

People who are not in the labor force: why aren't they working?

By Steven F. Hipple

People who are neither working nor looking for work are counted as “not in the labor force,” according to the U.S. Bureau of Labor Statistics. Since 2000, the percentage of people in this group has increased. Data from the [Current Population Survey \(CPS\)](#) and its Annual Social and Economic Supplement (ASEC) provide some insight into why people are not in the labor force. The ASEC is conducted in the months of February through April and includes questions about work and other activities in the previous calendar year. For example, data collected in 2015 are for the 2014 calendar year, and data collected in 2005 are for the 2004 calendar year.¹ In the ASEC, people who did not work at all in the previous year are asked to give the main reason they did not work.

Interviewers categorize survey participants’ verbatim responses into the following categories: ill health or disabled;² retired;² home responsibilities; going to school;³ could not find work;³ and other reasons.

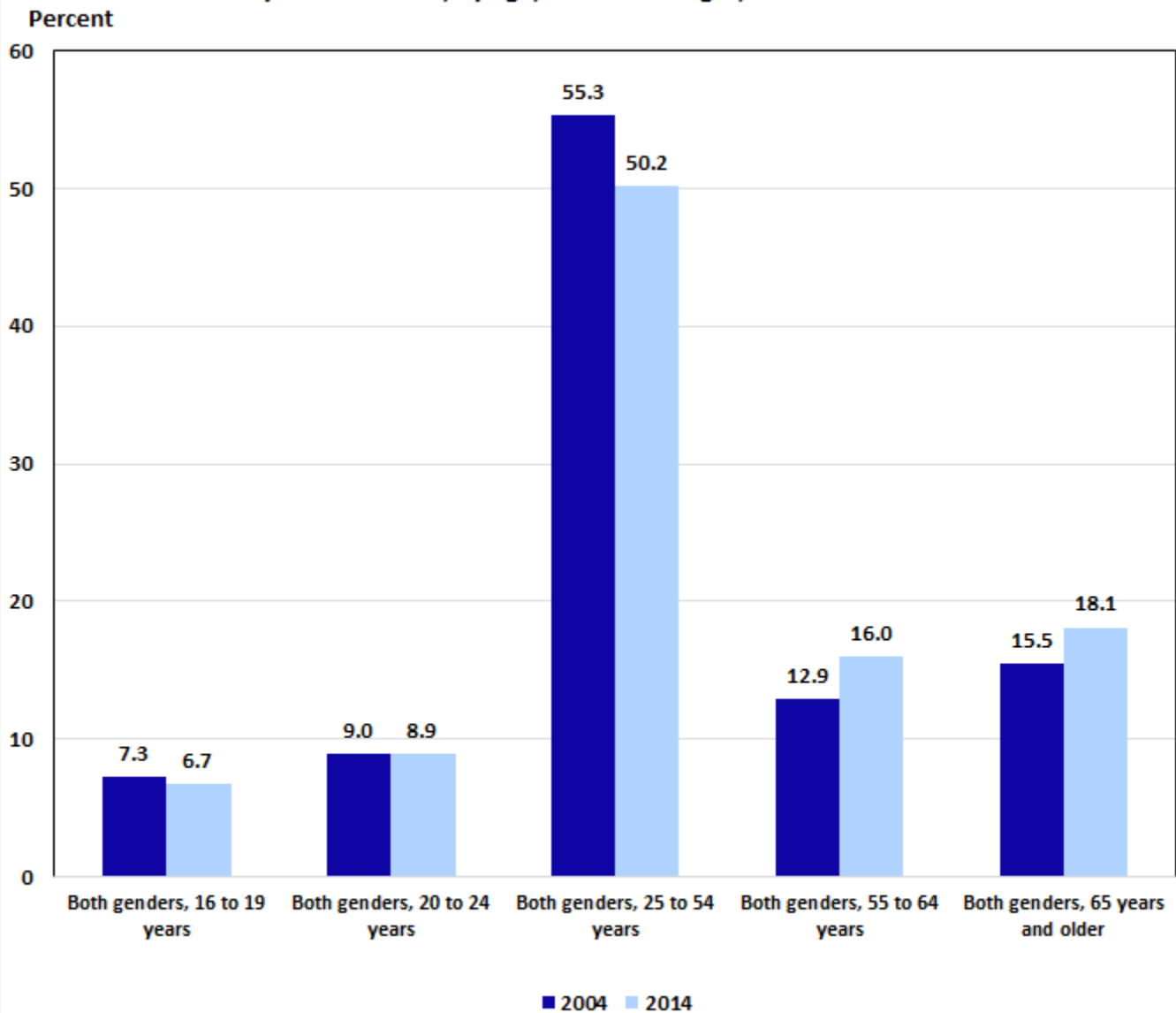
This **Beyond the Numbers** article examines data on those who were not in the labor force during 2004 and 2014 and the reasons they gave for not working. The data are limited to people who neither worked nor looked for work during the previous year.⁴



The age effect

The age distribution of the population can strongly influence the overall percentage of the population that is not in the labor force. Chart 1 shows the percent distribution of the civilian noninstitutional population by major age group in 2004 and 2014. For nearly seven decades, the aging of the large “baby-boom” generation—people born between 1946 and 1964—has had a profound effect on the population’s size and composition. In recent years, the baby-boom generation has moved into the 55-years-and-older age group, which historically has had a large proportion of individuals who were not in the labor force. The oldest baby boomers—those born in 1946—reached age 58 in 2004, and in that year people 55 years and older made up 28 percent of the total population. By 2014, people 55 years and older accounted for 34 percent of the total population. The aging of the population has put upward pressure on the percentage of the overall population that is not in the labor force.

Chart 1. Percent distribution of the civilian noninstitutional population 16 years and older, by age, annual averages, 2004 and 2014



Source: Bureau of Labor Statistics, Current Population Survey.

Changes in the reasons for not working

In 2014, 87.4 million people 16 years and older neither worked nor looked for work at any time during the year. (See table 1.) Of this group, 38.5 million people reported retirement as the main reason for not working. About 16.3 million people were ill or had a disability, and 16.0 million were attending school. Another 13.5 million people cited home responsibilities as the main reason for not working in 2014, and 3.1 million individuals gave “other reasons.”

