



# COMMONWEALTH of VIRGINIA

## Virginia Employment Commission

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### **Virginia Layoffs and Discharges Decreased By 23,000 in May**

— The BLS Jobs Openings and Labor Turnover Survey Released on July 20<sup>th</sup> showed that Virginia had the second-largest decrease in number of the layoffs and discharges among states.—

**RICHMOND— According to the U.S. Bureau of Labor Statistics' May 2022 Job Openings and Labor Turnover Survey (JOLTS), Virginia job openings were up over 25% from a year earlier.**

JOLTS data provides information on all pieces that go into the net change in the number of jobs. These components include job openings, hires, layoffs, voluntary quits, and other job separations (which includes retirements and worker deaths). Putting those components together reveals the overall change in payroll employment. JOLTS data is seasonally adjusted and describes conditions on the last business day of the month. Current month's data are preliminary and the prior month's data have been revised.

The number of May 2022 **job openings** in Virginia was 321,000 and was a 5,000 increase from April 2022's revised figure, but lower than the record 340,000 reached in March. The number of U.S. job openings decreased to 11.3 million (-427,000). The largest decreases in U.S. job openings were in professional and business services (-325,000), durable goods manufacturing (-138,000), and nondurable goods manufacturing (-70,000). The Virginia **job openings rate** (job openings as a percentage of total employment) was little changed at 7.4% in May but was lower than the series high of 7.9% set in

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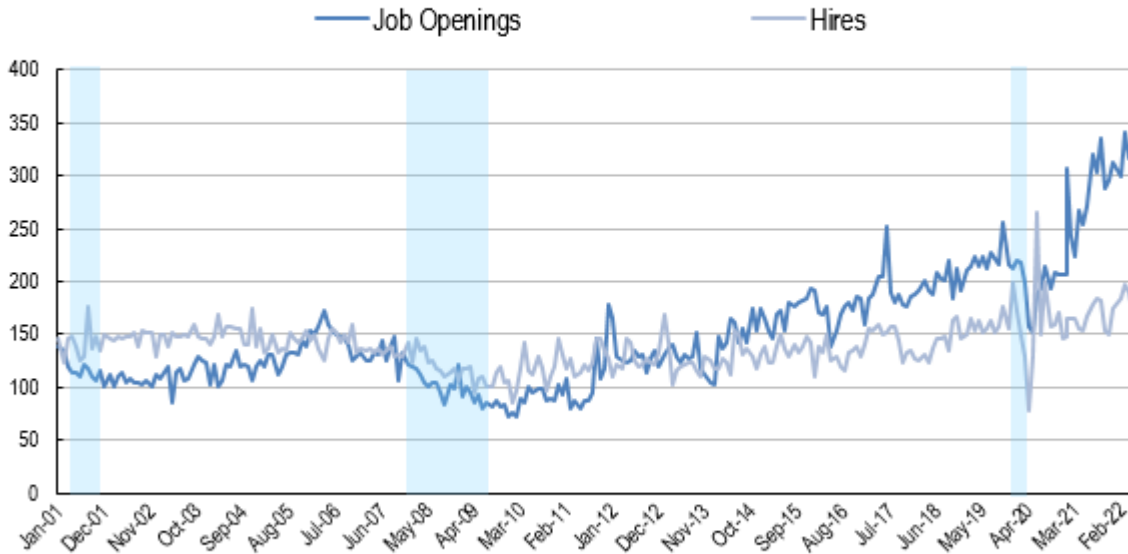
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September 2021. In May, the U.S. job openings rate fell to 6.9% and significantly decreased in establishments with 250 to 999 employees. U.S. job openings rates decreased in 11 states and the District of Columbia. The largest decreases in job openings rates occurred in Illinois (-1.5 percentage points) and in Georgia and Hawaii (-1.3 points each).

### Virginia job openings and hires, January 2001 to May 2022 (in thousands)

In May 2022, there were 321,000 job openings in Virginia, seasonally adjusted, a retreat from March 2022's record-setting level of 340,000 job openings. The number of May 2022 Hires declined 10% to 171,000.



