

# Furloughed Federal Workers Were Both Employed and Unemployed in January

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By Alexander Arnon

Hundreds of thousands of federal government workers were recently on furlough due to a partial lapse in appropriations. Furloughed employees are barred from working and are not paid, but [recent legislation](#) guarantees that they will receive back pay “on the earliest date possible after the lapse ends.” The ambiguous status of federal workers on furlough--employed, but not working--will be reflected in next Friday’s jobs report. Furloughed federal workers will be counted as both employed and unemployed in January.

## How Can Furloughed Federal Workers Be Both?

The Bureau of Labor Statistics (BLS) produces the monthly jobs report using two different surveys of employment, known as the [establishment survey](#) and the [household survey](#):

- The establishment survey asks nonfarm employers to report the number of workers on their payroll--that is, how many workers received wages or salaries for a particular pay period. The change in the number of nonfarm payroll jobs is often referred to as the “monthly jobs number.”
- The household survey asks individuals to report whether they or others in their household were working. This second measure of employment is broader than nonfarm payrolls (for instance, it includes the self-employed, who are not counted in the establishment survey). The household survey is also the source for estimates of the unemployment rate. Individuals are considered unemployed if they were not working but reported being available for work.

These two surveys provide alternative perspectives on the total number of workers. The establishment survey measures employment from employers’ point of view, asking businesses how many people they paid for work. The household survey gives workers’ perspective, asking individuals whether they did any paid work.

## So Where Do Furloughed Federal Workers Fit In?

[According to BLS](#), furloughed employees are counted as employed in the establishment survey but are considered unemployed in the household survey.

Furloughed employees remain on the federal government’s payroll and, because they will be paid once appropriations are renewed, they continue to accrue wage and salary earnings while on furlough. From the federal government’s perspective, they are employees being paid to do no work, even if that pay is not disbursed on the traditional biweekly schedule. Hence, they are “employed” in the establishment survey. In contrast, federal contractors who are not working and will never be paid for lost work are not counted as employed.

In the household survey, furloughed federal employees are considered “unemployed on temporary layoff.” These individuals are not working but are clearly available for work, and so are counted as unemployed. From the worker’s perspective, the only difference between a furlough and conventional unemployment is expectations about the future; in the present, both mean no work and no pay.

Consequently, the January jobs report will likely feature an unusual divergence between the change in nonfarm payrolls and the unemployment rate. Which number is right? It depends who you're talking to.