

Bureau of Labor Statistics Job Openings and Labor Turnover Survey (JOLTS) for Washington: December 2000 – March 2022

By Bob Baker

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Executive summary

The US Department of Labor, Bureau of Labor Statistics (BLS) published the results of the first monthly Job Openings and Labor Turnover Survey by in December 2000.

The results included the nationwide counts and rates of job openings, hires, separations (layoffs, quits, and other separations) by detailed nonfarm industries. Since October 2021, BLS has expanded the JOLTS to provide top-line data for the 50 states and District of Columbia. This analysis examines Washington's JOLTS data.

What we found

Job openings: In the most recent recession, the job opening count in Washington fell from 198,000 in January 2020, to 80,000 in April 2020. During the recovery, job openings rebounded to a record 256,000 in February 2022. It appears that Washington's job openings rate has lagged the nation somewhat during the recovery period. This is likely a result of the cautious rebound in leisure and hospitality establishments.

Hires: Even in the depths of the most severe post-war recession (April 2020), 63,000 workers were hired in Washington. Of course, while there were many more unemployed in April 2020 (678,800), it is significant that at no time does

hiring ever come to a complete halt. In the current recovery/expansion, Washington's hires rate continues the post bubble trend, with rates below the nation.

Separations: During the Covid recession, separations in Washington spiked to a record 354,000 in March 2020. In the aftermath, separations fell to 82,000 in August 2020. Washington separation rates were higher than the national average before the financial crisis and lower afterwards, even during the pandemic recession and recovery.

Quits: We saw a significant increase in the number of quits since the low point that Washington experienced during the Covid mitigation efforts, peaking at 88,000 in October 2021. It appears that the post-Covid rise in quits is a trend restart that had begun in the last half of the previous economic expansion. Washington quits rates have trended well below the national average. This may be a result of Washington's more cautious re-opening of the leisure and hospitality sector. The leisure and hospitality sector is a high employment, high-turnover sector. At the national level it posts the highest separation rate of all the industries. As a result, its slower re-opening in Washington is likely to have curbed the overall quits count and rate.

Introduction

In the past, labor economists referred to the movement within the labor markets—when existing employees leave their employers, and their replacements are hired—as churn. It was understood that the monthly jobs reports at the national, state, and local levels only captured the net gain in nonfarm employment, while masking the underlying hires, layoffs, quits, and other separations. While a deep dive into administrative data from the states' unemployment insurance programs could reveal these details, that data is much less timely, up to 18 months after the fact. To capture this churn in a timelier manner, the Department of Labor, Bureau of Labor Statistics initiated the Job Openings and Labor Turnover Survey (JOLTS).

What is JOLTS?

The JOLTS program involves the monthly collection, processing, and dissemination of job openings and labor turnover data. The data, collected from sampled establishments on a voluntary basis, include employment, job openings, hires, quits, layoffs and discharges, and other separations.

These data, which begin in December 2000, serve as demand-side indicators of labor shortages at the national and state level. Before JOLTS, there was no economic indicator of the unmet demand for labor to assess the presence or extent of labor shortages in the United States. The availability of unfilled jobs, the count of job openings, and the job openings rate are important measures of the tightness of job markets, parallel to existing measures of unemployment.

State estimates

While the current national sample size is designed to support estimates for major industries at the national level and total nonfarm estimates at the regional level, BLS researched leveraging the sample to produce model-assisted estimates at the state total nonfarm level. As a result, BLS began releasing these estimates monthly in October 2021. JOLTS state monthly reports are released approximately two weeks following the JOLTS national release and include the same reference period.

Metropolitan area estimates

BLS is currently researching the possibility of leveraging the sample to produce model-assisted estimates at the Metropolitan Statistical Area (MSA) total nonfarm level. These estimates are currently only available as a one-time release for the 18-largest MSAs, including the Seattle-Tacoma-Bellevue MSA. Data are 3-month rolling averages that begin February 2001 through December 2019.

Washington JOLTS

This report will compare the various elements of the National JOLTS data with those of Washington State.

