

**UCLA Anderson Forecast**  
**Los Angeles City Monthly Employment Estimate**

May 2014

**Introduction**

The Bureau of Labor Statistics conducts and releases two national employment surveys every month: (1) Current Employment Statistics (CES), which is a sample-based survey of establishment/place of work. The main data released is the nonfarm payroll employment. And (2) Current Population Survey (CPS), which is a household-based survey, tied to the place of residence, including self-employed. The main data released are household employment, labor force, and the unemployment rate.

The surveys are also released through state agencies at state and county levels. However, the surveys typically do not disaggregate down to the city level. In California, the Employment Development Department (EDD) does release monthly household employment data for cities, but only for not seasonally adjusted series. The city-level data are estimated based on CPS at the county level with a fixed ratio between city and county according to the 2000 Census. That is, EDD assumes that ratios of household employment and unemployment from City to County are unchanged since 2000. Over time, this assumption will become increasingly inadequate. In addition, there is no official monthly payroll measured and released for the City of L.A.

For residents, businesses, and government officials of the City of Los Angeles, it is important to know the current state of the City's economy and job market. Therefore, in order to provide updated information on job growth in the City, the UCLA Anderson Forecast developed a systematic method to estimate monthly household and payroll employments for the City of L.A.

To estimate payroll employment for the City, we examine the dynamic relationship of CES and Quarterly Census of Employment and Wages<sup>1</sup> data over time between City and County and adopt an appropriate weighted moving average method to reduce the measurement error. To estimate household employment and labor force of the City, we examine and use the dynamic relationship from CPS and American Community Survey<sup>2</sup> data over time between City and County.

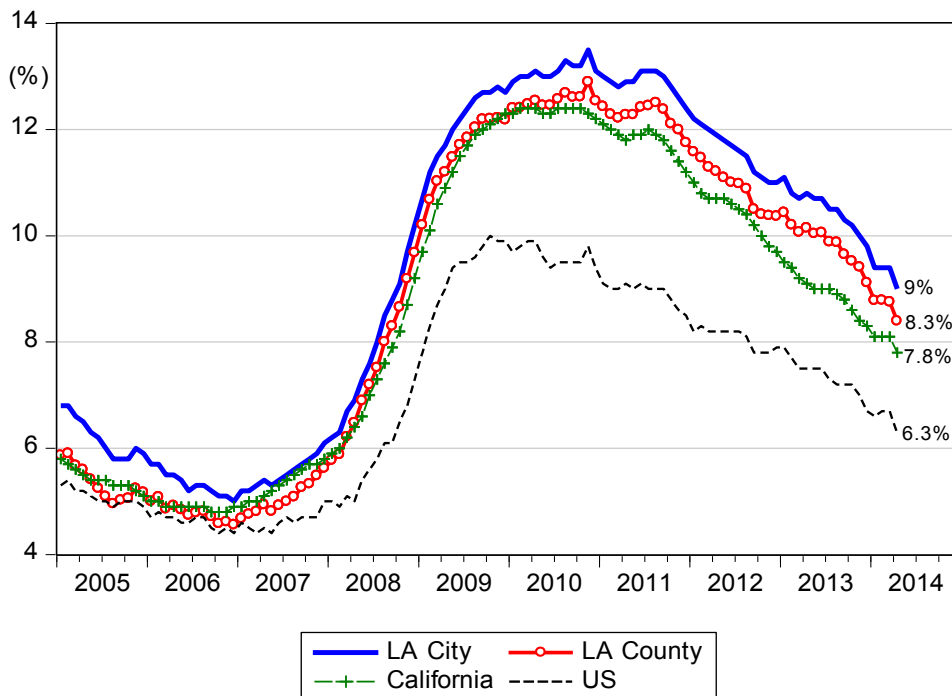
**Initial Report**

The monthly release will include nonfarm payroll employment, payroll employment change, labor force, household employment, and unemployment rate for both seasonally- and

not seasonally-adjusted series. In April 2014, the City’s payroll employment measured 1,575,900, an increase of 2,100 from the previous month. And the seasonally adjusted unemployment rate of 9%, declined from last month’s 9.3%. The following figures show the unemployment rates since 2005 and payroll growth since the Great Recession, which began December 2007, for City, County, State, and Nation. In summary, the City’s job engine is recovering and growing similar to the County and the national levels. However, the Great Recession has hit the City more severely than the County, State, and Nation. The City still has a slower recovery and higher unemployment rate compared to the rest of the nation.

