

# How Often Does BLS Overestimate Staffing Industry Monthly Employment?

An analysis of the U.S. Bureau of Labor Statistics' seasonally adjusted temporary help services employment estimates and revisions

*By George Nadareishvili*



There appears to be an upward bias in the U.S. Bureau of Labor Statistics' initial estimates on seasonally adjusted temporary help services employment data, as shown by the number and magnitude of downward revisions the agency makes. BLS has been consistently overestimating the industry's employment situation over the past decade or so; however, the overestimation has sharply expanded during the past three and a half years—reaching unprecedented levels.

Over the past 42 months, not only has the number of downward revisions—relative to upward ones—increased greatly, but so has the average difference in jobs per revision between BLS's initial and final estimates.

The average difference between the initial and final estimates was –19,119 jobs per month since January 2003. The difference enlarged by more than threefold, to an average of –61,943 jobs per month during the past three and a half years—a time period in which 93% of revisions were downward.



The variability seen of late has many observers questioning the utility of BLS's temporary help services employment data—especially the initial estimate—and looking elsewhere for accurate, up-to-date staffing industry employment data.

### BLS Employment Estimate Revision Methodology

BLS is the principal federal agency responsible for measuring labor market activity, working conditions, and price changes in the economy—collecting, analyzing, and publishing economic information to support public and private decision making. One of BLS's most widely monitored releases is on the monthly Current Employment Statistics survey results. The survey includes data on employment, hours, and earnings by industry and by industry sectors, which are closely watched by policy makers, economic institutions, financial markets, news media, and many others.

The CES collects data for a particular month as soon as the reference period, the



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week that includes the 12th of the month, is complete. When published, the given month's data are referred to by BLS as the first preliminary estimate, or the *initial estimate*. The time available for the collection of data between the end of the reference period and the release of the initial estimate ranges from nine to 15 days. The initial estimate is revised by BLS twice and then held constant at the third (and "final") estimate until it is revised in accordance with an annual benchmarking process. Benchmarks are primarily

derived from unemployment insurance tax records.

A second preliminary estimate for the BLS CES survey is published the month following the initial estimate, and the third and final estimate is published two months after the initial estimate. These revised estimates often paint a very different picture of the job market than the initial estimates do—likely a much more accurate picture. The differences between the three estimates are attributed to two main factors: Revised estimates include supplementary information that was unavailable during the time of the initial release of monthly CES survey results, and the survey sample size is much larger in the final estimate as a result of additional responses that were not submitted during the data collection period for the initial estimate.<sup>1</sup>

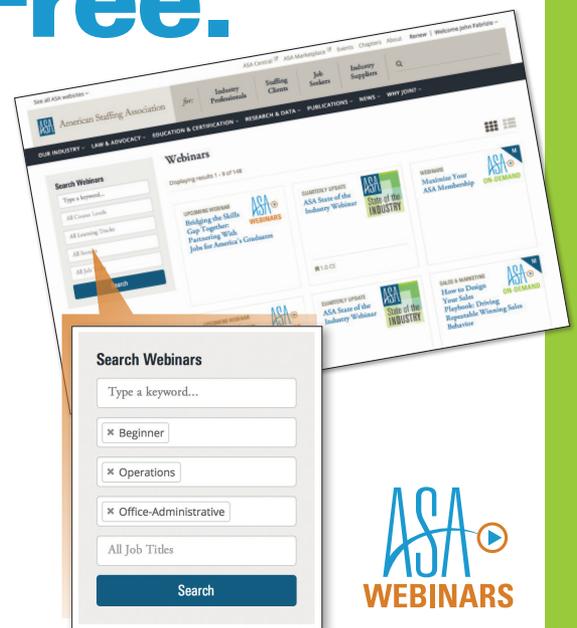
The CES sample is a stratified, simple random sample of work sites, clustered by unemployment insurance (UI) account number. The UI account number is a major identifier on the BLS Longitudi-

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nal Establishment Database of employer records, which serves as both the sampling frame and the benchmark source for the CES employment estimates. The database contains data on roughly 9.3 million U.S. business establishments, representing nearly all elements of the U.S. economy. On average, the CES survey includes about 146,000 businesses and government agencies, which cover approximately 623,000 individual work sites.

