



# BUSINESS EMPLOYMENT DYNAMICS

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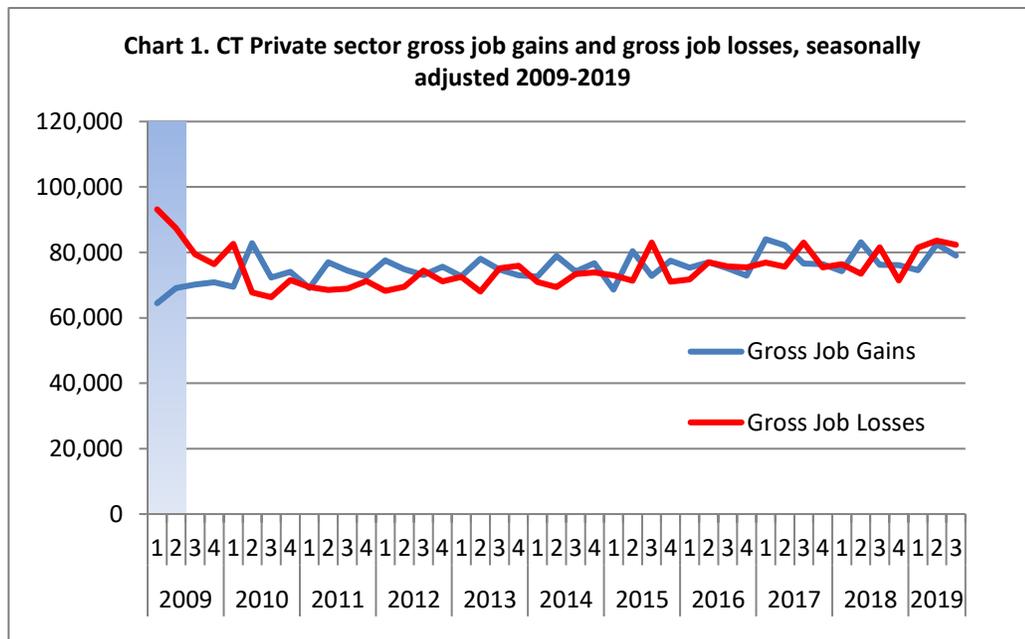
## Third Quarter 2019

WETHERSFIELD, April 30th, 2020 - 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 July 2019 to September 2019, **gross job gains** from opening and expanding private sector establishments in Connecticut was 79,052, a decrease of 3,485 jobs from the previous quarter. Over this period, **gross job losses** from closing and contracting private sector establishments was 82,328, a decrease of 1,292 jobs from the previous quarter.

During the third quarter of 2019, difference between gross job gains and gross job losses yielded a **net employment loss** of 3,276 jobs in the private sector. This third quarter net loss differs from the 5,340 third quarter net loss experienced a year before in 2018.

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. Annual average net change has been positive from 2010 onward and was 1,697 jobs in 2018.

