

Household survey indicators show some improvement in 2004

Fewer workers were unemployed in 2004 and employment rose over the year; however, Current Population Survey data indicate that the labor market recovery since the 2001 recession has differed from recoveries in other postrecession periods

Teresa L. Morisi

Unemployment declined, and employment, as measured by the Current Population Survey (CPS), rose in 2004. Reflecting moderate employment growth, the employment-to-population ratio edged up, while the labor force participation rate was little changed over the year. The end of 2004 marked nearly 4 years since the beginning of the 2001 recession. Like many other economic indicators, most major household survey indicators showed very different patterns over this period, compared with the average for prior recession and recovery periods.¹ (See box on page 4 for an explanation of the CPS.)

The unemployment rate and the number of unemployed persons fell in 2004. Most of the major demographic groups shared in the decline. The labor force participation rate held about steady, and the employment-to-population ratio edged up. The overall unemployment rate was 5.4 percent in the fourth quarter of 2004, 0.5 percentage point lower than in the same quarter of 2003. The jobless rate was 6.1 percent in the third quarter of 2003; by the first quarter of 2004, it was down to 5.6 percent. The rate edged down to 5.4 percent in the fourth quarter of 2004. (See chart 1.) The number of unemployed persons, 8.0 million in that quarter, was down by about 500,000 from the final quarter of 2003. (See table 1.)

The civilian labor force aged 16 and older (the sum of employed persons plus unemployed persons) grew by 1.7 million in 2004. Labor force growth just about kept pace with population growth over the year. The number of employed persons, as measured by the CPS, increased by 2.2 million from the fourth quarter of 2003 to the fourth quarter of 2004, a slightly faster growth rate than that for the 16-and-older population.

Reflecting the modest expansion in the labor force, the labor force participation rate for all workers, at 66.0 percent in the fourth quarter of 2004, was little changed from the fourth quarter of 2003 (66.1 percent). The labor force participation rate is the proportion of the civilian noninstitutional population aged 16 and older who participate in the labor force. The leveling off of the participation rate in 2004 was an improvement over the downward trend that occurred from the start of the latest recession in the first quarter of 2001 through the end of 2003. The rate reached its most recent high, 67.2 percent, in the first quarter of 2001, before declining to 66.1 percent by the fourth quarter of 2003. (See chart 2.)

The employment-to-population ratio, or the percent of the civilian noninstitutional population aged 16 and older who are employed, edged up by 0.2 percentage point in the second half of 2004, to

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The Current Population Survey (CPS) is a monthly survey of about 60,000 households conducted by the U.S. Census Bureau for the Bureau of Labor Statistics (BLS). The CPS provides data on the labor force status (employed, unemployed, or not in the labor force) of the civilian noninstitutional population aged 16 years and older and includes information on detailed demographic characteristics, such as gender, age, race, and ethnicity. Interviewers from the Census Bureau contact households and ask questions regarding the labor force status of members of the household during the calendar week that includes the 12th day of the month. The CPS encompasses not only wage and salary workers (including the incorporated self-employed), but also the unincorporated self-employed, farmworkers, unpaid family workers, persons employed by private households, and workers temporarily absent from their jobs without pay.

The CPS and the BLS Current Employment Statistics (CES) survey are both designed to measure employment in the United States. CPS data differ in scope from CES data. The CES survey is an employer-based survey that provides data on the number of payroll jobs in the nonfarm sector, while the CPS is a household survey that provides information on the labor force status of persons aged 16 years and older. The two surveys differ in coverage of workers, reference periods, sampling, estimation procedures, and concepts. Both surveys are ob-

tained independently and largely complement each other. CPS data also are different from data derived from the BLS Job Openings and Labor Turnover Survey (JOLTS), which is an employer-based survey that provides detailed information on job openings, hires, and separations.

Beginning with the release of data for January 2003, a number of changes affected estimates from the CPS. These changes were undertaken (1) to benchmark the survey data to more current estimates of the U.S. population, (2) to adopt new standards for data on race, ethnicity, industry, and occupation, and (3) to improve seasonal adjustment procedures. The population benchmark created a break in the CPS employment series between December 2002 and January 2003. In January 2004, the population controls were updated to reflect revised estimates of international migration for 2000 through 2003. When trend analyses are presented in the text of this article, data are adjusted where possible to control for the changes introduced in January 2003 and January 2004. The method used to “smooth” the employment series is discussed in Marisa Di Natale, “Creating Comparability in CPS Employment Series” (on the Internet at <http://www.bls.gov/cps/cpscomp.pdf>).

Although the CPS is a monthly survey, quarterly averages are analyzed throughout this article, and over-the-year changes are based on comparisons of fourth-quarter data, unless otherwise noted.

62.4 percent at year’s end. The ratio declined by 2.2 percentage points from the first quarter of 2001 to the third quarter of 2003 and then showed little definitive change until mid-2004. (See chart 2.)

Labor force participation by adult men (those aged 20 and older) decreased slightly in 2004, to 75.7 percent, while participation by adult women was little changed at 60.3 percent. Employment of men increased by 1.2 million in 2004, compared with a gain of about 900,000 for women. Men saw greater improvement in their jobless rate during the year, although the rate was slightly above that of women at year’s end. The unemployment rate for adult men fell by 0.6 percentage point in 2004, to 4.9 percent, while the rate for adult women declined by 0.4 percentage point, to 4.7 percent. (See table 1.)

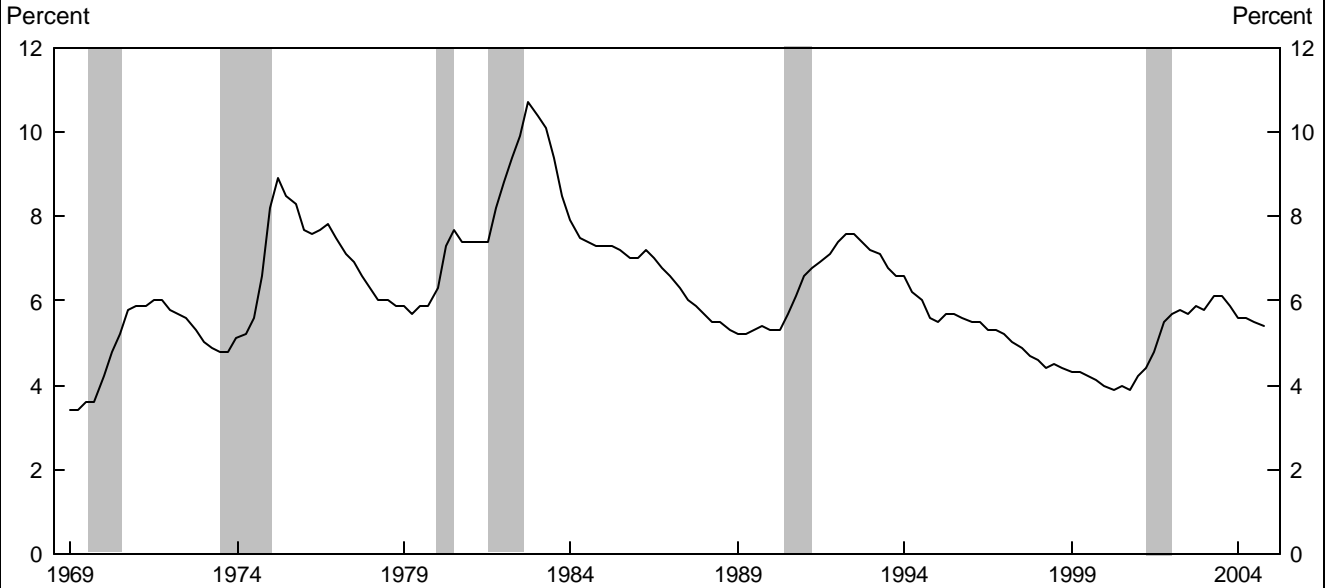
Among the major racial and ethnic groups, Hispanics experienced the sharpest increases in labor force and employment. Although Hispanics made up about 13 percent of total employment in the fourth quarter of 2003, the increase in their employment in 2004 accounted for nearly half of the over-the-year gain in total household survey employment. The employment gain among Hispanics (who can be of any race) elevated the group’s labor force participation rate and

