1672

S. HRG. 105—27

THE EMPLOYMENT SITUATION: FEBRUARY 1997 AND THE CONSUMER PRICE INDEX

HEARING

before the

JOINT ECONOMIC COMMITTEE CONGRESS OF THE UNITED STATES

ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

March 7, 1997

Printed for the use of the Joint Economic Committee

U.S. GOVERNMENT PRINTING OFFICE
40-216 cc WASHINGTON: 1997

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-054993-0

JOINT ECONOMIC COMMITTEE

[Created pursuant to Sec. 5(a) of Public Law 304, 79th Congress]

HOUSE OF REPRESENTATIVES

JIM SAXTON, New Jersey
Chairman
DONALD A. MANZULLO, Illinois
MARK SANFORD, South Carolina
MAC THORNBERRY, Texas
JOHN DOOLITTLE, California
JIM McCRERY, Louisiana
PETE STARK, California
LEE H. HAMILTON, Indiana
MAURICE D. HINCHEY, New York
CAROLYN B. MALONEY, New York

SENATE

CONNIE MACK, Florida
Vice Chairman
WILLIAM V. ROTH, JR., Delaware
ROBERT F. BENNETT, Utah
ROD GRAMS, Minnesota
SAM BROWNBACK, Kansas
JEFF SESSIONS, Alabama
JEFF BINGAMAN, New Mexico
PAUL S. SARBANES, Maryland
EDWARD KENNEDY, Massachusettes
CHARLES S. ROBB, Virginia

CHRISTOPHER FRENZE, *Executive Director*
ROBERT KELEHER, *Chief Macro Economist*

PREPARED BY JUANITA Y. MORGAN

CONTENTS

OPENING STATEMENTS OF MEMBERS

Representative Jim Saxton, Chairman 1
Representative Maurice D. Hinchey 3

WITNESS

Statement of the Honorable Katharine G. Abraham, Commissioner, Bureau of Labor Statistics Accompanied by Kenneth V. Dalton, Associate Commissioner for Prices and Living Conditions; and Phil Rones, Assistant Commissioner of Current Employment Analysis 4

SUBMISSIONS FOR THE RECORD

Prepared Statement of Representative Jim Saxton, Chairman, along with recent Joint Economic Committee Briefs, "*The Consumer Price Index and Public Policy*," December 1996 and "*The Consumer Price Index and Tax Policy*," March 1997 21
Prepared Statement of Commissioner Katharine G. Abraham, together with Press Release No. 97-74, entitled, "The Employment Situation: February 1997," Bureau of Labor Statistics, Department of Labor, March 7, 1997 29
Letter, along with history of funding, to Representative Jim Saxton by Commissioner Abraham 51
Letter, along with supporting evidence of recent trends in productivity, to Representative Hinchey by Commissioner Abraham 60

EMPLOYMENT SITUATION: FEBRUARY 1997 AND THE CONSUMER PRICE INDEX

Friday, March 7, 1997

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
WASHINGTON, D.C.

The Committee met, pursuant to notice, at 9:30 a.m., in Room 1334, Longworth House Office Building, the Honorable Jim Saxton, Chairman of the Committee, presiding.

Present: Representatives Saxton and Hinchey.

Staff Present: Chris Frenze, Colleen Healy, Juanita Morgan, Mary Hewitt, Roni Singleton, Amy Pardo and Brenda Janowiak.

OPENING STATEMENT OF REPRESENTATIVE JIM SAXTON, CHAIRMAN

Representative Saxton. Good morning. Once again I am pleased to welcome Commissioner Abraham before the Joint Economic Committee, and let me say at the outset it is fairly evident that this hearing will have sparse attendance, and there is a reason for that. This morning, Republicans and Democrats have joined together in a bipartisan retreat in Hershey, Pennsylvania. The purpose of that retreat is to try to get to know each other better so we can move forward policy matters in a more constructive—hopefully in a more constructive manner. So I stayed behind this morning to be here with Dr. Abraham and her staff, and I am pleased to be able to do that.

The employment data reported this morning are good news for American workers. Payroll employment was up a strong 339,000, and the unemployment rate was essentially unchanged at 5.3 percent. The data reflect a continuation of the economic expansion that began in 1991. Needless to say, this business cycle expansion was not caused by the tax increases of 1990 or 1993. The current expansion marks another phase

in the cyclical pattern that has characterized the U.S. economy over our entire history.

Another Bureau of Labor Statistics (BLS) statistic, the Consumer Price Index (CPI), has been the center of a growing controversy in recent months. As I have stated many times, Congress needs to closely examine the technical issues regarding the Consumer Price Index before policy decisions are made in this area. A potential trillion dollars of tax increases and benefit restraint would affect too many people for decisions to be made without complete information.

This is why I requested a BLS study of the issues raised by the Boskin Commission report which was released a month or so ago. We in Congress, and any others who may be appointed, need information as soon as possible. Staff discussions between the Joint Economic Committee and the Bureau of Labor Statistics have defined the forthcoming BLS study to facilitate a prompt turnaround. Obviously we will provide the BLS study to Members of Congress and any commission that may come into existence.

In an ideal world, the Bureau of Labor Statistics would have as much time to complete this as the Boskin Commission needed to complete its report, which was a couple of years. However, we do not live in an ideal world. Recent events make clear the need to accelerate the production of the BLS study. I have tried to provide a forum here at the Joint Economic Committee for an analytical review of the problems connected to the CPI, but I am, I just say, somewhat frustrated that the BLS has not been better able to explain the CPI issues.

Let me just stop for just a minute and deviate from my prepared testimony and just say why I am so concerned about this. I read in this morning's—I guess I read in yesterday's *Wall Street Journal* that on one hand the movement toward a commission seems to have slowed. I read on the other hand in this morning's Washington press that there is some disagreement among congressional leaders. On the Senate side, there is a strong desire to move toward a commission and make decisions in a rather quick manner. On the other hand, the House leadership seems to want to go slow, and frankly, I would delight in taking some credit for getting the House in a position of slow movement. That is because

changing the CPI quickly before we know all the facts could provide for tax increases over the long run.

A trillion dollars in savings, as suggested by the Boskin Commission, may be available. I believe that at least 40 percent of that would come in the way of tax increases. So to put our country and our taxpayers in a position where an arcane change in a formula produces a different CPI, which over the long haul produces as much as $400 a year in increased taxes for each American taxpayer on average, is a very serious matter.

So I continue to urge restraint on this issue and will get into this more as we move forward in the question and answer period.

The recent and forthcoming improvements in the CPI that have been under preparation for some time have not been effectively explained by the BLS to the public. Given the controversy around the CPI issue, BLS needs to be more aggressive in addressing the valid concerns of Congress and the public regarding the CPI.

[The prepared statement of Representative Saxton, along with recent Joint Economic Committee Briefs on the Consumer Price Index, appear in the Submissions for the Record]

Representative Saxton. Dr. Abraham, once again, welcome. We are glad you are here this morning and glad you have good news, and we are ready to hear your testimony.

I am sorry. Mr. Hinchey came in while I was giving my opening statement, so please proceed

OPENING STATEMENT OF REPRESENTATIVE MAURICE D. HINCHEY

Representative Hinchey. Thank you very much, Mr. Chairman. I was glad to hear your opening statement. I certainly want to concur with your analysis of the discussion with regard to the CPI. I think your statement urging restraint in movement in that area is, I think, very sound and well-reasoned, very intelligent. I certainly join you in that.

I look very much forward to your testimony here this morning, Commissioner. I know you bring some good news. The payroll employment is up almost 340,000 since the last report. That, of course,

indicates that the economy is still moving along at a fairly strong rate, and we, of course, welcome that news.

Also, the issue of the CPI, as the Chairman stated, is critically important. The idea that it should be increased as some have advocated, the Chairman of the Federal Reserve Board, for example, would mean, in effect, something like a $1 trillion tax increase for certain aspects of the American economy and some of the American people. So, as the Chairman indicated, it is something we ought to do very carefully and very deliberately.

So I want to join the Chairman in welcoming you here this morning, and we look forward to hearing what you are going to tell us.

Representative Saxton. Dr. Abraham.

STATEMENT OF THE HONORABLE KATHARINE G. ABRAHAM, COMMISSIONER, BUREAU OF LABOR STATISTICS

ACCOMPANIED BY KENNETH V. DALTON, ASSOCIATE COMMISSIONER FOR PRICES AND LIVING CONDITIONS; AND PHIL RONES, ASSISTANT COMMISSIONER OF CURRENT EMPLOYMENT ANALYSIS

Ms. Abraham Thank you, Mr. Chairman. I guess following our normal practice, I would like to begin by talking about the employment and unemployment data that we have to release this morning. As you have noted, nonfarm payroll employment rose by 339,000 in February, following a gain of 247,000 in January. The unemployment rate at 5.3 percent was about unchanged over the month.

Much of the February employment increase occurred in construction, which added 109,000 jobs. The magnitude of February's increase can be attributed to mild weather across much of the country following unusually severe weather in January which had restricted job growth. Nevertheless, job growth in construction has been strong since late 1995.

The services industry added 80,000 jobs over the month following a much larger increase in January. February employment growth in

services was held down by a large decline in help-supply services, a decline of 47,000. This industry exhibited an unusually large increase last month, then a decline this month. That reflects some issues related to the seasonal adjustment factors for the industry having to do with last year's January blizzard that I would be happy to elaborate on if you would like.

Several services industries also had notable job gains in February, including computer and data processing services and engineering and management services. Employment growth in health services was somewhat off its pace in recent months with a gain of just 14,000, but this followed a very large increase in January.

Elsewhere within the service-producing sector of the economy, retail trade added 49,000 jobs in February, following no growth in January. The February increase was driven by a large gain in general merchandise stores that offset a similarly sized decline last month. Typically, there are substantial layoffs in department stores in both January and February; this year, however, the layoffs were concentrated in January. Hiring in wholesale trade picked up substantially in February with an increase of 21,000 jobs. There was a sizeable addition to transportation payrolls. This is the second large increase in a row for this industry. Finance and real estate continue to show steady growth. Within government, employment in state and local government rose in February, reflecting large gains in state and local education, though Federal payrolls continued to ebb.

In contrast, manufacturing employment was essentially unchanged over the month, with most of the durable and nondurable goods industries showing little or no change. Employment continued to wane in apparel, which lost 5,000 jobs over the month and has shed 65,000 jobs over the past year. The manufacturing workweek, at 41.9 hours in February, rose by two-tenths of an hour over the month, and factory overtime edged up by one-tenth of an hour to 4.7 hours.

Looking at the private sector overall, average hours more than rebounded from their sharp weather-related decline, increasing eight-tenths of an hour to 35 hours in February. Average hourly earnings for private production rose three cents in February to $12.09. This follows gains of two cents in January and five cents in December.

Shifting to the data from our survey of households, the unemployment rate was essentially unchanged in February at 5.3 percent after seasonal adjustment. The jobless rate has held at or near this level since last summer. The rates for all major demographic groups showed little change over the month.

In summary then, nonfarm employment rose by 339,000 in February as widespread gains in the service producing sector were buoyed by a large increase in construction. The unemployment rate was little changed at 5.3 percent.

My colleagues and I, as always, would be happy to answer any questions you or Mr. Hinchey might wish to raise, either recording these data or other data that was produced.

[The prepared statement of Commissioner Abraham appears in the Submissions for the Record.]

Representative Saxton. Thank you very much, Dr. Abraham. In your statement you note that the effects of weather conditions on certain industries in February had an effect perhaps on these numbers. How was construction employment affected by the weather over the last couple of months?

Ms. Abraham. Well, going back to January, there was particularly bad weather in large parts of the country in January, and we think that that held down seasonally adjusted employment growth in January. Putting it slightly differently, we probably saw more seasonal layoffs than we ordinarily might have expected.

In February, to contrast, the weather was extraordinarily good for outdoor work, and the impact of that was that there were more people on payrolls than there ordinarily would have been at this time of year. So I think it is clear that this 109,000 increase in construction employment exaggerates strength in the industry, but it would be difficult to distinguish how much was due to weather patterns versus what was going on in terms of underlying strength in the industry.

Representative Saxton. Would you care to comment relative to job increases in the service sector as compared to the manufacturing sector?

Ms. Abraham. As is typical, much of the employment increase over the month was concentrated in the service-producing sector. Phil may have some figures on that to contribute.

Mr. Rones. This month, because we had the large increase in construction, about a third of the growth was in the goods producing sector which includes the construction industry. If you look at a longer term, over the past year we see that 91 percent of the job growth has been in this broad service-producing sector of the economy.

Representative Saxton. Thank you.

Dr. Abraham, I would like to turn now to the CPI issue, as does, I think, most everybody who is here today, recognizing that the Bureau of Labor Statistics has a very special responsibility, and that is to determine from time to time the rate of inflation. The measure we have customarily used for that, at least in recent history, is known as the Consumer Price Index. Throughout our government and throughout our business or private sector, the CPI is used for many important purposes. And so I have some questions which I would like to go through for the purpose of a discussion on this matter here publicly today so that policy makers as well as citizens have access to this information, relating to what is, probably to most people, a fairly arcane, hidden subject.

Commissioner, is it true that the Consumer Price Index was not designated to be a COLA measure, or cost-of-living adjustment for the government, and that some of the problems we have might be related to using a tool for a purpose for which it was not designed?

Ms. Abraham. I guess I would respond to that by saying the Bureau of Labor Statistics has attempted for a good, long time to be clear about what the CPI is and what it isn't. It is a measure of the change in the cost of purchasing a fixed market basket of goods and services. It does not take into account, in its present form, opportunities that consumers may have to shift their consumption bundle when relative prices change. A cost-of-living measure would do that. Because it doesn't take this substitution behavior into account, the CPI provides an upper bound estimate of change in the cost of living, leaving other issues related to quality of goods and so on to the side for a moment.

Representative Saxton. Thank you.

Last month we discussed the necessity of changing the CPI formula from time to time, or the basket of goods, and the difficulties involved in making those changes in order to arrive at a more accurate CPI. Today there is widespread impression that the Bureau of Labor Statistics has

done little or nothing to improve the accuracy of the CPI in recent years. Is this impression accurate?

Ms. Abraham. No, if that is indeed the impression that people have, it is not accurate. We have, over the whole long history of the Bureau being responsible for producing the CPI, made many improvements in the procedures and methods that are used. In particular, focusing on the past couple of years, we have made a number of significant improvements in our procedures. We would be happy to list them for you if you would like.

Representative Saxton. In fact, Dr. Abraham, hasn't the BLS taken steps in recent years to address the formula bias and recently also changed the hospital services component of the CPI?

Ms. Abraham. Yes, that is correct. I might add that we are planning as of next January to be introducing new updated weights in the index. We have been actively working on the production of alternative indexes using different methods that will help us as we make decisions about how the CPI will be calculated in the future, and as you know, we have put forward a budget proposal for funding beginning in fiscal year 1998 that would allow us to move forward aggressively with addressing a number of other issues within the CPI.

Representative Saxton. And isn't it true that within the next year your plans are to introduce new and more current procedures that some estimate could shave as much as two-tenths of a percent off the CPI?

Ms. Abraham. That is correct. In January of 1998, we will be introducing new weights, and the Congressional Budget Office has made an impact estimate of what impact that is likely to have on the index. Their estimate is it will reduce it about by about 0.2 percentage points a year.

Representative Saxton. We in the Congress have been under the impression that the CPI has been reweighted every 10 years or so. The recent reweighting seems to have been somewhat delayed, however. Did funding problems have anything to do with the delay, and did money play any role in this delay or that of any other proposed improvements to the CPI?

Ms. Abraham. The past history has been that weights in the CPI have been updated about every 10 years. It has not been on a rigid,

exactly-every-10-year schedule. It has been about every 10 years. I came to the Bureau in the fall of 1993, and I really can't speak in an informed way to the history of funding for the CPI revision prior to my arrival.

Representative Saxton. In the last —

Ms. Abraham. But we did receive funding for getting started on the revision of the CPI, the roughly-every-10-year revision of which this weighting is a part, in my first year at the Bureau.

Representative Saxton. Did funding problems have anything to do with the delay, and did money play any role in the delay? Obviously there has been a delay.

Ms. Abraham. Well, as I said, the schedule for updating the weights has not been a fixed, rigid schedule.

Representative Saxton. During your tenure, did this Administration reject or refuse to accommodate any BLS proposal for CPI adjustments in 1993, 1994, 1995, or 1996?

Ms. Abraham. As I indicated, I came to the Bureau in October of 1993. At that point, the budget for fiscal year 1994 was already set. We received funding to get started with the CPI revision in my first year there, that is for fiscal year 1995.

Given that I don't have this information here, perhaps I could offer to provide you with a history of what happened with funding for the revision and other activities for the record.

[Letter, along with history of funding, to Representative Jim Saxton by Commissioner Abraham appear in the Submissions for the Record.]

Representative Saxton. My understanding is that some time in 1993 or 1994, perhaps prior to the beginning of your tenure, there was a request by the Bureau of Labor Statistics to the Administration for funding for purposes of bringing up to date the CPI formula and/or process. I appreciate your offer to provide us with documents that would speak to that request and denial, if there was one, and we would appreciate very much having the opportunity to review those documents. So I would ask that budget documents, including any proposal for improvements to the CPI, be provided to the Joint Economic Committee for our records. Would that seem —

Ms. Abraham. Let me look at what we have got, and my interest is simply not to provide you today with information that might be inaccurate, since I don't have this all at my fingertips.

Representative Saxton. Okay. Thank you very much.

It was recently announced that the BLS will soon begin publication of an experimental index that would be evaluated through the end of the year. Is the intent to then eventually include validated components of this experimental index in the regular CPI program?

Ms. Abraham. That is what we are looking at. The evaluation that we are doing is the evaluation of the applicability of what is termed the geometric mean formula, the calculation of the subindexes. And we are looking at whether there are components of the index in which that formula might be more appropriate than the formula we are currently using, and our intention, if we can conclude that there are, is to adopt whatever formula we deem most appropriate in the official index. It would take effect in the official CPI most likely, if we decide to make changes, in January of 1999. We need to give users of the CPI some advanced notice of changes of that sort.

Representative Saxton. The point that I think is important here is that there is an ongoing process that changes the market basket from time to time, that updates BLS procedures, and that that process is ongoing, and that this experimental index that will go into place and be studied during the balance of this year is part of that ongoing effort; is that correct?

Ms. Abraham. That is correct.

Representative Saxton. As I understand it, in constructing the CPI, BLS relies on solid empirical evidence and can make changes only on that basis. Judgments by informed experts on specific CPI issues may have some validity, but often cannot be confirmed by objective measures needed to be integrated into the CPI. If BLS relied on judgments that were debatable to make changes in the CPI, could the Agency possibly become subject to legal action by private parties affected by changes in the CPI?

Ms. Abraham. I must admit that I have not thought about that particular question. It has always been the position of the Bureau that what we ought to be doing in producing our statistics is using objective

methods, well-specified procedures that yield reproducible results. I think that that is important to maintaining the confidence of the public in the measures that we produce, that they are not based on judgments that might in any way be viewed as arbitrary or subjective.

It is not just the BLS that thinks that that is the right way to go in producing this sort of measure. I don't know whether you happened to see the editorial in the *Wall Street Journal* on February 26th authored by Martin Feldstein. He has given testimony to this effect as well. If I could just quote a sentence from his editorial, "BLS rightly insists that it must calculate the CPI according to rigorous, replicable methods and cannot introduce arbitrary judgments about possible overall change from new products and from quality changes."

Representative Saxton. Thank you.

What worries me currently is that there is a debate ongoing among elected officials and other government officials where other kinds of pressures are being brought to bear on this issue that go in a direction that might take us some place other than where empirical evidence would otherwise take us. Again, I point to recent press accounts that suggest that the President is debating this issue and hasn't taken a stand on this issue yet, meaning it is an open question as to how the President might like to proceed. And there is some difference of opinion in the Congress, and, of course, when the Congress and the President begin to debate issues, the final decisions aren't always made on empirical—on an empirical evidence basis. Relative to this CPI issue, that concerns me a great deal, and I would assume it would concern you as well; is that correct?

Ms. Abraham. What I was speaking to was the issue of what I think it is appropriate for the Bureau of Labor Statistics to do in producing our measures. The Consumer Price Index is put together in a certain way. There are things that we measure. There are also some things that it would be difficult for us to measure, and it would not be appropriate for me to be expressing a view one way or another—.

Representative Saxton. Thank you.

Ms. Abraham. —about whether, in view of the things that we do and don't do, Congress wished to make a decision to use the CPI in a different way than it has been used in the past.

Representative Saxton. Well, let me just pursue this point slightly further. When I talk about other pressures being brought to bear in the political arena, there is no greater pressure point that I know of than talking about the CPI and changing the CPI when we begin to relate it to issues like decreases in benefits for social security beneficiaries. That becomes a much different issue than talking about whether or not the CPI is accurately, based on empirical data.

The White House and the Congress are currently considering making changes in the CPI process within that ultra sensitive political arena. I would assume that would cause you some concern, as well as — that may be the hot button, but tax increases certainly are not a lightweight pressure on all of us either. So tax increases could come about because of changes that do not rely on empirical data. Tax increases and social security decreases might tend to encourage this institution or others, such as the White House, to make decisions based on the wrong types of input and facts.

