

# Idaho's Labor Market

Economic Outlook and Revenue Assessment Committee - 2024



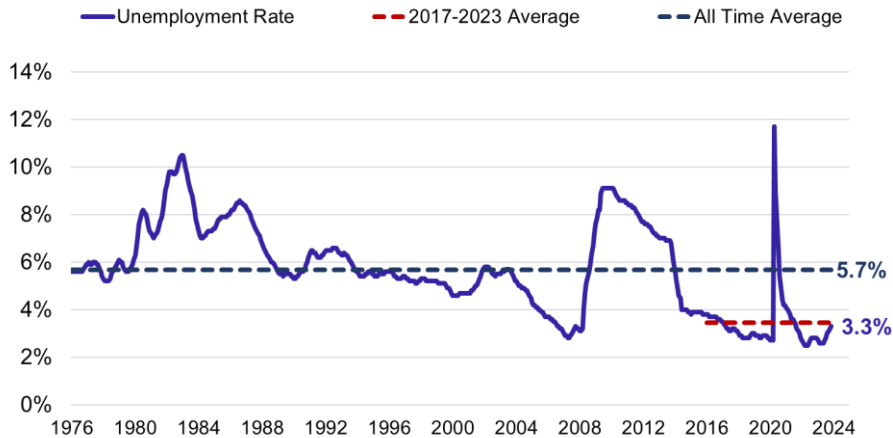
**Craig Shaul, Research Analyst Supervisor**  
January 4, 2024

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This presentation is the product of a group effort of the dedicated team of the Idaho Department of Labor's Communications and Research Division.

## Idaho's Unemployment Rate

January 1976 – November 2023



Source: Bureau of Labor Statistics, Idaho Department of Labor

December 2023

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### Idaho's Unemployment Rate:

Over this last year in 2023, Idaho's labor market held strong.

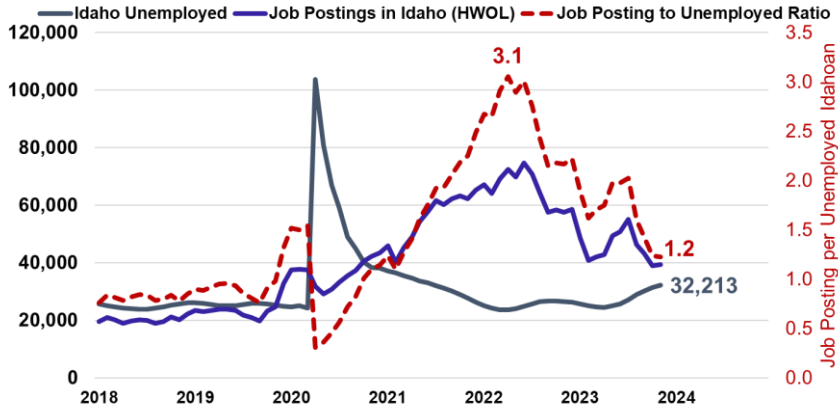
The unemployment rate for Idaho remained very low. The average rate from 2017 to 2023 was at 3.4%, a sustained average well below the all-time average of 5.7% from 1976. The year 2023 started with 2.7% and spent February through May at 2.6% before steadily climbing to 3.3% - the most recent rate was 3.3% for this past November.

Idaho's current rate is lower than the nation's average of 3.7% for November and ranks 21<sup>st</sup> among the states. Among our surrounding states, Utah's 2.8% was the lowest.

A sustained, consistent increase in the labor force combined with a slight deceleration in employment increases fueled the unemployment rates increases. Even so, the low unemployment rate indicates that employers are still straining against a limited supply of labor, or tight labor force.

## Online Job Posting Index

January 2019 – November 2023, jobs per unemployed in Idaho



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

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### Online Job Posting Index:

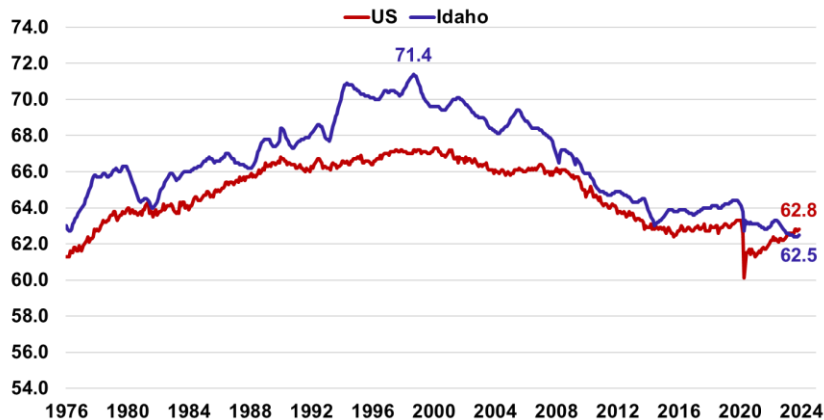
Another way to look at the labor market is to compare job openings to the number of unemployed people looking for work.

