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A GUIDE TO LABOR MARKET TERMINOLOGY



ARIZONA DEPARTMENT OF ECONOMIC SECURITY

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PREFACE

With the advent of more numerous manpower programs and more rapidly changing conditions in the economy, many Labor Market terms appear which are not entirely familiar or completely defined. Laymen and practitioners alike often unintentionally misinterpret the meaning of words or terms used in discussing the labor market.

This glossary was assembled for the convenience of the users of our material as an easy medium for providing the "basics" of labor market terminology. Hopefully, the use of this guide will establish better links of communication. It will be updated and expanded periodically to meet your requirements.

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TABLE OF CONTENTS

	<u>Page</u>
AREA CLASSIFICATION	1
AVERAGE HOURLY EARNINGS	1
BENCHMARK STATISTICS.	1
CENSUS COUNTY DIVISIONS (CCD's)	1
CENSUS TRACTS	2
CIVILIAN LABOR FORCE (CLF).	2
COMPREHENSIVE EMPLOYMENT AND TRAINING ACT OF 1973 (CETA).	2
CONSUMER PRICE INDEX (CPI).	2
CURRENT EMPLOYMENT STATISTICS (CES)	2
CURRENT POPULATION SURVEY	2
DICTIONARY OF OCCUPATIONAL TITLES (DOT) (1965).	3
DISADVANTAGED INDIVIDUAL.	3
DISCOURAGED WORKERS	3
DISPOSABLE PERSONAL INCOME.	3
DURABLE GOODS	3
ECONOMIC INDICATORS	3
ECONOMICALLY DISADVANTAGED AREA (EDA)	3
EMPLOYMENT.	3
ENTRY-LEVEL JOBS.	3
ENUMERATION DISTRICTS (ED's).	4
EXPANSION DEMAND.	4
EX-OFFENDER	4
FISCAL YEAR (FY).	4
GROSS NATIONAL PRODUCT (GNP).	4
INDUSTRY.	4
INTERQUARTILE RANGE	4
JOB BANK.	4
LABOR DEMAND.	4
LABOR DISPUTE	4
LABOR FORCE TOTAL	4
LABOR FORCE PARTICIPATION RATE.	5
LABOR MARKET AREA	5
LABOR MARKET INFORMATION.	5
LABOR SUPPLY.	5
LABOR TURNOVER.	5
LAY-OFF	5

	<u>Page</u>
MAJOR LABOR MARKET AREA	5
MEAN.	5
MEDIAN.	5
MINORITY.	6
MODE.	6
NEAR POOR	6
NONDURABLE GOODS.	6
OCCUPATION.	6
OCCUPATION-INDUSTRY MATRIX.	6
OCCUPATIONAL CLUSTER.	6
OCCUPATIONAL DEMAND	6
PER CAPITA INCOME	6
PERSONAL INCOME	6
POOR PERSON	6
PREVAILING WAGE	6
RATIO	7
REDUCTION IN FORCE (RIF).	7
REPLACEMENT DEMAND.	7
RESUME.	7
SAMPLE.	7
SEASONAL ADJUSTMENTS.	8
SERVICE OCCUPATIONS, SERVICE INDUSTRIES, AND SERVICE-PRODUCING INDUSTRIES.	8
SHORTAGE OCCUPATIONS.	8
STANDARD INDUSTRIAL CLASSIFICATION MANUAL (SIC)	8
STANDARD METROPOLITAN STATISTICAL AREA (SMSA)	9
SUBEMPLOYMENT INDEX	10
SUPPLY AND DEMAND	10
UNDEREMPLOYED	10
UNEMPLOYED.	10
UNEMPLOYMENT INSURANCE.	10
UNEMPLOYMENT RATES.	11
UNIVERSE OF NEED (UN)	12
VOCATIONAL COUNSELING	12
WAGE FINDINGS OTHER THAN PREVAILING RATES	12
WEEKLY COVERED WAGE	12
WORK FORCE.	12
WHOLESALE PRICE INDEX (WPI)	13

AREA CLASSIFICATION. The Department of Labor classifies 150 major employment centers each month according to the adequacy of their labor supply. The classifications are based on reports by State Employment Security Agencies. The unemployment rate is a key factor in the classification, but other factors are also utilized. The table below shows the letter classifications used.

