

Young Workers Leave PA Workforce



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Since the start of the pandemic, U.S. labor force participation rates (share of residents working or actively seeking work) have declined significantly for young workers. Relative to January 2020, the latest data (November 2022) show that rates declined -2.4 percentage points (ppts) for those age 20 to 24, but much more moderately for other groups: age 25 to 34 (-0.8 ppts), age 35 to 44 (-0.8 ppts), age 45 to 54 (-0.5 ppts). Due to insufficient data, the U.S. Bureau of Labor Statistics does not publish similar monthly metrics by age group for states, and average annual data are available only several months after the year ends.

An alternative data source is the Quarterly Workforce Indicators (QWI) published by the U.S. Census Bureau, which includes state employment data by age group. The QWI is a longitudinal dataset based on administrative records such as tax returns and quarterly filings by firms in the Unemployment Insurance system. The database includes approximately 90% of payroll employment, but excludes self-employed. The latest QWI data show that Pennsylvania payroll jobs declined by 151,000 (-3.0%, see table) from 2020 Q1 (pre-COVID, data from beginning of quarter) to 2022 Q1. Only two age cohorts recorded modest job gains during that time.¹

The second set of figures in the table shows the estimated change in population by age group. Two age groups recorded significant gains due to the aging of Baby Boomers (age 65 to 74 group) and the large Millennial generation that displaced the smaller Generation X (age 35 to 44). Overall, estimated population for residents age 19 to 74 declined by 31,400 (-0.3%).

	Age Group						Total
	19-24	25-34	35-44	45-54	55-64	65-74	
Change Payroll Jobs							
Number (000s)	-24.4	-52.4	1.2	-48.6	-34.5	7.7	-151.0
Percent	-4.6%	-4.6%	0.1%	-4.7%	-3.6%	2.1%	-3.0%
Change Population							
Number (000s)	5.0	-26.1	48.3	-62.4	-58.8	62.6	-31.4
Percent	0.5%	-1.5%	3.1%	-3.9%	-3.2%	4.4%	-0.3%
Ratio: Jobs / Population							
2020 Q1	0.547	0.673	0.655	0.641	0.528	0.263	0.558
2022 Q1	<u>0.519</u>	<u>0.652</u>	<u>0.637</u>	<u>0.636</u>	<u>0.526</u>	<u>0.257</u>	<u>0.543</u>
Change	-0.028	-0.021	-0.019	-0.006	-0.002	-0.006	-0.015
Worker Reduction (000s)	27	35	30	9	3	9	113
Note: Excludes self employed and workers under age 19. Employment count is beginning of quarter. Data are not seasonally adjusted and use the same quarter for comparison purposes. Source: U.S. Census Bureau (jobs by age and 2020 population) and IFO (2022 population).							

¹ Excludes workers age 14 to 18.

The third set of figures shows the ratio of QWI payroll jobs to population, which is similar to a labor force participation rate for payroll jobs, but excludes those actively seeking work (i.e., unemployed). The ratio computations reveal much larger declines for younger age groups and a contraction across all age groups. This outcome is consistent with labor force participation rate trends at the national level.

The final line of the table controls for population changes and reflects the number of additional workers if the ratio for each age group had not changed from 2020 Q1. If ratios had not changed, then there would be 113,000 additional workers, and more than one-half would be under age 35. As noted, these computations do not account for residents who are solely self-employed, and U.S. data show that the number of self-employed workers is now roughly five percent higher compared to pre-pandemic levels. State comparisons cannot be made because the U.S. Bureau of Labor Statistics does not publish self-employment data at the state level.

For October 2022, the Pennsylvania unemployment rate reached the lowest rate (4.0% seasonally adjusted, 3.3% non-seasonally adjusted) since data have been published (1976). Monthly state unemployment rates by age group are not published, and annual average rates are subject to wide confidence intervals due to lack of survey data within each age group for each state. Hence, the QWI data, although lagged, provide one of the best indicators regarding work force participation at the state level by age group.