

Yale Labor Survey
Report of January 19, 2021 for the week ending January 9, 2021

RESULTS SUMMARY

Current YLS results cover labor market activities through the week of January 3-9. YLS data are not seasonally adjusted and refer to the population aged 20 and older. This week's key findings are as follows:

- The YLS employment-to-population ratio was little changed during the week ending January 9, rising by 0.1 percentage point from the previous week. This ratio is essentially unchanged since the mid-December reference week for the government's Current Population Survey (CPS). Over a longer horizon, both the YLS and CPS indicate that the employment-to-population ratio has changed little since mid-October, after rising quickly following the initial pandemic shutdowns this spring.
- The YLS estimate of persons at work as a share of population—the work-for-pay ratio—rose by 3.3 percentage points in the most recent survey. Because the work-for-pay ratio does not include workers on vacation, much of this large increase is likely to employees returning to work after the holidays.
- The YLS unemployment rate fell by 1.3 percentage points in the most recent survey while the YLS participation rate fell by 0.8 percentage point. Since mid-October, the YLS unemployment rate has been 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 sample weights that were introduced in the YLS report of December 15. 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. During the week ending January 9, the WFPR rose by 3.3 percentage points, to 55.9%. This large increase in employees returning to work after the holidays placed the WFPR within ½ percentage point of its level in mid-December.

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). The EPR rose by 0.1 percentage point during the week of January 9, to 58.0%.

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 December 12, when this statistic was 58.6%, down slightly from its 58.9% reading from mid-November.

Unemployment Rate

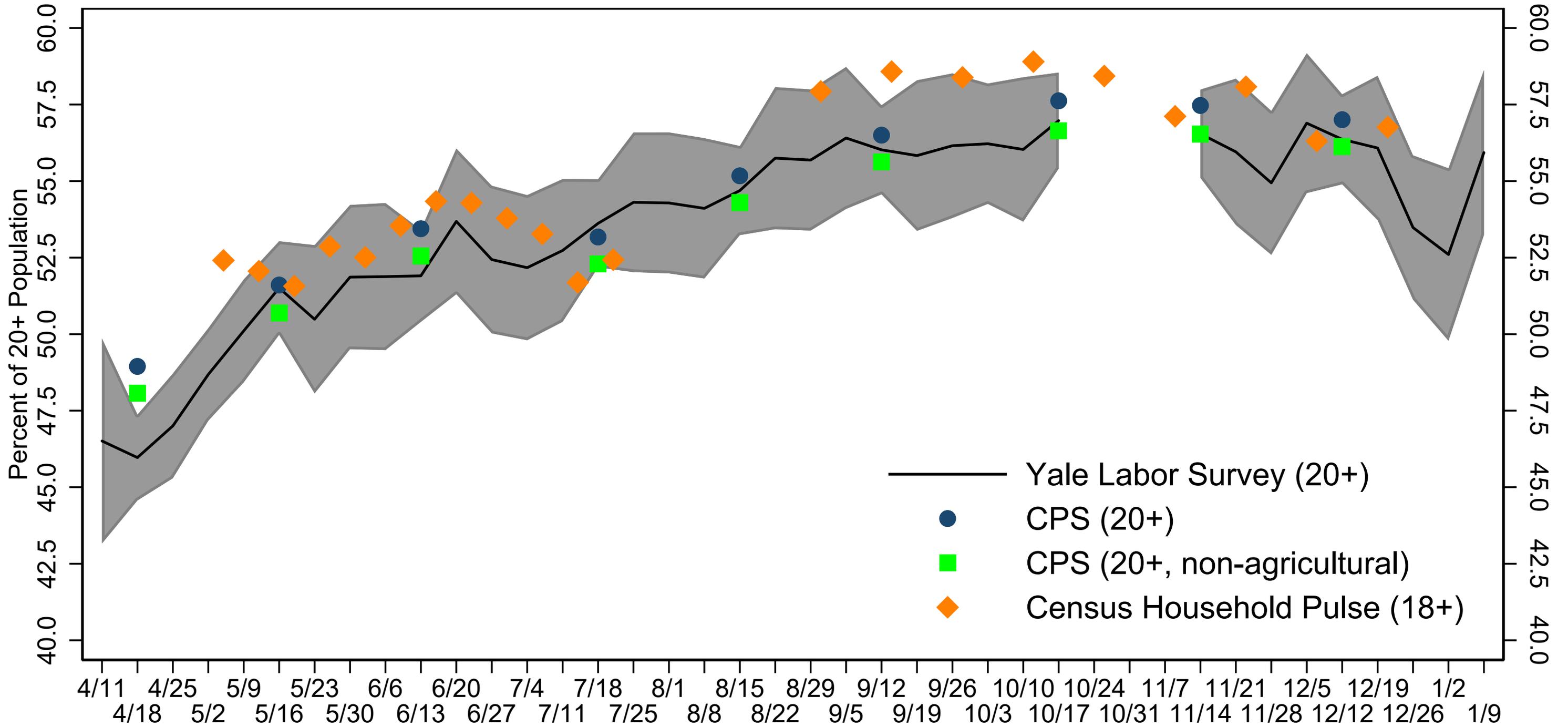
The YLS has consistently overestimated the unemployment rate, although the divergence depends upon whether corrections for recent CPS classification errors discussed above are made. To be classified as unemployed, a non-employed person must either (i) have actively searched for a job in the last four 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 been high in recent weeks. The YLS unemployment rate stood at 11.2% during the December CPS reference week, compared to a published CPS 20+ rate of 6.2%. In the most recent report, the YLS unemployment fell by 1.3 percentage points, to 10.2%.

