

Econ Quiz – 12/18/10

Restating the unemployment rate

By Bill Pinkovitz and Colette Hershey

The official unemployment rate (U-3) in Wisconsin in September was 7.8 percent. U-3 includes those people who do not have a job, are available for work, and have actively looked for work in the last four weeks. A broader measure (U-6) includes those people who want work and are available for work, but are discouraged and have not actively looked for employment in the past four weeks. It also includes involuntary part time workers, who are working less than 35 hours per week but want to work full time.

Q: What was the U-6 unemployment rate in Wisconsin in September of this year?

A: 15.2%

That compares to 16.8% nationally, 14.1% in Minnesota, 18.0% in Illinois, and 21.3% in Michigan.



The screenshot shows the top navigation bar of the Bureau of Labor Statistics website. It features the United States Department of Labor logo and name on the left, and a search bar with the text "Search BLS.gov" on the right. Below the search bar is a horizontal menu with several dropdown options: Home, Subject Areas, Databases & Tools, Publications, Economic Releases, and Beta. The background of the header is dark red.

This information, second quarter 2010 unemployment rates for every state, including a brief explanation of each alternative measure are available at:

<http://www.bls.gov/lau/stalt.htm>

UNITED STATES DEPARTMENT OF LABOR A to Z Index | FAQs | About BLS | Contact Us | Subscribe to E-mail Updates GO

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Search BLS.gov

Home Subject Areas Databases & Tools Publications Economic Releases Beta

Local Area Unemployment Statistics

LAU FONT SIZE: + - PRINT:

BROWSE LAU

- LAU HOME
- LAU OVERVIEW
- LAU NEWS RELEASES
- LAU DATABASES
- LAU TABLES & MAPS
- LAU DOCUMENTATION
- LAU FAQs
- CONTACT LAU

SEARCH LAU

BROWSE LAU

LAU HOME

LAU OVERVIEW

LAU NEWS RELEASES

LAU DATABASES

LAU TABLES & MAPS

LAU DOCUMENTATION

LAU FAQs

CONTACT LAU

SEARCH LAU

LAU TOPICS

JOBSEEKERS

PUBLIC POLICYMAKERS

Alternative Measures of Labor Underutilization for States, Second Quarter of 2010 through First Quarter of 2011 Averages

Six 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. (See [table 15.](#)) The official concept of unemployment (as measured in the CPS by U-3 in the U-1 to U-6 range of alternatives) includes all jobless persons who are available to take a job and have actively sought work in the past four weeks. This concept has been thoroughly reviewed and validated since the inception of the CPS in 1940. 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 is committed to updating these data on a 4-quarter moving-average basis. The analysis that follows pertains to the averages from the [second quarter of 2010 through the first quarter of 2011](#). Data are also available for the following prior time periods:

- [2010 annual averages](#)
- [Fourth quarter of 2009 through third quarter of 2010](#)
- [Third quarter of 2009 through second quarter of 2010](#)
- [Second quarter of 2009 through first quarter of 2010](#)

The URL will take you to the most current completed quarter for which data is available.

Our ECON QUIZ used data for the 3rd Quarter of 2009 through the 2nd quarter of 2010, which is highlighted above. We'll continue to use that for this example.

Local Area Unemployment Statistics

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- [LAU HOME](#)
- [LAU OVERVIEW](#)
- [LAU NEWS RELEASES](#)
- [LAU DATABASES](#)
- [LAU TABLES & MAPS](#)
- [LAU DOCUMENTATION](#)
- [LAU FAQs](#)
- [CONTACT LAU](#)

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Go

LAU TOPICS

- [JOBSEEKERS](#) ▶
- [PUBLIC POLICYMAKERS](#) ▶
- [RESEARCHERS](#) ▶
- [LABOR FORCE DATA](#) ▶
- [GEOGRAPHY](#) ▶
- [METHODOLOGY](#) ▶

Alternative Measures of Labor Underutilization for States, Third Quarter of 2009 through Second Quarter of 2010 Averages

The six state measures are based on the same definitions as those published for the U.S. :

- 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 definition used for the official unemployment rate);
- U-4, total unemployed plus discouraged workers, as a percent of the civilian 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.**

Alternative measures of labor underutilization by state, third quarter of 2009 through second quarter of 2010 averages (percent)

State	Measure					
	U-1	U-2	U-3	U-4	U-5	U-6
United States	5.6	6.2	9.7	10.3	11.1	16.8
Alabama	7.1	7.4	11.6	12.1	13.1	17.9
Alaska	3.4	4.4	8.2	8.8	10.0	14.6
Arizona	6.4	7.0	10.8	11.4	12.1	18.5

This should take you to the set of tables for the specified quarters. We're interested in the U-6 percentages, which accounts for the people U-1 and U-2, plus those employed only part time for economic reasons, and marginally attached workers.

Scroll down to find the U-6 unemployment percentage for Wisconsin

washington	5.2	5.8	9.8	10.3	11.2	17.4
West Virginia	4.0	5.1	8.1	8.7	9.4	13.9
Wisconsin	5.0	6.0	9.0	9.4	10.0	15.1
Wyoming	3.0	4.5	7.2	7.6	8.2	12.3
Substate areas						
Los Angeles County	7.3	7.6	12.3	12.8	13.9	24.0
New York City	6.4	6.2	9.9	10.9	11.8	16.1

It's 15.1%.

We can also find similar data for surrounding states, such as Illinois, Minnesota, and Michigan.

Idaho	4.2	5.6	8.8	9.1	9.7	16.4
Illinois	6.7	7.2	10.6	11.1	12.0	18.0
Indiana	6.2	7.7	10.0	11.5	12.1	17.0
Massachusetts	5.1	6.5	9.0	9.4	10.0	15.3
Michigan	8.8	9.1	13.2	13.9	14.8	21.6
Minnesota	3.7	4.6	7.5	7.8	8.5	13.9
Mississippi	6.6	5.5	10.0	11.0	12.0	17.0

Thanks for taking this week's Econ Quiz!

The websites we use for data often move information around without notifying users. It's possible we have provided a broken link. E-mail Bill Pinkovitz if you have questions.