



Bureau of Labor Market Information & Strategic Initiatives

Quarterly Census of Employment and Wages (QCEW)

Business Employment Dynamics Highlights, Second Quarter 2015

Strong Gains from Business Expansions

Business Employment Dynamics (BED) statistics track gross job gains and gross job losses in private sector businesses by disaggregating them into their four components: jobs added by expanding businesses and the addition of new jobs at business openings; jobs lost by business contractions and job losses at closing establishments. (See the Technical Note for more information). The data tells us which component is the source of the net employment change by tracking changes from the third month of one quarter to the third month of the next. From March 2015 to June 2015 **gross job gains** from opening and expanding establishments were 219,556, an increase of 32,858 jobs over the quarter but 7,272 fewer jobs over the year. **Gross job losses** from closing and contracting businesses were at 187,213, an increase of 1,397 job losses from the previous quarter but a decline of 3,539 jobs lost over the year (June 2014).

- Gross job gains at **expanding** establishments totaled 193,418 in the second quarter 2015, the highest since the end of the Great Recession in June 2009. Jobs increased by 37,773 over March 2015 and 960 jobs over the year (June 2014). (Figure 1, Page 2)
- Job gains from establishment **openings** were weaker accounting for 26,138 jobs. The level of jobs created were 4,915 below the prior quarter and 8,232 fewer jobs over the year. (Figure 2, Page 2)
- **Contracting** establishments contributed to 158,172 of the job losses in the second quarter 2015. Losses from this component were 939 jobs below March 2015 and 1,081 jobs below the prior year (June 2014). (Figure 1, Page 2)
- **Closing** establishments recorded more losses over the quarter (-2,336) but lost 2,458 fewer jobs over the year. Total jobs lost from closings were 29,041 more than offsetting the gains from business openings. (Figure 2, Page 2)

Gross Job Gains Exceed Gross Job Losses over the quarter

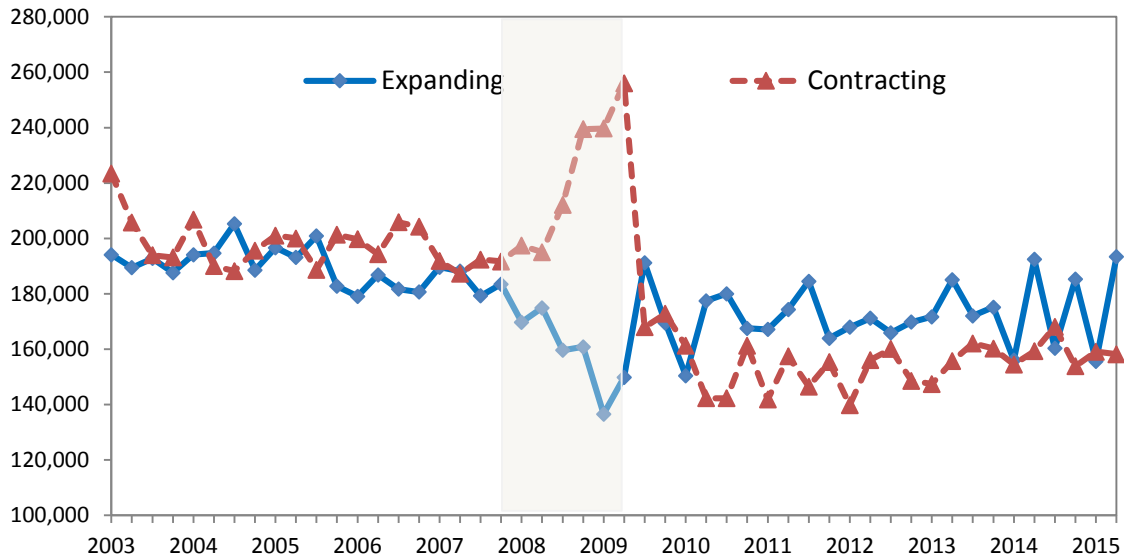
Since March 2010 gross job gains exceeded gross job losses for twenty out of the twenty-one quarters. The difference between gross job gains, which were up over March 2015 and gross job losses, which also recorded an increase resulted in net job gains of 32,343 in the second quarter 2015. (Figure 3, Table 1, page3). Gross job gains represented 6.1 percent of private sector employment in Michigan, slightly below the nation's rate of 6.4 percent. However, Michigan's gross job losses (5.2 percent of private sector employment) were below the national rate (5.7 percent).

Establishment data shows that net firm formations for Michigan (the difference between the number of opening and closing establishments) were negative 1,565 due to a decline in establishment openings (-3,196) and an increase in establishment closings (1,726) over March 2015.

