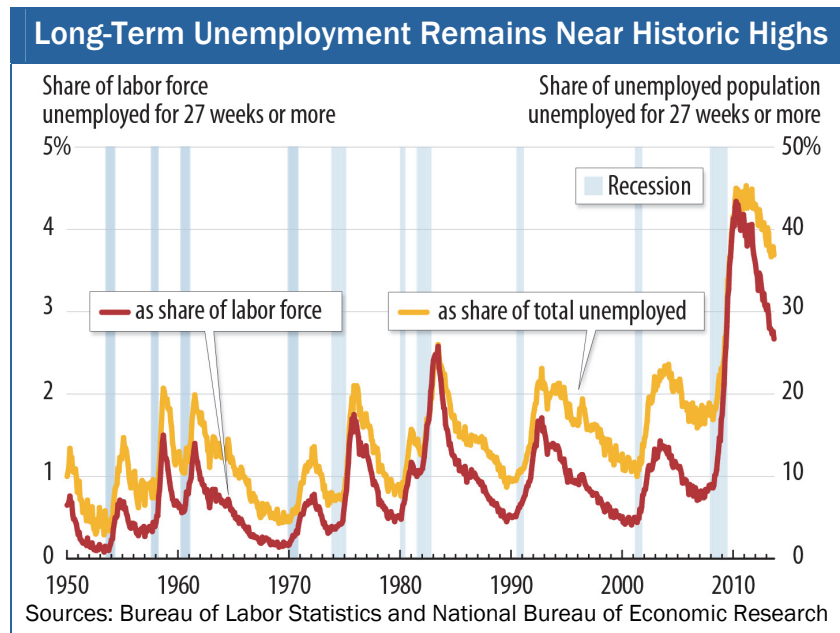


Statement by Chad Stone, Chief Economist, On the September Employment Report

Today's jobs report shows that the labor market recovery remains disappointingly slow, with employment still well below normal levels and long-term unemployment still near historic highs (see chart). As a result, policymakers should not let emergency federal unemployment insurance for the long-term unemployed expire at the end of December. That would slow the recovery, even as it causes serious hardship for many workers who are still struggling to find jobs.



The temporary federal Emergency Unemployment Compensation (EUC) program, which President Obama and Congress authorized through the end of the year, provides additional weeks of unemployment insurance (UI) benefits to workers who exhaust their regular state UI benefits before they can find a job. In most states, that's after 26 weeks and, as the chart shows, roughly four out of 10 jobless workers have now been out of work and looking for a job for 27 weeks or more. If policymakers do not reauthorize the program, EUC payments will not be available to new claimants and will end abruptly for current recipients after the last full week of December.

In the recovery from the Great Recession, emergency federal UI benefits and a temporary boost in payments under the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps)

have helped many families weather the financial hardship that comes with losing a job and having trouble finding a new one. In addition, they have been among the highest “bang-for-the-buck” measures in stimulating economic activity and job creation during the recovery, with both the Congressional Budget Office and Moody’s Analytics rating them as among the most effective ways, on a dollar-for-dollar basis, to shore up a weak economy.

The temporary increase in SNAP benefits will end on November 1, cutting benefits for all participants. Low-income working families with an unemployed breadwinner will suffer a cruel double-whammy if EUC benefits disappear in January as well.

Federal emergency UI is a temporary program that’s meant to expire when labor market conditions return to normal after a recession and people who lose their jobs can expect to find new ones in a reasonable period of time. Today’s jobs report shows that we are not there yet.

About the September Jobs Report

Job growth in September was disappointing, and the drop in the unemployment rate was not matched by a rise in labor force participation or in the share of the population with a job. A robust jobs recovery remains elusive.

- Private and government payrolls combined rose by 148,000 jobs in September and the Bureau of Labor Statistics revised job growth in July and August upward by a total of 9,000 jobs. Private employers added just 126,000 jobs in September, while government employment rose by 22,000. Federal government employment fell by 6,000, state government employment rose by 22,000, and local government rose by 6,000. Excluding employment in education, state employment rose by 1,900 and local employment fell by 3,400.
- This is the 43rd straight month of private-sector job creation, with payrolls growing by 7.6 million jobs (a pace of 176,000 jobs a month) since February 2010; total nonfarm employment (private plus government jobs) has grown by 7.0 million jobs over the same period, or 162,000 a month. Total government jobs fell by 590,000 over this period, dominated by a loss of 344,000 local government jobs.
- Despite 43 months of private-sector job growth, there were still 1.8 million fewer jobs on nonfarm payrolls and 1.3 million fewer jobs on private payrolls in September than when the recession began in December 2007. September’s job growth would be considered adequate in an economy that had already largely recovered from the recession, but it is well below the sustained job growth of 200,000 to 300,000 a month that would mark a robust jobs recovery. Job growth in 2013 has averaged 178,000 a month but has not topped 200,000 since February, and it has only averaged 143,000 over the past three months.
- The unemployment rate was 7.2 percent in September, and 11.3 million people were unemployed. The unemployment rate was 6.3 percent for whites (1.9 percentage points higher than at the start of the recession), 12.9 percent for African Americans (3.9 percentage points higher than at the start of the recession), and 9.0 percent for Hispanics or Latinos (2.7 percentage points higher than at the start of the recession).

- The recession drove many people out of the labor force, and lack of job opportunities in the ongoing jobs slump has kept many potential jobseekers on the sidelines. That situation changed little in September, as the labor force (people working or actively looking for work) rose by just 73,000. The unemployment rate edged down as the number of unemployed fell by 61,000 and the number of employed rose by 133,000. However, the labor force participation rate (the share of people aged 16 and over who are working or actively looking for work) was unchanged at 63.2 percent in September, 0.4 percentage points lower than at the start of the year and the lowest since 1978.
- The share of the population with a job, which plummeted in the recession from 62.7 percent in December 2007 to levels last seen in the mid-1980s and has remained below 60 percent since early 2009, also remained unchanged at 58.6 percent in September.
- The Labor Department’s most comprehensive alternative unemployment rate measure — which includes people who want to work but are discouraged from looking (those marginally attached to the labor force) and people working part time because they can’t find full-time jobs — was 13.6 percent in September. That’s down from its all-time high of 17.1 percent in late 2009 and early 2010 (in data that go back to 1994) but still 4.8 percentage points higher than at the start of the recession. By that measure, over 21 million people are unemployed or underemployed.
- Long-term unemployment remains a significant concern. Nearly two-fifths (36.9 percent) of the 11.3 million people who are unemployed — 4.1 million people — have been looking for work for 27 weeks or longer. These long-term unemployed represent 2.7 percent of the labor force. Before this recession, the previous highs for these statistics over the past six decades were 26.0 percent and 2.6 percent, respectively, in June 1983.

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