



*A Summary*  
Montana 2024  
**LABOR DAY  
REPORT**

by Amy Watson, State Economist



Montana Department of  
**LABOR & INDUSTRY**

The Montana economy continued growing steadily in 2023. The state’s labor force reached an all-time high, employment continued to grow, unemployment remained near record lows, and economic production grew across a variety of sectors. This article provides an overview of the annual report provided to the Governor on the status of the Montana economy. The full report, entitled 2024 Montana Labor Day Report, is available at [lmi.mt.gov/publications](http://lmi.mt.gov/publications).

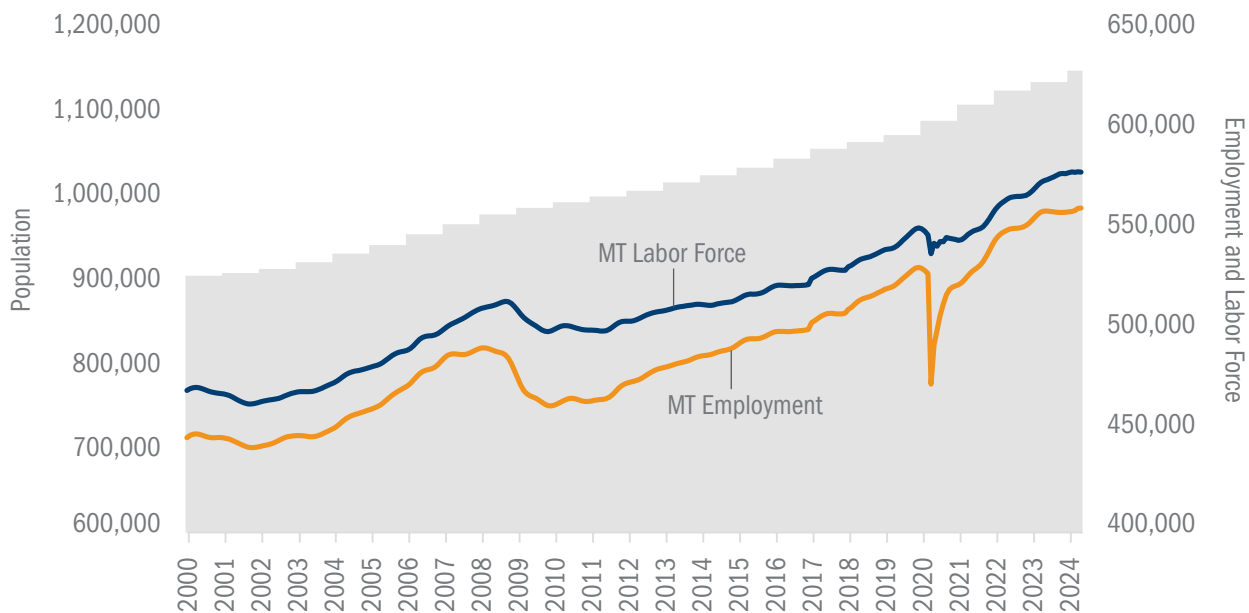
## Montana Labor Market

The Montana labor market continued its steady expansion in 2023, adding 8,700 jobs for a growth rate of 1.6%. This growth represents a return to more sustainable growth for the state, following a couple years of above average growth exiting the pandemic. Job growth continued in 2024, adding another 2,800 jobs through the first half of the year.<sup>1</sup> Since the beginning of 2020, total employment has grown by 5.9% – ranking Montana 8th fastest among states.

Montana ranks **8<sup>th</sup>** in the nation for fastest employment growth since 2020 - adding over 30,000 jobs through the first half of 2024.

Rapid employment growth in the post-pandemic era means there are now more Montanans working than ever before. Over 560,000 Montanans were employed midway through 2024 – a record high for the state. Figure 1 shows the change in Montana’s population, labor force, and employment levels since 2000.

