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**THE EMPLOYMENT PUZZLE**

It can be hazardous to discuss state employment and unemployment information. The data are subject to revision, re-benchmarking, and other adjustments that can reverse any tendencies the writer might identify prematurely.

County level information is even more risky. The methods used to generate those estimates are subject to question, but the numbers are issued monthly and used extensively. Consider the following:

In December of 1996, 76 Indiana counties had lower unemployment rates than they did in the same month a year earlier. Of these, 18 counties also had more people employed than they did in December of 1995. This is what we would expect: employment rises and unemployment falls.

Of these 76 counties with lower unemployment rates, 58 also had fewer people employed. This is not what we would expect. When fewer persons are employed, we expect the unemployment rate to rise. But if the labor force is falling faster than jobs are being lost, it is possible for the unemployment rate to fall.

Is Indiana's labor force declining? The U.S. Bureau of the Census tells us that Indiana gained 44,000 persons from 1995 to 1996. This should mean a growing labor force. But the U.S. Bureau of Labor Statistics reports that the state's labor force fell by 1.2% and the Indiana Department of Workforce Development (IDWD) identifies 68 counties where the labor force declined. Why the labor force is declining we can not determine, but that is what the data say.

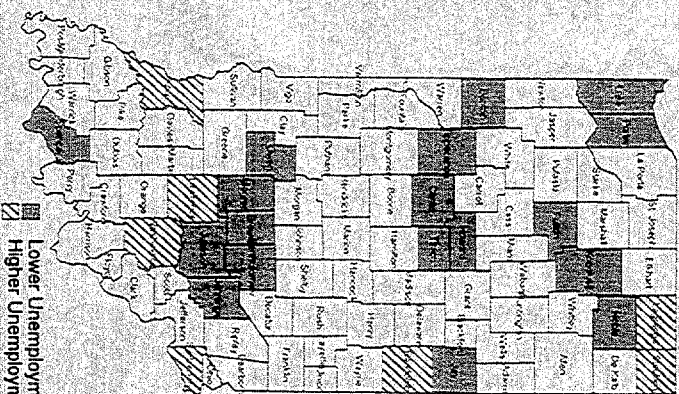
Data collected from employers by IDWD tell us that total employment in Indiana rose by 0.3%, while the county data, based on household surveys, indicate employment fell by 0.6%. If these are facts, they are contradictory and unexplained. How are policy makers to use them?

The fault may lie with the small sample used by the federal government to determine labor force characteristics in Indiana. IDWD does not have the resources to conduct its

own survey not to challenge the federal numbers handed down to us. Unfortunately, county level unemployment rates will continue to be published in our local newspapers and trumpeted on radio and TV as if they represented reality.

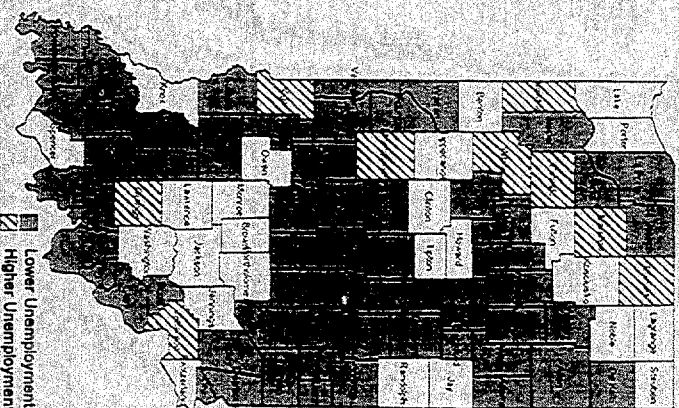
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**COUNTIES WITH AN INCREASE IN THE NUMBER OF PERSONS EMPLOYED, 12/95-12/96**



Lower Unemployment Rate (16)  
 Higher Unemployment Rate (7)

**COUNTIES WITH A DECREASE IN THE NUMBER OF PERSONS EMPLOYED, 12/95-12/96**



Lower Unemployment Rate (68)  
 Higher Unemployment Rate (9)

**STATS Indiana**

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