Labor Force Participation Rate

As of the week of January 9, the YLS labor force participation rate (LFPR) stood at 66.1%, down 0.8 percentage point from the previous week. During the last several weeks, the YLS participation rate has been much higher than the corresponding participation rate in the CPS. This difference between YLS and CPS participation rates explains most of the gap between the unemployment rates in the two surveys over the last several months. The source of these differences is an active area of research for the YLS team.

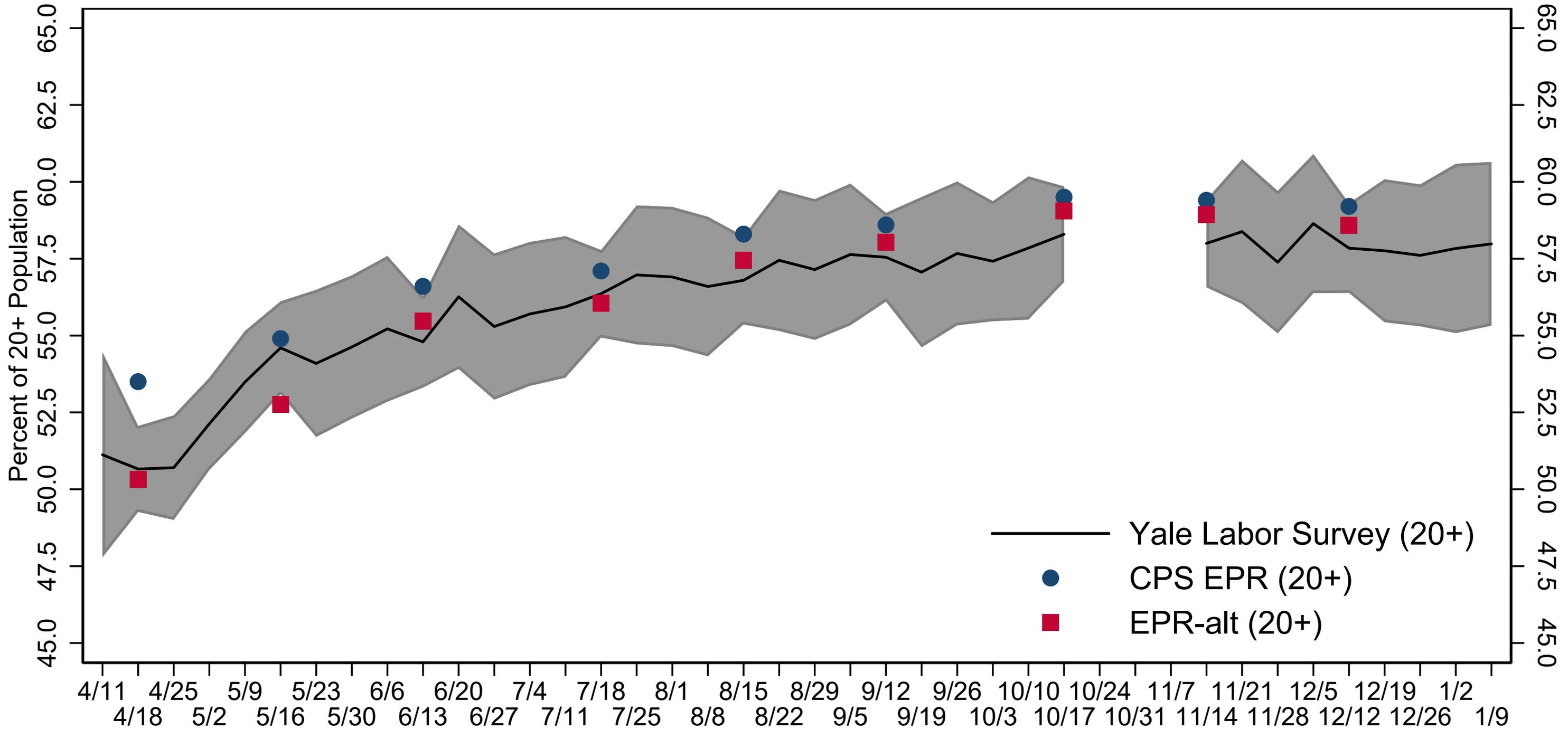
Work-for-Pay Ratio



Note: Yale Labor Survey weight is wt_finwt1.

YLS surveys were not conducted for the weeks ending October 24, October 31, and November 7.

