NEWS RELEASE
BUREAU OF LABOR STATISTICS
U. S. DEPARTMENT OF LABOR

For Release: Thursday, February 23, 2017 **17-264-KAN**

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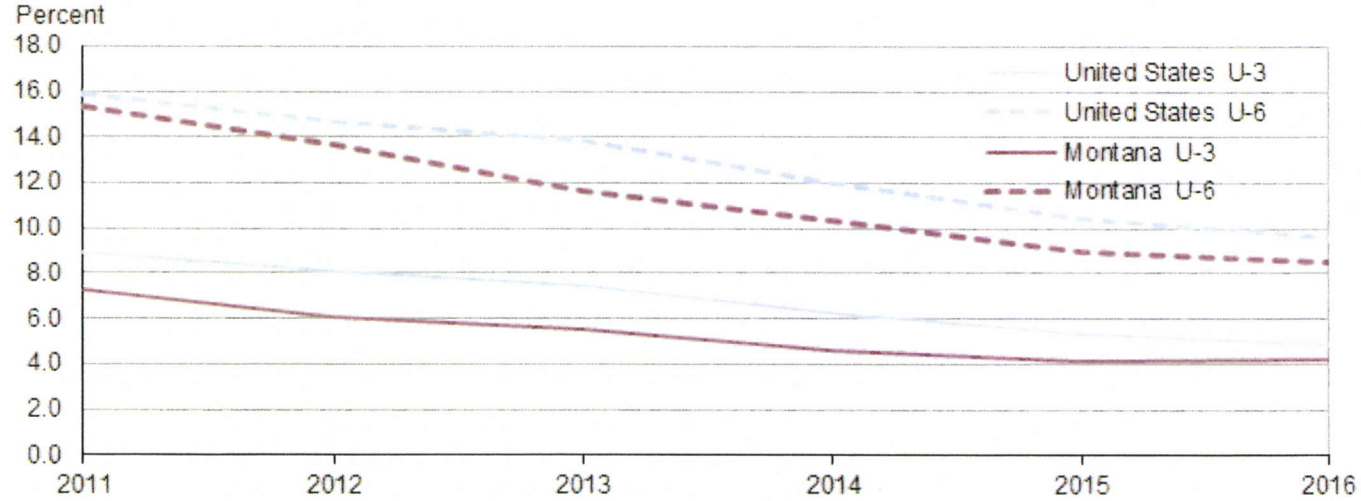
Alternative Measures of Labor Underutilization in Montana – 2016

In 2016, 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 8.5 percent in Montana, significantly lower than the 9.6-percent rate for the nation, the U.S. Bureau of Labor Statistics reported today. Assistant Commissioner for Regional Operations Stanley W. Suchman noted that the six alternative measures of labor underutilization in Montana were not statistically different from a year ago. Nationally, all six measures declined significantly 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 Montana, 4.2 percent of the labor force was unemployed as measured by U-3 in 2016, significantly lower than the 4.9-percent rate for the nation. (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.)

