



BUSINESS EMPLOYMENT DYNAMICS

Office of Research
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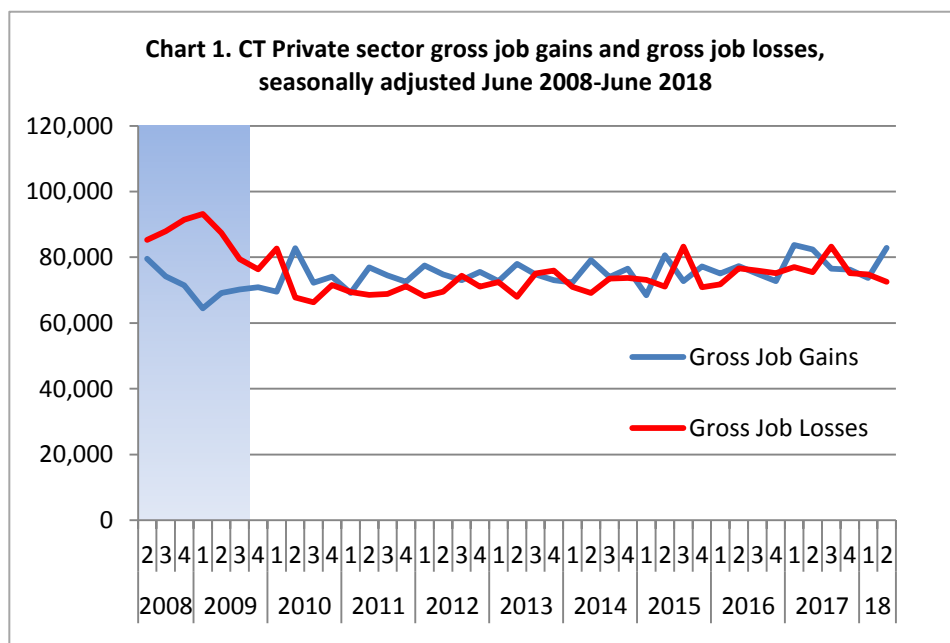
Second Quarter 2018

WETHERSFIELD, January 30th, 2018 - Business Employment Dynamics (BED) data published quarterly by the Bureau of Labor Statistics tracks employment change at the establishment level and reveals the underlying dynamics of net employment change. The data include gross employment change, business expansion/contraction, establishment birth/death, and is available at industry sector level.

From April 2018 to June 2018, **gross job gains** from opening and expanding private sector establishments in Connecticut was 82,914, an increase of 9,188 jobs from the previous quarter. Over this period, **gross job losses** from closing and contracting private sector establishments was 72,541, a decrease of 2,294 jobs from the previous quarter.

During the second quarter of 2018, difference between gross job gains and gross job losses yielded a **net employment gain** of 10,373 jobs in the private sector. This is the largest second quarter net gain since 2011 and follows a first quarter net loss of 1,109 jobs.

From 2004 to 2007, annual average net employment change was between 1,534 and 4,190 jobs. It fell precipitously to a series low of -15,445 jobs in 2009 and was up to 2,608 the following year. In 2017, annual average net change was 2,019 jobs. The prior two years were both below 200 jobs.

