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Employment Situation Summary

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THE EMPLOYMENT SITUATION -- MAY 2020

Total nonfarm payroll employment rose by 2.5 million in May, and the unemployment rate declined to 13.3 percent, the U.S. Bureau of Labor Statistics reported today. These improvements in the labor market reflected a limited resumption of economic activity that had been curtailed in March and April due to the coronavirus (COVID-19) pandemic and efforts to contain it. In May, employment rose sharply in leisure and hospitality, construction, education and health services, and retail trade. By contrast, employment in government continued to decline sharply.

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. For more information about the concepts and statistical methodology used in these two surveys, see the Technical Note.

Household Survey Data

The unemployment rate declined by 1.4 percentage points to 13.3 percent in May, and the number of unemployed persons fell by 2.1 million to 21.0 million. Reflecting the effects of the coronavirus pandemic and efforts to contain it, the unemployment rate and the number of unemployed persons are up by 9.8 percentage points and 15.2 million, respectively, since February. (See table A-1. For more information about how the household survey and its measures were affected by the coronavirus pandemic, see the box note at the end of the news release.)

Among the major worker groups, the unemployment rates declined in May for adult men (11.6 percent), adult women (13.9 percent), Whites (12.4 percent), and Hispanics (17.6 percent). The jobless rates for teenagers (29.9 percent), Blacks (16.8 percent), and Asians (15.0 percent) showed little change over the month. (See tables A-1, A-2, and A-3.)

The number of unemployed persons who were on temporary layoff decreased by 2.7 million in May to 15.3 million, following a sharp increase of 16.2 million in April. Among those not on temporary layoff, the number of permanent job losers continued to rise, increasing by 295,000 in May to 2.3 million. (See table A-11.)

In May, the number of unemployed persons who were jobless less than 5 weeks decreased by 10.4 million to 3.9 million. These individuals made up 18.5 percent of the unemployed. The number of unemployed persons who were jobless 5 to 14 weeks rose by 7.8 million to 14.8 million, accounting for about 70.8 percent of the unemployed. The number of long-term unemployed (those jobless for 27 weeks or more), at 1.2 million, increased by 225,000 over the month and represented 5.6 percent of the unemployed. (See table A-12.)

The labor force participation rate increased by 0.6 percentage point in May to 60.8 percent, following a decrease of 2.5 percentage points in April. Total employment, as measured by the household survey, rose by 3.8 million in May to 137.2 million, following a large decline in April. After an 8.7 percentage-point decline in April, the employment-population ratio rose by 1.5 percentage points to 52.8 percent in May. (See table A-1.)

In May, the number of persons who usually work full time increased by 2.2 million to 116.5 million, and the number who usually work part time rose by 1.6 million to 20.7 million. Part-time workers accounted for about two-fifths of the over-the-month employment growth. (See table A-9.)

The number of persons employed part time for economic reasons, at 10.6 million, changed little in May, but is up by 6.3 million since February. These individuals, who would have preferred full-time employment, were working part time because their hours had been reduced or they were unable to find full-time jobs. This group includes persons who usually work full time and persons who usually work part time. (See table A-8.)

The number of persons not in the labor force who currently want a job, at 9.0 million, declined by 954,000 in May, after increasing by 4.4 million in April. 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. (See table A-1.)

Persons marginally attached to the labor force--a subset of persons not in the labor force who currently want a job--numbered 2.4 million in May, little different from the prior month. 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. Discouraged workers, a subset of the marginally attached who believed that no jobs were available for them, numbered 662,000 in May, also little changed from the previous month. (See Summary table A.)

Establishment Survey Data

Total nonfarm payroll employment increased by 2.5 million in May, reflecting a limited resumption of economic activity that had been curtailed due to the coronavirus pandemic and efforts to contain it. Employment fell by 1.4 million and 20.7 million, respectively, in March and April. Despite the over-the-month increase, nonfarm employment in May was 13 percent below its February level. Large employment increases occurred in May in leisure and hospitality, construction, education and health services, and retail trade. Government employment continued to decline sharply. (See table B-1. For more information about how the establishment survey and its measures were affected by the coronavirus pandemic, see the box note at the end of the news release.)

In May, employment in leisure and hospitality increased by 1.2 million, following losses of 7.5 million in April and 743,000 in March. Over the month, employment in food services and drinking places rose by 1.4 million, accounting for about half of the gain in total nonfarm employment. May's gain in food services and drinking places followed steep declines in April and March (-6.1 million combined). In contrast, employment in the accommodation industry fell in May (-148,000) and has declined by 1.1 million since February.

Construction employment increased by 464,000 in May, gaining back almost half of April's decline (-995,000). Much of the gain occurred in specialty trade contractors (+325,000), with growth about equally split between the residential and nonresidential components. Job gains also occurred in construction of buildings (+105,000), largely in residential building.

Employment increased by 424,000 in education and health services in May, after a decrease of 2.6 million in April. Health care employment increased by 312,000 over the month, with gains in offices of dentists (+245,000), offices of other health practitioners (+73,000), and offices of physicians (+51,000). Elsewhere in health care, job losses continued in nursing and residential care facilities (-37,000) and hospitals (-27,000). Employment increased in the social assistance industry (+78,000), reflecting increases in child day care services (+44,000) and individual and family services (+29,000). Employment in private education rose by 33,000 over the month.

