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In September...

Nonfarm Employment

Connecticut..... 1,620,900
 Change over month +0.21%
 Change over year +0.6%

United States 131,334,000
 Change over month +0.08%
 Change over year +1.1%

Unemployment Rate

Connecticut..... 8.9%
 United States 9.1%

Consumer Price Index

United States 226.9
 Change over year 3.9%

Connecticut's UI Exhaustees: Where Are They Now?

By Manisha Srivastava, Economist, manisha.srivastava@ct.gov

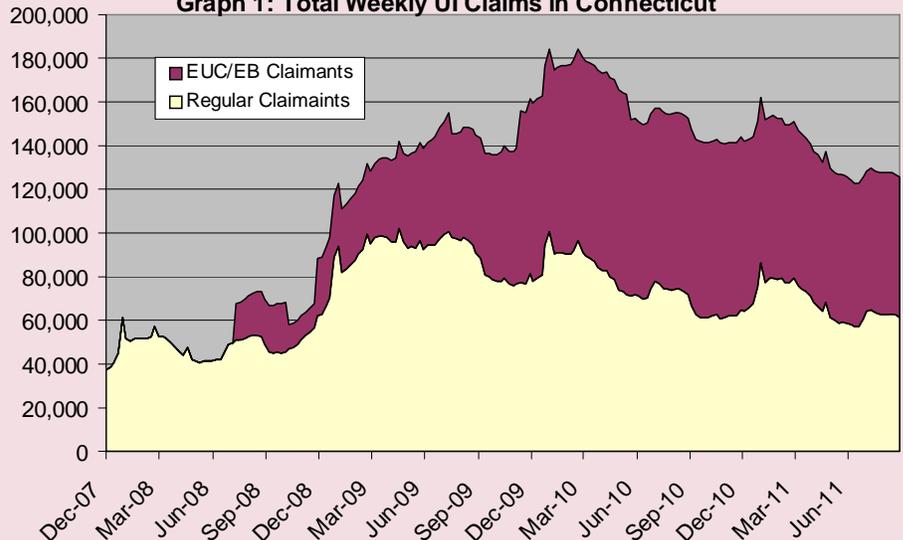
The following is a partial reprint of "Following Connecticut's Unemployment Insurance Claimants Through the Recession," by Manisha Srivastava, Connecticut Department of Labor, October 2011. For the full report, including an analysis on the demographics of current claimants, please visit: <http://www1.ctdol.state.ct.us/lmi/pubs/ConnecticutUIClaimants.pdf>

The recession of the late 2000's is the worst to hit the United States since the depression of the 1930's. Nineteen months after the official completion of Connecticut's recession, the unemployment rate is still stubbornly stuck around 9%. Based on data from the Current Employment Survey (CES), it is estimated about 119,000 jobs were lost in Connecticut through December 2009. Connecticut

gained 24,300 jobs from January 2010, the end of Connecticut's recession, to January 2011. However, from January 2011 to July 2011, only about 8,500 jobs have been created. At the current level of job growth, it will take many years to employ those laid off by the recession.

Who are these workers affected by the recession? How many of them exhausted all unemployment insurance (UI) benefits available to them? How many of these exhaustees are now employed? What industries did they previously work in, and what industries are they now employed in? These are just some of the questions we are going to explore using UI claimant history data, which is a record of the UI claims filed each week.

Graph 1: Total Weekly UI Claims in Connecticut



Note: not shown in Graph 1 are Trade Readjustment Allowance (TRA) claimants, who generally make up anywhere from 0 to 400 claimants per week.

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Table 1: Number of Reemployed Exhaustees by Quarter of Exhaustion and Quarter of Reemployment

Quarter Exhausted Benefits	Total Number of Exhaustees by Quarter	Number of exhaustees that were employed by quarter				Percent of exhaustees that were employed by quarter			
		2010 Q3	2010 Q4	2011 Q1	2011 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2
2010 Q2	15,314	2,151	2,932	2,900	3,227	14.0%	19.1%	18.9%	21.1%
2010 Q3	7,419		1,798	1,920	2,077		24.2%	25.9%	28.0%
2010 Q4	10,047			2,068	2,705			20.6%	26.9%
2011 Q1	10,392				2,647				25.5%
Total	43,172	2,151	4,730	6,888	10,656	14.0%	20.8%	21.0%	24.7%

