

Labor Force Participation in California

Trends, Gaps, and Policy Considerations

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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

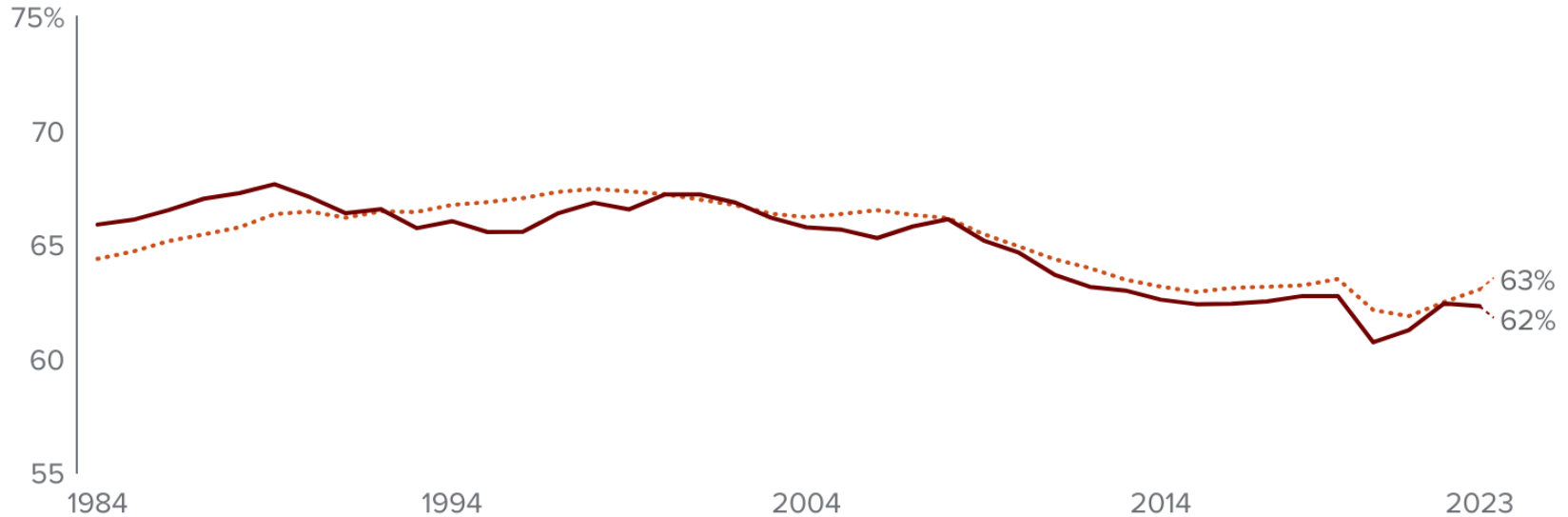
Examining trends and gaps in California labor supply supports effective policy action

