

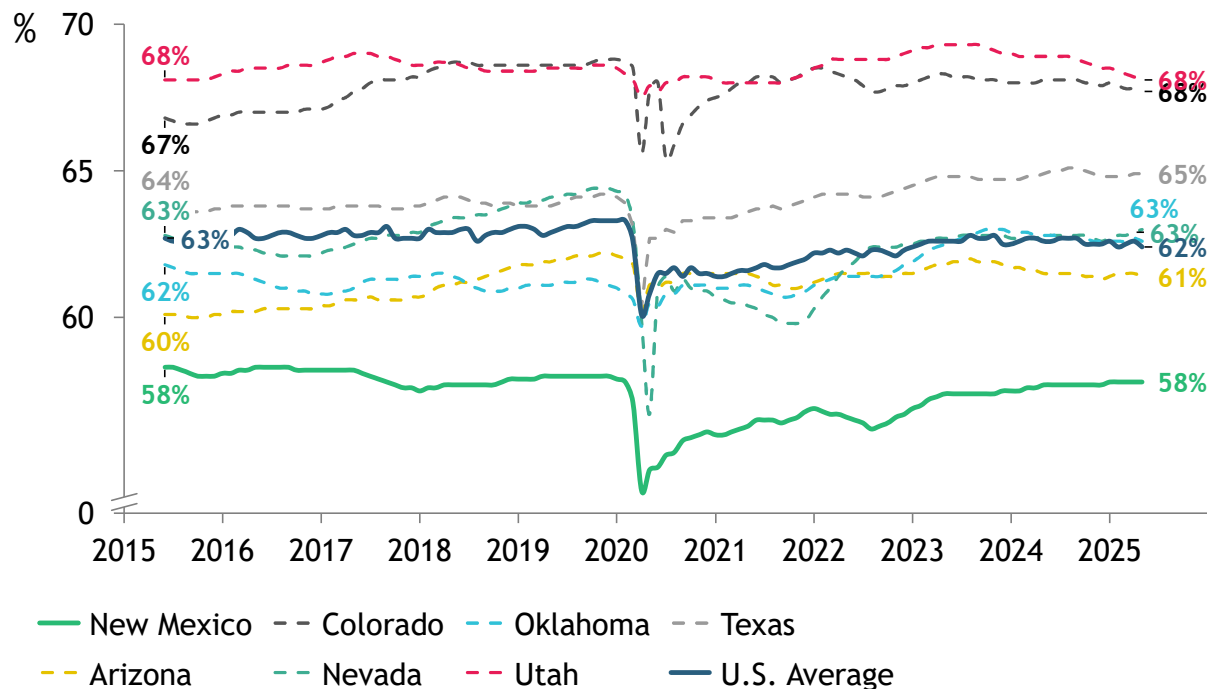


Understanding Labor Force Participation in New Mexico

Legislative Finance Committee - October 2026

New Mexico's LFPR has consistently lagged neighboring states for a decade, despite full recovery to pre-pandemic levels

10-year Labor Force Participation Rate in New Mexico vs. peers and national average
Monthly labor force participation rate (LFPR) - May 2015 to May 2025



- NM's LFPR has consistently trailed regional peers and the U.S. average by ~2-10pp over the past decade
- While some states (e.g., CO, OK, AZ) have experienced slight increases in LFPR over the past decade, NM remains at 2015 levels

Source: Federal Reserve Bank of St. Louis; U.S. Bureau of Labor Statistics; BCG analysis

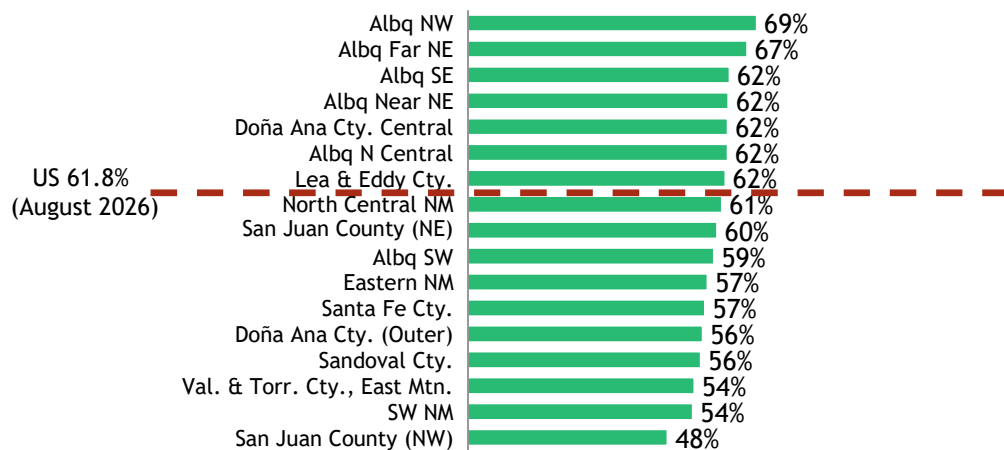
Labor Force Participation Rate Study

- Using a FY2026 appropriation (thank you!), the Department of Workforce Solutions worked with a contractor to survey 1200+ and interview 37 New Mexicans statewide (Dec 2025 - Jan 2026)
- Research Questions:
 - Who is not participating in the New Mexico Labor Force?
 - How do New Mexicans experience barriers to labor force participation differently?
 - What could help people (re)engage with the labor force?
- Analyzed data to understand overall trends and cross-tabulations by key demographics and ran regressions to understand correlations between barriers, and to segment the disengaged population to reflect distinct needs
- Identified which solution areas may reach the most disengaged people

Labor force participation in New Mexico varies sharply by region and education—pointing to structural barriers, not just availability of jobs

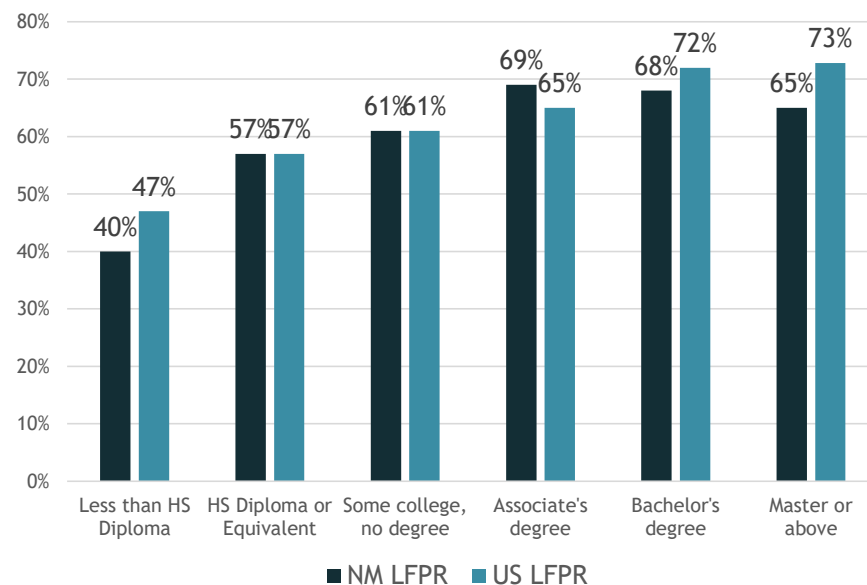
Region: Albuquerque regions lead LFPR, Northwest NM trails rest of state

Labor force participation rates (LFPR) by region
Percent of total workers¹



Education level: Less educated much less likely to participate in workforce

LFPR by educational attainment
Percent of total workers in group¹



1. NM data is Aged 16 or older, recorded in ACS 1-Year Estimates Public Use Microdata Sample (2023); US data is CPS, 2025
Source: U.S. Census Bureau American Community Survey (2023); BCG analysis

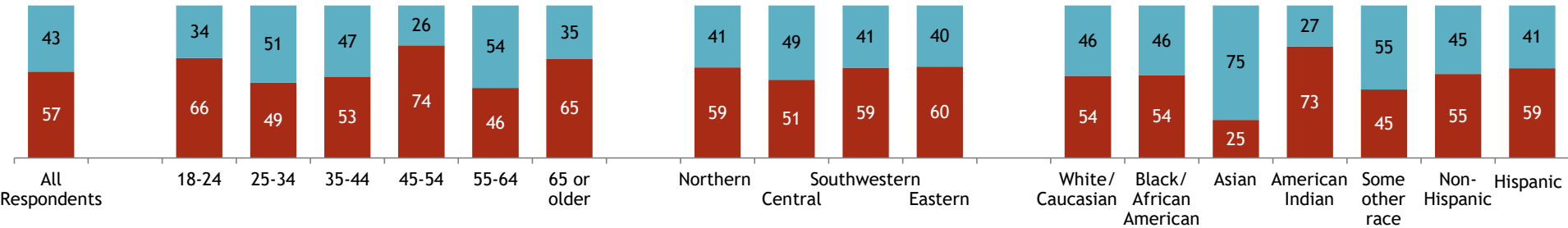
57% of respondents have not worked for at least 5 years



