



Bureau of Labor Market Information & Strategic Initiatives
Quarterly Census of Employment and Wages (QCEW)
Business Employment Dynamics Highlights, First Quarter 2016

Job losses from Business Closings at the lowest level in the First Quarter

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 December 2015 to March 2016 **gross job gains** from opening and expanding establishments were 196,117 a decrease of 22,315 jobs from the previous quarter but 7,988 more jobs over the year (March 2015). **Gross job losses** from closing and contracting businesses over the same period were 179,106, a decrease of 12,978 jobs from the previous quarter and 7,381 fewer jobs lost over the year

- Gross job gains at **expanding** establishments totaled 163,984 in the quarter ending March 2016, a decrease of 18,993 jobs from December 2015 but 6,811 jobs above the previous year, March 2015. (Figure 1, Page 2)
- Job gains from establishment **openings** were at 32,133 jobs, adding 3,322 fewer jobs over the quarter but 1,177 more jobs over the year. (Figure 2, Page 2)
- **Contracting** establishments contributed to 158,343 of the job losses in the first quarter 2016. Job Losses from this component were 435 fewer jobs lost over the quarter and 333 fewer jobs lost over the year. (Figure 1, Page 2)
- **Closing** establishments recorded 12,543 fewer jobs over the quarter and 7,048 fewer job losses over the year. Total jobs lost from December 2015 to March 2016 from business closings were at 20,763. (Figure 2, Page 2)

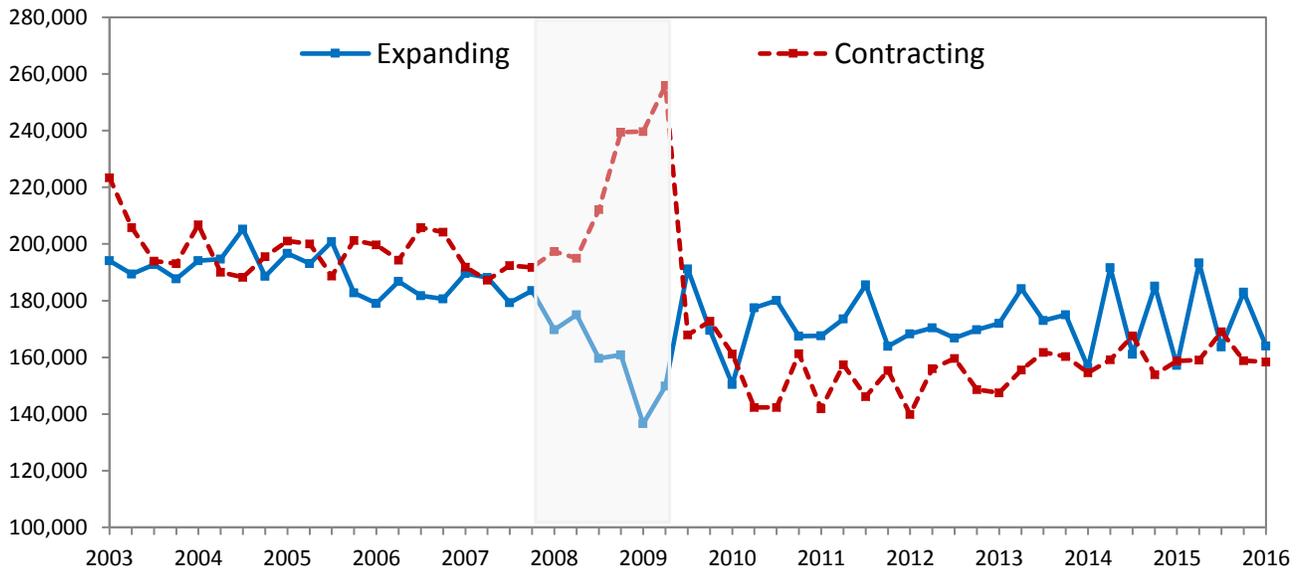
Job gains for the first quarter 2016 came primarily from fewer job losses from business contractions and closings. Job losses from business closings were at the lowest level since the data series started in 1992. Job gains from business expansions and openings were lower over the quarter but higher over the year (March 2015). Net job gains (the difference between gross job gains and gross job losses) of 17,011 in the first quarter 2016 were 15,369 jobs above the prior year but 9,337 fewer jobs over the quarter. (Figure 3, Table 1, Pages 3-4). Gross job gains represented 5.4 percent of private sector employment in Michigan, less than the nation's rate of 5.8 percent. However, Michigan had fewer gross job losses at 4.9 percent of private sector employment, below the national rate of 5.7 percent. (Figure 4, Page 3)

Establishment data shows that net firm formations for Michigan (the difference between the number of opening and closing establishments) were at 4,678. This was primarily due to a decrease in establishment closings at 5,474, the lowest level, compared to 8,427 in December 2015. Business openings at 10,152 were higher than the 9,387 recorded in December 2015.

