

Lower unemployment in 2005

CPS data show that the labor market continued to improve in 2005, as employment grew substantially and unemployment declined

Emy Sok

Unemployment continued to decline and employment, as measured by the Current Population Survey (CPS), rose in 2005. The unemployment rate continued the downward trend that began in 2003, declining to 5.0 percent by the fourth quarter of 2005. The employment-population ratio increased during the year, while the labor force participation rate was essentially unchanged.¹ Other labor market measures from the CPS also showed improvement during the year.

Major hurricanes Katrina, Rita, and Wilma struck the Gulf Coast area from late August through October of 2005. Hurricane Katrina, in particular, resulted in a large loss of life and widespread economic damage and disruption. At the national level, however, the effects of the hurricanes were not discernible in the major labor market indicators from the household survey. (For more information about the household survey, see box on page 14.) Special questions designed to measure the labor force status of Hurricane Katrina evacuees were added to the CPS beginning in October 2005; some early findings are discussed later in this article.

In 2005, unemployment levels and rates generally continued to decline. The unemployment rate for persons aged 16 years and older was 5.0 percent in the fourth quarter of 2005, 0.4 percentage point lower than a year earlier. Even though the unemployment rate declined through 2005 from its most recent peak in mid-2003, it remained above the jobless rate that preceded the 2001 downturn. (See chart 1.) The number of unemployed persons, at 7.5 million in the fourth quarter of 2005, was down by 563,000 from the same quarter in 2004 and by more than 1.5 million from its postrecession peak in the second quarter of 2003. (See table 1.)

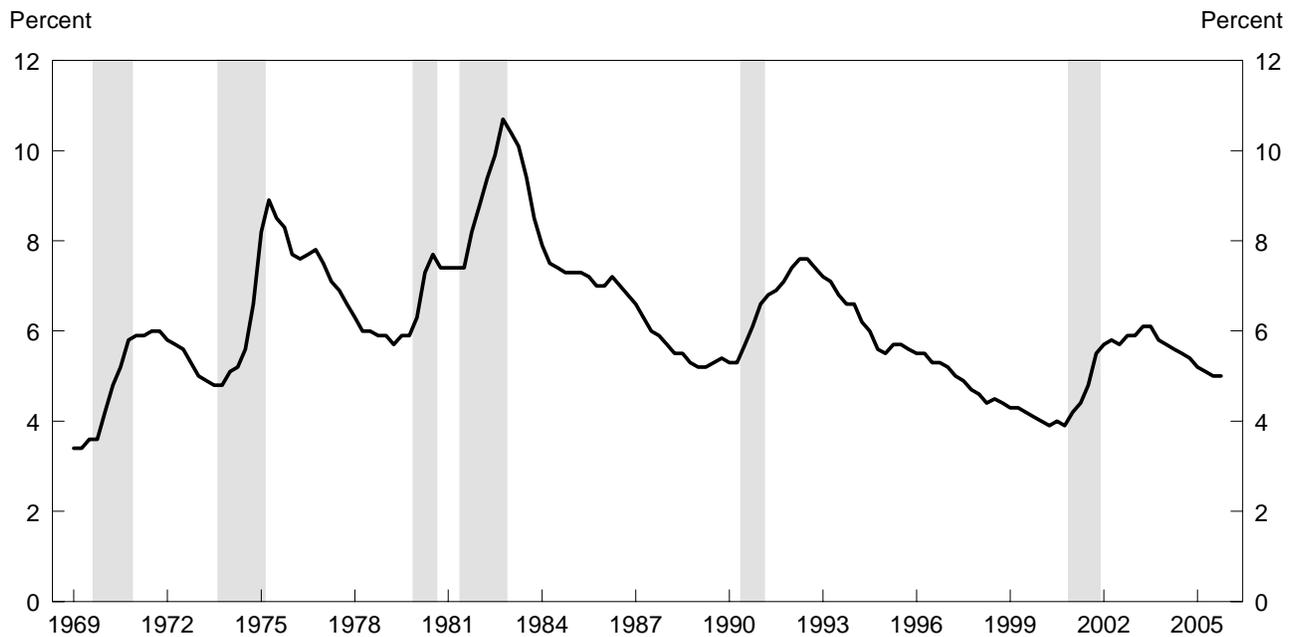
For most major worker groups, the unemployment rate continued to edge down in 2005. The unemployment rate for adult men, at 4.3 percent in the last quarter of 2005, was 0.6 percentage point lower than a year earlier. The large decrease in the level of unemployment among adult men (-414,000) accounted for most of the decline in total unemployment (-563,000). The jobless rate for women edged down by 0.2 percentage point over the year to 4.5 percent in the fourth quarter of 2005. In 2004, the women's jobless rate fell by 0.4 percentage point. For teenagers (those aged 16 to 19), the jobless rate, at 16.1 percent in the fourth quarter, was little changed in 2005.

The unemployment rate for whites, at 4.3 percent, was down over the year by 0.3 percentage point. For blacks, the unemployment rate dropped 1.1 percentage points to 9.7 percent, and the rate among Asians declined by 0.9 percentage point to 3.5 percent (not seasonally adjusted). For Hispanics, the unemployment rate decreased in 2005 to 6.0 percent, down from 6.6 percent a year earlier.

Reflecting the rise in employment, the employment-to-population ratio increased to 62.8 percent. Total employment, as measured by the CPS, increased by 2.6 million in 2005, reaching 142.6 million in the fourth quarter. This exceeded the gain of 2.1 million in 2004.² Employment among adult men increased by 1.5 million in 2005, and employment among adult women increased by about 1.1 million. Teenage employment was little changed.

Employment among whites grew by 1.7 million over the year, to 117.6 million in the fourth quarter of 2005. Blacks experienced stronger employment

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Chart 1. Unemployment rate, quarterly averages, seasonally adjusted, 1969–2005

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

SOURCE: Bureau of Labor Statistics, Current Population Survey.

growth in 2005 than in 2004; the number of employed blacks rose by 471,000 to 15.4 million, more than double the increase in 2004. Employment among Hispanics at year's end was 19.0 million, an increase of 765,000 over the year, following a gain of 572,000 in 2004.

The employment-population ratio was 62.8 percent in the fourth quarter of 2005, an increase of 0.4 percentage point over the year. After trending down by 2.2 percentage points between the first quarter of 2001 and the third quarter of 2003, the employment-population ratio edged up in 2004. Although it rose in 2005, the employment-population ratio remained below its prerecession level. (See chart 2.)

The employment-population ratio for adult men increased by 0.5 percentage point in 2005 to 72.5 percent, and the ratio for adult women rose by 0.4 percentage point to 57.8 percent. At 36.4 percent in the fourth quarter, the ratio for teenagers was little changed over the year.

The employment-population ratio for whites was 63.5 percent at the end of 2005, an over-the-year increase of 0.3 percentage point. The ratio for blacks rose by 0.8 percentage point over the year, to 57.8 percent in the fourth quarter of 2005. Over the same period, the ratio for Asians also rose, from 63.2 percent to 63.9 percent (not seasonally adjusted). The employment-population ratio for Hispanics, at 64.2 percent in the fourth quarter, remained about the same over

the year. The Hispanic employment-population ratio had increased in 2004.

In 2005, the civilian labor force grew by 2.0 million, although the participation rate was about unchanged from the previous year. The labor force participation rate has been relatively flat since the last quarter of 2003. In 2005, it remained below its prerecession high. (See chart 2.) Trends in participation rates differed among the major demographic groups.

Among teenagers aged 16 to 19 years, the labor force participation rate fell to 43.4 percent by the last quarter of 2005, compared with 44.2 percent during the same period a year earlier. The labor force participation rate for teens has trended down since the late 1970s (it was 57.8 percent in 1978), and the fall accelerated significantly after 2000. In the second quarter of 2000, the teen participation rate was 52.6 percent; since then, it has fallen nearly 10 percentage points. The decline in labor force participation among teens tends to be inversely related to school enrollment rates, which have been trending upwards for about 30 years.

