



BUSINESS EMPLOYMENT DYNAMICS

Office of Research
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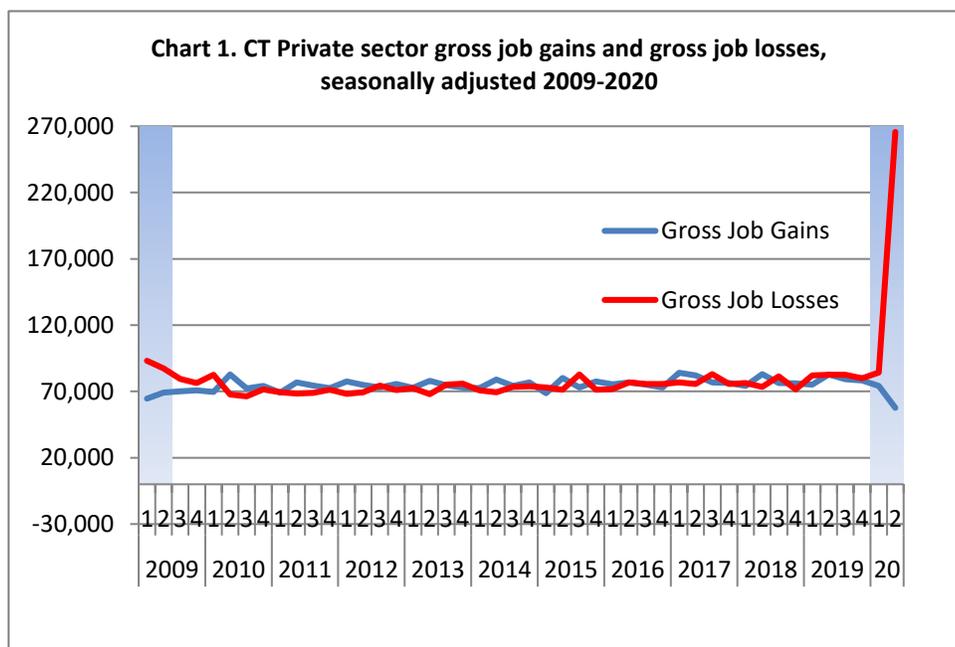
Second Quarter 2020

WETHERSFIELD, January 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 sector level.

From April 2020 to June 2020, **gross job gains** from opening and expanding private sector establishments in Connecticut was 57,620, a decrease of 16,459 jobs from the previous quarter. Over this period, **gross job losses** from closing and contracting private sector establishments was 265,693, an increase of 181,536 jobs from the previous quarter.

During the second quarter of 2020, difference between gross job gains and gross job losses yielded a **net employment loss** of 208,073 jobs in the private sector. This is the largest net decrease on record and reflects pandemic's impact on the economy.

Prior to the current recession, annual average net change was -2,939 in 2019 and positive from 2010-2018. During the last recession it fell precipitously to a low of -15,445 jobs in 2009. Before that from 2004-2007, annual average net change ranged between 1,534 and 4,190 jobs.

