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In December...

Nonfarm Employment
 Connecticut..... 1,651,200
 Change over month -0.24%
 Change over year +0.7%

United States 136,877,000
 Change over month +0.05%
 Change over year +1.6%

Unemployment Rate
 Connecticut..... 7.4%
 United States 6.7%

Consumer Price Index
 United States 233.049
 Change over year +1.5%

A Look Back at Connecticut's (Exhausted) UI Claimants

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Over three and a half years since the end of the Great Recession, Connecticut's unemployment rate remains persistently high. Nationally, long term unemployment as a share of total unemployment at 37.3% is down from its 2010 peak of 45%, but still much higher than pre-recession levels. Who are these long-term unemployed? How many have returned to the job market and with what success? This article attempts to shed light on these and other questions.

Extended Benefits in Connecticut

The unemployment insurance (UI) system, created in 1935, provides up to 26 weeks of unemployment compensation in the form of regular benefits. The permanent Extended Benefits (EB) program adds another 13 to 20 weeks in periods of high unemployment. In June 2008, the federal government created an Emergency Unemployment Compensation (EUC) program to provide additional weeks of unemployment compensation to the long-term unemployed. In total, Connecticut's unemployed were eligible to collect up to 99 weeks of regular and extended (EB and EUC) benefits from November 2009 through February 2012. As of March 2013, Connecticut's unemployed were eligible for up to 63 weeks of unemployment compensation, until all extended benefits ended

on December 28, 2013.

Under the EUC program that went into effect in June 2008, Connecticut claimants that had initiated a UI claim as of May 2006 were also eligible for extended benefits, given they were still unemployed. From 2006 quarter two to 2013 quarter three, 1,200,609 initial claims for regular unemployment compensation were filed. These 1.2 million initial claims do not represent individual claimants. Some industries, such as construction, manufacturing, and transportation and warehousing, are seasonal industries and as such support repeat UI claimants. The 1.2 million initial claims from May 2006 were filed by 661,499 individuals. Of these individual regular claimants, 316,792 went on to claim extended benefits. And of these extended claimants, 129,583 exhausted all regular and extended UI benefits available to them (by third quarter 2013).

Demographics

Graph 1 compares the demographics of filers for regular benefits to those that went on to exhaust all available regular and extended benefits. Exhaustees were more likely to be women by a slight margin; 43% of initial claimants were females, but about 45% of exhaustees were women. Furthermore, compared to initial claimants, exhaustees were more likely to be older. Claimants 50 years and older made up 39.2% of

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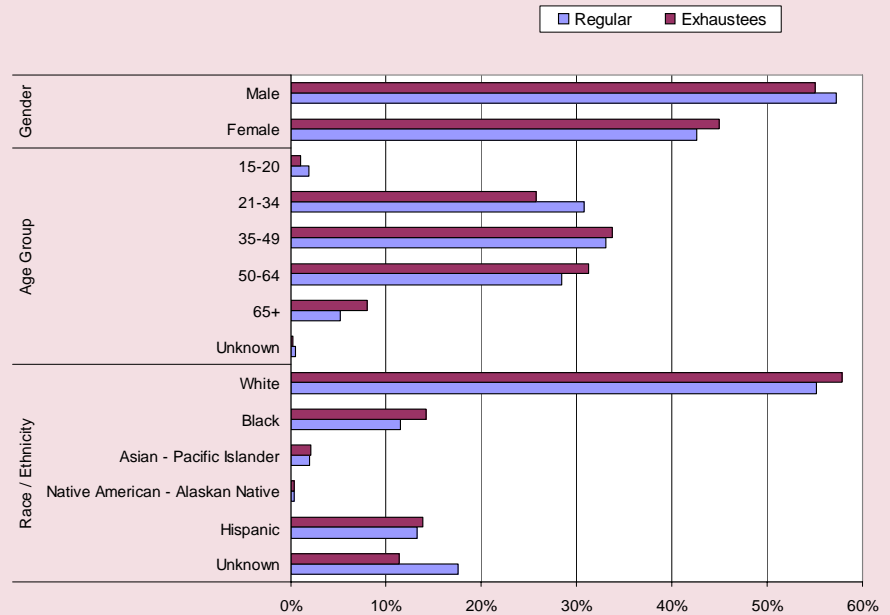
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Graph 1: Demographics of Regular Claimants and Exhaustees



exhaustees, but only 33.6% of initial claimants. Conversely, claimants 21 to 34 years old made up 30.9% of initial filers, but 25.7% of exhaustees. Due to the large number of regular claimants with unknown race/ethnicity, it is difficult to draw conclusions about the race/ethnicity of initial filers versus exhaustees.