Washington's labor market

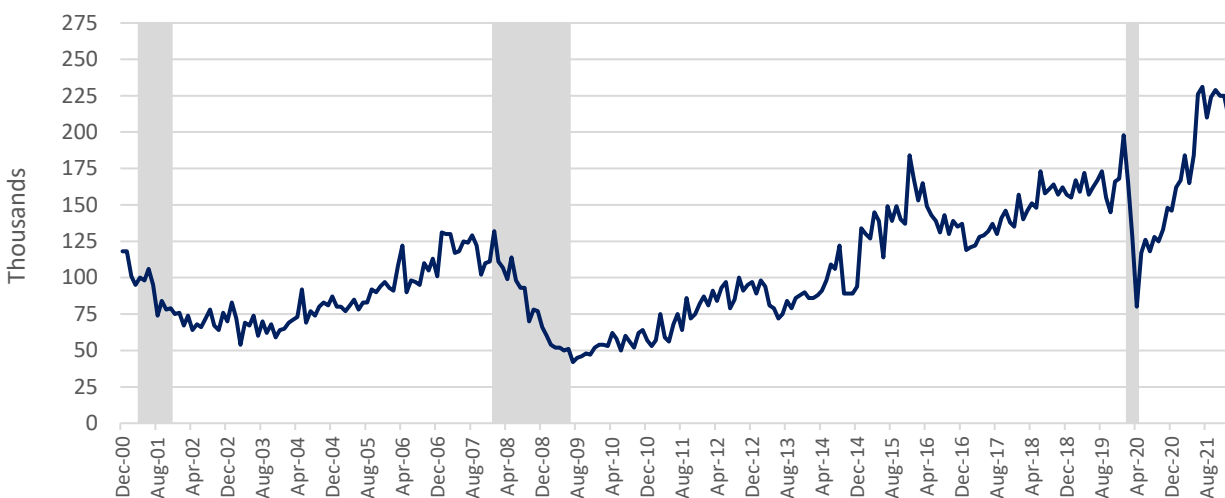
Between December 2000 and March 2022, a span that encompassed three recessions, Washington's nonfarm employment grew 26.8%. Over the same span, the nation's nonfarm employment grew 14.0%. With such a dramatic difference in growth rates, Washington's share of the nation's total nonfarm employment jumped from 2.09% in December 2000 to 2.32% as of March 2022.

This analysis compares the shares and rates of Washington job openings, hires, separations, quits, and layoffs with those of the nation. Since Washington’s economy has grown faster than the nation’s, it would be reasonable to assume that Washington JOLTS elements would show an advantage over the comparable national data.

Job openings

Job openings are pro-cyclical – as the economy advances, so do job openings. This is evident in Figure 1, which shows the number of job openings in Washington with shaded areas highlighting periods of recession.

Figure 1. Washington Non-Farm Job Openings
December 2000 - March 2022



Source: Bureau of Labor Statistics

The past two recessions showed dramatic declines in the number of job openings, which we expect during economic slowdowns. In these two recessions, the job opening declines and upturns match the recession start and end points. Even though the count of job openings did not begin to climb until well into the recovery period after the 2001 recession, the most recent experience suggests that job openings should be considered a coincident indicator.

In the most recent recession, the count of job openings fell from 198,000 in January 2020, to 80,000 in April 2020. The rebound in openings was similarly dramatic, with the slope of the line

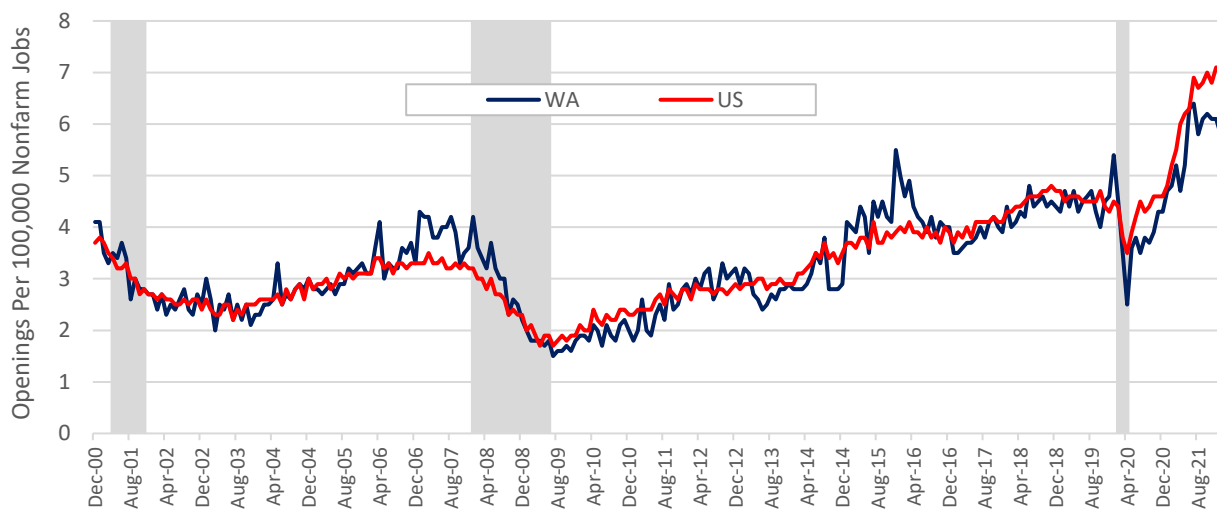
much steeper than the recovery period following the two preceding recessions.

