

ECONOMIC DIGEST

Vol.20 No.10 A joint publication of the Connecticut Department of Labor & the Connecticut Department of Economic and Community Development

OCTOBER 2015

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In August...

Nonfarm Employment

Connecticut 1,698,900
 Change over month +0.19%
 Change over year +2.0%

United States 142,288,000
 Change over month +0.12%
 Change over year +2.1%

Unemployment Rate

Connecticut 5.3%
 United States 5.1%

Consumer Price Index

United States 238.316
 Change over year +0.2%

Introducing the Connecticut Town Economic Index (CTEI)

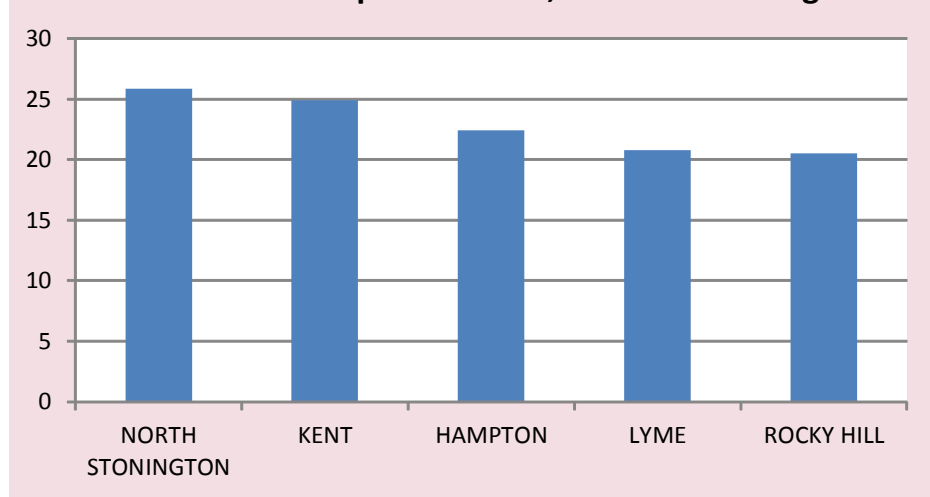
By Jungmin Charles Joo, DOL, jungmin.joo@ct.gov

The Connecticut Department of Labor’s Office of Research developed the **Connecticut Town Economic Index (CTEI)**, an annual composite index of all 169 cities and towns in Connecticut. This index measures each town or city’s overall economic health, which can be ranked and compared to others to gain perspective of its performance each year. Four annual average town economic indicators were used as components, which are total covered business establishments, total covered employment, real covered wages, and the unemployment rate.

Establishments are the physical work units located in the town. Employment is the number of employees on payroll in the establishments that are

located in the town who are covered under the unemployment insurance law (nearly the universe count of all the employees in each town). Wages are the average of the aggregate wages earned divided by the total average employment. Establishments, employment and wages are proxy for each town’s business activities and its overall economic strength, while the unemployment rate measures the overall economic health of its residents. Each of the four components was given a 25 percent weight. CTEI’s base year is 2010, which equals 100. The wage component was adjusted to 2010 dollars and unemployment rate changes were inverted to reflect the right direction. By combining these four major economic indicators, the index

Chart 1. CTEI Top Five Towns, 2010-2014 % Chg



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.

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

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gives a broad measure of business and resident economic health of each town, and can be compared with among them.

CTEI: 2013 to 2014

Reflecting an ongoing economic recovery, business and labor conditions of nearly all cities and towns in Connecticut continued to improve over the year (Table 1). The biggest percentage increase occurred in Canaan (+16.7%), Cornwall (+15.9%), and Hampton (+13.3%). Just five towns out of 169 experienced a decrease in 2014, which are Scotland (-4.9%), Sterling (-1.7%), Warren (-1.0%), Chaplin (-0.5%), and Franklin (-0.4%).

