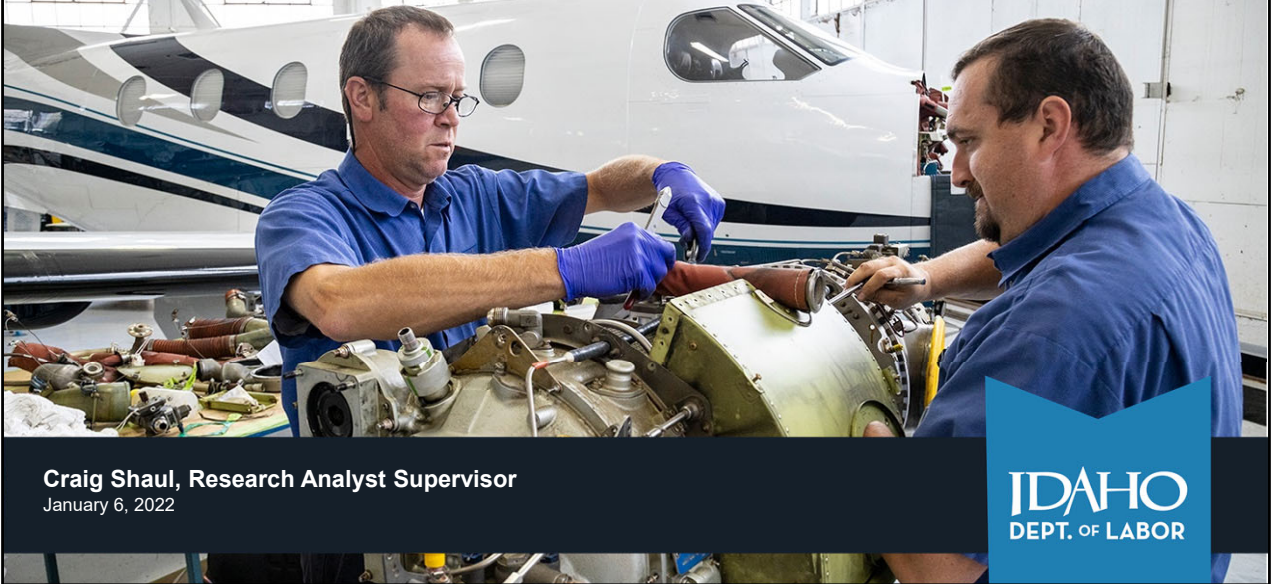


# Idaho's Labor Market

Economic Outlook and Revenue Assessment Committee - 2022

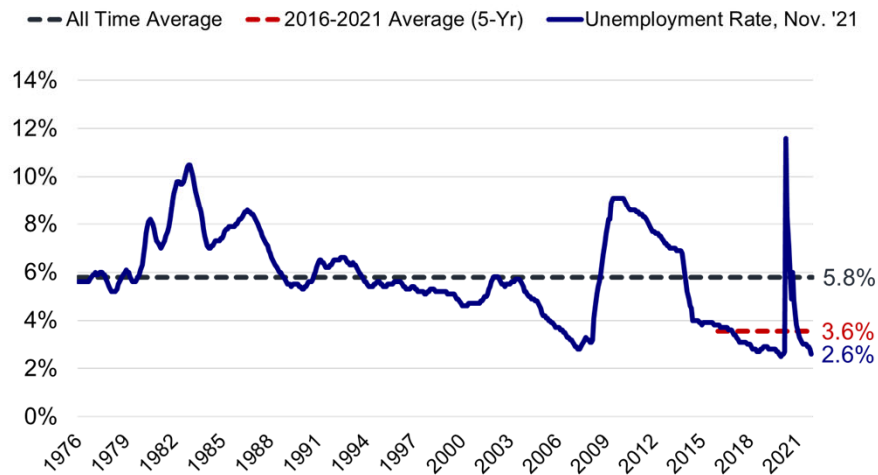


**Craig Shaul, Research Analyst Supervisor**  
January 6, 2022

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## Idaho Unemployment Rates

Compared with Annual Averages: 1976 to 2021, 2015 to November 2021



Source: Idaho Department of Labor

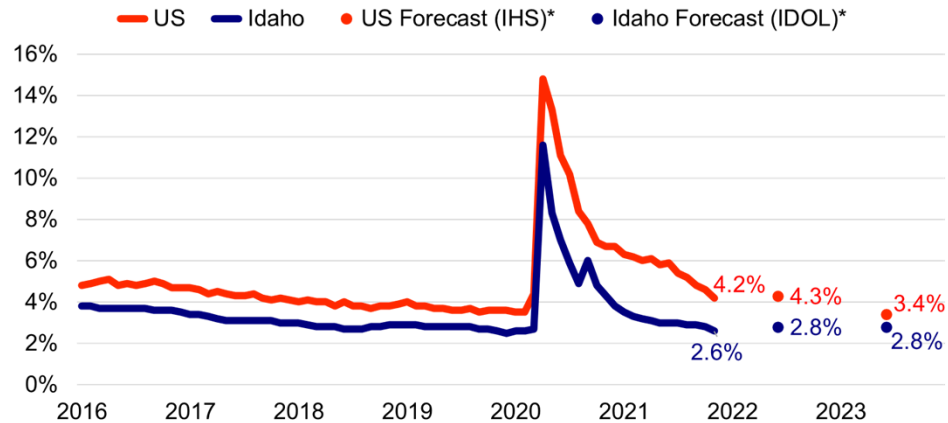
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- The strength of Idaho's economy is apparent in the changes of its unemployment rate over the past year. The most current rate of 2.6% in November is 17 percentage points lower than the 4.3% of November 2020.
- At this point last year, we were talking about Idaho's incredible rebound from the disruption of the pandemic and what turned out to be a few short months of interruption of the labor force challenge that persisted for more than four years before 2020.
- As of December 2020, our unemployment rate was officially below 4% again, and before we were even halfway through 2021, that labor force challenge intensified into a labor force shortage.
- The average rate for Idaho from 1976 to November 2021 is 5.8%.
- The average since 2015 until November 2021 is 3.6%, even with the short spike in 2020 due to the pandemic disruption.

