BOZEMAN MT
Economic Development

CITY OF BOZEMAN

Economic Vitality Strategy (EVS)

June 2023

PREPARED BY:

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INTRODUCTION

The City of Bozeman is an economic hub for the broader Gallatin Valley and State of Montana. Recognizing that economies and the workforce are not limited by jurisdictional boundaries, the Bozeman Economic Vitality Strategy (EVS) is intended to serve the larger Gallatin Valley area. It will be monitored by City of Bozeman staff to ensure implementation, but it requires engagement from various stakeholders across the Valley.

STRATEGY PURPOSE

This document is aimed at regional, city and county economic development practitioners, business leaders, elected officials and stakeholders implementing programs that support the growth of businesses and enhance opportunities for individuals to access economic mobility in the Gallatin Valley. This requires alignment and implementation of actions across government agencies and organizations. The Strategy provides deliberate direction to guide actions that will evolve over the next five years to meet dynamic economic and business conditions. The Strategy is constant; the actions and organizations involved in implementation are dynamic.

Educate

The Bozeman EVS is founded on the vision that the future Gallatin Valley economy will equitably serve residents that live and work in the region. The vision needs broad support and this document should be used to engage elected officials, business leaders, and stakeholders to help amplify the vision and providing support through their actions.

Invest

The EVS should also be used to leverage greater investment in the region by providing data and rationale used to: 1) obtain grants to fund implementation; 2) encourage private investment; and 3) align federal and state legislative agendas to collaboratively solicit funding to support strategic projects.

Collaborate

Many organizations are actively trying to create equitable economic growth across the region. It is important to collaborate to maximize collective efforts by:

- Coordinating with City of Bozeman staff to let them know about each organization's work so it can be leveraged across the region.
- Engaging other organizations or city departments within a jurisdiction to break down silos and leverage resources to the greatest extent possible and elevate one another's work.
- Supporting programs led by other organizations that implement the Strategy through funding and/or promotion.

WHAT IS ECONOMIC VITALITY?

Economic vitality is the maintenance of a strong diverse economy with enough growth to provide opportunities for the increasing local population. Economic vitality also encompasses the ability for residents to access jobs and opportunities that contribute to quality of life and

financial security. One of the foundational elements for economic vitality is an economic base of traded and local sector businesses that provide various services to the community and job opportunities to create wealth.

Traded and Local Sectors

Traded sector (also referred to as an export or basic sector) businesses include industries and employers which produce goods and services that are exported outside the production region and therefore bring in new income to the area (e.g., manufactured goods, software development). Bringing new income to the region is critical because it creates a multiplier effect that then supports other local sector jobs. Workers in the traded sector tend to earn higher average wages than local sector workers which increases the overall economic impact for a community. As the job base expands, a community is more attractive to employees because there are more options for career growth. In turn, as traded sector employment grows, there is more career mobility for people and competition among employers which can ultimately increase livable wages for residents.

As the traded sectors grow, they create an environment that allows entrepreneurs to develop skills and resources on the job that may encourage them to start a new business and increase employment opportunities within the region. Furthermore, some traded sector companies support a supply chain effect that creates the need for additional companies to supply components of a product that is manufactured or to provide additional services. Cities and regions have concentrations of different types of traded sector industries that differentiate them from other places and can be leveraged for economic development (e.g., Boston has biotech, Houston has energy engineering, and New York has finance).

Local sector business consists of industries and firms that are likely to be present in every region. They produce goods and services that are consumed locally in the region where they were made, and therefore largely recirculate existing income in the area (e.g., breweries, physician offices, banks). These businesses are important as they make a community distinct, depending how they are provided by local businesses, and provide amenities to attract young professionals and families that drive the new economy. A sampling of traded and local sector businesses in the Gallatin Valley is indicated in **Figure 1** below.

In the Gallatin Valley, the difference between traded and local sectors is not as clear. Since tourism is a large portion of the economy, local sectors – especially retail, food and beverage, and hospitality – are bringing in outside income from visitors. However, these local sectors still have lower wages and lower economic impacts than traded sectors. It is important for the Gallatin Valley to work on diversifying the economy so it is not overly dependent on tourism.

Figure 1: Example of Gallatin Valley Traded and Local Sector Businesses

Source: Bridge Economic Development

Traded sector industries have the largest economic impact per job even though they represent fewer jobs than local sectors. Traded sector jobs account for about 34 percent of the economy with average wages of $68,200 per year, as shown in **Table 1**. Local sector jobs make up 66 percent of the economy with average wages of $42,800. In the U.S. as a whole, traded sectors comprise 36 percent of all jobs which generate 50 percent of the income and 96.5 percent of all patents.[1] Traded sector jobs provide a larger proportion of the national income and are responsible for almost all innovation as measured by the quantity of patents associated with the industry.

[1] https://clustermapping.us/cluster

Table 1: Comparison of Traded and Local Sector Wages, Gallatin County

Industry	NAICS	Gallatin County Ann. Avg. Wage 2020	Jobs 2020	
Economic Base/Traded Sectors				
Finance/Insurance	52	$96,600	1,619	
Prof. & Tech Services	54	$79,200	4,829	
Mining	21	$92,400	188	
Information	51	$139,800	698	
Mgmt. of Companies	55	$79,700	234	
Wholesale Trade	42	$70,100	1,819	
Manufacturing	31-33	$55,400	3,599	
Ag./Forest/Hunting	11	$40,000	701	
Transport./Warehousing	48-49	$44,500	1,302	
Admin/Waste Mgmt	56	$40,200	2,260	
Subtotal / Average		**$68,200**	**17,249**	**34.1%**
Local Sectors				
Construction	23	$58,100	6,413	
Retail Trade	44-45	$40,100	8,197	
Real Estate	53	$50,400	1,197	
Education	61	$34,500	834	
Health Care	62	$53,200	5,994	
Arts/Rec	71	$27,300	1,463	
Hotel/Restaurant	72	$26,600	6,920	
Other	81	$40,900	2,323	
Subtotal / Average		**$42,800**	**33,341**	**65.9%**
Total		**$50,600**	**50,590**	**100.0%**

Source: Bureau of Labor Statistics QCEW; Economic & Planning Systems

There is an interdependence or multiplier impact between traded and local sector companies. In general, adding one additional skilled job in the traded sector can generate roughly 1.5 to 2.5 jobs in local goods and services. A strong local sector therefore depends on a strong traded sector. And a stronger traded sector-based economy is more resilient to economic shocks like those created by the COVID-19 pandemic and other natural disasters.

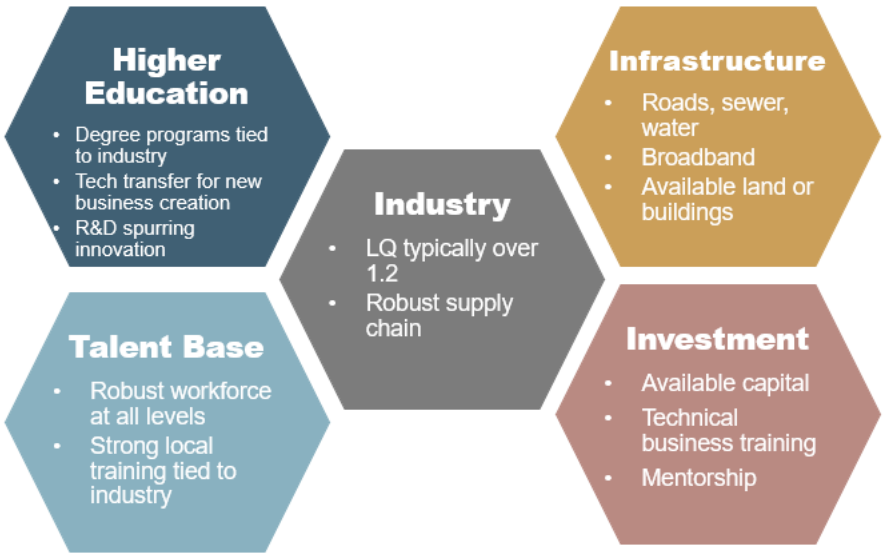
Local sector businesses typically have a lower barrier to entry as they can require less capital investment and may not require a four-year degree. The local sectors therefore have many opportunities for under-represented and under-resourced individuals to gain access into the market and build wealth. Therefore, local sector businesses are often considered an equity on-ramp opportunity.

However, it is important to not entirely focus on local sector businesses as an opportunity for equity. By only using a local cluster focus, a region can ultimately exacerbate income inequality as underserved and under-represented communities are not connected to higher wage employment opportunities among tradable industries. Therefore, it is important to provide equitable opportunities within traded sector industries as well. This Strategy considers both traded and local sectors as part of the overall economy and how they both provide distinct contributions and opportunities for the region.

What is an Industry Cluster

A cluster is an organically occurring regional concentration of related industries in a particular location. Clusters are a foundational element to regional economies, making them uniquely competitive for jobs with a livable wage and private investment. They consist of companies, suppliers, and service providers, as well as government agencies and other institutions that provide specialized training and education, information, research, and technical support. Various regions across the US have unique clusters making them distinct: Boston, MA has bioscience whereas Houston, TX has oil and natural gas. Industry clusters function on a regional metropolitan statistical area (MSA) level because assets such as workforce and transportation infrastructure are not constrained by local municipal boundaries. Therefore, in order to effectively grow an industry cluster, it is important to leverage existing assets and collaborate on a regional and state level.

An industry cluster is comprised of the following elements, with some being more important than others depending on the industry. A city plays the important of role of providing the necessary infrastructure, zoned land, and investment in programs to allow various types of industry to thrive.



THE GALLATIN VALLEY STORY

The Gallatin Valley is an area within Gallatin County where most of the County's population and jobs are located. There is no official or administrative definition of the Gallatin Valley, but it is generally known as the flat, semi-arid, low elevation lands between Bozeman Pass (on the east) and the City of Three Forks (on the west) along the I-90 corridor, illustrated in **Figure 2**. These are historic Native American lands used in the summer months to hunt, fish, and prepare for the long winter. Today, after settlers displaced the Native American population, it includes the municipalities of Bozeman, Belgrade, Manhattan, and Three Forks plus the unincorporated areas of Four Corners, Gallatin Gateway, and other smaller unincorporated communities. The

population of this region is approximately 110,000 including the City of Bozeman (51,000) and Belgrade (10,800).

The City of Bozeman is the third-largest city in the State of Montana, the largest City in the Gallatin Valley, and home of Montana State University (MSU). Surrounded by scenic mountains, rugged trails, and fish-filled rivers, Bozeman is an outdoor enthusiast's dream. Adventure seekers have discovered that Bozeman also offers economic opportunity with a vibrant and diverse industry base ranging from photonics to specialty manufacturing. With the proximity of the Bozeman Yellowstone International Airport, the "Triangle" - comprised of Belgrade, Four Corners, and Bozeman - serves as the economic hub for the Gallatin Valley and beyond.

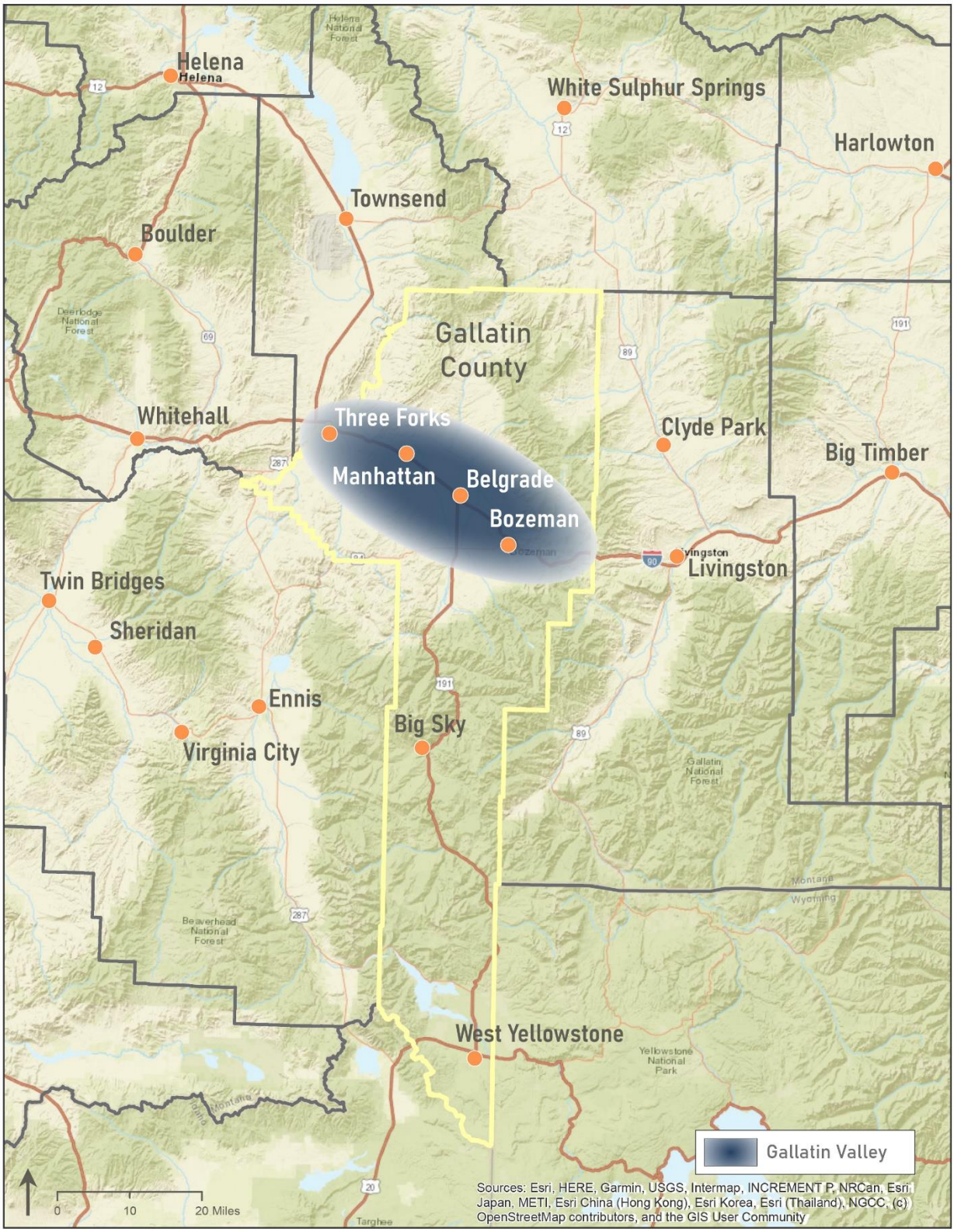
A unifying factor across the Valley is a culture of grit, smarts, and strong work ethic that encourages entrepreneurs to thrive and innovation to emerge. This forward-thinking population prizes sustainable practices and solutions to shift climate change with an understanding that precious natural resources (e.g., water) and the tourism trade depend on a healthy environment.

The residents of Gallatin Valley respect hard work and diverse individuals that reside year-round in the community and are committed to sustainable long-term growth. Wealth is defined by a personal lifestyle that affords the ability to live, educate, recreate and commune in Gallatin Valley year-round.

While not within the Gallatin Valley proper, there are three important nearby assets and communities: Bridger Bowl Ski Area, Big Sky and Big Sky Mountain Resort, and West Yellowstone. Bridger Bowl is one of the oldest winter sports areas in the west and is known among dedicated skiers for its challenging terrain and low-key local crowd. Big Sky has emerged over the past decade or so as one of the top winter sports destinations in North American. It is known for its massive 5,000+ acre size and some of the most difficult runs in North America. It is also one of the most luxurious and exclusive mountain communities in North America. Homeowners and visitors include the ultra-wealthy, CEOs, and venture capital investors that largely reside in the Yellowstone Club and Spanish Peaks. The growth of Big Sky has brought an influx of wealth and investment to the Gallatin Valley, which is funding startups and bringing outpost office locations of larger firms to the region.

The Town of West Yellowstone is the western gateway to Yellowstone National Park. Thousands of visitors stay in and pass-through Bozeman and West Yellowstone each year on their way to and from Yellowstone National Park (YNP). West Yellowstone is a year-round recreation destination in itself with guided snowmobiling and ski touring in the winter, hunting, and fishing and hiking in the warmer months.

Figure 2. Gallatin Valley Region



Source: EPS

In addition to a vibrant natural setting, Gallatin Valley benefits from a well-supported and thriving arts and culture scene. Because it enhances the quality of life, this asset is an important complement to community development, enriching local amenities and attracting young professionals to the area. Furthermore, arts and culture create job opportunities and stimulate local economies through consumer purchases and tourism, which contribute greatly to state economic growth.

The Gallatin Valley also has economic linkages to other places in Montana. Along the I-90 corridor, there is bioscience collaboration (and competition) between MSU in Bozeman and the University of Montana in Missoula. Billings Clinic is expanding its health care services in Bozeman and staff and doctors share time between the two regions. Some workers are commuting from other counties due to housing costs and preference. With the growth of remote working, there is an opportunity to shift some of the jobs in Gallatin Valley to these rural communities to their benefit.

Bozeman Yellowstone International Airport (BZN) is the busiest airport in the state with 1.9 million passengers in 2021 compared to approximately 700,000 at Billings Logan International Airport. BZN airport increases the reach of the Gallatin Valley with direct flights indicated in **Figure 3** to major cities throughout the U.S. The airport is a major economic engine that brings in tourists, but also investment and innovation.

Figure 3. Bozeman Yellowstone International Airport direct flights

REGIONAL OVERVIEW

Population

The population of Gallatin County is 119,000 and has grown by a third since 2010 at an annual rate of 2.6 percent per year (**Table 2**). The City of Bozeman has over 50,000 people now which places it in a new category of eligibility for federal transportation and community development grant funding. Bozeman added over 14,000 people since 2010 at a rapid annual rate of 2.9 percent. The entire Valley is growing fast, as Belgrade grew by over 40 percent at 3.3 percent per year. The unincorporated remainder of the County, including Big Sky, Four Corners, and Gallatin Gateway added over 12,000 people.

Table 1. Population by Place, Gallatin County

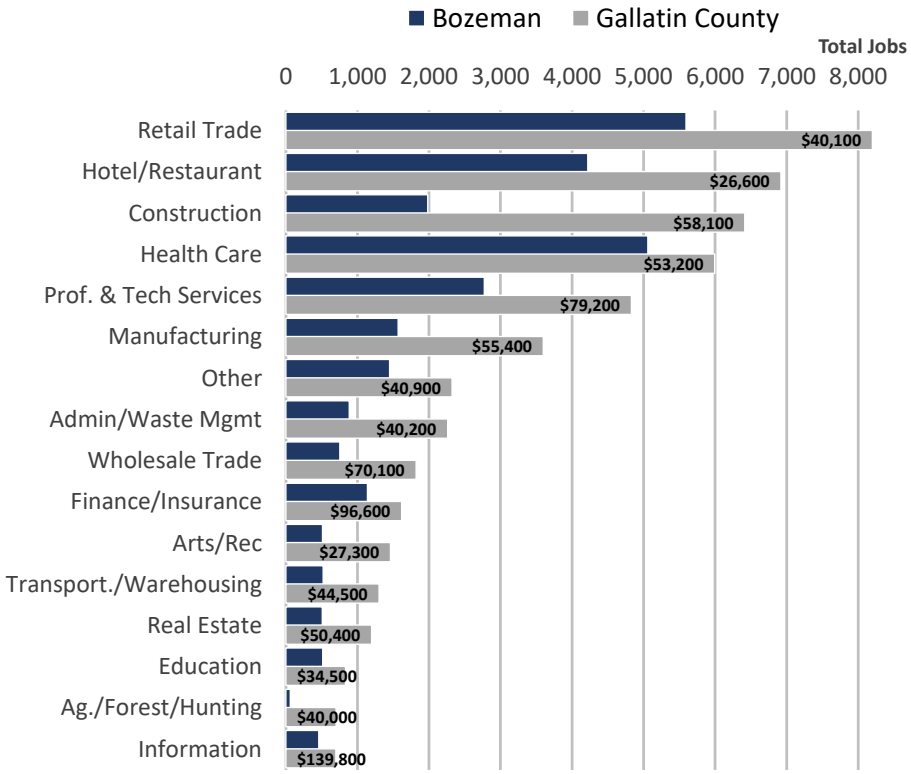
	2010	2021	Total Change	% Change	Ann. Growth Rate
Bozeman	37,354	51,405	14,051	37.6%	2.9%
Belgrade	7,535	10,796	3,261	43.3%	3.3%
Manhattan	1,525	1,829	304	19.9%	1.7%
Three Forks	1,871	2,375	504	26.9%	2.2%
Unincorporated	43,099	55,290	12,191	28.3%	2.3%
Gallatin County	**89,513**	**119,320**	**29,807**	**33.3%**	**2.6%**

Source: ESRI, Economic & Planning Systems

Economy

In Gallatin County there were nearly 60,000 wage and salary jobs in 2020 plus another 25,000-30,000 sole proprietor jobs (self-employed) for a total of about 90,000 jobs. Within the City of Bozeman there were about 30,000 private wage and salary jobs plus 4,200 faculty and staff at MSU. The largest industries in the City of Bozeman and Gallatin County are local and tourism sectors including retail trade, hotels and restaurants, construction, and health care (**Figure 4**). The traded sectors of professional and technical services and manufacturing are the next largest groups of industries. These data show that the area is today heavily reliant on trade and tourism.

Figure 4. Wage and salary jobs by industry, Bozeman and Gallatin County, 2020



Source: Bureau of Labor Statistics; MT Dept. of Labor; Economic & Planning Systems

The economy in Gallatin County and Gallatin Valley is changing rapidly, however. First, the County added 7,000 jobs from 2015 through 2020, a growth rate of 2.6 percent per year and a 13.5 percent increase (**Table 3**). The industries with the most growth are highlighted below.

- Professional and technical services added 934 jobs with average wages near $80,000 per year. This sector had the most growth outside of construction. This is a significant change and shows that companies in Greater Bozeman are expanding, and new firms are being formed or attracted. The area is attracting knowledge-based companies and workers.
- Countywide, construction was also one of the fastest growing industries with 1,700 jobs added from 2015 through 2020. Growth in construction jobs is being fueled by major resort projects are underway in Big Sky, plus the growth in the Gallatin County. Anecdotally, many construction workers are moving to the area temporarily to fill jobs and may move to other locations as major projects are completed or if the economy slows.
- Manufacturing also had significant growth which is rare in small metro areas. Manufacturing is a diverse and important sector in Greater Bozeman. This sector grew by 562 jobs with average wages of about $55,000.
- Health care also grew significantly, which is consistent with national trends. People are living longer, more people have health insurance, and the large baby boomer population

is aging and increasing health care demand. Health care added 881 jobs, a 17 percent increase.

