

# **NYS Employment and Unemployment Data: Is There a Disconnect?**

Prepared for the  
New York State Data Center Affiliate Meeting  
The Century House, Latham, New York  
(due to Hurricane Sandy, the Oct. 29 Data Center meeting was postponed)



James A. Parrott, Ph.D.  
Deputy Director and Chief Economist  
Fiscal Policy Institute  
[parrott@fiscalspolicy.org](mailto:parrott@fiscalspolicy.org)  
[www.fiscalspolicy.org](http://www.fiscalspolicy.org)

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# Overview

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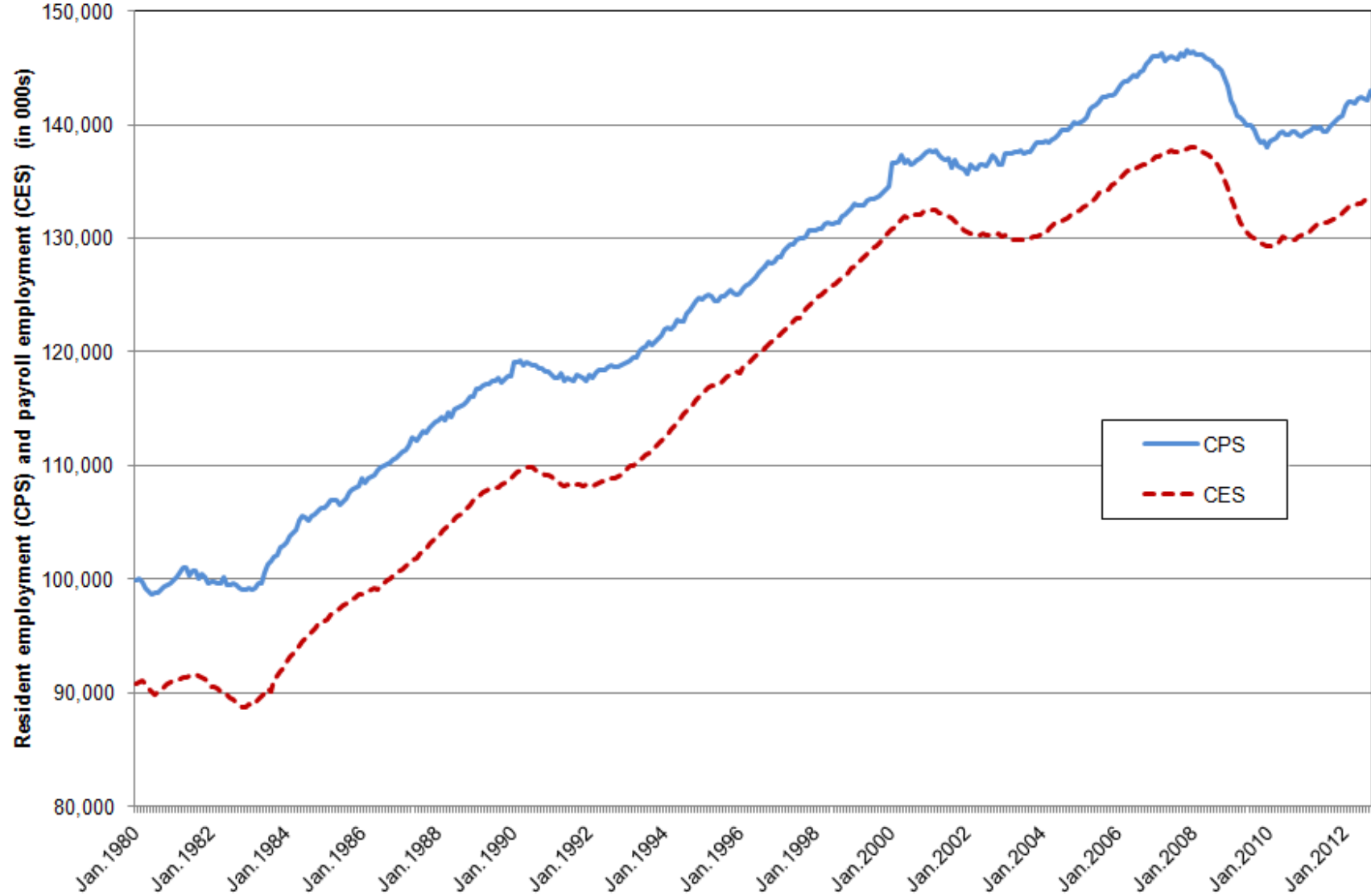
- Conflicting signals regarding a recovering job market in NYS (and its major sub-areas including NYC): payroll employment has been rising but so has unemployment, and by more than can be explained by people returning to the labor force.
- The two employment surveys show a sharp departure from the NYS historical trend
  - The two surveys are based on different employment concepts but they usually move together
  - NYS's weak resident employment trend translates into rising unemployment
- NYS's disparate employment picture is unique among major states
  - Among the largest states, NYS has average or better payroll job growth but the fastest rising unemployment rate
  - NYS's labor force growth has been average among the largest states so that doesn't explain NYS's rising unemployment rate
- What might account for the disparate trends shown by the two surveys?
  - Among several factors considered, only the decline in self-employment and a likely downward CES employment revision appear to be partial explanations; new CPS population controls might also be a significant factor
- While NYS's unemployment rate might be overstated, an unemployment crisis persists
- Still, NYS's recovery overall is well above average among the 50 states

# BLS' two employment surveys

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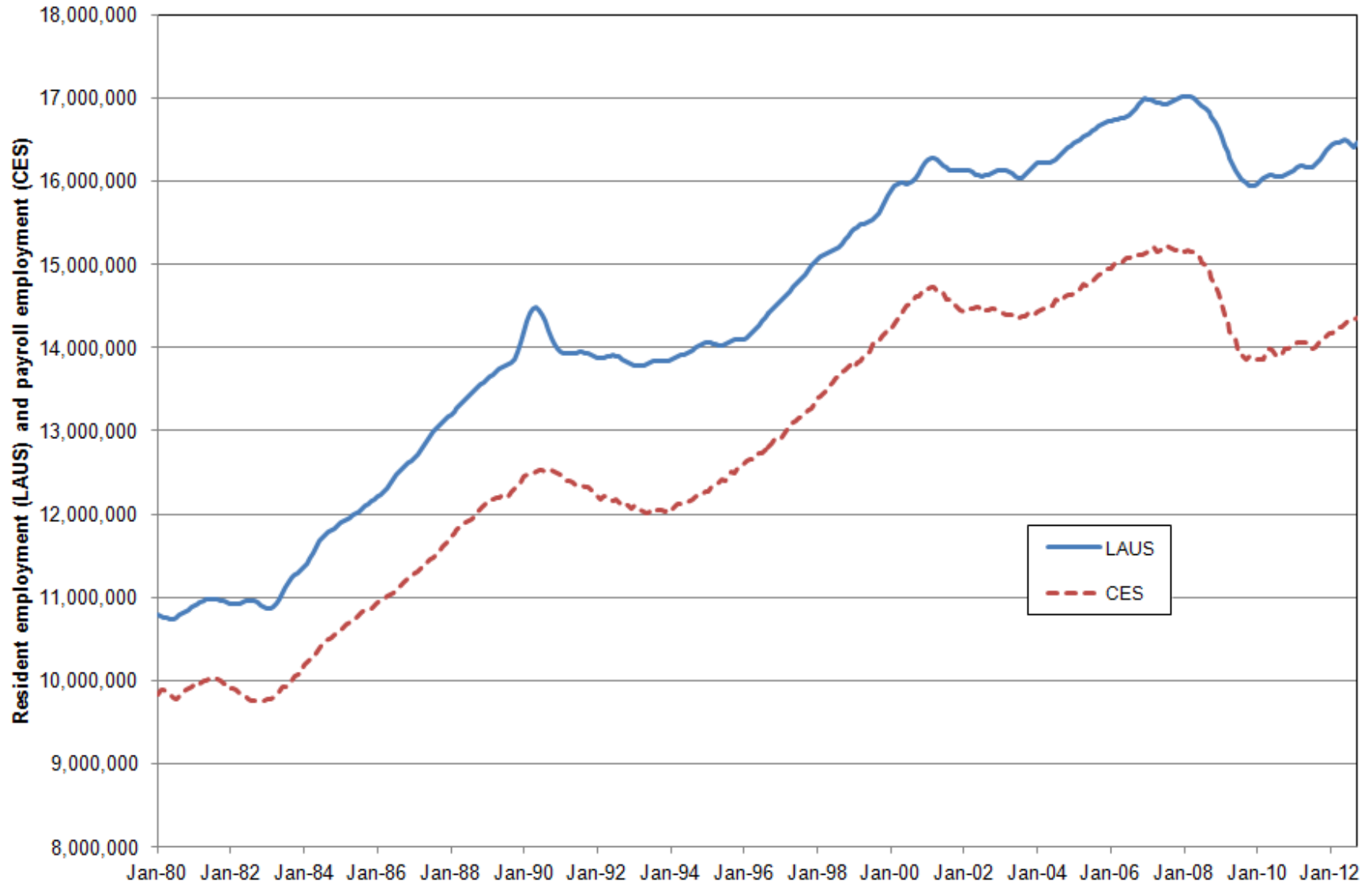
- **Current Population Survey (CPS)**: a monthly sample survey of 60,000 households nationally (3,100 in NYS) designed to estimate labor force, *resident employment*, and unemployment with demographic detail. Includes the unincorporated self employed, agriculture and related workers, private household workers, unpaid family workers, multiple jobholders, and workers absent without pay. Adjustments to underlying population base revised annually to intercensal estimates, and every 10 years to the decennial census. No direct employment benchmark.
- **Current Employment Survey (CES)**: a monthly sample survey of 486,000 businesses and government agencies nationally (18,000 in NYS) designed to estimate *payroll or establishment employment*, hours and earnings with industry and geographic detail. Covers nonfarm wage and salary jobs. Excludes the unincorporated self-employed, and unpaid family and private household workers. Employment benchmarked annually to payroll employment counts derived from Unemployment Insurance tax records (Quarterly Census of Employment and Wages.)
- The charts that follow show *resident* and *payroll* employment estimates for the CPS and CES series for the U.S., the 10 largest states (by payroll employment), and NJ, MA and CT. Local Area Unemployment Statistics (LAUS) data for states are based on CPS labor force and employment concepts.