Source: Bureau of Labor Statistics (BLS), Job Openings and Labor Turnover Survey (JOLTS). Seasonally adjusted. Shaded areas represent economic recessions.

The **number of hires** in Virginia fell by 19,000 to 171,000 in May but was 11% greater over the year and 25% higher than five years earlier. JOLTS defines hires as all additions to the payroll during the month. The series low of 77,000 was set in April 2020, while the high of 265,000 was set in June of that year. Nationwide, the number of hires was little changed at 6.5 million, which was lower than its peak of 8.1 million set in May 2020. Hires significantly decreased in finance and insurance (-40,000). In Virginia, the **hires rate** fell by a half of a percentage point over the month to 4.2% from April's revised 4.7% rate. Hires rates significantly decreased in 3 states. The decreases in hires rates occurred in Oklahoma (-1.3 percentage points), Alabama (-0.7 point), and Virginia (-0.5 point).

An estimated 108,000 workers quit jobs from Virginia employers in May. The **number of quits** fell by 4,000 from April's revised figure of 112,000 but was 6% lower than a year earlier. In addition, it was down significantly from the record-breaking month of December 2021 when 131,000 Virginia workers quit their jobs. Quits, a component of total separations, are voluntary separations initiated by the employee. Across the U.S. in May, the number of quits were little changed at 4.3 million. Quits decreased in real estate and rental and leasing (-33,000) and in state and local government education (-19,000). Quits increased in arts,

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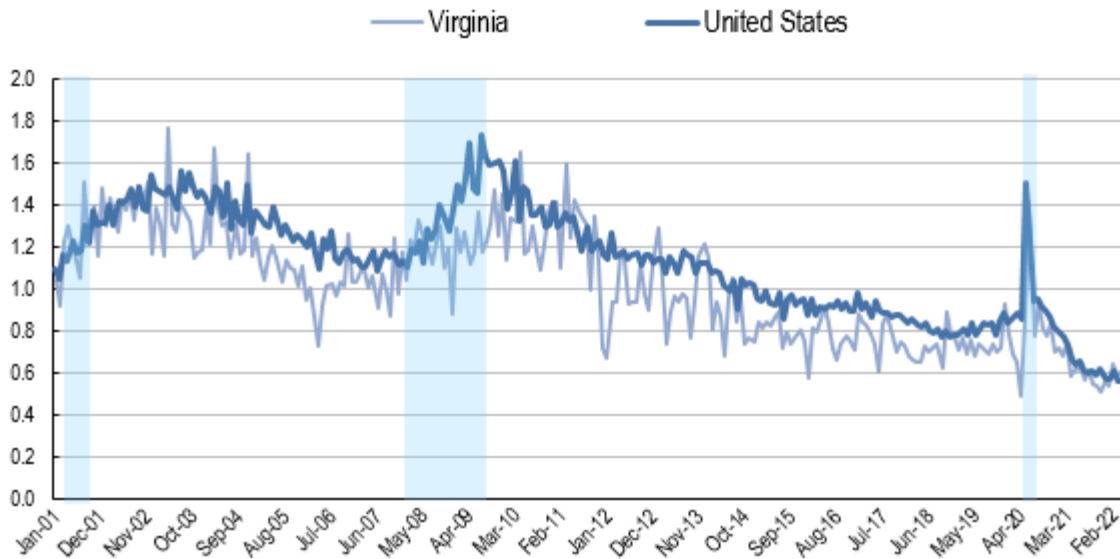
entertainment, and recreation (+19,000). The number of quits can be seen as a leading indicator of wage trends in that it includes workers who quit to move to another job.

The **quits rate** in the Commonwealth was little changed, falling by 0.1 of a percentage point to 2.7% and remained at the highly elevated levels seen over the last twelve months. The quits rate nationwide was little changed at 2.8 percent. The quits rate decreased in establishments with 250 to 999 employees and in establishments with 5,000 or more employees. In May, quits rates decreased in 7 states and increased in 2 states. The largest decreases in quits rates occurred in New Jersey (-0.7 percentage point), Indiana (-0.6 point) as well as Nebraska and Oklahoma (-0.5 point each). Increases in quits rates occurred in Florida and Pennsylvania (+0.7 percentage point each).