According to Help Wanted Online, an analysis of job postings scraped from the internet by The Conference Board, open jobs in Idaho, in November 2023, totaled about 40,000. Compared with the 32,213 total unemployed in Idaho that same month, there were 1.2 open positions per unemployed Idahoan, in Idaho, looking for work.

In November 2022, there were 1.7 openings per unemployed person, but we had 5,700 fewer unemployed and about 18,000 more job openings. This indicates that the intensity of the worker shortage has subsided, and we are back to the tight labor market conditions we were experiencing before 2020.

## Labor Force Participation Rate

January 1976 – November 2023



Source: Bureau of Labor Statistics, Idaho Department of Labor

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### Idaho Labor Force Participation Rate (LFPR):

Despite the appearance of relief, the labor supply challenge continues as Idaho's 2023 labor force participation rate indicates.

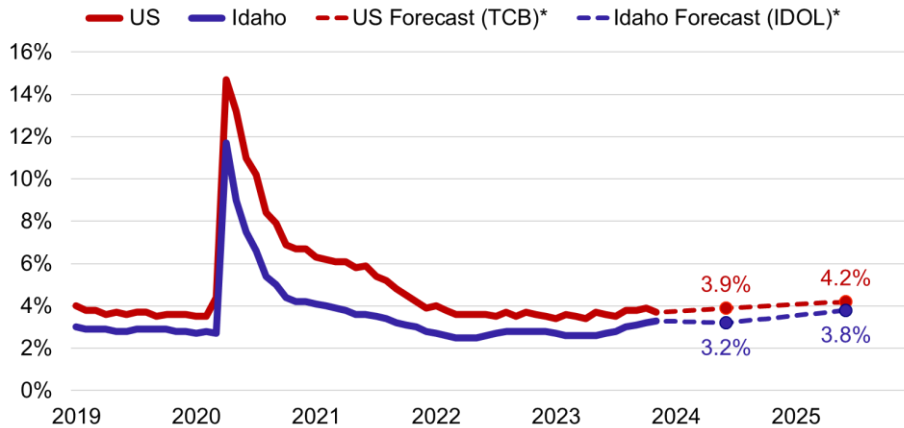
The Labor Force Participation Rate is the proportion of people counted in the civilian population who are either employed or, if unemployed, are looking for work. This number is estimated by the Bureau of Labor Statistics using Census Bureau data.

The estimates for 2023 saw a decline in the participation rate back down to 62.5%. Idaho's all-time average, from January 1976 to November 2023, was 66.7%, peaking at 71.4% in September 1998.

July to October of 2023 held the lowest participation rate on record with 62.4%. The climb from 1976 to the peak in 1998 was due primarily to women fully joining the labor force throughout those two decades, as well as both baby boomers and Gen Xers being in the prime working ages between 24 and 54.

## Unemployment Rates Compared: US and Idaho

January 2019 – November 2023 with forecast averages



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

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### Unemployment Rate Forecast:

Looking ahead, Idaho Department of Labor analysts anticipate that due to trends with the labor force and jobs that are expected to persist into the future, Idaho's unemployment rate can be expected to rise, but keep within very low-rate levels.

The unemployment rate can be expected to continue to rise from November's rate through the close of the current fiscal year, landing the average at 3.2% for state fiscal year 2024, and an average of 3.8% for state fiscal year 2025.