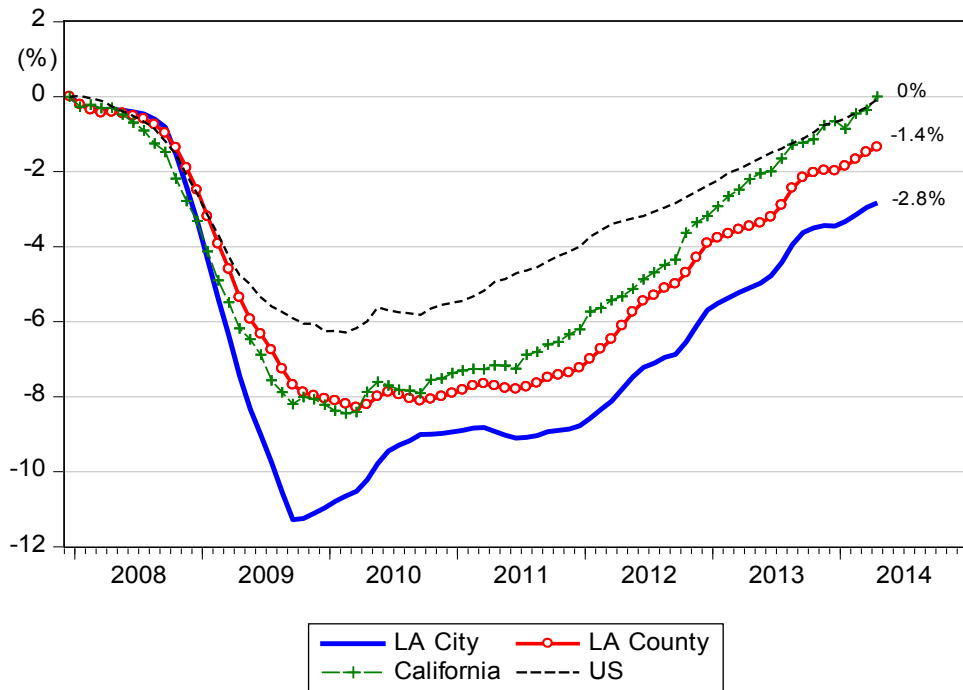
Since the UCLA Anderson Forecast adopts newly updated information to estimate the household employment and unemployment rate, we believe that our estimate may better depict the state of the City’s economy than EDD’s number. As an example, in April 2014, EDD released data that shows the City’s non-seasonally adjusted unemployment rate to be 8.5% with the labor force: 1,932,700, household employment: 1,769,400, and unemployment: 163,400. However, our estimate indicates a lower unemployment rate – 8.2% with a higher labor force: 1,984,900, higher household employment: 1,821,800, and a lower unemployment: 163,100. In short, we find that the state of the City’s employment is better than EDD’s report suggests.

**Figure 1. Unemployment Rates for L.A. City, L.A. County, California, and the U.S., April 2014**



Sources: UCLA Anderson Forecast, California EDD, and BLS

**Figure 2. Payroll Employment Percentage Change Since December 2007 for L.A. City, L.A. County, California, and the U.S., April 2014**



Sources: UCLA Anderson Forecast, California EDD, and BLS

**Table 1. UCLA Los Angeles City Employment Estimate, Seasonally Adjusted**

	Nonfarm Payroll	Payroll Change	Labor Force	Household Employment	Unemployment	Unemployment Rate
2013 Jan	1,532,476	2,960	1,981,968	1,762,951	219,017	11.1%
2013 Feb	1,534,770	2,293	1,982,103	1,767,809	214,294	10.8%
2013 Mar	1,537,211	2,442	1,981,317	1,769,945	211,372	10.7%
2013 Apr	1,539,185	1,974	1,987,296	1,773,870	213,426	10.7%
2013 May	1,541,191	2,006	1,990,564	1,779,079	211,484	10.6%
2013 Jun	1,544,413	3,221	1,995,788	1,783,549	212,239	10.6%
2013 Jul	1,550,068	5,656	1,994,815	1,786,160	208,655	10.5%
2013 Aug	1,557,876	7,808	1,994,162	1,785,745	208,416	10.5%
2013 Sep	1,563,082	5,206	1,992,154	1,788,373	203,781	10.2%
2013 Oct	1,565,090	2,008	1,984,932	1,784,438	200,494	10.1%
2013 Nov	1,566,077	987	1,983,589	1,785,509	198,080	10.0%
2013 Dec	1,565,879	(198)	1,978,766	1,786,890	191,875	9.7%
2014 Jan	1,567,894	2,015	1,979,955	1,794,604	185,352	9.4%
2014 Feb	1,570,821	2,926	1,983,890	1,798,071	185,819	9.4%
2014 Mar	1,573,877	3,056	1,991,412	1,805,504	185,908	9.3%
2014 Apr	1,575,927	2,050	1,995,004	1,815,862	179,142	9.0%

## Endnote

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<sup>1</sup> Currently, EDD also releases quarterly payroll employment data to the county level from the Quarterly Census of Employment and Wages (QCEW). This number is based on unemployment insurance (UI) reports from UI covered industries. Since it is report data, not sample, QCEW should be more accurate than CES. However, it is released with a 7-month lag. Each March, the CES payroll data is reconciled with QCEW data, a process known as the Benchmark revision.

<sup>2</sup> U.S. Census releases American Community Survey (ACS) for household employment data on a yearly basis, which includes both county and city levels.