Would you agree?

Ms. Abraham. I view my job as working hard to ensure that the BLS is producing the best possible Consumer Price Index and that we are being as clear as we can possibly be about what it is we have measured and what the remaining issues with whatever index we have produced are; and from that point, it is for others to make judgments about whether and how that index should be used.

Representative Saxton. If Congress were to decide to use a different price index as an escalator for benefit programs and taxes, would BLS have any objections?

Ms. Abraham. Absolutely not.

Representative Saxton. If the Federal Reserve desired to set up a retail price index program, would the BLS have a problem with that idea?

Ms. Abraham. I guess the only conceivable problem that I would have with that idea is that I think that it might be a bit difficult to explain to establishments that we were asking for information, why it was that the Federal Government was engaged in two separate data collection activities to get at essentially the same thing. So I would have that sort of operational, but beyond that, no.

Representative Saxton. Thank you, Dr. Abraham.

Let me ask one more question and then I will yield to Mr. Hinchey. Assuming that the CPI overstatement could be measured with laser-like precision, is there any necessary reason that it would be exactly the same each year? Shouldn't we expect it to vary with waves of new technology, product cycles, and perhaps business cycles?

Ms. Abraham. This was the possible bias in the Consumer Price Index?

Representative Saxton. Yes, ma'am.

Ms. Abraham. Sure, you might expect that that would vary from year to year or over periods of time, depending on the kinds of things you are talking about.

Representative Saxton. Thank you.

Mr. Hinchey, for your questions.

Representative Hinchey. Thank you very much, Mr. Chairman.

And thank you again, Commissioner. I thought that was a very interesting line of questioning, and your answers, I think, are also very instructive. This is an issue, of course, that has gotten a great deal of public attention for a lot of reasons. There was an awful lot at stake. The adjustments in the CPI as they have been suggested by such very notable people in our economic structure as the Chairman of the Federal Reserve Board would have far-reaching consequences for millions of Americans if those suggestions were followed by the Congress, and there are, I believe, some people here in the Congress who would, if they were able, bring about a balanced budget faster, more expeditiously, even if it meant reducing benefits for certain people who really need those benefits and, others might argue, might not ought to have them reduced.

So this is a very important discussion. It goes far beyond just the technical aspects of numbers, but really relates to the quality of lives of millions of Americans, many of whom really are living on sort of an economic edge, just barely making it from week to week and month to month. So this is a critically important question.

Is there any reason to believe, Commissioner, that a separate commission established by the Congress could produce a more accurate description of the increase in consumer prices on a regular base than the Bureau of Labor Statistics?

After all, this is your expertise. This is something that you do professionally. You have people who are very highly skilled in looking at changes in the economy and making judgments based upon those changes.

Is there any reason why we should believe that some commission that was appointed without those kinds of skills could produce anything like a more realistic number than the one that is produced by the agency you currently head?

Ms. Abraham. Perhaps I could answer that by going back to something I said in response to a question from Chairman Saxton.

I think that the staff of the Bureau of Labor Statistics have done an excellent job over the years and continue to do an excellent job of measuring things that it is possible to measure, using the kind of techniques that is appropriate for us to use.

We need to be employing in the construction of the Consumer Price Index and our other measures methods that can be specified in advance, that yield results that are reproducible in the sense that if we had someone else come in to do the work, they would get the same answer, so that we are not applying judgment in a broad way in coming up with the data that we are reporting.

At the same time, there are things that we are clearly not measuring at the present time and that it would be very difficult for us ever to measure. I am thinking about the things like the value of increased variety in stores, or the gain to consumers associated with having available on the market new products that do new things that were never available before, or things like deterioration in the quality of retail service, improvements in the quality of medical care that mean that people who go through procedures get better outcomes.

There is a whole set of things that we, at this point at least, don't know how to measure. And if the Congress were to conclude that the Congress wished to have someone else try to make some judgments, given information on those things, that would not be something that I would have a view on.

Representative Hinchey. Something you would not have a view on?

Ms. Abraham. Something I would not have a view on. That is a policy call. Certainly the information we provide does do some things; it does not do other things.

Representative Hinchey. Yes. What you do is measure basic elements of the economy, the cost of a market-basket of goods, things that are essential in the lives of most Americans. Some of the things you have described and have been described by others — for instance, the quality of the picture on a television receiver, those kinds of things are obviously much more subtle, but I would argue more of a boutique nature. They are less essential. If you include those kinds of things in the calculation of the CPI, you begin to look at something that is quite different from the basic elements that are essential to maintain a certain standard of living. You begin to look at it in an entirely different way. And that is what, in effect, is being urged upon the Congress to some extent.

Ms. Abraham. Perhaps to clarify, the CPI is not designed to track the cost of purchasing things that are essential for living. The CPI is designed to track the cost of purchasing that set of things that we actually see people buying. So expenditures on tobacco are reflected in the index with a weight, expenditures on alcohol are reflected in the index with a weight and so on.

Representative Hinchey. Yes. What I mean by that, not essential to living, but just the common, ordinary things people buy in order to maintain a certain basic standard of living in our society at this particular moment.

Ms. Abraham. Well, I guess I would add to that that we do, in the construction of the current index, make an effort to account for improvements in the quality of items, so that if the automobile that is being sold this year is better in certain respects than the automobile that was sold last year, we do make an effort to take the part of the increase in the cost of that car that is due to those improvements out in the measure of price change that we report.

Representative Hinchey. Okay. Thank you.

There has been some increase in the last couple of months, you have reported increases in wages. Wages have begun to start moving up again after a long period of time when they did not. Can you establish for us

a relationship between the increase in wages that you have reported and increases in productivity?

Ms. Abraham. Boy, not on any short-term, month-to-month or quarter-to-quarter basis.

Representative Hinchey. But productivity is rising always.

Ms. Abraham. Gosh, I do not have at hand those figures. Perhaps I could turn to Ed Dean, our Associate Commissioner for Productivity, to recite the latest figures on that.

Mr. Dean. For the business sector of the economy, the percentage change between the fourth-quarter of 1995 and the fourth-quarter of 1996 was 1.5 percent. The percent change in hourly compensation over the same time period was 3.7 percent. After adjustment using the CPI-U for the same period, the increase in real hourly compensation was 0.6 percent.

Representative Hinchey. I didn't get that last part.

Mr. Dean. 0.6 percent from the fourth-quarter of 1995 to the fourth-quarter of 1996.

Representative Hinchey. What does that number reflect?

Mr. Dean. That is the hourly compensation increase over that time period adjusted for changes in the CPI-U, the CPI for all Urban consumers, and we label it, therefore, the real hourly compensation change.

Representative Hinchey. Please say that again.

Mr. Dean. The change in real hourly compensation on the fourth-quarter of 1995 to the fourth-quarter of 1996 was 0.6 percent, compared with a nominal increase in hourly compensation over the same time period of 3.7, and an increase in business sector productivity of 1.5 percent.

Representative Hinchey. If I understand your numbers correctly, productivity is rising at a rate faster than wages are increasing.

Mr. Dean. Over this particular four-quarter period, that is the correct answer. We have, of course, information over longer time spans.

Representative Hinchey. Well, this phenomenon you are reporting with regard to wages is relatively new. As I understand it, wages have

been essentially flat for some period of time, and now they begin to move up again; is that accurate?

Mr. Dean. They have moved up recently more rapidly than they did earlier in the 1990s.

Representative Hinchey. Okay. So my conclusion then, and correct me if I am mistaken, based on what you just said, although wages are beginning to go back up, productivity is currently rising faster than the increase in wages.

Mr. Dean. I could look up or provide for the record information over longer time periods. You are correct in your remarks with respect to the four quarters ending in the fourth-quarter of 1996.

Representative Hinchey. I would appreciate if you would do that over a long time period, but I am particularly interested in this time period, because this time period has been cited by some as an indication that we are beginning to see indications of new inflation, where that doesn't seem to be the case. There is no inflation if productivity is going up faster than wages are going up. So this is something I hope our friends at the Federal Reserve Board when it meets, that is the Federal Open Market Committee meets on the 25th of this month, I would—maybe you do this routinely, but I would request of you that you send a message to Mr. Greenspan, the Chairman of the Federal Reserve Board, in which you indicate to him, as you have indicated to the Committee here this morning, that although wages are beginning to go up, productivity is going up faster, and therefore there is no wage push inflation in the economy currently. Would you be kind enough to do that?

[Letter, along with supporting evidence of recent trends in productivity, to Representative Hinchey by Commissoner Abraham appear in the Submissions for the Record.]

Ms. Abraham. It is my understanding that Chairman Greenspan scrutinizes all of our data most carefully.

Representative Hinchey. Well, I appreciate that he likely does; however, I would like to assist him in coming to the proper conclusions as he examines those data, because I fear at some points in the past he may not have done so.

Representative Saxton. If the gentleman would just yield, the Chairman of the Fed, Alan Greenspan, will be here with us on, I believe, March 20th, and we will have the opportunity to discuss these issues with him in some depth at that time as well.

Representative Hinchey. Mr. Chairman, thank you very much. That is a very timely appearance, just before the FOMC meets. Thank you very much.

Ms. Abraham. Thank you.

Representative Saxton. Thank you, Mr. Hinchey.

Mr. Hinchey mentioned the difficulty of being accurate on CPI issues. In fact, Mr. Hinchey, it is interesting to point out that the Boskin Commission, which, incidentally, spent two years studying this issue and related issues before coming to a conclusion, apparently found that the overstatement in inflation in the CPI ranged from seven-tenths of 1 percent—keeping in mind that in recent years inflation has been rather low, the misstatement in the CPI ranged from seven-tenths of 1 percent to two percentage points. Now, this is a huge deviation, and I think that the Boskin Commission itself, which studied this issue for two years, came to a conclusion that translates to me to say that this computation is extremely difficult, and it perhaps borders on impossible to get the kind of accuracy that some in this town today would like to see.

As a matter of fact, it is interesting to point out that the survey that is used to compute the CPI includes some 90,000 items that are purchased and sold in our country and includes a survey of some 22,000 retail outlets. Now, I don't know how economists and accountants and analysts think about these issues, but this seems to me to be a rather arduous task. As a matter of fact, going back as far as 1928, we find interesting evidence from associates of Alan Greenspan, as a matter of fact, Ludwig von Mises, who is one of Alan Greenspan's compadres and belongs to his circle of intellectuals. Let me just quote from one of his writings from many decades ago. He noted that even the problem of weighting, and when we are talking about weighting, it is how you get to an accurate CPI and how certain things are discounted and other things gain more prominence in the computation, he said, quote, weighting is, quote, "not capable of solution with certainty in a way as to be recognized by everyone as right. This idea that changes in the purchasing

power of money may be measured is scientifically untenable." Now, that is as far back as 1928.

So it is a very interesting issue to ponder how able we may be, as a Congress, dealing with issues like social security and tax increases or a commission appointed by the Congress of our friends and associates. It seems to me this is at best a very difficult issue and one the Bureau of Labor Statistics wrestles with day in and day out, sometimes with adequate resources to do so, and sometimes, I think we are going to find out, without adequate resources to do so. So, Dr. Abraham, these are difficult issues, we know that, and we appreciate the task that you have in dealing with them.

I don't know that I have any other specific questions this morning on this issue, but I do know that it causes me a great deal of concern for all of the reasons that I have given earlier. So I have no other questions at this time. If you have something further that you would like to add, we would be more than pleased to hear from you.

Ms. Abraham. No. I guess the only thing that I would add is I appreciate your kind words regarding the work that the staff of the Bureau of Labor Statistics have done to produce this measure. We have, I know, worked hard over the time that I have been at the Bureau to make sure that people did understand the various activities in which we have been engaged to improve the CPI, including numerous press conferences, publication of articles and so on. But it is sometimes difficult to get that message out, and I appreciate your having brought that topic up this morning.

Representative Saxton. Thank you.

Mr. Hinchey.

Representative Hinchey. The Chairman raised the issue, I think very appropriately, of the resources that you have to accomplish the task that you have been assigned by the Congress. It seems to me that the work that you do is so critically important that we ought to ensure that you have the proper resources to carry it out. I know that the President has requested an increase in the budget for your agency, and I would expect that if I asked you the question, do you think that you need it, you would probably say yes, but—

Ms. Abraham. Yes.

Representative Hinchey. But I would like to ask that question in any case, because I believe it is true.

Ms. Abraham. Our budget request includes a request for funding, not only for the Consumer Price Index—and we have asked for an increase in funding for the Consumer Price Index to allow us to do a whole set of things that we have identified as improvements in our methods for producing the CPI—but also continuing funding for production of all of the other economic statistics for which we are responsible and which I would note also serve a very important function to the many users of those data.

Representative Hinchey. Thank you.

Representative Saxton. Dr. Abraham, thank you once again for being with us this morning. It is always very informative to have you come and visit with us. We appreciate it very much, and we look forward to seeing you as we move through the months ahead in addressing the employment data and other issues like the CPI. Thank you very much.

Ms. Abraham. Thank you.

[Whereupon, at 10:22 a.m., the hearing was concluded.]

SUBMISSIONS FOR THE RECORD

PREPARED STATEMENT OF REPRESENTATIVE JIM SAXTON, CHAIRMAN

Once again I am pleased to welcome Commissioner Abraham before the Joint Economic Committee.

The employment data reported this morning are good news for American workers. Payroll employment was up a strong 339,000, while the unemployment rate was essentially unchanged at 5.3 percent. The data reflect the continuation of the economic expansion that began in 1991. Needless to say, this business cycle expansion was not caused by the tax increase of 1990 or 1993. The current expansion marks another phase in the cyclical pattern that has characterized the U.S. economy over its entire history.

Another Bureau of Labor Statistics (BLS) statistic, the Consumer Price Index (CPI), has been the center of growing controversy in recent months. As I have stated many times, Congress needs to closely examine the technical issues regarding the CPI before policy decisions are made in this area. A potential trillion dollars of tax increases and benefit restraint would affect too many millions of people for decisions to be made without complete information.

This is why I requested a BLS study of the issues raised by the Boskin Commission report. We in Congress, and any new commission that may be appointed, need as much information on this subject as soon as possible. Staff discussions between the JEC and BLS have defined the scope of the forthcoming BLS study to facilitate a prompt turnaround. Obviously we will provide the BLS study to Members of Congress and to any commission that may come into existence.

In an ideal world, BLS would have as much time to complete this study as the Boskin Commission needed to complete its report. However, we do not live in an ideal world. Recent events make clear the need to accelerate the production of the BLS study. I have tried to provide a forum here at the JEC for an analytical review of the technical problems connected to the CPI, but I am frustrated that the BLS has not

been able to better explain its positions on CPI issues. It also is difficult to understand why no BLS study of the Boskin Commission report was prepared for release in the weeks after this report was issued.

The recent and forthcoming improvements in the CPI that have been under preparation for some time have not been effectively explained by BLS to the public. Given the controversy around the CPI issue, BLS needs to be much more aggressive in addressing the valid concerns of Congress and the public regarding the CPI.

JOINT ECONOMIC COMMITTEE BRIEF
JIM SAXTON, VICE-CHAIRMAN
INSIDE MAIL

1537 Longworth House Office Building, Washington, DC 20515 Phone: 202-226-3234 Fax: 202-226-3950 Internet Home Page: www.house.gov/jec/

December 1996

The Consumer Price Index and Public Policy

On December 4, 1996 a commission of five economists headed by former Bush Administration Council of Economic Advisers (CEA) chairman Michael Boskin issued its report on the Consumer Price Index (CPI) to the Senate Finance Committee. The report, *Toward a More Accurate Measure of the Cost of Living,* suggests that the current CPI may overstate inflation by between 0.8 to 1.6 percentage points annually. The commission concluded that the most reasonable point estimate of this overstatement is 1.1 percentage points per year.

This conclusion will spark a controversy because the CPI is used to inflation index social security, military retirement, and several other entitlement programs. Less often noted is its use to index parts of the income tax including tax brackets, personal exemptions, and the standard deduction. Over time, the cumulative budget effects of a significant reduction in CPI increases would amount to hundreds of billions of dollars in spending restraint, higher tax revenues from primarily middle class taxpayers, and lower deficits, relative to baseline projections. For example, according to the commission's report, over a ten year period (1997-2006), well over $600 billion would be shaved from deficits by reducing CPI increases by 1.1 percentage points annually.

The commission's report suggests implementing legislation to adjust the CPI in order to realize the associated savings and revenues increases. The available analysis indicates that tax increases would comprise about 40 percent of the direct budget effects, while entitlement savings would comprise about 60 percent of these direct effects. For example, for every $100 billion of legislated budget changes, roughly $40 billion would be tax increases, and about $60 billion would be entitlement savings. Further outlay reductions would result from debt service savings. Policy makers will have to evaluate whether this ratio of tax increases to entitlement savings is optimal. This paper will take no position on this policy question, but only is intended to provide some background on some of the key issues.

The CPI and Measurement Issues

Although there is some agreement among economists that the CPI probably overstates inflation to some degree, there is great disagreement over the extent of this overstatement. Attempts to produce precise estimates of this overstatement involve resolution of many thorny issues inherent in any price index of this type. The difficulties are large enough that the Boskin commission's interim report estimated an upward statistical bias of 0.7-2.0 percentage points, a very large range in which the upper bound is nearly three times as large as the lower bound.

Most of the problems related to the CPI were identified by the Stigler committee several decades ago, and by the Bureau of Labor Statistics (BLS) since. The Stigler committee, headed by George Stigler (later named a Nobel Laureate), reported its findings in hearings held by the Joint Economic Committee (JEC) in 1961. Though BLS has addressed some of these issues, others remain.

The Stigler committee identified several sources of problems common to price indexes including "frequency of revision of the Weight Bases" -- referring to updating the market basket of goods and services -- quality changes, treatment of new products, treatment of consumer durables, and other issues. BLS has examined these and other issues over the years, and the Boskin commission also addressed them.

The technical issues related to the CPI are extremely complicated. The CPI is produced by classifying 207 strata of consumption items in 44 geographical areas, resulting in 9,108 components in the CPI. Aside from the sheer size of the CPI, the methodology also can be a source of problems. The CPI is an index composed of a fixed weight market basket of goods and services. Thus the substitution of lower priced goods for higher priced goods produces a *substitution effect.* When the price of one product rises, consumers tend to substitute like products to avoid the price increases. Even when sharply higher prices force substitution to avoid price increases, the CPI methodology assumes that consumer spending on each item is an unchanged proportion of the index over time, and thus price increases tend to be overstated. Likewise, when the price of one good drops, more of it may be purchased, but this increase is not reflected in changing weights in the CPI. Every ten years or so the CPI is reweighted with a more current reflection of relative consumption patterns. The problematic effects of substitution effects in a fixed weight index have been well recognized for many years.

Another issue results from the fact that the same product can be purchased from discount outlets. The proliferation of retail outlets such as the "Price Club" over the last ten years means that a larger proportion of some products are purchased on a discount basis, though often associated with a loss of service. This is called the *outlet substitution effect.*

One of the most difficult issues, the extent to which *quality* improvements account for price increases, appears impossible to resolve with precision. Exactly how much more productive is an item of computer software or hardware now relative to price changes occurring over several years? What is the increased value supplied by medical technology such as the latest MRIs and noninvasive surgical procedures relative to their prices and those of more primitive technology and procedures? Another problem area regards the introduction of entirely new products. How should a product's output and price be evaluated that may not have even existed several years before? Various statistical techniques can be used to try to resolve such

questions, but precise answers often cannot be obtained.

Conclusion

The Boskin commission has produced a serious report that merits serious examination. Careful consideration of CPI revision is needed because if it is excessive, it would have an important impact on social security and other retirement programs. It could also result in sizable tax increases on middle class taxpayers. Because the implications of the report are so significant, the report should be closely examined by other experts in the field. If a consensus develops that the CPI is not useful as an inflation adjustment index, perhaps some other index should be considered, as recommended by the Boskin commission. Some of the ideas contained in the recommendations of the Boskin commission have been under consideration or development by BLS for some time.

Christopher Frenze
Chief Economist to the Vice Chairman

JOINT ECONOMIC COMMITTEE BRIEF
JIM SAXTON, CHAIRMAN

G-01 Dirksen Building, Washington, DC 20510 Phone: 202-224-5171 Fax: 202-224-0240 Internet Home Page: www.house.gov/jec

March 1997

THE CONSUMER PRICE INDEX AND TAX POLICY

Last December, a panel of five economists, headed by Michael Boskin, Chairman of the Council of Economic Advisers (CEA) during the Bush Administration, released its report on the Consumer Price Index (CPI). The Boskin Commission report, *Toward a More Accurate Measure of the Cost of Living*, analyzes technical issues regarding the CPI and makes recommendations intended to lead to a more accurate measure of changes in the cost of living. This report also calls for legislative action to adjust indexing provisions.

