

# Putting America to Work: The Essential Role of Federal Labor Market Statistics

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March 25, 2011

# The Essential Role of Federal Labor Market Statistics

- **Context**
  - **Growing need for labor market statistics**
  - Federal role in meeting that need
- **Assessment**
- **Recommendations**

# U.S. Labor Market Participants

- 140 million employed
- 14 million unemployed + 6 million willing to work
- 39 million secondary/postsecondary students
- 6 million businesses
- 9,000 business and technical training institutions
- 4,400 degree-granting postsecondary institutions making program decisions

# U.S. Labor Market Policymakers

- Over 600 workforce investment boards
- Over 7,000 regional economic development organizations
- State governments agencies—economic development, education, workforce investment
- Federal decision-makers—White House, Federal Reserve, Congress, Labor, Education, Commerce

# The Growing Need for Data

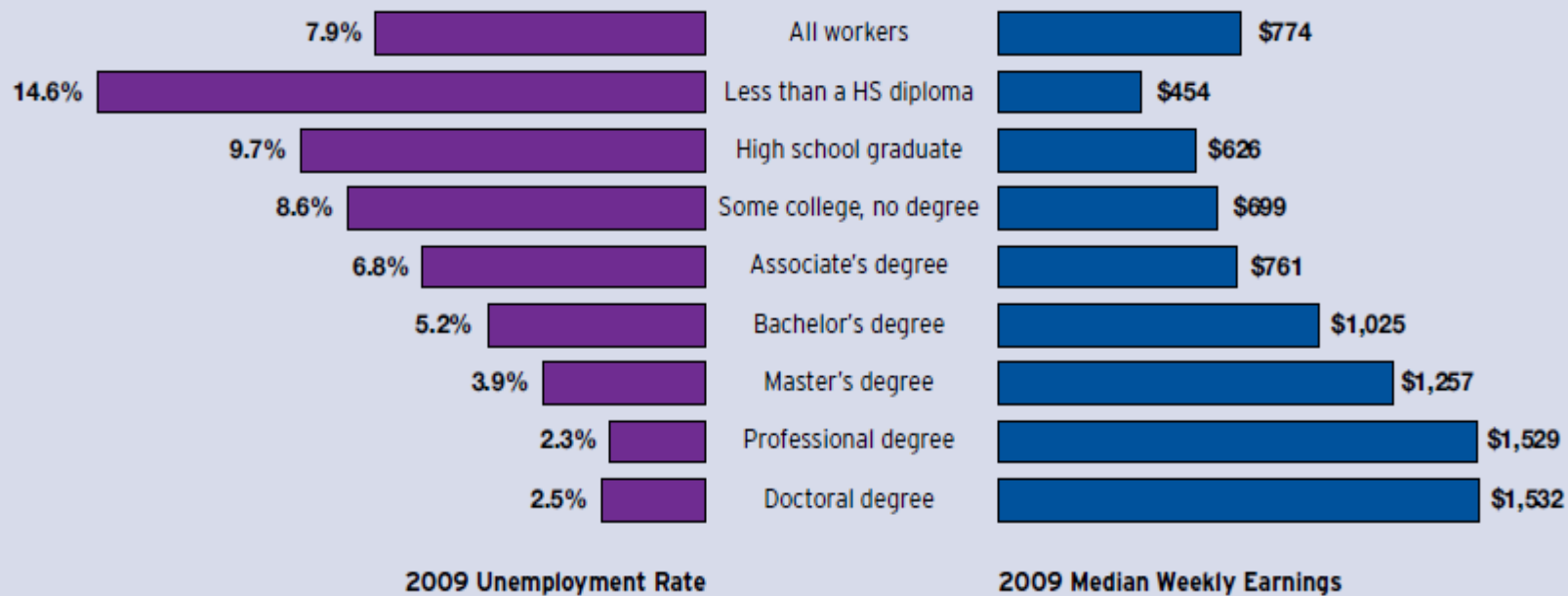
Labor market participants and policymakers are required to make more frequent and complex decisions in light of

- increased economic competition
- increased economic volatility—structural, cyclical
- technological change
- increased necessity of a postsecondary credential to earn a middle-class living

