

# QLmonthly September 2025 <sup>1</sup>

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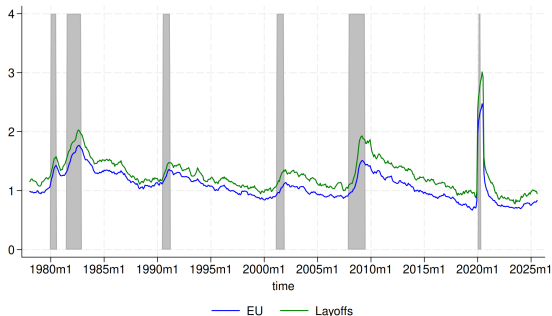
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<sup>1</sup>Based on Ellieroth & Michaud, "Quits, Layoffs, and Labor Supply" Institute Working Paper 94 (2024)

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1. Recent Developments in Layoffs, Quits, and Job Finding
  - ▶ New indicator: Share of layoffs into non-participation
2. This Month's Special Topic:
  - ▶ The role of recent developments in immigration
    - ▶ Not affecting our data.
    - ▶ We think the JOLTS are affected, particularly in certain sectors.

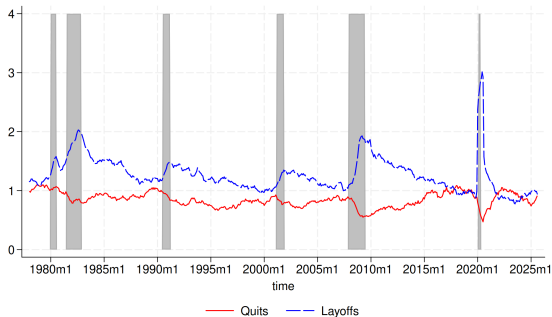
## Growth in layoffs remains on pause.



**Figure:** Prime age monthly Employment to Unemployment (E-to-U) flows and layoffs to non-employment from CPS household survey.

- ▶ August layoffs hold steady at 2025 average.
- ▶ Flows to unemployment are catching up to layoff rates
  - ▶ EU sees a continued increase after months of stagnation.

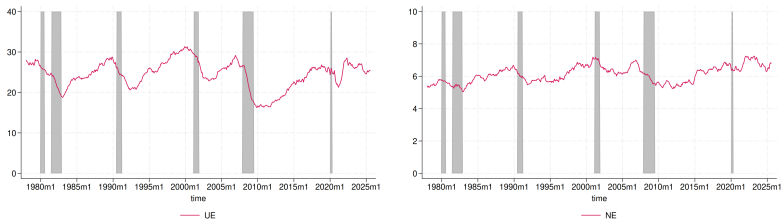
## Quits continue recent rise



**Figure:** Quits and Layoffs to non-employment

- Quit rates continue their rise which began in March of 2025.

## Job finding rates steady

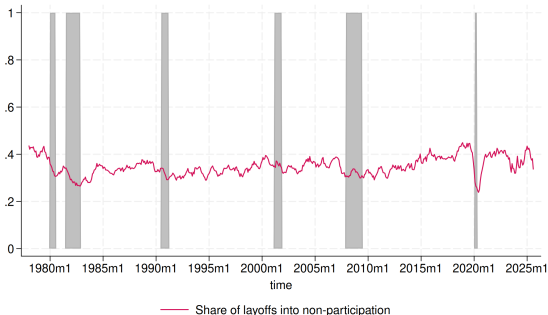


**Figure:** Job finding rates from unemployment (left) and non-participation (right) for Prime Age Workers

- ▶ Job finding rates are lower than last year.
- ▶ Job finding rates for the working-age population (16 years +) stable.
- ▶ Levels of job finding rates are within pre-pandemic range.

## NEW INDICATOR!

Share of layoffs into non-participation strong decline



- Strong decline in share of layoffs into non-participation
- More laid-off workers look for jobs and stay in the labor force
- Contributes to the recent rise in the unemployment rate

## What do we make of this?

Recap: Household survey (CPS) indicates:

- ▶ Quits continue to rise, while layoffs hold steady.
- ▶ Job finding rates hold steady.
- ▶ Flows into unemployment rise to more closely match layoffs as a smaller share of laid-off workers exit the labor force.

