

New BLS ES-202 Data on Job Creation and Job Destruction

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BLS Data Source

- ES-202: quarterly reports from all UI covered business - establishment level
- 8 million records linked longitudinally
- 1990 - current quarter Job creation/destruction
 - Private sector only
 - excludes private households
 - excludes self-employed

Traditional Cross-sectional ES-202 employment statistics

June 2002 Employment:	108,514,155
September 2002 Employment:	<u>107,896,027</u>
Net Employment change	-618,128

(not seasonally adjusted)

Job Creation/Job Destruction

- Job creation is employment gain from:
 - Opening of establishments
 - Expansion of existing establishments,
- Job destruction is employment lost from:
 - Closing establishments, plus
 - Contracting establishments
- The difference between job creation and job destruction is the more traditionally observed net change in employment

Definitions

– Openings:

- Positive third month employment for the first time and no link to any predecessor in prior quarter.

– Expansions

- Positive third month employment in previous and current quarters with an increase over this period.

Definitions

- Closings:
 - Decline from positive employment to zero employment in current period.
 - Establishment that ceases to report, and does not have an identified successor.
- Contractions
 - Declining employment from prior to current quarter (remaining positive).

How did private employment fall by 618,128 between June & September 2002?

	Number of Establishments	Number of Jobs	Rate	
Opening	301,875	1,454,044 Created	1.3%	6.5%
Expanding	1,383,495	5,604,565 Created	5.2%	
Contracting	1,566,901	6,222,723 Destroyed	5.8%	7.1%
Closing	297,841	1,454,014 Destroyed	1.3%	
Net change	2,829,221	-618,128	-0.6%	

Job Creation & Job Destruction

Between June 2002 and September 2002:

- Employment fell by 618,128
(net growth rate = -0.6%)
- 7,058,609 jobs created
(job creation rate = 6.5%)
- 7,676,737 jobs destroyed
(job destruction rate = 7.1%)

Job Creation & Job Destruction

- shows tremendous establishment level churning underlying net employment growth
- 13.6% (6.5% + 7.1%) of jobs are either created or destroyed during the quarter

Longitudinal ES-202 Microdata

Matching establishments across quarters

- 1) Establishment specific identifier
- 2) Predecessor & Successor numbers
- 3) Probability based statistical match

