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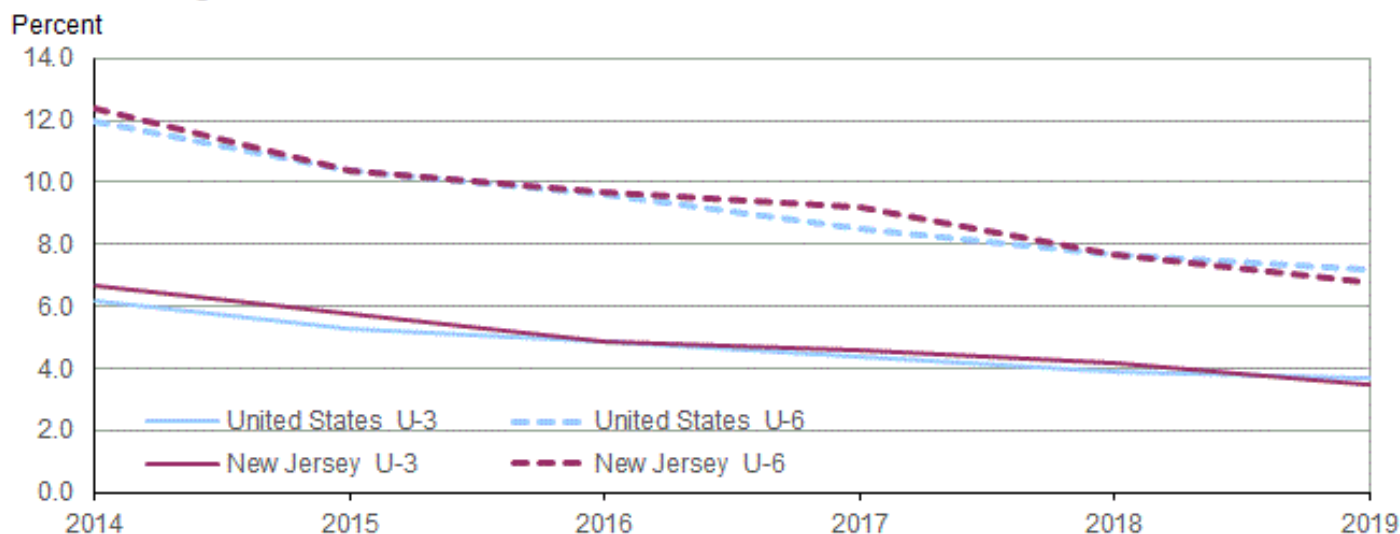
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Alternative Measures of Labor Underutilization, New Jersey – 2019

In 2019, the broadest measure of labor underutilization, designated U-6 (which includes the unemployed, workers employed part-time for economic reasons, and those marginally attached to the labor force), was 6.8 percent in New Jersey, similar to the 7.2-percent rate for the nation, the U.S. Bureau of Labor Statistics reported today. Chief Regional Economist Martin Kohli noted that of the six alternative measures of labor underutilization in New Jersey, all but one, the U-2, had a significant decline from its 2018 rate. Nationally, all six measures had significant decreases over the year. (See [table 1.](#))

The official concept of unemployment, U-3 in the U-1 to U-6 range of measures, includes all jobless persons who are available to take a job and have actively sought work in the past 4 weeks. In New Jersey, 3.5 percent of the labor force was unemployed, as measured by U-3 in 2019, not significantly different from the national rate of 3.7 percent. (See [chart 1.](#)) (The official measure of unemployment in states is derived using a statistical model that incorporates data from the Current Population Survey [CPS] and other sources, and this model-based estimate can differ from the direct CPS estimate discussed here.)

