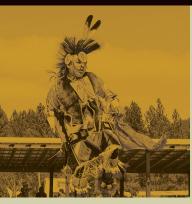


Economic Contribution Report and the Impacts of COVID-19





2020



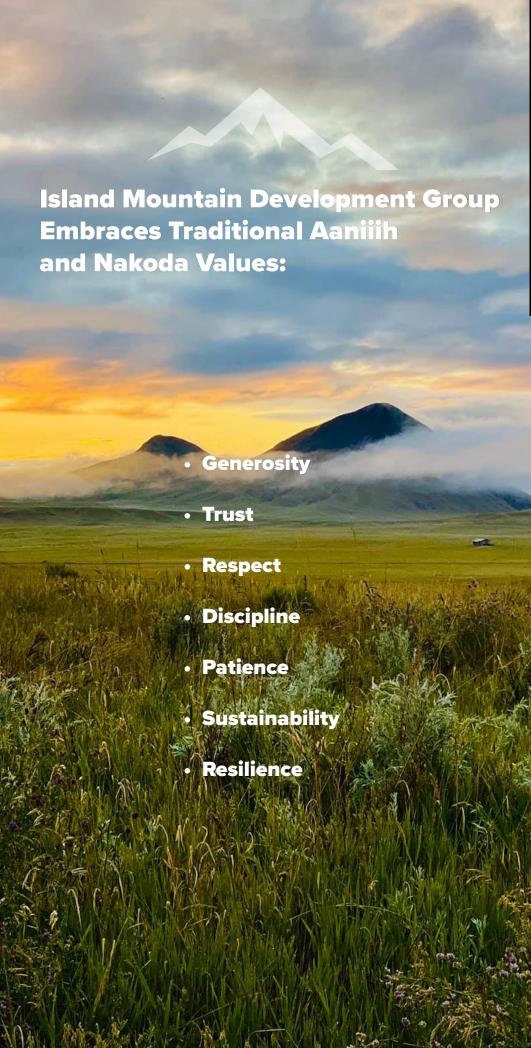


### **Mission**

Island Mountain Development
Group is a dynamic Native
American economic
development corporation
dedicated to creating a selfsustaining economy by striving
to create opportunities for
the Aaniiih (Gros Ventre) and
Nakoda (Assiniboine) Nations
through business, jobs, and
resource development.

### **Vision**

The Island Mountain
Development Group promotes
the values of generosity,
trust, respect, discipline,
patience, sustainability and
resilience. We are devoted
to and fully adhere to our
Mission Statement and the
progress of the company in
terms of these core values
to ensure we are serving the
Aaniiih (Gros Ventre) and
Nakoda (Assiniboine) Nations
to the best of our abilities.





# <u>445>445>445>445>445>445>445>445>441</u>

# A Message from Terry Brockie CEO, Island Mountain Development Group

On behalf of the Aaniiih and Nakoda Nations of the Fort Belknap Indian Community, we are pleased to present the 2020 Economic Contribution Report for Island Mountain Development Group (IMDG). The study, conducted by the Bureau of Business and Economic Research (BBER), University of Montana, provides verifiable data relevant to Island Mountain Development Group's economic contribution to the FBIC and Montana.

This analysis is the second economic impact study conducted by the BBER on behalf of IMDG. The first analysis was conducted in 2019, using data from 2013-2018. The initial study provides a baseline for measuring future economic growth and impact.

As a dynamic Native American economic development corporation, IMDG is leading the effort to create a self-sustaining economy on the Fort Belknap Indian Community through business creation, job growth, resource development, and economic expansion.

Economic progress made on the FBIC demonstrates forward momentum on our promise to the Aaniiih and Nakoda people to bring jobs and prosperity to Fort Belknap.

The 2020 Economic Contribution Report presents a comprehensive assessment of the total economic contribution of IMDG in Montana, including economic

activity that is indirectly connected to IMDG operations, since 2013. Incremental growth between 2018, the baseline study, and 2020 is also quantified.

During 2020, the COVID-19 pandemic had a global impact on operations and revenues for all organizations, including IMDG. Thus, the second part of this study uses detailed models to analyze the impact of COVID-19 on income and output on the FBIC regional economy. The study also presents a forecasting model that estimates the likelihood of future negative impacts.

We share this information as part of our commitment to remain transparent in our operations and dedicated to our mission.

