



June 2022

KENTUCKY

LABOR FORCE UPDATE

Building a Workforce Pipeline for Kentucky's Growing Economy

Unemployment was at a historic low, 3.8 percent, according to preliminary May 2022 data. As notable as that is, it also means that there are fewer people looking and available for work. Current data from the U.S. Bureau of Labor Statistics' (BLS) Job Opening and Labor Turnover Survey (JOLTS) indicate there were 2.6 job openings for every unemployed person in Kentucky in March 2022. As the state economy continues to expand, where will employers find workers for today's job openings?

The number of unemployed persons in Kentucky peaked at a seasonally adjusted high of 338,249 in April 2020. By May 2022, the number had decreased to nearly 79,000, the lowest since June 2000. By definition, those identified as unemployed are those who have looked for work during the reference period. They are available and willing to work. As reported [previously](#), Kentucky businesses experienced high quit rates during 2021 and reported record job openings, 210,000, in March 2022. The demand for labor is high and, as discussed in an earlier [Labor Force Update](#), wages tend to rise as unemployment rates fall. Higher wages may encourage those not in the labor force (neither working nor looking for work) to re-enter the job market.

Kentucky's Unemployed by Month, 1976 to 2022



Note: Seasonally adjusted data
Source: BLS, Local Area Unemployment Statistics
Data Extracted: June 20, 2022

The most common metric cited to measure the overall share of the labor force is the labor force participation rate (LFPR). The [LFPR](#) measures the number of people available for work - either working or looking for work - as a percentage of the civilian, noninstitutional population over the age of 16. The following table shows the preliminary 2021 LFPRs for various groups as well as the overall size of the groups using data from the Bureau of Labor Statistics Current Population Survey (CPS).¹

¹ State estimates derived directly from the CPS, including LFPR estimates, will differ from estimates produced by the Local Area Unemployment Statistics (LAUS) program due to differences in methodologies.



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According to the CPS, the overall preliminary LFPR for Kentucky was 57.3 percent in 2021. Groups with lower LFPRs may represent potential labor supply since fewer people in that group are either working or actively looking for work. For example, there are more [women](#) in the potential pool of workers than men, but they had a lower participation rate in 2021. Workers in Kentucky may also be retiring early as shown by the LFPR of those between 55 and 64 years old at 53.9 percent compared to 76.8 percent for those between 45 and 54 years old. A [study](#) released by the Kansas City Federal Reserve shows that the share of retirees in the U.S. population spiked during the pandemic. And unlike previous years, the number of retirees returning to work has declined.

Kentucky Labor Force Participation Rates, 2021*

Group	Population	LFPR
Men	1,699,000	63.4%
Women	1,819,000	51.7%
White	3,106,000	57.1%
African American	270,000	57.3%
Hispanic	170,000	70.3%
16 to 19 years	238,000	38.2%
20 to 24 years	277,000	71.4%
25 to 34 years	572,000	76.8%
35 to 44 years	535,000	81.8%
45 to 54 years	513,000	76.8%
55 to 64 years	619,000	53.9%
65 years and over	764,000	16.1%

* Preliminary

Population = civilian, noninstitutional population, 16+

Source: BLS, Current Population Survey

Data Extracted: June 20, 2022

Expanding Today's Workforce

With a low supply of unemployed persons available, and a diminished LFPR, employers may need to consider non-traditional labor pools such as discouraged and marginally attached workers, the long-term unemployed, Veterans, disabled, retirees, less educated, limited English proficiency, homeless, formerly incarcerated, and those on public assistance, among other groups. Tapping these populations expands the pool of potential workers while promoting workforce diversity.

Data for some of these groups are included in the six measures of [labor underutilization](#) produced by BLS. Each measure is intended to capture an increasingly wider range of underutilized individuals, though they are not additive (e.g., U-2 does not include U-1).

U-1
1.5%
Persons unemployed 15 weeks or longer, as a percent of the civilian labor force

U-4
4.9%
Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers

U-2
2.7%
Job losers and persons who completed temporary jobs, as a percent of the civilian labor force

U-5
5.7%
Total unemployed, plus discouraged workers, plus all other marginally attached workers, as a percent of the civilian labor force plus all marginally attached workers

U-3
4.7%
Total unemployed, as a percent of the civilian labor force (this is the definition used for the official unemployment rate from CPS)

U-6
7.5%
Total unemployed, plus all marginally attached workers, plus total employed part-time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers



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U-1 includes those who have been unemployed for 15 weeks or more and is regarded as the number of long-term unemployed. U-3 is the official measure of unemployment from the CPS and defined as all persons who are available to take a job and actively sought work in the past four weeks.¹ The most comprehensive measure, U-6, indicates that unemployed persons, marginally attached workers, and involuntary part-time workers comprised 7.5 percent of the civilian labor force plus marginally attached workers in Kentucky during 2021.

According to the CPS, on average in 2021 there were 36,400 workers who were employed part-time for economic reasons (i.e., involuntarily part-time) in Kentucky. These individuals were working part-time but wanted and were available for full-time work but were unable to find a full-time job.