Table 1. Persons who did not work or look for work by age, gender, and reason for not working in 2004 and 2014 (Levels in thousands)

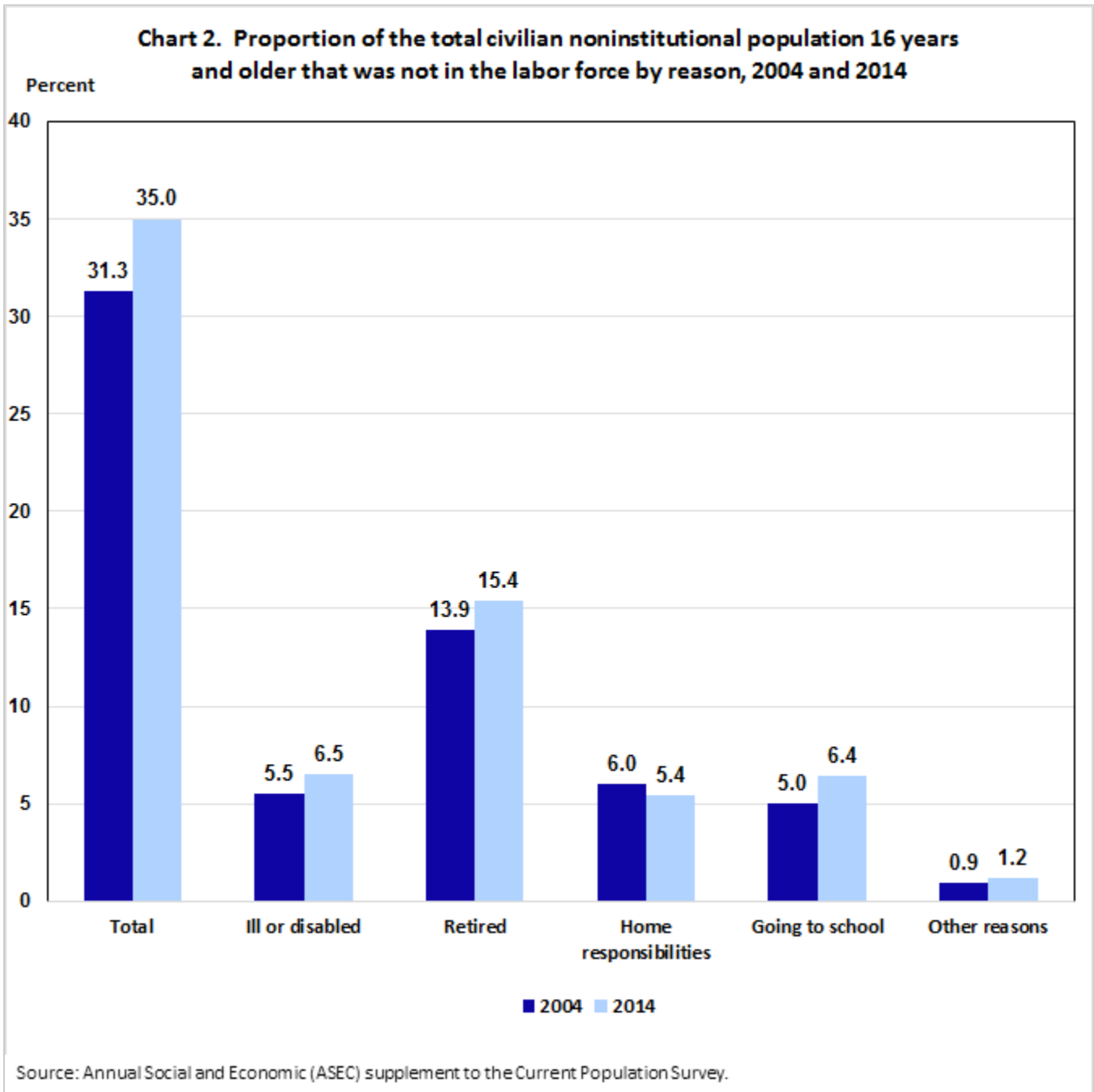
Age and gender	Number		Percent of the total population in the specified age and gender group that was not in the force by reason for not working	
	2004	2014	2004	2014
Both genders, 16 years and over	70,521	87,419	31.3	35.0
Ill or disabled	12,394	16,309	5.5	6.5
Retired	31,322	38,530	13.9	15.4
Home responsibilities	13,500	13,511	6.0	5.4
Going to school	11,258	16,018	5.0	6.4
Other reasons	2,048	3,051	0.9	1.2
Both genders, 16 to 19 years	8,419	10,759	51.5	64.7
Ill or disabled	229	237	1.4	1.4
Retired	33	34	0.2	0.2
Home responsibilities	423	335	2.6	2.0
Going to school	7,524	9,895	46.1	59.5
Other reasons	210	258	1.3	1.6
Both genders, 20 to 24 years	4,326	6,026	21.4	27.3
Ill or disabled	431	497	2.1	2.3
Retired	48	132	0.2	0.6
Home responsibilities	1,145	948	5.7	4.3
Going to school	2,294	3,866	11.3	17.5
Other reasons	408	583	2.0	2.6
Men, 25 to 54 years	5,644	7,058	9.2	11.5
Ill or disabled	3,247	3,656	5.3	6.0
Retired	456	661	0.7	1.1
Home responsibilities	577	763	0.9	1.2
Going to school	575	1,012	0.9	1.6
Other reasons	789	967	1.3	1.6
Women, 25 to 54 years	13,779	15,388	21.9	24.2

Age and gender	Number		Percent of the total population in the specified age and gender group that was not in the force by reason for not working	
	2004	2014	2004	2014
Ill or disabled	3,048	3,623	4.8	5.7
Retired	595	818	0.9	1.3
Home responsibilities	8,987	9,120	14.3	14.3
Going to school	791	1,124	1.3	1.8
Other reasons	357	703	0.6	1.1
Both genders, 55 to 64 years	9,645	12,790	32.7	31.7
Ill or disabled	3,163	5,108	10.7	12.6
Retired	4,670	5,570	15.8	13.8
Home responsibilities	1,595	1,654	5.4	4.1
Going to school	43	79	0.1	0.2
Other reasons	174	378	0.6	0.9
Both genders, 65 years and over	28,708	35,398	81.5	77.0
Ill or disabled	2,277	3,187	6.5	6.9
Retired	25,520	31,315	72.5	68.1
Home responsibilities	772	691	2.2	1.5
Going to school	30	42	0.1	0.1
Other reasons	110	163	0.3	0.4

