



BUSINESS EMPLOYMENT DYNAMICS

Office of Research
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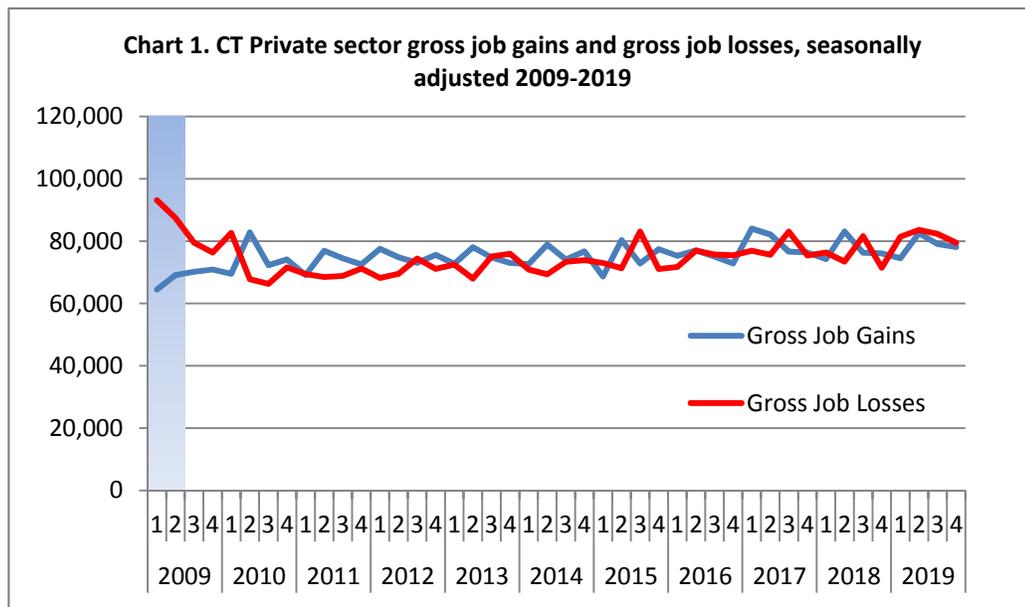
Fourth Quarter 2019

WETHERSFIELD, July 29th, 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 October 2019 to December 2019, **gross job gains** from opening and expanding private sector establishments in Connecticut was 78,090, a decrease of 962 jobs from the previous quarter. Over this period, **gross job losses** from closing and contracting private sector establishments was 79,474, a decrease of 2,854 jobs from the previous quarter.

During the fourth quarter of 2019, difference between gross job gains and gross job losses yielded a **net employment loss** of -1,384 jobs in the private sector. This fourth quarter net loss is much lower than the fourth quarter net loss of -6,934 experience a year before in 2019.

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 was positive from 2010-2018 and was -3,169 jobs in 2019. This is the 6th negative annual average year since 1992, the other net negative years were 2001, 2002, 2003, 2008, and 2009.