The participation rate among young adults (aged 20 to 24 years)—74.8 percent in the fourth quarter of 2005—edged down from a year earlier and remained below the rate before the 2001 recession. Among adults aged 25 to 54 years, the participation

Table 1. Employment status of the civilian noninstitutional population aged 16 years and older, by selected characteristics, quarterly averages, seasonally adjusted, 2002–05

[In thousands]

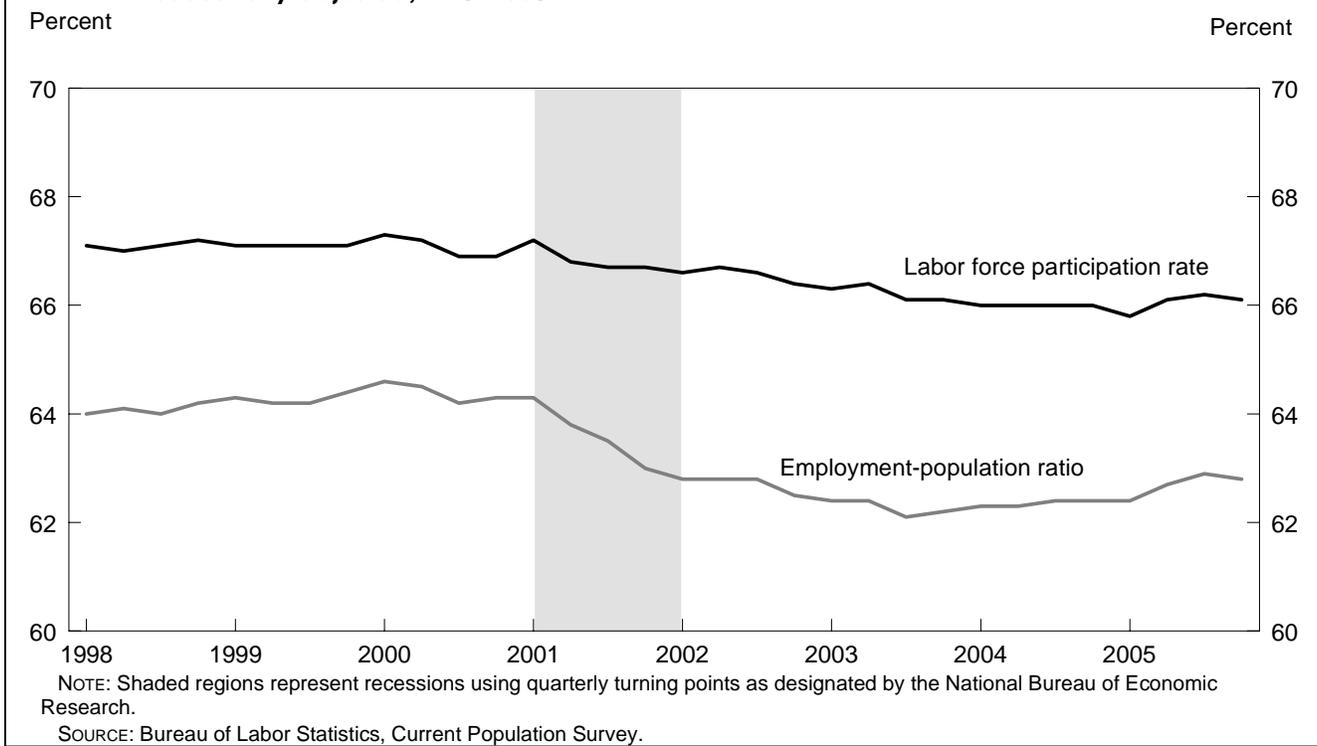
Characteristic	2002	2003	2004	2005				Change, IV 2004 to IV 2005
	IV	IV	IV	I	II	III	IV	
Total								
Civilian labor force	145,143	146,851	148,077	148,148	149,094	149,827	150,126	2,049
Participation rate	66.4	66.1	66.0	65.8	66.1	66.2	66.1	.1
Employed ¹	136,639	138,280	140,059	140,373	141,506	142,324	142,671	2,612
Employment-population ratio	62.5	62.2	62.4	62.4	62.7	62.9	62.8	.4
Unemployed	8,503	8,571	8,018	7,775	7,589	7,503	7,455	-563
Unemployment rate	5.9	5.8	5.4	5.2	5.1	5.0	5.0	-.4
Men, 20 years and older								
Civilian labor force	73,753	75,028	75,723	75,848	76,373	76,732	76,763	1,040
Participation rate	76.0	75.9	75.7	75.6	75.9	76.0	75.7	.0
Employed	69,717	70,924	72,016	72,284	73,047	73,385	73,469	1,453
Employment-population ratio	71.9	71.8	72.0	72.1	72.6	72.7	72.5	.5
Unemployed	4,036	4,104	3,707	3,565	3,326	3,347	3,293	-414
Unemployment rate	5.5	5.5	4.9	4.7	4.4	4.4	4.3	-0.6
Women, 20 years and older								
Civilian labor force	63,930	64,775	65,160	65,208	65,524	65,906	66,204	1,044
Participation rate	60.5	60.4	60.3	60.2	60.3	60.5	60.6	.3
Employed	60,682	61,463	62,084	62,195	62,498	62,906	63,193	1,109
Employment-population ratio	57.5	57.3	57.4	57.4	57.5	57.7	57.8	.4
Unemployed	3,247	3,312	3,076	3,013	3,026	3,000	3,011	-65
Unemployment rate	5.1	5.1	4.7	4.6	4.6	4.6	4.5	-.2
Both sexes, 16 to 19 years								
Civilian labor force	7,460	7,047	7,194	7,092	7,198	7,188	7,159	-35
Participation rate	46.8	43.6	44.2	43.5	44.0	43.8	43.4	-.8
Employed	6,240	5,893	5,959	5,895	5,961	6,032	6,008	49
Employment-population ratio	39.1	36.5	36.6	36.1	36.4	36.7	36.4	-.2
Unemployed	1,220	1,154	1,235	1,197	1,237	1,155	1,151	-84
Unemployment rate	16.4	16.4	17.2	16.9	17.2	16.1	16.1	-1.1
White								
Civilian labor force	120,197	120,773	121,451	121,551	122,085	122,638	122,872	1,421
Participation rate	66.6	66.3	66.2	66.1	66.3	66.4	66.4	.2
Employed	114,029	114,618	115,841	116,113	116,760	117,323	117,574	1,733
Employment-population ratio	63.2	63.0	63.2	63.2	63.4	63.5	63.5	.3
Unemployed	6,167	6,155	5,611	5,438	5,325	5,315	5,298	-313
Unemployment rate	5.1	5.1	4.6	4.5	4.4	4.3	4.3	-.3
Black or African American								
Civilian labor force	16,610	16,474	16,763	16,757	17,057	17,132	17,082	319
Participation rate	64.5	63.7	63.9	63.6	64.5	64.5	64.0	.1
Employed	14,851	14,733	14,958	14,991	15,315	15,504	15,429	471
Employment-population ratio	57.7	57.0	57.0	56.9	57.9	58.3	57.8	.8
Unemployed	1,759	1,741	1,806	1,766	1,742	1,628	1,653	-153
Unemployment rate	10.6	10.6	10.8	10.5	10.2	9.5	9.7	-1.1
Asian²								
Civilian labor force	6,715	6,178	6,381	6,396	6,429	6,558	6,628	247
Participation rate	67.4	66.0	66.1	66.0	65.7	66.3	66.3	.2
Employed	6,330	5,835	6,103	6,127	6,177	6,276	6,397	294
Employment-population ratio	63.5	62.4	63.2	63.3	63.1	63.5	63.9	.7
Unemployed	5.7	5.6	4.4	4.2	3.9	4.3	3.5	-.9
Hispanic or Latino ethnicity								
Civilian labor force	18,111	18,984	19,503	19,478	19,737	19,887	20,184	681
Participation rate	68.7	67.8	68.4	67.8	68.1	68.0	68.3	-.1
Employed	16,690	17,639	18,211	18,294	18,547	18,702	18,976	765
Employment-population ratio	63.3	63.0	63.9	63.7	64.0	63.9	64.2	.3
Unemployed	1,421	1,344	1,292	1,184	1,190	1,185	1,208	-84
Unemployment rate	7.8	7.1	6.6	6.1	6.0	6.0	6.0	-.6

¹Data for total employment 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 and January 2006.

