



Economic Bulletin

Foreign-Born Women Have Driven the Recent Increase in Prime-Age Women in the Labor Force

by: Didem Tüzemen and Emily Pollard

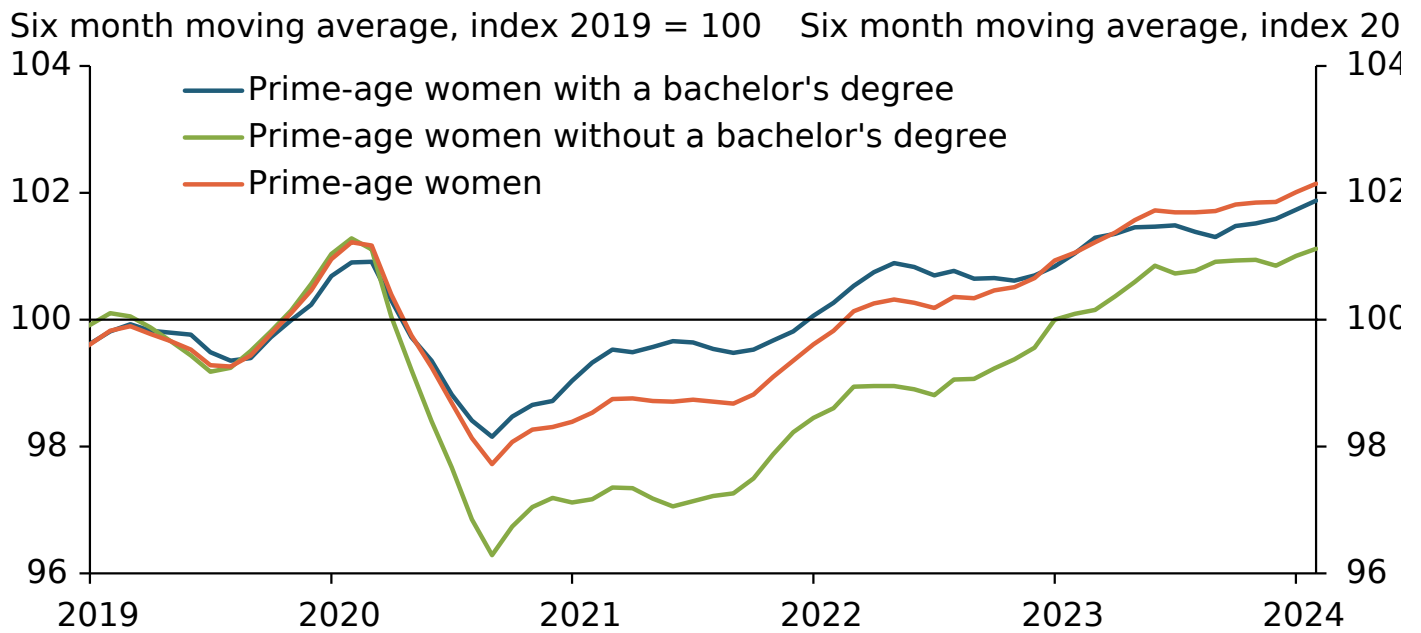
April 15, 2024

The labor force participation rate of prime-age (25 to 54) women declined dramatically during the pandemic-led recession but has since recovered to an all-time high. We examine how different groups have contributed to this rebound and find that foreign-born women, particularly those with a bachelor's degree, account for most of the increase in the number of prime-age women in the labor force. Immigration, in turn, fueled the increase in the number of foreign-born women in the labor force.

The labor force participation rate—the share of people working or actively looking for work—declined dramatically among prime-age individuals (age 25 to 54) during the pandemic-led recession. From February to April 2020, women, especially those without a bachelor's degree, were disproportionately affected by job losses and left the labor force (Tüzemen and Tran 2020).

