

Economic Development Study for Lemhi and Custer County

JG Research & Evaluation

For

Lemhi County Economic Development Association (LCEDA)

Custer Economic Development Association (CEDA)



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Executive Summary

This report examines economic development challenges and strategies in Lemhi and Custer County Idaho, with a primary focus on how the vast swaths of federal land in each county is both a strength and weakness for the community. Each county is comprised of over 90% federal land, primarily U.S. Forest Service and Bureau of Land Management, which has a significant impact on economic development strategies for the community. In many ways, these lands are a strength of the community, as they are a rich recreational resource in all seasons, and also hold significant natural resource value through mineral and timber extraction. However, they also pose challenges to the community, as they limit growth in the economy and tax base, and federal Payments in Lieu of Taxes (PILT) do not sufficiently backfill the low tax revenues.

In this study, we provide a comprehensive overview of the local community and economy through a situation assessment that looks at socioeconomic and demographic data which identifies the current state of the region and economic conditions. As part of the situation assessment, we also engaged with the community through online surveys and focus groups to identify economic strengths, weaknesses, opportunities, and threats across five categories: People, Business, Services, Place, and Policy and Governance.

Key Findings from the Situation Assessment, by category:

- **People:** A declining and aging population presents challenges with attracting and retaining a skilled workforce.
- **Business:** Related to the challenges with workforce retention and attraction, there is also a lack of good paying jobs and support for businesses. Additionally, there is a low housing supply and challenges with housing affordability.
- **Services:** Community members identified that a lack of funding for schools, infrastructure, healthcare, and other services was a weakness.
- **Place:** A defining quality of both counties is the natural beauty of the area, public land access, and tight knit feel of the community, which attracts residents and visitors. It is important to maintain these features, even as the community and local economy grow and change.
- **Policy and Governance:** Community members emphasized the importance of relationships and trust between local government, federal agency personnel, and community members.

Recommendations for economic development strategic areas of focus, based on the findings from the situation assessment:

- Strengthen workforce development and vocational training programs.
- Foster new and innovative business development, including opportunities to expand local agricultural markets and diversify local supply chains.
- Build a communitywide network to expand grant writing capacity and technical expertise to collaboratively support a robust funding pipeline for public services.
- Develop workforce housing opportunities and build public-private partnerships with major employers to develop workforce housing.
- Foster public trust and engagement with government agencies and management plans while strengthening working relationships between federal and local government personnel.

Introduction and Background

Economic development is the process of improving the economic well-being of communities through a variety of mechanisms that can include everything from wide-scale policy change down to small, community-specific initiatives and programs. The definition is broad, as economic development will look different for each community based on that community's makeup and specific needs as well as the broader policy and social contexts within which it sits. This economic development study for Lemhi and Custer counties is being completed independently by JG Research & Evaluation (JG) for the Lemhi County Economic Development Association (LCEDA) and the Custer Economic Development Association (CEDA).

Scope of Study

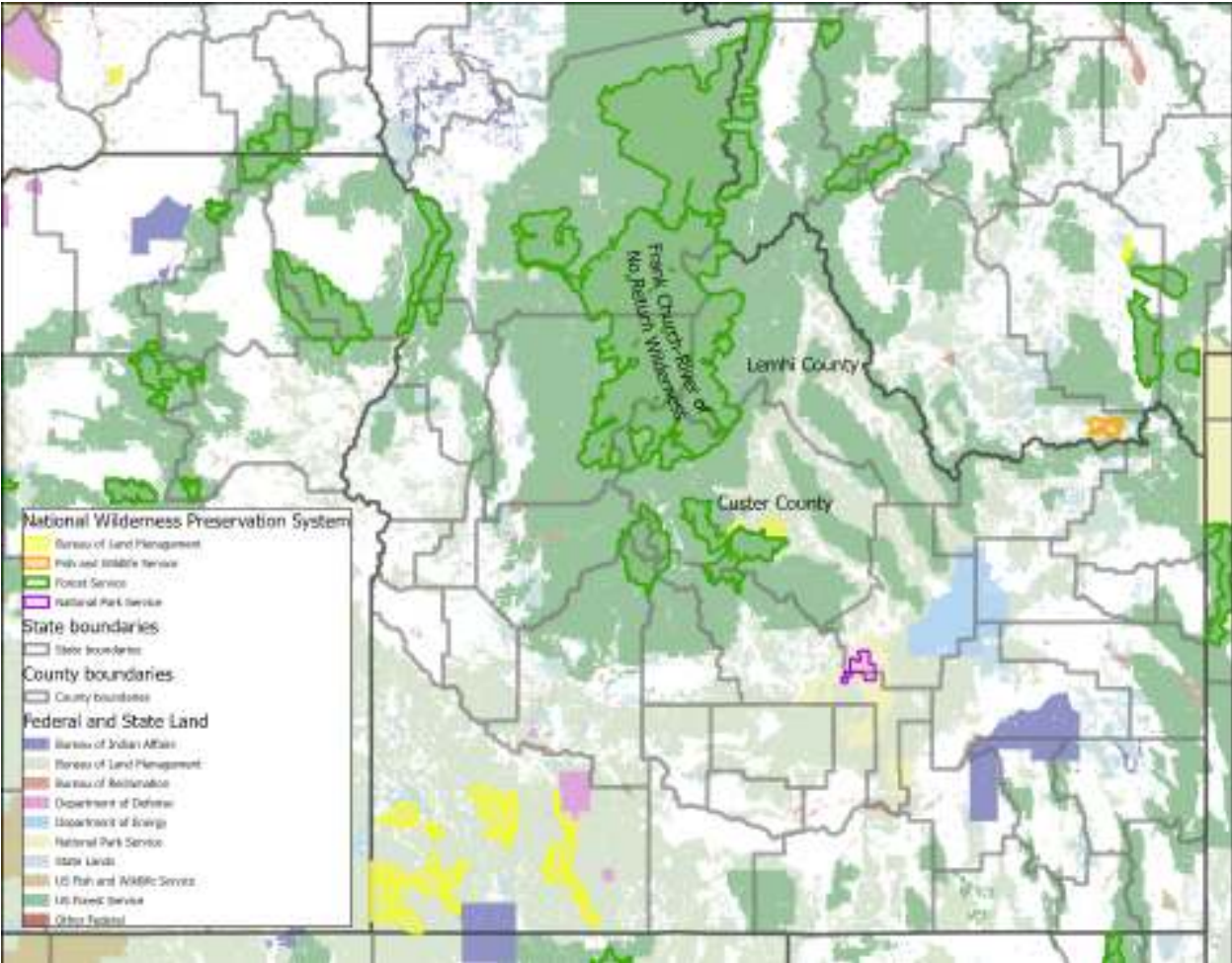
Lemhi and Custer counties are located in south-central Idaho, and include the headwaters of the Salmon River, which flows centrally through both counties. The counties are dominated by federal land, with over 90% of land managed by the U.S Forest Service (USFS) or Bureau of Land Management (BLM). Additionally, the Frank Church Wilderness of No Return lies across both counties. This wilderness area is the largest wilderness in the lower 48 and drives an important backcountry recreation economy highlighted by the presence of the Middle Fork of the Salmon River, a highly popular permit accessed float. The identities of the communities are highly interconnected with these lands, as they host a wide range of recreational activities that attract both full-time residents and visitors; contain plentiful natural resources, such as minerals and timber; and offer grazing opportunities for ranchers. While there is substantial economic activity on these lands, they also present a significant challenge to the counties. The dominance of public lands severely limits the local tax base because there is limited private land and a low population from whom property and income taxes are received. The lack of tax revenue limits the ability of local government to invest in long-term improvements in the counties, making providing public services and attracting businesses a difficult endeavor.

The basis for this study is centered on the unique economic challenges and opportunities for each community and county that arise from the often competing benefits and costs of the abundance of surrounding federal land. This study took place over the course of two years, during which we received feedback from hundreds of community members and key stakeholders, and gathered relevant socioeconomic data to summarize the strengths, weaknesses, opportunities, and threats to each county.

We begin this report by providing a regional background and community context, which includes a public land impacts index to compare and contrast the differential impacts of federal lands on county tax bases across the West to the specific challenges in Lemhi and Custer counties. The next section is the Situation Assessment, which highlights the “who we are” of each county. This section is based on a combination of economic and demographic data to highlight economic trends and the current state of the region. The following section is Community Perspectives, which is driven by the analysis of primary data collected through surveys and in-person meetings with community members on challenges, strengths, and desires for economic development. The study concludes with Strategic Areas of Focus and Recommendations, which are based on the convergence of key themes from economic data and community feedback.

Regional Background and Community Context

Figure 1. Lemhi and Custer Geography



Lemhi County

Lemhi County is the fourth-largest county by land size in Idaho. The county is bordered by Montana to the north and east, as well as the Salmon-Challis National Forest and Frank Church River of No Return Wilderness to the west and south. The majority of the population is located in the town of Salmon, with other communities including Leadore, North Fork/Gibbonsville, and Elk Bend. Most of the population and private land is situated along the Salmon River and Highway 93 corridor, as well as the Lemhi River valley, where Leadore is located. The county provides significant recreational opportunities on its public lands and rivers and is a largely rural community with agricultural land (including both crop production and ranching) making up the majority of the privately owned land. While the town of Salmon provides all basic services, the county is far from any larger towns. Missoula, MT is approximately a three-hour drive to the north, while Idaho Falls is around three hours to the southeast.

Geographic Context of Lemhi Communities

The geographic layout of Lemhi County highly influences the connectedness of each community within the county and how its population participates in economic activity, including access to services and information. As mentioned, Salmon is the population center and is, therefore, where the majority of services are located. From a geographic perspective within the county, Salmon also

lies fairly central to each of the other communities. Leadore is roughly 45 minutes to the southeast in the Lemhi River valley, North Fork and Gibbonsville lie roughly a half hour to 45 minutes north on Highway 93, and Elk Bend is about 25 minutes to the south on Highway 93. In general, Lemhi County is a fairly geographically isolated community, as Highway 93 serves as the only major transportation route into and out of the county.

While rural living is one of the primary draws of residing in Lemhi County for many people, it also presents challenges. Each of the outlying communities is a not-insignificant distance from Salmon, yet residents of these areas must stay connected to Salmon for basic necessities and services. Families with school-aged children must consider commute times for school and sports or weigh whether home school is an option if commuting is prohibitive. The county road department can be stretched thin during the winter when road maintenance and plowing is frequently necessary. In cases of emergencies, emergency response or medical teams must travel further. Internet or phone connection can be spotty in these areas, which leads to potential delays or voids in community information.

Residents of these communities have likely adapted to or are willing to deal with these challenges as part of the trade-offs to living where they do. Despite this, these challenges are important considerations from an economic development perspective, as there are direct impacts on schools, infrastructure, and public services. Additionally, these challenges are fairly unique to Lemhi County, as the only option to access services is through Salmon or via significantly longer drives to larger towns several hours away. In many other rural communities, there may be opportunities to more easily travel outside of the county to outlying towns or other counties for work, to access services, and for other economic activities.

Custer County

Custer County is the third-largest county by land size in Idaho and is bordered by Lemhi County to the north. Custer is similar in many ways to Lemhi, with significant public lands and a small population. Challis is the county seat and largest community in the county. Other communities include Mackay, about an hour to the southeast of Challis, and Stanley, about an hour southwest. Industry and attractions are similar to Lemhi. Outdoor recreation is a significant draw given the proximity to the Salmon River, Sawtooth National Recreation Area, and attractions such as Borah Peak, which is the tallest mountain in the state.

Geographic Context of Custer Communities

While the attractions and population base for Custer County are quite similar to that of Lemhi, the geographic location and makeup of each community differ in many ways. While Challis is the county seat of Custer as Salmon is to Lemhi, Challis is not as central to other communities and does not provide the number of services as Salmon does. Additionally, both Mackay and Stanley lie near the edge of the county and are therefore less reliant on a central community within the county for accessing services.

Mackay is located in the Big Lost River Valley, only minutes from Butte County and the town of Arco, and an hour and a half away from Idaho Falls. Mackay is a small town with a low population; however, the town lies in close proximity to the Idaho National Laboratory and is also the home of Proud Source Water bottling facility, a major employer for the town. Stanley is located near the headwaters of the Salmon River and lies within the Sawtooth National Recreation Area. The town is primarily driven by its recreation economy and sees its population fluctuate substantially, as seasonal workers, tourists, and second homeowners flood the town in the summer. Stanley is also only an hour from Sun Valley, a popular resort and tourist destination with notable influence on the county.

Given the geographic spread and locations of the communities in Custer County, economic development and community-level needs may look slightly different in Custer County than in Lemhi County. Influence from outside counties will likely need to be considered, and economic

development policies and plans should be crafted to work not only within Custer County, but also in conjunction with the influences and needs of surrounding communities outside of the county.

Federal and State Policies Related to Local Development

There are several federal and state policies that can have a direct or indirect impact on local economic development options and resources. Across the West, the presence and predominance of public lands (owned by federal or state government) has a major impact on surrounding communities, as they attract outdoor recreation, provide for natural resource extraction such as timber and minerals, and generally affect the tax base and demographic makeup of communities. Policies at the federal and state levels determine the financial resources that counties can derive directly from these lands as well as the options for generating revenue indirectly through local sales tax and land use planning.

Relevant Federal Policies

Because federal lands cannot be taxed by local authorities, the federal government developed the Payment in Lieu of Taxes (PILT) program to provide compensation to local governments for nontaxable public lands in their jurisdictions. PILT payments are made on 'entitlement' lands, which include land administered by the Bureau of Land Management (BLM), the National Park Service, the National Fish and Wildlife Service, and the U.S. Forest Services (USFS), as well as some military installations and other highly specific federal lands.¹ PILT payments are calculated using a formula that includes total eligible acres in a county and county population (including a population-based maximum), and also takes into account other federal payments to the county and federal appropriation of funds for PILT payments (in other words, federal budgets do not always include funds to make maximum payments to all counties). Analysis of the impacts and equity of PILT payments over the past few decades has highlighted two key challenges of the policy that impact local governments and communities: the population-based payments disadvantage extremely rural and low-population counties, and the need for the U.S. Congress to appropriate funds annually creates uncertainty and sometimes gaps for local government budgets.²

Counties with USFS land are eligible for funds from the Secure Rural Schools program, in addition to PILT payments. In the past, payments were made from funds generated by multi-use activities on USFS land (timber, grazing, special use permits, etc.) to counties to maintain local roads and schools. Since the early 2000s, however, counties have had the option to take a payment based on current revenue generated from federal lands in the county or a payment calculated based on a formula that considers historical funding levels and other current county income. The latter option was developed to address the limitations of declining revenues from multi-use activities, especially as timber sales have decreased.³ Funds from the program can be allocated across three categories or titles: Title I is for roads and schools (the majority of funds tend to be allocated here), Title II is for projects on federal lands (projects must focus on natural resource enhancement), and Title III is for county projects (projects must focus on search and rescue or emergency services, wildfire protection, or broadband and telecommunications services).⁴

In addition to the two key federal policies that allocate resources to counties with federal public

1 For more details on the history and policies surrounding PILT payments, see a recent Congressional Research Service Report: <https://crsreports.congress.gov/product/pdf/R/R46260/15>.

2 For some analysis, see Hall, 2013 (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2196683) and the recent PILT Toolkit from the National Association of Counties (https://www.naco.org/sites/default/files/documents/2021%20PILT%20Toolkit%20Update_Final.pdf)

3 For more information on the Secure Rural Schools program, see a recent report from the Congressional Research Service (<https://crsreports.congress.gov/product/pdf/R/R41303>).

4 For details on these Titles, see here: <https://www.fs.usda.gov/working-with-us/secure-rural-schools/categories>

lands, there are other policies and procedures that guide federal agency activities on public lands that impact adjacent communities. For example, new natural resource and other multi-use activities on federal lands are subject to the National Environmental Policy Act (NEPA), which requires extensive review of most extractive activities and can substantially slow down projects that could bring local employment and revenue opportunities. Federal lands, especially National Forests, are also subject to periodic planning processes that provide opportunity for local community engagement as well as alignment with federal guidelines like those of the Council on Environmental Quality. Balancing federal requirements with local economic development priorities can create opportunities for innovation and can also create challenges when priorities are at odds. An example of these challenges is the requirement for projects on federal lands that the agency select the lowest qualified bidder. When local firms bid on jobs close to home, they might be paying higher wages or overhead due to higher overall costs of living and thus be unable to compete with regional or national firms on price. If local firms could receive preference in the procurement process, those federal dollars would drive further local economic development. Finally, some federal agency grants and other funding opportunities for local development projects require substantial match funds, which is difficult for counties and other local governments with limited tax bases and other sources of revenue.

Relevant State Policies

In Idaho, several state policies directly and indirectly impact local economic development options and opportunities. For example, Idaho state statute 33-2728(1) requires that bonds (generally used for local and county-level development projects) pass with two-thirds of the vote in the election in which the bond is being considered. Much of public school funding is controlled by the state, and House Bill 521, adopted in 2024, introduced significant changes to how funds are allocated to school districts. The new law increases funding for schools over the next decade while also restricting how school districts can use funds generated through the Idaho lottery, limiting the state funds available for day-to-day facilities maintenance.⁵

Local option sales tax in Idaho is also possible for localities considered ‘resort cities,’ defined as cities with fewer than 10,000 people in which a substantial proportion of economic activity comes from recreation and other forms of tourism. Both Salmon and Stanley currently have local-option sales tax.⁶

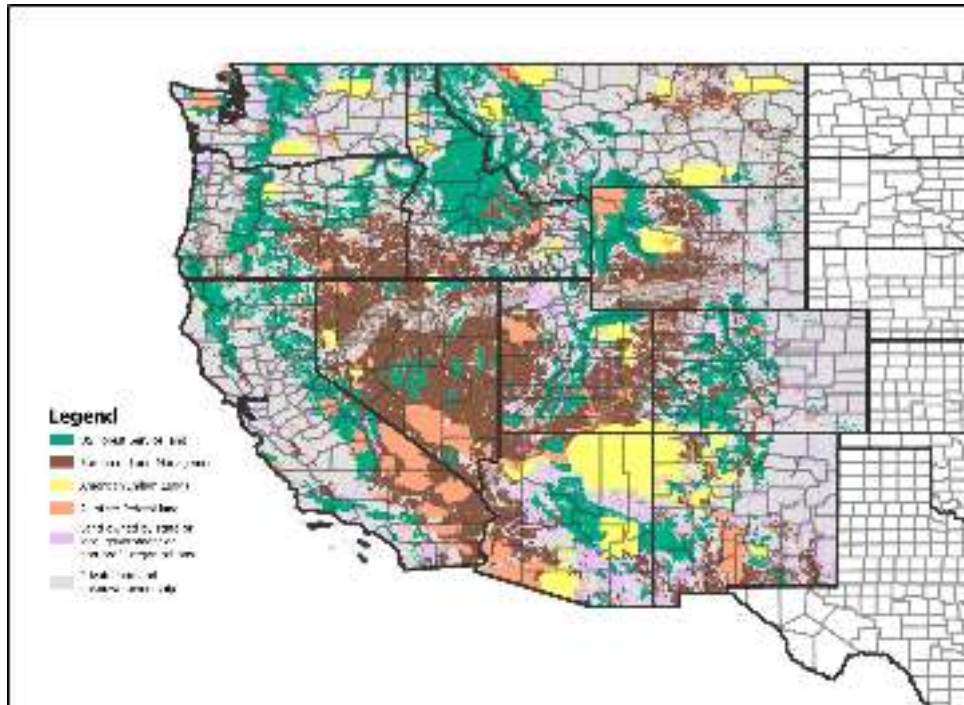
Public Land Impact on the Tax Base

Although many federal and state policies can impact local economic development, as described above, the central issue related to economic development in Lemhi and Custer Counties is the impact of each county having over 90% public land, almost all of which is managed by federal agencies. This leads to an extremely low tax base and limited local revenue to pay for basic public services and infrastructure, as well as limitations in terms of land-use planning and population growth for business and residential development. This study is rooted in this tax base issue, as future social and economic conditions and trends are heavily impacted by the resources managed by the USFS and BLM. Figure 2 displays land ownership across the West, which demonstrates the diverse landownership context and vast swaths of public lands. Lemhi and Custer counties both lie in one of the largest contiguous areas of USFS owned land, which encompasses most of central Idaho.

