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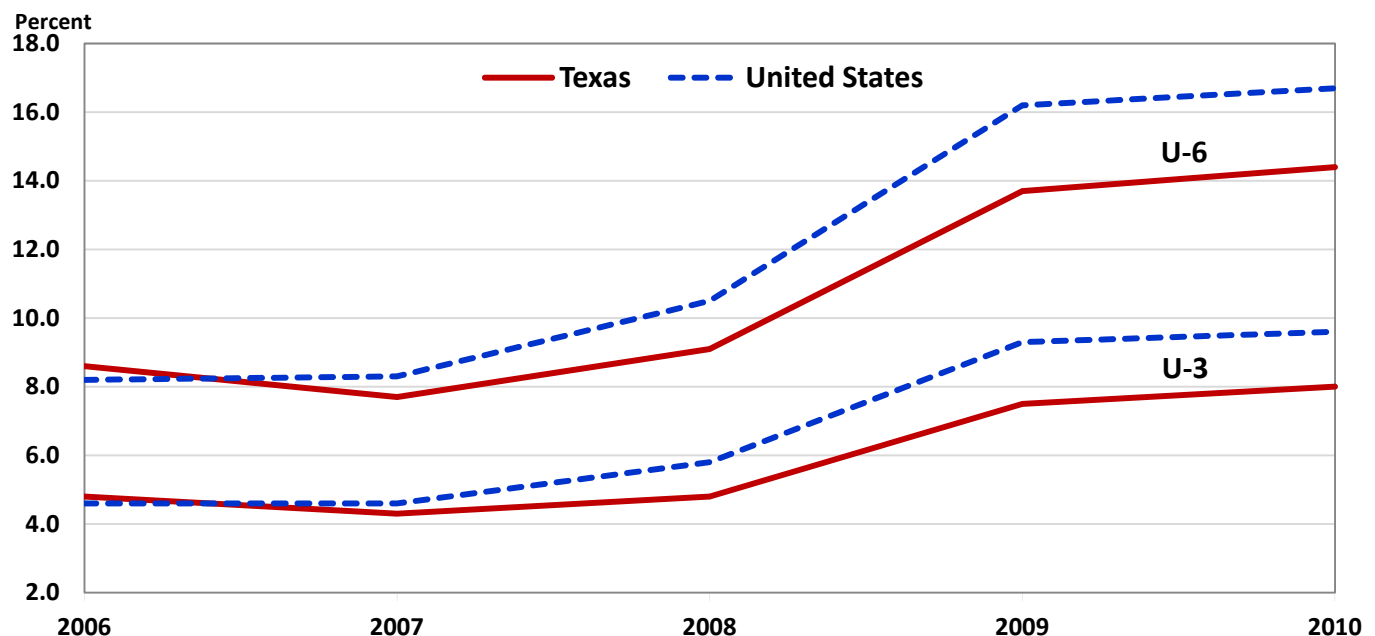
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MEASURES OF LABOR UNDERUTILIZATION IN TEXAS – 2010

In 2010, the broadest measure of labor underutilization – a rate referred to as U-6 – which includes the unemployed, workers employed part-time for economic reasons, and persons marginally attached to the labor force, was 14.4 percent in Texas, up from 13.7 percent in 2009, the U.S. Bureau of Labor Statistics (BLS) reported today. (See table 1.) Regional Commissioner Stanley W. Suchman noted that this rate was the highest recorded since 2003, the first year for which statewide annual averages became available. Nationally, the U-6 rate averaged 16.7 percent in 2010.

BLS publishes six alternative measures of labor market underutilization. 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 four weeks. In Texas, 8.0 percent of the labor force was unemployed in 2010 as measured by the U-3 rate. By comparison, 9.6 percent were jobless nationwide. The other measures include more narrowly defined (U-1 and U-2) and more broadly defined (U-4 through U-6) concepts. (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 U-3 estimate discussed in this release.)

