

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

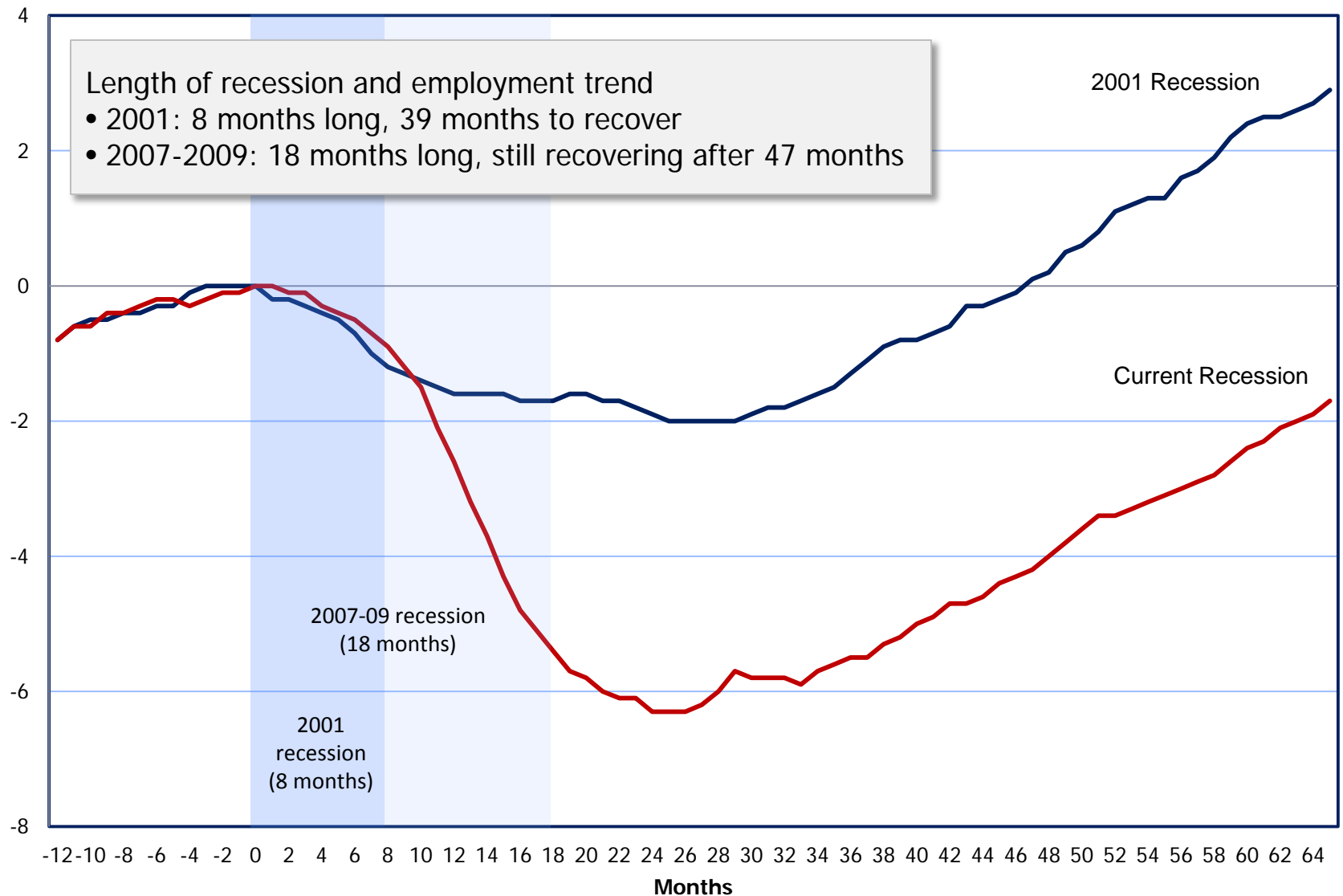
- Purpose of review of labor market conditions
 - ▶ Motivate conference with reminder of current context
 - ▶ Highlight work and products of BLS as a basis for discussing working together