5 For more information on HB 521, see: <https://idahocapitalsun.com/2024/09/12/some-idaho-school-districts-are-scrambling-for-maintenance-money-after-house-bill-521/>.

6 For more details, see: <https://tax.idaho.gov/taxes/sales-use/sales-tax/local-sales-tax/city-sales-tax/>.

Figure 2. Western Landownership



The above land ownership map clearly displays that many counties across the West are made up of mostly federal lands, which would suggest that these public-land-dominated counties experience relatively similar impacts to their tax base and economic conditions. This, however, is not the case. To understand the full impact, one must consider total population, demographics and socioeconomic makeup, federal payments to counties, and which federal agencies manage the land (operationalized based on the proportion of land managed by each federal agency in a given county).

To capture and equally consider each of these variables that impact a county's tax base, an index that measures this wide range of variables was utilized to calculate the relative impact of public lands on the local tax base for each county in the western states. Figure 3 displays this index below. Higher impact ratings indicate that the county is more susceptible to impacts on its tax base and that the county likely will face challenges funding public services and creating economic development opportunities, whereas counties with lower impact ratings are less susceptible to these challenges due to the combinations of their land base, demographics, and economic factors.

This index considers the tax base vulnerability and impact of public land by equally considering the following variables:

- **Population:** The total population count of a county directly impacts the tax base and potential local tax revenue. It also plays a role in how federal land payment amounts are determined and how some state tax revenue is distributed locally.
- **Population Density:** The number of people per acre captures the relative density of the population, which is impacted by land area and public land ownership in the county.
- **Per Capita Median Income:** Median income also impacts the local tax base and is an indicator of the local economic conditions in the county.
- **County GDP:** County GDP is also an indicator of local economic conditions and output in a county. A county with higher GDP has more economic activity and labor market output than counties with lower GDP.

- **PILT Payments per acre:** PILT payments are federal payments to county government to help counties offset lost property tax revenue from federal land ownership. The PILT payment formula is based on acreage and county population. Counties with higher populations receive substantially higher per acre payments than low population counties. PILT is discussed in more detail in the State of the Region section of this study.
- **Total Federal Land Acreage:** Federal land acreage determines PILT payments and therefore the amount of land that cannot contribute to the property tax base. This variable accounts for absolute acreage in order to factor in absolute county size in the index.
- **Federal Land Percentage:** The percentage of federal land in a county determines the percentage of land that cannot contribute to the property tax base. While total acreage accounts for the absolute acreage, this variable accounts for relative acreage compared to other lands. For example, some counties may have similar percentages of federal land, but one county may be significantly larger in acreage which impacts the tax base differently.

Each of the above variables individually impacts the local economy and economic development potential of the region. However, considering the variables together captures additional nuance and impact. To reiterate the relevance of an index, the following example portrays why equal consideration and measurement of all variables is important. For example, population and population density when looked at alone may be comparable across a wide range of counties in the state and across the west. Looking at population alongside other variables, however, such as federal land percentage in the county, adds relevant information. For example, a county with a population of 1,000 people that is made up of 80% federal land compared to a county with a population of 1,000 people made up of 80% ranch and agricultural land will have vastly different tax bases, economic development priorities, and impacts from public land. The index provides value by succinctly and equally comparing all the above variables across counties in the west, which fully displays the impact that public land ownership and local economic and demographic makeup has on county level tax bases. A full methodology on how this index was calculated is available in Appendix A.

Figure 3. Public Land Impacts Index

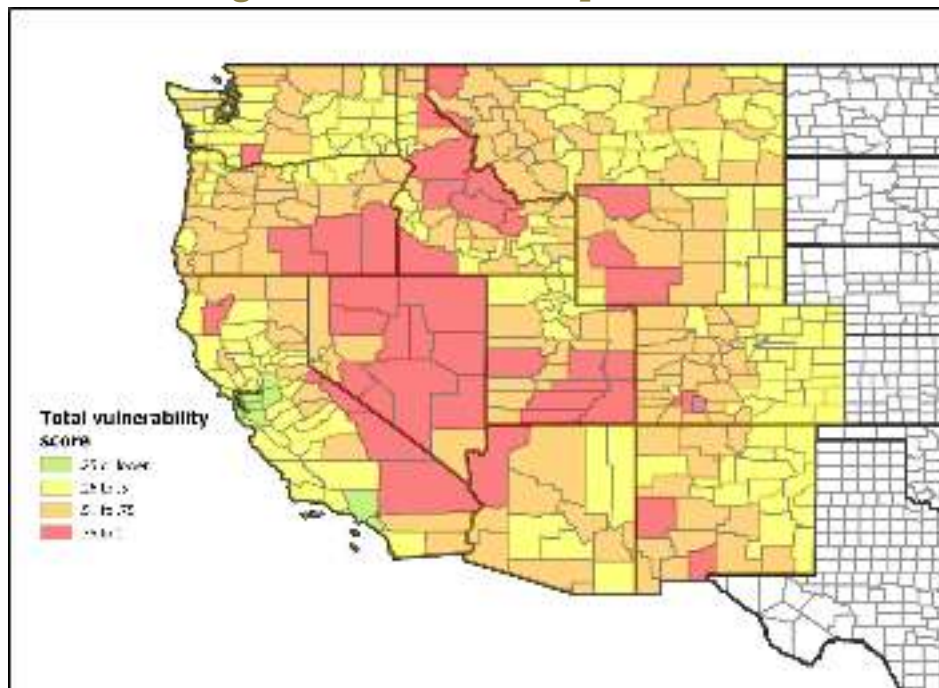


Table 1. Public Land Impact Rankings

County	State	Vulnerability Rank – Tax Base
Nye County	NV	1
Lincoln County	NV	2
Inyo County	CA	3
White Pine County	NV	4
San Bernardino County	CA	5
Esmeralda County	NV	6
Custer County	ID	7
Idaho County	ID	8
Elko County	NV	9
Garfield County	UT	10
Humboldt County	NV	11
Lemhi County	ID	12
Mineral County	NV	13
Owyhee County	ID	14
Hinsdale County	CO	15

Counties with the highest vulnerability ratings (those with a score between .75 and 1) are displayed in red on the map in Figure 3. Additionally, the 15 most vulnerable counties to public land impacts are presented in Table 1. Custer County ranks seventh in the western US in vulnerability to public land impacts, and Lemhi County ranks twelfth. In Idaho, Custer and Lemhi are first and third most vulnerable to public land impacts.

Situation Assessment – “Who we are”

The Situation Assessment section provides a description of the local demographics and economic conditions that are supported by relevant data sources. This serves as the baseline for the socioeconomic background and state of the region, while also highlighting relevant data to identify forces, conditions, and features of each county that impact the social and economic makeup.

Socioeconomic Background

Socioeconomic data can provide a baseline understanding of community demographics, which directly impact economic development.

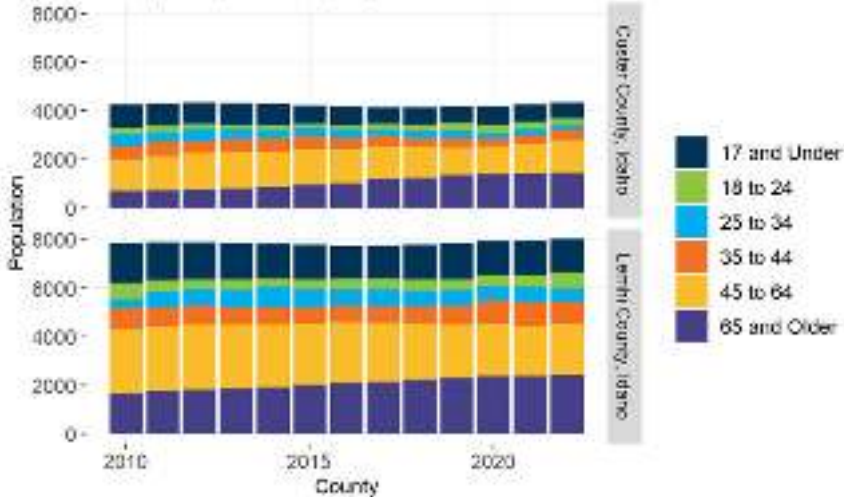
Population Trends

Lemhi and Custer counties are relatively sparsely populated, with Lemhi ranking as the twelfth-least populated county in Idaho, and Custer ranking as the fifth least-populated county. A majority of the population lies along the Salmon River corridor, where the county seats of Salmon and Challis are located. As of the 2022 U.S. Census ACS, Lemhi County had a population of 8,043 people and Custer County had a population of 4,344 people.

Figure 4 shows the distribution of age groups and change in population within these groups over the past ten years for Lemhi and Custer counties. Historically, both counties have been predominantly skewed towards an older age demographic, with a majority of the population being over the age of 45. The population over the age of 65 has been steadily increasing over this time period and is now the largest age demographic in both counties. At the same time there has been a slight decline in the youth population under 17 years of age, while most other age groups have remained relatively consistent.

An aging community has considerable impacts on economic development opportunities and planning, as much of the population has aged out of the workforce and may have greater healthcare needs. Additionally, the age of the community directly impacts its identity, how it votes on local initiatives and policy, and what it will look like in the future.

Figure 4. Lemhi County Population by Age



Income

Table 2 displays median household income and population distribution by income level. Both counties have lower median household incomes relative to the average across the state and have higher than average percentages of the population with income levels below \$35,000. Some of the median income differences may be attributed to the older population and consequently a larger than average percentage of the population being on social security, as approximately 55% of residents in both Lemhi and Custer counties are on social security, compared to a statewide average of only 32%.

Table 2. Income

Income Category	Custer County, Idaho	Lemhi County, Idaho	Idaho
Median Income	\$60,357	\$49,216	\$70,214
Under \$20k	17.6%	23.6%	10.4%
\$20k to \$34,999k	12.1%	14.3%	11.7%
\$35k to \$49,999k	9.8%	13.1%	12.0%
\$50k to \$59,999k	10.5%	7.4%	8.2%
\$60k to \$74,999k	11.8%	9.7%	10.9%
\$75k to \$99,999k	18.8%	12.4%	14.9%
\$100k to \$149,999k	11.7%	11.4%	17.4%
\$150k and Up	7.7%	8.1%	14.4%
Source: 2022 ACS.			

Health and Poverty

Health and poverty statistics provide insights into what health care needs and potential reliance on government services look like in a community. Given the remote location of Lemhi and Custer counties, these needs may be exacerbated, as distance to major medical facilities or service providers is three or more hours away. While Steele Memorial Medical Center in Salmon provides some services, many residents who need specialty care must travel outside of the community. Additionally, the health and healthcare needs of a population directly impact economic development. Healthy populations are associated with larger and more productive workforces, and poverty has wide ranging impacts on the community, such as crime, education and child development, and housing.

Table 3 displays healthcare coverage for each county and, for comparison, the state of Idaho averages. Custer County has a higher than average percentage of the population who is uninsured, which is potentially costly to medical systems and taxpayers when these individuals need medical care. Lemhi County has a lower percentage of people who are uninsured; however, the percentage of the population on Medicaid is substantially higher than the state average.

Table 3. Healthcare Coverage

County	% Uninsured	% on Medicaid
Custer County, Idaho	13.84	11.89
Lemhi County, Idaho	6.81	25.30
Idaho	9.60	14.83

Source: 2022 ACS. Percent on Medicaid includes only the population under age 65.

Individuals with disabilities face significantly more economic disadvantages relative to individuals without disabilities. Examples of these disadvantages include lower employment rates and opportunities, a higher likelihood of living in poverty, and frequent challenges accessing government programs.⁷ Both Custer and Lemhi counties have higher than average percentages of their population who have a disability. Additionally, 59 residents in Custer County receive OASDI (Old Age, Survivors, and Disability Insurance), and 147 residents in Lemhi County receive OASDI.⁸

Table 4. Disability Percentages

County	% with Disability
Custer County, Idaho	26.75
Lemhi County, Idaho	20.39
Idaho	13.55

Source: 2022 ACS.

Table 5 shows poverty rates for Lemhi and Custer counties compared to the state averages. In general, poverty rates are fairly consistent with state averages. However, it is important to note that poverty levels do not consider costs related to housing, clothing, or transportation; and poverty levels do not vary by geography in the lower 48 states. Many researchers and policy makers consider official poverty rate measures somewhat flawed,⁹ thus making other indicators, such as Medicaid coverage, disability, income, and housing costs, important to get a more complete picture of poverty in an area. It is also important to note that the poverty rate in Salmon, where a majority of the workforce and lower income households are, is substantially higher than Lemhi County in total, at 16.3%.

Table 5. Poverty Rates

County	% Under Poverty Line
Custer County, Idaho	11.57
Lemhi County, Idaho	10.73
Idaho	11.01

Source: 2022 ACS.

⁷ <https://www.ncd.gov/report/2023-progress-report-toward-economic-security-the-impact-of-income-and-asset-limits-on-people-with-disabilities/#:~:text=Working%2Dage%20adults%20with%20disabilities,likely%20to%20live%20in%20poverty.>

⁸ https://www.ssa.gov/policy/docs/statcomps/ssi_sc/index.html

⁹ <https://www.prb.org/resources/how-poverty-in-the-united-states-is-measured-and-why-it-matters/>

Labor Statistics

Labor data is an important indicator of the local economy and provides insight into employment and dominant industries. Lemhi County and Custer County unemployment rates are 4.27% and 4.43%, respectively, for 2024, slightly higher than the state average of 3.63%. Historical unemployment rates can be found in Appendix B.

Table 6 displays the top 10 industries by number of individuals employed, by county. In both counties, government employment is the dominant employer. This category includes all levels of government, from local and county up to federal. Additionally, the same industries make up the rest of the highest employment in both counties. Notably, farm employment is the third highest employer for both counties as well, indicating that agriculture activity remains a centerpiece for the communities. The agriculture industry is primarily centered around cattle and hay production.

Table 6. Top 10 Industries by Employment

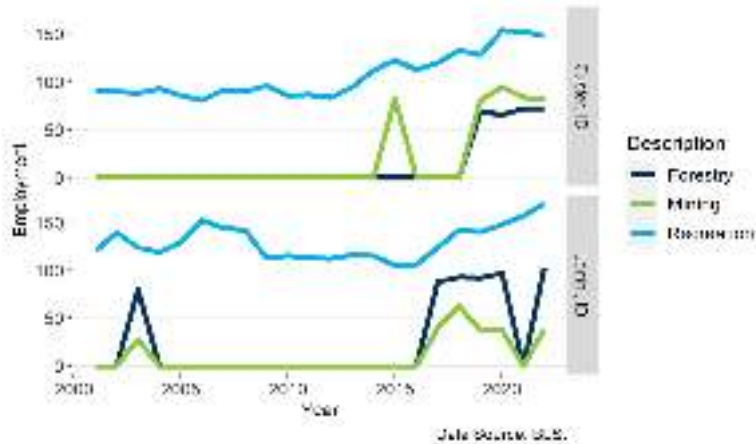
Job Description	Lemhi, ID	Job Description	Custer, ID
Total employment (number of jobs)	4,698	Total employment (number of jobs)	2,851
Government and government enterprises (including Steele Memorial Hospital)	850 (18.1%)	Government and government enterprises	438 (15.4%)
Retail trade	468 (9.9%)	Accommodation and food services	353 (12.4%)
Farm employment	431 (9.2%)	Farm employment	345 (12.1%)
Construction	417 (8.9%)	Retail trade	231 (8.1%)
Accommodation and food services	346 (7.4%)	Construction	219 (7.7%)
Other services (except government and government enterprises)	290 (6.2%)	Real estate and rental and leasing	166 (5.8%)
Real estate and rental and leasing	249 (5.3%)	Arts, entertainment, and recreation	148 (5.2%)
Professional, scientific, and technical services	239 (5.1%)	Professional, scientific, and technical services	107 (3.8%)
Arts, entertainment, and recreation	170 (3.6%)	Other services (except government and government enterprises)	105 (3.7%)
Manufacturing	152 (3.2%)	Mining, quarrying, and oil and gas extraction	82 (2.9%)
Source: Bureau of Economic Analysis (BEA). Notes: % of total jobs in parentheses.			

Public Land Industries and Impacts

A key aspect of this study is how the federal lands within each county impact economic development. These lands have a significant impact, both direct and indirect, on industry in the county. In particular, the land holds value both for recreation and natural resources of mineral and timber, meaning that the recreation, timber, and mining industries are important to local communities. In visits to the area and community engagement, we have heard the opinions of people grappling with the future economic identity of the community and whether the community should embrace and promote its recreation economy or natural resource extraction economy. A good way to understand what the future may look like is to look to historical trends of these industries.

Figure 5 displays historical employment in the three primary seasonal and market-based industries closely tied to federal land: recreation, mining, and forestry. Over time, recreation-based jobs have been the most consistent employer, with slight growth in both counties in recent years. In looking at mining and forestry, it is evident that these industries are more volatile, with sharp fluctuations in employment. However, despite the relative growth in recreation jobs over time, it is important to note that mining and forestry jobs have substantially higher average wages regionally (typically between \$50k and \$100k+ annually) relative to recreation based jobs (typically between \$30k and \$40k annually), which potentially leads to greater economic impacts on communities in times of high mining or forestry employment.

Figure 5. Seasonal and Market Industries in Custer and Lemhi



In the future, it is likely that these industries will continue to follow these trends. Outdoor recreation has continued to become increasingly popular, and continued growth is likely given the vast opportunities in the area. However, seasonal fluctuations in this industry are likely to remain a challenge for consistent employment and year-round business attraction.

Alternatively, mining and timber are largely industries influenced by macroeconomic trends, and employment will be highly reliant on global or regional market conditions, which is out of the control of any local economic development initiatives. However, there is significant natural resource potential on the land within these counties that can support both industries in the future. For example, on USFS lands, there are deposits of molybdenum, gold, copper, and cobalt. When active, mining brings jobs and economic growth to communities. While global markets, federal regulation, and costs will continue to dictate mining and timber operations in the area, it may be possible to engage with local federal employees who can engage and communicate with the community to provide transparency and information about forest planning and ways that the local office manages natural resources.

