



U6 Fix

Back to School. Or Not.

GORDON GRAY | OCTOBER 8, 2021

The September jobs report disappoints at first glance, with the lowest top-line employment growth since the economy lost jobs in December. This top-line number is animated by a large decline in local education hiring, however. Those hiring patterns and related seasonal adjustments have been distorted by the pandemic. Private-sector payroll growth was somewhat healthier, showing broad-based gains across industries. While overall hiring in September may not have been as strong as could be hoped, the healthy private-sector gains that occurred even as COVID-19 cases were growing is nevertheless encouraging.

Employers added 194,000 jobs to their payrolls in September, following upwardly revised gains of 366,000 and just over 1 million in August and July, respectively. Government shed 123,000 workers on net, driven by a 144,000-worker decline in local government education jobs. As BLS notes, school staffing fluctuations related to the pandemic have distorted normal hiring patterns – such as back to school hiring that normally happens in September. Seasonal adjustments can further confound these distortions. Private-sector payrolls saw fairly broad-based gains, picking up 317,000 new jobs, which is fairly close to the August private-sector gain of 332,000. The service-sector gained 265,000 workers, with the largest gains in leisure and hospitality, professional and business services, and retail trade. Goods-producing industries gained 52,000 jobs, with manufacturers adding 26,000 jobs to their payrolls. Since May of 2020, the labor market has recovered 78 percent of the 22 million net employment loss in March and April 2020 – leaving employment about 5.0 million below February 2020 levels.

The unemployment rate fell by 0.4 percentage points to 4.8 percent. The household survey showed a 526,000 gain in the number of employed workers. The labor force shed 183,000 workers, the first decline since May. This brings the labor force participation rate down by another 0.1 percentage points to 61.7 percent, which is the lowest labor force participation rate since January of 1977. Since February 2020, the labor force is down 3.1 million workers, while the labor force participation rate remains 1.5 percentage points below the average that prevailed for the year prior to February 2020.