Even though BLS has information on approximately 9.3 million U.S. businesses, it generally is only able to collect data from less than 2% of them at a time. And there is a vast difference between the percentage of responses received for the initial BLS CES estimate and for the final estimate in each reporting period (see Figure 1). In 2015, the annual average of monthly collection rates was 18 percentage points higher for the final estimate than for the initial estimate—equivalent to a 23% increase in the number of responses. The higher the response rate for the BLS CES survey, the more accurate the data.

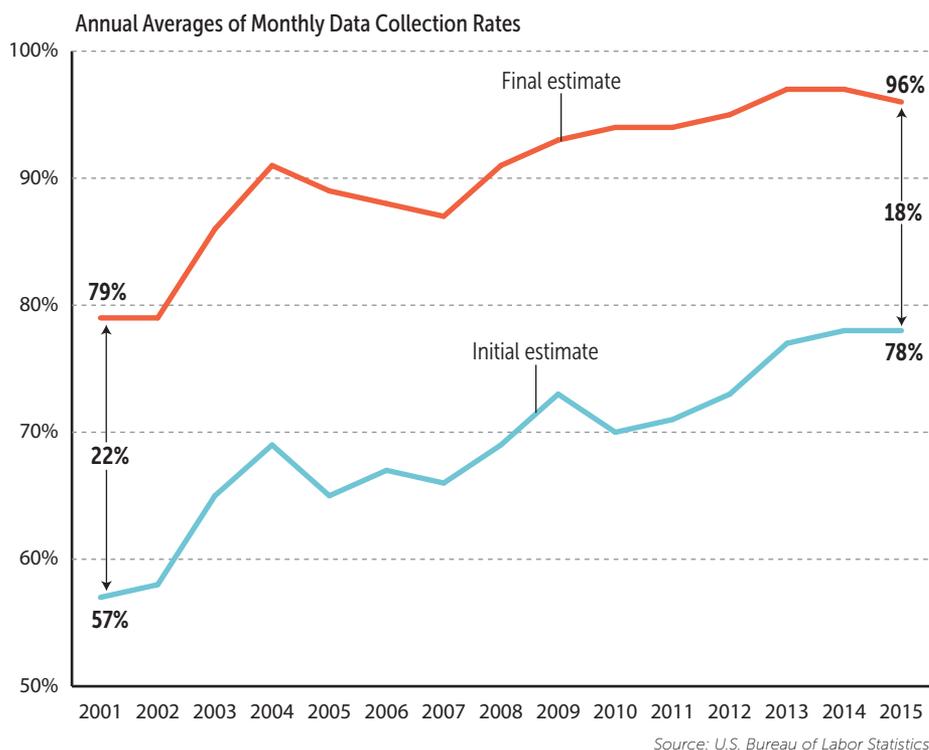
The imprecision of initial CES estimates is a huge concern for anyone who tracks the data monthly, given that many business and policy decisions are based on—and around the time of—the initial estimate.

