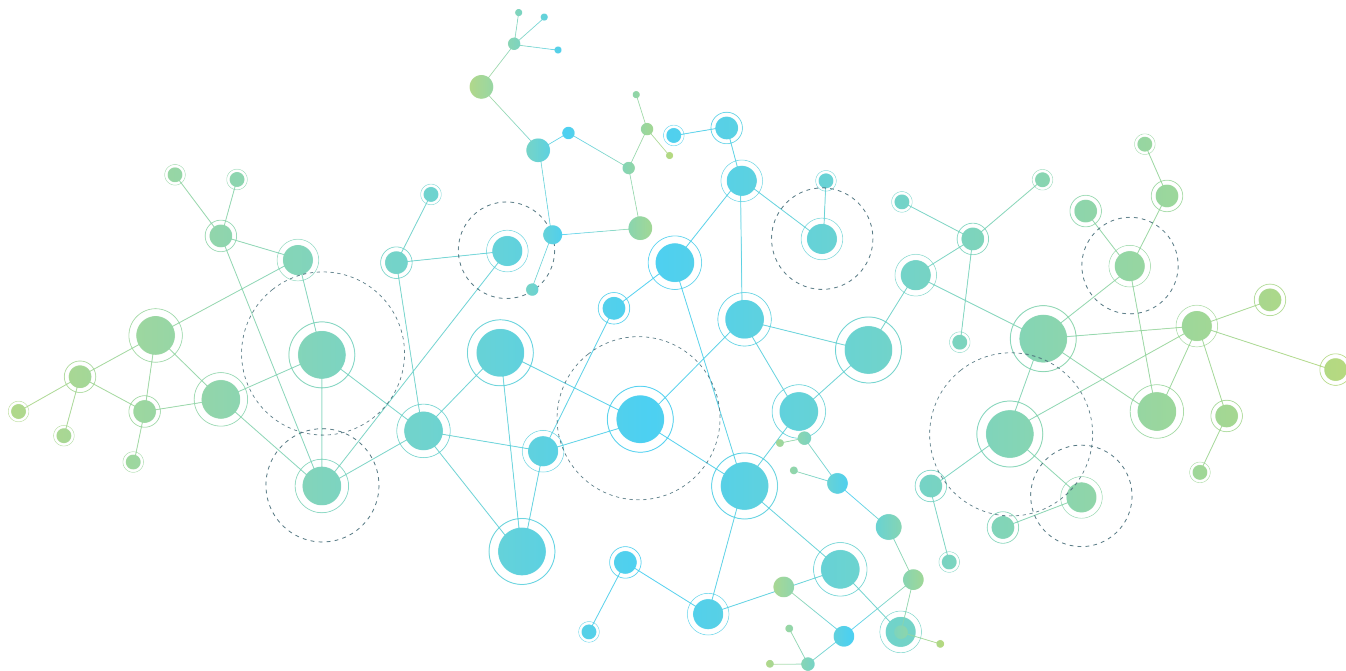




Montana Nonprofit Association



Potential Impacts of Federal Cuts to Montanans & Montana's Economy

MARCH 2025

Introduction

Federal funding is a cornerstone of Montana’s economy, contributing over \$14.1 billion in obligated funds in FY 2024 to state and local governments, utilities, businesses, schools, and individuals.¹ Federal grants account for 43% of the state government’s total annual revenue (\$4.32 billion) – a larger share than the national average.² For every dollar Montana contributes in federal taxes, the state receives \$1.40 in return,³ supporting essential services such as education, housing, healthcare, highways, and infrastructure. Local governments depend on federal funding and federal “pass-through” grants to states for critical projects, including roads, airports, and disaster response. Additionally, nonprofits provide essential services and programs to communities through grants and contracts with the federal government. Reductions in federal funding could strain state and local budgets, jeopardize jobs, and disrupt vital public services that communities rely on.⁴

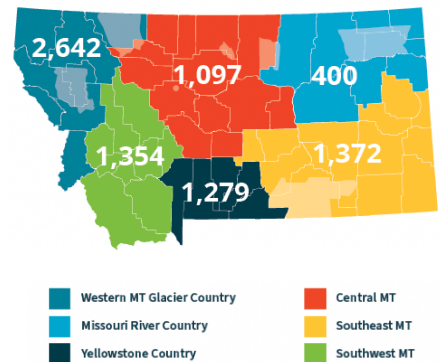
This report examines the potential effects of federal funding and employment cuts, focusing on impacts to Montana’s nonprofit sector, workforce, and overall economic stability.