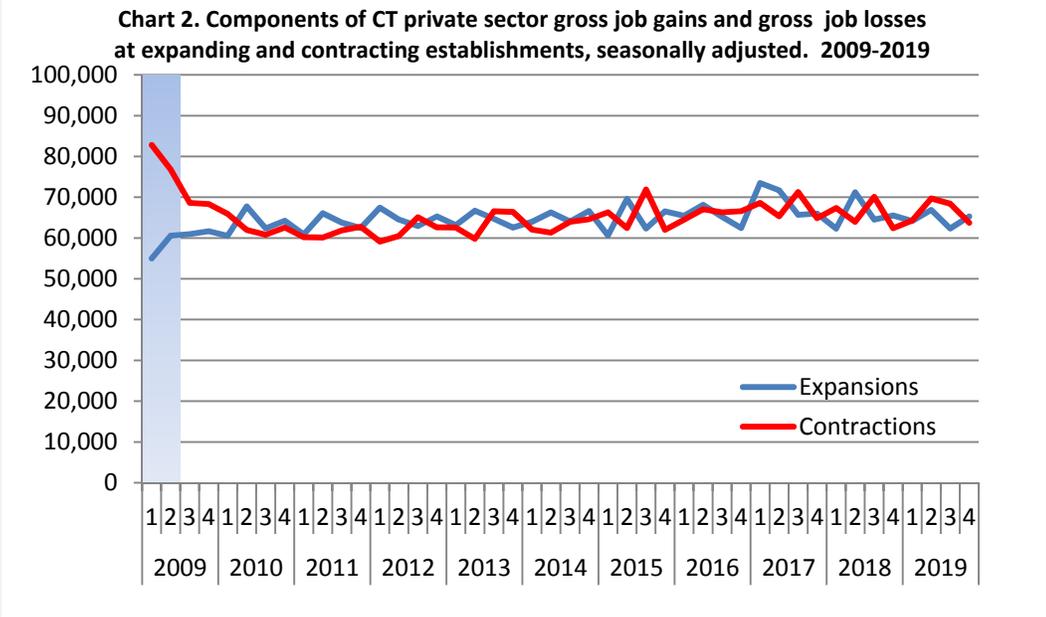


The change in the number of jobs over time is the net result of increases and decreases in employment that occur at all businesses in the economy. Business Employment Dynamics (BED) statistics track these changes in employment at private business units from the third month of one quarter to the third 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 65,304 in the fourth quarter of 2019, an increase of 2,980 jobs from the previous quarter.

Opening establishments accounted for 12,786 jobs gained in the fourth quarter of 2019, a decrease of 3,942 jobs from the previous quarter.



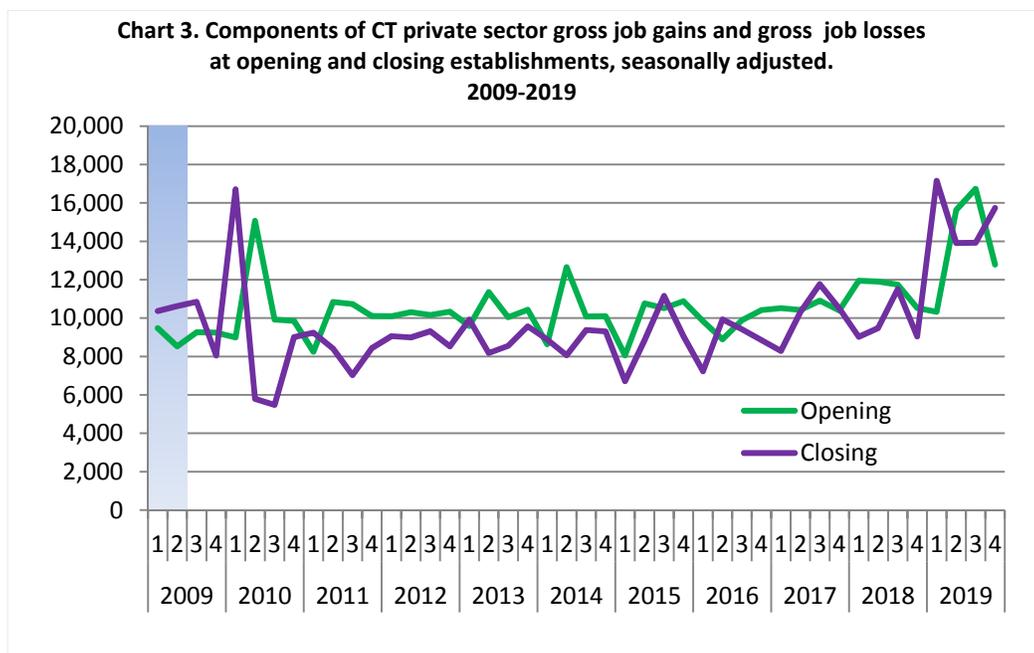
Contracting establishments lost 63,734 jobs in the fourth quarter of 2019. This was a decrease of 4,674 jobs from the prior quarter.

In the fourth quarter of 2019, **closing** establishments lost 15,740 jobs, an increase of 1,820 jobs from the previous quarter. Chart 3 shows the relationship between opening and closing-derived

job change. During 2019, total openings and closings shifted higher than recent years. Annual average openings and closings in 2019 were at their highest levels since 2001 and 2009 respectively.