employment-to-population ratio. Labor force participation among Hispanics last peaked in the first quarter of 2001, at 70.1 percent. The rate then trended downward to 67.9 percent by the fourth quarter of 2003 and was 68.5 percent by the fourth quarter of 2004. The employment-to-population ratio for Hispanics increased by 0.9 percentage point in 2004, to 63.9 percent, while their unemployment rate edged down to 6.7 percent. (See table 1.)

In 2004, there was little change in labor force participation for whites, and their employment-to-population ratio edged up. The unemployment rate for whites declined by 0.5 percentage point over the year, to 4.6 percent. Blacks saw little change in their rate of labor force participation or in their employment-to-population ratio in 2004. The jobless rate for blacks, at 10.8 percent in the fourth quarter of 2004, was about the same as a year earlier and remained more than twice the rate for whites. (See table 1.)

Among teenagers, the pattern of declines in labor force participation and in the employment-to-population ratio that had been going on since near the onset of the last recession did not continue into 2004.² From the most recent high point of 52.6 percent in the second quarter of 2000, the participation rate for teens fell steadily to a low of 43.5 percent in the fourth

Chart 1. Unemployment rate, seasonally adjusted quarterly data, 1969–2004



NOTE: Shaded regions represent recessions as designated by the National Bureau of Economic Research.

SOURCE: Bureau of Labor Statistics, Current Population Survey.

Chart 2. Labor force participation rate and employment-population ratio, seasonally adjusted quarterly data, 1998–2004



NOTE: Shaded regions represent recessions as designated by the National Bureau of Economic Research.

SOURCE: Bureau of Labor Statistics, Current Population Survey.

quarter of 2003, stabilized, and then increased slightly to 44.1 percent at the end of 2004. The employment-to-population ratio for teens was about unchanged in 2004, at 36.6 percent, after declining steadily from 46.0 percent since the second quarter of 2000. The teen unemployment rate increased slightly in 2004, to 17.1 percent at year's end. (See table 1.)

One factor related to teen participation in the labor force is the group's enrollment in school. Chart 3 shows an inverse relationship between teen labor force participation and school enrollment; that is, when the percentage of teens enrolled in school goes up, the teen labor force participation rate tends to go down, and vice versa. In October 2004, the percentage of teens enrolled in school was down slightly from a year earlier, at 80.6 percent, and the labor force participation rate for teens was up slightly, to 42.5 percent.³ Despite the downward tick in the percentage of teens enrolled in October 2004, the proportion of teens enrolled generally has been on an upward trend in recent years, and the increase has been among older teens aged 18–19 years. CPS data from an annual October supplement to the survey show that 16- to 17-year-olds have maintained their high percentage of enrollment; enrollment rates for 18- to 19-year-olds have increased because more of them are attending college. In October 1985, 52 percent of 18- to 19-year-olds were enrolled in school; by October 2004, the proportion was 65 percent.

Labor force participation among young adults (aged 20–24 years) increased slightly in 2004 after declining from the beginning of the 2001 recession through late 2003 (although the decline was not as steep as it was for teenagers). The participation rate of 20- to 24-year-olds fell to 74.9 percent in the fourth quarter of 2003 from its most recent high point of 78.2 percent in the first quarter of 2001. In 2004, labor force participation for the group edged up to 75.3 percent. The employment-to-population ratio for young adults also was up in 2004, after being on a downward trend since the first quarter of 2001. As with teens, young adults' labor force participation moved somewhat inversely to school enrollment. Over the long term, the proportion of 20- to 24-year-olds enrolled in school grew from 24 percent in October 1985 to 35 percent in October 2004.

Adults in the next-older age groups (ages 25–34 years and 35–44 years) also saw little change in their participation rates in 2004 after several years of declining participation. The employment-to-population ratios for these age groups were up in 2004, reversing a pattern of declines over the past few years. The labor force participation rate declined and the employment-to-population ratio edged down over the year among those persons aged 45 to 54 years.

CPS data from the survey's Annual Social and Economic Supplement provide some insight into the reasons some adults aged 25–54 years are not in the labor force.⁴ Questions are asked of those persons who did not work or look for work

at any time in the previous calendar year. In 2003, less than 50 percent of persons aged 25 to 54 years cited “home responsibilities” as a reason they did not work or seek work, down from 56 percent in 1993. The decline occurred entirely among women, as the proportion of women citing this reason fell from 72 percent in 1993 to 65 percent in 2003, while the proportion of men citing the same reason increased slightly. More 25- to 54-year-olds cited “ill or disabled” or “retired” in 2003 than did 10 years earlier; the proportion for men was lower, while the proportion for women was higher. About the same proportion—8 percent—of persons aged 25–54 years not working or looking for work gave the reason “going to school” in 2003 as did in 1993.

Among persons aged 55 years and older, the labor force participation rate continued to trend upward in 2004, to 36.5 percent in the fourth quarter, compared with 36.0 percent a year earlier. Labor force participation among this group has been increasing since the third quarter of 1993. The proportion of older persons who held jobs also rose in 2004. In the fourth quarter of 2004, 35.1 percent of those 55 years and older were employed—a figure that was 7.1 percentage points higher than in the third quarter of 1993, the most recent low point in the employment-to-population ratio for this group. These trends run counter to those displayed by other age groups. In fact, the participation rate and employment-to-population ratio for older workers continued to rise during the 2001 recession, while moving down for the younger age groups.

The concept of retirement has been changing among older workers. Older persons are healthier and living longer, and many wish to remain attached to the labor force in some way. The proportion of older workers who usually work full time has been increasing. In 2004, 77 percent of workers aged 55 years and older usually worked full time (35 hours or more), up from 72 percent in 1994.

