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## JOB OPENINGS AND LABOR TURNOVER: FEBRUARY 2007

On the last business day of February, there were 4.1 million job openings in the United States, and the job openings rate was 2.9 percent, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The job openings, hires, and total separations rates were essentially unchanged in February. This release includes estimates of the number and rate of job openings, hires, and separations for the total nonfarm sector by industry and geographic region.

Chart 1. Job openings rate, seasonally adjusted,  
Percent March 2004 - February 2007

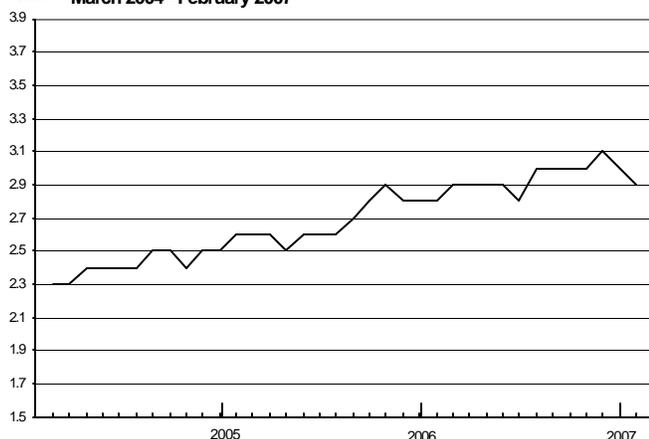
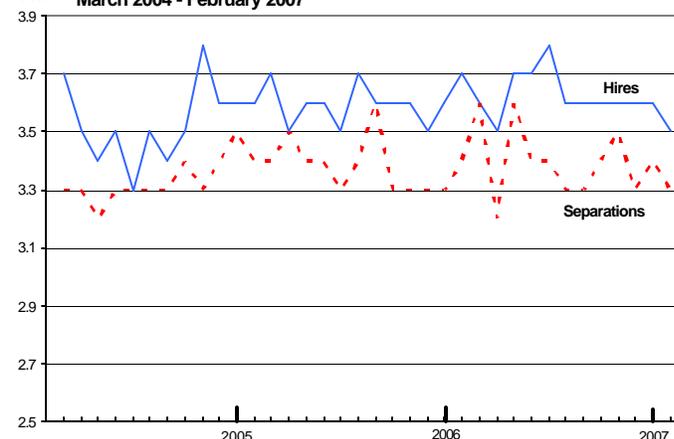


Chart 2. Hires and separations rates, seasonally adjusted,  
Percent March 2004 - February 2007



### Job Openings

At 2.9 percent in February, the job openings rate has been essentially flat since September 2006. In February, the job openings rate rose in the construction industry and fell in the Northeast region; no other industry or region experienced a significant over-the-month change in the job openings rate. The seasonally adjusted job openings rate was highest in February for the following industries: accommodations and food services (4.0 percent), education and health services (3.6 percent), and professional and business services (3.5 percent). (See table 1.)

Over the year, the job openings rate increased in nondurable goods manufacturing; transportation, warehousing, and utilities; information; and other services. The rate decreased in durable goods manufacturing; finance and insurance; professional and business services; accommodations and food services; and federal government. The job openings rate did not change significantly over the year in any of the regions. (See table 5.)

