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Statement of

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Commissioner
Bureau of Labor Statistics

before the

Joint Economic Committee

UNITED STATES CONGRESS

Friday, March 5, 2010

Mr. Chairman and Members of the Committee:

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

Nonfarm payroll employment was little changed (-36,000) in February, and the unemployment rate held at 9.7 percent. Employment fell in construction and information, while temporary help services added jobs. Severe winter weather in parts of the country may have affected payroll employment and hours in February. However, as I will explain in a moment, there are too many unknowns to say precisely how much the weather might have affected these measures.

Construction employment fell by 64,000 in February, about in line with the average monthly job loss over the prior 6 months. Job losses continued throughout the industry, although nonresidential specialty trades again accounted for much of the over-the-month decline. In the information industry, employment fell by 18,000.

Temporary help services employment increased by 48,000 over the month. Since last September, this industry has added 284,000 jobs. Health care employment continued to trend up in February. Employment in most other industries showed little or no change.

Average weekly hours for all employees in the private sector decreased by one-tenth of an hour in February. Average weekly hours declined more significantly in construction and manufacturing, 0.5 and 0.4 hour, respectively. These declines likely reflect time lost due to the severe winter weather.

Average hourly earnings of all employees in the private sector rose by 3 cents in February to \$22.46. Over the past 12 months, average hourly earnings have risen by 1.9 percent. From January 2009 to January 2010, the Consumer Price Index for All Urban Consumers (CPI-U) increased by 2.7 percent.

Turning now to data from the survey of households, most key labor force measures were essentially unchanged in February. The unemployment rate remained at 9.7 percent, with jobless

rates for the major worker groups showing little or no change. Of the 14.9 million unemployed in February, the proportion who had been jobless for 27 weeks or more was 40.9 percent, little different from the all-time high of 41.2 percent reached in January.

The number of individuals working part time who preferred full-time work rose from 8.3 to 8.8 million in February, partially offsetting a large decrease in January. Involuntary part-time employment levels had held at or near 9.2 million in the final months of 2009.

Before closing, I would like to return to the issue of how the severe winter weather in February may have affected the payroll employment estimates released today. Major snowstorms struck parts of the country during the reference period for our establishment survey. Many schools, government agencies, and businesses closed temporarily, and many people were off work for a time because of the storms.

In the establishment survey, workers who do not receive any pay for the entire pay period are not counted as employed. Therefore, it is possible that the storms had some negative impact on payroll employment. However, not every closure or temporary absence causes a drop in employment. Workers are counted as employed in the establishment survey if they are paid for a single hour during the reference pay period, whether they

worked or not. Also, half of all workers have bi-weekly, semi-monthly, or monthly pay periods. I would assume that most of them worked during the part of the pay period that preceded or followed the snow events. In addition, we do not know how many workers may have been added to payrolls for snow removal, cleanup, and repairs due to the storms. Nor do we know how new hiring or separations were affected by the weather. For those reasons, we cannot say how much February's payroll employment was affected by the severe weather.

In our household survey, persons with a job who miss work for weather-related events are counted as employed whether or not they are paid for the time off.

In summary, nonfarm payroll employment was little changed in February, and the unemployment rate held at 9.7 percent.

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