

# Montanans for Hire?

*An Examination of the Non-Working Population in Montana*



Montana Department of  
**LABOR & INDUSTRY**

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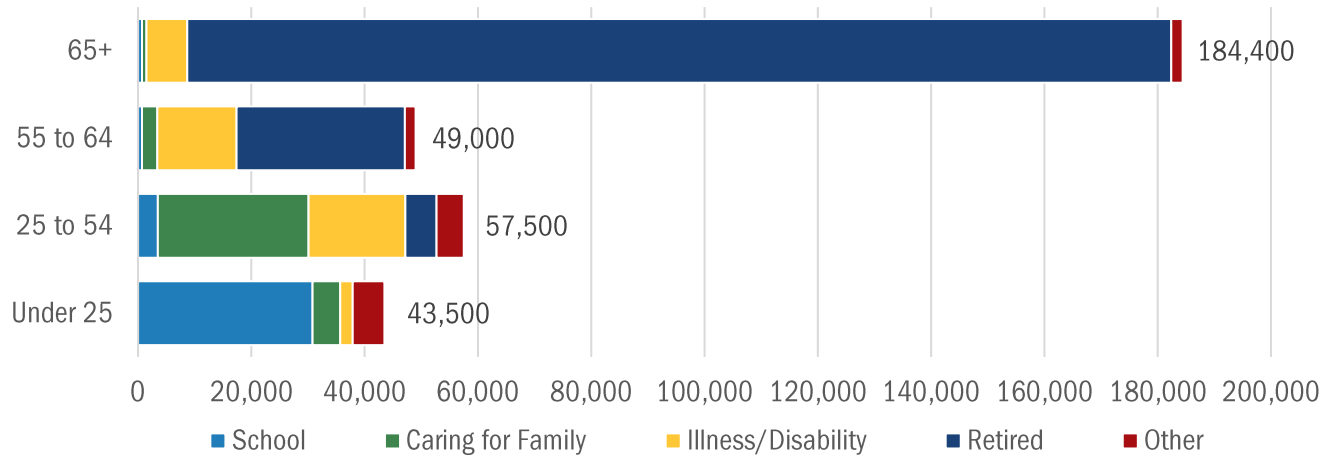
# Executive Summary

The Montana economy achieved record high levels of employment in 2024, with over 560,000 working Montanans. Despite this, the demand for workers still outstrips the supply – with 1.6 job openings for every one unemployed person. Tight labor markets have increased competition for workers and driven up wages, yet there are over 350,000 Montanans who are not working. Understanding why many Montanans are not working is critical to addressing the state’s persistently tight labor market.

## Characteristics of Montanans Not Seeking Work

Individuals are considered out of the labor force if they are not employed or actively seeking work. Nearly 340,000 Montanans over the age of sixteen were out of the labor force in 2024.<sup>1</sup> Most (61%) of these individuals were over 55 years old and retired. The factors influencing Montanans’ decision not to pursue employment are summarized below by age category.

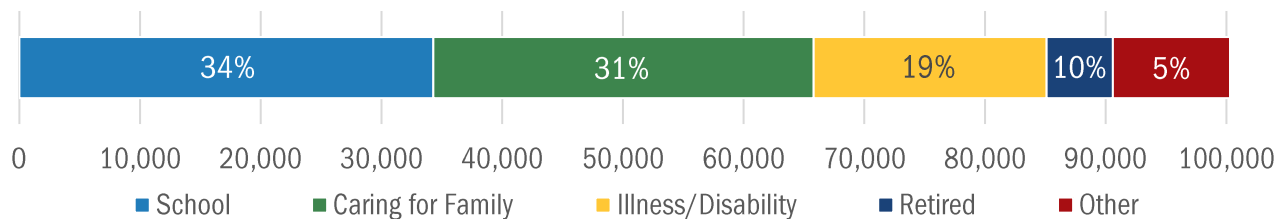
Montanans Out of the Labor Force by Age and Reason (Figure 2)



Source: IPUMS CPS 2024 2-Year Moving Average.

Just over 100,000 Montanans between the ages of 16 and 54 years old are out of the labor force. Many (84%) of these individuals are either in school, caring for family, or have an illness or disability. Another 5% retired before age 55. The remaining 10,000 Montanans, between 16 and 54, are not seeking employment for another reason, as shown in Figure 3. Further research aims to better understand this population – identifying ways MTDLI can partner with these individuals to increase engagement in the labor force.

Montanans Out of the Labor Force by Reason Population Aged 16 to 54 (Figure 3)



Source: IPUMS CPS 2024 2-Year Moving Average.

<sup>1</sup> BLS Local Area Unemployment Statistics (LAUS), 2024 annual.

Highlights from the population under the age of 55 include:

- 71% of young adults between 16 and 24 years old who are not looking for work are enrolled in school.
  - Young adults belonging to higher income households are less likely to participate in the labor force than those in lower income brackets (Figure 7).
- Caring for family is the primary reason individuals aged 25 to 54 years old decided not to seek employment (Figure 9).
  - An estimated 23,200 Montana parents did not participate in the labor force because they were caring for family in 2024 – accounting for approximately 40% of all prime working age adults out of the labor force.
  - Roughly 87% of Montana parents between 25 and 54 years old are in the labor force.
  - The MTDLI's investment in the early childhood education (ECE) workforce through registered apprenticeship helps increase access to affordable, high-quality child care, allowing more Montana parents to fully engage in the labor force.
- The second most common reason prime working aged adults are not employed is due to an illness or disability. About 30% of Montanans between 25 and 54 years old who are not looking for work have an illness or disability (Figure 9).

Approximately 230,000 Montanans who are out of the labor force are over the age of 54. Most (87%) of these individuals are retired. The number of retirees has steadily increased in Montana since the 1990s, reaching 217,000 in 2024.

Highlights from the analysis of Montanans over 54 include:

- Labor force participation rates for those aged 55 to 64 years are higher than five years prior, despite pandemic-related dip in participation.
  - The percentage of Montanans between 55 and 64 years old who were out of the labor force due to illness or disability rose from 26% in 2018 to 29% in 2024. (Figure 13).
- Over half (55%) of Montanans who are out of the labor force are 65 years or older, translating to roughly 185,000 people.
  - Montana ranks 7<sup>th</sup> in the nation for the largest share of the population who have reached retirement age, with approximately 21% over the age of 65.
  - Over the last three decades, labor force participation rates have nearly doubled for Montanans over 65 years old, rising from 11% in 1995 to 20% in 2024.
  - Montanans are more likely to continue working once they reach retirement age than the national average. Labor force participation rates for those over 65 years old are higher in Montana than in the rest of the nation.



## Characteristics of Unemployed Montanans

A small portion of the non-working population in Montana are actively looking for work. These individuals are considered unemployed. There were an estimated 17,000 unemployed people in the state in 2024. Most people in Montana who are looking for work are unemployed for less than four months.

The length of time an individual is unemployed varies significantly by demographics. Younger workers with lower levels of education are more likely to find a job quicker than older adults with higher levels of education. Laid off individuals tend to find another job faster than those who are entering the labor force. A breakdown of the characteristics of the unemployed include:

- About 74% of the 17,000 unemployed Montanans in 2024 have been unemployed for fifteen weeks or less. Over 90% have been unemployed for less than a year.
  - The short-term unemployed tend to be younger and less educated than the rest of the labor force (Figure 19).
  - Most (70%) of these short-term unemployed were previously employed – either having just been laid off, ending a seasonal or temporary job, or voluntarily leaving their employer.
- Only about 8% of those unemployed are looking for work for more than a year, translating to roughly 1,500 Montanans.
  - Montanans who are unemployed for an extended period face significant barriers finding employment. The most common barriers being personal finances, criminal history, lack of transportation, and poor health.
  - Through the PROWD2 grant, MTDLI is working to connect individuals releasing from federal detention facilities with apprenticeship opportunities to support their transition from pre-release facilities back to local Montana communities.
- Montanans identifying as American Indian are more likely to become unemployed and experience longer periods of unemployment.
  - Native Montanans remained unemployed for an average of 31 weeks in 2024, compared to only 10 weeks for non-Native Montanans.
- Some individuals who are unemployed for long periods may become discouraged and quit looking for work. Discouraged workers make up less than one percent of the labor force.
  - About 0.1% of the labor force, or approximately 600 Montanans, quit looking for work in 2024 because they believed no jobs were available for them.

Regardless of the strength of the Montana economy, there are always some people who are not working. Montanans graduate from school, look for their first job, move up the career ladder, have families, change careers, start their own business, and retire. Some unemployment will always exist in the Montana economy as a natural byproduct of the fluctuations and evolution of workforce supply and demand. Understanding the characteristics and motivations of those who are not working helps ensure those who would like to work have the resources and opportunity to do so – while providing Montana businesses the workforce they need to continue to grow and thrive.

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Over 560,000 Montanans were working in 2024 – a record high. However, with an estimated 920,000 people over the age of sixteen living in the state, there remains a significant amount of people not working. Many of these individuals are retired, in school, or caring for family. This report provides an in-depth analysis of workforce participation and identifies the characteristics of those who are not working. Understanding why many Montanans are not employed is critical to addressing the state’s persistently tight labor market.

# Section 1: Out of the Labor Force

## Why are people not looking for work?

Of the approximately 920,000 Montanans who are old enough to work, approximately 63% participate in the labor force.<sup>2</sup> The labor force includes everyone who is working or actively seeking work. Labor force participation varies by age, with the highest levels of participation reported between the ages of 25 and 54. Figure 1 shows the Montana population and labor force distribution by age. The labor force participation rate is shown in parenthesis for each age category.

