



2023 MONTANA

LABOR DAY REPORT



Montana Department of
LABOR & INDUSTRY

Presented to State Workforce Innovation Board
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AMY WATSON, State Economist
Montana Dept. of Labor & Industry
awatson@mt.gov | 406-444-3245

2022 in review..

Extraordinary Labor Market Growth

- Record-setting employment growth – 20,900 jobs added
- The unemployment rate hit record-low – 2.3% in first quarter of 2023
- Tight labor markets – 3+ job openings per unemployed person

Steady Economic Growth

- Real GDP grew by 1.9% in 2022, after record-breaking growth in 2021.
- Montana households supporting economic growth
- Business formation hits record high in 2022

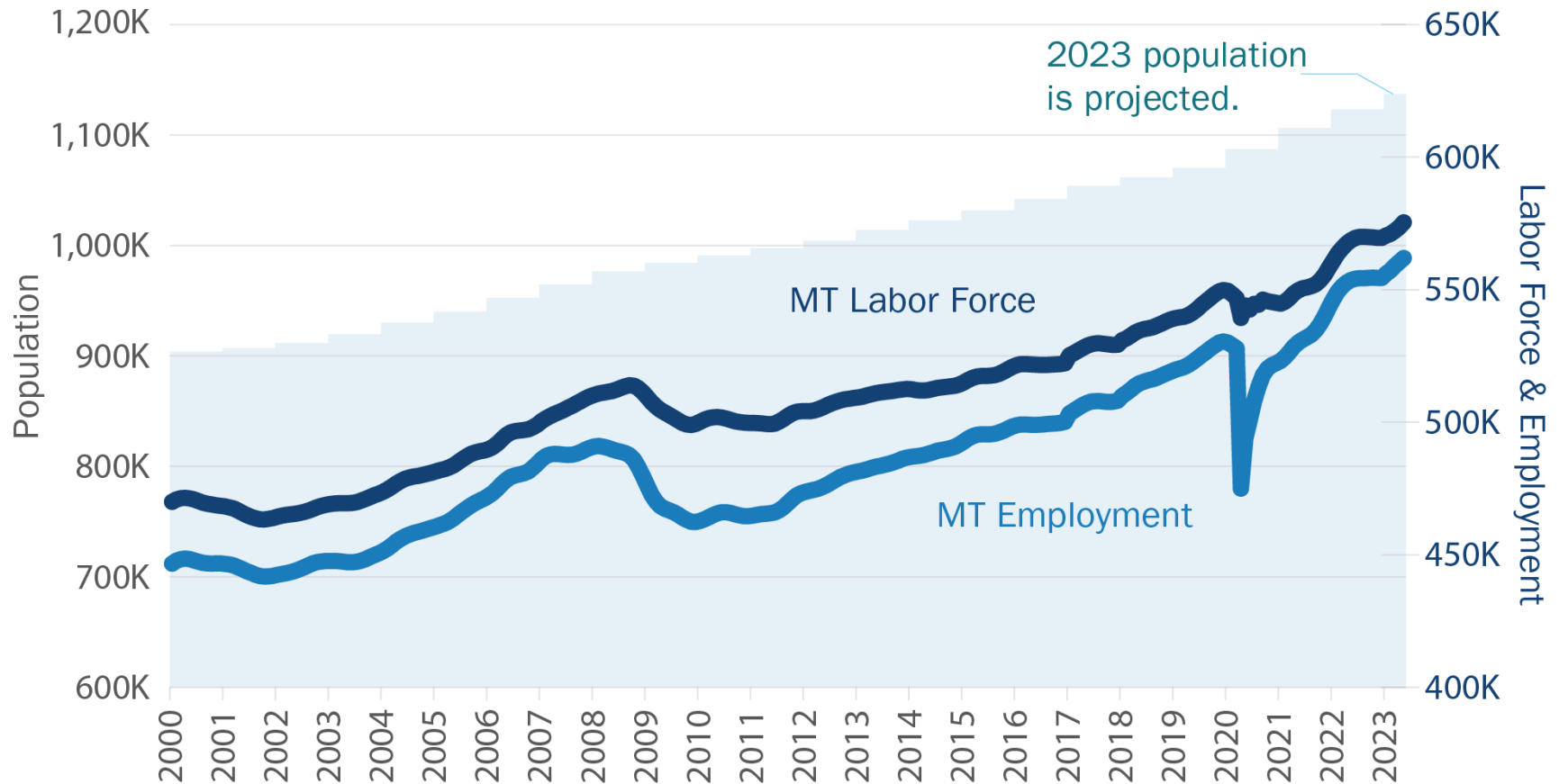
Headwinds to Economic Growth

- Inflation – hit 40-year high in June 2022
- Tight labor markets



More Workers and People than Ever Before

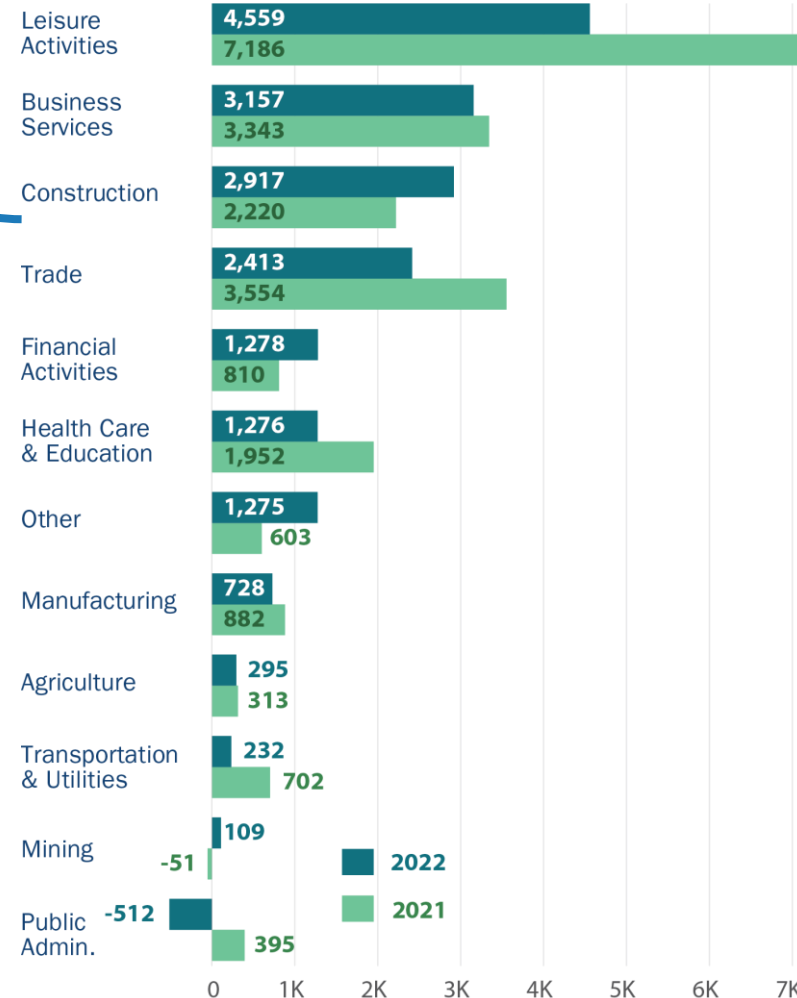
Over 20,000 jobs added in 2022 – the most of any year in Montana’s history



Source: US Census Bureau and Local Area Unemployment Statistics (LAUS).

Employment Growth Across Industries

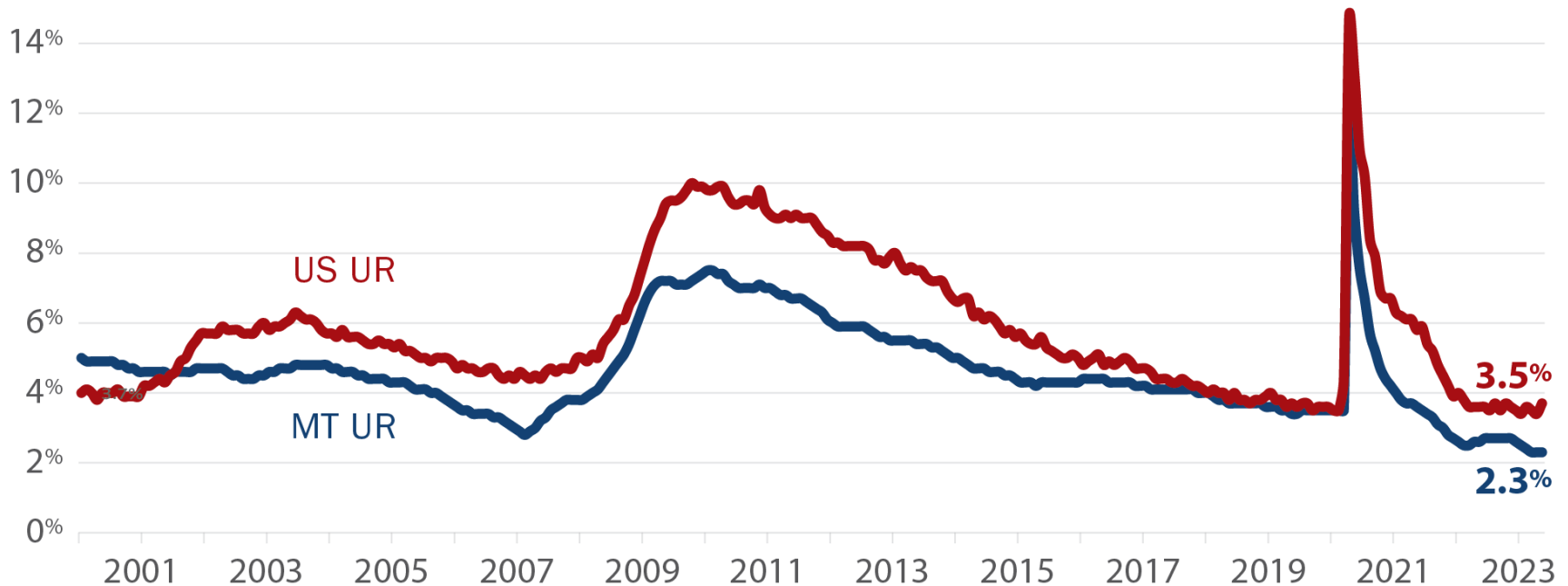
60% of job gains



Source: Quarterly Census of Employment and Wages.

Unemployment Rate Hits Record Low

The less unemployment the better.... right?

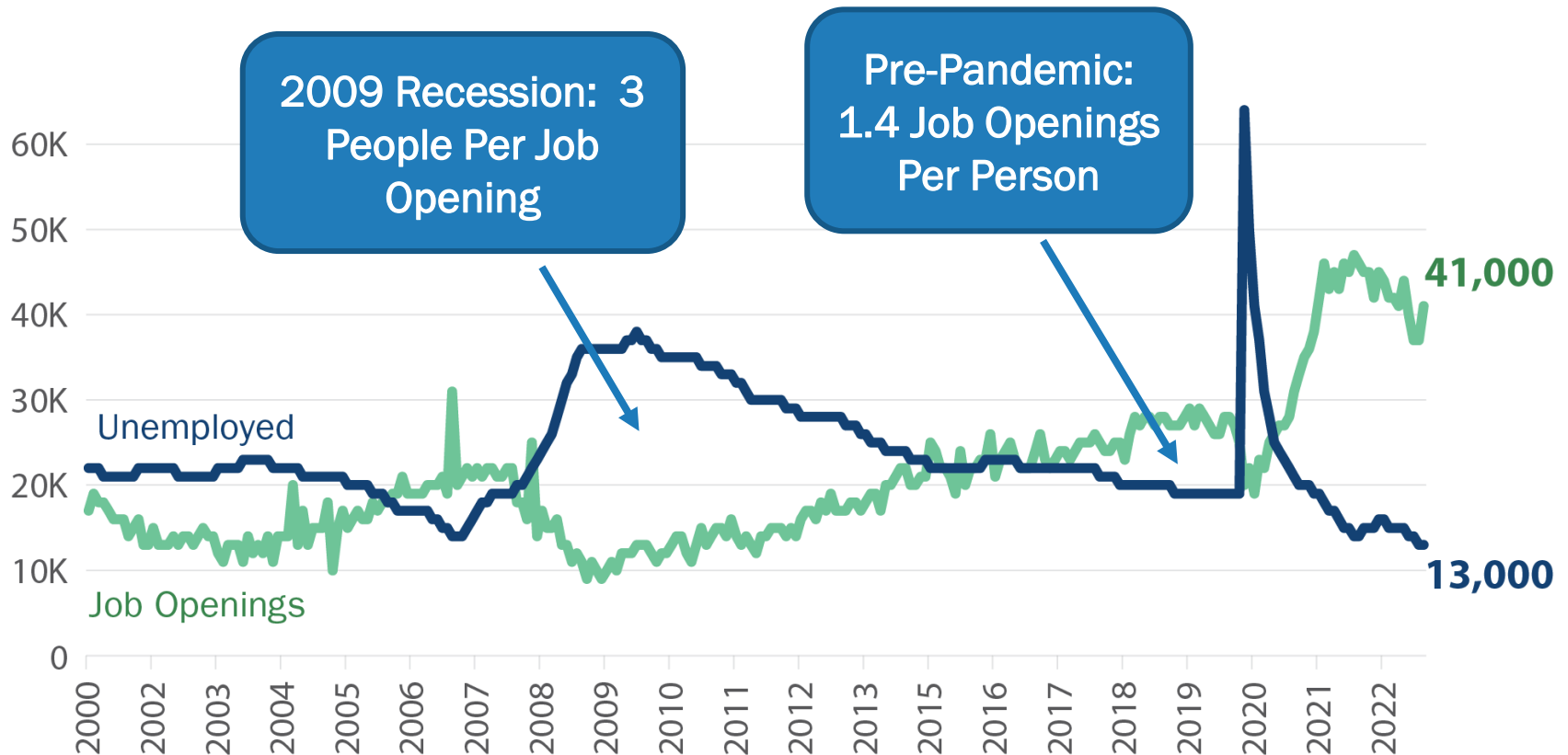


It depends. Very tight labor markets make it difficult for businesses to find the workers they need to continue to grow.

