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In March...

Nonfarm Employment

Connecticut 1,646,400
 Change over month +0.28%
 Change over year +2.98%

United States 150,925,000
 Change over month +0.29%
 Change over year +4.50%

Unemployment Rate

Connecticut 4.6%
 United States 3.6%

Consumer Price Index

United States 287,504
 Change over year +8.5%

Short-Term Employment Projections Through 2023

By Matthew Krzyzek, Economist, Department of Labor

CURRENT SITUATION

The past two years have been a period of unprecedented economic change during which labor markets adapted to COVID-19 mitigation. In early 2020, the US economy had a 2-month recession, the shortest on record.¹ Employment peaked in February at 152.5 million and fell by 22 million two months later. Employment began to quickly rebound and more than half of the 22 million jobs lost were recovered by September 2022. The most recent month of data marks two years from the February 2020 pre-COVID employment peak and show that the current employment level has recovered 92.8% of jobs lost nationwide during the recession.

Figure 1 shows the impact of the COVID-19 recession and recovery on northeast states through March 2022. Every

northeast state had 2020 percent losses that were steeper than the U.S. Connecticut's 17% decline was the second lowest in the Northeast. Adjacent states of Massachusetts, New York, and Rhode Island had respective drops of 18.4%, 20.2%, and 21.3%. In the two years since the February 2020 peak, Connecticut has recovered 81.8% of the jobs lost during the COVID-recession, more than New York (76.4%), but less than Massachusetts (87.1%) and Rhode Island (85.1%).

Connecticut Short-Term Projections

Each year, the Office of Research at the Connecticut Department of Labor produces short-term employment projections by industry and occupation. The current round spans the second quarter of 2021 to the second quarter of 2023.

Fig 1. Jobs Lost and Recovered Over The Past 24 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	#	%	Mar. 2022	#	%	
United States	152,504	130,513	-21,991	-14.4%	150,925	-1,579	-1.0%	92.8%
Connecticut	1,699	1,410	-289	-17.0%	1,646	-53	-3.1%	81.8%
Maine	640	545	-95	-14.9%	639	-1	-0.2%	98.5%
Massachusetts	3,740	3,051	-689	-18.4%	3,651	-89	-2.4%	87.1%
New Hampshire	689	572	-118	-17.1%	680	-10	-1.4%	91.9%
New Jersey	4,228	3,496	-733	-17.3%	4,175	-53	-1.3%	92.7%
New York	9,844	7,858	-1,986	-20.2%	9,375	-468	-4.8%	76.4%
Pennsylvania	6,096	4,961	-1,135	-18.6%	5,902	-193	-3.2%	83.0%
Rhode Island	508	400	-108	-21.3%	492	-16	-3.2%	85.1%
Vermont	316	250	-66	-20.8%	300	-16	-5.1%	75.5%

Seasonally Adjusted

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

THE CONNECTICUT ECONOMIC DIGEST

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Fig 2. Industry Projections

Industry	2021 Q2 Base	2023 Q2 Proj.	Emp Change	% Change
Total All Industries	1,722,162	1,841,001	118,839	6.9%
Self Employed and Unpaid Family Workers, All Jobs	110,677	120,195	9,518	8.6%
Goods Producing	218,045	235,250	17,205	7.9%
Natural Resources and Mining	5,643	6,048	405	7.2%
Construction	59,924	64,019	4,095	6.8%
Manufacturing	152,478	165,183	12,705	8.3%
Services Providing	1,393,440	1,485,556	92,116	6.6%
Wholesale Trade	56,882	60,992	4,110	7.2%
Retail Trade	166,112	172,965	6,853	4.1%
Transportation and Warehousing	59,703	70,612	10,909	18.3%
Utilities	5,005	4,882	-123	-2.5%
Information	29,583	30,069	486	1.6%
Finance and Insurance	99,567	98,112	-1,455	-1.5%
Real Estate and Rental and Leasing	18,397	19,617	1,220	6.6%
Professional, Scientific, and Technical Services	94,872	98,159	3,287	3.5%
Management of Companies and Enterprises	30,340	34,034	3,694	12.2%
Administrative and Support and Waste Management	88,402	92,905	4,503	5.1%
Educational Services	175,048	180,416	5,368	3.1%
Health Care	217,159	223,524	6,365	2.9%
Social Assistance	68,077	71,464	3,387	5.0%
Arts, Entertainment, and Recreation	23,493	30,441	6,948	29.6%
Accommodation and Food Services	118,238	143,820	25,582	21.6%
Other Services (except Government)	62,337	70,311	7,974	12.8%
Government*	80,225	83,233	3,008	3.7%