²Data for Asians are not seasonally adjusted.

NOTE: 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.

Chart 2. Labor force participation rate and employment-population ratio, quarterly averages, seasonally adjusted, 1998–2005

rate was 82.8 percent at the end of 2005, little changed from the fourth quarter of 2004 and still below the rate prior to the 2001 recession. (See chart 3.)

In contrast, persons aged 55 years and older continued to participate in the labor force in growing numbers. At 37.5 percent in the last quarter of 2005, the participation rate for this age group was 1.0 percentage point higher than it had been a year earlier. Participation rates for persons aged 55 years and older have been rising for the last 10 years. Some of the increase in participation rates for older adults may be related to the flow of baby boomers into this age cohort.³

In 2005, labor force participation rates for the major race and ethnic groups remained below their pre-2001 recession rates. The participation rates among whites and blacks were little changed over the year, at 66.4 percent and 64.0 percent, respectively, in the fourth quarter of 2005. The participation rate for Asians, at 66.3 percent at year's end (not seasonally adjusted), also remained essentially the same in 2005. The participation rate for Hispanics or Latinos, at 68.3 percent, was also about unchanged. (See table 1.)

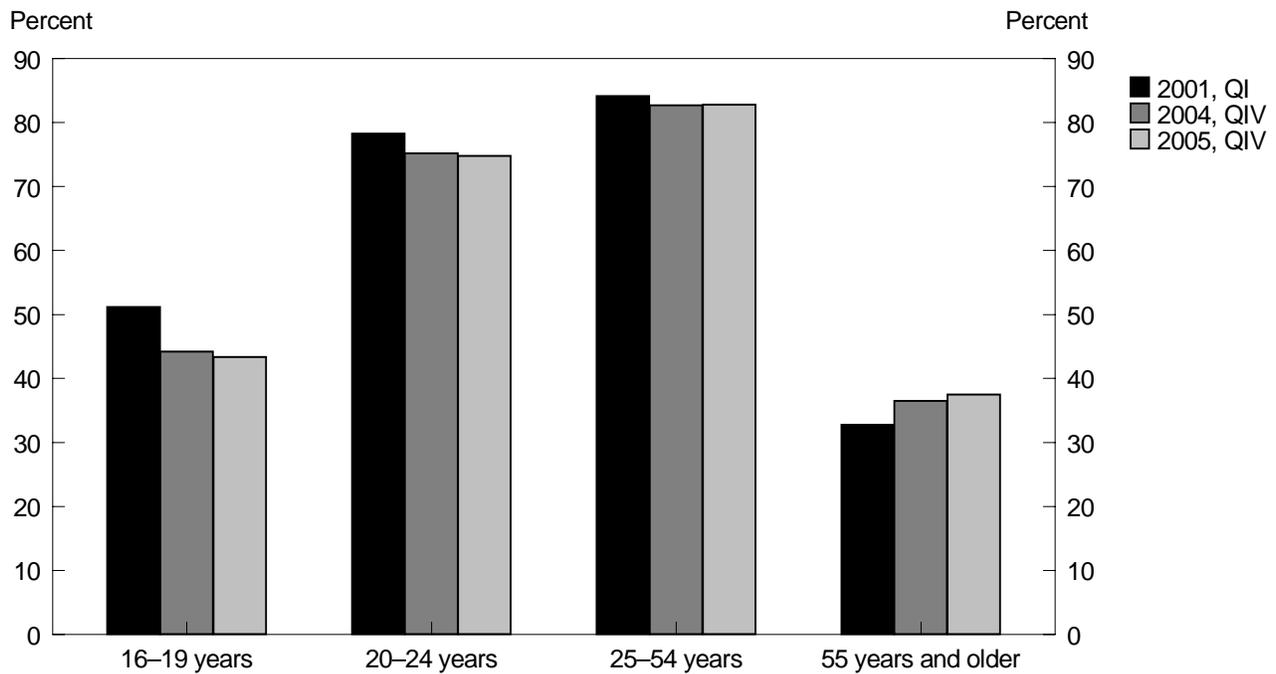
The numbers of job losers and long-term unemployed continued to decline in 2005. Over the year, the number of

persons who were unemployed because they had lost jobs fell by 558,000, to 3.5 million. (See chart 4.) This decline accounted for nearly all of the drop in total unemployment. Among persons who were unemployed as a result of losing their job, about 2.6 million were not expecting to be recalled from a temporary layoff; this figure was down by about half a million over the year.

Job losers not expecting a recall accounted for about a third of the total number of unemployed persons. This proportion has fallen each year since a recent peak in the third quarter of 2003, when it was 43.2 percent. Unemployed persons on temporary layoff made up 12.4 percent of the total unemployed, about unchanged from the previous year. In contrast, the percentage of those who voluntarily left their jobs rose slightly over the year, to 11.8 percent. Also, the share of reentrants to the labor market increased in 2005, to 32.7 percent in the fourth quarter. New entrants to the labor force made up about 8.8 percent of the unemployed, little changed over the year.⁴ (See table 2.)

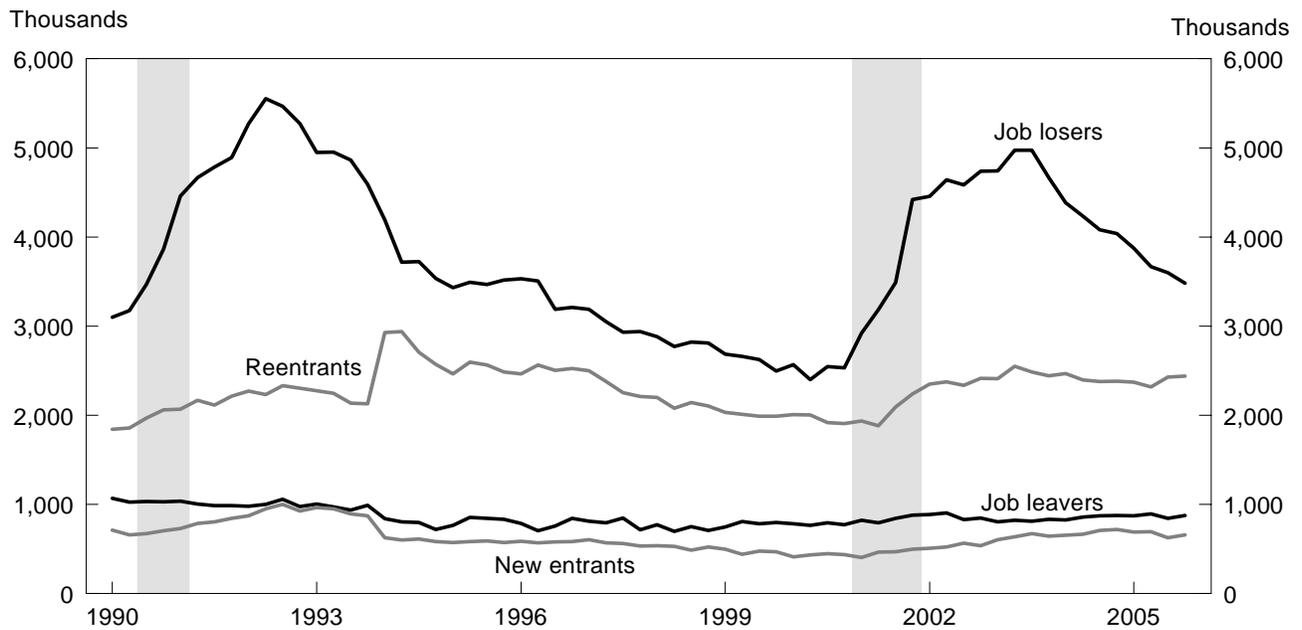
About 1.4 million unemployed persons had been jobless for at least 27 weeks at the end of 2005, a decrease of 317,000 over the year. These long-term unemployed persons made up 18.6 percent of total unemployment in the last quarter of 2005, down from 21.2 percent at the end of 2004. (See chart 5.)