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

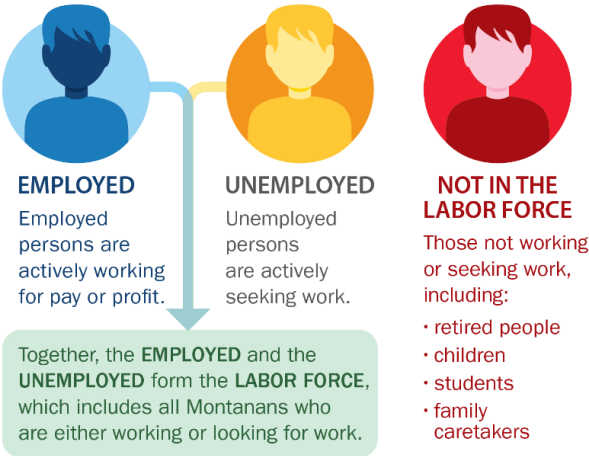
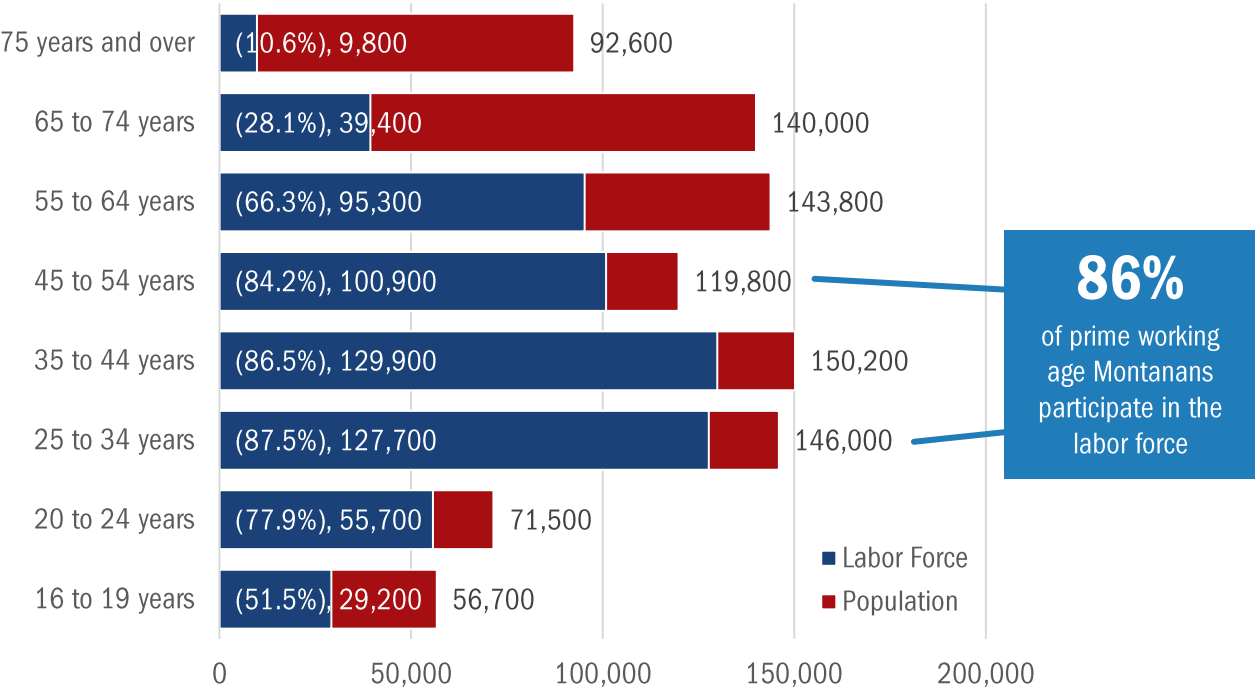


Figure 1. Population and Labor Force Participation by Age

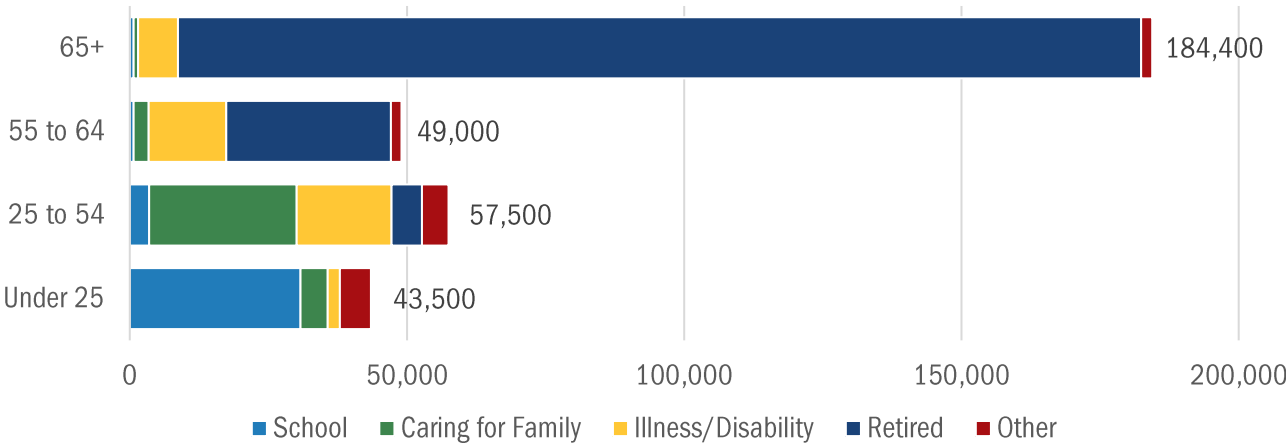


Source: IPUMS CPS 2024 2-Year Moving Average. Labor force participation rates are in parenthesis.

<sup>2</sup> BLS LAUS 2024 annual.

About 37% of Montanans over the age of sixteen are not actively seeking employment, translating to nearly 340,000 people who are out of the labor force. Figure 2 shows the age distribution of these Montanans, and the primary reason for their lack of participation. Most (61%) of these individuals are 55 years or older and retired. The number of retirees has steadily increased in Montana since the 1990s, reaching nearly 217,000 in 2024.<sup>3</sup>

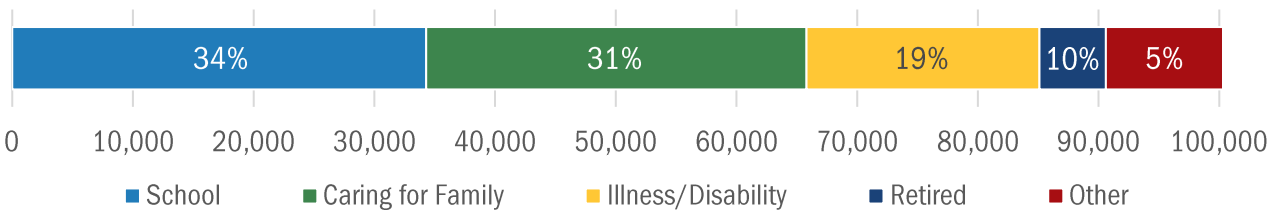
**Figure 2:** Montanans Out of the Labor Force by Age and Reason



Source: IPUMS CPS 2024 2-Year Moving Average.

Just over 100,000 Montanans between the ages of 16 and 54 are not working or seeking work, comprising 30% of all those out of the labor force. As shown in Figure 3, most of these individuals cite reasons other than retirement, such as school and caring for family, for their lack of labor force participation. The sections that follow analyze the primary factors influencing Montanans’ decision to work at various ages.

**Figure 3:** Montanans Out of the Labor Force by Reason Population Aged 16 to 54



Source: IPUMS CPS 2024 2-Year Moving Average.

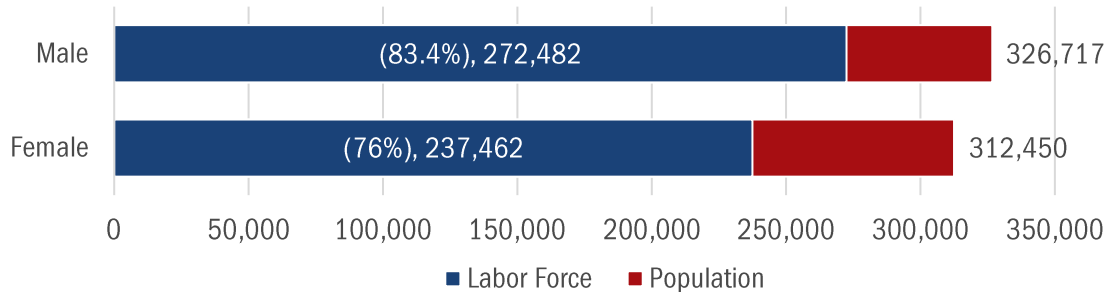
<sup>3</sup> BLS Current Population Survey (CPS) 12-month average Jan to Dec 2024.