Working together, Island Mountain Development Group and the Fort Belknap Indian Community Council are creating generational change for all Tribal Members on the Fort Belknap Indian Community.

Respectfully,

Terry Brockie, CEO

Terry Brockie

### Acknowledgements

The Bureau of Business and Economic Research, University of Montana, acknowledges the significant support of Taylor McCabe, Dana Pyette, and Denise Doney from the Island Mountain Development Group for making financial data for this study available in a timely and efficient manner.



# Why Island Mountain Development Group's Mission to Create a Self-sustaining Economy on the FBIC Matters

The top 7 reasons why economic development is critical to the Fort Belknap Indian Community.

"IMDG's economic development efforts fill the economic gap in our community. IMDG's profit sharing with the Fort Belknap Indian Community Council (FBICC) supplements a limited tax base the FBICC generates from fuel and tobacco taxes. Most governments generate revenue from property taxes and other taxation that fund essential government services. Beyond fuel and tobacco taxes, the Fort Belknap Tribal Government does not impose property or other taxes upon tribal residents that could pay for government services that benefit tribal members"

- Terry Brockie, CEO

1

IMDG is building a portfolio of companies that create jobs in our local economy, and generates capital for reinvestment in the FBIC.



HIGHER QUALITY OF LIFE

2

Economic expansion on the FBIC raises the overall quality of life while reducing reliance on social and federal programs.

Strategic economic development diversifies the economy, which will help protect the FBIC from economic downturns.



EDUCATED WORKFORCE

4

Investing in education for Tribal Members through college scholarships, high school internships, and workforce development initiatives is strengthening our workforce.

As a Native American corporation, IMDG's approach to economic development is informed by our cultural values. Every action we take must be for the greater good of all Tribal Members.



GENERATIONALLY SOUND DEVELOPMENT

6

Adhering to what is culturally important makes us unique, and we will flourish through economic development that is sustainable for our people and future generations.

7/

Generosity and giving back to the community to improve the quality of life are core tenets of IMDG.

**LEARN MORE: Islandmtn.com** 



6
8
10
12
14
16
18
20
22





# ISLAND MOUNTAIN DEVELOPMENT GROUP was

established in 2009 as a for-profit Native American economic development corporation for the purpose of making a profit on its operations to benefit the people of the Gros Ventre (Aaniiih) and Assiniboine (Nakoda) Tribes of the Fort Belknap Indian Community.

The purposes for which IMDG is organized include the transaction of all business related to development of a company/companies to provide planning, development, and management services for government, business, and non-profit organizations and all related activities.

In every corporate action, IMDG promotes the Aaniiih and Nakoda core values of generosity, trust, respect, discipline, patience, sustainability, and resilience. Working in collaboration with the Fort Belknap Indian Community Council (FBICC) and employees, IMDG is acting on strategies to build a self-sustaining sovereign nation.

### **Economic Progress**

In 2018, the Bureau of Business and Economic Research (BBER), University of Montana, conducted the first economic contribution study on behalf of IMDG. The study measured revenue, net income, payroll, employment, and other relevant company information from 2013 – 2018. Included in the analysis were the direct and indirect

economic contributions, personal income, population impacts, and household consumption. The 2018 report serves as a baseline for measuring future economic growth and impact.

During the subsequent two years IMDG's holdings expanded significantly. In 2020, IMDG contracted with the BBER to conduct a second economic contribution study to quantify economic expansion and impacts attributed to IMDG's operations, including economic impacts due to COVID-19.

### IMDG's Economic Impacts to the FBIC Regional Economy and Montana

When compared to the 2018 report, IMDG's economic growth and contributions over the past two years are stunning. BBER researchers calculate that over the past 24 months IMDG's economic footprint has increased twofold.

Moreover, modeling suggests there will be no lasting negative consequence as a direct result of the COVID-19 pandemic. The models all indicate that the gross county product (GCP) will return to pre-pandemic levels by 2023.

Such dramatic economic expansion would be impressive in a relatively stable economic environment. To accomplish this scale of growth during a global pandemic is herculean.

Such dramatic
economic
expansion would
be impressive
in a relatively
stable economic
environment. To
accomplish this
scale of growth
during a global
pandemic is
herculean.