- 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

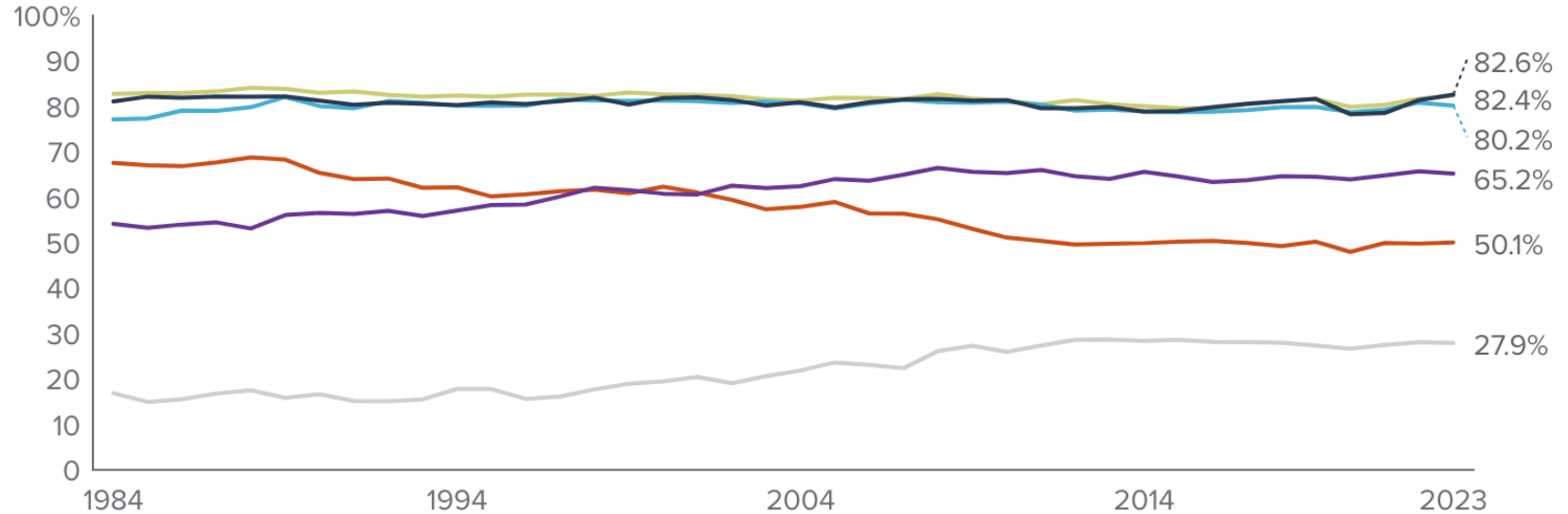
Rest of nation California



For prime age workers, little change since 1980s

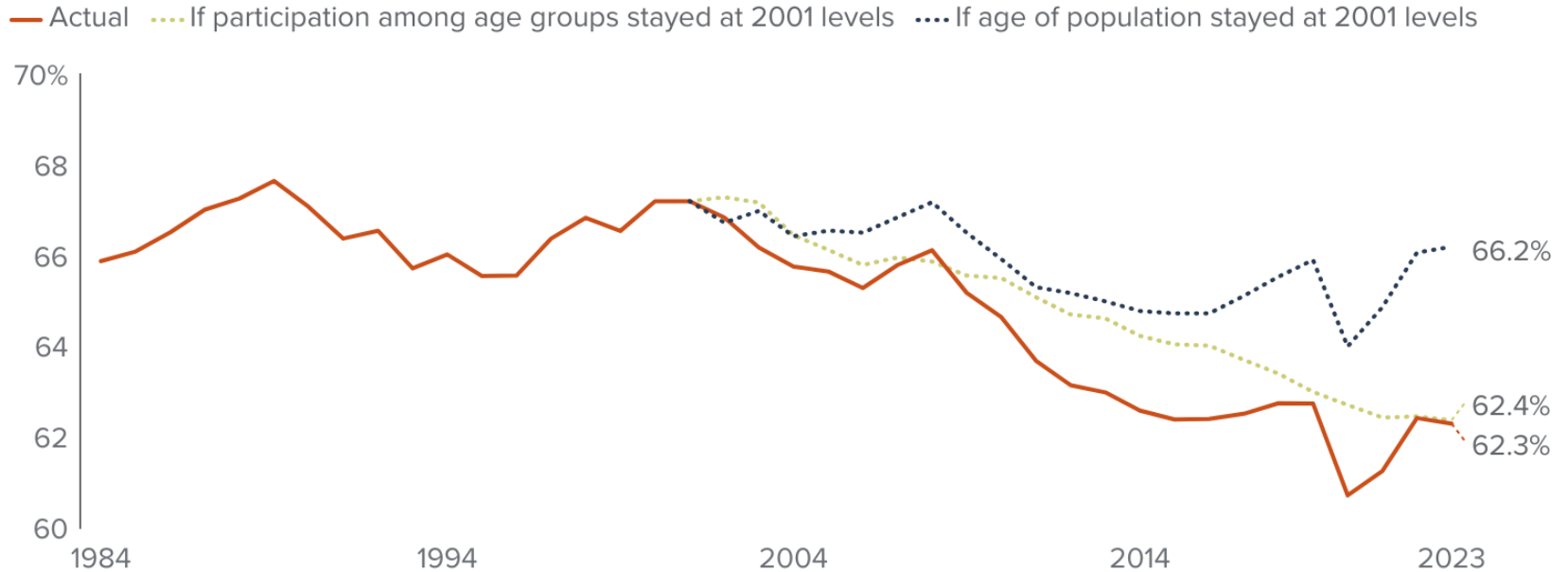
Percent in labor force

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



California's long-term trend driven by aging

Percent in labor force