Chart 1. Two measures of underutilization, Texas and the United States, 2006 - 2010 annual averages



Source: U.S. Bureau of Labor Statistics

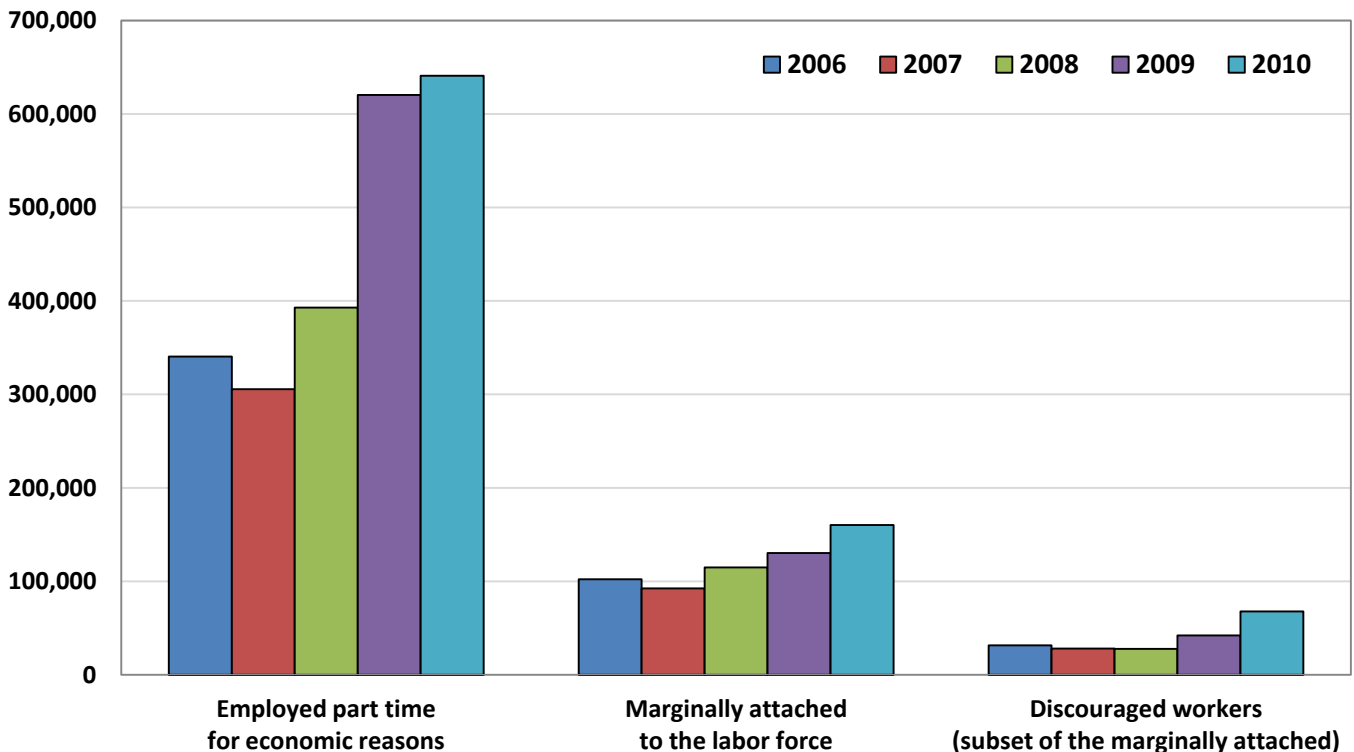
Texas had 974,300 unemployed workers in 2010, according to the Current Population Survey. In 2009, there were 900,900 jobless persons. Nationwide, the number of jobless totaled 14.8 million in 2010, up from 14.3 million in 2009.

The number of persons employed part time for economic reasons in Texas rose percent 3.3 percent in 2010 to 640,900. (See chart 2.) These individuals (sometimes referred to as underemployed) were working part time because of slack work or business conditions, or because they were unable to find a full-time job. These persons, along with discouraged workers, and all other persons marginally attached to the labor force, are included in the broadest U-6 measure of underutilization.

People marginally attached to the labor force are not working, but indicate they would like to work, are available to work, have looked for work during the past 12 months, but have not searched in the 4 weeks preceding the survey for reasons such as school attendance, transportation problems, or family responsibilities. In Texas, there were 160,200 individuals considered to be marginally attached to the labor force in 2010, compared to 130,300 a year ago. In the United States, the number of the marginally attached totaled 2.5 million in 2010, up from 2.2 million the previous year. In 2010, the U-5 underutilization rate was 9.2 percent in Texas compared with 11.1 percent nationally.

