



BUSINESS EMPLOYMENT DYNAMICS

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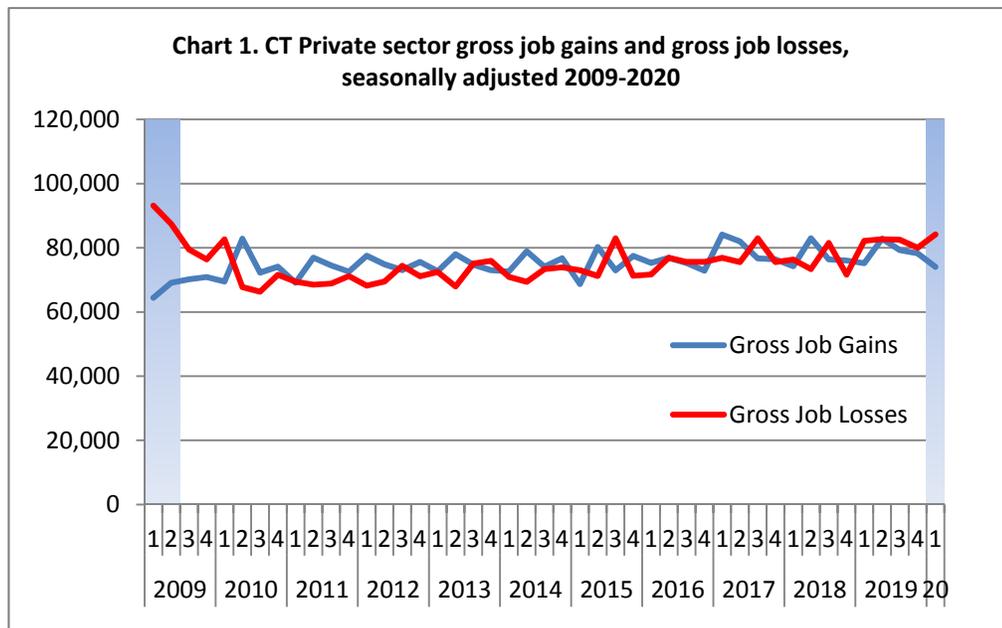
First Quarter 2020

WETHERSFIELD, October 28th, 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 January 2020 to March 2020, **gross job gains** from opening and expanding private sector establishments in Connecticut was 74,079, a decrease of 4,203 jobs from the previous quarter. Over this period, **gross job losses** from closing and contracting private sector establishments was 84,157 an increase of 4,158 jobs from the previous quarter.

During the first quarter of 2020, difference between gross job gains and gross job losses yielded a **net employment loss** of 10,078 jobs in the private sector. This is the lowest net change since March 2010.

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 2010-2018 and was -2,939 in 2019.

