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How Women And Aging Affect Trends In Labor Force Growth

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Labor force growth is an important component of economic growth. Two demographic shifts have had significant impacts on the U.S. labor force: changes in women’s participation and the growth of older age groups.

These two shifts differ in cause. Behavior changes resulted in more women joining the workforce. The growing percentage of the older population is a change to that demographic group itself. As this group's population share rises, the overall labor force participation rate has declined because older people are less likely to work as they age.

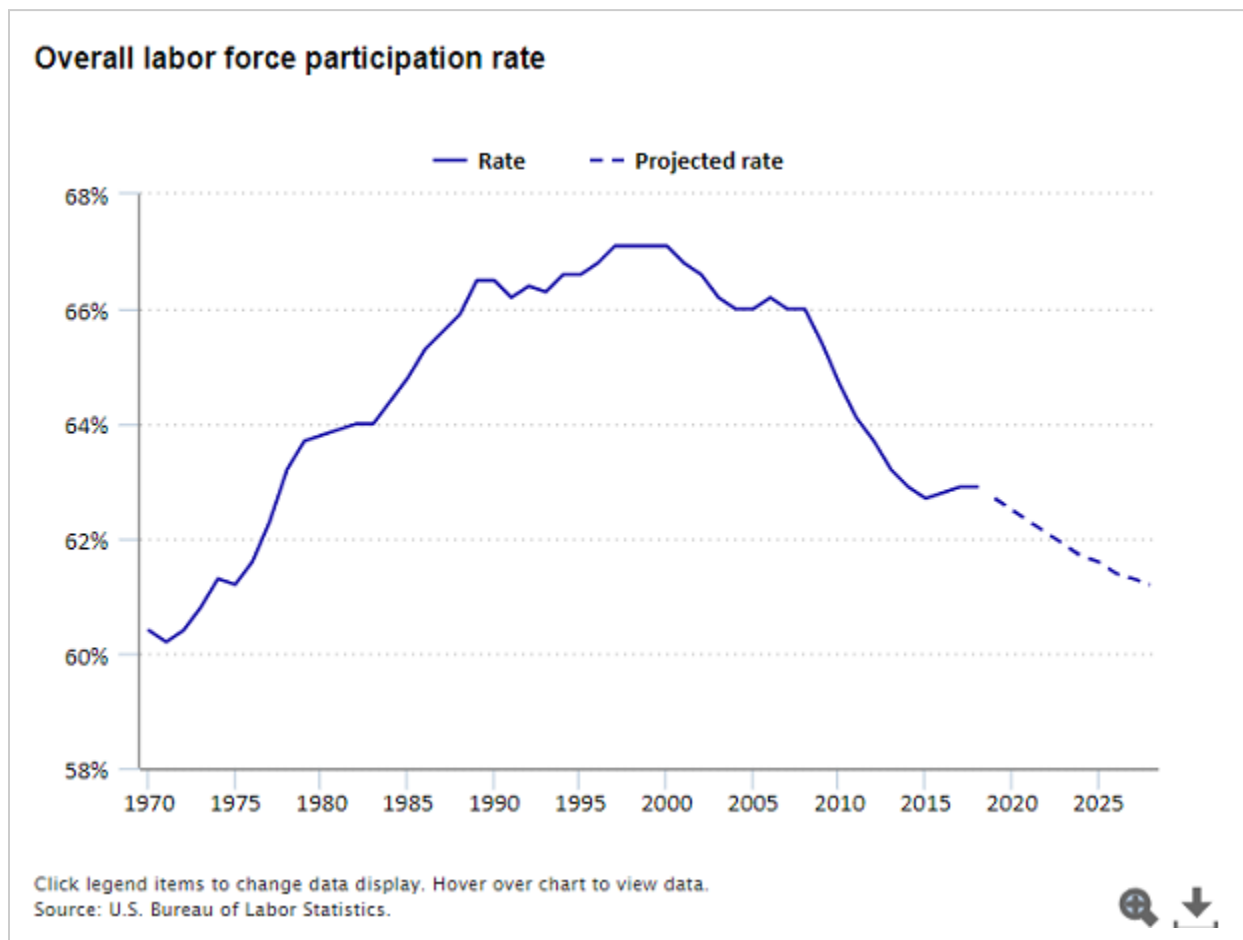
The trend of increasing participation of women ended around 2000. Baby boomers, the generation born from 1946 to 1964, first started qualifying for Social Security retirement benefits shortly thereafter. The two shifts have resulted in slower overall U.S. labor force growth, a trend we project to continue. This Spotlight on Statistics examines these shifts in detail.

Labor force participation rate declining since 2000

The labor force participation rate has been declining consistently, from a high of 67.1 percent from 1997 through 2000 to 62.9 percent in 2018. We project the rate to continue declining, to 61.2 percent by 2028. While the rate stabilized in recent years because of stronger economic growth, we project the labor force participation rate to continue declining over the decade. (Historical data in this Spotlight stop at 2018 because BLS projections use 2018 as the base year.)

