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In March...

Nonfarm Employment

Connecticut 1,685,600
 Change over month +0.02%
 Change over year +0.9%

United States 143,774,000
 Change over month +0.15%
 Change over year +2.0%

Unemployment Rate

Connecticut 5.7%
 United States 5.0%

Consumer Price Index

United States 238.132
 Change over year +0.9%

Connecticut's Short-Term Employment Outlook to 2017

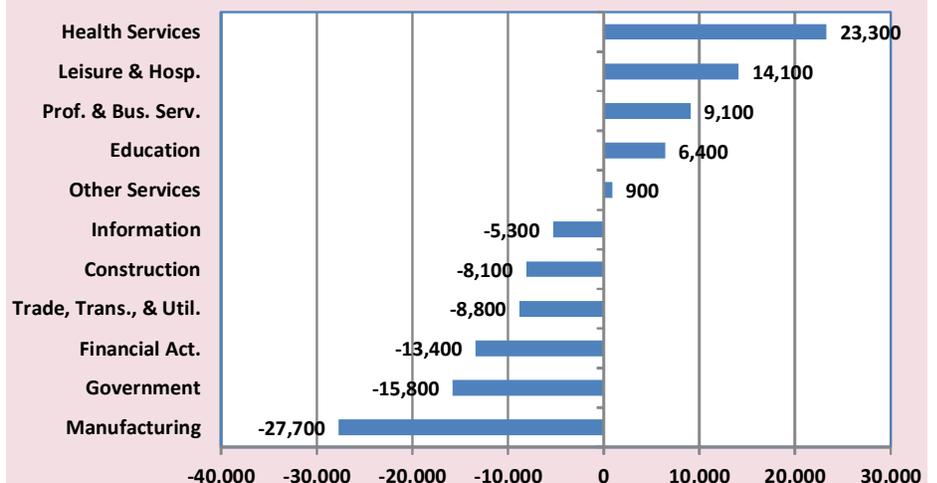
By Sarah Pilipaitis, CT DOL Economist

Connecticut is now into its sixth year of recovery from the recession that took its toll on the state from 2008 to 2010. Over the recession, Connecticut lost over 5% of its nonfarm employment, roughly 91,100 jobs based on annual averages. The annual average nonfarm employment reached its peak in 2008 at 1,699,100 jobs. By the time it reached the trough in 2010, the state's employment had fallen to 1,608,000 jobs. The largest losses came from the construction, manufacturing, trade, transportation and utilities, and the professional and business services sectors. Those four sectors alone

accounted for 80% of the lost jobs. The lone sector that was able to create jobs during the recession was education and health services, expanding by about 10,000 jobs from the peak to trough years.

As of 2015, Connecticut has yet to regain all of the nonfarm employment it lost in the recession. Since the trough year of 2010, 66,000 jobs have been added. The 2015 employment level was still 25,100 jobs below the peak year of 2008. All industry supersectors except for manufacturing, financial activities and government have been aiding in the recovery. As of 2015, manufacturing has dropped

Graph 1: Connecticut Nonfarm Job Change by Major Sector, 2008-15



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5,800 jobs since 2010, bringing the total loss to 27,700 jobs since the recession hit. The financial activities sector has lost 5,200 jobs since the trough year, making a total loss of 13,400 jobs since the peak. Similarly, government has lost 7,400 jobs since the trough, creating a drop of 15,800 jobs since the peak.

Graph 1 presents the major sector data and depicts how the levels of nonfarm employment by major sector have changed since the annual average levels of 2008. The information in the graph can give us a better sense of how the recession affected the state's economic makeup.

Only four supersectors have been able to reach its 2008 employment level or higher. The professional and business services sector lost 15,100 jobs during the recession, but has since gained 24,200 jobs to bring it 9,100 jobs higher than in 2008. Leisure and hospitality took a small dip of 3,800 jobs from 2008 to 2010, but is now 14,100 jobs more than it was pre-recession. The other services sector has made a slight rebound of 900 jobs from its recessionary drop of 2,600 jobs. The sector that has grown the most in recent years is not surprisingly the one that didn't lose jobs during the recession- education and health services. Education and health services grew 10,200 jobs when the rest of the economy was in a

downfall, and has grown by another 19,700 since 2010.