# United States



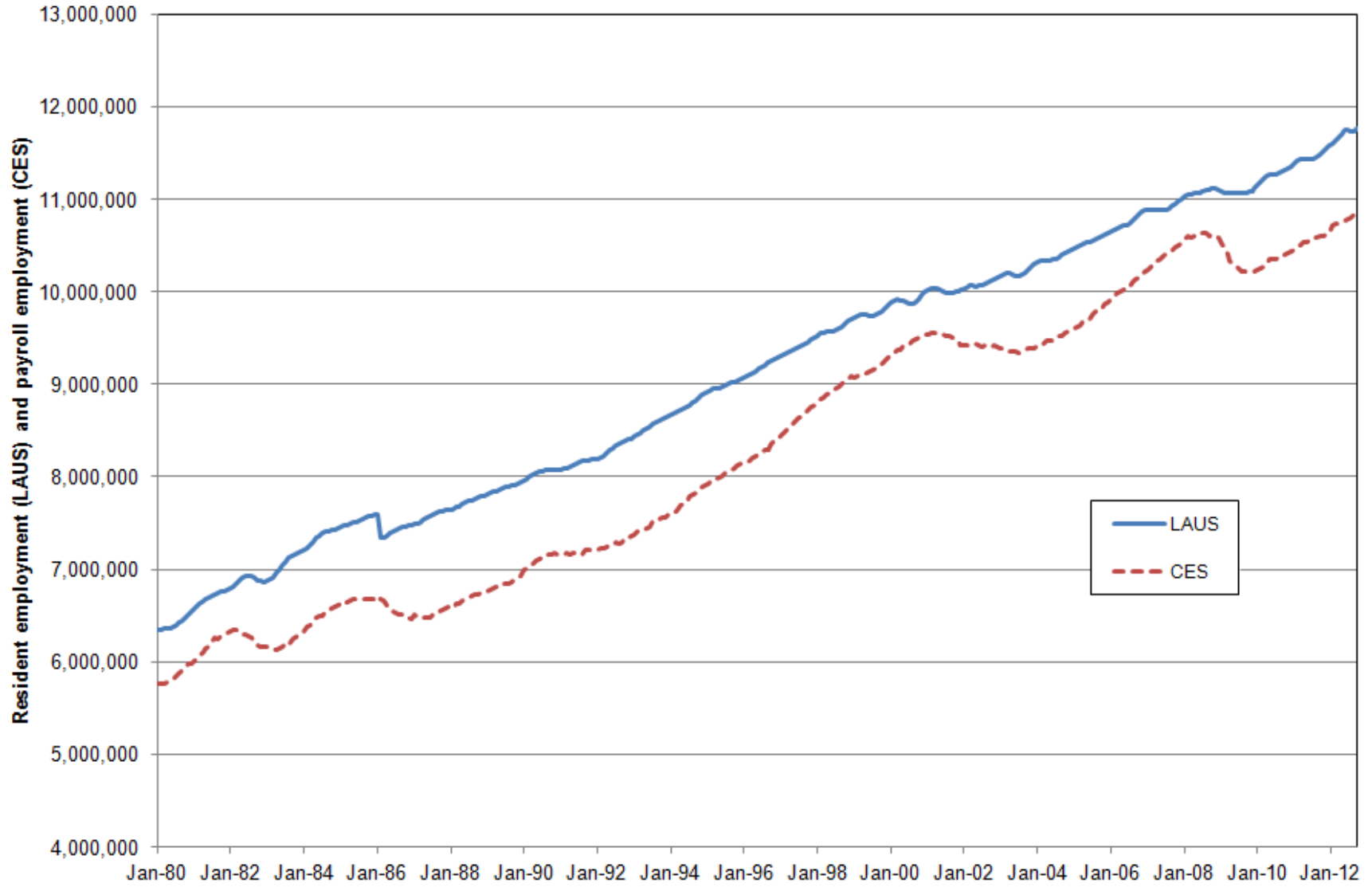
Source: U.S. Bureau of Labor Statistics

# California



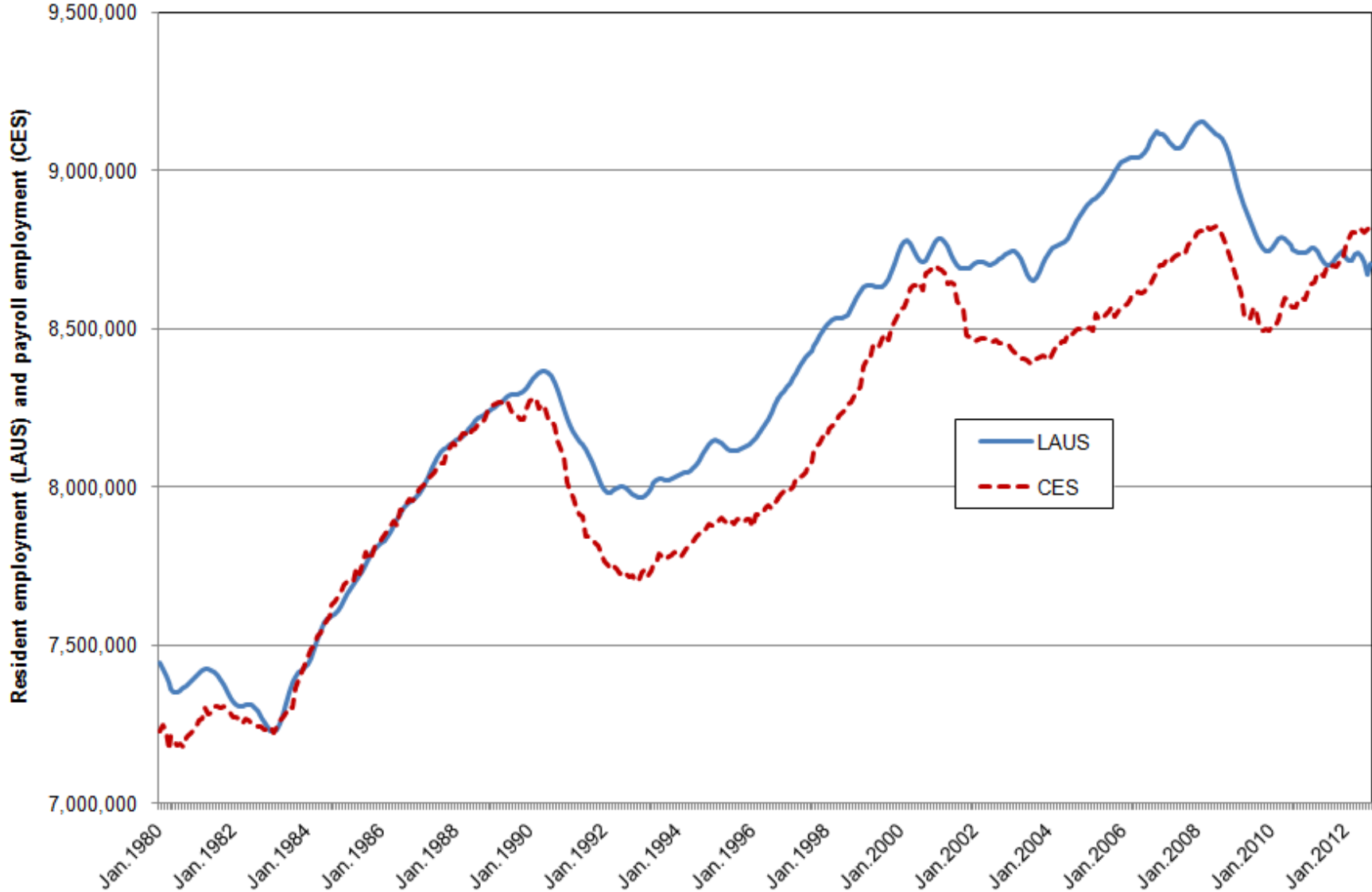
Source: U.S. Bureau of Labor Statistics

# Texas



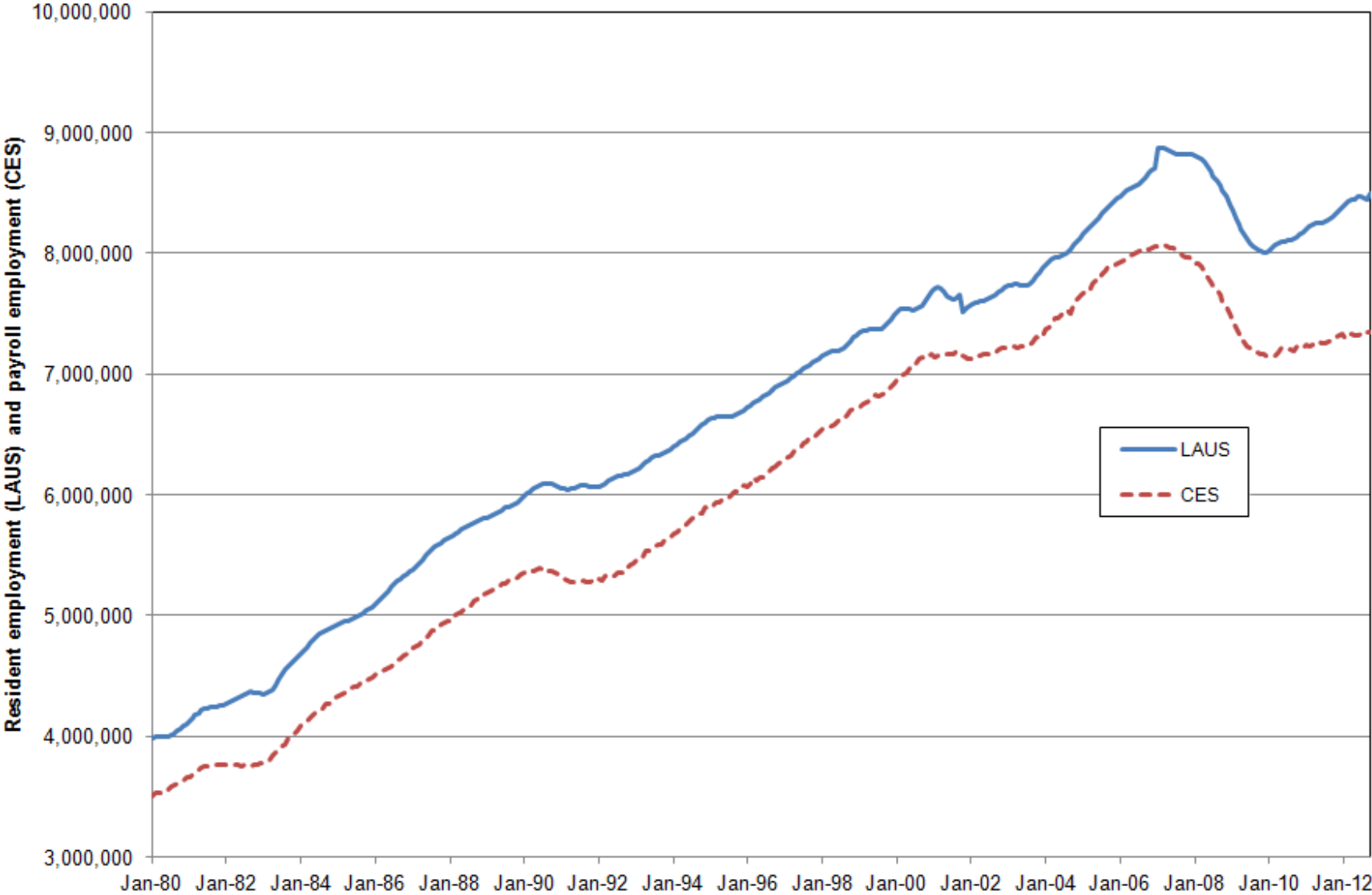
Source: US Bureau of Labor Statistics

# New York State



Source: US Bureau of Labor Statistics

