

Getting a Jump on Texas Employment Revisions

The Dallas Fed has revised its estimate of Texas job growth over the past year from 1.8 percent to 2.4 percent—an additional 57,000 jobs were added between September 2004 and September 2005.

The Bureau of Labor Statistics (BLS) and Texas Workforce Commission (TWC) are currently reporting 1.5 percent job growth for the September 2004 to September 2005 period, 85,000 fewer jobs than the Dallas Fed's current estimate. The BLS and TWC are expected to upwardly revise Texas employment growth in March 2006. In the past, the Dallas Fed employment estimates have done a good job of predicting BLS and TWC revisions.

Preliminary payroll employment estimates are based on a sampling of firms known as the Establishment Survey. The BLS, TWC and Dallas Fed use these data to calculate initial job growth estimates for the most recent months.

Another estimate of employment is computed using quarterly filings made by firms reporting the number of em-

ployees eligible for unemployment insurance. This estimate, referred to as the Covered Employment and Wages Survey, is much more comprehensive but is available only with a lag of several months.

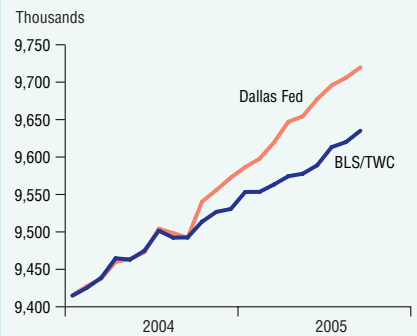
The BLS and TWC revise initial job growth estimates using the more comprehensive data in March of each year. The Federal Reserve Bank of Dallas re-estimates job growth four times per year, as soon as the more comprehensive data become available.¹ The difference between these employment series can, at times, be substantial.

Chart 1 shows how the early use of these new data has led to a difference between employment data reported by the Federal Reserve Bank of Dallas and data reported by the TWC and BLS.

Dallas Fed employment estimates indicate stronger job growth for most sectors of the economy compared with BLS data over the past year. The largest difference is for the professional and business services sector, where the Dallas Fed is reporting 34,200 more jobs than current BLS estimates (*Chart 2*).

Chart 1

Dallas Fed Reporting Stronger Growth than BLS/TWC (Texas total nonfarm employment)

