



How the Government Measures Unemployment

Why does the Government collect statistics on the unemployed?

When workers are unemployed, they, their families, and the country as a whole lose. Workers and their families lose wages, and the country loses the goods or services that could have been produced. In addition, the purchasing power of these workers is lost, which can lead to unemployment for yet other workers.

To know about unemployment—the extent and nature of the problem—requires information. How many people are unemployed? How did they become unemployed? How long have they been unemployed? Are their numbers growing or declining? Are they men or women? Are they young or old? Are they white or black or of Hispanic ethnicity? Are they skilled or unskilled? Are they the sole support of their families, or do other family members have jobs? Are they more concentrated in one area of the country than another? After these statistics are obtained, they have to be interpreted properly so they can be used—together with other economic data—by policymakers in making decisions as to whether measures should be taken to influence the future course of the economy or to aid those affected by joblessness.

Where do the statistics come from?

Early each month, the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor announces the total number of employed and unemployed persons in the United States for the previous month, along with many characteristics of such persons. These figures, particularly the unemployment rate—which tells you the percent of the labor force that is unemployed—receive wide coverage in the media.

Some people think that to get these figures on unemployment, the Government uses the number of persons filing claims for unemployment insurance (UI) benefits under State or Federal Government programs. But some people are still jobless when their benefits run out, and many more are not eligible at all or delay or never apply for benefits. So, quite clearly, UI information cannot be used as a source for complete information on the number of unemployed.

Other people think that the Government counts every unemployed person each month. To do this, every home in the country would have to be contacted—just as in the population census every 10 years. This procedure would cost way too much and take far too long. Besides, people would soon grow tired of having a census taker come to their homes every month, year after year, to ask about job-related activities.

Because unemployment insurance records relate only to persons who have applied for such benefits, and since it is impractical to actually count every unemployed person each month, the Government conducts a monthly sample survey called the Current Population Survey (CPS) to measure the extent of unemployment in the country. The CPS has been conducted in the United States every month since 1940, when it began as a Work Projects Administration project. It has been expanded and modified several times since then. For instance, beginning in 1994, the CPS estimates reflect the results of a major redesign of the survey. (For more information on the CPS redesign, see Chapter 1, “[Labor Force Data Derived from the Current Population Survey](#),” in the BLS *Handbook of Methods*.)

There are about 60,000 households in the sample for this survey. This translates into approximately 110,000 individuals, a large sample compared to public opinion surveys which usually cover fewer than 2,000 people. The CPS sample is selected so as to be representative of the entire population of the United States. In order to select the sample, all of the counties and county-equivalent cities in the country first are grouped into 2,025 geographic areas (sampling units). The Census Bureau then designs and selects a sample consisting of 824 of these geographic areas to represent each State and the District of Columbia. The sample is a State-based design and reflects urban and rural areas, different types of industrial and farming areas, and the major geographic divisions of each State. (For a detailed explanation of CPS sampling methodology, see [Chapter 1](#), of the BLS *Handbook of Methods*.)

Every month, one-fourth of the households in the sample are changed, so that no household is interviewed more than 4 consecutive months. This practice avoids placing too heavy a burden on the households selected for the sample. After a household is interviewed for 4 consecutive months, it leaves the sample for 8 months, and then is again interviewed for the same 4 calendar months a year later, before leaving the sample for good. This procedure results in approximately 75 percent of the sample remaining the same from month to month and 50 percent from year to year.

Each month, 2,200 highly trained and experienced Census Bureau employees interview persons in the 60,000 sample households for information on the labor force activities (jobholding and jobseeking) or non-labor force status of the members of these households during the survey reference week (usually the week that includes the 12th of the month). At the time of the first enumeration of a household, the interviewer prepares a roster of the household members, including their personal characteristics (date of birth, sex, race, Hispanic ethnicity, marital status, educational attainment, veteran status, and so on) and their relationships to the person maintaining the household. This information, relating to all household members 15 years of age and over, is entered by the interviewers into laptop computers; at the end of each day's interviewing, the data collected are transmitted to the Census Bureau's central computer in Washington, D.C. (The labor force measures

in the CPS pertain to individuals 16 years and over.) In addition, a portion of the sample is interviewed by phone through three central data collection facilities. (Prior to 1994, the interviews were conducted using a paper questionnaire that had to be mailed in by the interviewers each month.)