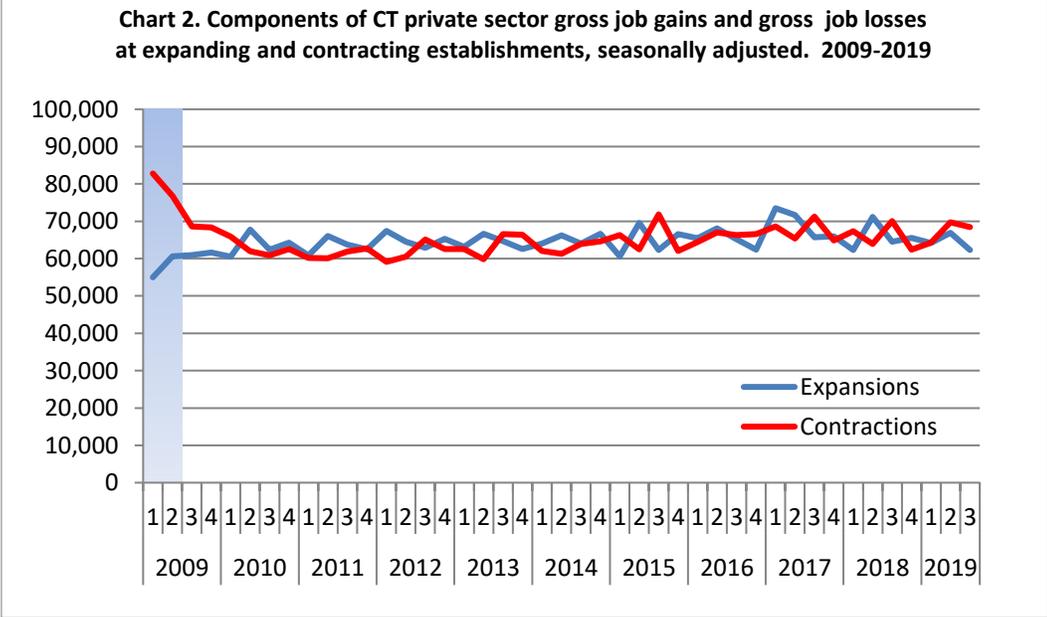


The change in the number of jobs over time is the net result of increases and decreases in employment that occur at all businesses in the economy. Business Employment Dynamics (BED) statistics track these changes in employment at private business units from the third month of one quarter to the third 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 62,324 in the third quarter of 2019, a decrease of 4,584 from the previous quarter.

**Opening** establishments accounted for 16,728 jobs gained in the third quarter of 2019, an increase of 1,099 jobs from the previous quarter.



**Contracting** establishments lost 68,408 jobs in the third quarter of 2019. This was a decrease of 1,309 jobs from the prior quarter.

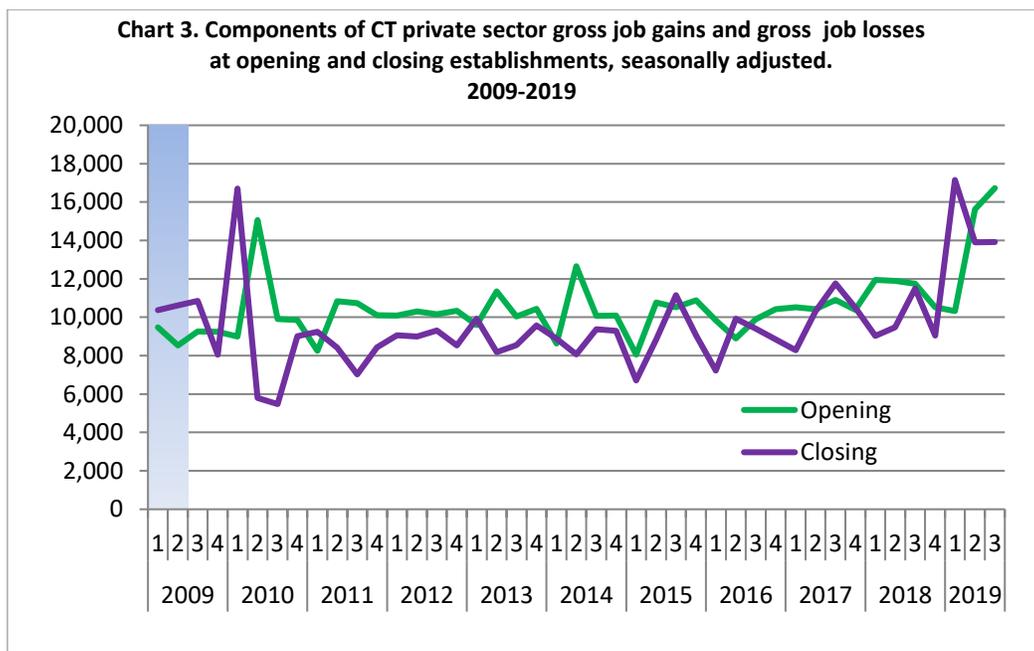
In the third quarter of 2019, **closing** establishments lost 13,920 jobs, an increase of 17 jobs from the previous quarter. Chart 3 shows the relationship between opening and closing-derived job

change. Job gains from openings has increased in recent quarters and follows an early 2019 closings increase.

