

The Effects of the Annual Rebenchmark On South Carolina Employment Data

A Brief Analysis



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March 18, 2016

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Beginning in January 2016, nonfarm payroll employment data in South Carolina was revised to incorporate the annual employment benchmarks. The revisions to the data affect all not seasonally adjusted data from April 2014 forward. This annual rebenchmarking process is conducted to mitigate errors in reporting and processing that occur during the regular course of collecting employment data over the year. This is done by basing the employment figures from employment data reported on unemployment insurance tax reports that nearly all employers are required to file with state workforce agencies. These reports are collected, reviewed, and edited by the U.S. Department of Labor, Bureau of Labor Statistics during a period when all fifty states and the District of Columbia have filed completed reports.

In a dynamic economy, firms are continually opening and closing. Regular updating and revising of the employment figures with information from the state unemployment insurance tax reports helps to keep the monthly employment survey up to date with changes in employment levels by businesses and government. The table below illustrates the effects the annual rebenchmark and subsequent revision of the state employment figures had on the original state employment series.

Table 1. Summary of Employment Rebenchmark

Calendar Year	Employment Before Revision (000's)	Percent Change (%)	Employment After Revision (000's)	Percent Change (%)	Net Change (000's)	Net Change (%)
2014	1,948.6	2.50	1,951.3	2.65	2.7	0.14
2015	2,004.5	2.87	2,004.2	2.71	-0.3	(0.16)

Source: U.S. Department of Labor, Bureau of Labor Statistics, Washington, D.C.

The annual revision adjusted payroll employment upward by 2,700 jobs in calendar year 2014 and downward by 300 jobs in calendar year 2015 as indicated by the shaded area in Table 1 above. This action did not significantly affect employment growth in either calendar year, but the revision increased employment growth by 0.14 percentage points in calendar year 2014, and decreased employment growth by 0.16 percentage points in calendar year 2015. The annual revision suggests that employment growth in South Carolina was a little stronger in calendar year 2014 and not quite as strong in calendar year 2015 then indicated by the rates of employment growth previously reported throughout the year.

Overall, total nonfarm employment was revised downward by 300 jobs in calendar year 2015 with goods-producing employment sectors revised upward by 3,200 jobs and service-producing employment sectors revised downward by 3,400 jobs over the course of the year. Table 2 describes the source of the employment revisions by major employment sectors in calendar year 2015.

The goods-producing sector of the economy is comprised of natural resources and mining, construction, and manufacturing industries. The natural resources industry, primarily logging activities, was not significantly revised. Despite a period of relatively stable interest rates, construction-related occupations experienced a downward revision of 1,300 jobs. The manufacturing sector was revised upward by 4,300 jobs as durable goods industries, such as automobiles and component-parts manufacturers, experienced upward employment revisions of 3,500 positions. A small upward employment change of 800 workers in the nondurable goods industries, primarily in the plastics and rubber industries, added to the overall positive upward employment adjustment.

