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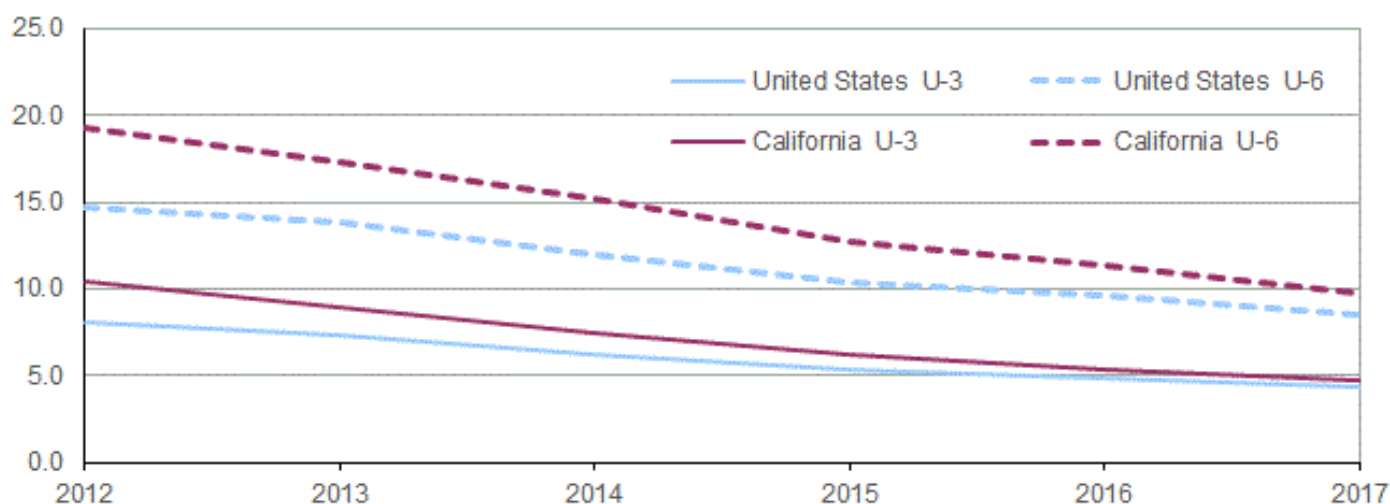
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Alternative Measures of Labor Underutilization, California – 2017

In 2017, 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 9.8 percent in California, significantly higher than the 8.5-percent rate for the nation, the U.S. Bureau of Labor Statistics reported today. Assistant Commissioner for Regional Operations Richard Holden noted that the six alternative measures of labor underutilization in California were significantly lower than the rates recorded in 2016. Nationally, all six measures also had significant over-the-year declines. (See [table 1.](#))

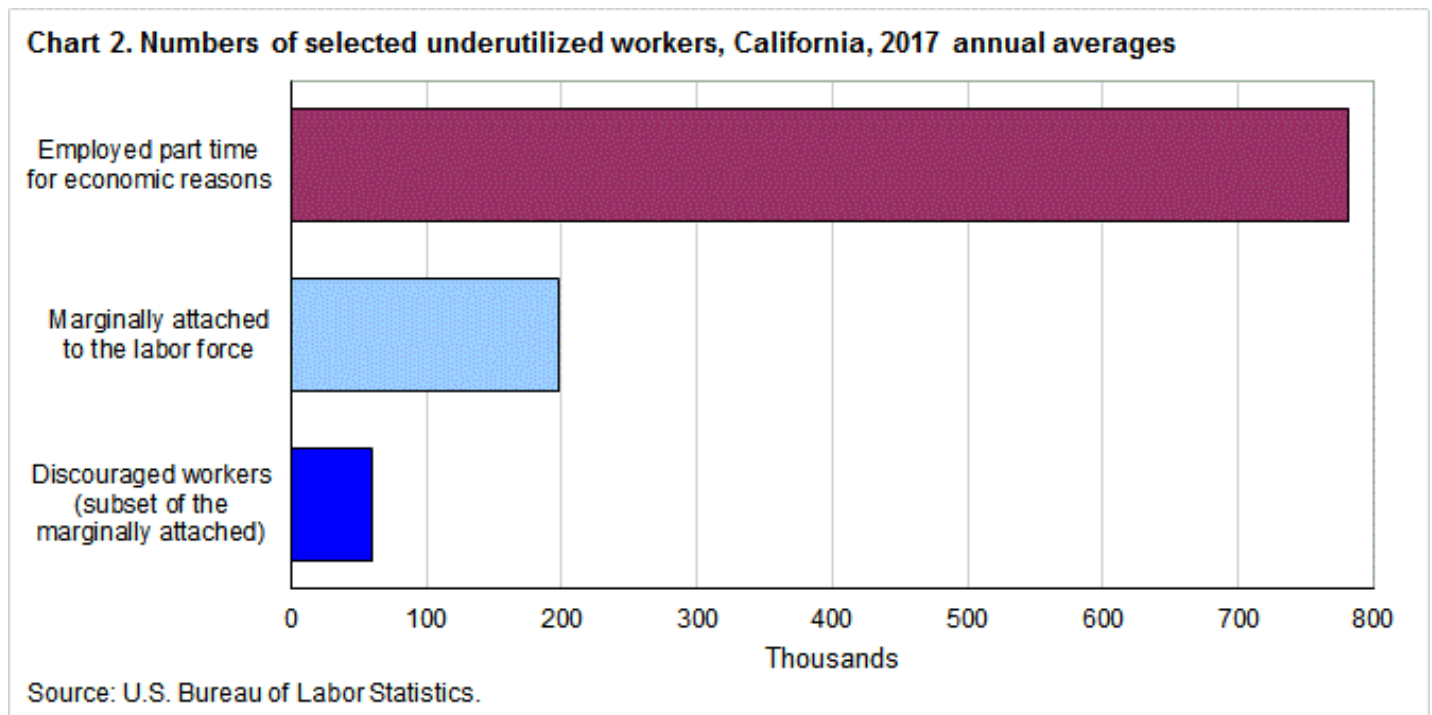
The official concept of unemployment, U-3 in the U-1 to U-6 range of measures, includes all jobless persons who are available to take a job and have actively sought work in the past 4 weeks. In California, 4.8 percent of the labor force was unemployed as measured by U-3 in 2017, significantly higher than the 4.4-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 California, 2012–17 annual averages



