



COMMONWEALTH of VIRGINIA

Virginia Employment Commission

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Virginia Job Openings and Labor Turnover – December 2021

— The BLS Jobs Openings and Labor Turnover Survey released February 17th indicated that record-breaking numbers of Virginia workers quit in December, heightening hiring struggles at the close of 2021—

RICHMOND— According to the U.S. Bureau of Labor Statistics' December 2021 Job Openings and Labor Turnover Survey (JOLTS), Virginia employers increased hiring while the number of quitting workers rose by 28% from November.

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. Current month's data are preliminary and the prior month's data have been revised.

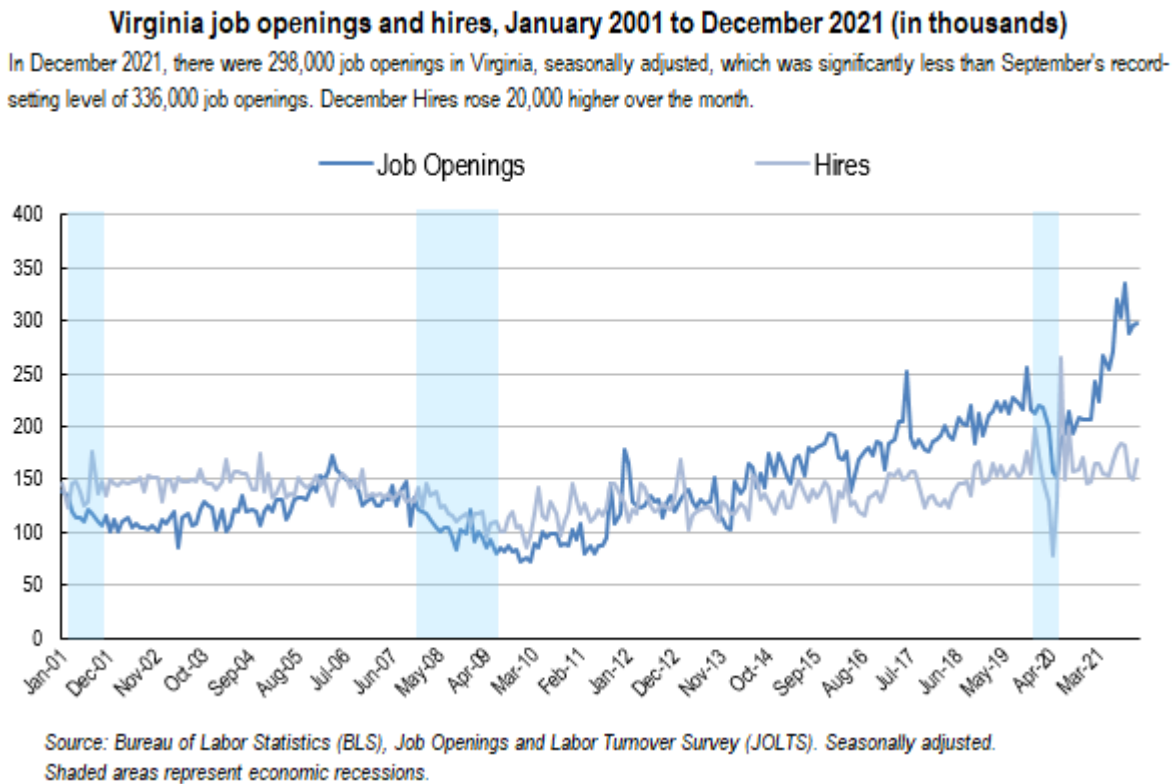
The 2,000 increase in the **number of job openings** in Virginia to 298,000 indicated little change from November's revised figure but were 38,000 lower than September's record high. Nationwide, the number of job openings was little changed at 10.9 million. U.S. job openings increased in several industries with the largest increases in accommodation and food services (+133,000) and information (+40,000) while the largest decreases were in finance and insurance (-89,000) and in wholesale trade (-48,000).