## Other Demographic Factors Influencing Labor Force Participation

**Women report lower labor force participation than men.**

**Figure 4.** Population and Labor Force by Gender



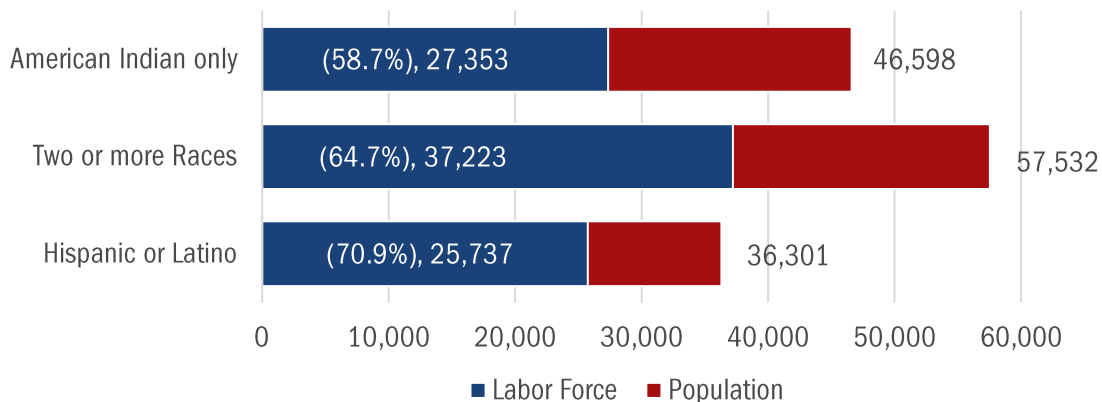
Source: Census Bureau American Community Survey 2023 1-Year Estimates. Population 20-64 years. Labor force participation rates are in parenthesis.

About 75,000 women between the ages of 20 and 64 are not in the labor force. Roughly a third (31%) of these women have children under 18 years. Labor force participation rates are higher for mothers than women without children, particular for mothers of school-aged children. Approximately 83% of mothers with children between six and 17 years old are working or actively seeking work.

**The American Indian population reports lower labor force participation than the state average.**

Just over 41% of American Indians are not working or actively seeking work.

**Figure 5.** Population and Labor Force by Race



Source: Census Bureau American Community Survey 2023 1-Year Estimates. Labor force participation rates are in parenthesis.

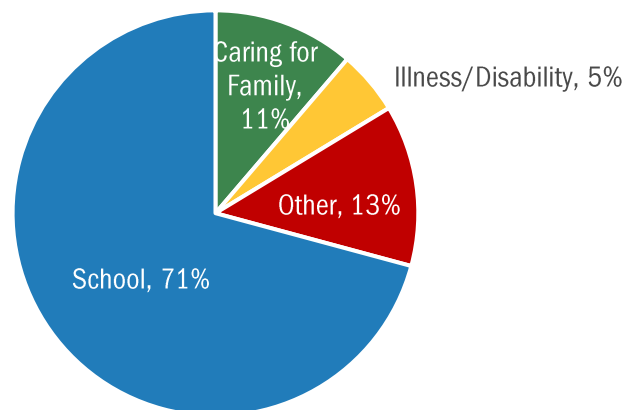
## Young Adults (Under 25 Years Old)

About 26% of Montanans out of the labor force are between the ages of 16 and 24 years old, translating to roughly 43,500 young adults. Over half of these young adults are high school students between the ages of 16 and 19 years old. Approximately 52% of Montana teens over the age of sixteen are in the labor force. Labor force participation rates improve significantly as young adults enter their twenties. Approximately 78% of Montanans between the ages of 20 and 24 are working or actively seeking work.

Most (71%) young adults under 25 who are not in the labor force are enrolled in school (Figure 6). Many of these people are living in households with higher median incomes, giving them more financial flexibility to focus on school full-time. Over a third of non-working young adults are in households with incomes over \$100K (Figure 7).

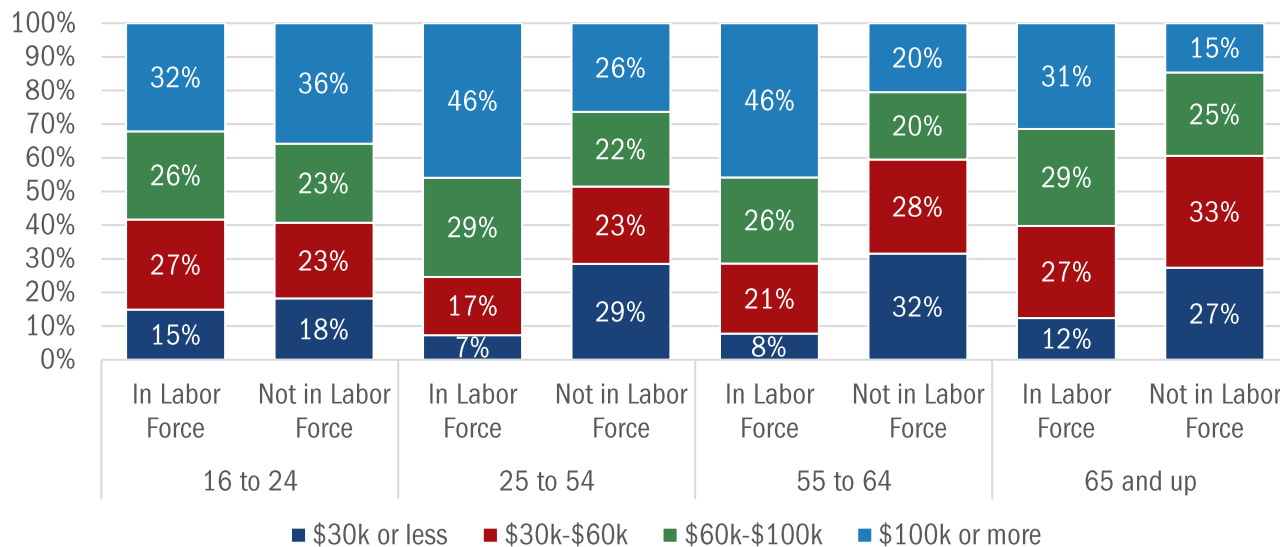
Figure 7 shows the household income of working and non-working adults by age. Young adults under 25 are the only age group in which participation in the labor force shows little relationship with income level. In all other age categories, Montanans who are working report higher household incomes than those not working.

**Figure 6.** Reasons Young Adults are out of the Labor Force (Under 25)



Source: IPUMS CPS 2024 2-Year Moving Average.

**Figure 7.** Distribution of Household Income by Workforce Participation and Age Category



Source: IPUMS CPS 2024 2-Year Moving Average.

About 11% of young adults are not looking for work because they care for family. Among young adults, caring for the elderly is more common than caring for children. An estimated 9% of adults between 18 and 24 years old are not in the labor force to care for an aging adult, which is the highest percentage of any age group.<sup>4</sup> Illness or disability prevent another 5% of young adults from participating in the labor force (Figure 6).

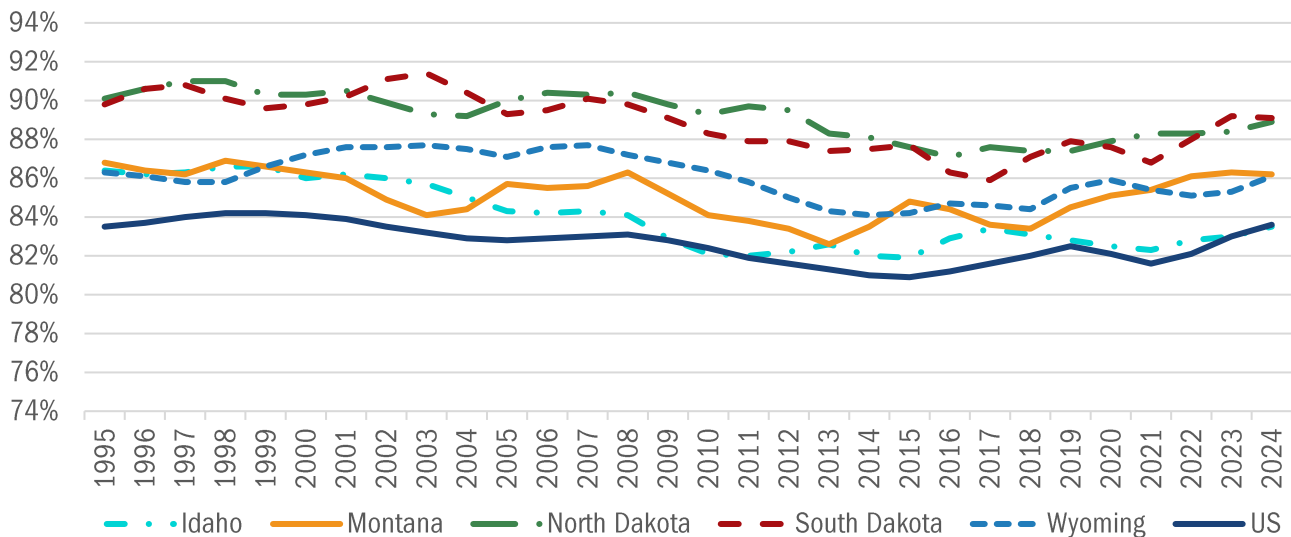
<sup>4</sup> Household Pulse Survey, 2023.

### Prime Working Age (25 to 54 years old)

Most (86%) Montanans between the ages of 25 and 54 years old are employed or actively seeking work. Workforce engagement among this prime working age group is higher in Montana than in the rest of the nation. Figure 8 shows the labor force participation rate in Montana since 1995 compared to neighboring states and to the national average for adults between 25 and 54 years old.

Labor force participation rates among the state's prime working age population remained relatively unchanged over the last three decades. There was a modest dip in labor force participation following the recession in 2008. However, labor force participation has increased steadily since 2017 among those aged 25 to 54 – even through COVID-19.

