

**Analysis of Expectations for March 5 Job Numbers by Diana Furchtgott-Roth,
Director, Center for Employment Policy, Hudson Institute**

With the recent February blizzard still fresh in our minds, some people, most notably National Economic Council (NEC) director Larry Summers, have suggested that the poor weather will take a toll on the February job numbers, out on March 5 from the Labor Department. In particular, Goldman-Sachs has looked at data on the job effects of a storm in early January, 1996, which pushed about 200,000 jobs into future months, and postulated that the similar effects will be seen in the February jobs data.

Will the same happen this Friday? Both storms took place close to the 12th of the month, which is the reference date for Bureau of Labor Statistics (BLS) data collections for both the household survey, which determines the unemployment rate, and the payroll survey, which gives us the number of jobs created. But the similarity ends there.

In 1996 three major storms took place in close proximity over a two-week period. They downed power lines and shuttered businesses. Many weekly workers missed a full week of work, and so not only lost a paycheck, but were counted as not at work for the BLS reference week. Some workers who were paid on a two-week basis may also have lost paychecks.

In contrast, the storm that lasted from February 5 through February 6 was of far shorter duration. Most business were open on February 12, the day that BLS uses as its reference point for employment. Yes, hours worked, earnings and sales will probably be lower, but payrolls will not decline as much as in 1996 because workers lost less work during the reference period.

Furthermore, the 1996 storms disturbed the entire East Coast from Virginia through Maine, whereas the 2010 storm was most severe only in the Virginia, Maryland, and Pennsylvania area. Even in New York and New Jersey, power outages and business closures were less frequent and prolonged.

It's fortunate that the Washington, D.C. area that took the brunt of the storm has particularly generous employers, including the federal government. These employers are more likely to allow workers to telecommute or to take paid leave. Federal employees who stayed home for the days the government was closed did not lose pay and were not counted as unemployed. Hence, they would not show up in the household survey as unemployed, or in the payroll survey as a lost job.

On March 5, we might find that jobs were lost and the unemployment rate rose in February. But that will be because of the continued uncertain direction of economic policy – including the possibility of tax increases, high deficits, environmental regulation, and expensive healthcare reform – and not because of the weather.

Diana Furchtgott-Roth
Senior Fellow
Director, Center for Employment Policy
Hudson Institute
1015 15th Street, NW
Washington, DC 20005
202.974.6450
DFR@hudson.org