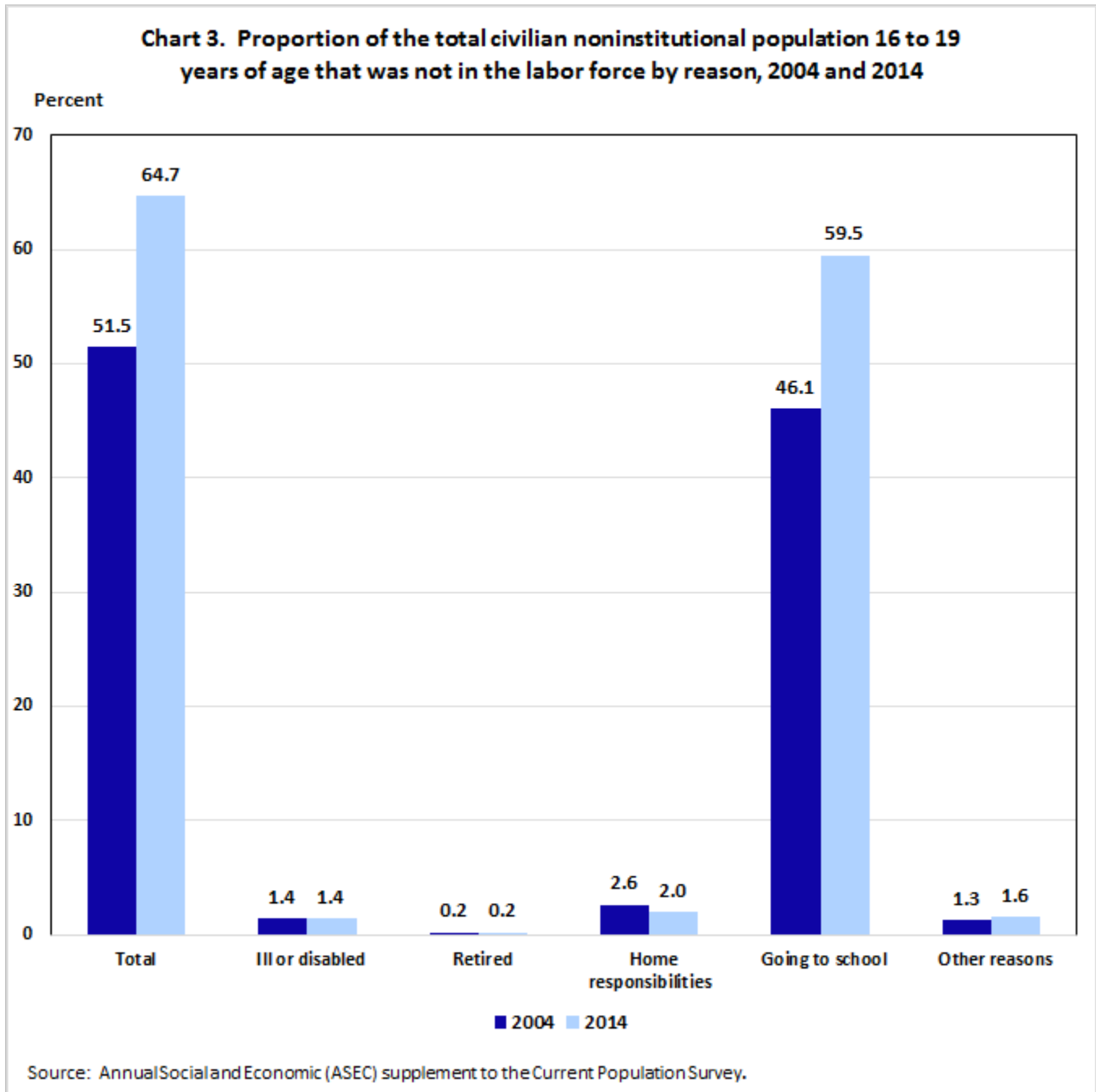
Note: The "other reasons" category includes people who reported that they could not find work and other unspecified reasons.

Source: Annual Social and Economic Supplement to the Current Population Survey.

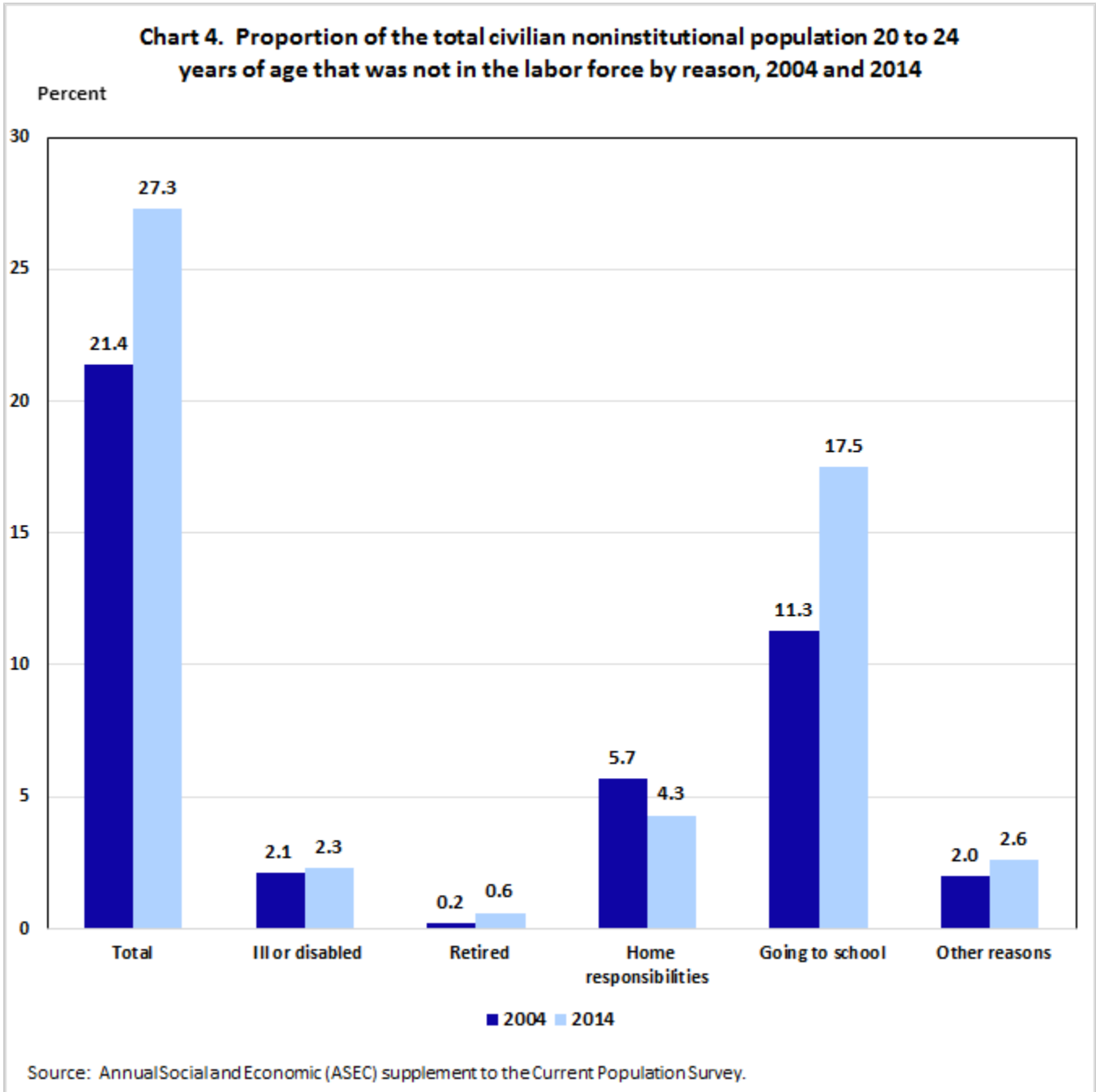
Chart 2 presents the self-reported reasons that people who were not in the labor force did not work during 2004 and 2014. It shows the percentage of the total population that was not in the labor force for each specific self-reported reason. The chart illustrates how the reasons for not working changed between 2004 and 2014, a period when labor force nonparticipants' share of the population 16 years and older grew from 31.3 percent to 35.0 percent. The proportion of people 16 years and older who were not in the labor force and reported school attendance as the main reason for not working rose from 5.0 percent in 2004 to 6.4 percent in 2014. During this period, the share of the population 16 years and older who were not in the labor force and did not work because they were ill or had a disability increased from 5.5 percent to 6.5 percent while the proportion that cited retirement as the main reason for not working rose from 13.9 percent to 15.4 percent. The proportion that cited home responsibilities declined from 6.0 percent in 2004 to 5.4 percent in 2014.