State of the Region

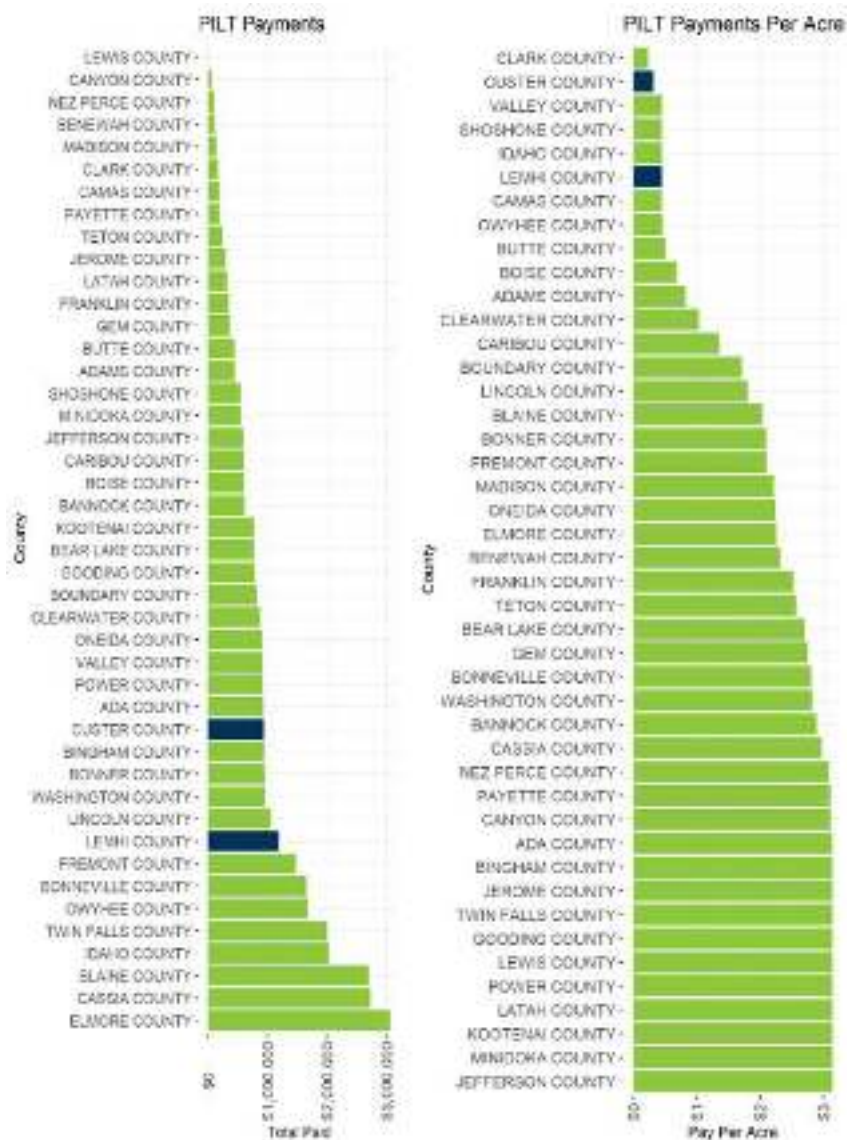
While socioeconomic and demographic data provide a baseline of the economic conditions and makeup of the county, additional data can reveal more about the state of the region and issues that impact economic development. In this section, there will be discussion on government structure; policy; and taxes for federal, state, and local government and how these structures affect the local communities. The federal perspective is particularly important given the majority ownership of land in each county. In addition to the discussion on government, this section will also dive into the housing market and public schools, as both have significant impacts on the population of the county and people's decisions to move, stay, or leave communities. Finally, there will be a discussion on the agricultural industry and food systems in the county.

PILT Payments

As mentioned earlier in this report, PILT payments are paid to counties to make up for lost property tax revenues due to federal land ownership. The formula to calculate PILT distributions considers both federal land acreage and county population. Under this formula, counties with higher populations tend to receive significantly more PILT payments on a per acreage basis than counties with lower populations. This leads to often disproportionate PILT revenue for rural counties with large swaths of federal land that have significantly lower property tax bases compared to counties with larger populations.

Figure 6 demonstrates the PILT payment totals and per acreage payment for counties within Idaho, with Lemhi and Custer counties highlighted. While Lemhi and Custer counties are both within the top 50% of PILT payments received in the state, the disproportionate revenue share is evident in comparison to higher populated counties and on a per acre basis. For example, Ada County, which is the most populous county in the state, received nearly the same amount of PILT revenue as Custer County. Similarly, Custer and Lemhi counties both receive less than \$0.50 per acre, while Ada County and many other counties receive over \$3.00 per acre despite having significantly less federal land.

Figure 6. County PILT



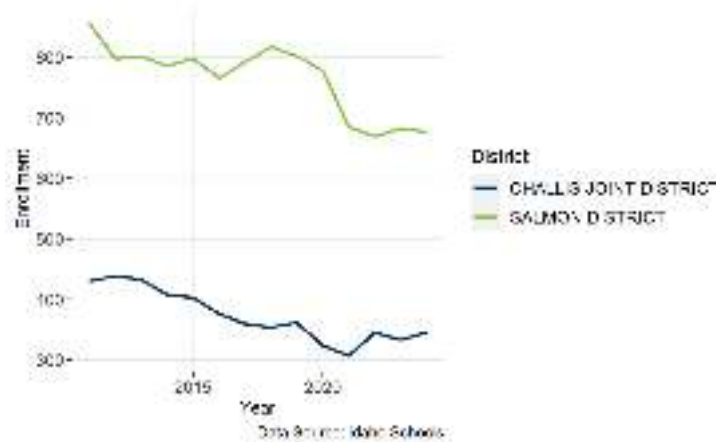
Schools

Public school funding and quality have historically posed a large challenge in the region, which can be attributed to a variety of factors, both local and statewide. In particular, Salmon public schools have experienced crumbling infrastructure, with a severely aging elementary school and facilities that have frequently presented hazardous environments for students and staff alike.¹⁰ Additionally, enrollment has declined in recent years (Figure 7) in both Salmon and Challis districts, suggesting that families may not be staying in the region or are finding alternative education options outside of the public school system. For example, many families in Salmon are sending

¹⁰ <https://www.eastidahonews.com/2023/01/decaying-buildings-and-a-record-of-failed-bond-elections-it-is-quite-atrocious-in-salmon/>

their students to FernWaters Charter School, a public K-8 charter school that provides another option than the public school system. In deidentified enrollment data directly from the school district, 35 students have enrolled in the high school after attending the charter school for grades K-8 in recent years.

Figure 7. Salmon and Challis Public School Enrollment



In Idaho, a significant amount of education funding comes from local funds, passed through school bond initiatives. A large part of the issues with the school infrastructure in Salmon can be attributed to twelve consecutive years of failed bond initiatives to provide funding for a new elementary and middle school, which has been a tremendous challenge for the district. The failures are likely to be attributed to a variety of reasons, such as an older population less likely to invest in schools or a fear of higher taxes, but perhaps the most prevalent reason is that the state of Idaho requires a two-third voter approval for ballot measures, which is one of the highest in the nation. The most recent failed school bond measure was in 2019 for \$25.6 million, with a 58% approval, which would be enough to pass the measure in most other states.¹¹

The record of failed bond measures changed in 2024 when the community passed a \$20 million bond with 72% approval. This is significant for the community and schools and can in large part be attributed to increased efforts from stakeholders, through the Salmon School Needs Assessment Committee. This committee was made up of volunteers who worked for around 15 hours per week for over 18 months to visit with voters and learn about what it would take to get people to support a new school. Out of this effort, the committee members were able to change many voters' minds and craft a unique funding plan that involved private donations to supplement the bond.

From an economic development perspective, this is significant, as it will make sending students to public schools more attractive for families and relieve stress from school staff and students. Additionally, the efforts by the committee to engage the community and address a major challenge provides an example of how concerned stakeholders can bring people together and make positive changes, which may be possible to replicate to overcome other funding challenges in the region.

Housing Market Trends and Information

Since the Covid-19 pandemic, the housing market and prices have changed drastically across the country, particularly in communities that offer access to outdoor recreation and more rural living. While the general increase in prices has occurred across the West, this change in the market impacts communities differently depending on housing supply, construction, demographic composition, and other factors. This section will discuss the change in the housing market in the

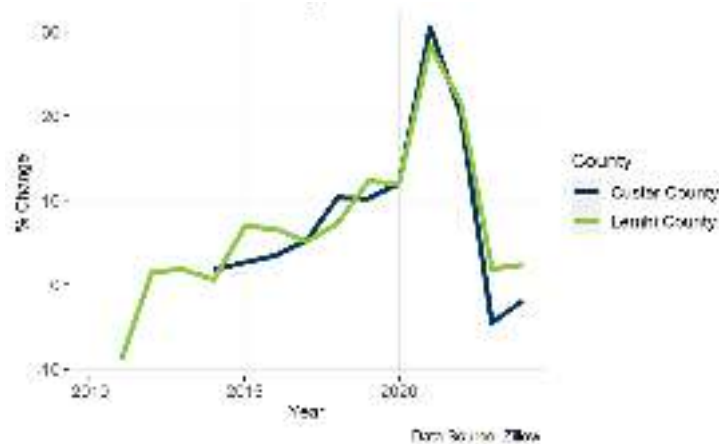
¹¹ <https://www.idahoednews.org/news/after-a-dozen-failures-salmon-trustees-vote-to-float-another-bond/>

context of Lemhi and Custer counties, and how economic development may be impacted.

Home and Rental Prices

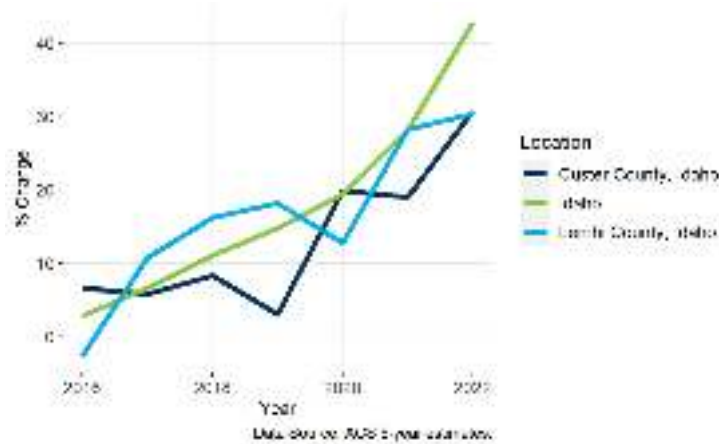
As is the case in many places, housing prices have risen substantially over the past ten years. Figure 8 displays the year-to-year percentage changes in home values in Lemhi and Custer counties. Prices have risen each year, particularly after the Covid-19 pandemic, when prices rose by around 30% between 2020 and 2021. More recently, price increases have slowed, but home values are still significantly higher in both Lemhi and Custer counties now compared to only a few years ago. A recent housing study completed in Lemhi County also evaluated the average quality of housing in the community, which has not changed substantially even as prices have risen.

Figure 8. Year over Year Change in Home Prices



Similar to home values, rental rates have also risen substantially. While rental rates have not increased as steadily as compared to the average across the whole state, they are still 30% higher in Lemhi and Custer counties as of the 2022 American Community Survey (ACS) 5-year estimates, compared to 2016.

Figure 9. Percent Change in Rent Since 2015



While these trends are consistent with national and statewide trends, the impacts may differ slightly in rural counties such as Lemhi and Custer. An important metric for understanding affordability is the amount of rent paid as a percentage of income (Table 7). In general, the standard for affordability is that rent should not exceed 30% of income, so understanding the percentage of renters who are considered housing cost-burdened, or paying more than this threshold, can provide insight into the affordability of the market. Table 7 displays the percentages of the population in

each of five categories based on rent as a percentage of income. Of note, approximately 50% of the state population pays less than 30% of their income in rent, whereas only about 39% of people in Lemhi and Custer counties are estimated to pay less than 30%. Alternatively, 48.6% of people in Lemhi County are estimated to be cost-burdened, which is higher than the estimated average across the state of 42%. In Custer County, the percentage of population that is cost-burdened is less than the state and Lemhi County; however, an estimate was not available for 32% of the population, meaning that there may be many people who could fall above or below the threshold for which data are not available.

Table 7. Rent as a Percentage of Income

Rent % of Income	Idaho	Custer County, Idaho	Lemhi County, Idaho
Less than 10%	4.6%	7.5%	9.1%
10% to 29.9%	45.7%	32.2%	30.0%
30% to 49.9%	24.0%	13.8%	30.3%
50% or more	18.0%	14.5%	18.3%
Not computed/NA	7.7%	32.0%	12.2%

Source: 2022 ACS 5-year estimates

Another potential challenge in the housing market may be due to a lack of available supply, which can lead to higher prices or difficulty attracting a workforce, as people may not be able to find sufficient available housing. The rural location of Lemhi and Custer counties can also lead to more difficulty in new construction, as workforce and materials may be less available and more expensive than in more populated areas with better access to materials and labor. Further contributing to the supply problem could be the presence of vacation and short-term rentals (e.g., Air BnB, VRBO), which are discussed further in the next section.

Air BnB

Data on Air BnB rentals is available through the subscription service, All The Rooms, which tracks Air BnB rental rates, supply, market revenues, and occupancy rates. Figure 10 shows the growth in Air BnB supply for Lemhi and Custer counties over the past four years. Since 2020, the number of Air BnB rentals in both counties has more than doubled.

Figure 10. Year Over Year Air BnB Supply

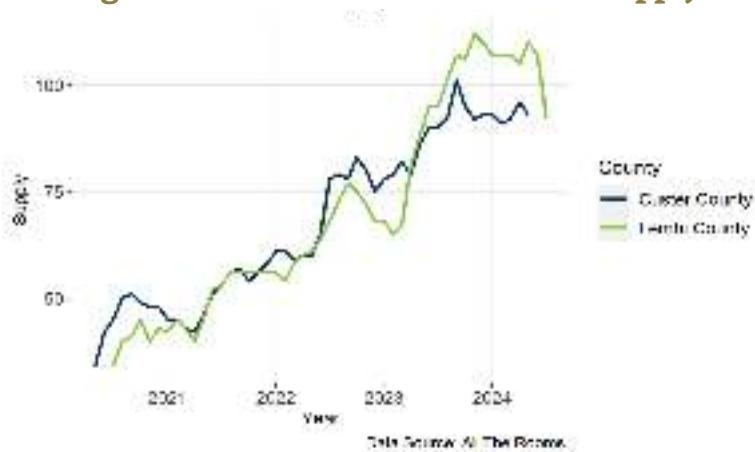
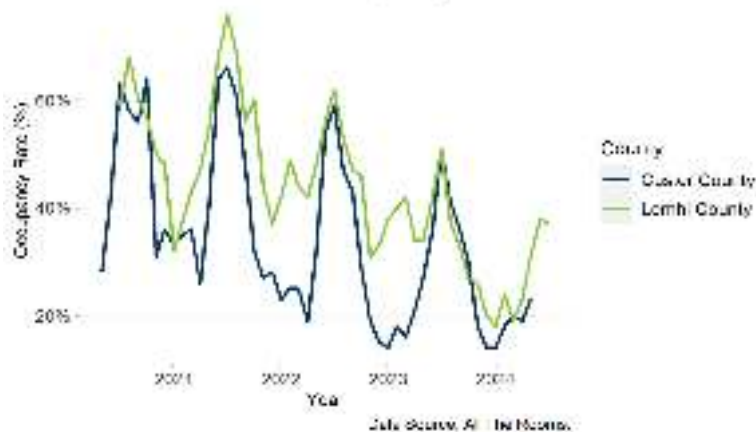


Figure 11 shows the average Air BnB occupancy rates, which measures the average percentage of nights per month that an Air BnB rental is occupied. There is clear seasonal fluctuation in both counties, with the summer months of June, July, and August having the highest occupancy rates,

and winter months having the lowest. Notably, the overall trend in occupancy has declined over time, with peaks of over 60% occupancy in both counties occurring in the summer of 2021 and declining each summer after that, to just barely over 50% in the summer of 2023.

The combination of increased Air BnB supply, and declining occupancy suggests that more people may be purchasing second homes and attempting to rent them on Air BnB when they are not there. However, it appears that demand for Air BnB's is not consistent with the growth in supply, as occupancy rates likely would have at least remained constant over time as supply increased. From the perspective of economic development, the large number of Air BnB's and low off-season occupancy rates indicate that there are many homes sitting vacant throughout the year. In a market with an already low housing supply, this is likely to have a significant impact on the rental and housing market.

Figure 11. Year Over Year Air BnB Occupancy Rates



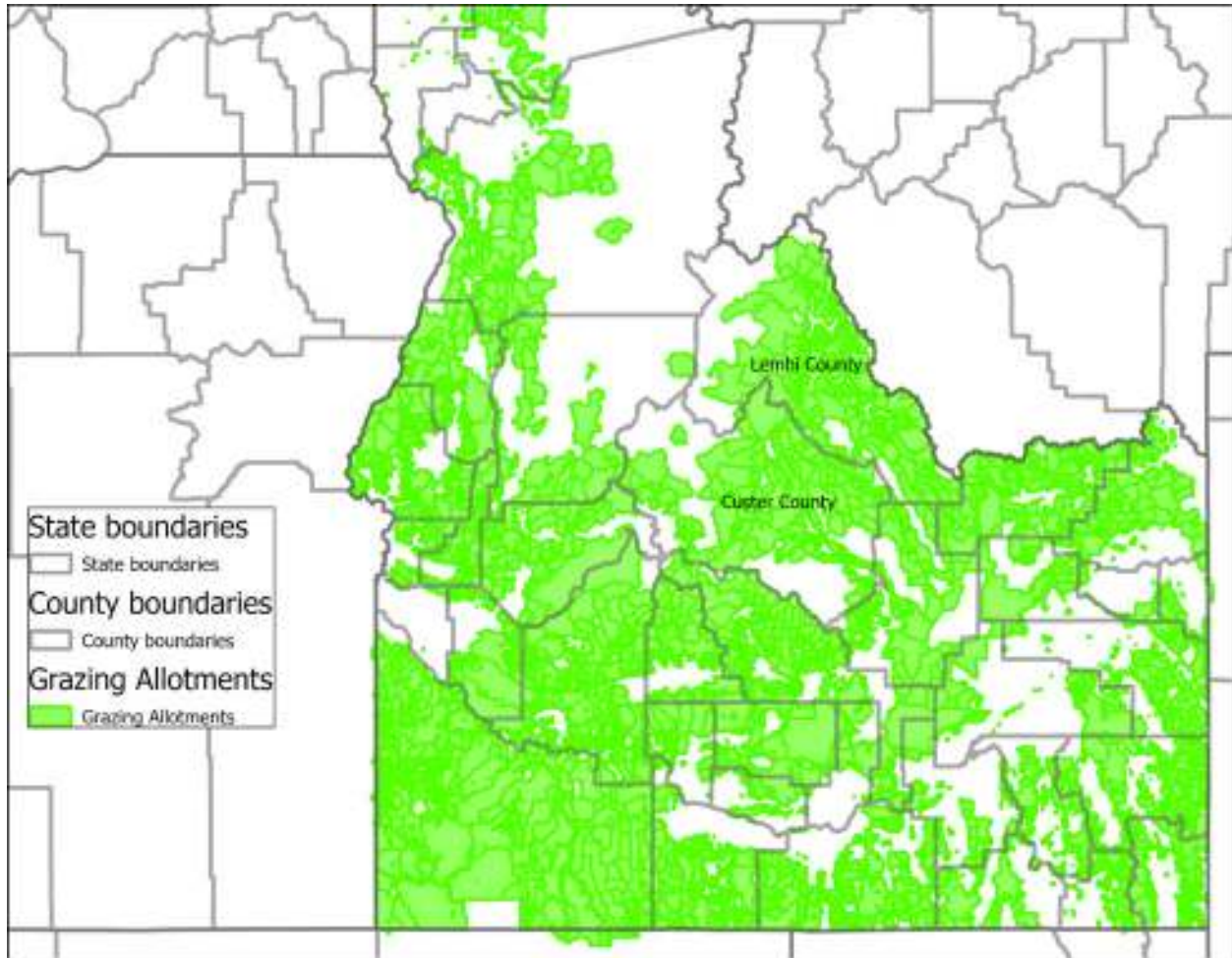
Agriculture and Food Systems

With a strong tie to public lands, agriculture has long been a key industry in both Lemhi and Custer counties as well as an important cultural and social cornerstone of the region. The majority of agricultural operations in the region are in cattle, with over 150,000 acres of private land currently in use as pastureland. As much as 70% of total agricultural sales within the two counties is attributed to livestock, poultry, and other animal products, and most of the cropland in the region is used to produce forage products for livestock.