Job loss from closings increased the first quarter of 2019 and openings increased the following quarter.

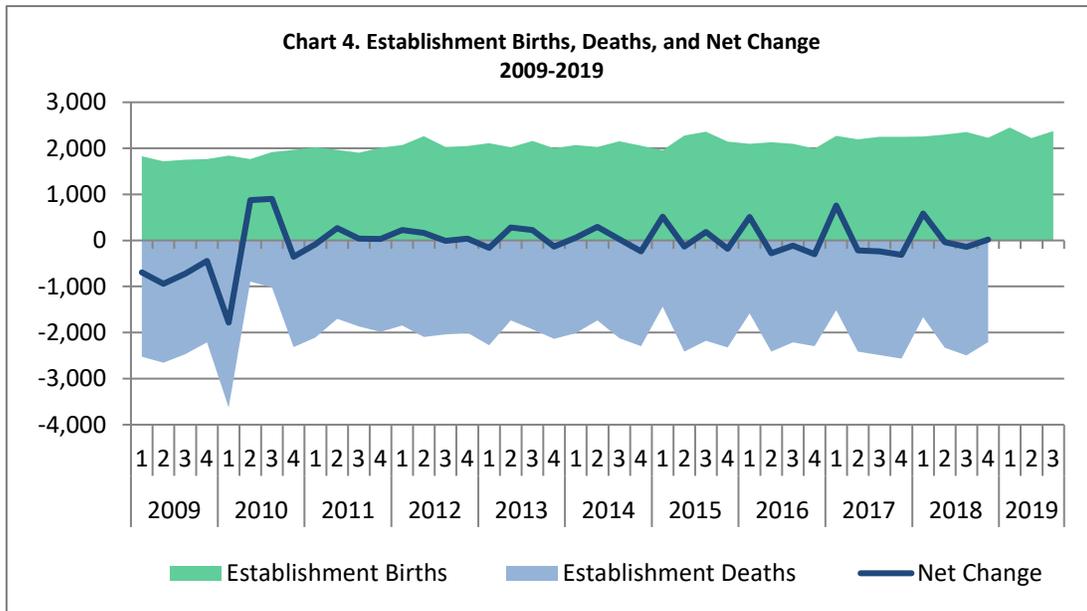
The relationship between gross job gains and losses in Connecticut since the 2007-09 recession has been closer than has been experienced by the US economy overall (see: [www.bls.gov/bdm](http://www.bls.gov/bdm)). Gross job gains exceeding losses indicates employment expansion.

**Gross job gains** represented 5.5 percent of private sector employment in the third quarter of 2019, while **gross job losses** represented 5.8 percent of private sector employment.



In the third quarter of 2019, there were 2,372 **establishment births** (a subset of the openings data). These new establishments accounted for 10,658 jobs, 3,210 jobs more than the previous quarter.

Data for **establishment deaths** (a subset of the closings data) are available through the fourth quarter of 2018, where 6,087 jobs were lost at 2,495 establishment deaths. In the prior quarter, 8,178 jobs were lost at 2,496 establishment deaths.



