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Statement of

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Nonfarm payroll employment increased by 110,000 in September, and the unemployment rate was essentially unchanged at 4.7 percent. Health care, food services, and professional and technical services all continued to add jobs, while employment in manufacturing, construction, and employment services remained on a downward trend. Average hourly earnings rose by 7 cents over the month.

The estimates of payroll employment change for July and August were revised upward. The July change rose from +68,000 to +93,000 and the August change from -4,000 to +89,000. After incorporating these revisions, average monthly job growth for June through September is 90,000, compared with an average of 147,000 for the first 5 months of the year.

Nearly all of the August revision reflected an upward adjustment to government employment, particularly local education. As noted last month, employment estimates for local government education can be volatile, particularly during the summer months. Initial estimates of employment in local education typically are based upon a smaller percentage of survey responses than in other sectors. This lower initial response can make estimation more problematic in months when school sessions begin and end.

In September, health care employment continued to grow, rising by 33,000. The food services industry also continued to add jobs, with a gain of 25,000 over the month. Together, these two industries have accounted for about one-half of all nonfarm employment growth in 2007. Over the month, employment rose by 37,000 in professional and technical services; notable job gains occurred in management consulting and in accounting services. Social assistance employment increased by 12,000.

Elsewhere in the service-providing sector, employment in the credit intermediation industry, which includes mortgage lending and related activities, continued to decline. Since February, employment in the industry has fallen by 46,000. Employment services lost 35,000 jobs in September; employment in this industry has fallen by

203,000 since peaking last December. Within retail trade, building supply stores lost 17,000 jobs in September.

In the goods-producing sector, manufacturing employment was down by 18,000, with small declines scattered across the industry. Over the year, manufacturing has shed 223,000 jobs. Over the month, factory hours and overtime were unchanged at 41.4 and 4.1 hours, respectively.

Employment in the construction industry continued to trend down in September; since peaking a year earlier, employment has declined by 112,000. Over the year, job losses occurred in residential building and among residential specialty trade contractors. In contrast, employment in nonresidential and heavy construction industries has been relatively flat.

Average hourly earnings for private sector production and nonsupervisory workers were up by 7 cents, or 0.4 percent, in September. Over the year, average hourly earnings have increased by 4.1 percent.

Turning to measures from the survey of households, the unemployment rate was 4.7 percent in September, essentially unchanged from the previous month and over the year. Unemployment rates for the major worker groups showed little or no change in September.

Total employment and the civilian labor force both rose over the month, after edging down in August. Both the August and September changes reflected large movements in the highly seasonal teen labor force. In September, the overall labor force participation rate was 66.0 percent and the proportion of the population that was employed was 62.9 percent. Both measures remained below their recent peaks reached in December 2006.

In keeping with standard practice, this month the Bureau of Labor Statistics is providing a preliminary estimate of the next benchmark revision to nonfarm payroll employment. Each year the Bureau revises, or benchmarks, the payroll survey's sample-based employment estimates to reflect comprehensive employment counts derived largely from state unemployment insurance tax reports.

Preliminary tabulations of employment from the state tax reports indicate that the March 2007 payroll employment estimate will require a downward revision of 297,000, or two-tenths of one percent of total nonfarm employment. Annual benchmark revisions for the past 10 years have averaged plus or minus two-tenths of a percent of employment. This year, the Bureau also is providing preliminary benchmark estimates by major industry sector; see table 1 in this month's Employment Situation news

release for this information. The final benchmark will be incorporated into payroll survey data on February 1, 2008, with the publication of the January 2008 Employment Situation.

In summary, nonfarm payroll employment increased by 110,000 in September, and the unemployment rate was essentially unchanged at 4.7 percent.