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IN FOCUS

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The Labor Force Participation Rate

This In Focus provides an introduction to the Labor Force Participation Rate (LFPR), a key measure of the labor market. It is the fraction of people who are engaged in the labor force, whether they are employed or actively looking for employment.

How the Labor Force Participation Rate is Calculated

The Bureau of Labor Statistics (BLS) releases the official estimate of the LFPR each month. This is the number of people participating in the labor force—whether they are employed or unemployed—as a percentage of the civilian non-institutional population.

$$\text{LFPR} = \frac{\text{Employed} + \text{Unemployed}}{\text{Civilian Non-Institutional Population}}$$

BLS estimates the LFPR from the data collected in the Current Population Survey (CPS), a monthly survey conducted jointly by BLS and the Census Bureau. This survey has a sample size of 60,000 households per month, selected to be representative of the U.S. civilian non-institutional population. It does not include people on active military duty, people who are incarcerated, or people in residential care facilities. Survey interviewers ask several questions about the labor force status of each person aged 16 or older in each surveyed household to classify them as

- employed, if during the week before they are interviewed they worked at least one hour as a paid employee or in their own business, they were temporarily absent from their job or business, or they worked without pay for at least 15 hours in a family-owned business;
- unemployed, if during the week before they are interviewed they were not employed, they were available to work, and they were either temporarily laid off from a job to which they expected to be recalled or had made at least one active effort to find a job during the previous four weeks; or
- not in the labor force, if they are neither employed nor had actively searched for a job.

Why People Are Not in the Labor Force

Some reasons people are classified as not in the labor force are economic—people want a job, but believe no jobs are available for them and they have not looked for a job in the previous four weeks. These people are called *discouraged workers*. Other reasons people are not in the labor force appear to be noneconomic—they are full-time students, they have family responsibilities that would conflict with employment, they may be disabled in a way that prevents employment, or they may be fully retired.

Many decisions about labor force participation also involve a mix of economic and noneconomic factors, both of which can be influenced by policy. Decisions about whether to continue schooling or to retire may be influenced by labor market conditions as well as the out-of-pocket cost of schooling and the work incentives of Social Security program rules. Decisions about labor market participation for parents with partners can be affected by the cost and availability of child care. When the number of jobs is increasing and wages are rising, more young adults, previously discouraged workers, and people with family responsibilities may join the labor force and more older adults may postpone retirement.

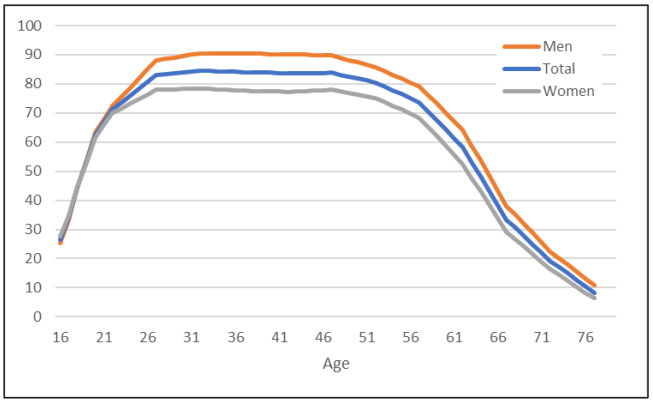
BLS estimates expanded versions of the unemployment rate (the number of unemployed people divided by the number of people in the labor force) that include discouraged workers. However, BLS does not count people as discouraged workers if they say they are not currently looking for work due to reasons such as family responsibilities, schooling, or disability. Thus, the LFPR and the unemployment rate provide distinct, complementary measures of labor market conditions.

LFPRs by Age, Sex, Race, and Education

By Age

In 2023, the LFPR rose from 26.5% for people aged 16-17 to a peak of 84.5% for people aged 30-34 as young adults complete their schooling and join the labor force. The LFPR then declines with age as people retire. This pattern is shown in **Figure 1**.

Figure 1. Labor Force Participation Rates by Age and Sex: 2023



Source: Bureau of Labor Statistics, Current Population Survey

Notes: Figure is smoothed using a five-year moving average over ages.

Lower LFPRs for older people mean that the aging of the population reduces LFPR. Thus, much attention on the LFPR as a U.S. economic indicator focuses on the LFPR of people aged 25-54 years, called *prime-aged* people. The Organisation for Economic Co-operation and Development's version of the LFPR divides the total labor force by the *working-age population* of people aged 15-64.