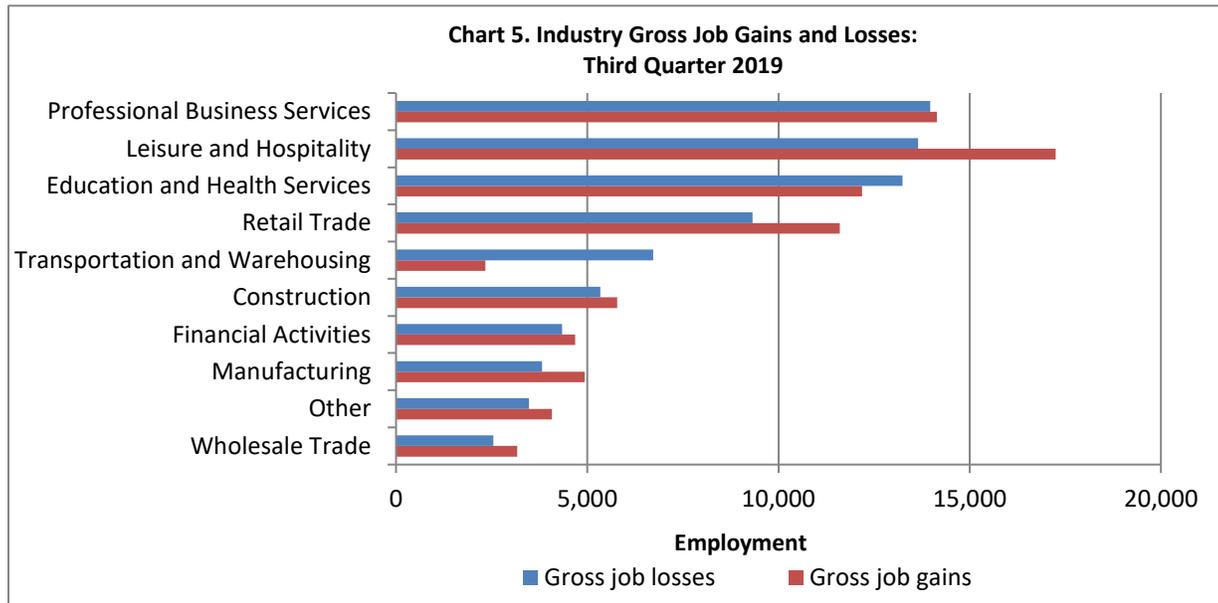
The **net change of establishment births and deaths** went consistently negative during the recession from the first quarter of 2008 and through the first quarter of 2010. During those 9 quarters of recession, Connecticut averaged a net decrease of 640 establishments per quarter, with the largest net 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 fourth quarter of 2018, birth/death net change has been positive in 19 of past 35 quarters of available data, with an averaging a net increase of 39 establishments per quarter during that period.

Post-recession fourth quarter net change was negative from 2013-2017. It has been positive in 2011, 2012, and 2018.

In the fourth quarter of 2018 (the most recent quarter of establishment death data), there were 2,228 establishment births and 2,207 establishment deaths, resulting in a +21 establishment net change. This follows a 2018 third quarter net change of -142 establishments.

During the second quarter of 2019, **gross job losses** exceeded **gross job gains** in 8 of 10 available sectors. The sectors with the largest net losses were leisure and hospitality, retail trade, and manufacturing. The net gaining sectors were transportation and warehousing and education and health services.



