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8:30 a.m. (ET) January 8, 2021.

Statement of

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Friday, January 8, 2021

Nonfarm payroll employment declined by 140,000 in December, and the unemployment rate was unchanged at 6.7 percent. The decline in payroll employment reflects the recent rise in the number of coronavirus (COVID-19) cases and increased efforts to contain the pandemic. In December, job losses in leisure and hospitality and in private education were partially offset by gains elsewhere, particularly in professional and business services, retail trade, and construction.

Substantial job losses related to the coronavirus pandemic first occurred in March (-1.4 million) and April (-20.8 million) of 2020. As economic activity resumed, employment increased by 12.5 million from May through November. After declining again in December (-140,000), nonfarm employment was below its February level by 9.8 million, or 6.5 percent.

The response rate for the establishment survey was about average in December. The rate for the household survey, while

slightly below normal due to pandemic-related issues, was much higher than earlier in the pandemic. The impact of the pandemic on the household and establishment surveys is detailed in the December Employment Situation news release and accompanying materials (available on the BLS website at www.bls.gov/news.release/archives/empsit_01082021.htm).

Taking a closer look at the December payroll data, employment in leisure and hospitality decreased by 498,000. Job losses in food services and drinking places (-372,000) accounted for three-quarters of the decline, as many restaurants and bars closed or curtailed operations in December due to the pandemic. Elsewhere in leisure and hospitality, employment decreased by 92,000 in amusements, gambling, and recreation and by 24,000 in accommodation. Since February, employment is down by 3.9 million in leisure and hospitality, including a decline of 2.5 million in food services and drinking places.

Employment in private education declined by 63,000 in December and is down by 450,000 since February.

In December, government employment declined by 45,000. Job losses occurred in state government education (-20,000) and in local government, excluding education (-32,000). Since February, government employment has declined by 1.3 million.

Employment in the other services industry declined by 22,000 in December and is down by 453,000 since February. Within

the industry, personal and laundry services lost 12,000 jobs over the month.

Employment in professional and business services rose by 161,000 in December, led by a gain of 68,000 in temporary help services. Computer systems design and related services (+20,000), other professional and technical services (+11,000), management of companies and enterprises (+11,000), and business support services (+7,000) also added jobs over the month.

Employment in professional and business services has risen by 1.4 million since a recent low in April but remains 858,000 below its February level.

Retail trade added 121,000 jobs in December, but employment in the industry is down by 411,000 since February. In December, job gains occurred in the component of general merchandise stores that includes warehouse clubs and supercenters (+59,000), in nonstore retailers (+14,000), in automobile dealers (+13,000), and in health and personal care stores (+10,000).

Construction added 51,000 jobs in December, but employment in the industry is down by 226,000 since February. Within the industry, employment grew over the month in residential specialty trade contractors (+14,000) and residential building (+9,000); these residential components have recovered all of the jobs lost in March and April. In December, employment also increased in nonresidential specialty trade contractors

(+18,000) and in heavy and civil engineering construction (+15,000).

In December, employment in transportation and warehousing increased by 47,000, mostly in couriers and messengers (+37,000). In addition, job gains occurred in warehousing and storage (+8,000), truck transportation (+7,000), and air transportation (+3,000). Transit and ground passenger transportation lost jobs (-9,000). Employment in transportation and warehousing is down by 89,000 since February; over the same period, employment in the couriers and messengers component has risen by 222,000.

Health care added 39,000 jobs in December. Job gains in hospitals (+32,000) and ambulatory health care services (+21,000) were partially offset by losses in nursing care facilities (-6,000) and community care facilities for the elderly (-5,000). Despite job growth of 1.1 million since April, employment in health care is 502,000 lower than in February.

In December, manufacturing employment increased by 38,000. Within durable goods, job gains occurred in motor vehicles and parts (+7,000) and nonmetallic mineral products (+6,000). In nondurable goods, job gains occurred in plastics and rubber products (+7,000), apparel (+4,000), and petroleum and coal products (+3,000). By contrast, miscellaneous nondurable goods

manufacturing lost 11,000 jobs. Employment in manufacturing is down by 543,000 since February.

Wholesale trade added 25,000 jobs over the month, including 11,000 jobs each in durable goods and in nondurable goods. Employment in wholesale trade is down by 251,000 since February.

Employment in other major industries--including mining, information, and financial activities--showed little change over the month.

Average weekly hours for all private-sector workers decreased by 0.1 hour in December to 34.7 hours. The average workweek for manufacturing was unchanged at 40.2 hours.