**FIGURE 1. Montana Population, Labor Force, and Employment Growth since 2000**



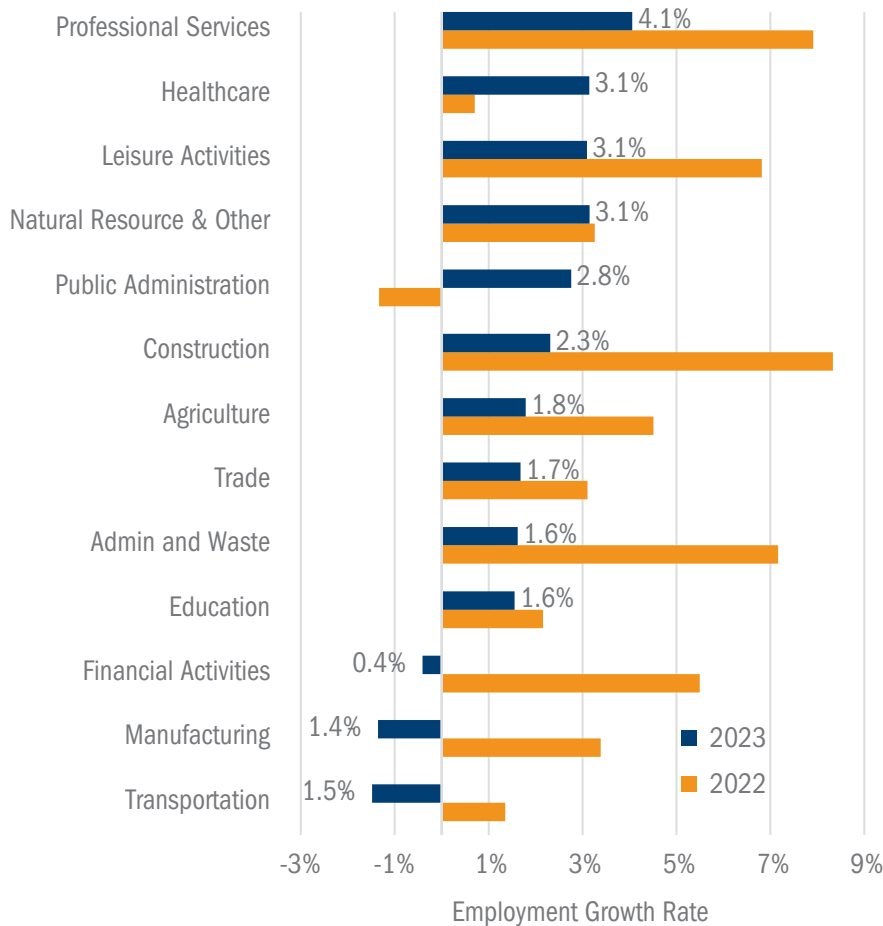
Source: US Census Bureau and Local Area Unemployment Statistics (LAUS), January 2000 through May 2024. Population in 2024 represents MT Census and Economic Information Center (CEIC) projection.

Jobs gains over the last year have been driven by some of Montana’s largest employing industries. Healthcare, trade, and leisure activities comprised over half of employment growth in 2023. Figure 2 shows employment growth over the last two years, with employment growth moderating across most industries in 2023.

<sup>1</sup> LAUS total employment change from Dec 2023 to June 2024, seasonally adjusted.



