

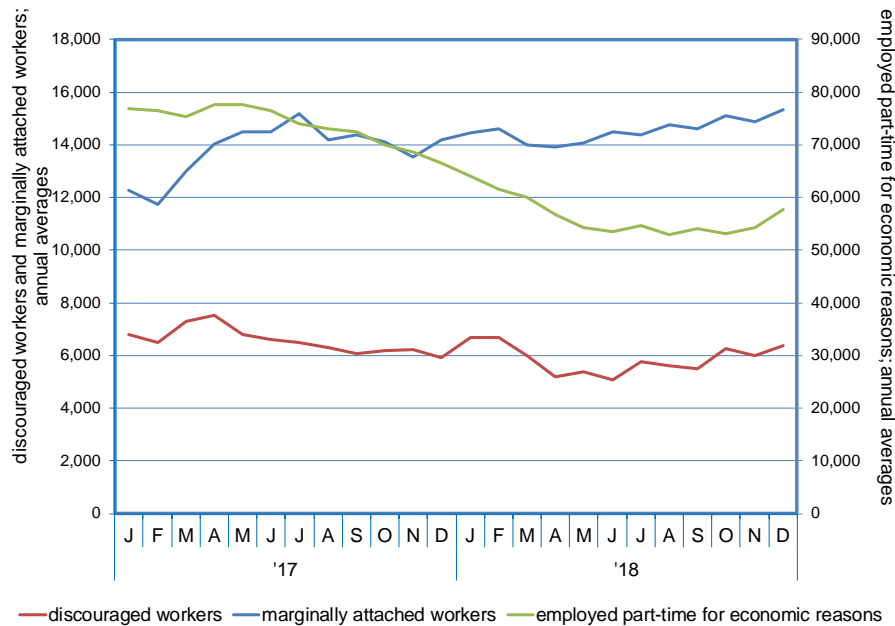
Research Notes



Alternative Measures 2018 annual average
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Nevadans Working Part-time for Economic Reasons Declined over the Year (Alternative Measure U-6)



- The Bureau of Labor Statistics produces six alternative measures of labor underutilization which are available on a quarterly basis from the Current Population Survey (CPS) at the state level. The official concept of unemployment (as measured in the CPS by U-3 in the U-1 to U-6 range of alternatives) includes all jobless persons who are available to take a job and have actively sought work in the past four weeks. This concept has been thoroughly reviewed and validated since the inception of the CPS in 1940. The other measures are provided to data users and analysts who want more narrowly (U-1 and U-2) or broadly (U-4 through U-6) defined measures. The use of four-quarter averages for states increases the reliability of the CPS estimates, which are based on relatively small sample sizes at the sub-national level, in addition to eliminating seasonality. Due to the inclusion of lagged quarters, the state alternative measures may not fully reflect the current status of the labor market.
- U-3, which averaged 4.5% in Nevada in 2018, down from five percent in 2017. U-3 is the total of unemployed workers as a percentage of the civilian labor force. This measure is most similar to the official unemployment rate, which stood at 4.6%¹ in this period. U-3 peaked at 14.4% in 2010. Unemployed workers averaged 68,750 over 2018 down from 72,865 in previous year.

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¹ 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.

Research Notes



- U-4 adds discouraged workers to U-3, bringing the underutilization level to 4.9%, down from 5.4% in 2017. U-4 peaked at 15.2% in 2010. 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. Discouraged workers averaged 6,380 in 2018, up from 5,920 in 2017.
- 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 (school attendance, transportation problems, poor health, family responsibilities, etc.). U-5 totaled 5.8% during this period down from 6.3% in 2017. U-5 peaked at 16% in 2010. Marginally attached workers stood at 15,340 in 2018, up from 14,200 in previous year.
- 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 9.5% down from 10.8% in 2017. Those employed part-time for economic reasons averaged 57,790 in 2018, down from 66,490 in the previous year. The U-6 measure stands at 9.5% in 2018, it is the third-highest in the U.S.

Alternative Measures of Labor Underutilization							
Measure	Underutilization concept	2017 annual average	2018 annual average	Over the year percentage points change	2018 total level	2018 component level	Component level 2018 OTY change
Official Rate	jobless persons available to take a job who have actively sought work in the past four weeks	5.0%	4.6%	-0.4			
U-1	jobless 15 weeks or longer	1.8%	1.3%	-0.5			
U-2	job losers and persons losing a temporary job	2.7%	1.9%	-0.8			
U-3	similar to official rate	5.0%	4.5%	-0.5	56,200		
U-4	U-3 plus discouraged workers	5.4%	4.9%	-0.5	62,580	6,380	460
U-5	U-4 plus others marginally attached to the labor force	6.3%	5.8%	-0.5	77,920	15,340	1,140
U-6	U-5 plus those employed part-time for economic reasons	10.8%	9.5%	-1.3	135,710	57,790	-8,700

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