

# New Hampshire Economic Conditions

March 2010

## Measures of Labor Underutilization

The rate of unemployment has become one of the most commonly referenced measures of the economy's progress. This measure of how the economy is performing has garnered a great deal of media attention. But some people might not know that there are alternative labor force measures not often explained in the media.

There are six different labor force measures known as the *Alternative Measures of Labor Underutilization*.

The alternative measures of labor underutilization have long been available on a monthly basis from the Current Population Survey (CPS) for the United States as a whole. They are published in the Bureau of Labor Statistics' monthly Employment Situation news release. The monthly official concept of unemployment includes all jobless persons who are available to take

a job and had actively sought work in the prior four weeks. This concept has been thoroughly reviewed and validated since the inception of the CPS in 1940. The alternative measures are provided to data users and analysts who want more narrowly or broadly defined measures.

There are six different levels of labor underutilization, defined as follows:

- U-1, persons unemployed 15 weeks or longer, as a percent of the civilian labor force;
- U-2, job losers and persons who completed temporary jobs, as a percent of the civilian labor force;
- U-3, total unemployed, as a percent of the civilian labor force (this is the same definition used for the official unemployment rate);
- U-4, total unemployed plus discouraged workers, as a percent of the civil-

ian labor force plus discouraged workers;

►U-5, total unemployed, plus discouraged workers, plus all other marginally attached workers, as a percent of the civilian labor force plus all marginally attached workers; and

►U-6, total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers.

The U-1 and U-2 measures represent the smallest portion of the underemployed, measuring specific, restricted groups. The U-1 measure tracks long-term unemployed of fifteen weeks or more, and the U-2 measure adds to that job losers and people who have completed a temporary assignment. The annual average labor underuti-

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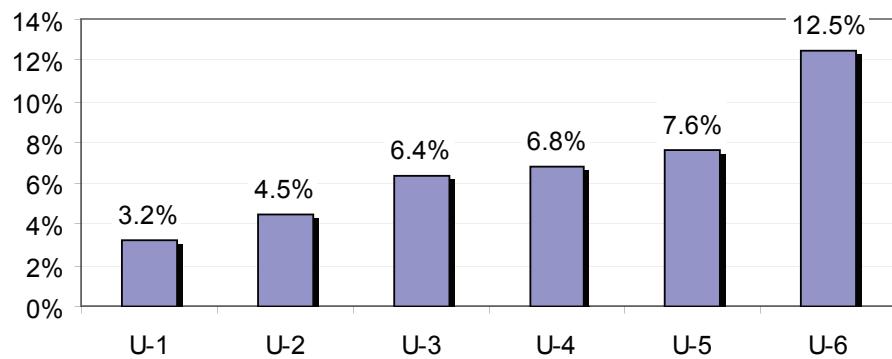
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### 2009 Labor Underutilization Measures for New Hampshire



<sup>1</sup> "Alternative Measures of Labor Underutilization for States, 2009 Annual Averages". Accessed 3/12/10 <<http://data.bls.gov/cgi-bin/print.pl/lau/stalt.htm>>

lization as measured by U-1 and U-2 in New Hampshire during 2009 were 3.2 percent and 4.5 percent, respectively.

The U-3 measure uses the official definition of unemployment, and accounts for the total number of people who are unemployed that are able, available, and searching for employment. It can be slightly different than the official unemployment rate released by the state, which includes other factors. The annual average U-3 rate of underutilization for the State of New Hampshire in 2009 was 6.4 percent, nearly three full percentage points below the national average of 9.3 percent. (The official unemployment rate for New Hampshire in 2009 was 6.3 percent.)

Measures U-4 and U-5 include not only the unemployed in the U-3 measurement but also add discouraged workers and people who have given up looking for work. The U-4

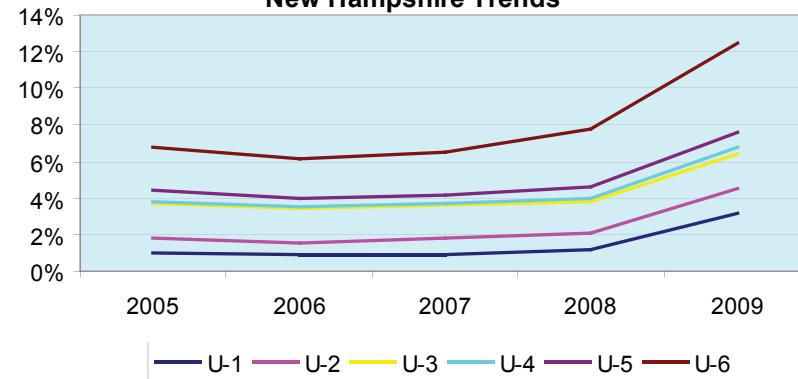
measurement tends to be fairly close to that of the U-3 due to only adding discouraged workers, while U-5 numbers tend to be slightly higher by adding the people who have stopped looking for work. The U-4 and U-5 underutilization of labor in 2009 averaged 6.8 and 7.6 percent respectively in New Hampshire.

The U-6 measurement includes all those in the previous U-1 through

U-5 elements plus those employed part time who can not find full time employment. For many analysts, the U-6 measurement of labor underutilization provides the most complete picture of the state's labor force by not excluding any one specific labor force demographic. The U-6 measure for New Hampshire in 2009 was 12.5 percent, 3.7 percent below the U-6 national level of 16.2 percent.

*Jeff Dobe*

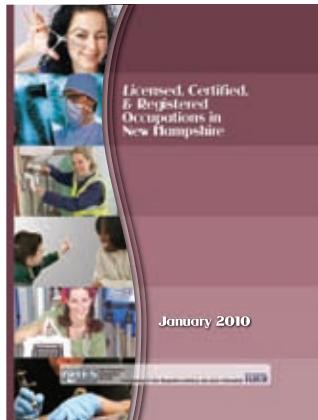
### Alternative Measures of Labor Underutilization New Hampshire Trends



## New on the Web

### Licensed, Certified, and Registered Occupations in New Hampshire

Provides information about occupational licenses, certifications, or registrations issued by state boards, commissions, and departments. This handbook is the only compilation of information on occupational licensing in New Hampshire, and is intended to be used as a reference guide to the state authorities responsible for occupational regulations.



### New Hampshire Job Notes 2009-2010

An annual career planning tabloid that provides information on exploring, setting, and achieving career goals. The tabloid has articles on new and future occupations; average wages, growth rates, and training requirements for over 200 occupations in NH; job search techniques; exploring personal skills and interest areas; options for training and education beyond high school; career resources on the Internet; and much more.

The web address is:  
[www.nh.gov/nhes/elmi/](http://www.nh.gov/nhes/elmi/)

