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Statement of

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Commissioner  
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Nonfarm payroll employment increased by 2.5 million in May, and the unemployment rate declined by 1.4 percentage points to 13.3 percent. These improvements in the labor market reflected a limited resumption of economic activity that had been curtailed in March and April due to the coronavirus (COVID-19) pandemic and efforts to contain it.

In May, employment rose in several major industry sectors, with the largest gains in leisure and hospitality, construction, education and health services, and retail trade. By contrast, employment in government continued to decline sharply.

To put the May employment gain of 2.5 million in context, substantial job losses related to the coronavirus pandemic started in March, as payroll employment declined by 1.4 million, as revised. Job losses deepened considerably in April, as nonfarm employment plummeted by an additional 20.7 million, as revised. At 132.9 million in May, total nonfarm employment is

nearly 20 million (or 13 percent) lower than in February, before the pandemic crisis unfolded in many parts of the United States. Furthermore, although unemployment fell in May, the unemployment rate and the number of unemployed people are up by 9.8 percentage points and 15.2 million, respectively, since February.

The response rate for the household survey continued to be adversely affected by pandemic-related issues. The response rate for the establishment survey was slightly below normal for May.

Changes made to the estimation methods for the establishment survey in April to better account for temporary or permanent business closures were kept in place for May. In addition, after further research, BLS extended these changes back to March, which accounted for a portion of the revision to March data. The impacts of the pandemic on the household and payroll surveys are detailed in the May Employment Situation news release and accompanying materials (available on the BLS website at [www.bls.gov/news.release/empsit.nr0.htm](http://www.bls.gov/news.release/empsit.nr0.htm)). Importantly, for both surveys, in May we were still able to obtain estimates that meet BLS standards for accuracy and reliability.

Taking a closer look at the May payroll data, within the leisure and hospitality industry, food services and drinking places added 1.4 million jobs, after losing 5.4 million jobs in

April and 633,000 jobs in March. In contrast, employment continued to decline in the accommodation industry in May (-148,000) and has fallen by 1.1 million over the past 3 months.

In May, construction employment increased by 464,000, recouping about half of the decline in April (-995,000). Job gains occurred among all the component industries in May. Notable job growth occurred in specialty trade contractors (+325,000), with gains about equally split between the residential and nonresidential components. Construction of buildings added 105,000 jobs.

Employment increased by 424,000 in education and health services in May, after a decrease of 2.6 million in April. Health care employment rose by 312,000, with increases in offices of dentists (+245,000), offices of other health practitioners (+73,000), and offices of physicians (+51,000). Elsewhere in health care, job losses continued in nursing and residential care facilities (-37,000) and in hospitals (-27,000). Employment in social assistance increased by 78,000 over the month, reflecting gains in child day care services (+44,000) and individual and family services (+29,000). Employment in private education rose by 33,000 over the month.

Employment in retail trade rose by 368,000 in May, following a loss of 2.3 million in the prior month. Employment rose in several retail industries in May, including clothing

stores (+95,000), automobile dealers (+85,000), general merchandise stores (+84,000), building material and garden supply stores (+56,000), and miscellaneous store retailers (+55,000). By contrast, employment declined in electronics and appliance stores (-95,000); auto parts, accessories, and tire stores (-36,000); and health and personal care stores (-22,000).

In May, employment in the other services industry increased by 272,000, after declining by 1.3 million in April. Two-thirds of the over-the-month job gain occurred in personal and laundry services (+182,000).

Manufacturing employment rose by 225,000 in May, following a decline of 1.3 million in April. The job gains in May were about equally split between the durable and nondurable goods components. Within durable goods, employment increased in motor vehicles and parts (+28,000), fabricated metal products (+25,000), and machinery (+23,000). Within nondurable goods, job gains occurred in plastics and rubber products (+30,000), food manufacturing (+25,000), and printing and related support activities (+16,000).

Professional and business services added 127,000 jobs in May, after losing 2.2 million jobs in April. Just over half of the job gain in May occurred in services to buildings and dwellings (+68,000). Additionally, employment increased in temporary help services (+39,000). By contrast, job losses

continued in management of companies and enterprises (-22,000) and computer systems design (-13,000).

Over the month, employment in financial activities rose by 33,000, following a decline of 264,000 in April. In May, most of the job gain occurred in real estate and rental and leasing (+24,000).

Wholesale trade employment increased by 21,000 in May, with the nondurable goods component adding 13,000 jobs. Wholesale trade employment declined by 383,000 in April.

Government employment continued to fall over the month, as a decline of 585,000 in May followed a decrease of 963,000 in April. The bulk of the employment declines occurred in local government, which lost 487,000 jobs in May and 797,000 jobs in April. Local government employment declines over the 2 months mainly reflected school closures. Employment in state government was down by 84,000 in May, particularly in state education (-63,000).

