

# ECONOMIC DIGEST

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**IN THIS ISSUE...**

**Short-Term Employment Projections Through 2022 ..... 1-5**

**Economic Indicators**

- on the Overall Economy ..... 5
- Individual Data Items ..... 6-8
- Comparative Regional Data ..... 9
- Economic Indicator Trends ..... 10-11
- Help Wanted OnLine ..... 15
- Business and Employment Changes Announced in the News Media ..... 19
- Labor Market Areas:**
- Nonfarm Employment ..... 12-17
- Sea. Adj. Nonfarm Employment ..... 14
- Labor Force ..... 18
- Hours and Earnings ..... 19
- Cities and Towns:**
- Labor Force ..... 20-21
- Housing Permits ..... 22
- Technical Notes ..... 23
- At a Glance ..... 24

**In March...**

**Nonfarm Employment**

Connecticut ..... 1,580,300  
 Change over month ..... +0.34%  
 Change over year ..... -6.12%

United States ..... 144,120,000  
 Change over month ..... +0.64%  
 Change over year ..... -4.46%

**Unemployment Rate**

Connecticut ..... 8.3%  
 United States ..... 6.0%

**Consumer Price Index**

United States ..... 264.877  
 Change over year ..... +2.6%

## Short-Term Employment Projections Through 2022

*By Matthew Krzyzek, Economist, Department of Labor*

**CURRENT SITUATION**

The past year is certainly one that won't be forgotten. The economy fell from record highs to record lows over the course of two months. From February to April 2020, the US and Connecticut economies fell respectively by 14.7 and 17.2 percent. In the year since, both have recovered just over 58% of the jobs lost from the February US employment peak to the April employment trough.

The table below shows the impact of COVID-19 on northeast states through February 2021. When compared to other states, Connecticut's employment recovery rate (April 2020 to Feb. 2021) has been larger than the adjacent states of New York and Massachusetts but lower than Rhode Island's.

**Connecticut Short-Term Projections**

Each year, the Office of Research at the Connecticut Department of Labor produces short-term employment projection by industry and occupation. The current projections are for the period from the second quarter of 2020 to the second quarter of 2022. This base quarter coincides with the April 2020 employment trough and illustrates where we project employment to be two years after the start of the pandemic. Through 2022Q2, we project overall employment in Connecticut to increase by 13.5% from 1,541,793 to 1,750,039, as is shown in the industry table. This projected growth suggests that the state will rebound through 2022Q2 and recover most of the employment lost during the pandemic.

**Jobs Lost and Recovered Over The Past 12 Months in the U.S., CT, and Nearby States (in Thousands)**

Area	US Peak	US Trough	Peak/Trough Change		Current Month	Peak to Current Month Change		Recovery Rate*
	Feb. 2020	Apr. 2020	#	%	Feb. 2021	#	%	
<b>United States</b>	<b>152,523</b>	<b>130,161</b>	<b>-22,362</b>	<b>-14.7%</b>	<b>143,204</b>	<b>-9,319</b>	<b>-6.1%</b>	<b>58.3%</b>
Connecticut	1,696	1,404	-292	-17.2%	1,575	-121	-7.2%	58.5%
Maine	640	545	-95	-14.8%	606	-35	-5.4%	63.5%
Massachusetts	3,733	3,042	-692	-18.5%	3,414	-320	-8.6%	53.8%
New Hampshire	689	573	-116	-16.9%	653	-36	-5.3%	68.9%
New Jersey	4,230	3,512	-717	-17.0%	3,877	-353	-8.3%	50.8%
New York	9,835	7,852	-1,983	-20.2%	8,784	-1,051	-10.7%	47.0%
Pennsylvania	6,093	4,963	-1,130	-18.5%	5,655	-438	-7.2%	61.2%
Rhode Island	507	399	-108	-21.3%	465	-43	-8.4%	60.6%
Vermont	315	251	-64	-20.2%	287	-27	-8.7%	56.9%

Source: CT Dept. of Labor & BLS Current Employment Statistics

# ECONOMIC DIGEST

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**Managing Editor:** Jungmin Charles Joo

**Associate Editor:** Erin C. Wilkins

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## Connecticut Department of Labor

