

What Counts?

Understanding Data on Jobs, Income, and Unemployment

Julie N. Zimmerman, Professor, Rural Sociology.



Resources for accessing data in real time
<http://www.ca.uky.edu/snarl>

Counting things is not always as easy as it sounds. When it comes to data on jobs, income, and unemployment, how they are counted makes all the difference. There are several places where you can get these data but different sources use different ways of counting.

This means that...

Numbers can look **different** depending upon which **data** and which **data source** you use

Even though the numbers are different, **they are all accurate**. The numbers are different because what was counted and the way they were counted was different.

Counting Jobs

While many people live and work in the same place or county, many people commute to work. For people living in rural counties, commuting can often mean working in one county but living in another. Because where people work and where people live can be in two different places, there are two ways of counting jobs.

One way to count jobs is to count them based on where the job is located. This is called the number of jobs by **place-of-work**. The second way of counting jobs is to count them based on where the workers live. This is called the number of jobs by **place-of-residence**.

Which one you pick depends on what question you are looking to answer.

Where do **residents** in my county work?
(Use the number of jobs based on place of residence)

How many **jobs** are **located** in my county?
(Use the number of jobs based on place of work)

It is also important to know that some data sources **do not count all jobs**. Which jobs are included depends on the data source so it is important to be sure.

Finding Data on Jobs

There are **two major sources** for data on the number of jobs in your county and each uses a different way of counting jobs.

The first source, and commonly used source, are data from the **Bureau of Economic Analysis** (BEA). One reason why this is a commonly used source is because it **counts the largest number of jobs**.

Kentucky:
By The Numbers



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Data from the Bureau of Economic Analysis includes both the number of jobs by *place-of-work* **and** the number of jobs by *place-of-residence* **and** it includes *government employees, farm labor*, and the number who are *self-employed*.

The combination of *place-of-work* jobs (including those in government and farms) and *self-employed* persons is called the **total full-time and part-time employment by industry**. You can find these data on the Bureau of Economic Analysis website. In the section called “Local Area Personal Income and Employment,” look under “Regional Accounts” (This data source is sometimes called the Regional Economic Information System or REIS.)

<http://www.bea.gov/regional/index.htm>

If you click on the table called “Total Employment by Industry,” look for “Total Employment.”

For links to commonly used websites, go to the Kentucky: By The Numbers website

<http://www.ca.uky.edu/snarl>

Just click on “Links to Additional Data Sites.”

Another source for data on jobs is called **County Business Patterns** from the U.S. Census Bureau. This data source first counts businesses (called “establishments”), then it counts the number of jobs.

Since it starts by counting businesses, these data **only** count jobs by *place-of-work*. In addition, it is important to know that these data **do not count** people who are *self-employed*, jobs by *place-of-residence, government employees, or farm/farm labor employees*.

If it doesn’t matter that some types of jobs are not included, then County Business Patterns would be a useful resource.

You can find data from County Business Patterns at:

<http://www.census.gov/econ/cbp/index.html>

Owner/Operators

If you are looking for data on businesses that do not have any employees (other than the owner), you have to go to a different source.

For data on businesses with no paid employees (such as people who are self-employed), you need to use the **Nonemployer Statistics** at:

<http://www.census.gov/econ/nonemployer/index.html>

Counting Income

When it come to income, we often think of a paycheck, so it might seem that counting income would be straight forward. But, just like counting jobs, it’s not. It all depends on what counts as income.

Do you include only wages or salaries?

What about interest from a savings account?

How about social security?

Do you want to know how much individuals earn?

Or, with many families being dual earner households, would it be better to know how much the whole household earns?

Since different data sources count income differently and they use different sources of information for their data...

The numbers for your county can look very different

This is especially the case for counties where transfer payments are an important source of income.

Finding Data on Income

Just like you can find data on the number of jobs, you can also find data on income at the **Bureau of Economic Analysis (BEA)**. It is called **Personal Income**.

When it comes to what counts as income, the BEA uses the **broadest definition**. In addition to counting salaries or wages, it also counts things that we might not consider as income in our everyday language. An example of this would be transfer payments such as Medicare, Medicaid, and social security

The BEA also bases their income data on legally required documents that already exist such as tax reporting, bank filings, and unemployment insurance data, among others.

You can find these income data at the same place as the BEA data on jobs.

<http://www.bea.gov/regional/index.htm>

This time, when you go to “Local Area Personal Income and Employment,” look for tables that have “Personal Income” in the title.

The American Community Survey

You can find data on jobs and income in the **American Community Survey (ACS)**, but if you use the ACS, it is important to know that the data are different.

The American Community Survey counts people, not jobs.

While other data sources count the number of jobs, the ACS counts people and then asks what kind of business is conducted by a person’s employer (industry) and the kind of work a person does on the job (occupation).