Table 2. Change in wage and salary jobs by industry 2015-2020 and 2020 average wages

Industry	Jobs 2015	Jobs 2020	Change	%Change	Ann. Avg. Wage 2020
Economic Base/Traded Sectors					
Finance/Insurance	1,447	1,619	172	11.9%	$96,600
Prof. & Tech Services	3,895	4,829	934	24.0%	$79,200
Mining	197	188	-9	-4.6%	$92,400
Information	578	698	120	20.8%	$139,800
Mgmt. of Companies	252	234	-18	-7.1%	$79,700
Wholesale Trade	1,582	1,819	237	15.0%	$70,100
Manufacturing	3,037	3,599	562	18.5%	$55,400
Ag./Forest/Hunting	554	701	147	26.5%	$40,000
Transport./Warehousing	1,284	1,302	18	1.4%	$44,500
Admin/Waste Mgmt	1,730	2,260	530	30.6%	$40,200
Subtotal / Average	**14,556**	**17,249**	**2,693**	**18.5%**	**$68,200**
Local Sectors					
Construction	4,754	6,413	1,659	34.9%	$58,100
Retail Trade	7,584	8,197	613	8.1%	$40,100
Real Estate	880	1,197	317	36.0%	$50,400
Education	657	834	177	26.9%	$34,500
Health Care	5,113	5,994	881	17.2%	$53,200
Arts/Rec	1,419	1,463	44	3.1%	$27,300
Hotel/Restaurant	7,065	6,920	-145	-2.1%	$26,600
Other	1,994	2,323	329	16.5%	$40,900
Subtotal / Average	**29,466**	**33,341**	**3,875**	**13.2%**	**$42,800**
Total (disclosable)	**44,022**	**50,590**	**6,568**	**14.9%**	**$51,500**
Total Jobs (without disclosure)	**52,059**	**59,071**	**7,012**	**13.5%**	

Note: Industry employment figures do not include all jobs due to privacy limitations. Summing employment by industry components yields less jobs than the actual totals which are not limited by privacy disclosure issues.

Source: Bureau of Labor Statistics QCEW; Economic & Planning Systems

Economy Comparisons

Comparing the Gallatin County and Bozeman economy to other areas provides additional context for the importance of economic diversity. First, a metric called a location quotient (LQ) is used to compare the mix of jobs in traded and local sectors in comparison counties. Next, the economic productivity of each area is shown – areas that have higher concentrations of traded sector jobs have more economic productivity.

A location quotient (LQ) measures the concentration of an industry in an area as a ratio of the percentage of jobs in the analysis area divided by the percentage in the U.S. A LQ ratio is used to compare the concentrations of industries across different regions and asses local industry strengths or specializations. The LQ is important for determining an inherent economic strength of a community. In developing an economic vitality strategy, it is best to invest time and money where there is a competitive advantage already existing in the community rather than trying to create an industry cluster without an intrinsic base.

The LQs for traded and local sectors in Gallatin County are compared to several comparison Counties with their major city noted in **Table 3**.

- Bozeman has lower concentrations in most traded sectors than the comparison communities and higher concentrations in local sectors.
- As larger cities/metros, Boulder and Boise have more diverse economies.
- Boulder and Boise/Ada County have higher concentrations of jobs in knowledge and financial industries.
- Ogden, UT/Weber County has more than twice the manufacturing concentration than Bozeman (aerospace, defense, outdoor products, advanced materials)
- Boulder and Fort Collins also have higher concentrations of manufacturing at 1.29 and 1.02.

The differences in the mix of jobs and industries in each area is due to numerous historical, geographic, and economic factors. How an area was settled historically (e.g. agriculture, railroad, mining, university) influences the early and legacy industries in that community. The location and proximity to other cities and industries also affects the economic composition. Larger cities and counties, and cities and counties within larger metro areas also tend to have more diverse economies and more racial and ethnic diversity.

Table 3. Location quotient comparisons

Industry	Bozeman/Gallatin Location Quotient	Highest Concentration	
Traded Sectors			
Agriculture, forestry, fishing and hunting	1.33	Corvallis/Benton	3.21
Mining, quarrying, and oil and gas extraction	0.82	**Bozeman/Gallatin**	**0.82**
Information	0.63	Boise/Ada	1.14
Management of companies and enterprises	0.24	Boise/Ada	1.05
Professional and technical services	1.20	Boulder/Boulder	2.47
Wholesale trade	0.76	Boise/Ada	1.22
Manufacturing	0.70	Ogden/Weber	1.61
Transportation and warehousing	0.55	Boise/Ada	0.70
Finance and insurance	0.63	Boise/Ada	1.14
Local Sectors			
Utilities	0.50	Boise/Ada	1.03
Construction	2.09	**Bozeman/Gallatin**	**2.09**
Retail trade	1.31	**Bozeman/Gallatin**	**1.31**
Real estate and rental and leasing	1.30	**Bozeman/Gallatin**	**1.30**
Administrative and waste services	0.62	Boise/Ada	1.38
Educational services	0.72	Boulder/Boulder	0.79
Health care and social assistance	0.72	Missoula/Missoula	1.22
Arts, entertainment, and recreation	1.99	**Bozeman/Gallatin**	**1.99**
Accommodation and food services	1.47	**Bozeman/Gallatin**	**1.47**
Other services, except public administration	1.39	Missoula/Missoula	1.57

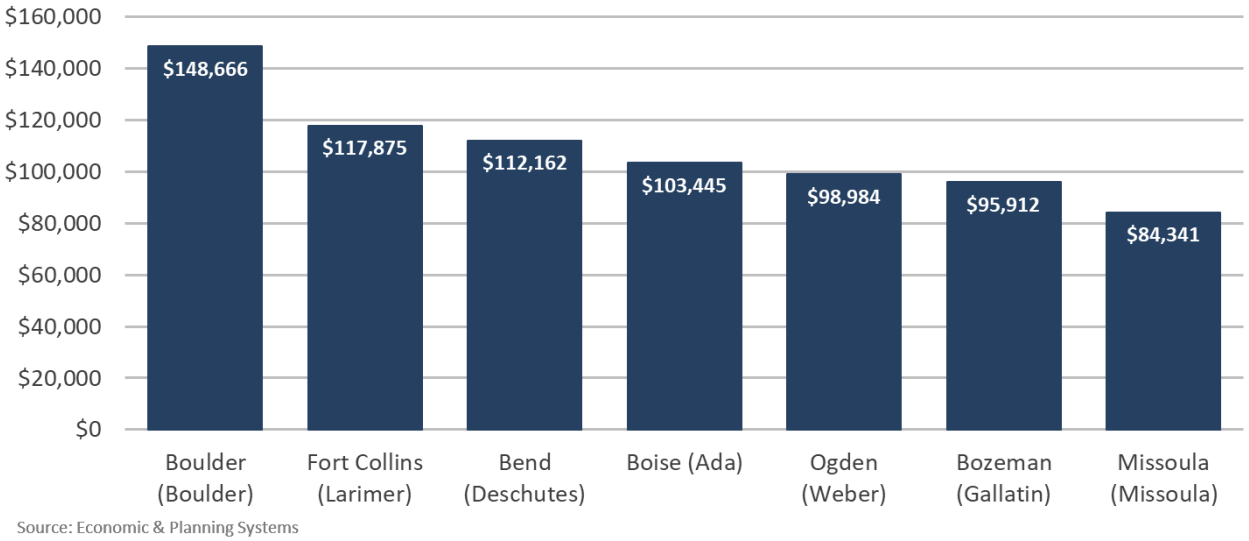
Source: Economic & Planning Systems

As shown below in **Figure 5**, the regions with higher concentrations of traded sector jobs are the most productive; they generate the most economic output per job. Gross Regional Product (GRP) is the local or regional equivalent of GDP (Gross Domestic Product). GRP is the value of all goods and services produced in an economy. GRP per job is a measure of the productivity of the labor force and firms in the economy – the value of the output created from each worker.

- Boulder, CO has the most productive economy with nearly $150,000 in annual output per worker, followed by Fort Collins, CO at $118,000.
- Bozeman and Gallatin County are at the lower end of the spectrum of the comparison communities due to the higher concentration of tourism and local serving jobs.

These data reinforce the focus of this strategy on diversifying the economy with a focus on traded sectors to provide the economic engine for the region, and local sectors providing the support for quality of life and on-ramps to business ownership and wealth building.

Figure 5. Gross regional product per job, Gallatin County and selected comparison areas



Source: Economic & Planning Systems

INDUSTRY CLUSTERS

Industry clusters are groups of similar and related traded sector businesses that share common markets, technologies, and worker skill needs, that are often linked by buyer-seller relationships. Industry clusters represent distinct qualities of a community and help define what makes one community different from another. Industry clusters are a way of communicating, marketing, and leveraging the presence of these concentrations of skills, resources, and relationships. The EVS is organized around supporting seven traded sector clusters and three local sector clusters summarized in Table 4 and Table 5. Appendix A provides a more detailed description of these industry clusters.

Table 4. Traded sector industry clusters

Industry Cluster	Stage	Estimated Jobs	Estimated Firms	Estimated Wages	Description
Traded Sectors					
Photonics	Mature	800	35	$60,000-$100,000+	Science and technology of generating, detecting, and controlling light.
Quantum Computing	Nascent	Less than 100	Less than 20	$60,000-$100,000+	Uses atomic motion to perform computing operations.
Biotechnology	Growing	100 to 400	Not available	$40,000-$90,000+	Medical and drug research and technology.
Software/Information Technology (IT)	Mature	1,350	240	$60,000-$140,000+	Programming and system design.
Outdoor Equipment	Mature	500-1,000	Not available	$40,000-$90,000+	Outdoor equipment design, manufacturing, and marketing. Capitalizes on Bozeman brand. Within manufacturing industry of 3,600 jobs.
Specialty Manufacturing	Mature	1,000+	Not available	$40,000-$60,000	Specialty products including metal products, musical instruments, and food and beverage. Within manufacturing industry of 3,600 jobs.
Climate Technology	Nascent	Not available	Not available	$40,000-$90,000+	Emerging cluster of technologies that are explicitly focused on addressing climate change. Wide range of industries.
Creative Arts	Growing	1,104	333	$41,000	Goods and services are based on intellectual property and individual creativity. Includes publishing, film, TV, media, desing, performing arts, and museums and galleries.

Source: Bridge Economic Development and Economic & Planning Systems

Table 5. Local sector industry clusters

Industry Cluster	Stage	Estimated Jobs	Estimated Firms	Estimated Wages	Description
Local Sectors					
Construction	Mature	6,400	1,290	$50,000-$60,000 $100,000 in heavy construction	Residential and commercial buildings, skilled trades, and heavy/civil engineering construction.
Small Business Ownership	Growing	N/A	N/A	Varies	Small businesses across all sectors. Self employed is 25-30% of all jobs in Gallatin County.
Health Care	Mature	6,000	500+	$40,000-$90,000+	Medical services provided through hospitals and small practices. Includes doctors, nurses, and home service providers.

Source: Economic & Planning Systems

NATIONAL TRENDS

There are fundamental national issues facing the community that need to be addressed in order to foster economic vitality.

EQUITY

In the context of economic vitality, equity is defined as an economic system that ensures under-represented and under-served people have the same level of access to the economy and wealth creation as all other residents. Equity is not equality. Equality is sameness or treating everyone the same regardless of identity, life circumstance, or needs. The same resources or services may be available to all, but some people may face barriers in accessing or benefitting

from them. Equity recognizes the differences and works to remove the barriers to access opportunity.

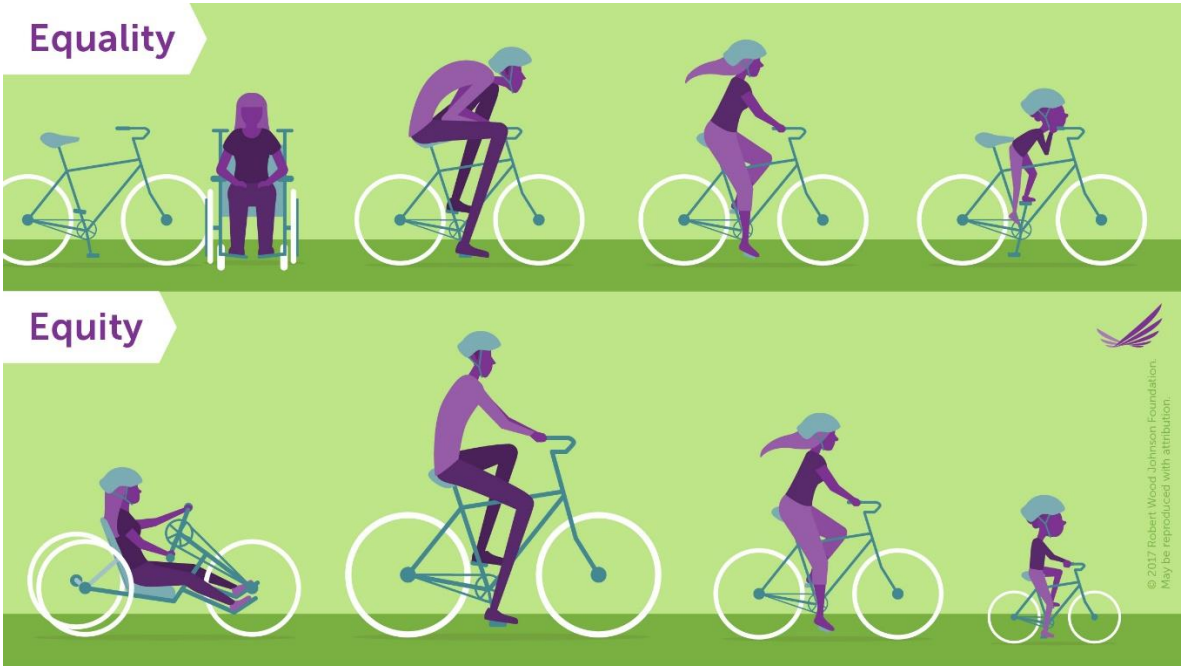


Photo caption: Equality is when everyone has access to a bicycle. Equity is when everyone is able to benefit from having access to a bicycle because the design of each bicycle meets their unique needs.

Wealth Creation

Wealth creation is generally attained through career opportunities with living-wages, business ownership and real estate ownership. Income is only one measurement of wealth. Net worth, or wealth, includes income, homes, stock-market investments, businesses, and other owned assets, minus debt.

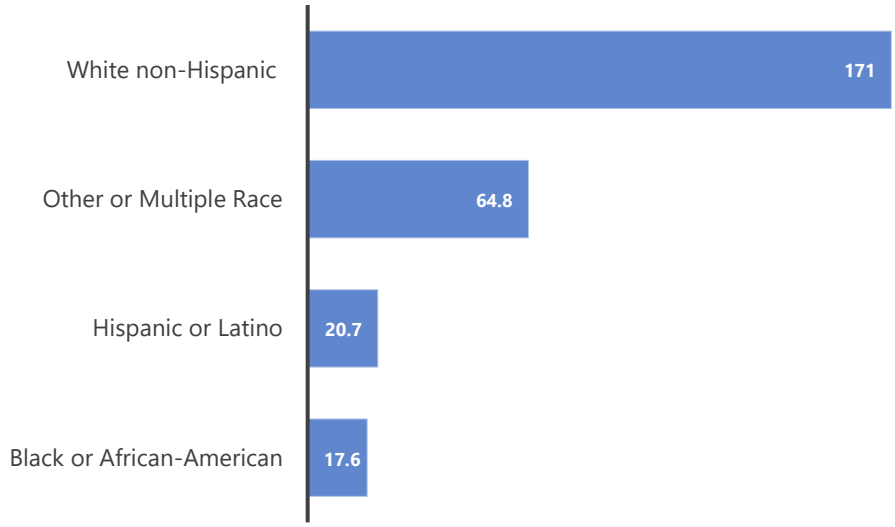
Available data to compare wealth is generally available on a national level and is therefore considered here in that context. Nationally, the net worth of a typical white household is nearly ten times greater than that of a typical Black household, and eight times greater than a Hispanic household. According to a survey by the Federal Reserve in 2017, the median net worth of African-Americans ($17,600) was only a tenth that of non-Hispanic whites ($171,000).[2] Furthermore, nearly 20 percent of Black households have zero or negative net worth compared to 14 percent of households identifying as other or multiple race,[3] 13 percent of Hispanic households, and only nine percent of white households.[4]

[2] Recent Trends in Wealth-Holding by Race and Ethnicity: Evidence from the Survey of Consumer Finances, Federal Reserve, September 2017

[3] Other families--a diverse group that includes those identifying as Asian, American Indian, Alaska Native, Native Hawaiian, Pacific Islander, other race, and all respondents reporting more than one racial identification.

[4] ibid

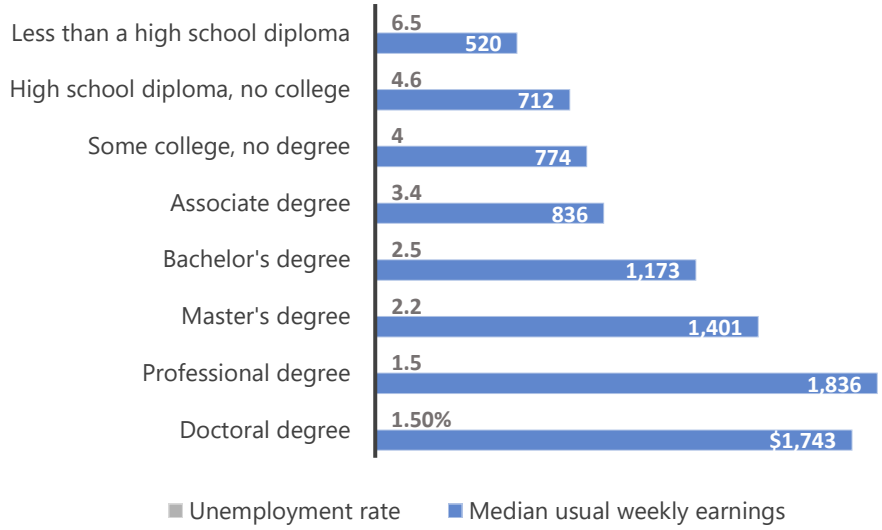
Figure 6: Family Median Net Worth, Thousands of 2016 Dollars



Source: Federal Reserve Board, Survey of Consumer Finances

As the following chart shows, higher income levels are correlated with educational attainment. However, ensuring parity in college degree attainment alone will not solve the racial disparity in the wealth gap.

Figure 7: Median Weekly Earnings and Unemployment Rate by Educational Attainment, 2017



Source: Bureau of Labor Statistics, 2017

Real estate equity and the transfer of wealth are important determinants of household wealth creation. However, generations of under-represented Americans have had limited access to real estate assets due to discriminatory policies throughout the 20th century including the Jim Crow era's "Black Codes" strictly limiting opportunity in many southern states, prior to Federal Housing Administration (FHA) lending restrictions,[5] and redlining. In addition, research shows

[5] Rothstein, Richard. Color of Law. 2017

that Black-owned real estate is systemically (and historically) devalued, leading to less wealth creation than the same assets for White households.[6]

Business ownership is another significant (and perhaps the most important) source of wealth creation. In the U.S., approximately 77 percent of wealth created in 2015 came from owning a private company or professional firm.[7] Research shows that business ownership is also associated with higher levels of economic mobility.[8] And yet, there are significant racial disparities in business ownership rates and business performance (i.e., revenue and profitability) that lead to even more disparities in wealth creation.

In the U.S.: "Nationally, people of color represent about 40 percent of the population, but only 20 percent of the nation's 5.6 million business owners with employees. The U.S. could have millions more businesses if women and minorities became entrepreneurs at the same rate as white men." [9] Businesses owned by people of color earn just 48 percent of the revenue of white-owned firms.[10]

In Bozeman, the most recent Survey of Business Owners and Self-Employed Persons (SBO) from the United States Census Bureau was conducted in 2012, at the time Bozeman was estimated to have 7,473 total firms, 26.6 percent of that were owned by women and 0.03 percent that were minority owned.

One piece of the wealth gap is income. Data for our city and region has limited reliability because of relatively low population and even lower numbers of people of color. With this in mind, according to American Community Survey 5-year estimates (2015-2019), the City of Bozeman has an average household median income was $55,569. While Asian households had almost twice the average median income, $106,204, White households were slightly above the average at $57,523 and all other households were below the average. Black or African American households made slightly less at $54,375 and American Indian and Alaska Native households made $50,536. Households that selected some other race or Hispanic or Latino origin had the lowest median income, $43,023 for some other race and $33,833 for Hispanic or Latino households.[11]

Diversity and Inclusion

In working toward equity, a community must recognize and respond to the importance of diversity and inclusion. The City of Bozeman has adapted from the Government Alliance on Race & Equity the following definitions of diversity and inclusion.

Diversity is the variation and difference across individuals in a group, organization, or community. A group can be described as diverse when it is made up of individuals of varying characteristics. Some examples are race, ethnicity, language-spoken, nationality, cultural

[6] Perry, Andre. Know Your Price: Valuing Black Lives and Property in America's Black Cities. 2020
[7] Benson, R. (2015). Wealth Creation through Business Ownership. *American Business Advisors*.
[8] Perspectives on Inequality and Opportunity from the Survey of Consumer Finances, Janet Yellen, October 2014
[9] Liu, S. & Parilla, J. "Businesses owned by women and minorities have grown. Will COVID-19 undo that?" Brookings. April 14, 2020. https://www.brookings.edu/research/businesses-owned-by-women-and-minorities-have-grown-will-covid-19-undo-that/
[10] Zeuli, K., Nijhius, A., Eberhardt, P., O'Shea, K., & Verchot, M. (2018). Helping entrepreneurs of color grow their business: Early insights from the Ascend 2020 initiative. Boston: MA, ICIC. 2015 U.S. Census Bureau Annual Survey of Entrepreneurs data for privately held firms with paid employees.
[11] Equity Indicators Project, Thomas P. Miller and Associates, July 2021

identity, spiritual practice, age, gender identity, gender expression, sexual orientation, ability, and income or socioeconomic status.

