The Butte County Unemployment Dilemma: Lies, Damn Lies and Statistics

Unemployment is down in Butte County, but fewer people are working.
Are we better off or not?

I'm not sure you will be happy about the answer. I'm not.

I've had more than a few folks ask my opinion about the reason unemployment is dropping in Butte County (the Chico MSA) after we sent out our Unemployment FLASH a few days ago.

Check this out. Below is a table highlighting the Chico MSA Workforce at its peak in October of 2010 and for the end of July this year.

	Oct-10	Jul-13	
Labor Force	105,300	100,300	(5,000)
Total Employed	91,800	89,400	(2,400)
Total Unemployed	13,500	10,900	(2,600)
	12.8%	10.8%	

Unemployment is down! Fewer folks unemployed! Good for us!

Wait a minute . . . *employment* is also down – by 2,400 jobs! Unemployment is down, but *fewer* people are working? How's that work? So are we better off or what? There are 2,600 fewer people drawing unemployment (good), but 2,400 fewer jobs (bad).

I wonder what happened to those 5,000 people who are no longer in the workforce?

Lies, damn lies and statistics.

A shrinking labor force is the source of improvement in Butte County's Unemployment Rate. It's not only happening here, but all over the country. So who are those 5,000 folks? Retirees? Some. Folks who moved out of the County? Probably. Those whose unemployment benefits have run out and are no longer a "statistic?" Yep. People who have simply given up looking for work? Don't ask a politician, but that is certainly a big part of the equation.

I'm now wondering if Unemployment is a good statistic for the Chico Economic Index. Perhaps we should be focusing on the number of people actually employed. After all, it's the employed folks who drive our economy. I'm interested in your thoughts.

Thanks again for following our Index. Prior indices and the Chico Business Confidence Survey can be found on our website at www.goldenvalleybank.com

Mark Francis
President & CEO

Golden Valley BANK