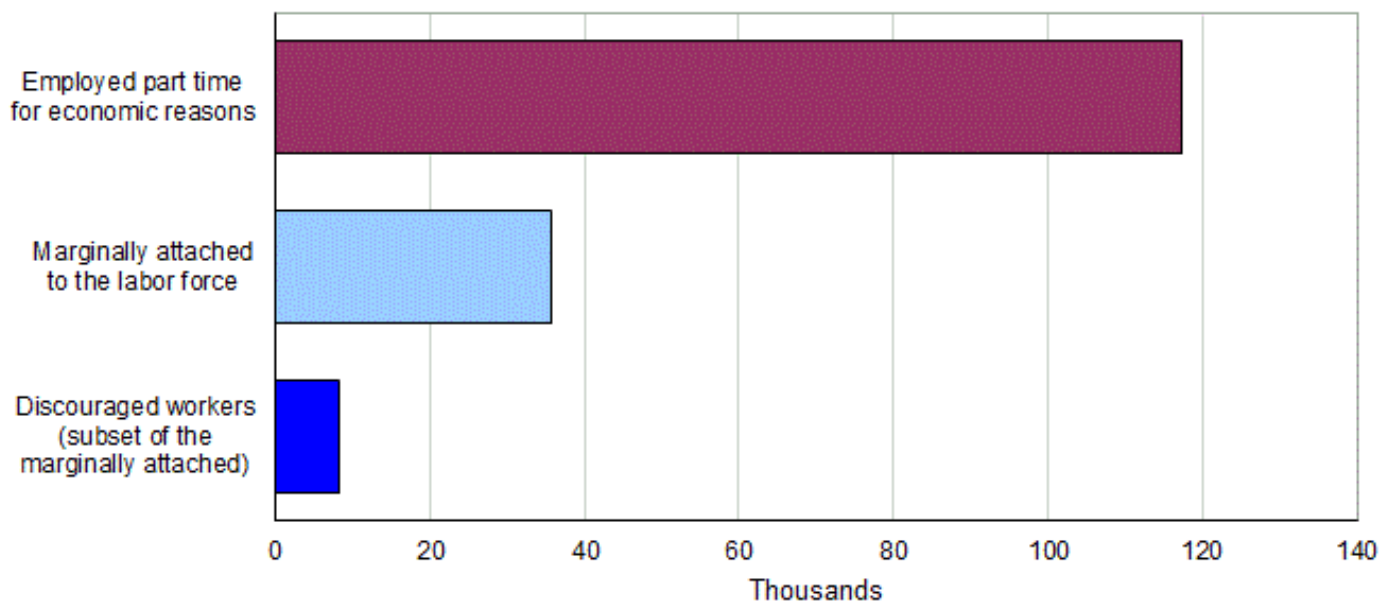
Chart 1. Two alternative measures of labor underutilization, United States and New Jersey, 2014–19 annual averages



Source: U.S. Bureau of Labor Statistics.

New Jersey had 159,700 unemployed residents in 2019 according to the CPS. In addition, there were 117,300 workers who were employed part time for economic reasons (also known as involuntary part time). These individuals were working part time because of slack work or business conditions or because they were unable to find a full-time job. (See [chart 2.](#)) Nationwide, there were 4.4 million individuals working part time for economic reasons in 2019.

Chart 2. Numbers of selected underutilized workers, New Jersey, 2019 annual averages



Source: U.S. Bureau of Labor Statistics.

In 2019, the number of individuals considered to be marginally attached to the labor force in New Jersey was 35,700. People marginally attached to the labor force are not working, but indicate that they would like to work, are available to work, and have looked for work at some time during the past 12 months, even though they had not searched for work in the 4 weeks preceding the survey for reasons such as school attendance or family responsibilities. In the United States, the number of people marginally attached totaled 1.4 million in 2019.

Discouraged workers, a subset of the marginally attached, are persons who are not currently looking for work because they believe no jobs are available for them. In 2019, there were 8,300 discouraged workers in New Jersey, accounting for 23 percent of the marginally attached in the state. The U-4 measure, which adds discouraged workers to the number of the unemployed (expressed as a percentage of the labor force plus the number of discouraged workers), was 3.7 percent in New Jersey, not significantly different from the 3.9 percent for the nation.

State comparisons

In 2019, five states had rates significantly lower than those of the U.S. for all six measures (New Hampshire, North Dakota, Utah, Vermont, and Virginia), while three states had rates significantly higher than those of the U.S. for all six measures (Alaska, California, and Mississippi). (See [table 2.](#))

The U-4 rate includes discouraged workers; thus, the difference between U-3 and U-4 reflects the degree of would-be job-seeker discouragement. At the national level in 2019, the difference between U-3 and U-4 was +0.2 percentage point. No state had a noteworthy difference between these two measures.