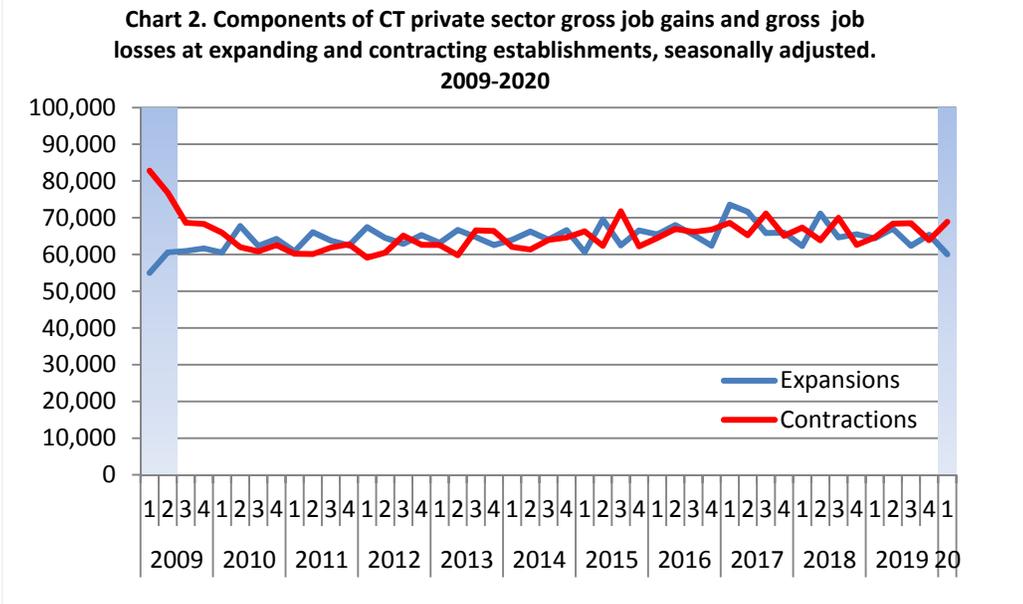


The change in the number of jobs over time is the net result of increases and decreases in employment that occur at all businesses in the economy. Business Employment Dynamics (BED) statistics track these changes in employment at private business units from the third month of one quarter to the third 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 60,050 in the first quarter of 2020, a decrease of 5,338 from the previous quarter.

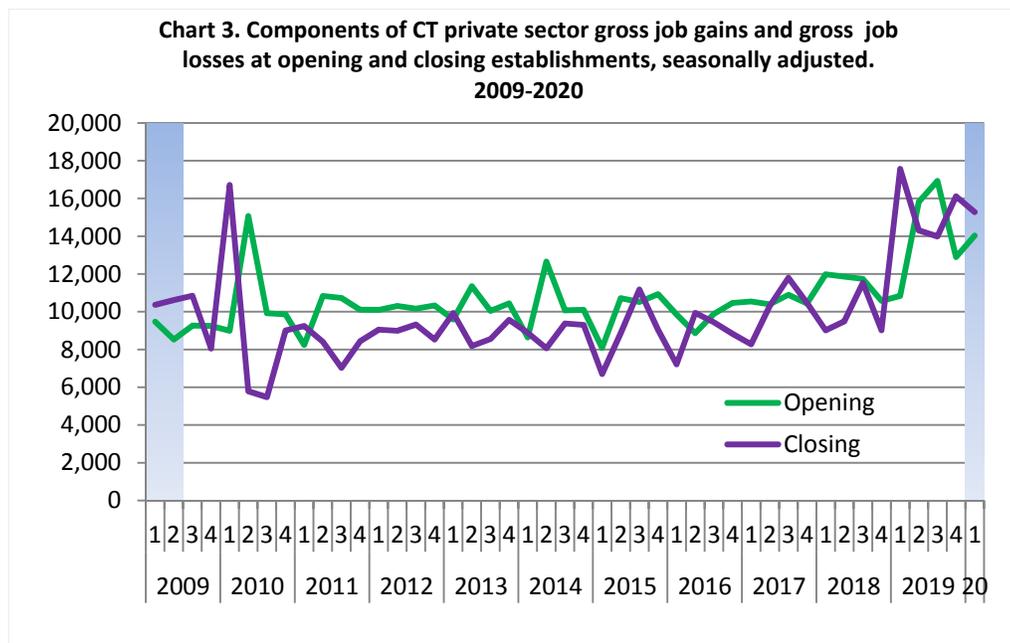
Opening establishments accounted for 14,029 jobs gained in the first quarter of 2020, an increase of 1,135 jobs from the previous quarter.



Contracting establishments lost 68,881 jobs in the first quarter of 2020. This was an increase of 4,993 jobs from the prior quarter.