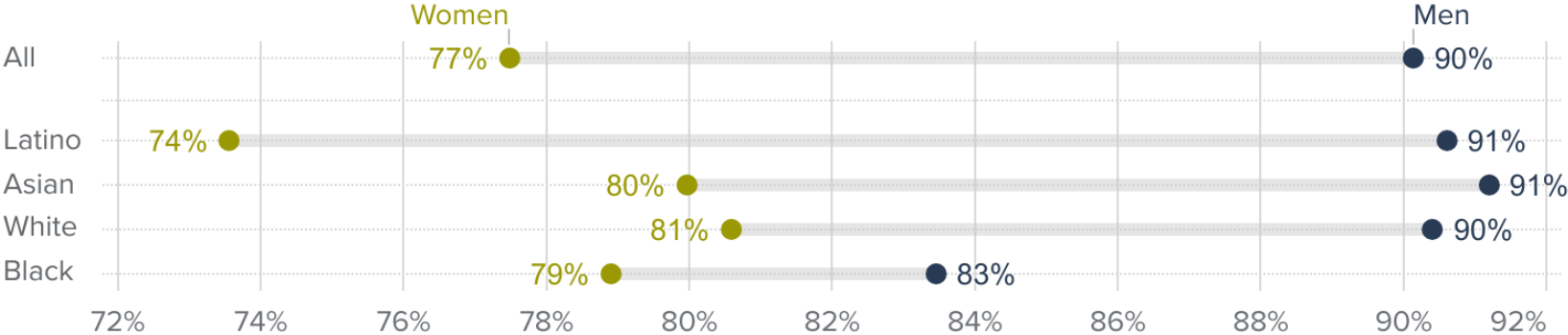
Age explains about half of regional differences

- 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

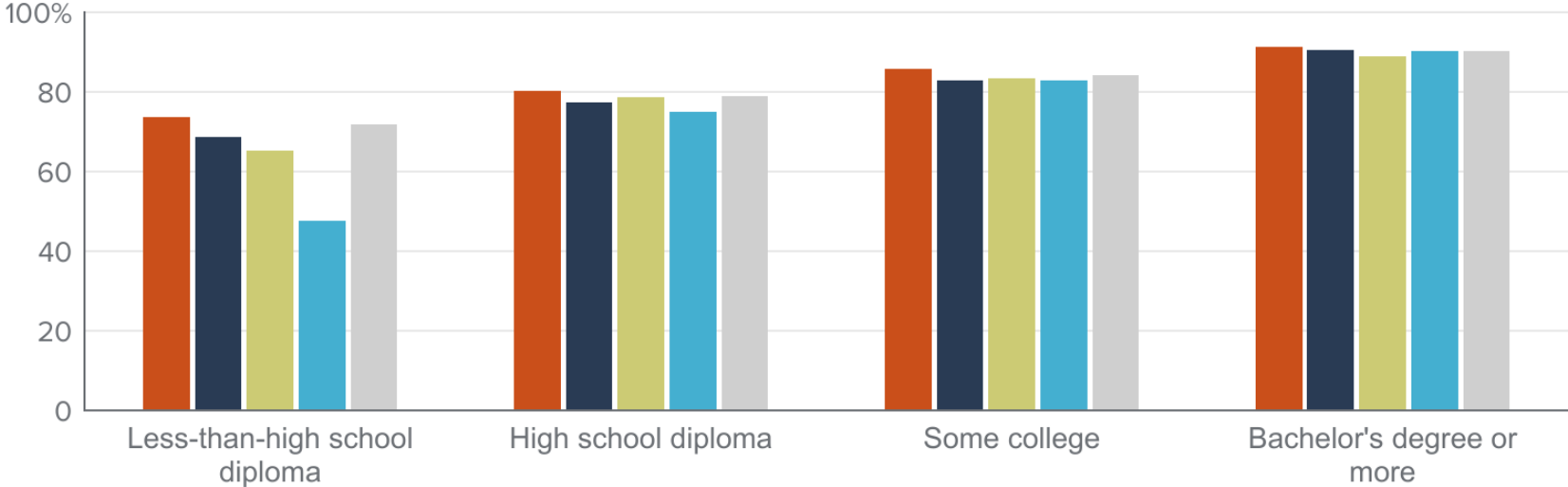
- Gender, race, family structure, nativity, education, disability
- Complex interaction of factors → multifaceted policy solutions
 - Education and family structure play key role in differences by gender and race

