

CONNECTICUT'S SHORT-TERM EMPLOYMENT OUTLOOK 2022-2024

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***Connecticut's
Short-Term Employment Outlook:
2022-2024***

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The Connecticut Economy Three Years After the 2020 Recession

This annual outlook includes a review of various data sources to help contextualize the recent economic trends and the current state of our labor force. It also contains a detailed review of short-term employment projections through 2024 to help illustrate where we expect the state economy will add jobs. Additional areas of focus include a look at STEM occupational projections, the housing market, and the impact of COVID on the Connecticut labor force.

The Connecticut Labor Market

Current Situation

As the U.S. and Connecticut economies begin to enter their third year of economic recovery following the 2020 recession, the US has recovered all of its 2020 employment losses and currently (as of May 2023) has employment levels that are 17% above pre-COVID levels from February 2020. The Northeast had larger employment losses in 2020 and has subsequently had employment recovery rates below the U.S. Total nonfarm employment in Connecticut was down 17% in early 2020, down 289,000 jobs. As of May 2023, the state has recovered 98% of those jobs lost and is down just 6,000 from pre-COVID levels. Among the nine northeast states shown in the table below, Connecticut had the third lowest employment percent decline, and currently has the sixth highest recovery rate. When compared to our neighboring states of New York, Massachusetts, and Rhode Island, Connecticut had the lowest 2020 employment percent decline and its recovery rate is the second highest, down 5 percentage points from Massachusetts (recovery rate 103%) and up 5 and 9 percentage points from New York (93% recovery) and Rhode Island (88% recovery).

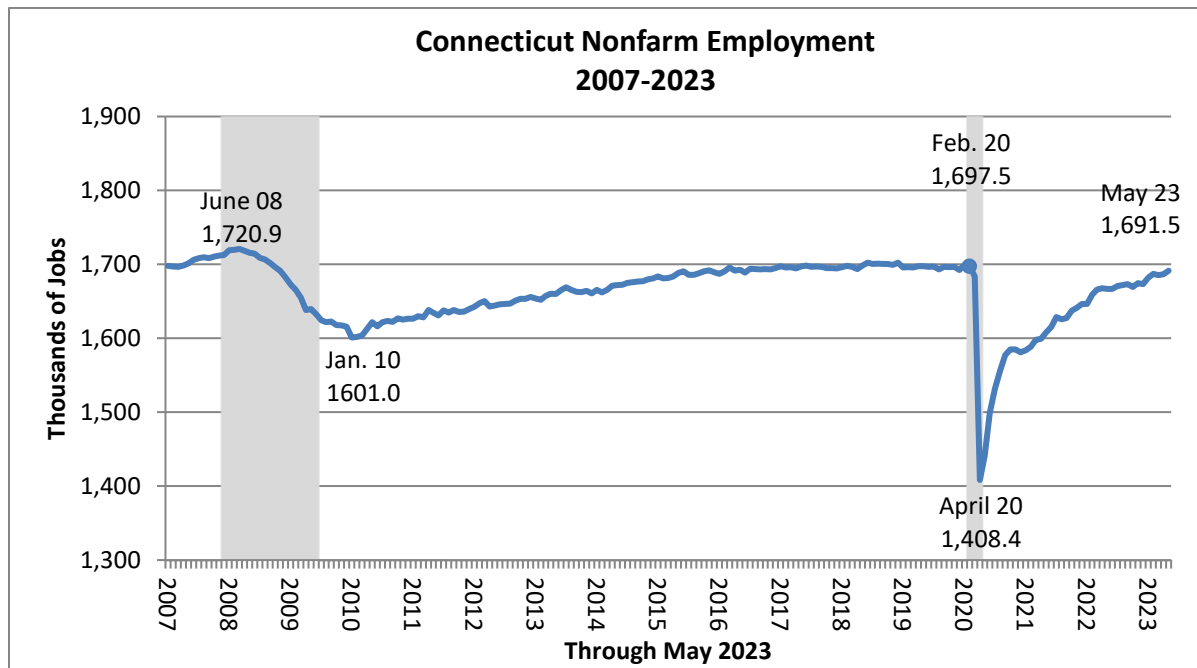
Total Nonfarm Jobs Lost & Recovered Since 2020 in the U.S., CT, & Nearby States (in Thousands)

Area	U.S. Peak Feb. 2020	U.S. Trough Apr. 2020	Peak/Trough Change		Current Month May 2023	Peak to Current Month Change		Recovery Rate*
			#	%		#	%	
United States	152,371	130,430	-21,941	-14.4%	156,204	3,833	2.5%	117%
Connecticut	1,698	1,408	-289	-17.0%	1,692	-6	-0.4%	98%
Maine	640	544	-96	-14.9%	647	7	1.1%	108%
Massachusetts	3,744	3,062	-682	-18.2%	3,766	22	0.6%	103%
New Hampshire	690	573	-117	-16.9%	702	12	1.7%	110%
New Jersey	4,230	3,500	-730	-17.3%	4,336	106	2.5%	115%
New York	9,839	7,855	-1,984	-20.2%	9,696	-143	-1.4%	93%
Pennsylvania	6,088	4,958	-1,130	-18.6%	6,123	35	0.6%	103%
Rhode Island	507	399	-108	-21.3%	494	-13	-2.6%	88%
Vermont	316	248	-67	-21.3%	308	-7	-2.3%	89%

Seasonally Adjusted

Source: CT Dept. of Labor & BLS CES

The following figure illustrates total Nonfarm Employment in Connecticut from 2007-2023. This range includes two recessions, two employment peaks, and two employment troughs. It contextualizes the short and steep nature of the 2020 recession compared to the great recession and how the state has steadily added jobs from 2020 through May 2023.

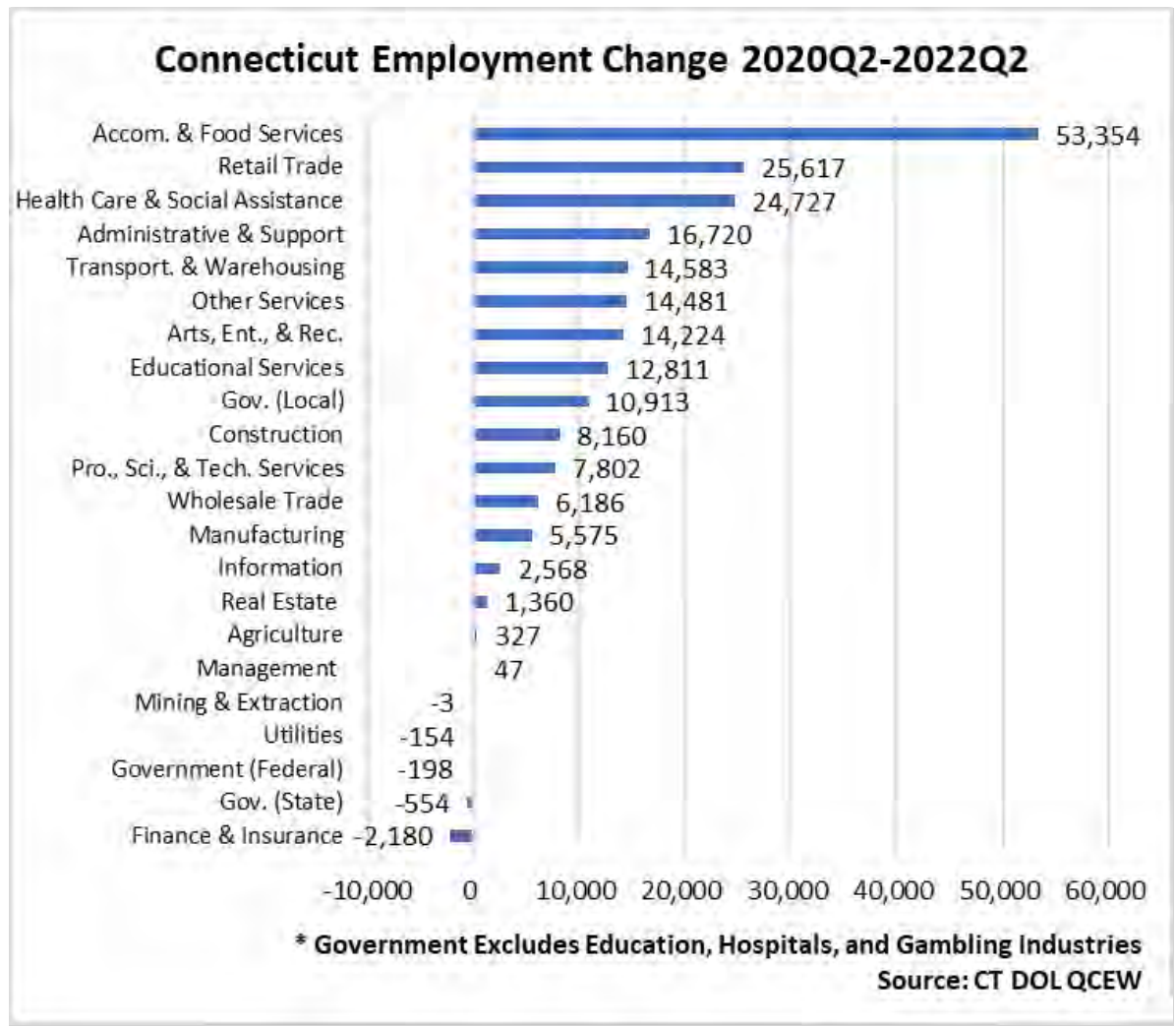


Within Connecticut, industries that had the largest increases from that early 2020 employment trough are those heavily impacted by COVID, including the Arts, Entertainment & Recreation, Accommodations & Food Services, and Other Services industries. Those industries were up 105%, 75%, and 37% respectively from 2020Q2 to 2022Q2.

Industry Employment Change

Each year, the Connecticut Department of Labor produces short-term projections by industry and occupation. The most recent projections are for the two-year period 2022Q2 through 2024Q2. The previous two-year period (2020Q2 to 2022Q2) begins during the height of the COVID lockdown when unemployment reached unprecedented levels and reflects in the pronounced industry employment gains that subsequently occurred as the economy reopened.

Connecticut’s overall employment was up 15% or +220,882 from 2020Q2 to 2022Q2. Over half of the two-year employment increase occurred in four sectors, all of which were heavily impacted by the employment losses that occurred during early 2020. These sectors were Accommodation & Food Services (24% of total growth or +53,354), Retail Trade (12% or +25,617), Health Care & Social Assistance (11% or +24,727), and Admin. & Support (8% or +16,720).



The following table includes second-quarter industry employment from 2019-2022 to contextualize the two-year employment change outlined above. The table includes 2019Q2-2020Q2 change to highlight the impact of the 2020 recession, 2020Q2-2022Q2 change to illustrate the two years

preceding the current short-term projections round, and 2019Q2-2022Q2 change to show industry employment relative to pre-recession levels.

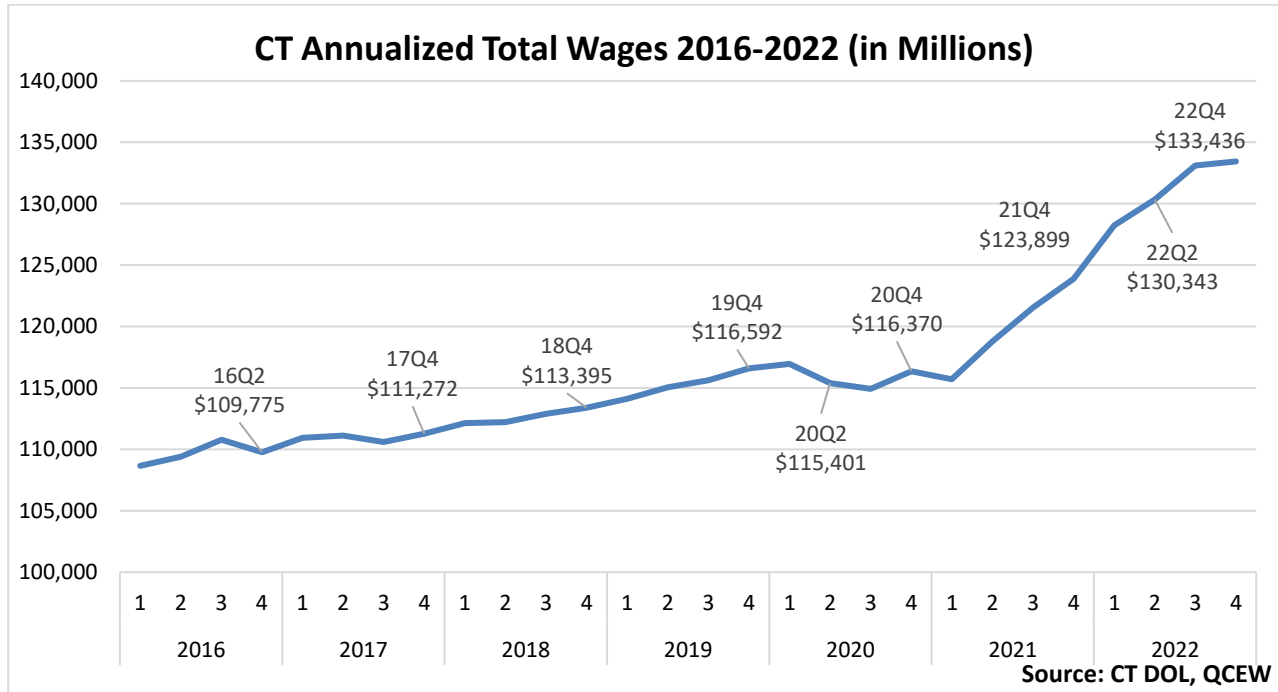
Employment By Industry 2019Q2-2022Q2

NAICS	Industry	Quarterly Employment				19Q2-20Q2 Change		20Q2-22Q2 Change		19Q2-22Q2 Change	
		2019Q2	2020Q2	2021Q2	2022Q2	#	%	#	%	#	%
00	Total	1,680,270	1,430,064	1,588,657	1,650,946	-250,206	-14.9%	220,882	15.4%	-29,324	-1.7%
11	Agriculture	5,114	4,910	5,267	5,237	-204	-4.0%	327	6.7%	123	2.4%
21	Mining & Extraction	532	497	483	493	-35	-6.6%	-3	-0.7%	-38	-7.2%
22	Utilities	5,177	5,125	5,004	4,971	-52	-1.0%	-154	-3.0%	-206	-4.0%
23	Construction	60,998	54,133	60,064	62,293	-6,865	-11.3%	8,160	15.1%	1,295	2.1%
31	Manufacturing	162,251	150,725	152,360	156,300	-11,526	-7.1%	5,575	3.7%	-5,951	-3.7%
42	Wholesale Trade	60,134	54,141	56,938	60,327	-5,994	-10.0%	6,186	11.4%	192	0.3%
44	Retail Trade	174,305	140,767	166,339	166,384	-33,538	-19.2%	25,617	18.2%	-7,921	-4.5%
48-49	Transport. & Warehousing	56,948	56,757	65,349	71,341	-191	-0.3%	14,583	25.7%	14,392	25.3%
51	Information	31,455	28,455	29,346	31,023	-3,001	-9.5%	2,568	9.0%	-433	-1.4%
52	Finance & Insurance	101,655	99,261	97,110	97,081	-2,394	-2.4%	-2,180	-2.2%	-4,573	-4.5%
53	Real Estate	20,183	18,028	18,461	19,388	-2,155	-10.7%	1,360	7.5%	-795	-3.9%
54	Pro., Sci., & Tech. Services	95,664	91,065	94,999	98,868	-4,599	-4.8%	7,802	8.6%	3,203	3.3%
55	Management	33,089	30,915	30,358	30,962	-2,173	-6.6%	47	0.2%	-2,126	-6.4%
56	Administrative & Support	92,242	76,953	88,748	93,673	-15,289	-16.6%	16,720	21.7%	1,431	1.6%
61	Educational Services	175,791	160,187	167,311	172,998	-15,604	-8.9%	12,811	8.0%	-2,793	-1.6%
62	Health Care & Social Assistance	289,103	263,565	284,948	288,292	-25,538	-8.8%	24,727	9.4%	-811	-0.3%
71	Arts, Ent., & Rec.	30,342	13,541	23,622	27,765	-16,801	-55.4%	14,224	105.0%	-2,577	-8.5%
72	Accom. & Food Services	143,471	71,238	110,893	124,592	-72,233	-50.3%	53,354	74.9%	-18,879	-13.2%
81	Other Services	66,881	39,059	50,104	53,540	-27,822	-41.6%	14,481	37.1%	-13,341	-19.9%
91	Government (Federal)	6,041	6,477	6,184	6,279	436	7.2%	-198	-3.1%	238	3.9%
92	Gov. (State)	25,813	25,807	25,737	25,253	-6	0.0%	-554	-2.1%	-560	-2.2%
93	Gov. (Local)	42,742	38,017	47,399	48,930	-4,725	-11.1%	10,913	28.7%	6,187	14.5%

Source: CT DOL, QCEW

Total Wage Change

Total wages by industry is an important measure of the overall impact of major sectors on the Connecticut economy. In 2020, the impact of the shutdown recession on total wages can be seen in the graph below. From 2019 to 2020, total wages remained flat at approximately \$116 billion. During 2021 and 2022, total wages rose by 6.4% to \$123.9 billion in 2021 and by 7.7% in 2022. As of the fourth quarter of 2022, the four-quarter total wages for Connecticut are \$133.4 billion, up \$17 billion from 2020.