**Table A. Job openings, hires, and total separations by industry, seasonally adjusted**

Industry	Job openings			Hires			Total separations		
	Feb. 2006	Jan. 2007	Feb. 2007 <sup>P</sup>	Feb. 2006	Jan. 2007	Feb. 2007 <sup>P</sup>	Feb. 2006	Jan. 2007	Feb. 2007 <sup>P</sup>
	Levels (in thousands)								
Total <sup>1</sup> .....	3,972	4,222	4,071	4,955	4,959	4,804	4,601	4,602	4,481
Total private .....	3,550	3,746	3,605	4,696	4,607	4,487	4,320	4,296	4,191
Construction .....	130	142	189	408	299	291	363	400	324
Manufacturing .....	314	337	333	333	369	380	381	399	405
Trade, transportation, and utilities .....	653	727	669	1,123	1,020	1,002	1,008	973	941
Retail trade .....	394	413	379	762	757	664	697	680	658
Professional and business services .....	732	707	641	874	954	964	828	894	879
Education and health services .....	636	707	669	453	508	515	420	423	404
Leisure and hospitality .....	560	552	542	1,045	956	955	859	768	800
Accommodations and food services ..	509	495	480	848	825	782	750	612	685
Government .....	419	477	468	373	384	395	288	309	299
State and local government .....	378	439	433	321	321	315	233	254	227
	Rates (percent)								
Total <sup>1</sup> .....	2.8	3.0	2.9	3.7	3.6	3.5	3.4	3.4	3.3
Total private <sup>1</sup> .....	3.0	3.1	3.0	4.1	4.0	3.9	3.8	3.7	3.6
Construction .....	1.7	1.8	2.4	5.3	3.9	3.8	4.7	5.2	4.2
Manufacturing .....	2.2	2.3	2.3	2.3	2.6	2.7	2.7	2.8	2.9
Trade, transportation, and utilities .....	2.4	2.7	2.5	4.3	3.9	3.8	3.9	3.7	3.6
Retail trade .....	2.5	2.6	2.4	5.0	4.9	4.3	4.5	4.4	4.3
Professional and business services .....	4.0	3.8	3.5	5.0	5.4	5.4	4.8	5.0	4.9
Education and health services .....	3.5	3.8	3.6	2.6	2.8	2.8	2.4	2.3	2.2
Leisure and hospitality .....	4.1	4.0	3.9	8.1	7.1	7.1	6.6	5.7	6.0
Accommodations and food services ..	4.4	4.1	4.0	7.7	7.2	6.8	6.8	5.4	6.0
Government .....	1.9	2.1	2.1	1.7	1.7	1.8	1.3	1.4	1.3
State and local government .....	1.9	2.2	2.2	1.7	1.7	1.6	1.2	1.3	1.2

<sup>1</sup> Includes natural resources and mining, information, financial activities, and other services, not shown separately.

<sup>2</sup> Includes wholesale trade and transportation, warehousing, and utilities, not shown separately.

<sup>3</sup> Includes arts, entertainment, and recreation, not shown separately.

<sup>4</sup> Includes federal government, not shown separately.

<sup>P</sup> = preliminary.

## Hires

The hires rate was essentially unchanged at 3.5 percent in February. Hires are any additions to the payroll during the month. In February, the hires rate fell in the retail trade industry and in the Northeast region; no other industry or region experienced a significant over-the-month change in the hires rate. The seasonally adjusted hires rate was highest in February in the leisure and hospitality industry (7.1 percent). (See table 2.)

From February 2006 to February 2007, the hires rate rose in educational services and federal government, but fell in construction; retail trade; information; accommodations and food services; and other services. Regionally, the hires rate increased over the year in the Midwest but decreased in the South. (See table 6.)

## Separations

The total separations, or turnover, rate was little changed at 3.3 percent in February. Separations are terminations of employment that occur at any time during the month. In February, the only industry to experience a change in the separations rate was state and local government, where the rate declined slightly. None of the regions experienced a significant change in the separations rate. From February 2006 to February

2007, the total separations rate rose significantly only in federal government; the rate did not decline significantly in any industry. Geographically, none of the regions experienced a significant change in the total separations rate over the year. (See tables 3 and 7.)

Total separations include quits (voluntary separations), layoffs and discharges (involuntary separations), and other separations (including retirements). The quits rate, which can serve as a barometer of workers' ability to change jobs, was little changed at 2.0 percent in February. Over the month, the quits rate rose in accommodations and food services but fell in state and local government. None of the regions experienced a significant change in the quits rate over the month. In February, the seasonally adjusted quits rate was highest in the accommodations and food services industry (4.6 percent). (See table 4.)

Over the year, the quits rate rose in finance and insurance and professional and business services but fell in construction. Geographically, the quits rate declined over the year in the Northeast region. (See table 8.)

