

The Labor Force

Who is in the Labor Force?

Persons “in the labor force” are those in the civilian noninstitutional population, age sixteen years or older, who are employed or who are unemployed and seeking employment. The Local Area Unemployment Statistics (LAUS) Program estimates the number of labor force participants who are employed or unemployed. The labor force is the sum of the employed plus the unemployed, and the unemployment rate is the number unemployed divided by the number in the labor force.

People are considered employed if they work at least one hour for pay or at their own business at any time during the week including the twelfth day of the month. People who work as unpaid workers for fifteen hours or more in a family-owned business are also considered employed. People who are temporarily absent from their jobs because of vacation, illness, bad weather, or personal reasons are also counted as employed. Included in the employed group are those who are employed full-time (thirty-five hours or more during the survey week) and those who are employed part-time.

People are classified as unemployed if they meet all of the following criteria:

- They do not meet the definition of “employed” above;
- They are available for work; and
- They have made specific efforts to find employment some time during the prior four weeks.

People laid off from their former jobs and awaiting recall, and those expecting to report to a job within thirty days need not be looking for work to be counted as unemployed.

Unemployed people can be divided into four groups:

- Job losers, who have been terminated involuntarily or laid off and are seeking work;
- Job leavers, who voluntarily left a job and immediately began looking for work;
- Reentrants, who previously worked then left the labor force, but now have begun to look for work again; or
- New entrants, who have never worked at a job but are now seeking employment.

The primary factor in determining whom to count as unemployed is that the person be actively seeking employment. “Wanting a job” is not enough to be counted as unemployed.

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Who is Not in the Labor Force?

People are considered not in the labor force if they are not working and are not actively seeking work. Those persons not in the labor force can be thought of as falling into one of two categories: those who do not want a job; and those who do want a job but have not searched for one recently, also known as marginally attached workers. Those who do not want a job might be students who are not employed or seeking employment; those who stay home out of choice or necessity; or those who, for a variety of reasons, have no interest in working. Those who want a job include discouraged workers who want a job but have given up searching; and conditionally interested workers, who are available for work but are not looking for work due to some reason other than discouragement.

