

ECONOMIC DIGEST

Vol.27 No.11 A joint publication of Connecticut Department of Labor & Connecticut Department of Economic and Community Development

NOVEMBER 2022

IN THIS ISSUE...

2021 Economic Indexes Rebounded in All States 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 September...

Nonfarm Employment

Connecticut	1,6
Change over month	+0.17%
Change over year	+2.41%
United States	15
Change over month	+0.21%
Change over year	+3.98%

Unemployment Rate

Connecticut	4.
United States	3.7%

Consumer Price Index

United States	29
Change over year	+8.3%

2021 Economic Indexes Rebounded in All States

By Jungmin Charles Joo and Dana Placzek, Department of Labor

Economic indexes bounced back last year in all states after having fallen in 2020. Forty-nine states (including Connecticut) had faster growth in 2021 than in 2019 – the last pre-pandemic year while one state matched the 2019 pace.

SEI: Methodology

Applying the same components and methodology of the Connecticut Town Economic Indexes (See October 2022 issue), the Connecticut Department of Labor’s Office of Research also developed the State Economic Indexes for all 50 states and DC. With recently available annual average data from the Quarterly Census of Employment and Wages (QCEW) program, along with the revised annual average unemployment rate from Local Area Unemployment Statistics (LAUS), annual SEI is reestimated for the 2010-2021 period.

These indexes provide a measure of the overall economic strength of each state. Four annual average state economic indicators were used as components: 1. the number of the total covered business establishments, 2. total covered employment, 3. real covered wages, and 4. the unemployment rate.

Business establishments are the physical work units located in the state. Employment is the number of payroll employees in

the establishments that are located in the state who are covered under the unemployment insurance law (nearly the universe count of all the payroll employees in each state). Average annual pay is the aggregate wages earned divided by the total average employment. Establishments, employment, and wages are proxies for each state’s business activities and its overall economic strength, while the unemployment rate measures the overall economic health of each state’s working residents.

Each of the four components of the SEI is given a 25 percent weight. SEI’s base year is 2010, which equals 100. The wage component is adjusted to 2010 dollars, and the unemployment rate change is inversed to reflect the right economic direction. By combining these four major economic indicators, the index gives a broad measure of business and resident economic conditions of each state that can then be compared and analyzed.

SEI: 2020 to 2021

Reflecting a recovery from the COVID pandemic, the business and labor conditions of all 50 states and DC turned around from 2020 to 2021, after having decreased SEI from 2019 to 2020. The fastest increases in the index occurred in Indiana and Alabama. Connecticut rose 8.0% over the year (See table on page 2). New Mexico and Maryland had the slowest increases.

ECONOMIC DIGEST

The Connecticut Economic Digest is published monthly by the Connecticut Department of Labor, Office of Research, and the Connecticut Department of Economic and Community Development. Its purpose is to regularly provide users with a comprehensive source for the most current, up-to-date data available on the workforce and economy of the state, within perspectives of the region and nation.

The annual subscription is \$50. Send subscription requests to: *The Connecticut Economic Digest*, Connecticut Department of Labor, Office of Research, 200 Folly Brook Boulevard, Wethersfield, CT 06109-1114. Make checks payable to the Connecticut Department of Labor. Back issues are \$4 per copy. The Digest can be accessed free of charge from the DOL Web site. Articles from *The Connecticut Economic Digest* may be reprinted if the source is credited. Please send copies of the reprinted material to the Managing Editor. The views expressed by the authors are theirs alone and may not reflect those of the DOL or DECD.

Managing Editor: Jungmin Charles Joo

Associate Editor: Erin C. Wilkins

We would like to acknowledge the contributions of many DOL Research and DECD staff and Rob Damroth to the publication of the Digest.