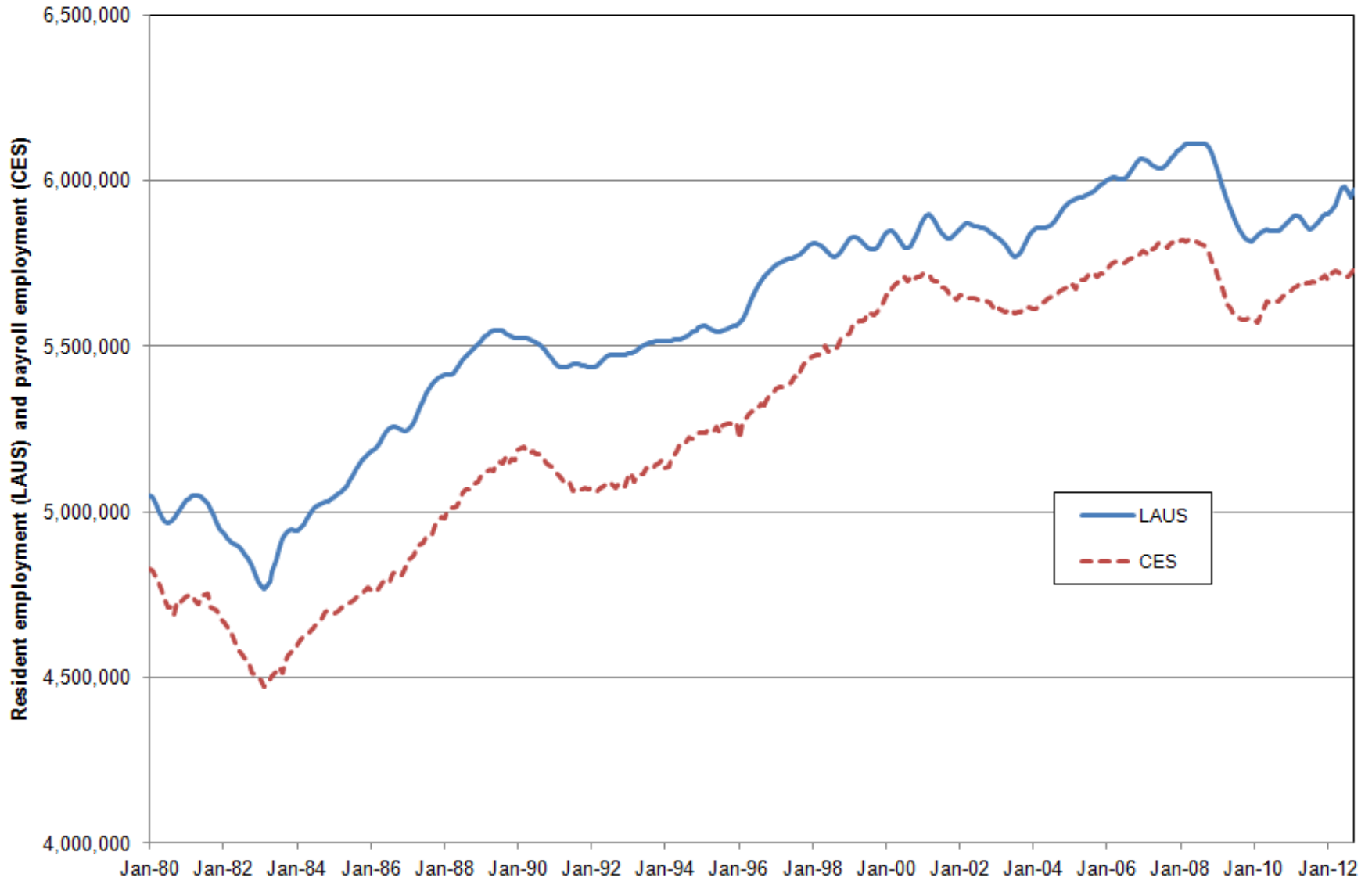
# Florida



Source: US Bureau of Labor Statistics

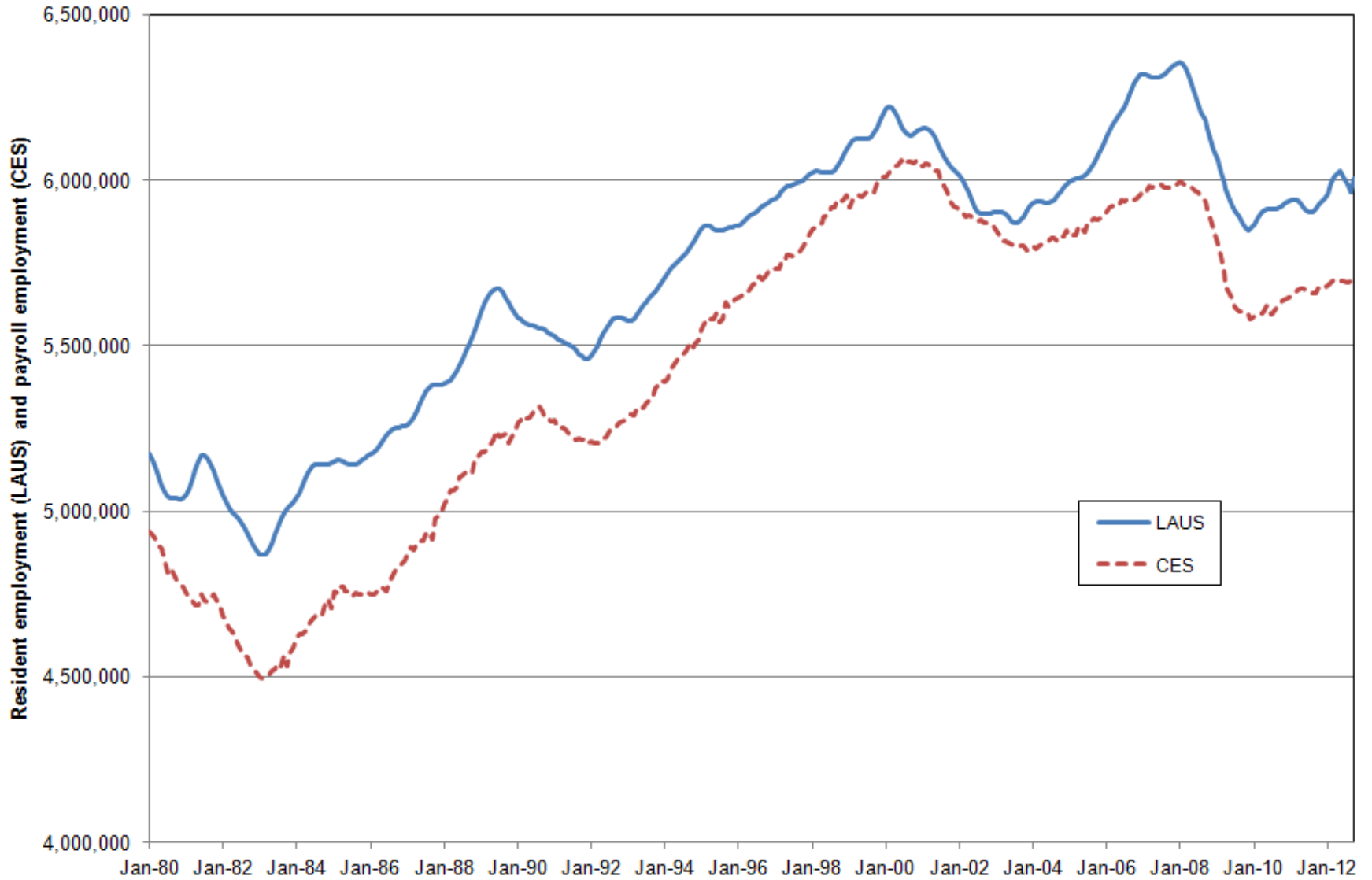


# Pennsylvania



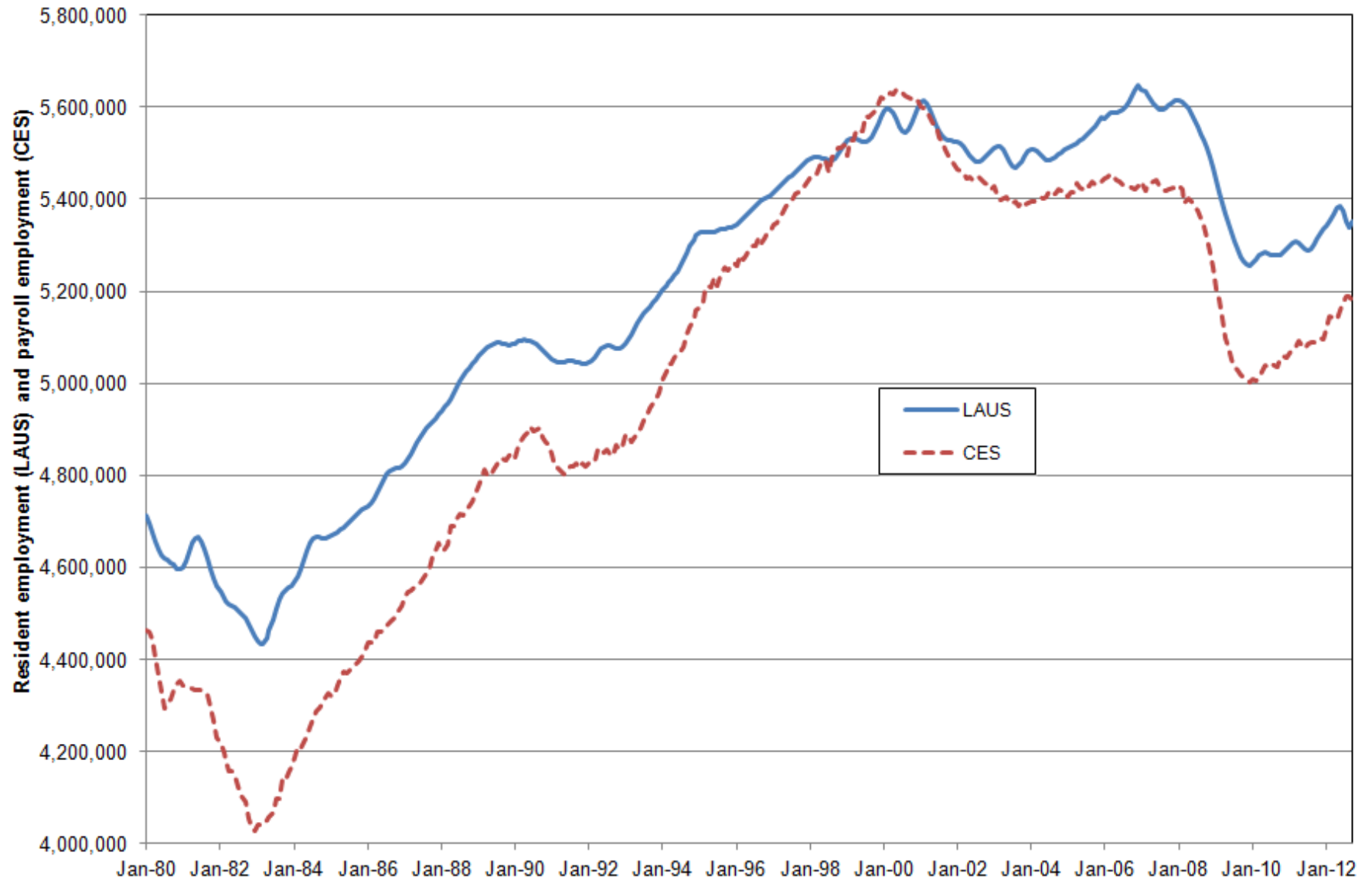
Source: US Bureau of Labor Statistics

# Illinois



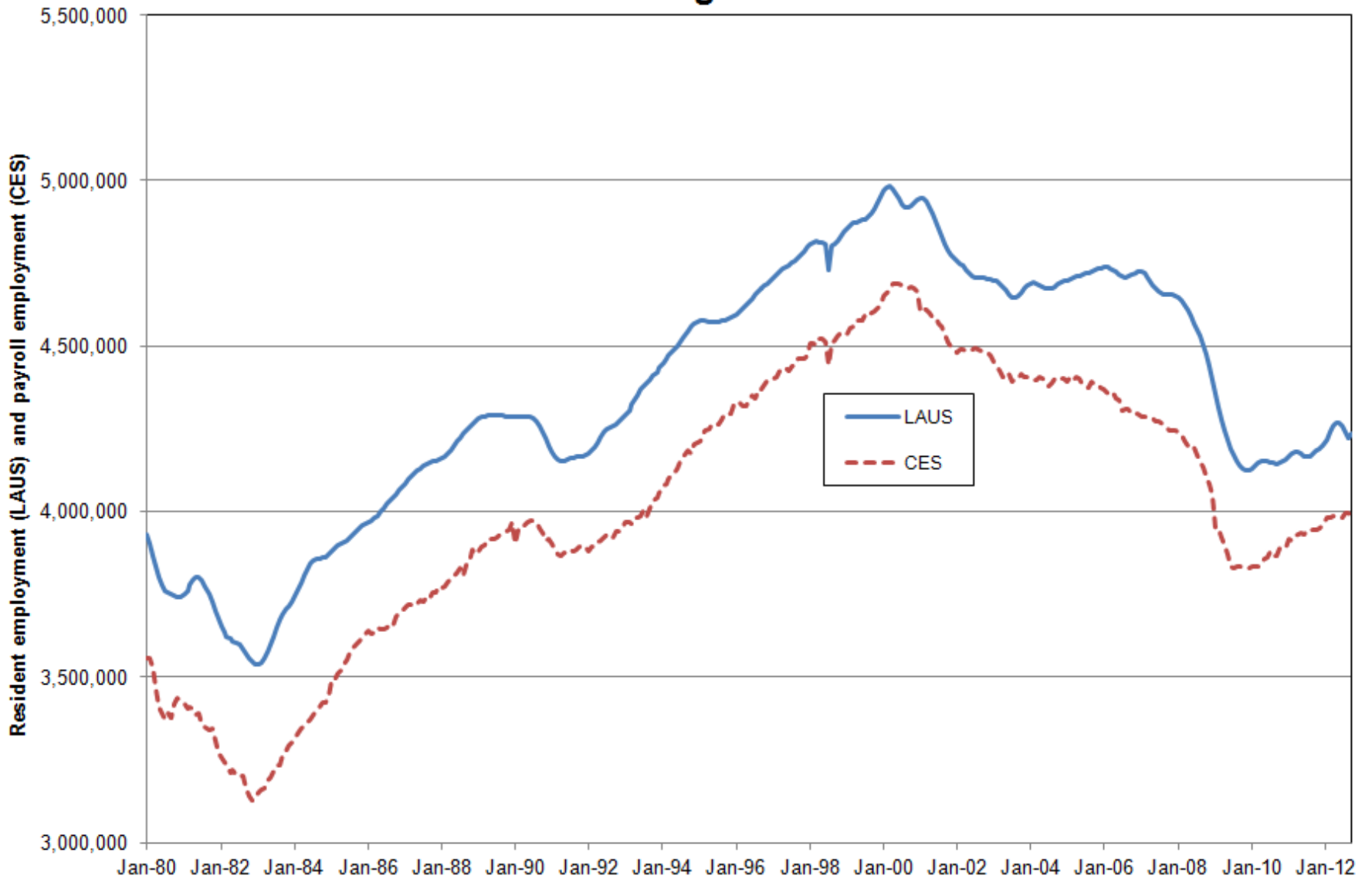
Source: US Bureau of Labor Statistics

