



COMMONWEALTH of VIRGINIA

Virginia Employment Commission

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Virginia Job Openings and Labor Turnover – October 2021

— The BLS Jobs Openings and Labor Turnover Survey released December 17th indicated continued tight labor markets heading into the holiday season in Virginia—

RICHMOND— According to the U.S. Bureau of Labor Statistics' latest Job Openings and Labor Turnover Survey (JOLTS), in October 2021 there was a reduction of 28,000 job openings in the Commonwealth from September's record-setting 336,000 figure, with 16% fewer Virginia hires

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 describe conditions on the last business day of the month.

The decrease in the **number of job openings** in Virginia was the largest drop among states as, nationwide, the number of job openings increased to 11.0 million (+431,000). U.S. job openings increased in several industries with the largest increases in accommodation and food services (+254,000); nondurable goods manufacturing (+45,000); and educational services (+42,000). Job openings decreased in state and local government, excluding education (-115,000).

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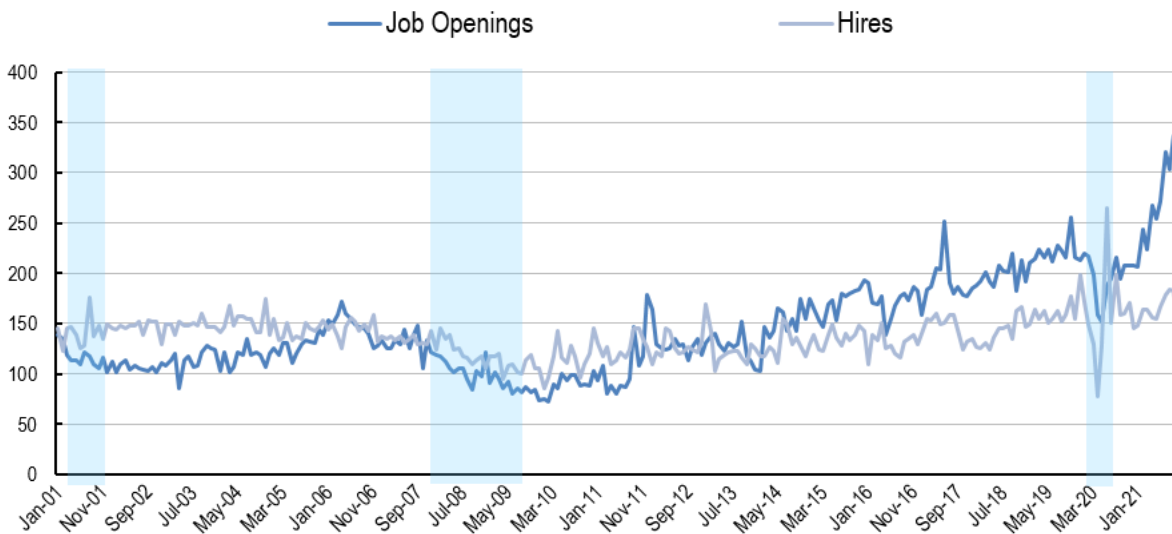
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The **number of hires** in Virginia fell by 29,000 to 153,000, in October; the largest decrease in hires among states. JOLTS defines hires as all additions to the payroll during the month. The series low of 77,000 was set in April 2020, while the high of 265,000 was set in June of last year. Nationwide in October, the number of hires rose slightly to nearly 6.5 million. The U.S. **hires rate** (hires as a percentage of total industry employment) in October varied by industry and indicated that some industry sectors were doing relatively little hiring compared to the overall hiring rate for all industries. These were often white collar industries (government, financial activities, and educational services, for example). Elevated levels of hiring have been more prevalent in customer-facing, service sector jobs but also in construction.

Virginia job openings and hires, seasonally adjusted, January 2001 to October 2021 (in thousands)

In October 2021, there were 308,000 job openings in Virginia, seasonally adjusted, which was significantly less than September's record-setting level of 336,000 job openings. The number of hires also retreated as it fell to levels found during the spring of 2021.



