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In July...

Nonfarm Employment

Connecticut 1,540,400
 Change over month +1.75%
 Change over year -8.67%

United States 139,582,000
 Change over month +1.28%
 Change over year -7.53%

Unemployment Rate

Connecticut 10.2%
 United States 10.2%

Consumer Price Index

United States 259.101
 Change over year +1.0%

A look at the Changing Demographic Composition of Connecticut Employment: 1999-2019

By Matthew Krzyzek, Economist, Department of Labor

Newly released data through 2019 illustrates changes in the demographic composition of employment in the years leading up to the 2019 business cycle peak. During the past year the economy went from one extreme to the other. In a matter of weeks, the pandemic paused many sectors of the economy and required populations globally to change behavior and adapt to minimize its impact on public health. Unemployment went from a historic low to a historic high, unemployment claims reached record levels, and the US economy went swiftly into a recession by the first quarter of this year. A look at the demographic trends before the pandemic can give insight into

what we can expect in a post-pandemic economy.

Long Term Trends: 1999-2019

The racial and ethnic composition of Connecticut employment has made some notable shifts over the past two decades. The U.S. Census Bureau's Quarterly Workforce Indicators (QWI) dataset allows for a detailed view of the composition of employment in the state.¹ The *Connecticut Economic Digest* has previously featured this dataset in May and December of 2019 in articles that looked at age cohort changes by industry and a detailed look at demographic breakdown of overall employment by firm size.²

Those articles showed that the share of the Connecticut workforce over age 54 has doubled

Connecticut Employment by Race and Ethnic Group 1999-2019

Race/Ethnic Group	Employment			Employment Share			Percent Change		
	1999	2009	2019	1999	2009	2019	99-09	09-19	99-19
All	1,621,853	1,584,640	1,640,725	100.0%	100.0%	100.0%	-2.3%	3.5%	1.2%
White	1,394,848	1,317,170	1,301,459	86.0%	83.1%	79.3%	-5.6%	-1.2%	-6.7%
Black or African American	160,527	168,896	213,459	9.9%	10.7%	13.0%	5.2%	26.4%	33.0%
Asian	42,092	68,628	84,396	2.6%	4.3%	5.1%	63.0%	23.0%	100.5%
American Indian or Alaska Native	5,893	6,536	8,643	0.4%	0.4%	0.5%	10.9%	32.2%	46.7%
Native Hawaiian or Other P.I.	1,356	1,905	2,545	0.1%	0.1%	0.2%	40.5%	33.6%	87.7%
Two or More Race Groups	17,136	21,505	30,221	1.1%	1.4%	1.8%	25.5%	40.5%	76.4%
Hispanic or Latino	132,017	167,827	232,889	8.1%	10.6%	14.2%	27.1%	38.8%	76.4%
Not Hispanic or Latino	1,489,836	1,416,813	1,407,835	91.9%	89.4%	85.8%	-4.9%	-0.6%	-5.5%

Source: US Census Bureau, QWI

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2007-10 Recession Peak and Trough Employment

	All	White	Black or African American	Asian	Amer. Indian or Alaska Native	Native Hawaiian or Other P.I.	Two or More Race Groups	Not Hispanic or Latino	Hispanic or Latino
Peak Quarter	2007 Q4	2007 Q4	2007 Q4	2008 Q4	2007 Q4	2008 Q4	2008 Q4	2007 Q4	2008 Q4
Peak Employment	1,680,308	1,399,620	181,650	70,771	6,925	2,012	22,562	1,503,254	177,816
Trough Quarter	2010 Q1	2010 Q1	2010 Q1	2010 Q1	2010 Q1	2010 Q1	2010 Q1	2010 Q1	2010 Q1
Trough Employment	1,521,991	1,263,517	162,723	66,967	6,243	1,802	20,738	1,361,003	160,988
Peak/Trough # loss	-158,317	-136,103	-18,927	-3,804	-682	-210	-1,824	-142,251	-16,828
Peak/Trough % loss	-9.4%	-9.7%	-10.4%	-5.4%	-9.8%	-10.4%	-8.1%	-9.5%	-9.5%

Source: US Census Bureau, QWI

over twenty years with pronounced increases in major sectors such as Manufacturing and Healthcare & Social Assistance. The December 2019 article illustrated how cyclical employment changes and the demographic composition of employment vary by firm size.

