

# RESEARCH NOTES



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U-1 through U-6  
Jeremey Hays, Economist

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## Alternative Measures of Labor Underutilization (2014 Annual Average)

Measure	Underutilization Concept	Level
Official Rate	jobless persons available to take a job who have actively sought work in the past four weeks	7.7%
U-1	jobless 15 weeks or longer	4.2%
U-2	job losers and persons losing a temporary job	4.0%
U-3	similar to official rate	7.7%
U-4	U-3 plus discouraged workers	8.4%
U-5	U-4 plus others marginally attached to the labor force	9.4%
U-6	U-5 plus those employed part-time for economic reasons	15.3%

- U-3, which averaged 7.7% over 2014, is the total of unemployed workers as a percentage of the civilian labor force. This is most similar to the official rate, which also measures 7.7%<sup>1</sup> in this period.
- U-4 adds discouraged workers to U-3, bringing the underutilization level to 8.4%. Discouraged workers are those people who would like to work, but have stopped looking for work because they believe there are no jobs to be filled.
- Marginally attached workers, the addition to U-5, have not searched for work for reasons other than belief that there are no jobs to fill, totaling 9.4%.
- Finally, U-6 adds part-time workers (working less than 35 hours per week) who would rather be working full-time, but cannot due to economic reasons including having their hours cut or being unable to find full-time work. This leads to a U-6 underutilization rate of 15.3%.
- Nevada was within the highest three positions in all six measures of Labor Underutilization through all of 2014.

<sup>1</sup> Note that, in the table and in the comparisons below, the unemployment rate (U-3) that is shown is derived directly from the Current Population Survey, because this is the only source of data for the various components of the other five measures. As a result, the U-3 measure can differ from the official state unemployment rate. The official rate is developed from statistical models that greatly improve the reliability of the labor force and unemployment estimates.