

Economic Policy Institute

Economic Indicators

Jobs and unemployment

Every month, the Bureau of Labor Statistics releases a report on the employment situation for the previous month. Their release includes data on job growth, unemployment, and wage growth, which gives us a snapshot of the health of the economy and whether it's working for ordinary Americans.

January

Jobs report: The U.S. labor market remains 9.9 million jobs below pre-pandemic levels

By **Elise Gould** • February 5, 2021

Next update: March 5, 2021

Today, the Bureau of Labor Statistics (BLS) released the first jobs report of 2021, showing that jobs rose by a modest 49,000 in January after falling 227,000

Key numbers • January

6.3% National unemployment rate

49,000 Net jobs in January

76.4% Share of prime working-age population with a job

in December (revised down from the originally reported 140,000 loss).

5.2%

Average nominal
wage growth
since January
2020

These swings are partly due to seasonal adjustments.

Every December, there are expectations of ramped up holiday hiring followed by cutbacks in January.

Usually, the seasonal adjustment tempers those effects so comparisons between months are more reliable. Because hiring didn't ramp up in December to then experience the losses in January, I recommend taking an average of December and January to get a better sense of current labor market momentum. The average job change of the last two months is -89,000, a troubling sign for an economy that desperately needs more life.

Overall, the labor market is down 9.9 million jobs since February 2020. And, if we count how many jobs may have been created if the recession hadn't hit—a more appropriate counterfactual for the current hole we are in might be average job growth over the 12 months before the recession (202,000)—we are now short 12.1 million jobs since February. Policymakers need to **go big** to solve this crisis.

In today's report, the BLS discussed the fact that seasonal adjustments also distorted the numbers on state and local government jobs. Therefore, little attention should be paid to what appears to be an increase in public-sector employment. State and local government employment is down 1.3 million jobs since February 2020. The vast majority of these job losses (nearly 1 million) are in state and local education employment, which remains 9.0% below its February level. Because of the economic crises, states and localities are facing huge revenue shortfalls, which must be relieved with more federal aid. What we know from the last recession is that states that preserved or grew their public-sector workforce fared better, with **fewer job losses overall, fewer private-sector job cuts, less growth in unemployment, and faster job growth**. Without significant federal investment, it will be impossible for state and local governments to avoid further cuts and return to their pre-pandemic employment levels in the near future.

Turning to the household survey, the latest data indicate that the unemployment rate fell 0.4 percentage points to 6.3% in January. The decline was primarily among workers experiencing shorter spells of unemployment. The number of long-term unemployed—those unemployed for 27 weeks or more—held steady at 4.0 million.

As bad as these numbers are, they understate the economic pain. These counts of the unemployed do not take into account the millions of workers who have left the labor force or were misclassified as employed but not at work or had their hours cut. Taking all those workers

into account, a total of **25.5 million workers**—15.0% of the workforce—were directly hurt by the COVID downturn in January. This proves essential the need for extensions to unemployment insurance to provide a necessary lifeline to those workers and their families.

The overall unemployment rate also misses the fact that the pandemic recession and recovery, such as it is, is not hitting all workers equally. In January, white, Black, and Hispanic unemployment rates dropped, while the Asian American unemployment rate rose. The largest gap in unemployment still remains between white workers with an unemployment rate of 5.7% and Black workers at 9.2%.

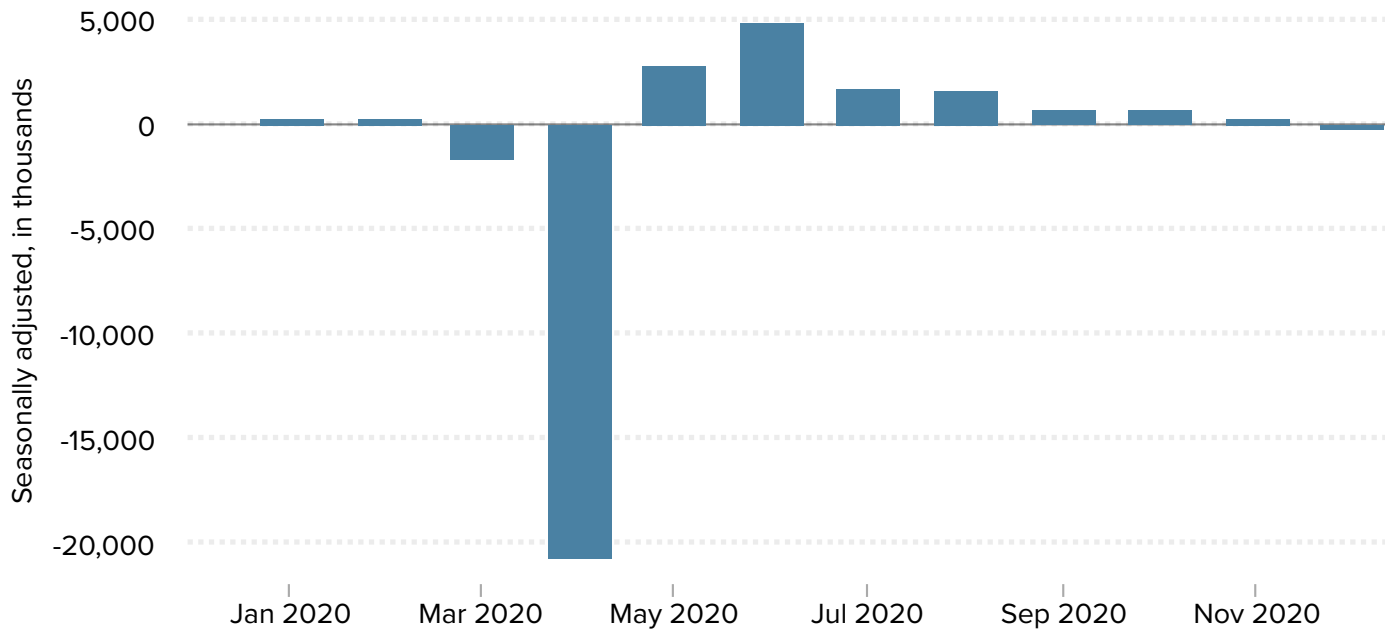
The data also show that it is far from true that “everyone” is working from home because of the pandemic. Only 23.2% of employed people report having teleworked or worked at home in the last four weeks because of the pandemic—less than one in four workers.