<u>Labor Supply Category</u>	<u>Description</u>	<u>Unemployment Rate</u>
Group A	Overall labor shortage	Less than 1.5%
B	Low unemployment	1.5% to 2.9%
C	Moderate unemployment	3.0% to 5.9%
D	Substantial unemployment	6.0% to 8.9%
E	Substantial unemployment	9.0% to 11.9%
F	Substantial unemployment	12.0% or more

The Department of Labor also classifies several hundred other areas when they meet the substantial unemployment criteria, but these smaller areas are not given specific letter codes.

Areas of Persistent Unemployment

A labor area, or a city of 250,000 or more population, or a county, may be classified as an area of "persistent unemployment" when unemployment during the most recent calendar year has averaged 6 percent or more of the labor force, and the rate of unemployment has: (1) Averaged 6 percent or more and has been at least 50 percent above the national average for 3 of the preceding 4 calendar years, or (2) averaged 6 percent or more and has been at least 75 percent above the national average for 2 of the preceding 3 calendar years, or (3) averaged 6 percent or more and has been at least 100 percent above the national average for 1 of the preceding 2 calendar years.

Annual average unemployment rates used in the classification of areas of persistent unemployment are listed below:

	1974	1973	1972	1971	1970
National average	5.6	4.9	5.6	5.9	4.9
50% above	8.4	7.4	8.4	8.9	7.4
75%	9.8	8.6	9.8	10.3	-
100%	11.2	9.8	11.2	-	-

AVERAGE HOURLY EARNINGS. The average hourly earnings of production or nonsupervisory workers in any industry. Published each month for selected industries by DES in the Current Employment Statistics Program.

BENCHMARK STATISTICS are comprehensive data compiled at relatively infrequent intervals and used as a basis for developing and adjusting interim estimates made from sample information. Our monthly employment estimates are developed from reports submitted by a sample of employers, and the series are revised to benchmark statistics once every year.

CENSUS COUNTY DIVISIONS (CCD's). These are statistical subdivisions of counties in 21 States where minor civil divisions were not suitable for presenting census data. In these States the MCD'S are either too small, have lost nearly all meaning locally,

or have frequent boundary changes. Over 7,000 CCD's have been established as relatively permanent statistical areas by the Bureau of the Census in cooperation with State and local groups. The States containing CCD's are: Alabama, Arizona, California, Colorado, Delaware, Florida, Georgia, Hawaii, Idaho, Kentucky, Montana, New Mexico, North Dakota, Oklahoma, Oregon, South Carolina, Tennessee, Texas, Utah, Washington and Wyoming.

CENSUS TRACTS. Census designated units are small parts of large cities and adjacent areas and provide statistically comparable population and housing census tabulations. Tracts are designed to be relatively similar in population characteristics, economic status and living conditions. The average tract has about 4,000 inhabitants. Census tract boundaries are recommended by local census tract committees and approved by the Census Bureau.

CIVILIAN LABOR FORCE (CLF). All persons 16 years of age and over residing within a specific geographic area, excluding members of armed forces, who are classified as employed, unemployed and seeking employment, or involved in a labor dispute.

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT OF 1973 (CETA). It is the purpose of this Act to provide job training and employment opportunities for economically disadvantaged, unemployed and underemployed persons and to assure that training and other services lead to maximum employment opportunities and enhance self-sufficiency by establishing a flexible and decentralized system of Federal, State and local programs. This Act provides for grants to selected prime sponsors and integration of the categorical programs.

CONSUMER PRICE INDEX (CPI). This index is also known as the cost-of-living index. It measures the average change in prices of goods and services usually bought by urban wage earners and clerical workers. It is based on prices of about 400 items which were selected to represent the movement of prices of all goods and services. Prices for these items are obtained in urban sections of 39 major SMSA's and 17 smaller cities, which were chosen to represent all urban places in the United States. They are collected from about 18,000 establishments--grocery and department stores, hospitals, filling stations, and other types of stores and service establishments.

The index measures price changes from a designated reference data--1967, which equals 100.0. An increase of 22 percent, for example, is shown as 122.0. This change can also be expressed in dollars as follows: The price of a base period "market basket" of goods and services bought by urban wage earners and clerical workers has risen from \$10 in 1967 to \$12.20.

CURRENT EMPLOYMENT STATISTICS (CES). Monthly current estimates of nonagricultural wage and salaried employment, hours and earnings by industry based on voluntary sample of employing establishments who report employment, earnings and hours each month.