Changes in Social Security laws have served to make work at older ages more attractive. The amount of earnings that a worker could earn without losing Social Security benefits gradually increased over the years as various provisions of the earnings limit law were modified. By 2000, the “earnings test” was eliminated for workers who reached the “full,” or “normal,” retirement age for receiving unreduced Social Security benefits. The year 2000 also saw an increase in that age: prior to 2000, the full retirement age was 65 years; beginning in 2000, the age increased to 65 years and 2 months for workers who were born in 1938. The full retirement age will rise gradually until the year 2022, when it will be 67 years.⁵

The CPS does collect some information on persons who work and receive pensions. Data on individuals who received a pension in the previous year and worked during the month of March in the next year are available from the survey's Annual Social and Economic supplement. The proportion of workers aged 65 and older who worked in March and received

Table 1. Employment status of the civilian noninstitutional population 16 years and older, by selected characteristics, quarterly averages, seasonally adjusted, 2001-04

[In thousands]

Characteristic	Quarter IV, 2001	Quarter IV, 2002	Quarter IV, 2003	2004				Change, quarter IV, 2003, to quarter IV, 2004 ¹	Change adjusted for population revisions
				Quarter I	Quarter II	Quarter III	Quarter IV		
Total									
Civilian labor force	144,222	145,170	146,898	146,684	147,064	147,677	148,136	1,238	1,576
Participation rate	66.7	66.4	66.1	66.0	66.0	66.0	66.0	-.1	...
Employed	136,222	136,642	138,296	138,296	138,408	138,883	140,092	1,796	2,196
Employment-population ratio ..	63.0	62.5	62.2	62.2	62.3	62.4	62.4	.2	...
Unemployed	8,000	8,528	8,602	8,276	8,181	8,069	8,044	-558	-533
Unemployment rate	5.5	5.9	5.9	5.6	5.6	5.5	5.4	-5	...
Men, 20 years and older									
Civilian labor force	73,185	73,771	75,054	75,010	75,122	75,548	75,751	697	857
Participation rate	76.5	76.0	76.0	75.8	75.7	75.8	75.7	-.3	...
Employed	69,537	69,715	70,923	71,152	71,320	71,793	72,016	1,093	1,245
Employment-population ratio ..	72.7	71.9	71.8	71.9	71.8	72.0	72.0	.2	...
Unemployed	3,648	4,056	4,131	3,858	3,802	3,755	3,734	-397	-388
Unemployment rate	5.0	5.5	5.5	5.1	5.1	5.0	4.9	-6	...
Women, 20 years and older									
Civilian labor force	63,231	63,950	64,811	64,611	64,856	65,000	65,210	399	652
Participation rate	60.6	60.6	60.4	60.3	60.3	60.3	60.3	-.1	...
Employed	60,149	60,694	61,488	61,372	61,681	61,906	62,126	638	878
Employment-population ratio ..	57.6	57.5	57.3	57.2	57.4	57.4	57.5	.2	...
Unemployed	3,082	3,256	3,323	3,239	3,175	3,095	3,084	-239	-226
Unemployment rate	4.9	5.1	5.1	5.0	4.9	4.8	4.7	-.4	...
Both sexes, 16 to 19 years									
Civilian labor force	7,806	7,449	7,033	7,063	7,086	7,128	7,175	142	152
Participation rate	48.8	46.7	43.5	43.7	43.7	43.9	44.1	.6	...
Employed	6,536	6,233	5,885	5,883	5,882	5,909	5,949	64	72
Employment-population ratio ..	40.9	39.1	36.4	36.4	36.3	36.4	36.6	.2	...
Unemployed	1,270	1,215	1,148	1,179	1,205	1,219	1,226	78	80
Unemployment rate	16.3	16.3	16.3	16.7	17.0	17.1	17.1	.8	...
White									
Civilian labor force	119,773	120,196	120,781	120,644	120,974	121,219	121,463	682	1,031
Participation rate	67.0	66.6	66.4	66.4	66.3	66.3	66.3	-.1	...
Employed	13,885	114,012	114,603	114,626	114,994	115,485	115,831	1,228	1,559
Employment-population ratio ..	63.7	63.2	63.0	63.0	63.0	63.2	63.2	.2	...
Unemployed	5,888	6,184	6,178	6,015	5,979	5,734	5,632	-546	-528
Unemployment rate	4.9	5.1	5.1	5.0	4.9	4.7	4.6	-.5	...
Black or African-American									
Civilian labor force	16,421	16,604	16,469	16,544	16,502	16,736	16,754	285	317
Participation rate	64.9	64.5	63.7	63.9	63.5	64.1	63.9	.2	...
Employed	14,816	14,843	14,724	14,874	14,852	14,963	14,944	220	248
Employment-population ratio ..	58.5	57.6	56.9	57.4	57.1	57.3	57.0	.1	...
Unemployed	1,604	1,760	1,744	1,671	1,650	1,773	1,810	66	69
Unemployment rate	9.8	10.6	10.6	10.1	10.0	10.6	10.8	.2	...
Hispanic or Latino ethnicity									
Civilian labor force	17,592	18,132	19,013	18,862	19,227	19,446	19,540	527	1,190
Participation rate	69.4	68.8	67.9	68.1	68.7	68.9	68.5	.6	...
Employed	16,286	16,701	17,657	17,475	17,889	18,103	18,235	578	988
Employment-population ratio ..	64.3	63.4	63.0	63.1	64.0	64.1	63.9	.9	...
Unemployed	1,306	1,431	1,356	1,388	1,328	1,344	1,305	-51	202
Unemployment rate	7.4	7.9	7.1	7.4	6.9	6.9	6.7	-.4	...

See footnote at end of table.

Table 1. Continued—Employment status of the civilian noninstitutional population 16 years and older, by selected characteristics, quarterly averages, seasonally adjusted, 2001–04

¹Data in this column may differ from data in the text because the data in the text were “smoothed” to adjust for revisions to population controls in January 2004. The technique used to smooth these series is discussed in Marisa Di Natale, “Creating Comparability in CPS Employment Series,” unpublished paper on the Internet at <http://www.bls.gov/cps/cpscomp.pdf>, December 2003.

NOTE: Beginning in 2003, data reflect revised population controls. Detail for race and Hispanic-origin groups will not sum to totals because data for the “other races” group are not presented and Hispanics are included in both the white and black population groups.

SOURCE: Bureau of Labor Statistics, Current Population Survey.

a pension the previous year was 10 percent in 1994. In 2000, the first year that the elimination of the earnings test took effect, the proportion was 11 percent, and it increased to 13 percent in 2004.

Studies also indicate that persons with more education tend to work to older retirement ages.⁶ CPS data show that the proportion of the population aged 55 years and older with a college degree increased from 15 percent in 1994 to 23 percent in 2004. Accordingly, successive population cohorts are arriving at older ages with higher educational attainment than their predecessors, and the shift in educational attainment alone provided a gradual boost to overall participation rates.

Fewer unemployed persons were permanent job losers, and the number of long-term unemployed declined over the year.

The number of unemployed persons declined by about half a million from the fourth quarter of 2003 to the fourth quarter of 2004. Virtually the entire decline in unemployment was in the category “job losers not on temporary layoff.” These are persons who involuntarily lost their jobs permanently and had begun to look for work. Job losers not on layoff accounted for 39 percent of the unemployed in the fourth quarter of 2004, down from 42 percent in the fourth quarter of 2003. In contrast, the share of unemployed persons who voluntarily left their jobs increased slightly, from 10 percent in the fourth quarter of 2003 to 11 percent in the fourth quarter of 2004. Reentrants to the labor force constituted 30 percent of the unemployed in the fourth quarter of 2004, up slightly from 28 percent in the fourth quarter of 2003. The proportion of new entrants increased over the year from 8 percent in the fourth quarter of 2003 to 9 percent in the fourth quarter of 2004. (See table 2.)

The number of persons unemployed for 15 or more weeks fell by about 400,000 in 2004, to a level of 3.0 million. About 60 percent of this decline was among persons unemployed 27 or more weeks—the long-term unemployed. In addition, the number of persons unemployed for 5–14 weeks fell by roughly 200,000. The percentage of the jobless who were unemployed 27 or more weeks, 21 percent in the fourth quarter of 2004, was down from the fourth quarter of 2003, but was still higher than the lows seen during the last recovery. The average (mean) duration of unemployment was little changed in 2004,

and the median number of weeks unemployed was down to 9.6 weeks from 10.4 weeks a year earlier. (See table 2.)