Rates of employment in the past 5 years are relatively even across demographics

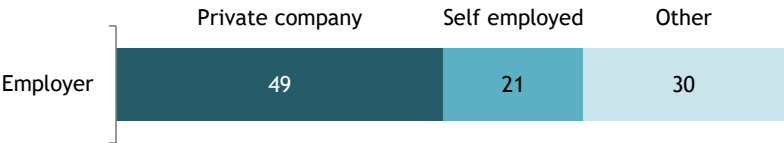
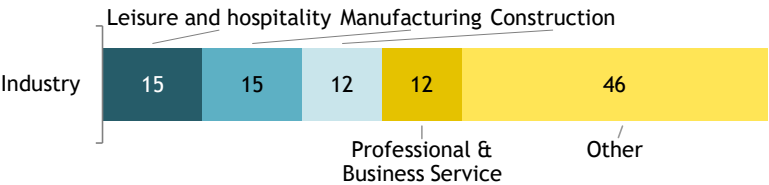
% distribution of respondents

Respondents could select more than one race or ethnicity



Employment History

% distribution of respondents who have worked in the past 5 years

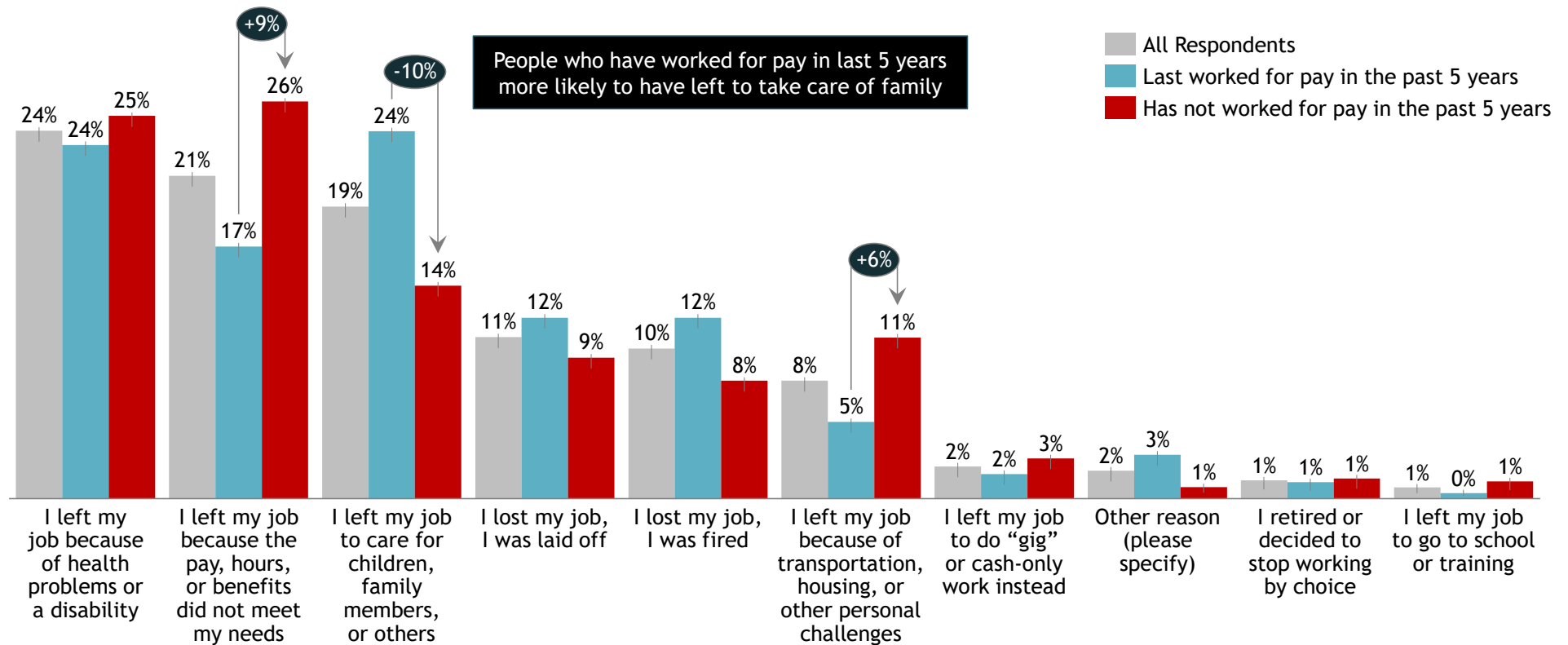


QC1: Have you worked for pay at any time in the past 5 years? (N=1267); QC1a: What type of employer did you last work for? (N=548); QC1c: What industry did you most recently work in? (N=548)

Source: NM LFPR Survey (N=1417 total, N=1267 disengaged from labor force), December 2025-January 2026; BCG analysis

Respondents stopped working for pay due to disability, lack of pay, to care for family members, or due to being fired or laid off

% distribution of respondents across reasons for leaving workforce



QC2a: Thinking about when you last worked for pay, why did you stop working? (N=458-1070)

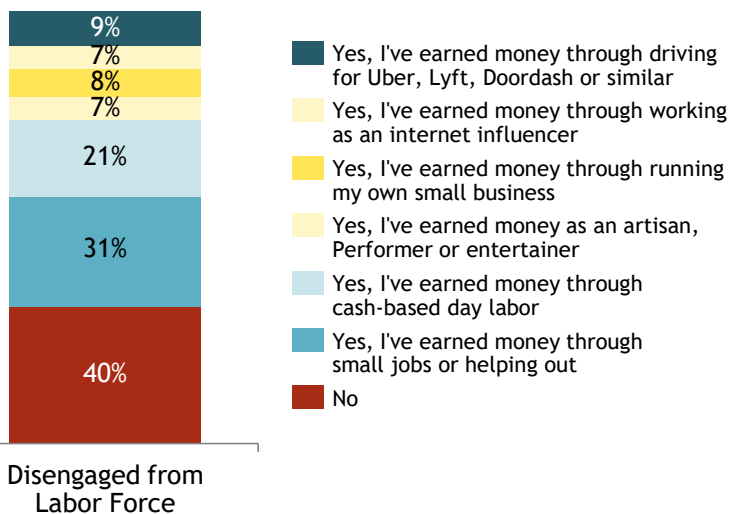
Source: NM LFPR Survey (N=1417 total, N=1267 disengaged from labor force), December 2025-January 2026; BCG analysis

60% of respondents indicated engaging in "gig," freelance or cash-only work in the past year, noting greater flexibility and steady, higher income



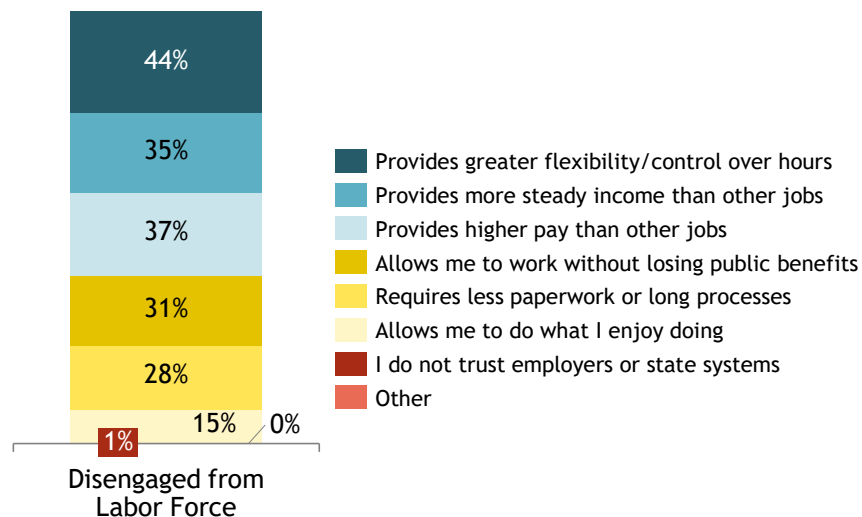
A majority of respondents have done "gig", freelance, or cash-only work in the past year

% distribution of respondents



Flexibility, steady income, higher pay most common reasons to pursue "gig," freelance, or cash-only work

