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Director: Dore Schwinden

WOOD PRODUCTS REVOLVING LOAN FUND

Report on Outcome Measures as Required by

MCA 90-1-503

Economic Affairs Interim Committee
September 11, 2012

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Executive Summary

The 2009 Montana Legislature approved HB669 which created the "*Montana Distressed Wood Products Industry Recovery and Stabilization Program*" – now referred to as the *Wood Products Revolving Loan Fund* (Wood Products RLF).

Section 1 of HB669 conveys the legislative intent of the bill by stating the following:

> ***"Due to the current, well-documented decline in the wood products industry in Montana, the legislature finds that there is a need to assist the Montana wood products industry as a whole through a revolving loan program."***

The passage of HB645 provided the majority of the funding used to capitalize the Wood Products RLF. The three sources of funding used to create the revolving loan fund included:

Wood Products RLF Capitalization Sources

$7.5 million	State General Fund, via HB645
$2.7 million	Economic Development Administration (EDA)
$1.5 million*	Community Development Block Grant - American Recovery and Reinvestment Act (CDBG-R)
$11.7 million	**Total Funding**

*Rounded figure. Actual allocated funding equals $1,495,199

In June of 2009, the MDOC developed the application guidelines for administering and began implementing the program. By March of 2010, 99.7% ($11,265,466) of the original source funding was allocated to 20 private companies active in Montana's wood products industry through loans and 18 wood products companies had their Smurfit-Stone outstanding accounts receivables purchased.

As required by MCA 90-1-503, the recipient companies are required to submit regular reports on employment, profit/loss summaries, total sales, and assets to the Montana Department of Commerce (MDOC). This report fulfills the reporting requirements set forth by MCA 90-1-503 through analysis of company employment and confidential financial records, economic modeling software, and Montana Department of Revenue assessed market and taxable value of property records.

> ***"we probably wouldn't be in business today if it were not for the CDBG [Wood Products RLF] loan"***
>
> - **Smith Logging, Inc.**

As of June 30, 2012, 17 of the original 20 companies that received Wood Products RLF loans were still submitting regular employment and financial reports to the MDOC and were in good standing with their loans. The other three companies were no longer participating in the program[1].

[1] One company was destroyed by a fire and was unable to submit any employment or financial information; one company closed in November of 2010; and one company paid its loan in full in May of 2011 releasing them of their reporting obligations to the MDOC.

Program Successes Highlights

Leverage of Private Funds –

The companies that received Wood Products RLF loans were able to leverage over $21 million from private funding, to the $11.3 million in loans received from the RLF. Including the Wood Products RLF funding, more than $33 million was spent in the state due to capital made available by the fund (see page 5 of the report - Use of Wood Products RLF Funds).

> *"Overall this program has been extremely beneficial to Sun Mountain Lumber. It essentially allowed us to continue to purchase logs, keep the sawmill running, and make payroll during the unprecedented housing crisis and recession of the last several years."*
> - **Sun Mountain Lumber, Inc.**

Improved Balance Sheets –

Before they received any Wood Products RLF loans, 68% of the companies were operating at a net loss. Within just 3 months of receiving their loan, 84% of the companies improved their balance sheet from the quarter before receiving their Wood Products RLF loan (see page 5 of the report - Financial Status of the Companies).

Increase in Number of Jobs –

By June 30, 2012, the 17 private businesses still reporting to the MDOC that received Wood Products RLF loans employed 851 workers in Montana's wood products industry. This represents a 15.6% (115 jobs) increase over the 736 people employed by all 20 companies before they received the loans (see page 6 of the report - Number of Jobs Created or Retained).

Increase in Wages Paid –

During the same time period, total wages and salaries paid to the employees working for the businesses increased by over 14% to over $29 million from the $25.7 million at the time the companies applied for their loans (see page 6 of the report – Number of Jobs Created or Retained). Average annual wages paid to all employees working for the businesses that received Wood Products RLF loans remained fairly constant from the time of original application through June 30, 2012 (see page 7 of the report – Pay Levels of Employees).

Increase in Total Output –

Estimated total value added from the output of goods and services produced and provide by the workers employed by the companies increased by 22% to $161.9 million as of June 30, 2012 from $132.2 million at the time of application. This represents a substantial increase in the total output injected into the State's economy produced and provided by these companies in Montana's wood products industry (see page 9 of the report – Employment Impact on Local Production).

> *"Pyramid [Mountain Lumber, Inc.] continues to be most appreciative of the State of Montana and the WPIRS program. Those loans, with the favorable terms, have allowed us to operate and keep our eye on the future."*
> - **Pyramid Mountain Lumber, Inc.**

Increase in Taxable Value –

As of June 30, 2012 the land, improvements, and business equipment owned by the respective businesses was worth almost $74.5 million with an estimated taxable value equal to $1.3 million (see page 10 of the report – Taxable Value of Property).

Recent Economic History of the Montana Wood Products Industry

Timber harvested in Montana from Federal forest lands fell by more than 70% during the 1990's[2]; this, along with other compounding factors, led to the closing of 15 sawmills in the State between 1990 and 2000[3]. After low prices, wildfires, declines in the federal timber offerings, and a spike in electricity rates in 2000, operating conditions continued to worsen for Montana's forest products industry through 2001[4].

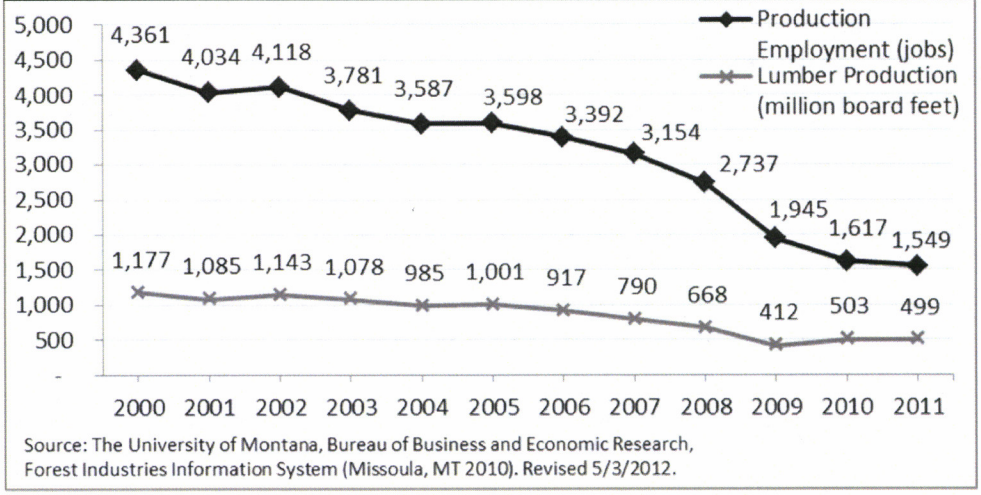
There was a brief recovery in the wood products markets in the second half of 2003 in response to increased domestic and global demand. However, 2003 also brought court decisions related to federal lands and yet another severe wildfire season which constrained the timber harvest which caused log shortages at mills. The log shortages prevented Montana mills from taking advantage of the improved market conditions.