The number of individuals considered marginally attached to the labor force in Kentucky during 2021 was 21,700. People marginally attached to the labor force are neither working nor looking for work but indicate that they want and are available for a job and have looked for work sometime in the past 12 months, even though they had not searched for work in the four weeks preceding the survey for reasons such as school attendance or family responsibilities. Discouraged workers, a subset of the marginally attached, are persons who are not currently looking for work because they believe no jobs are available for them. In 2021, there were 4,900 discouraged workers in Kentucky, accounting for 23 percent of the marginally attached in the state.

Labor Force Participation Rates for Select Groups in Kentucky, 2020

Group	Total	LFPR
Population 20 to 64 years	2,606,141	72.9%
Male	1,296,972	76.9%
Female	1,309,169	69.0%
With own children under 18 years	459,891	74.6%
Children under 6 years only	108,911	74.2%
Children under 6 years and 6 to 17 years	89,049	68.0%
Children 6 to 17 years only	261,931	77.1%
Below poverty level	401,086	41.3%
At or above the poverty level	2,141,148	80.4%
With any disability	413,099	35.9%
Population 25 to 64 years	2,304,563	72.5%
Less than high school graduate	253,224	44.0%
High school graduate (includes equivalency)	721,620	66.0%
Some college or associate's degree	718,983	76.9%
Bachelor's degree or higher	610,736	86.7%
Veterans, 18 to 64 years	131,413	72.3%

Data from the U.S. Census Bureau's American Community Survey (ACS) provide LFPRs for other populations.² The LFPR of Kentuckians between 20 and 64 years old was 72.9 percent. Similar to the estimates above, there were more women in the potential labor pool than men, but they had a lower LFPR with the exception of women with school-age children between the ages of 6 and 17.

Those below the poverty level, with a disability, or those with less than a high school diploma had lower LFPRs. A smaller share of the civilian non-institutional population with those characteristics were employed or unemployed.

Source: U.S. Census Bureau, ACS 5-Year Estimates, 2016-2020
Data Extracted: June 20, 2022

² ACS estimates were compiled from surveys completed between 2016 and 2020 and may not reflect post-COVID labor market trends. Due to differences in methodology including how variables are defined, how variables are calculated, how the data are collected, the time period covered, and other factors, the LFPRs from the ACS and BLS should not be compared.



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More than one in ten Kentucky family households (13.2 percent) received food stamps or Supplemental Nutrition Assistance Program (SNAP) benefits. Of the approximately 150,000 Kentucky families receiving SNAP, 46.7 percent had 1 worker in the past 12 months, 23.9 percent had 2 workers and 29.4 percent had no workers. More than half (52.5 percent) of Kentucky households not receiving SNAP had two or more workers.

Work Status of Family Households with SNAP Benefits in Kentucky, 2020

	Receiving food stamps/ SNAP	Not receiving food stamps/ SNAP	Kentucky
Family Households	150,310	988,806	1,139,116
No workers in past 12 months	29.4%	16.7%	18.4%
1 worker in past 12 months	46.7%	30.8%	32.9%
2 or more workers in past 12 months	23.9%	52.5%	48.7%

Source: U.S. Census Bureau, ACS 5-Year Estimates, 2016-2020
Data Extracted: June 20, 2022

Not captured in the ACS or BLS are justice-involved individuals, another potential labor pool. According to the Kentucky Department of Corrections, there were 42,474 individuals on active probation and parole supervision in 2020.

Building Tomorrow's Workforce

In addition to those individuals underutilized in the current labor force, prospective *future* workers may also help ease employer demand in the years to come. Kentucky had more than 94,000 high school juniors and seniors in the 2020 to 2021 academic year (AY); students who, in the short term, could go on to pursue higher education or, alternately, join the workforce.

In addition, the combined enrollment in public, private, and community colleges in AY 2020-2021 exceeded 250,000 students, which could further bolster the labor pool in years to come. If these students nearing completion of their education were to join the labor force at a rate comparable to current participants in this age bracket (aged 20-24), 71.4 percent, that would be an additional 178,800 workers.

In addition to students, prospective future workers could come from other groups, including those transitioning from military service. According to data from the U.S. Department of Veterans Affairs, there will be nearly 270,000 Kentucky veterans in 2025. Of those, one-fifth (20.6 percent) will be under the age of 45. More than half (53.8 percent) will be under 65 years of age.

Developing a sustainable workforce pipeline might best be accomplished through a multi-faceted approach. Increasing the number of workers from populations currently underutilized in the labor force, developing today's students for tomorrow's job market, and engaging those populations transitioning into the private sector can all assist in the shoring up of the labor pool in the years to come.



Updates

Please visit the KYSTATS [Reports](#) page to see new and updated reports including:



Occupational Outlook Dashboard

This interactive dashboard explores 2019-2029 long-term occupational projections for Kentucky and its Local Workforce Areas, augmented with education and training requirement data.



Work Ready Dual Credit Scholarship

The Work Ready Dual Credit Scholarship Program provides aid to eligible high school students to pursue dual credit while in high school for eligible programs. This report examines the make up of students that participate in the program as well as the degree attainment and postsecondary enrollment after high school.



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