Each person is classified according to the activities he or she engaged in during the reference week. Then, the total numbers are "weighted," or adjusted to independent population estimates (based on updated decennial census results). The weighting takes into account the age, sex, race, Hispanic ethnicity, and State of residence of the person, so that these characteristics are reflected in the proper proportions in the final estimates.

A sample is not a total count, and the survey may not produce the same results that would be obtained from interviewing the entire population. But the chances are 90 out of 100 that the monthly estimate of unemployment from the sample is within about 290,000 of the figure obtainable from a total census. Since monthly unemployment totals have ranged between about 7 and 11 million in recent years, the possible error resulting from sampling is not large enough to distort the total unemployment picture.

Because these interviews are the basic source of data for total unemployment, information must be factual and correct. Respondents are never asked specifically if they are unemployed, nor are they given an opportunity to decide their own labor force status. Unless they already know how the Government defines unemployment, many of them may not be sure of their actual classification when the interview is completed.

Similarly, interviewers do not decide the respondents' labor force classification. They simply ask the questions in the prescribed way and record the answers. Based on information collected in the survey and definitions programmed into the computer, individuals are then classified as employed, unemployed, or not in the labor force.

All interviews must follow the same procedures to obtain comparable results. Because of the crucial role interviewers have in the household survey, a great amount of time and effort is spent maintaining the quality of their work. Interviewers are given intensive training, including classroom lectures, discussion, practice, observation, home-study materials, and on-the-job training. At least once a year, they attend day-long training and review sessions. Also, at least once a year, they are accompanied by a supervisor during a full day of interviewing to determine how well they carry out their assignments.

A selected number of households are reinterviewed each month to determine whether the information obtained in the first interview was correct. The information gained from these reinterviews is used to improve the entire training program.

What are the basic concepts of employment and unemployment?

The basic concepts involved in identifying the employed and unemployed are quite simple:

People with jobs are **employed**.

People who are jobless, looking for jobs, and available for work are **unemployed**. People who are neither employed nor unemployed are **not in the labor force**.

The survey is designed so that each person age 16 and over who is neither in an institution (for example, correctional facilities and residential nursing and mental health care facilities) nor on active duty in the Armed Forces is counted and classified in only one group. The sum of the employed and the unemployed constitutes the civilian labor force. Persons not in the labor force combined with those in the civilian labor force constitute the civilian noninstitutional population 16 years and over. (There is no upper age limit.) Under these concepts, most people are quite easily classified. For example:

Elizabeth Lloyd reported to the interviewer that last week she worked 40 hours as a sales manager for the Western Beverage Company. **Elizabeth is employed.**

Steve Hogan lost his job when the local plant of the Chariot Aircraft Manufacturing Company was closed down. Since then, he has been visiting personnel offices of other businesses in town trying to find a job. **Steve is unemployed.**

Linda Coleman is a homemaker. Last week, she was occupied with her normal household chores. She neither held a job nor looked for a job. Her 80-year-old father who lives with her has not worked or looked for work because of a disability. **Linda and her father are not in the labor force.**

Who is counted as employed?

Not all of the wide range of job situations in the American economy fit neatly into a given category. For example, people are considered employed if they did any work at all for pay or profit during the survey week. This includes all part-time and temporary work, as well as regular full-time, year-round employment. Persons also are counted as employed if they have a job at which they did not work during the survey week, whether they were paid or not, because they were:

- On vacation
- Ill
- Experiencing child-care problems
- Taking care of some other family or personal obligation
- On maternity or paternity leave
- Involved in an industrial dispute
- Prevented from working by bad weather

These persons are counted among the employed and tabulated separately as "with a job but not at work," because they have a specific job to which they will return.

But what about the two following cases?

George Lewis is 16 years old, and he has no job from which he receives any pay or profit. However, George does help with the regular chores around his father's farm and spends about 20 hours each week doing so.

Lisa Fox spends most of her time taking care of her home and children, but she helps in her husband's computer software store all day Friday and Saturday.