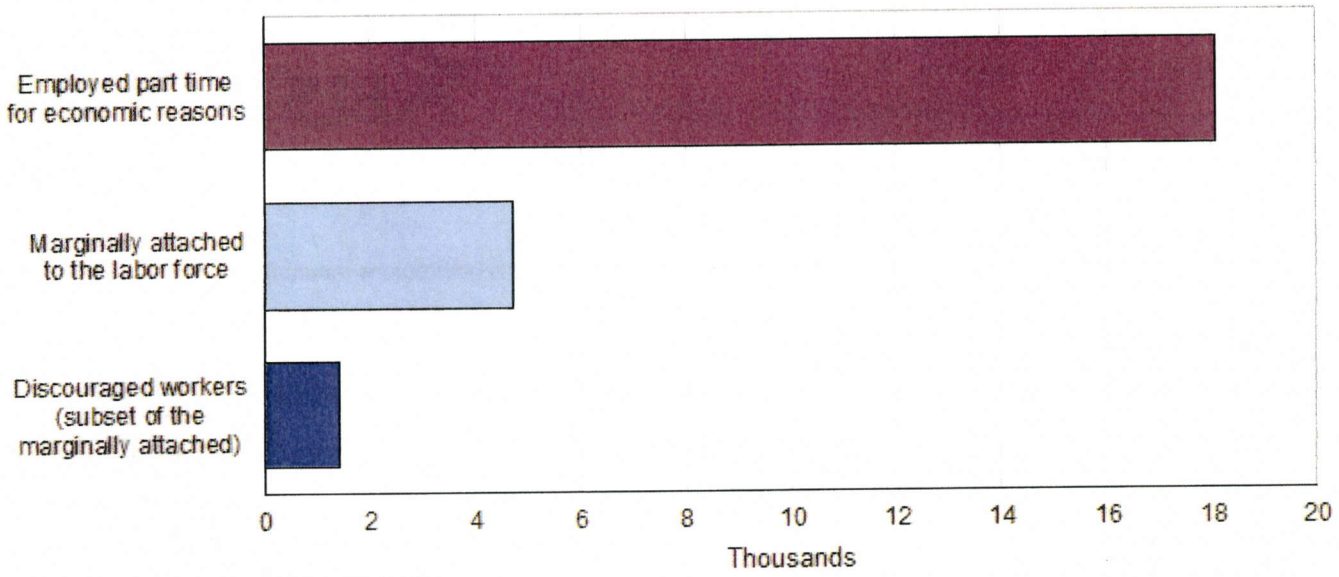
Chart 1. Two alternative measures of labor underutilization, United States and Montana, 2011–16 annual averages



Source: U.S. Bureau of Labor Statistics.

Montana had 22,100 unemployed residents in 2016 according to the CPS. In addition, there were 18,100 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 5.9 million individuals working part time for economic reasons in 2016.

Chart 2. Numbers of selected underutilized workers, Montana, 2016 annual averages



Source: U.S. Bureau of Labor Statistics.

In 2016, the number of individuals considered to be marginally attached to the labor force in Montana was 4,700. 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. In the United States, the number marginally attached totaled 1.8 million in 2016.

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 2016, there were 1,400 discouraged workers in Montana, accounting for about 30 percent of all marginally attached workers 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 4.5 percent in Montana, significantly below the national rate of 5.2 percent.

State comparisons

In 2016, South Dakota had the lowest rates for four alternative measures of labor underutilization: U-1, U-2, U-5, and U-6. New Hampshire and South Dakota had the lowest rates for U-3 and U-4. In total, nine states had rates notably lower than those of the U.S. for all six measures, while four states (California, Illinois, Louisiana, and New Mexico) had rates substantially higher than those of the U.S. for all six measures. (See table 2.)

Relative to 2015, three states (California, Massachusetts, and South Carolina) experienced notable decreases in all six measures of labor underutilization. For each measure, at least eight states showed considerable improvement over the year. Wyoming had appreciable increases in all six measures over the year, ranging from +0.8 percentage point in U-1 to +1.9 points in U-6. No other state had a noteworthy increase in any of the six measures.

Many states with extreme measures, either low or high, maintained their general place in the rankings of alternative measures over the year. Nebraska, New Hampshire, North Dakota, South Dakota, Utah, and Vermont had rates among the 10 lowest for each measure in 2015 and 2016. Similarly, Nevada, New Mexico, and West Virginia had rates among the 10 highest for each measure in both years.

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.

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.

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 sensory impaired individuals 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 Montana, 2015–16 annual averages (percent)

Measure	United States			Montana		
	2015	2016	Change 2015–16	2015	2016	Change 2015–16
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	2.3	2.0	-0.3*	1.4	1.4	0.0
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	2.6	2.3	-0.3*	2.3	2.2	-0.1
U-3 Total unemployed, as a percent of the civilian labor force (official concept of unemployment) (1)	5.3	4.9	-0.4*	4.1	4.2	0.1
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers (2)	5.7	5.2	-0.5*	4.4	4.5	0.1
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)	6.4	5.9	-0.5*	4.9	5.1	0.2
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)	10.4	9.6	-0.8*	9.0	8.5	-0.5

