

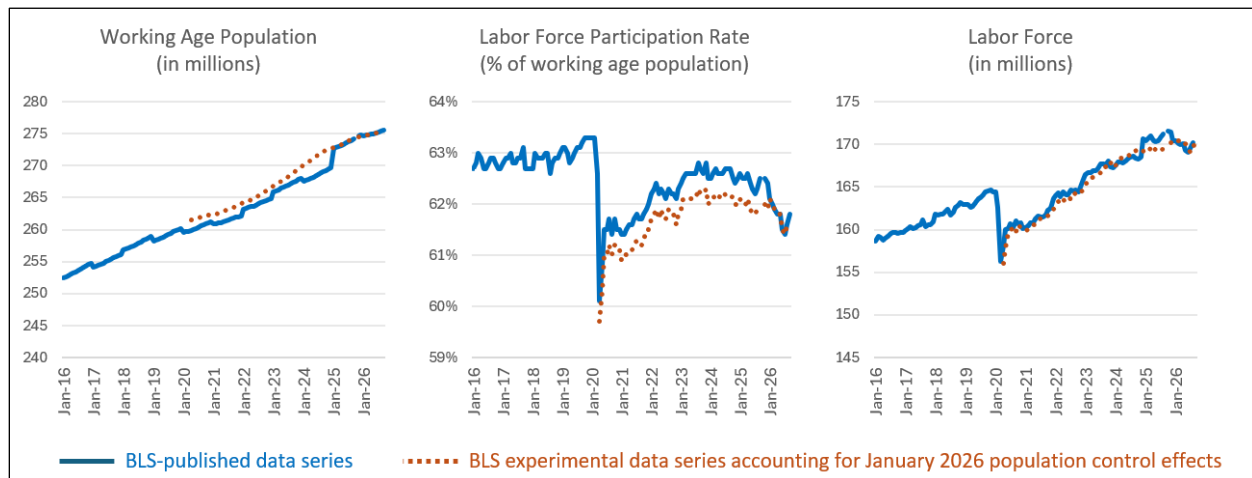
A Slowdown in U.S. Labor Supply Growth

October 30, 2026

The U.S. labor supply (i.e., [labor force](#)) is determined by the size of the working age population (broadly, age 16 and older) and their [labor force participation rate](#) (LFPR). Labor force growth has recently slowed because of slower population growth and lower labor force participation (see **Figure 1**). Bureau of Labor Statistics (BLS) data for 2026 show the 12-month [labor force growth rate falling from -0.1% in January to -0.6% in September](#). (This decline may be attributed in part to a [technical adjustment to the 2026 data](#). [BLS estimates](#) suggest that the growth rate fell from 0.5% to 0.2% over the same period when accounting for the adjustment.)

This Insight looks at two major trends contributing to that decline—the long-term aging of the population and the decline in net international migration (NIM) beginning in 2025—and discusses economic implications.

Figure 1. Population and Labor Force Trends, January 2016-September 2026



Source: CRS using [BLS](#) data.

