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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 3, 2006

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to comment on the labor market data we released this morning.

Nonfarm payroll employment increased by 193,000 in January, and the unemployment rate fell to 4.7 percent. Payroll employment was up by 140,000 in December and by 354,000 in November (as revised). Over the year, payroll employment increased by 2.1 million. In January, employment growth occurred in construction, mining, and in several service-providing industries.

Employment in construction rose by 46,000 over the month and by 345,000 over the year. Above-average

temperatures in most of the country may have contributed to fewer seasonal layoffs than usual in January.

Manufacturing employment was little changed in January. A few manufacturing industries have shown small job gains in recent months, including wood products, fabricated metals, and electrical equipment.

Mining added 6,000 jobs in January. Since its most recent low in April 2003, mining employment has increased by 91,000.

In the service-providing sector, employment growth continued in health care over the month. Jobs were added in doctors' offices, hospitals, and nursing and residential care facilities.

In January, employment in food services and drinking places grew by 31,000. Over the year, this industry has added 214,000 jobs.

Employment in professional and business services was up by 24,000 in January, following 2 months of unusually large gains that totaled 138,000. In January, accounting services lost jobs, while employment trended up in computer systems design and in management and consulting services.

In January, financial activities added 21,000 jobs. Wholesale trade employment was up by 15,000, while retail employment was little changed.

Average hourly earnings for production or nonsupervisory workers on private nonfarm payrolls rose by 7 cents in January to \$16.41. Over the year, average hourly earnings grew by 3.3 percent.

The establishment survey data released today reflect the incorporation of annual benchmark revisions and updated seasonal adjustment factors. Each year, we anchor our sample-based survey estimates to full universe counts of employment, derived principally from administrative records of the unemployment insurance tax system.

The benchmark revision decreased the level of nonfarm payroll employment in March 2005 by 158,000 (not seasonally adjusted), or about one-tenth of one percent. Over the past decade, benchmark revisions have averaged plus or minus two-tenths of one percent. The seasonally adjusted establishment survey data from January 2001 forward have been revised to incorporate updated seasonal adjustment factors.

Turning now to the measures from our household survey, the unemployment rate declined to 4.7 percent in January, and the number of unemployed persons fell to 7.0 million. The number of long-term unemployed persons--those unemployed for 27 weeks or more--declined to 1.2 million in January. They constituted 16.3 percent of all unemployed

persons, down from 21.0 percent a year earlier. The number of discouraged workers fell over the year to 396,000 (not seasonally adjusted). Discouraged workers are those persons outside the labor force who had stopped looking for work because they believed their job search efforts would be unsuccessful.

With today's release, we again report on the labor force status of survey respondents who evacuated from their homes due to Hurricane Katrina. The data are derived from a special set of questions that have been included in the household survey since October to identify and gather information from evacuees. The estimates do not account for all persons who evacuated from their homes due to Hurricane Katrina. We do not gather information on those evacuees who remain outside the scope of the survey, such as those currently living in hotels or shelters.

The January data indicate that there were about 1.2 million persons age 16 and over who evacuated from their August residence due to Hurricane Katrina. By January, about one-half of evacuees had returned to the homes they vacated in August. Among Katrina evacuees in January, 56.8 percent were in the labor force, and their unemployment rate was 14.7 percent. Unemployment rates were much lower for those evacuees who had returned home than for those

evacuees who had not. The January unemployment rate for those who had returned was 2.9 percent; it was 26.3 percent for those who had not yet returned to their residences.

To summarize the labor market data for January, payroll employment rose by 193,000, and the unemployment rate declined to 4.7 percent.

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