

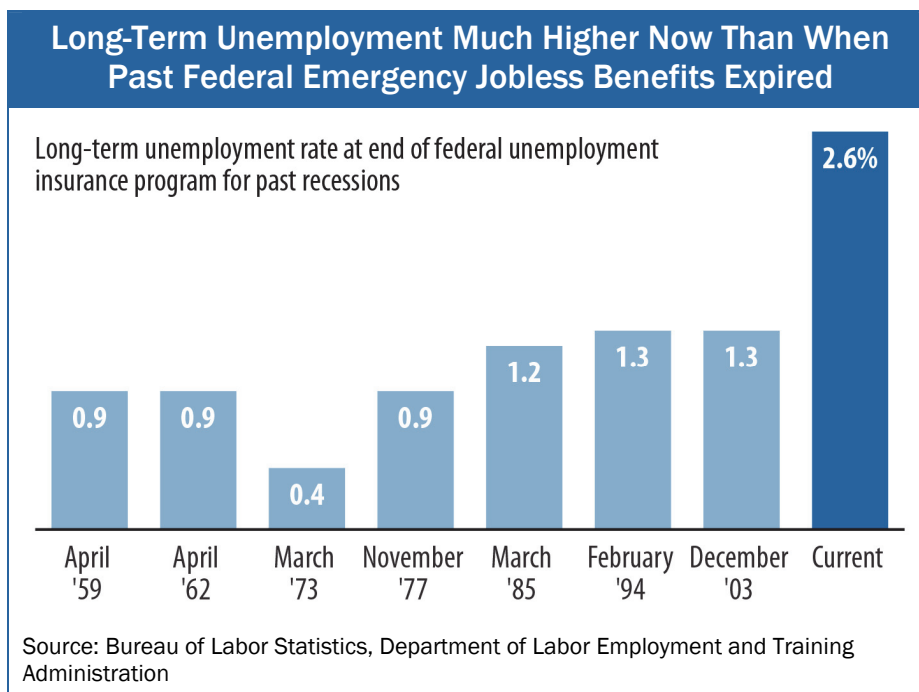
Statement by Chad Stone, Chief Economist, On the November Employment Report

Today's jobs report makes clear that, despite improvements this year, the labor market is still not strong enough for policymakers to let emergency federal unemployment insurance (UI) expire as scheduled during Christmas week. In particular, long-term unemployment remains much higher than when any of the emergency federal UI programs that policymakers enacted in each of the previous seven major recessions expired (see chart).

Labor market conditions are significantly better than in the depths of the Great Recession in 2008-09. Nevertheless, nonfarm payroll employment has not yet returned to where it was at the December 2007 start of the recession, unemployment is still much too high, and the share of the population with a job remains well below what it would be in a normal labor market.

Policymakers enact emergency federal UI programs like the current Emergency Unemployment Compensation (EUC) program to address the reality that, under such conditions, a much-larger-than-normal percentage of jobless workers will exhaust their regular state UI benefits (typically after 26 weeks) before they can find a new job. Like its predecessors, EUC is designed to phase down as labor market conditions improve and eventually expire.

The phasing down is underway. The maximum number of weeks of EUC plus regular UI that's available has fallen from 99 to 73 but, more significantly, that maximum is available in only a handful of states with very high unemployment rates. But, it's too soon for the program to expire. As benefits become less available and their maximum duration shrinks, the number of long-termed unemployed workers who are receiving benefits is falling faster than is the number of long-term unemployed, according to the National Employment Law Project.



That means more hardship for the families of workers who are still struggling to find a job, and it also means that families that lose EUC will have less to spend. Reduced spending, in turn, will hurt the recovery and slow job creation. The Congressional Budget Office estimates that extending EUC through 2014 would boost employment by up to 300,000 jobs by the end of 2014. There have only been four months since the end of the recession with job growth that good.

About the November Jobs Report

Job growth in November was solid and the adverse effects of the October shutdown on household employment and labor force participation were largely reversed in November. Nevertheless, employment levels remain far below what they would be in a healthy labor market.

- Private and government payrolls combined rose by 203,000 jobs in November and the Bureau of Labor Statistics revised job growth in September and October upward by a total of 8,000 jobs. Private employers added 196,000 jobs in November, and government employment rose by 7,000. Federal government employment fell by 7,000, state government employment rose by 8,000, and local government rose by 6,000.
- This is the 45th straight month of private-sector job creation, with payrolls growing by 8.1 million jobs (a pace of 179,000 jobs a month) since February 2010; total nonfarm employment (private plus government jobs) has grown by 7.4 million jobs over the same period, or 165,000 a month. Total government jobs fell by 613,000 over this period, dominated by a loss of 358,000 local government jobs.
- Despite 45 months of private-sector job growth, there were still 1.3 million fewer jobs on nonfarm payrolls and 800,000 fewer jobs on private payrolls in November than when the recession began in December 2007. November's job growth reached into the lower range of the sustained job growth of 200,000 to 300,000 a month that would mark a robust jobs recovery. Similarly, job growth over the past four months has averaged 204,000 a month.
- The unemployment rate was 7.0 percent in November, and 10.9 million people were unemployed. The unemployment rate was 6.2 percent for whites (1.8 percentage points higher than at the start of the recession), 12.5 percent for African Americans (3.5 percentage points higher than at the start of the recession), and 8.7 percent for Hispanics or Latinos (2.4 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. The October federal government shutdown has distorted the October and November household data, with the labor force (people aged 16 or over working or actively looking for work) and employment shrinking sharply in October and rebounding in November. Between September and November, the number of unemployed fell by 348,000 but the labor force fell by 265,000, while the number of people with a job grew by 83,000. In other words, about three-quarters of the drop in unemployment between September and November reflects a smaller labor force rather than higher employment.

- The labor force participation rate (the share of people aged 16 and over in the labor force) was 63.0 percent in November, 0.6 percentage points lower than at the start of the year and, except for October's 62.8 percent, 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, was 58.6 percent in November, the same as the average rate for the first 11 months of the year.
- 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 13.2 percent in November. 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 4.4 percentage points higher than at the start of the recession. By that measure, nearly 21 million people are unemployed or underemployed.
- Long-term unemployment remains a significant concern. Nearly two-fifths (37.3 percent) of the 10.9 million people who are unemployed — 4.1 million people — have been looking for work for 27 weeks or longer. These long-term unemployed represent 2.6 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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