% distribution of respondents



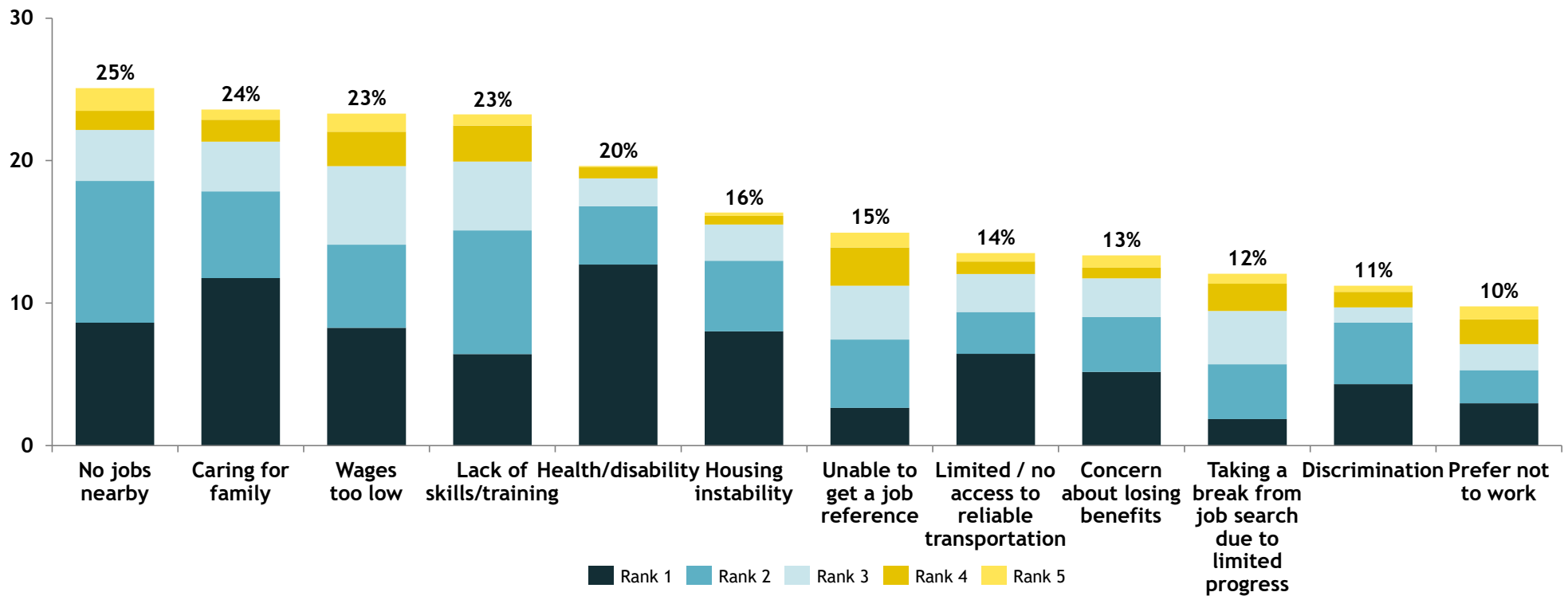
QC4. Have you done any "gig", freelance, or cash-only work in the past year? (N=1267); QC4a. What are the benefits of your gig or cash-only work that make it more appealing to you than a traditional job with a formal employer?

Source: NM LFPR Survey (N=1417 total, N=1267 disengaged from labor force), December 2025-January 2026; BCG analysis

Top 12 Most Prevalent Statewide Barriers for People Who Have Ability to Work

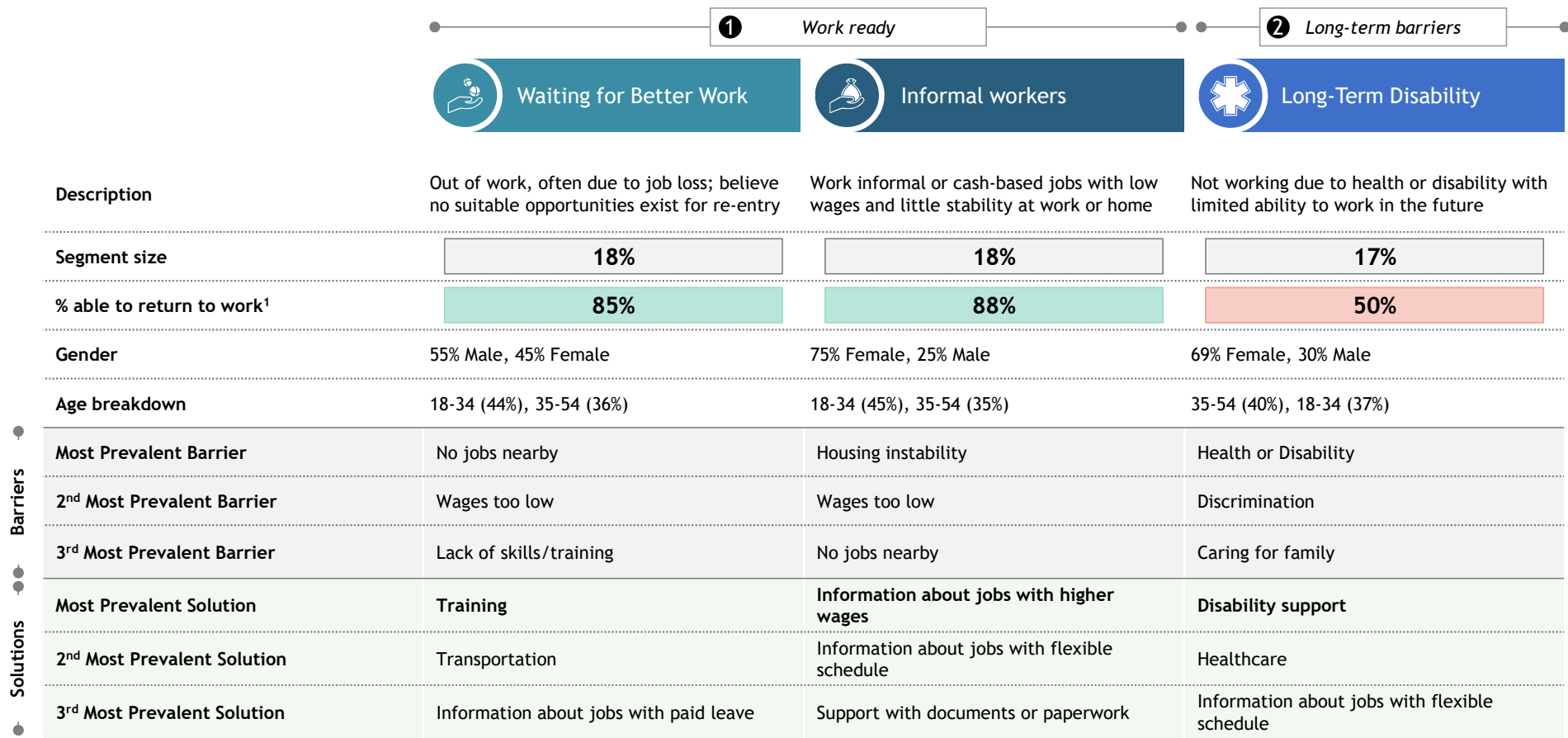
% of respondents that selected barrier in top 5 and indicated ability to work with supports

N=996



Question A1: Please select up to 5 reasons you are not currently looking for a job. A2: Of the reasons you selected not working, please rank from most (#1) to least (#5) influential; Question D1: If You had sufficient support to pursue part-or-full time work, would you be able to start working? Survey data as of Jan 12, 2026; Answer "Yes" to D1 N=996

8 segments based on behavioral & demographic factors



1. Represents percentage of segment able to return to work with proper supports in place
Source: NM LFPR Survey (N=1417 total, N=1267 disengaged from labor force), December 2025-January 2026; BCG analysis