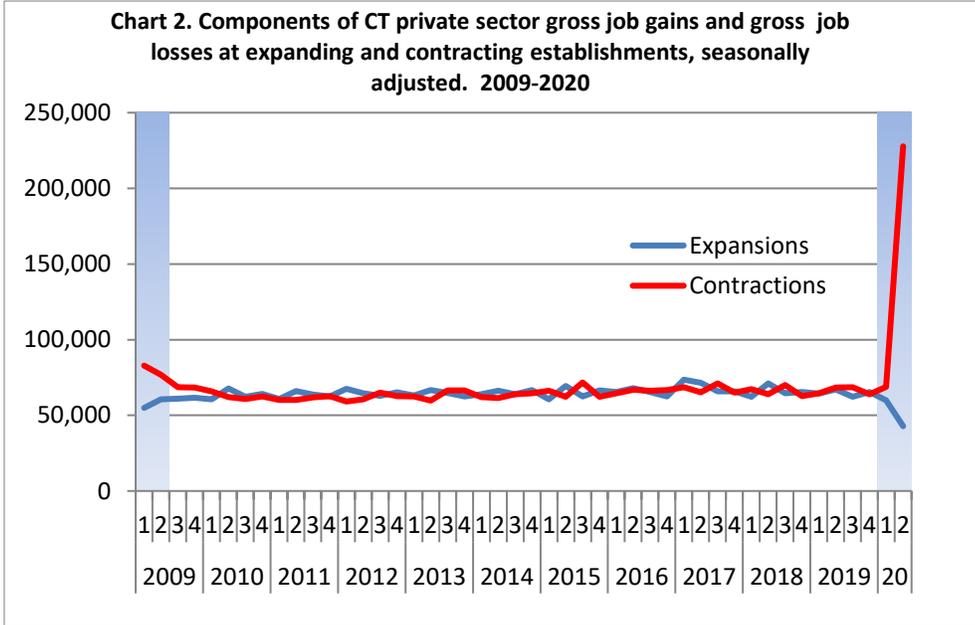


The change in the number of jobs over time is the net result of increases and decreases in employment that occur at all businesses in the economy. Business Employment Dynamics (BED) statistics track these changes in employment at private business units from the third month of one quarter to the third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

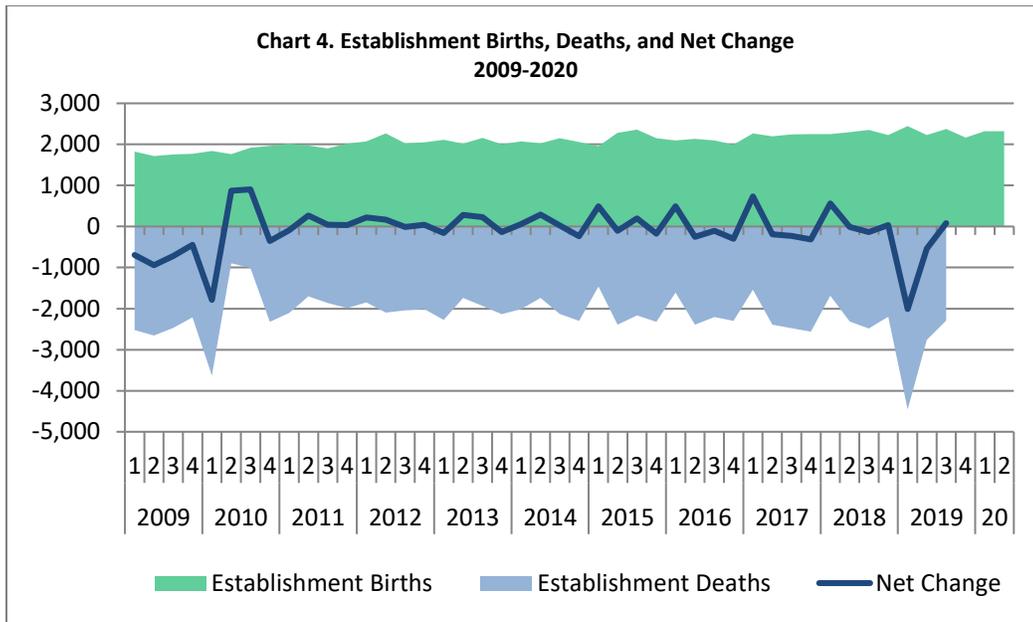
The BED data series includes gross job gains and gross job losses at the establishment level by industry subsector and for the 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands, as well as annual gross job gains and annual gross job losses at the firm level by employer size class.

Gross job gains at **expanding** establishments totaled 42,807 in the second quarter of 2020, a decrease of 17,243 from the previous quarter.

Opening establishments accounted for 14,813 jobs gained in the second quarter of 2020, an increase of 784 jobs from the previous quarter.



