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2026 Idaho economic outlook

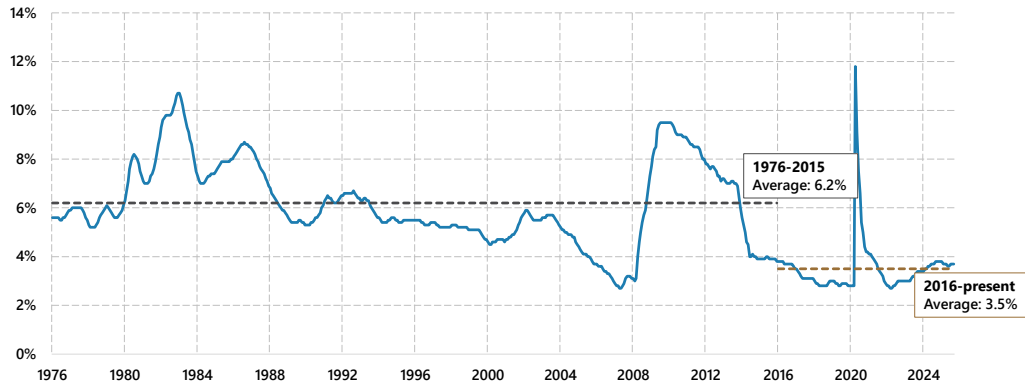
Economic Outlook and Revenue Assessment Committee

Sam Wolkenhauer, labor economist, Idaho Department of Labor
January 14, 2026



Idaho unemployment rate

Idaho is in a period of structurally low unemployment



Source: Bureau of Labor Statistics, Idaho Department of Labor

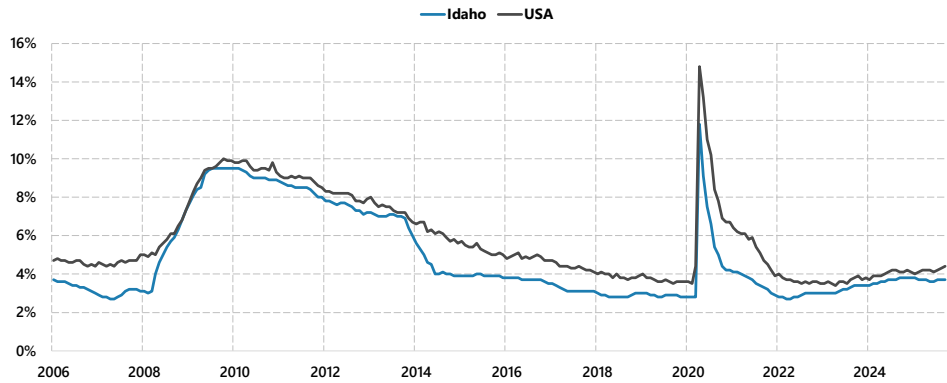
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Idaho's unemployment rate dropped significantly in 2014 and 2015. Since that time, it has remained at a historically low range, apart from a few months in 2020 throughout the pandemic. Although the unemployment rate may change month to month, these changes are in the context of unemployment that has been typically low for many years.

Unemployment rate comparison

Idaho's unemployment rate remains persistently below national averages



Source: Bureau of Labor Statistics, Idaho Department of Labor

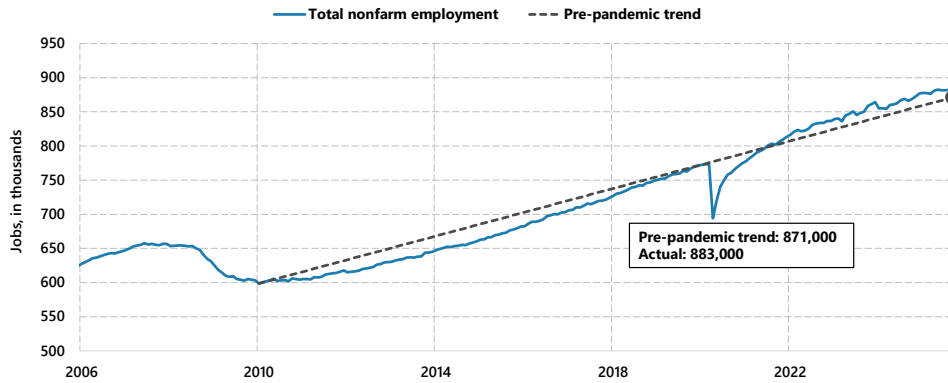
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Idaho's unemployment rate has consistently been lower than the national average. This was true before the pandemic, going back to the last recession. During the pandemic, Idaho's unemployment rate maxed out at a lower level than the nation and returned to normal levels much quicker.

