

### The April Review

How wages are determined is one of the classic questions of labor economics. While much has been learned about the impact of workers' occupations, industries, and personal characteristics, Julia I. Lane, Laurie A. Salmon, and James R. Spletzer use microdata from the BLS Occupational Employment Statistics program to investigate the less well-measured differentials associated with specific establishments. They find that such differentials—those common to all individuals in an establishment after controlling for occupation and individual characteristics—can and do have a significant effect on wages.

Lonnie Golden and Tesfayi Gebreselassie also look at a less-studied aspect of labor economics—"over-employment mismatches" in which employees work more hours than they would desire if they could choose hours and income without constraints. While acknowledging that underemployment mismatches may be more common, Golden and Gebreselassie find that at least 7 percent of the employed would prefer to trade some income for fewer hours.

Jesse X. Fan, Barbara B. Brown, Lori Kowaleski-Jones, Ken R. Smith, and Cathleen D. Zick use cluster analysis to group Consumer Expenditure Survey respondents into eight food-budget clusters ranging from "balanced" to "meat-eater" to nonalcoholic "beverage-dominated." They then tabulate the basic demographic characteristics of these clusters.

### Essentials spending

A 1.5-percent drop in spending on

food at home in 2005 was offset by an 8.2-percent increase in spending on food away from home, resulting in a 2.6-percent increase in total food expenditures. The drop in food at home expenditures in 2005 was driven by a significant decrease (13.1 percent) in spending on meats, poultry, fish and eggs. Expenditures for two components of food at home increased in 2005: Dairy products were up 2.0 percent and other food at home increased by a significant 7.7 percent.

Consumer expenditures on apparel and services (such as laundry and dry cleaning) were \$1,886 in 2005, not much different than they had been in the previous year. A decline in spending on footwear partially offset increases in other parts of the category.

A 9.0-percent increase in housing expenditures was the largest in several years. Increases in spending for all components of housing contributed to the overall growth, but only the changes in shelter expenditures (10.1 percent) and spending for utilities, fuels, and public services (8.8 percent) were statistically significant. Find out more in "Consumer Expenditures in 2005," BLS Report 998.

### Work experience

In 2005, the proportion of the civilian noninstitutional population 16 years old and over that worked at some point during the year was 67.7 percent, essentially unchanged from 2004. Among those with work experience during 2005, 77.4 percent were employed year round (either full or part time), up by 0.4 percentage point from 2004.

Continuing a long-term growth trend, full-year employment among women edged up to 74.0 percent in 2005. The percentage of men employed year round also was up over the year, increasing to 80.5 percent from 80.0 percent in 2004.

About 4 out of 5 of persons who were employed at some time during 2005 usually worked full time, about the same ratio as in 2004. Among both men and women, the proportion who worked full time was little changed in 2005 (87.0 and 72.7 percent, respectively). See more in "Work Experience of the Population in 2005," USDL news release 07-0199.

### State unemployment rates

In 2006, Hawaii again reported the lowest unemployment rate among the States, 2.4 percent. Utah had the next lowest rate, 2.9 percent, followed by Nebraska and Virginia at 3.0 percent each. Twelve additional States registered annual average unemployment rates below 4.0 percent.

The States with the highest unemployment rates in 2006 were Michigan at 6.9 percent, Mississippi at 6.8 percent, Alaska at 6.7 percent, and South Carolina at 6.5 percent. The District of Columbia reported a rate of 6.0 percent.

Altogether, 20 States had jobless rates that were significantly below the U.S. rate of 4.6 percent, while 12 states and the District of Columbia recorded rates that were appreciably above it. The rates for 18 States were not significantly different from the overall U.S. rate. To learn more, see "Regional and State Unemployment, 2006 Annual Averages," news release USDL 07-0305.