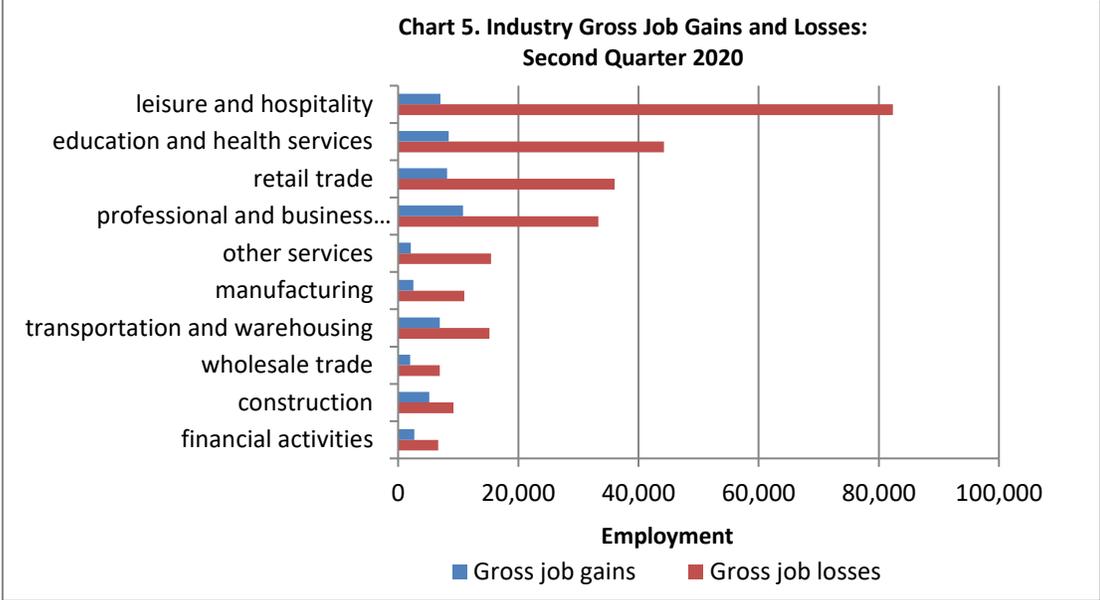
Contracting establishments lost 227,752 jobs in the second quarter of 2020. This represents 86% of total job losses during that quarter, when the state experienced heavy pandemic-related employment declines.



The **net change of establishment births and deaths** went consistently negative during the last recession from the first quarter of 2008 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. From 2010-2018, it ranged between -354 and +903 quarter to quarter change.

During the first half of 2019, net change fell by 2,011 establishments in the first quarter and 539 in the second. It recovered to an 84 establishment increase in the third quarter of 2019 (the last quarter of available data). This net increase is the result of 2,374 establishment births and 2,290 establishment deaths.