The ACS does have questions about the location of a person’s job and how they get to work. If **commuting to work** is something you are looking for, you can find it here.

For help in using data from the American Community Survey, see

New Kid in Town:

Understanding Data from the American Community Survey.

You can find it on the Kentucky: By the Numbers website at:

<http://www.ca.uky.edu/snarl/>

The **American Community Survey (ACS)** also has data on income, but just like with data on jobs, the income data are different from the data available at the BEA.

In the American Community Survey respondents are asked to provide their own estimate of their income. However, since we generally think of income as being our paycheck, we typically don’t include as much as the Bureau of Economic Analysis (BEA) data.

Since the BEA uses a broader definition of income than we do in our everyday life, the numbers from the BEA are generally higher than those from the ACS.

McCracken County, 2014.

Per capita income from the BEA	ACS 1-year estimate for per capita income
\$42,532	\$25,695 (+/- 2,882)

If you use data from the American Community Survey (ACS), there are a few more things keep in mind.

First, estimates from the ACS can be confusing. For most counties in Kentucky, the estimates cover multiple years (5-year estimates). In addition, because data are gathered over

the full 5 years, they are adjusted to reflect inflation for the final year.

Second, be sure and look at the **margin of error**. Since it tells you the range within which the estimate most likely falls, it will give you some indication as to how reliable the estimate is.

For help in understanding margins of error, see the publication

And Now for the Grain of Salt: Margins of Error and the American Community Survey

<http://www.ca.uky.edu/snarl/>

Measuring Income

When it comes to counting income, another important thing to know is *how the data sources are measuring income*.

Two ways of measuring income are **per capita income** and **median household income**. There are important differences between these and your numbers will look different depending on which one you choose – even if they are from the same data source.

Per Capita Income

Per capita income is a common and easy way of measuring the income level of a place.

To calculate per capita income, you take the total dollars of income in a place and divide by the total number of people living in that place.

While calculating per capita income is easy, there are some important shortcomings:

- While per capita income includes all people in a place, not everyone in a place is actually earning an income – such as children.
- If only a few people have really high incomes but most do not, the per capita income number will be higher than what the majority of people actually have.
- A county’s per capita income can change solely because the number of people in the county changed, not the amount of income.

Median Household Income

The **most reliable** way of measuring income is called the **median household income**.

Median household income measures the amount of income so that 1/2 of all households are higher and 1/2 are lower. It is literally the amount in the middle – just like the median is in the middle of a road.

The median income is the most reliable measure because it is sensitive to the distribution of income in that place. Remember, to be a median, 1/2 of all incomes have to be higher and 1/2 have to be lower.

McCracken County 2014 ACS 1-Year Estimate.	
Per Capita Income	Median Household Income
\$25,695 (+/- 2,882)	\$36,712 (+/- 5,152)

This means that if a lot of households in a place have high incomes, the per capita income for that place would be higher than the median income. If a lot of households have low incomes, the per capita income would be lower than the median income.

On the other hand, if high and low incomes are more evenly distributed across everyone, then the median income and per capita income would be more similar.

Which one you pick can also affect what change over time looks like. If only a few households see large increases in their income but most don't, the median household income won't change very much. Had we used per capita income, it would have increased quite a lot.

Counting Unemployment

Do you know how many people in your county are unemployed?

Intuitively, we define unemployment as those individuals who do not have a job. But, how do we know if someone doesn't have a job?

Counting unemployment, like the personal income data from the BEA, is a by product of counting something else.

This is often the case with many of the data we use. So always remember, what is counted depends upon why the data were collected in the first place.

County level unemployment rates use data from several sources, including data from state Unemployment Insurance programs.

The reason why this is important is because if you have ever had to use unemployment, then you know that it does not last forever. You can only receive unemployment benefits for a certain number of weeks. This means that you *can exhaust your benefits*. In some cases, you may have just given up looking for a job altogether. This is called being a discouraged worker.

Since county unemployment rates rely on data from Unemployment Insurance programs, people who have exhausted their benefits are not counted.

As a result, the **official** unemployment rate for some counties can look like it is low, but in fact it is actually very high. The reason is because there are many discouraged workers who are not counted in the unemployment rates.

To find the official unemployment rates for your county, go to the Bureau of Labor Statistics **Local Area Unemployment (LAU)** program website at:

<http://www.bls.gov/lau/>

You can also find data on unemployment in the **American Community Survey (ACS)**, but just like with income and jobs, since the ACS counts things differently, the numbers will NOT match.

Unemployment in McCracken County, 2014.	
Official Unemployment Rate (BLS)	ACS 1-Year Estimate
7.0	5.2 (+/- 2.0)

Most important to remember is that the estimates from the ACS are **NOT** the official unemployment rate.

*The **OFFICIAL** unemployment rate always comes from the Bureau of Labor Statistics (BLS)*

<http://www.bls.gov/lau/>