The U.S. Bureau of Labor Statistics (BLS) releases alternative measures of labor underutilization each quarter for every state in the U.S. There are six measures of labor underutilization, known as U-1 through U-6. The official concept of unemployment is U-3, and includes all persons without a job during the Current Population Survey (CPS) reference week who are available for and actively sought work. (See Technical Note.) There are two more restrictive measures (U-1 and U-2) and three less restrictive measures (U-4, U-5, and U-6). The definitions for each are presented in Exhibit 1.

Exhibit 1 also presents the most current and previous year’s estimates (2018 and 2017) of all six alternative measures for New Mexico and the United States. New Mexico’s measures ranged from 1.9 percent (U-1) to 9.1 percent (U-6) as of 2018. Every measure, except for U-2, was higher for New Mexico than for the United States. National measures ranged from 1.4 percent for U-1 to 7.7 percent for U-6. Each of the six measures also declined between 2017 and 2018. The U-6 measure dropped the most in both New Mexico and the U.S., by 2.2 percentage points and 0.8 percentage point, respectively. In New Mexico, U-3 through U-5 dropped by 1.4, 1.4, and 1.7 percentage points over the year, respectively, while U-1 and U-2 fell by 0.5 and 1.1 percentage points. U.S. declines for U-1 through U-5 ranged between 0.3 percentage point (U-1 and U-2) and 0.5 percentage point (U-3, U-4, and U-5).

Rises in the state’s alternative measures continued in 2009, with each measure hitting a 16-year peak rate in 2010, ranging from 4.9 percent (U-1) to 15.6 percent (U-6). Since 2010, all six measures have generally fallen, with some minor upticks in rates in select years that typically did not exceed 0.2 percentage point. As of 2018, all six measures were still above their trough levels of 2007/2008, but all were below their 2003 rate. The largest decreases between 2003-2019 were U-5 and U-6, both decreasing by 1.8 percentage points.
U-3 and U-6 are the most closely monitored of the six alternative measures. Exhibit 3 illustrates the U-3 and U-6 rates for New Mexico and the United States from 2003 to 2018. The New Mexico and U.S. rates for both measures closely aligned between 2003 and 2005, and the rates of the two areas were trending down. In 2006 and 2007, the decline in the U.S. rates slowed and then essentially leveled out, while New Mexico’s rates continued to drop at a faster pace. This created a widening gap between the rates of the two areas, with New Mexico’s rate being lower. In 2007, the decline in New Mexico’s rates slowed, while the U.S. rates began to slowly rise, reflecting the early impacts of the Great Recession. The gap in rates of the two areas peaked in 2016, with the difference being 1.9 percentage points for the U-3 rate and 3.0 percentage points for the U-6 rate (with the New Mexico rate being higher). The rates of both geographies peaked in 2010, at 9.6 percent (U.S.) and 8.5 percent (New Mexico) for the U-3 rate and 16.7 percent (U.S.) and 15.6 percent (New Mexico) for the U-6 rate.

Since peaking in 2010, the U-3 and U-6 rates of the U.S. and New Mexico have been declining overall. New Mexico’s measures, however, have both declined at a slower rate than the U.S. measures. Beginning in 2014, New Mexico’s U-3 and U-6 measures exceeded those of the U.S. As of 2018, New Mexico’s U-3 rate was 4.7 percent, 0.8 percentage point greater than the U.S. rate (3.9 percent), and its U-6 rate was 9.1 percent, 1.4 percentage points greater than the U.S. rate (7.7 percent).
Exhibit 4 compares 2017 and 2018 U-3 and U-6 alternative measures for all 50 states and the District of Columbia (D.C.). As of 2018, New Mexico had the sixth-highest U-3 rate (tied with Arizona at 4.7 percent), and the sixth-highest U-6 rate (9.1 percent). While New Mexico’s rates were both comparatively high, the drop in U-3 and in U-6 were the largest of all states and D.C.

The states with the lowest U-3 measures as of 2018 included Iowa, New Hampshire, Hawaii, and Vermont. North Dakota, Iowa, Minnesota, and New Hampshire reported the lowest U-6 rates of 2018.

Alternative measures of labor underutilization are produced using data collected from the CPS. The CPS is a monthly survey of about 60,000 households conducted for BLS by the U.S. Census Bureau. To be considered unemployed, persons must have been jobless, made a specific active effort to find a job, and been available for work, unless temporarily ill. The only exception is for those waiting to be called back to a job from a layoff, in which case no job search is required.

Because the alternative measures are derived directly from the CPS, state U-3 estimates may differ from the official state unemployment rates produced by the Local Area Unemployment Statistics (LAUS) program. For more information on the alternative measures of labor underutilization please visit http://www.bls.gov/lau/stalt.htm.