The collapse of the housing market, the economic recession in late 2008, and dealing with already dire operating conditions pushed the Montana wood products industry to the brink of insolvency in 2008. Some Montana wood products business owners were no longer drawing salaries and others loaned money to their company attempting to keep the business afloat.

With companies closing and continued decline in timber harvests, production employment at timber and wood residue processing facilities (which make up 30 - 40 percent of all Montana's wood products industry employment) declined steadily from 2000 through 2008 with a sharp decrease in 2009 (Figure 1). Total lumber production followed suit with a steady decline from 2000 through 2009.

FIGURE 1.

Production Workers at all Timber & Wood Residue Processing Facilities & Lumber Production Companies, Montana 2000-2011



Source: The University of Montana, Bureau of Business and Economic Research, Forest Industries Information System (Missoula, MT 2010). Revised 5/3/2012.

In 2009, Montana's total wood products industry (including production workers depicted in Figure 1) employed 7,060[5] workers, down about 20% from the 2008 estimated employment of 8,840[6] industry workers.

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[2] Appendix B- Location of National Forest Lands in Montana

[3] Spoelma, Timothy P., Morgan, Todd A., Dillon, Thale, Chase, Alfred L., Keegan, III, Charles E. & DeBlander, Larry T. 2008. "Montana's Forest Products Industry and Timber Harvest", *Resource Bulletin* RMRS-RB-8. Fort Collins, CO: U.S. Department of Agriculture, Forest Service, Rocky Mountain Research Station. 36 p.

[4] Ibid.

[5] Morgan, Todd A., Keegan III, Charles E., Hayes, Steven W. & Sorenson, Colin B. "Montana's Forest Products Industry: Current Conditions and 2011 Forecast". Bureau of Business and Economic Research, University of Montana-Missoula.

[6] Morgan, Todd A. & Keegan III, Charles E. "Montana's Forest Products Industry: Current Conditions and 2010 Forecast". Bureau of Business and Economic Research, University of Montana-Missoula.

To determine whether Montana's wood products industry could survive the economic challenges it faced, the Montana Department of Commerce (MDOC) funded a study in 2008. That study was conducted by the Bureau of Business and Economic Research, located at the University of Montana-Missoula. The study concluded that:

- A revolving loan fund could help retain many of the direct jobs employed in the State's wood products industry; and
- A revolving loan fund might prevent closures and the loss of industry infrastructure - which in turn would help ensure the sustainable management of Montana's forests.

Legislative Remedy to Address Wood Products Industry Difficulties

The 2009 Legislature approved the "*Montana Distressed Wood Products Industry Recovery and Stabilization Program*" (now referred to as the *Wood Products Revolving Loan Fund* (Wood Products RLF). The program was created by passage of HB669 which provided the statutory mechanism to implement the program with funding via HB645. HB669 passed the House of Representatives with a 43-7 vote, the Senate with a 96-4 vote, and became law in early May 2009. With the passage of HB669 and HB645, the Legislature hoped to assist businesses in the wood products and timber industry affected by the recession.

In 2008, Montana's wood products industry employed an estimated 8,840 people[7] who provided the needed expertise and knowledge essential for sustainable forest management. Partnerships among private and public land owners facilitate land management practices such as fire hazard reduction, ecosystem restoration, and post-fire rehabilitation across the State. If the wood products industry were to disappear from the State, these management practices either would not be performed or out-of-state businesses and workers would have to be brought in to do the work with added travel and relocation costs.

Wood Products RLF Program Capitalization

To leverage the $7.5 million allocated by HB645, the MDOC applied for and was awarded a $2.7 million grant from the U.S. Department of Commerce, Economic Development Administration (EDA). The MDOC also put almost $1.5 million[8] of U.S. Department of Housing and Urban Development, Community Development Block Grant Recovery (CDBG-R) (American Recovery and Reinvestment Act) funds into the Wood Products RLF account. For a brief overview of each funding source, see Appendix A.

FIGURE 2.

Wood Products RLF Capitalization Sources

$7.5 million	State General Fund, via HB645
$2.7 million	Economic Development Administration (EDA)
$1.5 million*	Community Development Block Grant - American Recovery and Reinvestment Act (CDBG-R)
$11.7 million	**Total Funding**

* Rounded figure. Actual allocated funding equals $1,495,199

[7] Ibid.

[8] Actual figure equals $1,495,199.

Wood Products RLF Program Administration

In June of 2009, the MDOC developed the application guidelines for administering the loans and began implementing the program. HB669 states that the MDOC was responsible for developing and reporting on reasonable outcome measures[9] to determine the success of the program. Data on employment, wages paid, and profitability was collected from the companies that received Wood Products RLF funding at the time they applied for funding. Companies with outstanding Wood Products RLF loans continue to report similar data to the MDOC on a regular basis.

TABLE 1.

Total Wood Products RLF Funding, Total Employees & Number of Companies That Received Loans, June 2009 - March 2010

	Total RLF Lending	Total Employees	# of Companies
Original Funds Available	**$ 11,295,199**	**---**	**---**
Month of Funding			
June 2009*	$ (554,717)	84	1
July 2009	$ -	-	-
August 2009	$ (4,705,000)	243	3
September 2009	$ (580,000)	36	1
October 2009	$ (1,365,000)	64	4
November 2009	$ (1,051,250)	138	3
December 2009	$ (1,788,300)	221	4
January 2010	$ (26,000)	2	1
February 2010**	$ (565,000)	14	1
March 2010	$ (630,199)	18	3
Total	**$ (11,265,466)**	**820**	**21**
Balance of Original Funds	**$ 29,734**	**---**	**---**

* Represents funds distributed to the Missoula Area Economic Development Corporation (MAEDC) for purchase of Smurfit-Stone creditors' accounts receivables and to cover the administrative costs incurred while doing so.

** Two companies received funding in February 2010, but one company previously received additional funding in August 2009. That company's employment figures are represented in the August 2009 total.

From June of 2009 through March of 2010, 99.7% of the original Wood Products RLF source funding was loaned to 15 private Montana companies and one economic development organization (Table 1). An economic development organization, the Missoula Area Economic Development Corporation (MAEDC), purchased accounts receivables from 18 companies from the Smurfit-Stone bankruptcy[10] and approved loans to an additional five companies. **In total, $11.3 million was allocated to 20 private companies in the wood products industry through loans and 18 wood products companies had their Smurfit-Stone outstanding**

[9] Some of the performance measures included in the bill are the number of jobs retained or created, pay levels, growth of the local economy, and the financial status of the companies.

[10] The purchase of the accounts receivables from Smurfit-Stone creditors was a one-time payment with no additional reporting required; these transactions were not tied to continued employment standards.

accounts receivables purchased. Four of the companies that had their accounts receivables purchased also received Wood Products RLF loans (included in the 20 companies).

Most of the Wood Products RLF loans were made with favorable terms for permanent working capital and equipment. Most of the principal and interest payments on the loans were deferred enabling the companies to remain in business without draining cash reserves from operations. Due to the payment deferment, most of the principal payments to the Wood Products RLF did not begin until the fall of 2011. Now that principal payments have started coming into the MDOC, the Wood Products RLF has started to re-capitalize. This creates revolved funds available to make new loans to Montana's wood products companies.