8 segments based on behavioral & demographic factors

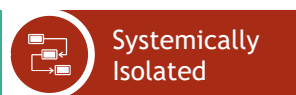
3 Structural barriers



Health-Impacted
Individuals



Logistically
Isolated



Systemically
Isolated



Caregivers to
Children



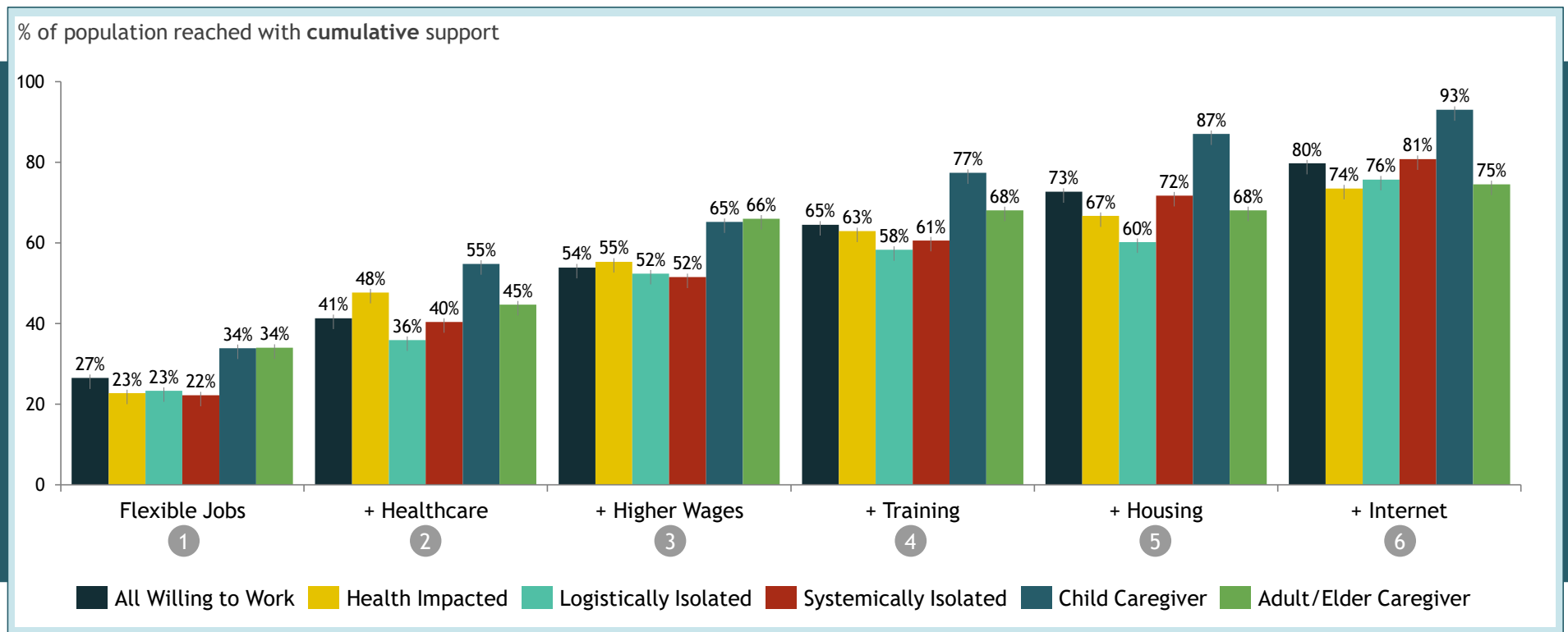
Caregivers to
Elders/Adults

Description		Not working due to mental or physical health, disability, or burnout with a desire to return to work in the future	Lack the physical and digital access to connect with the world around in order to pursue job opportunities	Facing significant structural challenges and social stigmas; with diminished motivation to work	Caregivers to children, many of whom quit their most recent job within past five years to become caregivers	Caregivers to elders or disabled adults who lack access to well-paying jobs or the resources to pursue them
Segment size		12%	11%	9%	11%	5%
% able to return to work ¹		88%	76%	83%	85%	80%
Gender		48% Male, 45% Female, 6% Non-binary/gender diverse	51% Female, 49% Male	55% Female, 45% Male	88% Female	64% Male, 34% Female
Age breakdown		35-54 (45%), 55+ (33%)	35-54 (49%), 55+ (32%)	35-54 (52%), 55+ (24%)	35-54 (35%), 55-64 (33%)	18-34 (54%), 55+ (32%)
Barriers	Most Prevalent Barrier	Health or Disability	Limited/no access to reliable transportation	Prefer not to work	Caring for Family	Caring for Family
	2 nd Most Prevalent Barrier	Discrimination	Limited/no access to the internet	Criminal record	Lack of Skills/Training	No jobs nearby
	3 rd Most Prevalent Barrier	Concern about losing benefits	Limited/no access to a computer	Unable to pass employer required drug tests	Wages too low	Limited/no access to reliable transportation
Solutions	Most Prevalent Solution	Disability support	Reliable internet access	Information on flexible schedule jobs	Information on flexible schedule jobs	Information on flexible schedule jobs
	2 nd Most Prevalent Solution	Healthcare	Information about available jobs with higher wages	Housing support	Childcare	Information about available jobs with higher wages
	3 rd Most Prevalent Solution	Mental health support	Information about available jobs with paid leave	Training	Training	Mental health support

1. Represents percentage of segment able to return to work with proper supports in place

Source: NM LFPR Survey (N=1417 total, N=1267 disengaged from labor force), December 2025-January 2026; BCG analysis

Six approaches can address at least one top-three barrier for ~80% of population able to work with support



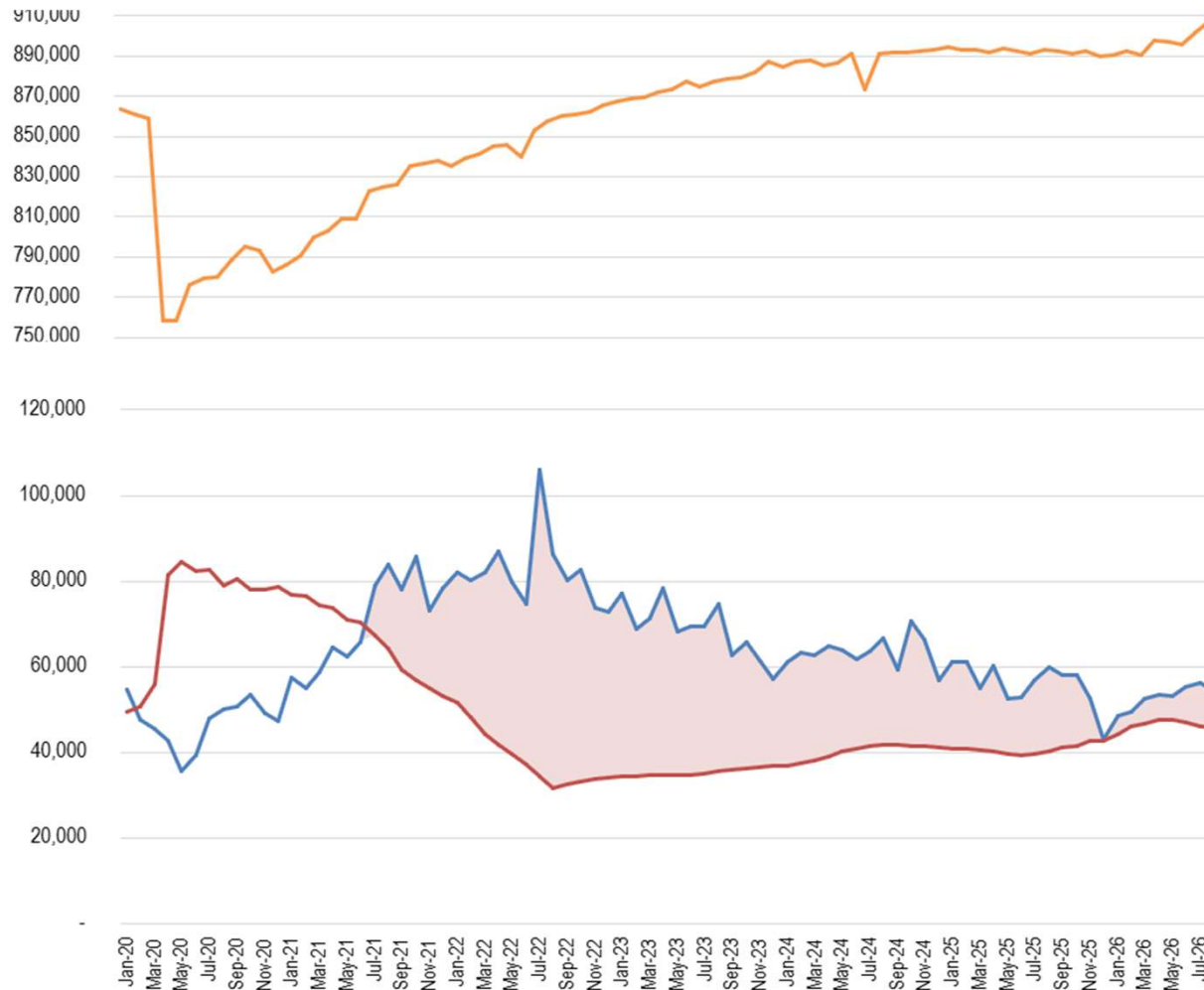
N=996 Willing to Work with Support

Source: NM LFPR Survey (N=1417 total, N=1267 disengaged from labor force), December 2025-January 2026; BCG analysis

Towards Solutions

- Focus on the places and population segments who need it the most
- Distinguish between workforce system supports and other supports
- Work with employers, not just (potential) employees
- Think through needed supports as we attract new industries

Estimated Employment Gap - August 2026



Non-Farm Employment (Seasonally Adjusted):	907,400
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Estimated Employment Gap:	8,646
# Unemployed:	45,722

Economic Transition Program

What the state is doing

- Funds up to 2 years of training and training-related materials, up to \$110,000 towards an industry recognized credential or certification, or path to 2-year or 4-year degree
- Provides a stipend of \$500/month while training
- Coordinated with Adult Ed, WIOA
- Funds supportive services that remove barriers to work/training
- Also supports job quality efforts (career pathways, work-based learning, and employer engagement) alongside barrier removal
- Paired with career consultant

Current Funding

- \$1.4M in Fiscal Years 2026 and 2027 from Community Benefit Fund
- 103 participants to date
- Program could accept other types of funding for specific industries or populations

Group	Segment Size	% Able to Work	Supports Addressed
Caregivers to Children	11%	85%	Info. about flexible jobs Childcare*, Training
Systemically Isolated	9%	83%	Info. about flexible jobs Housing support*, Training
Waiting for Better Work	18%	85%	Training, Transportation*, Info. about jobs with leave,

* Subject to local availability

Mobile and Rural Workforce Services

What the state is doing (supports & delivery)

- Mobile workforce unit provides on-the-spot job search support, career guidance, and connection to training programs
- Be Pro Be Proud brings career exploration to rural areas
- New MexiCorps Digital Navigators program (partnership with OBAE)
- AJCs as digital service expansion strategy
- Brings services to rural areas with limited transportation and/or internet access, reducing 'last-mile' barriers

Current Funding

- \$2M in recurring requested to replace GRO funding for BPBP
- \$300k for Digital Navigators one-time
- \$432K for Wi-Fi Digital Connectivity Technology Project

Group	Segment Size	% Able to Work	Supports Addressed
Logistically Isolated	11%	76%	Reliable internet; info about flexible jobs with higher wages
Systemically Isolated	9%	83%	Info. about flexible jobs Housing support*, Training
Caregivers to Elders/Adults	5%	80%	Info. about flexible jobs with higher wages