# Ohio



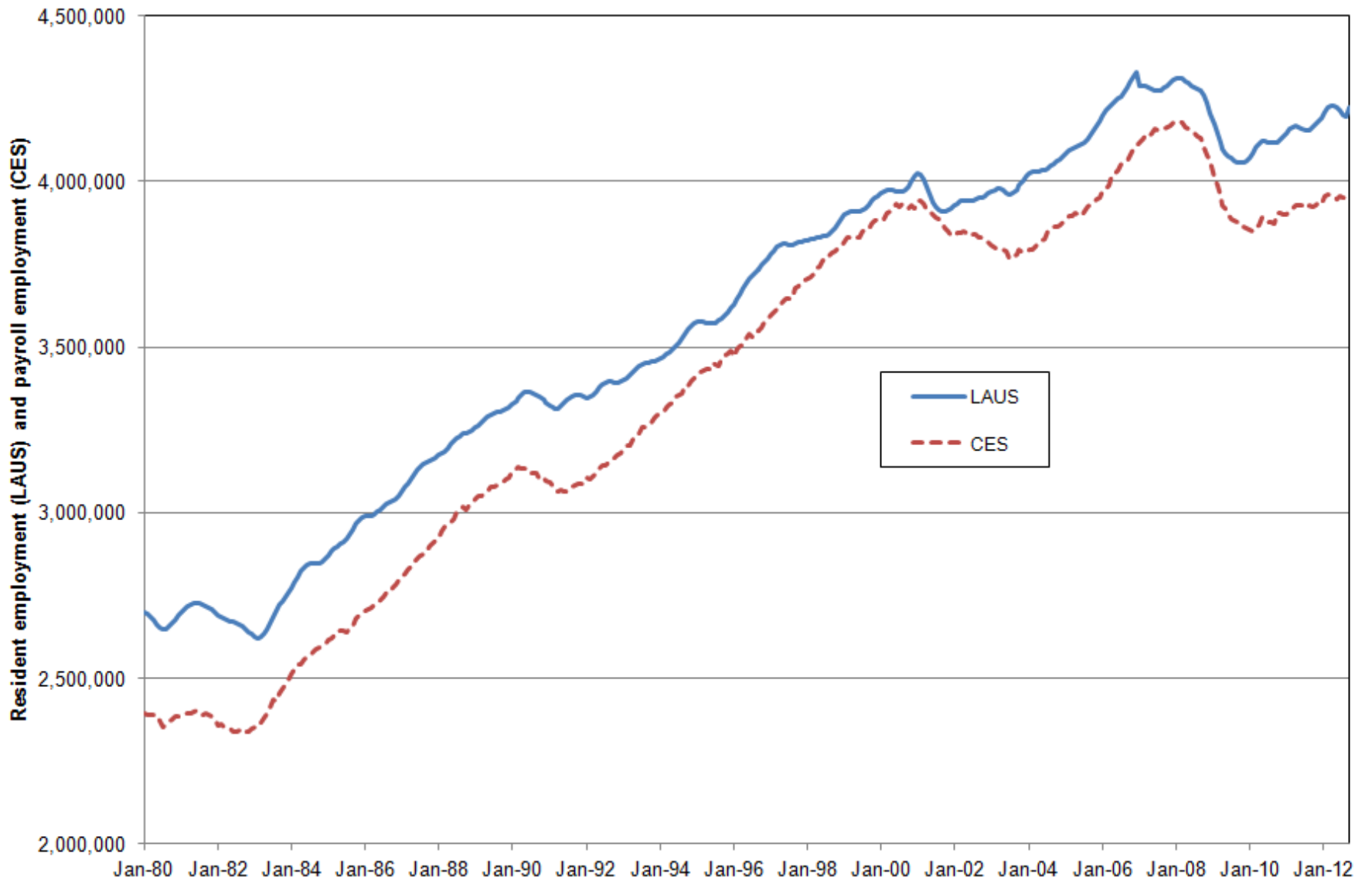
Source: US Bureau of Labor Statistics

# Michigan



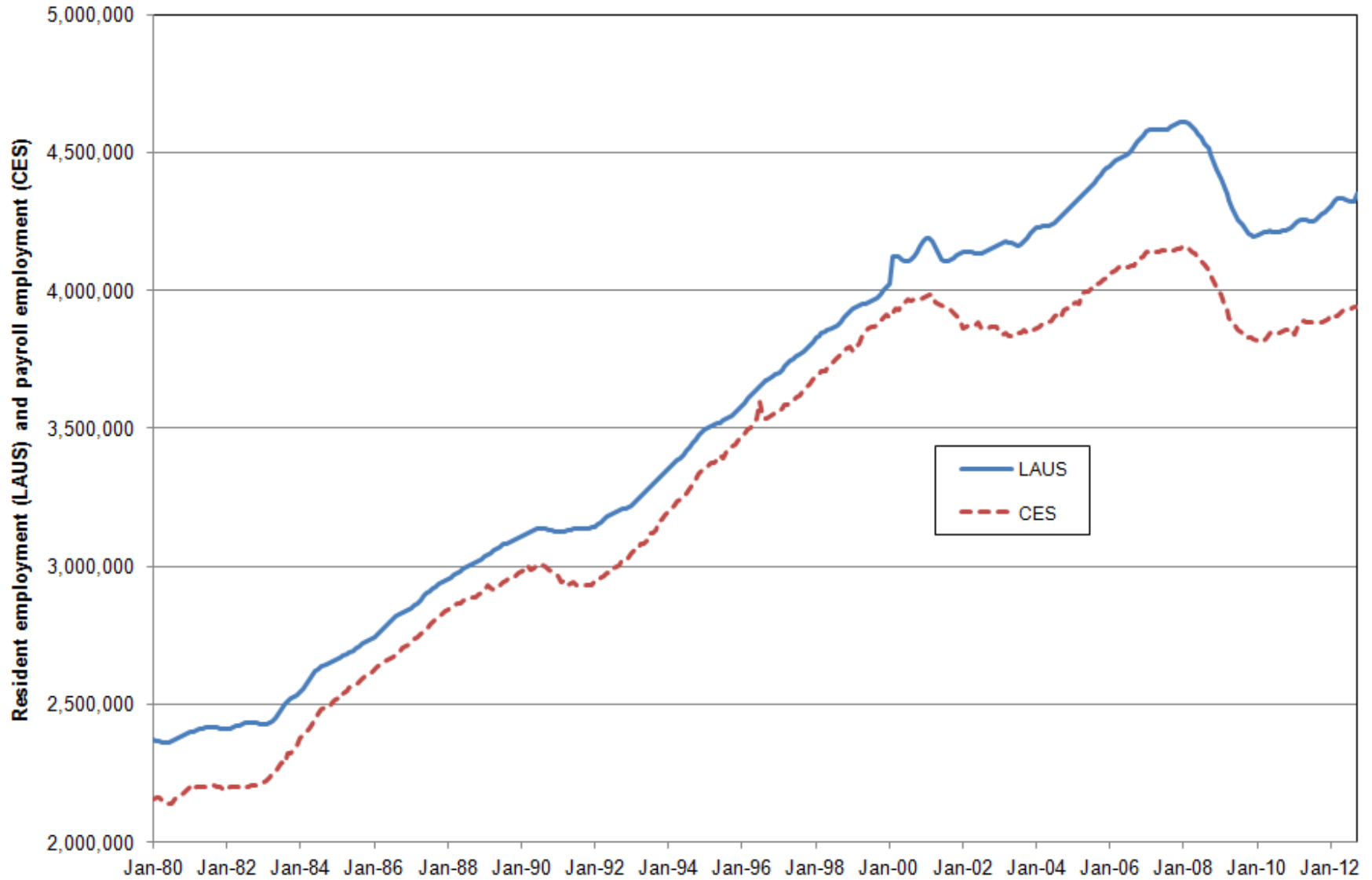
Source: US Bureau of Labor Statistics

# North Carolina



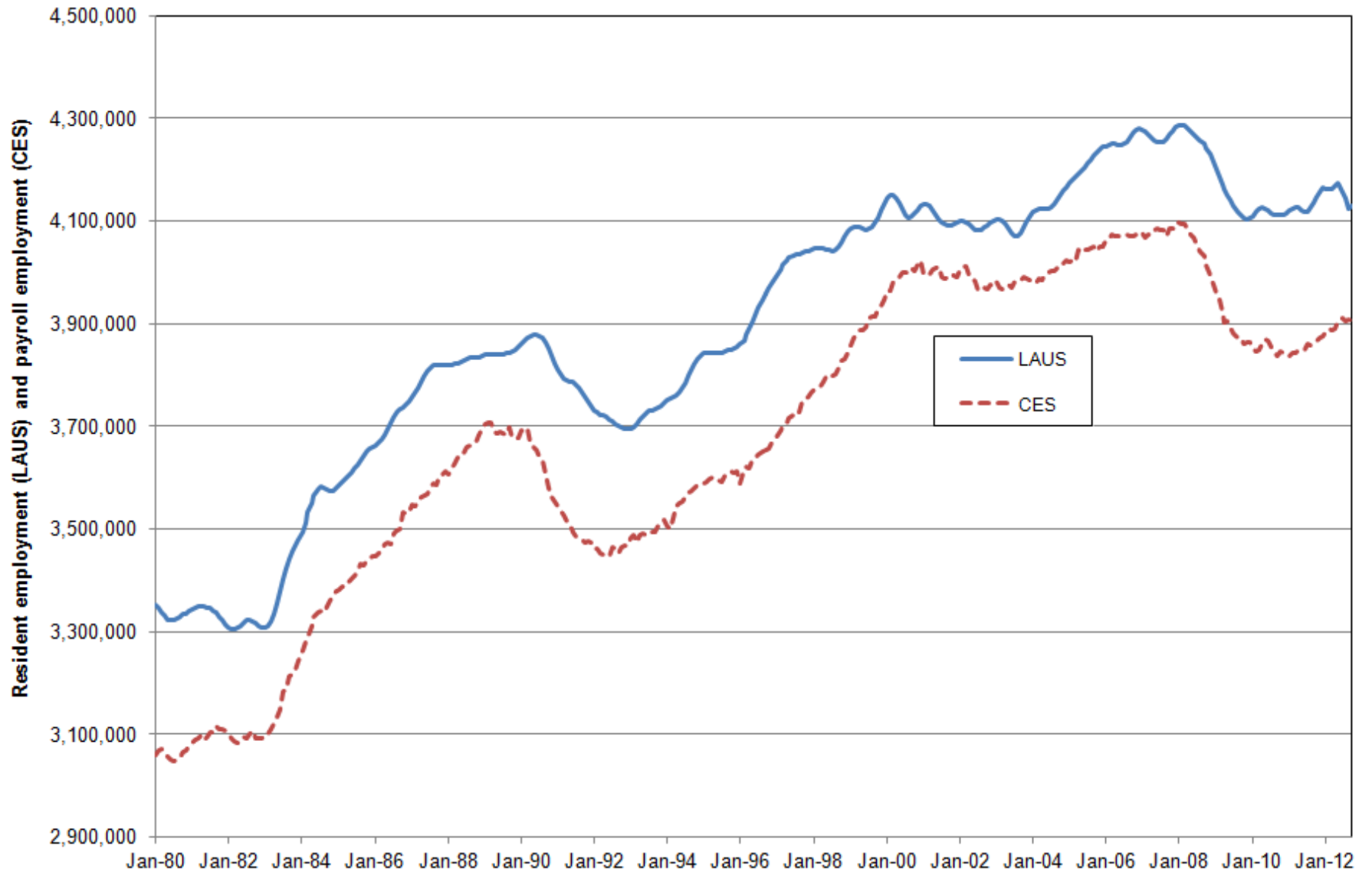
Source: US Bureau of Labor Statistics

# Georgia



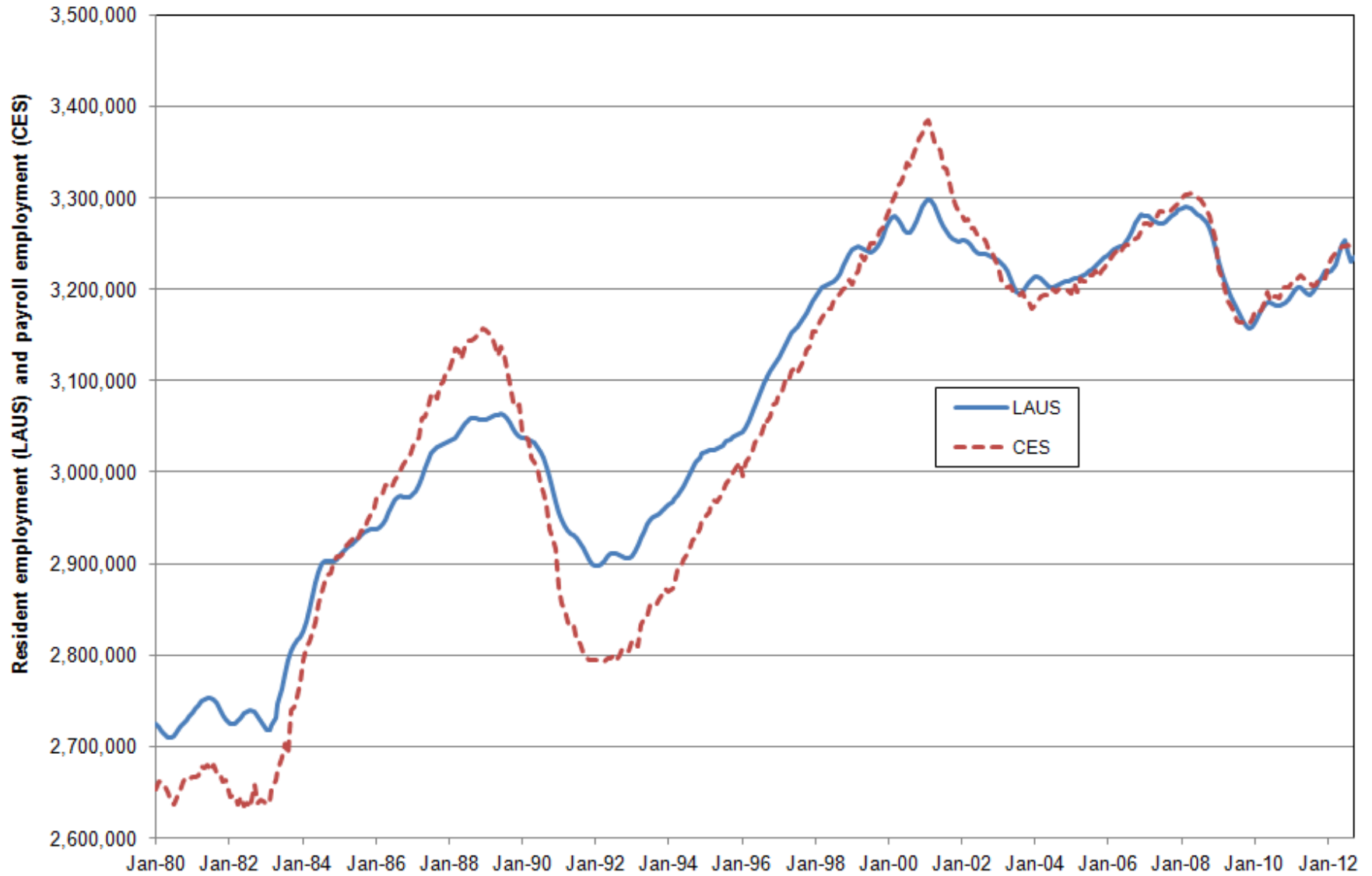
