

Appendix to
What's Holding Back Employment in the Recovery from the COVID-19 Pandemic?
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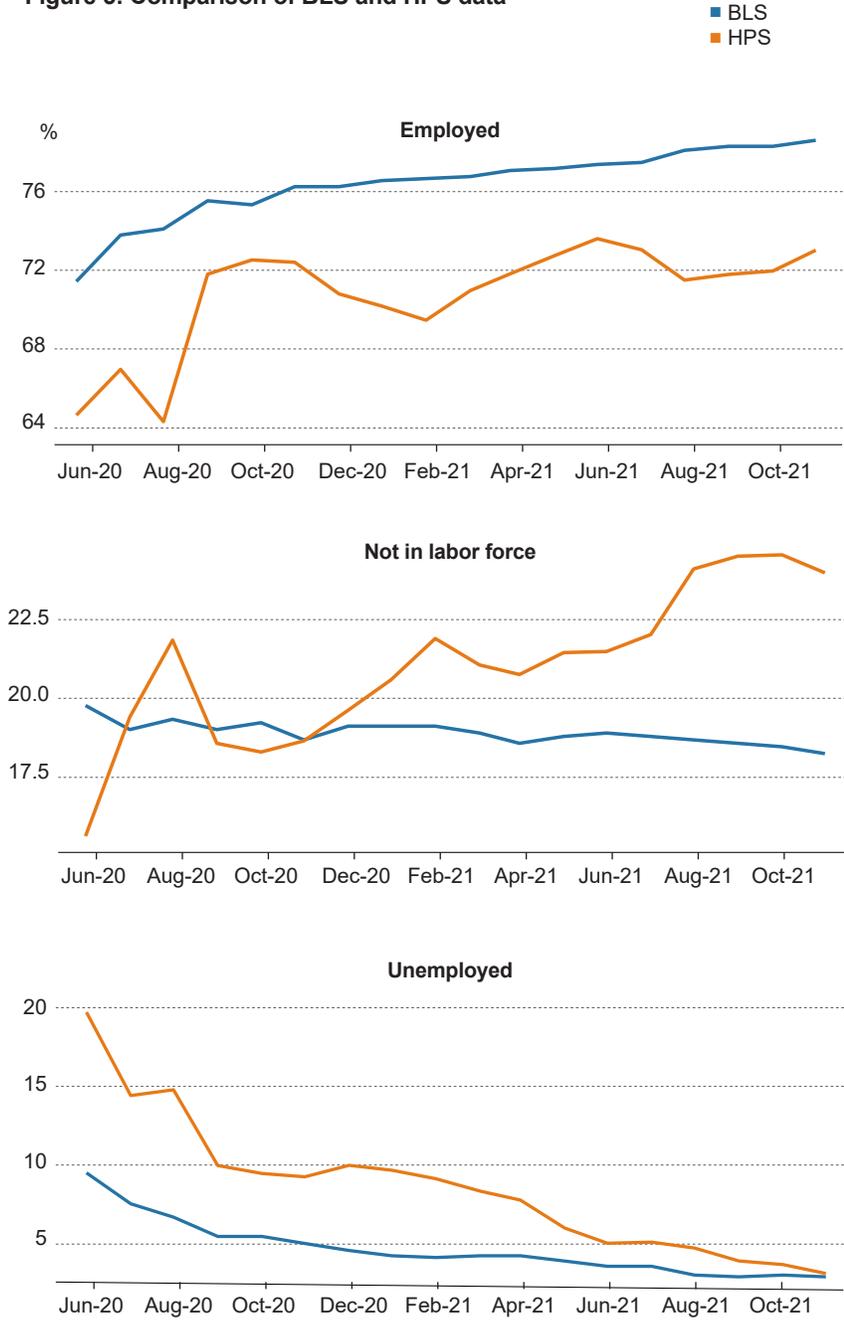
The most frequently used labor force statistics are those published by the Bureau of Labor Statistics (BLS). While the BLS survey is much larger than the Household Population Survey (HPS), it is less frequent and does not provide reasons for nonemployment that are as tightly connected to the pandemic. The HPS, with its clearer focus on the pandemic, can help us explain trends in the labor force and describe the challenges and choices workers are making as the pandemic continues to influence the labor market. The differences in the specific measurements from the two surveys result in different but related estimates.

Figure 5 shows three panels comparing BLS and HPS data. The top panel shows the percentage of the prime-age population that is employed. Employment rates in both surveys have risen over the period, but the HPS employment rate is consistently lower and more volatile. This is due to differences in definition in employment between the two surveys. The HPS asks only if the respondent worked for pay during the last seven days, wording which leaves out people who were on vacation, leave, or employed but not scheduled to work any hours. The HPS consistently counts a lower percentage of people who have jobs, on average 4.5 percent lower than the BLS employment rate.

The middle panel shows the percent of the prime-age population that is not in the labor force. For the BLS this is simply the inverse of the prime-age labor force participation rate. We compare the BLS nonparticipation rate to all people in the HPS who are nonemployed for labor supply reasons and divide by the total prime-age population to get an estimate of the percent that are out of the labor force. The overall rates are similar, with the average Not in the Labor force (NILF) rate at 19.7 percent in the HPS and 18.7 percent in the BLS, but the trends are somewhat different and can deviate from each other by up to 5.6 percent. Importantly, large increases in the NILF rate in the HPS coincide with decreases in the employment rate. The difference in the out of the labor force rates implies that during these periods there are fewer people actively working in the HPS, but they were not explicitly laid off or furloughed; instead, they may have taken leave or had their hours cut involuntarily.

Finally, the bottom panel shows the BLS unemployed as a percent of the prime-age population versus our analogue from the HPS. Again, differences in definition may cause the BLS estimate to be lower than the HPS estimate. The BLS requires a person available and searching for work to be counted as “unemployed.” In the HPS, we count anyone who is nonemployed for a demand-side reason as unemployed even though we do not know if they were available and searching for work, as required by the BLS definition. The HPS reveals that earlier in the pandemic there were many people who were laid off, furloughed, or had their place of employment close, but at that time they might not have been available or searching for work to be counted as unemployed by the BLS. That this gap has disappeared is consistent with the idea that many of the people who are citing demand reasons as their main reasons for nonemployment in the HPS would be classified as unemployed by the BLS.

Figure 5: Comparison of BLS and HPS data



Sources: Authors' calculations from the Household Pulse Survey, US Census, Bureau of Labor Statistics, FRED

Notes: The Household Pulse Survey series is a monthly aggregate of survey weeks. For survey weeks that span two months, survey weeks are assigned to the month in which the majority of the survey period falls. Sharp movements in July 2020 are due to a break in the survey, which was not conducted from July 21, 2020, to August 19, 2020.