Today’s jobs day report reinforces the need for Congress to take bold action in passing crucial relief measures through reconciliation.

Charting jobs and unemployment

At this rate of job growth, the economy is years away from a full recovery

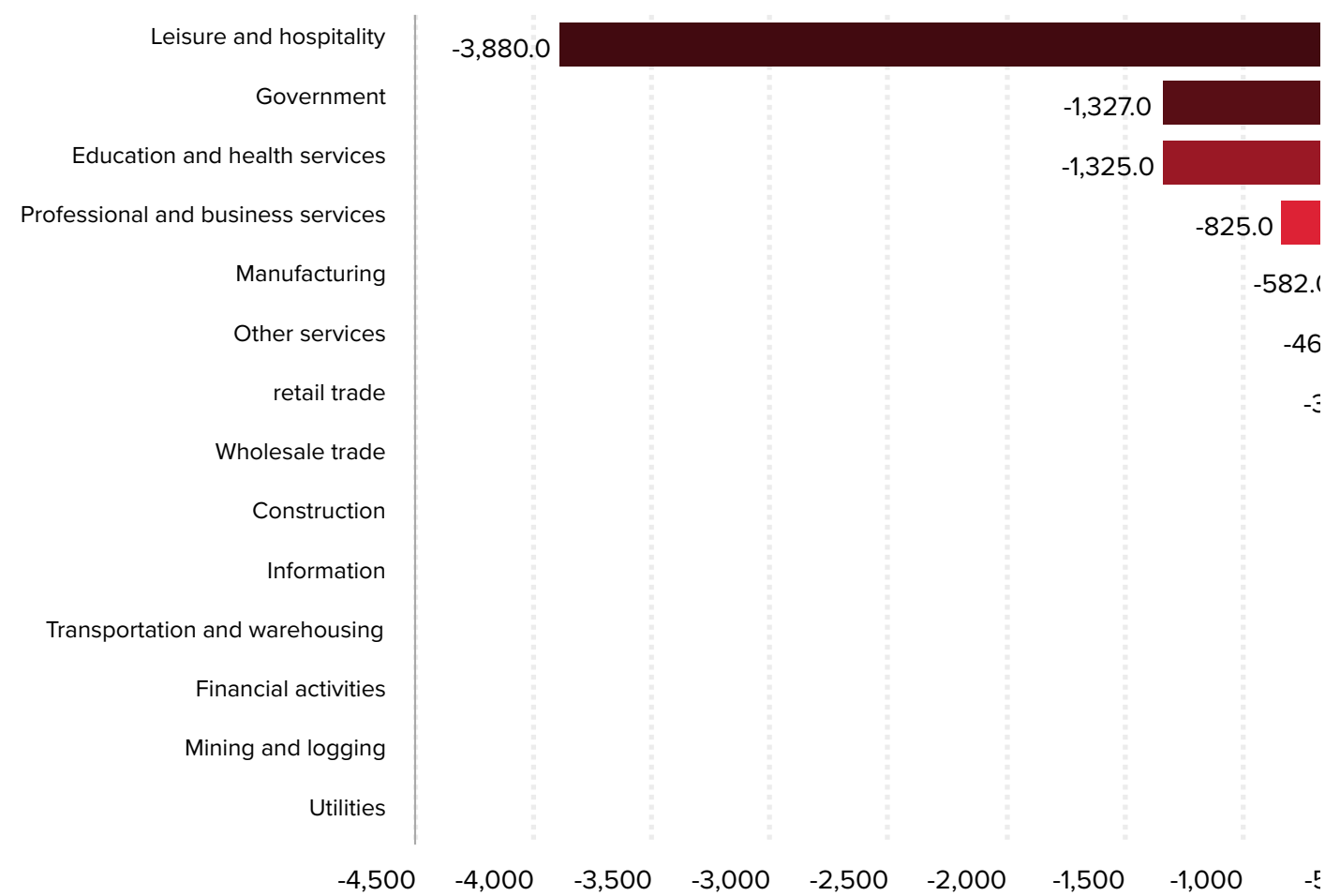
Monthly change in payroll employment, January 2020–January 2021



Source: EPI analysis of Bureau of Labor Statistics' Current Employment Statistics public data series

