

What Counts?

Understanding Data on Jobs, Income, and Unemployment



Resources for accessing data in real time
<http://www.ca.uky.edu/snar1>

Julie N. Zimmerman, Professor, Rural Sociology. (Revised: June 2011, Updated: July 2013.)

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.

This publication explains some things to watch out for when using data on jobs, unemployment, and income.

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Local community decision-making and community economic development efforts often mean looking at three key pieces of data for your county: the number of jobs; the amount of income; and, the level of unemployment.

There are several places where you can get these data but different sources use different definitions and ways of counting each of them. This means that...

Your numbers can look different depending upon which data and which data source you use.

Even though the numbers can be different, they are accurate. They are different because what was counted and the way they were counted varies depending which source you use.

Counting Jobs

To find out how many jobs are in your county, two things are important to know: which jobs are counted and how the jobs are counted.

There are two ways of counting jobs. First, you can 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.

While many people live and work in the same place or county, many people commute to work. And, for people living in rural counties, commuting can often mean working in one county but living in another.

Which data to 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.

Another important thing to remember is that the data do not necessarily count all jobs. Which jobs are included depends on the data source.

In some cases, only jobs where people work for someone else are included. This means that people who are self-employed are not included in the total number of jobs. The same goes for government employees and those who are employed as farm labor. In some data sources, the total number of jobs do not include these.

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.

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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](#).

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*.

It also 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. Look under "Regional Accounts" in the section called "Local Area Personal Income and Employment." (This data have also been known as the Regional Economic Information System or REIS.)

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

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

For help in using the BEA website to find data, see the graphical website instructions [Getting Started... Finding Economic Data Online at the Bureau of Economic Analysis \(BEA\)](#). You can find it on the Kentucky: By the Numbers website at:

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

Another source for data on jobs is called [County Business Patterns](#) from the U.S. Census Bureau. This data source first counts businesses ("establishments"), then the number of jobs.

Because 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*.

So, if it doesn't matter that some types of jobs are not counted (such as comparing jobs at different kinds of manufacturing or retail businesses), then County Business Patterns would be a useful resource.

You can find data from County Business Patterns at:

<http://censtats.census.gov/cbpaic/cbpaic.shtml>

Because County Business Patterns does not count businesses that don't have employees, to find data for these, you have to go to a different source.

For data on businesses with no paid employees (such as people who are self-employed), you will need to go to the [Nonemployer Statistics](#) at:

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

The [American Community Survey \(ACS\)](#) or previous [Decennial Censuses](#) also have data on the number of jobs, but remember: these data...

[count people, not jobs](#).

While the other data sources count the number of jobs, these data sources count people based on the kind of business conducted by a [person's employer](#) (industry) and the [kind of work](#) a person does on the job (occupation). They do, however, ask the location of a person's job and how they get to work. So, if [commuting to work](#) is something you are interested in, you can find it here.

If this is your first time using data from the ACS, see the publication [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/>

Counting Income

It might seem that counting income would be relatively straight forward. But, just like counting jobs, it's not. Do you want to know how much individuals earn? Or, with many families being dual earner households, would knowing how much the whole household earns be better? Do you include only wages or salaries? What about interest from a savings account or social security?

Because different data sources count income differently and use different sources of information for their data, the numbers for your county can [look very different](#) depending upon which source you use. (This is especially the case for counties where transfer payments are an important source of income.)

Defining Income

There are two major sources for data on income and each one defines it in a different way.

As with the number of jobs, the [Bureau of Economic Analysis](#) also has data on income. It is called "[Personal Income](#)."

The BEA uses a broad definition of income. It includes earnings and interest, but also transfer

payments such as Medicare, Medicaid, and social security - even though we may not receive money directly from programs such as these, or view it as income.

In addition, the BEA bases their income data on legally required documents such as tax reporting, bank filings, and unemployment insurance tax data, among others.

You can find the data at the same place as the BEA data on jobs. This time, when you go to "Local Area Personal Income and Employment" and look for tables that have "Personal Income" in the title.

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

Another source of data on income is the **American Community Survey (ACS)**. The ACS replaced the Decennial Census Long Form as the source for detailed data on social, demographic, and economic characteristics.

Per Capita Income for McCracken County, 2011.	
BEA	ACS 1-year estimate
\$39,872	\$24,017

In the ACS, just like they did for previous Decennial Censuses, households are asked to provide information on income. If someone doesn't know the exact amount, respondents are asked to give their best estimate. However, even our best estimate can be off - especially for things that we don't typically think of as income.

