

## RECENT CHANGES IN PROGRAMS FOR LABOR FORCE MEASUREMENT

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In July of this year, the Department of Labor assumed a large share of the responsibility for the Federal government's current program in labor force measurement. At that time, full responsibility except for data collection was transferred from the Bureau of the Census to the Bureau of Labor Statistics. The Monthly Report on the Labor Force is now planned, guided, budgeted for, analyzed and published by the BLS, with Census acting as agent in the collection and tabulation of the results, as part of the monthly Current Population Survey.

A word on past history may help give perspective. The Monthly Report on the Labor Force was originated late in the 1930's by the WPA. The survey was just well started when it became evident that the WPA would shortly be terminated. At that point, the Bureau of the Budget undertook a review of the Survey to determine: firstly, if it should be maintained, and secondly, which department or agency should assume the function. The Bureau found general agreement that the survey should be continued as a part of the government's statistical program, and also found that more than one agency was interested in undertaking the activity. After consideration of possible alternatives, the function was assigned to the Census Bureau on the grounds that a household survey of the population and the development of the required sampling techniques were both activities which would benefit from close connection with that Bureau's major interests. The Census Bureau itself would benefit by having at hand a population planning and analytic staff, by making use of the sample survey in planning the decennial censuses and by maintaining a field force experienced in household enumeration as a core for decennial census operations.

It was recognized from the start that other government agencies had a vital interest in the survey. When the Census Bureau was given the function, it agreed to continuous review of its plans by two interagency committees, one dealing with occasional policy issues and chaired by the Assistant Director for Statistical Standards of the Bureau of the Budget, the other on technical problems chaired by Miss Gladys Palmer, consultant to the Bureau. The Committee on Labor Supply, Employment and Unemployment Statistics, familiarly and affectionately known within the Government as "The Palmer Committee", is composed of technicians drawn from Federal agencies interested in labor force measurement and is still actively functioning.

The Department of Labor was not content with the decision to assign the survey to the Bureau of the Census. Measurement of employment and unemployment, the core of the survey, were considered to be subjects of primary concern to that Department, because of its responsibilities for labor matters--for employment and unemployment policy, for the program of unemployment

insurance, for the operation of public employment offices and other related policies. On a number of occasions, the Secretary of Labor requested the Bureau of the Budget to reconsider its determination. Meanwhile, the Department of Labor continued to participate in and, in fact, to take a leading part in the interagency planning and review of the survey at both the technical and the policy level.

During the years of the Census Bureau's stewardship, the program for collection of monthly information on the labor force became an integral part of the Government's statistical program. Early problems of sample design were solved and the sample expanded. Many problems of field collection of the data were resolved. The household survey developed into a vehicle for asking a variety of supplemental inquiries in areas only distantly related, if at all, to labor force analysis - for example, the taking of polio shots, or anticipations to buy certain items of household equipment. And there was a continual expansion in the amount and detail of labor force information provided simultaneous with growing public interest and reliance on the results of the survey.

With the acceptance of the survey as providing particularly useful current economic indicators, increased emphasis has been placed on comparison of changes in the labor force figures with other monthly series, especially the monthly employment estimates based on establishment reports which are prepared by the Bureau of Labor Statistics. To eliminate confusing public announcements on monthly employment and unemployment changes, a joint monthly release of the labor force estimates, the employment series, and the insured unemployment reports was arranged. From the spring of 1954 until last summer, staff of the Bureau of the Census, the Bureau of Employment Security, and the Bureau of Labor Statistics met once a month under the chairmanship of the Bureau of the Budget to draft a combined statement for release by the Secretaries of Commerce and Labor.

Despite these cooperative ventures, it became apparent in recent years that additional use of labor force measurements could be made within the Department of Labor for development of policy, for program-planning purposes and for current labor market analysis. Flexibility in meeting these needs would be facilitated if the planning and analysis of the figures were primarily the function of the Labor Department. At the same time, comparisons between the household survey results and the establishment payroll report results would be encouraged and more light thrown on reasons for differences if the two series were the responsibility of a single department. Finally, the Department of Labor has a publication program designed to reach those interested in the functioning of the labor market which would bring the labor force statistics and related analytic

studies to a wider audience.

At the same time that these considerations were becoming more important, a survey in an entirely different field provided a reassuring example of a continuous survey for which the Bureau of the Census is responsible for the field collection and tabulation of the data but which is planned, analyzed and published by another agency. This is the National Health Survey, for which the Bureau of the Census acts as collection agent for the Public Health Service.

It was therefore determined, by agreement between the Department of Commerce and the Department of Labor, with the concurrence of the Bureau of the Budget, that responsibility for labor force, employment and unemployment statistics should be consolidated in the Department of Labor. The Census Bureau is continuing the collection of the information as part of the Current Population Survey, as agent for the Labor Department. In addition, the Labor Department is given explicit responsibility for the annual supplements on work experience during the preceding year and on multiple jobholding. Supplements on income, migration and school attendance remain a responsibility of the Bureau of the Census as does the planning, analysis and publication of demographic data obtained through the Current Population Survey mechanism. Both the technical and policy committees under the aegis of the Bureau of the Budget continue to function as a means of reflecting government-wide interests in labor force measurement and in the Current Population Survey.