Kurt Westby, Commissioner  
Danté Bartolomeo, Deputy Commissioner  
Daryle Dudzinski, Deputy Commissioner

Patrick J. Flaherty, Acting Director  
Office of Research

200 Folly Brook Boulevard  
Wethersfield, CT 06109-1114

Phone: (860) 263-6275

Fax: (860) 263-6263

E-Mail: [dol.econdigest@ct.gov](mailto:dol.econdigest@ct.gov)

Website: <http://www.ctdol.state.ct.us/lmi>



## Connecticut Department of Economic and Community Development

David Lehman, Commissioner  
Glendowlyn Thames, Deputy Commissioner  
Alexandra Daum, Deputy Commissioner

450 Columbus Boulevard  
Suite 5

Hartford, CT 06103

Phone: (860) 500-2300

Fax: (860) 500-2440

E-Mail: [decd@ct.gov](mailto:decd@ct.gov)

Website: <http://www.decd.org>



Department of Economic and Community Development

Industry	2020 Q2 History	2022 Q2 Projections	Emp Change	% Change
<b>Total All Industries</b>	1,541,793	1,750,039	208,246	13.5%
<b>Self Employed and Unpaid Family Workers, All Jobs</b>	82,419	96,335	13,916	16.9%
<b>Goods Producing</b>	210,255	214,511	4,256	2.0%
Natural Resources and Mining	5,404	5,494	90	1.7%
Construction	54,124	54,896	772	1.4%
Manufacturing	150,727	154,121	3,394	2.3%
<b>Services Providing</b>	1,249,119	1,439,193	190,074	15.2%
Wholesale Trade	54,140	54,784	644	1.2%
Retail Trade	140,596	152,722	12,126	8.6%
Transportation and Warehousing	51,385	69,437	18,052	35.1%
Utilities	5,119	4,877	-242	-4.7%
Information	28,466	28,431	-35	-0.1%
Finance and Insurance	100,980	96,569	-4,411	-4.4%
Real Estate and Rental and Leasing	18,028	18,459	431	2.4%
Professional, Scientific, and Technical Services	91,063	96,898	5,835	6.4%
Management of Companies and Enterprises	30,912	31,349	437	1.4%
Administrative and Support and Waste Management	76,953	92,077	15,124	19.7%
Educational Services	171,186	174,766	3,580	2.1%
Health Care	204,064	218,480	14,416	7.1%
Social Assistance	60,719	72,276	11,557	19.0%
Arts, Entertainment, and Recreation	13,570	29,400	15,830	116.7%
Accommodation and Food Services	71,223	140,334	69,111	97.0%
Other Services (except Government)	52,104	74,626	22,522	43.2%
Government*	78,611	83,708	5,097	6.5%

\*Government excludes education, hospitals, and gambling industries

### Projections by Industry

The largest major sectors that show significant projected employment increases are Accommodations & Food Services (+96,111 projected), Other Services (+22,522 projected), Transportation & Warehousing (+18,052 projected), and Arts, Entertainment, & Recreation (+15,830 projected). Two of the industries with the largest increases are also among the hardest hit by the pandemic, Accommodations & Food Services and Arts, Entertainment, & Recreation. They are projected to rebound to above their pre-pandemic levels and have total employment within 4 percentage points of their corresponding 2019Q2 levels. The Transportation & Warehousing gains reflect a continuation of long-term trends coupled with increased short-term demand as online commerce grew due to social distancing.

The four largest sectors, Health Care, Educational Services, Manufacturing, and

Retail Trade are all projected to add jobs through 2022Q2. These four sectors comprise about 40% of Connecticut employment but are projected to contribute less than 20% of projected total employment change. This reflects the varied impact of COVID-19 on industry employment, as essential industries such as Manufacturing and Educational Services had more muted losses than industries such as Accommodation & Food Services or Retail Trade, which were more impacted by pandemic mitigation efforts and had larger 19Q2 to 20Q2 employment declines.

Health Care is expected to grow by 7.1%, driven by gains in its Ambulatory Health Care Services Industry (+17,000 jobs or +21.6%) and dampened by declines in its Nursing & Residential Care Facilities industry (-4,300 jobs or -7.3%).