The Shift in Employment Share

The steady growth of the education and health services sector has shifted its position in the state economy to the top employing sector. It now accounts for 19.5% of the state's employment. That top spot had recently belonged to the trade, transportation, and utilities sector in 2008. The largest drop in job share came in the goods producing sector, dropping from a 14.9% share in 2008 to a 13.0% share in 2015.

Table 1 highlights the major industry sectors and shows how the job share of each has shifted throughout the cycle.

Putting Connecticut's Recession into Perspective

To gain insight on Connecticut's recession, Table 2 compares data on the recent cycle to that of neighboring states and the United States. The table shows the intensity of the job losses and recoveries.

The average number of months in decline of the areas listed was 25. Connecticut came in just under the average with its 23-month decline in employment that lasted from March 2008 to February 2010. The United States began its descent in employment just two

Table 1
Nonfarm Employment through the Current Cycle by Major Sector (as percentages)

	Peak Year	Trough Year	Recent Year	Change in Job Share		
	2008	2010	2015	2008-10	2010-15	2008-15
Total Nonfarm	100.0	100.0	100.0			
Construction	3.9	3.1	3.5	-0.7	0.3	-0.4
Manufacturing	11.0	10.2	9.5	-0.7	-0.8	-1.5
Trade, Transportation, & Util.	18.0	17.8	17.7	-0.2	0.0	-0.3
Information	2.2	2.0	1.9	-0.2	0.0	-0.3
Financial Activities	8.4	8.4	7.8	0.0	-0.6	-0.7
Professional & Business Serv.	12.2	12.0	12.9	-0.2	1.0	0.7
Education	3.4	3.7	3.8	0.3	0.1	0.4
Health Services	14.1	15.4	15.7	1.3	0.3	1.6
Leisure and Hospitality	8.1	8.3	9.1	0.2	0.7	1.0
Other Services	3.7	3.8	3.8	0.1	0.1	0.1
Government	15.0	15.3	14.3	0.3	-1.0	-0.7

Table 2

Jobs Lost and Recovered Over the Current Business Cycle in U.S., Connecticut, and Neighboring States

	Emp Level Peak	Emp Level Trough	Peak Date	Trough Date	# of Months in Decline	# of Months in Recovery	As of March 2016	% Decline	% Recovery	% of Previous Peak	Recovery Rate (as of Mar. 2016)
Connecticut	1,713,300	1,594,200	Mar. 2008	Feb. 2010	23	73	1,685,600	-7.0%	5.7%	98.4%	76.7%
Maine	620,900	590,200	Feb. 2008	Aug. 2010	30	67	614,600	-4.9%	4.1%	99.0%	79.5%
Massachusetts	3,331,500	3,190,100	Apr. 2008	Oct. 2009	18	77	3,537,400	-4.2%	10.9%	106.2%	245.6%
New Hampshire	652,600	622,000	Jan. 2008	Jan. 2010	24	74	664,300	-4.7%	6.8%	101.8%	138.2%
New Jersey	4,092,600	3,833,200	Jan. 2008	Sep. 2010	32	66	4,069,200	-6.3%	6.2%	99.4%	91.0%
New York	8,810,600	8,481,400	Apr. 2008	Oct. 2009	18	77	9,334,400	-3.7%	10.1%	105.9%	259.1%
Pennsylvania	5,822,000	5,564,400	Apr. 2008	Feb. 2010	22	73	5,891,700	-4.4%	5.9%	101.2%	127.1%
Rhode Island	495,700	455,900	Dec. 2006	Jul. 2009	31	80	490,900	-8.0%	7.7%	99.0%	87.9%
Vermont	309,600	294,900	Jun. 2007	Jul. 2009	25	80	316,100	-4.7%	7.2%	102.1%	144.2%
United States	138,432,000	129,733,000	Jan. 2008	Feb. 2010	25	73	143,774,000	-6.3%	10.8%	103.9%	161.4%

months prior to Connecticut. New Jersey experienced the highest number of months in decline at 32 and Rhode Island was just behind that at 31. Massachusetts and New York had the shortest amounts of time in recession, both at 18 months. Rhode Island lost the largest percentage of employment at 8%, and Connecticut was next with a 7% decline.

