



Developments in the LAUS and MLS Programs

Sharon P. Brown
Division of Local Area Unemployment Statistics
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Developments in the LAUS and MLS Programs

- LAUS
 - Methodology and analysis
 - Short- and long-term projects
 - Program focus in 2009
- MLS
 - Short- and long-term projects
 - Program focus in 2009



LAUS model based estimation

- LAUS has seen a progression in model-based estimation
 - Historically, the trade-off has been between monthly smoothness and end-of-year revision
- First generation: Implemented in 1989 in non-direct use States
 - Small annual revision, significant month-to-month volatility
- Second generation: Implemented in 1994 in non-direct use States, 1996 in direct-use States
 - Smoother month-to-month movement, larger annual revision
 - Issues with the endpoint of the benchmark and sum of States
- Third generation: Implemented in 2005 in all States
 - Smaller annual revision, no sum-of-State issue, but increased monthly volatility in current estimates



Current LAUS models

- LAUS State employment and unemployment estimates are developed by bivariate models that use CES and UI inputs, respectively, in addition to CPS values.
- These estimates are controlled to Census division model estimates of employment and unemployment which are in turn controlled to the national estimates of employment and unemployment.
- The process of controlling the State estimates to national estimates on a monthly basis is called real-time benchmarking.



Current LAUS models: real-time benchmarking

- The purpose of real-time benchmarking is to reflect shocks to the economy as they occur, without imposing large end-of-year revisions.
- At the State level, sampling error is very large and real shocks are hard to detect. Therefore, the model treats much of the CPS change as error (or noise).
- Division-level estimates are based on CPS data with a lower level of sampling error, and thus are able to detect more of the real change.
- At the national level, these shocks are much easier to detect.
- Thus, real-time benchmarking to national employment and unemployment estimates provide States with an external adjustment to shocks.