The **hires-per-job-openings (HPJO) ratio** decreased to 0.5 in May in Virginia, slightly lower than the rate nationwide. This measure shows the rate of hiring compared to open jobs and is a proxy for time to fill positions. Over five years, the ability to hire for job openings has fallen by nearly a third nationwide but the decline has been less severe in Virginia.

### The Hires-Per-Job-Opening (HPJO) ratio, January 2001 to May 2022

In Virginia, the HPJO ratio in May 2022 fell to 0.5 from April 2022's level of 0.6 and was slightly lower than the U.S. rate. This indicates that there were only 53 hires for every 100 job openings in Virginia compared to 58 nationwide.



Source: VEC analysis of Bureau of Labor Statistics Job Openings and Labor Turnover Survey data. Shaded areas represent economic recessions.

In May 2022, there was less than one (0.4) unemployed worker per job opening in the Commonwealth, holding steady over the last few months. This period marked the lowest rate since January 2001, when BLS began collecting the data. In Virginia, **the unemployed per job opening ratio** (sometimes called the 'job seekers ratio') peaked at 4.4 unemployed per job opening in February 2010 during the Great

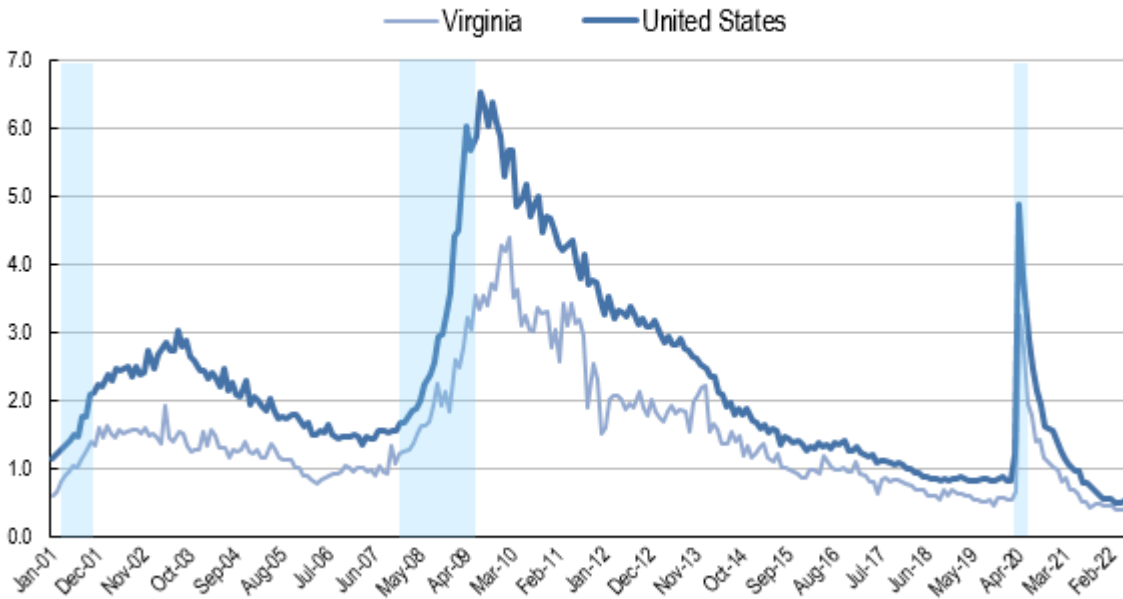
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Recession, while the number of unemployed workers per job opening stood at 3.3 in April 2020 during the height of pandemic employment impacts.

In May 2022, the U.S. job openings rate was 6.9 percent and the unemployment rate was 3.6 percent. In March and April, the job openings rate had been 7.3 percent and 7.2 percent, while May was the third consecutive month that the unemployment rate was 3.6 percent. A year earlier, in May 2021, the job openings rate was 6.2 percent and the unemployment rate was 5.8 percent.