Comparing industry four-quarter total wages ending 2020Q2 and 2022Q2 helps illustrate how the state economy was performing in the two years leading up to our 2022-2024 projections. During that two-year period, total wages were up \$14.9 billion or +12.9%. At the industry level, the largest two-year increases occurred in Finance & Insurance (+\$2,776 mill. or +15.8%), Health Care & Social Assistance (+\$1,956 mill. or +11.9%), and Professional, Scientific, & Technical Services (+\$1,803 mill. or +17.0%). None of the sectors shown below had total wage declines during the 2-year period other than Mining & Extraction, which was down \$5 million or -12.7%.

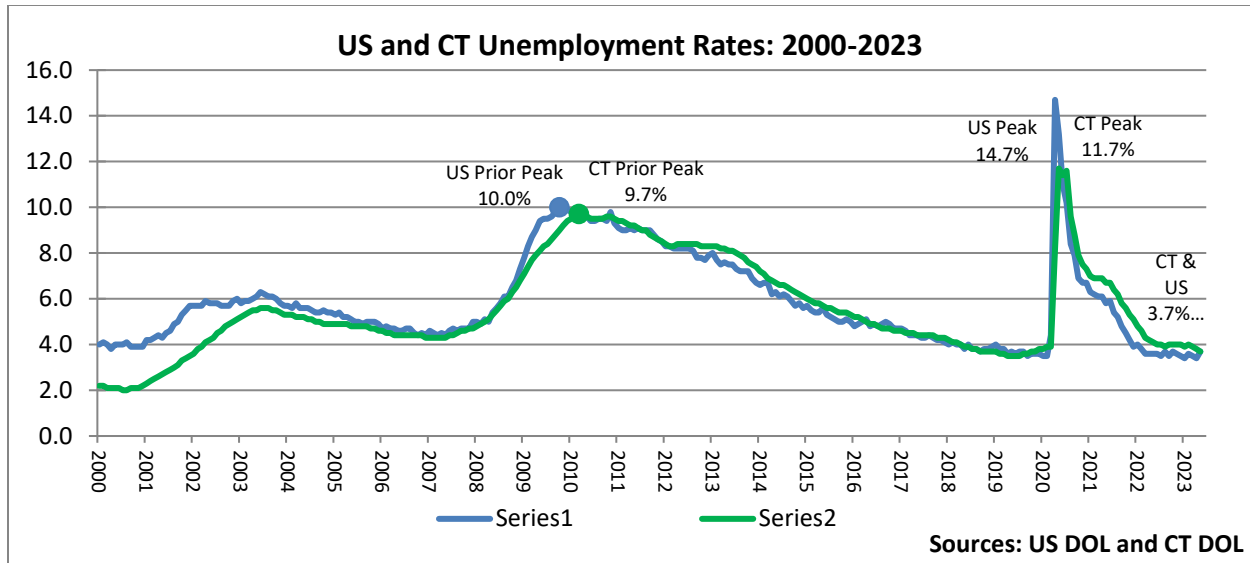
Total Annual Wages By Industry (in Millions)

NAICS	Industry	4 Quarter Total Ending:		20Q2-22Q2 Change	
		2020Q2	2022Q2	#	%
00	Total	\$115,401	\$130,343	\$14,942	12.9%
11	Agriculture	\$182	\$218	\$36	20.1%
21	Mining & Extraction	\$38	\$33	-\$5	-12.7%
22	Utilities	\$683	\$709	\$26	3.8%
23	Construction	\$4,213	\$4,745	\$532	12.6%
31	Manufacturing	\$13,613	\$14,222	\$609	4.5%
42	Wholesale Trade	\$5,763	\$6,847	\$1,084	18.8%
44	Retail Trade	\$6,116	\$7,103	\$986	16.1%
48-49	Transport. & Warehousing	\$3,070	\$3,779	\$708	23.1%
51	Information	\$3,911	\$4,564	\$653	16.7%
52	Finance & Insurance	\$17,552	\$20,328	\$2,776	15.8%
53	Real Estate	\$1,469	\$1,545	\$76	5.2%
54	Pro., Sci., & Tech. Services	\$10,576	\$12,379	\$1,803	17.0%
55	Management	\$5,098	\$5,126	\$28	0.5%
56	Administrative & Support	\$4,221	\$5,300	\$1,079	25.6%
61	Educational Services	\$11,157	\$11,949	\$792	7.1%
62	Health Care & Social Assistance	\$16,431	\$18,387	\$1,956	11.9%
71	Arts, Ent., & Rec.	\$795	\$921	\$125	15.8%
72	Accom. & Food Services	\$3,033	\$3,394	\$361	11.9%
81	Other Services	\$2,156	\$2,367	\$211	9.8%
91	Government (Federal)	\$553	\$589	\$35	6.4%
92	Gov. (State)	\$1,953	\$2,089	\$135	6.9%
93	Gov. (Local)	\$2,784	\$3,318	\$534	19.2%

Source: CT DOL, QCEW

Unemployment Rate

During 2022 and into 2023, the unemployment rates for the United States and Connecticut both fell back to pre-COVID levels near or below 4.0%. For both the United States and Connecticut, the preliminary May 2023 unemployment rate is 3.7%. This rate is a slight increase for the United States when compared to recent months, which reached 3.4% in April and January 2023. For Connecticut, the May unemployment rate is at the lowest level since November 2019. From September 2018 – November 2019, the Connecticut unemployment rate was between 3.5% and 3.7%. It remained under 4.0% until early 2020 and proceeded to spike in April of that year.



The following table illustrates additional detail on how the COVID pandemic and three years of recovery have impacted specific demographic groups within the U.S. Economy through April 2023. In the three years since that April 2020 unemployment rate peak, every available demographic group within the table has unemployment rates near or below the February 2020 unemployment rate trough.

US Unemployment Rate Change - Trough, Peak, and Current Month

Group	UR Trough Feb. 2020	UR Peak April 2020	Current Month April 2023	% Pt. Change	
				Feb.2020 to Peak	Peak to April 2023
All	3.5	14.7	3.4	11.2	-11.3
Male	3.5	13.5	3.5	10.0	-10.0
Female	3.4	16.2	3.3	12.8	-12.9
Age					
Under 25	7.9	27.4	6.5	19.5	-20.9
25-54	3.0	12.8	3.1	9.8	-9.7
Over 55	2.5	13.6	2.3	11.1	-11.3
Race/Ethnic Group					
White	3.0	14.1	3.1	11.1	-11.0
Black or African American	6.0	16.6	4.7	10.6	-11.9
Asian	2.6	14.5	2.8	11.9	-11.7
Hispanic or Latino	4.4	18.8	4.4	14.4	-14.4

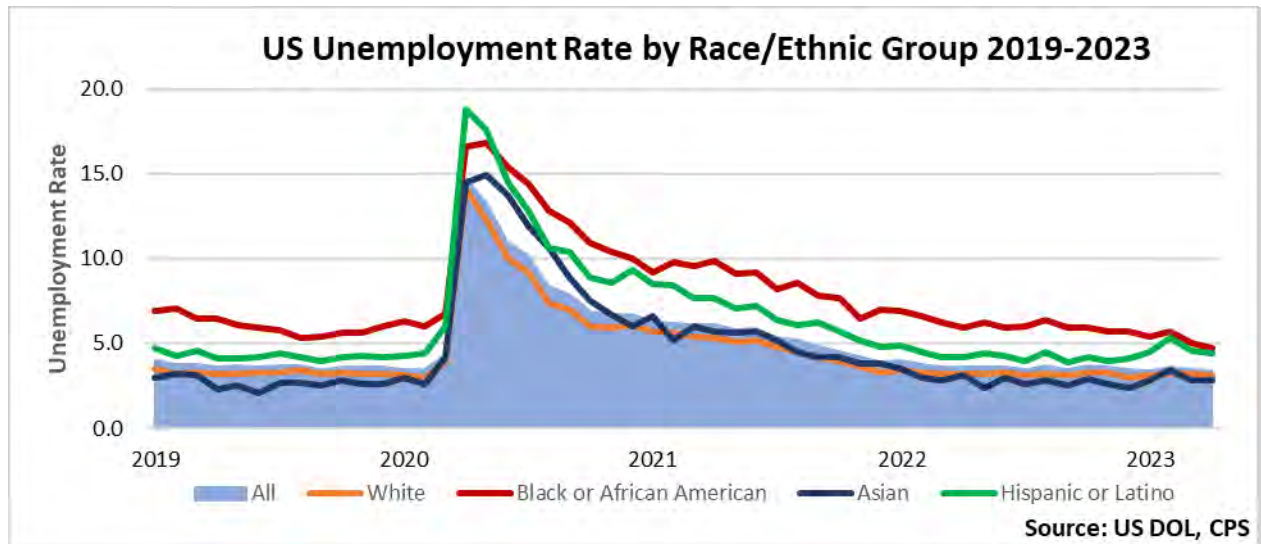
Source: US DOL, CPS

The table also shows that the female unemployment rate peaked higher than the male rate as the shutdown more heavily impacted industries with larger female employment shares. As of April 2023, three years after that peak, both genders are at or below pre-COVID unemployment levels.

Among the three age cohorts, the 25-54 “prime age” and Over 55 cohorts had unemployment rates consistently below overall levels. This higher overall rate is impacted by the Under 25 cohort, which consistently trends at roughly double the overall unemployment rate. Three years after the pandemic peak each of the three cohorts has unemployment rates consistent with prerecession levels.

By age cohort, the Under 25 age group had the largest percentage point increase, up 19.5 points. That increase is 3.5 times higher than February 2020 levels. The 25-54 and Over 54 cohorts had smaller percentage point changes, but due to them having much lower base levels, their rates respectively increased by 4.3 and 5.2 times their February 2020 levels. As of April 2023, the Under 25 U.S. population has an unemployment rate of 6.5%, and the two other cohorts have rates of 3.1 and 2.3 percent.

Among the four available race/ethnic groups, from February 2020 to April 2020, the four available race/ethnic groups experienced unemployment rate increases of between +10.6 to +14.4 percentage points. In the three years since they have all experienced drops in unemployment rates ranging from 2.8% to 4.4%. Among the four groups, Hispanic or Latino saw the largest February 2020-April 2020 increase and three-year decrease while Black or African American workers has an April 2023 unemployment rate 1.3 percentage points below pre-COVID February 2020 levels. The Asian and White U.S. populations had the lowest base month unemployment rates, peaked at 14.4% and 14.1%, and were respectively 2.8% and 3.1% as of April 2023.



Connecticut unemployment rates by available demographic groups are shown below. When comparing the five years of annual data shown in the table, the 2020 recession resulted in unemployment rate peaks for the Under 25 and 25-54 age groups that were lower than their respective 2010 highs, while the Over 54 group had a 2020 unemployment rate peak above 2010 levels. Though the 2020 annual average was below 2010 levels for many cohorts, all demographic groups experienced very high unemployment peaks during the second quarter of 2020 that are not fully represented by the annual average data. During 2021 and 2022, every available demographic group in the table experienced unemployment rate declines.

The table also includes year-ending April 2023 unemployment rate data by gender and certain race/ethnic group categories. The year ending April 2023 unemployment rate is down 0.2 percentage points from 2022 overall and down 0.1 percentage points for males and females in the state. Among the three available race/ethnic groups, The White unemployment rate during the 12 months ending April 2023 is down slightly from 2022, while the rates for Black or African Americans and Hispanic or Latinos are up slightly from annual 2022 data.

CT Annual Unemployment Rate Change Through 2022 and Year Ending April 2023

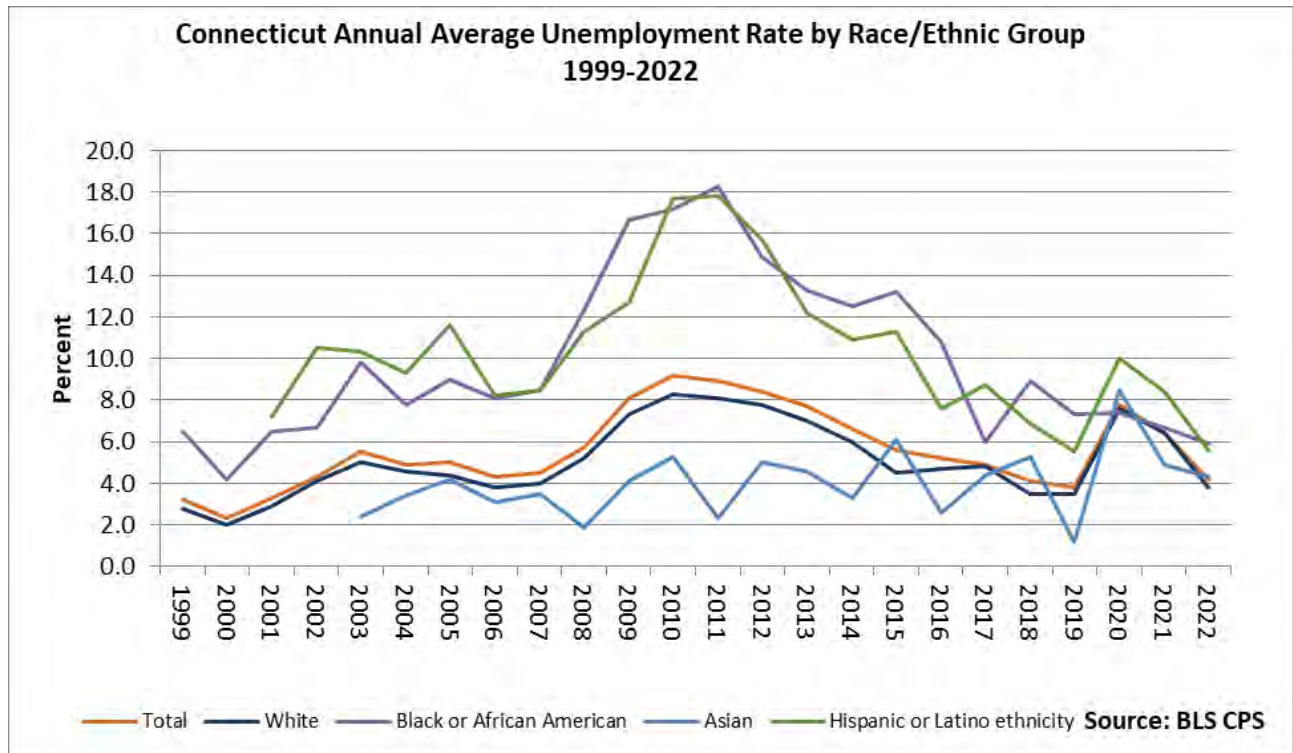
Group	Prior UR High 2010	UR Low 2019	2020	2021	2022	19-20 % Pt Change	20-21 % Pt Change	21-22 % Pt Change	Year Ending April 2023
Total	9.2	3.8	7.8	6.4	4.2	4.0	-1.4	-2.2	4.0
Men	9.9	4.2	8.3	6.6	4.9	4.1	-1.7	-1.7	4.8
Women	8.4	3.4	7.2	6.2	3.3	3.8	-1.0	-2.9	3.2
Age									
Under 25	18.4	11.1	15.6	12.3	10.6	4.5	-3.3	-1.7	n/d
25-54	8.2	2.6	6.4	5.4	3.7	3.8	-1.0	-1.7	n/d
Over 55	6.6	3.4	7.1	6.3	2.8	3.7	-0.8	-3.5	n/d
Race/Ethnic Group									
White	8.3	3.5	7.6	6.4	3.8	4.1	-1.2	-2.6	3.6
Black or African American	17.2	7.3	7.4	6.7	5.9	0.1	-0.7	-0.8	6.2
Asian	5.3	1.2	8.5	4.9	4.3	7.3	-3.6	-0.6	n/d
Hispanic or Latino	17.7	5.5	10.0	8.4	5.6	4.5	-1.6	-2.8	6.3