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

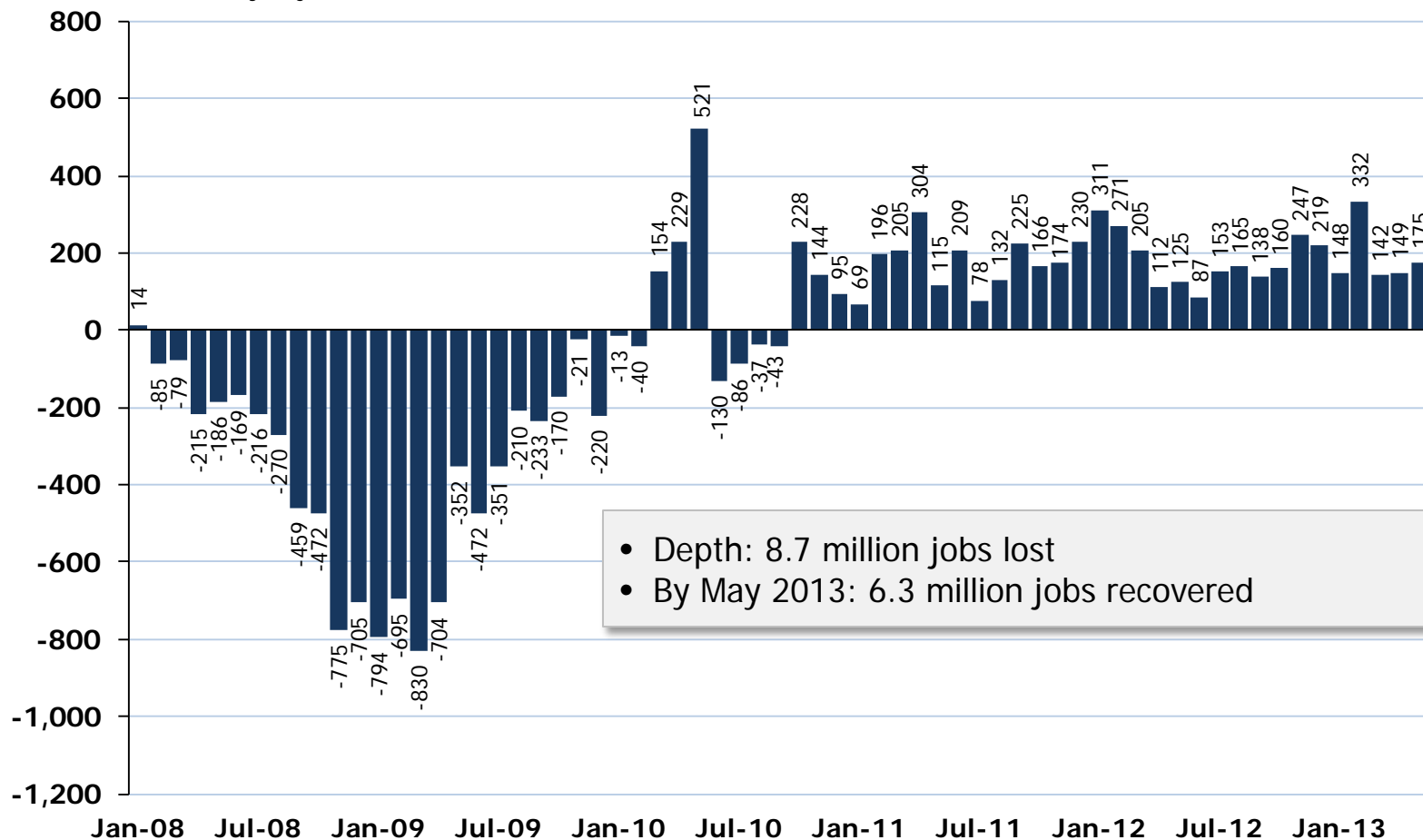


Source: Bureau of Labor Statistics, Current Employment Statistics.

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

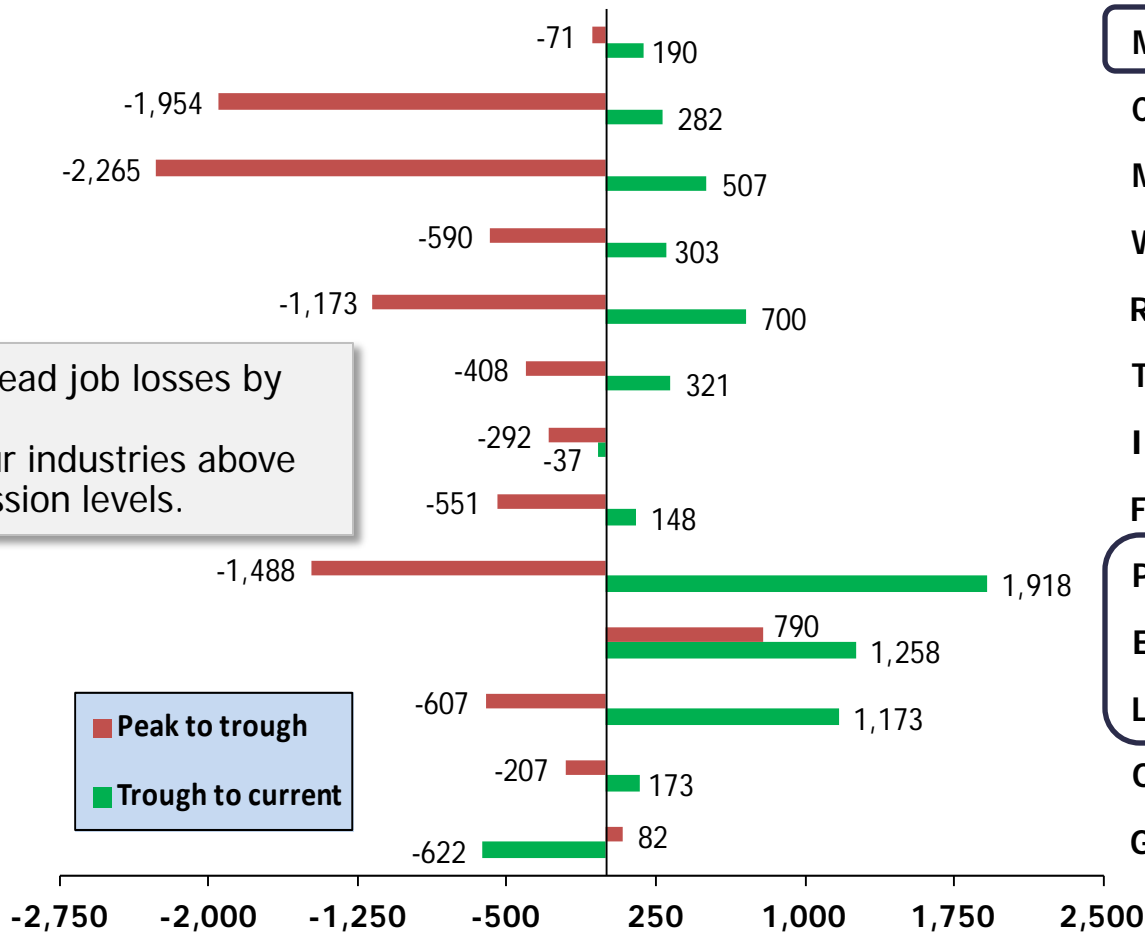
Bureau of Labor Statistics, Current Employment Statistics survey, June 07, 2013.
Most recent 2 months of data are preliminary.