The Commission found that the current CPI may overstate annual change in the cost of living from 0.8 to 1.6 percentage points. The Commission also concluded that the most plausible point estimate of this overstatement is 1.1 percentage points per year. Although there is considerable agreement among economists that the CPI probably overstates price inflation to some degree, there is great uncertainty over the extent of this overstatement.

The Commission's report has proved controversial because a variety of Federal entitlement programs, including Social Security and military retirement, are indexed using the CPI. This paper will focus on how a reduction in annual CPI adjustments would affect the Federal income tax. A previous Joint Economic Committee (JEC) report[1] found that income tax increases, falling primarily on middle class taxpayers, would comprise about 40 percent of the direct budget effects of a CPI revision. This paper takes no position on the policy issues related to adjusting the CPI.

THE CPI AND THE FEDERAL INCOME TAX

Under the provisions of the Economic Recovery Tax Act (ERTA) of 1981, certain features of the individual income tax were indexed to the CPI starting in 1985. These features include the personal exemption, standard deduction, and tax bracket boundaries. The effect of indexing is to expose a smaller proportion of income to taxation and to tax a portion of income at lower as opposed to higher tax rates. Conversely, a legislated cutback in annual tax indexing means that a higher proportion of personal income would be taxable, and some of it would be taxable at higher tax rates. Over time, the cumulative effects of curtailing tax indexing are very significant.

---

[1]See JEC report, *The Consumer Price Index and Public Policy*, December 1996.

Annual Tax Increases from Indexing Revision*

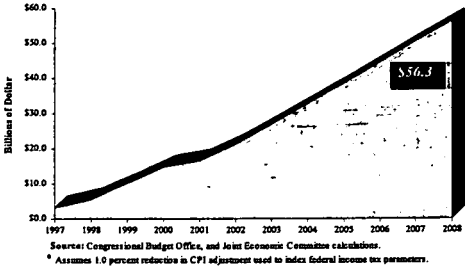


Figure 1

According to the available estimates, a 1.1 percentage point reduction in tax indexing would lead to a tax increase of about $322 billion over the next 12 years. Though the tax increases in the early years are not very large, the cumulative effects of de-indexing mount rapidly after the turn of the century. By 2008, the final year projected in the Boskin Commission report, the annual tax increase grows to about $56 billion. Thus, a reduction in tax indexing would lead to a major structural change in revenues in relation to other components of the budget. Figure 1 displays the amount of annual tax increases over the next 12 fiscal years.

Any attempt to calculate the effects of this proposal on individual taxpayers is very difficult because of the different tax situations of taxpayers. The number of personal exemptions, use or non-use of the standard deduction, and the proximity of taxable income to tax bracket thresholds are some of the variables involved. Nonetheless, the aggregate revenue numbers can be used conservatively to estimate the average tax increase per taxpayer resulting from reducing the CPI adjustment. By dividing the annual aggregate tax increase by the number of tax returns, the average impact per taxpayer can be approximated.

The projected number of individual tax returns for the next decade by tax year is available from the Internal Revenue Service. Use of tax filer data for this purpose is a conservative approach to determining the average tax increase per taxpayer because more than 15 percent of tax filers do not actually incur income tax liability. However, the erosion of tax indexing would force many low income filers currently without tax liability to become subject to the income tax.

The data show the significant effects caused by the erosion of tax indexing. By the year 2003, the average tax increase per taxpayer would total $208 annually. By the last year of the Boskin Commission projection, 2008, the average tax increase per taxpayer would amount to $405 annually. Over the entire 12-year period, the average tax increase would amount to about $2,424. Figure 2 displays the cumulative effects of this proposal.

WILL A CPI REVISION FUEL MORE SPENDING?

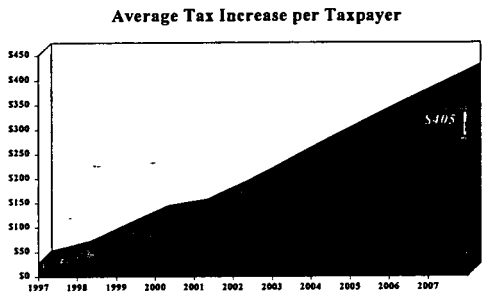


Figure 2

Up until now, the conventional assumption has been that the tax increases and benefit savings from a CPI revision would be devoted to deficit reduction. However, this assumption is open to question as there is no assurance these resources could not be rededicated to spending increases in discretionary programs or certain entitlement programs. If history is any guide, the revenue from this tax increase will likely stimulate more spending, not deficit reduction. Accor to a 1991 JEC study, the Federal government has spent $1.59 for every dollar of tax increases du most of the post-World War period[2]. If this pattern were repeated with the tax increases resulting from a CPI revision, not only would the entire tax increase be expended, but the additional increase in Federal spending would erase much of the entitlement savings as well.

CONCLUSION

A legislated reduction in the CPI adjustment to the Federal income tax would result in large and growing annual tax increases within several years. By the end of the period reviewed by the Boskin Commission, these tax increases would average more than $400 per family each year. These tax increases would fall primarily on middle class taxpayers. Moreover, the conventional assumption that these tax increases would necessarily result in deficit reduction rather than additional spending cannot be substantiated.

Christopher Frenze
Executive Director
Joint Economic Committee

---

[2]Vedder, Richard, Gallaway, Lowell and Frenze, Chris, *Taxes and Deficits: New Evidence ("The $1.59 Study")*, Joint Economic Committee, 1991.

PREPARED STATEMENT OF THE HONORABLE KATHARINE G. ABRAHAM

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to comment on the labor market data released this morning.

Nonfarm payroll employment rose by 339,000 in February, following a gain of 247,000 (as revised) in January. The unemployment rate, at 5.3 percent, was about unchanged over the month.

Much of the February employment increase occurred in construction, which added 109,000 jobs. The magnitude of February's increase can be attributed largely to mild weather across much of the country, following unusually severe weather in January, which had restricted employment growth. Nevertheless, job growth in construction has been strong since late 1995.

The services industry added 80,000 jobs over the month, following a much larger increase in January. February employment growth in services was held down by a large decline in help supply services (-47,000). This industry exhibited an unusually large increase last month because the seasonal adjustment factors for January were markedly affected by the severe 1996 winter; last year's unusual employment pattern also affected the February 1997 seasonal factors for help supply, leading to the large decline over the month in the seasonally adjusted employment estimate. When both months are viewed together, the average monthly increase over the period is about 13,000, in line with the average increase for 1996. Several services industries had notable job gains in February, including computer and data processing services and engineering and management services. Employment growth in health services was somewhat off its average pace in recent months with a gain of just 14,000, but this followed a very large increase in January.

Elsewhere within the service-producing sector of the economy, retail trade added 49,000 jobs in February, following no growth in January (as revised). The February increase was driven by large gain in general merchandise stores that offset a similarly sized decline last month. Typically, there are substantial layoffs in department stores in both

January and February; this year, however, the layoffs were concentrated in January. Hiring in wholesale trade picked up substantially in February with an increase of 21,000 jobs. There was a sizable addition to transportation payrolls (19,000); this is the second large increase in a row for this industry. Finance and real estate continued to show steady employment growth. Within government, employment in state and local government rose markedly in February, reflecting large gains in their education components, but Federal payrolls continue to ebb.

In contrast, manufacturing employment was essentially unchanged over the month, with most of the durable and nondurable goods industries showing little or no change. Employment continued to wane in apparel, which lost 5,000 jobs over the month and has shed 65,000 jobs over the past year. The manufacturing workweek, at 41.9 hours in February, rose by two-tenths of an hour over the month, and factory overtime edged up by one-tenth of an hour to 4.7 hours.

Looking at the private sector overall, average hours more than rebounded from their sharp weather-related decline in January, increasing eight-tenths of an hour to 35.0 hours in February. Average hourly earnings for private production workers rose 3 cents in February to $12.09; this follows gains of 2 cents in January and 5 cents in December.

Shifting to the data from our survey of households, the unemployment rate was essentially unchanged in February at 5.3 percent, after seasonal adjustment. The jobless rate has held at or near this level since last summer. The rates for all major demographic groups showed little change over the month. The number of persons employed part time even though they would have preferred full-time work edged down to 4.3 million in February. That series has shown no clear trend for more than two years. About 6.2 percent of all employed persons were multiple jobholders in February (not seasonally adjusted), little different from a year earlier.

In addition to providing us with information on employment and unemployment, the household survey also provides us with information about persons outside the labor force—that is, those who are not working or currently looking for work. For example, there were about 1.5 million persons in February (not seasonally adjusted) whom we define as marginally attached to the labor force—that is, wanting and available for

work and having looked for a job sometime in the prior 12 months. That number is down from 1.8 million a year earlier. The number of discouraged workers—a subset of the marginally attached who were not looking for jobs specifically because they believed no jobs were available for them or there were none for which they would qualify—was 364,000 (not seasonally adjusted), down from 455,000 a year ago. Our broadest published measure of labor underutilization, which is shown in table A-7 of our Employment Situation news release as alternative indicator U-6, combines the unemployed (as officially defined) with those employed part-time who would have preferred full-time work, and those marginally attached to the labor force. This measure was 10.0 percent in February (not seasonally adjusted), down from 10.7 percent a year earlier.

In summary, nonfarm employment rose by 339,000 in February, as widespread gains in the service-producing sector were buoyed by a large increase in construction. The unemployment rate was little changed at 5.3 percent.

My colleagues and I now would be glad to answer your questions.

News United States Department of Labor

Bureau of Labor Statistics Washington, D.C. 20212

Internet address: http://stats.bls.gov:80/newsrels.htm
Technical information: USDL 97-74
Household data: (202) 606-6378

Establishment data: 606-6555
Media contact: 606-5902

Transmission of material in this release is embargoed until 8:30 A.M. (EST), Friday, March 7, 1997.

THE EMPLOYMENT SITUATION: FEBRUARY 1997

Nonfarm payroll employment rose, and the unemployment rate was about unchanged at 5.3 percent in February, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The number of payroll jobs increased by 339,000 over the month; construction employment rose sharply, and there were gains throughout the service-producing sector. Average hourly earnings rose by 3 cents in February, and the average workweek rebounded from a weather-related drop in January.

Chart 1. Unemployment rate, seasonally adjusted, March 1994 - February 1997

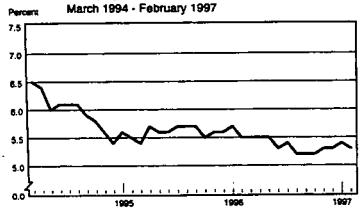
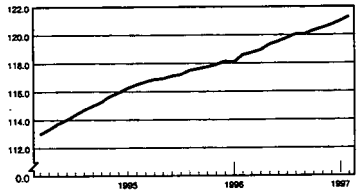


Chart 2. Nonfarm payroll employment, seasonally adjusted, March 1994 - February 1997



Unemployment (Household Survey Data)

The number of unemployed persons, 7.2 million, and the unemployment rate, 5.3 percent, were essentially unchanged in February, after seasonal adjustment. Jobless rates for the major demographic groups—adult men (4.4 percent), adult women (4.7 percent), teenagers (17.5 percent), whites (4.5 percent), blacks (11.3 percent), and Hispanics (8.1 percent)—showed little movement over the month. (See tables A-1 and A-2.)

Total Employment and the Labor Force (Household Survey Data)

Total employment was about unchanged in February, at 128.4 million (seasonally adjusted), following a substantial increase in January. The proportion of the population that was employed (the employment-population ratio) was 63.5 percent.

Table A. Major indicators of labor market activity, seasonally adjusted
(Numbers in thousands)

Category	Quarterly averages		Monthly data			Jan.-Feb. change
	1996		1996	1997[1]		
	III	IV	Dec.	Jan.	Feb.	
HOUSEHOLD DATA	Labor force status					
Civilian labor force	134,118	134,830	135,022	135,848	135,634	-214
Employment	127,042	127,705	127,855	128,580	128,430	-150
Unemployment	7,076	7,124	7,167	7,268	7,205	-63
Not in labor force	66,732	66,627	66,614	66,437	66,754	317
	Unemployment rates					
All workers	5.3	5.3	5.3	5.4	5.3	-0.1
Adult men	4.5	4.4	4.4	4.6	4.4	-.2
Adult women	4.7	4.8	4.9	4.6	4.7	.1
Teenagers	16.6	16.6	16.5	17.0	17.5	.5
White	4.6	4.6	4.6	4.6	4.5	-.1
Black	10.5	10.6	10.5	10.8	11.3	.5
Hispanic origin	8.7	8.0	7.7	8.3	8.1	-.2
ESTABLISHMENT DATA	Employment					
Nonfarm employment	119,958	120,509	120,723	p120,970	p121,309	p339
Goods-producing[2]	24,273	24,320	24,356	p24,389	p24,498	p109
Construction	5,438	5,492	5,520	p5,535	p5,644	p109
Manufacturing	18,266	18,262	18,270	p18,286	p18,284	p-2
Service-producing[2]	95,685	96,189	96,367	p96,581	p96,811	p230
Retail trade	21,682	21,864	21,931	p21,929	p21,978	p49
Services	34,529	34,785	34,865	p35,001	p35,081	p80
Government	19,536	19,510	19,524	p19,550	p19,596	p46
	Hours of work[3]					
Total private	34.4	34.6	34.8	p34.2	p35.0	p0.8
Manufacturing	41.7	41.8	42.0	p41.7	p41.9	p.2
Overtime	4.5	4.5	4.6	p4.6	p4.7	p.1
	Earnings[3]					
Average hourly earnings, total private	$11.86	$11.98	$12.04	p$12.06	p$12.09	p$0.03
Average weekly earnings, total private	408.50	414.00	418.99	p412.45	p423.15	p10.70

[1] Beginning in January 1997, household data reflect revised population controls used in the survey.
[2] Includes other industries, not shown separately.
[3] Data relate to private production or nonsupervisory workers.
p=preliminary.

The number of persons employed part time for economic reasons decreased by 165,000 in February to 4.3 million. This series has shown little definitive movement over the past year. (See table A-3.)

About 7.9 million persons (not seasonally adjusted) held more than one job in February. These multiple jobholders accounted for 6.2 percent of all employed persons, about the same proportion as a year earlier. (See table A-9.)

Both the civilian labor force, 135.6 million (seasonally adjusted), and the labor force participation rate, 67.0 percent, were essentially unchanged in February. Over the past year, the labor force has increased by 2.2 million (after adjusting for the change in population controls introduced in January), and the participation rate has risen by 0.4 percentage point.

Persons Not in the Labor Force (Household Survey Data)

About 1.5 million persons (not seasonally adjusted) were marginally attached to the labor force in February—that is, they wanted and were available for work and had looked for jobs sometime in the prior 12 months. The number of discouraged workers—a subset of the marginally attached who were not currently looking for jobs specifically because they believed no jobs were available for them or there were none for which they would qualify—was 364,000 in February. Both measures were lower than they were a year earlier. (See table A-9.)

Industry Payroll Employment (Establishment Survey Data)

Total nonfarm payroll employment rose by 339,000 in February to 121.3 million, after seasonal adjustment. Construction employment rose markedly, and there were widespread gains in most other major industry divisions. Manufacturing employment was little changed. (See table B-1.)

Construction employment increased by 109,000 in February. Job growth in construction has been strong since the end of 1995. In February, employment was buoyed by favorable weather conditions, following severe weather in January. The largest February gains were in outside activities, such as heavy construction, masonry, concrete, and roofing.

Employment in the services industry rose by 80,000 in February, following a much larger increase (136,000) in January. Employment in help supply services declined by 47,000 in February, partially offsetting a large increase in January. Both months' estimates were strongly influenced by the effects of the 1996 blizzards, which lowered seasonal expectations for January and raised them for February. Job gains continued in computer services and in engineering and management services. In personal services, which includes tax return preparation, employment rose sharply for the second month in a row.

Transportation and public utilities added 21,000 jobs, reflecting strength in the trucking, air travel, transportation services, and communications industries. Wholesale trade also added 21,000 jobs, with most of the gain in the distribution of durable goods. Employment in finance (especially security brokerages, mortgage brokerages, and holding companies) and real estate continued to grow.

Employment in retail trade rose by 49,000 in February, led by a large seasonally adjusted increase in department stores. Before seasonal adjustment, department store employment levels typically decline in both January and February, as fewer workers are needed after the holidays. This year, however, more layoffs occurred in January, resulting in a smaller-than-usual decline in February. After seasonal adjustment, therefore, employment in department stores increased by 57,000. Food stores and auto dealers gained jobs in February. Employment was unchanged in building materials and garden supply

stores and declined slightly in furniture stores; both of these industries experienced strong job growth in 1996.

Government employment advanced by 46,000. All of the growth was in education at the state and local levels. In January and February combined, state and local education added 66,000 jobs. Excluding education, state and local government payrolls were unchanged in February, and federal employment continued its downtrend.

Manufacturing employment was unchanged in February, following 4 months of gains that totaled 45,000. Aircraft and parts added jobs for the eighth month in a row. There was a decline of 6,000 jobs in autos, reversing a similar increase in January. Employment in the apparel industry continued its long-term slide, losing 5,000 jobs in February.

Weekly Hours (Establishment Survey Data)

The average workweek for production or nonsupervisory workers on private nonfarm payrolls rose by 0.8 hour in February to 35.0 hours, seasonally adjusted, more than reversing a weather-related 0.6 hour decline in January. The manufacturing workweek rose by 0.2 hour to 41.9 hours, and factory overtime edged up by 0.1 hour to 4.7 hours. (See table B-2.)

The index of aggregate weekly hours of private production or nonsupervisory workers on nonfarm payrolls rose by 2.7 percent, seasonally adjusted, to 140.8 (1982=100) in February, as both hours and employment increased. The manufacturing index increased by 0.7 percent to 106.8. (See table B-5.)

Hourly and Weekly Earnings (Establishment Survey Data)

Average hourly earnings of private production or nonsupervisory workers on nonfarm payrolls rose by 3 cents in February to $12.09, seasonally adjusted. Reflecting the jump in the workweek, average weekly earnings advanced by 2.6 percent to $423.15. Over the past year, average hourly earnings rose by 3.8 percent and average weekly earnings increased by 5.3 percent. (See table B-3.)

March 1996 national benchmarks

In accordance with standard practice, BLS will release nonfarm payroll employment benchmark revisions with the release of May data on June 6, 1997. The March 1996 benchmark level has been finalized and will result in an upward revision of 57,000 (less than 0.05 percent) to total nonfarm employment for the March 1996 reference month. Further information is available through the Internet by accessing: http://stats.bls.gov/ceshome.htm or by calling (202) 606-6555.

The Employment Situation for March 1997 is scheduled to be released on Friday, April 4, at 8:30 A.M. (EST).

Explanatory Note

This news release presents statistics from two major surveys, the Current Population Survey (household survey) and the Current Employment Statistics survey (establishment survey). The household survey provides the information on the labor force, employment, and unemployment that appears in the A tables, marked HOUSEHOLD DATA. It is a sample survey of about 50,000 households conducted by the Bureau of the Census for the Bureau of Labor Statistics (BLS).

The establishment survey provides the information on the employment, hours, and earnings of workers on nonfarm payrolls that appears in the B tables, marked ESTABLISHMENT DATA. This information is collected from payroll records by BLS in cooperation with State agencies. In June 1996, the sample included about 390,000 establishments employing over 47 million people.

For both surveys, the data for a given month relate to a particular week or pay period. In the household survey, the reference week is generally the calendar week that contains the 12th day of the month. In the establishment survey, the reference period is the pay period including the 12th, which may or may not correspond directly to the calendar week.

Coverage, definitions, and differences between surveys

Household survey. The sample is selected to reflect the entire civilian noninstitutional population. Based on responses to a series of questions on work and job search activities, each person 16 years and over in a sample household is classified as employed, unemployed, or not in the labor force.

People are classified as *employed* if they did any work at all as paid employees during the reference week; worked in their own business, profession, or on their own farm; or worked without pay at least 15 hours in a family business or farm. People are also counted as employed if they were temporarily absent from their jobs because of illness, bad weather, vacation, labor-management disputes, or personal reasons.

People are classified as *unemployed* if they meet all of the following criteria: They had no employment during the reference week; they were available for work at that time; and they made specific efforts to find employment sometime during the 4-week period ending with the reference week. Persons laid off from a job and expecting recall need not be looking for work to be counted as unemployed. The unemployment data derived from the household survey in no way depend upon the eligibility for or receipt of unemployment insurance benefits.

The *civilian labor force* is the sum of employed and unemployed persons. Those not classified as employed or unemployed are *not in the labor force*. The *unemployment rate* is the number unemployed as a percent of the labor force. The *labor force participation rate* is the labor force as a percent of the population, and the *employment-population ratio* is the employed as a percent of the population.

Establishment survey. The sample establishments are drawn from private nonfarm businesses such as factories, offices, and stores, as well as Federal, State, and local government entities. *Employees on nonfarm payrolls* are those who received pay for any part of the reference pay period, including persons on paid leave. Persons are counted in each job they hold. *Hours and earnings* data are for private businesses and relate only to production workers in the goods-producing sector and nonsupervisory workers in the service-producing sector.