The U-5 rate includes all persons who are marginally attached to the labor force, and U-6 adds those who are involuntary part-time workers. Therefore, the larger the difference between U-5 and U-6, the higher the incidence of this form of “underemployment.” In 2019, all states and the District of Columbia had significant differences between their U-5 and U-6 rates. Oregon had the largest gap, +3.5 percentage points. Alabama had the smallest gap, +1.6 percentage points, indicating a comparatively low degree of underemployment. At the national level, the difference between U-5 and U-6 was +2.7 percentage points.

Relative to 2018, Alabama and New Jersey experienced significant decreases in 5 of the 6 measures of labor underutilization. Florida, Maryland, and Texas each had significant decreases in four measures. For each measure, rates declined significantly over the year for at least 2 states (U-1) and as many as 11 states (U-6). The only states with statistically significant over-the-year increases in any measures were Delaware (+0.8 percentage point for U-2) and Minnesota (+0.6 point for U-2).

Some states with extreme measures, either low or high, maintained their general place in the rankings of alternative measures over the year. New Hampshire and Vermont had rates among the 10 lowest for each measure in 2018 and 2019. Similarly, Alaska, Louisiana, and West Virginia all had rates among the 10 highest for each measure in both periods.

Technical Note

The U.S. Bureau of Labor Statistics (BLS) produces six measures of labor underutilization based on Current Population Survey (CPS) data. Monthly, the BLS publishes these six measures for the United States in the Employment Situation news release. (See www.bls.gov/news.release/empsit.t15.htm.) State estimates and estimates for Los Angeles and New York City, presented as 4-quarter averages, are provided each quarter on the BLS website. (For the most recent data see www.bls.gov/lau/stalt.htm.)

The official concept of unemployment (as measured in the CPS) is equivalent to the U-3 in the U-1 to U-6 range of measures. 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 unemployment rates (U-3) in this release are derived directly from the CPS, because this is the only source of data for the various components of the alternative measures. As a result, these U-3 measures may differ from the official state annual average unemployment rates. The latter are estimates developed from statistical models that greatly improve the reliability of the top-side labor force and unemployment estimates. Those models, developed by the Local Area Unemployment Statistics (LAUS) program, incorporate CPS estimates, as well as input data from other sources. The model-based estimates are accessible through the LAUS home page at www.bls.gov/lau/home.htm.

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Table 1. Over-the-year change and measure of statistical significance in alternative measures of labor underutilization for the United States and New Jersey, 2018–19 annual averages (percent)

Measure	United States			New Jersey		
	2018	2019	Change 2018–19	2018	2019	Change 2018–19
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force.....	1.4	1.3	-0.1*	2.1	1.5	-0.6*
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	1.8	1.7	-0.1*	2.2	1.8	-0.4
U-3 Total unemployed, as a percent of the civilian labor force (official concept of unemployment) ⁽¹⁾	3.9	3.7	-0.2*	4.2	3.5	-0.7*
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers ⁽²⁾	4.1	3.9	-0.2*	4.5	3.7	-0.8*
U-5 Total unemployed, plus discouraged workers, plus all other persons marginally attached to the labor force, as a percent of the civilian labor force plus all persons marginally attached to the labor force ⁽²⁾	4.8	4.5	-0.3*	5.1	4.3	-0.8*
U-6 Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force ⁽²⁾	7.7	7.2	-0.5*	7.7	6.8	-0.9*

Footnotes:

(1) The U-3 rates presented are unofficial state estimates derived from the Current Population Survey (CPS). The official measure is a model-based estimate available through the Local Area Unemployment Statistics (LAUS) program at www.bls.gov/lau/data

(2) Persons marginally attached to the labor force are those who currently are neither working nor looking for work but indicate that they want and are available for a job and have looked for work sometime in the past 12 months. Discouraged workers, a subset of the marginally attached, have given a job-market related reason for not currently looking for work. Persons employed part time for economic reasons are those who want and are available for full-time work but have had to settle for a part-time schedule.

Note: An asterisk indicates that the over-the-year change is statistically different at the 90-percent confidence level.