n/d = no data

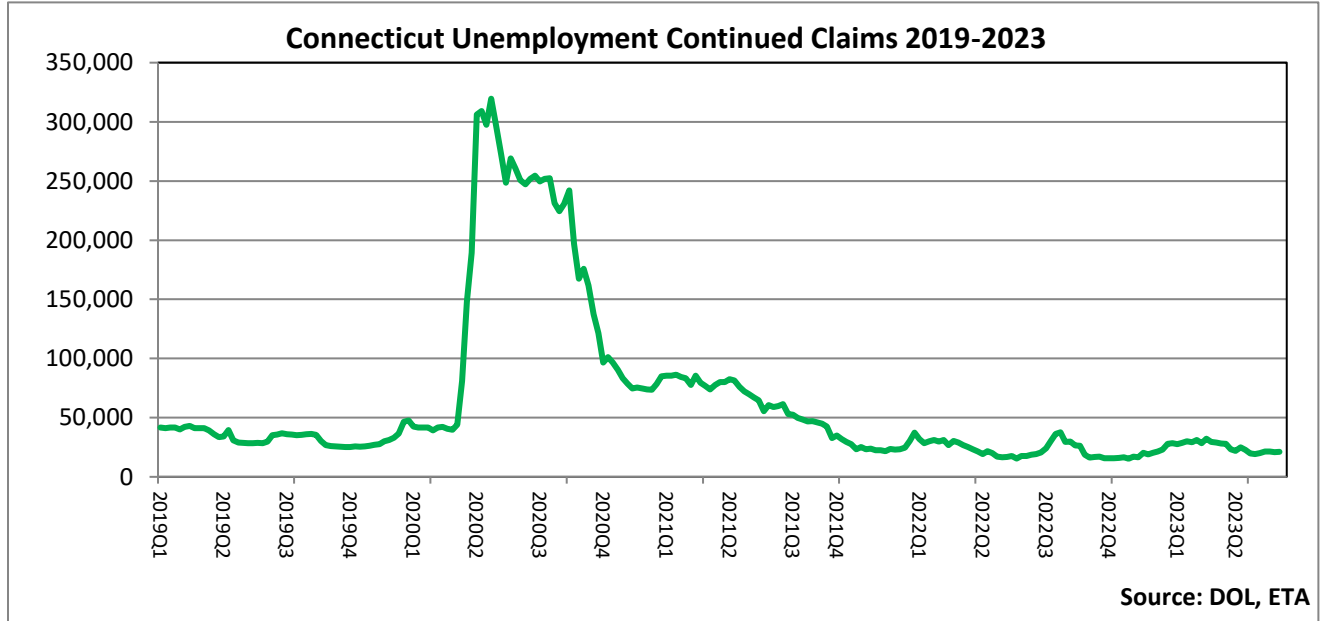
Source: US DOL, LAUS

The following graph shows the annual average unemployment rates by race/ethnic group in Connecticut.

The 2020-2022 period shows consistent annual average unemployment rate decline across all available race/ethnic groups. The Hispanic and White demographic groups had the largest 2021 to 2022 unemployment rate percentage point decreases, falling by 2.8 and 2.6 points respectively. When compared to pre-COVID 2019 levels, the 2022 overall annual average unemployment rate was 0.4 points higher, at 4.2% vs 3.8%. For specific groups, the White, Asian, and Hispanic labor forces had rates above 2019 levels, while the Black or African American unemployment rate was 1.4 percentage points below 2019 levels. Though differences in unemployment rates persist across demographic groups, in recent years the rates have converged and no longer have the large differences they had in the early to mid-2000s.

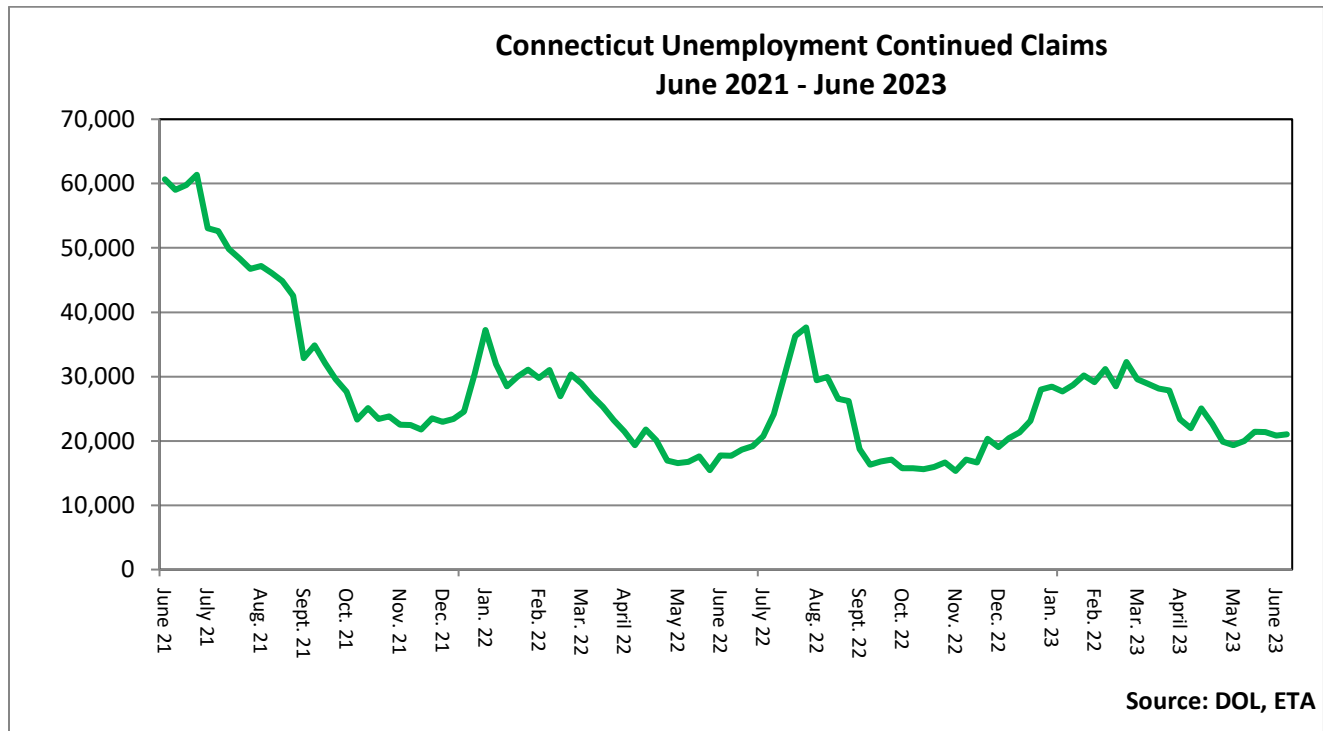


Unemployment Claims



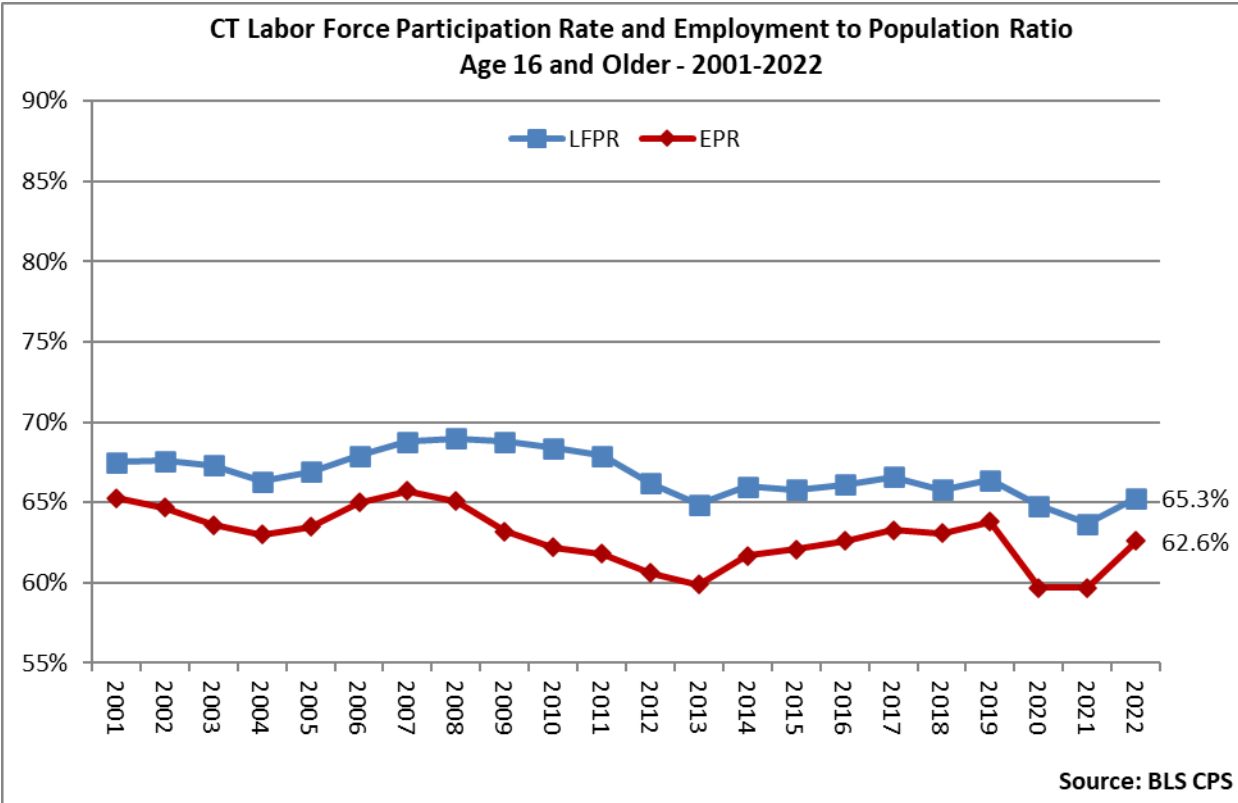
The unprecedented spike in unemployment insurance claims during the first half of 2020 is illustrated in the above graph. During 2019, continued claims averaged less than 34,000 continued claims per week. Claims spiked after the March 2020 COVID lockdown and reached a peak of over 319,000 during

the week ending May 2nd, 2020. Claims remained above pre-COVID levels until the end of the third quarter of 2021. In 2022, continued claims averaged under 23,000 per week and reached a series low of 15,329 claims during the week ending November 5th, 2022. As of the week ending June 10, 2023, Connecticut had 21,032 weekly continued claims. This weekly level is 3,363 claims above a year ago, which had 17,669 continued claims during the week ending June 11th, 2022. Two years ago, during the week ending June 12, 2021, Connecticut had over 59,000 continued claims as illustrated in the graph below.



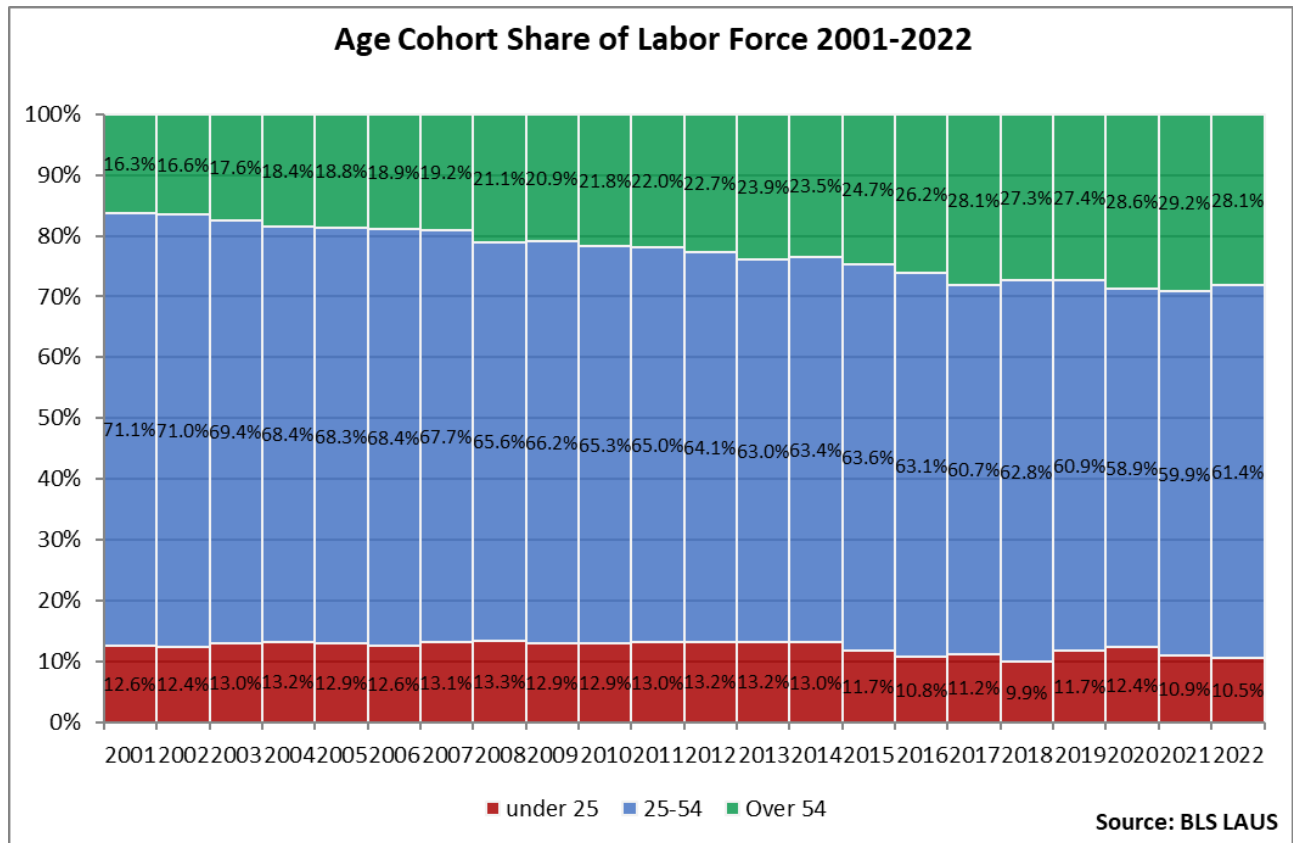
Labor Force

From 2021-2022, the overall labor force grew by 58,000 workers to 1,923,000 workers. This over-the-year labor force increase is the sum of employment growing by 97,000 and unemployment falling by 39,000 workers. The 2022 labor force surpasses pre-recession 2019 levels of 1,914,000 and is the highest total labor force since 2017, which had a labor force of 1,924,000 workers. As a percent of the total working-age population, the 2022 labor force participation rate was 65.3%, which represents an increase from 63.7% but below the pre-COVID 2019 LFPR of 66.4%.