Idaho nonfarm employment

Total employment returns to trend growth



Source: Bureau of Labor Statistics, Idaho Department of Labor

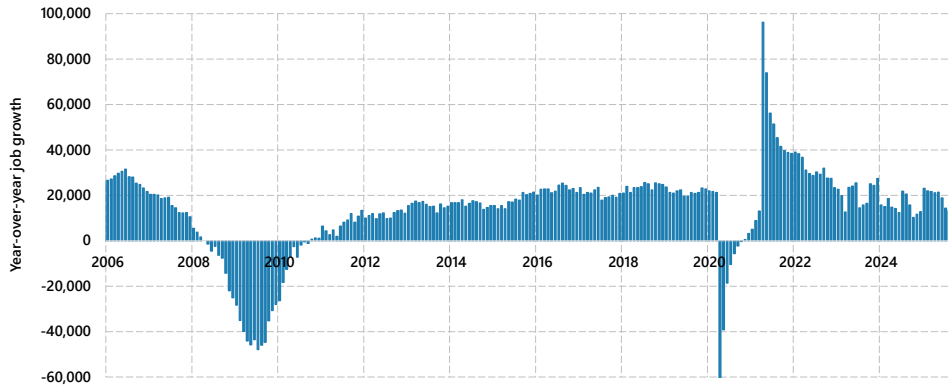
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The effects of the pandemic on Idaho's total labor market are essentially gone from a growth perspective. Idaho's total nonfarm employment has been above the long-term growth trend since 2022, indicating that the pandemic did not cause any lasting impact on the labor market's trajectory.

Idaho nonfarm employment growth

Annualized growth rates normalize post-pandemic



Source: Bureau of Labor Statistics, Idaho Department of Labor

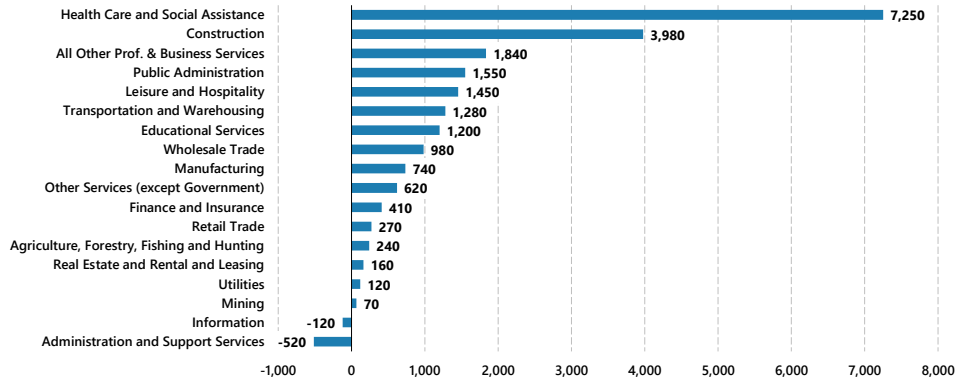
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After wild swings throughout both the pandemic (2020) and the recovery year (2021), nonfarm job creation has stabilized. Idaho continues to show strong job growth.

Short term industry projections

Projected employment growth, 2025-2027 (Q1)



Source: Idaho Department of Labor

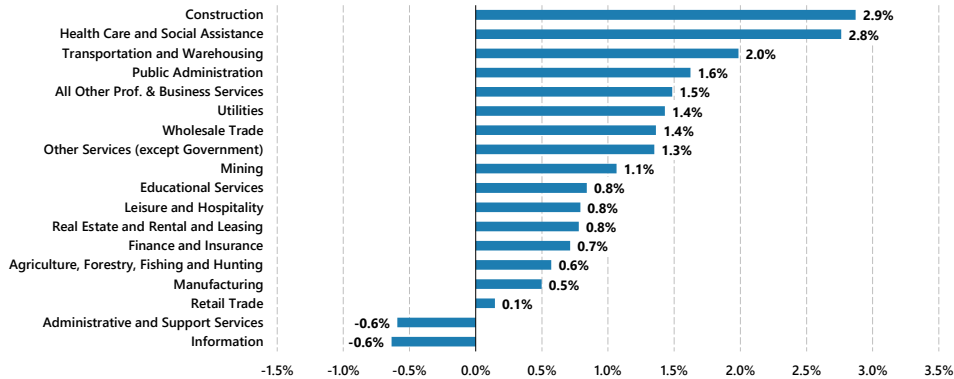
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Health Care and Social Assistance are projected to account for the largest number of jobs created in the coming years; however, Idaho does show a largely balanced labor market with 16 out of 18 sectors expected to grow.