In February of 2012, the MDOC loaned an additional $145,000 to a company that had previously received one of the original 20 Wood Products RLF loans. **Using original and revolved funds, as of June 30, 2012, the MDOC has loaned over $11.4 million to 20 private businesses operating in Montana's wood products industry** (See Appendix D for a complete summary of the Wood Products RLF account).

In July 2011, the Board of Directors for the Missoula Area Economic Development Corporation (MAEDC) voted to disband the organization. The assets held by MAEDC in their Wood Products Loan portfolio were transferred to the MDOC for continued administration. This asset transfer was finalized in October of 2011 and is detailed in Table 2 below.

TABLE 2.

Wood Products RLF - MAEDC Asset Transfers to the MDOC, October 2011

MAEDC Assets	Funding
Revolving Loan Fund Cash Balance	$ 316,916
Loans Outstanding	$ 418,670
Lien on Stimpson Lumber Company	$ 179,799
Total of Assets	**$ 915,385**

Wood Products RLF Outcome Measures

There were 20 private Montana businesses operating in the wood products industry that received Wood Products RLF loans (from either the MDOC or the MAEDC) between June of 2009 and March of 2010. To assess the progress and measure the success of the Wood Products RLF program, the loan recipient companies are required to submit regular reports on employment, profit/loss summaries, total sales, and assets.

No financial or employment obligations were set for the purchasing of Smurfit-Stone accounts receivables so those recipients were not required to report any financial statements to the MAEDC or the MDOC. Therefore, the companies that did not also receive a Wood Products RLF loan (in all 14 companies) are not included in the analysis in this report. For a summary of the Smurfit-Stone accounts receivables purchased by MAEDC, see Appendix E.

In February of 2010, Wedge Wood Products, LLC, located in Lincoln County, lost everything to a structural fire where their offices and operations were located. The company has still committed to paying back its Wood

Products RLF loan to the MDOC; but, due to that fire, Wedge Wood Products, LLC could not supply the MDOC with any accounting statements. The analysis that follows omits Wedge Wood Products, LLC financial figures.

Use of Wood Products RLF Funds – Project Activities

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By March of 2010, 99.7% of the original Wood Products RLF available funding was expended on loans to 20 private businesses operating in Montana's wood products industry and the purchase of Smurfit-Stone accounts receivable held by 18 companies.

Based on the information and data provided by the Wood Products RLF recipients, the use of loan funds that provided the best overall results was for working capital. By providing businesses with long term loans at a low interest rate and deferred payments, most companies have been able to continue covering current operating expenses. At the same time, this allowed the companies to preserve cash instead of using it for loan payments.

Legislation required that the funds from the state-funded Wood Products RLF be used for:

- Purchase or lease of land or equipment;
- Update of infrastructure, including retrofitting old infrastructure to facilitate new uses;
- Working capital;
- Debt service;
- Matching funds for grants or other loans that comply with the intent of the Wood Products RLF funding program; or
- Any other use the MDOC determines would sustain and grow the wood products industry.

The companies that received Wood Products RLF loans were able to leverage the $11.3 million in loans to $21 million (for a summary of project totals see Appendix F). Including the Wood Products RLF funding, more than $33 million was spent in the State due to the capital made available by the fund. Funds from the EDA and CDBG-R Wood Products RLFs were primarily used for working capital and equipment loans and other activities that do not include contracted labor or construction.

Financial Status of the Companies[11]

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To assess the financial status of the companies that received Wood Products RLF loans, confidential financial statements submitted to the MDOC by the respective companies were analyzed.

Before they received Wood Products RLF loans – 68% (13 of 19) of the companies were operating at a net loss.

As of June 30, 2010 – of the 20 companies that received Wood Products RLF loans, 19 were still in operation. The remaining company, Wedge Wood Products, LLC, was completely destroyed by a fire. At the time of writing this report, Wedge Wood Products has not dissolved as an LLC but is awaiting the ruling on a lawsuit.

- For the quarter (3-month period) immediately following that in which the loan was received by the companies, over half (53% or 10 companies) of the companies were operating in the black.

[11] See Appendix H for methodology of financial status analysis.

- Within just 3 months of receiving their Wood Products RLF loan, 84% (16 companies) improved their balance sheet from the quarter before receiving their loan. Of these companies, three realized a complete turnaround, from a loss to a profit of nearly the same absolute amount.

As of June 30, 2011[12] – of the 20 original companies that received Wood Products RLF loans, 17 of them were known to still be in operation and in good standing with the MDOC on their Wood Products RLF loans. Jubilee Transport, LLC paid off its loan in full in May 2011 which released them from their financial and employment reporting obligations to the MDOC. Neville Log Homes, Inc. shut down operations in November of 2010.

- Of the 17 companies, nine (53%) of them were operating at an average net profit for the calendar year of 2011.
- Almost 60% (10 companies) of the companies increased their average quarterly bottom line from that of calendar year 2010.
- Seven (41%) of the companies saw an increase in their average quarterly sales for calendar year 2011 over that of 2010. Six of the ten companies that did not see an increase in their average quarterly sales realized a decrease of less than 5% from calendar year 2010 to 2011.

As of June 30, 2012 – the MDOC had received financial statements for the first quarter (January – March) of 2012 from two companies. Because financial reporting requirements after the first 2 years switch from quarterly to annual, more current financial reports were not available at the time of writing this report.

- Both of the companies that had submitted their profit/loss statements to the MDOC reported a net profit in the first quarter of 2012 well above their respective 2011 average quarterly profit/loss figures.
- One of these companies had been operating at a net loss during the entire calendar year of 2011.

Number of Jobs Created or Retained (Table 3)

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TABLE 3.

Total Employees & Wages Paid by Skill Level for Companies That Received Wood Products RLF Funding, Time of Application - June 30, 2012

	At Time Of Application[1]		As of June 30, 2010[2]		As of June 30, 2011[3]		As of June 30, 2012[4]	
Skill Level	Employees	Total Wages Paid	Employees	Total Wages Paid	Employees	Total Wages Paid	Employees	Total Wages Paid
Managers/Prof.	104	$ 5,618,931	99	$ 5,408,142	93	$ 5,545,206	99	$ 5,791,757
Skilled	225	$ 8,265,444	225	$ 8,000,957	238	$ 8,663,568	279	$ 9,763,999
Semi-skilled	262	$ 7,776,933	238	$ 7,373,890	306	$ 8,999,661	266	$ 7,988,716
Unskilled	94	$ 2,451,807	151	$ 3,919,329	172	$ 4,648,224	174	$ 4,762,743
Office & Clerical	51	$ 1,635,061	88	$ 2,382,919	52	$ 1,806,546	33	$ 1,051,098
TOTAL	**736**	**$ 25,748,176**	**801**	**$ 27,085,237**	**861**	**$ 29,663,205**	**851**	**$ 29,358,313**

Figures may not sum due to rounding.