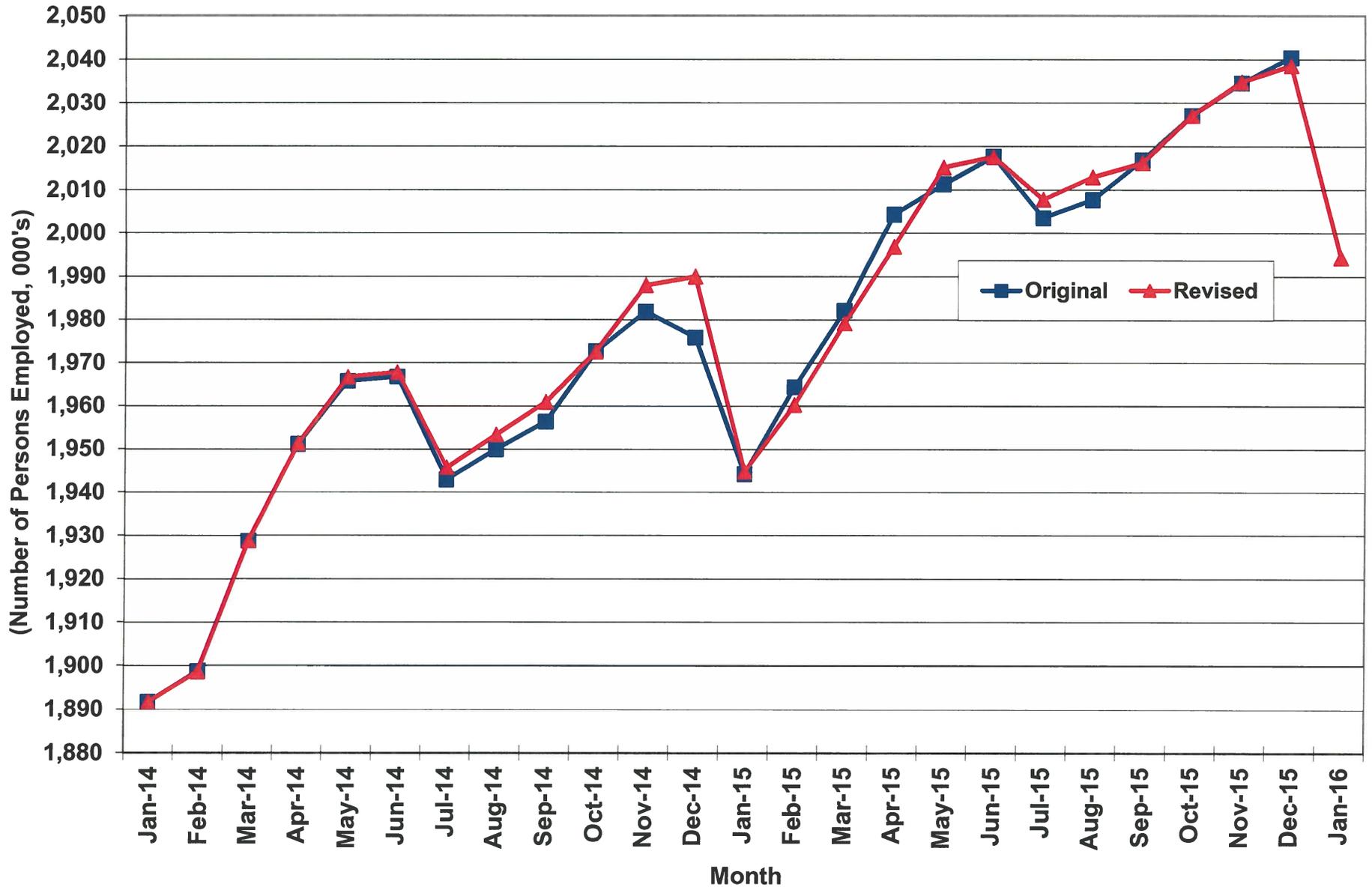
The service-producing sector experienced weaker than previously reported employment growth throughout calendar year 2015 from downward revisions in the overall services industry and the public sector. Professional and business services, primarily a diverse range of small retail businesses and technical occupations such as doctors, lawyers, and engineers, absorbed the brunt of the downward revision in the services industry. These jobs experienced a downward revision of 5,800 workers during the year. The retail trade sector was revised downward by 4,500 jobs while the transportation, warehouse, and utilities industry was revised upward by 4,000 workers throughout the year. Each major branch of government, federal, state, and local, experienced downward employment revisions in calendar year 2015. Overall, public sector employment was revised downward by 700 workers with the federal government revised downward by 300 workers, state government employment revised modestly downward by 100 workers, and local government revised downward by 300 jobs during the calendar year.