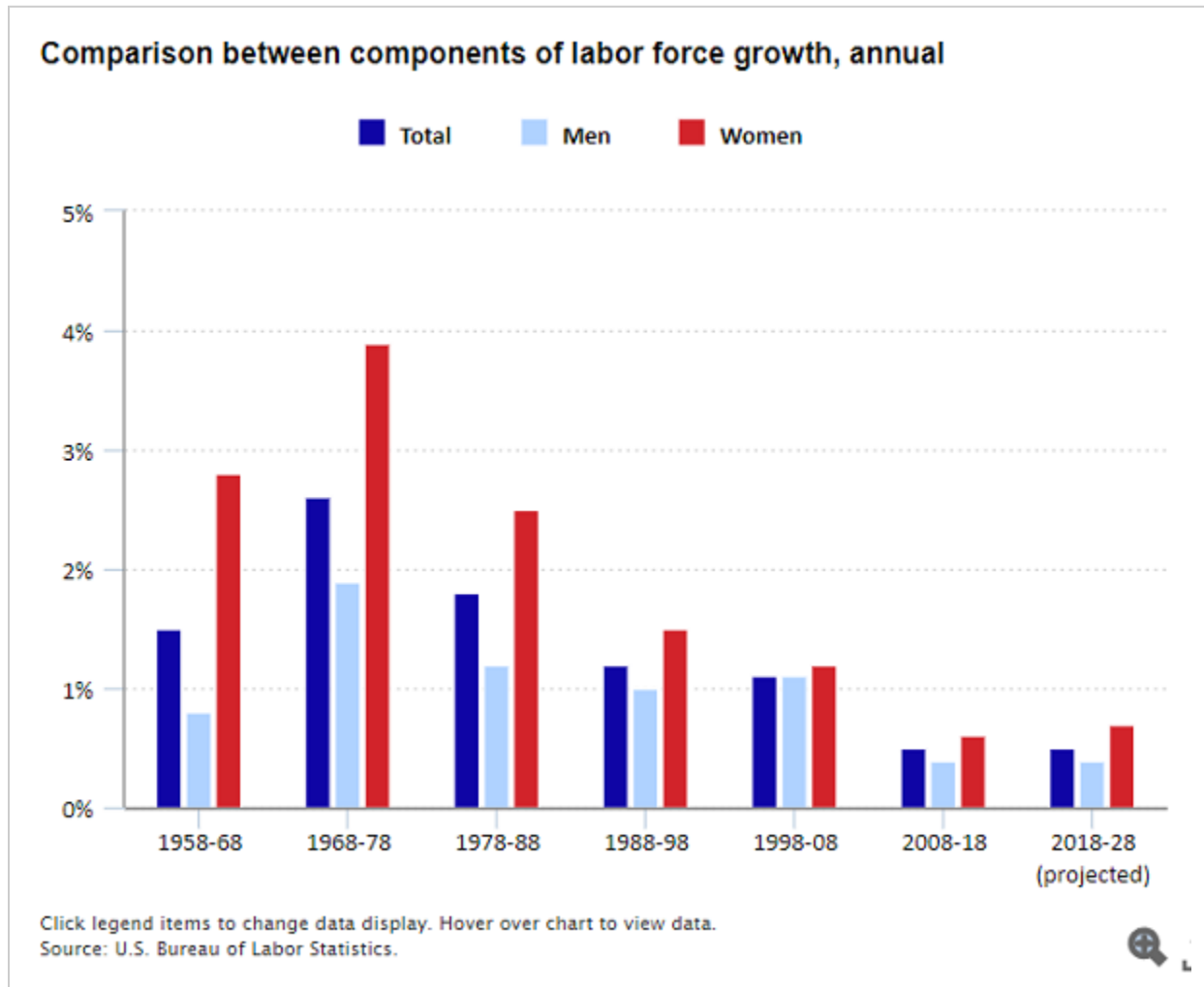
Women’s increasing labor force participation rate during the latter half of the 20th century bolstered overall labor force growth. This trend ended in the 21st century.

Participation rates could have been expected to flatten, rather than decline, if not for the second demographic shift: Older age groups are growing faster than the population at large, especially people 65 years and older. Individuals in these groups are less likely to be in the labor force.



