



Enhanced *ADP National Employment Report*®

New Methodology – Executive Summary

Working in close collaboration with Moody's Analytics, Inc. and its experienced team of labor market researchers, the [ADP Research Institute](#)® has further enhanced the monthly *ADP National Employment Report*® in order to more closely align it with the final print of the U.S. Bureau of Labor Statistics (BLS) numbers.

Beginning with its November 1, 2012 report, the *ADP National Employment Report's* new methodology now utilizes ADP payroll data, U.S. BLS employment data, and the Philadelphia Federal Reserve Bank's Aruoba-Diebold-Scotti Business Conditions Index.

In addition, the sample size of the ADP data set from which the newly enhanced *ADP National Employment Report* is derived has been expanded from 344,000 U.S. companies to 411,000, and from 21 million employees to 23 million, which accounts for more than 20 percent of all U.S. private sector employees. This larger data set is expected to help enable the *ADP National Employment Report* to more closely match the final print of the BLS numbers.

According to the new methodology, Moody's Analytics' monthly analysis for the *ADP National Employment Report* begins with processing ADP data according to the following steps:

- Classification by industry and size class based on the North American Industrial Classification system (NAICS)
- Creation of matched pairs for employment during the pay period including the 12th of the month
- Seasonal adjustment
- Removal of outliers
- Adjustments are made to match the industry and size distribution to the Quarterly Census of Employment and Wages (QCEW) industry and size data reported each March
- Regressions are run to predict the current month's BLS number by industry
- These are then aggregated to derive the growth in total nonfarm private employment
- Industry, size and total growth rate estimates are then converted into differences.

Additional information about Moody's Analytics' methodology can be found at ADPEmploymentReport.com.