Business Employment Dynamics, 2nd Quarter 2011 Data
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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. In the second quarter of 2011, from March through June, the net change in the New Mexico private-sector gross job gains and job losses, seasonally adjusted, was a positive 1,056. Previously, in the first quarter of 2011, the net change had been a negative 208. In 2010, the net value went from negative to positive, alternating quarters, with the year ending at 1,910 in job gains. (See chart 1.)

Chart 2 shows net private-sector gross job gains and losses, as a percent of employment, for the United States and New Mexico. Net change is the difference between total gross job gains and total gross job losses. The two series have moved generally in the same direction over time, as indicated in the chart, with the New Mexico series often exhibiting greater variability. The nation’s net private-sector gross job gains and losses, as a percent of employment, exceeded New Mexico’s by 0.5 point for the most recent period.

Private-Sector Establishment-Level Gross Job Gains and Job Losses

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 jobs gained and the number of gross jobs lost is the net change in employment. (See the Technical Note for more information.)

BED measures of gross job gains and gross job losses afford a more thorough understanding of the employment decisions of the numerous business establishments in the New Mexico economy. Examining establishment-level employment changes aids in analyzing both the large gross job flows that underlie the substantially smaller net employment changes and the establishment-level employment dynamics across various stages of the business cycle.

In New Mexico, the number of gross job gains from opening and expanding private-sector establishments was 39,688 for the second quarter of 2011, and the number of gross job losses from closing and contracting establishments was 38,632, according to data released by the Bureau of Labor Statistics (BLS). (See chart 3.)

Over the second quarter of 2011, expanding establishments added 31,813 jobs, an increase of 2,062 from the previous quarter. Opening establishments added 7,875 jobs, an increase of 1,834. Conversely, more establishments shed jobs in the second quarter of 2011 than in the previous quarter, with a loss of 31,875 jobs, an increase of 2,809. Closing establishments decreased for the third consecutive quarter, losing 177 fewer jobs from the previous quarter and increasing gross job losses by 6,757. (See charts 4 and 5.)

The difference between the number of gross jobs gained and the number of gross jobs lost yielded a net change of 1,056 jobs in
the private sector for second quarter 2011. From March 2011 to June 2011, gross job gains represented 0.1 percent of private sector employment, while gross job losses represented 6.5 percent of private-sector employment. These gross job gain and loss statistics demonstrate that a sizable number of jobs can appear and disappear in the relatively short time frame of one quarter.

**Number of Establishments Gaining and Losing Employment**

Another way to look at the dynamics of business activities is to monitor the number and proportion of business units that are growing and declining. In the second quarter of 2011, the number of establishments gaining jobs exceeded the number of establishments losing jobs. Out of 51,000 active private-sector establishments, a total of 11,284 lost jobs from March 2011 to June 2011. Of these, 9,152 were contracting establishments and 2,132 were closing establishments. During the quarter, 9,005 establishments expanded and 2,325 establishments opened, resulting in 11,330 establishments gaining jobs. Overall, the number of active private-sector establishments increased by 193 during the quarter. This change is the difference between the number of opening establishments and the number of closing establishments.

Chart 6 shows the net change in private-sector establishments by direction of employment change, as a percent of total establishments for the United States and New Mexico. The New Mexico trend remained more flat for the observed period, showing less dramatic decreases than did the nation as a whole. In the first and second quarters of 2011, New Mexico closely followed the national trend. From March through June, the nation's net change in private-sector establishments by direction of employment change, as a percent of total establishments, was 0.6 percent. New Mexico's net change was 0.5 percent.

**More Information**

Additional information on gross job gains and gross job losses is available at the BED Web page at http://www.bls.gov/bdm. This information includes concept definitions, methodology, data on the levels and rates of gross job gains and gross job losses by firm size, not seasonally adjusted data and other seasonally adjusted time series not presented in this release, charts of gross job gains and gross job losses by industry and firm size, and frequently asked questions on firm size data. Additional information about the BED data can be found in the Technical Note in this release or obtained by e-mailing BDMinfo@bls.gov.

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

The net change in employment from 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 article, 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.

**Technical Note**

The BED data are a product of a cooperative program also known as the ES-202 program. The BED data are compiled by the BLS from existing quarterly state unemployment insurance (UI) records. Most employers in the U.S. are required to file quarterly reports on the employment and wages of workers covered by UI laws, and to pay quarterly UI taxes. The quarterly UI reports are sent by the State Employment Security Agencies (SESAs) to BLS and form the basis of the Bureau's establishment universe sampling frame. These reports are also used to produce the quarterly QCEW data on total employment.
and wages and the longitudinal BED data on gross job gains and losses. Other important Bureau uses of the UI reports are in the CES program. In the BED program, the quarterly UI 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.

5. NM total private-sector employment change from opening & closing establishments, seasonally adjusted
March 2001–June 2011

6. NM seasonally adjusted, Net change in private-sector establishments by direction of employment change, as a percent of total establishments
March 2001–June 2011