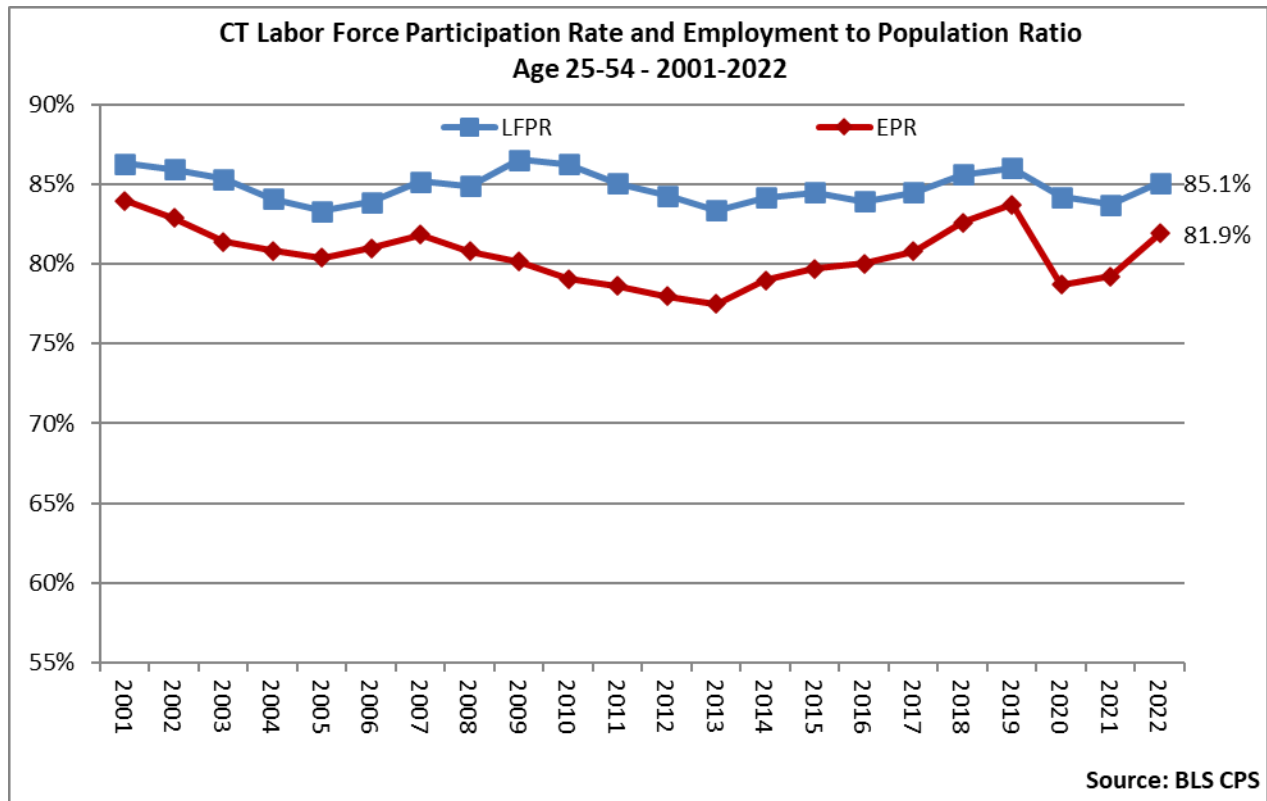


Labor Force by Age

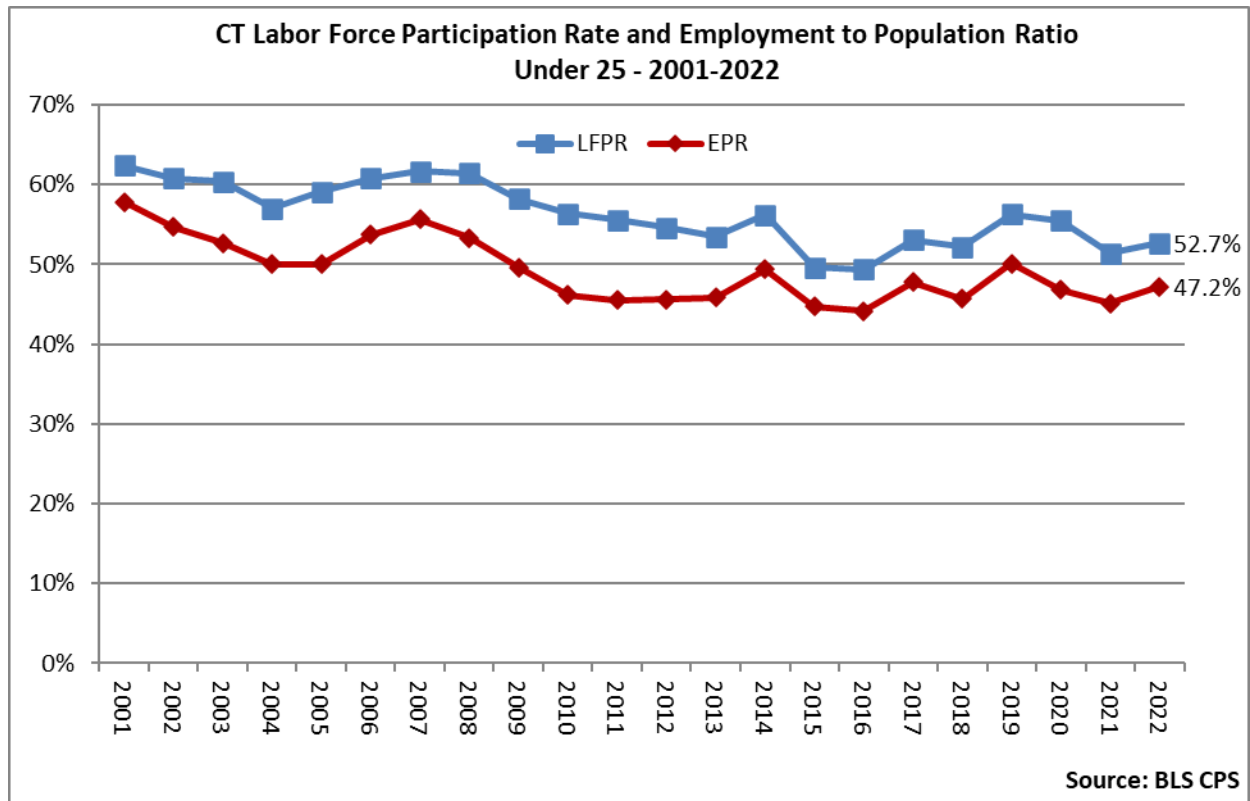
State-level annual average labor force data by age is available from 2001 through 2022. During that 21-year span, the portion of the labor force Over 54 had increased from 16.3% in 2001 to over 29.2% in 2021. During 2022, the Over 54 cohort fell to 28.1% from a year before. This was due to increased labor force participation within the large 25-54 cohort. From 2021 to 2022, the overall labor force grew by 58,000. By age cohort, the Under 25 group fell by 2,000, the 25-54 age cohort increased by 63,000, and the Over 54 cohort fell by 3,000.



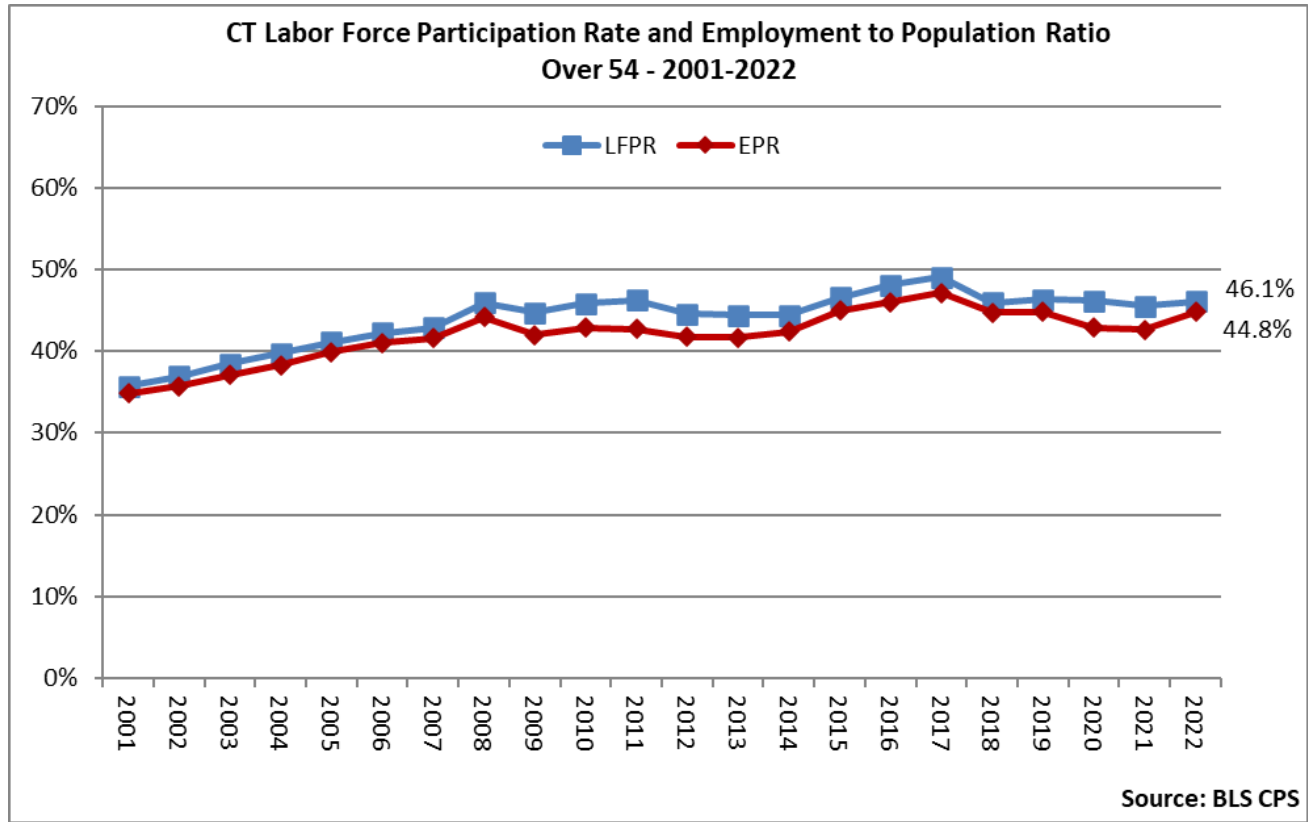
The graph on the next page shows annual average Labor Force Participation Rate (LFPR) and Employment/Population Ratio (EPR) for prime-age workers in Connecticut from 2001 to 2022. Since reaching a 2013 trough of 83.4 percent, overall prime-age LFPR has remained between that level and 86 percent (2019). In 2021, it fell to 83.7%, just 0.3 percentage points above 2013 levels. The graph also illustrates the stark drop in employment to population ratio, which fell from 83.8% in 2019 to 78.8% a year later. By 2022, the LFPR was 85.1%, an increase of 1.4 percentage points from 2021 and a three-year high. This increase was due to the prime-age labor force increasing by more than the overall prime-aged population. The labor force increased by 63,000 and the prime-aged population grew by 53,000. The labor force increase is the sum of employment growing by 80,000 and unemployment falling by 16,000.



The younger 16 to 24 age cohort has LFPR below that of prime-age workers due primarily to school enrollment. In the early 2000s, the cohort’s peaks and troughs largely corresponded with the overall labor force. Since the 2007 recession, the cohort gradually fell from a 2007 LFPR peak of 61.7% to a low of 49.4% in 2016. Since that series low, the Under 25 LFPR had trended upward, rising to a 2019 level of 56.6%. After sliding to 51.4% in 2021, it increased to 52.7% in 2022. During the 1.3 percentage point increase in LFPR, the Under 25 cohort saw its EPR increase by 2.1 percentage points. Though this indicates that the cohort is experiencing a rebound in employment, much of the LFPR and EPR increases are due to the overall population of that cohort falling from 395,000 in 2021 to 382,000 in 2022. This shrinking of the Under 25 cohort population contributes to the aforementioned rate shifts. In 2022, the Under 25 labor force was down 2,000 from 2021, employment was up 2,000, and unemployment was down 4,000.



For the Over 54 cohort, LFPR reached a high of 49% in 2017 and fell to the mid-40s during the four subsequent years through 2021. It remained relatively flat in 2020 and 2021 as the employment-to-population ratio fell from 44.8% in 2019 to 46.1% in 2022. The table below illustrates how the shift in the LFPR for the Over 54 population predates the pandemic, and that age cohort shows much less variation in its propensity to be part of the labor force than other groups. From 2019-2022, the Over 54 cohort had the lowest year-to-year change in LFPR and EPR of the three age groups. Its LFPR is down 0.2 percentage points from 2019 levels, but above 2018 levels of 45.9%. Over the long term, the Over 54 cohort is up 10.4 percentage points from its 2001 LFPR of 35.7%.



Changing Demographic Composition of Connecticut’s Labor Force

Connecticut Labor Force Share by Race/Ethnic Group (# in Thousands)

Race/Ethnic Group	2010		2019		2020		2021		2022	
	#	%	#	%	#	%	#	%	#	%
Total	1,892	100.0%	1,914	100.0%	1,868	100.0%	1,865	100.0%	1,923	100.0%
White	1,605	84.8%	1,549	80.9%	1,451	77.7%	1,472	78.9%	1,524	79.3%
Black or African American	180	9.5%	216	11.3%	234	12.5%	228	12.2%	246	12.8%
Asian	83	4.4%	102	5.3%	144	7.7%	128	6.9%	104	5.4%
Hispanic or Latino ethnicity	193	10.2%	285	14.9%	279	14.9%	308	16.5%	324	16.8%

n/d = no data

Source: BLS, Geographic Profile

The above table illustrates how the demographic distribution of Connecticut’s labor force has changed since 2010 and during the four most recent years. In 2010, The Black, Asian, and Hispanic workforces were a smaller share of the Connecticut labor force than they were in 2022. In 2020, the White workforce had a 3.2 percentage point drop from 2019 levels of 80.9 to 77.7% in 2020. That group has rebounded to 79.3% by 2022, but is down from 84.8% in 2010. During 2020, the labor force shares for the Black and Asian groups increased to 12.5% and 7.7% respectively. As of 2022, the Black workforce edged up slightly to 12.8% and the Asian

Workforce fell to 5.4%, which is slightly above 2019 levels. The Hispanic/Latino workforce has steadily increased its share of the labor force, increasing from 10.2% in 2010 to 16.8% in 2022.