Labor force growth rate for women double that of men for 30 years

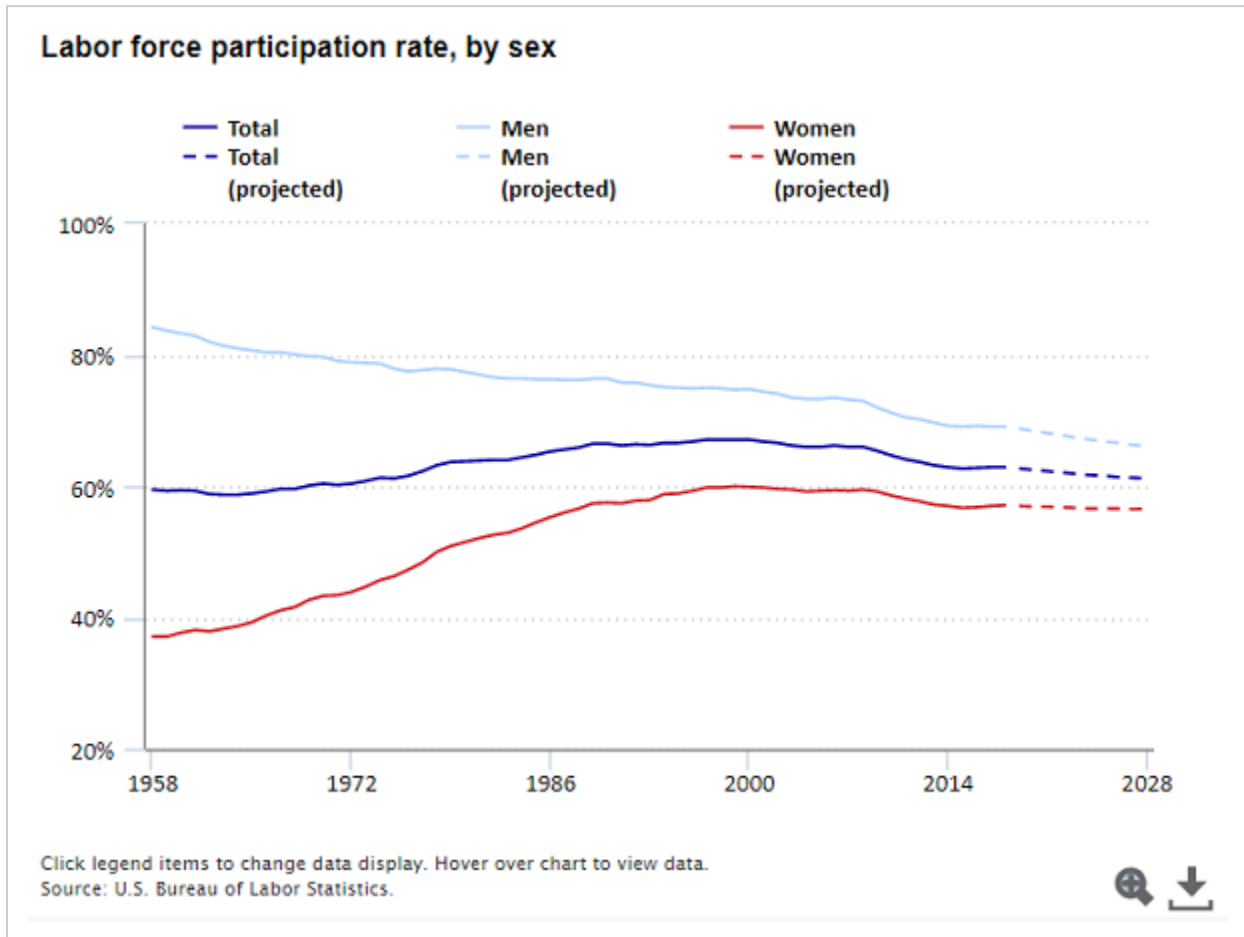
Since the second half of the 20th century, women have had an increasing role in the labor force. From 1958 to 1988, the labor force growth rate for women was more than double that for men. Growth rates between the sexes have since narrowed, particularly from 1998 to 2008. BLS projects the 2018–28 growth rate for women to rise slightly, but far less than it did previously.



Labor force participation rate gap narrows between the sexes

Over much of the second half of the 20th century, women’s labor force participation increased dramatically. At the beginning of the 21st century, women’s participation declined; however, in the last couple of years, it has flattened. BLS projects the women’s labor force participation rate to remain about the same in 2028, at 56.6 percent.

