Yale Labor Survey
Report of October 20, 2020 for the week ending October 10, 2020

RESULTS SUMMARY

Current YLS results cover labor market activities through the week of October 4-10. 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 unemployment rate fell to 9.5% in the week ending October 10, a substantial decrease from the 12.4% rate recorded the previous week.
- In official government data, “employment” includes (i) persons who “work for pay” during the reference week plus (ii) persons who are absent from work due to vacation, illness, or similar reasons. The YLS measures the ratio of work-for-pay to population (WFPR) and the employment-to-population ratio (EPR). Both measures improved in the most recent survey. The WFPR was 55.6% for the week ending October 10, up nearly 2 percentage points from the previous week. The EPR was 57.6%, up about 2½ percentage points from the previous week.
- The labor force participation rate (LFPR) is estimated at 65.1% for the week ending October 10, up about ½ percentage point from the previous week.
- The strengthening of labor market conditions in the most recent YLS report reverses some weakness that the YLS had recorded in the weeks following the September CPS reference week (Sept. 6-12). Since that week, both YLS employment measures (WFPR and EPR) have risen by about 1 percentage point.

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 falling sharply when the pandemic hit, the WFPR rose quickly from late April through mid-June. For the week ending October 10, the YLS estimate of the 20+ WFPR was 55.6%, up from 53.8% the previous week.

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). For the week ending October 10, the YLS EPR was 57.6%, up from 55.2% the previous week.

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 of September 6-12, when this statistic reached 58.0%, about ½ percentage point higher than its level in mid-August.

**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.

Despite the differences, basic trends in CPS and YLS unemployment-rate estimates have been similar through most of the sample period. Unemployment fell significantly from April through June, consistent with the significant increase in employment that both surveys measure. In the week ending October 10, the YLS UR was 9.5%, down from 12.4% the previous week. During the most recent CPS reference week, September 6-12, an unemployment rate corrected for classification errors (“U3-alt”) was 8.2%.

**Labor Force Participation Rate**

As of the week ending October 10, the YLS labor force participation rate (LFPR) stood at 65.1%, up from 64.6% from the previous week. Over the entire sample period, the YLS participation rate has been higher than the corresponding CPS rate, although both series have been relatively stable in recent months.
Figure: Work-for-Pay Ratio

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

Note: Yale Labor Survey weight is wt_empr_feb_20.
Employment-to-Population Ratio

Note: Yale Labor Survey weight is wt_empr_feb_20.
Unemployment Rate

Yale Labor Survey (20+)
CPS UR (20+)
U3-alt (20+)

Note: Yale Labor Survey weight is wt_empr_feb_20.
Labor Force Participation Rate

Note: Yale Labor Survey weight is wt_empr_feb_20.