

Opening Remarks

Annual Local Employment Dynamics State Workshop

June 13, 2013



Objectives

- Why I'm happy to be here
- Goals as new BLS Commissioner
- Labor market update
- Working together
 - ▶ Mining and blending within BLS
 - ▶ With other agencies: opportunities and challenges

Why I'm happy to be here

- LED and LEHD are worth honoring
- Good to visit friends at Census and in States
- Statistical agencies and States need to talk and work together
 - ▶ Dialog with partners and users is important
- Talk about BLS—users need to know what we're up to

Goals as new BLS Commissioner

- Learn more about BLS, products and stakeholders
 - ▶ “Listening tour”
 - Staff, major users, sister agencies, states and other partners, regional offices, etc.
 - ▶ Inform BLS priorities
- Get the most for nation’s data dollar
 - ▶ Data are a public good, like roads and clean air
 - ▶ All benefit when policy, personal and business decisions, and discourse are based on good evidence
 - ▶ Must meet this need with best data possible, in any budgetary environment

Goals, cont'd.

- Build on BLS strengths, make it stronger, more dynamic
 - ▶ BLS data
 - Key measures of labor market activity, working conditions and price changes, including 7 Principal Federal Economic Indicators (most monthly)
 - Must be accurate, objective, relevant, timely, and accessible
 - ▶ Requires continually adapting to rapidly changing economy and technology that affect
 - What we measure
 - How we collect it
 - How we deliver it to ensure it achieves the greatest benefit
 - ▶ Innovation must be balanced with
 - Continuity with past series
 - Protecting respondents' confidentiality
 - Preserving ongoing production quality
 - ▶ Challenges cannot excuse inaction

Labor market update

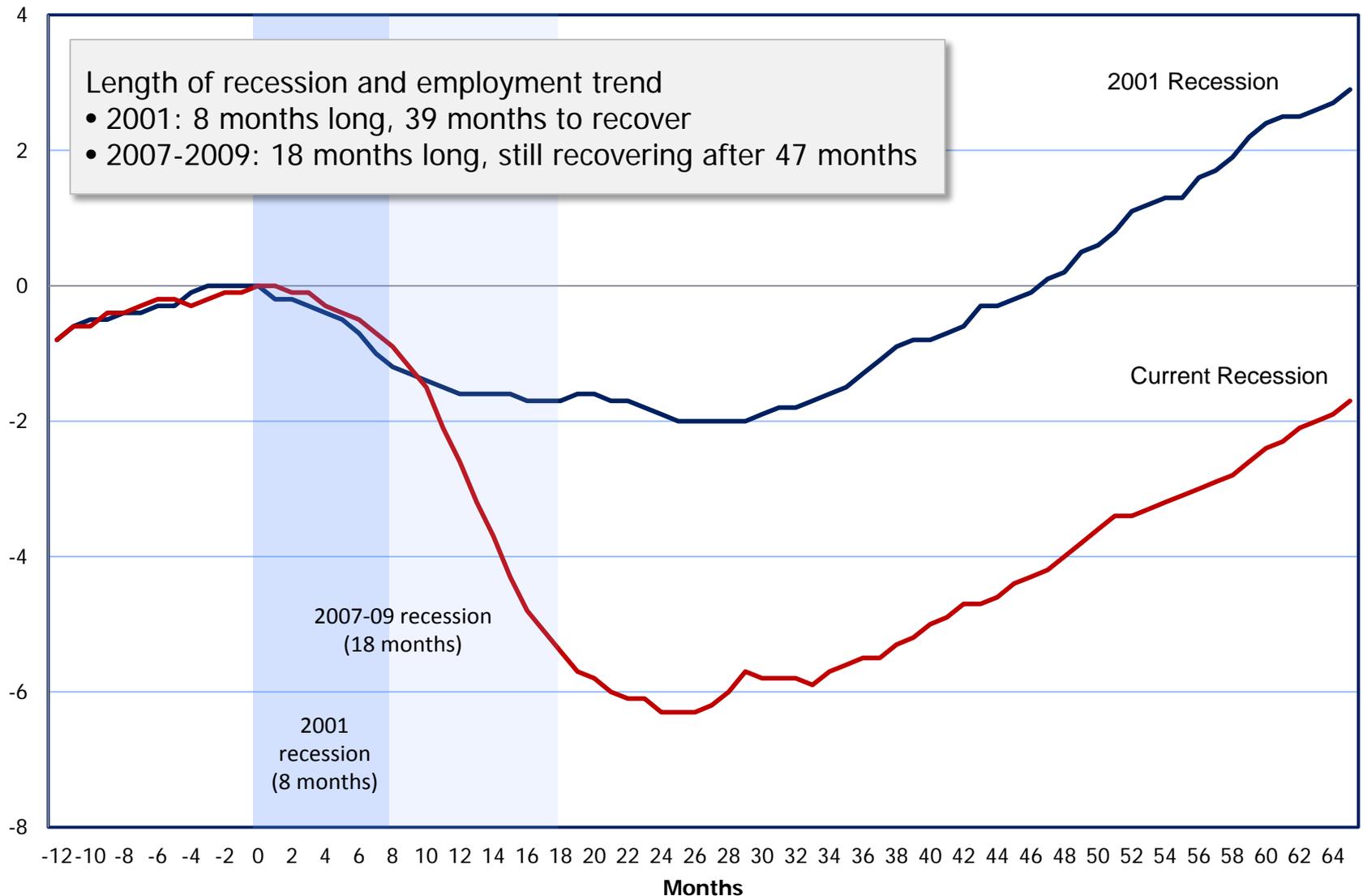
- Purpose of review of labor market conditions
 - ▶ Motivate conference with reminder of current context
 - ▶ Highlight work and products of BLS as a basis for discussing working together

Labor market update, cont'd.

■ Current situation

- ▶ Sustained modest growth, concentrated in service sector
- ▶ A long way from pre-recession conditions, despite over 3+ years of recovery
- ▶ What's missing?