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

Peak to trough
Trough to current

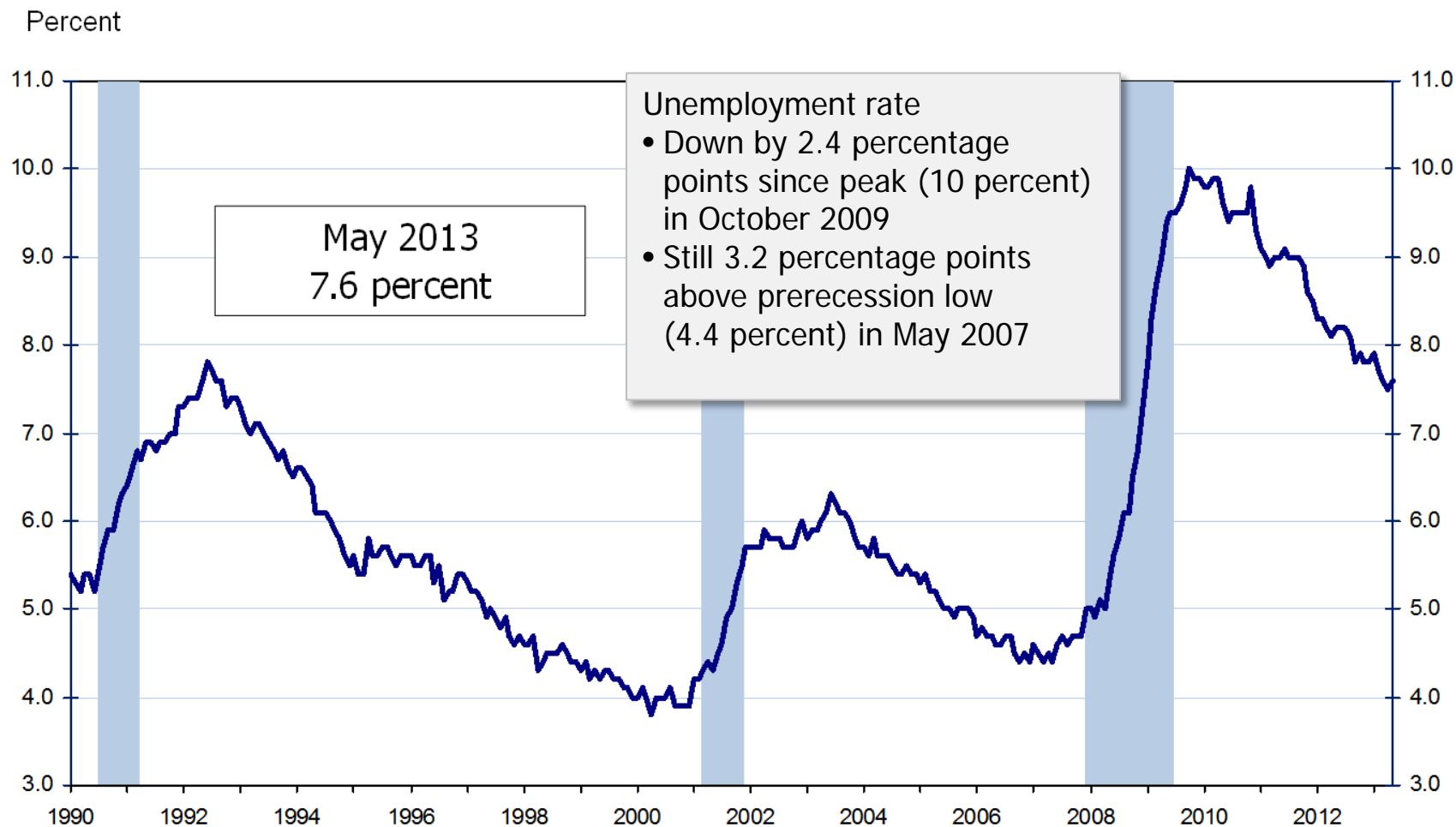
- Widespread job losses by industry.
- Only four industries above prerecession levels.