Connecticut Department of Labor

Danté Bartolomeo, Commissioner
Daryle Dudzinski, Deputy Commissioner
Mark Polzella, Deputy Commissioner

Patrick J. Flaherty, Director
Office of Research
200 Folly Brook Boulevard
Wethersfield, CT 06109-1114
Phone: (860) 263-6255

Fax: (860) 263-6263

E-Mail: dol.econdigest@ct.gov

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



Connecticut Department of Economic and Community Development

David Lehman, Commissioner
Alexandra Daum, Deputy Commissioner
Paul O. Robertson, Deputy Commissioner

450 Columbus Boulevard
Suite 5
Hartford, CT 06103
Phone: (860) 500-2300

Fax: (860) 500-2440

E-Mail: decd@ct.gov

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



STATE ECONOMIC INDEXES (2010=100), 2017-2021*

State	2020-21 % Chg	2017	2018	2019	2020	2021
Alabama	30.8%	139.1	149.6	166.1	126.6	165.6
Alaska	7.6%	109.9	113.3	118.1	106.7	114.7
Arizona	18.4%	136.2	140.4	142.4	126.2	149.5
Arkansas	16.1%	135.0	137.7	141.0	118.8	137.9
California	13.0%	153.3	163.2	169.5	125.3	141.6
Colorado	9.6%	176.5	167.3	182.3	129.7	142.1
Connecticut	8.0%	134.8	142.8	151.3	114.6	123.7
Delaware	11.6%	132.1	142.8	146.8	118.7	132.4
District of Columbia	7.7%	125.5	130.2	133.6	120.1	129.3
Florida	24.2%	149.6	162.1	176.5	127.3	158.1
Georgia	24.0%	139.5	152.3	162.3	132.1	163.8
Hawaii	17.3%	161.2	156.3	156.0	102.7	120.4
Idaho	20.0%	154.9	165.1	164.6	136.9	164.4
Illinois	15.2%	133.1	140.6	148.1	111.3	128.2
Indiana	31.1%	154.8	158.5	162.1	121.7	159.5
Iowa	6.2%	132.5	145.7	144.7	117.5	124.8
Kansas	22.1%	128.9	134.3	138.7	114.1	139.3
Kentucky	13.4%	137.1	145.8	148.7	127.8	144.9
Louisiana	13.5%	115.6	119.2	122.3	103.6	117.6
Maine	5.6%	144.3	150.9	160.1	129.2	136.5
Maryland	4.9%	130.3	136.8	141.6	114.3	119.9
Massachusetts	15.0%	139.7	147.9	155.9	113.6	130.6
Michigan	19.6%	148.3	155.9	159.9	116.7	139.5
Minnesota	22.6%	135.8	145.0	141.4	117.5	144.1
Mississippi	12.6%	128.9	132.8	129.0	115.4	129.9
Missouri	12.7%	149.2	159.6	164.5	129.0	145.3
Montana	20.6%	130.0	136.7	139.7	124.0	149.6
Nebraska	17.8%	126.0	128.0	127.9	118.6	139.8
Nevada	23.8%	154.2	166.1	176.3	116.7	144.4
New Hampshire	23.2%	138.1	143.7	145.7	112.5	138.6
New Jersey	13.9%	133.3	141.3	153.9	109.5	124.8
New Mexico	5.3%	111.6	121.7	124.7	109.8	115.6
New York	10.4%	131.0	138.1	144.0	109.6	121.0
North Carolina	16.7%	144.3	153.7	159.8	129.6	151.3
North Dakota	6.4%	127.2	131.6	138.8	112.6	119.8
Ohio	17.8%	133.5	140.3	146.0	117.2	138.0
Oklahoma	15.8%	123.1	133.1	137.8	111.8	129.5
Oregon	15.0%	154.3	158.4	166.5	131.5	151.2
Pennsylvania	10.7%	122.5	128.2	129.9	107.7	119.3
Rhode Island	19.6%	146.7	154.1	165.6	118.3	141.6
South Carolina	18.8%	154.1	171.7	193.2	141.4	167.9
South Dakota	11.3%	123.8	129.5	131.4	119.0	132.4
Tennessee	22.6%	151.8	157.8	162.1	125.4	153.7
Texas	10.1%	135.8	143.1	151.9	121.4	133.7
Utah	25.1%	153.5	161.4	173.1	143.1	179.1
Vermont	18.2%	133.9	143.0	152.5	113.3	134.0
Virginia	16.6%	133.6	147.2	153.2	119.0	138.8
Washington	15.9%	136.1	141.8	146.0	123.8	143.5
West Virginia	17.2%	120.7	123.2	126.0	108.3	126.9
Wisconsin	20.1%	147.9	156.1	153.1	121.5	145.9
Wyoming	9.1%	118.1	121.5	128.1	111.1	121.2
UNITED STATES	15.3%	139.0	147.8	153.4	119.8	138.2

* 2010 = 100 for all 50 states and District of Columbia. 2011-2021 SEI are available upon request.