This article takes a more detailed look at industry and cyclical employment change by race and ethnicity. The table on page 1 illustrates how the demographic composition of Connecticut’s employment has changed over the past 20 years. Total employment is up 1.2% over the period, falling by 2.3% or 37,213 through 2009 and increasing by 3.5% or 18,872 from 2009-2019. The overall 20-year growth is driven by non-White and Hispanic employment gains, which increased between 31.6% (Black or African American) and 100.5% (Asian). White and Non-Hispanic employment are down 6.7% and 5.5% respectively over the period. Hispanic employment is up 76.4%. These 10-year periods illustrate the differing demographic trends of specific groups in the state.

Of groups that saw the largest growth over the period, many had significantly more growth during the recent 10-year period than the prior one. African American employment grew by 52,932 or 33% over the past 20 years, with 84% of that growth occurring in

the past decade. Other groups with larger increases during the 2009-19 period than the preceding 99-09 period include Hispanic employment, which grew 27% through 2009 and 39% from 2009-19. Apart from Asian and Native Hawaiian employment, every non-white demographic group had larger gains during the past ten years than the 99-09 period. Asian employment grew by 63% through 2009 and by 23% over the past 10 years.

The table above illustrates broad long-term trends of specific demographic groups, but does not fully capture the impact of business cycle cyclicity on overall change. The 1999-2009 span encompasses the years leading up to the tech bubble and the immediate years after the 2007 peak, while the 2009-2019 period includes the year before the Great Recession’s trough through the year ending 2019, immediately before the 2020Q1 start of the pandemic-induced recession.

Cyclical Employment Change

In the fourth quarter of 2000, employment peaked for total employment and every available demographic group, marking the peak of the tech bubble business cycle in Connecticut. For some demographic groups, this recession was a momentary blip in overall employment growth. Groups that reached an

INDUSTRY EMPLOYMENT % CHANGE 2010-2019

NAICS Sector	Industry	All	White	Black or African American	Asian	American Indian or Alaska Native	Native Hawaiian or Other Pacific Islander	Two or More Race Groups	Hispanic or Latino
00	All Industries	5.1%	0.5%	28.0%	21.5%	32.9%	35.5%	40.6%	39.3%
11	Agriculture	2.8%	5.6%	8.4%	-33.3%	-27.1%	-33.3%	-18.3%	-8.8%
21	Mining and Extraction	-8.5%	-7.8%	-21.4%	-33.3%	-100.0%	S	0.0%	-10.7%
22	Utilities	-17.2%	-18.1%	-12.6%	4.4%	4.2%	0.0%	5.3%	13.3%
23	Construction	19.4%	16.8%	55.5%	35.9%	40.6%	65.5%	51.3%	68.7%
31-33	Manufacturing	-1.5%	-3.7%	13.8%	2.5%	25.3%	41.1%	36.6%	28.6%
42	Wholesale Trade	-4.4%	-7.4%	28.0%	-0.8%	24.5%	23.6%	28.0%	30.6%
44-45	Retail Trade	1.3%	-3.4%	22.4%	16.4%	38.4%	23.0%	42.0%	37.5%
48-49	Transp. and Warehousing	36.0%	20.5%	95.2%	92.9%	75.7%	105.1%	117.3%	105.0%
51	Information	0.1%	-2.1%	-6.0%	70.3%	13.4%	47.8%	27.6%	13.3%
52	Finance and Insurance	-11.8%	-13.5%	-10.9%	8.6%	9.3%	45.2%	11.8%	9.4%
53	Real Estate	4.6%	1.1%	21.7%	32.1%	51.3%	23.5%	43.2%	35.2%
54	Pro., Sci., & Tech. Services	12.9%	8.6%	39.6%	32.5%	52.3%	126.2%	50.9%	54.4%
55	Management	13.0%	8.5%	40.5%	15.5%	69.8%	94.4%	77.0%	45.8%
56	Administrative and Support	17.7%	12.9%	41.0%	12.1%	29.2%	12.2%	29.3%	39.8%
61	Educational Services	-1.1%	-4.5%	12.5%	45.7%	32.8%	41.6%	39.9%	33.6%
62	Health Care and Social Assist.	7.3%	0.2%	27.7%	30.9%	38.9%	57.8%	43.9%	42.7%
71	Arts, Ent., and Rec.*	-25.4%	-19.6%	-13.7%	-82.9%	-62.9%	-24.1%	-14.3%	-9.2%
72	Accom. and Food Services*	29.4%	21.2%	63.7%	52.4%	80.2%	21.8%	62.6%	52.6%
81	Other Services	18.7%	9.7%	53.4%	96.2%	51.8%	42.0%	49.3%	47.0%
92	Public Administration	-6.2%	-8.5%	1.8%	25.5%	8.0%	21.9%	14.3%	20.7%

