

Occupational Separations

New Method for Measuring Job Openings

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Projections Overview

- Produced by the States in partnership with the Employment and Training Administration and the Bureau of Labor Statistics (BLS)
- Produce Industry and Occupational employment projections
- Short-term (2-year) projections for the State on an annual basis (ETA deliverable Feb. 28)
- Long-term (10-year) projections for the State every two years (ETA Deliverable June 30)
- Long-term (10-year) projections for sub-state areas every two years (completed within 2 yr. Long-term cycle) – 33 sub-state areas

Job Openings

- **Job Openings measure opportunities to enter an occupation for individuals not currently employed in that occupation**
- **Opportunities arise because of:**
 1. growth in the occupation
 2. workers permanently leaving and needing to be replaced
- **BLS Calculates replacement rates and California applies those rates to their state and sub-state projections**

Job Openings History

- BLS has used several methods over the past 50 years to measure job openings
- The current Replacements method was developed in the 1990s
- BLS research has identified statistical and methodological limitations to this method

Current Method: Replacements

- **Cohort method: differentiates between employment estimates for occupations per age cohort at two points in time**

Registered Nurses		
Year	2007	2012
Age Cohort	20-24	25-29
Jobs (in thousands)	31	56

- **Net Change, 2007-2012: 25,000**
- **Rate of Change, 2007-2012: 79.8%**

New Method: Separations

- **Uses longitudinal aspects of CPS monthly survey data to estimate labor force exits and occupational transfers**
 - CPS Annual Social and Economic Supplement (ASEC) asks individual respondents about labor force activity in the previous calendar year
 - Demographic variables: age, sex, education, unemployment rate
- **Regression models estimate projected rates of separations for each occupation**
- **Projections of separations are combined with employment projections to produce job openings**

Reason for Change

- **More clarity about what is being measured**
 - New method provides estimates labor force exits and transfers
- **More robust method**
 - Incorporates demographic characteristics to project separations
 - Better accounts for future growth or declines
- **More reliable results**
 - Can estimate for new occupations, doesn't rely on historical data
 - More accuracy for small occupations, old method had to use proxies

Replacements vs. Separations

BLS National 2012-2022 Projected Job Openings Total, All Occupations (00-0000)

Current Method: Replacements

Replacement Rate, 2012-2022	Replacement Needs, 2012-2022
23.4%	33,966,700

New Method: Separations

Occupational Transfer Rate, 2012-2022	Labor Force Exit Rate, 2012-2022	Occupational Separation Rate, 2012-2022	Occupational Separations, 2012-2022
58.7%	42.6%	101.3%	155,194,900

What Changed?

- **Both the replacements method and the separations method measure the same concept**
- **Differences in results are caused by changes in:**
 - Methods
 - Assumptions

Assumption Changes

- **Replacement method assumes a more traditional career path**
 - Enter occupation at a young age
 - Work the same occupation for many years
 - Retire/promoted and replaced by a younger worker
- **Separation method better accounts for job movement that doesn't follow a traditional career path**

What to Expect...

- **Upcoming Projections will use current *Replacements Methodology***
- **New *Separation Methodology* is not expected to be implemented until the 2016-2026 Projections**
 - Expected CA publication: 2018

Questions?

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