## Unemployment Rate

January 2016 to November 2021



\* Forecast averages for SFY'21 & SFY'22

Source: Idaho Department of Labor

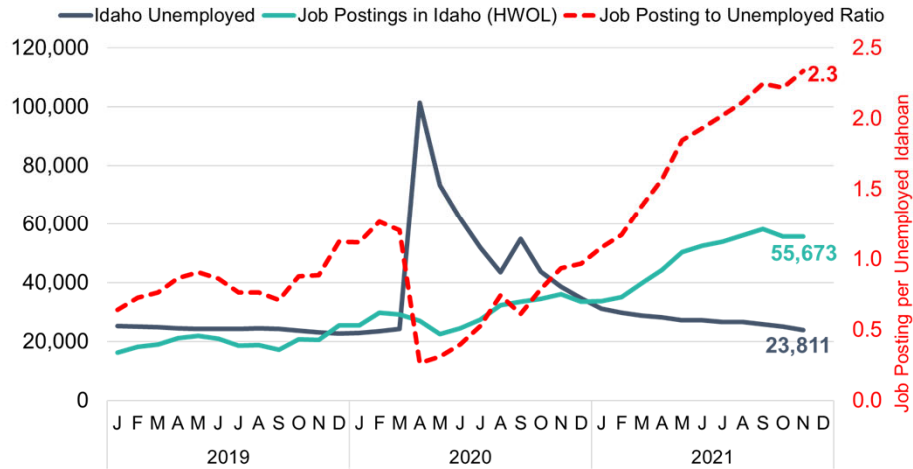
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- Idaho is considerably lower than the 4.2% national unemployment rate.
- Idaho's rate currently ranks as the 4<sup>th</sup> lowest in the US, and ranged between the 6<sup>th</sup> and 3<sup>rd</sup> ranking during 2021.
- Looking forward, Department of Labor analysts anticipate current labor force conditions to continue and the unemployment rate to persist at an average of 2.8% for the next two years.
- The IHS forecast for the US is a continued decline of the unemployment rate with an average of 4.3% for 2022 and 3.4% in 2023.

## Online Job Posting Index

Jobs in Idaho, January 2019 to November 2021



Source: Idaho Department of Labor, Bureau of Labor Statistics, The Conference Board-HWOL

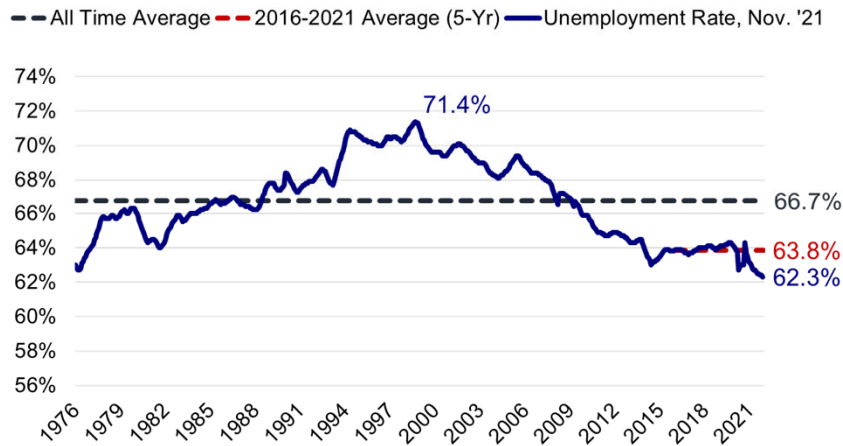
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- According to Help Wanted Online, help wanted postings for jobs in Idaho in November totaled 55,673.
- This is compared with 23,811 Idaho's total number of unemployed.
- This means that there are 2.3 job postings per unemployed person.

