Idaho’s labor market performed well in 2016. Given current momentum, Idaho’s economy shows the promise of continued growth for the next two years. Demographic and workforce constraints have made themselves apparent by impacting Idaho’s economy in 2016 and underscore the challenges to the state’s economic growth over the next two years and beyond.
Idaho’s average unemployment rate through November 2016 was 3.8 percent, three tenths-of-a-percent lower than the average for 2015. Idaho’s unemployment rate was the 10th lowest in the nation in November 2016, indicating the relative good health of labor force employment compared to the nation. Idaho’s unemployment rate has been below the national average since August 2009, just over six years. Department analysts expect the current trend of Idaho’s low unemployment level to remain consistent at or below 4 percent through SFY2018. The U.S. Federal Reserve anticipates the average national unemployment rate for 2018 to be 4.5 percent.
Total employment continued to grow to new heights in 2016, reaching 783,100. Since the bottom of the Great Recession, Idaho employers have created 94,900 jobs, for an annual growth rate of 1.8%. In 2015, employers created 21,150 jobs, for a growth rate of 2.8%. For 2016, net growth was just under 10,000, for a growth rate of 1.7%.
The department’s short-term employment projections show growth shared across most key growth industries. Construction employment is projected to grow the fastest, growing through the end of the next state fiscal year with a 14.6 percent anticipated growth rate. Professional services is expected to increase 7 percent with an additional 5,700 jobs - the most numerically in the department’s expectations. Leisure and hospitality is second at 6.8 percent, followed by financial activities at 4.8 percent. Health care and social assistance is expected to maintain strong growth at 4.7 percent.
The average weekly wage for private industry increased over-the-year in second quarter of 2016 by 4.2 percent. This increase was fourth fastest in the nation, twice the national average of 2.1 percent and well ahead of the rate of inflation.
Idaho’s total covered wages are expected to grow around 6 percent annually over the next two years, generating around $1.6 billion a year in new total wages and earnings. Covered wages do not include the self-employed and other earnings not covered by Idaho’s unemployment insurance system.
Overall, Idaho has had good economic growth in the past few years, and looks likely to maintain that growth. But as you no doubt recognize, Idaho faces old and new challenges. Old challenges such as Idaho being a low wage state are joined by new, if not unanticipated ones.
Through 2024, the Department of Labor forecasts total employment growth to be on track to exceed labor force growth by 49,000.
In the 15-year period from 2000 to 2015, Idaho’s population grew by 27% - or an annual rate of 1.6%. Over the same period, the national population grew by 14%, for an annual rate of only 0.9%.
Between 2000 and 2016, Idaho’s civilian population increased by roughly 329,000 to a total of 1,272,000 – an increase of 35%.
During the same time period, however, Idaho’s labor force grew by only 160,000 – an increase of 24%. The total growth in population during this period was 169,000 more than the growth in the labor force. In other words, the population increased twice as fast as the labor force in absolute terms.
Total employment in Idaho’s urban counties grew more than twice as fast as the population of the state’s rural counties. From January 2006 to December 2016, total employment in rural counties grew by 10,824 – just under 5%, while urban counties increased their total employment by 49,943, or 10.6%.
Idahoans 65 and older were the fastest growing age demographic in percentage terms in Idaho between 2001 and 2015. Nevertheless, the 15-64 age group grew faster in absolute terms, with statewide growth of 181,471 compared with a 93,306 increase in the 65 and older group. In rural counties, however, 65 and older was the fastest growing both in percentage and in absolute terms, increasing by 26,160 compared to 11,403 for the 15-64 age group.
Summary – Idaho Labor Force
Estimates for 2016-2018

- Annual job growth and total employment (people working) are projected to increase by 2.5%.

- Key growth industries:
  - Construction
  - Professional and Business Services
  - Leisure and Accommodations
  - Health Care
  - Financial Services

- By the end of SFY 2018, Idaho’s wages and earnings are projected to increase by $1.6 billion annually (about 6% for SFY 2017 and SFY 2018).

- Idaho’s unemployment rate is projected to remain at or below 4%.