Percentage change in total nonfarm employment, from recession peaks, seasonally adjusted



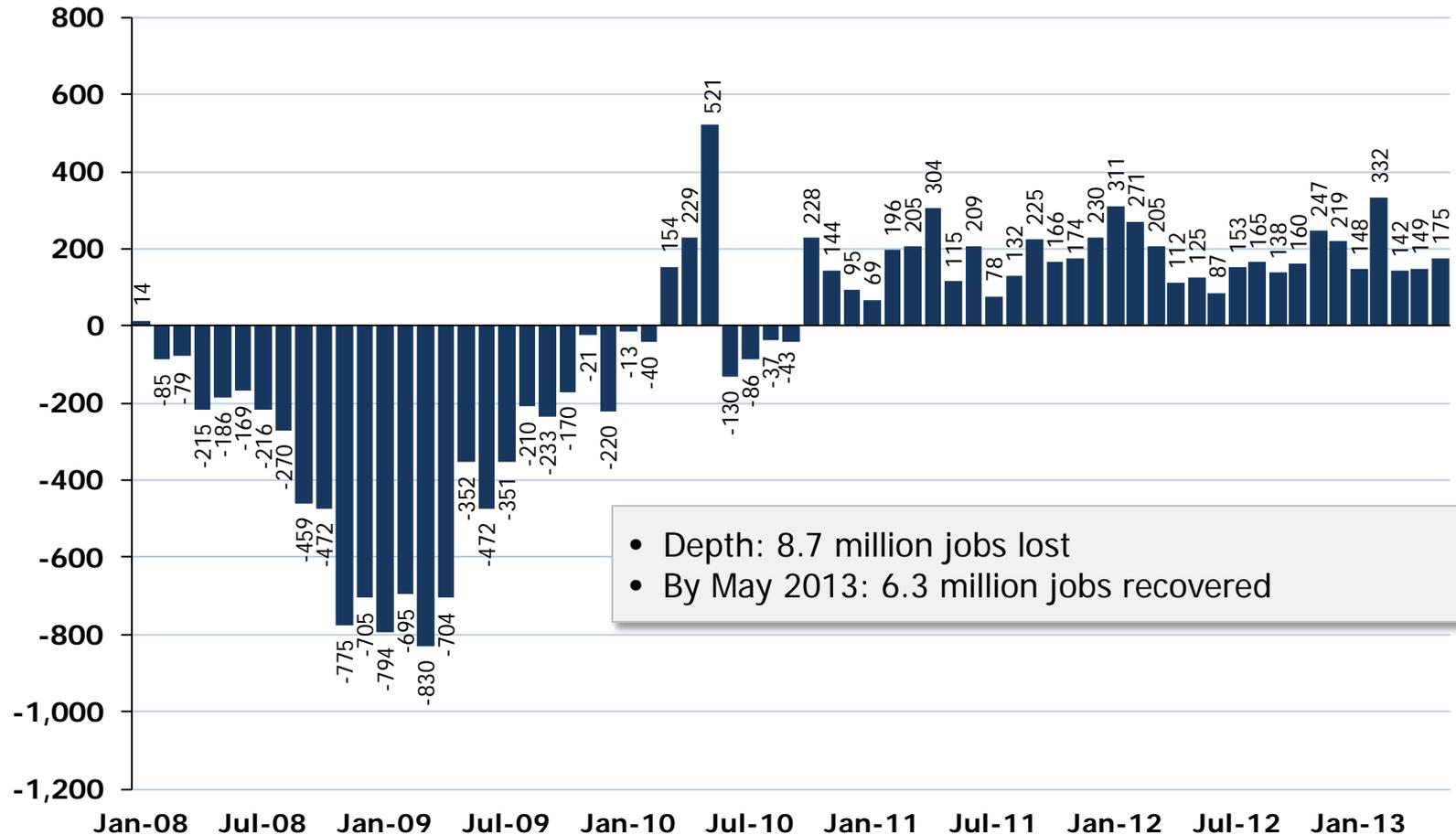
Source: Bureau of Labor Statistics, Current Employment Statistics.



Employment in total nonfarm

Over-the-month change, January 2008–May 2013

Seasonally adjusted, in thousands



- Depth: 8.7 million jobs lost
- By May 2013: 6.3 million jobs recovered

Bureau of Labor Statistics, Current Employment Statistics survey, June 07, 2013.

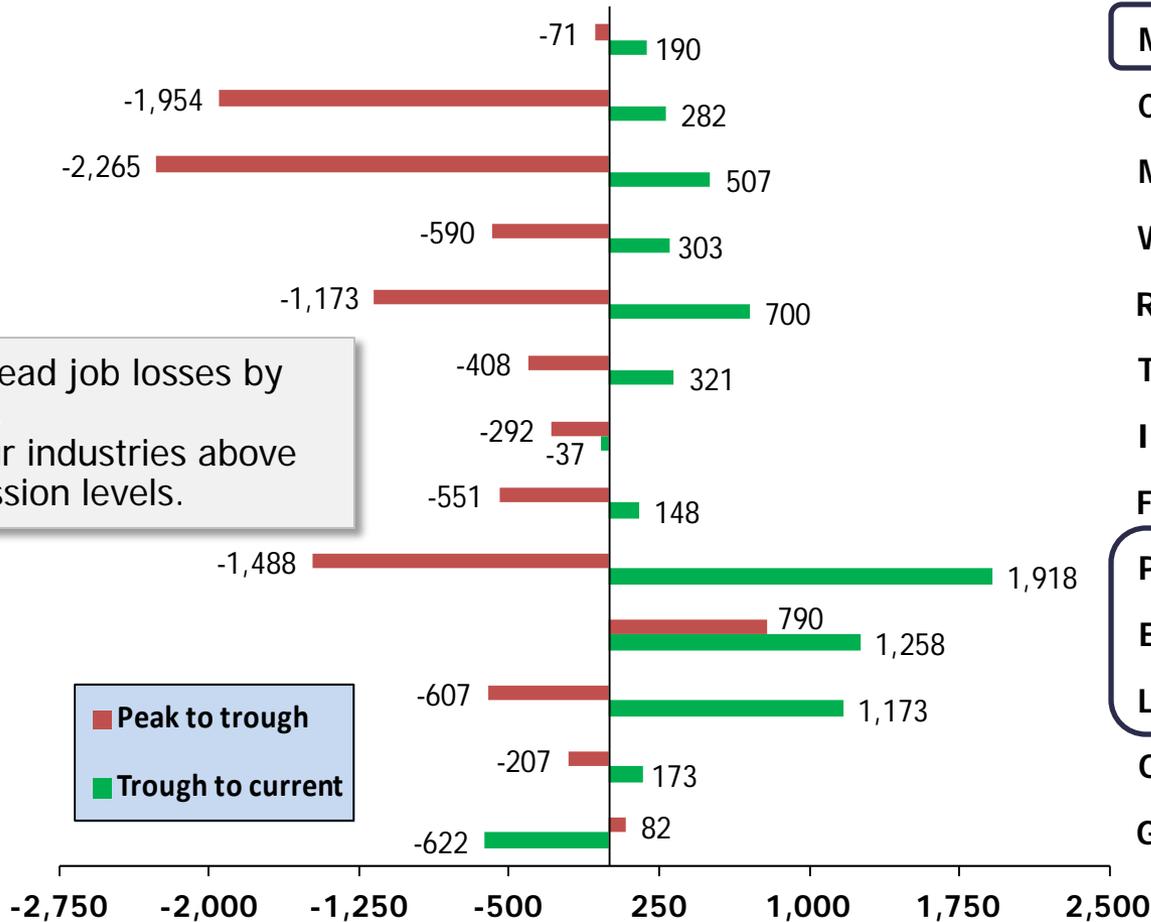
Most recent 2 months of data are preliminary.