Employment in information fell by 38,000 in May. The industry shed 272,000 jobs in April.

Mining also continued to lose jobs in May (-20,000), mostly in support activities for mining (-16,000). Mining employment has declined by 77,000 over the past 3 months.

Employment in transportation and warehousing fell by 19,000 in May, after declining by 553,000 in April. Employment in air

transportation fell sharply in May (-50,000), following a loss of 79,000 in the prior month. In May, job gains occurred in couriers and messengers (+12,000) and transit and ground passenger transportation (+10,000).

Average weekly hours for all private-sector workers showed an increase of 0.5 hour in May. There were notable increases in the average workweek for leisure and hospitality (+1.5 hours), construction (+1.0 hour), manufacturing (+0.8 hour), and retail trade (+0.8 hour).

One should use caution when interpreting changes in the workweek at the total private nonfarm level. While employees in most industries saw an increase in their workweeks in May, large employment changes in industries with shorter-than-average workweeks can complicate monthly comparisons of the average weekly hours figures.

Similarly, our estimates of average hourly earnings for May must be interpreted with caution. Average hourly earnings of all employees on private nonfarm payrolls declined by 29 cents in May to \$29.75, following a gain of \$1.35 in April. The increase in average hourly earnings in April largely reflects the disproportionate number of lower-paid workers who went off payrolls, which put upward pressure on the total private average hourly earnings estimate. In May, some of these workers returned to payrolls, which put downward pressure on average hourly

earnings, though the effect is more muted given the smaller magnitude of the employment change. The large changes in employment in recent months make it difficult to discern longer-term trends in the hours and earnings measures.

Turning to the labor market indicators from the household survey, the unemployment rate declined by 1.4 percentage points to 13.3 percent in May. This follows a record-high increase of 10.3 percentage points in April. The number of unemployed people decreased by 2.1 million in May, after increasing by 15.9 million in April.

The decrease in unemployment in May was driven by a decline among people on temporary layoff (-2.7 million). The decline was offset slightly by increases in the number of job losers not on temporary layoff, especially permanent job losers, which rose by 295,000 to 2.3 million. The number of new entrants to unemployment rose slightly in May, to 536,000, essentially returning to its March level.

The unemployment rate fell in May for adult men (11.6 percent), adult women (13.9 percent), Whites (12.4 percent), and Hispanics (17.6 percent). The rates for teenagers (29.9 percent), Blacks (16.8 percent), and Asians (15.0 percent) changed little over the month.

Among the unemployed, the number of people searching for work for less than 5 weeks declined by 10.4 million to 3.9

million in May. These individuals made up 18.5 percent of the unemployed in May. The number of unemployed people who were jobless 5 to 14 weeks more than doubled, increasing by 7.8 million to 14.8 million, and accounted for 70.8 percent of the unemployed in May. The number of people searching for work for 27 weeks or more rose to 1.2 million, offsetting a decline in April.

The labor force participation rate increased by 0.6 percentage point in May to 60.8 percent, following a decline of 2.5 percentage points in April. Total employment, as measured by the household survey, rose by 3.8 million to 137.2 million in May, following a large decline in April (-22.4 million). The employment-population ratio increased by 1.5 percentage points to 52.8 percent in May. This followed a decline of 8.7 percentage points in April.

The number of people who usually work full time rose by 2.2 million over the month to 116.5 million, and the number who usually work part time increased by 1.6 million to 20.7 million. Both these measures had declined sharply in April. Part-time workers accounted for about two-fifths of the over-the-month employment growth.

In May, the number of people at work part time for economic reasons (also referred to as involuntary part-time workers) changed little at 10.6 million, after nearly doubling in April.



The number of workers affected by this type of underemployment is up by 6.3 million since February of this year.

The number of people not in the labor force who currently want a job declined by 954,000 to 9.0 million in May. This followed a large increase in April (+4.4 million). While down from April, the presence of a large number of individuals who indicate that they want a job but were not actively looking for one reflects the ongoing impact of the pandemic on the job market. Mandatory business closures, stay-at-home orders, and fear of the coronavirus illness likely kept many individuals from engaging in labor market activity.

Among those who were not in the labor force in May but wanted a job, 2.4 million were considered marginally attached to the labor force, little changed 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 662,000 in May, also little changed over the month.

There continued to be a large number of workers who were classified as employed but absent from work for the entire reference week. As in March and April, special instructions sent to household survey interviewers called for 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 May, despite additional training given to household survey interviewers. BLS and the Census Bureau continue to investigate this issue, and we're taking additional steps to address the problem.

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 May) had been classified as unemployed on temporary layoff, the overall unemployment rate would have been about 3 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-may-2020.pdf](http://www.bls.gov/cps/employment-situation-covid19-faq-may-2020.pdf).

Summarizing the labor market developments in May, nonfarm payroll employment rose by 2.5 million, and the unemployment rate declined to 13.3 percent.