Fewer persons worked part time for economic reasons in 2004. These persons are often thought of as “underemployed.” The number of persons holding more than one job grew over the year.

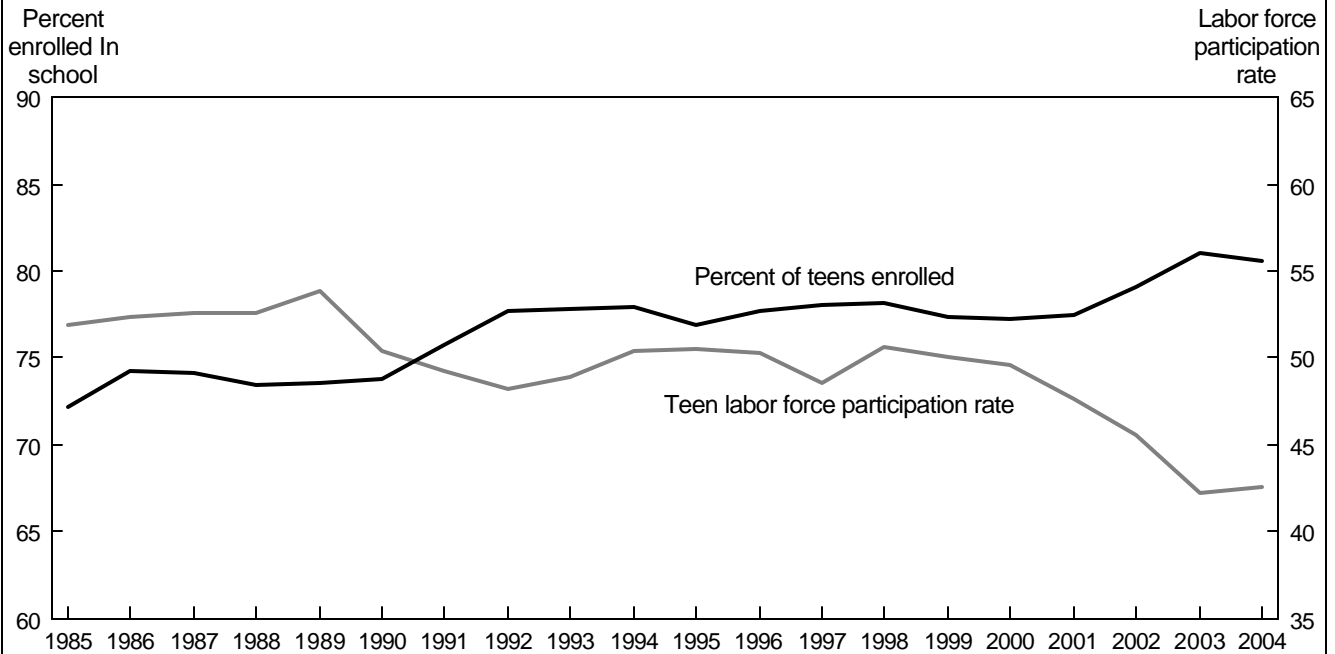
The number of workers who work part time involuntarily, also known as those employed part time for economic reasons, declined in 2004, to a level of 4.6 million. Involuntary part-time workers include those who want a full-time job, but who could not work full time due to slack work or business conditions or because they were unable to find full-time work. The number of involuntary part-time workers was 3.3 million in the first quarter of 2001, when the recession began, and increased to 4.8 million by the fourth quarter of 2003. The entire decline in 2004 (–200,000) occurred among persons working part time due to slack work or business conditions. (See chart 4.)

The number of multiple jobholders was 7.8 million in the fourth quarter of 2004. The percentage of the employed who held more than one job edged up from 5.3 percent in the fourth quarter of 2003 to 5.6 percent in the fourth quarter of 2004. Most of the gain was among persons who held a primary job full time and a secondary job part time. (See table 3.)

The year 2004 saw an increase in the number of persons who were out of the labor force, but who indicated that they wanted a job. However, among this group, there was little change in the number who were marginally attached to the labor force or who were in a subset of this group known as discouraged workers. The alternative measures of labor underutilization showed improvement in 2004.

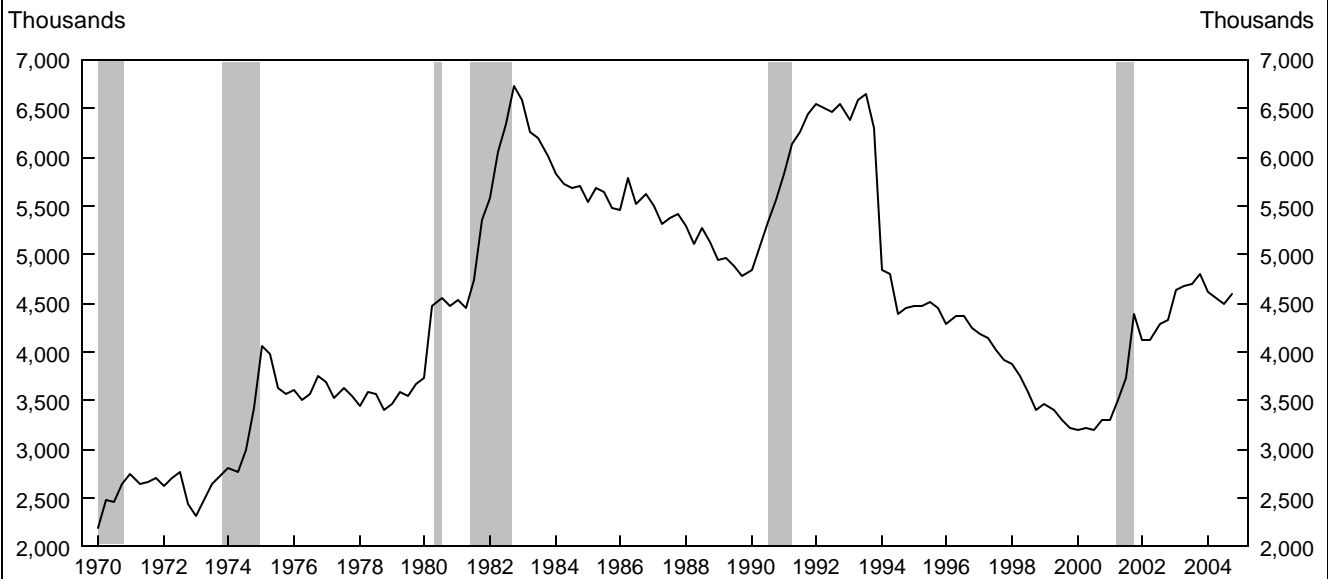
The labor force is composed of persons aged 16 and older who are employed, plus those 16 years and older who are unemployed. Persons who are neither employed nor unemployed fall into the category “not in the labor force.” Some of these persons indicate that they want a job, although they are not currently looking for one. The number of such workers increased by about 130,000 in 2004, to a level of 4.9 million.⁷ Among the group of people who want a job, but are not currently engaged in any active job search, some have looked for a job at some point during the year prior to the survey and would

Chart 3. School enrollment rates and labor force participation rates for teens, October 1985–October 2004



SOURCE: Bureau of Labor Statistics, Current Population Survey.