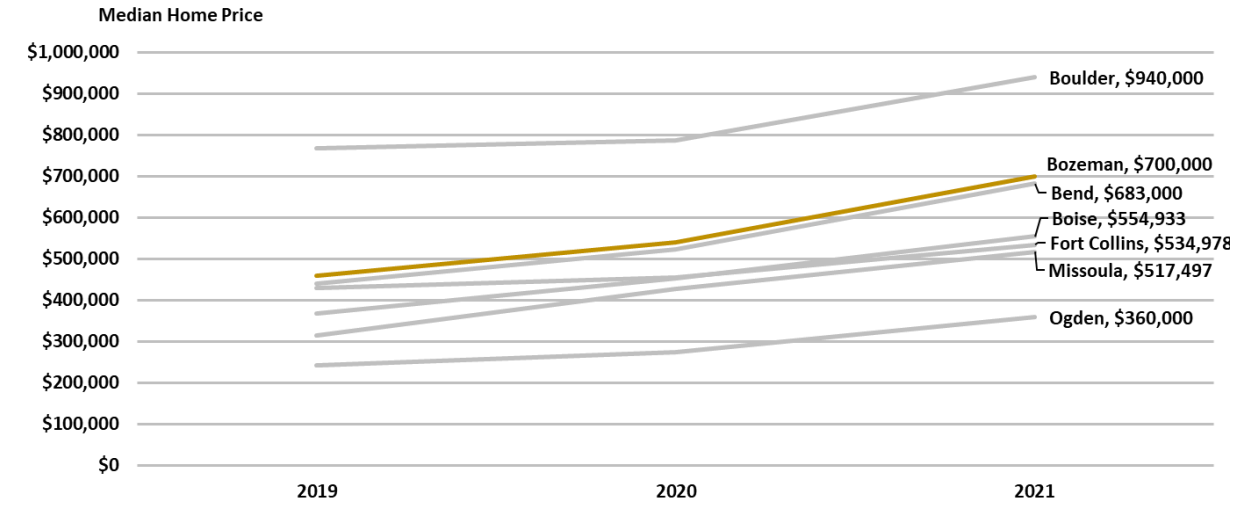
When striving for diversity, residents honor the richness, value, and benefits of bringing people with different perspectives, identities, and experiences together.

Inclusion is what is done with diversity. An individual, group, organization, or community is inclusive when differences and variation are leveraged and celebrated. When residents strive for inclusion, they are aware of how words, actions, and beliefs impact others. Inclusive spaces are those in which people are respected, heard, and feel like they belong, even when they hold different identities, experiences, or perspectives from each other.

HOUSING AVAILABILITY

The median home price in Bozeman is $812,000 as of May 2022 and ended the year 2021 at $700,000, which is the available data for comparison with other cities (**Figure 8**). Increasing access to available housing is a major priority for residents and business owners across the Valley. The limited availability of homes is driven by three main factors: 1) not enough overall supply; 2) increases in in-migration related to the pandemic and remote working; and 3) the increase in housing costs for new construction. All of these factors increase home prices making them inaccessible for average wage-earners.

Figure 8. 2021 median home price, Bozeman and selected comparison cities



Source: Economic & Planning Systems

In all interviews with community and business stakeholders, housing costs in Bozeman were identified as the number one concern. The City's Community Housing Action Plan, adopted in November, 2019 and amended in January, 2020, proactively addresses this significant issue. Additionally, the city has aligned the housing program within the Economic Development Department in response to the State Legislature's removal of a city's regulatory authority via inclusionary zoning to increase the number of cost-efficient housing units in a community. The city is currently pursuing an incentive-based approach to achieve additional community housing units. Community housing is critical infrastructure necessary to serve employees, students and

residents and maintain a vital economic base. Recommendations in this Economic Vitality Strategy are developed in collaboration with housing program staff and supplement existing work.

In order to serve the community and economic base with employees ranging from teachers, doctors and manufacturers, it is important to utilize the existing housing supply for permanent year-round residents. Currently, Bozeman has competing interests for housing between residents, MSU graduate and non-traditional students, and tourists staying in short term rentals.

While maximizing the availability of existing housing stock, it is also necessary to decrease the cost of new housing. This can be accomplished by permitting the construction of smaller sizes housing units on smaller property footprints. This approach to a simplified housing unit size requires less construction material, less or more efficient utility infrastructure and encourages a built environment that allows people to walk and bike instead of driving a vehicle when appropriate. All of these outcomes not only reduce the cost of housing, but help mitigate climate change.

CLIMATE CHANGE

A recent Environmental Protection Agency (EPA) analysis[12] shows that the most severe harms from climate change fall disproportionately upon underserved communities who are least able to prepare for, and recover from, heat waves, poor air quality, flooding, and other impacts. A community can proactively address these impacts by: 1) mitigating climate change by reducing greenhouse gas (GHG) emissions; and 2) becoming resilient in order to quickly adapt to future impacts.

Climate change also threatens the natural and recreational assets that are important to the economy – not just the tourism economy but also the quality of life that is attracting traded sector firms. Changing precipitation patterns (warmer, drier), earlier and faster snowpack melt off, more frequent and larger wildfires are all expected to affect the natural environment and quality of life in the Gallatin Valley. Specifically, a less reliable snowpack and a drier climate will affect the winter sports industry and river recreation businesses. Warmer summers will increase river water and air temperatures, the latter requiring additional air conditioning use which in turn demands more energy use and production, creating additional impact if more energy is not sourced from renewables.

Mitigation

The Bozeman Climate Plan, 2020, identifies how the city can take actions to reduce per-capita GHG emissions. The Plan states that 57 percent of Bozeman's 2018 emissions came from residential and commercial building energy use, which is the highest source of emissions. Improving building efficiency and increasing renewable energy supply are paramount to achieving the near-term emissions reduction goal.

Innovative companies understand the real implications of climate change and are increasingly seeking ways to enhance sustainable practices. Utilizing non-carbon generating energy sources is a strategic advantage for companies seeking to meet environmental, social and governance (ESG) criteria used by socially conscious investors to screen potential investments. Collaboration between Gallatin Valley stakeholders and the local utility provider, NorthWestern

[12] *Climate Change and Social Vulnerability in the United States*, EPA, September 2021 f

Energy, to recognize this competitive advantage for ESG financing, or in Montana, Commercial Property Assessed Capital Enhancements (C-PACE), could help shift power generation investments.

Resilience

In addition to reducing GHG, communities need to prepare for climate change impacts. Encouraging the creation of new companies that provide innovative solutions will help the region adapt to future climate change impacts. The Bozeman Climate Plan (The Plan) calls out a need for improved systems regarding water use and agriculture production to build infrastructure that will make Gallatin Valley more resilient. Innovation within the food systems development process presents many opportunities for emission reductions through improved agricultural practices, lower-carbon food products, production and transportation efficiency, and waste reduction. The Plan also encourages the development of a robust local food supply to reduce food insecurity and improve food system resiliency.

EARLY LEARNING/CHILD CARE

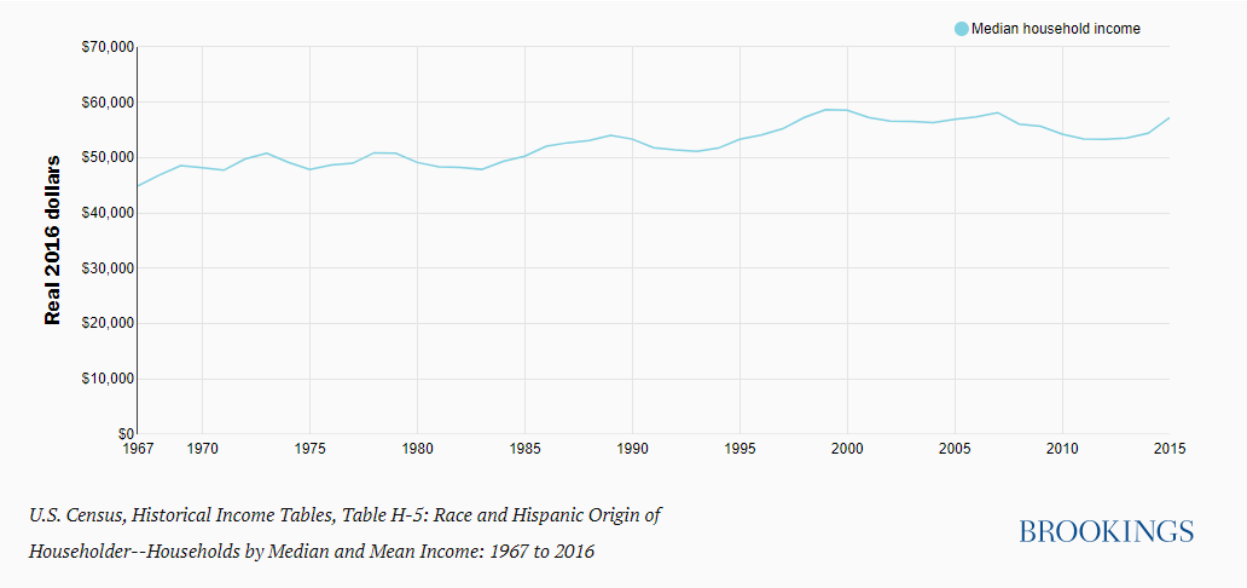
Child care is critical infrastructure for working parents, but it also enables children to be in a setting that promotes their healthy development and school readiness (while their parents work). In this way, child care not only has a direct impact on the economy today, but also impacts the economy of tomorrow. Rigorous evidence from studies of random assignment to high-quality preschool suggests that early childhood policy interventions have wide-ranging long-term impacts.[13] Nobel Prize winning University of Chicago Economics Professor James Heckman's work outlines the great gains to be had by investing in the early and equal development of human potential. He finds that investing in comprehensive birth-to-five early childhood education is a powerful and cost-effective way to mitigate negative consequences on child development and increase adult opportunity. "The gains are significant because quality programs pay for themselves many times over. The cost of inaction is a tragic loss of human and economic potential that we cannot afford."[14]

Unfortunately, while wages are stagnating as indicated in **Figure 9**, the cost of organized child care is increasing and presents a substantial financial hurdle for many working parents with children, especially those working for low wages.

[13] Diane Whitmore Schanzenbach Ryan Nunn Lauren Bauer Megan Mumford Audrey Breitwieser, Seven Facts on Noncognitive Skills from Education to the Labor Market, October 2016

[14] García, Jorge Luis, James J. Heckman, Duncan Ermini Leaf, and María José Prados. "The Life-cycle Benefits of an Influential Early Childhood Program." 2016

Figure 9: US Median Household Income 1967-2016



The cost of care in the Gallatin Valley remains a barrier for many parents seeking to enter or stay in the labor force. The average annual cost of child care in Montana for an infant is $9,096 in a child care center and $7,440 in a family child care home.[15] Subsidized child care can encourage parents working in lower-paid occupations to maintain their connection to the labor force or to upgrade their skills through education, thereby contributing to economic growth and productivity over the longer term.

Since 2010, the number of family child care homes in Montana has declined from 2,323 to 1,633 in 2016 – a decline of 29.7 percent. For working families, the decline in home-based care reduces the availability of the least expensive care option for families.[16]

In addition to the growing demand for child care and an increasing scarcity of affordable facilities, is a need for more workers. According to the U.S. Bureau of Labor Statistics, there are approximately 330 child care workers in Southwest Montana, which includes Gallatin Valley. With a ratio of 2.41 workers/1,000 people, the talent pool is similar to the national average (LQ: 1.0).[17] Recruiting qualified workers for this sector is also more difficult due to low wages; the average annual salary is $38,890 – the average national median wage is $49,150.[18]

Increasing the supply of child care is critical for the economy to maximize the full potential of the available workforce. More importantly, providing early learning is an important investment in communities that help ensure they can realize their human and economic potential.

YOUTH SKILLS DEVELOPMENT

Science, technology, engineering, and math (STEM) education is essential for all students, regardless of their aspirations. These studies not only impart important technical skills and knowledge to succeed in a technology-based economy, they also enhance student agency,

[15] Montana Fact Sheet 1312019.pdf (ced.org)
[16] Ibid
[17] U.S. Bureau of Labor Statistics https://www.bls.gov/oes/current/oes211021.htm
[18] Ibid

creativity, critical thinking, problem solving, teamwork, adaptability, and habits of mind and dispositions that make for future success.

STEM is an educational acronym for Science, Technology, Engineering, and Math in education, an approach to interdisciplinary learning developed in 2001, with emphasis on STEM-certified schools, STEM labs, and entire categories of STEM-related educational products. The "Arts" are a 2012 modification, STEAM, recognizing the ability of the arts to expand the limits of STEM education and application. Adding the "Arts" component features innovation and fearless creativity that a strong artistic foundation can provide. The president of Rhode Island School of Design (RISD), a leading advocate for the integration of arts into STEM, says that opening the door to the arts aids in the process of turning critical thinking into critical making.[19]

The Bozeman School District is actively supporting students through the Career and Technical Education (CTE) Pathways program that gives BSD7 students opportunities to explore--and even begin--careers while they are still students in the Bozeman School District. The existing CTE Pathways website is intended to: 1) increase student, family, staff, and community awareness of the CTE pathways that begin in the schools and can lead to a variety of post high school degrees, certifications, and job opportunities in our community; and 2) showcase the work-based learning options, certifications, and degrees that are in concert with the established pathways. A CTE applied STEAM education greatly affects learners' engagement, achievement, and persistence in school.

INTEGRATION OF CREATIVE ARTS

The COVID-19 pandemic imposed significant health and economic impacts on the world. However, as we emerge, we can begin to recognize that "crises are like adrenaline for innovation, causing barriers that once took years to overcome to evaporate in a matter of days. Entrenched orthodoxies on 'the way things are done' are replaced with 'the new way we do things' almost overnight."[20] In a recent McKinsey & Company report, it is recognized that in past crises, companies that invested in innovation delivered superior growth and performance postcrisis. Organizations that maintained their innovation focus through the 2009 financial crisis, for example, emerged stronger, outperforming the market average by more than 30 percent and continuing to deliver accelerated growth over the subsequent three to five years.[21]

Elevating creativity across industries and a community can foster necessary innovation for economic growth. The arts also serve an important role in channeling uncertainty and anxiety that some people face in a period of significant change. For the health of Gallatin Valley residents and businesses, integration of the creative arts is necessary.

Arts and Health

The World Health Organization (WHO) defines health as "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity", thus rooting health firmly within society and culture. Art can help to emotionally navigate the journey of battling an illness or injury, to process difficult emotions in times of emergency and challenging events. The creation, employment within, and enjoyment of the arts helps promote holistic wellness and can

[19] STEM Education Guide, *STEM vs. STEAM: Making Room for the Arts*, 2022
[20] McKinsey & Company, *Innovation in a crisis: Why it is more critical than ever*, June 2020
[21] ibid

be a motivating factor in recovery. They can be used to communicate valuable messages across cultures and political divides.

There is growing literature on the preventive benefits of arts engagement in relation to mental health. Activities such as making and listening to music, dancing, art and visiting cultural sites are all associated with stress management and prevention, including lower levels of biological stress in daily life and lower daily anxiety. Arts engagement can also help to reduce the risk of developing mental illness such as depression in adolescence and in older age. Participating in arts activities can build self-esteem, self-acceptance, confidence, and self-worth which all help to protect against mental illness.[22]

For all age groups, Montana has ranked in the top five for suicide rates in the nation, for the past thirty years. In a report for 2020 in the National Vital Statistics Report, Montana has the third highest rate of suicide in the nation. Approximately 90% of those who die by suicide have a diagnosable mental illness.[23] Elevating the arts through schools, businesses and the community as a supportive tool and outlet may help address this pressing issue facing Gallatin Valley.

Creative Arts Economy

It is important to provide a definition of the creative arts for common understanding and direction amongst stakeholders. The creative arts economy includes sectors whose goods and services are based on intellectual property. The creative economy occurs where individual creativity is the main source of value and cause of a transaction.[24]

Though there are many definitions and interpretations for this industry, the proposed creative arts industry cluster for Gallatin Valley includes the following sectors: publishing, advertising, marketing, film, TV, photography, technology, design, museums, and performing arts. Increasing the skilled technical workforce in areas such as sound and stage design that serve multiple sectors is one example of an outcome that can occur by defining and promoting this industry cluster.

Creative Placemaking

Many communities focused on revitalization efforts align the arts with community development as “creative placemaking”. According to the American Planning Association, creative placemaking is a process where community members, artists, arts and culture organizations, community developers, and other stakeholders use arts and cultural strategies to implement community-led change. This approach aims to increase vibrancy, improve economic conditions, and build capacity among residents to take ownership of their communities. Creative placemaking is the use of arts and cultural activities to rejuvenate public places.[25]

Our Town is the National Endowment for the Arts (NEA)’s creative placemaking grants program. The program describes creative placemaking as arts, culture and design integrated with community development. The program is often focused on revitalizing a neighborhood. 2021 NEA Our Town Grant awards provide a definition of creative placemaking implementation. Some examples include: murals and streetscape improvements, community gardens honoring

[22] World Health Organization*, What is the evidence on the role of the arts in improving health and well-being?*
[23] https://dphhs.mt.gov/assets/suicideprevention/SuicideinMontana.pdf
[24] John Howkins, *The Creative Economy*, 2001
[25] https://www.planning.org/knowledgebase/creativeplacemaking/

indigenous perspectives, establishment of a public art program, and teaching artist workforce development pilot program for formerly incarcerated individuals.

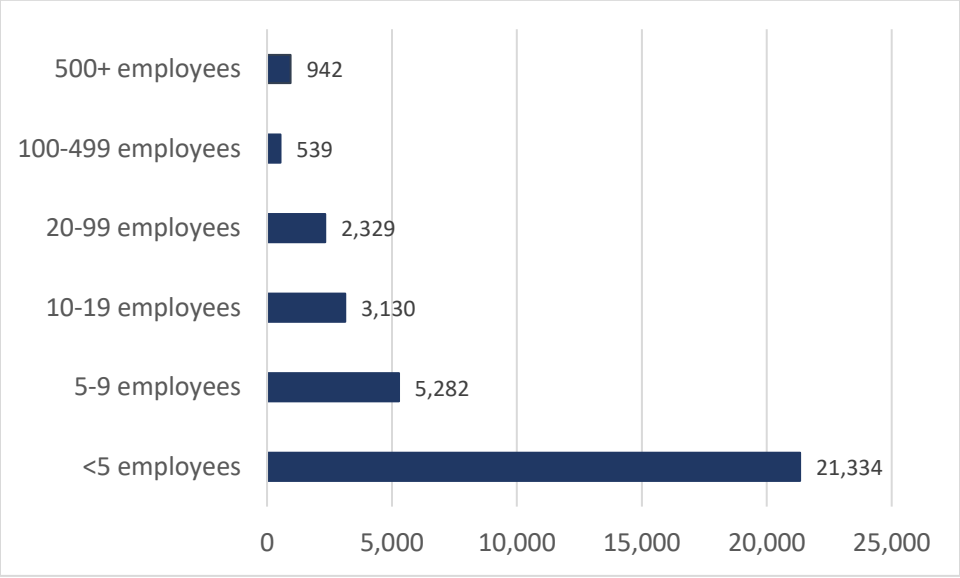
Creative Arts is a unique industry sector within the Economic Vitality Strategy as it can have a broader impact on the community than career pathways and innovation. Creative Arts visibly helps shape community identity and character and provides an important outlet for personal and collective growth that transcends more tangible outcomes. The act of creating and participating in art is credited for improving productivity and creativity in the workforce, and for enhancing mental health by helping people with depression, anxiety, and stress.

SMALL BUSINESS DEVELOPMENT

In developing tactical actions to support small business growth, it is important to recognize that small businesses are not uniform and those in different size categories face different challenges in accessing financing and technical support. Not all small businesses are positioned to scale. As identified by TEConomy Partners, LLC, while most entrepreneurs start by forming small businesses, not all small businesses are entrepreneurial. Small business owners develop companies to generate wealth and provide employment and income for themselves and others. Entrepreneurs are interested in creating innovative products or services that lead to further investment and growth. Understanding the different motivations and needed support services for these two types of businesses is important in developing the strategy and actions.

In Montana, 21,334 firms within the state have less than five employees as shown in **Figure 10**. This amount is 64 percent of the overall firms in the state, which is higher than the U.S. amount of 62 percent shown in **Table 7**.

Figure 10: Firm Size Montana, 2019



Source: Bridge Economic Development, US Census SUSB Historical Data

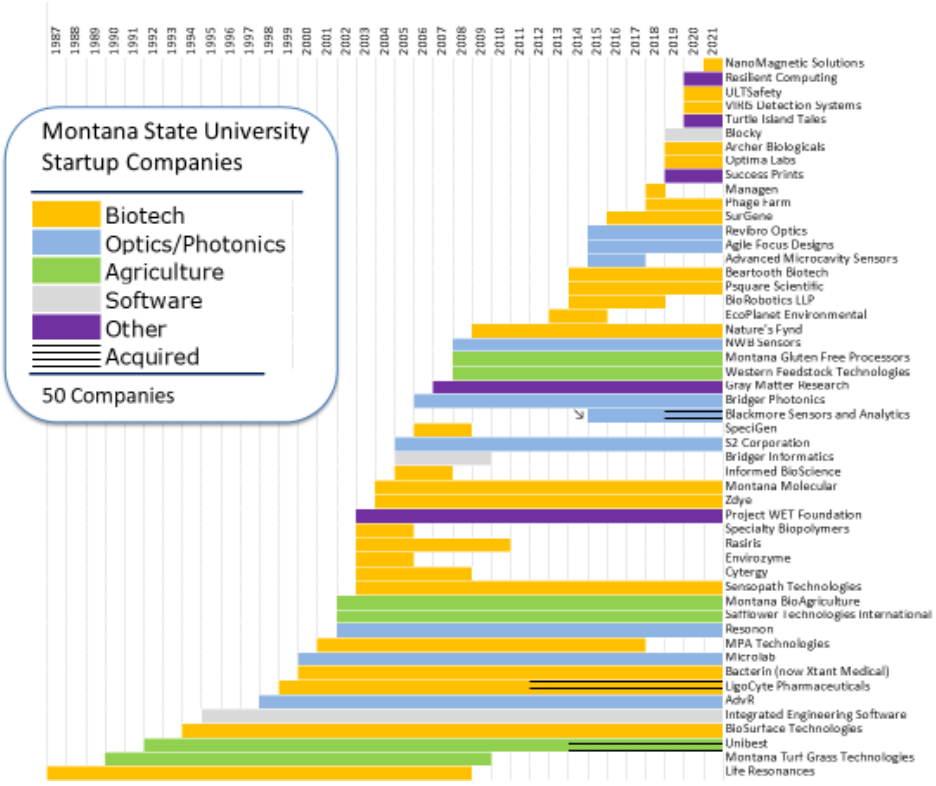
Table 7: Proportion of Firm Size Montana and U.S., 2019

Size of Firm	Montana	United States
<5 employees	64%	62%
5-9 employees	16%	17%
10-19 employees	9%	11%
20-99 employees	7%	9%
100-499 employees	2%	2%
500+ employees	3%	0.34%

Source: Bridge Economic Development, US Census SUSB Historical Data

The majority of entrepreneurs within the photonics industry emerged from MSU. The original university research and development (R&D) was applied to commercial uses and small businesses were formed. This R&D element that is dependent on graduate students and professors from across the world is vital for growing the industries emerging within Gallatin Valley. Many of the original small businesses have grown into large companies and some have been acquired by global firms. This evolution of R&D to commercialization of new technologies to manufacturing production is a complicated and lengthy process that requires a regional ecosystem of support. Gallatin Valley is fortunate to host an asset such as MSU that is supporting the development of various industry startups as identified below in **Figure 11**.