Educational Services is projected to increase by 2.1% to within a thousand of its 2019Q2

employment, a year before the pandemic. Long-term demographic trends that have challenged this sector in recent years were heightened in the short term by the pandemic, which caused more parents to homeschool their children or delay pre-K enrollment.<sup>1</sup> Conversely, the pandemic-induced inflow into the state from major metropolitan areas might bolster the school-aged population in coming years.

Manufacturing is the third largest sector in the state. As with other industries deemed essential, the sector had lower year-over-year losses than other major sectors but was nonetheless impacted by the pandemic. It was down 7.1% during the second quarter of 2020 year over year and was still down 6.3% year over year during the third quarter of 2020. Projections are for employment gains through 2021, but still below industry peak levels. Of the various types of

manufacturing that comprise that sector, the Transportation Equipment Manufacturing component industry is driving sector gains, comprising 30% of 2020Q2 employment and 52% of overall sector change.

The employment swings experienced over the past year by Retail Trade have been the largest among the four largest sectors. It was down 34,000 or 19.3% from 19Q2 to 20Q2. The only sector to fall more was Accommodation & Food Services, which fell by 72,000 from 19Q2 to 20Q2. Although longer term trends in Retail Trade employment are down, the 2022Q2 projection of 152,722 (+8.6%) may understate gains in that sector. Monthly employment reports show strong growth in this sector in the first three months of 2021.

Over the two-year projections period, all but three sectors are projected to add jobs. Utilities and Information are projected to decline by 242 and 35

respectively, while Finance & Insurance is expected to decline by 4,411 jobs or 4.4%. Employment in that sector held relatively flat during the 2020Q2 lockdown quarter, down 2.4% from a year before. This projected decline continues longer-term trends, the sector has declined since its 2007 employment peak. The Insurance Carriers & Related Activities industry accounts for 57% of Finance & Insurance employment and 49% of projected declines, indicating that the smaller Finance component industries are projected to have larger proportional losses.

### Projections by Occupation

As noted above, overall employment is projected to grow by 208,246 or +13.5% from 2020Q2 through 2022Q2. Every occupational group is projected to add jobs through 2022Q2, with growth ranging between 2.9% for Architecture & Engineering Occupations to 71.2% for Food Preparation & Serving Related. The four occupational groups with the largest gains are Food Preparation & Serving Related (+57,200 or +71.2%), Transportation & Material Moving (+22,000 or +19.5%), Personal Care & Service (+21,600 or +58.4%), and Sales & Related Occupations (+16,600 or +12.5%). These four major occupational employment increases echo the aforementioned industry projections, and they represent a combined 24% of base quarter employment and 56% of projected growth as they were hardest hit by the pandemic.

Other large occupational groups, all with employment of 100,000 or more had much more muted growth. Office & Administrative Support is projected to grow by 6.8% to 221,600, Management is up 7.4% to 139,400, and Education,

Occupational Group	2020 Q2 History	2022 Q2 Projections	Emp Change	% Change
<b>Total, All Occupations</b>	<b>1,541,793</b>	<b>1,750,039</b>	<b>208,246</b>	<b>13.5%</b>
Food Preparation and Serving Related	80,274	137,457	57,183	71.2%
Personal Care and Service	36,945	58,511	21,566	58.4%
Building and Grounds Cleaning and Maintenance	56,220	70,530	14,310	25.5%
Transportation and Material Moving	112,946	134,951	22,005	19.5%
Arts, Design, Entertainment, Sports, and Media	25,901	30,048	4,147	16.0%
Sales and Related	132,744	149,381	16,637	12.5%
Protective Service	30,428	33,958	3,530	11.6%
Healthcare Support	81,509	89,133	7,624	9.4%
Installation, Maintenance, and Repair	49,952	54,228	4,276	8.6%
Healthcare Practitioners and Technical	100,444	108,058	7,614	7.6%
Management	129,820	139,432	9,612	7.4%
Computer and Mathematical	48,338	51,646	3,308	6.8%
Office and Administrative Support	207,428	221,588	14,160	6.8%
Production	85,503	90,804	5,301	6.2%
Life, Physical, and Social Science	12,620	13,354	734	5.8%
Construction and Extraction	51,939	54,859	2,920	5.6%
Education, Training, and Library	114,414	120,767	6,353	5.6%
Farming, Fishing, and Forestry	3,947	4,140	193	4.9%
Community and Social Service	38,324	39,927	1,603	4.2%
Business and Financial Operations	93,215	96,958	3,743	4.0%
Legal	14,398	14,840	442	3.1%
Architecture and Engineering	34,484	35,469	985	2.9%

