



U-1 through U-6 In Nevada

April 2014

Jeremy Hayes, Economist

Alternative Measures of Labor Underutilization (2013 Annual Average)

Measure	Underutilization Concept	Level
Official Rate	jobless persons available to take a job who have actively sought work in the past four weeks	9.8%
U-1	jobless 15 weeks or longer	5.5%
U-2	job losers and persons losing a temporary job	5.6%
U-3	similar to official rate	9.8%
U-4	U-3 plus discouraged workers	10.8%
U-5	U-4 plus others marginally attached to the labor force	11.7%
U-6	U-5 plus those employed part-time for economic reasons	18.1%

- U-3, which averaged 9.8% in 2013, is the total of unemployed workers as a percentage of the civilian labor force. This is most similar to the Official Rate, which also measures 9.8% in this period.
- U-4 adds discouraged workers to U-3, bringing the underutilization level to 10.8%.¹ Discouraged workers are those people who would like to work, but have stopped looking 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 11.7%.
- 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 18.1%.
- Nevada led the nation in all six measures of labor underutilization through 2013.

¹ Note 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 improve the reliability of the labor force and unemployment estimates.