*Government excludes education, hospitals, and gambling industries

This base quarter coincides with the start of the spring 2021 vaccine rollout and the easing of many COVID-mitigation restrictions. Through 2023Q2, we project overall employment in Connecticut to increase by 6.9% from 1,722,162 to 1,841,001, as is shown in **Figure 2**. Note that this topline figure includes projected self-employment and unpaid family workers (UFW). The Goods Producing sector is projected to grow by 7.9% through 2023Q2, with most of that growth occurring in Manufacturing, its largest component industry. The Service Providing sector is projected to grow by 6.6% over two years. This sector represents 86.5% of industry employment in the state. This projected growth suggests that the state will continue its current trend of monthly job growth and will approach pre-pandemic levels of industry employment by mid-2023.

Projections by Industry

The two major sectors that show the largest projected employment percent increases are those that were heavily impacted by the COVID-19 lockdown. Arts, Entertainment, & Recreation is projected to grow by 29.6% and Accommodation & Food Services by 21.6%. These two sectors had the largest 2020 employment decreases during the second quarter of that year and are experiencing strong rebounds that demonstrate the underlying resilience of the Connecticut economy. The third largest sector growth is expected in Transportation & Warehousing, which isn't recovering from a trough but is continuing a pre-pandemic growth trend that has accelerated as people adapted to the lockdowns and ordered more online. Transportation & Warehousing has experienced

Fig 3. Occupational Projections

SOC	Occupational Group	2021 Q2 Base	2023 Q2 Proj.	Emp Change	% Change
00-0000	Total, All Occupations	1,722,162	1,841,001	118,839	6.9%
11-0000	Management	127,059	135,384	8,325	6.6%
13-0000	Business and Financial Operations	100,143	105,298	5,155	5.2%
15-0000	Computer and Mathematical	52,097	55,153	3,056	5.9%
17-0000	Architecture and Engineering	35,389	37,932	2,543	7.2%
19-0000	Life, Physical, and Social Science	12,632	13,392	760	6.0%
21-0000	Community and Social Service	37,804	39,452	1,648	4.4%
23-0000	Legal	16,845	17,381	536	3.2%
25-0000	Education, Training, and Library	122,907	128,084	5,177	4.2%
27-0000	Arts, Design, Entertainment, Sports, and Media	27,828	30,509	2,681	9.6%
29-0000	Healthcare Practitioners and Technical	107,417	111,845	4,428	4.1%
31-0000	Healthcare Support	87,940	92,036	4,096	4.7%
33-0000	Protective Service	32,458	34,075	1,617	5.0%
35-0000	Food Preparation and Serving Related	120,836	142,568	21,732	18.0%
37-0000	Building and Grounds Cleaning and Maintenance	70,447	75,149	4,702	6.7%
39-0000	Personal Care and Service	58,854	66,671	7,817	13.3%
41-0000	Sales and Related	156,032	163,034	7,002	4.5%
43-0000	Office and Administrative Support	225,428	234,120	8,692	3.9%
45-0000	Farming, Fishing, and Forestry	4,296	4,524	228	5.3%
47-0000	Construction and Extraction	61,889	66,635	4,746	7.7%
49-0000	Installation, Maintenance, and Repair	53,105	56,584	3,479	6.6%
51-0000	Production	87,424	93,677	6,253	7.2%
53-0000	Transportation and Material Moving	123,332	137,498	14,166	11.5%

increasing annual growth from 2016 through 2020, increasing from 2% in 2016, 3% in 2017, 6% in both 2018 and 2019, and 7% in 2020.