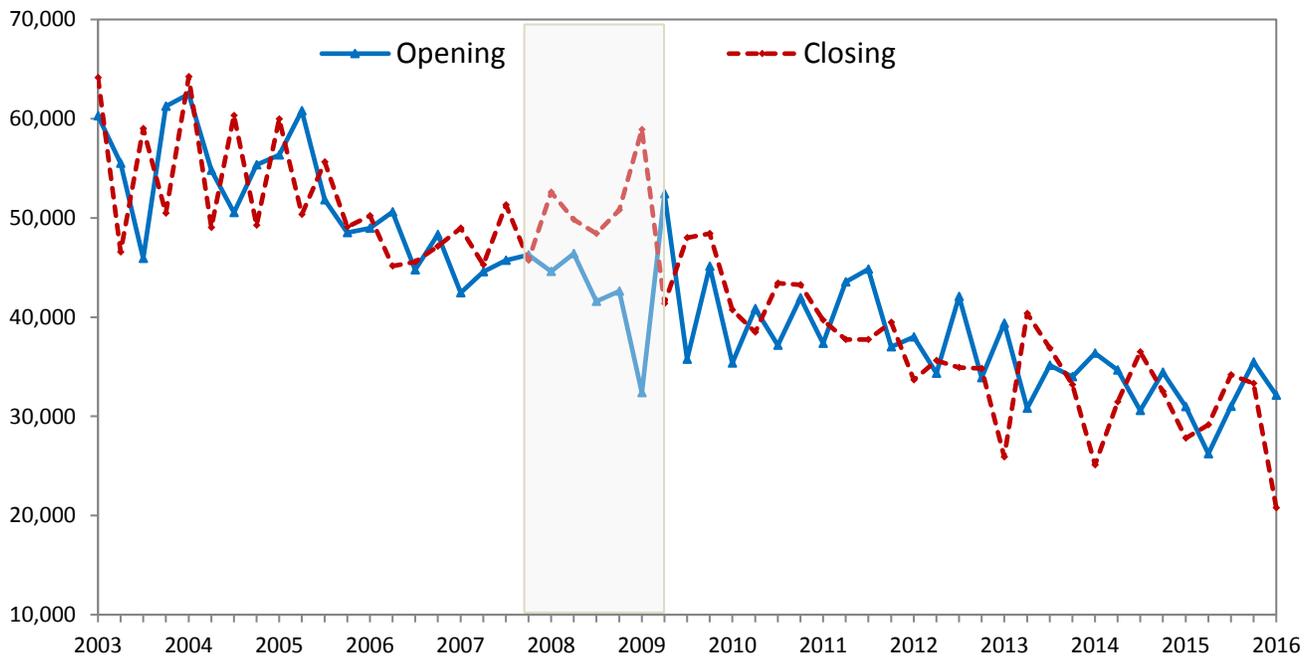
Leisure and Hospitality Sector leads in net Job Gains

Eight of the eleven sectors recorded greater gross job gains over gross job losses in the first quarter 2016. *Leisure and hospitality services* recorded the lowest level of job losses from business closings since the start of the series and the highest net gains since 2006. *Construction, Retail trade and Professional and technical services* recorded net gains above 2,000. All the other sectors recorded net job gains below 2,000. *Transportation and warehousing, Education and health services and Other services* were the three sectors to record net job losses.

**Figure 1: Components of private sector gross job gains and gross job losses:
Expanding and Contracting establishments, seasonally adjusted
March 2003-March 2016**