The March 2022 count of job openings totaled 250,000, just under the record 256,000 from the month before.

Job openings rate

The job openings rate consists of the following ratio: (job openings) / (job openings + total nonfarm employment). In Figure 2, which compares Washington and the US, the rates depicted are the number of openings per 100,000 total nonfarm jobs.

Figure 2. Washington and U.S. Job Openings Rate
December 2000 - March 2022



Source: BLS

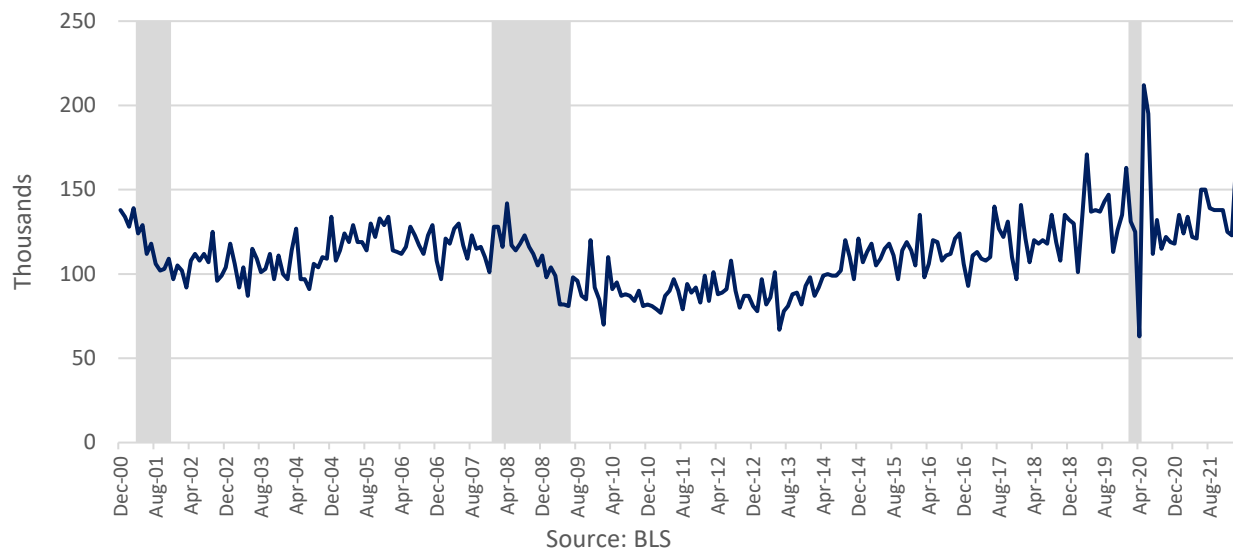
The rates for Washington and the U.S. do not differ in trend, and it is not surprising that the Washington rate is more volatile than the Nation. National data does tend to smooth out the differences at the state level. There are, however, distinct periods where Washington's rate significantly surges relative to the nation: in the 18 months leading into the 2007 recession, and from April 2015 to May 2016.

It does appear that Washington's job openings rate has lagged the nation somewhat during the most recent recovery period. Washington's Covid policies regarding select economic activities, particularly for leisure and hospitality establishments, were more cautious than the nation, overall. But in February and March 2022, job openings rates for Washington (6.9 and 6.7) did not significantly differ from the national rates (7.0 and 7.1).