The self-reported reasons that people were not in the labor force varied considerably by age. The percentage of the population 16 to 19 years that was not in the labor force increased from 51.5 percent in 2004 to 64.7 percent in 2014. (See chart 3.) In both years, teenagers cited school attendance most often as the main reason for not working. The proportion of the teenage population that did not work at all during the year because of school attendance rose from 46.1 percent in 2004 to 59.5 percent in 2014. Notably, while the proportion of teenagers who reported school attendance as a reason for not working rose by about 13 percentage points, the percentage of teenagers enrolled in school edged up by 1 percentage point (from 73.6 percent to 74.6 percent).



From 2004 to 2014, the percentage of the population 20 to 24 years that was not in the labor force increased from 21.4 percent to 27.3 percent. (See chart 4.) Like teenagers, most young adults cited school attendance as the main reason for not working. The share of the population 20 to 24 years that did not work because of school attendance increased from 11.3 percent in 2004 to 17.5 percent in 2014. As was the case with teenagers, the proportion of young adults enrolled in school also rose from 32.1 percent in 2004 to 34.8 percent in 2014. In both years, young adults were more likely than teenagers to report home responsibilities or illness or disability as the main reason for not working.

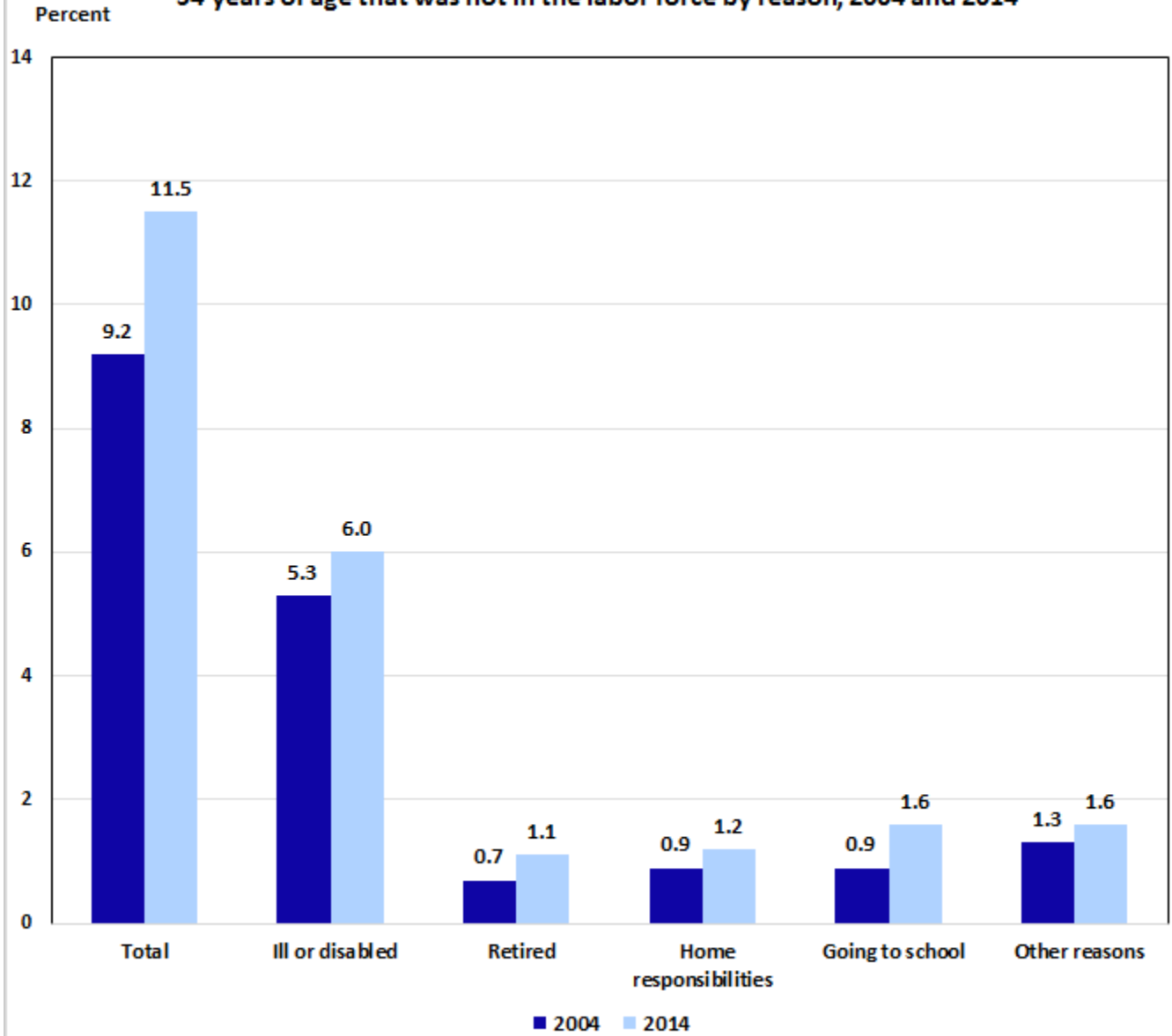


Differences by gender

The percentage of people 25 to 54 years who were not in the labor force and their self-reported reasons for not working varied by gender. The proportion of the male population 25 to 54 years that was not in the labor force rose from 9.2 percent in 2004 to 11.5 percent in 2014. (See chart 5.) In both years, the largest share reported illness or disability as the main reason for not working. From 2004 to 2014, the percentage of men 25 to 54 years who did not work because of illness or disability increased from 5.3 percent to 6.0 percent. According to the Social Security Administration, the number of men 25 to 54 years who received Social Security disability benefits rose from 1.8 million (or 2.9 percent of the population in that age group) in 2004 to 2.0 million (or 3.2 percent of the population in that age group) in 2014.⁵ Another