CURRENT POPULATION SURVEY. A nationwide sample of households (60,000) are surveyed monthly. This survey of the civilian noninstitutional population provides the monthly statistics which are analyzed and published by the Bureau of Labor Statistics. Labor Force information of this survey is published in Employment and Earnings, Monthly Report on the Labor Force and Monthly Labor Review.

DICTIONARY OF OCCUPATIONAL TITLES (DOT) (1965), first published in 1939, makes available descriptive information concerning most jobs in the U.S. economy. It presents a systemized numerical classification structure by means of which occupations are arranged according to job content, tasks or activities performed, and inter-relationships with other occupations. The standardization of job titles and the accompanying definitions of job duties provide a unique tool for the many users of occupational information. The next revision of the Dictionary is scheduled for completion in 1976.

DISADVANTAGED INDIVIDUAL. Federal criteria used in identifying a disadvantaged individual is (1) a member of a poor family, (2) unemployed, underemployed or hindered from seeking work and (3) meets one or more of the following requirements: school dropout, minority member, under 22 years of age, over 44 years of age, handicapped or an ex-offender.

DISCOURAGED WORKERS: Persons, mostly women, teenagers and minorities, not included in the unemployment count and are not actively seeking work because they believe none is available, or lack the skills necessary to compete in the labor market.

DISPOSABLE PERSONAL INCOME. Income that remains after taxes and other nontax payments to the government are deducted. Also see PER CAPITA INCOME and PERSONAL INCOME.

DURABLE GOODS, also known as "hard goods", refer to manufactured or processed items generally considered to have a normal life expectancy of three years or more. The durable goods manufacturing industries are ordnance, lumber and wood, furniture, stone-clay-glass, primary and fabricated metals, electrical and nonelectrical machinery, transportation equipment, instruments, and miscellaneous manufacturing. The corresponding standard industrial classification codes (SIC's) are 19, 24, 25, 32, 33, 34, 35, 36, 37, 38, and 39. Also see NONDURABLE GOODS.

ECONOMIC INDICATORS. Measurements of various economic and business movements and activities of a community such as: employment, unemployment, hours worked, income, savings, volume of building permits, volume of sales, etc., whose fluctuations affect and may be used to determine overall economic trends.

ECONOMICALLY DISADVANTAGED AREA (EDA). This usually is a group of contiguous census tracts within an urbanized area, having a population of not less than 20,000, with 20% of the families having an annual income of less than \$4,000 according to the most recent Federal Census. It can also be a comparable area which, because of technical factors, cannot be isolated by census tracts. These areas usually require specialized manpower services. An example would be the CEP target area in Phoenix.

EMPLOYMENT as used in labor market statistics and analysis is expressed as a number which comprises the sum of those persons (a) who during a given survey week did any work at all as paid employees, in their own business, profession, or farm, or who worked 15 hours or more as unpaid workers in an enterprise operated by a member of the family, and (b) all those who were not working but who had jobs or businesses from which they were temporarily absent because of illness, bad weather, vacation, labor-management disputes, or personal reasons, whether or not they were seeking other jobs. (State employment estimates currently exclude the workers temporarily absent who were not paid during the given survey week.)

ENTRY-LEVEL JOBS. Those positions for which employers will accept and hire workers with little or no previous experience in the occupation and with relatively minimum training or education for the specific job.

ENUMERATION DISTRICTS (ED's): These are small areas defined by the Census Bureau, which have an average population of about 800. ED's are newly defined with each census for use as administrative units for the control of census operations. (In addition, some census tabulations are prepared for ED's). They never cross the boundary of a city, township, or other area (except city blocks) for which census data are tabulated.

EXPANSION DEMAND. The new job openings created by expansion in a given occupation or industry. This is determined by a simple subtraction of the projected employment in the two base years. See LABOR DEMAND and REPLACEMENT DEMAND.

EX-OFFENDER. An ex-offender is a person who has served time and is now released from prison or is a parolee. A special manpower program, EX-OFFENDERS, has been established by DES to provide employability development and other services to prison inmates and ex-offenders in order to facilitate an orderly return to meaningful employment and normal social functioning--and thereby reduce the recidivism rate in the State of Arizona.

FISCAL YEAR (FY). A term utilized by most governmental agencies to denote a year beginning July first and ending June 30th of the next calendar year. Thus, FY '76 is July 1, 1975 to June 30, 1976.

GROSS NATIONAL PRODUCT (GNP). The GNP is generally considered the most comprehensive single measure of economic activity. It is measured by the market value of goods and services produced by the nation in a designated time period, usually a calendar or a fiscal year.

