COMMONWEALTH of VIRGINIA

Virginia Employment Commission

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Virginia Job Openings and Labor Turnover – March 2022

— The BLS Jobs Openings and Labor Turnover Survey released May 18th indicates that Virginians continued to switch jobs at a rapid pace in March, with both hiring and job separations speeding up in recent months.—

RICHMOND— According to the U.S. Bureau of Labor Statistics' March 2022 Job Openings and Labor Turnover Survey (JOLTS), Virginia set a record low for the number of unemployed workers per job opening.

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 March 2022 **job openings** in Virginia was an 11,000 increase from February's 2022's revised figure of 199,000, but was 26,000 lower than last September's record high. The number of U.S. job openings was little changed at 11.5 million, the highest level in the history of the series which began in December 2000. Nationwide, job openings rose in several industries with the largest percentage increases in retail trade, information, and financial activities. The largest percentage decline occurred in

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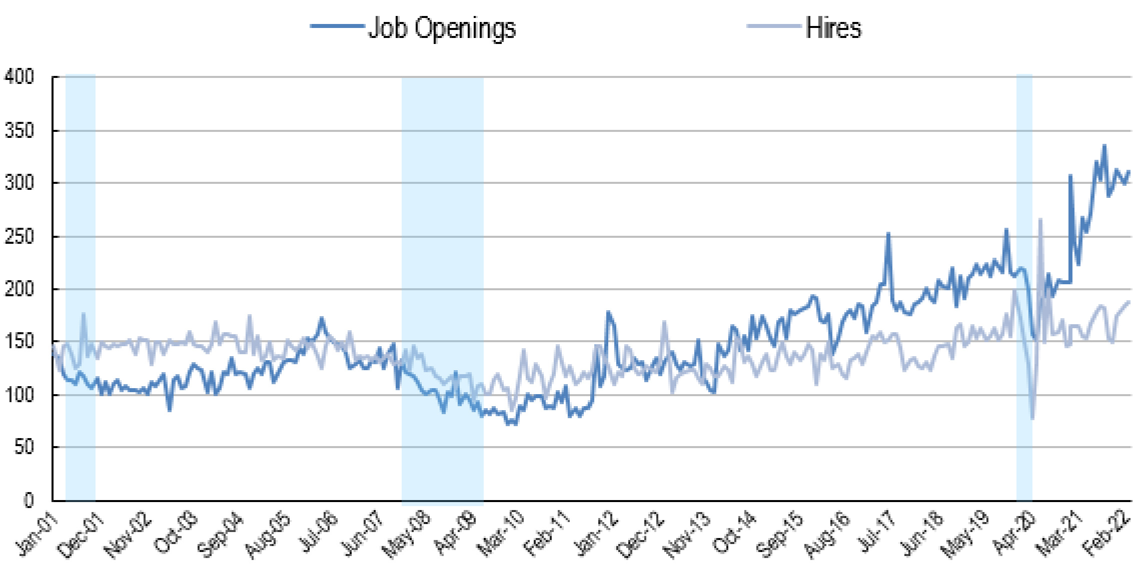
government, led by state and local government education. Job openings increased in the South region. The Virginia **job openings rate** (job openings as a percentage of total employment) rose by 0.3 of a percentage point to 7.2% in March but was significantly lower than the series high of 7.9% set in September 2021. In March, the job openings rate nationwide increased in establishments with 50 to 249 employees and establishments with 250 to 999 employees. The job openings rate decreased in establishments with 10 to 49 employees.

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

In February 2022, there were 310,000 job openings in Virginia, seasonally adjusted, which was significantly less than September's record-setting level of 336,000 job openings. The number of March 2022 Hires rose 1.6% to 187,000.



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 increased slightly by 3,000 to 182,000 in March and was 23,000, or 14%, higher compared to March 2021. 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 6.7 million. The largest percentage increases in U.S. hiring occurred in information and arts, entertainment, and recreation. Financial services posted the largest percentage fall over the month. Compared to March 2018, U.S. hires were up nearly 20%, led by manufacturing with 42% growth. The number of hires stood at 6.7 million, which was lower than its peak of 8.1 million set in May 2020. In Virginia, the **hires rate** rose a tenth of a percentage point over the month to 4.7%. That rate is elevated compared to typical levels seen over the past two decades.

