
Advance copies of this statement are made available to the press under lock-up conditions with the explicit understanding that the data are embargoed until 8:30 a.m. Eastern Standard Time.

Statement of

John M. Galvin
Acting Commissioner
Bureau of Labor Statistics

before the

Joint Economic Committee

UNITED STATES CONGRESS

Friday, February 3, 2012

Mr. Chairman and Members of the Committee:

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

The unemployment rate decreased to 8.3 percent in January, and nonfarm payroll employment rose by 243,000. In 2011, nonfarm employment increased by an average of 152,000 per month. Job growth was widespread in the private sector in January, with the largest gains occurring in professional and business services, leisure and hospitality, and manufacturing.

Professional and business services added 70,000 jobs over the month, compared with an average monthly gain of 48,000 in 2011. Nearly half of the January increase occurred in

employment services (+33,000), as temporary help employment continued to trend up. Also within professional and business services, employment rose in accounting and bookkeeping (+13,000) and in architectural and engineering services (+7,000).

Employment in leisure and hospitality increased by 44,000, mostly in food services (+33,000). Health care employment rose by 31,000, with job gains in hospitals (+13,000) and ambulatory care services (+13,000). Employment in both wholesale and retail trade continued to trend up over the month.

In the goods-producing sector, manufacturing employment increased by 50,000 in January, nearly all in durable goods manufacturing. Fabricated metal products, machinery, and motor vehicles each added jobs. Over the past 2 months, construction employment rose by 52,000, mainly among nonresidential specialty trade contractors. Mining employment continued to expand in January (+10,000). Since a recent low point in October 2009, mining has added 172,000 jobs.

Government employment changed little in January. Over the last 12 months, employment in the sector has decreased by 276,000 with declines in local government; state government, excluding education; and the U.S. Postal Service.

Average hourly earnings of all employees on private nonfarm payrolls increased by 4 cents in January to \$23.29. Over the

past 12 months, average hourly earnings have risen by 1.9 percent. From December 2010 to December 2011, the Consumer Price Index for All Urban Consumers (CPI-U) increased by 3.0 percent.

In accordance with annual practice, the establishment survey data released today reflect the incorporation of benchmark revisions. Each year, BLS re-anchors the sample-based survey estimates to full universe counts of employment, primarily derived from administrative records of the unemployment insurance tax system. The level of nonfarm payroll employment in March 2011 was revised up by 162,000 (not seasonally adjusted) or 0.1 percent. The average benchmark revision over the past 10 years was plus or minus 0.3 percent. (Further information about the impact of the benchmark revision is contained in our news release and on our Web site at <http://www.bls.gov/web/empsit/cesbmart.htm>.)

Before discussing the data from our survey of households, I would note that, as is our annual practice, we have incorporated new population controls into the January estimates. Data beginning in January 2012 reflect population controls based on Census 2010, updated information on net international migration, and some methodological adjustments in the estimation process. Official estimates for December 2011 and earlier months will not be revised to incorporate the Census 2010-based controls. The

impact of the new controls on the unemployment rate is negligible. However, two important household survey measures, the employment-population ratio and the labor force participation rate, are lowered by a change in the composition of the population (based on comparisons of December 2011 estimates computed using the old and new controls). The new controls raise the population of persons 55 years and older and, to a lesser extent, persons 16-24 years of age. Both of these groups are less likely to be in the labor force than the general population. (Additional information about the Census 2010-based population controls and impact can be found in our news release and on our Web site at <http://www.bls.gov/cps/cps12adj.pdf>.)

Returning to the data for January, the unemployment rate continued to decline over the month. Since August 2011, the jobless rate has fallen from 9.1 to 8.3 percent, and the number of unemployed persons has declined by about 1.2 million. In January, the number of persons unemployed for 27 weeks or more was little changed at 5.5 million and made up 42.9 percent of the total. The employment-population ratio increased over the month, and the labor force participation rate was unchanged, after accounting for the impact of Census 2010-based population controls.

To summarize January's labor market developments, nonfarm payroll employment increased by 243,000, and the unemployment rate decreased to 8.3 percent.

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