### The Unemployed Per Job Opening Ratio, January 2001 to May 2022

In May 2022, there were 0.4 unemployed per job opening in the Commonwealth, essentially unchanged from March 2022's level that resulted in a new record low. Nationwide, there were 0.5 unemployed per job opening, remaining at the record low also set in March 2022.



Source: VEC analysis of Bureau of Labor Statistics Job Openings and Labor Turnover Survey data. Shaded areas represent economic recessions.

In January 2020 (before the start of the recent recession, which was from February to April 2020), the U.S. job openings rate was 4.5 percent and had been above 4.0 percent for over 30 consecutive months. The unemployment rate had been 4.1 percent or lower for all of 2018 and 2019. It was 3.5 percent in January 2020. In April 2020, the job openings rate fell to its recent minimum, 3.5 percent, while the unemployment rate reached its recent peak, 14.7 percent. Since May 2020, there has been a steady increase in the job openings rate and decrease in the unemployment rate.

In May, the number of total separations in Virginia significantly declined by 26,000 to 155,000 from April's revised 181,000 estimate. In May, the number of total separations nationwide was little changed at 6.0 million. Total separations decreased in real estate and rental and leasing (-30,000) and in state and local government education (-28,000). The number of total separations decreased in 6 states in May and

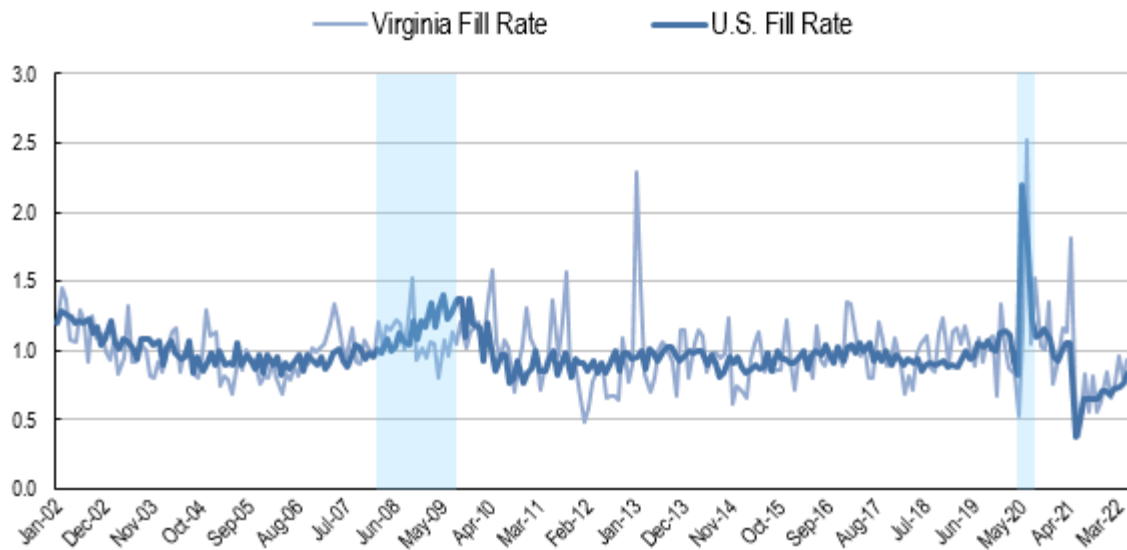
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increased in 4 states. The largest decreases in the total separations level occurred in Illinois (-47,000), Indiana (-27,000), and Virginia (-26,000). The Virginia separations rate decreased to 3.8 percent, more typical of the level seen over the past year and little different from the 3.9% rate nationwide.

In May 2022, the **'annual fill' rate** (the ratio of 'this month' hires to 'last month' job openings, over the year) rose to 0.9 from the revised April figure of 0.8. The U.S. annual fill rate was little changed at 0.8. This indicates, in Virginia, a trend in recent month towards less difficulty in filling positions when compared to a year earlier. The fill rate is a measure used to evaluate how labor markets differ in the pace that job openings are filled. An annual fill rate near or above 1.0 can indicate that employers are growing more efficient at filling job openings. On the other hand, an annual fill rate of less than 1.0 can indicate a tighter labor market, with employers having greater difficulty filling job openings compared to a year earlier.