Chart 4. Persons employed part time for economic reasons, seasonally adjusted quarterly data, 1970–2004



NOTE: Shaded regions represent recessions as designated by the National Bureau of Economic Research. Beginning in 1994, data are affected by the redesign of the Current Population Survey and are not strictly comparable to data for previous years.

SOURCE: Bureau of Labor Statistics, Current Population Survey.

Table 2. Unemployed persons, by reason for and duration of unemployment, quarterly averages, seasonally adjusted, 2001-04

[In thousands]

Reason and duration	Quarter IV, 2001	Quarter IV, 2002	Quarter IV, 2003	2004				Change, quarter IV, 2003, to quarter IV, 2004
				Quarter I	Quarter II	Quarter III	Quarter IV	
Reason for unemployment								
Level:								
Job losers and persons who completed temporary jobs	4,430	4,761	4,703	4,380	4,210	4,073	4,083	-620
On temporary layoff	1,214	1,103	1,073	1,042	974	986	951	-122
Not on temporary layoff	3,217	3,658	3,630	3,338	3,236	3,087	3,132	-498
Job leavers	876	843	830	829	866	871	869	39
Reentrants	2,242	2,418	2,448	2,451	2,391	2,397	2,387	-61
New entrants	498	539	648	659	672	694	726	78
Percent distribution:								
Job losers and persons who completed temporary jobs	55.1	55.6	54.5	52.6	51.7	50.7	50.6	-3.9
On temporary layoff	15.1	12.9	12.4	12.5	12.0	12.3	11.8	-.6
Not on temporary layoff	40.0	42.7	42.1	40.1	39.8	38.4	38.8	-3.3
Job leavers	10.9	9.8	9.6	10.0	10.6	10.8	10.8	1.2
Reentrants	27.9	28.2	28.4	29.5	29.4	29.8	29.6	1.2
New entrants	6.2	6.3	7.5	7.9	8.3	8.6	9.0	1.5
Duration of unemployment								
Less than 5 weeks	3,074	2,854	2,654	2,565	2,739	2,735	2,743	89
5 to 14 weeks	2,629	2,538	2,523	2,412	2,381	2,410	2,305	-218
15 or more weeks	2,290	3,144	3,429	3,304	3,022	2,927	3,002	-427
15 to 26 weeks	1,242	1,374	1,468	1,386	1,245	1,223	1,293	-175
27 or more weeks	1,047	1,770	1,961	1,918	1,777	1,704	1,708	-253
Average (mean) duration, in weeks	14.0	18.0	19.7	20.0	19.8	19.1	19.6	-.1
Median duration, in weeks	7.7	9.5	10.4	10.4	10.0	9.3	9.6	-.8

SOURCE: Bureau of Labor Statistics, Current Population Survey.

be available to take a job if one were offered to them. These individuals, referred to as “marginally attached workers,” totaled 1.6 million in 2004, a figure little changed from a year earlier. Discouraged workers, a subgroup of the marginally attached, are persons who have specifically given up searching for work because they feel that no jobs are available for them. The number of discouraged workers was 466,000 in 2004, also little changed from a year earlier. The number of discouraged workers in 2004 remained above the levels that existed prior to the 2001 recession. (See table 4.)

Each month, a number of alternative unemployment indicators that supplement the official jobless rate are produced from the CPS data. Known as U-1 through U-6, the various measures of unemployment (U-3 is the official unemployment rate, while the others are the alternative rates) afford insight into the degree to which labor resources are underutilized. Alternative measures U-4 through U-6 include a broader group of persons who are underutilized in the labor

market than is captured by the official unemployment rate, U-3. U-4 adds discouraged workers to U-3, U-5 adds all other marginally attached workers to U-4, and U-6 augments U-5 by adding persons employed part time for economic reasons. Like U-3, the alternative measures began to move downward after reaching a high point in the third quarter of 2003, and they continued declining through 2004. (See table 5.)

For wage and salary workers, service occupations showed strong employment growth in 2004, followed by management, professional and related occupations, and construction and extraction occupations. Employment in production occupations and in sales and related occupations declined over the year. Among occupations, the largest gain in employment in 2004 for wage and salary workers, 1.3 million, occurred in the service occupations—a gain of about a half million in personal care and service occupations and gains of about 360,000 in food preparation

and 390,000 in building and grounds cleaning and maintenance. Employment increased by about 900,000 over the year in management, professional, and related occupations. Most of this gain came in the management, business, and financial operations occupations component. Employment in construction occupations increased by about 400,000 over the year.

In 2004, the largest employment decline among wage and salary workers, about 400,000, occurred in production occupations. Employment in sales and related occupations fell by about 300,000 over the year.

Employment among men aged 16 and older increased by 1.1 million in 2004, and employment among women in the same age group grew by about 670,000. The share of the total increase in employment attributable to men, 63 percent, was higher than their share of employment, 53 percent. The number of men employed in service occupations grew by

about 750,000, and the number in management, professional, and related occupations rose by 713,000. Within the broad category of management, professional, and related occupations, an additional 305,000 men were employed in management, business, and financial operations occupations, and 408,000 were added in professional and related occupations. The number of women employed in service occupations grew by about 550,000 in 2004. Employment of women increased by about 300,000 in the management, business, and financial occupations category, about the same gain as among men in that category, while the number of women employed in professional and related occupations edged down. In the traditionally male-dominated construction and extraction occupational category, nearly all of the increase occurred among men.

The decline in employment among men and women in production occupations was proportionate to their shares of

Table 3. Multiple jobholders, quarterly averages, not seasonally adjusted, 2001-04

[In thousands]

Category	Quarter IV, 2001	Quarter IV, 2002	Quarter IV, 2003	2004				Change, quarter IV, 2003, to quarter IV, 2004
				Quarter I	Quarter II	Quarter III	Quarter IV	
Multiple jobholders¹								
Multiple jobholders	7,221	7,410	7,359	7,245	7,286	7,520	7,839	480
Percent of employed	5.3	5.4	5.3	5.3	5.2	5.4	5.6	.3
Primary job full time, secondary part time	3,895	3,954	3,813	3,785	3,816	3,904	4,126	313
Primary and secondary jobs both part time ..	1,579	1,694	1,719	1,715	1,632	1,636	1,728	9
Primary and secondary jobs both full time ...	255	238	244	277	286	298	284	40
Hours vary on primary or secondary job	1,453	1,481	1,541	1,435	1,519	1,637	1,665	124

¹Includes persons who work part time on their primary job and full time on their secondary job(s), not shown separately.

SOURCE: Bureau of Labor Statistics, Current Population Survey.

