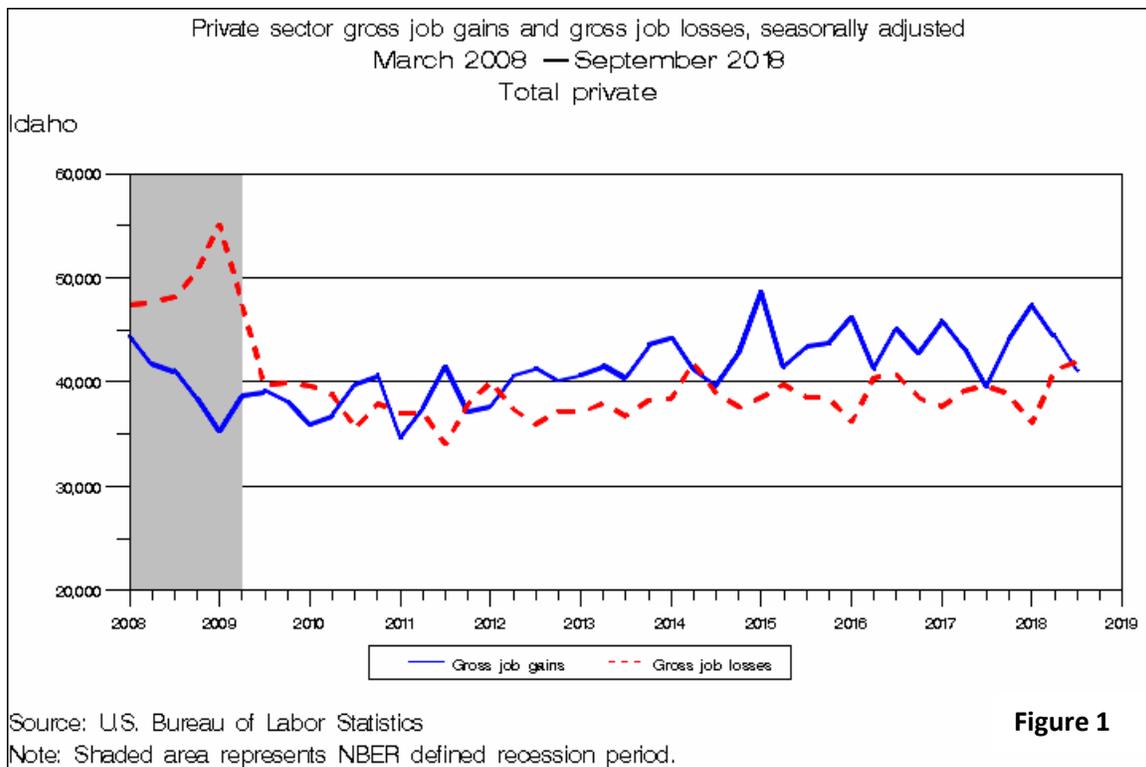


## Introduction to Idaho's Business Employment Dynamics: Third Quarter 2018

During the third quarter of 2018, gross job losses exceeded gross job gains and yielded a **net employment loss** of 919 jobs in Idaho, according to preliminary Business Employment Dynamics data released by the Idaho Department of Labor and the Bureau of Labor Statistics of the U.S. Department of Labor.

From June 2018 to September 2018, **gross job gains** from Idaho's expanding and opening private sector establishments totaled 41,148. This amounted to 3,285 fewer jobs gained from the previous quarter. Over this same period, **gross job losses** from contracting and closing private sector establishments totaled 42,067, up by 975 from the previous quarter. (See Figure 1.)



From June 2018 to September 2018, the nation as a whole saw **gross job gains** of 7.4 million, a decrease of 191,000 jobs from the previous quarter, and **gross job losses** of 7.4 million, an increase of 219,000 jobs from the previous quarter.

