

---

Advance copies of this statement are made available to the press under lock-up conditions with the explicit understanding that the data are embargoed until 8:30 a.m. Eastern Standard Time.

---

Statement of

Kathleen P. Utgoff  
Commissioner  
Bureau of Labor Statistics

Friday, January 7, 2005

Nonfarm payroll employment increased by 157,000 in December, with gains occurring in several service-providing industries. A total of 2.2 million jobs were added to payrolls in 2004. The unemployment rate was unchanged in December at 5.4 percent but was down from 5.7 percent a year earlier.

Among the major industry sectors, the largest job gain in December was in education and health services (47,000), principally in health care and social assistance. Overall, education and health services added 402,000 jobs in 2004.

Employment in professional and business services also was up in December. Within this sector, employment rose over the month in architectural and engineering services and in computer systems design. Over the year, professional and business services added 546,000 jobs. The

temporary help industry accounted for about two-fifths of this increase, or 206,000 jobs. There also were substantial over-the-year gains in architectural and engineering services, computer systems design, and management and consulting services.

Employment in financial activities rose by 14,000 over the month and by 140,000 in 2004. Within this sector, employment in the finance and insurance industry increased in December, mainly due to job growth in its credit intermediation component. Real estate employment was little changed in December. Over the year, employment in financial activities was buoyed by continued strength in the housing market. Credit intermediation added 64,000 jobs, and real estate gained 42,000.

Wholesale trade employment continued to trend up in December. Over the year, the industry added 97,000 jobs, with most of the gain in its durable goods and electronic market components. In retail trade, employment edged down in December after seasonal adjustment. Over the year, however, retailers added 169,000 jobs, with large gains in building material and garden supply stores and in clothing stores.

While government employment was little changed in December, the sector added 172,000 jobs in 2004. All of

this growth occurred at the State and local levels, especially in education. At the Federal level, the U.S. Postal Service continued to shed jobs during the year, while employment in the rest of the Federal government was about unchanged.

In the goods-producing sector, construction employment was little changed in December. However, the industry added 258,000 jobs in 2004, reflecting the ongoing strength in homebuilding.

Manufacturing employment was about unchanged in December. For the first time since 1997, the number of factory jobs grew over a calendar year (up 76,000 in 2004); most of the growth occurred early in the year. In manufacturing, both the average workweek (40.5 hours) and factory overtime (4.5 hours) were unchanged in December.

Average hourly earnings for production or nonsupervisory workers rose by 2 cents in December, matching the increase in the prior month. Over the 12 months ending in December, hourly earnings increased by 2.7 percent.

Turning now to our survey of households, I would remind data users that this is the month in which we revise previously published seasonally adjusted estimates. Data going back 5 years--to January 2000--are subject to

revision. All of the seasonally adjusted household data in today's news release reflect these revisions.

In December, the unemployment rate was unchanged at 5.4 percent, and the number of unemployed held at 8.0 million. Since July, the unemployment rate has been 5.4 or 5.5 percent, slightly below the levels that prevailed early in the year. The employment-population ratio was little changed over the month at 62.4 percent.

The labor force participation rate was 66.0 percent in December. The rate has changed little recently, after trending down from early 2000 through early 2004. The recent trend in overall labor force participation reflects long-term structural and demographic shifts as well as more short-term business cycle fluctuations.

Looking at movements in labor force participation by age, the sharpest decline over the past several years occurred among young workers, both men and women. At 61.3 percent in December, the participation rate for those aged 16 to 24 was about 5 percentage points lower than in early 2000. The participation rate for men in this age group also had trended down in the 1990s, while the rate for women was little changed.

Since the beginning of 2000, participation also was for the 25- to 54-year age group. The participation rate for men in this age group decreased to 90.3 percent by the end of 2004, and has been gradually trending down since the early 1950s. After peaking at just over 77 percent in early 2000, the labor force participation rate for women 25 to 54 years old edged down to 75.2 percent by the close of 2004.

In contrast to the recent declines in participation among the other age groups, the labor force participation rate for persons age 55 and over continued to trend up. From early 2000 to the end of 2004, the rate for individuals in this age group rose by about 4 percentage points, to 36.6 percent.

To summarize the labor market data for December, nonfarm employment rose by 157,000, with increases in several service-providing industries. Employment gains totaled 2.2 million in 2004. The unemployment rate remained at 5.4 percent in December, down from 5.7 percent a year earlier.