INDUSTRY as used in the compilation of economic statistics describes a type of economic activity engaged in by a firm or group of firms. The STANDARD INDUSTRIAL CLASSIFICATION system provides numerical classifications for these activities.

INTERQUARTILE RANGE is the area that comprises the middle 50 percent in a frequency distribution of four intervals each containing one quarter (quartile) of the total population sample. See MEAN, MEDIAN and MODE.

JOB BANK. The Job Bank is a computerized listing of the job openings placed by employers with DES. The listings come both alphabetically and by D.O.T. code. This service is provided at no cost to either employers or applicants. In addition to computer printouts, most DES local offices are equipped with film readers to assist applicants in locating a job for which they are qualified. An ES Specialist will interview the applicant, and if the applicant is qualified phone the employer to arrange for an interview. This is the REFERRAL process and if the applicant is hired, it is a PLACEMENT by the JOB BANK.

LABOR DEMAND as used for labor market analysis and for civilian labor force projections, is an estimate of the number of job opportunities which exist and will occur over a given period of time. It is comprised of the following major components: EXPANSION DEMAND and REPLACEMENT DEMAND.

LABOR DISPUTE. This is often known as a "strike" or "work stoppage." Workers engage in a work stoppage to improve their position in negotiations with management for increased wages, fringe benefits and/or improved working conditions.

LABOR FORCE TOTAL. All persons 16 years of age and over residing within a specific geographic area who are classified as employed, unemployed and seeking employment, or involved in a labor dispute. It consists of both the CIVILIAN LABOR FORCE and the armed forces.

LABOR FORCE PARTICIPATION RATE is the proportion of non-institutional population 16 years and over that is in the labor force.

LABOR MARKET AREA. Consists of a central city or cities and the surrounding territory within commuting distance. It is an economically integrated geographical unit within which workers may readily change jobs without changing their place of residence. The area generally takes the name of its central city. The boundaries depend primarily on economic and geographic factors, and not on political jurisdiction.

LABOR MARKET INFORMATION is the delivery of labor force, employment, unemployment, wage, supply and demand, occupational, industrial and economic and demographic data for the analysis of manpower problems for specifically defined areas.

LABOR SUPPLY. The number of workers who are unemployed and seeking work, or who would seek employment if they believed jobs were available.

LABOR TURNOVER is a term with multiple definitions varying with the context. The measurement is usually expressed as a rate based on total employment in the establishment and is shown in terms of so many per 100 workers on the payroll at a given time.

- a. As applied to the total labor force for an occupation, industry, or area, it refers to the movement into and out of jobs during a given period of time by workers.
- b. The usual measurement of turnover in the context of labor market statistics and as applied to individual establishments is the gross movement of wage and salary workers into and out of employed status. This movement is comprised of two broad types:

ACCESSIONS which are additions of temporary and permanent workers to the payroll, whether they be as new hires or as rehires, and

SEPARATIONS which are terminations of workers by quits, layoffs, and other separations caused by discharges, disability, retirement, labor force withdrawal, and entry into the armed forces.

LAY-OFF. Suspension from pay by the company for reasons such as lack of orders, plant breakdown, shortage of materials, or termination of seasonal or temporary employment, etc.

MAJOR LABOR MARKET AREA. Major labor market areas usually have at least one central city with a population of 50,000 or more. In most instances boundaries of major labor areas coincide with those of Standard Metropolitan Statistical areas (SMSA) as determined by the Federal Bureau of the Budget in combination with a federal interagency committee. Phoenix, which covers Maricopa County, and Tucson, which covers Pima County, are the only major labor market areas in Arizona.

MEAN: represents an average of a set of data calculated by dividing the sum of all data in a set by the number of data items in the set. For example, if four claimants had ages of 23, 25, 26, and 28, then the average or mean age is -
$$\frac{23 + 25 + 26 + 28}{4} = \frac{102}{4} = 25.5$$
. See INTERQUARTILE RANGE, MEDIAN and MODE.

MEDIAN: represents the middle value of a set of data. If the set contains an odd number of data items, the median is equal to the central data item. But, if the set

contains an even number of data items, the median is equal to the average of the two central data items. For example, if five claimants had ages of 24, 25, 27, 28, and 30, then the median age is 27; if four had ages of 24, 25, 27, and 30, then the median age is 26. See INTERQUARTILE, MEAN AND MODE.

MINORITY. A term denoting those persons who are non-white, of Spanish-Heritage or have other characteristics which pose a barrier to employment.

