

# Key Trends, Dependencies, Strengths and Vulnerabilities in Park County, Montana, and its Area Economy

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## Overview

This report examines the area economy of Park County, Montana, and important trends and factors in area population and economic growth and change. Underlying characteristics of the economy are examined, as well as area economic dependencies, strengths, and vulnerabilities. This study builds from an earlier, comprehensive study of the larger region in and around Yellowstone National Park, which included Park County and 24 other counties in a three-state region. This study was done in 2007 for the Yellowstone Business Partnership.<sup>1</sup> The study found that most of the region was growing and advancing economically and attributed this economic success to the growing importance of area amenities and quality of life, assets that the area and region are unequivocally endowed with, and asserted:

*Most of the region's smaller cities and towns are seeing population growth, with more and more people drawn to the region's high quality environment. As in many other areas of the Interior Mountain West, the Yellowstone Region is growing because more people want to live in attractive areas with big natural landscapes, towering mountains with healthy forests and grasslands, large wildlife populations, plentiful outdoor and recreational opportunities, and attractive and welcoming communities. [ ... ]*

*The key question for the future will be: "How can the region's businesses and communities grow and prosper, while simultaneously protecting and enhancing the region's chief economic asset – its high quality environment?" [2007 YBP report, p. 1]*

This more recent report and follow-up focuses only on Park County, Montana, and includes more current data and information on population growth, area aging, housing and construction, traffic counts and trends, visitation to Yellowstone National Park, visits to the area by hunters and anglers, tourist and recreationist expenditures, area income and employment, industry or sector growth and change, and area economic well-being.

By almost any measure the Park County area economy is growing and area prosperity is being sustained and enhanced over time. The personal income base of the county recently reached an all-time high of \$645 million, measured in inflation-adjusted dollars. Per capita income also reached an all-time high of nearly \$41,000 which compares with a level state-wide of \$39,900. Area poverty also is considerably lower than the state-wide average.

The area's labor force continues to grow, as does area employment. The area economy is steadily recovering from the effects of the recent national recession and the area unemployment rate is likely to fall to as low as two percent by the summer of 2017. The county also has a relatively high percentage of self-employment, which is oftentimes used as an indicator of the area's entrepreneurial context. And, because of the area's attractiveness and quality of life, considerably more labor earnings are imported into the county from county residents working outside of Park County who continue to live in the county, with these imported labor earnings now accounting for 25 percent of all labor income received by county residents.

Much of Park County's population growth over recent decades has been from positive net migration, that is, from more people moving to the area than the number moving away. Many

rural or non-metro counties across the U.S. do not share in this positive net migration and are seeing population stagnation and decline because of it. Longstanding net migration to Park County clearly indicates the area has outstanding features that continue to attract new residents as well as part-timers, while also retaining residents as they retire. Area amenities will become an even bigger factor in future growth as the population continues to age, birth rates fall and death rates rise, with almost all future population growth tied to migration. Park County should continue to fair well in the exchange between inflows and outflows of residents and in attracting visitors to the area. Rural areas without quality amenities like those of Park County will not fair so well.

Area amenities help to grow and sustain the area economy in wide-ranging ways – by contributing to a stable and growing population and to a growing number of visitors and part-timers who travel to and spend time in the area. New residents and a growing number of recreationists and other visitors spend money on a wide range of goods and services offered by area businesses. New residents and part-timers add to area construction and real estate activity by the homes that they buy or build and by the business expansion their spending helps support. What brings a growing number of part-timers to Park County are the area’s obvious high quality of life and area amenities. The very heart-beat of the Park County economy reflects the ebb and flow of visitors and travelers to the area each year with considerably more economic activity and employment in the summer months than in the winter.

Area amenities and quality of life also have been shown to be crucial in helping to attract a growing number of workers to particular areas who work in occupations that require “creative” types of skills and talents, which are increasingly valued in today’s information and knowledge based economy. Economists with the U.S. Department of Agriculture’s Economic Research Service (ERS) have developed measures of the extent of area employment in an array of creative occupations. There are 3,141 counties and county equivalents in the U.S. and 2,051 of these are non-metro counties like Park. In the ERS measure of area creative occupation employment, Park ranked 120<sup>th</sup> among all 2,051 non-metro counties or in the top six percent of these counties. ERS studies further show that many non-metropolitan counties that tend to be high in these measures of creative employment also are ones ranked very high in terms of area amenities and area recreation resources and attributes.

ERS studies indicate that counties having three attributes tend to rank highest in terms of population and employment growth and overall rural development potential and these are: 1) a relatively high proportion of persons employed in “creative” occupations, 2) a seemingly strong setting for entrepreneurial initiative, in part, indicated by an area’s high level of self-employment, and 3) relatively highly ranked area amenities and recreational resources.<sup>2</sup> These three attributes are referred to by economists as the “trifecta” for positive rural development and all appear to be core strengths of the Park County area economy.

The chief threat to area quality of life and economic well-being would be any future activities that negatively impact, both substantively and perceptually and on a large scale, area amenities and environmental attributes that have become the foundation of the area’s economic vitality. Large-scale, highly visible, and environmentally disruptive activities, such as certain mining and heavy manufacturing activities, may pose the greatest threats. While these activities do bring jobs, employment earnings, and income to an area, these benefits are sometimes short-term or transitory while their negative impacts are deep, continuing sometimes in perpetuity, and causing long-term economic impairment.<sup>3</sup>

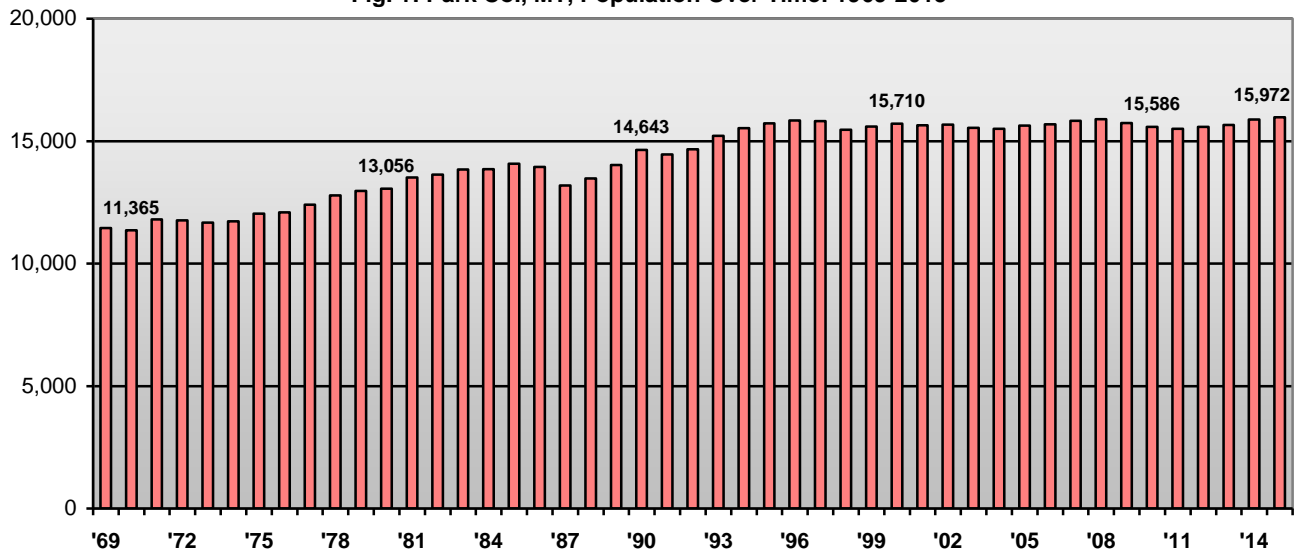
## REPORT CONTENTS

Overview and Major Findings .....	p. 1
Park County Population Trends .....	p. 3
Natural Change vs. Net Migration .....	p. 7
Larger regional patterns of population growth and decline .....	p. 11
Natural Amenities and Area Economic Growth .....	p. 13
Area Housing Numbers and Growth .....	p. 16
Trends in Visitation to Yellowstone National Park .....	p. 21
Traffic Levels to and from the Park .....	p. 21
Non-resident Traveler Spending in Park County .....	p. 24
Area Labor Market Trends and Patterns .....	p. 25
Area Fishing and Hunting Activity .....	p. 27
Area Spending by Hunters and Anglers .....	p. 31
Private Membership Organization Investments in Land Stewardship .....	p. 32
Park County's Growing Area Economy .....	p. 33
Labor Earnings by County Residents from Workplaces Outside the County .....	p. 35
Growth in Area Per Capita Income .....	p. 36
Area Employment Growth .....	p. 37
Park County Employment by Major Sector .....	p. 38
Pre- and Post-Recession Employment Change by Major Sector .....	p. 39
Labor Earnings Trends in Sectors Affected by Travel and Tourism .....	p. 41
Pre- and Post-Recession Growth and Change in Area Labor Earnings .....	p. 45
Areas of Labor Income Decline during the Recent Recession .....	p. 47
Area Agriculture .....	p. 48
Summary of Findings and Conclusions .....	p. 51
End Notes .....	p. 56

### Park County Population Trends

While the county has seen very little population growth in the last decade, it has a long history of gradual but steady growth and overall population stability. Figure 1 shows annual population counts for Park County each year since 1969. The county's population in 1970 was 11,365 (July 1 estimate). It grew to 13,056 by 1980 – an increase of 1,691 or 15 percent – and to 14,643 in 1990, adding another 1,587 residents. In the '90s the county's population rose another 1,067 or about 7 percent. The population peaked at 15,896 in 2008.

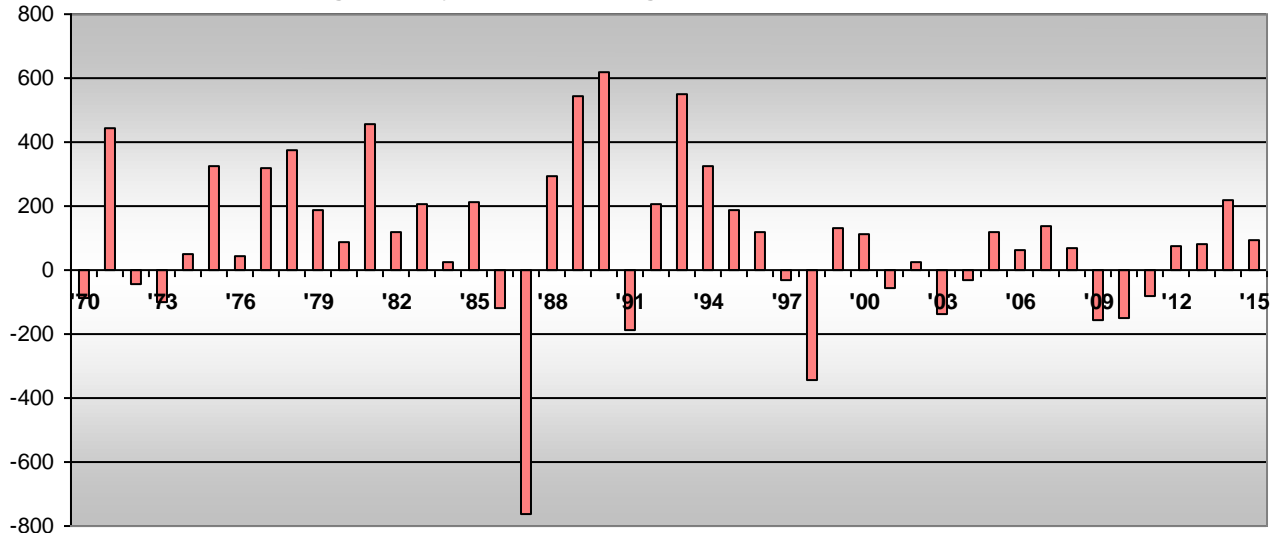
Fig. 1: Park Co., MT, Population Over Time: 1969-2015



Source: U.S. Census & BEA, U.S. Dept. of Commerce (July 1 counts)

Year-to-year population change by Park County is shown in the chart below (Figure 2). Years when significant population declines occurred tend to coincide with national economic recessions, such as in 1991, 2001, and, more recently, in 2009, 2010, and 2011. A very sharp decline in 1987 coincides with very difficult financial times in production agriculture and in the wood products sector, as well as in housing.

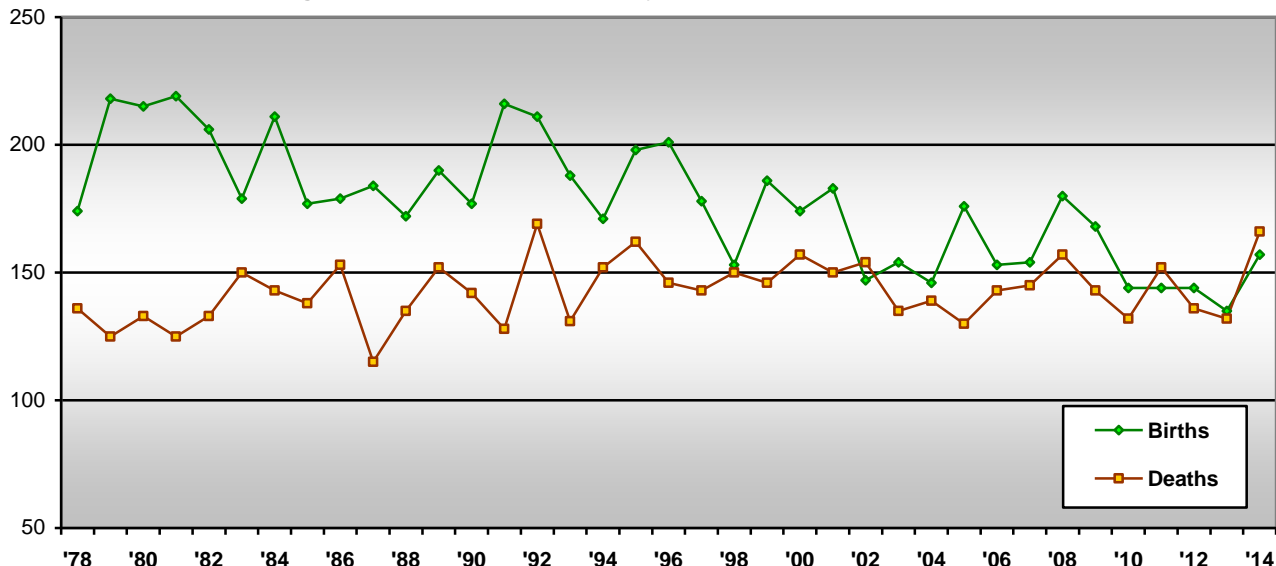
**Fig. 2: Yearly Population Change in Park Co., MT, 1969-2015**



Source: U.S. Census & BEA data

The recent nation-wide recession, beginning late in 2007 and continuing into 2010, altered population trends across the U.S., and had its greatest impacts on area housing, construction, real estate, and finance. Aside from these declines, the county’s population has grown fairly steadily. This growth is now continuing and the county’s population was recently estimated by the U.S. Census Bureau at 15,972 in July, 2015. Population growth occurs through both “natural change,” or area births minus deaths for a given time period, and “net migration,” or the number of people moving away from the area versus those moving to it, considering only those who change their county of permanent residence in the process. The chart below shows annual, calendar-year births and deaths involving Park County residents from the late ‘70s through 2013.

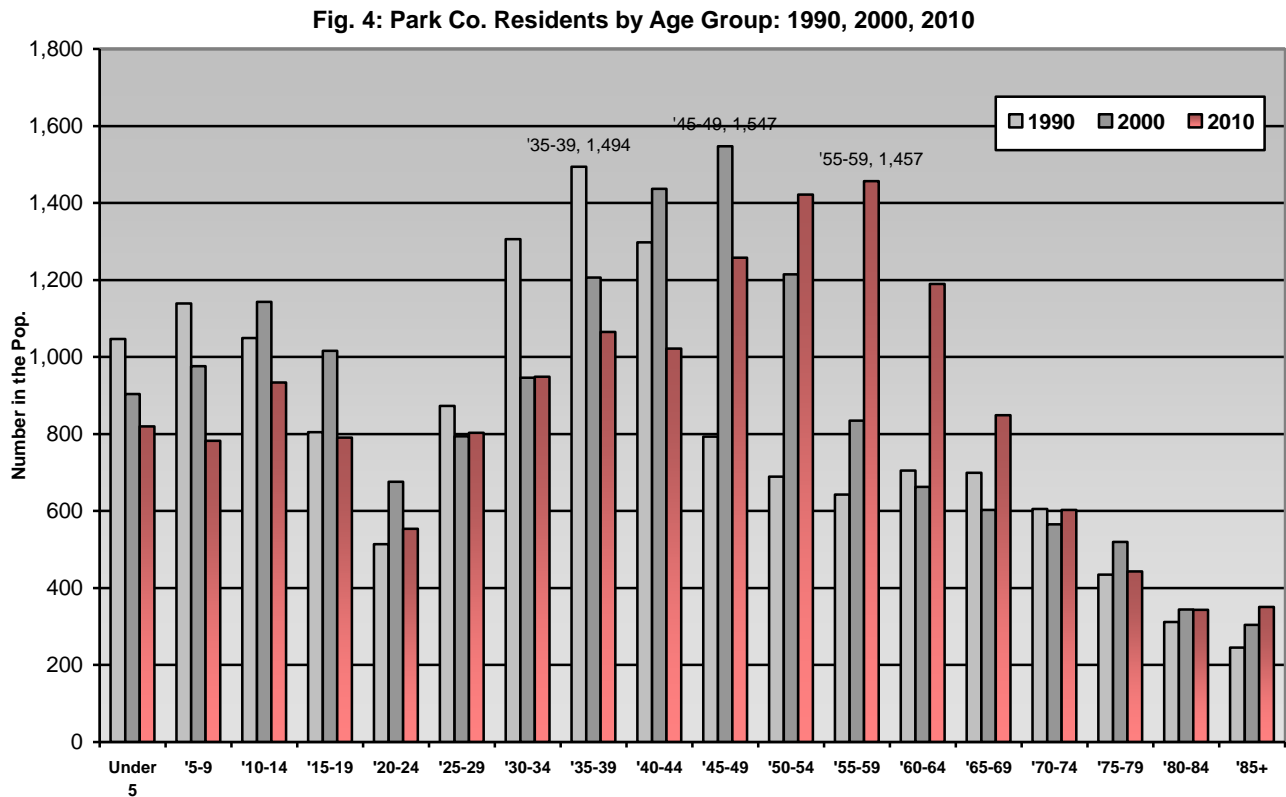
**Fig. 3: Annual Births & Deaths by Park Co. Residents, 1978-2014**



Source: Vital Statistics, State of Montana

Annual births are shown in green and deaths are in brown. In the past, births have almost always exceeded deaths in any given year. But, over time, birth numbers are trending downward, even though the population as a whole is growing, while the number of deaths each year among county residents is slowly trending upward. And in several recent years the number of deaths has exceeded births. This will increasingly become the norm for most of the next twenty years because of the gradual aging of the Park County population. As it does natural population change will become consistently negative from one year to the next, subtracting from the area's overall population. Nearly all area population growth over the next 15 to 20 years will be from net migration, assuming more new residents continue to move to the area than those moving away.

The way in which the area population is aging can be seen in Figure 4 which shows Park County's population in 1990, 2000, and 2010 by age group, from younger to older age groups, left to right in the chart.



Source: Census Bureau data

At the far left is the number of Park County residents under five years of age in each of these Census years and you can see how this number is steadily declining. The same is true for children 5 to 9 years of age. So the county's population of young children is declining. This is the result of having fewer young adults between 25 and 40 years of age in 2010 than the number in 1990, which you can also see in the chart. Meanwhile the number of residents at ages over 50 is growing steadily with time, particularly for adults 50 to 54, 55 to 59, and 60 to 64.

This shift in growth to older adults is largely because of aging "baby boomers," or persons born between 1948 and 1962. Because of large increases in births during these post W.W. II years, a "bulge" in the population was created. And as persons in this bulge continue to age, so does the population as a whole. In 1990 boomers were between 28 and 42 years of age, and you can see in the chart that the age groups with the largest numbers in 1990 are the two between 30 and 39 years of age. Ten years later at the time of the 2000 Census this shifted to those between 40 and

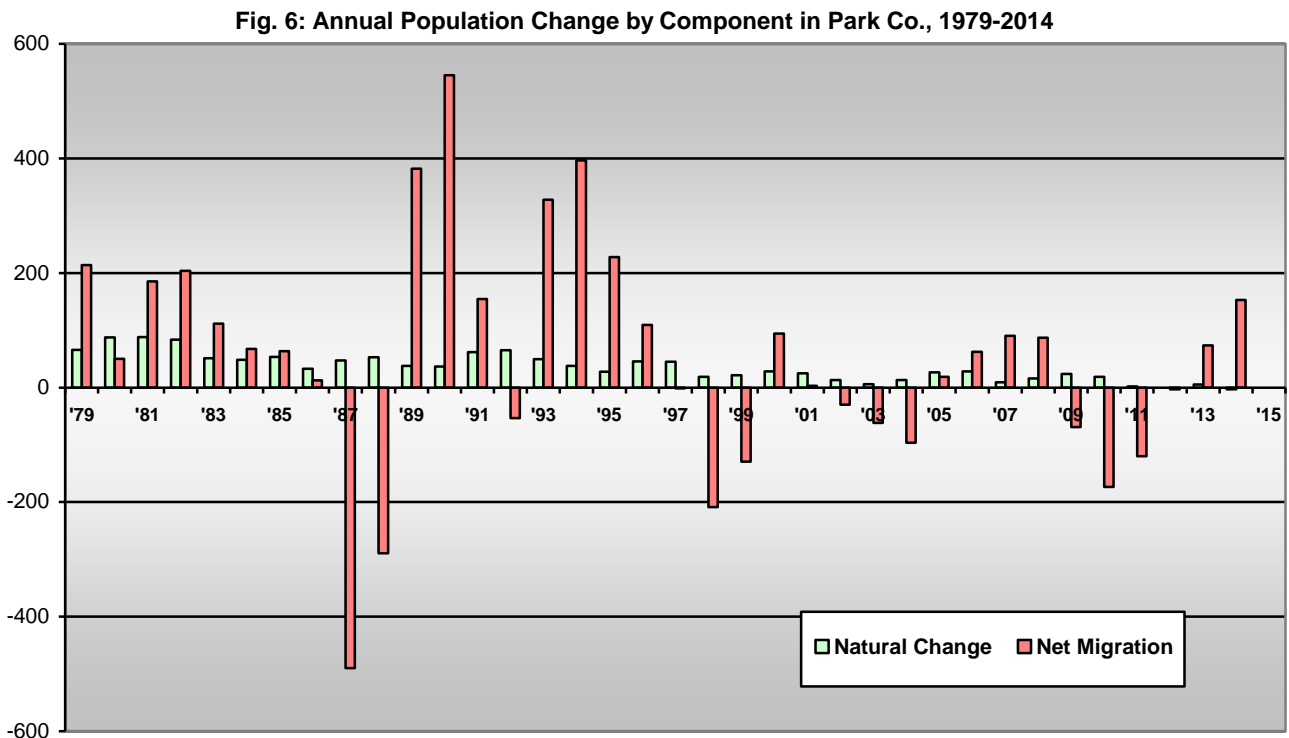




Beyond Montana, there is pronounced or concentrated aging occurring in the northern, central, and southern Plains regions where area dependence on agriculture is high and where there are mainly rural, sparsely populated counties. But there are also many rural counties in western Montana and Idaho where the 65 and older populations already exceeds 20 percent of the totals. In the years ahead, population growth in most rural areas, if it is to occur, will be from positive net migration or more people moving to an area than the number moving away. How this plays out for any area will hinge upon that area's ability to retain current residents and to attract new residents, including young adults and retirees alike.

**Natural Change vs. Net Migration**

The data used in the charts above were adjusted to conform to time periods used in compiling the July 1 population estimates used by the Bureau of Economic Analysis (BEA) of the U.S. Dept. of Commerce. These were then used in constructing a data set to analyze year to year population change in Park County by major component – natural change versus net migration. These are used in constructing the chart in Figure 6. Yearly changes in net migration are shown in red and yearly natural changes (births minus deaths) are shown in green.



Source: Using Montana Vital Statistics births and deaths and annual population estimates (BEA)  
[reconciling differences in calendar year data and July 1 annual estimates]

The biggest driver of population growth in Park County by far is positive net migration (red bars). Again, net migration is positive when the number of people moving to the area is greater than the number moving away, counting only those who change their county of permanent residence in the process – which ignores part-time residents of the county who do not or have not become permanent residents. During the '90s when growth in the county was greatest, over seventy-five percent of this growth was accounted for by positive net migration. There was significant negative net migration in the late '80s, probably associated with a bad area economy when the area was far more dependent on agriculture and wood products. The pattern in more recent years is for ups and downs in net migration, reflecting a general economic slowdown, both regionally and

nationally, and sharp declines nationally in housing and related construction. Positive net migration has returned to Park County in more recent years as the economy recovers.

Park County's history of positive net migration has added significantly to the area's population over time. In the past this growth was supplemented by some growth from natural change. However, as aging continues and area deaths begin to consistently exceed births, any and all future population growth in the county will come from net positive migration. Whether or not this continues will hinge upon why people move to Park County in larger numbers than the number moving away. What makes this area an inviting and sustaining place to live for most of its residents?

Residents of an area, any area, are less likely to move away once they retire if they are comfortable with where they already live and enjoy the area quality of life. And for most retirees who are leaving the work force, all at once or gradually over time, area quality of life along with proximity to family and friends are dominant factors in where they choose to live.

For younger adults, including those with children, area employment opportunities are important if not paramount. However, changes in the economy are making it easier for many younger adults to find jobs in areas where they want to live, not simply because of the availability of a job, but also because of the quality of life and area amenities. And as people make these choices about where they want to live, jobs often follow. In the past, people in their migration patterns largely followed where jobs were being created. But this isn't so simple today.

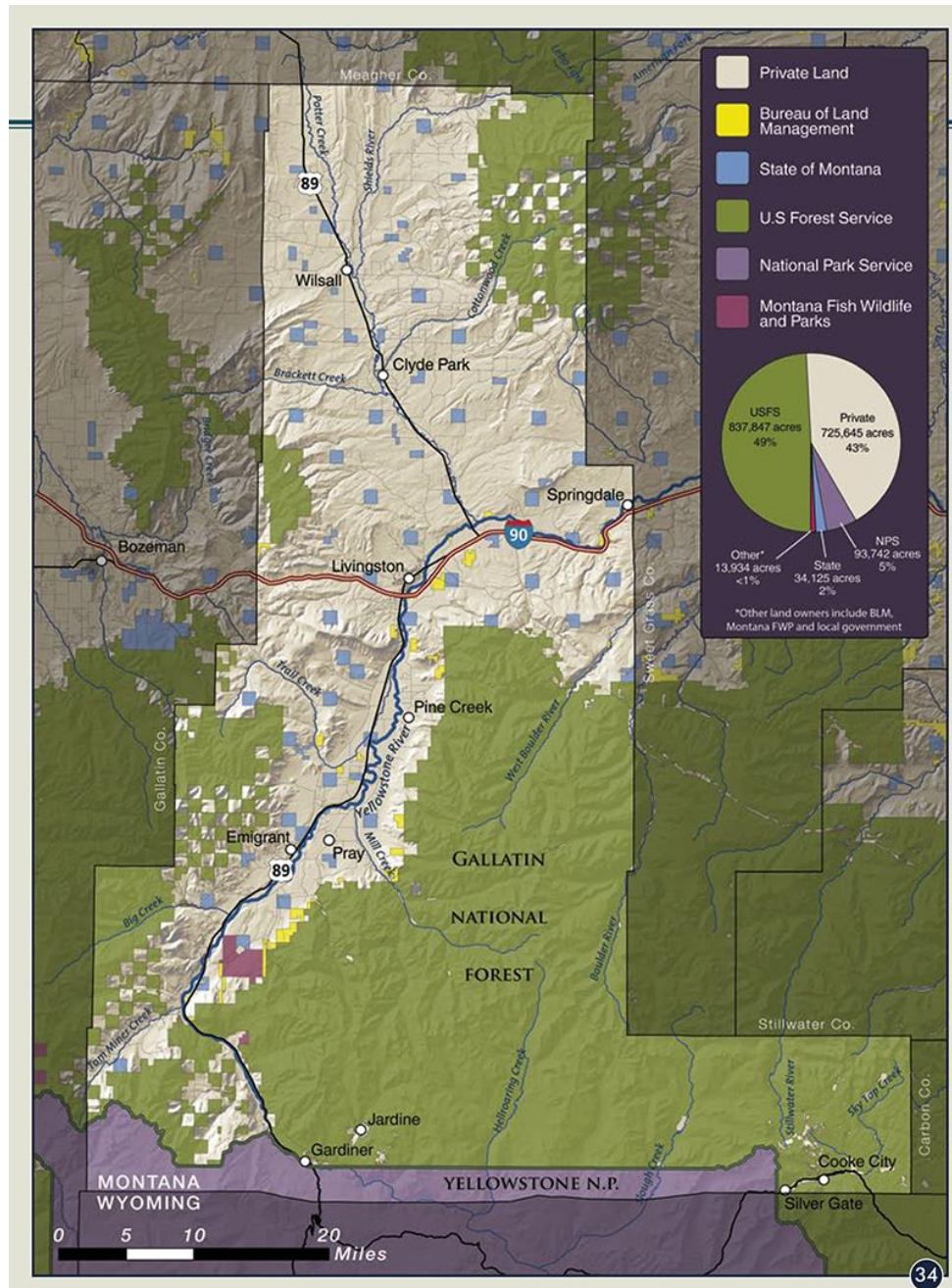
Young professionals and other kinds of workers tend to be more "footloose" in terms of where they can choose to live, and developments in information technology have greatly contributed to this. Many businesses also are becoming more footloose and can more freely choose where to locate, with many choosing attractive, less congested, rural locations for their offices. Rural areas throughout the region that are most likely to benefit from these trends and see stable if not growing populations and economies tend to be ones with certain attributes that factor heavily into location decision making, such as quality of life and area livability. Area recreational assets also are major factors in some of this location decision making. The mere presence of large amounts of public lands with large forests, plentiful streams and lakes, and mountains are increasingly being associated with and defined as "high amenity areas," and these are all glaring features of the Park County area.