Nearly every industry is projected to add jobs during the projections period. In addition to those mentioned above, Manufacturing is projected to grow by 8.3% (+12,705). Accommodations & Food Services, Transportation & Warehousing, and Manufacturing amounted to a combined 19% of base quarter employment and represent 41% of projected growth. This pattern is heavily influenced by the short-term impact of COVID on the economy. The large growth in Accommodation & Food Services and Transportation & Warehousing follow aforementioned trends while the Manufacturing projection signals that it is expected to regain its pre-COVID growth trend that spanned from mid-2016 through

the first months of 2020. Current Employment Statistics data show Manufacturing employment gains over the last 6 months with February 2022 employment up 5,700 over the year and 3,100 below pre-recession February 2020 levels.

The two sectors expected to lose jobs through 2023 are Utilities with a slight 2.5% decline and Finance & Insurance, projected to decrease by 1.5%. The Finance & Insurance declines represent a continuation of a longer-term trend. Its employment peaked in 2007 at 123,453 jobs and was 101,756 in 2019. It fell to just under 100,000 by mid-2020 and was 99,567 during the 2021Q2 base quarter.

Projections by Occupation

As noted above, overall employment including self-employed and UFW is projected to grow by 118,839 or +6.9% from 2021Q2 through 2023Q2. In addition to the industry

breakdowns discussed in the previous section, projections are also produced for the 22 major occupational groups and over 700 specific occupations.² Every occupational group is projected to add jobs during the 2-year projections period, with growth ranging from 3.2% for Legal Occupations to 18.0% for Food Preparation & Serving Related (**Figure 3**). The five occupational groups with the largest gains are Food Preparation & Serving Related (+21,732 or +18.0%), Transportation & Material Moving (+14,166 or +11.5%), Office & Administrative Support (+8,692 or +3.9%), Management (+8,325 or +6.6%) and Personal Care & Service (+7,817 or +13.3%). These five major occupational groups represent a combined 38% of base quarter employment and 51% of projected growth.

Other large occupational groups, all with base employment of 100,000 or more have projected growth of 7,002 or less and by 5.2% or less. Sales and Related is expected to add 7,002, an increase of 4.5%. Education, Training & Library Occupations has projected gains of 5,177 or +4.2%, Business & Financial Operations is expected to increase by 5,155 or 5.2%, and Healthcare Practitioners & Technical is expected to increase by 4,428 or +4.1%.

Each occupation is assigned an education value based on the minimum education necessary to enter an occupation and is shown in **Figure 4**. Over the two years, 34% of projected job growth will be in occupations that require a credential or degree beyond high school. This share of occupational growth is 11 points above the level projected last year, which reflects the differences between the 2020Q2 base used last year and the 2021Q2 base used for

Fig 4. Occupational Projections by Educational Attainment

Level of Educational Attainment	2021Q2	2023Q2	Emp. Change	% Change
Total All Occupations	1,722,162	1,841,001	118,839	6.9%
No formal educational credential	356,606	396,664	40,058	11.2%
High school diploma or equivalent	625,167	663,669	38,502	6.2%
Postsecondary non-degree award	113,111	119,687	6,576	5.8%
Some college, no degree	61,027	64,569	3,542	5.8%
Associate's degree	35,725	37,486	1,761	4.9%
Bachelor's degree	439,020	463,315	24,295	5.5%
Master's degree	35,563	37,383	1,820	5.1%
Doctoral or professional degree	55,943	58,228	2,285	4.1%

this round of projections. The COVID-recession heavily impacted sectors of the economy that required public-facing operations such as food service, retail, and other employment that was not able to shift to telework or alternative arrangements. The 2021 base quarter reflects the economy one year into its recovery, after many of the hardest hit sectors had regained a large portion of their early 2020 employment losses. This shift was noted last year, which stated that “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”.³

Connecticut's Projections Compared to Nearby States

Connecticut's projected 2021-2023 growth is shown in **Figure 5** to be higher than the northern New England states of Maine, Massachusetts, and New Hampshire, but lower than Rhode Island and Vermont. The lower projected growth to the north may correspond with the higher recovery rates those states have experienced compared to Connecticut, whereas our larger projected growth neighbors of New York and Vermont both have recovery rates currently below 77%.