MODE: represents the most frequently occurring value in a set of data. For example, 20 is the mode for the following set of data: 20, 40, 10, 15, 20, and 20. See INTERQUARTILE, MEAN and MEDIAN.

NEAR POOR (or near poverty): A member of a family whose income is less than 125 percent of the poverty level. See POOR PERSON.

NONDURABLE GOODS, also known as "soft goods," refer to manufactured or processed items generally considered to last for a short time--three years or less. The non-durable manufacturing industries include food, tobacco, textiles, apparel, paper, printing, chemicals, petroleum, rubber, and leather. The corresponding standard industrial classification codes (SIC's) are 20, 21, 22, 23, 26, 27, 28, 29, 30, and 31. Also see DURABLE GOODS.

OCCUPATION. The name or title of a job identifying various job duties of a worker. See DOT.

OCCUPATION-INDUSTRY MATRIX. The matrix is a tabulation of employment by industry and occupation, and organized into a grid which can be interpreted horizontally or vertically. A 15 year time-series by industry has been developed for Phoenix SMSA, Tucson SMSA, and the State of Arizona.

OCCUPATIONAL CLUSTER denotes a group of occupations concerned with the activities or tasks required to produce similar kinds of products or to render similar services; for example: construction trades, clerical jobs, and machine operations jobs.

OCCUPATIONAL DEMAND. Demand for workers when listed by occupation rather than industry. See LABOR DEMAND.

PER CAPITA INCOME. A measure of income by unit of population (per person).

$$\frac{\text{Personal Income}}{\text{Population of Area}} = \text{Per Capita Income.}$$
 Also see DISPOSABLE PERSONAL INCOME and PERSONAL INCOME.

PERSONAL INCOME. Income received from all sources minus contributions to social insurance, retirement plans and social security. Also see DISPOSABLE PERSONAL INCOME and PER CAPITA INCOME.

POOR PERSON: A poor person is defined as a member of a family who receives welfare payments or whose adjusted gross cash income is below the poverty level as determined by size of family and area of residence. These Federal guidelines are periodically revised by the Department of Labor. See NEAR POOR.

PREVAILING WAGE. As defined by the Employment Security Manual Section 6612, "prevailing wage" may be defined by the following methods of determination:

- a. 40 percent rule. A single rate or schedule which accounts for the wages paid to 40 percent or more of workers is the prevailing rate. If there are

two such rates or schedules, the one accounting for the greater number of workers becomes the prevailing rate. If two rates or schedules are being paid to the same number of workers and each rate accounts for at least 40 percent of the workers, then both rates or schedules are prevailing.

- b. 51 percent rule. If no single rate or schedule accounts for 40 percent or more of the workers and the rates are all in the same unit of payment (e.g., per hour, per lb.), array the rates in descending order and then count the cumulative number of workers, starting with the lowest rate in the array, until 51 percent of the workers covered in the survey are included. The rate reached at this point is the prevailing wage rate.
- c. More than one unit of payment. If no single rate is being paid to at least 40 percent of the workers and there is more than one unit of payment, determine the unit which is applicable to the largest number of workers. Using this unit of payment, determine the prevailing rate in accordance with (a) or (b) above. If there are different units of payments, each one accounting for an equal number of workers, make a separate prevailing rate finding for each unit.
- d. Special procedures and requirements for base rate-bonus combinations. For wage rates that include bonus rates in the same units as the base rates (e.g., 25 cents per box plus a 5-cent bonus per box), add the bonus to the base rate, in each case, to determine the gross rate. Array the gross rates (including piece rates without bonus for the same unit) and the base rates within each gross rate in descending order. Each base rate-bonus combination and each piece rate without bonus will be considered separate rates for purposes of determining the prevailing rate. For wage rates that include bonus rates in units different from the base unit (e.g., \$1.10 per hour plus 40 cents per box), treat each such rate-bonus arrangement as a different unit of payment. After the above steps are taken, the prevailing wage rate finding should be made as described in paragraphs a, b, or c above, whichever is applicable to the situation. See WAGE FINDINGS OTHER THAN PREVAILING RATES.

RATIO: expresses the size of one number in relation to another number. A ratio is obtained by dividing the number which serves as the basis of comparison into the number which is being compared to it. For example, 140 is twice as large as 70; thus the ratio of 140 to 70 is 2:1. Likewise, 70 is one-half the size of 140; thus the ratio of 70 to 140 is .5:1.

