How do we build a regional economy?
How do we build a regional economy?
Workforce = Population x Skills x Participation
Unemployment is low and labor force participation is high => limited ability to increase workforce from existing population
The Future of Higher Education in Montana

2018 Economic Outlook Seminar

Jan. 23-Mar. 14
Creating skills requires more than schools
Montana Population by Age
Average net migration rates vary widely across the country and across Montana.

Source: BBER analysis of U.S. Census Bureau Components of Population Change Data, 2001-2015
Figure 1

Note. Migration rates of the civilian population age 16 and up from the Current Population Survey. Y axes are the share of the population migrating across states or counties (left) or within a county (right). Post-1989 migration rates are calculated from microdata and exclude imputed values. Sample details are given in Molloy, Smith and Wozniak (2011) and Saks and Wozniak (2011).
Why aren’t people changing jobs (and moving) as much?

• (1) Flexible compensation means workers earn what they are worth. Don’t need to go someplace else to adjust wages. (=> place-based compensation (second paycheck))

• (2) Declining dynamism — fewer start-ups means less opportunity to jump from stagnating to new high potential firms. (=> offer better potential by supporting culture of entrepreneurship (but maybe just offer better wages + second paycheck))

• (3) Loss of worker bargaining power means firms share less profit with workers. (=> increase wages (including second paycheck))

• (4) Loss of social capital. Makes information less fluid. Makes job changes scarier for both employers and workers. (requires something different)

Consistent theme – better match people to place
Can we do better harnessing Montana’s “potential” labor pool?
Size of Montana’s potential population

- There are $N$ people
- Each person believes that there is a probability, $P_i$, that Montana is their best option
- Potential population = $\Sigma P_i$
  - 5 people each with $P=.1 = 0.5$
  - 20 people each with $P=.5 = 10$

Note: the specific employers are more interested in the modified version that starts with $N = \text{the number of qualified people for their job}$
Core Questions

• How many people are out there who might have a high P? That is, how many people are there who have a good chance of being better off in MT?
• Can we create more of them? That is, can we persuade people that they may be better off in MT?
• Can we find these people?
• Assuming we can find them, can we match them with jobs, communities, homes (turn potential into actual)?
Montana needs to ...

- Build tools to identify people with high P
- Build tools to help increase P
- Build tools that match potential employees with potential employers
Number of Montana natives, aged 25-64, living in other states, who have a college degree or a degree in a STEM field

- College degree: 106,000
- STEM degree: 39,300
Step 1: Self identify
Step 2: Big data analytics

Search for computer programmer, wage $65,000

• 1,078,000 computer programmers
• Of those, 523,000 have “real earnings” below Billings level
• Of those, 57,000 likely to move at least between counties
• 17,468 likely to move between states

How many are likely to be interested in Billings? Can we find them?
Step 3: Create more

*How to raise P?*

- Raise wage
- Lower cost of living
- Increase quality of life
- Inform about relative quality
States Whose Residents Are Least Likely, and Most Likely, to Want to Leave

Ideally, if you had the opportunity, would you like to move permanently to another state, or would you prefer to continue living in this state?

<table>
<thead>
<tr>
<th>Least likely states</th>
<th>% Yes, would like to move</th>
<th>Most likely states</th>
<th>% Yes, would like to move</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montana</td>
<td>13</td>
<td>Connecticut</td>
<td>46</td>
</tr>
<tr>
<td>Oregon</td>
<td>17</td>
<td>New Jersey</td>
<td>46</td>
</tr>
<tr>
<td>Washington</td>
<td>19</td>
<td>Illinois</td>
<td>42</td>
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<td>Hawaii</td>
<td>19</td>
<td>Rhode Island</td>
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<td>Maryland</td>
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<td>Delaware</td>
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<tr>
<td>Idaho</td>
<td>21</td>
<td>Ohio</td>
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</tr>
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<td>New Hampshire</td>
<td>22</td>
<td>New York</td>
<td>37</td>
</tr>
<tr>
<td>North Dakota</td>
<td>24</td>
<td>Nevada</td>
<td>35</td>
</tr>
<tr>
<td>Texas</td>
<td>24</td>
<td>Indiana</td>
<td>35</td>
</tr>
<tr>
<td>Maine</td>
<td>24</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Gallup State of the States 2015 study

Top: Residents’ Views of Their State as Best Place to Live

How would you describe the state where you live?

<table>
<thead>
<tr>
<th>Best or one of the best possible states to live</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montana</td>
<td>77%</td>
</tr>
<tr>
<td>Alaska</td>
<td>77%</td>
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<tr>
<td>Utah</td>
<td>76%</td>
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<tr>
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<tr>
<td>Texas</td>
<td>68%</td>
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<tr>
<td>Hawaii</td>
<td>68%</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>67%</td>
</tr>
<tr>
<td>North Dakota</td>
<td>66%</td>
</tr>
<tr>
<td>Colorado</td>
<td>65%</td>
</tr>
<tr>
<td>Vermont</td>
<td>61%</td>
</tr>
<tr>
<td>Oregon</td>
<td>61%</td>
</tr>
<tr>
<td>Minnesota</td>
<td>61%</td>
</tr>
</tbody>
</table>

June-December 2013

GALLUP
Step 1: Self identify
Relative to large metros like Seattle, Portland, or Denver, average commuter in Missoula, Bozeman, or Billings saves approx. 20 minutes per day.
Your
MONTANA
Summer
meetmeinMT.com