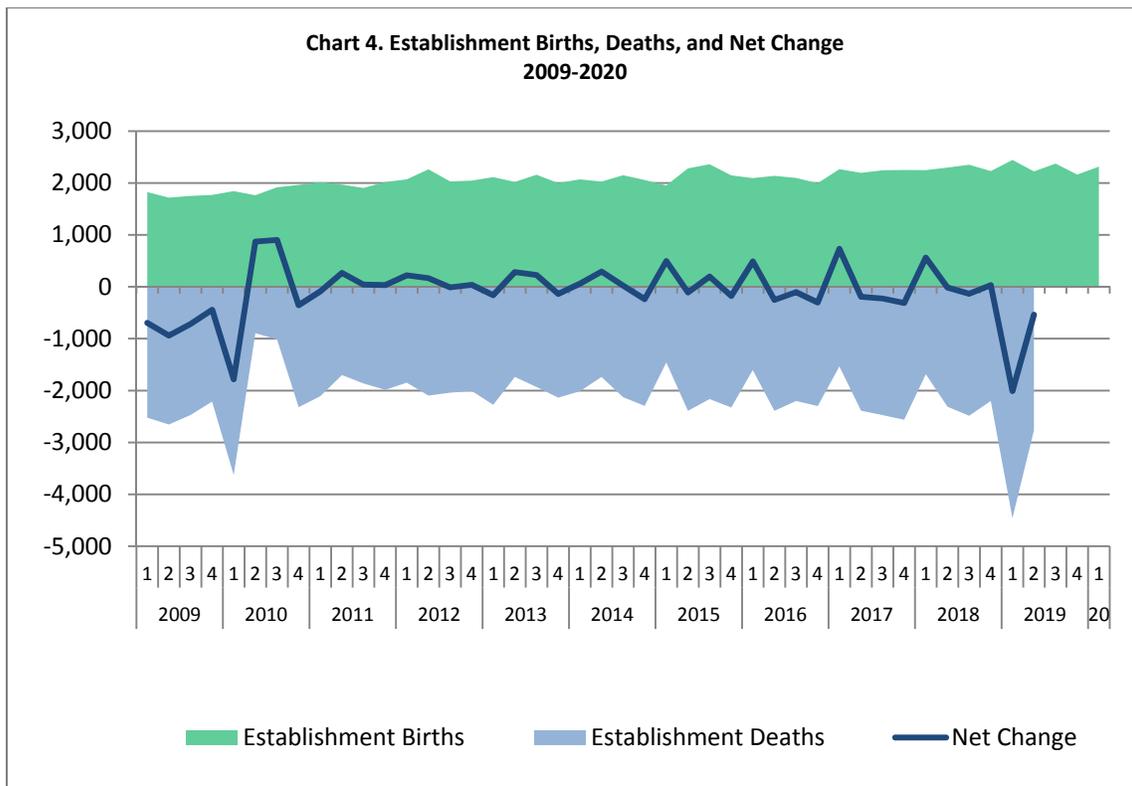
In the first quarter of 2020, **closing** establishments lost 15,276 jobs, a decrease of 835 jobs from the previous quarter. Chart 3 shows the relationship between opening and closing-derived job change. Since early 2019, total establishment openings and closings have held above levels from the 2011-18 period. 2020Q1 includes the start of the current recession.

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.



In the first quarter of 2020, there were 2,317 **establishment births** (a subset of the openings data). These new establishments accounted for 7,421 jobs, 713 jobs more than the previous quarter.

Data for **establishment deaths** (a subset of the closings data) are available through the second quarter of 2019, where 8,770 jobs were lost at 2,764 establishment deaths. In the prior quarter, 9,512 jobs were lost at 4,457 establishment deaths.

