

Labor force participation and employment rates declining for prime-age men and women

Cody Parkinson

The labor force participation rate is the number of people either employed or unemployed but available and looking for work as a proportion of the total civilian noninstitutional working-age population (usually people aged 15 or 16 and over). The employment-to-population ratio is the proportion of the age-eligible civilian noninstitutional population that is employed. In a recent Federal Reserve Bank of Dallas Economic Letter by Alexander W. Richter, Daniel Chapman and Emil Mihaylov titled “[Declining U.S. labor force participation rates stand out](#),” labor force participation rates and employment-to-population ratios in the United States are compared with the rates and ratios in other developed countries.

Data from various sources, including the Organization for Economic Cooperation and Development (OCED), reveal several trends. Over the past 20 years, participation and employment rates have declined at a higher rate in the United States than they have in any other OCED country, particularly for “prime-age” individuals (25–54 years old).

From 1996 to 2016, the labor force participation rate for U.S. men with a college degree declined from 95.6 percent in 1996 to 93.4 percent in 2016. Similarly, the labor force participation rate for U.S. women with a college degree declined, from 84.2 percent to 82.0 percent. Among the OCED regions listed (United States, Canada, France, Germany, Italy, Sweden, United Kingdom, and European Union), U.S. women with college degrees had the lowest labor force participation rate in 2016 compared to women with degrees from the other regions. Participation rates for both men and women without college degrees in the United States fell by at least 5.0 percentage points each during the 1996–2016 period.

Employment-to-population ratio data in the United States show a similar trend. Employment rates for men with college degrees declined from 93.4 percent in 1996 to 91.2 percent in 2016. Employment rates for women fell 2.3 percentage points during the same period, to 79.7 percent. Employment rates for men with no college degree fell 4.7 percentage points, to 80.2 percent, and the rates for women with no college degree fell sharply over the same period, from 67.8 percent to 62.4 percent. This was the only decrease for women without a college degree among the OCED regions.

Among all OCED regions, prime-age participation rates for men in the United States ranked 23rd out of 33 countries in 1996, and fell to 31st in 2016. For U.S. women, the rank fell from 11th to 27th. Employment rates fared no better, with men falling from 15th to 22nd and women dropping 15 spots, from 10th to 25th.

Richter, Chapman, and Mihaylov present a number of possible factors for why labor force participation and employment rates have declined: less-generous maternity and child-care policies, higher incarceration rates, poorer health outcomes, and less spending on on-the-job retraining and job-search assistance programs. The

authors close by noting that labor force participation and employment rates have been declining since before the Great Recession. They suggest that social policies designed to increase parental leave and childcare, lower incarceration rates, improve health care, and provide job training may help reverse the trend.