† 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

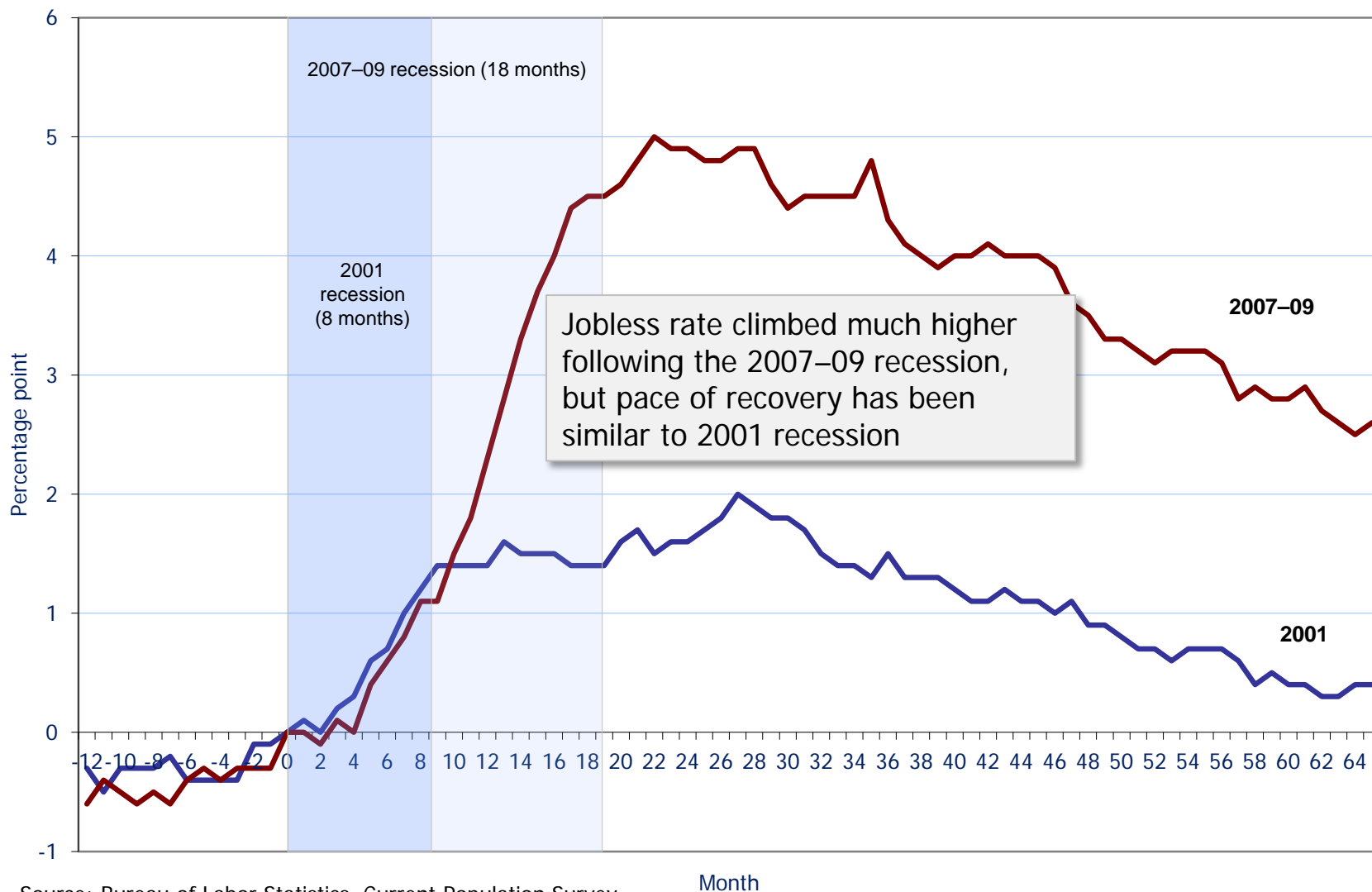


Note: Shaded areas represent recessions as determined by the National Bureau of Economic Research (NBER).

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

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

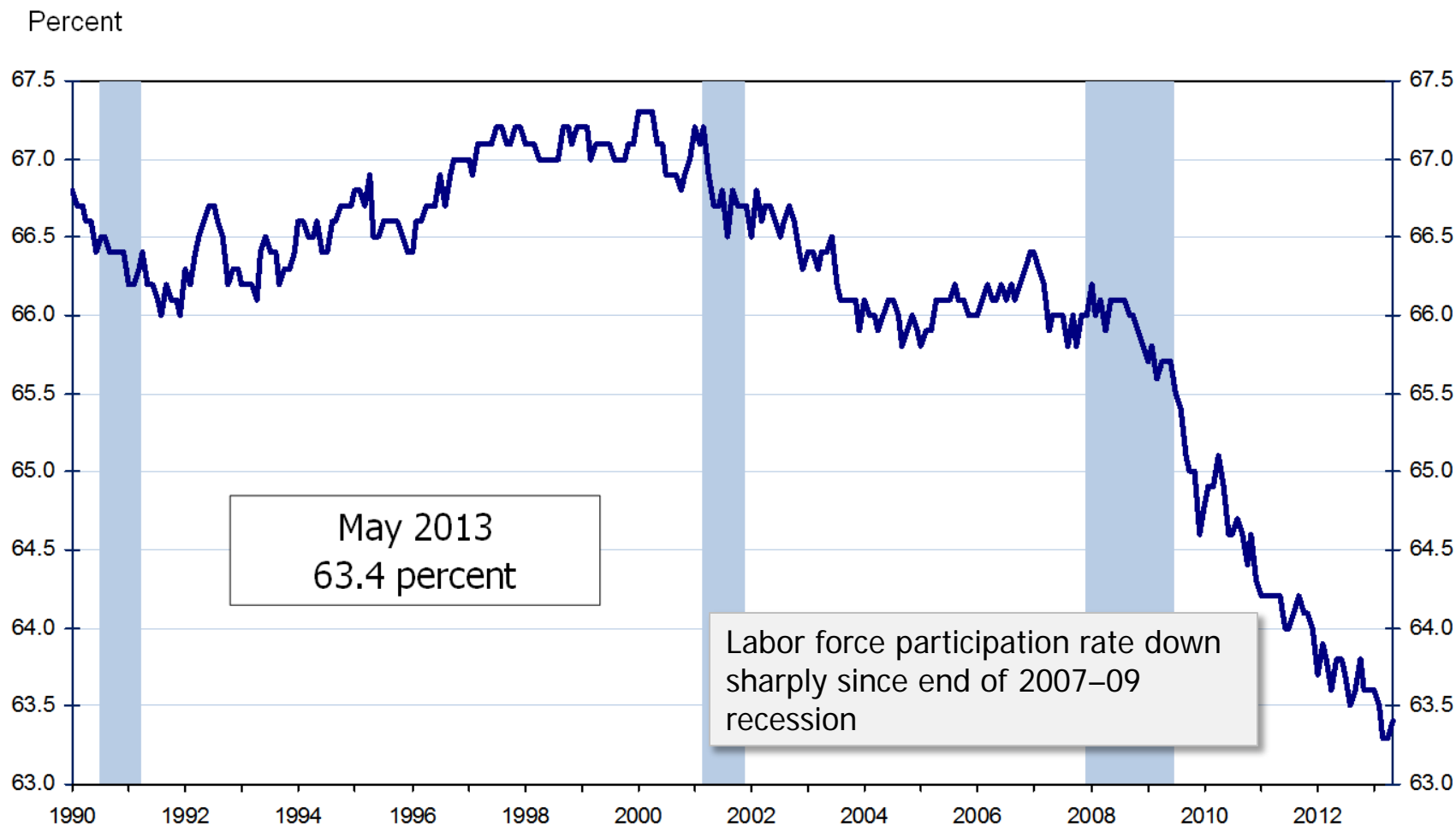
Change in the unemployment rate age 16 and over for 2007–2009 recession and 2001 recession, seasonally adjusted