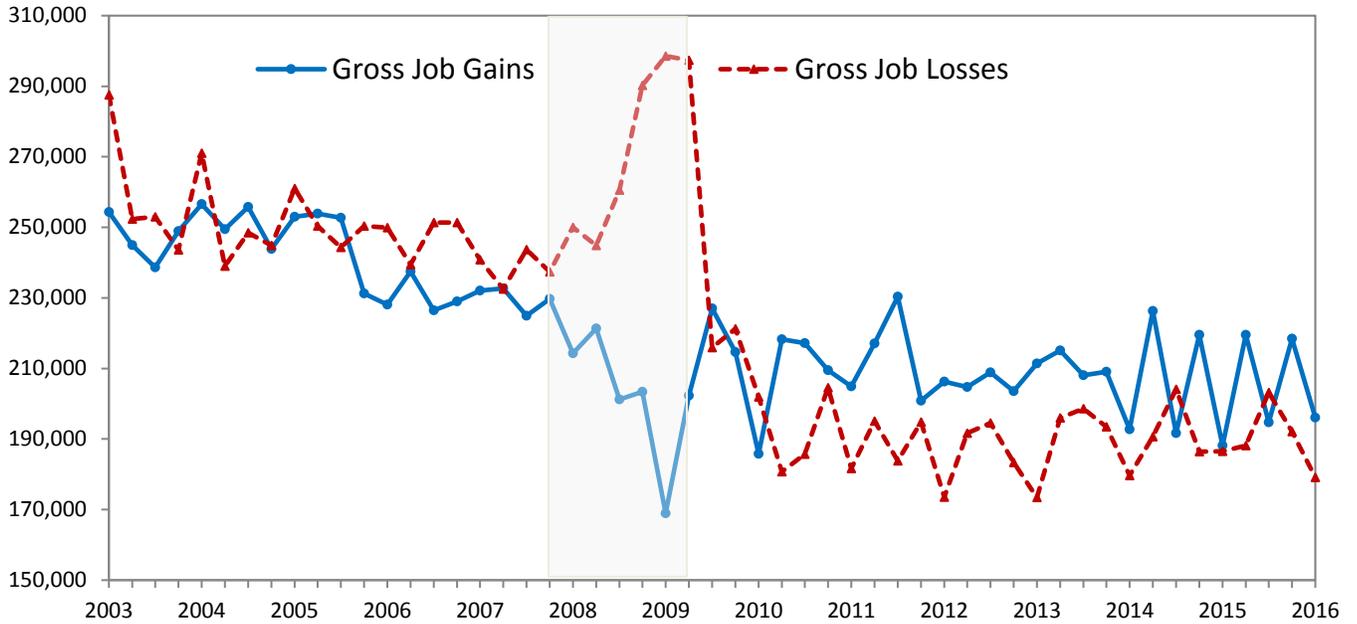


**Figure 2: Components of private sector gross job gains and gross job losses:
Opening and Closing establishments, seasonally adjusted
March 2003-March 2016**



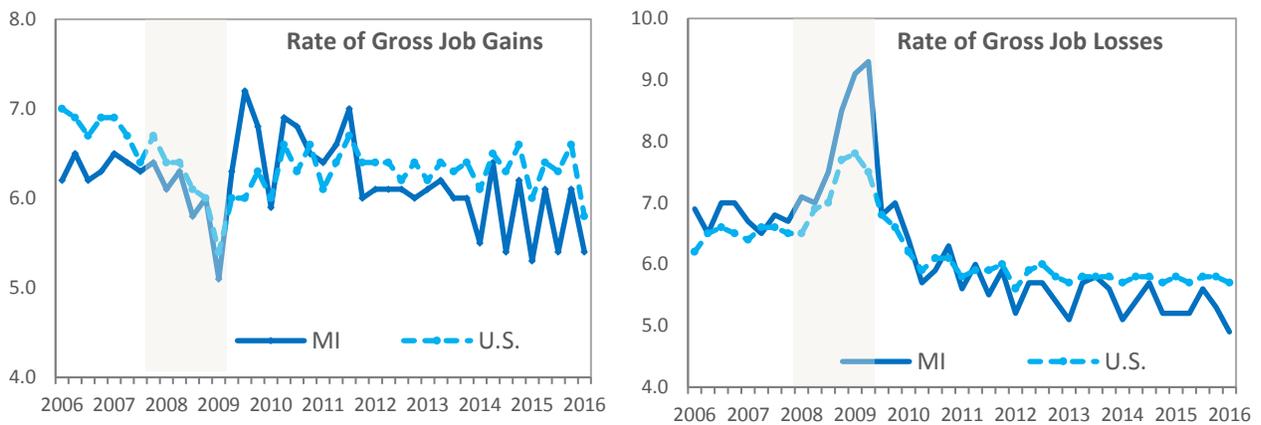
Source: Bureau of Labor Statistics, Business Employment Dynamics/DTMB
Note: Shaded area represents NBER defined recession period

Figure 3: Components of private sector gross job gains and gross job losses:
Private Sector Gross Job Gains and Gross Job Losses, seasonally adjusted
March 2003-March 2016



Source: Bureau of Labor Statistics, Business Employment Dynamics/DTMB
Note: Shaded area represents NBER defined recession period

Figure 4: Private Sector gross job gains and losses as percent of total employment:
Michigan and United States
March 2006-March 2016 -seasonally adjusted



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				
	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Gross Job Gains	188,129	219,500	194,705	218,432	196,117
At expanding establishments	157,173	193,272	163,702	182,977	163,984
At opening establishment	30,956	26,228	31,003	35,455	32,133
Gross job losses	186,487	188,160	203,207	192,084	179,106
At contracting establishments	158,676	159,006	169,042	158,778	158,343
At closing establishments	27,811	29,154	34,165	33,306	20,763
Net employment change	1,642	31,340	-8,502	26,348	17,011
<u>U.S. Gross Job Gain/loss (in 1,000's)</u>					
Gross job gains	7,036	7,588	7,338	7,843	6,977
Gross job losses	6,799	6,773	6,911	6,842	6,783
Net employment change	237	815	427	1,001	194

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 the BED website at www.bls.gov/bdm/.