Source: BLS Local Area Unemployment Statistics, through July 2023.

More than 3 job openings per unemployed person

Record-low number of unemployed persons



Source: JOLTS and LAUS, January 2000 to April 2023. Unemployment level is rounded to the nearest thousand.

Reasons for Tight Labor Market

Demand for Workers

- Record-high number of job openings
- Increased competition from remote work

Supply of Workers

- Aging population driving reduced participation
- Reduced hours from childcare issues

All Montanans fall into three groups based on their work status:



EMPLOYED

Employed persons are actively working for pay or profit.



UNEMPLOYED

Unemployed persons are actively seeking work.



NOT IN THE LABOR FORCE

Those not working or seeking work, including:

- retired people
- children
- students
- family caretakers

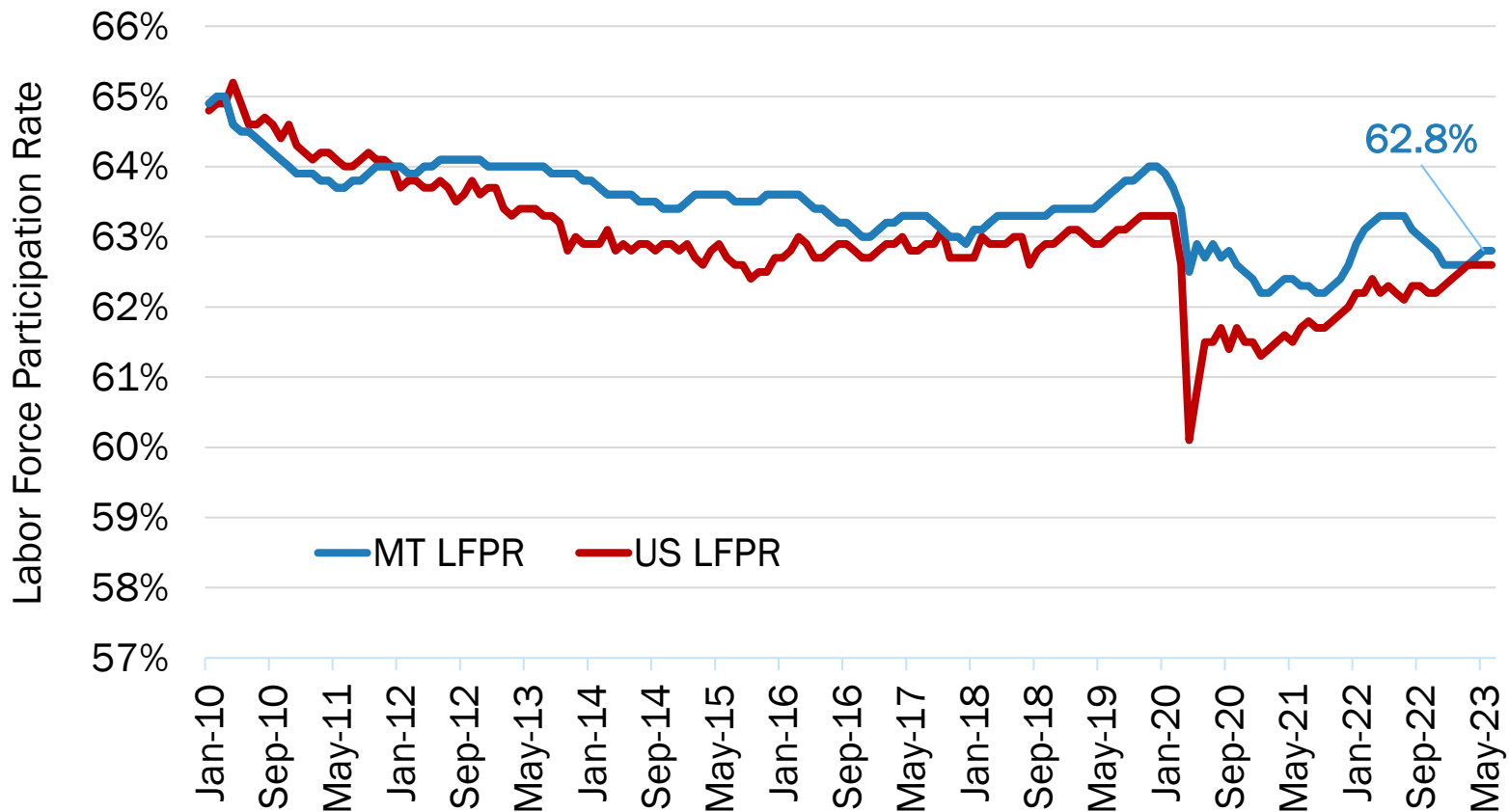
Together, the **EMPLOYED** and the **UNEMPLOYED** form the **LABOR FORCE**, which includes all Montanans who are either working or looking for work.



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Labor Force Participation Rate Declines

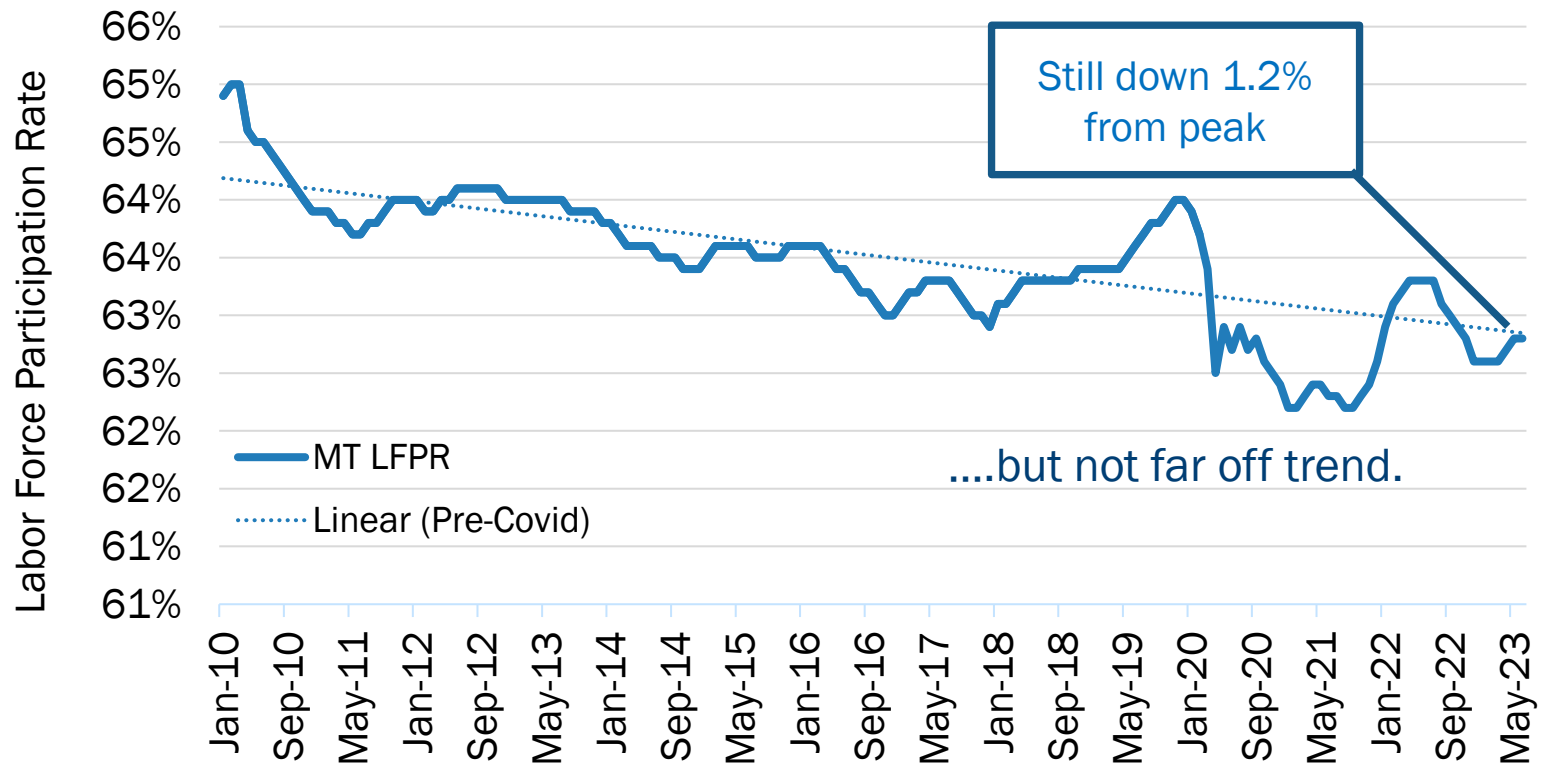
About 63% of Percent of Population Working or Actively Seeking Work



Source: IPUMS Current Population Survey, Jan 1995- May 2023. Twelve-month moving averages, rounded to the nearest thousand.

Labor Force Participation Rate Declines

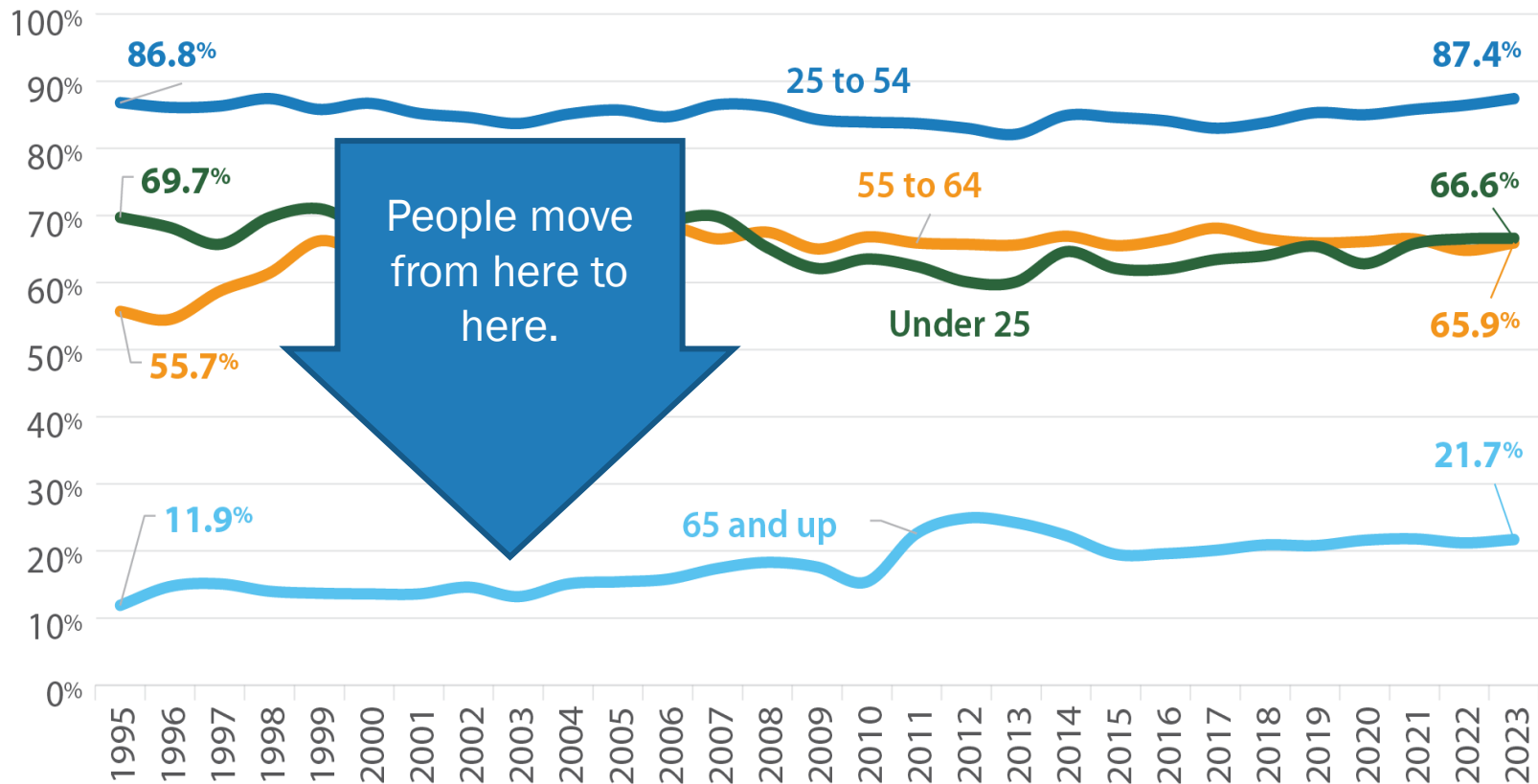
COVID Pandemic didn't change long-run trend in labor force participation.