# ISLAND MOUNTAIN DEVELOPMENT GROUP ECONOMIC IMPACTS

## IMDG has an important and growing impact on the economy of the Fort Belknap Indian Community.

As a Native American Economic Development Corporation, IMDG is leading efforts to create new business opportunities, grow jobs, develop local infrastructure, and support social development programs to create a self-sustaining economy for the Aaniiih and Nakoda people. The 2020 Economic Impact Study quantified key areas of significant impact for the FBIC and surrounding communities:



result directly and indirectly from IMDG activities



in disposable income



in final good and services production with the Fort Belknap Indian Community



in added gross output



Supporting a population of almost 582 people,

including 340 working-age adult members of the labor force



Between 2013 and 2020 IMDG provided almost

\$4.8 million in profit sharing

The BBER study states these estimates constitute a conservative measure of the additional economic benefits that regional households, businesses, and governments ultimately derive from IMDG, as the analysis assumes activity is fixed at current levels.

# **ANCESTRAL HERITAGE**

For thousands of years the Aaniiih (Gro Ventre) and Nakoda (Assiniboine) Tribes lived in harmony with the land, relying on buffalo for subsistence. The reintroduction of the horse to North America in the early 16th century facilitated the ability of the tribes to migrate within their vast ancestral territories.

### Fort Belknap Reservation

In 1851, the Aaniiih and Nakoda Tribes joined other tribes in signing the Fort Laramie Treaty which greatly restricted their territorial lands. In 1888 their remaining land was ceded to the US Government and the Aaniiih and Nakoda people were relocated to the Fort Belknap Indian Reservation situated in a remote area of north central Montana.

This forced relocation obliterated the Tribes' indigenous way of life. Families suffered. Children were forcibly taken away to boarding schools to receive education that contradicted traditional Native beliefs. The Aaniiih and Nakoda cultures eroded, their languages nearly extinguished along with their oral histories. Cultural genocide and generational trauma are a direct result of these actions.

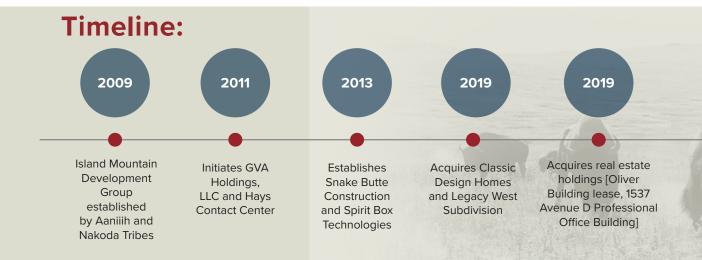
### **Cycle of Poverty**

For generations, economic development was not possible on the reservation. Reservation lands are held "in Trust" by the Federal Government. Under the Trust, Tribes have the ability to form their own government, but Tribes have no authority to use the land as collateral for loans or investment. As a result, there was no economic stimulus on the reservation.

The data on Table 1 affirms that FBIC has experienced considerable economic hardship:

TABLE 1: Poverty Rate Comparison			
	Poverty Rate	Median HH Income	Per Capita Income
Fort Belknap Reservation	50.7%	\$29,582	\$10,774
United States	13.4%	\$58,197	\$49,673
All Reservations	-	-	\$18,662

Sources: FBIC data is from the Center for Indian Country Development, Federal Reserve Bank of Minneapolis. State and national income data is from the BEA.





In 2009, the Fort Belknap Indian Community Council (FBICC) established Island Mountain Development Group as an autonomous for-profit Native American economic development corporation to serve the Aaniiih and Nakoda Nations.

IMDG's mission is to build a self-sustaining economy on the Fort Belknap Indian Community (FBIC) through the creation of business opportunities, jobs, and resource development. Today, IMDG and Tribal Members are working together to bring about true, generational change and economic prosperity to the FBIC.



# DRIVING ECONOMIC GROWTH THROUGH INNOVATION AND INVESTMENT

During 2019 and 2020, Island Mountain Development Group initiated considerable expansion in key industry sectors:

### 2019 Initiatives







### **GVA Holdings, LLC: Expanded Operations**

IMDG's flagship business is GVA Holdings, LLC. GVA Holdings administers three short term, small-dollar, installment-based lending portfolios owned by the Fort Belknap Indian Community. IMDG also oversees GVA Holdings' contact centers.

In 2019, IMDG expanded its lending operations and opened a second contact center in Billings, Montana. The new call center added over 50 employees.

### **IMDG Real Estate Holdings**

IMDG acquired several off-reservation real estate assets adding professional office leasing to the vertical.