**FIGURE 2. Montana's Job Growth by Industry**



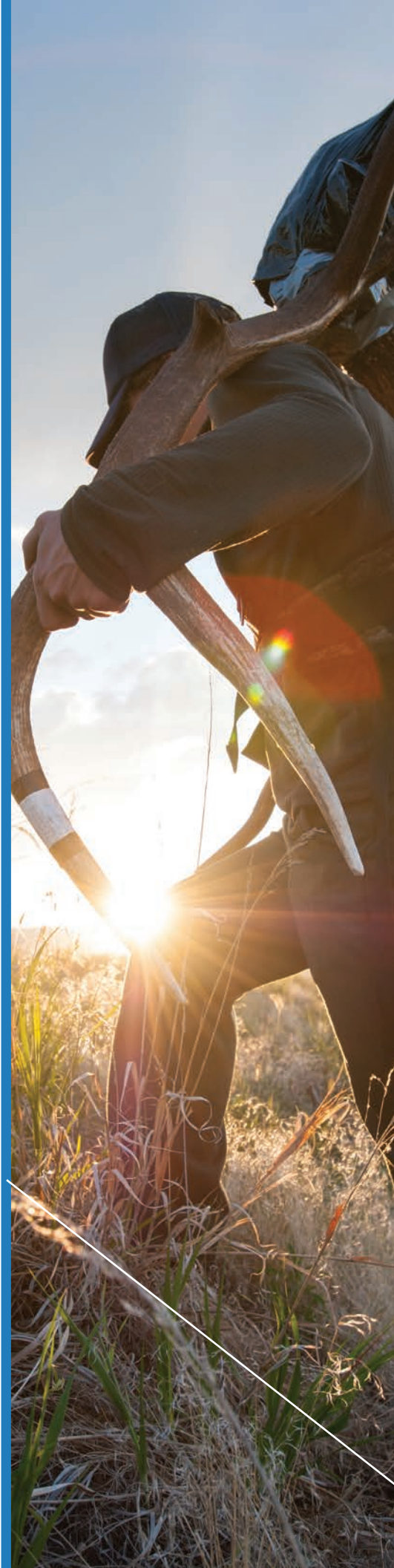
Source: Quarterly Census of Employment and Wages (QCEW). Natural resource and other includes mining, utilities, information, management of companies, and unclassified industries. Employment includes public and private sector.

Professional services grew fastest among the private sector, adding 1,120 jobs at a growth rate of 4.1%. The shift towards remote work has made moving to Montana possible for many tech workers, resulting in significant growth of the professional services workforce. An increased share of people moving to the state are working in the professional services industry, translating to growth in the number of high-wage jobs in the state.<sup>2</sup>

### A Growing Workforce

In 2023, the labor force grew faster than employment for the first time post-pandemic, providing some relief to the state's historically tight labor market. Over 10,000 workers were added to the Montana labor force in 2023, ranking the state 15th in the nation for fastest growth at 1.8%. As a result of this influx of new workers, the unemployment rate ticked up slightly in 2023 to 2.9% from a record-setting low 2.7% in 2022.

<sup>2</sup> U.S. Census Bureau. (2024). *Job-to-Job Flows Data (2019-2023)*. Washington, DC: U.S. Census Bureau, Longitudinal-Employer Household Dynamics Program

