



As the primary purveyors of all labor market data in the state, when not analyzing the data and writing about the data, we are commonly out of our offices talking about it. We feel very passionate about the role of labor market information in decision-making at many different levels. So, not only do we want the public to be aware of our data, we'd also like it to be understood and used effectively. We encourage data users to ask questions, and thankfully, we get many. While some of our information is straightforward and easy to understand, some is not. Because of that, we have a few recurring questions.

ALL THE THINGS

You've Wanted to Ask

ABOUT LABOR MARKET INFORMATION



Q: *Why is your data always so old?*

A: I will tackle this one first because it is probably the most common question. The simple answer is that quality takes time. Some of our data comes from quarterly employment reports submitted by employers to the unemployment insurance program. When the quarter ends, employers are given a period of time to fill out their reports. Then it is up to our team of analysts to catch any mistakes on the reports. Keep in mind that almost every employer in the state submits a report, so our analysts are reviewing over 67,000 reports. Once they are satisfied the data is clean, then we are able to analyze and report the data.

Other data is collected through surveys. In this case, there is also time taken to review and edit the data. Unlike the unemployment insurance data however, the surveys are voluntary. The analysts who collect this data often have to convince employers to respond to the survey, which takes time. And, while we ask employers to respond promptly, we often have to follow up to remind them to reply.

These processes are time-consuming, but in the end, you can trust that the numbers we report truly reflect the Utah economy.

An editorial note: In this day and age, technology allows us to receive continuous information updates. You can know what your friend is doing every second of every day if she 'Tweets'. In some cases, continuous information updates are valuable because the information changes dramatically from second to second. This is not always the case with labor markets. Ask yourself, for example, how often your wages have changed while in a single job. For most it's probably yearly

or even less frequently. So, even if we were able to update our occupational wages more than once a year, it's highly unlikely the statistics would show significant or meaningful fluctuations.

Q: *What's the difference between median and average? Which is the better measure?*

A: Both are considered measurements of central tendency, but they are not the same. I'll illustrate using an example. Suppose we have five observations of hourly wages for a particular occupation:

\$8.50 \$8.50 \$8.75 \$8.95 \$24.25

To get the average (or mean) of these wages, add the values and divide by the number of observations. The result is \$11.79. To find the median, order all the observations from smallest value to largest (as I have done here) and find the middle observation. In this case the third observation is the middle, so the median is \$8.75. The calculated values of the two statistics, \$11.79 and \$8.75, are quite different. The average was affected by the value of the fifth wage, which is rather different from the other four. The median, however, is not affected by the value of the fifth wage, and that is why it more closely represents the majority of the reported wages. In short, when your goal is to come up with a single number that best represents a set of many numbers, especially when you may have outliers, it's usually best to use the median. This is often the case with occupational wages and income.

Q: *What's the difference between the job growth rate and the unemployment rate? Which should I use?*

A: Essentially, the job growth rate represents changes in the number of jobs in the economy as reported by employers, whereas the unemployment rate tracks changes in the number of people who are in the labor force, but do not have a job. Each of the statistics is a primary measure of the labor market, but uses different data sources to estimate those measurements. To get a complete picture of the trends in an economy, it's best to use the rates together. In doing so, you gain a more complete picture. Keep in mind that the job growth rate is a coincident measure of the economy, while unemployment rates follow economic recovery.

THE PROCESSES

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Q: *Why don't you provide more localized data?*

A: The bottom line is data availability. In sparsely populated regions of the state there simply aren't enough workers and businesses to make valid estimates about the local labor market. And above all else, we absolutely must maintain confidentiality for employers and workers around the state. If, as an extreme example, Amy's Plumbing is the only specialty trade contractor in a local area, then reporting the employment and wages for that industry in that location would reveal information about Amy's payroll. Also, funding is a consideration. We simply don't have enough resources to adequately survey sparsely populated areas.

Q: *What is seasonal adjustment and why is some data seasonally adjusted?*

A: Seasonal adjustment is a statistical technique applied to trend data that essentially strips away the fluctuations caused by seasonal patterns. Seasonal patterns can be seen in industries such as tourism, construction, and retail trade. When seasonal patterns are stripped out of a data series, it is easier to see trends in the data that aren't necessarily expected to happen on a regular basis.



IF YOU HAVE questions about Utah's economy, don't hesitate to contact one of our economists at the e-mail address listed below.

Q: *Where can I get information about labor supply?*

A: Labor supply is fairly difficult to measure. On the surface it appears to be a straightforward concept: the number of available workers in a labor market. So, for example, if you want to know how many accountants are available in Salt Lake City, it would seem that a simple head count would reveal the answer. But the question is, who do you count? The unemployed accountants? But what about the employed accountants who are willing to work for another employer? Do they count as "available workers"? And what about the individuals who have the credentials to be accountants, but have moved on to other careers? It is possible that they too would be "available" to supply the Salt Lake accountants' labor market. What about accountants that live in Ogden, or Seattle? In addition, most of us could probably work as a cashier. Should we all be counted as the labor supply for cashiers?

These are some of the most common questions we field as we share our labor market information with the public, but they certainly don't cover all of the nuances of our data. If you have questions, please contact an economist here at DWS to help you find your answer. ⓘ

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