**Short-Term Employment Projections Through 2023**

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**CURRENT SITUATION**
The past two years have been a period of unprecedented economic change during which labor markets adapted to COVID-19 mitigation. In early 2020, the US economy had a 2-month recession, the shortest on record.1 Employment peaked in February at 152.5 million and fell by 22 million two months later. Employment began to quickly rebound and more than half of the 22 million jobs lost were recovered by September 2022. The most recent month of data marks two years from the February 2020 pre-COVID employment peak and show that the current employment level has recovered 92.8% of jobs lost nationwide during the recession.

 **Figure 1** shows the impact of the COVID-19 recession and recovery on northeast states through March 2022. Every northeast state had 2020 percent losses that were steeper than the U.S. Connecticut’s 17% decline was the second lowest in the Northeast. Adjacent states of Massachusetts, New York, and Rhode Island had respective drops of 18.4%, 20.2%, and 21.3%. In the two years since the February 2020 peak, Connecticut has recovered 81.8% of the jobs lost during the COVID-recession, more than New York (76.4%), but less than Massachusetts (87.1%) and Rhode Island (85.1%).

**Connecticut Short-Term Projections** Each year, the Office of Research at the Connecticut Department of Labor produces short-term employment projections by industry and occupation. The current round spans the second quarter of 2021 to the second quarter of 2023. This base quarter coincides with the start of the spring 2021 vaccine rollout and the easing of many COVID-mitigation restrictions. Through 2023Q2, we project overall employment in Connecticut to increase by 6.9% from 1,722,162 to 1,841,001, as is shown in **Figure 2**. Note that this topline figure includes projected self-employment and unpaid family workers (UFW). The Goods Producing sector is projected to grow by 7.9% through 2023Q2, with most of that growth occurring in Manufacturing, its largest component industry. The Service Providing sector is projected to grow by 6.6% over two years. This sector represents 86.5% of industry employment in the state. This projected growth suggests that the state will continue its current trend of monthly job growth and will approach pre-pandemic levels of industry employment by mid-2023.

**Projections by Industry** The two major sectors that show the largest projected employment percent increases are those that were heavily impacted by the COVID-19 lockdown. Arts, Entertainment, & Recreation is projected to grow by 29.6% and Accommodation & Food Services by 21.6%. These two sectors had the largest 2020 employment decreases during the second quarter of that year and are experiencing strong rebounds that demonstrate the underlying resilience of the Connecticut economy. The third largest sector growth is expected in Transportation & Warehousing, which isn’t recovering from a trough but is continuing a pre-pandemic growth trend that has accelerated as people adapted to the lockdowns and ordered more online. Transportation & Warehousing has experienced increasing annual growth from 2016 through 2020, increasing from 2% in 2016, 3% in 2017, 6% in both 2018 and 2019, and 7% in 2020.

Nearly every industry is projected to add jobs during the projections period. In addition to those mentioned above, Manufacturing is projected to grow by 8.3% (+12,705). Accommodations & Food Services, Transportation & Warehousing, and Manufacturing amounted to a combined 19% of base quarter employment and represent 41% of projected growth. This pattern is heavily influenced by the short-term impact of COVID on the economy. The large growth in Accommodation & Food Services and Transportation & Warehousing follow aforementioned trends while the Manufacturing projection signals that it is expected to regain its pre-COVID growth trend that spanned from mid-2016 through the first months of 2020. Current Employment Statistics data show Manufacturing employment gains over the last 6 months with February 2022 employment up 5,700 over the year and 3,100 below pre-recession February 2020 levels.