Employment change by industry, 12-month net change

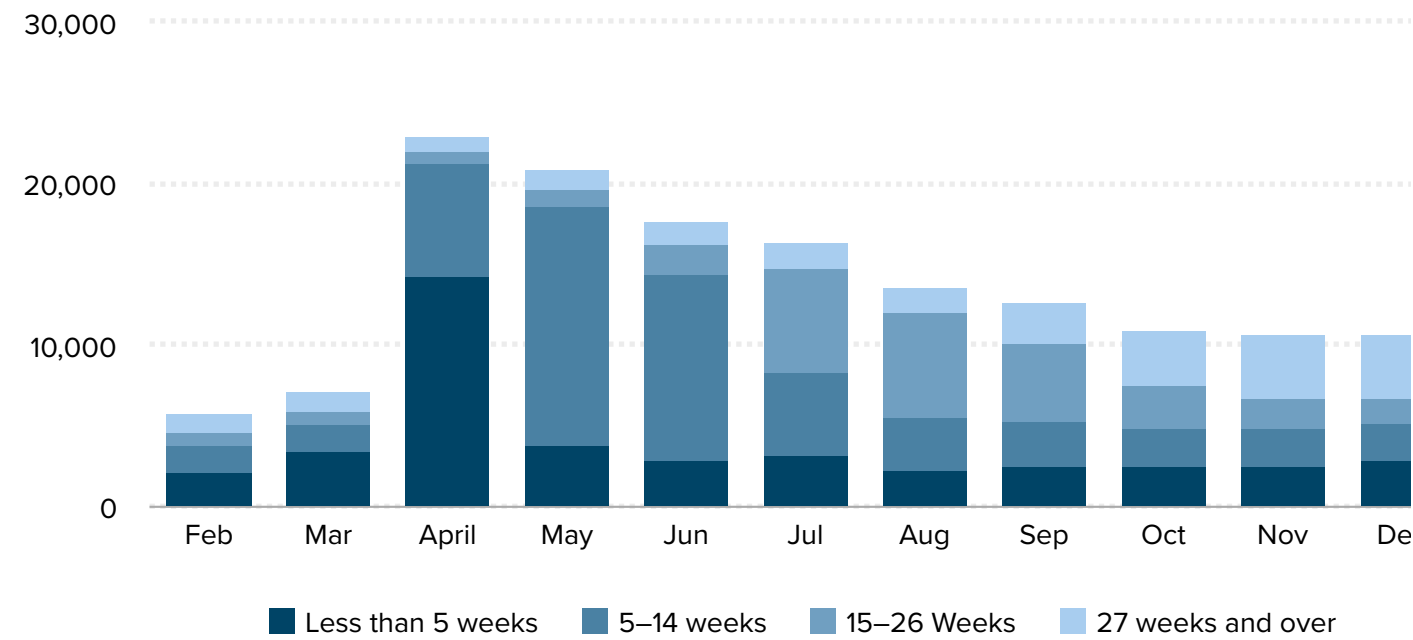
All employees (thousands), seasonally adjusted, January 2021



Source: Bureau of Labor Statistics' (BLS) Current Employment Statistics, Establishment Survey (CES) public data series.

Workers are experiencing longer and longer periods of unemployment

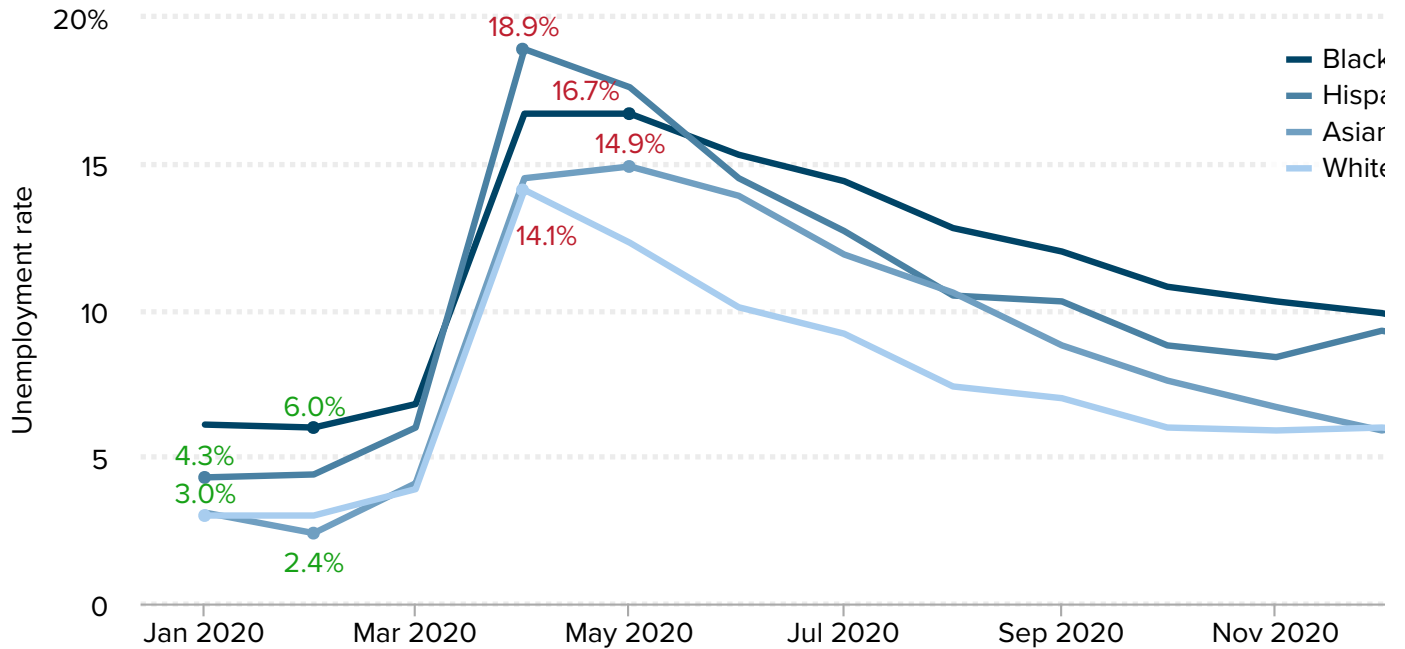
Number of workers at each level of unemployment duration, by month, February 2020–January 2021



Note: Data are seasonally adjusted.