If you use data from the American Community Survey (ACS), there are a few things keep in mind. First, data from the ACS can be confusing. Estimates for income that cover multiple years (3 and 5-year estimates) are adjusted to reflect inflation for the final year. Also, because the ACS is based on a small sample, the estimates it provides are **not as reliable** as the data that we used to get from the Decennial Census Long Form.

Be sure and look at the **margin of error**. Since it will tell you the range within which the estimate most likely falls it will also give you some indication as to how reliable the data are.

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* at:

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

You can find data from the American Community Survey at:

<http://factfinder.census.gov>

Measuring Income

When it comes to counting income, another important difference lies in how different data sources measure income.

Two ways of measuring income are **per capita income** and **median household income**. There are important differences between these and they can make a big difference in what your data look like.

Income in McCracken County, 2011 ACS 1-Year Estimate.	
Per Capita Income	Median Household Income
\$24,017	\$45,220

Per Capita Income

Per capita income is a common and easily available 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 straightforward, there are some important pitfalls to doing it this way.

One shortcoming is that per capita income includes all people in a place. But not everyone in a place is actually earning an income -- such as children. Also, a county's per capita income can change solely because the number of people in the county changed, not the amount of income. In addition, if only a few people have really high incomes but most do not, the per capita income number will look higher than what the majority of people actually have.

Median Household Income

The other way of measuring income is called the **median household income**. This is the **most reliable** measure of income because it is sensitive to the distribution of income in that place.

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 - like the median is in the middle of a road.

Because the median is the number in the middle, it is more sensitive to the distribution of income. For example, what if a place has one or two people

with incomes in the millions but everyone else has very low incomes?

The per capita income for this place would be higher than the median income. If the incomes were more evenly distributed, the two numbers would be more similar.

Distribution Matters		
	<u>Community #1</u>	<u>Community #2</u>
Person 1	\$3,000,000	\$54,000
Person 2	\$46,000	\$46,000
Person 3	\$30,000	\$30,000
Person 4	\$25,000	\$25,000
Person 5	\$24,000	\$24,000
Person 5	\$22,000	\$22,000
Person 6	\$15,000	\$15,000
Median Income	\$25,000	\$25,000
Per Capita Income	\$451,714	\$30,857

Likewise, 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. As a result, 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 receive unemployment benefits for only a certain number of weeks. This means that if your job search takes longer, you can exhaust your benefits. If you live in a high poverty area, you may have just given up looking altogether. This is called being a discouraged worker.

Because county unemployment rates rely on data from unemployment insurance, people who have exhausted their benefits may not be counted.

As a result, the 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 unemployment rates for your county, go to the [Local Area Unemployment \(LAUS\)](#) program at the Bureau of Labor Statistics at:

<http://stats.bls.gov/>

For help in using the BLS website to find data, see the graphical website instructions [Getting Started... Finding Unemployment Data Online at the Bureau of Labor Statistics \(BEA\)](#). You can find it on the Kentucky: By the Numbers website at:

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

Another place you can find data on unemployment is the [America Community Survey \(ACS\)](#). However, two things are important. First, estimates from the ACS are **NOT** the official unemployment rates. Those come from the Bureau of Labor Statistics LAUS program.

Second, the ACS counts unemployment slightly differently than the BLS. This means that while the numbers may be similar, they can also be **very different**.

If you want the official unemployment rates, always remember:

The Bureau of Labor Statistics (BLS) provides the **official unemployment rates** for the United States.

Unemployment in McCracken County, 2011.	
ACS 1-Year Estimate	BLS
7.5	8.3

This is an updated and revised version of the original publication "What Counts: Measuring Jobs, Income, and Unemployment" by Eric Scorsone and Julie N. Zimmerman. March, 2003.

Kentucky: By the Numbers is a program of the Kentucky Cooperative Extension Service in the Department of Community and Leadership Development at the University of Kentucky. Primarily known for the data series by the same name, the program also provides publications and other resources for those interested in finding data on their county. Data and resources are available on the Kentucky: By the Numbers section of the SNARL (<http://www.ca.uky.edu/snarl/>) website. For more information contact your local Cooperative Extension office or Julie N. Zimmerman, Department of Community and Leadership Development, 500 Garrigus Building, University of Kentucky, Lexington, KY 40546-0215. Call (859) 257-7583 or email at jjimm@email.uky.edu.