The other two components of total separations—layoffs and discharges, and other separations—are not seasonally adjusted. For February, the layoffs and discharges rate (0.9 percent) and level (1.2 million) were little changed from the prior year. The construction industry had the highest layoffs and discharges rate (2.4 percent) in February. From February 2006 to February 2007, the other separations rate was unchanged at 0.2 percent and the level was little changed at 257,000. (See tables 9 and 10.)

#### Quits as a Percentage of Separations

The total separations rate is driven by the relative contribution of its three components (quits, layoffs and discharges, and other separations), with quits contributing the largest portion. The percentage of total separations attributable to quits has risen and fallen over time along with employment levels. Total nonfarm employment had peaked in February 2001 at 132.6 million, and then had fallen to a low of 129.8 million in August 2003. During the same time period, the proportion of quits fell from 61 percent in February 2001 to 51 percent in August 2003 (seasonally adjusted). The proportion of quits has since risen to 60 percent in February 2007. Between early 2001 and mid-2003, total separations fell by 613,000 but quits fell by a greater amount, 759,000, causing the proportion of total separations attributable to quits to fall.

This change in quits as a percentage of total separations is especially pronounced in manufacturing, retail trade, and professional and business services. Geographically, the regions averaged 61 percent of total separations attributable to quits at the employment peak in February 2001. All four regions experienced a decline in the proportion of quits during the period of employment decline. The Northeast region's proportion declined the most, falling to a low of 39 percent. Since the employment trough in August 2003, the South and West have fully recovered to early 2001 levels of quits as a proportion of separations, but the Northeast and Midwest have not.

#### Flows in the Labor Market

Hires and separations data help show dynamic flows in the labor market. For the 12 months ending in February 2007, hires have averaged 4.9 million per month and separations have averaged 4.6 million per month (not seasonally adjusted). The comparable figures for the prior 12-month period were 4.8 million hires and 4.5 million separations. (See the Technical Note for additional information on these measures.)

Several industries have high rates of both hires and separations. These include construction; retail trade; professional and business services; arts, entertainment, and recreation; and accommodations and food services. In the 12 months ending in February 2007, these five industries produced 34.9 million hires and 32.9 million separations. Thus, these five industries accounted for 59 percent of total nonfarm hires and 59 percent of total nonfarm separations while comprising only 39 percent of total nonfarm employment.

**For More Information**

For additional information, please read the Technical Note or visit the JOLTS Web site at <http://www.bls.gov/jlt/>. Additional information about JOLTS also may be obtained by e-mailing [Joltsinfo@bls.gov](mailto:Joltsinfo@bls.gov) or by calling (202) 691-5870.

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The Job Openings and Labor Turnover release for March 2007 is scheduled to be issued on Tuesday, May 8.

# Technical Note

The data for the Job Openings and Labor Turnover Survey (JOLTS) are collected and compiled monthly from a sample of business establishments by the Bureau of Labor Statistics (BLS).

## Collection

Each month, data are collected in a survey of business establishments for total employment, job openings, hires, quits, layoffs and discharges, and other separations. Data collection methods include computer-assisted telephone interviewing, touchtone data entry, fax, and mail.

## Coverage

The JOLTS program covers all private nonfarm establishments such as factories, offices, and stores, as well as federal, state, and local government entities in the 50 states and the District of Columbia.

## Concepts

**Industry classification.** The industry classifications in this release are in accordance with the 2002 version of the North American Industry Classification System (NAICS). In order to ensure the highest possible quality of data, State Workforce Agencies verify with employers and update, if necessary, the industry code, location, and ownership classification of all establishments on a 3-year cycle. Changes in establishment characteristics resulting from the verification process are always introduced into the JOLTS sampling frame with the data reported for the first month of the year.

**Employment.** Employment includes persons on the payroll who worked or received pay for the pay period that includes the 12th day of the reference month. Full-time, part-time, permanent, short-term, seasonal, salaried, and hourly employees are included, as are employees on paid vacations or other paid leave. Proprietors or partners of unincorporated businesses, unpaid family workers, or persons on leave without pay or on strike for the entire pay period, are not counted as employed. Employees of temporary help agencies, employee leasing companies, outside contractors, and consultants are counted by their employer of record, not by the establishment where they are working.