Source: U.S. Bureau of Labor Statistics.

California had 918,600 unemployed residents in 2017 according to the CPS. In addition, there were 781,800 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 5.3 million individuals working part time for economic reasons in 2017.



In 2017, the number of individuals considered to be marginally attached to the labor force in California was 197,500. 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 1.6 million in 2017.

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 2017, there were 60,000 discouraged workers in California, accounting for about 30 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 5.1 percent in California, significantly higher than the national rate of 4.6 percent.

State comparisons

In 2017, 10 states had rates lower than those of the U.S. for all six measures, while 4 states and the District of Columbia had rates higher than those of the U.S. for all six measures. (See [table 2.](#)) The difference between U-3 and U-4 reflects the degree of would-be job-seeker discouragement. No state had a noteworthy difference between these two measures. Nationally, the difference between U-3 and U-4 was +0.2 percentage point for 2017. The U-5 rate, which includes all persons who are marginally attached to the labor force, and U-6 adds those who are involuntary part-time workers. The larger (smaller) the difference between U-5 and U-6, the higher (lower) the incidence of this form of “underemployment.” All states and the District of Columbia had

differences between their U-5 and U-6 rates. Nevada had the largest gap (+4.5 percentage points) and South Dakota had the smallest gap (+2.0 points). At the national level, the difference between U-5 and U-6 was +3.2 percentage points for 2017.

Relative to 2016, three states (California, Tennessee, and Wisconsin) experienced decreases in all six measures of labor underutilization. For each measure, rates declined over the year for at least 7 states (U-2) and as many as 23 states (U-6). Only three states had over-the-year increases in any of the measures: Alaska (+1.4 percentage points for U-5), Delaware (+0.9 point for U-5 and +1.4 points for U-6), and South Dakota (+0.7 point for U-2 and +1.0 point for U-5).

Many states with extreme measures, either low or high, maintained their general place in the rankings of alternative measures over the year. Hawaii, Nebraska, New Hampshire, North Dakota, and Vermont had rates among the 10 lowest for each measure in 2016 and 2017. Similarly, Alaska, Louisiana, New Mexico, and West Virginia had rates among the 10 highest for each measure in both years.