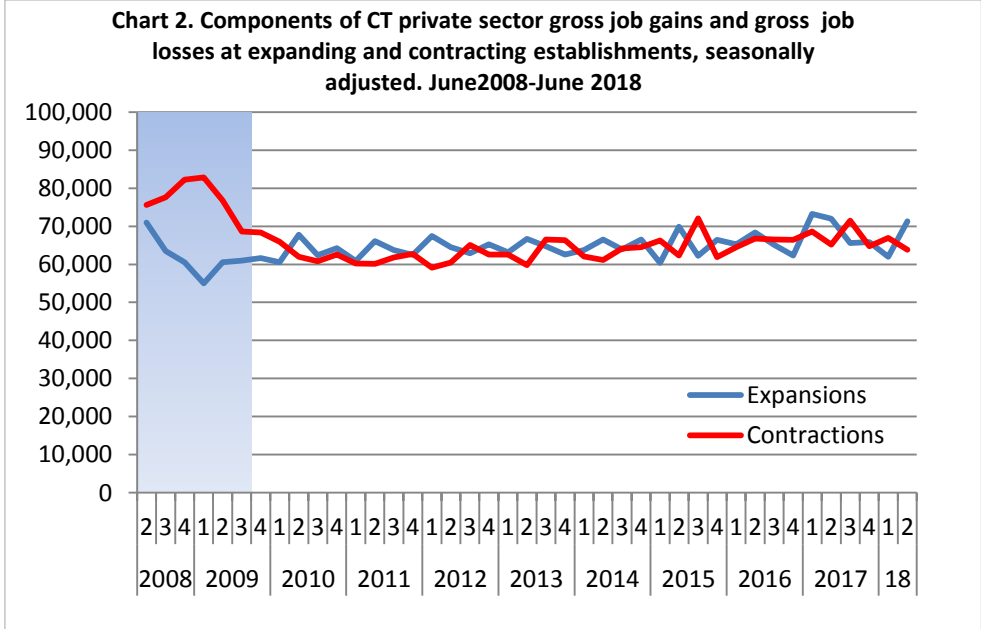


The change in the number of jobs over time is the net result of increases and decreases in employment that occur at all businesses in the economy. Business Employment Dynamics (BED) statistics track these changes in employment at private business units from the third month of one quarter to the third month of the next. Gross job gains are the sum of increases in employment from expansions at existing units and the addition of new jobs at opening units. Gross job losses are the result of contractions in employment at existing units and the loss of jobs at closing units. The difference between the number of gross job gains and the number of gross job losses is the net change in employment.

The BED data series includes gross job gains and gross job losses at the establishment level by industry subsector and for the 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands, as well as annual gross job gains and annual gross job losses at the firm level by employer size class.

Gross job gains at **expanding** establishments totaled 71,346 in the second quarter of 2018, an increase of 9,385 jobs from the previous quarter.

Opening establishments accounted for 11,568 jobs gained in the second quarter of 2018, an decrease of 197 jobs from the previous quarter.

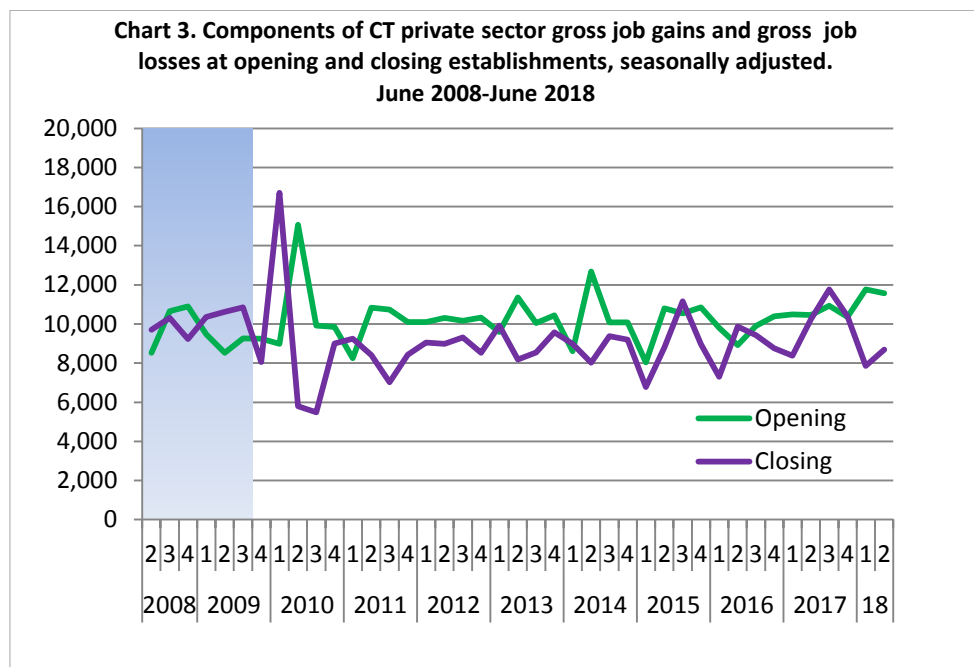


Contracting establishments lost 63,857 jobs in the second quarter of 2018. This was an decrease of 3,123 jobs from the prior quarter.