The shift in function did not require any formal reorganization action, since the Labor Department already had sufficient statutory authorization. The transfer of function was accepted by the Congress in passing on the appropriations for the fiscal year 1960 and put into effect in July, 1959. The mechanics of the transfer were worked out smoothly by the two Departments and as far as users of the data are concerned, the only evidence so far of the change in organizational responsibility for the series is in the publication program. The MRLF data are now published monthly in BLS publications. 2

Although from one point of view, this transfer in functions is perhaps the most notable event in recent years affecting labor force measurement programs, from the viewpoint of the nongovernmental user of the statistics it is of relatively minor import. For those who are interested in what data are available, what improvements in adequacy, reliability, or detail have been made, what additional items of information are presented, a number of other steps have been taken in recent years, of which I should like to mention two briefly, and describe the third at some length.

First, you will recall that the number of households interviewed in the Current Population Survey sample was expanded by two-thirds in 1956 (following an earlier change in the sample de-

sign in 1954). At the same time that the number of households was increased, the sample was spread more widely through the country, increasing the number of primary sampling units from 230 to 330 areas. The result has been to reduce the sampling error of the major labor force categories by about 20 per cent. The sample expansion has also permitted showing of more detail in cross-classifications or finer breakdowns, such as the provision of a considerably expanded list of occupations, estimates of labor force rates by regions, and considerably more information on the characteristics of the unemployed.

The second improvement I referred to is the development of seasonal adjustment factors for the major labor force categories. This program is still being actively worked on, in the effort to find improved methods, particularly for the seasonal adjustment factors for unemployment. Meanwhile, users have been provided factors which are of considerable assistance in analyzing changes in labor force data.

Finally, during 1954 and 1955, a general review was undertaken of the programs for collecting labor force, employment and unemployment statistics. Concern over labor force measurement always rises as business activity declines and the recession of 1954 was no exception. The interest in this case was further accentuated by the problems which had been encountered in changing the sample design early in that year. A subcommittee of "The Palmer Committee," called the Review of Concepts Subcommittee, was established by the Bureau of the Budget to review the Federal government's work in the measurement of employment and unemployment and to recommend improvements. I should like to describe the work of this Subcommittee briefly and then indicate where we stand at this date with regard to the recommendations which the Subcommittee made.

The Review of Concepts Subcommittee was composed of personnel drawn from various Federal agencies, those that used as well as those that produced the statistics under review--that is, the Current Population Survey, the current monthly estimates of employment in nonagricultural establishments, the weekly insured unemployment reports and the monthly estimates of farm labor. Charles Stewart, then an Assistant Commissioner of the Bureau of Labor Statistics, was chairman of the Review of Concepts Subcommittee and, in addition to the "producing" agencies, staff of the Council of Economic Advisers and of the Federal Reserve System participated. I served for the Bureau of the Budget, a fact to be kept in mind in considering my comments on the Subcommittee's activities and conclusions.

Our assignment was to review the concepts of the various series, and make such proposals for changes or other improvements which we thought desirable. At the time the Subcommittee was convened, we had been discussing these statistics for a number of years. An earlier subcommittee, also under Mr. Stewart's chairmanship, had reviewed the labor force concepts in 1948, so there

seemed little point to spending a great deal of time merely talking among ourselves again. We, therefore, made a determined effort to obtain the views of users of the statistics from outside the Federal government. We invited comments by letter from a large number of business and labor analysts, research organizations, Federal Reserve Banks, State employment security agencies and other organizations and individuals presumed to be using one or more of the series. In addition, open invitations to submit comments were carried in a number of professional journals. After assimilating the comments received, and outlining some tentative proposals, we held an open "hearing" where those interested in presenting their views in person could discuss relevant issues with the Subcommittee. Finally, in October 1955 we issued an "Interim Report". <sup>3/</sup>

Opinions may vary as to whether the Subcommittee went far enough in recommending improvements in the labor force and employment series. Nevertheless, there was general agreement with the desirability of most of the recommendations. It, therefore, seems appropriate to summarize these recommendations and note what progress has been made in implementing them.

From this point of view, the Subcommittee's "Interim Report" leaves something to be desired. The various recommendations were not ordered in accordance with any concept of priority - whether of importance or of chronology. Recommendations which could be adopted by immediate administrative action of a single agency are cheek by jowl with recommendations for long-term cooperative research involving two or more agencies, considerable advance planning, and the provision of additional funds. For this reason, the keeping of a numerical scoreboard on the number of recommendations put into effect would be misleading. As a supplement to my paper, I have quoted each recommendation in its summary form, and indicated briefly its current status. <sup>4/</sup> That brief summary cannot do justice to the reasoning on which the recommendations were based, which is explained in the "Interim Report" itself. In the remaining paragraphs of this paper, I shall touch on what seem to me to be the most important points in connection with the labor force survey.