Hires

As with other elements within the JOLTS data, hires are pro-cyclical, increasing during good economic times and decreasing during bad economic times (see Figure 3). Hires have been, until the most recent recession, less variable than the count of job openings. During the 2008-09 financial crisis, the count of job openings fell from 132,000 in January of 2008 to 42,000 in July 2009, a decline of 68.2%. During a similar period, the number of hires fell from 128,000 in January 2008 to 81,000 in June of 2009, a decline of 36.7%.

Figure 3. Washington Hires
December 2000 - March 2022



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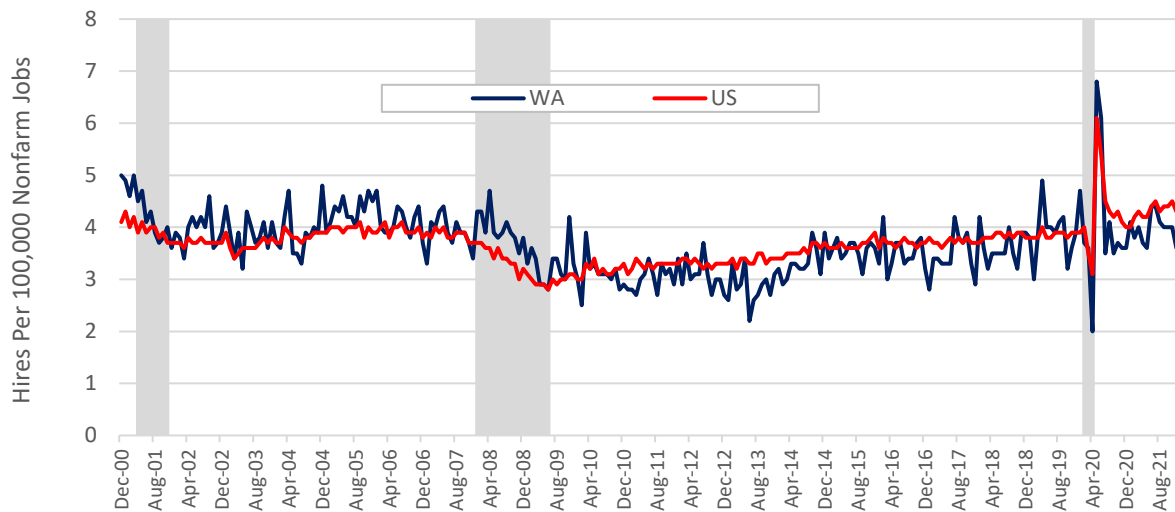
During the span of the recent recession (February – April 2020) the job openings count fell 51.5% while the number of hires fell 51.9%, an inconsequential difference.

Perhaps the monthly count of hires is the most revealing and encouraging of these data. Even in the depths of the most severe post-war recession (April 2020) 63,000 workers were hired in Washington. Of course, there were many more unemployed in April 2020 (678,800), but it is significant that at no time does hiring ever come to a complete halt.

Hires rates

The hires rate consists of the following ratio: (hires) / (hires + total nonfarm employment). In Figure 4, which compares Washington and the US, the rates depicted are the number of hires per 100,000 total nonfarm jobs.

Figure 4. Washington and U.S. Hires Rates
December 2000 - March 2022



Source: BLS

It would seem contrary for Washington's hires rate to be consistently below the nation when Washington's employment growth surpassed the nation over the past expansionary periods. This would only be possible if Washington's separation rate was also consistently below the nation. A lower separations rate in Washington relative to the nation would mean that more hires would be for expansionary rather than replacement purposes.