### The Annual Fill Rate, January 2002 to May 2022

In May 2022, the ability to hire for open positions continued to point in a positive direction in Virginia and nationwide compared to a year earlier. Virginia's rate climbed to 0.9, which approached the typical level of 1.0 and was well above the record low of 0.4 set in June 2021.



Source: VEC analysis of Bureau of Labor Statistics Job Openings and Labor Turnover Survey data. Shaded areas represent economic recessions.

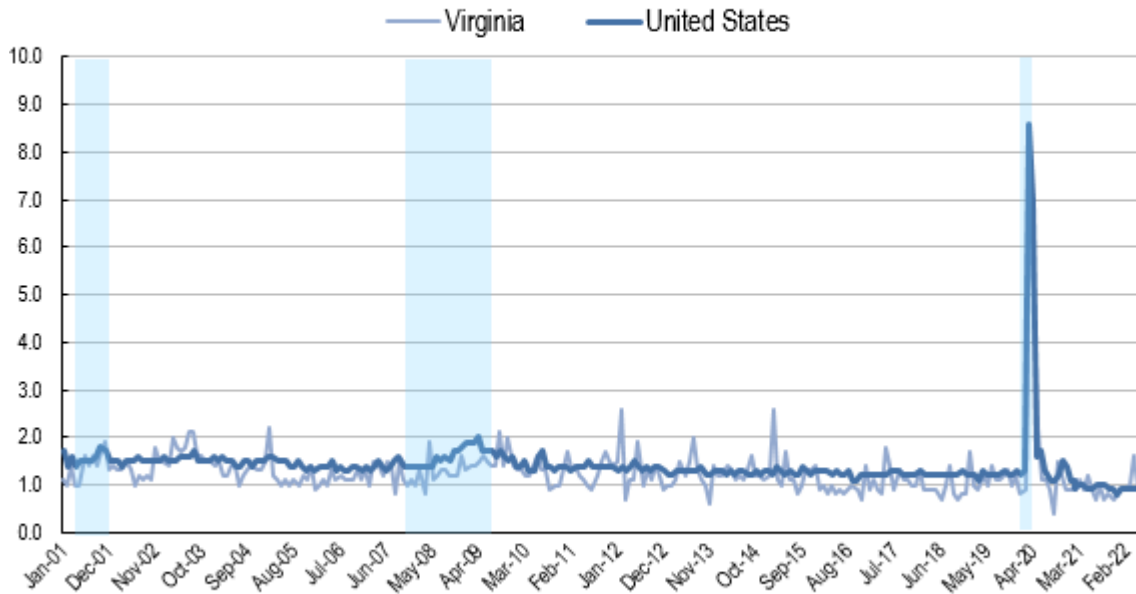
Going back to 2001, the highest annual fill rate occurred during June 2020 because, after the nationwide shutdown due to the COVID-19 pandemic, employers across the country sought to quickly hire for vacated positions. The lowest fill rate in Virginia occurred in June 2021. During that time, there were many factors that hindered the filling of vacant positions by employers, such as health concerns, employee skills, and childcare needs, but the biggest factor was the comparison against the historic re-hiring hike the year before.

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The number of **layoffs and discharges** in Virginia decreased by 23,000 to 40,000 in May 2022 from April's revised 63,000 figure. This was a reduction of 17% over the year, but 14% higher than five years before in 2018. In May, the number of layoffs and discharges nationwide nudged higher during the month to 1.39 million after hitting a series low in April from data going back to January 2001. Layoffs and discharges increased in wholesale trade (+24,000) and in federal government (+4,000). The number of layoffs and discharges increased in 5 states and decreased in 4 states in May. Nationally, the number of layoffs and discharges was little changed over the month. In May, the U.S. layoff and discharge rate was unchanged at 0.9 percent. Layoffs and discharges rates decreased in 7 states and increased in 4 states. The largest decreases in layoffs and discharges rates occurred in Virginia\_(-0.6 percentage point). Layoffs and discharges are involuntary separations initiated by the employer. Layoffs and discharges are countercyclical, which means that layoffs typically increase during economic contractions and decrease during economic expansions.