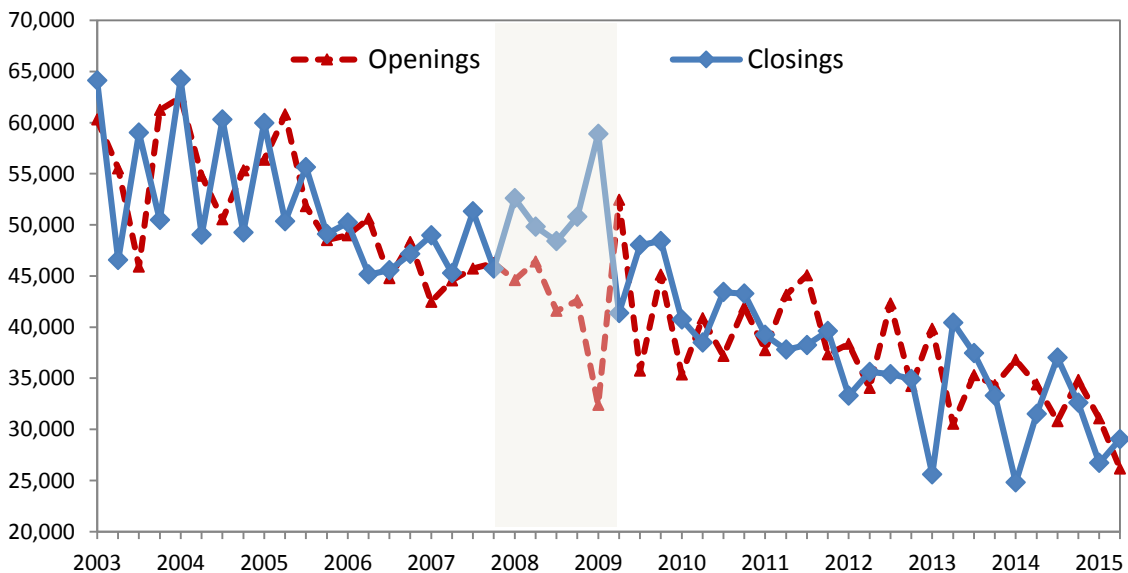
Manufacturing sector leads in Net Job Gains

During the second quarter of 2015, all eleven sectors recorded greater gross job gains over gross job losses. The *Manufacturing* sector led in net job gains with business expansions and openings contributing to 22,980 jobs, while 12,306 jobs were lost from business contractions and closings resulting in a net gain of 9,153 jobs. Retail Trade, Leisure and Hospitality and Construction followed the manufacturing sector in net job gains primarily from business expansions.

**Figure 1: Components of private sector gross job gains and gross job losses:
Expanding and Contracting establishments, seasonally adjusted
March 2003-June 2015**



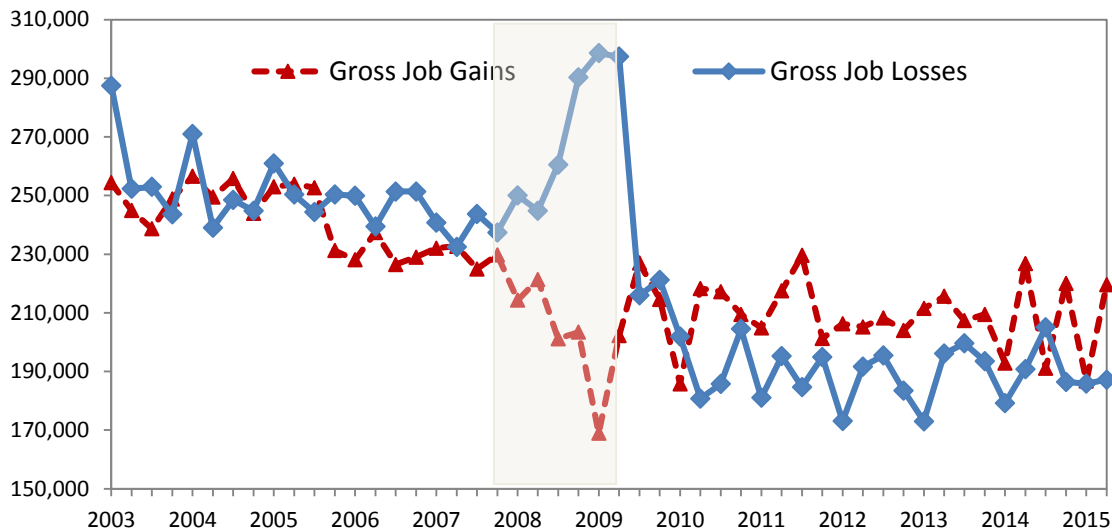
**Figure 2: Components of private sector gross job gains and gross job losses:
Opening and Closing establishments, seasonally adjusted
March 2003-June 2015**