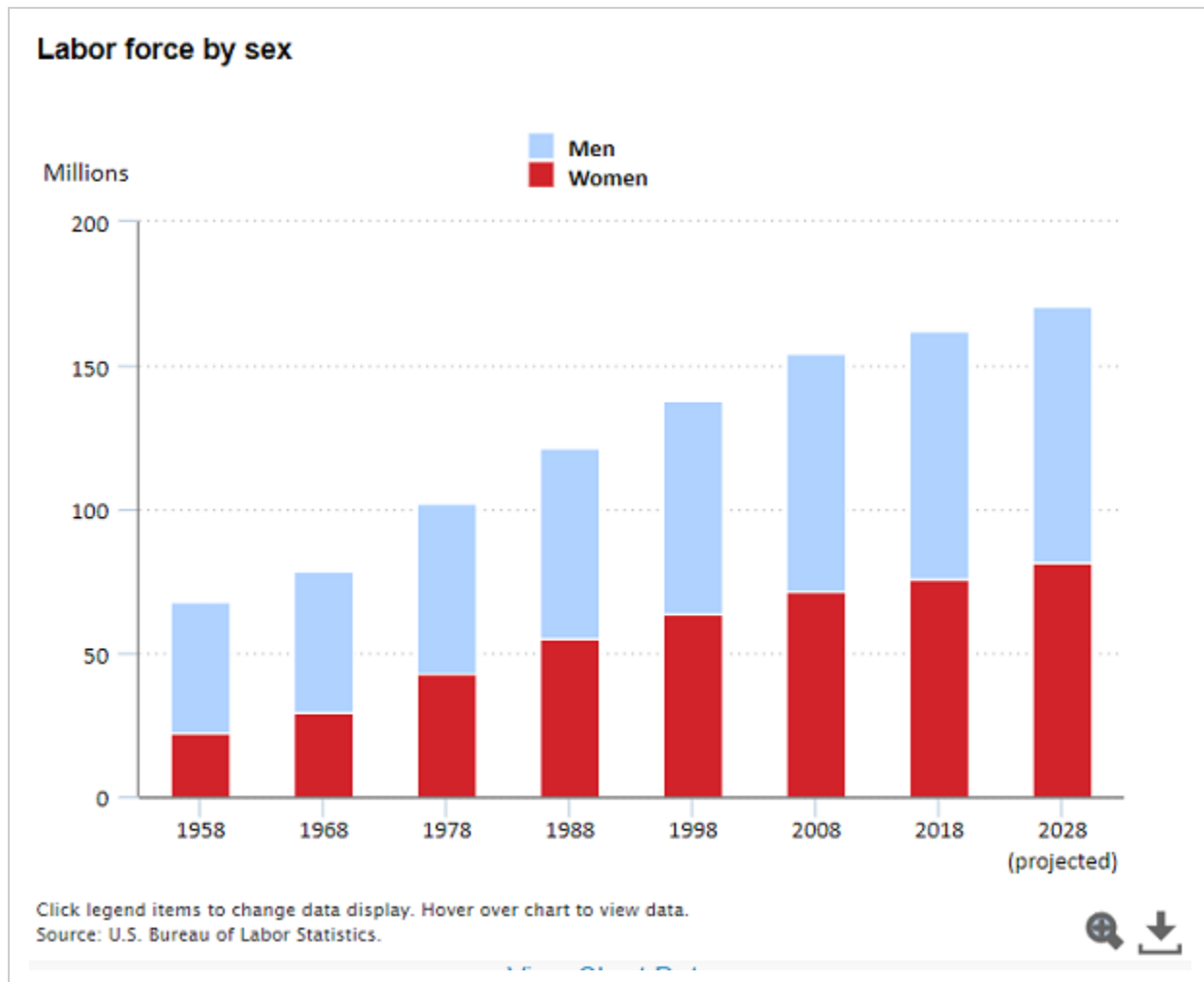
Although not a focus of this Spotlight, the men’s labor force participation rate has trended downward over the second half of the 20th century and the beginning of the 21st. It is projected to continue declining over the next 10 years.



Women's share of labor force rose to 47 percent in 2018

Women made up less than one third of the U.S. labor force in 1958. Thirty years later, they accounted for 45 percent. During this time, the labor force grew more than 1.5 percent annually.