### BLS's Temporary Help Services Data

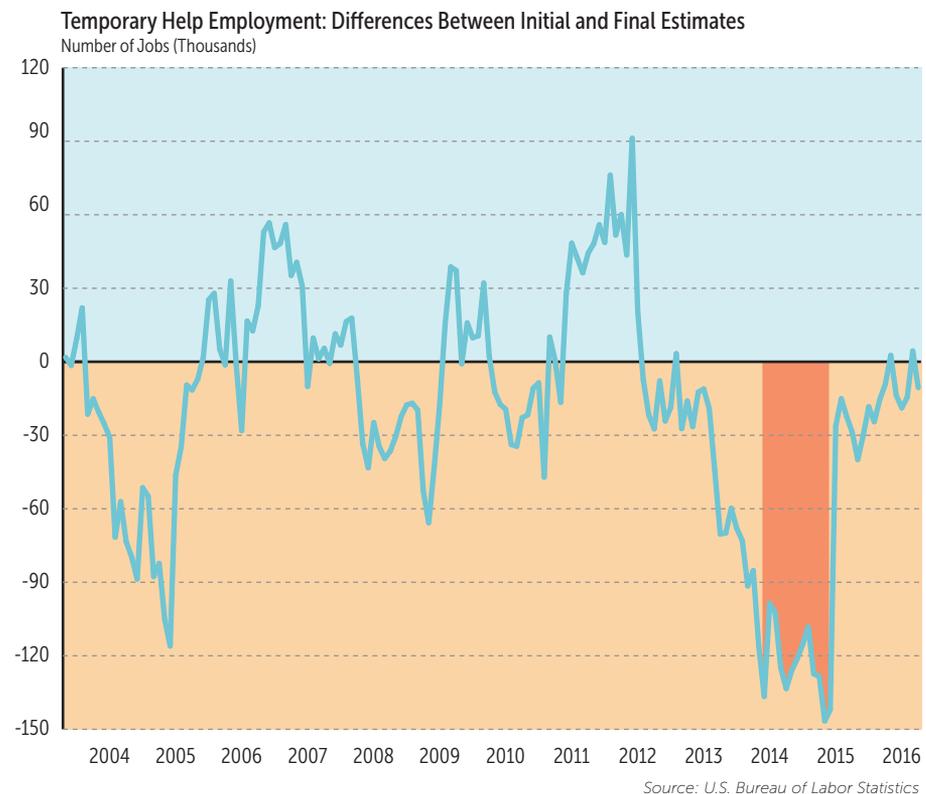
BLS's closest proxy for temporary and contract "staffing" is temporary help services, as defined by the North American Industry Classification System. Temporary help services is one of numerous industries about which BLS releases data in its monthly CES report. This article focuses on seasonally adjusted temporary help services data from 2003 through July 2016 (the latest available month with at least two revisions is May 2016).

The magnitude of revisions to BLS temporary help services employment estimates—especially downward—has intensified over the past couple of years (See Figure 2). These revisions may not seem substantial at first glance, but a 1.0% change equates to nearly 30,000 jobs. From February

**Figure 1: Data Collection Rates Between the Initial and the Final BLS CES Estimates Are Significantly Different, Which Affects the Accuracy of the Estimates.**



**Figure 2: In 13 of the 17 Months Between November 2013 and March 2015, Revisions Between the Initial and the Final BLS CES Estimates Exceeded 100,000 Jobs—All of Them Downward Revisions.**



**Figure 3: In Eight (62%) of the 13 Years Analyzed, Downward BLS CES Revisions Outnumbered Upward Ones.**



**There has been a significant shift in the magnitude of BLS revisions on temporary help services employment data over the past three and a half years.**



2012 to May 2016, 48 of the 52 monthly BLS estimates of temporary help services employment were revised downward—overestimating by an average of 53,365 jobs each month.

**Direction and Magnitude of BLS Temporary Help Data Revisions**

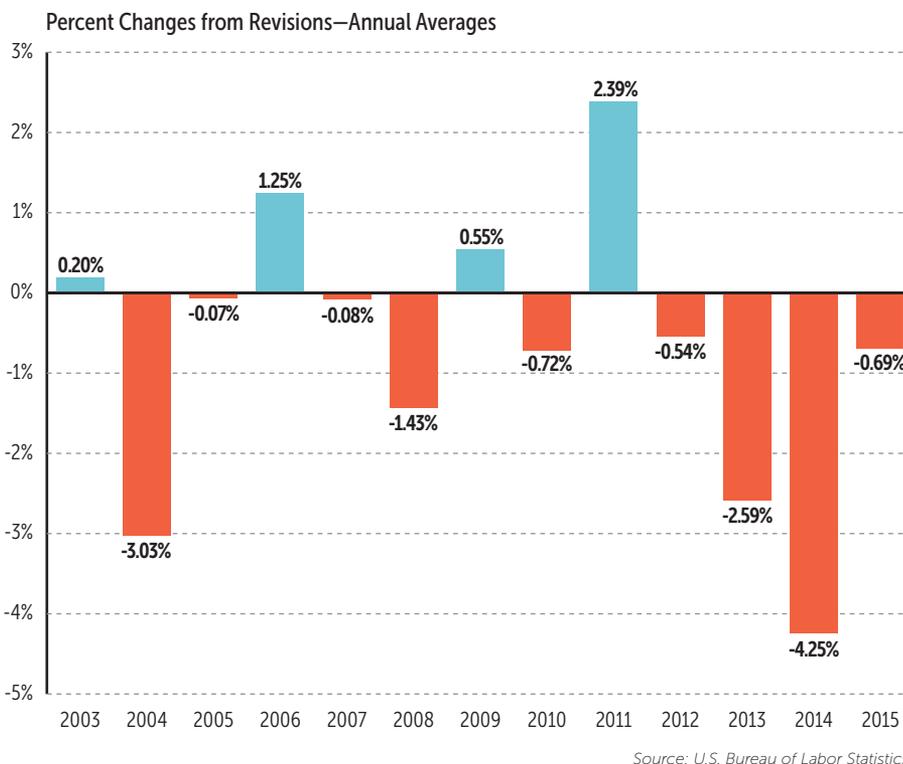
Figure 3 shows the percentage of revisions that were downward or upward for each year since 2003. During these 13 years, there were eight years (62%) in which downward revisions outnumbered upward ones. The percentage of downward revisions relative to upward revisions increased over the past four full years, exceeding 80% during the last one-third of the 13-year period.