**Table 2. The Effects of Rebenchmarking Employment Data in South Carolina
Calendar Year 2015
(Data are in Thousands)**

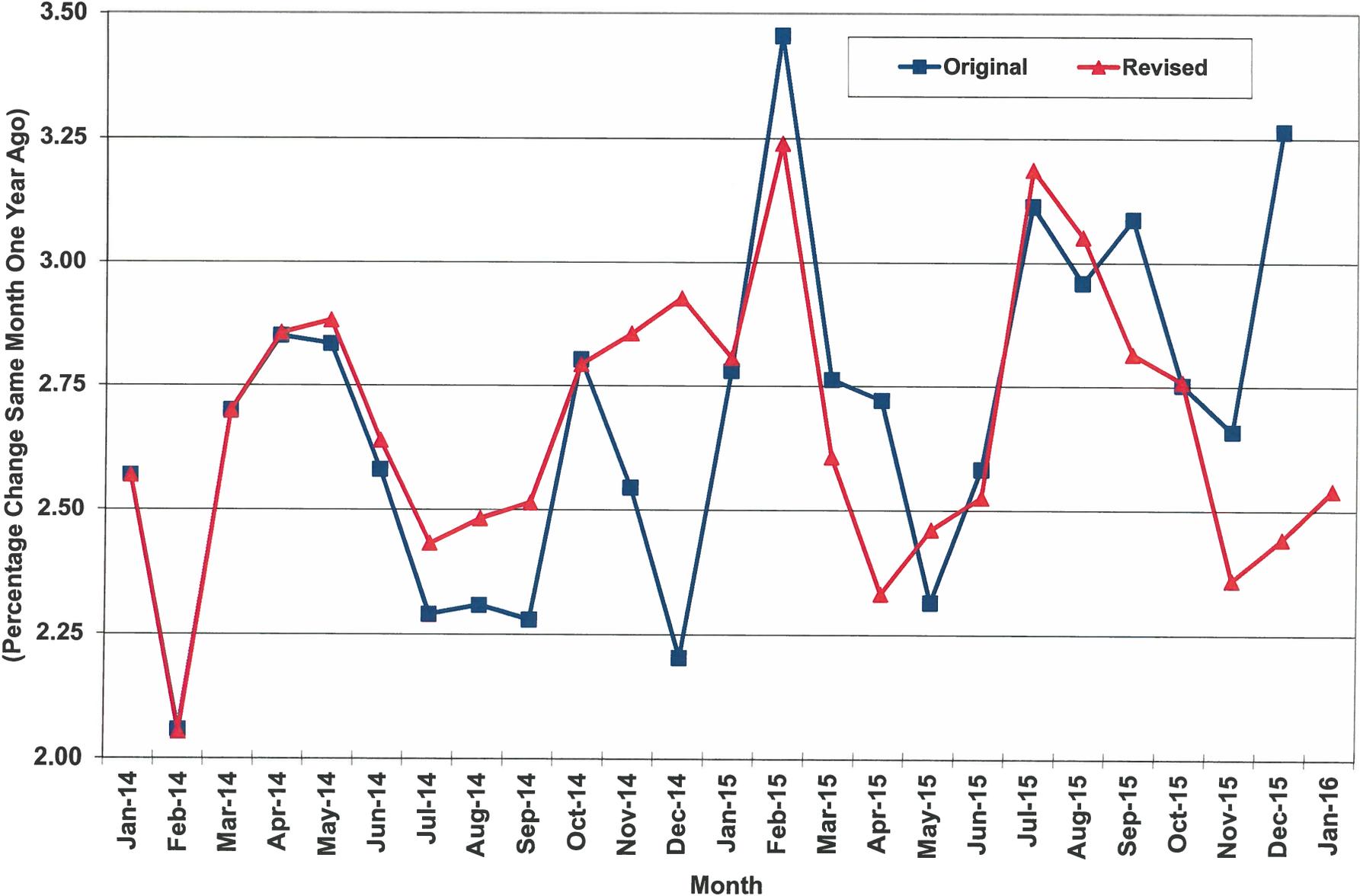
Employment Sector	Before Benchmark	After Benchmark	Net Change	Percent Change
Total Nonfarm Employment	2,004.5	2,004.2	-0.3	0.0
Goods-Producing Employment	323.3	326.5	3.2	1.0
Natural Resources & Mining	3.8	4.0	0.2	5.3
Construction	87.9	86.6	-1.3	-1.5
Manufacturing	231.6	235.9	4.3	1.9
Durable Goods	134.3	137.8	3.5	2.6
Nondurable Goods	97.3	98.1	0.8	0.8
Service-Producing Employment	1,681.2	1,677.8	-3.4	-0.2
Trade, Transportation & Utilities	384.2	384.5	0.3	0.1
Wholesale Trade	69.8	70.6	0.8	1.1
Retail Trade	245.8	241.3	-4.5	-1.8
Transportation, Warehouse, & Utilities	68.6	72.6	4.0	5.8
Information	26.6	26.8	0.2	0.8
Financial Activities	95.6	97.0	1.4	1.5
Services	813.7	809.1	-4.6	-0.6
Professional & Business Services	268.0	262.2	-5.8	-2.2
Educational & Health Services	234.2	235.3	1.1	0.5
Leisure & Hospitality Services	238.7	237.9	-0.8	-0.3
Other Services	72.9	73.7	0.8	1.1
Government	361.1	360.4	-0.7	-0.2
Federal Gov't	33.1	32.8	-0.3	-0.9
State Gov't	105.7	105.6	-0.1	-0.1
Education State Gov't	52.7	52.1	-0.6	-1.1
General State Gov't	53.0	53.6	0.6	1.1
Local Gov't	222.3	222.0	-0.3	-0.1
Education Local Gov't	108.8	107.3	-1.5	-1.4
General Local Gov't	113.5	114.7	1.2	1.1

Source: South Carolina Department of Employment and Workforce

Total Nonfarm Employment in South Carolina (Original Series vs. Revised Series)



Growth of Employment in South Carolina (Original Series vs. Revised Series)



Source: U.S. Department of Labor, Bureau of Labor Statistics, Washington, D.C.