* Subject to local availability



MN | Minnesota Indigenous Workforce Initiative (MIWI)

Populations emphasized

- Native Americans
- Youth
- Rural populations
- Employers (hiring & retention)

What the state is doing

- State-led initiative launched in 2023 to address employment and economic disparities faced by Native Americans
- Partnership model with Native American leaders and non-Native employers to improve recruiting, hiring, retention, and advancement
- Developing a Career Pathways Database to connect employers and Native American workers
- Developing Native American-written employer curriculum to support retention and employee development

Foundation

- Partnership with Native Workforce Partners (17 NPT and nonprofit NPT-serving programs)
- Career Counselors at SIPI
- Pre-Apprenticeship and Be Pro Be Proud in NPT communities

Why it matters / evidence

- Explicit focus on both sides of the market: building a pipeline of prepared Native workers and equipping employers to become an “employer of choice”
- Emphasizes scalable tools (pathways database + employer curriculum) that can be reused across industries and regions

PA | Clean Slate + Employment First

Populations emphasized

- Justice involved individuals
- People with disabilities

What the state is doing (supports & delivery)

- Clean Slate laws automate sealing of eligible criminal records after waiting periods, reducing the paperwork burden on individuals
- Employment First establishes a statewide policy that competitive integrated employment is the preferred outcome for working age people with disabilities
- Cross-agency coordination (workforce, human services, vocational rehabilitation) to remove barriers and align services
- Enables faster screening and easier access to jobs, training, and occupational pathways for impacted populations

Foundation

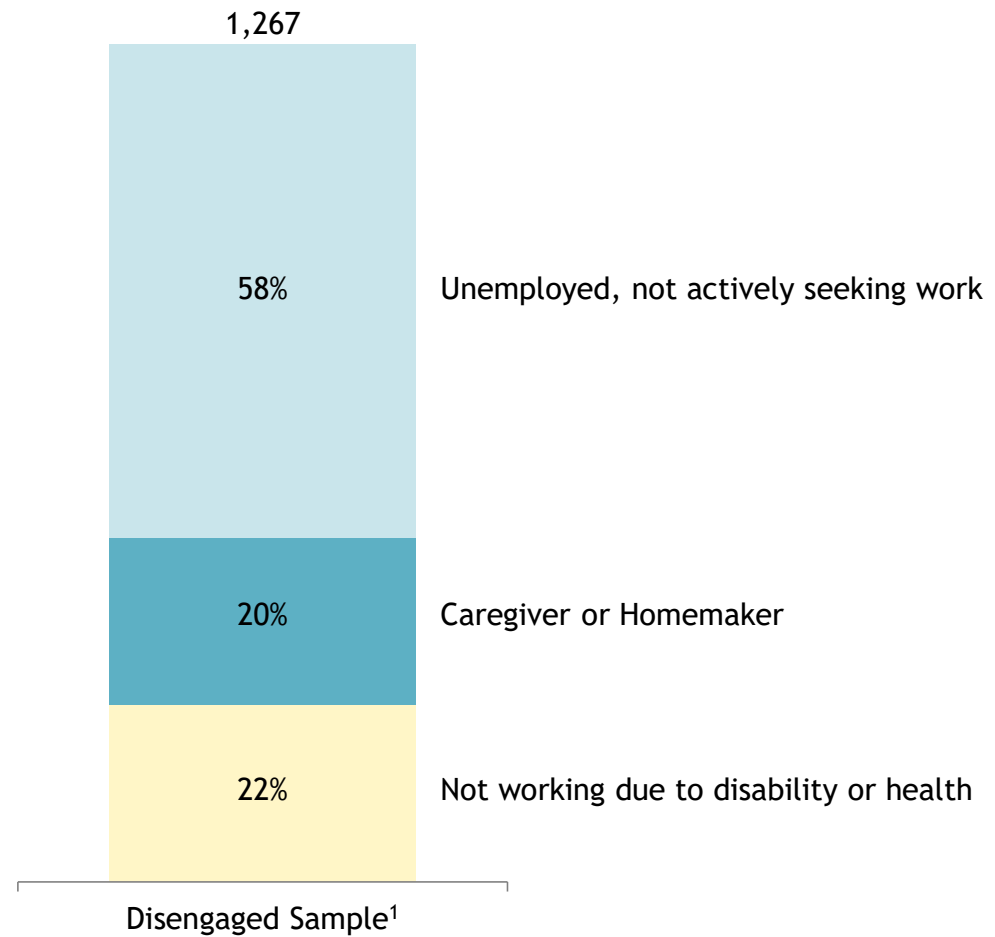
- Expungement laws
- DVR initiatives
- Disability Employment Awareness Month
- Corrections Adult Ed Programs

Why it matters / evidence

- Automatic record sealing is designed to reduce friction for jobseekers and employers versus petition-based expungement models
- Employment First policy helps shift systems toward inclusive employment and away from segregated settings, emphasizing measurable outcomes

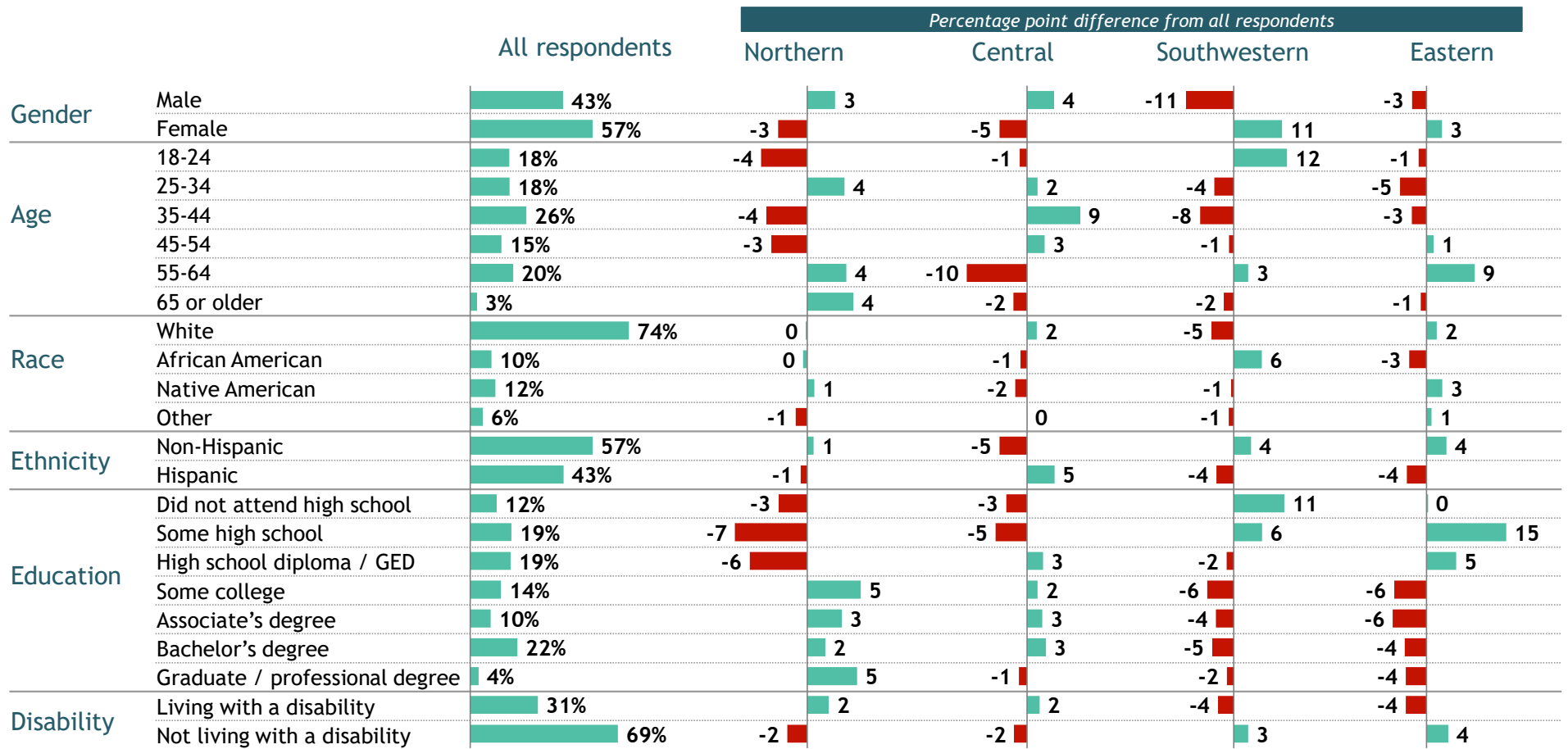
Appendix

To better understand barriers to labor force participation, we surveyed 1,267 New Mexicans statewide who are disengaged from the labor force today