Differences in employment estimates. The numerous conceptual and methodological differences between the household and establishment surveys result in important distinctions in the employment estimates derived from the surveys. Among these are:

- The household survey includes agricultural workers, the self-employed, unpaid family workers, and private household workers among the employed. These groups are excluded from the establishment survey.
- The household survey includes people on unpaid leave among the employed. The establishment survey does not.
- The household survey is limited to workers 16 years of age and older. The establishment survey is not limited by age.
- The household survey has no duplication of individuals, because individuals are counted only once, even if they hold more than one job. In the establishment survey, employees working at more than one job and thus appearing on more than one payroll would be counted separately for each appearance.

Other differences between the two surveys are described in "Comparing Employment Estimates from Household and Payroll Surveys," which may be obtained from BLS upon request.

Seasonal adjustment

Over the course of a year, the size of the nation's labor force and the levels of employment and unemployment undergo sharp fluctuations due to such seasonal events as changes in weather, reduced or expanded production, harvests, major holidays, and the opening and closing of schools. The effect of such seasonal variation can be very large; seasonal fluctuations may account for as much as 95 percent of the month-to-month changes in unemployment.

Because these seasonal events follow a more or less regular pattern each year, their influence on statistical trends can be eliminated by adjusting the statistics from month to month. These adjustments make nonseasonal developments, such as declines in economic activity or increases in the participation of women in the labor force, easier to spot. For example, the large number of youth entering the labor force each June is likely to obscure any other changes that have taken place relative to May, making it difficult to determine if the level of economic activity has risen or declined. However, because the effect of students finishing school in previous years is known, the statistics for the current year can be adjusted to allow for a comparable change. Insofar as the seasonal adjustment is made correctly, the adjusted figure provides a more useful tool with which to analyze changes in economic activity.

In both the household and establishment surveys, most seasonally adjusted series are independently adjusted. However, the adjusted series for many major estimates, such as total payroll employment, employment in most major industry divisions, total employment, and unemployment are computed by aggregating independently adjusted component series. For example, total unemployment is derived by summing the adjusted series for four major age-sex components; this

differs from the unemployment estimate that would be obtained by directly adjusting the total or by combining the duration, reasons, or more detailed age categories.

The numerical factors used to make the seasonal adjustments are recalculated twice a year. For the household survey, the factors are calculated for the January-June period and again for the July-December period. For the establishment survey, updated factors for seasonal adjustment are calculated for the May-October period and introduced along with new benchmarks, and again for the November-April period. In both surveys, revisions to historical data are made once a year.

Reliability of the estimates

Statistics based on the household and establishment surveys are subject to both sampling and nonsampling error. When a sample rather than the entire population is surveyed, there is a chance that the sample estimates may differ from the "true" population values they represent. The exact difference, or *sampling error*, varies depending on the particular sample selected, and this variability is measured by the standard error of the estimate. There is about a 90-percent chance, or level of confidence, that an estimate based on a sample will differ by no more than 1.6 standard errors from the "true" population value because of sampling error. BLS analyses are generally conducted at the 90-percent level of confidence.

For example, the confidence interval for the monthly change in total employment from the household survey is on the order of plus or minus 376,000. Suppose the estimate of total employment increases by 100,000 from one month to the next. The 90-percent confidence interval on the monthly change would range from -276,000 to 476,000 (100,000 +/- 376,000). These figures do not mean that the sample results are off by these magnitudes, but rather that there is about a 90-percent chance that the "true" over-the-month change lies within this interval. Since this range includes values of less than zero, we could not say with confidence that employment had, in fact, increased. If, however, the reported employment rise was half a million, then all of the values within the 90-percent confidence interval would be greater than zero. In this case, it is likely (at least a 90-percent chance) that an employment rise had, in fact, occurred. The 90-percent confidence interval for the monthly change in unemployment is +/- 258,000, and for the monthly change in the unemployment rate it is +/- .21 percentage point.

In general, estimates involving many individuals or establishments have lower standard errors (relative to the size of the estimate) than estimates which are based on a small number of observations. The precision of estimates is also improved when the data are cumulated over time such as for quarterly and annual averages. The seasonal adjustment process can also improve the stability of the monthly estimates.

The household and establishment surveys are also affected by *nonsampling error*. Nonsampling errors can occur for many reasons, including the failure to sample a segment of the population, inability to obtain information for all respondents in the sample, inability or unwillingness of respondents to provide correct information on a timely basis, mistakes made by respondents, and errors made in the collection or processing of the data.

For example, in the establishment survey, estimates for the most recent 2 months are based on substantially incomplete returns; for this reason, these estimates are labeled preliminary in the tables. It is only after two successive revisions to a monthly estimate, when nearly all sample reports have been received, that the estimate is considered final.

Another major source of nonsampling error in the establishment survey is the inability to capture, on a timely basis, employment generated by new firms. To correct for this systematic underestimation of employment growth (and other sources of error), a process known as bias adjustment is included in the survey's estimating procedures, whereby a specified number of jobs is added to the monthly sample-based change. The size of the monthly bias adjustment is based largely on past relationships between the sample-based estimates of employment and the total counts of employment described below.

The sample-based estimates from the establishment survey are adjusted once a year (on a lagged basis) to universe counts of payroll employment obtained from administrative records of the unemployment insurance program. The difference between the March sample-based employment estimates and the March universe counts is known as a benchmark revision, and serves as a rough proxy for total survey error. The new benchmarks also incorporate changes in the classification of industries. Over the past decade, the benchmark revision for total nonfarm employment has averaged 0.2 percent, ranging from zero to 0.6 percent.

Additional statistics and other information

More comprehensive statistics are contained in *Employment and Earnings*, published each month by BLS. It is available for $13.00 per issue or $35.00 per year from the U.S. Government Printing Office, Washington, DC 20402. All orders must be prepaid by sending a check or money order payable to the Superintendent of Documents, or by charging to Mastercard or Visa.

Employment and Earnings also provides measures of sampling error for the household survey data published in this release. For unemployment and other labor force categories, these measures appear in tables 1-B through 1-H of its "Explanatory Notes." Measures of the reliability of the data drawn from the establishment survey and the actual amounts of revision due to benchmark adjustments are provided in tables 2-B through 2-G of that publication.

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: 202-606-STAT; TDD phone: 202-606-5897; TDD message referral phone: 1-800-326-2577.

Table A-1. Employment status of the civilian population by sex and age

(Numbers in thousands)

Employment status, sex, and age	Not seasonally adjusted			Seasonally adjusted[1]					
	Feb. 1996	Jan. 1997	Feb. 1997	Feb. 1996	Oct. 1996	Nov. 1996	Dec. 1996	Jan. 1997	Feb. 1997
TOTAL									
Civilian noninstitutional population	199,772	202,285	202,388	199,772	201,273	201,463	201,636	202,285	202,388
Civilian labor force	131,995	134,317	134,535	133,070	134,636	134,831	135,022	135,848	135,634
Participation rate	66.1	66.4	66.5	66.6	66.9	66.9	67.0	67.2	67.0
Employed	124,137	126,384	126,687	125,706	127,617	127,644	127,855	128,590	128,430
Employment-population ratio	62.1	62.5	62.7	62.9	63.4	63.4	63.4	63.6	63.5
Agriculture	3,102	3,036	2,933	3,499	3,450	3,354	3,426	3,468	3,292
Nonagricultural industries	121,035	123,348	123,954	122,207	124,167	124,290	124,429	125,112	125,138
Unemployed	7,858	7,933	7,647	7,364	7,019	7,187	7,167	7,268	7,205
Unemployment rate	6.0	5.9	5.7	5.5	5.2	5.3	5.3	5.4	5.3
Not in labor force	67,777	67,968	67,854	66,702	66,637	66,632	66,614	66,437	66,754
Men, 16 years and over									
Civilian noninstitutional population	95,786	97,264	97,320	95,786	96,556	96,654	96,742	97,264	97,320
Civilian labor force	71,011	72,117	72,214	71,744	72,383	72,362	72,414	73,106	72,987
Participation rate	74.1	74.1	74.2	74.9	74.9	74.9	74.9	75.2	75.0
Employed	66,481	67,640	67,981	67,742	68,647	68,589	68,707	69,164	69,232
Employment-population ratio	69.4	69.5	69.9	70.7	71.1	71.0	71.0	71.1	71.1
Unemployed	4,529	4,477	4,233	4,002	3,716	3,773	3,707	3,942	3,755
Unemployment rate	6.4	6.2	5.9	5.6	5.1	5.2	5.1	5.4	5.1
Men, 20 years and over									
Civilian noninstitutional population	88,296	89,446	89,556	88,296	88,840	88,971	89,040	89,446	89,556
Civilian labor force	67,355	68,429	68,447	67,688	68,273	68,391	68,369	68,998	68,827
Participation rate	76.3	76.5	76.4	76.7	76.8	76.9	76.8	77.1	76.9
Employed	63,521	64,693	64,923	64,416	65,299	65,349	65,367	65,813	65,818
Employment-population ratio	71.9	72.3	72.5	73.0	73.5	73.4	73.4	73.6	73.5
Agriculture	2,160	2,132	2,080	2,371	2,400	2,355	2,356	2,364	2,276
Nonagricultural industries	61,361	62,561	62,843	62,045	62,899	62,994	63,011	63,449	63,542
Unemployed	3,834	3,736	3,523	3,272	2,974	3,042	3,002	3,185	3,009
Unemployment rate	5.7	5.5	5.1	4.8	4.4	4.4	4.4	4.6	4.4
Women, 16 years and over									
Civilian noninstitutional population	103,986	105,022	105,068	103,986	104,717	104,809	104,894	105,022	105,068
Civilian labor force	60,985	62,200	62,321	61,326	62,273	62,469	62,608	62,742	62,647
Participation rate	58.6	59.2	59.3	59.0	59.5	59.6	59.7	59.7	59.6
Employed	57,656	58,744	58,906	57,964	58,970	59,055	59,148	59,416	59,197
Employment-population ratio	55.4	55.9	56.1	55.7	56.3	56.3	56.4	56.6	56.3
Unemployed	3,329	3,457	3,415	3,362	3,303	3,414	3,460	3,327	3,450
Unemployment rate	5.5	5.6	5.5	5.5	5.3	5.5	5.5	5.3	5.5
Women, 20 years and over									
Civilian noninstitutional population	96,757	97,520	97,571	96,757	97,290	97,366	97,457	97,520	97,571
Civilian labor force	57,579	58,637	58,720	57,618	58,432	58,574	58,728	58,894	58,743
Participation rate	59.5	60.1	60.2	59.5	60.1	60.2	60.3	60.4	60.2
Employed	54,805	55,739	55,931	54,845	55,681	55,753	55,871	56,165	55,954
Employment-population ratio	56.6	57.2	57.3	56.7	57.2	57.3	57.3	57.6	57.3
Agriculture	759	703	697	845	800	786	772	797	775
Nonagricultural industries	54,046	55,036	55,234	54,000	54,881	54,967	55,099	55,369	55,179
Unemployed	2,774	2,898	2,788	2,773	2,751	2,821	2,857	2,729	2,788
Unemployment rate	4.8	4.9	4.7	4.8	4.7	4.8	4.9	4.6	4.7
Both sexes, 16 to 19 years									
Civilian noninstitutional population	14,719	15,318	15,261	14,719	15,143	15,126	15,139	15,318	15,261
Civilian labor force	7,061	7,251	7,368	7,764	7,931	7,866	7,925	7,956	8,065
Participation rate	48.0	47.3	48.3	52.7	52.4	52.0	52.3	51.9	52.8
Employed	5,811	5,952	6,032	6,445	6,637	6,542	6,617	6,601	6,657
Employment-population ratio	39.5	38.9	39.5	43.8	43.8	43.3	43.7	43.1	43.6
Agriculture	183	202	156	283	250	213	298	307	240
Nonagricultural industries	5,627	5,750	5,877	6,162	6,387	6,329	6,319	6,294	6,417
Unemployed	1,250	1,299	1,336	1,319	1,294	1,324	1,308	1,354	1,408
Unemployment rate	17.7	17.9	18.1	17.0	16.3	16.8	16.5	17.0	17.5

[1] The population figures are not adjusted for seasonal variation; therefore, identical numbers appear in the unadjusted and seasonally adjusted columns.

NOTE: Beginning in January 1997, data reflect revised population controls used in the household survey.

Table A-2. Employment status of the civilian population by race, sex, age, and Hispanic origin

(Numbers in thousands)

Employment status, race, sex, age, and Hispanic origin	Not seasonally adjusted			Seasonally adjusted[1]					
	Feb. 1996	Jan. 1997	Feb. 1997	Feb. 1996	Oct. 1996	Nov. 1996	Dec. 1996	Jan. 1997	Feb. 1997
WHITE									
Civilian noninstitutional population	167,757	169,436	169,492	167,757	168,788	168,924	169,044	169,436	169,492
Civilian labor force	111,876	113,338	113,484	112,651	113,625	113,816	113,991	114,377	114,333
Participation rate	66.7	66.9	67.0	67.2	67.3	67.4	67.4	67.5	67.5
Employed	105,887	107,425	107,863	107,192	108,527	108,570	108,734	109,151	109,197
Employment-population ratio	63.1	63.4	63.6	63.9	64.3	64.3	64.3	64.4	64.4
Unemployed	5,989	5,913	5,621	5,459	5,098	5,246	5,257	5,226	5,136
Unemployment rate	5.4	5.2	5.0	4.8	4.5	4.6	4.6	4.6	4.5
Men, 20 years and over									
Civilian labor force	57,855	58,691	58,622	58,141	58,539	58,549	58,623	59,042	58,968
Participation rate	76.9	77.2	77.1	77.3	77.4	77.3	77.4	77.7	77.5
Employed	54,908	55,803	55,899	55,681	56,294	56,276	56,356	56,653	56,692
Employment-population ratio	73.0	73.4	73.5	74.0	74.4	74.3	74.4	74.5	74.5
Unemployed	2,947	2,888	2,723	2,460	2,245	2,273	2,267	2,388	2,275
Unemployment rate	5.1	4.9	4.6	4.2	3.8	3.9	3.9	4.0	3.9
Women, 20 years and over									
Civilian labor force	47,922	48,473	48,603	47,927	48,350	48,558	48,686	48,631	48,619
Participation rate	59.3	59.6	59.8	59.3	59.6	59.8	59.9	59.8	59.8
Employed	45,846	46,423	46,700	45,885	46,439	46,530	46,614	46,750	46,747
Employment-population ratio	56.7	57.1	57.4	56.7	57.2	57.3	57.3	57.5	57.5
Unemployed	2,076	2,050	1,902	2,042	1,941	2,028	2,072	1,881	1,872
Unemployment rate	4.3	4.2	3.9	4.3	4.0	4.2	4.3	3.9	3.9
Both sexes, 16 to 19 years									
Civilian labor force	6,098	6,174	6,259	6,583	6,706	6,709	6,682	6,704	6,746
Participation rate	52.3	50.9	51.6	56.5	56.1	56.0	55.6	55.3	55.6
Employed	5,133	5,198	5,264	5,626	5,794	5,784	5,784	5,747	5,758
Employment-population ratio	44.0	42.9	43.4	48.3	48.5	48.1	48.0	47.4	47.5
Unemployed	965	976	995	957	912	945	918	957	988
Unemployment rate	15.8	15.8	15.9	14.5	13.6	14.1	13.7	14.3	14.6
Men	17.2	17.3	16.3	15.4	15.4	15.5	14.8	14.9	14.6
Women	14.3	14.3	15.5	13.6	11.6	12.6	12.6	13.6	14.7
BLACK									
Civilian noninstitutional population	23,455	23,847	23,872	23,455	23,728	23,762	23,794	23,847	23,872
Civilian labor force	14,632	15,141	15,170	14,862	15,276	15,290	15,306	15,372	15,408
Participation rate	62.4	63.5	63.5	63.4	64.4	64.3	64.3	64.5	64.5
Employed	13,116	13,474	13,465	13,326	13,647	13,673	13,693	13,709	13,672
Employment-population ratio	55.9	56.5	56.4	56.8	57.5	57.5	57.5	57.5	57.3
Unemployed	1,516	1,667	1,705	1,536	1,629	1,617	1,613	1,663	1,736
Unemployment rate	10.4	11.0	11.2	10.3	10.7	10.6	10.5	10.8	11.3
Men, 20 years and over									
Civilian labor force	6,713	6,749	6,733	6,743	6,838	6,899	6,833	6,829	6,765
Participation rate	71.7	71.0	70.7	72.0	72.4	72.7	72.0	71.8	71.0
Employed	5,992	6,061	6,079	6,076	6,199	6,264	6,235	6,198	6,159
Employment-population ratio	64.0	63.7	63.8	64.9	65.6	66.0	65.7	65.2	64.7
Unemployed	721	687	654	667	639	635	598	632	605
Unemployment rate	10.7	10.2	9.7	9.9	9.3	9.2	8.8	9.2	9.0
Women, 20 years and over									
Civilian labor force	7,181	7,560	7,564	7,249	7,487	7,499	7,544	7,574	7,636
Participation rate	61.0	63.3	63.3	61.6	63.0	63.0	63.3	63.4	63.9
Employed	6,618	6,852	6,803	6,666	6,822	6,833	6,851	6,880	6,851
Employment-population ratio	56.2	57.4	56.9	56.6	57.4	57.4	57.5	57.6	57.3
Unemployed	565	708	761	583	665	666	693	694	785
Unemployment rate	7.9	9.4	10.1	8.0	8.9	8.9	9.2	9.2	10.3
Both sexes, 16 to 19 years									
Civilian labor force	738	833	872	870	951	892	929	969	1,007
Participation rate	31.9	34.8	36.4	37.6	39.8	37.5	38.9	40.4	42.0
Employed	507	560	583	584	626	576	607	631	662
Employment-population ratio	21.9	23.4	24.3	25.3	26.1	24.2	25.4	26.3	27.6
Unemployed	230	272	290	286	325	316	322	337	346
Unemployment rate	31.2	32.7	33.2	32.9	34.2	35.4	34.7	34.8	34.3
Men	31.0	43.2	37.4	32.5	36.5	41.2	38.6	42.7	37.4
Women	31.4	24.0	29.5	33.3	31.9	30.0	31.2	27.5	31.3

See footnotes at end of table.

Table A-2. Employment status of the civilian population by race, sex, age, and Hispanic origin — Continued

(Numbers in thousands)

Employment status, race, sex, age, and Hispanic origin	Not seasonally adjusted			Seasonally adjusted[1]					
	Feb. 1996	Jan. 1997	Feb. 1997	Feb. 1996	Oct. 1996	Nov. 1996	Dec. 1996	Jan. 1997	Feb. 1997
HISPANIC ORIGIN									
Civilian noninstitutional population	18,977	20,013	20,087	18,977	19,398	19,454	19,505	20,013	20,087
Civilian labor force	12,503	13,600	13,529	12,589	12,989	13,182	13,150	13,795	13,640
Participation rate	65.9	68.0	67.4	66.3	67.0	67.8	67.4	68.9	68.0
Employed	11,203	12,349	12,337	11,388	11,928	12,094	12,141	12,653	12,538
Employment-population ratio	59.0	61.7	61.5	60.0	61.5	62.2	62.2	63.2	62.5
Unemployed	1,299	1,251	1,192	1,201	1,061	1,088	1,009	1,142	1,102
Unemployment rate	10.4	9.2	8.8	9.5	8.2	8.3	7.7	8.3	8.1

[1] The population figures are not adjusted for seasonal variation; therefore, identical numbers appear in the unadjusted and seasonally adjusted columns.
NOTE: Detail for the above race and Hispanic-origin groups will not sum to totals because data for the "other races" group are not presented and Hispanics are included in both the white and black population groups. Beginning in January 1997, data reflect revised population controls used in the household survey.