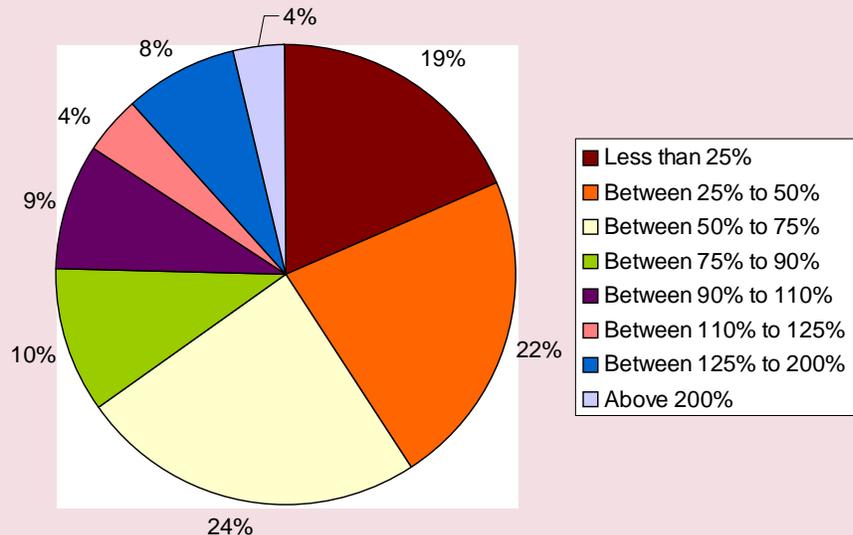
Note: Each quarter's reemployment number is a snapshot for the quarter and does not indicate individuals sustained employment quarter to quarter.

Connecticut's UI Claimants

Graph 1 shows the number of claimants by week from the start of the U.S. recession in December 2007 to August 2011. Connecticut was averaging about 35,000 to 50,000 claims a week just prior to the recession. At the peak, from January 2010 to May 2010, there were just under 180,000 claims per week. According to the latest data available, 125,437 claims were filed the last week of August 2011. On that date, 61,090 claimants filed

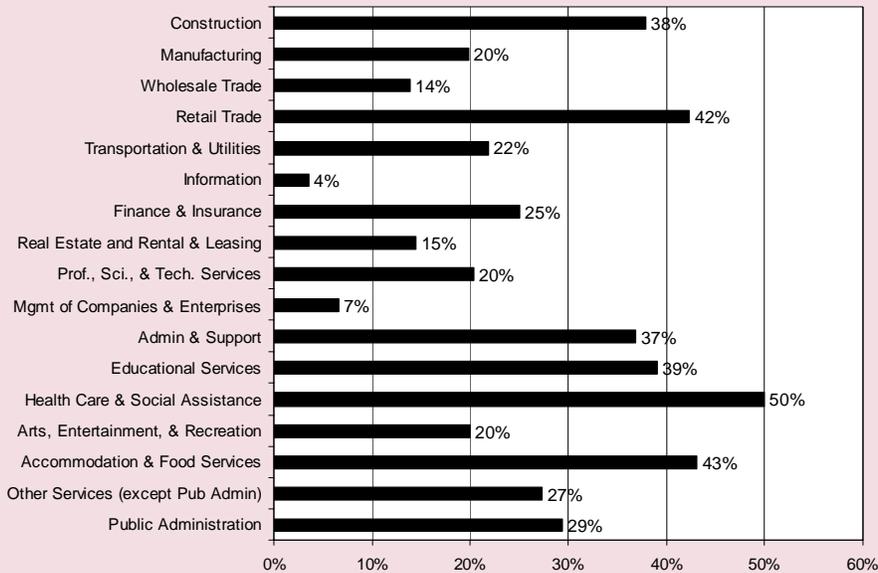
under the regular UI program (the initial 6 months of unemployment), and another 64,347 claimants filed under the federally funded UI extension programs (Emergency Unemployment Compensation (EUC) and Extended Benefits (EB)). As of August 27, 2011, there are 55,501 exhaustees of Connecticut's UI program (99 weeks of benefits at the maximum). After receiving almost two years of UI benefits, the first exhaustees appeared on May 15, 2010. Since then, Connecticut has