# U.S. Labor Market Activity

- In 2010, 47 million workers were hired and 46 million left their jobs
  - 21 million quits, 21 million discharges, 4 million other
- In 2007, 3.3 million students dropped out of high school, 3.2 million finished high school, and 3.0 million people received a postsecondary degree
- In 2005, 70 million workers were involved in formal work-related learning activities

### Unemployment and Earnings by Educational Attainment, 2009



Source: Bureau of Labor Statistics, Current Population Survey

# Behind Persistent Unemployment

- Labor market frictions in the deployment of human capital
  - Recession-catalyzed structural changes
  - Skills supply-demand mismatch
  - Low graduation rates
- These issues reflect information market failures



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# Federal Role in Labor Market Data

- **Essential**
- Decentralized, complex, and idiosyncratic
- Traditional orientation to federal users
- Broader role mandated in Wagner-Peyser section 15
- Innovations with potential to address labor market frictions

# Essential Federal Statistics Role

Only the federal government has the capability to collect current, accurate, objective, relevant data that are consistent over time and space and accessible to labor market participants regardless of ability to pay

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# Federal Labor Market Statistical System: Historical Orientation

- Serves federal needs – macroeconomic policy, disadvantaged regions and workers
  - Wagner-Peyser 14
- Paradigm: social science/engineering
- Production-oriented, supply-driven
- Vertical orientation

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# Mandated National Employment Statistics System

- Mission—address the “needs of Congress, States, localities, employers, jobseekers, and other consumers . . .” as well as local workforce investment boards and students
- Responsibility—Secretary of Labor
- Management—BLS in collaboration with state LMI agencies
- Content—“statistical data ... that ... enumerate, estimate, and project employment opportunities and conditions at national, State, and local levels in a timely manner ....”



## Current Members

The Workforce Information Council currently includes representatives from the Bureau of Labor Statistics and participants from the Employment and Training Administration, and 10 state representatives.

### Federal

#### Bureau of Labor Statistics Members

John M. Galvin  
Patricia Getz  
Sheila Watkins  
Thomas Nardone  
Dixie Sommers

#### Employment and Training Administration Participants

Anthony Dais  
Michael Harding  
Grace Kilbane

#### State Members

Region 1 Andrew Condon, Connecticut  
Region 2 Gary Halyard, Virgin Islands  
Region 3 Sue Mukherjee, Pennsylvania  
Region 4 Rebecca Rust, Florida  
Region 5 Steve Hine, Minnesota  
Region 6 Raj Jindal, Louisiana  
Region 7 William Niblack, Missouri  
Region 8 Alexandra Hall, Colorado  
Region 9 Steve Saxton, California  
Region 10 Greg Weeks, Washington

# Mandated National Employment Statistics System

- Data collection—by BLS and states, “actively seek cooperation of other Federal agencies” to ensure “complementarity and nonduplication”
- Data dissemination—wide, user-friendly, reliance on state systems
- Identification of user needs—through surveys and state consultations
- Strategic planning—BLS-state development of annual five-year plan
- Appropriations—budget requests based on five-year plan