# Acquisition of Classic Design Homes and Legacy West Subdivision





IMDG acquired Classic Design Homes, a
Billings-based design/build firm specializing in
custom home construction. IMDG also purchased
Legacy West, an undeveloped subdivision
located on the highly desirable Billings West End.
This investment in capital assets off-reservation
advances the opportunity for access to capital for
on-reservation projects, as well as creating
long-term revenue sources for IMDG
and the Tribe.

# 2019 Real Estate Investments:



Oliver Building Lease Billings, Montana



1537 Avenue D Professional Office Building Billings, Montana





### 2020 Initiatives

### Buffalo Horse, Inc.

IMDG assumed administration of Buffalo Horse, Inc., a firm that provides public and private contracting services. Snake Butte Construction and Spirit Box Technology were reorganized as affiliates of Buffalo Horse under common management.

In 2021, Buffalo Horse and Heartland Consulting formed a new joint venture partnership called Heartlands Joint Venture. Buffalo Horse is a 100% Tribally owned, 8(a) Certified, Small Disadvantaged Business.

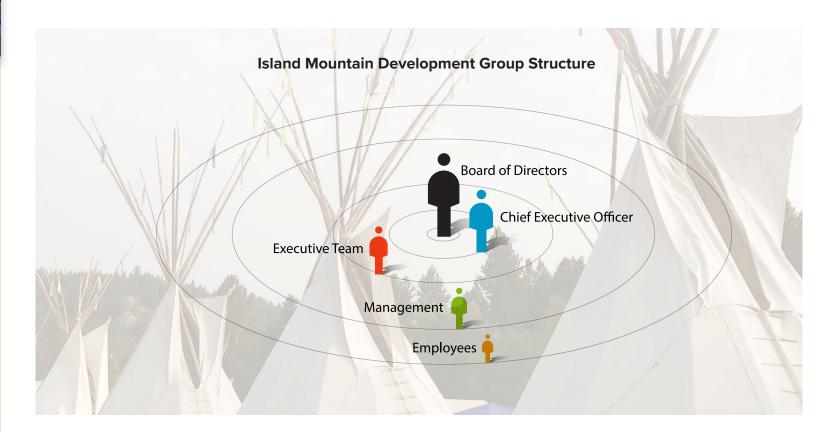


#### Montana Native Growth Fund (MNGF)

IMDG established Montana Native Growth Fund (MNGF), a Native American Community Development Financial Institution located on the FBIC. The mission of MNGF is to promote sustainable Tribal homeownership by offering culturally empowered financial education along with access to credit and loans that build capacity.

### **Tribal Housing**

To address the shortage of affordable quality housing on the FBIC, IMDG is working with the Fort Belknap Tribal Housing Authority to identify lands suitable for residential development on Fort Belknap. This effort includes building infrastructure and homesite development planning. In addition, the company is identifying opportunities to acquire and remediate existing vacant units.



### **ECONOMIC IMPACT COMPARISON:**

### Economic Growth 2013 - 2020

The data depicted in Table 2 illustrates that between 2013 – 2020 IMDG enjoyed a rapid and continuous upward trajectory in economic growth.

In 2013, the base year for this analysis, there were 63 people employed by IMDG. By 2020 payroll expanded to 227 employees. This includes only full time equivalents who are not working remotely due to COVID. Because these workers are not included, the data underestimates the total impact, hence the impacts are conservative.

This economic activity undoubtedly brings welcome relief to a region which has historically been disadvantaged.

TABLE 2: IMDG Business Information (2018USDs)							
Growth 2013-2020							
	<b>2013</b> (a)	<b>2017</b> (b)	<b>2018</b> (c)	<b>2019</b> (d)	<b>2020</b> (e)	Total (f)	<b>Average</b> (g)
Employment	63	126	151	222	227	260.3%	20.1%
Operating Revenues (1000s)	\$2,807	\$9,102	\$25,325	\$77,026	\$125,873	4384.6%	72.2%
Payroll + Benefits (1000s)	\$997	\$4,889	\$6,327	\$16,819	\$23,192	2226.4%	56.8%
Net Income (1000s)	\$381	\$2,895	\$2,993	\$10,413	\$12,133	3080.5%	63.9%
Donations & Sponsorships (1000s)	\$17	\$317	\$501	\$1,113	\$645	3807.6%	68.8%
Profit Sharing with FBIC (1000s)	\$154	\$465	\$749	\$300	\$1,946	1163.5%	43.7%

NOTE: Columns (f) and (g) show the growth of IMDG from 2013 to 2020; column (f) is the total growth rate and (g) shows the average percent change since 2013.