In the second quarter of 2018, **closing** establishments lost 8,684 jobs, an increase of 829 jobs from the previous quarter.

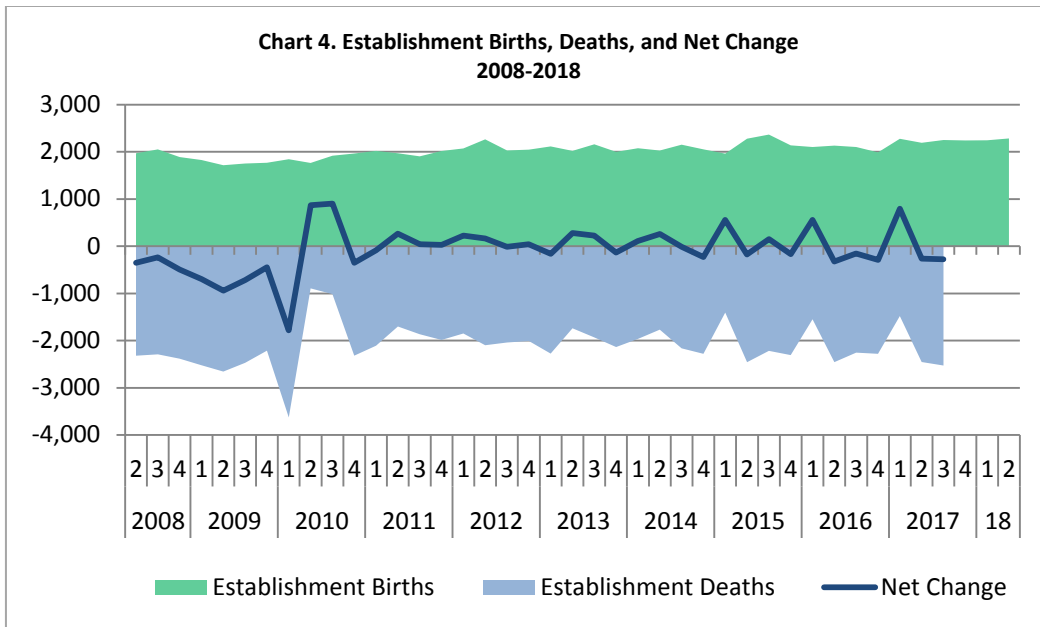
The relationship between gross job gains and losses in Connecticut since the 2007-09 recession has been closer than has been experienced by the US economy overall (see: www.bls.gov/bdm). Gross job gains exceeding losses indicates employment expansion.

Gross job gains represented 5.8 percent of private sector employment in the second quarter of 2018, while **gross job losses** represented 5.0 percent of private sector employment.



In the second quarter of 2018, there were 2,284 **establishment births** (a subset of the openings data). These new establishments accounted for 7,913 jobs, a decrease of 303 jobs from the previous quarter.

Data for **establishment deaths** (a subset of the closings data) are available through the third quarter of 2017, where 8,320 jobs were lost at 2,528 establishment deaths. In the prior quarter, 7,456 jobs were lost at 2,454 establishment deaths.