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 <https://www.bls.gov/news.release/empsit.t15.htm>.) State estimates, presented as 4-quarter averages, are provided each quarter on the BLS website. (For the most recent data see <https://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 <https://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 California, 2016–17 annual averages (percent)

Measure	United States			California		
	2016	2017	Change 2016–17	2016	2017	Change 2016–17
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force.....	2	1.7	-0.3*	2.2	1.8	-0.4*
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	2.3	2.1	-0.2*	2.7	2.3	-0.4*
U-3 Total unemployed, as a percent of the civilian labor force (official concept of unemployment) ⁽¹⁾	4.9	4.4	-0.5*	5.4	4.8	-0.6*
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers ⁽²⁾	5.2	4.6	-0.6*	5.7	5.1	-0.6*
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⁾	5.9	5.3	-0.6*	6.5	5.7	-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⁾	9.6	8.5	-1.1*	11.3	9.8	-1.5*

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, 2017 annual averages (percent)

State	Measure					
	U-1	U-2	U-3	U-4	U-5	U-6
United States.....	1.7	2.1	4.4	4.6	5.3	8.5
Alabama.....	1.8	2.1	4.3	4.7	5.4	8.2
Alaska.....	2.9	4.2	7.7	8.4	9.8	13.2
Arizona.....	1.7	2.0	4.7	5.0	5.8	9.5
Arkansas.....	1.1	1.8	3.7	3.9	4.6	7.1
California.....	1.8	2.3	4.8	5.1	5.7	9.8
Colorado.....	1.0	1.3	2.9	3.1	3.5	6.3
Connecticut.....	2.1	2.7	4.9	5.3	6.0	10.1
Delaware.....	2.0	2.3	4.8	5.3	6.0	9.7
District of Columbia.....	3.4	2.7	6.2	6.5	7.3	9.8
Florida.....	1.8	1.9	4.1	4.4	5.0	9.1
Georgia.....	2.2	2.1	4.7	5.1	5.9	8.8
Hawaii.....	0.7	1.2	2.4	2.7	3.4	6.0
Idaho.....	0.7	1.2	3.2	3.3	3.8	7.1
Illinois.....	2.1	2.8	4.9	5.2	5.8	9.2
Indiana.....	1.1	1.8	3.6	3.8	4.4	7.0
Iowa.....	1.1	1.6	3.2	3.5	3.8	6.2
Kansas.....	1.1	1.8	3.6	3.7	4.2	6.9
Kentucky.....	1.9	2.6	5.2	5.4	6.0	8.8
Louisiana.....	2.1	2.7	5.1	5.6	6.3	9.7
Maine.....	0.9	1.5	3.3	3.4	4.0	7.7
Maryland.....	2.0	2.0	4.2	4.4	5.0	8.0
Massachusetts.....	1.7	2.1	3.9	4.1	4.9	7.4
Michigan.....	1.5	2.3	4.7	4.9	5.6	9.1
Minnesota.....	0.9	2.1	3.4	3.5	3.8	6.5
Mississippi.....	2.2	2.0	5.1	5.5	6.1	9.5
Missouri.....	1.2	2.2	3.8	4.0	4.7	7.1
Montana.....	1.3	1.9	4.0	4.3	4.9	8.3
Nebraska.....	0.8	1.3	2.8	3.0	3.5	6.1
Nevada.....	1.8	2.7	5.0	5.4	6.3	10.8
New Hampshire.....	0.9	1.5	2.8	2.9	3.5	6.2
New Jersey.....	2.2	2.2	4.6	5.0	5.6	9.2
New Mexico.....	2.4	2.8	6.1	6.4	7.3	11.3
New York.....	2.0	2.2	4.6	5.0	5.8	8.6
North Carolina.....	1.8	2.2	4.5	4.8	5.5	8.2
North Dakota.....	0.7	1.2	2.6	2.7	3.1	5.3
Ohio.....	1.9	2.4	5.0	5.3	5.9	9.2
Oklahoma.....	1.6	1.9	4.4	4.6	5.3	7.4
Oregon.....	1.3	1.9	4.1	4.2	4.7	8.3
Pennsylvania.....	2.1	2.6	4.8	5.1	6.0	9.4
Rhode Island.....	1.7	2.7	4.4	4.6	5.0	8.0
South Carolina.....	1.9	2.0	4.4	4.7	5.4	7.8
South Dakota.....	1.1	1.7	3.6	3.9	4.5	6.5
Tennessee.....	1.2	1.6	3.7	4.1	4.7	7.9
Texas.....	1.6	2.2	4.3	4.6	5.2	8.2
Utah.....	1.1	1.7	3.4	3.4	4.0	6.9
Vermont.....	1.0	1.5	3.1	3.3	3.9	6.4
Virginia.....	1.2	1.6	3.7	4.0	4.6	7.9
Washington.....	1.6	2.2	4.6	4.9	5.7	9.2
West Virginia.....	2.1	2.7	5.2	5.6	6.4	10.2
Wisconsin.....	1.1	1.7	3.2	3.3	3.6	6.5
Wyoming.....	1.3	2.1	4.3	4.5	4.9	8.1

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