REDUCTION IN FORCE (RIF). This is another term for lay-off, whenever it affects a number of employees, and is often due to a sluggish economy. A reduction in force is usually accomplished by release of employees with the least seniority first.

REPLACEMENT DEMAND. The demand or job openings, created by workers who leave the labor force for any reason, or who change occupations is known as REPLACEMENT DEMAND and is part of TOTAL DEMAND.

RESUME. A short work history and qualifications summary prepared by an applicant for the purpose of selling oneself to an employer.

SAMPLE is a group of items selected from a larger group for the purpose of estimating the properties of the total group. The data obtained from a representative sample are usually sufficiently accurate in their reflection of the total group to identify trends, and for other analytical purposes. For example, reports from a sample of employers stratified by industry permit the computation of monthly estimates of employment trends. These are preliminary and interim estimates and are revised annually to benchmark data. See BENCHMARK STATISTICS.

SEASONAL ADJUSTMENTS are statistical modifications made to compensate for predictable fluctuations which recur more or less regularly every year in a time series such as unemployment rates. These fluctuations can be so strong as to distort the underlying changes in trends. For this reason unemployment rates are reported on a seasonally adjusted basis, compensating for such influences as the summer closing of the schools, temporary hiring for the holiday season, seasonal style changes, and the like. Such adjustments facilitate the evaluation of the more important underlying reasons for month-to-month changes in joblessness.

SERVICE OCCUPATIONS, SERVICE INDUSTRIES, AND SERVICE-PRODUCING INDUSTRIES are three terms often used interchangeably and therefore incorrectly. Each has a separate and distinct meaning.

- a. SERVICE OCCUPATIONS refer to the category of jobs performed in and around private households; serving individuals in institutions and in commercial and other establishments; and protecting the public against crime, fire, accidents, and acts of war. All industries employ workers in service classifications. The numerically important groups include culinary and related food workers, cosmetologists, attendants in hospitals, barber, janitors, porters, chambermaids, and charwomen.
- b. SERVICE INDUSTRIES refer to establishments in that division of the industrial structure which render a wide variety of services to individuals and business establishments. These industries, which employ workers in a wide variety of white collar, blue collar, and service occupations, represent just one segment of the much larger group of service-producing industries.
- c. In order to assist in the evaluation of underlying economic trends, it is an accepted practice to consider that the economy consists of two major parts: the goods-producing sector (manufacturing, mining, and construction), and the SERVICE-PRODUCING INDUSTRIAL SECTOR. The latter includes transportation-communications-utilities, trade, finance-insurance-real estate, the SERVICE INDUSTRIES, and government. Accordingly, it is a multi-industry group, which is characterized by highly complex occupational staffing patterns. In terms of white collar, blue collar, and service occupational or job classifications, the latter is the smallest group employed.

SHORTAGE OCCUPATIONS are those for which recruitment needs cannot be met within a reasonable time period because of the lack of qualified workers. The persistence of a large number of openings is not always in itself a sign of worker shortages. Occupations which traditionally show extremely high turnover, are low paying and dead-end jobs which most job seekers avoid if given a chance, create recruitment problems that are unrelated to the availability of labor supply. The term "shortage" relates as much to the quality as to the quantity of the demand, which needs to be evaluated in terms of hiring practices, entry requirements, prevailing standards, earnings potential, seasonality, and the like.

STANDARD INDUSTRIAL CLASSIFICATION MANUAL (SIC). The SIC covers the entire field of economic activity. It makes it possible to classify establishments according to type of activity and may be classified according to 2, 3 or 4 digit basis, according to the detail of information required. The SIC promotes uniformity and comparability in presentation of statistical data and also facilitates collection, tabulation, presentation and analysis of data. A new revised Manual will be in use during the next fiscal year.

STANDARD METROPOLITAN STATISTICAL AREA (SMSA). This is a title applied to the larger concentrated labor markets of the United States, and by the U.S. Bureau of the Budget in 1949. The primary objective was to have all reporting federal agencies utilize the same boundaries for a given geographic area in publishing statistical data concerning such areas which are useful for analyzing metropolitan problems. The criteria used for defining SMSA's are essentially those also used in defining major labor market areas. As of April 27, 1973, there were 267 SMSA's in the United States. There are two SMSA's in Arizona.

