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Statement of

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Friday, February 2, 2007

Nonfarm payroll employment increased by 111,000 in January, and the unemployment rate was essentially unchanged at 4.6 percent. Payroll employment rose by 196,000 in November and by 206,000 in December (as revised). In January, job growth continued in several service-providing industries. In addition, construction employment rose over the month, while the number of manufacturing jobs continued to decline.

Employment in health care increased by 18,000 in January, following a relatively large increase in December (43,000). Employment continued to trend up over the month in hospitals, ambulatory health care, and nursing and residential care facilities. Over the year, health care employment rose by 328,000.

Food services continued to add jobs in January, with gains of 21,000 over the month and 347,000 over the year. In January, employment in professional and business services continued to expand, led by a gain of 9,000 in architectural and engineering services.

Construction employment increased by 22,000 in January; job gains occurred in the nonresidential components and in heavy construction. Employment in construction was up by 100,000 over the year, as gains in nonresidential and in heavy construction more than offset losses in residential specialty trades construction.

Manufacturing employment declined by 16,000 in January and by 110,000 over the year. Over the month, there were job losses in motor vehicles and parts, computer and electronic products, furniture, and textile mills. Employee buyouts and larger-than-usual seasonal plant shutdowns contributed to the large job decline in motor vehicles. An employment gain in plastics and rubber products reflected the return of workers from a strike. The factory workweek fell by 0.2 hour to 40.8 hours, and overtime declined by 0.1 hour to 4.1 hours. Since peaking in July, the manufacturing workweek has declined by 0.7 hour.

Average hourly earnings for private production and nonsupervisory workers increased by 3 cents in January to \$17.09, a gain of 0.2 percent. Over the year, average hourly earnings rose by 4.0 percent.

The establishment survey data released today reflect the incorporation of annual benchmark revisions and updated seasonal adjustment factors. Each year, we anchor our sample-based survey estimates to full universe counts of employment, primarily derived from administrative records of the unemployment insurance tax system. In addition, the seasonally adjusted establishment survey data from January 2002 forward have been revised to incorporate updated seasonal adjustment factors.

The benchmark revision increased the level of nonfarm payroll employment in March 2006 by 752,000 (not seasonally adjusted) or about 0.6 percent. The average benchmark revision over the prior 10-year period was plus or minus 0.2 percent. We conducted extensive research into potential sources for this larger-than-normal benchmark revision for March 2006 and concluded there was no reason to deviate from our usual benchmarking process. We continue to research possible improvements to both the monthly payroll survey and the administrative data.

A summary of our research efforts can be found at <http://www.bls.gov/web/cesbmart.htm>.

Turning to the household survey data, both the unemployment rate and the number of unemployed persons were essentially unchanged in January, at 4.6 percent and 7.0 million, respectively. The labor force participation rate and the employment-population ratio also were little changed over the month, as were most other key measures from the household survey.

Household survey data beginning in January 2007 reflect updated population controls. As part of its annual review of intercensal population estimates, the U.S. Census Bureau determined that an upward adjustment should be made to the population controls. This adjustment stems largely from revised estimates of net international migration. The updated controls would have resulted in an increase of 321,000 in the estimated size of the civilian noninstitutional population age 16 years and over for December 2006. In accordance with our usual practice, official estimates for December 2006 and earlier months will not be revised.

A comparison of December 2006 not seasonally adjusted data based on the old and new controls shows that the population adjustments caused increases in the labor force

(163,000), employment (153,000), and unemployment (10,000). The unemployment rate, labor force participation rate, and employment-population ratio, however, were not affected.

In summary, payroll employment rose by 111,000 in January, and the unemployment rate was essentially unchanged at 4.6 percent.