State Employment Estimates

Preview of Revisions

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Overview

• BLS provides monthly sample-based employment estimates, CES

• Once per year these estimates are revised using more and better data

• QCEW data based on the UI system is one (huge) determining factor

• Examining QCEW trends allows to gauge the direction of future revisions
  – Even conduct unofficial prelim benchmarks like our office does here in Oregon
Overview (cont)

• Today, the last month of official benchmarked data is June 2011
  – Now one full year off benchmark and next revision is not released until March 2013

• How are state level estimates doing?

• QCEW available for all states thru 2011q4
  – Some states available thru 2012q1

• Focus here just on the private sector industries
Main Findings

- Immediately following the last benchmark, the state estimates experienced issues.
- In Dec ‘11 the CES state estimates were significantly undercounting employment.
- By Jul ‘12 the issues may have been self-corrected, however the final results are unknown.
Oregon CES, e.g.

- In Oregon we know that the issues continued through 2012q1 however the eyeball test for the 2012q2 CES says it is self correcting
  - However this may or may not be the case as previous years have shown samples continuing to get further and further off base. The most recent months may be random.
• After revisions the sum of states tracks the national figures closely
• 2011 data implies that the national figures will not be revised significantly through the end of the year, however individual states will
State Revisions

- Both the National estimates and the QCEW sum of states data indicate over 2 million private sector jobs gained from Dec ‘10 to Dec ‘11

- CES sum of states only show 1.3 million

- Upward revision expected for CES state estimates to be 788,000 (using QCEW).
  ~737,000 using just the national figures as a guide
Estimated Dec '11 CES Revision

Arkansas
Wisconsin
Wyoming
Alaska
Missouri
North Dakota
Massachusetts
Montana
Minnesota
South Dakota
Ohio
New Hampshire
Tennessee
West Virginia
Rhode Island
Oregon
Arizona
Michigan
Hawaii
Colorado
Illinois
Delaware
North Carolina
Iowa
New York
Indiana
Mississippi
Virginia
Nebraska
Connecticut
Florida
California
Alabama
Texas
Utah
Kentucky
Kansas
Maine
Georgia
Pennsylvania
Washington
South Carolina
New Jersey
Oklahoma
Maryland
Vermont
Louisiana
New Mexico
Nevada
Idaho
District of Columbia
Clear underestimate in late 2011

However, ambiguous to 2012 revisions

Note: QCEW always under CES due to not all jobs being covered by unemployment insurance
Caveats

• Only examining Total Private for each state and not individual industries

• Our Oregon preliminary benchmark process examines industries at 3 digit NAICS level to best gauge revisions
  – Reveals slightly smaller revisions than just Total Private (+0.86% vs 1.0%)

• Unclassified employment in QCEW is large in some states and will affect estimates
  – 9 states larger than 0.1% of private employment
    • CA (.6%), D.C. (.9%), GA (.4%), LA (.2%), MI (.5%), NJ (.5%), NY (.4%), WA (.1%), WI (.3%)
Why Does This Matter?

• For forecasters, policymakers, and the media, having the most accurate information is very important

• Basing analysis, articles and forecasts off of bad data can be misleading and cause unnecessary error

• Not only is forecasting very difficult, especially about the future, but it is also very difficult when “history” keeps changing as well
Summary

• State and Local estimates are very important for forecasters, policymakers and the media

• As of late 2011, state level estimates will be revised upward by over 700,000 jobs

• 2012 revisions are ambiguous until further data is released
  – 2012q1 data currently scheduled for release on Sept 27, 2012
  – Also get first look at National revisions at that time