Employment change by selected supersector

Total nonfarm peak to trough and trough to current†

Seasonally adjusted, in thousands

Total nonfarm
peak to trough: -8,736
trough to current: 6,317



Mining and logging

- Construction
- Manufacturing
- Wholesale trade
- Retail trade
- Transportation and warehousing
- Information
- Financial activities
- Professional and business services
- Education and health services
- Leisure and hospitality

Other services
 Government

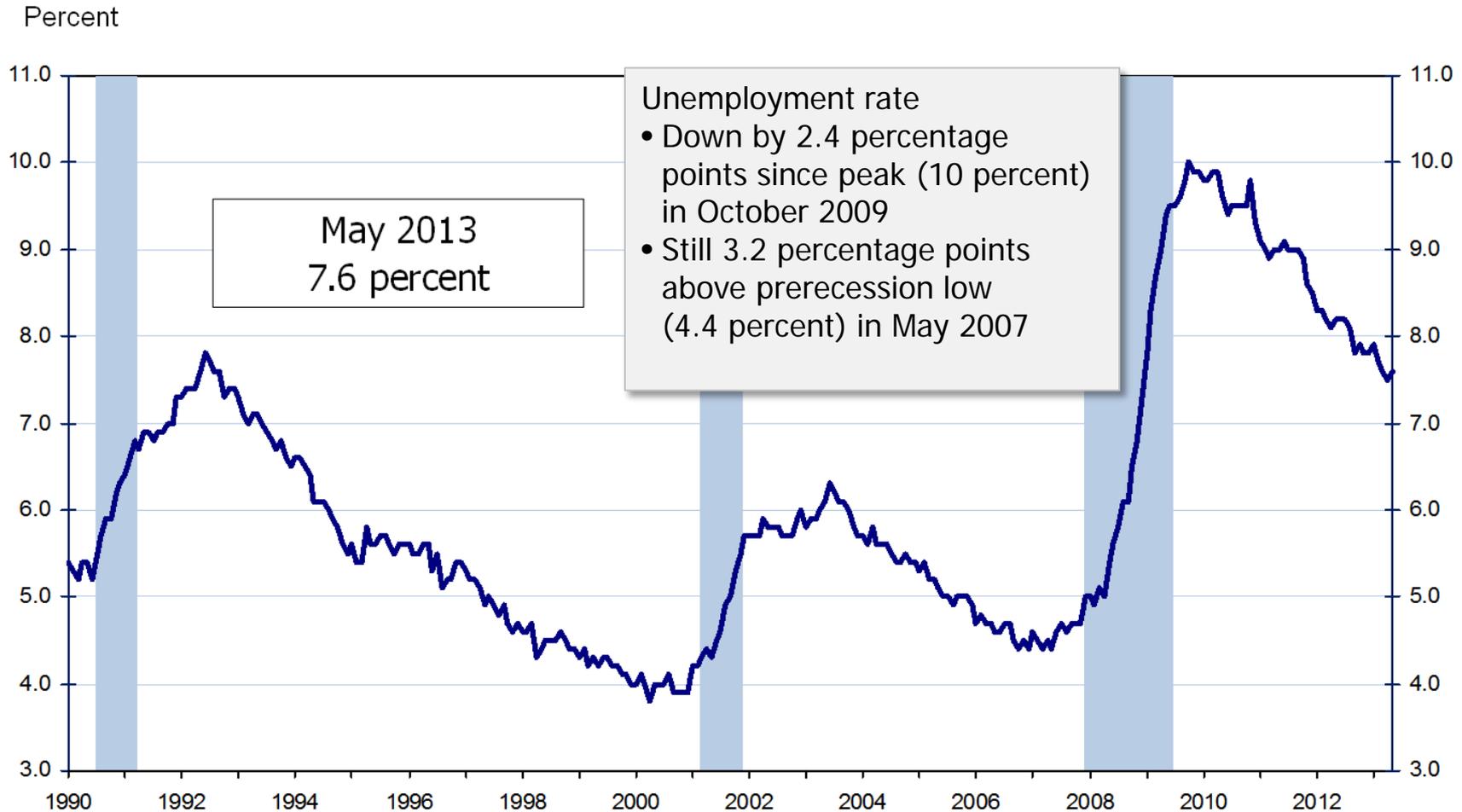
- Widespread job losses by industry.
- Only four industries above prerecession levels.

■ Peak to trough
 ■ Trough to current

† The total nonfarm employment peak was in January 2008; The total nonfarm employment trough was in February 2010.
 Source: Bureau of Labor Statistics, Current Employment Statistics Survey, June 7, 2013.
 Note: Most recent 2 months of data are preliminary.