Table 4. Persons not in the labor force, annual averages, not seasonally adjusted, 2001-04

[In thousands]

Category	2001	2002	2003	2004	Change, 2003 to 2004
Total not in the labor force	71,359	72,707	74,658	75,956	1,298
Persons who currently want a job	4,590	4,677	4,726	4,852	126
Marginally attached ¹	1,266	1,439	1,531	1,574	43
Reasons not currently looking:					
Discouragement over job prospects ²	321	369	457	466	9
Reasons other than discouragement ³	945	1,070	1,075	1,108	33

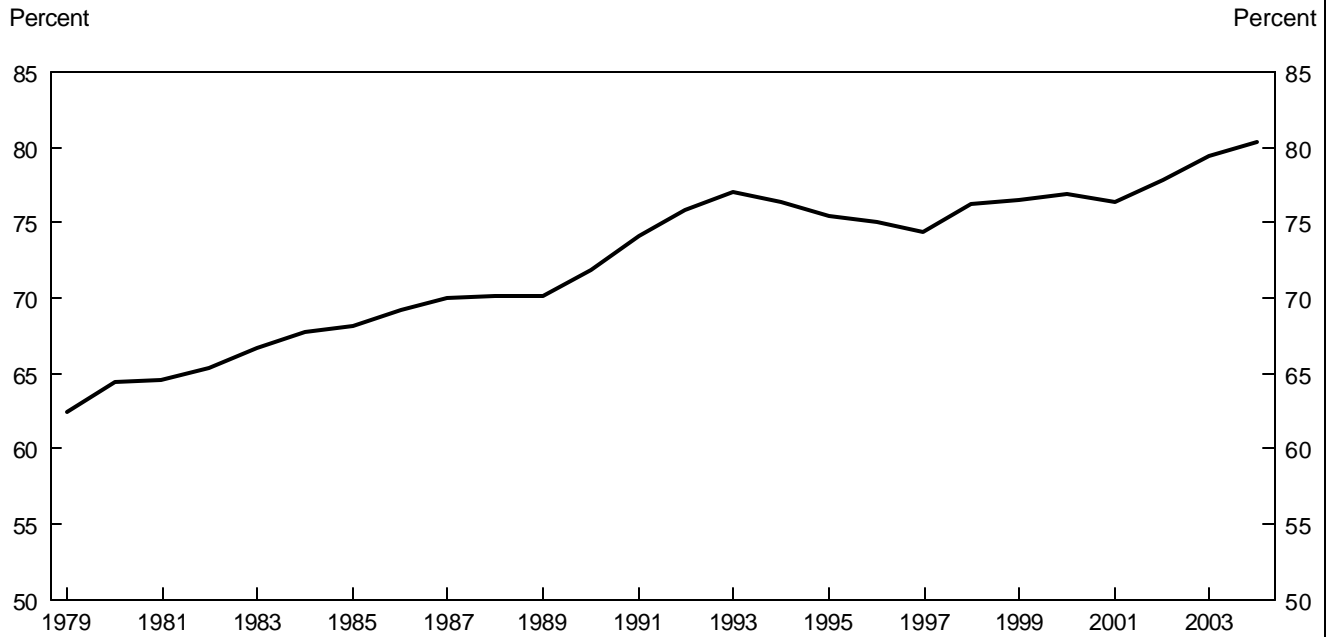
¹Persons who have searched for work during the previous 12 months and were available to take a job during the reference week.

²Includes those who believed that no work was available for them, those who could not find work, those who lacked schooling or training, those who believed that their employer would think that they were too young or too old for a job, and those who thought they faced other types of discrimination.

³Includes those who did not actively look for work in the previous 4 weeks for reasons such as childcare and transportation problems, as well as a small number whose reason for nonparticipation was not determined.

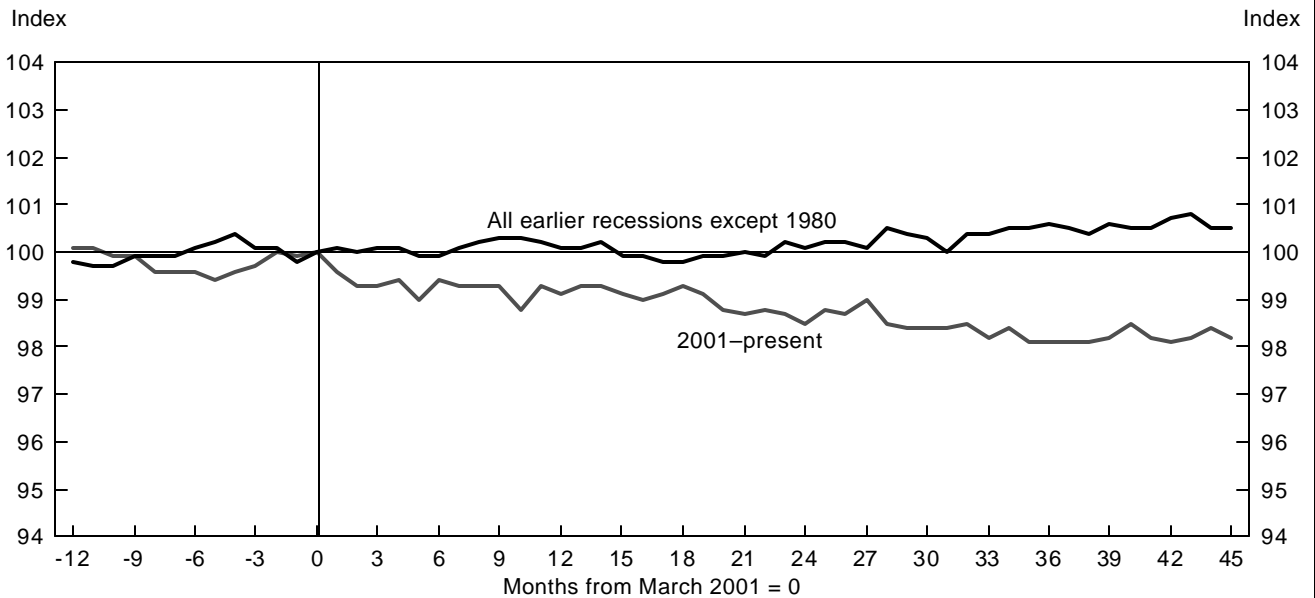
SOURCE: Bureau of Labor Statistics, Current Population Survey.

Chart 5. Women's median usual weekly earnings as a percentage of men's, annual averages, 1979-2004



SOURCE: Bureau of Labor Statistics, Current Population Survey.

Chart 6. Labor force participation rates, 12 months prior to and 45 months after the onset of recession



SOURCE: Bureau of Labor Statistics, Current Population Survey.

Table 5. Range of alternative measures of labor underutilization, quarterly averages, seasonally adjusted, 2001-04

Measure	Quarter IV, 2001	Quarter IV, 2002	Quarter IV, 2003	2004				Change, quarter IV, 2003, to quarter IV, 2004
				Quarter I	Quarter II	Quarter III	Quarter IV	
U-1: Persons unemployed 15 or more weeks, as a percent of the civilian labor force	1.6	2.2	2.3	2.3	2.1	2.0	2.0	-3
U-2: Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	3.1	3.3	3.2	3.0	2.9	2.8	2.8	-4
U-3: Total unemployed, as a percent of the civilian labor force (official unemployment rate) ...	5.5	5.9	5.9	5.6	5.6	5.5	5.4	-5
U-4: Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	5.8	6.1	6.1	5.9	5.9	5.8	5.7	-4
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	6.4	6.8	6.8	6.7	6.5	6.5	6.4	-4
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	9.4	9.7	10.0	9.8	9.6	9.5	9.5	-5

SOURCE: Bureau of Labor Statistics, Current Population Survey.

employment in the occupational group. In contrast, the entire decline in sales and related occupations occurred among men, although their share of total employment in the group was about half. (See table 6.)

In 2004, 8 percent of employed persons were self-employed, the vast majority in nonagricultural industries. The number of nonagricultural self-employed workers edged up over the year, to 9.6 million. In 2004, 21 percent of non-agricultural self-employed workers worked in the professional and business services industry and 20 percent in construction—proportions that have been stable in recent years.⁸ Men accounted for 62 percent of the nonagricultural self-employed in 2004.