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

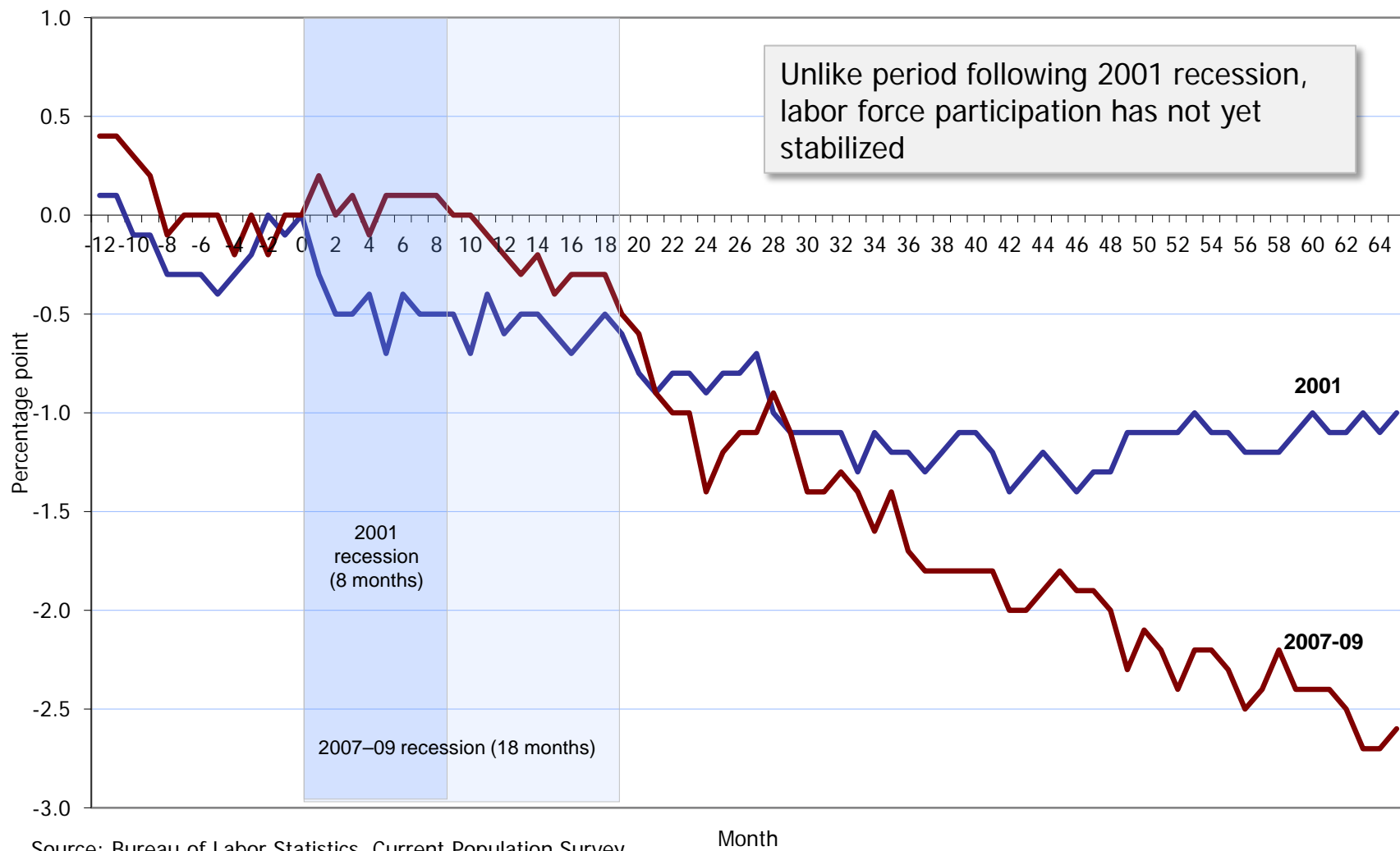


Note: Shaded areas represent recessions as determined by the National Bureau of Economic Research (NBER).