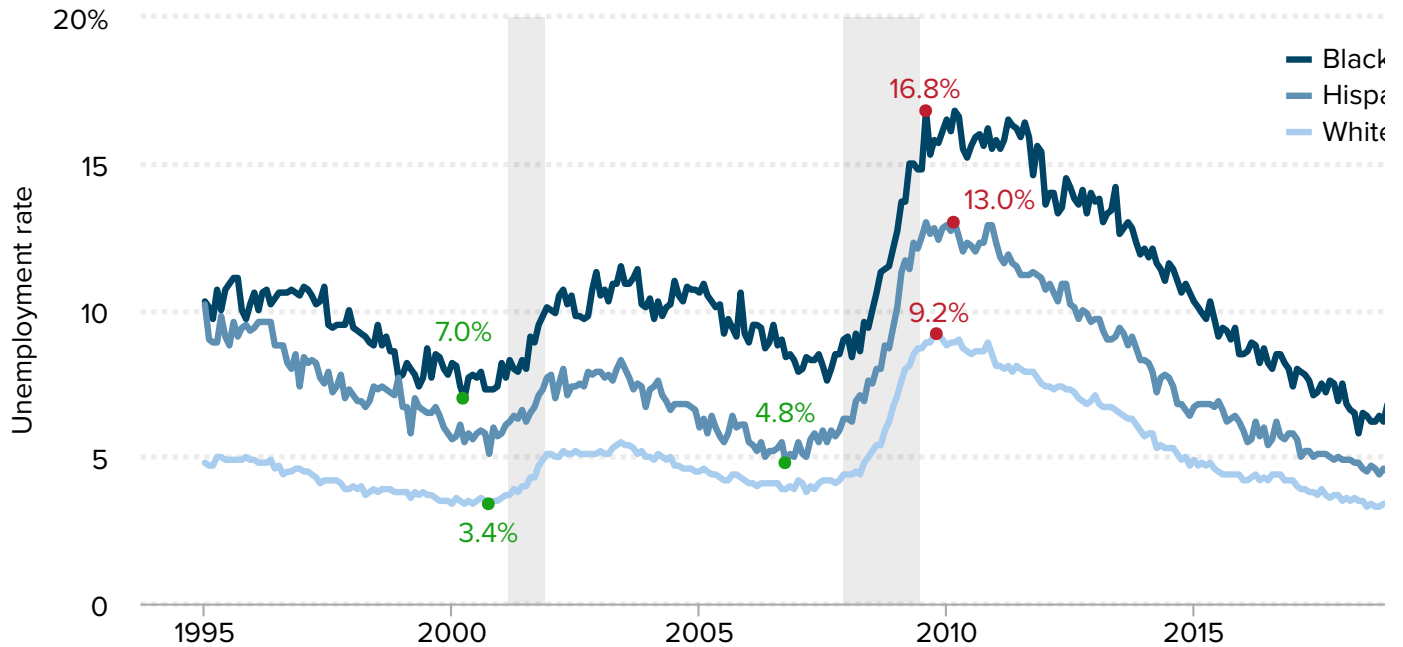
Source: EPI analysis of Bureau of Labor Statistics Current Population Survey public data series.

Unemployment rate of workers age 16 and older by race and ethnicity, January 2020–January 2021



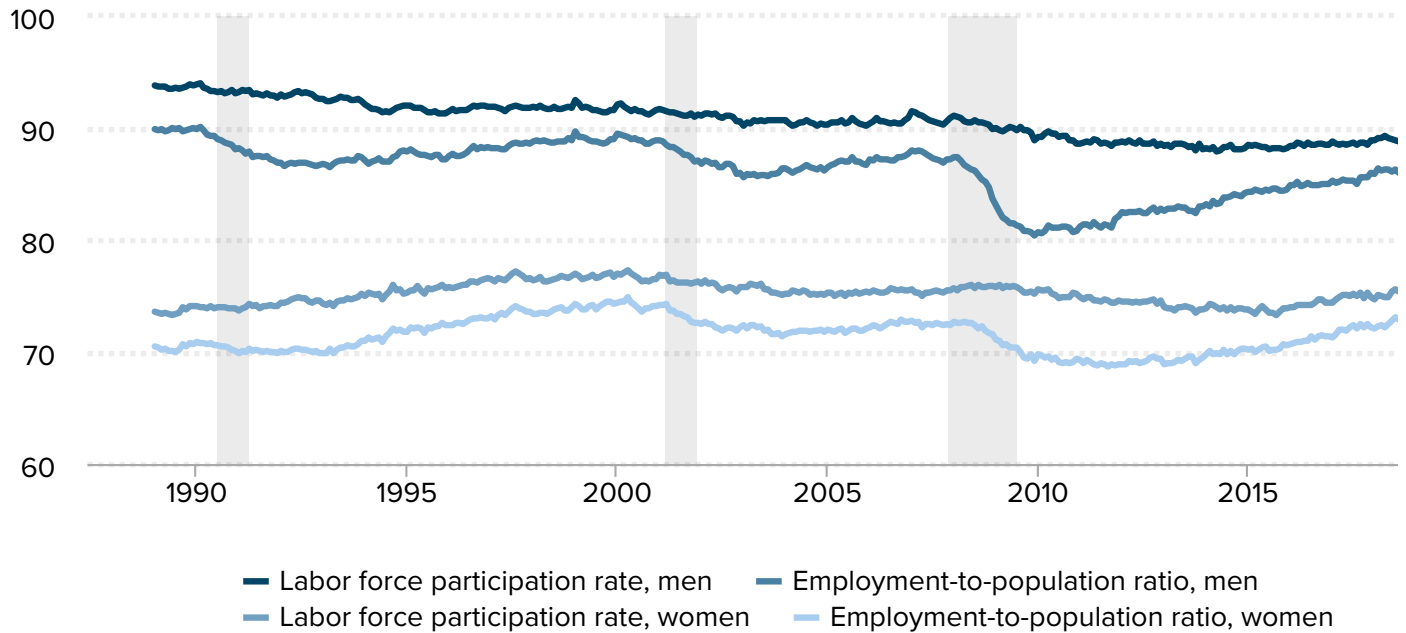
Source: Bureau of Labor Statistics' Current Population Survey, public data series