## Idaho Participation Rate

Compared with Annual Averages: 1976 to 2021, 2016 to November 2021



Source: Idaho Department of Labor

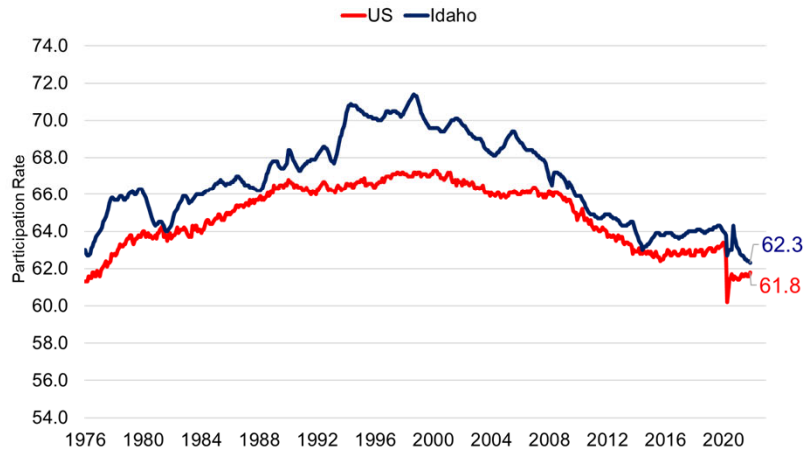
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- The Labor Force Participation Rate (LFPR) is the proportion of the Civilian Non-Institutionalized Population that is either employed or looking for work if unemployed.
- The Civilian Non-Institutionalized Population is an estimate of those 16 years and older and does not include those in the military or institutionalized. This number is an estimate by the Bureau of Labor Statistics using Census Bureau data.
- Idaho's current participation rate is 62.3% and the lowest rate on record going back to 1976.
- Idaho's all-time average to date is 66.7%.
- Idaho's 71.4% peak was in September 1998.
- The climb to this peak from 1976 was due primarily due to women joining the labor force fully in those two decades, as well as both the Baby Boomer and Gen X generations being in the prime working ages between 24 and 54.
- The decline has commensurately been due to the aging out of older Americans, starting with the Silent Generation that were born in the World War Two era, followed by the Baby Boomers, the first of which began entering retirement age around 2009.

## Labor Force Participation Rate

Change from January 1976 to November 2021



Source: Idaho Department of Labor

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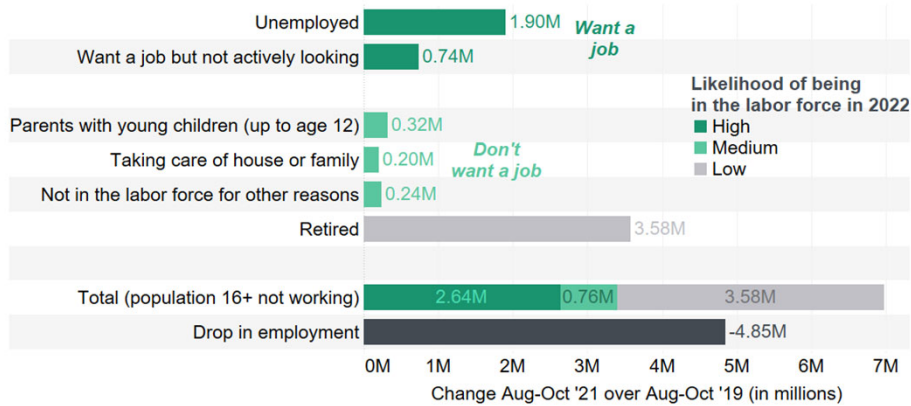
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- The rates for both Idaho and the US dropped during the 2020 COVID pandemic. Idaho's annual average in 2019 was about 64.1% and declined to 62.3% in November.
- Idaho is still above the national average of 61.8%, but in the past year, Idaho's current participation rate has declined from 63.5% in October 2020 whereas the US's average has increased slightly from 61.5%.
  - Of our surrounding states, Idaho has the 4<sup>th</sup> highest LFPR:
    - Utah: 68.0% - 5<sup>th</sup> in the nation
    - Wyoming: 63.7% - 15<sup>th</sup>
    - Washington: 63.6% - 16<sup>th</sup>
    - Idaho: 62.3% - 24<sup>th</sup>
    - Oregon: 62.2% - 25<sup>th</sup>
    - Montana: 62.1% - 26<sup>th</sup>
    - Nevada: 60.9% - 32<sup>nd</sup>
- South Dakota has the highest LFPR with 68.6%.