Figure 11: MSU Industry Startups through 2021



Source: MSU Technology Transfer Office (TTO)

THE ECONOMIC VITALITY STRATEGY

The City of Bozeman and regional stakeholders, including Economic Vitality Board members, developed the following Strategy to respond to national trends and leverage unique local assets to foster economic vitality across Gallatin Valley.

VISION

Outcome of implementing the Strategy:

Gallatin Valley is a hub of opportunity, job creation, and exports for Montana where people of all backgrounds, incomes, and identities can live and work.

VALUES

Guide desired economic development outcomes. We as a city value:

Equitable Economic Growth that improves economic mobility, builds wealth and provides equal opportunities for under-represented individuals

A Sustainable Economy with varied industries and business sizes including diverse ownership

Resilient Infrastructure to endure economic shocks and climate change, which includes areas such as adequate workforce housing, water supply, renewable energy, and multi-modal transportation

Engaged Higher Education that supports an entrepreneurial ecosystem and talent pipeline to careers in the Gallatin Valley throughout students' education

Innovation that captures opportunities in emerging technologies and industries including those aligned with national interests (e.g., defense, energy, climate)

Fostering a Small Business Hub through a supportive network that generates opportunity for wealth building of under-resourced individuals and retains businesses through succession planning

GUIDING PRINCIPLES

General guidelines that shape the Strategy actions and implementation:

Gallatin Valley Residents that live and work in the community are the focus of the Strategy

Engagement with the State of Montana to help rural areas leverage economic growth in Gallatin Valley

Regional Partners are Actively Engaged to effectively implement objectives

Clear and Transparent Roles and Lead Organizations are identified to efficiently implement the Strategy

Grounded Aspiration to recognize and capture opportunities that are available and realistic for the Gallatin Valley region

GOALS AND OBJECTIVES

Based on the key findings, values and guiding principles, the City of Bozeman and stakeholders identified the following goals and objectives to guide economic vitality actions implemented by regional stakeholders, which are outlined in a separate Action Matrix document, over the next three to five years.

1) Provide Opportunity for Gallatin Valley Residents

Wealth creation provides the opportunity for all local residents to sustainably live in the Gallatin Valley. It is important for four reasons: 1) wealth creation is a safety net that keeps households from being derailed by temporary setbacks and the loss of income; 2) it allows people to take career risks knowing that they have a buffer when success is not guaranteed or immediately achieved; 3) family wealth affords residents to access housing in neighborhoods with good schools, thereby enhancing the upward mobility of their own children; 4) wealth creation affords people opportunities to be entrepreneurs and inventors; and 5) creates inter-generational wealth. Finally, the income from wealth is taxed at much lower rates than income from work, which means that wealth begets more wealth.[26]

1) Enhance the small business development ecosystem

Small business development is an alternative opportunity for people in Gallatin Valley if a traditional career path is not available. They are necessary to commercialize innovation and potentially grow into larger traded sector firms. Focused programs to help support under-represented residents build wealth are essential to foster equity. As a small business hub, Gallatin Valley can provide training for individuals to start businesses in outlying rural communities. Gallatin Valley can leverage the community culture of grit and hard work to innovate new companies and opportunities.

[26] *Examining the Black-white wealth gap*, Brookings, February 27, 2020

2) Provide comprehensive and coordinated skills development starting with child care through middle school and higher-ed

Improving the skills of individuals not only improves the employment base, but also develops future civic and business leaders needed to guide the region. Providing early learning child care is an important community investment, helping to develop the necessary skills that allow a community to realize its human and economic potential.[27] This is especially true for underrepresented children. Engaging students in middle school to prepare the future workforce is necessary. Higher-education leaders in can build off this engagement and provide necessary skills development through trades training, one-year certifications, and 2- and 4-year college programs.

3) Improve access to career opportunities for local and surrounding rural residents

Gallatin Valley is fortunate to have several diverse traded sector industries that are growing and provide career ladder opportunities with living-wage salaries. With remote work infrastructure and training in rural communities, they can access "rural onshoring" opportunities within Gallatin Valley. There is a demand for construction and specialty manufacturing occupations that offer alternative job opportunities without a four-year college degree. Building a clear path and educating youth about these opportunities is important to keep them living and working in Gallatin Valley.

2) Support a Diverse Economy

Economic vitality for individuals requires a resilient economy that can withstand economic shocks as witnessed during the pandemic. A resilient economy is diverse in business size as well as industry types. Various businesses provide diverse services and products and enable innovation of new products. Larger traded sector companies offer individuals careers with stability and benefits and an employment base to support local sector companies. Meanwhile, local sector companies can serve as a gateway for underrepresented people to build a business and wealth.

1) Focus on traded sector industries that are emerging and can increase exports

To maximize limited resources, stakeholders should focus efforts on emerging traded industries to foster growth of a diverse industry base. MSU research and development (R&D) is actively supported by the Technology Transfer Office (TTO) to develop entrepreneurs offering innovative solutions. Many of the innovations emerging from MSU specifically align with federal interests associated with energy, climate change and defense, which are more likely to receive grants and funding.

2) Enhance development of the talent pipeline

The top priority of businesses within any industry cluster is access to good talent. The education and development of students at MSU and Gallatin College are critical for the economy. It is also important for the institutions to introduce students to local career

[27] *The anatomy of inequality: Florian Hoffman discusses how income disparities have grown in the US and Europe over the last 40 years*, American Economic Association, November 25, 2020

opportunities so that they are more inclined to stay and access economic opportunities in Gallatin Valley and contribute to the growth of the local economy.

3) Elevate a growing creative arts industry cluster

Bozeman is recognized as one of the Top 40 Arts-Vibrant Communities of 2022[28] with 41 art galleries, an art museum, a symphony orchestra and choir, an opera company, two chamber music organizations, a ballet company, a contemporary dance company, four theater companies, two community arts festivals, and university degree programs in the visual and performing arts. In addition, the region is benefiting from a growing Digital Film industry that is supported by the MSU Film Program, which is a four-year Bachelor of Arts degree within the College of Arts and Architecture. Elevating the creative arts as potential career pathways broadens opportunities for local Gallatin Valley youth and encourages creative skills development.

3) Build a More Resilient Region

Resilience and economic growth are both vital for healthy economies in uncertain times. If a local economy is resilient, the recovery period will be much shorter than an economy with little or no resilience. If a local economy is not resilient, it may never return to its former economic growth path. Places that recovered from the 2008-2009 Great Recession included regions with high educational attainment, a diverse and adaptable workforce, attainable housing prices and rents, ongoing capital investment indicating the availability of significant public resources, and those that are not dependent on the cyclical nature of a single industry. The recent pandemic and climate change impacts reveal that disasters disproportionately impact our most vulnerable populations. Regions will need to address those left behind and hit the hardest before they can jump forward.

1) Increase amount and access to housing for all

The most significant concern for every business owner is the lack of housing supply and affordability. The Gallatin Valley economy will become less resilient and struggle to grow without a housing supply that serves all incomes.

2) Develop a sustainable city

Government does not create jobs; it creates a great environment to attract and retain businesses that create jobs. Companies are seeking to invest in sustainable and resilient communities that provide a good return on investment. The City of Bozeman should continue to build innovative infrastructure to develop sustainably and provide certainty to investors. The city can foster a culture of resilience and efficiency to help bounce back from environmental impacts (e.g., wildfires, limited water supply).

3) Foster a culture focused on climate change resilience

Over the past seven years, total funding for climate technology (tech) companies, rate of startup creation, and the average size of funding has continued to rise. Total venture funding increased to US$87.5bn invested over second half of 2020 and first half of 2021,

[28] https://culturaldata.org/arts-vibrancy-2022/the-top-40-list/

a more than 210 percent increase.[29] Young talent is increasingly seeking jobs that focus on addressing climate change. Gallatin Valley can position itself as an innovator in climate tech in collaboration with high-tech and natural resource production (e.g., agriculture, ranching) to foster collaboration across the state.

[29] State of Climate Tech 2021: Scaling breakthroughs for net zero, PWC

ACTION MATRIX

The Action Matrix (Attachment B) delineates actions to implement the Strategy goals and objectives. Multiple stakeholders and organizations contribute to the actions as one organization alone cannot implement the strategy. Regional ownership is established by identifying Lead Organizations that champion and guide implementation. The Matrix is a flexible tool that allows for the introduction of new actions over the years if they align with the strategy objectives and are represented by a Lead Organization.

EVALUATION FRAMEWORK

Metrics serve three purposes: 1) measure progress towards outcomes, 2) determine if the actions are meeting the plan's defined objectives (impact), and 3) allow for transparent communication on progress and impact to the broader community.

Outcomes: Within the Action Matrix, each objective has an associated outcome to determine if the desired impact is achieved. The outcomes are measurable and where applicable, define metrics for under-represented individuals to assess if equitable outcomes are achieved.

Benchmarks: At a broader community level, key benchmarks can be tracked and reported annually to communicate both progress and impact. It will take several years to improve the statistics but tracking progress will show that the region is maintaining a vital focus on the long-term goals. Annual reporting of the benchmarks will help maintain stakeholder engagement throughout the implementation process. Benchmarks should be compared annually with peer regions to provide a stronger context for the region.

ATTACHMENT A

ECONOMIC CONDITIONS ASSESSMENT

City of Bozeman

Economic Development Strategic Plan

Prepared by:

Economic & Planning Systems, Inc.

BRIDGE ECONOMIC DEVELOPMENT

March 2023

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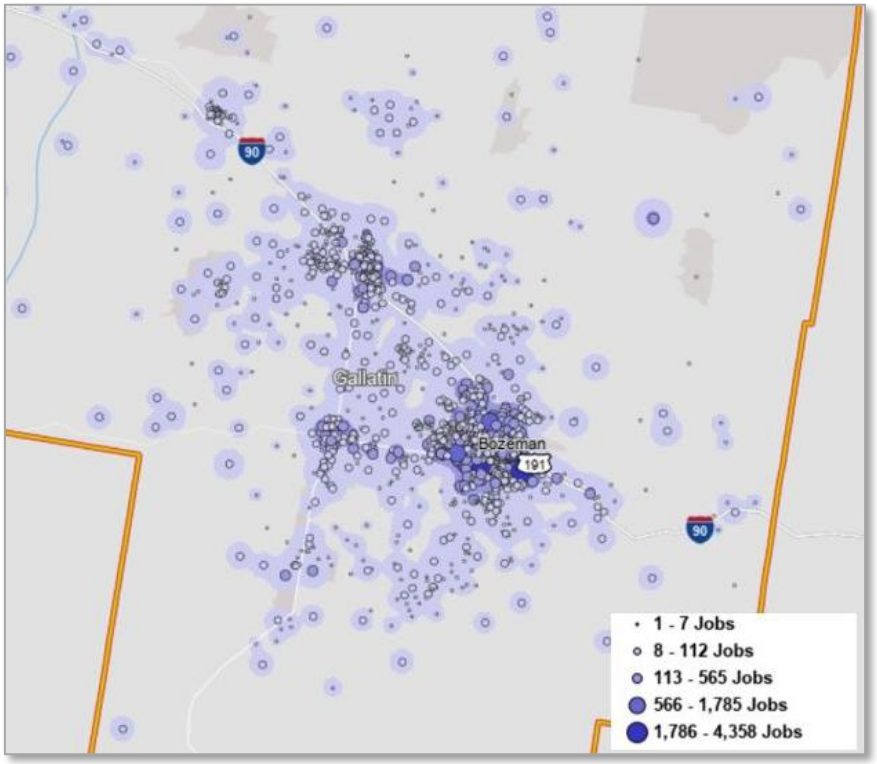
1. SUMMARY OF FINDINGS

Introduction and Purpose

This economic assessment describes the economy and demographics of Bozeman and Gallatin County. The information is intended to inform participants in the Economic Development Strategic Plan process. The analysis also compares Bozeman and Gallatin County to several comparison communities that Bozeman sometimes competes with for economic development.

Regional Economy

The economy of Bozeman, Gallatin County and the Gallatin Valley (Greater Bozeman) are closely related. About half of the jobs in the County are in Bozeman, and a large majority of the jobs are in the Gallatin Valley comprised of Bozeman, Gallatin Gateway, Four Corners, Belgrade, and Manhattan. While this plan is being prepared by the City of Bozeman, it is anticipated to result in regional partnerships to carry it forward. The success of each community in the region contributes to the overall economic vitality because of their proximity, single labor force, and economic relationships.



1. SUMMARY OF FINDINGS

Economy and Trends

- **Growth** – Bozeman is growing rapidly with 3.8% annual population growth (+6,400 people 2015-2019) and 2.5% annual job growth (+6,900 jobs 2015-2019). The COVID-19 pandemic has increased the appeal of high-amenity places for remote and knowledge workers and firms which is contributing to these trends.

- **Economic base** – Bozeman's economy is most heavily concentrated in tourism and retail type jobs (tourism and local sectors) that have lower wages than traded sector jobs.

- **Economic evolution** – Bozeman and Gallatin County are experiencing strong growth in knowledge-based industries (professional and technical services) and in manufacturing. These trends can be leveraged to further diversify the economy and raise average wages.

- **Wages** – Tight labor supply conditions and a rising cost of living have resulted in 5.4% annual wage growth across all industries. Knowledge based industries had wage growth in the 7 to 8% range annually which suggests that the area is attracting high value talent and that the composition of firms is changing.

- **Labor force** – The labor supply is extremely tight with 1.1% unemployment (4.0 to 5.0% is considered healthy). The labor shortage may moderate as people reenter the labor force as the pandemic stabilizes. Access to housing (high costs, limited supply) is also a contributing factor.

1. SUMMARY OF FINDINGS

Industry Clusters

Industry clusters are groups of similar and related businesses that share common markets, technologies, worker skill needs, and which are often linked by buyer-seller relationships. Industry clusters represent distinct qualities of a community and help define what makes one community different from another.

The Economic Development Strategy is likely to recommend a focus on traded sector industry clusters due to their higher economic impact than local sectors.

The table shows the industry sectors according to the National Industrial Classification System (NAICS) that align with the specific industry clusters.

Industry Sector (NAICS)	Industry Cluster	Private Wage and Salary Jobs (Gallatin County)
Traded Sectors		
Manufacturing	• Photonics • Outdoor equipment • Biotechnology • Niche manufacturing	3,600
Professional and technical services	• Photonics • Quantum computing • Technology / IT • Biotechnology	4,800
Total		**8,400**
Local Sectors		
Health Care	• Health care	6,000
Construction	• Residential and nonresidential construction and trades • Heavy civil construction	6,400
Arts, entertainment, and recreation	• Outdoor industry (ski areas, guide/tour services	1,700
Retail, accommodations and food services	• Retail, restaurants, hotels	17,000
Total		**31,100**

1. SUMMARY OF FINDINGS

Factor	Implications
Strengths/Opportunities	
Rapid population and job growth	• Market supports investment. • Need to keep up with housing demand.
Bozeman brand and quality of life	• Attracts companies and workers that share that identity. • May be exacerbating housing costs and inequalities.
Growth in more diverse sectors (professional services, manufacturing)	• Bozeman becoming established as a location for knowledge based and high value manufacturing industries. • Need to ensure current residents have pathways into these careers.
MSU is classified as an R1 Doctoral University (very high research activity), the top research activity classification	• Technology transfer and entrepreneurship opportunities from MSU faculty, staff, and graduates.
Weaknesses/Threats	
Large portion of jobs in tourism, retail, and food and beverage industries	• Lower wages, less economic productivity, mismatch between wages and housing costs.
Rapid increase in housing and real estate costs	• Will constrain labor force availability. • May constrain business expansion or relocation (cost of space).
Education and opportunity gap between white and non-white population	• Invest in career paths into higher paying jobs.

1. SUMMARY OF FINDINGS

Comparison Communities

The consultant team and City staff developed a list of comparison areas to benchmark Bozeman and Gallatin County against. First, the comparison communities have a major university. Second, they are communities that Bozeman competes with for new company site selection.

- **Missoula, MT** – in **Missoula County**, Montana. Missoula has a population of 76,713 and is the home of the University of Montana, which has an enrollment of 10,015 students. Missoula County's largest employment industries include Health Care, Retail Trade, and Accommodations and Food Services.
- **Fort Collins, CO** – Located in **Larimer County**, Colorado. Fort Collins has a population of 173,035 and is the home of Colorado State University, which has an enrollment of 32,646 students. Larimer County's largest employment industries include Retail Trade, Health Care, and Accommodations and Food Services.
- **Boulder, CO** – Located in **Boulder County**, Colorado. Boulder has a population of 105,479 and is the home of the University of Colorado Boulder, which has an enrollment of 34,975 students. Boulder County's largest employment industries include Professional and Technical Services, Health Care, and Manufacturing.
- **Bend, OR** – Located in **Deschutes County**, Oregon. Bend has a population of 97,283 and is the home of Oregon State University–Cascades, which has an enrollment of 1,374 students. Deschutes County's largest employment industries include Health Care, Retail Trade, and Accommodations and Food Services.
- **Ogden, UT** – Located in **Weber County**, Utah. Ogden has a population of 89,694 and is the home of Weber State University, which has an enrollment of 29,596 students. Weber County's largest employment industries include Manufacturing, Health Care, and Retail Trade.
- **Boise, ID** – Located in **Ada County**, Idaho. Boise has a population of 240,333 and is the home of Boise State University, which has an enrollment of 24,103 students. Ada County's largest employment industries include Health Care, Retail Trade, and Administration and Waste Services.

1. SUMMARY OF FINDINGS

How do we compare?

Measure * Indicates City only metric; other metrics are County	Bozeman/ Gallatin County	Missoula/ Missoula County	Fort Collins/ Larimer County	Boulder/ Boulder County	Bend/ Deschutes County	Ogden/ Weber County	Boise/ Ada County
Population* *(2021)*	**51,405**	76,713	173,035	105,479	97,283	89,694	240,333
Population Annual Growth Rate (5 years)* *(2010-2021)*	**2.9%**	1.2%	1.6%	0.7%	2.2%	0.7%	1.3%
Jobs	**59,022**	58,735	158,006	179,056	81,429	107,658	250,270
Annual Job Growth Rate *(2015-2020)*	**2.5%**	0.5%	1.4%	0.7%	2.4%	1.7%	2.9%
Largest 3 industries *(2020)*	**Retail Trade Accomm. Construction**	Health Care Retail Trade Accomm.	Retail Trade Health Care Accomm.	Prof. & Tech. Svcs. Health Care Manufacturing	Health Care Retail Trade Accomm.	Manufacturing Health Care Retail Trade	Health Care Retail Trade Admin.& Waste Svcs.
Average Annual Wage *(2020)*	**$51,400**	$47,469	$58,425	$78,383	$52,936	$46,698	$56,192
Gross Regional Product (Output) per Job *(2020)*	**$95,912**	$84,341	$117,875	$148,666	$112,162	$98,984	$103,445
% Bachelor's Degree or Higher* *(2019)*	**59%**	48%	55%	76%	44%	21%	42%
Median Home Price* *(Dec. 2021)*	**$700,000**	$517,497	$534,978	$940,000	$683,000	$360,000	$554,933
% White-Non Hispanic / All Other Races* *(2019)*	**92% / 8%**	91% / 9%	88% / 12%	87% / 13%	93% / 7%	84% / 16%	89% / 11%

2. COMMUNITY PROFILE

Population and Growth Rates

Why we measure

Population growth comes from job growth, in-migration, and natural increase (births and deaths). It is a broad indicator of economic vitality, the appeal of a place, and community change and evolution. Population growth also drives demand for housing.

Key Findings

- Bozeman had the fastest population growth rate among the comparison communities, at 2.9% per year. The City added 14,051 people from 2010-2021.
- Bend, OR was the second fastest growing at 2.2% per year.
- Fort Collins, Boise, and Missoula are growing at a more moderate pace of 1.2 to 1.6% per year.
- Bozeman surpassed 50,000 population which is a threshold that makes the City eligible for new federal funding sources. The official population estimates from the US Census Redistricting process is 53,293.

Description	2010	2021	2010-2021 Total	2010-2021 Ann. #	2010-2021 Ann. %
Population					
Bozeman	37,354	51,405	14,051	1,277	2.9%
Bend	76,652	97,283	20,631	1,876	2.2%
Fort Collins	144,693	173,035	28,342	2,577	1.6%
Boise	208,726	240,333	31,607	2,873	1.3%
Missoula	67,533	76,713	9,180	835	1.2%
Ogden	82,905	89,694	6,789	617	0.7%
Boulder	97,968	105,479	7,511	683	0.7%
Households					
Bozeman	15,777	22,051	6,274	570	3.1%
Bend	31,795	40,021	8,226	748	2.1%
Fort Collins	58,113	69,655	11,542	1,049	1.7%
Boise	86,978	102,110	15,132	1,376	1.5%
Missoula	29,406	33,965	4,559	414	1.3%
Ogden	29,667	32,338	2,671	243	0.8%
Boulder	41,522	44,389	2,867	261	0.6%

Source: ESRI; Economic & Planning Systems

2. COMMUNITY PROFILE

Total Jobs and Growth Rates

Why we measure

Job growth is an indicator of the strength of an economy. Jobs are created from the growth of existing businesses, and new business formation and entrepreneurship.