The map in Figure 7 shows Park County and its surrounding area, focusing on the ownership of land, and is taken from The Atlas of Park County. The map shows area national public lands, including portions of Yellowstone National Park (YNP) to the south, and area federal forest lands managed by the U.S. Forest Service. U.S. Forest Service lands total more than 837 thousand acres and 49 percent of Park County's land area and a large portion of these federal forest lands are designated and managed as "wilderness areas." Lands within YNP that are in Park County total almost 94 thousand acres or about five percent of the county land area along the county's southern edge. The county also has some Bureau of Land Management (BLM) lands.

Lands owned by the State of Montana total about 34 thousand acres and there are other state lands managed by Montana Fish, Wildlife and Parks. Privately owned lands are shown with white backgrounds and these total 725,645 acres, which is about 43 percent of the county land total. Park County is about 2,800 square miles in size with about 1,500 square miles of this total containing some type of federal forest lands. This is 54 percent of the county's total land area and over half of these lands are federally-designated and protected "wilderness" areas.



**Fig. 7: The Park County, MT, Surrounding Area and National Park and Federal Forest Lands**



Source: Atlas of Park County Montana, 2013, land ownership map, p. 34

The area's largest city, Bozeman, in Gallatin County, is located about 25 miles west of Livingston, Park County's largest city, on Interstate 90 which runs through Park County, east and west. The Bozeman area has become one of the state's fastest growing urban areas and Bozeman and nearby Belgrade have a combined population of about 50,000. The Gallatin Airport has become the busiest airport in Montana, with the number of air travelers now surpassing those using the airport of the state's largest city, Billings.

So, some of Park County's population growth and stability can be attributed to the close proximity of a quality and growing city with a very good airport. Bozeman area employers also employ a large number of Park County residents. Many more residents of Park County have jobs in nearby



Bozeman than those living in Gallatin County who work in Park. And this provides a net gain in labor earnings for Park from these outside jobs, which is discussed later. Livingston had a 2010 Census population of 7,044, accounting for about 45 percent of the Park County's entire population. A more recent population estimate in 2014 placed Livingston's population at 7,245.

Much of the population growth in Montana over the last several decades has been focused in the western, more mountainous third of the state and in and nearby the state's more urban areas. Montana has no truly large cities, but it does have seven small cities, including three designated "metro areas" (Billings, Missoula, and Great Falls). Smaller population centers are Bozeman-Belgrade, Helena, Kalispell-Whitefish, and Butte-Silver Bow. Most of these cities and their surrounding areas have growing populations, stimulated in part by area amenities. Silver Bow is the exception with its 2015 population of 34,622 well below a mid-'70s level of 43,500.

The largely natural areas contained within these large constellations of public lands create a rich and healthy environment for wildlife and help sustain high quality streams and waterways – amenities and area assets that bring large numbers of hunters and anglers to the area each year. These visiting hunters and anglers spend money during these trips which adds further to spending in the area by other tourists and recreationists who visit the area each year for other reasons.



Depuy's Spring Creek in Paradise Valley. <http://montanapressroom.com/photo-gallery/big-sky-scenics/>

Highway 89 runs the entire length of Park County north and south and serves as one of the major gateways to Yellowstone National Park. The Yellowstone River flows into Park County from Yellowstone Park, running in close proximity to Highway 89 through what is called the "Paradise Valley." There are several small unincorporated places along Highway 89 in the Paradise Valley including Gardiner and nearby Jardine on the Park's edge, Corwin Springs, Miner, and Emigrant and nearby Chico Hot Springs, Pray, and Pine Creek – all places south of Livingston. There are a few other small places in the county north and east of Livingston including Springdale, Clyde Park (which is incorporated), and Wilsall.

The Paradise Valley is framed on each side by impressive mountain ranges including the Gallatin Range on the west and Absaroka Range on the east. It is an idyllic and picturesque area that seems to be almost in everyway appropriately named. The Absaroka Range has several large mountain peaks visible from Highway 89, including Emigrant Peak shown in the photo below. The peak rises to an elevation of 10,915 feet and is a well-recognized landmark of the valley and mountain range. It is surrounded by an incredible collection of environmental and scenic attributes, from national forests and wilderness areas, to lush valleys, and clean free-flowing streams.



Looking across the Yellowstone River toward Emigrant Peak. <https://www.flickr.com/photos/sjb4photos/4456696365>

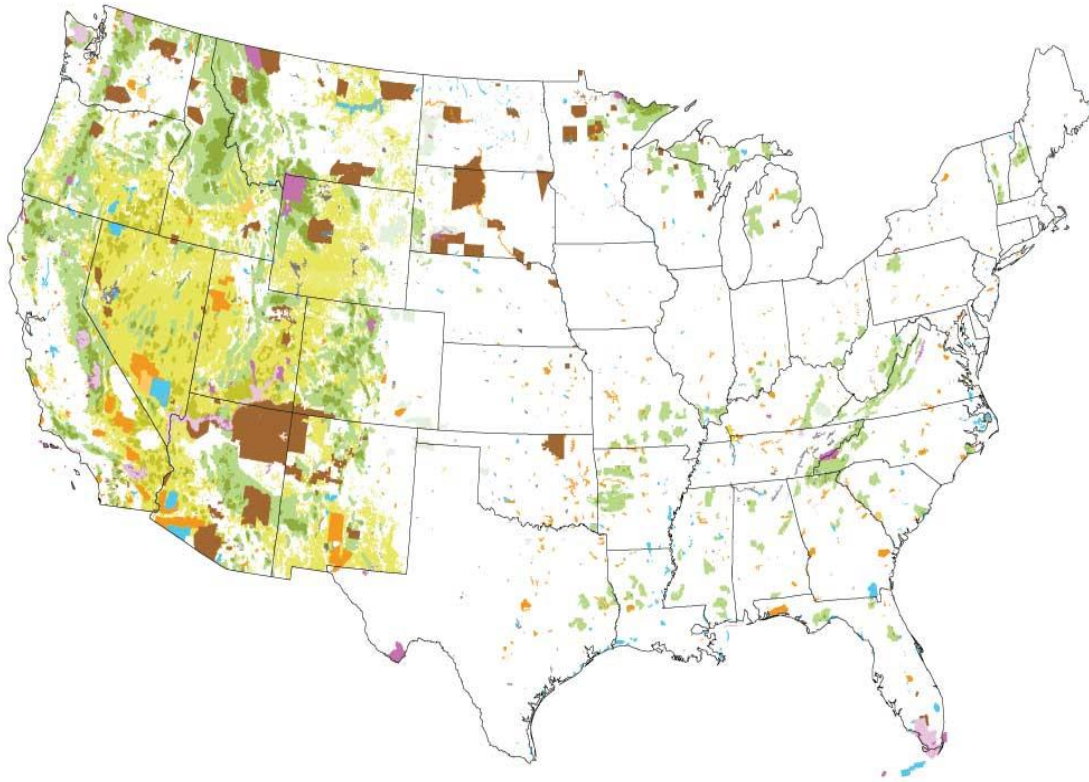
### **Larger regional patterns of population growth and decline**

Many isolated rural counties in Montana and the larger region have tended to gradually lose population. Areas where this decline is most pronounced and longstanding tend to be ones with fairly narrow economic dependencies on production agriculture. Meanwhile some rural areas that are nearby federal public lands, including national forest lands and national parks, are seeing fairly consistent population growth.

The maps contained in Figure 8 show the location of various categories of national public lands – Forest Service lands, National Park lands, BLM lands, reservation or Bureau of Indian Affairs lands, and others – and below it is a map showing population growth by county over the period from 1980 to 2010. It is relatively easy to see the correspondence between where population growth is occurring in the western U.S. and the location and concentration of these national public lands, particularly national park lands and forest lands. A number of studies have noted this and attribute much of this growth to the growing influence of natural resource amenities in attracting and retaining area residents as well as many kinds of businesses.<sup>4</sup> These studies document how growth is occurring in areas nearby national parks, including areas nearby Glacier and Yellowstone National Parks.

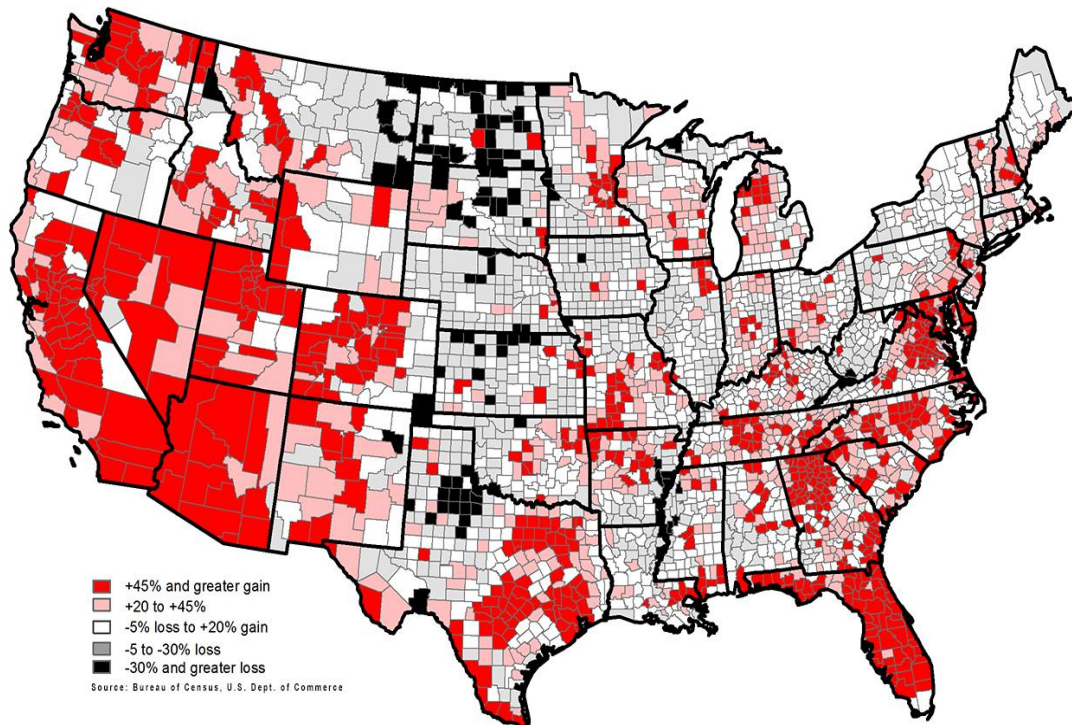


**Fig. 8: Public Lands in the U.S. under Federal Management**



Note: Lands shown include Bureau of Land Management (BLM) lands (yellow), U.S. Forest Service Lands (dark and light green), National Parks (mauve/pink), Bureau of Indian Affairs (brown), and other federal lands.

**Fig. 8: Percentage Population Change in the U.S. from 1980 to 2010**



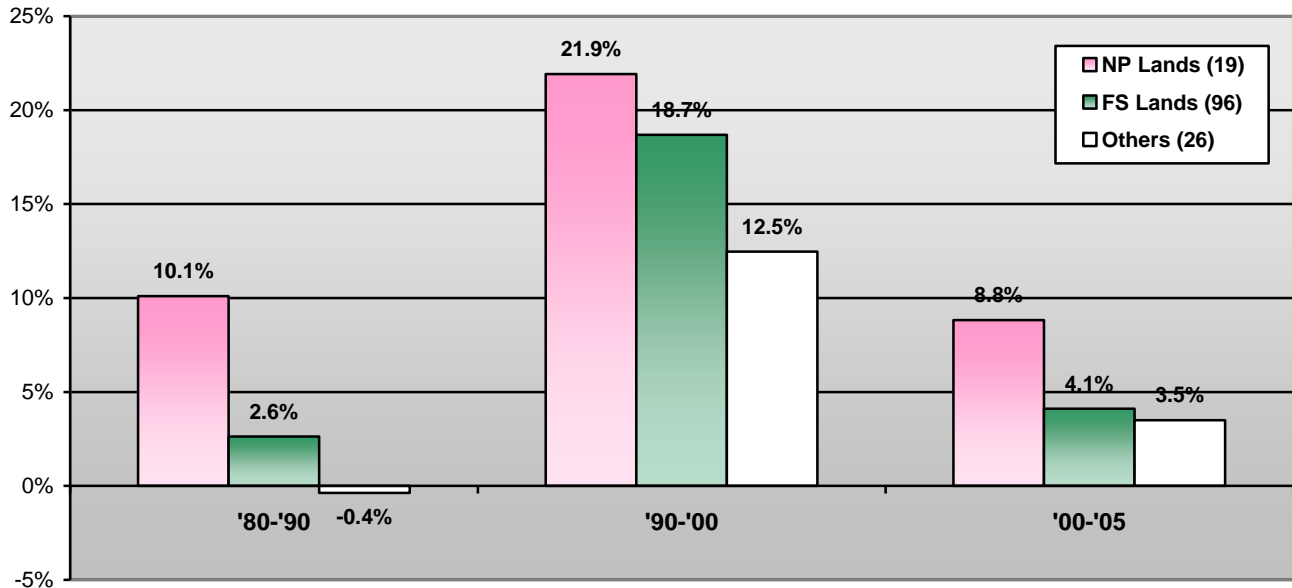
Source: Created by the O'Connor Center for the Rocky Mountain West, U. of MT, using U.S. Census data.

## Natural Amenities and Area Economic Growth

People like living in areas nearby these national parks, mainly because these areas have unique and attractive environmental qualities – large open and natural landscapes, diverse vegetation, unusually clean streams and lakes, and large wildlife populations and productive fisheries. These features and attributes attract a growing number of visitors, including hunters, anglers, recreationists, and simply tourists and travelers. Older adults visit and sometimes retire in these areas. And, more young adults are finding ways to live and work in these same areas, drawn by their high quality of life, recreation opportunities, and oftentimes, welcoming communities.

In a study by Swanson, counties lying in and nearby the Rocky Mountains and its various ranges in Montana, Idaho, Wyoming, and Utah and outside of metro and more urban areas were classified based upon proximity to national parks and national forest lands. Those nearby both national parks and forest lands were treated as counties nearby parks. Rural areas in this mountainous area not nearby either parks or forest lands were simply classified as “other.” Population trends in these three sets of non-metro mountain counties, 141 in all, were then analyzed, looking at the ‘80s, ‘90s, and period from 2000 to 2005 (chart below).

**Fig. 9: Population Change for Non-metro Mountain & Mountain Fringe Counties by Proximity to Public Lands: '80s, '90s, 2000-05**



Source: Swanson, 2007 (141 non-metro mountain counties in all)

In all three periods rural counties nearby national parks (which includes Park County, Montana) are generally experiencing more population growth than ones not nearby these parks. Areas nearby national forest lands also have more population growth than ones without these lands. So, clearly, proximity to these kinds of national public lands has become an important factor in area population growth across the region and not just for Park County.

These lands contain area environmental and recreational amenities that many people, old and young alike, want to live nearby. They want to recreate in and visit places nearby these lands. And this is shaping regional population trends and area economic activity and viability. As more people find their way to national parks, like Yellowstone, it will only bring places like Park County and its Paradise Valley into more contact with people from other places. And because of the obvious allure and beauty of this area, this visibility will continue to translate into some new residents for the area every year.

Recent research compiled from surveys of Montana residents by the Institute for Tourism and Recreation Research (ITRR) at the University of Montana found: “Features that attract people to Montana for vacations are many of the same qualities that residents of the state appreciate as part of our home environment – open and un-crowded spaces, wildlife, public lands, and abundant recreation opportunities. [ ... ] Montanans who relocated to the state as a result of having an opportunity to vacation or work seasonally here have a positive, state-wide impact in terms of business creation and business diversity.”<sup>5</sup>

Some of these new residents will make the county their primary or permanent residence, making them part of the county’s resident population. Others will become part-time residents with homes in the area. Both will grow in number in the years ahead and continue to factor heavily into area economic activity and vitality.

More recent trends in area economic growth and change only further and more fully affirm the strong connection between area economic vitality and the quality of area amenities and area quality of life. While the nexus between area amenities and area economic performance is sometimes complex and difficult to measure, there has been a steady stream of research validating this link in examining growth trends in the wide diversity of rural and non-metro areas across the U.S. The most comprehensive and sustained work on this subject has been by the Economic Research Service (ERS) of the U.S. Department of Agriculture.<sup>6</sup>

The ERS web site notes: “The rural outdoors has become a major asset for rural communities. The rural outdoors can be enhanced through the construction of recreation facilities, but undeveloped rural landscapes have appeal on their own, both for recreation and as attractive places to live.” ERS staffers have developed measures for what seem to most influence rural population and employment growth.

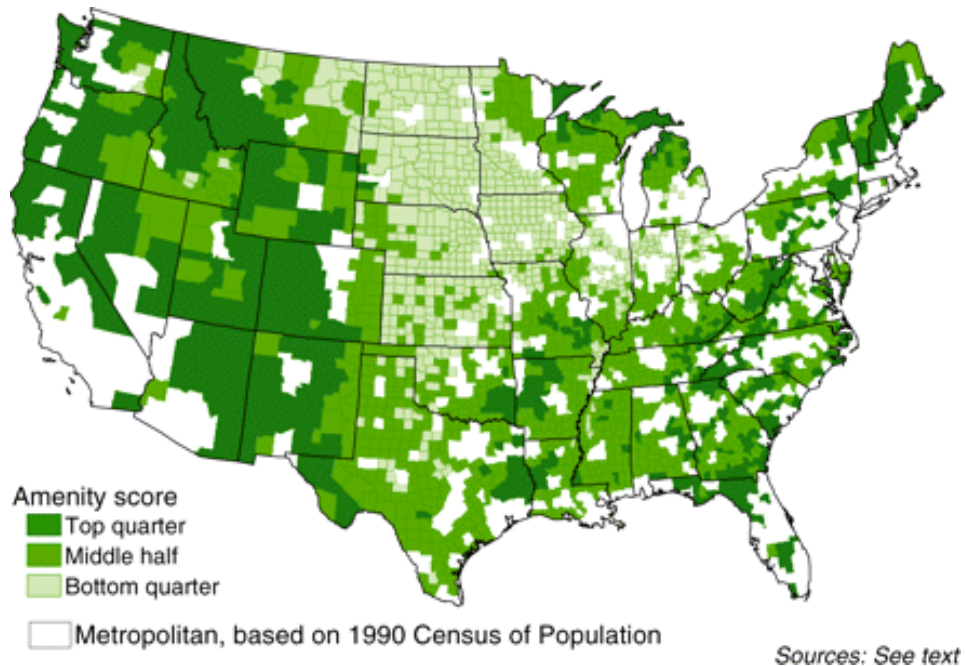
A system by McGranahan, Wojan, and Lambert scores U.S. counties on area amenities that “incorporates weather and temperature measures, but also attributes that rank high with persons who value outdoor recreation opportunities in their location decision making – like topographic variation or the presence of mountains, presence of water areas like lakes and streams and mixes of forests and open country – also factoring in share of area employment in lodging and eating places.”

The upper map in Figure 10 shows how non-metro counties across the 48 contiguous states are scored and ranked from top to bottom using this system. Dark green counties are ones scoring the highest, with ERS researchers noting: “High-amenity counties tend to be associated with mountain chains or the coast.” Included among these are many counties in western Montana and nearby both Yellowstone and Glacier Parks, including Park County, Montana (all shown in dark green). The sub-regional pattern of areas scoring high in amenities has considerable conformance with the pattern of areas of the western U.S. having moderate to high population growth from 1980 to 2010, as shown in Figure 8 on page 9 of this report.

Adding to this is close conformance with the mapping of rural areas of the U.S. having significant area employment in jobs that are considered as requiring “creative skills”. A growing number of economic studies, including ones by Richard Florida, are pointing out the importance of jobs that require creative types of work in an economy increasingly shaped by information, knowledge, art, and ideas.<sup>7</sup> “This skill element is defined as one involving ‘developing, designing, or creating new applications, ideas, relationships, systems, or products, including artistic contributions’.”

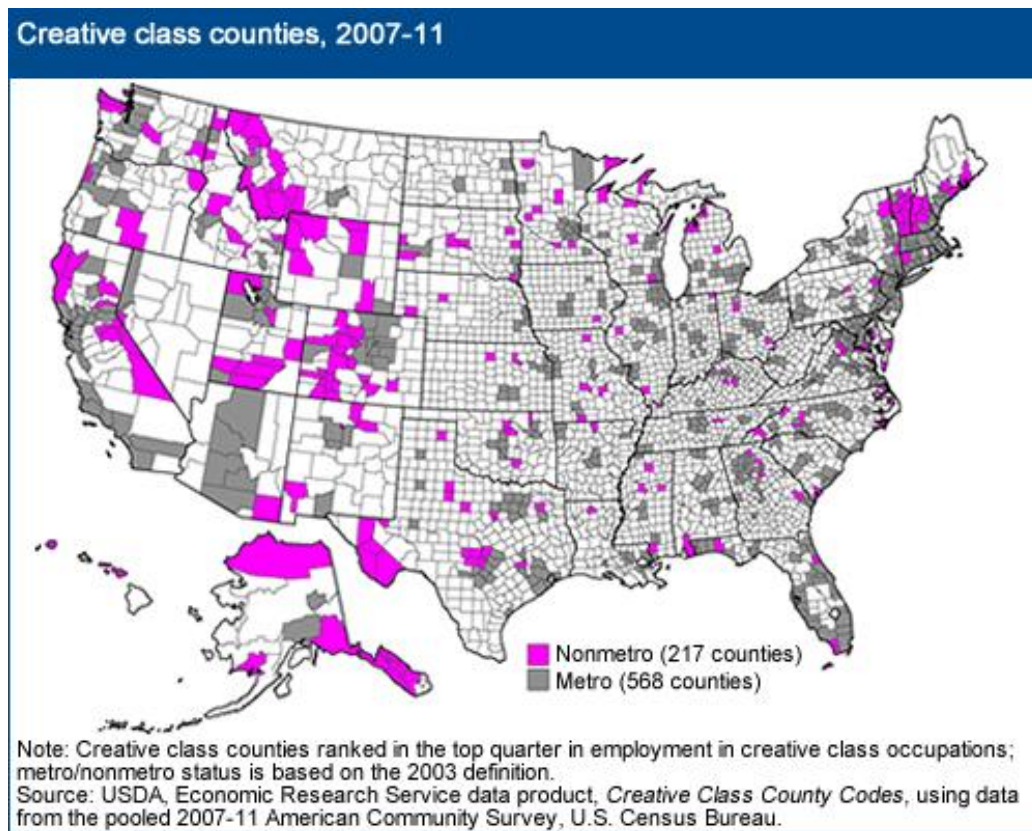


**Fig. 10: U.S. Rural Counties Ranked by Outdoor Amenities**



Source: McGranahan, Wojan, and Lambert, "The Rural Growth Trifecta: Outdoor Amenities, Creative Class and Entrepreneurial Context," *Journal of Economic Geography*, 4-10-2011  
<http://joeg.oxfordjournals.org/content/early/2010/05/12/jeg.lbq007.full>

**Fig. 11: U.S. Rural Counties Ranked by "Creative Class" Jobs**



< <http://www.ers.usda.gov/data-products/creative-class-county-codes.aspx> >

The Census Bureau did a special tabulation of occupations requiring creative skills “using unpublished disaggregated occupational categories ... from the latest 2010 Standard Occupation Classification used in the 2007-11 American Community Survey (ACS).”<sup>8</sup> ERS then devised creative class county codes based upon county shares of employment in these detailed creative occupations. These tabulations showed Park County, Montana, had 23.5 percent of its employment in designated creative class occupations, scoring it in the top group of rural counties nation-wide. There are 3,141 counties and county equivalents in the U.S. and 2,051 of these are non-metro counties like Park. In this measure of area creative occupation employment, Park ranked 120<sup>th</sup> among all 2,051 non-metro counties or in the top six percent of these counties.

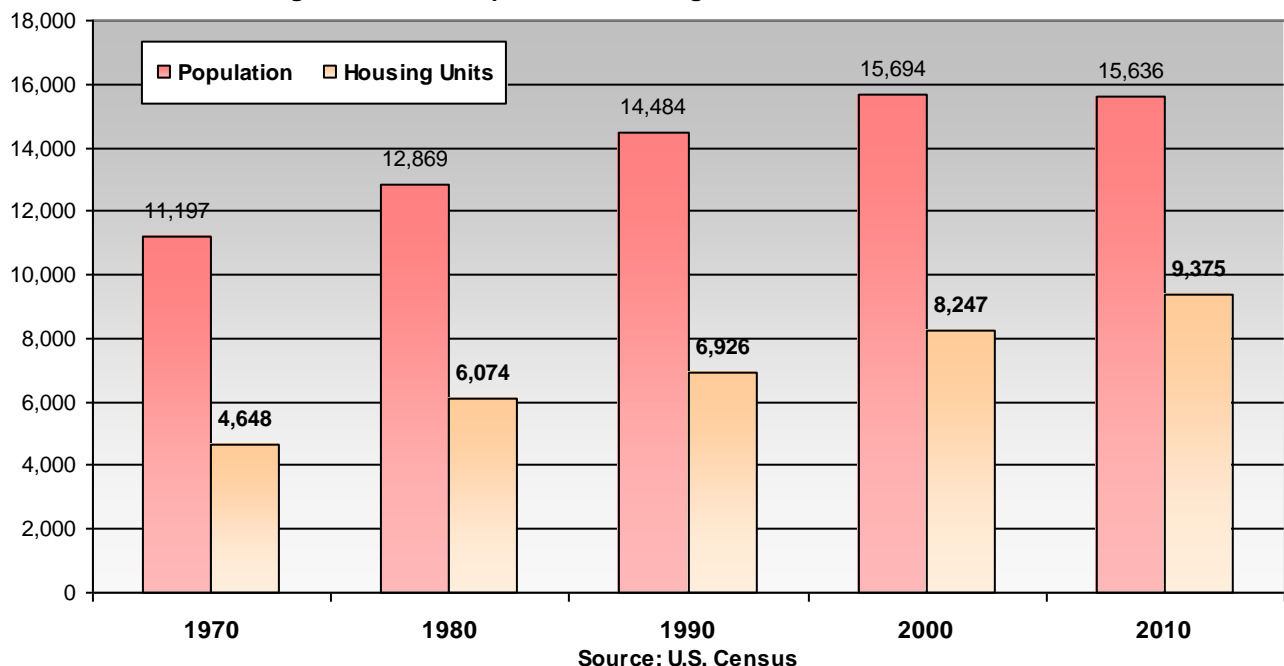
Other Montana counties ranking high for creative occupation employment are Lewis and Clark, Gallatin, Madison, Jefferson, Beaverhead, Missoula, and Flathead, which along with Park all ranked in the top eighteen percent of all U.S. counties, both metro and non-metro included. All of these counties are in the western mountainous portions of Montana and in close proximity to large concentrations of federal public lands. Gallatin’s share of employment in these jobs was 30 percent and nearby Madison County also had a 30 percent share. And Park and Teton counties in Wyoming had 22 percent and 32 percent, respectively. So, this accounts for the concentration of these counties nearby Yellowstone National Park.