Of the five largest cities in the State with a 2010 Census population of 100,000 or more, New Haven had the fastest overall economic recovery in 2014 (+6.6%). Waterbury experienced the slowest growth (+3.9%), and was below the statewide growth rate of 5.2%. All in all, almost half of the cities and towns had index growth rates above the statewide rate (See table on page 3).

CTEI: 2010 to 2014

When compared with 2010, when the employment recovery began in Connecticut, almost all

cities and towns showed positive economic growth as well. North Stonington (+25.8%), Kent (+24.9%), Hampton (+22.4%), Lyme (20.8%), and Rocky Hill (20.5%) topped the list (Chart 1). Only Colebrook (-7.9%), Warren (-2.8%), Union (-2.4%), Norfolk (-1.2%), and New London (-1.0%) have yet to show signs of overall economic recovery when new business formations, jobs, real wages, and unemployment rates are all factored in.

Among the largest cities, as Chart 2 shows, Stamford had performed the best between 2010 and 2014 (+13.2%). Both Stamford and New Haven grew above the statewide economic recovery rate of 10.7%. Overall, nearly 60% of all cities and towns in Connecticut recovered faster than that over the five year period.

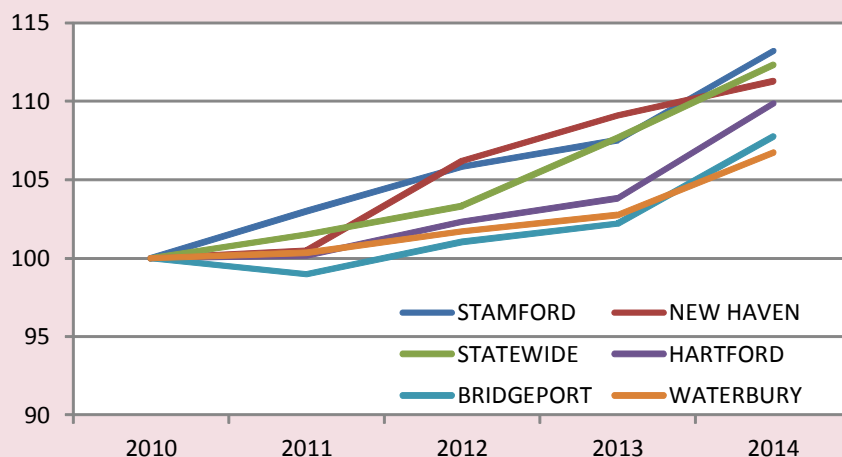
The Components of CTEI:

Establishments

The total number of business establishments in Connecticut rose by 0.8% to 114,608 over the year. Stamford continued to have the largest number of businesses, with 5,668 units in 2014, an increase of 1.6% over the year. Greenwich, Hartford,

-continued on page 5-

Chart 2. CTEI of Largest Cities, 2010-2014



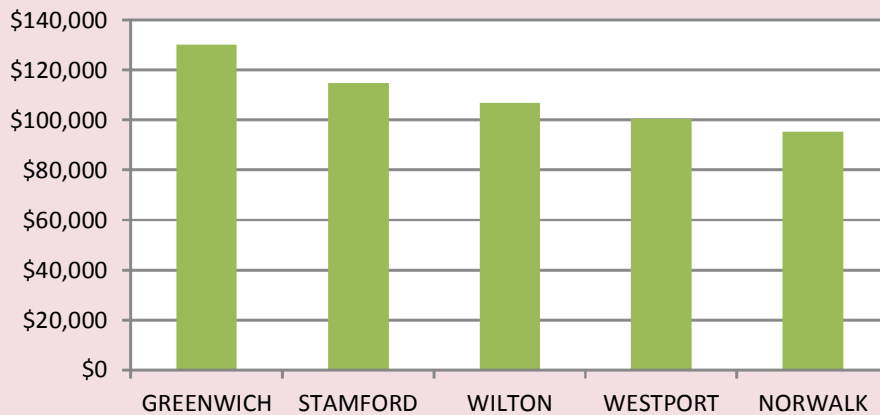
CONNECTICUT TOWN ECONOMIC INDEX (2010=100), 2011-2014*