Civilian unemployment rate, seasonally adjusted, 1990-2013

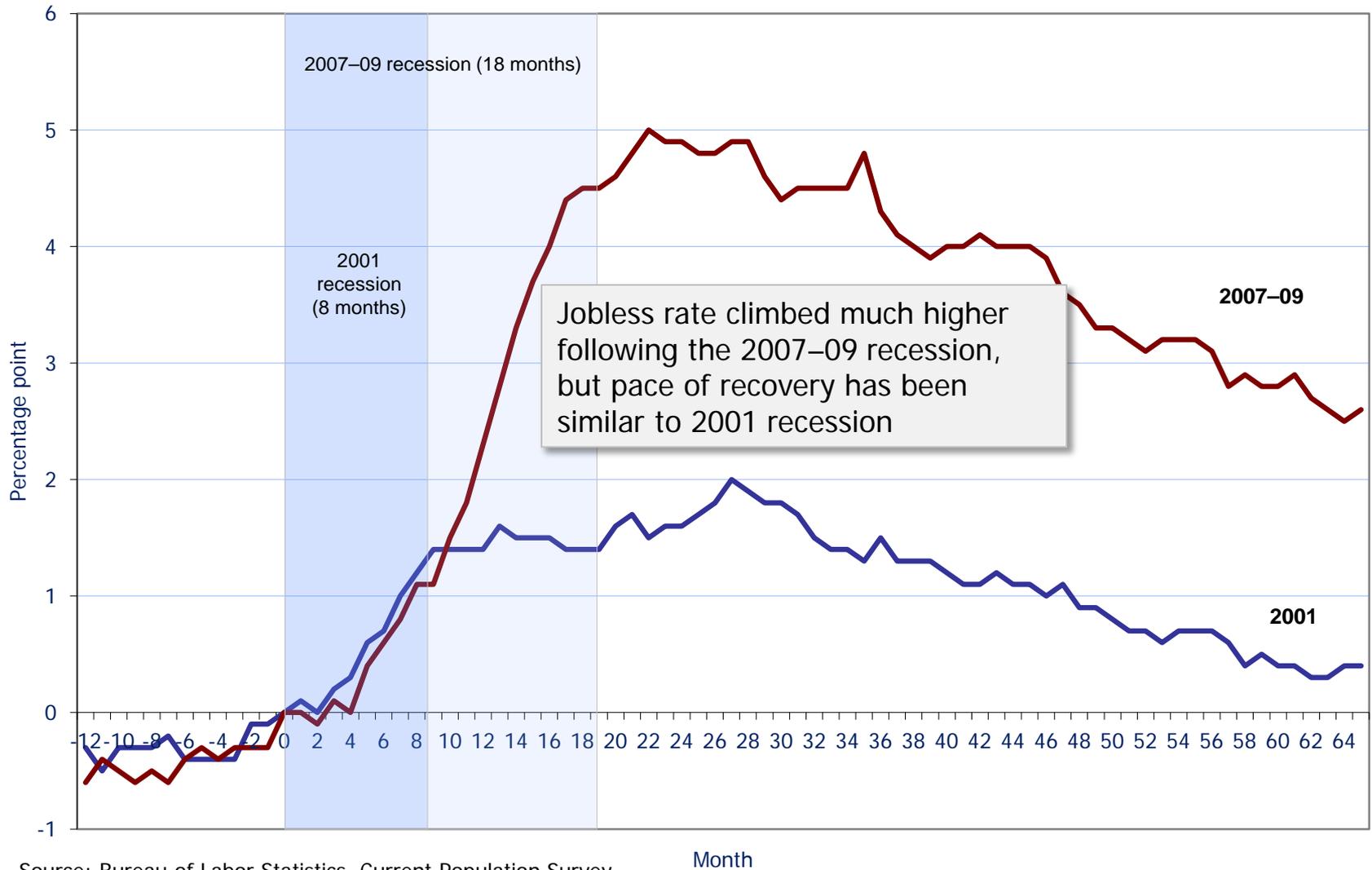


Note: Shaded areas represent recessions as determined by the National Bureau of Economic Research (NBER).

Data online at <http://data.bls.gov/timeseries/LNS14000000>.

Source: Bureau of Labor Statistics, Current Population Survey, June 7, 2013.

Change in the unemployment rate age 16 and over for 2007–2009 recession and 2001 recession, seasonally adjusted

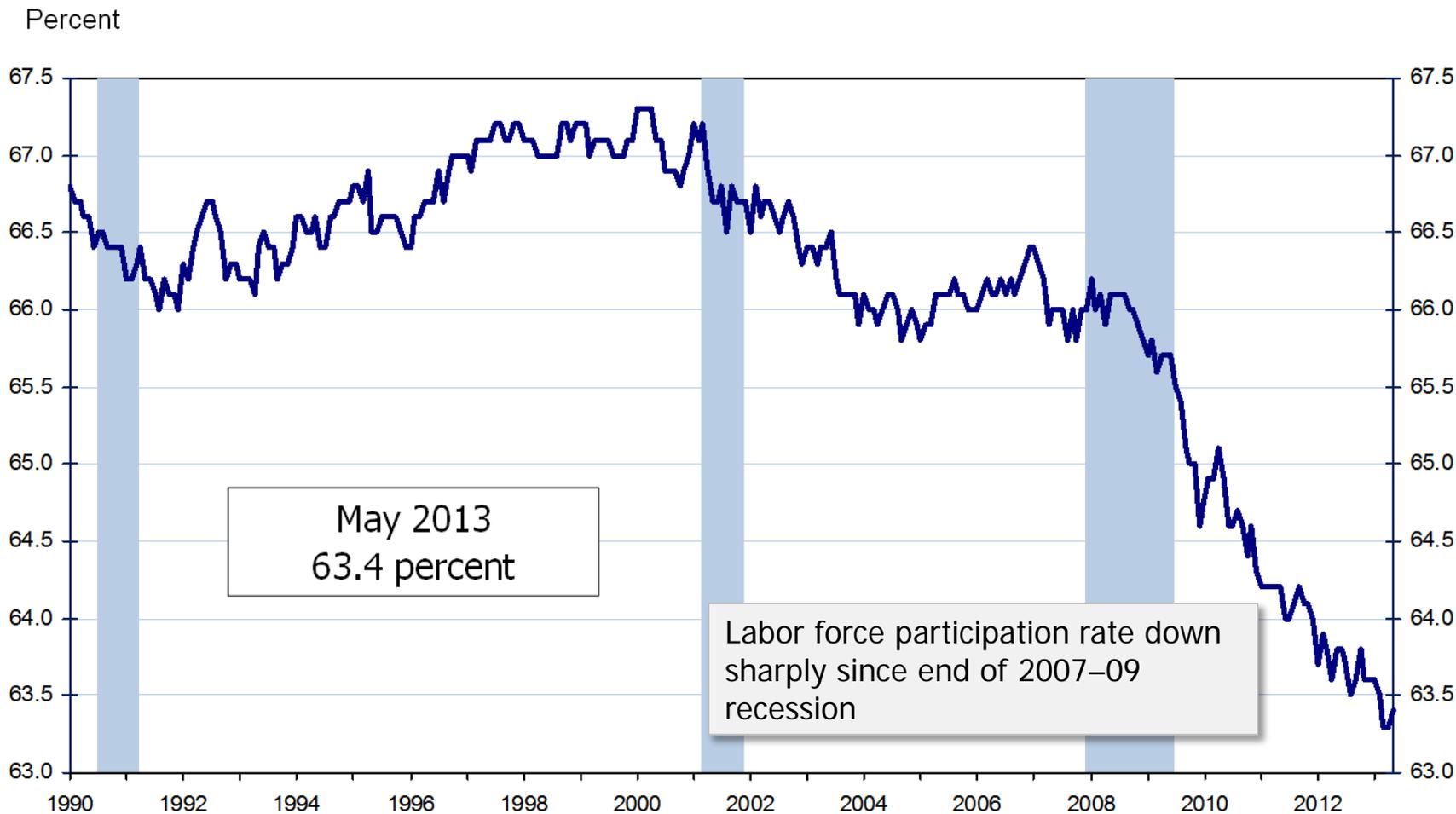


Source: Bureau of Labor Statistics, Current Population Survey.

Note: Shaded areas represent recessions as determined by the National Bureau of Economic Research (NBER).