The combination of high area natural amenities, high levels of creative occupation employment, and strong entrepreneurial climates or cultures are referred to by ERS researchers and economists as the “trifecta” in terms of underlying attributes for economic growth and vitality. Park County is one of only several hundred rural counties across the entire U.S. that appears to possess all three of these attributes, which will become clear in the discussion of area income and employment data later in this report.

### Area Housing Numbers and Growth

The figure below shows Park County’s population in 1970, 1980, 1990, 2000, and 2010 next to the number of housing units at these times.

Fig. 12: Resident Population & Housing Units in Park Co. Over Time

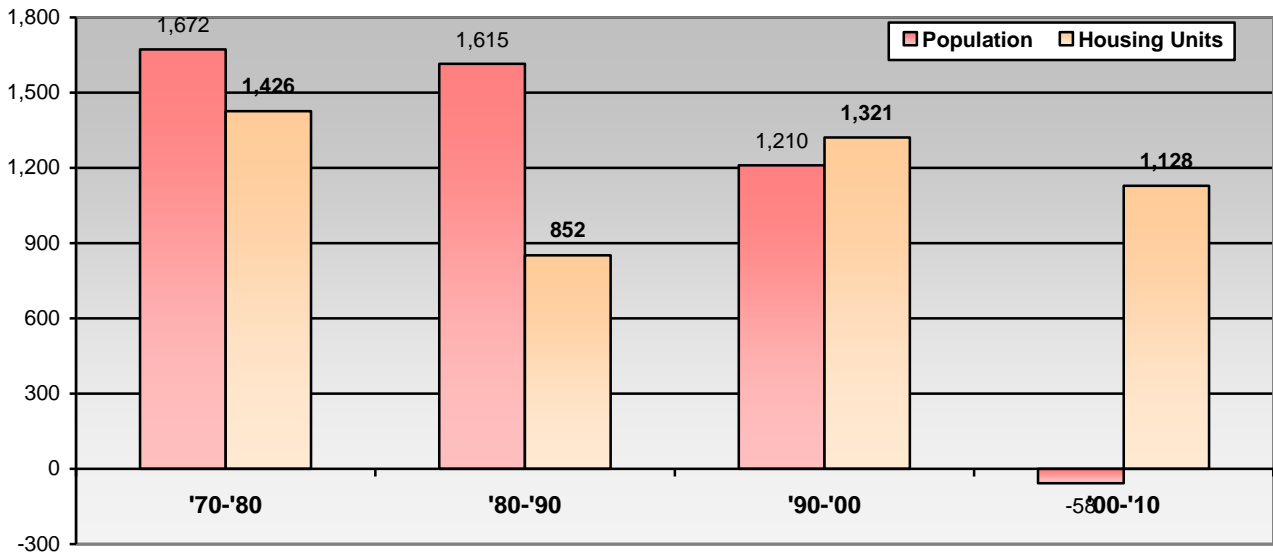


The number of housing units found in an area largely tracks closely with area population. But the number of persons per household has been decreasing over time, both with smaller families and higher divorce rates, but also from population aging and a growing number of “empty nesters” or older couples whose children are no longer living at home. In 1970 with a population of 11,197 there were an estimated 4,648 housing units in Park County – a ratio of 2.41 people for every housing unit. In 2010 the population totaled 15,636 with 9,375 housing units or 1.67 people per unit. Population figures only include “permanent residents” of the county. A growing number of part-time residents with homes in the county, are not included in the population estimates. However, the houses they may own are counted in the housing data.

At the time of the 2010 Census, 22 percent of Park County’s 9,375 housing units were classified as “vacant,” with a large majority of these vacant because of “seasonal, recreational, and occasional use.” So, housing units are increasing much faster in Park County than is the resident population.

Figure 13 below shows the change in the county’s resident population from one period to the next, along with changes in the number of housing units. From 1970 to 1980 the resident population grew by 1,672 people while housing increased by 1,426. During the ‘90s, however, when migration into western Montana increased significantly and many homes were being built by an increasing number of part-time residents, the number of housing units increased by more than the resident population.

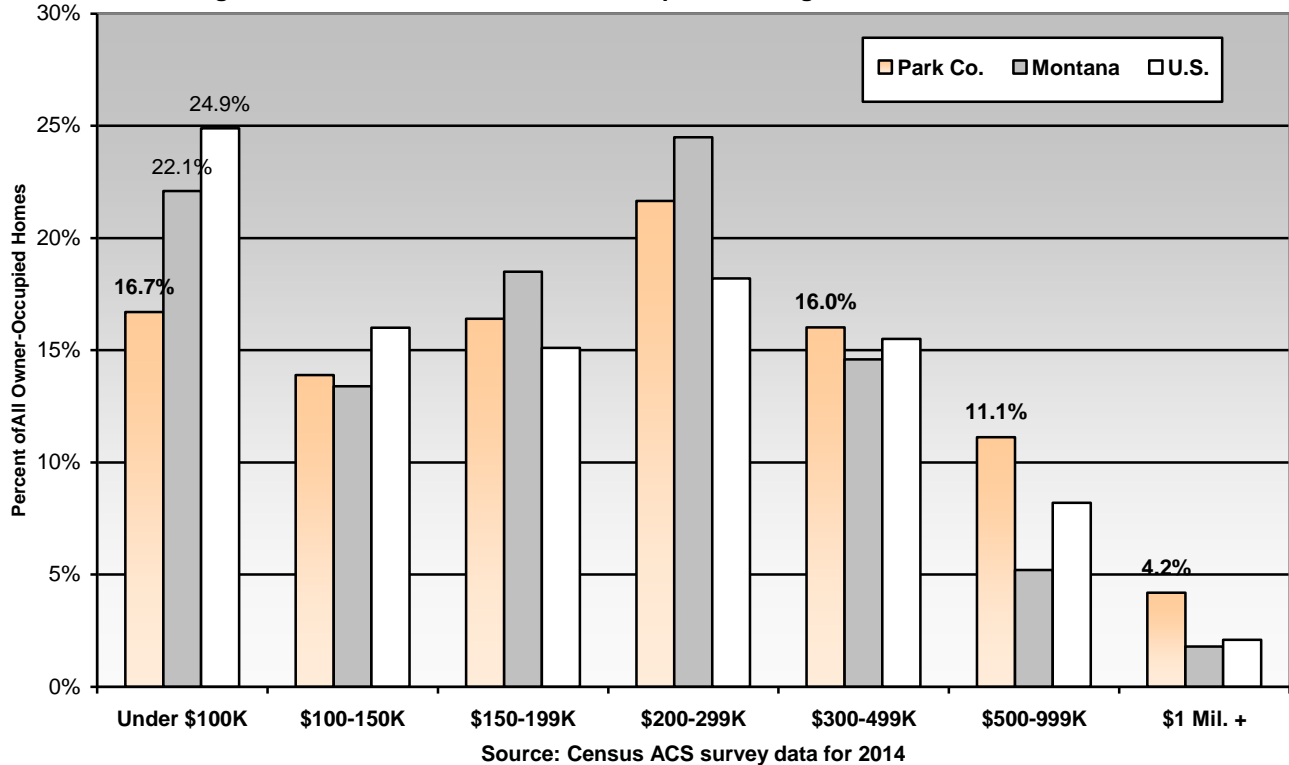
**Fig. 13: Decade-to-Decade Change in Population & Housing Units in Park Co.**



More recently (2000-10) housing units in Park County increased significantly in spite of a slight decrease in population between these years. And the only way that housing units continue to grow with little or no growth in the resident population is from a growing number of part-time residents who are building and buying homes in the county. This helps sustain area construction activity in spite of stagnant population growth and usually only happens in areas where there are special qualities and features that attract a growing number of part-timers to an area.

The Census Bureau does surveys across the U.S. in compiling information on the value of housing from one area to the next. The data are compiled for home value ranges in Figure 14 for Park County, Montana as a whole, and the U.S.

**Fig. 14: Estimated Values of Owner-Occupied Housing: Park Co., Montana, U.S.**



Homes in Park County, Montana, tend to be more expensive than in Montana and the U.S. as a whole. Survey data from 2014 indicated the median price of a home in Park County was \$210,100. This is 12 percent higher than the \$187,600 median home value for Montana homes statewide and almost 20 percent higher than the median price of a home nation-wide, which was \$175,700.

Largely because of the high amenity attributes and attractions found in Park County and their relatively high visibility for travelers and tourists to the area, there is a larger percentage of homes in the county valued at over \$1 million – 4.2 percent of the total vs. 1.8 percent statewide and 2.1 percent nationally. And homes valued between \$500 thousand to one million dollars account for about 11.1 percent of Park County houses versus 5 percent of homes statewide and 8.2 percent nationally. Park County also has a larger percentage of homes \$300-to-\$500 thousand in value than statewide and nationally. So, Park County has a higher proportion of higher priced homes. Conversely only 16.7 percent of Park County homes are valued at under \$100 thousand, as compared to 22.1 percent state-wide and 25 percent nationally.

The higher values for homes in Park County, largely attributable to the area’s attractiveness and amenities, translate directly into increased area wealth, since a home is the single largest asset for many families and individuals who own homes. So, while homes in Park County can be more expensive to buy; for those who own them, their wealth is enhanced because of what the area adds to the value of their homes. When it comes to the relative value of homes, it is almost always a matter of “location, location, location” and Park County as a location is good when it comes to home values. Home values in the area should remain relatively high as long as the area maintains its attractiveness to potential new residents and part-timers.

These higher values also translate into more revenue for local city and county governments and for area schools, who rely upon property taxes for much of their revenue. While it may cost more

to buy a home in Park County, Montana, all things considered, its better to live and work in an area where homes are highly valued than in ones where they are poorly valued, and the differences heavily reflect the desirability of living in one area versus another. Fig. 15 shows the locations of residents and housing units within four general Census County Divisions (CDDs) for Park County. These include the Livingston CCD, Shields Valley CCD north of Livingston, and the Gardiner-Cooke City CCD. A fourth CCD includes a small portion of the county's southern area where Yellowstone National Park extends into Montana. During the 20-year period from 1990 to 2010 the resident population of the county grew by 1,074 people while the number of housing units increased by 2,449.

Much of the increase in housing units was in the Livingston CCD, which extends south to Pray and Emigrant, both Census Designated Places or CDPs, that are in the central part of the Paradise Valley. The Shields Valley CCD in the northern portion of the county accounted for 311 additional units (12.7 percent) with population growth of 200. Within the Livingston CCD, the City of Livingston itself accounted for 642 additional housing units (26 percent of the county-wide total) and its population grew by 343. This means the remainder of the Livingston CCD had an increase in permanent residents of 850 with housing units increasing by 1,150 (47 percent of the total).

**Fig. 15: Population and Housing Units within Park County Census Divisions in 1990, 2000, and 2010**

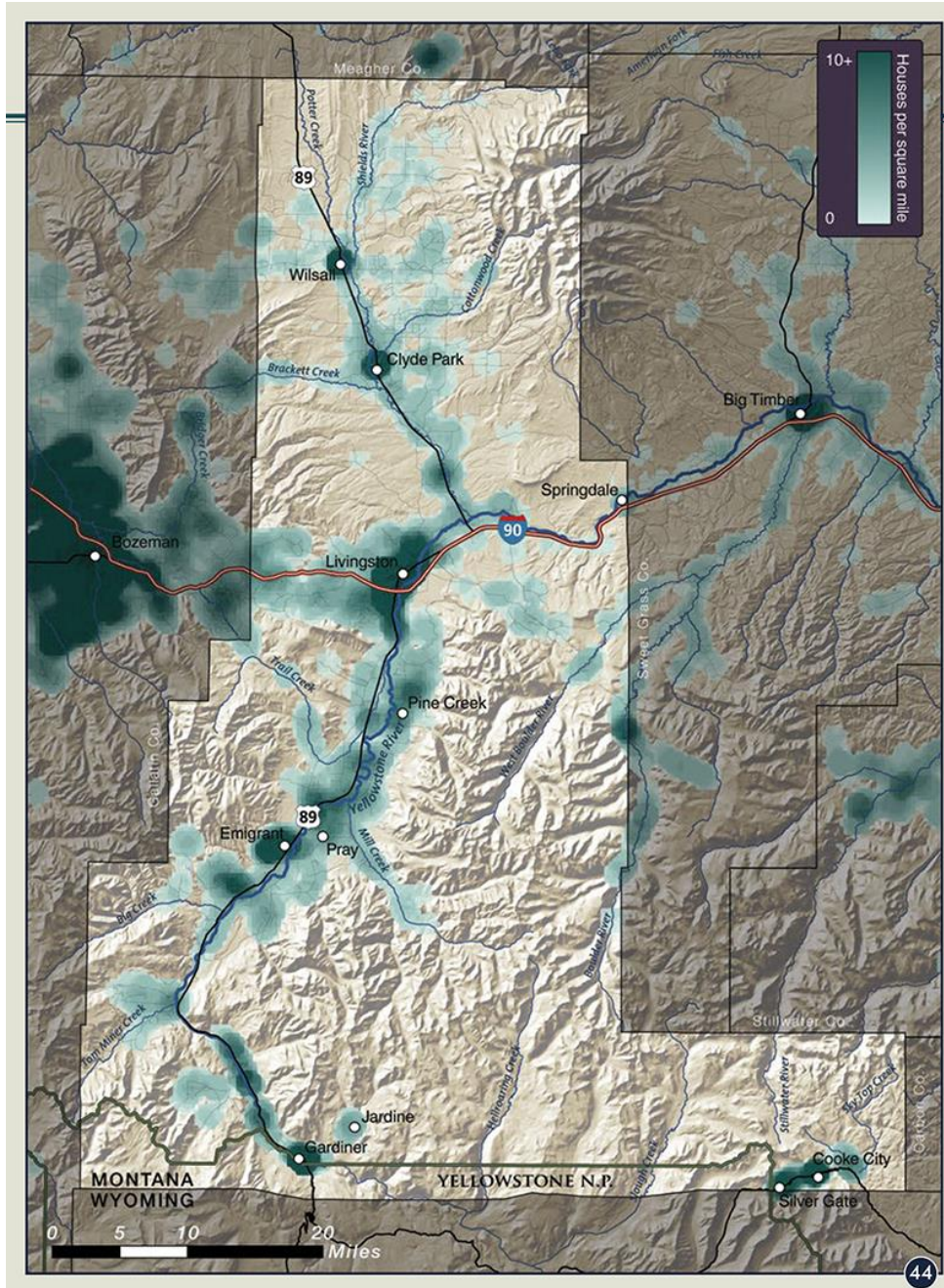
Park County Sub-areas	1990 2000 2010			1990 2000 2010			1990-2010 Pop.	Change H. Units
	Population			Housing				
<b>Livingston CCD</b>	11,132	12,016	12,325	5,236	6,042	7,028	1,193	1,792
Livingston City	6,701	6,851	7,044	3,137	3,360	3,779	343	642
Emigrant CDP	X	X	488	X	X	334		
So. Glastonbury CDP	X	X	234	X	X	157		
Pray CDP	X	X	681	X	X	455		
Springdale CDP	X	X	42	X	X	21		
Wineglass CDP	X	X	256	X	X	120		
<b>Shields Valley CCD</b>	1,585	1,886	1,785	716	906	1,027	200	311
Clyde Park town	282	310	288	130	157	153	6	23
Wilsall CDP	X	237	178	X	119	106		
<b>Gardiner-Cooke City CCD</b>	1,845	1,792	1,493	974	1,299	1,305	-352	331
Gardiner CDP	X	851	875	X	497	556		
Cooke City CDP	X	X	75	X	X	160		
Corwin Springs CDP	X	X	109	X	X	115		
So. Glastonbury CDP	X	X	50	X	X	54		
Jardine CDP	X	X	57	X	X	32		
Silver Gate CDP	X	X	20	X	X	149		
<b>Yellowstone N. Park CCD</b>	X	X	33	X	X	15	33	15
<b>County-wide</b>	14,562	15,694	15,636	6,926	8,247	9,375	1,074	2,449

Source: 2010 Census of Population (housing statistics)

Housing units in the Gardiner-Cooke City CCD grew by 331 over the period while the resident population fell by 352. Clearly housing growth in this southern portion of the county is being driven by a growing number of part-timers who don't count as residents of the county, but do have housing in the county. Figure 16 taken from The Atlas of Park County shows the general distribution of housing and housing density within the county and its various sub-areas, as well as in surrounding counties.



Fig. 16: Housing Density and Distribution in Park County, 2011



Source: The Atlas of Park County Montana, 2013, housing density (p. 44)

The 2010 Census indicated that there were 7,310 “households” in Park County with an average household size of 2.12 persons, all made up of permanent residents of the county. However, the county had 9,375 housing units in the 2010 Census, meaning roughly 2,065 of these were not occupied by permanent residents. The Census Bureau classified 1,308 of these as used “for seasonal, recreational, and occasional use” – meaning that about 18 percent of the county’s housing units were for these seasonal and recreational purposes.

There are increasing numbers of people who know about Park County and the quality of life and recreational amenities it offers and have chosen to live there at least part of the year, investing in

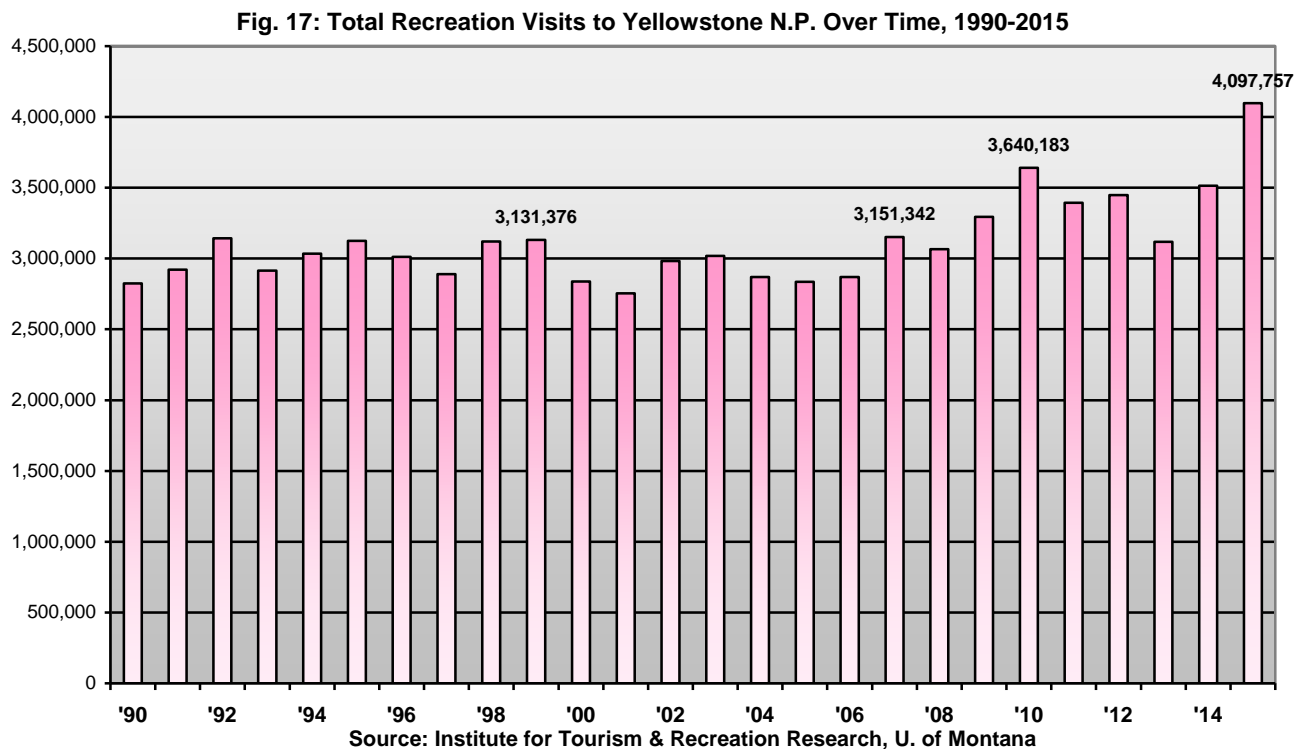


housing to do so. This translates into more retail and services trade in the area for these part-time residents, as well as construction activity associated with the additional housing demand they bring.

**Trends in Visitation to Yellowstone National Park**

Proximity to Yellowstone National Park has heavily influenced the visibility of Park County and the Paradise Valley area and this influence is continuing with more and more visitors to Yellowstone Park in recent years. Figure 17 shows the total number of recreation visitors to the park for each year since 1990, as compiled by YNP and posted on the web site of the Institute for Tourism and Recreation Research at the University of Montana (ITRR).

Through most of the '90s and up through the middle part of the last decade, visitation to the park was plus or minus three million visitors. Visitation trended up between 2000 and 2010, before falling a bit in 2011 and 2013 during the national economic slowdown. As the economy has recovered, the trend in increased visitation to Yellowstone Park has returned and the park had a record 4.1 million visitors in 2015 – a 13 percent increase from the 2010 level which was the previous record year for visitation at Yellowstone NP.

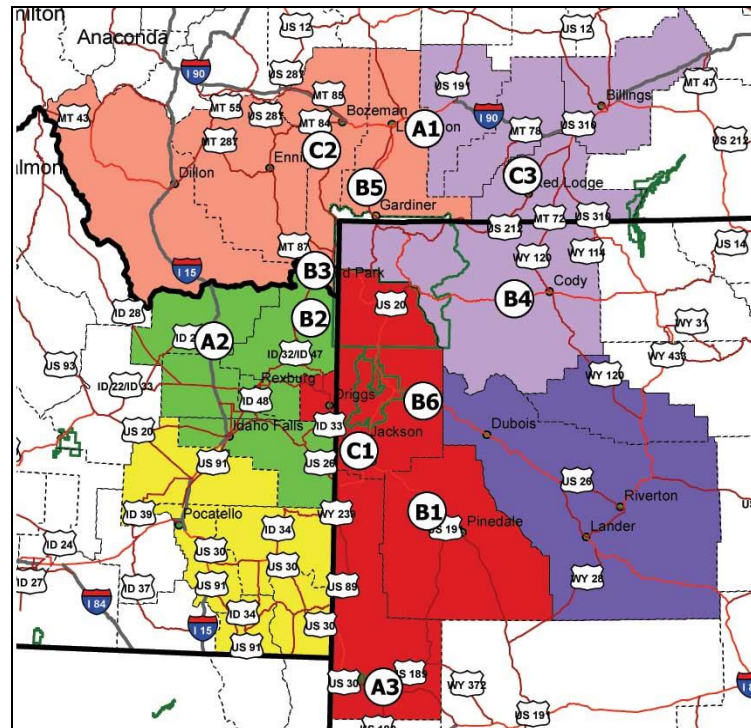


**Traffic levels to and from the park**

The way in which visitation levels to YNP play out in various areas surrounding the park, including Park County, can be gained by examining traffic patterns and volumes on the major highways and gateways to the park. The 2007 study of the region for the Yellowstone Business Partnership included a detailed analysis of traffic flows in the larger area surrounding Yellowstone Park, including traffic into and out of the park’s gateways. These gateways are shown in Figure 18 below taken from the YBP study, and are labeled B1, B2, B3, B4, B5, and B6. B5 is the segment of U.S. Highway 89 north of Gardiner on the north edge of YNP. Various sub-areas around YNP were color-coded in the map to signify sub-areas of the Greater Yellowstone Region and Park

County is included in the northwest sub-area shown in orange. Many highway segments are shown across the entire region. But the highway locations above are the park’s main gateways.

**Fig. 18: Yellowstone National Park and Surrounding Area Highway Segments**



- From the 2007 study for the Yellowstone Business Partnership by Swanson

The park’s main gateways shown in the figure include:

- **South gateways B1:** 17E (Daniel Junction), and, **B6:** 24 (Togwotee Pass, Teton Co., WY)
- **West gateways B2:** ATR #032 Hwy 20, Island Park, and, **B3:** A-19 Duck Creek (US 191 and 287)
- **East gateway B4:** 35 (Cody West)
- **North gateway B5:** A-20 US 89 N. of Gardiner

Figure 19 shows average daily traffic (ADT) counts for these highway segments from the 2007 YBP study which is taken from state highway department data, covering three years in the early ‘90s and three years from 2003 to 2005. The west gateway area labeled B2 in Fig. 18 (ATR #032 Highway 20, Island Park) clearly has the highest traffic volume of these six gateway areas, followed by traffic in the area labeled B3 (A-19 Duck Creek, U.S. 191 and 287), also on the west side of the park. The east gateway on Highway 35 (Cody West), shown in light blue, ranks third among these gateways in traffic, followed by traffic through the south gateway at B1 (17E, Daniel Junction).

The north gateway on U.S. 89 by Gardiner ranked fifth in monthly average daily traffic among these six gateway area highway segments. The ebb and flow of traffic in the area follows the seasonality of park visitation, with highs in the middle summer months, usually peaking in July, and lows in the winter months.

**Fig. 19: Monthly Daily Traffic in the Early '90s vs. 2003-05: National Park Gateways**

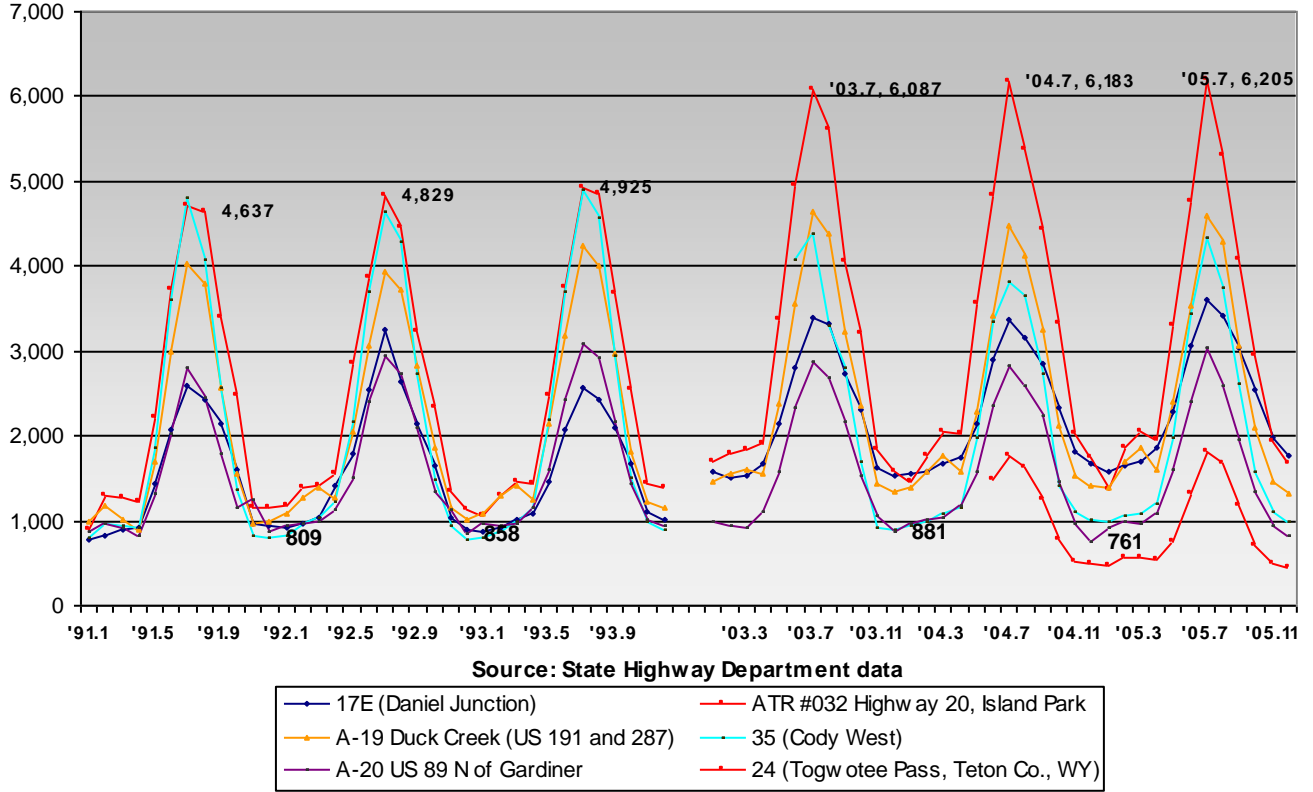
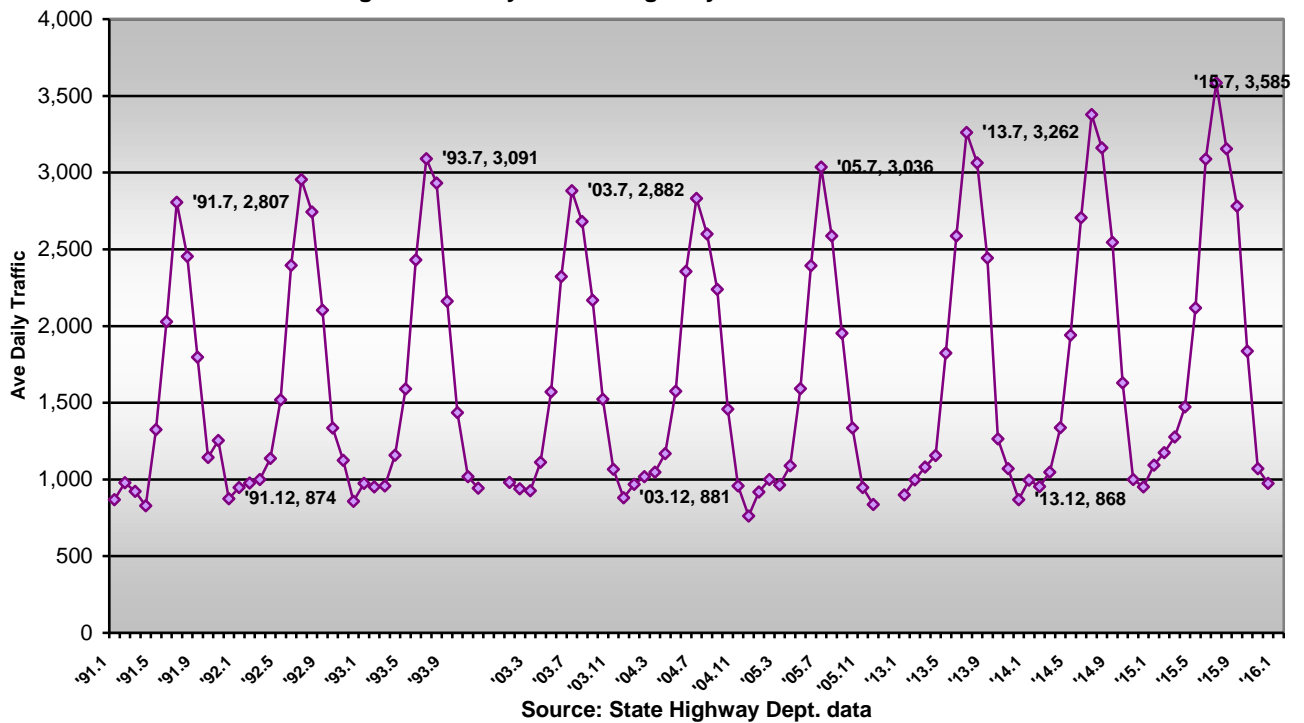


Figure 20 below focuses on the Highway 89 segment north of Gardiner only and includes monthly traffic data used in Figure 18 for 1991 through 1993 and 2003 through 2005. Added to this are traffic data for each month from 2013 through 2015.