In 2013, the base for this analysis, there were 63 people employed by IMDG. By 2020, payroll expanded to 227 employees

### IMDG Economic Impact 2018 - 2020 (2018 USDs)

In the two years since BBER last conducted an analysis of IMDG economic impacts, the company's economic footprint has increased two-fold. The results of the impact study strongly support that IMDG's businesses positively impact economic activity in the region. The data also demonstrates that the impact on total economic activity in the region due to COVID-19 is relatively small.

Table 3 compares the number jobs [direct + indirect], disposable income, gross output, population supported, local donations and sponsorships as reported in the 2018 Economic Contribution Report to the 2020 Economic Contribution Report.

TABLE 3: IMDG Growth Comparison 2018 – 2020			
	2018	2020	Growth
Jobs resulting from IMDG activities [direct + indirect]	210+	453+	115.7%
Gross Output (millions)	\$34.2	\$66.1	93.1%
Personal Income (millions)	\$18.9	\$39.9	111.5%
Disposable Personal Income	\$16.4 (2018 \$s)	\$35.3 (2020\$s)	115.4%
Population Supported	337	582	
Working Age Adult Labor Force Members Supported	192	340	

NOTE: Income and output results are in constant 2020 dollars.

In the two
years since
BBER last
conducted
an analysis
of IMDG
economic
impacts, the
company's
economic
footprint has
increased
two-fold.

<b>EMPLOYMENT</b>
-------------------

Members of FBIC 70%

Native American Employees 90%

2020 Payroll + Benefits

\$23.2 million

## **FORT BELKNAP INDIAN COMMUNITY:**

ANALYZING THE ECONOMIC ENVIRONMENT OF ISLAND MOUNTAIN DEVELOPMENT GROUP

Fort Belknap Indian Community (FBIC) is the homeland of the Gros Ventre (Aaniiih) and Assiniboine (Nakoda) Tribes. Located primarily in Blaine County, with a portion extending into Phillips County. Fort Belknap Indian Reservation is the fourth largest Native American reservation in Montana. There are 7,000 enrolled Tribal Members on FBIC. The region's leading industry is agriculture, consisting of small cattle ranches, alfalfa, and larger dry land farms.

IMDG is headquartered in the town of Hays in Blaine County, Montana. While the majority of people living in FBIC reside in Blaine County, a small percentage reside in Phillips County.

The BBER considered both counties in the discussion of the local economic environment, however the economic contribution analysis focuses solely on Blaine County.



# FORT BELKNAP INDIAN COMMUNITY AT-A-GLANCE

Fort Belknap Indian Community is in north central Montana, primarily in Blaine County with a small portion in Phillips County.

**Geographic Location:** 40 miles south of the

Canadian border and 20 miles north of the

Missouri River

**Size:**\* 657,00 Acres

4th largest reservation in Montana

**Membership**:\* 7,000 enrolled members

Gros Ventre + Assiniboine Nations

Primary Industry: Agriculture

(cattle, alfalfa, dry land farming)

IMDG Headquarters Hays, Montana

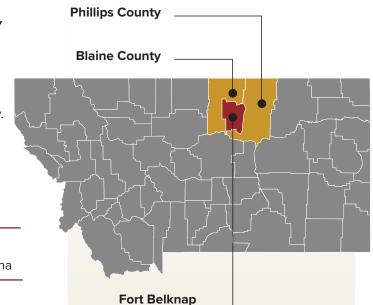
Closest Urban Center Billings, Montana (180 miles)

### Table 4: FBIC compared to Blaine, Montana, and US

	FBIC	Blaine	Montana	US
Education Less than high school, % of population	14.5%	14.4%	14.9%	11.3%
Higher Education Bachelor's degree or higher	11.9%	20.7%	32.3%	34.2%
Poverty, % of population	50.7%	26.2%	12.7%	13.4%
Real Median Household Income	\$29,582	\$34,813	\$53,628	\$58,197

Notes: All data is the 2013 – 2017 average. Real income is in 2012 dollars.

Sources: FBIC data is from the Center for Indian Country Development, Federal Reserve Bank of Minneapolis. State and national income data is from the BEA, state and national labor market data is from the BLS; and state and national education data is from the US Census Bureau.