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)						
	Mar. 2018	June 2018	Sept. 2018	Dec. 2018	Mar. 2019	June 2019	Sept. 2019	Dec. 2017	Mar. 2018	June 2018	Sept. 2018	Dec. 2018	Mar. 2019	Sept. 2019
<b>Total Private</b>														
Gross job gains	74,217	83,110	76,246	76,068	74,499	82,537	79,052	5.1	5.8	5.3	5.3	5.2	5.8	5.5
at expanding establishments	62,274	71,208	64,502	65,540	64,177	66,908	62,324	4.3	5.0	4.5	4.6	4.5	4.7	4.3
at opening establishments	11,943	11,902	11,744	10,528	10,322	15,629	16,728	0.8	0.8	0.8	0.7	0.7	1.1	1.2
Gross job losses	76,379	73,433	81,586	71,454	81,433	83,620	82,328	5.3	5.1	5.7	4.9	5.7	5.9	5.8
at contracting establishments	67,352	63,951	70,085	62,411	64,281	69,717	68,408	4.7	4.4	4.9	4.3	4.5	4.9	4.8
at closing establishments	9,027	9,482	11,501	9,043	17,152	13,903	13,920	0.6	0.7	0.8	0.6	1.2	1.0	1.0
Net employment change	-2,162	9,677	-5,340	4,614	-6,934	-1,083	-3,276	-0.2	0.7	-0.4	0.4	-0.5	-0.1	-0.3
<b>Construction</b>														
Gross job gains	6,083	6,481	5,771	5,987	6,158	6,580	5,341	10.5	11.0	9.8	10.1	10.2	11.0	9.0
at expanding establishments	4,959	5,532	4,958	5,166	5,311	4,979	4,027	8.6	9.4	8.4	8.7	8.8	8.3	6.8
at opening establishments	1,124	949	813	821	847	1,601	1,314	1.9	1.6	1.4	1.4	1.4	2.7	2.2
Gross job losses	5,554	5,239	5,966	5,410	6,082	6,625	5,782	9.6	8.9	10.1	9.1	10.2	11.0	9.7
at contracting establishments	4,795	4,421	4,900	4,802	4,361	5,230	4,747	8.3	7.5	8.3	8.1	7.3	8.7	8.0
at closing establishments	759	818	1,066	608	1,721	1,395	1,035	1.3	1.4	1.8	1.0	2.9	2.3	1.7
Net employment change	529	1,242	-195	577	76	-45	-441	0.9	2.1	-0.3	1.0	0.0	0.0	-0.7
<b>Manufacturing</b>														
Gross job gains	3,930	4,865	3,698	4,607	3,647	4,571	3,815	2.5	3.1	2.3	2.9	2.3	2.8	2.3
at expanding establishments	3,680	4,593	3,228	4,360	3,513	4,268	3,430	2.3	2.9	2.0	2.7	2.2	2.6	2.1
at opening establishments	250	272	470	247	134	303	385	0.2	0.2	0.3	0.2	0.1	0.2	0.2
Gross job losses	3,747	3,393	4,386	3,408	3,687	3,963	4,936	2.4	2.1	2.7	2.1	2.3	2.4	3.0
at contracting establishments	3,466	3,169	4,187	3,106	3,336	3,569	4,431	2.2	2.0	2.6	1.9	2.1	2.2	2.7
at closing establishments	281	224	199	302	351	394	505	0.2	0.1	0.1	0.2	0.2	0.2	0.3
Net employment change	183	1,472	-688	1,199	-40	608	-1,121	0.1	1.0	-0.4	0.8	0.0	0.4	-0.7
<b>Wholesale Trade</b>														
Gross job gains	2,500	2,944	2,734	2,746	2,611	2,888	2,540	4.1	4.7	4.4	4.5	4.4	4.8	4.3
at expanding establishments	2,017	2,301	2,120	2,186	2,210	2,220	1,904	3.3	3.7	3.4	3.6	3.7	3.7	3.2