**Fig. 20: Monthly ADT for Highway 89 North of Gardiner**



In July, 2005, the ADT count for traffic through this north gateway averaged 3,036 vehicles per day. Visitation to YNP for the entire year in 2005 totaled 2,835,650. It rose to 4,097,757 in 2015 – an increase of 1,262,107 visitors or 45 percent. During this same time the ADT for July in 2015 at the north gateway to the park on Highway 89 was 3,585 vehicles a day. This is an increase of 549 vehicles on average each day over the level in July ten-years earlier or an 18 percent increase in traffic. So, there is a marked increase in traffic to and from the park at the North gateway, but the increase is considerably less in percentage terms than the overall increase in visitation to the park – an 18 percent increase in ADT at the north gateway versus a 45 percent increase in overall park visitation from 2005 to 2015.



**North Entrance or gateway to Yellowstone National Park on Highway 89 near Gardiner, MT, and Mammoth Hot Springs and, conversely, the gateway from Yellowstone Park into Park County's Paradise Valley**

This 18 percent increase is still a very significant increase in traffic through the area and represents multiples of hundreds of additional vehicles a day moving through Park County during the summer. Traffic in the winter months through this area in 2015 is very similar to what it was ten-years earlier as well as another eight years prior to that in 1993. Winter-time traffic at this location over this entire length of time has been in the same range – 874 ADT in December of 1991, 881 ADT in December of 2003, and 868 in December of 2013.

### **Non-resident Traveler Spending in Park County**

When traveling to and from Yellowstone National Park and across Montana, visitors do spend money. The Institute for Tourism and Recreation Research at the University of Montana conducts periodic surveys of these expenditures at key locations throughout Montana. ITRR's most recent survey done in 2015 found that non-resident travelers spend an average of \$146.23 per day per group while traveling in Montana. For the roughly 11 million non-resident travelers that visited the state in 2015, this translated into total expenditures of almost \$3.6 billion.<sup>9</sup>

The largest categories of spending by these travelers were fuel (22 percent of the daily average), bars and restaurants (18 percent), hotels and other lodging including cabins and RV parks (14 percent), retail sales (13 percent), groceries and snacks (9 percent), outfitters and guides (8 percent), and Made in Montana gifts (6 percent).

Together these categories of spending account for 92 percent of all expenditures by these non-resident travelers, with most spending obviously occurring in places where they stop, stay, and spend time as they travel. Businesses in areas with qualities and things of interest to these travelers are the primary recipients of these expenditures – businesses that provide fuel, food and refreshments, lodging, groceries, and other retail items. Area outfitters and guides employed by these visitors also benefit. Employees of the wide range of affected businesses benefit. Statewide, ITRR estimates that this spending provided jobs for over 37,000 people directly, and another 15,000 indirectly and through induced effects or employment resulting from the added spending that comes from the new income this tourism activity generates.

ITRR staffers compile data on expenditures by non-resident travelers across Montana and they are able to assign some spending to specific counties and regions of the state. They estimated statewide spending by these visitors in 2013 and 2014 averaged \$3.8 billion annually. In these years “Glacier and Yellowstone travel regions received the highest percentage of non-resident spending, 33 and 26 percent, respectively.”<sup>10</sup> So, nearly 60 percent of all of the spending in Montana by non-resident travelers is in regions surrounding the two larger national parks – Glacier and Yellowstone, which serve as major destinations for these travelers.

ITRR’s “Yellowstone” region includes Gallatin, Sweet Grass, Stillwater, Carbon, and Park Counties. This 5-county region as a whole received \$970 million in total non-resident traveler spending. ITRR staff examined the economic multiplier of this spending on the region and estimated it supported \$780 million in economic activity directly and another \$476 million indirectly, including through creating additional area income that is, in turn, spent on other goods and services. They further estimated the combined activity produced 13,520 jobs in the region. So, the overall impact on the area economy is large.

They estimated that expenditures in Park County alone totaled \$196 million, or about 20 percent of the 5-county region total. If jobs created by this spending were allocated to individual counties based upon their share of region-wide expenditures, this would mean approximately 2,700 of these jobs are in Park County.

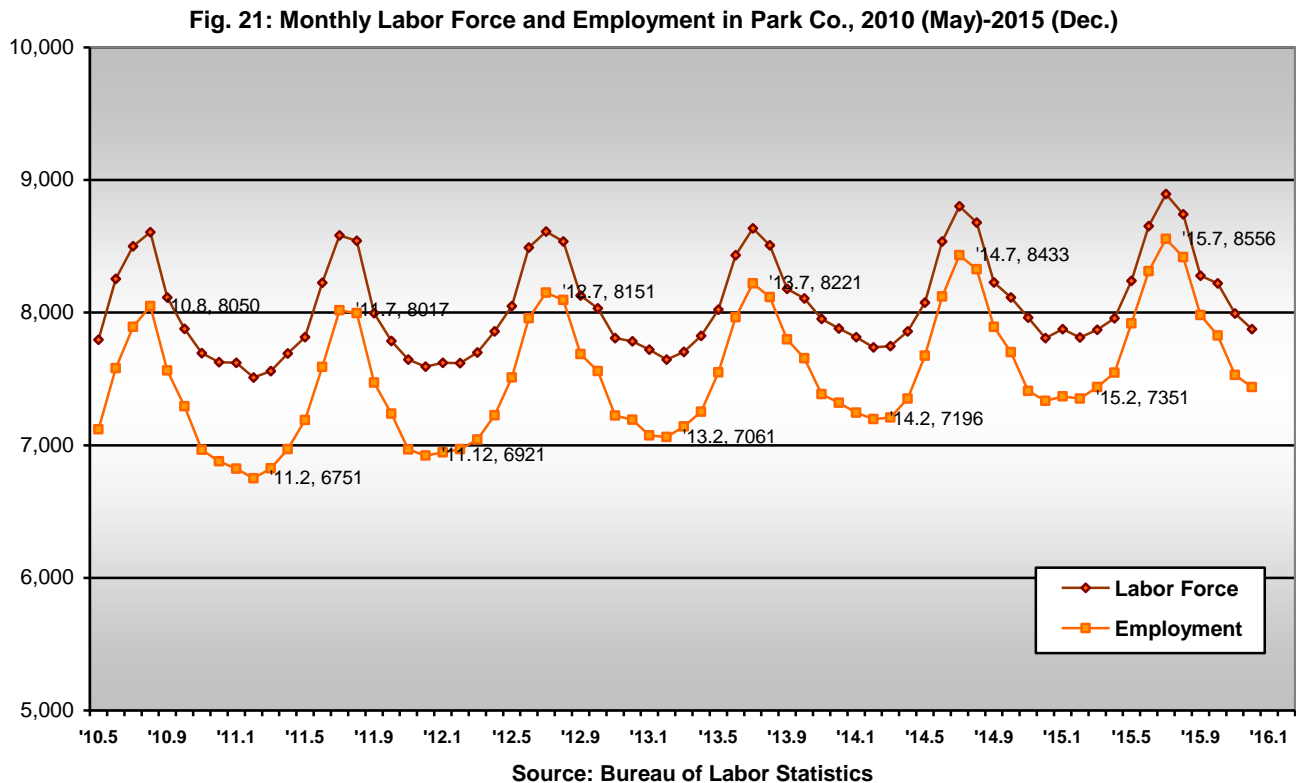
The Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce estimates total employment in Park County in 2014 at 9,445 full and part-time jobs, so 2,700 jobs linked to non-resident traveler spending represent about 28 percent of all jobs in the county. ITRR staff found that only five counties in Montana had more of these non-resident traveler expenditures than Park. These include Flathead with \$668 million and Gallatin with \$662 million and also Yellowstone (\$397 mil.), Missoula (\$285 mil.), and Cascade (\$264 mil.). Only fifteen counties had expenditures of \$50 million or more. Lewis and Clark (\$117 mil.) and Silver Bow (\$109) both ranked below Park. In terms of non-resident traveler expenditures per capita, no county in Montana with at least \$100 million in spending ranks higher than Park County at \$12,400 in non-resident traveler spending per resident.

### **Area Labor Market Trends and Patterns**

There is an ebb and flow or seasonality in when this spending occurs, with the larger share occurring in the summer months when visitation in the state and to and from YNP is highest. Areas heavily involved in this would see this same type of seasonality and ebb and flow in economic activity and in employment over the course of a year as well. Almost all areas have seasonality in their labor force and employment levels. However, this is significantly accentuated in areas with a great deal of seasonality in area tourism and visitation. This is certainly the case with Park County, as can be seen in the chart below.



Figure 21 below shows data on monthly employment and labor force numbers for Park County over the last five years (2010 through 2015). The ebb and flow in the size of the area labor force (shown in brown) and in the number of persons employed (shown in orange) are clearly evident.



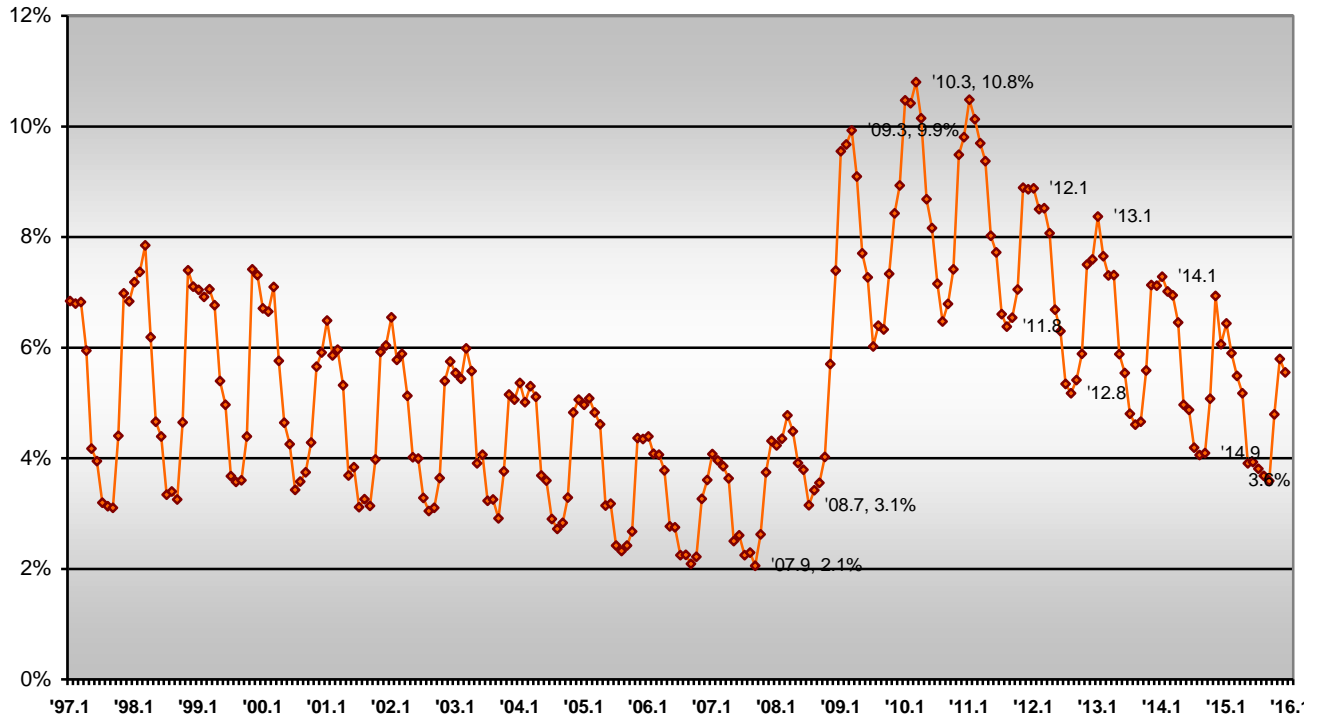
In Park County much of the seasonality in employment is being greatly affected by area patterns in visitation and traveler activity. County employment reaches highs each year in mid-summer, ordinarily in July, and lows occur usually in February. Over time, July peak employment levels are rising, from 8,050 jobs in 2010 to 8,221 in 2013 and to 8,556 in 2015. In these years employment fell to as low as 7,196 in February of 2014, 12.5 percent lower than the previous July level, and to 7,351 in February of 2015, 12.8 percent below the previous July level in 2014 of 8,433. There are seasonal swings in employment of over one thousand jobs each year from the lows in February to highs in July in Park County.

The labor force of the county is gradually increasing in number, indicated in Figure 21 by the brown line. The July, 2015, labor force was estimated at 8,95 and this is the highest estimate for the county’s labor force in its history. In future years the size of the labor force in any area will be constrained as an increasing number of persons currently in the workforce reach ages where they will enter retirement.

Figure 22 below shows monthly unemployment rates over time. Area unemployment usually hits annual highs in January or February and annual lows in August or July, or at the time of peak area employment and seasonal activity. Recent swings in the unemployment rate has been about one and a half percentage points each year, although this swing from high to low became greater in 2009 and 2010 during the recession. Unemployment levels rose considerably from a low in August, 2007, of two percent to a high of 10.8 percent in March of 2010 as the recession intensified. Double-digit unemployment is rare in Park County and only lasted for about one year. Since 2010 the unemployment rate has steadily ratcheted down to lower levels, dipping to 3.6 percent last summer.



**Fig. 22: Monthly Unemployment Over Time in Park Co., 1997-2015**



At the current rate of recovery, unemployment in Park County should fall to as low as two percent by the summer of 2017. When unemployment falls below three percent in any area, this can be considered a very “tight” labor market, in that there will be increasingly situations where there are not enough workers available for all jobs. While difficult for some employers who can’t find enough workers, this situation is conducive to gradual improvements in area wages and salaries.

### Area Fishing and Hunting Activity

While the Park County economy is affected by and responds to the rhythm of visitors to and from Yellowstone National Park and visitors to other areas of western Montana, adding to this is visitation to the area by both resident and non-resident anglers and hunters. The Montana Fish, Wildlife, and Parks (MFWP) estimates that resident and non-resident hunters and anglers together spend about \$1.26 billion each year in the state while on hunting and fishing trips.<sup>11</sup> This is about \$1,250 for every man, woman, and child who lives in Montana with its roughly 1,014,000 residents. But these dollars get spent disproportionately in some areas of Montana than others. And Park County is one of the areas in the state where spending of these dollars is relatively high.

MFWP keeps records on where anglers are fishing and hunters are hunting in the state by district and sub-area, and it also conducts periodic surveys of what these anglers and hunters spend during their hunting and fishing trips and travels. The figures on expenditures are astonishing in some ways, but reflective of just how big and important these activities are in the state and can affect certain areas economically. MFWP estimated there were over 3.5 million days spent fishing somewhere in Montana in 2013, occurring over 38 thousand individual fishing “trips”. Each day on these trips spent fishing by a single angler is referred to as an “angler day”. About 2.3 million of the angler days were by residents of Montana, or about 65 percent of the total. The largest number of these angler days occurs in July with over 700 thousand. August is the second busiest month for this sport fishing in Montana, followed by June and then September. So, fishing activity in the state is heavily focused in three or four months during the summer.

MFWP data are compiled for lakes and streams throughout Montana and then tabulated for 40 larger drainages. The table in Figure 23 below shows these data for the six busiest drainages within Montana, drainages that together account for nearly half of all angler activity in Montana, meaning that the other half is spread across the other 34 major drainages in Montana.

**Fig. 23: Sport Fishing Activity (Angler Days) in Montana for Major Drainage Areas in 2013**

ANGLER DAYS	SUMMER			WINTER			Grand Tot.	State Share
	Res.	Non-res.	Total	Res.	Non-res.	Total		
<b>Upper Yellowstone</b>								
Lake	39,629	6,844	46,472	9,241	7,223	16,464	62,936	
Stream	146,956	95,587	242,542	44,187	24,616	68,803	311,345	
<b>Total</b>	<b>186,585</b>	<b>102,431</b>	<b>289,015</b>	<b>53,428</b>	<b>31,839</b>	<b>85,267</b>	<b>374,282</b>	<b>10.6%</b>
<b>Upper Missouri</b>								
Lake	152,636	9,763	162,399	52,902	9,817	62,719	225,118	
Stream	23,834	9,712	33,546	27,089	5,102	32,191	65,737	
<b>Total</b>	<b>176,470</b>	<b>19,475</b>	<b>195,945</b>	<b>79,991</b>	<b>14,919</b>	<b>94,910</b>	<b>290,855</b>	<b>8.2%</b>
<b>Madison River</b>								
Lake	23,410	24,337	47,747	7,493	11,839	19,332	67,079	
Stream	40,822	101,628	142,450	22,395	42,460	64,855	207,305	
<b>Total</b>	<b>64,232</b>	<b>125,965</b>	<b>190,197</b>	<b>29,888</b>	<b>54,299</b>	<b>84,187</b>	<b>274,384</b>	<b>7.8%</b>
<b>Flathead River</b>								
Lake	77,331	18,470	95,801	47,327	14,869	62,196	157,997	
Stream	49,509	15,393	64,902	10,030	3,488	13,518	78,420	
<b>Total</b>	<b>126,840</b>	<b>33,863</b>	<b>160,703</b>	<b>57,357</b>	<b>18,357</b>	<b>75,714</b>	<b>236,417</b>	<b>6.7%</b>
<b>Missouri River - Dearborn</b>								
Lake	1,229	134	1,363	2,045	0	2,045	3,408	
Stream	87,727	55,095	142,822	58,858	29,985	88,843	231,665	
<b>Total</b>	<b>88,956</b>	<b>55,229</b>	<b>144,185</b>	<b>60,903</b>	<b>29,985</b>	<b>90,888</b>	<b>235,073</b>	<b>6.7%</b>
<b>Bighorn River</b>								
Lake	7,262	5,886	13,148	1,602	1,863	3,465	16,613	
Stream	26,965	88,211	115,176	14,811	74,849	89,660	204,836	
<b>Total</b>	<b>34,227</b>	<b>94,097</b>	<b>128,324</b>	<b>16,413</b>	<b>76,712</b>	<b>93,125</b>	<b>221,449</b>	<b>6.3%</b>
<b>Statewide</b>							6 basins	46.3%
Undesignated	12,601	4,872	17,473	4,755	2,279	7,034	24,507	
Lake	712,668	141,410	854,078	295,937	111,390	407,327	1,261,405	
Stream	926,131	674,159	1,600,290	363,205	279,668	642,873	2,243,163	
<b>Total</b>	<b>1,651,400</b>	<b>820,441</b>	<b>2,471,841</b>	<b>663,897</b>	<b>393,337</b>	<b>1,057,234</b>	<b>3,529,075</b>	<b>100%</b>
			70.0%			30.0%		

Source: Montana Fish, Wildlife & Parks, "Montana Statewide Angling Pressure, 2013," March, 2015

One of these drainages is the "Upper Yellowstone" which is positioned over Park County, and also extends into Sweet Grass and Stillwater Counties. The Yellowstone River enters Park County from Yellowstone National Park and runs the full length of the Paradise Valley area. It and other area streams and lakes make the valley one of Montana's premier fishing areas for both resident and non-resident anglers alike. By a considerable margin, the Upper Yellowstone River basin is the single busiest drainage among all of these 40 major drainages in Montana for sport fishing activity with around 374 thousand angler days per year, using 2013 data. This is 10.6 percent of the statewide total. The Upper Missouri basin has the second most angler activity with about 290

thousand angler days (8.2% of the state total), followed by the Madison River with 274 thousand and the Flathead River with 236 thousand.

The agency segregates these data into a 5-month summer season (May through September) and a 7-month winter season (October through April) and the summer and winter angler numbers for each of the six basins are shown in the table. Of the 374 thousand angler days estimated for the Upper Yellowstone, 289 thousand or 77 percent are during the 5-month summer season from May through September. The remaining months are over the winter season.

The data also are separated by resident (Montana residents) and non-resident (persons residing outside of Montana) anglers. Statewide during the summer season about 67 percent of all angler days are by Montana residents. In the Upper Yellowstone the estimate is 64 percent, so about 36 percent are non-resident anglers who fish in the Upper Yellowstone drainage. Anglers who fish the Upper Yellowstone also indicate that the primary species they fish for in this area is trout, including rainbow, brown, cutthroat, and brook trout.

MFWP compiles similar data on area hunting and divides Montana into a number of regions and districts in tabulating data on hunting. These data are tabulated by game species and by sub-area where hunting occurs. Figure 24 shows these estimates for MFWP hunting districts located in and nearby Park County. Data for elk and deer hunting only are shown in the figure – for elk in 2014, 2012, and 2010, and for deer in 2013, 2011, and 2010. Multiple years show how activity varies from one year to the next.

The total number of elk hunter days in Districts 313, 314, 316, and 317 totaled 21,417 in 2014, a bit higher than in 2012 when there were 19,994 elk hunter days in this area, and down from 26,570 elk hunter days in 2010. Elk hunting in the area in 2014 was by 3,299 individual hunters; 2,452 of which were Montana residents (74 percent), the remainder (totaling 847) were non-residents of the state.

Information gathered on the length of these elk hunting trips indicated they occurred over 16,473 hunter days for resident hunters and 4,944 hunter days for non-residents. This elk hunting activity in 2014 resulted in 996 elk kills, 612 in 2012 and 1,397 in 2010. Figure 21 also shows deer hunting activity across Park County area hunting districts.

In 2013 the number of hunters who hunted deer in the area totaled 3,281 with 2,592 or almost 80 percent of these residents of Montana. This deer hunting activity occurred over a total of 19,762 hunter days with 15,865 of these hunter days by residents. A little over 1,500 deer were killed by these hunters in 2013 as compared to 1,353 in 2011 and 1,382 in 2010 when in both of these earlier years there was less deer hunting activity overall in the area.

When you add the totals for elk hunting and deer hunting such as for 2010, there were a total of 43,275 individual hunter days (26,570 elk hunter days and 16,705 deer hunter days) across these area hunting districts. However, MFWP staffers indicate that the two sets of data are not entirely independent of each other. Some of these days involve both deer and elk hunting. While largely done on separate days, they can be part of the same hunting trip. So, there is some cross-over where trips involve both and some undetermined amount of double-counting in these data.

Besides elk and deer hunting there is other hunting activity in the area. In 2014 there were 570 hunter days (543 of these by Montana residents) in the area for mountain goats by 90 resident hunters and eight non-resident hunters, with 73 goats actually killed. These were in MFWP

districts 314, 316, 323, 329, and 330, all in or partially in Park County. These hunter days numbered 608 in 2012 – 566 by residents and 42 by non-residents.

**Fig. 24: Elk and Deer Hunting Activity in the Park County Area in Recent Years**

	Hunters			Hunter Days			Harvest		
	Res.	Non-res.	Total	Res.	Non-res.	Total	Res.	Non-res.	Total
<b>ELK HUNTS</b>									
<b>Dist. 313 - 2014</b>	580	437	1,017	4,412	2,364	6,776	186	162	348
<b>313 - 2012</b>	517	424	941	3,444	2,349	5,793	79	106	185
<b>313 - 2010</b>	890	407	1,297	5,646	2,178	7,824	274	119	393
<b>Dist. 314 - 2014</b>	1,177	267	1,444	7,571	1,643	9,214	350	119	469
<b>314 - 2012</b>	1,105	291	1,396	7,492	1,761	9,253	205	77	282
<b>314 - 2010</b>	1,490	404	1,894	11,526	2,458	13,984	574	154	728
<b>Dist. 316 - 2014</b>	60	48	108	425	343	768	3	9	12
<b>316 - 2012</b>	97	34	131	677	210	887	6	8	14
<b>316 - 2010</b>	118	45	163	702	212	914	22	22	44
<b>Dist. 317 - 2014</b>	635	95	730	4,065	594	4,659	140	27	167
<b>317 - 2012</b>	606	127	733	3,423	638	4,061	92	39	131
<b>317 - 2010</b>	576	196	772	2,850	998	3,848	160	72	232
<b>Total - 2014</b>	<b>2,452</b>	<b>847</b>	<b>3,299</b>	<b>16,473</b>	<b>4,944</b>	<b>21,417</b>	<b>679</b>	<b>317</b>	<b>996</b>
<b>2012</b>	<b>2,325</b>	<b>876</b>	<b>3,201</b>	<b>15,036</b>	<b>4,958</b>	<b>19,994</b>	<b>382</b>	<b>230</b>	<b>612</b>
<b>2010</b>	<b>3,074</b>	<b>1,052</b>	<b>4,126</b>	<b>20,724</b>	<b>5,846</b>	<b>26,570</b>	<b>1,030</b>	<b>367</b>	<b>1,397</b>
<b>DEER HUNTS</b>									
<b>Dist. 313 - 2013</b>	499	264	763	3,253	1,425	4,678	188	117	305
<b>313 - 2011</b>	459	253	712	2,849	1,372	4,221	186	80	266
<b>313 - 2010</b>	482	183	665	2,903	1,116	4,019	201	74	275
<b>Dist. 314 - 2013</b>	1,027	251	1,278	6,383	1,600	7,983	428	68	496
<b>314 - 2011</b>	960	281	1,241	5,585	1,629	7,214	446	104	550
<b>314 - 2010</b>	1,039	244	1,283	6,230	1,361	7,591	463	109	572
<b>Dist. 316 - 2013</b>	44	19	63	278	112	390	14	3	17
<b>316 - 2011</b>	29	28	57	130	174	304	3	6	9
<b>316 - 2010</b>	51	8	59	234	20	254	11	8	19
<b>Dist. 317 - 2013</b>	1,022	155	1,177	5,951	760	6,711	591	93	684
<b>317 - 2011</b>	818	154	972	4,349	705	5,054	466	62	528
<b>317 - 2010</b>	684	205	889	3,658	1,183	4,841	422	94	516
<b>Total - 2013</b>	<b>2,592</b>	<b>689</b>	<b>3,281</b>	<b>15,865</b>	<b>3,897</b>	<b>19,762</b>	<b>1,221</b>	<b>281</b>	<b>1,502</b>
<b>2011</b>	<b>2,266</b>	<b>716</b>	<b>2,982</b>	<b>12,913</b>	<b>3,880</b>	<b>16,793</b>	<b>1,101</b>	<b>252</b>	<b>1,353</b>
<b>2010</b>	<b>2,256</b>	<b>640</b>	<b>2,896</b>	<b>13,025</b>	<b>3,680</b>	<b>16,705</b>	<b>1,097</b>	<b>285</b>	<b>1,382</b>

Source: Montana Fish, Wildlife & Parks web site <http://fwp.mt.gov/hunting/planahunt/harvestReports.html>

Big horn sheep hunter days in the area totaled 494 in 2014 – 409 by residents and 95 by non-residents with only four sheep recorded as killed. These were in MFWP districts 300, 303, 304, and 500. These hunter days in the Park County area totaled 346 in 2012 and 493 in 2010 – the latter with 321 resident hunters and 172 by non-residents. There also is some moose hunting in the Park County area. In 2014 this included eight hunters (7 residents and one non-resident), spending a total of 98 hunter days in the area (92 by residents and six by non-residents), with six moose killed. In 2012 these hunter days for moose hunting totaled 78 with all of these by resident hunters and the MFWP districts involved included 314, 315, 322, and 329. So, when you fully tally all of the sport fishing and hunting activity in the area together, it is considerable.