Risks to projection

The projections were produced in early 2022 using the best information available at that time. Since the projections were completed, Connecticut has continued to report job growth confirming the validity of the projections process and the strength of the Connecticut economy. The largest risks to the projections are outside our state and include the international conflict in Europe and higher energy prices in addition to Federal Reserve actions to reduce the rate of inflation. And of course, a resurgence of COVID-19 could

Fig 5. Two Year Projections - Northeast States

Area	2021	2023	# Change	% Change	Avg. Ann. Openings
Connecticut	1,722,162	1,841,001	118,839	6.9	250,572
Maine	673,680	689,540	15,860	2.4	82,040
Massachusetts	3,494,320	3,621,580	127,260	3.6	211,250
New Hampshire	699,690	725,630	25,940	3.7	90,570
New York	9,486,890	10,132,790	645,900	6.8	1,372,110
Pennsylvania	6,060,370	6,173,770	113,400	1.9	723,040
Rhode Island	491,500	533,410	41,910	8.5	75,740
Vermont	326,770	349,710	22,940	7.0	47,670

Note: Projections Include Self-Employed and Unpaid Family Workers

also reduce employment growth. On the other hand, increased federal infrastructure investments, initiatives to enhance Connecticut's workforce, and the large number of job openings currently reported suggest there are positive risks as well.

Conclusions

Connecticut's short-term projections show that the state is expected to continue the strong employment growth that has occurred in the past year as it recovers from the sharp and short pandemic-induced recession of 2020. From 2020-2021, employment grew by 2.7% and the annual unemployment

rate fell from 7.8% to 6.3%.⁴ As of March 2022, the state has recovered 81.8% of 289,000 jobs lost two years ago and current employment is at 96.9% of February 2020 levels. The recovery is still ongoing, but recent economic data and our short-term projections both suggest the state is heading in the right direction. ■

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 NBER. US Business Cycle Expansions and Contractions. <https://www.nber.org/research/data/us-business-cycle-expansions-and-contractions>

2 Projections can be downloaded here: <https://projectionscentral.org/Projections/ShortTerm>

3 Krzyzek, Matthew. [Short-Term Employment Projections Through 2022](#). Connecticut Economic Digest. May 2021.

4 Joo, Jungmin Charles. [Connecticut's Economy Rebounds in 2021](#). Connecticut Economic Digest. March 2022.

GENERAL ECONOMIC INDICATORS

<i>(Seasonally adjusted)</i>	4Q	4Q	YoY CHG		3Q	QoQ CHG	
	2021	2020	NO.	%	2021	NO.	%
General Drift Indicator (2007=100)*							
Leading	108.8	106.6	2.2	2.1	106.5	2.3	2.14
Coincident	92.3	91.7	0.6	0.7	92.1	0.2	0.19
Real Gross Domestic Product** <i>(Millions of chained 2012 dollars)</i>	3Q	3Q	YoY CHG		2Q	QoQ CHG	
	2021	2020	NO.	%	2021	NO.	%
Connecticut	247,415.7	237,296.8	10,118.9	4.3	245,803.0	1,612.7	0.7
United States	19,478,893	18,560,774	918,119	4.9	19,368,310	110,583	0.6
New England	999,386.6	959,017.2	40,369.4	4.2	993,019.3	6,367.3	0.6
Per Capita Personal Income** <i>(Current \$, SAAR)</i>	4Q	4Q	YoY CHG		3Q	QoQ CHG	
	2021	2020	NO.	%	2021	NO.	%
Connecticut	82,204	77,663	4,541	5.8	81,377	827	1.0
United States	62,968	58,851	4,117	7.0	62,651	317	0.5
New England	76,442	71,956	4,486	6.2	76,091	351	0.5
Philadelphia Fed's Coincident Index (2007=100)***	Mar	Mar	YoY CHG		Feb	MoM CHG	
	2022	2021	NO.	%	2022	NO.	%
Connecticut	118.59	110.91	7.67	6.9	117.64	0.95	0.8
United States	133.07	125.58	7.49	6.0	132.47	0.60	0.5

Sources: *Dr. Steven P. Lanza, University of Connecticut, <https://steven-landa.uconn.edu/the-connecticut-green-sheet/>
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).