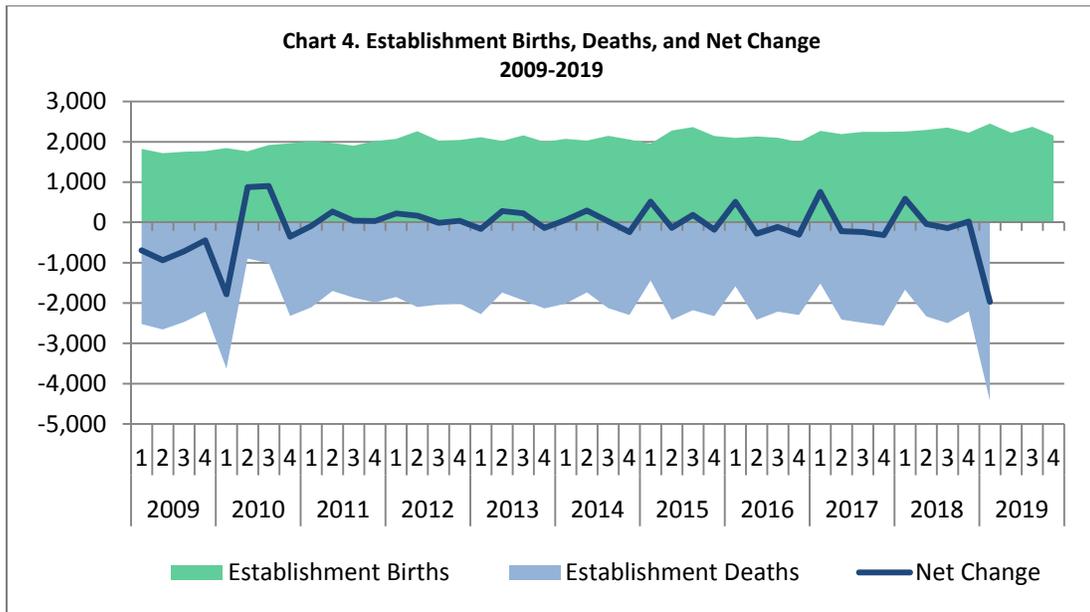
The relationship between gross job gains and losses in Connecticut since the 2007-09 recession has been closer than has been experienced by the US economy overall (see: www.bls.gov/bdm). Gross job gains exceeding losses indicates employment expansion.

Gross job gains represented 5.5 percent of private sector employment in the fourth quarter of 2019, and **gross job losses** represented 5.5 percent of private sector employment.



In the fourth quarter of 2019, there were 2,156 **establishment births** (a subset of the openings data). These new establishments accounted for 6,767 jobs, 3,891 jobs less than the previous quarter.

Data for **establishment deaths** (a subset of the closings data) are available through the first quarter of 2019, where 9,521 jobs were lost at 4,422 establishment deaths. This establishment death count is a series high. In the prior quarter, 6,087 jobs were lost at 2,207 establishment deaths.



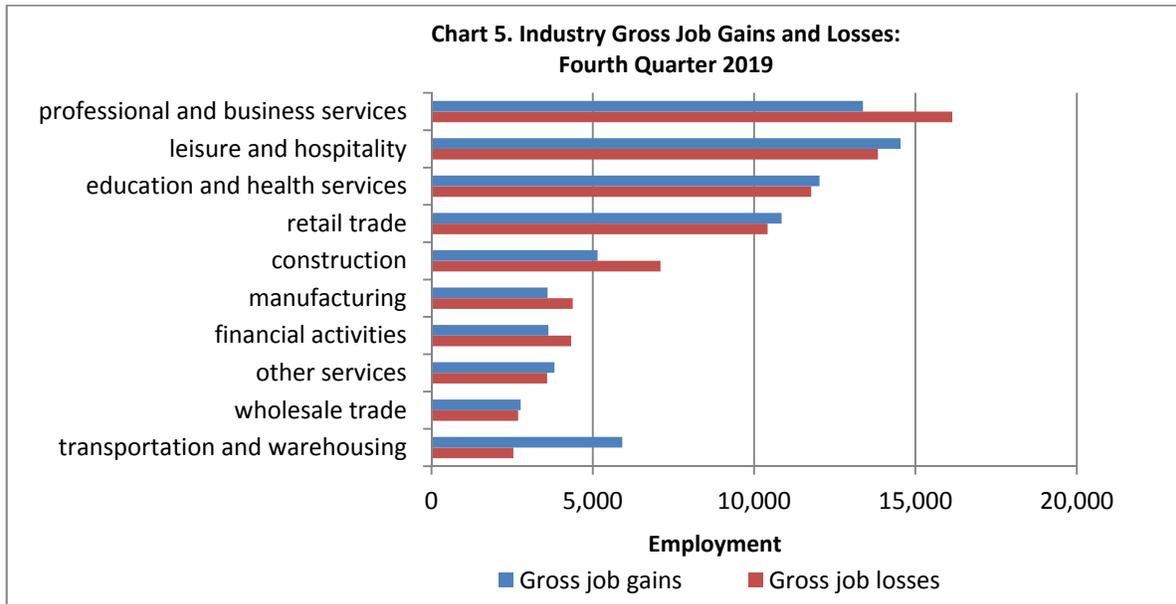
The **net change of establishment births and deaths** went consistently negative during the recession from the first quarter of 2008 and through the first quarter of 2010. During those 9 quarters of recession, Connecticut averaged a net decrease of 640 establishments per quarter, with the largest net 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 first quarter of 2019, birth/death net change has been positive in 19 of past 36 quarters of available data, with an averaging a net increase of 30 establishments per quarter during that period.