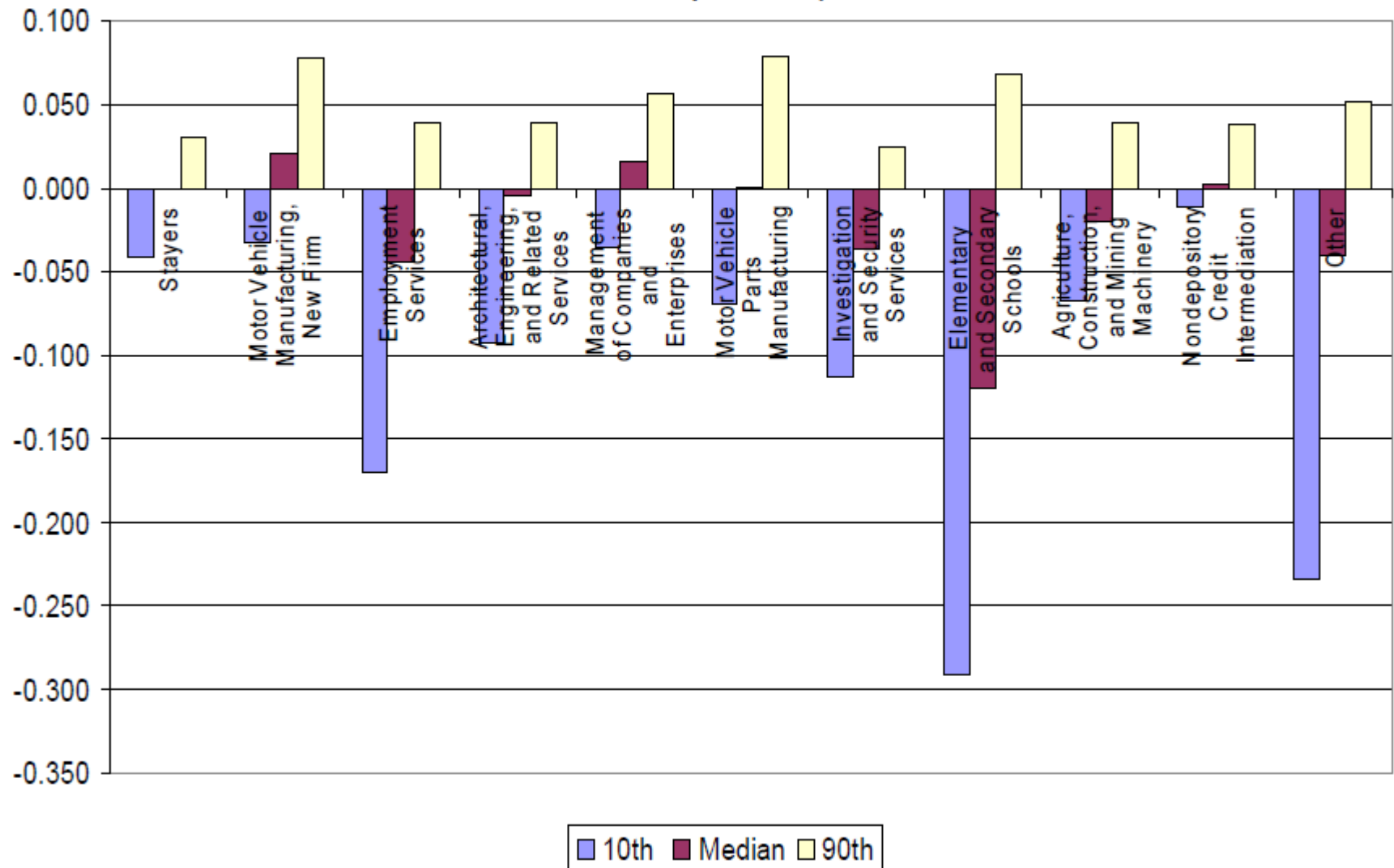
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# Innovations in Labor Market Information

- Business Employment Dynamics (BLS)
- Local Employment Dynamics (Census)
- Statewide Longitudinal Data Systems (NCES, ETA)
- Real-time LMI (ETA)
- Skills-based Transferability and Projections (ETA)

# Distribution of **Earnings Changes** for Stayers vs. Separators that Changed Firms in Motor Vehicle Manufacturing (NAICS 3361) (4-quarters after separation)



# Washington Career Bridge

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## Airframe Mechanic I

Award Type: Certificate

Big Bend Community College

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Program Details

Training  
Provider Details

Employment  
Results

Student  
Characteristics

Occupation  
Information

View other training providers offering [Airframe Mechanics & Aircraft Maint Tech programs](#)




View all programs at  
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## Employment Results