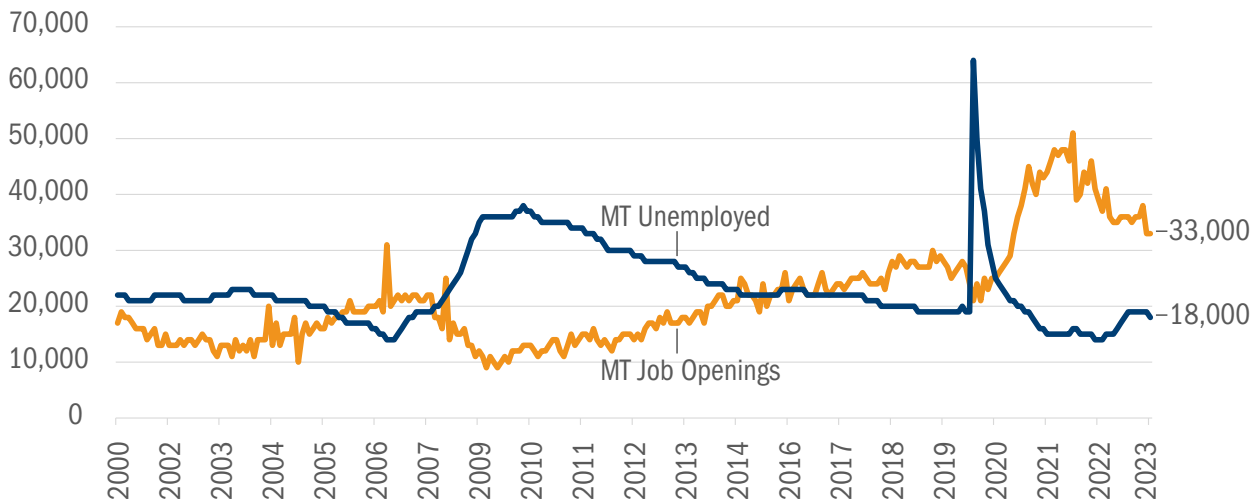


Labor force growth was driven by elevated in-migration rates, as more people moved to Montana in recent years. Montana ranks 4th in the nation for the highest rate of in-migration since 2020. The state’s population grew by 4.7% from 2020 to 2023 due to in-migration, translating to an additional 51,000 people.<sup>3</sup> Most people moving to Montana participate in the state’s labor force, thus increasing labor supply. About 73% of people who recently moved to the state are either employed or actively seeking work, which is higher than the labor force participation rate of existing residents.<sup>4</sup>

Growth in the state’s labor force has led to increased availability of workers. However, labor force growth has not been sufficient to meet worker demand. Rapid economic growth generated an increase in demand for workers among Montana businesses. The number of job openings reached a record-high of over 40,000 in 2022. Job demand has moderated slightly since then, averaging 33,000 monthly openings in April. However, worker shortages persist in 2023, with nearly two job openings for every one unemployed person. Figure 3 shows the number of job openings relative to the number of unemployed people.

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**FIGURE 3. Number of Job Openings and Unemployed Persons in Montana**



Source: JOLTS and LAUS, January 2000 to April 2024. Unemployment level is rounded to the nearest thousand.

People who are not employed and are actively seeking work are referred to as unemployed. The number of unemployed people in Montana has varied significantly over the past few decades, peaking during periods of economic recession, and reaching record lows during periods of economic expansion. At the end of 2023 there were an estimated 18,000 unemployed Montanans – near a record low.

Regardless of the demand for workers, there are always some people who are unemployed. Montanans graduate from school and look for their first job, move up the career ladder, change careers, and start their own business. All these scenarios create periods of unemployment. Even changes in the seasons generate periods of unemployment for those with seasonal jobs. Most people in Montana are unemployed for less than four months. Some unemployment will always exist in the Montana economy as a natural byproduct of the fluctuations and evolution of workforce supply and demand.

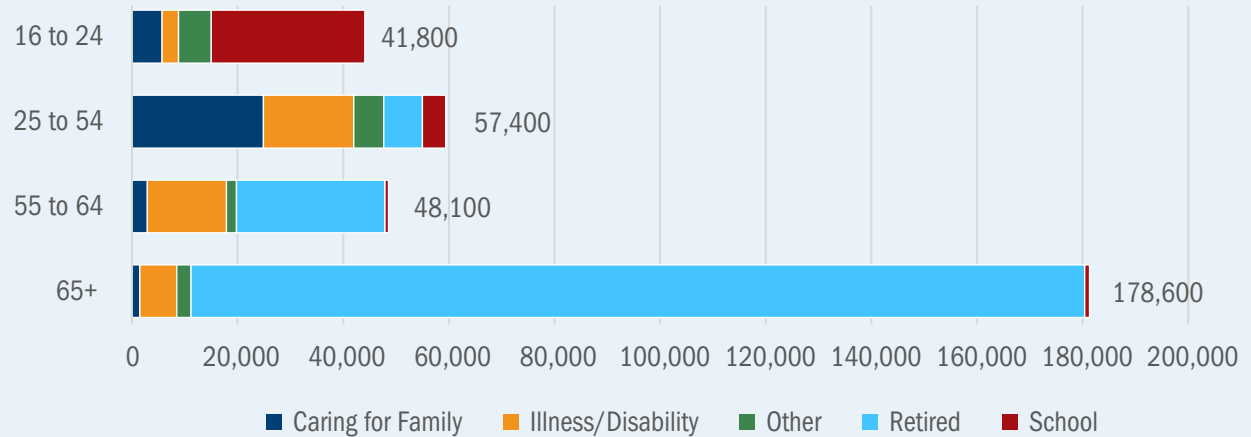
<sup>3</sup> U.S. Census Bureau, *Annual Resident Population Estimates, Estimated Components of Resident Population Change, and Rates of the Components of Resident Population Changes for Counties: April 1, 2020 to July 1, 2023.*

<sup>4</sup> U.S. Census Bureau, *ACS 2022 1-year estimates accessed via IPUMS USA, University of Minnesota.*

## OUT OF THE LABOR FORCE

A total of 330,000 Montanans are not employed or actively seeking work. Most (61%) of these individuals are 55 years or older and are retired. Figure 4 shows the number of Montanans who are out of the labor force by age and the primary reason these individuals have chosen not to seek employment.

