



COMMONWEALTH of VIRGINIA

Virginia Employment Commission

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Virginia Layoffs and Discharges Fall to 42,000 in May

—Latest BLS Jobs Openings and Labor Turnover Survey Shows Job Quitting Remained Well
Above Pre-Pandemic Levels—

RICHMOND— The Virginia Employment Commission announced today that the U.S. Bureau of Labor Statistics' May 2023 Job Openings and Labor Turnover Survey (JOLTS) reports a decrease in layoffs and discharges in the Commonwealth.

According to the most recent BLS JOLTS survey data, Virginia employers in May laid off and discharged staff at levels typically seen prior to the Pandemic. BLS JOLTS data provides information on all the 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 2023 **job openings** in Virginia fell from April's revised 315,000 level to 307,000. Nationwide, the number of job openings declined to 9.8 million (-496,000). In May, the largest decreases in job openings were in health care and social assistance (-285,000), finance and insurance (-139,000), and other services (-78,000). The largest decreases in the job openings level occurred in Florida (-63,000),

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Pennsylvania (-54,000), and Colorado (-47,000). Virginia's **job openings rate** declined to 6.9 percent in May. The job openings rate nationwide decreased by 0.3 of a percentage point to 5.9 percent. In May, establishments with 1 to 9 employees and establishments with more than 5,000 employees saw decreases in their job openings rates. The largest decreases in job openings rates occurred in Colorado (-1.4 percentage points) as well as in Arizona and Hawaii (-0.9 point each).

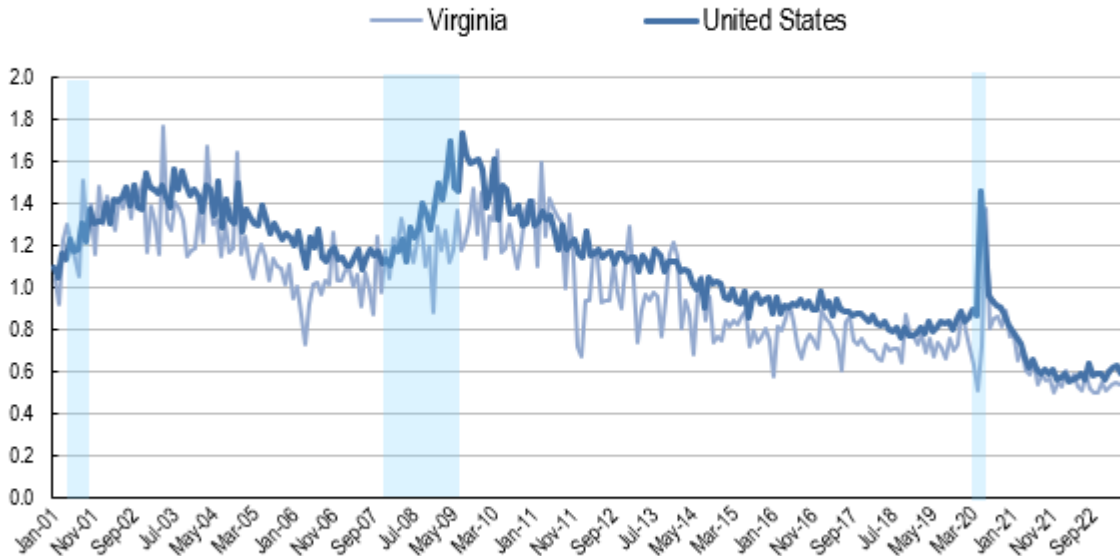
The **number of hires** in Virginia edged downward to 166,000 in May, a decrease of 3,000 over the month and down by twenty percent compared to five years earlier. JOLTS defines hires as all additions to the payroll during the month. The number of hires was up 85,000 from the series low of 81,000 in April 2020. In May, the number of U.S. hires rose by 107,000 to 6.2 million. A significant hires increase occurred in durable goods manufacturing (+41,000). The largest increases in the hires level occurred in Washington (+23,000), Louisiana (+18,000), and Oregon (+16,000). Larger decreases occurred in Massachusetts (-23,000), New Hampshire (-8,000), and Rhode Island (-4,000). In Virginia, the **hires rate** declined to 4.0 percent from April's revised 4.1 percent rate. The U.S. hires rate held steady at 4.0. The largest increases in the hires rates occurred in Alaska (+1.0 percentage point) and in Louisiana and North Dakota (+0.9 point each). Significant decreases occurred in New Hampshire (-1.2 points) and Massachusetts (-0.6 point). In May 2023, the Virginia '**annual fill**' rate (the ratio of 'this month' hires to 'last month' job openings, over the year) climbed to the historical, typical level of 1.0. It was also lower than the May fill rate nationwide, which receded to 1.08 from 1.15—the highest rate in over two years. 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. Going back to 2001, the highest annual fill rate occurred during May 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 **hires-per-job-openings (HPJO) ratio** was unchanged in May at 54%, which was a little 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. For nearly two years, the rate has hovered between five and six hires for every ten job openings in the Commonwealth.