[1] Figures reflect data from 19 companies. Wedge Wood Products, LLC was destroyed in a fire and was unable to submit any employment information to the MDOC.

[2] Figures reflect data from 19 companies. See footnote [1] for explanation.

[3] Figures reflect data from 17 companies; Neville Log Homes, Inc. closed in November 2010 and Jubilee Transport, LLC paid its loan in full in May 2011.

[4] Figures reflect data from 17 companies; see footnote [3] for explanation.

[12] In order to maintain consistency with time intervals throughout this report, "June 30" is used as a benchmark date. However, confidential financial records from the participating companies for *all* of calendar year 2011 are used to assess "2011 average quarterly profit/loss and sales" figures.

At the time of application – the 19 private businesses (see Table 3 footnote [1]) that received Wood Products RLF loans employed a total of 736 workers who received over $25.7 million in wages and salaries. This translates to an estimated $1.4 million[13] contributed to the State through individual income taxes.

At the time the MAEDC purchased Smurfit-Stone accounts receivables from 18 businesses (4 of which also received a Wood Products RLF loan), the 14 business that did not also receive a loan employed 84 workers in the State. No salary or wage information is required of these companies and, therefore, is not included in the analysis of this report.

As of June 30, 2010 – the 19 private businesses (see Table 3 footnote [2]) employed a total of 801 workers who received over $27 million in labor compensation. This represents an 8.8% (65 jobs) increase in employment and a 5.2% (more than $1.3 million) increase in total wages and salaries paid out (not adjusted for inflation) from the time of application. The estimated contribution to the State by way of state income taxes paid by these workers was nearly $1.5 million.

As of June 30, 2011 – the 17 private businesses (see Table 3 footnote [3]) continued to increase total employment (7.5% or 60 jobs) and annual payroll (9.5% or almost $2.6 million) from the previous year to 861 workers and more than $29.6 million, respectively. This is a 17% (125 jobs) increase in total employment and a 15.2% (more than $3.9 million) increase in wages and salaries paid since the time of application in 2009. The contribution to the State through individual income taxes also increased to an estimated $1.6 million.

As of June 30, 2012 – the 17 private businesses that received Wood Products RLF loans (see Table 3 footnote [4]) reported employing 851 workers who were paid almost $29.4 million in wages and salaries during the period. The State received an estimated[14] $1.59 million in individual income taxes paid on the wages and salaries received by the employees of the respective businesses.

Pay Levels of Employees (Table 4) *MCA 90-1-503*

As with all industries, companies in the wood products industry require workers with varying levels of skill and ability. Using employment reports provided to the MDOC by the companies that received Wood Products RLF loans, workers are categorized into "skill" groups for reporting and analysis purposes. The skill groups are:

1. Managers, Professionals & Technicians;
2. Skilled;
3. Semi-skilled;
4. Unskilled; and
5. Office & Clerical.

The owners and/or managers of the companies and highly professional or technical positions make up the *Managers, Professionals & Technicians* group. *Skilled* workers include sales representatives, mechanics, millwrights, electricians, and other jobs that require a high level of training. *Semi-skilled* workers include truck drivers, dispatchers, and equipment operators; general laborers make up the *unskilled* group; and *Office & Clerical* personnel include employees who handle data entry, correspondence, answer the phone and other similar tasks.

[13] See Appendix H for estimation methodology.

[14] Montana individual income tax rates for 2011 were used in the analysis because 2012 tax rates were not available at the time of writing this report.

TABLE 4.

Annual Average Wage by Skill Level for Companies That Received Wood Products RLF Funding, Time of Application - June 30, 2012

Skill Level	At Time Of Application[1]		As of June 30, 2010[2]		As of June 30, 2011[3]		As of June 30, 2012[4]	
	% of Total Employees	Annual Avg. Wage	% of Total Employees	Annual Avg. Wage	% of Total Employees	Annual Avg. Wage	% of Total Employees	Annual Avg. Wage
Managers/Prof.	14.1%	$ 54,028	12.4%	$ 54,628	10.8%	$ 59,303	11.6%	$ 58,503
Skilled	30.6%	$ 36,735	28.1%	$ 35,560	27.6%	$ 36,402	32.8%	$ 34,996
Semi-skilled	35.6%	$ 29,683	29.7%	$ 30,983	35.5%	$ 29,411	31.3%	$ 30,033
Unskilled	12.8%	$ 26,083	18.9%	$ 25,956	20.0%	$ 27,025	20.4%	$ 27,372
Office & Clerical	6.9%	$ 32,060	11.0%	$ 27,079	6.0%	$ 34,741	3.9%	$ 31,851
TOTAL	**100%**	**$ 34,984**	**100%**	**$ 33,814**	**100%**	**$ 34,417**	**100%**	**$ 34,499**

Figures may not sum due to rounding.

[1] Figures reflect data from 19 companies. Wedge Wood Products, LLC was destroyed in a fire and was unable to submit any employment information to the MDOC.

[2] Figures reflect data from 19 companies.

[3] Figures reflect data from 17 companies; Neville Log Homes, Inc. closed in November 2010 and Jubilee Transport, LLC paid its loan in full in May 2011.

[4] Figures reflect data from 17 companies; see footnote [3] for explanation.

At the time of application (736 total workers) – the average annual pay of an employee working for one of the 19 private companies (see Table 4 footnote [1]) was $34,984. Even with many of the owners/managers not drawing any salary at the time of their application, they received the highest annual average wage equal to $54,028. Making up 30.6% of all employees, skilled workers received, on average, $36,735 in annual compensation. The largest group of employees was semi-skilled (35.6%). Semi-skilled workers received an average annual compensation of $29,683 at the time of application. Unskilled and office and clerical employees made, on average, $26,083 and $32,060 a year, respectively.

As of June 30, 2010 (801 workers) – the average annual pay for all employees working at one of the 19 companies (see Table 4 footnote [2]) was $33,814. Consistent with the previous year, managers/owners received the highest annual average wage, $54,628 with the next highest paid group, skilled workers, receiving $35,560. Similar to the previous year, the majority of workers were classified as semi-skilled (29.7%) with a 4.3% ($1,300) increase in their annual average wage from the previous year to $30,983. Both unskilled and office and clerical workers saw decreases in average annual wage to $25,956 and $27,079, respectively.

As of June 30, 2011 (861 workers) – the average annual pay for all employees working at one of the 17 companies (see Table 4 footnote [3]) was $34,417, an increase of 1.8% ($603) from the previous period but still 1.6% (-$567) below that at time of application. Managers/owners, professionals, and technicians received an average annual wage equal to $59,303 which was a 9.8% ($5,275) increase from the time of application. Skilled workers received $36,402, on average, representing a 2.4% ($842) increase over the previous period but just under what was received at the time of application. In line with previous periods, semi-skilled workers made up the majority of all employees (35.5%) with an average annual wage equal to $29,411. Both unskilled and office and clerical workers saw an increase in their average annual wage from the time of application to $27,025 (3.6% or $942) and $34,741 (8.4% or $2,681), respectively.