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

The **number of quits** in Virginia decreased by 7,000 to 108,000, which was 6% lower than in September but still elevated compared to historical trends. Quits, a component of total separations, are voluntary separations initiated by the employee. Across the U.S., the number of quits decreased by 205,000 in October to 4.2 million. This was down from a record of 4.4 million the month before. The previous all-time high represented the most people quitting since the United States began keeping records of the statistic about two decades ago and is equivalent to about 3% of the country's labor force. 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 **number of layoffs and discharges** in Virginia was unchanged at 28,000. This is a reduction of 90% from the pandemic high set in March 2020. Layoffs and discharges are involuntary separations initiated by the employer. Layoffs and discharges are countercyclical, which means that layoffs typically increase

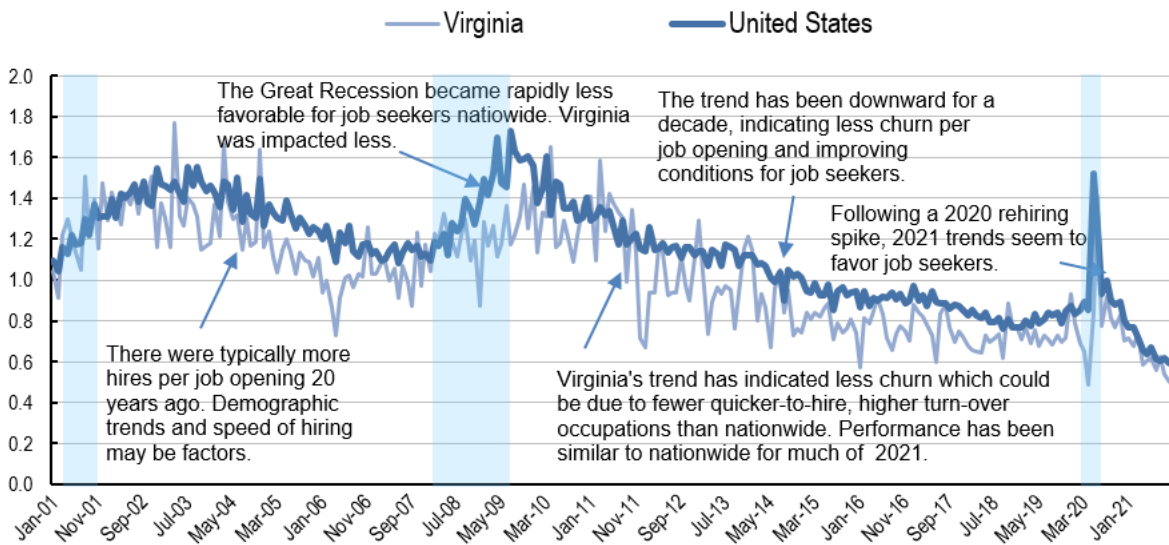
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during economic contractions and decrease during economic expansions. Nationwide in October, the number and rate of layoffs and discharges fell slightly by 35,000 (-2.5%).

The job openings rate and the quits rate remained elevated in October but both retreated from recent peak levels. The Virginia job openings rate (job openings as a percentage of total employment) fell by 0.7 of a percentage point to 7.2% in October, which was the largest drop among states. Nationwide in October, the job openings rate was little changed at 6.9 percent. The Virginia quits rate (the number of ‘quits’ as a percentage of total employment) decreased to 2.7% and retreated from 2.9% in September. The U.S. quits rate decreased to 2.8 percent. October quits rates nationwide accelerated over-the-year in most production industries (mining and logging, construction, and nondurable manufacturing). Not surprisingly, leisure and hospitality may face continued retention problems as their quit rates rose when compared to before the Pandemic in February 2020. Lower rates of quitting may continue in many white collar industries (information, financial activities, and government) as quit rates decreased in those industries over-the-year and compared to before the Pandemic in February 2020.

The hires-per-job-opening (HPJO) ratio, January 2001 to October 2021

In October 2021, a ratio of 0.5 indicates that there continued to be many more job openings than hires in Virginia and nationwide. This was a decline over the month and was primarily driven by a drop in hires. The U.S. rate was primarily driven by an increase in openings.