Short term industry projections

Projected annual employment growth rates, 2025-2027 (Q1)



Source: Idaho Department of Labor

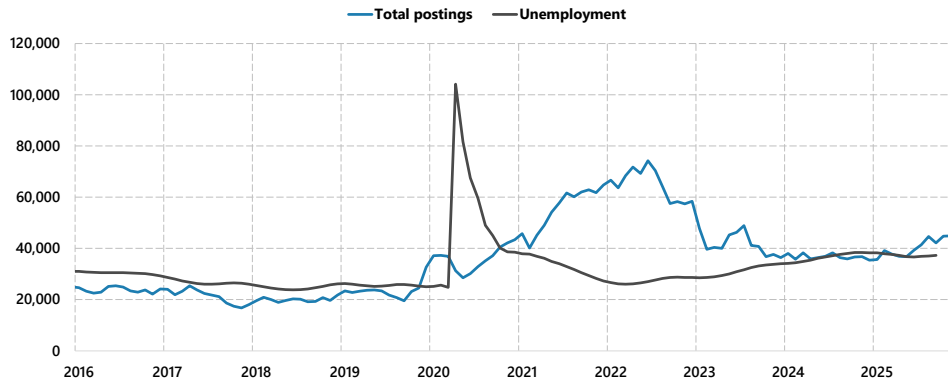
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In comparison to the previous slide, projected growth rates show that the large number of projected new Health Care and Social Assistance jobs are due to this industry's sizeable base as the largest sector in Idaho, rather than disproportionate growth rates. Construction is also projected to grow rapidly.

Idaho labor market dynamics

Job postings and labor supply return to equilibrium



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

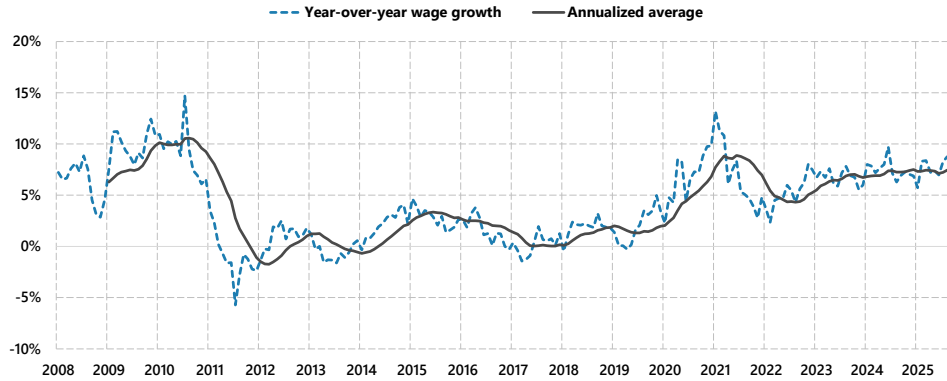
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Idaho's labor market was roughly in equilibrium (the number of job postings was in line with the number of unemployed) until 2020, when we saw wild swings. The pandemic saw a large spike in unemployment which shifted the market out of equilibrium, supply of labor greatly exceeded demand. Meanwhile, the 2021 and 2022 recovery years saw the market swing into disbalance the other direction, job postings exceeded job seekers. In 2024 and 2025, however, these series again converged to equivalent levels. Currently, the labor market is much more balanced and similar to the state's pre-pandemic economy.

Idaho hourly wage growth

Wage growth softens from the peak but remains robust



Source: Bureau of Labor Statistics, Idaho Department of Labor

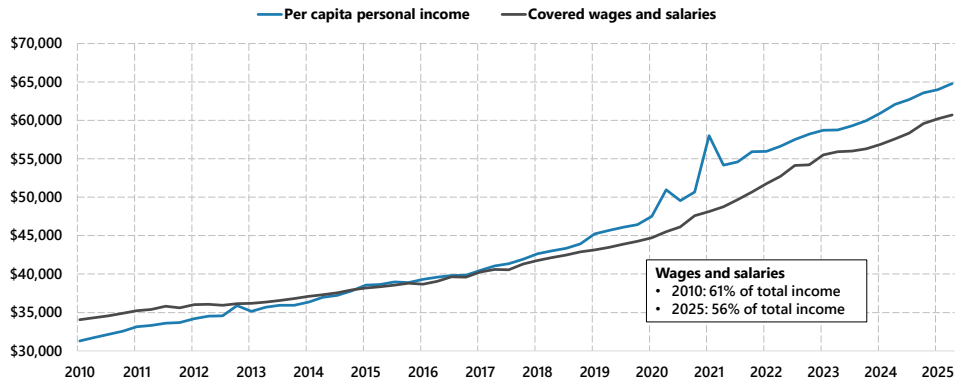
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Wage growth in Idaho continues to be robust post-pandemic. Although it has dropped slightly from its high point in 2021 (key recovery year), it remains slightly higher than pre-pandemic averages and indicates a healthy labor market.

