

**Board of Directors**

David de Ferranti, Chair  
*Results for Development  
 Institute*

Henry J. Aaron  
*Brookings Institution*

Kenneth Apfel  
*University of Maryland*

Jano Cabrera  
*Burson-Marsteller*

Henry A. Coleman  
*Rutgers University*

Marian Wright Edelman  
*Children's Defense Fund*

Beatrix Hamburg, M.D.  
*Cornell Medical College*

Antonia Hernández  
*California Community  
 Foundation*

Frank Mankiewicz  
*Hill and Knowlton*

Lynn McNair  
*Salzburg Global Seminar*

Richard P. Nathan  
*Nelson A Rockefeller Institute  
 of Government*

Marion Pines  
*Johns Hopkins University*

Robert D. Reischauer  
*Urban Institute*

Paul Rudd  
*Adaptive Analytics, LLC*

Susan Sechler  
*German Marshall Fund*

William Julius Wilson  
*Harvard University*

**Emeritus**

Barbara Blum  
*Columbia University*

James O. Gibson  
*Center for the Study of Social  
 Policy*

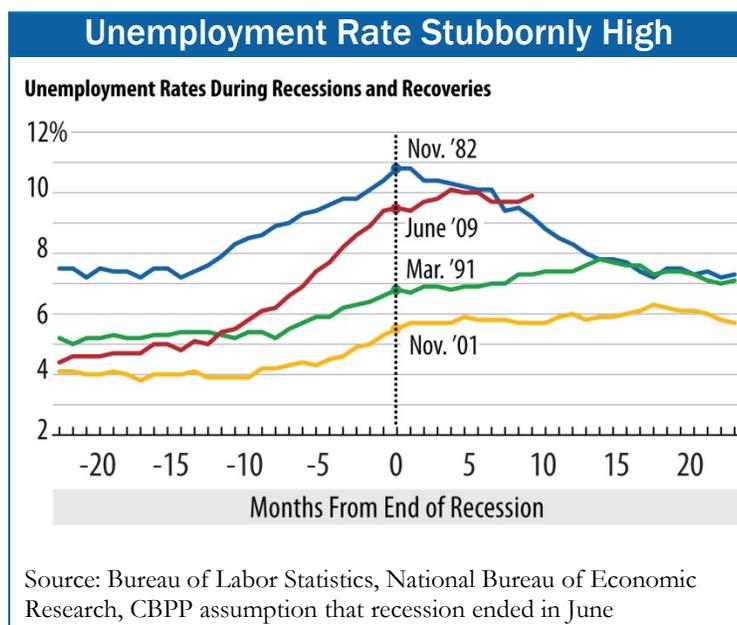
**STATEMENT BY CHAD STONE,  
 CHIEF ECONOMIST,  
 ON THE APRIL EMPLOYMENT REPORT**

Today's jobs report contains much encouraging news, but it also reminds us that the economic recovery will have to gather more strength to bring down the unemployment rate.

While the economy has been growing since the middle of last year and employers are beginning to add jobs, the unemployment rate remains stubbornly high. Unlike the early 1980s, when the unemployment rate rose sharply and then fell equally fast, this recovery still looks like the recoveries from the last two recessions — when the unemployment rate stayed high for a considerable time after the recession ended (see chart).

The high unemployment rate reflects people returning to the labor force to look for jobs, but it also reflects relatively slow economic growth. The economy needs to create about 125,000 jobs a month just to keep pace with normal growth in the labor force. It needs to create even more jobs when people are returning to the labor force after a recession. Job growth of at least 200,000 to 300,000 a month — a level we reached in April — is needed on a *sustained* basis to make a real dent in unemployment. But for that to occur, the economy has to grow faster than the 3.2 percent pace of the first quarter of this year.

Forecasters do not now see that in the cards. To the contrary, many expect the economy to *slow* in the second half of this year as the stimulus from the Recovery Act that President Obama and Congress enacted in February 2009 begins to wind down and as state actions to address their budget crises act as a drag on the recovery. (In the first quarter of 2010, declines in state and local spending subtracted half a percentage point



from the growth rate, and state and local government payrolls fell in April.)

Congress should take steps to assure unemployed workers that they will continue to receive the help they need and to give the recovery a shot in the arm by passing a meaningful jobs bill. Extending the Recovery Act measures that provide extra weeks of unemployment insurance (UI) and subsidized COBRA health insurance coverage for unemployed workers to the end of the year and providing additional fiscal assistance to cash-strapped states — two critical provisions in the pending congressional jobs bills — are widely recognized as highly effective ways to boost economic activity and create jobs. They will help workers struggling to find a job and in danger of losing their UI benefits, and they will help the economy.

## **About the April Jobs Report**

While the labor market has stabilized after a long deterioration, there are many more people looking for work than there are new jobs being created and the job market is still in the very early stages of reviving.

- Private and government payrolls rose by 290,000 jobs in April, with 66,000 of those jobs coming from temporary government hiring for the decennial census. Private-sector payrolls rose by 231,000 jobs. Despite the strong gains in April, net job losses since the recession began in December 2007 total 7.8 million. (Private-sector payrolls have shrunk by 8.0 million jobs over the period.)
  - Revisions to the data show that the economy added rather than lost jobs in February and that March's job gains were larger than first reported. So far this year, employers have added a net 573,000 jobs to their payrolls, compared with a loss of 2.8 million jobs over the first four months of last year.
  - After three straight months at 9.7 percent, the unemployment rate edged up to 9.9 percent, as large numbers of people came back into the labor force looking for work. April's unemployment rate was 4.9 percentage points higher than at the start of the recession.
  - For the fourth straight month, more people entered the labor force than left it. Since December, the labor force participation rate (the percentage of people with a job or actively looking for a job) has risen 0.6 percentage points to 65.2 percent, with half of that gain coming in April.
  - Some of April's surge in labor force participation translated into higher unemployment, because not everyone found jobs immediately. But the number of people with jobs increased as well. As a result, the percentage of the population with a job has risen 0.6 percentage points so far this year, to 58.8 percent. Nevertheless, both the labor force participation rate and the percentage of the population with a job remain near lows that were last seen in the 1980s.
  - The Labor Department's most comprehensive alternative unemployment rate measure — which includes people who want to work but are discouraged from looking and people working part time because they can't find full-time jobs — edged up to 17.1 percent in April. While that figure is below the peak of 17.4 percent reached in October 2009, it is still quite high.
-

- Long-term unemployment remains a significant concern. Over two-fifths (45.9 percent) of the 15.3 million people who are unemployed have been looking for work for 27 weeks or longer. That is the highest percentage on record in data going back to 1948. These long-term unemployed represent 4.3 percent of the labor force, a higher percentage than at any point in the past six decades (the next highest was 2.6 percent in June 1983).

# # #

**The Center on Budget and Policy Priorities** is a nonprofit, nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs. It is supported primarily by foundation grants.