Source: IPUMS Current Population Survey, Jan 1995- May 2023. Twelve-month moving averages, rounded to the nearest thousand.

Labor Force Participation by Age

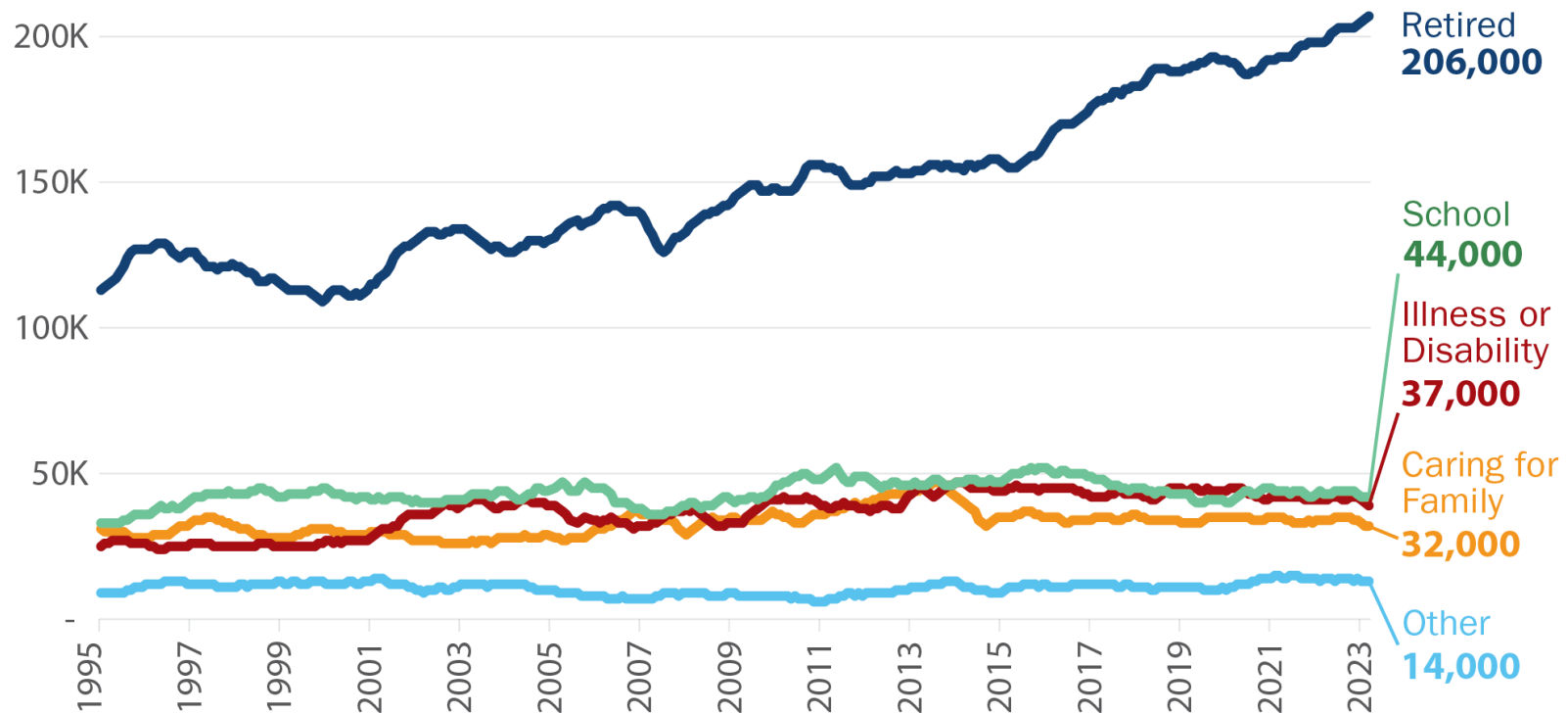
Long-run increases in labor force participation within every age group



Source: IPUMS Current Population Survey, Jan 1995- May 2023. Twelve-month moving averages, rounded to the nearest thousand.

Labor Force Participation Rate Declines

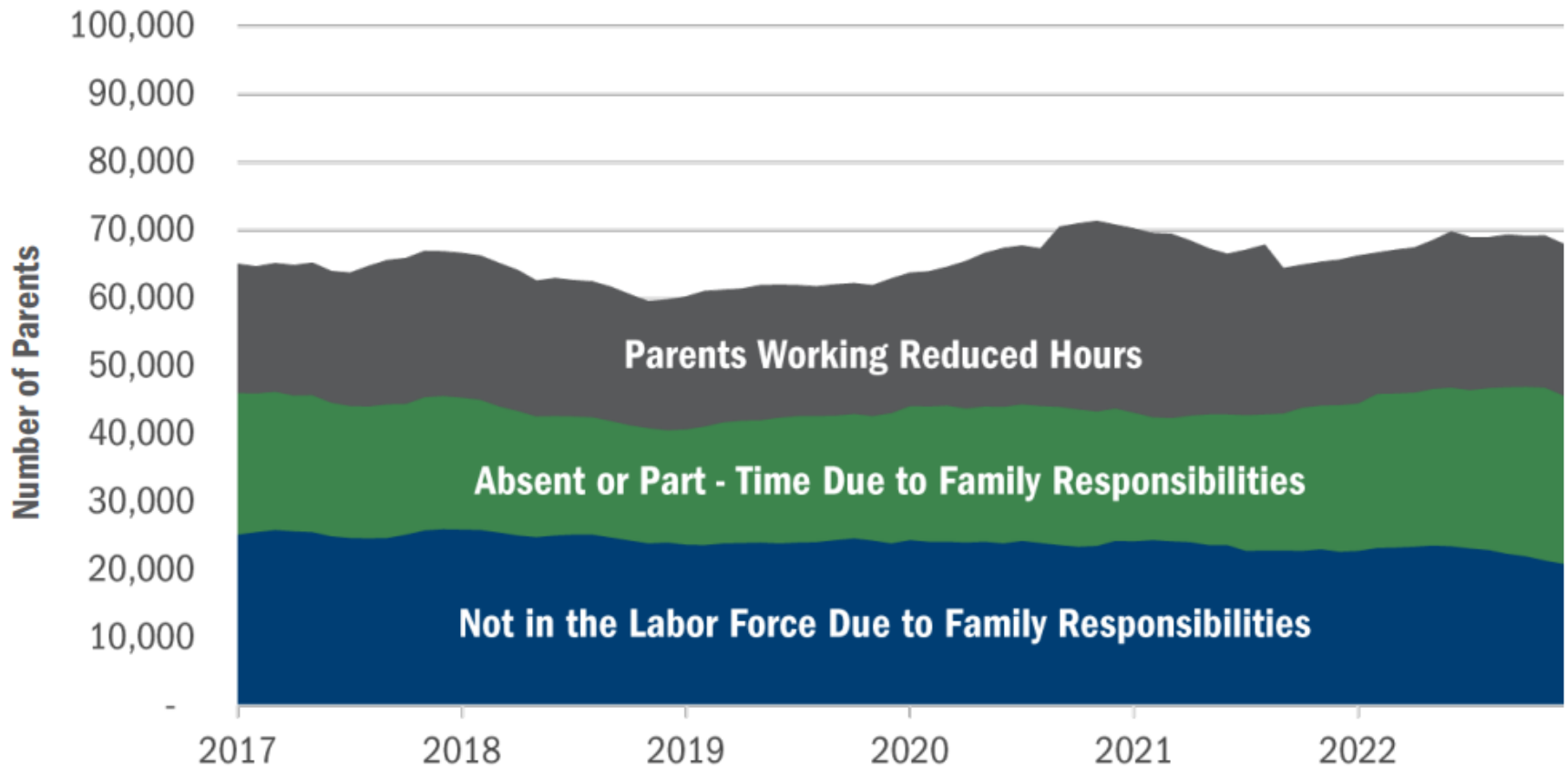
Aging Population and Increased Retirements Drive Long-run Decline



Source: IPUMS Current Population Survey, Jan 1995- May 2023. Twelve-month moving averages, rounded to the nearest thousand.

Underutilization of Parental Workforce

Approximately 68,000 Montana parents unable to fully engage in workforce



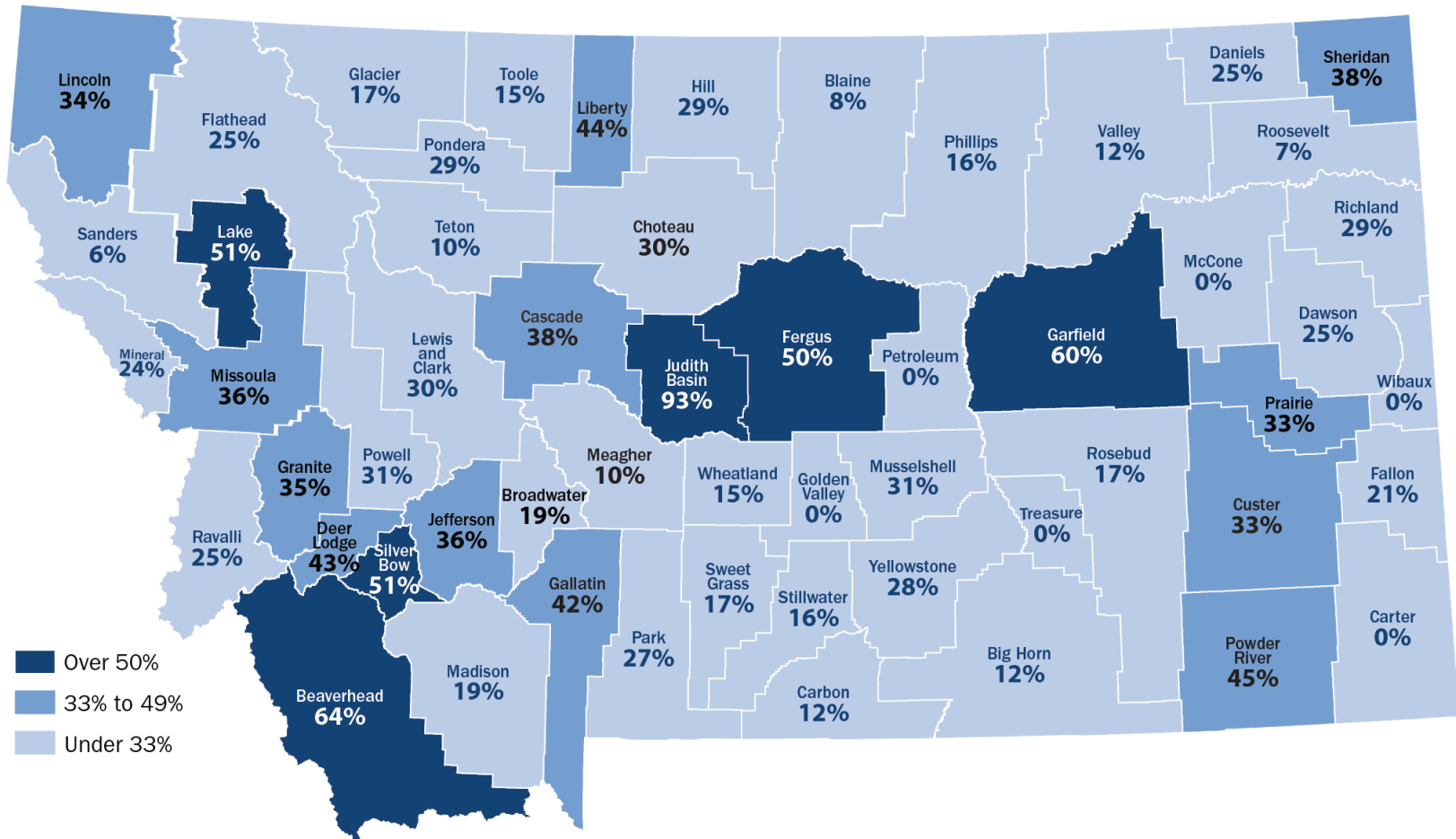
Source: MTDLI analysis of Current Population Survey microdata from IPUMS through December 2022. Published in "Childcare Supply and Demand in Montana, 2022."