Discouraged workers, a subset of the marginally attached, often generate public interest as this group is composed of persons not currently looking for work specifically because they believe no jobs are available for them. In 2010, the number of discouraged workers in Texas reached 67,800, an increase of more than 60 percent from the 2009 level of 42,200. The U-4 underutilization measure, which adds discouraged workers to the number of the unemployed, expressed as a percentage of the labor force plus discouraged workers, was 8.5 percent in Texas in 2010 compared to 10.3 percent nationally.

Chart 2. Numbers of selected underutilized workers, Texas, 2006-2010 annual averages



Source: U.S. Bureau of Labor Statistics

From 2006 to 2010, none of the six measures of labor underutilization declined in the United States. In contrast, and reflecting the delayed impact of the national recession on the State economy, the official U-3 measure for Texas fell to 4.3 percent in 2007 from 4.8 percent in 2006. Since 2007, all six measures of labor underutilization have increased in each year for both Texas and the United States – with one exception. From 2009 to 2010, the U-2 measure was unchanged in Texas at 4.5 percent. The stricter concept of U-2 includes only job losers and persons who completed temporary jobs as a percent of the labor force. Although five of the six Texas measures recorded over-the-year increases in 2010, the increases were notably smaller than those recorded in 2009. For example, U-6 rose 0.7 percentage point in Texas from 2009 to 2010, but this measure climbed 4.6 percentage points from 2008 to 2009 (increasing from 9.1 percent to 13.7 percent).

State comparisons

Nevada registered the highest rates for all six measures of labor underutilization among the 50 states in 2010, ranging from a U-1 of 9.2 percent to a U-6 of 23.6 percent. (See table 2.) Other states with high U-6 rates included California (22.1 percent) and Michigan (21.0 percent). These three states also had the highest CPS-based unemployment rates, averaging 14.4 percent in Nevada and 12.2 percent in both California and Michigan. States with high CPS-based unemployment rates tended to have high values for the other five measures.

Similarly, states with low U-3 rates usually recorded low values for the other measures. North Dakota had the lowest rates for all six measures, including a U-6 of 7.4 percent, a U-3 of 3.8 percent, and a U-1 of 1.1 percent. Only two other states, Nebraska and South Dakota, registered U-6 rates below 10.0 percent, at 8.6 and 9.7 percent, respectively.

In 2010, 21 states had over-the-year increases in all six measures of underutilization. However, by individual measure, the number of states with increases varied widely. For example, U-6 rates rose in 31 states, including Texas, but each state's increase was smaller than in the prior year. Still, four states had U-6 rates that increased by at least 2.0 percentage points from 2009 to 2010: Nevada (+4.4 percentage points), Louisiana (+2.3 points), Utah, and Washington (each +2.2 points).

For more information

Each quarter, BLS publishes State estimates for these six measures as four-quarter moving averages. Data for the second quarter 2010 to the first quarter 2011 are available at www.bls.gov/lau/stalt.htm. For personal assistance or further information on other data from the Bureau of Labor Statistics, contact the Southwest Information Office at 972-850-4800 from 8:00 to 11:00 a.m. and 1:00 to 4:00 p.m. Information in this release will be made available to sensory impaired individuals upon request. Voice phone: 617-565-2072; Federal Relay Services: 1-800-877-8339.

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 economic release (see www.bls.gov/news.release/empsit.t15.htm). State estimates, presented as 4-quarter moving averages, are provided each quarter on the BLS Website at www.bls.gov/lau/stalt.htm.

The civilian labor force is the sum of employed and unemployed persons. Those not classified as employed or unemployed are not in the labor force. The unemployment rate is the number unemployed as a percent of the labor force.

People are classified as employed if they did any work at all as paid employees during the reference week; worked in their own business, profession, or on their own farm; or worked without pay at least 15 hours in a family business or farm. People are also counted as employed if they were temporarily absent from their jobs because of illness, bad weather, vacation, labor-management disputes, or personal reasons.