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The **number of hires** in Virginia rose by 20,000 to 169,000 in December; a rebound in hires from November's drop and nearly 17% higher than in December 2020. 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. The number U.S. hires in December fell to 6.3 million (-333,000), led by a decline in professional and business services (-159,000). Nationwide, **hiring rates** among most industries lost ground slightly over the year while accommodation and food service's rate gained compared to the overall hires rate. Making the most progress in hiring was arts, entertainment, and recreation, which grew its rate three percentage points faster than the overall, over-the-year growth. This could be a reflection of spending on recreational services, goods, and vehicles, which accelerated as the economy continued to reopen during the holiday and winter travel season. They, along with transportation spending, contributed significantly to U.S. GDP growth in the fourth quarter.



Breaking with the rest of the country, the **number of quits** in Virginia reached their highest level since the series began in 2001, increasing by 28,000 to 130,000 from November's revised figure and 60% higher than in December 2020. Quits, a component of total separations, are voluntary separations initiated by the employee. Across the U.S., the number of quits fell by 161,000 in December from the series high of 4.5 million set the month before. They decreased in several industries with the largest decreases in health care and social assistance (-89,000), accommodation and food services (-64,000), and construction (-44,000).

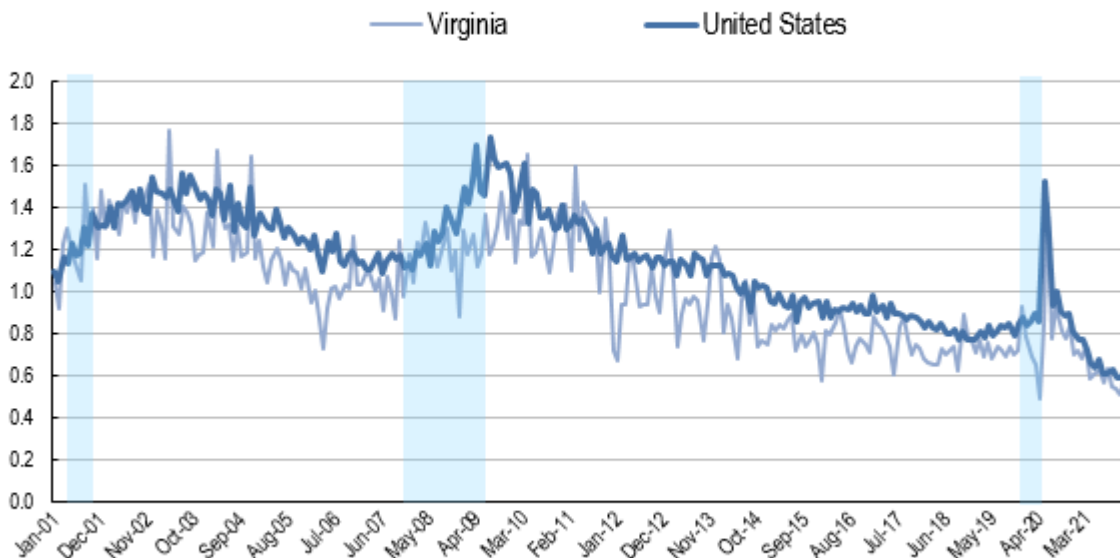
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Recent months' figures represent the most people quitting since the United States began keeping records of the statistic about two decades ago, with December 2021 27% higher than December 2020. The number of quits can be seen as a leading indicator of wage trends in that it includes workers who quit to move to another job.