Table 2. Alternative measures of labor underutilization by state, 2019 annual averages (percent)

State	Measure					
	U-1	U-2	U-3	U-4	U-5	U-6
United States.....	1.3	1.7	3.7	3.9	4.5	7.2
Alabama.....	1.2	1.1	3.0	3.2	3.8	5.4
Alaska.....	1.9	3.7	6.1	6.5	7.5	10.1
Arizona.....	1.5	1.9	4.8	5.0	6.0	9.3
Arkansas.....	1.0	1.6	3.5	3.8	4.6	7.1
California.....	1.6	2.1	4.1	4.3	4.9	8.3
Colorado.....	0.8	1.1	2.6	2.8	3.2	6.3
Connecticut.....	1.7	1.9	3.8	4.1	4.6	7.9
Delaware.....	1.6	2.6	4.0	4.3	4.8	7.5
District of Columbia.....	3.3	1.9	5.7	6.0	6.7	8.6
Florida.....	1.3	1.3	3.1	3.4	4.0	7.1
Georgia.....	1.4	1.5	3.4	3.8	4.3	6.5
Hawaii.....	0.9	1.2	2.8	3.0	3.8	6.8
Idaho.....	0.6	1.4	2.9	3.0	3.4	6.0
Illinois.....	1.5	2.0	3.9	4.1	4.7	7.4
Indiana.....	0.9	1.8	3.4	3.6	4.1	6.3
Iowa.....	0.7	1.6	2.8	2.9	3.2	5.1
Kansas.....	0.8	1.4	3.1	3.3	3.7	5.7
Kentucky.....	1.4	2.0	4.3	4.6	5.4	7.7
Louisiana.....	2.0	2.0	4.8	5.3	6.1	8.6
Maine.....	1.0	1.4	3.1	3.2	3.8	6.6
Maryland.....	1.4	1.6	3.6	3.7	4.3	6.5
Massachusetts.....	1.1	1.5	2.9	3.1	3.7	5.9
Michigan.....	1.3	1.9	4.0	4.3	4.8	7.5
Minnesota.....	0.8	2.0	3.3	3.3	3.7	5.9
Mississippi.....	2.4	2.3	5.6	6.1	6.7	10.0
Missouri.....	0.8	1.3	3.2	3.4	4.0	6.3
Montana.....	0.9	1.7	3.5	3.7	4.1	7.3
Nebraska.....	0.8	1.2	3.3	3.4	3.8	6.2
Nevada.....	1.5	2.0	4.0	4.2	4.8	7.6
New Hampshire.....	0.8	1.1	2.6	2.7	3.1	5.2
New Jersey.....	1.5	1.8	3.5	3.7	4.3	6.8
New Mexico.....	1.8	2.1	4.9	5.1	5.7	8.7
New York.....	1.7	1.8	4.0	4.3	4.9	7.7
North Carolina.....	1.4	1.5	3.9	4.2	4.8	7.3
North Dakota.....	0.6	1.1	2.3	2.5	3.0	4.7
Ohio.....	1.1	1.7	4.0	4.1	4.9	7.8
Oklahoma.....	1.2	1.6	3.4	3.6	4.2	6.1
Oregon.....	1.2	1.7	3.8	3.8	4.5	8.0
Pennsylvania.....	1.6	2.0	4.2	4.5	5.3	8.1
Rhode Island.....	1.3	2.0	3.5	3.7	4.3	6.9
South Carolina.....	1.0	1.4	2.9	3.1	4.0	6.1
South Dakota.....	1.2	1.1	3.5	3.6	4.0	5.7
Tennessee.....	1.0	1.5	3.4	3.6	4.0	5.8
Texas.....	1.1	1.5	3.5	3.7	4.1	6.8
Utah.....	0.6	1.2	2.6	2.7	3.0	5.2
Vermont.....	0.5	1.3	2.3	2.4	3.1	5.5
Virginia.....	1.0	1.4	2.8	3.0	3.7	6.2
Washington.....	1.4	2.2	4.2	4.4	5.0	7.6
West Virginia.....	1.8	2.2	4.8	5.0	5.7	8.9
Wisconsin.....	1.0	1.7	3.4	3.5	4.0	6.0
Wyoming.....	0.9	1.6	3.5	3.6	4.1	6.7
Substate areas						
Los Angeles County.....	2.0	2.2	4.4	4.8	5.3	9.9
New York City.....	2.0	1.8	4.0	4.5	5.0	8.0

Note: See table 1 for definitions of measures and related footnote information.