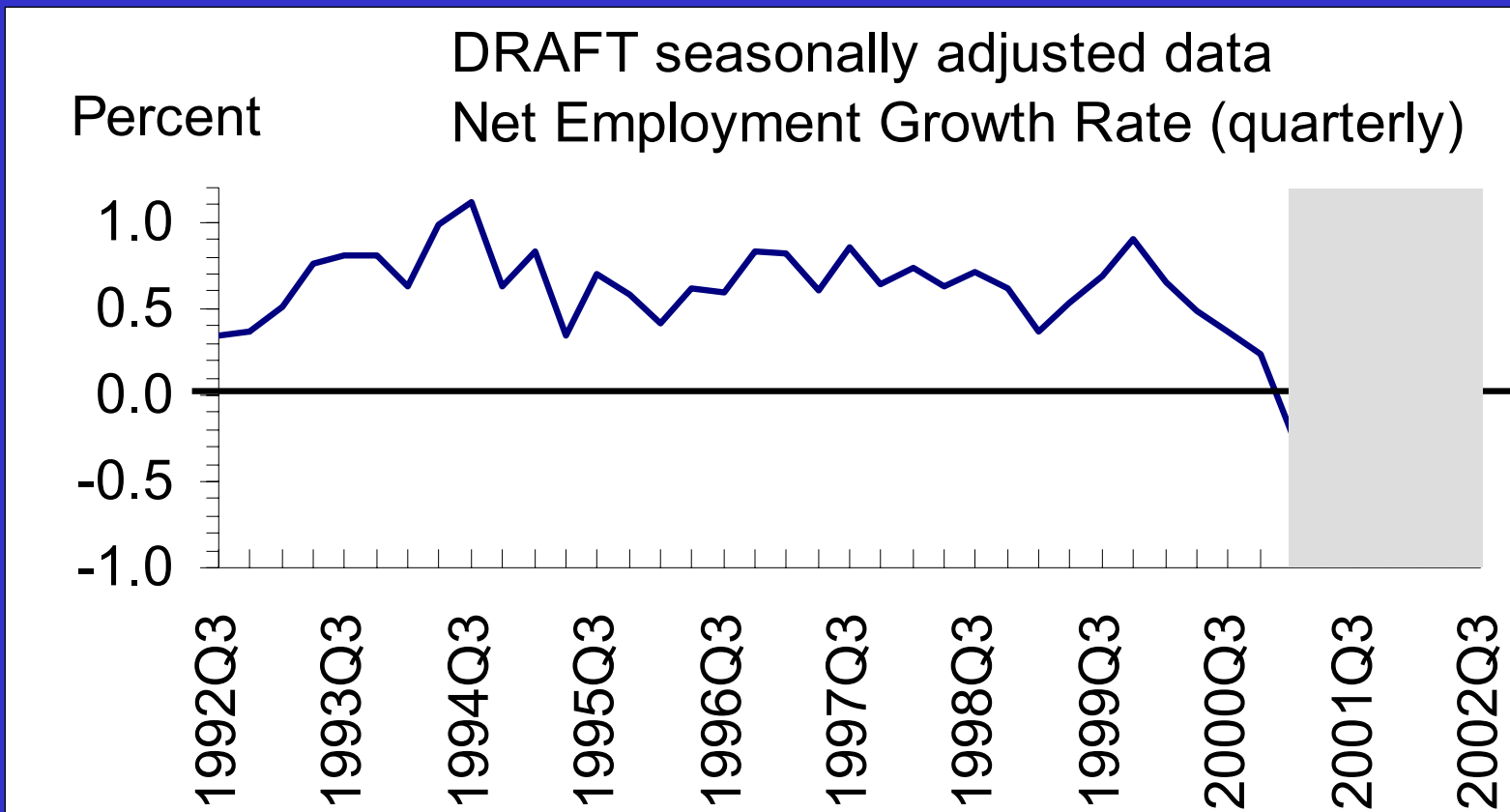
Potential of Using Wage Records:

Follow groups of individuals from closed UI accounts to newly opened UI accounts

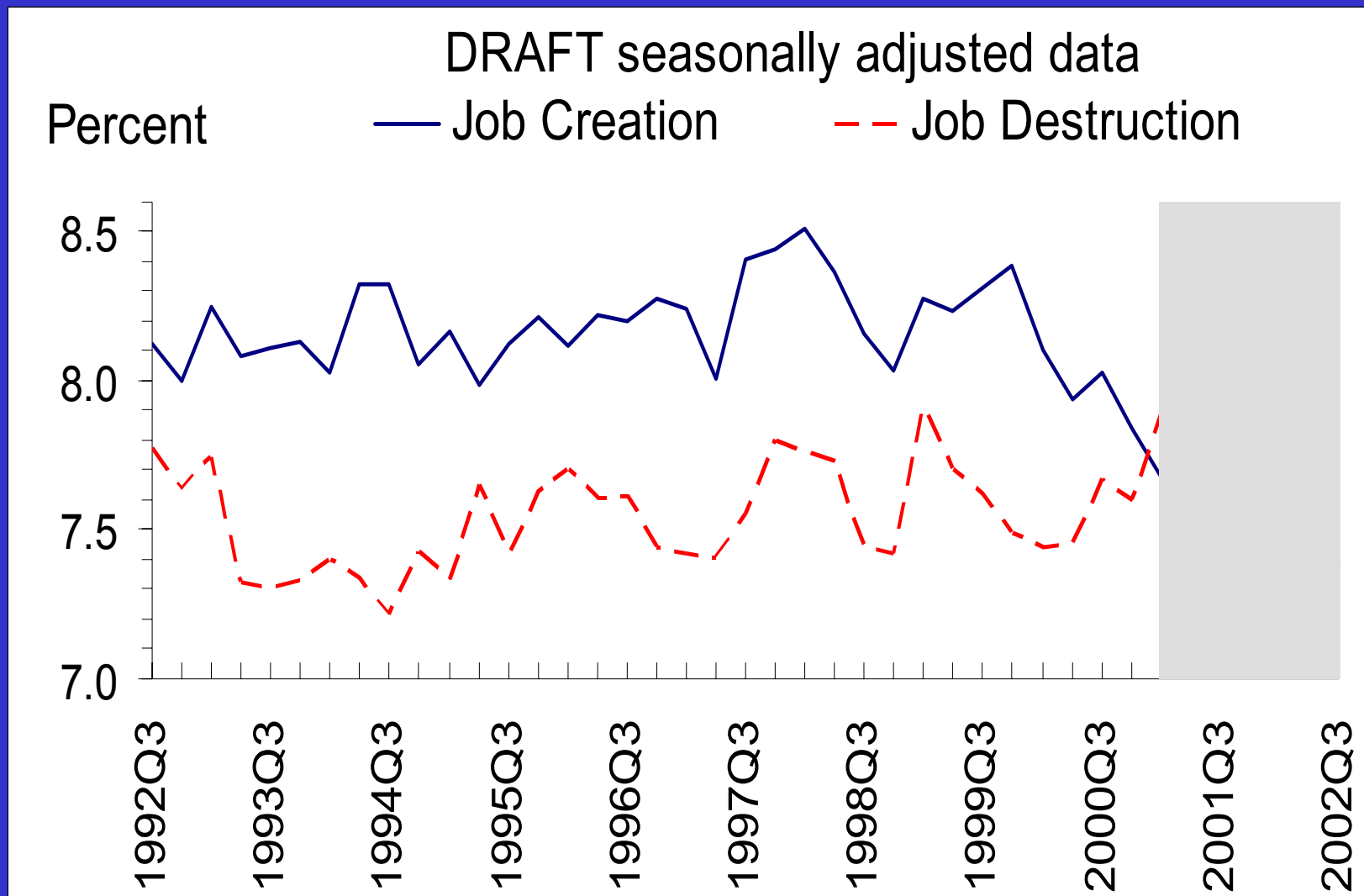
Longitudinal ES-202 Microdata: Two Examples of Uses