**FIGURE 4: Montanans Out of the Labor Force by Age and Reason**



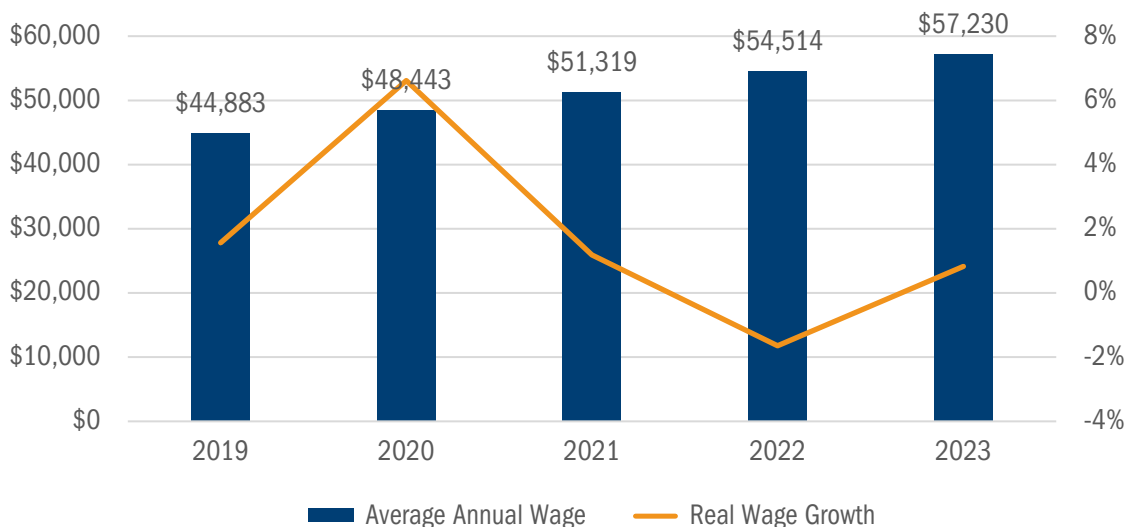
Source: IPUMS CPS 2023 2-Year Moving Average.

## Rapid Wage Growth

Persistently tight labor markets have increased competition for workers and driven up wages. The average wage earned by Montana workers reached \$57,230 in 2023, growing by 5% over the year. Wage growth outpaced inflation, which moderated from a forty-year high in 2022. On an inflation-adjusted basis, real wages grew 0.8% in 2023, the 6th fastest among states. Figure 5 shows the average annual wage and real wage growth for Montana workers over the last five years.

Montana ranks **2<sup>nd</sup>** in the nation for fastest wage growth since 2020.