source of data, the Veterans Supplement to the CPS, also showed an increase in the incidence of disability. Among male veterans 25 to 54 years, the number who reported a service-connected disability rose from 726,000 (or 9.3 percent of the veteran population in that age group) in 2003 to 1.2 million (or 19.1 percent of the population in that age group) in 2014. (The CPS Veterans Supplement was not conducted in 2004.) Male veterans who reported a severe disability—that is, a disability rating of 60 percent or more—increased from 134,000 (or 1.7 percent of the population in that age group) in 2003 to 384,000 (or 6.3 percent of the population in that age group) in 2014.⁶ The percentage of men 25 to 54 years who did not work because of school attendance rose from 0.9 percent in 2004 to 1.6 percent in 2014, while the proportion that cited home responsibilities edged up from 0.9 percent to 1.2 percent.

Chart 5. Proportion of the total male civilian noninstitutional population 25 to 54 years of age that was not in the labor force by reason, 2004 and 2014



Source: Annual Social and Economic (ASEC) supplement to the Current Population Survey.

Among men 25 to 54 years, those with less education were more likely to be labor force nonparticipants than their counterparts with more education. In 2014, 21.2 percent of men with less than a high school diploma did not participate in the labor force, compared with 14.9 percent for high school graduates, 10.7 percent for those with some college or an associate's degree, and 5.6 percent of male college graduates. (See table 2.) From 2004 to 2014, the increase in labor force nonparticipation was larger for men with less than a college degree. Less educated men were more likely than those with more education to cite illness or disability as the main reason for not working. In 2014, 14.0 percent of men with less than a high school diploma cited illness or disability as the main reason for not working; by comparison, only 1.3 percent of male college graduates gave this reason.

Table 2. Men aged 25 to 54 years who did not work or look for work by educational attainment and reason for not working in 2004 and 2014 (Levels in thousands)

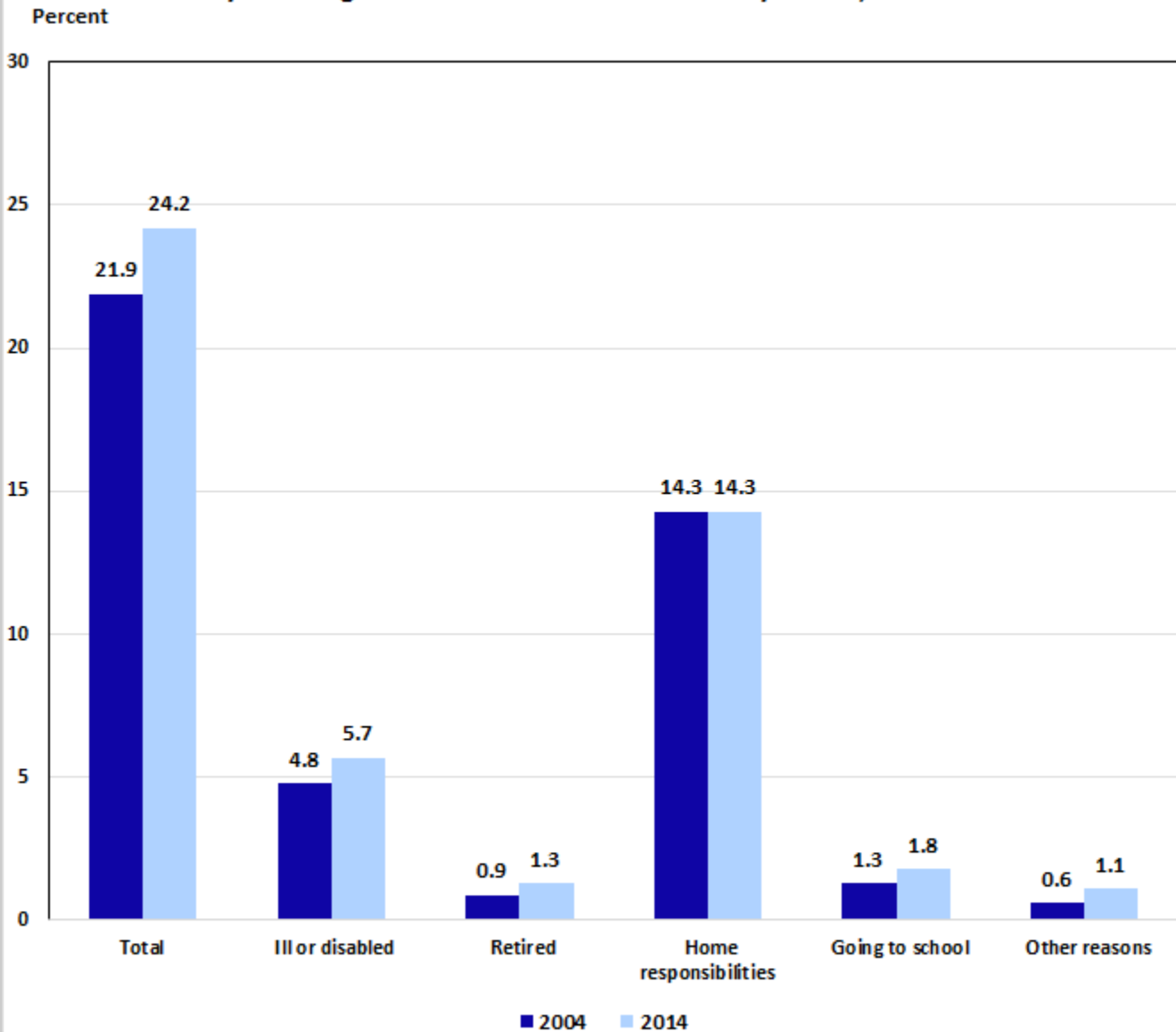
Educational attainment	Number		Percent of the total population in the specified educational attainment group that was not in the force by reason for not working	
	2004	2014	2004	2014
Total, men, 25 to 54 years	5,644	7,058	9.2	11.5
Ill or disabled	3,247	3,656	5.3	6.0
Retired	456	661	0.7	1.1
Home responsibilities	577	763	0.9	1.2
Going to school	575	1,012	0.9	1.6
Other reasons	789	967	1.3	1.6
Less than a high school diploma	1,339	1,508	16.9	21.2
Ill or disabled	951	994	12.0	14.0
Retired	45	71	0.6	1.0
Home responsibilities	106	149	1.3	2.1
Going to school	34	103	0.4	1.4
Other reasons	202	191	2.6	2.7
High school graduates, no college	2,302	2,751	11.5	14.9
Ill or disabled	1,447	1,658	7.2	9.0
Retired	186	220	0.9	1.2
Home responsibilities	247	324	1.2	1.8
Going to school	88	120	0.4	0.6
Other reasons	333	428	1.7	2.3
Some college or associate's degree	1,206	1,668	7.8	10.7
Ill or disabled	630	734	4.1	4.7
Retired	125	204	0.8	1.3
Home responsibilities	104	155	0.7	1.0
Going to school	206	364	1.3	2.3