Post-recession first quarter net change has typically been positive. It has been negative in 2011, 2013, and 2019.

In the first quarter of 2019 (the most recent quarter of establishment death data), there were 2,452 establishment births and 4,422 establishment deaths, resulting in a -1,970 establishment net change. This negative net change is much larger than recent years, it had not been less than -354 since the first quarter of 2010, which had a negative net change of -1,784.

During the second quarter of 2019, **gross job gains** exceeded **gross job losses** in 6 of 10 available sectors. The sectors with the largest net gains were transportation and warehousing and leisure and hospitality. The largest net loss sectors were professional and business services, construction, and manufacturing.



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)						
	June 2018	Sept. 2018	Dec. 2018	Mar. 2019	June 2019	Sept. 2019	Dec. 2019	June 2018	Sept. 2018	Dec. 2018	Mar. 2019	June 2019	Sept. 2019	Dec. 2019
Total Private														
Gross job gains	83,110	76,246	76,068	74,499	82,537	79,052	78,090	5.8	5.3	5.3	5.2	5.8	5.5	5.5
at expanding establishments	71,208	64,502	65,540	64,177	66,908	62,324	65,304	5.0	4.5	4.6	4.5	4.7	4.3	4.6
at opening establishments	11,902	11,744	10,528	10,322	15,629	16,728	12,786	0.8	0.8	0.7	0.7	1.1	1.2	0.9
Gross job losses	73,433	81,586	71,454	81,433	83,620	82,328	79,474	5.1	5.7	4.9	5.7	5.9	5.8	5.5
at contracting establishments	63,951	70,085	62,411	64,281	69,717	68,408	63,734	4.4	4.9	4.3	4.5	4.9	4.8	4.4
at closing establishments	9,482	11,501	9,043	17,152	13,903	13,920	15,740	0.7	0.8	0.6	1.2	1.0	1.0	1.1
Net employment change	9,677	-5,340	4,614	-6,934	-1,083	-3,276	-1,384	0.7	-0.4	0.4	-0.5	-0.1	-0.3	0.0
Construction														
Gross job gains	6,481	5,771	5,987	6,158	6,580	5,341	5,151	11.0	9.8	10.1	10.2	11.0	9.0	8.8
at expanding establishments	5,532	4,958	5,166	5,311	4,979	4,027	3,934	9.4	8.4	8.7	8.8	8.3	6.8	6.7
at opening establishments	949	813	821	847	1,601	1,314	1,217	1.6	1.4	1.4	1.4	2.7	2.2	2.1
Gross job losses	5,239	5,966	5,410	6,082	6,625	5,782	7,098	8.9	10.1	9.1	10.2	11.0	9.7	12.2
at contracting establishments	4,421	4,900	4,802	4,361	5,230	4,747	5,131	7.5	8.3	8.1	7.3	8.7	8.0	8.8
at closing establishments	818	1,066	608	1,721	1,395	1,035	1,967	1.4	1.8	1.0	2.9	2.3	1.7	3.4
Net employment change	1,242	-195	577	76	-45	-441	-1,947	2.1	-0.3	1.0	0.0	0.0	-0.7	-3.4
Manufacturing														
Gross job gains	4,865	3,698	4,607	3,647	4,571	3,815	3,601	3.1	2.3	2.9	2.3	2.8	2.3	2.2
at expanding establishments	4,593	3,228	4,360	3,513	4,268	3,430	3,256	2.9	2.0	2.7	2.2	2.6	2.1	2.0
at opening establishments	272	470	247	134	303	385	345	0.2	0.3	0.2	0.1	0.2	0.2	0.2
Gross job losses	3,393	4,386	3,408	3,687	3,963	4,936	4,380	2.1	2.7	2.1	2.3	2.4	3.0	2.7
at contracting establishments	3,169	4,187	3,106	3,336	3,569	4,431	3,862	2.0	2.6	1.9	2.1	2.2	2.7	2.4