- Business Cycle Analysis
- Business Demographics

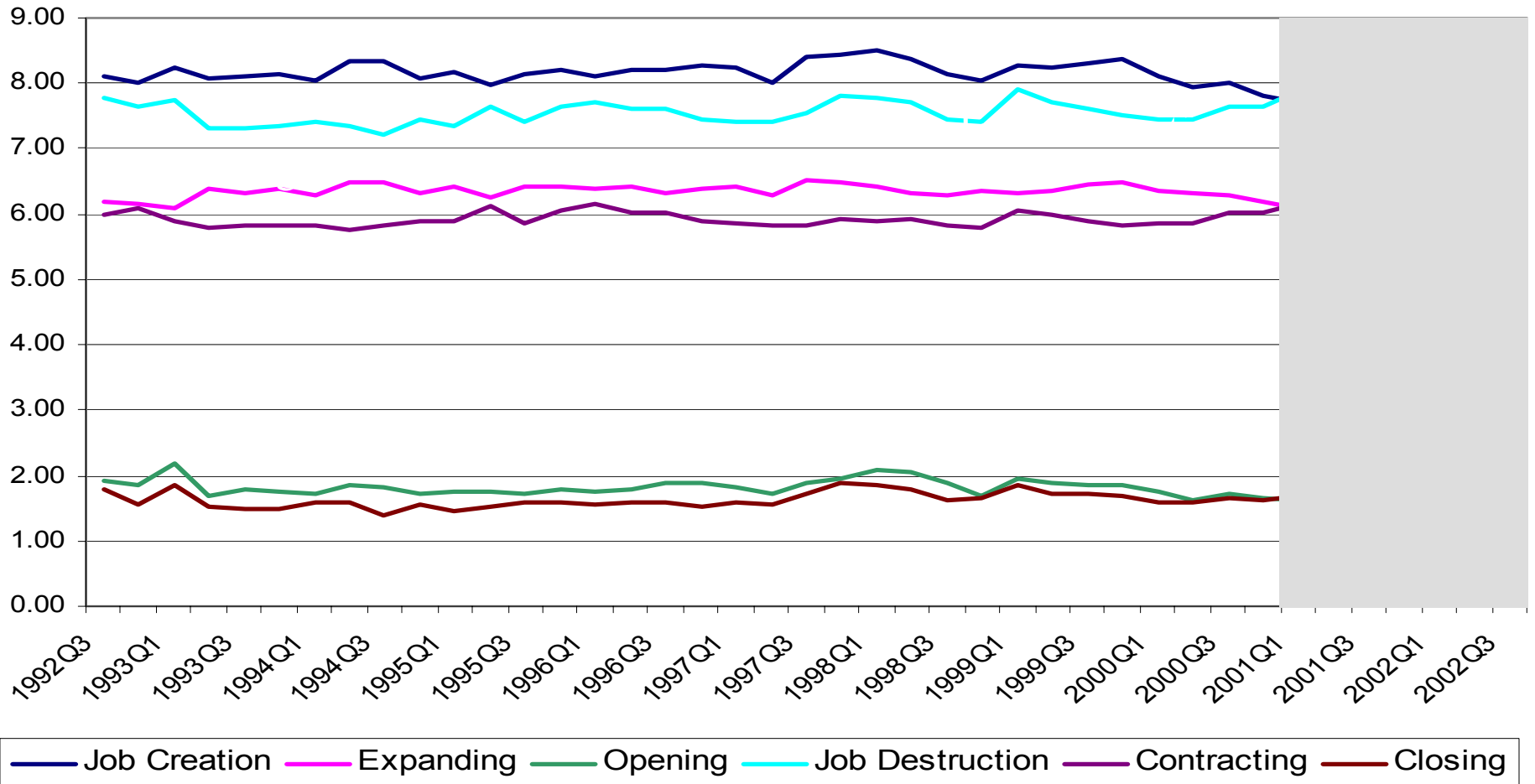
Business Cycle Analysis



Business Cycle Analysis



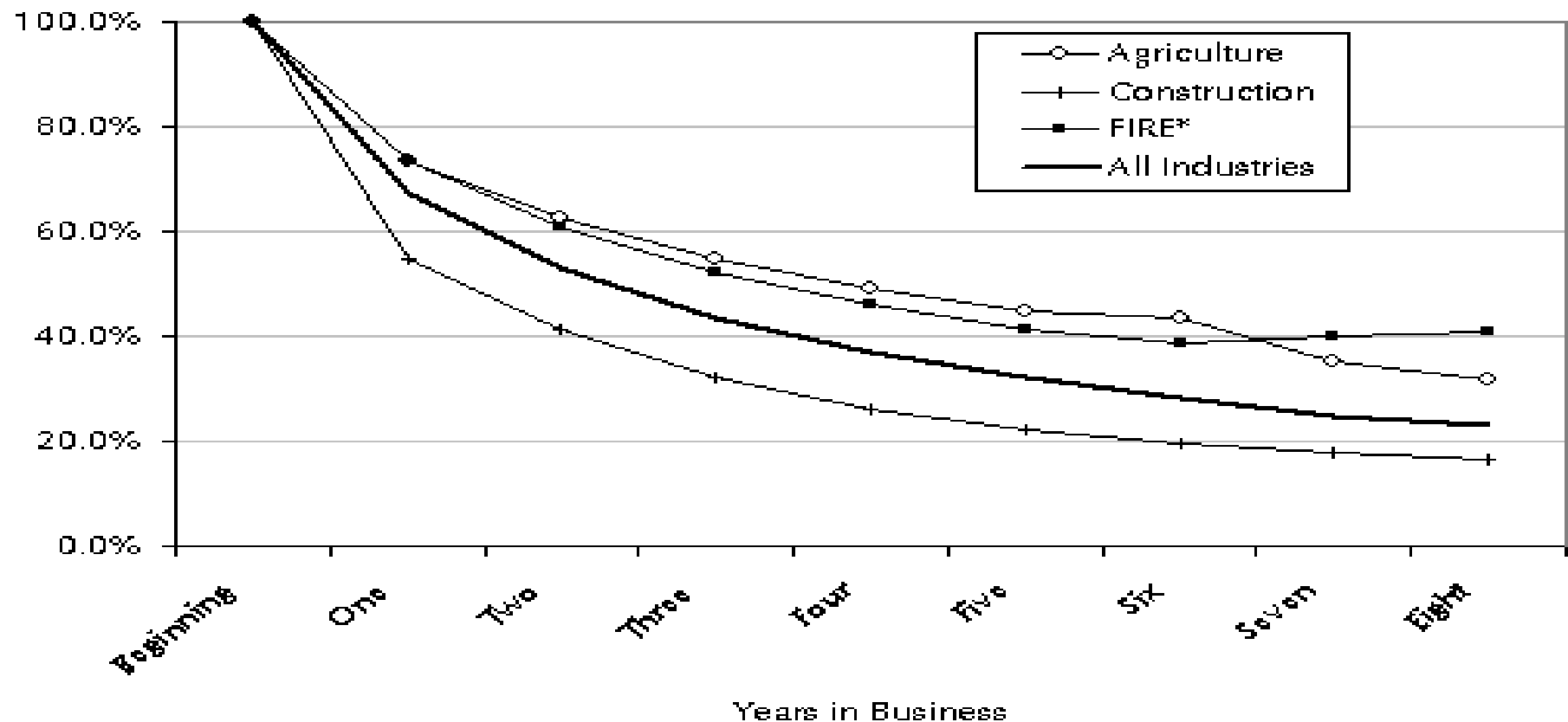
Job Creation - Job Destruction Rates (Seasonally Adjusted)



Business Demographics

Wyoming Labor Force Trends, January 2002

Figure 3: Survival of New Businesses in Wyoming by Number of Years in Business for Selected Industries



Uses of Data

Job creation and job destruction data:

- help economists, and policy makers in assessing the business cycle.
- highlight forces behind the net employment change.
- help understand the life cycle of establishments
- Identify growing and troubled industries.
- Identify growing and industries geographic by measuring openings and expanding businesses.

Uses of Data

- Allows States to compare their JC/JD rates
- Measure effectiveness of incentive programs:
 - business development zones
 - small/minority business development programs
 - loans/grants programs

Business Demographics Methods

- UI laws requires reporting of legal predecessor
- State staff review
- BLS adds automated probability-based match
- BLS adds manual review of large openings/closings
- adding employee level data to aid in identifying predecessor/successors

Business Demographics

- Job Creation and job destruction data reveal some aspects of business 'demographics' such as :
 - establishment openings
 - establishment closings
 - establishments survival
 - establishments life cycle

