
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 Daylight Time.

Statement of

William W. Beach
Commissioner
Bureau of Labor Statistics

Friday, April 3, 2020

Nonfarm payroll employment declined by 701,000 in March, and the unemployment rate increased to 4.4 percent, reflecting the broad impact on the job market of the coronavirus (COVID-19) and efforts to contain the illness. Employment fell by 459,000 in the leisure and hospitality industry, mainly in food services and drinking places. Notable employment decreases also occurred in health care and social assistance, professional and business services, retail trade, and construction.

It is important to keep in mind that the March survey reference periods for the establishment and household surveys (the pay period or week, respectively, that includes the 12th of the month) predated many business and school closures that occurred in the second half of the month. In addition, data collection for the two surveys was affected by the coronavirus. Although response rates for both surveys were adversely affected

by pandemic-related issues, we still were able to obtain estimates from our two surveys that met BLS standards for accuracy and reliability.

Incorporating revisions for January and February, which decreased payroll employment by 57,000 on net, job gains averaged 245,000 in the first 2 months of 2020 before the substantial coronavirus-related decline in March.

Within the leisure and hospitality industry, employment fell by 417,000 in food services and drinking places in March, as many restaurants and bars cut back operations. This employment decline nearly offset the gains over the prior 2 years. Elsewhere in leisure and hospitality, the accommodation industry lost 29,000 jobs in March.

Employment declined by 61,000 in health care and social assistance in March. Health care employment declined by 43,000, with losses occurring in offices of dentists (-17,000), offices of physicians (-12,000), and offices of other health practitioners (-7,000). From February 2019 to February 2020, health care added jobs each month, with an average monthly gain of 31,000. Employment in social assistance decreased by 19,000 in March, reflecting a job loss in child day care services (-19,000).

Professional and business services lost 52,000 jobs in March, with the decline concentrated in temporary help services

(-50,000). Employment also declined in travel arrangement and reservation services (-7,000).

Employment in retail trade decreased by 46,000 over the month, with job losses occurring in clothing stores (-16,000); furniture stores (-10,000); and sporting goods, hobby, book, and music stores (-9,000). By contrast, employment increased in general merchandise stores (+10,000).

After an average monthly employment increase of 40,000 in January and February, construction employment declined by 29,000 in March. Job losses occurred in nonresidential building (-11,000) and in heavy and civil engineering construction (-10,000).

Employment in the other services industry declined by 24,000 in March, with about half of the loss occurring in personal and laundry services (-13,000). Over the prior 12 months, other services had added 89,000 jobs.

Mining employment decreased by 6,000 in March, mostly in support activities for mining. Since a peak in January 2019, mining has lost 42,000 jobs.

Manufacturing employment edged down in March (-18,000). Over the past year, manufacturing employment has changed little on net.

Federal government employment rose by 18,000 in March. The gain largely reflects the hiring of 17,000 temporary workers for the 2020 Census.

Employment in other major industries--including wholesale trade, transportation and warehousing, information, and financial activities--showed little change in March.

Average weekly hours decreased by 0.2 hour in March for all private-sector workers, also reflecting the impact of the coronavirus. The decline in the average workweek was most pronounced in the leisure and hospitality industry, where average weekly hours dropped by 1.4 hours over the month.

Average hourly earnings of all employees on private nonfarm payrolls rose by 11 cents in March to \$28.62, following a gain of 8 cents in February. Over the past 12 months, average hourly earnings have risen by 3.1 percent. From February 2019 to February 2020, the Consumer Price Index for All Urban Consumers (CPI-U) increased by 2.3 percent (on a seasonally adjusted basis).

Turning to the labor market indicators from the household survey, the unemployment rate increased by 0.9 percentage point to 4.4 percent in March, and the number of unemployed people increased by 1.4 million to 7.1 million. The increase in the unemployment rate was the largest single-month change since January 1975, when it also increased by 0.9 percentage point.

The bulk of the increase in unemployment occurred among people on temporary layoff, which increased by 1.0 million in March to 1.8 million.

Among the unemployed, the number of people searching for work for less than 5 weeks was 3.5 million, an increase of 1.5 million from February. These recently unemployed people represented nearly half (48.5 percent) of the unemployed in March. The number of people searching for work for 27 weeks or more was little changed at 1.2 million. These long-term unemployed accounted for 15.9 percent of the unemployed.

The labor force participation rate declined by 0.7 percentage point in March to 62.7 percent. The employment-population ratio fell by 1.1 percentage points over the month to 60.0 percent.

In March, 5.8 million people were working part time for economic reasons (also referred to as involuntary part-time workers), 1.4 million more than in February. Most of this increase was among people whose hours were cut due to slack work or business conditions.

Among those neither working nor looking for work in March, 1.4 million were considered marginally attached to the labor force, essentially unchanged over the month. (People who are marginally attached to the labor force had not looked for work in the 4 weeks prior to the survey but wanted a job, were

available for work, and had looked for a job within the last 12 months.) Discouraged workers, a subset of the marginally attached who believed no jobs were available for them, numbered 514,000 in March, up 109,000 from February.

In addition to the increase in the number of unemployed people, there was also an increase in the number of workers who were classified as employed but absent from work for the entire reference week. Special instructions sent to household survey interviewers just before data collection started for March called for all employed people absent from work due to coronavirus-related business closures to be classified as unemployed on temporary layoff. However, after BLS reviewed the data, it was apparent that not all such workers were so classified. Such a misclassification is an example of nonsampling error and can occur when respondents misunderstand questions or interviewers record answers incorrectly. As is our usual practice, no ad hoc actions were taken to reassign survey responses; the data were accepted as recorded.

If the workers who were recorded as employed but absent from work due to "other reasons" (over and above the number absent for other reasons in a typical March) had been classified as unemployed on temporary layoff, the overall unemployment rate would have been almost 1 percentage point higher than reported.

Additional information is available online at
www.bls.gov/cps/employment-situation-covid19-faq-march-2020.pdf.

Summarizing the labor market developments in March, nonfarm payroll employment declined by 701,000, and the unemployment rate increased to 4.4 percent, broadly reflecting some of the early effects on the job market of the coronavirus and efforts to contain it.