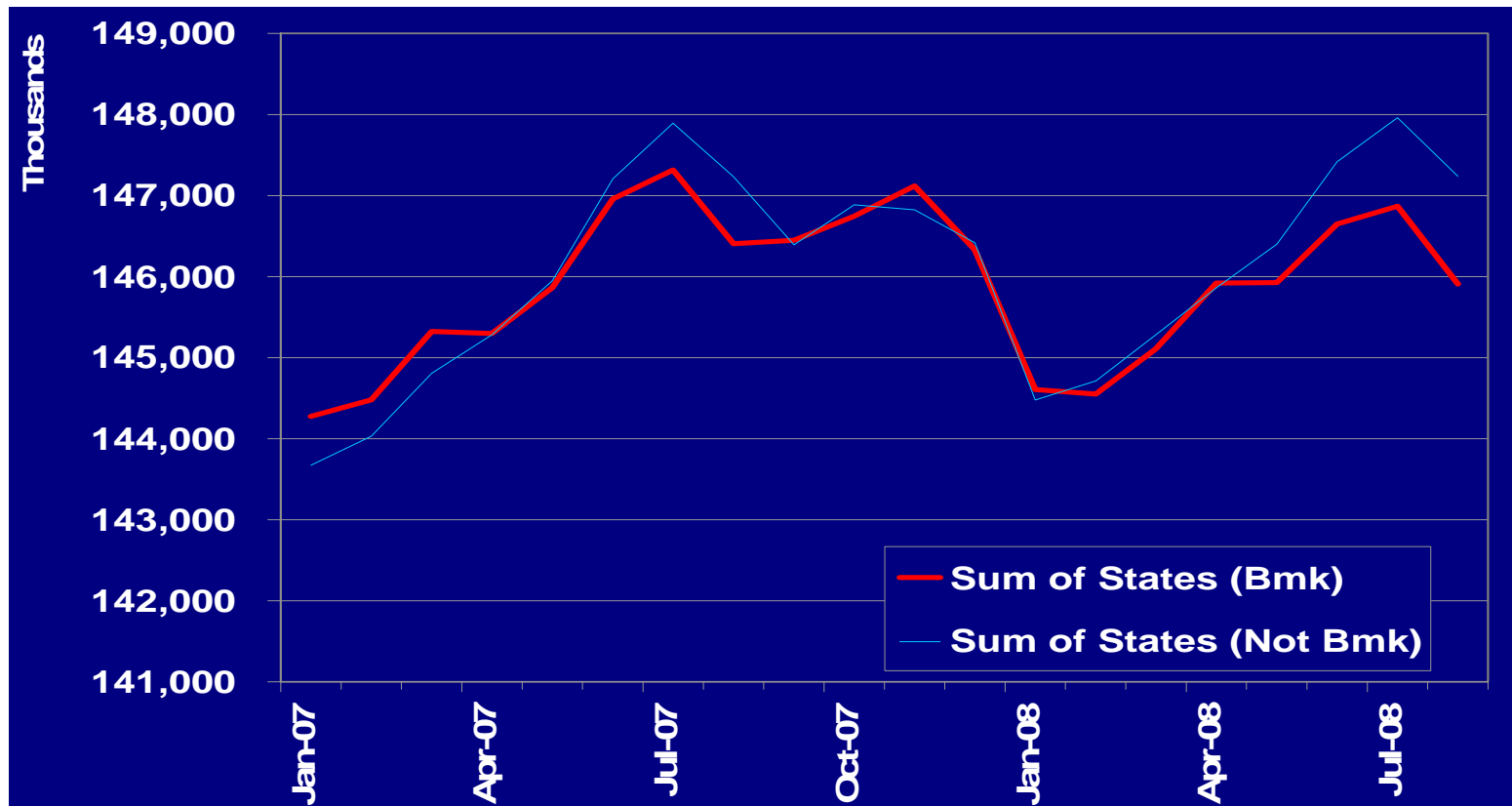


Other features of the current LAUS models

- Models identify the extent to which UI claims and CES employment influence the State estimates.
- Seasonally adjusted estimates are developed directly and not through the application of another model (X-11).
- Reliability measures are generated for the seasonally adjusted and not seasonally adjusted estimates and for over-the-month change.
- Annual revisions are reduced by incorporating the relatively accurate national CPS benchmark on a current basis.
- Sum-of-State discrepancies are eliminated

