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Idaho Job Gains Mask Deeper Economic Warning Signs

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Although Idaho's statewide unemployment rate stands at 3.6%, economists caution that the figure may not reflect the broader economic picture. A closer look at regional data and trends reveals signs that eastern Idaho's economy may be flattening or even slipping into decline.

Experts from the Idaho Department of Labor and local universities are raising concerns that the drop in unemployment isn't being driven by job growth but by residents leaving the labor force altogether. Dr. Karl Geisler, chair of Idaho State University's Department of Finance and Economics, explained that jobless rates can decline for the wrong reasons. In Bonneville County, for instance, the labor force declined by approximately 10 individuals between January and May, while Bannock County's employment dropped from 40,067 to 39,978.

From May 2024 to May 2025, Bonneville County's unemployment rate remained at 3.1%, increasing slightly to 3.2% in June. Idaho Falls, however, reported a city unemployment rate of 4.2% significantly above both the county and state averages. Madison County's jobless rate fluctuated during the same period, rising from 3.2% to 3.6% before falling back to 3.4% in June. Bannock County experienced a slight drop of 0.3% over the year, but its unemployment rose to 4.1% in June.

Despite these fluctuations, all three counties except Idaho Falls currently report unemployment rates below the national average of 4.2%. Yet economists remain cautious due to a key concern: workforce participation. When people stop seeking work entirely, it artificially improves unemployment data without reflecting true economic health.

The disparities become more pronounced when income is factored in. According to 2023 data from the Idaho Department of Labor, Bonneville County was the only one of the three to exceed the state's per capita income average of $59,385, reporting $60,032. Bannock County lagged at $50,084, and Madison County came in significantly lower at $29,168.

These differences are largely explained by local demographics and institutions. Bonneville County's proximity to the Idaho National Laboratory and a strong financial services sector support higher income levels. In contrast, Madison County has a student-heavy population due to Brigham Young University–Idaho. Economist Brandon Duong noted that more than 70% of Madison County's population is currently enrolled as students, which significantly skews wage data. Bannock County, home to Idaho State University, has a smaller student population, just over 30%.

Duong also pointed to age demographics: nearly half of Madison County's population is between 18 and 24 years old, compared to just 10.4% in Bannock and 8.7% in Bonneville. With many residents still in school or starting in their careers, the region sees lower average incomes and limited capital.

Meanwhile, housing costs in these counties do not align with prevailing income levels. As of April 2025, Bannock County reported average home prices of $422,500, with Bonneville slightly higher at $453,600. Madison County, despite lower incomes, had the highest average home price at $516,000. These figures place both Bonneville and Bannock below the state's average home price of $473,400, according to Zillow.

Aaron Denny, economic development assistant for the City of Rexburg, attributed Madison County's high housing costs to surging demand. Since 2010, a growing number of students have remained in the area after graduation, contributing to a shortage of available housing. Combined with high construction costs in the western U.S., this has made affordability a growing concern.

Beyond job and housing statistics, the strain on the local economy is also visible in community support systems. The Community Food Basket of Idaho Falls has seen a sharp increase in demand. At the same time, donations have dropped substantially. Executive Director Ariel Jackson reported a 200,000-pound drop in food donations over the past year, citing reduced contributions from both grocery stores and the community.

Jackson emphasized the growing challenge of serving more people with fewer resources, reflecting how economic pressures are rippling through households. With multiple families now sharing homes and tightening budgets, the impact of a weakening economy is becoming harder to ignore.

While Idaho's official unemployment rate remains low, shrinking labor force participation, income disparities, and rising living costs suggest the region's economic outlook requires closer scrutiny.