Furthermore, the magnitude of the BLS revisions to temporary help services employment data has been much greater when revised downward (see Figure 4). From 2003 through 2015, the average percentage change of revisions were negative in nine of 13 years. Moreover, four of the five annual revisions with the greatest percentage change were negative. And the three years with the strongest magnitude (largest absolute values) revisions were all negative.

To further analyze these revisions, the years studied were divided into clusters based on the overall economic situation at the time (see Figure 5). Except for the 18 months of the Great Recession, the clusters were arrayed into equal 42-month periods.

As shown in Figure 5, there has been a significant shift in the magnitude of BLS revisions on temporary help services employment data over the past three and a half years. The negative revisions during the past 42 months were 10 percentage points greater than during the Great Reces-

**Figure 4: BLS Temporary Help Employment Revisions Are Greater in Magnitude When Downward.**



## The ASA Staffing Index and BLS Temporary Help Employment

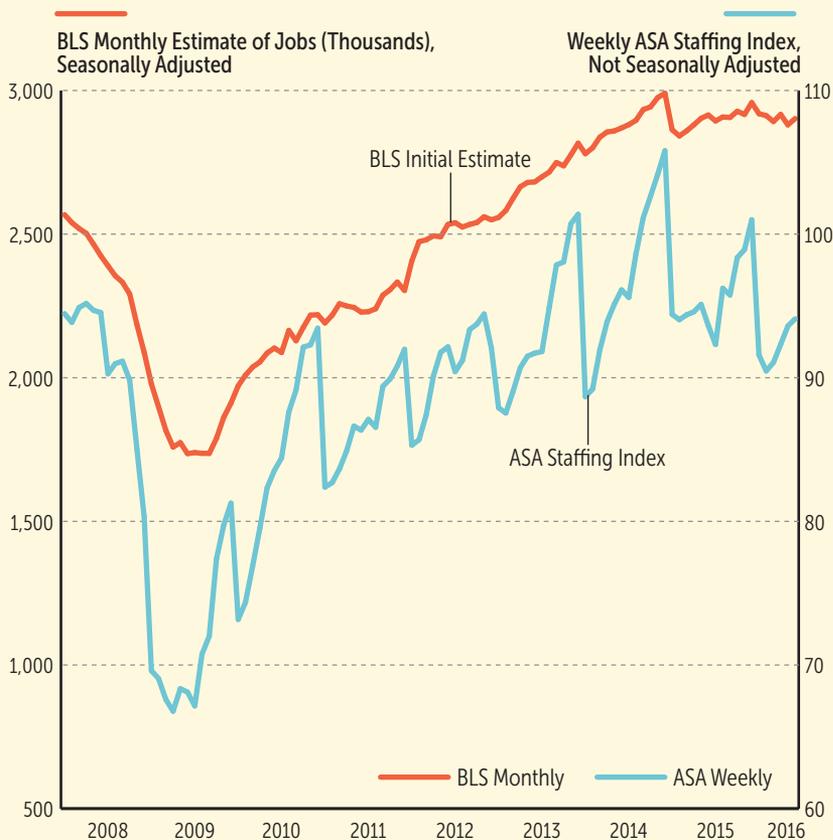
The ASA Staffing Index is a near real-time gauge of staffing employment. (See *Staffing Jobs as Economic and Employment Indicators* on [americanstaffing.net](http://americanstaffing.net) for more on the ASA Staffing Index.) It is similar to the BLS temporary help services employment data, but the index tracks all temporary and contract staffing employment. The staffing index also differs from the BLS data in frequency, reporting the change in staffing employment on a weekly basis rather than just monthly.

