



# **Workforce Challenges and Important Immigrant Contributions in Montana**

**Qualitative and Quantitative Analyses Showing Labor Issues and  
Hispanic Immigrant Contributions**

***February 2023***

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## **Summary**

To better understand workforce challenges in Montana, South North Nexus undertook two studies to document labor issues and the contribution of immigrant workers to the economies of Montana and Gallatin Valley. The first study used qualitative methods to analyze labor challenges in the Gallatin Valley, including 20 key informant interviews from five different business sectors. The second study, undertaken in collaboration with Bienvenidos a Gallatin Valley (Montana nonprofits) quantified the contribution of the Hispanic population to the Montana and Gallatin Valley economies through their labor, consumption and tax contributions.

Important findings documented that in Montana, farmers, ranchers, and businesses are affected in a number of ways by labor shortages. Profits have fallen for many as they struggle to hire and retain their workforce. Immigrants, and specifically the Hispanic community, are helping to meet labor demands, especially in the agriculture, construction and service sectors. However, immigrant individuals and families frequently face significant challenges in fully integrating into Montana communities. Simple processes such as obtaining a driver's license or applying for housing without a Social Security Number are denied to many.

The fragility of labor markets disrupts most sectors and labor gaps are increasing due to: the ongoing impacts from the COVID-19 pandemic, people leaving the state because of housing shortages and cost of living increases, people moving into the state but not working or making Montana their permanent residence, and supply chain disruptions. As more businesses fail to retain the optimal number of employees, they cannot provide or improve the quality of service. They are forced to take measures to simply salvage profit margins. Business owners reported that they are forced to raise prices in order to match consumer demand.

Immigrants are playing a crucial role in creating a dynamic and more prosperous economy for all in Montana. In the construction and service industries, agriculture, and high-tech sectors, immigrants will be an increasingly important part of the work force as labor demand evolves in Montana. Immigrants increasingly provide essential labor for businesses as they struggle to meet their employment needs. They contribute economically, more than \$2.6 billion to the state's economy. This number would most likely increase if people were able to work in a more open and transparent way. A summary of the findings include:

**Montana Hispanic Population – 47,420**  
**Economic benefits provided by Hispanics - \$2.6 billion**  
**Hispanics paying taxes - \$16.3 million in tax contributions**

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## Study Context

Immigrants are vital to the US economy and fill many jobs Americans do not want to do. According to the US Bureau of Labor Studies, there were 28.4 million foreign-born persons in the US workforce in 2019, comprising 17.4% of the total labor force<sup>1</sup>. Since the COVID pandemic, a decrease of immigrants has contributed to the worsening, widespread labor shortages across the US economy. At this time (early 2023) more than 10.3 million jobs remain unfilled, particularly in low-paying and physically demanding industries such as hospitality, agriculture, construction and health care.

The biggest impacts are felt in construction, agriculture, and especially hospitality – which are reliant on immigrant workers. The hospitality sector is comprised of up to 40% immigrants in the US. These industries also had higher rates of unfilled jobs last year, adding to existing labor shortages. According to University of California, Davis research in early 2023, of the 10.3 million open jobs in the US, 377,000 were in construction and 1.6 million in hospitality<sup>2</sup>.

In 2020, the processing of legal immigrant worker visas stopped and only picked up towards the end of 2021. As a result, by the end of 2021 there were close to 2 million fewer working-age immigrants in the United States than there would have been if pre-pandemic immigration had continued unchanged<sup>3</sup>. While legal immigration rebounded somewhat, particularly in the last six months of 2022, major shortages remain, impacting the economy at a time when the labor force is also missing workers from early retirements, ongoing health problems and caregiving challenges. Labor shortages also are contributing to higher prices for some goods and services, as companies raise wages to compete for a smaller pool of workers and to keep existing staff.

The American Farm Bureau Federation, along with 350 other agricultural groups, has requested the Senate to pass an agricultural reform bill, which already was passed by the House, to address the farm labor crisis. Skilled foreign farm workers are the backbone of US agriculture and traditionally are in the US on H-2A seasonal visas<sup>4</sup>. The highest use of these visas ever was in 2022, according to the Farm Bureau. In many states, like Montana, those in the agricultural sector say it's not enough and they still can't find workers. The farm labor crisis is reducing production and contributing to food price inflation. According to the Department of Labor, 317,000 temporary H-2A jobs were certified in 2022, more than six times the number in 2005. However, only 80% of those jobs resulted in a visa<sup>5</sup>.

