

# Economic News Release



## Employment Situation Summary

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Technical information: Household data: cpsinfo@bls.gov \* www.bls.gov/cps Establishment data: cesinfo@bls.gov \* www.bls.gov/ces

Media contact: (202) 691-5902 \* PressOffice@bls.gov

### THE EMPLOYMENT SITUATION -- SEPTEMBER 2020

Total nonfarm payroll employment rose by 661,000 in September, and the unemployment rate declined to 7.9 percent, the U.S. Bureau of Labor Statistics reported today. These improvements in the labor market reflect the continued resumption of economic activity that had been curtailed due to the coronavirus (COVID-19) pandemic and efforts to contain it.

This news release presents statistics from two monthly surveys. The household survey measures labor force status, including unemployment, by demographic characteristics. The establishment survey measures nonfarm employment, hours, and earnings by industry.

#### Household Survey Data

In September, the unemployment rate declined by 0.5 percentage point to 7.9 percent, and the number of unemployed persons fell by 1.0 million to 12.6 million. Both measures have declined for 5 consecutive months but are higher than in February, by 4.4 percentage points and 6.8 million, respectively.

Among the major worker groups, the unemployment rates declined in September for adult men (7.4 percent), adult women (7.7 percent), Whites (7.0 percent), and Asians (8.9 percent). The jobless rates for teenagers (15.9 percent), Blacks (12.1 percent), and Hispanics (10.3 percent) showed little change over the month.

Among the unemployed, the number of persons on temporary layoff decreased by 1.5 million in September to 4.6 million. This measure is down considerably from the high of 18.1 million in April but is 3.8 million higher than in February.

In September, the number of unemployed persons who were jobless less than 5 weeks increased by 271,000 to 2.6 million. The number of persons jobless 5 to 14 weeks decreased by 402,000 to 2.7 million, and the number of persons jobless 15 to 26 weeks fell by 1.6 million to 4.9 million.

The labor force participation rate decreased by 0.3 percentage point to 61.4 percent in September and is 2.0 percentage points lower than in February. The employment-population ratio, at 56.6 percent, changed little over the month but is 4.5 percentage points lower than in February.

In September, the number of persons employed part time for economic reasons (sometimes referred to as involuntary part-time workers) declined by 1.3 million to 6.3 million, reflecting a decrease in the number of persons whose hours were cut due to slack work or business conditions.

The number of persons not in the labor force who currently want a job, at 7.2 million, changed little in September; this measure is 2.3 million higher than in February. These individuals were not counted as unemployed because they were not actively looking for work during the last 4 weeks or were unavailable to take a job.

Among those not in the labor force who currently want a job, the number of persons marginally attached to the labor force, at 1.9 million, changed little in September. These individuals were not in the labor force, wanted and were available for work, and had looked for a job sometime in the prior 12 months but had not looked for work in the 4 weeks preceding the survey.

#### Household Survey Supplemental Data

In September, 22.7 percent of employed persons teleworked because of the coronavirus pandemic, down from 24.3 percent in August. These data refer to employed persons who teleworked or worked at home for pay at some point in the last 4 weeks specifically because of the pandemic.

In September, 19.4 million persons reported that they had been unable to work because their employer closed or lost business due to the pandemic--that is, they did not work at all or worked fewer hours at some point in the last 4 weeks due to the pandemic. This measure is down from 24.2 million in August.

About 4.5 million persons not in the labor force in September were prevented from looking for work due to the pandemic. This is down from 5.2 million in August. (To be counted as unemployed, by definition, individuals must either be actively looking for work or on temporary layoff.)

These supplemental data come from questions added to the household survey beginning in May to help gauge the effects of the pandemic on the labor market. The data are not seasonally adjusted. Tables with estimates from the supplemental questions for all months are available online at www.bls.gov/cps/effects-of-the-coronavirus-covid-19-pandemic.htm.

#### Establishment Survey Data

Total nonfarm payroll employment rose by 661,000 in September, following larger gains in the prior 4 months. In September, nonfarm employment was below its February level by 10.7 million, or 7.0 percent. Notable job gains occurred in leisure and hospitality, in retail trade, in health care and social assistance, and in professional and business services.

Employment in leisure and hospitality increased by 318,000 in September, with almost two-thirds of the gain occurring in food services and drinking places (+200,000). Despite job growth totaling 3.8 million over the last 5 months, employment in food services and drinking places is down by 2.3 million since February.

Retail trade added 142,000 jobs over the month, with gains widespread in the industry. Clothing and clothing accessories stores (+40,000) accounted for about one-fourth of the over-the-month change in retail trade. Notable employment increases also occurred in general merchandise stores (+20,000), motor vehicle and parts dealers (+16,000), and health and personal care stores (+16,000).

Employment in health care and social assistance rose by 108,000 in September but is down by 1.0 million since February. Health care added 53,000 jobs in September, with continued growth in offices of physicians (+18,000), home health care services (+16,000), and offices of other health practitioners (+14,000). Social assistance added 55,000 jobs, mostly in individual and family services (+32,000) and in child day care services (+18,000).

Professional and business services added 89,000 jobs in September. Employment increased in services to buildings and dwellings (+22,000), architectural and engineering services (+13,000), and computer systems design and related services (+12,000). Despite gains of 910,000 since April, employment in professional and business services is 1.4 million lower than in February.

