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Capturing the Economic Benefits of Restoration: Local Business Utilization and Opportunities for Growth in Northwestern Montana

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Title: Capturing the Economic Benefits of Restoration: Local Business Utilization and Opportunities for Growth in Western Montana

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Management of public lands has undergone significant change in the last three decades, and so have adjacent communities (Field and Lee 2005). Concerns about the impacts of harvesting on threatened and endangered species and changing management paradigms resulted in drastic reductions in federal timber harvest levels on public lands beginning in the 1980s. Over 11,000 timber jobs in the Pacific Northwest were lost over a 4 year period due to harvesting injunctions related to the northern spotted owl (Moseley and Reyes 2008). Tourism, recreation, amenity-driven migration and the rise in mobile telecommuters have been a boon for many rural areas across the West, while others still dependent on more traditional natural resource sectors have largely suffered (Hibbard and Lurie 2013).

Western Montana landscapes are dominated by public lands and working forests, much of which is managed by the USDA Forest Service. Communities rely upon national forests for clean water, recreation, tourism and natural resource-based employment (USDA Forest Service Pacific Northwest Region, 2001). Many laws and regulations direct the Forest Service to consider not only the ecological values but the well-being of communities in their decision-making. The communities in the region have a long and rich history of deriving their livelihoods from the forest, but the businesses and skills needed to steward these lands are at risk. Restoration and maintenance of national forests holds the potential for natural resource-based economic development in western Montana and many communities are coming together to find common ground on historically intractable issues relating to the management of public lands, recognizing their relationship to community vitality and sustaining our skilled workforce.

Recently, a new paradigm has begun to emerge, coined under various terms as the “new natural resource economy” or the “restoration economy” (Hibbard and Lurie 2013; Nielson-Pincus and Moseley 2010). The premise of such paradigms re-frames forest-dependency to reflect the new activities and drivers of economic activity in rural communities across the West. These activities include recreation and restoration of public lands and combine with new businesses and mechanisms for getting work done that keep more of the value in the local community. This movement fits within a broader community development framework, which seeks to build multiple forms of community capital through value chain development linking rural assets to market demand in strategic ways that intentionally include low-wealth individuals and communities (Ratner and Markley 2014).

This study attempts to characterize the distribution of federal contracts within the contracting market by using US Forest Service contracting records to determine the spatial distribution of businesses engaged in restoration activities in northwestern Montana between 2005 and 2013, and assess the determinants of local contractor success in accessing these job opportunities. Opportunities for growth in the local contractor market are identified using type of work and Small Business Administration set-aside variables. Contracts were analyzed for the following five counties in northwestern Montana: Flathead, Lake, Lewis and Clark, Missoula and Powell. Contracts were assigned to one of three work

type categories: labor-intensive, equipment-intensive and technical. Finally, contracts were coded according to whether SBA set-asides were utilized to encourage socially or economically disadvantaged businesses to engage in federal contracting using the following categories: None (no set-aside used), 8(a) (minority-owned), Small Business, and HUB Zone (Historically Under-utilized Business Zone). Analysis of Variance is used to test whether significant differences in the distance between national forest and contractor office exist for various work types and set-aside categories.

Preliminary results and opportunities for growth will be presented.