During the second quarter of 2020, **gross job losses** exceeded **gross job gains** in every industry. The sectors with the largest net losses were Leisure & Hospitality, Education & Health Services, and Retail Trade. These Industries were most impacted by the pandemic-induced shutdown. Industries with the smallest net losses include those that were essential businesses and/or were able to adapt to remote work such as Financial Activities, Construction, and Wholesale 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.	Mar.	June	Sept.	Dec.	Mar.	June	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
	2018	2019	2019	2019	2019	2020	2020	2018	2019	2019	2019	2019	2020	2020
Total Private														
Gross job gains	76,067	75,200	82,854	79,268	78,282	74,079	57,620	5.3	5.3	5.8	5.5	5.5	5.2	4.3
at expanding establishments	65,491	64,363	67,038	62,339	65,388	60,050	42,807	4.6	4.5	4.7	4.3	4.6	4.2	3.2
at opening establishments	10,576	10,837	15,816	16,929	12,894	14,029	14,813	0.7	0.8	1.1	1.2	0.9	1.0	1.1
Gross job losses	71,619	82,197	82,692	82,472	79,999	84,157	265,693	5.0	5.7	5.8	5.8	5.6	5.9	19.7
at contracting establishments	62,603	64,628	68,380	68,484	63,888	68,881	227,752	4.4	4.5	4.8	4.8	4.5	4.8	16.9
at closing establishments	9,016	17,569	14,312	13,988	16,111	15,276	37,941	0.6	1.2	1.0	1.0	1.1	1.1	2.8
Net employment change	4,448	-6,997	162	-3,204	-1,717	-10,078	-208,073	0.3	-0.4	0.0	-0.3	-0.1	-0.7	-15.4
Construction														
Gross job gains	6,022	6,161	6,598	5,373	5,304	6,317	5,180	10.2	10.2	11.0	9.0	9.0	10.7	8.9
at expanding establishments	5,188	5,298	4,980	4,039	4,071	4,981	3,630	8.8	8.8	8.3	6.8	6.9	8.4	6.2
at opening establishments	834	863	1,618	1,334	1,233	1,336	1,550	1.4	1.4	2.7	2.2	2.1	2.3	2.7
Gross job losses	5,397	6,123	6,652	5,746	7,014	4,977	9,204	9.1	10.2	11.1	9.7	11.9	8.4	15.8
at contracting establishments	4,792	4,361	5,231	4,733	5,073	3,669	7,149	8.1	7.3	8.7	8.0	8.6	6.2	12.3
at closing establishments	605	1,762	1,421	1,013	1,941	1,308	2,055	1.0	2.9	2.4	1.7	3.3	2.2	3.5
Net employment change	625	38	-54	-373	-1,710	1,340	-4,024	1.1	0.0	-0.1	-0.7	-2.9	2.3	-6.9
Manufacturing														
Gross job gains	4,622	3,740	4,598	3,821	3,601	3,260	2,515	2.9	2.3	2.8	2.3	2.2	2.0	1.6
at expanding establishments	4,376	3,590	4,269	3,434	3,256	3,032	2,203	2.7	2.2	2.6	2.1	2.0	1.9	1.4
at opening establishments	246	150	329	387	345	228	312	0.2	0.1	0.2	0.2	0.2	0.1	0.2
Gross job losses	3,411	3,778	3,981	5,022	4,392	4,030	10,989	2.1	2.4	2.5	3.1	2.7	2.5	7.0
at contracting establishments	3,111	3,364	3,544	4,540	3,888	3,792	10,086	1.9	2.1	2.2	2.8	2.4	2.4	6.4
at closing establishments	300	414	437	482	504	238	903	0.2	0.3	0.3	0.3	0.3	0.1	0.6
Net employment change	1,211	-38	617	-1,201	-791	-770	-8,474	0.8	-0.1	0.3	-0.8	-0.5	-0.5	-5.4