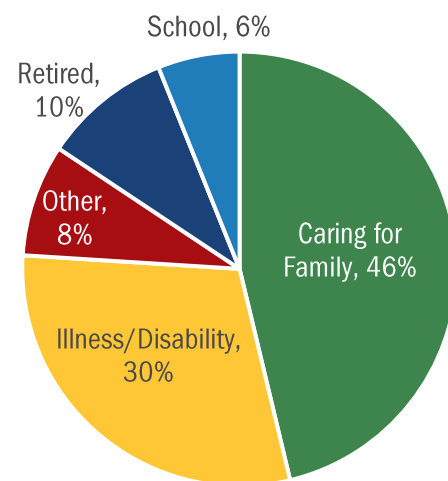
**Figure 8.** Labor Force Participation Rates of Prime Working Age Adults by State Since 1995



Source: IPUMS Current Population Survey, Jan 1995-Dec 2024. Twelve-month moving averages.

Despite high labor force participation rates, there are an estimated 57,500 prime working age adults in the state who are not employed or actively seeking work. The primary reason these individuals decided not to seek employment is because they care for family (Figure 9). Caring for family includes children and the elderly; however, most prime working age adults who are out of the labor force are caring for children. An estimated 23,200 Montana parents did not participate in the labor force because they were caring for family in 2024 – accounting for approximately 40% of all prime working age adults out of the labor force.<sup>5</sup>

**Figure 9.** Reasons Prime Working Age Adults are out of the Labor Force (25 to 54)



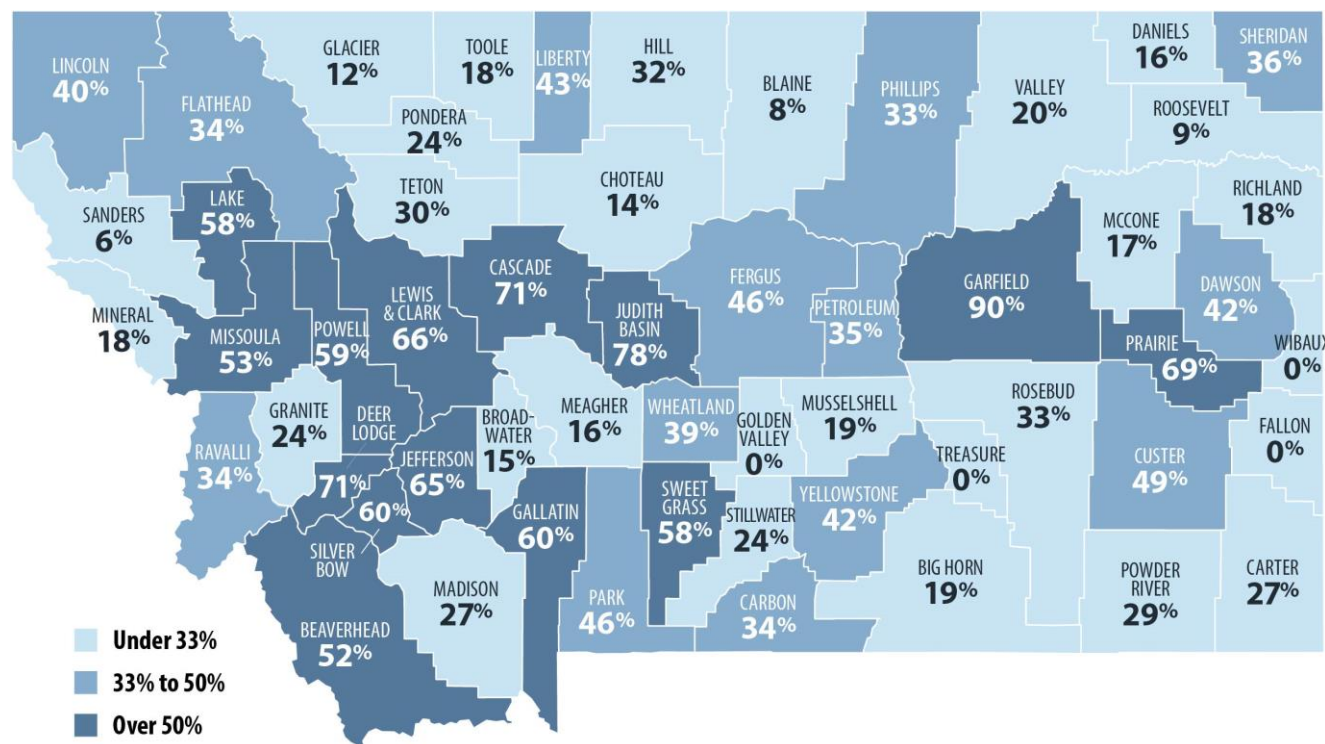
Source: IPUMS CPS 2024 2-Year Moving Average

<sup>5</sup> IPUMS Current Population Survey, 2024 12-month average.

Many of these 23,200 parents may voluntarily choose to forgo employment to care for children. However, some parents may choose to enter the labor force if they have access to affordable child care. Licensed child care capacity met only 46% of estimated demand in 2024, leaving many parents of young children without access to affordable, high-quality care for their children.<sup>6</sup>

Figure 10 shows the supply of licensed child care relative to demand by county in 2024. Nearly 52% of Montana counties qualify as a child care desert, meaning there are more than three children needing child care for every one licensed child care slot.

**Figure 10.** Child Care Capacity as a Percent of Demand for Children Under 6 by County in 2024



Source: MTDLI analysis of child care capacity data provided by MTDPHHS through 12/2024. MTDLI child care demand calculation based on U.S. Census Bureau 2023 Population Estimates Program (PEP) data provided by Montana KIDS Count and 2019-2023 American Community Survey (ACS) data produced by the U.S. Census Bureau.

The cost of care also presents a barrier for many families in accessing child care. Over half of parents (53%) reported child care costs as a barrier to accessing care, particularly for low-income families.<sup>7</sup> The average cost of full-time daycare for an infant or toddler at a child care center was \$15,720 in 2023. A family of four earning the median income in Montana would have to spend 24% of their household income on child care for an infant and 4-year-old.<sup>8</sup>

An estimated 64,000 Montana parents could not fully engage in the labor force in 2024 due to family responsibilities and a lack of child care. This includes parents who are out of the labor force, those who are working part-time instead of full-time, and those who work reduced hours.

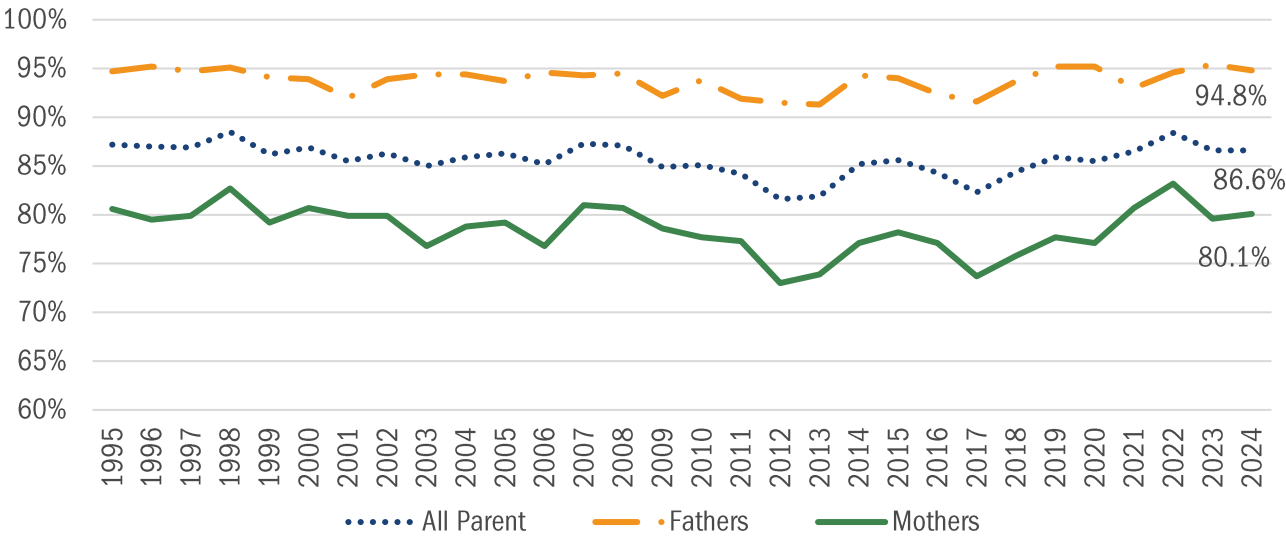
<sup>6</sup> Watson, Amy, et al. "Child Care Deserts: An analysis of Supply and Demand Gaps in Montana." MTDLI. 2024. [https://lmi.mt.gov/\\_docs/Publications/LMI-Pubs/Special-Reports-and-Studies/ChildCareDesertsWhitePaper-FINAL.pdf](https://lmi.mt.gov/_docs/Publications/LMI-Pubs/Special-Reports-and-Studies/ChildCareDesertsWhitePaper-FINAL.pdf)

<sup>7</sup> MTDPHHS Early Childhood Services Bureau needs assessment. September 2019.

<sup>8</sup> Annual child care expenditures estimated based 2023 Montana Child care Market Rate Survey from the MT DPHHS. Median household income reported by 2023 1-Year Estimates American Community Survey (in 2023 dollars).

Due in part to family responsibilities and barriers in accessing child care, labor force participation rates of mothers fall below the average for prime working age adults. Roughly 80% of mothers in their prime-working years are employed or actively seeking work. Mothers of young children under age five have significantly lower labor force participation rates than mothers with older children. 73% of mothers with young children are working or actively seeking work, compared to 84% of mothers with school-age children. Figure 11 shows the labor force participation rates of parents since 1995. Parental labor force participation rates are similar to a few decades ago, with traditional family roles generating much of the difference in labor force participation between mothers and fathers.

**Figure 11.** Labor Force Participation Rates of Montana Parents



Source: IPUMS CPS 2024 2-Year Moving Average.