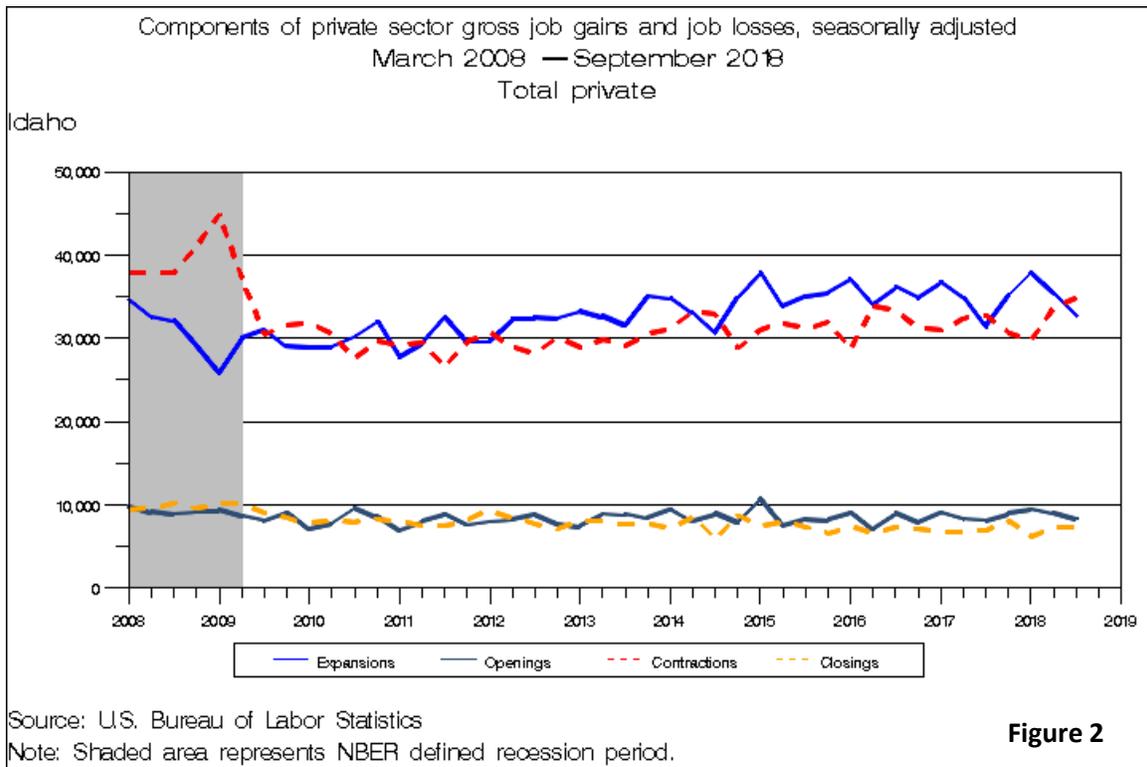
The nation as a whole realized a **net employment gain** of 27,000 jobs in the private sector during the third quarter of 2018.

The change in the number of jobs over time is the net result of increases and decreases in employment that occur at all businesses in the economy. Business Employment Dynamics (BED) statistics track these changes in employment at private business units from the third month of one quarter to the third month of the next. Gross

job gains are the sum of increases in employment from expansions at existing units and the addition of new jobs at opening units. Gross job losses are the result of contractions in employment at existing units and the loss of jobs at closing units. The difference between the number of gross job gains and the number of gross job losses is the net change in employment.

The data series on Business Employment Dynamics are derived from the Quarterly Census of Employment and Wages program (QCEW). This program is a quarterly census of all establishments covered under state and federal unemployment insurance programs, representing about 98 percent of employment on nonfarm payrolls. All data referred to in the text are seasonally adjusted. (See Technical Aspect: More Information.)

## Trends in Gross Job Gains and Job Losses



**Table A. 3-month private sector gross job gains and losses, seasonally adjusted**

Category	3 months ended				
	Sept 2017	Dec 2017	Mar 2018	June 2018	Sept 2018
	<b>Levels</b>				
Gross job gains.....	39,562	44,087	47,380	44,433	41,148
At expanding establishments ...	31,432	35,126	37,869	35,434	32,792
At opening establishments.....	8,130	8,961	9,511	8,999	8,356
Gross job losses.....	39,690	38,758	35,993	41,092	42,067
At contracting establishments...	32,781	30,694	29,783	33,753	34,797
At closing establishments.....	6,909	8,064	6,210	7,339	7,270
Net employment change <sup>1</sup> .....	-128	5,329	11,387	3,341	-919

<sup>1</sup> The net employment change is the difference between total gross job gains and total gross job losses. See the Technical Note for further information.

