Connecticut’s Short-Term Employment Outlook to 2017

By Sarah Pilipaitis, CT DOL Economist

Connecticut is now into its sixth year of recovery from the recession that took its toll on the state from 2008 to 2010. Over the recession, Connecticut lost over 5% of its nonfarm employment, roughly 91,100 jobs based on annual averages. The annual average nonfarm employment reached its peak in 2008 at 1,699,100 jobs. By the time it reached the trough in 2010, the state’s employment had fallen to 1,608,000 jobs. The largest losses came from the construction, manufacturing, trade, transportation and utilities, and the professional and business services sectors. Those four sectors alone accounted for 80% of the lost jobs. The lone sector that was able to create jobs during the recession was education and health services, expanding by about 10,000 jobs from the peak to trough years.

As of 2015, Connecticut has yet to regain all of the nonfarm employment it lost in the recession. Since the trough year of 2010, 66,000 jobs have been added. The 2015 employment level was still 25,100 jobs below the peak year of 2008. All industry supersectors except for manufacturing, financial activities and government have been aiding in the recovery. As of 2015, manufacturing has dropped...
the total loss to 27,700 jobs since the recession hit. The financial activities sector has lost 5,200 jobs since the trough year, making a total loss of 13,400 jobs since the peak. Similarly, government has lost 7,400 jobs since the trough, creating a drop of 15,800 jobs since the peak.

Graph 1 presents the major sector data and depicts how the levels of nonfarm employment by major sector have changed since the annual average levels of 2008. The information in the graph can give us a better sense of how the recession affected the state’s economic makeup.

Only four supersectors have been able to reach its 2008 employment level or higher. The professional and business services sector lost 15,100 jobs during the recession, but has since gained 24,200 jobs to bring it 9,100 jobs higher than in 2008. Leisure and hospitality took a small dip of 3,800 jobs from 2008 to 2010, but is now 14,100 jobs more than it was pre-recession. The other services sector has made a slight rebound of 900 jobs from its recessionary drop of 2,600 jobs. The sector that has grown the most in recent years is not surprisingly the one that didn’t lose jobs during the recession—education and health services. Education and health services grew 10,200 jobs when the rest of the economy was in a downfall, and has grown by another 19,700 since 2010.

The Shift in Employment Share
The steady growth of the education and health services sector has shifted its position in the state economy to the top employing sector. It now accounts for 19.5% of the state’s employment. That top spot had recently belonged to the trade, transportation, and utilities sector in 2008. The largest drop in job share came in the goods producing sector, dropping from a 14.9% share in 2008 to a 13.0% share in 2015.

Table 1 highlights the major industry sectors and shows how the job share of each has shifted throughout the cycle.

Putting Connecticut’s Recession into Perspective
To gain insight on Connecticut’s recession, Table 2 compares data on the recent cycle to that of neighboring states and the United States. The table shows the intensity of the job losses and recoveries. The average number of months in decline of the areas listed was 25. Connecticut came in just under the average with its 23-month decline in employment that lasted from March 2008 to February 2010. The United States began its descent in employment just two

| Table 1 | Nonfarm Employment through the Current Cycle by Major Sector (as percentages) |
| --- | --- | --- | --- | --- | --- | --- | --- |
| | Peak Year 2008 | Trough Year 2010 | Recent Year 2015 | Change in Job Share 2008-10 | 2010-15 | 2008-15 |
| Total Nonfarm | 100.0 | 100.0 | 100.0 | | | |
| Construction | 3.9 | 3.1 | 3.5 | -0.7 | 0.3 | -0.4 |
| Manufacturing | 11.0 | 10.2 | 9.5 | -0.7 | -0.8 | -1.5 |
| Trade, Transportation, & Util. | 18.0 | 17.8 | 17.7 | -0.2 | 0.0 | -0.3 |
| Information | 2.2 | 2.0 | 1.9 | -0.2 | 0.0 | -0.3 |
| Financial Activities | 8.4 | 8.4 | 7.8 | 0.0 | -0.6 | -0.7 |
| Professional & Business Serv. | 12.2 | 12.0 | 12.9 | -0.2 | 1.0 | 0.7 |
| Education | 3.4 | 3.7 | 3.8 | 0.3 | 0.1 | 0.4 |
| Health Services | 14.1 | 15.4 | 15.7 | 1.3 | 0.3 | 1.6 |
| Leisure and Hospitality | 8.1 | 8.3 | 9.1 | 0.2 | 0.7 | 1.0 |
| Other Services | 3.7 | 3.8 | 3.8 | 0.1 | 0.1 | 0.1 |
| Government | 15.0 | 15.3 | 14.3 | 0.3 | -1.0 | -0.7 |
months prior to Connecticut. New Jersey experienced the highest number of months in decline at 32 and Rhode Island was just behind that at 31. Massachusetts and New York had the shortest amounts of time in recession, both at 18 months. Rhode Island lost the largest percentage of employment at 8%, and Connecticut was next with a 7% decline.