## Area Spending by Hunters and Anglers

MFWP also conducts periodic surveys of what these hunters and anglers spend while on these trips. These expenditure estimates are in the table below:

**Fig. 25: Estimated Per Day Expenditures by Hunters and Anglers in Montana, 2013 Survey**

Expenditures Per Day for Hunters & Anglers	Transportation		Food		Equip/Other		Total Exp.	Per Day
	Residents	Non-res.	Residents	Non-res.	Residents	Non-res.		
Elk Hunters	\$38.63	\$87.08	\$23.98	\$101.08	\$13.99	\$258.17	<b>\$76.60</b>	<b>\$446.33</b>
Deer Hunters	\$35.62	\$91.92	\$18.86	\$104.12	\$14.15	\$190.48	<b>\$68.63</b>	<b>\$386.52</b>
Moose Hunters	\$66.10	\$112.40	\$37.37	\$92.58	\$42.60	\$246.85	<b>\$146.07</b>	<b>\$451.83</b>
Bighorn Sheep Hunters	\$66.10	\$112.40	\$37.37	\$92.58	\$42.60	\$246.85	<b>\$146.07</b>	<b>\$451.83</b>
Mountain Goat Hunters	\$66.10	\$112.40	\$37.37	\$92.58	\$42.60	\$246.85	<b>\$146.07</b>	<b>\$451.83</b>
Waterfowl Hunters	\$32.06	\$91.07	\$17.22	\$130.14	\$15.42	\$78.74	<b>\$64.70</b>	<b>\$299.95</b>
River/Stream Anglers	\$32.34	\$88.04	\$27.90	\$181.36	\$20.27	\$115.90	<b>\$80.51</b>	<b>\$385.30</b>
Lake/Reservoir Anglers	\$47.44	\$83.12	\$28.39	\$117.59	\$11.53	\$80.07	<b>\$87.36</b>	<b>\$280.78</b>

Source: 2013 Expenditure Survey by Montana Fish, Wildlife & Parks (This research is summarized in: "Summary of Research, Statewide Estimates of Resident and Nonresident Hunter & Angler Expenditures in Montana (2014)," by Michael Lewis and Zoe King, Dec. 2014, HD Unit Research Summary No. 39). Figures in the table above were refined in work for MFWP by Neal Christensen, provided by M. Lewis for use in this study.

Expenditures are tabulated for three general categories: 1) transportation, which includes costs of gas, car rental, airfare, and any other transportation expense; 2) food and beverages, which includes all food purchases related to these trips, as well as lodging expenses (although the per day cost for all of these appear somewhat low with lodging included); and 3) equipment and other expenses, which includes any equipment or supplies purchased just for these trips, not to include durable items like guns, rods, boots, boats, etc., and access and guide fees and all other expenses. Expense information is gathered for total trips and then averaged over the number of days involved in these trips to arrive upon per day averages.

For the 21,417 hunter days for elk hunting in the area in 2014, expenditures for the 16,473 of these hunter days by residents would total \$1.26 million at \$76.60 per hunter day and for the 4,944 non-resident hunter days would total \$2.2 million at \$446.33 per hunter day. Together these total nearly \$3.5 million in expenditures by all elk hunters in the area.

For the 19,762 hunter days for area deer hunting in 2013, expenditures by the 15,865 of these hunter days by residents would total \$1.1 million at \$68.63 per hunter day, and for the 3,897 of these hunter days by non-residents would total \$1.5 million. Together with the elk hunter expenditures these would come to about \$6 million in total. Discounting this for some overlap in deer and elk hunts during the same trips, this expenditure total would be close to around \$5 million annually.

Adding to this are expenditures by moose, sheep, and goat hunters in the area. The same per day expenditures are used by MFWP for each of these types of hunting. Together, hunting of these three game species in the area totals 1,276 hunter days, 1,201 by residents and 75 by non-residents. Estimated expenditures for these hunters would total \$175,000 for residents at \$146.07 per day and \$34,000 for non-residents at \$451.83 per day. So, for hunters only these



area expenditures across all of these major species would come to around \$5 to \$6 million a year, depending on levels of area hunting activity in a given year.

Using the MFWP estimates for expenditures for anglers, the 374,282 total angler days estimated for the Upper Yellowstone drainage, which includes Park and portions of two other counties, total expenditures for these anglers would be as follows:

***Expenditures by River/stream anglers on the Upper Yellowstone –***

- 191,143 resident angler days at \$80.51 per day equals \$15.4 million in annual spending, and
- 120,203 non-resident angler days at \$385.30 per day equals \$46.3 million in annual spending

This is a total of almost \$62 million a year in expenditures by both residents and non-residents fishing in Upper Yellowstone basin rivers and streams.

***Expenditures by Lake anglers in the Upper Yellowstone –***

- 48,870 resident angler days at \$87.36 per day or \$4.3 million in annual spending, and
- 14,067 non-resident angler days at \$280.78 per day or \$3.9 million in annual spending

For area lake fishing, this is total annual spending of \$8.2 million for the Upper Yellowstone.

Tallying these together, these stream and lake anglers who fish in the Upper Yellowstone River drainage area spend an estimated \$70 million a year during these fishing trips, far more than the estimated \$5 to \$6 million a year spent by hunters while hunting in Park County area hunting districts. These dollars flow to area gas stations and car rental businesses, lodging and camping facilities, food stores and restaurants, guide services, and other retailers and service providers. They are very important ingredients in the Park County area economy and represent about \$4,700 in additional spending for each resident of Park County.

This spending by anglers and hunters is generated and sustained by high quality area natural resources and environmental amenities that provide for large, healthy wildlife populations and world-renowned fisheries. And area businesses benefit enormously from this spending year-after-year on a sustained basis.

**Private Membership Organization Investments in Land Stewardship in Park Co.**

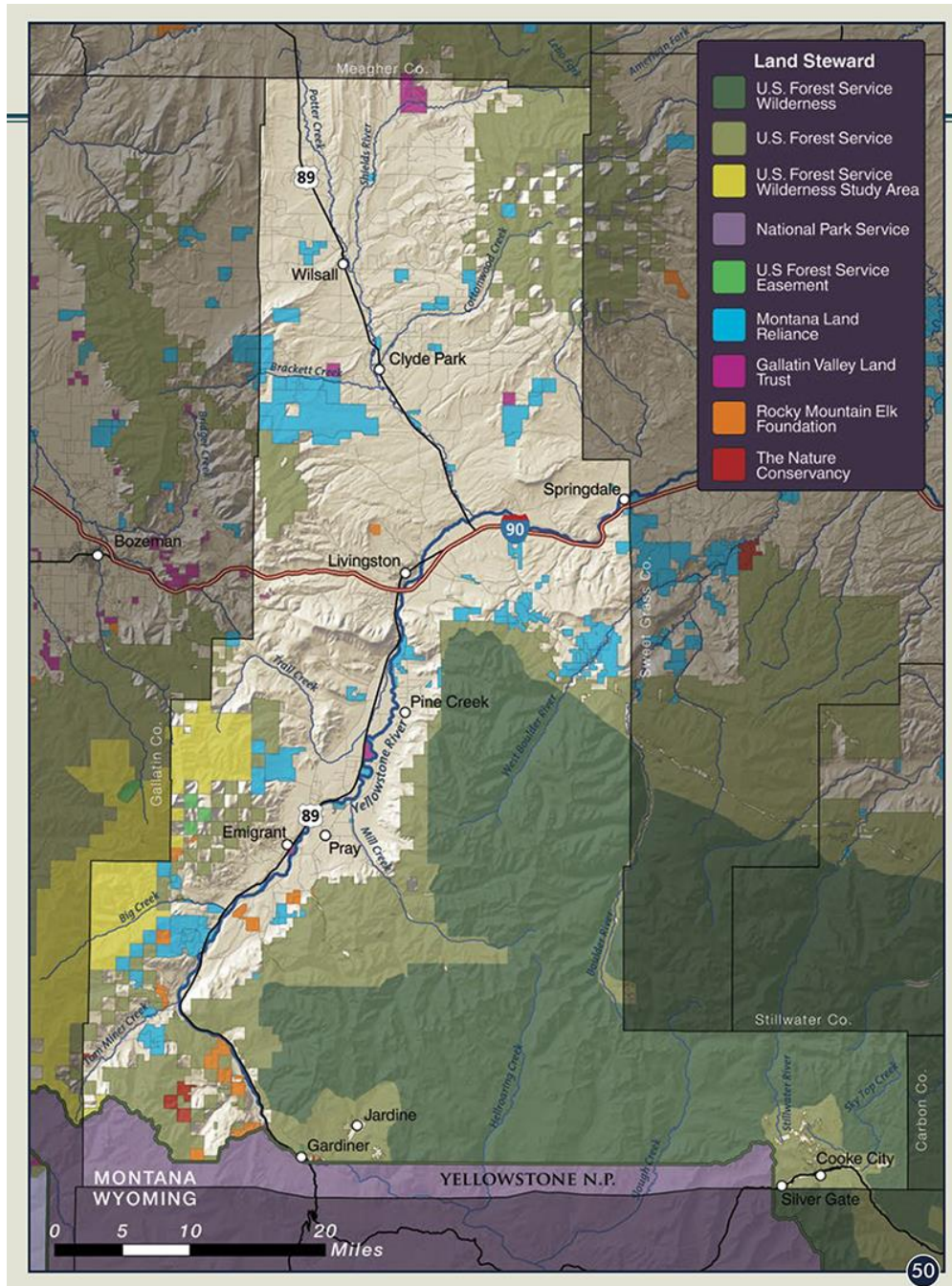
The importance of the land and water resources of Park County is well understood and appreciated by both public and private entities and organizations. The public lands of the county have already been discussed. However, adding to these are thousands of acres of land under various types of protection and management by private membership organizations.

These include lands under various levels of protection by the Montana Land Reliance, who largely uses purchase of conservation easements in its land management. According to their web site and mission statement, the MLR “partners with private landowners to permanently protect agricultural lands, fish and wildlife habitat, and open space.” And they have made many investments throughout Park County as can be seen in the map in Figure 26 on the next page.

The Rocky Mountain Elk Foundation also has been active in protecting lands in Park County, largely for the purposes of protecting important elk habitat. As stated on their web site: “The RMEF primarily protects crucial elk winter and summer ranges, migration corridors, calving grounds and other vital areas, while focusing on securing and improving hunter access .. [using] acquisitions, access agreements and easements, conservation easements, land and real estate donations, land exchanges and associated acres.” < <http://www.rmef.org/Conservation/HowWeConserve.aspx>>

and, the Nature Conservancy has made several acquisitions in Park County as has the Gallatin Valley Land Trust. So, there is considerable evidence of how highly these lands are valued by these private conservation oriented organizations.

**Fig. 26: Lands Under Public and Private Resource Management and Protection**



Source: The Atlas of Park County Montana, 2013, protected lands (p. 50)

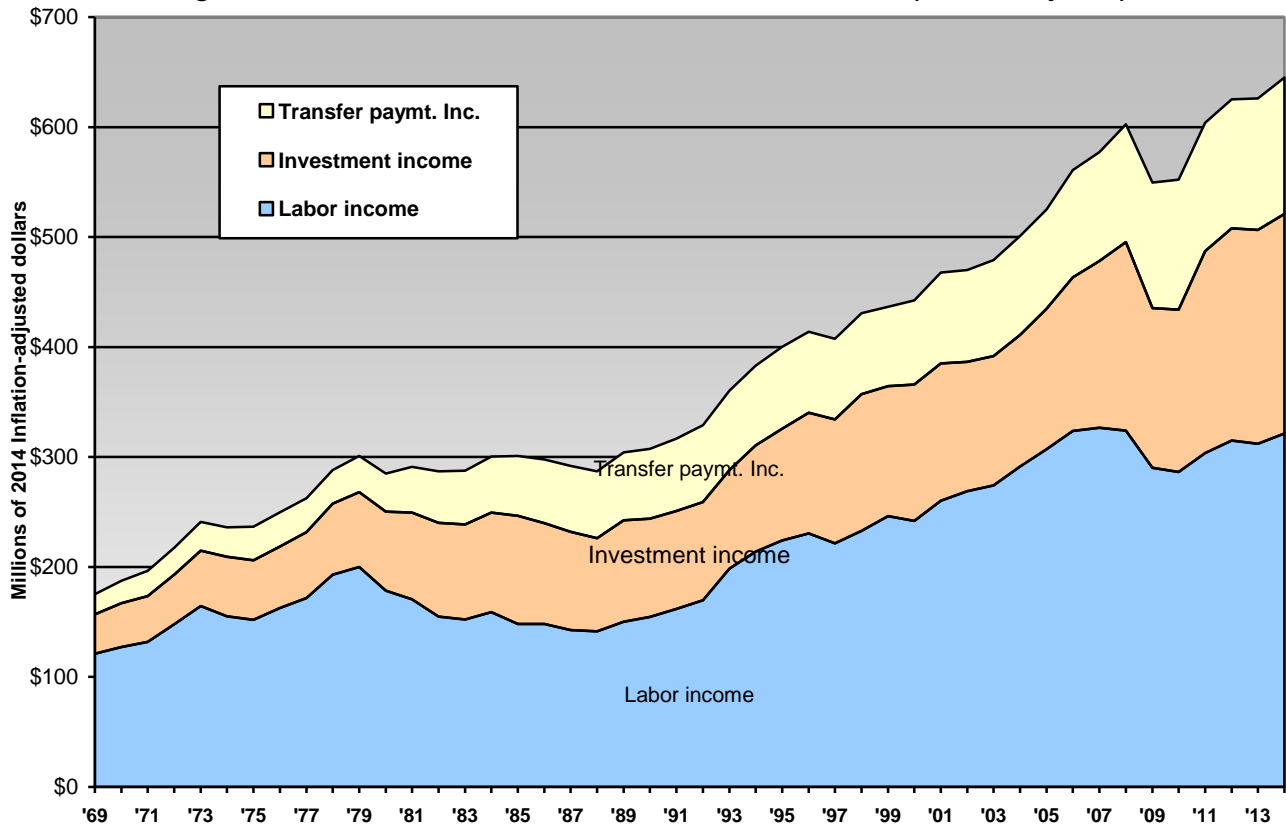
### Park County's Growing Area Economy

By virtually every measure, the Park County area economy can be considered a growing one, even taking into account relatively recent declines in some areas of the economy largely tied to the national economic slowdown and recession and financial crisis in the housing sector. Personal income is the single most used measure of the size of an area economy. It includes all income

received by households and individuals (residents of the county only) in any form including wage and salary receipts, proprietor profits, income from rent or other investment income, and income from transfer payment programs like Social Security, Medicare/Medicaid, and other retirement and disability programs. Income data for individuals is recorded or compiled according to a person’s county of “permanent residence.” So, personal income figures for Park County do not include the incomes of part-time residents who have not made the county their permanent residence.

The total personal income of residents of Park County has been growing at a good pace for a very long time, as can be seen in Figure 27. The chart shows personal income by major source over the last 45 years for county residents. Dollar amounts are measured in millions of inflation-adjusted 2014 dollars. There was very little real growth in total personal income in the county during the ‘80s, which was a very difficult financial period for production agriculture and for the wood products sector. From a high of about \$300 million in 1979, personal income had sputtered its way to \$307 million in 1990 – very little growth over this period.

**Fig. 27: Total Personal Income of Park Co. Residents, 1969-2014 (inflation-adjusted)**

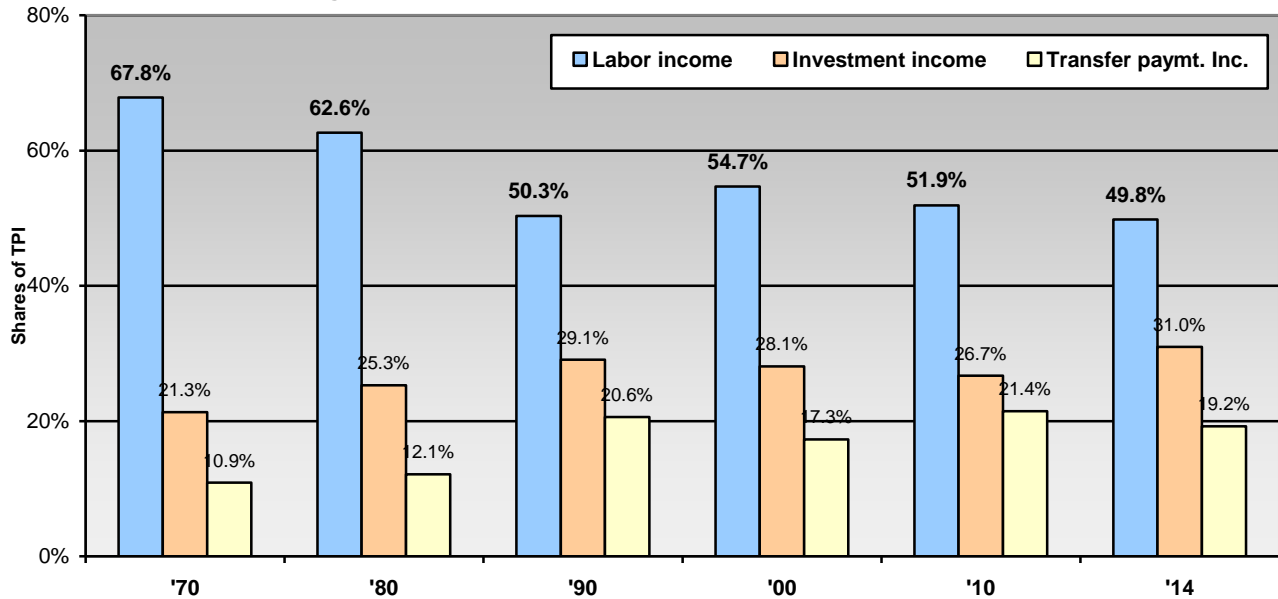


Source: BEA, U.S. Dept. of Commerce

Conversely, the decade of the ‘90s was largely a period of growth with personal income reaching \$442 million in 2000 – growth of \$135 million over the 1990 level and a 44 percent increase. Growth continued to accelerate and reached \$603 million in 2008, an increase of \$160 million over the level in 2000. The economic slowdown then took a toll and personal income in the county fell for two years, falling to about \$550 million in both 2009 and 2010. Recovery fully began in 2011 and personal income in Park County grew to an all-time high of \$645 million in 2014 (the most recent data). Figure 28 shows shares of total personal income accounted for by these major sources over time. During the ‘80s labor earnings growth in Park County was flat and

labor income’s share of total personal income in the county markedly declined, falling from 68 percent of all income in 1970 to 50 percent by 1990.

**Fig. 28: Sources of Personal Income in Park Co. Over Time**



Labor income growth returned in the ‘90s. However, labor earnings’ share of total income has fallen a bit from what it was in 2000 and this gradual decline should continue as the area population continues to age and more residents reach retirement age. As this happens, income from non-labor sources will rise more rapidly and continue to shift this balance away from labor income or employment earnings. Older persons living in the county receiving Social Security, government medical payments, and income from their savings and investments, will account for a growing share of area income.

The influence of these older adults and retirees on the local economy will grow as their share of overall income grows. And the more of these residents who continue to live in the county, along with others who may move to the county in the future, the better in terms of overall personal income growth county-wide. So, this becomes another facet of why it is important for areas like Park County to retain their attractiveness and quality of life for a growing number of older adults, particularly when they are no longer working. By the middle of the next decade labor income received by area residents is very likely to drop to 40 percent or less of total personal income in the county. The larger share of personal income will be in the form of investment income and various sources of retirement income and medical payments.

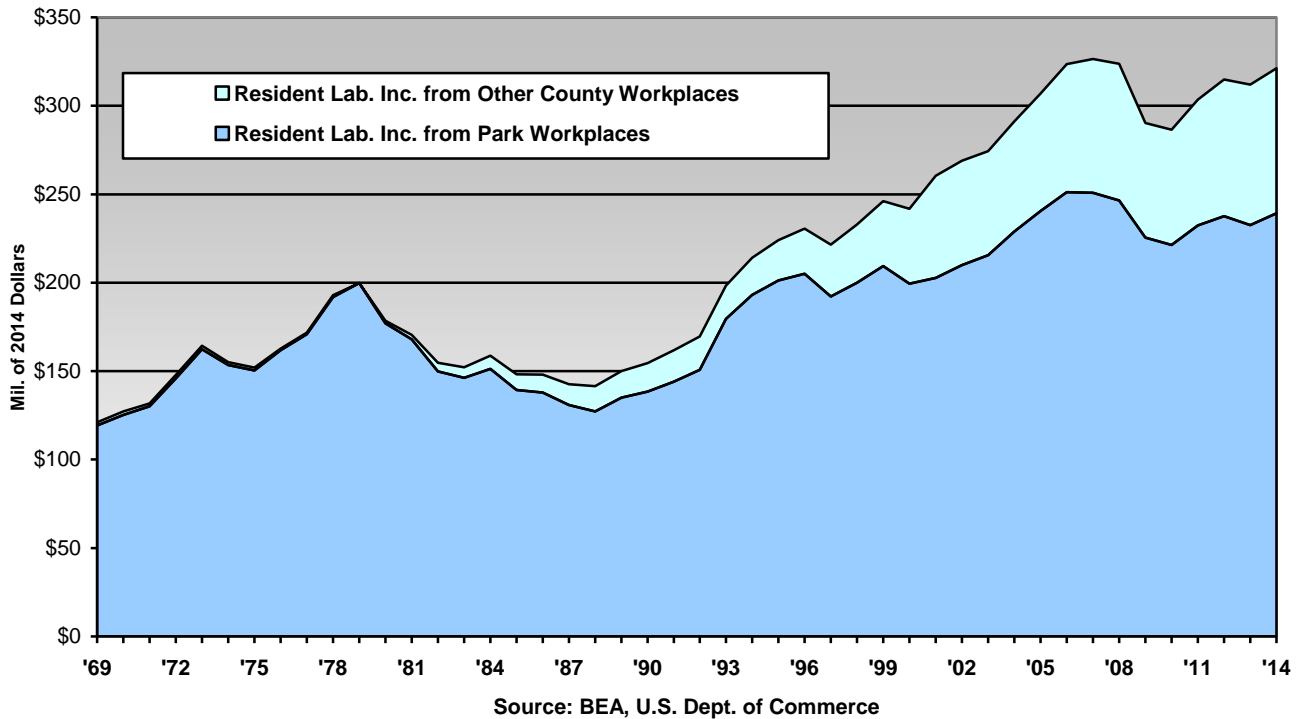
**Labor Earnings by County Residents from Workplaces Outside the County**

Figure 29 shows labor earnings received by all Park County residents (permanent residents of the county) by place of work or for workplaces in Park County itself and for workplaces outside of Park County. The latter category is calculated by subtracting labor income earned by non-residents of Park County who work at jobs at workplaces in Park County from labor income earned by Park County residents in workplaces outside of the county. So, it is the “net” of these two amounts and if the net is positive or greater than zero it means that Park County is a net importer of labor earnings from jobs outside of the county. As can be seen in the chart below, this labor income adjustment is positive for Park County and the county is a net importer of labor income. The share of income from jobs at workplaces outside of the county also is steadily growing, particularly



since the mid- and late-'90s. This means that a significant and growing number of county residents work outside of the county, but choose to live in Park County and not in the county where their workplace is located.

**Fig. 29: Labor Earnings of Park Co. Residents by Place of Work**



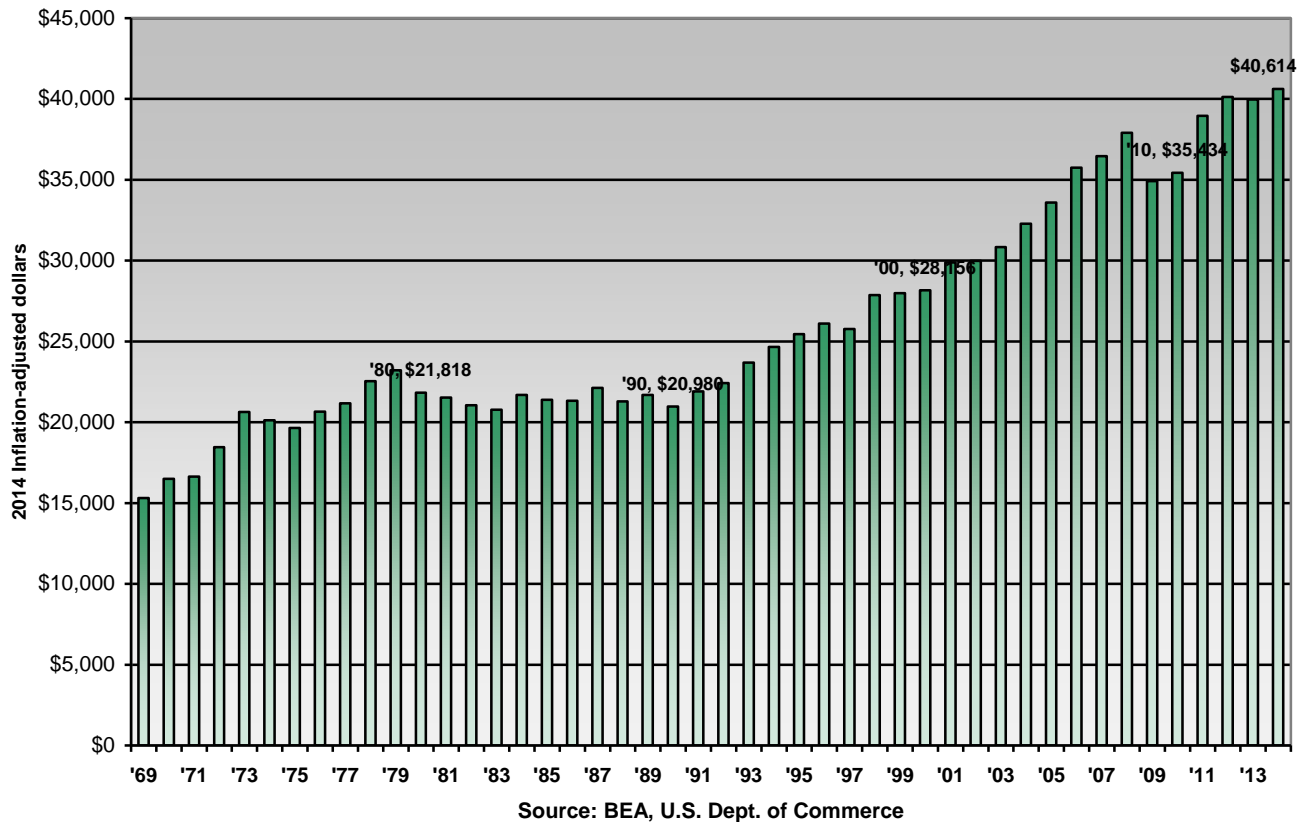
This net addition to labor earnings by residents working outside of the county has grown from only a small percentage of total labor income in the '80s to ten percent in 1990, 18 percent in 2000, 23 percent in 2010, and more than 25 percent more recently in 2014. This fairly rapid increase in this outside labor income is partly the result of growth by Bozeman as a regional employment center and there apparently are a steadily growing number of Park County residents who work in Gallatin or other nearby county. It also suggests that there is a continuing desire of many who work outside of the county to live in Park County. This is in part a reflection of the perceived high quality of life and desirability of living in Park County, which once again factors into area income, with the source in this case being county residents working outside of the county and bringing this income back to Park County communities where they reside.

### Growth in Area Per Capita Income

Another important measure of economic growth and well-being is per capita income. Figure 30 shows annual per capita income, or total personal income of the county divided by its population over time, in inflation-adjusted dollars over the last 45 years – 1969 to 2014 (the most recent annual data).