**Opening and expanding** private sector business establishments in Idaho gained 41,148 jobs in the third quarter of 2018. Over the quarter, **expanding** establishments added 32,792 jobs, while **opening** establishments added 8,356.

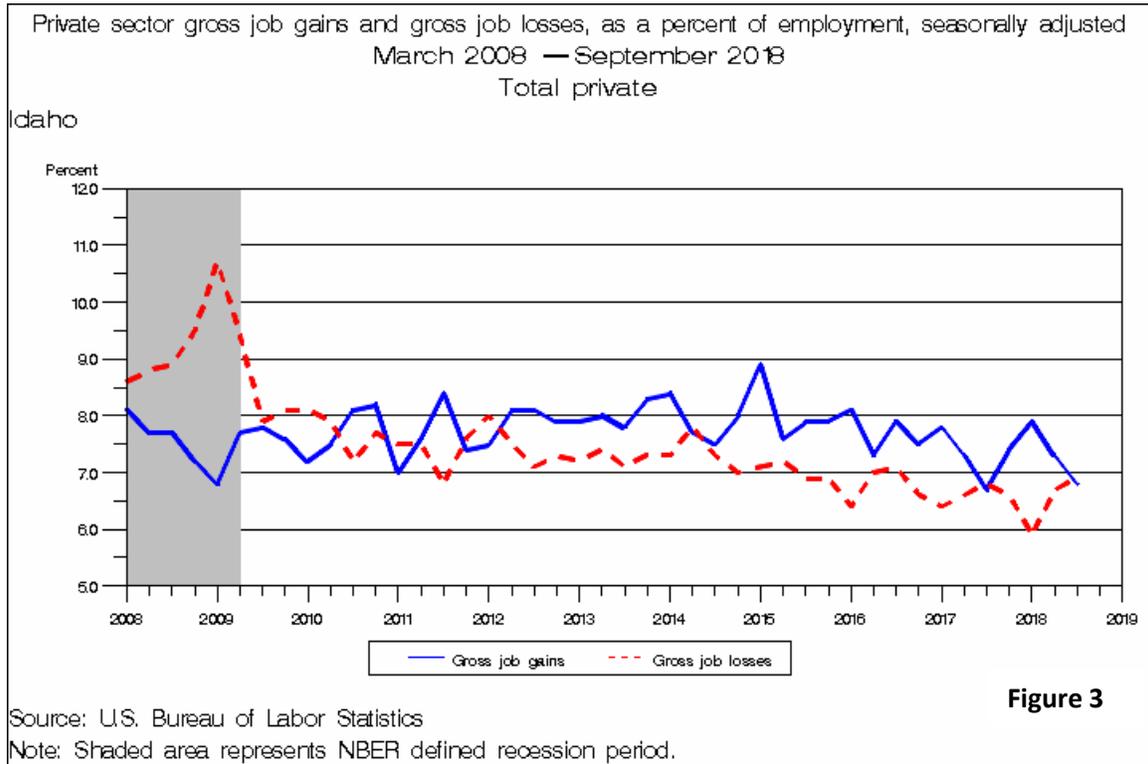
Gross job losses totaled 42,067 in the third quarter of 2018. **Contracting** establishments lost 34,797 jobs, while **closing** establishments accounted for a loss of 7,270 (See Figure 2. and Table A.)

For the nation, gross job gains at **expanding** establishments totaled 6.1 million in the third quarter of 2018, a decrease of 146,000 compared to the previous quarter. **Opening** establishments accounted for 1.3 million of the jobs gained in the third quarter of 2018, a decrease of 45,000 jobs from the previous quarter.

**Contracting** establishments lost 6.1 million jobs during the third quarter of 2018, an increase of 157,000 jobs from the prior quarter. In the third quarter of 2018, **closing** establishments lost 1.3 million jobs, an increase of 62,000 from the previous quarter.

### Rates of Gross Job Gains and Gross Job Losses

From June 2018 to September 2018 in Idaho, gross job gains represented 6.8 percent of private sector employment in Idaho. Over the quarter, gross job gains at **expanding** establishments represented 5.4 percent of private sector employment, and gross job gains at **opening** establishments represented 1.4 percent.



