Covered Employment and Wages: A 2022 Annual Review

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According to the most recent data published by the Quarterly Census of Employment and Wages (QCEW) program, the number of jobs in Connecticut increased by 3.2 percent during 2022.1 A combination of employment returning from pandemic losses and a strong job market contributed to this increase. Total private industry employment, constituting 86.9 percent of the state’s employment total, increased by 3.4 percent. Total government employment increased slightly by 1.6 percent. Since the economic shutdown in March 2020, Connecticut has recovered nearly all the jobs lost, though some sectors have understandably fared better than others.

Average annual wages for all Connecticut jobs increased by 4.4 percent, to $81,241. In 2022, private sector wages increased by 4.5 percent to $82,373; government wages increased 3.2 percent to $73,754.

Like 2021, new business establishment creation was up significantly compared to pre-pandemic, as new firms continue to explore new opportunities. New business starts were 16,459 in 2022, compared to 16,978 (revised) in 2021. Overall, establishments rose to 142,858 in 2022, an increase of 6.7 percent over 2021. Total private establishments represented nearly all of the increase, reaching 139,442 in 2022. Government worksites increased 1.5 percent in the state, from 3,374 in 2021 to 3,424 in 2022.

The North American Industrial Classification System (NAICS) is used to classify businesses into industries. In 2022, BLS implemented the NAICS 2022 revision, incorporating changes primarily focused on how internet retail and brick and mortar storefronts are generally no longer separate entities. Emphasis has been placed on the nature of product being sold rather than the method in which it is sold (physical or electronic) and these changes can be seen in the retail trade and information sectors. A byproduct of this change is the creation of new subsectors and the discontinuation of old subsectors. In many cases between 2021 and 2022, direct comparisons are not possible due to overlap between new and old groupings.

**Employment**

2022’s strong labor market and post-pandemic job recovery combined to make 2022 one of the best years in recent memory for job growth. Nearly every sector showed growth, with only two sectors showing minor declines.

For sectors that increased in 2022, accommodation and food services surged 10,958 jobs, or 9.9%. Though the sector is not back to 2019 levels, it has regained nearly all the jobs lost in 2020. Ten other sectors saw increases between 2,500 to 4,000 jobs, encompassing most of the economy. Construction came in with a smaller but not insignificant increase of 2.7% or 1,596 jobs. Additionally, manufacturing reversed the decline from 2021 and is now up over 2,500 jobs in the two-year period. See pages 3 and 4 for data on other industry sectors and subsectors.

Finance and insurance and utilities were the only two sectors with declines, losing 371 and 34 jobs, respectively, in 2022. This was the smallest decline for finance in many years and reiterates how well overall the economy did in 2022 for job creation.

As for government employment, the increase of 3,419 jobs was based almost entirely in local government, with small changes in both state and federal employment. Much as in 2021, most of the increase was a result of jobs in education. A 7.9% increase in casino employment and a 11.9% improvement in the amusement and recreation subsectors also contributed significantly to this increase.

The Bureau of Labor Statistics (BLS) aggregates the NAICS sectors to form the top-level goods-producing and service-providing “domains”. Goods-producing sectors include agriculture, forestry, fishing, and hunting; mining; construction; and manufacturing. The remaining sectors are aggregated into the service-providing domain.

For 2022, the goods-producing domain encompassed 13.8 percent of total covered employment, with the remaining 86.2 percent in the service-providing domain. The goods-producing employment sector grew by 5,343 or 2.4 percent, with service-providing employment increasing by 3.3 percent, or 45,477, at the same time.

**Wages**

Connecticut average annual wages varied greatly between industries and within each sector in 2022. It should be noted that much of this difference in pay level can be attributed to factors such as hours worked (full- or part-time), workforce composition, wages, including bonuses or stock options, and seasonal and weather-related influences.

The highest annual average wage, found in the finance and insurance sector, was $207,788 - 2.5 times the state average. Those in the securities, commodity contracts and investments subsector earned an average of $402,654 in 2022. The management and information sectors were behind finance and insurance at $173,851 and $145,454, respectively. Although information may be one of the highest paying sectors, it was also the only one to experience declining average wages.

At the other end of the spectrum, accommodation and food services workers earned the least, at $28,491. While this increase of 6.4% was still significant, it will likely need to increase to draw more employment back to the sector, as it remains heavily influenced by part-time workers. Next were arts, entertainment and recreation at $37,088 and retail trade at $42,650 in annual wages.

Goods-producing wages showed an increase of 3.5 percent compared to 2021, at $87,841. They are 8.1 percent above the annual average for all industries. Service-providing wages experienced similar growth, rising to $80,182, an increase of 4.5 percent on an annual basis. n

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1 QCEW counts all jobs covered by Connecticut Unemployment Insurance (UI) - over 97 percent of all payroll jobs.