

RESEARCH NOTES



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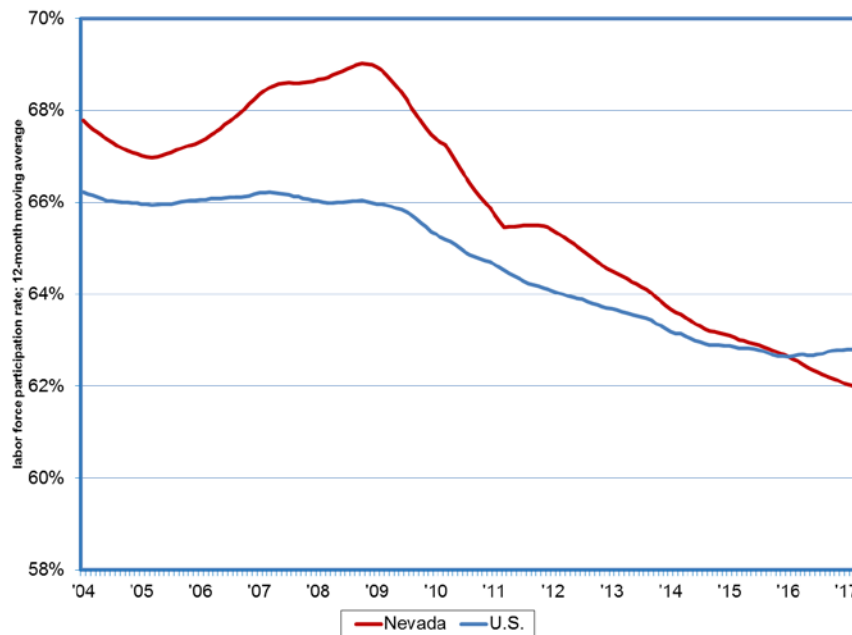
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Labor Force Participation Rate
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Labor Force Participation Rate Dips Below That For the U.S.; Declining Over Time Due to Structural/Cyclical Forces; Somewhat Worrisome in the Face of Solid Labor Market Fundamentals



- The Labor Force Participation Rate (LFPR) is a simple measure: the ratio of the labor force relative to the population (16 years and older). It measures the extent to which Nevadans are participating in the workforce, either as workers or job seekers. Movements in the LFPR can best be described as being either “structural” or “cyclical.”
- Structural movements result from underlying changes in labor market fundamentals, such as the aging of baby boomers into retirement. Cyclical movements occur when there are changes in the labor market due to shifts in the health of the economy, from expansion to decline, and vice versa, causing Nevadans to enter/exit the labor force in response.
- Nevada’s LFPR peaked at 69 percent in late-2008, and has been trending down since. Part of that decline has certainly been structural in nature, attributable to retirements. There was almost certainly a cyclical component to the decline, as well, most likely as a result of the recession. The same general pattern is evident in national trends. However, the decline has been more pronounced in the Silver State, as Nevada started with a slightly higher LFPR.
- In March 2017, Nevada’s LFPR has averaged 62 percent over the past 12 months, compared to 62.8 percent nationwide.
- The continued decline in the LFPR in the face of near-record employment, the 4th-highest job growth rank in the nation, and significant downward pressure on unemployment is concerning and merits monitoring in the months ahead.