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THE ECONOMIC CONTRIBUTIONS OF HUTTERITE COMMUNITIES IN MONTANA

FINAL REPORT

Prepared for Church, Harris, Johnson and Williams, P.C.

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Acknowledgements

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Executive Summary

This study of the Economic Contributions of the Lehrerleut Branch of the Hutterite Communities in Montana was performed by the Bureau of Business and Economic Research at the University of Montana (BBER), in partnership with the Montana State University Department of Economics and Agricultural Economics. It was commissioned by Church, Harris, Johnson and Williams, P.C., on behalf of the Lehrerleut Communities. This research summary highlights the outcomes of the study, which will be described more fully in a forthcoming report.

The role of Hutterites in the local economy, and the contributions made by the Communities to the total economic pie are not well understood by many Montanans. The broad goal of this study is to address that information void and highlight the economic impact the Hutterite Communities have on their local economies, as well as on the economy of the entire state.

Summary of Findings

Our basic finding is that the presence of the 81 farming operations owned and operated by the 38 Lehrerleut Communities examined in this study support production, employment and income in the Montana economy that is significant in size and scope. The substantial linkages that exist between their agricultural and other operations and the rest of the state economy ultimately support jobs and income in non-Hutterite and non-agricultural sectors of the economy, resulting in a larger economic pie for all Montanans to share.

Table 1.1: Economic Contributions of the Lehrerleut Communities in Montana

Economic Contributions of the Lehrerleut Communities in Montana		
Summary		
Category	Units	Impacts
Total Employment	Jobs	2,191
Personal Income	$ Millions	63.2
Disposable Pers. Income	$ Millions	54.1
Output	$ Millions	365.3
Population	People	5,323

Because of the presence of the Lehrerleut Communities in the state, there are:

- 2,191 more permanent, year-round jobs,
- an additional $63.2 million in income received by Montana households, annually,
- $365.3 million more gross revenue received by Montana business and non-business organizations, annually, and
- more than 5,300 more people in the Montana economy.

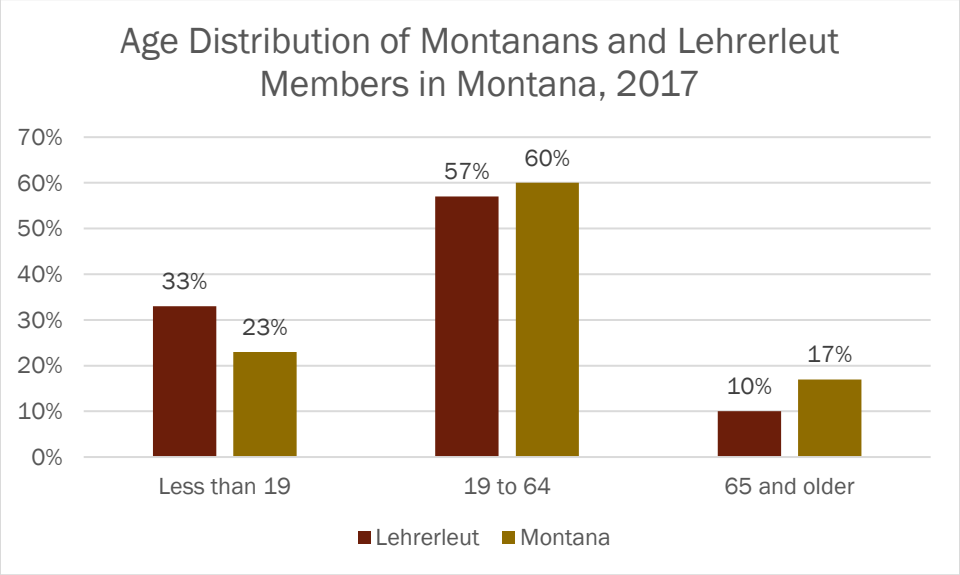
While a large portion of these economic contributions are associated with the Communities themselves, non-Community businesses, workers and households reap considerable economic gains as well.

Introduction

Hutterites have had an important presence in Montana for more than a hundred years. They are comprised of 53 communities of families with centralized leadership structure and common ownership of land and other assets. The more than 5,000 members in our state are second in number only to South Dakota among U.S. states. The two prominent branches of Hutterites in Montana are the Lehrerleuts and Dariusleuts.

This study focuses on the Lehrerleut branch of Hutterites residing in Montana. In 2017, there were 4,318 total Lehrerleut members, with 57 percent of the members between 19 and 64 years old, 33 percent less than 19 years old, and 10 percent at least 65 years old (Figure 1). The Lehrerleut branch members are somewhat younger than the overall population of Montana, where 60 percent of Montanans are between 19 and 64, 23 percent are less than 19, and 17 percent are at least 65 years old.

Figure 1: Age Distribution of Montanans and Lehrerleut Members in Montana, 2017

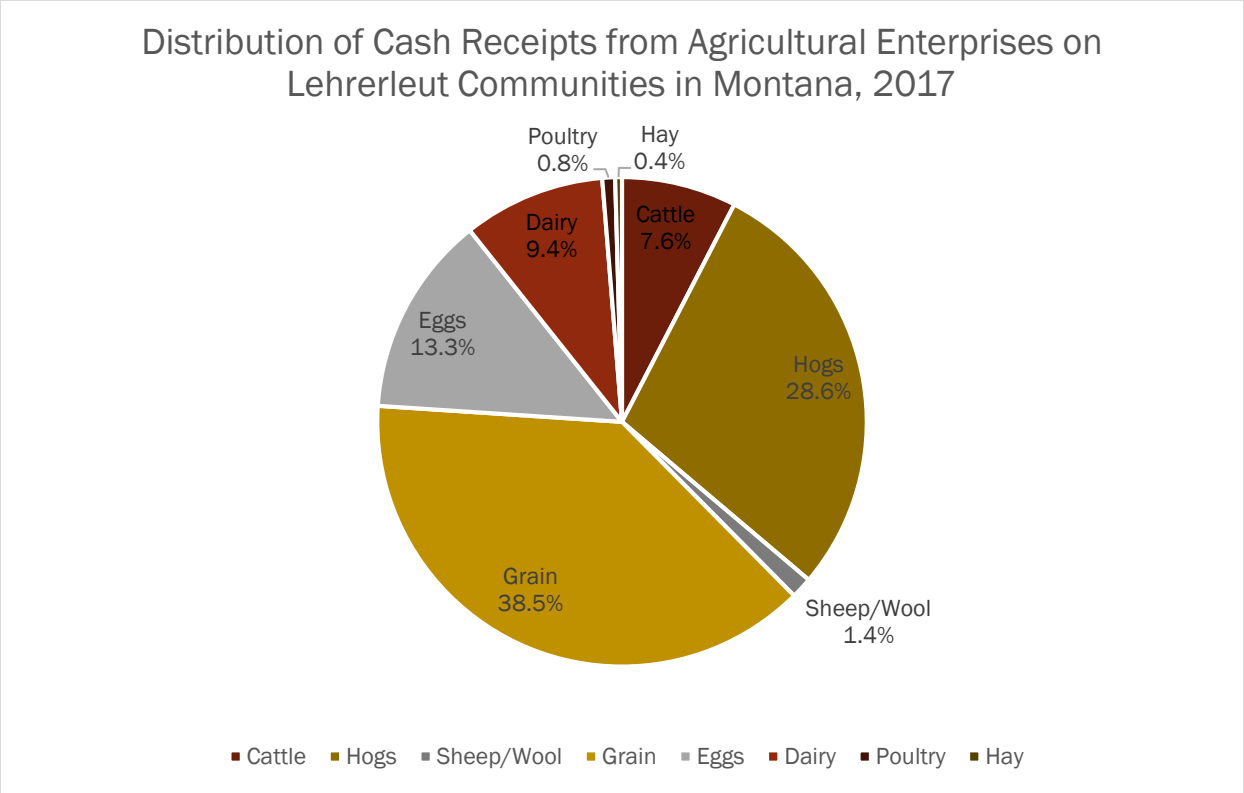


The analysis conducted in this study was based on financial records which were available for a subset of Lehrerleut Communities which included 86 percent (3,749 of 4,318) of the Lehrerleut branch members in Montana. The data described and the impacts reported in this study pertain to this subset of the Lehreleut Communities, which are themselves a subset of all of the Hutterite Communities in the state. Doubtless all of the information and findings of this report would be larger that those presented here – in this sense the findings here are conservative, since the economic activities and hence the economic impacts of all Hutterite Communities is larger than those reported here.

This subset of Lehrerleut Communities with financial data available (hereafter "the Communities") has a slightly younger population profile than the Lehrerleut total. They had a higher percentage of young people less than 19 years of age (37% versus 33%); and, a lower percentage of working age people (54% versus 57%), with a similar percentage of people 65 years of age and older (9% versus 10%).

The Lehrerleut Communities produce a variety of agricultural commodities. Based on cash receipts information over 80 percent of the value of their production is derived from grain (39%), hogs (29%), and eggs (13%). They also generate significant cash receipts from dairy (9%), cattle (8%), and other enterprises.

