

U.S. Unemployment Rate Fell to 8.4% in August as Hiring Continued

Employers added 1.4 million jobs, jobless rate fell to 8.4%

By Sarah Chaney

U.S. employers added 1.4 million jobs in August and the [unemployment rate fell to 8.4%](#), the Labor Department reported Friday, as the economy continued to rebound from [the coronavirus pandemic](#).

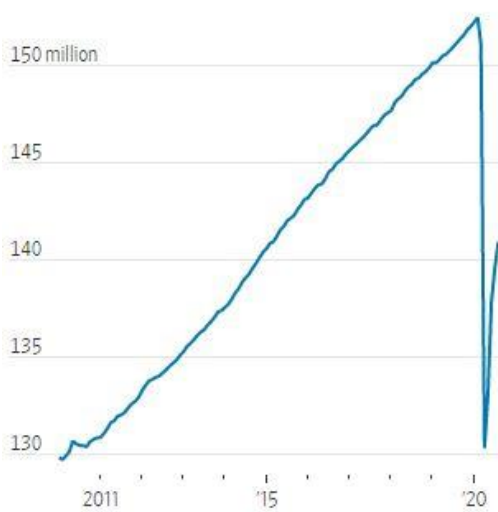
The jobless rate's decline—it has dropped from near 15% in April at the beginning of the pandemic—put it below the peak of 10% during the 2007-2009 recession and is in line with unemployment seen in past major recessions.

Still, unemployment remains significantly higher than pre-pandemic levels. The unemployment rate was 3.5% in February, a half-century low, just ahead of the pandemic.

State reopenings helped boost employment this summer, but the gains have cooled in recent months. In August, the U.S. had about 11.5 million fewer jobs than in February, the month before the coronavirus hit the U.S. economy.

Temporary hiring for the U.S. Census helped boost government jobs in August. Payrolls also grew in retail, education and health services.

Total nonfarm payrolls



Note: Seasonally adjusted
Source: Labor Department

“We are in the hole by millions, and the longer we stay in that hole, the more people will suffer,” said Martha Gimbel, economist at Schmidt Futures, a philanthropic initiative.

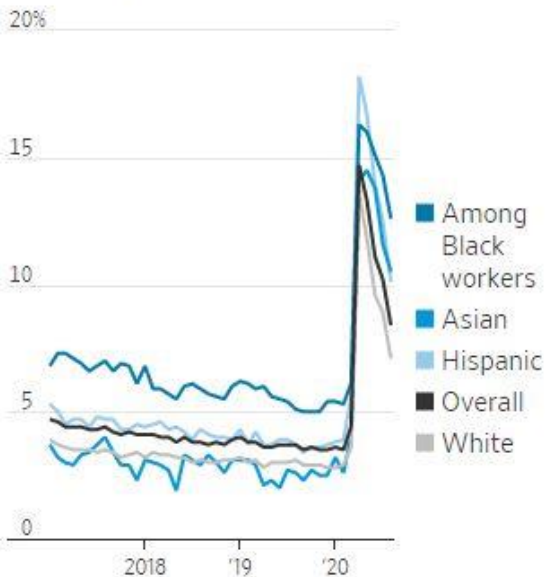
The recovery has occurred in fits and starts. The number of small-business employees working rose swiftly from April through June but has since stagnated and was about 77% of January levels at the end of August, according to Homebase, a scheduling-software company.

The numbers of workers seeking and receiving unemployment claims also remains elevated at historically high levels, though [both fell in late August](#), the Labor Department said Thursday. The totals represent a mixed picture for the labor market—and one where about 29 million people were receiving state or federal unemployment assistance in the middle of last month. Some companies that reopened in late spring and early summer hired back a portion of their furloughed workers but aren’t seeing enough demand to bring employment back to precrisis levels.

Faust Hotel and Brewing Co. laid off all employees except for managers when it temporarily closed at the onset of the pandemic. The New Braunfels, Texas, company slowly brought back workers for its reopening at the end of spring, said McKenna Lewis, the hotel’s guest-services coordinator.

Faust is still operating with less staffing than before the economic crisis hit earlier this year, and Ms. Lewis doesn’t expect it to ramp up hiring. Hotel reservations were hurt by a decline in tourist traffic this summer. Business likely won’t pick up soon,

Unemployment rate



Note: Seasonally adjusted
Source: Labor Department

especially now that Wurstfest is canceled, Ms. Lewis said, noting the German-sausage and drinking festival boosted New Braunfels's fall tourism in pre-pandemic times.

"Ultimately we're just trying to remain hopeful that people want to see us survive," she said.

Sectors that were among the hardest hit at the start of the coronavirus crisis have been some of the quickest to recover jobs. The

greatest employment growth occurred in July in industries including hospitality, retail and health care.

BluePearl Pet Hospital, a network of veterinary medicine hospitals across the country, is in hiring mode, thanks to a sharp rise in demand for vet services, said Jimmy Barr, the company's chief medical officer. He attributes the increase in vet visits, in part, to a rise in pet ownership during the pandemic.

Individuals working from home are spending more time with their pets during quarantine and have more flexibility to seek care, Mr. Barr said.

Still, many businesses must operate under government-mandated capacity restrictions and consumers remain cautious about venturing out, reducing employers' need for new workers.

Several large companies have warned of job cuts. [United Airlines Holdings](#) Inc. said Wednesday [it plans to cut 16,370 staff](#) amid a pandemic-driven slump in passenger

demand. [Coca-Cola](#) Co. said last week [it plans to lay off some employees](#) and offer voluntary buyouts to about 4,000 employees in the U.S. including Puerto Rico, as well as Canada.

Economists say new company layoffs reflect a shift in employers' mentality from earlier in the crisis, when many expected shutdowns would be over in a matter of weeks.

"People really thought that it was, 'We're just going to shut down for a few weeks and we'll be back,' " Ms. Gimbel said. "If you are laying people off now, you kind of know that this situation isn't going anywhere anytime soon. It is highly likely that any layoffs that are happening now are intended as permanent."

Just over one-third of employers expected hiring to return to pre-pandemic levels within a year, down from 66% of employers in April, according to a survey from staffing firm [ManpowerGroup](#).

Shelby Burnette, age 19, recently landed a job as a part-time teaching assistant at a day-care center after months of joblessness.

The Newport News, Va., resident was laid off from her part-time job at a clothing store this spring. She held off on immediately applying for jobs because she didn't feel safe returning to work given that a pre-existing lung condition put her at higher risk from the effects of the virus.

Ms. Burnette said she began filling out job applications online in June because she wouldn't be able to financially sustain herself once the extra \$600 a week in unemployment benefits expired at the end of July. Job prospects were slim, though.

"When I would apply, I wouldn't hear anything back or sometimes there wasn't anything to apply to. It was kind of like, 'What am I supposed to do?' " Ms. Burnette said.

About a month ago she was hired to help supervise children at a local day-care center. She said she hopes to find another job with a higher wage soon, though.