### Employment, wages and completion for all programs related to Airframe Mechanic I at Big Bend Community College

Program Type: Airframe Mechanics & Aircraft Maint Tech

For academic years: 2005-2006, 2006-2007, 2007-2008

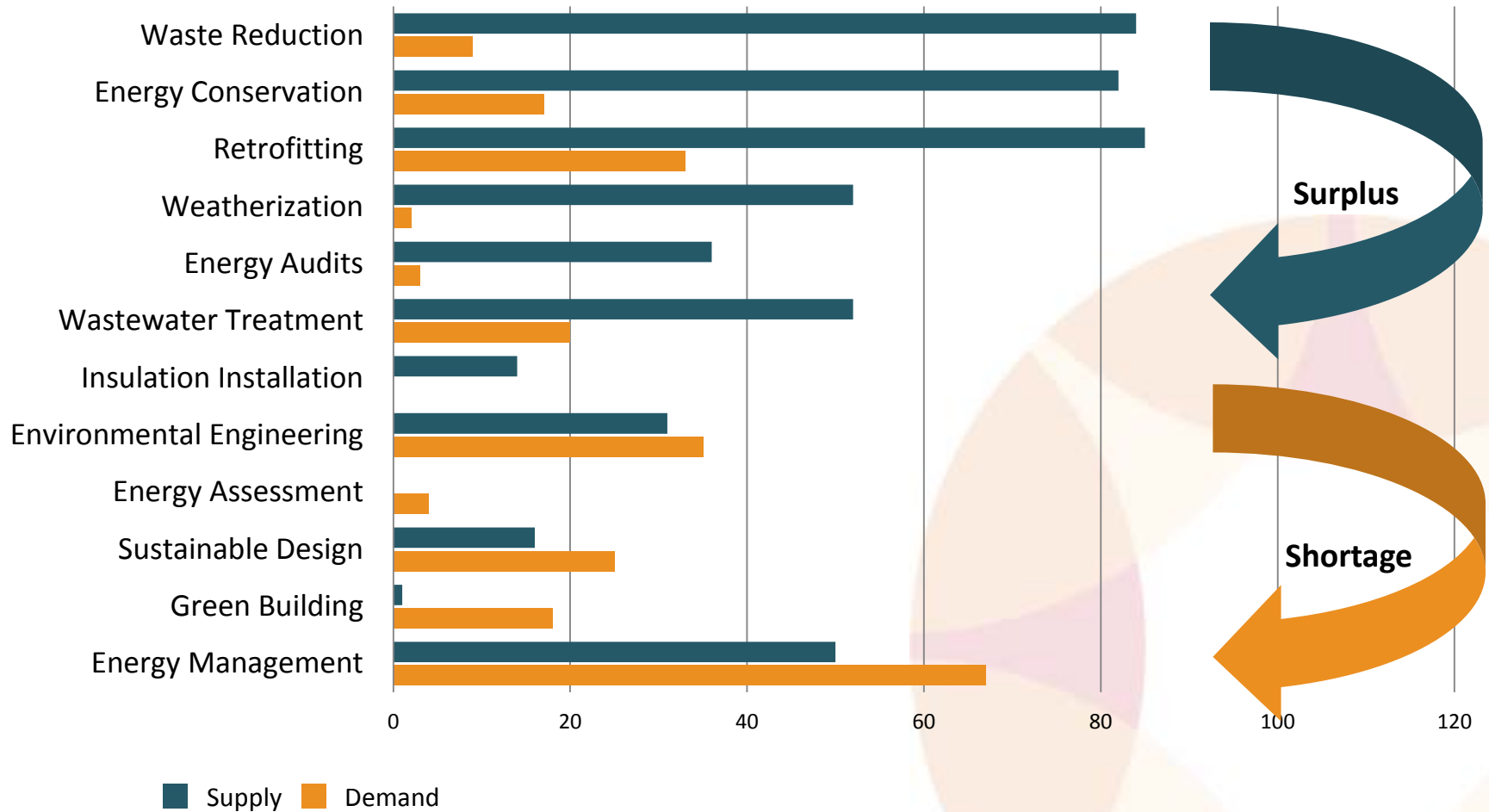
	Students who completed the program(s)
Number of Graduates	32
Completion Rate 	84%
Number with Reported Employment 	25
Employment Rate 	80%
Typical (Median) Hourly Earnings	\$19.07
Typical (Median) Annual Earnings	\$42,630.06