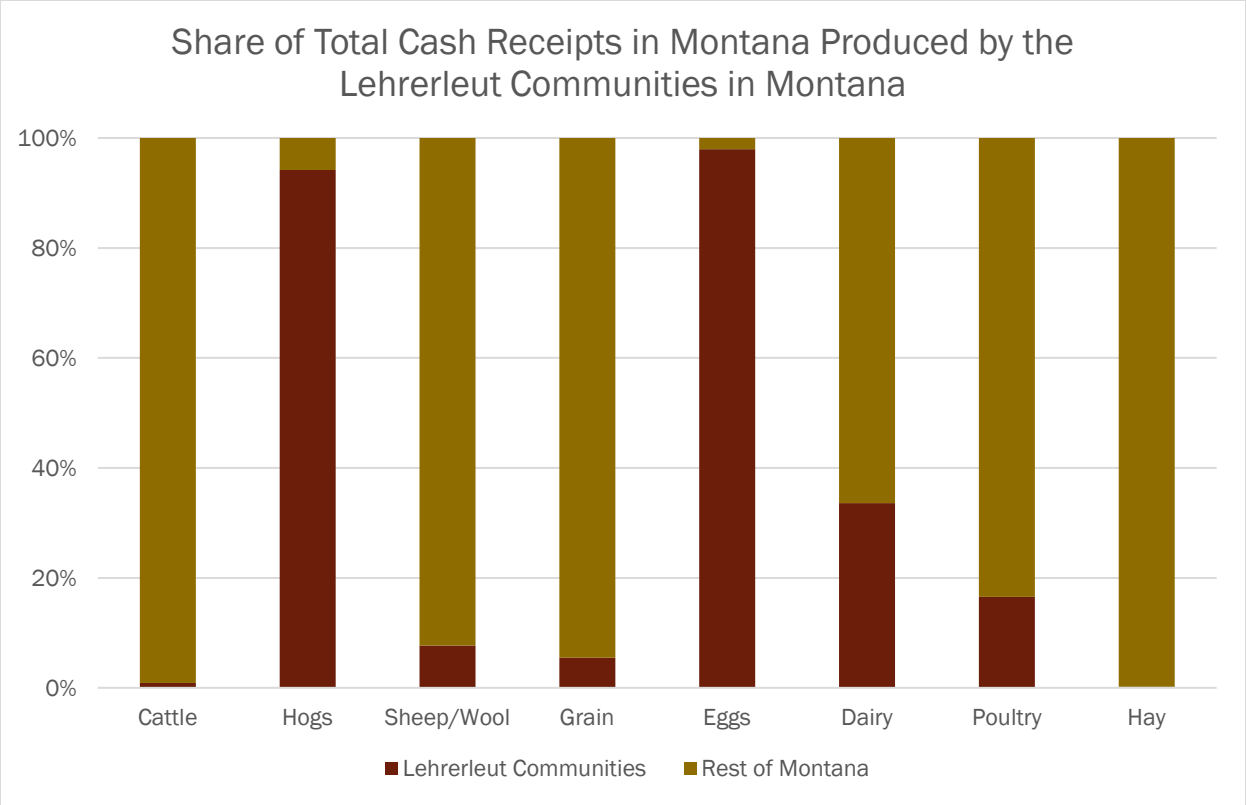
Figure 2: Distribution of Cash Receipts from Agricultural Enterprises on Lehrerleut Communities in Montana, 2017



Source: Financial Statement Information supplied by the Lehrerleut Communities

The Communities produce over 90 percent of the hogs and 95 percent of eggs, 34 percent of dairy, and 16 percent of poultry produced in Montana (Chart 3). While they also produce grain and cattle, these enterprises make up a very small portion of the State's overall production. The communities implement cutting edge technologies to help promote efficiency and reduce labor requirements in their operations. These innovations along with their unique labor force have allowed them to venture into under-developed markets in the state, primarily in hog and egg production.

Figure 3: Share of Total Cash Receipts in Montana Produced by the Lehrerleut Communities in Montana



Sources: National Agricultural Statistics Service, Helena Office and Financial Statement Information supplied by the Lehrerleut communities.

In addition to the Lehrerleut Communities' own production activities, a new collaboration with an external partner has resulted in the construction and operation of an egg processing facility in Great Falls. The Lehrerleut Communities contract with Wilcox Farms, Inc., a Washington-based egg company, to manage the facility and purchase local production. The processing facility employees 50 workers, none of whom are Lehrerleut Community members.

In addition to these agricultural activities, some Communities have recently diversified into specialized manufacturing and fabrication. While mostly self-sufficient, producing everything from clothing to buildings with their own labor, they do contract with outside vendors for a variety of goods and services. The Lehrerleut Communities also purchase workers' compensation insurance for members engaged in these activities.

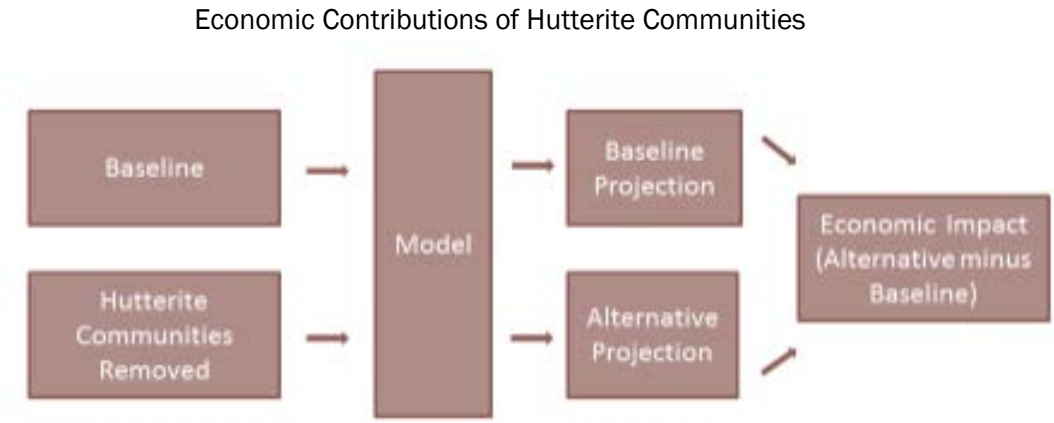
As owners of land and equipment, they pay substantial personal and real property taxes, and members and entities are also subject to state and federal income taxes. With respect to property taxes, the Lehrerleut Communities construct substantial improvements that generate significant tax revenue which would not otherwise be realized in rural areas.

Research Approach

We performed an assessment of the total contribution of the Communities to the Montana economy by examining (a) the scale and scope of their production activities and (b) the linkages between those activities and the rest of the state economy. Those linkages are captured by the BBER's policy analysis model, the REMI model. Using this analytical tool, it is possible to compare the actual economy to what would exist if the Communities were not present.

The analysis paid particular attention to the economic arrangements that are unique to the Communities – in particular, the self-production of many household and intermediate goods, as well as the non-cash nature of labor compensation. This study had access to the financial records of the Communities so that full detail on their expenditures could be faithfully represented in the analysis.

Figure 4: Economic Contributions of Hutterite Communities



The basic research approach used in this study is depicted graphically in Figure 4 above. The results of this study involve a comparison of two scenarios for the Montana economy. The baseline scenario reflects "status quo" assumptions concerning the Communities. This produces a baseline projection of economic activity, as measured by jobs, income and population.

A second projection of the Montana economy assumes that the Hutterite Communities are not present. In this hypothetical, no-Communities, economy the jobs, production and income that are associated with the Communities are removed. These direct impacts are obtained from Community financial records. Activities which are non-Hutterite but linked directly to Hutterite production, most notably the egg processing facility, are also removed.

The BBER's economic model is then used to project the jobs, income, and population that would result if the Communities were not present. Since the spending and production of the Hutterite Communities is received as income and inputs by others in the economy, and is in turn re-spent in the economy, this total impact will be larger than the direct impact of the Communities themselves.

The economic contributions reported in this report are the difference between two scenarios for the state economy: the status quo economy that exists today, and a "no-Community" scenario that is carefully constructed using the BBER's economic model. The "no-Community" economy not only is missing the Community's production, employment and spending, but also the jobs and income in the state economy that are ultimately supported by Community activity.

Research Findings

Our basic finding is that the presence of the 81 farming operations owned and operated by the 38 Lehrerleut Communities examined in this study support production, employment and income in the Montana economy that is significant in size and scope.

Table 2: Economic Contributions of the Lehrerleut Communities in Montana

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While a large portion of these economic contributions are associated with the Communities themselves, non-Community businesses, workers and households reap considerable economic gains as well. This is easily seen from a more detailed look at the jobs and revenues that owe their existence to Community activities.

As can be seen from the Employment Impacts table below, a large portion of the 2,191 jobs which exist in the Montana economy because of the presence of the Communities are in farm production and farm support industries, which include Community members. However, almost 40 percent of these jobs are in other industries – including construction, retail trade, professional business services and health care. These jobs come about as Community spending is received as income by area businesses and governments, who in turn produce output, hire workers and spend in the state economy.