at opening establishments	483	643	614	560	401	668	636	0.8	1.0	1.0	0.9	0.7	1.1	1.1
Gross job losses	2,705	2,828	2,934	2,609	2,983	2,734	3,166	4.4	4.6	4.8	4.2	4.9	4.6	5.3
at contracting establishments	2,205	2,075	2,194	2,168	2,068	2,031	2,232	3.6	3.4	3.6	3.5	3.4	3.4	3.7
at closing establishments	500	753	740	441	915	703	934	0.8	1.2	1.2	0.7	1.5	1.2	1.6
Net employment change	-205	116	-200	137	-372	154	-626	-0.3	0.1	-0.4	0.3	-0.5	0.2	-1.0
<b>Retail Trade</b>														
Gross job gains	9,622	10,736	10,290	10,217	9,267	10,146	9,322	5.3	5.8	5.7	5.7	5.2	5.7	5.3
at expanding establishments	8,610	9,740	8,992	9,313	8,556	8,893	8,241	4.7	5.3	5.0	5.2	4.8	5.0	4.7
at opening establishments	1,012	996	1,298	904	711	1,253	1,081	0.6	0.5	0.7	0.5	0.4	0.7	0.6
Gross job losses	10,840	10,256	12,527	10,642	11,539	11,255	11,603	5.9	5.6	6.9	5.9	6.5	6.4	6.7
at contracting establishments	10,023	9,381	10,937	9,743	9,907	9,653	9,928	5.5	5.1	6.0	5.4	5.6	5.5	5.7
at closing establishments	817	875	1,590	899	1,632	1,602	1,675	0.4	0.5	0.9	0.5	0.9	0.9	1.0
Net employment change	-1,218	480	-2,237	-425	-2,272	-1,109	-2,281	-0.6	0.2	-1.2	-0.2	-1.3	-0.7	-1.4
<b>Transportation and Warehousing</b>														
Gross job gains	2,376	3,139	2,939	4,032	3,150	2,318	6,723	4.8	6.4	5.9	7.9	6.2	4.6	13.0
at expanding establishments	2,180	2,868	2,612	3,623	2,959	2,046	3,679	4.4	5.8	5.2	7.1	5.8	4.1	7.1
at opening establishments	196	271	327	409	191	272	3,044	0.4	0.6	0.7	0.8	0.4	0.5	5.9
Gross job losses	3,460	1,979	2,592	2,338	4,191	3,241	2,339	7.0	4.0	5.2	4.6	8.2	6.5	4.5
at contracting establishments	3,321	1,774	2,384	2,085	3,707	2,934	2,084	6.7	3.6	4.8	4.1	7.3	5.9	4.0
at closing establishments	139	205	208	253	484	307	255	0.3	0.4	0.4	0.5	0.9	0.6	0.5
Net employment change	-1,084	1,160	347	1,694	-1,041	-923	4,384	-2.2	2.4	0.7	3.3	-2.0	-1.9	8.5
<b>Financial Activities</b>														
Gross job gains	3,765	4,443	3,654	4,022	3,784	4,501	4,344	3.0	3.6	3.0	3.3	3.1	3.7	3.6
at expanding establishments	3,147	3,754	3,164	3,187	3,149	3,532	3,131	2.5	3.0	2.6	2.6	2.6	2.9	2.6
at opening establishments	618	689	490	835	635	969	1,213	0.5	0.6	0.4	0.7	0.5	0.8	1.0
Gross job losses	4,333	4,396	4,811	4,371	4,397	4,237	4,684	3.5	3.5	3.9	3.6	3.6	3.5	3.9
at contracting establishments	3,830	3,644	4,121	3,753	3,476	3,387	3,864	3.1	2.9	3.3	3.1	2.8	2.8	3.2
at closing establishments	503	752	690	618	921	850	820	0.4	0.6	0.6	0.5	0.8	0.7	0.7
Net employment change	-568	47	-1,157	-349	-613	264	-340	-0.5	0.1	-0.9	-0.3	-0.5	0.2	-0.3

