

Idaho Center for Fiscal Policy Brief

Idaho Jobs Report

November 2018



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Center for
Fiscal Policy

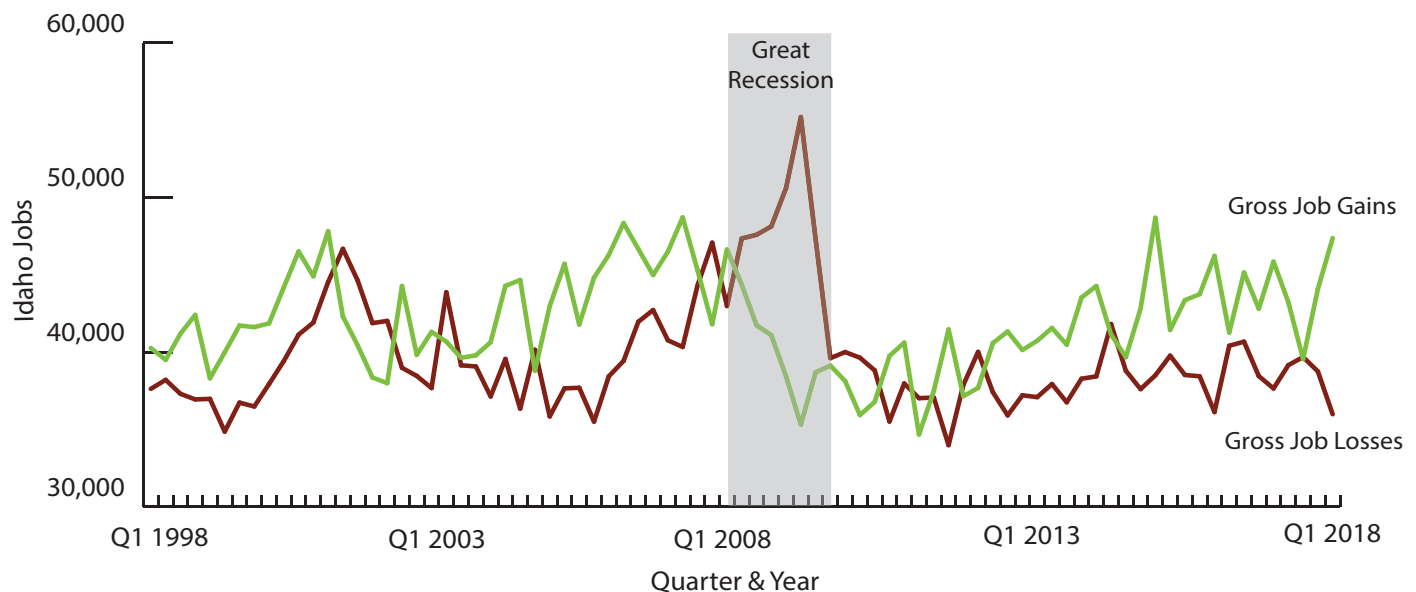
Our state’s prosperity depends on the availability of good jobs with good wages. Idaho added 11,387 jobs in the first quarter of 2018 but still has wages that rank near the bottom of the country according to a new jobs report by Idaho Department of Labor.¹ While the average American has seen their inflation-adjusted wages increase by more than 21 percent over the last four decades, Idaho wages have gone up only 1.6 percent – representing a potential inflation-adjusted earnings difference of nearly \$408,000 over the course of a career.² In 1977 the difference between the average American wage and the average wage in Idaho was \$4,950 annually and in 2017 the difference was \$14,018 - an increase of 283 percent.³ Now is a good time for our state to turn its attention to the fact that human capital is a driver of wages. The good news is lawmakers in Idaho are already talking about the need for more investment in education as a way to boost wages and help more working families make ends meet.⁴