Wholesale Trade														
Gross job gains	2,742	2,542	2,981	2,534	2,798	2,668	2,019	4.5	4.2	5.0	4.3	4.7	4.5	3.5
at expanding establishments	2,183	2,132	2,224	1,890	2,142	2,117	1,429	3.6	3.5	3.7	3.2	3.6	3.6	2.5
at opening establishments	559	410	757	644	656	551	590	0.9	0.7	1.3	1.1	1.1	0.9	1.0
Gross job losses	2,622	3,129	2,732	3,137	2,710	2,944	6,907	4.2	5.2	4.6	5.3	4.5	5.0	12.2
at contracting establishments	2,173	2,161	2,032	2,270	2,161	2,002	6,032	3.5	3.6	3.4	3.8	3.6	3.4	10.7
at closing establishments	449	968	700	867	549	942	875	0.7	1.6	1.2	1.5	0.9	1.6	1.5
Net employment change	120	-587	249	-603	88	-276	-4,888	0.3	-1.0	0.4	-1.0	0.2	-0.5	-8.7
Retail Trade														
Gross job gains	10,194	9,158	10,200	9,392	10,894	10,667	8,144	5.7	5.1	5.7	5.3	6.3	6.1	4.9
at expanding establishments	9,296	8,404	8,928	8,292	9,379	9,312	6,984	5.2	4.7	5.0	4.7	5.4	5.3	4.2
at opening establishments	898	754	1,272	1,100	1,515	1,355	1,160	0.5	0.4	0.7	0.6	0.9	0.8	0.7
Gross job losses	10,712	11,650	11,240	11,497	10,553	11,025	36,055	6.0	6.5	6.3	6.5	6.0	6.4	21.9
at contracting establishments	9,811	10,022	9,631	9,862	9,275	9,533	33,261	5.5	5.6	5.4	5.6	5.3	5.5	20.2
at closing establishments	901	1,628	1,609	1,635	1,278	1,492	2,794	0.5	0.9	0.9	0.9	0.7	0.9	1.7
Net employment change	-518	-2,492	-1,040	-2,105	341	-358	-27,911	-0.3	-1.4	-0.6	-1.2	0.3	-0.3	-17.0
Transportation and Warehousing														
Gross job gains	3,981	3,297	2,379	6,761	5,876	2,654	6,954	7.8	6.4	4.7	13.1	10.4	4.7	12.9
at expanding establishments	3,573	3,089	2,108	3,715	5,596	2,435	6,552	7.0	6.0	4.2	7.2	9.9	4.3	12.2
at opening establishments	408	208	271	3,046	280	219	402	0.8	0.4	0.5	5.9	0.5	0.4	0.7
Gross job losses	2,356	4,201	2,931	2,333	2,542	4,687	15,180	4.6	8.3	5.9	4.5	4.5	8.2	28.2
at contracting establishments	2,106	3,662	2,587	2,090	2,157	4,364	13,917	4.1	7.2	5.2	4.0	3.8	7.6	25.9
at closing establishments	250	539	344	243	385	323	1,263	0.5	1.1	0.7	0.5	0.7	0.6	2.3
Net employment change	1,625	-904	-552	4,428	3,334	-2,033	-8,226	3.2	-1.9	-1.2	8.6	5.9	-3.5	-15.3
Financial Activities														
Gross job gains	4,041	3,782	4,515	4,449	3,701	4,039	2,707	3.3	3.1	3.7	3.6	3.0	3.4	2.3
at expanding establishments	3,195	3,135	3,542	3,232	3,067	3,349	1,998	2.6	2.6	2.9	2.6	2.5	2.8	1.7
at opening establishments	846	647	973	1,217	634	690	709	0.7	0.5	0.8	1.0	0.5	0.6	0.6
Gross job losses	4,372	4,475	4,320	4,697	4,459	4,346	6,692	3.6	3.7	3.6	3.9	3.6	3.6	5.6
at contracting establishments	3,760	3,504	3,398	3,870	3,447	3,580	5,574	3.1	2.9	2.8	3.2	2.8	3.0	4.7
at closing establishments	612	971	922	827	1,012	766	1,118	0.5	0.8	0.8	0.7	0.8	0.6	0.9
Net employment change	-331	-693	195	-248	-758	-307	-3,985	-0.3	-0.6	0.1	-0.3	-0.6	-0.2	-3.3

