

### Introduction

This edition of Kevin's Corner uses data from Job Openings and Labor Turnover Survey (JOLTS) to look at the current state of Vermont's labor market relative to the time prior to the pandemic. JOLTS data serve as demand-side indicators of labor shortages.

### Sources

JOLTS data is a product of the Bureau of Labor Statistics (BLS). It is derived from a survey of approximately 16,000 businesses nationwide. The BLS began publishing state data in October 2021. Data is seasonally-adjusted unless otherwise noted.

### Definitions

These definitions are taken directly from the BLS. More information on the data can be found at the [JOLTS home page](#).

*Job Openings:* Positions that are open (not filled) on the last business day of the month. The job openings rate is expressed as the number of jobs available per unemployed person.

*Hires:* Additions to the payroll during the month. The hires rate is expressed as the number of hires during a month as a percent of total employment.

*Separations:* Employees separated from the payroll during the month. The separation rate is expressed as the number of separations during a month as a percent of total employment.

*Churn rate:* The sum of a state's hire rate and separation rate.

### JOLTS and the COVID Recession

In this section we compare Vermont JOLTS data from before and after the onset of the most recent recession. We will review each indicator

defined above independently, comparing the 24 months prior to the pandemic (March 2018 - February 2020) to the performance of the series during the pandemic. All figures rounded to the nearest 1,000.

### Openings

Openings are considered pro-cyclical; they are expected to increase during periods of economic expansion and decrease during periods of recession. In the 24 month period prior to the pandemic (March 2018 – February 2020) job openings averaged 16,000 (4.9%) in Vermont. The maximum during that period was 18,000 (5.4%) in October 2018. The lowest was 14,000 (4.2%) in April 2019.

Openings fell to an average of 13,500 during the first four months of the pandemic (March – June 2020). The rate over that period averaged 4.7% due to a steep decline in employment, the denominator in the calculation. July of 2020 saw the lowest openings in the history of the series, 7,000 or 2.5%.

By the spring and summer of 2021, however, openings surged past pre-pandemic levels, reaching a series high of 26,000 (8.2%) in April of 2021. Since April openings have averaged 23,000 per month.

Table 1: Average Openings

	Level	Rate
March 2018 – Feb 2020	16,000	4.9%
March 2020 – August 2021	17,000	5.5%
Maximum in series (April 2021)	26,000	8.2%

### Hires

Hires are considered pro-cyclical. In the 24 months prior to the pandemic Vermont hiring averaged 13,000 per month, a rate of 4.2%. The maximum hiring during that period was 16,000 (5.0%) in July of 2018 while the lowest was 12,000 (3.8%) in September 2018.



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The earliest months of the pandemic saw a significant decline in hiring, March and April of 2020 reporting 11,000 per month. This equates to hire rates of 3.5% and 4.4% respectively, the increased rate being the result of a much smaller total employment level. May 2020 brought a swift uptick in hiring, reaching the highest level in the series to that date, 21,000 (7.9%).

Hires returned to more normal figures until the summer of 2021, reaching a series high of 32,000 (10.8%) in June of 2021 as pandemic-related restrictions were lifted. They have since returned to the pre-pandemic average of 13,000.

*Table 2: Average Hires*

	<b>Level</b>	<b>Rate</b>
March 2018 – Feb 2020	13,000	4.2%
March 2020 – August 2021	15,000	5.1%
<i>Maximum in series (June 2021)</i>	<i>32,000</i>	<i>10.8%</i>

### *Separations*

Separations are the sum of several circumstances that might lead to someone being separated from payroll. The most common are people who quit their jobs to seek or start other employment (quits) and people who are laid off or discharged. Other reasons include retirement or death.

Quits are generally considered pro-cyclical; In a strong labor market people are more likely to seek and find other available opportunities. In a weak labor market people are less inclined to leave their current position because fewer alternatives are available. Layoffs and discharges are considered counter-cyclical; As the economy weakens, demand falls. A decline in demand leads to a decline in production. Firms respond by laying off workers.

In the two years prior to the pandemic monthly total separations averaged 12,000 (3.9%) with quits comprising a slightly larger share than layoffs and discharges. In the 18 months since the start of the pandemic total separations have averaged 14,000 (5.0%) with layoffs and discharges outnumbering quits by a 4:3 ratio. Total separations peaked at 45,000 (14.4%) in March of 2020 with layoffs and discharges outpacing quits by almost 8:1. The following month saw 30,000 separations and a ratio of about 29:1 of layoffs to quits.

Since that time the separations figures have returned to more normal levels, varying from a low of 7,000 (2.6%) in May of 2020 to a high of 15,000 in July of 2021. Quits were equal to or greater than layoffs in every month. On average, quits (6,100 or 2.1%) outnumbered layoffs (4,400 or 1.5%) by 1,700.

*Table 3: Average Separations*

	<b>Level</b>	<b>Rate</b>
March 2018 – Feb 2020	12,000	3.9%
March 2020 – August 2021	14,000	5.0%
<i>Maximum in series (March 2020)</i>	<i>45,000</i>	<i>14.4%</i>

### *Churn*

Because it's the sum of a variable that tends to be pro-cyclical and one that tends to be counter-cyclical, the churn rate doesn't follow obvious business cycle patterns. The average churn rate in the two years prior to the pandemic was 8.1%.