Additionally, most cattle producers rely on the region's vast public lands for grazing. Figure 12 shows the extent of grazing allotments on public lands throughout the state and specifically in Lemhi and Custer counties. The majority of allotments are on land managed by USFS and BLM and provide an essential resource for cattle operations in the counties. Given the predominance of cattle operations throughout much of the region's history, ranching plays a significant role in shaping the cultural identity of both counties.

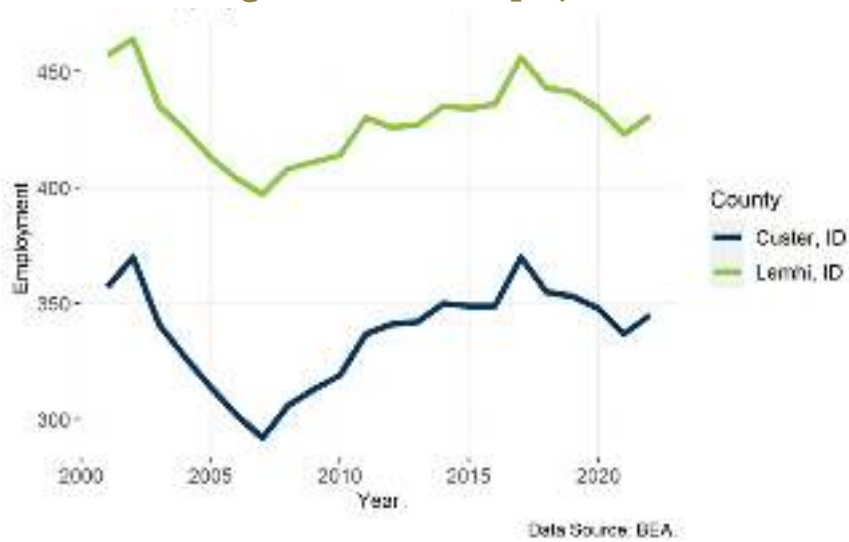
As evidenced by Figure 12, public land grazing has, and continues to have, a significant role in agriculture in Lemhi and Custer counties. Despite this, the future of grazing potential on federal lands faces some level of uncertainty due to a variety of factors, such as public land management, market forces, and environmental factors. Over time, grazing permits (as measured by Authorized Animal Unit Months (AUM)) have fluctuated up and down, with current permit allocations near historic lows.

Figure 12. Map of grazing allotments on public lands



The vast majority of farm operations in Lemhi and Custer counties (98% and 94%, respectively) are considered family farms, and most are small-scale, operating on less than 180 acres. Over the past two decades, farm employment has fluctuated somewhat but continues to be one of the largest employment sectors in the counties, accounting for the third most jobs in both (Figure 13). There are several active 4H and Future Farmers of America (FFA) chapters throughout the region, supporting youth in building the skills and experience to work in agriculture.

Figure 13. Farm Employment



Despite the significance of agriculture in the region, the number of agricultural operations (Figure 14) and the total acreage in operation (Figure 15) have steadily declined in both counties over the last decade. Between the 2017 and 2022 Census of Agriculture, the land in agriculture decreased by 24% in Lemhi County and 23% in Custer County, and the number of operations decreased by an average of 13.5%. These trends illustrate a notable decline in agricultural activity in the region, suggesting that the role of agriculture in the local economy may be shifting.

Figure 14. Total Number of Farms

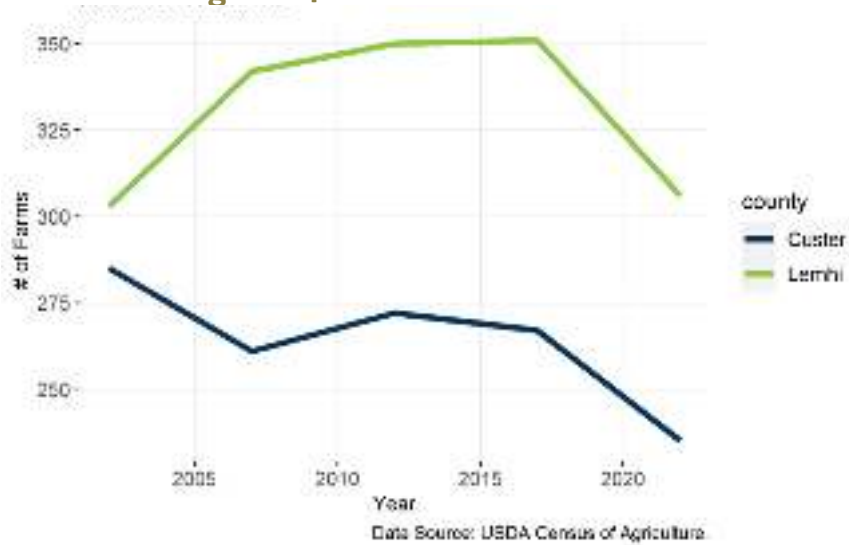
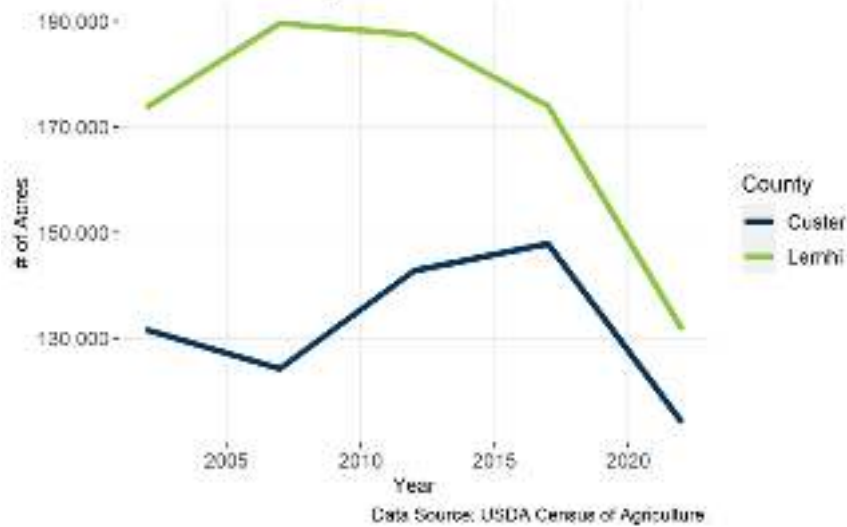
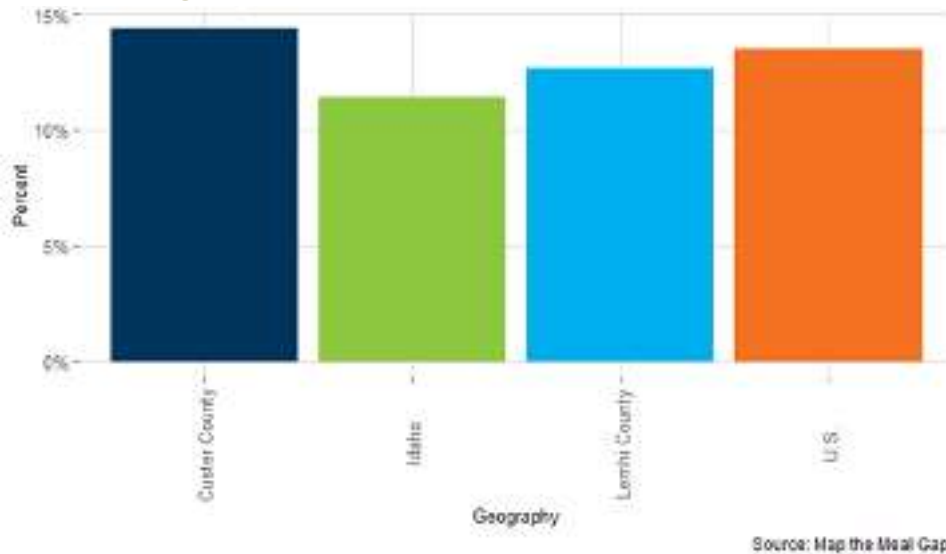


Figure 15. Total Farm Acreage



In addition to looking at trends in agricultural activity in the region, another metric for understanding the health of local food systems is the rate of food insecurity. Food insecurity refers to the inability of an individual or household to afford or reliably access food. Based on 2022 data, an estimated 1,020 people in Lemhi County and 630 people in Custer County, or 12.7% and 14.4% respectively, were food insecure.¹² The rate of food insecurity for both counties is higher than for the state of Idaho, which has an estimated food insecurity rate of 11.4%. Compared to the U.S. rate of 13.5%, Lemhi County has a lower rate, while Custer County's rate is higher (Figure 16).

Figure 16. Food Insecurity Rate Comparison



Additionally, the average cost per meal in both counties is higher than both the state and national averages, likely related to the relative isolation of the counties and the cost of transportation. While average meal costs are higher in the region, the proportion of food insecure residents who qualify for federal nutrition assistance programs is significantly higher in both Lemhi and Custer counties than that of the state of Idaho, suggesting that many residents experiencing food insecurity in the region have lower incomes than in other areas of the state and could significantly benefit

¹² Dewey et al., "Map the Meal Gap 2024: An Analysis of County and Congressional District Food Insecurity and County Food Cost in the United States in 2022."

from enrollment in assistance programs. According to recent Supplement Nutrition Assistance Program (SNAP) enrollment data, currently, 8.6% of the population in Lemhi County and 6.9% in Custer County are enrolled in SNAP, some of the highest enrollment rates in the state.¹³

In the context of food access and agricultural activity in Lemhi and Custer counties, a recent study of the region's food system¹⁴ identified key supply chain gaps and provided recommendations for addressing those gaps while working to align the region's agricultural assets with its food needs. Unsurprisingly, one of the biggest challenges within the local food system is transportation at various stages of the system, including transportation associated with getting inputs to producers, products to buyers, and products to markets. Another major gap within the food system identified by the study was food processing infrastructure, especially for animal products. The lack of meat processing facilities means that the vast majority of livestock produced in the counties is exported out of the region and processed and sold elsewhere. Producers consulted for the study also noted a need for more networking among producers, technical assistance support, and business development opportunities.

The study's recommendations for strengthening the local food system and improving the connection between producers and local businesses and consumers include investments in meat and produce processing infrastructure and commercial kitchen spaces, developing farm to school and other farm to institution programs, and developing a professional food system coordinator position for the region. Implementing these recommendations could provide considerable long-term economic benefits to the region. Most recent market level data indicates that only a small fraction of farms in the region are engaged in direct-to-consumer sales (6% in Lemhi County and 3% in Custer County), suggesting there is considerable room for growth in direct-to-consumer sales and building stronger connections between local food production and consumption.

Outdoor Recreation

Outdoor recreation, primarily tied to the public lands in each county, is one of the primary draws for both residents and visitors alike. Consequently, outdoor recreation is both a key economic driver in these communities in both direct and indirect ways. Directly, outdoor recreation helps sustain many businesses, such as river rafting tours, fishing or hunting guide outfits, and stores that sell outdoor recreation equipment. Indirectly, outdoor recreations brings visitors to the community, who may spend money on accommodations, at restaurants, and at local businesses.

While there is not comprehensive local data that currently displays the full economic impacts, it is evident in other categories within this study such as the large increase in Air BnB supply recently and consistent employment in industries tied to outdoor recreation, as well as the stated importance of recreation from many community members. One way to exemplify the draw of recreation is to examine the lottery statistics for the Middle Fork of the Salmon River wilderness float, which lies within the Frank Church River of No Return Wilderness and is one of the most popular float lotteries in the US. The Middle Fork of the Salmon may be floated by winning a lottery or hiring a commercial outfitter. Individuals lucky enough to receive a permit may bring along a group with them and will frequently travel through communities within both Lemhi and Custer counties prior to and after their trips.

On any given day, there are only typically three to five permits available, with some days during peak season receiving a total of over 2,000 applications for one of the available permits. In 2024, there were a total of 20,872 applications for permits, with at least one application from each of the 50 states. In addition to the Middle Fork of The Salmon and Frank Church River of No Return Wilderness, other popular outdoor recreation activities in Lemhi and Custer County include:

- **Fishing:** The Salmon River and its tributaries are popular fisheries for native trout as well as

¹³ Idaho Department of Health and Welfare, "SNAP By County."

¹⁴ Topos & Anthros, "Salmon-Challis Comprehensive Food System Feasibility Study."

seasonal runs of Steelhead and Salmon. There are also many lakes that offer trout fishing opportunities.

- **Hunting:** There are substantial opportunities for big game hunting in the Fall in both counties. There are also opportunities for upland bird and waterfowl hunting.
- **Water Recreation:** Beyond the Middle Fork of the Salmon, rafting, tubing, or kayaking the main Salmon River is also popular and accessible to a wide variety of river users.
- **Trail Recreation:** There are a large number of trails on the vast amount of public lands, which support hiking, mountain biking, and horseback riding opportunities. Additionally, the continental divide trail runs along the edge of both counties, bringing through hikers into communities close to the trail such as Leadore. Mt. Borah, the tallest mountain in Idaho, is located in Custer County and is a popular destination for hikers.
- **Motorized OHV Recreation:** Many areas of both Lemhi and Custer County are popular areas for OHV recreation.

Overall, with the popularity and wide range of opportunities, outdoor recreation will continue to be a major draw for people visiting and living in Lemhi and Custer County. Continuing to embrace this industry, creating designated areas for low-impact recreational activities, and developing sustainable tourism models that generate economic benefits for the community and preserve public lands will be important for economic development in the future.

Community Perspectives – “Where We Want to Be”

This section of the report summarizes feedback on local economic conditions from various community stakeholders generated through focus groups and two web-based surveys (methods described in Appendix A). Community feedback was analyzed for common findings regarding economic concerns and priorities and through a strengths-weaknesses-opportunities-threats (SWOT) analysis. A SWOT analysis is a strategic planning tool that helps a community or organization identify the internal and external factors that contribute to its current and future economic outlook, ultimately helping to ensure that strategies to strengthen the community or organization are clear and rooted in stakeholder experiences. Findings are presented by region (across Lemhi and Custer counties), county, and individual communities within each county.

Regional SWOT Analysis

While each of the counties and their constituent communities have a unique socioeconomic context, several common findings emerged across the region, helping to illuminate strategic areas of focus for economic development for both Lemhi and Custer counties and the region as a whole. Key SWOT findings across the region are summarized in Table 9 below, according to five categories: people, place, business, services, and policy and governance. The findings are detailed further in the following subsections.

Table 8. Regional SWOT analysis

	People	Business	Services	Place	Policy & governance
Strengths	<ul style="list-style-type: none"> • Tight-knit, supportive communities • Agricultural heritage and culture • Volunteers providing critical services 	<ul style="list-style-type: none"> • Festivals and events • Downtown infrastructure • Businesses catering to recreation and tourism • Family farms/ranches 	<ul style="list-style-type: none"> • Popular school programs and sports • Quality healthcare facilities (Salmon, Custer) • Local economic development organizations working together 	<ul style="list-style-type: none"> • Beautiful, scenic landscape • Quiet, rural countryside • Ample outdoor recreation opportunities • Presence of natural and mineral resources • Desirable place to live 	<ul style="list-style-type: none"> • Working relationships among city, county, state, and federal agencies • Agency employment opportunities • Existing community plans • Local Option Sales Tax (LOST) where they exist • Cost of living is relatively affordable
Weaknesses	<ul style="list-style-type: none"> • Lack of qualified/skilled local workforce • Apathy/limited community engagement • Resistance to change 	<ul style="list-style-type: none"> • Seasonality of economic activity • Limited diversity and accessibility of local businesses • Lack of good-paying jobs • Limited food access/choice 	<ul style="list-style-type: none"> • Lack of consistent funding for infrastructure upgrades and service operation • Distances between communities • Reliance on volunteers • Limited broadband connectivity 	<ul style="list-style-type: none"> • Limited land for private development • Shortage of workforce and affordable housing • Limited transportation options 	<ul style="list-style-type: none"> • Limited tax base to pay for services • State laws impacting local resources • Lack of local control/input on federal land management • Federal permitting processes • Limited planning and zoning
Opportunities	<ul style="list-style-type: none"> • Vocational training programs • Economic development working groups • Catering to remote workers 	<ul style="list-style-type: none"> • Business training and ongoing support services/resources • Agricultural marketing cooperatives • Agricultural processing and aggregation facilities • Additional community events 	<ul style="list-style-type: none"> • Grant writing training and support • Improved coordination, centralization of communications 	<ul style="list-style-type: none"> • Partnering with large employers and/or federal agencies to develop workforce housing • Expanding and marketing year-round tourism experiences 	<ul style="list-style-type: none"> • Municipalities/communities working together within and across counties • Local working group(s) engaging with relevant federal agencies (e.g. USFS, BLM) • Updating PILT and SRSA framework • Expanding/implementing LOST
Threats	<ul style="list-style-type: none"> • Younger individuals and families moving elsewhere • Aging population • Outside wealth and values 	<ul style="list-style-type: none"> • “Leakage” of local dollars to other communities/online shopping • Volatility of natural resource industries 	<ul style="list-style-type: none"> • Unmanaged tourism and recreation • Growing need for healthcare services 	<ul style="list-style-type: none"> • Short-term vacation rentals • Wildfires 	<ul style="list-style-type: none"> • Changing administration priorities • Fear of higher taxes

People

One of the greatest socioeconomic strengths of Lemhi and Custer counties is the people living there and the strong, supportive social networks among them. As stakeholders described, the people in this region often choose to live there because it is where they grew up, they have family there, and/or they prefer the quiet, rural lifestyle it affords them. In general, residents of the region willingly accept the trade-offs of living in an isolated, limited-service area for the benefits of being part of a small, tight-knit community of people who hold similar cultural values.