The median weekly earnings of full-time wage and salary workers rose by 2.9 percent in 2004, slightly better than the inflation rate as measured by the Consumer Price Index. Women's earnings increased more than men's last year. In 2004, median weekly earnings rose by slightly more than consumer prices.⁹ Median usual weekly earnings of full-time wage and salary workers increased by 2.9 percent in 2004, to \$638, while prices, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), grew by 2.7 percent. Among workers in the major occupational groups, those in installation, maintenance, and repair and those in professional and related occupations saw their earnings rise (4.6 percent and 4.5 percent, respectively) by more than the CPI-U.

Women fared better than men in 2004 in terms of earnings increases. Women's earnings rose by 3.8 percent, to \$573, while men's earnings rose by 2.6 percent, to \$713.¹⁰ (See table 7.)

In 2004, women's median usual weekly earnings were 80.4 percent of men's. The proportion of women's-to-men's earnings has risen by 17.3 percentage points since 1979, the first year that CPS weekly earnings data became available on a regular basis.¹¹ (See chart 5.)

With regard to education levels among workers 25 years and older, the largest percent increase in earnings over the year was for high school graduates. However, the median usual weekly wage for high school graduates in 2004 (\$533) was just 56 percent of the median usual weekly earnings of college graduates (\$960). The ratio of high school graduate to college graduate earnings has been trending downward; in 1979, high school graduates earned 72 percent of what college graduates earned. (Note that the comparisons of earnings in this section are on a broad level and do not control for many factors that can be significant in explaining earnings differences.)¹²

The period during the 2001 recession and that of the subsequent recovery differ from previous periods with regard to the labor force participation rate and the employment-to-population ratio. December 2004 marked 45 months since the onset of the latest recession, which began in March 2001 and ended in November of that year. The performance of the labor force participation rate and the employment-to-population ratio during the 2001 recession and the recovery period that followed appears to be quite different from the average performance of those indicators over earlier periods. In charts 6 through 8, data points for the 2001 recession are indexed to 100 in March 2001, the start of the

Table 6. Employment by intermediate occupation and sex, fourth quarter, not seasonally adjusted, 2003-04, and median usual weekly earnings of full-time wage and salary workers, by occupation, annual average, 2004

[Employment in thousands]

Occupation	Median usual weekly earnings	Total			Men			Women		
		Quarter IV, 2003	Quarter IV, 2004	Change, quarter IV, 2003, to quarter IV, 2004	Quarter IV, 2003	Quarter IV, 2004	Change, quarter IV, 2003, to quarter IV, 2004	Quarter IV, 2003	Quarter IV, 2004	Change, quarter IV, 2003, to quarter IV, 2004
Total, 16 years and older	\$638	138,625	140,435	1,810	73,925	75,064	1,139	64,700	65,371	671
Management, professional, and related occupations	918	48,182	49,063	881	23,756	24,469	713	24,426	24,594	168
Management, business, and financial operations occupations	965	19,725	20,330	605	11,420	11,725	305	8,305	8,606	301
Management occupations	1,052	14,280	14,518	238	9,007	9,228	221	5,274	5,290	16
Business and financial operations occupations	847	5,445	5,812	367	2,414	2,496	82	3,031	3,316	285
Professional and related occupations	883	28,457	28,733	276	12,336	12,744	408	16,121	15,989	-132
Computer and mathematical occupations	1,114	3,187	3,279	92	2,233	2,400	167	953	879	-74
Architecture and engineering occupations	1,098	2,743	2,826	83	2,349	2,465	116	394	360	-34
Life, physical, and social science occupations	957	1,399	1,394	-5	793	785	-8	606	609	3
Community and social services occupations	707	2,204	2,109	-95	874	850	-24	1,330	1,258	-72
Legal occupations	1,070	1,573	1,524	-49	834	777	-57	739	747	8
Education, training, and library occupations	781	8,115	8,136	21	2,103	2,220	117	6,012	5,917	-95
Arts, design, entertainment, sports, and media occupations	768	2,625	2,808	183	1,372	1,447	75	1,254	1,362	108
Health-care practitioner and technical occupations	852	6,611	6,657	46	1,779	1,800	21	4,832	4,857	25
Service occupations	411	21,751	23,058	1,307	9,259	10,011	752	12,491	13,047	556
Health-care support occupations	407	2,924	2,918	-6	328	303	-25	2,596	2,615	19
Protective service occupations	700	2,862	2,926	64	2,224	2,282	58	638	645	7
Food preparation and serving-related occupations	360	6,978	7,335	357	2,932	3,245	313	4,046	4,090	44
Building and grounds cleaning and maintenance occupations	385	4,890	5,277	387	2,873	3,095	222	2,018	2,182	164
Personal care and service occupations	402	4,097	4,602	505	903	1,086	183	3,194	3,516	322
Sales and office occupations	558	35,765	35,577	-188	13,017	12,657	-360	22,749	22,921	172
Sales and related occupations	604	16,313	16,011	-302	8,270	7,972	-298	8,044	8,039	-5
Office and administrative support occupations	535	19,452	19,566	114	4,747	4,685	-62	14,705	14,882	177
Natural resources, construction, and maintenance occupations	621	14,671	14,886	215	13,993	14,210	217	678	676	-2
Farming, fishing, and forestry occupations	356	1,078	936	-142	853	740	-113	225	196	-29
Construction and extraction occupations	604	8,355	8,768	413	8,123	8,517	394	232	250	18
Installation, maintenance, and repair occupations	704	5,238	5,182	-56	5,017	4,952	-65	221	229	8
Production, transportation, and material-moving occupations	523	18,256	17,851	-405	13,900	13,718	-182	4,356	4,133	-223
Production occupations	526	9,754	9,313	-441	6,740	6,441	-299	3,014	2,871	-143
Transportation and material-moving occupations	520	8,502	8,539	37	7,160	7,277	117	1,342	1,262	-80

NOTE: Occupations reflect the introduction into the Current Population Survey of the 2002 census occupational classification system derived from the 2000 Standard Occupational Classification system.

Beginning in 2003, data reflect revised population controls. Data may not sum to totals due to rounding.

SOURCE: Bureau of Labor Statistics, Current Population Survey.

recession. The line labeled “all earlier recessions except 1980” is the average indexed data for the 8 recessions that occurred after 1945 (excluding the short 1980 recession and the 2001 downturn), for a 57-month period beginning 12 months before, and ending 45 months after, the onset of the recession.¹³

The labor force participation rate declined during the 2001 recession, instead of remaining relatively stable as it did for the average of the past recessions. The rate continued to move downward through the recovery, and by the end of 2004, it remained below what it was at the beginning of the recession. In contrast, the average of the past recoveries shows that the labor force participation rate surpassed its level during the first month of the recession well before the 45th month of the recovery. (See chart 6.) This difference reflects, in part, an apparent shift in the long-term secular increase in women’s participation. The rate of women’s labor force participation nearly doubled, from 32.0 percent when the series began in January 1948, to 60.2 percent at the onset

of the latest recession in March 2001. The climb in women’s participation over this period was, at most, just barely interrupted by recessions. More recently, women’s participation has appeared to be more sensitive to cyclical downturns. In fact, in the 2001 recession and throughout much of the recovery to date, the rate trended down and, by December 2004, was 59.2 percent.

