



Bureau of Labor Market Information & Strategic Initiatives
Quarterly Census of Employment and Wages (QCEW)
Business Employment Dynamics Highlights, Fourth Quarter 2015

Gains from Business Expansions and fewer losses from Business Contractions contribute to net job gains in the Fourth 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 September 2015 to December 2015 **gross job gains** from opening and expanding establishments were 218,548, an increase of 23,430 jobs from the previous quarter but 1,521 fewer jobs over the year (December 2014). **Gross job losses** from closing and contracting businesses over the same period were 192,282, a decrease of 11,805 jobs from the previous quarter but 5,844 more jobs lost over the year

- Gross job gains at **expanding** establishments totaled 183,299 in the quarter ending December 2015, an increase of 18,555 jobs from September 2015 but 1,961 jobs below December 2014. (Figure 1, Page 2)
- Job gains from establishment **openings** were at 35,249 jobs, adding 4,875 jobs over the quarter and 440 jobs over the year. (Figure 2, Page 2)
- **Contracting** establishments contributed to 158,985 of the job losses in the fourth quarter 2015. Job Losses from this component were (-10,177 jobs) lower over the quarter but (5,143) jobs lost over the year. (Figure 1, Page 2)
- **Closing** establishments recorded fewer losses over the quarter (-1,628) but 701 more job losses over the year. Total jobs lost from September 2015 to December 2015 from business closings were 33,297. (Figure 2, Page 2)

Job gains from business expansions were higher over the quarter but were below December 2014 level while business openings led to an increase in job gains over the year and quarter. Job losses from contractions and closings were below the prior quarter but higher than the prior year. Net job gains (the difference between gross job gains and gross job losses) of 26,266 in the fourth quarter 2015 were 7,365 jobs below the prior year. (Figure 3, Table 1, page3). Gross job gains represented 6.1 percent of private sector employment in Michigan, less than the nation's rate of 6.6 percent. However, Michigan's had fewer gross job losses at 5.3 percent of private sector employment, below the national rate of 5.8 percent.

Establishment data shows that net firm formations for Michigan (the difference between the number of opening and closing establishments) were 906 due to an increase in establishment openings (9,377) compared to 7,837 establishment openings in September 2015 and a decline in business closings (8,471) compared to 11,595 in September 2015.

Professional and Business Services sector leads in Job Gains from Business Expansions

Seven of the eleven sectors recorded greater gross job gains over gross job losses in the fourth quarter 2015. Strength in job gains from business expansions in the Professional and Business services, Education and Health services and Transportation and Warehousing sectors added the most number of net job gains. Construction, Information, Retail Trade and Leisure and Hospitality recorded losses.

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

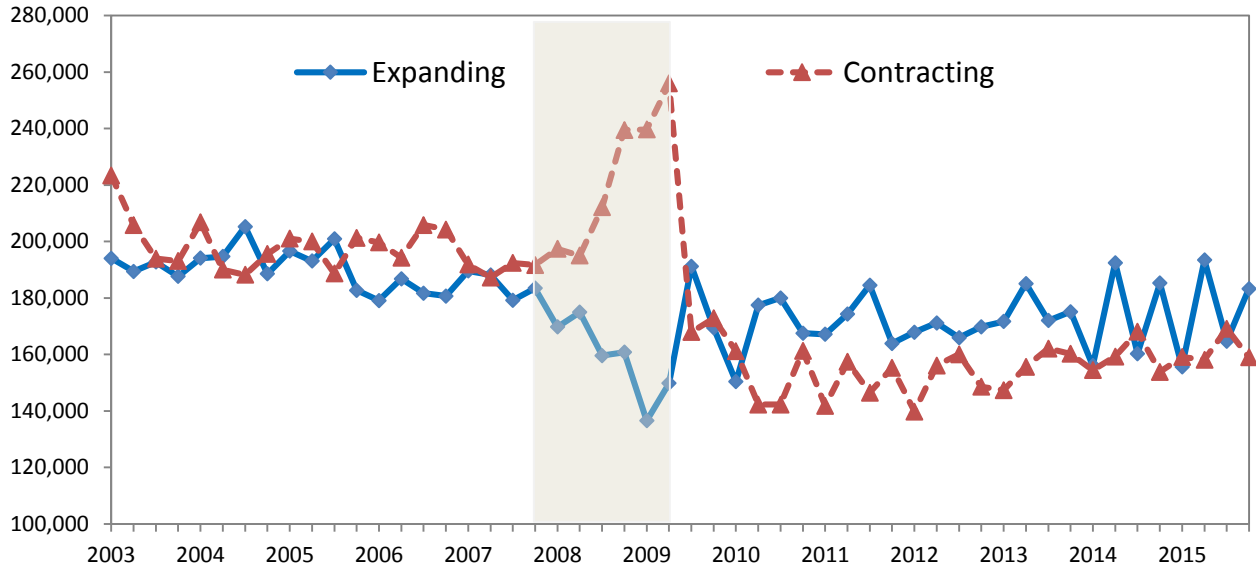
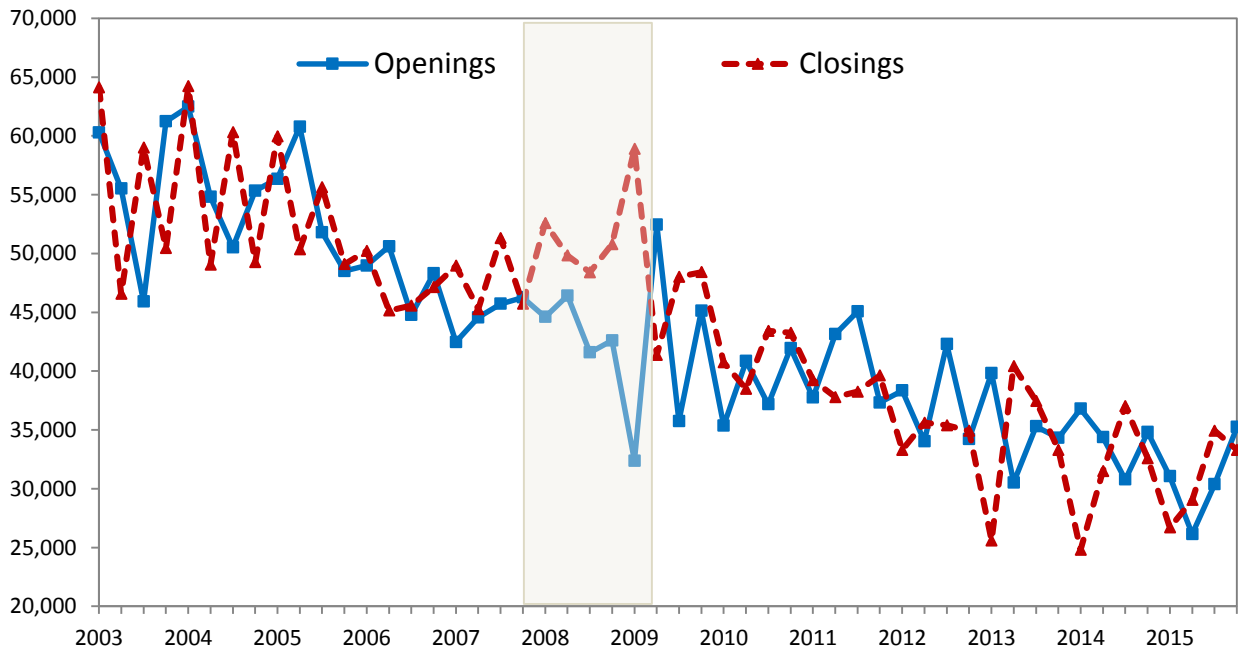