BLS Publication Plans

Summer 2003

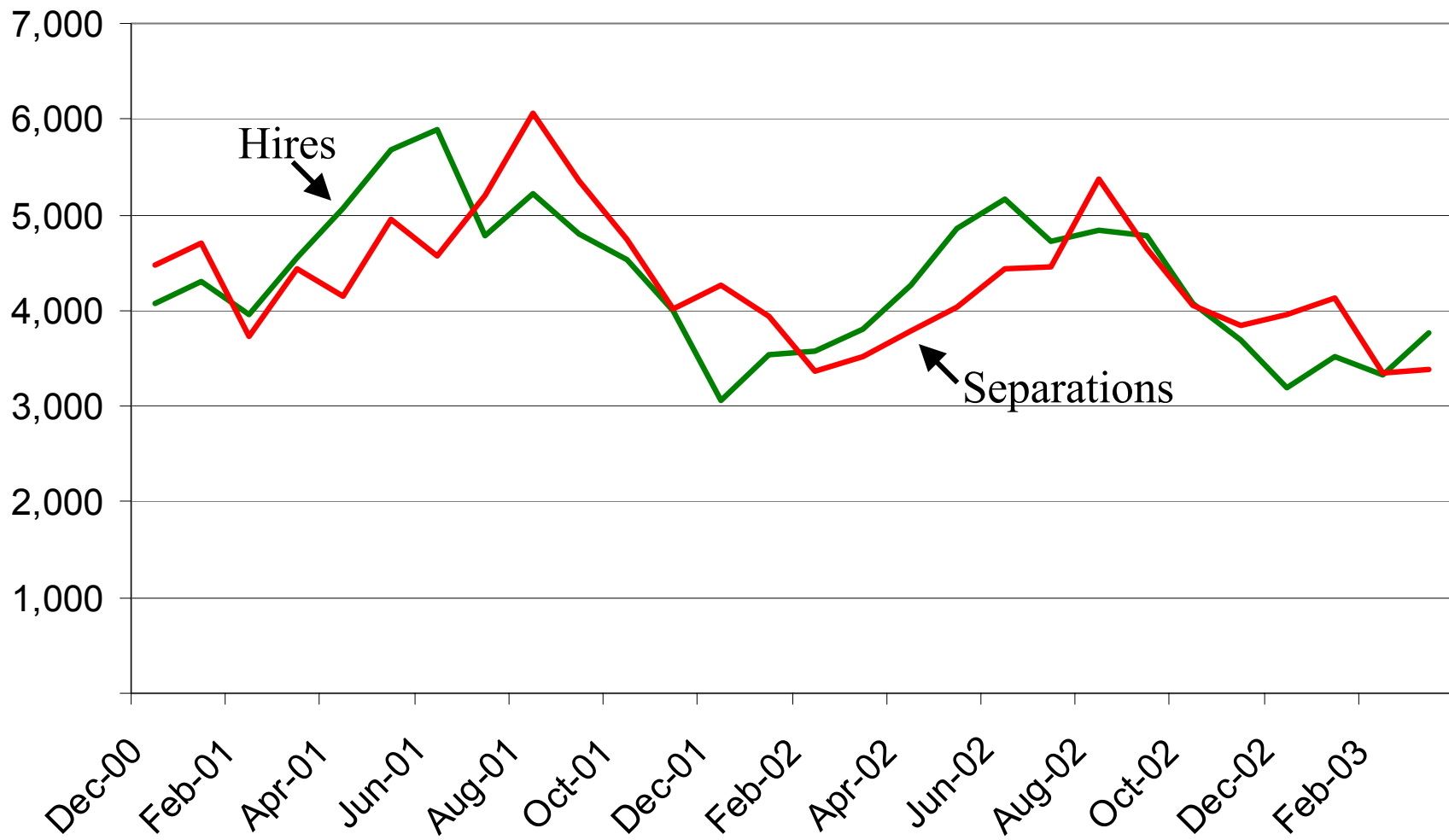
- National history
 - openings
 - expanding
 - contracting
 - closing
- Quarterly Release (7 month lag)

