

Nonfarm Wage and Salary Employment Changes in Methodology

Why there are fewer published industry estimates:

The following information is to help explain to data users the new methodology used in estimating the monthly nonfarm employment. This new methodology has prevented us from publishing some industries that were available in prior years.

The Bureau of Labor Statistics (BLS) through a cooperative agreement with the states, surveys employers on a monthly basis to provide a snapshot of economic activity in the state's largest areas, with the results published as the Nonfarm Wage and Salary Employment estimates. Probability Survey Design was selected as the new design for the following reasons:

- in an attempt to keep up with the current realities of emerging industries in today's economy,
- was considered more representative of the all industry employment activities,
- was considered the most statistically sound design, and
- eliminated the bias of the previously used methods.

The implementation phase began in June 2000 with the conversion of Wholesale Trade from quota-based sample to probability-based sample on the national level. Quota Survey Design called for an allotted number of sample units in order to make estimates. Employers who didn't return the survey could be replaced at any time in order to reach the quota for the particular industry sector or sub-sector. The Probability Survey Design still randomly selects employers to participate in the survey but the returned surveys are arranged in order to be representative of the total employment in that industry. Each sample employer surveyed represents others similar to it and may not be replaced, for this reason, the non-responding employers do affect the final employment estimates for the industry that they represent. By June 2003 all state estimates were based on probability sample.

The probability sample redesign imposed certain minimum sample requirements to be included in the published industry level data. The minimum requirements are:

- 30 individually sampled employers covered by the Louisiana Employment Security Law (from the unemployment tax files), **or**
- 50 percent sampled coverage of the total employment, **and**
- at least 3,000 total employment in the particular industry.

These requirements are the reason for the changes in the industries (cells) we are able to publish. A cell can be an industry sector (manufacturing), or a sub-sector (durable goods), or a summary sector (education and health care). Goods producing, service providing, and total nonfarm employment levels are also considered cells. The smaller an area is (Alexandria MSA compared to the New Orleans MSA), the fewer number of industries or cells that will meet publishing criteria mentioned above. Because the publication of these cells is determined on a yearly basis, we will make every effort to plead our case with BLS to include as many of the cells as possible next year.

To read more about the (BLS) nonfarm employment estimate's methodology click on this link: <http://stats.bls.gov/sae/home.htm>.