Under the Government's definition of employment, both George and Lisa are considered employed. They fall into a group called "unpaid family workers," which includes any person who worked without pay for 15 hours or more per week in a family-owned enterprise operated by someone in their household.

Unpaid family workers comprise a relatively small proportion of total employment. Most of the employed are either wage and salary workers (paid employees) or self-employed (working in their own business, profession, or farm). Information also is collected for the employed on, for example, the industry and occupation of their job, weekly earnings, hours at work, multiple jobholding, and union membership.

Who is counted as unemployed?

Persons are classified as unemployed if they do not have a job, have actively looked for work in the prior 4 weeks, and are currently available for work. Actively looking for work may consist of any of the following activities:

Contacting:

- An employer directly or having a job interview
- A public or private employment agency
- Friends or relatives
- A school or university employment center

- Sending out resumes or filling out applications
- Placing or answering advertisements
- Checking union or professional registers
- Some other means of active job search

Passive methods of job search do not have the potential to result in a job offer and therefore do not qualify as active job search methods. Examples of passive methods include attending a job training program or course, or merely reading about job openings that are posted in newspapers or on the Internet.

Workers expecting to be recalled from temporary layoff are counted as unemployed, whether or not they have engaged in a specific jobseeking activity. In all other cases, the individual must have been engaged in at least one active job search activity in the 4 weeks preceding the interview and be available for work (except for temporary illness).

The questions used in the interviews are carefully designed to elicit the most accurate picture of each person's labor force activities. Some of the major questions that

determine employment status are: (The capitalized words are emphasized when read by the interviewers.)

1. Does anyone in this household have a business or a farm?
2. LAST WEEK, did you do ANY work for (either) pay (or profit)? If the answer to question 1 is "yes" and the answer to question 2 is "no," the next question is:
3. LAST WEEK, did you do any unpaid work in the family business or farm? For those who reply "no" to both questions 2 and 3, the next key questions used to determine employment status are:
4. LAST WEEK, (in addition to the business) did you have a job, either full or part time? Include any job from which you were temporarily absent.
5. LAST WEEK, were you on layoff from a job?
6. What was the main reason you were absent from work LAST WEEK? For those who respond "yes" to question 5 about being on layoff, the following questions are asked:
7. Has your employer given you a date to return to work? and, if "no,"
8. Have you been given any indication that you will be recalled to work within the next 6 months? If the responses to either question 7 or 8 indicate that the person expects to be recalled from layoff, he or she is counted as unemployed. For those who were reported as having no job or business from which they were absent or on layoff, the next question is:
9. Have you been doing anything to find work during the last 4 weeks? For those who say "yes," the next question is:
10. What are all of the things you have done to find work during the last 4 weeks? If an active method of looking for work, such as those listed at the beginning of this section, is mentioned, the following question is asked:
11. LAST WEEK, could you have started a job if one had been offered? If there is no reason, except temporary illness, that the person could not take a job, he or she is considered to be not only looking but also available for work and is counted as unemployed.

Some examples of responses that are typically given in interviews and that may result in a person being classified as unemployed are:

1. Yvonne Bennett reported that 2 weeks ago she applied for a job as a receptionist at the Capitol Travel Agency and the Equity Mortgage Lending

Company. She is awaiting the results of her applications. Yvonne is **unemployed** because she made a specific effort to find a job within the prior 4 weeks and is presently available for work.

2. Mrs. Jenkins tells the interviewer that her daughter, Katherine Marie, was thinking about looking for work in the prior 4 weeks but knows of no specific efforts she has made. Katherine Marie does not meet the activity test for unemployment and is, therefore, counted as **not in the labor force**.

3. John Stetson has been checking for openings at a local superstore for each of the past 3 weeks, but his wife reported that last week he had the flu and was unable to work because of it. John is counted as **unemployed** because he took steps to look for work and would have been available for work during the survey reference week, except for his temporary illness.

4. Marcus Green was laid off from the Hotshot Motor Company when the firm began retooling to produce a new model car. Marcus knows he will be called back to work as soon as the model changeover is completed, and he also knows it is unlikely that he would be able to find a job for the period he is laid off; so, although he is available to work, he is not seeking a job. Marcus is **unemployed** because he is waiting to be recalled from layoff.