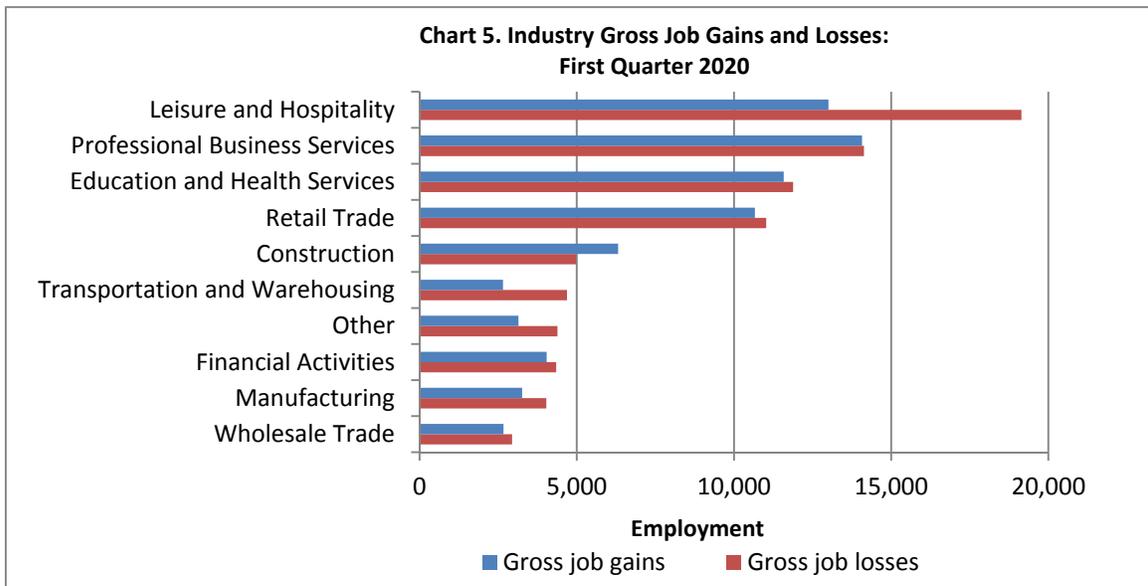


The **net change of establishment births and deaths** went consistently negative during the recession from the first quarter of 2008 and through the first quarter of 2010. During those 9 quarters of recession, Connecticut averaged a net decrease of 640 establishments per quarter, with the largest net 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 second quarter of 2019, birth/death net change has been positive in 19 of past 37 quarters of available data, with an averaging a net increase of 16 establishments per quarter during that period.

In the second quarter of 2019 (the most recent quarter of establishment death data), there were 2,225 establishment births and 2,764 establishment deaths, resulting in a -539 establishment net change. This follows a first quarter 2019 series net change low of -2,011.

During the first quarter of 2020, **gross job losses** exceeded **gross job gains** in 9 of 10 available sectors. The sectors with the largest net losses were leisure & hospitality, transportation & warehousing, and other services. The construction was the only net gaining sector.



