Short-Term Employment Projections Through 2024

By Matthew Krzyzek, Economist, Department of Labor

Connecticut’s economy is projected to add jobs through the end of the short-term projections period.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 2022 to the second quarter of 2024. Through 2024Q2, we project overall employment in Connecticut to increase by 2.5% from 1,800,395 to 1,845,444 including self-employment and unpaid family workers (UFW). The Goods-Producing sector is projected to grow by 3.7% and the Service-Providing Sector is projected to grow by 2.2% over two years. This latter sector represents 86.7% of industry employment in the state.   
  
**Projections by Industry** Among the 20 industry groups shown in figure 1, 16 are projected to increase over two years and 4 are projected to decline. The largest increases are expected in Health Care (+6,156), Accommodation & Food Services (+5,493), Manufacturing (+5,478), and Transportation & Warehousing (+4,643). These four industries account for more than half of the projected overall growth across all industries. The projected Health Care growth will bring that industry to early 2020 pre-pandemic employment levels. Accommodation & Food Services was one of the hardest hit industries during the COVID-19 lockdown and fell by almost 50% during the first half of 2020 from 134,000 to 71,000. That industry is projected to increase to almost 138,000 workers by the second quarter of 2024, exceeding 2020 pre-pandemic levels but still down from a series high of 144,000 reached in late 2019. The gains in Manufacturing are driven in large part by Transportation Equipment Manufacturing (NAICS 336), which is projected to account for 2,957 of the 5,478 job increase projected for the overall sector. Transportation & Warehousing quickly rebounded from the COVID-19 lockdown and added jobs throughout the recovery. The industry was up 14,500 jobs or 25% from 2020Q2 to 2022Q2 and is expected to continue to grow by 7% through 2024Q2. Four major sectors projected to lose employment through 2024 are Utilities (-101), Retail Trade (-3,134), Finance & Insurance (-2,187), and Real Estate & Rental (-721). Utilities is projected to decrease by just over 100 jobs or -2% which continues long-term trends. Retail Trade is projected to fall by 1.8% through mid-2024, with most of that decline being driven by Clothing Stores (NAICS 4481), with expected declines of 1,292 jobs. Finance & Insurance is expected to fall by 2.2% over the two-year projection period, continuing a longer-term trend of decline that began during the 2007-09 recession. The expectations for a 3.7% decline in Real Estate reflects the housing market shift that occurred during interest rate increases over the past year.  
 **Projections by Occupation** The occupational distribution of projected growth reflects the projected industry growth, although the occupational group (Management occupations) that adds the most jobs has workers in every industry. Management occupations are up 5,139 or +3.5%. Transportation & Material Moving occupations are projected to increase by 4,387 or 3.5%, consistent with the growth in the Transportation and Warehousing industry sector. Food Preparation & Serving (+4,383 or +3.4%), Healthcare Support Occupations (+3,688 or +4.1%), and Healthcare Practitioners & Technical Occupations (+3,622 or +3.3%) all grow along with the Accommodations & Food Services and Healthcare industries (Figure 2).  
 Each occupation is assigned an education value based on the minimum education necessary to enter an occupation (Figure 3). Over the two years, 40% of job growth will be in occupations that require a bachelor’s or more, 15% will be in occupations that on average require an associate’s, postsecondary non-degree award, or some training beyond high school, and 44% will be in occupations that generally require a high school diploma or no educational credential. This distribution differs greatly from that of last year’s 2021-2023 projections, which had more employment growth within industries and occupations heavily impacted by the COVID-recession, many of which required lower levels of educational attainment. The current attainment distribution more closely matches those found during pre-pandemic projection rounds.  
 **Risks to Projection**

The projections referenced in this article were produced during the first two months of 2023 using the most recently available QCEW employment data from the second quarter of 2022. As COVID-19’s potential social and economic impact lessens compared to recent years, geopolitical uncertainty and rising interest rates to curb inflation are variables that have the potential to influence labor market growth in unforeseen ways. **Conclusions** Connecticut’s short-term projections show that the state is expected to grow by 2.5% over the two-year period from the second quarter of 2022 to the second quarter of 2024. This projected growth rate is slower than the rates projected in 2021 and 2022 as the state recovered from steep 2020 job losses, but more than double growth rates projected before the pandemic. Overall employment is expected to reach and slightly exceed pre-pandemic levels and many industries are expected to shift back to pre-pandemic trends. Connecticut’s unemployment rate is 4.0% as of February 2023 and has been 4.0% or below since June 2022. Job openings in the state have been over 100,000 for 14 of the past 16 months ending January 2023. As of February 2023, Connecticut’s employment is at 99% of peak February 2020 pre-pandemic levels. The projections through the second quarter of 2024 indicate that the state will continue to add jobs and continue its economic recovery. n  
**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