**Indian Community** 



# Fort Belknap Reservation Demographics

Population	3,182 (live on or near FBIC]
<b>Enrolled Members</b>	6,693
Male	49%
Female	51%



<sup>\*</sup> Source ftbelknap.org

# FORT BELKNAP INDIAN COMMUNITY: Unemployment Rate, Labor Force, Per Capita Income

The BBER used newly available data to examine the FBIC economy directly versus having to rely on county level information. This data, which includes the unemployment rate, labor force, and per capita income, was compared to the same data for Blaine and Phillips Counties, Montana, and the U.S. over a 11-year period starting in 2010.

Over that time frame, the data clearly demonstrates that activity by IMDG has generated economic gains on the FBIC.

### **KEY POINTS:**

16

### **Unemployment Rate and Labor Force**

Figure 1.A shows the unemployment rates in the FBIC, Blaine and Phillips Counties, and the Montana average from 2010-2021. Figure 1.B shows the labor force in the FBIC and Blaine and Phillips Counties from 2010-2021.

The data immediately demonstrates:

- Regional unemployment rates in general have been falling.
- The FBIC unemployment rate has been considerably higher than county level rates roughly twice as high as Blaine County.
- The impact of COVID-19 indicated by the vertical dashed line shows that while unemployment rates rose sharply, they have since fallen to pre-pandemic level.
- Regional unemployment rates began rising before the pandemic officially started and remain elevated. This implies that employment is tied more heavily to the underlying structure of the economy.
- More residents are re-entering the labor force, which drives up the unemployment rate.

(a) Unemployment rate

(a) Unemployment rate

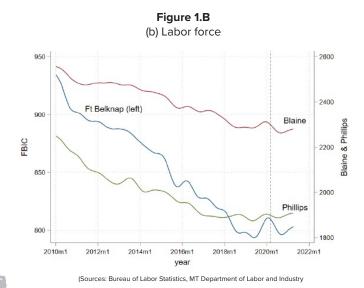
Ft Belknap

Phillips
Blaine

2010m1 2012m1 2014m1 2016m1 2018m1 2020m1 2022m1

year

Figure 1.A Unemployment rate and labor force



### Per Capita Income

Figure 2 shows inflation adjusted per capita income data. Blaine and FBIC per capita income is largely unchanged since 2014, and per capita income for both are statistically the same. Phillips County income is significantly higher, though still lagging behind the state average.

\*Montana reservation income data is only available from 2014 to 2018.

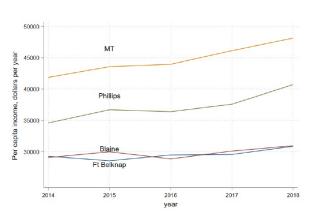


Figure 2.0 Per capita income (2018 dollars)

(Sources: Bureau of Labor Statistics, MT Department of Labor and Industry

The data presented in Figures 1.A, 1.B, and Figure 2, reflect the time frame during which IMDG matured and expanded. Together, these statistics speak to gains made on the FBIC through the efforts of IMDG.

Assuming IMDG's efforts continue, future economic contribution studies will likely reflect continuing improvements to the economic situation on the Fort Belknap Indian Community and Blaine County.

# The Dynamics of Structural Unemployment

Structural unemployment is a category of unemployment caused by differences between the skills possessed by an unemployed population and the jobs available in the market. While structural unemployment is often triggered by fundamental changes in an economy, such as the introduction of new technology that replaces manual work, structural unemployment in Native American communities is different.

Persistently high levels of unemployment for Native Americans may be related to many factors, including structural racism, educational access and attainment, and fewer employment opportunities.

Island Mountain Development Group is proactively working to address barriers to employment through:

- Tiered Job Creation [Entry level, mid-level, senior level + executive]
- Workforce Training
- Career Development + Advancement Programs
- Scholarship Fund to Support Educational Opportunities
- · High School Internship Program



### REGIONAL ECONOMIC IMPACTS

Regional economic impacts occur because of events or activities that create new expenditures within that region. "New spending" is defined as spending which is over and above existing expenditures, and which does not displace other spending elsewhere in the region.

This type of spending not only adds to economic activity in its own right, it also induces further spending as the recipients of wages, sales and tax revenues spend a portion of their income in the local economy.

