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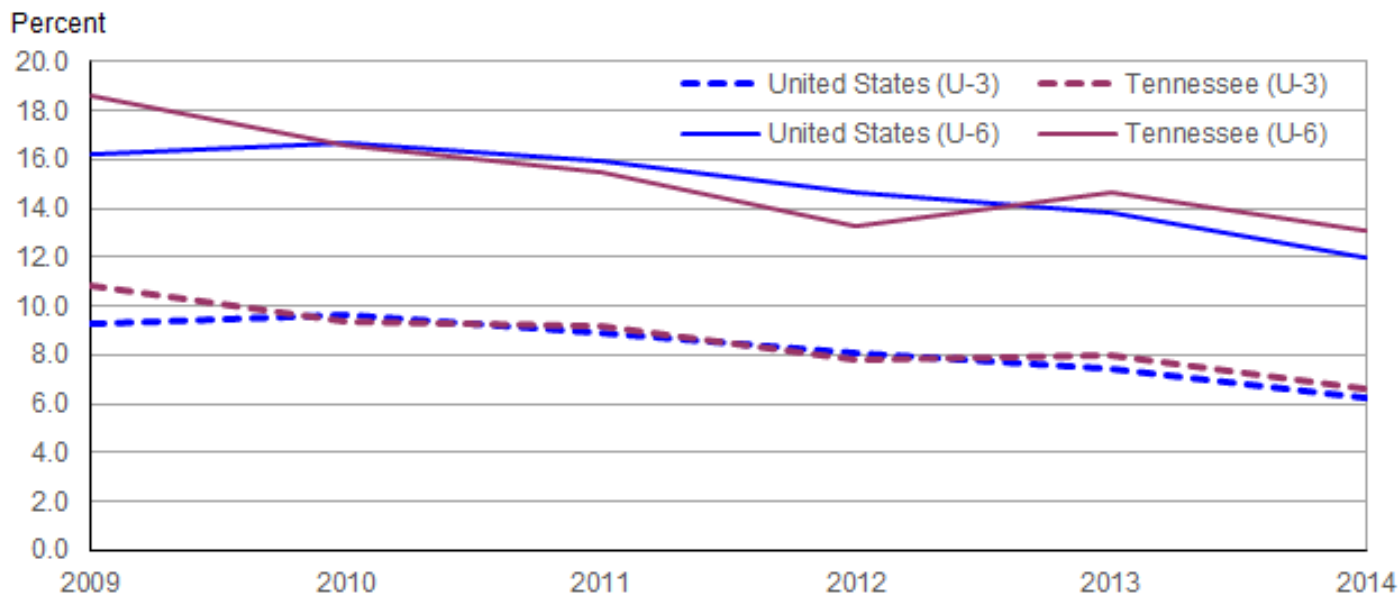
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Alternative Measures of Labor Underutilization in Tennessee – 2014

In 2014, 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 13.1 percent in Tennessee, not significantly different from the 12.0-percent rate for the nation, the U.S. Bureau of Labor Statistics reported today. Regional Commissioner Janet S. Rankin noted that 4 of the 6 alternative measures of labor underutilization in Tennessee had statistically significant decreases from a year ago. Over-the-year changes in the state’s U-2 and U-6 measures were not significant. Nationally, all six measures declined significantly 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 Tennessee, 6.6 percent of the labor force was unemployed as measured by U-3 in 2014, not measurably different from the 6.2-percent rate for the nation. (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.)

