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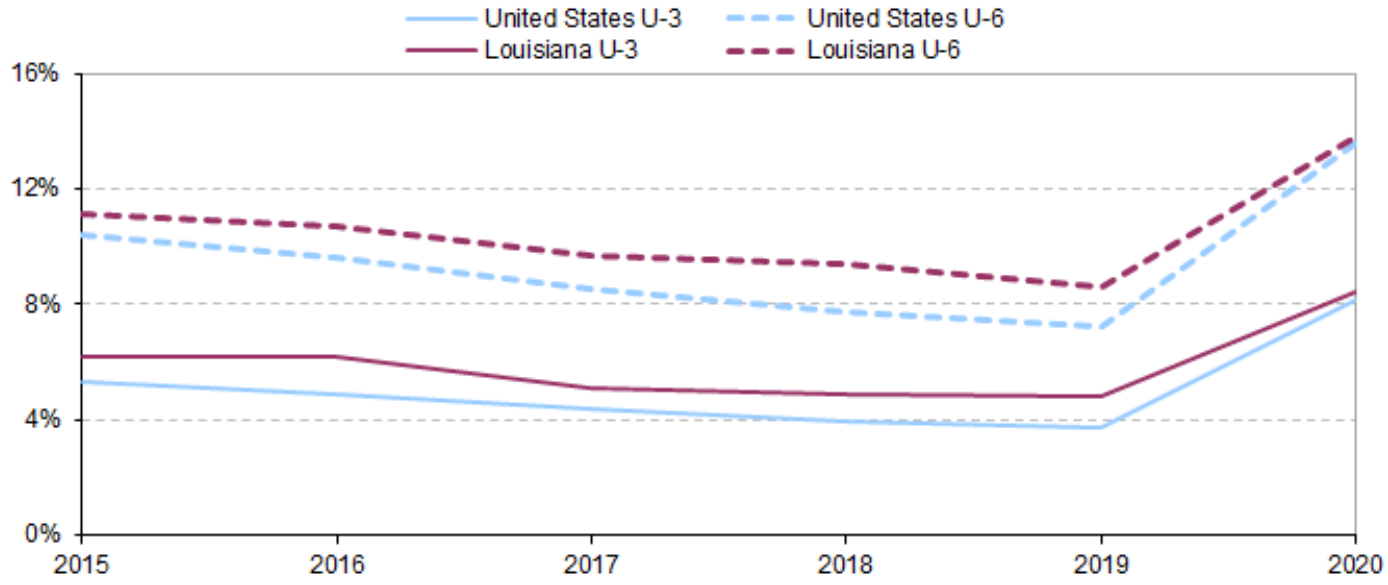
SOUTHWEST INFORMATION OFFICE: Dallas, Texas
Technical information: (972) 850-4800 BLSInfoDallas@bls.gov www.bls.gov/regions/southwest
Media contact: (972) 850-4800

Alternative Measures of Labor Underutilization in Louisiana – 2020

In 2020, the broadest measure of labor underutilization, designated U-6 (which includes the unemployed, workers employed part-time for economic reasons, and those marginally attached to the labor force), was 13.8 percent in Louisiana, not significantly different from the 13.6-percent rate for the nation, the U.S. Bureau of Labor Statistics reported today. Regional Commissioner Michael Hirniak noted that the six alternative measures of labor underutilization in Louisiana were significantly higher than the rates recorded a year ago. Nationally, all six measures had significant increases over the year. (See table 1.)

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 4 weeks. In Louisiana, 8.4 percent of the labor force was unemployed, as measured by U-3 in 2020, compared with the national rate of 8.1 percent. (See chart 1.) (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 estimate discussed here.)

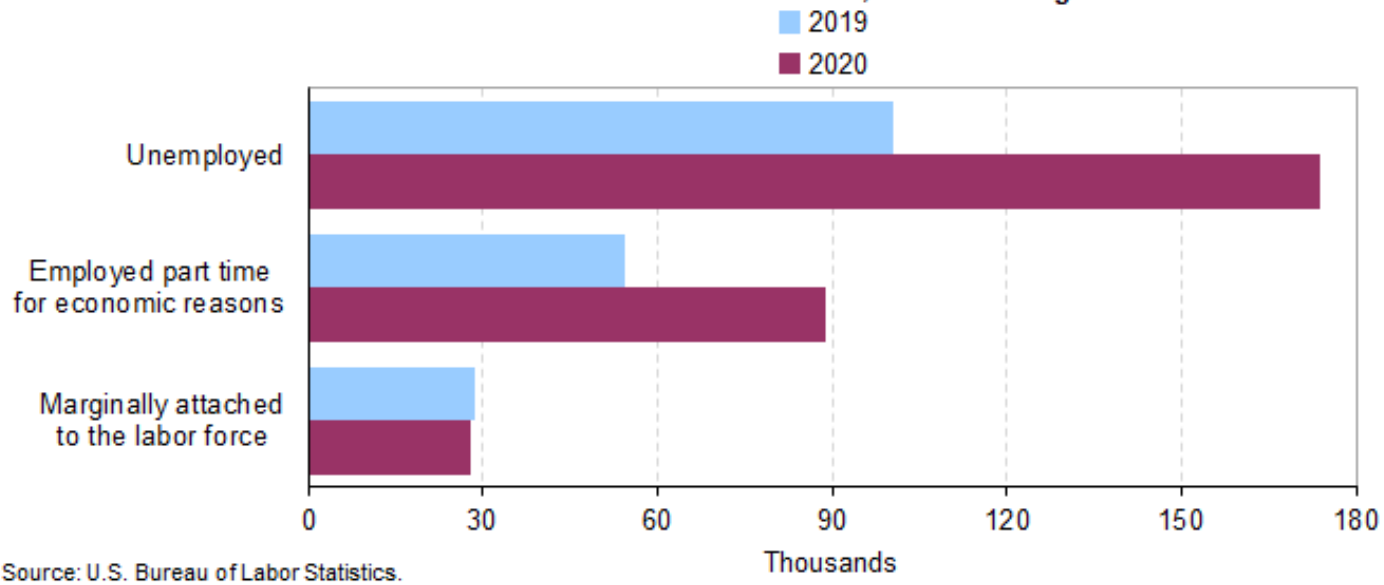
Chart 1. Two alternative measures of labor underutilization, United States and Louisiana, annual averages