The criteria are as follows:

Population Criteria

1. Each Standard Metropolitan Statistical Area must include at least :
 - (a) One city with 50,000 or more inhabitants, or
 - (b) Two cities having contiguous boundaries and constituting, for general economic and social purposes, a single community with a combined population of at least 50,000, the smaller of which must have a population of at least 15,000.
2. If two or more adjacent counties each have a city of 50,000 inhabitants or more (or twin cities under 1.(b), and the cities are within 20 miles of each other city limits to city limits), they will be included in the same area unless there is definite evidence that the two cities are not economically or socially integrated.

Criteria of Metropolitan Character

The criteria of metropolitan character relate primarily to the attributes of the county as a place of work or a concentration of nonagricultural workers. Specifically, these criteria are:

3. At least 75 percent of the labor force in the county must be in the non-agricultural labor force.
4. In addition to criterion 3, the county must meet at least one of the following conditions:
 - (a) It must have 50 percent or more of its population living in contiguous minor civil divisions with a density of at least 150 persons per square mile, in an unbroken chain of minor civil divisions with such density radiating from a central city in the area.
 - (b) The number of nonagricultural workers employed in the county must equal at least 10 percent of the number of nonagricultural workers employed in the county containing the largest city in the area, or be the place of employment of 10,000 nonagricultural workers.
 - (c) The nonagricultural labor force living in the county must equal at least 10 percent of the number of nonagricultural labor force living in the county containing the largest city in the area, or be the place of residence of a nonagricultural labor force of 10,000.

5. In New England, the city and town are administratively more important than the county, and data are compiled locally for such minor civil divisions. Here, towns and cities are the units used in defining standard metropolitan statistical areas. In New England, because smaller units are used, and more restricted areas result, a population density criterion of at least 100 persons per square mile is used as the measure of metropolitan character.

Criteria of Integration

The criteria of integration relate primarily to the extent of economic and social communication between the outlying counties and central county.

6. A county is regarded as integrated with the county or counties containing the central cities of the area if either of the following criteria is met:
 - (a) If 15 percent of the workers living in the county work in the county or counties containing central cities of the area, or
 - (b) If 25 percent of those working in the county live in the county or counties containing central cities of the area.

SUBEMPLOYMENT INDEX. A measure developed by the Bureau of the Census because the conventional unemployment rate did not adequately describe the employment situation of disadvantaged persons. Subemployment rates are derived from the Census Employment Survey: Employment Profiles of Selected Low-Income Areas. The subemployment indexes include persons who are: unemployed; working part time, but seeking full-time work; discouraged workers (those who have dropped out because they sought but could not find work); and full-time workers paid less than the official poverty level.

SUPPLY AND DEMAND. One of the various tools used to indicate an adequate supply or oversupply of workers, or a demand for workers in a specific occupation or in a general area.

UNDEREMPLOYED. A term used to refer to persons who are working below their earning capacity or level of competence. This includes persons employed part-time for economic reasons. The terms underemployed and underutilized are used interchangeably.

UNEMPLOYED. Defined in the 1970 Census as persons in the labor force 16 years old and over who did not work during the survey week, but who made specific efforts to find a job within the last 4 weeks and who are available for work during the survey week. Also included were those who were not working and were waiting to report to a new wage or salary job within 30 days.

UNEMPLOYMENT INSURANCE. Unemployment insurance is a program for the accumulation of funds paid by employers, to be used for the payment of unemployment insurance to workers during periods of unemployment which is beyond their control. Unemployment insurance replaces a part of the worker's wage loss if he becomes eligible for payments.

UNEMPLOYMENT RATES. Unemployment, its level and composition, is widely regarded as a key index of economic well-being. Because of this, there is a basic need for the objective measurement of the number and characteristics of the unemployed. The three most common measures of unemployment are the total unemployment rate, the covered unemployment rate, and the insured unemployment ratio. Each of these rates was developed to measure a specific segment of the unemployed labor force. Each rate is estimated from a unique formula which incorporates different concepts and relationships among the unemployed, the employed, and the civilian labor force. Each rate utilizes different components in its estimating process which is evident in both the numerators and denominators. Finally, each rate provides a reasonably accurate measure of unemployment which is easily applied and readily understood. The unemployment rates published for the nation, states and major areas, represent total unemployment.

