May was an important month for the Bureau of Labor Statistics’ Payroll Employment Survey. In addition to its normal benchmark revisions, it continued to phase in a survey redesign that uses a probability-based sample. All industries except services now use this design. The industry phase-in will be completed in 2003.

Nonfarm payroll employment added 41,000 jobs in May—35,000 more than the revised employment for April. Although current average monthly employment growth is still dwarfed by the late 1990s and 2000, the changes have turned positive after more than a year of declines.

May’s employment increase contrasts with the average monthly loss of 46,000 jobs during the first four months of 2002. With the exception of mining and wholesale and retail trade, all industries showed either an employment increase or a smaller decline in May than in the first four months of the year.

The unemployment rate from the Household Survey dropped to 5.8% from the recent high of 6.0% in April. Even so, the current rate is 1.4 percentage points higher than it was in May 2001. The employment-to-population ratio rose 0.1 percentage point to 62.9%.

For people 25 and older, the labor force participation rate—the proportion of the population in the labor force—has stayed fairly level since 1998, following almost a decade of increases. However, the participation rate for those 16 and older (the age group used in the Payroll Employment Survey) has declined.