

# Explanatory Notes and Estimates of Error

## Introduction

The statistics in this periodical are compiled from two major sources: (1) household interviews, and (2) reports from employers.

*Data based on household interviews* are obtained from the Current Population Survey (CPS), a sample survey of the population 16 years of age and over. The survey is conducted each month by the U.S. Census Bureau for the Bureau of Labor Statistics and provides comprehensive data on the labor force, the employed, and the unemployed, classified by such characteristics as age, sex, race, family relationship, marital status, occupation, and industry attachment. The survey also provides data on the characteristics and past work experience of those not in the labor force. The information is collected by trained interviewers from a sample of about 60,000 households (beginning with July 2001 data) located in 754 sample areas. These areas are chosen to represent all counties and independent cities in the United States, with coverage in 50 States and the District of Columbia. The data collected are based on the activity or status reported for the calendar week including the 12th of the month.

*Data based on establishment records* are compiled each month through the use of touchtone data entry, computer-assisted telephone interviewing, and electronic data interchange, or by mail or fax, or on magnetic tape or computer diskette. The Current Employment Statistics (CES) survey is designed to provide industry information on nonfarm wage and salary employment, average weekly hours, average hourly earnings, and average weekly earnings for the Nation, States, and metropolitan areas. The employment, hours, and earnings series are based on payroll reports from a sample that includes about 160,000 businesses and government agencies covering approximately 400,000 individual worksites. The sample is drawn from a sampling frame of over 8 million unemployment insurance tax accounts. The active CES sample includes approximately one-third of all nonfarm payroll workers. The data relate to all workers, full or part time, who receive pay during the payroll period that includes the 12th of the month.

### RELATIONSHIP BETWEEN THE HOUSEHOLD AND ESTABLISHMENT SERIES

The household and establishment data complement one another, each providing significant types of information that the other cannot suitably supply. Population characteris-

tics, for example, are obtained only from the household survey, whereas detailed industrial classifications are much more reliably derived from establishment reports.

Data from these two sources differ from each other because of variations in definitions and coverage, source of information, methods of collection, and estimating procedures. Sampling variability and response errors are additional reasons for discrepancies. The major factors that have a differential effect on the levels and trends of the two data series are as follows.

### Employment

**Coverage.** The household survey definition of employment comprises wage and salary workers (including domestics and other private household workers), self-employed persons, and unpaid workers who worked 15 hours or more during the reference week in family-operated enterprises. Employment in both agricultural and nonagricultural industries is included. The payroll survey covers only wage and salary employees on the payrolls of nonfarm establishments.

**Multiple jobholding.** The household survey provides information on the work status of the population without duplication, because each person is classified as employed, unemployed, or not in the labor force. Employed persons holding more than one job are counted only once. In the figures based on establishment reports, persons who worked in more than one establishment during the reporting period are counted each time their names appear on payrolls.

**Unpaid absences from jobs.** The household survey includes among the employed all civilians who had jobs but were not at work during the reference week—that is, were not working but had jobs from which they were temporarily absent because of illness, vacation, bad weather, childcare problems, or labor-management disputes, or because they were taking time off for various other reasons, even if they were not paid by their employers for the time off. In the figures based on payroll reports, persons on leave paid for by the company are included, but those on leave without pay for the entire payroll period are not.

### Hours of work

The household survey measures hours worked for all workers, whereas the payroll survey measures hours for

private production or nonsupervisory workers paid for by employers. In the household survey, all persons with a job but not at work are excluded from the hours distributions and the computations of average hours at work. In the payroll survey, production or nonsupervisory employees on paid vacation, paid holiday, or paid sick leave are included and assigned the number of hours for which they were paid during the reporting period.

### **Earnings**

The household survey measures the earnings of wage and salary workers in all occupations and industries in both the private and public sectors. Data refer to the usual earnings received from the worker's sole or primary job. Data from the establishment survey generally refer to average earnings of production and related workers in natural resources and mining and manufacturing; construction workers in construction; and nonsupervisory employees in private service-providing industries. For a comprehensive discussion of the various earnings series available from the household and establishment surveys, see *BLS Measures of Compensation*, Bulletin 2239 (Bureau of Labor Statistics, 1986).

## **COMPARABILITY OF HOUSEHOLD DATA WITH OTHER SERIES**

**Unemployment insurance data.** The unemployed total from the household survey includes all persons who did not have a job during the reference week, were currently available for a job, and were looking for work or were waiting to be called back to a job from which they had been laid off, whether or not they were eligible for unemployment insurance. Figures on unemployment insurance claims, prepared by the Employment and Training Administration of the U.S. Department of Labor, exclude, in addition to otherwise ineligible persons who do not file claims for benefits, persons who have exhausted their benefit rights, new workers who have not earned rights to unemployment insurance, and persons losing jobs not covered by unemployment insurance systems (some workers in agriculture, domestic services, and religious organizations, and self-employed and unpaid family workers).

In addition, the qualifications for drawing unemployment compensation differ from the definition of unemployment used in the household survey. For example, persons with a job but not at work and persons working only a few hours

during the week are sometimes eligible for unemployment compensation but are classified as employed, rather than unemployed, in the household survey.

**Agricultural employment estimates of the U.S. Department of Agriculture.** The principal differences in coverage are the inclusion of persons under 16 in the National Agricultural Statistics Service series and the treatment of dual jobholders, who are counted more than once if they work on more than one farm during the reporting period. There also are wide differences in sampling techniques and data collecting and estimating methods, which cannot be readily measured in terms of their impact on differences in the levels and trends of the two series.

## **COMPARABILITY OF PAYROLL EMPLOYMENT DATA WITH OTHER SERIES**

**Statistics on manufacturers and business, U.S. Census Bureau.** BLS establishment statistics on employment differ from employment counts derived by the U.S. Census Bureau from its censuses or sample surveys of manufacturing and business establishments. The major reasons for non-comparability are different treatment of business units considered parts of an establishment, such as central administrative offices and auxiliary units; the industrial classification of establishments; and different reporting patterns by multiunit companies. There also are differences in the scope of the industries covered—for example, the Census of Business excludes professional services, public utilities, and financial establishments, whereas these are included in the BLS statistics.

**County Business Patterns, U.S. Census Bureau.** Data in *County Business Patterns* (CBP) differ from BLS establishment statistics in the treatment of central administrative offices and auxiliary units. Differences also may arise because of industrial classification and reporting practices. In addition, CBP excludes interstate railroads and most of government, and coverage is incomplete for some of the nonprofit agencies.

**Employment covered by State unemployment insurance programs.** Most nonfarm wage and salary workers are covered by the unemployment insurance programs. However, some employees, such as those working in parochial schools and churches, are not covered by unemployment insurance, whereas they are included in the BLS establishment statistics.