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<sup>1</sup> U.S. Bureau of Labor Statistics. *Foreign-born workers made up 17.4 percent of labor force in 2019.*, <https://www.bls.gov/opub/ted/2020/foreign-born-workers-made-up-17-point-4-percent-of-labor-force-in-2019.htm>

<sup>2</sup> Yurkevich, V. (2022, December 22). *America needs immigrants to solve its labor shortage* | CNN business. CNN. <https://www.cnn.com/2022/12/22/economy/immigration-jobs/index.html>

<sup>3</sup> Ibid (2022).

<sup>4</sup> Ibid (2022).

<sup>5</sup> *H-2A seasonal worker program has expanded over time.* USDA ERS - Chart Detail. (n.d.). Retrieved February 18, 2023, from <https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=104874>

## ***Our Objectives***

In Montana, farmers, ranchers, and small businesses are struggling due to labor shortages. Profits have fallen for many businesses as they struggle to hire and retain their work force. Immigrants and specifically the Hispanic community are helping to meet labor demands in the agriculture, construction and service sectors. In the last decade, there has been an increase of nearly 200% in the Spanish-speaking population in Gallatin County<sup>6</sup>. People arrive looking to work in the booming construction industry in Bozeman and Big Sky. In 2020 immigrants comprised 2.2% of Montana's population<sup>7</sup> and undocumented immigrants accounted for 12% of this population<sup>8</sup>. Immigrant business owners constituted 1% of the state's self-employed residents and they generated \$28.2 million in small business income.

However, immigrant individuals and families frequently face significant challenges in fully integrating into Montana communities. Simple processes such as obtaining a driver's license or applying for housing without a Social Security Number are denied to many of these families. A study undertaken by South North Nexus and the School of Nursing at Montana State University in 2021 found that immigrant workers play a large and important role in the Gallatin Valley economy and community, as child care providers, food preparation workers, home health care aides, software programmers, and construction and agriculture workers. However, many immigrant workers are excluded from labor and safety protections because these workers are disproportionately employed in positions that are exempt from many labor law protections, such as home health aides or domestic workers or because subcontractors can circumvent rules, for example in construction work. Also, immigrant workers have no recourse when employers create unsafe work environments or do not pay fair and agreed to wages. It is not uncommon for many to work for less than the minimum wage and endure illegal employment practices. Immigrant workers at all education levels tend to earn less than their native-born peers, regardless of their legal status.

Given the challenges outlined above both nationally and in Montana, our aim is to provide supporting evidence regarding the importance of immigrant workers in the Gallatin Valley and in the state, at a time of intense workforce challenges. Specifically, our objectives were to:

- Understand labor fluctuations, shortages and retention issues across different sectors;
- Understand how businesses are or propose to address increasing turnover rates and hiring challenges;
- Quantify the economic contributions of immigrants, disaggregated by sectors;
- Gather endorsements for The Montana Immigrant Compact, a statement that acknowledges the benefits of the immigrant workforce to Montana employers and communities; and

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<sup>6</sup> Schabacker, E., & America, S. W. C. R. for. (2022, April 27). *Montana's growing Hispanic population is struggling to access health care*. Billings Gazette. [https://billingsgazette.com/lifestyles/health-med-fit/montanas-growing-hispanic-population-is-struggling-to-access-health-care/article\\_e02b05d7-5ce6-52b7-96d6-f5dc8834c6af.html](https://billingsgazette.com/lifestyles/health-med-fit/montanas-growing-hispanic-population-is-struggling-to-access-health-care/article_e02b05d7-5ce6-52b7-96d6-f5dc8834c6af.html)

<sup>7</sup> United States Census Bureau, *Montana: Quick Facts*  
<<https://www.census.gov/quickfacts/fact/table/MT,US/PST045221>>

<sup>8</sup> American Immigration Council, *Immigrants in Montana* (August 6, 2020)  
<<https://www.americanimmigrationcouncil.org/research/immigrants-in-montana>>

- Generate evidence to advocate for policies and legislation that promote efficient hiring and retainment of immigrant workers, including removing unnecessary barriers to access safe and legal driving, employment, health, and housing.