The Hires-Per-Job-Opening (HPJO) ratio, January 2001 to May 2023

In Virginia, the HPJO ratio in May 2023 was little changed at 0.5, slightly lower than the U.S. rate. This indicates that there were five hires for every ten job openings in Virginia and nationwide. The rate has hovered near this level for nearly two years.



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

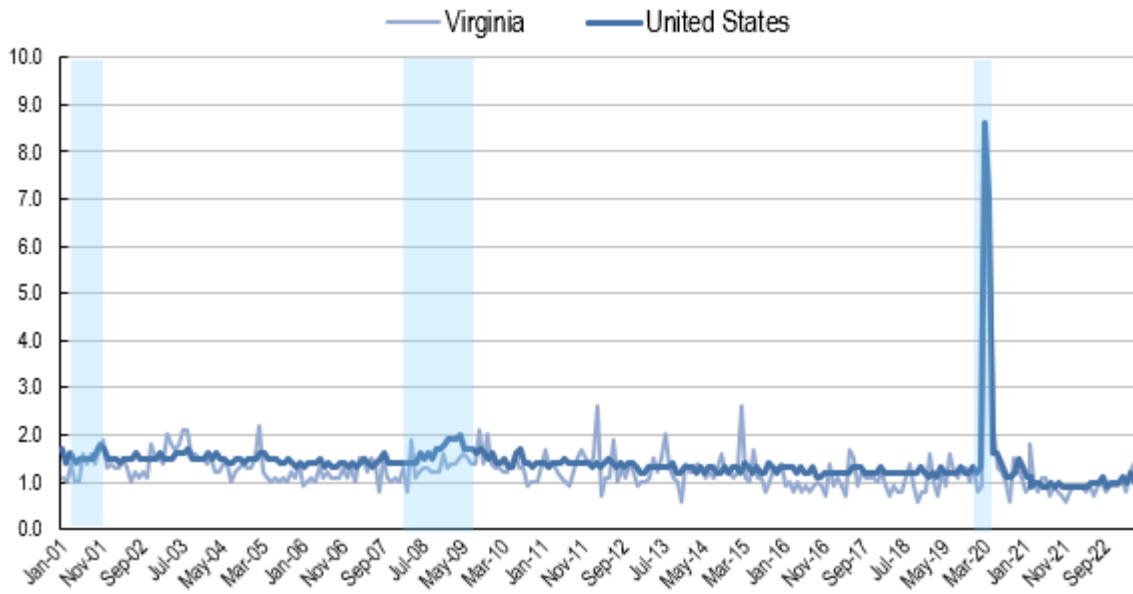
In April, the number of **total separations** in Virginia fell by 4,000 to 169,000. This was a decrease of 2.3% over the month but a 13.4% increase over the year. The number of total separations nationwide increased to 5.9 million (+211,000) in May. Over the month, the number of total separations increased in retail trade (+113,000). The largest increases occurred in Texas (+76,000), New York (+61,000), and Georgia (+48,000). The largest decreases in the total separations level occurred in Illinois (-34,000), New Jersey (-22,000), and Arizona (-20,000). The Virginia **total separations rate** returned to 4.1 percent from April's 4.2 percent rate. The U.S. total separations rate was little changed at 3.8 percent. The largest increases in total separations rates occurred in Delaware (+1.5 percentage points), Alabama (+1.2 points), and Maine (+1.1 points). The largest decreases occurred in Alaska (-2.5 points), North Dakota (-1.2 points), and South Dakota (-1.1 points). An estimated 120,000 workers quit jobs from Virginia employers in May. The **number of quits** rose by 13,000 from April's revised figure of 107,000. That was 15% growth over-the-year and a 38% increase from five years earlier. Quits, a component of total separations, are voluntary separations initiated by the employee. They can be seen as a leading indicator of wage trends in that it

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includes workers who quit to move to another job. Nationwide, in May, the number of quits increased (+250,000). The number of quits increased significantly in health care and social assistance (+69,000) and in construction (+57,000). Large, significant increases in the quits level occurred in Texas (+73,000), New York (+55,000), and Alabama (+22,000). A significant decrease occurred in Iowa (-8,000). Reflecting the increase, the **quits rate** in the Commonwealth rose to 2.9 percent and remained at the elevated levels seen over the last two years. Over the month, the national quits rate increased (+0.2 point). The largest increases in quits rates occurred in Alabama and Delaware (+1.0 percentage point each) as well as in Arkansas, Louisiana, Maine, New York, Texas, and Utah (+0.6 point each). A significant decrease occurred in Iowa (-0.5 point).

