The Federal Reserve is the central bank of the United States, with responsibility for overseeing the nation’s monetary system.

### Labor Force = Employed + Unemployed

The state of the economy whereby virtually all who are willing and able to work have the opportunity to do so. The Federal Reserve pursues the goal of maximum employment as part of its mandate from Congress.

#### In the Labor Force
- 16+ years old
- Currently working (Employed)
- Not working for one week but actively sought work at least one time in the last four weeks (Unemployed)

#### Out of the Labor Force
- 15 years or younger
- Active military
- Institutionalized
- Not working and not seeking work

### What Does the Fed Use to Measure Labor Market Health?

- Payroll employment
- Private job openings rate
- Private hires rate
- Unemployment rate
- Part-time for economic reasons
- Marginally attached workers
- Hiring plans
- Private quits rate
- Firms unable to fill jobs

### Signs of a Healthy Labor Market
- Job-finding rate
- Average hourly earnings growth
- Unemployment rate
- Part-time for economic reasons
- Marginally attached workers

### What Data Does the Fed Use to Measure Labor Market Health?

**U3 Unemployment Rate**

\[
U3 = \frac{(\text{Unemployed})}{(\text{Employed} + \text{Unemployed})} \times 100
\]

**U6 Unemployment Rate** (includes additional categories)

\[
U6 = \frac{(\text{Unemployed}) + \text{Marginally attached workers}}{(\text{Employed} + \text{Unemployed} + \text{Marginally attached workers})} \times 100
\]

### Types of Unemployment

- **Frictional**: New entrants, job switchers

### Terms

- **Frictional**: Short-term unemployment
- **Cyclical**: Unemployment related to economic downturns
- **Structural**: Unemployment due to mismatches in skill levels or industries

### The Fed’s Mission

- Conduct the nation’s monetary policy by influencing monetary and credit conditions in the economy in pursuit of maximum employment, stable prices, and moderate long-term interest rates.

Learn more about this topic and download a copy of this infographic by visiting frbatlanta.org/education/classroom-tools/infographics.

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