Two of Idaho’s Top Industries for Job Growth Have Below Average Wages

Today, more residents who are looking for work can find it, but many are earning less than their fellow Idahoans and the vast majority have smaller paychecks than the average American.⁵ The 11,387 net gain in jobs in the first quarter of 2018 is the result of adding 47,380 jobs and losing 35,993.⁶ Private job growth in Idaho was driven by three main industries – (1) construction, (2) health care and social assistance, and (3) accommodation and food services.⁷ Together these industries account for 47.2 percent of new private job growth in Idaho while the remaining growth was spread across 14 other industries.⁸ Construction industry wages were higher than Idaho’s average at \$42,848 annually, whereas the other two top growing industries had below average annual wages compared to the rest of the state.⁹ Jobs in the health care and social assistance industry had annual wages of \$41,132 while jobs in the accommodation and food services industry brought in only \$16,016 on average.¹⁰

Figure 1: Idaho Added 11,387 Jobs in First Quarter of 2018

Private Sector Gross Jobs Gained and Lost in Idaho, Seasonally Adjusted, Q1 1998 to Q1 2018



Source: Idaho Department of Labor Business Employment Dynamics.

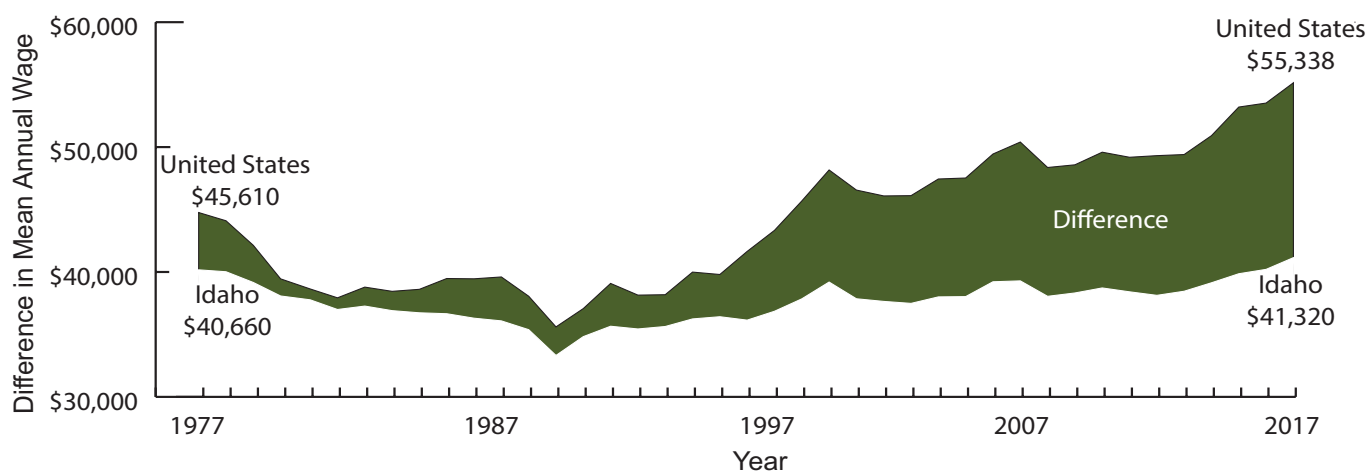
Job Growth Failing to Bring Idaho Wages in Line with the Nation

Nationwide, annual wages rose from an average of \$45,610 in 1977 to \$55,338 in 2017, after accounting for inflation.¹¹ Despite rising income inequality, the average American wage can buy more now than it could 40 years ago.¹² Idahoans on the other hand have seen markedly stagnant wages. The average Idaho paycheck can buy 1.6 percent more last year than it did in 1977 while the average American paycheck can buy 21.3 percent more.¹³ Implications for family wealth accumulation are noteworthy- the gap between the average wage in Idaho and the average American wage represents a nearly \$408,000 difference over the course of a 40-year career.¹⁴

Idaho's relatively low cost of living makes only a small dent in the problem. Cost of living information is available through 2016 and shows that goods and services in Idaho were about 7 percent less expensive than the national average that year.¹⁵ This made up for some of the difference in wages but still left Idaho workers with \$11,229 (21 percent) less on average.¹⁶

Figure 2: Idaho Wages Falling Further Behind National Average

Difference Between U.S. and Idaho Mean Annual Wages, Inflation-Adjusted 2017 Dollars, 1977 to 2017



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages.