People are classified as unemployed if they meet all of the following criteria: they had no employment during the reference week; they were available for work at that time; and they made specific efforts to find employment sometime during the 4-week period ending with the reference week. Persons laid off from a job and expecting recall need not be looking for work to be counted as unemployed. The unemployment data derived from the household survey in no way depend upon the eligibility for or receipt of unemployment insurance benefits. 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. BLS updates these measures for each state on a 4-quarter moving-average basis.

The measures for states are analyzed on a 4-quarter average basis in order to increase the reliability of the CPS estimates, which are based on relatively small sample sizes at the state level, and to eliminate seasonality. Due to the inclusion of lagged quarters, the state measures may not fully reflect the current status of the labor market. For additional information on state estimates derived directly from the CPS, see www.bls.gov/gps/notescps.htm.

Data are calculated from quarterly tables in which the components of each measure are rounded to the nearest hundred. As a result, these measures contain slightly more rounding error than that found in typical CPS annual average tabulations (in which rates are calculated based on unrounded data). Due to small state sample sizes, neither monthly nor quarterly state data from the CPS satisfy BLS publication standards.

Note that 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 unemployment rates for the same period. 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. The level (that is, number of persons) estimates reflect independent population estimates for each year. Because these population controls are not revised, level estimates between years are not fully comparable. However, the application of new population controls generally does not affect ratios or proportions, such as U-1 through U-6.

Table 1. Measures of labor underutilization for Texas and the United states, annual averages, 2008-2010, (percent)

| Measure | Texas | | | United States | | |
|---|-------|------|------|---------------|------|------|
| | 2008 | 2009 | 2010 | 2008 | 2009 | 2010 |
| U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force | 1.3 | 3.2 | 4.1 | 2.1 | 4.7 | 5.7 |
| U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force | 2.3 | 4.5 | 4.5 | 3.1 | 5.9 | 6.0 |
| U-3 Total unemployed, as a percent of the civilian labor force (official concept of unemployment (1)) | 4.8 | 7.5 | 8.0 | 5.8 | 9.3 | 9.6 |
| U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers (2) | 5.1 | 7.9 | 8.5 | 6.1 | 9.7 | 10.3 |
| 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) | 5.8 | 8.5 | 9.2 | 6.8 | 10.5 | 11.1 |
| 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) | 9.1 | 13.7 | 14.4 | 10.5 | 16.2 | 16.7 |

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.htm.

(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.

Table 2. Measures of labor underutilization by state, 2010 annual averages (percent)