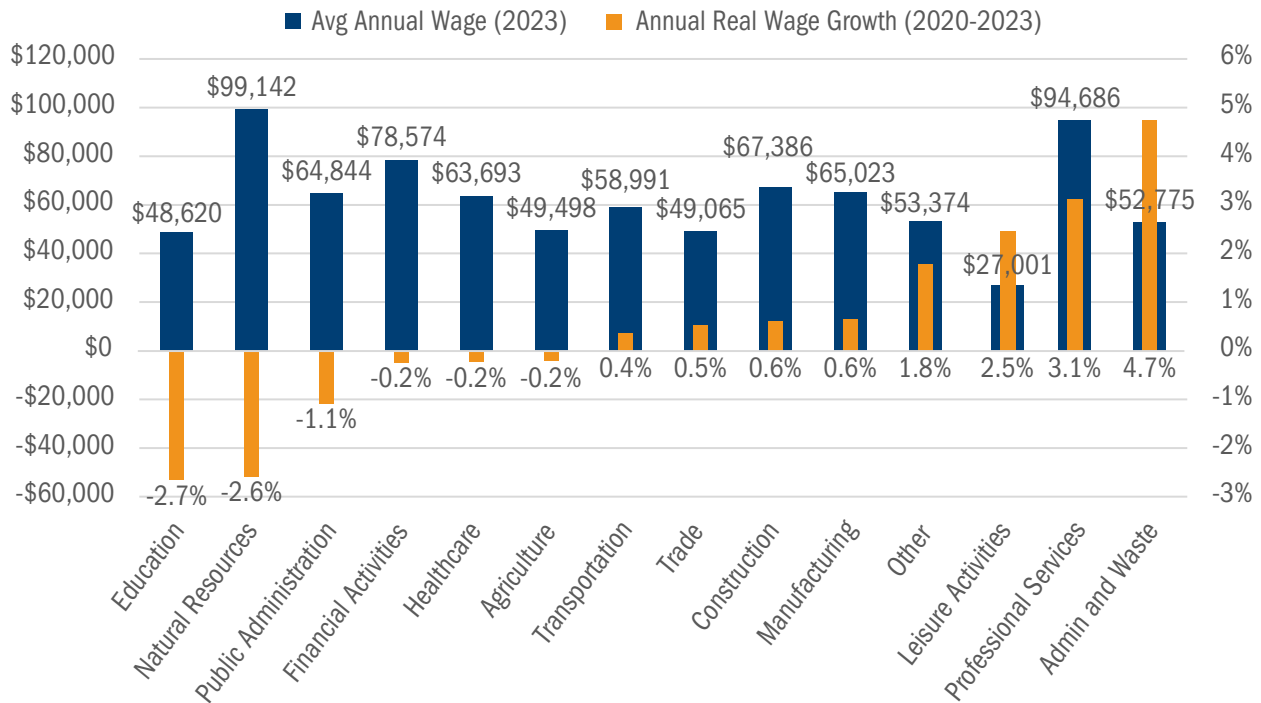
**FIGURE 5. Montana's Average Annual Wage and Real Growth**



Source: US BLS and MTDLI, QCEW and CPI-U.

Since 2020, Montana is one of only two states where wage growth has outpaced inflation. Real wage growth suggests that Montana workers have been able to afford more goods and services with their wages than before, increasing their standard of living. Figure 6 shows the average wage and inflation-adjusted wage growth since 2020 by industry. The largest wage gains have been in professional and administrative services, as well as leisure activities.

**FIGURE 6. Montana Average Annual Wage and Real Wage Growth by Industry**

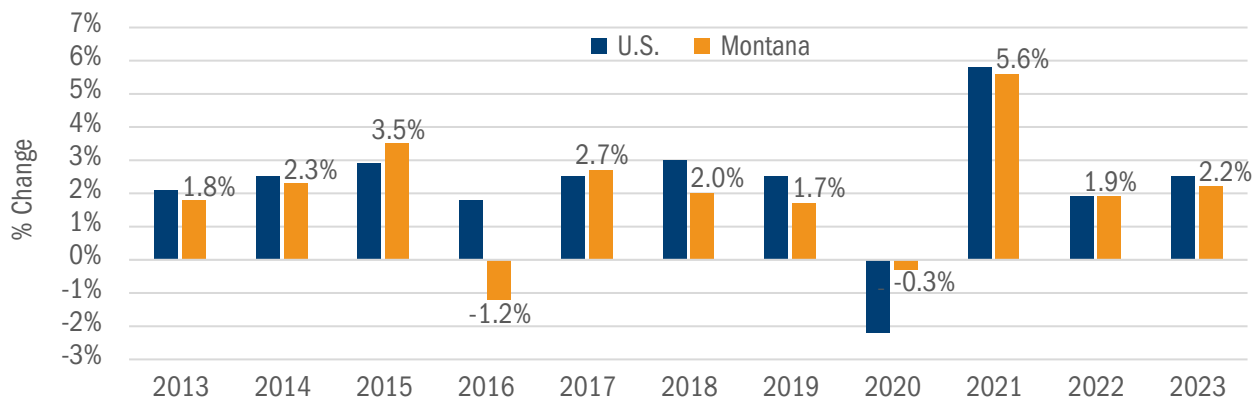


Source: US BLS and MTDLI, QCEW and CPI-U). Other includes management of companies, utilities, information, and unclassified industries. Industry employment includes public and private sector.