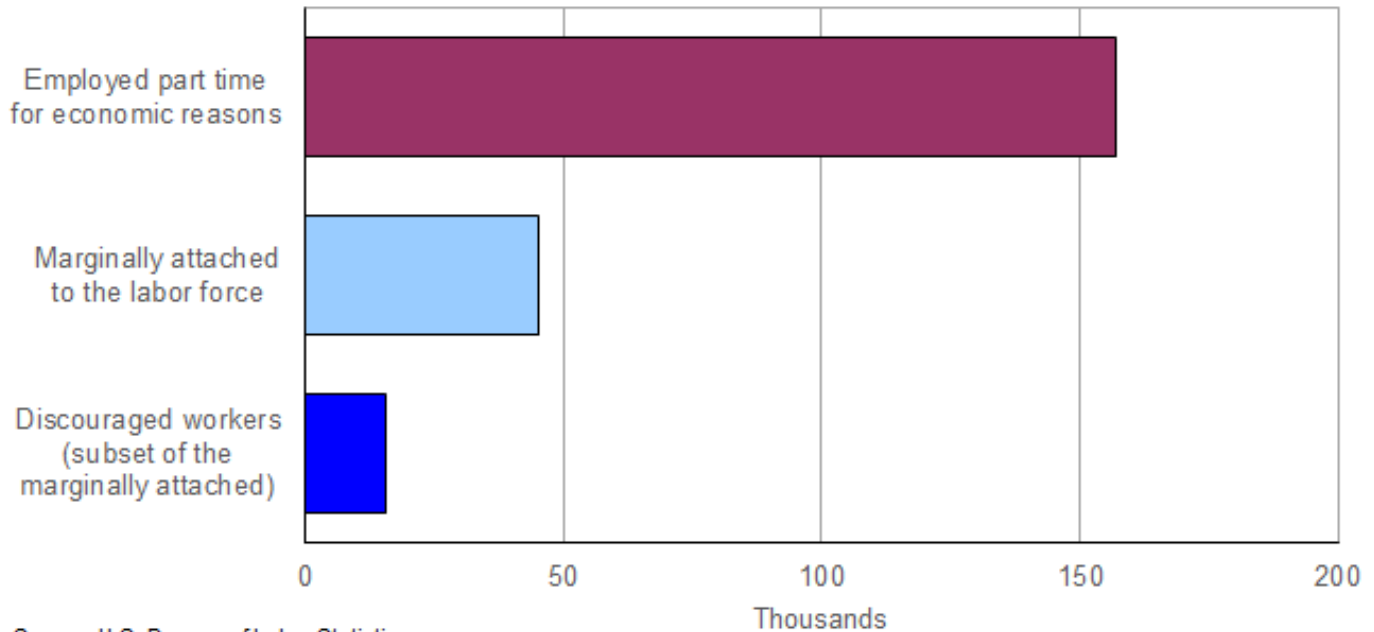
Chart 1. Two alternative measures of labor underutilization, United States and Tennessee, 2009–2014 annual averages



Source: U.S. Bureau of Labor Statistics.

Tennessee had 198,600 unemployed residents in 2014 according to the CPS. In addition, there were 157,100 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 7.2 million individuals working part time for economic reasons in 2014.

Chart 2. Numbers of selected underutilized workers, Tennessee, 2014 annual averages



Source: U.S. Bureau of Labor Statistics.

In 2014, the number of individuals considered to be marginally attached to the labor force in Tennessee was 45,300. 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. In the United States, the number marginally attached totaled 2.2 million in 2014.

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 2014, there were 15,700 discouraged workers in Tennessee, accounting for about 35 percent of all marginally attached workers 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 7.1 percent in Tennessee and 6.6 percent for the nation in 2014.

As noted, 4 of the 6 measures of labor underutilization in Tennessee had significant over-the-year decreases in 2014. The U-4 measure declined 1.5 percentage points from a year ago. The U-1, U-3, and U-5 measures had significant rate declines ranging from 1.4 to 1.1 percentage points. The U-2 and U-6 measures did not have statistically significant over-the-year changes.

State comparisons

In 2014, North Dakota had the lowest rates for all six alternative measures of labor underutilization, ranging from a U-1 of 0.8 percent to a U-6 of 5.4 percent. In total, 18 states had rates that were statistically significantly lower than the U.S. for all six measures. Four states (California, Michigan, Nevada, and Rhode Island) had rates measurably higher than the U.S. for all six measures. (See [table 2.](#))

Relative to 2013, 23 states experienced statistically significant decreases in all six measures of labor underutilization. Arkansas (-3.5 percentage points), Illinois and Kentucky (-3.3 points each), and Colorado (-3.1 points) had the largest over-the-year decreases in the U-6 measure. No state had a significant over-the-year rate increase in any of the six measures.

Nebraska, North Dakota, South Dakota, Utah, Vermont, and Wyoming had rates among the 10 lowest for each measure in both 2013 and 2014. Except for Utah, these same states have been among the 10 states with the lowest rates for each measure since 2010. Similarly, California, Nevada, and Rhode Island had rates among the 10 highest for each measure in 2013 and 2014.

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/empst.t15.htm.) State estimates, 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.

Data are calculated from quarterly tables in which the components of each measure are rounded to the nearest hundred. As a result, these measures contain slightly more rounding error than that found in typical CPS annual average tabulations (in which rates are calculated based on unrounded data). Due to small state sample sizes, neither monthly nor quarterly state data from the CPS satisfy BLS publication standards.

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 Tennessee, 2013–2014 annual averages (percent)

Measure	United States			Tennessee		
	2013	2014	Change 2013–14	2013	2014	Change 2013–14
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force.....	3.9	3.0	-0.9*	3.9	2.8	-1.1*
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	3.9	3.1	-0.8*	3.8	3.4	-0.4
U-3 Total unemployed, as a percent of the civilian labor force (official concept of unemployment) ⁽¹⁾	7.4	6.2	-1.2*	8.0	6.6	-1.4*
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers ⁽²⁾	7.9	6.6	-1.3*	8.6	7.1	-1.5*
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⁾	8.8	7.5	-1.3*	9.3	8.0	-1.3*
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⁾	13.8	12.0	-1.8*	14.7	13.1	-1.6

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.htm.