Table 3: Employment Impacts

Employment Impacts	
Industry	Jobs
Farm and Farm Support	1,330
Construction	156
Manufacturing	69
Wholesale Trade	39
Retail Trade	140
Transportation and Warehousing	22
Professional Business Services	138
Health Care and Social Assistance	83
Accommodation and Food Services	53
Other Private	99
Government	62
TOTAL	2,191

The scope of business and non-business activity that is due to the presence of the Communities in the Montana economy can also be seen from an examination of economic output, or gross receipts, impacts. The figures shown in the Output Impacts table below represent the gross revenues of business and non-business organizations that are due to the Communities for individual industries, with two exceptions. Instead of gross receipts, the output impacts for retail and wholesale trade shown in the table are the markup – receipts net of purchases.

Examining the table, we see that:

- Farming related businesses receive $224 million annually in revenue because of the presence of the Communities in the economy;
- More than 30 percent of the $365.3 million in gross receipts that occur because of the Communities is received by businesses outside of agriculture; and
- Professional business services, health care and construction businesses enjoy higher sales because of the operations of the Communities.

Table 4: Output Impacts

Output Impacts, $ Millions	
Industry	Output Impact
Farm and Farm Support	224.0
Construction	21.5
Manufacturing	43.4
Wholesale Trade	8.3
Retail Trade	9.9
Transportation and Warehousing	3.7
Professional Business Services	23.9
Health Care and Social Assistance	8.7
Accommodation and Food Services	3.0
Other Private	12.5
Government	6.4
TOTAL	365.3

Summary

This Research Summary reports on the findings of an analysis of the economic contributions of the Lehrerleut branch of the Hutterite Communities in Montana. Because of the significant linkages that exist between the agricultural and other activities of the Communities and the rest of the economy, we find the production, spending, and jobs ultimately supported by Community production to be significantly larger than what the Communities themselves represent.

Overview

Hutterites have had an important presence in Montana for more than a hundred years. They are comprised of 53 communities of families with centralized leadership structure and common ownership of land and other assets. The more than 5,000 members in our state are second in number only to South Dakota among U.S. states. The two prominent branches of Hutterites in Montana are the Lehrerleuts and Dariusleuts.

Hutterites came to North America from Europe in the 1870s as a means of escaping religious persecution. One of the oldest communal religious orders, the originally settled in South Dakota, which remains the largest concentration in the United States. The largest number of communities is in Alberta. Approximately 75 percent of Hutterites in North America are in Canada, just to the north of Montana.

Members of Hutterite Communities live collectively, in groups of families governed by an elected minister. The communities collectively own land, produce and market agricultural and other goods and services, and pay taxes. Their religious orientation does not affect the tax treatment of their land and business property – in some rural communities where they operate they are the largest single property taxpayer. The fact that members of communities do not receive salaries for work done within the community does impact their federal and state income tax contributions.

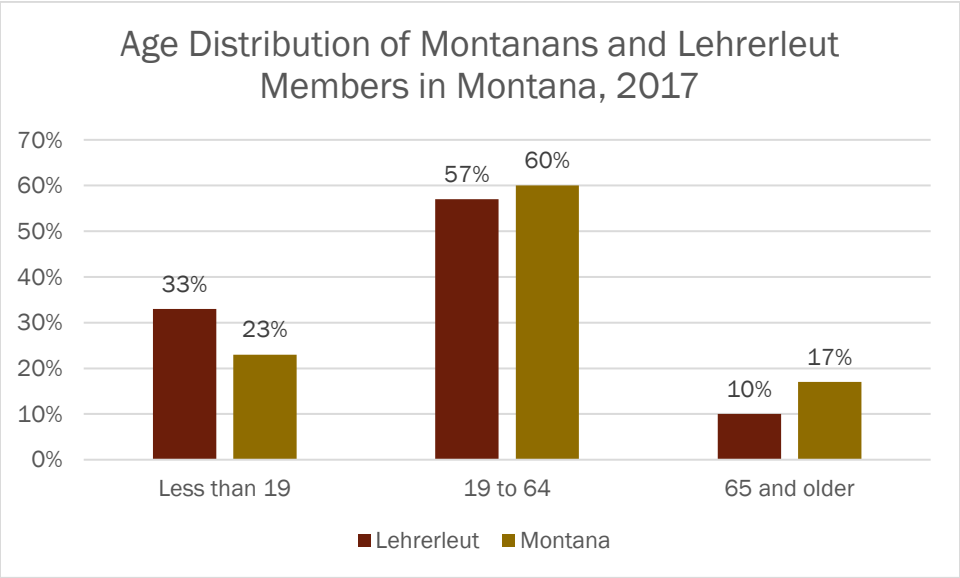
In Montana the communities are largely located in the central portion of the state east of the Continental Divide (see Figure 1.1). The communities focus on farming and agriculture, including value added production and farm to table distribution. They have also diversified into construction, light manufacturing and a variety of specialized products and services.

Focus of This Study

Two of the three branches of the original Hutterites who moved to North America in the 1870s have moved to Montana: the Dariusleut branch, and the Lehrerleut branch. “Lehrer” is the German word for teacher, and the word “leut” translates as folk or people. Of the two, Lehrerleut communities are more numerous, particularly along the Rocky Mountain front in north central Montana.

This study focuses on the Lehrerleut branch of Hutterites residing in Montana. In 2017, there were 4,318 total Lehrerleut members, with 57 percent of the members between 19 and 64 years old, 33 percent less than 19 years old, and 10 percent at least 65 years old (Figure 5). The Lehrerleut branch members are somewhat younger than the overall population of Montana, where 60 percent of Montanans are between 19 and 64, 23 percent are less than 19, and 17 percent are at least 65 years old.

Figure 5: Age Distribution of Montanans and Lehrerleut Members in Montana, 2017



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This subset of Lehrerleut Communities with financial data available (hereafter "the Communities") has a slightly younger population profile than the Lehrerleut total. They had a higher percentage of young people less than 19 years of age (37% versus 33%); and, a lower percentage of working age people (54% versus 57%), with a similar percentage of people 65 years of age and older (9% versus 10%).

Economic Activity

The Lehrerleut Communities produce a variety of agricultural commodities. Based on cash receipts information over 80 percent of the value of their production is derived from grain (39%), hogs (29%), and eggs (13%). They also generate significant cash receipts from dairy (9%), cattle (8%), and other enterprises.

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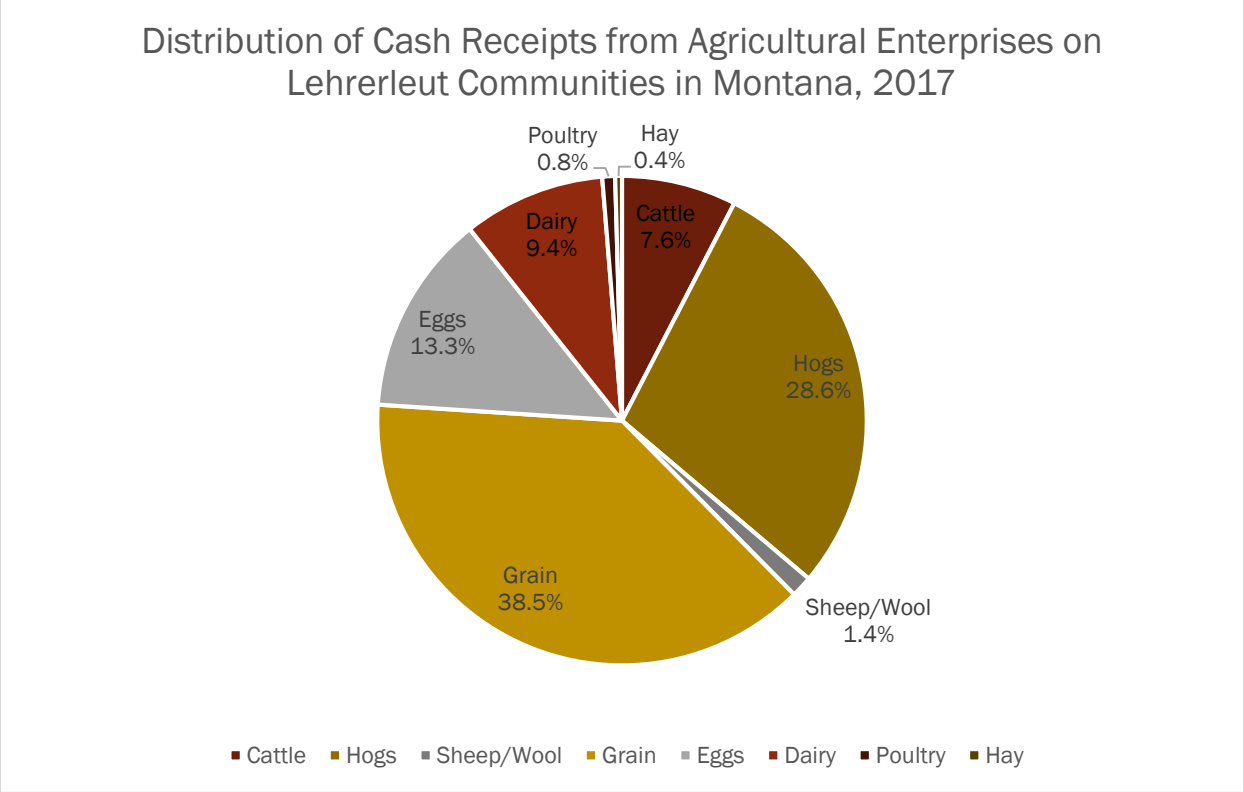