at closing establishments	224	199	302	351	394	505	518	0.1	0.1	0.2	0.2	0.2	0.3	0.3
Net employment change	1,472	-688	1,199	-40	608	-1,121	-779	1.0	-0.4	0.8	0.0	0.4	-0.7	-0.5
Wholesale Trade														
Gross job gains	2,944	2,734	2,746	2,611	2,888	2,540	2,764	4.7	4.4	4.5	4.4	4.8	4.3	4.7
at expanding establishments	2,301	2,120	2,186	2,210	2,220	1,904	2,119	3.7	3.4	3.6	3.7	3.7	3.2	3.6
at opening establishments	643	614	560	401	668	636	645	1.0	1.0	0.9	0.7	1.1	1.1	1.1
Gross job losses	2,828	2,934	2,609	2,983	2,734	3,166	2,686	4.6	4.8	4.2	4.9	4.6	5.3	4.5
at contracting establishments	2,075	2,194	2,168	2,068	2,031	2,232	2,151	3.4	3.6	3.5	3.4	3.4	3.7	3.6
at closing establishments	753	740	441	915	703	934	535	1.2	1.2	0.7	1.5	1.2	1.6	0.9
Net employment change	116	-200	137	-372	154	-626	78	0.1	-0.4	0.3	-0.5	0.2	-1.0	0.2
Retail Trade														
Gross job gains	10,736	10,290	10,217	9,267	10,146	9,322	10,855	5.8	5.7	5.7	5.2	5.7	5.3	6.3
at expanding establishments	9,740	8,992	9,313	8,556	8,893	8,241	9,370	5.3	5.0	5.2	4.8	5.0	4.7	5.4
at opening establishments	996	1,298	904	711	1,253	1,081	1,485	0.5	0.7	0.5	0.4	0.7	0.6	0.9
Gross job losses	10,256	12,527	10,642	11,539	11,255	11,603	10,421	5.6	6.9	5.9	6.5	6.4	6.7	6.0
at contracting establishments	9,381	10,937	9,743	9,907	9,653	9,928	9,223	5.1	6.0	5.4	5.6	5.5	5.7	5.3
at closing establishments	875	1,590	899	1,632	1,602	1,675	1,198	0.5	0.9	0.5	0.9	0.9	1.0	0.7
Net employment change	480	-2,237	-425	-2,272	-1,109	-2,281	434	0.2	-1.2	-0.2	-1.3	-0.7	-1.4	0.3
Transportation and Warehousing														
Gross job gains	3,139	2,939	4,032	3,150	2,318	6,723	5,913	6.4	5.9	7.9	6.2	4.6	13.0	10.5
at expanding establishments	2,868	2,612	3,623	2,959	2,046	3,679	5,633	5.8	5.2	7.1	5.8	4.1	7.1	10.0
at opening establishments	271	327	409	191	272	3,044	280	0.6	0.7	0.8	0.4	0.5	5.9	0.5
Gross job losses	1,979	2,592	2,338	4,191	3,241	2,339	2,538	4.0	5.2	4.6	8.2	6.5	4.5	4.5
at contracting establishments	1,774	2,384	2,085	3,707	2,934	2,084	2,119	3.6	4.8	4.1	7.3	5.9	4.0	3.8
at closing establishments	205	208	253	484	307	255	419	0.4	0.4	0.5	0.9	0.6	0.5	0.7
Net employment change	1,160	347	1,694	-1,041	-923	4,384	3,375	2.4	0.7	3.3	-2.0	-1.9	8.5	6.0
Financial Activities														
Gross job gains	4,443	3,654	4,022	3,784	4,501	4,344	3,625	3.6	3.0	3.3	3.1	3.7	3.6	3.0
at expanding establishments	3,754	3,164	3,187	3,149	3,532	3,131	2,995	3.0	2.6	2.6	2.6	2.9	2.6	2.5
at opening establishments	689	490	835	635	969	1,213	630	0.6	0.4	0.7	0.5	0.8	1.0	0.5
Gross job losses	4,396	4,811	4,371	4,397	4,237	4,684	4,329	3.5	3.9	3.6	3.6	3.5	3.9	3.5
at contracting establishments	3,644	4,121	3,753	3,476	3,387	3,864	3,420	2.9	3.3	3.1	2.8	2.8	3.2	2.8
at closing establishments	752	690	618	921	850	820	909	0.6	0.6	0.5	0.8	0.7	0.7	0.7
Net employment change	47	-1,157	-349	-613	264	-340	-704	0.1	-0.9	-0.3	-0.5	0.2	-0.3	-0.5