Latina women and Black men have lower participation rates than their peers



Race/ethnic differences vary by education

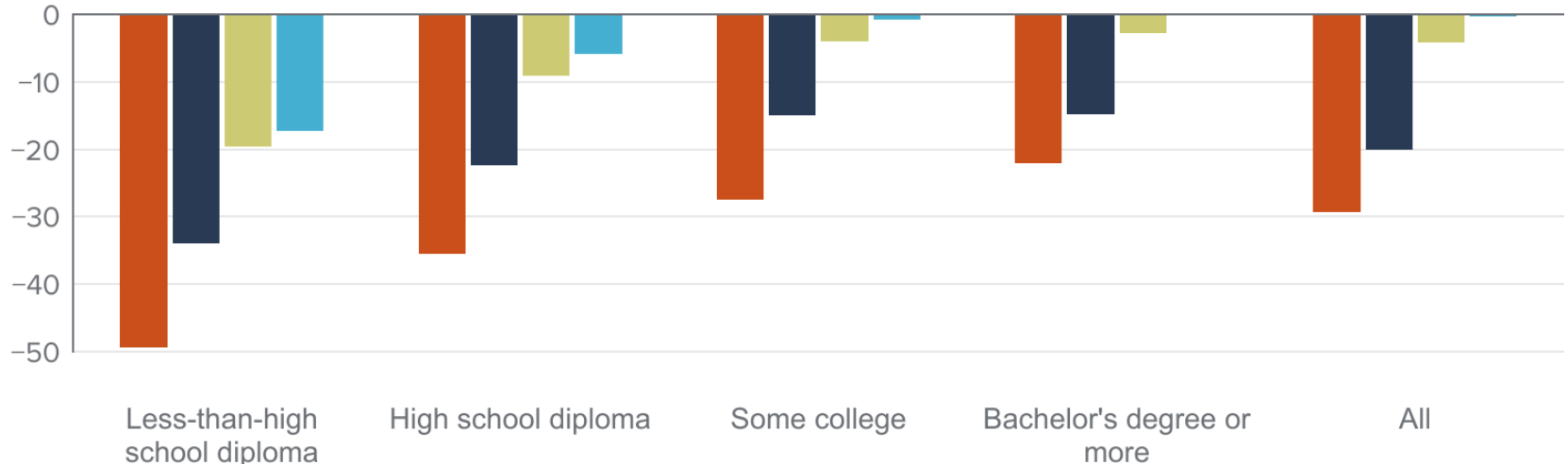
Latino White Asian Black All



Gender gaps smallest for most educated without children

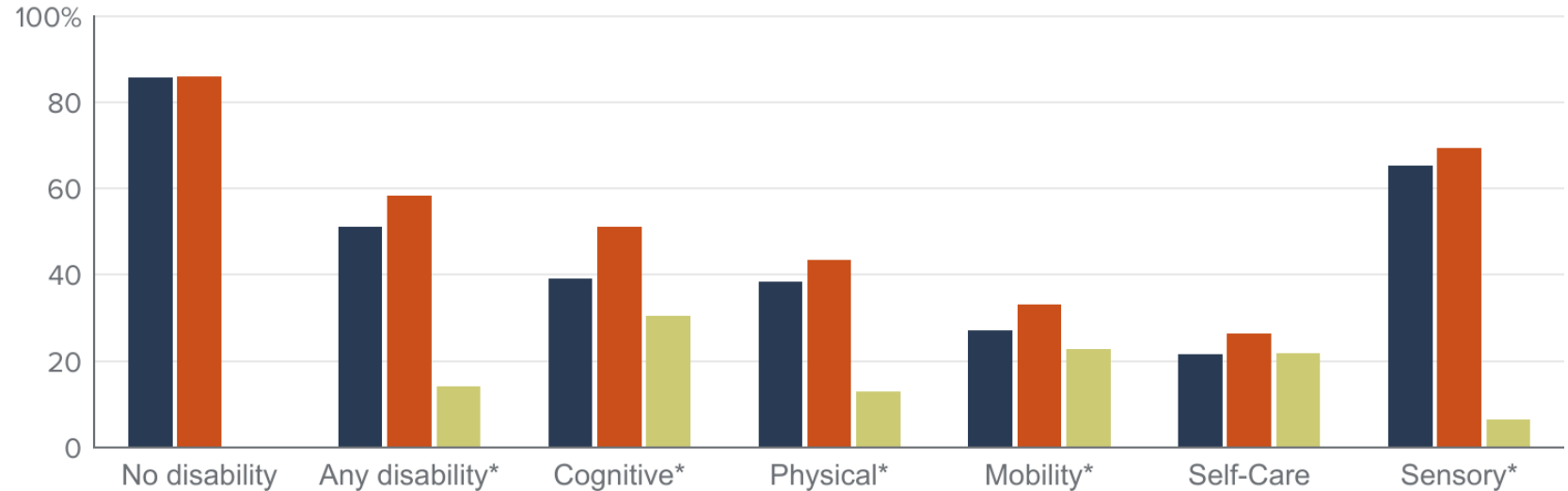