# Labor Force Participation Decline

## National Insights

Increase in the number of people not working, by labor market status and expectation for 2022, change Aug-Oct '21 over Aug-Oct '19



Source: The Conference Board calculations on microdata from IPUMS-CPS, University of Minnesota

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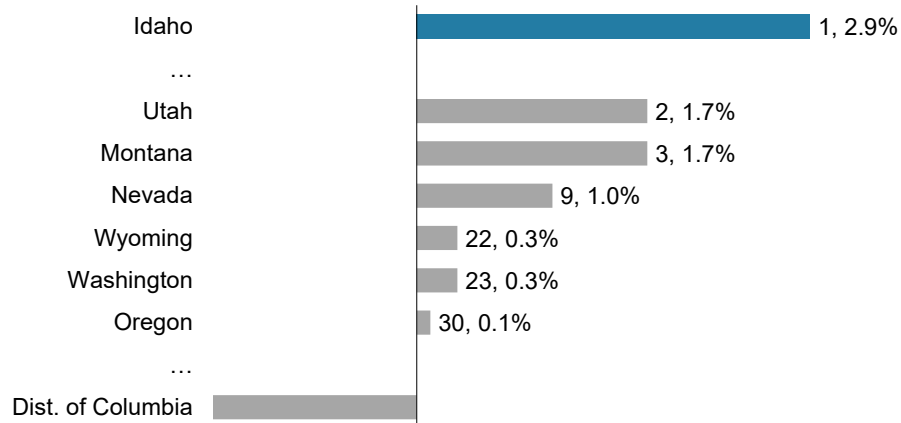
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- While disaggregated data for Idaho is available, analysis of the national decline in the LFPR Decline slide from The Conference Board may provide insight into the reason workers are leaving the labor force, and the likelihood they will rejoin in 2022.
- 6.98 million workers left the labor force from the period of August to October 2019, to the same months in 2021.
- Of these 3.58 million retired, 51% of the total.
- For the remaining, 2.64 million (38%) have a strong likelihood of joining the labor force again in 2022, while 0.76 million (11%) are likely to stay out even though they dropped out due to another reason than retirement.
- As the lion's share of those dropping out of the labor force are retirees, they will not likely be rejoining the labor force, even if the risk of COVID diminished or wages increase.
- There will still be a deficit of 1.45 million from the 4.85 million employment decline should those with any degree of likelihood to rejoin the labor force in 2022.

## State Population Growth

Percentage Growth 2019-2020 with Rank, Idaho and Neighboring States



Source: Idaho Department of Labor

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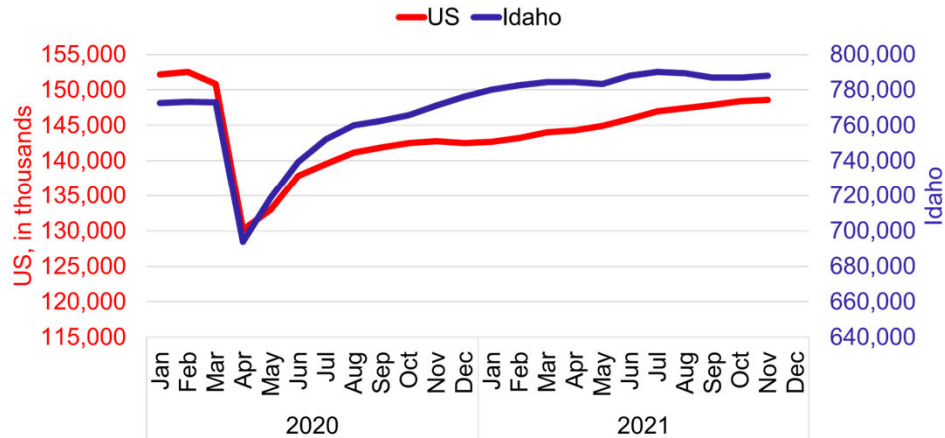
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- Idaho is not alone in its labor force challenge. It is a well-publicized national challenge. The intensity being felt in Idaho directly correlates with its economic success. However, a saving grace for Idaho continues to be its population growth.
- Idaho's population increased by more than 53,000 people from 2020 to 2021 for a total population of 1.9 million.
  - 93% of the 53,000 increase was from in-migration.
    - Only 1 percent of the in-migration was from international immigration.
- The percentage change was 2.9%, the largest in the nation again and considerably higher than the percentage increases of our surrounding states.
- Idaho's numeric growth ranked as the ninth largest.
- It should be noted that the nation grew by 0.1%, the slowest growth since in the nation's history that can be attributed to a decrease in net international migration, decreased birth rates, and increased mortality rates due to the pandemic.
- DC's change was cut off the pictured chart; it was -2.9%