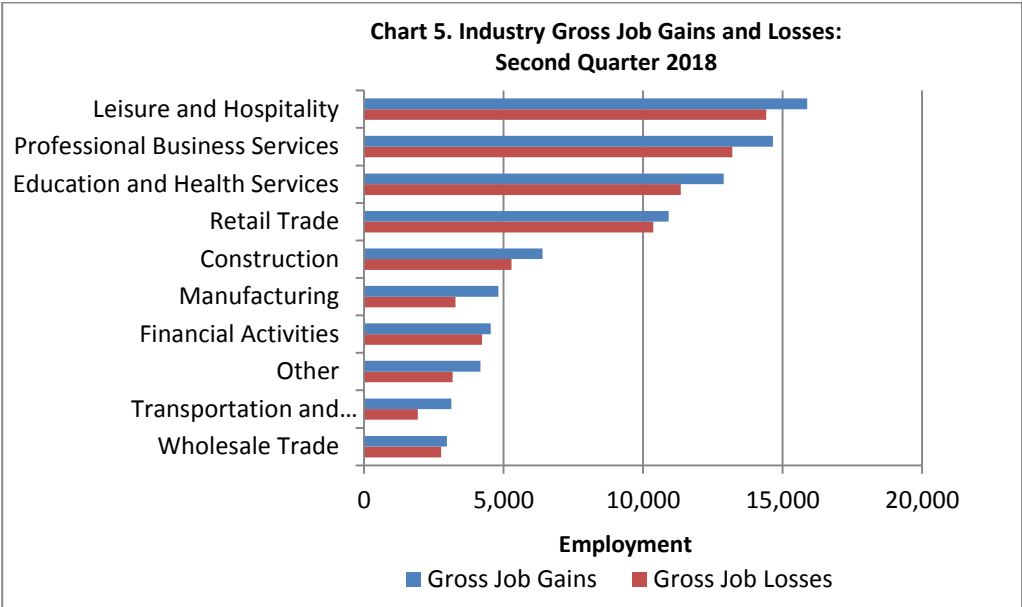
The **net change of establishment births and deaths** went consistently negative during the recession from the first quarter of 2008 and through the first quarter of 2010. During those 9 quarters of recession, Connecticut averaged a net decrease of 640 establishments per quarter, with the largest net establishment decline occurring at the end of the recession, down 1,784 in the first quarter of 2010.

Since that early 2010 trough through the third quarter of 2017, birth/death net change has been positive in 16 of past 30 quarters of available data, with an averaging a net increase of 95 establishments per quarter during that period.

Post-recession third quarter net change has been positive in four of the past eight years and was negative in 2012, 2014, 2016, and 2017.

In the third quarter of 2017 (the most recent quarter of establishment death data), there were 2,251 establishment births and 2,528 establishment deaths, resulting in a net change of -277 establishments. This follows a 2017 second quarter net change of -262 establishments.

During the second quarter of 2018, **gross job gains** exceeded **gross job losses** in every available sector. The largest overall net gains were in the Education and Health Services, Manufacturing, and the Leisure and Hospitality sectors. The sectors with the smallest net increases were Wholesale Trade, Financial Activities, and Retail Trade.



Additional Information on Business Employment Dynamics, including data for the United States, 50 states, and US territories can be found at: <http://www.bls.gov/bdm/>.

Table A: Connecticut Private Sector gross job gains and losses by industry, seasonally adjusted