Graph 2: Post-Unemployment Earnings as a Percent of Pre-Unemployment Earnings

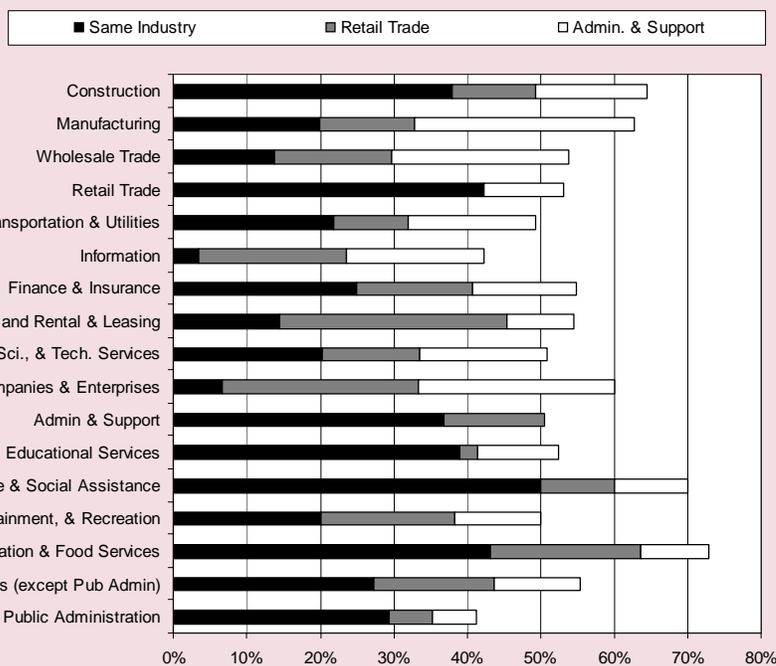


Note: Data based on the 2,211 exhaustees that met the criteria for inclusion. For inclusion, exhaustees needed to have wage records for three subsequent quarters after exhausting benefits. E.g., 2010 Q2 exhaustees that had wage records in 2010 Q3, 2010 Q4, and 2011 Q1, and 2010 Q3 exhaustees that had wage records in 2010 Q4, 2011 Q1, and 2011 Q2. Further, for inclusion exhaustees had to have wage records for three quarters prior to receiving UI benefits. The post-unemployment earnings as a percent of pre-unemployment earnings was calculated based on the earnings of the middle quarter of the pre-unemployment and post-unemployment wage records. The middle of three quarters was used to eliminate individuals that only worked for part of a quarter.

Graph 3: Percent of Exhaustees Working in the Same Industry Post-Unemployment



Graph 4: Percent of Reemployed Exhaustees in the Select Industries



Note: Data for exhaustees with three quarters of post-unemployment wage records and making at least \$600 or more per employer.

averaged about 650 exhaustees per week.¹

The EB program is scheduled to cease on December 17, 2011 with final payments made the last week of December. The EUC program will end on June 9, 2012. However, claimants will only be able to complete the tier of EUC

they are on as of the first week of January 2012.

Reemployed Exhaustees

Using Connecticut's UI wage records to analyze reemployment finds that only 24.7% of individuals who exhausted benefits by the end of March 2011 were reemployed in the second quarter

of 2011. Table 1 further breaks down exhaustee reemployment by quarter of exhausting UI benefits and quarter of reemployment. The initial set of exhaustees from the second quarter of 2010 fared poorly in reemployment compared to the rest of the exhaustees. For the rest of the exhaustees, about 26-27% were reemployed the second quarter out after exhausting benefits.

Connecticut's wage records collected for administering the UI program were used to determine exhaustee reemployment. It is important to note that due to limitations in the data, the resulting reemployment numbers are lower than they may be in actuality for Connecticut's exhaustees. For instance, some number of exhaustees may have chosen to retire, and therefore are not actively seeking reemployment. Alternatively, some exhaustees may have found employment outside of Connecticut. Finally, the wage records do not contain data on certain types of employment, including self-employment, unpaid family workers, and some religious organizations to name a few. **For these reasons, the reemployment figures presented in Table 1 may understate the actual reemployment level of Connecticut's exhaustees.** For example, an analysis of exhaustees that reside in Connecticut and are 64 years or younger finds 30.3% are reemployed in the second quarter of 2011, and about 34% of 2010 quarter 3 exhaustees are reemployed three quarters out after exhausting benefits.