After caring for family, the second most common reason prime working aged adults are not employed is due to illness or disability. About 30% of the 57,500 Montanans between 25 and 54 years old who are not looking for work have an illness or disability preventing them from participating in the labor force (Figure 9). Most face challenges with walking and mobility.<sup>9</sup>

The most common ways non-working individuals between 25 and 54 support themselves financially is through borrowing from financial institutions (33%), savings or assets like retirement income (32%), and loans from family and friends (22%).<sup>10</sup> About 15% of prime working aged adults reported using SNAP when they were out of the labor force, and only 4% reported using unemployment insurance to help make ends meet.

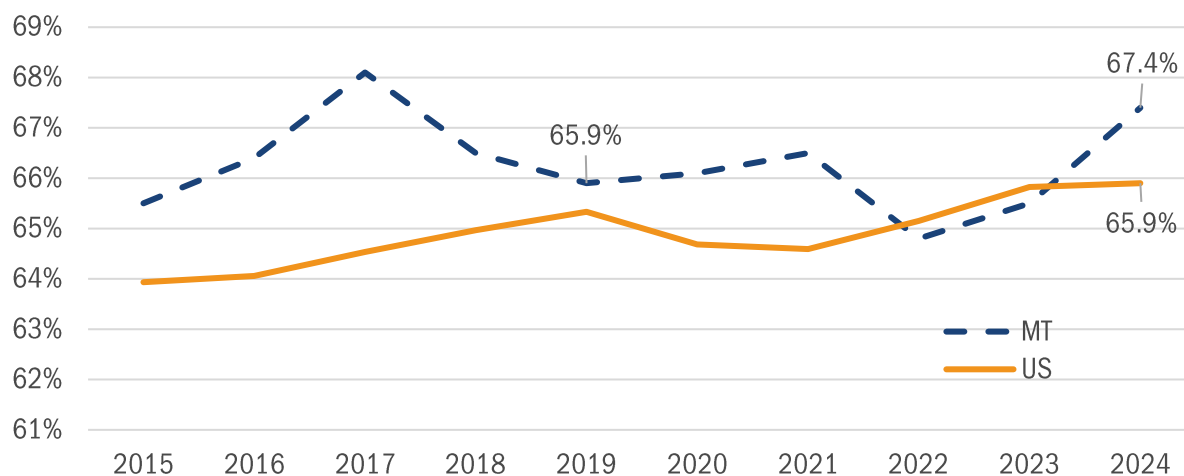
<sup>9</sup> IPUMS Current Population Survey, 2-Year Moving average ending March 2025.

<sup>10</sup> Household Pulse Survey, 2023. Individuals can select multiple sources of income, so percentages will add to more than 100%.

### Late Working Age (55 to 64 years old)

Approximately 28% of the nearly 340,000 Montanans not working or actively seeking work are between the ages of 55 and 64 years old (Figure 2). Labor force participation rates decline around age 55 as many Montanans begin to retire, falling from 86% in an individual's prime working years to about 67% between 55 and 64 years old. Figure 12 shows the labor force participation rates for adults entering traditional retirement years in Montana compared to the U.S. over the last decade.

**Figure 12.** Labor Force Participation Rate for Adults Aged 55 to 64 Years Old

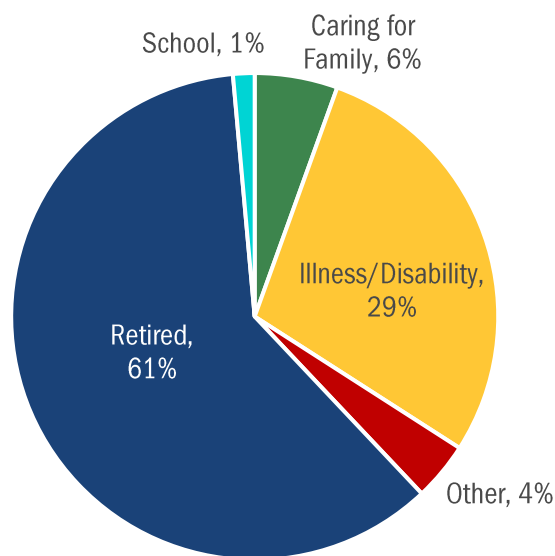


Source: IPUMS Current Population Survey, Jan 2015-Dec 2024. Twelve-month moving averages.

Labor force participation rates for those aged 55 to 64 years old fell initially exiting the pandemic in Montana. The most significant drop in labor force participation for Montanans aged 55 to 64 occurred in 2022, falling from 66.5% in 2021 to 64.8%. This drop in labor force participation may have been motivated by health concerns, as many people left due to illness and disability. The percentage of Montanans between 55 and 64 years old who were out of the labor force due to illness or disability rose from 26% in 2018 to 31% in 2022. However, labor force participation rates have recovered among late-working-age Montanans and now surpass pre-pandemic levels. Over 67% of Montanans aged 55 to 64 are working or actively seeking work – 1.5 percentage points higher than the national average.

Despite the increased prevalence of illness and disability, retirement is still the primary reason Montanans between the ages of 55 and 64 are not working or actively seeking work. Approximately 61% of those not in the labor force cite retirement as the reason for their lack of participation, translating to roughly 30,000 people aged 55 to 64 years old (Figure 13).

**Figure 13.** Reasons Late Working Age Adults are out of the Labor Force (55 to 64)



Source: IPUMS CPS 2024 2-Year Moving Average.



Within this age group, those who are not working tend to have lower incomes than those who remain in the labor force (Figure 7). About 32% of Montanans who are not in the labor force between the ages of 55 and 64 years old report less than \$30,000 in income, compared to only 8% of those who are working. Non-working adults between 55 and 64 years old primarily report receiving income from savings and retirement assets, (32%) and institutional borrowing (25%).<sup>11</sup>

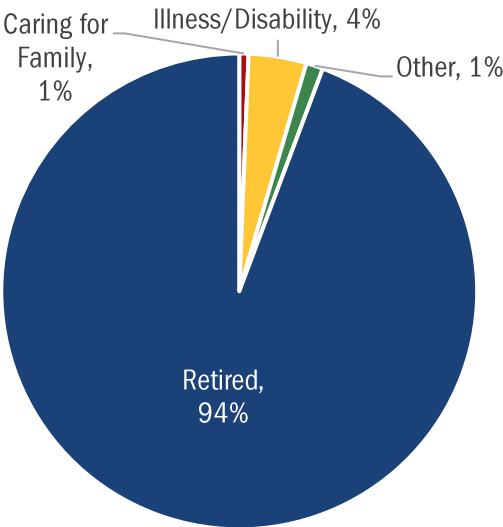
**Retirement Age (65 years and older)**

Over half (55%) of Montanans who are out of the labor force are 65 years or older, translating to roughly 185,000 people. Nearly all (94%) of these individuals are retired (Figure 14). The normal retirement age is between 65 and 67 years old according to the Social Security Administration.<sup>12</sup> Therefore, individuals 65 years and older are considered retirement age.

Montana ranks 7th in the nation for the largest share of the population in retirement age, with approximately 21% over the age of 65.<sup>13</sup> Most Montanans in their retirement years are between the ages of 65 and 74 years old. An estimated 140,000 Montanans fall within this ten year age bracket. However, only an estimated 39,400 are in the labor force.

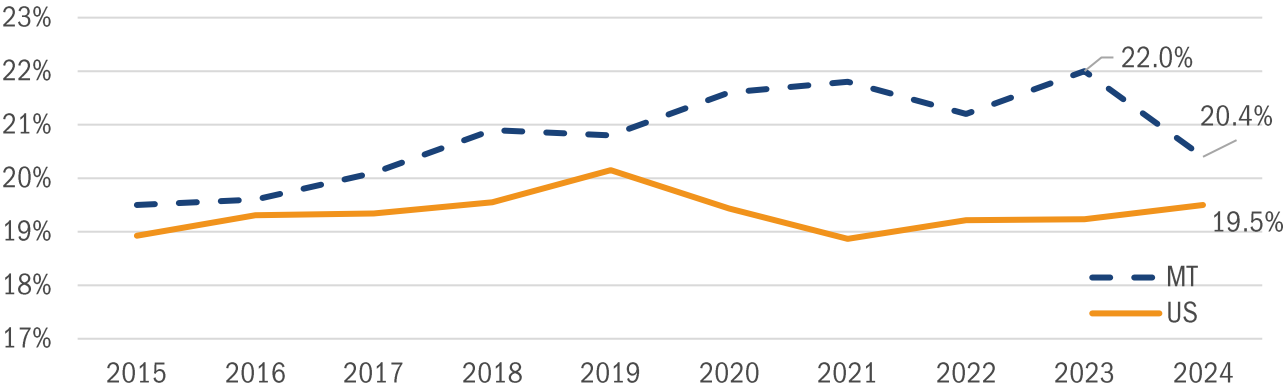
Labor force participation rates fall significantly after Montanans reach retirement age. Only 20% of Montanans 65 years and older are working or actively seeking work, compared to 67% of those 55 to 64 years old. While labor force participation rates are low for this age category, they are above the national average.

**Figure 14.** Reasons Retirement Age Adults are out of the Labor Force (65 Years and Older)



Source: IPUMS CPS 2024 2-Year Moving

**Figure 15.** Labor Force Participation Rate for Retirement Age Adults (65 years and older)



Source: IPUMS Current Population Survey, Jan 2015-Dec 2024. Twelve-month moving averages.

<sup>11</sup> Household Pulse Survey, 2023. Individuals can select multiple sources of income, so percentages will add to more than 100%.