Unemployment rate of workers age 16 and older by race and ethnicity, 1995–2021



Source: Bureau of Labor Statistics' Current Population Survey, public data series

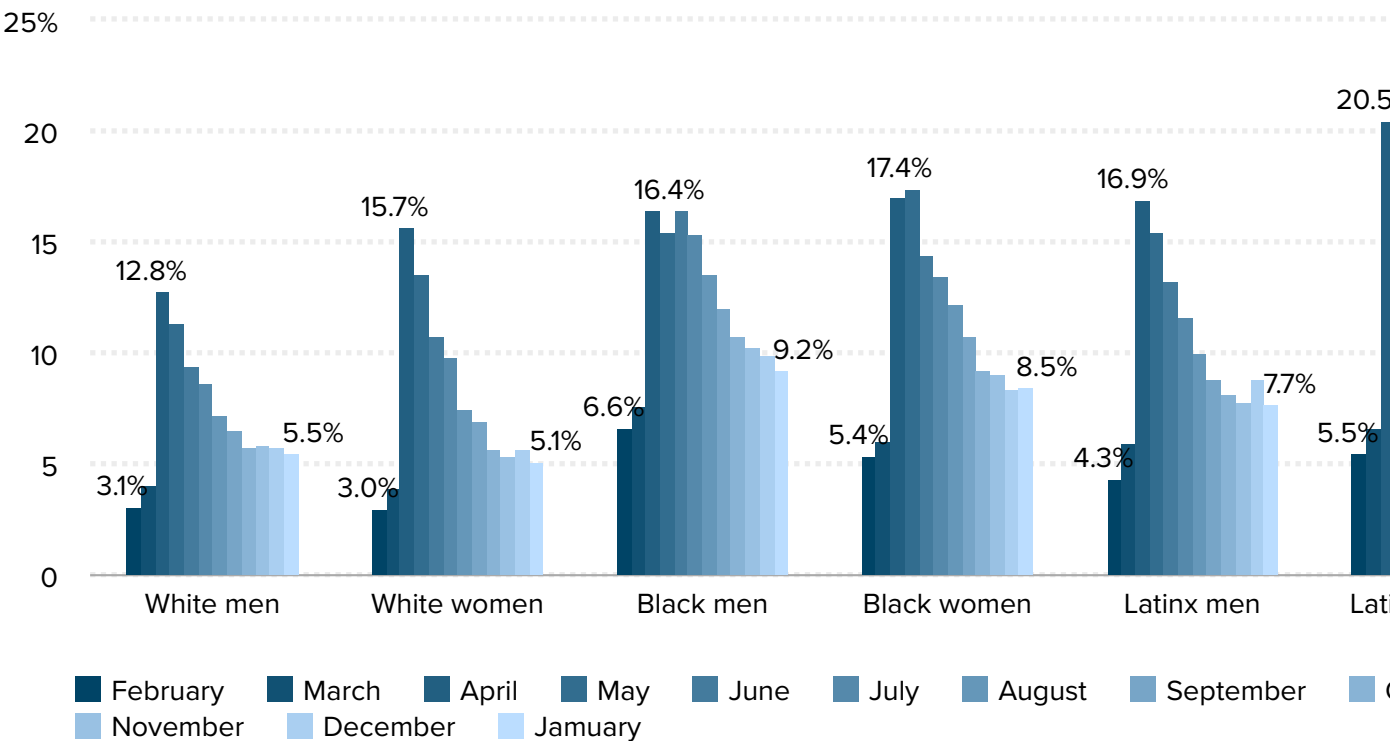
Labor force participation rate and employment-to-population ratio of workers ages 25–54, by gender, 1989–2020



Source: EPI analysis of Bureau of Labor Statistics' Current Population Survey public data.

A more comprehensive look at unemployment rates

Unemployment rates for select workers by race/ethnicity and gender, February–January 2021