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Childcare Availability Limits Workforce Participation

Licensed capacity meets only 43% of estimated demand in 2022



Source: Produced by the MTDLI. Childcare Capacity Data Provided by MT DPHHS as of 12/2022.
Demand is equal to the number of children under age six living in the working parent households.



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Solutions for Tight Labor Market

REDUCE WORKER DEMAND

- Labor-saving technological advancements
- Increased productivity

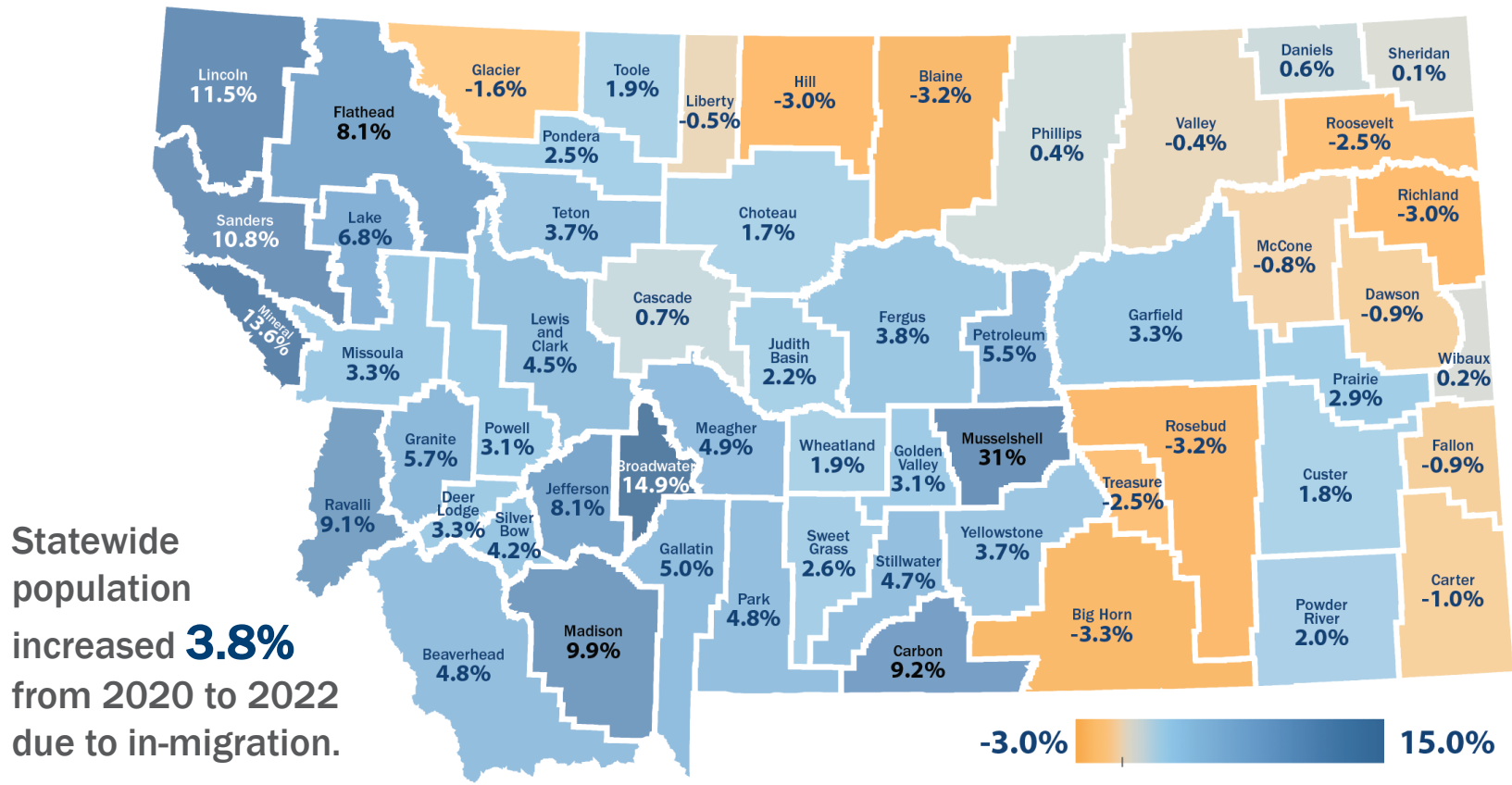
INCREASE WORKER SUPPLY

- Increase labor force participation rate
- In-migration



In-Migration Spikes Post-Pandemic

Montana ranks 2nd in the nation for highest rate of in-migration since 2020



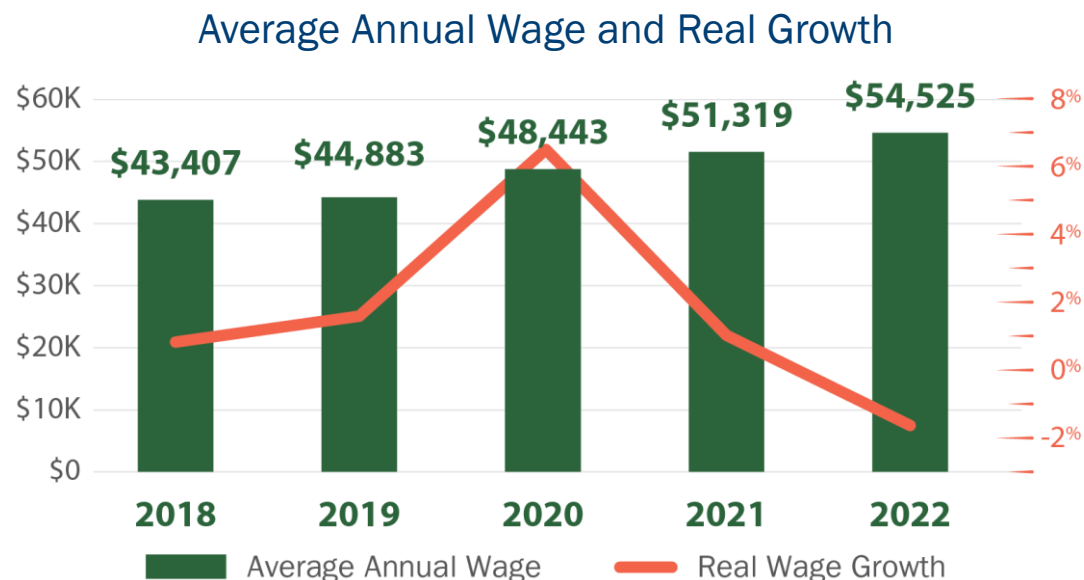
Source: US Census Bureau, Annual Resident Population Estimates, Estimated Components of Resident Population Change, and Rates of the Components of Resident Population Changes for States and Counties: April 1, 2020 to July 1, 2022.

One Benefit of Tight Labor Markets...

Rapid Wage Growth!

Average wage for Montana workers rose **6%** in 2022, the **4th** fastest among states.

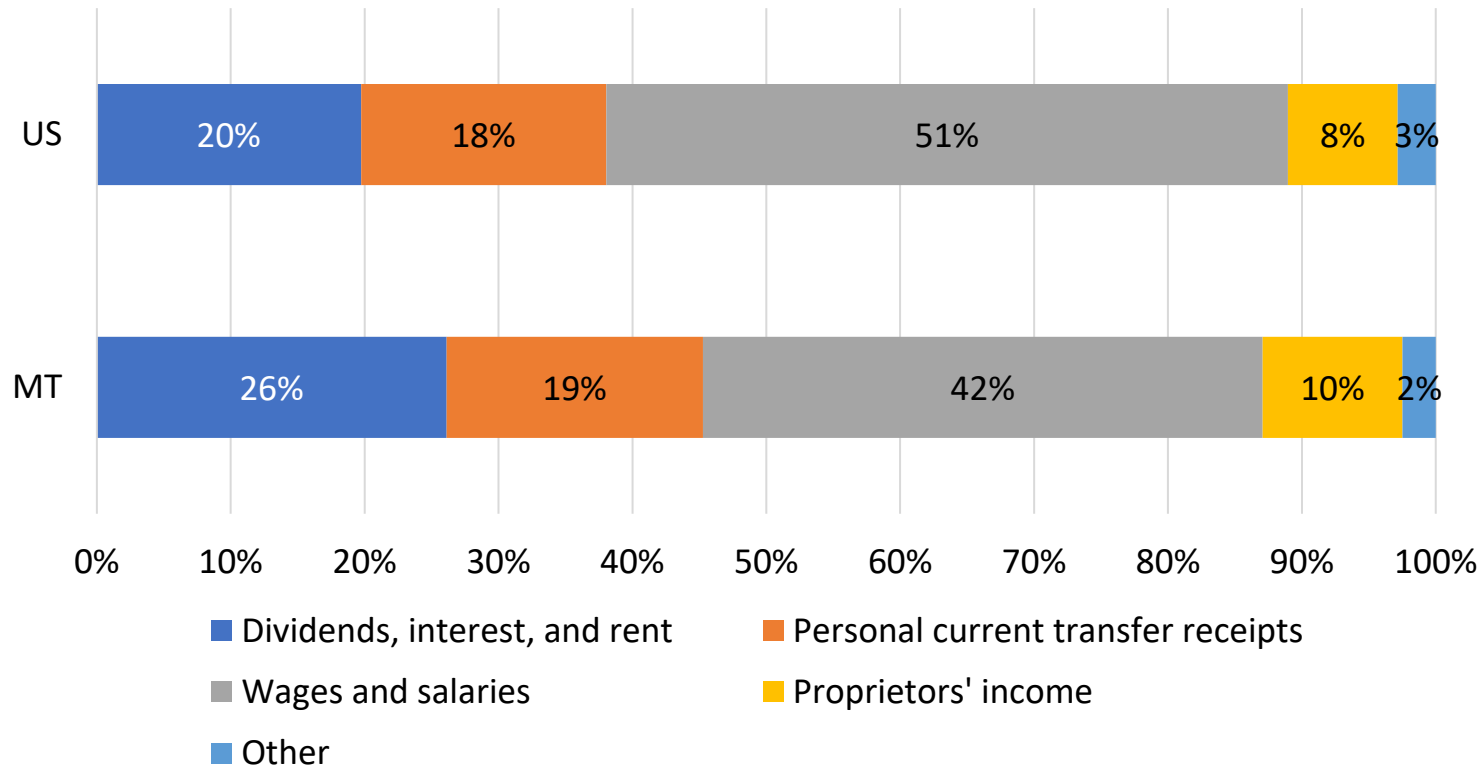
Inflation outpaced wage growth in 2022 – resulting in real wage losses of **1.6%**.



Personal Income

Income grew by 6.1% in 2022 – ranking Montana 4th in the nation.