During this same time, Idaho's gross job losses represented 6.9 percent of private sector employment in Idaho. Gross job losses at **contracting** establishments

represented 5.7 percent of private sector employment, and gross job losses at **closing** establishments represented 1.2 percent. (See Figure 3.)

The net employment change for Idaho’s private sector establishments of -0.1 percent was below the nation, which showed no change, of 0.0 percent. (See Table B.)

For the nation as a whole, **gross job gains** represented 6.0 percent of private sector employment in third quarter 2018, while **gross job losses** also represented 6.0 percent of private sector employment.

The rate of gross job gains and losses provide a picture of the amount of “job churning” that occurs in the labor market.

**Table B. 3-month private sector gross job gains and losses as a percent of employment, seasonally adjusted**

***Total Private for Idaho***

Category	3 months ended				
	Sept 2017	Dec 2017	Mar 2018	June 2018	Sept 2018
	<b>Levels</b>				
Gross job gains.....	6.7	7.4	7.9	7.3	6.8
At expanding establishments ...	5.3	5.9	6.3	5.8	5.4
At opening establishments ...	1.4	1.5	1.6	1.5	1.4
Gross job losses.....	6.8	6.6	5.9	6.7	6.9
At contracting establishments ...	5.6	5.2	4.9	5.5	5.7
At closing establishments.....	1.2	1.4	1.0	1.2	1.2
Net employment change <sup>1</sup> .....	-0.1	0.8	2.0	0.6	-0.1

<sup>1</sup> The net employment change is the difference between total gross job gains and total gross job losses. See the Technical Note for further information.

***Total Private for United States as a whole***

Category	3 months ended				
	Sept 2017	Dec 2017	Mar 2018	June 2018	Sept 2018
	<b>Levels</b>				
Gross job gains.....	6.0	6.4	6.0	6.1	6.0
At expanding establishments...	4.9	5.2	4.9	5.0	4.9
At opening establishments...	1.1	1.2	1.1	1.1	1.1
Gross job losses.....	6.1	5.6	5.4	5.8	6.0
At contracting establishments ...	5.0	4.5	4.5	4.8	4.9
At closing establishments.....	1.1	1.1	0.9	1.0	1.1
Net employment change <sup>1</sup> .....	-0.1	0.8	0.6	0.3	0.0

<sup>1</sup> The net employment change is the difference between total gross job gains and total gross job losses. See the Technical Note for further information.

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## Number of Establishments Gaining and Losing Employment

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Another way to observe the dynamics of employment change is to count the number of establishments that opened, closed, expanded or contracted during the quarter. The number of Idaho establishments that gained jobs from June 2018 to September 2018 was 14,038. Of these, 10,809 were **expanding** establishments and 3,229 were **opening** establishments. (See Table C.)

During this same time, 13,627 establishments lost jobs. Of these losses, 10,854 were **contracting** establishments and 2,773 were **closing** establishments.

Idaho experienced a net establishment increase of 456.

**Table C. Number of private sector establishments by direction of employment change, seasonally adjusted**

Category	3 months ended				
	Sept 2017	Dec 2017	Mar 2018	June 2018	Sept 2018
Establishments gaining jobs.....	13,281	14,354	14,878	14,011	14,038
Expanding establishments.....	10,388	11,112	11,361	10,791	10,809
Opening establishments.....	2,893	3,242	3,517	3,220	3,229
Establishments losing jobs.....	13,102	12,860	12,433	13,661	13,627
Contracting establishments.....	10,404	9,936	9,829	10,990	10,854
Closing establishments.....	2,698	2,924	2,604	2,671	2,773
Net establishment change <sup>1</sup> .....	195	318	913	549	456

<sup>1</sup> The net establishment change is the difference between the number of opening establishments and the number of closing establishments. See the Technical Note for further information.

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## Technical Aspect: More Information

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For updates of the Business Employment Dynamics series, please refer to the BLS Web site at <http://www.bls.gov>. For more information, please see the Technical Note of this release or the Business Employment Dynamics Web page at the BLS Web site <http://www.bls.gov/bdm/>. Additional information about the Business Employment Dynamics data may be obtained by e-mailing [BDMinfo@bls.gov](mailto:BDMinfo@bls.gov).