Source: Financial Statement Information supplied by the Lehrerleut Communities

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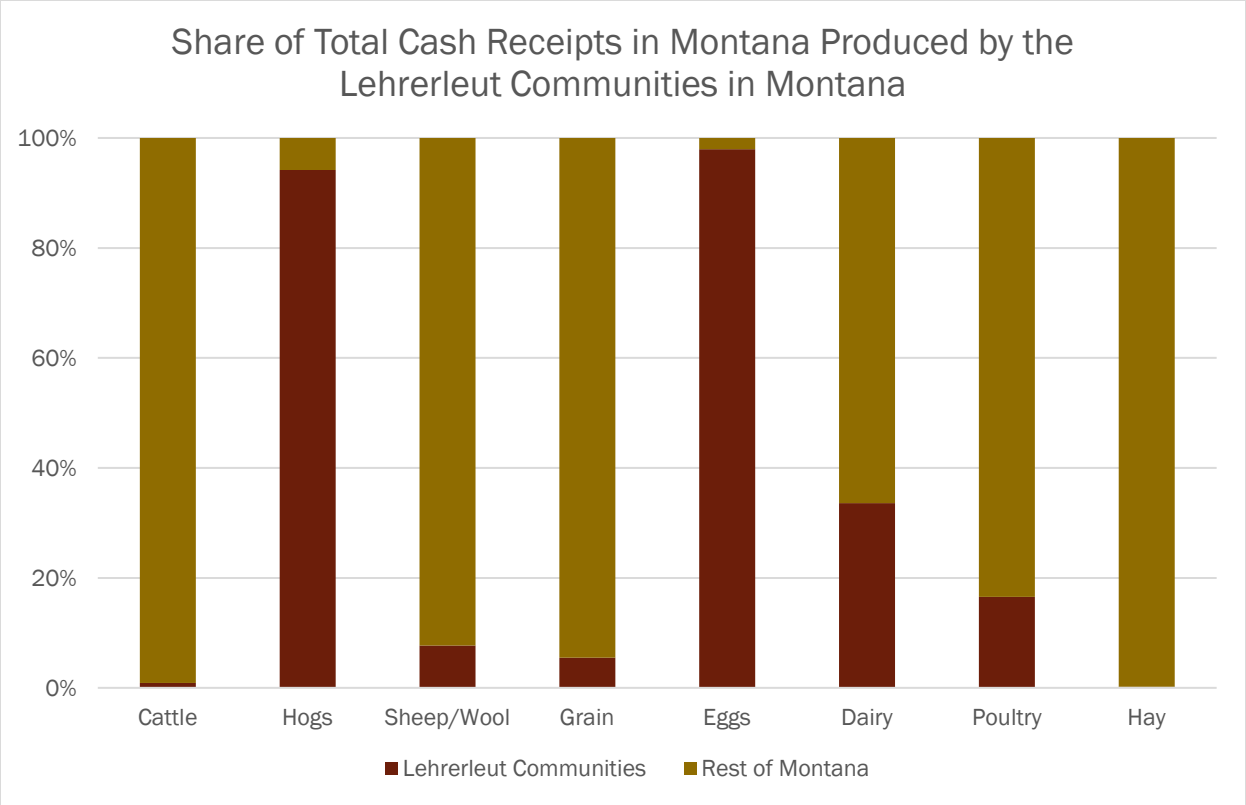
Figure 7: Share of Total Cash Receipts in Montana Produced by the Lehrerleut Communities in Montana



Sources: National Agricultural Statistics Service, Helena Office and Financial Statement Information supplied by the Lehrerleut communities.

In addition to the Lehrerleut Communities' own production activities, a new collaboration with an external partner has resulted in the construction and operation of an egg processing facility in Great Falls. The Lehrerleut Communities contract with Wilcox Farms, Inc., a Washington-based egg company, to manage the facility and purchase local production. The processing facility employees 50 workers, none of whom are Lehrerleut Community members.

In addition to these agricultural activities, some Communities have recently diversified into specialized manufacturing and fabrication. While mostly self-sufficient, producing everything from clothing to buildings with their own labor, they do contract with outside vendors for a variety of goods and services. The Lehrerleut Communities also purchase workers' compensation insurance for members engaged in these activities.

As owners of land and equipment, they pay substantial personal and real property taxes, and members and entities are also subject to state and federal income taxes. With respect to property taxes, the Lehrerleut Communities construct substantial improvements that generate significant tax revenue which would not otherwise be realized in rural areas.

Objective of This Study

The tendency of Montana Hutterites to shun public attention, the rural locations of their communities, and their higher degree of self-sufficiency have contributed to low levels of awareness and information about Hutterites among other Montanans. This study will address this situation. Our objective is to describe the breadth and scale of the economic production that takes place in Hutterite Communities, and to highlight the connections between that production and the rest of the Montana economy.

A useful way of achieving that objective is to estimate and present the economic contribution of the Hutterite Communities to the state. As described more fully in the next section of this report, this involves statistically constructing a depiction of the Montana economy as it would exist if Hutterite Communities were not part of the economy. Comparing the actual economy to a hypothetical, no-Hutterite economy reveals not just the scale and scope of Hutterite activity itself, but also how many non-agricultural, non-Hutterite jobs, incomes, business revenues and taxes ultimately owe their existence to Hutterite economic activity.

As stated above, the analysis conducted for this study and reported here pertains to a subset of the Hutterite Communities within Montana. The activity of the Dariusleut Communities and the handful of Lehrerleut Communities for which financial information was not available are not included in the results presented here. For that reason, the estimated economic contributions presented in this study represent a conservative estimate of actual contributions made of Communities throughout the state.

Organization of this Report

The remainder of this report details the methods, data, and results pertaining to the analysis. In Section 2 we more fully describe the methods used to produce the “no-Hutterite” scenario for the Montana economy, with special emphasis on the model used to estimate the level of economic activity that would occur in Montana if the Hutterite Communities were not present. Section 3 describes the direct contributions of Hutterite Communities themselves make to the economy – specifically, the output, employment, spending and sales of the Communities as obtained from their financial records. Section 4 reports on the findings of the analysis – how the direct contributions of the Hutterite Communities propagate through the rest of the economy to produce additional jobs, incomes, sales and tax revenues. Section 5 presents the conclusions of the study.

Policy Analysis with the REMI Model

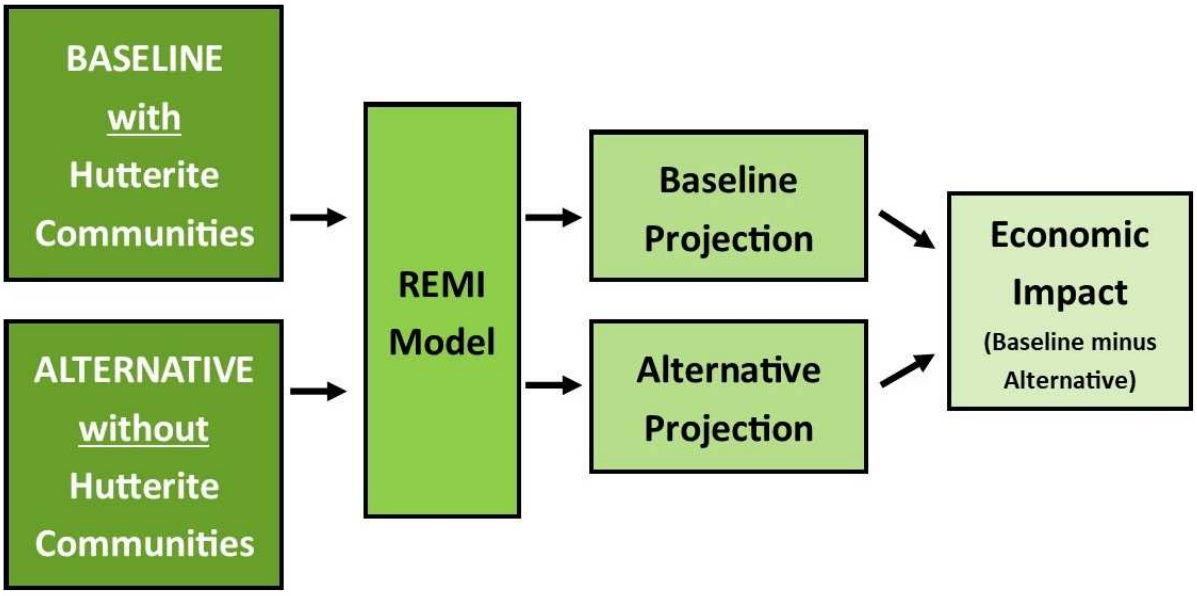
Regional economic impacts occur because of events or activities that create new expenditures within a region. "New spending" constitutes spending that is over and above existing expenditures, and which does not displace other spending elsewhere in the region. It not only adds to economic activity in its own right, but also induces further spending when the recipients of wages, sales, and tax revenues spend portions of their income in the local economy. Changes in the paths of investment, migration, prices, and wages are also possible.