Chart 3. Labor force participation rate by age group, seasonally adjusted, selected quarters



SOURCE: Bureau of Labor Statistics, Current Population Survey.

Chart 4. Reasons for unemployment, quarterly averages, seasonally adjusted, 1990-2005



NOTE: Shaded regions represent recessions using quarterly turning points 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.

The average (mean) duration of unemployment in the fourth quarter of 2005, at 17.7 weeks, was lower than a year earlier, as was the median, at 8.5 weeks. (See table 2.) The average duration of unemployment peaked at 19.9 weeks in 2004, 3 years after the onset of the last recession. After the post-2001 recession peak, mean duration remained close to 20 weeks for about a year before it began to decline in 2005. In contrast, mean duration in the postrecession period of the early 1990s began to decline immediately following its peak.⁵

The number of persons who worked part time for economic reasons in 2005 continued to decline, while the number of multiple jobholders remained about the same. In 2005, the number of persons who worked part time involuntarily, also referred to as those employed part time for economic reasons, declined by 405,000, to 4.2 million. This drop followed a smaller decline (-205,000) in 2004. Involuntary part-time workers are those who would prefer to work full time and include those who

have had their hours cut back due to slack work or business conditions, as well as those who are unable to find full-time work. Although the number of workers who were employed part time for economic reasons has declined over the last 2 years, it remained higher (by about 900,000) at the end of 2005 than it had been prior to the 2001 recession. (See chart 6.)

The number of multiple jobholders (7.7 million in the fourth quarter of 2005) and the percentage of the employed that held more than one job (5.4 percent) were little changed from a year earlier. Both of these measures remained below their prerecession levels. (See table 3.)

*In 2005, the number of persons who wanted a job but were not in the labor force edged down and the number of discouraged workers was little changed.*⁶ The category “not in the labor force” consists of persons who are neither employed nor actively seeking employment (the unemployed). In the fourth quarter of 2005, there were 77.1 million people in this

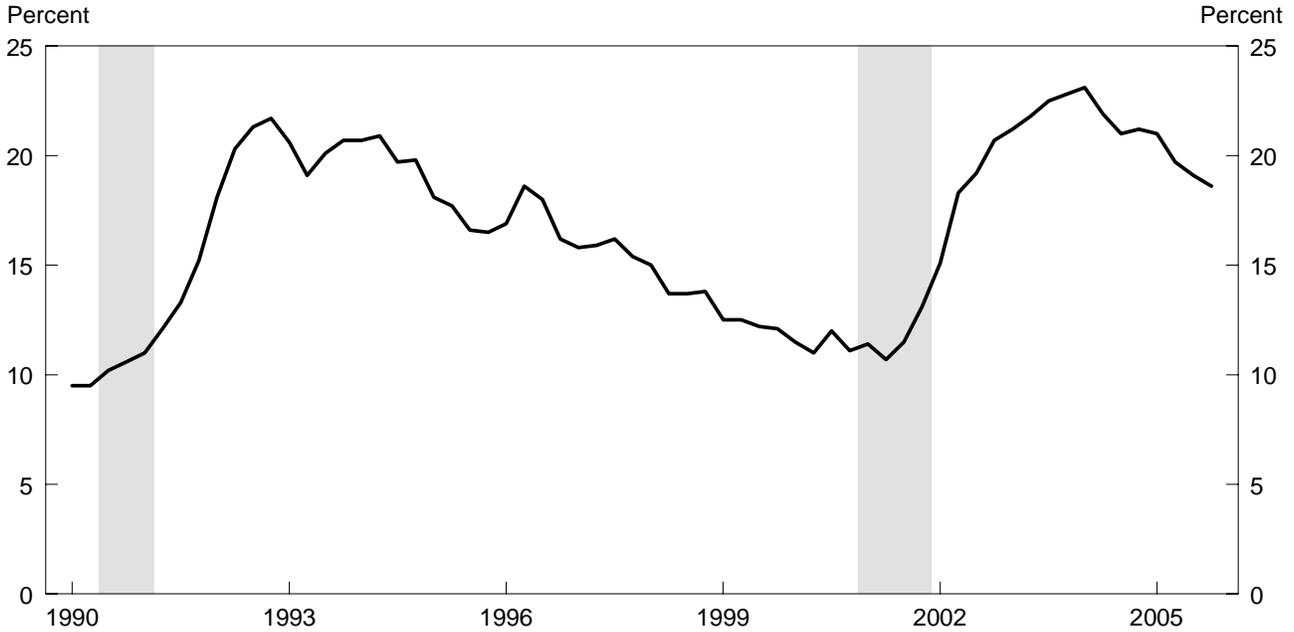
Table 2. Unemployed persons by reason and duration of unemployment, quarterly averages, seasonally adjusted, 2002–05

[In thousands]

Reason and duration	2002 IV	2003 IV	2004 IV	2005				Change, IV 2004 to IV 2005
				I	II	III	IV	
Reason for unemployment								
Job losers and persons who completed								
temporary jobs	4,738	4,668	4,041	3,876	3,669	3,599	3,483	-558
On temporary layoff	1,103	1,075	954	959	904	933	926	-28
Not on temporary layoff	3,635	3,593	3,087	2,917	2,765	2,666	2,558	-529
Job leavers	847	834	876	873	895	846	877	1
Reentrants	2,414	2,444	2,384	2,370	2,318	2,430	2,439	55
New entrants	536	644	719	689	696	629	659	-60
Percent distribution:								
Job losers and persons who completed								
temporary jobs	55.5	54.3	50.4	49.6	48.4	48.0	46.7	-3.7
On temporary layoff	12.9	12.5	11.9	12.3	11.9	12.4	12.4	0.5
Not on temporary layoff	42.6	41.8	38.5	37.4	36.5	35.5	34.3	-4.2
Job leavers	9.9	9.7	10.9	11.2	11.8	11.3	11.8	.9
Reentrants	28.3	28.4	29.7	30.4	30.6	32.4	32.7	3.0
New entrants	6.3	7.5	9.0	8.8	9.2	8.4	8.8	-2
Duration of unemployment								
Less than 5 weeks	2,859	2,657	2,744	2,612	2,675	2,637	2,750	6
5 to 14 weeks	2,542	2,530	2,314	2,329	2,293	2,324	2,257	-57
15 weeks and over	3,126	3,401	2,972	2,825	2,575	2,580	2,462	-510
15 to 26 weeks	1,358	1,444	1,267	1,195	1,089	1,139	1,074	-193
27 weeks and over	1,768	1,958	1,705	1,631	1,487	1,441	1,388	-317
Average (mean) duration, in weeks	18.0	19.7	19.6	19.2	18.5	18.3	17.7	-1.9
Median duration, in weeks	9.5	10.3	9.5	9.3	9.0	9.0	8.5	-1.0
Percent distribution:								
Less than 5 weeks	33.5	30.9	34.2	33.6	35.5	35.0	36.8	2.6
5 to 14 weeks	29.8	29.5	28.8	30.0	30.4	30.8	30.2	1.4
15 weeks and over	36.7	39.6	37.0	36.4	34.1	34.2	33.0	-4.0
15 to 26 weeks	15.9	16.8	15.8	15.4	14.4	15.1	14.4	-1.4
27 weeks and over	20.7	22.8	21.2	21.0	19.7	19.1	18.6	-2.6

SOURCE: Bureau of Labor Statistics, Current Population Survey.