Impacts to Montana’s Nonprofit Sector

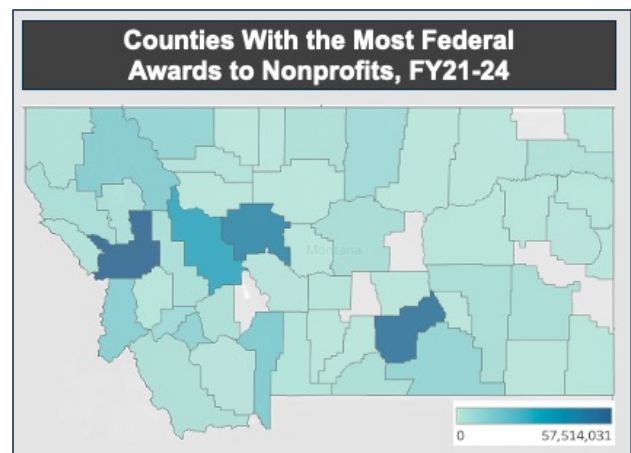
Montana’s nonprofit sector is the state’s third largest employer, accounting for 11.8% of jobs (60,181) and over \$3.6 billion in annual wages.⁵ The nonprofit sector makes up an even greater share of the economy in many rural counties. In Deer Lodge County, one in five jobs is in the nonprofit sector, while in Valley County, nonprofits account for 23% of total annual wages.⁶

Government funding plays a crucial role in strengthening Montana’s communities through partnerships with nonprofits. Of the 667 Montana nonprofits that receive local, state, and/or federal government grants, 64% would be financially at risk if they lost their government funds.⁷ Cuts to federal funding would disproportionately impact nonprofits in rural communities,⁸ with nonprofits in Dawson, Pondera, and Hill counties facing the largest budget shortfalls.⁹

Montana Nonprofits



Source: Montana Nonprofit Association. (2025). *Montana nonprofit economic impact report.*



Montana nonprofits have received an average of \$134.4 million/year in new obligated federal contracts, grants, awards, and loans over the last four fiscal years.¹⁰ More than half of this funding comes from six federal sub-agencies: the Forest Service, Environmental Protection Agency, Agricultural Marketing Service, Small Business Administration, Substance Abuse and Mental Health Services Administration, and Administration for Children and Families.¹¹

Federal funding is irreplaceable at scale. Nationally, nonprofits receive more than \$300 billion annually from government funding (local, state, and federal). If this funding were eliminated, private foundations would need to increase their grantmaking by 282% to close the gap – an unlikely scenario.¹² Moreover, philanthropy often overlooks rural and Tribal communities. Despite being home to 15-20% of the U.S. population, rural counties receive only 3% of annual philanthropic dollars,¹³ while less than 0.5% of foundation funding supports Native American communities and causes.¹⁴ Without federal support, the nonprofit services and programs these communities rely on would face cuts.

TOP 10 COUNTIES BY TOTAL FEDERAL AWARDS TO NONPROFITS, FY21-24

County	Total Obligations	Per Capita
1. Missoula	\$57,514,031	\$488
2. Yellowstone	\$52,272,524	\$317
3. Cascade	\$44,335,379	\$525
4. Lewis & Clark	\$30,815,871	\$434
5. Gallatin	\$14,232,391	\$120
6. Flathead	\$13,244,866	\$127
7. Ravalli	\$12,262,776	\$278
8. Silver Bow	\$10,343,064	\$294
9. Glacier	\$9,214,681	\$669
10. Big Horn	\$8,989,403	\$685

Source: U.S. Department of the Treasury. (2025). *USAspending.gov*. Bureau of the Fiscal Service, Washington, D.C.

Impacts to Montana’s Workforce & Economy

Federal employment is a critical part of Montana’s workforce, employing 13,279 Montanans and contributing over \$1.6 billion in earnings. The majority (62%) of Montana’s federal employees work in rural areas where job losses would have deep and lasting consequences. An additional 7,531 Montanans are employed by the military.¹⁵

- Job cuts to federal employment create cascading economic impacts. A reduced federal workforce leads to lower household spending, impacting local businesses such as restaurants, grocery stores, childcare providers, and service industries.