Civilian labor force participation rate, seasonally adjusted, 1990-2013

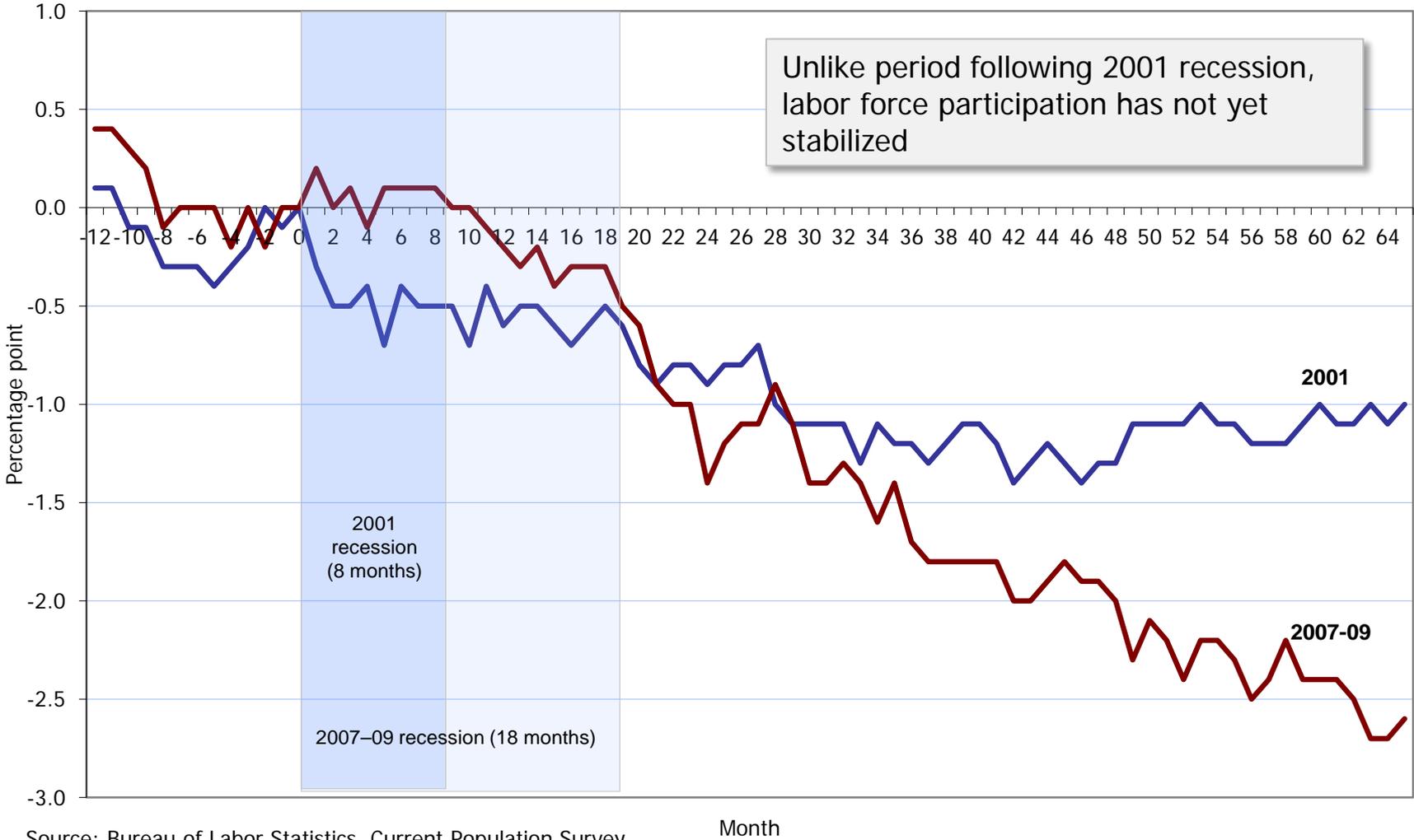


Note: Shaded areas represent recessions as determined by the National Bureau of Economic Research (NBER).

Data online at <http://data.bls.gov/timeseries/LNS11300000>.

Source: Bureau of Labor Statistics, Current Population Survey, June 7, 2013.

Change in labor force participation rate 16 years and over for 2007–2009 recession and 2001 recession, seasonally adjusted



Source: Bureau of Labor Statistics, Current Population Survey.

Note: Shaded areas represent recessions as determined by the National Bureau of Economic Research (NBER).



Long-term unemployed as a percent of total unemployed, seasonally adjusted, 1990-2013

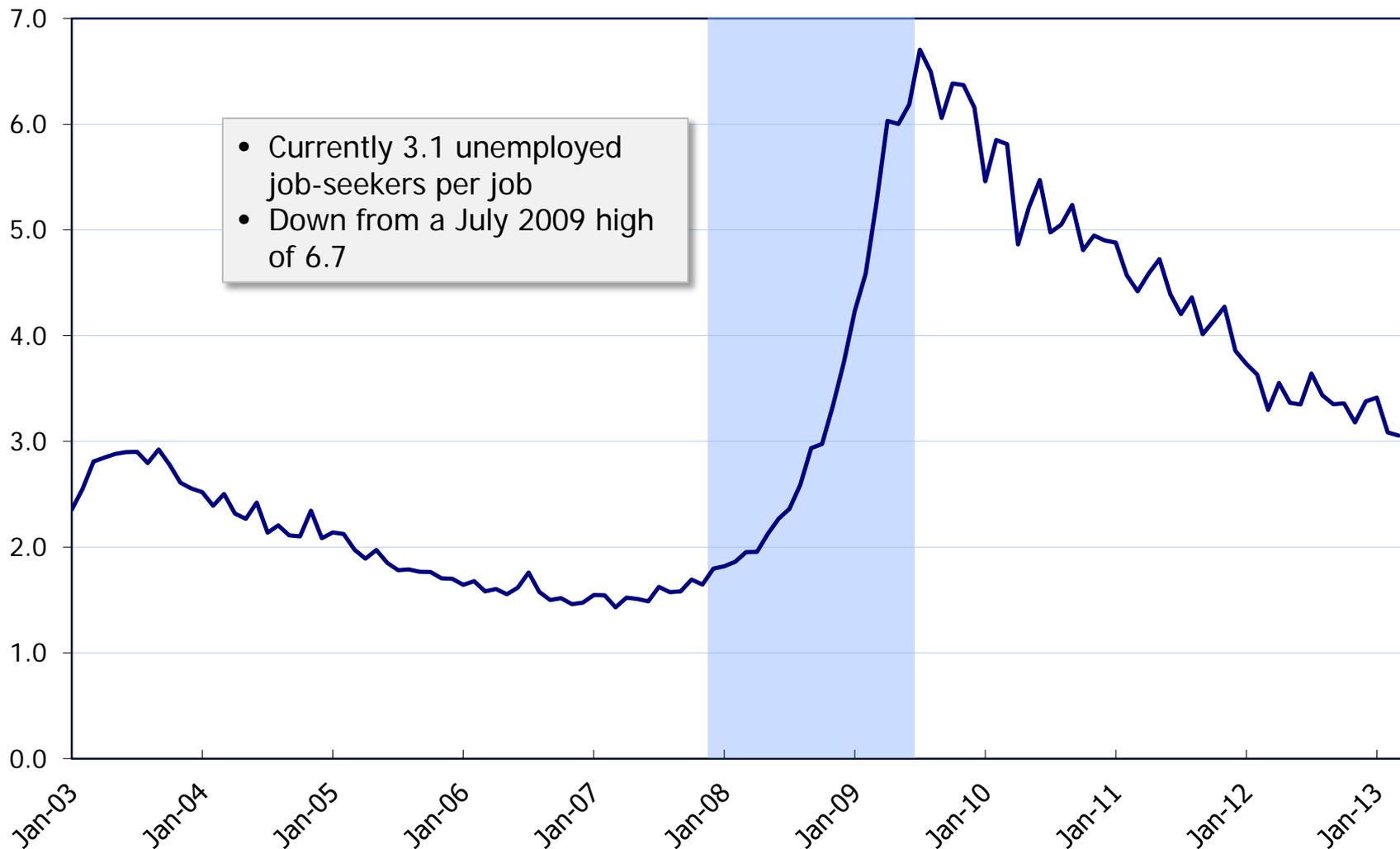


Note: Shaded areas represent recessions as determined by the National Bureau of Economic Research (NBER).