The job openings rate and the quits rate in the commonwealth both rose in December with the quits rate reaching a new peak level. The Virginia job openings rate (job openings as a percentage of total employment) was little-changed; rising by 0.1 of a percentage point to 7.0% in December. The 2021 rapid rise in U.S. job openings was led in December by accommodations and food service and health care. The December Virginia quits rate (the number of 'quits' as a percentage of total employment) jumped by 0.7 of a percentage point to a new record high 3.3%. The December quits rate nationwide was little changed at three percent, which was slightly off of the series high set in November's revised estimate. In general, industries with relatively low rates of quitting like government, finance, and educational services had even lower rates compared to the year before while a handful of large industries with relatively high rates of quitting like accommodation and food services and retail had even higher rates compared to the year before. The **hires-per-job-openings (HPJO) ratio** rose to 0.6 in December in Virginia, equaling the rate nationwide. Virginia's December estimate was driven by an increase in hiring with flat growth in openings. This measure shows the rate of hiring compared to open jobs and is a proxy for time to fill positions.

The Hires-Per-Job-Opening (HPJO) ratio, January 2001 to December 2021

In December 2021, a ratio of 0.6 indicates that there continued to be many more job openings than hires in Virginia and nationwide. Virginia's rate rose over the month and was primarily driven by a 20,000 increase in hires.



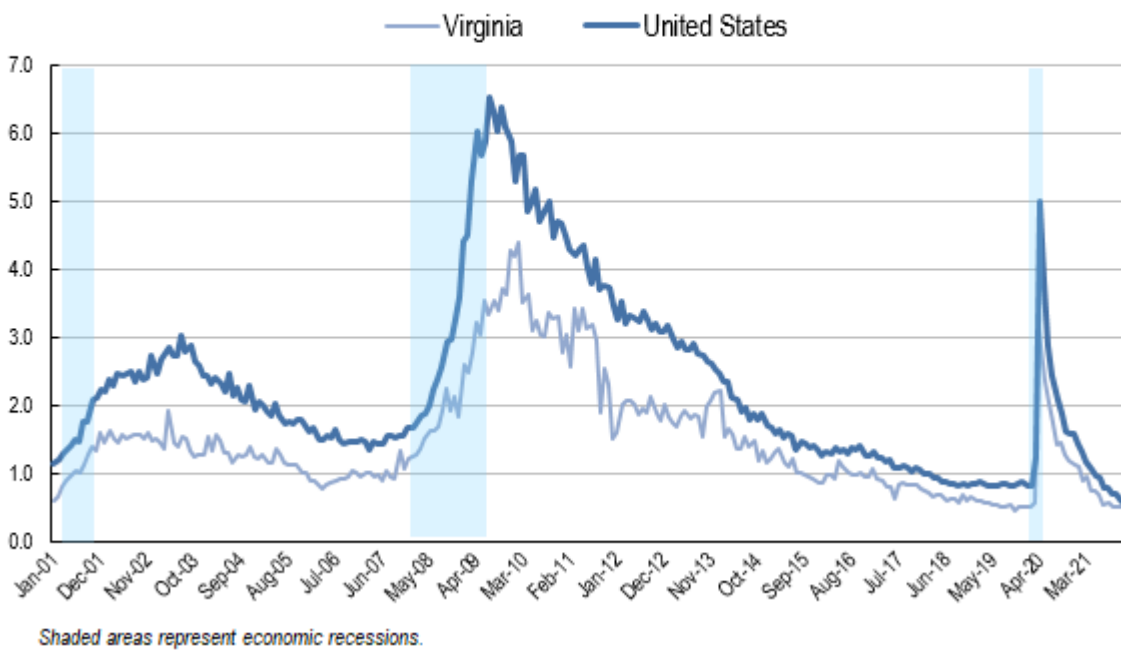
Source: VEC analysis of Bureau of Labor Statistics Job Openings and Labor Turnover Survey data. Shaded areas represent economic recessions.

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In December 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. Nationwide, December’s ratio of unemployed-to-openings reached a record low when there were an estimated 58 unemployed workers for every 100 job openings.

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

In December 2021, there were 0.5 unemployed per job opening in the Commonwealth, unchanged from November’s level. Nationwide, there were 0.6 unemployed per job opening, which matched the record low set the month before.