Employment in transportation and warehousing rose by 74,000 in September. Within the industry, job gains continued in warehousing and storage (+32,000), transit and ground passenger transportation (+21,000), and couriers and messengers (+10,000). Although the industry has added 291,000 jobs since May, employment in transportation and warehousing is 304,000 lower than in February.

Manufacturing added 66,000 jobs over the month. Durable goods accounted for about two-thirds of the gain, led by motor vehicles and parts (+14,000) and machinery (+14,000). Despite gains over the past 5 months, employment in manufacturing is 647,000 below February's level.

Financial activities added 37,000 jobs in September. Job growth occurred in real estate and rental and leasing (+20,000) and in finance and insurance (+16,000). Employment in financial activities is 162,000 below the level in February.

In September, the other services industry added 36,000 jobs, largely in membership associations and organizations (+31,000). Employment in other services is 495,000 lower than in February.

Employment in information grew by 27,000 in September but is down by 276,000 since February. Motion picture and sound recording industries accounted for most of the September gain (+23,000).

Construction employment increased by 26,000 in September, with growth in residential specialty trade contractors (+16,000) and construction of buildings (+12,000). Construction employment is below its February level by 394,000.

In September, wholesale trade added 19,000 jobs, with gains in both the durable and nondurable goods components (+13,000 and +8,000, respectively). Employment in wholesale trade is 312,000 lower than in February.

Government employment declined by 216,000 in September. Employment in local government education and state government education fell by 231,000 and 49,000, respectively. A decrease of 34,000 in federal government was driven by a decline in the number of temporary Census 2020 workers. Partially offsetting these declines, employment in local government, excluding education, rose by 96,000.

Employment in private education decreased by 69,000 in September, after a gain of similar magnitude in August. Employment in the industry is down by 355,000 since February.

Employment changed little in mining in September (+1,000). Employment in the industry is down by 133,000 since a recent peak in January 2019; about three-fourths of this decline has occurred since February of this year.

In September, average hourly earnings for all employees on private nonfarm payrolls, at \$29.47, changed little (+2 cents). Average hourly earnings of private-sector production and nonsupervisory employees were also little changed in September (+1 cent) at \$24.79. The large employment fluctuations over the past several months--especially in industries with lower-paid workers--complicate the analysis of recent trends in average hourly earnings. (See tables B-3 and B-8.)

The average workweek for all employees on private nonfarm payrolls rose by 0.1 hour to 34.7 hours in September. In manufacturing, the workweek rose by 0.2 hour to 40.2 hours, and overtime decreased by 0.1 hour to 2.9 hours. The average workweek for production and nonsupervisory employees on private nonfarm payrolls rose by 0.1 hour to 34.1 hours. (See tables B-2 and B-7.)

The change in total nonfarm payroll employment for July was revised up by 27,000, from +1,734,000 to +1,761,000, and the change for August was revised up by 118,000, from +1,371,000 to +1,489,000. With these revisions, employment in July and August combined was 145,000 more than previously reported. (Monthly revisions result from additional reports received from businesses and government agencies since the last published estimates and from the recalculation of seasonal factors.)

The Employment Situation for October is scheduled to be released on Friday, November 6, 2020, at 8:30 a.m. (ET).

Coronavirus (COVID-19) Impact on September 2020 Establishment and Household Survey Data. Data collection for both surveys was affected by the coronavirus (COVID-19) pandemic. In the establishment survey, approximately one-fifth of the establishments are assigned to four regional data collection centers for collection. Although these centers were closed, interviewers at these centers worked remotely to collect data by telephone. Additionally, BLS encouraged businesses to report electronically. The collection rate for the establishment survey was 70 percent in September, 5 percentage points lower than the average for the 12 months ending in February 2020. The household survey is generally conducted through in-person and telephone interviews. However, for the safety of both interviewers and respondents, in-person interviews were conducted only when telephone interviews could not be done. The household survey response rate was 79 percent in August, considerably higher than the low of 65 percent in June but below the average rate of 83 percent for the 12 months ending in February 2020. In the establishment survey, workers who are paid by their employer for all or part of the pay period including the 12th of the month are counted as employed, even if they were not actually at their jobs. Workers who are temporarily or permanently absent from their jobs and are not being paid are not counted as employed, even if they are continuing to receive benefits. In the household survey, individuals are classified as employed, unemployed, or not in the labor force based on their answers to a series of questions about their activities during the survey reference week (September 6th through September 12th). Workers who indicate they were not working during the entire survey reference week and expect to be recalled to their jobs should be classified as unemployed on temporary layoff. As in recent months, a large number of persons were classified as unemployed on temporary layoff in September. Since March, household survey interviewers have been instructed to classify employed persons absent from work due to temporary, coronavirus-related business closures or cutbacks as unemployed on temporary layoff. BLS and Census Bureau analyses of the underlying data suggest there still may be some workers affected by the pandemic who should have been classified as unemployed on temporary layoff. However, the share of responses that may have been misclassified was much smaller in July, August, and September than in prior months. For March through August, BLS issued an estimate of what the unemployment rate would have been had misclassified workers been included. Repeating this same approach, the overall September unemployment rate would have been 0.4 percentage point higher than reported. However, this represents the upper bound of our estimate of misclassification and probably overstates the size of the misclassification error. According to usual practice, the data from the household survey are accepted as recorded. To maintain data integrity, no ad hoc actions are taken to reclassify survey responses. More information is available at www.bls.gov/covid19/employment-situation-covid19-faq-september-2020.htm.

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