- Idaho’s population is projected to grow at an annual rate 1.7%. 
Questions?

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Back Pocket Slides
Short Term Projections
Projected Employment Growth: 2016Q1-2018Q1

- Total. All Industries: 35,638 (+2.5%)
- Private Goods Industries: 8,365 (+3.4%)
- Private Service Industries: 21,968 (+2.2%)
- Government: 550 (+0.6%)
- Self Employed & Family: 4,755 (+4.6%)

Source: Idaho Department of Labor – December 2016
In the period from Q1 2000 to Q3 2016 employment in Idaho’s service industries has grown by 145,700, or 33%, while employment in goods-producing industries has decreased by 2,100, for a contraction of 2%.
Total Nonfarm Employment
Seasonally Adjusted, 2006-2016

Recession

Idaho
695,300

United States
144 M

Source: Idaho Department of Labor – December 2016
The extent to which growth in population outstripped growth in labor force manifests itself in a significant decrease in the labor force participation rate (the share of people 15 and older who are in the labor force) from 70.2% in 2000 to 64% in 2016.
Employment Growth: Northern Idaho
Benewah, Bonner, Boundary, Kootenai, Shoshone counties
Percentage Change 2006-2016

Source: US Census Bureau – December 2016
Employment Growth: North Central Idaho
Clearwater, Idaho, Latah, Lewis, Nez Perce counties

Recession

Urban
+9%

Rural
+4%

Source: US Census Bureau – December 2016
Employment Growth: Southwestern Idaho

Ada, Adams, Boise, Canyon, Elmore, Gem, Owyhee, Payette, Valley, Washington counties


Urban +16%
Rural +1%

Source: US Census Bureau – December 2016
Employment Growth: South Central Idaho
Blaine, Camas, Cassia, Gooding, Jerome, Lincoln, Minidoka, Twin Falls counties

Source: US Census Bureau – December 2016
Employment Growth: Southeastern Idaho
Bannock, Bear Lake, Bingham, Caribou, Franklin, Oneida, Power counties

Recession

Rural
+5%

Urban
+4%

Source: US Census Bureau – December 2016
Employment Growth: Eastern Idaho
Bonneville, Butte, Clark, Custer, Fremont, Jefferson, Lemhi, Madison, Teton counties
Percentage Change 2006-2016[

Rural
+21%

Urban
+4%

Source: US Census Bureau – December 2016
The income profile of Idaho’s urban counties very closely matches that of the nation, with just under two-thirds of all income coming from wages and salaries. 19% of income in both Idaho and the United States comes from investment income, while the balance is provided by transfer payments. U.S. transfer payments in 2015 were made up of 35% retirement and disability payments, 46% medical payments, 10% income supplements, 6% unemployment and education, and 3% miscellaneous payments. In Idaho, 2015 transfer payments were composed of 41.9% retirement and disability, 38.9% medical benefits, 8.9% income benefits, 3.5% unemployment insurance and education assistance, 4.1 percent veterans benefits and 2.7% miscellaneous payments.
In Idaho’s rural counties, the income profile is very different. Only 57% of income comes from wages and salaries, compared with 64% nationally. The excess is distributed among investments and transfer payments – both sources of retirement income, and both oversized relative to the nation. U.S. transfer payments in 2015 were made up of 35% retirement and disability payments, 46% medical payments, 10% income supplements, 6% unemployment and education, and 3% miscellaneous payments. In Idaho, 2015 transfer payments were composed of 41.9% retirement and disability, 38.9% medical benefits, 8.9% income benefits, 3.5% unemployment insurance and education assistance, 4.1 percent veterans benefits and 2.7% miscellaneous payments.
The share of Idaho’s population which is 65 and older has grown from 11% in 2001 to 15% in 2015. This corresponds to a decrease in both the 14 and younger and the 15 to 64 age groups.
The net in-migration of persons 65 and older has been positive in every year since 2000. After a sharp decrease during recessionary years, retirement age in-migration has accelerated in recent years and has been more than 5,000 in all post-recession years.