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Professional Business Services														
Gross job gains	14,702	13,676	11,736	12,854	15,477	13,968	13,376	6.7	6.2	5.3	5.9	7.1	6.4	6.2
at expanding establishments	12,121	11,667	9,605	10,940	11,890	10,716	10,597	5.5	5.3	4.3	5.0	5.5	4.9	4.9
at opening establishments	2,581	2,009	2,131	1,914	3,587	3,252	2,779	1.2	0.9	1.0	0.9	1.6	1.5	1.3
Gross job losses	13,511	13,361	12,773	15,654	15,835	14,139	16,142	6.2	6.0	5.7	7.2	7.3	6.5	7.4
at contracting establishments	11,378	10,929	10,743	11,075	13,038	11,392	11,939	5.2	4.9	4.8	5.1	6.0	5.2	5.5
at closing establishments	2,133	2,432	2,030	4,579	2,797	2,747	4,203	1.0	1.1	0.9	2.1	1.3	1.3	1.9
Net employment change	1,191	315	-1,037	-2,800	-358	-171	-2,766	0.5	0.2	-0.4	-1.3	-0.2	-0.1	-1.2
Education and Health Services														
Gross job gains	13,186	12,643	11,440	12,816	13,409	13,246	12,028	4.0	3.8	3.5	3.9	4.0	4.0	3.6
at expanding establishments	11,798	11,011	10,247	10,969	11,984	11,626	10,406	3.6	3.3	3.1	3.3	3.6	3.5	3.1
at opening establishments	1,388	1,632	1,193	1,847	1,425	1,620	1,622	0.4	0.5	0.4	0.6	0.4	0.5	0.5
Gross job losses	11,521	12,422	10,964	11,336	12,695	12,189	11,772	3.6	3.8	3.4	3.4	3.8	3.6	3.5
at contracting establishments	10,337	10,844	9,437	9,546	10,895	10,405	10,081	3.2	3.3	2.9	2.9	3.3	3.1	3.0
at closing establishments	1,184	1,578	1,527	1,790	1,800	1,784	1,691	0.4	0.5	0.5	0.5	0.5	0.5	0.5
Net employment change	1,665	221	476	1,480	714	1,057	256	0.4	0.0	0.1	0.5	0.2	0.4	0.1
Leisure and Hospitality														
Gross job gains	15,902	14,415	15,635	14,307	16,237	13,652	14,539	10.1	9.1	9.9	8.9	10.2	8.6	9.3
at expanding establishments	13,271	11,674	13,133	11,713	12,201	10,932	12,211	8.4	7.4	8.3	7.3	7.7	6.9	7.8
at opening establishments	2,631	2,741	2,502	2,594	4,036	2,720	2,328	1.7	1.7	1.6	1.6	2.5	1.7	1.5
Gross job losses	14,556	16,486	13,218	15,262	16,916	17,246	13,840	9.2	10.4	8.3	9.6	10.7	11.0	8.8
at contracting establishments	12,809	14,513	11,723	11,986	14,419	14,578	10,844	8.1	9.2	7.4	7.5	9.1	9.3	6.9
at closing establishments	1,747	1,973	1,495	3,276	2,497	2,668	2,996	1.1	1.2	0.9	2.1	1.6	1.7	1.9
Net employment change	1,346	-2,071	2,417	-955	-679	-3,594	699	0.9	-1.3	1.6	-0.7	-0.5	-2.4	0.5
Other														
Gross job gains	4,213	3,938	3,508	3,818	3,986	3,479	3,813	8.0	7.5	6.7	7.3	7.6	6.7	7.4
at expanding establishments	3,356	2,958	2,946	3,159	3,128	2,649	2,899	6.4	5.6	5.6	6.0	6.0	5.1	5.6
at opening establishments	857	980	562	659	858	830	914	1.6	1.9	1.1	1.3	1.6	1.6	1.8
Gross job losses	3,151	4,141	3,591	3,826	3,821	4,077	3,587	6.1	7.8	6.9	7.3	7.3	7.8	6.8
at contracting establishments	2,704	3,436	2,922	2,829	2,765	3,084	2,784	5.2	6.5	5.6	5.4	5.3	5.9	5.3
at closing establishments	447	705	669	997	1,056	993	803	0.9	1.3	1.3	1.9	2.0	1.9	1.5
Net employment change	1,062	-203	-83	-8	165	-598	226	1.9	-0.3	-0.2	0.0	0.3	-1.1	0.6

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.