As of June 30, 2012 (851 workers) – the average annual wage of all employees working for one of the 17 companies (see Table 4 footnote [4]) was $34,499, a slight increase (0.2% or $82) over the previous period but still 1.4% below that at time of application. Managers/owners, professionals, and technicians received an annual average wage of $58,503 which was an 8.3% ($4,475) increase from the time of application. Skilled

workers made up the majority of all employees (32.8%) during the period and received $34,996, on average, representing a decline (-3.9% or -$1,406) from the previous period. Semi-skilled and unskilled workers saw an increase in annual average wages received over the previous period to $30,033 (2.1% or $622) and $27,372 (1.3% or $347), respectively. Office and clerical workers saw a decline in their average annual wages received to $31,851 - though the proportion of employees who worked in the office or clerical capacity also declined to 3.9% from 6.0% during the previous period.

Employment Impact on Local Production

MCA 90-1-503

Like all industries, Montana's wood products industry is an interconnected mixture of companies in sub-industries specializing in the production and supply of different kinds of goods and services. Turning trees in the forest into marketable materials such as flooring and plywood takes logging and trucking companies, sawmills, wood products manufacturers, and others. If one link in the supply chain fails (i.e. there are no trucking companies to get the trees out of the forest), it jeopardizes the integrity of the industry as a whole. The 20 private Montana businesses that received Wood Products RLF loans specialize in the production of diverse goods and services integral at various levels in the State's wood products industry.

Six of the companies participating in the Wood Products RLF are classified[15] as commercial logging operations; four companies are in the sawmill and wood preservation business; four other companies are trucking companies; two of the companies manufacture prefabricated wood buildings; one company manufactures specialized survey stakes; and three other companies are classified as "all other miscellaneous wood products manufacturing". For a map of where the businesses are located in Montana, see Appendix C.

In general, additional workers create increased production, or output, of goods and services sold in the economy; this is, by one definition, economic growth. One measure of the impact employment has on the economy is "output per worker" which is defined to equal the total estimated output (i.e. goods and services) an industry produces divided by the total number of employees in the respective industry. This measure can be interpreted as the "output value" of a worker in a particular industry.

The estimated average output per worker[16] across the sub-industries in which the 20 private companies that received loans from the Wood Products RLF are involved in is equal to $156,052 per worker. This can be construed as each additional worker in these respective wood products sub-industries contributes over $150 thousand dollars worth of goods and services which is directly injected into the State's economy.

At the time of application – the total output value[17] of the 736 workers employed by the 20 companies that received Wood Products RLF loans was equal to more than $132.2 million in production of goods and services.

As of June 30, 2010 – the total output value of the 801 workers employed by the Montana companies involved in the woods products industry generated more than $146.4 million in production of goods and services within the State. This is a 10.7% ($14.2 million) increase over the previous year in the value of goods and services produced by these 20 companies directly related to the increase in employment.

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[15] Companies are grouped based on classification industry codes. Using the North American Industry Classification System (NAICS), Implan combines similar industries into aggregated groupings to allow for economic analysis at a smaller geographic level (i.e. zip code or county). Analysis preformed in this report is based on Implan industry classification codes. A description of Implan can be found in Appendix H.

[16] See Appendix H for estimation methodology.

[17] See Appendix H for term definition.

As of June 30, 2011 – the total output value of the 861 workers employed by the businesses that participated in the Wood Products RLF contributed over $162.1 million in goods and services produced by the State's wood products industry. This represents a 10.7% ($15.7 million[18]) increase over the previous year and a 22.6% ($29.9 million) increase over the value of goods and services produced and provided by the State's wood products industry at the time of original application.

As of June 30, 2012 – the total output value of the 851 working for the companies that received loans from the Wood Products RLF contributed an estimated $161.9 million in goods and services produced by Montana's wood products industry. This represents a 22% ($28.6 million[19]) increase over the value of goods and services produced and provided by the State's wood products industry at the time of original application.

Taxable Value of Property (Table 5)

MCA 90-1-503

The most current market value of the commercial and industrial property (both land and buildings) for the 20 private businesses that received loans from the Wood Products RLF was downloaded from the Montana Cadastral Database[20]. Taxable value of Class Three - Agricultural Land, Class Four - Land and Improvements, and Class 10 - Forestland property owned by the respective businesses for 2012 was calculated using property market values as provided by the Montana Department of Revenue (MDOR), property classification groups, and their respective 2012 tax rates. Taxable value for 2009 was estimated using the respective 2012 market values and 2009 tax rates.

The 2012 market and taxable values for Class Eight – Business Equipment property owned by the businesses analyzed in this report were supplied by the MDOR. A summary of the market and taxable value of the equipment owned by the respective companies is detailed in Table 5 below.

TABLE 5.

Market and Taxable Value of Property Owned by Companies That Received Wood Products RLF Loans, 2009 & 2012

Property Type[1]	Market Value 2012	Taxable Value 2012	Taxable Value 2009[2]
Class 3, 4 & 10 - Land	$ 29,450,670	$ 160,725	$ 182,999
Class 4 - Improvements	$ 16,741,428	$ 356,643	$ 420,869
Class 8 - Equipment[3]	$ 28,289,759	$ 758,507	N/A
Total	**$ 74,481,857**	**$ 1,275,875**	**$ 603,868**

Source: Montana Department of Revenue (MDOR); Montana Cadastral Database. Data current as of July 23, 2012.

[1] *Class 3* is grazing land and non-qualified ag land; *Class 4 - Land* is tract land, town lots, industrial land, and building sites on non-qualified ag land; *Class 10* is forestland.

[2] *Taxable Value 2009* is estimated using 2012 market values and 2009 tax rates and comstead exemptions for respective property types.

[3] *Class 8* - equipment data is only available on a current basis from the Montana Department of Revenue; data for 2009 was not available.

[18] Figure does not compute with previously reported figures due to rounding.

[19] Figure does not compute with previously reported figures due to rounding.

[20] The Cadastral Database is continually being updated to reflect real property sales and transfers. The data analyzed in this report is current as of July 23, 2012.

In 2009 – the taxable value of all the Class Three and Class Four land and improvements owned by the businesses that received Wood Products RLF loans was almost $600 thousand. The Montana Department of Revenue continually updates their property database, therefore, taxable values of equipment owned by the respective companies was not available for 2009.

In 2012 – the market value of all property owned by the businesses that received Wood Products RLF loans was over $74 million. This translates to nearly $1.3 million in taxable value of all land, buildings, and equipment owned by the respective businesses.

These companies owned more than 34,000 acres of land which included forestland, commercial and industrial property, grazing, and non-qualified agricultural land worth over $29.4 million. The buildings and improvements owned by the businesses were worth more than $16.7 million and the taxable equipment was worth more than $28 million.