We recognize that while our studies are not comprehensive, our findings provide solid information that is essential for making good policy and have the potential to help Montana businesses as well as immigrants. Reliable data can help to inform stakeholders on how immigrants can better fill labor gaps. In Montana there is a lack of data verifying the crucial role of immigrants in the state's workforce. As Montana's, and Gallatin Valley's economies continue to grow, immigrants will continue to be needed to help meet labor demand. Thus, it is essential that there is a solid knowledge base upon which to support the integration of immigrant workers in the state's workforce.

Our objective is to support actions, both policy and legislative, that would provide clear rights and benefits to immigrant workers in Montana, irrespective of status. Verifiable data would allow decision makers to better understand the gaps in programs: for example, the allocation of H2a and H2b visas for Montana, and identify policies and actions that would facilitate the hiring of immigrant workers, including issuing driver's licenses or driver's privilege cards.

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## Methods and Results

Both quantitative and qualitative methods were used to answer our learning objectives. The Montana analysis consisted of two studies: 1) a quantitative analysis that documented the economic contributions of the Hispanic population to Montana and Gallatin Valley’s economies; and 2) a qualitative study, using key informant interviews to assess the difficulty that employers are currently facing, specifically in Gallatin County, as they attempt to cover their labor force needs.

### 1. Quantitative study - Economic Contributions of Immigrants

#### *Methods*

South North Nexus and Bienvenidos a la Gallatin Valley worked with Circle Analytics and Northern Rocky Mountain Economic Development District to measure the direct and indirect economic impacts of the Montana and Gallatin County Hispanic populations. The study drew from several sources to identify the Montana population, the percent Hispanic population, per capita income, personal consumption expenditures, and taxes (including excise, property and income). The following datapoints were used in to undertake the analysis.

1,104,271	Montana Population <sup>9</sup>
47,420	Montana Hispanic Population 4.29%
\$36,020	Montana Per capita income
2.1	Persons per household
1.2%	Sales – excise taxes <sup>10</sup>
3.1%	Property taxes
2.8%	Income taxes
470,230	Montana employed persons

Each of the major personal consumption expenditures were analyzed to determine the gross economic output, the gross state product (amount of benefit retained in the local market), total labor income, total employment benefit, capital income (non-labor benefits) and indirect business taxes.

#### *Results*

In the construction and service industries, agriculture, and high-tech businesses, immigrants are an important part of the labor force as labor demand evolves. Labor gaps in Montana are increasing due to several disruptions, including the COVID-19 pandemic a, labor shortages as a result of people leaving the state due to housing shortages and cost of living increases, supply chain disruptions and the state of the national economy. Immigrants are playing a crucial role in creating a dynamic and more prosperous economy for all in Montana. Increasingly they provide essential labor for businesses as they struggle to meet their employment demand. In the construction and service industries, agriculture, and high-tech businesses, immigrants are an important part of the work force as labor demand evolves in Montana.

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<sup>9</sup>Population and per capita data are derived from the American Community Survey for the State of Montana.

<sup>10</sup> Institute on Taxation and Economic Policy <https://itep.org/whopays/>.

Immigrants increasingly provide essential labor for businesses as they struggle to meet their employment needs. In 2020 immigrants comprised 2.2% of Montana’s population<sup>11</sup> and undocumented immigrants accounted for 12% of this population<sup>12</sup>. Immigrant business owners constituted 1% of the state’s self-employed residents and they generated \$28.2 million in business income. Immigrant-led households in Montana paid \$139 million in federal taxes<sup>13</sup>. They also held \$628.9 million in spending power in 2019<sup>14</sup>. They contribute economically, more than \$2.6 billion to the state’s economy in 2022. This number would most likely increase if people were able to work in a more open and transparent way.

A summary of the findings include:

### Summary of Important Numbers: Hispanic Contributions in Montana - 2022

<p><b>Montana Hispanic Population</b> 47,420 Hispanic Population</p> <p><b>Economic benefits provided Hispanics</b> \$2.6 Billion - Total \$ in economic benefits</p> <p><b>Working in a number of Sectors</b> 73,895 - Number of jobs directly and indirectly benefited by Hispanics</p> <p><b>Hispanics Paying Taxes</b> \$139 million- Tax contributions</p>	<p><b>Hispanic Population in Gallatin Valley</b> 5,522 Hispanic Population</p> <p><b>Economic benefits provided by Hispanic</b> \$306.7 Million - Total \$ in economic benefits</p> <p><b>Working in a Number of Sectors</b> 8,411 - Number of jobs directly and indirectly benefited Hispanics</p> <p><b>Hispanics Paying Taxes</b> \$16.3 Million- Tax contributions</p>
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Important details are in the next table and are presented in Annex A.