Town/City	2011	2012	2013	2014	Town/City	2011	2012	2013	2014	Town/City	2011	2012	2013	2014
Andover	96.2	93.3	93.7	102.4	Griswold	99.1	96.0	98.7	103.7	Prospect	103.0	106.7	111.2	116.5
Ansonia	99.8	99.6	97.9	103.1	Groton	101.2	103.7	105.6	112.4	Putnam	99.6	100.5	103.1	109.9
Ashford	102.2	105.8	109.5	118.4	Guilford	100.9	107.5	108.9	114.7	Redding	101.2	103.4	105.6	114.6
Avon	102.7	103.6	103.9	107.2	Haddam	103.0	104.0	108.7	116.5	Ridgefield	99.9	102.6	104.9	110.6
Barkhamsted	102.8	104.7	104.2	113.7	Hamden	99.5	101.7	105.0	109.4	Rocky Hill	101.4	104.0	108.0	120.5
Beacon Falls	101.8	102.6	107.7	112.9	Hampton	96.0	103.1	108.0	122.4	Roxbury	105.3	103.5	101.5	112.7
Bethlehem	100.8	104.5	107.9	113.1	Hartford	100.2	102.3	103.8	109.9	Salem	100.9	94.9	97.2	104.0
Berlin	103.9	107.2	110.4	114.9	Hartland	101.3	101.6	105.8	109.1	Salisbury	100.5	103.7	104.7	112.1
Bethany	104.2	106.8	108.4	115.5	Harwinton	103.1	103.1	104.3	109.1	Scotland	110.4	106.5	105.9	100.7
Bethel	103.4	103.0	108.4	109.8	Hebron	103.4	104.7	107.9	111.9	Seymour	101.2	103.7	106.8	111.4
Bloomfield	102.2	104.2	106.9	112.2	Kent	106.9	112.0	116.3	124.9	Sharon	99.7	102.2	102.2	107.8
Bolton	99.4	104.3	106.9	113.0	Killingly	101.2	101.2	104.7	112.9	Shelton	98.7	103.1	106.7	110.8
Bozrah	99.8	97.3	102.1	108.8	Killingworth	101.0	100.3	99.0	105.5	Sherman	99.9	102.3	106.8	113.2
Branford	100.5	101.7	106.1	112.6	Lebanon	101.2	101.5	107.3	113.8	Simsbury	102.3	104.2	105.6	110.4
Bridgeport	99.0	101.1	102.2	107.8	Ledyard	98.5	97.4	99.8	103.7	Somers	103.0	101.1	104.8	107.8
Bridgewater	95.2	96.8	97.2	101.1	Lisbon	101.4	102.7	104.5	105.9	South Windsor	102.8	105.9	108.2	112.2
Bristol	102.6	107.4	110.2	116.8	Litchfield	101.6	102.6	106.1	110.4	Southbury	101.3	103.3	103.0	107.3
Brookfield	101.8	103.6	107.1	113.3	Lyme	107.3	114.5	117.2	120.8	Southington	101.1	103.1	106.2	113.0
Brooklyn	101.3	102.4	106.1	111.0	Madison	100.5	102.4	105.8	113.3	Sprague	95.7	92.3	97.4	102.2
Burlington	99.6	101.5	108.8	116.0	Manchester	101.0	101.2	104.4	109.1	Stafford	100.2	99.7	102.5	108.4
Canaan	93.3	93.7	99.0	115.5	Mansfield	98.8	99.5	101.7	109.4	Stamford	103.0	105.8	107.5	113.2
Canterbury	100.8	103.0	107.3	113.9	Marlborough	103.9	108.2	111.0	115.9	Sterling	101.2	101.8	104.5	102.7
Canton	105.0	110.7	115.4	119.6	Meriden	100.8	102.8	103.7	108.0	Stonington	102.2	103.8	104.6	105.7
Chaplin	102.1	105.5	108.5	107.9	Middlebury	101.2	104.1	110.5	113.8	Stratford	100.0	101.5	103.0	108.1
Cheshire	100.3	104.3	108.3	113.9	Middlefield	103.6	107.8	109.6	116.2	Suffield	99.4	100.2	103.9	109.9
Chester	103.2	107.5	109.6	115.0	Middletown	100.4	102.2	103.7	108.9	Thomaston	103.5	104.6	108.3	114.4
Clinton	100.7	103.1	104.8	109.7	Milford	102.2	105.8	109.7	114.9	Thompson	103.7	107.8	109.0	120.4
Colchester	100.3	104.4	107.7	116.9	Monroe	101.3	105.3	109.2	113.7	Tolland	104.4	106.4	102.9	108.5