Since mid-2020, however, women's labor force participation has recovered alongside a strengthening labor market. Chart 1 shows that by 2024, the labor force participation rate for prime-age women (orange line) had fully recovered and climbed more than 2 percent above its 2019 average, reaching an all-time high in 2023. Comparing this rate across education groups suggests the recovery has been driven largely by women with a bachelor's degree. Although the labor force participation rate of prime-age women without a bachelor's degree (green line) is only 1 percent above its 2019 average, the labor force participation rate of women with a bachelor's degree (blue line) has climbed about 2 percent above its 2019 average.

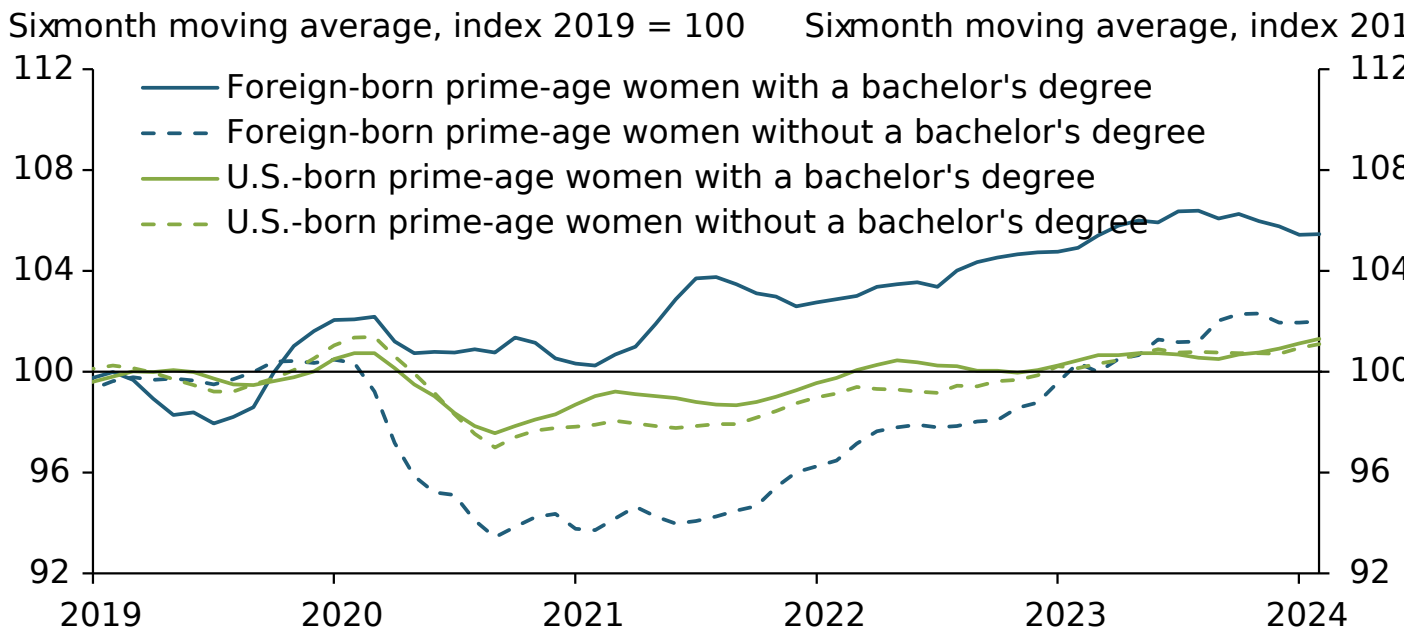
Chart 1: In recent years, the labor force participation rate of prime-age women has risen above pre-pandemic levels



Sources: U.S. Census Bureau and authors' calculations.

Immigrant women may have played a role in this increase in prime-age women's labor force participation. More than one-fifth of prime-age women are foreign-born, and the labor market outcomes of foreign-born and U.S.-born prime-age women have differed greatly during the pandemic recession and subsequent recovery.^[1] Chart 2 shows that foreign-born women without a bachelor's degree (dashed blue line) experienced the largest decline in participation during the pandemic, while foreign-born women with a bachelor's degree (solid blue line) experienced the smallest decline. During the recovery, however, the participation rates of both groups have risen farther above their 2019 averages than the U.S.-born groups. In February 2024, the labor force participation rate of foreign-born women with a bachelor's degree stood more than 5 percent above its 2019 average, the strongest increase of any group.