This study utilized an economic model, calibrated to represent the interactions specific to the Montana economy, to estimate the economic impacts resulting from operations of the Hutterite Communities. Leased from Regional Economic Models, Inc., the REMI model is one of the best known and most respected analytical tools in the policy analysis arena, and has been used in more than 100 previous studies as well as in dozens of peer-reviewed articles in scholarly journals. It is a state-of-the-art policy analysis model that incorporates dynamic feedbacks between economic and demographic variables. The REMI model forecasts employment, income, expenditures, and populations for counties and regions based on a model containing over 100 stochastic and dynamic relationships, as well as a number of identities. A full explanation of the design and operation of the model can be found in Treyz (Treyz, 1993).

The REMI Modeling Methodology

The basic approach of using the REMI model to produce the results for this study is illustrated in Figure 8, below. The analysis started with a baseline projection for the Montana economy, where the Hutterite Communities continue to operate at current levels. Next, the analysis employed the REMI model a second time, simulating an alternative scenario where the Hutterite Communities and their associated economic activity are absent from the Montana economy.

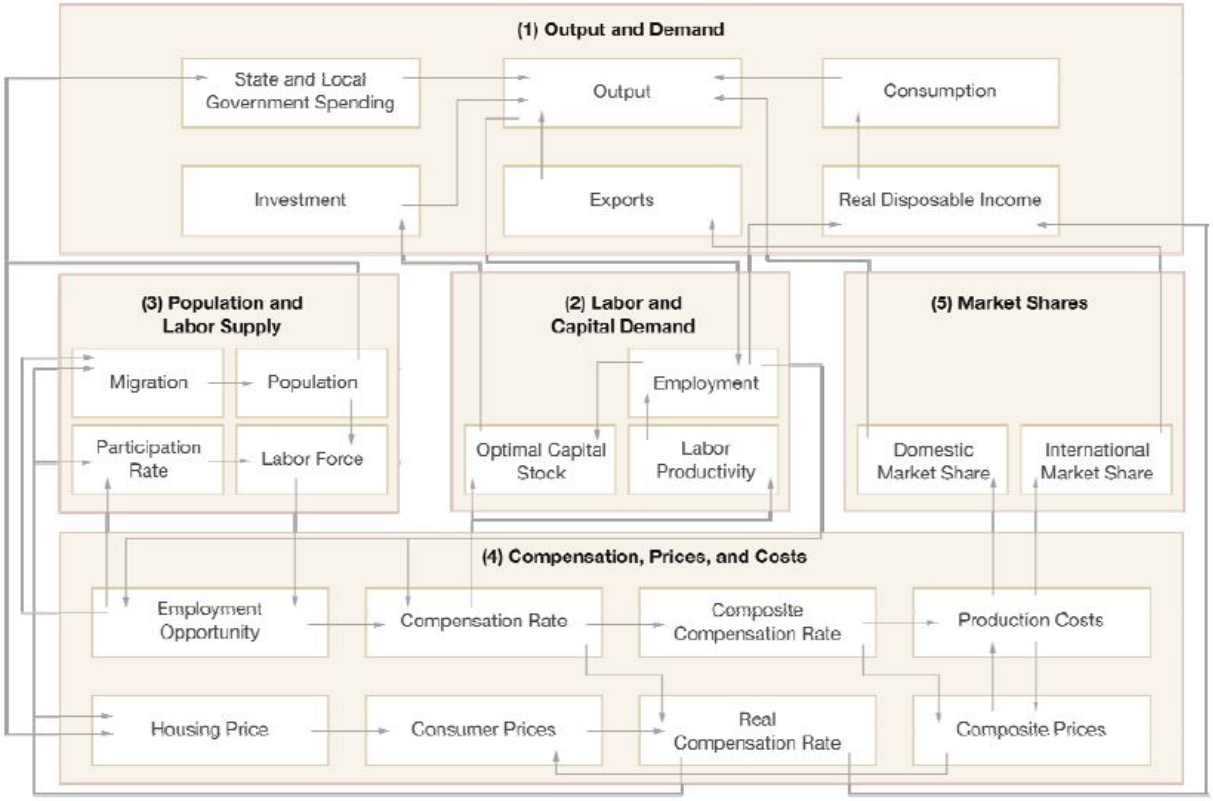
Figure 8. Policy Analysis Using the REMI Model



The difference between the two economic projections represents the total economic contribution of the Hutterite Communities.

The REMI model utilizes historical data on production, prices, trade flows, migration, and technological advances to calibrate the relationship between five basic blocks of the state economy: 1) Output and Demand; 2) Labor and Capital Demand; 3) Population and Labor Supply; 4) Compensation, Prices and Costs; and 5) Market Shares. These linkages are shown in Figure 9, below.

Figure 9. Schematic Model of REMI Linkages



The differences in production, labor demand, and intermediate demand associated with the absence of the Hutterite colonies impact these blocks, causing them to react to the changes and adjust to a new equilibrium. This new equilibrium constitutes the alternative scenario referred to above—the absence of the Hutterite operations.

The underlying philosophy of the REMI model is that regions throughout the country compete for investments, jobs, and people. When events occur in one region, they set off a chain reaction of events across the country that causes dollars to flow toward better investment and production opportunities, followed over time by workers and households toward better employment opportunities and higher wages.

The REMI model consists of an 82-sector input/output matrix that models the technological inter-dependence of production sectors of the economy, as well as extensive trade and capital flow data. Together, these components enable the estimates of the shares of each sector's demand that can be met by local production. Simplified illustrations of the schematic model in Figure 9 are provided on the following pages, in figures 10 through 14.