Congressional Research Service

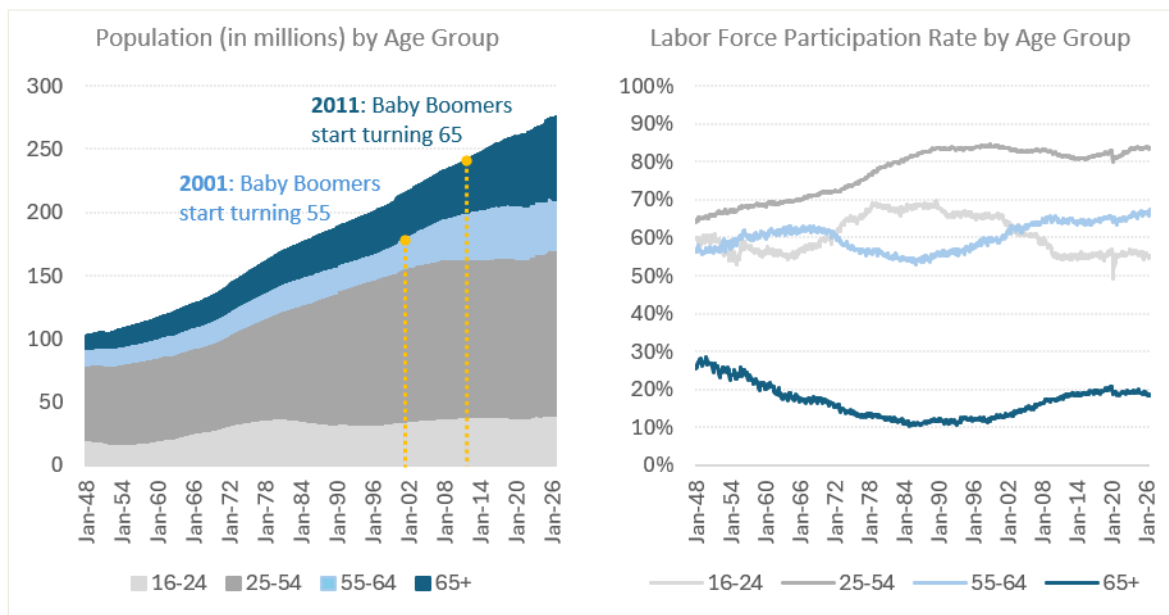
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An Aging Population

The 1946-1964 “baby boom” markedly increased the U.S. population. Declining fertility rates since the 1960s, however, have slowed population growth and led to an aging population. The large baby boomer cohort has reached ages at which labor force participation declines (Figure 2), and many have retired or will retire soon. (Although older workers’ LFPR is higher than in past decades, a rising share of workers in these cohorts pulls down the overall LFPR.) Among the native-born population, the number of people reaching age 65 (and less likely to work) or dying already exceeds the number reaching age 16 (and entering the working-age population).

Figure 2. Population and Labor Force Trends by Age Group, January 1948-September 2026



Source: CRS using BLS data.

The Foreign-Born Workforce

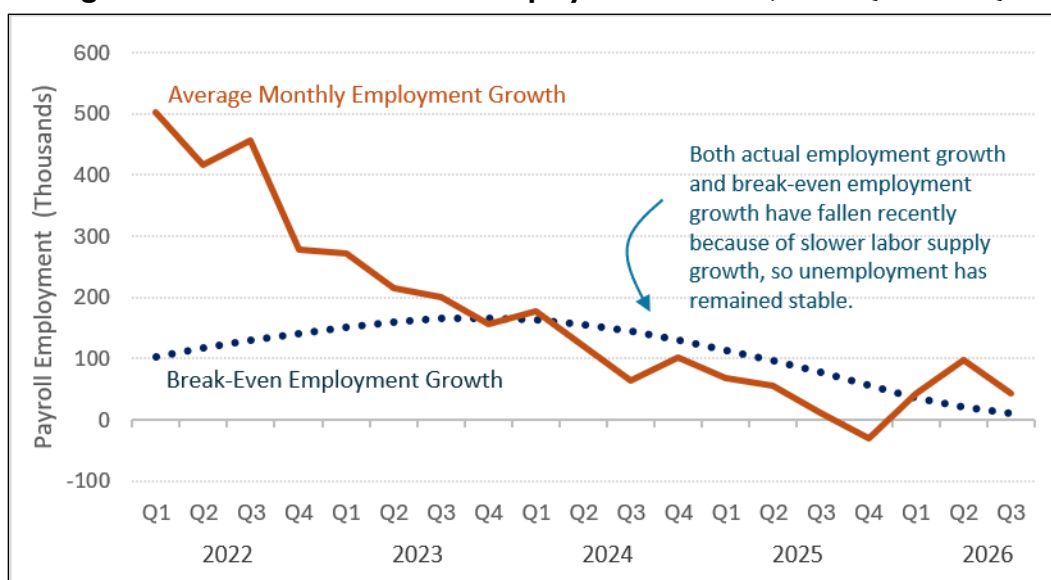
Absent rising participation rates, the labor supply can only grow if the working-age population grows. An aging population and lower fertility rates mean that growth in the U.S. working-age population has increasingly come from immigration in recent decades. However, immigration has recently experienced what the Census Bureau described as a “historic decline.” The Census Bureau estimates that NIM fell from its peak of 2.7 million persons in 2024 to 1.3 million in 2025. In January 2026, Census projected NIM would decline to 321,000 in 2026; this projection is based on data through June 2025, and some immigration policies and practices have changed since then. Methodological challenges complicate the timely estimation of migration flows, but recent studies generally point to a decline in NIM using various data and methods and, in some cases, estimate a negative NIM in 2026.