## Total Nonfarm Jobs in Idaho

Monthly through November 2021



Source: Idaho Department of Labor

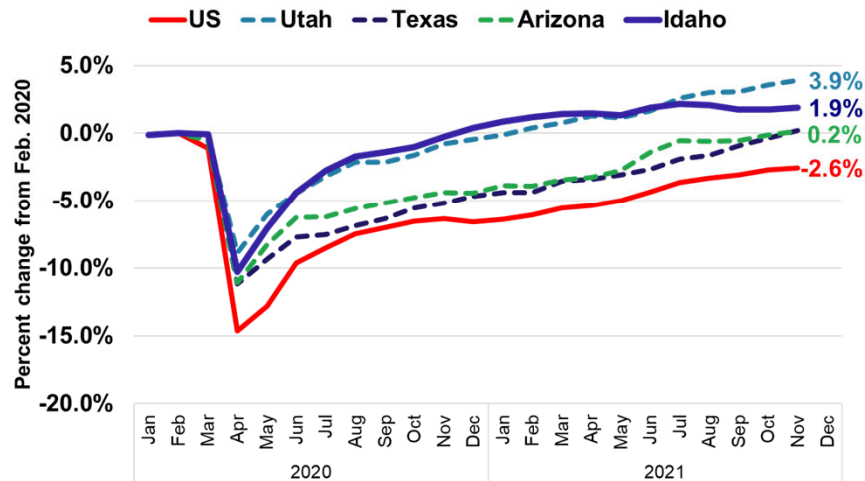
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- As of November 2021, Idaho's nonfarm jobs totaled 787,900. This is an increase of 0.1% month to month and 2.1% year to year.
- For the same time period, the nation also increased by 0.1% month to month and is up 4.1% year to year.
- Due to Idaho's earlier rebound and being the least affected state in terms of nonfarm job disruption caused by the pandemic, we rank in the bottom half of the nation in this regard.

## Total Nonfarm Jobs

States above Pre-Pandemic Levels as of November 2021



Source: Idaho Department of Labor

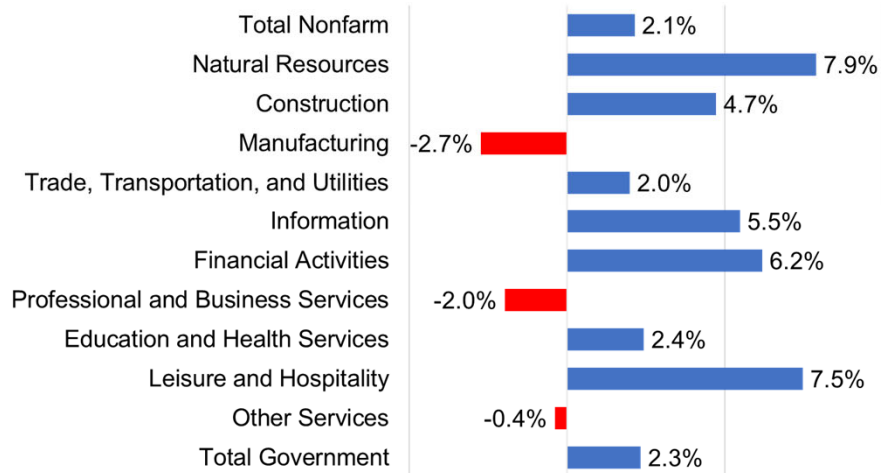
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- Currently, Idaho is 1.9% above pre-pandemic job levels set in February 2020.
- Idaho is one of only four states with jobs above pre-pandemic levels as of November 2021. Idaho was the first state to achieve this distinction (in December 2020), and was joined by Utah in February 2021. Utah currently leads the nation at 3.9%.
- Arizona and Texas joined Idaho and Utah in reaching the level above pre-pandemic level. Both are at 0.2% above their February 2020 level.