### The Rate of Layoffs and Discharges, January 2001 to May 2022

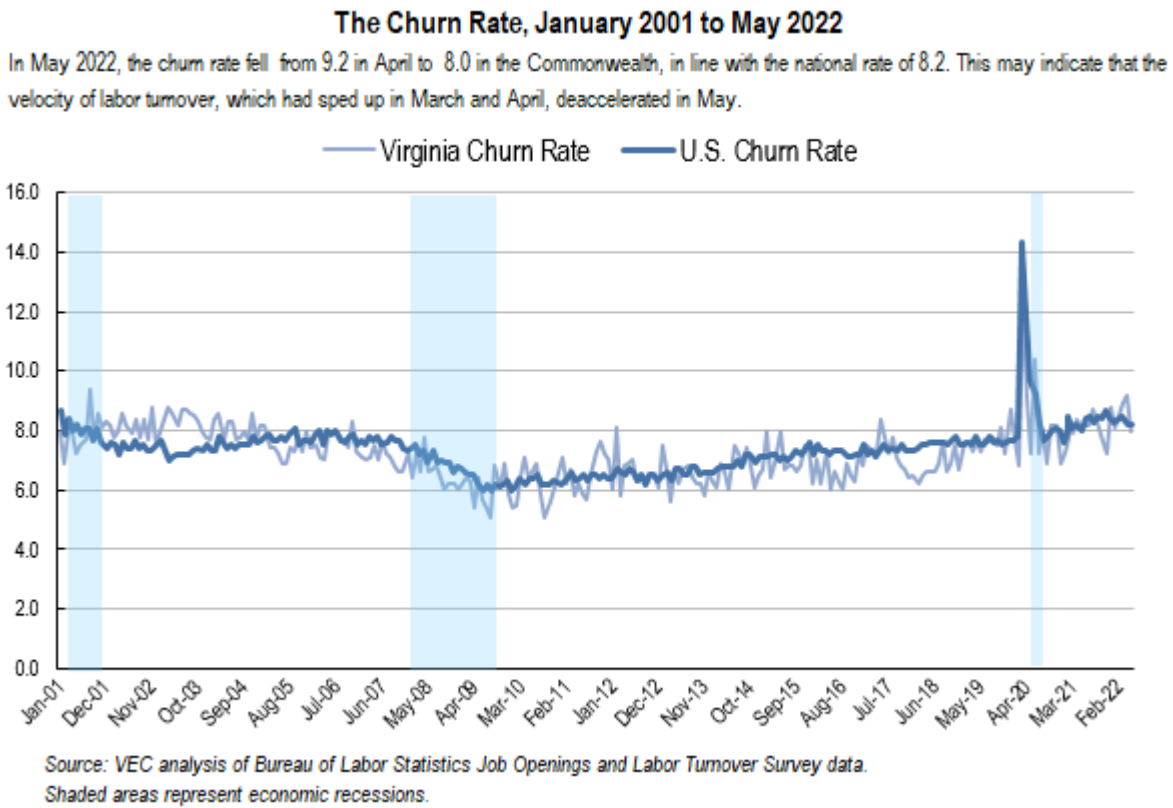
In May 2022, the layoff and discharge rate nationwide remained at 0.9, reflecting a slight increase in layoffs and discharges from December 2021, the record low going back to 2001. Virginia has performed similarly to nationwide in 2022 but has often had a lower rate longer term.



Source: VEC analysis of Bureau of Labor Statistics Job Openings and Labor Turnover Survey data. Shaded areas represent economic recessions.

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The decline of the May 2022 **churn rate** (the sum of the hires rate and the total separations rate) to 8.0 from April's revised 9.2 in Virginia indicated continue elevated velocity of movement into and out of jobs, to a pace of labor market turnover not seen since the pandemic summer of 2020. Nationwide, the movement of the April 2022 churn rate held steady at 8.2, indicating continued elevated velocity heading into the summer of 2022. An elevated churn rate indicates a labor market with a high hires rate, a high separations rate, or both. It can signify that workers are moving more frequently into and out of jobs in the labor market. Conversely, a low churn rate indicates a labor market with a low hires rate, a low separations rate, or both. Labor markets with the most churn may also have more seasonal employment patterns not fully captured by seasonal adjustment factors, which can lead to more frequent job-to-job movement.