5. Joan Howard told the interviewer that she has filed applications with three companies for summer jobs. However, it is only April and she doesn't wish to start work until at least June 15, because she is attending school. Although she has taken specific steps to find a job, Joan is classified as **not in the labor force** because she is not currently available for work. Students are treated the same as other persons; that is, they are classified as employed or unemployed if they meet the criteria, whether they are in school on a full- or part-time basis.

From these definitions and examples, it can be seen that the total unemployment figures cover more than the number of persons who have lost jobs. It includes persons who have quit their jobs to look for other employment, workers whose temporary jobs have ended, persons looking for their first jobs, and experienced workers looking for jobs after an absence from the labor force (for example, a woman who returns to the labor force after her children have entered school). Information also is collected for the unemployed on, for example, the industry and occupation of their last job held, duration of unemployment, reason for being jobless, and job search methods.

Who is not in the labor force?

Labor force measures are based on the civilian noninstitutional population 16 years old and over. Excluded are persons under 16 years of age, all persons confined to institutions such as nursing homes and prisons, and persons on active duty in the Armed Forces. As mentioned previously, the labor force is made up of the employed and the unemployed. The remainder—those who have no job and are not looking for one—are counted as "not in the labor force." Many who are not in the labor force are going to school or are retired. Family responsibilities keep others out of the labor force.

A series of questions is asked each month of persons not in the labor force to obtain information about their desire for work, the reasons why they had not looked for work in the last 4 weeks, their prior job search, and their availability for work. These questions include:

1. Do you currently want a job, either full or part time?
2. What is the main reason you were not looking for work during the LAST 4 WEEKS?
3. Did you look for work at any time during the last 12 months?
4. LAST WEEK, could you have started a job if one had been offered?

These questions form the basis for estimating the number of persons who are not in the labor force but who are considered to be "marginally attached to the labor force." These are persons without jobs who are not currently looking for work (and therefore are not counted as unemployed), but who nevertheless have demonstrated some degree of labor force attachment. Specifically, to be counted as "marginally attached to the labor force," individuals must indicate that they currently want a job, have looked for work in the last 12 months (or since they last worked if they worked within the last 12 months), and are available for work. "Discouraged workers" are a subset of the marginally attached. Discouraged workers report they are not currently looking for work for one of four reasons:

1. They believe no job is available to them in their line of work or area.
2. They had previously been unable to find work.
3. They lack the necessary schooling, training, skills, or experience.
4. Employers think they are too young or too old, or they face some other type of discrimination.

Additional questions about persons not in the labor force are asked during each household's last month of its 4-month tenure in the sample rotation pattern. These questions are designed to collect information about why these people left their previous jobs, when they last worked at a job or business, and whether they intend to look for work in the near future.

What about cases of overlap?

When the population is classified according to who is employed, unemployed, and not in the labor force on the basis of their activities during a given calendar week, situations are often encountered where individuals have engaged in more than one activity. Since individuals are counted only once, a system of priorities is used to determine status. Labor force activities take precedence over non-labor force activities and working or having a job takes precedence over looking for work. Some examples are:

1. James Kelly and Elyse Martin attend Jefferson High School. James works after school at the North Star Cafe, and Elyse is seeking a part-time

job at the same establishment (also after school). James' job takes precedence over his non-labor force activity of going to school, as does Elyse's search for work; therefore, James is counted as **employed** and Elyse is counted as **unemployed**.

2. Last week, Mary Davis, who was working for Stuart Comics, went to the Coastal Video Shop on her lunch hour to be interviewed for a higher paying job. Mary's interview constitutes looking for work, but her work takes priority, and she is counted as **employed**. (Indeed, because of the way the questionnaire is set up, information about Mary's search for work is not even obtained.)

3. John Walker has a job at the Nuts and Bolts Company, but he didn't go to work last week because of a strike at the plant. Last Thursday, he went to the Screw and Washer Factory to see about a temporary job until the strike terminates. John was "with a job but not at work" due to an industrial dispute, which takes priority over looking for work; therefore, he is counted as **employed**. (Again, information would not be obtained on John's job search effort.)

