

# UNDEREMPLOYMENT ESTIMATES FOR VIRGINIA'S REGIONS AND LOCALITIES

## **Introduction**

Each quarter, VEDP produces estimates of underemployment based on a methodology developed in the Research Division, using data from the Bureau of Labor Statistics.

The underemployment estimates are organized in files corresponding to nineteen different regions, but within each file, estimates are provided at the city and county level.

## **Definitions and Terms: Underemployment Estimates**

Underemployed individuals are not officially counted as unemployed by the Bureau of Labor Statistics. From the viewpoint of the VEDP, there are five different types of underemployment:

1.     **Discouraged Workers** – People not counted in the official labor force statistics as unemployed, but who are not employed, yet want and are available for work and have looked for employment in the past 12 months. They are not currently looking for work because they believe there are no jobs available or there are none for which they would qualify.
2.     **Marginally Attached Workers** – People who would be counted as discouraged workers except they are not currently looking for work for non-economic reasons such as lack of child care or transportation problems.
3.     **Part-time Workers for Economic Reasons** – People who are working part time but desire full-time work. They are working part time for economic reasons such

as unfavorable business conditions, inability to find full-time work or seasonal decline in demand.

4. **Multiple Job Holders** – Employed persons with more than one job. These people could potentially be available for hire in one full-time job if they were offered the opportunity.
5. **Underutilized Workers** – Workers who are in jobs that do not sufficiently use their skills or, alternatively, workers in jobs that underpay given the workers' contribution to output.

Measures for categories 1-4 are gathered monthly by the Current Population Survey from the Bureau of Labor Statistics, while category 5 is not measured by the survey. In addition, data availability is constrained geographically to four metropolitan statistical areas (MSAs) in Virginia: the Virginia portion of the Washington, D.C. MSA, the Richmond MSA, the Roanoke MSA and the Virginia portion of the Virginia Beach-Norfolk-Newport News MSA. The underemployment data is also available for the state as a whole, but there is no breakout available for non-MSA regions or for individual cities and counties. It is not known, at this time, if additional metropolitan areas will be estimated based on the new and redefined metropolitan statistical areas announced by the Office of Management and Budget, which became effective in June 2003.<sup>1</sup>

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<sup>1</sup> New metropolitan statistical areas in Virginia include Blacksburg-Christianburg-Radford, Harrisonburg, and Winchester.

## Practical Use of the State and Local Underemployment Estimates

The Excel file for each region contains unemployment and underemployment data for each city and county within the region. Keep in mind that the *labor force*, *unemployed*, *employed*, and *unemployment rate* data are specific to each city and county and are made available each month by the Virginia Employment Commission. The *underemployment rate* and the *underemployment number* relies on a separate survey that does not provide data at the city and county level. In the case where a city or county belongs to an MSA, the MSA underemployment rate is used to calculate a number of underemployed individuals for that locality. If a locality is not part of an MSA, the statewide underemployment rate is used to calculate a number of underemployed for that city or county. As an example, Albemarle County is not part of an MSA for which underemployment statistics are available from the Current Population Survey, therefore, the statewide underemployment rate is used for Albemarle County. For the 4<sup>th</sup> quarter of 2003, the statewide underemployment rate of 9.2% was applied to the labor force of 38,832 for an estimate of 3,570 underemployed individuals in Albemarle County. This number can be added to the number of individuals that are counted as officially unemployed, 873 persons, to get a combined number of 4,443 unemployed or underemployed individuals in Albemarle County. Using the statewide underemployment rate for an individual city or county implies that the extent and nature of underemployment in that locality is not significantly different from underemployment in the state. This assumption may, in fact, overestimate or underestimate the true level of underemployment in the locality, but the methodology used will give a reasonable

approximation as long the labor force is greater than 1,000 in the city, county, or region under consideration.

The following variables are included for each data file:

<b><u>Variable Label:</u></b>	<b><u>Variable Definition:</u></b>
LaborForce	Labor force, or the civilian, non-institutional population age 16 and over that is willing and able to work. The labor force includes employed, unemployed, and underemployed persons.
Employed	Persons 16 years and over in the civilian noninstitutional population who did any work at all (at least 1 hour) as paid employees, worked in their own business, profession, or on their own farm, or worked 15 hours or more as unpaid workers in an enterprise operated by a member of the family.
Unemployed	Persons 16 years and over who had no employment, were available for work, except for temporary illness, and had made specific efforts to find employment sometime during the 4-week period ending with the reference week.
UnRate	Unemployment rate is the number unemployed as a percent of the labor force.
UndRate	Underemployment rate is the number <i>underemployed</i> as a percent of the labor force.
UnderEmp	The number of underemployed individuals, based on the categories of underemployment described above.

The following guidelines will ensure that you use these numbers appropriately:

1. The unemployment and underemployment figures may be added together to give a fuller picture of labor availability.
2. For multiple localities, the underemployment numbers can be summed.

3. Do not add the underemployment figures with the labor force figures, as the employed figures and the underemployment figures overlap.

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