Source: Bureau of Labor Statistics, Business Employment Dynamics/DTMB

Note: Shaded area represents NBER defined recession period

Figure 3: Private Sector Gross Job Gains and Gross Job Losses, seasonally adjusted, March 2003-June 2015



Source: Bureau of Labor Statistics, Business Employment Dynamics/DTMB

Note: Shaded area represents NBER defined recession period

Table 1: Three-Month Private Sector Gross Job Gains and Losses, Seasonally Adjusted

Michigan Gross Job Gain/Loss	Three months ending				
	Jun-14	Sept-14	Dec-14	Mar-15	Jun-15
Gross Job Gains	226,828	191,082	220,069	186,698	219,556
At expanding establishments	192,458	160,295	185,260	155,645	193,418
At opening establishment	34,370	30,787	34,809	31,053	26,138
Gross job losses	190,752	205,107	186,438	185,816	187,213
At contracting establishments	159,253	168,085	153,842	159,111	158,172
At closing establishments	31,499	37,022	32,259	26,705	29,041
Net employment change	36,076	-14,025	33,631	882	32,343
<u>U.S. Gross Job Gain/loss (in 1,000's)</u>					
Gross job gains	7,467	7,235	7,658	6,947	7,554
Gross job losses	6,584	6,710	6,563	6,721	6,725
Net employment change	883	525	1,095	226	829

Source: Bureau of Labor Statistics, Business Employment Dynamics/DTMB

Technical Notes

The Business Employment Dynamics (BED) data are a product of a federal-state cooperative program known as Quarterly Census of Employment and Wages (QCEW). The BED data are compiled by the U.S. Bureau of Labor Statistics (BLS) from existing QCEW records. Most employers in the U.S. are required to file quarterly reports on the employment and wages of workers covered by unemployment insurance (UI) laws, and to pay quarterly UI taxes. The QCEW is based largely on quarterly UI reports which are sent by businesses to the State Employment Security Agencies (SESAs).

In the BED program, the quarterly QCEW records are linked across quarters to provide a longitudinal history for each establishment. The linkage process allows the tracking of net employment changes at the establishment level, which in turn allows the estimation of jobs gained at opening and expanding units and jobs lost at closing and contracting units.

Concepts and methodology

The Business Employment Dynamics data measure the net change in employment at the establishment or firm level. These changes come about in one of four ways. A net increase in employment can come from either opening units or expanding units. A net decrease in employment can come from either closing units or contracting units. Gross job gains include the sum of all jobs added at either opening or expanding units. Gross job losses include the sum of all jobs lost in either closing or contracting units. The net change in employment is the difference between gross job gains and gross job losses. The formal definitions of employment changes are as follows:

Openings: These are either units with positive third month employment for the first time in the current quarter, with no links to the prior quarter, or with positive third month employment in the current quarter following zero employment in the previous quarter.

Expansions: These are units with positive employment in the third month in both the previous and current quarters, with a net increase in employment over this period.

Closings: These are either units with positive third month employment in the previous quarter, with no employment or zero employment reported in the current quarter.

Contractions: These are units with positive employment in the third month in both the previous and current quarters, with a net decrease in employment over this period.

All employment changes are measured from the third month of the previous quarter to the third month of the current quarter. Not all establishments and firms change their employment levels. Units with no change in employment count towards estimates of total employment, but not for levels of gross job gains and gross job losses. Gross job gains and gross job losses data do not report estimates for government employees and private households

Gross job gains and gross job losses are expressed as rates by dividing their levels by the average of employment in the current and previous quarters. This provides a symmetric growth rate. The rates are calculated for the components of gross job gains and gross job losses and then summed to form their respective totals. These rates can be added and subtracted just as their levels can. For instance, the difference between the gross job gains rate and the gross job losses rate is the net growth rate.

Changes to Business Employment Dynamics (BED) Data

Annual revisions are published each year with the release of first quarter data. These revisions cover the last four quarters of not seasonally adjusted data and five years of seasonally adjusted data. Additionally, all historical BED series back to third quarter of 1992 have been revised with the release of first quarter 2015 data for both seasonally adjusted and not seasonally adjusted series to incorporate an administrative change in scope. For additional information visit www.bls.gov/bdm