Table A-3. Selected employment indicators

(In thousands)

Category	Not seasonally adjusted			Seasonally adjusted					
	Feb. 1996	Jan. 1997	Feb. 1997	Feb. 1996	Oct. 1996	Nov. 1996	Dec. 1996	Jan. 1997	Feb. 1997
CHARACTERISTIC									
Total employed, 16 years and over	124,137	126,384	126,887	125,706	127,617	127,644	127,855	128,580	128,430
Married men, spouse present	41,958	42,306	42,173	42,297	42,617	42,631	42,607	42,909	42,513
Married women, spouse present	32,197	32,531	32,611	32,153	32,537	32,509	32,631	32,826	32,578
Women who maintain families	7,310	7,433	7,571	7,299	7,392	7,444	7,500	7,501	7,556
OCCUPATION									
Managerial and professional specialty	35,957	37,357	37,591	35,887	36,917	37,177	37,234	37,478	37,525
Technical, sales, and administrative support	37,141	37,744	37,845	37,328	37,951	37,821	37,902	38,163	38,073
Service occupations	16,744	16,793	17,067	16,843	17,295	17,408	17,271	17,171	17,170
Precision production, craft, and repair	13,331	13,610	13,702	13,777	13,587	13,508	13,574	13,902	14,140
Operators, fabricators, and laborers	17,763	17,854	17,752	18,161	18,235	18,259	18,310	18,317	18,144
Farming, forestry, and fishing	3,201	3,027	2,930	3,709	3,565	3,445	3,496	3,528	3,388
CLASS OF WORKER									
Agriculture:									
Wage and salary workers	1,655	1,648	1,664	1,933	1,813	1,829	1,878	1,988	1,932
Self-employed workers	1,418	1,335	1,257	1,529	1,580	1,464	1,475	1,448	1,353
Unpaid family workers	30	54	12	37	71	68	66	62	15
Nonagricultural industries:									
Wage and salary workers	112,062	113,981	114,790	113,188	115,018	115,133	115,212	115,560	115,987
Government	18,369	18,311	18,289	18,233	18,132	18,270	18,266	18,385	18,144
Private industries	93,693	95,670	96,501	94,955	96,886	96,863	96,946	97,176	97,843
Private households	874	941	863	894	992	956	934	1,002	882
Other industries	92,819	94,729	95,638	94,061	95,894	95,907	96,012	96,174	96,962
Self-employed workers	8,863	9,219	9,033	8,948	8,967	9,023	9,109	9,445	9,124
Unpaid family workers	110	148	132	114	137	140	149	162	136
PERSONS AT WORK PART TIME									
All industries:									
Part time for economic reasons	4,597	4,541	4,419	4,429	4,286	3,983	4,338	4,426	4,262
Slack work or business conditions	2,766	2,735	2,616	2,509	2,258	2,107	2,353	2,423	2,378
Could only find part-time work	1,542	1,474	1,485	1,608	1,683	1,559	1,653	1,552	1,550
Part time for noneconomic reasons	18,386	18,450	18,865	17,621	17,754	17,957	17,868	18,340	18,070
Nonagricultural industries:									
Part time for economic reasons	4,351	4,338	4,209	4,224	4,118	3,815	4,162	4,163	4,098
Slack work or business conditions	2,595	2,603	2,491	2,362	2,147	2,001	2,214	2,310	2,277
Could only find part-time work	1,530	1,447	1,465	1,588	1,647	1,543	1,622	1,512	1,523
Part time for noneconomic reasons	17,846	17,879	18,342	17,002	17,123	17,313	17,237	17,737	17,452

NOTE: Persons at work excludes employed persons who were absent from their jobs during the entire reference week for reasons such as vacation, illness, or industrial dispute. Part time for noneconomic reasons excludes persons who usually work full time but worked only 1 to 34 hours during the reference week for reasons such as holidays, illness, and bad weather. Beginning in January 1997, data reflect revised population controls used in the household survey.

HOUSEHOLD DATA

Table A-4. Selected unemployment indicators, seasonally adjusted

Category	Number of unemployed persons (in thousands)			Unemployment rates[1]					
	Feb. 1996	Jan. 1997	Feb. 1997	Feb. 1996	Oct. 1996	Nov. 1996	Dec. 1996	Jan. 1997	Feb. 1997
CHARACTERISTIC									
Total, 16 years and over	7,364	7,268	7,205	5.5	5.2	5.3	5.3	5.4	5.3
Men, 20 years and over	3,272	3,185	3,009	4.8	4.4	4.4	4.4	4.6	4.4
Women, 20 years and over	2,773	2,729	2,788	4.8	4.7	4.8	4.9	4.6	4.7
Both sexes, 16 to 19 years	1,319	1,354	1,408	17.0	16.3	16.8	16.5	17.0	17.5
Married men, spouse present	1,338	1,242	1,238	3.1	3.0	3.0	3.0	2.8	2.8
Married women, spouse present	1,254	1,114	1,145	3.8	3.5	3.6	3.7	3.3	3.4
Women who maintain families	598	753	748	7.6	8.5	8.8	8.4	9.1	9.0
Full-time workers	5,875	5,809	5,708	5.4	5.1	5.3	5.2	5.2	5.1
Part-time workers	1,488	1,426	1,497	6.0	5.6	5.6	5.8	5.7	6.0
OCCUPATION[2]									
Managerial and professional specialty	854	814	817	2.3	2.2	2.3	2.4	2.1	2.1
Technical, sales, and administrative support	1,749	1,771	1,724	4.5	4.5	4.5	4.6	4.4	4.3
Precision production, craft, and repair	846	782	701	5.8	5.5	5.7	5.4	5.3	4.7
Operators, fabricators, and laborers	1,618	1,568	1,609	8.2	7.7	7.7	7.6	7.9	8.1
Farming, forestry, and fishing	308	286	273	7.7	7.0	7.7	7.7	7.5	7.5
INDUSTRY									
Nonagricultural private wage and salary workers	5,666	5,558	5,517	5.6	5.3	5.5	5.4	5.4	5.3
Goods-producing industries	1,760	1,708	1,627	6.2	5.8	6.1	5.9	6.0	5.6
Mining	38	33	26	6.3	5.8	4.9	7.6	6.0	4.2
Construction	720	705	645	10.8	9.6	10.3	9.4	10.1	9.0
Manufacturing	1,002	971	956	4.8	4.7	4.7	4.8	4.6	4.5
Durable goods	609	569	508	4.9	4.4	4.5	4.7	4.4	4.0
Nondurable goods	393	401	448	4.6	5.1	5.1	5.0	4.8	5.3
Service-producing industries	3,906	3,850	3,890	5.4	5.1	5.2	5.2	5.2	5.2
Transportation and public utilities	283	288	310	4.0	4.4	3.5	4.0	4.1	4.3
Wholesale and retail trade	1,659	1,657	1,702	6.4	6.2	6.3	6.2	6.4	6.5
Finance, insurance, and real estate	171	267	222	2.3	2.9	2.9	3.1	3.5	3.0
Services	1,793	1,639	1,656	5.6	5.0	5.3	5.2	4.9	5.0
Government workers	551	550	544	2.9	2.9	2.8	3.0	2.9	2.9
Agricultural wage and salary workers	228	188	186	10.6	10.0	10.9	10.3	8.6	8.8

[1] Unemployment as a percent of the civilian labor force.

[2] Seasonally adjusted unemployment data for service occupations are not available because the seasonal component, which is small relative to the trend-cycle and irregular components, cannot be separated with sufficient precision.

NOTE: Beginning in January 1997, data reflect revised population controls used in the household survey.

Table A-5. Duration of unemployment

(Numbers in thousands)

Duration	Not seasonally adjusted			Seasonally adjusted					
	Feb. 1996	Jan. 1997	Feb. 1997	Feb. 1996	Oct. 1996	Nov. 1996	Dec. 1996	Jan. 1997	Feb. 1997
NUMBER OF UNEMPLOYED									
Less than 5 weeks	2,578	3,352	2,440	2,736	2,556	2,819	2,671	2,801	2,591
5 to 14 weeks	2,796	2,329	2,902	2,291	2,265	2,252	2,357	2,223	2,382
15 weeks and over	2,485	2,252	2,305	2,322	2,294	2,184	2,179	2,155	2,163
15 to 26 weeks	1,237	1,029	1,153	1,097	1,062	1,018	976	943	1,025
27 weeks and over	1,247	1,223	1,153	1,225	1,232	1,166	1,203	1,212	1,138
Average (mean) duration, in weeks	16.3	15.3	15.7	16.6	16.7	16.0	15.8	16.0	16.0
Median duration, in weeks	8.3	7.4	8.6	8.1	8.3	7.7	7.8	7.7	8.4
PERCENT DISTRIBUTION									
Total unemployed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than 5 weeks	32.8	42.3	31.9	37.2	35.9	38.9	37.1	39.0	36.3
5 to 14 weeks	35.6	29.4	37.9	31.2	31.8	31.0	32.7	31.0	33.4
15 weeks and over	31.6	28.4	30.1	31.6	32.2	30.1	30.2	30.0	30.3
15 to 26 weeks	15.7	13.0	15.1	14.9	14.9	14.0	13.5	13.1	14.4
27 weeks and over	15.9	15.4	15.1	16.7	17.3	16.1	16.7	16.9	15.9

NOTE: Beginning in January 1997, data reflect revised population controls used in the household survey.

Table A-6. Reason for unemployment

(Numbers in thousands)

Reason	Not seasonally adjusted			Seasonally adjusted					
	Feb. 1996	Jan. 1997	Feb. 1997	Feb. 1996	Oct. 1996	Nov. 1996	Dec. 1996	Jan. 1997	Feb. 1997
NUMBER OF UNEMPLOYED									
Job losers and persons who completed temporary jobs	4,099	4,027	3,659	3,543	3,171	3,261	3,221	3,245	3,153
On temporary layoff	1,458	1,502	1,327	1,041	957	994	987	953	944
Not on temporary layoff	2,641	2,526	2,332	2,502	2,214	2,267	2,234	2,293	2,218
Permanent job losers	1,883	1,666	1,608	(1)	(1)	(1)	(1)	(1)	(1)
Persons who completed temporary jobs	758	860	724	(1)	(1)	(1)	(1)	(1)	(1)
Job leavers	776	858	813	749	797	825	845	890	787
Reentrants	2,465	2,525	2,508	2,499	2,489	2,523	2,556	2,505	2,648
New entrants	519	523	567	603	577	586	626	600	647
PERCENT DISTRIBUTION									
Total unemployed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Job losers and persons who completed temporary jobs	52.2	50.8	47.8	47.9	45.1	45.3	44.4	44.8	43.7
On temporary layoff	18.6	18.9	17.4	14.1	13.6	13.8	13.6	13.2	13.0
Not on temporary layoff	33.6	31.8	30.5	33.8	31.5	31.5	30.8	31.7	30.6
Job leavers	9.9	10.8	10.6	10.1	11.3	11.5	11.7	12.3	10.9
Reentrants	31.4	31.8	34.1	33.8	35.4	35.1	35.3	34.6	36.6
New entrants	6.6	6.6	7.4	8.2	8.2	8.1	8.6	8.3	8.9
UNEMPLOYED AS A PERCENT OF THE CIVILIAN LABOR FORCE									
Job losers and persons who completed temporary jobs	3.1	3.0	2.7	2.7	2.4	2.4	2.4	2.4	2.3
Job leavers	.6	.6	.6	.5	.6	.6	.6	.7	.6
Reentrants	1.9	1.9	1.9	1.9	1.8	1.9	1.9	1.8	2.0
New entrants	.4	.4	.4	.5	.4	.4	.5	.4	.5

[1] Not available.

NOTE: Beginning in January 1997, data reflect revised population controls used in the household survey.

Table A-7. Range of alternative measures of labor underutilization

(Percent)

Measure	Not seasonally adjusted			Seasonally adjusted					
	Feb. 1996	Jan. 1997	Feb. 1997	Feb. 1996	Oct. 1996	Nov. 1996	Dec. 1996	Jan. 1997	Feb. 1997
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	1.9	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.6
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	3.1	3.0	2.7	2.7	2.4	2.4	2.4	2.4	2.3
U-3 Total unemployed, as a percent of the civilian labor force (official unemployment rate)	6.0	5.9	5.7	5.5	5.2	5.3	5.3	5.4	5.3
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	6.3	6.2	5.9	(1)	(1)	(1)	(1)	(1)	(1)
U-5 Total unemployed, plus discouraged workers, plus all other marginally attached workers, as a percent of the civilian labor force plus all marginally attached workers	7.2	7.0	6.8	(1)	(1)	(1)	(1)	(1)	(1)
U-6 Total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers	10.7	10.4	10.0	(1)	(1)	(1)	(1)	(1)	(1)

[1] Not available.

NOTE: This range of alternative measures of labor underutilization replaces the U1-U7 range published in table A-7 of this release prior to 1994. Marginally attached workers are persons who currently are neither working nor looking for work but indicate that they want and are available for a job and have looked for work sometime in the recent past. Discouraged workers, a subset of the marginally attached, have given a job-market related reason for not currently looking for a job. Persons employed part time for economic reasons are those who want and are available for full-time work but have had to settle for a part-time schedule. For further information, see "BLS introduces new range of alternative unemployment measures," in the October 1995 issue of the *Monthly Labor Review*. Beginning in January 1997, data reflect revised population controls used in the household survey.

Table A-8. Unemployed persons by sex and age, seasonally adjusted

Age and sex	Number of unemployed persons (in thousands)			Unemployment rates[1]					
	Feb. 1996	Jan. 1997	Feb. 1997	Feb. 1996	Oct. 1996	Nov. 1996	Dec. 1996	Jan. 1997	Feb. 1997
Total, 16 years and over	7,364	7,268	7,205	5.5	5.2	5.3	5.3	5.4	5.3
16 to 24 years	2,612	2,625	2,583	12.3	11.7	11.9	11.9	12.2	12.0
16 to 19 years	1,319	1,354	1,408	17.0	16.3	16.8	16.5	17.0	17.5
16 to 17 years	640	567	655	19.9	18.0	17.0	19.3	17.7	19.7
18 to 19 years	643	787	712	14.3	15.3	17.0	14.7	16.6	15.2
20 to 24 years	1,293	1,270	1,175	9.6	8.9	9.0	9.1	9.4	8.7
25 years and over	4,787	4,590	4,638	4.3	4.0	4.1	4.1	4.0	4.1
25 to 54 years	4,191	4,137	4,142	4.4	4.2	4.2	4.2	4.2	4.2
55 years and over	568	501	485	3.6	3.2	3.1	3.3	3.1	3.0
Men, 16 years and over	4,002	3,942	3,755	5.6	5.1	5.2	5.1	5.4	5.1
16 to 24 years	1,464	1,466	1,361	13.1	12.3	12.5	12.3	12.9	12.0
16 to 19 years	730	757	746	18.0	18.1	18.4	17.4	18.4	17.9
16 to 17 years	360	336	338	21.6	19.6	18.9	20.6	20.4	19.6
18 to 19 years	335	418	369	14.3	17.1	19.0	15.4	17.1	15.4
20 to 24 years	734	711	615	10.3	8.9	9.2	9.3	9.8	8.6
25 years and over	2,561	2,441	2,419	4.2	3.8	3.9	3.8	4.0	3.9
25 to 54 years	2,254	2,174	2,117	4.4	4.0	4.0	3.9	4.1	4.0
55 years and over	305	293	299	3.5	3.0	3.1	3.4	3.2	3.3
Women, 16 years and over	3,362	3,327	3,450	5.5	5.3	5.5	5.5	5.3	5.5
16 to 24 years	1,148	1,157	1,222	11.5	11.0	11.3	11.4	11.4	11.9
16 to 19 years	589	598	662	15.9	14.4	15.2	15.5	15.5	16.9
16 to 17 years	280	231	317	18.0	16.2	15.1	18.1	14.9	19.7
18 to 19 years	308	369	343	14.4	13.4	15.0	14.0	16.2	15.0
20 to 24 years	559	559	560	8.9	8.9	8.9	8.9	8.9	8.8
25 years and over	2,206	2,148	2,219	4.3	4.2	4.3	4.5	4.1	4.2
25 to 54 years	1,937	1,963	2,025	4.4	4.4	4.5	4.7	4.3	4.5
55 years and over	263	206	186	3.7	3.4	3.0	3.3	2.9	2.6

[1] Unemployment as a percent of the civilian labor force.

NOTE: Beginning in January 1997, data reflect revised population controls used in the household survey.

Table A-9. Persons not in the labor force and multiple jobholders by sex, not seasonally adjusted

(Numbers in thousands)

Category	Total		Men		Women	
	Feb. 1996	Feb. 1997	Feb. 1996	Feb. 1997	Feb. 1996	Feb. 1997
NOT IN THE LABOR FORCE						
Total not in the labor force	67,777	67,854	24,775	25,107	43,002	42,747
Persons who currently want a job	5,836	5,267	2,284	2,237	3,551	3,030
Searched for work and available to work now[1]	1,838	1,546	826	746	1,012	800
Reason not currently looking:						
Discouragement over job prospects[2]	455	364	253	235	202	129
Reasons other than discouragement[3]	1,383	1,182	573	511	811	671
MULTIPLE JOBHOLDERS						
Total multiple jobholders[4]	7,861	7,869	4,150	4,092	3,711	3,777
Percent of total employed	6.3	6.2	6.2	6.0	6.4	6.4
Primary job full time, secondary job part time	4,415	4,392	2,612	2,577	1,803	1,815
Primary and secondary jobs both part time	1,730	1,722	522	497	1,207	1,225
Primary and secondary jobs both full time	226	218	160	148	67	72
Hours vary on primary or secondary job	1,456	1,507	831	852	625	655

[1] Data refer to persons who have searched for work during the prior 12 months and were available to take a job during the reference week.

[2] Includes thinks no work available, could not find work, lacks schooling or training, employer thinks too young or old, and other types of discrimination.

[3] Includes those who did not actively look for work in the prior 4 weeks for such reasons as child-care and transportation problems, as well as a small number for which reason for nonparticipation was not determined.

[4] Includes persons who work part time on their primary job and full time on their secondary job(s), not shown separately.

NOTE: Beginning in January 1997, data reflect revised population controls used in the household survey.

Table B-1. Employees on nonfarm payrolls by industry

(In thousands)

Industry	Not seasonally adjusted				Seasonally adjusted					
	Feb. 1996	Dec. 1996	Jan. 1997p	Feb. 1997p	Feb. 1996	Oct. 1996	Nov. 1996	Dec. 1996	Jan. 1997p	Feb. 1997p
Total	117,147	121,517	118,933	119,733	118,579	120,311	120,492	120,723	120,970	121,309
Total private	97,472	101,630	99,455	99,860	99,214	100,803	100,995	101,199	101,420	101,713
Goods-producing	23,607	24,280	23,767	23,813	24,254	24,284	24,319	24,356	24,389	24,498
Mining	559	565	556	555	573	566	566	566	568	570
Metal mining	50.0	51.6	51.4	51.5	51	52	52	52	52	53
Coal mining	101.5	96.8	96.5	95.5	102	98	97	97	97	96
Oil and gas extraction	307.6	310.7	307.7	306.4	313	308	308	308	309	311
Nonmetallic minerals, except fuels	99.6	106.1	100.1	101.3	107	108	109	109	110	110
Construction	4,823	5,424	5,065	5,091	5,349	5,464	5,491	5,520	5,535	5,644
General building contractors	1,137.3	1,245.1	1,191.1	1,184.6	1,218	1,233	1,241	1,250	1,259	1,269
Heavy construction, except building	633.5	720.4	636.3	655.6	764	785	764	766	766	790
Special trade contractors	3,052.3	3,458.3	3,237.9	3,251.1	3,367	3,466	3,486	3,504	3,510	3,585
Manufacturing	18,225	18,291	18,146	18,167	18,332	18,254	18,262	18,270	18,286	18,284
Production workers	12,585	12,634	12,512	12,533	12,671	12,606	12,613	12,616	12,625	12,632
Durable goods	10,622	10,736	10,665	10,684	10,659	10,684	10,694	10,710	10,730	10,735
Production workers	7,272	7,357	7,300	7,320	7,298	7,318	7,327	7,333	7,350	7,360
Lumber and wood products	742.3	769.9	758.0	757.7	756	769	771	771	771	772
Furniture and fixtures	501.4	505.4	502.5	503.1	502	499	501	503	503	504
Stone, clay, and glass products	516.1	533.2	517.2	518.8	536	538	537	539	538	540
Primary metal industries	708.4	705.1	703.6	703.8	708	702	703	702	704	704
Blast furnaces and basic steel products	239.0	234.8	234.3	233.6	240	234	234	233	235	234
Fabricated metal products	1,448.5	1,467.6	1,457.7	1,460.2	1,443	1,459	1,461	1,462	1,463	1,464
Industrial machinery and equipment	2,085.7	2,094.8	2,097.9	2,104.1	2,093	2,086	2,087	2,092	2,101	2,103
Computer and office equipment	355.6	361.6	363.1	360.4	357	360	360	361	363	362
Electronic and other electrical equipment	1,651.2	1,651.6	1,642.6	1,643.0	1,652	1,648	1,647	1,645	1,643	1,645
Electronic components and accessories	613.8	612.5	611.4	613.9	614	611	611	611	612	614
Transportation equipment	1,760.8	1,788.9	1,775.3	1,780.8	1,759	1,764	1,772	1,776	1,787	1,784
Motor vehicles and equipment	958.5	962.7	949.1	951.5	957	950	952	953	959	953
Aircraft and parts	446.1	473.6	476.3	479.8	446	463	468	472	476	481
Instruments and related products	830.4	833.5	829.1	829.2	831	833	830	834	831	830
Miscellaneous manufacturing	385.3	385.8	381.2	383.4	389	384	385	386	389	389
Nondurable goods	7,603	7,555	7,481	7,483	7,673	7,570	7,568	7,560	7,556	7,549
Production workers	5,313	5,277	5,212	5,213	5,373	5,288	5,286	5,283	5,275	5,272
Food and kindred products	1,627.4	1,635.2	1,614.6	1,614.0	1,675	1,641	1,647	1,649	1,659	1,656
Tobacco products	42.4	43.7	42.8	41.2	41	41	42	41	40	40
Textile mill products	641.2	627.9	624.4	624.2	644	633	628	626	629	626
Apparel and other textile products	867.6	820.7	802.0	802.8	873	834	829	824	813	808
Paper and allied products	678.3	675.1	670.7	669.1	682	674	675	674	673	673
Printing and publishing	1,528.3	1,534.3	1,521.8	1,522.3	1,531	1,528	1,525	1,523	1,524	1,525
Chemicals and allied products	1,021.8	1,014.5	1,011.1	1,012.9	1,025	1,017	1,017	1,018	1,016	1,016
Petroleum and coal products	136.2	135.2	132.5	132.8	140	138	139	138	136	137
Rubber and misc. plastics products	961.2	974.3	967.7	972.3	963	971	974	973	972	975
Leather and leather products	98.2	94.1	93.3	91.7	99	93	92	94	94	93
Service-producing	93,540	97,237	95,166	95,920	94,325	96,027	96,173	96,367	96,581	96,811
Transportation and public utilities	6,200	6,402	6,306	6,325	6,270	6,338	6,350	6,340	6,374	6,395
Transportation	3,938	4,118	4,030	4,049	3,994	4,059	4,062	4,057	4,087	4,108
Railroad transportation	230.7	228.0	224.6	224.6	234	231	229	229	229	226
Local and interurban passenger transit	451.1	478.7	475.0	478.1	439	458	460	462	466	466
Trucking and warehousing	1,825.5	1,901.4	1,824.4	1,830.5	1,879	1,877	1,870	1,852	1,873	1,883
Water transportation	163.5	168.8	167.9	168.0	171	172	172	172	176	175
Transportation by air	824.0	876.6	876.3	879.7	827	859	868	878	878	884
Pipelines, except natural gas	14.0	13.7	13.7	13.7	14	14	14	14	14	14
Transportation services	429.2	449.0	448.1	454.2	430	448	449	450	451	456
Communications and public utilities	2,262	2,284	2,276	2,276	2,276	2,279	2,288	2,283	2,287	2,289
Communications	1,364.4	1,399.8	1,396.9	1,400.7	1,371	1,393	1,401	1,397	1,404	1,408
Electric, gas, and sanitary services	897.5	883.9	879.0	875.1	905	886	887	886	883	881
Wholesale trade	6,470	6,659	6,609	6,625	6,529	6,643	6,651	6,655	6,662	6,683
Durable goods	3,804	3,894	3,879	3,890	3,826	3,885	3,890	3,894	3,897	3,913
Nondurable goods	2,666	2,765	2,730	2,735	2,703	2,758	2,761	2,761	2,765	2,770

See footnotes at end of table.