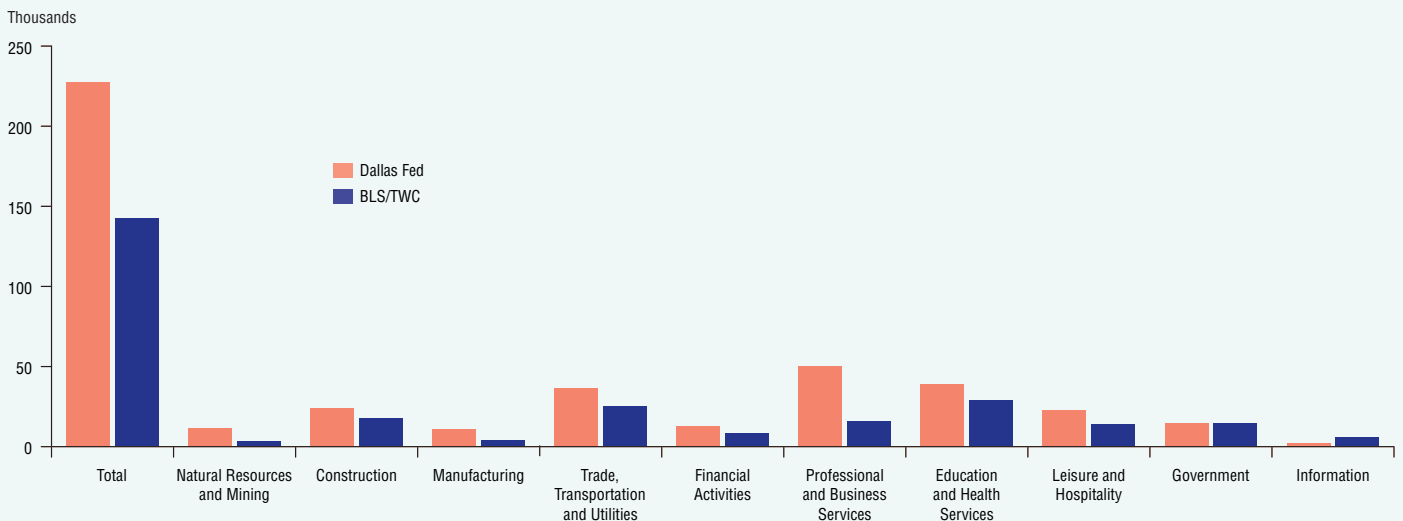


The revised data also show sizable increases in employment estimates for most major metropolitan areas. For example, Dallas Fed estimates suggest that San Antonio job growth has increased nearly a full percentage point more than indicated in data that do not include the

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Chart 2

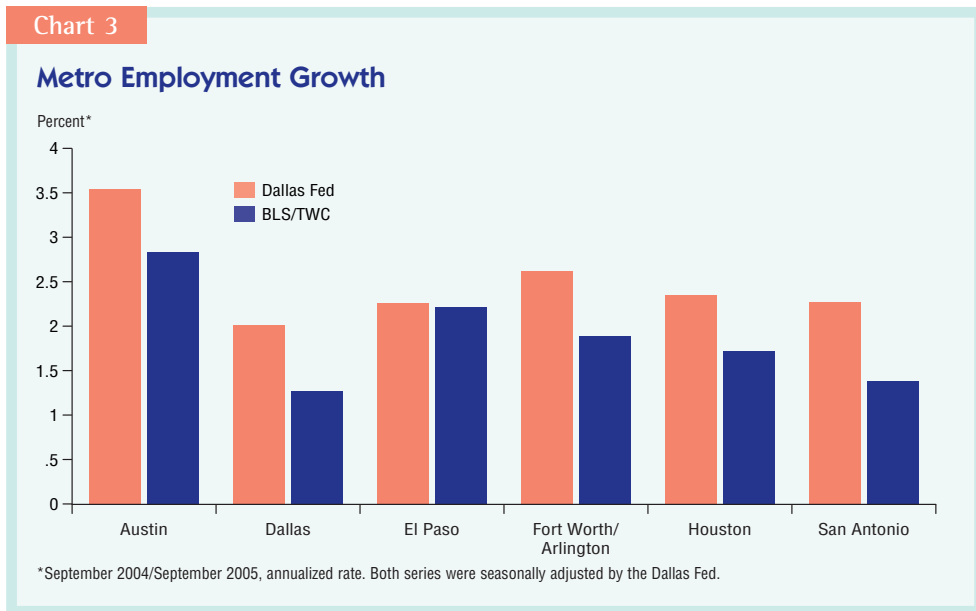
Most Sectors Report Stronger Growth in Revised Data (Texas payroll employment, September 2004–September 2005)



NOTE: Dallas Fed data were seasonally adjusted by the Dallas Fed. BLS/TWC data were seasonally adjusted by the BLS/TWC, except for the information sector, which the Dallas Fed adjusted because the BLS and TWC do not adjust this series.

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more comprehensive survey (*Chart 3*).

The Dallas Fed's Texas payroll employment estimates are updated monthly and posted on the Dallas Fed web site, www.dallasfed.org, in the Regional Data section. Selected data are also published in *Southwest Economy*.

—Franklin D. Berger
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Note

¹ In mid-October, new data from the Covered Employment and Wages Survey were released for second quarter 2005. Data were revised for first quarter 2005. The Dallas Fed also improves the quality of its employment data estimates by using a sophisticated seasonal adjustment technique. For more information about both of these statistical adjustments, see "Reassessing Texas Employment Growth," by Franklin D. Berger and Keith R. Phillips, Federal Reserve Bank of Dallas *Southwest Economy*, July/August 1993 (www.dallasfed.org/research/swe/1993/swe9304a.pdf).

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