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

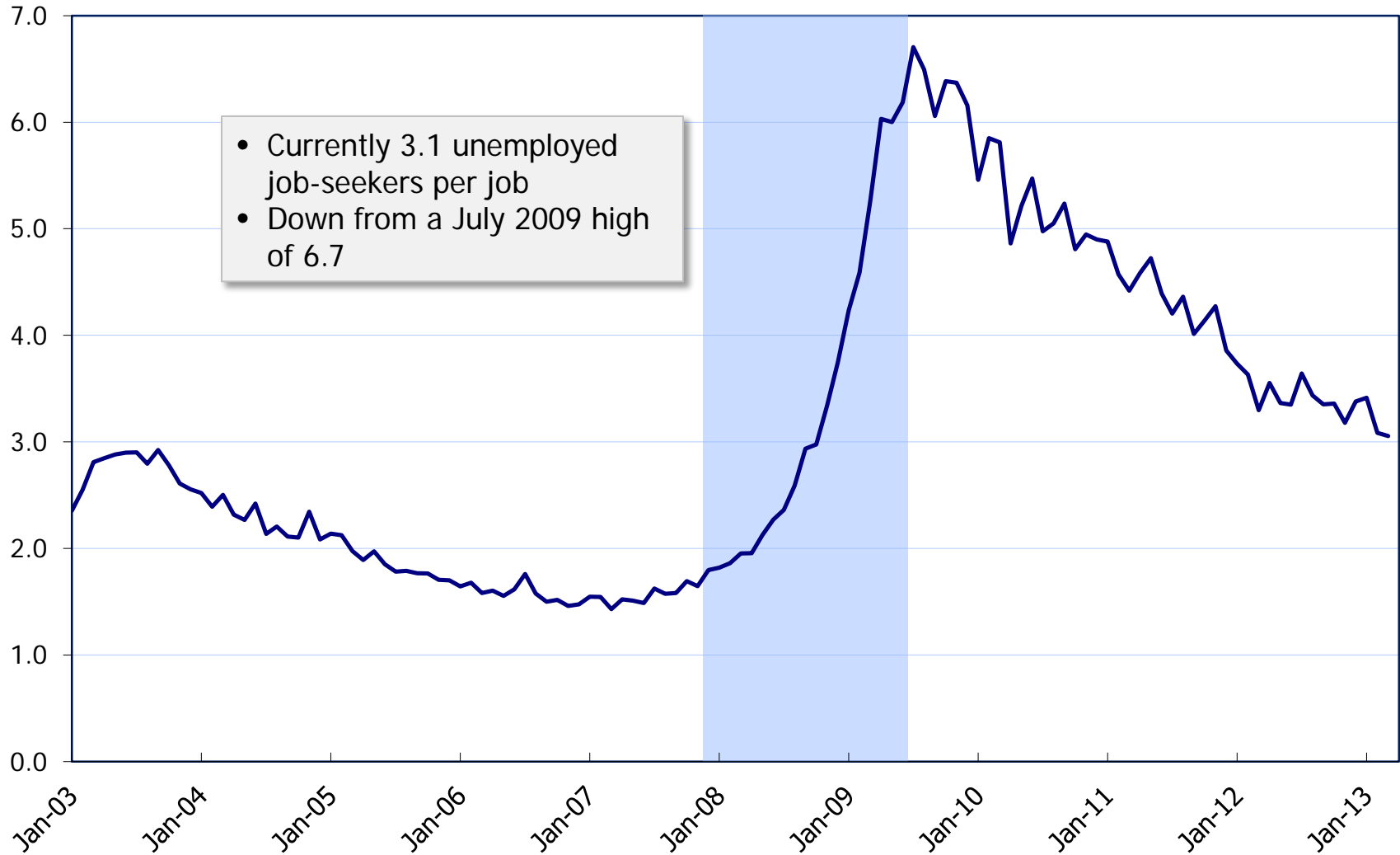


Note: Shaded areas represent recessions as determined by the National Bureau of Economic Research (NBER).

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

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

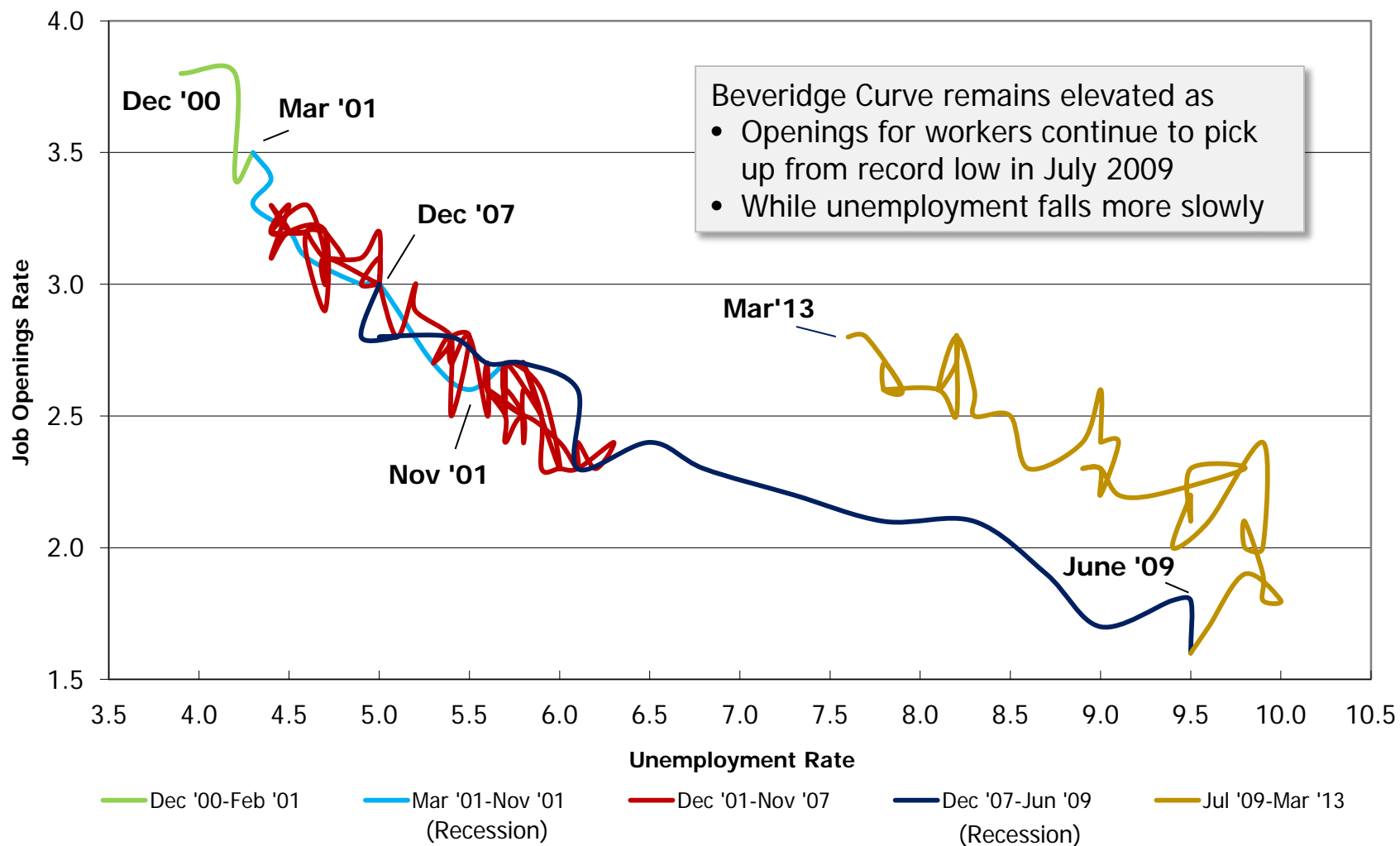
Number of unemployed persons per job opening Seasonally adjusted



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

The Beveridge Curve (job openings vs. unemployment rate)