Table B-1. Employees on nonfarm payrolls by industry – Continued

(In thousands)

Industry	Not seasonally adjusted				Seasonally adjusted					
	Feb. 1996	Dec. 1996	Jan. 1997p	Feb. 1997p	Feb. 1996	Oct. 1996	Nov. 1996	Dec. 1996	Jan. 1997p	Feb. 1997p
Retail trade	20,822	22,537	21,525	21,439	21,340	21,803	21,857	21,931	21,929	21,978
Building materials and garden supplies	832.9	936.7	891.0	889.6	880	936	942	948	941	941
General merchandise stores	2,577.5	3,072.7	2,762.7	2,698.5	2,674	2,765	2,770	2,781	2,735	2,789
Department stores	2,269.9	2,701.9	2,440.0	2,390.6	2,354	2,442	2,444	2,454	2,418	2,475
Food stores	3,362.3	3,523.3	3,452.4	3,442.5	3,401	3,454	3,462	3,461	3,474	3,482
Automotive dealers and service stations	2,203.8	2,300.9	2,267.3	2,293.1	2,234	2,303	2,309	2,313	2,316	2,323
New and used car dealers	1,009.2	1,040.8	1,040.5	1,044.9	1,015	1,041	1,042	1,044	1,047	1,050
Apparel and accessory stores	1,067.3	1,201.8	1,107.7	1,067.5	1,099	1,108	1,105	1,102	1,108	1,100
Furniture and home furnishings stores	944.1	1,057.4	1,022.1	1,006.0	949	998	1,005	1,016	1,016	1,011
Eating and drinking places	7,194.2	7,504.0	7,238.9	7,295.6	7,440	7,517	7,527	7,558	7,578	7,588
Miscellaneous retail establishments	2,639.5	2,940.4	2,765.2	2,748.2	2,863	2,722	2,738	2,752	2,761	2,764
Finance, insurance, and real estate	6,863	7,033	7,013	7,024	6,919	7,026	7,038	7,052	7,065	7,078
Finance	3,278	3,369	3,372	3,381	3,288	3,355	3,361	3,369	3,381	3,389
Depository institutions	2,015.7	2,035.3	2,035.0	2,029.9	2,023	2,035	2,035	2,035	2,036	2,037
Commercial banks	1,460.3	1,481.2	1,482.0	1,478.2	1,467	1,478	1,479	1,480	1,485	1,484
Savings institutions	266.2	256.3	255.2	253.3	268	260	258	257	256	255
Nondepository institutions	495.8	533.7	535.1	538.2	496	526	530	533	536	536
Mortgage bankers and brokers	222.9	241.0	242.4	244.1	(1)	(1)	(1)	(1)	(1)	(1)
Security and commodity brokers	528.7	554.6	556.6	561.5	531	549	552	555	560	564
Holding and other investment offices	237.8	245.2	245.4	251.4	238	245	244	246	249	252
Insurance	2,250	2,262	2,259	2,258	2,255	2,263	2,264	2,265	2,261	2,262
Insurance carriers	1,544.1	1,548.3	1,546.5	1,543.4	1,547	1,551	1,550	1,551	1,549	1,547
Insurance agents, brokers, and service	705.7	714.0	712.1	714.2	708	712	714	714	712	715
Real estate	1,335	1,402	1,382	1,385	1,376	1,408	1,413	1,418	1,423	1,427
Services[2]	33,510	34,719	34,235	34,634	33,902	34,709	34,780	34,865	35,001	35,081
Agricultural services	507.5	574.0	531.1	533.1	602	621	628	623	635	638
Hotels and other lodging places	1,570.6	1,627.8	1,598.9	1,620.9	1,657	1,690	1,692	1,700	1,710	1,712
Personal services	1,246.2	1,167.7	1,241.0	1,273.2	1,174	1,184	1,185	1,183	1,195	1,204
Business services	6,875.1	7,385.8	7,197.8	7,222.7	7,026	7,292	7,285	7,326	7,391	7,406
Services to buildings	887.7	881.7	864.9	871.0	899	894	885	885	875	882
Personnel supply services	2,437.0	2,746.9	2,584.0	2,573.0	2,552	2,697	2,672	2,690	2,766	2,729
Help supply services	2,147.9	2,428.4	2,262.5	2,258.8	2,254	2,391	2,362	2,379	2,451	2,404
Computer and data processing services	1,148.8	1,265.1	1,275.9	1,288.8	1,148	1,239	1,251	1,262	1,275	1,288
Auto repair, services, and parking	1,052.4	1,122.9	1,117.2	1,133.6	1,059	1,117	1,121	1,128	1,131	1,142
Miscellaneous repair services	354.6	368.4	363.0	363.0	359	366	370	370	368	368
Motion pictures	512.3	534.0	520.4	520.8	515	536	530	532	524	524
Amusement and recreation services	1,326.3	1,393.5	1,344.4	1,390.0	1,505	1,534	1,545	1,559	1,570	1,566
Health services	9,440.6	9,693.0	9,677.6	9,695.8	9,463	9,642	9,666	9,679	9,708	9,722
Offices and clinics of medical doctors	1,639.1	1,702.8	1,702.6	1,710.8	1,644	1,689	1,694	1,697	1,712	1,718
Nursing and personal care facilities	1,716.8	1,783.1	1,756.8	1,757.9	1,722	1,754	1,757	1,760	1,762	1,765
Hospitals	3,827.8	3,879.6	3,874.8	3,882.3	3,833	3,869	3,875	3,880	3,880	3,887
Home health care services	647.9	666.7	663.2	661.7	653	663	668	665	667	665
Legal services	921.8	940.9	939.6	944.0	927	937	941	943	943	947
Educational services	2,101.8	2,130.4	1,971.5	2,136.2	1,985	2,015	2,025	2,021	2,007	2,018
Social services	2,372.1	2,425.2	2,410.9	2,431.2	2,372	2,416	2,420	2,416	2,424	2,431
Child day care services	578.2	589.0	585.5	592.7	568	580	579	575	580	581
Residential care	651.2	675.5	673.4	677.0	654	673	675	676	677	680
Museums and botanical and zoological gardens	75.5	84.1	78.9	78.9	83	85	86	87	86	87
Membership organizations	2,115.2	2,141.4	2,115.9	2,128.6	2,137	2,151	2,152	2,153	2,152	2,151
Engineering and management services	2,847.0	2,936.5	2,933.8	2,968.5	2,847	2,930	2,941	2,952	2,963	2,971
Engineering and architectural services	812.7	855.9	852.6	854.2	827	854	859	859	862	867
Management and public relations	874.5	937.9	929.9	943.2	881	922	935	942	943	950
Services, nec	44.0	46.2	46.2	46.5	(3)	(3)	(3)	(3)	(3)	(3)
Government	19,675	19,887	19,478	19,873	19,365	19,508	19,497	19,524	19,550	19,596
Federal	2,768	2,757	2,705	2,710	2,780	2,731	2,733	2,729	2,726	2,723
Federal, except Postal Service	1,916.1	1,854.5	1,838.9	1,848.1	1,928	1,878	1,873	1,870	1,861	1,859
State	4,740	4,726	4,584	4,760	4,636	4,640	4,640	4,642	4,640	4,658
Education	2,066.5	2,073.9	1,927.7	2,097.8	1,945	1,960	1,960	1,963	1,960	1,979
Other State government	2,673.4	2,652.2	2,656.4	2,662.4	2,691	2,680	2,680	2,679	2,680	2,680
Local	12,167	12,404	12,189	12,403	11,949	12,137	12,124	12,153	12,184	12,214
Education	6,993.7	7,143.9	6,961.3	7,159.7	6,659	6,794	6,798	6,801	6,824	6,851
Other local government	5,173.3	5,260.0	5,227.2	5,243.1	5,290	5,343	5,326	5,352	5,360	5,363

[1] This series is not suitable for seasonal adjustment because it has very little seasonal and irregular movement. Thus, the not seasonally adjusted series can be used for analysis of cyclical and long-term trends.

[2] Includes other industries, not shown separately.

[3] This series is not published seasonally adjusted because the seasonal component, which is small relative to the trend-cycle and irregular components, cannot be separated with sufficient precision.

p = preliminary.

Table B-2. Average weekly hours of production or nonsupervisory workers[1] on private nonfarm payrolls by industry

Industry	Not seasonally adjusted				Seasonally adjusted					
	Feb. 1996	Dec. 1996	Jan. 1997p	Feb. 1997p	Feb. 1996	Oct. 1996	Nov. 1996	Dec. 1996	Jan. 1997p	Feb. 1997p
Total private	34.1	34.9	33.9	34.5	34.5	34.3	34.6	34.8	34.2	35.0
Goods-producing	40.7	41.8	40.4	40.7	41.1	41.0	41.1	41.3	40.8	41.3
Mining	45.1	46.0	44.2	45.8	45.3	45.4	44.8	45.7	44.3	46.4
Construction	38.1	38.5	36.3	37.5	39.7	38.8	38.9	38.8	37.8	39.1
Manufacturing	41.3	42.8	41.5	41.5	41.4	41.7	41.7	42.0	41.7	41.9
Overtime hours	4.2	5.1	4.5	4.4	4.3	4.4	4.5	4.6	4.6	4.7
Durable goods	42.1	43.6	42.2	42.4	42.2	42.4	42.4	42.7	42.4	42.7
Overtime hours	4.5	5.5	4.8	4.8	4.6	4.7	4.7	4.9	5.0	5.0
Lumber and wood products	39.8	41.2	39.5	40.2	40.6	40.9	41.0	41.0	40.3	40.8
Furniture and fixtures	38.5	41.5	39.4	39.0	39.1	39.5	39.8	40.2	39.8	39.9
Stone, clay, and glass products	42.4	43.1	40.9	42.0	43.5	43.3	43.2	43.4	42.3	43.5
Primary metal industries	44.1	45.3	44.5	44.6	44.1	44.4	44.1	44.6	44.4	44.7
Blast furnaces and basic steel products	44.6	45.1	44.7	44.5	44.9	44.6	44.7	44.6	44.8	44.6
Fabricated metal products	42.0	43.6	42.1	42.2	42.0	42.4	42.3	42.5	42.1	42.5
Industrial machinery and equipment	43.3	44.4	43.3	43.5	43.0	42.9	43.0	43.2	43.1	43.5
Electronic and other electrical equipment	41.5	42.9	41.1	41.3	41.6	41.5	41.4	41.8	41.0	41.7
Transportation equipment	43.3	45.5	44.7	44.3	43.1	43.9	44.1	44.5	45.1	44.4
Motor vehicles and equipment	44.1	46.5	45.6	45.2	43.7	44.7	44.6	45.1	46.0	45.3
Instruments and related products	41.8	43.1	41.6	42.0	41.8	41.7	41.8	42.1	41.5	42.3
Miscellaneous manufacturing	39.3	41.1	39.7	40.2	39.5	39.8	40.0	40.6	40.1	40.8
Nondurable goods	40.1	41.6	40.5	40.4	40.5	40.6	40.7	41.0	40.7	40.8
Overtime hours	3.8	4.5	4.0	3.9	4.0	4.1	4.1	4.3	4.2	4.2
Food and kindred products	40.4	42.0	40.8	40.9	41.2	41.1	41.2	41.4	41.1	41.5
Tobacco products	38.8	41.9	38.9	38.9	39.8	39.9	40.6	41.6	39.1	41.1
Textile mill products	40.1	41.9	40.9	40.2	40.5	40.9	41.3	41.6	41.1	40.5
Apparel and other textile products	36.8	37.9	36.9	36.8	36.8	37.4	37.4	37.4	37.1	37.1
Paper and allied products	42.8	44.6	43.7	43.1	43.1	43.4	43.6	43.8	43.6	43.5
Printing and publishing	37.9	39.0	37.8	38.1	38.2	38.2	38.2	38.4	38.2	38.5
Chemicals and allied products	43.1	44.4	43.4	43.4	43.2	43.2	43.3	43.6	43.4	43.6
Petroleum and coal products	42.8	43.9	45.0	41.4	(2)	(2)	(2)	(2)	(2)	(2)
Rubber and misc. plastics products	41.3	42.6	41.4	41.4	41.3	41.5	41.2	41.8	41.2	41.5
Leather and leather products	37.1	39.2	37.6	38.0	37.6	38.4	39.0	38.8	37.9	39.0
Service-producing	32.4	33.1	32.2	32.9	32.7	32.6	32.8	33.0	32.4	33.3
Transportation and public utilities	39.4	40.0	39.0	39.8	39.8	39.6	39.9	40.0	39.3	40.1
Wholesale trade	38.0	38.7	37.9	38.5	38.3	38.1	38.3	38.6	38.1	38.8
Retail trade	28.2	29.3	28.0	28.8	28.8	28.7	29.0	28.9	28.7	29.5
Finance, insurance, and real estate	35.7	36.7	35.7	36.6	(2)	(2)	(2)	(2)	(2)	(2)
Services	32.2	32.7	32.0	32.7	(2)	(2)	(2)	(2)	(2)	(2)

[1] Data relate to production workers in mining and manufacturing; construction workers in construction; and nonsupervisory workers in transportation and public utilities; wholesale and retail trade; finance, insurance, and real estate; and services. These groups account for approximately four-fifths of the total employees on private nonfarm payrolls.

[2] These series are not published seasonally adjusted because the seasonal component, which is small relative to the trend-cycle and irregular components, cannot be separated with sufficient precision.

p = preliminary.

Table B-3. Average hourly and weekly earnings of production or nonsupervisory workers[1] on private nonfarm payrolls by industry

Industry	Average hourly earnings				Average weekly earnings			
	Feb. 1996	Dec. 1996	Jan. 1997P	Feb. 1997P	Feb. 1996	Dec. 1996	Jan. 1997P	Feb. 1997P
Total private	$11.69	$12.06	$12.11	$12.13	$399.63	$420.89	$410.53	$418.49
Seasonally adjusted	11.65	12.04	12.06	12.09	401.93	418.99	412.45	423.15
Goods-producing	13.18	13.72	13.68	13.66	536.43	573.50	552.67	555.96
Mining	15.62	15.94	16.12	15.98	704.46	733.24	712.50	731.88
Construction	15.14	15.63	15.71	15.63	576.83	601.76	570.27	586.13
Manufacturing	12.57	13.07	13.04	13.02	519.14	559.40	541.16	540.33
Durable goods	13.13	13.64	13.61	13.59	552.77	594.70	574.34	576.22
Lumber and wood products	10.23	10.61	10.57	10.59	407.15	437.13	417.52	425.72
Furniture and fixtures	9.95	10.42	10.39	10.34	383.08	432.43	409.37	403.26
Stone, clay, and glass products	12.56	12.93	13.00	13.06	532.54	557.28	531.70	548.52
Primary metal industries	14.71	15.16	15.13	15.08	648.71	686.75	673.29	672.57
Blast furnaces and basic steel products	17.50	17.97	17.75	17.78	780.50	810.45	793.43	791.21
Fabricated metal products	12.29	12.76	12.73	12.73	516.18	556.34	535.93	537.21
Industrial machinery and equipment	13.40	13.98	13.91	13.89	580.22	620.71	602.30	604.22
Electronic and other electrical equipment	11.87	12.53	12.48	12.44	492.61	537.54	512.93	513.77
Transportation equipment	16.99	17.61	17.47	17.44	735.67	801.26	780.91	772.59
Motor vehicles and equipment	17.54	18.20	18.06	18.00	773.51	846.30	823.54	813.60
Instruments and related products	12.94	13.39	13.38	13.37	540.89	577.11	556.61	561.54
Miscellaneous manufacturing	10.26	10.60	10.60	10.60	403.22	435.66	420.82	426.12
Nondurable goods	11.80	12.24	12.21	12.20	473.18	509.18	494.51	492.88
Food and kindred products	11.05	11.47	11.41	11.33	446.42	481.74	465.53	463.40
Tobacco products	18.32	18.94	18.89	19.10	710.82	793.59	734.82	742.99
Textile mill products	9.54	9.91	9.83	9.89	382.55	415.23	406.14	397.58
Apparel and other textile products	7.81	8.14	8.09	8.16	287.41	308.51	298.52	300.29
Paper and allied products	14.43	14.95	14.87	14.84	617.60	666.77	649.82	639.60
Printing and publishing	12.48	12.90	12.87	12.89	472.99	503.10	486.49	491.11
Chemicals and allied products	15.98	16.48	16.41	16.50	688.74	731.71	712.19	718.10
Petroleum and coal products	19.53	20.25	20.03	20.04	835.88	888.98	901.35	829.66
Rubber and misc. plastics products	11.14	11.50	11.49	11.45	460.08	489.90	475.89	474.03
Leather and leather products	8.42	8.83	8.84	8.87	312.38	346.14	332.38	337.06
Service-producing	11.20	11.51	11.61	11.64	362.88	380.98	373.84	382.96
Transportation and public utilities	14.45	14.66	14.79	14.67	569.33	586.40	576.81	563.87
Wholesale trade	12.66	13.17	13.15	13.24	481.08	509.68	498.39	509.74
Retail trade	7.87	8.15	8.23	8.23	221.93	238.80	230.44	237.02
Finance, insurance, and real estate	12.71	13.03	13.01	13.18	453.75	478.20	464.46	482.39
Services	11.72	12.17	12.19	12.23	377.38	397.96	390.08	399.92

[1] See footnote 1, table B-2.

P = preliminary.

Table B-4. Average hourly earnings of production or nonsupervisory workers[1] on private nonfarm payrolls by industry, seasonally adjusted

Industry	Feb. 1996	Oct. 1996	Nov. 1996	Dec. 1996	Jan. 1997P	Feb. 1997P	Percent change from: Jan. 1997-Feb. 1997
Total private:							
Current dollars	$11.65	$11.90	$11.99	$12.04	$12.06	$12.09	0.2
Constant (1982) dollars[2]	7.41	7.41	7.45	7.46	7.46	N.A.	(3)
Goods-producing	13.26	13.57	13.62	13.69	13.73	13.75	.1
Mining	15.49	15.65	15.76	15.90	15.97	15.88	-.6
Construction	15.23	15.55	15.55	15.66	15.73	15.74	.1
Manufacturing	12.56	12.88	12.94	12.99	13.03	13.02	-.1
Excluding overtime[4]	11.93	12.21	12.27	12.30	12.34	12.32	-.2
Service-producing	11.11	11.35	11.45	11.50	11.50	11.54	.3
Transportation and public utilities	14.43	14.50	14.59	14.61	14.79	14.63	-1.1
Wholesale trade	12.63	12.91	13.05	13.16	13.08	13.21	1.0
Retail trade	7.85	8.09	8.13	8.16	8.18	8.20	.2
Finance, insurance, and real estate	12.60	12.86	13.02	13.01	12.96	13.10	1.1
Services	11.62	11.90	12.02	12.07	12.05	12.13	.7

[1] See footnote 1, table B-2.
[2] The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) is used to deflate this series.
[3] Change was .0 percent from December 1996 to January 1997, the latest month available.
[4] Derived by assuming that overtime hours are paid at the rate of time and one-half.
N.A. = not available.
P = preliminary.