- Job losses have long-term consequences. Ten years after job loss, workers tend to earn about 25% less compared to non-displaced peers.¹⁶

Montana’s local governments collectively receive an average of \$361.3 million annually in federal contracts, grants, loans, and direct payments. The majority of this funding comes from the Department of Transportation, Department of the Treasury, Department of Education, and Department of Housing and Urban Development.¹⁷

Federal funding is particularly important for local governments in Montana with large amounts of public land. Montana’s county governments receive \$43.3 million annually from Payments in Lieu of Taxes (PILT) to compensate for untaxable federal lands.¹⁸ In 2024, the counties receiving the highest PILT payments were Flathead County (\$3.8 million), Ravalli County (\$3.3 million), Lewis & Clark County (\$3.2 million), Missoula County (\$2.8 million), Gallatin County (\$2.3 million), and Park County (\$2.0 million). Reductions in federal payments to local governments, such as PILT payments, without replacement revenue would destabilize local budgets and erode essential government services.

Montana’s 27.5 million acres of federal public lands are vital economic drivers, particularly for rural communities.¹⁹ In the Western U.S., rural counties with more federal land outperform their peers in population growth, employment, and income.²⁰ Montana’s outdoor recreation economy generates \$7.1 billion in consumer spending, contributes \$286 million in state and local taxes, and supports 71,000 jobs.²¹

Budget cuts to federal land management agencies – such as the Forest Service, Bureau of Land Management, and the National Park Service – could reduce services, limit operational hours, and trigger substantial economic losses. In Montana, gateway communities such as Gardiner, Red Lodge, and Columbia Falls, which rely heavily on public lands and tourism, would be hit hardest.

Montana Counties Most Reliant on Federal Earnings by % Share

County	Federal Earnings	Share of Total Earnings
1. Prairie	\$6,047,169	21.1%
2. Big Horn	\$62,040,477	19.1%
3. Blaine	\$20,710,695	15.2%
4. Glacier	\$53,021,253	15.0%
5. Lincoln	\$53,807,208	12.1%
6. Toole	\$25,714,782	11.5%
7. Sheridan	\$8,770,425	9.0%
8. Rosebud	\$25,038,132	7.9%
9. Lewis & Clark	\$263,072,151	7.9%
10. Phillips	\$7,437,945	7.5%

Source: U.S. Department of Commerce. (2022). Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C.

Federal funding helps stabilize Montana’s agriculture sector, buffering it from price fluctuations, trade disruptions, and disasters. Montana’s 24,366 farms and ranches generate over \$4.5 billion in sales annually and receive more than \$575.3 million annually from government payments.²² Federal funds provide stability through commodity programs (direct payments and loans), crop insurance, disaster relief, and conservation incentives.

Montana Counties with the Most Federal Payments to Farms

County	Federal Payments to Farms	County	Federal Payments to Farms
1. Valley	\$36,313,203	6. McCone	\$23,975,271
2. Sheridan	\$27,758,265	7. Chouteau	\$23,559,912
3. Fergus	\$26,082,255	8. Blaine	\$23,251,776
4. Roosevelt	\$24,862,203	9. Hill	\$22,555,347
5. Phillips	\$24,263,628	10. Dawson	\$18,914,970