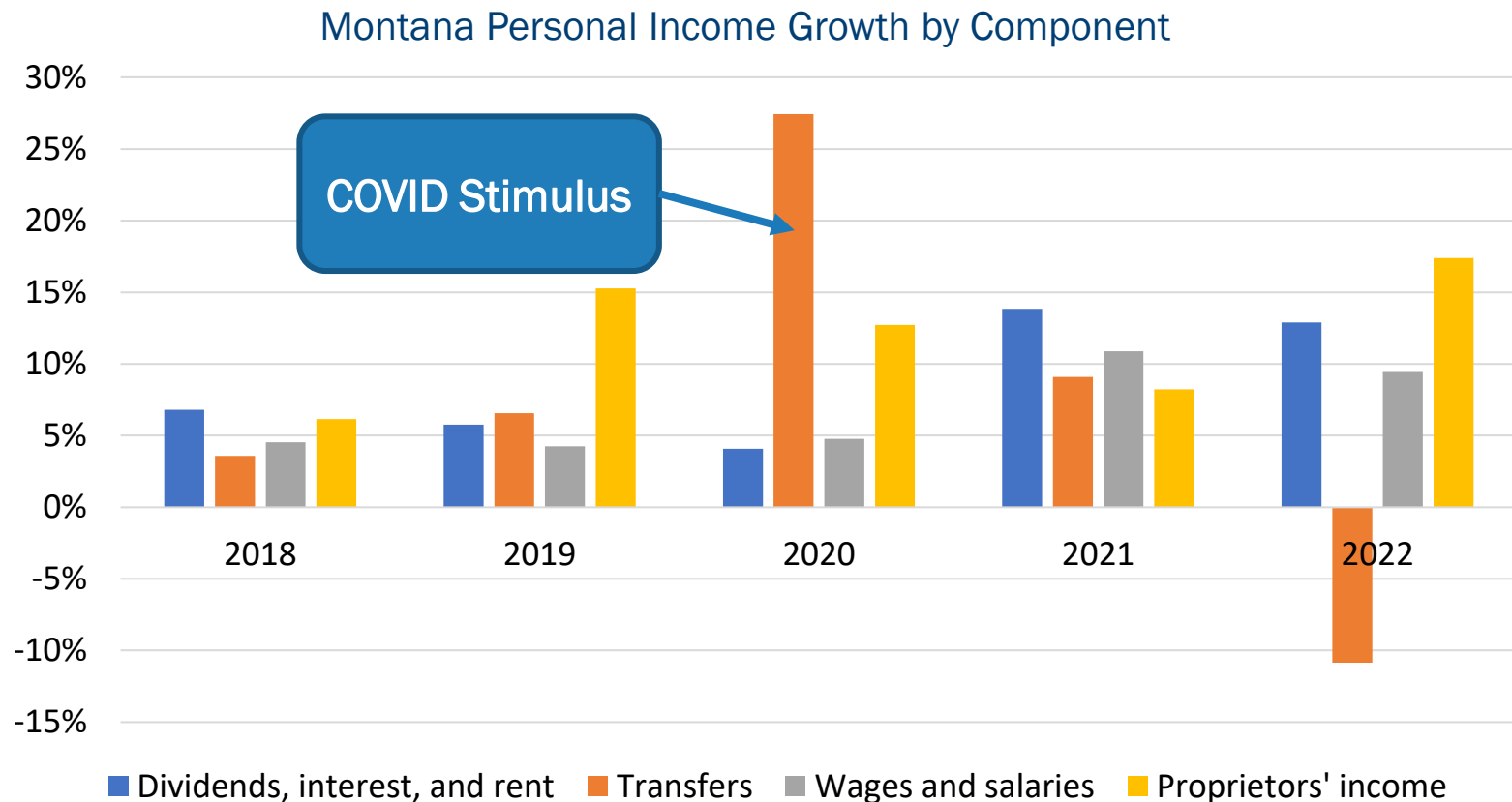
Composition of Personal Income in 2022



Source: US Bureau of Economic Analysis

Personal Income

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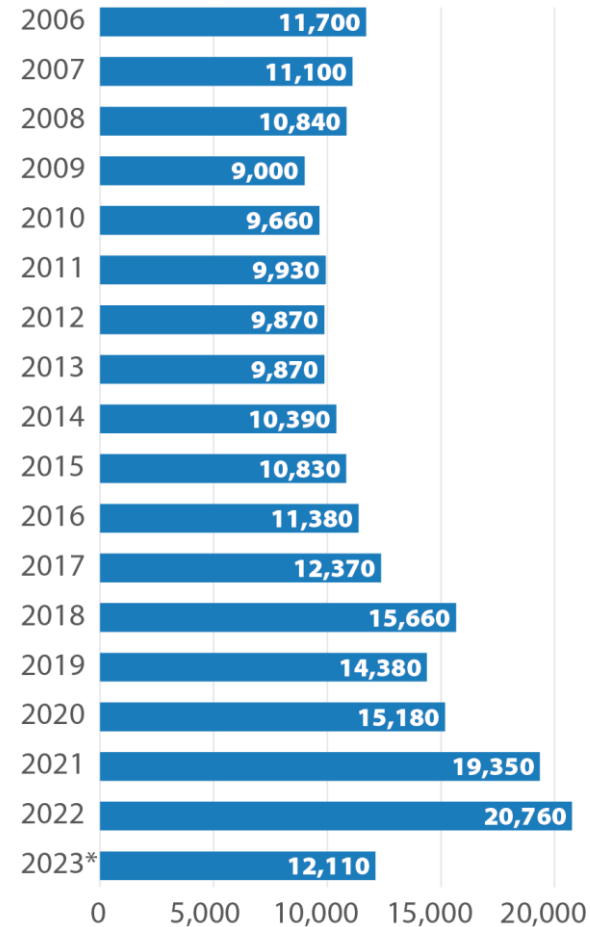
Source: US Bureau of Economic Analysis

Business Formation at a Record High

Montana boasts **3rd** highest rate of business ownership in the nation, with **28.5%** of the workforce running their own business.

20,000 business formations in 2022.

- Professional business services
- Construction
- Healthcare



Source: Business Formation Statistics, US Census Bureau, MT 2006-June 2023.

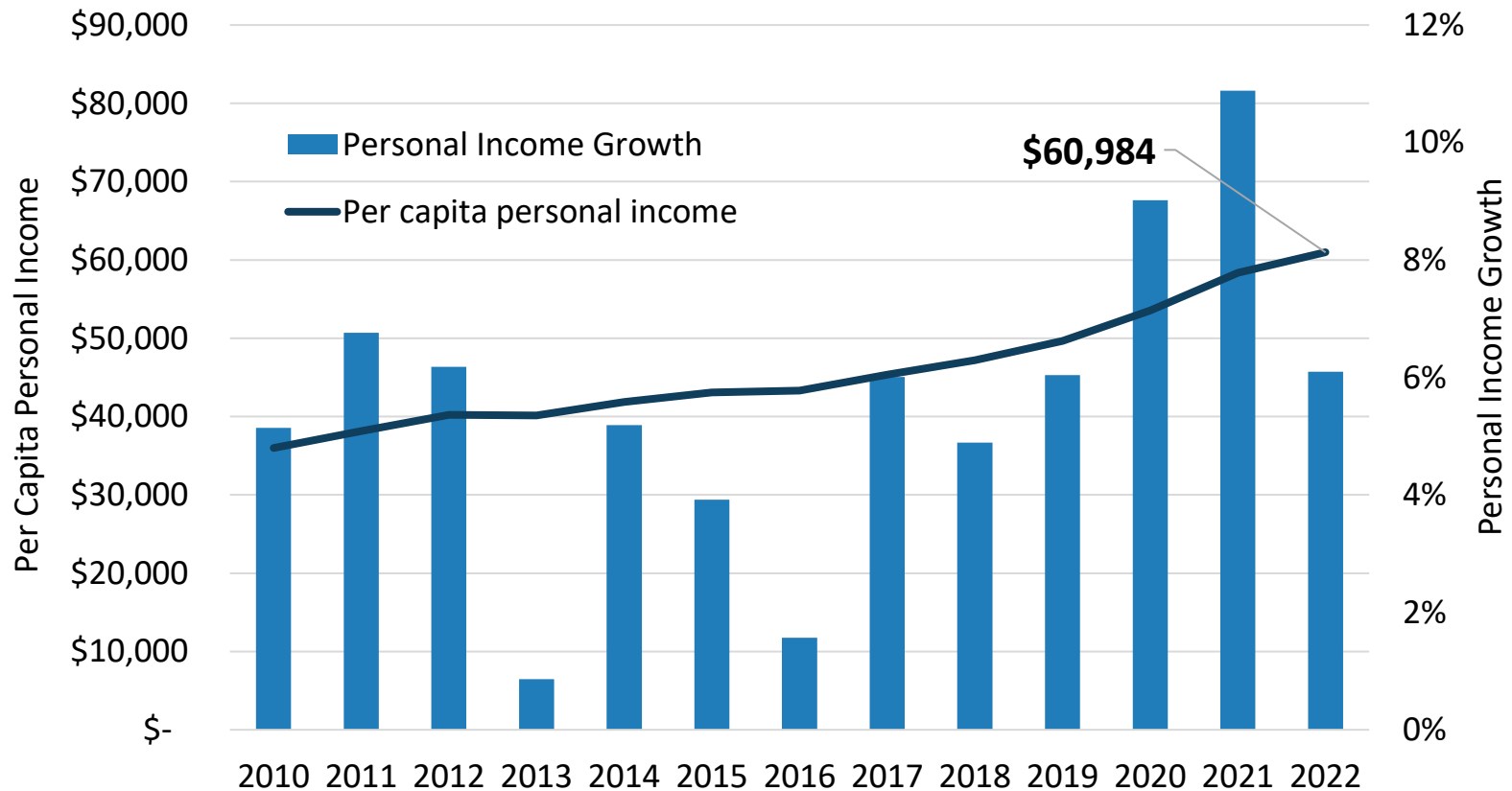
*Includes only Jan. to June of 2023.



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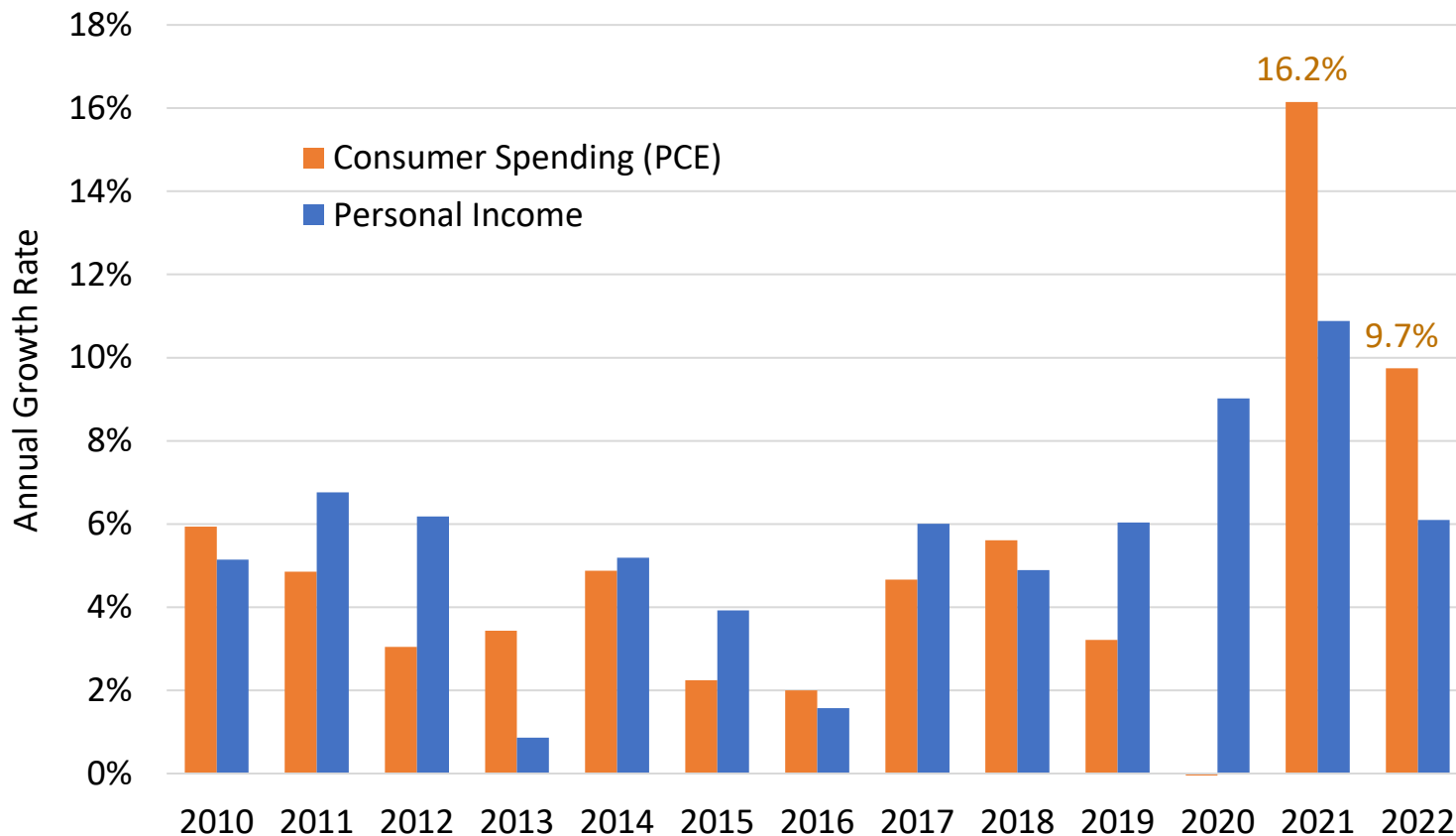
Per Capita Personal Income

Reaches record-high in 2022 – ranking Montana 29th highest among states.