Table B-5. Indexes of aggregate weekly hours of production or nonsupervisory workers[1] on private nonfarm payrolls by industry

(1982=100)

Industry	Not seasonally adjusted				Seasonally adjusted					
	Feb. 1996	Dec. 1996	Jan. 1997P	Feb. 1997P	Feb. 1996	Oct. 1996	Nov. 1996	Dec. 1996	Jan. 1997P	Feb. 1997P
Total private	131.3	140.5	133.1	136.2	135.5	137.1	138.2	139.3	137.1	140.8
Goods-producing	105.6	112.5	105.6	106.8	110.8	110.5	110.9	111.6	110.4	112.6
Mining	52.9	55.5	52.4	54.2	54.9	54.7	53.9	55.1	54.0	56.8
Construction	126.3	146.7	126.6	131.5	150.5	149.0	150.5	151.3	147.9	156.8
Manufacturing	104.7	109.0	104.7	105.0	105.9	105.9	106.1	106.8	106.1	106.8
Durable goods	106.7	112.0	107.6	108.2	107.4	108.2	108.4	109.3	108.8	109.7
Lumber and wood products	127.8	138.2	130.1	132.0	133.1	137.1	137.9	137.7	135.3	137.2
Furniture and fixtures	120.1	130.5	123.4	122.2	121.7	122.6	123.9	125.4	124.5	125.4
Stone, clay, and glass products	102.2	108.3	98.8	102.0	109.7	109.9	109.2	110.2	107.1	110.7
Primary metal industries	92.1	94.6	92.7	92.9	91.9	92.4	91.6	92.6	92.2	93.0
Blast furnaces and basic steel products	73.2	73.2	72.2	71.7	73.8	72.5	72.6	72.1	72.8	72.5
Fabricated metal products	112.6	119.6	114.8	115.1	112.9	115.5	115.4	115.9	115.0	116.3
Industrial machinery and equipment	104.5	107.3	104.8	105.9	103.2	102.8	103.2	104.0	104.4	105.6
Electronic and other electrical equipment	106.8	111.1	105.9	106.6	106.7	107.4	107.2	107.9	105.6	107.8
Transportation equipment	119.2	127.8	124.2	123.5	118.6	121.4	122.7	123.9	126.3	123.8
Motor vehicles and equipment	161.7	170.7	164.7	163.9	159.9	161.8	161.7	163.9	167.8	164.0
Instruments and related products	73.7	76.1	73.2	73.9	73.6	73.6	73.6	74.2	73.1	74.5
Miscellaneous manufacturing	100.6	105.0	100.3	102.5	102.2	101.1	102.0	103.9	103.8	105.6
Nondurable goods	101.9	104.8	100.9	100.6	103.9	102.7	102.8	103.4	102.5	102.7
Food and kindred products	108.7	114.5	109.5	109.5	114.8	112.4	113.2	114.2	114.0	114.7
Tobacco products	63.0	71.8	65.2	62.6	63.1	63.2	66.4	65.9	60.0	65.1
Textile mill products	90.5	92.8	90.1	88.6	91.7	91.3	91.3	92.1	91.0	89.5
Apparel and other textile products	77.0	74.7	71.2	71.1	77.5	74.8	74.3	73.9	72.5	72.2
Paper and allied products	107.2	111.7	108.8	107.4	108.6	108.8	109.3	109.8	109.0	109.2
Printing and publishing	122.4	126.3	120.6	121.4	123.4	122.8	122.8	123.2	122.2	122.9
Chemicals and allied products	100.9	101.4	98.9	98.9	101.3	99.2	99.4	99.8	99.1	99.8
Petroleum and coal products	70.4	73.0	72.9	67.9	73.6	73.4	74.8	75.5	76.3	71.2
Rubber and misc. plastics products	139.2	145.8	140.6	141.2	139.6	141.5	140.9	142.6	140.3	142.1
Leather and leather products	43.5	44.1	41.4	41.0	44.5	42.5	42.5	43.5	41.9	42.5
Service-producing	142.8	153.0	145.4	149.4	146.6	149.0	150.5	151.7	149.0	153.4
Transportation and public utilities	125.5	132.0	126.7	129.5	128.4	129.2	130.4	130.8	129.1	132.0
Wholesale trade	121.7	127.5	123.7	126.1	124.0	125.4	126.3	127.2	125.7	128.4
Retail trade	126.9	143.5	130.2	133.1	133.1	135.5	137.1	137.1	136.0	140.2
Finance, insurance, and real estate	123.2	129.8	125.8	129.4	124.4	125.0	127.6	130.6	125.6	130.6
Services	171.2	179.9	173.7	179.6	174.5	178.2	179.4	181.5	177.6	182.9

[1] See footnote 1, table B-2.

P = preliminary.

Table B-6. Diffusion indexes of employment change, seasonally adjusted

(Percent)

Time span	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Private nonfarm payrolls, 356 industries[1]											
Over 1-month span:												
1993	60.0	60.8	51.3	58.6	61.7	55.2	57.7	57.0	61.8	59.7	61.8	59.6
1994	58.8	62.1	66.0	64.2	60.3	63.5	61.5	62.1	60.8	61.5	63.1	63.9
1995	63.2	59.3	54.9	54.6	51.4	55.1	54.1	57.4	51.8	54.8	56.3	59.4
1996	52.4	63.2	60.0	52.4	62.2	57.4	55.8	57.3	52.7	63.1	57.2	59.0
1997	P58.8	P55.9										
Over 3-month span:												
1993	63.8	61.2	61.1	59.8	63.1	62.9	59.7	63.1	64.5	67.1	64.6	63.5
1994	67.1	69.5	70.4	68.7	66.4	66.0	68.5	69.5	65.3	65.6	68.0	67.8
1995	66.6	63.2	56.9	53.4	54.2	52.9	56.6	53.8	54.2	54.6	58.3	57.0
1996	60.7	61.8	61.2	60.0	61.0	63.6	60.3	56.7	60.8	60.0	64.6	P62.9
1997	P64.5											
Over 6-month span:												
1993	63.3	65.2	63.8	64.2	62.4	65.9	65.7	63.9	66.3	67.3	70.6	69.5
1994	70.8	71.6	69.0	69.8	69.5	69.5	69.2	69.0	69.2	68.5	69.1	66.6
1995	66.3	60.8	58.7	54.4	53.5	54.1	53.1	56.3	55.9	54.1	56.2	61.8
1996	60.3	62.9	63.8	63.8	62.6	59.0	65.2	62.6	61.8	P63.8	P64.6	
1997												
Over 12-month span:												
1993	64.9	63.9	64.0	65.4	67.0	67.6	67.6	67.0	70.2	69.5	69.2	70.1
1994	70.2	71.6	71.8	71.8	72.1	71.8	71.5	72.1	70.1	69.4	65.7	65.0
1995	62.6	60.8	60.1	61.2	58.1	57.7	54.5	58.7	58.6	57.3	59.4	59.8
1996	61.0	61.7	61.5	61.1	62.8	64.3	P64.0	P64.0				
1997												
	Manufacturing payrolls, 139 industries[1]											
Over 1-month span:												
1993	52.5	56.5	50.7	45.7	54.0	45.7	49.3	49.3	59.4	53.2	53.6	55.0
1994	56.5	60.1	59.7	58.6	53.2	57.9	57.6	53.6	55.8	54.7	57.2	59.4
1995	56.8	55.0	46.0	45.3	39.2	40.3	45.0	45.0	42.4	45.3	46.4	47.5
1996	42.1	48.2	48.2	39.6	53.2	49.6	43.9	50.0	44.6	54.3	48.2	52.9
1997	P53.2	P48.2										
Over 3-month span:												
1993	60.8	58.3	53.2	47.8	48.9	54.0	50.4	58.3	57.6	59.7	54.7	57.6
1994	63.7	64.4	66.2	60.8	56.1	56.8	60.8	58.6	54.0	56.1	60.1	60.8
1995	60.4	51.8	43.5	34.9	33.1	32.0	33.1	35.6	38.8	39.6	40.6	38.8
1996	38.8	39.9	37.8	43.2	45.3	47.5	45.7	40.6	50.7	47.1	51.8	P51.8
1997	P54.0											
Over 6-month span:												
1993	56.5	59.0	56.8	55.4	50.7	57.9	59.4	56.5	57.6	58.6	64.4	60.8
1994	62.2	64.4	60.4	61.5	59.0	56.8	56.5	57.2	60.1	55.8	59.7	55.8
1995	55.4	45.0	38.5	33.5	27.7	28.8	28.8	30.6	33.5	33.1	34.2	38.8
1996	32.0	37.4	37.1	38.1	42.4	37.8	48.6	43.5	45.0	P51.4	P47.8	
1997												
Over 12-month span:												
1993	56.8	57.9	55.8	58.6	57.2	57.6	58.6	59.0	61.2	59.7	60.1	57.6
1994	57.9	58.6	60.8	60.8	60.8	63.3	59.4	60.1	57.2	55.8	49.6	47.5
1995	42.1	40.3	39.9	40.6	34.5	31.7	25.9	28.8	28.1	24.1	27.0	29.1
1996	33.1	33.1	33.8	35.6	37.1	41.0	P40.3	P40.6				
1997												

[1] Based on seasonally adjusted data for 1-, 3-, and 6-month spans and unadjusted data for the 12-month span. Data are centered within the span.

P = preliminary.

NOTE: Figures are the percent of industries with employment increasing plus one-half of the industries with unchanged employment, where 50 percent indicates an equal balance between industries with increasing and decreasing employment.

MAR 21 1997

Chairman Jim Saxton
Joint Economic Committee
339 Cannon House Office Building
Washington, D.C. 20510

Dear Chairman Saxton:

At the, March 7, 1997, hearing of the Joint Economic Committee you inquired about the history of decisions concerning funding for the Consumer Price Index Revision currently in progress.

This matter was discussed during the hearings held in the House of Representatives on the Bureau of Labor Statistics (BLS) Appropriations requests for Fiscal Years 1994 and 1995. Relevant portions of the transcripts from those hearings are enclosed.

The BLS had developed plans for a possible start to the Revision in Fiscal Year 1994, but it ultimately was decided not to proceed with a request to the Congress for funds to start this work until the following year. Work on the Revision began in Fiscal Year 1995, and has received strong support from all involved in decisions about the Bureau's funding.

I trust that these materials answer the question you raised.

Sincerely yours,

KATHARINE G. ABRAHAM
Commissioner

Enclosures

THURSDAY, APRIL 29, 1993.

BUREAU OF LABOR STATISTICS

WITNESSES

WILLIAM G. BARRON, DEPUTY COMMISSIONER FOR ADMINISTRATION AND INTERNAL OPERATIONS
DANIEL J. LACEY, ASSISTANT COMMISSIONER FOR ADMINISTRATION
THOMAS J. PLEWES, ASSOCIATE COMMISSIONER FOR EMPLOYMENT AND UNEMPLOYMENT STATISTICS
JAMES E. McMULLEN, DIRECTOR, OFFICE OF BUDGET

INTRODUCTION OF WITNESSES

Mr. NATCHER. At this time we take up the budget request for the Bureau of Labor Statistics, Salaries and Expenses. We have before the committee, Mr. Barron. Mr. Barron, before we start, tell us who you have with you at the table.

Mr. BARRON. Thank you, Mr. Chairman.

On my far right is James McMullen, the Department of Labor Budget Director. On my immediate right is Thomas J. Plewes, Associate Commissioner for Employment and Unemployment Statistics. And on my left, Mr. Dan Lacey, Assistant Commissioner for Administration.

OPENING STATEMENT

Mr. NATCHER. We are pleased to have you with us. You may proceed.

Mr. BARRON. Thank you, Mr. Chairman.

I would like to submit my prepared statement for the record and summarize it briefly.

It is both a honor and a pleasure to appear before your committee on behalf of the Bureau of Labor Statistics budget request for fiscal year 1994.

The Bureau is requesting a total amount of $330,675,000, a net increase of $6.7 million over the comparable 1993 level. This budget proposes no new increases, but continues new initiatives approved by the Congress in previous years, and most importantly, it continues our core economic indicators.

Those programs, Mr. Chairman, that measure jobs, unemployment, employment, inflation, compensation, safety and health, growth and productivity, I think represent some of the key issues that are facing Members of Congress, the officials in the executive branch and, indeed, represent areas of great concern for people throughout our country. This request will allow the Bureau to maintain those programs and to continue our record of service to the Congress as well as to the American people.

We appreciate the opportunity to be here.

Mr. BARRON. Yes.

HIGHEST PRIORITY PROGRAMS

Mr. PORTER. What is your highest priority that is not funded by the budget? If you had some additional money, what would you want to do?

Mr. BARRON. Well, sir, I think all of our priorities for the year are funded. This is the President's budget, and clearly a person in my position supports that budget, and this would represent all the priority areas we have at this time.

Mr. PORTER. Very good nonanswer.

DIRECT USE METHOD

Mr. NATCHER. Both the House and Senate reports last year urged the Bureau to begin steps to add two additional States in the so-called "direct-use method" of determining State unemployment rates. Have you taken any steps to comply with this suggestion?

Mr. BARRON. Mr. Chairman, we did take the steps to develop a plan as to how we could do it and estimated the costs that would be required. In the final analysis, as a result of the final decisions made for overall funding for the Bureau last year, we were not able to implement the program, sir.

Mr. NATCHER. If a decision is made now to do this in fiscal year 1994, how much would it cost?

Mr. BARRON. Let me ask Mr. Plewes.

Mr. PLEWES. Our estimates of the first year funding to bring in the States of Georgia and Virginia, would be $750,000. Subsequent year costs would be $1.3 million for both States. Each of those States would be about half, if the Congress decided to go with only Georgia, for example.

FOREIGN DIRECT INVESTMENT

Mr. NATCHER. Last year we urged you not to eliminate the Foreign Direct Investment program. What are you doing in regard to that matter?

Mr. BARRON. Mr. Chairman, again, another very difficult decision. We have continued part of the Foreign Direct Investment program. At the time the budget decisions were made, there was one piece of the program that we had never developed information on: the types of occupations that exist in companies which are foreign owned.

I was able to find resources within the Bureau's base budget that will enable Mr. Plewes to produce that one critical report that I know was of vital interest to the Congress. We are going to do that, sir.

The funds for continuing the program have been eliminated. We are going to maintain our computer capability to put the program back in place, if resource constraints ever become better. But that is just going to be another program we are not going to be able to continue.

Mr. NATCHER. How much would it cost to maintain the program?

Mr. BARRON. About $800,000 a year.

LABOR MARKET INFORMATION

Mr. NATCHER. The States through the Interstate Conference of Employment Security Agencies, has asked the committee to take a close look at the management of labor market information programs of the Department. How much are you requesting for these programs in 1994?

Mr. BARRON. In our budget, Mr. Chairman, the total amount of money that we are requesting for the States is $73 million. That is about 22 percent of our total budget, sir.

Mr. NATCHER. Has the funding for this been falling off in real terms, during the past several years?

Mr. BARRON. Yes, sir it has. Particularly, I think in 1993, the final decisions on the budget that were made, imposed certain constraints, particularly on trust funds which, in the case of BLS, goes to support the State activities. That has hurt the States badly.

Part of the very large increase that you mentioned at the outset of the hearings, the non-pay baseline, part of that is to put funding back for the States. We need to support them.

Mr. NATCHER. How does the Bureau allocate these funds out to the States?

Mr. BARRON. We work with Mr. Plewes' staff and then our eight regional offices. We develop work load data for the programs such as the employment program from which we get the employment data.

We also have the occupational employment statistics and our business establishment list project, all critical programs. The negotiations actually take place on a State-by-State basis, based on the State's share of the work load.

This is a new process BLS put in place when the decision was made to move the program funding from ETA to the BLS and the Bureau did not receive all the funds to carry it out. ICESA, I believe, describes it as a model process to put in place for all agencies.

Without commenting on all the problems that they may have cited to you, Mr. Chairman, I think in this era of budget constraints, that has caused our State colleagues to take a look at that process. We are concerned about it.

I think most of the concerns are budget driven. I think the program put before you this year will solve many of them.

CONSUMER PRICE INDEX REVISION

Mr. NATCHER. The Bureau revises the consumer price index as a result of the census each time. When do you plan to begin the next revision?

Mr. BARRON. Mr. Chairman, it has been reported in the press, so I am not going to say anything here that is a big surprise to anybody, but we are late in our typical pattern of revising the CPI. I am sure as we enter into the 1995 budget process, which I cannot say alot about right now, this will be an item that gets major consideration.

Mr. NATCHER. How much do you expect it to cost?

Mr. BARRON. The total cost for the program over a period of six years would be about $56 million. That sounds like a lot of money.

AUTP-10

SUMMARY OF ADVANCES

	1993 Actual	1994 Estimate	1995 Estimate
Appropriation	$4,443,000,000	$2,338,000,000 1/	$686,000,000
Total Budget Authority	4,920,443,000	2,941,300,000	686,000,000
Obligations:			
Black Lung Disability Trust Fund	343,000,000	343,900,000	326,000,000
Federal Unemployment Benefits and Allowances	---	30,400,000	---
Extended Unemployment Compensation Account	4,631,118,000	2,587,000,000	160,000,000
Total Obligations	4,994,118,000	2,941,300,000	686,000,000

1/ Included in 1994 Estimate:

Program supplemental of $61,400,000 and $343,900,000 for an indefinite appropriation account for the Black Lung Disability Trust Fund.

THURSDAY, MARCH 10, 1994.

BUREAU OF LABOR STATISTICS

WITNESSES

KATHARINE G. ABRAHAM, COMMISSIONER OF LABOR STATISTICS
WILLIAM G. BARRON, DEPUTY COMMISSIONER FOR ADMINISTRATION AND INTERNAL OPERATIONS
KENNETH V. DALTON, ASSOCIATE COMMISSIONER FOR PRICES AND LIVING CONDITIONS
DANIEL J. LACEY, ASSISTANT COMMISSIONER FOR ADMINISTRATION
THOMAS J. PLEWES, ASSOCIATE COMMISSIONER FOR EMPLOYMENT AND UNEMPLOYMENT STATISTICS
JAMES E. McMULLEN, DIRECTOR, OFFICE OF BUDGET, DOL

INTRODUCTION OF WITNESSES

Mrs. LOWEY (presiding). Good morning, thank you for appearing before us today. We welcome the first person who will testify, Katharine Abraham, the Commissioner of Labor Statistics. Welcome.

OPENING STATEMENT

Ms. ABRAHAM. Thank you. I appreciate the opportunity to appear before you and to discuss our budget request. I do have a formal statement that I would like to submit for the record if I may.

Mrs. LOWEY. Of course.

Ms. ABRAHAM. Rather than going through the formal statement line by line, let me just summarize, if I could, the request that we have submitted.

For 1995, the Bureau of Labor Statistics has requested $367.106 million for continuation of our core programs and to do a few new things that I will talk about briefly. That budget request represents a net increase of $24.078 million over our 1994 appropriation. Of that net increase of just over $24 million, just over $17 million is requested for improvements in our statistical programs. There are four items included among those improvements.

The first of these items is just over $5 million in fiscal year 1995 to support the first steps in the process of revising the Consumer Price Index. The main things that will go on in this revision, which is expected to continue over the next six years, are to first update the geographic sample, the areas in which we collect price data; secondly, to update the market basket, so that the items that we are pricing correspond more closely to what consumers are actually purchasing; and finally to introduce some technical improvements in the way that the survey is conducted.

The Consumer Price Index is obviously very important as an economic indicator since it is used so heavily in both setting the magnitude of payments under a variety of government programs and also for escalating payments in a large number of private sector

contracts. The goal of this revision is to produce an index that more accurately reflects what is going on with respect to changes in prices.

This second item for which we are requesting additional funding is the so-called ES–202 program. We have requested just under $6 million for this program. This program collects data from the States on all of the businesses in those States that are covered by the unemployment insurance—and adds to that data information on the industry that those businesses are in and other coding. This program is very important because the information that we get from the States serves as the sampling frame for most of our business surveys. It is important that the States be funded to do the work we ask of them so that the sampling frame is accurate.

The ES–202 program request also includes some money for the States to do additional work that helps us identify establishments that are really part of the same enterprise and also to do some work that helps us to link-up establishments—from one year to the next. This would enable us to look at changes in employment, big versus small enterprises, and answer a whole range of questions related to the job creation process and business births and deaths.

The third item in our list of increases is $1 million to fund supplements to the Current Population Survey which is our monthly household survey. I think that this is important because it would enable us to collect data on a range of important labor market policy issues that we don't currently collect on an ongoing basis.

And finally, in terms of increases, we requested just over $6 million to fund a new youth cohort for the National Longitudinal Surveys. We believe that conducting this new youth cohort survey is important because it would enable us to look at a whole range of issues related to the labor force activities and problems of youth, particularly Black and Hispanic youth. So those are our four requested increases.

