Local community decision-making and economic development efforts often mean looking at three key pieces of data for your county:

1. the number of jobs;
2. the amount of income; and,
3. 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.

All of the numbers are accurate. They are different because what was counted and the way they were counted is different.

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

If you want to know how many jobs are located in your county, you want to use data based on place-of-work.

If you want to know where the residents in your county work, then you want the number of jobs based on place-of-residence.

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

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, these are not included in the total number of 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 a most commonly used source, is 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 has includes 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 business (establishments), then the number of jobs.

Because it starts by counting businesses, this dataset only counts jobs by *place-of-work*. However, it is important to know that it does not count those who are *self employed*, jobs by *place-of-residence*, *government employees*, or *farm/farm labor employees*.

Even still, for the data it does collect, *County Business Patterns has a lot of detail*.

So, if you are looking for a great amount of detail and it doesn’t matter that some types of jobs are not counted (such as comparing different kinds of manufacturing or retail jobs), then County Business Patterns would be most useful.

You can find data from County Business Patterns at:

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

For data on Nonemployer Statistics (these are businesses with no paid employees such as those who are self employed), go to:

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

A cautionary note about using the *American Community Survey* or previous Decennial Censuses to find data on the number of jobs.

These data sources count people, not jobs.

Instead of counting the number of jobs, these data sources count people based on the two factors: 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 this 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 households earn be better? Do you include only salaries? What about interest from a savings account or social security?

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

<table>
<thead>
<tr>
<th>Per Capita Income for McCracken County, 2009.</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEA</td>
</tr>
<tr>
<td>$36,672</td>
</tr>
</tbody>
</table>

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, instead of conducting a survey, 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,” look for tables with “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 replaces the Decennial Census Long Form as the source for detailed data on social, demographic, and economic characteristics.

In the ACS, just like they did for the Decennial Census Long Form, households are asked to provide information on income from a variety of sources. If they don’t know the exact amount, respondents are asked to give their best estimate. However, even our best estimate can be off - especially if it is for areas 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 smaller sample, the estimates it provides are not as reliable as the data that were from the Decennial Census Long Form. Be sure and look at the margin of error. It will tell you the range within which the estimate most likely falls.

For more information on understanding margins of error in data from the American Community Survey, see the publication And Now for the Grain of Salt: Margins of Error and the American Community Survey. You can find it on the Kentucky: By the Numbers website at:

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

You can find data from the American Community Survey at:

http://factfinder.census.gov

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.

<table>
<thead>
<tr>
<th>Income Levels in McCracken County, 2009 ACS 1-Year Estimate.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Capita Income</td>
</tr>
<tr>
<td>$23,770</td>
</tr>
</tbody>
</table>

**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 large incomes but most do not, the per capita income number will look higher that 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.

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.

<table>
<thead>
<tr>
<th>Distribution Matters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community #1</td>
</tr>
<tr>
<td>Person 1</td>
</tr>
<tr>
<td>Person 2</td>
</tr>
<tr>
<td>Person 3</td>
</tr>
<tr>
<td>Person 4</td>
</tr>
<tr>
<td>Person 5</td>
</tr>
<tr>
<td>Person 5</td>
</tr>
<tr>
<td>Person 6</td>
</tr>
<tr>
<td>Median Income</td>
</tr>
<tr>
<td>Per Capita Income</td>
</tr>
</tbody>
</table>

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 are collected in the first place.

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

The reason that this is important is because if you have ever had to use unemployment, then you know that it does not last forever: 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.

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/

Another place you can find data on unemployment is the America Community Survey (ACS).

However, two things are important. First, data 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.

Remember, if you want the official unemployment rates, go to the Bureau of Labor Statistics (BLS).