4. Evonne Avery lost her job at the book store on Wednesday of the survey reference week. She answered newspaper want-ads on Thursday and Friday but had not obtained a new job by the end of the week. Evonne is counted as **employed**, since she did work for 3 days in the reference week, even though she was unemployed for part of the week. (Once again, information would not be obtained on her search for work, though Evonne would be identified as working "part time for economic reasons," by virtue of having her workweek reduced to part time—defined as less than 35 hours per week—by her dismissal from her previous job.)

To summarize, **employed** persons are:

- All persons who did any work for pay or profit during the survey reference week.
- All persons who did at least 15 hours of unpaid work in a family-owned enterprise operated by someone in their household.
- All persons who were temporarily absent from their regular jobs because of illness, vacation, bad weather, industrial dispute, or various personal reasons, whether or not they were paid for the time off.

Unemployed persons are:

- All persons who did not have a job at all during the survey reference week, made at least one specific active effort to find a job during the prior 4 weeks, and were available for work (unless temporarily ill).
- All persons who were not working and were waiting to be called back to a job from which they had been laid off (they need not be looking for work to be classified as unemployed).

Because of the complexities of the American economic system and the wide variety of job arrangements and jobseeking efforts, the definitions of employment and unemployment must be specific to ensure uniformity of reporting at any given time and over any period of time. When all of the details are considered, definitions may seem rather complicated. The basic concepts, however, remain little changed: People with jobs are **employed**, people who do not have jobs and are looking for jobs are **unemployed**, and people who meet neither labor market test are **not in the labor force**. The qualifying conditions are necessary to cover the wide range of labor force patterns and to provide an objective set of standards for consistent treatment of cases.

Where can people find the data?

Each month, summary statistics on unemployment and employment are published in a news release titled [*The Employment Situation*](#).

Detailed information also is published in [tables online](#) and in a periodical called [*Employment and Earnings*](#).

On an irregular basis, special labor force topics are addressed in articles published in the [*Monthly Labor Review*](#), in a series of briefs called [*Issues in Labor Statistics*](#), in a variety of [special reports](#), and in [other BLS publications](#).

How are seasonal fluctuations taken into account?

Total employment and unemployment are higher in some parts of the year than in others. For example, unemployment is higher in January and February, when it is cold in many parts of the country and work in agriculture, construction, and other seasonal industries is curtailed. Also, both employment and unemployment rise every June, when students enter the labor force in search of summer jobs.

The seasonal fluctuations in the number of employed and unemployed persons reflect not only the normal seasonal weather patterns that tend to be repeated year after year, but also the hiring (and layoff) patterns that accompany regular events such as the winter holiday season and the summer vacation season. These variations make it difficult to tell whether month-to-month changes in employment and unemployment are due to normal seasonal patterns or to changing economic conditions. To deal with such problems, a statistical technique called seasonal adjustment is used. This technique uses the past history of the series to identify the seasonal movements and to calculate the size and direction of these movements. A seasonal adjustment factor is then developed and applied to the estimates to eliminate the effects of regular seasonal fluctuations on the data. When a statistical series has been seasonally adjusted, the normal seasonal fluctuations are smoothed out and data for any month can be more meaningfully compared with data from any other month or with an annual average. Many time series that are based on monthly data are seasonally adjusted.

Is there only one official definition of unemployment?

Yes, there is only one official definition of unemployment, and that was discussed above. However, some have argued that this measure is too restricted, and that it does not adequately capture the breadth of labor market problems. For this reason, economists at BLS developed a set of [alternative measures of labor underutilization](#). These measures are published every month in the [Employment Situation](#) news release. They range from a very limited measure that includes only those who have been unemployed (as officially defined) for 15 weeks or more to a very broad one that includes total unemployed (as officially defined), all persons marginally attached to the labor force, and all individuals employed part time for economic reasons.

What other information is collected in the CPS?

The CPS also is used to obtain detailed information on particular segments of the population and labor force. Generally, these “supplemental” inquiries are repeated annually or biennially in the same month and include topics such as annual earnings and total incomes of individuals and families ([published by the Census Bureau](#)); the extent of [work experience](#) of the population during the prior calendar year; the employment of [school-age youths](#), [high school graduates](#), and [dropouts](#); [contingent workers](#); [job tenure](#); [displaced workers](#); and [disabled veterans](#). Some additional supplements that are unrelated to labor force issues, such as those on smoking and voting, also are conducted through the CPS. Supplemental questions are asked following the completion of the regular monthly labor force questions.