Income on a per-person basis in 1990 was \$20,980. By 2000 this had grown to \$28,156 and more recently in 2014 had reached an all-time high of \$40,614. These gains represent substantial improvement in area well-being. What's more these gains exceed gains in per capita statewide. Park County per capita income was less than the statewide level in 2001 – \$29,890 vs. \$31,870 for the state as a whole. But the 2014 Park County per capita income level exceeds the state level – \$40,614 vs. \$39,903. The poverty rate in Park County also is lower than statewide. Recent estimates by the Census Bureau place poverty in Park at 12.3 percent versus 15.2 percent statewide.

**Fig. 30: Per Capita Income of Park Co. Residents Over Time, 1969-2014**



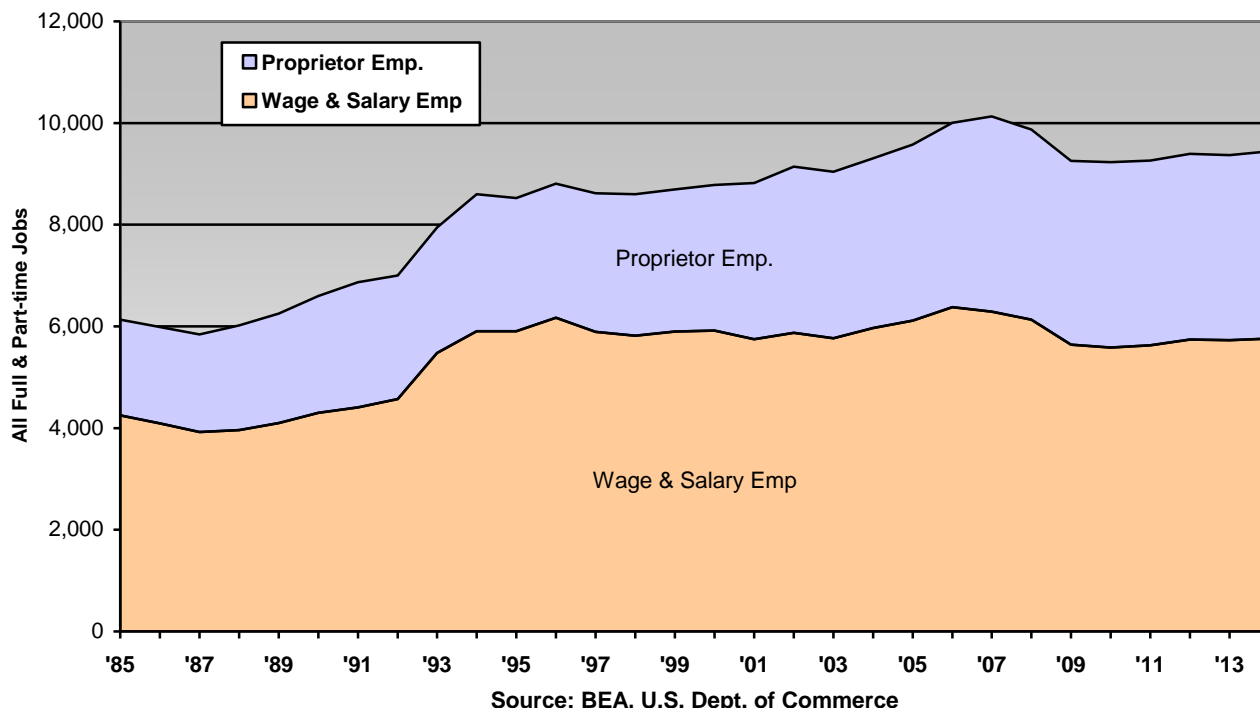
So, economic well-being in Park County, as indicated by these two often-used measures – per capita income and poverty rate – exceeds that of the state as a whole. Per capita income growth at the rate occurring in Park County only happens when income is growing significantly faster than area population. So, even as population growth slowed in the last decade or so, income growth continued at a good pace and per capita income has steadily risen.

### Area Employment Growth

Figure 31 shows employment county-wide for two main types of employment; wage and salary employment or persons working for others at a wage or salary, and proprietor or self-employment. The data used in the chart also include all full and part-time jobs. Farm and ranch operators are proprietors in that they work for themselves and there is also a broad range of non-farm proprietors with people essentially working for themselves operating businesses or performing professional services of some type. Proprietor or self-employment represents a significant portion of all employment in Park County, accounting for 39 percent of all jobs in 2014. This has grown over the last decade from about one-third of all jobs before 2000 and this growth has been entirely among non-farm proprietors. Statewide in Montana proprietors accounted for 27 percent of all jobs in 2014, up only slightly from 26 percent in 2000.

So, proprietor employment is relatively high in Park County and high levels of self or proprietor employment is sometimes interpreted as an indication of area entrepreneurial “energy” or status, as in the work by ERS discussed previously. It also is an indication that the area has a lot of small businesses and proprietorships. Proprietors or persons who work for themselves or under their own employment tend to be much more “footloose” than employees who work for others for a wage. That is, they are oftentimes more free to locate and live in many different locations and can take their employment or business with them.

**Fig. 31: Total Employment in Park County Over Time, 1985 - 2014**



The high percentage of proprietor employment in Park County is at least partly because of these persons wanting to live in the area. And this is a function of the quality of life and amenities that the county offers. Overall employment in Park County is growing, reaching a high in 2007 at 10,133 prior to the recession. After a few years of decline employment is once again growing. You can see in the figure that wage and salary employment growth is relatively flat. The county relies significantly on proprietor employment for this overall growth.

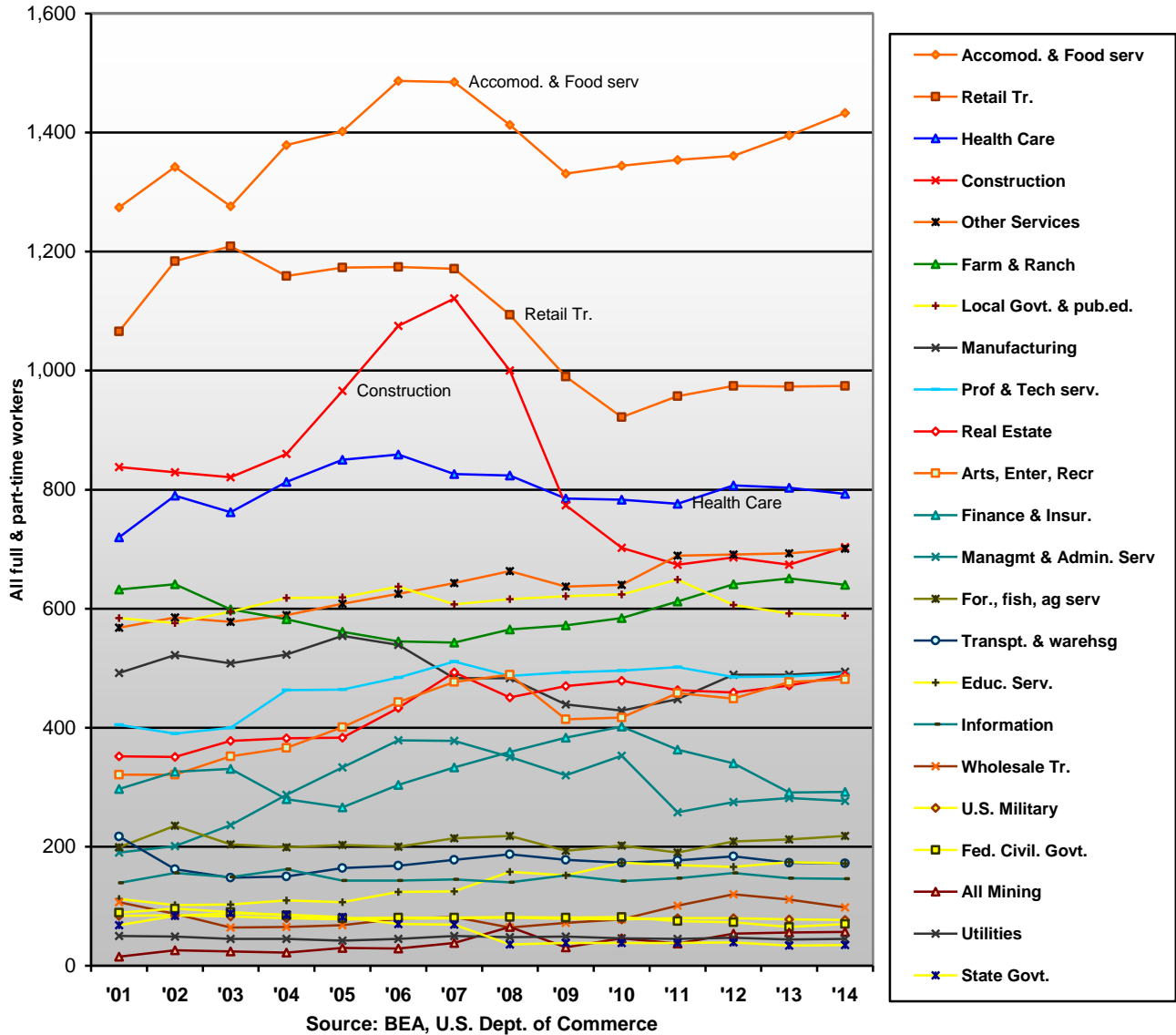
### Park County Employment by Major Sector

Total employment, which includes all full and part-time jobs, occurs across and within over twenty different sectors or segments of the economy. These individual sectors are listed at the right of the chart in Figure 32. Individual sectors are arrayed in the chart from top to bottom based upon total employment in 2014 – the most recent year for which such data are available.

The sector with the single highest level of total employment in the county is “accommodations and food services,” which includes all types of lodging (hotels, motels, B&Bs, resorts, etc.) as well as restaurants, cafes, bars, etc. It is not surprising that this is the largest area of employment in Park County, given the county and area levels of visitation and dependency on visitors and travelers for their spending on goods and services provided by businesses in Park County.

The broadly defined retail trade sector also heavily caters to and is affected by travelers. It is the second largest sector of county employment. All of the various trade sectors that are likewise affected by consumer spending, by visitors and residents of the area alike are shown in the chart in orange. These other trade sectors include the “arts, entertainment, and recreation services” sector – which includes everything from art museums to ski slopes to bowling alleys and other entertainment and recreation facilities – and also “other services,” which includes mainly a variety of personal and household services like cleaning, repair, lawn, personal care services, and a variety of other services.

Fig. 32: Park Co. Total Employment by Major Sector, 2001-14



The nation-wide recession began late in 2007 and employment in Park County reflects an economic slowdown in 2008, 2009, and 2010. This is particularly evident in the construction sector, which prior to the recession had become the third biggest employer in Park County, reaching a peak in 2007 at 1,120 jobs. It fell as low as 674 jobs in 2011, a 40 percent decline from 2007. Construction and the housing sector in particular were hard-hit by the recession throughout the U.S. and this had a major impact on the Park County economy. The trade sectors also were significantly impacted by the recession and have yet to fully recover from this.

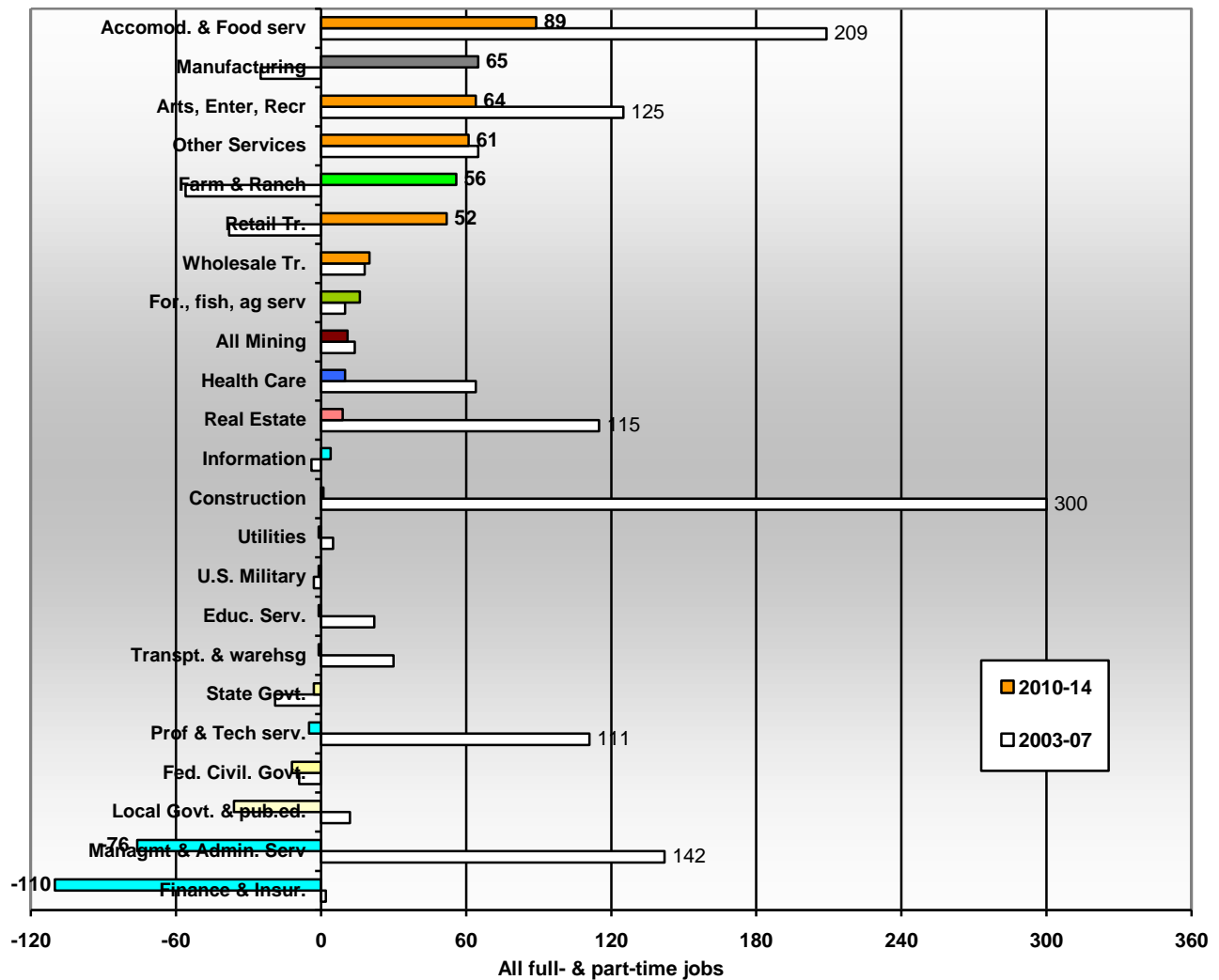
**Pre- and Post-Recession Employment Change by Major Sector**

The chart in Figure 33 below focuses on change in total employment in Park County in the four years prior to the recession (2003 to 2007) and in the four years after (2010 to 2014). It does not show employment changes for the period from 2007 to 2010 when the recession depressed national and area economic activity. So, the data used in Figure 31 show how and where the Park County economy was growing and adding jobs prior to this recessionary period and in more recent years after the recession as economic recovery occurs.



Sector employment change from 2003 to 2007 is shown using white bars. The sector with the biggest employment growth leading into the recession was construction where jobs expanded by 300 over the four-year period from a base of 820 jobs in 2003. Next were accommodations and food services (hotels, motels, other lodging, and food and eating places) with growth of 209 jobs from a base of 1,276 jobs in 2003. Jobs in management and administrative services grew by 142, a reflection of expansion of the Park County economy into a wide range of business services. Arts, entertainment, and recreation services added 125 jobs, followed by real estate (+115 jobs) and professional and technical services (+111 jobs). Health care had added 64 jobs in this pre-recession period. So, the pre-recession economy of Park County had most of its job growth in areas affected by area housing growth, travel and tourism, and expansion in business services, which is a fast-growing area of the economy across the larger region and nation as a whole.

**Fig. 33: Employment Change by Sector in Park Co., Pre- & Post Recession**



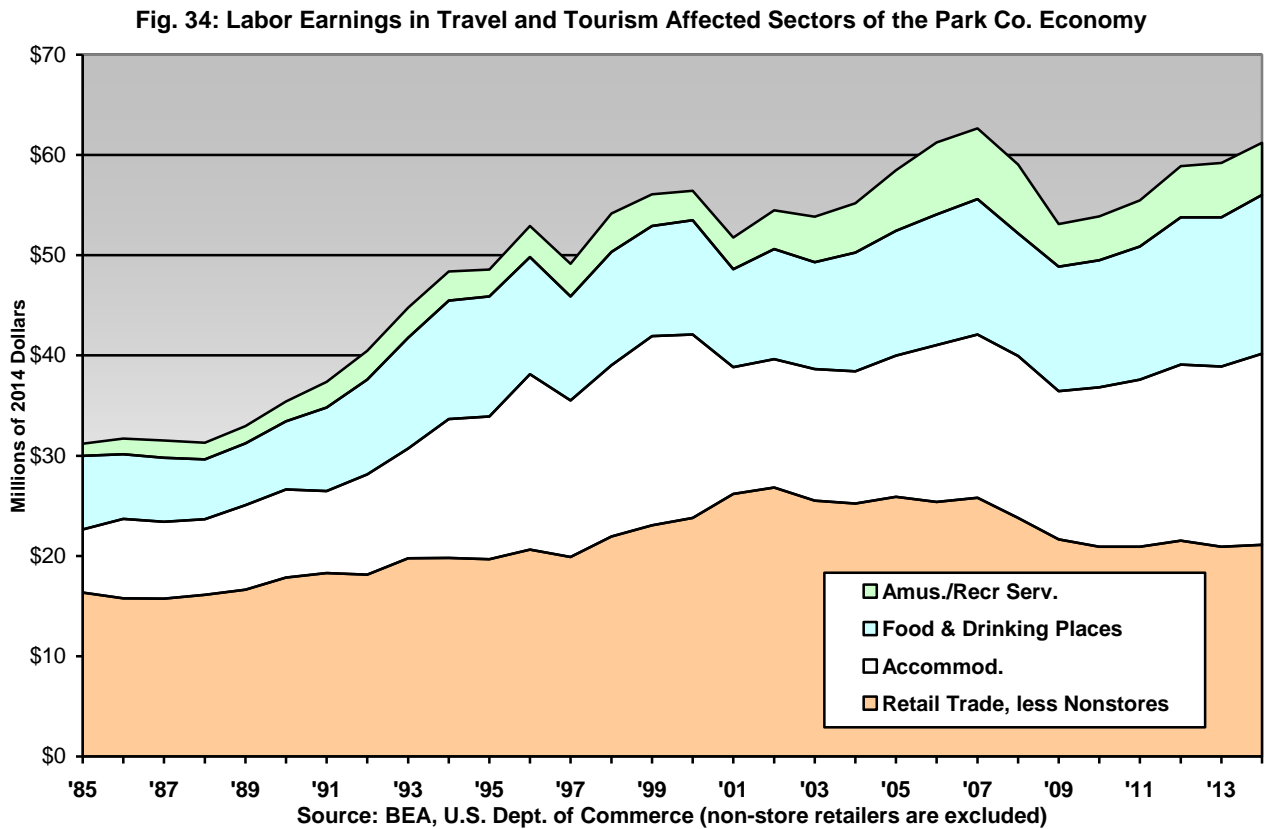
In the post recession, the biggest area of job growth has been in accommodations and food services, which added 89 jobs from 2010 to 2014 after losing 141 jobs between 2007 and 2010. Manufacturing added 65 jobs in the post-recession, more than off-setting the 54 jobs lost during the recession. Arts, entertainment, and recreation services added 64 jobs after losing 60 jobs during the recession. Other services, again, largely household and personal service type jobs along with some “membership organization” jobs, has added 61 jobs in the post-recession period with very few losses during the recession. There has also been some recent growth in farm and

ranch jobs, as well as jobs in retail and wholesale trade. Plus jobs were added in forestry, fishing, and agricultural services. Three of the four sectors adding the most jobs recently are in trade sectors (shown in orange bars). The construction sector has added very few jobs in the post-recession period, after leading the way going into the recession and then after losing 419 jobs during the recession – a loss of 37 percent of all construction jobs in the county. These construction jobs will only be added back gradually as the housing sector slowly recovers.

Five of the seven areas of greatest job growth recently are somewhere in trade (orange-colored bars) – accommodations and food, arts and recreation services, other services, retail trade more generally, and wholesale trade. These are all segments of the economy that are stimulated by traveler activity and by spending by the county’s growing number of part-time residents.

**Labor Earnings Trends in Sectors Affected by Travel and Tourism**

Figure 34 changes the focus from jobs and employment to labor earnings, or what workers in these sectors have been earning in labor income, focusing on the trade sectors most affected by travel and tourism. The four segments in the chart include retail trade, accommodations (lodging), food and drinking places, and amusement, entertainment, and recreation services with labor earnings in millions of inflation-adjusted dollars.

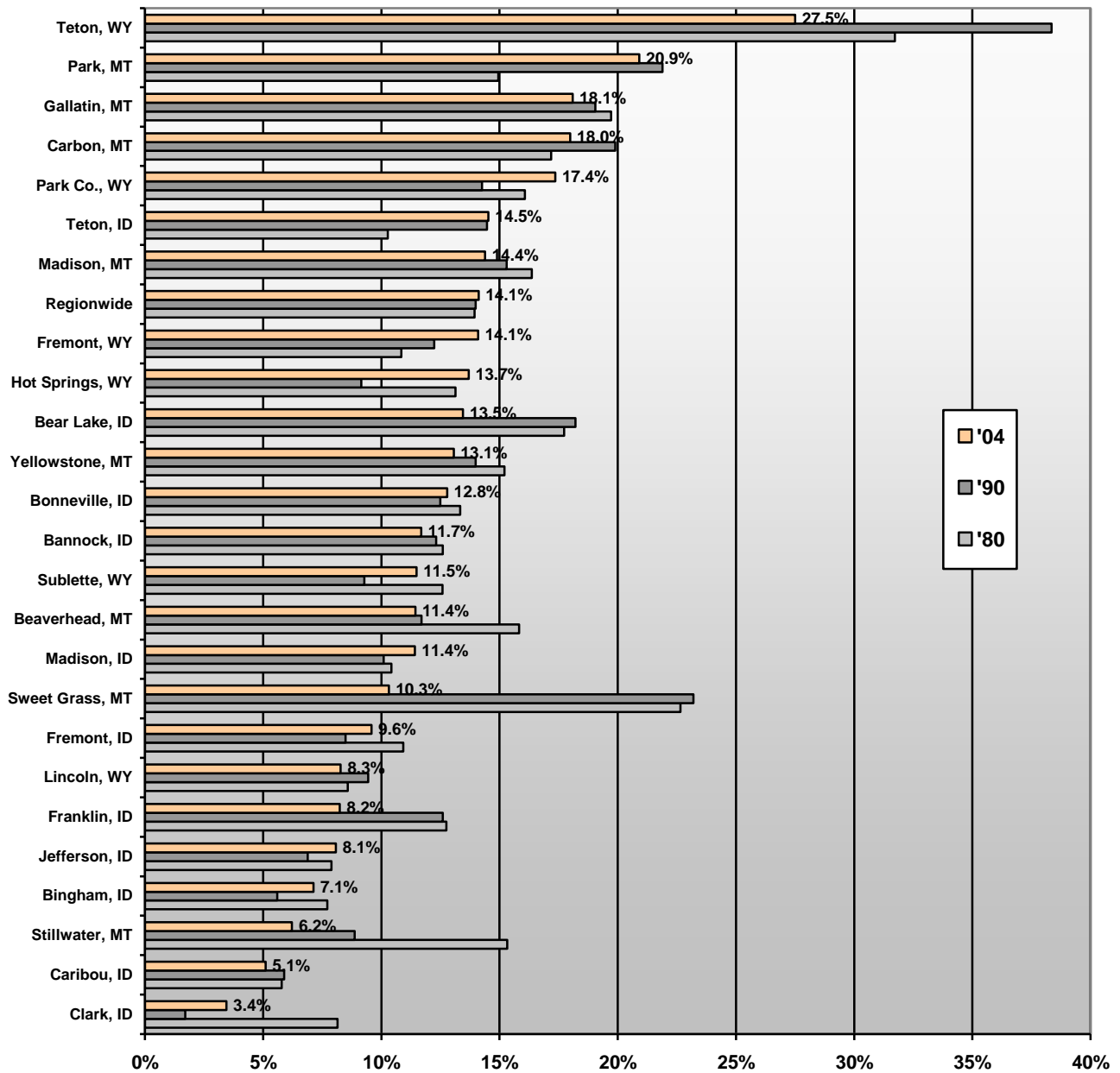


These sectors together have grown in labor earnings from a little over \$30 million in 1985 to over \$60 million today. However, in the retail trade sector by itself labor earnings reached a high in 2002 at \$27 million, but have gradually declined since. So, growth in these sectors overall have grown enough to compensate for these losses in retail trade by itself. Labor earnings in the other segments have continued to grow, with the exception of amusement and recreation services, which hit their peak in 2006 at \$7 million. Labor earnings in lodging and food together reached a high in 2014 at \$35 million. To be clear, this \$35 million is not what was received by lodging and eating and drinking establishments in Park County, it is what was paid by these businesses to

their employees in both wage and salary payments and proprietor income. Overall receipts by these businesses for what they sell would be much higher – four to five times higher – and used to cover many other types of expenses.

In 2014 labor earnings in these travel and tourism affected sectors accounted for over 22 percent of all labor earnings in the county. This is a relatively high percentage for these sectors and reflects a relatively high dependence of Park County on travel and tourism related activity. As proof of this, when the 2007 YBP study was done, 25 counties in the larger three-state region surrounding Yellowstone National Park were analyzed and compared in terms of their dependence on these sectors (shown below in Figure 35).

**Fig. 35: Travel & Tourism Related Labor Earnings as Share of Total**



Source: 2007 YBP Study -- Swanson, using BEA data [sectors: retail trade, accommodation & food services; arts, entertainment, & recreation services (NAICS); and retail trade, lodging, and amusement & recreation services ].

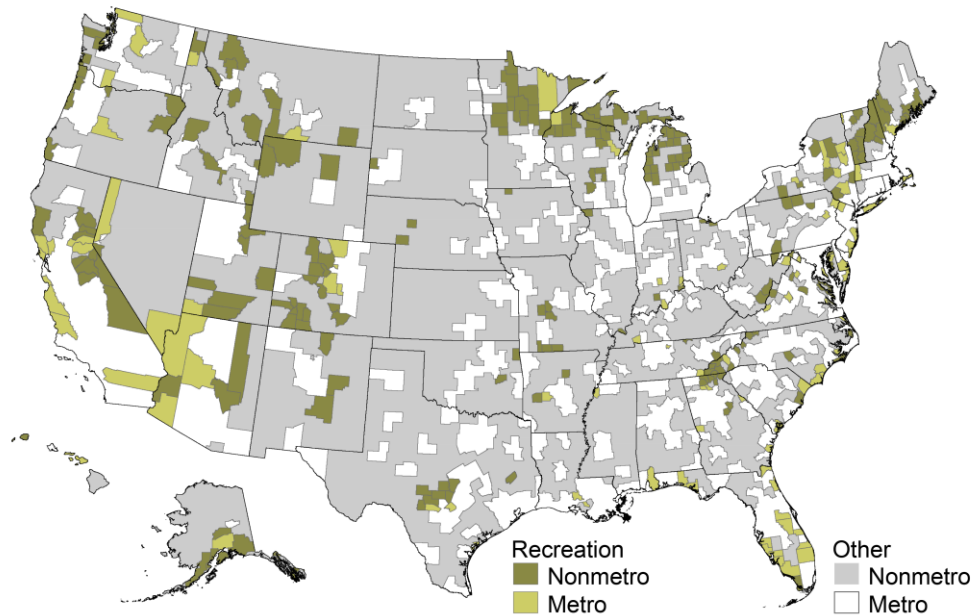
The chart shows shares of total labor earnings in each of these 25 counties in 1980, 1990, and 2004 accounted for by labor earnings in retail trade, accommodations, food services, and arts, entertainment and recreation services. Teton County, Wyoming, where Jackson is located, has the single highest dependency on these labor income sources at 27.5 percent in 2004 as measured in their share of total labor earnings. Park County, Montana, was second among the 25 counties in this dependency at 21 percent in 2004, down slightly from a higher share in 1990. Gallatin, Carbon, and Park County, Wyoming, all had shares or dependencies greater than 17 percent.

So, the 22 percent share for these sectors in 2014 by Park County shows this high dependency on travel and tourism continues and has even increased a bit more recently. As such, this can be seen as resulting from area travel and tourism with more visitors to the area spending money for area goods and services, mainly at trade and service businesses that cater to the things they want. This is a major stimulus and generator of larger economic activity and income in the county.