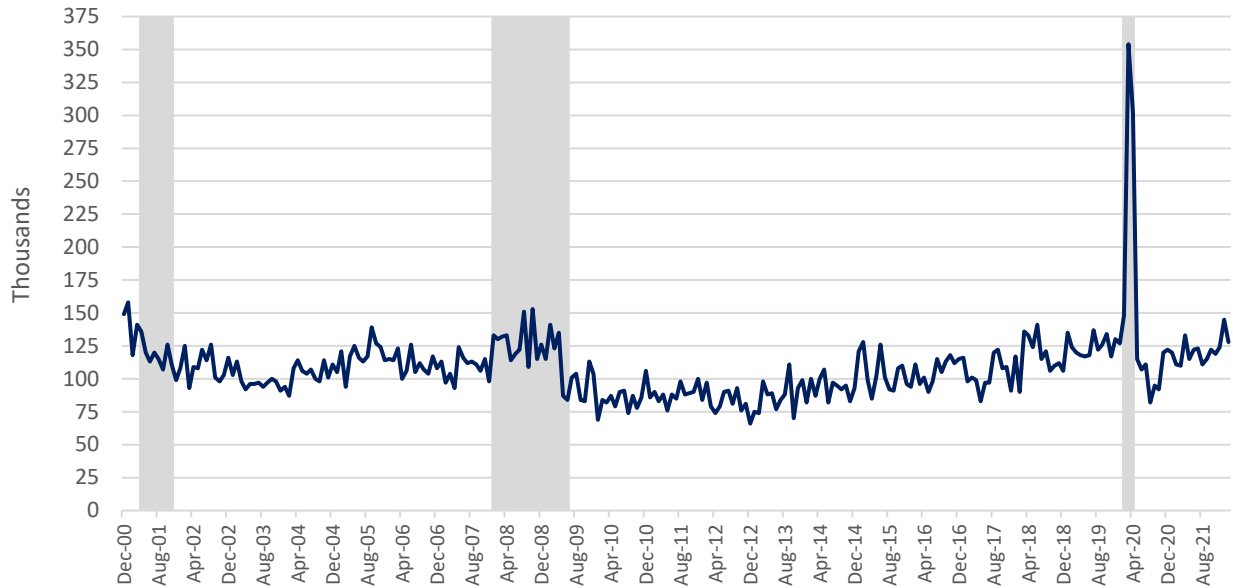
Separations

Separations includes quits, layoffs and discharges, and other separations. Quits are generally voluntary separations that the employee initiates. Therefore, the quits rate can serve as a measure of workers' willingness or ability to leave jobs. Layoffs and discharges are involuntary separations that the employer initiates. Other separations include separations due to retirement, death, disability, and transfers to other locations of the same firm.

Separations can be both pro-cyclical and counter-cyclical. Because the quits component of separations is voluntary, it should be considered pro-cyclical, with workers more willing to quit when the odds of finding a replacement job are good. In contrast, the layoffs and discharges components of separations, which are initiated by the employer, should be considered counter-cyclical. These are most likely to increase when the economy is poor.

As seen in Figure 5, the separations trend is moderately counter cyclical, with total separations increasing during recessionary periods. During the housing bust (financial crisis) recession, separations peaked at 153,000 in October 2008. In the ensuing recovery period, separations fell to 66,000 in December 2012. More recently, during the Covid recession, separations spiked to a record 354,000 in March 2020. In the aftermath, separations fell to 82,000 in August 2020.

Figure 5. Washington Separations
December 2000 - March 2022



Source: BLS

Even before the most recent recession, there were differences in separation counts during the recovery periods from previous recessions. The separations during the recovery from the financial crisis were markedly lower than during the 9/11 rebound. This also is evident in the separation rates.

