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Alternative Measures of Labor Underutilization, California – 2021

In 2021, 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 12.8 percent in California, significantly higher than the 9.4-percent rate for the nation, the U.S. Bureau of Labor Statistics reported today. Regional Commissioner Chris Rosenlund noted that 5 of the 6 alternative measures of labor underutilization in California were significantly lower than the rates recorded a year ago. Nationally, 5 of 6 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 California, 7.2 percent of the labor force was unemployed, as measured by U-3 in 2021, significantly higher than the national rate of 5.3 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 California, annual averages

Year	United States U-3	United States U-6	California U-3	California U-6
2016	4.9	9.6	5.4	11.3
2017	4.4	8.5	4.8	9.8
2018	3.9	7.7	4.2	8.8
2019	3.7	7.2	4.1	8.3
2020	8.1	13.6	10.2	17.1
2021	5.3	9.4	7.2	12.8

California had 1.37 million unemployed residents in 2021 according to the CPS. In addition, there were 824,800 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 4.91 million individuals working part time for economic reasons in 2021.

Chart 2. Numbers of selected underutilized workers in California, annual averages (in thousands)

Worker category	2021	2020
Unemployed	1,367.9	1,928.6
Employed part time for economic reasons	824.8	1,076.6
Marginally attached to the labor force	278.9	270.0

In 2021, the number of individuals considered to be marginally attached to the labor force in California was 278,900. 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 1.78 million in 2021.

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 2021, there were 87,400 discouraged workers in California, accounting for 31 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 7.6 percent in California, significantly higher than the 5.6-percent rate for the nation.

State comparisons

In 2021, 20 states had rates significantly lower than those of the U.S. for all six measures of labor underutilization, while 4 states had rates significantly higher than those of the U.S. for all six measures. (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, the difference between U-3 and U-4 was +0.3 percentage point in 2021. No state had a noteworthy difference between these two measures.

The U-5 rate includes all people 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 2021, 49 states and the District of Columbia had significant differences between their U-5 and U-6 rates. Nevada had the largest gap, +5.0 percentage points. At the national level, the difference between U-5 and U-6 was +3.0 percentage points.

Relative to 2020, five states had over-the-year decreases in all six measures of labor underutilization: Hawaii, Nebraska, South Dakota, Tennessee, and West Virginia. These 5 states were the only ones with decreases in their U-1 rates, while for the U-2 through U-6 measures, between 48 states and the District of Columbia and all 50 states and the District had declines over the year. No state experienced an increase in any of the six measures.

Coronavirus (COVID-19) Pandemic Impact on Current Population Survey Data for 2021

The "Questions" section at www.bls.gov/covid19/effects-of-covid-19-pandemic-and-response-on-the-employment-situation-news-release.htm extensively discusses the impact of a misclassification in the Current Population Survey on the national estimates beginning in March 2020 (see questions 12–15). Despite the considerable decline in its degree relative to prior months, this misclassification continued to be widespread geographically through the end of 2021. However, according to usual practice, the data from the household survey are accepted as recorded. To maintain data integrity, no ad hoc actions are taken to reclassify survey responses

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, 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.

Information in this release will be made available to individuals with sensory impairments upon request. Voice phone: 202-691-5200; Telecommunications Relay Service: 7-1-1.

Table 1. Over-the-year change and measure of statistical significance in alternative measures of labor underutilization for the United States and California, 2020–21 annual averages (percent)

Measure	United States			California		
	2020	2021	Change 2020–21	2020	2021	Change 2020–21
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force.....	2.8	2.8	0.0	4.1	4.1	0.0
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	6.1	3.2	-2.9*	8.1	4.6	-3.5*
U-3 Total unemployed, as a percent of the civilian labor force (official concept of unemployment) ⁽¹⁾	8.1	5.3	-2.8*	10.2	7.2	-3.0*
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers ⁽²⁾	8.4	5.6	-2.8*	10.6	7.6	-3.0*
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⁾	9.2	6.4	-2.8*	11.5	8.5	-3.0*
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⁾	13.6	9.4	-4.2*	17.1	12.8	-4.3*

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, 2021 annual averages (percent)