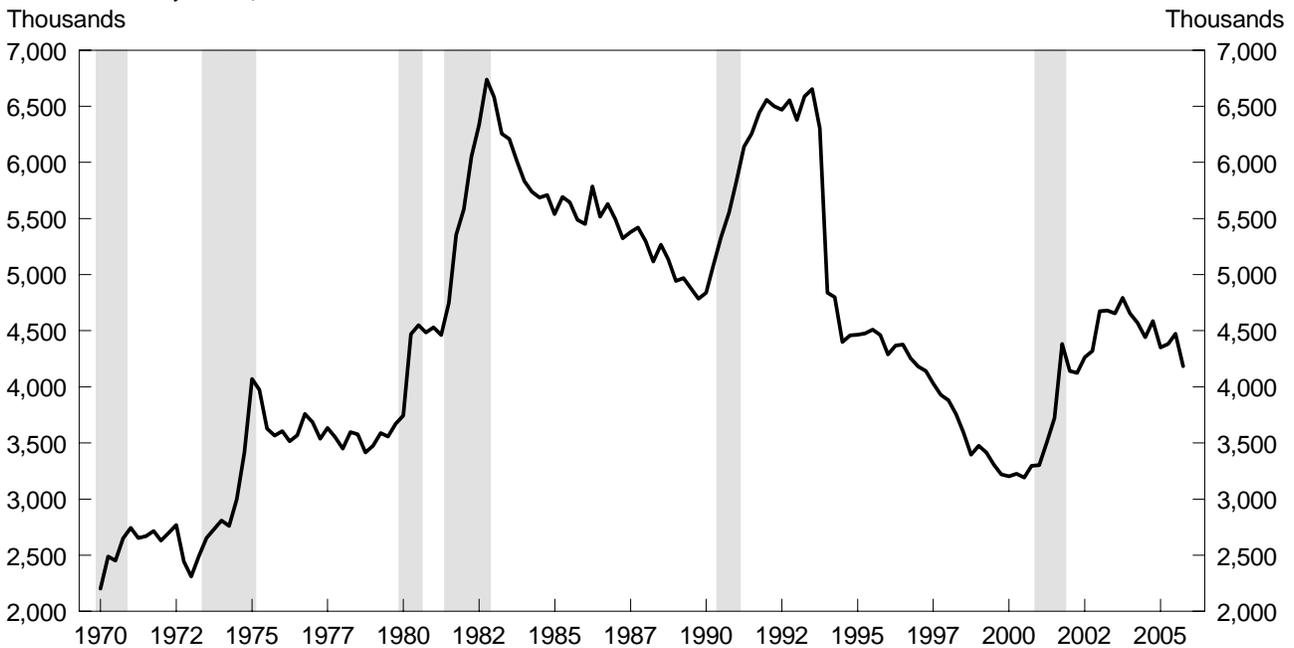
Chart 5. Long-term unemployment as a percent of total unemployed, quarterly averages, seasonally adjusted, 1990–2005



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

SOURCE: Bureau of Labor Statistics, Current Population Survey.

Chart 6. Persons employed part time for economic reasons, quarterly averages, seasonally adjusted, 1970–2005



NOTE: Shaded regions represent recessions using quarterly turning points 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.

category, nearly 40 percent of whom were aged 65 years and older. Of the total number of persons not in the labor force in 2005, about 4.7 million indicated that they wanted a job, but were not currently looking for one when they were surveyed; that figure is slightly lower than the comparable one from a year earlier.

Among the group of people who indicated that they wanted a job but were not currently engaged in an active job search, some had looked for a job at some point during the year before they were surveyed and would have been available to work had they been offered a job. This group, referred to as “marginally attached workers,” numbered 1.5 million in the fourth quarter of 2005, down slightly from the previous year. At 416,000, the number of discouraged workers—a subgroup of the marginally attached consisting of persons who have specifically given up their job search because they feel that no jobs are available for them—was still above levels that existed prior to the 2001 recession. (See table 4.)

All of the alternative measures of labor underutilization showed improvement in 2005. A number of alternative labor underutilization indicators are constructed from CPS data. After reaching a peak in 2003, the alternative measures began to decline and continued to do so in 2005. Known as U-1 through U-6, the various alternative measures provide additional information on the degree to which labor resources are underutilized. U-1 shows the number of persons unemployed 15 weeks or longer as a percent of the labor force, and U-2 presents job losers and persons who completed temporary jobs as a percent of the labor force. U-3 is the official unemployment rate. Alternative measures

U-4 through U-6 include increasingly broader groups of persons who may be underutilized in the labor market. U-4 adds discouraged workers to U-3, U-5 adds all other marginally attached workers to U-4, and U-6 adds persons employed part time for economic reasons. (See table 5.)

Employment continued to grow in 2005 among workers in management, professional, sales, and construction occupations. Among the major occupation groups, the largest over-the-year employment increase in 2005 occurred in management, professional, and related occupations, which added 713,000 jobs. (The data in this section are annual averages.) Employment in construction occupations showed another year of strong growth, increasing by 623,000 in 2005, while employment in production occupations was essentially flat, after a loss in 2004. Employment in service occupations increased by 413,000 in 2005, while employment in transportation occupations was little changed. (See table 6.)

Employment among women in management, professional, and related occupations increased by 500,000 in 2005, accounting for a majority of the total gains in those occupations. Similarly, employment among women in service occupations increased by 357,000, a figure that made up almost 90 percent of the increase in employment in those occupations. In construction occupations, where men make up the vast majority of workers, men’s employment increased by 565,000 in 2005; the increase represented about 90 percent of the total job gains in those occupations. Both men and women had increases in sales jobs, with gains of 257,000 and 194,000, respectively.

Table 3. Multiple jobholders, quarterly averages, not seasonally adjusted, 2002–05

[In thousands]

Category	2002 IV	2003 IV	2004 IV	2005				Change, IV 2004 to IV 2005
				I	II	III	IV	
Multiple jobholders¹								
Multiple jobholders	7,410	7,359	7,839	7,504	7,484	7,508	7,688	-151
Percent of employed	5.4	5.3	5.6	5.4	5.3	5.3	5.4	-2
Primary job full time, secondary part time ...	3,954	3,813	4,126	3,868	3,872	3,943	4,085	-41
Primary and secondary jobs both part time .	1,694	1,719	1,728	1,708	1,734	1,653	1,736	8
Primary and secondary jobs both full time ...	238	244	284	269	331	287	287	3
Hours vary on primary or secondary job	1,481	1,541	1,665	1,606	1,511	1,585	1,529	-136
Percent distribution:								
Primary job full time, secondary part time ...	53.4	51.8	52.6	51.5	51.7	52.5	53.1	.5
Primary and secondary jobs both part time .	22.9	23.4	22.0	22.8	23.2	22.0	22.6	.6
Primary and secondary jobs both full time ...	3.2	3.3	3.6	3.6	4.4	3.8	3.7	-1.3
Hours vary on primary or secondary job	20.0	20.9	21.2	21.4	20.2	21.1	19.9	-1.3

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.

Median weekly earnings for full-time wage and salary workers increased less than the inflation rate, as measured by the Consumer Price Index. Median usual weekly earnings rose to \$651 in 2005, an increase of 2.0 percent. (The earnings data analyzed in this article are annual averages.) During the same period, the Consumer Price Index for All Urban Consumers (CPI-U) increased 3.4 percent. Among the major occupation groups, farming, fishing, and forestry occupations and transportation and material moving occupations saw the largest percent increases in earnings, at 4.5 percent and 4.4 percent, respectively. (See table 7.)

Workers aged 25 years and older with at least a bachelor's degree experienced an over-the-year increase of 2.7 percent in weekly earnings, from \$986 to \$1,013, the largest percent increase

in earnings for workers of that age among the major education groups. Workers with less than a high school diploma saw their usual weekly earnings grow by 2.0 percent in 2005. Those with only a high school diploma and no college earned \$583 per week in 2005, up 1.6 percent from 2004, while earnings for those with some college education or an associate degree rose 1.4 percent. (See chart 7.)