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)						
	Sept. 2018	Dec. 2018	Mar. 2019	June 2019	Sept. 2019	Dec. 2019	Mar. 2020	Sept. 2018	Dec. 2018	Mar. 2019	June 2019	Sept. 2019	Dec. 2019	Mar. 2020
	Total Private													
gross job gains	76,374	76,067	75,200	82,854	79,268	78,282	74,079	5.3	5.3	5.3	5.8	5.5	5.5	5.2
expansions	64,634	65,491	64,363	67,038	62,339	65,388	60,050	4.5	4.6	4.5	4.7	4.3	4.6	4.2
openings	11,740	10,576	10,837	15,816	16,929	12,894	14,029	0.8	0.7	0.8	1.1	1.2	0.9	1.0
gross job losses	81,499	71,619	82,197	82,692	82,472	79,999	84,157	5.7	5.0	5.7	5.8	5.8	5.6	5.9
contractions	69,973	62,603	64,628	68,380	68,484	63,888	68,881	4.9	4.4	4.5	4.8	4.8	4.5	4.8
closings	11,526	9,016	17,569	14,312	13,988	16,111	15,276	0.8	0.6	1.2	1.0	1.0	1.1	1.1
net change	-5,125	4,448	-6,997	162	-3,204	-1,717	-10,078	-0.4	0.3	-0.4	0.0	-0.3	-0.1	-0.7
Construction														
gross job gains	5,803	6,022	6,161	6,598	5,373	5,304	6,317	9.9	10.2	10.2	11.0	9.0	9.0	10.7
expansions	4,988	5,188	5,298	4,980	4,039	4,071	4,981	8.5	8.8	8.8	8.3	6.8	6.9	8.4
openings	815	834	863	1,618	1,334	1,233	1,336	1.4	1.4	1.4	2.7	2.2	2.1	2.3
gross job losses	5,982	5,397	6,123	6,652	5,746	7,014	4,977	10.1	9.1	10.2	11.1	9.7	11.9	8.4
contractions	4,902	4,792	4,361	5,231	4,733	5,073	3,669	8.3	8.1	7.3	8.7	8.0	8.6	6.2
closings	1,080	605	1,762	1,421	1,013	1,941	1,308	1.8	1.0	2.9	2.4	1.7	3.3	2.2
net change	-179	625	38	-54	-373	-1,710	1,340	-0.2	1.1	0.0	-0.1	-0.7	-2.9	2.3
Manufacturing														
gross job gains	3,698	4,622	3,740	4,598	3,821	3,601	3,260	2.3	2.9	2.3	2.8	2.3	2.2	2.0
expansions	3,233	4,376	3,590	4,269	3,434	3,256	3,032	2.0	2.7	2.2	2.6	2.1	2.0	1.9
openings	465	246	150	329	387	345	228	0.3	0.2	0.1	0.2	0.2	0.2	0.1
gross job losses	4,354	3,411	3,778	3,981	5,022	4,392	4,030	2.7	2.1	2.4	2.5	3.1	2.7	2.5
contractions	4,156	3,111	3,364	3,544	4,540	3,888	3,792	2.6	1.9	2.1	2.2	2.8	2.4	2.4
closings	198	300	414	437	482	504	238	0.1	0.2	0.3	0.3	0.3	0.3	0.1
net change	-656	1,211	-38	617	-1,201	-791	-770	-0.4	0.8	-0.1	0.3	-0.8	-0.5	-0.5
Wholesale Trade														
gross job gains	2,741	2,742	2,542	2,981	2,534	2,798	2,668	4.5	4.5	4.2	5.0	4.3	4.7	4.5
expansions	2,128	2,183	2,132	2,224	1,890	2,142	2,117	3.5	3.6	3.5	3.7	3.2	3.6	3.6
openings	613	559	410	757	644	656	551	1.0	0.9	0.7	1.3	1.1	1.1	0.9
gross job losses	2,910	2,622	3,129	2,732	3,137	2,710	2,944	4.7	4.2	5.2	4.6	5.3	4.5	5.0
contractions	2,182	2,173	2,161	2,032	2,270	2,161	2,002	3.5	3.5	3.6	3.4	3.8	3.6	3.4
closings	728	449	968	700	867	549	942	1.2	0.7	1.6	1.2	1.5	0.9	1.6
net change	-169	120	-587	249	-603	88	-276	-0.2	0.3	-1.0	0.4	-1.0	0.2	-0.5
Retail Trade														
gross job gains	10,334	10,194	9,158	10,200	9,392	10,894	10,667	5.7	5.7	5.1	5.7	5.3	6.3	6.1
expansions	9,027	9,296	8,404	8,928	8,292	9,379	9,312	5.0	5.2	4.7	5.0	4.7	5.4	5.3
openings	1,307	898	754	1,272	1,100	1,515	1,355	0.7	0.5	0.4	0.7	0.6	0.9	0.8
gross job losses	12,480	10,712	11,650	11,240	11,497	10,553	11,025	6.9	6.0	6.5	6.3	6.5	6.0	6.4
contractions	10,884	9,811	10,022	9,631	9,862	9,275	9,533	6.0	5.5	5.6	5.4	5.6	5.3	5.5
closings	1,596	901	1,628	1,609	1,635	1,278	1,492	0.9	0.5	0.9	0.9	0.9	0.7	0.9
net change	-2,146	-518	-2,492	-1,040	-2,105	341	-358	-1.2	-0.3	-1.4	-0.6	-1.2	0.3	-0.3
Transportation and Warehousing														
gross job gains	2,932	3,981	3,297	2,379	6,761	5,876	2,654	5.9	7.8	6.4	4.7	13.1	10.4	4.7
expansions	2,605	3,573	3,089	2,108	3,715	5,596	2,435	5.2	7.0	6.0	4.2	7.2	9.9	4.3
openings	327	408	208	271	3,046	280	219	0.7	0.8	0.4	0.5	5.9	0.5	0.4
gross job losses	2,627	2,356	4,201	2,931	2,333	2,542	4,687	5.2	4.6	8.3	5.9	4.5	4.5	8.2
contractions	2,415	2,106	3,662	2,587	2,090	2,157	4,364	4.8	4.1	7.2	5.2	4.0	3.8	7.6
closings	212	250	539	344	243	385	323	0.4	0.5	1.1	0.7	0.5	0.7	0.6
net change	305	1,625	-904	-552	4,428	3,334	-2,033	0.7	3.2	-1.9	-1.2	8.6	5.9	-3.5
Financial Activities														
gross job gains	3,652	4,041	3,782	4,515	4,449	3,701	4,039	3.0	3.3	3.1	3.7	3.6	3.0	3.4
expansions	3,169	3,195	3,135	3,542	3,232	3,067	3,349	2.6	2.6	2.6	2.9	2.6	2.5	2.8
openings	483	846	647	973	1,217	634	690	0.4	0.7	0.5	0.8	1.0	0.5	0.6
gross job losses	4,800	4,372	4,475	4,320	4,697	4,459	4,346	3.9	3.6	3.7	3.6	3.9	3.6	3.6
contractions	4,106	3,760	3,504	3,398	3,870	3,447	3,580	3.3	3.1	2.9	2.8	3.2	2.8	3.0
closings	694	612	971	922	827	1,012	766	0.6	0.5	0.8	0.8	0.7	0.8	0.6
net change	-1,148	-331	-693	195	-248	-758	-307	-0.9	-0.3	-0.6	0.1	-0.3	-0.6	-0.2

