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Statement of

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Nonfarm payroll employment declined by 20.5 million in April, and the unemployment rate increased to 14.7 percent, reflecting the widespread impact on the job market of the coronavirus (COVID-19) pandemic and efforts to contain it. Employment fell sharply in all major industry sectors, with a particularly large decline in the leisure and hospitality sector.

The response rate for the household survey continued to be adversely affected by pandemic-related issues, while that for the establishment survey returned to a normal range in April. In addition, there were changes to the estimation methods for the establishment survey to better account for the historic number of temporary or permanent business closures in April. The impacts of the pandemic on the household and payroll surveys are detailed in the April Employment Situation news release and

accompanying materials (available on the BLS website at <https://www.bls.gov/news.release/empsit.nr0.htm>). For both surveys, we were able to obtain estimates that met BLS standards for accuracy and reliability.

The substantial job declines related to the coronavirus pandemic started in March, as payroll employment declined by 870,000, as revised. Job losses accelerated in April, as an additional 20.5 million jobs were lost. These April losses were pervasive across all industry sectors, and brought nonfarm employment to its lowest level since February 2011.

Employment in the leisure and hospitality industry decreased by 7.7 million in April, or 47 percent. Job losses in food services and drinking places accounted for nearly three-quarters of the decline, as many restaurants and bars were closed or curtailed operations due to the coronavirus pandemic. Elsewhere in leisure and hospitality, employment was down by 1.3 million in the arts, entertainment, and recreation industry, and the number of jobs in the accommodation industry fell by 839,000.

Employment declined by 2.5 million in education and health services in April. Health care employment declined by 1.4 million, with decreases in offices of dentists (-503,000), offices of physicians (-243,000), offices of other health practitioners (-205,000), and hospitals (-135,000). Employment

in social assistance decreased by 651,000 over the month, reflecting job cuts in child day care services (-336,000) and individual and family services (-241,000). Employment in private education declined by 457,000 over the month.

Employment in professional and business services declined by 2.1 million in April. Much of the overall decline occurred in temporary help services (-842,000). Employment also declined in services to buildings and dwellings (-259,000), computer systems design (-93,000), and architectural and engineering services (-85,000).

Employment in retail trade also decreased by 2.1 million over the month. Sizable job declines occurred in clothing stores (-740,000); motor vehicle and parts dealers (-345,000); miscellaneous store retailers (-264,000); furniture stores (-209,000); and sporting goods, hobby, book, and music stores (-185,000). By contrast, the component of general merchandise stores that includes warehouse clubs and supercenters added 93,000 jobs.

Manufacturing employment fell by 1.3 million in April, with about two-thirds of the decline occurring in the durable goods component (-914,000). Within durable goods, large decreases occurred in motor vehicles and parts (-382,000), fabricated metal products (-109,000), and machinery (-80,000). Employment in nondurable goods industries decreased by 416,000, including

declines in food manufacturing (-86,000), printing and related support activities (-79,000), and plastics and rubber products (-66,000).

Employment in the other services industry also declined by 1.3 million in April, with nearly two-thirds of the loss occurring in personal and laundry services (-797,000).

In April, government employment declined by 980,000; local government employment was down by 801,000, partly reflecting school closures. Employment in state government education was down by 176,000.

Construction employment decreased by 975,000 in April, with large declines in specialty trade contractors (-691,000) and in construction of buildings (-206,000).

Employment in transportation and warehousing fell by 584,000 over the month, with notable decreases in transit and ground passenger transportation (-185,000) and in air transportation (-141,000).

Wholesale trade employment decreased by 363,000 in April, reflecting sizable declines in both the durable and nondurable goods components.

Over the month, employment in financial activities fell by 262,000, with most of the decline occurring in real estate and rental and leasing (-222,000).

Employment in information fell by 254,000 in April, driven largely by a decline in motion picture and sound recording industries (-217,000).

Mining employment decreased by 46,000 over the month, mostly in support activities for mining (-33,000).

Average weekly hours for all private-sector workers showed an increase of 0.1 hour in April, after declining by 0.3 hour in March. However, in April, there were notable declines in the average workweek for manufacturing (-2.1 hours), construction (-1.3 hours), and wholesale trade (-1.2 hours).