## Idaho's Nonfarm Jobs

by Sector from November 2020 to November 2021



Source: Idaho Department of Labor

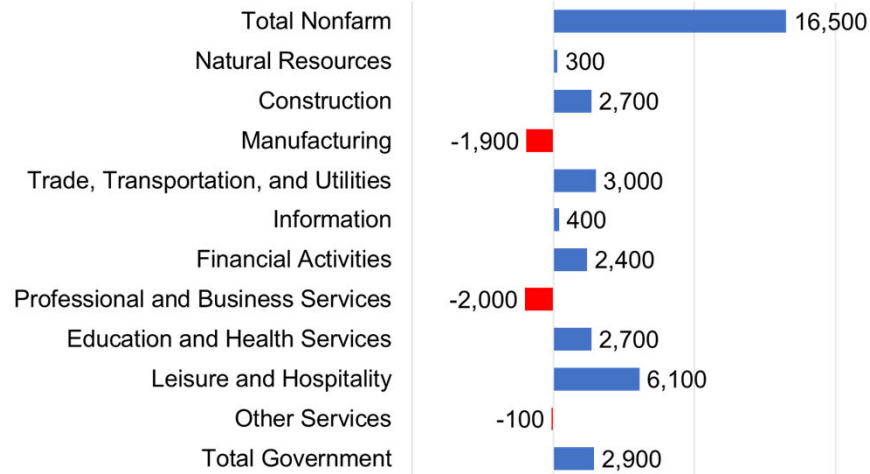
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- The changes to Idaho's job sector's that make up that 2.1% year-to-year growth include the sectors shown on this graph.
- Three sectors are showing declines. The two largest include:
  - Manufacturing with -2.7%, compared with the US's +2.9%. Looking at this sectors performance compared with pre-pandemic levels, Idaho is 2.3% below February 2020 level, and the US is 2% below. Declines centered in durable goods, specifically in Computer and Electronic Products.
  - Professional and Business Services declined 2% while increasing 4.9% for the US. The two subsectors showing considerable declines in Idaho are Call Centers and Employment Services.

## Idaho's Nonfarm Jobs

by Sector from November 2020 to November 2021



Source: Idaho Department of Labor

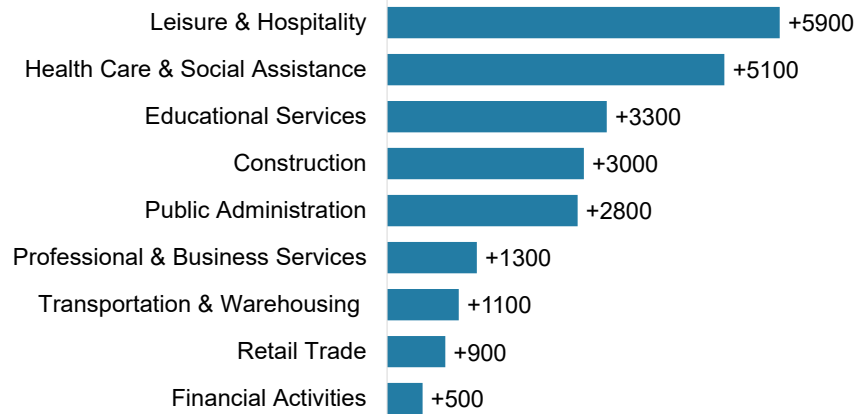
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This is the same analysis as the previous slide but with the numeric change in place of percentage change. Of the 16,500 increase in Idaho's nonfarm jobs from November 2020 to November 2021, Construction, Trade and Transportation, and Financial Activities had the largest gains. The 7.9% increase in Natural Resources is an increase of 300 jobs.

## Key Projected Growth Industries

Projected Growth, Q1 2021 to Q1 2023



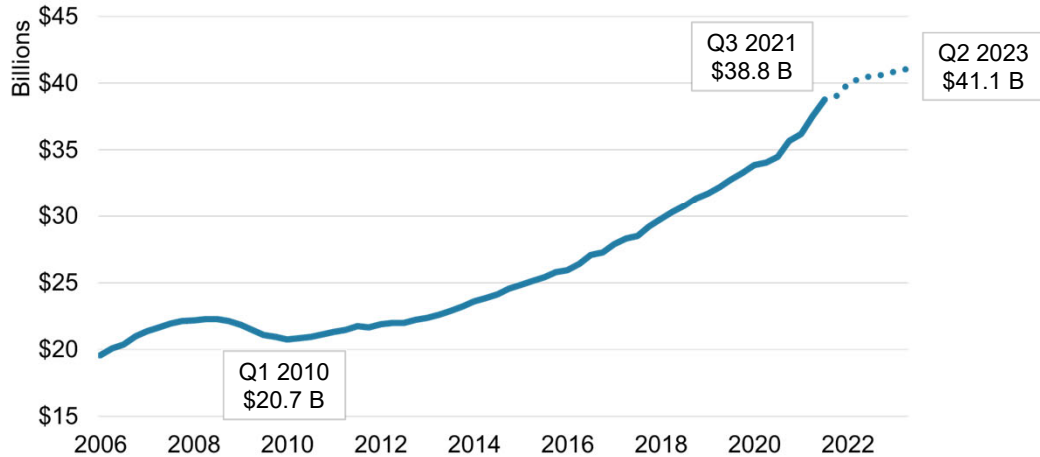
Source: Idaho Department of Labor

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## Total Covered Wages and Salaries

