

Labor Force Expands, but Fewer Migrants



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A critical factor that drives the long-term growth of a state economy is the expansion of the working age population, defined as state residents age 18 to 64.¹ For Pennsylvania, data from the U.S. Bureau of Labor Statistics' (BLS) [Quarterly Workforce Indicators](#) show that nearly 90% of workers are in that age group. How that group evolves over time will depend on flows into and out of the group from permanent residents and international and domestic migrants.

Recent changes to federal immigration policy have been in effect for more than a year, and data published by the U.S. Census Bureau can be used to gauge the implications for the state working age population. The table below shows data for residents age 18 to 64 and the annual change, which has been negative each year since the 2020 decennial census. (Data after the 2020 base year are estimates and will be revised at the next decennial census.) To that annual change, the table deducts (1) inflows into the age group (residents age 17 in the prior year who enter the working age group in the current year), (2) outflows (residents age 64 in the prior year who leave the group in the current year) and (3) deaths for that age group only.² The unexplained residual change is net migration, both domestic and international. The preliminary data show that the estimated impact due to net migration declined from 2024 (+33,000) to 2025 (+16,000), and the IFO projects a further decline for 2026 (+7,000).³ Because these data are preliminary estimates, they are best used to discern broad trends over several years; any single year could be an outlier (e.g., 2022) that will be adjusted when final estimates are published.

Impact of Net Migration on Pennsylvania Working Age Population (000s)

	2020	2021	2022	2023	2024	2025	2026
Residents Age 18 to 64	7,874	7,866	7,801	7,775	7,763	7,738	7,704
Annual Change		-8	-65	-27	-11	-25	-35
1 Less Group Inflows (Age In)		160	161	159	161	164	164
2 Less Group Outflows (Age Out)		-175	-181	-181	-178	-176	-177
3 Less Group Deaths		-34	-36	-30	-27	-29	-29
Residual: Net Migrants Age 18 to 64		42	-9	25	33	16	7

Note: Thousands of residents.

Source: U.S. Census Bureau and Pennsylvania Department of Health. 2026 is an estimate by IFO.

Despite the diminished positive impact from net migration, labor market data published by the BLS (not displayed) show that the state labor force expanded in 2025 Q4 (+38,400) and 2026 Q1 (+60,900) relative to the prior year. Those expansions follow five consecutive quarters of year-over-year contraction. This recent trend is reflected in an uptick in the Pennsylvania labor force participation rate, which is the share of residents age 16 or older who are working or actively seeking work. The latest data for 2026 Q1 show a gain of 0.4 percentage points from the prior year, which translates into 44,000 more residents working or seeking work. The expanding labor force is a positive outcome for economic growth, and the state economy is able to utilize new workers as the unemployment rate remains historically low (4.2%). A challenge for employers and policymakers will be to provide proper incentives and training to enable new workers to fill vacancies in high-demand sectors.

1 Many residents retire prior to age 64 or continue to work. However, age 64 is the median retirement age and is used for this definition.

2 Census data show large net inflows into the state for age 18 and 19, but large outflows that offset those gains for age 20 to 23. This pattern is attributable to attendance at Pennsylvania higher education institutions.

3 The U.S. Census Bureau notes that published estimates include undocumented migrants.