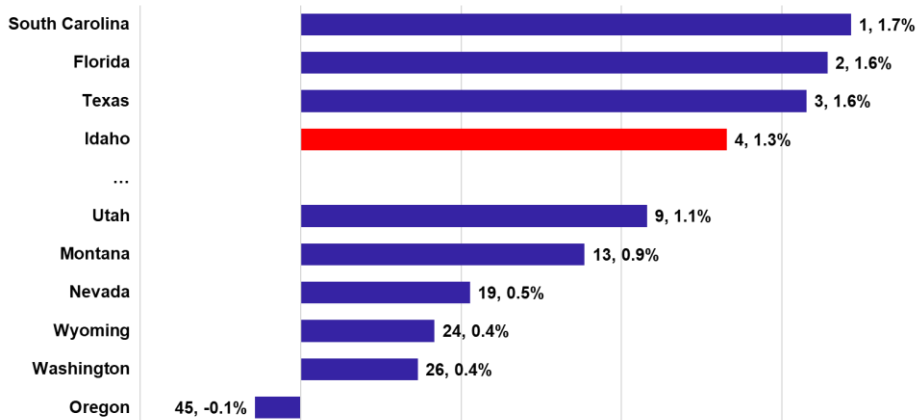
For part of 2024, some national economic models still anticipate a light national recession for Q1 and Q2 of 2024, but to return to growth for the second half of the year.

The Conference Board still anticipates a recession as of their November reading, with averages of 3.9% for 2024 and 4.2% for 2025. The Federal Reserve forecasts similar rates.

Their survey of US CEOs shows that while 72% of CEOs expected a recession in the future, most expect it to be "brief and shallow."

## State Population Growth

Percentage growth 2022-2023 with rank, Idaho and neighboring states



Source: Census Bureau, Idaho Department of Labor

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### Population:

The US Census estimated Idaho's July 2023 population at 1,964,726 — an increase of 1.3% from July 2022 — ranking it 4th nationally in percentage growth.

Idaho's population growth in 2023 was double the national average of 0.5%, higher than the growth rate of 0.4% in 2022 and 0.2% in 2021.

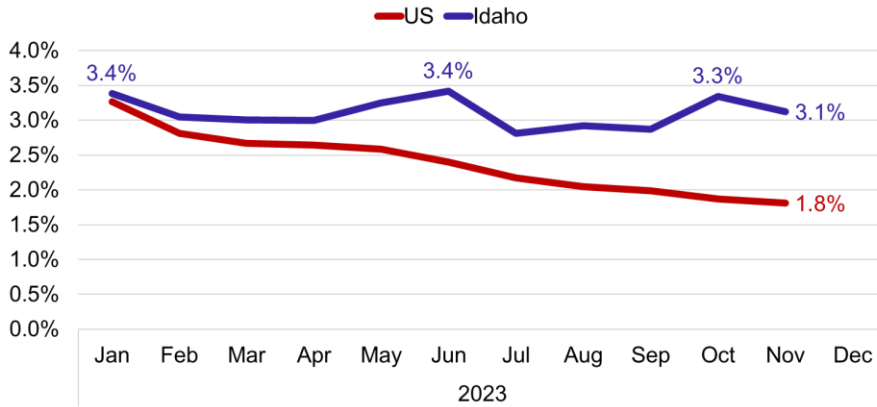
Breaking down Idaho's 2023 population growth reveals a shift, with 78% attributed to in-migration, primarily domestic, and 22% from natural change (births minus deaths). International migration increased from 5% in 2022 to 18% in 2023, with a significant increase in natural change.

### Top states:

1. South Carolina: 1.7%
2. Florida: 1.6%
3. Texas: 1.6%
4. Idaho: 1.3%
5. North Carolina: 1.3%

## Total Nonfarm Jobs

Over-the-year change



Source: Bureau of Labor Statistics, Idaho Department of Labor

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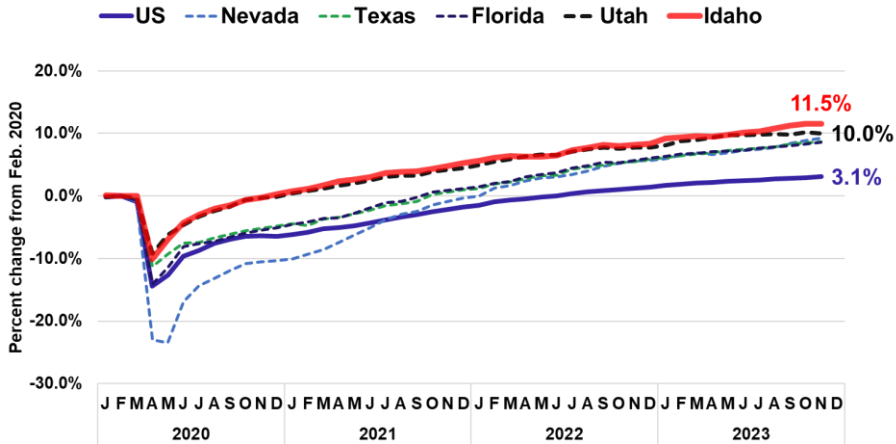
### Total Nonfarm Jobs in Idaho:

Idaho's increasing population has helped the state add jobs to its economy. As of November 2023, Idaho's nonfarm jobs totaled 862,000 increasing 26,100 (3.1%) from November 2022. The nation increased by 1.8% during that same period of time.

