

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 (ETA) 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)

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 Current Population Survey (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**
 - Review of old method identified potential for undercounting of occupational separations
 - User feedback confirmed that results were low, particularly noticeable at the state and local level

Replacements vs. Separations

Test Results

California 2014-2024 Projected Job Openings

Total, All Occupations (00-0000)

Current Method: Replacements

Replacement Rate, 2014-2024	Replacement Needs, 2014-2024
23.1%	3,962,200

New Method: Separations

Occupational Transfer Rate, 2014-2024	Labor Force Exit Rate, 2014-2024	Occupational Separation Rate, 2014-2024	Occupational Separations, 2014-2024
63.6%	53.8%	117.3%	20,102,042

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**

How to Interpret the Data

- Increase in openings is not due to a change/shift in the economy (i.e. baby-boomers retiring)
- Rate of openings higher than originally estimated -- replacement method undercounted the amount of labor market movement

Separations vs. Replacements

Comparison – Total Openings Rank

Separations – Total Openings Rank	
Occupational Title	Openings
Personal Care Aides	1,060,781
Combined Food Preparation and Serving Workers, Including Fast Food	802,134
Cashiers	771,358
Retail Salespersons	726,730
Waiters and Waitresses	603,652
Farmworkers and Laborers, Crop, Nursery, and Greenhouse	479,775
Laborers and Freight, Stock, and Material Movers, Hand	469,813
Office Clerks, General	421,295
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	337,600
Stock Clerks and Order Fillers	320,953

Replacements – Total Openings Rank	
Occupational Title	Openings
Personal Care Aides	230,490
Combined Food Preparation and Serving Workers, Including Fast Food	209,583
Retail Salespersons	194,220
Cashiers	192,018
Waiters and Waitresses	184,519
Laborers and Freight, Stock, and Material Movers, Hand	133,326
General and Operations Managers	109,559
Farmworkers and Laborers, Crop, Nursery, and Greenhouse	105,921
Registered Nurses	104,609
Office Clerks, General	103,342

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What to Expect...

- Current projections (2014-2024) uses the *Replacements Methodology*
- **New *Separation Methodology* will first be implemented on the 2017-2019 Short-Term Projections**
 - Short-Term 2017-2019 CA publication: 2018 – 1st quarter
 - Long-Term 2016-2026 CA publication: 2018 – 3rd quarter
 - Long-Term 2016-2026 sub-state publication: 2019 – 1st quarter

Questions?

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