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<sup>11</sup> United States Census Bureau, *Montana: Quick Facts*

<https://www.census.gov/quickfacts/fact/table/MT,US/PST045221>

<sup>12</sup> American Immigration Council, *Immigrants in Montana* (August 6, 2020)

<<https://www.americanimmigrationcouncil.org/research/immigrants-in-montana>>

<sup>13</sup> *ibid.*

<sup>14</sup> n210.

## 2022 Montana Hispanic Benefit Analysis

### Gross Economic Output

The aggregated market value of goods and services produced by firms and government enterprises in the economy. It is essentially equal to the revenue collected by businesses (including indirect taxes).

Target Industry	Frequency	Direct Impact <sup>15</sup>	Indirect Induced Impact	Total Impact
Financial Services and Insurance	On Going	\$116,930,244	\$51,979,594	\$168,909,838
Other Miscellaneous Services	On Going	\$111,227,965	\$49,444,731	\$160,672,696
Motor vehicles and parts	On Going	\$105,357,973	\$49,108,363	\$154,466,336
Clothing and clothing accessories	On Going	\$43,102,514	\$19,547,312	\$62,649,826
Recreational goods	On Going	\$81,274,234	\$54,917,811	\$136,192,045
Food and beverage stores	On Going	\$147,051,689	\$78,365,691	\$225,417,380
Food services and accommodations	On Going	\$122,230,008	\$60,860,763	\$183,090,771
Furniture and home furnishings stores	On Going	\$59,068,892	\$29,161,241	\$88,230,133
Gasoline stations	On Going	\$51,387,588	\$21,900,702	\$73,288,290
Home health care services	On Going	\$306,983,818	\$160,091,288	\$467,075,106
Other Miscellaneous Goods	On Going	\$27,874,077	\$15,069,887	\$42,943,964
Miscellaneous store retailers	On Going	\$129,676,512	\$70,108,525	\$199,785,037
Amusement, gambling, and recreation	On Going	\$61,685,232	\$31,883,770	\$93,569,002
Housing and Utilities	On Going	\$285,482,875	\$220,136,376	\$505,619,251
Transportation	On Going	\$58,666,379	\$26,277,443	\$84,943,822
<b>Totals:</b>		\$1,708,000,000	\$938,853,497	\$2,646,853,497

<sup>15</sup> Personal Consumption Expenditure ratios are derived from the US Dept of Commerce, BEA. Personal consumption expenses are defined as being equal to **personal income** minus individual taxes.



## 2. Qualitative Study – Labor Challenges in Gallatin Valley

### **Methods**

The qualitative study assessed the difficulty that employers are currently facing, specifically in Gallatin County, as they attempt to cover their labor force needs. The study was conducted by South North Nexus in collaboration with Bienvenidos a Gallatin Valley in late 2022. Using a discussion approach, 20 business representatives were interviewed across five different business sectors. The different sectors included Food, Banking/Financial institutions, Services, Health Care, Agriculture, and other small businesses such as handyman businesses.

An interview guide was developed to facilitate a discussion with Key Informants, covering issues related to hiring, retention, changes in application processes, changes in benefits and business culture problems. Interviewees were also asked if there were any changes in their business models and profits during the last two years. Finally, informants were asked for solutions to address the growing unemployment issues in Gallatin Valley, and whether and how immigrants can better support their business.

Interviewees gave their permission to talk and some agreed to be recorded for better accuracy in data gathering. All were assured that their names would not be used when presenting the results. At the end of the interview, informants were asked if they would be willing to endorse the Immigrant Compact. See Annex B. All interviews were transcribed through Happy Scribe and compiled in Google Docs.

### **Results**

The key informant interviews provided valuable information on the challenges businesses in the Gallatin Valley are facing, reasons for labor shortages and current changes that they are now required to undertake. Numerous local businesses also shared how it has become harder to compete with corporations that offer more than the standard minimum wage.