Consumer Spending Supports Economic Growth

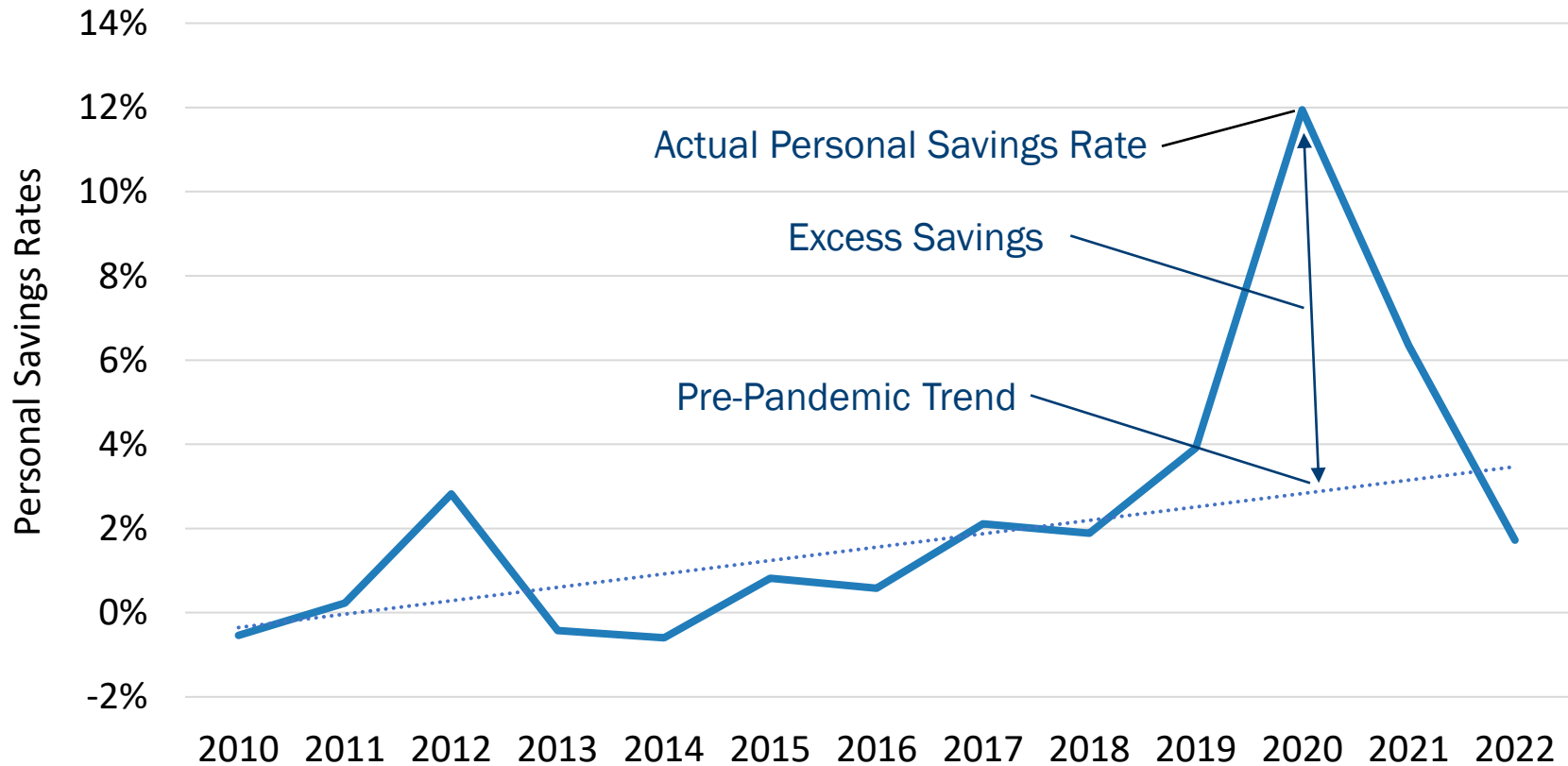
Montana consumer spending growth more than doubles post-pandemic



Source: US Bureau of Economic Analysis, Personal Consumption Expenditures for Montana

Consumer Spending Supports Economic Growth

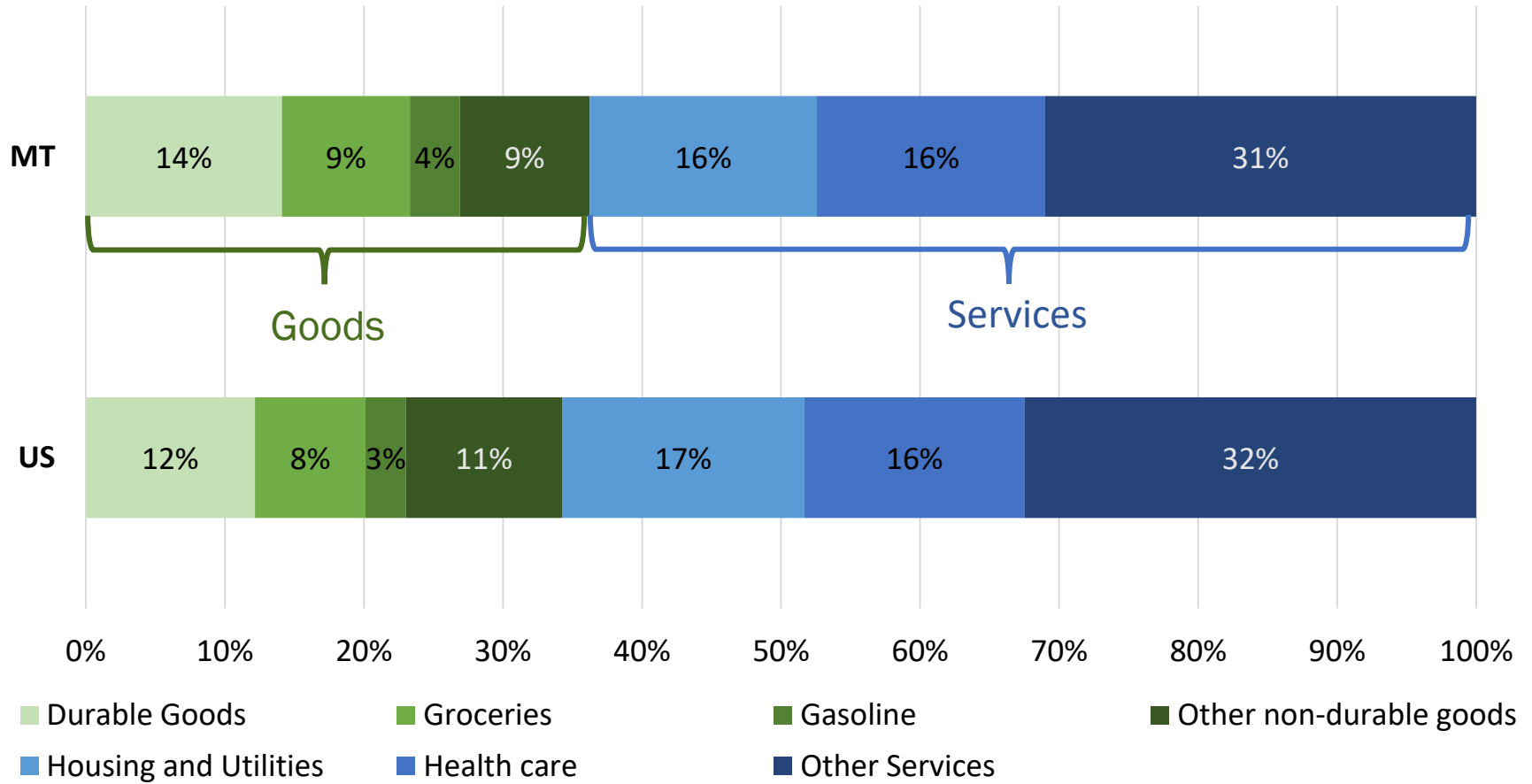
Montana households buoyed by \$21 billion in excess savings



Source: US Bureau of Economic Analysis, Personal Consumption Expenditures for Montana

Consumer Spending by Category in Montana vs US

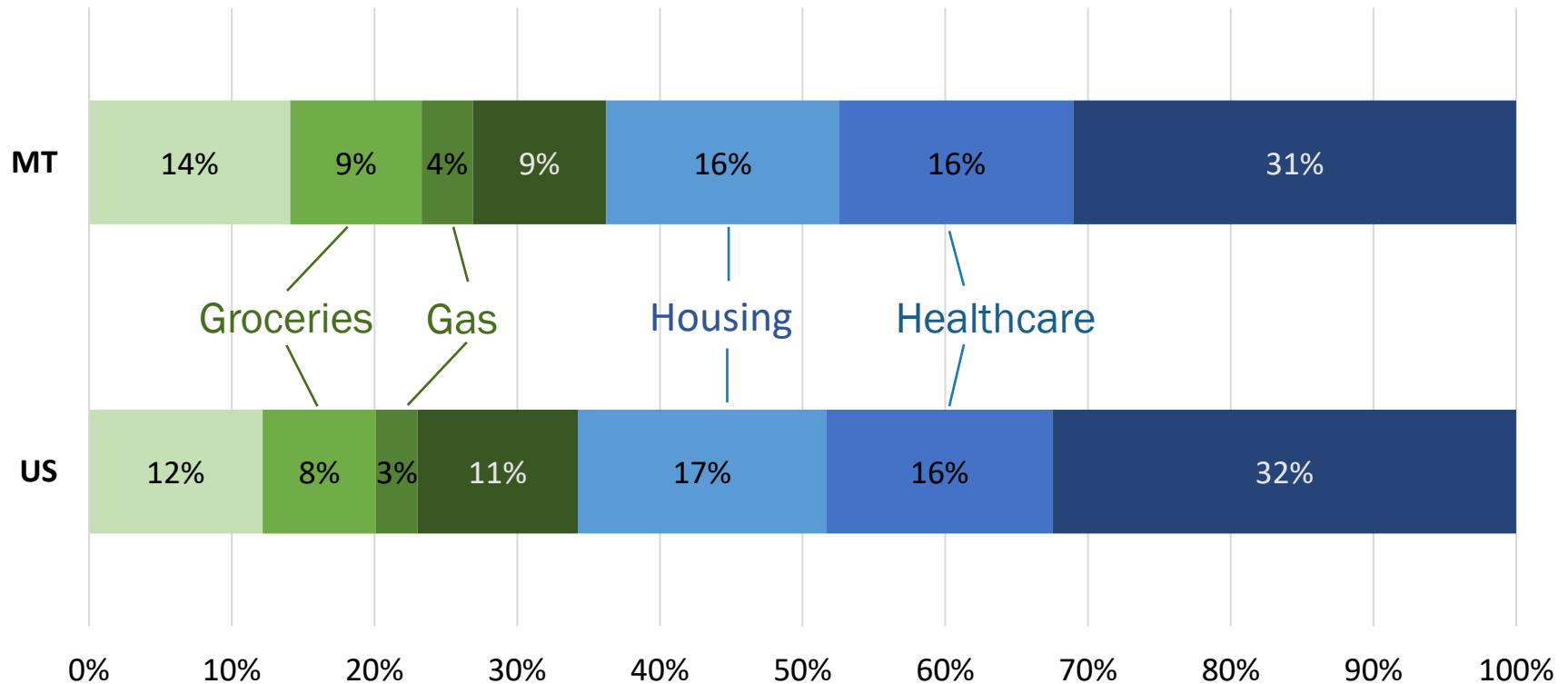
Montana households spend more on gas and groceries but less on housing



Source: US Bureau of Economic Analysis, Personal Consumption Expenditures for Montana

Consumer Spending by Category in Montana vs US

Montana households spend more on gas and groceries but less on housing

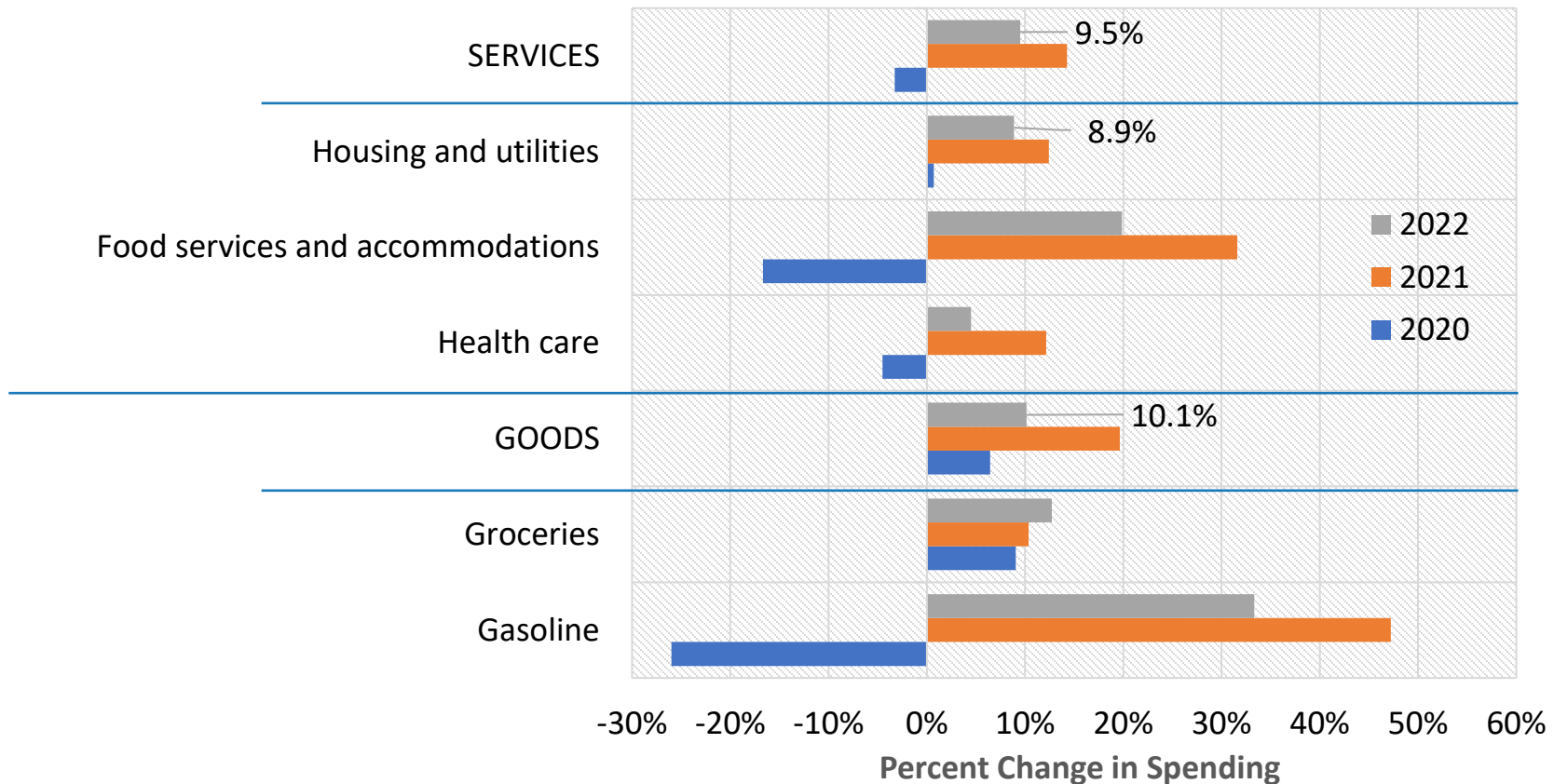


Source: US Bureau of Economic Analysis, Personal Consumption Expenditures for Montana

