

### The April Review

The Employment Cost Index (ECI) was developed in the mid-1970s in response to the rapid acceleration of both wages and prices at that time. This issue documents the recent updating and upgrading of the program. We will leave the more detailed summarization to Richard E. Carroll's overview article. Fehmida Sleemi outlines the changes in the data published by the ECI. E. Raphael Branch and Lowell G. Mason write on the seasonal adjustment process. Song Yi explains some of the imputation procedures and Stephanie L. Costo reports on the new employment weights for the ECI.

### State jobless rates 2005

In 2005, Hawaii again had the lowest annual average unemployment rate among the States, 2.8 percent. North Dakota posted the next lowest rate, 3.4 percent, followed closely by Vermont and Virginia, 3.5 percent each, and New Hampshire and Wyoming, 3.6 percent each. Four additional States (Florida, Idaho, Nebraska, and South Dakota) reported annual average unemployment rates below 4.0 percent for 2005.

Mississippi and Louisiana recorded the highest jobless rates in 2005, 7.9 and 7.1 percent, respectively. Three other States had rates above 6.5 percent—Alaska, South Carolina, and Michigan.

Overall, 31 States reported unemployment rates below the national average of 5.1 percent, 18 States and the District of Columbia registered rates above it, and 1 State had the same rate. To learn more, see "State and Regional Unemployment, 2005 Annual Averages," news release [USDL 06-362](#).

### Turnover 2001-2005

In 2005, annual hires rose for the second year in a row, reaching 57 million after weaker hiring in 2002 and 2003. The number of quits increased notably for the second year in a row, reaching 31 million in 2005. In contrast, the levels of

layoffs and discharges were relatively flat over the past several years, as was the level of other separations. Total separations rose to 55 million in 2005.

Total separations include quits, layoffs and discharges, and other separations. To learn more, see "Job Openings and Labor Turnover: January 2006," news release [USDL 06-457](#).

### Multifactor productivity 1995-2004

In the private business sector, multifactor productivity—output per combined units of labor and capital inputs—grew at an annual rate of 2.9 percent in 2004. In the previous year, private business sector multifactor productivity rose 2.8 percent. Multifactor productivity in the private business sector in 2003 and 2004 shows the fastest rate of growth in the current time series, which goes back to 1987.

In private business, the change in multifactor productivity reflects the difference between the change in real gross domestic product for the sector and the change in labor and capital inputs engaged in the production of this output. Multifactor productivity differs from the labor productivity (output per hour worked) measures that are published quarterly by BLS because it includes information on capital services and other data that are not available on a quarterly basis. To learn more, see "Multifactor Productivity Trends, 2003 and 2004," news release [USDL 06-513](#).

### Class of 2005 at work

Of all 2005 high school graduates, 57.2 percent were participating in the labor force in October 2005. Recent high school graduates who were not enrolled in college in the fall of 2005 were more likely than enrolled graduates to participate in the labor force (78.5 versus 47.4 percent).

In October 2005, 68.6 percent of high school graduates from the class of 2005 were enrolled in colleges or universities. The college enrollment rate for

recent high school graduates was a historical high for the series dating back to 1959. Among recent high school graduates in college, 91.2 percent were full-time students. Of these full-time students, 44.3 percent were in the labor force, either working or looking for work. In contrast, 79.0 percent of part-time college students participated in the labor force. Additional information is available from "College Enrollment and Work Activity of 2005 High School Graduates," news release [USDL 06-514](#).

### New services productivity measures

Labor productivity (as measured by output per hour) rose at an average annual rate of 1.4 percent in the architectural services industry between 1987 and 2003. Productivity growth in the architectural services industry was strongest during the first half of the 1990s. Between 1990 and 1995, output per hour grew at an annual rate of 2.7 percent. In this period, output rose 2.1 percent per year and hours declined 0.6 percent per year on average. In contrast, from 1995 to 2000, productivity did not advance in this industry.

From 1987-2003, labor productivity increased at an average annual rate of 0.6 percent in the engineering services industry. Productivity in engineering services grew most rapidly at the end of the 1980s and during the second half of the 1990s. From 1995 to 2000, output per hour grew 1.8 percent per year as output rose 6.2 percent per year and hours increased 4.3 percent. Productivity declined during the first half of the 1990s, with output falling an average 0.6 percent per year and hours rising 0.4 percent per year. Productivity also declined from 2000 to 2003, as output fell an average 2.5 percent per year and hours declined 1.1 percent per year. More information on these new productivity measures is available in "New Service Industry Productivity Measures," BLS Report 993. □