Figure 10. Output Linkages

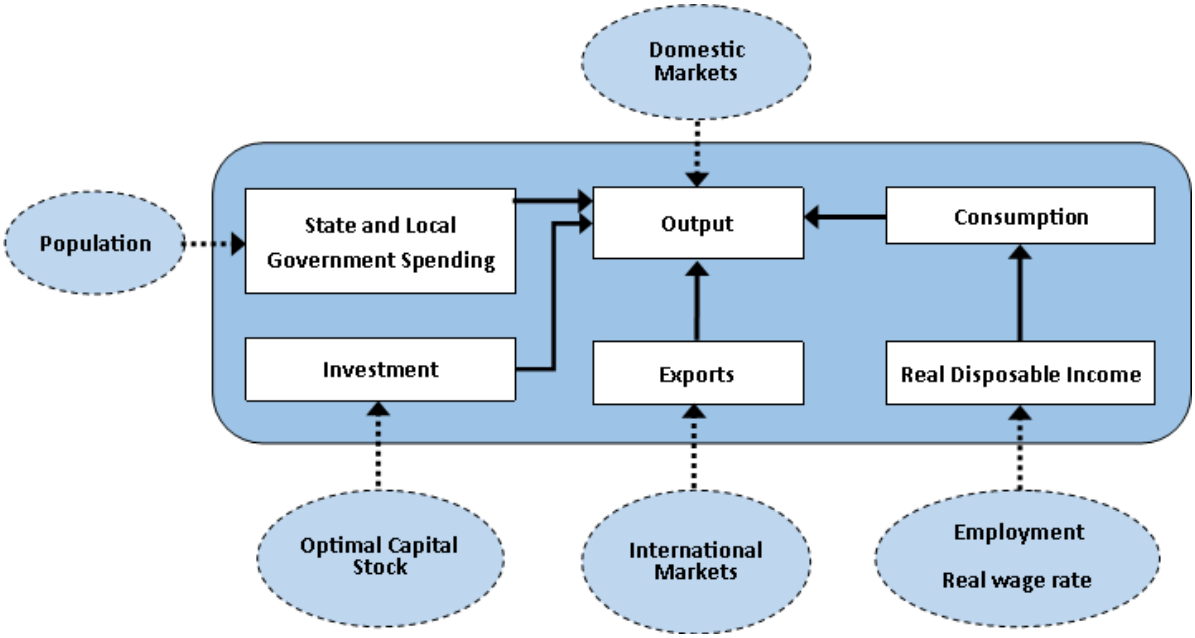


Figure 11. Labor and Capital Demand Linkages

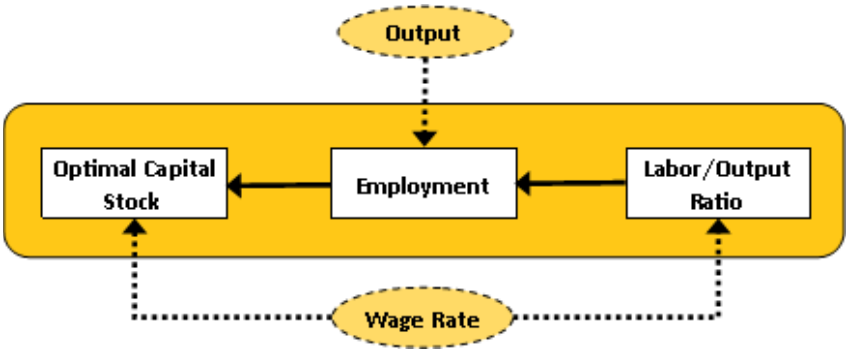


Figure 12. Demographic Linkages

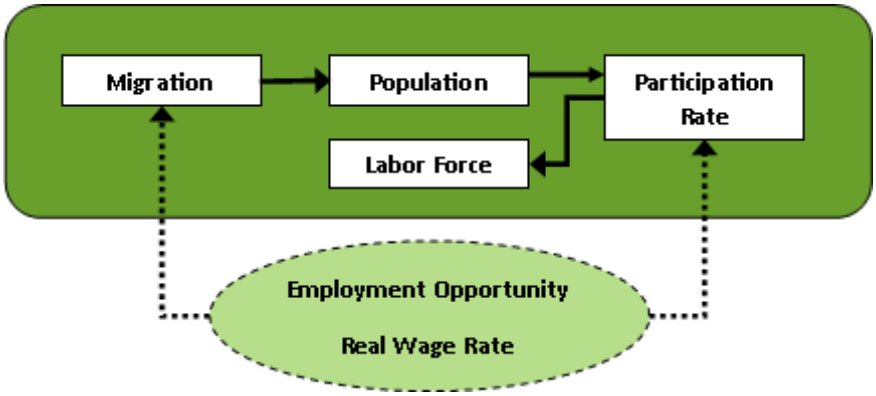
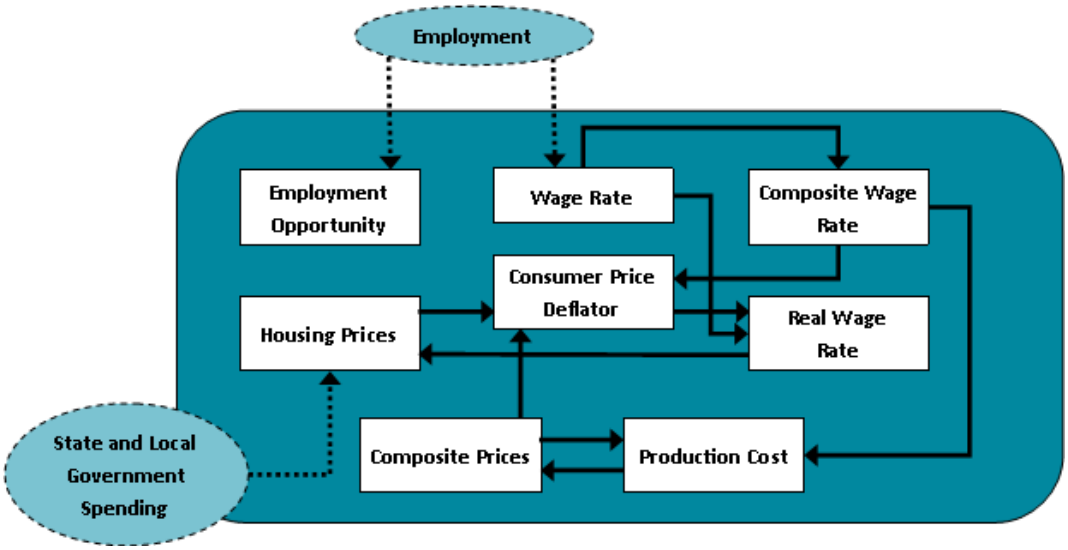
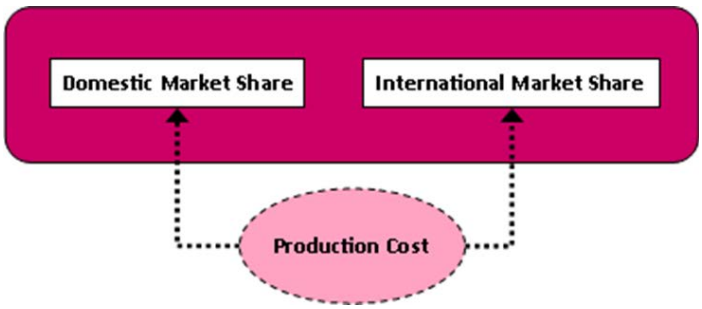


Figure 13. Wages, Prices and Production Costs Linkages



As powerful and flexible as this tool is, the output it provides is only as good as the inputs provided. The majority of the work for this study was to carefully craft the inputs used to construct a scenario for the economy that faithfully represents all of the events, income flows, and the direct and indirect activity that would not occur in the absence of the Hutterite Communities.

Figure 14. Market Share Linkages



The Direct Contribution of the Lehreuleut Communities

The assessment of the economic contribution of Hutterite Communities to Montana begins with an accounting of the production, income, spending and other economic flows that are attributable to the communities themselves. The next step, described in the following section, involves constructing a no-Hutterite scenario where these flows are removed and economic activity settles to a new, lower level.

There are two aspects to be considered in assessing the economic activity of the Hutterite Colonies themselves. The first, which is the same as many other economic impact studies, is to account for the aggregate measures of activity that the Communities represent. These are gross revenues, vendor spending, wages and other employment and production related flows. A second step was also taken for this study – accounting for the differences in labor compensation and communal ownership in Hutterite Colonies that differ from the private sector.

An additional level of detail involved placing the economic activity for each Community in the appropriate region of the state.

The source for the information presented in this section comes is the financial reports of the individual Hutterite Communities made available to BBER researchers by Anderson ZurMuehlen. The data pertain to a recent, representative year for which the maximum number of Communities had information available.

Agricultural and Other Production

As detailed in Section 1, the Communities are a major presence in agriculture production in a variety of markets. We have represented the scale of their production using gross revenues, which for some agricultural commodities include Federal payments.

In the reference year 2017 used for this analysis, the Hutterite Communities realized more than $220 million in revenue from their production of goods and services. More than three quarters of the Communities revenue came from three agricultural commodities: hogs, grain, and poultry and eggs, as can be seen from Figure 6. Other revenues came from land rental, investments, and construction activity. An economy with no Hutterite Communities present would lose this production, along with its associated employment and spending.

In addition to the production of primary agricultural commodities shown in Figure 6, the Communities also own and operate an 58,000 square foot egg processing facility in Great Falls. The facility now operates with 50 non-Hutterite employees, adding to the direct impact of Hutterite Community activity.

Employment and Compensation

A unique aspect of the assessment of the direct economic footprint of Hutterite Communities in Montana pertains to the in-kind compensation of Community members for the work they perform within each facility. Money wages are not paid to members for their work – rather, they are provided housing, food, medical care and other consumption items. These are, in turn, either self-produced or bought by the Community.

This economic structure was reflected in the economic analysis in several different ways. The consumption spending that would result from money wages instead was assigned to the Communities. BBER had access to Community spending on goods and services for the member families. Thus the self-production of clothing, food and other consumption goods was taken into account.

The absence of money wages also affects the concept of employment, as it pertains to a money wage economy. Since there are effectively no payroll workers in Hutterite Communities, as defined as workers

receiving wages and salaries, we consider 60 percent of the adult population of the Communities to be employed. Since the income and spending flows are already accounted for, as described above, this arbitrary labor force participation rate assumption does not affect the impact analysis. It does show up in the employment totals that we report.

Table 5: Revenues by Commodity, 2017

Revenues by Commodity, 2017	
$ Millions	
Hogs	51.7
Grain	92.5
Cattle	13.6
Poultry and Eggs	25.5
Dairy	16.8
Construction	2.7
Rental	6.9
Interest	5.9
Other Crop	3.0
Sheep	2.5
TOTAL	221.1

The next step in the analysis is to create an economic scenario for the Montana economy which removes these direct contributions. We turn to this task in the next section.

The Economic Contributions of the Lehrerleut Communities in Montana

An economy that does not include the 81 farming operations owned by the 38 Lehrerleut Communities that are analyzed in this study is clearly a smaller economy. The spending, income, and production of the Communities, in addition to the jobs and spending represented by the egg processing facility that is jointly owned by 30 Communities, is significant, as we have seen. But the contributions of the Hutterite Communities to the state economy are larger than what we described in the previous section.

It is well understood that productive activities, which produce and sell goods and services to both local and distant markets, have economic impacts beyond what their own economic flows would suggest. This is because the employment, vendor purchases, tax payments and other spending by a single producer becomes income to the workers, businesses and governments who receive that spending. When that income is re-spent, it supports additional jobs and incomes in cities and regions that may have no direct connection to the original production.

It is useful to think of the total economic contribution of the Hutterite Communities in Montana as composed of three parts:

i. The direct contributions – the Community's own activities;

ii. The indirect contributions – activities which are not part of the Communities but have a direct relationship with Community activities (e.g., the egg processing facility);

iii. The induced contributions – economic activity that occurs as direct and indirect contributions propagate throughout the economy.

This section reports on these total contributions – which add all three pieces described above. The results described here represent the economic activity which ultimately would not take place if it were not for the presence of the Hutterite Communities in the Montana Economy.

Results Summary

Our basic finding is that the presence of the 81 farming operations owned and operated by the 38 Lehrerleut Communities examined in this study support production, employment and income in the Montana economy that is significant in size and scope.