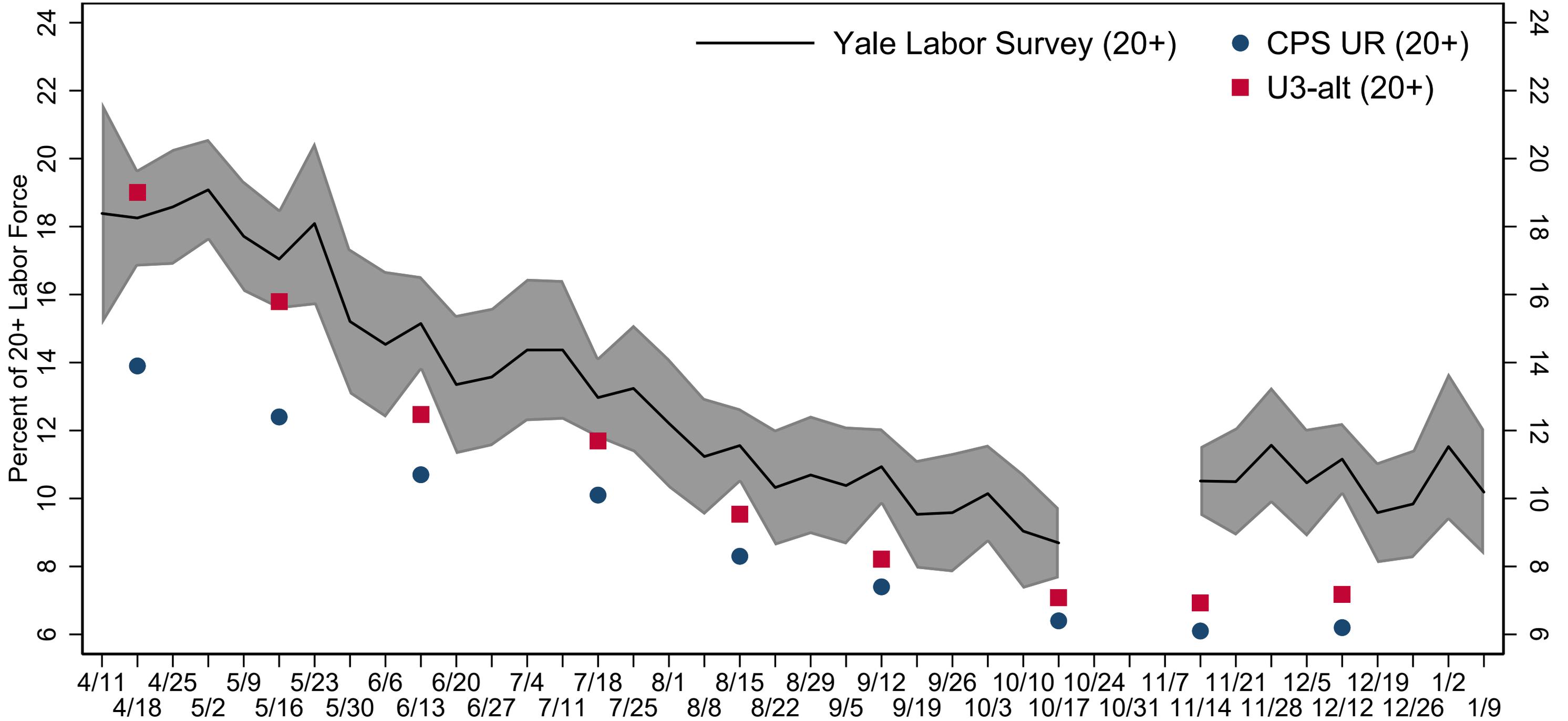
Employment-to-Population Ratio



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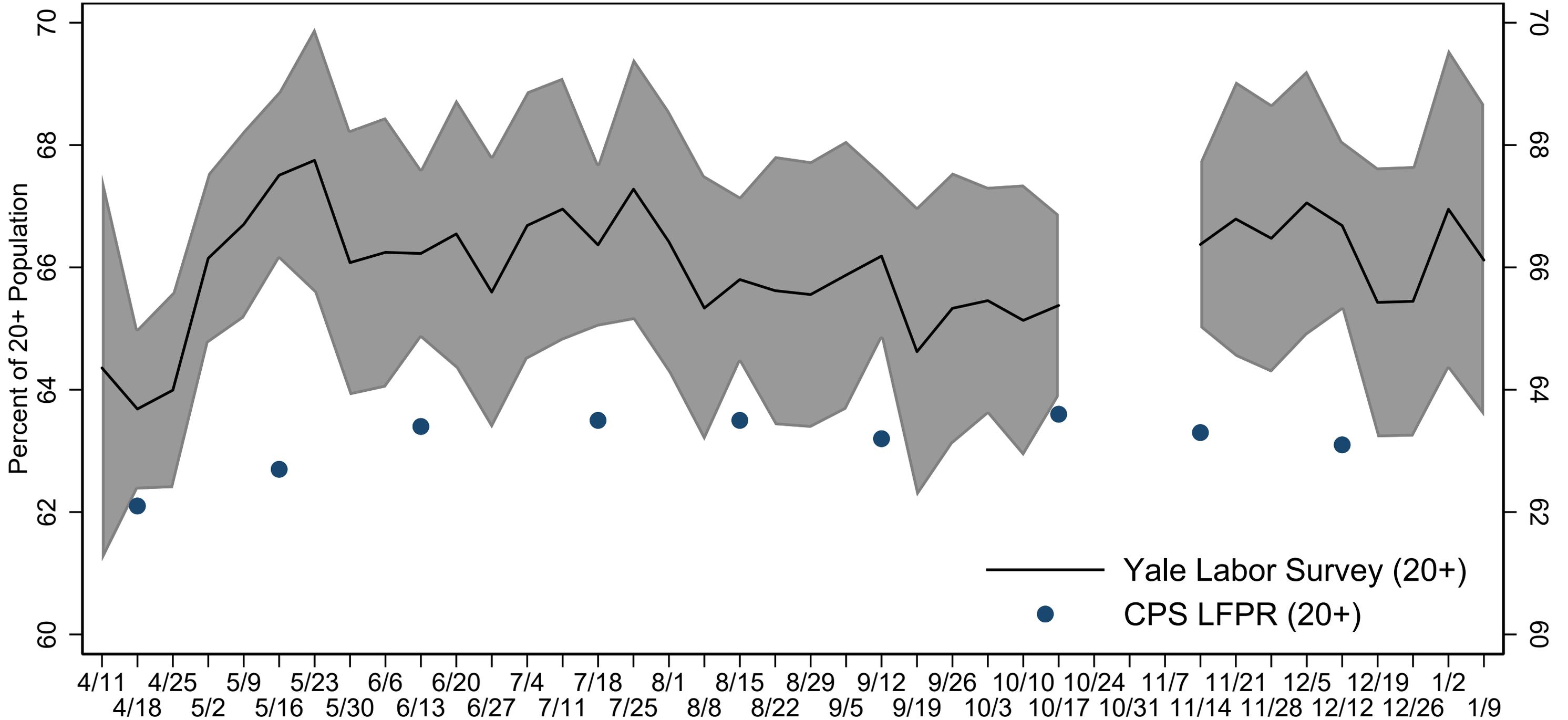
Unemployment Rate



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Labor Force Participation Rate



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