Women's earnings continued to increase faster than men's earnings. Women's median weekly earnings, at \$585 in 2005, grew by 2.1 percent, compared with a 1.3-percent increase in men's earnings (to \$722). The ratio of women's to men's median usual weekly earnings was 81.0 percent. The earnings gap has narrowed substantially since 1979, when women's earnings were

Table 4. Persons not in the labor force, quarterly averages, not seasonally adjusted, 2002–05

Category	2002 IV	2003 IV	2004 IV	2005				Change, IV 2004 to IV 2005
				I	II	III	IV	
Not in the labor force								
Total not in the labor force	73,549	75,523	76,384	77,532	76,514	75,946	77,057	673
Persons who currently want a job	4,276	4,372	4,809	4,946	5,351	4,952	4,690	-119
Marginally attached ¹	1,416	1,514	1,543	1,688	1,507	1,512	1,473	-70
Reasons not currently looking:								
Discouragement over job prospects ²	382	451	421	494	420	415	416	-5
Reasons other than discouragement ³ ...	1,034	1,064	1,121	1,195	1,087	1,097	1,057	-64

¹Data refer to persons who have searched for work during the prior 12 months and were available to take a job during the reference week.

²Reasons include thinks no work available, could not find work, lacks schooling or training, employer thinks too young or old, and other types of discrimination.

³Includes those who did not actively look for work in the prior 4 weeks for such reasons as child-care and transportation problems, as well as a small number for which reason for nonparticipation was not determined.

SOURCE: Bureau of Labor Statistics, Current Population Survey.

Table 5. Range of alternative measures of labor underutilization, quarterly averages, seasonally adjusted, 2002–05

Measure	2002 IV	2003 IV	2004 IV	2005				Change, IV 2004 to IV 2005
				I	II	III	IV	
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	2.2	2.3	2.0	1.9	1.7	1.7	1.6	-.4
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	3.3	3.2	2.7	2.6	2.5	2.4	2.3	-.4
U-3 Total unemployed, as a percent of the civilian labor force (official unemployment rate)	5.9	5.8	5.4	5.2	5.1	5.0	5.0	-.4
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	6.1	6.1	5.7	5.6	5.4	5.3	5.2	-.5
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 ...	6.8	6.8	6.4	6.3	6.0	6.0	5.9	-.5
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	9.7	10.0	9.5	9.2	9.0	8.9	8.6	-.9

SOURCE: Bureau of Labor Statistics, Current Population Survey.

Table 6. Employment by major occupation and sex, annual averages, 2004–05

[In thousands]

Occupation	Total			Men			Women		
	2004	2005	Change, 2004 to 2005	2004	2005	Change, 2004 to 2005	2004	2005	Change, 2004 to 2005
Total, 16 years and older	139,252	141,730	2,478	74,524	75,973	1,449	64,728	65,757	1,029
Management, professional, and related occupations	48,532	49,245	713	24,136	24,349	213	24,396	24,896	500
Management, business, and financial operations occupations	20,235	20,450	215	11,718	11,761	43	8,517	8,689	172
Professional and related occupations	28,297	28,795	498	12,418	12,588	170	15,879	16,207	328
Service occupations	22,720	23,133	413	9,826	9,882	56	12,894	13,251	357
Healthcare support occupations	2,921	3,092	171	311	339	28	2,609	2,753	144
Protective service occupations	2,847	2,894	47	2,230	2,246	16	616	648	32
Food preparation and serving related occupations	7,279	7,374	95	3,196	3,202	6	4,084	4,173	89
Building and grounds cleaning and maintenance occupations	5,185	5,241	56	3,085	3,111	26	2,100	2,130	30
Personal care and service occupations	4,488	4,531	43	1,004	984	-20	3,484	3,548	64
Sales and office occupations	35,464	35,962	498	12,805	13,190	385	22,660	22,772	112
Sales and related occupations	15,983	16,433	450	8,105	8,362	257	7,878	8,072	194
Office and administrative support occupations	19,481	19,529	48	4,700	4,829	129	14,781	14,700	-81
Natural resources, construction, and maintenance occupations	14,582	15,348	766	13,930	14,635	705	652	713	61
Farming, fishing, and forestry occupations	991	976	-15	786	756	-30	204	220	16
Construction and extraction occupations	8,522	9,145	623	8,306	8,871	565	216	274	58
Installation, maintenance, and repair occupations	5,069	5,226	157	4,838	5,008	170	231	219	-12
Production, transportation, and material moving occupations	17,954	18,041	8	13,827	13,917	90	4,126	4,124	-2
Production occupations	9,462	9,378	-84	6,587	6,540	-47	2,875	2,838	-37
Transportation and material moving occupations	8,491	8,664	173	7,240	7,377	137	1,251	1,286	35

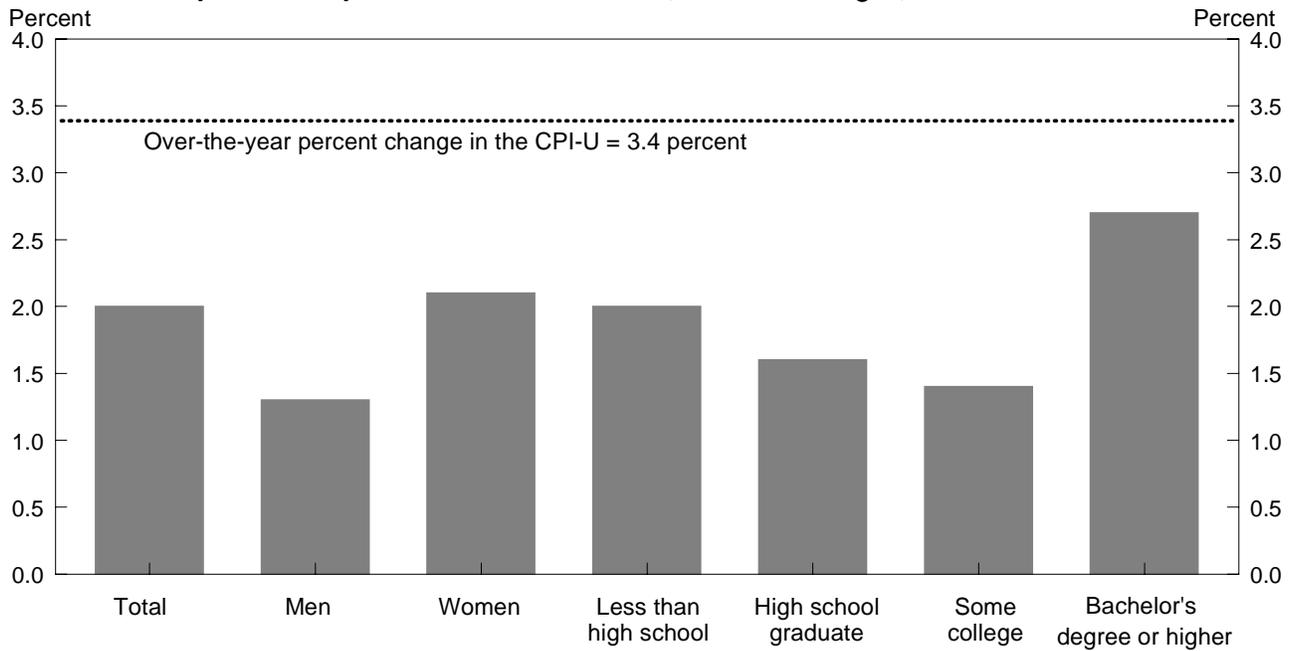
NOTE: Occupations reflect the introduction of the 2002 Census occupational classification system (derived from the 2000 Standard Occupational Classification system) into the Current Population Survey. Data may not sum to totals due to rounding. SOURCE: Bureau of Labor Statistics, Current Population Survey.

