

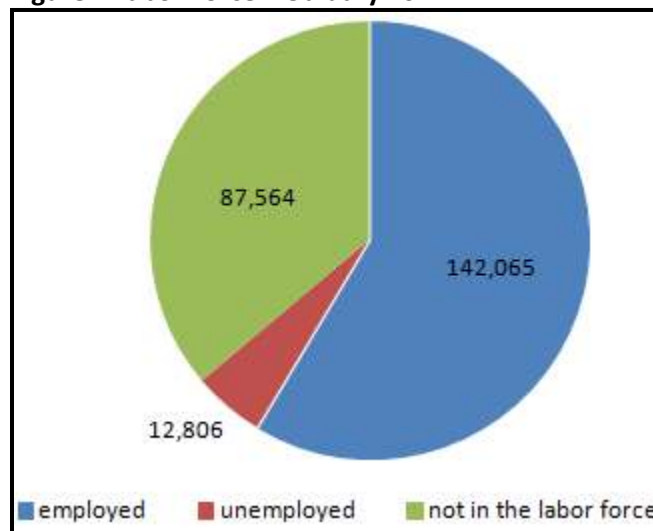


Labor Force Flows:

The unemployment rate and total employment are often reported by the media as important indicators of the state of the economy. A single statistic such as the unemployment rate does not reflect the very large flows of people into and out of the three main labor market categories: unemployed, employed and not in the labor force. The unemployment rate from one month to another could remain unchanged while large numbers of people lost their jobs and an equally large number of people found jobs. This FAQ describes those labor market flows.

Figure 1 displays the number of people employed, unemployed and not in the labor force in the US in February 2012. The sum of these three categories makes up the civilian non-institutionalized population 16 years old and older. This sub-set of the population is the starting point for most labor force statistics and is further described in the FAQ titled "What is the Labor Force?"

Figure 1 Labor Force: February 2012.

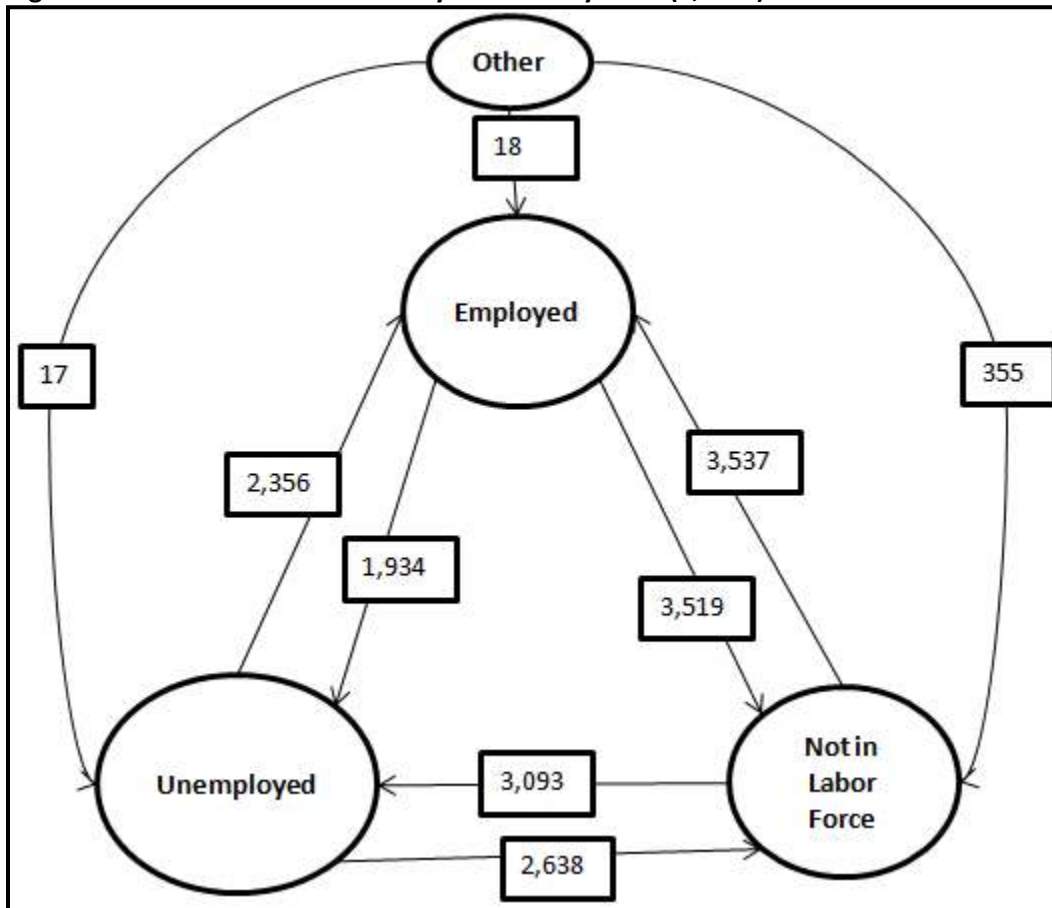


Source: Bureau of Labor Statistics, www.bls.gov/news.release/pdf/empsit.pdf

Figure 1 is a static or snapshot view of the labor force and those not in the labor force at a point in time. A more dynamic view can be obtained by examining the flows into and out of these categories. The Current Population Survey (CPS) is a monthly survey of households conducted by the Bureau of Census for the Bureau of Labor Statistics. The CPS provides monthly data on both the size of the labor force categories and flows into and out of these categories. The CPS labor force flow data for February can be

found at: http://www.bls.gov/cps/cps_flows_recent.pdf . Figure 2 summarizes these flows from January to February 2012.

Figure 2: Labor Force Flows: January to February 2012 (1,000s)



Source: Figure created with data from the Bureau of Labor Statistics
www.bls.gov/cps/cps_flows_recent.pdf

Figure 2 illustrates just how fluid the labor market is. From January to February 2012, the unemployment rate remained unchanged at 8.3 percent. However, 2,356 thousand people who were unemployed became employed and 1,934 thousand people who had jobs in January did not have those jobs in February. In addition, 3,537 thousand people flowed from not in the labor force to employed, while 3,519 thousand flowed out of employment and into not in the labor force.

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