S = Suppressed

Source: US Census Bureau, QWI

*Employment change is partially due to employer reclassification from NAICS 71 to NAICS 72

CONNECTICUT INDUSTRY EMPLOYMENT 2019

NAICS Sector	Industry	All	White	Black or African American	Asian	American Indian or Alaska Native	Native Hawaiian or Other Pacific Islander	Two or More Race Groups	Hispanic or Latino
00	All Industries	1,640,725	1,301,459	213,459	84,396	8,643	2,545	30,221	232,889
11	Agriculture	4,720	4,121	311	144	43	14	85	1,083
21	Mining and Extraction	508	485	11	2	S	S	7	25
22	Utilities	7,107	6,321	555	119	25	5	80	512
23	Construction	63,171	57,027	4,026	867	308	91	849	7,794
31-33	Manufacturing	165,784	138,883	13,260	10,079	812	268	2,480	24,054
42	Wholesale Trade	60,040	51,761	5,346	1,828	249	68	787	7,294
44-45	Retail Trade	176,440	139,047	24,324	7,670	1,100	315	3,982	30,409
48-49	Transp. and Warehousing	51,947	36,607	12,412	1,279	369	121	1,158	11,550
51	Information	35,882	30,153	3,199	1,802	110	34	582	2,946
52	Finance and Insurance	103,658	87,821	7,356	6,900	212	90	1,277	7,426
53	Real Estate	20,449	16,911	2,548	482	118	42	345	3,860
54	Pro., Sci., & Tech. Services	95,493	77,473	5,038	11,422	262	95	1,200	6,565
55	Management	32,515	25,943	4,085	1,858	107	35	485	3,302
56	Administrative and Support	91,717	68,177	17,259	3,273	779	257	1,970	24,360
61	Educational Services	167,285	142,505	14,507	7,169	457	126	2,519	13,371
62	Health Care and Social Assist.	271,369	191,666	61,553	11,096	1,320	396	5,337	39,468
71	Arts, Ent., and Rec.	33,697	29,291	2,779	727	161	41	695	3,806
72	Accom. and Food Services	140,427	103,592	18,979	11,785	1,438	385	4,247	28,781
81	Other Services	66,539	51,336	8,562	4,898	387	115	1,239	10,799
92	Public Administration	51,969	42,330	7,341	990	378	39	888	5,479