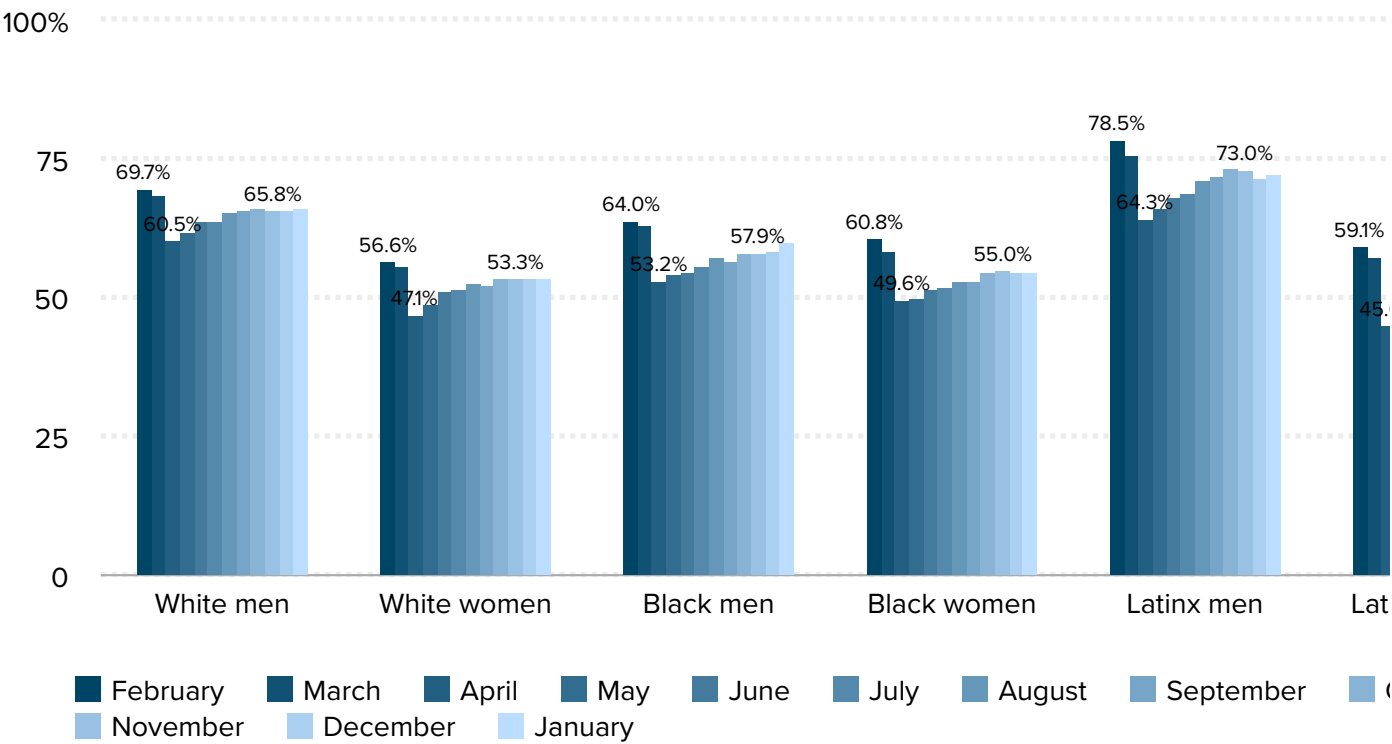


Notes: Data are for workers ages 20 and older. Racial and ethnic categories are not mutually exclusive; white and Black data do not exclude Latinx workers of each race. Unemployment levels are labeled for February, November, and the peak in between.

Source: EPI analysis of Bureau of Labor Statistics (BLS) Household Data **Table A-2**, and **Table A-3**.

A more comprehensive look at employment losses

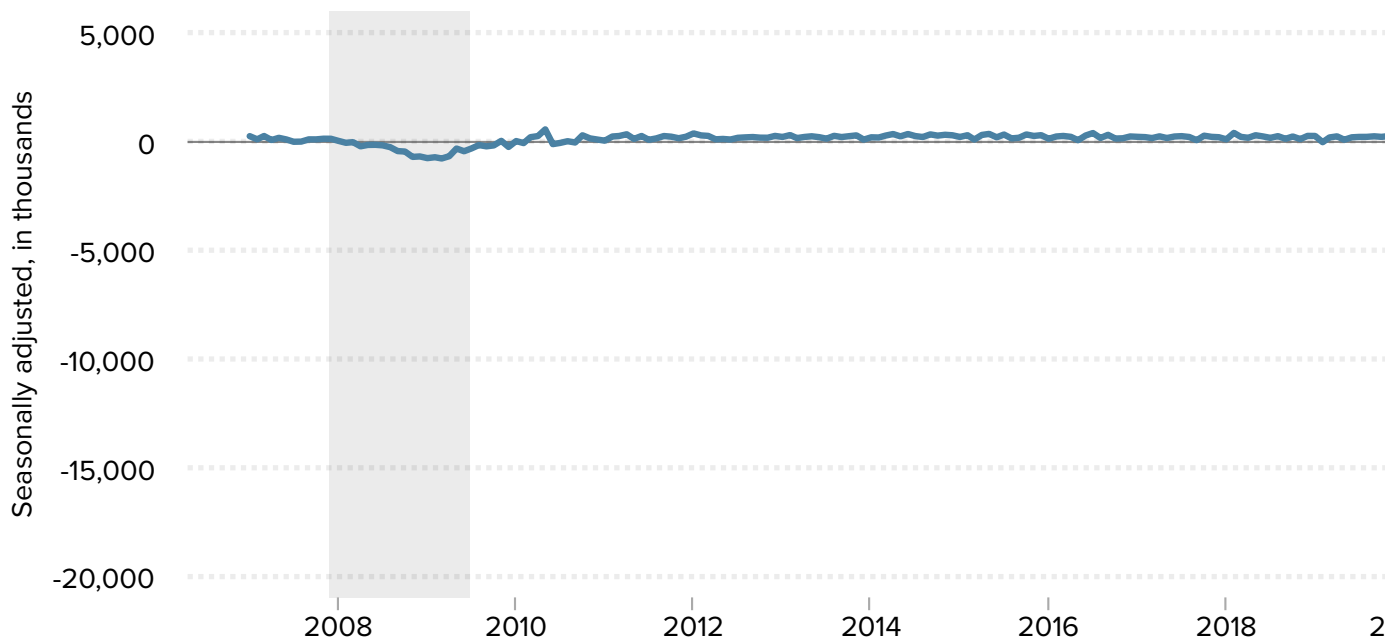
Employment-to-population ratios for select workers by race/ethnicity and gender, February–January 2021



Notes: Data are for workers ages 20 and older. Racial and ethnic categories are not mutually exclusive; white and Black data do not exclude Latinx workers of each race. Employment to population levels are labeled for February, November, and the trough in between.

Source: EPI analysis of Bureau of Labor Statistics (BLS) Household Data **Table A-2**, and **Table A-3**.