State Economic Indexes developed by Connecticut Department of Labor, Office of Research

Data Source: Bureau of Labor Statistics

SEI: 2010 to 2021

Looking longer term, all 50 states and DC continued to show positive SEI growth. Utah and South Carolina topped the list, when new business formations, jobs, real wages, and unemployment rates are all factored in. The Connecticut index increased 23.7% since 2010, when the economy began to recover, while the nation's index grew 38.2%. Among the Northeast states, Connecticut grew faster than New York and Pennsylvania (Chart 1). Rhode Island's economy improved the most in the long run. The map on page 4 shows the different ranges of economic recovery rate of each state.

Components of SEI:

Establishments

In terms of the number of establishments, Idaho and Georgia experienced the fastest growth over the year. All states rose from 2020. Connecticut's establishment growth rate (4.9%) was the fastest pace for any year for which we have data with an increase of more than 6,000 establishments. Increases in all previous years were less than 2,500. Over the last eleven years, Utah and Idaho had the fastest business formations. On the other hand, the number of

establishments grew the slowest in Illinois and Kansas since 2010.

Employment

Last year's average nationwide employment increased 3.4%, while Connecticut gained 3.0% of its jobs in 2021. Nevada and Idaho posted the fastest job growth. Only the District of Columbia lost jobs over the year.

Note employment (as with all statistics in the SEI) are annual averages so the 2020 average includes some pre-pandemic months while the 2021 average includes months early in the year when the effects of the pandemic were still severe. Only six states had average annual employment in 2021 above their 2019 average. Connecticut 2021 employment was more than 95% of the 2019 average, just slightly below the 97% for the nation as a whole.

Real Wages

Forty-one states posted inflation-adjusted wage gains in 2021. New Hampshire and Florida had the fastest annual pay increase, while Alaska and North Dakota's wages dropped the biggest over the year. Connecticut wages declined slightly in 2021 (-0.3%) after a large 2020 increase. Average wages were boosted in 2020 by the pandemic-caused closure of lower wage establishments such as restaurants. The return of

these jobs in 2021 lowered average wages. Once again, the highest annual average pay was earned in DC at \$106,879 in 2021 (in 2010 dollars). Connecticut's wage was sixth highest (\$74,183), following New York (\$83,899), Massachusetts (\$83,630), California (\$81,713), and Washington (\$78,602). Only 11 states and DC posted wages higher than the nation's average of \$64,434 last year. The two states with the lowest average pay in 2021 were Mississippi and West Virginia.

Since 2010, all 50 states and DC experienced income gains, with Washington and California continuing to have the fastest increase. Connecticut average wage has increased by nearly \$15,000 (inflation-adjusted) in that time period.

Unemployment Rate

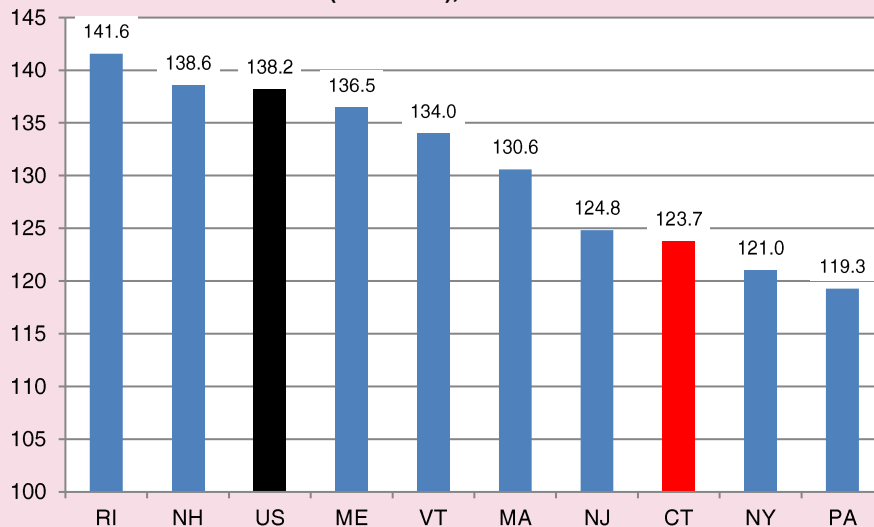
Nebraska (2.5%) and Utah (2.7%) posted the lowest unemployment rates in 2021. Conversely, California (7.3%) and Nevada (7.2%) had the highest unemployment rates last year. Connecticut had 6.3% while U.S. had 5.3% jobless rate. All 50 states and DC bounced back from the effect of the pandemic. The fastest recovery occurred in Hawaii and Indiana over the year.