Idaho has performed better than the national average in the growth of jobs. Yet, measuring changes from the peak of jobs before the pandemic we can really see how Idaho's job growth performance stands out.

## Total Nonfarm Jobs

Top states above pre-pandemic peak as of November 2023



Source: Bureau of Labor Statistics, Idaho Department of Labor

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### Total Nonfarm Jobs – top states above pre-pandemic states:

For this, we take the level of jobs held in February 2020, the month before the economic turmoil caused by the pandemic and measure the change from that point.

Measuring the changes in jobs from the pre-pandemic peak in February 2020, Idaho stands at 11.5% above this level in November 2023. This increase leads the nation. Idaho was the first state to recover its job level in December 2020.

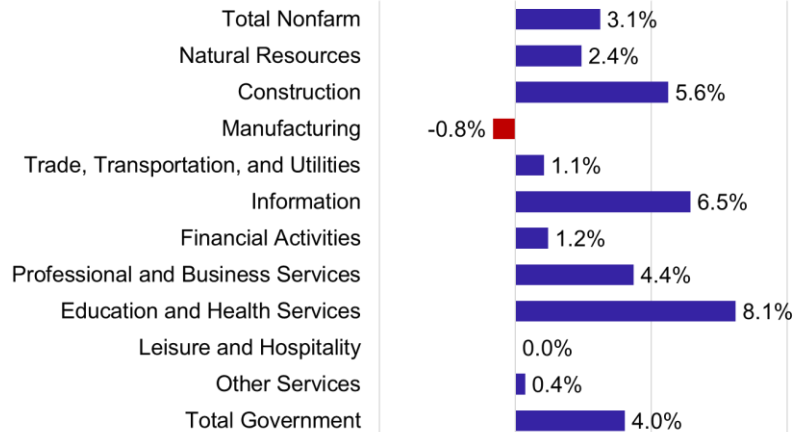
Since then, Idaho and Utah have been trading the top spot back and forth of this measure.

It was late 2021 when the US average reached the recovery point to the pre-pandemic peak and stands at 3.1%.



## Idaho's Nonfarm Jobs

November 2022 – November 2023, percentage change by industry sector



Source: Bureau of Labor Statistics, Idaho Department of Labor

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### Nonfarm Sectors – by percent change:

Looking at the changes from November 2022 to November 2023, we can get a sense of how the variety of industries in Idaho contribute to Idaho's strong job growth.

Idaho's total nonfarm jobs increased by 3.1%, and all sectors had increases over the last year except manufacturing and leisure and hospitality services.

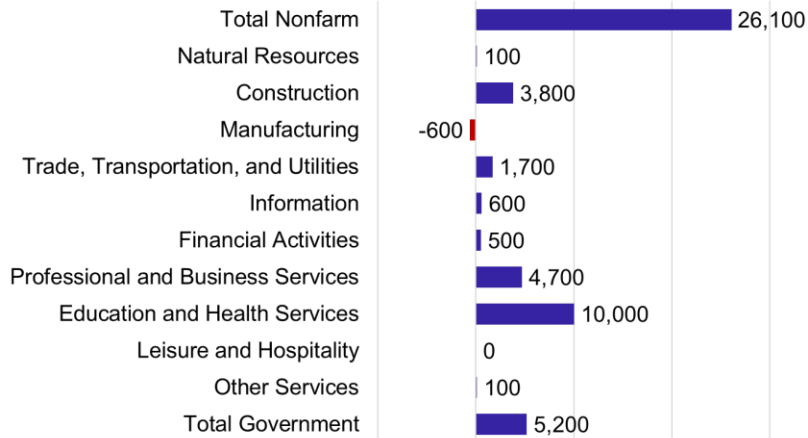
Education and health had the largest percentage increase with 8.1%.