Interest in staffing employment, be it measured by BLS or ASA Staffing Index data, is not limited to those working in the industry. Economists, financial analysts, and policy makers follow the ASA Staffing Index as an employment and, more

important, an overall economic indicator. It provides a near real-time snapshot of what's going on in the economy.

As discussed in the accompanying article, BLS generally overstates temporary help employment in its initial monthly estimate (see Figure). The ASA Staffing Index provides a more accurate gauge of current trends in the industry. It's not subject to the vagaries of seasonal adjustment and it correlates well with its sister metric, the quarterly ASA Staffing Employment and Sales Survey. In addition to the aforementioned differences in data frequency, the ASA Staffing Index, unlike the BLS data discussed in the article, is not seasonally adjusted, and thus the two measures are not directly commensurate.

### While Different, BLS Initial Estimates and ASA Staffing Index Trends Generally Correlate.



Sources: U.S. Bureau of Labor Statistics, American Staffing Association



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Figure 5: Summary of BLS Temporary Help Employment Revisions—the Net Average Change Was Negative in All Time Periods Except During Recovery After the Great Recession.

	Months Covered (N)	Number of Upward Revisions (percentage of revisions in period)	Number of Downward Revisions (percentage of revisions in period)	Net Average Percentage Change of Revisions in Period	Average Revised Number of Jobs per Month
Before Great Recession	June 2004–November 2007 (42)	 23 (55%)	 19 (45%)	 -0.2%	 -4,645
Great Recession	December 2007–May 2009 (18)	 3 (17%)	 15 (83%)	 -0.8%	 -20,739
Great Recession Recovery	June 2009–November 2012 (42)	 22 (52%)	 20 (48%)	 0.4%	 +8,521
Past Three and a Half Years	December 2013–May 2016 (42)	 3 (7%)	 39 (93%)	 -2.2%	 -61,943
Overall	January 2003–May 2016 (161)	 58 (36%)	 103 (64%)	 -0.7%	 -19,119

Source: U.S. Bureau of Labor Statistics



**Applying the average revision of -19,000 jobs per month, the 12,500 increase in temporary help employment in June as initially reported by BLS was probably a decline of 6,500.**

sion—one of the most uncertain economic times in modern history. The net average revision over the 42 months was -2.2%, an average reduction of 61,943 jobs per month between the initial and final estimates during the period.

Although this bias has intensified over the past couple of years, it continues a pattern that has dominated for more than a decade. Generally (64% of the time), BLS has downwardly revised its estimates on temporary help services employment data since 2003. The net average for all revisions since 2003 is -0.7%, a difference of 19,119 jobs per month between initial and final estimates.

To put this number in perspective: According to BLS's latest initial (seasonally adjusted) estimate, 12,500 temporary help services jobs were added from June to July this year. Applying the average revision of -19,000 or so jobs per month since 2003 would suggest that July job growth was probably a decline of 6,500.

When watching BLS temporary help job numbers, don't put too much stock in the initial estimate. It likely overstates staffing job growth, especially these days. It's better to wait for the final estimate. Although that arrives two months later, it's likely to be considerably more accurate. ■

George Nadareishvili is manager of research for the American Staffing Association. Send feedback on this article to [success@americanstaffing.net](mailto:success@americanstaffing.net). Follow ASA on Twitter @StaffingTweets.

**Note**

1. Thomas Nardone, Kenneth Robertson, and Julie Hatch Maxfield, "Why Are There Revisions to the Jobs Numbers?" *Beyond the Numbers: Employment and Unemployment*, vol. 2, no. 17 (U.S. Bureau of Labor Statistics, July 2013).