The TOTAL UNEMPLOYMENT RATE is a familiar economic indicator. It is an expression of all unemployed persons as a percent of the civilian labor force:

$$\text{Total Unemployment Rate} = \frac{\text{Total Unemployment}}{\text{Total Labor Force (Unemployment + Employment)}}$$

The COVERED UNEMPLOYMENT RATE is used primarily in forecasting benefit costs. It is the proportion of those persons within the labor force which are covered by the state's unemployment insurance laws and are unemployed on an average day of the year:

$$\text{Covered Unemployment Rate} = \frac{\text{Covered Unemployment}}{\text{Covered Labor Force (Unemployment + Employment)}}$$

As used for actuarial purposes, a person attached to the covered labor force enters covered unemployment status when he becomes unemployed and is free of nonmonetary disqualification. The covered labor force consists of the average number of people working in covered employment within the state, plus the average number of covered unemployed. The formula for estimating the covered unemployment rate was developed by the U.S. Department of Labor. It provides an index of unemployment which is relatively free from the influence of changes in the law dealing with eligibility, waiting period and potential duration of benefits.

The INSURED UNEMPLOYMENT RATE is the ratio of insured unemployed expressed as a percent of average covered employment:

$$\text{Insured Unemployment Rate} = \frac{\text{Insured Unemployment}}{\text{Covered Employment}}$$

Included in the number of insured unemployed are persons receiving full benefits, persons receiving partial benefits, and persons in waiting period status. Unlike the total and covered unemployment rates, the insured ratio uses employment (rather than labor force) as its base. The insured unemployment ratio is an indicator of claimed workload used primarily by Department personnel.

The following table summarizes the components of unemployment which are measured by their respective rates.

COMPONENTS OF UNEMPLOYMENT

<u>Component</u>	<u>Insured</u>	<u>Covered</u>	<u>Total</u>
Full Benefit Claimants	X	X	X
Waiting Week Claimants	X	X	X
Partial Benefit Claimants	X	X	
Monetarily Ineligibles		X	X
Exhaustees		X	X
Nonmonetary Disqualifieds			X
Delayed and Never Filers			X
Noncovered Workers			X
Entrants and Reentrants			X
UCFE (Federal Civil Service Claimants)			X
Railroad			X

UNIVERSE OF NEED (UN) The UN represents the total number of different individuals, both UNEMPLOYED and UNDEREMPLOYED, who may need employment related assistance at some time during the year. It includes estimates of the DISADVANTAGED; other POOR PEOPLE who do not meet the criteria as disadvantaged; individuals in near poverty; and nonpoor workers who are UNEMPLOYED or underutilized during the course of the year.

VOCATIONAL COUNSELING. If an applicant is not job ready, or needs help in deciding on training, a counselor may help with testing, discussions and suggestions. Counseling is intended to discover hidden talents and/or career desires.

WAGE FINDINGS OTHER THAN PREVAILING RATES. Statistics frequently used as measures of central tendency for wage findings are the mean, median, and mode. Measures of dispersion in frequent use are the interquartile range, estimated interquartile range (based on normal curve assumptions), and standard deviations. All the above statistics are defined in the universally agreed manner, and their definitions and formulae may be found in any elementary statistics book. All DES wage publications will state which statistic(s) are presented and provide definitions for them. See PREVAILING WAGE.

WEEKLY COVERED WAGE. The average weekly earnings of all employees covered under the State Unemployment Insurance program.

WORK FORCE. Beginning in January 1974, the procedure for estimating total employment has been revised substantially. In the past, employment data was derived largely from employer reports on a jobs basis by place of work. This differed conceptually from data in the decennial U.S. Census, which is based on where workers live rather than where they work. The new procedure accepts the census concept by converting jobs data to estimates of persons by place of residence. This change adjusts for substantial incommuting or outcommuting in a labor area, and adjusts for multiple job-holding (moonlighting). Thus, while employment data published previously were on a work force definition (number of jobs by place of work), they will now be on a labor force basis of one person, one job, by place of residence.

(continued)

A major effect of this change will be to reduce total employment previously attributed to a central city where workers commute in, and to increase total employment in outlying counties where workers commute from the area to jobs in central cities. Procedures for estimating nonagricultural wage and salary employment by industry remain the same as in the past--number of jobs by place of work.

WHOLESALE PRICE INDEX (WPI). The WPI measures average changes in prices of commodities sold in primary markets in the United States. "Wholesale", as used here, refers to sales in large quantities by producers, not to prices received by wholesalers, jobbers, or distributors. It represents the movement of prices of all commodities produced in the manufacturing, agriculture, forestry, fishing, mining, gas and electricity, and public utilities sectors. It also includes all commodities produced or imported for sale in commercial transactions in primary markets in the United States.