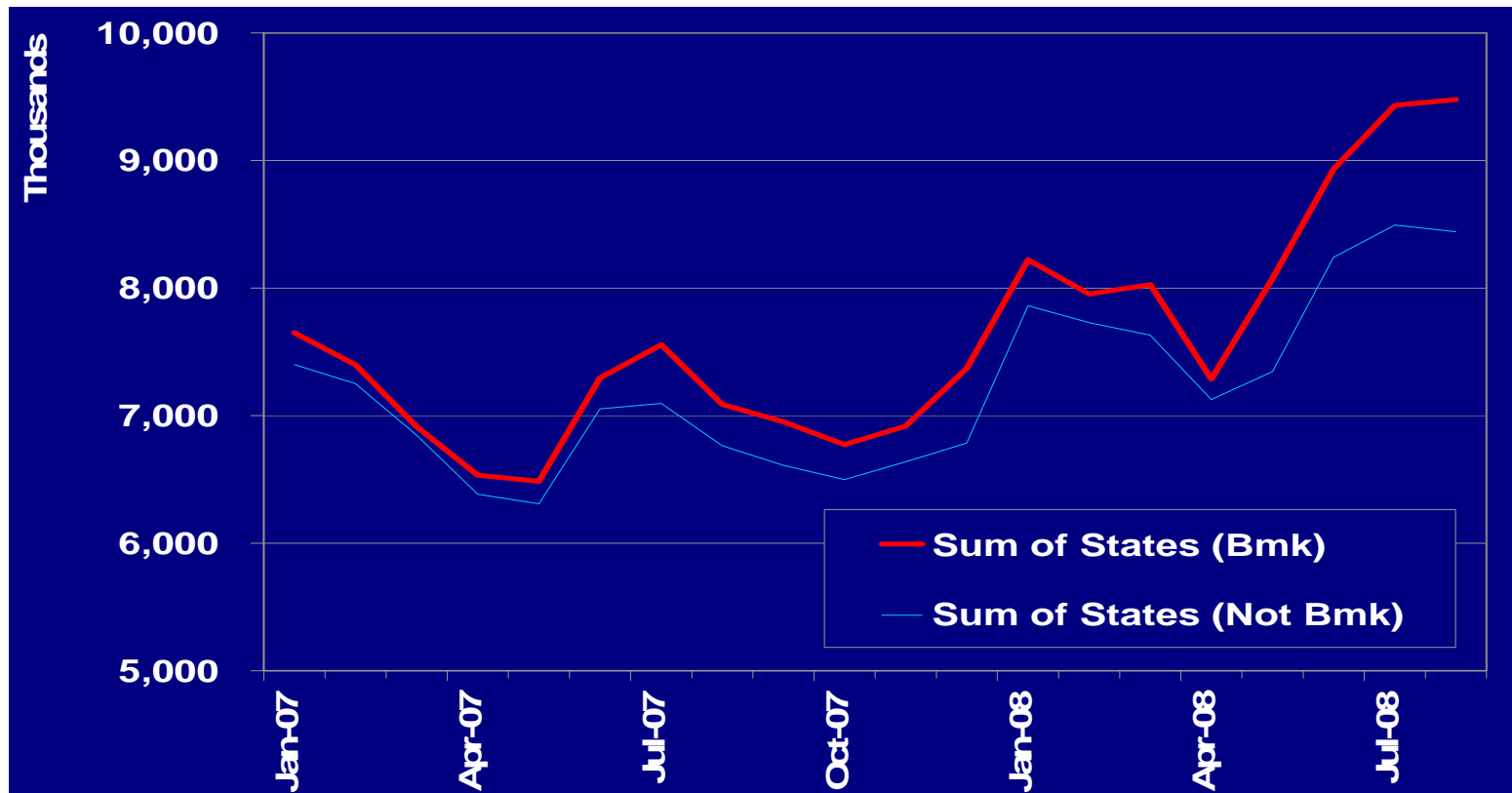


LAUS Sum-of-States Total Employment January 2007 – August 2008



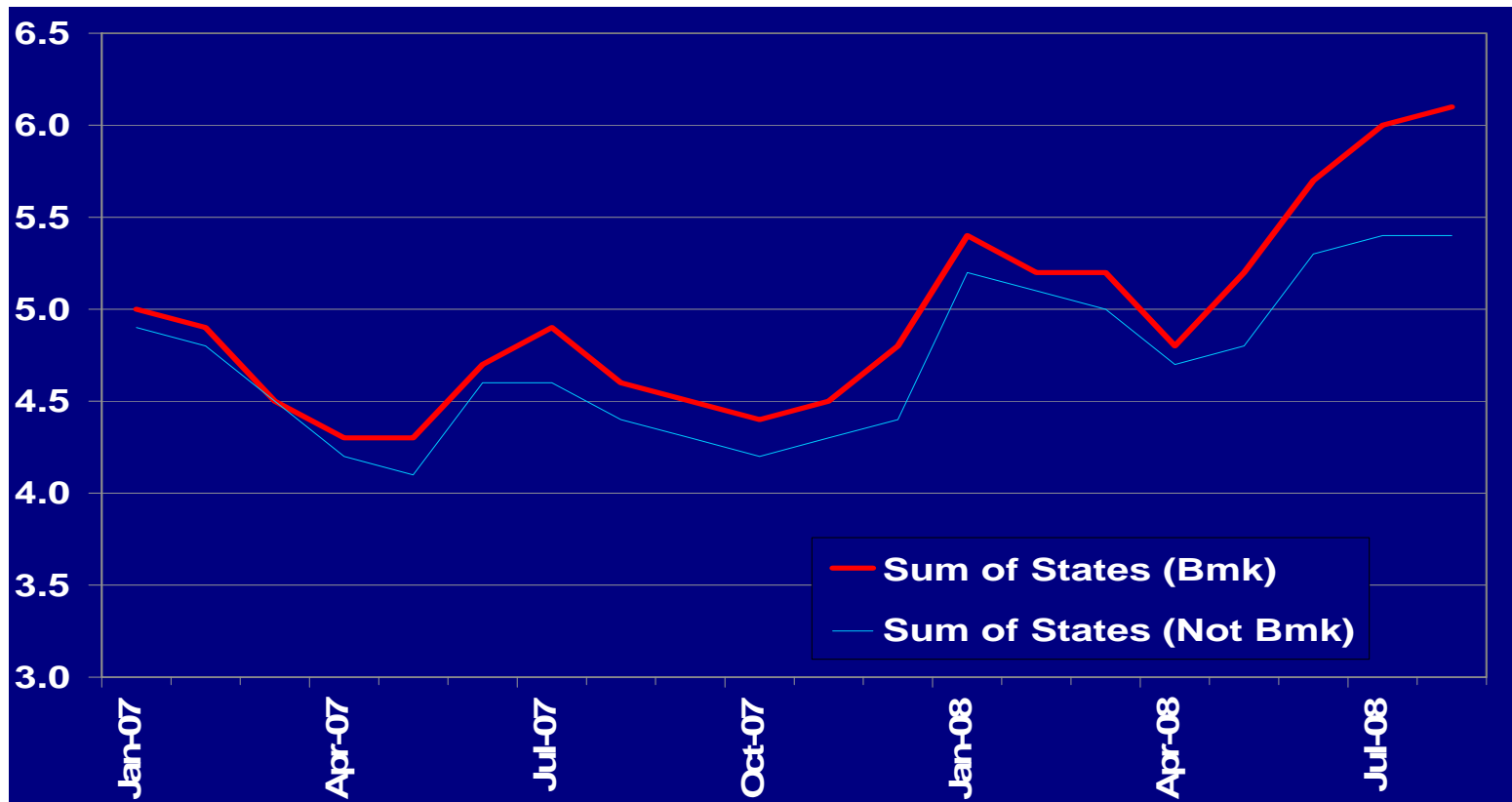


LAUS Sum-of-States Total Unemployment January 2007 – August 2008





LAUS Sum-of-States Unemployment Rate January 2007 – August 2008





Features of the current LAUS models

- Occasional increases in volatility in current monthly estimates are seen which may relate to
 - Sampling error in the CPS
 - Uncertainty at the end-point of estimation
 - Real-time benchmarking
- Current method is a pro rata adjustment, based on the relationship of the sum of the model-based estimate to the Division's benchmarked modeled estimate.
- Benchmark adjustment factors fluctuate and the relative relationship of the State within the division may be affected.
- Month-to-month direction of change may be affected, especially for seasonally adjusted series.



LAUS Short- and Long-term Projects: LAUS program focus in 2009

- Volatility in the LAUS estimates
 - Activities will focus on estimating updated variances for the model estimates, then developing Smoothed Seasonally Adjusted Estimates on the re-estimated models. Target: January 2010.
- Seasonally adjusted metropolitan area estimates
 - Work has begun on developing models to produce seasonally adjusted LAUS estimates for 369 metropolitan areas. Target: January 2010.
- Continue development of LAUSOne, targeted for deployment in 2010.



LAUSOne, targeted for deployment in 2010

- LAUSOne Objectives
 - Replaces LSS+ and LAUS National System
 - Integrates databases and functionalities