Educational attainment	Number		Percent of the total population in the specified educational attainment group that was not in the force by reason for not working	
	2004	2014	2004	2014
Other reasons	140	210	0.9	1.3
College graduates	798	1,133	4.5	5.6
Ill or disabled	218	271	1.2	1.3
Retired	99	165	0.6	0.8
Home responsibilities	120	135	0.7	0.7
Going to school	247	424	1.4	2.1
Other reasons	114	138	0.6	0.7

Note: The "other reasons" category includes people who reported that they could not find work and other unspecified reasons.
 Source: Annual Social and Economic Supplement to the Current Population Survey.

In general, women were more likely than men to be nonparticipants in the labor force. The percentage of women 25 to 54 years who were not in the labor force rose from 21.9 percent in 2004 to 24.2 percent in 2014. (See chart 6.) Unlike men, women most often cited home responsibilities as the main reason for not working: in both 2004 and 2014, 14.3 percent of women 25 to 54 years said they did not work because of home responsibilities. The percentage of women who did not work because of school attendance rose from 1.3 percent in 2004 to 1.8 percent in 2014, while the proportion who did not work because of illness or disability increased from 4.8 percent to 5.7 percent. Social Security Administration data show that the number of women 25 to 54 years who received Social Security disability benefits rose from 1.5 million (or 2.4 percent of the population of women in that age group) in 2004 to 1.9 million (or 3.0 percent of that same population) in 2014.⁷

Chart 6. Proportion of the total female civilian noninstitutional population 25 to 54 years of age that was not in the labor force by reason, 2004 and 2014



Source: Annual Social and Economic (ASEC) supplement to the Current Population Survey.

As was the case for men, women 25 to 54 years with less education were much more likely than women in the same age group with more education to be labor force nonparticipants. In 2014, 49.6 percent of women with less than a high school diploma were labor force nonparticipants, compared with 15.4 percent of college-educated women. (See table 3.) From 2004 to 2014, the rise in nonparticipation was larger for women with less than a college degree than for women with a college degree or higher. As was the case for men, less educated women were more likely than women with more education to cite illness or disability as the main reason for not working. In 2014, 12.8 percent of women with less than a high school diploma cited illness or disability as the main reason for not working, compared with 1.4 percent of female college graduates. Less educated women were more likely to cite home responsibilities as the main reason for not working: in 2014, 30.7 percent of women with less than a high school diploma, 17.8 percent of high school graduates (but

no college), and 11 percent of those with at least some college cited home responsibilities as the main reason for not working.

Table 3. Women aged 25 to 54 years who did not work or look for work by educational attainment and reason for not working in 2004 and 2014 (Levels in thousands)

Educational attainment	Number		Percent of the total population in the specified educational attainment group that was not in the force by reason for not working	
	2004	2014	2004	2014
Women, 25 to 54 years	13,779	15,388	21.9	24.2
Ill or disabled	3,048	3,623	4.8	5.7
Retired	595	818	0.9	1.3
Home responsibilities	8,987	9,120	14.3	14.3
Going to school	791	1,124	1.3	1.8
Other reasons	357	703	0.6	1.1
Less than a high school diploma	3,016	3,007	43.8	49.6
Ill or disabled	872	778	12.7	12.8
Retired	67	110	1.0	1.8
Home responsibilities	1,918	1,863	27.8	30.7
Going to school	86	104	1.2	1.7
Other reasons	74	152	1.1	2.5
High school graduates, no college	4,543	4,832	24.9	31.1
Ill or disabled	1,188	1,472	6.5	9.5
Retired	256	247	1.4	1.6
Home responsibilities	2,877	2,756	15.8	17.8
Going to school	111	133	0.6	0.9
Other reasons	110	224	0.6	1.4
Some college or associate's degree	3,289	3,888	17.9	21.3
Ill or disabled	734	1,043	4.0	5.7
Retired	142	223	0.8	1.2
Home responsibilities	1,998	2,006	10.9	11.0
Going to school	331	465	1.8	2.5
Other reasons	84	151	0.5	0.8
College graduates	2,932	3,662	15.1	15.4
Ill or disabled	254	330	1.3	1.4
Retired	131	238	0.7	1.0