#### **Direct and Indirect Economic Contributions of IMDG**

IMDG's economic impact can be broken down into three separate and distinct components:

- 1. **Direct effects:** Payroll, vendor purchases, tax payments, and other economic flows that come from facility operations.
- 2. Indirect effects: Comprises other economic activities connected to IMDG but are not part of the facility itself.
- 3. **Induced effects:** Direct and indirect spending is received as income by individuals, businesses, and governments within the state, and re-spent in the economy, supporting additional jobs and income streams, such as the retail and restaurant industries, the so-called "multiplier."

Island Mountain Development Group has a significant impact on the regional economy as shown in Table 5.

TABLE 5: Total Economic Impact Summary						
Category	Units	Hays Blaine	Billings Yellowstone	MT*		
Population	Individuals	376	107	582		
Labor Force	Individuals	221	66	340		
Total Employment	Jobs	315	90	453		
Gross State Product Gross Output Personal Income Disposable Personal Income	Millions	\$29.4	\$8.6	\$42.2		
	Millions	\$45.9	\$13.2	\$66.1		
	Millions	\$27.0	\$8.2	\$39.9		
	Millions	\$23.9	\$7.2	\$35.3		

<sup>\*</sup>NOTE: The two county impacts cannot simply be added together to get the statewide affects because there is potentially a degree of cross regional impacts leading to a different statewide impact.





## **Increases in Employment**

315 Jobs in Blaine County

90 Jobs in Yellowstone County

340 Impact to Montana Labor Force



### **NON-IMDG BUSINESS IMPACTS**

While a large portion of economic contributions are associated directly with IMDG, non - IMDG businesses, workers, and households also reap considerable economic gains. This can be seen from a more detailed look at the jobs and revenues that exist because of IMDG activities.

Table 6 breaks down jobs and output by sector. Forty-one percent of the 453 jobs which exist because of IMDG are in professional and technical services. Another 46% are in other industries including government, retail trade, hospitality, health care & social assistance, other services, and finance & real estate.

These jobs are a result of IMDG spending money, which is received as income by area businesses and government which in turn produce output, hire workers, and spend in the state economy.

TABLE 6: Sector Employment and Output Impact on Montana						
Industry	Employment (jobs)	% total				
Professional & Technical Services	186	41.0%				
Government	51	11.2%				
Retail Trade	48	10.7%				
Hospitality	37	8.2%				
Health Care & Social Assistance	35	7.7%				
Other Services	19	4.3%				
Finance & Real Estate	19	4.1%				
Other Private	18	4.0%				
Contruction	17	3.8%				
Administrative & Waste Water	17	3.7%				
Transportation & Warehousing	4	1.0%				
Utilities	1	0.2%				
Total	453	100.0%				



### **Increases in Personal Income**

\$ 27.0 M Blaine County

\$ 8.2 M Yellowstone County

\$ 39.9 M State of Montana

# COVID-19: IMPACTS AND FORECAST FOR RECOVERY

The second part of the BBER study analyzes COVID-19's impact on Fort Belknap's regional economy and forecast for recovery.

BBER used an econometric model to provide a forecast for the macroeconomic variables of the FBIC's economic region, specifically Blaine and Phillips Counties. Using county level data, researchers forecast four major macroeconomic variables: real personal income, employment, weekly wages, and output, as measured by gross county product (GCP).

These forecasts were conducted using four different IHS Markit US economic data points starting in 2018 and projecting through 2023:

### December 2019

# "Benchmark Regional Economy"

This data point represents the economic conditions that would have existed had the pandemic not happened.

#### June 2020

#### "2020"

During this period, there was a large degree of uncertainty about the length and depth of restrictions imposed. This forecast also includes the passage of the "Coronavirus Aid, Relief, and Economic Security Act" (CARES Act), but does not yet include the full impact of the stimulus package. This is the most pessimistic forecast and represents an

economy with no government

economic support.

### May 2021

#### "Status Quo"

This forecast reflects anti-COVID measures continuing at the current pace.

### May 2021C

### "Optimistic"

This forecast allows for easing remote work measures, accelerating vaccinations, and more stimulus to support the recovery.

The BBER assessed the likelihood of recovering from the impacts of COVID-19 by analyzing impacts to income, employment, and gross county output:

### Key Income and Wage Takeaways:

- Total income is higher in all the post-2019 forecasts than the benchmark result.
   This is largely due to large transfer payments made in the form of direct payments and higher unemployment insurance payments.
- The 2020 forecast is lower than both the 2021 forecasts because it does not include the additional income support as a result of December 2020's Families First Coronavirus Response Act (FFCRA) nor the American Rescue Plan which extended FFCRA.
- 2020 total income shows a steep drop as the stimulus had yet to ripple through the economy
- Both the 2021 and 2021C forecasts are above the 2020 forecast.
- Both the 2021 and 2021C forecasts converge to pre-pandemic levels by 2023.