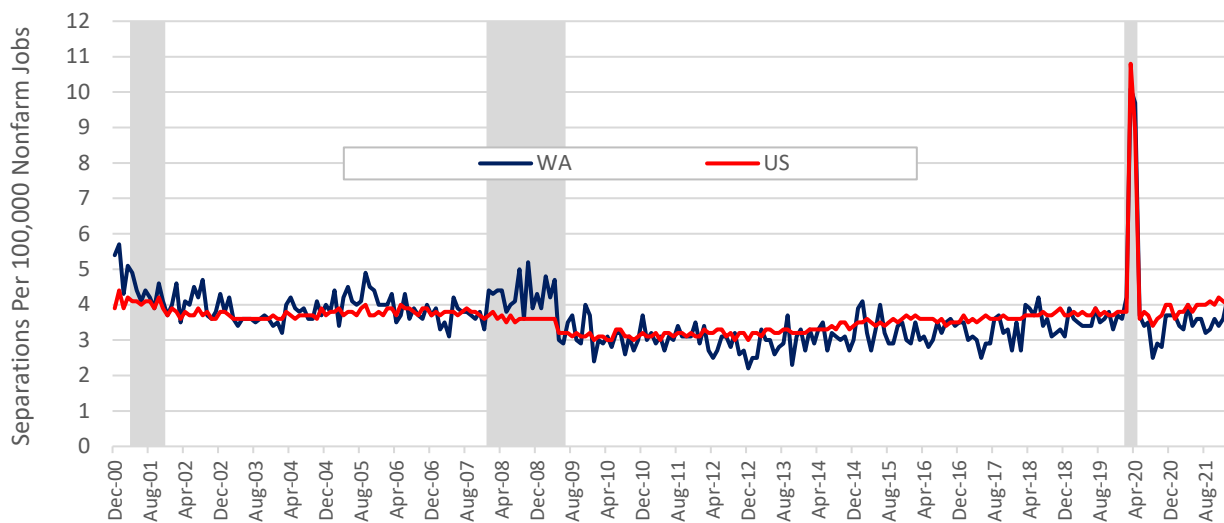
Separation rates

The separation rate consists of the following ratio: $(\text{separations}) / (\text{separations} + \text{total})$

nonfarm employment). Figure 6 illustrates the difference between Washington and U.S. separation rates.

The separation trends are similar, with a distinct step-down in separations rates in the aftermath of the financial crisis. However, it is also evident that Washington separation rates were higher than the national average before to the financial crisis, and lower afterward.

Figure 6. Washington and U.S. Separations Rates
December 2000 - March 2022



Source: BLS

It is also noteworthy that Washington’s separation rates during the financial crisis were significantly higher than the national average. The financial crisis did impact Washington’s financial sector more severely than the national average because of the high levels of sub-prime and other risky lending activity within several large Washington-based mortgage banks. The employment impact on both Washington’s and the nation’s financial sectors was felt for many years afterwards, but perhaps more so in Washington.

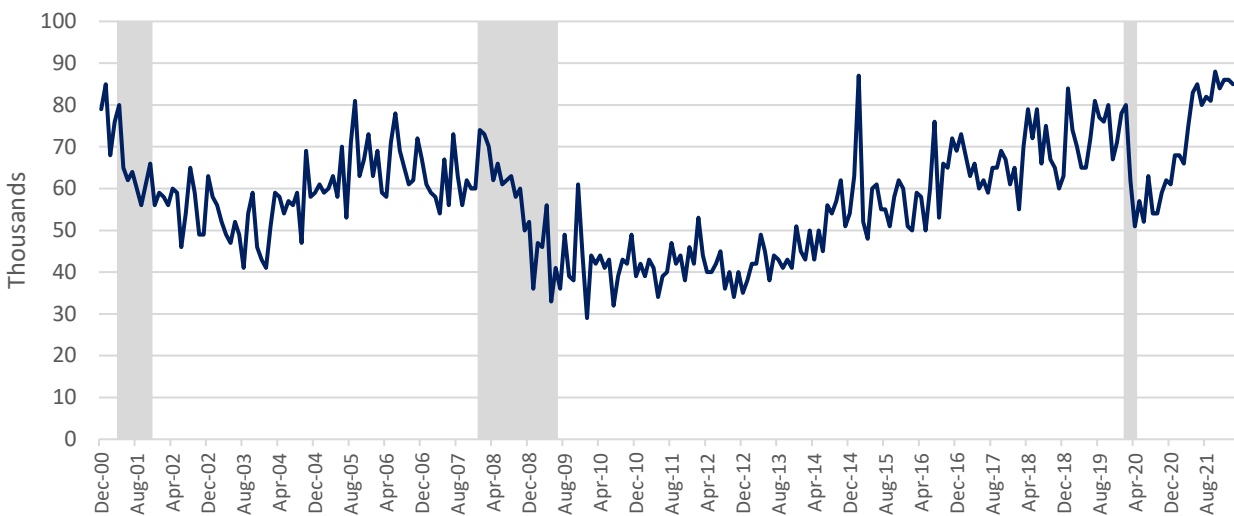
Quits

When workers quit their jobs, most have already accepted a position with another employer. In JOLTS terms, they are likely both a quit and a

hire at the same time. There are also a cadre of workers who quit without a new job already lined up. These workers are exhibiting a high level of confidence in their ability to attain other gainful employment. They are also violating what labor market observers call the “mountain climbing rule”: don’t let go with one hand before you have a firm grip with the other.

Figure 7 exhibits the monthly number of workers who quit their jobs in Washington. As with other pro-cyclical measures, quits rise during good economic times and fall during bad economic times.