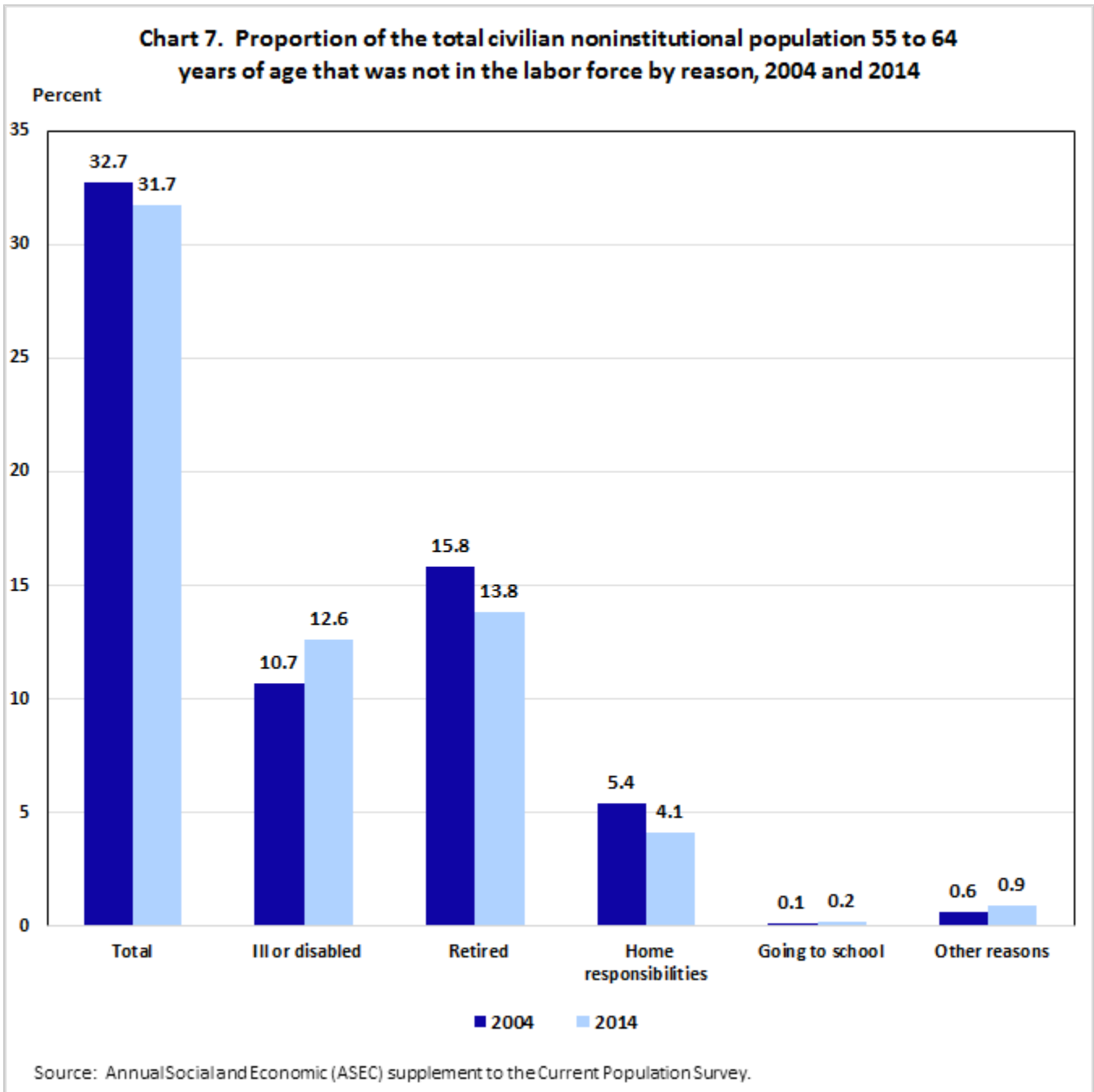
Educational attainment	Number		Percent of the total population in the specified educational attainment group that was not in the force by reason for not working	
	2004	2014	2004	2014
Home responsibilities	2,194	2,496	11.3	10.5
Going to school	263	422	1.4	1.8
Other reasons	89	176	0.5	0.7

Note: The "other reasons" category includes people who reported that they could not find work and other unspecified reasons.

Source: Annual Social and Economic Supplement to the Current Population Survey.

