*Short-Term Employment Projected to Grow Modestly Through 2025*

*By Matthew Krzyzek, Economist, Department of Labor*

Connecticut’s economy is projected to add almost 30,000 jobs through the end of the short-term projections period (2nd quarter 2025). In addition to that net increase, the state is projected to have over 425,000 openings across all occupational categories and every educational level. The industries driving this growth include Health Care, Educational Services, Manufacturing, and Transportation & Warehousing. Through 2025Q2, we project overall employment in Connecticut to increase by 1.6% from 1,824,865 to 1,854,557 including self-employment and unpaid family workers (UFW). The Goods-Producing sector is projected to grow by 2.1% and the Service-Providing sector is projected to grow by 1.5% over two years. This latter sector represents 86.6% of industry employment in the state. The current projections round spans the second quarter of 2023 to the second quarter of 2025.   
    
**Projections by Industry** Each year, the Office of Research at the Connecticut Department of Labor produces short-term employment projections by industry and occupation. Among the 20 industry groups shown in **Figure 1** (page 3), 16 are projected to increase over two years and 4 are projected to decline. The largest increases are expected in Health Care (+9,255), Educational Services (+2,954), Manufacturing (+2,787), and Transportation & Warehousing (+2,692).

The Health Care and Social Assistance sector is projected to add 10,049 jobs over the projections period with Health Care up 9,255. Health Care employment recovered its

COVID-19 recession employment losses by the end of the 2023Q2 base quarter and has continued to steadily add jobs. The two-year Health Care projections have more than half of its growth occurring in its Ambulatory Health Care Services (NAICS 621) component industry, with expected employment gains of 5,189. Hospitals are projected to add 1,911 jobs and Nursing and Residential Care Facilities adding 2,155 jobs with approximately half of those in Skilled Nursing Facilities (+1,021).

Projected Educational Services employment growth of 2,954 is mostly occurring in its two largest component industries, Elementary and Secondary Schools (NAICS 6111) and Colleges, Universities, and Professional Schools (NAICS 6113). Elementary and Secondary Schools, which account for 60% of employment in this sector, are projected to add 1,253 jobs (up 1.1%) while Colleges and Universities are projected to add 1,157 jobs (up 2.0%).   
 The projected gains in Manufacturing continue a trend of employment recovery from 2020. This projected growth is driven by gains within Transportation Equipment Manufacturing (NAICS 336), which represents 29% of overall manufacturing employment. Transportation Equipment Manufacturing is projected to grow by 2,547 or 5.5% over two years.  
 Transportation & Warehousing’s projected 2,692 employment increase continues expansion that began over 10 years ago with 54% of that increase driven by projected gains in the Warehousing & Storage (NAICS 493) component of that sector, which is expected to add 1,438 jobs.  
 Four sectors projected to lose employment through 2025 are Finance & Insurance (-1,866 or -1.9%), Retail Trade (-1,379 or -0.8%), Information (-838 or -2.7%), and Wholesale Trade

(-120 or -0.2%) with a slight two-year drop. The projected losses in Finance and Retail Trade continue long-term declines. Within Finance & Insurance, component industries with declines include a 1,350 drop in Credit Intermediation (Banks — NAICS 522) and a 1,169 drop in Insurance Carriers & Related (NAICS 524). The expected 2.7% decline in Information is driven in part by declines in Publishing (NAICS 513), which is expected to have an employment drop of 341 or 4.1%.   
 **Projections by Occupation** The occupational distribution of projected growth reflects the projected industry growth, with the top four occupational sectors accounting for 47% of the projected 29,692 two-year employment growth. The top four growth sectors are Healthcare Practitioners and Technical Occupations (+4,546), Transportation & Material Moving Occupations (+3,207), Management (+3,133) and Healthcare Support (+2,985). This top-line net change increase overlays much larger projected total labor market openings. Total openings are the sum of net change, transfers, and labor force exits. Net change is the aforementioned overall employment change. Transfers are workers who permanently leave an occupation and transfer to another. Labor force exits are workers that leave an occupation and exit the labor force, most commonly retiring older workers.1 Across all occupations, there are projected to be over 425,000 total openings during the two-year projections period as is shown in **Figure 2** on page 4. The table also highlights that there are projected to be thousands of job openings in all occupational groups, including those that are projected to have top-line declines over two years.  
 Each occupation is assigned an education value based on the minimum education necessary to enter an occupation (**Figure 3,** page 4). Over the two years, 42% of job growth will be in occupations that require a bachelor’s or more, 16% will be in occupations that on average require an associate’s, postsecondary non-degree award, or some training beyond high school, and 42% will be in occupations that generally require a high school diploma or no educational credential.   
 The attainment levels projected to grow slower than overall growth include No Formal Ed. Credential (+1.3%), High School Diploma (+1.2%) and Some College – No Degree (+0.9%). The remaining four attainment categories are projected to increase between 1.9% and 4.1%.

An occupation is a fairly broad category. There are over 1.8 million jobs in the economy and each is categorized into one of approximately 825 occupations. Within each occupation, there may be many jobs requiring more or less education than the average minimum qualification assigned to that occupation.

**Figure 3** includes the full distribution of two-year total openings by attainment level. The lower attainment levels are projected to have proportionally higher openings over two years, as many occupations within those categories have more turnover than ones that require more educational attainment.  
 **Risks to Projection**

The projections referenced in this article were produced during the first two months of 2024 using the most recently available QCEW employment data from the second quarter of 2023. In the four years since the start of the COVID-19 lockdowns, interest rates to quell inflation remain higher than pre-COVID levels, geopolitical uncertainty persists, as does the potential rise of additional variables such as emerging technology that can impact the labor market and employment levels in unforeseeable ways. Some leading indicators such as the yield curve and “Sahm Rule” suggest that the likelihood of a US slowdown may be increasing,2 but the most recent job numbers (through March 2024) show solid job growth at both the state and national levels. Unemployment remains low and employment growth has exceeded the expectations of most national labor market experts.3  **Conclusions**  Connecticut’s short-term employment projections show that the state is expected to grow by almost 30,000 or 1.6% over the two-year period from the second quarter of 2023 to the second quarter of 2025. This projected growth rate is slower than the rates projected during 2021, 2022, and 2023. This reflects the years of employment gains back to pre-COVID levels after the steep losses that occurred during the first half of 2020. The employment projections through 2025Q2 suggest that the state will continue this growth at a rate more in-line with longer-term trends. This growth is projected to be driven by Health Care, Educational Services, Manufacturing, and Transportation & Warehousing. Connecticut has recovered all the jobs lost during the 2020 COVID-19 recession. In March 2024, the state had preliminary CES total employment of 1,709,100 which exceeds corresponding pre-pandemic February 2020 levels by over 10,000 jobs. Though headwinds and uncertainty exist, the state is expected to continue its growth and have hundreds of thousands of job openings as workers enter and exit the labor market or find new opportunities in a different occupation. 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

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1 BLS. Employment Projections Definitions. https://www.bls.gov/emp/documentation/definitions.htm

2 Sor, Jennifer. The job market looks rock-solid, but there are 4 signs it’s weakening as labor trends mirror past recessions. Business Insider https://www.businessinsider.com/job-market-layoffs-recession-outlook-us-economy-hiring-unemployment-slowdown-2024-4

3 Lahart, Justin. Brisk Hiring Bolsters Fed’s Cautious Stance on Rate Cuts. Wall Street Journal   
https://www.wsj.com/economy/jobs/jobs-report-march-unemployment-

02c4050d?st=ldswztu4vbe0laa&reflink=desktopwebshare\_permalink