The models all indicated that Gross County
Output will return to pre-pandemic levels by 2023.



### **Key Employment Takeaways:**

- As above, the 2020 forecast is the most pessimistic with both employment and GCP declining dramatically throughout 2020.
- However, good economic outcomes realized in 2021 boosts the two 2021 forecasts.
- Employment shows a decline throughout 2020, losing roughly 150 jobs before returning quickly by the end of 2022.
- All estimates show a continuing decline in employment with estimates converging during 2022, returning to pre-pandemic trends.

### **Key GCP Takeaways:**

- Unlike the forecast decline in 2020, estimates from 2021 show that GCP accelerated in 2020 and 2021, outpacing the benchmark 2019 model. This is a reaction to higher disposable income due to transfer payments from the CARES Act and American Rescue Plan.
- The models all indicated that GCO will return to pre-pandemic levels by 2023.

The forecasts are informative in demonstrating the relatively small impact of the COVID-19 pandemic on the FBIC regional economy and forecasts a return to pre-pandemic levels by 2023.

### **Industry Stability During Covid-19**

The structure of the FBIC regional economy is not highly exposed to sectors which are sensitive to business cycle fluctuations, such as tourism.

Table 7 shows the share of total output by sector in Blaine and Phillips Counties. Hospitality is relatively insignificant while government consumption and agriculture dominate the Blaine and Phillips regional economy.

In this particular recession, regional output was relatively immune to the negative shocks. This coupled with income from the Federal economic stimulus implies growth in employment and output.

Table 7: Percent of total GCP, 2019		
	Blaine	Phillips
Finance	0.0%	29.7%
Trasportation & Warehousing	0.0%	2.6%
Information	0.0%	0.0%
Utilities	0.3%	1.3%
Manufacturing	0.3%	1.5%
Arts and hospitality	0.8%	2.5%
Construction	0.8%	4.1%
Business services	1.9%	0.0%
Wholesale trade	2.5%	0.0%
Education, health care, & social assistance	3.1%	6.3%
Mineral extraction	4.2%	6.3%
Retail trade	5.4%	6.1%
Government	25.7%	16.9%
Agriculture	29.7%	10.2%

# COVID-19: Impacts. Response. Recovery.

In a time characterized by global disruptions caused by the pandemic, Island Mountain Development Group took a conservative approach to business operations and employee safety. Key areas of focus included:

- Operational Resilience
- Employee Safety
- Corporate Communication
- Business Continuity
- Federal Policy Outreach

Source: Island Mountain
Development Group Annual
Report 2020.





The 2020 Economic Contribution Report concludes that IMDG's businesses have a significant positive impact on the region's economic activity.

In the two years since BBER last conducted an analysis of IMDG economic impacts, the company's economic footprint has increased two-fold. This is a remarkable achievement on its own. The fact that this growth took place during a pandemic is a testament to the extraordinary effort put forth by IMDG's leadership and workforce.

This report also demonstrates a relatively small impact on total economic activity in the region as a result of COVID-19. As discussed above, while the pandemic's lack of "income shock" is likely due in part to federal income support, there appears to be no lasting consequence as a direct result of the pandemic.

While the bulk of IMDG's economic impacts occur in the north central region of the state where most IMDG operations take place, there are measurable, significant impacts in all regions of Montana. According to the BBER, as large as these economic contributions are they doubtless understate the full contributions of IMDG.

TABLE 8: Growth of IMDG Comparison 2018 - 2020						
	2018	2020	Growth			
Total Employment (jobs)	210	453	115.7%			
Gross Output (millions)	\$34.2	\$66.1	93.1%			
Personal Income (millions)	\$18.9	\$39.9	111.5%			
Disposable Personal Income (millions)	\$16.4	\$35.3	115.4%			



The 2020 Economic Contribution Report concludes that Island Mountain's Group's businesses have a significant positive impact on the region's economic activity.

The fact that this growth took place during a pandemic is a testament to the extraordinary effort put forth by IMDG's leadership and workforce.





440044004400440044004400440044004400440044004400

353 Old Hays Road PO Box 470 Hays, MT 59527

406.673.3031 | islandmtn.com