1. Survey closed January 26, 2026; N1267 for disengaged sample after routine data cleaning

Disengaged Respondent Demographics by Region



Detail | Most prevalent barriers to labor force participation

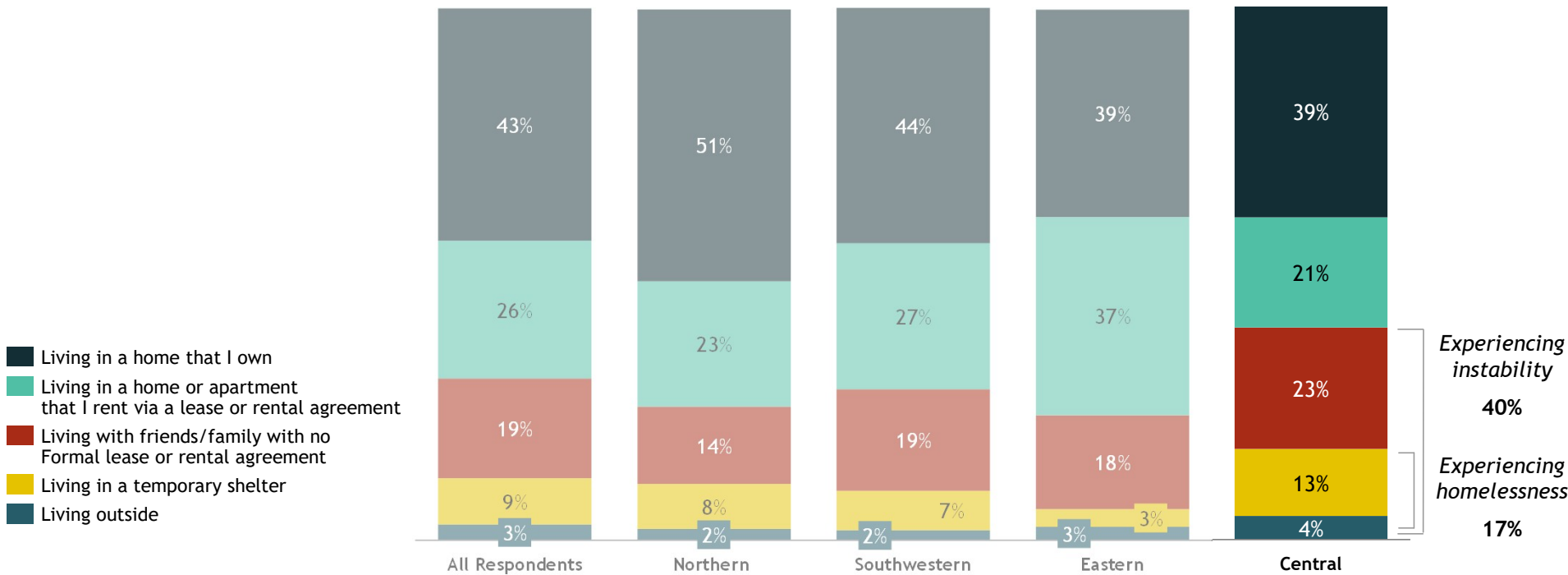
Top 5 barrier

Listed Barriers	Statewide		Regional			
	Most Prevalent	% OF RESPONDENTS	CENTRAL	EASTERN	NORTHERN	SOUTHWESTERN
Health/disability	1	26.0%	33.0% (1)	20.4% (3)	23.2% (4)	24.1% (3)
No jobs nearby	2	23.1%	21.0% (3)	23.4% (2)	27.1% (2)	18.5%
Caring for family	4	22.7%	18.3% (5)	20.4% (3)	27.4% (1)	24.7% (2)
Wages too low	3	22.2%	23.3% (2)	18.5% (5)	24.6% (3)	18.9% (5)
Lack of skills/training	5	21.8%	19.2% (4)	29.7% (1)	20.4% (5)	20.5% (4)
Housing instability	6	14.4%	9.6%	13.8%	15.0%	24.5% (2)
Concern about losing benefits	7	13.8%	14.0%	13.5%	12.9%	15.9%
Limited / no access to reliable transportation	8	13.5%	14.5%	16.6%	10.8%	13.3%
Unable to get a job reference	10	13.0%	15.5%	8.9%	14.8%	8.8%
Taking a break from job search due to limited progress	9	11.3%	11.7%	8.6%	12.3%	11.7%
Discrimination	11	10.7%	12.2%	10.3%	11.2%	6.6%
Prefer not to work	12	9.9%	8.7%	8.6%	12.5%	8.7%
Limited / no access to a computer	13	8.8%	5.7%	13.1%	10.0%	7.2%
Limited / no access to the internet	17	8.6%	7.6%	8.5%	11.1%	5.3%
Do not feel safe applying for jobs	14	8.3%	10.2%	8.8%	5.4%	9.8%
Challenges with paperwork (for example, driver's license, birth certificate, Social Security card)	15	8.3%	5.6%	14.1%	9.0%	4.9%
Limited / no access to reliable childcare	16	7.6%	8.1%	12.4%	5.6%	4.9%
Do not need to earn money or expenses are covered by somebody else	19	7.5%	6.6%	6.3%	10.0%	5.4%
Unable to fill out a job application	20	7.5%	8.6%	3.8%	9.8%	4.3%
Language barriers	17	6.5%	5.9%	5.3%	8.3%	5.7%
Unable to pass employer required drug tests	21	3.9%	3.6%	4.3%	4.3%	3.4%
Criminal record	22	3.8%	3.3%	2.5%	3.9%	6.5%

Note: Calculations exclude completions from self-employed and student respondents. Statewide n = 1,267. Percentages reflect share of respondents in that geography that identified that barrier as preventing them from seeking work. Respondents were able to select up to 5 barriers each.

Housing instability among people disengaged from the labor force is most prominent in Central New Mexico, with 40% experiencing instability and 17% experiencing literal homelessness...

% distribution of respondents across housing arrangements

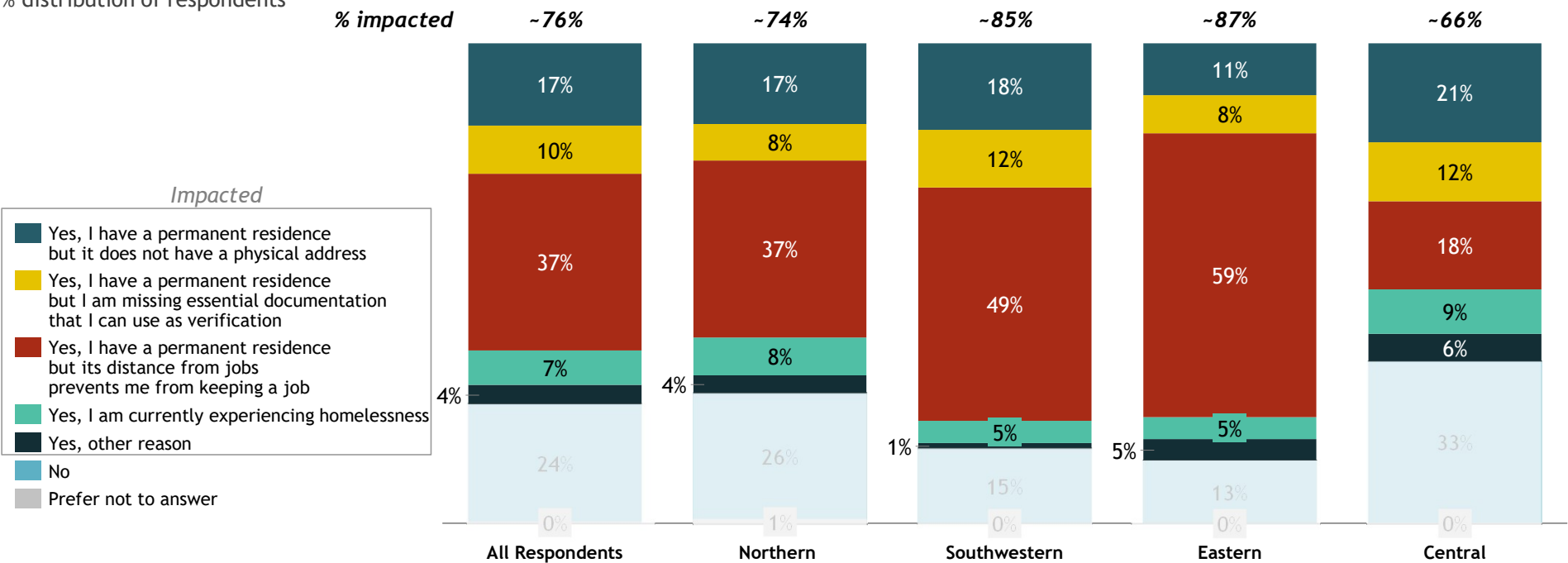


QE3: What best describes your current housing situation? (N=216-1267)
Source: NM LFPR Survey (N=1417 total, N=1267 disengaged from labor force), December 2025-January 2026; BCG analysis

...however, housing challenges impact 74% Northern, 85% Southwestern & 87% Eastern New Mexicans' ability to work compared to 66% in Central region

Does housing impact your ability to work?