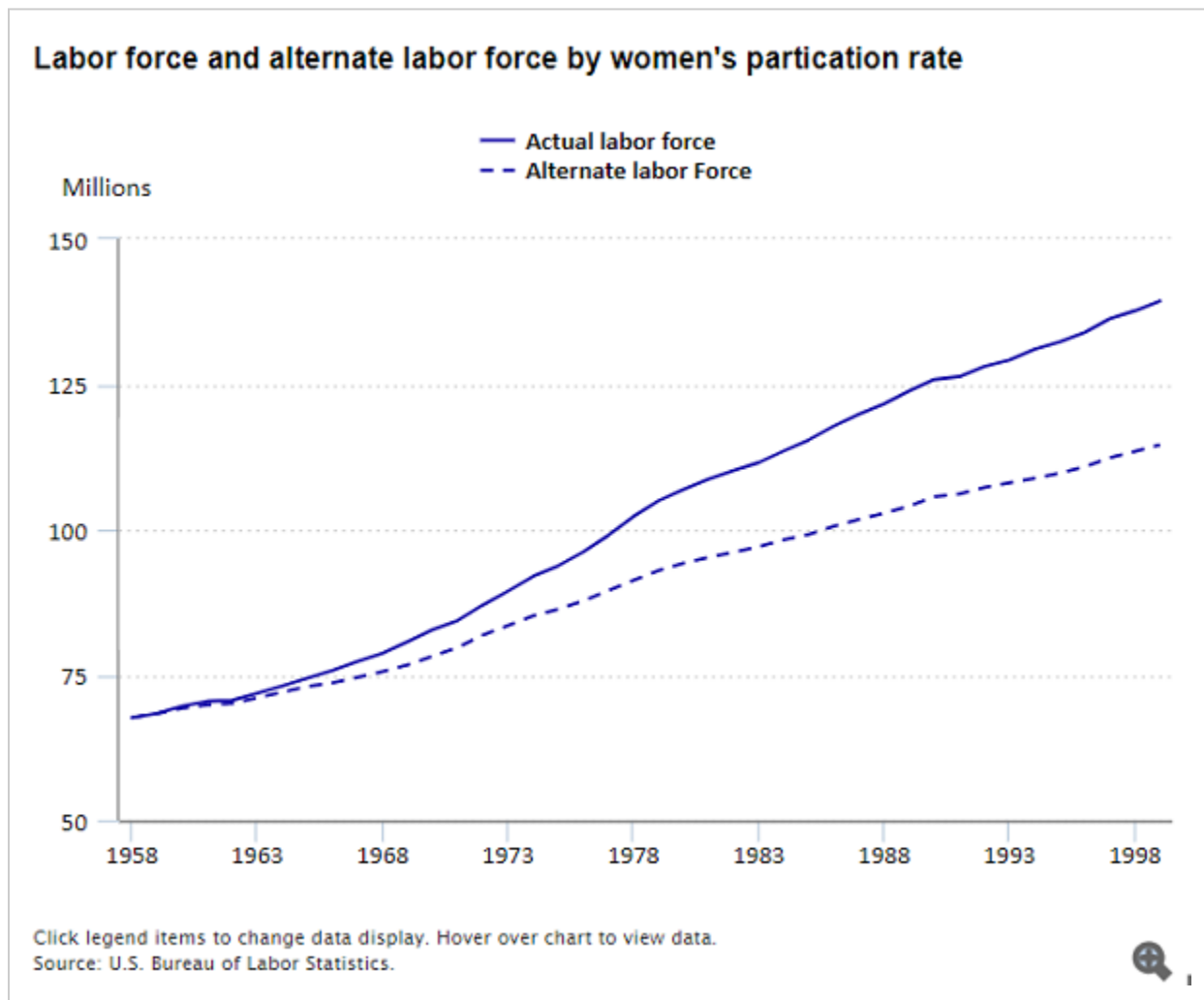
The labor force grew only 0.5 percent annually between 2008 and 2018. BLS projects the same growth rate of 0.5 percent annually from 2018 to 2028. The end of women's steady increase in labor force participation and the aging of the population have resulted in slower labor force growth overall.



Overall labor force bolstered by more women participants

By holding the women’s labor force participation rate constant, we can see how changes in the labor force result from changes in women’s labor force participation rate. We estimated an alternate labor force by holding the 1958 women’s labor force participation rate constant and applying it to women’s population through the peak of women’s labor force participation in 1999.

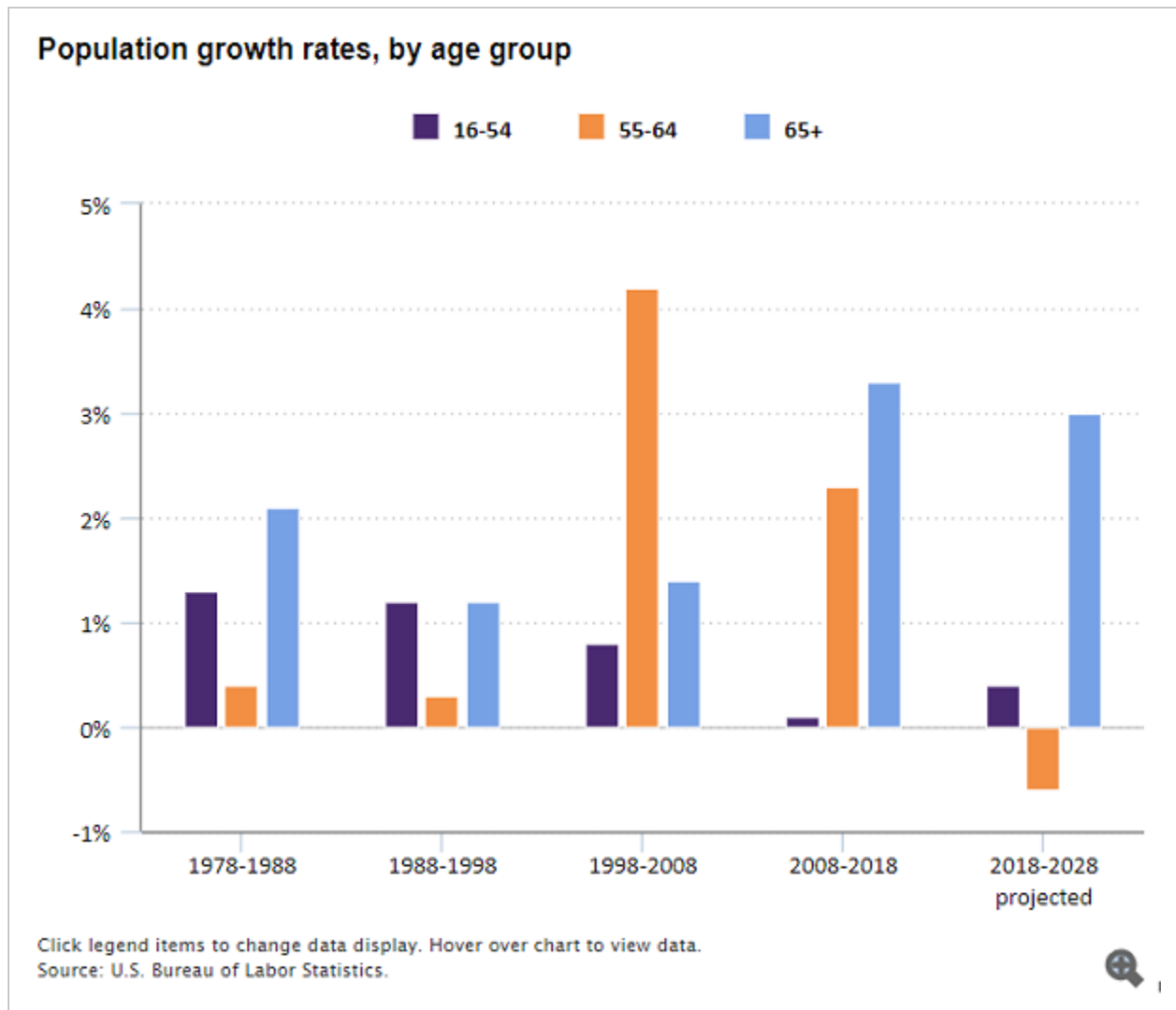
The gap between the alternate and historic labor force levels grew significantly until 1999, when the women’s labor force participation rate peaked. At this time the gap between the hypothetical labor force and the actual labor force reached almost 25 million, or nearly 18 percent of the labor force.