***“Businesses in town are now competing for the same people who are just moving around asking for higher wages.”***

In addition, the key informant interviews were critical to understanding the roles that immigrants do and could play in improving the workforce of the county. Discussions with informants explored not only how different businesses were affected by the pandemic, but also how there are generational gaps in the labor force and that younger generations have higher turnover rates, wanting different types of benefits, more flexibility in their schedules and flexibility where they work. The following section provides a summary of findings by sector.

**Food Sector:** Gallatin Valley faces a continuous increase in labor costs including wages and restaurants are forced to compete with other businesses that offer above minimum wage. Profit margins are tight and so owners must rely on increasing the number of customers they serve. As the majority of restaurants employees in Bozeman are college students, it is difficult maintain a steady retention rate. One restaurant owner mentioned that because college students mostly make up their workforce, these part time workers feel they have less obligations. It was mentioned a number of times that high school and college students

have inconsistent work ethics, giving low priority to work commitments. For example, younger employees ask for time off more frequently and at the last minute, obliging restaurant owners to immediately change their employee rotations.

***“Our bank now must compete with Taco Bell.”***

Turnover rates have increased due to the COVID-19 pandemic, making it difficult for restaurant owners to continue operating with a full staff. Owners are rethinking marketing strategies and employee benefits to attract new employees. The pandemic changed the work culture for both younger and older demographics.

Another issue that was raised by restaurant owners is the difficulty in affordable housing for their entry-level workforce. Although the number of people coming to Bozeman increases every year, helping maintain a heavy volume of customers for restaurants, many employees must work three or four jobs just to pay rent.

**Financial Sector:** Banks comply with federal and state regulations, not allowing much room to adjust staff benefits. They are not able to change services, hours and open days for example, to match employee preferences or shortages. For some positions they cannot pay higher wages. A teller’s wage is now increasing, getting closer to the \$23 wage that McDonalds pays. For some it still is around \$18 per hour, up from \$15 per hour a year ago, about a 12% increase over the last year.

Fewer people are entering the Bozeman workforce. A major concern is that the applicant pool is not increasing, even though Bozeman has a growing population. Many newcomers have remote jobs or are retired and require services. Thus, the sentiment is that they are only increasing demand for services. The result is that businesses are “stealing” from their competitors with employees moving from one business to another, depending on who is paying the most.

***“It is a simple labor market problem.”***

Employees that struggle to live in Bozeman are deciding to leave the area and move to higher paying jobs. Hiring comes down to wages and if a company can offer places to live, for example the construction industry,

they get the workers. While wages are important, housing is the major issue as it has increased the cost of living in Bozeman and the valley. One key informant said that 30% of gross income is considered an appropriate rent. Some people only make enough to cover \$1000 per month, so they cannot rent. People are willing to accept lower wages to live in Bozeman as they are attracted to the quality of life, but it makes it very hard to attract good people. One manager noted a situation where an analyst took the job offered but could only afford to live in Livingston so he is now looking for a job there.

A solution that the banking industry is considering is advocating/lobbying for changes in employee-based regulations while maintaining equitable salaries for all employees. They can’t offer a higher salary to a new employee if someone has been working there for 3 years is paid less. Also, they are trying to absorb small costs internally as they cannot pass them on to the customer – it is not part of their business model. Another possible solution is to see how technology can support more remote working.

**Agriculture:** Farmers are facing a number of issues due to high input costs, labor issues and lack of generational transitioning. Mental health is a major concern. It was mentioned that even in the best of times, farming can be an incredibly high-stress occupation. The rural suicide rate is about 45% higher than the urban suicide rate in the state. Thus, their programs have a strong focus on youth and giving them the skills needed to manage farms.

***“This has led me to reevaluate the size of my operation. I plan on moving forward and reduce by half the size under operation.”***

Another ranch owner said that a major issue was not only hiring but retention of workers, especially if you are far from a town. Also, low profit margins are an issue. Diversifying crops is very important these days due to erratic rainfall, however profits can be lower. For example, vegetable farming is not a very high-paying profession and people can make more money working at a gas station. The lack of reliable employees has led to more weeds, lower yields, and less ability to try new techniques.