Given the large employment decline in March and the extreme job cuts in April, one must be cautious when interpreting the changes in average weekly hours for all private-sector workers. While it is certainly true some employees worked additional hours in April, the majority of the increase in average weekly hours reflects the disproportionate number of workers with shorter workweeks who went off payrolls; their removal put upward pressure on the average hours estimate.

Similarly, our estimates of average hourly earnings for April also must be interpreted with extra caution. Average hourly earnings of all employees on private nonfarm payrolls rose by \$1.34 in April to \$30.01, following a gain of 15 cents in March. While some workers experienced an increase in pay in April, the increase in average hourly earnings reflects the

disproportionate number of lower-paid workers who went off payrolls; their removal put upward pressure on the average hourly earnings estimate.

Turning to the labor market indicators from the household survey, the unemployment rate increased by 10.3 percentage points to 14.7 percent in April. This is the highest unemployment rate and largest single-month change in the history of the series (seasonally adjusted data are available back to 1948). The number of unemployed people increased by 15.9 million to 23.1 million. Among the unemployed, a large increase occurred among people on temporary layoff; this group increased by 16.2 million in April to 18.1 million.

The unemployment rate rose sharply for all of the major worker groups in April. The rate was 13.0 percent for adult men, 15.5 percent for adult women, 31.9 percent for teenagers, 14.2 percent for Whites, 16.7 percent for Blacks, 14.5 percent for Asians, and 18.9 percent for Hispanics. The rates for all of these groups, with the exception of Blacks, represent record highs for their respective series.

Among the unemployed, the number of people searching for work for less than 5 weeks was 14.3 million, an increase of 10.7 million from March. These recently unemployed people represented 61.9 percent of the unemployed in April. The number of unemployed persons who were jobless 5 to 14 weeks rose by 5.2

million to 7.0 million. The number of people searching for work for 27 weeks or more declined slightly to 939,000 over the month.

The labor force participation rate declined by 2.5 percentage points in April to 60.2 percent, the lowest rate since January 1973. Total employment, as measured by the household survey, fell by 22.4 million to 133.4 million in April. The employment-population ratio, at 51.3 percent, dropped by 8.7 percentage points over the month. This is the lowest rate and largest over-the-month decline in the history of the series, which dates back to 1948.

The number of persons who usually work full time declined by 15.0 million over the month, and the number who usually work part time declined by 7.4 million. Part-time workers accounted for one-third of the over-the-month employment decline.

In April, the number of people at work part time for economic reasons (also referred to as involuntary part-time workers) nearly doubled, increasing by 5.1 million to 10.9 million. The increase reflects a sharp rise in the number of people whose hours were cut due to slack work or business conditions.

The number of persons not in the labor force who currently want a job, at 9.9 million, nearly doubled in April. These individuals were not counted as unemployed because they were not

actively looking for work during the 4-week period ending with the April survey or were unavailable to take a job. The large increase in the want a job category reflects the impact of the pandemic on the job market, as mandatory business closures, stay-at-home orders, and fear of the coronavirus illness kept many individuals from engaging in labor market activity in April.

Among those who were not in the labor force in April but wanted a job, 2.3 million were considered marginally attached to the labor force, an increase of 855,000 over the month. (People who are marginally attached to the labor force had not looked for work in the 4 weeks prior to the survey but wanted a job, were available for work, and had looked for a job within the last 12 months.) Discouraged workers, a subset of the marginally attached who believed no jobs were available for them, numbered 574,000 in April, little changed over the month.

In addition to the increase in the number of unemployed people, there was also an increase in the number of workers who were classified as employed but absent from work for the entire reference week. As in March, special instructions sent to household survey interviewers called for all employed people absent from work due to coronavirus-related business closures to be classified as unemployed on temporary layoff. However, not all such workers were so classified in April. As is our usual

practice, no ad hoc actions were taken to reassign survey responses; the data were accepted as recorded. If the workers who were recorded as employed but absent from work due to "other reasons" (over and above the number absent for other reasons in a typical April) had been classified as unemployed on temporary layoff, the overall unemployment rate would have been almost 5 percentage points higher than reported (on a not seasonally adjusted basis). Additional information is available online at www.bls.gov/cps/employment-situation-covid19-faq-april-2020.pdf.

Summarizing the labor market developments in April, nonfarm payroll employment fell by 20.5 million, and the unemployment rate increased to 14.7 percent, reflecting the effects on the job market of the coronavirus pandemic and efforts to contain it.