Between 2010 and 2021, all but North Dakota (unchanged) unemployment rates went down. Alabama and Utah had the biggest percentage unemployment rate drop. Since 2010, Connecticut's jobless rate dropped from 9.6% to 6.3%, while it was from 9.6% to 5.3% nationally. (Again the 2021 average includes months in early 2021 when the effects of the pandemic were still severe. Connecticut's unemployment rate has fallen more than 3 percentage points from early 2021 through September 2022.)

SEI Diffusion Index: 2011-2021

One way to measure aggregate performance of SEI of all 50 states and DC is to use a

Chart 1. 2021 SEI (2010=100), Northeast States and U.S.



State Economic Indexes, 2021

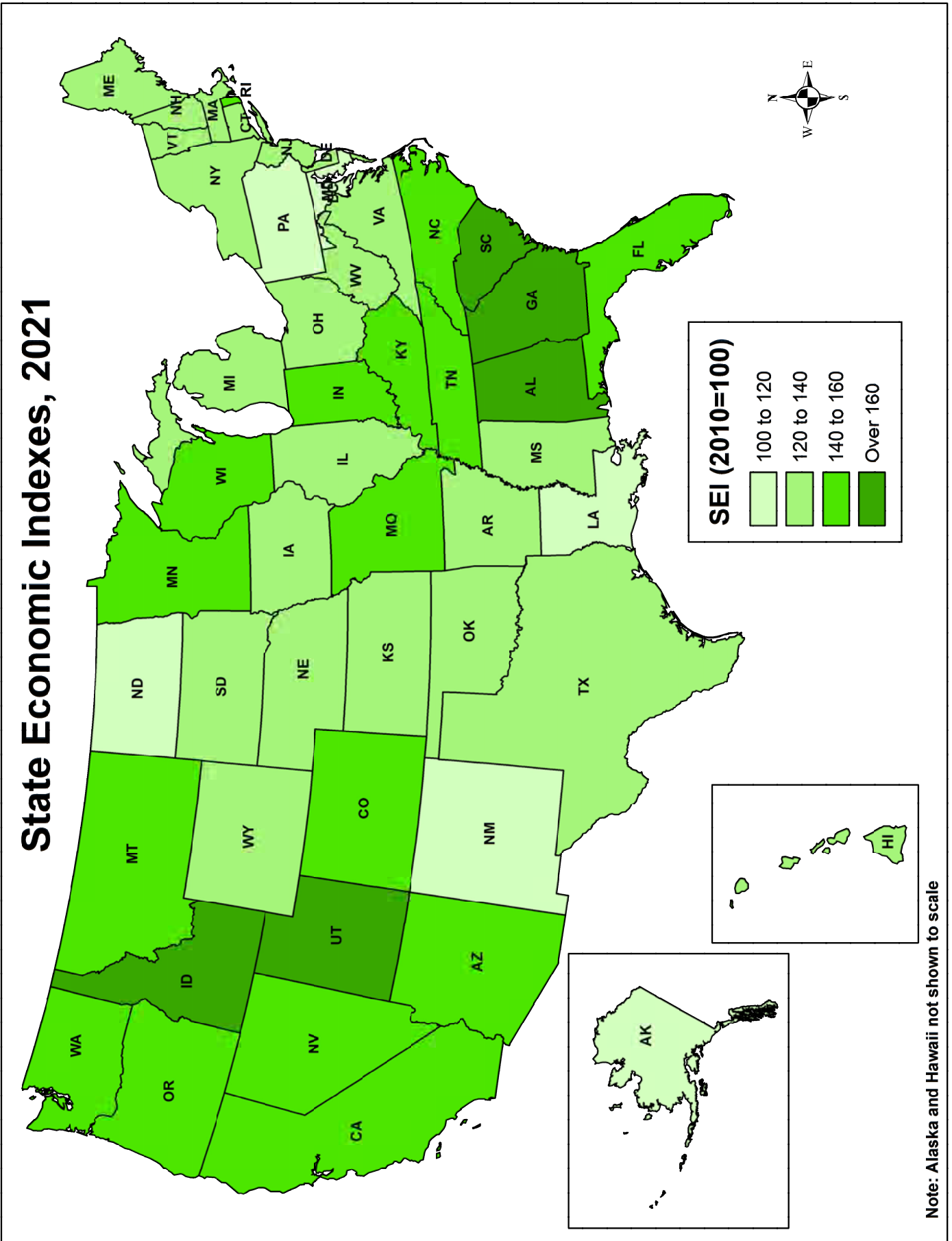
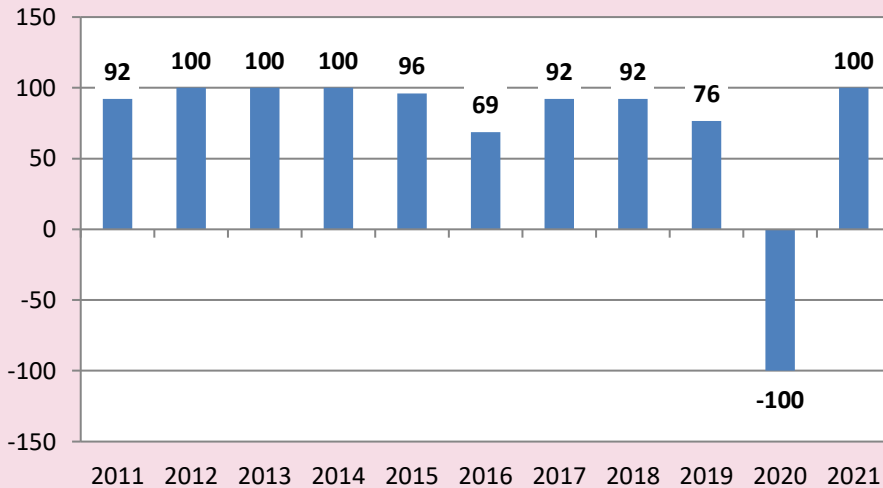