Figure 7. Washington Quits
December 2000 - March 2022



Source: BLS

What stands out is the severity of the decline in quits during and following the financial crisis. In February 2008, just before the recession, there were 73,000 quits. In May 2009, the end of the recession, there were 33,000 quits. This is a decline of 40,000.

In February 2020, just before the Covid disruptions, there were 80,000 quits. By April 2020, the number of quits totaled 51,000—a decline of 29,000.

The slow rebound in labor market activity following the financial crisis is also evident in the flat trend in quits from July 2009 through the end of 2013. The slow economic recovery likely stanchied the upturn in quits until we reached a critical mass of employment.

There has been a significant increase in the number of quits since the trough experienced during the Covid mitigation efforts, peaking at 88,000 in October 2021. While there has been a great deal of news about this upward movement

in quits, now given the rubric “The Great Resignation,” it appears that the post-Covid rise is a resuming trend that started in the last half of the previous economic expansion.

Job losses during Covid mitigation efforts were quite severe, particularly among workers in the leisure and hospitality sector. This severity introduced an increased recognition, among these and other workers, of the provisional nature of their employment experience. As such, many of these workers were more likely to seek alternative employment during the current recovery and expansion period. If that meant they had to undertake a change of employer, industry, or occupation, it would first require a greater willingness to leave (quit) their current situation.

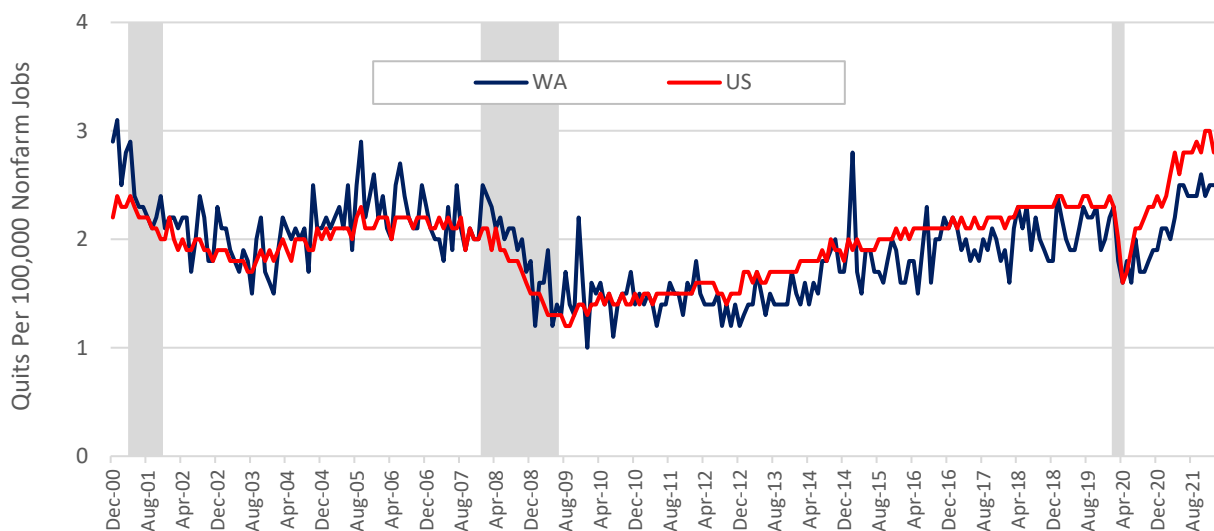
(Note: The unusual spike in quits in February 2015 was likely related to an unseasonable winter storm in Washington because it does not appear in the national data.)

Quits rates

The quits rate consists of the following ratio:
 (quits) / (quits + total nonfarm employment).

Figure 8 illustrates the difference between Washington and U.S. quits rates.

Figure 8. Washington and US Quits Rates
 December 2000 - March 2022



Source: BLS

Like total separations, the quits rate pattern is the same, with above average quits rates in Washington before the Great Recession, and below average rates after. Even in the later stages of the 2009 – 2020 expansion, and despite its eventual upwards trend, Washington’s quits rate did not reach the same peak as in the 2002 – 2007 expansion. This may be due to a residual level of caution among workers following the severity of the financial crisis.

