

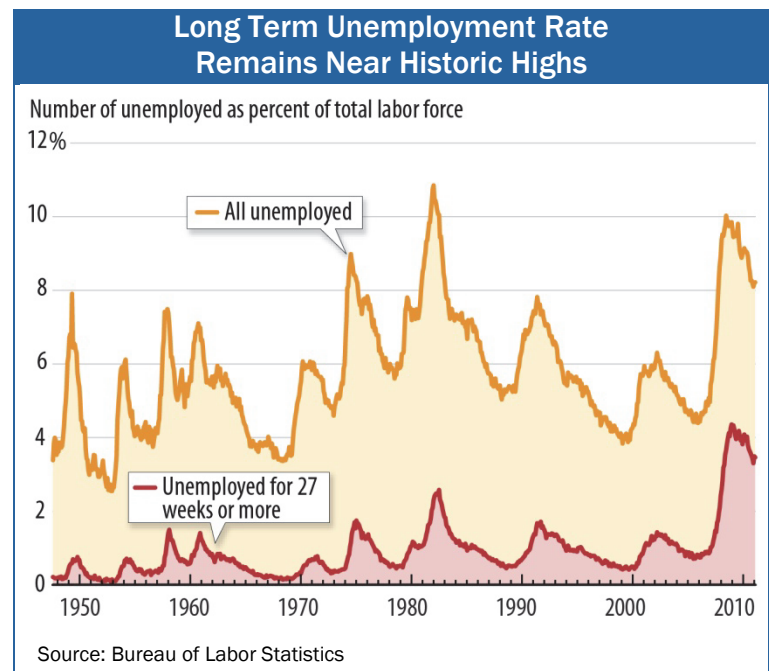
STATEMENT BY CHAD STONE, CHIEF ECONOMIST, ON THE JUNE EMPLOYMENT REPORT

The weak June employment report shows that it remains difficult to find a job in today's job market, especially for the long-term unemployed (those who have been looking for work for 27 weeks or longer). The percentage of people in the labor force who are long-term unemployed remains much higher than in any year prior to the latest recession, in data going back to 1948 (see chart). At the same time, policymakers' decision earlier this year to start reducing the availability of emergency federal unemployment insurance (UI) means that today's long-term unemployed have a weaker UI safety net than was available from late 2009 through the end of last year.

In February, policymakers extended the availability of federal emergency UI through the end of the year, but they decided not to enact the legislation necessary for states with high unemployment rates to continue to provide up to 20 weeks of additional UI through the Extended Benefits (EB) program. As a result, states have been "triggering off" EB through the first half of the year, and after tomorrow, no state will be providing the maximum of 20 weeks (Idaho, with a maximum of 13 weeks, will be the only state providing any EB benefits).

In addition, the February legislation made changes to the Emergency Unemployment Compensation (EUC) program. As a result, the maximum number of weeks of federal UI available through EUC dropped by between 6 and 14 weeks in affected states, depending on the state's unemployment rate.

Although private employers have added jobs for 28 straight months, the pace of job creation has been modest compared with the 200,000 to 300,000 jobs a month or more that would mark a robust job market recovery. Moreover, the unemployment rate remains stubbornly high at 8.2 percent, and forecasters see little or no improvement over the rest of the year.



Under those conditions, the long-term unemployed will continue to find it difficult to find re-employment. It would be unprecedented for policymakers to stay on their current course and allow all federal emergency UI to lapse as scheduled at the end of this year. Since policymakers created the first such program in 1958, they have *never* allowed it to end when unemployment topped 7.2 percent.

About the June Jobs Report

Job growth was disappointing in June and a strong labor market recovery remains elusive.

- Private and government payrolls combined rose by just 80,000 jobs in June, the third straight month of job growth below 100,000. Private employers added 84,000 jobs, while government employment fell by 4,000. Federal employment fell by 7,000 jobs and state government employment fell by 1,000, while local government employment rose by 4,000.
- This is the 28th straight month of private-sector job creation, with payrolls growing by 4.4 million jobs (a pace of 156,000 jobs a month) since February 2010; total nonfarm employment (private plus government jobs) has grown by 3.8 million jobs over the same period, or 137,000 a month. The loss of 528,000 government jobs over this period was dominated by a loss of 377,000 local government jobs.
- Despite the 28 months of private-sector job growth, there were still 4.9 million fewer jobs on nonfarm payrolls in June than when the recession began in December 2007 and 4.5 million fewer jobs on private payrolls. Payroll job growth has averaged just 75,000 over the last three months, a substantial step backwards from the average of 252,000 jobs a month created in December through February (although warmer than usual weather played a role there).
- The unemployment rate remained at 8.2 percent in June, and the number of unemployed Americans remained 12.7 million. The unemployment rate was 7.4 percent for whites (3.0 percentage points higher than at the start of the recession), 14.4 percent for African Americans (5.4 percentage points higher than at the start of the recession), and 11.0 percent for Hispanics or Latinos (4.7 percentage points higher than at the start of the recession).
- The recession and lack of job opportunities drove many people out of the labor force, and we have yet to see a sustained return to labor force participation (people aged 16 and over working or actively looking for work) that would mark a strong jobs recovery. The labor force rose modestly in June. The number of people with a job rose by 128,000 and the number of people looking for a job rose by 29,000. (These numbers come from a different survey, which shows more month-to-month volatility than the payroll job growth numbers.)
- The labor force participation rate (the percentage of people aged 16 and over working or looking for work) remained a depressed 63.8 percent; before the current economic slump, labor force participation had not been this low since 1983.
- 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 been below 60 percent since early 2009, remained at 58.6 percent in June.

- 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 14.9 percent in June, down from its all-time high of 17.4 percent in October 2009 in data that go back to 1994, but still 6.1 percentage points higher than at the start of the recession. By that measure, over 23 million people are unemployed or underemployed.
- As discussed above, long-term unemployment remains a significant concern. Over two-fifths (41.9 percent) of the 12.7 million people who are unemployed — 5.4 million people — have been looking for work for 27 weeks or longer. These long-term unemployed represent 3.5 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.

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