Table 7. Median usual weekly earnings of full-time wage and salary workers by selected characteristics, annual averages, 2004–05

Characteristic	2004	2005	Percent change, 2004–2005
Total, 16 years and older	\$638	\$651	2.0
Management, business, and financial operations occupations	965	997	3.3
Professional and related occupations	883	902	2.2
Service occupations	411	413	.5
Sales and related occupations	604	622	3.0
Office and administrative support occupations	535	550	2.8
Farming, fishing, and forestry occupations	356	372	4.5
Construction and extraction occupations	604	604	.0
Installation, maintenance, and repair occupations	704	705	.1
Production occupations	526	538	2.3
Transportation and material moving occupations	520	543	4.4
Men	713	722	1.3
Women	573	585	2.1
White	657	672	2.3
Men	732	743	1.5
Women	584	596	2.1
Black or African American	525	520	-1.0
Men	569	559	-1.8
Women	505	499	-1.2
Asian	708	753	6.4
Men	802	825	2.9
Women	613	665	8.5
Hispanic or Latino ethnicity	456	471	3.3
Men	480	489	1.9
Women	419	429	2.4
Total, 25 years and older	683	696	1.9
Less than a high school diploma	401	409	2.0
High school graduates, no college	574	583	1.6
Some college or associate degree	661	670	1.4
Bachelor's degree or higher	986	1,013	2.7

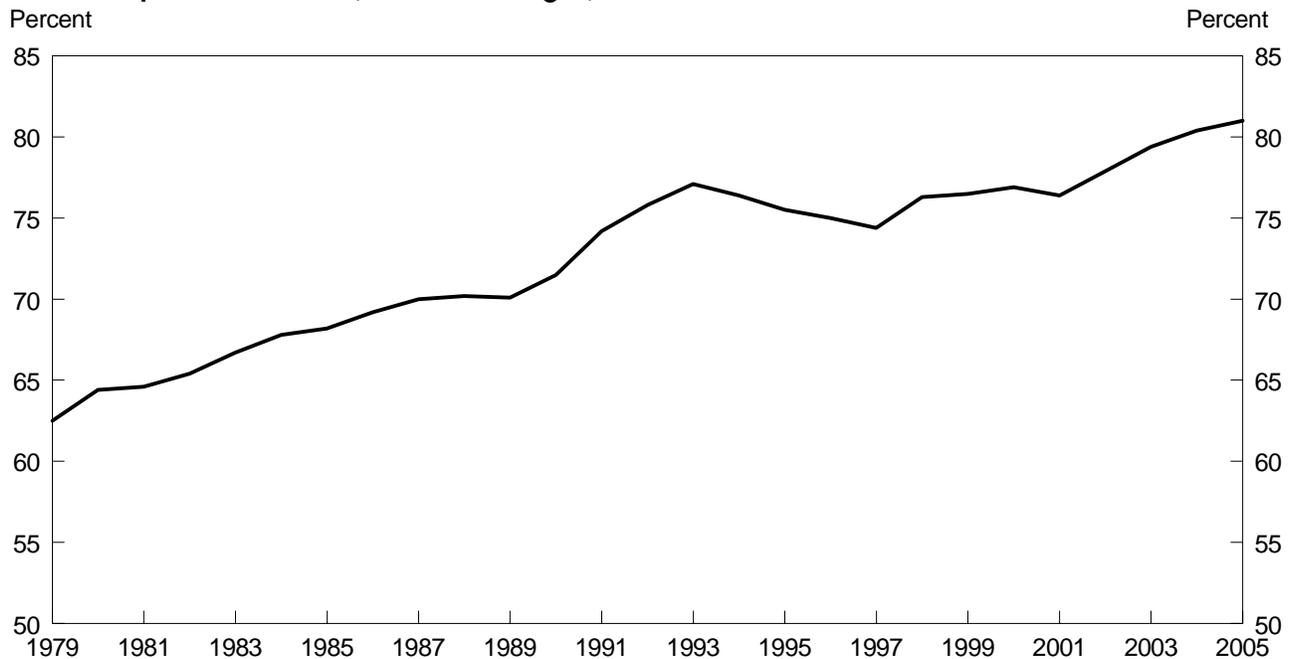
NOTE: Earnings figures by educational attainment pertain to persons aged 25 years and older. SOURCE: Bureau of Labor Statistics, Current Population Survey.

Chart 7. Over-the-year percent change in median usual weekly earnings of full-time wage and salary workers by selected characteristics, annual averages, 2004–2005



NOTE: Data by educational attainment are for those aged 25 years and older.
SOURCE: Bureau of Labor Statistics, Current Population Survey.

Chart 8. Women's median usual weekly earnings of full-time wage and salary workers as a percent of men's, annual averages, 1979–2005



SOURCE: Bureau of Labor Statistics, Current Population Survey.

62.5 percent of men's.⁷ The smaller gender earnings gap reflects stronger growth in weekly earnings among women than among men. (See chart 8.)

After Hurricane Katrina, the Bureau of Labor Statistics and the Census Bureau collected special data on hurricane evacuees.⁸ In order to understand the effect of Hurricane Katrina on CPS labor force estimates, it is important to review how concepts such as employment are defined in the household survey. Persons who did any work for pay or profit and those temporarily absent from jobs to which they expect to return are counted as employed in the CPS, even if they are not paid. These concepts of employment may, in part, explain why the major hurricanes did not have discernible effects on the estimates of major labor force indicators at the national level. In contrast, employment in the BLS payroll survey—the Current Employment Statistics (CES) survey—is estimated by measuring the number of workers who were paid for any part

of the survey reference period. (For more information on the differences between the CPS and the CES survey, see box on this page.)

Among the data on employed persons who were absent from their jobs, the CPS provides information on individuals who reported that they were not at work during the survey reference week due to bad weather. In September 2005, after Hurricane Katrina struck, that figure totaled 210,000, far more than the average for the month of September. While this level was about the same as in September 2004 (after Hurricane Ivan), the number of employed persons who were not at work due to bad weather remained unusually high for several months in the fall of 2005. (There were 130,000 such workers reported in October 2005, for example, and 113,000 in November.) The high figures for October and November may reflect the lingering impact of Hurricane Katrina and the effects of other hurricanes during those months. It is not possible to determine the outcomes in the subsequent months for people

Conceptual differences between employment estimates from establishment and household surveys

The Bureau of Labor Statistics produces two monthly employment series that are independently obtained: the estimate of total nonfarm jobs, derived from the Current Employment Statistics (CES or establishment) survey, and the estimate of total civilian employment, based on the Current Population Survey (CPS or household survey).

The CES survey is an employer-based survey that provides data on the number of payroll jobs in nonfarm industries. The CPS is a survey of about 60,000 households (conducted by the Census Bureau) that furnishes data on the employment status of individuals and includes information on their demographic characteristics. The surveys are largely complementary.

Employment estimates from the CPS include both agricultural and nonagricultural sectors and count persons in any type of work arrangement: wage and salary workers, self-employed persons, private household workers, and unpaid workers who worked 15 hours or more in an enterprise operated by a family member. Estimates from the CES survey refer only to persons on nonfarm wage and salary payrolls and exclude private household workers. As a result, the count of employment from the CPS is larger than that from the CES survey.

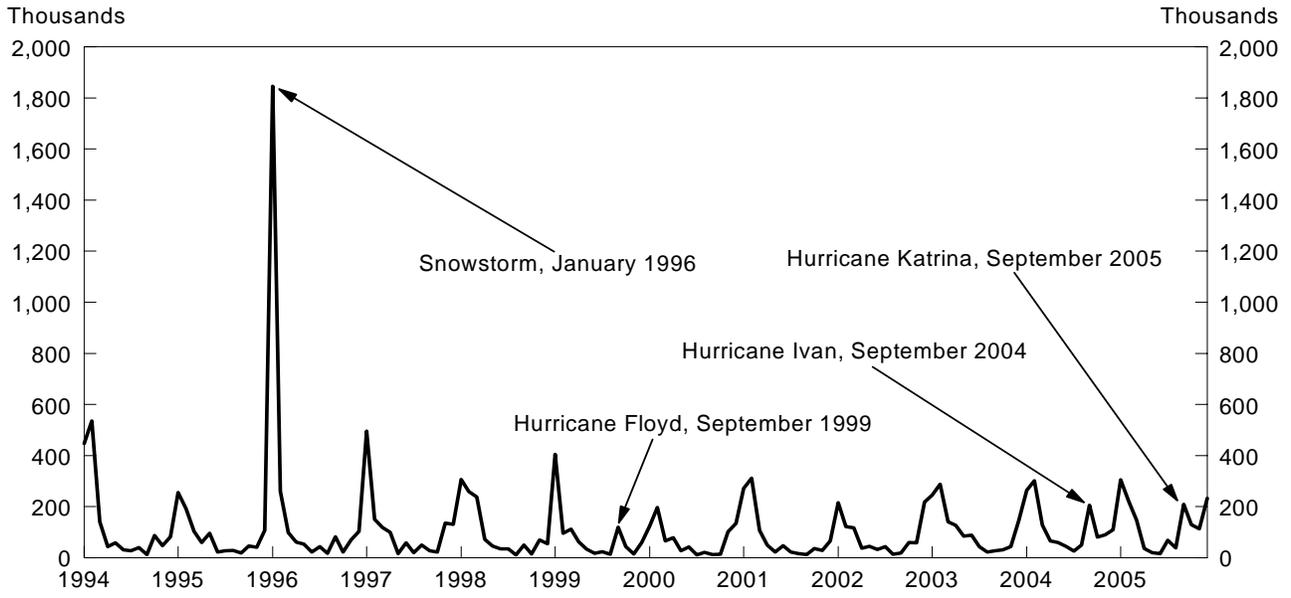
Partially offsetting the higher estimates from the CPS is the fact that that survey is a count of persons, and individuals are counted only once, regardless of the number of jobs they hold. In contrast, the CES survey is an estimate of jobs and counts each job for persons who work in more than one establishment.