Source: US Bureau of Labor Statistics

# New Jersey



Source: US Bureau of Labor Statistics

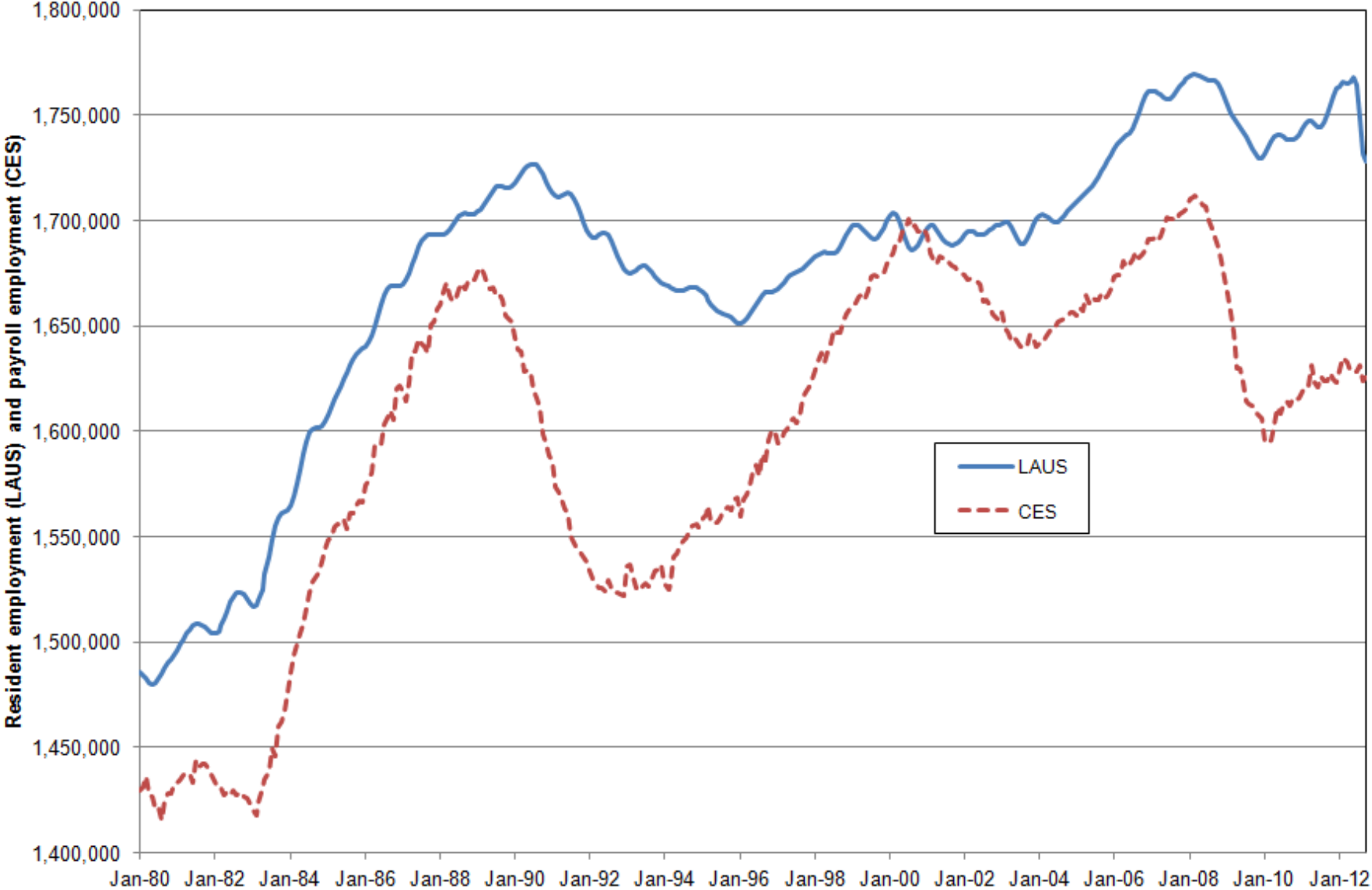
# Massachusetts



Source: US Bureau of Labor Statistics

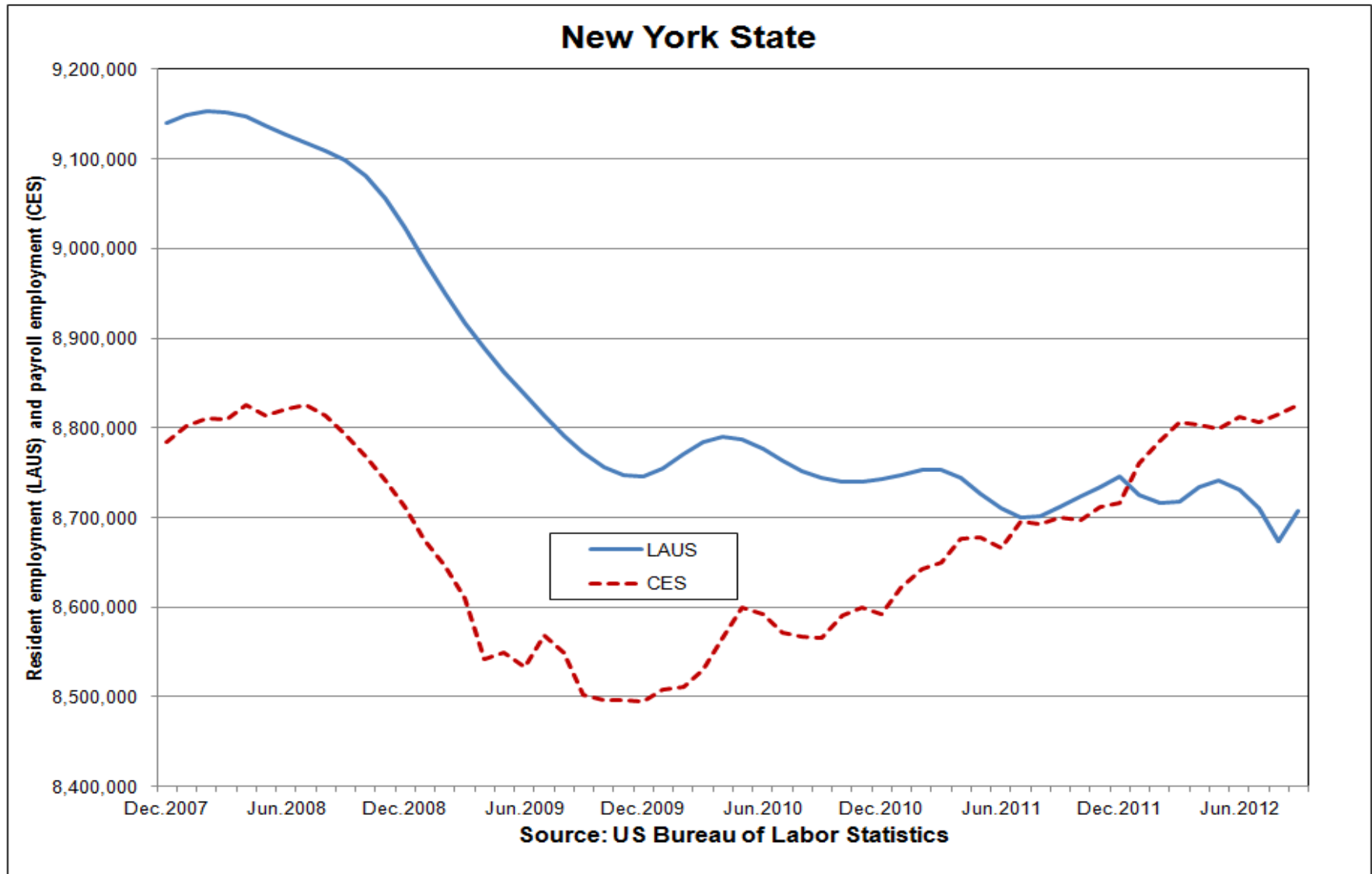


# Connecticut

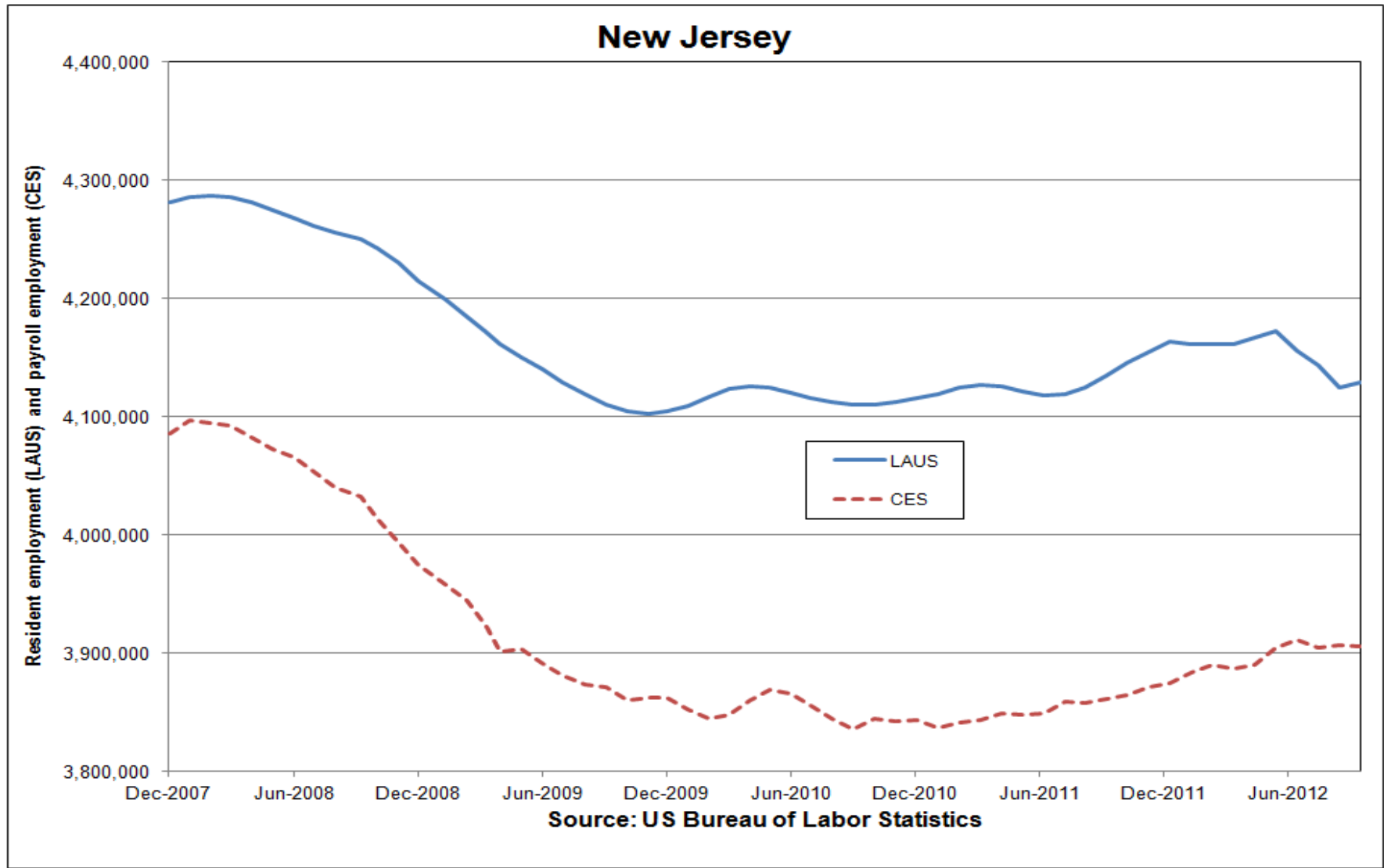