Measures of income growth in Idaho

Total income steadily outpaces wage income



Source: US Bureau of Economic Analysis, Idaho Department of Labor

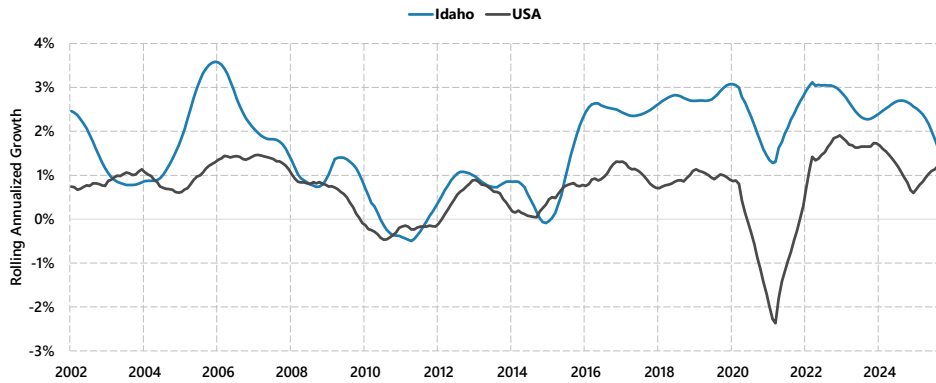
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Total per capita personal income has grown slightly faster than covered wages and salaries. This is due to Idaho's aging population, which has led to more income in the state from retirement sources such as investments, pensions and transfer payments. As the population steadily grows older, wages and salaries will form a smaller share of total income.

Labor force growth comparison

Civilian labor force growth in Idaho consistently outpaces national growth



Source: Bureau of Labor Statistics, Idaho Department of Labor

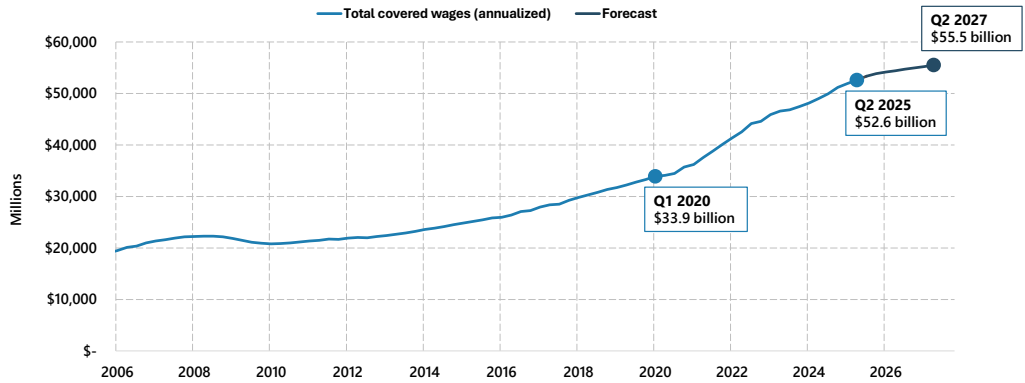
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Idaho's labor force growth consistently outpaces that of the nation. This is predominately due to Idaho's status as a high-growth, net in-migration state with population growth that is consistently among the fastest in the country.

Total covered wages and salaries

Annualized wages with Q2 2027 forecast



Source: Idaho Department of Labor

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Total covered wages and salaries are expected to continue growing, though not as quickly as they did from 2020 to 2025. This is due to the labor market being more balanced, while labor shortages in 2021 and 2022 drove rapid wage and salary growth. Expected future growth is anticipated to be much more in-line with pre-pandemic growth rates, consistent with the idea that the labor market is “normalizing” and balancing.

Summary

Normalizing both the economy and our expectations

- Despite uncertainty and concerns with the strength of the national labor market, Idaho's economy shows continuous strength. Unemployment is low, wage growth is holding steady and job creation continues. Obvious signs of distress are not there.
- Some labor market indicators show softening, but this is relative to an abnormally tight market in 2022 and 2023. Idaho's labor market is now much more balanced.
- Forecasts call for continued growth at more stable rates. Idaho's labor market is expected to add 21,000 jobs by Q1 2027 (1.2% annual growth) with total covered wages and salaries reaching \$55.5 billion.

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Thank you. Any questions?

Need more information?

- Contact Sam Wolkenhauer at samuel.wolkenhauer@labor.idaho.gov