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

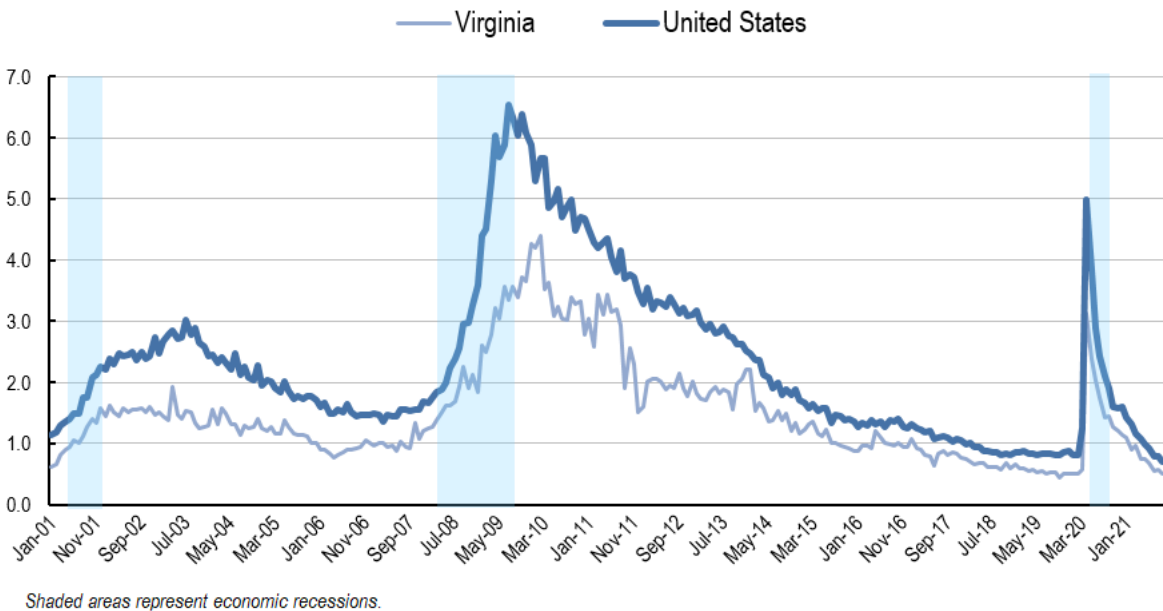
The **hires-per-job-openings (HPJO) ratio** fell to 0.5 in October in Virginia and was little changed at 0.6 nationwide. Virginia matched the series lows set in April 2020 and was driven by a decline in hires. This measure shows the rate of hiring compared to open jobs. It is a proxy for time to fill positions or the efficiency in filling open jobs in a labor market.

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In October 2021, there was less than one (0.5) unemployed worker per job opening in the Commonwealth, unchanged over the month. This remained the lowest rate since February 2020, before the pandemic. 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 Recession, while the number of unemployed workers per job opening stood at 3.1 in April 2020 during the height of pandemic employment impacts. In general, when a region’s economy enters a period of expansion, the number of unemployed people tends to fall or remain at a low level. During economic expansions, job openings tend to increase or remain high, causing the unemployed people per job opening ratio to decrease. The opposite occurs when the economy enters periods of economic contraction—unemployment increases and job openings decrease, leading to a higher unemployed people per job openings ratio that helps describe the slack in the labor market. Nationwide, there were roughly 67 unemployed workers for every 100 job openings in October, according to the new data. That's the lowest ratio of workers-to-openings on record.

The Unemployed Per Job Opening Ratio, January 2001 to October 2021

In October 2021, there were 0.5 unemployed per job opening in the Commonwealth, unchanged from September’s level. This was far lower than during the last national recession in April 2020 but comparable to prepandemic conditions at the end of 2019.



Most measures of Virginia job openings and labor turnover in October suggested some slow-down in labor market activity. The rate of hiring weakened significantly, perhaps impacted by the severe worker shortage in many parts of the state’s economy. The number of hires declined by 16% over the month to its lowest level since the beginning of this year. This while the number of job openings remained close to September’s historically high level. In such an environment, low numbers of layoffs in October may be another indication of employers’ efforts to hold onto scarce workers. The rate of job quitting may provide some positive news for employers as it receded slightly from historically high September levels.

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The Virginia Employment Commission plans to release the November 2021 analysis of the BLS Job Openings and Labor Turnover Survey for Virginia on Thursday, January 27, 2022. The data for all states and U.S. will be available on the BLS website JOLTS page, at <https://www.bls.gov/jlt/>. BLS is scheduled to release the JOLTS data for states on Tuesday, January 25, 2021.

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.

*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>.