



# LED NEWSLETTER

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## QWI UPDATE

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The LEHD program produced and distributed V3.0.1. of the Quarterly Workforce Indicators for 18 partner states in June. The weights respond to state partner requests in the January workshop that LED adjust the QWI's—which differ from ES202 data because of coverage, timing, and reporting discrepancies—to agree reasonably closely with similar statistics in BLS published reports. Because this is the first run of this approach, we look forward to working with partner states in identifying idiosyncrasies in the indicators and improving the product.

July marks the beginning of our production phase. We ask that all state partners send their updated wage record and ES202 files by July 1, and every three months thereafter. States will be asked to send files that go back to the last quarter of data that is currently at LED, with one quarter overlap (to permit updates). In subsequent quarters, LED would like to receive the latest quarter and the previous quarter overlap on the scheduled transmission date. We are developing a protocol to permit states to transmit files via FTP, as well as CD's—that protocol should be available in August.

The website data delivery system has been enthusiastically received. A particularly nice feature is that the tables can be "skinned" to be placed on state websites as part of state partner data dissemination with full functionality.

We have also started a listserv for QWI questions. To date, this has been quite active. To subscribe, go to <http://lists.census.gov/mailman/listinfo/led-qwi>, a username and password will be required.

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## OTHER DELIVERABLES

*Successor/Predecessor Files:* These files will be shipped to partner states in mid-July. We hope they help in data processing, and we would also like feedback from partner states about ways to improve the links.

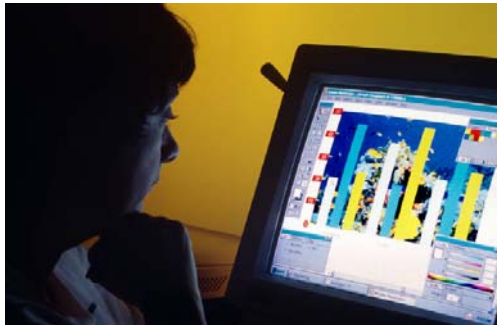
*Edited Wage Records:* Are being processed, but have not yet been shipped. We expect all historical records to be processed in the current production round. However, future rounds will overlap with previous returns by at most 4 quarters, plus any new data of whatever duration (1-4 quarters). Because of the sizable computer resources needed to do the wage record editing, we have proposed a rotating schedule for the processing of each state's data—the details on this will follow as we determine the size of the files and computer constraints.

## LMI TRAINING INSTITUTE

The state partners made training a high priority at the January workshop. Thanks to the good offices of our state partners on the LMI Institute Board, we ran our first LED training institute June 16-20, in Washington D.C.. George Putnam, Waleed AlMousa, Richard Kihlthau, David Stevens and Julia Lane designed the workshop that focused on understanding and applying the QWI data to creating labor market information. Presentations on the disclosure proofing system, the weighting approach and the multiple imputation methodology were also provided. The Cornell Restricted Access Data Center was used to run much of the analysis.

The training materials and the background materials for the training session are available at <http://lehd.dsd.census.gov>

Due to the heavy demand, we're considering running another training institute before the next state workshop—let us know if you think this is a good idea!



## LED STRUCTURE

As you know, after the January workshop, LMI Directors from a number of states have participated in an Exploratory Group that helped us think through some of the key data management decisions. This is now in the process of being formalized into a Federal/State Partnership (LEDFSP), with a Steering Committee that will: represent the interests of the members of the LEDFSP; facilitate communication between the members and the Census Bureau; jointly plan and conduct the meetings of the membership with the Census Bureau; improve cooperation among the individual member agencies and between the member agencies and the Census Bureau; provide mentoring opportunities to new members; coordinate member responses to federal proposals and initiatives related to employment dynamics, research opportunities, and sponsors; and coordinate change control processes and production schedules between members and the Census Bureau. More details on this will also be forthcoming shortly.

Because of the burgeoning federal interest in the program, we have also formed a federal interagency exploratory group. This is co-chaired by the Census Bureau and the Office of Management and Budget. This group consists of representatives from the Federal Reserve Board, the Bureau of Economic Analysis and the Departments of Health and Human Services, Labor (BLS and ETA), and Transportation (BTS). We will promote interaction between the state and federal groups primarily by sharing minutes from the different meetings. We will also invite the federal agencies to the next state workshop.

Visit our website at <http://lehd.dsd.census.gov>

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## IMMIGRATION PROJECT

Although the decennial Census contains a wealth of information, during the intercensal years estimates are derived from the significantly smaller Current Population Survey (CPS). UI data offer an opportunity to vastly improve our understanding of changes in the size of the foreign-born population. Overall results have been encouraging, demonstrating, perhaps not unexpectedly, the general comparability of Census 2000 and UI worker data. We have been working toward the removal of the few remaining unanswered questions.

An estimate of the number of persons associated with a given worker is a crucial input when using worker counts to estimate the total population. Our first attempt used data from Census 2000 to calculate the population/worker ratio, however this resulted in an underestimate of the total population during the later half of the 1990's. This suggests the assumption of a static ratio is likely to be inappropriate (economic theory also supports this result). During the high growth in the later half of the 1990's, the increased demand for labor lured workers into the labor force that otherwise would have remained at home, thus lowering the population/worker ratio). In order to answer this question empirically, the population/worker ratio was calculated for 1994-2002 using CPS data. Exactly as expected, the population/worker ratio was found to have fallen every year from 1994 to 2000 with the ratio increasing the last two years as economic growth slowed down. These results, combined with the improvements made to LED place of work coding are very encouraging.

