Real GDP Fully Recovered in 2021Q1

Source: Bureau of Economic Analysis.
MT #1 in Personal Income Growth Over Last Year

Source: Personal Income, Bureau of Economic Analysis.

PPP loans contributed to wage growth.
Montana Labor Market
September Data Indexed to February 2020

- Labor Force (99.8% or -1,100 workers)
- Employment (100.2% or 975 employed)
- Payroll Jobs (98.7% or -6,000 jobs)

Source: LAUS & CES, MTDLI.

lmi.mt.gov/Home/Job-Tracking
Payroll Jobs?
More recent data suggests earlier recovery

CES Survey suggests at 99%
QCEW suggests full recovery by March

Source: QCEW indexed to same month year before recession. CES, MTDLI.
Employment Performance by County
September 2019 – September 2021

#2
3,400

#1
3,600

#3
1,600

imi.mt.gov/Home/Job-Tracking

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lmi.mt.gov/Home/Job-Tracking
Montana ranks:
• 11th best for total employment recovery
• 4th best for payroll job recovery (CES)

Source: LAUS, MTDLI.
Unemployment Insurance Claims
Number Filing Claims

Number of Unemployed Montanans (Not just those on UI) = 18,100

Last time only 18,100 Montanans unemployed was in 2007
Job Openings Continue

- Re-settling of workers promotes increased productivity
- More openings than hires suggest worker shortages
Strong Wage Growth

Total Wages Paid in All Payroll Jobs (Left Axis)

Average Annual Wage over Last 4 Quarters

2021 Q2: Jobs Recovered Total Wages $800 Million more than 2019 Q2 or 2020 Q2 (15% increase)

Source: Total Wages from QCEW, MTDLI.
Wage Growth Over Last Year by Quarter

Total Wage Growth
Average Annual Wage over Last 4 Quarters

Source: Total Wages from QCEW, MTDLI.
Wage Withholding Suggests Continued Wage Growth in 2021

Over the Year Increase in Wage Withholding from DOR data

Source: Compiled by MTDLI. Withholding from Montana Dept. of Revenue
Business Birth and Death Rates

- 11th best state for net business creation during pandemic (2020Q2 – 2021Q1)
- Number of businesses continued to increase during pandemic
What does this mean?

• Economy recovered very quickly

• Economy at or close to full recovery in every indicator

• Employment levels back up to pre-recession levels
  • No remaining unemployed left to hire

• Hiring wages have increased
  • Some of the wage increased going towards higher prices, but still ahead
Is the economy over-extended?
Or still COVID issues?

• Inflation and supply chain issues
• Worker shortages
Inflation Concerns

Global Manufacturing Regions seeing Peak COVID cases

12-Month Change in CPI-U (%)

Source: CPI-U from BLS. COVID count from World Health Organization, https://covid19.who.int/
Pandemic Reduced Labor Force Participation

Source: Research by Minneapolis Federal Reserve at https://www.minneapolisfed.org/research/institute-working-papers/telework-childcare-and-mothers-labor-supply. Graph is LAUS & CPS, compiled by MTDLI.

Nationally and state, caretakers comprise ¼ of decline
College-educated moms working remotely very impacted.

1.3% decline = 11,300 workers
Civilian Population Over 16 = 872,000
(July 2021)
Out of the Labor Force (about 40%)  
Includes  
• People not working for pay (caretakers)  
• Those not actively looking for work this month (could have been employed last month)

Labor Force = Those Working or Looking For Work = 550,000 or 61%

Labor Force Includes:  
• Employed & Earning Money  
• Self-employed including farmers & ranchers  
  • Independent Contractors  
  • Unemployed  
• Those on Unemployment Insurance

More people employed in Montana than ever before.

Lowest number of Unemployed.
Who is Not Working?
(Multiple categories possible, high error)

- Caring for someone with COVID or Concerned: 10,185
- Employer went out of business or closed: 1
- Caring for children or elderly: 16,673
- Didn't want to be employed: 20,362
- Long-term sick or disabled: 21,341
- Other/ Did not report: 89,238
- Retired: 169,888

Source: Household Pulse Survey Sept., U.S. Census
Aging Demographics is Long-term Cause

**FIGURE 16: 2019 MONTANA POPULATION AND LABOR FORCE BY AGE**

- **Population**
- **Labor Force**

**Source:** ACS 1-Year Estimates Public Use Microdata Sample 2019

- Labor Force Participation decreases after 60, and this population is relatively large.
- Most Montanans aged 25 to 55 are employed.

Source: MTDLI 2021 Labor Day Report
Individuals with Disability/Illness

Not in Labor Force and LFP Rates for Montanans with Illnesses/Disabilities

Labor Force Participation Rate

Source: IPUMS CPS January 2010 - May 2021, estimates are rolling annual averages

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Montanans Not Working Due to COVID

Source: Census Bureau Household Pulse Survey. New COVID cases from the Centers for Disease Control.

Montana has a lot of over 65, part-time workers who may be more likely to have COVID concerns.
Parents with Reduced Work Hours

Does not include those who aren’t working at all ~ 16,600 in Sept.

Source: Current Population Survey, BLS
Workforce Shortage Solutions

Workers are Working
- More Montanans employed than ever before.
- Self-employed share has increased

Increase Hours Per Worker
- Part-time to full-time
- Childcare access
- Fewer COVID cases would reduce employee sick leave

Increase Productivity
- Remote Work
- Automation
- Increase worker capital
- Better job matching

Recruit those outside the labor force!
- Parents need childcare
- Retired need flexibility
- Rural areas need remote work

Better hiring practices
- Workers are willing to be retrained, but not move

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Where are the workers?

The pandemic led to a notable drop in labor force participation. In 2021, the labor force has continued to recover from short-term effects of the pandemic. However, Montana's labor force has also struggled with long-term constraints, such as retiring workers and childcare shortages. In Montana, 23% of the workforce is over the age of 60. **Retirement (59%)** is by far the most common reason for not participating in the labor force followed by **attending school** (13.4%), **illness/disability** (12.8%), and **caring for family** (10.5%).
More Information at lmi.mt.gov

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