As of March 2016, five of the nine states listed and the nation have exceeded the employment level it had at the peak of the recession. Connecticut does not have far to go to reach this milestone. In March 2016, the state was at 98.4% of its previous employment peak.

Job recovery is widely varied amongst the highlighted states. Connecticut has regained 76.7% of the jobs it lost in the recession. The state is on par with Maine (79.5%) and Rhode Island (87.9%), but still has a way to go to reach the levels of New York (259.1%) and Massachusetts (245.6%).

Connecticut Forecast

The following is an outlook on where Connecticut is headed over the next two years. The Connecticut Department of Labor's Office of Research produces a yearly short-term forecast to provide insight on labor market activity. The industry and occupational

forecasts are derived using data obtained from the Quarterly Census of Employment and Wages (QCEW) and the Occupational Employment Statistics (OES) programs. The current analysis covers the first quarter of 2015 to the first quarter of 2017.

Industry Employment Forecast

Connecticut is expected to continue on its rebound from the recent recession over the forecast period. The average annual growth rate is expected to be 0.3%. This will potentially bring the employment level to 1,783,010 by the first quarter of 2017 from its base of 1,771,120, as shown in Table 3.

Table 3

Industry	2015 Employment	2017 Projected Employment	Avg. Annual Growth Rate
Total All Industries	1,771,120	1,783,010	0.3%
Goods Producing	213,970	213,390	-0.1%
Natural Resources and Mining	4,140	4,050	-1.1%
Construction	51,560	52,930	1.3%
Manufacturing	158,270	156,420	-0.6%
Service Providing	1,453,310	1,464,860	0.4%
Trade, Transportation, and Utilities	295,210	297,850	0.4%
Information	32,180	31,330	-1.3%
Financial Activities	128,960	129,950	0.4%
Professional and Business Services	211,470	211,930	0.1%
Education and Health Services	471,450	480,290	0.9%
Leisure and Hospitality	154,750	155,820	0.3%
Other Services (except Government)	74,570	74,890	0.2%
Government	84,710	82,800	-1.1%

Table 4

Occupational Group	2015 Employment	2017 Projected Employment	Emp. Change	% Change
Total	1,771,120	1,783,010	11,890	0.7
Management	132,460	133,100	640	0.5
Business and Financial Operations	98,900	99,320	420	0.4
Computer and Mathematical	48,270	48,930	660	1.4
Architecture and Engineering	33,410	33,490	90	0.3
Life, Physical, and Social Science	13,130	13,190	60	0.5
Community and Social Service	40,450	41,090	650	1.6
Legal	16,230	16,140	-100	-0.6
Education, Training, and Library	136,770	137,790	1,010	0.7
Arts, Design, Entertainment, Sports, and Media	34,770	34,460	-310	-0.9
Healthcare Practitioners and Technical	106,760	108,740	1,980	1.9
Healthcare Support	53,350	54,830	1,480	2.8
Protective Service	33,370	33,150	-220	-0.7
Food Preparation and Serving Related	130,310	131,740	1,420	1.1
Building and Grounds Cleaning and Maintenance	67,860	69,630	1,780	2.6
Personal Care and Service	87,030	89,120	2,100	2.4
Sales and Related	170,910	170,970	70	0.0
Office and Administrative Support	266,110	264,670	-1,440	-0.5
Farming, Fishing, and Forestry	3,040	2,970	-70	-2.2
Construction and Extraction	53,390	54,430	1,040	2.0
Installation, Maintenance, and Repair	54,170	54,390	220	0.4
Production	97,160	95,880	-1,280	-1.3
Transportation and Material Moving	93,270	94,970	1,690	1.8

The goods producing industries are expected to contract at an annual average rate of 0.1%. The largest contributor to this is the manufacturing industry. Over the two year period, it is expected to drop by 1,850 jobs. Construction has a brighter outlook, as it is projected to grow on average 1.3% annually.