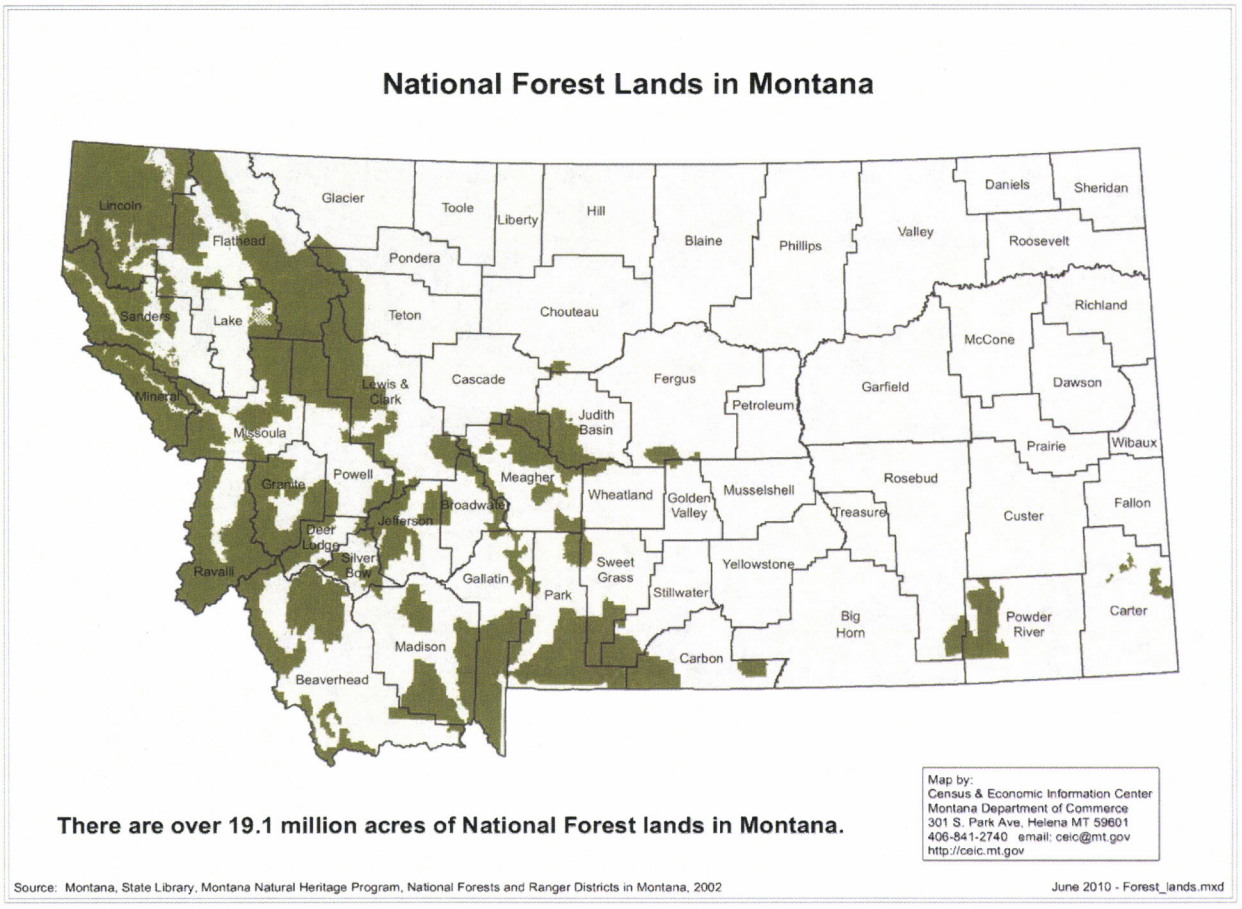
APPENDICES

Appendix A. Comparison of Wood Products Revolving Loan Fund Sources

	Wood Products Revolving Loan Fund		
	CDBG - R	**EDA/State General Fund**	**State General Fund (HB 645)**
Funding Amount*	$1,495,199	$5 million	$4.8 million
Applicant	Local Government	Business	Business
Interest Rate	5% - flexible	Not less than 4%	Generally 4% but not less than 1%
Match/Leverage	1:1 match	2:1 match (private only)	1:1 match
Funding Limits	$400,000 per program year No more than $2 million per request - all sources	$2 million No more than $2 million per request - all sources	$2 million 2 years after first loan approved No more than $2 million per request - all sources
Terms	Standard loan terms; Mach/Equip 5-10 years; Real Estate 15-20 years; Working Capital 7 years	Standard loan terms; Mach/Equip 5-10 years; Real Estate 15-20 years; Working Capital 7 years	Up to 15 years; MDOC will determine terms
Deferral	2-year	1-year	1-year
Funding Type	Loan	Loan	Loan
Amount Per Job	$25,000 per job	$20,000 per job	$20,000 per job, in general; MDOC discretion
Administration	up to 8% admin	No admin	No admin
Jobs	Tracked - monthly for 1st 2 years of the loan	Tracked - monthly for 1st 2 years of the loan	Tracked - monthly for 1st 2 years of the loan
Permanent Year-Round Jobs	Yes	Yes	State preference for full time, permanent, year-round jobs
Loan Payments	Payments to MDOC or Local Government	Payments to MDOC	Payments to MDOC
Eligible Assisted Business	Non-profit & for-profit	Non-profit & for-profit	For-profit

* $2.7 million of the $7.5 million allocated from the State General Fund was used to leverage the $2.7 million received from the EDA; $200,000 of the $2.7 million from the State General Fund was used to leverage $200,000 from the EDA for administrative costs. In total, the MDOC received almost $11.7 million; almost $11.3 million for funding and $400,000 for adminstrative costs.

Appendix B. Location of National Forest Lands in Montana



Appendix C. Location of Companies That Received Wood Products Revolving Loan Fund Loans

