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Statement of

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Commissioner
Bureau of Labor Statistics

before the

Joint Economic Committee

UNITED STATES CONGRESS

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Madam Chair and Members of the Committee:

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

Nonfarm payroll employment declined by 345,000 in May. Job losses had averaged 643,000 per month during the prior 6 months. In May, the unemployment rate rose from 8.9 to 9.4 percent. Since the recession began in December 2007, payroll employment has fallen by 6.0 million, and the unemployment rate has increased by 4.5 percentage points.

Job losses continued to be widespread in May, but the rate of decline moderated in construction and several service-providing industries. Large job losses continued in the

manufacturing sector (-156,000), with employment declines in nearly all component industries. Employment fell sharply in motor vehicles and parts (-30,000), machinery (-26,000), and fabricated metals (-19,000). Since the start of the recession, manufacturing employment has decreased by 1.8 million, accounting for 3 out of 10 jobs lost during this downturn.

Construction employment declined by 59,000 in May, half the average of the previous 6 months. Job losses moderated in the private service-providing industries, with employment falling by 113,000 in May compared with an average monthly decline of 356,000 in the prior 6 months. Employment was little changed in temporary help, retail trade, and leisure and hospitality, following large declines in recent months.

Elsewhere in the service-providing sector, the health care industry added 24,000 jobs in May. This was about in line with the trend thus far in 2009.

In May, average hourly earnings for production and nonsupervisory workers in the private sector were up by 2 cents to \$18.54. Over the past 12 months, average hourly earnings have risen by 3.1 percent. From April 2008 to April 2009, the Consumer Price Index for Urban Wage Earners and Clerical Workers declined by 1.2 percent.

Turning to measures from the survey of households, the unemployment rate increased from 8.9 to 9.4 percent over the

month. The number of unemployed rose by 787,000 to 14.5 million. Since the recession began, the jobless rate has increased by 4.5 percentage points, and the number of unemployed persons has grown by 7.0 million.

Among the unemployed, the number who have been out of work 27 weeks or more increased by 268,000 in May to 3.9 million. These long-term unemployed represented 2.5 percent of the labor force, the highest proportion since 1983.

Over the month, the employment-population ratio edged down to 59.7 percent, the lowest level since October 1984. Since the recession began, the employment-population ratio has fallen by 3.0 percentage points.

Among the employed, the number of persons working part time who would prefer full-time work was little changed for the second consecutive month. At 9.1 million in May, involuntary part-time employment was 4.4 million higher than at the start of the recession.

Among those outside the labor force--that is, persons neither working nor looking for work--the number of discouraged workers was 792,000 in May, up from 400,000 a year earlier. These individuals are not currently looking for work because they believe no jobs are available for them.

In summary, nonfarm payroll employment fell by 345,000 in May, compared with the average monthly decline of 643,000 for

the previous 6 months. While job losses continued to be widespread, declines moderated in construction and in a number of service-providing industries. The unemployment rate rose by half a percentage point to 9.4 percent.

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