Labor Force Participation in California
Trends, Gaps, and Policy Considerations
February 27, 2024

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Supported with funding from the Blue Shield of California Foundation; the James Irvine Foundation; and Workrise, hosted by the Urban Institute
Labor force participation in California

- Labor force participation: what share of 16+ are working?
  - Note: includes employed and unemployed

- Why focus on participation?
  - Key economic indicator: important for households and aggregate
  - Current economic conditions: tight labor market; business concerns over labor supply
  - Notable gaps
Examining trends and gaps in California labor supply supports effective policy action

- Trends: declining participation; aging population
- Gaps: race, gender, family structure, education, nativity, disability
- Opportunities: reducing barriers could improve household well-being and address labor supply challenges
  - Where would policy action have the highest impact?
  - Which gaps can state policy affect? How?
Labor force participation has declined in California and the nation

Percent in labor force

- Rest of nation
- California

- 63%
- 62%

For prime age workers, little change since 1980s

Percent in labor force

- 16–24
- 25–34
- 35–44
- 45–54
- 55–64
- 65–74


- 82.4%
- 82.6%
- 80.2%
- 65.2%
- 50.1%
- 27.9%
California’s long-term trend driven by aging

Percent in labor force

- Actual
- If participation among age groups stayed at 2001 levels
- If age of population stayed at 2001 levels

- 66.2%
- 62.4%
- 62.3%

Age explains about half of regional differences

- Regional participation gaps: from 57% in far north to 66% in Bay Area, LA metro, San Diego

- What drives regional differences?
  - Age explains about half
  - Other demographics (small role)
  - Differences in recession/recovery intensity over time
Demographic considerations are key to understanding participation

- Gender, race, family structure, nativity, education, disability
- Complex interaction of factors → multifaceted policy solutions
  - Education and family structure play key role in differences by gender and race
Latina women and Black men have lower participation rates than their peers.

<table>
<thead>
<tr>
<th>Race</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>77%</td>
<td>90%</td>
</tr>
<tr>
<td>Latino</td>
<td>74%</td>
<td>91%</td>
</tr>
<tr>
<td>Asian</td>
<td>80%</td>
<td>91%</td>
</tr>
<tr>
<td>White</td>
<td>81%</td>
<td>90%</td>
</tr>
<tr>
<td>Black</td>
<td>79%</td>
<td>83%</td>
</tr>
</tbody>
</table>
Race/ethnic differences vary by education

[Bar chart showing differences by education level and race/ethnicity]
Gender gaps smallest for most educated without children

Percentage points difference in LFPR of women and men

- Children 5 and younger
- Children 6-17
- No children
- Never married, no children

Less-than-high school diploma | High school diploma | Some college | Bachelor's degree or more | All
Participation among prime age adults with a disability increased since 2019
Top 10 large low-participation groups create multiple policy opportunities
Large impacts from increasing participation among older adults, improving education

- Aging population: large impacts
  - Expand recent trends among 55–74: 720K more workers
  - If 55–64 had LFP of prime age: 700K more

- Education gaps: large impacts
  - Closing education gaps: 1.2 million more
  - Would close most racial participation gaps

- Gender gaps: smaller impacts
  - Early childcare expansion: 80K+ workers
  - Larger impact from closing “marriage gap” (~1 million more)
Policy takeaways and opportunities

- California faces long-term decline due to aging population
  - Higher participation among older adults one “solution”

- Low-participation groups create the most policy opportunities
  - Distinct challenges: partnered Latina women; single less-educated men

- Participation gaps are intersectional—and require multifaceted policy solutions to address
Notes on the use of these slides

These slides were created to accompany a presentation. They do not include full documentation of sources, data samples, methods, and interpretations. To avoid misinterpretations, please contact:

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Thank you for your interest in this work.