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## WHAT YOU NEED TO KNOW ABOUT Employment Statistics

### PRO POINTS

- **The government collects a myriad of employment statistics** that policymakers and private businesses use to get a picture of a crucial element of the economy to inform their decisions, whether that's hiking interest rates to tame inflation or plotting out hiring over the next few months.
- **Yet interpreting the data is rarely as simple as it seems.** For instance, it's sometimes revised in a way that paints a much different picture of the employment situation.
- **This Pro Analysis will explain the available numbers** on employment levels, worker earnings, job openings and more, as well as the trends to track moving forward.

### HOW WE GOT HERE

**Employment:** Once a month, the Labor Department's Bureau of Labor Statistics releases a report on employment across the U.S. Based on two monthly surveys of households and businesses, it breaks down the number of workers in each industry and the number of hours they work. It also calculates the overall unemployment rate; labor force participation rate; and the employment-to-population ratio. The Labor Department also reports the number of people who made a new request for unemployment insurance each week.

#### More men are employed as a percent of the population

Labor force participation rate, seasonally adjusted



Source: Bureau of Labor Statistics  
Taylor Miller Thomas / POLITICO

**Wages:** The BLS' monthly jobs report also includes information on hourly and weekly earnings. Yet there are several other ways to analyze what's happening with pay across the U.S. The BLS' employment compensation index, released quarterly, surveys employers to break down how much they are spending on wages, salaries and benefits. And many economists rely on the Atlanta Federal Reserve Bank's wage tracker, which uses data from the Census Bureau's Current Population Survey to calculate the median percent change in workers' hourly wages.

**Job openings:** Wondering what's happening in the gap between the number of workers available and business demand to fill jobs? That information can be found in BLS' monthly report on job openings and labor turnover, which lags about a month behind the broader employment report. This uses a random sample of employers to estimate the number of



job openings in the U.S. in each industry, as well as the number of workers who were hired, laid off or quit.

Something to note: Because many of the employment statistics are preliminary, they are frequently revised month-to-month — and the revisions may paint a different picture of trends than the initial numbers. In July, BLS revised the change in employment for May by 2,000, and for June by 26,000. Together, that meant 28,000 more jobs were added than had previously been reported. Also in July, DOL revised the number of unemployment insurance claims in the most recent month down by 1,250 — from 246,750 to 245,500.

### **WHAT'S NEXT**

**Crossed signals:** In part because the pandemic transformed the workplace in so many unexpected and complex ways, many of these numbers and others are not sending the clear signals they used to. For instance, the monthly jobs and job openings reports still forecast an unusually strong labor market. Yet other economic indicators, like GDP growth, reflect a slowing economy.

**Policy conundrum:** This can make policymakers' already difficult job of managing the economy even more tricky. The Federal Reserve wants to raise inflation rates subtly enough that it cools down the economy but doesn't tank the labor market. With payrolls still robust, the Fed must watch closely for other signs that the labor market could be cooling. These could include rising unemployment insurance claims, shrinking hours, slowing wage growth, declining job openings, fewer quits and rising layoffs. What the Federal Open Market Committee decides at its meeting in September "will depend on the totality of the incoming data and the evolving outlook," Federal Reserve Chair Jerome Powell said recently.

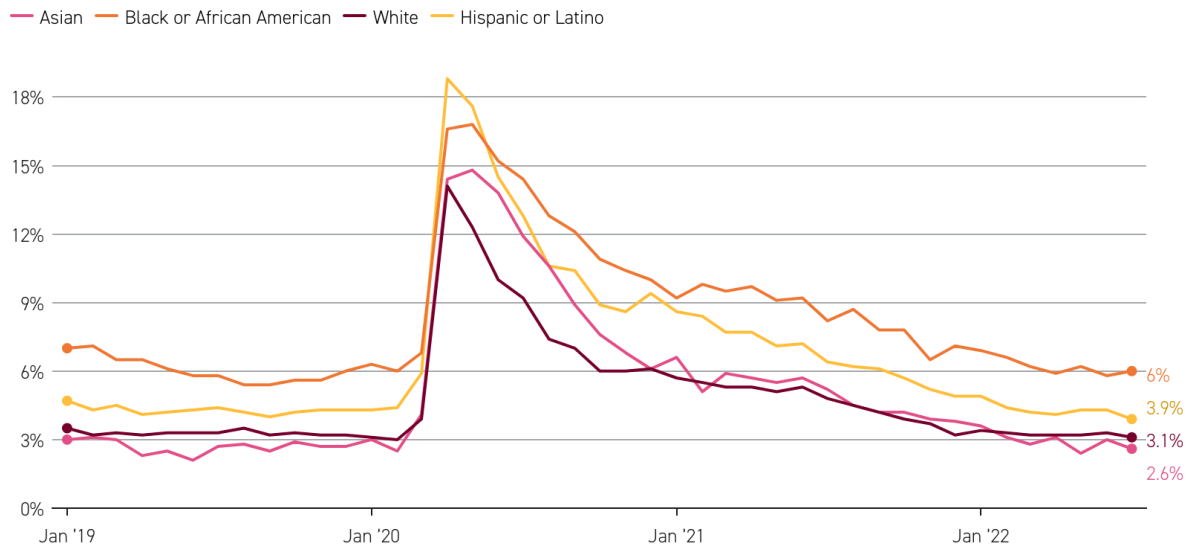
**Partisan battlefield:** The contradictory numbers also carry political ramifications. Democrats have touted robust payrolls as signs of a thriving labor market. Yet Republicans condemn them as proof that inflation is running rampant. If the tide turns and unemployment starts rising, it could spell trouble for Democrats ahead of the midterms. But a relatively strong labor market could also become a political liability for those on the right who are trying to paint a picture of an economy in crisis.

**Racial and gender disparities:** There are many indications that the overall workforce trends indicated by topline numbers are not reflective of individual demographics like race or gender, which could obscure the unequal effects of a future recession. Though the overall unemployment rate went down in July, Black workers actually saw unemployment go up to 6 percent — nearly twice as high as white counterparts. And while more men who were unemployed the previous month found employment than left the workforce, for women the situation was the reverse.



## White, Asian unemployment rates typically lower than Black and Hispanic rates

Unemployment rates by demographic group, seasonally adjusted



Hispanic or Latino ethnicity is not mutually exclusive with other race and ethnicity classifications shown.

Source: Bureau of Labor Statistics

Taylor Miller Thomas / POLITICO

## POWER PLAYERS

- **Bureau of Labor Statistics:** The bureau is the DOL agency responsible for producing the monthly jobs report, formally known as the Employment Situation Summary. It also publishes several other monthly reports including the Job Openings and Labor Turnover Survey, which provides information on job openings and separations; the Employment Cost Index, which provides information on how much employers spend on pay and benefits; and the Consumer Price Index, which tracks rising prices.
- **ADP:** The payroll company tracks private-sector employment and earnings independently of BLS. Recently, it revamped its method for forecasting BLS' monthly jobs report to be an independent forecast based on its own data and broken into more frequent intervals.
- **Employment and Training Administration:** This is the DOL agency that tracks unemployment insurance claims.
- **Atlanta Fed:** This branch of the Federal Reserve maintains the median wage tracker widely seen as the best forecaster of earnings trends.