Appendix D. Wood Products Revolving Loan Fund Account Summary

			Wood Products RLF			
			EDA	State	CDBG-R	Total
As of June 30, 2009						
Original Funds Available			**$ 5,000,000**	**$ 4,800,000**	**$ 1,495,199**	**$ 11,295,199**
Company Receiving Loan	Loan Admin.*	Funding Date				
MAEDC - Smurfit Stone Total**	MDOC	Jun-09	$ -	$ (539,000)	$ -	$ (539,000)
MAEDC - Administrative Costs**	MDOC	Jun-09	$ -	$ (15,717)	$ -	$ (15,717)
Kelly Logging, Inc.	MDOC	Aug-09	$ (250,000)	$ (830,000)	$ -	$ (1,080,000)
Pyramid Mountain Lumber, Inc.	MDOC	Aug-09	$(1,000,000)	$ (1,000,000)	$ -	$ (2,000,000)
Sun Mountain Lumber, Inc.	MDOC	Aug-09	$(1,625,000)	$ -	$ (355,000)	$ (1,980,000)
J & R Planing, Inc.	MDOC	Sep-09	$ -	$ (580,000)	$ -	$ (580,000)
Neville Log Homes, Inc.	MDOC	Oct-09	$ (250,000)	$ (380,000)	$ (400,000)	$ (1,030,000)
McFarland Logging	MAEDC	Oct-09	$ -	$ (180,000)	$ -	$ (180,000)
SACS Trucking, Inc.	MAEDC	Oct-09	$ -	$ (125,000)	$ -	$ (125,000)
Wedge Wood Products LLC	MAEDC	Oct-09	$ -	$ (30,000)	$ -	$ (30,000)
F.H. Stoltze Land & Lumber Company	MDOC	Nov-09	$ (721,250)	$ -	$ -	$ (721,250)
Luck-E-G of Montana, Inc.	MDOC	Nov-09	$ -	$ (30,000)	$ -	$ (30,000)
Parke Logging, Inc.	MDOC	Nov-09	$ (300,000)	$ -	$ -	$ (300,000)
Hanson Trucking, Inc.	MDOC	Dec-09	$ -	$ (175,000)	$ -	$ (175,000)
Rocky Mountain Holding Company	MDOC	Dec-09	$ (750,000)	$ -	$ -	$ (750,000)
Timber Solutions, Inc.	MDOC	Dec-09	$ -	$ (80,000)	$ -	$ (80,000)
Tricon Timber, LLC	MDOC	Dec-09	$ (80,000)	$ (703,300)	$ -	$ (783,300)
Jubilee Transport LLC	MAEDC	Jan-10	$ -	$ (26,000)	$ -	$ (26,000)
Smith Logging, Inc.	MDOC	Feb-10	$ -	$ -	$ (210,000)	$ (210,000)
Centennial Wood Products	MDOC	Mar-10	$ -	$ -	$ (271,796)	$ (271,796)
John Jump Trucking, Inc.	MDOC	Mar-10	$ -	$ -	$ (258,403)	$ (258,403)
Gary Bailey Logging, Inc.	MAEDC	Mar-10	$ -	$ (100,000)	$ -	$ (100,000)
Total Original Lending			**$(4,976,250)**	**$ (4,794,017)**	**$(1,495,199)**	**$ (11,265,466)**
As of June 30, 2010						
Original Funds Available			$ 23,750	$ 5,984	$ -	$ 29,734
Revolved Funds Available			$ -	$ 14,241	$ -	$ 14,241
Total Available Funds			**$ 23,750**	**$ 20,224**	**$ -**	**$ 43,974**
As of June 30, 2011						
Original Funds Available			$ 23,750	$ 5,984	$ -	$ 29,734
Revolved Funds Available			$ 100,490	$ 104,214	$ -	$ 204,704
Total Available Funds			**$ 124,240**	**$ 110,197**	**$ -**	**$ 234,437**
Company Receiving Loan	Loan Admin.*	Funding Date				
John Jump Trucking, Inc.	MDOC	Feb-12	$ (23,750)	$ (121,250)	$ -	$ (145,000)
As of June 30, 2012						
Original Funds Available			$ -	$ -	$ -	$ -
Revolved Funds Available			$ 555,123	$ 648,201	$ -	$ 1,203,324
Total Available Funds			**$ 555,123**	**$ 648,201**	**$ -**	**$ 1,203,324**
Summary						
Total Lending as of June 30, 2012			**$(5,000,000)**	**$ (4,915,267)**	**$(1,495,199)**	**$ (11,410,466)**

* *Loan Admin* represents the organization who administered the respective loan; "MDOC" is the Montana Department of Commerce, "MAEDC" is the Missoula Area Economic Development Corporation.

** Represents the funding used to purchase accounts receivables from Smurfit-Stone creditors, money used for administrative costs incured while doing so, and the remainder (which was transferred to MDOC during MAEDC dissolution).

Appendix E. Summary of Smurfit-Stone Creditors' Accounts Receivables Purchased by Missoula Area Economic Development Corporation (MAEDC)

	Wood Products RLF - State Funding		Employment at Time of Settlement
Original Funds Available	**$**	**539,000**	
Smurfit-Stone Creditor			
Benson Logging	$	(17,772)	3
CNF (Merged with Cheff Logging)	$	(5,918)	0
Ed Cheff Logging LLC	$	(13,344)	10
F.H. Stoltze Land & Lumber Company*	$	(2,368)	***
Fire Solutions, Inc.	$	(6,317)	2
John Jump Trucking, Inc.*	$	(21,431)	***
Johnson Brothers Contracting, Inc.	$	(90,188)	19
Miller Trucking, Inc.	$	(42,828)	15
Mote Lumber	$	(21,933)	1
Northey Forestry Consulting, LLC	$	(8,540)	1
Northwest Management, Inc.	$	(33,280)	6
Opportunity Resources, Inc.	$	(16,324)	9
Osler Logging, Inc.	$	(37,381)	10
Ottman Forestry Consultants, Inc.	$	(12,455)	5
Pyramid Mountain Lumber, Inc.*	$	(16,879)	***
Smith Forestry Consulting	$	(6,728)	1
Tricon Timber, LLC*	$	(179,939)	***
Woodland Restoration, Inc.	$	(3,284)	2
Total	**$**	**(536,909)**	**84**
Remaining Funds Available**	**$**	**2,091**	**--**

* Number of employees included in other table for loans received from the MDOC, not included to prevent double counting.

** The remaining funds available with MAEDC ended up being part of the asset transfer to the MDOC during the dissolution of MAEDC.