% distribution of respondents



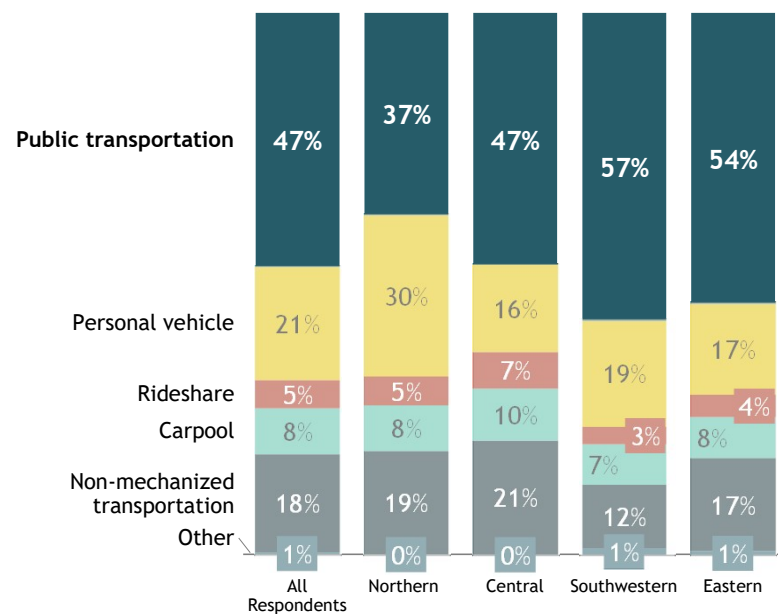
QA3: Has your current housing situation made it difficult to find or keep work? (N=216-1267)
Source: NM LFPR Survey (N=1417 total, N=1267 disengaged from labor force), December 2025-January 2026; BCG analysis

About one third of respondents use public transportation and do not believe it will reliably get them to work consistently - higher rates in SW and Eastern

47% across state using public transit to get to work x 69% with reliability concerns = ~32%

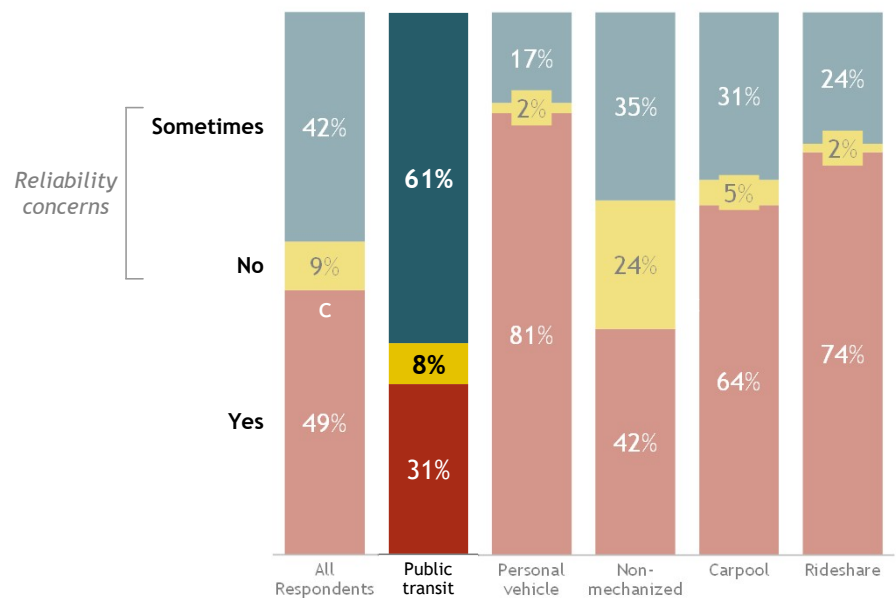
Types of transportation used regularly

% distribution of respondents



Transportation reliability

% distribution of respondents



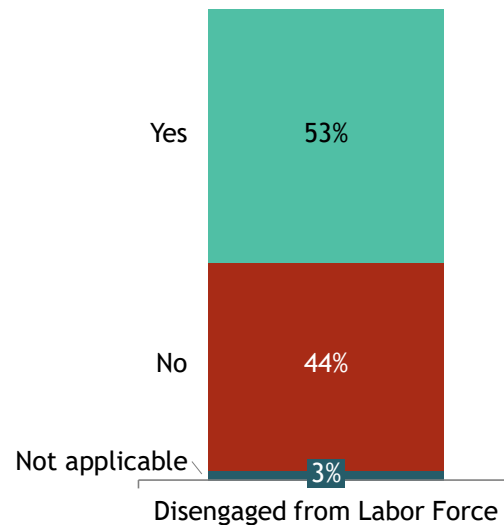
QA5: What type of transportation do you use regularly? (N=1267); QA6: If you were employed, do you believe your primary mode of transportation would reliably get you to work? (N=66-1267)

Source: NM LFPR Survey (N=1417 total, N=1267 disengaged from labor force), December 2025-January 2026; BCG analysis

53% currently collect public benefits that they fear losing access to if they start working

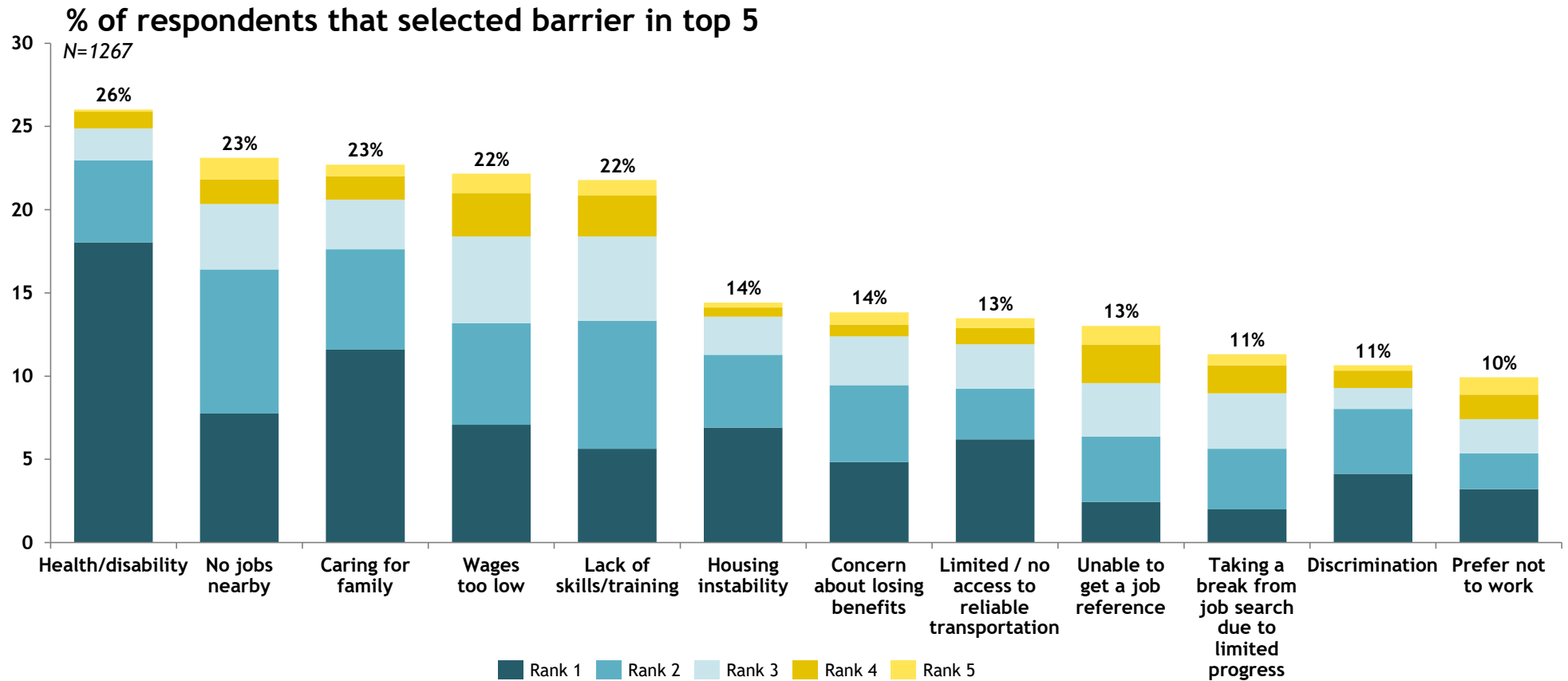


Fear of losing benefits prevents a slight majority from pursuing work



QA4: Have you avoided taking a job or working more hours because you feared losing public benefits? (N=1267)
Source: NM LFPR Survey (N=1417 total, N=1267 disengaged from labor force), December 2025-January 2026; BCG analysis

Top 12 Most Prevalent Statewide Barriers to Labor Force Engagement



Question A1: Please select up to 5 reasons you are not currently looking for a job. A2: Of the reasons you selected not working, please rank from most (#1) to least (#5) influential. Respondents provided 22 options with ability to select "other" and specify additional barrier. Statewide N=1267 representing respondents who are not currently engaged in the labor force

Three primary groups of workers composed of eight distinct segments

1 **Work-ready people who may choose to re-engage** with better wages and more attractive jobs