Data online at <http://data.bls.gov/timeseries/LNS13025703>.

Source: Bureau of Labor Statistics, Current Population Survey, June 7, 2013.

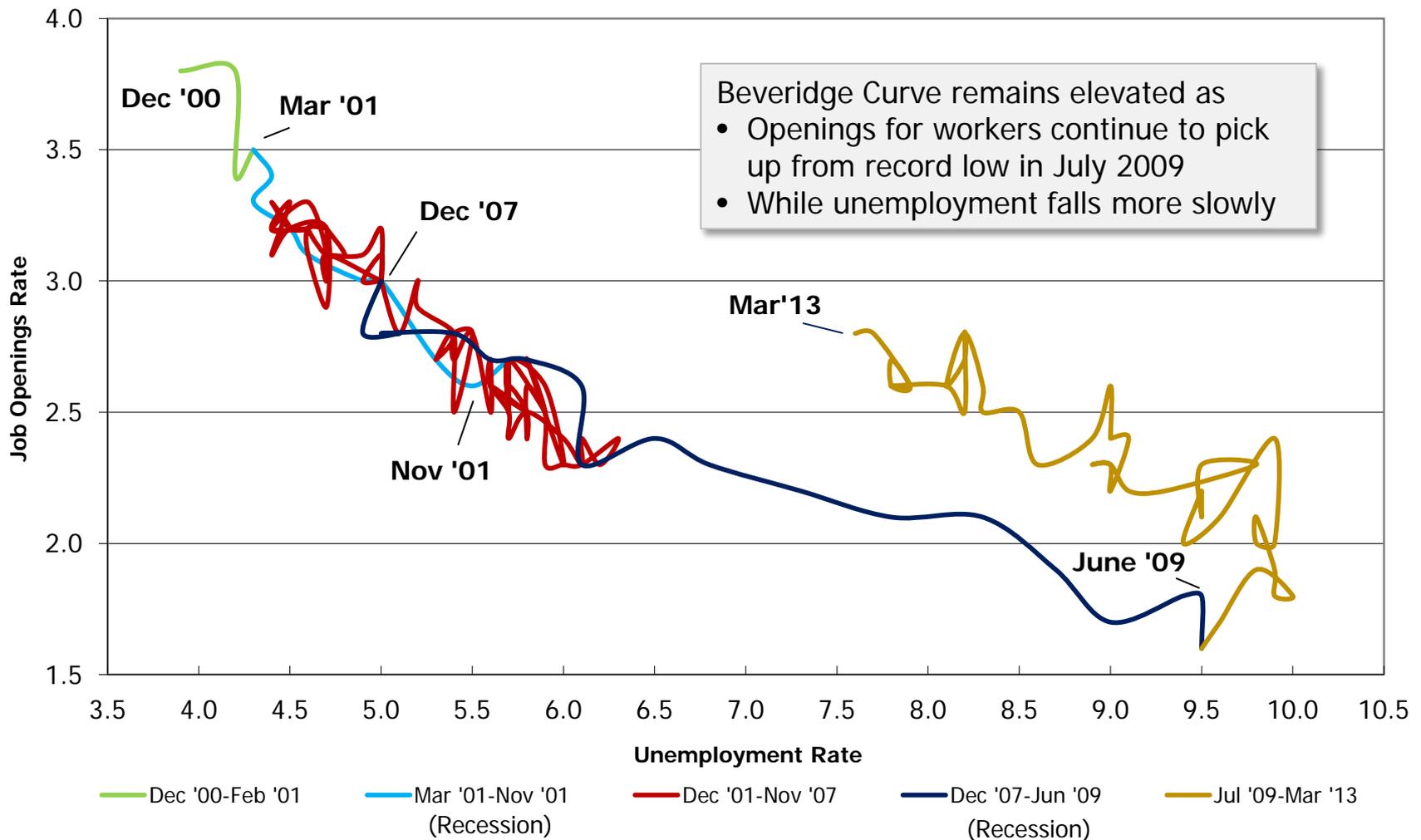
Number of unemployed persons per job opening Seasonally adjusted



Source: Bureau of Labor Statistics, Job Openings and Labor Turnover Survey.

The Beveridge Curve (job openings vs. unemployment rate)

Seasonally adjusted



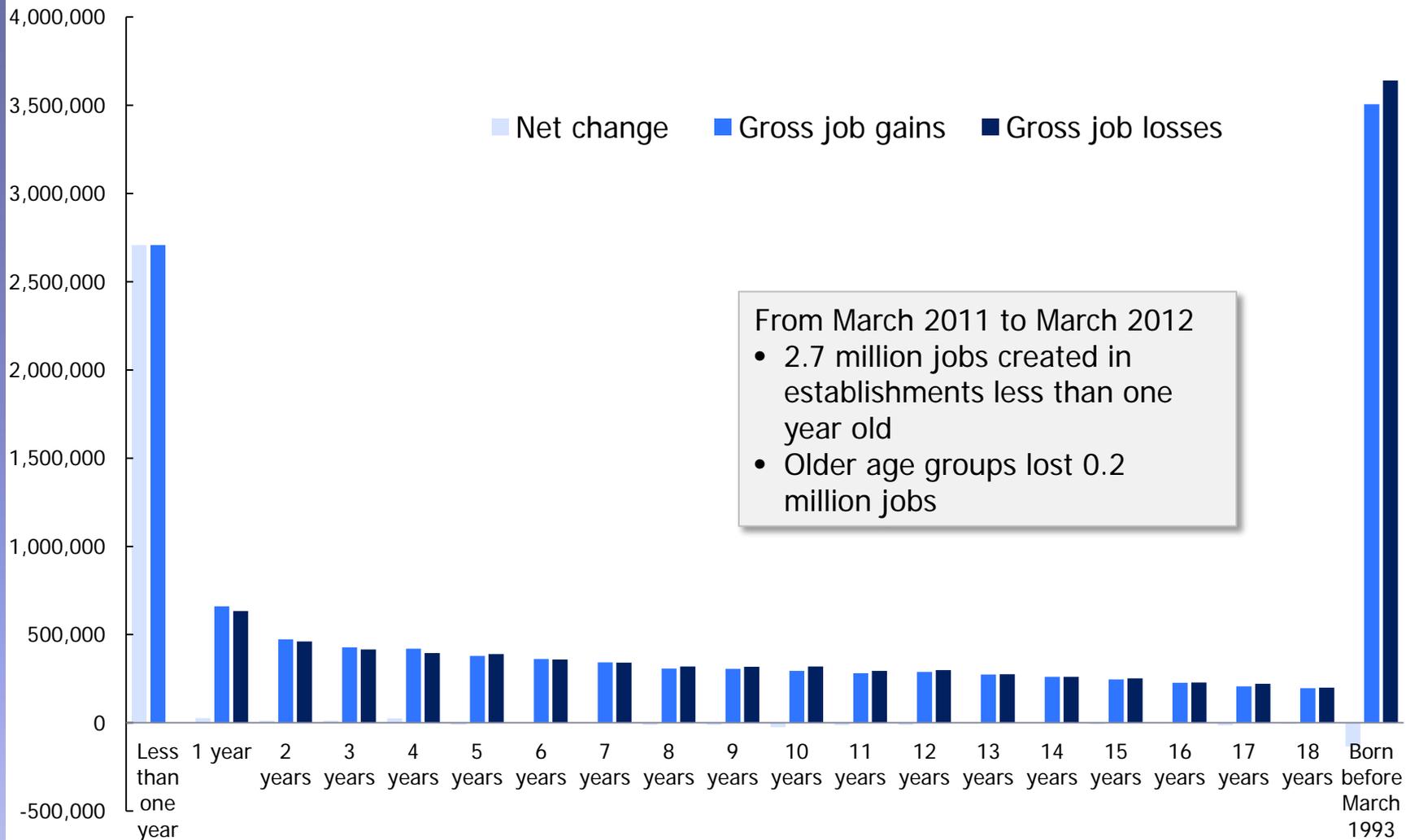
Source: Bureau of Labor Statistics, Job Openings and Labor Turnover Survey.