Firstly, the Subcommittee recommended the continuation of each of the series it reviewed using the same basic concepts as had been developed in the past. The Subcommittee thus recognized the unique contributions of the survey of the population in obtaining employment and unemployment estimates based on concepts of labor force activity in a current week; the surveys of establishments in obtaining industrial detail on employment, hours and earnings; and the unemployment insurance records in providing additional information on unemployment weekly with geographic detail. <sup>2/</sup>

The Subcommittee then proceeded to outline a proposal for a change in question wording to measure the activity of "looking for a job", a change which it thought should be tested on an

experimental basis, as a possible method for improving the measurement of unemployment (leaving the basic concepts unchanged). The experimental work recommended has never been undertaken. It was recognized at the time that it could not be started immediately, since the Census Bureau was in the process of planning its sample expansion and all concerned agreed that experimental tests to change definitions should not be undertaken concurrently. The sample expansion was completed by the summer of 1956. At that time, planning for the 1960 Census of Population which involved a number of experimental field surveys was getting underway, and little more than a year later the CPS series indicated the beginning of the recent recession. Although small-scale experimental surveys might possibly have been undertaken at that time, a tryout of new questions on a national scale was not considered advisable, lest the changed definitions influence the regular series which was being so closely followed to watch the course of the recession. For this mixture of economic and administrative reasons, therefore, this recommendation of the Review of Concepts Subcommittee has not been implemented.

Meanwhile, there has been put into effect the recommendation which met with almost universal support of the users contacted by the Subcommittee, the proposal to classify persons on temporary layoff or persons waiting to start a new job as unemployed rather than as employed in the "with a job but not at work" category. The questionnaire was redesigned so that separate information could continue to be reported for these groups included among the unemployed, and the overall employment and unemployment estimates were readjusted to account for this change in concepts back to 1947.

Other recommendations with regard to the Current Population Survey concerned primarily additional information which the Subcommittee thought it desirable to have. As a result, whether any of the time off was being paid for, of persons reported as "with a job but not at work", is now asked monthly and the information shown by reason for time off. Thus, for nonfarm wage and salary workers, we know that 75-80 percent of vacation time off is on paid leave, while about 35-40 percent of persons on sick leave receive pay. This information is of interest in itself; it is also useful in making seasonal comparisons in movements between the labor force estimates of employed persons and the reports of employees on the payrolls of non-agricultural establishments, since the former includes persons on leave, whether or not they are paid for the time off, and the latter includes only those who are paid for the time off.

The Subcommittee also recommended that more detailed and more regular information be obtained on multiple jobholding. A survey has been undertaken each year since. In this case also the information is desired both for the light it throws on labor force activity and because it assists in understanding of the differences between the population-type and the establishment-type of

employment estimates under varying business conditions. Thus a number of recommendations for the regular collection of additional facts about the labor force have been accepted.

Finally, the Subcommittee proposed that a number of occasional supplementary surveys or special research studies should be undertaken in connection with the labor force enumeration, mentioning in particular surveys of "potential workers who would be in the labor force and looking for work under specified conditions, with special attention to persons who have dropped out of the labor force because of discouragement, illness, etc." and also suggesting a number of additional characteristics and facts concerning the unemployed which could be studied in more detail in occasional surveys than is possible in a repetitive monthly collection of data.

To date, little has been accomplished in developing these special research projects as a result of the Subcommittee's report. In my view, this is the most important area for future development of the labor force measurement program. Such work should, in my opinion, take precedence over the proposal to re-examine the unemployment question wording. My reasons are simple. It is unlikely that any feasible change in the monthly unemployment questioning would identify adequately persons who leave the labor force for long periods because they become discouraged and discontinue a search for work. Under normal conditions this may not be a national problem of any great magnitude. But on a local basis, in depressed areas, where employment opportunities may be severely limited even in good times, the conventional measurement of the labor force may be misleading without supplementary information on the work and job-hunting experience and possibly other characteristics of persons not currently in the labor force.

Experimental work to develop survey plans, followed by the accumulation of data for a number of depressed areas in accordance with these plans, should, in my view, be the next major goal of the labor force survey system. Such information will be of particular importance if any national policy is to be established or action is to be undertaken with respect to individual depressed areas. Such information should also add to our store of knowledge on the labor force activity of various groups in the population, possibly provide insights on the labor force motivation of marginal workers and thus help interpret changes in labor force participation rates.

#### FOOTNOTES:

- 1/ The views expressed are those of the author, not the official position of the Bureau of the Budget.
- 2/ See "Monthly Report on the Labor Force" and "Employment and Earnings".
- 3/ This report was reprinted in full in Employment and Unemployment Statistics, Hearings before the Subcommittee on Economic Statistics, Joint Committee on the Economic Report, November 1955, pp. 6-24.
- 4/ Copies of this supplement will be supplied upon request to the author as long as the supply lasts.
- 5/ For a discussion of the reasons why more than one series is needed, and of the effect of differences in concepts, see the testimony of Mr. Raymond T. Bowman, Assistant Director of the Bureau of the Budget, before the Subcommittee on Economic Statistics, op. cit., pp. 24-36.