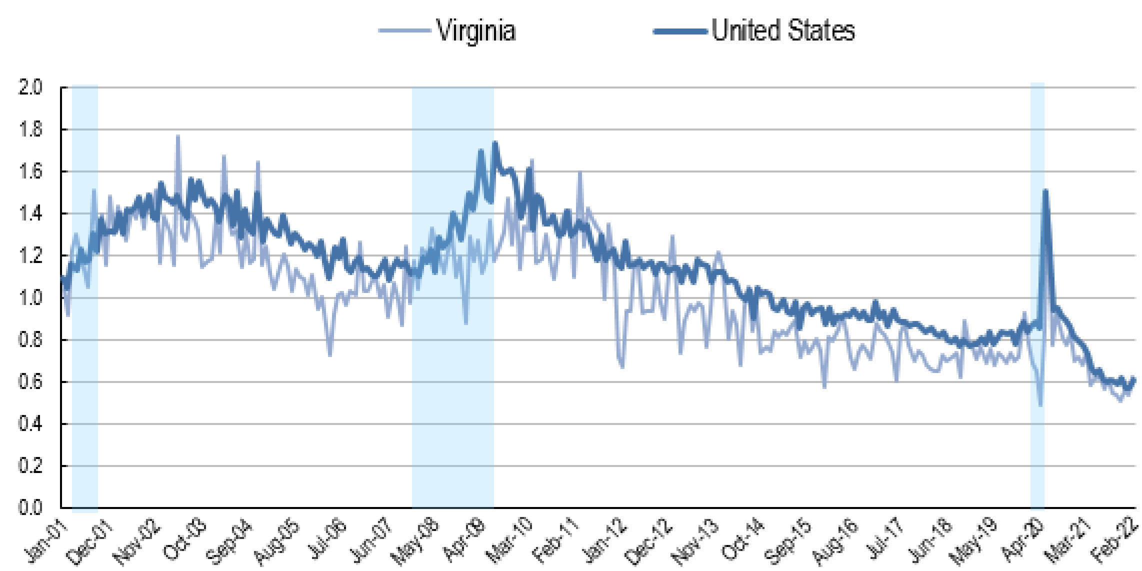
An estimated 108,000 workers quit jobs from Virginia employers in March. The **number of quits** rose by 13,000 from February's revised figure of 95,000 and was 17% higher than a year earlier. However, it was down significantly from the record-breaking month of December 2021 when 131,000 Virginia workers quit their jobs. Quits, a component of total separations, are voluntary separations initiated by the employee. Across the U.S. in March, the number of quits edged up to a series high of 4.5 million (+152,000). They increased in professional and business services (+88,000) and construction (+69,000). Quits in construction rose by 30% over the year and by over 50% over five years. 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** nationwide was little changed at 3.0 percent. However, it significantly increased in Arizona, Florida, and Utah while significantly decreasing in New Hampshire, North Dakota, and Ohio. The **quits rate** in the Commonwealth rose by 0.3 of a percentage point to 2.7% and remained at the highly elevated levels seen during 2021.

The **hires-per-job-openings (HPJO) ratio** held steady at 0.6 in March in Virginia, equaling the rate nationwide. This measure shows the rate of hiring compared to open jobs and is a proxy for time to fill positions. Nationwide, the spring of 2022 has shown decreasing hiring per job opening in nearly every major industry sector. Over five years, the ability to hire for job openings has fallen by nearly a third. Durable goods manufacturing and construction saw a steeper decline while arts, entertainment, and recreation saw a 60% decline, driven by much greater numbers of job openings compared to five years earlier.

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

In Virginia, the HPJO ratio in March 2022 was unchanged from January 2021's level of 0.6 and was the same as the U.S. rate. This indicates that there were only 60 hires for every 100 job openings in Virginia and nationwide.



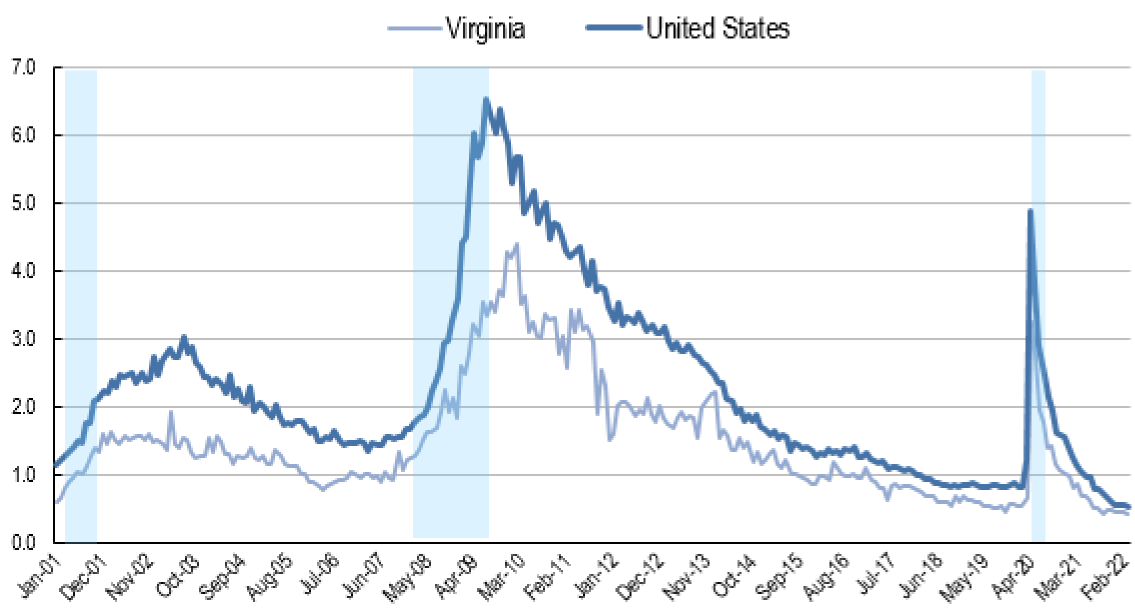
Source: VEC analysis of Bureau of Labor Statistics Job Openings and Labor Turnover Survey data.
Shaded areas represent economic recessions.

