

WORKFORCE DEFINITIONS

for use in the MD Longitudinal Data System

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INTRODUCTION

The Maryland statute authorizing the Maryland Longitudinal Data System (MD LDS) and Center is SB 275, signed by Governor O'Malley on May 4, 2010. The *workforce* data component of the MD LDS is defined in Chapter 190, Section 24, 701(G):

“Workforce data” means data relating to—

1. EMPLOYMENT STATUS;
2. WAGE INFORMATION;
3. GEOGRAPHIC LOCATION OF EMPLOYMENT; and
4. EMPLOYER INFORMATION.

The sooner we get out in front of this topic the less investment of time that will be needed in the future to correct misunderstandings and inappropriate uses of MD LDS *workforce* data, unintentional or otherwise.

TOWARD A COMMON UNDERSTANDING

The U.S. Department of Labor, Bureau of Labor Statistics (BLS) is the only official U.S. government source of labor market information definitions. The URL for a Q&A run-through of relevant definitions is http://www.bls.gov/cps/cps_htgm.htm#def.

The word *workforce* sometimes appears in BLS publications, but infrequently, and always, I think, as a synonym for *labor force*.

The importance of the previous sentence is that **three of the four *workforce* data designations in the MD SLDS enabling legislation—*wage* information, *geographic location* of employment, and *employer* information—do not align with the official BLS definition of *labor force*, and the fourth legislative data designation, *employment status*, is only one of two components of the *labor force* (colloquial *workforce*).**

Labor force is preferred terminology because it has a single agreed upon BLS technical definition—**employed + unemployed = labor force**.

Employed and *unemployed* each has an official BLS definition—
<http://www.bls.gov/bls/glossary.htm>.

- **Employed**—“People are considered employed if they did any work at all for pay or profit during the [Current Population Survey; CPS] survey week. This includes all part-time and temporary work, as well as regular full-time, year-round employment. Persons also are counted as employed if they have a job at which they did not work during the survey week, whether they were paid or not, because they were: on vacation, ill, experiencing child-care problem, taking care of some other family or personal obligation, on maternity or paternity leave, involved in an industrial dispute, prevented from working by bad weather.”
- **Unemployed**—“Persons aged 16 years and older who had no employment during the reference week, were available for work, except for temporary illness, and had made specific efforts to find employment sometime during the 4-week period ending with the reference week. Persons who were waiting to be recalled to a job from which they had been laid off need not have been looking for work to be classified as unemployed.”

I do not proceed into the ‘weeds’ of how the national data are collected, by monthly survey, and transformed into the figures we see and hear at 8:30 A.M. on the first Friday of each month.

Next up, the *labor force participation rate* is “the labor force as a percent of the civilian non-institutional population [16 years and over].” This means that some understanding of how *population* estimates are generated, and for what geographic strata, is needed. This topic is not covered here.

WHY THESE NUANCES MATTER

MD LDS stakeholders, including members of the MD LDS Governance Board, already have beliefs about what *employment status*, *wage*, *geographic location of employment*, and *employer* information will be included in the MD LDS. Most, and perhaps all, will be surprised and almost certainly disappointed when told what will be available ‘right away’ and at low cost.

Our immediate responsibility is to offset this anticipated disappointment with **compelling evidence of what we will be able to say** about the dynamics of education and workforce interactions in Maryland.

Examples:

- **Employment status**—the good news is that ‘most’ MD wage and salary employment—including state and local government employees, can be accessible for MD LDS Center authorized uses.

An important cautionary add-on to the previous statement is that *employee*, too, has a legal definition found in each state's unemployment insurance law. Self-employed individuals and independent contract workers are not included in what is called the **MD UI wage record database**, maintained by JFI on behalf of and in partnership with the MD Department of Labor, Licensing and Regulation (DLLR).

The MD UI wage record data file:

- Is quarterly, so finer granularity (e.g., hourly, daily, weekly or monthly) is not available.
- Is updated with a 4-5 month lag following the end of each reference quarter.
- Does not distinguish between full- and part-time employment and does not include any *occupational* or *wage rate* information.
- Includes no employer-specific start or end date of employment within a reporting quarter.
- Offers a capability to link to another DLLR database maintained by JFI that provides employer-specific *industry* codes and titles, understanding that disclosure of an individual employer's identification is not allowed.