Booming 65+ population slows labor force growth

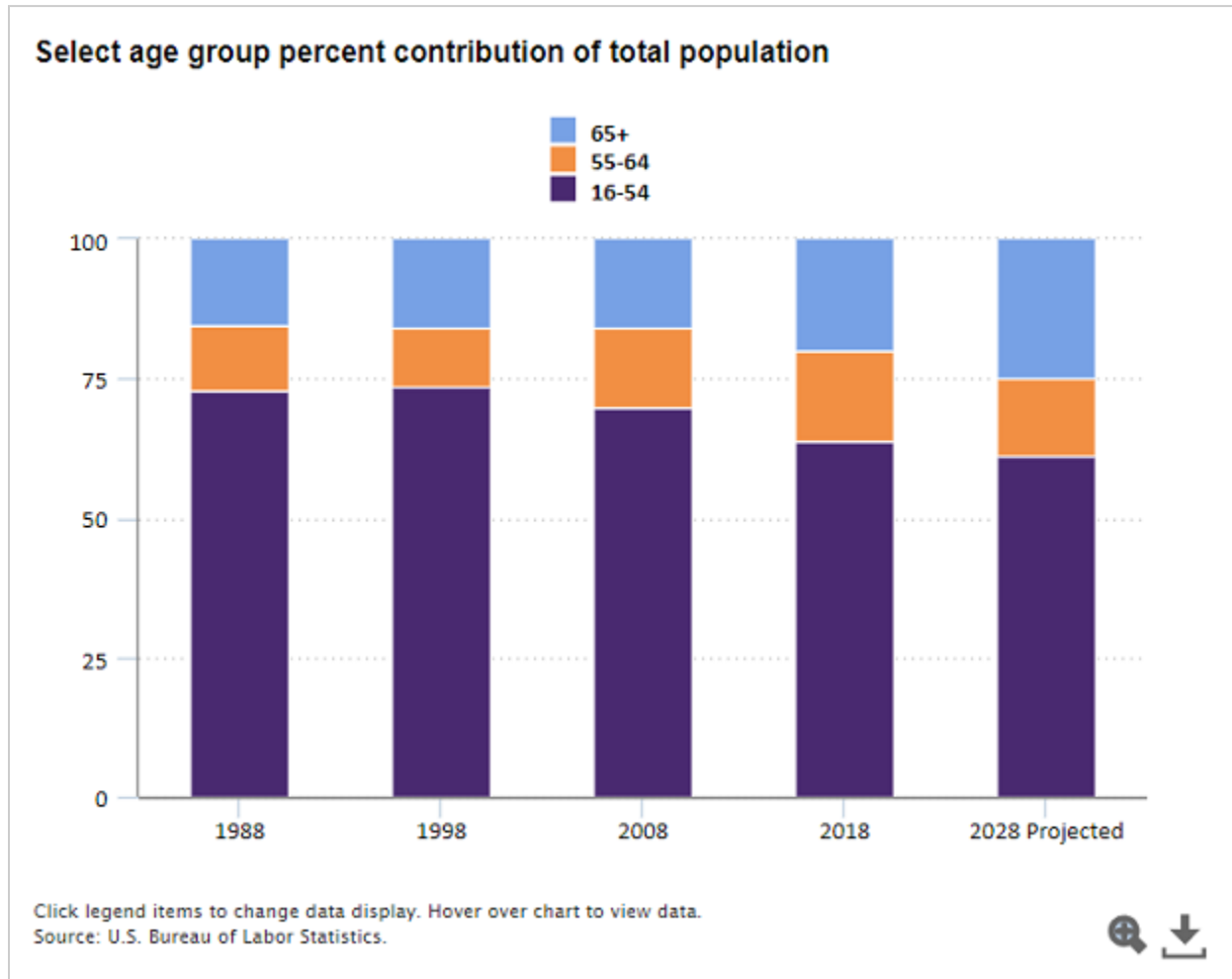
The slowing of women’s entry into the labor force kept the labor force participation rate from rising, but the growth of the older population caused the labor force participation rate to fall.