Colebrook	96.2	89.0	92.1	92.1	Montville	99.7	99.8	101.3	107.9	Torrington	101.5	104.1	107.3	112.8
Columbia	99.5	102.5	104.2	107.8	Morris	100.6	108.8	114.2	116.4	Trumbull	101.7	101.4	102.6	104.3
Cornwall	105.4	103.9	99.5	115.3	Naugatuck	101.6	104.3	106.6	111.7	Union	90.3	93.4	94.1	97.6
Coventry	102.1	102.1	106.4	110.9	New Britain	101.1	102.4	104.5	110.5	Vernon	101.6	100.0	103.6	109.0
Cromwell	101.5	105.7	111.2	116.9	New Canaan	103.0	103.2	104.8	111.8	Voluntown	100.6	102.0	102.0	109.3
Danbury	102.0	104.9	108.8	115.3	New Fairfield	100.5	101.4	103.3	111.3	Wallingford	101.3	105.0	109.1	114.3
Darien	101.4	101.5	103.2	111.1	New Hartford	102.1	104.3	105.1	109.1	Warren	100.9	99.1	98.2	97.2
Deep River	99.6	103.5	104.7	111.9	New Haven	99.9	102.0	104.6	111.5	Washington	99.6	101.6	103.9	107.6
Derby	98.5	102.0	104.4	108.9	New London	95.7	92.0	93.7	99.0	Waterbury	100.4	101.7	102.7	106.7
Durham	100.5	106.2	109.1	111.3	New Milford	99.0	100.1	101.7	107.9	Waterford	98.9	98.4	101.2	109.0
East Granby	102.9	105.5	106.6	110.8	Newington	100.4	103.5	108.3	117.8	Watertown	101.3	103.0	105.5	110.4
East Haddam	100.5	100.6	103.6	107.9	Newtown	101.0	103.1	110.2	117.5	West Hartford	101.4	103.9	107.9	114.0
East Hampton	101.5	101.5	106.2	114.0	North Branford	100.1	102.3	106.6	111.1	West Haven	99.8	101.1	103.9	110.1
East Hartford	101.6	102.6	106.1	111.0	North Canaan	95.6	93.6	91.7	98.8	Westbrook	101.5	105.8	109.5	114.9
East Haven	100.6	102.8	105.2	111.2	North Haven	100.1	105.0	109.6	113.8	Weston	98.6	101.0	102.4	109.6
East Lyme	99.9	100.0	101.2	106.7	North Stonington	99.1	100.2	102.5	107.3	Westport	102.1	100.2	98.2	103.5
East Windsor	100.2	104.9	105.4	112.7	Norfolk	101.5	103.3	107.7	112.3	Wethersfield	101.5	102.8	105.5	110.0
Eastford	103.4	110.5	113.0	118.2	Norwalk	99.3	101.1	103.0	107.8	Willington	103.3	104.3	110.0	114.9
Easton	99.2	103.0	102.7	110.0	Norwich	118.5	119.1	120.0	125.8	Wilton	98.8	97.4	103.9	112.8
Ellington	103.4	108.2	111.4	118.5	Old Lyme	102.5	101.9	103.5	109.7	Winchester	101.1	105.5	108.3	114.6
Enfield	101.3	103.9	106.5	114.4	Old Saybrook	100.1	101.7	105.9	113.6	Windham	100.4	102.7	103.8	108.5
Essex	99.8	102.4	105.9	112.2	Orange	101.7	108.3	112.7	117.1	Windsor	100.8	102.1	104.3	110.3
Fairfield	101.8	103.3	108.0	113.8	Oxford	103.4	110.1	111.3	117.3	Windsor Locks	101.6	102.1	104.1	110.1
Farmington	101.4	104.2	107.7	112.3	Plainfield	100.4	102.1	106.8	110.8	Wolcott	101.7	103.4	109.4	117.7
Franklin	102.5	106.0	104.7	104.3	Plainville	103.4	106.7	108.9	115.3	Woodbridge	102.7	107.4	108.3	113.2
Glastonbury	103.1	106.3	109.1	112.9	Plymouth	100.0	103.3	108.3	113.4	Woodbury	102.1	104.3	104.3	110.6
Goshen	103.6	103.2	109.3	112.1	Pomfret	104.5	104.2	108.3	113.9	Woodstock	101.4	103.4	106.3	114.2
Granby	100.3	102.0	106.7	111.5	Portland	103.3	106.2	109.3	113.6					
Greenwich	98.9	99.8	100.4	107.1	Preston	100.1	100.6	103.1	105.9	CONNECTICUT	100.9	102.8	105.2	110.7