Growing Difference in College Degree Attainment a Factor

Idaho's trailing wages are likely driven by the increasing difference between Idaho's postsecondary degree attainment and the nation's. In 1940, the share of Idahoans over 25 years old with a bachelor's degree was 4.5 percent, compared to 4.6 percent nationally.¹⁶ Last year, the share of Idahoans over 25 with a bachelor's degree was 26.8 percent, compared to 32 percent nationally.¹⁷

If Idaho matched the national average there would be 58,100 more Idahoans over 25 years old with at least a bachelor's degree.¹⁸ Idaho residents with a bachelor's degree earn on average \$13,500 more than those with a high school diploma.¹⁹ Such wage premiums for postsecondary education have grown over time and are expected to continue.²⁰ The Idaho Department of Labor projects that the average median wage for the top fastest growing occupations requiring a high school education or less is \$23,000 per year, while for master's or doctoral degrees the average median wage is \$73,000.²¹

Outlook for Idaho

Idaho business leaders, lawmakers, and education stakeholders have publicly supported the state's goal of having 60 percent of young adults with a postsecondary degree by 2025.²² The initial target date of 2020 was pushed back and 2017 figures do not show progress.²³ Attempts made so far have not successfully removed barriers to education that many young adults in Idaho face - the largest of which are rising tuition and the resulting debt load.²⁴

Appendix: 2017 Idaho Average Employment and Wages by Industry

NAICS Code	NAICS Title	Average Employment	Average Share of Private Employment	Annual Average Wage	Annual Median Wage
11	Agriculture, Forestry, Fishing and Hunting	24,614	4%	\$35,516	\$23,700
21	Mining, Quarrying, and Oil and Gas Extraction	2,176	0%	\$71,344	\$52,620
22	Utilities	2,984	1%	\$84,136	\$71,190
23	Construction	42,668	7%	\$42,848	\$38,460
31-33	Manufacturing	66,056	11%	\$61,568	\$37,330
42	Wholesale Trade	28,636	5%	\$58,188	\$37,690
44-45	Retail Trade	85,508	15%	\$30,420	\$25,180
48-49	Transportation and Warehousing	19,478	3%	\$40,612	\$39,340
51	Information	8,923	2%	\$51,012	\$39,350
52	Finance and Insurance	23,383	4%	\$59,956	\$40,010
53	Real Estate and Rental and Leasing	7,681	1%	\$35,152	\$30,380
54	Professional and Technical Services	35,552	6%	\$62,504	\$49,810
55	Management of Companies and Enterprises	5,829	1%	\$82,888	\$57,220
56	Administrative and Waste Services	46,729	8%	\$33,852	\$29,950
61	Educational Services	6,899	1%	\$38,064	\$34,960
62	Health Care and Social Assistance	89,348	15%	\$41,132	\$34,410
71	Arts, Entertainment, and Recreation	10,884	2%	\$18,460	\$24,240
72	Accommodation and Food Services	64,044	11%	\$16,016	\$19,110
81	Other Services, Except Public Administration	17,915	3%	\$30,056	\$29,830

Note: Average (mean) wages are used throughout the body of this report. Ideally Idaho Center for Fiscal Policy would use median wages rather than average wages because median wages are seen as a more reliable indicator of how much a typical worker earns. Average wages are sometimes distorted because they may include extremely high-wage occupations in an industry - for example the director of a wholesale trade company may earn much more than most workers in the industry and drive up the average wage. Average wages were used in this report because historical median wages are unavailable for many years at the state level.

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