Maximum Employment Infographic Activity

The Federal Reserve System has a mandate from Congress to maximize employment and maintain price stability. Maximum employment is the state of the economy in which virtually all individuals who are willing and able to work have the opportunity to do so. In this activity, you will explore some methods the Federal Reserve uses to measure the health of the labor market.

Understanding the labor force
For each of the following people described, identify who is in the labor force and who is out of the labor force. Provide a reason to validate each of your responses. Use the "Labor Force" section of the infographic to help you.

1. Jordan's friends are amazed when they find out he has a summer job at a local fast-food restaurant. Most employers do not hire 14-year-olds, but Jordan got lucky.
   Is Jordan **IN** or **OUT** of the labor force? _____ Explain your choice: _____
   _____

2. Chloe sustained a serious knee injury two days ago while teaching her dance classes. She will not be able to go back to work for at least four weeks.
   Is Chloe **IN** or **OUT** of the labor force? _____ Explain your choice: _____
   _____

3. Alice joined the Marines after high school. In her new career, she enjoys training canine units to find explosives.
   Is Alice **IN** or **OUT** of the labor force? _____ Explain your choice: _____
   _____

4. Kory graduated from college last month. He has spent the last few weeks sending résumés to and interviewing with firms seeking a financial analyst.
   Is Kory **IN** or **OUT** of the labor force? _____ Explain your choice: _____
   _____

U3 vs. U6: What is the difference?

5. Using the Maximum Employment infographic, identify two groups of people included in the calculation of the U6 unemployment rate, but excluded from the U3 unemployment calculation.
   Group 1: _____

   Group 2: _____

6. With the aid of an Internet-connected device, navigate to the Labor Market Distributions Spider Chart (https://frbatlanta.org/chcs/labor-market-distributions.aspx?panel=1). Click on the tab labeled "Indicators." Scroll down until you find descriptions of the two groups you identified in number 5. Describe these two groups below.

   Group 1: _____

_____

Group 2: _____

_____

7. How important do you think it is to include these two groups in calculations of the unemployment rate? Explain your answer.

Calculating the unemployment rate

Use the following data from the fictional country of Jobtopia and the Maximum Employment infographic to calculate labor market statistics.

Total Population:	1,000,000	Number of Unemployed (16+ years):	24,255
Total Adult Population (16+ years):	770,000	Number of Marginally Attached:	38,419
Number of People Working for Pay:	505,371	Number of PTER:	47,116
Number of Employed (16+ years):	460,845		

Note: PTER stands for part-time for economic reasons.

8. How many people are there in the Jobtopian labor force? _____
9. What is the U3 unemployment rate for Jobtopia? _____
10. What is the U6 unemployment rate for Jobtopia? _____

Types of unemployment

For each of the following people described, determine whether the person counts as unemployed in the U3 unemployment rate and, if so, identify which type of unemployment the person is experiencing. Provide a reason to validate each of your responses. Use the "Types of Unemployment" section of the Maximum Employment infographic to help you.

11. Noreen quit her job as a construction worker two weeks ago to devote herself full-time to searching for a public relations job, a field in which she holds a bachelor's degree.
    a. Is Noreen unemployed? Yes or No _____
    b. What information helped you determine whether she is employed or unemployed?

    _____
    c. If she is unemployed, what type of unemployment is she experiencing? _____
    d. What information helped you determine the type of unemployment? _____

    _____

12. Kevin lost his job as a cashier four months ago when his grocery store implemented a mobile app payment system for purchases. After two months of an unsuccessful job search, Kevin stopped looking and applied for a cybersecurity program at a local technical college. He starts next week and does not plan to work while attending his program.
    a. Is Kevin unemployed? Yes or No _____
    b. What information helped you determine whether he is employed or unemployed?

_____

    c.   If he is unemployed, what type of unemployment is he experiencing? _____

    d.   What information helped you determine the type of unemployment? _____

_____

13. A downturn in economic activity has many people worried about the future. In times like these, many people cut back on their spending. Due to this change in consumer behavior, automobile producers are selling fewer cars. Donna, a welder on the production line at a local car factory, lost her job three weeks ago and has been looking for a new position with other manufacturers in the state.

    a.   Is Donna unemployed? Yes or No _____

    b.   What information helped you determine whether she is employed or unemployed?

_____

    c.   If she is unemployed, what type of unemployment is she experiencing? _____

    d.   What information helped you determine the type of unemployment? _____

_____

Job market health

The Federal Reserve measures the health of the labor market using many different statistics. For each of the following categories, identify and explain one of the statistics used by the Fed to measure the labor market. With the aid of an Internet-connected device, navigate to the Labor Market Distributions Spider Chart (https://frbatlanta.org/chcs/labor-market-distributions.aspx?panel=1). Click on the tab labeled "Indicators" and scroll down until you find descriptions of the indicators you selected for each category. For each indicator you chose, evaluate how important you think this indicator is to understanding the health of the labor market.

14. Category: Employer Behavior

    a.   Indicator: _____

    b.   Explanation of indicator: _____

          _____

    c.   Evaluation of indicator: _____

          _____

15. Category: Confidence/Perceptions

    a.   Indicator: _____

    b.   Explanation of indicator: _____

          _____

    c.   Evaluation of indicator: _____

          _____

16. Category: Utilization

    a.   Indicator: _____

    b.   Explanation of indicator: _____

          _____

    c. Evaluation of indicator: _____

    _____

17. Category: Labor Market Flows or Wages/Compensation

    d. Indicator: _____

    e. Explanation of indicator: _____

    _____

    f. Evaluation of indicator: _____

    _____