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CBPP STATEMENT
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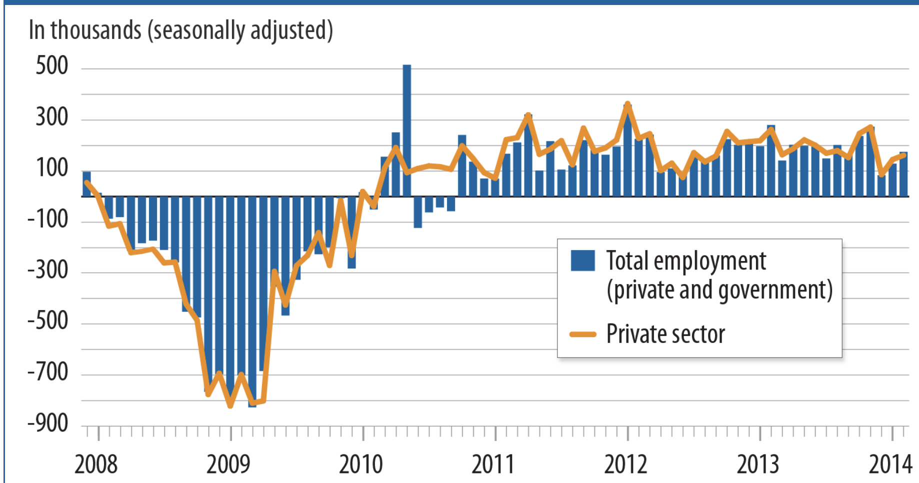
Statement by Chad Stone, Chief Economist, on the February Employment Report

With today's jobs report, marking the fourth anniversary of the start of the private-sector jobs recovery (see chart), the pace of overall job creation (private plus government jobs) over that period has now averaged just 168,000 a month — well below the 200,000 to 300,000 jobs a month that a robust jobs recovery would have generated. As a result, payroll employment has not yet topped its December 2007 pre-recession peak, and unemployment remains too high — especially among the long-term unemployed, whose numbers swelled by 203,000 in February. With the job market still so far from full strength, lawmakers should act quickly to restore retroactively emergency federal jobless benefits, which they allowed to expire in December.

Private Payrolls Have Grown Every Month for Four Years



Source: Bureau of Labor Statistics.

The Emergency Unemployment Compensation (EUC) program, which policymakers enacted in June 2008 and expanded in 2009, provided needed financial assistance to workers who lost their jobs through no fault of their own and could not find work before their regular state jobless benefits ran out. By boosting consumer demand for goods and services, EUC was one of the measures in the 2009 Recovery Act that, together with Federal Reserve actions to lower interest rates and ease financial conditions, helped stanch the surge in job losses of late 2008 and early 2009 and promote the jobs recovery that began in 2010.

EUC is a temporary program that shrinks automatically as the job market improves and people can more easily find jobs. Policymakers have always allowed past temporary federal jobless benefit programs to expire, but never before with long-term unemployment (those jobless for 27 weeks or more) as prevalent as it remains today. Nearly four out of every ten of the unemployed, and 2.5 percent of the labor force, have been out of work for six months or more. Before the Great Recession, the long-term unemployed never amounted to more than 26 percent of the unemployed, even during the deepest recessions since the end of World War II. Moreover, the long-term unemployed were never more than 1.3 percent of the labor force when *any* of the past seven emergency programs expired.

About the February Jobs Report

Businesses reported solid payroll growth in February. The separate household survey, however, showed only a modest increase in employment and an uptick in the unemployment rate to 6.7 percent.

- Private and government payrolls combined rose by 175,000 jobs in February and the Bureau of Labor Statistics revised job growth in December and January upward by a total of 25,000 jobs. Private employers added 162,000 jobs in February, while government employment rose by 13,000. Federal government employment fell by 6,000, state government rose by 11,000, and local government rose by 8,000.

- This is the 48th straight month of private-sector job creation, with payrolls growing by 8.7 million jobs (a pace of 180,000 jobs a month) since February 2010; total nonfarm employment (private plus government jobs) has grown by 8.0 million jobs over the same period, or 168,000 a month. Total government jobs fell by 617,000 over this period, dominated by a loss of 392,000 local government jobs.

- Despite four years of private-sector job growth, there were still 651,000 fewer jobs on nonfarm payrolls and 126,000 fewer jobs on private payrolls in February than when the recession began in December 2007. February's job growth (even with the revisions to earlier months) was below the sustained job growth of 200,000 to 300,000 a month that would mark a robust jobs recovery. Job growth averaged 194,000 a month last year, but only 152,000 in the first two months of this year.

- The unemployment rate was 6.7 percent in February, and 10.5 million people were unemployed. The unemployment rate was 5.8 percent for whites (1.4 percentage points higher than at the start of the recession), 12.0 percent for African Americans (3.0 percentage points higher than at the start of the recession), and 8.1 percent for Hispanics or Latinos (1.8 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 labor force (people aged 16 or over working or actively looking for work) has grown in each of the last two months. Although the pattern has been volatile this year, the number of people with a job and the number of people looking for a job have increased in roughly the same proportion, leaving the unemployment rate the same 6.7 percent it was in December. At 63.0 percent in February, the labor force participation rate (the share of people aged 16 and over in the labor force) was slightly higher than December's 62.8 percent. That's still 0.5 percentage points lower than a year ago. Prior to 2013, it is 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, remained 58.8 percent in February, slightly above its 2013 average of 58.6 percent.

- 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 — edged down to 12.6 percent in February. That's down from its all-time high of 17.2 percent in April 2010 (in data that go back to 1994) but still 3.8 percentage points higher than at the start of the recession. By that measure, about 20 million people are unemployed or underemployed.

- Long-term unemployment remains a significant concern. Nearly four of every ten (37.0 percent) of the 10.5 million people who are unemployed — 3.8 million people — have been looking for work for 27 weeks or longer. That's a jump of 203,000 in February. These long-term unemployed represent 2.5 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, early in the recovery from the 1981-82 recession. By the end of the first year of the recovery from that recession, however, the long-term unemployment rate had dropped below 2 percent.

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