Figure 17. People SWOT

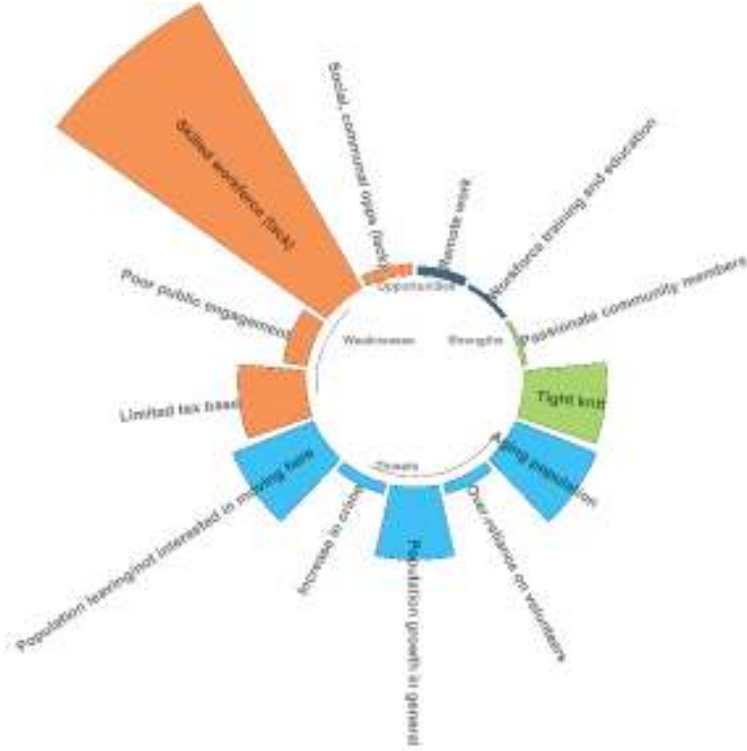


Figure 17 above illustrates SWOT findings from survey responses related to people in the region, with the size of the wedge representing the number of survey responses. Recent trends in housing affordability and an aging overall population have stakeholders concerned about their community’s ability to retain and attract younger generations while adequately meeting the growing service needs of the elderly community. These factors play into a significant weakness across the region: the lack of a skilled workforce and trade professionals to support local businesses and trades, creating a troubling reality for meeting the community’s needs.

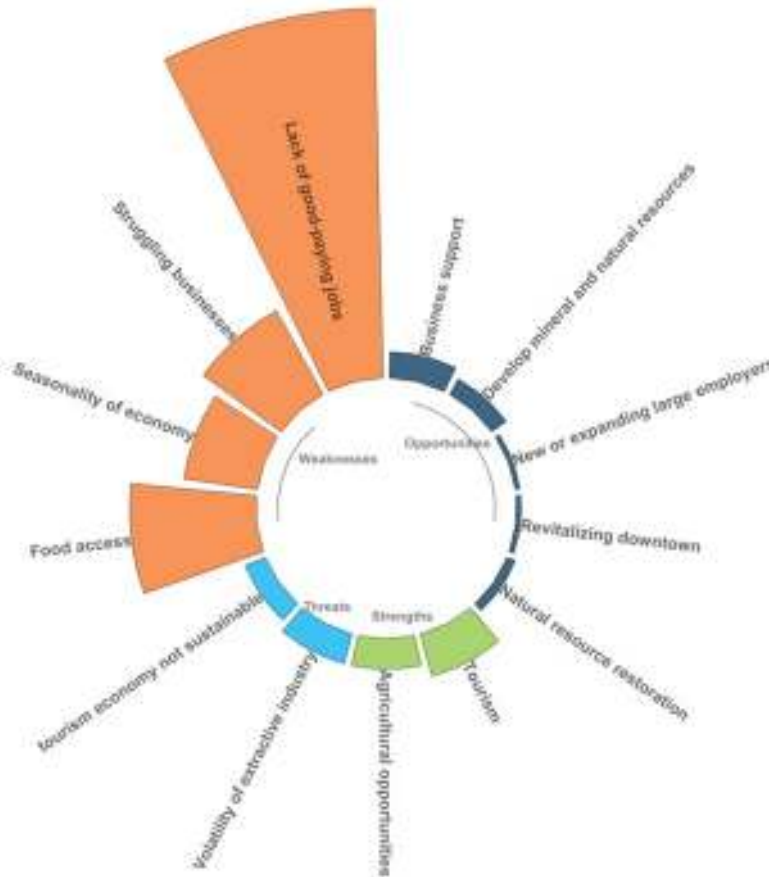
While the residents of Lemhi and Custer counties are critical to the region’s prosperity and way of life, current conditions and future threats highlight a need to proactively develop strategies to ensure that people can continue to live, work, and thrive within the region for generations to come. Further, there is a need to develop formal plans and policies that center on each community’s values and vision for the future in order to ensure that the community is prepared to adapt to economic changes in such a way that aligns with local priorities and values.

Business

Throughout their histories, Lemhi and Custer counties have experienced the ebbs and flows of a variety of industries, many of which have been directly tied to the area’s expansive access to natural resources. While there is still some timber and mining activity in the region today, in recent

years, tourism and outdoor recreation have grown as other industries have waned. In this context, businesses in the region increasingly cater to tourists, and the region has seen considerable growth in tourism-related economic activity. Despite the growth in tourism-related businesses, many stakeholders identified a lack of good-paying job opportunities in the region as a major weakness (Figure 18).

Figure 18. Businesses SWOT



While most stakeholders agreed that tourism and the outdoor recreation industry are critical to the current and future prosperity of the region, several noted concerns with the seasonality of tourism, and a few expressed doubts that the industry could adequately meet the economic needs of the region and its residents overall. Some stakeholders also felt that continuing to cater to tourism would ultimately be a detriment to the community’s character and resources; however, many stakeholders throughout the region expressed interest in strategically expanding and promoting their community’s tourism and outdoor recreation economy, particularly during the slower seasons.

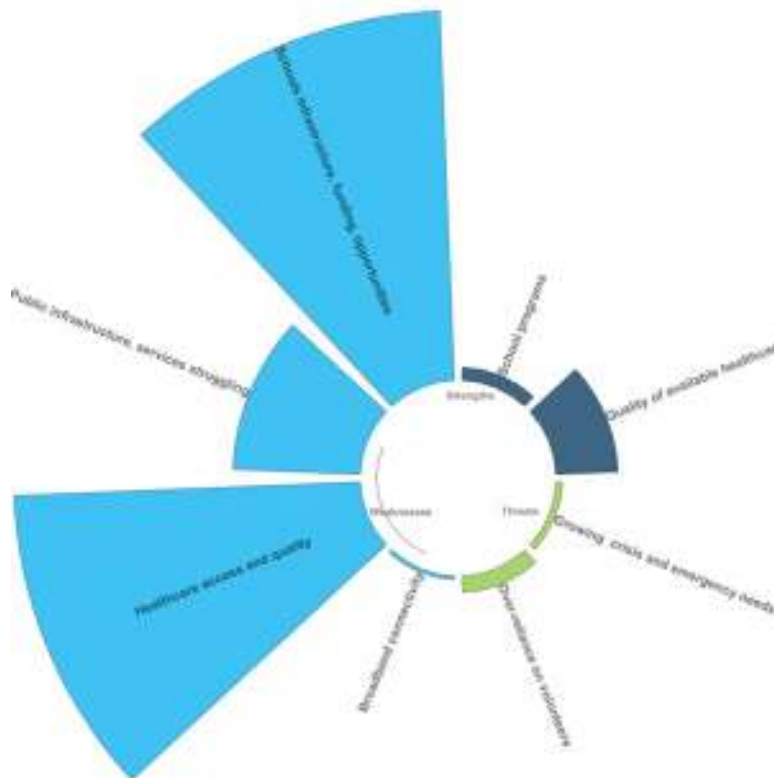
While many of the region’s businesses have shifted over the years, agriculture has consistently been a key industry, with family farms and ranches playing both an important economic and cultural role. The community’s agricultural operations are a source of pride to many stakeholders and a priority area for economic development. As transportation and supply chain gaps—particularly the lack of meat and other processing infrastructure—limit the ability of local producers to grow their operation or sell directly to local businesses and consumers, there is considerable potential in developing strategies to support producers and strengthen the local food economy. Further, strengthening agricultural businesses can directly complement and benefit from a growing tourism market.

Overall, the current context of the region’s businesses suggests that a regional, as well as community-specific, economic development plan should thoughtfully expand on the strengths of existing local businesses while providing ongoing support to business owners and coordinating across communities to share both the resources and demand on businesses and services.

Services

With such a limited tax base, generating adequate funding to support public services—including schools, infrastructure, law enforcement, emergency services, and healthcare— continues to be one of the region’s most significant challenges (Figure 19). While each population center (i.e., Salmon and Challis) have quality healthcare resources, surrounding communities have limited access to healthcare; and emergency medical services are often provided by volunteers. Throughout the region, public schools play an essential role in not only providing education but also serving as vital social hubs for the community. At the same time, schools struggle to make necessary infrastructure upgrades and retain existing or hire new teachers. Stakeholders described challenges with maintaining and upgrading public services as factors that discourage potential new residents from moving to the area.

Figure 19. Services SWOT

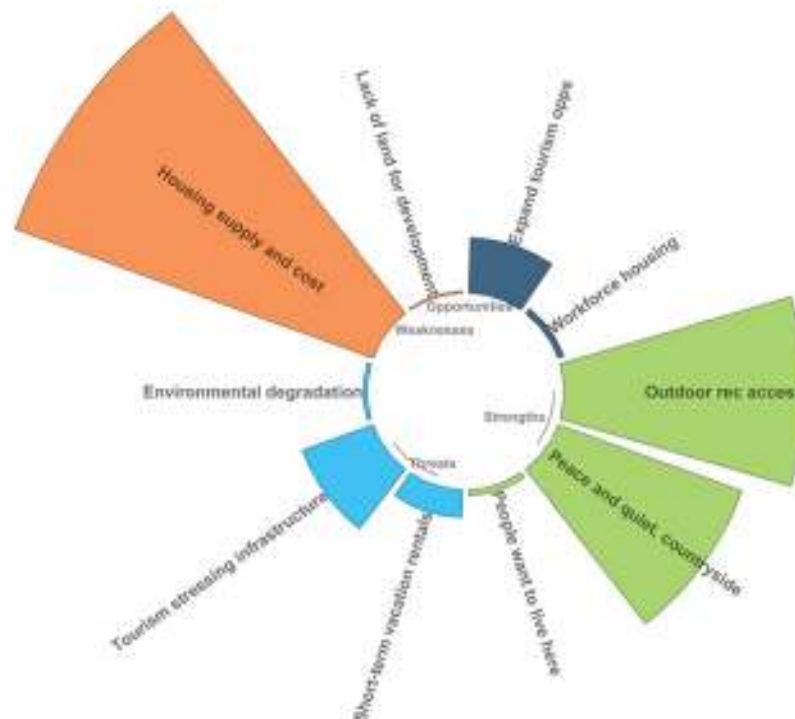


Some communities in the region have seen success in generating funding from tourism-related activity for public services through Local Option Sales Taxes (LOSTs). Bond initiatives and other proposed tax increases to fund upgrades for key public services, however, have historically been difficult to pass. As the region considers economic development strategies, it will be critical to identify and develop long-term funding pathways to support public service provision and maintenance.

Place

The scenic natural landscape and proximity to public lands and plentiful outdoor recreation opportunities are undeniably some of the biggest strengths of Lemhi and Custer counties. The economy of the region has always been uniquely tied to the surrounding public lands and natural resources, whether through extraction, agriculture, or tourism. It is the access to forests, rivers, and mountains that continue to make the region a desirable place to both visit and live.

Figure 20. Place SWOT



In recent years, the beauty and small town feel of Lemhi and Custer counties have inspired an influx of wealthy newcomers, resulting in the rapid buy-up of residential properties and increase in vacation and short-term rentals. The recent trend in home purchases has caused housing prices to rapidly increase and spur a shortage of affordable housing. As a result, stakeholders consistently identified the lack of affordable housing as a key weakness of the region (Figure 20).

The lack of both affordable housing for families and workforce housing for seasonal employees significantly impacts the ability of employers to hire qualified people to fill seasonal jobs and communities to keep and attract young individuals and families. Further, as a result of the surrounding public land ownership, communities in the region have limited options for developing new housing units and the cost of transporting building materials to the area can be prohibitive. At the same time, short-term vacation rentals have grown in popularity, further limiting the available housing stock.

It is clear that addressing housing shortages for both affordable residential and workforce housing is critical to the economic prosperity of the region and will require creative solutions, including planning and zoning considerations, redevelopment of existing properties, and partnerships with local employers. Strategies to expand tourism opportunities will also need to consider the needs of residents to ensure that each community can adequately support those who live there while also economically benefiting from visitors to the region.

Policy and governance

As noted, the region's vast surrounding public lands also pose unique challenges for economic development and introduce complexities when it comes to making local land use and natural resource management decisions. Directly tied to the high proportion of public lands, one of the region's greatest weaknesses is its limited tax base (Figure 21), as localities cannot tax federal or state lands.

Figure 21. Policy and Governance SWOT



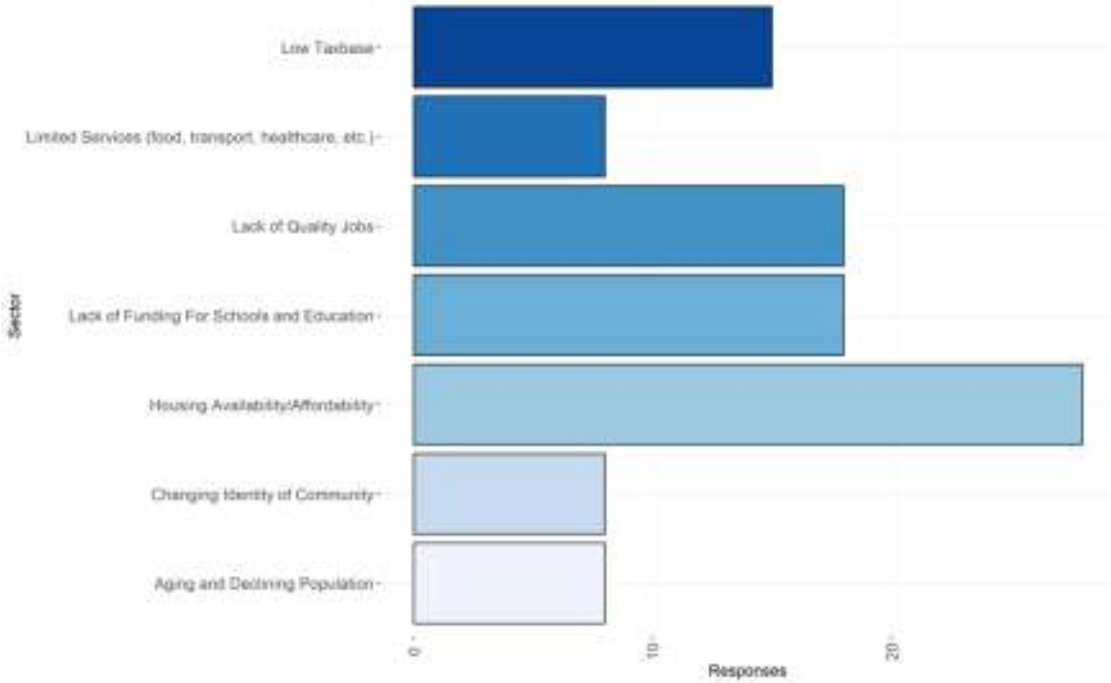
The land ownership structure of the region also means that multiple jurisdictions play an active role in shaping the communities within Lemhi and Custer counties, sometimes with conflicting priorities. Many stakeholders expressed frustration that the federal agencies responsible for managing much of the surrounding lands are not responsive enough to local needs. More specifically, stakeholders felt that the agencies and federal policy often hamstring the ability of local communities to fully benefit economically from the surrounding natural resources and recreation opportunities.

These dynamics underscore the importance of city, county, state, and federal level agencies and leaders building and maintaining strong working relationships. Further, it is important that local residents within the region have a clear pipeline for communicating their needs and priorities to federal agencies while local federal agency offices provide consistent communications to the community. Developing or updating county comprehensive plans provides one opportunity to identify and communicate local needs and create strategies to support collaboration.

Regional Priorities

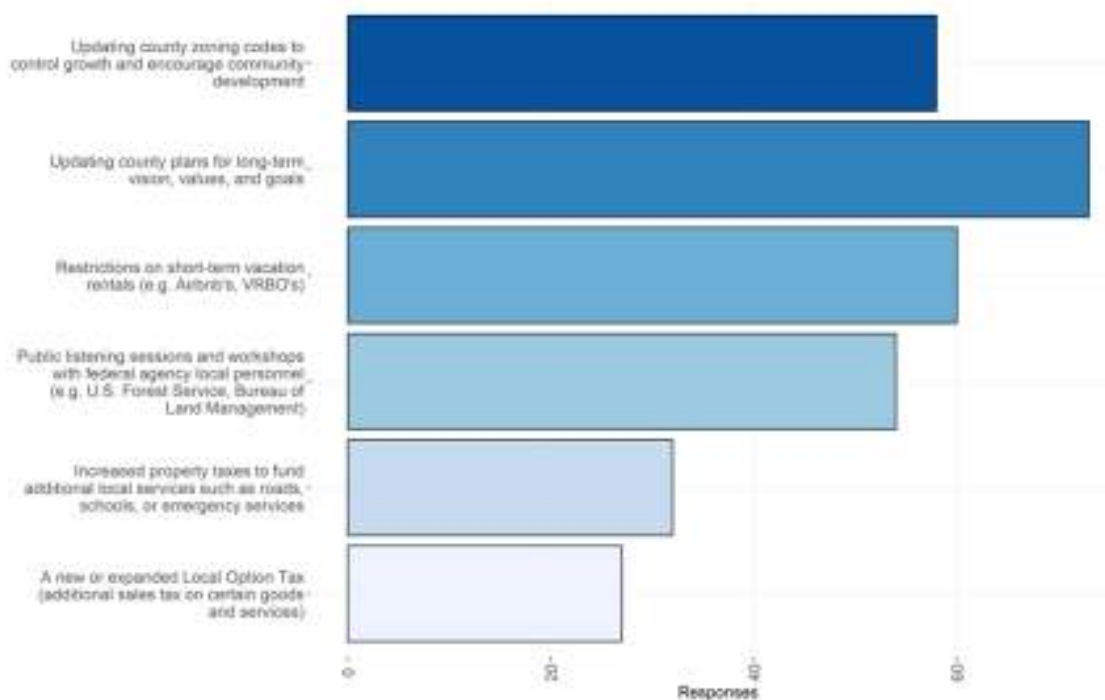
In the second web-based survey, participants were presented with a list of economic concerns that arose from the situation assessment and were asked to rank their four largest concerns. Figure 22 compiles these results and displays the concerns that received the most number one priority rankings. By far, people were most concerned about the availability and affordability of housing, which is unsurprising given the combination of increasing housing costs, low housing supply, and relative lack of competitive wage jobs in both counties. In addition to concerns over housing, people were also concerned about the lack of quality jobs and the lack of funding for school infrastructure and education. Similarly, the low tax base was also a prominent concern, which related to the challenges of funding schools and education.

Figure 22. Highest Ranked Economic Concerns



Participants were also asked about which economic development activities they would support, and the top five of which are shown below in Figure 23. The highest ranked activity was to update county plans for long-term vision, values, and goals. Other highly ranked activities included restricting short-term vacation rentals such as Air BnBs, updating county zoning codes to control growth and encourage community development, and finally to encourage public listening sessions and workshops with federal agency local personnel from agencies such as the USFS and BLM.