In May, employment in retail trade rose by 368,000, after a loss of 2.3 million in April. Over-the-month job gains occurred in clothing and clothing accessories stores (+95,000), automobile dealers (+85,000), and general merchandise stores (+84,000). By contrast, job losses continued in electronics and appliance stores (-95,000) and in auto parts, accessories, and tire stores (-36,000).

Employment increased in the other services industry in May (+272,000), following a decline of 1.3 million in April. About two-thirds of the May increase occurred in personal and laundry services (+182,000).

In May, manufacturing employment rose by 225,000, with gains about evenly split between the durable and nondurable goods components. In April, manufacturing employment declined by 1.3 million, with about two-thirds of the loss occurring in the durable goods component. Within durable goods, employment gains in May were led by motor vehicles and parts (+28,000), fabricated metal products (+25,000), and machinery (+23,000). Within nondurable goods, job gains occurred in plastics and rubber products (+30,000) and food manufacturing (+25,000).

Professional and business services added 127,000 jobs in May, after shedding 2.2 million jobs in April. Over the month, employment rose in services to buildings and dwellings (+68,000) and temporary help services (+39,000), while employment declined in management of companies and enterprises (-22,000).

Financial activities added 33,000 jobs over the month, following a loss of 264,000 jobs in April. In May, employment gains occurred in real estate and rental and leasing (+24,000) and in credit intermediation and related activities (+7,000).

Wholesale trade employment was up by 21,000 in May, largely reflecting job gains in its nondurable goods component (+13,000). In April, wholesale trade employment declined by 383,000.

In May, employment continued to decline in government (-585,000), following a drop of 963,000 in April. Employment in local government was down by 487,000 in May. Local government education accounted for almost two-thirds of the decrease (-310,000), reflecting school closures. Employment also continued to decline in state government (-84,000), particularly in state education (-63,000).

Employment in information fell by 38,000 in May, following a decline of 272,000 in April.

Mining continued to lose jobs in May (-20,000), with most of the decline occurring in support activities for mining (-16,000). Mining employment has declined by 77,000 over the past 3 months.

Employment in transportation and warehousing decreased in May (-19,000), after an April decline of 553,000. Air transportation lost 50,000 jobs over the month, following a loss of 79,000 jobs in April. In May, employment rose by 12,000 in couriers and messengers and 10,000 in transit and ground passenger transportation.

In May, average hourly earnings for all employees on private nonfarm payrolls fell by 29 cents to \$29.75, following a gain of \$1.35 in April. Average hourly earnings of private-sector production and nonsupervisory employees decreased by 14 cents to \$25.00 in May. The decreases in average hourly earnings largely reflect job gains among lower-

paid workers; this change put downward pressure on the average hourly earnings estimates. (See tables B-3 and B-8.)

The average workweek for all employees on private nonfarm payrolls increased by 0.5 hour to 34.7 hours in May. In manufacturing, the workweek rose by 0.8 hour to 38.9 hours, and overtime increased by 0.3 hour to 2.4 hours. The average workweek for production and nonsupervisory employees on private nonfarm payrolls increased by 0.6 hour to 34.1 hours. While employees in most industries saw an increase in their workweeks in May, the employment changes, especially in industries with shorter workweeks, complicate monthly comparisons of the average weekly hours estimates. (See tables B-2 and B-7.)

The change in total nonfarm payroll employment for March was revised down by 492,000, from -881,000 to -1.4 million, and the change for April was revised down by 150,000, from -20.5 million to -20.7 million. With these revisions, employment in March and April combined was 642,000 lower 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. A methodological change to the establishment survey's birth-death model contributed to the revision for March. For more information, see the box note at the end of the news release.) After revisions, job losses have averaged 6.5 million per month over the past 3 months.

The Employment Situation for June is scheduled to be released on Thursday, July 2, 2020, at 8:30 a.m. (EDT).

Coronavirus (COVID-19) Impact on May 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 data is collected at four regional data collection centers. Although these centers were closed, about threequarters of the 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 in May was 69 percent, slightly lower than collection rates prior to the pandemic. The household survey is generally collected through in-person and telephone interviews, but personal interviews were not conducted for the safety of interviewers and respondents. The household survey response rate, at 67 percent, was about 15 percentage points lower than in months prior to the pandemic.

In the establishment survey, workers who are paid by their employer for all or any 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.

The estimation methods used in the establishment survey were the same for May as they were for April. However, after further research, BLS extended the modifications that were made to the April birth-death model back to March, which accounted for a portion of the revision to March data. For more information, see www.bls.gov/cps/employment-situation-covid19-faq-may-2020.pdf.

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 (May 10th through May 16th). 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. In May, a large number of persons were classified as unemployed on temporary layoff. However, there was also a large number of workers who were classified as employed but absent from work. As was the case in March and April, household survey interviewers were instructed to classify employed persons absent from work due to coronavirusrelated business closures as unemployed on temporary layoff. However, it is apparent that not all such workers were so classified. BLS and the Census Bureau are investigating why this misclassification error continues to occur and are taking additional steps to address the issue.

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 May) had been classified as unemployed on temporary layoff, the overall unemployment rate would have been about 3 percentage points higher than reported (on a not seasonally adjusted basis). However, 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/cps/employment-situation-covid19-faq-may-2020.pdf.

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