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

(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, 2016 annual averages (percent)

State	Measure					
	U-1	U-2	U-3	U-4	U-5	U-6
United States	2.0	2.3	4.9	5.2	5.9	9.6
Alabama	2.5	2.5	6.0	6.4	7.1	10.4
Alaska	2.5	3.8	6.6	7.2	8.4	12.8
Arizona	1.8	2.1	5.2	5.5	6.5	10.8
Arkansas	1.6	1.6	3.9	4.2	4.7	7.5
California	2.2	2.7	5.4	5.7	6.5	11.3
Colorado	1.5	1.6	3.3	3.4	3.8	7.3
Connecticut	2.3	2.9	5.2	5.5	6.6	10.8
Delaware	1.9	2.0	4.3	4.6	5.1	8.3
District of Columbia	3.7	2.6	6.1	6.4	7.5	9.5
Florida	2.3	2.2	4.9	5.4	6.0	10.3
Georgia	2.4	2.5	5.4	5.8	6.9	10.5
Hawaii	1.1	1.4	3.0	3.4	4.2	7.5
Idaho	0.9	2.0	3.9	4.0	4.6	7.8
Illinois	2.9	2.9	5.9	6.2	6.9	11.0
Indiana	1.3	2.3	4.5	4.7	5.3	8.3
Iowa	0.9	2.1	3.9	4.1	4.6	7.2
Kansas	1.4	2.2	4.2	4.4	5.0	8.2
Kentucky	2.0	2.3	4.9	5.5	6.0	9.7
Louisiana	2.6	3.0	6.2	6.8	7.5	10.7
Maine	1.6	1.9	3.9	4.2	4.8	8.7
Maryland	1.8	2.1	4.2	4.5	5.1	8.1
Massachusetts	1.7	2.0	3.7	4.2	5.0	8.1
Michigan	1.7	2.5	4.9	5.3	6.0	10.3
Minnesota	1.1	1.9	3.9	4.1	4.7	7.7
Mississippi	2.6	2.6	5.7	6.2	6.9	10.9
Missouri	1.8	2.3	4.4	4.7	5.2	7.8
Montana	1.4	2.2	4.2	4.5	5.1	8.5
Nebraska	1.2	1.5	3.4	3.4	4.0	6.2
Nevada	2.4	3.0	5.9	6.3	7.1	12.2
New Hampshire	1.0	1.5	2.8	3.0	3.6	6.4
New Jersey	2.4	2.9	4.9	5.4	6.0	9.7
New Mexico	2.5	3.2	6.8	7.3	8.1	12.6
New York	2.3	2.4	4.8	5.1	6.0	9.4
North Carolina	2.3	2.2	5.0	5.4	6.3	9.4
North Dakota	0.9	1.8	3.3	3.6	3.9	6.2
Ohio	2.0	2.2	4.9	5.2	6.0	9.7
Oklahoma	1.9	2.4	5.1	5.4	6.1	9.2
Oregon	1.5	2.3	4.9	5.2	6.0	10.3
Pennsylvania	2.1	2.9	5.6	5.9	6.7	10.6
Rhode Island	2.3	3.1	5.4	5.6	6.3	10.1
South Carolina	2.0	2.1	4.9	5.2	6.0	9.7
South Dakota	0.8	1.0	2.8	3.0	3.5	5.2
Tennessee	1.8	2.2	4.7	5.1	5.8	9.4
Texas	1.7	2.1	4.6	4.8	5.4	8.6
Utah	1.1	1.7	3.6	3.7	4.3	7.5
Vermont	0.9	1.6	3.3	3.4	4.2	7.1
Virginia	1.6	1.5	4.1	4.4	5.2	9.1
Washington	1.7	2.4	5.5	5.8	6.6	10.3
West Virginia	2.7	2.9	6.1	6.5	7.3	11.0
Wisconsin	1.5	2.3	4.1	4.3	4.8	7.9
Wyoming	1.8	3.5	5.4	5.7	6.1	10.1

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