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## FISCAL TOPICS

Fiscal Services Division

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## Iowa's Labor Force Participation Rate

A number of economic and labor indicators are available to examine the labor force: [labor force data](#) such as the unemployment rate from the [Iowa Workforce Development](#), the [Iowa Leading Indicators Index](#) produced by the [Iowa Department of Revenue](#), or a state's [Gross Domestic Product](#) from the [U.S. Bureau of Economic Analysis](#). The labor force participation rate is another tool used to analyze the labor force. Nationally, the labor force participation rate has fallen from 63.1% in CY 2019, before the start of the 2020 recession, to 61.7% in CY 2020. The Iowa labor force participation rate has also fallen from 70.2% in CY 2019 to 67.2% in CY 2020.

### Data and Definitions

The data used in this report is from the [Local Area Unemployment Statistics](#) (LAUS), a federal-state program that produces monthly and annual estimates of total employment and unemployment. The underlying concepts and definitions in the LAUS data come from the [Current Population Survey](#) (CPS), the household survey that is the official measure of the labor force for the nation. The following [Labor Force Concepts](#) are used by the [U.S. Bureau of Labor Statistics](#):

- The *civilian non-institutional population* consists of persons 16 years of age and older residing in the 50 states and the District of Columbia who are not inmates of institutions (for example, penal and mental facilities and homes for the aged) and who are not on active duty in the Armed Forces.
- *Employment* consists of all persons who, during the reference week, (a) did any work at all (at least one hour) as paid employees, worked in their own business or profession or on their own farm, or worked 15 hours or more as unpaid workers in an enterprise operated by a member of the family, or (b) were not working but had jobs or businesses from which they were temporarily absent because of vacation, illness, bad weather, child care problems, maternity or paternity leave, labor-management dispute, job training, or other family or personal reasons, whether or not they were paid for the time off or were seeking other jobs.
- *Unemployment* consists of all persons who had no employment during the reference week, were available for work (except for temporary illness), and had made specific efforts to find employment some time during the four-week period ending with the reference week. Persons who were waiting to be recalled to a job from which they had been laid off need not have been looking for work to be classified as unemployed.
- The *civilian labor force* consists of all persons classified as employed or unemployed as described above.

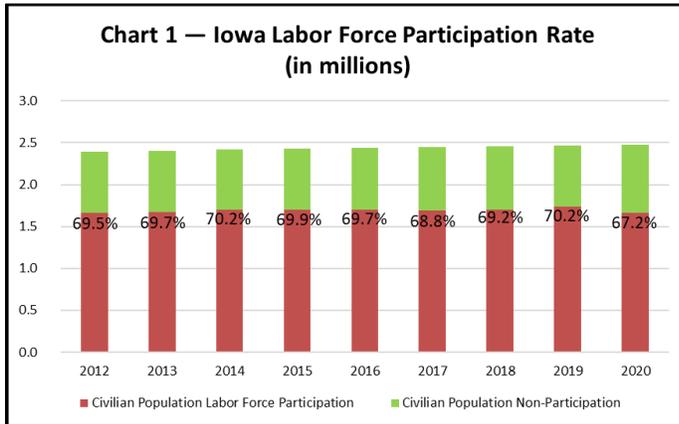
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### More Information

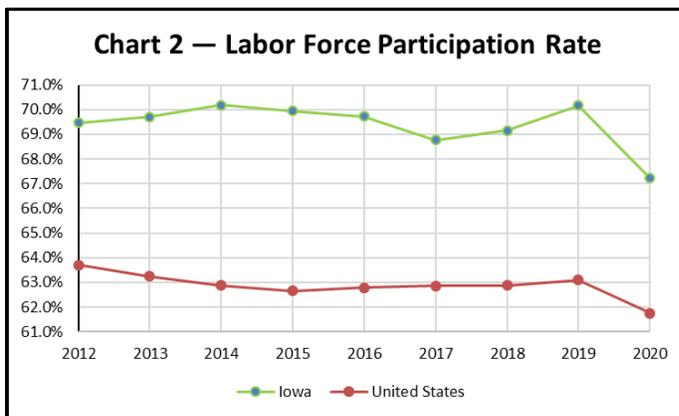
U.S. Bureau of Labor Statistics: [www.bls.gov](http://www.bls.gov)

LSA Staff Contact: Eric Richardson (515.281.6767) [eric.richardson@legis.iowa.gov](mailto:eric.richardson@legis.iowa.gov)

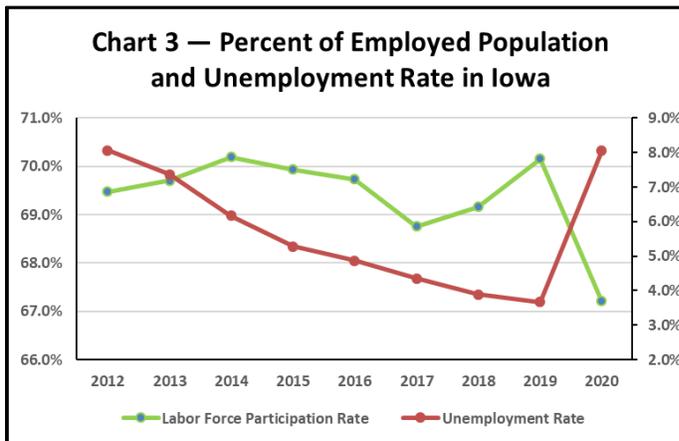
**Labor Force Participation Rate**



**Chart 1** shows that while the Iowa labor force participation rate increased from 68.8% in CY 2017 to 70.2% in CY 2019, the rate decreased to 67.2% in CY 2020 due to the COVID-19 pandemic and the February 2020 national recession.



**Chart 2** presents the labor force participation rates for Iowa and the United States for the years 2012 through 2020. The national labor force participation rate has slightly declined from 63.7% to 63.1% in CY 2019, before dropping to 61.7% in CY 2020 due to COVID-19 and the February 2020 recession. In Iowa, the labor force participation rate has varied since CY 2012, increasing overall from 69.5% to 70.2% in CY 2019 before dropping to 67.2% due to the recession. There was a minor decrease in Iowa from CY 2014 to CY 2017.



**Chart 3** shows the relationship between the labor force participation rate and the unemployment rate in Iowa. While the labor force participation rate measures the total percent of the non-institutional population 16 years old and older who are employed or unemployed, the unemployment rate measures the percentage of the total workforce that is seeking and does not have work. While labor force participation has increased by approximately 6,000 (0.4%) workers from CY 2012 through CY 2020, this has not kept pace with the population increase of approximately 90,000 (3.8%), leading to a decrease in the labor force participation rate. The unemployment rate decreased through CY 2019 as employment increased by approximately 110,000 (7.0%). However,

COVID-19 and the February 2020 recession reduced the labor force by approximately 67,000 (3.9%) from CY 2019 to CY 2020 at the same time jobs decreased by 107,000 (6.2%), increasing the unemployment rate.

**Summary**

Through CY 2019, labor force participation was on a general upswing at the same time jobs were increasing in Iowa, reducing the unemployment rate. However, the COVID-19 pandemic and the February 2020 national recession reduced both metrics, increasing unemployment during CY 2020.