
FOR IMMEDIATE RELEASE

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Secretary Newson Urges Federal Officials to Correct Misleading Data Series

Bureau of Labor Statistics' 2011 job data estimates were off actual job counts by more than 50,511

MADISON –Department of Workforce Development (DWD) Secretary Reggie Newson today urged the U.S. Bureau of Labor Statistics to reconsider its way of estimating monthly job totals, citing estimates that inaccurately portrayed Wisconsin's 2011 performance in job creation.

"As agencies charged with providing timely and relevant labor market information, we have a responsibility to ensure the labor market information we publish is accurate, complete and reflective of what occurs on the ground," Secretary Newson wrote to John Galvin of the Bureau of Labor Statistics.

Three different U.S. Bureau of Labor Statistics (BLS) data series provide labor market information:

- Quarterly Census of Employment and Wages (QCEW): compiled from Unemployment Insurance records from some 160,000 (almost 96%) of Wisconsin business establishments, i.e., actual jobs data.
- Local Area Unemployment Statistics (LAUS): compiled from a monthly survey of 1,450 households.
- Current Employment Statistics (CES): compiled from a monthly survey sent to about 5,500 employers (3.5% of Wisconsin employers).

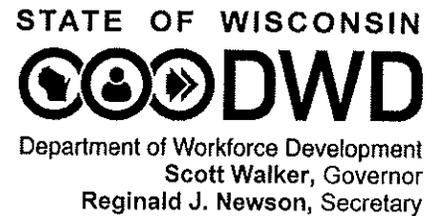
The CES series is based on a small survey and is annually "benchmarked," or updated based on more complete information. Secretary Newson noted that, historically, these three BLS series tracked with relative consistency. However, the CES became inconsistent with the other series, in addition to economic data, since June 2011. **The CES estimated the state of Wisconsin lost 22,700 private sector jobs in Wisconsin from December 2010 through December 2011, when in fact the QCEW – used as the gold standard for jobs data - indicated a net gain of 27,811 private sector jobs over the same time frame, a difference of more than 50,511.**

Secretary Newson asked the BLS to reconsider changes it used in the most recent annual benchmarking process, and to revert to the previous method that had yielded more consistent estimates.

"We strongly believe the integrity of the CES data series would be dramatically improved if the BLS were to use three quarters of data for its next annual benchmarking process," Secretary Newson continued. "Based on feedback from other states, we are not alone in this belief."

Secretary Newson's letter to the U.S. Bureau of Labor Statistics below.

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July 19, 2012

John M. Galvin, Acting Commissioner
U.S. Bureau of Labor Statistics
Postal Square Building
2 Massachusetts Avenue, NE
Washington, DC 20212-0001

Dear Mr. Galvin:

The Wisconsin Department of Workforce Development is committed to advancing the economy and business climate by empowering and supporting our workforce. The information we exchange with your agency plays an integral role in our ability to successfully accomplish the above goal.

As agencies charged with providing timely and relevant labor market information, we have a responsibility to ensure the labor market information we publish is accurate, complete and reflective of what occurs on the ground. From the college graduate contemplating which state to launch a career to the business owner analyzing whether to expand at home or elsewhere, people across our state and nation are making major life decisions based on this information and, collectively, these decisions have an impact on our overall economy.

Given this crucial role of labor market information in peoples' lives, I urgently request that you reconsider your use of two quarters of data for benchmarking data under the Current Employment Statistics (CES) data series. Since June 2011, the state of Wisconsin has seen the monthly CES numbers – extrapolated from a survey of 5-8 percent of employers – deviate significantly from the Local Area Unemployment Statistics (LAUS) and Quarterly Census of Employment and Wages (QCEW).

More specifically, the benchmarked CES data estimated the state of Wisconsin lost 22,700 private sector jobs in Wisconsin from December 2010 through December 2011, when in fact the QCEW - which is based on reports by 96 percent of Wisconsin business establishments - indicated a net gain of 27,811 over the same time frame, a difference of 50,511. Consequently, job creators, job seekers and other individuals relied for months on CES numbers that told a vastly inaccurate story about Wisconsin that didn't comport with several other indicators that signaled job gains in our state 2011. Such conflicting information breeds uncertainty and unease.

Regrettably, we continue to see indications that the 2012 CES series for Wisconsin- which as you know is affected by the previous benchmarking - continues to deviate from other economic indicators. The first opportunity to rectify this won't be until the next round of benchmarking in early 2013. We strongly believe the integrity of the CES data series would be dramatically improved if the BLS were to use three quarters of data for its next annual benchmarking process, as was the practice prior to 2011. Based on feedback from other states, we are not alone in this belief.

Your support for this change would result in a data series that tracks more consistently with the LAUS and QCEW data series, and provides a more accurate reflection of market conditions.

Thank you for your consideration of this important matter.

Sincerely,

A handwritten signature in cursive script that reads "Reggie Newson". The signature is written in black ink and is positioned below the word "Sincerely,".

REGGIE NEWSON
Secretary