The decline in NIM has the potential to impact the labor supply and the economy given the sizeable and increasing share of foreign-born workers in the U.S. labor force (19.1% in 2025) and foreign-born workers’ relatively high LFPRs. Some research suggests that, in addition to reducing the number of workers, recent immigration policy and enforcement may have had a “chilling effect” on labor force participation and employment more generally. This has disproportionately affected certain areas and industries, notably those more reliant on foreign-born workers.

Implications for Employment Growth

Monthly employment (“jobs”) growth is a closely watched indicator that gives up-to-date information on the state of the economy. Since 2024, employment growth has been low, but this does not necessarily signal a weak job market given slower labor supply growth. Economists estimate a “[break-even](#)” [jobs growth number](#) to determine how much employment can increase without causing a change in the unemployment rate. For example, the unemployment rate may hold steady as job growth declines if actual employment growth keeps pace with break-even growth. When the economy is at full employment, break-even growth is slightly lower than the growth in the labor supply, assuming a constant LFPR. Over time, various estimates of the break-even growth rate have declined as labor supply growth has declined. For example, Federal Reserve [research](#) estimates that an immigration surge caused break-even growth to rise to an estimated 155,000 per month in 2023-2024, and a decline in immigration caused it to fall to 85,000 in 2025 and fewer than 10,000 in 2026 (see **Figure 3**). With low break-even growth, actual jobs growth would be expected to be low without implying a deteriorating jobs market, as would have been the case in the past. Further, a month or two of declining employment would be less likely to indicate that the economy is entering a recession than in the past.

Figure 3. Actual vs. Break-Even Employment Growth, 2022:Q1-2026:Q3



Source: CRS using [BLS data](#) and [Federal Reserve analysis](#).

Implications for Economic Growth

Economic output (i.e., [Gross Domestic Product \[GDP\]](#)) is determined by inputs of labor and capital (physical investment) and [productivity](#). All else equal, a slower growing labor supply results in lower potential GDP growth (i.e., growth stripped of cyclical factors). Unless capital and productivity were to grow faster to offset this effect, GDP growth would be expected to decline. The Congressional Budget Office’s (CBO) [current economic projections](#) reflect this dynamic. CBO projects that potential GDP growth over the next 10 years will be 1.2 percentage points lower than its 1950-2025 average, largely because projected annual potential labor force growth will be one percentage point lower. Population [aging](#) and reduced [immigration](#) may also affect GDP growth through their effects on capital and productivity growth. These interactions are varied and complex and, on net, may mitigate or amplify the effect of lower labor supply growth on GDP.

GDP per capita measures average economic well-being at the individual level—GDP per capita may therefore be more relevant to policymakers than overall growth. As noted, a slowdown in labor supply growth generally leads to a slowdown in potential GDP growth. If population growth remains constant, GDP per capita and overall GDP would decelerate at the same rate. However, all else equal, if population growth is also declining (e.g., because of declining fertility rates or NIM), then GDP per capita growth would fall to a lesser extent than overall GDP growth.

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