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	Mar. 2018	June 2018	Sept. 2018	Dec. 2018	Mar. 2019	June 2019	Sept. 2019	Dec. 2017	Mar. 2018	June 2018	Sept. 2018	Dec. 2018	Mar. 2019	Sept. 2019
<b>Professional Business Services</b>														
Gross job gains	11,836	14,702	13,676	11,736	12,854	15,477	13,968	5.4	6.7	6.2	5.3	5.9	7.1	6.4
at expanding establishments	10,100	12,121	11,667	9,605	10,940	11,890	10,716	4.6	5.5	5.3	4.3	5.0	5.5	4.9
at opening establishments	1,736	2,581	2,009	2,131	1,914	3,587	3,252	0.8	1.2	0.9	1.0	0.9	1.6	1.5
Gross job losses	13,264	13,511	13,361	12,773	15,654	15,835	14,139	6.0	6.2	6.0	5.7	7.2	7.3	6.5
at contracting establishments	11,318	11,378	10,929	10,743	11,075	13,038	11,392	5.1	5.2	4.9	4.8	5.1	6.0	5.2
at closing establishments	1,946	2,133	2,432	2,030	4,579	2,797	2,747	0.9	1.0	1.1	0.9	2.1	1.3	1.3
Net employment change	-1,428	1,191	315	-1,037	-2,800	-358	-171	-0.6	0.5	0.2	-0.4	-1.3	-0.2	-0.1
<b>Education and Health Services</b>														
Gross job gains	12,244	13,186	12,643	11,440	12,816	13,409	13,246	3.7	4.0	3.8	3.5	3.9	4.0	4.0
at expanding establishments	10,584	11,798	11,011	10,247	10,969	11,984	11,626	3.2	3.6	3.3	3.1	3.3	3.6	3.5
at opening establishments	1,660	1,388	1,632	1,193	1,847	1,425	1,620	0.5	0.4	0.5	0.4	0.6	0.4	0.5
Gross job losses	11,568	11,521	12,422	10,964	11,336	12,695	12,189	3.5	3.6	3.8	3.4	3.4	3.8	3.6
at contracting establishments	10,178	10,337	10,844	9,437	9,546	10,895	10,405	3.1	3.2	3.3	2.9	2.9	3.3	3.1
at closing establishments	1,390	1,184	1,578	1,527	1,790	1,800	1,784	0.4	0.4	0.5	0.5	0.5	0.5	0.5
Net employment change	676	1,665	221	476	1,480	714	1,057	0.2	0.4	0.0	0.1	0.5	0.2	0.4
<b>Leisure and Hospitality</b>														
Gross job gains	13,998	15,902	14,415	15,635	14,307	16,237	13,652	8.9	10.1	9.1	9.9	8.9	10.2	8.6
at expanding establishments	11,838	13,271	11,674	13,133	11,713	12,201	10,932	7.5	8.4	7.4	8.3	7.3	7.7	6.9
at opening establishments	2,160	2,631	2,741	2,502	2,594	4,036	2,720	1.4	1.7	1.7	1.6	1.6	2.5	1.7
Gross job losses	14,486	14,556	16,486	13,218	15,262	16,916	17,246	9.2	9.2	10.4	8.3	9.6	10.7	11.0
at contracting establishments	12,753	12,809	14,513	11,723	11,986	14,419	14,578	8.1	8.1	9.2	7.4	7.5	9.1	9.3
at closing establishments	1,733	1,747	1,973	1,495	3,276	2,497	2,668	1.1	1.1	1.2	0.9	2.1	1.6	1.7
Net employment change	-488	1,346	-2,071	2,417	-955	-679	-3,594	-0.3	0.9	-1.3	1.6	-0.7	-0.5	-2.4
<b>Other</b>														
Gross job gains	5,114	4,213	3,938	3,508	3,818	3,986	3,479	10.0	8.0	7.5	6.7	7.3	7.6	6.7
at expanding establishments	3,067	3,356	2,958	2,946	3,159	3,128	2,649	6.0	6.4	5.6	5.6	6.0	6.0	5.1
at opening establishments	2,047	857	980	562	659	858	830	4.0	1.6	1.9	1.1	1.3	1.6	1.6
Gross job losses	3,699	3,151	4,141	3,591	3,826	3,821	4,077	7.2	6.1	7.8	6.9	7.3	7.3	7.8
at contracting establishments	3,216	2,704	3,436	2,922	2,829	2,765	3,084	6.3	5.2	6.5	5.6	5.4	5.3	5.9
at closing establishments	483	447	705	669	997	1,056	993	0.9	0.9	1.3	1.3	1.9	2.0	1.9
Net employment change	1,415	1,062	-203	-83	-8	165	-598	2.8	1.9	-0.3	-0.2	0.0	0.3	-1.1

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](mailto:Matthew.Krzyzek@ct.gov).