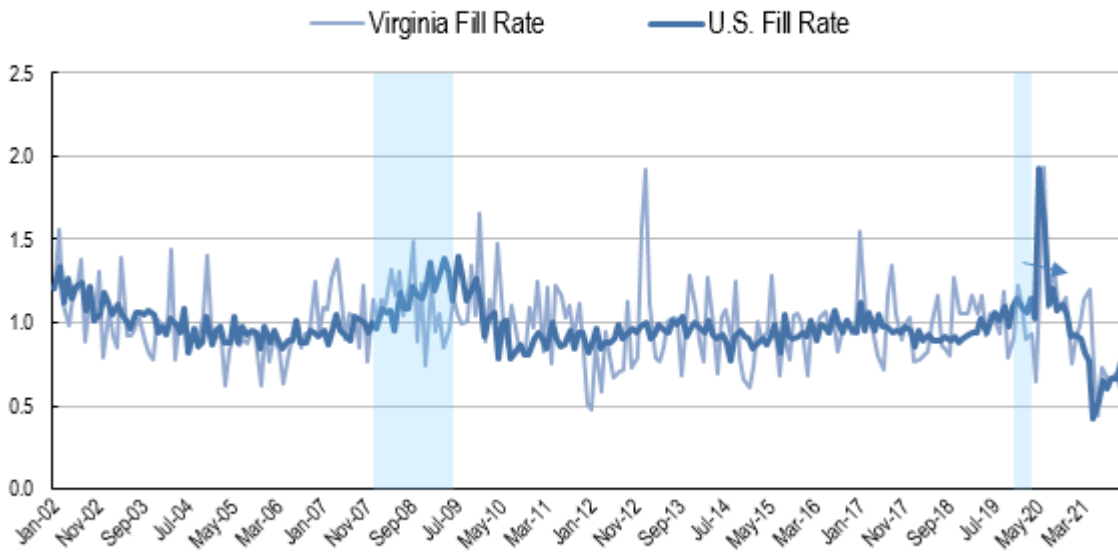


In December 2021, the ‘**annual fill**’ rate (the ratio of hires to job openings over the year) jumped to 0.8 from the revised November figure of 0.6. This indicates that, for the latter half of 2021 in Virginia, it was more difficult to fill positions compared to the same period in 2020. The fill rate 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 more efficient at filling job openings over the year. On the other hand, an annual fill rate of less than 1.0 can indicate a tighter labor market, with employers having difficulties filling job openings.

December's annual fill rate rose to its highest level since April 2021. 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 May 2021. During that time, there were many factors that hindered the filling of vacant positions by employers, such as health concerns, employee skills, childcare needs, and industry characteristics.

The Annual Fill Rate, January 2002 to December 2021

In December 2021, an increase to .81 from .61 in November indicates that the directional trend in ability to hire for open positions may have bottomed in Virginia and nationwide compared to during the summer but remains well below historical levels of around 1.0.