Figure 23. Economic Development Activities



In addition to being asked about which concerns they have and which economic development activities they support, survey participants were also given the opportunity to share their thoughts on two open-ended questions: “What would you change about the economy?” and “What would you keep the same about the economy?” Overall, several key themes arose from participant responses, and these themes were consistent with findings from the situation assessment. In general, there appears to be a delicate balance within these themes between a desire for some growth and prosperity while maintaining the values and small town feel that make these counties unique.

Expanded economic opportunities

Of particular note, were participants’ discussion of a need for expanded job opportunities and business growth in response to both questions. Among the aspects of the economy that people wanted to change, there were calls for more job diversity, higher wages, and better benefits to retain young people and provide economic stability. There was interest in creating new employment opportunities, particularly in healthcare, manufacturing, and technology as well as interest in additional grocery stores to increase competition and lower prices, particularly for food essentials. There were also requests for more retail options, restaurants with consistent hours, and support for small businesses, and suggestions to foster local entrepreneurship through grants, incentives, and community support. While participants expressed a desire for some growth and diversification, they also emphasized the need for growth to occur through strong support of small businesses. Many participants suggested that small, locally owned businesses are central to their community’s economy and identity. These businesses are seen as fostering community connections, keeping money local, and offering unique, tailored goods and services. Participants would like to see the community continue to prioritize small, local businesses over big chain retailers as it grows and changes.

Related to business growth and development, is the economic diversification and identity of the community. Many participants brought this topic up in both things they would change and as things they would like to stay the same. These comments primarily centered around the vast public lands

in the area, which have driven a robust but inconsistent natural resource extraction economy in mining and timber, while also supporting heavy recreation use that supports a seasonal tourism economy. There were mixed responses related to this, with some participants advocating for moving beyond traditional industries like logging and mining, and others preferring to revive them. Additionally, some participants pushed for new sectors like sustainable tourism, manufacturing, and recreation-focused businesses. Similarly, there were mixed perspectives on tourism, with some seeing tourism as a key driver of economic growth, while others were wary of its impact on the community's character and resources.

Natural resources and community character

Despite the mixed feedback about which industries to promote, many participants recognized the value that open lands, public access, and environmental stewardship provide to the community, with some advocating for better forest and wildfire management. Participants also highlighted the agricultural community and significance of ranching, farming, and grazing, as well as the value of natural resource industries when there are market opportunities. In relation to the recreation economy, participants seemed to agree on its importance and prevalence, and emphasized the importance of promoting local markets, keeping money within the community, and leveraging recreational opportunities to boost the economy without over-reliance on tourism. In general, related to public lands, participants were concerned about maintaining public lands, roads, and overall access to natural resources for activities like grazing, forestry, and recreation. A couple of participants emphasized the need for long-term planning and investments in infrastructure to maintain growth sustainably.

Finally, and perhaps the most prevalent message heard from community members both in this survey and throughout the study, was related to the identity of the community. Like many rural communities across the West, there have been substantial economic shifts as a growing number of people move to rural communities with ample access to public lands, which include challenges to housing, infrastructure, and the identity of the community. Survey participants overwhelmingly expressed concerns about the lack of affordable housing for locals, particularly driven by the prevalence of short-term rentals (e.g., Airbnb/VRBO) and second homes owned by out-of-state residents. Suggestions to address housing challenges included taxing or zoning restrictions for short-term rentals, building more apartment complexes, and increasing rental availability for essential workers.

Additionally, many participants expressed that one of the things that they value most about their community is its small town feel, which will be important to maintain while balancing changes in the housing market and demographic makeup of the community. Several participants appreciated the area's low taxes and affordability, with some noting the importance of maintaining property tax levels and avoiding restrictive regulations. A recurring theme was the desire to maintain the "small-town feel" of the area, including its close-knit community, values, and rural charm. Concerns were raised about avoiding excessive growth or commercialization that could harm this character. Overall, participants expressed a desire to balance maintaining their community's unique identity and small-town values while fostering sustainable economic growth.

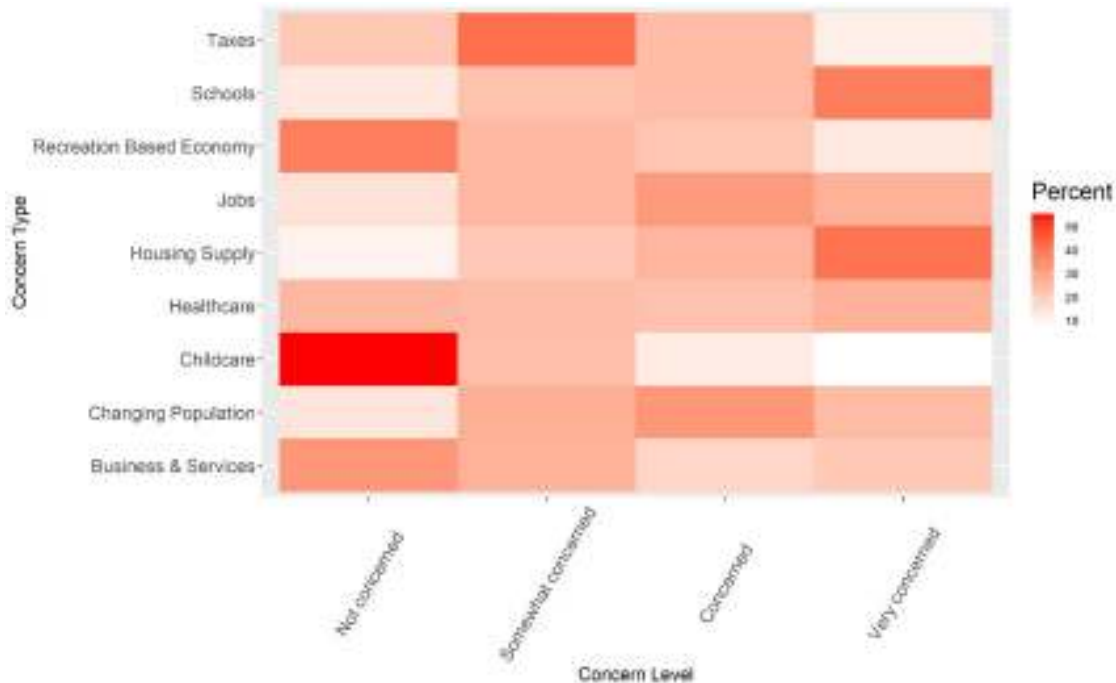
Lemhi County Priorities

Looking at stakeholder feedback specific to Lemhi County, this section summarizes data from both the web-based surveys and focus groups and highlights SWOT analysis findings for each of the key communities engaged in the county: Elk Bend, Leadore, North Fork, and Salmon.

Among Lemhi County residents who completed the web-based survey, over 40% reported being “very concerned” about both schools and housing supply (Figure 24). Both survey and focus group participants living in Lemhi County expressed concern about the lack of funding to support school infrastructure upgrades and provide adequate salaries for educators. Several stakeholders explained that challenges with adequately resourcing schools threaten the long-term prosperity of the county and felt that addressing local educational resources should be a priority for economic development.

Our current school infrastructure is old and in very poor repair. We need a new school to support our children. Shouldn't need to be said, but our economic future, innovation, competitive abilities in a global market, etc. are only as good as the quality of education we provide to our children. And they deserve it. – Survey participant, Lemhi County

Figure 24. Lemhi County: Concerns



Similarly, stakeholders noted the lack of affordable housing as a significant barrier in being able to attract new individuals and families to the area, while also threatening the ability of current residents to continue to live in the county.

I see that the lack of affordable family housing is the #1 issue holding this community back. Some basic housing development could be all that we need to cross the threshold of ensuring this community has what it takes to grow and make something great of this small town, or the lack of it will eventually kill the town and close the school. – Survey participant, Lemhi County

In general, stakeholders were less concerned about childcare, the recreation-based economy, or businesses and services, as evidenced by Figure 24. A smaller proportion of stakeholders reported being “concerned” about a changing population impacting community resources and values and a lack of good-paying jobs. Around 40% of survey participants reported being “somewhat concerned” about taxes, though some expressed concern about increases in taxes while others felt that taxes should be raised to meet the ongoing public service struggles facing the county.

In terms of economic sectors that stakeholders in Lemhi County would like to encourage, the top sector among survey participants was agriculture, followed by recreation and hospitality services (Figure 25). Similarly, the top economic development strategy identified by survey participants was the promotion of agriculture, such as through the development of a cooperative to support local farmers and ranchers (Figure 26). The second most popular strategy identified by participants was building and investing in affordable workforce housing, followed by encouraging residential development to maintain or attract a local workforce and the promotion of tourism and investment in recreation infrastructure, such as retail, hospitality services, and seasonal workforce housing.

Figure 25. Lemhi County: Sectors to Encourage

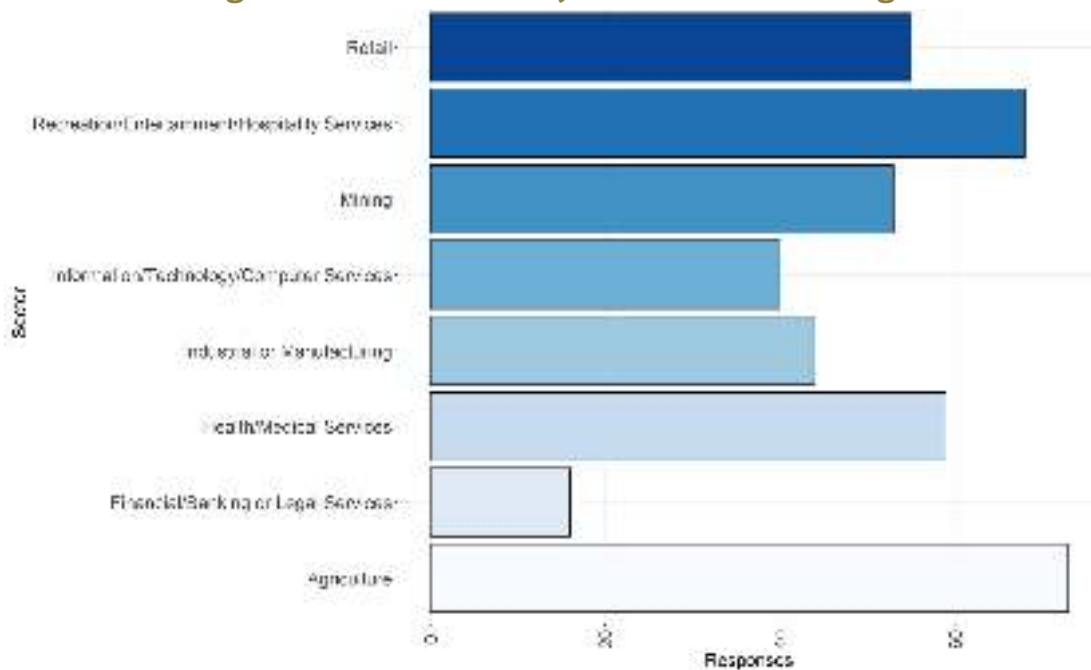
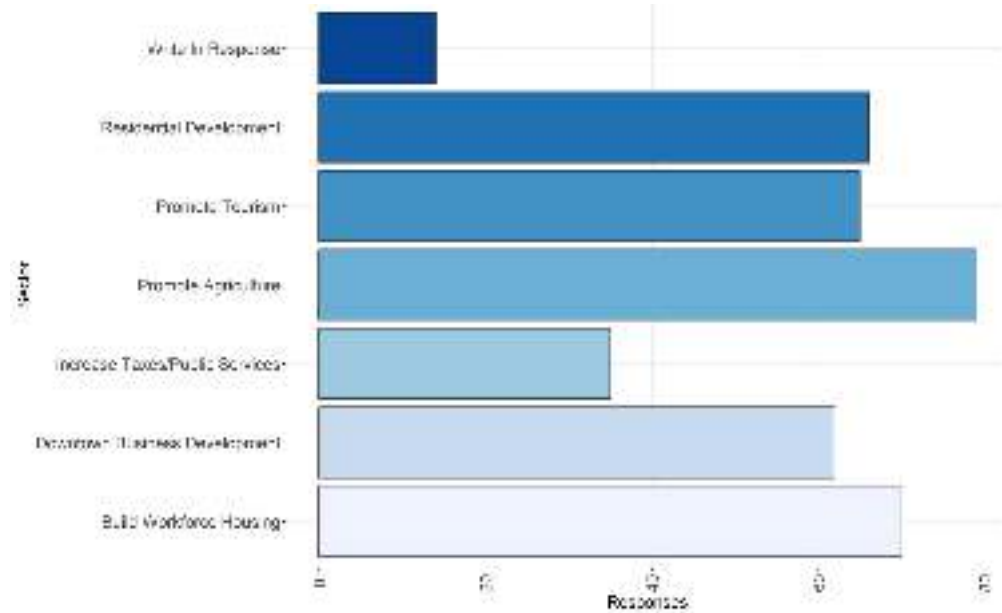


Figure 26. Lemhi County: Economic Strategies



Across survey and focus group participants living in Lemhi County, clear economic concerns and priorities emerged, though the pathways to addressing the concerns were less clear. Addressing the county’s housing supply and school funding issues were a top concern, while the top industry for strategic investment was agriculture. The following subsections detail the SWOT analysis for each of the following communities within Lemhi County: Elk Bend, Leadore, North Fork, and Salmon.

Elk Bend

Strengths	Weaknesses	Threats	Opportunities
<ul style="list-style-type: none">• Quiet and scenic• Tourist attractions• Tight knit community	<ul style="list-style-type: none">• Limited access to goods and services• Limited options for transportation• Limited broadband connectivity	<ul style="list-style-type: none">• Aging population with limited financial resources• Increase in tourism without services to support it	<ul style="list-style-type: none">• Intentionally expanding tourism year-round• Centralizing communications• Formalizing long-term community vision and goals

As a small unincorporated community in between Salmon and Challis with minimal services and a predominately retirement aged population, Elk Bend residents enjoy the peace and quiet of living outside of a city while still being close enough to buy food and other necessities and access medical care via a short car ride.

Elk Bend's strengths lie in its scenic location—nestled in the mountains and along the Salmon River—providing ample opportunity for outdoor recreation. It is home to the popular tourist attraction Goldbug Hot Springs and a handful of local businesses cater to tourism throughout the year, though primarily during the summer and fall seasons. Some of the challenges the community of Elk Bend faces relate to its relative isolation in the

There's a lot of folks here that [like] things just the way they are...they moved here or they live here because the economy works best for them here. And so certainly I don't want to rock the boat. I would like whatever was best for the community, but I could see being in a position where making some different improvements could put an economic hardship on most of the population here.

—Focus group participant, Elk Bend

context of an aging population. As healthcare needs often become more acute and transportation more limited among an older population, it can be difficult for residents to get the care they need in a timely manner. Currently, there are no alternative modes of transportation to personal vehicles, and residents often rely on neighbors for support. Additionally, fire and emergency services are supported by volunteers, and it can be difficult to adequately meet the community's emergency needs. At the same time, many residents are retired and rely on a fixed income, making increased property taxes and payment for services potentially financially burdensome. Opportunities to strengthen Elk Bend's economy and access to services include intentionally expanding tourism activity through year-round marketing and partnerships with recreation outfitters and guides, centralizing communications within Elk Bend and with nearby communities, and formalizing a long-term vision and goals for the community.

Leadore

Strengths	Weaknesses	Threats	Opportunities
<ul style="list-style-type: none"> • Quiet and scenic • Tourist attractions • Tight-knit community • Agriculture • K-12 school • Outdoor recreation 	<ul style="list-style-type: none"> • Lack of affordable housing • Limited access to goods and services • Limited access to healthcare 	<ul style="list-style-type: none"> • Aging population with limited financial resources • Outside wealth and values 	<ul style="list-style-type: none"> • Expanding tourism and marketing • Investing in agricultural resources and services • Affordable housing development • Vocational school programs

Leadore is a small town situated in the Lemhi Valley about 45 miles southeast of Salmon. Leadore has a K-12 public school, and its predominant economic industries are agriculture and recreation-based tourism. The community's strengths stem from its scenic location, agricultural lands, and surrounding outdoor recreational opportunities, including its proximity to the Continental Divide Trail system. The community is also tight-knit, and residents often lend a hand to one another.

Currently, Leadore's community leaders are also working to develop formal planning documents and to centralize marketing for local tourist attractions. Leadore's primary weaknesses are limited access to healthcare, a lack of affordable housing, and a limited workforce to support local businesses. Potential threats to Leadore's long-term prosperity are an aging population, as younger generations move away, and wealthy newcomers to the community buying up property and pushing against the community's long-held values.

I'm a small business owner that caters to the recreation community. Without recreation, the town most certainly will die. We depend heavily on hikers and hunters. Other recreation opportunities need to be developed and marketed to make our season more robust. Locals want to keep our stunning area a secret, but Leadore actually needs to be marketing our public lands to a greater number of people and encourage more recreation.

– Survey participant, Leadore

Opportunities to strengthen Leadore's economy and address its weaknesses include exploring funding opportunities to update existing homes and develop new affordable housing units; developing a long-term, community-wide plan for expanding and marketing to outdoor recreation tourism; developing or expanding vocational school programs; establishing an agricultural marketing cooperative; and investing in resources to support local agricultural producers.

North Fork

Strengths	Weaknesses	Threats	Opportunities
<ul style="list-style-type: none"> • Quiet and scenic • Tourist attractions • Agriculture • Outdoor recreation 	<ul style="list-style-type: none"> • Lack of affordable housing • Limited access to goods and services • Lack of good-paying jobs 	<ul style="list-style-type: none"> • Population decline • Outside wealth and values 	<ul style="list-style-type: none"> • Expanding tourism and marketing • Exploring natural resource restoration market • Affordable housing development • Centralizing communications

A small unincorporated community, North Fork is located just north of Salmon along the confluence of the North Fork of the Salmon River and the main Salmon River. North Fork has a handful of local businesses that cater to both locals and tourists. Much of the surrounding lowland is in cattle production. While local businesses offer some access to goods and services, North Fork residents rely on Salmon for groceries, healthcare, and other basic services. The community's strengths

We have a great population in the summer for recreation, but then it's over. And it'd be nice if the town had something to carry it through the following winter as well. And that would provide jobs and income and bring money into the community rather than the same money circulating.

- Focus group participant, North Fork

are its peaceful and scenic landscape, access to outdoor recreation opportunities, and location along the US Highway 93 corridor. Weaknesses of the community are a lack of housing and competitive wage job opportunities. Potential threats to the North Fork community are the influx of outside wealth and values and population decline as a result of younger generations not being interested and/or

unable to continue living in the community. Opportunities to strengthen North Fork's economy and support its population include expanding and marketing year-round tourism experiences, exploring the potential for supporting jobs in the natural resource restoration market, investing in affordable housing development, and centralizing communications within North Fork and among surrounding communities.