The Rate of Layoffs and Discharges, January 2001 to May 2023

In May 2023, the layoff and discharge rate in Virginia edged down to 1.0%. It equaled the U.S. rate and it remained below longterm historic averages.



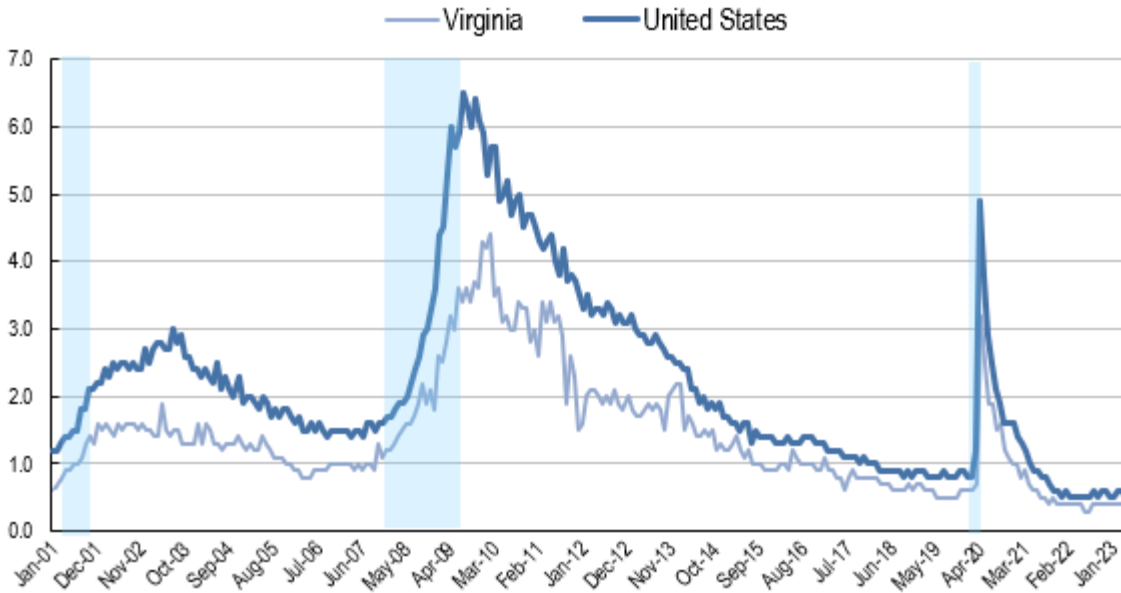
Source: VEC analysis of Bureau of Labor Statistics Job Openings and Labor Turnover Survey data. Shaded areas represent economic recessions.

The number of **layoffs and discharges** in Virginia eased from April's increase, decreasing by 17,000 to 42,000 in May. This was an increase of 10.5 percent over the year and 35.5 percent compared to five years before in 2018. Layoffs and discharges are countercyclical, which means that layoffs typically increase during economic contractions and decrease during economic expansions. In May, the number of layoffs and discharges changed little at 1.6 million. A significant increase in layoffs and discharges occurred in retail trade (+87,000). The largest decreases in the layoffs and discharges levels occurred in Ohio (-23,000) as well as in Illinois and Virginia (-17,000 each). Significant increases occurred in Georgia (+31,000), Mississippi (+8,000), and New Hampshire (+3,000). The **Virginia layoffs and discharges rate** was 1.0%, the same as nationwide.

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The Unemployed Per Job Opening Ratio, January 2001 to May 2023

In May 2023, there were 0.4 unemployed per job opening in the Commonwealth, compared to nationwide, with 0.6 unemployed per job opening. The gap has been much larger at times over the past twenty years.