Leading Contributors to Spending Growth

Housing costs was largest contributor to overall spending growth in 2022

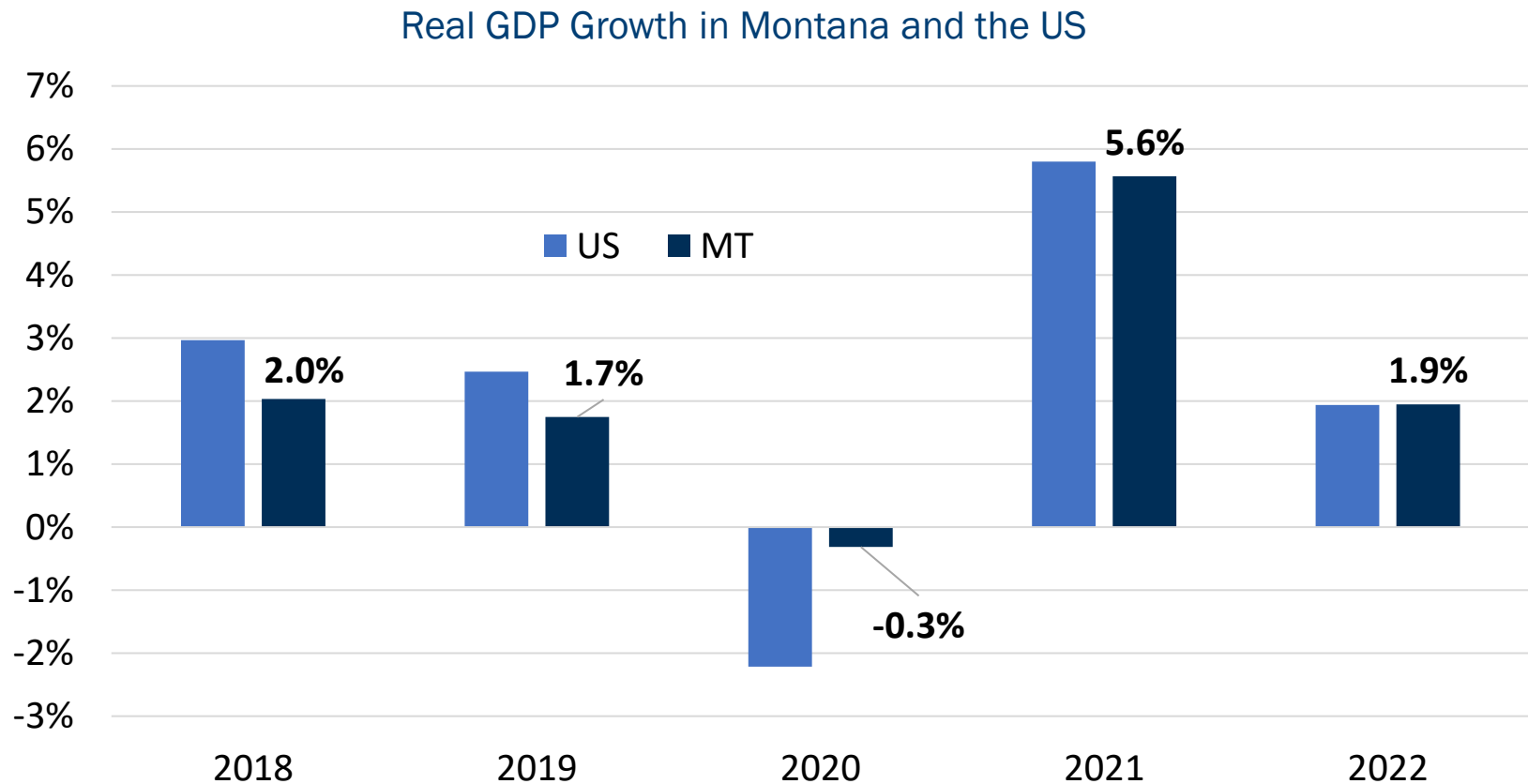
Annual Change in Consumer Spending by Select Category



Source: US Bureau of Economic Analysis, Personal Consumption Expenditures for Montana

Steady Economic Growth in 2022

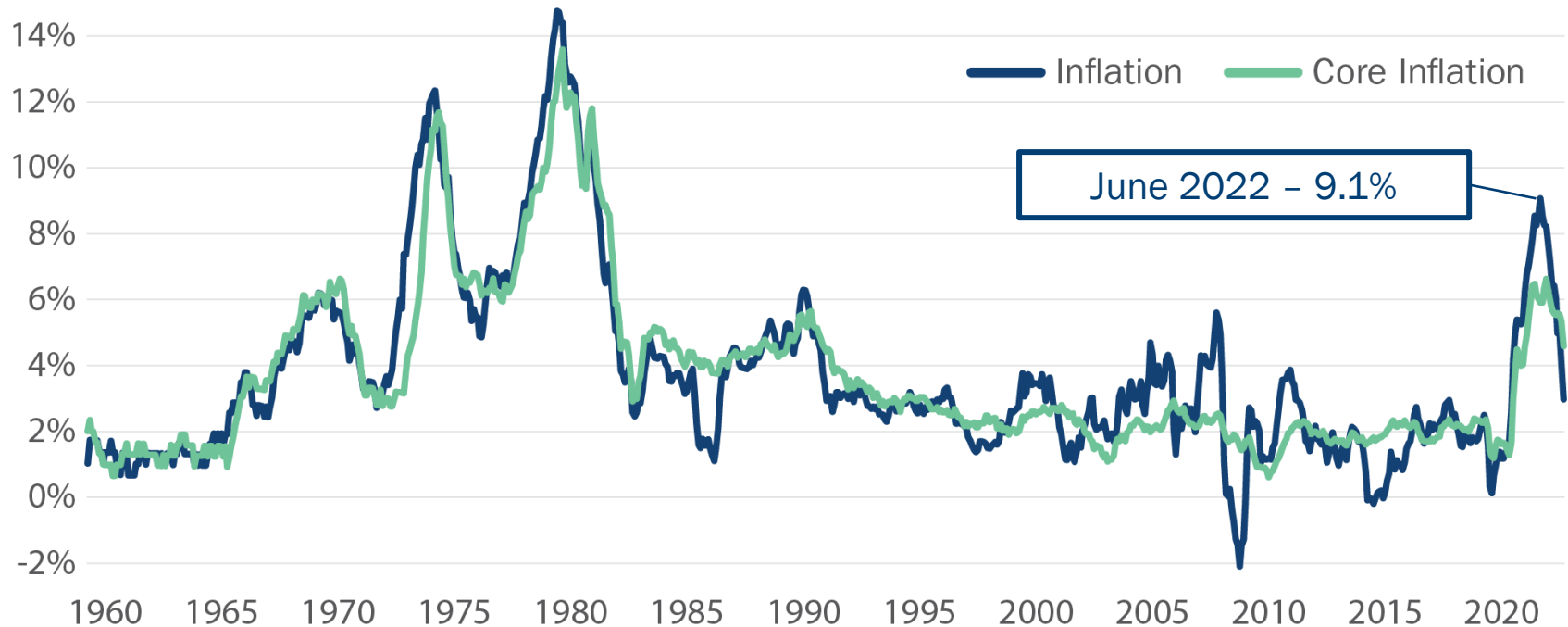
Following an extraordinary year of growth in 2021, Montana returns to long-run trend.



Source: US Census Bureau and Local Area Unemployment Statistics (LAUS).

Downside of Rapid Growth... Inflation

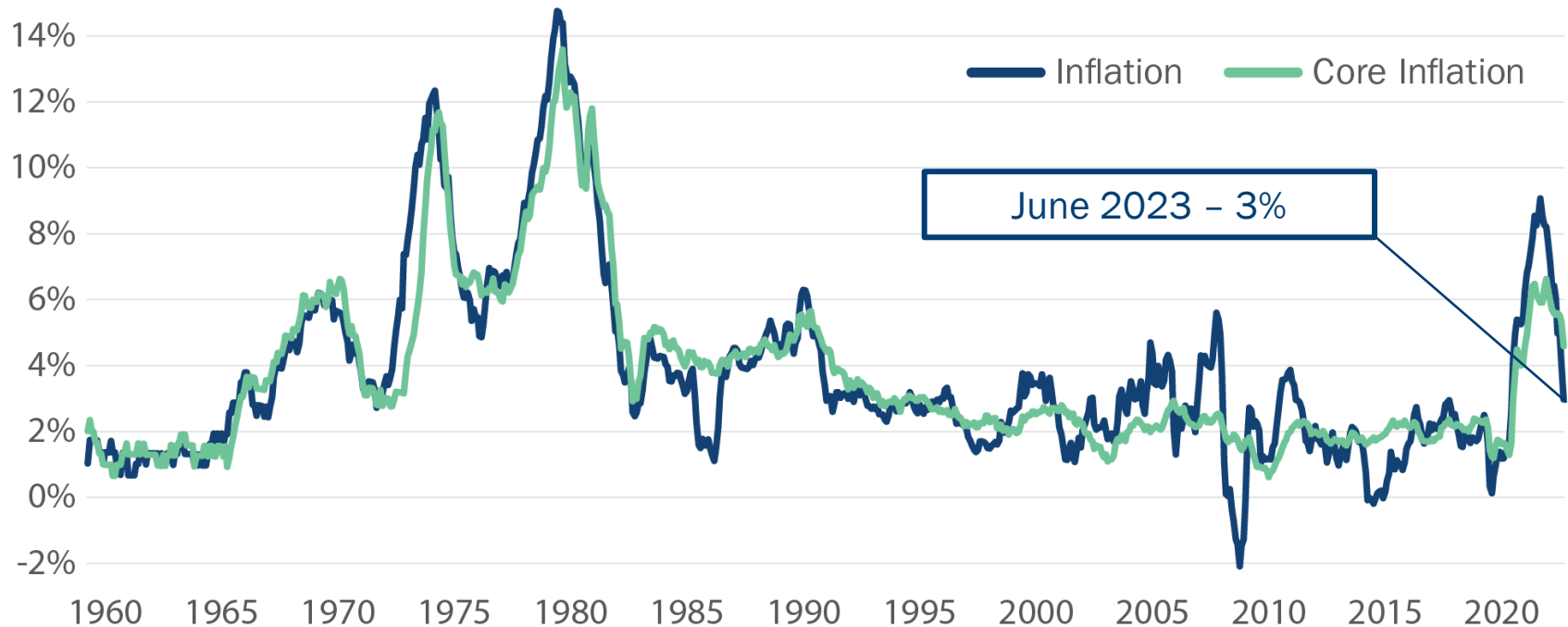
Inflation reached forty-year high in mid-2022



Source: US BLS and Montana Department of Labor and Industry, QCEW and CPI-U.

Downside of Rapid Growth... Inflation

Inflation moderates in 2023, but remains above target



Source: US BLS and Montana Department of Labor and Industry, QCEW and CPI-U.

Which Prices are Still Rising?

