

Congress of the United States
U.S. House of Representatives
COMMITTEE ON WAYS AND MEANS

WASHINGTON, DC 20515

SUBCOMMITTEE ON HUMAN RESOURCES

March 17, 2004

Accuracy Alert #5 on Extending Unemployment Benefits:
Experts Say the Huge Job Losses Are Real

Dear Democratic Colleague:

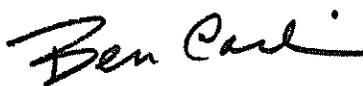
When responding to concerns about the economy or demands to extend unemployment benefits, some Republicans have suggested the jobs picture might not be as bad as it appears. They point to a survey, known as the household survey, which has shown more jobs being created than the traditional indicator of job creation, known as the establishment or payroll survey. However, a variety of experts agree the payroll survey, which shows the U.S. economy losing 2.2 million jobs since President Bush assumed office (or 2.4 million jobs since the recession started in March 2001), is the most accurate indicator of the current employment situation.

For example, the head of the Department of Labor's Bureau of Labor Statistics has said: "It is our judgment that the payroll survey provides more reliable information on the current trend in wage and salary employment. The payroll survey has a larger sample than the household survey – 400,000 business establishments covering about one-third of total nonfarm payroll employment. Moreover, the payroll survey estimates are regularly anchored to the comprehensive count of nonfarm payroll employment derived from the unemployment insurance tax records."

A report from the Congressional Budget Office (CBO) last year agreed, stating "The establishment (or payroll) survey better reflects the state of labor markets, the Congressional Budget Office believes, not only because other indicators also imply rather weak labor-market conditions but because larger revisions or misreporting appears less likely for the establishment than for the household data."

And finally, Federal Reserve Chairman Greenspan recently testified that the payroll survey was "assuredly more accurate" than the household survey in depicting job creation and losses. It seems like everyone is in agreement, except for those who would rather blur the hard truth.

Sincerely,



Benjamin L. Cardin
Ranking Member