The much larger service providing industries (which make up 82% of the projected employment) are forecasted to grow 0.4% on an annual average basis. The projected growth is largely aided by education and health services. The industry is expected to grow 0.9% annually, keeping on trend with how it has performed over recent years.

Other significant contributions to the anticipated employment growth are the trade,

transportation, and utilities, leisure and hospitality, financial activities, and professional and business services sectors. Government and information are both likely to shrink over the next two years.

Occupational Employment Forecast

Connecticut's occupational employment is expected to grow by 11,890 jobs over the 2015-2017 projections period (Table 4). The major categories with the largest employment change are personal care and service, healthcare practitioners and technical, and building and grounds cleaning and maintenance occupations. Tables 5 and 6 list the fastest growing and shrinking occupations based on the minor occupation group.

Data Limitations

The forecasts presented in this report have been carefully prepared to ensure accuracy, but by nature are subject to error. Therefore, the information is best used as an indicator of employment trends, rather than an exact count of employment. The projections are made by assuming a full-employment economy and cannot predict unforeseen events or actions. Additional information on labor market information is available on the Office of Research website: www.ctdol.state.ct.us/lmi. For more detail on the short-term industry and occupational projections, visit: www.projectionscentral.com/Projections/ShortTerm. ■

Table 5

Fastest Growing Occupations	2015	2017	Emp. Change	% Change
Personal Care Aides	27,360	28,810	1,450	5.3
Maids and Housekeeping Cleaners	15,730	16,400	660	4.2
Registered Nurses	33,390	34,020	630	1.9
Nursing Assistants	22,610	23,190	580	2.6
Childcare Workers	16,890	17,470	580	3.4
Combined Food Preparation and Serving Workers, Including Fast Food	27,700	28,260	560	2.0
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	30,100	30,620	520	1.7
Home Health Aides	8,700	9,130	430	5.0
Landscaping and Groundskeeping Workers	15,490	15,920	430	2.8
Bus Drivers, School or Special Client	10,070	10,470	400	3.9

Table 6

Fastest Shrinking Occupations	2015	2017	Emp. Change	% Change
Bookkeeping, Accounting, and Auditing Clerks	19,840	19,330	-510	-2.6
Tellers	5,160	4,910	-260	-5.0
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	32,710	32,460	-250	-0.8
Executive Secretaries and Executive Administrative Assistants	8,890	8,690	-200	-2.3
Cooks, Fast Food	6,670	6,470	-200	-3.0
Computer Programmers	5,360	5,180	-180	-3.3
Editors	1,250	1,090	-160	-12.7
Team Assemblers	9,410	9,250	-160	-1.7
Printing Press Operators	2,160	2,020	-130	-6.1
Correctional Officers and Jailers	3,030	2,910	-130	-4.1

GENERAL ECONOMIC INDICATORS

	4Q 2015	4Q 2014	CHANGE NO. %		3Q 2015
<i>(Seasonally adjusted)</i>					
General Drift Indicator (1996=100)*					
Leading	120.7	114.9	5.8	5.0	116.5
Coincident	117.8	115.3	2.5	2.2	117.3
Farmington Bank Business Barometer (1992=100)**	136.0	132.8	3.2	2.4	134.3
Philadelphia Fed's Coincident Index (July 1992=100)***	Mar	Mar			Feb
<i>(Seasonally adjusted)</i>	2016	2015			2016
Connecticut	170.20	165.11	5.09	3.1	169.86
United States	178.30	172.88	5.42	3.1	177.88

Sources: *Dr. Steven P. Lanza, University of Connecticut **Farmington Bank ***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 **Farmington Bank Business Barometer** is a measure of overall economic growth in the state of Connecticut that is derived from non-manufacturing employment, real disposable personal income, and manufacturing production.

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).