Chart 2: Foreign-born and U.S.-born women experienced different declines and recoveries in their labor force participation rates



Sources: U.S. Census Bureau and authors' calculations.

Changes in a demographic group's labor force participation rate may reflect changes in both the group's total population and the size of its labor force. Panels A and B of Table 1 compare 2019 and 2023 averages for the population and labor force size of foreign-born and U.S.-born prime-age women with or without a bachelor's degree, as well as the labor force participation rates for these four groups. The rightmost column of both panels shows that the participation rates of both foreign-born and U.S.-born women without a bachelor's degree have risen relative to 2019. However, the number of prime-age women without a bachelor's degree has fallen relative to 2019, as reflected by declines in their population and labor force (fourth and fifth columns of both panels). Notably, the total number of prime-age women without a bachelor's degree has declined by more than the number of these women in the labor force, pushing up the participation rate. Similarly, the labor force participation rates of both foreign-born and U.S. born women with a bachelor's degree have risen relative to 2019 (third columns of both panels). Unlike women without a bachelor's degree, however, both the size of the population and of the labor force of women with a bachelor's degree has increased (first two columns of both panels). Specifically, the labor force participation rate of foreign-born women with a bachelor's degree rose by 4.2 percentage points due to a larger increase in their labor force than their population. Although the increase in the labor force participation rate of U.S.-born women with a bachelor's degree was much smaller, at 0.7 percentage point, the overall participation rate of this group is still higher than that of foreign-born prime-age women with a bachelor's degree.

Table 1: Foreign-born women with a bachelor’s degree have experienced the largest increase in their labor force participation rate since 2019

Panel A: Foreign-Born Prime-Age Women

Year	Foreign-born prime-age women with a bachelor’s degree			Foreign-born prime-age women without a bachelor’s degree		
	Population (Millions)	Labor force (Millions)	Labor force participation rate (percent)	Population (Millions)	Labor force (Millions)	Labor force participation rate (percent)
2019	5.076	3.687	72.6	7.914	5.015	63.4
2023	5.697	4.376	76.8	7.766	5.000	64.4
Difference	0.621	0.689	4.2	-0.148	-0.015	1.0