During both the most recent recovery and the previous ones (averaged), the employment-population ratio at 45 months into the recovery was well below its level at the beginning of the recession. In December 2004, however, the ratio was much lower relative to the average of the other recoveries at the corresponding point in time. (See chart 7.) In contrast, the trend for the unemployment rate during the past year of the current recovery is close to the average trend for the previous recoveries. The peak in the unemployment rate, however, came later in the current recovery than it did, on average, in the previous ones. (See chart 8.)

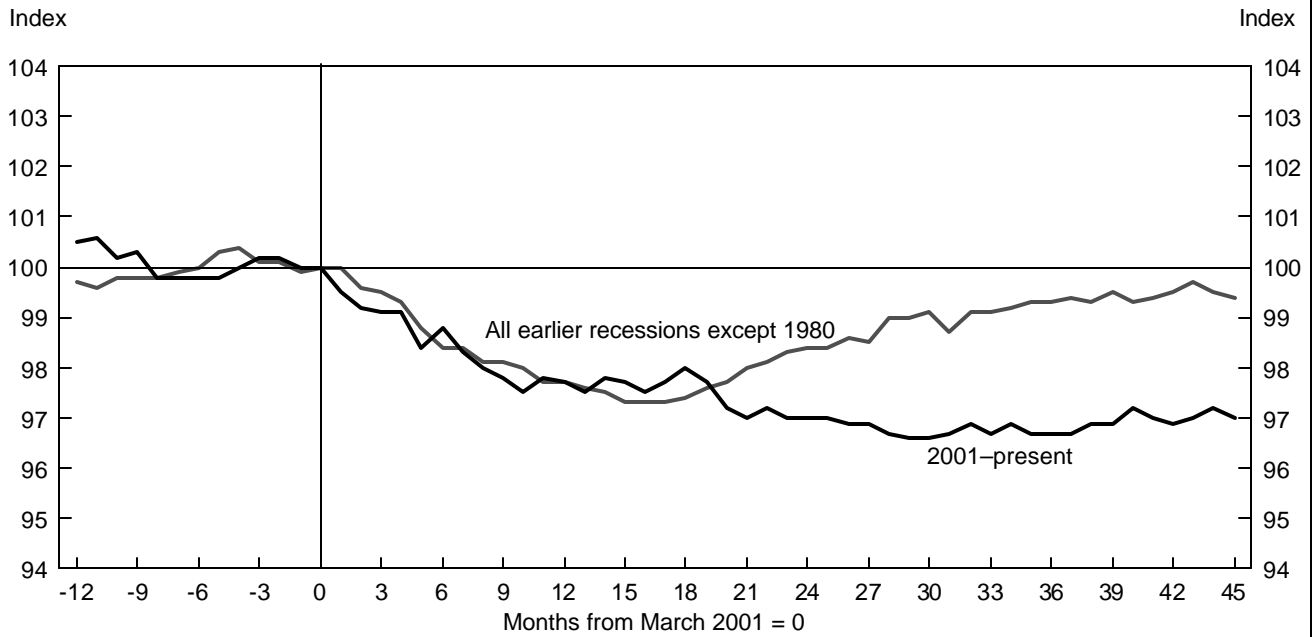
Table 7. Median usual weekly earnings of full-time wage and salary workers, by selected characteristics, annual averages, 2003–04

Characteristic	2003	2004	Percent change, 2003–04
Total, 16 years and older	\$620	638	2.9
Management, business, and financial operations occupations	961	965	.4
Professional and related occupations	845	883	4.5
Service occupations	403	411	2.0
Sales and related occupations	598	604	1.0
Office and administrative support occupations	523	535	2.3
Farming, fishing, and forestry occupations	369	356	-3.5
Construction and extraction occupations	599	604	.8
Installation, maintenance, and repair occupations	673	704	4.6
Production occupations	519	526	1.3
Transportation and material-moving occupations	520	520	.0
Men	695	713	2.6
Women	552	573	3.8
White	636	657	3.3
Men	715	732	2.4
Women	567	584	3.0
Black	514	525	2.1
Men	555	569	2.5
Women	491	505	2.9
Hispanic origin	440	456	3.6
Men	464	480	3.4
Women	410	419	2.2
Educational attainment: ¹			
Less than a high school diploma	381	384	.8
High school graduate, no college	519	533	2.7
Some college or associate’s degree	604	618	2.3
Bachelor’s degree or higher	940	960	2.1

¹ Earnings figures by educational attainment pertain to persons aged 25 and older.

SOURCE: Bureau of Labor Statistics, Current Population Survey.

Chart 7. Employment-population ratio, 12 months prior to and 45 months after the onset of recession



SOURCE: Bureau of Labor Statistics, Current Population Survey.

Chart 8. Unemployment rates, 12 months prior to and 45 months after the onset of recession



SOURCE: Bureau of Labor Statistics, Current Population Survey.

IN SUM, CPS DATA INDICATE THAT THE LABOR MARKET SHOWED SOME IMPROVEMENT IN 2004. The overall unemployment rate declined and employment rose. Despite these improvements, the

period since the onset of the 2001 recession and continuing through 2004 differs from previous recessions and the recoveries that followed them. □

Notes

ACKNOWLEDGMENT: The author thanks Steve Hipple for compiling the data from the Annual Social and Economic supplement that are analyzed in this article.

¹ The National Bureau of Economic Research is generally recognized as the arbiter of business-cycle turning points. The organization determined that the latest recession began in March 2001 and ended in November of that year.

² For more information on teenage labor force participation, see Katie Kirkland, “Declining teen labor force participation,” *Issues in Labor Statistics*, Summary 02–06, September 2002; on the Internet at <http://www.bls.gov/opub/ils/pdf/opbils49.pdf>.

³ October is a month in which the vast majority of teens are enrolled in school; therefore, that month was chosen for this analysis.

⁴ The Annual Social and Economic Supplement to the CPS is conducted in the months of February through April and includes questions about work activity during the previous calendar year.

⁵ Social Security Administration, *Annual Statistical Supplement 2003*, p. 17. See also table 1 in “Social Security Online”; on the Internet at <http://www.ssa.gov/OACT/ProgData/nra.html>.

⁶ Elizabeth T. Hill, “The labor force participation of older women:

retired? working? both?” *Monthly Labor Review*, September 2002, pp. 39–48; on the Internet at <http://www.bls.gov/opub/mlr/2002/09/art4full.pdf>.

⁷ The data analyzed in this section are annual averages.

⁸ Industry data are classified according to the 2002 North American Industry Classification System (NAICS), whose series go back to 2000.

⁹ The data analyzed in this section are annual averages.

¹⁰ See *Highlights of Women’s Earnings in 2003* for more information on women’s earnings; on the Internet at <http://www.bls.gov/cps/cpswom2003.pdf>.

¹¹ CPS *monthly* earnings data also first began to be collected regularly in 1979.

¹² For more information about the factors contributing to earnings differences, see Mary Bowler, “Women’s earnings: an overview,” *Monthly Labor Review*, December 1999; on the Internet at <http://www.bls.gov/opub/mlr/1999/12/art2full.pdf>.

¹³ Due to its brevity, the 6-month recession in 1980 that lasted from January through June is not included in the calculations for previous recessions. The average is calculated for the indexes for each month in the 8 recessions.