- All states added some jobs since nat'l. empt. trough (Feb. 2010).
- Job growth leaders are:
N. Dakota (+19.4%),
Utah (+9.7%),
and
Texas (+8.8%).

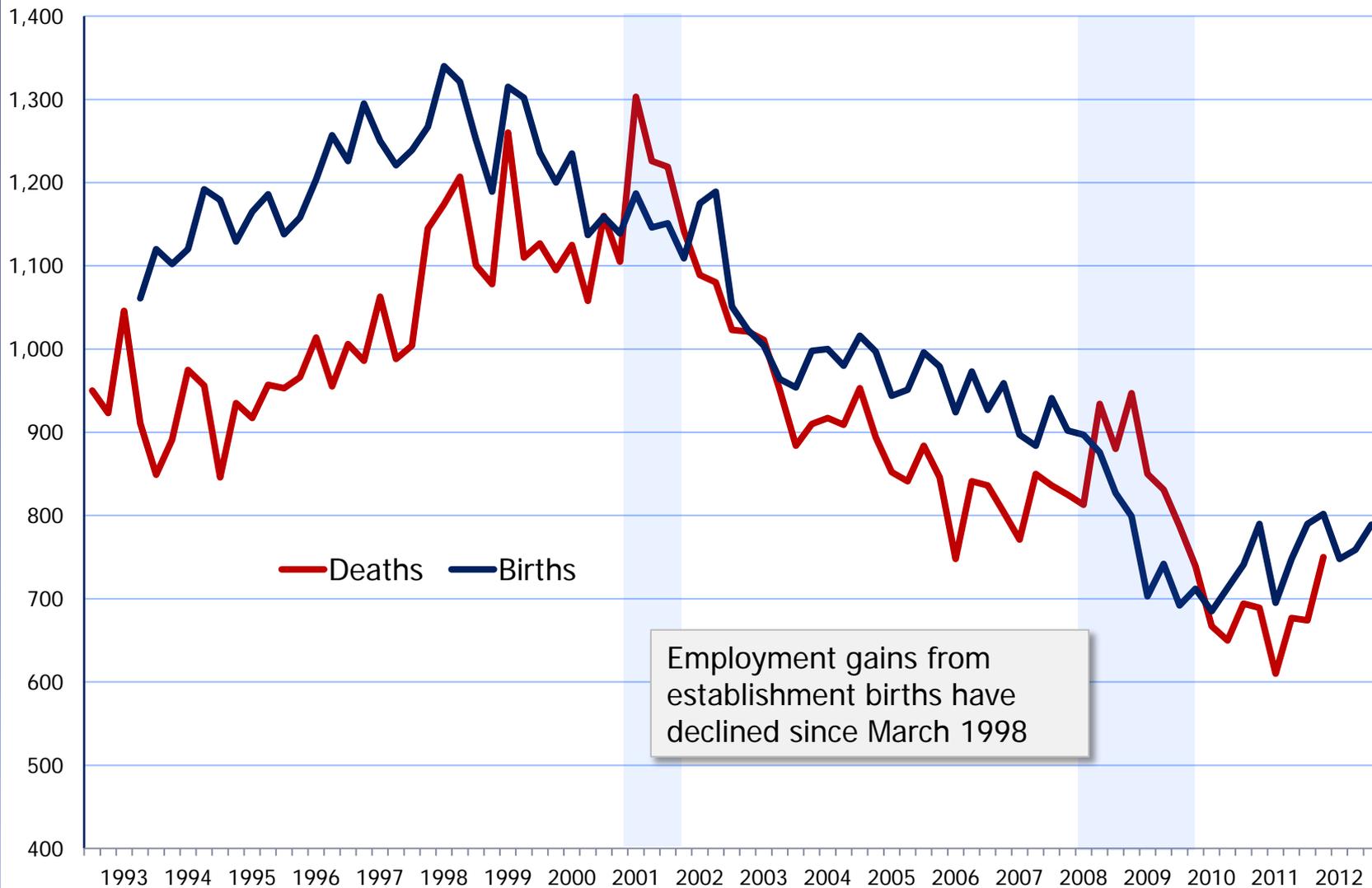
- Jobless rates down in all states since nat'l. peak in Oct. 2009.
- Steep decline in mortgage crisis states—Michigan (5.6 percentage points), Florida, California, and Nevada

Gross job gains and losses and net employment change by establishment age, March 2011-March 2012