The surveys' methodology and coverage exhibit other differences as well. For example, the reference period for the CPS is the week that includes the 12th day of the month, whereas, for the CES survey, it is the pay period that includes the 12th of the month. Pay periods vary in length and can be longer than 1 week. It is therefore possible for the CES survey estimate of employment to reflect a longer reference period than that used for the CPS.

The "universe" for the CPS is the civilian noninstitutional population, which comprises persons 15 years of age and older residing in the United States who are not confined to institutions (for example, correctional, psychiatric, and long-term care facilities) and who are not on active duty in the Armed Forces. (Data are published for those aged 16 and older.) In this regard, the coverage of the CES survey is broader: the survey has no age restriction, wage and salary civilian jobs held by uniformed military personnel are counted, and persons who commute to the United States from Mexico or Canada to work are classified as employed.

Differences in conceptual and survey methodology between the two surveys result in different employment estimates from each survey. As a result, employment data from the two surveys can show contrasting employment trends over time. (For more information on this issue, see Mary Bowler and Teresa L. Morisi, "Understanding the employment measures from the CPS and CES survey," *Monthly Labor Review*, February 2006, pp. 23–38.)

Chart 9. Persons with a job, but not at work due to bad weather, nonagricultural industries, monthly data, not seasonally adjusted, 1994–2005



NOTE: Hurricane Katrina struck the United States in late August 2005, but the effects of the storm were first reflected in the CPS data for September 2005.
 SOURCE: Bureau of Labor Statistics, Current Population Survey.

who were in this category. That is, it is not known whether they returned to their original job, found another one, became unemployed and were looking for jobs, or left the labor force entirely. (See chart 9.)

Following Hurricane Katrina, the Bureau of Labor Statistics and the Census Bureau designed a set of questions aimed at identifying evacuees from the storm. These questions were first asked in the October 2005 CPS. Information collected through them does not represent all evacuees, because persons outside of the scope of the survey (such as those living in hotels or shelters) were not included. The questions determined whether evacuees had returned to their homes by the time of the survey. Data obtained from these questions showed that those who had evacuated and returned to their August residences were more likely to be in the labor force and had lower unemployment rates than evacuees who had not returned. In December 2005, just over half of the evacuees measured by the survey had returned to their August residences. The unemployment rate of evacuees who had returned was 5.6 percent, compared with 20.7 percent for evacuees who had not returned. (See table 8.)

In sum, CPS data show continued improvement in the labor market in 2005, as reflected by a decline in unemployment and substantial employment growth. Also notable were the decline in the long-term unemployed—both in their level and as a percentage of total unemployment—and the continuing decline of involuntary part-time workers. Overall, participation rates were little changed over the year. In addition, weekly

Table 8. Employment status in December 2005 of persons aged 16 years and older who evacuated from their August residence, even temporarily, due to Hurricane Katrina

[Numbers in thousands, not seasonally adjusted]

Employment status in December 2005	Residence in December		
	Total	Same as August	Different than in August
Civilian noninstitutional population	1,105	605	500
Civilian labor force	643	353	290
Participation rate	58.2	58.4	58.0
Employed	563	333	230
Employment-population ratio	51.0	55.1	46.0
Unemployed	80	20	60
Unemployment rate	12.4	5.6	20.7
Not in the labor force	462	252	210

NOTE: Represents persons in the civilian noninstitutional population aged 16 years and older who resided in households that were eligible to be selected for the Current Population Survey (CPS). These data are not representative of the total evacuee population because they do not include children or people residing in shelters, hotels, places of worship, or other units outside the scope of the CPS. The total number of evacuees estimated from the CPS may change from month to month as people move in and out of the scope of the survey and because of sampling variability.

NOTE: These data use population controls that have been adjusted to account for interstate moves by evacuees.

earnings increased in 2005, but at a slower pace than inflation. Finally, special labor force data collected on Hurricane Katrina evacuees revealed a marked difference in the employment status of those who had returned to their prehurricane residence and those who had not. □

Notes

¹ The employment-population ratio is the proportion of the civilian noninstitutional population aged 16 years and older that is employed, and the labor force participation rate is the percent of the population that is in the labor force (the sum of the employed and unemployed). Although the CPS is a monthly survey, seasonally adjusted quarterly averages are analyzed throughout this article and over-the-year changes are based on comparisons of fourth-quarter data, unless otherwise noted.

² The data on total employment in the text are based on a “smoothed” employment series that adjusts for revisions to population controls introduced in January 2004 and January 2006. The estimate for total employment in the fourth quarter of 2005 (142.6 million) and the over-the-year changes will not match the data in Table 1. The technique that was used to smooth the series is discussed in Marisa Di-Natale, “Creating Comparability in CPS Employment Series,” unpublished paper, December 2003; available on the Internet at <http://www.bls.gov/cps/cpscomp.pdf>.

³ Beginning in 2000, older baby boomers started moving into the 55-years-and-older age bracket. This movement pushed overall participation rates for the group upwards, in part because baby boomers have a relatively high propensity to engage in labor market activity. Also, the sheer number of boomers accounts for a growing share of older workers, thereby putting additional upward pressure on participation rates for older workers overall.

⁴ The figures on unemployed persons by reason for unemployment as a percent of total unemployment do not necessarily sum to 100 percent, due to independent seasonal adjustment.

⁵ For additional information on long-term unemployment during the 1990-91 and 2001 recessions, see Randy Ilg, “A glance at long-

term unemployment during recent recessions,” *Issues in Labor Statistics*, January 2006.

⁶ The data analyzed in this section are not seasonally adjusted quarterly averages.

⁷ The CPS first began collecting weekly earnings data each month in 1979.

⁸ In the month following Hurricane Katrina, the CPS was conducted largely according to standard procedures. In September 2005, CPS interviewers attempted to contact sample households in the storm-affected States except for households in two areas (Orleans and Jefferson Parishes) that were under mandatory evacuation orders. Following standard procedures, people who moved out of sample households, including evacuees from the hurricane, were not contacted for further interviews. Also according to standard procedures, people staying in temporary shelters or hotels were not surveyed. Evacuees who relocated to other households that were in the CPS sample were interviewed—if they reported that they could not return to their usual residence. Hurricane Rita made landfall during the September data collection period. As a result, response rates for the CPS were lower than normal in some areas not affected by Katrina, particularly Texas. Throughout the Nation, only about 1 percent fewer households were interviewed in September than in August. In October, the total number of interviews nationally was about the same as in August. In January 2006, Katrina-related questions also were added to the CPS supplement on displaced workers. For more information on how Hurricane Katrina affected the national labor force data, including data collection, visit the Katrina page of the BLS Web site on the Internet at <http://www.bls.gov/katrina/home.htm>.