S = Suppressed

Source: US Census Bureau, QWI

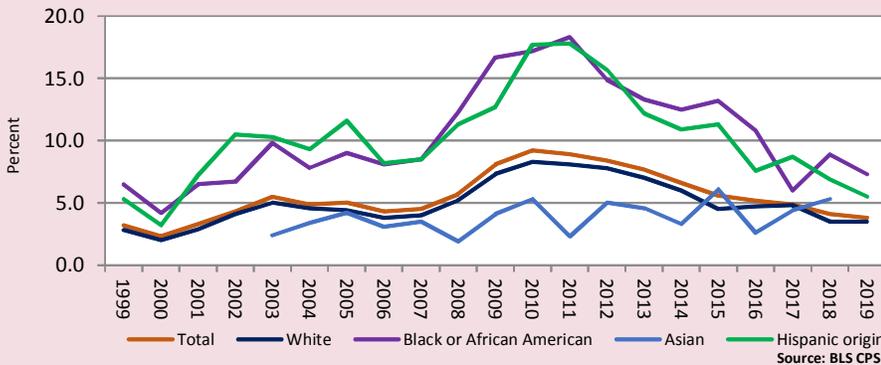
Connecticut Labor Force Share by Race/Ethnic Group (# in Thousands)

Race/Ethnic Group	2010		2018		2019	
	#	%	#	%	#	%
Total	1,892	100.0%	1,898	100.0%	1,915	100.0%
White	1,605	84.8%	1,568	82.6%	1,550	80.9%
Black/African American	180	9.5%	208	11.0%	216	11.3%
Asian	83	4.4%	91	4.8%	n/d	n/d
Hispanic or Latino ethnicity	193	10.2%	270	14.2%	285	14.9%

n/d = no data

Source: BLS

Connecticut Annual Average Unemployment Rate by Race/Ethnic Group, 1999-2019



Source: BLS CPS

CT Annual Unemployment Rate Change - UR Peak Year and Most Recent Year

Group	UR High 2010	Recent Year 2019	% Pt Change	Group Unemp. Rate High Year	UR High
Total	9.2	3.8	-5.4	2010	9.2
White	8.3	3.5	-4.8	2010	8.3
Black or African American	17.2	7.3	-9.9	2011	18.3
Asian	5.3	S	S	2010	5.3
Hispanic or Latino	17.7	5.5	-12.2	2011	17.8

S = Suppressed

Source: US DOL, LAUS

employment trough quickly include the Asian, Native Hawaiian, and Hispanic demographic groups, which all had their post-peak employment trough during the next quarter in 2001Q1. By 2002Q3, those three demographic groups had overall unemployment that exceeded their prerecession peak.

For other demographic groups and overall employment, the early 2000s recession resulted in more pronounced employment losses and a slower recovery. By 2004Q1, employment troughed for overall employment and the White, African American, and American Indian demographic groups. By 2007Q4, employment for these demographic groups and employment overall again peaked,

marking the start of the great recession. Employment for the Asian, Native Hawaiian, and Hispanic populations continued to gain jobs until finally peaking in 2008Q4.

The QWI data series indicates that 2010Q1 was the trough employment quarter for every race and ethnic group in Connecticut. The table on page 2 shows the peak quarter of employment for those groups, trough employment, and change. The recession resulted in overall employment loss of 9.4%. Demographic groups had losses ranging between -5.4% and -10.4%. Unlike the 2001 recession, the 2007 recession had more uniformly pronounced employment losses across

demographic groups, most were within 1.3 percentage points of the 9.4% loss experience by the overall Connecticut economy.

In the 9 years since that early 2010 employment trough, overall employment increased 5.1%, driven by large increases in Accommodations & Food Services, Health Care & Social Assistance, Administration, and Transportation & Warehousing. Among the 12 sectors that added jobs since 2010, those four sectors accounted for 67% of combined employment growth. By demographic group, White employment lagged overall growth and was down in these four sectors that added the most jobs. The other demographic groups saw large employment percent growth overall, up between 21.5% (Asian) and 40.6% (Two or More Race Groups). At the industry level, those populations typically had rate increases well above the industry overall. These changes illustrate how Connecticut employment has diversified demographically in the past decade.