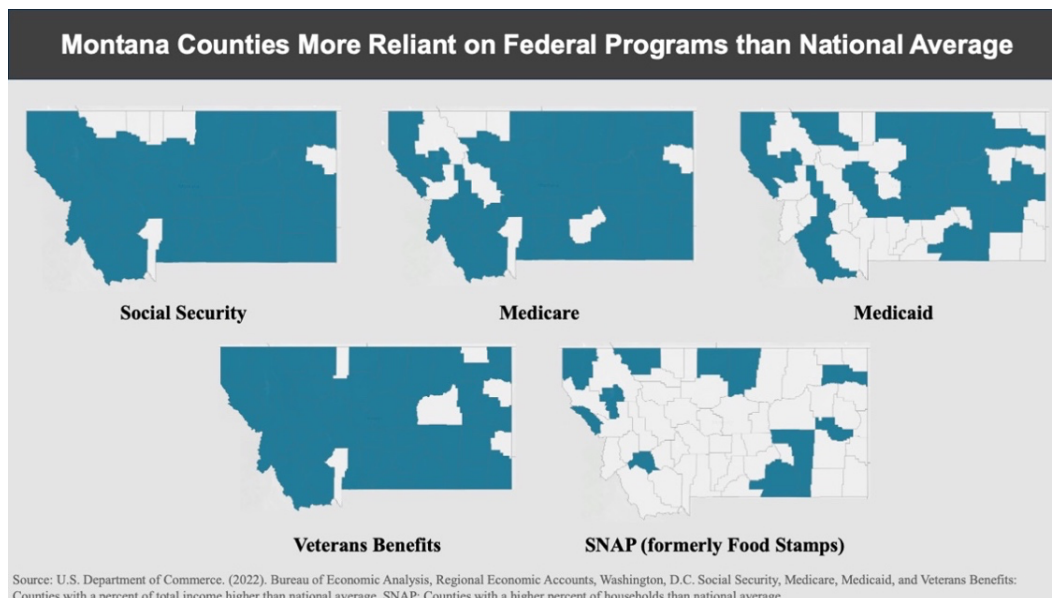
Source: U.S. Department of Commerce. (2022). Bureau of Economic Analysis, Regional Economic Accounts, Washington, D.C.

Impacts on Individual Montanans

Montanans rely on federal funding for essential services that support daily life, from healthcare and housing to education and infrastructure. Cuts to federal programs could reduce access to Social Security, Medicare, Medicaid, veterans benefits, and food assistance, disproportionately affecting rural and low-income communities. Investments in disaster response, rural fire departments, and infrastructure—such as roads, bridges, and broadband—are also at risk, potentially increasing long-term costs for communities. As a state more reliant on federal funding than most, Montana faces outsized risks if federal budgets are cut.

- The federal government has a legal obligation to provide services to Tribal nations under guaranteed treaty rights. From 2003 to 2009, federal funding for services, such as public safety, healthcare, and education made up over 58% of revenue (an average of \$553.6 million per year) to Tribal governments in Montana.**²³ Over the same time period, tribal government spending contributed nearly \$1 billion per year to Montana’s economy, supporting job creation, schools and Tribal colleges, healthcare, resource management, and business development on Tribal lands.²⁴ Native Americans also serve in the military at rates five times the national average, making them particularly affected by reductions in veterans’ services and healthcare services.²⁵

- **Social Security:** In 2023, the federal government sent \$443.8 million/month in Social Security benefits to Montanans.²⁶ 89% of Montana counties are more reliant on Social Security benefits (as a percent of personal income) than the national average.²⁷ A total of 156,515 Montana households receive Social Security, and 17,187 households receive Supplemental Security Income.²⁸
- **Medicare:** In 2021, Montana received \$1.6 billion in Medicare payments.²⁹ 86% of Montana counties are more reliant on Medicare (as a percent of personal income) than the national average. Medicare is the federal health insurance program for people age 65 or older. More than 262,000 Montana residents are enrolled in Medicare.³⁰
- **Medicaid:** Montana received \$1.89 billion in Medicaid funding from the federal government in FY 2023, approximately 80% of the program’s total cost to the state.³¹ 52% of Montana counties are more reliant on Medicaid (as a percent of personal income) than the national average. Medicaid is a joint federal-state program that covers medical costs for limited-income individuals. As of December 2024, more than 214,00 Montanans are enrolled in Medicaid and Montana’s Children’s Health Insurance Program.³²
- **Veterans Benefits:** 89% of Montana counties are more reliant on veterans benefits (as a percent of personal income) than the national average. Lincoln County (3.4% of total income) and Sanders County (3.3%) have the highest rates.³³
- **Food Assistance:** Montanans received \$169.5 million in SNAP benefits (formerly known as Food Stamps) in 2024.³⁴ 37,655 Montana households receive SNAP benefits³⁵ and 13,400 Montana mothers, infants, and children receive nutrition assistance from the Women, Infants, and Children (WIC) program.³⁶ Budget cuts to either program could reduce access to services that provide critical support for food security.



Acknowledgments

This report was produced for Montana Nonprofit Association by Dr. Kristin Smith, Kelly Pohl, and Tara Preston of Headwaters Economics. Headwaters Economics is an independent, nonprofit research group whose mission is to improve community development and land management decisions. <https://headwaterseconomics.org/>

For more information, please contact Montana Nonprofit Association: <https://mtnonprofit.org/>.

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