Connecticut Projections Through 2024

Connecticut Short-Term Projections: 2022Q2 to 2024Q2

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.

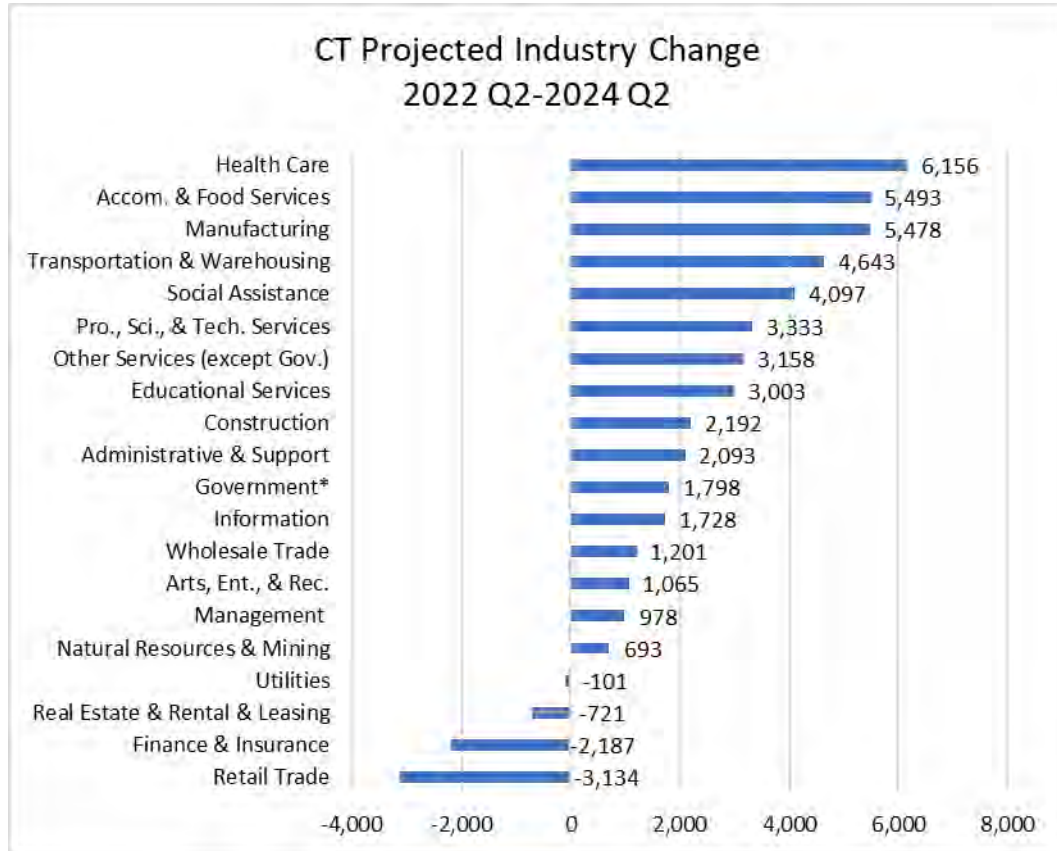
Industry Projections

Industry	2022 Q2 Base	2024 Q2 Projections	Emp Change	% Change
Total All Industries	1,800,395	1,845,444	45,049	2.5%
Self Employed and Unpaid Family Workers, All Jobs	116,667	120,750	4,083	3.5%
Goods Producing	224,320	232,683	8,363	3.7%
Natural Resources and Mining	5,726	6,419	693	12.1%
Construction	62,318	64,510	2,192	3.5%
Manufacturing	156,276	161,754	5,478	3.5%
Services Providing	1,459,408	1,492,011	32,603	2.2%
Wholesale Trade	60,291	61,492	1,201	2.0%
Retail Trade	169,861	166,727	-3,134	-1.8%
Transportation and Warehousing	66,452	71,095	4,643	7.0%
Utilities	4,971	4,870	-101	-2.0%
Information	33,111	34,839	1,728	5.2%
Finance and Insurance	98,712	96,525	-2,187	-2.2%
Real Estate and Rental and Leasing	19,377	18,656	-721	-3.7%
Professional, Scientific, and Technical Services	98,815	102,148	3,333	3.4%
Management of Companies and Enterprises	30,948	31,926	978	3.2%
Administrative and Support and Waste Management	93,657	95,750	2,093	2.2%
Educational Services	186,848	189,851	3,003	1.6%
Health Care	218,704	224,860	6,156	2.8%
Social Assistance	70,781	74,878	4,097	5.8%
Arts, Entertainment, and Recreation	27,760	28,825	1,065	3.8%
Accommodation and Food Services	132,477	137,970	5,493	4.1%
Other Services (except Government)	65,919	69,077	3,158	4.8%
Government*	80,724	82,522	1,798	2.2%

*Government excludes education, hospitals, and gambling industries

Projections by Industry

Among the 20 industry groups shown above, 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.



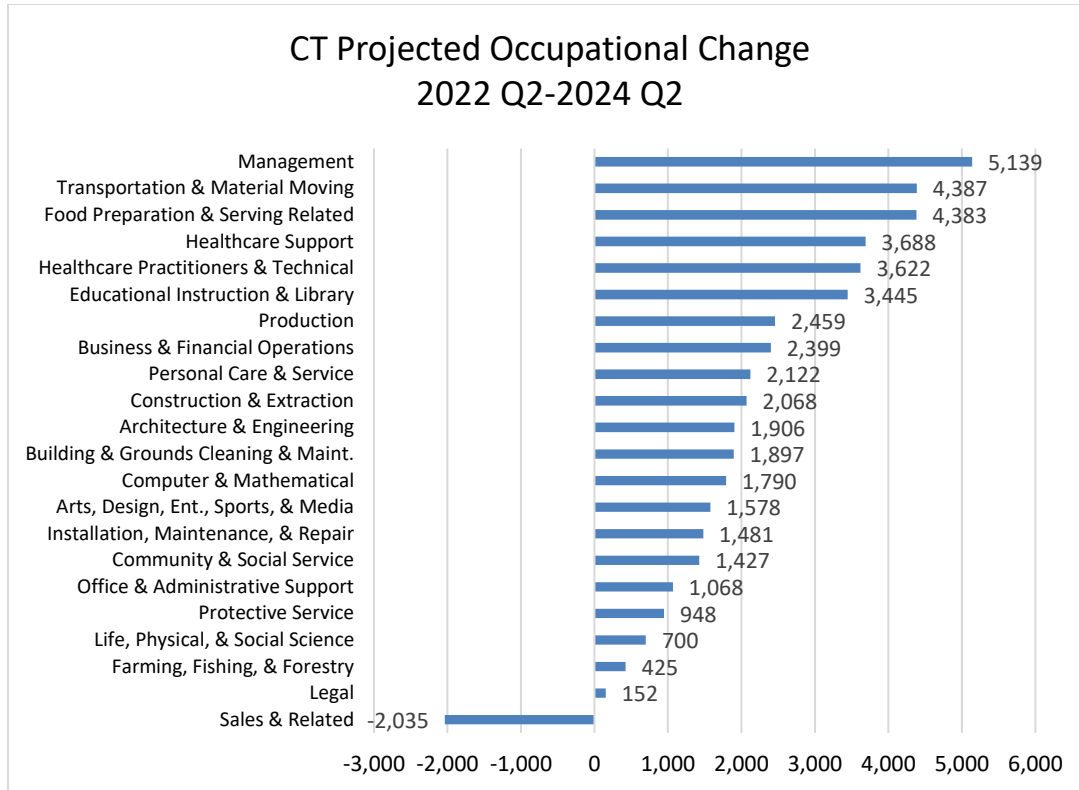
Four major sectors projected to lose employment through 2024 are Utilities (-101), Retail Trade (-3,134), Finance & Insurance (-2,187), and Real Estate & Rental (-721). Utilities is projected to decrease by just over 100 jobs or -2% which continues long-term trends. Retail Trade is projected to fall 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

Occupational Projections

SOC	Occupational Group	2022 Q2	2024 Q2	Emp	%
		Base	Proj.	Change	Change
00-0000	Total, All Occupations	1,800,395	1,845,444	45,049	2.5%
11-0000	Management	147,935	153,074	5,139	3.5%
13-0000	Business and Financial Operations	108,196	110,595	2,399	2.2%
15-0000	Computer and Mathematical	55,098	56,888	1,790	3.2%
17-0000	Architecture and Engineering	34,714	36,620	1,906	5.5%
19-0000	Life, Physical, and Social Science	13,825	14,525	700	5.1%
21-0000	Community and Social Service	35,799	37,226	1,427	4.0%
23-0000	Legal	16,094	16,246	152	0.9%
25-0000	Educational Instruction and Library	138,971	142,416	3,445	2.5%
27-0000	Arts, Design, Entertainment, Sports, and Media	33,392	34,970	1,578	4.7%
29-0000	Healthcare Practitioners and Technical	110,558	114,180	3,622	3.3%
31-0000	Healthcare Support	89,567	93,255	3,688	4.1%
33-0000	Protective Service	35,123	36,071	948	2.7%
35-0000	Food Preparation and Serving Related	127,207	131,590	4,383	3.4%
37-0000	Building and Grounds Cleaning and Maintenance	70,805	72,702	1,897	2.7%
39-0000	Personal Care and Service	54,111	56,233	2,122	3.9%
41-0000	Sales and Related	155,670	153,635	-2,035	-1.3%
43-0000	Office and Administrative Support	227,377	228,445	1,068	0.5%
45-0000	Farming, Fishing, and Forestry	4,106	4,531	425	10.4%
47-0000	Construction and Extraction	62,655	64,723	2,068	3.3%
49-0000	Installation, Maintenance, and Repair	58,351	59,832	1,481	2.5%
51-0000	Production	95,661	98,120	2,459	2.6%
53-0000	Transportation and Material Moving	125,180	129,567	4,387	3.5%

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. Among the 22 occupational groups, Sales and Related is projected to fall by 1.3% through 2024. This projected decline of 2,035 corresponds with projected declines in Retail Trade.



Each occupation is assigned an education value based on the minimum education necessary to enter an occupation. 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.

Occupational Projections by Educational Attainment

Level of Educational Attainment	2022Q2	2024Q2	Emp. Change	% Change
Total All Occupations	1,800,395	1,845,444	45,049	2.5%
No formal educational credential	359,221	366,007	6,786	1.9%
High school diploma or equivalent	649,325	662,506	13,181	2.0%
Postsecondary non-degree award	118,500	121,860	3,360	2.8%
Some college, no degree	58,619	60,752	2,133	3.6%
Associate's degree	38,304	39,699	1,395	3.6%
Bachelor's degree	485,460	501,115	15,655	3.2%
Master's degree	36,210	37,608	1,398	3.9%
Doctoral or professional degree	54,756	55,897	1,141	2.1%

Concluding Thoughts on the Short Term Projections

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 3.7% as of May 2023 and has been 4.0% or below since June 2022. The state currently has 94,000 job openings as of April 2023. Though this is down from 111,000 a year ago, it is 49% above pre-Recession April 2019 levels. As of May 2023, Connecticut's employment is at 98% 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.

Economic Outlook Focus Areas:

The following three sections of the Outlook contain an overview of STEM occupational projections through 2024Q2, a look at Connecticut's housing market, and the impact of COVID on Connecticut's labor market.

Projected STEM Employment Growth in Connecticut Through 2024

This section examines the employment trends and projections for STEM occupations using the 22-24 short term employment projections.

Science, Technology, Engineering, and Math (STEM) occupations are projected to grow faster than all occupations in Connecticut through the middle of 2024. All occupations are projected to increase by 2.5% from 2022Q2 to 2024Q2, whereas STEM occupations have a combined projected growth rate of 4.5 over the two-year projection period. During 2022Q2, STEM occupational employment totaled over 118,000 and is projected to increase by 5,000 over two years. These high-growth, good-paying occupations are distributed throughout most major industries in the state and include a variety of career opportunities for Connecticut workers.

Top Ten STEM Occupations in CT

The ten largest STEM occupations account for 56% of overall STEM employment in the state. Among these ten occupations, four are engineering occupations (SOC 17), three are computer occupations (SOC 15), two are management (SOC 11), and one involves medical science (SOC 19-1042). The largest STEM occupation in the state, Software Developers & Analysts (15-1256) had 2022Q2 employment of 20,797 and is expected to grow by 889 or 4.3% to 21,686 by 2024Q2. The other STEM occupations are projected to grow between 2.4% and 9.2% through 2024Q2. These occupations have annual average wages of between \$65,319 (Computer User Support Specialist) and \$160,824 (Architectural and Engineering Managers). This wage range compares favorably to the \$68,804 average annual earnings across all employment in the state, with a majority of STEM occupations and employment earning above that statewide average.

Top 10 STEM Occupations in CT (# Change)

SOC CODE	Occupation	2022Q2 Base	2024Q2 Projection	# Change	% Change	Annual Openings
	All STEM Occupations	118,445	123,526	5,081	4.3%	10,960
15-1256	Software Developers & Software Quality Assurance Analysts	20,797	21,686	889	4.3%	2,100
17-2112	Industrial Engineers	6,288	6,694	406	6.5%	560
15-1232	Computer User Support Specialists	8,885	9,122	237	2.7%	800
11-3021	Computer & Information Systems Managers	10,592	11,053	461	4.4%	870
17-2141	Mechanical Engineers	4,153	4,372	219	5.3%	420
15-1211	Computer Systems Analysts	6,615	6,776	161	2.4%	580
17-2072	Electronics Engineers, Except Computer	1,900	2,011	111	5.8%	220
17-2121	Marine Engineers & Naval Architects	1,500	1,610	110	7.3%	130
19-1042	Medical Scientists, Except Epidemiologists	2,440	2,664	224	9.2%	140
11-9041	Architectural & Engineering Managers	3,845	4,053	208	5.4%	330
	All Other STEM Occupations	51,430	53,485	2,055	4.0%	4,810

Industry STEM Distribution

The ten industries that employed the most STEM workers in 2022Q2 by three-digit NAICS code is shown in the following figure. (Two digits indicates the broad sector, three digits indicates a particular industry.) Approximately 48% of all STEM workers in the state were employed within the first three industries, Professional, Scientific, & Technical Services (32,711 STEM workers), Transportation Equipment Manufacturing (14,110 STEM workers), and Insurance Carriers & Related Activities (10,075 STEM Workers).

Top STEM Employing Industries - 2022Q2

NAICS	Industry	Industry STEM Occ. Emp.	Industry Share of Stem Emp
000	All Industries	118,445	100.0%
541	Professional, Scientific, and Technical Services	32,711	27.6%
336	Transportation Equipment Manufacturing	14,110	11.9%
524	Insurance Carriers and Related Activities	10,075	8.5%
671	Total Self Employed and Unpaid Family Workers, All Jobs	7,216	6.1%
611	Educational Services	6,457	5.5%
551	Management of Companies and Enterprises	5,681	4.8%
511	Publishing Industries (except Internet)	3,686	3.1%
423	Merchant Wholesalers, Durable Goods	3,431	2.9%
561	Administrative and Support Services	2,940	2.5%
334	Computer and Electronic Product Manufacturing	2,574	2.2%
	All Other STEM Employing Industries	29,564	25.8%

The Quarterly Workforce Indicators (QWI) provide demographic information on industry employment. The following figure includes total employment demographic breakouts for the three industries that employ the most STEM workers.

These industry counts include all workers employed in those industries, both STEM and Non-STEM workers combined. When compared to the overall economy, the three STEM-employing industries are largely older, more male, less diverse, and have higher average education. As the labor force becomes more diverse overall, the need to broaden the demographic distribution of STEM industry employment will be an important focus for employers looking to expand or replace retiring workers.