Seasonally adjusted

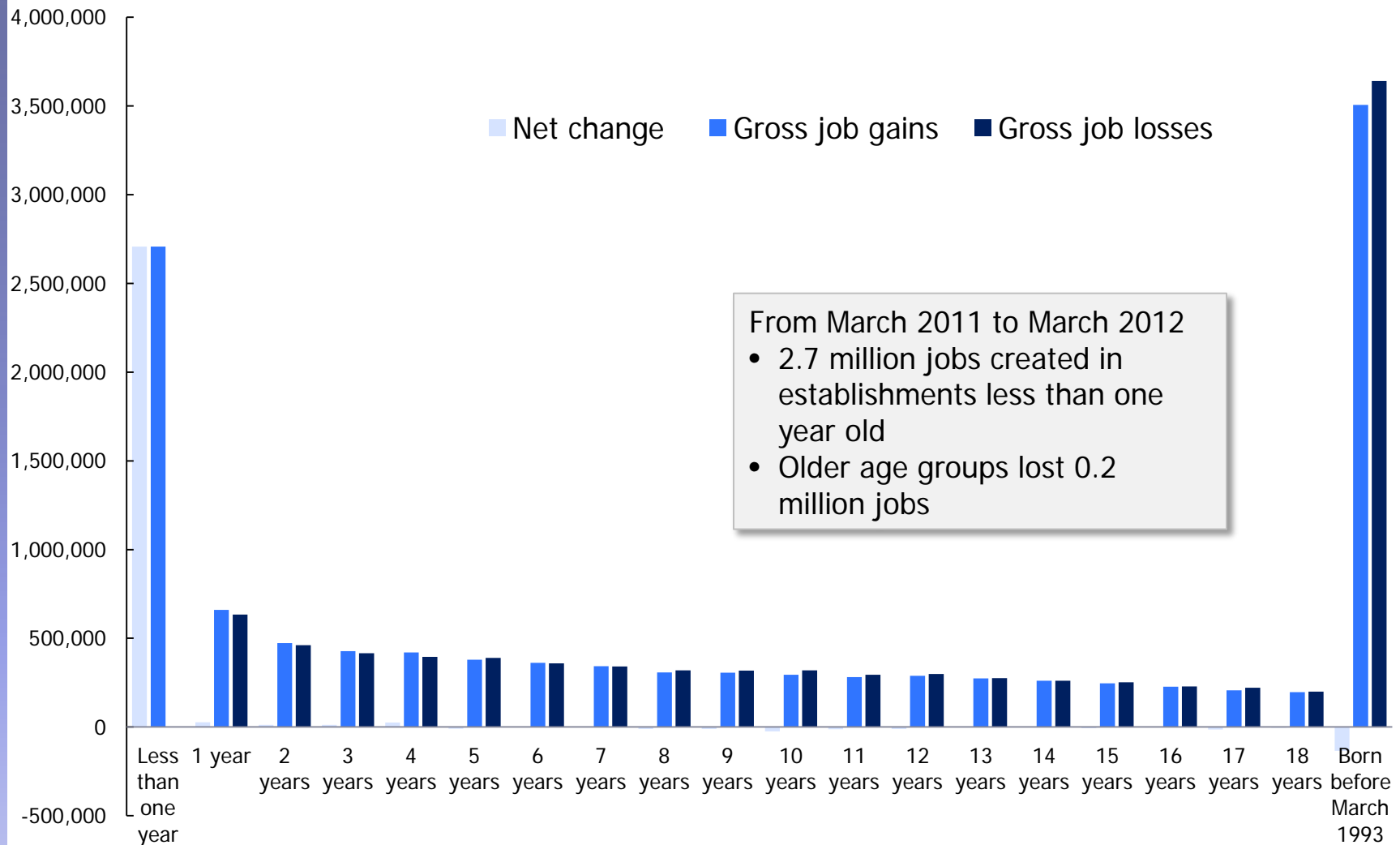


Source: Bureau of Labor Statistics, Job Openings and Labor Turnover Survey.

- 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%).

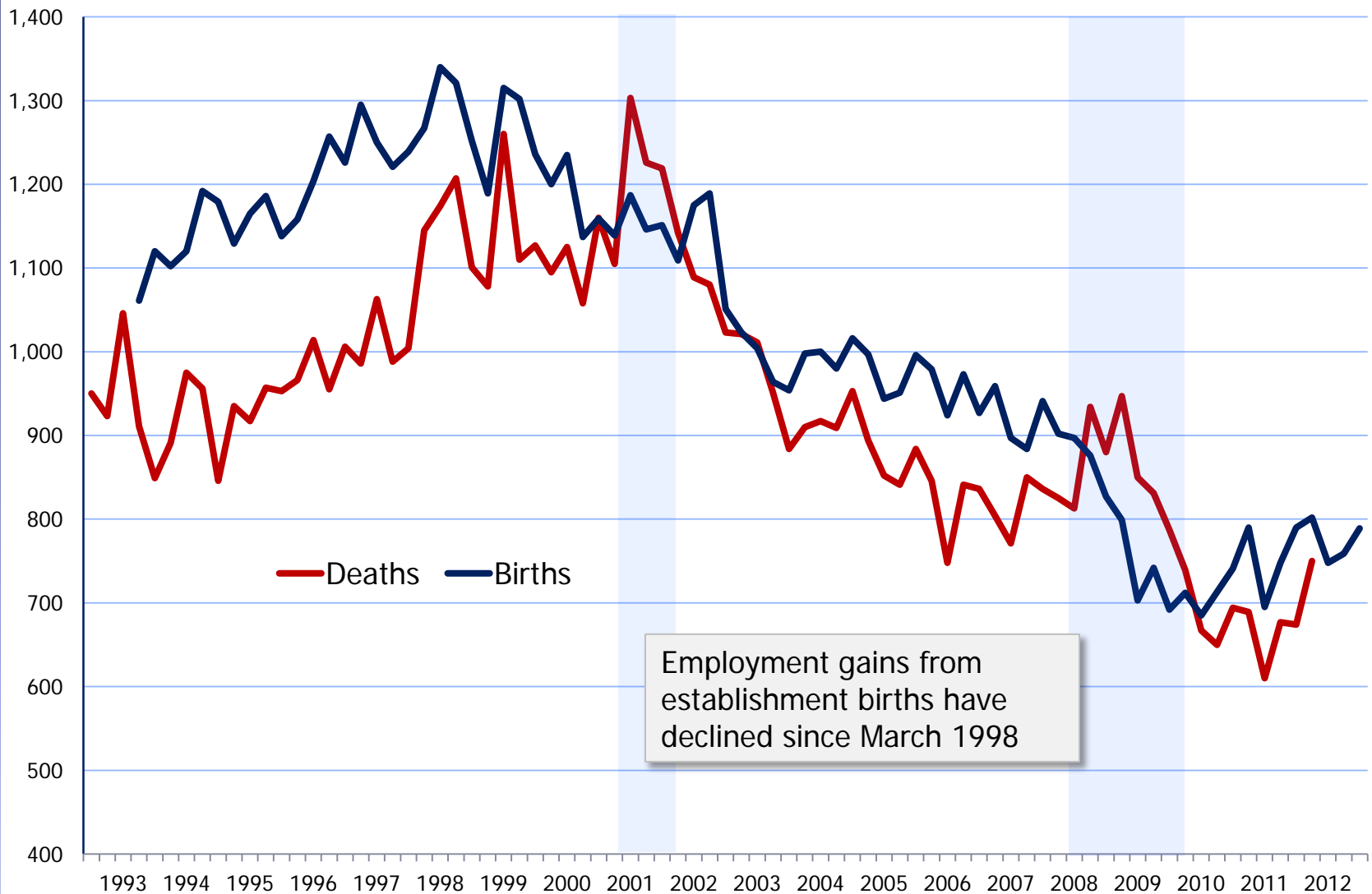
- Jobless rates down in all states since nat'l. peak in Oct. 2009.
- Steep decline in mortgage crisis states—Michigan (5.6 percentage points), Florida, California, and Nevada