Level of Educational Attainment	2020Q2	2022Q2	Emp. Change	% Change
<b>Total, All Occupations</b>	<b>1,541,793</b>	<b>1,750,039</b>	<b>208,246</b>	<b>13.5%</b>
No formal educational credential	284,194	383,053	98,859	34.8%
High school diploma or equivalent	575,304	637,758	62,454	10.9%
Postsecondary non-degree award	95,809	106,722	10,913	11.4%
Some college, no degree	46,998	50,136	3,138	6.7%
Associate's degree	34,370	40,832	6,462	18.8%
Bachelor's degree	420,641	440,758	20,117	4.8%
Master's degree	31,884	34,462	2,578	8.1%
Doctoral or professional degree	52,593	56,318	3,725	7.1%

employment growth).<sup>2</sup> The total annual opening figures included in the table are the sum of those three annualized variables to highlight that the labor market will have hundreds of thousands of job openings in the coming year.

## Conclusions

The past year has been memorable, for reasons we all hope to forget. The employment projections noted in this article reflect the unprecedented economic conditions that were derived from a pandemic that quickly and drastically altered social and economic foundations. Due to this, there are numerous known and unknown “risks to the projections” that may impact their accuracy. These include COVID-related variables such as vaccination rates and virus mutations, both of which have the potential to drastically shift how the economy functions. The significant economic stimulus policies conducted last year and currently underway will likely continue to avoid the prolonged economic downturn that was feared a year ago. Other behavioral shifts such as permanent widespread adoption of remote work could alter many areas of the economy. At the U.S. level, the highest GDP projections in almost 40 years and concerns of possible inflation could additionally impact the state labor market over the short term in currently unforeseen ways. An upside of many of these risks is that, unlike last year, it seems more likely that they would positively impact the labor market than function as drags on the recovery.

Level of Educational Attainment	Largest Occupation in Ed. Level	2020Q2	2022Q2	Emp. Change	% Change
No formal educational credential	Writers and Waitresses	16,823	31,438	14,615	86.9%
High school diploma or equivalent	Childcare Workers	9,537	16,134	6,597	69.2%
Postsecondary non-degree award	Dental Assistants	2,325	4,183	1,858	79.9%
Some college, no degree	Teaching Assistants	20,145	21,270	1,125	5.6%
Associate's degree	Preschool Teachers	5,127	7,826	2,699	52.6%
Bachelor's degree	General and Operations Managers	27,700	29,938	2,238	8.1%
Master's degree	Nurse Practitioners	2,651	3,111	460	17.4%
Doctoral or professional degree	Physicians, All Other; and Ophthalmologists	5,972	6,560	588	9.8%

Training, & Library Occupations is up 5.6% to 120,800.

Each occupation is assigned an education value based on the minimum education necessary to enter an occupation. The table above shows the breakdown of occupational projections by education value and the specific occupation by educational level with the largest employment change. Over the two years that span the projections period, 23% of job growth will be in occupations that require a credential or degree beyond high school. This share of occupational growth is half what it has been in recent years and reflects the impact of the pandemic on base-quarter employment and subsequent growth — industries and occupations that have lower levels of required educational attainment fell the most due to the pandemic and therefore have a stronger rebound. A shift of employment growth to higher levels of educational attainment can be expected in future rounds of short-term projections as the economy recovers from the pandemic.

## Connecticut's Projections Compared to Other States

Connecticut's projected 2020-2022 job growth is projected to grow at a higher rate than Massachusetts but slightly below the rate of New York. The two-year projected growth rates vary in accordance with percent employment declines in the preceding two year period. From 2018Q2 to 2020Q2, New York, Connecticut, Massachusetts, and New Hampshire had employment change of -16.9%, -15.1%, -14.8%, and -12.4% respectively.