CT Demographics of 3 Largest STEM industries 2022Q2 - Total Employment (STEM & Non-Stem Workers Combined)

	Total All Industries	541 Pro.Sci. Tech	336 Trans. Manuf	524 Insurance Carriers	Total All Industries	541 Pro.Sci. Tech	336 Trans. Manuf	524 Insurance Carriers
Total All Workers	1,591,232	97,586	46,014	55,108	100%	100%	100%	100%
By Age								
Under 25	183,593	6,210	2,478	1,572	12%	6%	5%	3%
25-54	967,623	64,709	28,368	36,307	61%	66%	62%	66%
Over 54	440,015	26,666	15,167	17,228	28%	27%	33%	31%
By Sex								
Male	770,535	49,861	36,104	23,773	48%	51%	78%	43%
Female	820,697	47,725	9,910	31,335	52%	49%	22%	57%
By Education								
Less than high school	174,510	7,038	4,498	3,382	11%	7%	10%	6%
High school	340,963	16,210	11,640	8,816	21%	17%	25%	16%
Some college or Associate degree	416,927	23,790	13,409	14,009	26%	24%	29%	25%
Bachelor's degree or higher	475,239	44,338	13,988	27,329	30%	45%	30%	50%
Ed. Attain. NA (workers under age 25)	183,593	6,211	2,479	1,572	12%	6%	5%	3%
By Race								
White	1,245,099	78,986	39,482	46,089	78%	81%	86%	84%
Black	214,547	5,858	3,045	4,303	13%	6%	7%	8%
Amer. Indian or Alaska Native	8,927	306	171	128	1%	0%	0%	0%
Asian	87,491	10,875	2,530	3,817	5%	11%	5%	7%
Native Hawaiian or P.I.	2,702	121	40	48	0.2%	0.1%	0.1%	0.1%
2 or more	32,466	1,440	746	724	2%	1%	2%	1%
By Ethnicity								
Not Hispanic or Latino	1,351,836	89,973	42,149	51,607	85%	92%	92%	94%
Hispanic or Latino	239,396	7,613	3,865	3,501	15%	8%	8%	6%

Source US Census, QWI

Growth and Education

Based on research conducted by the U.S. Department of Labor, each occupation is assigned to an educational category based on the minimum education generally required to enter that occupation nationally. Using these categories, most STEM occupations require a Bachelor’s Degree. Our projections show that 84% of Connecticut STEM job growth from 2022 to 2024 will be in occupations that on average require that level of educational attainment. This is more than twice the 35% share of total growth for Bachelor’s degree occupations across all occupations. STEM occupations that require a high school diploma or less make up a smaller share of growth than they do for all occupations in the state. Additionally, 14% of STEM growth will be in occupations that on average require either an Associate’s Degree or some college courses, which is roughly double the 7.2% growth share across all occupations. An occupation is a broader category than a job. Within each occupation, there may be jobs that require more or less education than is on average required for the occupation as a whole.

Annual STEM Openings

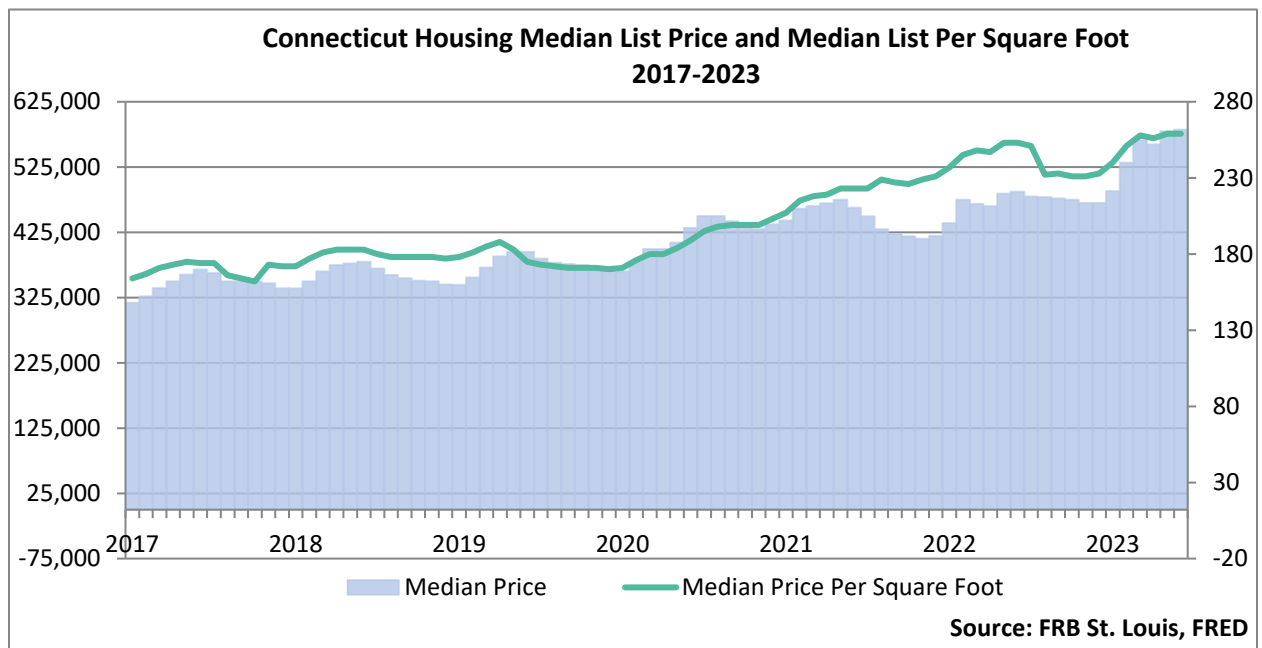
Within Connecticut, there are expected to be almost 11,000 annual openings in STEM occupations during the short-term projections period, this count includes openings from overall employment growth, transfers (the remaining vacancy when someone leaves an occupation for another) and exits (when someone leaves the labor force). While growth is important, the vast majority of hiring is to replace workers who have left the labor force (such as for retirement) or who have moved on to other occupations. Openings capture both new jobs and replacement hiring.

Concluding Thoughts on STEM Employment and Projections

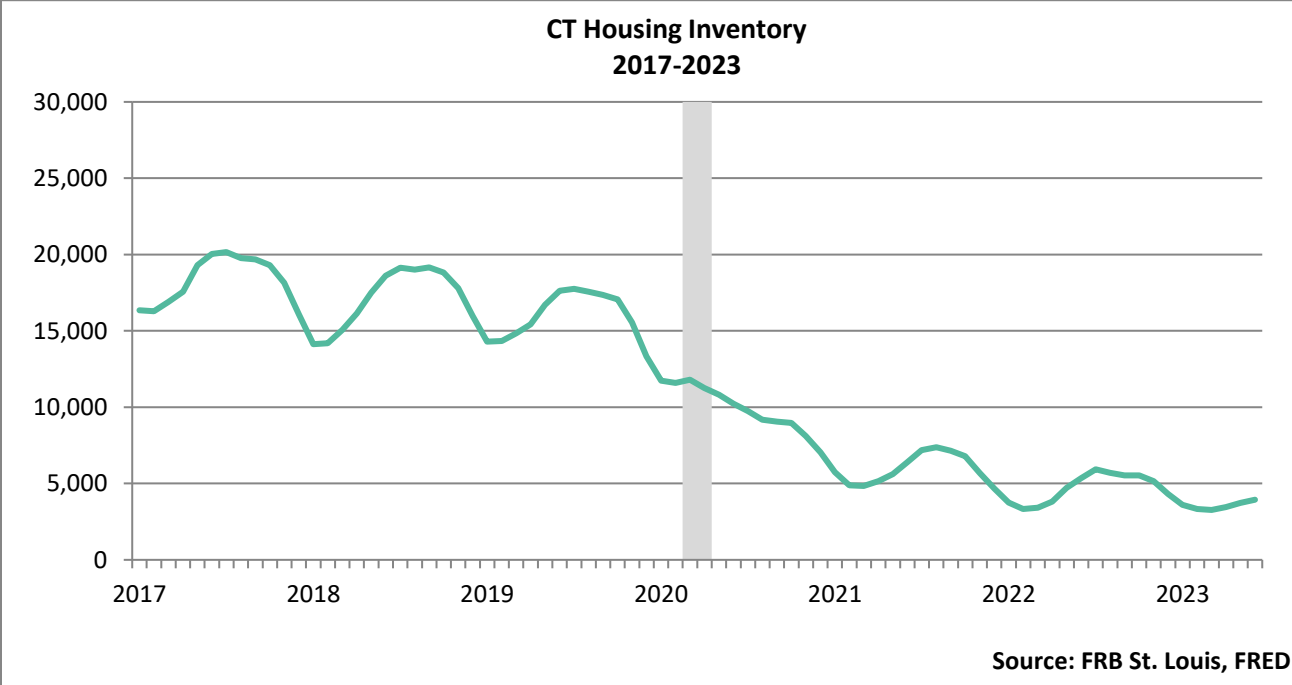
STEM occupations represent a growing and high-paying segment of the labor market. These occupations are integrated into every major industry in the state. They are expected to grow 71% faster than the overall economy through 2024 and currently earn more than the statewide average wage. The current demographics of employment in industries that employ a large share of STEM workers suggest that the STEM workforce will have to become younger and more diverse to meet the expected employment growth and replacement needs through 2024. Most STEM jobs require a Bachelor's or More, but compared to the overall labor force, a larger share of STEM employment requires an Associate's or Some College, which indicates that there are employment opportunities for workers at every educational attainment level. In the past year, STEM occupations have had an increasing share of total job ads and are expected to have over 10,000 annual openings within Connecticut in the short term.

Housing

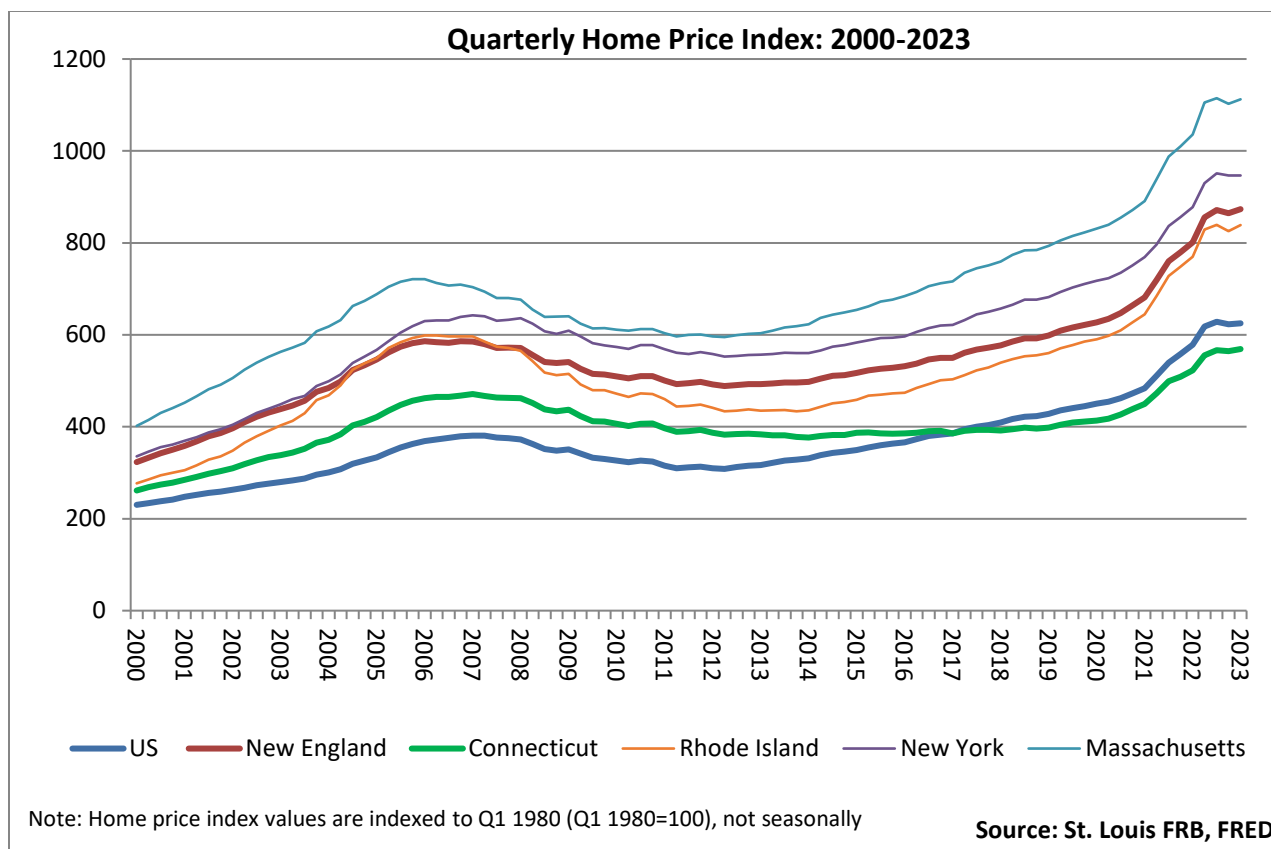
As of May 2023, house prices in Connecticut were at an all-time high, with a median list price of 582,425. This represents an increase of 19.6% from a year ago, and a 47% increase from May 2019. During the past four years through May 2023, housing prices were impacted by demand shifts and interest rate changes. The strong demand for housing that occurred from early 2020 through early 2022 was dampened by rising sale prices and mortgage interest rates beginning in early 2021. The 30-year fixed mortgage interest rate hit a low of 2.65% in January 2021 and was over 6% by September 2022. During this time, the median list price of home sales in Connecticut slumped from the mid-to-high 400s to a 2021 low of 415,000 by November 2021. This dip is shown in the graph below. By 2022, the median price recovered to the high 400s and remained flat there through the beginning of 2023. During this time the median price per square foot fell from a high of \$253/sq.ft. in May 2022 to \$231/sq.ft by November 2022. In early 2023, the median list price and price per square foot grew to respective series highs of \$582,425 and \$259/sq.ft by May 2023.