Source: US Bureau of Labor Statistics data

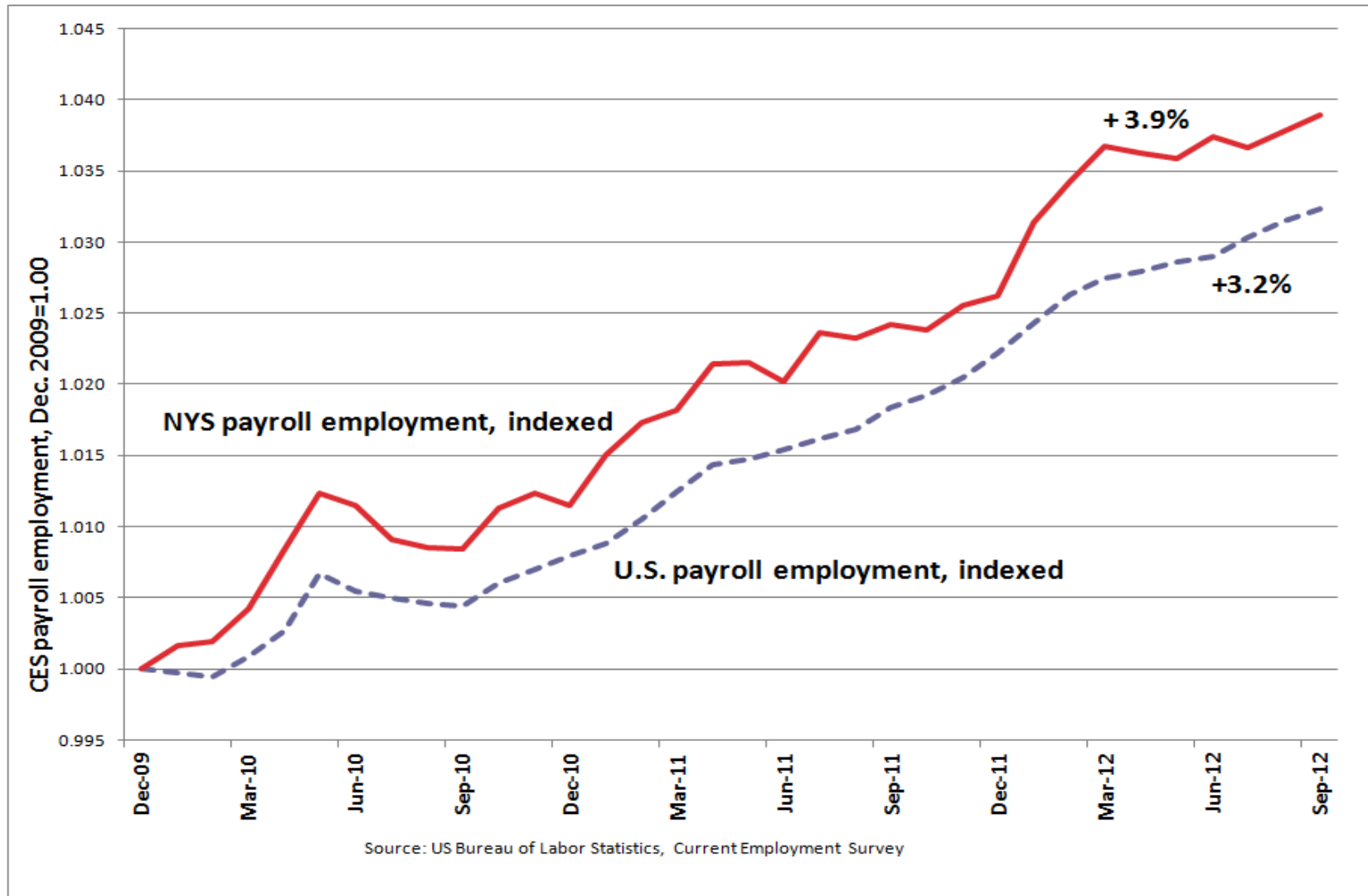
# This chart zeroes in on the disparate trends for the CPS-based LAUS and CES for NYS over the past year



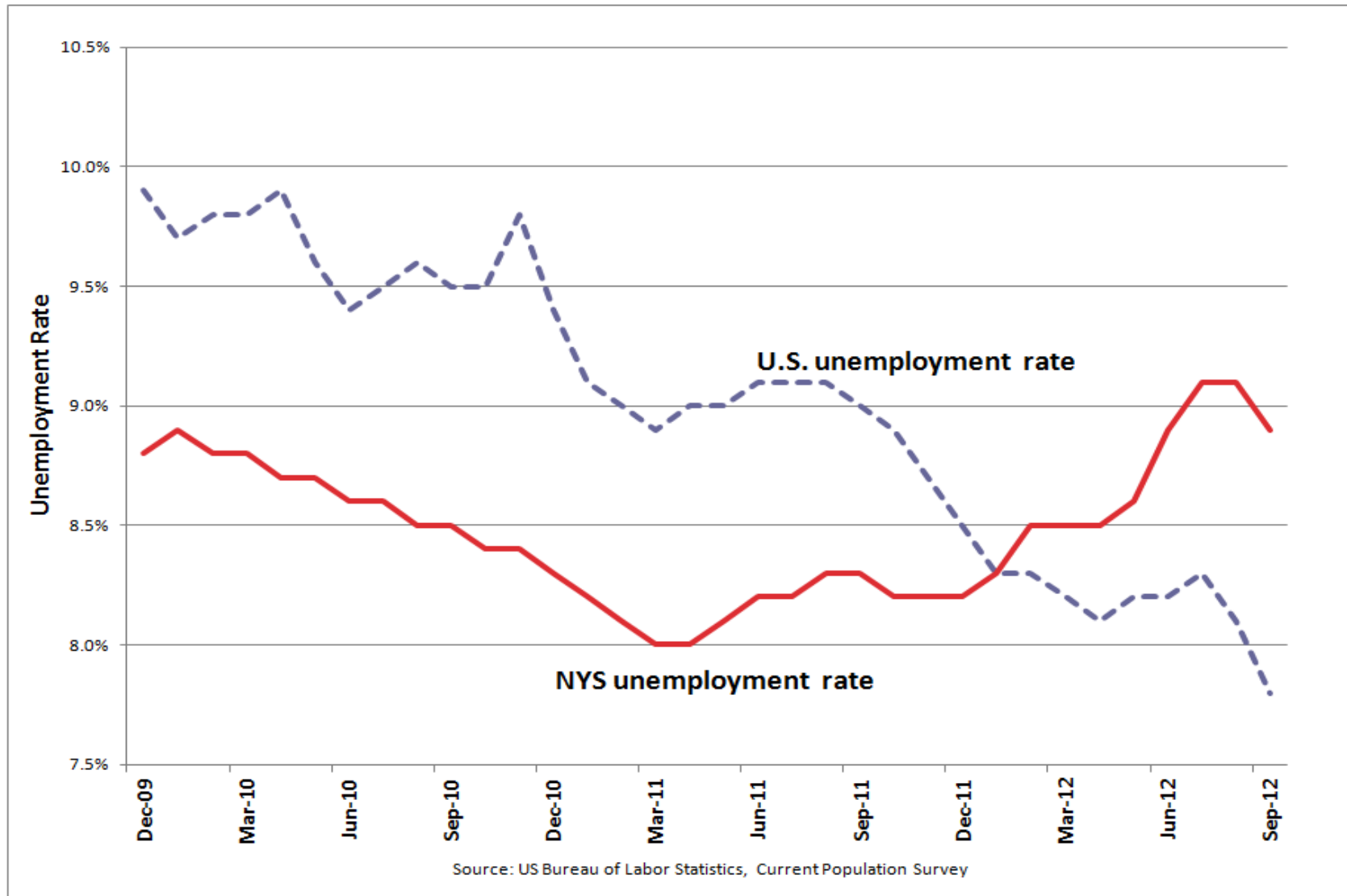
# While NJ also has a recent decline in resident employment, the disparity is not as pronounced as for NYS