Table 6: Economic Contributions of the Lehrerleut Communities in Montana

Economic Contributions of the Lehrerleut Communities in Montana		
Summary		
Category	Units	Impacts
Total Employment	Jobs	2,191
Personal Income	$ Millions	63.2
Disposable Pers. Income	$ Millions	54.1
Output	$ Millions	365.3
Population	People	5,323

Because of the presence of the Lehrerleut Communities in the state, there are:

- 2,191 more permanent, year-round jobs,
- an additional $63.2 million in income received by Montana households, annually,
- $365.3 million more gross revenue received by Montana business and non-business organizations, annually, and
- more than 5,300 more people in the Montana economy.

While a large portion of these economic contributions are associated with the Communities themselves, non-Community businesses, workers and households reap considerable economic gains as well. This is easily seen from a more detailed look at the jobs and revenues that owe their existence to Community activities.

Employment Impacts

As can be seen from the Employment Impacts table below, a large portion of the 2,191 jobs which exist in the Montana economy because of the presence of the Communities are in farm production and farm support industries, which include Community members. However, almost 40 percent of these jobs are in other industries – including construction, retail trade, professional business services and health care. These jobs come about as Community spending is received as income by area businesses and governments, who in turn produce output, hire workers and spend in the state economy.

Table 7: Employment Impacts

Employment Impacts	
Industry	Jobs
Farm and Farm Support	1,330
Construction	156
Manufacturing	69
Wholesale Trade	39
Retail Trade	140
Transportation and Warehousing	22
Professional Business Services	138
Health Care and Social Assistance	83
Accommodation and Food Services	53
Other Private	99
Government	62
TOTAL	2,191

Personal Income Impacts

The income that comes to Montana households each year because of the presence of Hutterite Communities in the state is a basic measure of economic benefits that occur. Importantly for this study, personal income includes business proprietor income, which in turn includes income realized by the Communities themselves. But income also captures all aspects of a larger and more populous economy that exists.

Personal income is $63.2 million higher in Montana each year because of the presence of Hutterite Communities in the economy, as detailed in Table 8. On an after-tax basis, the $54.1 million additional disposable personal income in the state is a sizable increase in spending power of households and individuals.

The detail on personal income reveal that a more populous economy also has smaller, but meaningful, increases in income seemingly unrelated to agriculture or employment, including rents, dividends, and interest income.

Table 8: Economic Contributions of Lehrleut Colonies in Montana

Economic Contributions of the Lehrerleut Colonies in Montana		
Personal Income Impacts ($ millions)		
Total Earnings by Place of Work		61.9
	Total Wage and Salary Disbursements	33.0
Supplements to Wages and Salaries		7.3
	Employer contributions for employee pension and insurance funds	4.7
	Employer contributions for government social insurance	2.6
	Proprietors' income with inventory valuation and capital consumption adjustments	21.6
Less:	Contributions for government social insurance	5.7
	Employee and self-employed contributions for government social insurance	3.1
	Employer contributions for government social insurance	2.6
Plus:	Adjustment for residence	(0.1)
	Gross In	1.7
	Gross Out	1.8
Equals:	Net earnings by place of residence	56.1
Plus:	Property Income	8.4
	Dividends	0.7
	Interest	7.2
	Rent	0.5
Plus:	Personal Current Transfer Receipts	(1.3)
Equals:	Personal Income	63.2
Less:	Personal Current Taxes	9.0
Equals:	Disposable Personal Income	54.1

Output Impacts

The scope of business and non-business activity that is due to the presence of the Communities in the Montana economy can also be seen from an examination of economic output, or gross receipts, impacts. The figures shown in the Output Impacts table below represent the gross revenues of business and non-business organizations that are due to the Communities for individual industries, with two exceptions. Instead of gross receipts, the output impacts for retail and wholesale trade shown in the table are the markup – receipts net of purchases.

Examining the table, we see that:

- Farming related businesses receive $224 million annually in revenue because of the presence of the Communities in the economy;
- More than 30 percent of the $365.3 million in gross receipts that occur because of the Communities is received by businesses outside of agriculture; and
- Professional business services, health care and construction businesses enjoy higher sales because of the operations of the Communities.

Table 9: Output Impacts

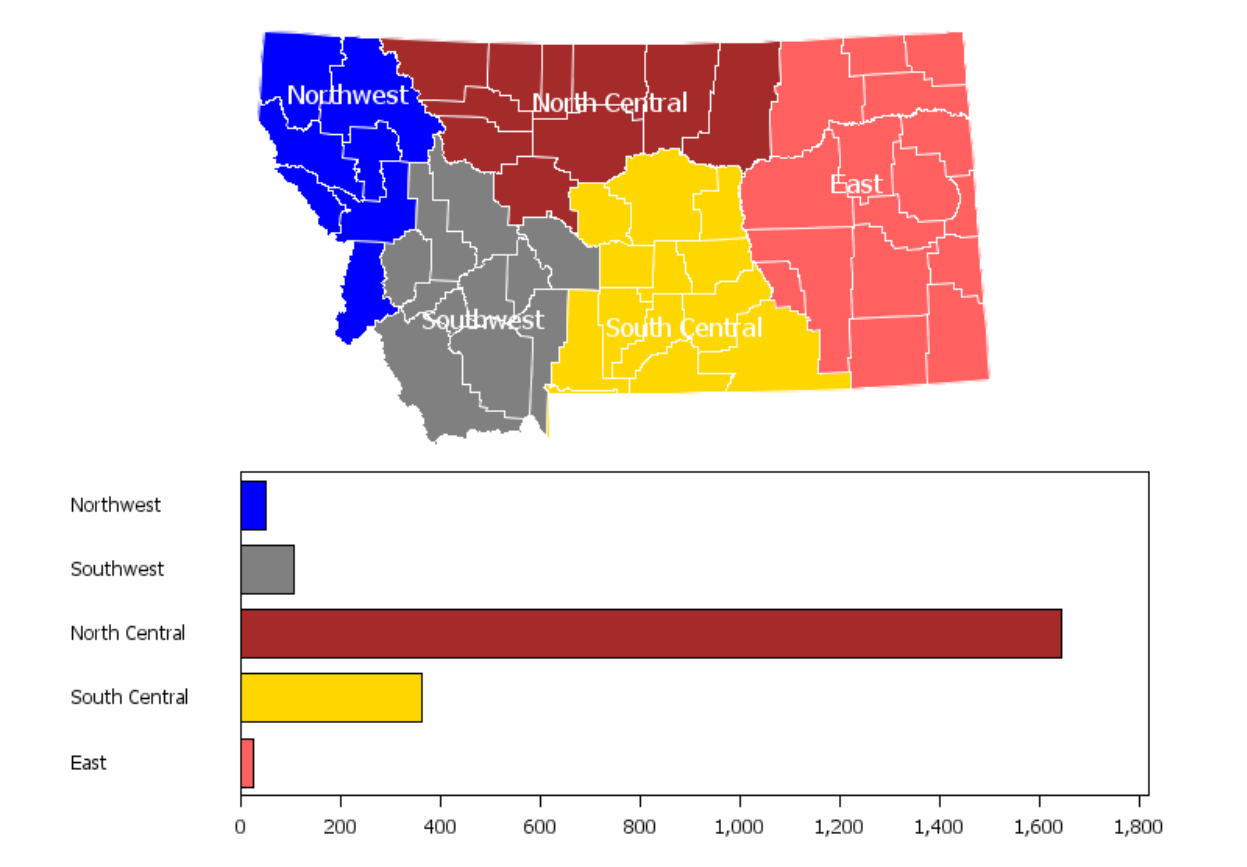
Output Impacts, $ Millions	
Industry	Output Impact
Farm and Farm Support	224.0
Construction	21.5
Manufacturing	43.4
Wholesale Trade	8.3
Retail Trade	9.9
Transportation and Warehousing	3.7
Professional Business Services	23.9
Health Care and Social Assistance	8.7
Accommodation and Food Services	3.0
Other Private	12.5
Government	6.4
TOTAL	365.3

Impacts by Region

The contributions of the Hutterite Communities to the Montana economy do vary by region of the state, as might be expected from the relatively higher concentration of their farms and other operations in the north central part of the state, and, to a lesser extent, in the south central region. Using the REMI model, we can estimate impacts for five regions of the state.