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	Dec. 2018	Mar. 2019	June 2019	Sept. 2019	Dec. 2019	Mar. 2020	June 2020	Dec. 2018	Mar. 2019	June 2019	Sept. 2019	Dec. 2019	Mar. 2020	June 2020
Professional Business Services														
Gross job gains	11,780	13,201	15,640	14,024	13,421	14,074	10,828	5.3	6.0	7.2	6.4	6.2	6.5	5.2
at expanding establishments	9,630	10,967	11,951	10,704	10,604	11,547	7,267	4.3	5.0	5.5	4.9	4.9	5.3	3.5
at opening establishments	2,150	2,234	3,689	3,320	2,817	2,527	3,561	1.0	1.0	1.7	1.5	1.3	1.2	1.7
Gross job losses	12,722	15,565	14,542	14,256	16,192	14,135	33,332	5.7	7.1	6.7	6.5	7.4	6.5	16.0
at contracting establishments	10,723	10,945	11,760	11,434	11,954	11,302	29,349	4.8	5.0	5.4	5.2	5.5	5.2	14.1
at closing establishments	1,999	4,620	2,782	2,822	4,238	2,833	3,983	0.9	2.1	1.3	1.3	1.9	1.3	1.9
Net employment change	-942	-2,364	1,098	-232	-2,771	-61	-22,504	-0.4	-1.1	0.5	-0.1	-1.2	0.0	-10.8
Education and Health Services														
Gross job gains	11,434	13,081	13,383	13,143	11,905	11,584	8,402	3.5	4.0	4.1	4.0	3.6	3.5	2.6
at expanding establishments	10,255	11,067	11,888	11,501	10,323	9,744	6,156	3.1	3.4	3.6	3.5	3.1	2.9	1.9
at opening establishments	1,179	2,014	1,495	1,642	1,582	1,840	2,246	0.4	0.6	0.5	0.5	0.5	0.6	0.7
Gross job losses	10,988	11,468	12,771	12,254	11,748	11,879	44,224	3.4	3.4	3.9	3.7	3.5	3.6	13.6
at contracting establishments	9,460	9,699	10,930	10,342	10,007	10,183	38,936	2.9	2.9	3.3	3.1	3.0	3.1	12.0
at closing establishments	1,528	1,769	1,841	1,912	1,741	1,696	5,288	0.5	0.5	0.6	0.6	0.5	0.5	1.6
Net employment change	446	1,613	612	889	157	-295	-35,822	0.1	0.6	0.2	0.3	0.1	-0.1	-11.0
Leisure and Hospitality														
Gross job gains	15,610	14,367	16,213	13,662	14,495	13,007	7,064	9.9	9.0	10.2	8.7	9.3	8.5	5.7
at expanding establishments	13,078	11,816	12,210	10,904	12,152	9,341	4,172	8.3	7.4	7.7	6.9	7.8	6.1	3.4
at opening establishments	2,532	2,551	4,003	2,758	2,343	3,666	2,892	1.6	1.6	2.5	1.8	1.5	2.4	2.3
Gross job losses	13,294	15,443	17,244	17,318	14,034	19,142	82,373	8.4	9.7	10.9	11.0	9.0	12.4	66.9
at contracting establishments	11,801	12,051	14,589	14,591	10,897	14,989	68,914	7.5	7.6	9.2	9.3	7.0	9.7	56.0
at closing establishments	1,493	3,392	2,655	2,727	3,137	4,153	13,459	0.9	2.1	1.7	1.7	2.0	2.7	10.9
Net employment change	2,316	-1,076	-1,031	-3,656	461	-6,135	-75,309	1.5	-0.7	-0.7	-2.3	0.3	-3.9	-61.2
Other														
Gross job gains	3,503	3,819	3,994	3,557	3,855	3,146	2,116	6.7	7.3	7.6	6.8	7.4	6.0	4.7
at expanding establishments	2,946	3,118	3,116	2,647	2,911	2,297	1,395	5.6	6.0	5.9	5.1	5.6	4.4	3.1
at opening establishments	557	701	878	910	944	849	721	1.1	1.3	1.7	1.7	1.8	1.6	1.6
Gross job losses	3,620	3,919	3,887	4,086	3,631	4,383	15,463	6.9	7.5	7.4	7.8	7.0	8.5	34.1
at contracting establishments	2,942	2,896	2,813	3,079	2,803	3,282	10,437	5.6	5.5	5.4	5.9	5.4	6.4	23.0
at closing establishments	678	1,023	1,074	1,007	828	1,101	5,026	1.3	2.0	2.0	1.9	1.6	2.1	11.1
Net employment change	-117	-100	107	-529	224	-1,237	-13,347	-0.2	-0.2	0.2	-1.0	0.4	-2.5	-29.4

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.