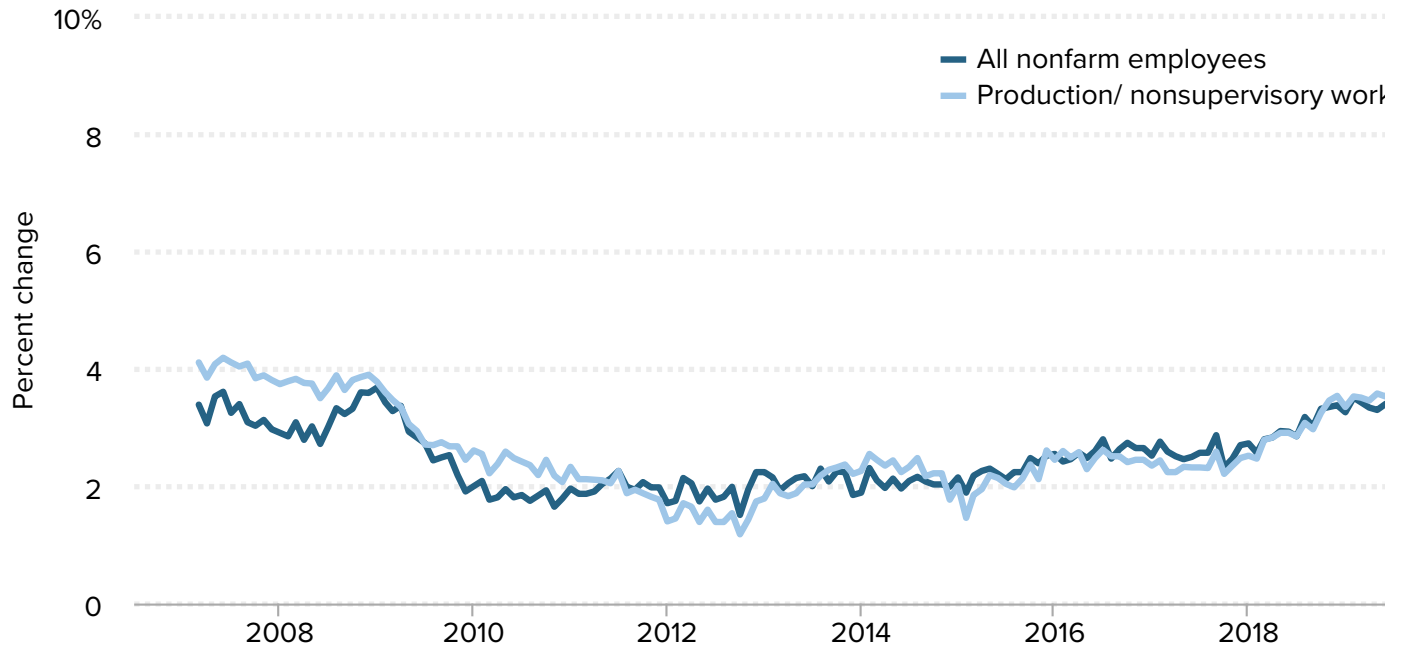
Monthly change in payroll employment, 2007–2021



Note: Shaded areas denote recessions.

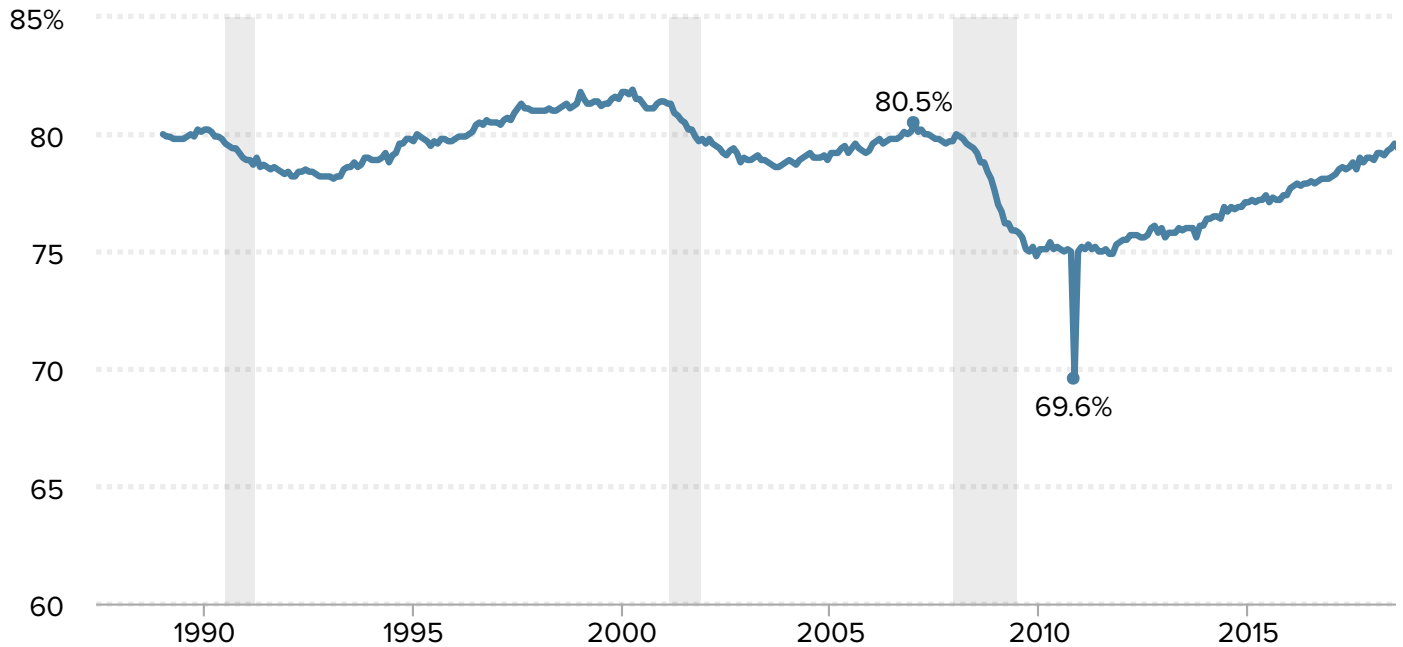
Source: EPI analysis of Bureau of Labor Statistics' Current Employment Statistics public data series

