

Indiana Update

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A Monthly Overview of Indiana's Economic Trends
 Indiana University School of Business
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Difference in Employment Numbers

Two different figures are reported every month for employment. For each state, we receive an estimate of the number of persons working. This is called the household figure because it is based on monthly data from a sample of households across the nation. On page 2 of this Update to the *Indiana Business Review*, the number of persons employed in Indiana during October of 1995 was 2,963,000.

Also found on the same page is employment in Indiana during October. This figure was 2,809,600. Here employment is reported by establishments covered by unemployment compensation laws. This second (establishment) number is generally smaller than the household number because the former excludes agricultural workers, self-employed persons, and persons working in small family businesses.

Figure 1 shows the two series for Indiana since January 1986. Three things are evident in this graph. First, employment, however measured, is rising in Indiana. Second, there is a changing gap between the household measure and the establishment measure. Third, there is a strong seasonal pattern to both series of employment statistics.

On average, the number of persons employed (the top line) has been increasing by 3,200

per month since 1986. Establishment

employment has been rising at a faster pace (4,360 per month). This difference in growth

rates is bringing down the ratio of the household series to the establishment series (see Figure 2). Whereas the household

number averaged 15% more than the establishment figure in 1986, that difference

has been less than 10% since 1990. Many factors could account for this change.

Increased coverage in the unemployment compensation law might decrease the ratio. A

decline in the relative importance of farm labor or self employment would have the same

effect. Other changes in the methodology of constructing these estimates would also alter

their relationships.

Similarly, there are significant seasonal

differences in these data series (see Figure 3). The household series shows a seasonal peak,

as expected, when farm labor is greatest, in the summer months. The establishment series

is at its seasonal peak when retail stores are most busy in December. Both series move in

tandem during the first five months of the year.

Only a detailed analysis by the Indiana Department of Workforce Development could

provide a definitive explanation of the relationship between the two employment

series. Casual analysis should be aware that the relationship is not stable.

-mjlm

Fig. 1 Annual Employment in Indiana (Monthly Data Not Seasonally Adjusted)

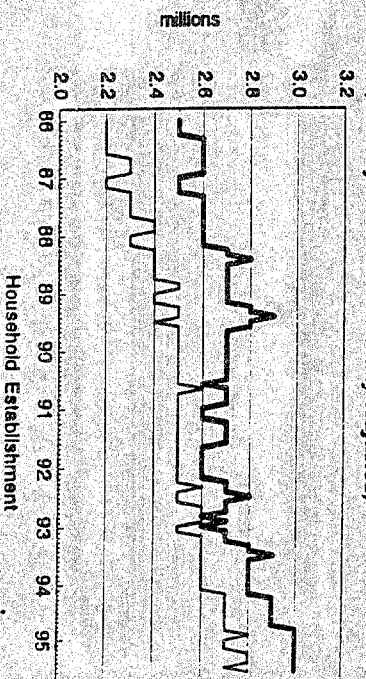


Fig. 2 Ratio of Household to Establishment Employment in Indiana (Monthly Data Not Seasonally Adjusted)

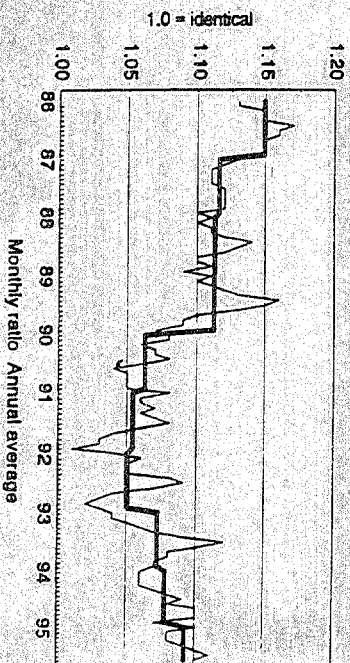


Fig. 3 Indiana Seasonal Employment Factors Based on Data from January 1986 to August 1995