 The two sectors expected to lose jobs through 2023 are Utilities with a slight 2.5% decline and Finance & Insurance, projected to decrease by 1.5%. The Finance & Insurance declines represent a continuation of a longer-term trend. Its employment peaked in 2007 at 123,453 jobs and was 101,756 in 2019. It fell to just under 100,000 by mid-2020 and was 99,567 during the 2021Q2 base quarter.
 **Projections by Occupation** As noted above, overall employment including self-employed and UFW is projected to grow by 118,839 or +6.9% from 2021Q2 through 2023Q2. In addition to the industry breakdowns discussed in the previous section, projections are also produced for the 22 major occupational groups and over 700 specific occupations.2 Every occupational group is projected to add jobs during the 2-year projections period, with growth ranging from 3.2% for Legal Occupations to 18.0% for Food Preparation & Serving Related (**Figure 3**). The five occupational groups with the largest gains are Food Preparation & Serving Related (+21,732 or +18.0%), Transportation & Material Moving (+14,166 or +11.5%), Office & Administrative Support (+8,692 or +3.9%), Management (+8,325 or +6.6%) and Personal Care & Service (+7,817 or +13.3%). These five major occupational groups represent a combined 38% of base quarter employment and 51% of projected growth.

 Other large occupational groups, all with base employment of 100,000 or more have projected growth of 7,002 or less and by 5.2% or less. Sales and Related is expected to add 7,002, an increase of 4.5%. Education, Training & Library Occupations has projected gains of 5,177 or +4.2%, Business & Financial Operations is expected to increase by 5,155 or 5.2%, and Healthcare Practitioners & Technical is expected to increase by 4,428 or +4.1%.

 Each occupation is assigned an education value based on the minimum education necessary to enter an occupation and is shown in **Figure 4**. Over the two years, 34% of projected job growth will be in occupations that require a credential or degree beyond high school. This share of occupational growth is 11 points above the level projected last year, which reflects the differences between the 2020Q2 base used last year and the 2021Q2 base used for this round of projections. The COVID-recession heavily impacted sectors of the economy that required public-facing operations such as food service, retail, and other employment that was not able to shift to telework or alternative arrangements. The 2021 base quarter reflects the economy one year into its recovery, after many of the hardest hit sectors had regained a large portion of their early 2020 employment losses. This shift was noted last year, which stated that “employment growth to higher levels of educational attainment can be expected in future rounds of short-term projections as the economy recovers from the pandemic”.3

**Connecticut’s Projections Compared to Nearby States** Connecticut’s projected 2021-2023 growth is shown in **Figure 5** to be higher than the northern New England states of Maine, Massachusetts, and New Hampshire, but lower than Rhode Island and Vermont. The lower projected growth to the north may correspond with the higher recovery rates those states have experienced compared to Connecticut, whereas our larger projected growth neighbors of New York and Vermont both have recovery rates currently below 77%.

 **Risks to projection**

The projections were produced in early 2022 using the best information available at that time. Since the projections were completed, Connecticut has continued to report job growth confirming the validity of the projections process and the strength of the Connecticut economy. The largest risks to the projections are outside our state and include the international conflict in Europe and higher energy prices in addition to Federal Reserve actions to reduce the rate of inflation. And of course, a resurgence of COVID-19 could also reduce employment growth. On the other hand, increased federal infrastructure investments, initiatives to enhance Connecticut’s workforce, and the large number of job openings currently reported suggest there are positive risks as well.  **Conclusions** Connecticut’s short-term projections show that the state is expected to continue the strong employment growth that has occurred in the past year as it recovers from the sharp and short pandemic-induced recession of 2020. From 2020-2021, employment grew by 2.7% and the annual unemployment rate fell from 7.8% to 6.3%.4 As of March 2022, the state has recovered 81.8% of 289,000 jobs lost two years ago and current employment is at 96.9% of February 2020 levels. The recovery is still ongoing, but recent economic data and our short-term projections both suggest the state is heading in the right direction. n

**Data Limitations:** The Department of Labor’s short-term projections in this report have been carefully prepared to ensure accuracy, but by nature are subject to error. For more detail on the short-term occupational projections, visit https://projectionscentral.org/Projections/ShortTerm

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1 NBER. US Business Cycle Expansions and Contractions.
https://www.nber.org/research/data/us-business-cycle-expansions-and-contractions

2 Projections can be downloaded here: https://projectionscentral.org/Projections/ShortTerm

3 Krzyzek, Matthew. Short-Term Employment Projections Through 2022. Connecticut Economic Digest. May 2021.

4 Joo, Jungmin Charles. Connecticut’s Economy Rebounds in 2021. Connecticut Economic Digest. March 2022.