The major reason for the reduction is to have a more manageable operation, given the uncertainty of employees and climate. For another rancher the lack of employees has resulted in putting on hold any expansion plans, as he suffered over a \$10,000 net loss in 2022. Crops were left unharvested, crops uncovered when it was cold, bug protection covers not used, more weeds, and much more stress.

**Health Care and Other Services:** With the increasing number of people moving to and tourists visiting Gallatin Valley, the demand for services continues to grow. However, skilled worker hiring is not keeping up with the growth. Even before the pandemic, housing issues and the cost of living created challenges in hiring, especially for more technical positions. It is stressful for managers as they are continually in the hiring mode. In the past there was about 40% in annual turnover at one downtown business and now it is 100% for entry-level workers, for example cashiers.

At the professional level there tends to be less turn over. However, one facility, which has 200 employees, said that in the last 4 weeks they have lost 15 employees. They are competing with the restaurant businesses in town, especially in the summer when there is intense competition for employees. They now pay \$18 per hour but that is not considered enough. In 2015 they were paying \$15 per hour and they were one of the higher payers in Bozeman.

One manager stated that their sales are growing but the problem is the debt load and the entry of big chains into the area. Because profit margins are so tight (about a 2-3% profit margin) they have a hard time increasing employees' wages. One business said that they lost money in 2021 due to staff costs, inflation and the debt load, in that order.


For many businesses in Bozeman, their main issue is trying to maintain the required number of employees. As a result, they have to increase prices so that they can pay workers more. They also have lowered their standards for hiring, as they cannot always find highly-skilled workers. They rely more on students but some don't manage their time well; they start and then are not available after a few weeks. Some are paying more to keep staff; however, that affects their competitiveness. One store was paying \$13 an hour and now pays \$17 per hour for the first 6-month period. Thus, their overheads have gone up due to labor costs and their profit margin has decreased by about 2%. Shipping costs are part of the problem, but staff

costs are the most important factor related to decreased earnings. Cost of living and rent in Bozeman are the biggest reasons why people are leaving according to the most Key Informants in the health sector. Students are not as pressured by rent costs as they have more options.

The cost and time from initial job offering to the point where an individual is productive with the business has increased substantially. This can take several weeks and thousands of dollars. If prices increase to compensate for this cost, demand falls and again profits are affected.

**Construction:** Workers are in short supply three years into the pandemic. While there is a job market rebound, it is still not getting any easier to hire people. Part of the reason is that the labor force in the valley is getting much older; and for baby boomers construction work is much harder on the body than other types of jobs.

Also, there is intense competition between the various construction companies, forcing them to pay



***“Despite paying high wages, the labor market continues to tighten so hiring will probably not get any easier.”***

higher wages and offer more benefits. Companies are trying to entice younger workers to work for them but it really is not easy. The overall cost of living, plus housing leaves them short staffed. To date construction companies generally have not suffered losses, but they are concerned about this spring and summer when workloads increase. One company will need 10-15% more workers to complete the projects that they have in the pipeline for the upcoming spring/summer.

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## Going Forward

Labor issues in Gallatin Valley are primarily due to two factors: housing shortages and increases in the cost of living. To compete with other businesses in town, independently owned businesses have had to adjust their salaries, increase their sales and reduce some services. For example, one restaurant owner has raised prices by 15% over the last five years. There also are more technologically innovative ways that companies have started to hire employees. Some owners have begun to utilize online hiring platforms.

A major strategy introduced to meet labor shortages is to change the work culture. Businesses are now offering more employee benefits such as health insurance to attract more skilled workers and increase stability in their labor force. However, one restaurant owner mentioned that providing health insurance was not a huge incentive, as most of their staff are college students who were typically covered under their parents' health insurance plans. So, the question they are grappling with is: would staff prefer less health care contributions or more cash to pay for items like food and housing.

Businesses also are focusing more on "lifestyle" including more reasonable shifts, improved working conditions like natural lighting, and providing healthy foods. They also are concentrating more on "professional development" and instilling a sense of purpose in the workplace. Some companies now emphasize that they are purpose driven, supporting goals such as sustainability, reducing waste and providing healthy local foods, important to younger workers. This strategy, with strong messaging, helps to retain staff and develop loyalty. One manager stressed the importance of investing in staff. Mentoring brings access to opportunities and coaching helps to make people successful.

