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Statement of

Keith Hall
Commissioner
Bureau of Labor Statistics

before the

Joint Economic Committee

UNITED STATES CONGRESS

Friday, February 6, 2009

Madam Chair and Members of the Committee:

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

The labor market continued to weaken dramatically in January. Total nonfarm payroll employment fell by 598,000, and the unemployment rate rose from 7.2 to 7.6 percent. January's sharp drop in employment brings job losses to 3.6 million since the start of the recession in December 2007 (as determined by the National Bureau of Economic Research). About half of the decline occurred in the past 3 months. Job losses in January were large and widespread across the major industry sectors.

Manufacturing employment fell by 207,000 over the month, bringing the job loss in this industry to 1.1 million since the start of the recession. Nearly half of the loss occurred in the past 3 months. In January, employment declines were spread throughout the sector but were especially large in fabricated metal products (-37,000), motor vehicles and parts (-31,000), and machinery (-22,000).

Construction shed 111,000 jobs over the month. The pace of job loss in this sector has accelerated in recent months. Employment has declined by 781,000 since the beginning of the recession, with about 40 percent of the decrease occurring in the past 3 months.

In January, job losses continued throughout most of the service-providing sector. Since the start of the recession, this sector has lost 1.8 million jobs, with over half of the decline occurring in the past 3 months. Employment in temporary help agencies fell by 76,000 in January and has declined by 605,000 since December 2007. Other large over-the-month job losses occurred in retail trade (-45,000), transportation and warehousing (-44,000), financial activities (-42,000), wholesale trade (-31,000), and professional and technical services (-29,000).

Private education and health care added jobs in January. Employment in health care was up by 19,000 over the month compared with an average of 30,000 a month in 2008.

Average hourly earnings for production and nonsupervisory workers in the private sector rose by 5 cents, or 0.3 percent, in January. Over the past 12 months, average hourly earnings have increased by 3.9 percent. From December 2007 to December 2008, the seasonally adjusted Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) fell by 0.7 percent.

Measures from our household survey also reflected the weak labor market conditions in January. The unemployment rate rose from 7.2 to 7.6 percent, bringing the total number of unemployed persons to 11.6 million. Since December 2007, the rate has risen by 2.7 percentage points, with the increase widespread across demographic groups.

In January, the employment-population ratio dropped to 60.5 percent, 2.2 percentage points lower than at the beginning of the recession. This is the lowest level since May 1986. The labor force participation rate, at 65.5 percent in January, has edged down in recent months.

This morning, on our Web site, the Bureau of Labor Statistics began publishing monthly estimates of the employment status of persons with a disability. In January, the unemployment rate for these persons was 13.2 percent, compared

with a rate of 8.3 percent for persons with no disability (not seasonally adjusted). The employment-population ratio for persons with a disability was 20.0 percent, compared with 65.0 percent for those with no disability. The collection of these important data is sponsored by the Department of Labor's Office of Disability Employment Policy.

Before closing, I would note there were routine annual adjustments to the 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. 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.

Summarizing labor market developments for January, nonfarm payroll employment fell by 598,000, and the unemployment rate rose to 7.6 percent. Since the start of the recession in December 2007, job losses have totaled 3.6 million, with about half of the decrease occurring in the last 3 months.

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