Salmon

Strengths	Weaknesses	Threats	Opportunities
<ul style="list-style-type: none"> • Quiet and scenic • Tourist attractions • Agriculture • Outdoor recreation 	<ul style="list-style-type: none"> • Lack of affordable housing • Limited access to goods and services • Lack of good-paying jobs 	<ul style="list-style-type: none"> • Population decline • Outside wealth and values 	<ul style="list-style-type: none"> • Expanding tourism and marketing • Exploring natural resource restoration market • Affordable housing development • Centralizing communications

The population center of Lemhi County, the City of Salmon has a bustling downtown, through which the Salmon River runs. The city acts as a service hub to many of the surrounding rural areas and a gateway community to recreationists looking to explore the Salmon River and surrounding mountains. Multiple federal agency offices are located in Salmon, along with the only hospital in either Lemhi or Custer counties. Salmon has experienced several industry booms and busts, as mining and forest product operations have come and gone. Salmon's strengths are

Look at the ability of [the] forest service to recruit young people. And it's good to have young people who are interested in public service because it keeps things going and it brings fresh eyes to things. And it is just good for the community too. But they can't find a place to live. And so, when you talk to the forest supervisor or anybody within [the forest service] that's trying to hire somebody, it is really difficult for them to attract people to come in, especially if they have young families. And then if they can't get here, we're not recruiting those people. They don't have a place to live.

– Focus group participant, Salmon

its scenic and peaceful location, access to many outdoor recreation opportunities, and tight-knit community. Its primary weakness is a lack of affordable residential and workforce housing, which relates to its other weaknesses of a lack of skilled workforce and limited jobs opportunities that provide competitive wages. Salmon has also faced challenges in adequately resourcing its schools, another factor that may discourage new families from moving to the area.

Threats to Salmon's future prosperity include an aging population, a decline in the younger population, and wealthy newcomers putting an additional strain on the housing market and altering the community's rural values. Opportunities to strengthen Salmon's economy and ability to generate good-paying jobs and support a strong workforce include investing in workforce housing specifically for seasonal employees in partnership with the city's largest employers, expanding year-round tourism experiences and marketing, expanding business training and support services, and investing in community events.

Custer County Priorities

This section summarizes data from both the web-based survey and focus groups specific to Custer County residents, and highlights SWOT analysis findings for each of the key communities engaged in the county: Challis, Mackay, and Stanley.

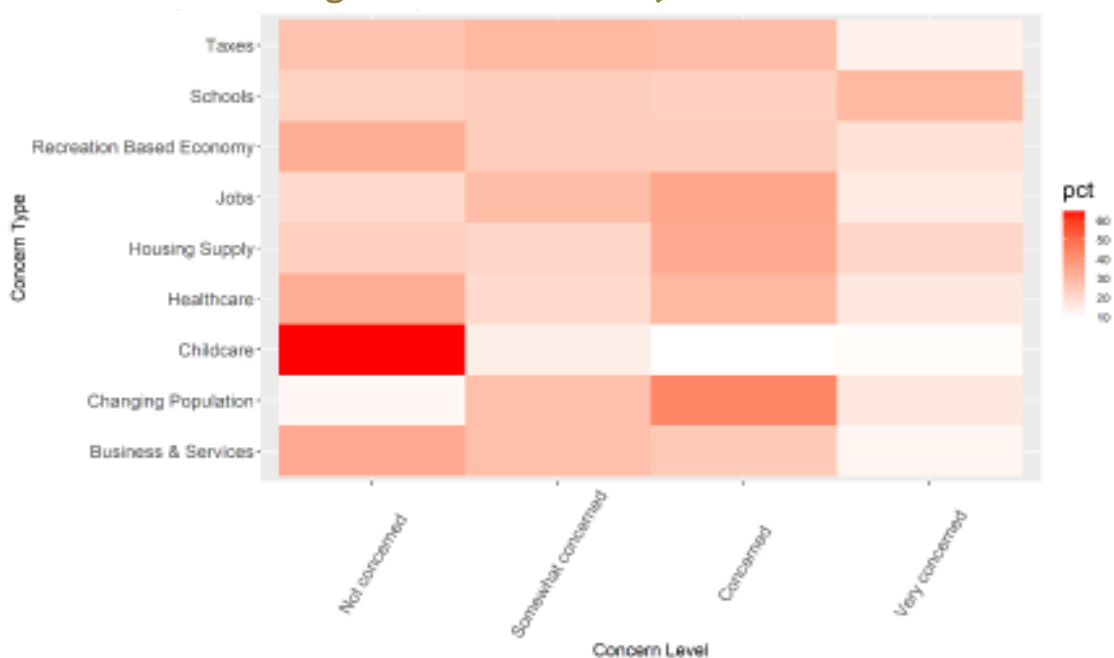
Among survey participants residing in Custer County, views on the top economic concerns of the county varied, as shown in Figure 27. About 30% of participants reported being “very concerned” about providing adequate public school education and infrastructure. Over 40% were “concerned” about changes to the population, including new residents moving in, aging population, and/or declining youth populations.

There needs to be a way to keep younger people in the community. They are essential to life. Community does not prosper when it is mostly retirees, as even they need a workforce around them and decent healthcare.

—Survey participant, Custer County

Other common concerns included the lack of good-paying jobs and limited affordable housing supply. The majority of survey participants were not concerned about childcare.

Figure 27. Custer County: Concerns



When asked which economic industries they would like to see the community encourage or invest in, the top industries were agriculture and recreation-based tourism (Figure 28). With regard to specific economic development strategies, the top strategy selected by participants was the promotion of business development and investment in downtown areas, followed by the promotion of agriculture (Figure 29). One participant expressed, “We need to keep local agriculture healthy to keep our rural Custer County customs and culture alive.”

Figure 28. Custer County: Sectors to Encourage

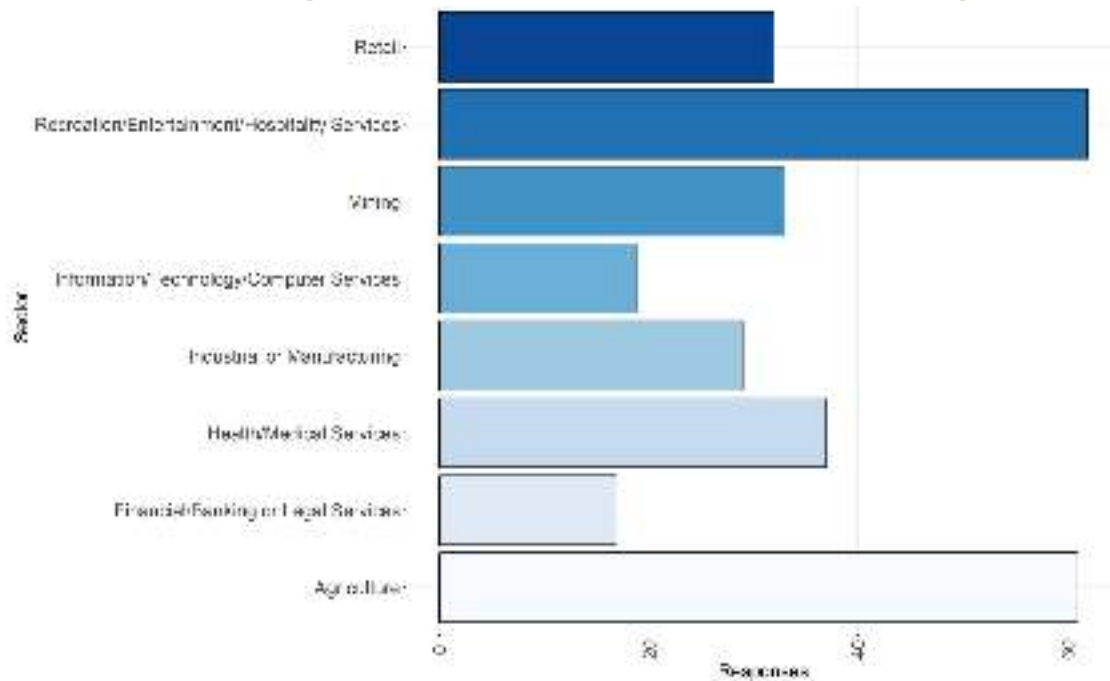
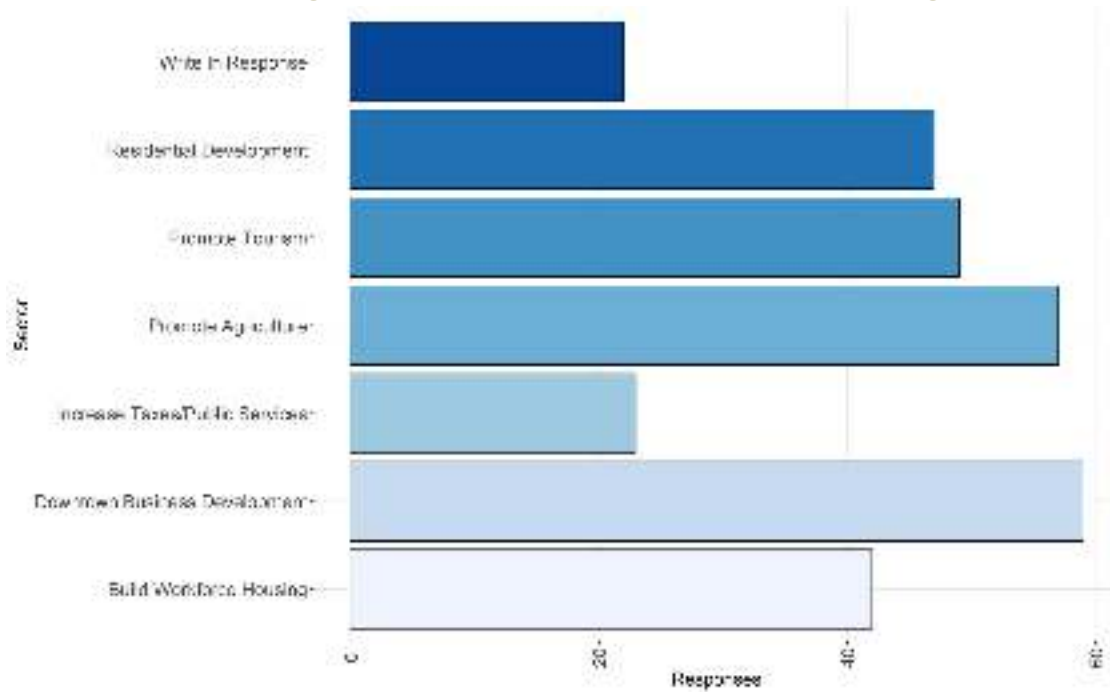


Figure 29. Custer County: Economic Strategies



Similar to stakeholders in Lemhi County, survey and focus group participants in Custer County consistently expressed concern over the county’s ability to retain and attract young individuals and families to the area, noting that challenges with maintaining schools and providing an adequate affordable housing supply ultimately discourage younger generations from living in the county. While new residents continue moving to the area, many are retirees. Stakeholders in Custer County would like to see the community further invest in and promote some of its strongest industries: agriculture and recreation-based tourism. Detailed SWOT analysis for Challis, Mackay, and Stanley are provided in the following subsections.

Challis

Strengths	Weaknesses	Threats	Opportunities
<ul style="list-style-type: none"> • Quiet and scenic • Outdoor recreation • Agricultural opportunities • Tourist attractions • Tight-knit community 	<ul style="list-style-type: none"> • Lack of affordable housing • Lack of qualified workforce • Limited funding for law enforcement 	<ul style="list-style-type: none"> • Aging population • Younger population moving away • Outside wealth and values 	<ul style="list-style-type: none"> • Develop long-term plan for tourism • Strategic vision for downtown • Agricultural marketing co-op and resources for producers • Implementing LOSI

The population center of Custer County, the City of Challis is situated along the Salmon River and encompassed by mountains, with much of the surrounding valley floor in cattle operation. Challis is often visited as a gateway community to central Idaho's wild mountains and rivers. The city's primary strengths are its agricultural lands and operations, quiet and pastoral landscape, tight-knit and supportive community, and proximity to scenic outdoor recreation opportunities. Its main weaknesses are a limited affordable housing supply, a lack of a skilled workforce to support local businesses and services, and a lack of funding to support local law enforcement. Challis has experienced the ebbs and flows of the mining industry, and as new mining operations are slated to begin, adequate housing to support the influx of mining jobs continues to be a critical concern. Threats to the community's long-term prosperity include the influx of wealthy newcomers further impacting the affordability and supply of housing, an aging population that is unable to support itself, and inability to retain or attract new younger residents. Opportunities to strengthen the economy of Challis include developing a long-term vision and goals for expanding and marketing year-round tourism experiences, developing an agricultural marketing cooperative and investing in resources to support producers, implementing a Local Option Sales Tax on tourist amenities, and developing a strategic plan for the downtown area.

We can't continue to do things the same old ways. In order to progress we have to look at other examples of how things have been done to encourage a population that is welcomed for their differences and ideas. We have run off more opportunities than we could imagine because of our "Challis" negativity and closed mind set about who we are. We can keep all the good parts of our area along with opening ourselves up to different ideas and opportunities.

- Survey participant, Challis

Mackay

Strengths	Weaknesses	Threats	Opportunities
<ul style="list-style-type: none"> • Quiet and scenic • Agricultural opportunities • Outdoor recreation • Tourist attractions • Public school 	<ul style="list-style-type: none"> • Lack of affordable housing • Limited access to healthcare • Lack of good-paying jobs • Struggling businesses 	<ul style="list-style-type: none"> • Aging population • Younger population moving away • Leakage of local dollars • Tourism stressing infrastructure 	<ul style="list-style-type: none"> • Expanding and marketing year-round tourism • Support and resources for businesses • Investing in local food and ag market • Expanding community events

Located in the southern end of Custer County and the northern end of the Big Lost River Valley, Mackay is a small town with scenic mountain views and a small downtown area. Originally a mining town, Mackay has many natural resource amenities; currently, one of its largest employers is a bottled spring water company.

I think the thing that we have to think about as a community though is that tourism drives economic development. Tourism brings money in and allows for opportunity and we are seasonal now, but we don't have to can have a winter season here. We just have to start embracing that and doing something with it.

– Focus group participant, Mackay

Mackay also has a number of agricultural operations. The town's main strengths are its access to sought-after outdoor recreation opportunities, its quiet and peaceful atmosphere, its public school, and its growing marketing partnerships with other Lost River Valley communities. Its primary weaknesses include a

lack of adequate and affordable housing, limited access to healthcare, a lack of good-paying job opportunities, and struggling local businesses. Threats to Mackay's economy include an aging and declining population, tourism stressing existing local infrastructure, and leakage of local dollars to other communities. Opportunities to address some of Mackay's weaknesses include expanding year-round tourism experiences and marketing, providing ongoing support and resources to local businesses, investing in market for local food and agricultural products, and expanding community events for both locals and visitors.

Stanley

Strengths	Weaknesses	Threats	Opportunities
<ul style="list-style-type: none"> • Quiet and scenic • Tourist attractions • Outdoor recreation • LOST 	<ul style="list-style-type: none"> • Lack of workforce housing • No high school • Lax zoning codes 	<ul style="list-style-type: none"> • Outside wealth and values • Tourism stressing infrastructure • Unmanaged population growth during peak seasons 	<ul style="list-style-type: none"> • Expanding winter tourism • Partnering with employers to develop workforce housing • Planning and zoning that preserves values, affordability • Building regional partnerships

Stanley is a small town located in the Sawtooth Valley on the western end of Custer County. Surrounded by mountains, Stanley is a gateway community for those looking to explore the Sawtooth Wilderness. While Stanley has some tourist activity year-round, during the summer and fall seasons the town sees a significant influx of tourism, with several businesses catering to outdoor recreationists in the summer. In the past few years, Stanley has seen a considerable and continued increase in tourism. Stanley's strengths are its vibrant tourism activity and outdoor recreation opportunities, peaceful and scenic landscape, and Local Option Sales Tax that allows the community to benefit from its growing tourism market. The community's primary weaknesses are a lack of workforce

Normal individuals can't afford to live here--priced out by seasonal residents. Families can't move here when a plot of land alone is almost a million. Seniors [are] concerned about being here with a volunteer EMS squad. Idaho should take a page out of the book that has put Colorado where it is today... Tourism is essential as well as growth, but how much is too much and at what cost?

– Survey participant, Stanley

housing supply to adequately meet demand during the peak tourism season, no public high school, and lax zoning codes exacerbating housing shortages. Threats to Stanley's economic outlook include the influx of wealthy newcomers buying up available property, population growth during peak season, and tourism stressing public infrastructure and services. Opportunities to address the community's weaknesses include expanding winter season tourism and recreation experiences, partnering with federal agencies and the community's largest employers to develop workforce housing, developing planning and zoning that preserves the community's values while supporting affordable residential development, and building regional partnerships with nearby tourism communities.

Strategic Areas of Focus

This section integrates all study findings to highlight the strategic areas of focus, which were determined by what was learned through the situation assessment and community member feedback over the course of the study. The strategic areas of focus are organized by each primary category included in the SWOT analysis: People, Business, Services, Place, and Policy and Governance. Each of these categories includes one key area of focus, which is intended to provide a basis for economic development activities, policies, or funding opportunities that the community should focus on into the future. While the strategic areas of focus are divided into categories, many of the focus areas are complementary across these categories.

People

People create the fabric and identity of a community, as well as the basis for a workforce, and thus are a cornerstone of all economic activity in the community. Therefore, supporting the people and workforce within a community by providing job growth and opportunities is key to economic development. Of particular note in Lemhi and Custer counties is the declining and aging population, as well as the low number of job opportunities that pay a livable wage. This makes it difficult to attract a younger workforce or retain graduating youth within the community. The workforce challenges are evident both in the socioeconomic data, as well as within the stakeholder feedback. The greatest weakness within the People category of the SWOT was a “lack of skilled workforce,” while the greatest threats in the SWOT were nearly equally “population leaving or not interested in moving here,” “aging population,” and “population growth in general.” Therefore, the first strategic area of focus is to strengthen workforce development and vocational training programs.

Strategic Area of Focus: Strengthen workforce development and vocational training programs

This area of focus received the highest number of votes across all focus groups, with particular emphasis on workforce development and opportunities for youth. It is recommended that the community focus on this area by exploring opportunities for alternative education (such as charter or trade schools), training, internships, and apprenticeships. Additionally, ensuring that youth and parents are aware of alternative workforce opportunities and their value may be important and useful.

Recommendations:

- Explore opportunities to provide alternative education in trades through integration of programs into public schools or the development of a vocational training school.
- Work with local professionals to expand internship and apprenticeship programs and/or opportunities to grow and educate the workforce.
- Ensure that students and parents are educated about and understand workforce opportunities and demands.

Examples and Resources:

- USDA provides many resources related to rural workforce development, as well as many grant and funding opportunities for communities. Utilizing resources and toolkits provided by USDA is recommended as economic development priorities are created. This [USDA Resource Guide for Rural Workforce Development](#) is a good starting point.
- Other communities have found success by encouraging students to explore local career options in trades, such as welding, electricians, or plumbing. There is demand for a workforce, and these career paths provide viable job opportunities for youth entering the workforce. Additionally, exploring apprenticeship programs with existing tradespeople is another opportunity to develop skills, increase awareness of local job options, and grow the workforce. This [website provides examples](#) of how other small communities have improved their rural workforce.

Business

In many ways, businesses go hand in hand with people, as there must be a viable workforce and population to sustain business development. Therefore, the strategic area of focus of strengthening the workforce outlined within the People category is likely to benefit business growth and development. The greatest weakness identified in the Businesses SWOT was a “lack of good paying jobs.” However, strengthening the workforce will not singularly improve business development. Other resources may be necessary to help struggling industries grow and allow new businesses to flourish. Of particular note throughout the study was the emphasis on the importance of the agriculture, natural resource, and recreation/hospitality industries to the community. Therefore, growing opportunities and encouraging new innovations will be a key economic development strategic area of focus.

