Saddling Up for Work:

The Rodeo Region Leads in Labor Participation

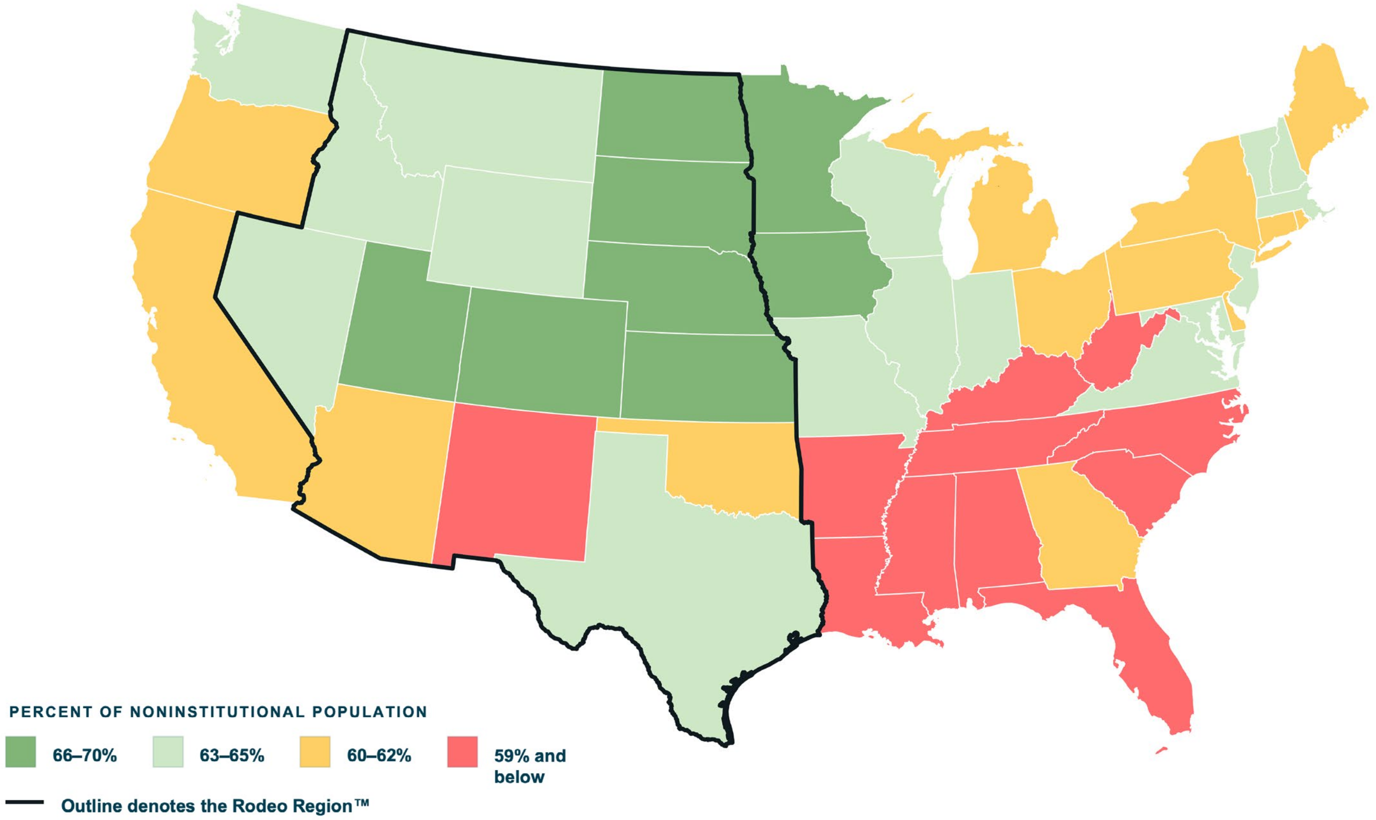
The long-term outlook for U.S. economic growth may increasingly depend on labor force participation rather than labor force expansion. The labor force participation rate, defined as the share of the working-age population that is either employed or actively looking for work, is a key gauge of labor market capacity, distinct from the unemployment rate. Recent research from the Federal Reserve Bank of Kansas City suggests that demographic trends, including an aging population, lower birth rates, limited foreign immigration, and slowing growth in the working-age population, could limit future labor force growth.

The bank notes that strong participation rates and immigration flows have so far more than offset the downward pressure of rising retirements, but that this trend has limited room to continue: current participation rates are already at historically high levels, leaving little room to rise further even in a healthy labor market. As a result, the bank concludes that the U.S. labor force is likely nearing its peak, since further gains in participation are unlikely to fully offset slowing immigration and continued aging.

If the nation's labor force is approaching a structural plateau, future economic expansion will depend less on adding workers and more on increasing the share of adults who are employed or actively seeking work. This shift places new importance on state-level labor force participation rates. Today, many of the nation's highest participation rates are found in the middle of the country: Bow River's Rodeo Region™. These states share several structural advantages that encourage workforce participation. Housing costs remain comparatively affordable, allowing more households to support dual-income families. Their economies are anchored by industries that require broad workforce participation, including agriculture, energy, advanced manufacturing, logistics, construction, healthcare, and business services. In many communities, work opportunities are plentiful, commuting times are shorter, and employment remains closely tied to household prosperity.

Each state illustrates a different competitive strength. For example, North Dakota benefits from energy development and a relatively young workforce. Nebraska combines agriculture, food processing, transportation, insurance, and manufacturing with consistently low unemployment. Kansas has become an important center for aerospace manufacturing, logistics, and agricultural technology. Utah's rapidly expanding technology sector, combined with one of the nation's youngest populations and high family formation rates, has helped sustain exceptional workforce participation. Colorado continues to attract educated workers in aerospace, bioscience, professional services, and outdoor recreation while maintaining one of the country's strongest labor markets. Texas combines population growth, energy, manufacturing, technology, and business-friendly policies to attract both employers and workers.

Labor Participation Rate by State



Source: U.S. Bureau of Labor Statistics, May 2026

By contrast, many coastal states face demographic headwinds. Higher housing costs, older populations, and slower labor force growth can make it more difficult to expand employment, even in economies that remain highly innovative and productive.

Higher labor force participation alone does not guarantee faster economic growth; productivity, capital investment, innovation, and education remain equally important. However, if national labor force growth continues to slow, states that consistently attract and retain working-age residents while maintaining high participation rates are likely to enjoy a meaningful competitive advantage. Over the coming decade, these demographic and labor market trends could shift a greater share of U.S. economic growth toward the nation's interior, where labor supply remains comparatively strong and economic capacity continues to expand.

IMPORTANT INFORMATION

Rodeo Region is defined as 14 states located across the U.S. Mountain West, Midwest, and the Southwest.