Yale Labor Survey:
Report of September 29, 2020
for the week ending September 19, 2020

RESULTS SUMMARY

Current YLS results cover labor market activities through the week of September 13-19, which is one week after the reference week for the September 2020 Current Population Survey. (September CPS results will be published on Friday, October 2.) 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 11.3% in the week ending September 19, down from 12.1% the previous week. Over the past four weeks, the YLS unemployment rate has risen by 0.7 percentage point.
- 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 series were little changed in the most recent report. The WFPR was 54.8% for the week ending September 19, up 0.1 percentage point from the previous week. The EPR was 56.1%, down from 56.5% in the previous week.
- The labor force participation rate (LFPR) is estimated at 64.8% for the week ending September 19, down 1.0 percentage point from the previous week.
- The YLS agrees more closely with CPS estimates of employment than it does with CPS estimates of unemployment and labor force participation. Although YLS estimates of unemployment and participation are higher than the corresponding rates in the CPS, movements over time in unemployment and participation have been similar across the two surveys.
DETAILS OF THE ESTIMATES

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. Since the August CPS reference week, the YLS estimate of the 20+ WFPR has risen by 1.9 percentage points, to 54.8% for the week ending September 19. Over the past four weeks, however, the WFPR is little changed (down by 0.3 percentage point).

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 September 19, the YLS EPR was 56.1%, down slightly from the previous week's reading of 56.5%. In September CPS data, the not-seasonally-adjusted EPR typically rises by less than the work-for-pay ratio does, as employed persons return to work from their summer vacations. This pattern is consistent with recent YLS data. Since the August CPS reference week, the YLS EPR has risen by 0.8 percentage point, less than the increase of nearly 2 percentage points in the YLS WFPR over the same period.

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). During the week of July 12-18, both the calculated CPS EPR-alt estimate and the YLS EPR estimate stood at about 56%. The YLS EPR has risen by 0.2 percentage point since then.

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, the basic trends in unemployment-rate estimates are similar in the CPS and YLS. Unemployment fell significantly from April through June,
consistent with the significant increase in employment that both surveys measure. During the July CPS reference week, the YLS unemployment rate was 13.4\%, compared to 11.7\% for an adjusted CPS unemployment rate ("U3-alt"). During the CPS reference week for August, the YLS unemployment rate stood at 13.2\%. As of the most recent report, the YLS UR is 1.9 percentage points below its mid-August value.

**Labor Force Participation Rate**

As of the week ending September 19, the YLS labor force participation rate (LFPR) stood at 64.8\%, down 1.0 percentage point from the previous week. Over the entire sample period, the YLS participation rate has been higher than the corresponding CPS rate. This discrepancy is due almost entirely to the overestimate of the unemployment rate, which in turn is typically due to a YLS overestimate of the number of persons searching for jobs. (An increase in the number of job searchers raises both the unemployment rate and the participation rate.)
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

Yale Labor Survey (20+)
CPS LFPR (20+)

Note: Yale Labor Survey weight is wt_empr_feb_20.