Category	Gross job gains and losses (3 months ending)							Gross job gains and losses as a percent of employment (3 months ending)						
	Dec. 2016	Mar. 2017	June 2017	Sept. 2017	Dec. 2017	Mar. 2018	June 2018	Dec. 2016	Mar. 2017	June 2017	Sept. 2017	Dec. 2017	Mar. 2018	June 2018
	Total Private													
Gross job gains	72,728	83,754	82,431	76,526	76,225	73,726	82,914	5.1	5.8	5.7	5.4	5.3	5.1	5.8
at expanding establishments	62,335	73,267	71,974	65,596	65,865	61,961	71,346	4.4	5.1	5.0	4.6	4.6	4.3	5.0
at opening establishments	10,393	10,487	10,457	10,930	10,360	11,765	11,568	0.7	0.7	0.7	0.8	0.7	0.8	0.8
Gross job losses	75,195	77,019	75,429	83,269	75,144	74,835	72,541	5.3	5.4	5.2	5.8	5.2	5.2	5.0
at contracting establishments	66,434	68,638	65,185	71,499	64,749	66,980	63,857	4.7	4.8	4.5	5.0	4.5	4.7	4.4
at closing establishments	8,761	8,381	10,244	11,770	10,395	7,855	8,684	0.6	0.6	0.7	0.8	0.7	0.5	0.6
Net employment change	-2,467	6,735	7,002	-6,743	1,081	-1,109	10,373	-0.2	0.4	0.5	-0.4	0.1	-0.1	0.8
Construction														
Gross job gains	5,328	6,403	6,918	5,693	5,321	6,186	6,401	9.2	11.1	11.7	9.7	9.3	10.6	10.9
at expanding establishments	4,531	5,441	6,073	4,789	4,425	5,120	5,449	7.8	9.4	10.3	8.2	7.7	8.8	9.3
at opening establishments	797	962	845	904	896	1,066	952	1.4	1.7	1.4	1.5	1.6	1.8	1.6
Gross job losses	6,588	5,949	6,495	6,448	6,689	5,510	5,287	11.4	10.3	11.0	11.0	11.6	9.5	9.0
at contracting establishments	5,789	5,216	5,246	5,489	5,691	4,797	4,510	10.0	9.0	8.9	9.4	9.9	8.3	7.7
at closing establishments	799	733	1,249	959	998	713	777	1.4	1.3	2.1	1.6	1.7	1.2	1.3
Net employment change	-1,260	454	423	-755	-1,368	676	1,114	-2.2	0.8	0.7	-1.3	-2.3	1.1	1.9
Manufacturing														
Gross job gains	4,252	3,990	5,124	4,063	4,839	3,876	4,809	2.7	2.5	3.2	2.5	3.1	2.4	3.0
at expanding establishments	4,028	3,777	4,789	3,734	4,248	3,663	4,561	2.6	2.4	3.0	2.3	2.7	2.3	2.8
at opening establishments	224	213	335	329	591	213	248	0.1	0.1	0.2	0.2	0.4	0.1	0.2
Gross job losses	3,540	3,652	3,426	4,779	3,591	3,739	3,275	2.2	2.4	2.1	3.0	2.2	2.4	2.1
at contracting establishments	3,341	3,406	3,041	4,088	3,243	3,467	3,167	2.1	2.2	1.9	2.6	2.0	2.2	2.0
at closing establishments	199	246	385	691	348	272	108	0.1	0.2	0.2	0.4	0.2	0.2	0.1
Net employment change	712	338	1,698	-716	1,248	137	1,534	0.5	0.1	1.1	-0.5	0.9	0.0	0.9
Wholesale Trade														
Gross job gains	2,531	2,703	2,889	2,686	2,692	2,496	2,965	4.1	4.3	4.6	4.3	4.3	4.1	4.8
at expanding establishments	1,993	2,172	2,501	2,236	2,199	2,033	2,339	3.2	3.5	4.0	3.6	3.5	3.3	3.8
at opening establishments	538	531	388	450	493	463	626	0.9	0.8	0.6	0.7	0.8	0.8	1.0
Gross job losses	2,924	2,588	2,686	2,964	2,620	2,550	2,764	4.7	4.1	4.3	4.7	4.2	4.1	4.4
at contracting establishments	2,226	2,089	2,086	2,262	1,953	2,161	2,060	3.6	3.3	3.3	3.6	3.1	3.5	3.3
at closing establishments	698	499	600	702	667	389	704	1.1	0.8	1.0	1.1	1.1	0.6	1.1
Net employment change	-393	115	203	-278	72	-54	201	-0.6	0.2	0.3	-0.4	0.1	0.0	0.4
Retail Trade														
Gross job gains	10,127	11,370	11,550	10,058	10,329	9,471	10,911	5.5	6.2	6.2	5.5	5.7	5.2	5.9
at expanding establishments	9,306	9,790	10,186	8,955	9,616	8,499	9,920	5.1	5.3	5.5	4.9	5.3	4.7	5.4
at opening establishments	821	1,580	1,364	1,103	713	972	991	0.4	0.9	0.7	0.6	0.4	0.5	0.5
Gross job losses	10,435	11,430	10,201	11,957	10,445	10,734	10,367	5.7	6.3	5.5	6.5	5.7	5.9	5.7
at contracting establishments	9,603	10,231	9,009	10,615	9,553	9,958	9,330	5.2	5.6	4.9	5.8	5.2	5.5	5.1
at closing establishments	832	1,199	1,192	1,342	892	776	1,037	0.5	0.7	0.6	0.7	0.5	0.4	0.6
Net employment change	-308	-60	1,349	-1,899	-116	-1,263	544	-0.2	-0.1	0.7	-1.0	0.0	-0.7	0.2
Transportation and Warehousing														
Gross job gains	4,057	2,810	2,221	4,076	3,929	2,357	3,124	8.7	6.0	4.8	8.7	8.0	4.8	6.3
at expanding establishments	3,487	2,728	2,097	3,756	3,786	2,170	2,858	7.5	5.8	4.5	8.0	7.7	4.4	5.8
at opening establishments	570	82	124	320	143	187	266	1.2	0.2	0.3	0.7	0.3	0.4	0.5
Gross job losses	2,039	3,635	2,076	1,930	1,821	3,516	1,921	4.4	7.8	4.5	4.1	3.7	7.1	3.9
at contracting establishments	1,900	3,219	1,897	1,723	1,660	3,381	1,727	4.1	6.9	4.1	3.7	3.4	6.8	3.5
at closing establishments	139	416	179	207	161	135	194	0.3	0.9	0.4	0.4	0.3	0.3	0.4
Net employment change	2,018	-825	145	2,146	2,108	-1,159	1,203	4.3	-1.8	0.3	4.6	4.3	-2.3	2.4
Financial Activities														
Gross job gains	3,806	4,142	4,576	3,657	4,157	3,740	4,540	3.0	3.3	3.6	2.9	3.3	3.0	3.6
at expanding establishments	3,315	3,548	3,843	2,965	3,539	3,143	3,857	2.6	2.8	3.0	2.4	2.8	2.5	3.1
at opening establishments	491	594	733	692	618	597	683	0.4	0.5	0.6	0.5	0.5	0.5	0.5
Gross job losses	4,752	4,515	4,327	4,842	4,990	4,358	4,231	3.7	3.6	3.5	3.8	4.0	3.5	3.4
at contracting establishments	4,001	4,028	3,361	4,179	4,274	3,907	3,631	3.1	3.2	2.7	3.3	3.4	3.1	2.9
at closing establishments	751	487	966	663	716	451	600	0.6	0.4	0.8	0.5	0.6	0.4	0.5
Net employment change	-946	-373	249	-1,185	-833	-618	309	-0.7	-0.3	0.1	-0.9	-0.7	-0.5	0.2