Chart 2. SEI Diffusion Index, 2011-2021



For example, index values in 49 states rose (96%), two (4%) fell, and two stayed the same in 2011. The diffusion index is then calculated by subtracting 4 from 96, equaling 92. Thus, if all 51 state indexes increase from a prior year, then the diffusion index becomes 100, and if all decline, then -100. If the SEI Diffusion Index is positive, then that is interpreted as an economic recovery or expansion, while negative figures would mean an economic recession or contraction.

After experiencing strong growth rate in 2017 and 2018 (SEI of 92), then slowing to 76 in 2019, the pandemic caused all the states' economy to contract in 2020 with an index of -100. Then last year, as a sign of recovery, all the states made a complete turnaround (Chart 2). ■

diffusion index. For each state, the index is up, down, or unchanged over the year. The SEI Diffusion Index is calculated by subtracting the share of

states that experienced decreases in their indexes from the share that had increases over the year.

GENERAL ECONOMIC INDICATORS

(Seasonally adjusted)	2Q 2022	2Q 2021	YoY CHG NO. %		1Q 2022	QoQ CHG NO. %	
General Drift Indicator (2007=100)*							
Leading	112.9	105.0	7.8	7.5	111.5	1.4	1.26
Coincident	96.2	94.7	1.5	1.6	95.3	0.9	0.97
Real Gross Domestic Product** (Millions of chained 2012 dollars)	1Q 2022	1Q 2021	YoY CHG NO. %		4Q 2021	QoQ CHG NO. %	
Connecticut	250,201	240,712	9,489	3.9	251,071	-870	-0.3
United States	19,727,918	19,055,655	672,263	3.5	19,806,290	-78,372	-0.4
New England	1,025,942	979,373	46,570	4.8	1,026,499	-557	-0.1
Per Capita Personal Income** (Current \$, SAAR)	2Q 2022	2Q 2021	YoY CHG NO. %		1Q 2022	QoQ CHG NO. %	
Connecticut			0	####		0	####
United States			0	####		0	####
New England			0	####		0	####
Philadelphia Fed's Coincident Index (2007=100)***	Sep 2022	Sep 2021	YoY CHG NO. %		Aug 2022	MoM CHG NO. %	
Connecticut			0.00	####		0.00	####
United States			0.00	####		0.00	####

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).