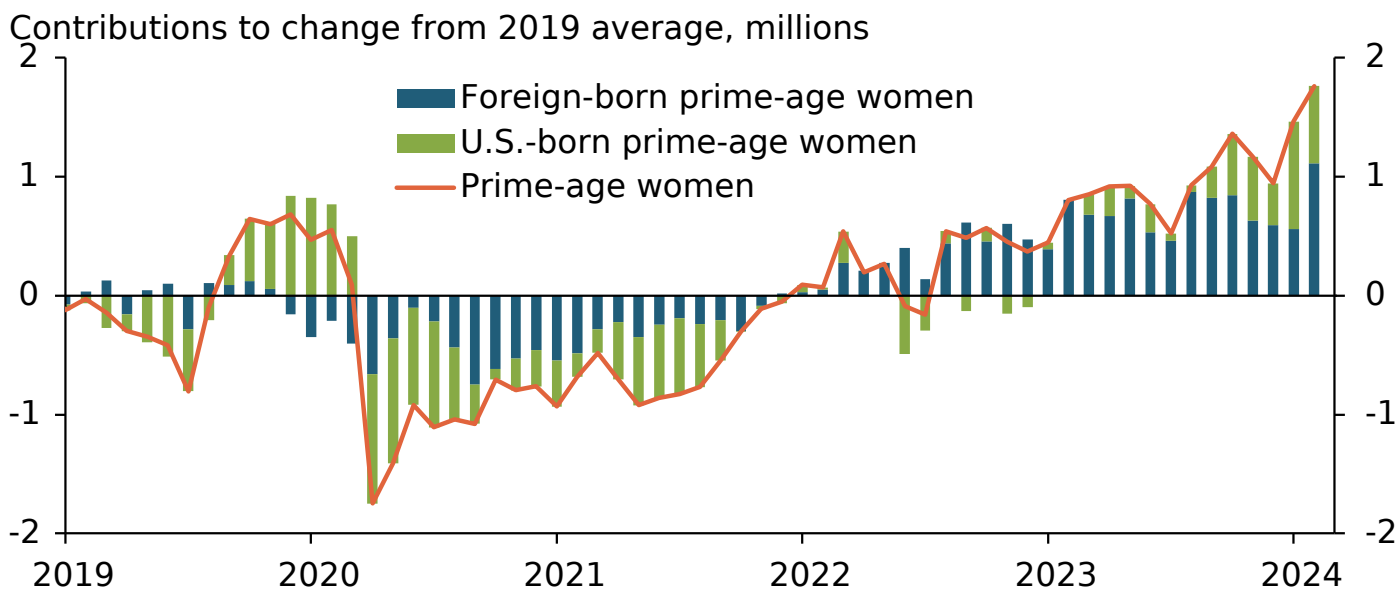
Panel B: U.S.-Born Prime-Age Women

Year	U.S.-born prime-age women with a bachelor’s degree			U.S.-born prime-age women without a bachelor’s degree		
	Population (Millions)	Labor force (Millions)	Labor force participation rate (percent)	Population (Millions)	Labor force (Millions)	Labor force participation rate (percent)
2019	22.084	19.140	86.7	28.898	20.805	72.0
2023	23.548	20.577	87.4	26.989	19.586	72.6
Difference	1.464	1.437	0.7	-1.909	-1.219	0.6

Sources: U.S. Census Bureau and authors’ calculations.

By February 2024, almost 1.8 million more prime-age women were in the labor force compared with the 2019 average. Chart 3 decomposes this increase into contributions from foreign-born and U.S.-born women. During the pandemic recession, the number of both foreign-born and U.S.-born women in the labor force declined. However, the net increase in the number of prime-age women in the labor force since 2022 has been driven by foreign-born women (blue bars). As of February 2024, on net, nearly two-thirds of the increase in the number of prime-age women in the labor force was due to an increase in the foreign-born labor force, with half of the total increase coming from foreign-born women with a bachelor’s degree.

Chart 3: On net, foreign-born women have made the largest contribution to the increase in the labor force of prime-age women since 2019



Sources: U.S. Census Bureau and authors' calculations.

Recent immigration helped increase the number of foreign-born, prime-age women in the labor force. The Congressional Budget Office (CBO) reports that over the last couple of years, immigration into the United States has surged; specifically, the CBO estimates net immigration of 2.6 million people in 2022 and 3.3 million people in 2023 (CBO 2024). We find that approximately 1.3 million of the nearly 10 million foreign-born, prime-age women in the labor force in February 2024 had immigrated to the United States in 2020 or later—49 percent of these women had a bachelor's degree, while 51 percent did not. The CBO projects that net immigration will remain elevated over the next several years. Absent changes to immigration policy, both the population and labor force of prime-age women could increase further.

Endnotes

[1] We use publicly available data from the U.S. Census Bureau's Current Population Survey (CPS) to calculate the number of foreign-born and U.S.-born individuals. Butcher and others (2023) estimate that the weights in the CPS have been overcounting foreign-born workers since 2021, suggesting our estimates may overstate the size of the foreign-born population. However, based on the Congressional Budget Office's recent estimates, the immigrant population grew at a higher rate than suggested by the CPS numbers in recent years, so our estimates may understate the number of new immigrants during the recovery period (CBO 2024).

Author



Emily Pollard

Associate Economist

Emily Pollard is an Associate Economist in the Economic Research Department of the Federal Reserve Bank of Kansas City. She joined the department in 2016 as a Research Associate. Prior to joining the department, Emily received B.A. degrees in Economics and Mathematics from Carleton College. Emily's research interests are labor economics and macroeconomics.