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Professional Business Services														
Gross job gains	12,876	13,747	13,965	13,490	14,014	11,702	14,655	5.9	6.3	6.3	6.2	6.4	5.3	6.6
at expanding establishments	10,671	11,995	12,121	11,399	11,706	10,089	12,136	4.9	5.5	5.5	5.2	5.3	4.6	5.5
at opening establishments	2,205	1,752	1,844	2,091	2,308	1,613	2,519	1.0	0.8	0.8	1.0	1.1	0.7	1.1
Gross job losses	13,355	14,028	13,914	13,701	14,073	13,076	13,202	6.1	6.4	6.3	6.2	6.5	6.0	6.0
at contracting establishments	11,383	12,488	11,863	11,260	11,726	11,332	11,323	5.2	5.7	5.4	5.1	5.4	5.2	5.1
at closing establishments	1,972	1,540	2,051	2,441	2,347	1,744	1,879	0.9	0.7	0.9	1.1	1.1	0.8	0.9
Net employment change	-479	-281	51	-211	-59	-1,374	1,453	-0.2	-0.1	0.0	0.0	-0.1	-0.7	0.6
Education and Health Services														
Gross job gains	10,688	16,421	13,439	13,154	11,105	12,036	12,894	3.3	5.1	4.1	4.0	3.4	3.7	4.0
at expanding establishments	9,519	14,889	12,072	11,586	9,875	10,464	11,720	2.9	4.6	3.7	3.5	3.0	3.2	3.6
at opening establishments	1,169	1,532	1,367	1,568	1,230	1,572	1,174	0.4	0.5	0.4	0.5	0.4	0.5	0.4
Gross job losses	11,748	11,872	11,232	13,944	11,685	11,154	11,353	3.6	3.7	3.4	4.3	3.6	3.4	3.4
at contracting establishments	10,950	10,570	10,085	12,425	10,018	10,216	10,300	3.4	3.3	3.1	3.8	3.1	3.1	3.1
at closing establishments	798	1,302	1,147	1,519	1,667	938	1,053	0.2	0.4	0.3	0.5	0.5	0.3	0.3
Net employment change	-1,060	4,549	2,207	-790	-580	882	1,541	-0.3	1.4	0.7	-0.3	-0.2	0.3	0.6
Leisure and Hospitality														
Gross job gains	13,745	15,803	15,663	13,830	14,508	13,867	15,881	8.9	10.1	10.0	8.8	9.2	8.8	10.0
at expanding establishments	11,028	13,738	13,223	11,271	12,088	11,701	13,288	7.1	8.8	8.4	7.2	7.7	7.4	8.4
at opening establishments	2,717	2,065	2,440	2,559	2,420	2,166	2,593	1.8	1.3	1.6	1.6	1.5	1.4	1.6
Gross job losses	13,709	13,316	14,928	16,960	13,518	13,935	14,416	8.9	8.6	9.5	10.8	8.6	8.8	9.1
at contracting establishments	11,921	11,965	13,318	14,712	11,734	12,340	12,840	7.7	7.7	8.5	9.4	7.5	7.8	8.1
at closing establishments	1,788	1,351	1,610	2,248	1,784	1,595	1,576	1.2	0.9	1.0	1.4	1.1	1.0	1.0
Net employment change	36	2,487	735	-3,130	990	-68	1,465	0.0	1.5	0.5	-2.0	0.6	0.0	0.9
Other														
Gross job gains	3,112	3,372	3,921	3,381	3,156	5,139	4,171	6.2	6.7	7.8	6.6	6.2	10.0	7.9
at expanding establishments	2,664	2,762	3,231	2,771	2,628	3,025	3,337	5.3	5.5	6.4	5.4	5.2	5.9	6.3
at opening establishments	448	610	690	610	528	2,114	834	0.9	1.2	1.4	1.2	1.0	4.1	1.6
Gross job losses	3,378	3,305	3,115	3,497	3,538	3,580	3,173	6.7	6.6	6.1	6.9	6.9	7.0	6.0
at contracting establishments	2,858	2,865	2,538	2,890	2,972	3,186	2,699	5.7	5.7	5.0	5.7	5.8	6.2	5.1
at closing establishments	520	440	577	607	566	394	474	1.0	0.9	1.1	1.2	1.1	0.8	0.9
Net employment change	-266	67	806	-116	-382	1,559	998	-0.5	0.1	1.7	-0.3	-0.7	3.0	1.9