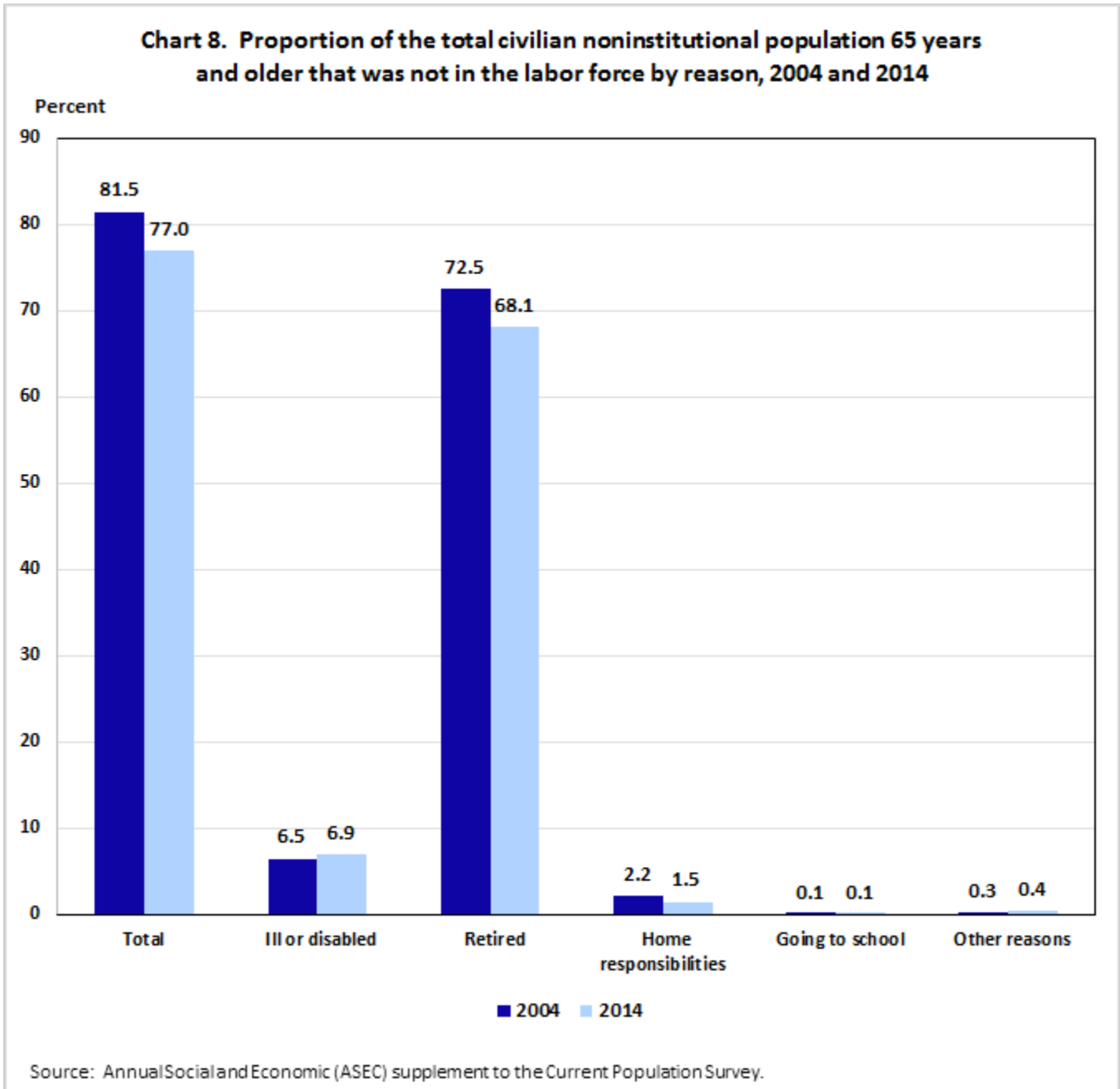
The older population and retirement

The percentage of the population 55 to 64 years that was not in the labor force edged down from 32.7 percent in 2004 to 31.7 percent in 2014. (See chart 7.) People 55 to 64 were most likely to cite retirement as the main reason for not working. From 2004 to 2014, the number of people 55 to 64 who cited retirement as the main reason for not working rose from 4.7 million to 5.6 million. However, because of strong population growth in that age group, the proportion of people 55 to 64 years who were not in the labor force and cited retirement as the main reason for not working fell from 15.8 percent in 2004 to 13.8 percent in 2014. Although the Bureau of Labor Statistics (BLS) does not produce estimates of retirement age, the Organisation for Economic Co-operation and Development (OECD) estimates that the average effective age of retirement for both men and women rose from 2004 to 2012—from 64.2 to 65.0 years for men and from 63.1 to 65.0 years for women.⁸ (Data for 2012 are the most recent available.) According to the Employee Benefits Research Institute (EBRI), in 2004, 28 percent of workers 55 years and older expected to retire after age 65, whereas in 2014, 38 percent of workers 55 years and older expected to retire after 65.⁹ The share of people 55 to 64 who did not work because of home responsibilities declined from 5.4 percent in 2004 to 4.1 percent in 2014, while the percentage who said they did not work because of illness or disability increased from 10.7 percent to 12.6 percent.



People 65 years and older were more likely than those 55 to 64 to be labor force nonparticipants. The proportion of the population 65 years and older that was not in the labor force declined from 81.5 percent in 2004 to 77.0 percent in 2014. (See chart 8.) Like people 55 to 64, those 65 years and older were most likely to report retirement as the main reason for not working. From 2004 to 2014, the number of people 65 years and older who cited retirement as the main reason for not working increased from 25.5 million to 31.3 million; however, because of strong labor force growth in that age group, the percentage of their population that reported this reason declined. The percentage of people 65 years and older who said they did not work because of retirement fell from 72.5 percent in 2004 to 68.1 percent in 2014. As mentioned above, recent surveys conducted by EBRI have shown an increase in the number of people who plan to delay retirement. The percentage of people 65 years and older who cited home responsibilities as the main reason for not working declined from

2.2 percent in 2004 to 1.5 percent in 2014, while the proportion that did not work because of illness or disability edged up from 6.5 percent to 6.9 percent.



Summary

Data from the Current Population Survey (CPS) and its Annual Social and Economic Supplement (ASEC) provide insight into why people who were not in the labor force did not work. From 2004 to 2014, there was an increase in the proportion of the population 16 years and older that was not in the labor force and that cited school attendance, illness or disability, or retirement as the main reason for not working. The percentage of people who were not in the labor force and the reasons they gave for not working varied by age and gender. Among younger people, the percentage not in the labor force rose sharply and the most often cited reason for not working was school attendance. The percentage not in the labor force also

rose for both men and women 25 to 54 years, and nearly all reasons cited recorded an increase. Women in this age group were more likely than men to cite home responsibilities as the main reason for not working. Men and women 25 to 54 years with less education were more likely to be labor force nonparticipants than their counterparts with more education. From 2004 to 2014, the increases in the percentage of men and women not in the labor force were larger for those with less education. People with less education were more likely than those with more education to cite illness or disability as the main reason for not working. The proportion of older adults who were not in the labor force declined from 2004 to 2014. Older adults were most likely to cite retirement as the main reason for not working, although the percentage who cited this reason fell. The older adult population saw an increase in the proportion who cited illness or disability as the main reason for not working.

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NOTES

- ¹ The ASEC data differ from the monthly CPS figures in that they reflect labor force activity during an entire calendar year rather than during the 1-week reference period that is used in the monthly CPS.
- ² The CPS does not provide an estimate of the number of people who are retired. In fact, there is no consensus among economists regarding the definition of retirement. One possible definition is the point at which someone begins receiving Social Security benefits or benefits from an employer-provided pension plan. Another possible definition is the point at which someone permanently withdraws from the labor force, although the concept of permanence is difficult to measure in a household survey because someone can choose to reenter the labor force. The challenge of defining retirement is illustrated by the following example: A person who had a long military career could “retire” in the sense of taking a pension. He or she could then work for a number of years in a civilian job, take a private pension and Social Security benefits, and then continue to work as an independent consultant during “retirement.”
- ³ Of the 87.4 million people who did not work or look for work in 2014, 1.5 million cited “could not find work” as their main reason for not working. It is not clear why individuals who said that they did not look for work in the previous year would provide this response. It might be due to nonsampling error, which can include misinterpretation of questions by survey respondents, inability or unwillingness of respondents to provide correct information, inability of respondents to recall information, and errors made in collecting and processing data. In this issue of **Beyond the Numbers**, the category “could not find work” is included in the “other reasons” category.
- ⁴ Respondents who said “no” to the first three questions below were considered to be not in the labor force. The fourth question asked the main reason for not working.
 1. "Did ____ work at a job or business at any time during 20__?"
 2. "Did ____ do any temporary, part-time, or seasonal work even for a few days in 2__?"
 3. "Even though ____ did not work in 20__, did ____ spend any time trying to find a job or on layoff?"
 4. "What was the main reason ____ did not work in 20__?" (Interviewer is instructed to read response options if necessary)
 - a. Ill health or disabled

- b. Retired
- c. Home responsibilities
- d. Going to school
- e. Could not find work
- f. Other reasons

⁵ See *Annual Statistical Report on the Social Security Disability Program, 2004* (Social Security Administration, Office of Research, Statistics, and Policy Analysis, March 2006), http://ssa.gov/policy/docs/statcomps/di_asr/2004/index.html; and *Annual Statistical Report on the Social Security Disability Program, 2014* (Social Security Administration, Office of Research, Statistics, and Policy Analysis, November 2015), https://www.ssa.gov/policy/docs/statcomps/di_asr/2014/index.html.

⁶ For more information on the CPS Veterans Supplement, see the news release “Employment situation of veterans—2014” (U.S. Bureau of Labor Statistics, March 18, 2015), <http://www.bls.gov/news.release/pdf/vet.pdf>.

⁷ See *Annual Statistical Report on the Social Security Disability Program, 2004* and *Annual Statistical Report on the Social Security Disability Program, 2014*.

⁸ See “Statistics on average effective age and official age of retirement in OECD countries” (Paris: Organisation for Economic Co-operation and Development, 2015), <http://www.oecd.org/els/emp/ageingandemploymentpolicies-statisticsonaverageeffectiveageofretirement.htm>.

⁹ See “Age Comparisons Among Workers,” 2014 Retirement Confidence Survey (RCS) Fact Sheet #4 (Washington, DC: Employee Benefits Research Institute, 2014), <http://www.ebri.org/pdf/surveys/rcs/2014/RCS14.FS-4.Age.Final.pdf>.

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