 - Eliminates duplication
 - Performs all tasks of both systems, but more and better
- Functionality
 - Web-based technology, like STARS
 - Accepts inputs
 - Produces estimates
 - Runs edits and accepts comments
 - Stores inputs and estimates
 - Transfers data to BLS
 - Performs special activities like ASU validation



LAUSOne

- Efficiencies
 - No need for States to load software
 - No need for States to update geography
 - No need for States to load BLS-provided inputs.
 - No need for States to exchange inputs or estimates with other States
 - No need for States to transmit files to BLS
 - BLS will focus on this single system and will be able to assist States more easily.
- Status
 - User group was set up recently.
 - Parallel estimation will begin some time in 2009.
 - Implementation will occur some time in 2010.



LAUS Short- and Long-term Projects: LAUS program focus in 2009

- Other Short-term Projects
 - PROMIS program will be the focus of activity in FY 2009, specifically completion of State contracts.
 - LAUS Manual
 - Updated LAUS Manual to be issued by January 2009.



LAUS: Focus in FY 2009—PROMIS

- PROMIS—the Program to Measure Insured Unemployed Statistics
 - The stand-alone system that generates UI inputs to MLS and LAUS, according to the concepts and definitions of the CPS and LAUS and MLS specifications.
 - A storehouse of UI data by socioeconomic characteristics.
- PROMIS features:
 - Inputs to LAUS and MLS systems.
 - Provides for quality assurance and resource efficiency.
 - Generates UI tabulations by socioeconomic characteristics, monthly and by county and city.



