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Labor Market Information Center

SD Department of Labor & Regulation

Hitting the labor data jackpot: Quarterly Census of Employment and Wages (QCEW)

If you've been looking for a reliable source of data on South Dakota employers, workers and pay by industry, locale and size class, you've hit the jackpot. Each year the Labor Market Information Center publishes, online, a comprehensive annual summary that contains a wealth of information on South Dakota establishments, workers and pay. The program which produces this data is the Quarterly Census of Employment and Wages (QCEW).

Where the Data Comes From

The source of data in this program is the employment and wage data reported by employers to the South Dakota Department of Labor and Regulation's Unemployment Insurance (UI) program and to the Unemployment Compensation for Federal Employees (UCFE) program. Employment covered by these unemployment insurance programs represents about 96 percent of all wage and salary civilian employment in the state.

The recently published annual summary covers 2014 data. The online summary covers each National American Industry Classification System (NAICS) industry group, sector and supersector, detailing number of establishments, worker levels and wage data, along with previous year comparisons. There are a series of graphs, charts and tables displayed, helping portray a picture of South Dakota's economy. QCEW employment and wage data is also tabulated for the Metropolitan Statistical Areas of Rapid City and Sioux Falls, by county and by size class of employer; this is the only program from which this data is available.

While the online summary mentioned above focuses on an annual tabulation of the QCEW data, quarterly data is also available on the LMIC website. In fact, the number of workers data is available for each month included in the quarter.

A Bit of Program History

The QCEW program originated in the 1930s and was known as the ES-202 program until 2003, when the current QCEW name was adopted. It is a cooperative program involving the U.S. Department of Labor's Bureau of Labor Statistics (BLS) and the State Employment Security Agencies (SESAs). The Labor Market Information Center is South Dakota's agency responsible for the QCEW program.

How the Data Can Be Used

The QCEW series have broad significance in evaluating labor trends and major industry developments. They are used in time series analyses, industry comparisons and in special studies such as analysis of wages by size of establishment. The data accurately reflect the extent of coverage of state unemployment laws and are used to measure UI revenues; national, state and local area employment; and total and taxable wage trends.

The QCEW program serves as a near census of monthly employment and quarterly wage information by 6-digit NAICS industry at the national, state and county levels. At the national level, the QCEW program publishes employment and wage data for nearly every NAICS industry. At the state and area level, the QCEW program publishes employment and wage data down to the 6-digit NAICS industry level, if disclosure

restrictions are met. In accordance with BLS policy, data provided to the Bureau in confidence are not published and are used only for specified statistical purposes. BLS withholds publication of UI-covered employment and wage data for any industry level when necessary to protect the identity of cooperating employers.

Employment data under the QCEW program represent the number of covered workers who worked during, or received pay for, the pay period including the 12th of the month. Excluded are members of the armed forces, the self-employed, proprietors, domestic workers, unpaid family workers, and railroad workers covered by the railroad unemployment insurance system. Wages represent total compensation paid during the calendar quarter, regardless of when services were performed. Included in wages are pay for vacation and other paid leave, bonuses, value of meals and lodging, and in some states, contributions to deferred stock options, tips and cash compensation plans (such as 401(k) plans). The QCEW program does provide partial information on agricultural industries and employees in private households—if they are liable for unemployment insurance tax.

Concentrating on South Dakota, the table below shows the number of establishments, average number of workers and annual pay for the past 14 years. This data takes into account private and government ownership types. With the exception of a few recessionary years, the data shows stable growth statewide each year.

| South Dakota Statewide Covered Worker Annual Data 2001-2014 | | | |
|--|-------------------------------------|--|-----------------------|
| Year | Number of Establishments | Average Number of Workers | Annual Pay |
| 2001 | 29,381 | 364,716 | \$25,600 |
| 2002 | 29,366 | 363,325 | \$26,359 |
| 2003 | 29,671 | 364,256 | \$27,206 |
| 2004 | 30,213 | 369,627 | \$28,282 |
| 2005 | 30,938 | 375,699 | \$29,149 |
| 2006 | 31,368 | 383,856 | \$30,282 |
| 2007 | 31,945 | 392,068 | \$31,654 |
| 2008 | 32,306 | 397,109 | \$32,821 |
| 2009 | 32,361 | 389,410 | \$33,347 |
| 2010 | 32,493 | 389,199 | \$34,331 |
| 2011 | 32,790 | 393,750 | \$35,413 |
| 2012 | 33,088 | 400,473 | \$36,533 |
| 2013 | 33,416 | 404,648 | \$37,226 |
| 2014 | 33,761 | 410,938 | \$38,689 |

Delving into the 2014 Summary

As we take a look at the 2014 data in the online summary, we can find data for individual industry groups and then by more specific industry. We also can see the number of establishments in each industry group and also what industries are included within that group.

The trade, transportation and utilities sector has the largest number of establishments and workers. However, that industry group does not have the highest annual pay. The industry group with the highest annual pay is

financial activities, at \$50,189. The highest paid more detailed industry, management of companies and enterprises, has an annual wage of \$92,735 and is categorized within the professional/business services industry group.

It is also possible to break down the industry data to the subsector level. For instance, we can look up agriculture/forestry/fishing/hunting industry and the mining industry. At the subsector level, the establishments are broken out further to allow a more comprehensive look at what kinds of establishments are classified under each industry. The subsector level provides the most detailed industry information available. A comparison graph complements each industry data table, illustrating 2013 and 2014 for a graphical look at the over-the-year trend.

Sometimes there may be sudden shifts in levels of employment or wages when comparing data year to year. Many major shifts in employment or wage levels are the result of various economic activities. Examples of what might cause these shifts are establishment openings or closings, and major establishment expansions or contractions.

Shifts can also be caused by changes in the dominant economic activity at a particular establishment. For example, an establishment may make two products that are properly classified in two different industries. The correct classification for the establishment as a whole is the dominant activity. If, over time, production of the secondary product increases beyond that of the initial dominant product, the industry classification of the establishment should be changed. Another factor is the relocation of an establishment from one area to another. The QCEW program includes built-in processes for monitoring these changes, as well as changes in ownership and physical location.

The QCEW and the detailed annual online summary is the most comprehensive data source available for detailed industry worker and wage information. The data is used daily by individuals, private businesses, government agencies and researchers to make informed decisions, particularly with regard to wage increases and industry growth. The QCEW maintains accuracy, quality, timeliness and relevancy.