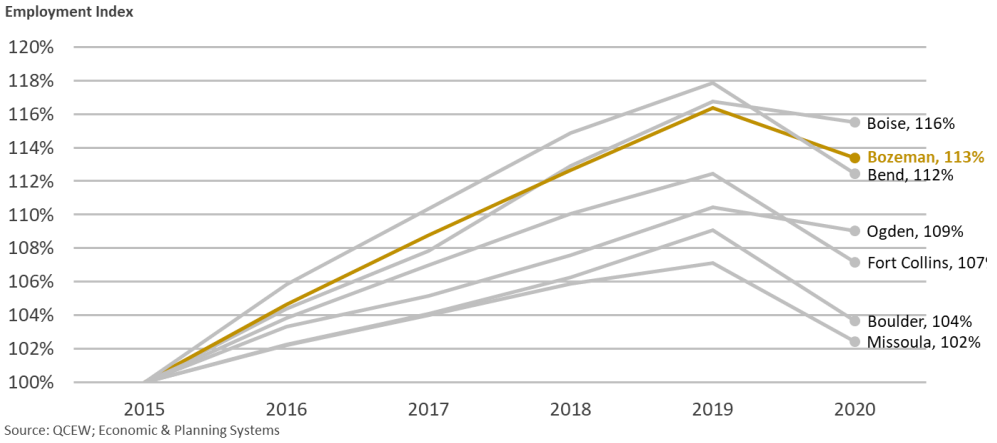
The best employment data is only available at the county level. Most of the economic analysis that follows is for the counties in which the comparison communities are located.

Key Findings

- Jobs in Gallatin County grew at a 2.5% annual rate, the second-highest of the comparison areas. The County added nearly 7,000 jobs between 2015 and 2020.
- Population in Gallatin County is growing faster than jobs. Possible explanations include:
  - In-migration is not tied to a local job (e.g., remote workers, retirees)
  - Jobs of new residents are recorded elsewhere
- Ada County (Boise) had the fastest job growth at 2.9% per year. Deschutes County (Bend) was slightly behind Bozeman at 2.4% per year.

Description	County	2015	2020	2015-2020 Total	2015-2020 Ann. #	2015-2020 Ann. %
Total, All Industries						
Boise	Ada	216,678	250,270	33,592	6,718	2.9%
Bozeman	Gallatin	52,059	59,022	6,963	1,393	2.5%
Bend	Deschutes	72,423	81,429	9,006	1,801	2.4%
Ogden	Weber	98,729	107,658	8,929	1,786	1.7%
Fort Collins	Larimer	147,455	158,006	10,551	2,110	1.4%
Boulder	Boulder	172,735	179,056	6,321	1,264	0.7%
Missoula	Missoula	57,337	58,735	1,398	280	0.5%

Source: QCEW; Economic & Planning Systems



Source: QCEW; Economic & Planning Systems

2. COMMUNITY PROFILE

Universities

Universities are centers of research and innovation. They spin off entrepreneurs, technology, and ideas that support jobs and innovation in the local economy. Universities are also major employers on their own. The student population also influences the housing and retail markets in their host communities.

Research Classification

There are 146 institutions classified as "R1: Doctoral Universities – Very High Research Activity" as of 2021. This status indicates a high level of research activity per capita. Of the peer communities, only Montana State University, University of Colorado Boulder, Colorado State University, and the University of Montana share this status.

Description	Boulder	Ogden	Bozeman	Fort Collins	Missoula	Boise	Bend
Major Colleges/Universities	University of Colorado	Weber State University	Montana State University	Colorado State University	University of Montana	Boise State University	Oregon State University
Research Classification	R1-Very High Research Activity	---	R1-Very High Research Activity	R1-Very High Research Activity	R1-Very High Research Activity	R2-High Research Activity	---
Enrollment (Fall 2020)	34,975	29,596	16,249	32,646	10,015	24,103	1,374
% of Total Population	33.2%	33.0%	31.6%	18.9%	13.1%	10.0%	1.4%

Source: Economic & Planning Systems

3. ECONOMY

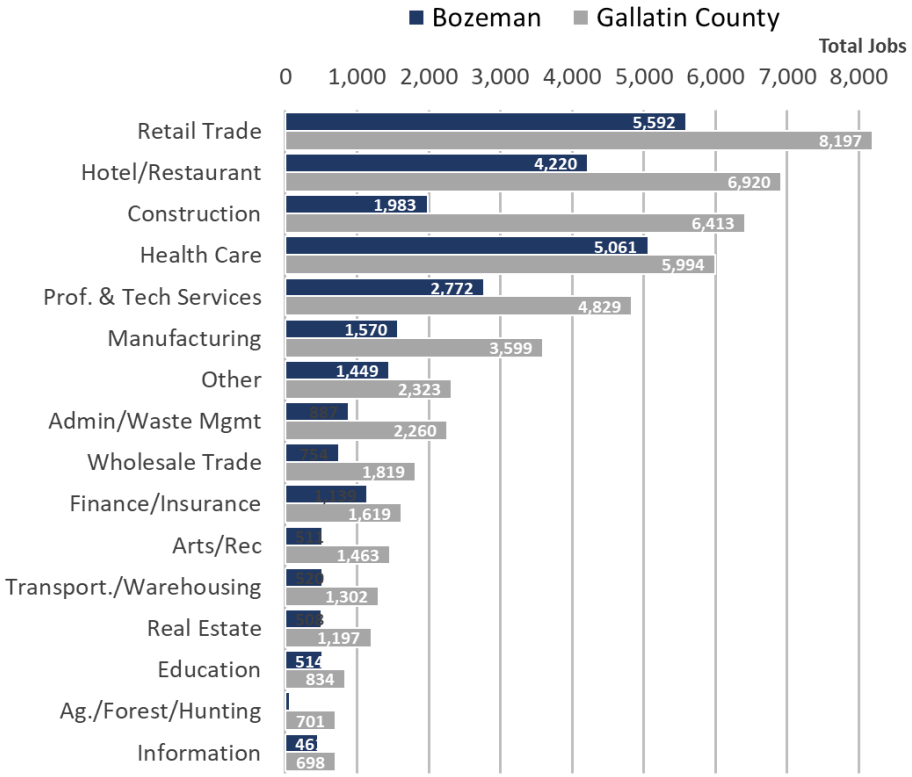
Jobs by Industry, 2020

Why we measure

The types of jobs in an economy influence demographic factors such as household income and education levels. Available job types affect economic mobility and career opportunities as well. The economic mix also affects the built environment and real estate markets – the types of buildings and housing that are in demand.

Key Findings

- The largest industries in Bozeman and Gallatin County are:
  - Retail trade
  - Hotels and restaurants
  - Construction
  - Health care
  - Professional and technical services
  - Manufacturing
- Greater Bozeman is a gateway to Yellowstone National Park and other outdoor recreation assets that attract national and international visitors. Tourism and retail sectors are therefore a large part of the economy.
- Note: these figures are private wage and salary jobs and do not include state and federal government or MSU jobs. State and local government employs approximately 10,700 people in Gallatin County including about 4,200 faculty and staff at MSU.



Source: Bureau of Labor Statistics; MT Dept. of Labor; Economic & Planning Systems

3. ECONOMY

Definitions: Traded and Local Sectors

Traded Sector

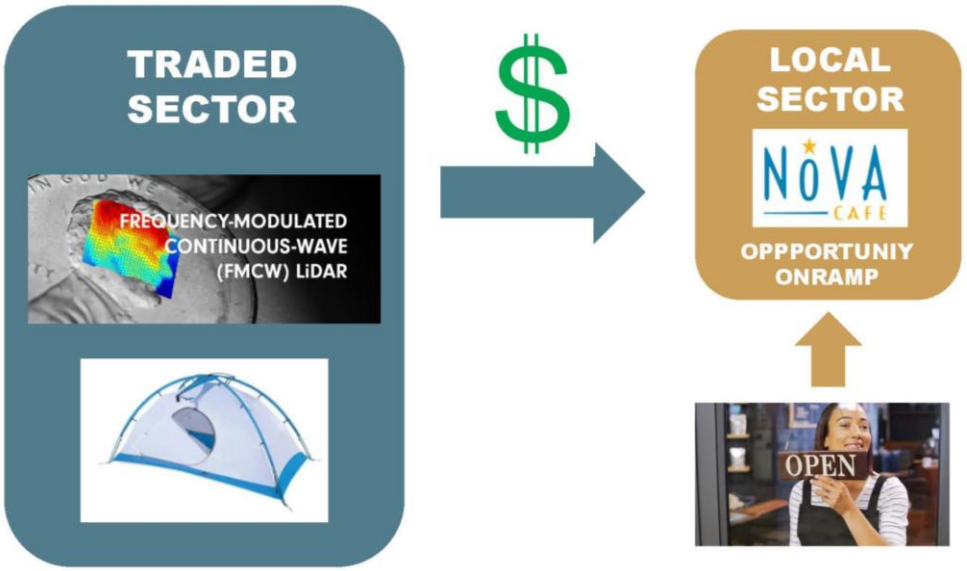
Traded sectors export goods and services and bring new money into the economy. This injection of new money helps support local traded sector businesses. Traded sector jobs also tend to have higher wages and larger multiplier effects (spinoff or indirect impacts) than local sectors. Manufacturing and knowledge-based industries are among the traded sectors in the Gallatin Valley.

Local Sectors

Local sectors are generally goods and services needed by local residents. Local sectors include retail stores, restaurants, health care, personal care services, and repair and maintenance services. There are entrepreneurship and business ownership opportunities in many local sectors with lower barriers to entry compared to traded sectors, making them a good “on ramp” for opportunity. Local sectors tend to have lower wages in comparison to traded sectors.

Role of Tourism

Since tourism is an important part of the economy, some local sectors are also exports because they serve visitors and second homeowners. These include hotels, restaurants and retail, property management, construction, and outdoor recreation.



3. ECONOMY

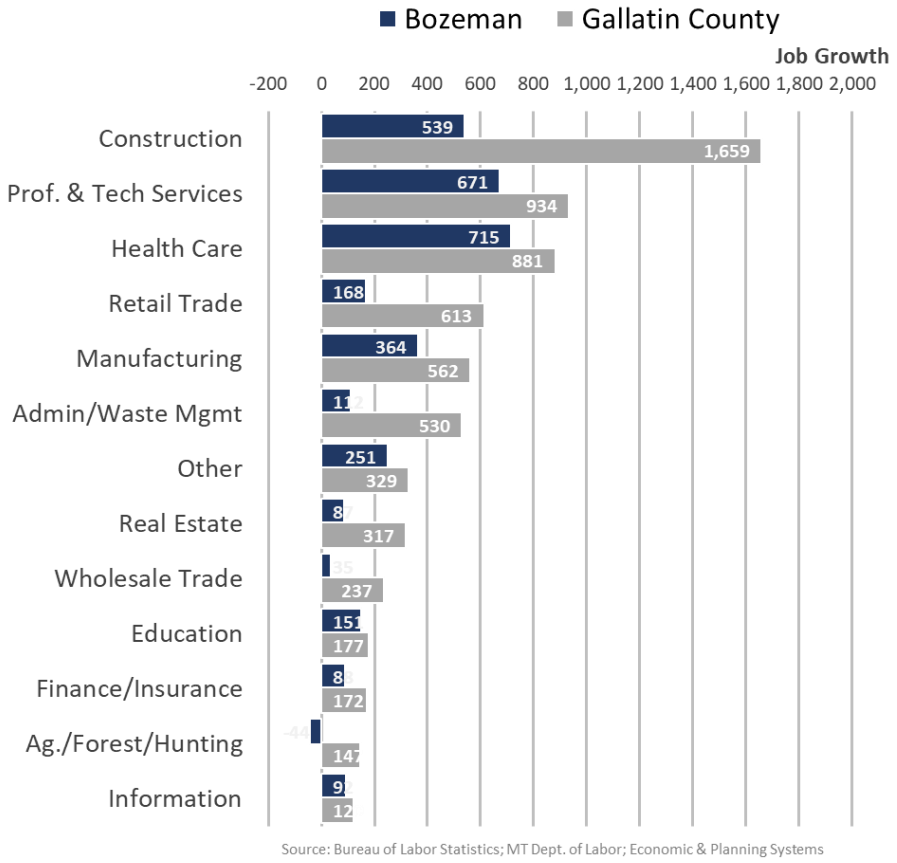
Change in Jobs 2015-2020

Why we measure

The change in jobs by industry is a forward-looking indicator of where the economy is trending. These data can inform strategies on which industries to support for growth or to prevent or manage decline.

Key Findings

- Construction is booming as Greater Bozeman grows and major resort projects are underway in Big Sky.
- Professional and technical services had the most growth outside of construction. This is a significant change and shows that companies in Greater Bozeman are expanding, and new firms are being formed or attracted. The area is attracting knowledge-based companies and workers.
- Manufacturing also had significant growth which is rare in small metro areas. Manufacturing is a diverse and important sector in Greater Bozeman.
- Health care also grew significantly, which is consistent with national trends. People are living longer, more people have health insurance, and the large baby boomer population is aging and increasing health care demand.



Source: Bureau of Labor Statistics; MT Dept. of Labor; Economic & Planning Systems

3. ECONOMY

Location Quotients

Why we measure

A location quotient (LQ) measures the concentration of an industry in an area compared to the U.S. It is a ratio calculated as the percentage of jobs in the analysis area divided by the percentage in the U.S. From this we can compare the concentrations of industries across different areas and asses local industry strengths or specializations.

How to interpret: "Construction jobs in Gallatin County are 2.09 times more concentrated than the U.S. average."

Key Findings

- Bozeman has lower concentrations in most traded sectors than the comparison communities and higher concentrations in local sectors.
- As larger cities/metros, Boulder and Boise have more diverse economies.
- Boulder and Boise/Ada County have higher concentrations of jobs in knowledge and financial industries.
- Ogden, UT/Weber County has more than twice the manufacturing concentration than Bozeman (aerospace, defense, outdoor products, advanced materials)
- Boulder and Fort Collins also have higher concentrations of manufacturing at 1.29 and 1.02.

Industry	Bozeman/Gallatin Location Quotient	Highest Concentration	
Traded Sectors			
Agriculture, forestry, fishing and hunting	1.33	Corvallis/Benton	3.21
Mining, quarrying, and oil and gas extraction	0.82	**Bozeman/Gallatin**	**0.82**
Information	0.63	Boise/Ada	1.14
Management of companies and enterprises	0.24	Boise/Ada	1.05
Professional and technical services	1.20	Boulder/Boulder	2.47
Wholesale trade	0.76	Boise/Ada	1.22
Manufacturing	0.70	Ogden/Weber	1.61
Transportation and warehousing	0.55	Boise/Ada	0.70
Finance and insurance	0.63	Boise/Ada	1.14
Local Sectors			
Utilities	0.50	Boise/Ada	1.03
Construction	2.09	**Bozeman/Gallatin**	**2.09**
Retail trade	1.31	**Bozeman/Gallatin**	**1.31**
Real estate and rental and leasing	1.30	**Bozeman/Gallatin**	**1.30**
Administrative and waste services	0.62	Boise/Ada	1.38
Educational services	0.72	Boulder/Boulder	0.79
Health care and social assistance	0.72	Missoula/Missoula	1.22
Arts, entertainment, and recreation	1.99	**Bozeman/Gallatin**	**1.99**
Accommodation and food services	1.47	**Bozeman/Gallatin**	**1.47**
Other services, except public administration	1.39	Missoula/Missoula	1.57

Source: Economic & Planning Systems

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3. ECONOMY

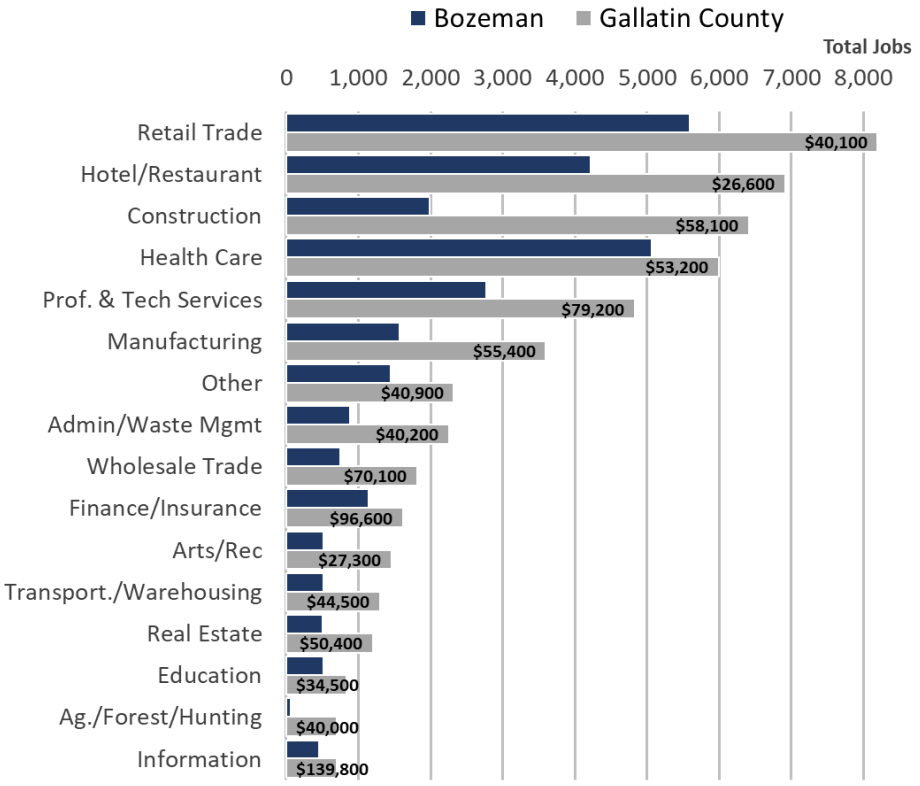
Wages by Industry

Why we measure

The wage earned by a worker translates directly to their income, ability to support family members, pay for housing, and invest in education and/or retirement. Wages in an industry are also an indicator of the value creation and worker skills in that industry. Higher paying jobs typically require more education and training, which can be a barrier to low-income populations and people of color.

Key Findings

- There are more jobs with lower wages than there are with higher wages, which is a typical pattern.
- Tourism and local sectors have lower wages than traded or economic base sectors.
- The average wage in retail is $40,100 ($19.27/hr) and $26,600 ($12.78) in hotel and restaurant jobs (not including tips).
- In comparison, the average annual wage for professional and technical services is $79,200 ($38.08/hr).



Source: Bureau of Labor Statistics; MT Dept. of Labor; Economic & Planning Systems

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3. ECONOMY

Change in Wages by Industry

Why we measure

At the industry level wages change due to a variety of factors such as competition for workers and talent (labor supply) and changes in the mix of companies and products within an industry.

Key Findings

- Greater Bozeman has experienced strong wage growth likely due to a tight labor supply and rising cost of a living. Wages grew at an average of 5.4% per year.
- Some of the highest wage growth was in information, finance/insurance, and professional and technical services. This suggests that:
  - There is competition for talent
  - Bozeman is attracting higher value service firms and employees
  - The economy is evolving and producing higher value services and products
- Local and tourism sectors also had strong wage growth indicating a tight supply of labor and more leverage for workers to command higher wages.

Industry	Wages		Change in Wages		% of Jobs
	2015	2020	% Change	Growth Rate	
Economic Base/Traded Sectors					
Ag./Forest/Hunting	$33,800	$46,300	37.0%	6.5%	1.5%
Mining	$74,900	$86,500	15.5%	2.9%	0.3%
Utilities	D	D	D	D	0.0%
Manufacturing	$41,500	$53,500	28.9%	5.2%	7.1%
Wholesale Trade	$56,100	$68,100	21.4%	4.0%	3.4%
Transport./Warehousing	$33,500	$45,200	34.9%	6.2%	2.5%
Information	$56,500	$82,400	45.8%	7.8%	1.3%
Finance/Insurance	$63,400	$89,800	41.6%	7.2%	3.1%
Prof. & Tech Services	$66,700	$87,500	31.2%	5.6%	9.2%
Mgmt. of Companies	$60,100	$74,700	24.3%	4.4%	0.4%
Admin/Waste Mgmt	$32,400	$39,000	20.4%	3.8%	4.4%
Subtotal					**33.3%**
Local Sectors					
Construction	$46,900	$59,900	27.7%	5.0%	12.4%
Retail Trade	$29,300	$38,000	29.7%	5.3%	16.2%
Real Estate	$34,800	$50,900	46.3%	7.9%	2.4%
Education	$25,900	$36,000	39.0%	6.8%	1.7%
Health Care	$44,900	$56,100	24.9%	4.6%	11.8%
Arts/Rec	$25,800	$28,700	11.2%	2.2%	3.0%
Hotel/Restaurant	$18,300	$24,300	32.8%	5.8%	14.8%
Other	$30,100	$39,400	30.9%	5.5%	4.5%
Subtotal					**66.7%**
Overall Averages	**$39,600**	**$51,400**	**29.8%**	**5.4%**	**100.0%**

Note: "D" indicates not disclosed for privacy requirements.
Source: Bureau of Labor Statistics QCEW; Economic & Planning Systems

3. ECONOMY

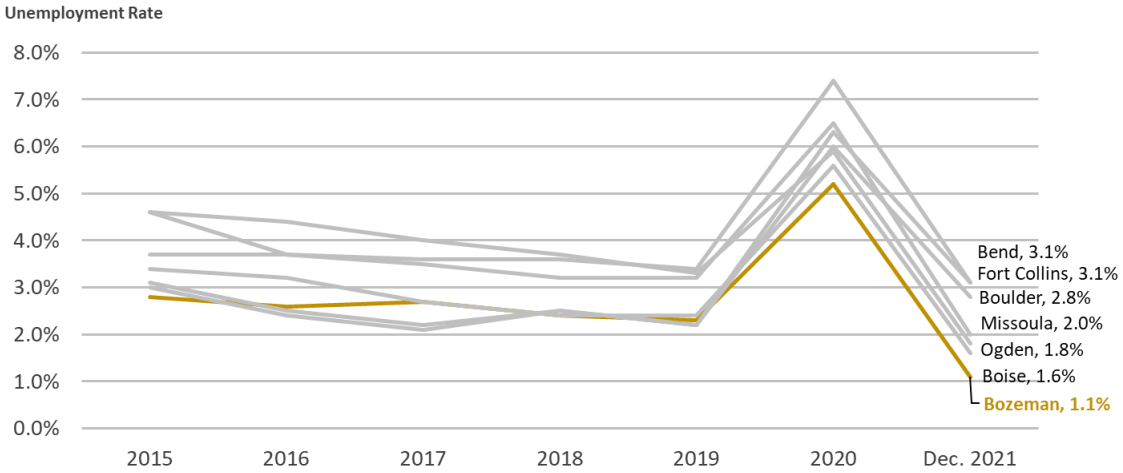
Unemployment Rate

Why we measure

The unemployment rate measures the supply and demand relationship between employers and workers. When unemployment is high, there are not enough jobs for people in the labor force and visa versa. It is another good indicator of the health of an economy. However low unemployment is an indicator of labor shortages and can lead to inflation and constrain business growth.