Source: U.S. Bureau of Labor Statistics.

Louisiana had 173,700 unemployed residents in 2020 according to the CPS. In addition, there were 88,800 workers who were employed part time for economic reasons (also known as involuntary part time). These individuals were working part time because of slack work or business conditions or because they were unable to find a full-time job. (See chart 2.) Nationwide, there were 7.23 million individuals working part time for economic reasons in 2020.

Chart 2. Numbers of selected underutilized workers in Louisiana, annual averages



Source: U.S. Bureau of Labor Statistics.

In 2020, the number of individuals considered to be marginally attached to the labor force in Louisiana was 27,800. People marginally attached to the labor force are not working, but indicate that they would like to work, are available to work, and have looked for work at some time during the past 12 months, even though they had not searched for work in the 4 weeks preceding the survey for reasons such as school attendance or family responsibilities. In the United States, the number of people marginally attached totaled 1.96 million in 2020.

Discouraged workers, a subset of the marginally attached, are persons who are not currently looking for work because they believe no jobs are available for them. In 2020, there were 9,000 discouraged workers in Louisiana, accounting for 32 percent of the marginally attached in the state. The U-4 measure, which adds discouraged workers to the number of the unemployed (expressed as a percentage of the labor force plus the number of discouraged workers), was 8.8 percent in Louisiana, compared to 8.4 percent for the nation.

State comparisons

In 2020, 22 states had rates significantly lower than those of the U.S. for all six measures of labor underutilization, while 6 states had rates significantly higher than those of the U.S. for all six measures. (See table 2.)

The U-4 rate includes discouraged workers; thus, the difference between U-3 and U-4 reflects the degree of would-be job-seeker discouragement. At the national level, the difference between U-3 and U-4 was +0.3 percentage point in 2020. No state had a noteworthy difference between these two measures.

The U-5 rate includes all people who are marginally attached to the labor force, and U-6 adds those who are involuntary part-time workers. Therefore, the larger the difference between U-5 and U-6, the higher the incidence of this form of "underemployment." In 2020, all 50 states and the District of Columbia had differences between their U-5 and U-6 rates. Hawaii had the largest gap, +6.5 percentage points, followed by

Colorado and California, +5.8 points and +5.6 points, respectively. North Dakota had the smallest gap, +2.5 percentage points, indicating a comparatively low degree of underemployment. At the national level, the difference between U-5 and U-6 was +4.4 percentage points.

Relative to 2019, 46 states experienced significant increases in all six measures of labor underutilization, while another 3 states and the District of Columbia had increases in each of their U-2 through U-6 rates. No state experienced an over-the-year decrease in any measure of labor underutilization.

Coronavirus (COVID-19) Pandemic Impact on Current Population Survey Data for 2020

The "questions and answers" document at www.bls.gov/covid19/effects-of-covid-19-pandemic-and-response-on-the-employment-situation-news-release.htm extensively discusses the impact of a misclassification in the Current Population Survey on the national estimates beginning in March 2020 (see question nos. 12–15). Despite the considerable decline in its degree relative to the initial months of the pandemic, this misclassification continued to be widespread geographically, with BLS analysis indicating that most states still were affected to at least some extent through the end of 2020. However, according to usual practice, the data from the household survey are accepted as recorded. To maintain data integrity, no ad hoc actions are taken to reclassify survey responses.

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 news release. (See www.bls.gov/news.release/empsit.t15.htm.) State estimates, presented as 4-quarter averages, are provided each quarter on the BLS website. (For the most recent data see www.bls.gov/lau/stalt.htm.)

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.

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 annual average unemployment rates. 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.

Information in this release will be made available to individuals with sensory impairments upon request. Voice phone: (202) 691-5200; Federal Relay Service: (800) 877-8339.