In this current recovery period, though rebounding quickly and surpassing pre-pandemic rates, Washington quits rates have trended well below the national average. This may be a result of Washington’s more cautious approach to re-opening those economic

activities shut down because of Covid. The leisure and hospitality sector was one of those sectors. It also happens to be a high employment, high turnover sector, posting the highest separation rate of the published industry detail at the national level. Its slower re-opening locally is likely to have driven down the overall quits rate in Washington.

Hires less separations

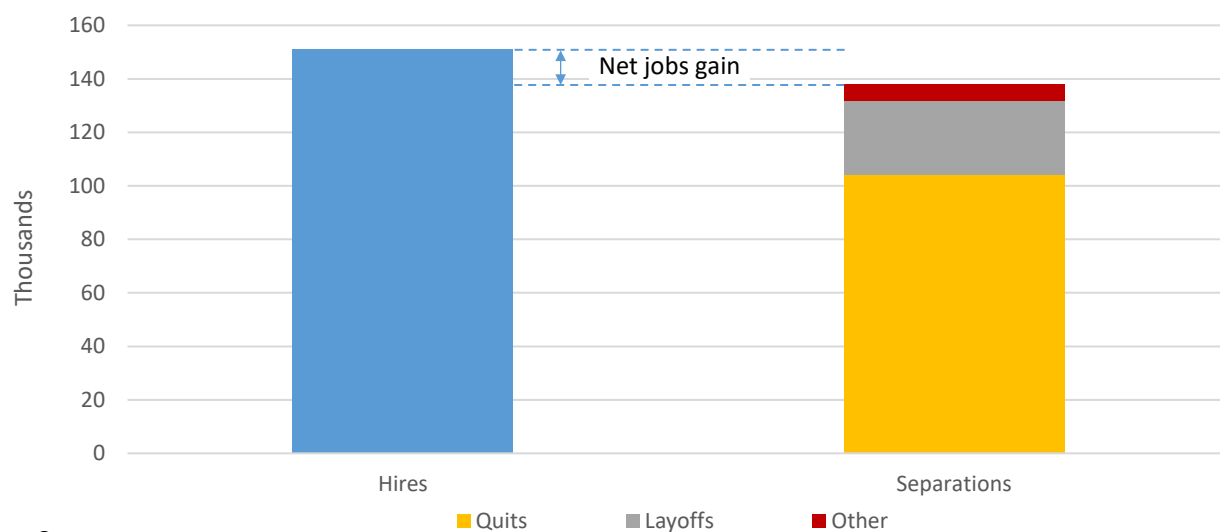
The Current Employment Statistics (CES) survey measures nonagricultural employment by industry. BLS reports these figures monthly at the national, state, metropolitan area, and county labor market levels. In comparison, the Job Openings and Labor Turnover survey measures nonagricultural job openings hires and separations by industry. BLS reports these

figures monthly (with a several-week lag) at the national and state level. While both sample the same universe, the size and purpose of each survey is distinct. But the JOLTs results can, within a limited range, replicate the top-line CES results with a simple calculation: number of hires minus number of separations. This is illustrated in Figure 9 on the following page.

difference is the net gain in nonfarm jobs for March 2022. Now this count will always be a bit different from the CES count because of the dissimilar reference dates for each survey; the CES data reference the pay period that includes the 12th of the month, while the JOLTs data reference the last working day of the month. Nonetheless, we can use the results of these two surveys as reference checks on each other.

In Figure 9 (following page), the count of hires exceeds the count of separations, and that

Figure 9. Hires and Separations in Washington
March 2022



Source: BLS

Conclusion

Knowing that most current separations are folks who quit their jobs, leads to a greater understanding of where we are in the business cycle. Even during the worst month of the pandemic, 51,000 Washington workers quit their jobs. While a substantial number, it was less than half the number of workers who quit in March 2022 when the labor market was in recovery.

While there may be a modest net gain in jobs in any given month, there are many more opportunities that get masked by the churn. There are still thousands of folks leaving their employers, and those employers need replacement workers, even during the most difficult economic times.

The one shortcoming of the data is that it is industry-based and doesn't capture the occupational side of the issue. No doubt that level of detail would add to the complexity of

the survey and be more burdensome on respondents.

By adding this information to the labor market information lexicon, analysts and policy makers now have even more granular data to measure the depth and dynamism of the labor market.

While the unemployment rate is a basic measure of labor surplus or shortage, the JOLTs data give much greater depth and detail to those concepts.