State	Measure					
	U-1	U-2	U-3	U-4	U-5	U-6
United States.....	2.8	3.2	5.3	5.6	6.4	9.4
Alabama.....	1.7	2.0	3.6	3.8	4.1	6.1
Alaska.....	3.3	4.3	6.8	7.1	8.0	11.0
Arizona.....	2.7	3.0	5.1	5.3	6.3	9.0
Arkansas.....	1.9	2.1	4.1	4.4	5.0	7.1
California.....	4.1	4.6	7.2	7.6	8.5	12.8
Colorado.....	2.3	2.7	5.1	5.3	5.9	9.7
Connecticut.....	3.5	4.3	6.4	6.5	7.1	10.7
Delaware.....	3.1	3.2	5.5	5.7	6.2	8.6
District of Columbia.....	3.6	3.7	6.1	6.5	7.6	9.7
Florida.....	2.5	2.8	4.5	4.9	5.6	8.7
Georgia.....	1.9	2.2	4.0	4.3	5.1	7.9
Hawaii.....	3.9	4.4	6.1	6.7	7.4	11.9
Idaho.....	1.2	1.9	3.7	3.9	4.4	7.2
Illinois.....	3.2	3.8	6.0	6.2	7.0	10.0
Indiana.....	1.6	2.4	3.8	3.9	4.3	6.5
Iowa.....	1.3	2.1	3.8	4.0	4.4	6.4
Kansas.....	1.4	1.6	3.3	3.6	4.1	6.7
Kentucky.....	1.5	2.7	4.7	4.9	5.7	7.5
Louisiana.....	3.2	3.2	5.4	5.8	6.4	9.0
Maine.....	2.3	2.8	4.5	4.6	5.2	7.3
Maryland.....	3.0	2.7	5.6	5.9	6.7	9.3
Massachusetts.....	3.4	3.8	5.8	6.0	6.9	9.5
Michigan.....	2.8	3.1	5.7	5.9	6.7	9.5
Minnesota.....	1.9	2.3	3.8	4.0	4.7	6.5
Mississippi.....	2.5	2.8	5.5	5.9	6.6	9.3
Missouri.....	1.9	2.4	4.3	4.5	5.1	7.5
Montana.....	1.2	1.7	3.3	3.4	4.0	6.4
Nebraska.....	0.9	1.4	2.8	2.9	3.2	5.1
Nevada.....	5.0	5.5	7.7	8.1	9.0	14.0
New Hampshire.....	1.5	2.1	3.7	3.8	4.4	6.1
New Jersey.....	4.0	4.1	6.3	6.7	7.4	10.7
New Mexico.....	3.6	3.6	6.7	7.0	7.7	10.4
New York.....	4.5	4.5	7.0	7.5	8.4	12.2
North Carolina.....	2.4	2.2	4.6	4.9	5.5	8.4
North Dakota.....	1.2	2.0	3.3	3.5	4.0	5.9
Ohio.....	2.1	2.6	5.0	5.2	6.0	8.8
Oklahoma.....	1.7	2.2	4.0	4.4	4.9	8.2
Oregon.....	2.9	3.2	5.2	5.4	6.3	9.6
Pennsylvania.....	3.4	4.0	6.5	6.7	7.6	9.6
Rhode Island.....	2.9	3.4	5.5	5.7	6.6	9.5
South Carolina.....	1.9	1.7	4.1	4.5	5.2	7.1
South Dakota.....	0.8	1.2	2.6	2.7	3.2	4.6
Tennessee.....	1.8	2.2	4.1	4.3	4.9	7.2
Texas.....	2.8	3.2	5.7	6.0	6.7	10.0
Utah.....	1.0	1.4	2.9	3.1	3.5	5.3
Vermont.....	1.9	2.4	3.6	3.8	4.6	7.0
Virginia.....	1.9	1.9	3.9	4.2	5.1	8.1
Washington.....	2.6	3.1	5.5	5.9	6.8	10.1
West Virginia.....	2.1	2.8	4.7	5.1	5.7	8.3
Wisconsin.....	1.7	2.3	3.7	3.8	4.3	6.4
Wyoming.....	1.7	2.5	4.5	4.6	5.2	8.3

Note: See table 1 for definitions of measures. Statistical significance results at the 90-percent confidence level for rate differences between states and the U.S., for sequential gaps in state rates, and over-the-year changes are available at www.bls.gov/lau/stalt.htm.