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Payroll Growth Slows in April

Washington, D.C. – The unemployment rate remained unchanged at 4.7 percent in April, and 138,000 total payroll jobs were created, the Bureau of Labor Statistics reported today. Non-government jobs grew by 131,000.

“Payrolls are expanding, but not at a very strong pace,” said **Sen. Jack Reed (D-RI)**, Ranking Democrat on the **Joint Economic Committee (JEC)**. “It is encouraging to see some growth in wages, but there is still plenty of room for real wages to catch up with productivity before the Fed needs to worry about inflationary pressures from the labor market.”

“Higher prices for gasoline and medical care are squeezing the take home pay of workers,” said **Reed**, also noting that average hourly earnings were stagnant during 2003 and fell in 2004 and 2005, after adjusting for inflation. “We need to make work pay for the average person. Productivity gains should translate into higher paychecks and not just higher company profits. That has not been happening on President Bush’s watch.”

Growth in payroll employment has been modest by the standards of most economic recoveries. The 5.3 million jobs created since job losses peaked in August 2003 works out to only about 165,000 per month—weak by the standards of past economic recoveries when growth of 200,000 jobs per month or more was typical. Although the unemployment rate has come down, April’s 4.7 percent rate is still higher than the 4 percent rate achieved in the expansion of the 1990s.

Most labor market indicators remain weaker than they were at the start of the 2001 recession. The labor force participation rate is 1.1 percentage points lower than it was at the start of the recession and the fraction of the working-age population with a job is 1.3 percentage points lower. Long-term unemployment also persists. Nearly one in every five unemployed people – 1.3 million Americans – have been jobless for more than 26 weeks, the maximum number of weeks for receiving regular unemployment insurance benefits.

Overall, there are 7.1 million unemployed Americans, and 4.8 million additional workers who want a job but are not counted among the unemployed (including about 1.3 million who have searched for work enough to be considered marginally attached to the labor force). An additional 4.0 million people work part-time for economic reasons. The unemployment rate would be 8.2 percent if the figure included those who are marginally attached to the labor force and those who are forced to work part-time for economic reasons.

The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.

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