<sup>12</sup> <https://www.ssa.gov/oact/progdata/nra.html>

<sup>13</sup> 2023 American Community Survey, US Census Bureau. Percentage of the total population 16 years and older.

National labor force participation rates for those over 65 fell during the pandemic, as health concerns drove some older adults to exit the labor force. Labor force participation rates among the retirement age population remain below pre-pandemic levels across the nation, with only 19% working or actively seeking work in 2024. However, Montana did not experience a pandemic-related drop in labor force participation among older adults. Over the last three decades, labor force participation rates nearly doubled for Montanans over 65 years old, rising from 11% in 1995 to 20% in 2024.

Montanans are more likely to continue working once they reach retirement age compared to the national average. The prevalence of part-time work may motivate some to continue working after the age of 65. Those who remain in the labor force after reaching retirement age report higher income levels than those who stop working. Most (60%) working adults over the age of 65 report making more than \$60,000 per year (Figure 7).

The most common sources of income for retirement age Montanans are social security and retirement income. About 90% of those over age 65 receive social security income, and 55% have retirement income. Combined, these sources average about \$57,000 in annual income. Earned income averages about \$55,900 per year for those who have reached retirement age. Figure 16 shows the prevalence of each income source among Montanans over the age of 65 and the average income reported for each source.

**Figure 16.** Income Source for Montanans at Retirement Age (65+ years old)

| Source of Income  | Percent with Income | Average Income |
|-------------------|---------------------|----------------|
| Earnings          | 37.8%               | \$55,885       |
| Social Security   | 90.0%               | \$25,093       |
| Retirement Income | 54.9%               | \$31,855       |

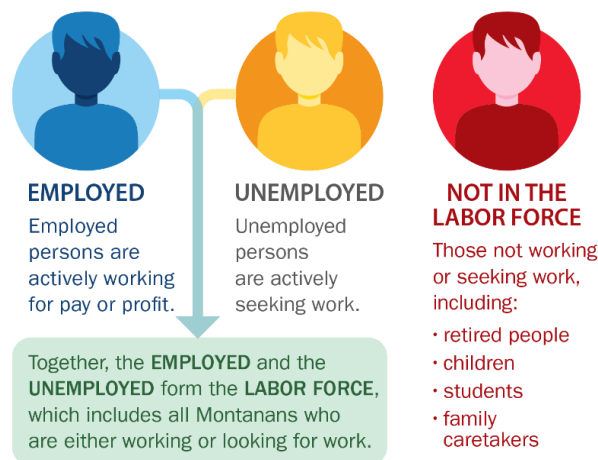
Source: U.S. Census Bureau, 2023 American Community Survey 1-Year estimates. Table S0103.  
Average income reported in 2023 inflation-adjusted dollars rounded to the nearest ten.

## Section 2: Unemployed

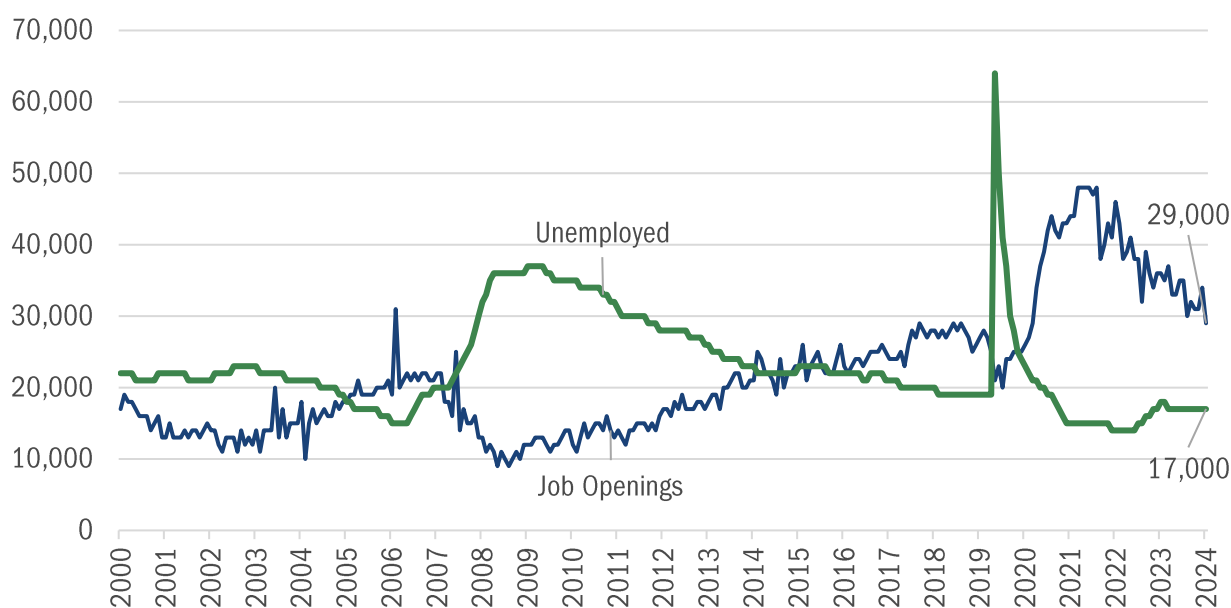
### Why can't people find a job?

The Montana labor force reached a record high of 578,500 people in 2024. Over 560,000 of these individuals were employed, and the remainder actively seeking work.<sup>14</sup> People not employed but actively seeking work are referred to as unemployed. At the end of 2024, there were an estimated 17,000 unemployed Montanans – near record lows. Figure 17 shows the number of unemployed relative to the number of job openings in Montana since 2000. In 2024, there were an estimated 1.6 job openings for every one unemployed person.

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



**Figure 17.** Number of Job Openings and Unemployed Persons in Montana



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

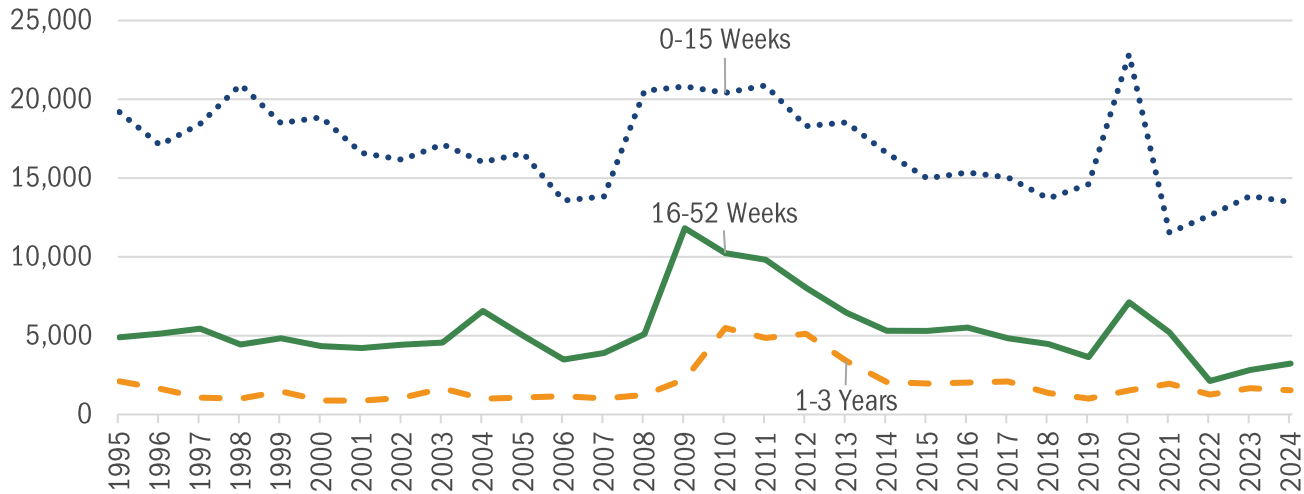
The number of unemployed people in Montana varied significantly over past decades, peaking during periods of economic recession and reaching record lows during periods of economic expansion. Regardless of the demand for workers, there are always some people who are unemployed. Montanans graduate from 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. Workers with seasonal jobs often face unemployment during certain times of the year. Some unemployment will always exist in the Montana economy as a natural byproduct of the fluctuations and evolution of workforce supply and demand. The sections that follow explore the various reasons why Montanans are unemployed and what can be done to connect them with training and employment opportunities.

<sup>14</sup> US BLS Local Area Unemployment Statistics, 2024.

### Labor Market Churn and the Short-Term Unemployed

Most people in Montana are unemployed for less than four months. Figure 18 shows the number of unemployed people in Montana over the last three decades by duration of unemployment. About 74% of the 17,000 unemployed Montanans in 2024 were unemployed for fifteen weeks or less. Over 90% are unemployed for less than a year. Most (70%) of these short-term unemployed were laid off, ending a seasonal or temporary job, or voluntarily leaving their employer.

