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Statement of

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Nonfarm payroll employment increased by 661,000 in September, and the unemployment rate fell to 7.9 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 September, employment continued to increase in several industries, with the largest gains in leisure and hospitality, in retail trade, in health care and social assistance, and in professional and business services. By contrast, employment declined in government, mainly in state and local government education.

The September payroll employment increase of 661,000 followed larger gains in the prior 4 months. As of September, total nonfarm payroll employment is down by 10.7 million (or 7.0 percent) since February, before the pandemic unfolded in many parts of the United States.

Although unemployment fell for the fifth month in a row in September, the unemployment rate and the number of unemployed people are up by 4.4 percentage points and 6.8 million, respectively, since February.

The response rate for the establishment survey was slightly below average in September. The rate for the household survey, while still below normal due to pandemic-related issues, was much higher than in recent months. The impact of the pandemic on the household and payroll surveys is detailed in the September Employment Situation news release and accompanying materials (see www.bls.gov/news.release/archives/empisit_10022020.htm). For both surveys, we were able to obtain estimates that meet BLS standards for accuracy and reliability.

Taking a closer look at the September payroll data, employment in leisure and hospitality grew by 318,000, accounting for nearly half of the increase in total nonfarm employment. While leisure and hospitality has added 4.5 million jobs since April, employment in the industry is 3.8 million lower than in February. Within the industry, over-the-month job gains occurred in food services and drinking places (+200,000); amusements, gambling, and recreation (+69,000); and accommodation (+51,000).

In September, retail trade added 142,000 jobs, following gains of 261,000 in August and 254,000 in July. Employment rose

in most retail industries in September, with the largest increases occurring in clothing and accessories stores (+40,000), general merchandise stores (+20,000), motor vehicle and parts dealers (+16,000), and health and personal care stores (+16,000).

Employment increased by 108,000 in health care and social assistance in September. Health care added 53,000 jobs, with gains in offices of physicians (+18,000), home health care services (+16,000), and offices of other health practitioners (+14,000). Social assistance employment increased by 55,000 over the month, reflecting gains in individual and family services (+32,000) and child day care services (+18,000).

Employment in professional and business services increased by 89,000 in September but is 1.4 million lower than in February. Over the month, employment rose in services to buildings and dwellings (+22,000), architectural and engineering services (+13,000), and computer systems design and related services (+12,000).

Employment in transportation and warehousing rose by 74,000 in September. Although the industry has added 291,000 jobs since May, employment in transportation and warehousing remains 304,000 lower than in February. Over the month, job gains occurred in warehousing and storage (+32,000), transit and

ground passenger transportation (+21,000), and couriers and messengers (+10,000).

Manufacturing employment increased by 66,000 in September. About two-thirds of the growth occurred in durable goods manufacturing, with the largest gains in motor vehicles and parts (+14,000) and in machinery (+14,000). Despite recent job gains, employment in manufacturing is down by 647,000 since February.

In September, financial activities added 37,000 jobs. Employment increased in real estate and rental and leasing (+20,000) and in finance and insurance (+16,000).

Employment in the other services industry increased by 36,000 in September, with membership associations and organizations accounting for most of the gain (+31,000). Employment in other services is 495,000 lower than in February.

Information added 27,000 jobs in September, but employment in the industry is down by 276,000 since February. Most of the September gain occurred in motion picture and sound recording industries (+23,000).

Construction added 26,000 jobs in September. Within the industry, employment rose in residential specialty trade contractors (+16,000) and in construction of buildings (+12,000). Construction has added 689,000 jobs over the past 5

months, but employment in the industry remains 394,000 below the February level.

Employment in wholesale trade increased by 19,000 in September. Job gains occurred in both the durable and nondurable goods components.

In September, mining employment changed little (+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.

Employment in public- and private-sector education declined in September. In the public sector, employment in education fell by 49,000 in state government and by 231,000 in local government. Employment in private education fell by 69,000, offsetting a gain of 71,000 in August. Hiring for the return to school this year has been held back by the coronavirus and measures taken to contain the illness.

Employment in federal government declined by 34,000 in September, driven by a loss of temporary workers who had been hired for the 2020 Census.

Average weekly hours for all private-sector workers rose by 0.1 hour in September to 34.7 hours. The average workweek for manufacturing rose by 0.2 hour in September to 40.2 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 were little changed in September at \$29.47 (+2 cents).

Now turning to labor market indicators from the household survey, the unemployment rate declined by 0.5 percentage point to 7.9 percent in September, and the number of unemployed people fell by 1.0 million to 12.6 million. Both measures have decreased each month since May but remain much higher than in February, before the pandemic.

The decrease in unemployment in September was driven by a decline of 1.5 million among people on temporary layoff. This was partially offset by an increase in the number of permanent job losers, which rose by 345,000 to 3.8 million, and an increase in the number of unemployed job leavers, which grew by 212,000 to 801,000. (Job leavers are people who quit or voluntarily left their previous job and immediately began looking for new employment.)

The unemployment rates fell in September for adult men (7.4 percent), adult women (7.7 percent), Whites (7.0 percent), and Asians (8.9 percent). The rates for teenagers (15.9 percent),

Blacks (12.1 percent), and Hispanics (10.3 percent) changed little over the month.

Among the unemployed, the number of people searching for work for less than 5 weeks rose by 271,000 to 2.6 million in September. The number of unemployed people who were jobless 5 to 14 weeks declined by 402,000 to 2.7 million. The number of people who were jobless 15 to 26 weeks fell by 1.6 million to 4.9 million. The number of people searching for work for 27 weeks or more (often referred to as the long-term unemployed) rose by 781,000 to 2.4 million.

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

The number of people at work part time for economic reasons (also referred to as involuntary part-time workers) fell by 1.3 million to 6.3 million in September, reflecting the continued decline in the number of people whose hours were cut due to slack work or business conditions. The over-the-month decline in involuntary part-time workers follows decreases of 871,000 in August and 619,000 in July, but the number of workers affected

by this type of underemployment remains 2.0 million higher than its February level.

The number of people not in the labor force who currently want a job was 7.2 million in September, little changed from August but 2.3 million higher than in February.

Among those who were not in the labor force but wanted a job, 1.9 million were considered marginally attached to the labor force in September, 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.) The number of discouraged workers, a subset of the marginally attached who believed no jobs were available for them, at 581,000 in September, also changed little over the month.

As has been the case since March, household survey interviewers were instructed in September to classify employed people 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 considerably smaller in recent months.

For March through August, BLS published 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. BLS continues to conduct research on this issue. Additional information is available online at www.bls.gov/covid19/employment-situation-covid19-faq-september-2020.htm .

Looking at the supplemental pandemic-related measures from the household survey (these supplemental data are not seasonally adjusted), 22.7 percent of employed people teleworked in September because of the coronavirus pandemic, down from 24.3 percent in August. 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 September, 19.4 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 24.2 million in August. Among those who reported in September that they were unable to work because of pandemic-related closures or lost business, 10.3

percent received at least some pay from their employer for the hours not worked.

About 4.5 million people 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.)

In summary, nonfarm payroll employment increased by 661,000 in September, and the unemployment rate fell to 7.9 percent.