Who is in our labor force?

Introduction

Many data users are familiar with South Dakota's labor force statistics, which include total labor force, employment, unemployment and unemployment rate. During periods of rough economic times this statistical series is widely talked about, especially the unemployment rate which measures the number of people in the labor force who are currently unemployed and looking for a job. Labor force statistics are a valuable economic indicator for determining the health of the economy. Not only can we determine the number of employed and unemployed, we can also get a sense of the number of people participating in the labor force and learn some demographic characteristics of these participants.

Background

Before we get into this too far, let's get a little background on the subject. Don't worry; we'll try not to put you to sleep before we get to the good stuff. National labor force data is all derived from the monthly Current Population Survey (CPS). The CPS is conducted by the U.S. Census Bureau on behalf of the U.S. Bureau of Labor Statistics (BLS) and gives detailed demographic data at the national level. Some statewide data is also available, but because this household survey has a small sample of only 60,000 households, data below the national level is subject to high sampling errors and does not have as much detail. To alleviate some of the sampling error, data is produced at the statewide level annually or in 12-month moving averages.

Official statewide and substate labor force estimates are produced using the Local Area Unemployment Statistics (LAUS) program run by the Labor Market Information Center in cooperation with the BLS. The LAUS program uses CPS, Current Employment Statistics (CES) and unemployment claims data to produce seasonally adjusted and not seasonally adjusted monthly estimates.

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South Dakota Labor Force

As mentioned above the seasonally adjusted and not seasonally adjusted labor force estimates (which include total labor force, employed, unemployed and unemployment rate) at the statewide level come from the LAUS program. South Dakota's seasonally adjusted labor force has been steadily increasing since rebounding in 2011 after the 2008-2009 recession. The labor force peaked at 448,900 in March 2009 before shrinking to 440,600 by July 2011. Currently (April 2015 is the most current data available), South Dakota's labor force is at 454,800, an increase of 14,200 or 3.2 percent from its lowest point in 2011.

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Changes in Labor Force Participation

From the LAUS estimates we know how many people are in the labor force. But who makes up South Dakota's labor force and how has it changed over the past ten years? This question can be answered by looking at data derived from the CPS. The labor force consists of people 16 years of age and older who are either employed or unemployed and currently looking for work; it does not include those who do not want to work or who have stopped looking for work. From 2005 to 2015, the labor force participation rate (the percent of population 16 years of age and older participating in the labor force) for South Dakota decreased from 73.3 percent to 69.7 percent. The decrease in the labor force participation rate began in 2008 and decreased or remained constant each year until 2015, when it improved slightly from the 2014 rate of 69.3 percent.

![South Dakota Labor Force Participation Rate for the Population 16 Years and Over](image)

The youngest members of South Dakota's labor force saw the largest decreased in labor force participation over this time period. Between 2005 and 2015, the labor force participation rate for the population 16-19 years of age had the largest decline of 16.9 percent, followed by those 20-24 and 25-34 years of age with decreases of 5.2 and 3.2 percent respectively. The younger population is not participating in the labor force like they once were; however, the labor force participation of the population 55-64 and 65 years and older is increasing. Between 2005 and 2015, the labor force participation rate for the population 55-64 years of age rose by 2.6 percent; for those 65 years and older, it increased by 11.2 percent.

There is not adequate data at the state level to dig into reasons behind the falling labor force participation of the younger generation; however, national research suggests there are several reasons for this occurrence. Those reasons include teens not wanting jobs because they are busy with other activities, they are enrolled in school, and many of the jobs once filled by teen workers are being filled by older workers who are unable to find other employment or are supplementing their retirement income.
Demographics

South Dakota's labor force is split pretty evenly between male and female participants, with approximately 52 percent being male and 48 percent female. Labor force by gender demographics for all ages of the labor force remained relatively stable from 2005 to 2016, changing by just a few tenths of a percentage. However, there were significant changes in the demographics when broken down by age group. In 2005 for both men and women, the age demographic of 45-54 had the largest percent of workers with 22.6 percent and 23.3 percent, respectively. However, in 2015 that changed to the age demographic of 25-34, with 24.6 percent for men and 22.2 percent for women.

<table>
<thead>
<tr>
<th>South Dakota Labor Force Distribution by Age and Gender</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>16+</td>
<td>52.2%</td>
<td>52.6%</td>
</tr>
<tr>
<td>Age 16-19</td>
<td>5.8%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Age 20-24</td>
<td>11.9%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Age 25-34</td>
<td>21.2%</td>
<td>24.6%</td>
</tr>
<tr>
<td>Age 35-44</td>
<td>19.9%</td>
<td>17.5%</td>
</tr>
<tr>
<td>Age 45-54</td>
<td>22.6%</td>
<td>18.8%</td>
</tr>
<tr>
<td>Age 55-64</td>
<td>12.8%</td>
<td>17.5%</td>
</tr>
<tr>
<td>Age 65+</td>
<td>5.8%</td>
<td>7.9%</td>
</tr>
</tbody>
</table>

Note: Totals may not sum due to rounding.
Source: Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment
Educational Attainment

Educational attainment data from the CPS contains data for the population 25 years and older and is broken out into four categories: less than a high school diploma, high school diploma or equivalent, some college or an associate's degree, and bachelor's degree or higher. Labor force participation rates in South Dakota decreased between 2005 and 2015 in all four categories. The labor force participation rate for those with less than a high school diploma decreased the least, by 3.3 percent, while the largest decrease was 4.8 percent for those with a bachelor's degree or higher.

![South Dakota Labor Force Participation by Educational Attainment](chart)

*Source: Bureau of Labor Statistics, 12-month moving average CPS demographic data. This data series is an unofficial and unpublished special tabulation of the CPS survey, data is subject to large sampling error.*

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Although South Dakota's labor force has decreased over the past 10 years, the educational attainment levels of the labor force has increased. The percent of the labor force with some college and bachelor's degree or higher increased over this time period, whereas the percentage of those with high school or less has decreased.

![South Dakota Labor Force Educational Attainment Distribution](image)

**Labor Force Data Readily Available**

South Dakota, like many other states across the nation, is battling worker shortages. This means many companies are not able to find qualified workers to fill open positions, causing reduced productivity and prohibiting growth. Knowing who makes up the labor force can give insight to policy makers tasked with establishing programs aimed at getting workers back into the labor force, determining what skill sets workers need and how to get them those skills.

Labor force data, including employment, unemployment and unemployment rate is available from the Labor Market Information Center's (LMIC) website at [http://dlr.sd.gov/lmic](http://dlr.sd.gov/lmic) through the new virtual labor market data system. Click on 'Labor Force' link in the blue box on the right side of the page. From the labor force menu page, users are able to access national, state, county, metropolitan statistical area, micropolitan statistical area and city labor force data.

The virtual labor market data system displays interactive maps, charts and area profiles, which allow users to gain a better understanding of South Dakota's labor market.