Table 1. Over-the-year change and measure of statistical significance in alternative measures of labor underutilization for the United States and Louisiana, 2019–20 annual averages (percent)

Measure	United States			Louisiana		
	2019	2020	Change 2019–20	2019	2020	Change 2019–20
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	1.3	2.8	1.5*	2.0	3.1	1.1*
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	1.7	6.1	4.4*	2.0	6.2	4.2*
U-3 Total unemployed, as a percent of the civilian labor force (official concept of unemployment) (1)	3.7	8.1	4.4*	4.8	8.4	3.6*
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers (2)	3.9	8.4	4.5*	5.3	8.8	3.5*
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)	4.5	9.2	4.7*	6.1	9.6	3.5*
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)	7.2	13.6	6.4*	8.6	13.8	5.2*

(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

(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.

Note: An asterisk indicates that the over-the-year change is statistically different at the 90-percent confidence level.

Table 2. Alternative measures of labor underutilization by state, 2020 annual averages (percent)

State	Measure					
	U-1	U-2	U-3	U-4	U-5	U-6
United States	2.8	6.1	8.1	8.4	9.2	13.6
Alabama	1.9	4.3	6.0	6.2	6.7	9.5
Alaska	2.5	5.4	7.7	8.2	9.6	13.7
Arizona	2.4	5.2	7.7	7.9	8.8	13.0
Arkansas	1.9	4.2	6.2	6.5	7.0	10.0
California	4.1	8.1	10.2	10.6	11.5	17.1
Colorado	2.3	5.5	7.3	7.5	7.9	13.7
Connecticut	3.2	5.9	7.8	8.3	9.2	14.1
Delaware	2.5	6.1	7.8	8.0	8.6	13.3
District of Columbia	3.8	5.0	7.9	8.3	9.4	12.4
Florida	2.8	6.2	7.9	8.5	9.4	14.3
Georgia	2.2	4.6	6.6	7.0	7.7	12.5
Hawaii	5.3	10.1	11.7	11.9	12.9	19.4
Idaho	1.2	3.2	5.2	5.2	5.6	9.8
Illinois	3.1	7.1	9.1	9.4	10.0	14.1
Indiana	1.8	5.4	7.1	7.3	7.9	11.5
Iowa	1.5	3.9	5.4	5.6	6.3	9.7
Kansas	1.1	4.2	5.7	5.9	6.4	10.3
Kentucky	2.3	4.8	6.7	6.9	7.5	10.3
Louisiana	3.1	6.2	8.4	8.8	9.6	13.8
Maine	1.7	3.9	5.5	5.7	6.4	10.5
Maryland	2.5	4.7	6.7	7.0	7.7	11.2
Massachusetts	3.4	7.3	9.3	9.6	10.6	14.8
Michigan	2.9	7.6	9.8	10.1	11.0	15.3
Minnesota	2.1	4.4	5.9	6.0	6.8	10.4
Mississippi	2.7	5.1	8.1	8.7	9.5	13.4
Missouri	1.9	4.3	6.1	6.4	7.3	10.9
Montana	1.6	4.0	5.8	6.0	6.6	11.2
Nebraska	1.4	2.9	4.4	4.6	5.2	8.2
Nevada	4.4	10.7	13.0	13.4	14.3	19.6
New Hampshire	1.8	4.9	6.6	6.7	7.4	10.3
New Jersey	4.1	7.7	9.6	9.9	10.7	15.1
New Mexico	3.4	5.7	8.6	8.9	9.7	15.1
New York	4.2	7.7	9.9	10.4	11.4	16.0
North Carolina	2.2	5.2	7.1	7.4	8.3	12.4
North Dakota	1.4	3.8	5.0	5.1	5.6	8.1
Ohio	2.2	5.9	8.3	8.6	9.3	13.0
Oklahoma	1.8	4.9	6.2	6.4	7.1	10.5
Oregon	2.5	5.6	7.8	8.1	9.0	13.9
Pennsylvania	3.2	7.0	9.0	9.2	10.2	14.2
Rhode Island	3.3	7.2	9.3	9.5	10.3	15.2
South Carolina	2.0	4.5	6.2	6.6	7.3	11.1
South Dakota	1.4	3.2	4.5	4.7	5.1	7.9
Tennessee	2.4	5.9	7.7	8.0	8.7	13.0
Texas	2.5	5.5	7.5	7.9	8.6	13.6
Utah	1.1	3.3	4.9	5.0	5.3	8.7
Vermont	1.5	4.5	5.6	5.9	6.6	10.2
Virginia	2.4	4.4	6.3	6.5	7.2	11.1
Washington	2.7	6.2	8.3	8.5	9.4	14.8
West Virginia	3.2	6.3	8.1	8.5	9.0	13.3
Wisconsin	2.0	5.1	6.4	6.6	7.1	11.1
Wyoming	2.1	4.0	5.9	6.1	7.0	11.0

Note: See table 1 for definitions of measures. Statistical significance results at the 90-percent confidence level for rate differences between states and the U.S., for sequential gaps in state rates, and over-the-year changes are available at www.bls.gov/lau/stalt