Other top increases were seen in:

- Information: 6.5%
- Construction: 5.6%
- Professional and Business Services: 4.4%

## Idaho's Nonfarm Jobs

November 2022 – November 2023, change by industry sector



Source: Bureau of Labor Statistics, Idaho Department of Labor

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### Nonfarm Sectors – by number:

This is the same analysis as the previous slide but with the numeric change in place of the percentage change.

An increase of 26,100 in Idaho's nonfarm jobs:

- Education and Health Care: 10,000
- Government: 5,200
- Professional and Business Services: 4,700
- Information's 6.5% increase represents 600 jobs.
- Manufacturing's decline represents a change of 600 jobs.

## Key Projected Growth Industries

Q1 2023 – Q1 2025, projected growth



Source: Idaho Department of Labor

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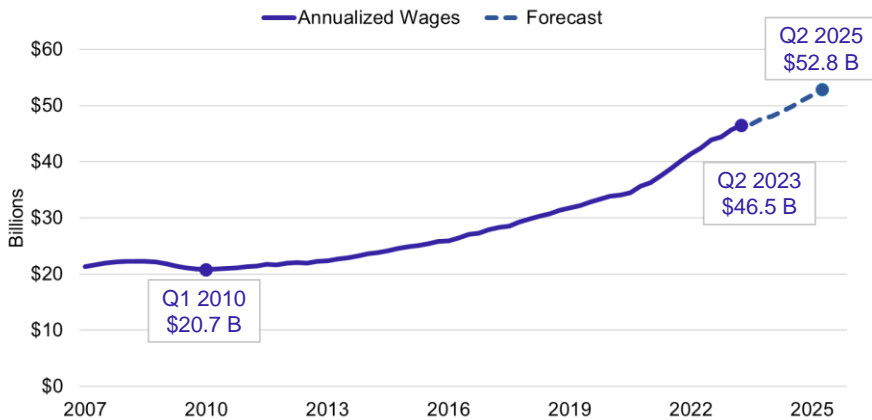
### Projected Industries:

The Idaho Department of Labor analysis projects that the top increases from 2023 Q1 to 2025 Q1 will be in health care and the goods producing industries.

These increases are conservatively optimistic and based largely on the past performance of Idaho's economy.

## Total Covered Wages and Salaries

Annualized wages with Q2 2025 forecast



Source: Idaho Department of Labor

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### Total Covered Wages and Salaries:

Department analysts anticipate that Idaho's covered wages will continue to increase over the next year and a half to second quarter 2025. As a definition, covered just means employment that falls under unemployment insurance law and must be reported to the Idaho Department of Labor.

Annualized total covered wages and salaries from 2022 Q3 to 2023 Q3 increased by \$3.98 billion to \$46.5 billion, an increase of 9.4%. Compared to last year which increased from 2021 Q3 to 2022 Q3 by \$4.99 billion, or 13.3%.

Department analysts expect that by Q2 of 2025, the annualized total of Idaho's covered wages and salaries will reach \$52.8 billion increasing by \$6.3 billion from the end of the fiscal year 2023, a change of 13.5%.

The anticipated increase is a conservative expectation that continues to expect Idaho's labor force and population growth will continue to be moderate from the incredible rates it experienced in 2020, 2021 and 2022. The last two Census population estimates bear out this rationale.

## Housing Price Index and Wage Changes Compared

Changes indexed to first quarter 2015



Source: Bureau of Economic Analysis, Federal Housing Finance Administration, Idaho Department of Labor

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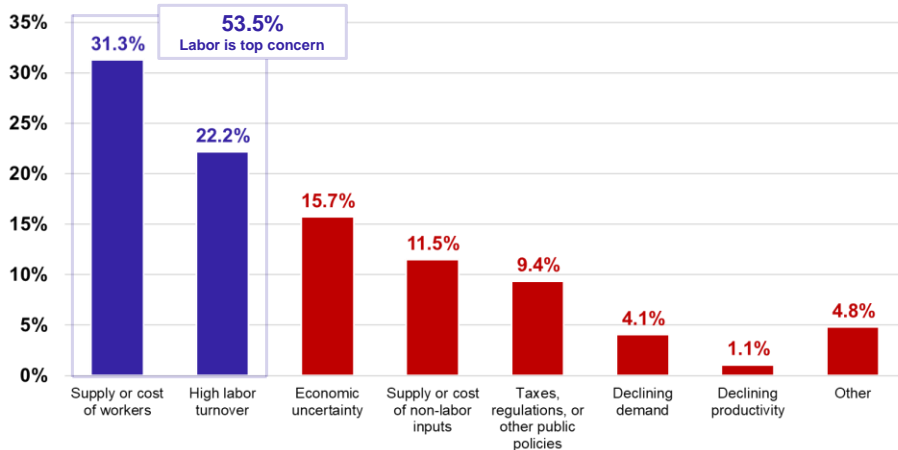
### House Price Index:

As measured by the Federal Housing Finance Agency's index, Idaho's home prices stand 166.6% above their 2015 Q1 level. Idaho's home prices are lower than the 174.8% peak during the second quarter of 2022. However, they seem to be ratcheting up slightly from the 162.5% low point earlier in 2023 and as of Q3 they were at 166.6%.