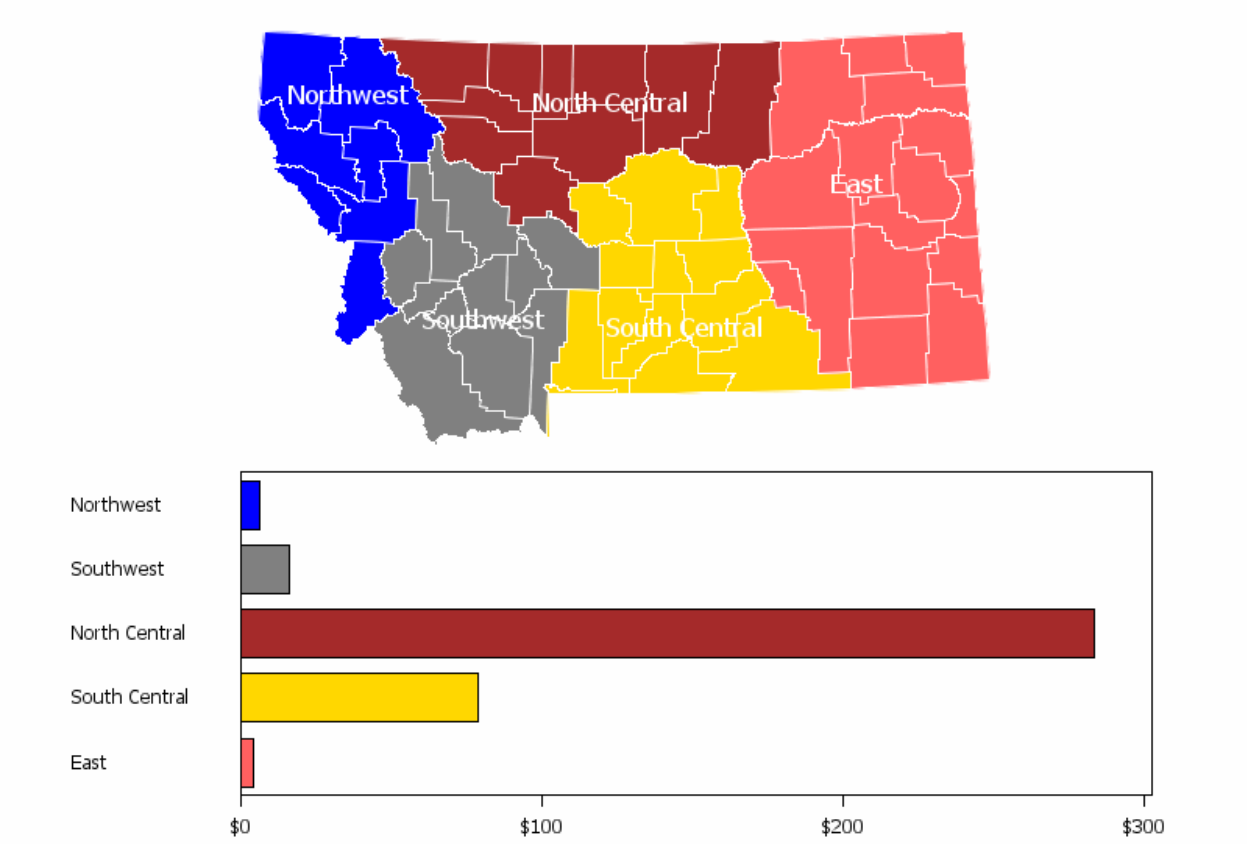
The employment impacts shown in Figure 15 do show a marked tilt towards the north central region where many Community operations are located. More than 1,600 of all of the jobs statewide which owe their existence to the presence of the Hutterite Communities in the economy are in the 10-county part of the state to the north and the east of Great Falls. Yet regions of the state with little or no physically present Hutterite activities nonetheless do register positive job impacts, due to the linkages between regions of the state.

Figure 15: Employment Impacts by Region



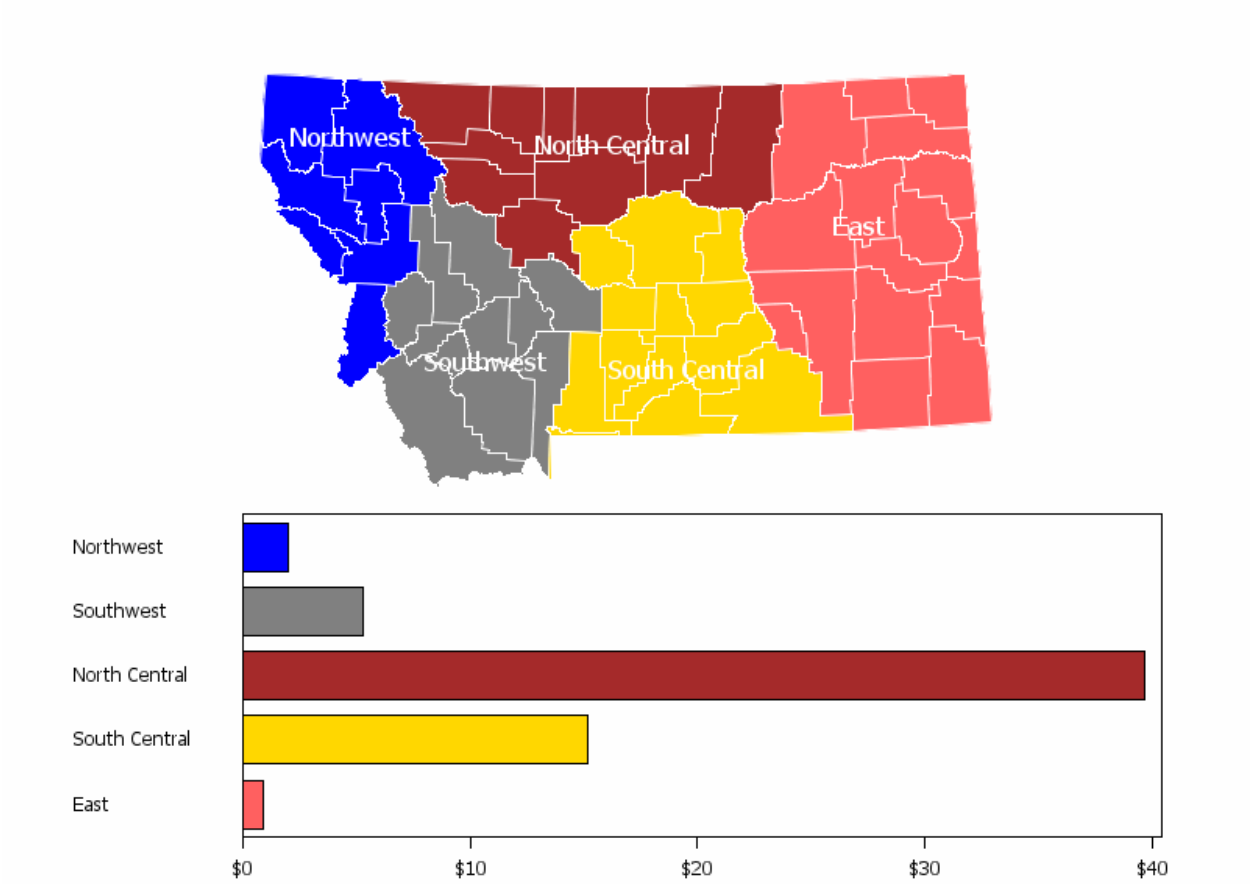
The output impacts are also more prevalent in the north central region, with more than $275 million in annual gross receipts received by businesses and other organizations because of the presence of Hutterite Communities, as shown in Figure 16. As was the case for the employment impacts, the output impacts are also substantial in the south central portion of the state.

Figure 16: Output Impacts by Region



Finally, we note that the impacts on income received by Montana households, which includes business proprietor income, are almost $40 million per year in north central Montana, as shown in Figure 17. Those impacts are more than twice as large as the next most impacted region of the state, which is the central and south central portion of the state.

Figure 17: Household Income Impact by Region



Summary

The total economic contribution of Hutterite Communities in Montana, defined as the economic activity of the Communities themselves, plus the additional economic activity that is induced or indirectly connected to the farming and other operations of the Communities, is substantial. Because the Hutterite Communities exist and operate in our state, there are:

- 2,191 more permanent, year-round jobs,
- an additional $63.2 million in income received by Montana households, annually,
- $365.3 million more gross revenue received by Montana business and non-business organizations, annually, and
- more than 5,300 more people in the Montana economy.

While the bulk of those economic impacts occur in the north central and south central regions of the state where most Hutterite Community operations take place, there are measurable, significant impact in all regions of Montana.

As large as these economic contributions are, they doubtless understate the full contributions of all Hutterite operations – including the Communties not formally included in this economic analysis.

Summary and Conclusions

One way to understand the economic contributions of any sector of the Montana economy is to ask what the state economy would look like it the sector did not exist. Such a question is clearly hypothetical, but in addressing it carefully, with economic models that understand how different pieces of the economy interact with each other, we can assess (i) how large the sector is, and (ii) how many jobs, incomes, and business revenues outside the sector are indirectly supported by its activity.

That question is posed in this study of the economic contributions of Hutterite Communities in Montana. It offers the chance to bring into clearer focus how the economic activities that take place in the 81 separate farming and other operations of the 38 Communities interact with the rest of the economy to produce more jobs, more income, and more sales revenue for the economy as a whole. The information is especially relevant because the rural, collective, and religious oriented nature of Hutterite Communities, together with a tradition of shunning public attention, has limited awareness of their economic importance for many Montanans.

This study took advantage of a wealth of data on the operations of the 38 Lehrerleut Communities whose complete financial records were made available. The estimation of the economic contributions made use of a state-of-the-art policy analysis model, leased from Regional Economic Models, Inc. (REMI), that has been specifically constructed and calibrated for the Montana economy. While some Hutterite Communities whose data were not available were not included in the estimated economic contributions, the results nonetheless demonstrate a sizable, on-going, permanent impact of the economic livelihoods of thousands of Montanans that Hutterite activities ultimately support.

References

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