### **Comparing Business Employment Dynamics Data with Current Employment Statistics and Quarterly Census of Employment and Wages Data**

The net change in employment from Business Employment Dynamics (BED) data series will not match the net change in employment from the monthly Current Employment Statistics (CES) survey. The CES estimates are based on monthly surveys from a sample of establishments, while gross job gains and gross job losses are based on a quarterly census of administrative records. In addition, the CES has a different coverage, excluding the agriculture sector but including establishments not covered by the unemployment insurance program. The net over-the-quarter changes derived by aggregating component series in the BED data may be different from the net employment change estimated from the CES seasonally adjusted total employment series. The intended use of the BED statistics is to show the dynamic labor market flows that underlie the net changes in aggregate employment levels; data users who want to track net changes in aggregate employment levels over time should refer to CES data.

BED data have a more limited scope than the Quarterly Census of Employment and Wages (QCEW) data. The data in this release, in contrast to the QCEW data, exclude government employees, private households (NAICS 814110), and establishments with zero employment.

See the Technical Note for further information.

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## Technical Note

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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). These UI reports are supplemented by two additional BLS data collections to render administrative data into economic statistics. Together these data comprise the QCEW and form the basis of the Bureau's establishment universe sampling frame.

These reports are used to produce the quarterly QCEW data on total employment and wages and the longitudinal BED data on gross job gains and losses. The QCEW is also the employment benchmark for the Current Employment Statistics (CES), Occupational Employment Statistics (OES), and Job Openings and Labor Turnover Survey (JOLTS) programs and is a major input to the Bureau of Economic Analysis's Personal Income Accounts.

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.

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### **Differences between QCEW, BED, and CES Employment Measures**

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The Bureau publishes three different establishment-based employment measures for any given quarter. Each of these measures -- QCEW, BED, and CES--makes use of the quarterly UI employment reports in producing data; however, each measure has a somewhat different universe coverage, estimation procedure, and publication product.

Differences in coverage and estimation methods can result in somewhat different measures of over-the-quarter employment change. It is important to understand program differences and the intended uses of the program products. (See table below.)

Additional information on each program can be obtained from the program web sites shown in the table below.

#### **Summary of Major Differences between QCEW, BED, and CES Employment Measures**

	<b>QCEW</b>	<b>BED</b>	<b>CES</b>
Source	--Count of UI administrative records submitted by 9.2 million employers	--Count of longitudinally-linked UI administrative records submitted by 7.3 million private sector employers	--Sample survey: 557,000 establishments
Coverage	--UI and UCFE coverage: all employers subject to state and federal UI laws	--UI Coverage, excluding: government, private households, and establishments with zero employment	Nonfarm wage and salary jobs: --UI Coverage, excluding agriculture, private households, and self-employed; --Other employment, including railroads,

			religious organizations, and other non-UI-covered jobs
Publication frequency	--Quarterly -6 months after the end of each quarter	--Quarterly -7 months after the end of each quarter	--Monthly -First Friday of following month
Use of UI file	--Directly summarizes and publishes each new quarter of UI data	--Links each new UI quarter to longitudinal database and directly summarizes gross job gains and losses	--Uses UI file as a sampling frame and annually realigns (benchmarks) sample estimates to first quarter UI levels
Principal products	--Provides a quarterly and annual universe count of establishments, employment, and wages at the county, MSA, state, and national levels by detailed industry	--Provides quarterly employer dynamics data on establishment openings, closings, expansions, and contractions at the national level --Future expansions will include data at the county and MSA level	--Provides current monthly estimates of employment, hours, and earnings at the MSA, state, and national level by industry
Principal uses	--Major uses include: -Detailed locality data -Periodic universe counts for benchmarking sample survey estimates -Sample frame for BLS establishment surveys	--Major uses include: -Business cycle analysis -Analysis of employer dynamics underlying economic expansions and contraction by size of establishment	--Major uses include: -Principal national economic indicator -Official time series for employment change measures -Input into other major economic indicators
Program web sites	<a href="http://www.bls.gov/cew/">http://www.bls.gov/cew/</a>	<a href="http://www.bls.gov/bdm/">http://www.bls.gov/bdm/</a>	<a href="http://www.bls.gov/ces/">http://www.bls.gov/ces/</a>

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## Coverage

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Employment and wage data for workers covered by state UI and Unemployment Compensation for Federal Employees (UCFE) laws are compiled from quarterly contribution reports submitted to the SESAs by employers. In addition to the quarterly contribution reports, employers who operate multiple establishments within a state complete a questionnaire, called the "Multiple Worksite Report," which provides detailed information on the location of their establishments. These reports are based on

place of employment rather than place of residence. UI and UCFE coverage is broad and basically comparable from state to state.