Appendix F. Summary of Wood Products Revolving Loan Fund Project Totals

		Total Wood Products RLF	Other MDOC Funding	Total MDOC Funding	Leverage Amounts	Total Project Amount
As of June 30, 2009						
Original Funds Available		**$ 11,295,199**	--	--	--	--
Company Receiving Loan	Loan Admin*					
MAEDC - Smurfit Stone Total**	MDOC	$ (539,000)	$ -	$ (539,000)	$ -	$ (539,000)
MAEDC - Administrative Costs	MDOC	$ (15,717)	$ -	$ (15,717)	$ -	$ (15,717)
Kelly Logging, Inc.	MDOC	$ (1,080,000)	$ -	$ (1,080,000)	$ (1,049,187)	$ (2,129,187)
Pyramid Mountain Lumber, Inc.	MDOC	$ (2,000,000)	$ -	$ (2,000,000)	$ (2,415,000)	$ (4,415,000)
Sun Mountain Lumber, Inc.	MDOC	$ (1,980,000)	$ -	$ (1,980,000)	$ (3,850,000)	$ (5,830,000)
J & R Planing, Inc.	MDOC	$ (580,000)	$ -	$ (580,000)	$ (580,319)	$ (1,160,319)
Neville Log Homes, Inc.	MDOC	$ (1,030,000)	$ -	$ (1,030,000)	$ (1,280,572)	$ (2,310,572)
McFarland Logging	MAEDC	$ (180,000)	$ -	$ (180,000)	$ (100,000)	$ (280,000)
SACS Trucking, Inc.	MAEDC	$ (125,000)	$ -	$ (125,000)	$ (125,000)	$ (250,000)
Wedge Wood Products LLC	MAEDC	$ (30,000)	$ -	$ (30,000)	$ (30,000)	$ (60,000)
F.H. Stoltze Land & Lumber Company	MDOC	$ (721,250)	$ -	$ (721,250)	$ (1,523,239)	$ (2,244,489)
Luck-E-G of Montana, Inc.	MDOC	$ (30,000)	$ -	$ (30,000)	$ (30,000)	$ (60,000)
Parke Logging, Inc.	MDOC	$ (300,000)	$ -	$ (300,000)	$ (645,600)	$ (945,600)
Hanson Trucking, Inc.	MDOC	$ (175,000)	$ -	$ (175,000)	$ (175,000)	$ (350,000)
Rocky Mountain Holding Company	MDOC	$ (750,000)	$ -	$ (750,000)	$ (5,500,000)	$ (6,250,000)
Timber Solutions, Inc.	MDOC	$ (80,000)	$ -	$ (80,000)	$ (80,335)	$ (160,335)
Tricon Timber, LLC	MDOC	$ (783,300)	$ -	$ (783,300)	$ (2,300,000)	$ (3,083,300)
Jubilee Transport LLC	MAEDC	$ (26,000)	$ -	$ (26,000)	$ (93,000)	$ (119,000)
Smith Logging, Inc.	MDOC	$ (210,000)	$ -	$ (210,000)	$ (235,000)	$ (445,000)
Centennial Wood Products	MDOC	$ (271,796)	$ (13,590)	$ (285,386)	$ (574,944)	$ (860,330)
John Jump Trucking, Inc.	MDOC	$ (258,403)	$ (91,670)	$ (350,073)	$ (720,000)	$ (1,070,073)
Gary Bailey Logging, Inc.	MAEDC	$ (100,000)	$ -	$ (100,000)	$ (350,000)	$ (450,000)
TOTAL		**$(11,265,466)**	**$ (105,260)**	**$(11,370,726)**	**$(21,657,196)**	**$ (33,027,922)**
As of June 30, 2010						
Total Available Funds		**$ 43,974**	--	--	--	--
As of June 30, 2011						
Total Available Funds		**$ 234,437**	--	--	--	--
Company Receiving Loan	Loan Admin*					
John Jump Trucking, Inc.	MDOC	$ (145,000)	$ -	$ (145,000)	$ (175,000)	$ (320,000)
As of June 30, 2012						
Total Available Funds		**$ 1,203,324**	--	--	--	--
Summary						
Project Totals as of June 30, 2012		**$(11,410,466)**	**$ (105,260)**	**$(11,515,726)**	**$(21,832,196)**	**$ (33,347,922)**

* *Loan Admin* represents the organization who originally administered the respective loan; "MDOC" is the Montana Department of Commerce, "MAEDC" is the Missoula Area Economic Development Corporation.

** Represents the funding used to purchase accounts receivables from Smurfit-Stone creditors, money used for administrative costs incured while doing so, and the remainder (which was transferred to the MDOC during the MAEDC dissolution).

Appendix G. Wood Products Revolving Loan Fund Loan Recipients' Total Employment, At Time of Application – June 30, 2012

Company	Loan Admin.[2]	Total Employment [1] At Time Of Application	As of June 30, 2010	As of June 30, 2011	As of June 30, 2012
Centennial Wood Products	MDOC	6	5	12	6
F.H. Stoltze Land & Lumber Company	MDOC	111	111	116	113
Hanson Trucking, Inc.	MDOC	50	63	66	57
J & R Planing, Inc.	MDOC	36	33	28	31
John Jump Trucking, Inc.	MDOC	8	8	10	19
Kelly Logging, Inc.	MDOC	21	22	20	16
Luck-E-G of Montana, Inc.	MDOC	6	7	6	9
Neville Log Homes, Inc.[3]	MDOC	18	21	--	--
Parke Logging, Inc.	MDOC	21	20	20	23
Pyramid Mountain Lumber, Inc.	MDOC	113	140	158	149
Rocky Mountain Holding Company	MDOC	88	84	89	77
Smith Logging, Inc.	MDOC	14	14	14	13
Sun Mountain Lumber, Inc.	MDOC	109	108	118	148
Timber Solutions, Inc.	MDOC	2	3	3	3
Tricon Timber, LLC	MDOC	81	111	155	143
Gary Bailey Logging, Inc.	MAEDC	4	7	4	8
Jubilee Transport LLC[4]	MAEDC	2	2	N/A	N/A
McFarland Logging	MAEDC	5	1	0	0
SACS Trucking, Inc.	MAEDC	39	39	42	36
Wedge Wood Products LLC[5]	MAEDC	2	2	N/A	N/A
TOTAL - All Employees	--	**736**	**801**	**861**	**851**

[1] Employment is based on regular reports submitted to MDOC by the respective businesses.

[2] *Loan Admin* represents the organization who originally administered the respective loan; "MDOC" is the Montana Department of Commerce, "MAEDC" is the Missoula Area Economic Development Corporation. MAEDC loans have been transferred to the MDOC as part of MAEDC's disolutions in 2011.

[3] Neville Log Homes, Inc. closed in November of 2010.

[4] Jubilee Transport LLC paid its Wood Products RLF loan in full in May of 2011.

[5] Wedge Wood Products LLC was destroyed by a fire in February 2010; they have still committed to paying the remaining balance of their loan owed to MDOC.

Appendix H. Methodology of Estimation Processes & Definitions

Analysis on the **financial status** of the companies that received Wood Products RLF loans is based on confidential profit/loss and sales reports submitted to the MDOC by the respective companies. Because not all of the businesses operate on the same fiscal year, the way in which profits and sales are tracked and reported varies across companies. Also, there was a need to normalize seasonal and fiscal year end effects on marketing and sales decisions made by the companies.

In order to compare profit/loss and sales figures across companies and over time, quarterly profit/loss and sales figures were estimated by disaggregating the data reported to the MDOC by the respective companies. To account for differences in the fiscal year end across businesses, a calendar year quarterly time period system was adopted:

- Quarter 1: January 1 – March 31;
- Quarter 2: April 1 – June 30;
- Quarter 3: July 1 – September 30; and
- Quarter 4: October 1 – December 31.

Average quarterly calendar year profit/loss and sales figures were calculated for each of the participating companies and used for ultimate comparison of the financial status of the companies over time.

Total **estimated income taxes** paid by the employees of the companies that received Wood Products RLF loans was calculated using the total number of employees, the average annual salary of all workers, and Montana State income tax rate for the respective year. Montana individual income tax rates can be found on the Montana Department of Revenue's website: http://revenue.mt.gov/default.mcpx

Implan is an input-output accounting modeling system that describes commodity flows from producers to intermediate and final consumers. Implan relies on the underlying assumption that total industry purchases of commodities, services, employment compensation, value added, and imports are equal to the value of the commodities produced.

Implan is a product of MIG, Inc. that produces calendar year models at the zip code, county, and state level available for purchase. To learn more about Implan and MIG, Inc. visit their website www.implan.com.

Output per worker – was derived using data provided by year specific Implan models on estimated total output and employment by industry at the state (Montana) level. At the time of this report, Implan models were available for years 2008, 2009, and 2010. To calculate a consistent estimate of *output per worker* across all years in this report (2009-2012), output per worker (total output divided by total employment) was calculated for all model years (2008, 2009, and 2010) then averaged (***average output per worker***) for each industry. *Average output per worker* was then multiplied by the total number of employees working for companies that received Wood Products RLF loans within each specific industry to get ***total output value of employment***.