

RESEARCH NOTES



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U-1 through U-6 In Nevada

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Alternative Measures of Labor Underutilization (Year-ending 2014:IIIQ)

Measure	Underutilization Concept	Level
Official Rate	jobless persons available to take a job who have actively sought work in the past four weeks	8.2%
U-1	jobless 15 weeks or longer	4.6%
U-2	job losers and persons losing a temporary job	4.4%
U-3	similar to official rate	8.3%
U-4	U-3 plus discouraged workers	9.1%
U-5	U-4 plus others marginally attached to the labor force	10.0%
U-6	U-5 plus those employed part-time for economic reasons	15.9%
Official Rate: annual average of the year ending September 2014		

- U-3, which averaged 8.3% in the year ending Q3-2014, is the total of unemployed workers as a percentage of the civilian labor force. This is most similar to the Official Rate, which measures 8.2%¹ in this period.
- U-4 adds discouraged workers to U-3, bringing the underutilization level to 9.1%. Discouraged workers are those people who would like to work, but have stopped looking for work because they believe there are no jobs to be filled.
- Marginally attached workers, the addition to U-5, have not searched for work for reasons other than belief that there are no jobs to fill, totaling 10.0%.
- Finally, U-6 adds part-time workers (working less than 35 hours per week) who would rather be working full-time, but cannot due to economic reasons including having their hours cut or being unable to find full-time work. This leads to a U-6 underutilization rate of 15.9%.
- Nevada was within the highest three positions in all six measures of Labor Underutilization through Q3-2014.

¹Note that, in the table and in the comparisons below, the unemployment rate (U-3) that is shown is derived directly from the CPS, because this is the only source of data for the various components of the other five measures. As a result, the U-3 measure can differ from the official state unemployment rate. The official rate is developed from statistical models that greatly improve the reliability of the labor force and unemployment estimates.