Among industries with the largest overall percent increase, Transportation & Warehousing growth of 36% is driven by the growth of online retail. This industry saw employment gains for many demographic groups. A caveat to the 2010-19 industry table is that the large shifts in NAICS 71 and 72 are partially the result of reclassification of major employers in the state from the former to the latter in early 2018.

Additional Labor Force Measures by Demographic Group

In addition to the QWI, there are Connecticut labor force measures by demographic group which add context to the employment changes noted in this article. This information is from the Local Area Unemployment Statistics (LAUS) data program.³ Breaking down

the four available race/ethnic cohorts into percent shares shows that the largest shift in Connecticut's labor force during the past 10 years has been the growth of the Hispanic cohort, which rose from 10.2% to 14.9% through 2019.

The graph at left shows available annual average unemployment rates by race/ethnic group in Connecticut. The unemployment rate for the Asian labor force has consistently been below other rates but recently converged with the statewide and White populations as their rates fell through 2018, the last year of available data for that cohort. The graph shows the unemployment rates declined for Black and Hispanic populations through 2019, but were still above levels for other groups.

2019 annual unemployment rate data for the Asian population in Connecticut is suppressed. In 2018 that group had an annual unemployment rate of 5.3%.

Conclusions

This article reviewed employment and labor force measures by demographic group to highlight how the characteristics of Connecticut employment have changed in the years before the present pandemic-induced recession. While all groups have suffered because of the economic decline caused by the pandemic, there is some evidence from unemployment insurance claims data that not all groups have been affected equally. The full

effects of the pandemic on demographic groups in Connecticut will not be known for some months in the future. ■

¹ US Census Quarterly Workforce Indicators Dataset available here: www.qwiexplorer.ces.census.gov

² See: CT Economic Digest. A Look at the Age Composition of Connecticut's Industries. July 2019. <https://www1.ctdol.state.ct.us/lmi/digest/pdfs/ceddec19.pdf>

And CT Economic Digest. Examining the Composition of Connecticut's Employment by Demographics and Firm Size. CT Economic Digest. December 2019. <https://www1.ctdol.state.ct.us/lmi/digest/pdfs/ceddec19.pdf>

³ US BLS LAUS Expanded State Employment Status Demographic Data available here: <https://www.bls.gov/lau/ex14tables.htm>

GENERAL ECONOMIC INDICATORS

<i>(Seasonally adjusted)</i>	1Q	1Q	YoY CHG		4Q	QoQ CHG	
	2020	2019	NO.	%	2019	NO.	%
General Drift Indicator (1996=100)*							
Leading	116.7	125.0	-8.3	-6.7	125.6	-8.9	-7.1
Coincident	117.3	117.5	-0.2	-0.1	116.7	0.7	0.58
Real Gross Domestic Product** (2012 Chained \$, SAAR)	1Q	1Q	YoY CHG		4Q	QoQ CHG	
	2020	2019	NO.	%	2019	NO.	%
Connecticut (\$ in millions)	247,129.1	247,584.7	-455.6	-0.2	250,045.1	-2,916.0	-1.2
United States (\$ in millions)	18,977,363	18,927,281	50,082	0.3	19,221,970	-244,607	-1.3
New England (\$ in millions)	982,957.3	983,349.4	-392.1	0.0	996,132.2	-13,174.9	-1.3
Per Capita Personal Income** (Current \$, SAAR)	1Q	1Q	YoY CHG		4Q	QoQ CHG	
	2020	2019	NO.	%	2019	NO.	%
Connecticut	80,146	78,715	1,431	1.8	79,635	511	0.6
United States	57,557	56,002	1,555	2.8	57,288	269	0.5
New England	71,575	70,252	1,323	1.9	71,165	410	0.6
Philadelphia Fed's Coincident Index (2007=100)***	Jul	Jul	YoY CHG		Jun	MoM CHG	
	2020	2019	NO.	%	2020	NO.	%
Connecticut	108.69	128.29	-19.6	-15.3	109.00	-0.3	-0.3
United States	122.77	128.58	-5.8	-4.5	121.76	1.0	0.8

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 1996 = 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).