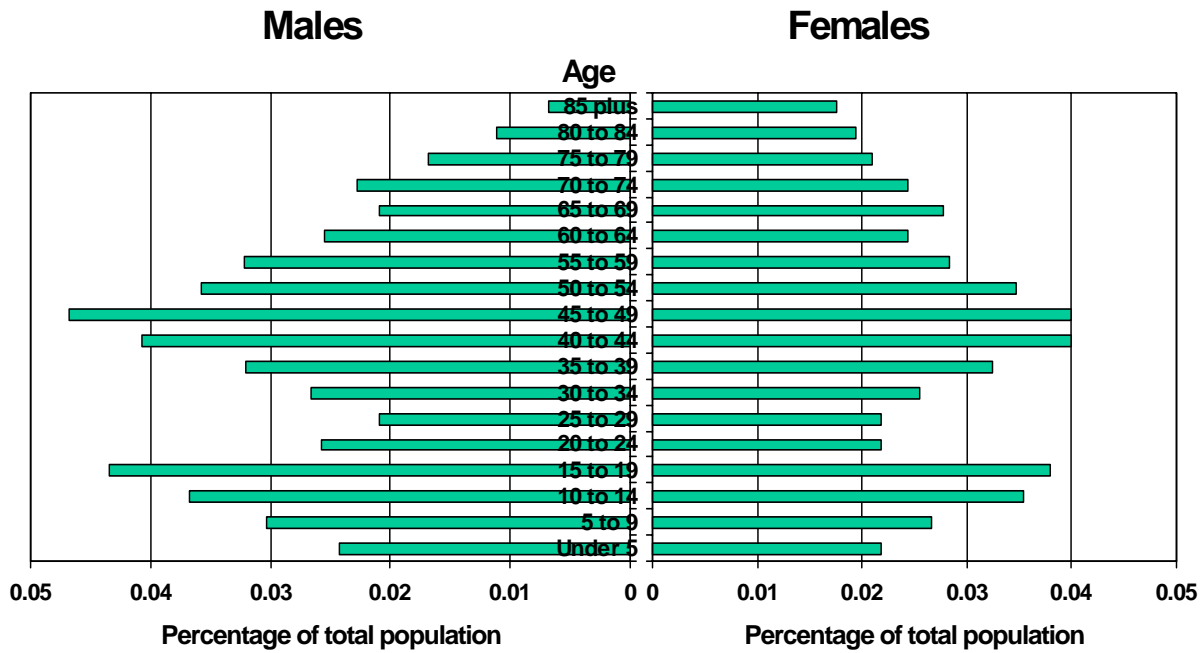
Based on the analysis and discussion in this report the two high road strategies offering the best potential for Anaconda and Deer Lodge County are:

- a) **Labor force development with an emphasis on human service occupations.** As the earlier discussion points out, human service jobs and employers are a dominant factor in Deer Lodge County and they represent a major, comparative advantage of the region's current industry structure and employment base. Implementation of this approach requires identifying and recruiting human service firms, government agencies, and non-profit organizations into Deer Lodge County. Training and education programs should be developed in coordination with the recruitment of human service employers.
- b) **Recreation travel and tourism** is a second priority strategy that should be pursued in view of existing employers in this industry. Backcountry and adventure recreation travel are natural

extensions of the already established business base that focuses on the region's mountain landscape and environmental endowment. This will require more marketing analysis and identification of niche markets such as guided backcountry ski and snowmobile tours and fishing, hunting, hiking, and horseback trips.

APPENDIX FIGURE

FIGURE 1: Population by Age and Sex Deer Lodge County, 2000



Source: 2000 Census of Population