Waiting for better work



Informal workers

2 People with **personal, long-term barriers to work**



Long-term disability

3 People who would work if **structural barriers were alleviated**



Health-impacted



Logistically isolated



Systemically isolated



Caregivers to children

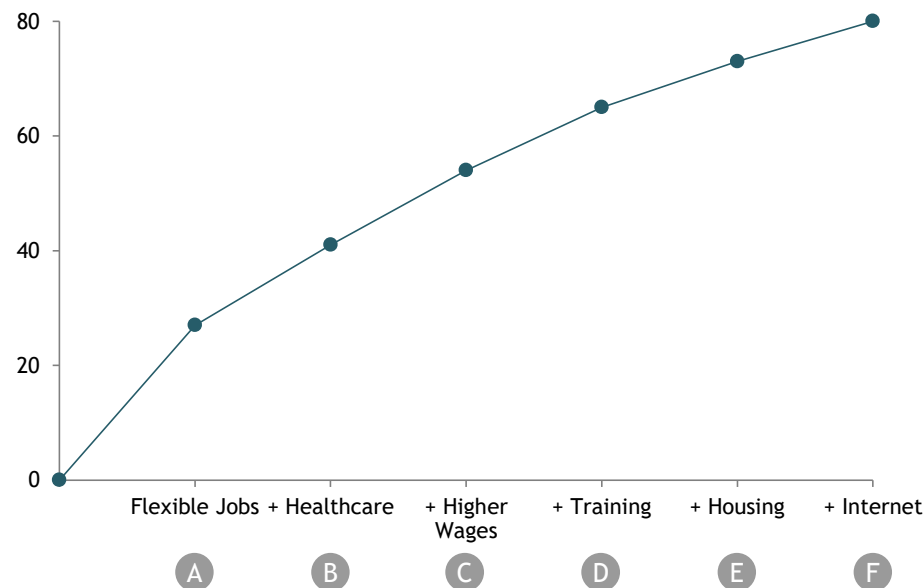


Caregivers to elders/adults

A bundled set of solutions addresses at least one top-ranked barrier for nearly 80% of respondents who are able to work with supports

Unduplicated reach to support individuals with ability to work

% of total population reached with cumulative support



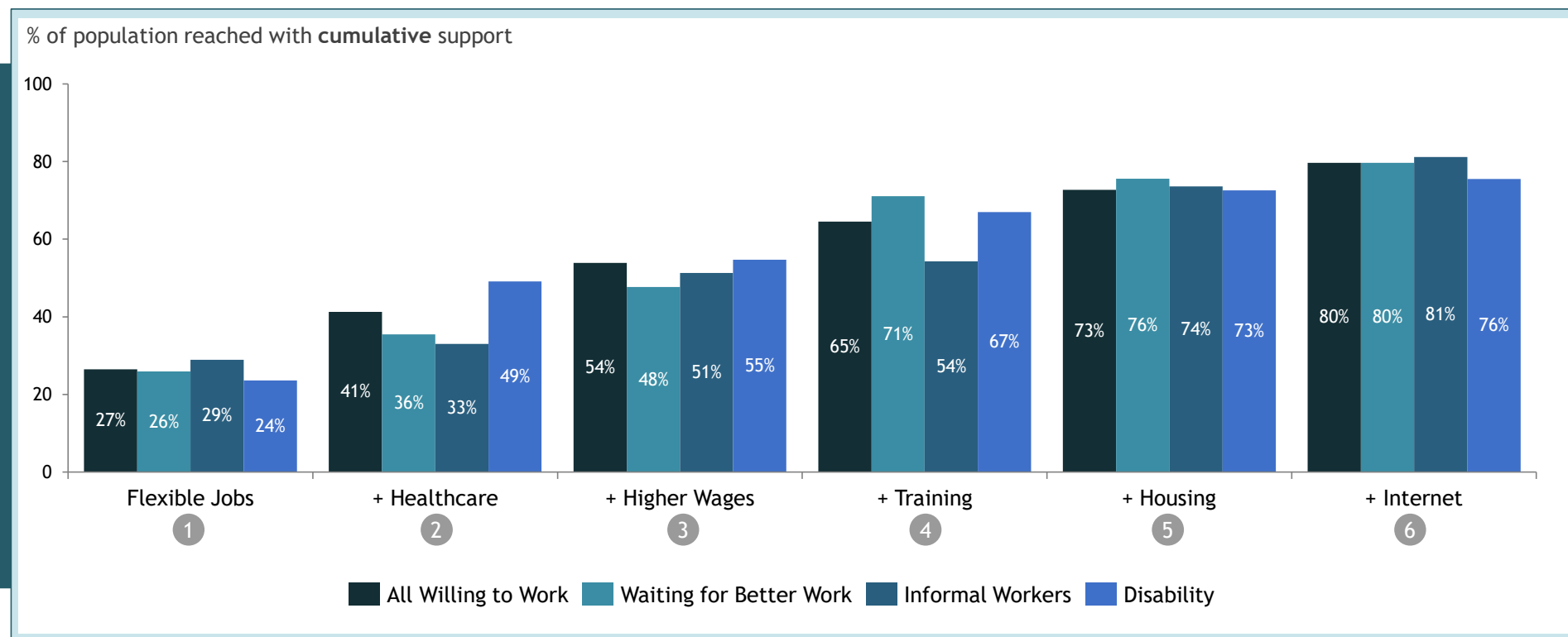
Question QD4: Please select up to 3 solutions that would be most helpful to you in starting to look for work or in finding a job.
Source: NM LFPR Survey (N=996 Willing to work with support; TURF methodology applied to package solutions), December 2025-January 2026; BCG analysis

Solution area details

Support noted by respondents who selected the solution

Solution	Respondent description(s)
A Flexible Jobs	Ability to choose hours, remote/hybrid work, predictable scheduling
B Healthcare	Job-based health insurance, access to affordable care, prescription coverage
C Higher Wages	\$15-25/hour
D Training	Associate or Bachelor's degree, specialized training or certificate
E Housing	Rental assistance
F Internet	Expanded access to reliable internet or Wi-Fi in home or community

Six approaches can address at least one top-three barrier for ~80% of population able to work with support



N=996 Willing to Work with Support

Source: NM LFPR Survey (N=1417 total, N=1267 disengaged from labor force), December 2025-January 2026; BCG analysis

Detail | Segment descriptions

	Segment	Share of Non-LF Population	% Segment Able to Work w/ Support	Opportunity Pool to Re-engage ¹	Primary Barriers & Notable Demographics
1	Waiting for Better Work	18%	85%	15%	Prime working-age, relatively qualified individuals concentrated in Central NM. Barriers center on job quality—low wages, limited local opportunities, skills mismatch—rather than access or structural exclusion.
	Informal Workers	18%	88%	16%	Predominantly prime working-age women engaged in informal or cash-based work. Constrained by low wages, housing instability, transportation gaps, strong fear of losing public benefits more than lack of ability to work.
2	Long-Term Disability	17%	50%	9%	Individuals with significant, often permanent disabilities and the lowest re-engagement potential. Severe health limitations and reliance on disability benefits define this segment; work capacity is typically limited to part-time with accommodations.
3	Health-Impacted	12%	88%	11%	Mid-career and older adults who exited due to physical or mental health challenges. More educated and digitally connected than average; health limitations, discrimination, benefit cliffs are primary barriers.
	Logistically Isolated	11%	76%	8%	Skews older and geographically dispersed; disconnected due to unreliable transportation, limited broadband, and digital access gaps. Long labor market detachment and benefit dependence reinforce exclusion.
	Systematically Isolated	9%	83%	7%	Prime working age adults facing compounding structural barriers (e.g., criminal records, social stigma, drug-testing concerns, diminished motivation). Many rely on informal work, but legal and reputational barriers restrict formal re-entry.
	Caregivers to Children	11%	85%	9%	Overwhelmingly women who left recent employment to care for children. Childcare cost, limited hours alignment, and wage adequacy are defining constraints; strong preference for part-time, flexible roles.
	Caregivers to Elders/Adults	5%	80%	4%	Disproportionately younger Hispanic men caring for elders at home. Key barriers include caregiving demands, limited nearby jobs, and transportation access; moderate concern about wages.
Total		101% ²	N/A	79%	1. Share of Non-LF Population * % of segment able to work with supports; 2. Adds to 101% due to rounding 2. Source: NM LFPR Survey (N=1417 total, N=1267 disengaged from labor force), Dec '25 - Jan '26; BCG analysis

Top Findings:

- **Non-participation does not equal an inability nor unwillingness to work:** 79 percent of disengaged New Mexicans said they could work with support
- **There are more people working than the official LFPR metric suggests:** 60 to 77 percent of people who reported not working or looking for work also reported participating in non-traditional work in the past year
- Barriers to work are distinct. Segmentation suggests **three groups made up of 8 distinct segments** that represent disengaged New Mexicans¹:
 - **48 percent:** People who could work with the alleviation of structural barriers that prevent them from finding and keeping work today (e.g., systematically and logistically isolated, caregivers, health-impacted)
 - **36 percent:** Work-ready people who may choose to re-engage with formal work with better wages and more attractive jobs (e.g., informal workers, individuals waiting for better work)
 - **17 percent:** People with long-term health concerns and/or disabilities that create substantial barriers in their ability to work even with supports (e.g., long-term disabilities)
- A package of **6 primary support areas** can reach 80 percent of the population that has an ability to work with support: (1) Flexible jobs with ability to choose hours, predictable schedules, remote/hybrid options and/or ADA accessible jobs, (2) access to healthcare, (3) higher wages, (4) training, (5) rental assistance, and (6) expanded access to internet

1. Percentages add to 101 percent due to rounding