Yale Labor Survey
Report of December 22, 2020 for the week ending December 12, 2020

RESULTS SUMMARY

Current YLS results cover labor market activities through the week of December 6-12, which is also the reference week for the December Current Population Survey (CPS). YLS data are not seasonally adjusted and refer to the population aged 20 and older. This week’s key findings are as follows:

• YLS employment measures fell in the most recent survey. For the week ending December 12, the YLS estimate of persons at work as a share of population (the work-for-pay ratio) was 0.5 percentage point lower than the previous week. The employment-to-population ratio, which also includes persons temporarily absent from work, fell by 0.8 percentage point over the same period.

• Both the work-for-pay ratio and the employment-to-population ratio have declined by 0.2 percentage point since the CPS’s reference week for November. Because the most recent YLS survey covers the CPS reference week for December, these declines suggest that employment growth in the December CPS will be low or negative when it is announced by the Bureau of Labor Statistics on Friday, January 8.

• The YLS estimate of the unemployment rose by 0.7 percentage point in the most recent survey. Since mid-October, the YLS unemployment rate has moved significantly higher than the CPS unemployment rate. The proximate cause of this discrepancy is a higher share of YLS respondents who are looking for work, as non-employed persons who are conducting active job searches are counted as unemployed in labor market surveys.

• All of the data generated in this report use the updated system of YLS sample weights introduced in last week’s report. The new weighting system improves the agreement between YLS and CPS measures of working-for-pay and employment, but does less well in matching unemployment and participation. Details can be found in the Variable and Weight Description on this website.

Work-for-Pay Ratio

The work-for-pay ratio (WFPR) measures the fraction of survey respondents who report that they worked for pay or profit during the reference week. After moving up-and-down around Thanksgiving week, the WFPR fell 0.5 percentage point in the most recent report, to 56.4%.

Employment-to-Population Ratio

The employment-to-population ratio (EPR) is the standard measure of labor market activity reported by the Bureau of Labor Statistics (BLS). In addition to persons working for pay, the EPR also includes workers who are absent from their regular jobs...
(for example, workers on vacation). Like the WFPR, the EPR gyrated around Thanksgiving week and fell in the most recent report. During the week of December 12 the EPR fell by 0.8 percentage point, to 57.8%. Both the WFPR and EPR are now 0.2 percentage point lower than their levels during mid-November.

During the pandemic, the BLS has stated that the CPS has had difficulty distinguishing between workers who were absent from their jobs for the usual reasons (such as vacation or illness) and workers who were displaced by the pandemic. An alternative measure of the government’s EPR calculated by YLS researchers with CPS microdata, “EPR-alt,” is designed to remove pandemic-displaced workers from CPS employment. The EPR-alt measure is close to the YLS definition of employment, which includes only paid absences and is therefore less susceptible to classification error (see the background documentation for details). The most recent CPS estimate for EPR-alt corresponds to the week ending November 14, when this statistic was 58.9%, down slightly from its 59.1% reading from mid-October.

Unemployment

The YLS has consistently overestimated the unemployment rate, although the divergence depends upon whether corrections for recent CPS classification errors discussed above are made. To be classified as unemployed, a non-employed person must either (i) have actively searched for a job in the last four weeks, or (ii) be laid off from a job with an expectation of return. The questions that gather information about job-search activities and layoff conditions differ slightly between the CPS and YLS.

As noted above, the unemployment-rate discrepancy has grown in recent weeks. The YLS unemployment rate stood at 10.5% during the November CPS reference week, compared to a CPS 20+ rate of 6.1%. In the most recent report, the YLS unemployment rate rose 0.7 percentage point, to 11.2%.

Labor Force Participation Rate

As of the week ending December 12, the YLS labor force participation rate (LFPR) stood at 66.7%, up 0.3 percentage point from its mid-November value. The corresponding mid-November reading from the CPS was 63.3%. Because employment readings in the YLS are close to those from the CPS, the gap of more than 3 percentage points between the YLS and CPS participation rates explains most of the gap between CPS and YLS unemployment rates. The source of this gap is an active area of research for the YLS team.
Percent of 20+ Population


Yale Labor Survey (20+)
CPS (20+)
CPS (20+, non-agricultural)
Census Household Pulse (18+)

Note: Yale Labor Survey weight is wt_finwt1.
YLS surveys were not conducted for the weeks ending October 24, October 31, and November 7.
Employment-to-Population Ratio

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