The Economic Research Service (ERS) of the U.S. Department of Agriculture also has devised a measurement that attempts to identify counties in the U.S. with economies that are recreation dependent. The measures used in this index are listed under the map below and include the share of area jobs and labor earnings accounted for by business classified as entertainment, recreation, accommodations, and eating and drinking places, as well as real estate sales and rental businesses, and the share of housing in an area identified as being primarily for seasonal and occasional use. Non-metro counties with high dependencies on recreation, shown in the darker green below, include Park County – one of less than one hundred non-metro counties nation-wide.

Fig. 36:

**Recreation counties, 2015 edition**



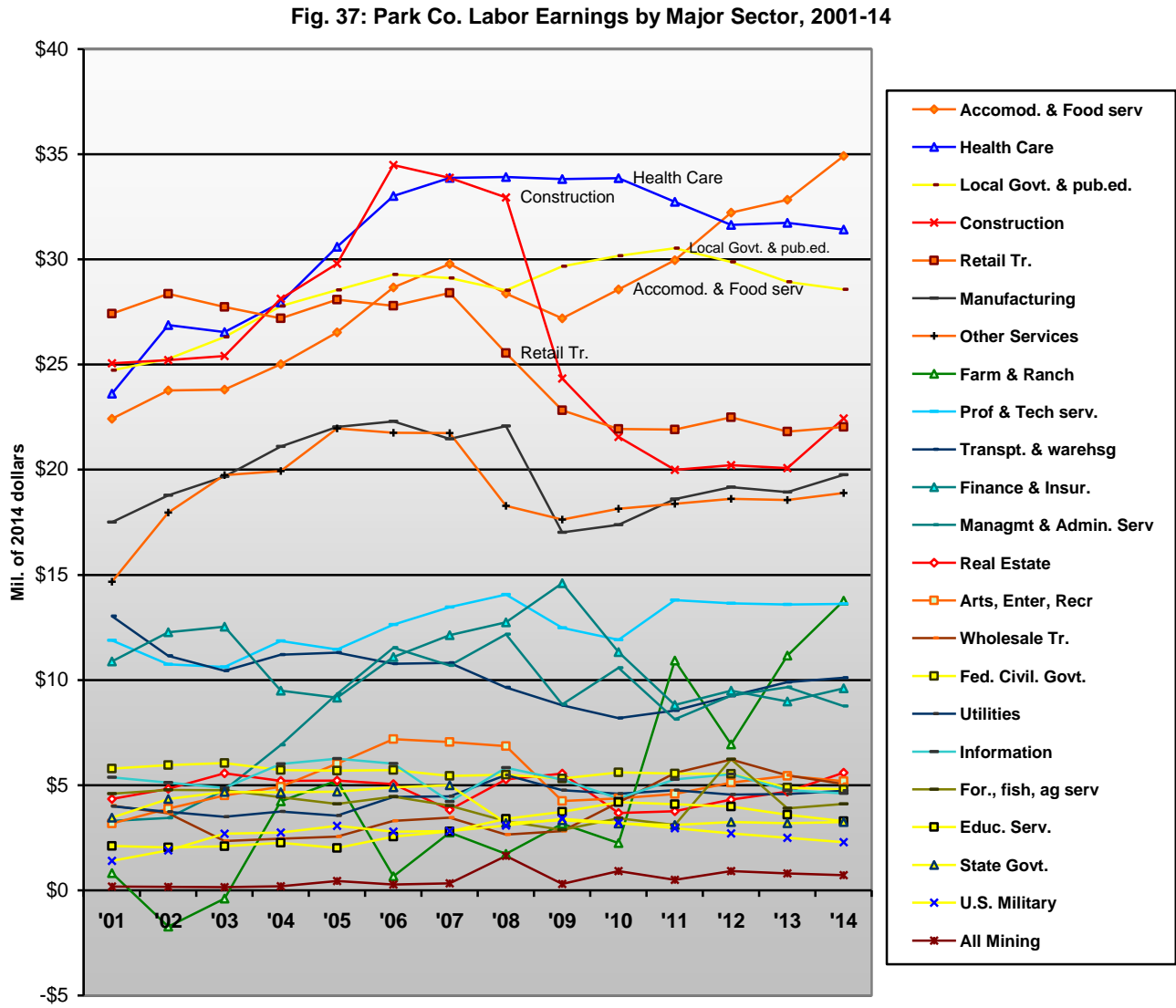
Recreation counties determined by a weighted index of three measures: 1) jobs and 2) earnings in the following: entertainment, recreation, accommodations, eating/drinking places, and real estate; and 3) the share of vacant housing units intended for seasonal/occasional use. Recreation counties are those with a score more than one deviation above the mean.

Note that county boundaries are drawn for the recreation counties only.  
 Source: USDA, Economic Research Service using data from Bureau of Economic Analysis and U.S. Census Bureau.

<http://www.ers.usda.gov/media/1955254/recreation.png>



Figure 37 shows levels of labor earnings for all of the major sectors of the economy of Park County. Annual labor earnings for each sector are shown from 2001 to 2014 in inflation-adjusted dollars with these ranked from top to bottom in the chart by total labor earnings in 2014.



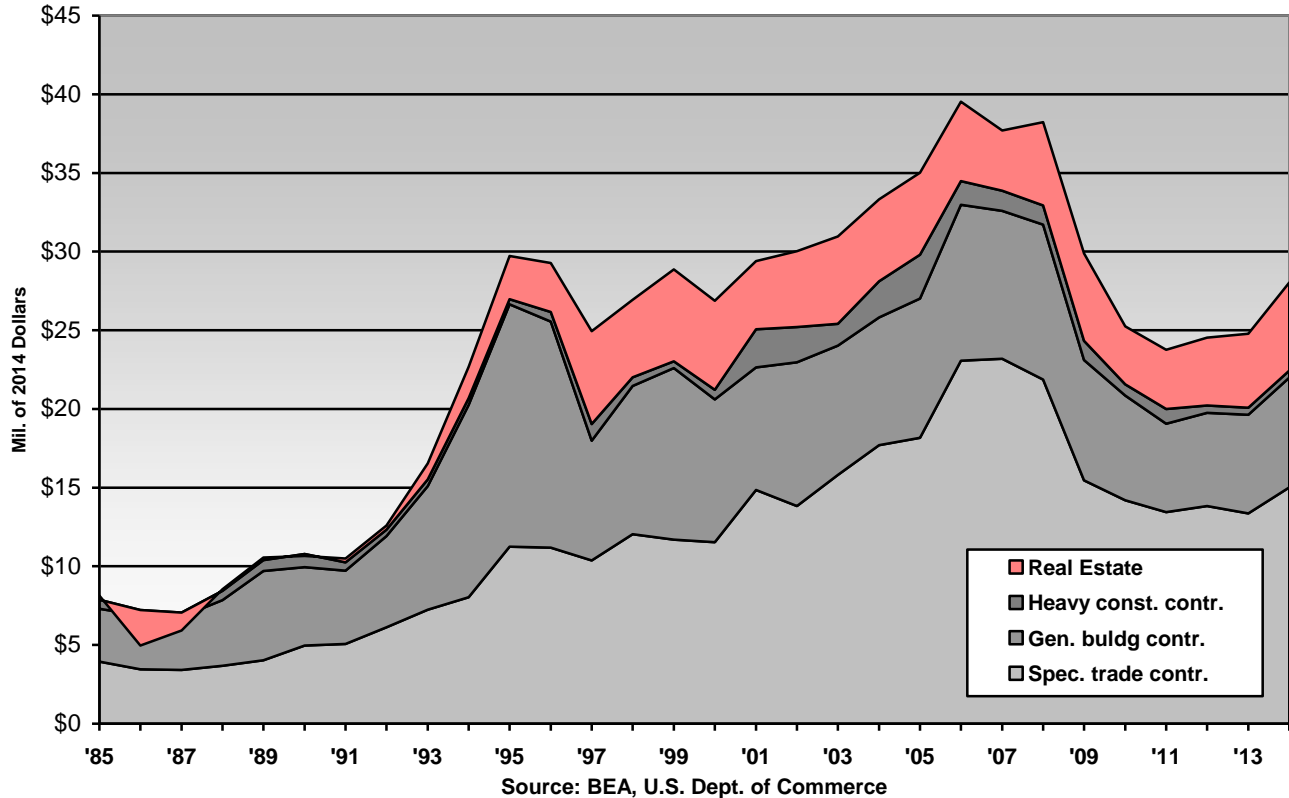
Labor earnings in the accommodations and food services sector rank highest among all of the sectors in 2014 with labor earnings of about \$35 million. These have been rising rapidly over the last several years and are, again, indicative of the area's prowess as a place for travelers. Health care, which has the highest labor earnings among all sectors statewide in Montana is second in Park County at about \$32 million, down a bit from highs from 2007 to 2010. Local government, which includes municipal and county governments and all public education, is third in labor earnings at \$28.6 million, also down from a high three years ago.

The construction sector ranks fourth in Park County in 2014 in labor income at \$22.4 million. This is down considerably from a high in 2006 of almost \$35 million. Stability was achieved in construction by 2010 and it has begun to rise once again.

The chart in Figure 38 examines levels of labor income for segments of the construction industry – special trade contractors like electricians and carpenters, general building construction, and

heavy construction (roads, bridges, etc.) – over the period from 2001. In areas that are frequented by visitors and that have significant numbers of part-time residents, including ones with vacation or second homes in the area, there tend to be higher levels of construction activity and real estate development and management. Dollars used in Figure 38 are inflation-adjusted, so you can easily see the relatively sharp rise in labor earnings for area workers in these sectors of the economy, with these earnings rising from very low levels in the late '80s of around \$10 million annually to almost \$40 million at the peak of activity in 2006. This fell below \$24 million in 2011 as the recession hit housing and construction throughout the U.S. Most of this decline in Park County was in labor earnings by those working as special trade contractors in construction.

**Fig. 38: Construction and Real Estate Labor Earnings in Park Co. Over Time**



Construction activity is gradually returning and labor earnings across all of these segments of the industry are now beginning to increase once again.

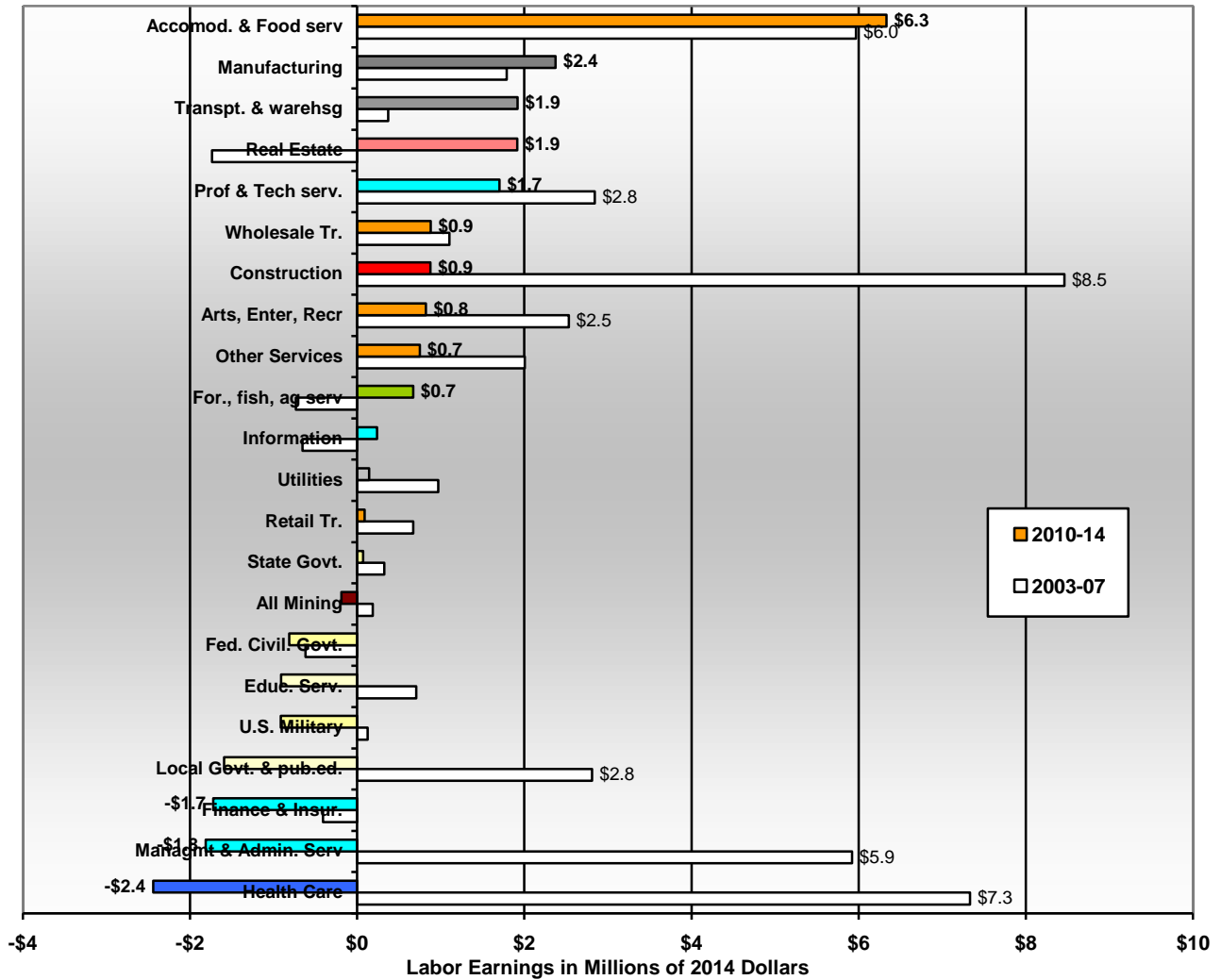
**Pre- and Post-Recession Growth and Change in Area Labor Earnings**

If we exclude the period when economic activity in the area were temporarily being negatively impacted by the national recession, we can focus on where the economy of the area was growing in terms of labor income leading up to and immediately after the economic downturn. This can help us understand what has been driving labor income growth before and after the recession and also help us to see where growth is likely to be in the near future.

Figure 39 contains a chart that isolates growth or change in labor earnings for individual sectors in the two 4-year periods from 2003 to 2007 (pre-recession) and 2010 to 2014 (post-recession). Sectors are arrayed in the chart from top to bottom based upon labor earnings growth in the more recent post-recession period. The white bars show change in each sector in the pre-recession period. As can be seen, the accommodations and food services sector has had the biggest increase in labor income over this recent period with growth of \$6.3 million. This is far more than

the growth in the second fastest growing sector – manufacturing – which had growth of \$2.4 million. About 60 percent of Park County manufacturing labor earnings is in “nondurable” manufacturing – areas like food, beverages, printing, etc. Other details about the county’s manufacturing sector are difficult to ascertain because much of the more detailed information is “suppressed” for proprietary reasons. This is done when industries or sectors are relatively small and/or when such sectors have few businesses accounting for their activity.

**Fig. 39: Nonfarm Sector Labor Inc. Change in Pre- & Post-Recession Periods, Park Co.**



Transportation and warehousing has seen recent growth and most of this is in rail and truck transport. Labor earnings of those in real estate are growing; up by \$1.9 million in recent years, and there is growth in the professional and technical services sector – accountants, lawyers, engineers, consultants, etc. The next four sectors by growth are wholesale trade, construction, arts and recreation services, and other services. Labor earnings recovery and growth in Park County is being heavily led by the trade and construction sectors, plus manufacturing and transportation, as well as professional services.

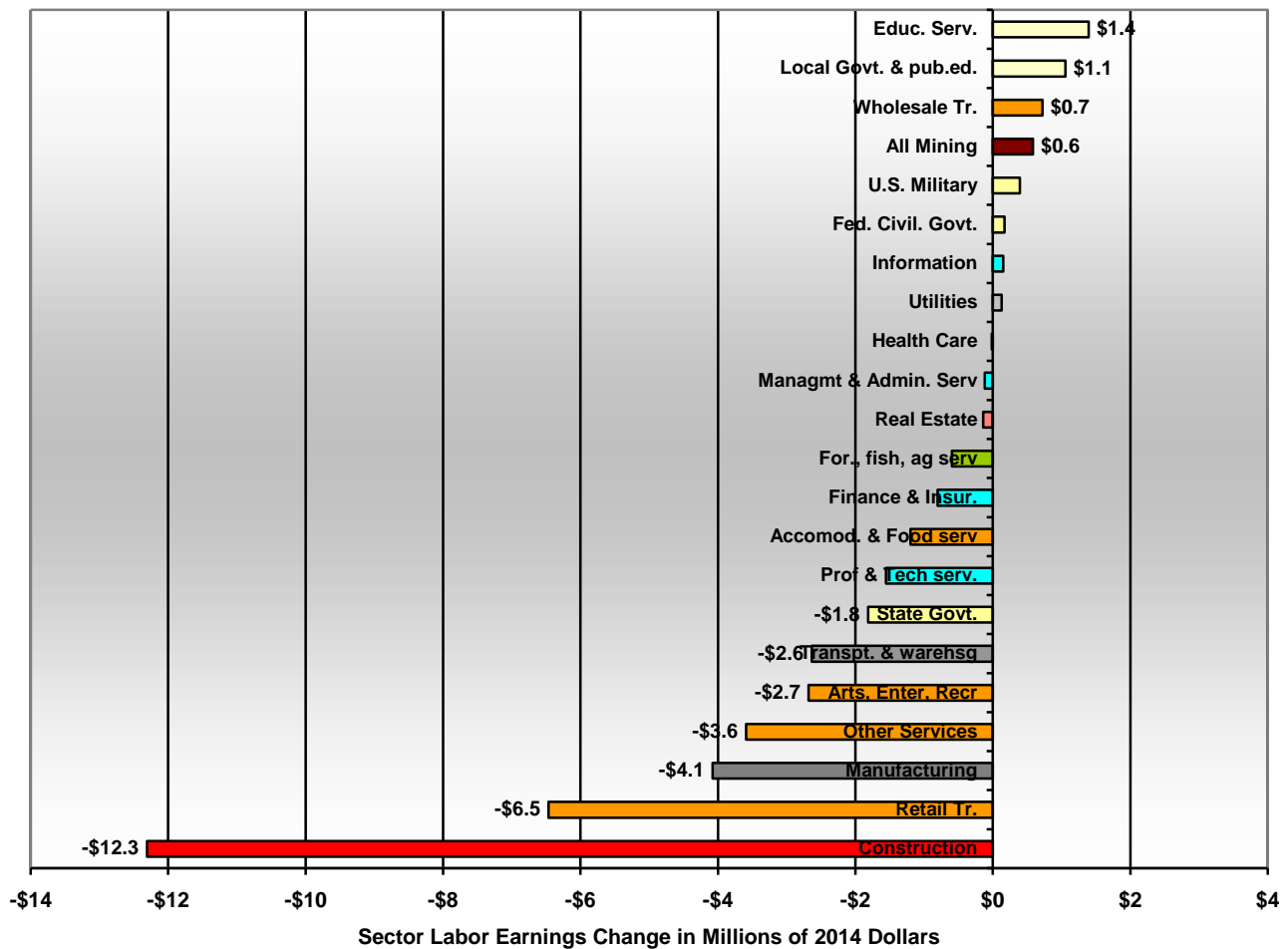
Growth prior to the recession from 2003 to 2007 was led by construction (+\$8.5 mil.), health care (+\$7.3 mil.), accommodations and food services (+\$6.0 mil.), and management and administrative services (+\$5.9 mil.). This type of expansion reflects the growth in housing in the area, spurred increasingly by part-time residents; growth in lodging associated with the area’s

many visitors; growth in health care services associated with an aging population; and growth in a wide range of business services, many of which are more footloose in terms of location. There is considerably more balance in terms of more recent growth, which is not as fast as labor income growth leading into the recession. The area economy can attribute much of its resiliency and growth to a stable and gradually growing population, the increasing presence of part-time residents, and stable and growing tourism and recreation activity tied to the area's many visitors and travelers. Most areas of government – federal, state, and local – shown with yellow bars in the chart have reduced levels of labor earnings in the post-recession period. Mining, which is a very small component of the area economy, has experienced some recent decline.

### Areas of Labor Income Decline during the Recent Recession

The chart in Figure 40 shows how the various sectors of the Park County economy were impacted during the recession between 2007 and 2010, or the years in-between the pre- and post-recession periods. The nation-wide recession started in the housing and financial sectors with devastating impacts in many areas of the U.S. The construction sector of Park County experienced the biggest fallback in labor earnings over this period, falling by \$12.3 million from 2007 to 2010, a 36 percent decline. Recovery in construction will take time and will partly hinge upon the continuing flow of new and part-time residents into the county.

**Fig. 40: Nonfarm Sector Labor Earnings Change during the 2007-10 Recession**



Labor earnings by workers in the retail trade sector fell by \$6.5 million – a 23 percent decline. These will gradually recover and a good sign that this is already happening is in the record visitation to Yellowstone Park in the last year and the increased traffic this has brought to Highway

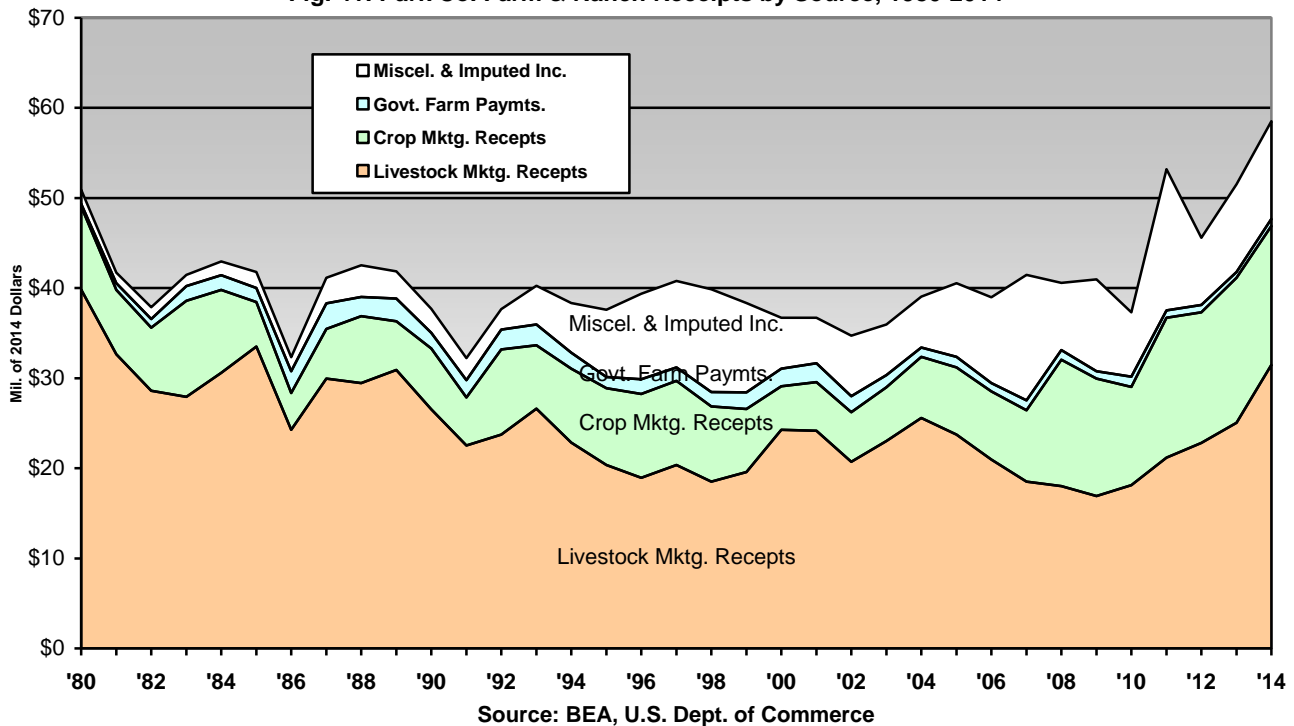
89 through the Paradise Valley, plus the large number of visitors who continue to come to the area for fishing and hunting. There was a marked decline in manufacturing labor earnings (-\$4.1 mil.) during the recession, but these are making a strong recovery, up by \$2.4 mil. from 2010 to 2014. Recent gains in arts, entertainment, and recreation services and in other services are helping to retrieve losses in these sectors, as is the case with transportation and warehousing.

**Area Agriculture**

An important sector of the Park County economy is made up of activities by the county’s farms and ranches. Farms are defined by the U.S. Department of Agriculture for its censuses are any operations selling at least \$1,000 in agricultural product in a year. Park County had 564 farms in 2012, up from 535 farms in 2007. Ninety-eight of these farms had sales of \$100,000 or more, another 44 had sales of \$50,000 to \$99,999, and still another 57 farms had sales of \$25,000 to \$49,999. The group of farms as a whole averaged 1,372 acres in size, with 159 farms having 1,000 or more acres and 93 of these having more than 2,000 acres. These 93 together had 611,000 acres, about 79 percent of all land in farms, and averaged 6,570 acres in size.

A total of 774,000 acres are contained within the county’s farms and ranches, both owned and leased lands, or about 1,210 square miles of land. This represents about 45 percent of the entire county land area. About 110,000 of the 774,000 acres are cropland or about 14 percent of the total in farms – a similar amount both in 2012 and in 2007 during the previous ag census. More than 600,000 acres are some type of pastureland, including woodland pastures, and 538,000 acres of this pastureland is designated as permanent. Cattle in the county numbered 44,400 in 2012 with 23,000 cattle and calves sold in the year. These cattle operations were on only 211 of the county’s farms and ranches. The county also had about 2,600 sheep. Thirty-one operations reported that they had some income from “agri-tourism and recreation services;” something increasingly common among farms in areas frequented by tourists and other visitors. Figure 41 shows annual levels of receipts by farms and ranches in the county since 1980 by major category, with dollar amounts adjusted for inflation.

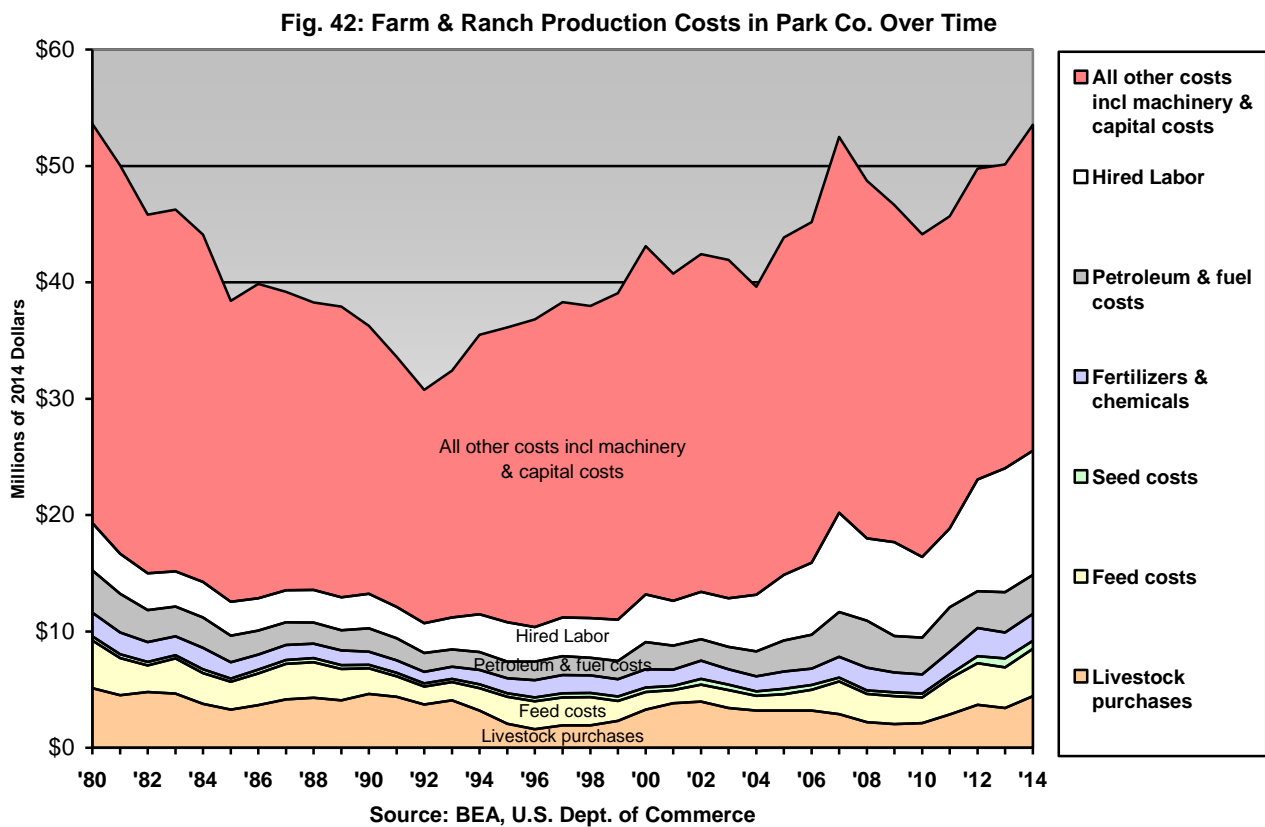
**Fig. 41: Park Co. Farm & Ranch Receipts by Source, 1980-2014**





Livestock marketing receipts is the largest source of income for area farms and ranches. In 2014 livestock sales by Park County farms and ranches totaled \$31.5 million. Growth in these livestock receipts in recent years has been spurred by rising cattle prices, although these have declined more recently. Receipts from crop sales have been gradually increasing, and have been in the \$14 to \$16 million range in recent years. Income from government farm programs is fairly low at less than one million dollars annually. Most of the other “miscellaneous” income for farms and ranches is difficult to analyze because of the way these data are compiled. This does include whatever income is received by farms offering “agri-tourism and recreation services” and any other miscellaneous income. It also includes some “imputed income,” or income farm operators derive from housing and food as part of their operations.

