
Transmission of material in this statement is embargoed until
8:30 a.m. (ET) September 4, 2020.

Statement of

William W. Beach
Commissioner
Bureau of Labor Statistics

Friday, September 4, 2020

Nonfarm payroll employment increased by 1.4 million in August, and the unemployment rate declined by 1.8 percentage points to 8.4 percent. These improvements reflect the continued resumption of economic activity that had been curtailed due to the coronavirus (COVID-19) pandemic and efforts to contain it.

In August, employment rose in several major industry sectors. A gain in government largely reflected the hiring of temporary workers for the 2020 Census. Notable job gains also occurred in retail trade, in professional and business services, in leisure and hospitality, and in education and health services.

The August payroll employment increase of 1.4 million followed gains of 1.7 million in July, 4.8 million in June, and 2.7 million in May. As of August, total nonfarm employment is 11.5 million, or 7.6 percent, lower than in February, before the pandemic crisis unfolded in many parts of the United States.

Although unemployment fell for the fourth month in a row in August, the unemployment rate and the number of unemployed people are up by 4.9 percentage points and 7.8 million, respectively, since February.

The response rate for the establishment survey was above normal for August, and the rate for the household survey, while still well below normal due to pandemic-related issues, ticked up over the month. The impact of the pandemic on the household and payroll surveys is detailed in the August Employment Situation news release and accompanying materials (available on the BLS website at www.bls.gov/news.release/empsit.nr0.htm). For both surveys, we were able to obtain estimates that meet BLS standards for accuracy and reliability.

Taking a closer look at the August payroll data, employment in government increased by 344,000, accounting for one-fourth of the over-the-month growth in total nonfarm employment. Federal government employment rose by 251,000, reflecting the hiring of 238,000 temporary workers for the 2020 Census. Local government added 95,000 jobs over the month. Despite these gains, employment in government is 831,000 lower than in February.

Employment in retail trade increased by 249,000 in August. Job growth occurred in most retail industries in August, although almost half of the gain occurred in general merchandise stores (+116,000). Other notable job gains occurred in motor

vehicle and parts dealers (+22,000), electronics and appliance stores (+21,000), miscellaneous store retailers (+17,000), and health and personal care stores (+15,000). In August, retail trade employment was 655,000 lower than in February.

In August, professional and business services added 197,000 jobs, with more than half of the gain occurring in temporary help services (+107,000). Elsewhere in the industry, architectural and engineering services (+14,000), computer systems design and related services (+13,000), and business support services (+13,000) added jobs over the month. On net, employment in professional and business services is 1.5 million below its February level.

Employment in leisure and hospitality increased by 174,000 in August, after gains of 621,000 in July and 2.0 million in June. However, employment is 4.1 million lower than in February. Within the industry, food services and drinking places added 134,000 jobs in August, but employment is 2.5 million lower than the February level.

In August, education and health services added 147,000 jobs. Health care employment increased by 75,000, with gains in offices of physicians (+27,000), offices of dentists (+22,000), hospitals (+14,000), and home health care services (+12,000). Elsewhere in health care, job losses continued over the month in nursing and residential care facilities (-14,000), with declines

totaling 229,000 since February. Employment in private education rose by 57,000 in August. Overall, employment in education and health services is down by 1.5 million from February.

Employment in transportation and warehousing increased by 78,000 in August but is down by 381,000 since February. In August, notable job gains occurred in warehousing and storage (+34,000), transit and ground passenger transportation (+11,000), and truck transportation (+10,000).

Employment in the other services industry rose by 74,000 in August, with gains occurring in membership associations and organizations (+31,000), repair and maintenance (+29,000), and personal and laundry services (+14,000). Since February, employment in the other services industry is down by 531,000.

In August, employment in financial activities increased by 36,000 but is 191,000 lower than its February level. Over the month, job gains occurred in real estate and rental and leasing (+23,000) and nondepository credit intermediation (+10,000).

Employment in manufacturing rose by 29,000 in August, with most of the gain occurring in the nondurable goods component (+27,000). Since February, manufacturing employment is down by 720,000.

In August, wholesale trade added 14,000 jobs, with an increase in nondurable goods (+9,000). Employment in wholesale trade is 328,000 lower than its February level.

Construction employment changed little in August (+16,000) but is 425,000 lower than in February. Within specialty trade construction, residential contractors added jobs in August (+25,000), while nonresidential contractors lost jobs (-16,000).