**Job openings.** Establishments submit job openings information for the last business day of the reference month. A job opening requires that: 1) a specific position exists and there is work available for that position, 2) work could start within 30 days regardless of whether a suitable candidate is found, and 3) the employer is actively recruiting from outside the establishment to fill the position. Included are full-time, part-time, permanent, short-term, and seasonal openings. Active recruiting means that the establishment is taking steps to fill a position by advertising in newspapers or on the Internet, posting help-wanted signs, accepting applications, or using other similar methods.

Jobs to be filled only by internal transfers, promotions, demotions, or recall from layoffs are excluded. Also excluded

are jobs with start dates more than 30 days in the future, jobs for which employees have been hired but have not yet reported for work, and jobs to be filled by employees of temporary help agencies, employee leasing companies, outside contractors, or consultants. The job openings rate is computed by dividing the number of job openings by the sum of employment and job openings and multiplying that quotient by 100.

**Hires.** Hires are the total number of additions to the payroll occurring at any time during the reference month, including both new and rehired employees, full-time and part-time, permanent, short-term, and seasonal employees, employees recalled to the location after a layoff lasting more than 7 days, on-call or intermittent employees who returned to work after having been formally separated, and transfers from other locations. The hires count does not include transfers or promotions within the reporting site, employees returning from strike, employees of temporary help agencies or employee leasing companies, outside contractors, or consultants. The hires rate is computed by dividing the number of hires by employment and multiplying that quotient by 100.

**Separations.** Separations are the total number of terminations of employment occurring at any time during the reference month, and are reported by type of separation—quits, layoffs and discharges, and other separations. Quits are voluntary separations by employees (except for retirements, which are reported as other separations). Layoffs and discharges are involuntary separations initiated by the employer and include layoffs with no intent to rehire, formal layoffs 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. Other separations include retirements, transfers to other locations, deaths, and separations due to disability. Separations do not include transfers within the same location or employees on strike.

The separations rate is computed by dividing the number of separations by employment and multiplying that quotient by 100. The quits, layoffs and discharges, and other separations rates are computed similarly, dividing the number by employment and multiplying by 100.

**Annual estimates.** Annual estimates of rates and levels of hires, quits, layoffs and discharges, other separations, and total separations are released with the January news release each year.

The JOLTS annual level estimates for hires, quits, layoffs and discharges, other separations, and total separations are the sum of the 12 published monthly levels. The annual rate estimates are computed by dividing the annual level by the Current Employment Statistics (CES) annual average employment level, and multiplying that quotient by 100. This figure will be approximately equal to the sum of the 12 monthly rates. Note that both the JOLTS and CES annual levels are rounded to the nearest thousand before the annual estimates are calculated. Consistent with BLS practices, annual estimates will be published only for not seasonally adjusted data.

Annual estimates are not calculated for job openings because job openings are a stock, or point-in-time, measurement for the last business day of each month. Only jobs still open on the last day of the month are counted. For the same reason job openings cannot be cumulated throughout each month, annual figures for job openings cannot be created by summing the monthly estimates. Hires and separations are flow measures and are cumulated over the month with a total reported for the month. Therefore, the annual figures can be created by summing the monthly estimates.

### **Sample methodology**

The JOLTS sample design is a random sample of 16,000 nonfarm business establishments, including factories, offices, and stores, as well as federal, state, and local governments in the 50 states and the District of Columbia. The establishments are drawn from a universe of over eight million establishments compiled as part of the operations of the Quarterly Census of Employment and Wages, or QCEW, program. This program includes all employers subject to state Unemployment Insurance (UI) laws and federal agencies subject to Unemployment Compensation for Federal Employees (UCFE).

The sampling frame is stratified by ownership, region, industry sector, and size class. Large firms fall into the sample with virtual certainty. JOLTS total employment estimates are controlled to the employment estimates of the Current Employment Statistics (CES) survey. A ratio of CES to JOLTS employment is used to adjust the levels for all other JOLTS data elements. Rates are then computed from the adjusted levels.