Annualized Wages with Q2 2023 Forecast



Source: Idaho Department of Labor

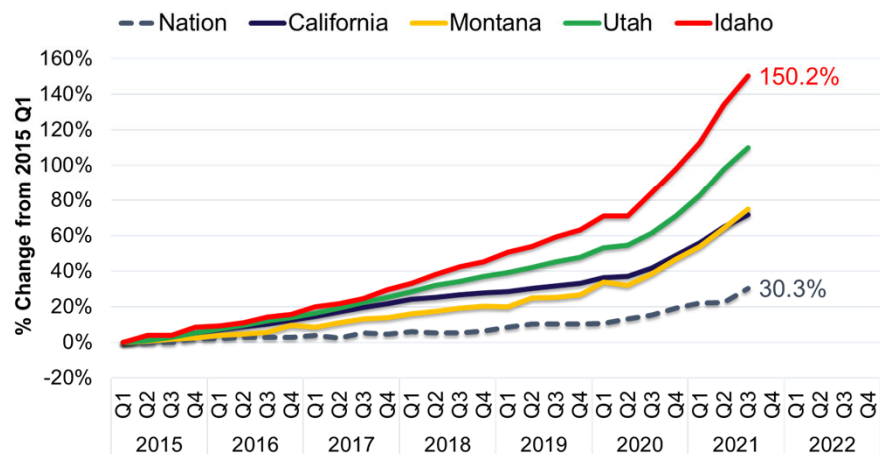
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- Last year, from third quarter 2020 to third quarter 2021, annualized total covered wages and salaries increased by \$4.9 billion. This is a 12.5% increase that is considerably greater than the 5.2%, \$1.7 billion increase from 2019 Q3 to 2020 Q3.
- It is almost double the 6.8% average percent increase over the past five years.
- This is the result of both wage increases and increases in the total number of employed.
- Department analysts expect that by second quarter 2023, the annualized total of Idaho covered wages and salaries will reach \$41.1 billion, +5.9% and \$2.3 billion increase from third quarter 2021.
- The wage growth Idaho has seen in the past year will temper in the next two years, and return to the historical driver of total wage and salaries increases driven primarily by the expanding economy and the labor force.
- Wages are expected to increase, but not at exponential rates based on the results of the last year or two.

## House Price Index

2015 Q1 to 2021 Q3



Source: Federal Housing Finance Agency

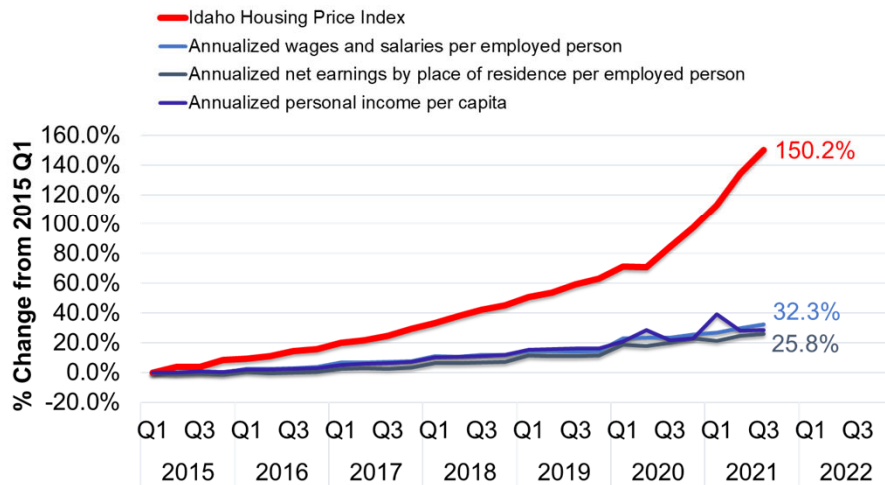
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Idaho's home prices have increased by more than 150% from the first quarter of 2015 to the third quarter 2021, about five times the national average.