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

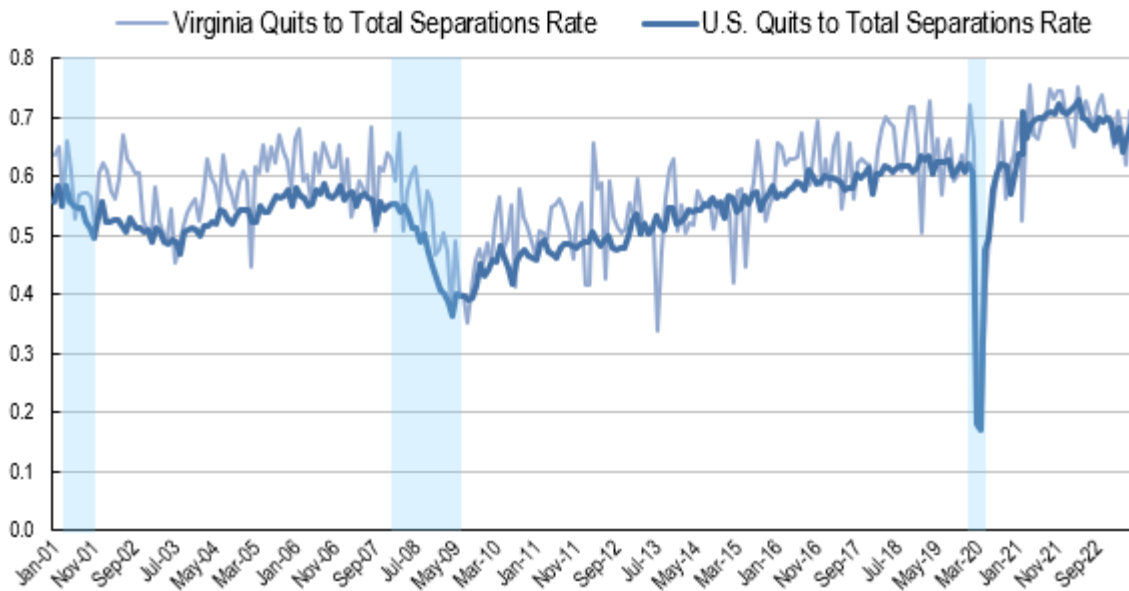
In May 2023, there were four unemployed workers per ten job openings in the Commonwealth, the range that it had hovered around since 2021. That period marked the lowest rates since January 2001, when BLS began collecting the data. In Virginia, **the unemployed per job opening ratio** (sometimes called the ‘job seekers ratio’) peaked at 4.4 unemployed per job opening in February 2010 during the Great Recession. The number of unemployed workers per job opening stood at 3.2 in April 2020 during the height of pandemic employment impacts. Across the U.S., there was a ratio of unemployed people to job openings of 0.6 for May, little changed over the month. The ratio of unemployed people per job opening has been below 1.0 since July 2021. The number of unemployed people per job opening nationwide reached its highest level of 6.5 in July of 2009, at the height of the Great Recession.

The May 2023 **churn rate** (the sum of the hires rate and the total separations rate) slowed to 8.1 from April’s revised 8.3 rate in Virginia, indicating slower, but still elevated velocity of rotation into and out of jobs. Nationwide’s rate was 7.8, as the U.S. churn rate was little changed over the month but showed some deceleration over the year. 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.

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Quits as a Percentage of Total Separations, January 2001 to May 2023

The relationship of quits to total separations is an indication of worker confidence. In May 2023, the share of quits to total separations held steady at around 0.7 in Virginia and nationwide. This suggests continued confidence in workers' ability to leave their job for a better job.



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

In May, Virginia JOLTS data indicates that job openings slowed in April and May after reaching record highs over the last year. At the same time, there were continued high rates of job quitting and movement from job to job. Hires as a percentage of separations edged downward in recent months to one hire for one job separation. Together, these trends may indicate that employers gradually continue to make progress in their ability to fully staff after two years of extreme labor market tightness.

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Effective with the release of May 2023 data on July 26, 2023, the Job Openings and Labor Turnover Survey (JOLTS) state estimates will be benchmarked, or revised, to incorporate the annual updates to the Current Employment Statistics state employment estimates, Quarterly Census of Employment and Wages (QCEW) updates through fourth quarter 2022, revised JOLTS national data, and revised JOLTS seasonal adjustment factors. In 2022, state estimates were benchmarked in June with the release of April data. The change in the release date from June to July is being made to incorporate QCEW data through the fourth quarter of 2022. Not seasonally adjusted data and seasonally adjusted data from January 2018 forward are subject to revision. Additional historical data may also be revised due to benchmarking. Additional information about these changes is available at www.bls.gov/jlt/jolts-2023-changes.htm.

The Virginia Employment Commission plans to release the June 2023 analysis of the BLS Job Openings and Labor Turnover Survey for Virginia on Monday, August 21, 2023. 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 16, 2023.

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>.