

Different Measures of Unemployment: Is There Just One Number to Watch?

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By [Doreen Fagan](#)

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One of the best-known measures of the labor market's performance is the unemployment rate, which is a key economic indicator.

You may have seen that the U.S. unemployment rate in April 2020 peaked at 14.7% amid COVID-19 containment measures. And maybe you've seen news reports about the January 2023 unemployment rate, which the Bureau of Labor Statistics (BLS) reported was at 3.4%, a more than 50-year low.

To see the last time the rate was that low, you'd have to dust off your jetpack and head back to 1969. (That year, Neil Armstrong set foot on the moon and the Beatles gave their last public performance. So, why not?)

If you prefer your feet firmly planted, check out the FRED chart below, which plots the unemployment rate using data sourced from the BLS. FRED is the St. Louis Fed's signature economic database. It houses more than 800,000 data series and is free for use worldwide.



What does this picture tell us, exactly? And is this the only measure of unemployment that economists watch?

How Do Economists Define Unemployment?

Let's explain what economists mean when they talk about unemployment. The BLS, which is the federal agency charged with [measuring labor market activity](#), offers these basic concepts:

- **The unemployed are people who are jobless**, actively seeking work and available to take a job.
- **The nation's official unemployment rate** is the number of unemployed as a percentage of the labor force (shown in the FRED chart above).
- **The labor force is the sum** of employed and unemployed people, age 16 and over. (For more information, check out the Open Vault blog post on the [labor force participation rate](#).)

But, what about a couple neighbors you know?

- Bob, who was let go from his construction job and tried for months to find new employment but is now halting his job search due to poor local prospects.
- Karen, who's working part time as a tutor because her full-time job as a systems analyst was eliminated.

Based on BLS' official measures, neither of your neighbors would be counted among the nation's unemployed. Such nuances are why economists also study alternative measures of unemployment. The BLS tracks these numbers, too, to help gauge the economy's use of its labor resources.

Different Measures of Labor Underutilization

Measure	What it Looks at	Seasonally Adjusted Rates (As of January 2023)
U-1	Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	1.2%
U-2	Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	1.5%
U-3	Total unemployed, as a percent of the civilian labor force (official unemployment rate)	3.4%
U-4	Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	3.6%
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	4.2%
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	6.6%
NOTES: Seasonally adjusted rates are as of January 2023. 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.		
SOURCE: Alternative measures of labor underutilization , Bureau of Labor Statistics.		

In the above examples:

- Bob is a **discouraged worker** (counted in U-4 through U-6).
- Karen is **employed part time for economic reasons** (counted in U-6).

You'll find more specifics on [how the government measures unemployment](#) and different measures of [labor underutilization](#) on the BLS website.

Ready for a Bigger Leap?

For a seven-minute [rundown on unemployment](#), check out Episode 10 of the Economic Lowdown video series.

You also can explore a ton of unemployment data on the St. Louis Fed's Research site. A quick search of "unemployment rate" in FRED yields [about 15,000 data series](#). You can view trends by unemployment classification, geography, age, education, gender and more.

And, if you really want to head back to 1969, check out [FRASER](#) (Federal Reserve Archival System for Economic Research). This digital library of U.S. historical materials features several archived documents on unemployment—including the [BLS' original bulletin on employment and earnings](#) released in June 1969 and featuring the first release of data from May 1969, the last time before 2023 that unemployment was at 3.4%.

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