Each wage record in this file includes five data fields:

1. The reference year/quarter of the record.
2. The reporting employer's unique MD UI Tax Account number.
3. The Social Security Number of the employee whose paid earnings amount during this reference year/quarter is recorded in this record.
4. Partial name information.
5. The dollar amount paid to this employee during the reference year/quarter.

MD UI wage records are confidential. No information can be released in a way that discloses the identity of the individual employee or the reporting employer. This restriction applies to both direct disclosure and the risk of secondary disclosure that might occur through linkage with other information sources that together would reveal the identity of an individual or business.

The State UI law, and related Federal and State administrative regulations, have very important implications for what releases of combined education and MD UI wage record information will be permissible.

DLLR and JFI partner in operating the national Federal Employment Data Exchange System (FEDES), which currently includes Office of Personnel Management (OPM) Federal civilian employee data extracts, and Department of Defense (DOD) active duty military personnel data extracts. The DOD extracts have some restrictions on allowable uses that do not apply for the OPM data file.

DLLR and JFI also collaborate in The Regional Area Data Exchange (TRADE) quarterly cycles. These provide basic *employment* status and quarterly *earnings* information drawn from the administrative data files of participating states; currently DC, NJ, and VA (and MD). OH, PA and WV have participated in the past and negotiations are underway to return them to the fold.

- **Wage information**—Many stakeholders are likely to assume that *wage* information means *wage rate* information. The administrative data sources referred to above—MD UI wage records, FEDES records, and TRADE records—do not include hourly *wage rate* information.

Preferred terminology is to refer to reported quarterly or annual (sum of four quarters) *earnings* information, not to *wage* information.

Each UI wage record is for a pairing of one reporting employer and one employee's earnings paid during the reference quarter. An individual often has more than one UI wage record in a given reference quarter—earnings were reported for them by more than one employer. Because we do not know start and end dates of an employee's affiliation with an employer, we do not know whether multiple reports overlap, fully or partially, or are separated by a gap of unknown length within the quarter. These nuances translate into an expression of caution against attempting to convert a reported earnings amount into an hourly wage rate equivalent.

Also keep in mind that some employees receive benefits in addition to money compensation. There is no readily available accurate source of *benefits* information for individuals.

Many MD LDS stakeholders, including some Governance Board members, will express strong and urgent interest in knowing the value of a former/current student's *total compensation package*—the sum of measured *earnings* and unobserved *benefits*.

We have a responsibility to immediately ‘frame’ stakeholder expectations about these limitations, while accompanying these cautions with a clear message about what policy and program management insights about education-workforce interactions will be forthcoming.

- **Geographic location of employment**—Here, I can begin on a positive note. A DLLR data source, the *Quarterly Census of Employment and Wages* (QCEW), does include employer-specific address information.

Again, without venturing into ‘the weeds’ of database nuances, complexities will be encountered in trying to conclude with certainty that an employee is known to have worked at a specific business or government agency location.

I express optimism that the workforce GIS capability of the MD LDS will be one of the most valuable features of education-workforce data linkage and analysis. Employment location dynamics through time reveal many cause-and-effect impacts of stakeholder actions and/or inaction.

- **Employer information**—Phrasing appears to be a blank slate, or open door, for unconstrained interpretation of what will be permissible. The JFI research team has posted a number of relevant documents on the JFI website. Some of these are also posted on the DLLR Office of Workforce Information and Performance website.

Topics of relevance for the MD LDS stakeholders include studies of job creation and loss in Maryland—by industry, employer employment size-class, and location. We have also studied apprenticeship employment and earnings profiles, the employment affiliations of Career and Technology Education (CTE) graduates and MD public community college graduates, and the employment destinations and durations of stay of employment training program exiters.

CONCLUSION

We have an opportunity (responsibility) to frame the expectations of MD LDS stakeholders, particularly the Governance Board members, about what *workforce* information will be available for use by MD LDS Center staff members and other authorized users.

The four *workforce* data categories defined in SB 275 should be seen as what **must be** included, not as **exclusive of other** sources that will have policy and program management relevance and value. Recorded participation in employment and training program activities (including apprenticeships), and records of unemployment compensation benefits are two obvious data sources of value to understand the interaction of education and *workforce* dynamics.

This memo has covered *workforce* topics only, but at some point—perhaps quite soon—some stakeholders will begin to express interest in the availability of other ‘contextual’ data sources, such as participation in social services safety-net programs other than, or in addition to, unemployment compensation benefits.