State and Local Government Job Losses in Three of Last Four Months Illustrate Continued Budget Pressures

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- U.S. labor market data reported Friday by the Bureau of Labor Statistics showed non-farm payrolls dropped unexpectedly by -140,000 compared to the +50,000 consensus expectation.
- The December non-farm payroll decline ended seven straight months of U.S. labor market expansion going back to May 2020.
- The third wave of COVID-19 is the leading factor for the negative employment actions.
- We do not believe that the fifth phase of COVID-19 relief was a "windfall" for state and local governments, as the Wall Street Journal indicated in December. States and cities have still not received any direct, unencumbered aid.

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