Comparison of Pre- Post-Unemployment Earnings

As shown in Graph 2, a comparison of post-unemployment earnings as a percent of pre-unemployment earnings finds that 65% of reemployed exhaustees are making 75% or less of what they previously earned. Another 10% of reemployed exhaustees are earning between 75% to 90% of their prior earnings, and about 25% are

--Continued on page 5--

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making 90% or more of their prior wage.

One possible explanation for the large amount of low post-unemployment earnings is that the post-unemployment wage may be for part-time work whereas the pre-unemployment earning may be based on full-time work. UI wage records do not contain indicators for part-time versus full-time work. Thus, the findings in Graph 2 may be a result of comparing part-time to full-time earnings for some individuals. Regardless, the fact remains that large numbers of exhaustees that did find employment are making just a fraction of what they previously earned.

Looking at the post-unemployment earnings of the 2,211 exhaustees analyzed in Graph 2 finds that 89% are earning \$40,000 or less a year. Another 8% are earning between \$40,000 to \$60,000 a year. As previously mentioned, these earnings may be for part-time work rather than full-time work.

Comparison of Pre- to Post-Unemployment Industries for Reemployed Exhaustees

A comparison of the pre-unemployment industry to post-unemployment industry of reemployed exhaustees finds at the maximum (in Health Care and Social Assistance) 50% of exhaustees remained in the same industry. Construction retained about 38% of exhaustees, whereas Manufacturing only retained about 20% of exhaustees. Graph 3 shows the percent of exhaustees working in the same industry post-unemployment, and Graph 4 shows the percent of exhaustees that also moved into Administration & Support and Retail Trade. A large portion of exhaustees found reemployment in Administration & Support and Retail Trade, two industries generally with lower wages. Between 10% to 15% of exhaustees from Manufacturing, Construction, Finance & Insurance, and Professional, Scientific, & Technical Services are now in Retail Trade. About 30% of exhaustees from Manufacturing, 15% from Construction, 14% from Finance & Insurance, and 17% from Professional, Scientific, & Technical Services are now in Administration & Support.

Concluding Remarks

Over 55,000 claimants have exhausted UI benefits in Connecticut. By June 2012 it is expected there will be approximately 78,000 exhaustees without jobs, assuming the current path of slow job growth and reemployment rates. Based on UI wage records only about 25% to 35% of exhaustees find employment, and even for those that are reemployed, most are making less than they previously earned. With exhaustees spread out across all industries, the task of supporting and propelling Connecticut's long-term unemployed out of the hole caused by the recession will remain an important task for years to come. ■

¹ Approximately 11,500 individuals exhausted UI benefits on May 15, 2010. This large initial group of exhaustees is due to a reach-back at the start of the federal extensions to find unemployed UI claimants that had recently exhausted all regular UI benefits available to them.

GENERAL ECONOMIC INDICATORS

<i>(Seasonally adjusted)</i>	2Q	2Q	CHANGE		1Q
	2011	2010	NO.	%	2011
Employment Indexes (1992=100)*					
Leading	117.1	115.4	1.7	1.5	116.1
Coincident	102.6	101.9	0.7	0.7	102.6
General Drift Indicator (1986=100)*					
Leading	105.3	104.9	0.4	0.4	103.8
Coincident	107.8	107.0	0.8	0.7	107.6
Farmington Bank Business Barometer (1992=100)**	124.4	123.8	0.6	0.5	124.7
Philadelphia Fed's Coincident Index (July 1992=100)***	SEP	SEP			AUG
<i>(Not seasonally adjusted)</i>	2011	2010			2011
Connecticut	156.6	152.8	3.8	2.5	156.3
United States	153.5	149.3	4.2	2.8	153.2

Sources: *The Connecticut Economy, University of Connecticut **Farmington Bank ***Federal Reserve Bank of Philadelphia

The Connecticut Economy's **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 four leading (housing permits, manufacturing average weekly hours, Hartford help-wanted advertising, and initial unemployment claims) economic variables, and are indexed so 1986 = 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).