Average weekly hours for all private-sector workers rose by 0.1 hour in August to 34.6 hours. The average workweek for manufacturing rose by 0.3 hour in August to 40.0 hours. One should continue to be cautious when interpreting changes in the workweek at the total private level. In particular, large employment changes in industries with shorter- or longer-than-average workweeks can complicate monthly comparisons of average weekly hours.

Similarly, changes in average hourly earnings in recent months must be interpreted with caution. Average hourly earnings of all employees on private nonfarm payrolls increased by 11 cents in August to \$29.47, following an increase of 4 cents in July.

Turning to the labor market indicators from the household survey, the unemployment rate declined by 1.8 percentage points to 8.4 percent in August, and the number of unemployed people decreased by 2.8 million to 13.6 million. Both measures have decreased for 4 consecutive months, but remain much higher than in February, before the pandemic.

As in the prior 3 months, the decrease in unemployment in August was driven by a decline among people on temporary layoff (-3.1 million). The decline was partially offset by an increase in the number of permanent job losers, which rose by 534,000 to 3.4 million. The number of unemployed reentrants to the labor force decreased by 263,000 in August to 2.1 million.

The unemployment rates fell in August for adult men (8.0 percent), adult women (8.4 percent), teenagers (16.1 percent), Whites (7.3 percent), Blacks (13.0 percent), and Hispanics (10.5 percent). The rate for Asians (10.7 percent) changed little.

Among the unemployed, the number of people searching for work for less than 5 weeks declined by 921,000 to 2.3 million in August. The number of unemployed people who were jobless 5 to 14 weeks fell by 2.0 million to 3.1 million. The number of people who were jobless 15 to 26 weeks was essentially unchanged at 6.5 million; these individuals accounted for 48.1 percent of the unemployed. The number of people searching for work for 27 weeks or more also was little changed, at 1.6 million.

The labor force participation rate increased by 0.3 percentage point in August to 61.7 percent but is 1.7 percentage points below its February level. Total employment, as measured by the household survey, rose by 3.8 million over the month to 147.3 million. The employment-population ratio increased by 1.4

percentage points to 56.5 percent but is 4.6 percentage points lower than in February.

The number of people who usually work full time rose by 2.8 million in August to 122.4 million, and the number who usually work part time increased by 991,000 to 25.0 million.

In August, the number of people at work part time for economic reasons (also referred to as involuntary part-time workers) decreased by 871,000 to 7.6 million, reflecting the continued decline in the number of people whose hours were cut due to slack work or business conditions. The August decline in involuntary part-time workers follows decreases of 619,000 in July and 1.6 million in June. The number of workers affected by this type of underemployment was 3.3 million higher than its February level.

The number of people not in the labor force who currently want a job declined by 747,000 in August to 7.0 million. This measure is 2.0 million higher than in February.

Among those who were not in the labor force in August but wanted a job, 2.1 million were considered marginally attached to the labor force, little changed over the month. (People who are marginally attached to the labor force had not actively 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 535,000 in August, down by 130,000 over the month.

As has been the case since March, household survey interviewers were instructed in August 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 that 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 and August than in prior months.

For March through July, BLS published an estimate of what the unemployment rate would have been had misclassified workers been included. Repeating this same approach, the overall August unemployment rate would have been 0.7 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. BLS continues to conduct research on this issue. Additional information is available online at www.bls.gov/covid19/employment-situation-covid19-faq-august-2020.htm.

Beginning in May, questions were added to the household survey to help gauge the effects of the coronavirus pandemic on

the labor market. The data from these questions shed more light on how work and job search activity have been affected by the pandemic.

In August, 24.3 percent of employed people teleworked because of the coronavirus pandemic, down from 26.4 percent in July. These data refer to employed people who teleworked or worked at home for pay at some point in the last 4 weeks specifically because of the coronavirus pandemic.

In August, 24.2 million people 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 was down from 31.3 million in July. Among those who reported in August that they were unable to work because of pandemic-related closures or lost business, 11.6 percent received at least some pay from their employer for the hours not worked.

About 5.2 million people not in the labor force in August were prevented from looking for work due to the pandemic. This is down from 6.5 million in July. (To be counted as unemployed, by definition, individuals must either be actively looking for work or on temporary layoff.)

These supplemental 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.

Summarizing the major labor market developments in August, nonfarm payroll employment increased by 1.4 million, and the unemployment rate declined to 8.4 percent.