* 2010 = 100 for all 169 cities and towns

Source: Connecticut Department of Labor, Office of Research

Chart 3. Top Five Towns with the Highest Annual Average Wage, 2014



-continued from page 2-

Norwalk, and New Haven rounded out the top five. From 2010 to 2014, Connecticut's number of businesses rose 3.0%.

Employment

Last year's average statewide employment rose 0.8% from 2013 and 3.6% from 2010. Hartford employment was the largest of all 169 cities and towns at 112,107 in 2014, a 0.6% decline over the year and a 2.9% increase since 2010. Over half of the cities and towns in the State experienced job recovery over the year, and

eight out of ten have added jobs since the employment recovery began in 2010.

Wages

Nearly all cities and towns posted wage gains both over the year and from 2010. The statewide annual average wage was \$63,909 per worker, a 2.6% increase over 2013 and a 7.5% increase over 2010. The highest average wage was earned in Greenwich at \$130,268 (Chart 3), a 4.6% increase from 2013 and a -5.5% decline from 2010.

Unemployment Rate

Hartford posted the highest unemployment rate of 12.2% in the State last year, a drop from 15.6% in 2010. The residents of Waterbury (10.7%), Bridgeport (10.2%) and New London (9.7%) also experienced high unemployment rates in 2014. Overall, the statewide rate fell from 9.1% in 2010 to 6.6% in 2014. For a further analysis and the complete table of unemployment rates by all cities and towns for 2010 through 2014, see "Annual Town Unemployment Rates, 2010-2014" in the July 2015 issue of the Connecticut Economic Digest.

Conclusion

All in all, CTEI shows that most cities and towns have been recovering steadily from 2010. Although few towns are still showing no immediate signs of economic recovery, this may all change by the end of 2015. CTEI is planned to be published annually in the Digest so that each town's economic trend can be tracked and analyzed and to gain perspective with respect to each other. ■

GENERAL ECONOMIC INDICATORS

	2Q	2Q	CHANGE		1Q
	2015	2014	NO.	%	2015
<i>(Seasonally adjusted)</i>					
General Drift Indicator (1996=100)*					
Leading	113.1	113.0	0.1	0.1	113.0
Coincident	114.9	112.9	2.0	1.8	115.0
Farmington Bank Business Barometer (1992=100)**	131.2	128.4	2.8	2.2	131.2
Philadelphia Fed's Coincident Index (July 1992=100)***	Aug	Aug			Jul
<i>(Seasonally adjusted)</i>	2015	2014			2015
Connecticut	168.66	161.86	6.80	4.2	168.07
United States	175.11	169.28	5.83	3.4	174.66

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).