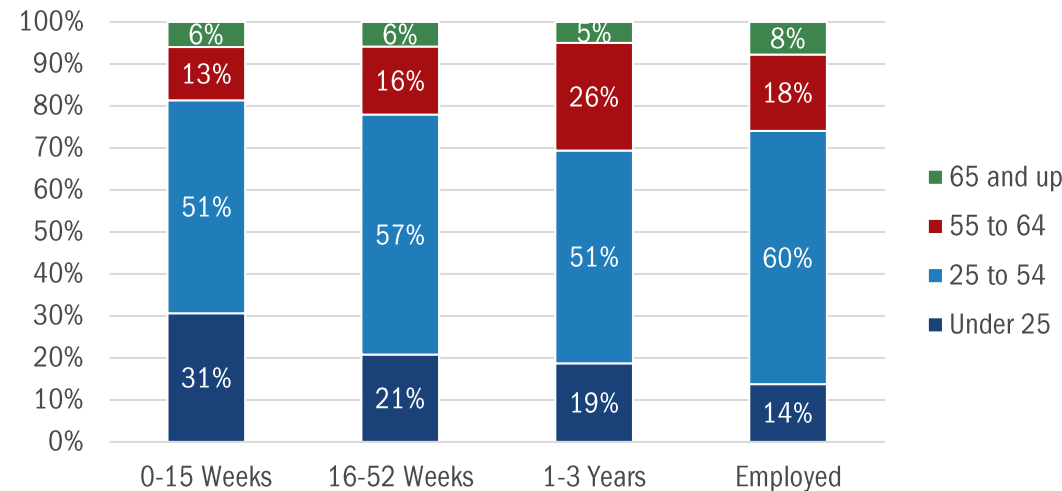
**Figure 18.** Number of Unemployed Montanans by Duration



Source: IPUMS Current Population Survey, Jan 1995-Dec 2024. Twelve-month moving averages.

The short-term unemployed tend to be younger and less educated than the rest of the labor force (Figure 19). Younger workers are more likely to experience periods of unemployment as they enter the labor force, change jobs, and move up the career ladder. However, their periods of unemployment are relatively short due to the large number of job openings requiring less than a post-secondary degree. Over the next decade, an estimated 72% of all job openings will require a high school education or less.<sup>15</sup>

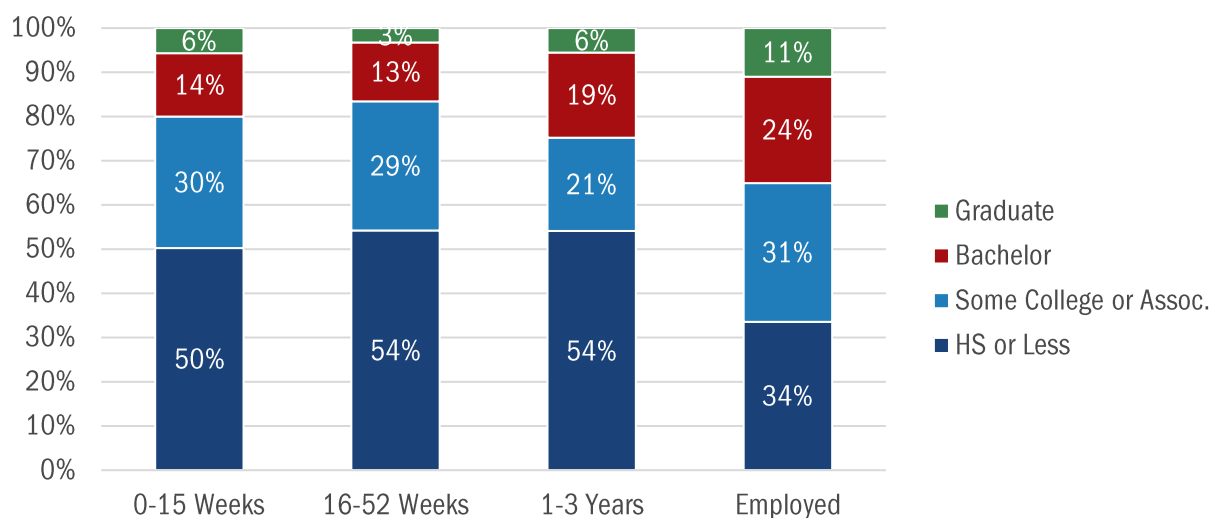
**Figure 19a.** Age Distribution of the Labor Force by Employment Status



Source: Current Population Survey, IPUMS. 2014-2019, 2022-2024

<sup>15</sup> 2023-2033 Occupational Employment Projections. MTDLI.

**Figure 19b.** Educational Attainment of the Labor Force by Employment Status

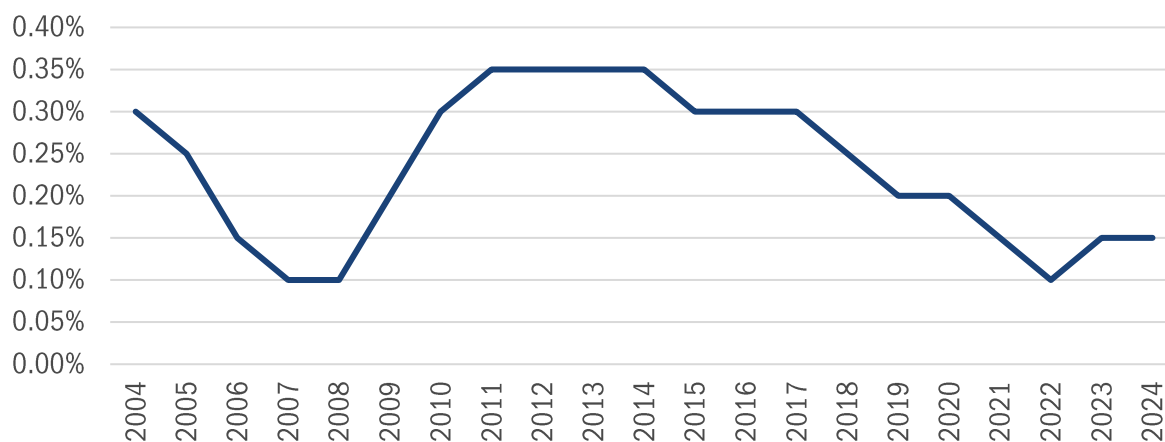


Source: Current Population Survey, IPUMS. 2014-2019, 2022-2024

## Discouraged Workers

Some individuals who are unemployed for a long period of time may become discouraged and quit looking for work. These discouraged workers are no longer considered unemployed once they have stopped looking for more than two weeks. Discouraged workers make up less than one percent of the labor force. About 0.1% of the labor force, or approximately 600 Montanans, quit looking for work in 2024 because they believed no jobs were available for them. Figure 20 shows discouraged workers as a percent of the state's labor force over the last two decades.

**Figure 20.** Discouraged Workers as a Percent of the Labor Force



Source: U.S. BLS. Local Area Unemployment Statistics (LAUS) 2-Year Moving Average. Alternative measures of labor underutilization for states. <https://www.bls.gov/lau/stalt-archived.htm>

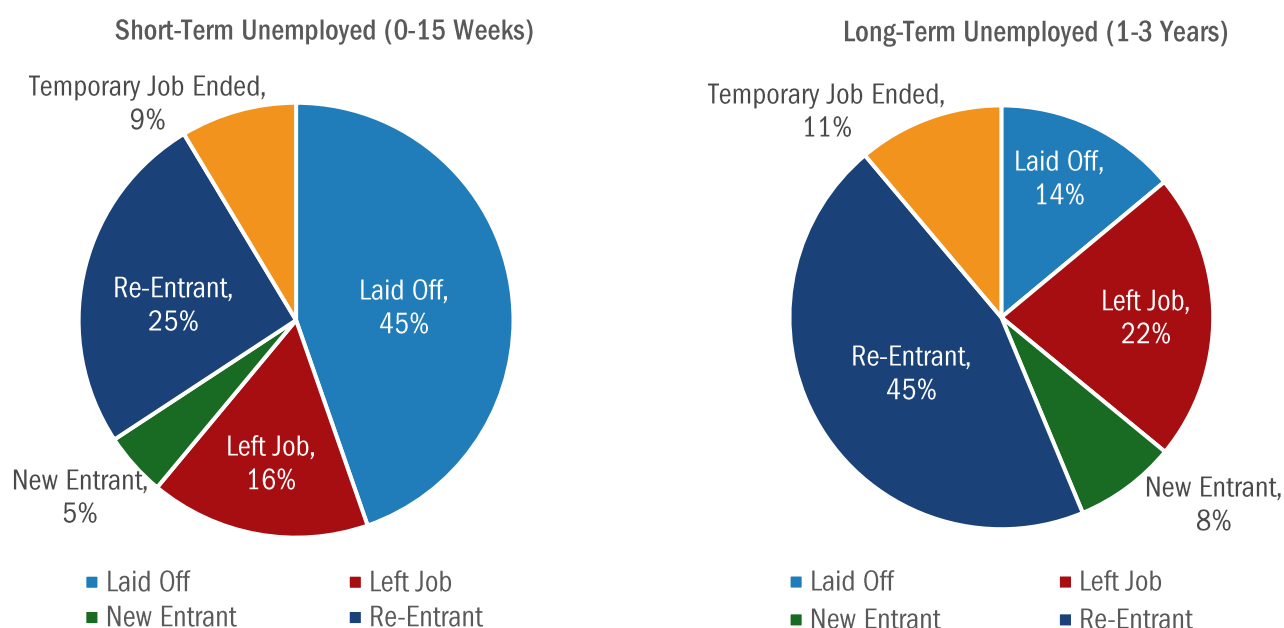
Unemployed Montanans looking for work are more likely to become discouraged during periods of economic recession, when unemployment rates can be relatively high and there are more unemployed people than there are job openings. Tight labor market conditions in Montana over the last decade make it less likely that those looking for work will become discouraged.

## Long-Term Unemployed and Barriers to Employment

Only about 8% of those who are unemployed have looked for work for more than a year, translating to roughly 1,500 Montanans.<sup>16</sup> These long-term unemployed tend to be older and slightly more educated than those who have been unemployed for less than a year (Figure 19). Approximately 30% of the long-term unemployed are 55 years old or older, while only 19% are under the age of 25.

Nearly half (45%) of long-term unemployed are reentering the labor force, and another 8% are looking for their first job. Figure 21 shows the reasons for unemployment among those who have been unemployed for more than a year compared to the short-term unemployed.