Average hourly earnings of all employees on private nonfarm payrolls increased by 23 cents in December to \$29.81. This increase largely reflects the disproportionate number of lower-paid workers in leisure and hospitality who went off payrolls, which put upward pressure on the average hourly earnings estimate.

Turning to the labor market indicators from the household survey, the unemployment rate was unchanged at 6.7 percent in December, and the number of unemployed people was also unchanged at 10.7 million. Both measures have fallen from their recent peaks in April but remain nearly twice their February levels (3.5 percent and 5.7 million, respectively).

Among the major worker groups, the unemployment rates for teenagers (16.0 percent) and Hispanics (9.3 percent) increased in December. The jobless rates for adult men (6.4 percent), adult women (6.3 percent), Whites (6.0 percent), Blacks (9.9 percent), and Asians (5.9 percent) showed little change.

Among the unemployed, the number on temporary layoff, at 3.0 million, increased by 277,000 in December. Although the number of people on temporary layoff is down considerably from the high of 18.0 million in April, it is 2.3 million higher than in February. The number of permanent job losers declined by 348,000 to 3.4 million in December but is up by 2.1 million since February. The number of unemployed reentrants increased by 282,000 over the month to 2.3 million.

By duration of unemployment, the number of people searching for work for less than 5 weeks increased by 449,000 over the month to 2.9 million, and the number of people jobless for 15 to 26 weeks decreased by 303,000 to 1.6 million. The number of people searching for work for 27 weeks or more (often referred to as the long-term unemployed), at 4.0 million in December, was about unchanged over the month but is up by 2.8 million since February. In December, the long-term unemployed accounted for 37.1 percent of unemployed people, up from 19.3 percent in February.

The labor force participation rate remained at 61.5 percent in December, and the employment-population ratio was 57.4 percent for the third consecutive month. Since February, the participation rate is down by 1.8 percentage points, and the employment-population ratio is down by 3.7 percentage points.

In December, the number of people working part time for economic reasons (also referred to as involuntary part-time workers) decreased by 471,000 to 6.2 million, after little change in November. The number of people affected by this type of underemployment in December is 4.7 million lower than the recent peak in April but is 1.8 million higher than it was in February.

At 7.3 million, the number of people not in the labor force who currently want a job was little changed in December but remains 2.3 million higher than in February.

Among those who were not in the labor force but wanted a job, 2.2 million were considered marginally attached to the labor force in December, little changed from November but up by 749,000 since February. (People who are marginally attached to the labor force had not actively looked for work in the 4 weeks prior to the survey but had looked for a job within the last 12 months.) The number of discouraged workers, a subset of the marginally attached who believed that no jobs were available for

them, at 663,000, was essentially unchanged over the month. This measure is 262,000 higher than it was in February.

Since March, household survey interviewers have been instructed to classify employed people absent from work due to temporary, coronavirus-related business closures or cutbacks as unemployed on temporary layoff.

As occurred in previous months, some workers affected by the pandemic who should have been classified as unemployed on temporary layoff in December were instead misclassified as employed but not at work. However, the share of responses that may have been misclassified was considerably smaller in recent months than at the onset of the pandemic.

For March through November, BLS published an estimate of what the unemployment rate would have been had misclassified workers been included among the unemployed. Repeating this same approach, the overall December unemployment rate would have been 0.6 percentage point higher than reported. However, this represents the upper bound of our estimate of misclassification and probably overstates the size of the misclassification error. Additional information is available on the BLS website at www.bls.gov/covid19/employment-situation-covid19-faq-december-2020.htm.

Looking at supplemental pandemic-related measures from the household survey (these supplemental data are not seasonally

adjusted), 23.7 percent of employed people teleworked in December because of the coronavirus pandemic, up from 21.8 percent in November. These data refer to employed people who teleworked or worked at home for pay at some point in the last 4 weeks specifically because of the pandemic.

In December, 15.8 million people reported that they had been unable to work because their employer closed or lost business due to the pandemic--that is, they did not work at all or worked fewer hours at some point in the last 4 weeks due to the pandemic. This measure is up from 14.8 million in November. Among those who reported in December that they were unable to work because of pandemic-related closures or lost business, 12.8 percent received at least some pay from their employer for the hours not worked, little changed from November.

Among those not in the labor force in December, 4.6 million people were prevented from looking for work due to the pandemic, up from 3.9 million in November. (To be counted as unemployed, by definition, individuals must either be actively searching for work or on temporary layoff.)

Following our regular annual practice, seasonal adjustment factors for the household survey data have been updated with the release of December data. Seasonally adjusted estimates going back 5 years--to January 2016--were subject to revision.

In summary, nonfarm payroll employment decreased by 140,000 in December, and the unemployment rate held at 6.7 percent.