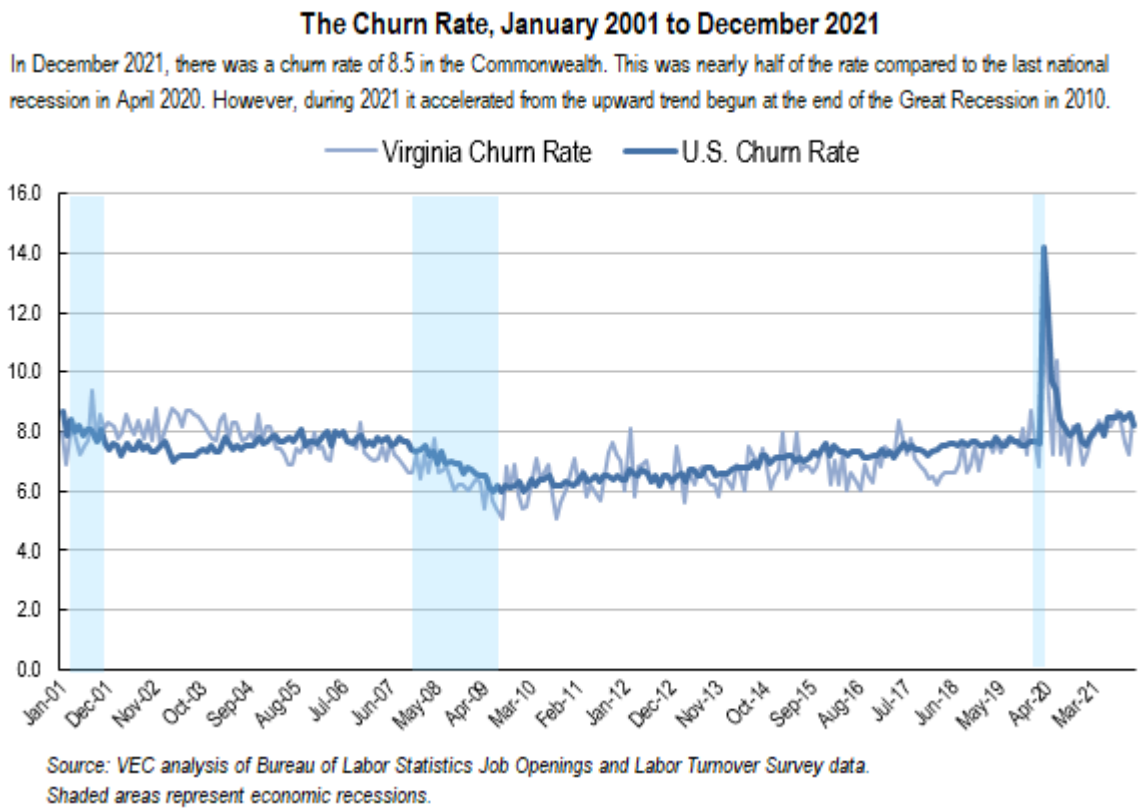


Source: VEC analysis of Bureau of Labor Statistics Job Openings and Labor Turnover Survey data. Shaded areas represent economic recessions.

The number of **layoffs and discharges** in Virginia was little changed at 30,000 in December. This was a reduction of 90% from the pandemic high set in March 2020 and 12% lower than in December 2020. 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. In December, the number of U.S. layoffs and discharges fell to a series low 1.2 million. The U.S. layoff and discharge rate also fell to a series low in December.

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The December 2021 **churn rate** (the sum of the hires rate and the total separations rate) of 8.5 from November’s revised 7.2 in Virginia indicated accelerating velocity, approaching the pace of labor market turnover seen during the summer of 2021. There was no similar speeding up in churn nationwide as it declined to 8.2 from November’s revised 8.6. 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 have more seasonal employment patterns not fully captured by seasonal adjustment factors, which can lead to more frequent job-to-job movement.



On the last business day of 2021, measures of Virginia job openings and labor turnover indicated tautly stretched labor market conditions, continuing trends seen during much of 2021. These were evident in the amount and rate of job quitting, as both rose to record highs in December. Nationwide, the scarcity of workers was demonstrated in the historically low relationship between the number of unemployed and the number of job openings. Perhaps further evidence could be found with U.S. employers, who laid off or discharged the fewest workers since at least 2001. Chairman of the Federal Reserve Jerome Powell perhaps summed recent conditions best by commenting, “If you look at surveys of workers, they find jobs plentiful. Look at surveys of companies; they find workers scarce. And all of those readings are at levels really that we haven’t seen in a long time and, in some cases, ever. So, this is a very, very strong labor market.”

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The Virginia Employment Commission plans to release the January 2021 analysis of the BLS Job Openings and Labor Turnover Survey for Virginia on Tuesday, March 22, 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 January JOLTS data for states on Thursday, March 17, 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>.