Testing New Methods for Developing County-Level Projections

OVERVIEW

The U.S. Department of Labor's Employment and Training Administration (ETA) requires states to produce long-term industry and occupational employment projections for sub-state areas every two years, but it does not specify which geography states must use. As a result, states produce projections for a wide variety of areas, including workforce development areas, metropolitan statistical areas, and community college service regions, which makes it difficult for data users to work with official projections across multiple states. Employment projections at the county level could potentially address this problem, since they would ostensibly allow for aggregation into any county-based geography. However, data suppression rules in the Quarterly Census of Employment and Wages (QCEW) and the Occupational Employment and Wage Statistics (OEWS) program, along with small OEWS survey samples, make reliable projections difficult to produce for small counties. Variations in suppression for detailed industries/occupations across counties could also lead to a greater reduction in available data for aggregated areas than if projections had been produced for those areas in the first place.

However, the potential advantages of county-level projections at least warrant further exploration. Michael Horrigan, President of the W.E. Upjohn Institute for Employment Research and a former Associate Commissioner at the U.S. Bureau of Labor Statistics, is developing a method for producing five-year, county-level projections using a combination of public and third-party data. This project helps advance that work, including Upjohn's initial production of projections for all 83 Michigan counties, and gives experienced state projections analysts the opportunity to review the method and its results. Their feedback will help the Projections Managing Partnership (PMP) assess whether state labor market information (LMI) agencies, which have the added advantage of access to confidential employer microdata, could feasibly produce *accurate and reliable* county-level projections.

Because Upjohn's method produces five-year projections, the project also advances PMP's discussion of mid-term projections, which many LMI customers, such as community colleges planning new programs, find more useful than long-term or short-term projections. PMP's existing mid-term method depends on short-term projections, which many states stopped producing after ETA made them optional. A new method that does not rely on short-term projections would allow more states to produce mid-term projections.

PARTNERS

- **W.E. Upjohn Institute for Employment Research –** a nonprofit research organization based in Kalamazoo, Michigan, that studies employment issues and administers workforce board services for Southwest Michigan. Upjohn will develop and test the county-level projections method, produce initial projections for all Michigan counties, and document its methods and findings.

GOALS & OBJECTIVES

1. **Develop and pilot a county-level projections method.** Support and oversee Upjohn's development of a method for producing county-level projections, along with its production of initial industry and occupational projections for all Michigan counties.
2. **Have state projections analysts vet the method.** Engage experienced state projections analysts to review and test the Upjohn method and provide constructive feedback on its limitations and potential improvements.
3. **Assess the feasibility of state LMI offices producing county-level, long-term projections.** Use the review of the Upjohn method to advance PMP discussions about whether state LMI agencies could produce accurate and reliable, county-level, long-term (10-year) projections, weighing the advantage of their access to confidential employer microdata against the limitations imposed by data suppression rules.
4. **Explore a new approach to mid-term projections.** Use the review of the Upjohn method to advance discussions about the feasibility of developing a mid-term (three- to five-year) projections method that does not depend on the existing short-term (two-year) method.

NEXT STEPS

- Upjohn finalizes its county-level, mid-term (five-year) projections method and uses it to produce and publish industry and occupational projections for all 83 Michigan counties.
- Convene an initial working session for Upjohn to present the method and beta results to a PMP technical advisory group of experienced state projections analysts, who will review the method and submit questions and feedback to Upjohn.
- Upjohn addresses technical advisory group recommendations through additional validation and refinement of the method.
- Convene a follow-up working session for Upjohn and the technical advisory group to discuss further challenges and opportunities for producing county-level projections using confidential microdata.
- Organize a session at the 2027 PMP Summit for Upjohn to present the pilot method and results, with a member of the technical advisory group serving as respondent.
- Upjohn documents its methods and findings, along with lessons learned and recommendations for a national rollout.
- PMP produces a recommendations paper on the feasibility and future viability of official county-level and mid-term projections methodologies.
- If these methods are determined to be feasible, develop workplans for further development of PMP county-level and mid-term projections methods.