A number of businesses have introduced cost cutting measures to address employee shortages and wage increases: they take smaller profit margins and zero compensation; pay workers under the table, and increase the prices of goods and services. Paying people under the table was necessary to grow and stay competitive at the same time. Some hire subcontractors or manage the job with extended deadlines.

One business leader in Bozeman concluded: ***"The most pressing and agreed upon issue contributing to labor shortages in the Gallatin Valley across all sectors is the lack of affordable housing. The longer this issue persists and the farther from downtown you go, the greater the distinction between the haves and the have nots."***

### ***Recommended Solutions***

Almost all Key Informants said that hiring immigrants would be a positive solution if they could hire people legally, deal with language issues and ensure that they were trained to connect with the culture of the team. It also was mentioned that more immigrants entering the labor force would be beneficial to address labor shortages and introduce stability in the workforce, as the majority tend to stay longer in jobs and are considered productive workers. The following actions could be implemented immediately and facilitate hiring immigrants, as they are known, effective solutions to deal with labor force issues:

**Support for Language Services:** Language barriers are seen as a big obstacle, although it was thought that current Spanish-speaking employees in dining services and housekeeping could help manage bilingual

communication. One concern is the lack of experience or skills in the more technical areas, especially the financial sector. A possibility is to involve local governments or other organizations to help with translation, teaching English, and training other employees to minimize costs and avoid the duplication of efforts.

**Grant More Visas to Montana.** At Big Sky and the rest of Gallatin Valley the majority of immigrants are in construction (men) and cleaning (women). A very high percentage are undocumented. The main obstacle to hiring immigrants is their status as non-citizens and the difficulty and long waits to obtain or extend visas. Big Sky depends on foreign workers and has experience with H2B visas (Department of Labor) and J1 cultural exchange visas for students (Department of State). The problem with the J1 visas is that they are valid only for 4 months, and they were shut off during the pandemic. Processes are only slowly restarting.


There are only 60,000 H2B visas for the whole US and they have excessive fees which businesses have to pay as well as plane tickets and housing. The Montage Resort in Big Sky has only 50 H2B workers. The construction of the One and Only Hotel at Moon Light will require even more workers. Our legislators need to lobby for more visas for Montana.

**More Incentives for Affordable Housing.** More needs to be done to develop affordable housing in Gallatin Valley. A second home tax was cited as a feasible option. Also, expanding the Bozeman Community Housing Fund, which was cited as an important mechanism to leverage affordable home development and availability in Bozeman. The Community Housing Fund reimburses some impact fees for developers constructing affordable homes.

A Housing Trust has been established in Big Sky but it is not clear who will apply and qualify for assistance. Incentives are not sufficient for low-income people or immigrants to live in Big Sky. More than 70% of the workforce commutes each day to the area.

**Immigration Compact:** It is not enough to acknowledge the contribution of immigrants in the economy and labor force in the state. To better integrate immigrants in Montana, immigration processing, language and cultural barriers must be removed. The proposed Montana Immigrant Compact can play an important role in promoting the integration of immigrants in Montana. A similar process has been successful in 9 states, including Utah and Florida. See Annex B.

**Driver's License:** There should be more pathways and better opportunities for immigrants to access a driver's license or a driver's privilege card. We know from studies in other states, such as Utah, that when non-citizens are given the opportunity to obtain a legal way to drive, road safety improves for all. Requirements for getting a driver's privilege card, including learning the rules of the road, increase safety and opportunities for all.



***“It cannot be forgotten that seeking asylum is legal. Simply trying to reduce the numbers at the border should not be the only goal. There should be a dignified humanitarian solution for all.”***

***- Pastor***

## Annex A – Economic Benefits

Are taxes and fees that are not based in the businesses' income. For the most part they represent sales taxes levied by the State and the county, but also include property taxes levied against businesses as well as fees imposed by federal, state and local governments.\*