Overall, population growth has not slowed, but growth has been uneven across age groups. The oldest groups, who are least likely to work, have been growing the fastest since 2008. This is often associated with the aging of baby boomers. This trend is expected to continue over the next decade.



25 percent of population to be 65 or older in 10 years

The divergent growth rates among older and younger groups have had a notable effect on the age distribution for the population, and that is projected to continue. BLS projects about 1 in 4 Americans to be 65 or older in 2028, compared to about 1 in 6 Americans in 1998 and 2008.

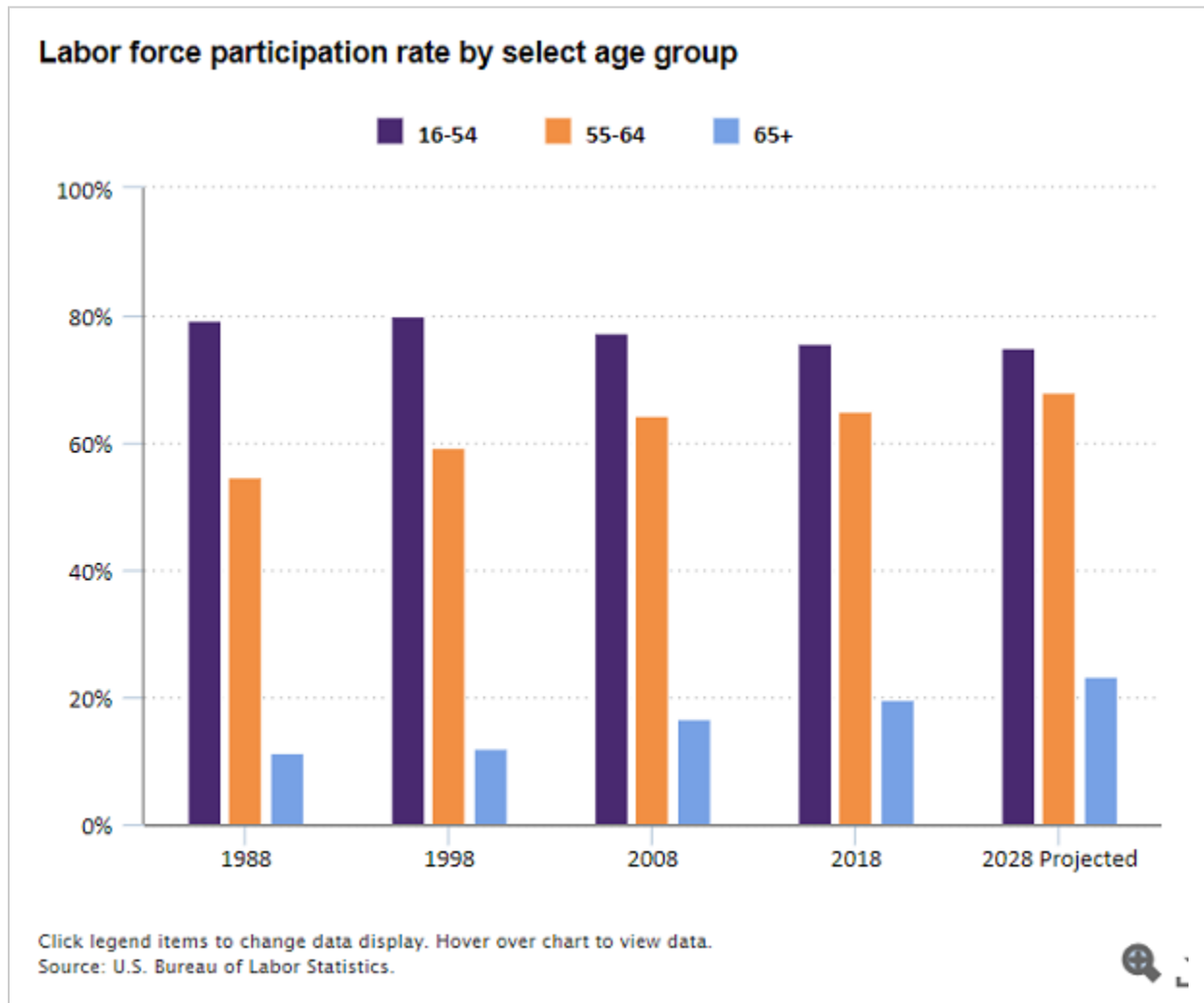


Percent of older Americans working up over the decades

The increase in older age groups as a percent of the total population is noteworthy. Older people are less likely to be in the labor force, which causes the overall labor force participation rate to decline.