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## SLOAN PROJECT

The Alfred P. Sloan Foundation awarded LEHD researchers a substantial grant to investigate, together with five Sloan Industry Centers, the sources of job mobility, productivity growth and earnings inequality in five key industries: software, semiconductors, trucking, retail food and financial services. The group has been generating core productivity, inequality, mobility and workforce quality statistics, and plans to have draft reports ready for a Sloan workshop in early November.



Too often we fail to recognize and pay tribute to the creative spirit."  
—Alfred P. Sloan, Jr.

An important added benefit of this project has been the ability to integrate into the Census Bureau's non-employer register, which includes information on independent contractors and the self-employed. This will enable us to look at UI Wage Record coverage, as well as the sources of economic growth, in these five key industries.

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## BUREAU OF TRANSPORTATION STATISTICS UPDATE

Florida and Illinois have worked with their state transportation agencies to improve the place of work coding on the ES202 file—and have been able to find the physical address for about 50% of the missing addresses on their respective files. LED delivered a demonstration origin-destination matrix to the Bureau of Transportation Statistics and to the states of Florida and Illinois in April. This data set contains the (disclosure proofed) number of travelers making each home-to-work trip (by Census block) in Florida and Illinois during the second quarter of 1999. The project combines the 1999 residence data from internal Census Bureau files and place-of-work data based on the State ES202 data. The next stage of the prototype will include providing disclosure-proofed 2001 origin-destination matrices, as well as the characteristics of workers and employers on each block. If successful, these could be produced every year for transportation planning.



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## 5500 PROJECT TEAM UPDATE

The Form 5500 project team has integrated the pension and health benefit information for 1997 with the Census Business Register, the ES-202 data, and the SIPP 1996 Panel. The gross match rate to the Census Business Register was 96%. The team is now investigating differences between firms that provide benefits and firms that do not. The extension of the work will examine differences in the workforce characteristics, turnover, and earnings for firms that offer benefits and firms that do not.



## WHAT'S A GAL?

The geocoding team has renamed the Address Master File to the Geocoded Address List (GAL). It contains latitude/longitude coordinates and geocodes at the block level for all commercial and residential addresses in each LEHD partner state. Other levels of geography such as Workforce Investment Board area and Census Place are on the GAL as well. Further development will add more levels of geographic detail, allow multiple vintages of geography, and improve the precision of the geocodes.



## WAGE RECORD EDITING

The QWI is built up from individual wage records and work histories. Their accuracy is crucial to ensuring that the QWI reflect the true state of the labor market. The purpose of the wage record editing process is to construct clean employment histories for individuals in wage record data. Based on results from a test state, it is found that even a very conservative correction procedure has a sizable impact on the QWI. The average bias across variables ranges from 0.25 % up to 15 % for flow statistics, and up to 5 % for payroll aggregates.

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## LOW WAGE WORK PROJECT

A Russell Sage/Rockefeller Foundation/HHS sponsored research program is studying the labor force dynamics of low-wage workers using LED data from cooperating partner states (CA, FL, IL, MD, MN, NC, TX). A brief by Anderson, Holzer and Lane has been submitted to the Brookings Institution for publication (the manuscript is available upon request from the LED program). Some of the new results since last October include:

- The importance of finding a good job and staying with the same employer. Most people who escape low earnings do so by changing jobs. However, studying the long-run dynamics, we find that workers who move to new jobs and escape low earnings generally fare much better if they stay with the new employers than if they continue to change jobs.
- The importance of location. Our results show that low-wage workers are more constrained by local labor markets than other groups of workers.
- The importance of particular types of firms. We describe which kind of firms offer pathways out of low-wage work and which do not. This research provides useful information for placement agencies and other labor market intermediaries.



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## LED WEBSITE

- The Quarterly Workforce Indicators are now available on-line. This summer, LED is launching its new website, <http://lehd.dsd.census.gov>, which includes on-line access to QWI data. Users of this data can now query local labor market information using this new interactive feature. Partner states will also be able to use data tools available on the new site to upload data directly to LED, obtain information about data and other state products, and obtain research reports on ongoing research at LED.



*“QWI data could be made to jump through hoops reminiscent of micro-data.”*

## TEAM NEWS

Uppsala University awarded **Fredrik Andersson** the Ph.D. Congratulations Fredrik!

Dr. **Mark Menchik**, Office of Management and Budget, completed his brief tour of duty with LEHD on June 13. Dr. Menchik found that, “deeply disaggregated as they are, the grouped QWI data could be made to jump through hoops reminiscent of micro-data. Equally important, the data can estimate detailed main effects and interactions of important descriptors like age, sex, and industry.”

**Nicholas Carroll**, New Zealand Department of Labour, also completed a tour of duty with LEHD. Mr. Carroll spent the majority of his time with LEHD working with ES202 data input for the Quarterly Workforce Indicators.