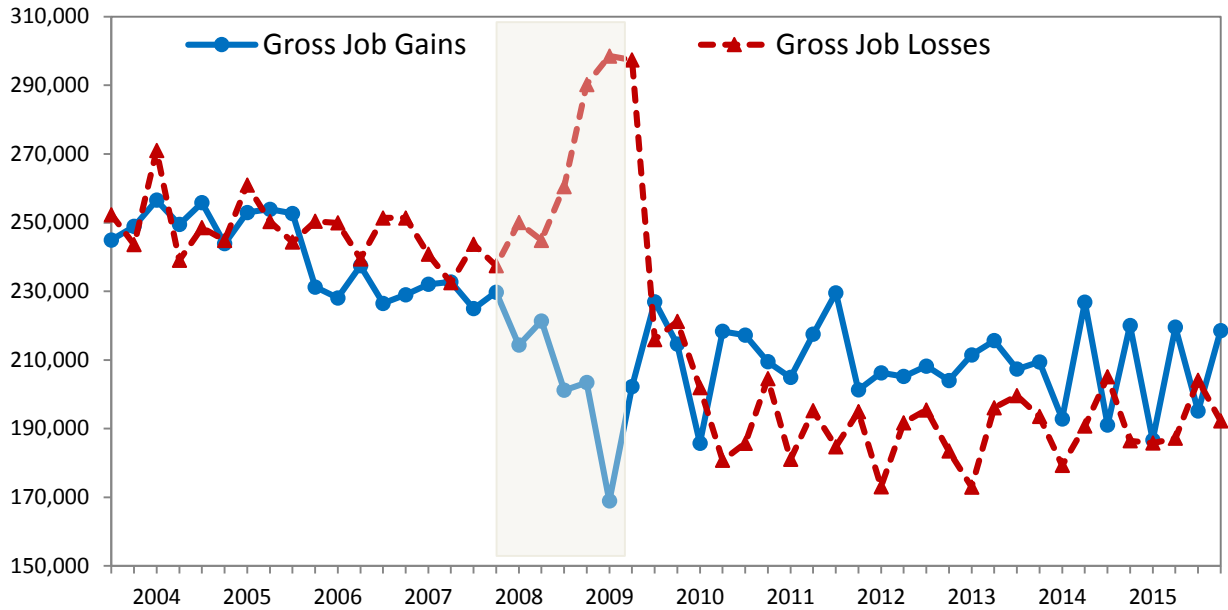
Figure 2: Components of private sector gross job gains and gross job losses:
Opening and Closing establishments, seasonally adjusted
March 2003-December 2015



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-December 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				
	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
Gross Job Gains	220,069	186,698	219,556	195,118	218,548
At expanding establishments	185,260	155,645	193,418	164,744	183,299
At opening establishment	34,809	31,053	26,138	30,374	35,249
Gross job losses	186,438	185,816	187,213	204,087	192,282
At contracting establishments	153,842	159,111	158,172	169,162	158,985
At closing establishments	32,596	26,705	29,041	34,925	33,297
Net employment change	33,631	882	32,343	-8,969	26,266
U.S. Gross Job Gain/loss (in 1,000's)					
Gross job gains	7,658	6,947	7,554	7,292	7,822
Gross job losses	6,563	6,721	6,725	6,874	6,822
Net employment change	1,095	226	829	418	1,000

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/.