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Ms. Hays:

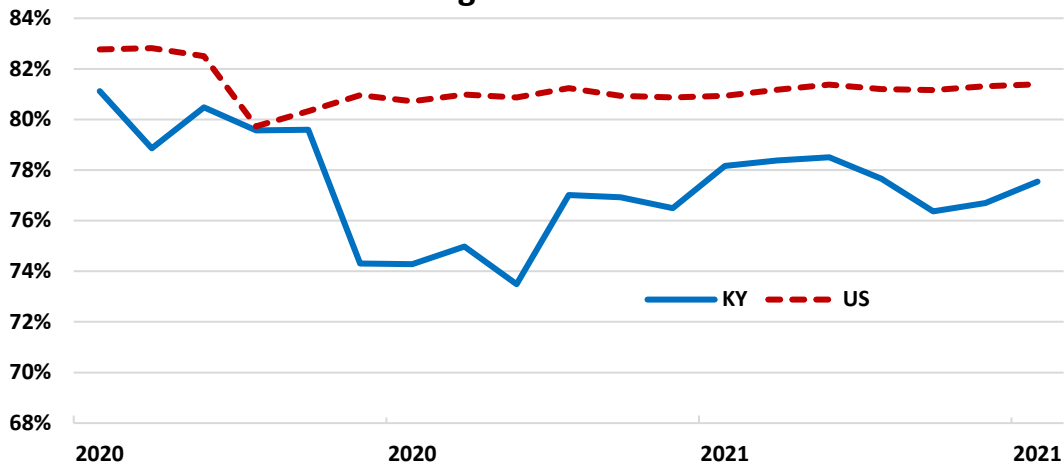
During my presentation to the August 4th meeting of the Interim Joint Committee on Appropriations and Revenue, a member requested labor force participation rates for the prime working age population in Kentucky.

Official labor force participation rates measure the percentage of the civilian non-institutional population who are either employed or are actively searching for employment. It includes all workers aged 16 and over.

One concern over this measure is that areas with disproportionately larger populations who are either younger or older might have appear to have lower labor force participation rates due to the age distribution of their populations. This occurs because younger individuals might be focused on school rather than employment. Likewise, older individuals may have retired and are not participating in the labor force. To address this concern, economists often look at the labor force participation of for the prime working age population. This measure is restricted to individuals aged 25 to 55.

Figure 1 shows estimates of the prime age labor force participation rates for the US and Kentucky. Please note, the estimates are not seasonally adjusted. The estimates show a similar pattern as the official rates, which include individuals aged 16 and over. That is, Kentucky's rate among the prime working age population is lower than the national rate. In addition, the gap increased during the pandemic.

Figure 1
Labor Force Participation Rate
Ages 25 to 55



Source: Calculated from the US Census Bureau's Current Population Survey. Not Seasonally Adjusted.

If you have any questions, please feel free to contact me.

Sincerely,



Mike Clark, Ph.D.
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Director, Center for Business and Economic Research