## House Price Index

2015 Q1 to 2021 Q3



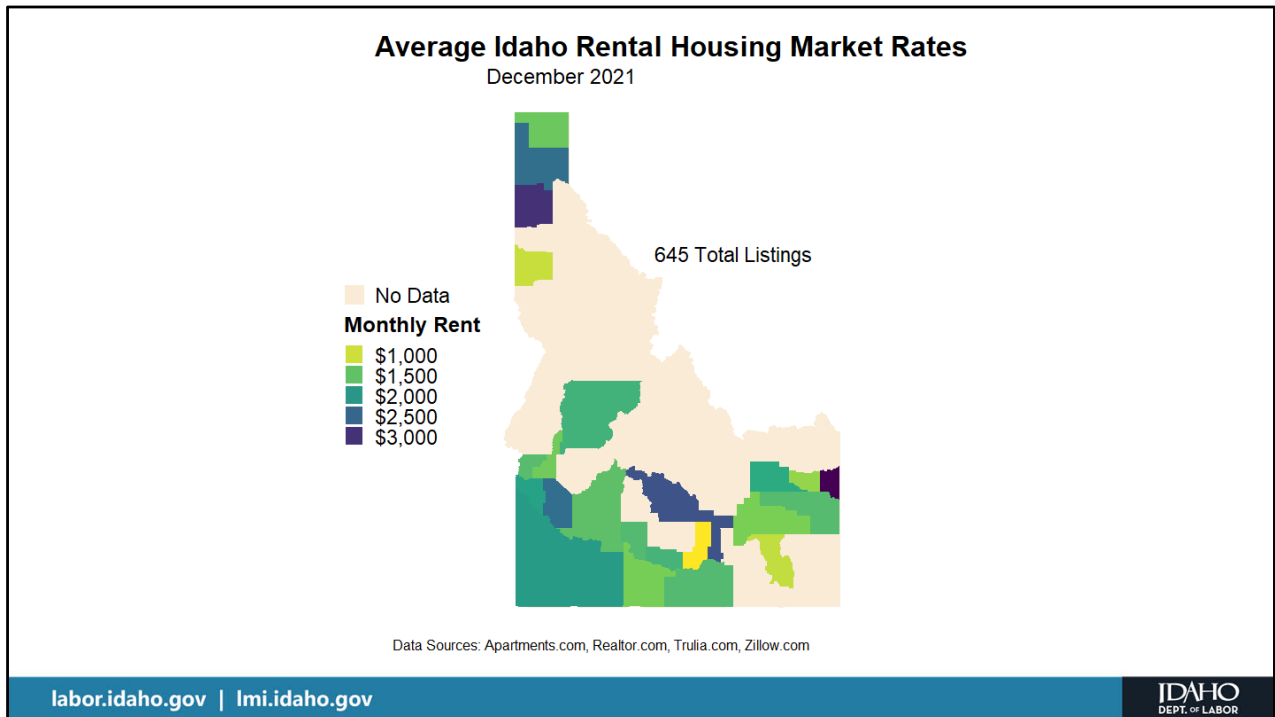
Source: Federal Housing Finance Agency, Bureau of Economic Analysis, St. Louis Federal Reserve

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- Comparing changes in income and wages to the increase in home prices over the past few years, a disparity in rates emerges.
- We provide three different measures of income to be thorough, but regardless of how it is calculated, the variation between the three varies little, ranging from 25.8% to 32.3% increases.
- While this increase in wages matches the increase of the nation's home price index prices, is also is about five times less than the home price index for Idaho.





- Rental costs are increasing as well. Even smaller areas of Idaho are experiencing relatively high average rents.
- The amount of the average rents is correlated to their relative size, with the exception of some of Idaho’s resort areas that include Teton, Blaine and Kootenai counties.
- The challenge of rent prices presents a hurdle for young workers entering the workforce and looking to find an apartment of their own, or for employers looking to attract workers from out of state but unable to find affordable housing.

## Summary

- Idaho's economic strength continues to lead the nation.
- It ranks among the five states with the lowest unemployment rates.
- It is one of only four states with jobs above pre-pandemic levels.
- The largest job increases in the next two years are expected in the leisure and hospitality, and health care sectors.
- Labor force supply limitations will be a long-term challenge.
- Wages are rising, but housing scarcity and prices are a limitation to labor force and job growth.

- Idaho's economy continues to lead the nation in many aspects. Its strength is also the source of its primary challenge. It has employed nearly all the available workers in the labor force, yet not met the needs of Idaho employers whose goods and services are in high demand.
- Idaho's 2.6% unemployment rate ranks as one of the lowest in the nation.
- Idaho's strong in-migration growth is helping it with the limited labor force supply, but demographics dictate that a sufficient supply of workers for all employers will be a long-term challenge.
- Wages are increasing, but not at the same rate of Idaho housing prices.
- While there was not a slide addressing the dynamic of remote workers on Idaho's labor market, they are an increasing feature of the economy. Idaho employers should be ready to compete for workers against out-of-state employers who are looking to hire your workers to work remotely. The embrace of remote work means that Idaho employers are competing with companies that may not have a footprint in their town or even in the state.

**Thank you.**

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