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Statement of

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Commissioner
Bureau of Labor Statistics

before the

Joint Economic Committee

UNITED STATES CONGRESS

Friday, February 5, 2010

Madam Chair and Members of the Committee:

Thank you for the opportunity to discuss the employment and unemployment data we released this morning.

The unemployment rate declined from 10.0 to 9.7 percent in January. Nonfarm payroll employment was essentially unchanged (-20,000) and on net has shown little movement over the last 3 months. In January, job losses continued in construction and in transportation and warehousing, while employment increased in temporary help services and retail trade. With revisions released today, job losses since the start of the recession in December 2007 totaled 8.4 million, substantially more than previously reported.

Construction employment fell by 75,000 in January, about in line with the average monthly job loss in 2009. Nonresidential specialty trade contracting accounted for the much of the over-the-month decline. The nonresidential components of construction have accounted for the majority of the industry's job loss since early 2009. Employment in transportation and warehousing decreased by 19,000 in January; the entire decline occurred in courier and messenger services, which laid off more workers than usual over the month.

Employment in temporary help services grew by 52,000 over the month. This industry, which provides workers to other businesses, has added nearly a quarter of a million jobs since its recent low point last September. Following 2 months of little change, retail trade employment increased by 42,000 in January, with gains in several components. Health care employment continued to rise in January. Overall, manufacturing employment was little changed, although motor vehicles and parts added 23,000 jobs. Since June, the manufacturing workweek for all employees has increased by 1.2 hours.

Federal government employment rose in January, partly due to hiring for the decennial census. Employment in state and local governments, excluding education, continued to trend down over the month.

Average hourly earnings of all employees in the private sector rose by 4 cents in January to \$22.45. Over the past 12 months, average hourly earnings have risen by 2.0 percent. From December 2008 to December 2009, the Consumer Price Index for All Urban Consumers (CPI-U) increased by 2.8 percent.

Turning now to some measures from our household survey, both the number of unemployed persons (14.8 million) and the unemployment rate (9.7 percent) declined in January. However, the share of those jobless for 27 weeks and over continued to rise.

The employment-population ratio increased to 58.4 percent over the month. The number of persons working part time who would have preferred full-time employment dropped from 9.2 to 8.3 million, the lowest level in a year.

Before closing, I would note that several changes were introduced today to the Employment Situation news release text and tables. Three new household survey tables provide information on the employment status of veterans, persons with a disability, and the foreign-born population. In January, the unemployment rate of veterans from Gulf War era II (September 2001 to the present) was 12.6 percent, compared with 10.4 percent for nonveterans. Persons with a disability had a higher jobless rate than persons with no disability--15.2 versus 10.4 percent. In addition, 21.8 percent of persons with a disability

were in the labor force, compared with 70.1 percent of persons without a disability. The unemployment rate for the foreign born was 11.8 percent, and the rate for the native born was 10.3 percent. (The data in these new tables are not seasonally adjusted.)

The establishment survey tables have been redesigned to include the addition of data on hours and earnings for all private-sector employees as well as employment information for women. Women currently make up 49.9 percent of total nonfarm payroll employment, compared with 48.8 percent when the recession began in December 2007. Additional information about the new and redesigned tables is available on the BLS Web site.

I would also note that there were annual adjustments to data from our two surveys. The establishment survey data released today reflect the incorporation of annual benchmark revisions. Each year, we re-anchor our sample-based survey estimates to full universe counts of employment, primarily derived from administrative records of the unemployment insurance tax system. Accounting for revisions during the benchmark and post-benchmark periods, the previously published level of total nonfarm employment for December 2009 was revised downward by 1,363,000. Household survey data for January reflect updated population estimates from the U.S. Census Bureau. Further information about the impact of these

adjustments is contained in our news release and on our Web site.

Returning now to the labor market data we released this morning, the jobless rate declined to 9.7 percent in January, and payroll employment was essentially unchanged.

My colleagues and I now would be glad to answer your questions.