While some are concerned about the possibility of an economic downturn nationally, May 2022 JOLTS data indicate significant resilience, in that the number of job openings in the Commonwealth remained at near record highs and have numbered twice the unemployed in the Commonwealth in recent months. The U.S. unemployed-to-job-openings ratio was 0.5 in May 2022, while Virginia's dipped even lower to 0.4. At the same time, the flurry of movement of Virginia workers between jobs continued. The number of quits also declined slightly, falling to 108,000 as the so-called Great Resignation abated. However, compared to five years earlier, the numbers of both hires and quits had risen around 25%. Additional signs of resilience could be found in Virginia Layoffs and Discharges, which decreased By 23,000 in May.

The Virginia Employment Commission plans to release the June 2022 analysis of the BLS Job Openings and Labor Turnover Survey for Virginia on Friday, August 19, 2022. The data for all states and the U.S. will be available on the BLS website JOLTS page, at <https://www.bls.gov/jlt/>. BLS is scheduled to release the June JOLTS data for states on Wednesday, August 17, 2022.

Technical note: The Bureau of Labor Statistics (BLS) Job Openings and Labor Turnover Survey (JOLTS) produces monthly data on U.S. and regional job openings, hires, quits, layoffs and discharges, and other separations from a sample of approximately 21,000 establishments. As a supplement, BLS has begun publishing state estimates that provide monthly information that can be used to better understand the dynamic activity of businesses in state economies that leads to aggregate employment changes. For more information on the program's concepts and methodology, see "Job Openings and Labor Turnover Survey: *Handbook of Methods* (Washington, DC: U.S. Bureau of Labor Statistics, July 13, 2020), <https://www.bls.gov/opub/hom/jlt/home.htm>. For more information on BLS' state JOLTS estimates, see [https://www.bls.gov/jlt/jlt\\_statedata.htm](https://www.bls.gov/jlt/jlt_statedata.htm).

*Definitions of JOLTS terms\**

Job Openings

Job openings include all positions that are open on the last business day of the reference month. A job is open only if it meets the following three conditions: (1) A specific position exists and there is work available for that position; the position can be full time or part time, and it can be permanent, short term, or seasonal; (2) the job could start within 30 days, whether or not the employer can find a suitable candidate during that time; and (3) the employer is actively recruiting workers from outside the establishment to fill the position. Excluded are positions open only to internal transfers, promotions or demotions, or recalls from layoffs.

Hires

Hires include all additions to the payroll during the entire reference month, including newly hired and rehired employees; full-time and part-time employees; permanent, short-term, and seasonal employees; employees who were recalled to a job at the location following a layoff (formal suspension from pay status) lasting more than 7 days; on-call or intermittent employees who returned to work after having been formally separated; workers who were hired and separated during the month; and transfers from other locations. Excluded are transfers or promotions within the reporting location, employees returning from a strike, and employees of temporary help agencies, employee leasing companies, outside contractors, or consultants.

Separations

Separations include all separations from the payroll during the entire reference month and are reported by type of separation: quits, layoffs and discharges, and other separations. Quits include employees who left voluntarily, except for retirements or transfers to other locations. Layoffs and discharges include involuntary separations initiated by the employer, including layoffs with no intent to rehire; layoffs (formal suspensions from pay status) lasting or expected to last more than 7 days; discharges resulting from mergers, downsizing, or closings; firings or other discharges for cause; terminations of permanent or short-term employees; and terminations of seasonal employees (whether or not they are expected to return the next season). Other separations include retirements, transfers to other locations, separations due to employee disability, and deaths. Excluded are transfers within the same location, employees on strike, and employees of temporary help agencies, employee leasing companies, outside contractors, or consultants.

\*Excerpted from U.S. Bureau of Labor Statistics, *Handbook of Methods*, "Job Openings and Labor Turnover Survey: Concepts," <https://www.bls.gov/opub/hom/jlt/concepts.htm>.