In March 2022, there was less than one (0.42) unemployed worker per job opening in the Commonwealth, little changed over the last six months. This month 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 Recession, while the number of unemployed workers per job opening stood at 3.3 in April 2020 during the height of pandemic employment impacts.

On the last business day of March 2022, there were 11.5 million job openings and 6.0 million unemployed people nationwide. This yielded a ratio of unemployed people to job openings of 0.5 for March, compared with 0.6 in February. The <u>seasonally unadjusted</u> unemployment rate nationwide was much lower than in March 2021, declining from 6.2% to 3.8%. This, combined with many more job openings in most industries, indicated a growing imbalance between those measures of labor supply and demand. A year earlier, the supply-of and demand-for labor varied greatly by industry sector. COVID-impacted industries like leisure and hospitality and 'other services' experienced an excess supply of labor while most white-collar industries continued the recent years' trend of heightened demand for, in many cases, higher-skilled workers. A year later, this labor shortage seen in white-collar industries became the norm as mining, manufacturing, and the service sector saw similar proportions of unemployed workers to industry job openings.

The Unemployed Per Job Opening Ratio, January 2001 to March 2022

In March 2022, there were 0.4 unemployed per job opening in the Commonwealth, a slight decrease from February's 2022's level resulting in a new record low. Nationwide, there were 0.5 unemployed per job opening, remaining at the record low set in recent months.



Source: VEC analysis of Bureau of Labor Statistics Job Openings and Labor Turnover Survey data.
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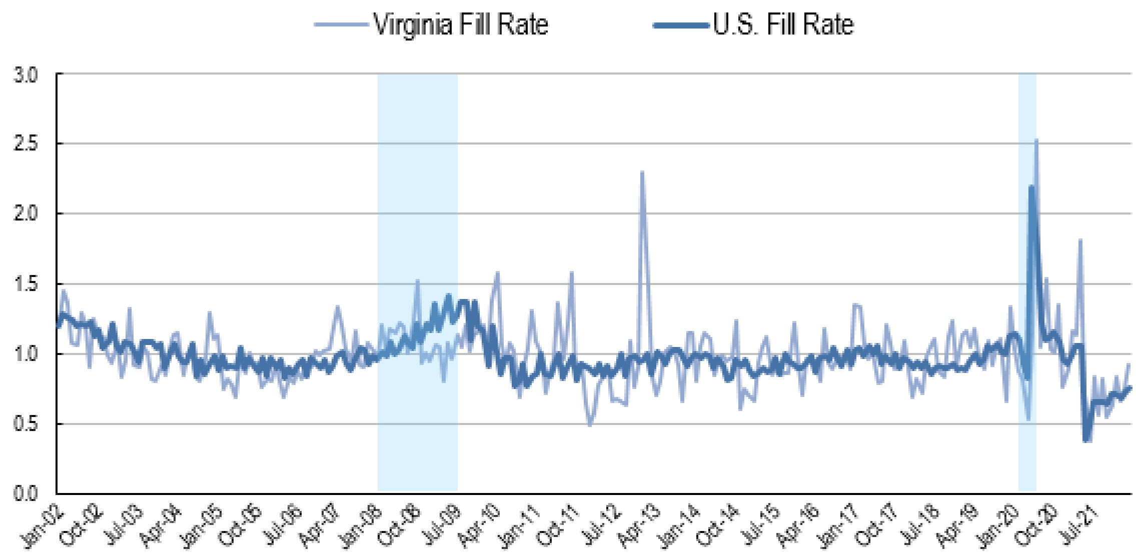
In March 2022, the **'annual fill' rate** (the ratio of 'this month' hires to 'last month' job openings, over the year) rose to 0.9 from the revised February figure of 0.8, the highest level since April 2021. The U.S. annual fill rate was little changed at 0.8. This indicates, in Virginia and nationwide, a trend in recent 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 March 2022

In March 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, childcare needs, and industry characteristics.