Generally, the persons who provide information for the monthly CPS questions also answer the supplemental questions. Occasionally, the kind of information sought in the special survey requires the respondent to be the person about whom the questions are asked. Results of these special surveys usually are published in [news releases](#) and in the [Monthly Labor Review](#) and [other BLS reports](#).

How is unemployment measured for States and local areas?

The [Local Area Unemployment Statistics \(LAUS\) program](#) is a Federal-State cooperative effort in which monthly estimates of total employment and unemployment are prepared for approximately 7,300 areas:

- Census regions and divisions
- States
- Metropolitan Statistical Areas and Metropolitan NECTAs (New England City and Town Areas)
- Metropolitan Divisions and NECTA Divisions
- Micropolitan Statistical Areas and Micropolitan NECTAs
- Combined Metropolitan Statistical Areas and Combined NECTAs
- Small Labor Market Areas
- Counties and county equivalents
- Cities of 25,000 population or more
- Cities and towns in New England regardless of population

These estimates are key indicators of local economic conditions. BLS is responsible for the concepts, definitions, technical procedures, validation, and publication of the estimates that State workforce agencies prepare under agreement with BLS.

The concepts and definitions underlying LAUS data are the same as those used at the national level. State monthly model estimates are controlled in "real time" to sum to national monthly labor force estimates from the CPS. These models combine current and historical data from the CPS, the Current Employment Statistics (CES) program, and State UI systems. Estimates for seven large areas and their respective balances of State are also model-based.

Estimates for the remainder of the substate labor market areas are produced through a building-block approach known as the "Handbook method." This procedure also uses data from several sources, including the CPS, the CES program, State UI systems, and the decennial census, to create estimates that are adjusted to the statewide measures of employment and unemployment. Below the labor market area level, estimates are prepared using disaggregation techniques based on inputs from the decennial census, annual population estimates, and current UI data.

Where can people get more information?

For national labor force statistics from the CPS or inquiries regarding the concepts and definitions described in this report, contact the [Division of Labor Force Statistics](#) at BLS. National CPS data can be found on the Internet at: <http://www.bls.gov/cps/home.htm>.

State and local CPS employment and unemployment data are available on the Internet at: <http://www.bls.gov/lau/>; e-mail address: lausinfo@bls.gov.

What do the unemployment insurance (UI) figures measure?

The UI figures are not produced by the Bureau of Labor Statistics. Statistics on insured unemployment in the United States are collected as a by-product of UI programs. Workers who lose their jobs and are covered by these programs typically file claims ("initial claims") that serve as notice that they are beginning a period of unemployment. Claimants who qualify for benefits are counted in the insured unemployment figures (as "continued claims"). Data on UI claims are maintained by the Employment and Training Administration, an agency of the U.S. Department of Labor, and are available on the Internet at: <http://workforcesecurity.doleta.gov/unemploy/claims.asp>.

Some countries base their estimates of total unemployment on the number of persons filing claims for or receiving UI payments or the number of persons registered with government employment offices as available for work. These data are also available in the United States, but they are not used to measure total unemployment because they exclude several important groups. To begin with, not all workers are covered by UI programs. For example, self-employed workers, unpaid family workers, workers in certain not-for-profit organizations, and several other small (primarily seasonal) worker categories are not covered.

In addition, the insured unemployed exclude the following:

1. Unemployed workers who have exhausted their benefits
2. Unemployed workers who have not yet earned benefit rights (such as new entrants or reentrants to the labor force)
3. Disqualified workers whose unemployment is considered to have resulted from their own actions rather than from economic conditions; for example, a worker discharged for misconduct on the job
4. Otherwise eligible unemployed persons who do not file for benefits

Because of these and other limitations, statistics on insured unemployment cannot be used as a count of *total* unemployment in the United States. Indeed, during 2008, only 36 percent of the total unemployed received UI benefits. The weekly data on UI claims do have important uses, however, and provide a timely indicator on labor market conditions.