The table also includes average annual openings to help illustrate how total net change doesn't fully capture the amount of churn in the labor market. The projections methodology used by all 50 states and territories calculates openings due to separations (people leaving the labor market), transfers (leaving one job for another), and expansions (total

Area	2020	2022	# Change	% Change	Avg. Ann. Openings
New York	8,678,780	10,156,560	1,477,780	17.0%	1,666,580
Connecticut	1,541,790	1,750,040	208,250	13.5%	266,220
Massachusetts	3,366,030	3,785,260	419,230	12.5%	557,300
New Hampshire	617,610	678,990	61,380	9.9%	95,640

Connecticut's short term projections show that the state is well on its way to rebound from the economic downturn that began early last year. The highest growth industries and occupations are those that were most impacted by shutdown orders and other COVID-mitigation policies. As the recovery continues, we expect that future rounds of employment growth projections in the state will realign to more proportional growth with less drastic industry variance. Key takeaways are that the hardest hit industries and occupations are recovering

and we project total statewide employment will rebound through 2022Q2 and recover most of the employment lost during the pandemic. ■

**Data Limitations:** The Department of Labor's short-term projections in this report have been carefully prepared to ensure accuracy, but by nature are subject to error. For more detail on the short-term occupational projections, visit <https://projectionscentral.org/Projections/ShortTerm>

1 CT Department of Education: Preliminary Data Indicates Three Percent Decline in Statewide Student Enrollment for 2020-21. November 4, 2020. <https://portal.ct.gov/SDE/Press-Room/Press-Releases/2020/Preliminary-Data-Indicates-Three-Percent-Decline-in-Statewide-Student-Enrollment-for-2020>

2 For more information on the projections methodology, see: <https://www.bls.gov/emp/videos/understanding-bls-projections-of-occupational-separations.htm>

## GENERAL ECONOMIC INDICATORS

<i>(Seasonally adjusted)</i>	4Q 2020	4Q 2019	YoY CHG NO. %		3Q 2020	QoQ CHG NO. %	
<b>General Drift Indicator (2007=100)*</b>							
<b>Leading</b>	105.6	115.2	-9.6	-8.3	106.2	-0.6	-0.5
<b>Coincident</b>	91.7	94.9	-3.2	-3.4	91.4	0.3	0.34
<b>Real Gross Domestic Product**</b> (2012 Chained \$, SAAR)	3Q 2020	3Q 2019	YoY CHG NO. %		2Q 2020	QoQ CHG NO. %	
<b>Connecticut (\$ in millions)</b>	242,765.5	251,046.5	-8,281.0	-3.3	226,222.0	16,543.5	7.3
<b>United States (\$ in millions)</b>	18,596,521	19,141,744	-545,223	-2.8	17,302,511	1,294,010	7.5
<b>New England (\$ in millions)</b>	958,935.4	992,084.5	-33,149.1	-3.3	890,906.1	68,029.3	7.6
<b>Per Capita Personal Income**</b> (Current \$, SAAR)	4Q 2020	4Q 2019	YoY CHG NO. %		3Q 2020	QoQ CHG NO. %	
<b>Connecticut</b>	79,423	77,710	1,713	2.2	79,906	-483	-0.6
<b>United States</b>	59,086	56,995	2,091	3.7	60,184	-1,098	-1.8
<b>New England</b>	72,728	70,075	2,653	3.8	74,531	-1,803	-2.4
<b>Philadelphia Fed's Coincident Index (2007=100)***</b>	Mar 2021	Mar 2020	YoY CHG NO. %		Feb 2021	MoM CHG NO. %	
<b>Connecticut</b>	109.87	122.11	-12.2	-10.0	109.24	0.6	0.6
<b>United States</b>	126.42	130.07	-3.7	-2.8	125.62	0.8	0.6

Sources: \*Dr. Steven P. Lanza, University of Connecticut \*\*U.S. Bureau of Economic Analysis \*\*\*Federal Reserve Bank of Philadelphia

**General Drift Indicators** are composite measures of the four-quarter change in three coincident (Connecticut Manufacturing Production Index, nonfarm employment, and real personal income) and three leading (housing permits, manufacturing average weekly hours, and initial unemployment claims) economic variables, and are indexed so 2007 = 100.

The **Philadelphia Fed's Coincident Index** summarizes current economic condition by using four coincident variables: nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and wage and salary disbursements deflated by the consumer price index (U.S. city average).