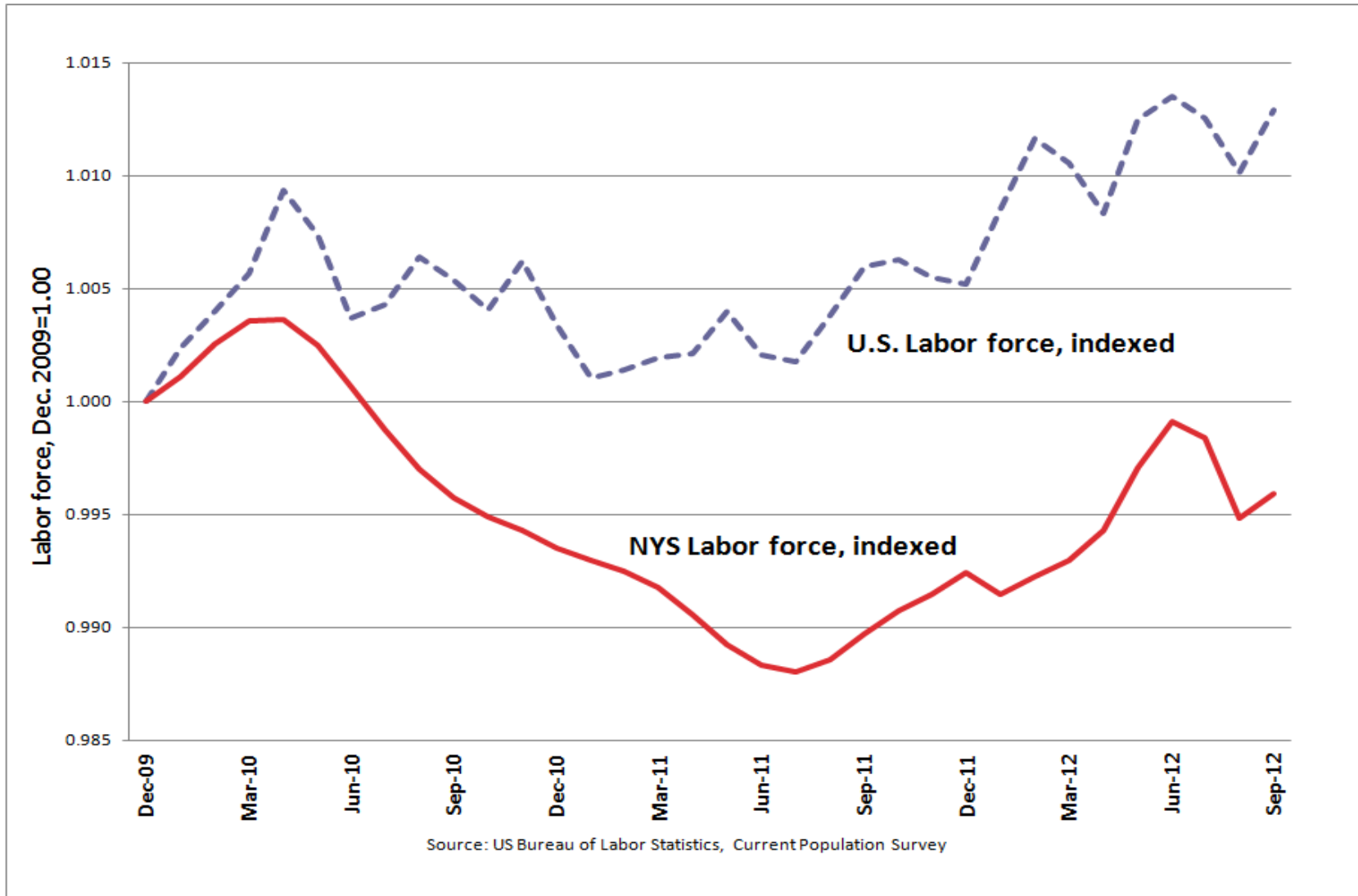
# New York's CES payroll employment rebound first led, and then has tracked, the national job recovery



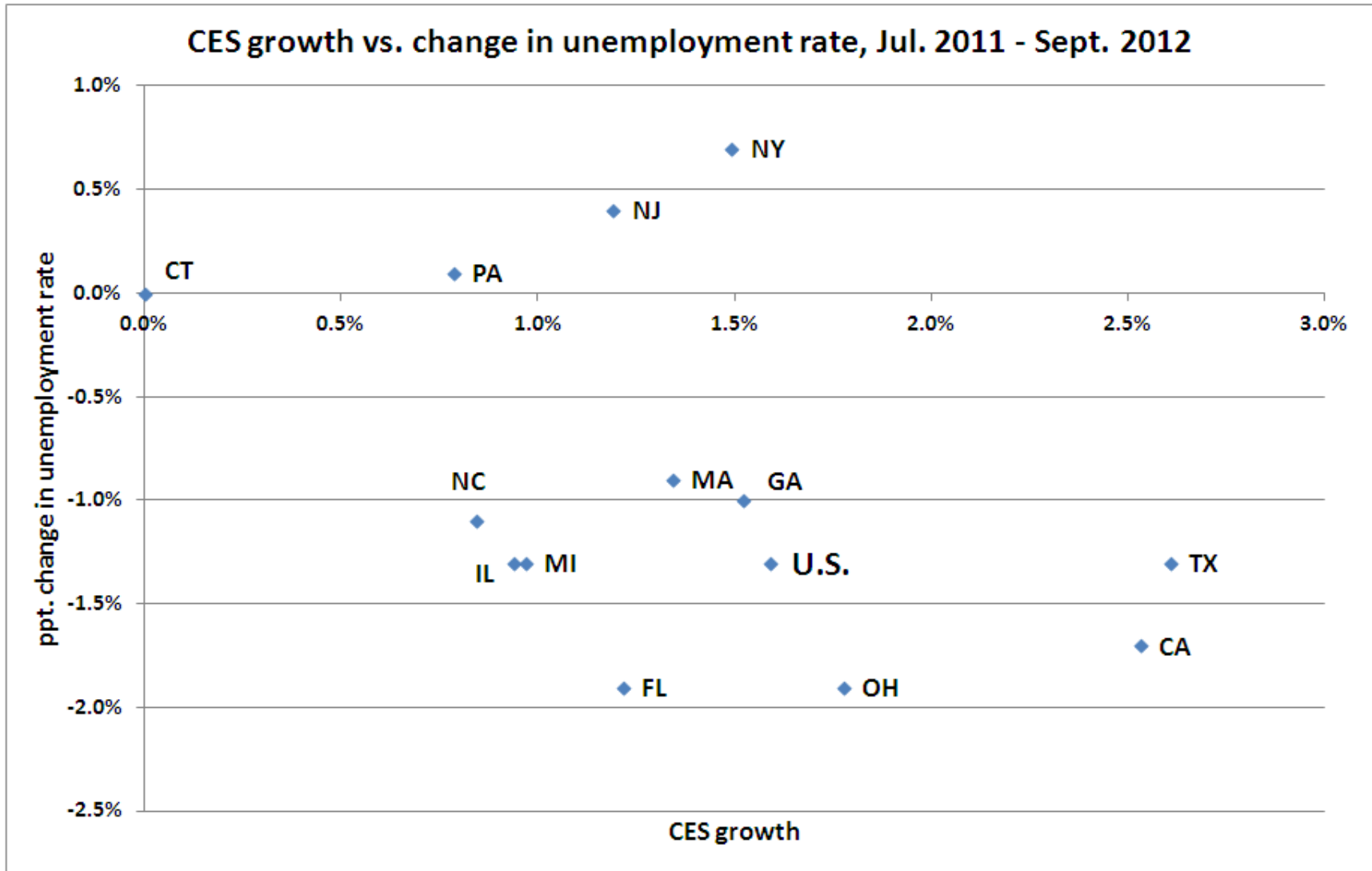
**But NYS's unemployment rate has been rising for over a year and is now a percentage point above the U.S.**



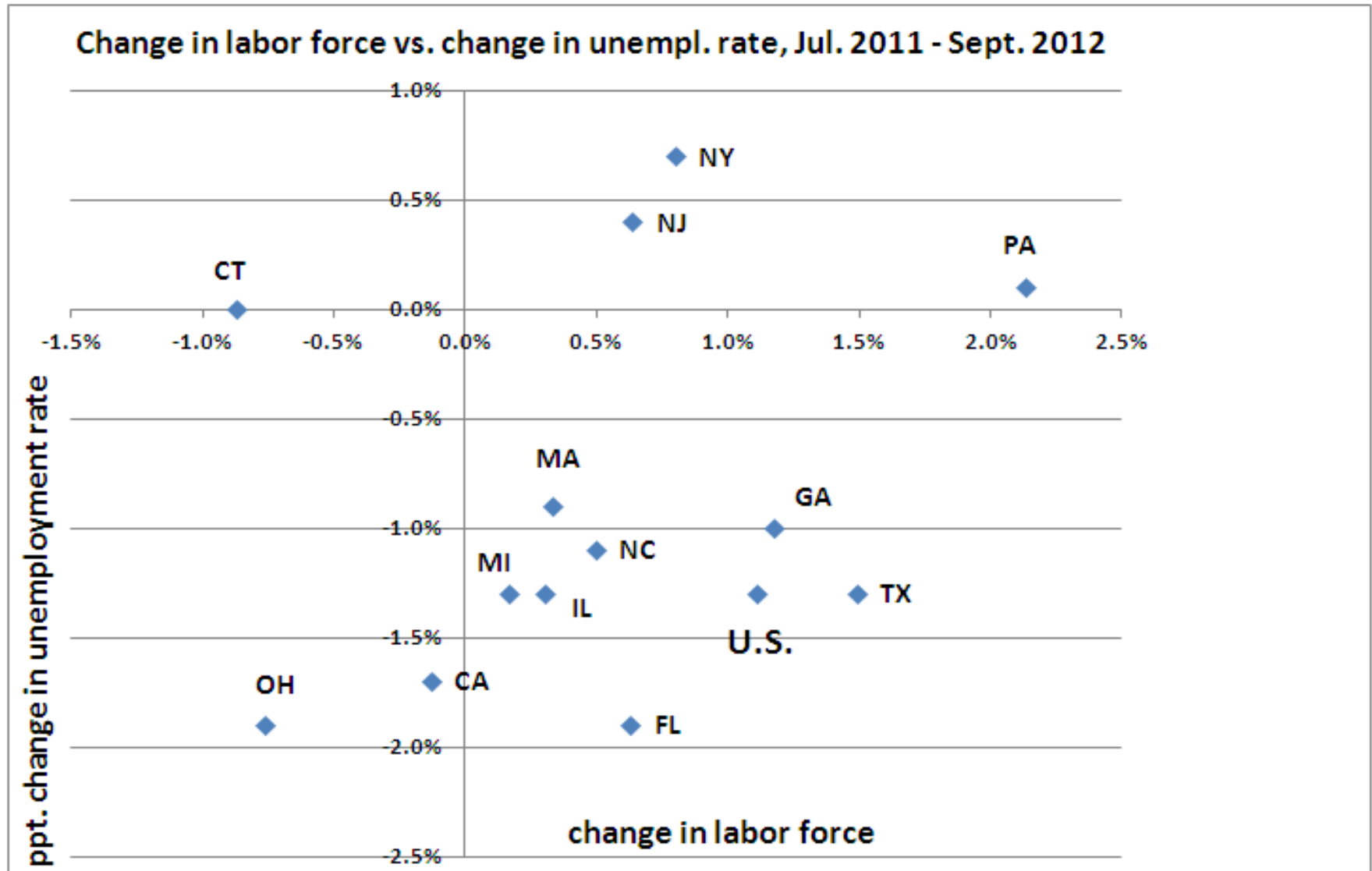
# NYS's labor force growth over the past year comparable to the U.S.; that doesn't explain NY's rising unemployment



**On a scatter plot of the 10 largest states and NY's larger neighbors, NY is an outlier (as are NJ & PA to a lesser extent)**



# NY's labor force growth is in line with the U.S. and many states, but no state has a greater increase in unemployment





## Disparity between payroll and household employment surveys over past three years in New York State and the state's major metropolitan areas

	Employment change Sept. 2009 to Sept. 2012	
	Payroll empl. survey	Household empl. survey
United States	3,720,000	4,254,000
New York State	326,800	3,000
New York City	219,300	37,100
Long Island	21,600	-2,600
Putnam-Rockland-Westchester	15,700	4,000
Albany MSA*	-200	-10,700
Buffalo MSA (Erie & Niagara Counties)	6,800	-7,400
Rochester MSA**	17,600	4,100
Syracuse MSA (Madison, Onondaga, & Oswego Counties)	1,800	-5,500

Source: FPI analysis of NYS DOL CES and Local Area Unemployment Statistics (LAUS)

\*Albany MSA is Albany, Rensselaer, Saratoga, Schenectady, & Schoharie Counties

\*\*Rochester MSA is Livingston, Monroe, Ontario, Orleans, & Wayne Counties

# Factors that could account for CES-CPS divergence

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- Discouraged workers re-entering the labor force as job growth picks up; or other reason for disproportionate labor force growth
  - NY's labor force growth is on a par with many large states where unemployment has been declining.
- People shifting from unincorporated self-employment to payroll employment
  - Could be a contributing factor; NYS decline of 60,000 1<sup>st</sup>H 2010-1<sup>st</sup>H 2012 (from CPS); nationally, there has been an increase in unincorporated self-employment over the past year.
- An increase in multiple job holding
  - Not much change since 2009 (CPS); NYS lower share (4.4%, 2011) than U.S. (4.9%).
- An increase in out-of-state commuters
  - But household employment also declining in likely commuter states (NJ, CT, PA).
- CES payroll employment overstated
  - Based on QCEW Q1 2012, NYS CES payroll employment could be revised downward in the March benchmark by 50,000. This would reduce CES growth by roughly one-third, narrowing the CES-CPS discrepancy.