## Steady Economic Growth

The strength of Montana’s labor market helps support economic growth in the state. Montana’s total economic output, as measured by real gross domestic product, grew by 2.2% in 2023. Growth was consistent throughout the year, and into the first quarter of 2024. The Montana economy grew by 1.3% in the first quarter of 2024 on an annualized basis, slightly below the national average. Figure 7 shows real GDP growth in Montana and the nation since 2013.

**FIGURE 7. Real GDP Growth in Montana and the U.S.**



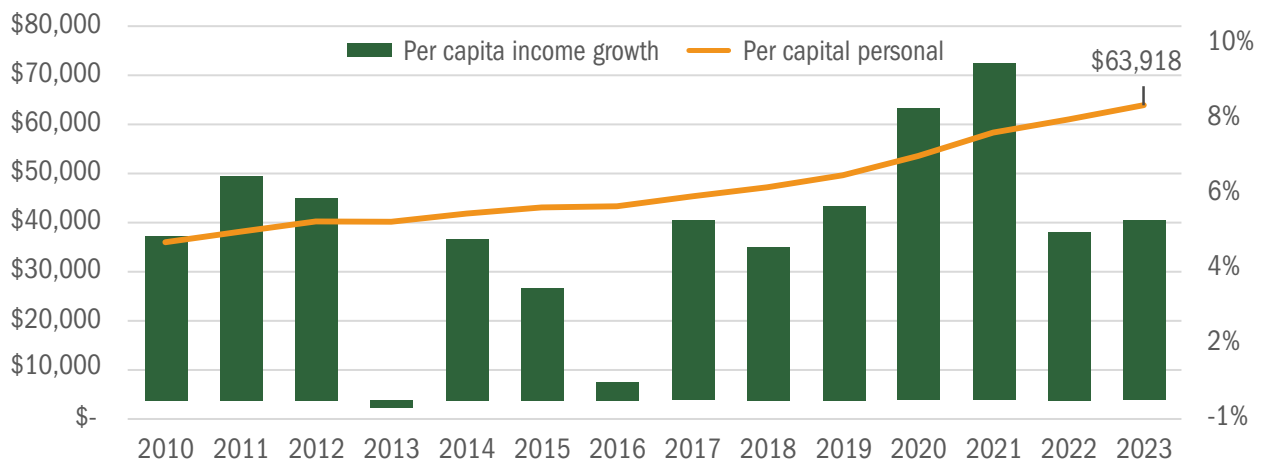
Source: US Bureau of Economic Analysis

Business formation reached a record high in Montana, which propelled economic output to new heights. Montana ranks 3rd nationwide for the percentage of individuals engaged in self-employment, with nearly 30% of the workforce operating their own businesses. Self-employment income makes up a significant portion of Montanan’s personal income, accounting for nearly 10% of personal income in 2023.

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Continued growth in the Montana economy translated to more income for Montana households. On a per capita basis, average income rose to \$63,918 in 2023 – ranking 28th among states. While Montana’s per capita income still falls below the national average, it has been growing more rapidly in recent years. Since 2020, per capita income has grown by 6.1% per year, compared to 4% in the decade prior.<sup>5</sup> Figure 8 shows the growth in per capita income since 2010.

**FIGURE 8. Per Capita Person Income Growth in Montana**



Source: US Bureau of Economic Analysis

## Conclusion

The Montana economy remains strong and is poised for continued economic growth in the coming years. High consumer demand and entrepreneurialism have made Montana businesses more profitable, bringing more income back to owners. Montana workers have achieved an increase in standard of living, as inflationary pressures have moderated. Tight labor markets have begun to ease, with the size of Montana’s labor force reaching a record high. Through continued innovation, advancements in training and technology, and tapping into underutilized labor sources, the Montana economy will continue to flourish.

<sup>5</sup> US Bureau of Economic Analysis, 2010 to 2020 continuous annual growth rate.