Source: Bureau of Labor Statistics, Business Employment Dynamics

Employment from establishment births and deaths, in thousands

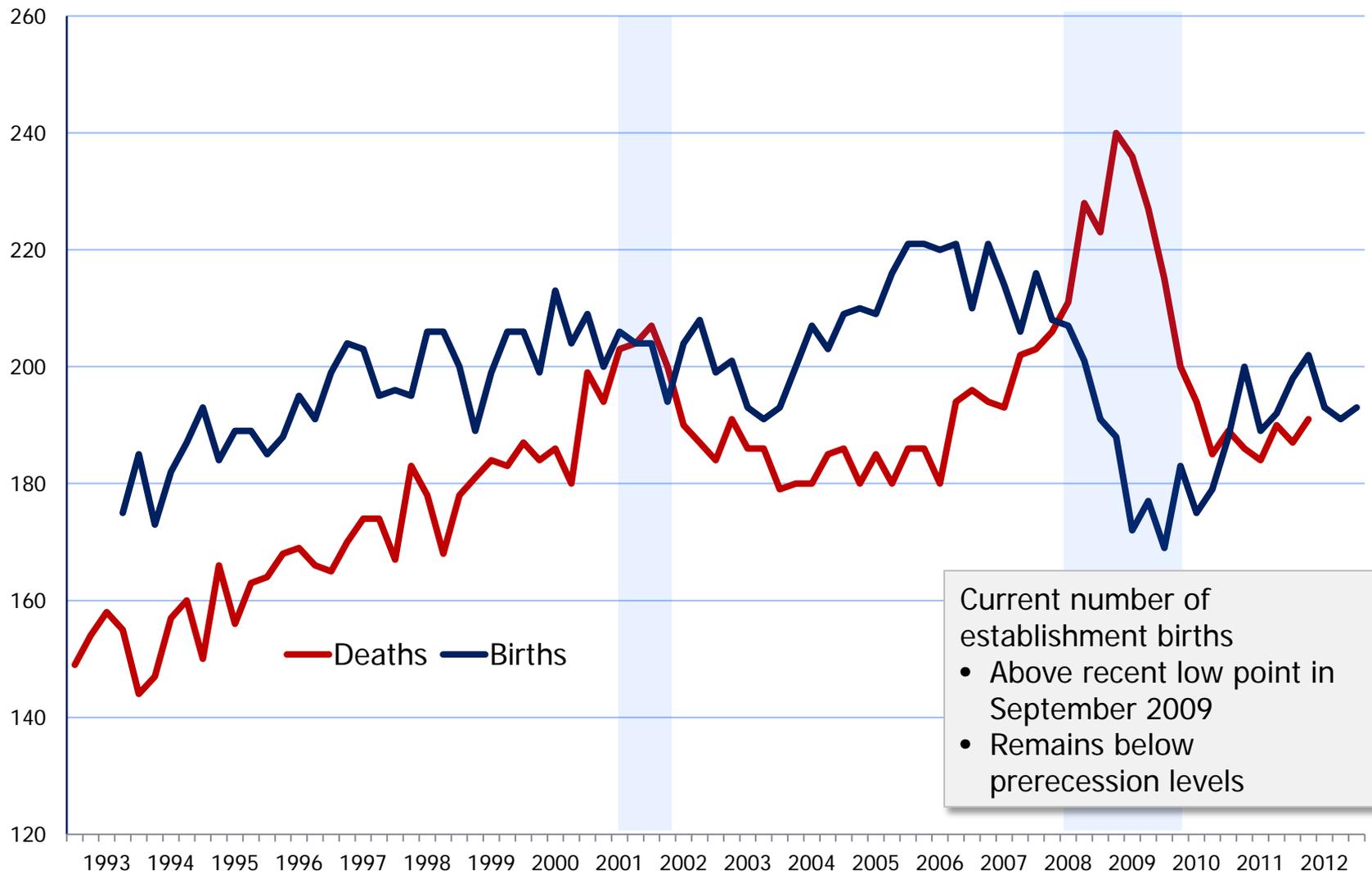


Employment gains from establishment births have declined since March 1998

Source: Bureau of Labor Statistics, Business Employment Dynamics.



Number of establishment births and deaths, in thousands



Current number of establishment births

- Above recent low point in September 2009
- Remains below prerecession levels

Source: Bureau of Labor Statistics, Business Employment Dynamics.



What's missing to make a robust labor market?

- Labor force participation rebound
- Faster net growth in payroll jobs
- Hiring, especially
 - ▶ By young firms
 - ▶ Of long-term unemployed workers
 - ▶ Outside of 3 parts of service sector
 - ▶ In states affected severely by mortgage crisis

Labor market conditions

- Great Recession heightened policymakers' and public concern about labor market developments
- BLS surveys provide foundation of understanding of labor challenges our nation faces
 - ▶ However, don't provide all the information our customers need or want
- How do we address concerns with today's tight budgets?
 - ▶ Look for ways to provide more with what we have
 - ▶ Good news: **BLS and other statistical agencies already have experience doing this**

Mining and blending data: BLS Examples

- Current employment and unemployment data for states and local areas
 - ▶ Uses modeling and Unemployment Insurance administrative data (LAUS program)
- Match other administrative data to yield data in high demand at low cost
 - ▶ Employment in nonprofit organizations: IRS public-use files on nonprofits being matched to QCEW (a frequent request)
 - ▶ Other ideas under consideration

Mining and blending examples, cont'd.

- Business Employment Dynamics (BED) program
 - ▶ Uses existing QCEW data for unique quarterly series to track labor market dynamics (only 7 month lag)
 - Time series (1992 to 2013) of continuing, opening and closing, and births and deaths of business establishments, and aggregate job gains or losses
 - ▶ Informs thinking on policy and firm “age” in employment dynamics
 - ▶ Little additional cost and no new reporting burden
 - ▶ Developing new products
 - Measures of high-growth firms (“gazelles”)
 - Firm age by size
 - Job creation and destruction data for large counties

Mining and blending examples, cont'd.

- Develop timely firm-size information from existing sources
 - ▶ JOLTS publishes establishment-based size-class data—first-ever, truly current source for these dynamics
 - ▶ Current Employment Statistics (CES) estimates under development
- Redesign Occupational Employment Statistics (OES) to produce annual wage and employment regional data by occupation
- Support work by outside researchers using confidential BLS data address other issues, such as
 - ▶ Firm pricing behavior
 - ▶ Educational choice and returns to education
 - ▶ Mismatch in the labor market
 - ▶ Causes and consequences of Great Recession

More opportunities: working together across agencies

- Linking datasets across agencies is a great way to get more from existing data
- But not easy
 - ▶ Federal and State laws and regulation govern (restrict) data sharing
 - Measures to safeguard confidentiality complicate sharing
 - Usually requires creativity, sometimes legislation
 - ▶ Establishing cooperative agreements between agencies takes time
 - Layers of checks and approvals to ensure compliance with rules and regulations (agency, departmental, OMB)
 - Rivalries can slow cooperation
 - ▶ Different protocols and sample frames pose challenges

Examples of working together

- Improve business registers by achieving consistent industry codes between BLS and Census (aka “data synchronization”)
 - ▶ Multi-establishment units being synchronized now
 - ▶ Single establishment units await fix to law
- LEHD: Illustrates how the whole can be more than the sum of its parts
 - ▶ UI wage records from States
 - ▶ Demographic information from SSA and CPS
 - ▶ Employer records from BLS Fed–State QCEW

Potential other opportunities to work together

- Allow researchers to combine our data series
 - ▶ Answer one-off questions
 - ▶ Test new product ideas
- Devise new co-branded, blended indicators, especially for regional data

Conclusion

- BLS, Census and other stats agencies provide valuable service
 - ▶ Demand for our products only grows, especially in light of slow pace of recovery
- Budget situation limits our ability to meet new demand by bringing new programs on line
- Key solution: get more done with data at hand, including working together across agencies and partnerships
- Likely focus for my energies as BLS Commissioner
- Enjoy rest of conference!

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