Figure 42 shows annual costs of farm and ranch operations by major category. The single largest costs item is simply called “all other costs,” but includes all machinery and capital costs of farmers and ranchers, including their debt service and financing costs.

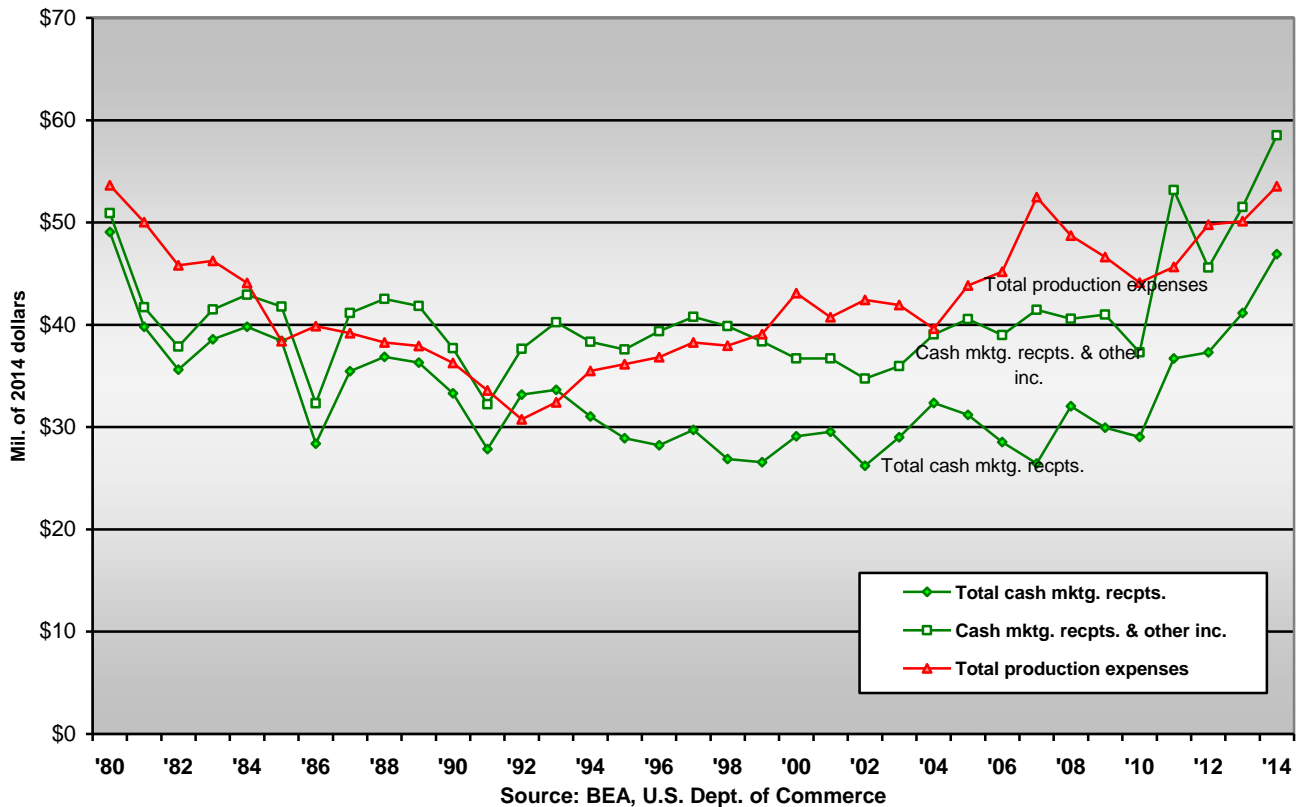


Other costs, like for livestock and feed purchases and expenditures for feed and fuel and for hired labor, are much lower in comparison. But many of these “costs” for ag producers in the area are “revenues” for other businesses in the area who sell these products, materials, and services to farmers and ranchers. So the more than \$50 million in expenditures by these agricultural producers are a major economic stimulus in the area, in spite of whatever the profitability may be for the producers themselves on a year-to-year basis. What’s more, these costs included \$10.7 million in expense for hired labor, which are jobs for others in the area with much of their income from this work re-spent at other area stores and businesses. So, this goes back into the income base and spending stream of the area, supporting other economic activity.

The third largest expense for agricultural producers in the county is livestock purchase costs. As cattle are sold they are replenished both internally through calves and through purchases from other producers. These costs totaled \$4.4 million in 2014. Feed for livestock cost \$4.1 million, petroleum and fuel costs totaled about \$3.6 million, and fertilizer and other chemical costs came to another \$2.3 million. So, the gross receipts of area ag producers are spent and redistributed in many ways across these cost categories, translating into other area economic activity.

What the overall profitability of area agriculture is from year-to-year is generally an open question. Figure 43 shows annual totals for all production expenses (red), which include all of the expense items shown separately in Figure 42, in relation to annual cash marketing receipts for livestock and crops (the lower green line), and for all farm income from all sources including miscellaneous ones (the upper green line). This upper green line contains all of the income sources in Figure 41, including livestock and crop receipts, government farm program payments, and any other miscellaneous and imputed income of area farms and ranches.

**Fig. 43: Total Agricultural Income & Expenses in Park Co., 1980-2014**



Total farm expenses in many years have exceeded income from all farm sources, as was the case in each year from 1999 through 2010. So the financial situation of area ag producers is somewhat precarious in that income oftentimes cannot fully cover production costs. However, this is true in many agriculture-dependent areas of the U.S. and, in particular, in the central and northern Great Plains region.

This situation where costs can consistently exceed receipts can persist in an industry like agriculture because of the collateral against which rising debt is secured – land, which also has been rising in value. However, it cannot be sustained indefinitely and annual revenues must eventually come into line with and exceed true production costs for these operations to be viable.

## Summary of Findings and Conclusions

This report provides an up-to-date analysis of key trends and features of the economy of Park County, Montana. Among many other things, Park County is an important gateway to Yellowstone National Park and this more current analysis contains many references to a previous study of the larger area surrounding Yellowstone National Park – a 2007 study done for the Yellowstone Business Partnership by Swanson (cited below in the end notes). The over-arching findings of that study were as follows:

*Yellowstone and Grand Teton National Parks lie at the center of the Yellowstone Region, both jewels of the nation's internationally coveted national park system. Surrounding these parks are many more national forest lands and forest wilderness areas, creating one of the largest wild land complexes in North America. [ ... ]*

*Within these complexes in the valley floors and plateaus reside over 700,000 people and many more to come.*

*Most of the region's smaller cities and towns are seeing population growth, with more and more people drawn to the region's high quality environment ... because more people want to live in attractive areas with big natural landscapes, towering mountains with healthy forests and grasslands, large wildlife populations, plentiful outdoor and recreational opportunities, and attractive and welcoming communities. [ ... ]*

*Land-based amenities like forests, mountains, streams, and grasslands on vast landscapes along with the wildlife populations these sustain have become the region's chief economic assets. The biggest challenge lies in not degrading and losing many of these assets as the region and its communities grow and businesses expand.*

*The more permanent sustainability of economic prosperity in the region requires that this development not be done in ways or in places where environmental resources and assets are unduly and unnecessarily degraded or lost. [2007 YBP Report, cover page]*

The importance and relevance of these findings continue to resonate in the continued functioning of the Park County economy and the findings and conclusions of this study are as follows:

- **Population Growth** Park County has had a growing population for a very long time, although this growth slowed in the last decade. Much of the county's population growth has been from positive net migration, or more people moving to the area than the number moving away. Park County population growth was strong in the '90s, largely from positive net migration. Almost all population growth over the next two decades, if it occurs, will be from net migration. Area amenities and quality of life are major factors in migration patterns in the Interior West. Rural areas without these attributes are likely to see continued population decline in the future.
- **Major Factors in Population Growth** Population growth in Park County is being influenced by two major factors – close proximity to a growing urban area (Bozeman), with some of this growth spilling into surrounding areas, and the close proximity and presence of regionally-significant area tourism and recreation resources.
- **Area Attraction for Older and Younger Adults** Older adults visit and sometimes retire in areas like Park County. And, because of the more “footloose” nature of today's economy with information and knowledge-based businesses able to locate more freely, more young adults are finding ways to live and work in these same areas, drawn by their high quality of life, recreation opportunities, and oftentimes, welcoming communities.

- **Household Numbers and Housing Units** The 2010 Census indicated that there were 7,310 “households” in Park County with an average household size of 2.12 persons, all made up of permanent residents of the county. However, the county had 9,375 housing units in the 2010 Census, meaning roughly 2,065 of these were not occupied by permanent residents. The majority of these are classified as being used “for seasonal, recreational, and occasional use” by the Census Bureau.
- **Growing Number of Part-timers** During the 2000 to 2010 period housing units increased significantly in spite of relatively little change in the resident population. This indicates that there are a growing number of part-time residents of the county who are building and buying homes in the county. An increasing number of people know about Park County and the quality of life and recreational amenities it offers and have chosen to live there at least part of the year, investing in housing and other property to do so.
- **Area Housing Costs/Values** Homes in Park County are relatively expensive, with these values buoyed by the area’s quality of life and amenities. The median price of a Park County home was \$210,000 in 2014. This compares with \$187,600 for homes in Montana as a whole and \$175,700 nation-wide. The county has a larger percentage of homes valued over \$1 million – 4.2% vs. 1.8% statewide and 2.1% nationally. Homes valued between \$500,000 and \$1 million represent 11% of Park County homes, 5% of homes statewide, and 8% nationally. Conversely, less than 17% of Park County homes are valued under \$100,000 as compared to 22% statewide and 25% nationally.
- **Housing Wealth** The higher valued homes translate directly into increased area wealth since homes are the single largest asset for many families and individuals. This also translates into a stronger tax base for local governments and area schools who rely upon property taxes for much of their revenue.
- **Personal Income Growth** The personal income base of the county has been growing at a good pace for a long time and although this slowed in recent years during the recession, recovery more recently has pushed personal income in Park County to an all-time high of \$645 million in 2014, measured in inflation-adjusted dollars.
- **Per Capita Income Growth** Personal income on a per capita basis in the county has grown steadily over time, adjusted for inflation, and reached an all-time peak in 2014 of \$40,614. This compares with state-wide per capita income of \$39,903. The poverty rate in Park County also is lower than state-wide – 12.3 percent versus 15.2 percent. So, economic well-being of county residents exceeds that of the state as a whole using these often-used measures.
- **Labor Income or Earnings** Labor earnings are declining as a share of overall personal income in the county and this should continue as the population ages and more residents reach retirement age. Income from non-labor sources will rise more rapidly and older persons living in the county receiving Social Security, medical program payments, and income from savings and investments, will account for a growing share of area income.
- **“Imported” Labor Earnings** The desirability of living in Park County affects how much labor income is “imported” to the county by residents who work at jobs outside of Park County. Park is a significant net importer of these workplace labor earnings because many residents who work outside of the county choose to live in Park County. These net

additions to labor income accounted for about ten percent of all county labor earnings in 1990, but in 2014 this had grown to over 25 percent. This growth is a reflection of the desirability of living in Park County, even for residents who work at jobs outside of the county.

- **Yellowstone “Gateway”** Park County’s economy is significantly impacted by the close proximity of Yellowstone National Park. Highway 89 is one of the primary “gateways” to and from the park. It runs the length of the county from north to south. The Yellowstone River flows into Park County from the park, running alongside Highway 89 through the “Paradise Valley” area in the southern portion of the county. This valley is aptly named, framed by impressive mountain ranges and scenic landscapes and vistas, including views of Emigrant Peak, that are very appealing to visitors and area travelers.
- **Park Visitation** Visitation to Yellowstone National Park was a record level in 2015 with 4.1 million visitors. Average daily traffic (ADT) in July last year also reached a record level at 3,585 vehicles a day. This is an 18 percent increase in traffic over ten-years earlier. This increase represents hundreds of additional vehicles a day moving through the area each summer.
- **Visitor Spending Regionally** When traveling to and from Yellowstone National Park and across Montana, visitors spend an estimated at \$3.6 to \$3.8 billion annually on fuel, lodging, food, supplies, and other largely traded goods and services. The Institute for Tourism and Recreation Research at the University of Montana estimates spending by non-resident travelers in the 5-county region of Gallatin, Sweet Grass, Stillwater, Carbon, and Park at \$970 million annually. This and the economic activity it generates support an estimated 13,520 jobs in the region.
- **Visitor Spending in Park County** Spending by non-resident travelers in Park County alone is estimated at \$196 million, or about 20 percent of the 5-county total. Only five counties in Montana are estimated to have more non-resident traveler spending than Park and, on a per capita basis, no major tourism county in Montana has more in non-resident spending than Park, supporting an estimated 2,700 jobs, or about 28 percent of all county jobs.
- **Public Forestlands** Park County is about 2,800 square miles in size and over 1,500 square miles of this total contains some type of federal forest lands. Over half are federally protected “wilderness” areas. These largely natural areas and open lands create a rich and healthy environment for wildlife and help sustain high quality streams and other waters. These natural amenities bring large numbers of anglers, hunters, and other recreationists to the Park County area each year, adding further to those who pass through the area primarily in visiting Yellowstone Park.
- **Anglers and Hunters** The Montana Fish, Wildlife and Parks (MFWP) estimates that resident and non-resident hunters and anglers spend about \$1.26 billion each year in the state. These dollars are spent disproportionately in areas where hunting and fishing are best and Park County is one of these areas. The Upper Yellowstone basin or drainage, largely contained within Park, Sweet Grass, and Stillwater Counties, runs the full length of the Paradise Valley, and is the single busiest drainage in all of Montana for sport fishing activity. MFWP estimate the basin accommodates over ten percent of all sport fishing in the state, 374,000 “angler days” in total with three-fourths of this in the summer months. About 64 percent of this is by residents of Montana with the rest by non-residents.



- **Area Hunting** MFWP compiles data on hunting activity across Montana by sub-area and district. Hunter days for elk hunting in districts largely within Park County total 20 to 25 thousand a year. Area deer hunting add another 15,000 or more hunter days to this. There also is significant goat, sheep, and moose hunting in the area.
- **Angler/Hunter Spending** The combined fishing and hunting activity in the area is considerable, as is area spending by anglers and hunters while on trips to the area. Altogether, stream and lake anglers spend an estimated \$70 million a year during their fishing trips to the Upper Yellowstone. Hunters spend another \$5 to \$6 million during their hunting trips in Park County area hunting districts. These dollars flow to area gas stations, car rental businesses, lodging and camping facilities, food stores and restaurants, guide services, and other businesses in the area. This spending represents about \$4,000 to \$5,000 in additional spending for each resident of the county.
- **Seasonality in Area Employment** Park County employment is greatly affected by area patterns in visitation and traveler activity. County employment reaches highs each year in mid-summer and lows ordinarily in February with swings in employment of over one thousand jobs or about 13 percent. Over time, peak summer employment levels are rising, with the total number of employed reaching a high in 2015 of 8,556 workers.
- **Area Self-employment** The county has an unusually high level of proprietor or self-employment. Self-employed individuals, both on farms and ranches and in a wide range of non-farm businesses, account for almost 40 percent of all jobs in the county as compared to 27 percent state-wide. This is an indication of a high level of area entrepreneurial “energy” as well as that the area has a lot of small businesses. Proprietors are persons who work for themselves and tend to by much more “footloose” or flexible in terms of where they can choose to live and work. The higher percentage of proprietorships in Park County is partly because these persons want to live in the area and this is a function of the quality of life and area amenities.
- **Areas of Concentrated Employment** Of all the sectors of the economy, “accommodations and food services” which includes all lodging and eating businesses has the highest employment in the county. This is not surprising given the areas high levels of visitation. Retail trade more broadly is the second largest employer. Prior to the recession which had its greatest impact in 2009 and 2010, Park County had most of its employment growth in sectors affected by area travel and tourism. In the post-recession period up until the present, the biggest job growth has been in accommodations and food services, again reflecting this dependency on spending by travelers and visitors. Five of the seven areas of greatest job growth more recently are somewhere in traded goods and services including accommodations and food, arts and recreation services, retail trade more generally, and wholesale trade..
- **Travel and Tourism Boosted Trade** These dominant sectors in trade have grown in labor earnings from a little over \$30 million in 1985 to over \$60 million today and labor earnings paid to those employed in accommodations and food service reached an all-time high of \$35 million in 2014. These trade sectors are heavily impacted by travel, tourism, and area recreation activity and account for over 22 percent of all labor income in the county – a relatively high percentage that reflects the area’s dependence on these activities.

- **Construction** The construction sector ranks fourth in the county in labor earnings at \$22.4 million. This is down considerably from a high in 2006 of \$35 million. This sector stabilized in 2010 and has begun to grow once again with the larger share of area residential construction tied to part-time residents of the county, drawn to the area by quality of life and area amenities.
- **Area Agriculture** Park County has a stable agricultural sector that includes 564 farms and ranches, 93 of which are greater than 2,000 acres in size. Contained within these are 774,000 acres of land, both owned and leased, representing about 45 percent of the entire county land area. A full 608,000 acres are in some type of pasture, further adding to the expansiveness and allure of the area's landscapes and environmental quality. These ag lands support 44,000 cattle and about 2,600 sheep. Gross receipts from livestock sales total over \$30 million a year. Crop receipts add another \$15 million, with these gross receipts spread across a range of categories including livestock purchases, feed costs, fuel, and hired labor; the latter estimated at over \$10 million annually.
- **Chief Area Economic Strengths** Park County's economic strengths are derived from a stable and growing population, added to by a growing number of part-time residents who own homes in the area. Combining with this is a large and growing number of visitors to the area, for fishing and hunting and traveling to Yellowstone Park and other area attractions. These combine to grow and sustain the area economy, expanding area trade beyond levels sustainable only by residents of the county and adding to area construction. The heart-beat of the Park County economy closely reflects the flow of visitors to the area and the growing presence of retirees and part-time residents.
- **Chief Area Economic Threat** The chief threat to area quality of life and economic well-being would be any activities that could significantly negatively impact area amenities, environmental attributes, and quality of life because these are the things that distinguish the area and have contributed so heavily to area economic health and vitality. Any highly visible and environmentally disruptive activity, like large-scale mining or large-scale industrial activity, that can impact the area both substantively in terms of air, water, and land quality, and perceptually, reducing the area's image as a high quality place to live and visit, would have the greatest potential to cause long-term area economic impairment.

Park County is blessed with a strong combination of high quality area amenities, proximity to the nation's first national park, a steady and lasting stream of visitors and travelers to the area, a seemingly high level of proprietor employment, entrepreneurial energy and can-do spirit, and a relatively large proportion of its workforce employed in occupations that require "creative skills". It has a strong economy that continues to grow in sustainable and enduring ways, with many aspects of this economy tied to area amenities and quality of life.

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<sup>1</sup> Swanson, Larry, "Growth and Change in the Yellowstone-Teton Region," prepared for the Yellowstone Business Partnership (YBP), March, 2007

<sup>2</sup> McGranahan, David, Wojan, Timothy, and Lambert, Dayton, "The rural growth trifecta: outdoor amenities, creative class and entrepreneurial context," *Journal of Economic Geography*, May, 2010, As they concluded through detailed statistical analyses, "Tests confirm that the interaction of entrepreneurial context with the share of the workforce employed in the creative class is strongly associated with growth in the number of new establishments and employment, particularly in those rural counties endowed with attractive outdoor amenities." (underlining added) "Our study treats entrepreneurial context (small firm size or self-employment rate) as a local attribute distinct from the creative class. We expect that creative class and entrepreneurial context have a synergistic effect on local growth." (p. 5) "Moreover, the synergistic effects of entrepreneurship and creative class will be greater in higher amenity areas where it is easier to attract footloose businesses, creative and skilled labor and where the amenities themselves may be a source of growth." (p. 7) Outdoor amenity measures chosen reflect climate, landscape (including terrain, water, forests, etc.), and recreation appeal (tourism and other associated recreation activity).

<sup>3</sup> Swanson, Larry, and Janssen, Hayden, "Natural Resource and Environmental Restoration in Montana – Case Studies in Restoration and Associated Workforce Needs," report to the Montana State AFL-CIO with funding by the U.S. Department of Labor, O'Connor Center for the Rocky Mountain West, University of Montana, August, 2012. Study overview at: <http://crmw.org/Downloads/Restoration%20Study%20Overview.pdf> and mining case studies at: <http://crmw.org/Downloads/Restoration%20Studies%2020-27R.pdf>

This 2012 restoration study found: "Across Montana are thousands of sites where natural resources and environments have been badly damaged and degraded and where existing contamination lingers and spreads. [ ... ] Complete restoration oftentimes is not a realistic objective because the costs involved in achieving total restoration are simply too high. Other times there may be gaps in laws governing such cleanup, or in their enforcement, that result in much lower levels of restoration." [p. 2]

The study found that considerable large-scale natural resource damage and environmental contamination simply goes unaddressed because of lack of resources and gaps in programming, noting: "[T]he Montana Department of Environmental Quality administers the federal Brownfield's program aimed at identifying and eventually cleaning up sites with significant contamination of hazardous materials and substances. It has been able to fund about 25 assessments of these kinds of sites in Montana, but admits that there are probably hundreds of potential Brownfield contamination sites across Montana where significant contamination is known or suspected (MDEQ web site). Under its Abandoned Mine Reclamation program MDEQ has completed reclamation work at 408 coal mines and 38 hard-rock mines, but more than 1,500 abandoned mine sites have been identified and assessed under the program, occurring in 16 counties." [p. 3]

Regarding use of the large Superfund program for cleaning up major contamination sites, the study found: "Up to 294 sites across Montana were given some consideration for possible cleanup under federal and state Superfund programming [ ... ] Superfund sites are ones where contamination is particularly widespread and large scale. Two hundred and nine (209) of these remain under consideration, with six listed as maximum priorities, 53 as high priorities, and 74 as medium priorities. While only four sites are now listed as requiring "no further action" only 32 are under "active management" (MDEQ "Site Response Section Statistics Report," January, 2011). So, much work remains to be done and work on these sites will continue many years into the future." [p. 3]

The study concludes: "In a state that prides itself on not only the quantity of its natural surroundings and environmental amenities but also their quality, these conditions where degradation and contamination are often allowed to persist and expand are unacceptable. In the past many contamination sites and areas of land degradation have gone almost unnoticed and unattended, sometimes because of the sheer abundance of the states' natural resources and the remoteness of their locations. Early testing for contamination at many sites has been sometimes too limited and confined to fully expose the problems. Damage and contamination persist also because the costs of restoration are high, so high that true restoration – returning damage environments to near pre - existing conditions – is seldom if ever achieved even when attempted. Damage persists because government programs and the funding they may bring to these problems are often inadequate to the sheer magnitude of the tasks involved. Damages persist because the private incentives for cleanup and restoration usually pale in relation to the monetary incentives leading to the exploitation and damage of resources and associated environments. And damage persists because responsible parties sometimes cannot be found or no longer exist as business entities." [p. 4] Because of the legacy of past large-scale industrial activity causing massive contamination across the state and region, great care needs to be exercised when deciding if and where such activities can and should go forward in the future to avoid both environmental and economic impairment in affected areas in the future.

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<sup>4</sup> Swanson's studies on amenity-based growth in the West and in Montana, including growth nearby national parks, include a study in 2003 reporting upon amenity-driven growth in the Glacier Park area ("Gateway to Glacier," report to the National Parks Conservation Association, and a 2007 study report for the Yellowstone Business Partnership. The 2007 YBP study identifies counties nearby both national parks and national forest lands in the West (page 10), which includes Park County, and shows charts on population trends in these areas nearby these federal lands (page 12), concluding that increased growth in both urban and rural areas nearby these lands is, in part, "amenity-driven," spurred by the high quality of life many increasingly associate with areas and communities nearby parks and federal forest lands. Even earlier work by Swanson on this subject is published in *The Rocky Mountain West's Changing Landscape*, Vol. 2, No. 2, Winter/Spring 2001, "The West's Forest Lands – Magnets for New Migrants and Part-time Residents," published by the O'Connor Center for the Rocky Mountain West, Univ. of Montana. Here it is noted: "Expansive tracts of public forest lands are [ ... ] becoming more important economically because of the high values increasing numbers of people attach to the amenities associated with these forest lands."

Studies reported in 2016 by economist Ray Rasker and others with Headwaters Economics ("Federal Lands in the West: Asset or Liability?", February, 2016) state that "western rural counties with the highest share of federal lands on average had faster population, employment, personal income, and per capita income growth than their peers with the lowest share of federal lands." <http://headwaterseconomics.org/public-lands/federal-lands-performance> What's more they found areas with federal lands with the most protection (such as National Parks and federally-designated wilderness areas), had better economic performance than areas with less protected lands. They attribute this to the ways in which natural amenities on these lands serve to attract and retain residents, retirees with non-labor income, part-time residents (such as ones with second homes in these high amenity areas), and tourists and recreationalists. Together the increased presence of these types of residents and visitors serves to spur more retail and services growth, where much of the growth in the U.S. economy as a whole has been concentrated. Conversely, they find that rural areas without these lands and amenities struggle to retain their populations.

Studies by economists with the Kansas City Federal Reserve Bank on population and economic growth in rural areas of the U.S. found that "natural resources" are important factors in growth, but not in the same ways as in the past when this was largely through their extraction. "Many rural areas with natural resources continue to grow. The growth, however, is not being driven by resource extracting industries that have actually declined, but by the high quality of life associated with natural amenity areas. People visit and move to natural resource areas to enjoy the amenities they offer." ("Natural Amenities and Rural Employment Growth: A Sector Analysis," Jason Henderson, Kansas City Federal Reserve, and Kendall McDaniel, Chickasha Bank & Trust Company, *Review of Regional Studies*, Vol. 35, No. 1, 2005, pp. 80 – 96). There are many other studies with similar findings.

<sup>5</sup> Institute for Tourism and Recreation Research, University of Montana, "Relocation to Montana: Current Residents Who Were Influenced by Previous Vacations or Seasonal Tourism Jobs to Move to the State," Research Note 2015-2 <http://www.itrr.umt.edu/files/MovedtoMontana-VacationandJobInfluence.pdf>

<sup>6</sup> You can access and review work by the Economic Research Service of the U.S. Department of Agriculture at their web site at < <http://www.ers.usda.gov/topics/rural-economy-population/natural-amenities.aspx>>. This includes documentation and data regarding both high amenity areas of the U.S., as designated by ERS, and rankings with regard to the presence of "creative class" jobs in local areas.

<sup>7</sup> Richard Florida's work on the importance of the "creative class" in the modern U.S. economy can be explored on the web site he developed that is dedicated to this subject at < <http://www.creativeclass.com/>>. His best-selling book on this subject is entitled, "Rise of the Creative Class," published in 2002.

<sup>8</sup> Documentation of detailed occupations used by the Economic Research Service in tabulating employment by U.S. county on creative class jobs is at <<http://www.ers.usda.gov/data-products/creative-class-county-codes/documentation.aspx>

<sup>9</sup> Institute for Tourism and Recreation Research, University of Montana, "Preliminary 2015 Non-resident Traveler Expenditures and Economic Contribution," available on the ITRR web site at < <http://www.itrr.umt.edu/files/Preliminary%202015%20Spending%20and%20Impacts.pdf>>

<sup>10</sup> Institute for Tourism and Recreation Research, University of Montana, Kara Grau, M.S., "2014 Economic Contribution of Nonresident Travel Spending in Montana Travel Regions and Counties," 7/24/2015

<sup>11</sup> Montana Fish, Wildlife & Parks (MFWP), "Statewide Estimates of Resident and Nonresident Hunter and Angler Expenditures in Montana (2014)," HD Unit Research Summary No. 39, Helena (Michael Lewis and Zoe King).