Home price increases have grown triple the rate of wages and income since the 2015 index, and increases are directly related to the degree of population increases driven by in-migration into Idaho.

## Top Concerns of Business

2023 Business Climate Survey



Source: Idaho Department of Labor

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### 2023 Business Climate Survey – Top Business Concerns:

In 2023, the Idaho Department of Labor launched a research effort to survey Idaho Businesses on their perception of economic and labor market conditions. We released a report from the survey in mid-2023. We asked about:

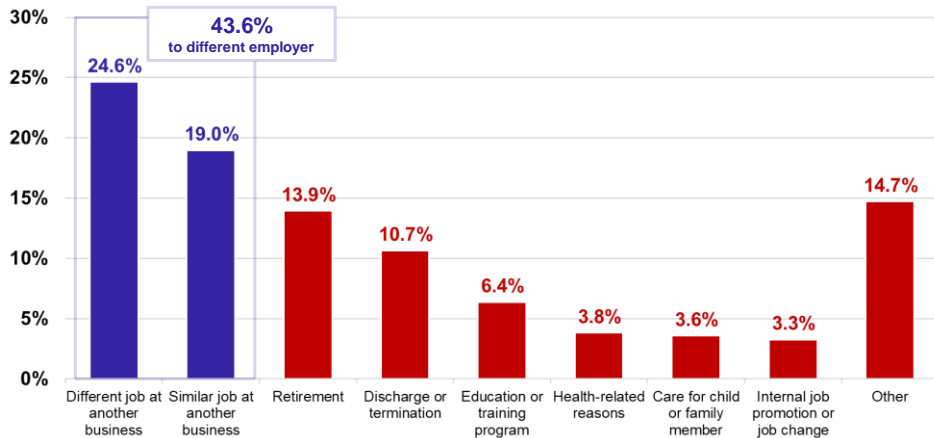
- Characteristics of the business and its leadership.
- Experience with job postings and the various methods employers used to advertise positions.
- The workplace arrangements of employees.
- Interest in additional surveys for future research

Almost 2,400 businesses responded to the Department’s survey.

One of the key takeaways was that over half of respondents had a top concern involving labor, either high turnover or the supply/cost of workers. Labor concerns were prevalent across goods-and service-producing industries. Other top concerns included economic uncertainty; supply or cost of nonlabor inputs; and taxes, regulations and other public policies.

## Top Reason for Employee Turnover

2023 Business Climate Survey



Source: Idaho Department of Labor

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### 2023 Business Climate Survey – Top Reason for Employee Turnover:

Another key takeaway was nearly 44% of respondents cited job switching as the top reason for labor turnover. Job switching was a commonly cited top reason among goods producing industries as well as several customer-facing service industries.

Respondents from arts, entertainment and recreation industries were the most to cite employees leaving to return to school or enroll in a job training program.

Retirement was a top reason for labor turnover among several service industries.

Only 14% of respondents cited an employer-initiated decision as a top reason for labor turnover such as discharge/termination or internal promotion.

We will be refreshing this survey annually and look forward to sharing how these top takeaways change compared to 2023. However, just based on conversations I've had with employers as recently as this week, the top concerns are likely to be consistent.

See the full report at: [Newsletter \(idaho.gov\)](#)

## Summary

- Idaho's economic strength continues to lead the nation.
- The state leads the nation in the percentage increase of jobs above the pre-pandemic peak.
- The largest job increases in the next two years are expected to continue to be in health care and construction sectors.
- Total covered wages have increased by \$4.7 billion from Q2 2022 to Q2 2023 and are expected to increase by \$6.3 by Q2 2025.
- Labor force supply limitations have eased but remain a challenge.

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# Thank you.

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Contact:

[Craig.Shaul@labor.idaho.gov](mailto:Craig.Shaul@labor.idaho.gov)

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