**Table 6: MSA Labor Supply /Labor Demand Indicators, Not Seasonally Adjusted**

Location <sup>4</sup>	Total Ads Rate <sup>1</sup> (Percent)			Unemployment Rate <sup>2</sup>		Unemployed (Thous ands)	Total Ads (Thous ands)	Supply/ Demand Rate <sup>3</sup>
	Feb-10	Jan-11	Feb-11	Dec-10		Dec-10	Dec-10	Dec-10
Birmingham, AL	1.88	1.86	2.21	8.4		43.1	9.4	4.57
Phoenix, AZ	2.08	2.19	2.67	8.4		178.4	46.7	3.82
Tucson, AZ	2.00	2.09	2.39	8.3		40.9	10.2	4.02
Los Angeles, CA	2.12	2.11	2.55	11.7		762.6	140.6	5.42
Riverside, CA	1.26	1.24	1.48	13.9		245.4	22.0	11.17
Sacramento, CA	1.79	1.86	2.19	12.5		129.6	19.5	6.65
San Diego, CA	2.41	2.19	2.83	10.1		156.9	34.3	4.57
San Francisco, CA	3.39	3.57	4.34	9.9		219.1	79.3	2.76
San Jose, CA	3.88	4.39	5.29	10.7		95.6	39.8	2.40
Denver, CO	2.57	2.72	3.28	8.7		119.2	37.2	3.20
Hartford, CT	2.94	3.39	4.29	8.7		51.8	20.6	2.52
Washington, DC	4.42	4.60	4.95	5.7		174.0	140.7	1.24
Jacksonville, FL	2.41	2.28	2.69	11.0		75.6	15.1	5.00
Miami, FL	1.79	1.80	2.09	11.8		343.1	52.2	6.57
Orlando, FL	2.70	2.44	2.99	11.3		127.5	27.3	4.67
Tampa, FL	2.57	2.54	2.99	12.0		156.6	32.5	4.82
Atlanta, GA	2.13	2.29	2.80	10.2		270.9	64.3	4.21
Honolulu, HI	2.62	2.47	2.78	4.8		21.5	11.2	1.92
Chicago, IL	2.12	2.14	2.40	8.7		425.1	106.6	3.99
Indianapolis, IN	2.42	2.28	2.46	8.4		73.3	20.0	3.66
Louisville, KY	2.05	2.10	2.22	9.8		62.1	13.5	4.60
New Orleans, LA	2.16	2.03	2.30	7.0		38.1	11.2	3.40
Baltimore, MD	3.24	3.20	3.77	7.5		103.8	45.3	2.29
Boston, MA	3.33	3.32	3.90	7.1		183.0	87.0	2.10
Detroit, MI	1.63	2.06	2.45	11.1		225.5	40.9	5.52
Minneapolis-St. Paul, MN	2.59	3.10	3.54	6.5		119.9	55.7	2.15
Kansas City, MO	2.55	2.56	2.68	8.6		86.9	26.3	3.30
St. Louis, MO	2.26	2.08	2.27	9.4		134.7	30.2	4.47



## Matching Supply with Demand to Uncover Opportunities: Green Shortages & Surpluses



(Source: Burning Glass Analytics & Real-Time Jobs & Resumes Data, NY, June 2010)



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# Assessing the Federal Labor Market Statistics System

- Wagner-Peyser 15 intent for collaborative, demand-driven system largely unfulfilled
- System does not adequately meet user needs with regard to:
  - data availability
  - data accessibility and usability
  - web-based tools for data analysis
  - access to technical assistance

# Assessing the Federal Labor Market Statistics System

While the system provides highly valuable datasets, there are issues regarding:

- coverage
- detail
- time lag
- accuracy

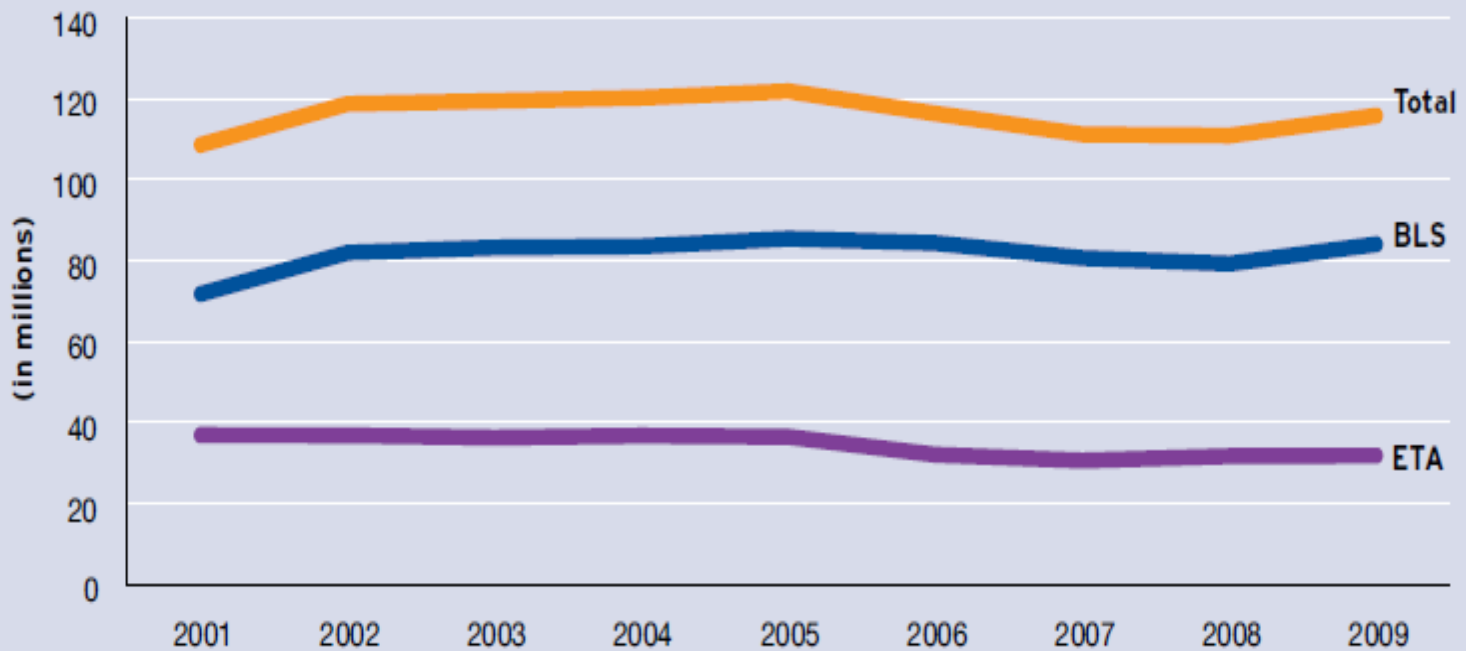
# Why the Federal System Falls Short

- Inadequate appropriations
- Insufficiently demand-driven
- Lack of coordination among statistical system agencies in service to a common vision

# Why the Federal System Falls Short

- **Inadequate appropriations**
  - **Insufficient appreciation of the enormous return on investment of less than \$1 billion annually**
- **Insufficiently demand-driven**
- **Lack of coordination among statistical system agencies in service to a common vision**

### LMI Grants to States from BLS and ETA, 2001-2009



*Note: BLS totals are for the fiscal year; ETA totals are for program year*

*Source: Office of Management and budget*

# Why the Federal System Falls Short

- Inadequate appropriations
- **Insufficiently demand-driven**
  - Lack of means to track and respond to user needs
  - Noted—new BLS mission statement, DUAC, strategic plan
- Lack of coordination among statistical system agencies in service to a common vision

# Why the Federal System Falls Short

- Inadequate appropriations
- Insufficiently demand-driven
- **Lack of coordination among statistical system agencies in service to a common vision**
  - Secretary—lack of interest
  - Latest annual plan—2001
  - Narrow WIC membership and role
  - State-BLS issues
  - Noted—new WIC priorities statement, draft annual plan, proposal to expand membership



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# Towards a New Federal Labor Market Statistics System

Mission: provide the data needed by labor market participants and policymakers to make well-informed decisions

Principles:

- Adequate appropriations
- Responsive to user needs
- Federal-state coordination and cooperation

# Towards a New Federal Labor Market Statistics System

Priority actions:

- White House commitment
- Expanded federal funding
- Assessment of the economic and fiscal impacts of labor market statistics
- Secretary of Labor commitment
- Expanded, functional interagency forum

# Current Developments: White House Competitiveness Policy

- Workforce development is central to “Winning the Future” efforts
  - State of the Union
  - America’s Innovation Strategy
  - Commerce competitiveness study
  - Manufacturing Policy Framework

## Challenges Ahead for BLS

- Making the ROI case for adequate appropriations
- Commitment to identifying and responding to non-federal user needs
- Commitment to expanding WIC membership
- Working with state LMI agencies to agree on division of roles and responsibilities for 21<sup>st</sup> century
- Determining how best to incorporate R-T LMI in the statistical system

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