LAUS: Focus in FY 2009—PROMIS

- PROMIS focus is to complete AAMCs.
- PROMIS contributes to analyst understanding of UI claims and claims activities.
- Justification to use PROMIS output as input to WinMLS will be the basis for proceeding with the all-layoffs project

Status of States	MLS	LAUS
Approved	21	21
Request submitted	2	--
Preparing justification	1	1
Comparing claims data	16	17
Working on extracts	3	4
Not participating	7	7



LAUS workload and allocation algorithm

- LAUSOne will significantly change the way the LAUS program functions from an operational standpoint.
- In order to appropriately evaluate LAUS State operations, LAUSOne will need to be in place.
- Subsequent to implementation of LAUSOne, an updated Time and Task Study will be conducted.
- The Time and Task Study yields the factors used in the LAUS algorithm to develop State allocations.



LAUS Short- and Long-term Projects:

Long-term projects

- Improve State and substate area estimation.
 - Work is underway on the next generation of model and improvements to real-time benchmarking.
 - Strategic planning will occur on the necessary updates related to the decennial census and the possible use of ACS population data.
- Continue improvements to PROMIS
 - development of standard analytical tables
 - planning for a national database.
- Revise the Time and Task Study and review the LAUS allocation algorithm.



MLS Short- and Long-term Projects: MLS program focus in FY 2009

- Improve extended layoff data collection for closures by providing options to conduct the interview within the 30-day waiting period.
- Focus on UI statistics and PROMIS.
- Expand utilization of UI data in WinMLS through the all-layoffs project



MLS Short- and Long-term Projects: MLS program focus in FY 2009

- Issue MLS statistics on Business Functions and Processes involved in extended layoffs.
- Evaluate LTS implementation options.
- Issue the MLS Manual.



Improving reporting of extended layoff events

- Current procedures
 - Wait at least 30 days before contacting an employer
 - Not much time to contact employers that trigger late in the quarter, after waiting 30 days.
 - Waiting 30 days may reduce likelihood of contact for closures
- Change:
 - When a closure is known: contact can be completed any time after the event triggers
 - Source of the closure information should be included in the comments
 - Analysts should re-contact the employer after to 30 days to confirm the previously collected information
 - If the follow-up contact not possible, use previously collected information
 - Include this information in the comments as well (e.g., phone disconnected, no answer, etc.)



The all layoffs project

- MLS program collects and publishes statistics on layoff events in which at least 50 initial claims were filed against an employer of 50 or more workers.
- The MLS program looks at about 4.6 percent of all nonfarm covered establishments and about 56.3 percent of employment.
- All initial claims come into the MLS program, but only a minority are identified against an event, because of the requirement that 50 claims be involved in the event.
- Beginning in January 2007, modifications were made to WinMLS to process and retain all initial claims.
- This modification enables us to identify all layoffs regardless of size against all employers regardless of size.



Initial claims filed and processed in MLS, January to July, 2007 and 2008			
January-July total	Initial claims		
	Total	BLS events	Non-BLS events
2007	8,118,529	1,639,887	6,478,642
2008	9,456,476	1,968,991	7,487,485

About 21 percent of claims filed and processed through the WinMLS system were associated with BLS layoff events.

The residual 80 percent were filed in events involving less than 50 initial claims, against employers of 50 or more workers and employers of 1 to 49 workers.



Bureau of Labor Statistics

Distribution of employer by layoff size, July 2008

Size of layoff	Employers					
	Number ¹			Percent		
	Total ²	BLS events	Non-BLS events	Total	BLS events	Non-BLS events
Total.....	433,342	5,586	427,756	100.0	1.3	98.7
Less than 5.....	390,001	689	389,312	90.0	0.2	89.8
5-9.....	24,480	497	23,983	5.6	0.1	5.5
10-19.....	10,658	665	9,993	2.5	0.2	2.3
20-49.....	5,607	1,731	3,876	1.3	0.4	0.9
50-99.....	1,549	1,205	344	0.4	0.3	0.1
100-249.....	759	588	171	0.2	0.1	0.0
250-499.....	176	137	39	0.0	0.0	0.0
500-999.....	71	52	19	0.0	0.0	0.0
1000 or more.....	41	22	19	0.0	0.0	0.0

¹ Employer counts represent the number of employers that have at least 1 initial claim filed against them in July. In cases where a single employer has initial claims activity that is both part of a BLS event and not part of a BLS event, the employer is counted twice—once each in BLS events and non-BLS events.