Key Findings

- Unemployment rates are at historic lows nationally due to a drop in labor force participation related to the Pandemic.
- Bozeman has the lowest unemployment rate of the comparison communities at 1.1%, which is not sustainable. Economists generally view a "healthy" unemployment rate as 4.0 to 5.0%.
- The unemployment rate is expected to rise if more people reenter the labor force as the pandemic stabilizes, and if wages increase to create enough incentive.



Source: BLS LAUS; Economic & Planning Systems

3. ECONOMY

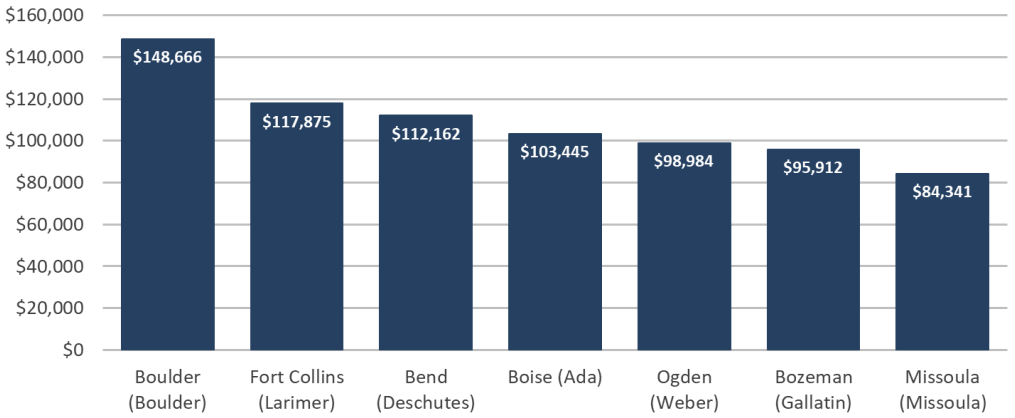
Gross Regional Product (GRP) per Job

Why we measure

Gross Regional Product (GRP) is the local or regional equivalent of GDP (Gross Domestic Product). GRP is the value of all goods and services produced in an economy. GRP per job is a measure of the productivity of the labor force and firms in the economy – the value of the output created from each worker.

Key Findings

- Boulder, CO has the most productive economy with nearly $150,000 in annual output per worker, followed by Fort Collins, CO at $118,000.
- Bozeman and Gallatin County are at the lower end of the spectrum of the comparison communities due to the higher concentration of tourism and local serving jobs.



Source: Economic & Planning Systems

3. ECONOMY

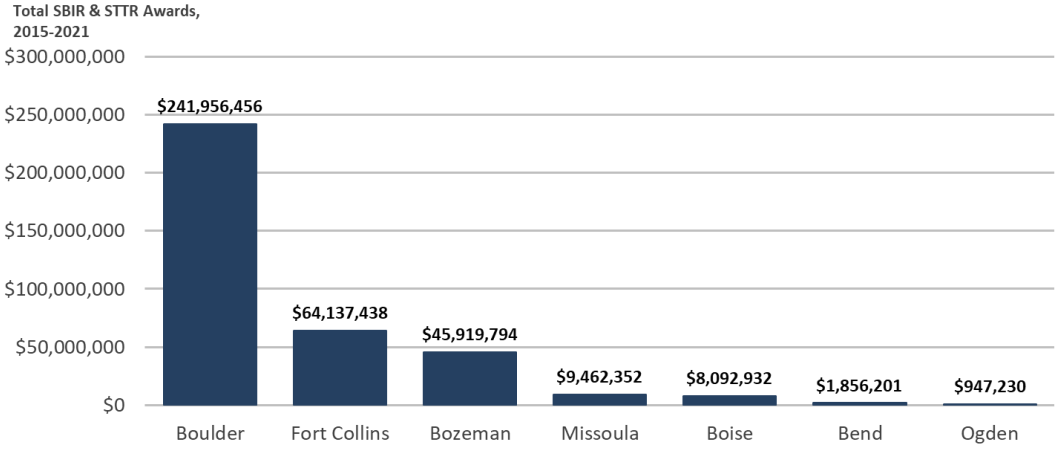
Technology Transfer Awards

Why we measure

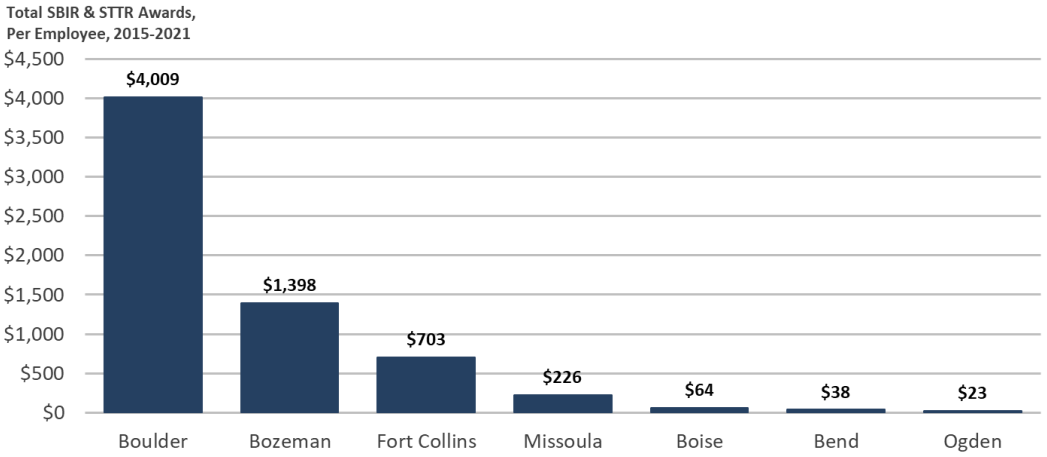
The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs are highly competitive federal research funds designed to stimulate R&D and technological innovation for small businesses. STTR/SBIR programs and funding are an indicator of innovation among small businesses in communities.

Key Findings

- Boulder, CO was awarded the most SBIR and STTR funding, with $242 million, or $4,009 per employee since 2015.
- Bozeman received the second-most funding per employee of the peer communities.
- Bozeman has a large concentration of R&D and tech-centric businesses that are catalyzed by MSU's Tech Transfer Office and MilTech, which help commercialize and provide a gateway for industry partners to access MSU technology.



Source: SBIR; STTR; Economic & Planning Systems



Source: SBIR; STTR; ESRI; Economic & Planning Systems

4. INDUSTRY CLUSTERS

Definition

Industry clusters are groups of similar and related businesses that share common markets, technologies, worker skill needs, and that are often linked by buyer-seller relationships. Industry clusters represent distinct qualities of a community and help define what makes one community different from another.

As they convey distinct qualities, it is important to be specific in the definition of a cluster. For example, rather than promoting "high-tech," a community should focus on "software or photonics" to convey the type of product being manufactured and its unique workforce and supply chain needs.

The Economic Development Strategy is likely to recommend a focus on traded sector industries in terms of the City's role and investment of resources. Traded sectors industries have higher wages and greater economic impact than local sectors.

The table shows the industry sectors according to the North American Industry Classification System (NAICS) that align with the specific industry clusters.

Industry Sector (NAICS)	Industry Cluster	Private Wage and Salary Jobs (Gallatin County)
Traded Sectors		
Manufacturing	• Photonics • Outdoor equipment and clothing • Biotechnology • Niche manufacturing	3,600
Professional and technical services	• Photonics • Quantum computing • Technology / IT • Biotechnology	4,800
Total		**8,400**
Local Sectors		
Health Care	• Health care	6,000
Construction	• Residential and nonresidential construction and trades • Heavy civil construction	6,400
Arts, entertainment, and recreation	• Outdoor industry (ski areas, guide/tour services	1,700
Retail, accommodations and food services	• Retail, restaurants, hotels	17,000
Total		**31,100**

4. INDUSTRY CLUSTERS

Traded Sector Industry Clusters

- **Photonics –** The science and technology of generating, detecting, and controlling light. It has numerous everyday consumer and industrial applications. Photonics companies were created from MSU grads and related R&D programs. There are at least 35 companies and 800 jobs in Photonics.
- **Biotechnology –** Biotechnology includes medical and drug research and manufacturing. The cluster is oriented around MSU R&D and numerous startup companies in the Gallatin Valley. The area's strength is in the R&D, trial, and identifying commercial use stages of biotech.
- **Quantum computing –** Quantum computing uses atomic motion to perform computing operations. It is a major national security and technology priority. MSU has received $20M in federal grants to expand quantum research. There are relationships with the local photonics cluster in quantum research as well.
- **Technology / IT –** The Gallatin Valley has a thriving and growing segment of technology (programming and information technology) companies stemming from spinoffs from RightNow Technologies, Oracle, and Bozeman's quality of life that attracts startup entrepreneurs and venture capital.
- **Outdoor equipment –** Bozeman is known throughout the U.S. as an outdoor recreation destination. It also attracts Outdoor companies that capitalize on the Bozeman brand and identity. Companies such as Simms Fishing, Oboz Shoes, Mystery Ranch (formerly Dana Design), Spark R&D and numerous smaller companies are in the Gallatin Valley.
- **Manufacturing and niche products –** Manufacturing is a diverse sector in the Gallatin Valley. Products made here include electronic components, metal products, musical instruments, food and beverages, and wood products and building materials.
- **Creative Arts –** Sectors whose goods and services are based on intellectual property. Individual creativity is the main source of value and cause of a transaction. The creative arts industry cluster for Gallatin Valley includes the following sectors: publishing; advertising and marketing; film, TV; and photography; design; and performing arts.

5. ECONOMIC EQUITY

Self Sufficiency Wage

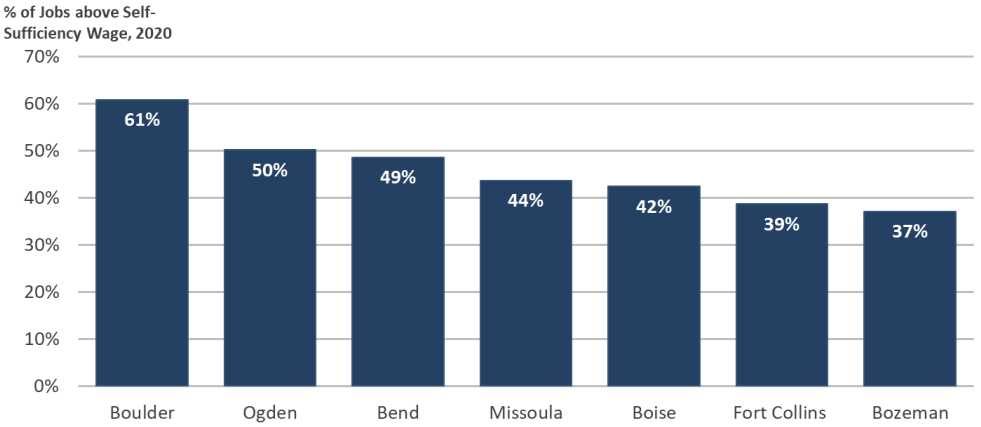
Why we measure

The federal poverty definition only accounts for a basic food budget and does not include other costs such as childcare and housing. The MIT Living Wage calculator estimates the wage needed for a household to afford food, childcare, health insurance, housing, transportation, and basic necessities (clothing, hygiene items). As stated in its definitions, the "living wage is the minimum income standard that, if met, draws a very fine line between the financial independence of the working poor and the need to seek out public assistance or suffer consistent and severe housing and food insecurity."

The MIT Living Wage calculator estimates the living wage in Gallatin County at $21.68 for a family of four with two working adults and two children. The chart shows the percentage of jobs in each county that are above the self sufficiency wage.

Key Findings

Due to the high cost of housing and large concentration of tourism and local sector jobs, Bozeman and Gallatin County are at the bottom of the comparison communities with the lowest percentage of jobs above the self sufficiency threshold.



Source: QCEW; MIT Living Wage Calculator, Economic & Planning Systems

5. ECONOMIC EQUITY

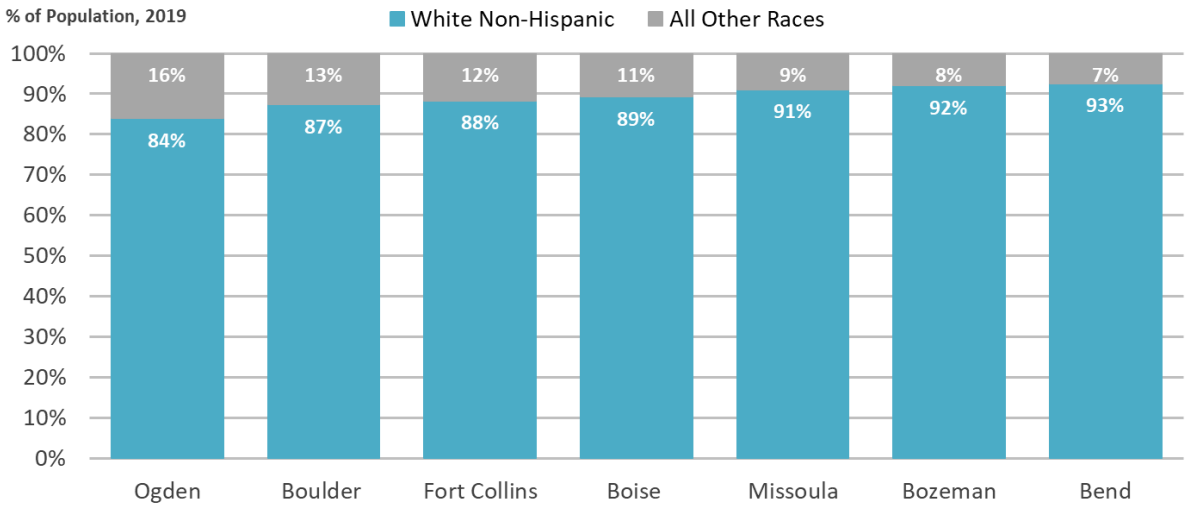
Race and Ethnicity

Why we measure

Looking at the racial composition of a place helps us evaluated the presence of disparities in economic opportunity by race. There are persistent gaps between income, wealth, and education between non-Hispanic whites and people of color and white Hispanic and Latinx people.

Key Findings

The white non-Hispanic population comprises 92% of the population of Bozeman, which is similar to most of the comparison communities. Larger cities within larger metro areas such as Ogden and Boulder have slightly more diverse populations.



Source: US Census; Economic & Planning Systems

5. ECONOMIC EQUITY

Business Owner Demographics

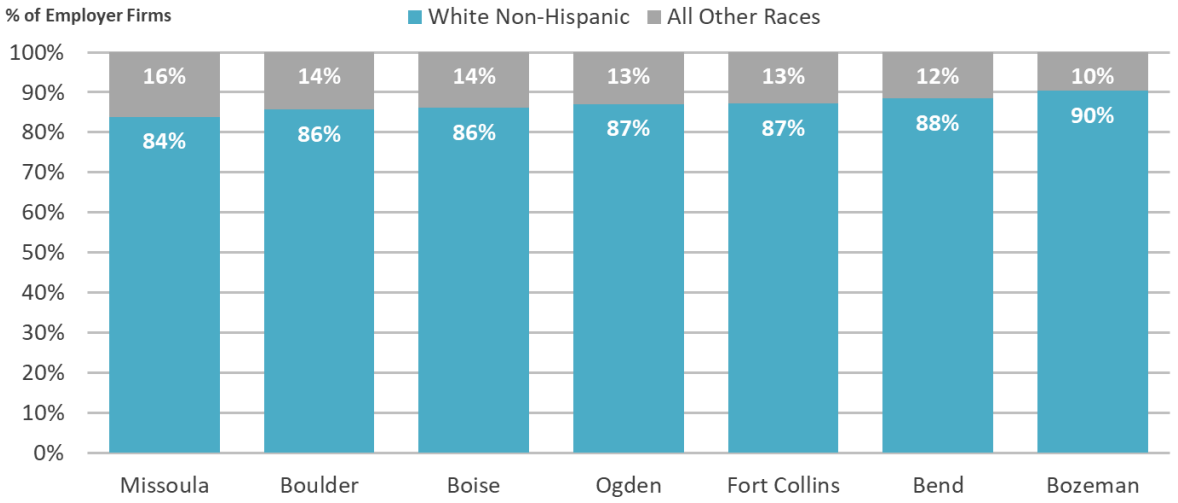
Why we measure

Looking at the racial composition of business owners helps to further evaluate the presence of disparities in economic opportunity and wealth building by race.

Key Findings

From the data, there do not appear to be significant differences between the racial and ethnic composition of business owners and the overall population in Bozeman or in the comparison communities.

A caveat is that there is a margin of error in these data, and people of color may be underrepresented in Census data.



Source: US Census 2017 Annual Business Survey; Economic & Planning Systems

5. ECONOMIC EQUITY

Educational Attainment

Why we measure

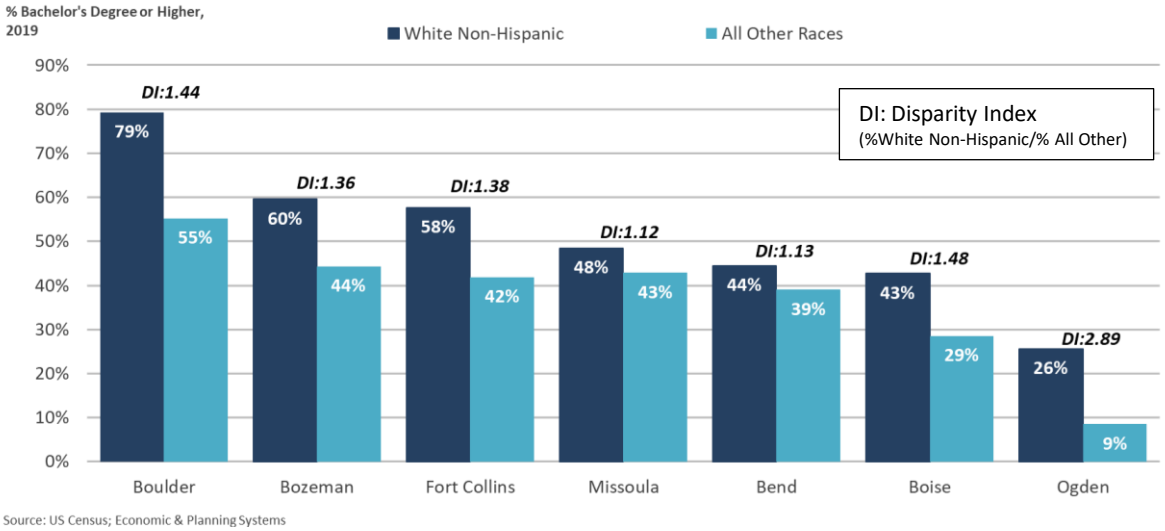
Comparing the level of education achieved to the overall population is another indicator of disparities in economic opportunity and wealth building.

Key Findings

Boulder is the most highly educated community. Bozeman and Fort Collins have similar levels of education with about 60% of the population having a Bachelor's degree or higher. Ogden, Utah has the lowest levels of education.

There are differences in educational attainment by race and ethnicity in each community. Boulder, Bozeman, and Fort Collins have the highest educational disparities. In Boulder, white non-Hispanics are about 1.44 times more likely to have a college degree or higher and 1.36 times more likely in Bozeman.

The disparity in educational attainment is partly explained by the presence of large universities, particularly in Boulder, Bozeman, and Fort Collins. The predominately white faculty in each case increases the number of white advanced degree holders in the community.



Source: US Census; Economic & Planning Systems

5. ECONOMIC EQUITY

Housing Costs and Access

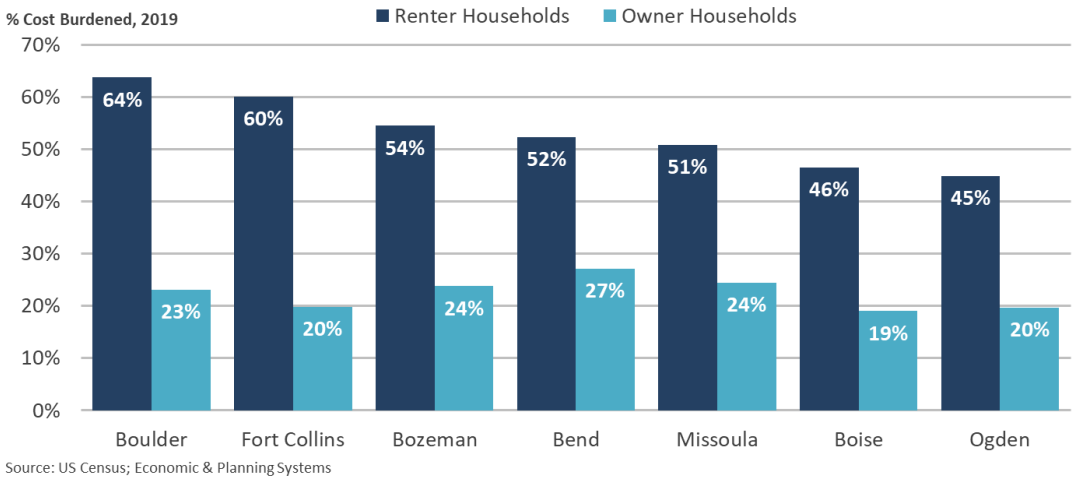
Why we measure

Housing costs are a large factor in quality of life, access to home ownership, wealth building, and labor force attraction and retention. High housing costs and low supply can constrain economic growth when the labor force cannot find adequate housing. A person or household is "cost burdened" when they are paying more than 30% of their income towards rent or mortgage payments.