Our view:

- ▶ As we expected last month, more laid-off workers moved to unemployment which raised the labor force participation rate.  
This caused the rise in the unemployment rate in August.
- ▶ Layoffs and job finding rates appear steady in the last few months, additional readings will confirm if this pattern holds.
- ▶ We are increasingly confident that quits have risen in 2025, which is usually a sign of a strengthening labor market.

## **Discussion of the Month**

### The Role of Immigrants



# The Role of Immigrants in the Labor Market Flows

- ▶ This section analyzes the contribution of changes in immigration to recent changes in the quit and layoff rate
- ▶ Let's start by looking at statistics by citizenship status between January 2019 and the most recent data August 2025:
  - ▶ About 8.8% of all employed workers in the CPS are immigrants<sup>2</sup>
  - ▶ 11.9% of monthly quits are immigrants
  - ▶ 14.4% of monthly layoffs are immigrants

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<sup>2</sup>We define immigrants following the CPS classification as individuals who state that they are “Not A Citizen”

## Recent Rise in Quits

- ▶ Between March of 2025 and August of 2025, the monthly prime-age quit rate increased from 0.79% to 0.91% ( $\approx 125k$  workers).
  - ▶ For U.S. citizens: Increase from 0.74% to 0.87%
  - ▶ For Immigrants: Increase from 0.56% to 0.67%
  - ▶ The rise in the quit rate has been similar for both U.S. citizens and immigrants and is in line with the overall rise in quits in the U.S.
- ▶ Statistically, the quit rate would fall if immigrants became a smaller share of US workers.
- ▶ Immigrants' share in quits decreased over the past 6 months, but we find the impact on the quit rate computed in our data to be small.

## Recent Pause in Growth of Layoffs

- ▶ The growth in the monthly layoff rate that began in 2023 has slowed and leveled over the last three months at around 0.96%.
  - ▶ For U.S. citizens: layoffs are at around 0.97%
  - ▶ For Immigrants: layoffs are at around 0.93%
  - ▶ Both U.S. citizens and immigrants are experiencing a pause in the growth in layoffs.
- ▶ Statistically, the layoff rate would not change much if immigrants became a smaller share of US workers.
- ▶ Immigrants' share in the CPS decreased over the past 6 months, but we find the impact on the layoff rate computed in our data to be negligible.

## Main Result on Immigrants

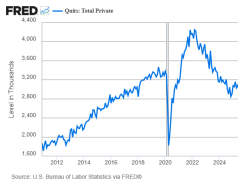
### **Immigrants are not driving recent developments in our CPS series.**

1. Immigrants have lower quit rates and similar layoff rates in the CPS as natives.
2. Immigrants make up around 19% of CPS employment. This shows signs of declining but so far the changes have been small.

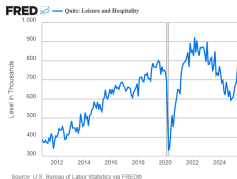
### **Changes in immigration affect the CPS and the JOLTS differently.**

- ▶ The CPS series is biased towards the native population.
  - ▶ Immigrants who quit or are laid-off and leave the country are not counted in the CPS.
  - ▶ Studies have shown that immigrants are undercounted in the CPS.
- ▶ JOLTS interviews employers about jobs.
  - ▶ Employed immigrants who leave the country are likely counted in the JOLTS as a quit.
  - ▶ JOLTS quits rose in H1 2025 vs H2 2024, particularly in immigrant intensive sectors like construction and hospitality.

# Changes in immigration may be affecting JOLTS



(a) Total Private Sector



(b) Leisure and Hospitality



(c) Construction

**Figure:** JOLTS- Monthly Quits

Suggestive of a rapid tightening of the labor market in these sectors, regardless the source. BUT the JOLTS are often significantly revised. Stay tuned.