

THE STATE



OF WYOMING

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Carol Rowan
BLS Clearance Officer
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Bureau of Labor Statistics
Room 4080
2 Massachusetts Avenue, NE.
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Dear Ms. Rowan,

I am writing in regard to the Federal Register notice dated Wednesday, March 30, 2011 (Vol. 76, pp 17710-17711) and related ICR for the Current Employment Statistics program.

The ICR contains several substantive errors of fact.

In the ICR's "Justification 14. Estimate of the CES program's FY 2011 cost to the Federal Government" the total cost is identified as \$54.7 million. However, in LMI Administrative Memorandum No. S-10-03 issued two months before the Federal Register announcement (February 1, 2010), BLS indicates that in FY 2011 BLS is removing \$12 million from the states, and of that amount \$5 million will be treated as a "BLS CES budget reduction for FY 2011." Either the ICR should show a reduction of \$5 million from the \$54.7 million, or the S-memo is wrong. BLS' depiction of the cost of the CES program needs clarification.

The source of the information regarding cost is unclear. The BLS' Division of Management Services indicates that as of 3/29/11 the obligational authority was \$52.3 million for the CES program.

B. Collection of Data Employing Statistical Methods, item 2b (page 15) states that All Employee estimates are made using a weighted link relative estimator.

This has not been true for some time. In fact, at the state and area level, the "Robust" estimator, "Fay-Herriot" estimator, and "Small Domain Model" are used. (The fact that

BLS is using a model, instead of exclusively sample, suggests the inadequacy of the sample design at the state and local level.)

B. 2f. Data Collection Cycle

BLS states that "The CES survey was mandated by Congress to be a monthly survey."

This statement is an error of fact. Congress specifies a product or output relating to employment, it does not specify a particular program nor beyond the broadest of indications how the information is to be obtained. Indeed, the legislation specifies persons as the unit of measure for employment. On the other hand, the unit of measure in the CES program is the job worked.

B. 3 Methods to Maximize Response Rates.

BLS indicates in the ICR that "BLS and the cooperating States conduct an extensive and vigorous program of notification and nonresponse follow-up. These include: ... advance notice faxes and postcards .. nonresponse prompting fax messages, telephone calls ..."

The states have not been involved in these activities for at least two years. It is not clear what other factual errors exist in the ICR.

Given the substantive nature of factual error in the ICR it is unclear how a misinformed public could hope to successfully address PRA concerns. It is also unclear how the public can be expected to comment on employer burden when the survey instruments are not part of the ICR and readily available (e.g. on a web site) but must be requested separately at the requestor's expense and provided by BLS on a flow basis.

It is not clear that all errors of fact have been detected in the ICR. For example, as part of the "Publication Plans" BLS indicates that CES national estimates are found "in the B and C tables of Employment and Earnings." However, C tables contain data from the Local Area Unemployment Statistics program. An exhaustive analysis of the ICR may reveal other errors of fact.

The utility of the CES program is questionable on several accounts. First, BLS makes no apparent attempt to address cross cutting issues among programs administered by BLS. Second, BLS fails to provide state LMI operations and the public with the kinds of survey diagnostics to facilitate interpretation or analysis, and therefore prudent use, of CES estimates.

Reducing employer burden and maximizing value of the collection could be accomplished by changing the occupational classification of Production Workers on CES forms. The data collection form for Mining and Logging, for example, includes the

collection of information about "Production Workers." However, the job titles for Production Workers in the instructions on the BLS questionnaire are comprised of a mix of job titles that can be classified to a series of SOC codes of 47-, 53-, 51-, 49- etc but are not exhaustive of these SOC two digit sequences for any SOC series. Consequently, employers are requested to organize and report information about occupations in one unusual way for the CES program (using an organizational scheme for the CES collection that has not been reviewed and approved by OMB) and in another way for the Occupational Employment Statistics program.

Clearly, the Bureau has not demonstrated that it has examined the means by which data collection in CES, and overall employer reporting burden could be reduced and efficiencies gained through an integrated analysis of data collection and estimation procedures in conjunction with the OES and ECI programs.