Late '03 - '04

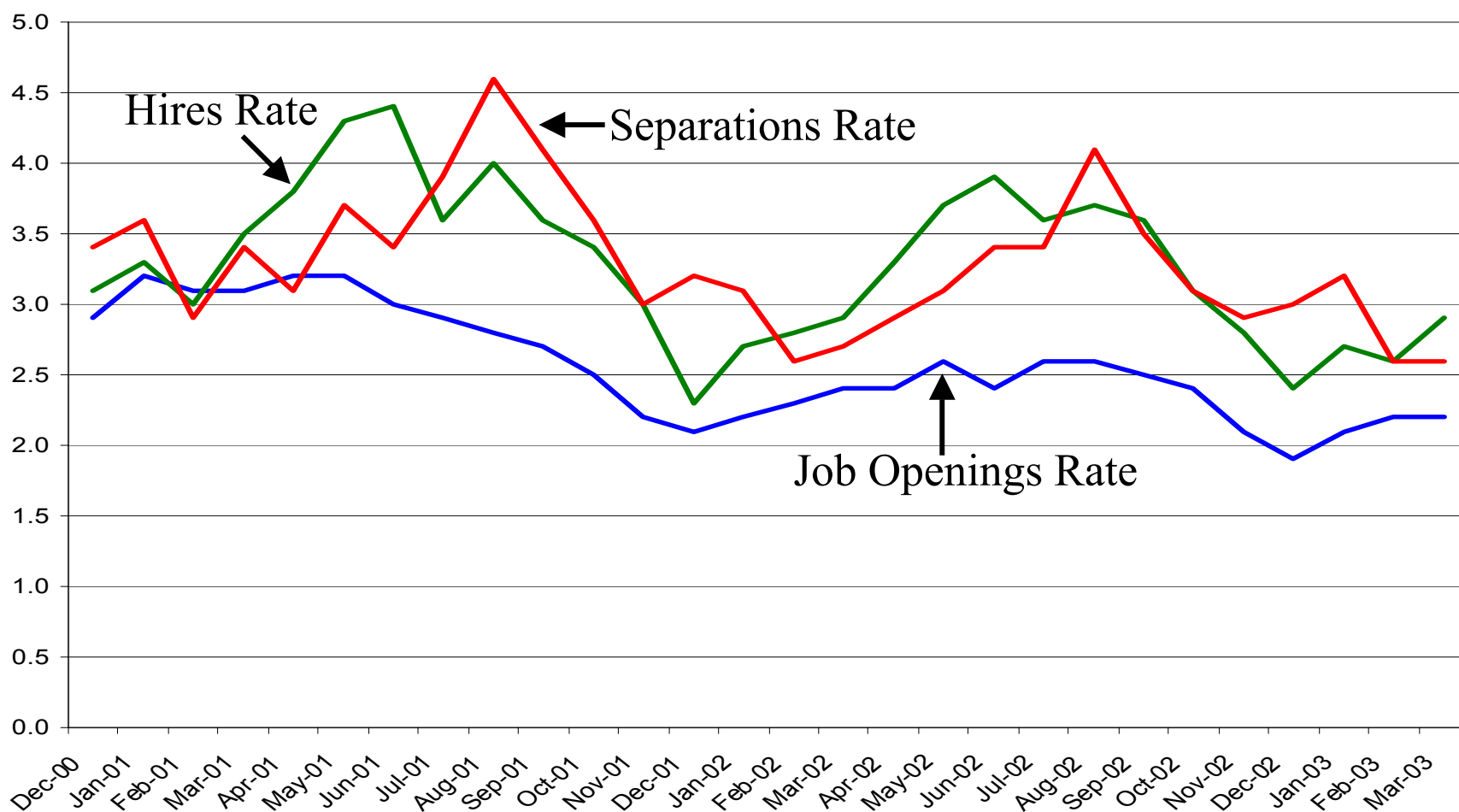
- Creation/Destruction by size, state, industry
- Business survival rates
- Births and Deaths

Job Openings and Labor Turnover Survey

Monthly Hires and Separations (in thousands)



Monthly Job Openings, Hires, and Separations Rates (not seasonally adjusted)



Source: Job Openings and Labor Turnover Survey