Nominal wage growth spikes from compositional shifts in the COVID-19 economy, 2007–2020



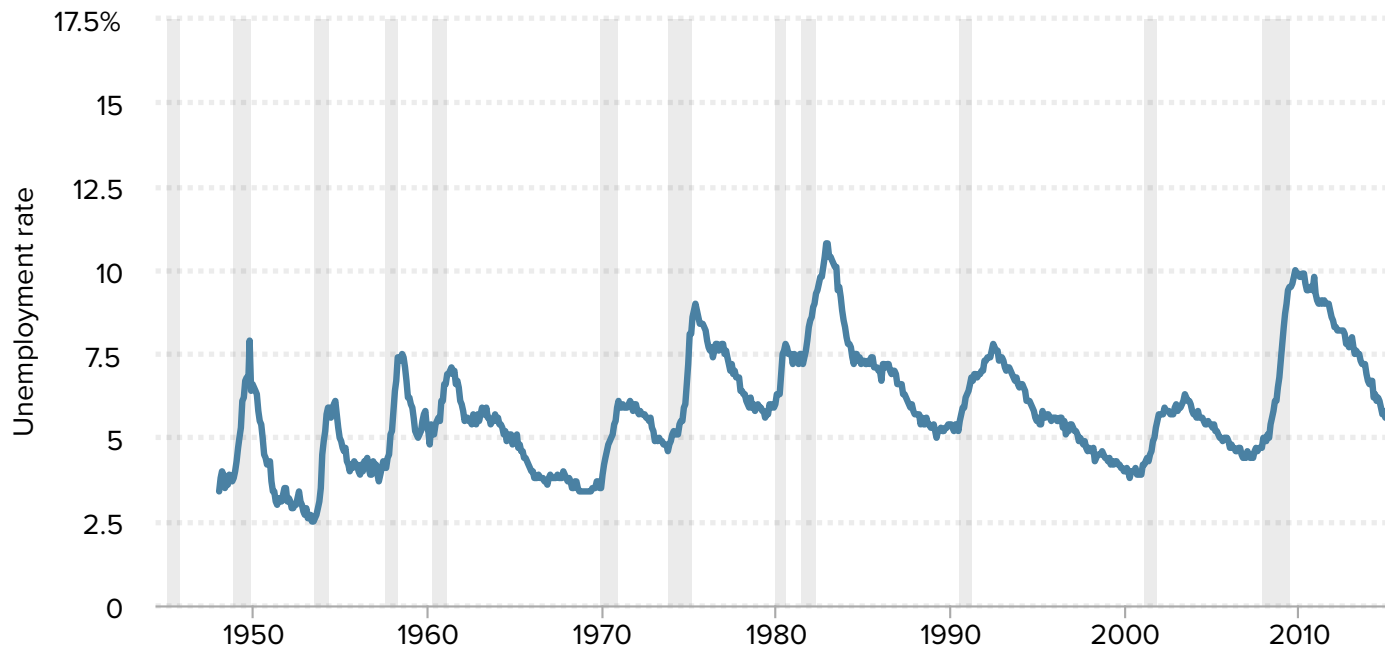
Source: EPI analysis of Bureau of Labor Statistics Current Employment Statistics public data series

Employment-to-population ratio of workers ages 25–54, 1989–2021



Source: EPI analysis of Bureau of Labor Statistics' Current Population Survey public data

Unemployment rate, 1948–2020



Note: Shaded areas denote recessions.

Source: EPI analysis of Bureau of Labor Statistics' Current Population Survey

Share of newly employed workers who said that they were not actively searching for work in the previous month



Note: Because of volatility in these data, the line reflects three month moving averages

Source: Bureau of Labor Statistics, Labor Force Flows: Unemployed to Employed (16 Years and Over) [LNS17100000], and Not in Labor Force to Employed (16 years and over) [LNS17200000], retrieved from FRED (Federal Reserve Bank of St. Louis).

Past employment reports

News from EPI › **The U.S. labor market remains 9.9 million jobs below pre-pandemic levels**

February 5, 2021 • By **Elise Gould** • Economic Indicators

News from EPI › **December jobs report provides a clear picture of Trump's failed handling of the economy**

January 8, 2021 • By **Elise Gould** • Economic Indicators

News from EPI › **Recovery continues to wane**

Expiring unemployment relief means more trouble around the corner

December 4, 2020 • By **Elise Gould** • Economic Indicators

News from EPI › **October jobs report**

Next president inherits a devastated economy with millions out of work

November 6, 2020 • By **Elise Gould** • Economic Indicators

News from EPI › **Slowdown in jobs added means we could be years away from a full recovery**

October 2, 2020 • By **Elise Gould** • Economic Indicators

News from EPI › **Six months into the recession and a 11.5 million jobs deficit remains**

September 4, 2020 • By **Elise Gould** • Economic Indicators

News from EPI › **The bounceback deflates**

Job gains slow considerably in July

August 7, 2020 • By **Elise Gould** • Economic Indicators

News from EPI › **Two months of gains, but a huge jobs deficit remains, and deepening pain is on the horizon**

Congress needs to act

July 2, 2020 • By **Elise Gould** and **Heidi Shierholz** • Economic Indicators