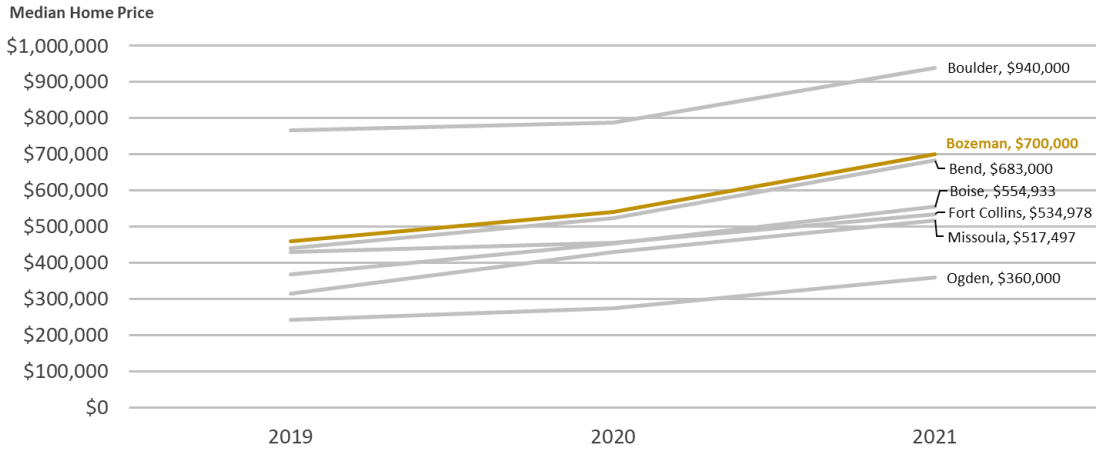
Key Findings

In Bozeman, 54% or renters are cost burdened making it the third most unaffordable city for renters of the comparison communities. Boulder and Fort Collins are even less affordable for renters while Boise and Ogden are more affordable with a lower percentage of cost burdened renters and owners.

Bozeman has the second highest median home price at about $700,000, second only to Boulder at $940,000. Home prices in Bozeman have increased at alarming rates due to strong job and in-migration of wealth, and a housing supply that has not kept up.



Source: US Census; Economic & Planning Systems



Source: Economic & Planning Systems

5. ECONOMIC EQUITY

Relating Wages to Home Prices

Why we measure

Wages are the primary source of household income for working people. In a balanced housing market, home prices are related to wages and local household incomes. Bozeman however has a complex housing market influenced by the influx of remote workers, second homeowners, early retirees, and a smaller pool of builders than larger metro area markets. The supply has not been able to keep up with demand as exhibited by the rapidly rising home prices. These influences have detached home prices from local wages.

Key Findings

Towards the end of 2021, the median home price in the city was about $700,000, which required an annual income of approximately $162,000 to afford and is 220% of area median income (AMI). The table on the next page shows average wages for each major industry. For a household with one earner, the average wage is equivalent to the household income. The table also shows the household income if there are 1.5 (one full one half time) or 2.0 workers in the household earning the same wage.

The green shaded cells show the incomes and industries that pay enough to afford the median home price. Only in the highest paying industries with two earners is the median home price affordable.

5. ECONOMIC EQUITY

Relating Wages to Home Prices

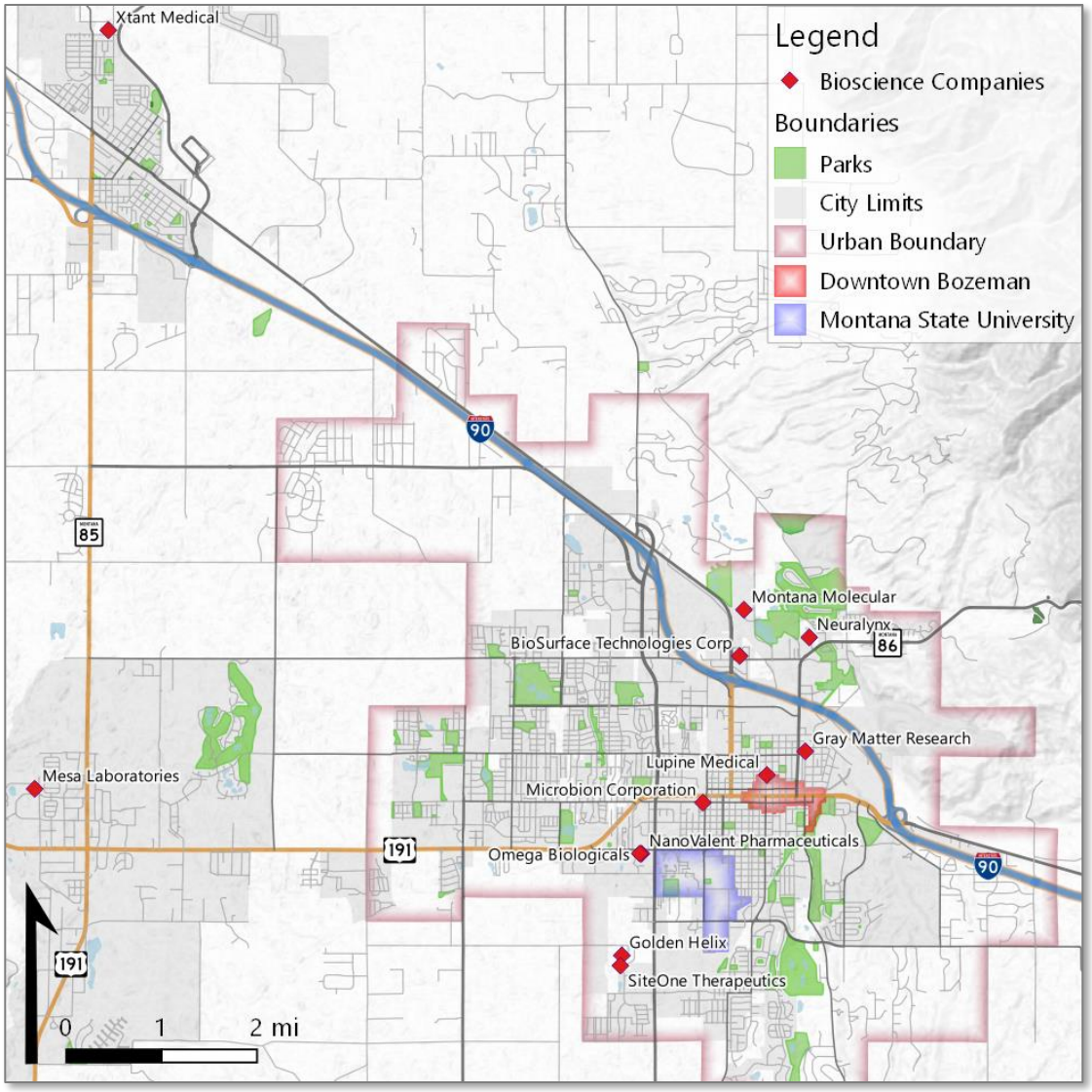
Income needed to afford $700,000: $162,000 (220% of AMI

Description	1-Earner 1-Person Household		1.5-Earner 4-Person Household		2-Earner 4-Person Household	
	Ann. Income	% AMI	Ann. Income	% AMI	Ann. Income	% AMI
Area Median Income		**$62,250** 1-person household		**$88,900** 4-person household		**$88,900** 4-person household
Traded Sectors						
Ag./Forest/Hunting	$46,300	74.4%	$69,450	78.1%	$92,600	104.2%
Mining	$86,500	139.0%	$129,750	146.0%	$173,000	194.6%
Utilities	D	N/A	N/A	N/A	N/A	N/A
Manufacturing	$53,500	85.9%	$80,250	90.3%	$107,000	120.4%
Wholesale Trade	$68,100	109.4%	$102,150	114.9%	$136,200	153.2%
Transport./Warehousing	$45,200	72.6%	$67,800	76.3%	$90,400	101.7%
Information	$82,400	132.4%	$123,600	139.0%	$164,800	185.4%
Finance/Insurance	$89,800	144.3%	$134,700	151.5%	$179,600	202.0%
Prof. & Tech Services	$87,500	140.6%	$131,250	147.6%	$175,000	196.9%
Mgmt. of Companies	$74,700	120.0%	$112,050	126.0%	$149,400	168.1%
Admin/Waste Mgmt	$39,000	62.7%	$58,500	65.8%	$78,000	87.7%
Local Sectors						
Construction	$59,900	96.2%	$89,850	101.1%	$119,800	134.8%
Retail Trade	$38,000	61.0%	$57,000	64.1%	$76,000	85.5%
Real Estate	$50,900	81.8%	$76,350	85.9%	$101,800	114.5%
Education	$36,000	57.8%	$54,000	60.7%	$72,000	81.0%
Health Care	$56,100	90.1%	$84,150	94.7%	$112,200	126.2%
Arts/Rec	$28,700	46.1%	$43,050	48.4%	$57,400	64.6%
Hotel/Restaurant	$24,300	39.0%	$36,450	41.0%	$48,600	54.7%
Other	$39,400	63.3%	$59,100	66.5%	$78,800	88.6%
Public Admin	D	N/A	N/A	N/A	N/A	N/A
Unclassified	D	N/A	N/A	N/A	N/A	N/A

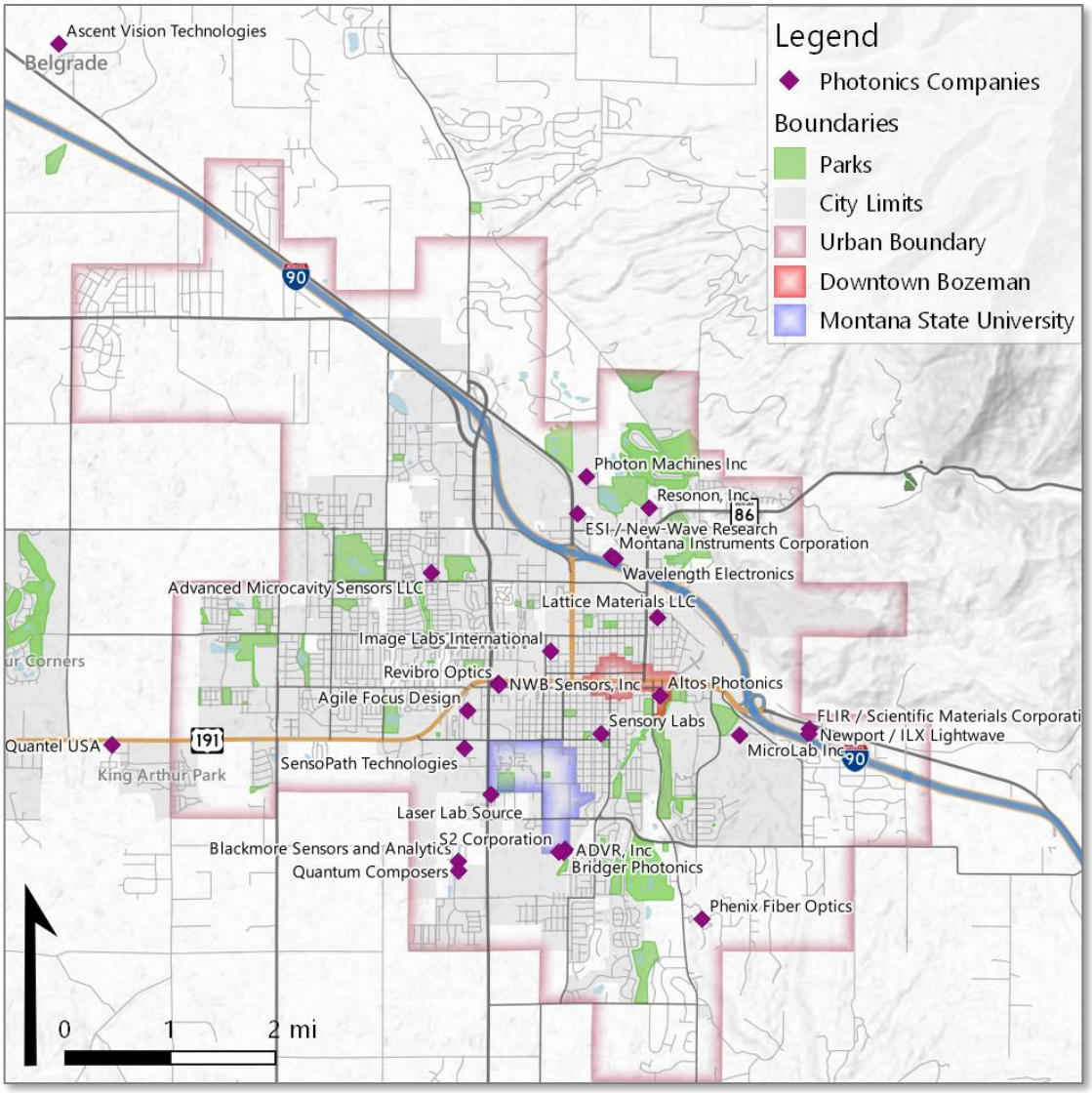
Source: Economic & Planning Systems

APPENDIX

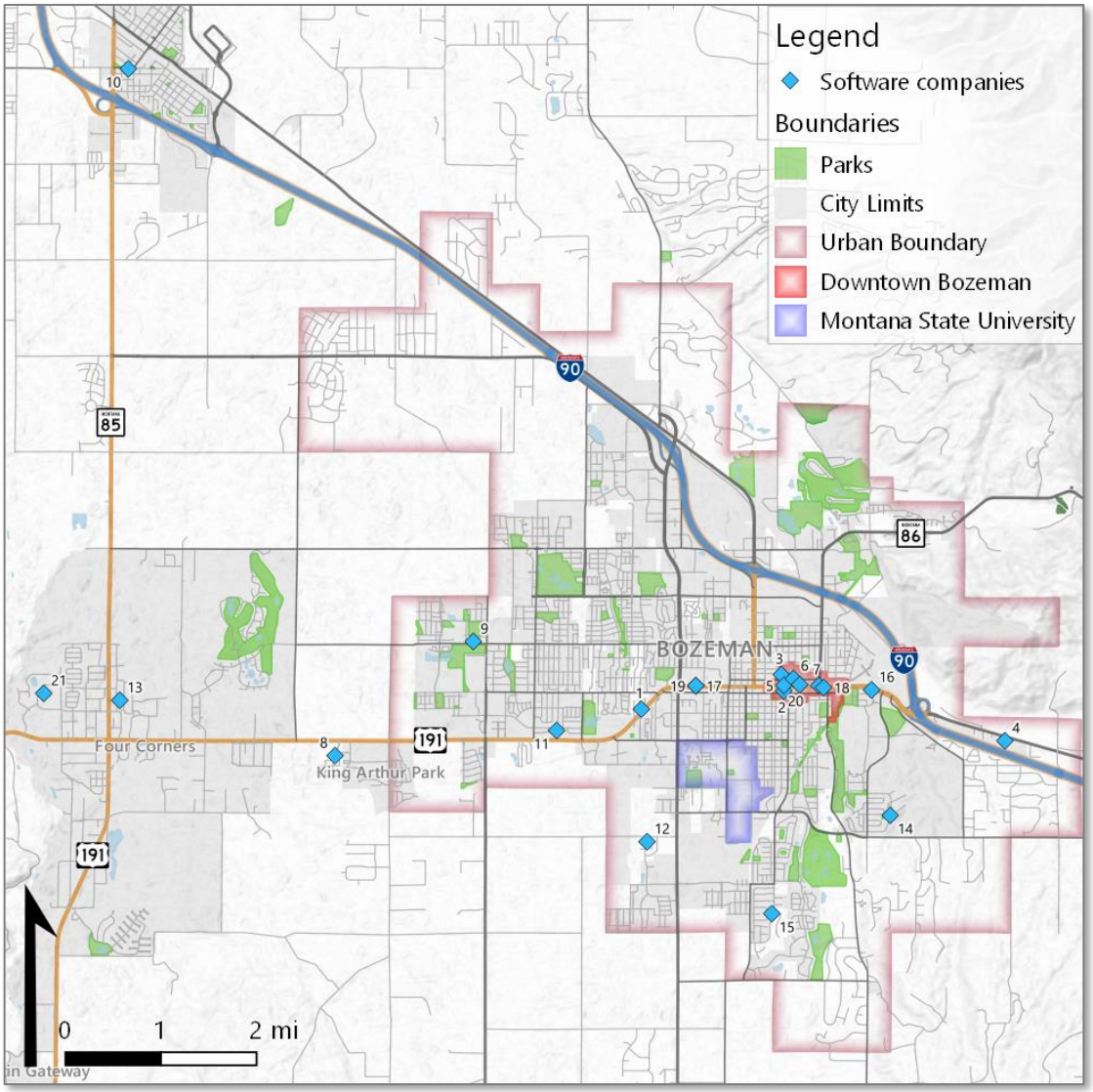
APPENDIX: BIOTECHNOLOGY COMPANIES



APPENDIX: PHOTONICS COMPANIES



APPENDIX: SOFTWARE COMPANIES



APPENDIX: DETAILED LOCATION QUOTIENTS

Industry	Bozeman Gallatin	Boulder Boulder	Boise Ada	Corvallis Benton	Bend Deschutes	Fort Collins Larimer	Missoula Missoula	Ogden Weber	Highest Concentration	Location Quotient
Traded Sectors										
Agriculture, forestry, fishing and hunting	1.33	0.38	0.33	3.21	1.12	0.67	1.00	0.43	Corvallis/Benton	3.21
Mining, quarrying, and oil and gas extraction	0.82	0.25	0.17	0.14	0.21	0.79	0.15	0.10	**Bozeman/Gallatin**	**0.82**
Information	0.63	0.53	1.14	0.44	0.59	0.49	0.80	1.09	Boise/Ada	1.14
Management of companies and enterprises	0.24	0.54	1.05	0.00	0.73	0.39	0.26	0.24	Boise/Ada	1.05
Professional and technical services	1.20	2.47	1.01	0.92	0.83	1.04	0.91	0.67	Boulder/Boulder	2.47
Wholesale trade	0.76	0.90	1.22	0.00	0.66	0.81	0.85	0.90	Boise/Ada	1.22
Manufacturing	0.70	1.29	0.78	0.91	0.75	1.02	0.47	1.61	Ogden/Weber	1.61
Transportation and warehousing	0.55	0.23	0.70	0.31	0.56	0.57	0.00	0.55	Boise/Ada	0.70
Finance and insurance	0.63	0.53	1.14	0.44	0.59	0.49	0.80	1.09	Boise/Ada	1.14
Local Sectors										
Utilities	0.50	0.33	1.03	0.00	1.02	0.45	0.00	0.49	Boise/Ada	1.03
Construction	2.09	0.58	1.39	0.66	1.66	1.35	1.19	1.34	**Bozeman/Gallatin**	**2.09**
Retail trade	1.31	0.87	1.05	0.93	1.31	1.10	1.28	1.08	**Bozeman/Gallatin**	**1.31**
Real estate and rental and leasing	1.30	0.94	0.95	0.76	1.04	1.24	1.00	0.57	**Bozeman/Gallatin**	**1.30**
Administrative and waste services	0.62	0.56	1.38	0.00	0.90	0.81	0.78	1.18	Boise/Ada	1.38
Educational services	0.72	0.79	0.53	0.61	0.62	0.53	0.47	0.66	Boulder/Boulder	0.79
Health care and social assistance	0.72	0.86	1.05	1.21	1.18	0.73	1.22	0.88	Missoula/Missoula	1.22
Arts, entertainment, and recreation	1.99	1.16	1.46	0.78	1.80	1.13	1.66	1.08	**Bozeman/Gallatin**	**1.99**
Accommodation and food services	1.47	0.94	1.02	1.05	1.42	1.21	1.28	0.85	**Bozeman/Gallatin**	**1.47**
Other services, except public administration	1.39	0.95	0.96	1.32	1.27	1.04	1.57	0.79	Missoula/Missoula	1.57

Source: Economic & Planning Systems

APPENDIX: INDUSTRY DETAIL

MANUFACTURING

3 Digit NAICS	Industry Name	Sector Total (Disclosable)	% Total	LQ vs. U.S.	Avg. Ann. Wage	Includes Photonics?	Description
Total Private Wage & Salary Jobs		**50,672**					
Total Manufacturing Sector		**3,598**	**7.1%**	**0.70**			
339	Miscellaneous Manufacturing	532	1.0%	2.16	$55,574		Medical equip, sporting goods, musical instr.
334	Computer and Electronic Product Manufacturing	402	0.8%	0.90	$88,788	Y	Computer, electronic, instrumentation, measuring/controlling, photonics
332	Fabricated Metal Product Manufacturing	391	0.8%	0.67	$48,961		Forging, stamping, bending, forming, and machining
312	Beverage and Tobacco Product Manufacturing	367	0.7%	3.16	$30,203		Breweries, distilleries, etc.
327	Nonmetallic Mineral Product Manufacturing	290	0.6%	1.72	$63,779		Stone, tile, cement products
326	Plastics and Rubber Products Manufacturing	257	0.5%	0.87	$43,929		Plastic containers, hardware, plumbing
311	Food Manufacturing	248	0.5%	0.37	$36,480		Bakeries, coffee, tea, dairy products
336	Transportation Equipment Manufacturing	150	0.3%	0.22	$58,928		Boats, trailers, vehicle parts
337	Furniture and Related Product Manufacturing	144	0.3%	0.94	$44,262		Furniture, cabinetry
335	Electrical Equipment, Appliance, and Component Manufacturing	114	0.2%	0.71	$59,485	Y	Lighting, electrical, communications, appliances
323	Printing and Related Support Activities	99	0.2%	0.62	$38,849	Y	Printing, data imaging
314	Textile Product Mills	93	0.2%	2.18	$32,668		Textile manufacturing
333	Machinery Manufacturing	88	0.2%	0.20	$73,874	Y	Optical instruments and lenses, photographic equipment, commercial laundry and dry-cleaning machinery, office machinery, automotive maintenance equipment (except mechanics' hand tools), and commercial-type cooking equipment
321	Wood Product Manufacturing	81	0.2%	0.48	$49,465		Wood bldg. materials, manufactured structures
315	Apparel Manufacturing	5	0.0%	0.13	$32,572		Apparel
316	Leather and Allied Product Manufacturing	4	0.0%	0.39	$18,653		Leather products