Target Industry	Frequency	Initial Purchase	Total Impact
Financial Services and Insurance	On Going	\$116,930,244	\$3,523,603
Other Miscellaneous Services	On Going	\$111,227,965	\$3,351,769
Motor vehicles and parts	On Going	\$105,357,973	\$10,103,946
Clothing and clothing accessories	On Going	\$43,102,514	\$7,093,247
Recreational goods	On Going	\$81,274,234	\$7,896,481
Food and beverage stores	On Going	\$147,051,689	\$20,104,546
Food services and accommodations	On Going	\$122,230,008	\$9,087,194
Furniture and home furnishings stores	On Going	\$59,068,892	\$9,891,363
Gasoline stations	On Going	\$51,387,588	\$8,311,693
Home health care services	On Going	\$306,983,818	\$10,987,951
Other Miscellaneous Goods	On Going	\$27,874,077	\$4,744,457
Miscellaneous store retailers	On Going	\$129,676,512	\$22,072,287
Amusement, gambling, and recreation industries	On Going	\$61,685,232	\$6,349,094
Housing and Utilities	On Going	\$285,482,875	\$13,550,437
Transportation	On Going	\$58,666,379	\$2,647,354
<b>Totals:</b>		\$1,708,000,000	\$139,715,421

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## Annex B – Montana Immigration Compact

South North Nexus and Bienvenidos a Gallatin Valley are seeking support for a Montana Immigration Compact. This is a statement that acknowledges the benefits of the immigrant workforce to Montana employers and communities. It would also serve as a guideline to encourage regulatory and legislature bodies to consider measures that would remove unnecessary barriers to accessing safe and legal driving, employment, health, education and housing. A similar process has been successful in 9 states, including Utah and Florida.

We are asking Montana employers, civic and business leaders, and organizations to sign the Montana Immigration Compact to signal their support for securing the rights of immigrant workers in Montana. And a number of business and individuals have already endorsed the compact. Our goal is to develop support for actions that would remove unnecessary obstacles for workers and provide clear rights and benefits for immigrants in Montana, irrespective of status.

### ***THE MONTANA IMMIGRATION COMPACT***

An Immigration Compact is a first step for Montana as it moves forward to adopt immigration policies that support economies and communities. Following states like Utah, Colorado, Michigan, Florida, Maine, Iowa, Ohio, an Immigration Compact would help guide state-level discussions and actions.

We, the signers of the Montana Immigration Compact, are committed to pragmatic immigration policies that strengthen our economy and attract talent and business to our state. We recognize the role that immigrants play in driving economic growth and the need to find solutions for undocumented Montanans who make a vital contribution to our state's economy. The Montana Immigration Compact is a bipartisan effort agreed to by Montana leaders, supporting advocacy for federal and local reforms that meet the needs of our labor markets and communities.

The Montana Immigration Compact contains the following six principles:

**Federal Responsibility:** Immigration policy is a federal issue between the US government and other countries. We urge Montana's congressional delegation and other leaders to support immigration reforms that improve our nation's immigration system, protect our borders, help meet labor demands and facilitate trade. We urge state leaders to adopt reasonable actions that address immigration issues in Montana.

**Strengthening our Economy and Workforce:** Montana is best served by a system that maximizes individual freedoms and opportunities. For the state's economy to grow and compete, Montana needs a robust workforce, with actions that prioritize, attract, and retain talent. Montana acknowledges the economic contributions that immigrants make to our state as workers and taxpayers. Our immigration system must be flexible enough to address the needs of businesses while protecting the interests of



workers. This includes a visa system that is both responsive to and effective at meeting the demands of Montana's economy and the industries that drive growth in our state.

**Common-sense Approach:** Across Montana immigrants are important members of our communities. A common-sense approach is what Montana seeks; one that reflects our values and recognizes the critical role immigration has played in the history, culture, and economy of both our state and nation. We must provide a sensible path forward for immigrants who are here without legal status. We welcome all who are of good character, pay taxes, and are committed to becoming fully participating members of our society and culture.

**Strong Families:** Strong families are critical to developing successful individuals and cohesive communities. Our immigration policies, where possible, should prioritize keeping families together to ensure the most supportive home environments for all in our state. Montana champions policies that support families and improve the health, education, and well-being of all children across our state.

**Competitive Communities:** Communities that grow and attract talent are the ones that are welcoming to all. And Montana is welcoming; however, we need additional programs to help all residents acquire the tools and opportunities they need to succeed.

**Effective Enforcement:** Montana supports a law enforcement strategy that focuses on public safety, targets serious crime, and safeguards witnesses and victims. Ideally, the focus of local law enforcement is on criminal activities, not civil violations of the federal code. Reforms should provide the stability that allows immigrants to fully integrate into their communities. A broader reform effort would eventually include ways to reliably ensure a stable workforce for a growing economy.

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