(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 interval.

Table 2. Alternative measures of labor underutilization by state, 2014 annual averages (percent)

State	Measure					
	U-1	U-2	U-3	U-4	U-5	U-6
United States.....	3.0	3.1	6.2	6.6	7.5	12.0
Alabama.....	3.8	3.6	7.1	7.6	8.6	12.6
Alaska.....	2.5	3.6	7.1	7.6	8.4	11.5
Arizona.....	3.3	3.1	7.0	7.6	8.6	14.7
Arkansas.....	2.1	2.9	6.0	6.1	6.9	10.2
California.....	3.8	3.9	7.5	8.0	9.0	15.2
Colorado.....	2.4	2.4	4.9	5.1	5.7	9.4
Connecticut.....	3.7	3.7	6.6	7.2	8.0	12.6
Delaware.....	3.0	3.0	5.8	6.5	7.1	11.2
District of Columbia.....	5.1	3.6	7.8	8.3	9.0	11.9
Florida.....	3.5	3.2	6.3	6.8	7.5	12.8
Georgia.....	4.0	3.2	7.2	7.9	8.8	13.3
Hawaii.....	1.9	1.8	4.4	4.7	5.6	10.2
Idaho.....	1.5	2.3	4.7	4.8	5.6	10.3
Illinois.....	3.9	3.8	7.0	7.4	8.2	12.7
Indiana.....	2.5	3.2	6.1	6.5	7.3	11.3
Iowa.....	1.6	2.6	4.6	4.8	5.3	8.8
Kansas.....	1.7	2.3	4.6	4.8	5.6	9.1
Kentucky.....	3.1	3.2	6.5	6.8	7.8	11.7
Louisiana.....	2.9	2.8	6.4	6.9	7.8	11.3
Maine.....	2.4	3.1	5.7	6.2	7.1	11.9
Maryland.....	3.2	2.7	5.8	6.2	7.2	10.7
Massachusetts.....	2.9	3.1	5.8	6.1	7.0	11.5
Michigan.....	3.5	3.7	7.2	7.6	8.6	13.9
Minnesota.....	1.7	2.2	4.0	4.3	5.0	8.7
Mississippi.....	4.1	3.5	7.7	8.4	9.4	13.6
Missouri.....	2.8	3.6	6.4	6.8	7.5	11.8
Montana.....	1.5	2.6	4.6	4.9	5.7	10.3
Nebraska.....	1.1	1.6	3.3	3.5	4.1	7.0
Nevada.....	4.2	4.0	7.7	8.4	9.4	15.3
New Hampshire.....	1.9	2.4	4.2	4.5	5.2	9.7
New Jersey.....	3.8	4.1	6.7	7.1	8.0	12.4
New Mexico.....	4.0	2.6	7.0	7.6	9.1	13.2
New York.....	3.6	3.6	6.4	6.9	7.9	12.4
North Carolina.....	3.2	2.8	6.2	6.8	7.6	12.1
North Dakota.....	0.8	1.3	2.8	3.0	3.5	5.4
Ohio.....	2.6	2.6	5.6	6.0	6.8	10.9
Oklahoma.....	1.6	2.0	4.5	5.0	5.9	8.6
Oregon.....	3.2	3.7	7.1	7.4	8.3	14.2
Pennsylvania.....	2.8	3.1	5.7	6.2	7.2	11.6
Rhode Island.....	4.2	4.3	7.7	8.1	9.0	13.5
South Carolina.....	3.2	2.7	6.4	7.1	8.2	12.5
South Dakota.....	1.0	1.5	3.5	3.7	4.2	6.4
Tennessee.....	2.8	3.4	6.6	7.1	8.0	13.1
Texas.....	2.0	2.2	5.0	5.4	6.1	9.9
Utah.....	1.2	1.8	3.9	4.2	4.8	8.2
Vermont.....	1.4	2.2	4.2	4.5	5.1	8.8
Virginia.....	2.4	2.4	5.2	5.5	6.5	10.4
Washington.....	2.6	3.2	6.3	6.6	7.5	12.5
West Virginia.....	3.2	3.3	6.6	7.1	8.1	12.4
Wisconsin.....	2.4	3.2	5.6	5.8	6.8	10.3
Wyoming.....	1.4	1.9	4.4	4.5	5.0	7.5

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