² Total employers is the sum of BLS events and non-BLS events.



Distribution of initial claims by layoff size, July 2008

Size of layoff	Initial claims					
	Number			Percent		
	Total	BLS events	Non-BLS events	Total	BLS events	Non-BLS events
Total.....	1,437,023	370,902	1,066,121	100.0	25.8	74.2
Less than 5.....	547,305	1,557	545,748	38.1	0.1	38.0
5-9.....	156,541	3,413	153,128	10.9	0.2	10.7
10-19.....	141,519	9,474	132,045	9.8	0.7	9.2
20-49.....	166,162	58,882	107,280	11.6	4.1	7.5
50-99.....	106,146	82,540	23,606	7.4	5.7	1.6
100-249.....	114,138	87,832	26,306	7.9	6.1	1.8
250-499.....	60,866	46,603	14,263	4.2	3.2	1.0
500-999.....	46,464	34,403	12,061	3.2	2.4	0.8
1000 or more.....	97,882	46,198	51,684	6.8	3.2	3.6



The all layoffs project

- Question to resolve:
 - Employers with non-BLS events of 50 to 1,000 or more workers
 - Due to the use of the small employer file?
 - Pool accounts?
 - Additional initial claims in an active event?
- Next steps
 - Review and validate the State UI data
 - Develop tabular formats for all layoffs data



Publication of Business Function and Business Process data

- Business Function collection began in 2007.
- Standardization and automation activities were introduced in 2008.
- Since implementation, statistics have been used in presentations made in the US, Canada, and Europe.
- A paper, *Business Processes and Functions: A new way of looking at employment*, has been submitted to the Monthly Labor Review.
- This fall, we will focus on developing the initial news release on the data and on incorporating the data into our quarterly release.



Analyzing Business Functions and Processes

- With data collected for first quarter 2008, Business Function entry was automated, and State analysts were provided with 56 Business Functions that can be selected from a dropdown list.
- Use of the Selected Standardized Business Functions improved reporting and facilitated BLS review and analysis.
- The key categorization for Business Processes—determining whether the Function is Operations for the establishment—hinges on the relationship of the Function to the industry of the establishment.
- In MLS, the industry identified for the firm may not relate to the work being done at the layoff worksite. This relates to how the firm reports for Unemployment Insurance purposes.



Analyzing Business Functions and Processes

- Core Business Processes dominates in the reporting of layoff activity, and *Operations* account for the majority of Main Processes.
- Once the Main Process is identified, there is a greater likelihood that Support Processes are involved.
- Business Functions and Business Processes each offer a different perspective on the job loss associated with a closure or layoff.
 - Looking at the Business Functions, one sees the activity that is the focus of change. However, “new” Functions must be addressed.
 - Looking at the Business Processes, one sees actions more from the perspective of the company and the decisions it makes. However, in order to accurately “see” the corporate decisions, one must have the full picture of corporate association.



MLS Short- and Long-term Projects

- MLS Longitudinal Tracking System project will continue to the end of FY 2009. Project decisions will be based on results of participating States and available funding.
- MLS program manual and job aids will be issued by first quarter 2009.
- WinMLS enhancements will include archiving, development of all layoff reports, and reports for substate geography.
- MLS Systems Redesign will be completed by 2011; WinMLS Redesign will start in 2010.



MLS workload and funding discussion

- Review of MLS funding algorithm
 - Policy Council discussion of other options to inputs, specifically the use of initial claims associated with official BLS layoff events—those involving the filing of at least 50 initial claims—rather than total initial claims.
- MLS Time and Task Study is needed to provide real input and measures of MLS operations at the State level. This long-term project is targeted for 2011.



LAUS and MLS Training and Meeting Calendar

- LAUS Overview Training
 - October-December 2008, in Washington, DC
- LAUS Annual Training Conference
 - April-June 2009
- LAUS Model Training
 - April-June 2009, in Washington, DC
- MLS Overview Training
 - July-September 2009, in Washington, DC