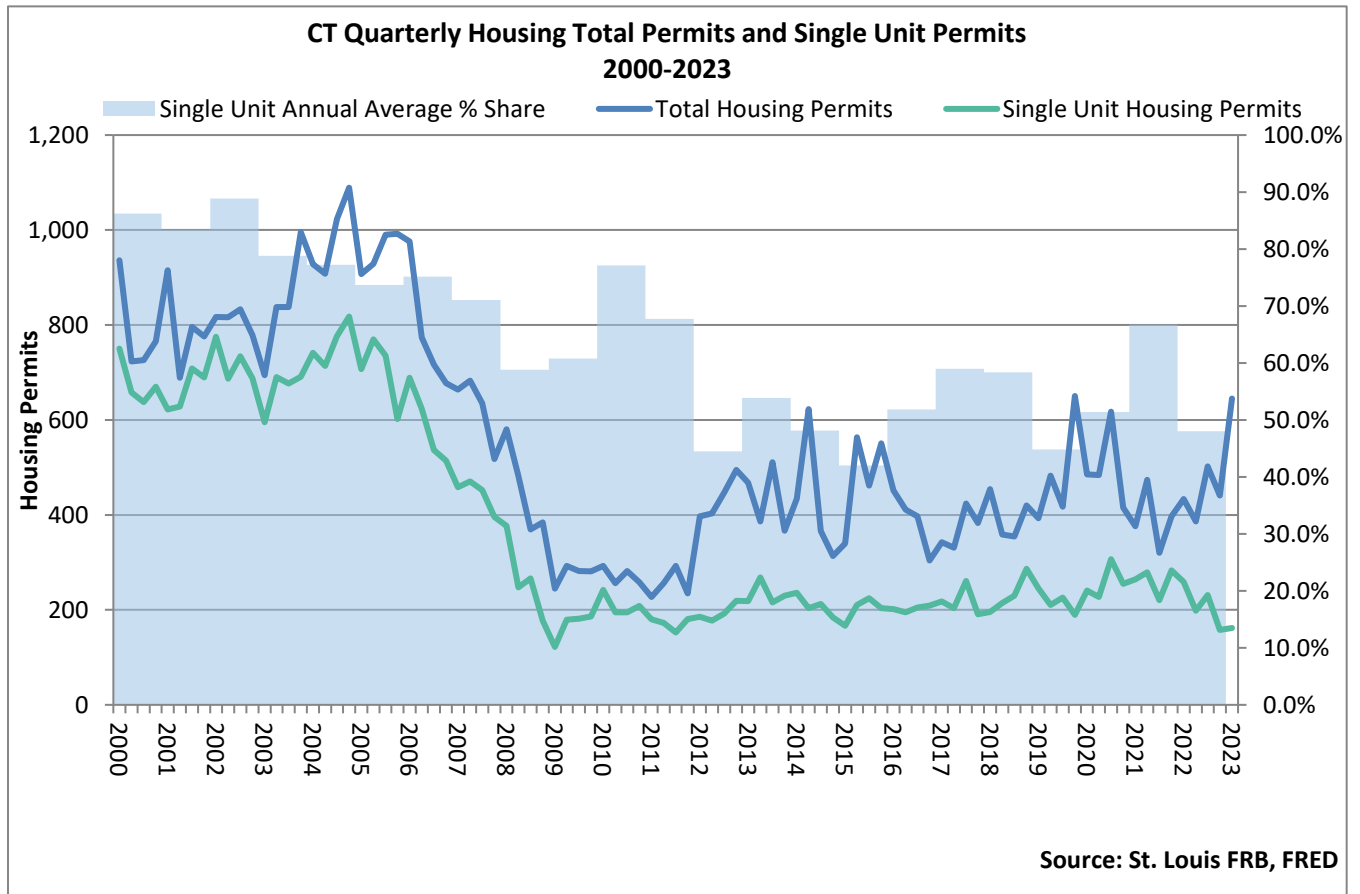
The increase in list price shown in the above graph coincides with a large decrease in housing inventory. The graph below illustrates how pre-COVID housing inventory in the state ranged between 15,000-20,000 units. After 2020, inventories tracked downward through 2023 and reached a series low of less than 3,300 by March 2023. Part of this inventory slump is due to the large decrease that a home is on the market. In the years leading up to the COVID-recession, the median number of days a home was on the market in the U.S. from 2017-2019 ranged between about 50 days during peak summer months to a high of over 80 days during January of those years. After COVID, the median number of days on the market reached a series low of 30 in April 2022. As inventory fell and interest rate increases made a home purchase less affordable, the median days on the market spiked nationwide to 72 in January 2023.



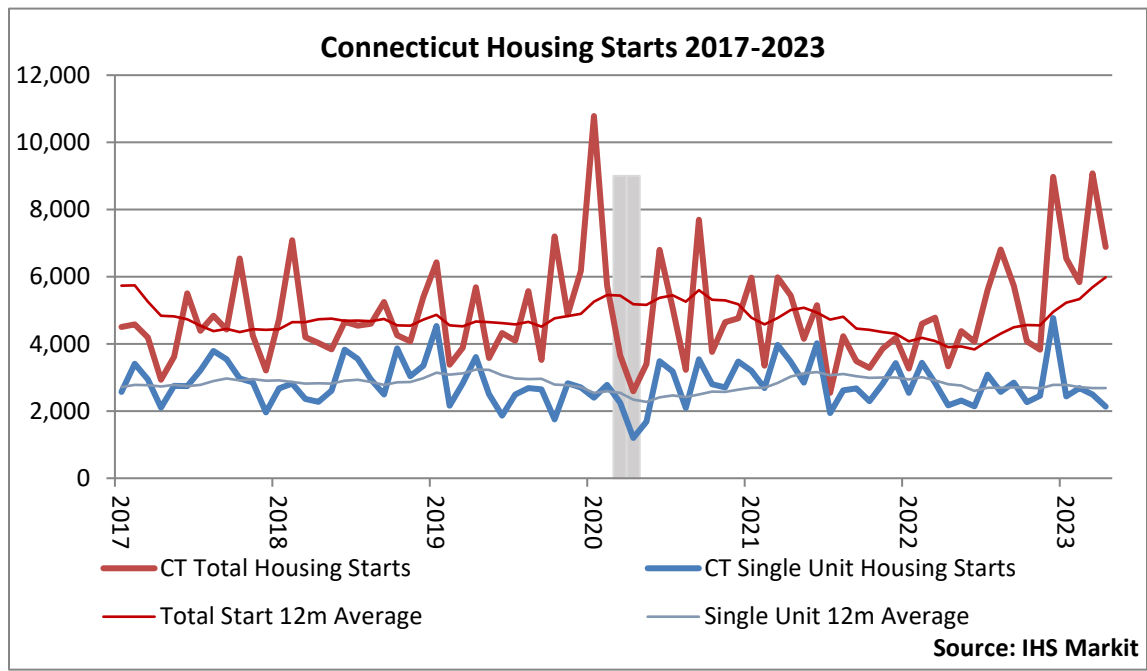
The following graph contextualizes the increase in home prices relative to nearby states, New England, and the U.S. It shows that home price increases in Connecticut remained flatter than the other areas in the years leading up to the COVID-recession.



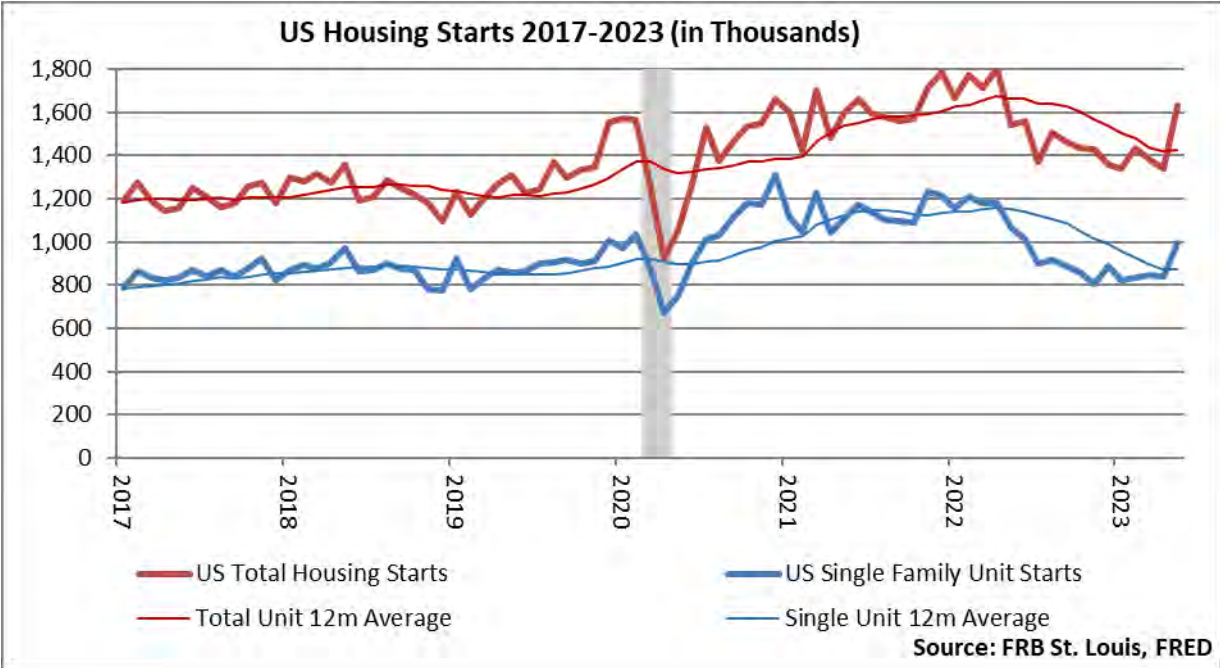
The rising prices and historically low inventory in the state have led to an increase in both housing permits and housing starts in recent years. In the early 2000s, total housing permits peaked in late 2004 at over 1,000 permits and fell to below 300 permits per quarter from 2009-2011. Total permits increased in subsequent years but largely remained below 600 total units per quarter. During this time, single unit permits remained flat, with quarterly permits ranging between 122-306 from 2009-2023. This is less than half the quarterly permits that occurred during the early 2000s. After reaching a post-COVID low of 320 permits in 2021Q3, total housing permits have increased back to over 600 during the first quarter of 2023. This matches the quarterly highs experienced during 2019 and 2022. The graph below illustrates these shifts and additionally includes the annual average single unit percent share of total permits. This shows that the recent increase in total housing permits from 2021-2023 is driven by denser multi-unit permits. In 2022Q4 and 2023Q1, there were 158 and 162 single unit permits respectively. This is the lowest single unit permit count since 2011.



The steady increase in total housing permits beginning in 2021 is echoed in the following graph that illustrates housing starts in Connecticut from 2017-2023. Housing starts are defined as being when excavation begins, and construction commences. Total starts reached a post-COVID 12M moving average low of 3,834 during the 12 months ending June 2022. The subsequent 12 month moving averages have increased to 6-year high of 5,982 during the 12 months ending April 2023. The graph below also illustrates how single unit housing starts have remained flat as total starts grew, which corresponds with the single-unit housing permits data outlined above. Taken together, it's clear that housing stock in the state will get denser in coming years.

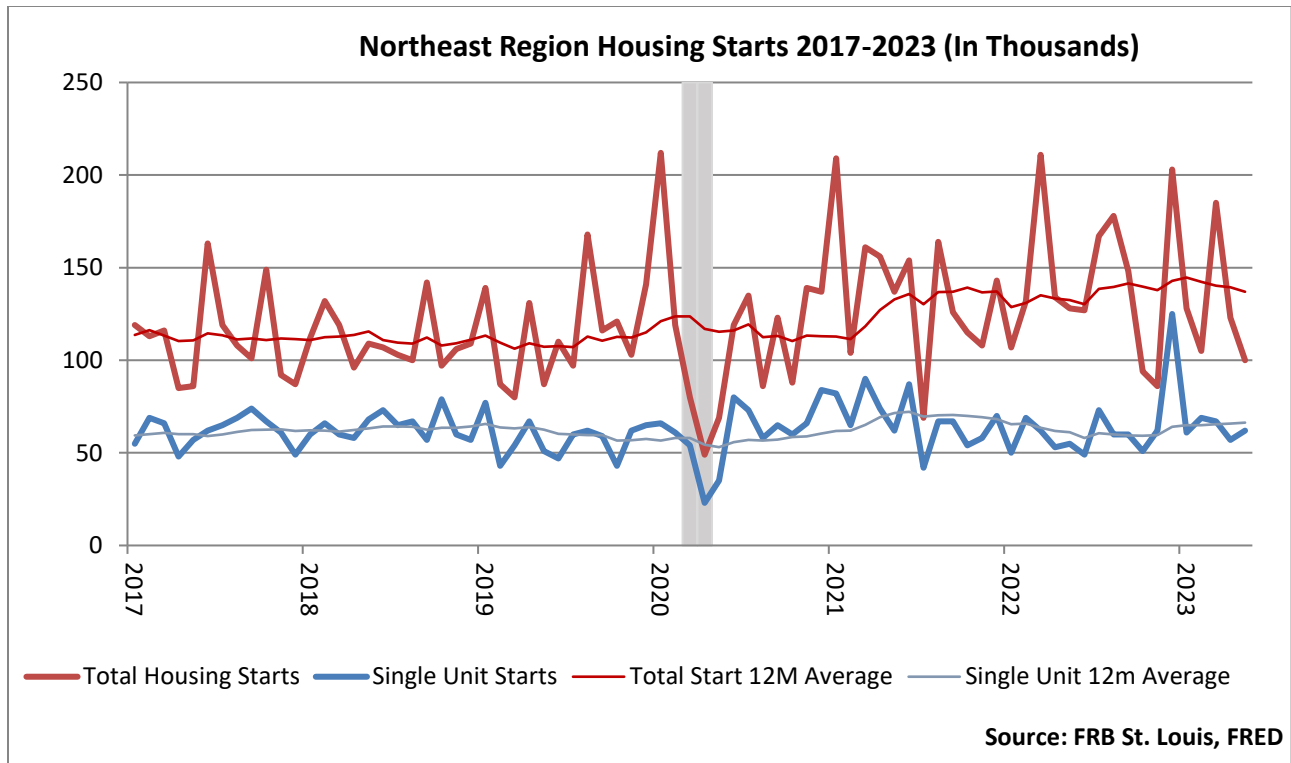


When compared to the state, housing starts at the U.S. and regional levels have exhibited different trends since 2020. At the national level, the total housing starts continued to increase steadily from mid-2019 until mid-2022. It has subsequently fell from a high of 1,674,000 average housing starts during the 12 months ending April 2022 to 1,419,000 average monthly starts during the 12 months ending April 2023. The following graph also shows a very pronounced uptick in monthly housing starts during May 2023, which jumped to 1,631,000 from 1,340,000 starts in April 2023. The below graph additionally illustrates how the single unit starts have generally trended with overall change. From 2017-2023, single-unit starts ranged between 56% and 79% of total starts. Within Connecticut, single-unit starts ranged between 22% and 91% of total starts during the months from 2017 to May 2023.

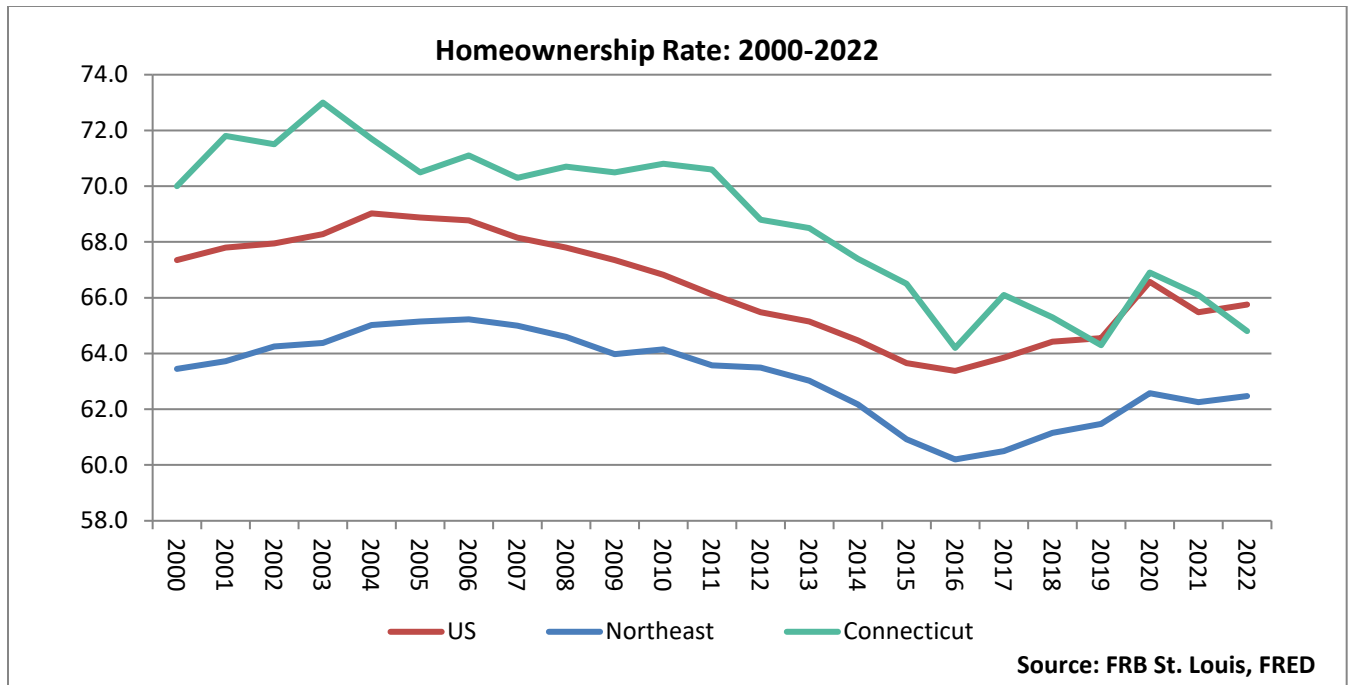


Closer to home, the Northeast has had much larger month-to-month swings than the US and a much flatter 12M moving average than the U.S. In 2022 and 2023, the 12-month moving averages for the Northeast at both the Total and Single Unit levels were flatter than the corresponding data for the U.S. The Northeast didn't exhibit the large drop that the U.S. has experienced in 2022 and 2023. Part of this is explained by the varied performance of the housing market across U.S. regions. The eastern half of the country is generally outperforming the west.¹ While total housing starts in the Northeast Region have held steady in recent years, the 12-month moving average housing starts for the Western region is down from 408,000 units in the year ending May 2022 to 327,000 units in the year ending May 2023.