There was essentially no difference in location data for regular filers versus exhaustees. Following the pattern of employment in the state, the North Central Workforce Investment Area (WIA) represented the majority of claimants (27.0%), followed by the South Central WIA (19.5%). Approximately 10.5% of Connecticut's UI claimants are from out of state. Table 1 displays the average of WIA data for both regular claimants and exhaustees.

Table 1: Residence for UI Claimants by WIA

Workforce Investment Area (WIA)	Percentage
North Central WIA	27.0%
South Central WIA	19.5%
Northwest WIA	14.5%
Southwest WIA	17.3%
Eastern WIA	10.5%
Out of State	10.5%
Unknown	0.8%

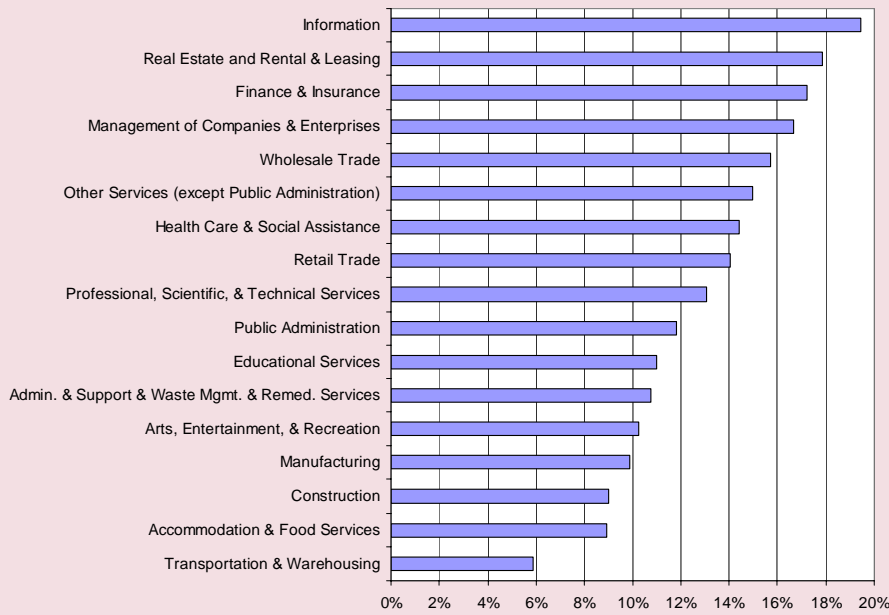
Prior Industry of Employment

The prior industry of employment for regular claimants versus exhaustees is considered in Graph 2. Repeat claimants are included in the data since it is possible the prior industry of employment can change for each unemployment spell. Graph 2 displays what percentage of claimants that initially filed for regular benefits from a particular industry went on to exhaust benefits. Claimants from the information industry fared the worst, with 19.5% of regular filers going on to exhaust benefits. Though only 9.9% of claimants from the manufacturing industry went on to exhaust benefits, it represents the industry with the largest number of both regular claimants (198,169) and exhaustees (19,586). Retail trade, administration and support, and construction follow closely behind in terms of gross numbers of claimants/exhaustees. Graph 3 shows the total number of regular claimants and exhaustees by prior industry of employment.