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



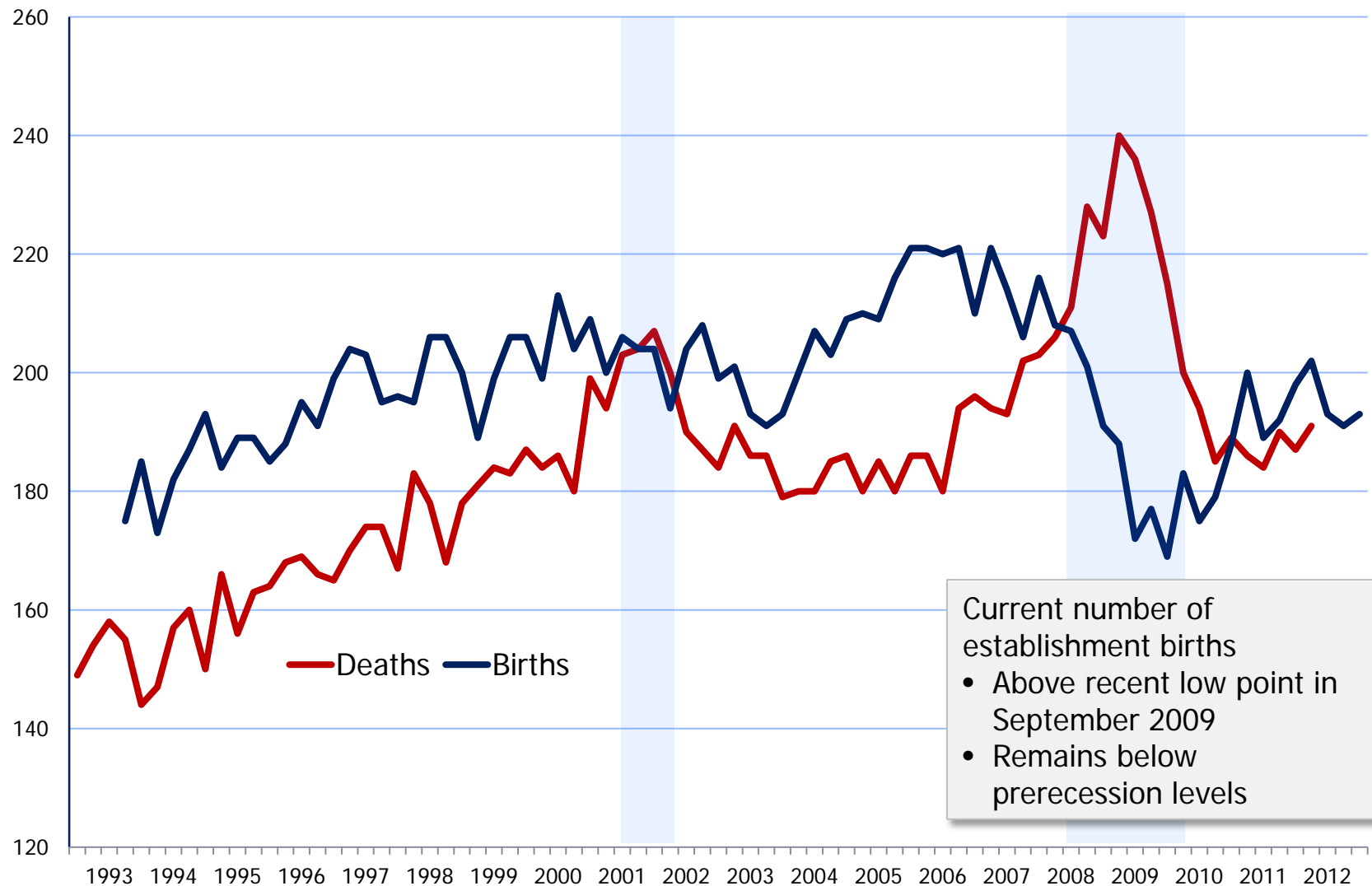
Source: Bureau of Labor Statistics, Business Employment Dynamics

Employment from establishment births and deaths, in thousands



Source: Bureau of Labor Statistics, Business Employment Dynamics.

Number of establishment births and deaths, in thousands



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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