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Professional Business Services														
gross job gains	13,698	11,780	13,201	15,640	14,024	13,421	14,074	6.2	5.3	6.0	7.2	6.4	6.2	6.5
expansions	11,694	9,630	10,967	11,951	10,704	10,604	11,547	5.3	4.3	5.0	5.5	4.9	4.9	5.3
openings	2,004	2,150	2,234	3,689	3,320	2,817	2,527	0.9	1.0	1.0	1.7	1.5	1.3	1.2
gross job losses	13,380	12,722	15,565	14,542	14,256	16,192	14,135	6.0	5.7	7.1	6.7	6.5	7.4	6.5
contractions	10,933	10,723	10,945	11,760	11,434	11,954	11,302	4.9	4.8	5.0	5.4	5.2	5.5	5.2
closings	2,447	1,999	4,620	2,782	2,822	4,238	2,833	1.1	0.9	2.1	1.3	1.3	1.9	1.3
net change	318	-942	-2,364	1,098	-232	-2,771	-61	0.2	-0.4	-1.1	0.5	-0.1	-1.2	0.0
Education and Health Services														
gross job gains	12,618	11,434	13,081	13,383	13,143	11,905	11,584	3.8	3.5	4.0	4.1	4.0	3.6	3.5
expansions	10,981	10,255	11,067	11,888	11,501	10,323	9,744	3.3	3.1	3.4	3.6	3.5	3.1	2.9
openings	1,637	1,179	2,014	1,495	1,642	1,582	1,840	0.5	0.4	0.6	0.5	0.5	0.5	0.6
gross job losses	12,425	10,988	11,468	12,771	12,254	11,748	11,879	3.8	3.4	3.4	3.9	3.7	3.5	3.6
contractions	10,850	9,460	9,699	10,930	10,342	10,007	10,183	3.3	2.9	2.9	3.3	3.1	3.0	3.1
closings	1,575	1,528	1,769	1,841	1,912	1,741	1,696	0.5	0.5	0.5	0.6	0.6	0.5	0.5
net change	193	446	1,613	612	889	157	-295	0.0	0.1	0.6	0.2	0.3	0.1	-0.1
Leisure and Hospitality														
gross job gains	14,466	15,610	14,367	16,213	13,662	14,495	13,007	9.1	9.9	9.0	10.2	8.7	9.3	8.5
expansions	11,726	13,078	11,816	12,210	10,904	12,152	9,341	7.4	8.3	7.4	7.7	6.9	7.8	6.1
openings	2,740	2,532	2,551	4,003	2,758	2,343	3,666	1.7	1.6	1.6	2.5	1.8	1.5	2.4
gross job losses	16,446	13,294	15,443	17,244	17,318	14,034	19,142	10.4	8.4	9.7	10.9	11.0	9.0	12.4
contractions	14,477	11,801	12,051	14,589	14,591	10,897	14,989	9.2	7.5	7.6	9.2	9.3	7.0	9.7
closings	1,969	1,493	3,392	2,655	2,727	3,137	4,153	1.2	0.9	2.1	1.7	1.7	2.0	2.7
net change	-1,980	2,316	-1,076	-1,031	-3,656	461	-6,135	-1.3	1.5	-0.7	-0.7	-2.3	0.3	-3.9
Other														
gross job gains	3,960	3,503	3,819	3,994	3,557	3,855	3,146	7.5	6.7	7.3	7.6	6.8	7.4	6.0
expansions	2,975	2,946	3,118	3,116	2,647	2,911	2,297	5.6	5.6	6.0	5.9	5.1	5.6	4.4
openings	985	557	701	878	910	944	849	1.9	1.1	1.3	1.7	1.7	1.8	1.6
gross job losses	4,128	3,620	3,919	3,887	4,086	3,631	4,383	7.8	6.9	7.5	7.4	7.8	7.0	8.5
contractions	3,422	2,942	2,896	2,813	3,079	2,803	3,282	6.5	5.6	5.5	5.4	5.9	5.4	6.4
closings	706	678	1,023	1,074	1,007	828	1,101	1.3	1.3	2.0	2.0	1.9	1.6	2.1
net change	-168	-117	-100	107	-529	224	-1,237	-0.3	-0.2	-0.2	0.2	-1.0	0.4	-2.5

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.