Strategic Area of Focus: Foster new and innovative business development, including opportunities to expand local agricultural markets and diversify local supply chains

In both Lemhi and Custer counties, agriculture has historically been a central part of the community identity and one of the top employment sectors. In recent years, there has been some decline in both agricultural employment and agricultural land and production. Despite this, community members frequently emphasized the importance of agriculture to the community and how it is essential to support the industry. Finding ways to support agriculture, such as developing a local agricultural marketing cooperative, increasing direct to consumer sales, or exploring new innovations such as a meat processing facility may be important economic development activities for the community.

Recommendations:

- Explore opportunities to promote agriculture through the development of an agricultural marketing cooperative, processing facility, or opportunities to expand direct-to-consumer sales.
- Conduct feasibility study of the potential develop or expand year-round recreation and tourism attractions, such as snow sports and other winter activities
- Work with existing businesses to better understand needs, strengths, and challenges and provide training and business development resources to business owners based on these needs.
- Promote growth that supports existing industries. For example, look for creative solutions to open/reopen a lumber mill to promote and support existing local timber production.

Examples and Resources:

- There are many federal programs in place to help support or build agriculture cooperatives, which can be found on the [USDA website](#).
- An example of a mutually beneficial activity can be found in rural Montana and the non-profit Producer Partnership, where the first federally inspected non-profit meat processing facility in Montana was built. The Producer Partnership receives donated animals from producers, processes them, and then donates and distributes the meat to food centers and schools. This partnership is mutually beneficial for all, as the producers receive a tax benefit and sustainable way to cull animals from their herd, the processing facility provides additional skilled employment opportunity, and communities and schools receive large amounts of meat at no cost. More information on the [Producer Partnership can be found here](#).

Services

One of the central issues of this study is the low local tax base of Lemhi and Custer counties due to low populations and high percentages of federal land. With this low tax base, funding for public services and infrastructure is significantly limited, as local tax revenue often falls short in funding infrastructure and services and federal land PILT payments do not provide proportional support to backfill this shortfall. Overwhelmingly, community members indicated that “school, infrastructure, and funding opportunities” and “healthcare access and quality” were the biggest weaknesses in the Services category of the SWOT. Without sufficient funding and wages, both schools and healthcare have difficulty attracting a qualified workforce and maintaining the resources to adequately support quality education and healthcare access. Without sufficient growth in public revenues, alternative sources of funding are often sought to fill key funding gaps, therefore a strategic area of focus is building a communitywide network to support a robust funding pipeline for public services.

Strategic Area of Focus: Build a communitywide network to expand grant writing capacity and technical expertise to collaboratively support a robust funding pipeline for public services

There are a myriad of grant and funding opportunities available for a wide variety of projects or activities, but accessing these funds often requires specific expertise in grant writing and the time and capacity to write and administer grants. This often leaves more rural and low population areas at a disadvantage, as people or organizations that could benefit from these grants are often already at capacity and do not have the time or resources to research, apply for, and administer grants. Additionally, many grants require match dollars, which can be difficult or sometimes impossible to obtain. Therefore, creative and new ways to explore grant opportunities across the region could support local government in Lemhi and Custer counties and community organizations in effectively sharing the burden associated with applying for and administering grants while supporting collaborative solutions to funding challenges. Investing in dedicated grant writing positions for the region could generate significant financial benefits.

Recommendations:

- Explore the viability of working across organizations to partner or build capacity for grant writing. Further expanding communication channels between local government, local federal agency personnel, and local non-profits/organizations may expand capacity and allow for identification of funding opportunities that are mutually beneficial for all.
- Explore if there may be opportunities to hire a dedicated grant writer for the community, or if funds are available to contract out grant writing and administration tasks. An initial investment in a dedicated grant writer may pay off in more funding going to meaningful projects in the community.

Examples and Resources:

- USDA has a [comprehensive resource page](#) and guide to funding resources, with links to both private and federal funding sources, as well as specific resources by state.
- There may be times when a dedicated push for a project pays off. A recent example occurred locally in Salmon, where the School Needs Assessment Committee [successfully campaigned for passage of a bond](#) that pays for a new middle school in Salmon. This is a remarkable feat, as school bond initiatives had failed twelve times in a row prior to the passage of the most recent bond. The efforts of the committee to work with the community show that open communication channels and consistent effort from concerned citizens can effect real change. Additionally, this effort also demonstrated creativity in finding funding, as some of the funds for the new school will be made via donations. Efforts like this may be replicable in other areas of need within the community with dedication and buy-in towards the effort.

Place

Place is one of the defining qualities of Lemhi and Custer counties, as the surrounding natural beauty and vast amount of public lands are a massive draw for residents and visitors alike. However, with the allure of public lands there also come challenges that are fairly unique to these communities. As mentioned, the low local tax base is one of these challenges. Similarly, the low tax base means there are relatively small pieces of private land available for development, which leads to housing challenges as more people seek to live in the area. Consequently, with a limited housing supply, prices rise, making it difficult to find affordable housing for the area’s workforce, which is a strategic area of focus.

Strategic Area of Focus: Develop workforce housing opportunities and build public-private partnerships with major employers to develop workforce housing

Logistically and financially, this is one of the most difficult economic development areas of focus to complete, as it requires major investments, time, and resources. There is limited land to build on, high building costs, and challenges with finding developers and contractors to complete a project. While difficult, this area of focus is key to the community, as economic and workforce development is nearly impossible without a viable workforce. As one focus group participant stated, “We don’t have a people problem. We have a housing for the people problem.” Despite this, developing workforce housing is possible when resources align and unique approaches to these challenges are explored.

Recommendations:

- Work with non-profit housing developers or trusts to expand housing opportunities or rental assistance programs.
- Work with local organizations and large employers to collaborate on workforce housing opportunities, construction, or affordable housing programs.
- Seek funding through grants or federal programs for housing.

Examples and Resources:

- Housing challenges, particularly for teachers, are not unique. Other communities in Idaho have encountered similar challenges and explored solutions. For example, in Blaine County, the school district has tackled the housing issue in several ways. First, they have partnered with the nonprofit [Advocates for Real Community Housing](#) (ARCH) to help. ARCH has helped facilitate a rental assistance program for staff, and has also leased land, fundraised, and has overseen construction for staff housing units. The article describing these efforts can be found [here](#).
- [The Idaho Workforce Development Council](#) provides resources for the healthcare industry to attract and retain staff. These resources describe ways and examples of how employers can help with housing, such as employer assisted housing programs, supportive housing policies, rental selection assistance, employer-owned affordable housing, and third-party affordable housing.
- <https://www.summitdaily.com/news/western-public-lands-affordable-housing/>
- There may be opportunities for partnership between the Salmon school district and the hospital. For example, by utilizing existing but unused school district grounds for building new housing or utilizing vacant district buildings and remodeling them for housing. Some third-party assistance would likely be necessary to manage a project such as this.

Policy and Governance

As with many of the other categories, policy and governance in Lemhi and Custer counties is tied directly to the large swaths of public land in each county, which means that policy and governance is also significantly influenced by both local government and federal land management policies. In the Policy and Governance SWOT, community members listed “limited tax base” and “public land management” as the greatest weaknesses; however, a substantial number of people also recognized “planning and growth management” as an opportunity. In order to foster sustainable growth and management and ensure that policies are created with an understanding of both local level and federal needs, there must be strong relationships between community members, federal decision makers, and local government leaders. Therefore, the strategic area of focus is to foster public trust and engagement with government agencies and management plans while strengthening working relationships between federal and local government personnel

Strategic Area of Focus: Foster public trust and engagement with government agencies and management plans while strengthening working relationships between federal and local government personnel

A common theme throughout the study was that community members care about what is happening in their community and what management decisions are being made, yet they are often not involved in the decision making process. When there is a lack of involvement there is often a lack of understanding, from both decision makers and community members. Improving trust in public decision making is a process that will take time, and is the responsibility of both decision makers and community members to take part in. From the decision maker end, they must provide clear and complete, yet concise information about community events, policies, and meetings so as to allow the public the opportunity to participate. From the community member end, there must be a willingness to show up and participate in the process. Therefore, recommendations within this strategic area of focus are centered on opening communication channels for all stakeholders and decision makers, which are likely to lead to more beneficial and longer lasting economic development activities.

Additionally, within this strategic area of focus, there are also opportunities to better understand and advocate for the possibility of improvement and growth for natural resource based industries that are reliant on public land, such as mining, timber, and agriculture. Opened communication channels between federal agencies, community members, and industry representatives may be an opportunity to discuss new timber and forestry practices, modernized mining techniques, or new grazing practices that prevent overgrazing and encourage collaboration between ranchers, public land managers, and environmental groups. There is also an opportunity here within these potential discussions to better understand permitting processes and aspects of the National Environmental Policy Act (NEPA) review processes, which may add efficiencies to decision making on public land activities.

Recommendations:

- Encourage local Forest Service and Bureau of Land Management Personnel to expand communication channels and hold regularly scheduled public meetings, intended to inform the public of local USFS/BLM activities, federal policies and procedures that impact local level decision making, and receive feedback from the public on issues they see on public lands.
- Consider updating planning and zoning codes to encourage creative mixed-use residential and business development, incentivize housing redevelopment, and/or limit short-term vacation rentals.
- Develop multistakeholder economic development working groups. This may allow community members to become more involved and bring issues to local government or county commissioners with a stronger voice.

Examples and Resources:

- [This study](#) looked at institutional constraints within the Forest Service to engage and serve local communities. They found that employees are constrained by agency policy, as well as diminished resources, increased departmentalism, and staff turnover, all of which contribute to decreased engagement with communities. Academic research referenced in this study has shown that community relationship building is integral to forest management, and that collaborative decision-making processes generally create more effective and longer lasting decisions. While it is important to recognize the institutional constraints of a federal agency that must also engage at the local level, the Salmon-Challis National Forest will likely benefit from efforts to grow engagement and communication with the surrounding communities, particularly with openness and involvement about planning and management decisions.

Conclusion

This report underscores the distinct socioeconomic challenges and opportunities facing Lemhi and Custer counties. With over 90% of their land federally managed, the counties face a constrained tax base that limits their ability to fund essential services and infrastructure. At the same time, their natural beauty, agricultural heritage, and growing recreation economy present unique opportunities for strategic development.

Key findings from this study include the critical need to address housing shortages, support workforce development, and create more diverse economic opportunities. Agriculture remains a cornerstone of the local economy, while tourism and recreation continue to grow but require careful management to ensure long-term sustainability. Public engagement and collaboration between local leaders, residents, and federal agencies are essential to aligning economic development strategies with community values and priorities.

Moving forward, we recommend targeted investments in affordable housing, expanded support for local businesses, and strategic partnerships with federal and state agencies to enhance funding mechanisms and streamline development processes. By embracing these strategies, Lemhi and Custer counties can build a resilient economy that balances growth with the preservation of their unique identities.

Appendix A. Methods

Quantitative Methods

Socioeconomic Data

Socioeconomic and demographic data were gathered from publicly available sources and summarized for this report.

Public Land Impact Index

Public land impact index calculation

The tax base index compiles land and economic data to create a standardized comparison of the impacts of public lands on local tax bases across the west. Tax bases are impacted in large part by the amount of federal lands, which reduce the property tax base, population, and economic make up of a county. While federal land plays a significant role in the tax base, the economic conditions and population of a county play an equally important role. There are many counties that are made up primarily of federal lands across the west, but the economies of these counties differ substantially depending on a number of factors such as proximity to larger population centers, demographic makeup, and wealth. The index standardizes all potential impact variables to the same scale, allowing an equal comparison of impacts geospatially of these variables. The steps below describe how the index was calculated.

Step 1. Data was gathered to account for local economic conditions and federal land impacts. In total, seven variables were used. Data was gathered by county for the following states in the west: Montana, Idaho, Washington, Oregon, California, Nevada, Arizona, New Mexico, Utah, Colorado, and Wyoming. The variables used are as follows: population, population density, per capita median income, county GDP, PILT payments per acre, total federal land acreage, federal land percentage.

Step 2. These data were then used to assign county-level minimum and maximum values (baseline minimum; baseline maximum) and reference data points for each indicator variable across all counties in the west. Baseline minimum and baseline maximum values (i.e., the highest and lowest values across all counties) were used in the calculation of the indicator scores (Equation 1) and are necessary to scale the data. A reference point is also set to scale the data and is representative of the value for each indicator that would be considered least vulnerable to low tax bases. In cases where a higher value means higher vulnerability (such as federal land acreage), the reference point will be the maximum value of a variable across all counties. Alternatively, for variables where a lower value means higher vulnerability (such as population), the reference point will be the minimum value of that variable across all counties.

Step 3. Normalized scores for each variable in a county were generated using the following formula, where direction equals 0 so that a higher score means high impact to the tax base (worse):

Equation 1:

$$\text{indicator scores} = \left| \text{direction} - \frac{(\text{raw data} - \text{reference point})}{(\text{baseline max} - \text{baseline min})} \right|$$

The individual scores for each variable were then averaged for each county to generate the raw tax base vulnerability score by county.

Step 4. After combining the average scores, the scores were re-normalized using equation 1 again so relative comparisons of public land impacts can be made across counties. For example, the county with the highest average raw score will have a normalized score of 1, representing that it has the most impact on its tax base relative to all other counties. Alternatively, the county with the

lowest average raw score will have a score of 0, meaning that it experiences the least impact from public lands relative to all other counties.

Step 5. After normalizing the scores for each county, counties were classified into categories of low, medium-low, medium-high, and high vulnerability based on their scores. Counties with low impacts have scores ranging from 0-0.25, counties with medium-low impacts have scores ranging from 0.26-0.5, counties with medium-high impacts have scores ranging from 0.51-0.75, and counties with high impacts have scores ranging from 0.76-1.

Qualitative Methods

Survey Design and Sampling

A series of two web-based surveys was developed to generate supplementary stakeholder feedback. The surveys were launched through the online survey platform, Alchemer, and distributed through paid social media and news ads. Survey questions focused on the economic strengths and weaknesses of community and asked participants to identify their top sectors and strategies for economic development. In total, 229 valid survey responses were gathered in the initial survey, including 126 participants from Lemhi County and 103 participants from Custer County. The fall survey received 123 valid responses.

Focus Groups/Community Meetings

A series of community feedback sessions were conducted in Spring of 2024. The sessions aimed to gather responses from a variety of stakeholders regarding the economic strengths, weaknesses, opportunities, and threats for their community were conducted in seven communities across Lemhi and Custer counties (Table 9). The sessions were advertised through social media and news ads and were open to the public. A second series of feedback sessions were held in Challis and Salmon in the Fall of 2024 in order to present and generate feedback on preliminary strategic areas of focus. A total of 39 people attended the feedback sessions.

Table 9. Community Feedback Sessions by Location

Location	Number of sessions
Elk Bend	1
Leadore	1
North Fork	1
Salmon	3
Challis	3
Mackay	1
Stanley	1

Coding and Analysis

With the consent of participants, focus groups were audio recorded and transcribed verbatim using the online transcription service Rev. Focus group transcripts were then analyzed with thematic coding methods using NVivo Qualitative Software (QSR International Pty Ltd., 2022). A code guide was generated in two phases: 1) initial coding based on the topics and themes addressed in the interview guide and resulting interviews, and 2) focused coding where more detailed categories and emergent themes were developed based on the initial analysis. Survey responses were analyzed in two ways: 1) responses to close-ended questions were cleaned and analyzed in R and 2) responses to open-ended questions were analyzed using the same qualitative coding guide used to analyze interview data. A SWOT analysis framework was then applied to both the survey and focus group data.

Appendix B. Supplemental Socioeconomic Data

Race and Ethnicity

Table 10 displays the racial distribution of Lemhi and Custer counties. Both counties lack racial diversity, as both are predominantly white and non-Hispanic. Generally, the racial makeup in these counties is consistent with averages for the whole state.

Table 10. County Race Distribution

Race/Ethnicity	Custer County, Idaho	Lemhi County, Idaho	Idaho
White	89.8%	92.7%	84.9%
Black	0.1%	0.0%	0.7%
American Indian/ Alaska Native	0.8%	0.4%	1.2%
Asian	0.0%	0.2%	1.3%
Pacific Islander	0.0%	0.0%	0.1%
Other Race	1.2%	1.6%	4.5%
Two or More Races	8.1%	5.1%	7.2%
Not Hispanic	96.1%	96.4%	86.9%
Hispanic	3.9%	3.6%	13.1%

Source: 2022 ACS.

Education

Table 11 shows the educational attainment of the population in Lemhi and Custer counties. In both counties, the two highest levels of educational attainment are high school and some college. A higher percentage of the population in Custer County has a bachelor's degree relative to Lemhi County, while Lemhi County has a higher percentage of people with a graduate or professional degree relative to Custer County.

Table 11. Education Attainment by County

Education	Custer County, Idaho	Lemhi County, Idaho	Idaho
Less than 9th grade	2.1%	1.4%	2.0%
High School, no diploma	6.3%	7.4%	5.7%
High School or equivalency	27.1%	33.5%	28.0%
Some College	26.7%	26.4%	27.2%
Associate's Degree	9.2%	11.1%	9.5%
Bachelor's Degree	23.6%	12.3%	18.8%
Graduate or Professional Degree	4.9%	7.9%	8.8%

Source: 2022 ACS.

Employment

Figure 30. Monthly Unemployment Rate, Non-Seasonally Adjusted

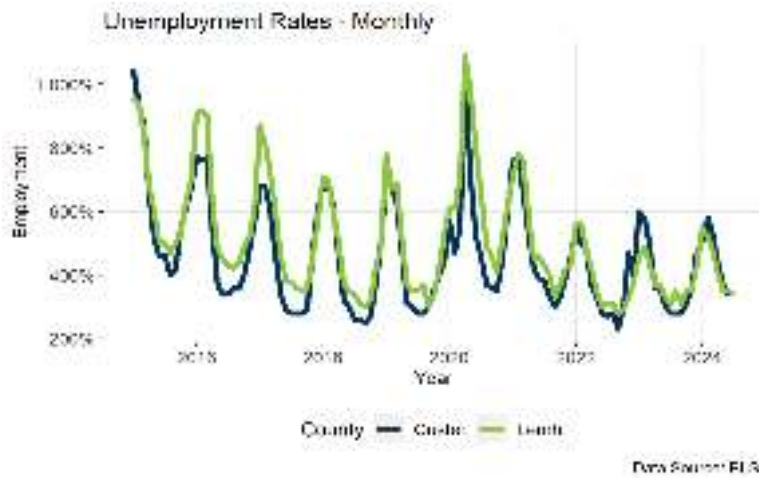


Figure 31. Annual Unemployment Rates



Table 12. Annual Unemployment Rates

Year	Custer Unemployment Rate	Lemhi Unemployment Rate	Idaho Unemployment Rate
2015	6.33	6.55	3.89
2016	5.04	5.99	3.65
2017	4.39	5.27	3.21
2018	4.13	4.51	2.88
2019	4.28	4.73	2.89
2020	5.34	6.62	5.55
2021	4.77	5.11	3.57
2022	3.71	3.81	2.85
2023	3.90	3.80	3.08
2024	4.43	4.27	3.63

Source: Bureau of Labor Statistics.

Air BnB's

Figure 32. Air Bnb Average Nightly Rates