The budget also includes, approximately $14.6 million for mandatory cost increases. These program and mandatory cost increases are partially offset by a reduction of $3.3 million for funding those surveys that provide data to implement the Federal Employees Pay Comparability Act, the so-called locality pay raises. In addition, a $250,000 reduction in funding for the Employment Cost Index Program that arises because we will be asking the private sector users of the Aircraft Manufacturing Employment Cost Index to pay for the survey rather than funding it from our budget.

Finally, the budget includes program decreases of just over $5 million to help fulfill the President's goal of reducing the size of the Federal work force.

In summary, I think this is a budget that will let us continue to do the important work that we are currently doing and also do some new things that are very important. My colleagues and I, of course, would be very happy to answer any questions that you might have.

[The statement and biography of Katharine G. Abraham follows:]

Statement of Katharine G. Abraham
Commissioner of Labor Statistics
before the
House Appropriations Subcommittee on
Labor, Health, and Human Services,
Education and Related Agencies
March 10, 1994

Mr. Chairman and Members of the Subcommittee:

I appreciate this opportunity to appear before you to discuss the budget requested by the Bureau of Labor Statistics (BLS) for 1995. As you know, this is my first appearance before this committee and I look forward to continuing the good working relationship that the BLS has always had with you. Our request would provide the BLS with the funds necessary to continue core programs that are of vital concern to the Congress, the policy making and program agencies of the Executive Branch, and the public, and also would support increased activity in four areas. The increases associated with our request are partially offset by program decreases, the largest of which are associated with the Administration's efforts to streamline governmental operations.

The 1995 request of $367,106,000 represents a net increase of $24,078,000 over the level appropriated for 1994, including the recent supplemental appropriation and associated budget rescission. Of this increase, $17,195,000 is requested for improvements in our statistical programs.

The most important of the requested BLS program increases is the $5,183,000 to support the revision of the Consumer Price Index (CPI). The Consumer Price Index is the Nation's most widely used measure of inflation. In order to maintain the accuracy of the CPI, the BLS historically has undertaken a comprehensive updating of the Index approximately every 10 years. One purpose of a revision is to update the market basket of goods and services that is priced. In addition, the revision provides the opportunity to change the areas in which prices are collected to reflect changes in the geographic distribution of the population and to incorporate improvements in survey technology and methods.

The goal of the CPI Revision is to produce an index that more accurately reflects economic conditions. The importance of this goal is underscored by the widespread use of the CPI for economic analysis, policy formulation, and contract escalation. The CPI also has a significant impact on Federal expenditures because it is used to adjust personal income tax brackets and exemptions as well as payments to social security recipients, federal and military retirees, and funding for entitlement programs such as food stamps and school lunches. For these reasons, the Vice President's National Performance Review strongly supported the BLS plan to initiate the CPI Revision in 1995.

The BLS also is requesting $4,977,000 to fully fund the work done by the States to process and tabulate business establishment employment and wage data from the Unemployment Insurance system. These data provide a virtual universe list of nonagricultural business establishments that is used as the sampling frame for all of the BLS employer surveys, and also are a major input to the Gross Domestic Product statistics prepared by the Department of Commerce. The requested increase will allow the BLS to restore the States' ability to ensure that the data produced are of the highest quality. The funding also will enable the BLS to develop enterprise statistics and to conduct longitudinal analyses of employment in business establishments, thereby shedding light on the job creation process and on business births and deaths.

A further $1,000,000 is requested to support two regular supplements to the Current Population Survey, to be conducted each January and May, that would allow timely collection of data on emerging labor market policy issues. The new supplements will explore topics such as "contingent" work, permanent job loss or displacement, work schedules, and other important issues. This initiative will provide information to promote the Secretary's goal of first jobs, new jobs and better jobs.

Finally, the BLS is requesting $6,036,000 for a new youth cohort in the National Longitudinal Surveys (NLS) program. Data from the new youth survey will provide a better understanding of

Ms. ABRAHAM. Well, the survey would begin by tracking teenagers. We would start in the first year of the program collecting information on youth who are roughly age 14 to 21, but the design of the program is to continue to track these people as they age so that we would be building up data on not just what they were doing in any one year, but what they were doing in subsequent years.

I think that that is important because there are a lot of questions that you really cannot answer just knowing about what people are doing at one point in time. Maybe I can give some specific examples of how National Longitudinal Surveys that have tracked previous cohorts have been useful.

These are just some examples of the kind of questions that one might look at. A question that one might be interested in knowing the answer to is how being unemployed as a young person affects what happens to you down the road in terms of your career development. David Ellwood, who is currently the Assistant Secretary for Policy in the Department of the Health and Human Services, did some very interesting work using an earlier youth cohort to look at that question to try to figure out whether being unemployed for a period of time early in one's life as a teenager had long lasting effects on people's subsequent labor force attachment. I can give other specific examples if you would like.

Mr. BONILLA. Would this include something like a 14-year-old who has a summer job mowing lawns? Would that be something that needs to be tracked as well?

Ms. ABRAHAM. It is hard to predict what information is going to be useful down the road, what you are going to be interested in. The survey is designed to ask a whole range of questions about people's school activities, their labor force activities, and their family backgrounds, all of which I think, as past analysis has shown, may turn out to be relevant for understanding what happens to them down the road. And knowing about that is quite useful, I think, in terms of formulating policy to help youth in making the transition from school to work.

Mr. BONILLA. And would there be overlap if it goes up to age 21? Would there be overlap with the adult population, the work force that consisted of adults?

Ms. ABRAHAM. The longitudinal survey would be quite different than the monthly measure of employment that comes from the Current Population Survey. The new youth cohort would track individuals from the time they are in the 14–21 age group until they are well into their working years. We currently have longitudinal data sets that cover some different groups. But as of 1994, the youngest person covered by any of our longitudinal surveys is going to be 30 years old, so if we start now interviewing a group of 14 to 21 or 22-year-olds, there really would not be any overlap with any group covered by our other longitudinal surveys.

CONSUMER PRICE INDEX REVISION

Mr. BONILLA. Okay. On another subject, revising the Consumer Price Index. Last year, this committee asked how much it would cost over a period of years and I believe the answer was $56 million over six years. And this year, a request was somewhere between $5 and $6 million. So over the next few years, as we look at completing this program, is the idea to space out the request for appropriated funds?

Ms. ABRAHAM. I don't have last year's figures in my head—pardon me because I wasn't here. This year's request is for funding what we hope will be the first of six years of funding for this program. The total current dollar funding added up over the six years would be approximately $61 million. This year is really a year in which we are doing initial start-up. It gets more expensive on an annual basis as we get into heavy collection of data and then it tapers off.

Mr. BONILLA. Last year, according to our records, the request was going to be $56 million overall. Is there in fact now a projection of $5 million more, making it $61 million?

Ms. ABRAHAM. That is right, due to it being a year later. There have been increases in some of the costs of some of the items that go into this revision.

Mr. BONILLA. Could we anticipate, then, in subsequent years that would also increase? I see Mr. Barron shaking his head.

Mr. BARRON. No. There was one change. In part, this cost increase is due to inflation. Another reason for the increase is that one component of the revision involves work by the Census Bureau. The Census Bureau has now come back to us and proposed that one of the major surveys they do for us be redesigned and we have included that plan in this particular proposal.

This program's total cost in real terms is less than the last revision, and we will hold the line on the cost in current dollars, but you would see some inflationary cost increases. But in terms of the type of program change item I discussed, that is going to be frozen. This will be the total cost in real terms that we will present to you.

CHANGE IN UNEMPLOYMENT RATE CALCULATIONS

Mr. BONILLA. On the subject of changing the way unemployment rates were calculated, all of America watched this as they were implemented and they went up a little bit. Is that expected consistently to stay higher because of the new way the data is processed or was that just a one-time thing?

Ms. ABRAHAM. No, this is not a one-time phenomenon. We are basing our expectations on the information that we have from a year-and-a-half test study during which we conducted a smaller scale survey using the new methods that we could then compare for that period to the official survey using the old methods.

The unemployment rate measured the new way averaged about a half a percentage point higher than the unemployment rate measured the old way. And we would expect if underlying labor market conditions are similar during that test period, that this would continue. The new method of measuring unemployment is a more sensitive instrument. It is picking up more people that are unemployed and we would expect that that would continue.

Mr. BONILLA. So then I would presume by your comments that you do feel it is definitely a more accurate and comprehensive way of processing the data?

surrounding the event, et cetera. It is a major milestone from our perspective.

At any rate, in getting started on this, the States have needed help so there have been certain costs that we have tried to incur here on their behalf. So the bottom line on this, I think, is as with all Federal-State programs, much of the money goes to support States. And indeed when you produce data by State and then by industry classification within a State, you are talking about a fairly expensive enterprise.

LABOR MARKET INFORMATION REPORT

Mrs. LOWEY. In last year's committee report, we asked the Department to conduct a complete review of all labor market information needs and products and report back to the committee by May 1. What is the current status of that review?

Ms. ABRAHAM. That report is well under way at this point. Work on this got started a bit later than we might have liked because there was no money appropriated for doing the work on this report and there was a process of negotiation with the Employment and Training Administration, who have agreed to fund this work. The report is now under way. We have every expectation that the report will be delivered on schedule on May 1st. I don't know if you wanted to add to that, Tom?

Mr. PLEWES. We have hired a study director who was with the Georgia Department of Labor. He is on board. We formed five study teams. We will bring the teams together again next month to begin the final writing process. We will have a report by May 1st, and we think it is quite important because this report is timed so it will fit in with the reconsideration of the reemployment act and the labor market information section therein, so we are paying a great deal of attention to it.

Mrs. LOWEY. Are the States involved in the process? The committee asked that the States be involved in the study and we would be interested to know to what extent the States are involved.

Mr. PLEWES. We have hired a State official as the Study Director. On every one of the committees, there is at least two-thirds of the committee members, are State people. So, yes, ma'am, the States are involved to a major extent.

Mrs. LOWEY. Thank you.

Mr. Porter, would you like to ask some questions?

CONSUMER PRICE INDEX

Mr. PORTER. Thank you, Madam Chair.

Ms. Abraham, for fiscal year 1995, your budget requests $5 million and 29 FTEs for the first year of the Consumer Price Index revision.

Ms. ABRAHAM. That is correct.

Mr. PORTER. Last year, BLS testified that it would require 23 FTEs for this project. What is the reason for the difference in what you thought you would need then and what you are requesting now?

Ms. ABRAHAM. Since I was not here last year and am not intimately familiar with the details of last year's request, I am going to ask my colleague, Bill Barron, to speak to that if he would.

Mr. BARRON. That is correct, Mr. Porter. Also, the total cost as we estimated in last year's request has gone up by $5 million. There are two reasons for this. One reason is that last year when we were here the CPI revision, while we did discuss it here, had not officially made it into our request. And indeed no funding was provided, essentially, because the executive branch did not request it.

We in BLS recognized it is critically important that this measure, which is used in so many ways that impact the Federal budget, remain as accurate as possible. We did not want to just come back with the same plan and have this index be introduced a year later. So we have replanned this activity and, in essence, have maintained the same delivery date for a new CPI that we had at the time that we were here last year. And we think that was critically important, given the impact of CPI on the overall Federal budget.

Part of the personnel increase is to help us stay on that same plan. Some of the cost increase is due to inflation; some of it is due to a proposal that we received from the Census Bureau to modify the systems that support some of the survey work they do for us. We have looked at that proposal carefully, presented it to OMB, and decided it was worth the investment.

Now, in aggregate there is an increase as you point out. In relation to the past, however, this revision I believe is $5 to $6 million in real terms below the cost of the last one. We have tried to maintain cost even though you are absolutely right that you are seeing some increases between last year and this.

Mr. PORTER. So the current estimate of the total cost is now about $61 million?

Mr. BARRON. That is correct, sir.

Mr. PORTER. Why are you considering multiyear availability?

Mr. BARRON. That is a request that was presented to the committee in the past, and we have been very appreciative of the fact that we have received that authority in the past. The CPI revision is arguably one of the most complicated things we do. It is a series of interlocking steps. The request for multiyear funding helps us to avoid missing that end date. There are a lot of contract activities in the revision for both the public and private sectors, and rather than coming back and asking for money and waiting for appropriations, multiyear funding helps us keep this project on time and meet the delivery date that we are very much committed to.

INCREASE IN OTHER SERVICES

Mr. PORTER. Thank you.

The budget request includes $3 million for an increase in "other services." What is this for?

Ms. ABRAHAM. Again, I am not intimately familiar with the details of the budget lines, let me ask Bill Barron to address that, if I could.

Mr. BARRON. There are increases in what we call object class 25. That is contractual services. These increases represent inflationary costs in the areas of State Cooperative Agreements, other contract services, and working capital fund. Something along the order of—let me put it this way, less than half of the money we request from

COMMISSIONER'S APPOINTMENT

Mr. Hatcher: How long have you been the Commissioner?

Dr. Abraham: I have been the Commissioner just over 5 months. My nomination was approved on October 8, 1993.

Mr. Hatcher: How long is your term of office?

Dr. Abraham: My term of office is for 4 years.

FUNDING INCREASES IN 1995

Mr. Hatcher: Your budget request is for $367,106,000 for fiscal 1995, an increase of $23,061,000, or 6.7 percent, over 1994. Congress and the Administration are trying to hold the line on Federal administrative costs. Can we justify a nearly 7 percent increase in your budget under the circumstances?

Dr. Abraham: Yes, Mr. Chairman, I strongly believe that we can. The request for BLS has been developed with both the overall budget constraints and the agreements between the Administration and the Congress very much in mind. Program decreases absorbed by BLS in the past, including those proposed this year, were also an important consideration. Based on these assessments, the Administration and the Secretary determined that it was extremely important to submit a 1995 budget request that enables the BLS to continue production of essential data series as well as to launch several critically important efforts. In view of the wide-spread use of our products, in both public and private sector decision-making, this budget reflects a commitment to maintain the BLS' economic statistics and to make some much needed improvements in the Nation's information infrastructure.

ORDER OF PRIORITY FOR PROGRAM INCREASES

Mr. Hatcher: On page 5 of the justification you show four proposed program increases for 1995 totaling $17,195,000. If the Committee is not able to fully fund all of these, would you rank these for us in order of priority? Or would you just prefer that we simply prorate all of the increases?

Dr. Abraham: At some level, Mr. Chairman, it is extremely difficult for me to prioritize the proposed program increases because each of them addresses a specific individual need that has been deemed critical even in these times of very difficult budget constraints. Given however, the enormous impact that the CPI has on the economy, both as an economic indicator and in the indexation of both Federal expenditures and revenues, I must rank the CPI Revision as the Bureau's top priority. Given that we need the entire amount requested to launch this overdue, high priority program, a prorating of our program increase request would place BLS in a difficult position.

Our second priority is the ES-202 Data Quality effort, which will fully fund the States to provide data from the Unemployment Insurance files. This increase is needed to ensure the continued quality of the ES-202 data and to accommodate increased workload as a result of a growing number of establishments. The ES-202 data quality is key to most BLS business statistics, because the ES-202 forms the base of the Business Establishment List, BLS's survey frame. BLS also will devote resources to enhance the Business Establishment List to create the systems necessary to tabulate, analyze and release new statistics describing the levels and changes in employment at the business enterprise level; improve the quality of predecessor and successor information and Federal Employer Identification Numbers; identify business births and deaths; and provide a data base for job creation analysis.

The Current Population Survey Supplements and a new Youth Cohort for the National Longitudinal Survey both are aimed at addressing critical information needs which cannot be addressed by existing programs.

The CPS proposal would fund two regular annual supplements to the CPS on topics of important policy interest regarding emerging labor force issues. The important topics the new supplements will explore include: contingent work, including the nature and extent of temporary work arrangements and whether the self-employed hire others or work as independent contractors; permanent job loss or displacement and its employment and earnings effects; the number (and demographic characteristics) of workers with a disability; work schedules; employee benefits by demographic group; attachment of workers to their employers and occupations; work at home and the extent to which it is done for pay; and the relationship between specific formal education and occupational employment and earnings. These funds would enable BLS to investigate other labor market policy issues as they emerge.

The National Longitudinal Survey (NLS) program increase would allow BLS to begin a new youth cohort, since we no longer have a cohort which covers the labor market experiences of today's youth and the challenges young people face upon entering the labor market of the 1990's are particularly difficult. Longitudinal surveys are a unique source of critical information, since this type of survey provides data that follow people over time, linking the causes and consequences of major lifetime events, and providing better measures of change and duration for key labor market statistics such as employment, unemployment and job tenure.

EXECUTIVE ORDER REDUCTIONS

Mr. Hatcher: On page 6 you show a proposed reduction of $1,217,000 for "administrative expenses as required by Executive Order". How was this amount arrived at?

Dr. Abraham: This reduction is in compliance with Executive Order 12837, "Reductions in Administrative Expenses". The amount was developed by using targets and calculations provided by OMB for the Department of Labor and its individual agency components.

Mr. Hatcher: Will there be any impact on the agency as a result of this reduction? If so, in what way?

Dr. Abraham: By and large, these cuts will not affect the BLS statistical program. The BLS will seek to accommodate these reductions by performing its work more efficiently, cutting programs only when no such efficiencies can be found.

Mr. Hatcher: On that same page you show a further reduction of $1,823,000 and 37 FTE's. What is the purpose of this reduction?

Dr. Abraham: This reduction is part of the President's goal of long term deficit reduction and is made in compliance with Executive Order 12839, "Reduction of 100,000 Federal Positions".

Mr. Hatcher: And again, what impact might it have on the agency?

Dr. Abraham: Again, to achieve these reductions, the BLS will use increased efficiencies and reinvention efforts, cutting the lowest priority programs only when no such savings are found.

MAR 19 1997

Honorable Maurice D. Hinchey
House of Representatives
Washington, D.C. 20515

Dear Congressman Hinchey:

At the Joint Economic Committee hearing on March 7, you asked that we send you Bureau of Labor Statistics (BLS) data on recent trends in productivity and compensation. I am pleased to comply with your request.

The enclosed table shows the year-to-year percent changes, for the years since 1990, in productivity, hourly compensation, and related series. The table includes the average annual rates of change for these series for the period 1990 through 1996. The data are consistent with information released by the Bureau on March 11.

The first column shows trends in output per hour, or labor productivity, in the business sector of the economy. Hourly compensation, shown in column 2, includes wages and salaries plus employer contributions for social insurance and private benefit plans for employed persons in the business sector. Column 3 presents hourly compensation trends adjusted for changes in the implicit price deflator (IPD) for the business sector. The IPD measures inflation in the prices of all goods and services produced in the business sector, not just consumer goods and services. Hence, trends in hourly compensation adjusted for the IPD reflect the hourly costs of employing workers in terms of the prices their employers receive for their output. The fourth column shows hourly compensation adjusted for changes in the Consumer Price Index for all Urban Consumers (CPI-U). The column 4 measure of real hourly compensation reflects change in the prices of the items consumers purchase and thus is more suitable for assessing change in the purchasing power of wages. Hourly compensation adjusted for the CPI-U is published by the BLS in its Productivity and Costs news releases.

Honorable Maurice D. Hinchey--2
MAR 19 1997

Hourly compensation deflated by the IPD clearly has risen more rapidly in recent years than hourly compensation deflated by the CPI-U. This is because the IPD has increased more slowly than the CPI-U. The relatively slow rise in the IPD reflects the fact that the IPD covers goods purchased as business investments, which have recorded relatively slow price increases in recent years, while the CPI-U excludes such goods.

The last column of the table presents trends in unit labor costs. Labor costs account for about 70 percent of total production costs. Unit labor costs are especially useful for analyzing the pressures of changes in labor costs on output prices. The costs of producing a unit of output generally can be expected to rise in the event of an increase in compensation per hour. On the other hand, these unit costs generally will be reduced by increases in output per hour of labor input, or labor productivity. Unit labor costs are computed as compensation per unit of output. Changes in unit labor costs are roughly equal to the difference between the percentage change in hourly compensation (column 2 of the table) and the percentage change in output per hour (column 1). Unit labor costs thus reflect the pressures on output prices of hourly compensation increases not offset by productivity gains.

I hope that you find this information useful.

Sincerely yours,

KATHARINE G. ABRAHAM
Commissioner

Enclosure

Business sector: Recent trends in labor productivity, hourly compensation, hourly compensation deflated by the implicit price deflator for the business sector (IPD) and by the CPI and unit labor costs

Percent change:	Output per hour of all persons	Compensation per hour	Real (IPD) compensation per hour	Real (CPI) compensation per hour	Unit labor costs
1990-91	0.6	4.8	0.8	0.6	4.2
1991-92	3.4	5.2	2.8	2.1	1.7
1992-93	0.2	2.5	0.0	-0.5	2.3
1993-94	0.5	1.9	-0.2	-0.6	1.4
1994-95	0.1	3.1	0.8	0.3	3.0
1995-96	1.0	3.8	2.1	0.8	2.8
Average annual rate of change, 1990-96	1.0	3.5	1.0	0.4	2.6

Source: Bureau of Labor Statistics, March 11, 1997.

ISBN 0-16-054993-0