Major exclusions from UI coverage are self-employed workers, religious organizations, most agricultural workers on small farms, all members of the Armed Forces, elected officials in most states, most employees of railroads, some domestic workers, most student workers at schools, and employees of certain small nonprofit organizations.

Gross job gains and gross job losses in this release are derived from longitudinal histories of 7.6 million private sector employer reports out of 9.5 million total reports of employment and wages submitted by states to BLS in the first quarter of 2015. Gross job gains and gross job losses data in this release do not report estimates for government employees or private households (NAICS 814110), and do not include establishments with zero employment in both previous and current quarters. Data from Puerto Rico and the Virgin Islands (49,972 units rounded to 0.0 million) also are excluded from the national data. As an illustration, the table below shows, in millions of establishments, the number of establishments excluded from the national gross job gains and gross job losses data in the first quarter 2015:

<b>Number of active establishments included in Business Employment Dynamics data at the national level</b>	
	Millions
Total establishments QCEW program	9.5
Excluded:	
Public sector	0.3
Private households	0.2
Zero employment	1.3
Establishments in Puerto Rico and the Virgin Islands	0.1
Total establishments included in Business Employment Dynamics data	7.6

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## Concepts and Methodology

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The Business Employment Dynamics data measure the net change in employment at the establishment level. These changes come about in one of four ways.

A **net increase** in employment can come from either opening establishments or expanding establishments.

A **net decrease** in employment can come from either closing establishments or contracting establishments.

Gross **job gains** include the sum of all jobs added at either opening or expanding establishments.

Gross **job losses** include the sum of all jobs lost in either closing or contracting establishments.

The **net change** in employment is the difference between gross job gains and gross job losses.

The formal definitions of establishment-level employment changes are as follows:

**Openings** These are either establishments 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 establishments 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 establishments with positive third month employment in the previous quarter, with no employment or zero employment reported in the current quarter.

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

All establishment-level employment changes are measured from the third month of each quarter. Not all establishments change their employment levels; these establishments 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 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.

The linkage process matches establishments' unique Idaho Department of Labor identification numbers. Between 95 to 97 percent of establishments identified as continuous from quarter to quarter are matched by -ID. The rest are linked in one of three ways.

The first method uses predecessor and successor information, identified by the states, which relates records with different Idaho Department of Labor -IDs across

quarters. Predecessor and successor relations can come about for a variety of reasons, including a change in ownership, a firm restructuring, or a UI account restructuring.

If a match cannot be attained in this manner, a probability-based match is used. This match attempts to identify two establishments with different Idaho Department of Labor -IDs as continuous. The match is based upon comparisons such as the same name, address, and phone number. Third, an analyst examines unmatched records individually and makes a possible match.

In order to ensure the highest possible quality of data, the Idaho Department of Labor verifies with employers and updates, if necessary, the industry, location, and ownership classification of all establishments on a 3-year cycle.

Changes in establishment classification codes resulting from the verification process are introduced with the data reported for the first quarter of the year. Changes resulting from improved employer reporting also are introduced in the first quarter.

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## **Seasonal Adjustment**

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Over the course of a year, the levels of employment and the associated job flows undergo sharp fluctuations due to such seasonal events as changes in the weather, reduced or expanded production, harvests, major holidays, and the opening and closing of schools. The effect of such seasonal variation can be very large.

Because these seasonal events follow a more or less regular pattern each year, their influence can be eliminated by adjusting these statistics from quarter to quarter. These adjustments make nonseasonal developments, such as declines in economic activity, easier to recognize. For example, the large number of youths taking summer jobs is likely to obscure other changes that have taken place in June relative to March, making it difficult to determine if the level of economic activity has risen or declined. However, because the effect of student's finishing school in previous years is known, the statistics for the current year can be adjusted to allow for a comparable change. The adjusted figures provide a more useful tool with which to analyze changes in economic activity.

