Yale Labor Survey:
Report of October 6, 2020 for the week ending September 26, 2020

RESULTS SUMMARY

Current YLS results cover labor market activities through the week of September 20-26, which is two weeks after the reference week for the September 2020 Current Population Survey. (September CPS results were 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 rose to 12.0% in the week ending September 26, reversing a decline of similar size in 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 series declined in the most recent report. The WFPR was 53.9% for the week ending September 26, down 0.9 percentage point from the previous week. The EPR was 55.7%, down 0.4 percentage point in the previous week.
- The labor force participation rate (LFPR) is estimated at 64.9% for the week ending September 26, essentially unchanged from the previous week.
- Recently published CPS data for the September reference week suggest that labor market improvement was less rapid in that month than it was in August. For example, the CPS’s 20+ EPR rose by only 0.3 percentage point in September, after rising 1.2 percentage points in August. Similarly, the CPS’s UR fell 0.9 percentage point in September, after falling 1.8 percentage points in August. Slowing improvement in the job market appears more pronounced in the YLS. For example, as of September 26 the YLS UR is down only 1.4 percentage points relative to its mid-July value.
**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 about 1 percentage point, to 53.9% for the week ending September 26. Calculating a CPS value for the 20+ WFPR requires CPS microdata, which is not yet available for September. However, a 20+ WFPR for non-agricultural industries is available along with the published jobs report. In September, this statistic rose 1.3 percentage points, to 55.6%.

**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 26, the YLS EPR was 55.7%, down 0.4 percentage point from the previous week. 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 0.4 percentage point, less than the increase of nearly 1 percentage point 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). Because the 20+ EPR-alt requires CPS microdata to construct, it is not available for this report.

**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. However, in recent weeks, the CPS UR has declined by more than the YLS UR. Since the July CPS reference week, the YLS UR has fallen by 1.4 percentage points, about half of the decline in the (uncorrected) CPS UR from July to September.
**Labor Force Participation Rate**

As of the week ending September 26, the YLS labor force participation rate (LFPR) stood at 64.9 percent, up 0.1 percentage point 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 very relatively stable in recent months.
Note: Yale Labor Survey weight is wt_empr_feb_20.
The all-industries CPS ratio for September will be added after September CPS microdata are published.
Employment-to-Population Ratio

Note: Yale Labor Survey weight is wt_empr_feb_20.
EPR-alt for September will be added after September CPS microdata are published.
Note: Yale Labor Survey weight is wt_empr_feb_20.
U3-alt for September will be added after September CPS microdata are published.
Labor Force Participation Rate

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

Note: Yale Labor Survey weight is wt_empr_feb_20.