The Bureau states that "After the BLS assumes responsibility for monthly estimation [in 2011], the States will retain \$7 million to continue data analysis and dissemination..." (*FY 2011 Congressional Budget Justification, Bureau of Labor Statistics*, p BLS-30). Since the states are not provided with monthly response rates or error terms by estimating cell, or sample mortality and sample replacement rates, it is clearly impossible for State LMI operations to perform any analysis beyond that inspired by intuition. Without analysis derived from hands on involvement in the estimation process, and adequate estimation diagnostics, the CES program at the state and local level has negligible utility.

The *Office of Management and Budget Standards and Guidelines for Statistical Surveys* declares, "Agencies must produce survey documentation that includes those materials necessary to understand how to properly analyze data from each survey... Survey documentation must be readily accessible to users, unless it is necessary to restrict access to protect confidentiality." (September, 2006, Standard 7.3, page 26) Clearly, BLS does not meet this standard even for State employees serving as BLS agents. What we do know about response rates is that in the BLS FY 2011 CES federalization proposal to Congress, BLS intends to fund activities to increase response rates. This is a backhanded way of admitting that response rates are deficient in a BLS designed centralized data collection system. In effect, the justification for BLS centralizing data collection in CES has not attained the advertised "same level of quality at reduced costs." Moreover, the ICR does not address the increased burden on employers articulated in the FY 2011 budget proposal to Congress.

While access to information about questionnaire response rates for industry estimation cells is not available, in one circumstance state access to item non-response rates indicates that the problem of non-response may be concealed because of its highly problematic nature. The January 2010 response rate for the total CES sample was 70.9%. However, as a subset of this modest response rate, the item response for "employees hours worked" stood at only 59.6% yielding nearly inexplicable results for what is potentially a lead indicator of employment change (for a full discussion, see

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<http://doe.state.wy.us/lmi/0410/a3.htm>). Given the absence of estimation diagnostics for use by State employees at the industry cell level, it is difficult to determine whether or not the CES produces data of any value for geographies below the national level.

As part of the ICR "Justification," BLS states that "The Congress (29 USC 2) mandated that the data be collected monthly..." (p. 5). An examination of the referenced text reveals that "the data" identified in Code is not jobs worked, collected by the CES program, but rather, persons employed.

The Code reads: "The Bureau of Labor Statistics shall also collect, collate, report, and publish at least once each month full and complete statistics of the volume of and changes in employment, as indicated by the number of persons employed, the total wages paid, and the total hours of employment, in the service of the Federal Government, the States and political subdivisions thereof, and in the following industries... (1) Manufacturing; (2) mining ...; (3) building construction etc...". By collecting and publishing information on jobs worked rather than persons working in the detail specified in statute BLS is not meeting the mandate of Congress.

BLS could meet the mandate of Congress, and decrease employer burden substantially, by shifting resources from the CES to the CPS. By shifting \$25 million from CES to the CPS, the household sample could be significantly expanded in the \$53.2 million CPS program. This should include funds to increase the burden for the collection of usual weekly earnings by occupation. Increasing the coverage for weekly earnings will allow BLS to produce estimates of the number of production workers or any other unique combination of workers it so chose. By shifting an additional \$5-\$8 million to the QCEW program a sufficient CPS-QCEW modeling effort could be attained (similar to that used in the LAUS program for CES data) to produce detailed monthly industry and payroll estimates at the MSA level comparable in utility value to that currently produced by the CES. (Expansion of the CPS would also positively affect the anomalous and volatile nature of rates calculated in the Survey of Occupational Injuries and Illnesses.) The remaining funds, not used by the states, could be used for other BLS programs, such as OES time series, and/or dedicated to the reduction of the deficit. It seems just a prudent business decision.

Sincerely,



Tom Gallagher
Manager, Research & Planning

cc: BLS Desk Officer C/O Margaret Malanoski