Source: Bureau of Labor Statistics; Economic & Planning Systems

APPENDIX: INDUSTRY DETAIL

PROFESSIONAL & TECHNICAL SERVICES

4 Digit NAICS	Industry Name	Sector Total (Disclosable)	% Total	LQ vs. U.S.	Avg. Ann. Wage	Includes Photonics?	Description
Total Private Wage & Salary Jobs		**50,672**					
Total Prof. & Tech. Svcs. Sector		**4,828**	**9.5%**	**1.20**			
5415	Computer Systems Design and Related Services	1,346	2.7%	1.44	$141,037		Programming, IT
5413	Architectural, Engineering, and Related Services	1,094	2.2%	1.72	$71,547		
5416	Management, Scientific, and Technical Consulting Services	618	1.2%	0.95	$71,652		Environmental, management, administrative, other scientific consulting
5412	Accounting, Tax Preparation, Bookkeeping, and Payroll Services	449	0.9%	1.04	$53,752		
5419	Other Professional, Scientific, and Technical Services	424	0.8%	1.35	$40,502		Marketing, photography, veterinary, other
5417	Scientific Research and Development Services	337	0.7%	1.04	$94,689	Y	R&D in life and social sciences.
5411	Legal Services	327	0.6%	0.68	$68,183		
5418	Advertising, Public Relations, and Related Services	133	0.3%	0.71	$60,349		
5414	Specialized Design Services	100	0.2%	1.78	$60,754	Y	Specialized design except architectural, engineering, and computer systems design

Source: Bureau of Labor Statistics; Economic & Planning Systems

APPENDIX: INDUSTRY DETAIL

CONSTRUCTION

3 Digit NAICS	Industry Name	Sector Total (Disclosable)	% Total	LQ vs. U.S.	Avg. Ann. Wage	Description
Total Private Wage & Salary Jobs		**50,672**				
Total Construction Sector		**6,401**	**12.6%**	**2.09**		
237	Heavy and Civil Engineering Construction	659	1.3%	1.50	$101,284	Roads, infrastructure
236	Construction of Buildings	1,837	3.6%	2.72	$59,216	Residential and nonresidential buildings
238	Specialty Trade Contractors	3,906	7.7%	2.01	$53,269	Concrete, site preparation, plumbing, painting, and electrical

Source: Bureau of Labor Statistics; Economic & Planning Systems

APPENDIX: INDUSTRY DETAIL

TOURISM, RETAIL, AND OUTDOOR RECREATION

3 Digit NAICS	Industry Name	Sector Total (Disclosable)	% Total	LQ vs. U.S.	Avg. Annual Wage	Description
Total Private Wage & Salary Jobs		**50,672**				
Retail		3,598	7.1%	1.31		Retail stores
Recreation		1,819	3.6%	1.99		Recreation businesses including ski areas
Accommodations & Food Services		8,190	16.2%	1.47		Hotels and restaurants
Cluster Total		**13,607**	**26.9%**			
Retail						
445	Food and beverage stores	1,541	3.0%	1.18	$31,786	
444	Building material and garden supply stores	1,193	2.4%	2.08	$45,429	
452	General merchandise stores	1,107	2.2%	0.89	$32,580	
441	Motor vehicle and parts dealers	1,036	2.0%	1.29	$60,870	
453	Miscellaneous store retailers	784	1.5%	2.52	$31,388	
451	Sports, hobby, music instrument, book stores	674	1.3%	3.37	$23,189	
447	Gasoline stations	541	1.1%	1.39	$25,669	
442	Furniture and home furnishings stores	392	0.8%	2.26	$49,206	
448	Clothing and clothing accessories stores	341	0.7%	0.83	$25,758	
446	Health and personal care stores	250	0.5%	0.61	$34,298	
454	Nonstore retailers	221	0.4%	0.89	$60,018	
443	Electronics and appliance stores	110	0.2%	0.59	$43,276	
Recreation, Hotels, Restaurants						
722	Food services and drinking places	5,054	10.0%	1.23	$20,992	
721	Accommodation	1,857	3.7%	3.13	$33,408	
713	Amusements, gambling, and recreation	1,216	2.4%	2.27	$26,058	Includes ski areas
711	Performing arts and spectator sports	124	0.2%	0.88	$36,767	
712	Museums, historical sites, zoos, and parks	116	0.2%	---	$45,924	
712	Museums, historical sites, zoos, and parks	116	0.2%	---	$45,924	

Source: Bureau of Labor Statistics; Economic & Planning Systems

APPENDIX: INDUSTRY DETAIL

CREATIVE ARTS

Industry	3 Digit NAICS	NAICS Description	Private Total	Establish-ments	% of Disclosable Total	LQ vs. U.S.	Avg. Ann. Wage	Hourly on 2080 Hours
Total Private Wage & Salary Jobs			**50,672**		**100.00%**			
Publishing	323	Printing and related support activities	99	9	0.20%	0.62	$38,849	$18.68
Film/TV/Media	512	Motion picture and sound recording industries	73	70	0.14%	0.58	$43,148	$20.74
	5418	Advertising, pr, and related services	133	40	0.26%	0.71	$60,349	$29.01
	54192	Photographic services	24	32	0.05%	1.60	$37,168	$17.87
Design	5419	Other professional and technical services	424	83	0.84%	1.35	$40,502	$19.47
	5414	Specialized design services	100	43	0.20%	1.78	$60,754	$29.21
Performing Arts	711	Performing arts and spectator sports	124	46	0.24%	0.88	$36,767	$17.68
	7111	Performing arts companies	35	8	0.07%	1.06	$18,147	$8.72
		All other Performing arts and spectator sports	89	38	0.18%	---	---	---
Museums and Galleries [1]	712	Museums, non-retail galleries, historical sites, and similar institutions	127	10	0.25%	1.96	$49,504	$23.80
Total Creative Cluster			**1,104**	**333**	**2.18%**		**$41,241**	**$19.83**

[1] Museums and Galleries includes publicly owned facilities such as Museum of the Rockies housed at MSU which skews wages upward.

Source: U.S. Bureau of Labor Statistics; Economic & Planning Systems

ATTACHMENT B

EVS ACTION MATRIX

GOAL 1: PROVIDE OPPORTUNITY FOR GALLATIN VALLEY RESIDENTS

Objective 1.1: Enhance the small business development ecosystem

	Progress Check-in							
Action	**1 - 2 yr**	**3 - 4 yr**	**5 yr**	**Priority Outcome**	**Metric (how to measure)**	**Lead Org**	**Partners**	**Notes and/or Potential Resources**
A. Convene providers to map the various programs available for different business sizes and types to 1) better communicate available resources and 2) determine gaps in service provision.	x			More small business owners access programs	Number of new businesses accessing services	City of Bozeman	Prospera, NRMEDD, Chamber, DBP	Tie to proposed business, retention and expansion (BRE) program identified in Action 2.1.G
B. Create a resource guide outlining available programs and contact information.		x		Small businesses are more likely to succeed and grow	Resource guide is created and maintained annually.	City of Bozeman	Prospera, NRMEDD, Chamber, DBP	Staff time
C. Convene service providers to determine if there is an opportunity to start a microenterprise service for under-represented businesses. Build off culture and concept of Women Business Center that provides a welcoming safe space for a specific group.	x			More small businesses are started or grown	Capital and technical services are provided to under-represented businesses at no or low cost	City of Bozeman	Prospera, NRMEDD, MOFI	Seed funding can come from Community Development Block Grant (CDBG). MESO of Oregon should be considered as a best case example. https://www.mesopdx.org/
D. Develop a business services roundtable comprised of underrepresented business owners and employees, to advise the City of Bozeman on its business friendliness for small businesses especially owned by under-represented individuals.		x		Remove barriers to starting a new business	Roundtable is created and provides recommendations	City of Bozeman	Small businesses	Staff time

Objective 1.2: Provide comprehensive and coordinated skills development starting with child care through middle school and higher-ed

Action	**1 - 2 yr**	**3 - 4 yr**	**5 yr**	**Priority Outcome**	**Metric (how to measure)**	**Lead Org***	**Partners****	**Notes and/or Potential Resources**
A. Explore opportunities to amend Montana statute(s) to allow HOAs to permit in-home child care.	x			More affordable child care opportunities are available	Statute(s) amended	City of Bozeman	MLCT/MACO	Staff time
B. Elevate the issue of child care as critical infrastructure to support workforce development and promote equitable early education opportunities for under-represented communities.	x			More affordable child care opportunities are available	An increase in day care providers	City of Bozeman	MLCT/MACO	Staff time
C. Engage middle school students (6-8 grades), teachers and administrators in STEAM career opportunity conversations.	x			Build awareness of future career opportunities to access living wage jobs	High-school graduation and dropout rate, including under-represented students	Belgrade and Bozeman School District	Gallatin College and MSU	Specifically consider rural communities.

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D. Evaluate gaps and needs with partnerships between Gallatin Valley's high schools and higher education leaders and industry to identify and develop opportunities for intentional engagement of students.	x			Enhance early skills development to prepare for higher-education opportunities	New programs identified and implemented	Gallatin College	MSU, Belgrade and Bozeman School District Superintendents	Organizations are already meeting and anticipate draft direction in October
E. Communicate to 9-12 students opportunities with existing Gallatin College programs pertaining to manufacturing, health care, and cyber-security	x			Increase job opportunities, particularly for under-represented individuals, within these industries	Report number of jobs within the industries and percentage of under-represented hires	Gallatin College and MSU	Belgrade and Bozeman School District CTE Program Director	Specifically focus on programs for jobs in high demand with good wages and fewer years of education requirements.
F. Support youth art programs that promote mental health and encourage creative thinking		x		Increase youth mental health and career skills	Number of programs and students attending	Arts Industry Council (AIC)	Belgrade and Bozeman School Districts, City of Bozeman	Staff time and grants (potentially Montana Arts or NEA) to fund program
Objective 1.3: Improve access to career opportunities for local and surrounding rural residents								
Action	**1 - 2 yr**	**3 - 4 yr**	**5 yr**	**Priority Outcome**	**Metric (how to measure)**	**Lead Org***	**Partners****	**Notes and/or Potential Resources**
A. Promote Montana State University's new Extension Center Master Remote Work Professional Certification that provides training for rural residents.		x		Increase participation of rural residents	Number of completed certifications	City of Bozeman	MSU Extension Center	Staff time
B. Create and support specific workforce development programs in building sciences (construction trades) specializing in green technology. Specifically, consider programs in heating, ventilation, and air conditioning (HVAC) systems, to provide the workers needed to improve the efficiency of existing and future building stock.	x			Increase job opportunities and improve energy efficiency of building stock.	Number of skilled HVAC construction workers in Gallatin Valley	Gallatin College	City of Bozeman	Increasing the amount of this skilled workforce directly supports necessary actions to address climate change.
C. Develop virtual small business development programs for rural residents and those that speak English as a second language		x		Increase opportunities to start small businesses and build wealth	Number of people attending classes	City of Bozeman	Local EDOs and language training providers	These programs are currently available through MESO and could be developed locally with new microenterprise program. World Language Initiative may provide services as well.

GOAL 2: SUPPORT A DIVERSE ECONOMY

Objective 2.1: Focus on traded sector industries that are emerging and can increase exports

Action	1 - 2 yr	3 - 4 yr	5 yr	Priority Outcome	Metric (how to measure)	Lead Org*	Partners**	Notes and/or Potential Resources
A. Support quantum computing university research and development through continued investments in MonArk labs, Spectrum Labs, and the upcoming NSF Type I application for a Regional Innovation Engine.	x			Continued university R&D in quantum computing	Enhanced research funding	MSU and MSU IC	City of Bozeman and local EDOs	National Science Foundation (NSF) grant
B. Support the analysis and development of the quantum computing supply chain and the unique strengths in Gallatin Valley	x			Supply chain study to define the types of companies needed to support this new industry within Gallatin Valley	Study is complete and shared with economic development community.	MSU VP of Research and Graduate	City of Bozeman and local EDOs	This would be part of the Type 1 application, but fund through Economic Development Administration (EDA) or Inflation Reduction Act (IRA) if not awarded.
C. Create an incubator with specialized equipment for new private small research companies within the quantum and photonics industries		x		Private business can share equipment for testing and collaborate to foster innovation.	Incubator is established.	City of Bozeman	NRMEDD, MSU IC, MSU TTO	EDA and NSF grant
D. Explore the development of biotechnology lab space to support emerging businesses			x	New biotechnology companies are started or attracted	Biotech lab space is created.	City of Bozeman	Biotech Association, MSUs TTO, and Local EDOs	Explore collaborating with new Industry project at MSU IC. Economic Development Administration (EDA) could provide grant for lab space tenant improvements.
E. Develop a formal business, retention and expansion (BRE) program in collaboration with partners focused on industries associated with manufacturing: Photonics, Outdoor Equipment, Specialty Manufacturing, and potentially Climate Tech	x			Understand barriers and opportunities specific to manufacturing to help them stay and grow.	Program is defined with identified number of businesses that will be visited.	City of Bozeman	NRMEDD, Prospera	Staff time. BRE of existing companies (instead of recruiting new companies) is the most effective way to grow employment opportunities sustainably.
F. Work with MSU and other stakeholders to pursue the CHIPS Act investment grant.	x			Articulate competative advantage for Montana to support the semiconductor industry	Grant application submitted	MSU	City of Bozeman, NRMEDD, Prospera	Staff time

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Objective 2.2: Enhance development of the talent pipeline								
Action	**1 - 2 yr**	**3 - 4 yr**	**5 yr**	**Priority Outcome**	**Metric (how to measure)**	**Lead Org***	**Partners****	**Notes and/or Potential Resources**
A. Support development of a purpose built campus for the technical and trades facility at Gallatin College	x			Training facility provides the necessary workforce	Training facility is built	Gallatin College	City of Bozeman and Local EDOs	Staff time. State budget allocation
B. Host a photonics/optics event at the County Fairgrounds during the Fall to expose community to career opportunities.	x	x	x	Educate community on photonics industry	Number of students that attend event.	Gallatin College	Private photonics firms, City of Bozeman, MSU	Consider private company sponsorships
C. Aid and support local school districts by offering suggestions for developing a working relationship among businesses, labor organizations, and educators		x		School districts can provide current information on career opportunities and help develop necessary skills needed by businesses	Changes in information provided to students influenced by private business engagement	Private industry associations	City of Bozeman, Local EDOs, Education partners	Explore this type of engagement through BRE outreach
D. Facilitate the creation of opportunities for students to engage with local businesses, such as internships, apprenticeships, work-based learning and job shadowing		x		Higher-ed students discover local job opportunities while in school and are more likely to stay in Gallatin Valley	Number of new internships and programs created at private businesses.	Private industry associations	City of Bozeman, Local EDOs, Education partners	Explore this type of engagement through BRE outreach

Objective 2.3: Elevate a growing creative arts industry cluster								
Action	**1 - 2 yr**	**3 - 4 yr**	**5 yr**	**Priority Outcome**	**Metric (how to measure)**	**Lead Org***	**Partners****	**Notes and/or Potential Resources**
A. Support the expansion of film degree programs at MSU to leverage emerging Digital Film industry	x			Access opportunities with the Digital Film industry	Students enrolling in programs.	MSU Film Department	Local EDOs, City of Bozeman, Montana Film Office, local members of the film industry, supportive state legislators	Existing MSU program
B. Convene* an arts industry council with broad representation including representation from the BIPOC community, women and other marginalized groups, to leverage all the arts organizations to implement the goals and objectives of the EVS, DEI initiatives, and 1% arts program. * "Convene" in this context means to provide a space for arts and culture advocates to come together for a meeting or activity to organize and/or create an independent arts industry council unaffiliated with the City of Bozeman.	x			Foster an aligned vision and direction for arts organizations	Actions that are implemented	City of Bozeman	All arts organizations including but not limited to the Symphony, Emerson, Sweet Pea Festival, Ballet, Opera, and Art Museum	Staff time to schedule and host meetings. The AIC is responsible for agenda and implementation.
C. Promote and encourage enrollment in the Montana Artrepreneur Program (MAP) https://art.mt.gov/map		x		Provide training for a sustainable business life in the arts	Number of artists that receive training	AIC	Montana Arts Council, City of Bozeman	Staff time
D. Explore creative placemaking opportunities within the city			x	Enhance integration of arts with community development	Number of projects executed	AIC	City of Bozeman	Staff time

GOAL 3: BUILD A MORE RESILIENT REGION

Objective 3.1: Increase amount and access to housing for all

Action	1 - 2 yr	3 - 4 yr	5 yr	Priority Outcome	Metric (how to measure)	Lead Org*	Partners**	Notes and/or Potential Resources
A. Ensure that short term rentals (STRs) are licensed and complying with City regulations.	X			City recovers administrative and enforcement costs. Neighborhood impacts are managed.	Number of STRs licensed STRs. Resident satisfaction with STR programs.	City of Bozeman	Housing, Code Enforcement, and Legal Departments	Staff time
B. Evaluate the potential impacts of STRs on housing availability for the full time resident workforce.	X			Study/documentation of characteristics of STR inventory.	Quantification of number of STRs potentially available as full-time residences.	City of Bozeman	Realtors, property managers, lodging groups	Staff time and consultant engagement
C. Explore the feasibility of additional regulatory tools to mitigate the impact of STRs and part-time homes on the housing supply. Specifically examining regulatory fees on STRs and a housing vacancy tax.	x			Housing supply is increased or maintained.	Number of STRs, rental rates, rental vacancy rates.	City of Bozeman	Housing, Code Enforcement, and Legal Departments	Staff time and consultant engagement
D. Explore a land acquisition policy recognizing funding is barrier.	x			Increase supply of housing for GV workers	Housing units developed by private sector businesses	City of Bozeman	Private sector partners	First Security Bank Housing Fund, potential Prospera Impact Fund
E. Explore building more housing through a co-operative agreement amongst private businesses.	x			Increase supply of housing for GV workers	Housing units developed by private sector businesses	City of Bozeman & various private sector partners	Private sector partners	First Security Bank Housing Fund, potential Prospera Impact Fund
F. Promote housing down payment assistance program	x			Increase opportunities to access home ownership	Number of residents that have received assistance	City of Bozeman	HRDC and MOFI	MOFI
G. Explore the city zoning restriction on maximimum occupancy within a residence.	x			Increase access to available housing	Evaluation of zoning code	City of Bozeman	MSU Office of Student Engagement	Staff time
H. Explore creation of a public-private partnership and sub-area plan for redevelopment of the West Side Houses for non-traditional students.		x		Increase supply of housing for MSU non-traditional and graduate students	Number of housing units	City of Bozeman	MSU Office of Student Engagement, private developers	Staff time, private equity

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Objective 3.2: Develop a sustainable city to support climate change mitigation								
Action	**1 - 2 yr**	**3 - 4 yr**	**5 yr**	**Priority Outcome**	**Metric (how to measure)**	**Lead Org***	**Partners****	**Notes and/or Potential Resources**
A. Increase support and awareness for the existing City of Bozeman water efficiency program	x			Reduce water consumption to extend the use of a limited supply of water	Increased use of the city's water conservation programs	City of Bozeman	City residents and businesses	Staff time
B. Actively promote the existing commercial property-assessed clean energy (CPACE) financing structure that allows building owners to borrow money for energy efficiency projects.	x			Improves building energy efficiency	Number of loans and projects implemented	City of Bozeman	City residents and businesses	Staff time
C. Explore the development of an award that recognizes investments in buildings and sites to encourage sustainable development practices.	x			Recognizes good practices to encourage investment by others	Number and type of projects submitted for awards	City of Bozeman	City residents and businesses	Staff time
D. Support proposed changes to Bozeman Zoning code to allow for smaller housing units on smaller lots	x			Provide more housing at a lower price with reduced costs for infrastructure expansion	Number of housing units	City of Bozeman	Bozeman City Commission	Staff time
E. Support City of Bozeman's investment in multi-modal transportation options, including strategies to support electric vehicle (EV) charging strategies.		x		Provide residents diverse travel options alternative to a car when appropriate	Number of projects constructed	City of Bozeman	Streamline, MDT, DBA, TCC	Staff time
F. Work with Northwestern Energy to foster development of non-fossil fuel energy production		x		Reduce greenhouse gas (GHG) emissions by reducing use of fossil fuel	Northwestern Energy fuel source	City of Bozeman and Northwestern Energy	Local EDOs	Staff time and IRA

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Objective 3.3: Foster a culture focused on climate change resilience								
Action	**1 - 2 yr**	**3 - 4 yr**	**5 yr**	**Priority Outcome**	**Metric (how to measure)**	**Lead Org***	**Partners****	**Notes and/or Potential Resources**
A. Develop a Climate Technology industry group to identify existing companies, barriers to growth, and workforce needs. This information will define the Climate Technology industry unique to Gallatin Valley.	x			Develop awareness of climate tech companies and begin to support their growth	List of companies and defined needs is created. Businesses meet to share interests and collaboration.	City of Bozeman	Local EDOs, MSU TTO, Energy Research Institute (ERI), Snow Lab, Optics/Sensing, Precision Agriculture	Climate Technology is a broad field that includes data analytics, construction materials, carbon sequestering, agriculture production methods, etc. One "lane" should be defined for GV to make progress.
B. Advocate for an MSU Agriculture Department initiative to create innovation hub for Western US that aligns research with agriculture producers and advances precision agriculture	x			Develop new agriculture practices that reduce water consumption and conserve soil integrity	Application for an Innovation Hub is submitted	MSU Department of Agriculture	City of Bozeman and Local EDOs	Staff time
C. Explore the development of a program that supports and promotes new startup companies (e.g. awards and small grant award) in the defined Climate Technology cluster.		x		Actively support local emerging companies and convey to community that climate change is being addressed	Number of new climate tech companies promoted	City of Bozeman	MSU TTO, MSU IC and Local EDOs	CDBG, Venture Capital, Foundations
D. Explore the development of private incubator that supports the defined Climate Technology cluster.			x	Develop new technologies to help community adapt to impacts of climate change	Number of new climate tech companies created	City of Bozeman	MSU TTO, MSU IC and Local EDOs	EDA, Department of Agriculture, IRA
E. Explore the creation of a regional non-profit Green Bank for funding new climate resilient infrastructure. https://greenbanknetwork.org/what-is-a-green-bank-2/		x		Facilitate private investment into domestic low carbon, climate resilient (LCR) infrastructure and other green sectors	Establish the Bank	City of Bozeman	Local EDOs	IRA may capitalize a national Green Bank that could fund the regional bank through grants or loans.

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