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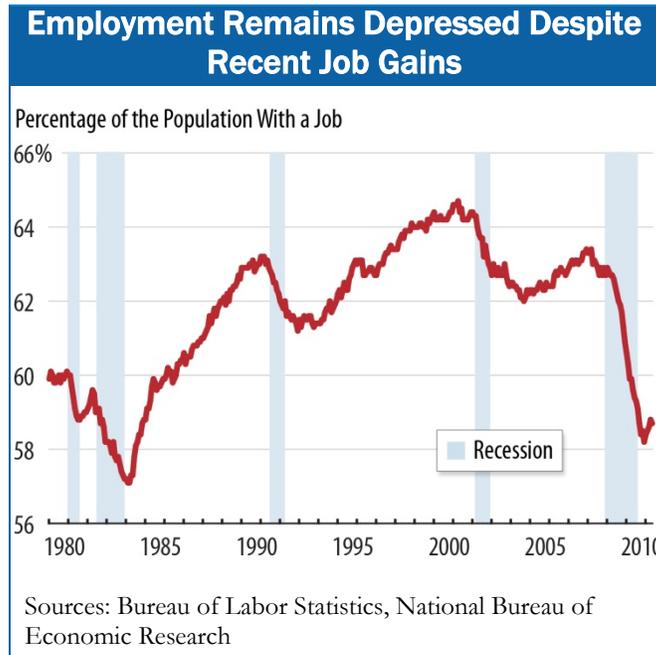
**STATEMENT BY CHAD STONE,
 CHIEF ECONOMIST,
 ON THE MAY EMPLOYMENT REPORT**

Today's jobs report shows a labor market that has turned the corner and is creating jobs but one with a long way to go toward a full recovery from the devastating job losses of 2008-09. The percentage of the population with a job is generally moving in the right direction but remains at a very depressed level (see chart). Unemployment is still very high, and jobs are still hard to find.

Under these circumstances, policymakers should have no qualms about passing a robust jobs bill — indeed, they would be derelict not to. Unemployed workers struggling to find a job need the help, and based on current forecasts of relatively weak economic growth for the rest of the year, the economic recovery could really use an additional boost.

For over a year now, the economy has benefited from the American Recovery and Reinvestment Act, which included fast-acting and highly effective measures that Congress should renew, such as additional unemployment insurance (UI) benefits and subsidized COBRA health insurance coverage for unemployed workers and fiscal assistance to states. The Congressional Budget Office estimates that real (inflation-adjusted) gross domestic product (GDP) was between 1.7 percent and 4.2 percent higher in the first quarter of this year than it would have been without the Recovery Act and that the number of full-time equivalent jobs was between 1.8 million and 4.1 million higher.

It may have been hard for policymakers to see that the Recovery Act was working (in keeping things from being much worse) while the economy was still losing jobs through much of 2009. Now, by renewing UI/COBRA and state fiscal relief, Congress has the opportunity to see positive results by making the recovery stronger, with faster growth and job creation. Lawmakers got off to a bad start last week, when the House failed to include state fiscal relief and COBRA in the jobs bill that it passed. It's now up to the



Senate, which passed a better bill than the current House version in March, to get the process of enacting an adequate jobs bill back on track.

About the May Jobs Report

While there are increasing signs that the long deterioration in the labor market is over, there continue to be many more people looking for work than there are new jobs being created and the unemployment rate remains disturbingly high.

- Private and government payrolls rose by 431,000 jobs in May, with 411,000 of those jobs coming from temporary government hiring for the decennial census. Private-sector payrolls rose by 41,000 jobs. State and local payrolls shrank by 15,000 and 7,000 jobs, respectively. There are 7.4 million jobs on nonfarm payrolls than there were when the recession began in December 2007 and 8.0 million fewer jobs on private payrolls.
- The unemployment rate dropped back to 9.7 percent in May, the rate it has been for most of this year. The number of unemployed fell but that decline was largely accounted for by people leaving the labor force rather than an increase in the number of people with jobs.
- The encouraging rise in labor force participation this year experienced a temporary setback in May as more people left the labor force than entered it. Still, the labor force participation rate (the percentage of people with a job or actively looking for a job) is 0.4 percentage points higher than it was in December of last year.
- The number of people with a job (which is estimated from a different survey from the one used to estimate payroll employment) fell slightly in May. As a result, the percentage of the population with a job edged down to 58.7 percent. That is still 0.5 percentage points higher than in December. 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 — moved down to 16.6 percent in May. 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 (46.0 percent) of the 15.0 million people who are unemployed — 6.8 million people — 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 4.4 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).

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