

Research Notes

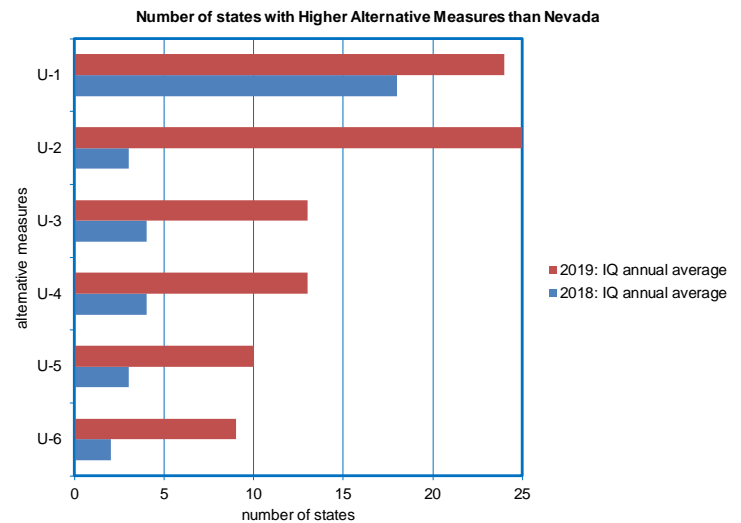


Alternative Measures, First Quarter of 2019 Annual Average
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All Components of Alternative Measures Declined over the Year

Alternative Measures of Labor Underutilization			
Measure and Components	2019:IQ annual average	2018:IQ annual average	Over the year change
Official Rate unemployed	4.4%	4.9%	-0.5
	65,997	72,533	-6,536
U-1 jobless 15 weeks or longer	1.3%	1.7%	-0.4
	19,300	24,800	-5,500
U-2 job losers and persons losing a temporary job	1.3%	2.7%	-1.4
	25,900	39,100	-13,200
U-3 (similar to official rate) unemployed	4.1%	5.1%	-1.0
	63,000	75,900	-12,900
U-4 discouraged workers	4.4%	5.5%	-1.1
	4,300	5,500	-1,200
U-5 marginally attached to the labor force	5.2%	6.4%	-1.2
	17,400	19,700	-2,300
U-6 employed part-time for economic reasons (involuntary part-time workers)	8.7%	10.4%	-1.7
	52,900	60,200	-7,300



- The Bureau of Labor Statistics produces six alternative measures of labor underutilization which are available on a quarterly basis since 2003 second quarter. These are based on data from the Current Population Survey (CPS) and are available at the state and national level. The official concept of unemployment (as measured in the CPS by U-3 includes all jobless persons who are available to take a job and have actively sought work in the past four weeks). 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-1 is the total of persons unemployed 15 weeks or longer, as a percentage of the civilian labor force. In Nevada this measure averaged 1.1% from the beginning of 2004 through the third quarter of 2007. U-1 peaked at 9.2% in 2010. During the year ending 2019:IQ, U-1 averaged 1.3%, down from 1.7% in the previous year. During this period those unemployed 15 weeks or longer averaged 88,600, down from 88,900. The Silver State's U-1 is the 25th-highest among other states and the District of Columbia, in other words 24 states have a higher U-1 than Nevada. This place the Silver State in the middle of the range.

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- U-2 is the total of job losers and persons who completed temporary jobs, as a percentage of the civilian labor force. This measure averaged 2.1% from the beginning of 2004 through the third quarter of 2007. U-2 peaked at 10.1% in 2010. During the year ending 2019:1Q, U-2 averaged 1.7%, down from 2.7% a year ago. Job losers and persons who completed temporary jobs averaged 80,100, down from 87,200 in the previous year. Nevada's U-2 is the 26th highest in the U.S.
- U-3 is the total of unemployed workers as a percentage of the civilian labor force. In the Silver State this measure averaged 4.3% from the beginning of 2004 through the third quarter of 2007. U-3 peaked at 14.4% in 2010. During the year ending 2019:1Q, U-3 averaged 4.1% in Nevada, down from 5.1% a year ago. Unemployed workers averaged 63,000, this is down from 75,900 in the previous year. Nevada's U-3 is the 14th-highest in the nation. This measure is very similar to the official unemployment rate at 4.4%¹ in this period, down from 4.9% a year ago.
- U-4 adds discouraged workers to U-3. 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. This measure averaged 4.4% from the beginning of 2004 through the third quarter of 2007. U-4 peaked at 15.2% in 2010. During the year ending 2019:1Q, U-4 averaged 4.4%, down from 5.5% a year ago. Discouraged workers averaged 4,300 in the year ending March 2019, down from 5,500 in previous year. Nevada's U-4 is the 14th-highest in the nation.
- 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 averaged five percent from the beginning of 2004 through the third quarter of 2007. U-5 peaked at 16% in 2010. During the year ending 2019:1Q, U-5 totaled 5.2%, down from 6.4% in previous year. Marginally attached workers stood at 17,400 which is down from 19,700 a year ago. Nevada's U-5 is the 11th-highest in the U.S.
- 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. U-6 averaged 7.5% from the beginning of 2004 through the third quarter of 2007. U-6 peaked at 23.7% in year ending 2011:1Q. During year ending 2019:1Q, U-6 totaled 8.7%, down from 10.4% a year ago. Those employed part-time for economic reasons averaged 52,900 compared to 60,200 in previous year. Nevada's U-6 measure it is the tenth-highest in the nation.
- All the components of the alternative measures of labor underutilization declined over the year in the Silver State. All alternative measures levels are returning to their historical average levels seen from the beginning of 2004 through the third quarter of 2007.

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¹ Note that 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.