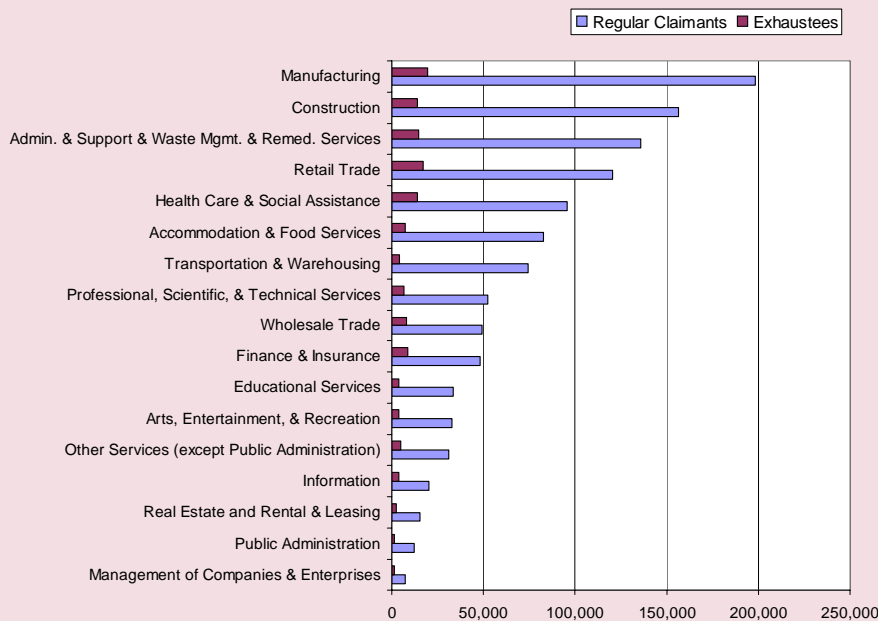
Total UI Benefits Collected

Table 2 shows the total amount of benefits received by UI claimants since 2006 quarter two.

Graph 2: Percent of Reg. Claimants that Exhausted Benefits by Prior Industry of Emp.



Graph 3: Number of Regular Claimants and Exhaustees by Prior Industry of Emp.



Out of the 1.2 million initial claims filed, with claimants eligible to collect up to 99 weeks of compensation, the majority (53.8%) collected \$5,000 or less in total UI benefits. Another 18.6% collected between \$5,000 to \$10,000, and 24.4% collected between \$10,000 to \$40,000 in benefits. Since second quarter 2006, 3.2% of UI claimants collected \$40,000 or more in benefits.

Re-Employed Exhaustees

Wage records were used to estimate the number of Connecticut’s UI exhaustees that found employment after long spells of unemployment. Connecticut had 91,200 exhaustees over a two-year span, from 2010 quarter two to 2012 quarter two. Up to a year later, by 2013 quarter two, 42,041 or 46.1% of these exhaustees had wage records, as shown in Table 3. It would be an overstatement,

Table 2: Total UI Benefits Collected

Total UI Benefits Collected	# of Claimants
Less than \$1,000	233,944
\$1,000 to \$4,999	412,558
\$5,000 to \$9,999	223,528
\$10,000 to \$19,999	173,938
\$20,000 to \$39,999	118,683
\$40,000 to more	37,958

however, to claim all of these exhaustees are re-employed because the wage records do not contain indicators for full-time versus part-time or temporary work. The existence of wage records does not necessarily correspond to employment. On the other hand, the wage records do not contain data on certain types of employment, such as self-employment. Further, Connecticut wage records are limited to its state boundaries; exhaustees finding employment out-of-state cannot be tracked. For these reasons, the data in Table 3 would be under-stating how many exhaustees are re-employed.

A quarter-by-quarter analysis of Connecticut’s UI exhaustees shows that on average, about 23.7% of exhaustees show wage records the quarter after exhausting benefits. On average another 7.8% have wage records two quarters after exhausting benefits, and 5.1% three quarters after UI exhaustion.

The data in Table 3, however, includes exhaustees that had wage records while collecting UI benefits. This may occur, for example, if these claimants were working part-time while simultaneously collecting benefits. If exhaustees that only showed wage records post-unemployment are considered, then the number of re-employed exhaustees as of second quarter 2013 drops down to 32,113, or 35%.