Percentage points difference in LFPR of women and men

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

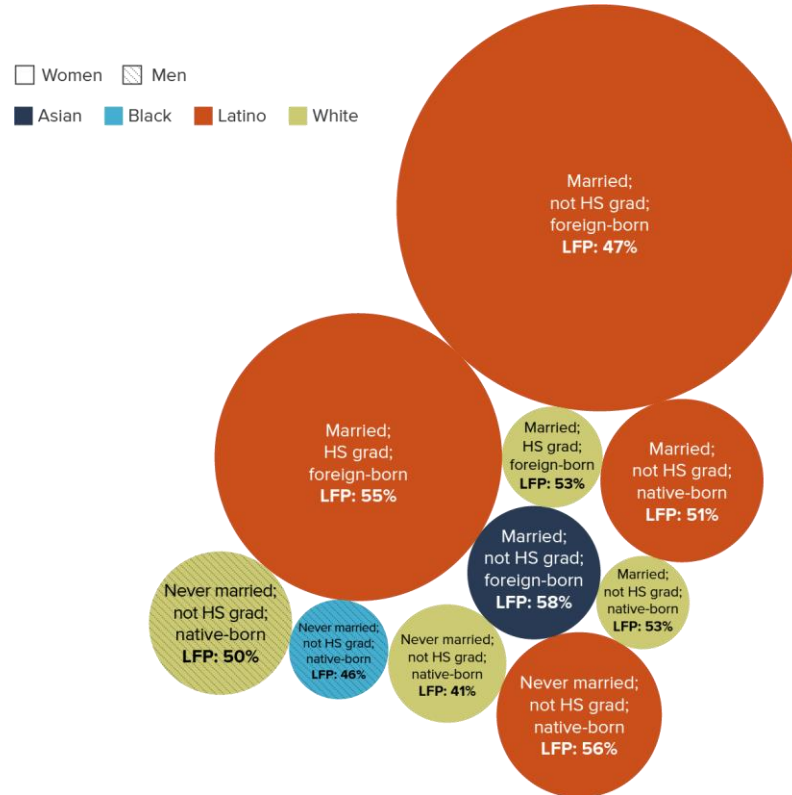


Participation among prime age adults with a disability increased since 2019

■ LFPR, 2019 ■ LFPR, 2022 ■ % increase in LFPR, 2019–2022



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.