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Labor Force Participation Study

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- New Mexico struggles with a persistently low labor force participation rate (LFPR), or the share of the working age population who is working or looking for work. The state's LFPR of 56.7 percent in August 2026 remains almost 5 percentage points below the national average and meaningfully below the LFPR of other states in the region.
- In FY26, the Legislature provided the Workforce Solutions Department (WSD) with a \$750 thousand special appropriation for a study to identify evidence-based strategies to increase the LFPR.
- With the assistance of a contractor, the agency conducted a statewide study designed to identify who is not participating in the labor force, why they are disengaged, and the types of supports that could facilitate their participation. The survey reached 1,267 New Mexicans who are not currently participating in the labor force. The survey found:
 - Fifty-eight percent of respondents reported being neither employed nor actively seeking work, 22 percent reported not working due to a disability or health condition, and 20 percent identified primarily as caregivers or homemakers.
 - Sixty percent reported engaging in gig, freelance or cash-only work in the past year, and 77 percent described some way of earning money.
 - Barriers to work vary, from health problems and disability to a shortage of good local jobs, low wages, caregiving, unstable housing, unreliable transportation, and discrimination. Nearly 50 percent reported facing structural obstacles like poor health, isolation, or caregiving responsibilities.
 - About a third of respondents reported being ready to work but waiting for better opportunities.
 - Of respondents reporting informal work, that they were waiting for better work, or that health issues prevented labor force engagement—a total of 42 percent of the population surveyed—at least 85 percent of each group stated they could work with accommodation or supports.
- The reports concludes that six kinds of support would address a top barrier for about 80 percent of those willing to work: flexible jobs, healthcare, higher wages, training, housing assistance, and internet access.
- Although the study helps define the disengaged population and reasons for disengagement, the intent of the Legislature was the identification of evidence-based strategies to increase the LFPR. Having better defined the population of interest with this study, WSD should identify such evidence-based strategies and develop an action plan for implementation.