The number of **layoffs and discharges** in Virginia increased to 44,000 in March 2022—the most since May 2021. However, this was still a reduction of 85% from the pandemic high set in March 2020 and unchanged over the year. In March 2022, the number of U.S. layoffs and discharges was little changed at 1.4 million and the rate was unchanged at 0.9 percent. U.S. layoffs and discharges significantly increased in retail trade and decreased in construction. 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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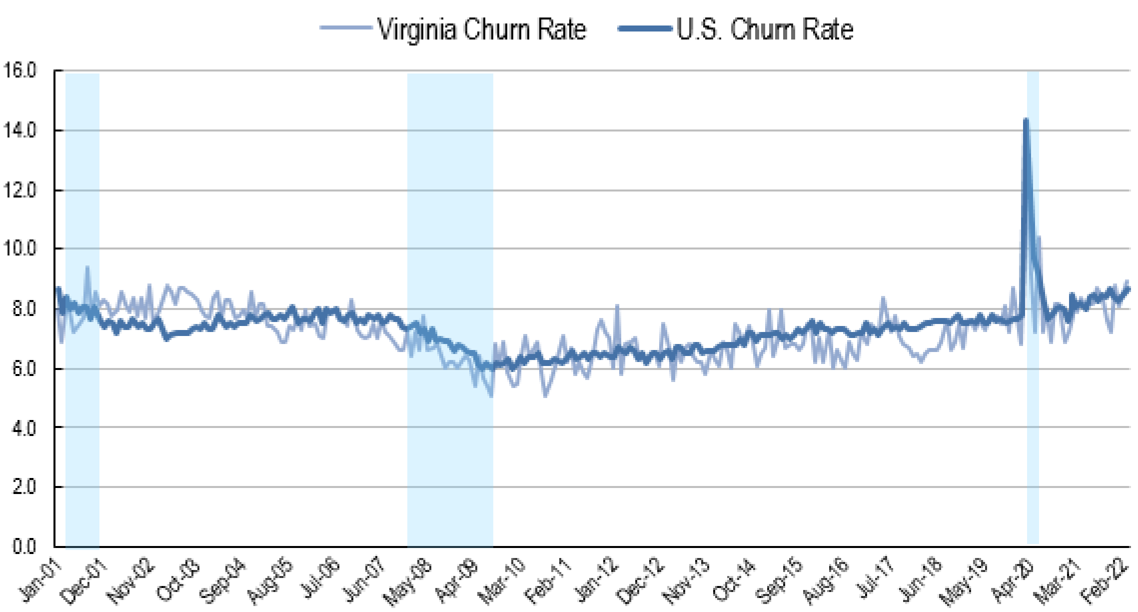
during economic contractions and decrease during economic expansions. At 167,000, Virginia was a leader in **total separations** (+26,000), along with Florida and Arizona.

The movement of the March 2022 **churn rate** (the sum of the hires rate and the total separations rate) to 8.9 from February's revised 8.2 in Virginia indicated increased velocity of movement into and out of jobs, to a pace of labor market turnover not seen since the summer of 2021. Nationwide, the movement of the March 2022 churn rate to 8.7 from February's revised 8.5 nationwide indicated continued elevated velocity, matching the pace of turnover seen during November of 2021. 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.

The Churn Rate, January 2001 to March 2022

In March 2022, the churn rate rose significantly from 8.1 in February to 8.9 in the Commonwealth, which was slightly higher than the national rate of 8.7. Recently, the velocity of labor turnover had been faster nationwide, but data indicates that Virginia may be catching up.



Source: VEC analysis of Bureau of Labor Statistics Job Openings and Labor Turnover Survey data.
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Nationwide in March 2022, leisure and hospitality (accommodations and food service, in particular) led in churn rate at 15.0. That industry had a hires rate of 7.8 and a separations rate of 7.2. This is evidence of continued rehiring, but at a slower pace when compared to the year before. Retail trade was second highest at 12.0. Professional and business services and construction also had elevated churn rates. Government and finance and insurance had among the lowest rates of churn.

In March 2022, measures of Virginia job openings and labor turnover indicated that turnover remained high, as the Commonwealth continued to see an unusual amount of churn in the job market. With both layoffs and unemployment in the state at very low levels, firms appeared reluctant to let staff go amid near record-high numbers of job openings. Modest upticks in hiring and in the ability to fill positions compared to conditions in 2021 provided some positive news for employers in March. At the same time, it appeared to be an opportune moment for many job seekers who felt that they could quit their jobs and easily find another, better position.

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The Virginia Employment Commission plans to release the April 2022 analysis of the BLS Job Openings and Labor Turnover Survey for Virginia on Friday, July 1, 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 April JOLTS data for states on Wednesday, June 29, 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**.

*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.**