Although the labor force participation rate for older groups has been increasing slightly, for the oldest workers (65 and older), the odds of working are still significantly below that of younger people.

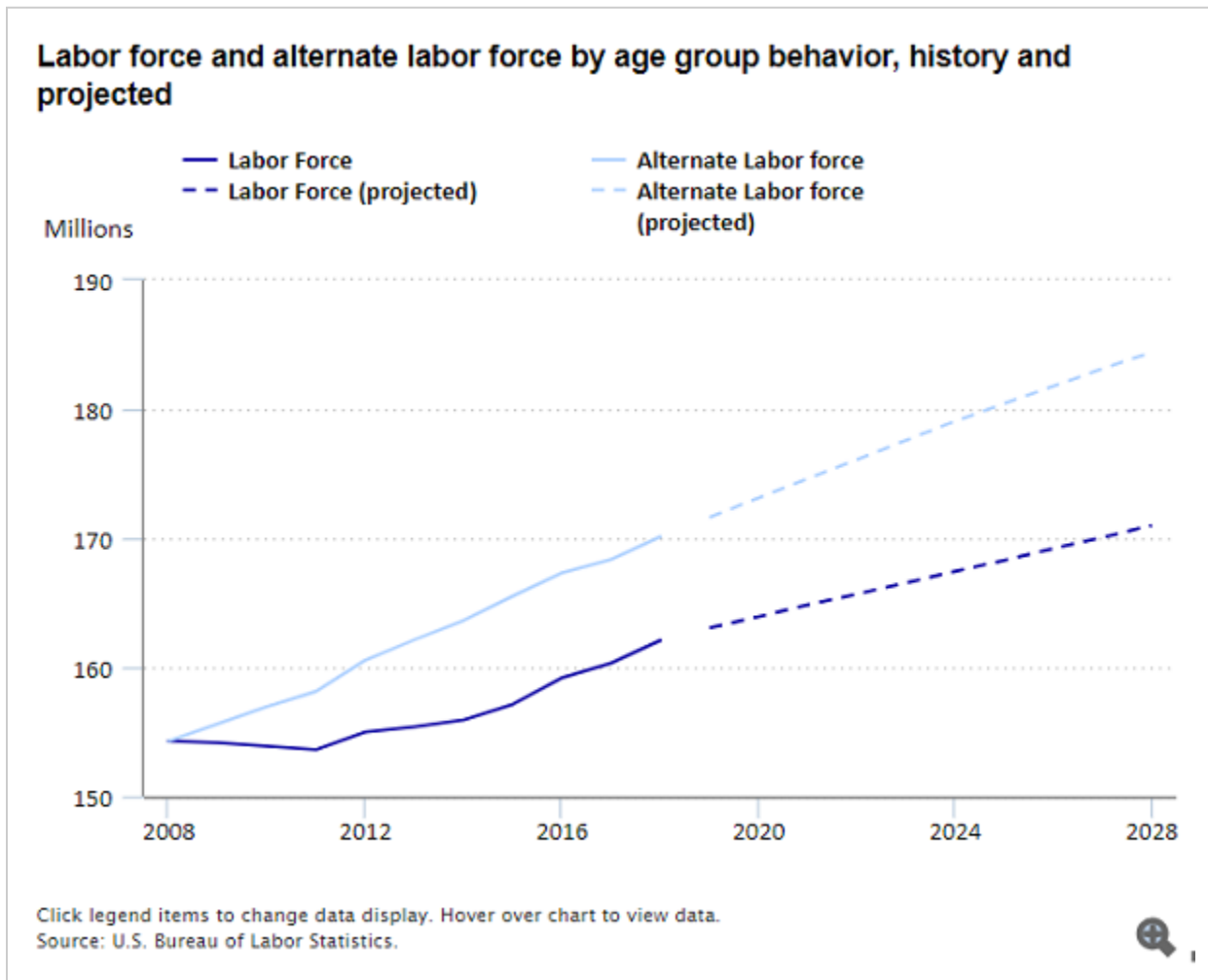
The disparity between participation rates is especially notable for people age 65 and older. There is not much of a drop in participation rate for those ages 55 to 64, compared with people ages 16 to 54.



Aging population expected to continue slowing labor force growth

By holding constant each age group’s share of the total population and the labor force participation rate of each group, we see how shifts in the population distribution affect the labor force. We estimate an alternate labor force by holding constant the relative contributions and labor force participation rate of each age group in 2008 and applying these to the labor force participation rates in other years. 2008 is chosen as the base year because this is the first year baby boomers, those born between 1946 and 1964, were eligible for Social Security. At this point the aging of the population begins to accelerate.

The gap between the alternate and historic labor force has increased over the past decade to a little over 8 million in 2018. This gap is projected to continue rising to over 13 million in 2028, nearly 8 percent of the labor force. The shift suggests the gap will continue to spread past 2028.



More information

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