Post-Unemployment Wages

The earnings for exhaustees with three quarters of post-unemployment wages were analyzed to get a sense of how exhaustees are faring after up to two years of unemployment. Table

Table 3: Re-employed Exhaustees by Year/Quarter

Year/Qtr	Exhaustees per Year/Qtr	Re-Employed* Exhaustees	% Re-employed
2010 Q2	15,946	6,206	38.9%
2010 Q3	7,801	3,777	48.4%
2010 Q4	11,066	5,420	49.0%
2011 Q1	11,590	5,724	49.4%
2011 Q2	9,767	4,732	48.4%
2011 Q3	9,000	4,357	48.4%
2011 Q4	9,344	4,289	45.9%
2012 Q1	8,001	3,674	45.9%
2012 Q2	8,685	3,862	44.5%
Total	91,200	42,041	46.1%

* Subject to limitations discussed in article.
 Note: to be included an exhaustee needed wages equal to or greater than full time work for a week at the minimum wage (40 hours * \$8.25 = a minimum of \$330 in wages per quarter). Includes exhaustees that also had CT UI wage records while collecting UI benefits.

4 displays the results. 15,144 exhaustees have three quarters of Connecticut wage records post-unemployment. Of these, 47% are earning less than \$20,000 annually, and another 45% are earning between \$20,000 to \$50,000. 8.2% of reemployed exhaustees are earning \$50,000 or more annually. As previously noted, however, some of these earnings may represent part-time wages since the wage records do not differentiate between full-time and part-time earnings.

Exhaustees that had three quarters of wage records both pre and post-unemployment were selected for an earnings comparison. Table 5 displays the results. Of the 13,109 exhaustees that met the criteria for inclusion, 34% are earning 50% or less of their pre-unemployment earnings. Another 36% are earning between 50% to 90% of their prior earnings. Only about 12% of re-employed exhaustees are making approximately what they previously earned (between 90% to 110%). 18% of UI exhaustees are earning 110% or more of their earnings prior to unemployment.

Though Connecticut's unemployment rate is trending down and employers have stepped up hiring, the outlook for the long-term unemployed is not as promising. Connecticut's UI wage records show about a 50% re-employment rate for the long-term

Table 4: Post-Unemployment Earnings for Reemployed Exhaustees (2010 Q1 to 2012 Q3)

Salary Range	Number	% Share
Less than \$10,000	2,477	16.4%
\$10,001 to \$20,000	4,631	30.6%
\$20,001 to \$30,000	3,564	23.5%
\$30,001 to \$40,000	2,116	14.0%
\$40,001 to \$50,000	1,107	7.3%
\$50,001 to \$60,000	539	3.6%
\$60,001 to \$70,000	332	2.2%
\$70,001 to \$80,000	144	1.0%
\$80,001 to \$90,000	106	0.7%
\$90,001 to \$100,000	43	0.3%
\$100,000 or more	85	0.6%
Total	15,144	

Note: Included are Connecticut's UI Exhaustees that had Connecticut wage records for three subsequent quarters after exhausting benefits. Yearly salary was calculated by quadrupling the quarterly wage for the middle of the three quarters of post-unemployment earnings. Only quarterly wages equal to or greater than full time work for a week at the minimum wage (40 hours * \$8.25 = a minimum of \$330) are included.

Table 5: Post-Unemployment Earnings as a Percent of Pre-Unemployment Earnings for Reemployed Exhaustees (2010 Q1 to 2012 Q3)

	Number	% Share
Less than 25%	1,540	11.7%
25% to 50%	2,909	22.2%
50% to 75%	3,125	23.8%
75% to 90%	1,617	12.3%
90% to 110%	1,548	11.8%
110% to 125%	685	5.2%
125% to 200%	1,196	9.1%
200% or more	489	3.7%
Total	13,109	

Note: Included are Connecticut's UI Exhaustees that had Connecticut wage records for three subsequent quarters after exhausting benefits, as well as Connecticut wage records for three quarters prior to receiving UI benefits. The post-unemployment earnings as a percent of pre-unemployment earnings was calculated based on the earnings of the middle quarter of the pre-unemployment and post-unemployment wage records. Only quarterly wages equal to or greater than full time work for a week at the minimum wage (40 hours * \$8.25 = a minimum of \$330) are included.

unemployed, with approximately 70% of re-employed making less than their prior earnings. Long-term claimants in Connecticut are more likely to be women compared to regular claimants, and more likely to be older. Longer spells of unemployment will eventually cause an erosion of skills, further exacerbating the chances of finding employment. Moreover, unemployment bites

away at an individual's self-esteem and sense of control. As the US and Connecticut economies slowly continue their recovery, we must not forget these long-term unemployed and do our utmost to prevent them from turning into a permanent class of underemployed or unemployed. ■