**Figure 21.** Reasons for Unemployment by Duration



Source: Current Population Survey. IPUMS. 2014-2019. 2022-2024

Long periods of unemployment or time out of the labor force can make it more difficult for individuals to find a job. Those who are looking for work after a period out of the labor force averaged 14 weeks of unemployment in 2024, compared to only 9 weeks of unemployment for those who were laid off.<sup>17</sup> Individuals looking for a job after a period out of the labor force may be changing careers after having received additional education or may be looking for a job that allows them to continue caring for family, or a job that is adaptive to an illness or disability. All these scenarios, as well as gaps in an individual's work history, may make it more difficult for those entering the labor force.

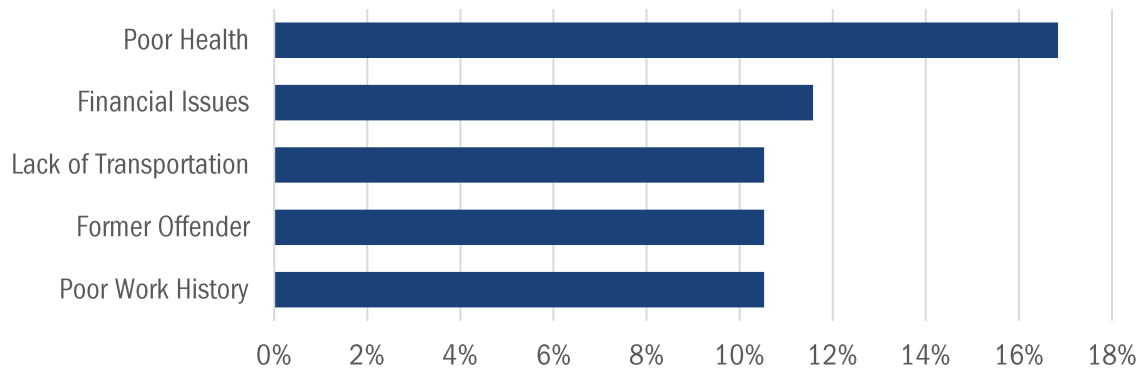
Montanans who are unemployed for an extended period face significant barriers to employment. The Montana Department of Labor & Industry (MTDLI) works with many of these individuals to help them overcome barriers and find stable employment. Figure 22 shows some of the most common challenges these individuals face in looking for employment. The most common barriers being personal finances, criminal history, lack of transportation, and poor health.

<sup>16</sup> IPUMS Current Population Survey, Jan to Dec 2024. Twelve-month average.

<sup>17</sup> IPUMS Current Population Survey, 2024



**Figure 22.** Prevalence of Select Employment Barriers among Long-Term Unemployed

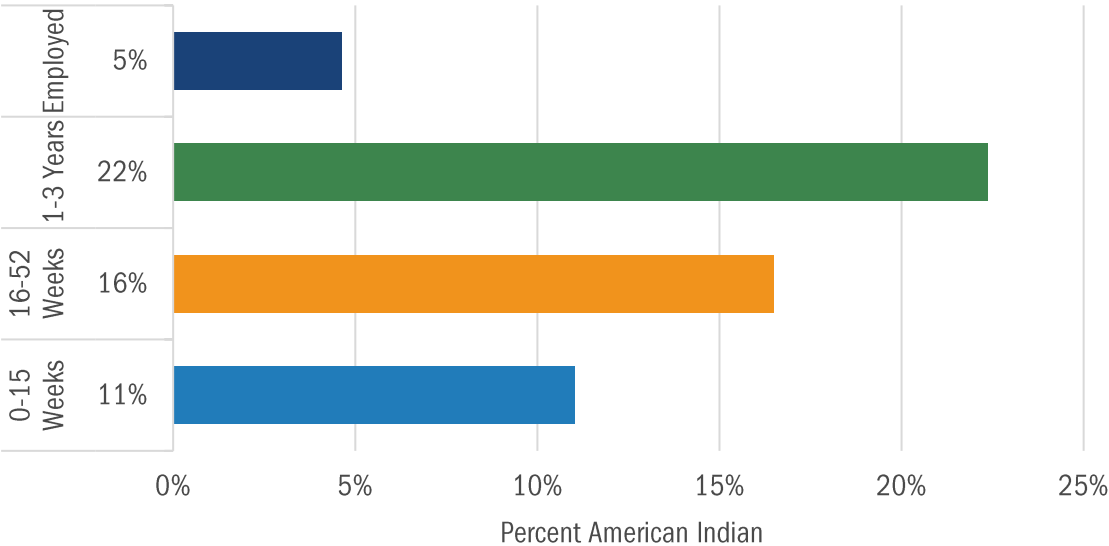


Source: MTDLI Wagner-Peyser Clients between March and May 2025 who had been unemployed for at least a year.

**Native Montanans More Likely to Experience Long-Term Unemployment**

Montanans identifying as American Indian are more likely to become unemployed and may experience longer periods of unemployment than non-native Montanans. Native Montanans remained unemployed for an average of 31 weeks in 2024, compared to ten weeks for their non-native counterparts.<sup>18</sup> Figure 23 shows American Indians make up a disproportionately large share of Montanans looking for work for more than a year.

**Figure 23.** American Indians as a Percentage of the Labor Force by Employment Status



Source: IPUMS Current Population Survey, 2024.

Twenty-two percent of the long-term unemployed identify as American Indian, compared to only 5% of employed Montanans. The increased likelihood of long-term unemployment among American Indians could be a result of fewer employment opportunities in Montana’s tribal communities. Montana’s reservations remain economically sensitive areas in the state, with higher unemployment rates than the statewide average.<sup>19</sup>

Nearly a fifth of the long-term unemployed individuals MTDLI works with identify poor health as a barrier to employment. These limitations include physical impairment, such as poor vision or hearing, as well as cognitive impairment resulting in difficulty concentrating, remembering, or making decisions. The prevalence of poor health as a barrier to employment among the long-term unemployed is partially due to older age. Montanans who looked for work more than a year tend to be older than the rest of the labor force, with 30% over the age of 54 (Figure 19a).

An extended period without work often creates financial difficulties leading to challenges maintaining reliable transportation, housing, telephone services, and child care – all of which are necessary conditions for stable employment. About 12% of the long-term unemployed MTDLI clients identify financial issues as a barrier to employment.

More than a tenth of the unemployed individuals MTDLI assists have a criminal history that limits their ability to find a job. These individuals may have difficulty finding a job because employers are hesitant to hire those with a criminal background or because they have legal commitments limiting their work availability. For individuals released from corrections in 2022, only 38% were employed a year post-release. Those who were working earned about \$34,400 annually – less than 60% of the statewide average wage.<sup>20</sup>

While the long-term unemployed face significant challenges in securing stable employment, they make up a relatively small share of the unemployed people in Montana. Only about 1,500 people in the state have been unemployed for longer than a year. Most people who are looking for work are unemployed for less than four months. To support these workers, the Montana Department of Labor & Industry works with these individuals to address their employment barriers and connect them with stable employment opportunities.

## Conclusion

The Montana Department of Labor & Industry is committed to supporting workers seeking to engage more fully in their career. Roughly 350,000 Montanans are not in the labor force, but most are retired. Among those not retired, school obligations and caring for family are the primary reasons for not engaging.

Work-based learning opportunities allow students to engage in the labor force while continuing education and training, helping to bring more skilled Montanans into the labor force. MTDLI works with local schools to launch work-based learning opportunities, while Registered Apprenticeship or pre-apprenticeship training can place students in training programs that integrate both classroom training and work for a nationally recognized credential.

MTDLI strives to increase access to affordable child care in Montana, working with other state agencies and nonprofit organizations collaboratively to improve the workforce and availability of child care. One such example is the Early Childhood Apprenticeship and pre-apprenticeship programs, allowing early childhood educators to receive the training necessary to advance in their careers while also remaining engaged in the workforce. Since 2000, MTDLI has trained 190 child care workers through the apprenticeship program.<sup>21</sup> The MTDLI's investment in the ECE workforce helps increase access to affordable, high-quality child care – allowing more Montana parents to fully engage in the labor force.

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<sup>18</sup> IPUMS Current Population Survey, 2024.

<sup>19</sup> US BLS Local Area Unemployment Statistics, 2024.

<sup>20</sup> Montana Department of Corrections data matched to MTDLI UI administrative wage records, adjusted to 2024 dollars.

<sup>21</sup> Registered Apprenticeship Program Report, 2024. MTDLI. [https://lmi.mt.gov/\\_docs/Publications/LMI-Pubs/Special-Reports-and-Studies/2023\\_ApprenticeshipReport\\_Final.pdf](https://lmi.mt.gov/_docs/Publications/LMI-Pubs/Special-Reports-and-Studies/2023_ApprenticeshipReport_Final.pdf)

About 17,000 Montanans are unemployed, meaning they are looking for work but have not yet found a job. Nearly 92% of these individuals remain unemployed for less than a year. Only about 1,500 Montanans are looking for work for longer than a year. Many long-term unemployed are re-entering the labor force and may face more significant barriers to employment – such as a criminal history.

About 10,400 working-age Montanans are not looking for a job and don't cite a reason for their lack of labor force participation. Further research aims to better understand this population by finding ways to identify these individuals so MTDLI can engage directly to offer workforce services and job search assistance. MTDLI is utilizing a combination of data analytics and survey data to pursue this additional research with the goal of starting these workers on the path to a successful career with a Montana employer. Engaging the non-working population in the labor force may be a key component to address the state's persistent workforce shortage.