By Sex

At all ages older than 17, the LFPR of men is higher than that of women (**Figure 1**). Men's LFPR is more than 10 percentage points higher than women's from ages 24-29 through ages 60-64, as more women than men leave the labor force, typically to raise their children, and remain out of the labor force.

By Race and Hispanic origin

LFPRs vary by race and Hispanic origin (**Table 1**). Black men have prime-aged LFPRs that are lower than the overall average for men, while Black women have prime-aged LFPRs that are higher than the overall average for women. Black women have had particularly high LFPRs for at least 150 years, although their LFPRs are now more similar to those of other women than they were historically.

Table 1. Prime-Aged Labor Force Participation Rates: 2023

(by race and Hispanic origin, and by sex)

	Overall	Men	Women
Overall	83.3	89.1	77.4
White	83.9	90.1	77.5
Black	81.5	83.9	79.4
Asian	82.7	91.3	74.6
Hispanic	81.0	90.1	71.4

Source: Bureau of Labor Statistics, Current Population Survey

Notes: People who are of Hispanic origin may be of any race, and are included in previous rows of this table.

Asian men have prime-aged LFPRs that are higher than the overall average for men, while both Asian and Hispanic women have prime-aged LFPRs that are lower than the overall average for women.

By Education

LFPRs are higher for people with greater levels of education, among both men and women. This is due to both the higher labor force participation rates of people with more education at ages 25-55 as well as the later retirement ages of people with more education.

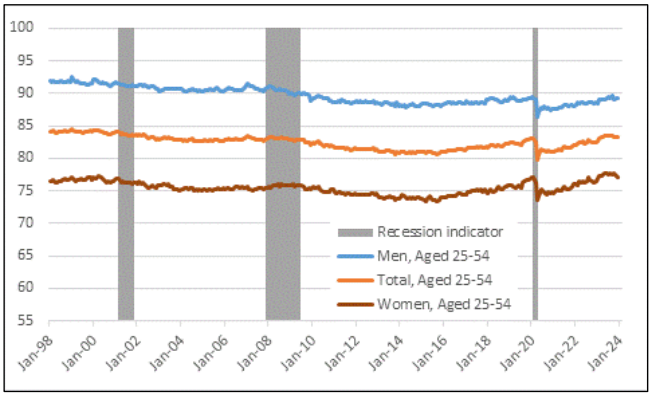
Changes in LFPRs Over Time

Prime-aged LFPRs by sex for the past 25 years are shown in **Figure 2**. Overall, the LFPR was slightly lower in 2023 (83.3%) than in 1998 (84.1%), due to falling men's LFPRs.

The LFPR is associated with business cycles. It falls during and after recessions, and rises when recoveries are well underway. After the 2007-2009 recession, the prime-aged LFPR reached a low of 80.9% in 2014 and 2015 before recovering to 82.5% in 2019. In the COVID-19 recession, the prime-aged LFPR fell to 79.8% in April 2020, but it has been generally increasing since then.

Figure 2. Prime-Aged Labor Force Participation Rates: January 1998–February 2024

(by sex)



Source: Bureau of Labor Statistics, Current Population Survey

Changes Over Time for Men

The prime-aged LFPR for men fell from over 95% before 1973 to a low of 88.2% in 2014. This decline was greatest among men without college degrees. Economists have linked the fall in this LFPR to the decline in real wages for men without college degrees, the increased generosity of the Social Security Disability Insurance programs after the mid-1980s, the increase in the overuse of opioid pain medications, the rising share of men with prior prison records, and falling marriage expectations for men.

The LFPR rate for prime-aged men increased in the strong labor market of the late 2010s, reaching 89.1% in 2019. It fell to a new low of 86.3% in April 2020, during the COVID-19 recession, but has been rising since then.

Changes Over Time for Women

The prime-aged LFPR for women rose from less than 50% before 1970 to 76.8% in 1999, largely due to the increased participation of mothers in the labor force. However, in the early 2000s LFPRs for married mothers and for mothers without college degrees declined. The LFPR of prime-aged women declined to 73.7% in 2015.

In recent decades, the LFPR of women has become more closely linked to the business cycle. In the strong labor market of the late 2010s, the LFPR of prime-aged women rose to 76% in 2019. It fell to 73.5% in April 2020, but has been rising since then, with a record high of 77.4% in 2023.

Data Availability

The CPS sample is large enough to produce monthly labor force estimates by detailed age, sex, race, educational attainment, veteran status, and nativity. BLS publishes these LFPRs as part of the monthly "Employment Situation" press release. BLS also publishes annual LFPRs for parents, by the age of their youngest child, and for disabled and nondisabled people.

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