A Note About the Data:

The Business Employment Dynamics (BED) data are generated from Connecticut's unemployment insurance (UI) records, enhanced through procedures conducted in association with the Bureau of Labor Statistics, and cover approximately 93% of all wage and salary workers in the state. The BED program links these records across quarters, providing a longitudinal history of employment for each establishment. These longitudinal records allow the identification of employment changes at expanding, opening, contracting, or closing establishments. Aggregating these changes, the BED data identify the gross job gains and losses, also known as job flows, in the state. These flows provide an understanding of the labor market dynamics that unfold over time. The job flows data scratches below the surface to expose the undercurrents that result in the net employment outcomes reported in other statistical series

The net change in employment from the Business Employment Dynamics data series will not match the net change in nonfarm employment produced from the monthly survey and reported in the Labor Situation. The monthly estimates are based on surveys from a sample of establishments, while the BED data are based on a quarterly census of administrative records. In addition, the monthly series has a different coverage, excluding the agriculture sector but including government, private households, and establishments not covered by the unemployment insurance program. Thus, the net over-the-quarter changes derived from the BED data may be different from the net employment change estimated from the monthly nonfarm employment series. The intended use of the BED statistics is to show the dynamic labor market flows that underlie the net changes in aggregate employment levels; data users who want to track net changes in aggregate employment levels over time should refer to monthly nonfarm data.

With the release of first quarter data each year, seasonally adjusted data for prior periods are revised and will therefore be different than figures shown in earlier releases. Please see <http://www.bls.gov/bdm/> for more detailed information.

This publication was prepared by Matthew Krzyzek, Economist at the Connecticut Department of Labor, Office of Research. If you have any questions regarding this publication, please call (860) 263-6287 or Matthew.Krzyzek@ct.gov.