Labor force projections to 2024: the labor force is growing, but slowly

The labor force is projected to grow over the next 10 years at an average annual rate of 0.5 percent, a slower rate than in recent decades. Demographic factors—including slower population growth and the aging of the U.S. population—in addition to the declining labor force participation rate will be responsible for the projected growth of the labor force.

As a result of declining fertility rates and decreasing international migration, the population of the United States is growing more slowly than in previous decades and is also getting older.¹ In addition, the labor force participation rate has been declining as a result of demographic, structural, and cyclical factors after having peaked from 1997 to 2000. Still, even with the decreasing participation rates of the past few years, because population is the single most important factor in determining the size and composition of the labor force, the declining growth of the labor force is more a result of the declining growth rate of the population over the years.

The U.S. labor force—the number of people working or looking for work—is projected to reach 163.8 million in 2024.² The labor force is anticipated to grow by 7.9 million, reflecting an average annual growth rate of 0.5 percent, over the 2014–24 period. The growth in the labor force during that timespan is projected to be smaller than in the previous 10-year period, 2004–14, when the labor force grew by 8.5 million, or 0.6 percent, annually, on average. (See table 1.) Two intertwined changes have affected the growth of the labor force over the past several decades: changes in the demographic composition of the population and changing labor market choices.

The projected labor force growth over the 2014–24 period will be affected by the aging of the baby-boom generation, those born between 1946 and 1964. In 2014, the baby boomers were 50 to 68 years old. The leading edge of the baby boomers (those born in 1946) became eligible for early Social Security benefits at age 62 in 2008 and reached full retirement age at 66 in 2012. In 2024, the baby-boom cohort will be ages 60 to 78, and a large number will already have exited the labor force.
A review of the 2014–24 projected labor force data reveals that certain demographic groups are projected to grow more rapidly than others. Women are expected to see their numbers in the labor force grow more slowly than in 2004–14, but their growth rate will still be faster than that of men. (See table 1.) As a result, the share of women in the labor force is projected to increase from 46.8 percent in 2014 to 47.2 percent in 2024. Over the same period, the number of men in the labor force is projected to grow at an average annual rate of 0.4 percent, a rate slower than that of the previous decade. Men's share of the labor force is expected to decrease from 53.2 percent in 2014 to 52.8 percent in 2024. The labor force will continue to age, with the average annual growth rate of the 55-years-and-older group projected to be 1.8 percent, more than 3 times the rate of growth of the overall labor force. The group's share of the labor force is anticipated to increase from 21.7 percent in 2014 to nearly 25 percent in 2024.

By contrast, the average annual growth rate of 16-to 24-year-olds in the labor force is projected to decline by a significant 1.4 percent. It is expected that, in 2024, the younger age group will constitute 11.3 percent of the labor force, down from its 13.7-percent share in 2014. Prime-age workers—those between the ages of 25 and 54—are projected to have a growth rate of 0.4 percent and are expected to make up nearly 64 percent of the labor force in 2024. During the 2014–24 period, the growth of the labor force will be due entirely to population growth, as the overall labor force participation rate is expected to decrease even further by 2024.