### **Using JOLTS data**

The JOLTS data series on job openings, hires, and separations are relatively new. The full sample is divided into panels, with one panel enrolled each month. A full complement of panels for the original data series based on the 1987 Standard Industrial Classification (SIC) system was not completely enrolled in the survey until January 2002. The supplemental panels of establishments needed to create NAICS estimates were not completely enrolled until May 2003. The data collected up until those points are from less than a full sample. Therefore, estimates from earlier months should be used with caution, as fewer sampled units were reporting data at that time.

In March 2002, BLS procedures for collecting hires and separations data were revised to address possible underreporting. As a result, JOLTS hires and separations estimates for months prior to March 2002 may not be comparable with estimates for March 2002 and later.

The federal government reorganization that involved transferring approximately 180,000 employees to the new Department of Homeland Security is not reflected in the JOLTS hires and separations estimates for the federal government. The Office of Personnel Management's record shows these transfers were completed in March 2003. The inclusion of

transfers in the JOLTS definitions of hires and separations is intended to cover ongoing movements of workers between establishments. The Department of Homeland Security reorganization was a massive one-time event, and the inclusion of these intergovernmental transfers would distort the federal government time series.

### **Seasonal adjustment**

BLS seasonally adjusts several JOLTS series using the X-12-ARIMA seasonal adjustment program. Seasonal adjustment is the process of estimating and removing periodic fluctuations caused by events such as weather, holidays, and the beginning and ending of the school year. Seasonal adjustment makes it easier to observe fundamental changes in the level of the series, particularly those associated with general economic expansions and contractions. A concurrent seasonal adjustment methodology is used in which new seasonal adjustment factors are calculated each month, using all relevant data, up to and including the data for the current month.

Prior to the January 2007 benchmark release in March 2007, seasonal adjustment of the JOLTS series was conducted using the stable seasonal filter option since there were not enough data observations available for the standard use of moving averages as seasonal filters. Although the seasonal adjustment of the JOLTS series is conducted with fewer data observations than is customary, the number of observations is now above the minimum required by X-12-ARIMA to use the normal seasonal filters. Therefore, the standard use of moving averages as seasonal filters is now in place for JOLTS seasonal adjustment. JOLTS seasonal adjustment now includes both additive and multiplicative seasonal adjustment models and REGARIMA (regression with autocorrelated errors) modeling to improve the seasonal adjustment factors at the beginning and end of the series and to detect and adjust for outliers in the series. Due to the improved diagnostics, three additional industries are now seasonally adjusted: retail trade, accommodations and food services, and state and local government. It is expected that more series may be seasonally adjusted when more data are available.

### **Reliability of the estimates**

JOLTS estimates are subject to both sampling and nonsampling error. When a sample rather than the entire population is surveyed, there is a chance that the sample estimates may differ from the "true" population values they represent. The exact difference, or sampling error, varies depending on the particular sample selected, and this variability is measured by the standard error of the estimate. BLS analysis is generally conducted at the 90-percent level of confidence. That means that there is a 90-percent chance, or level of confidence, that an estimate based on a sample will differ by no more than 1.6 standard errors from the "true"

population value because of sampling error. Estimates of sampling errors are available upon request.

The JOLTS estimates also are affected by nonsampling error. Nonsampling error can occur for many reasons, including the failure to include a segment of the population, the inability to obtain data from all units in the sample, the inability or unwillingness of respondents to provide data on a timely basis, mistakes made by respondents, errors made in the collection or processing of the data, and errors from the employment benchmark data used in estimation.

JOLTS hires and separations estimates cannot be used to exactly explain net changes in nonfarm payroll employment. Some reasons why it is problematic to compare changes in payroll employment with JOLTS hires and separations, especially on a monthly basis, are: 1) the reference period for

payroll employment is the pay period including the 12th of the month, while the reference period for hires and separations is the calendar month; and 2) payroll employment can vary from month to month simply because part-time and on-call workers may not always work during the pay period that includes the 12th of the month. Additionally, research has found that some reporters systematically underreport separations relative to hires due to a number of factors, including the nature of their payroll systems and practices. The shortfall appears to be about 2 percent or less over a 12-month period.

#### **Other information**

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: 202-691-5200; TDD message referral phone: 1-800-877-8339.