The onset of the pandemic led to record levels of churn – 17.9% and 16.4% in March and April 2020 respectively. These high rates were driven almost exclusively by layoffs and discharges. Since that time we've seen decline to pre-pandemic levels with the average since May 2020 being 9.3%. June of 2021 is a notable exception to that trend, with a rate of 14.9% driven almost entirely by hires.

Kevin's Corner: Job Openings and Labor Turnover Survey Data for Vermont

Appendix: Vermont Job Openings and Labor Turnover Survey data, March 2018 - Present

Measure	Scale	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
		2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
Hires	Level (1000s)	13	13	13	14	16	14	12	14	13	13	13	13	13	13	14	14	14	13	13	13	13
Openings	Level (1000s)	16	16	15	17	18	17	17	18	17	16	17	16	16	14	18	17	16	16	16	17	16
Layoffs & Discharges	Level (1000s)	5	3	5	5	5	5	5	6	5	5	4	5	5	4	5	5	4	4	5	5	5
Quits	Level (1000s)	7	7	7	7	7	7	7	7	6	8	7	6	7	6	8	7	7	7	7	7	7
Total Separations	Level (1000s)	13	12	12	13	12	13	13	13	12	13	11	12	12	11	13	13	12	12	13	12	13
Hires	Rates	4.1	4.1	4.1	4.4	5.0	4.4	3.8	4.4	4.1	4.1	4.1	4.1	4.1	4.1	4.4	4.4	4.4	4.1	4.1	4.1	4.1
Openings	Rates	4.8	4.8	4.5	5.1	5.4	5.1	5.1	5.4	5.1	4.8	5.1	4.8	4.8	4.2	5.4	5.1	4.8	4.8	4.8	5.1	4.8
Layoffs & Discharges	Rates	1.6	1.0	1.6	1.6	1.6	1.6	1.6	1.9	1.6	1.6	1.3	1.6	1.6	1.3	1.6	1.6	1.3	1.3	1.6	1.6	1.6
Quits	Rates	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	1.9	2.5	2.2	1.9	2.2	1.9	2.5	2.2	2.2	2.2	2.2	2.2	2.2
Total Separations	Rates	4.1	3.8	3.8	4.1	3.8	4.1	4.1	4.1	3.8	4.1	3.5	3.8	3.8	3.5	4.1	4.1	3.8	3.8	4.1	3.8	4.1
Churn		8.2	7.9	7.9	8.5	8.8	8.5	7.9	8.5	7.9	8.2	7.6	7.9	7.9	7.6	8.5	8.5	8.2	7.9	8.2	7.9	8.2
Layoffs per Quit		0.7	0.5	0.7	0.7	0.7	0.7	0.7	0.9	0.8	0.6	0.6	0.8	0.7	0.7	0.6	0.7	0.6	0.6	0.7	0.7	0.7
Measure	Scale	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
		2019	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2021	2021	2021	2021	2021	2021	2021
Hires	Level (1000s)	13	14	13	11	11	21	18	12	13	14	13	12	12	12	13	14	16	15	32	13	13
Openings	Level (1000s)	15	17	16	13	14	14	13	7	13	16	15	14	15	15	16	19	26	24	23	21	23
Layoffs & Discharges	Level (1000s)	5	5	5	39	29	5	5	4	4	6	5	5	5	4	5	4	4	3	3	4	4
Quits	Level (1000s)	6	7	7	5	1	1	5	6	5	6	7	8	7	6	7	7	4	4	7	9	8
Total Separations	Level (1000s)	12	13	13	45	30	7	11	11	9	12	12	14	13	12	12	12	10	9	12	15	12
Hires	Rates	4.1	4.4	4.1	3.5	4.4	7.9	6.6	4.3	4.6	4.9	4.5	4.2	4.2	4.2	4.5	4.8	5.5	5.1	10.8	4.3	4.3
Openings	Rates	4.5	5.1	4.8	4.0	5.3	5.0	4.5	2.5	4.4	5.3	5.0	4.6	5.0	5.0	5.3	6.2	8.2	7.6	7.2	6.5	7.1
Layoffs & Discharges	Rates	1.6	1.6	1.6	12.5	11.6	1.9	1.8	1.4	1.4	2.1	1.7	1.7	1.7	1.4	1.7	1.4	1.4	1.0	1.0	1.3	1.3
Quits	Rates	1.9	2.2	2.2	1.6	0.4	0.4	1.8	2.2	1.8	2.1	2.4	2.8	2.4	2.1	2.4	2.4	1.4	1.4	2.4	3.0	2.7
Total Separations	Rates	3.8	4.1	4.1	14.4	12.0	2.6	4.0	4.0	3.2	4.2	4.2	4.9	4.5	4.2	4.2	4.1	3.4	3.1	4.1	5.0	4.0
Churn		7.9	8.5	8.2	17.9	16.4	10.5	10.6	8.3	7.8	9.1	8.7	9.1	8.7	8.4	8.7	8.9	8.9	8.2	14.9	9.3	8.3
Layoffs per Quit		0.8	0.7	0.7	7.8	29.0	4.8	1.0	0.6	0.8	1.0	0.7	0.6	0.7	0.7	0.7	0.6	1.0	0.7	0.4	0.4	0.5
*preliminary																						

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