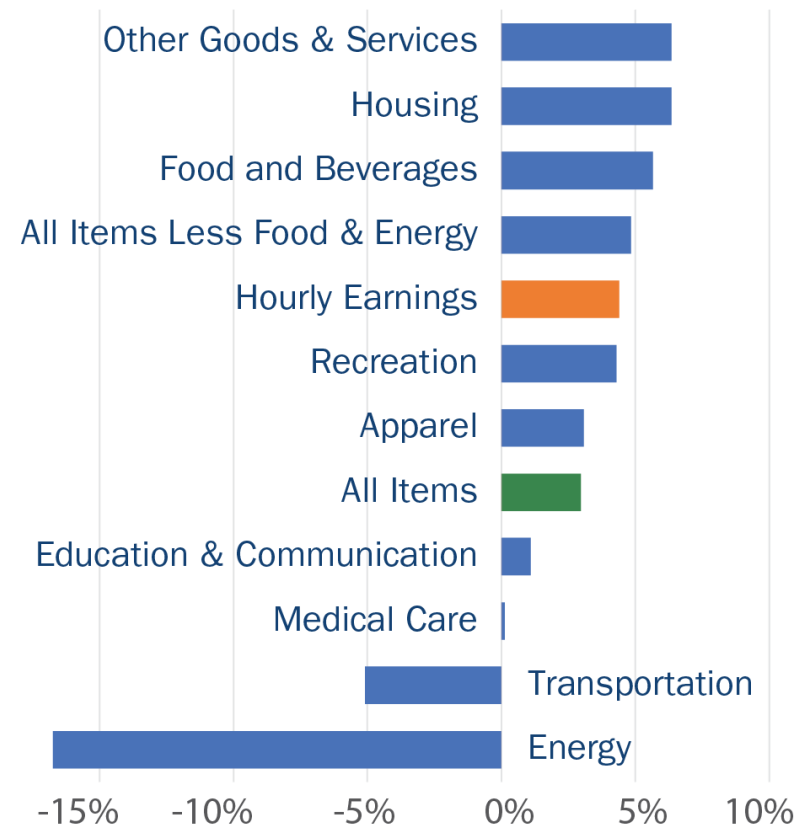
Initially (2020 to 2022)

- Energy (up 55%)
- Transportation (up 33%)

In 2023 significant price growth remains for:

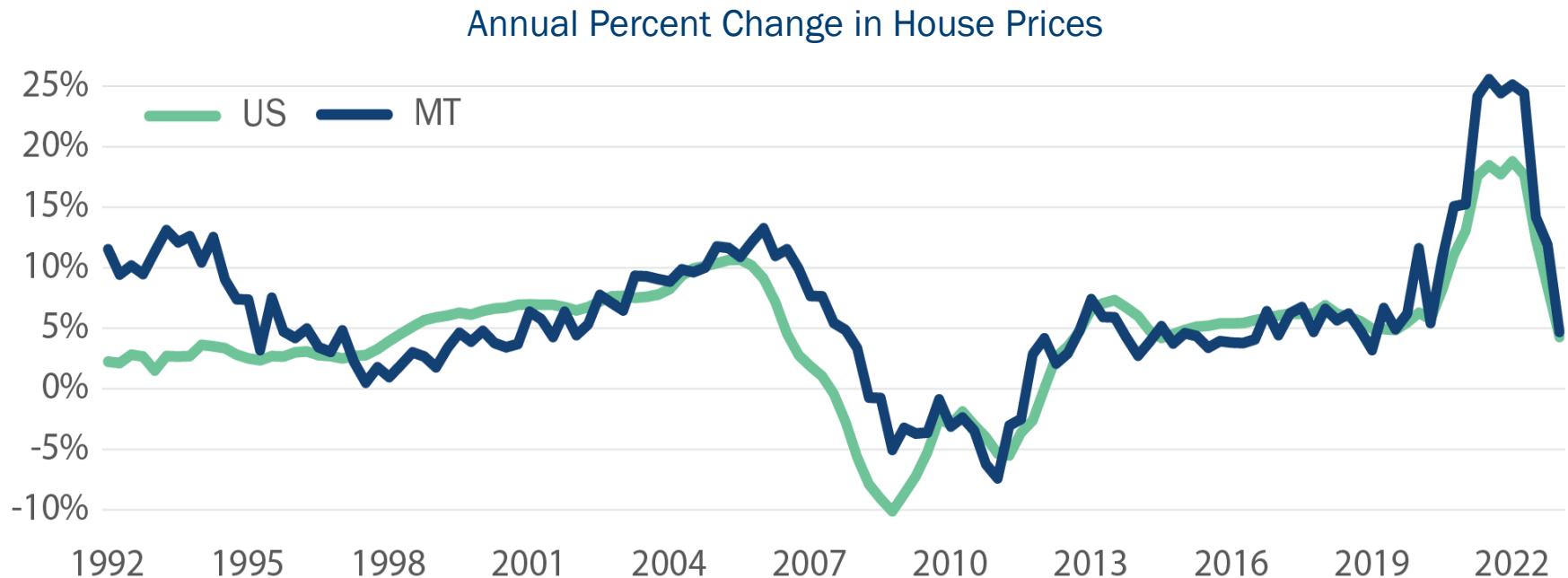
- Food (Groceries)
- Housing

Percent Change in U.S. Prices (*June 2022 to June 2023*)



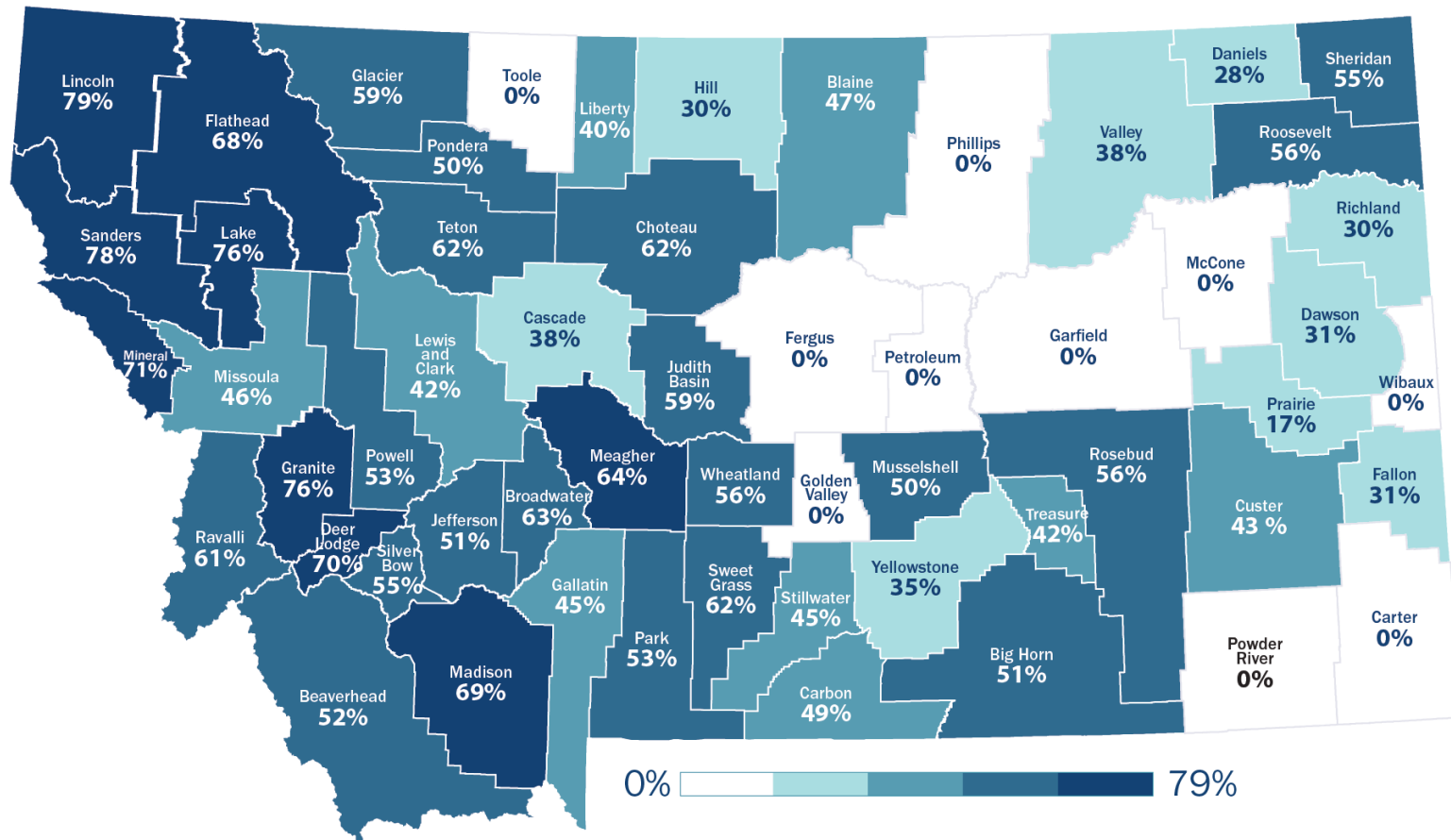
Montana Housing Market

Montana ranks **8th** among states for fastest home price appreciation since 2020. The typical home value in Montana averaged **\$440,000** in the first quarter of 2023, **up 51%** from three years earlier.



Home Price Growth Concentration in West

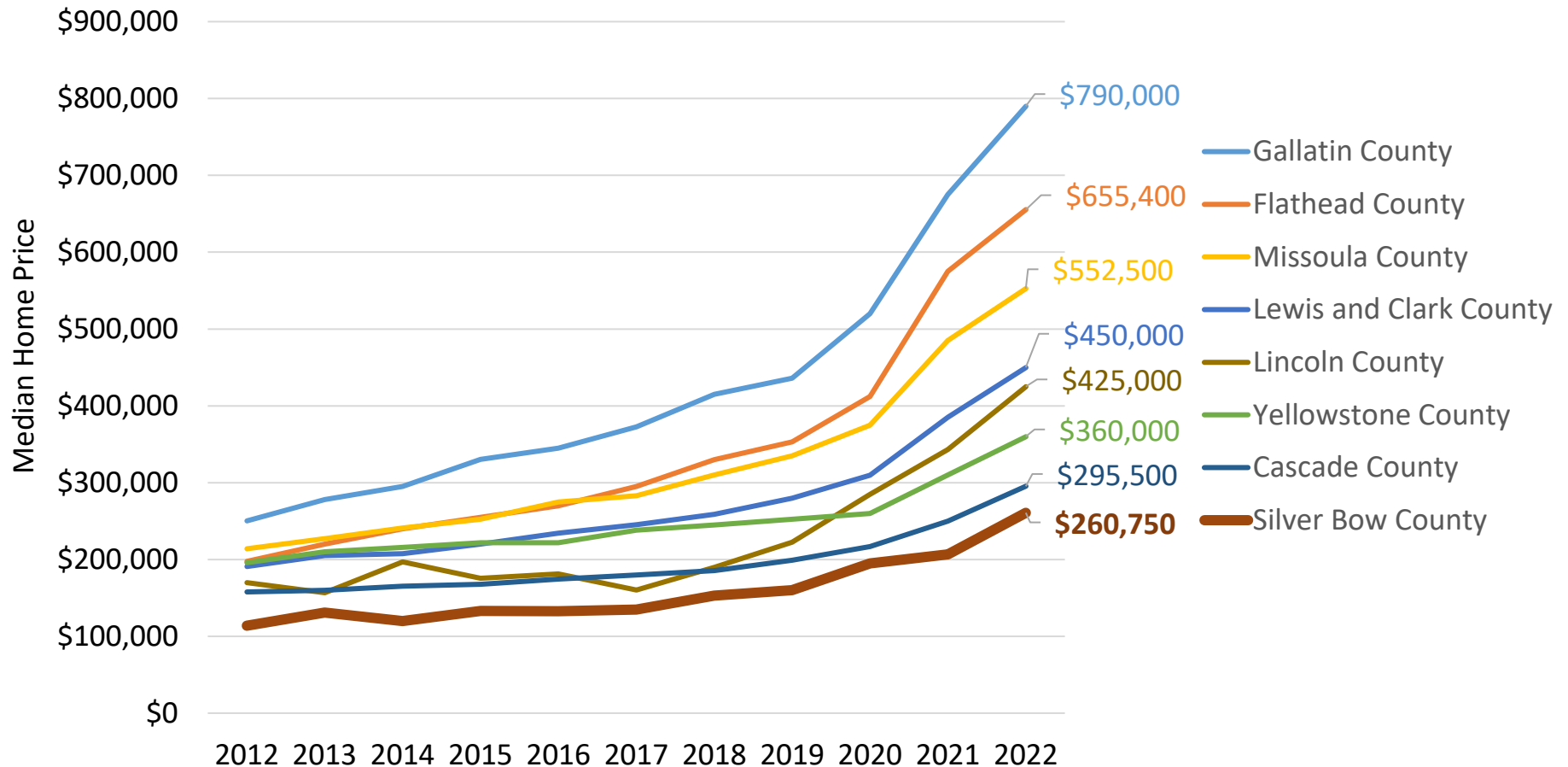
Percent Change in Typical Home Values (2020Q1 to 2023Q1)



Source: Zillow Research Data. ZVHI for All Homes. Data unavailable for some counties.

Median Sales Price Growth

Statewide 54% increase in Median Home Price since 2015



Source: Census Bureau American Community Survey 2021 1-Year Estimates.
Regional MLS Median Sales Price.

Looking forward to 2023 and beyond...

Continued Economic Growth supported by

- Strong labor market
- Healthy household balance sheets
- Continued business growth and innovation

Addressing Headwinds to Economic Growth

- Inflation moderating
- Productivity enhancements and continued population growth





2023 Labor Day Report available at Imi.mt.gov/publications

Amy Watson, State Economist, MTDLI

awatson@mt.gov