The employment data series for opening, expanding, closing, and contracting establishments are independently seasonally adjusted; net changes are calculated based on the difference between gross job gains and gross job losses. Similarly, the establishment counts data series for opening, expanding, closing, and contracting establishments are independently adjusted, and the net changes are calculated based on the difference between the number of opening and closing establishments. Additionally, establishment and employment levels are independently seasonally adjusted to calculate the seasonally adjusted rates. Concurrent seasonal adjustment is run using X-12 ARIMA.

The net over-the-quarter change derived by summing the BED component series will differ from the net employment change estimated from the seasonally adjusted total private employment series from the CES program. The intended use of BED statistics is to show the dynamic labor market changes that underlie the net employment change statistic. As such, data users interested particularly in the net employment change and not in the gross job flows underlying this change should refer to CES data for over-the-quarter net employment changes.

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## Reliability of the Data

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Since the data series on Business Employment Dynamics are based on administrative rather than sample data, there are no issues related to sampling error. Nonsampling error, however, still exists. Nonsampling errors can occur for many reasons, such as the employer submitting corrected employment data after the end of the quarter or typographical errors made by businesses when providing information. Such errors, however, are likely to be distributed randomly throughout the dataset.

Changes in administrative data sometimes create complications for the linkage process. This can result in overstating openings and closings while understating expansions and contractions. The BLS continues to refine methods for improving the linkage process to alleviate the effects of these complications.

The BED data series are subject to periodic minor changes based on corrections in QCEW records, updates on predecessors and successors' information, and seasonal adjustment revisions.

Annual revisions are published each year with the release of the first quarter data. These revisions cover the last four quarters of not seasonally adjusted data and 5 years of seasonally adjusted data.

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## Additional Statistics and Other Information

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Several other programs within BLS produce closely related information.

The QCEW program provides both quarterly and annual estimates of employment by state, county, and detailed industry. News releases on quarterly county employment and wages and an annual bulletin: Employment and Wages Annual Averages, are available upon request from the Division of Administrative Statistics and Labor Turnover, Bureau of Labor Statistics, U.S. Department of Labor, Washington, DC 20212; telephone 202-691-6567; (<http://www.bls.gov/cew/>); (e-mail: [QCEWInfo@bls.gov](mailto:QCEWInfo@bls.gov)).

The CES program produces monthly estimates of employment, its net change, and earnings by detailed industry. These estimates are part of the Employment Situation report put out monthly by BLS.

The Job Openings and Labor Turnover Survey (JOLTS) program provides monthly measures of job openings, as well as employee hires and separations.

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: 202-691-5200; TDD message referral number: 1-800-877-8339.

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## Appendix: Tables

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To view Idaho's historical and current data follow the links below.

- [Chart 1. Private sector gross job gains and gross job losses, seasonally adjusted](#)
- [Chart 2. Components of private sector gross job gains and gross job losses, seasonally adjusted](#)
- [Chart 3. Private sector gross job gains and gross job losses as a percent of total employment, seasonally adjusted](#)
- [Chart 4. Employment from private sector births and deaths, seasonally adjusted](#)
- [Chart 5. Percent of employment from private sector births and deaths, seasonally adjusted](#)
- [Chart 6. Employment from private sector openings, closings, births and deaths, seasonally adjusted](#)
- [Table 1. Private sector gross job gains and job losses, seasonally adjusted](#)
- [Table 2. Private sector gross job gains and job losses, not seasonally adjusted](#)
- [Table 3. Private sector gross job gains and losses as a percent of total employment, seasonally adjusted](#)
- [Table 4. Private sector gross job gains and losses as a percent of total employment, not seasonally adjusted](#)
- [Table 5. Number of private sector establishments by direction of employment change, seasonally adjusted](#)
- [Table 6. Number of private sector establishments by direction of employment change, not seasonally adjusted](#)
- [Table 7. Private sector establishments by direction of employment change as a percent of total establishments, seasonally adjusted](#)
- [Table 8. Private sector establishments by direction of employment change as a percent of total establishments, not seasonally adjusted](#)
- [Table 9. Private sector establishment births and deaths, seasonally adjusted](#)
- [Table 10. Rates of private sector establishment births and deaths, seasonally adjusted](#)
- [Table 11. Private sector establishment births and deaths, not seasonally adjusted](#)
- [Table 12. Rates of private sector establishment births and deaths, not seasonally adjusted](#)