## **The self-employment decline and the possible benchmark revision to the CES might account for some of the disparity in the CES-CPS employment trends. But how much?**

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- Self-employment has fallen by 60,000 in NYS between the first half of 2010 and the first half of 2012. Yet, over the past year, self-employment has been rising nationally. It could be that people who were previously unincorporated self-employed are giving up self-employment status in exchange for a payroll employment position. Thus, an increase in payroll employment is not matched by a corresponding increase in resident employment since those people were in the resident employment numbers before, just indicated as self-employed. If self-employment had not declined over the past two years in NYS and 60,000 payroll jobs were filled with people previously unemployed, the state's unemployment rate would be lower by 0.6 percentage points.
- From Sept. 2010 to Sept. 2012, NYS's payroll employment rose by 259,000 while resident employment fell by 36,000 (both numbers are seasonally adjusted changes). That's a total difference of 295,000 over the past two years. Allowing for a 50,000 downward CES payroll employment revision, and taking out the 60,000 self-employment decline would still leave a remaining employment gap of roughly 185,000. Some difference between the two employment series is to be expected so we might assume that half of the remaining gap is routine and that half represents a CPS measurement issue (resulting from either a sampling or a weighting issue or a combination of both). Adding 92,500 to the NYS resident employment number would reduce the state's unemployment rate by 1.0%. This would put NYS in line with the U.S. average for the Jul. 2011-Sept. 2012 period, and in the mid-range among the 10 largest states rather than an outlier. Thus, it may be that NYS' unemployment rate is over-stated by roughly one percentage point.

# What might account for some of the remaining disparity between the payroll and the resident employment trends?

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- Some difference between the two series is to be expected; they're designed to measure different things, both essential to shedding light on labor market trends. However, NYS is alone among the largest states in experiencing sharply different trends for the two employment surveys. Another possible factor accounting for some of the disparity is the annual adjustment to the CPS household survey population estimates. Each year, the Census Bureau updates population estimates used in the CPS to reflect new information and updated assumptions about population growth since the last decennial census. A regular annual population control revision was made in January 2011.
- In January 2012, the Census 2010 population base was reflected for the first time, along with adjustments for net international migration, updated birth and death statistics, and with some methodological changes in the population estimation process. The annual population controls are implemented in a manner to leave the total unemployment rate unchanged. CPS data for prior years is not revised.

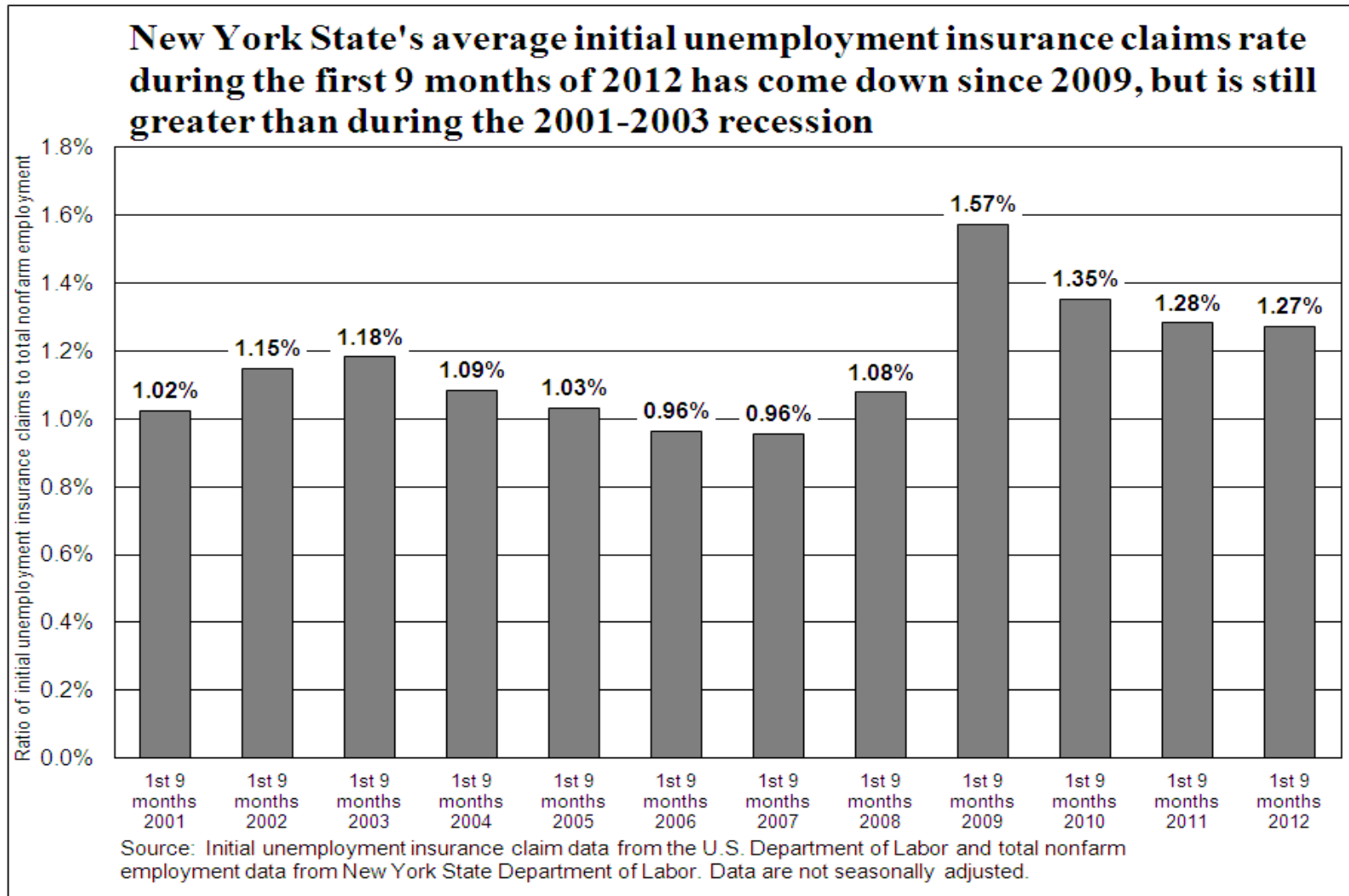
(see BLS, CPS Technical Documentation, Feb. 2012, "Adjustments to Household Survey Population Estimates in January 2012".)

# More on the January 2012 population controls

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- It may be that the January 2012 population control adjustments skewed NYS's CPS-based labor force, employment and unemployment estimates. The BLS notes: "The January 2012 adjustment, which introduced the Census 2010 population base, represented the cumulative underestimation during the 11-year period since Census 2000. ... In years when the population adjustments are large, this can result in significant shifts in the January labor force and employment levels that can be problematic for data analysis. When calculating changes in the employment levels over certain time periods, for example, a level shift due to a population adjustment may distort the actual trend." BLS, "Employment from the BLS household and payroll surveys: summary of recent trends," Oct. 5, 2012.
- The 2012 population controls increased the U.S. civilian labor force by 1.5 million and employment by 216,000, with a very large (1.25 million) increase in the not in the labor force component. The 2012 controls had a disproportionate impact on the Asian and Hispanic working age populations, both of which account for significant shares of New York's working age population. It is not known how these population control changes may have affected the CPS in NYS, but it is possible that they affected the monthly labor force, employment and unemployment estimates for NYS, and may account for part of the apparent over-statement in New York's unemployment rate.

# While NY's unemployment rate might be overstated, an unemployment crisis persists



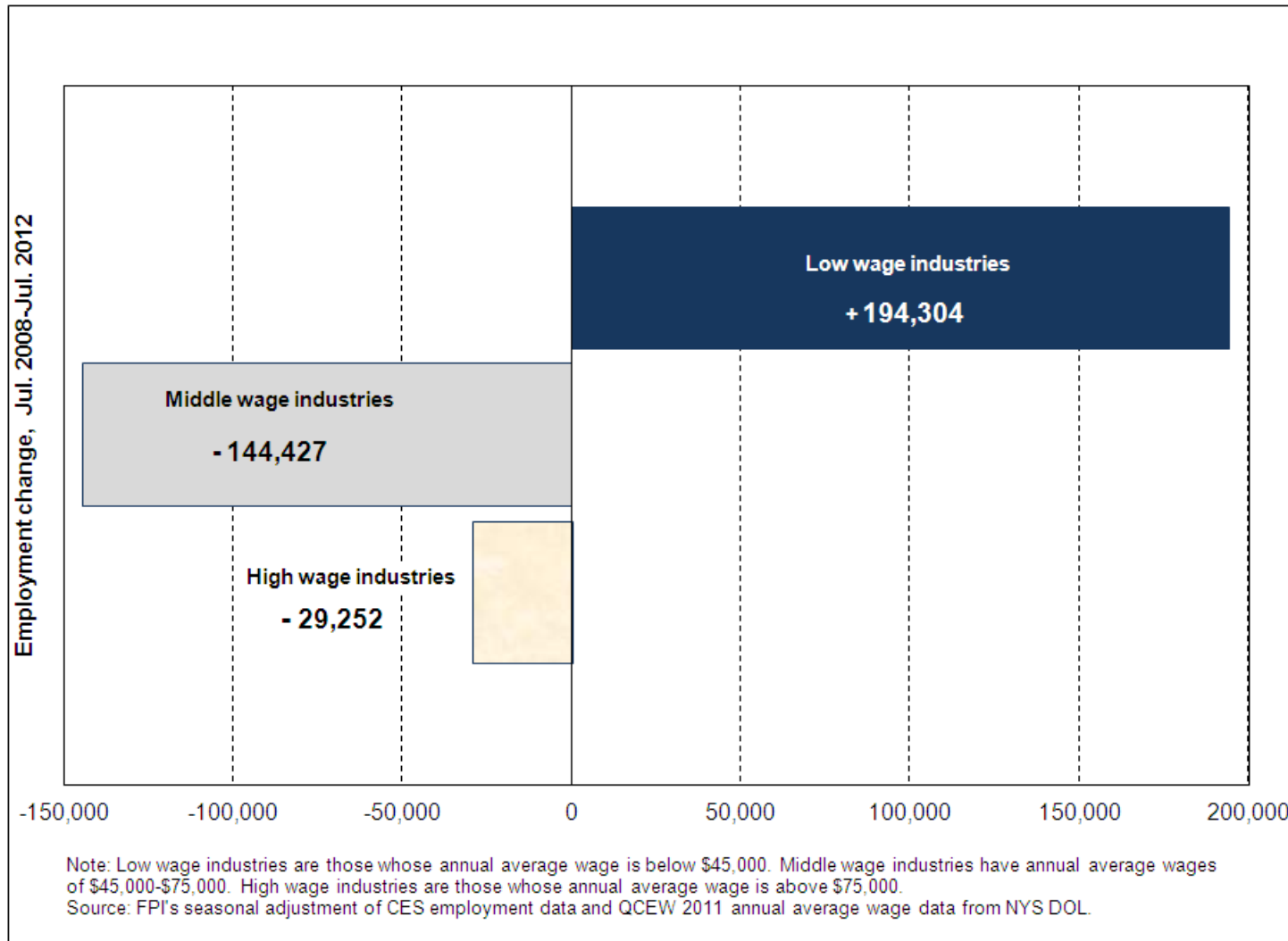
# Average unemployment duration in NYS is 9 months; particularly high for women, blacks and older workers

First half 2012	Average duration of unemployment (weeks)		
	NYS	NYC	Balance of NYS
<b>ALL</b>	37.8	41.9	34.3
<b>Gender</b>			
Males	36.0	41.3	32.2
Females	40.1	42.6	37.5
<b>Race and Ethnicity</b>			
White non-Hispanics	35.3	39.2	34.2
Black non-Hispanics	45.0	48.3	37.6
Hispanics	36.3	39.1	29.1
Asians & others	39.1	38.0	40.3
<b>Education Attainment Level</b>			
Less than High School	41.0	44.3	37.9
High school or equiv.	42.7	46.2	39.0
Some college	41.9	44.5	39.9
College and higher	42.2	39.2	45.9
<b>Selected Age Groups</b>			
18-24	26.6	36.9	20.6
25-34	37.3	41.5	32.1
35-44	41.2	45.5	34.6
45-54	45.0	50.6	41.0
55 and older	46.9	35.9	53.8

Note: Education breakouts for those 25 and older only.

Source: FPI analysis of CPS and NYS DOL LAUS Labor Force Statistics for NYC.

# Net NYS job gains over the past four years concentrated in industries with low average wages





# On 3 measures of economic growth, NYS has matched or exceeded the U.S. average over the past 2 years and ranks high among all 50 states