| State | Measure | | | | | |
|----------------------|---------|------|------|------|------|------|
| | U-1 | U-2 | U-3 | U-4 | U-5 | U-6 |
| United States | 5.7 | 6.0 | 9.6 | 10.3 | 11.1 | 16.7 |
| Alabama | 6.5 | 6.3 | 10.5 | 11.2 | 12.3 | 17.3 |
| Alaska | 3.5 | 4.3 | 8.0 | 8.7 | 9.6 | 14.3 |
| Arizona | 6.3 | 6.7 | 10.4 | 11.1 | 11.8 | 18.4 |
| Arkansas | 4.2 | 5.0 | 8.6 | 9.2 | 9.8 | 14.5 |
| California | 7.6 | 7.9 | 12.2 | 13.0 | 14.0 | 22.1 |
| Colorado | 5.1 | 5.4 | 8.7 | 9.1 | 9.8 | 15.4 |
| Connecticut | 5.9 | 6.0 | 9.2 | 9.8 | 10.5 | 15.7 |
| Delaware | 5.2 | 5.3 | 8.5 | 9.3 | 10.1 | 14.3 |
| District of Columbia | 6.1 | 5.0 | 9.2 | 9.9 | 11.0 | 14.0 |
| Florida | 7.3 | 6.8 | 11.1 | 12.1 | 12.9 | 19.3 |
| Georgia | 7.2 | 6.7 | 10.7 | 11.5 | 12.2 | 17.9 |
| Hawaii | 3.9 | 3.8 | 7.0 | 7.9 | 8.9 | 16.9 |
| Idaho | 4.1 | 5.4 | 9.0 | 9.3 | 9.9 | 16.3 |
| Illinois | 6.5 | 6.7 | 10.2 | 10.8 | 11.4 | 17.5 |
| Indiana | 6.4 | 6.9 | 10.6 | 11.2 | 11.7 | 17.4 |
| Iowa | 3.0 | 3.5 | 6.1 | 6.5 | 7.0 | 11.6 |
| Kansas | 3.7 | 4.4 | 7.4 | 7.9 | 8.5 | 12.4 |
| Kentucky | 5.6 | 6.8 | 10.3 | 10.9 | 11.4 | 16.4 |
| Louisiana | 3.6 | 4.3 | 7.8 | 8.5 | 9.3 | 12.9 |
| Maine | 4.4 | 5.0 | 8.2 | 8.7 | 9.7 | 15.2 |
| Maryland | 4.2 | 4.6 | 7.7 | 8.3 | 9.2 | 13.0 |
| Massachusetts | 4.9 | 5.8 | 8.5 | 9.0 | 9.5 | 14.3 |
| Michigan | 7.8 | 7.7 | 12.2 | 13.1 | 14.0 | 21.0 |
| Minnesota | 3.5 | 4.3 | 7.3 | 7.6 | 8.2 | 13.8 |
| Mississippi | 6.8 | 6.2 | 10.9 | 11.9 | 12.7 | 17.6 |
| Missouri | 5.3 | 6.2 | 9.5 | 10.1 | 10.6 | 15.8 |
| Montana | 3.4 | 5.0 | 7.7 | 8.0 | 8.6 | 14.9 |
| Nebraska | 2.3 | 2.4 | 4.8 | 5.0 | 5.4 | 8.6 |
| Nevada | 9.2 | 10.1 | 14.4 | 15.2 | 16.0 | 23.6 |
| New Hampshire | 3.3 | 4.1 | 6.0 | 6.3 | 6.9 | 11.8 |
| New Jersey | 6.3 | 6.6 | 9.3 | 10.0 | 10.9 | 15.7 |
| New Mexico | 4.9 | 5.1 | 8.5 | 9.2 | 10.5 | 15.6 |
| New York | 5.1 | 5.2 | 8.5 | 9.4 | 10.2 | 14.8 |
| North Carolina | 6.5 | 6.5 | 10.5 | 11.3 | 11.9 | 17.4 |
| North Dakota | 1.1 | 1.9 | 3.8 | 4.0 | 4.3 | 7.4 |
| Ohio | 5.7 | 6.1 | 10.1 | 10.8 | 11.6 | 16.9 |
| Oklahoma | 3.2 | 3.5 | 7.2 | 7.6 | 8.2 | 11.4 |
| Oregon | 6.7 | 7.8 | 11.0 | 11.6 | 12.5 | 20.0 |
| Pennsylvania | 4.9 | 5.4 | 8.6 | 9.2 | 10.0 | 14.7 |
| Rhode Island | 7.1 | 7.0 | 11.3 | 11.8 | 12.5 | 19.2 |
| South Carolina | 7.3 | 7.0 | 11.0 | 12.0 | 12.6 | 18.1 |
| South Dakota | 2.0 | 2.8 | 5.1 | 5.6 | 6.2 | 9.7 |
| Tennessee | 5.4 | 6.0 | 9.4 | 10.0 | 10.7 | 16.6 |
| Texas | 4.1 | 4.5 | 8.0 | 8.5 | 9.2 | 14.4 |
| Utah | 4.2 | 4.8 | 8.2 | 8.8 | 9.5 | 15.1 |
| Vermont | 2.8 | 3.9 | 6.2 | 6.6 | 7.3 | 12.5 |
| Virginia | 4.3 | 4.5 | 7.5 | 8.0 | 8.5 | 12.9 |
| Washington | 5.4 | 5.9 | 10.2 | 10.7 | 11.7 | 18.4 |
| West Virginia | 4.8 | 5.1 | 9.0 | 9.7 | 10.2 | 14.0 |
| Wisconsin | 4.9 | 5.2 | 8.7 | 9.2 | 9.7 | 14.8 |
| Wyoming | 3.0 | 3.6 | 6.6 | 7.1 | 7.6 | 11.5 |

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