¹ Friedman, Nicole. A Tale of Two Housing Markets: Prices Fall in the West While the East Booms. Wall Street Journal. March 27, 2023.



After peaking in the early 2000s, the homeownership rates for the U.S., Northeast, and Connecticut all trended downward until 2016. The Northeast and U.S. subsequently saw increases from 2016-2022. By 2022, those two regions were back to homeownership rates similar to 2013-2014 levels. Connecticut's post-2016 homeownership rate change has been more varied than the two larger geographic areas, it ranged between 64.2% and 66.9% from 2016-2023 and was 64.8% in 2023. Prior to 2019, Connecticut's homeownership rate was consistently above U.S. and Northeast rates. Starting that year, it largely tracked the U.S. rate and fell below the U.S. in 2023, which had a homeownership rate of 65.8%.

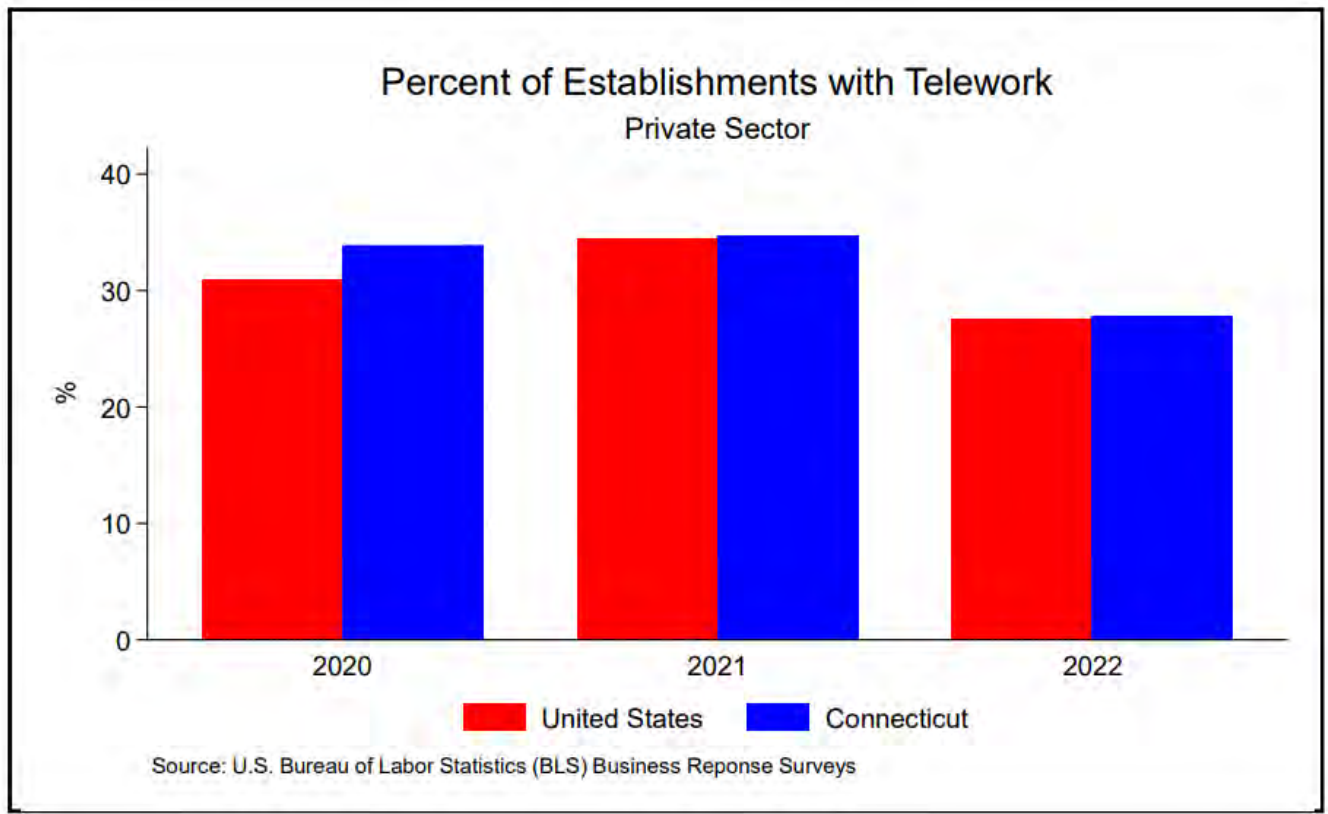


In the three years since the 2020 recession, Connecticut’s housing market has had some pronounced changes as both macroeconomic variables and consumer preferences shifted. At present, homes in the state have median list prices and prices per square foot that are respectively 47% and 40% higher than pre-COVID May 2019 levels. Inventory as of May 2023 is 3,729, down 78% from corresponding May 2019 levels. Indicators of future supply increase suggest that the state’s housing stock will have more multi-unit housing in coming years, as the share of single-unit housing permits and starts fall. In contrast to the Northeast and the U.S., the state has seen total housing starts grow over the past year, which suggests that the low-inventory supply pressures contributing to the increase in home prices will be somewhat alleviated in coming quarters as the overall housing stock increases. Amid this coming supply increase, high-interest rates that began after COVID will continue to impact the housing market within both Connecticut and the broader U.S.

The Impact of COVID on the Connecticut Labor Market

Now that three years have passed since the emergence of COVID-19 it is possible to begin to distinguish between the short-term and long-term effects of the pandemic. To provide additional measures of the effects of the COVID-19 pandemic on the labor market, the Bureau of Labor Statistics (BLS) conducted a series of Business Response Surveys. The initial survey was conducted from July through September 2020. Additional surveys were conducted from July to September 2021 and August to September 2022. The results of these surveys give some insights into the effects of the pandemic on the labor market nationally and here in Connecticut. In addition, the Job Openings and Labor Turnover Survey (JOLTS) from BLS and the Job-to-Job Flows from the U.S. Census show one unexpected effect of the pandemic – the greater willingness of workers to voluntarily leave their jobs and the resulting increase in the number of job openings.

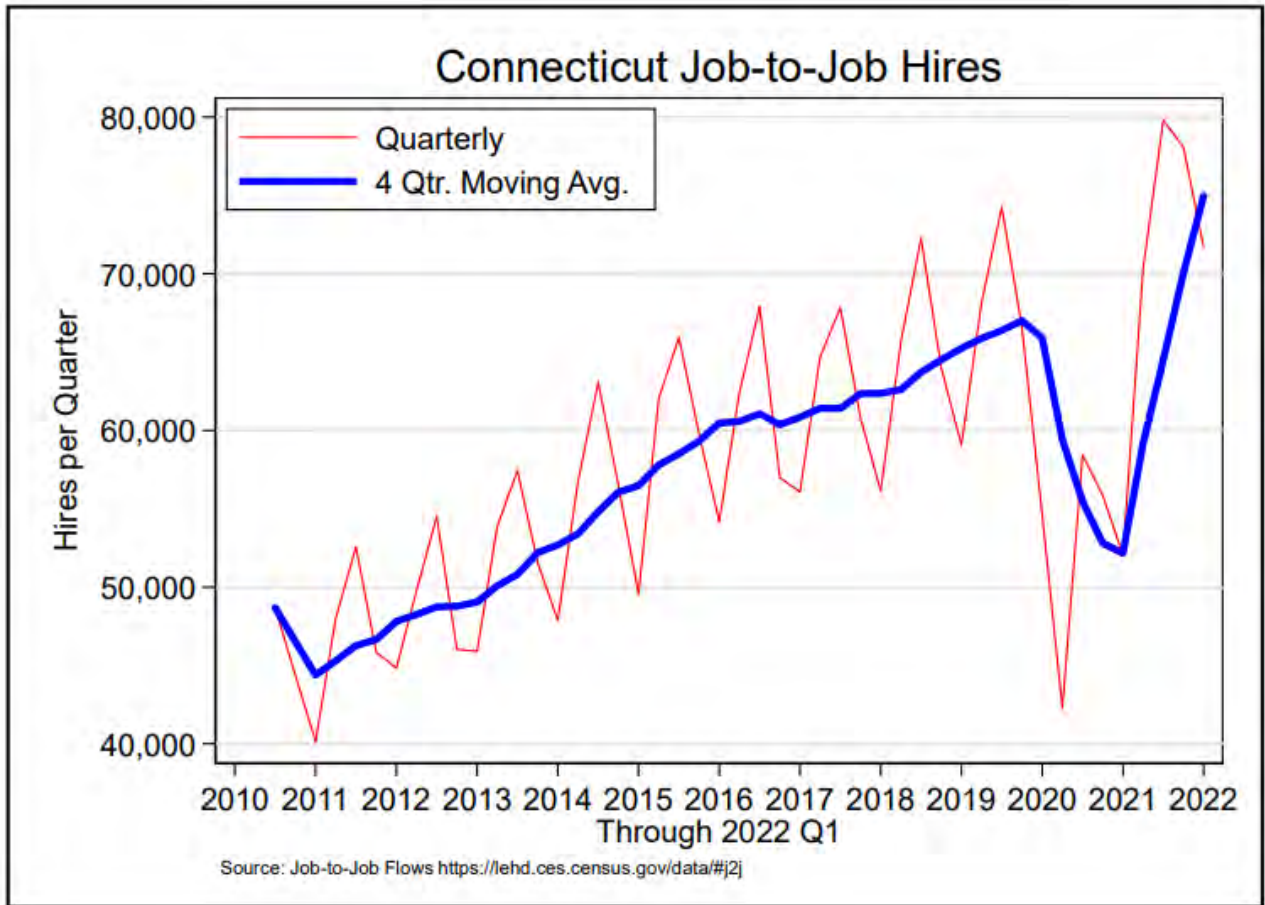
The 2020 Business Response Survey showed that Connecticut's business response to the pandemic was similar to businesses in the nation as a whole. For example, 51.9% of establishments nation-wide told employees not to work and 51.3% of these continued to pay employees some or all of their pay while not working. In Connecticut, it was 52.8% and 48.1% respectively. Nationally, 55.6% of establishments experienced a decrease in demand for their products or services and 18.7% experienced a government-mandated closure. Connecticut's portion with decreased demand was 56.3% while the portion with a mandated closure was 17.3% in Connecticut. Only 17.8% of establishments nationally and 17.1% in Connecticut reported that they experienced no impact from the pandemic on their business operations.



One change brought about by the pandemic which may have lasting effects on at least some business establishments is increased telework. Nationally, 30.9% of establishments employing 54.3% of American workers increased teleworking opportunities as did 33.9% of establishments in Connecticut employing 55.9% of Connecticut workers. In the country, 52.3% of establishments and 49.9% in Connecticut had no telework either before or after the start of the pandemic according to the 2020 survey.

The 2021 Business Response Survey asked additional questions about changes made as a result of the pandemic. Nationally 34.5% of establishments (34.7% in Connecticut) reported some additional workplace flexibilities since the start of the pandemic such as flexible or staggered work hours, compressed or alternative work schedules, or voluntary reductions in hours worked. In addition, 24.2% of establishments employing 45.8% of total employment made some changes in pay directly because of the coronavirus pandemic, either by increasing base wages or paying a bonus or other

financial incentive. Again, Connecticut’s results were similar to the nation’s with 23.8% of establishments employing 48.0% of total employment changing pay as a result of the pandemic.



The 2021 survey showed 34.5% of establishments had increased telework for some or all employees since the start of the pandemic. These establishments employ 50.8% of total private sector employment. In Connecticut, 39.4% of establishments had increased telework for some or all employees in establishments employing 56.9% of private sector workers. 67.0% of the Connecticut establishments expected the increase in telework to continue after the pandemic is over compared to 60.2% for the nation.

The 2022 survey showed that 27.5% of private-sector establishments had employees teleworking some or all of the time. Connecticut’s 27.8% was nearly identical to the nation’s. Connecticut establishments with employees teleworking employ 41.6% of the private sector workforce compared

to 35.2% for the nation as a whole. The Connecticut level is roughly consistent with the expectations expressed in the 2021 survey although the pandemic was not really “over” when the survey was conducted in August and September of 2022. Fully 95.5% of Connecticut establishments expected the amount of telework to remain the same over the next six months, with only 1.5% expecting it to increase and 3.0% expecting a decrease, suggesting the amount of telework has reached an equilibrium. The survey does not have results by industry by state, but nationally the industries with the highest percentage of establishments with employees teleworking some or all of the time were Information, Professional & Business Services, Educational Services, Wholesale Trade, and Financial Activities.

The 2022 Business Response Survey also asked about hiring and vacancies. 22.4% of establishments nationally reported hiring at least one new employee in July 2022 as did 20.4% of Connecticut establishments. Vacancies were reported by 21.3% of Connecticut establishments and 20.9% of establishments nationally.

The large number of vacancies in July is consistent with the large number of job openings reported by the monthly Job Openings and Labor Turnover Survey (JOLTS) published by BLS. The persistently high level of openings is perhaps the most surprising result of the pandemic. As of March 2023, there were 9.6 million job openings in the United States. While this is down from the 12.0 million in March 2022 it is still 2 million openings higher than the highest level ever recorded before the pandemic. Connecticut openings tell a similar story with 104,000 openings reported for March 2023, tens of thousands more than the 86,000 pre-pandemic high and the 65,000 average for 2019, the last year before COVID-19.

One cause of the large number of vacancies is the willingness of workers to quit their jobs. This has been called (inaccurately in my view) “the great resignation” when in fact most workers are quitting to take other jobs. This is in sharp contrast to worker behavior following the “great recession” of 2007-2009 when quit rates were depressed for years. Indeed the Job-to-Job flows show that the number of workers switching jobs was on an upward trend even before the pandemic. The Job-to-Job flows

measure the number of workers who leave one job and start another with little or no unemployment in between.

The COVID-19 pandemic caused a severe contraction of the economy with a spike in unemployment and unprecedented job loss. The economy rebounded quickly with jobs and unemployment now at or near pre-pandemic levels. The pandemic has led to some changes that will likely be with us for the long-term, such as an increase in telework. In contrast to previous recessions, the aftermath of the COVID recession is an increased willingness of workers to quit their jobs for new opportunities – a trend that had begun before the pandemic but accelerated after the end of the COVID lockdown.

Risks to Projection

The projections referenced in this document 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.

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>