As of March 2016, five of the nine states listed and the nation have exceeded the employment level it had at the peak of the recession. Connecticut does not have far to go to reach this milestone. In March 2016, the state was at 98.4% of its previous employment peak.

Job recovery is widely varied amongst the highlighted states. Connecticut has regained 76.7% of the jobs it lost in the recession. The state is on par with Maine (79.5%) and Rhode Island (87.9%), but still has a way to go to reach the levels of New York (259.1%) and Massachusetts (245.6%).

Connecticut Forecast

The following is an outlook on where Connecticut is headed over the next two years. The Connecticut Department of Labor’s Office of Research produces a yearly short-term forecast to provide insight on labor market activity. The industry and occupational forecasts are derived using data obtained from the Quarterly Census of Employment and Wages (QCEW) and the Occupational Employment Statistics (OES) programs. The current analysis covers the first quarter of 2015 to the first quarter of 2017.

Industry Employment Forecast

Connecticut is expected to continue on its rebound from the recent recession over the forecast period. The average annual growth rate is expected to be 0.3%. This will potentially bring the employment level to 1,783,010 by the first quarter of 2017 from its base of 1,771,120, as shown in Table 3.

### Table 2

<table>
<thead>
<tr>
<th>State</th>
<th>Emp Level Peak</th>
<th>Emp Level Trough</th>
<th>Peak Date</th>
<th>Trough Date</th>
<th># of Months in Decline</th>
<th># of Months in Recovery</th>
<th>As of March 2016</th>
<th>% Decline</th>
<th>% Recovery</th>
<th>% of Previous Peak</th>
<th>Recovery Rate (as of Mar. 2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>1,713,300</td>
<td>1,594,200</td>
<td>Mar. 2008</td>
<td>Feb. 2010</td>
<td>23</td>
<td>73</td>
<td>1,685,600</td>
<td>-7.0%</td>
<td>5.7%</td>
<td>98.4%</td>
<td>76.7%</td>
</tr>
<tr>
<td>Maine</td>
<td>620,900</td>
<td>590,200</td>
<td>Feb. 2008</td>
<td>Aug. 2010</td>
<td>30</td>
<td>67</td>
<td>614,600</td>
<td>-4.9%</td>
<td>4.1%</td>
<td>99.0%</td>
<td>79.5%</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>3,331,500</td>
<td>3,190,100</td>
<td>Oct. 2009</td>
<td>Oct. 2009</td>
<td>18</td>
<td>77</td>
<td>3,343,300</td>
<td>-4.2%</td>
<td>10.9%</td>
<td>106.2%</td>
<td>245.6%</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>652,600</td>
<td>622,000</td>
<td>Jan. 2008</td>
<td>Jan. 2010</td>
<td>24</td>
<td>74</td>
<td>664,300</td>
<td>-4.7%</td>
<td>6.8%</td>
<td>101.8%</td>
<td>138.2%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>4,092,600</td>
<td>3,833,200</td>
<td>Sep. 2010</td>
<td>Sep. 2010</td>
<td>32</td>
<td>66</td>
<td>4,069,200</td>
<td>-6.3%</td>
<td>6.2%</td>
<td>99.4%</td>
<td>91.0%</td>
</tr>
<tr>
<td>New York</td>
<td>8,810,600</td>
<td>8,481,400</td>
<td>Oct. 2009</td>
<td>Feb. 2010</td>
<td>18</td>
<td>77</td>
<td>9,334,400</td>
<td>-3.7%</td>
<td>10.1%</td>
<td>105.9%</td>
<td>259.1%</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>5,822,000</td>
<td>5,564,400</td>
<td>Apr. 2010</td>
<td>Feb. 2010</td>
<td>22</td>
<td>73</td>
<td>5,891,700</td>
<td>-4.4%</td>
<td>5.9%</td>
<td>101.2%</td>
<td>127.1%</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>495,700</td>
<td>455,900</td>
<td>Jul. 2009</td>
<td>Jul. 2009</td>
<td>31</td>
<td>89</td>
<td>490,900</td>
<td>-8.0%</td>
<td>7.7%</td>
<td>99.0%</td>
<td>87.9%</td>
</tr>
<tr>
<td>Vermont</td>
<td>309,600</td>
<td>294,900</td>
<td>Jan. 2008</td>
<td>Feb. 2010</td>
<td>25</td>
<td>80</td>
<td>316,100</td>
<td>-4.7%</td>
<td>7.2%</td>
<td>102.1%</td>
<td>144.2%</td>
</tr>
<tr>
<td>United States</td>
<td>138,432,000</td>
<td>129,733,000</td>
<td>Jan. 2008</td>
<td>Feb. 2010</td>
<td>25</td>
<td>73</td>
<td>143,774,000</td>
<td>-6.3%</td>
<td>10.8%</td>
<td>103.9%</td>
<td>161.4%</td>
</tr>
</tbody>
</table>

### Table 3

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total All Industries</td>
<td>1,771,120</td>
<td>1,783,010</td>
<td>0.3%</td>
</tr>
<tr>
<td>Goods Producing</td>
<td>213,970</td>
<td>213,390</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Natural Resources and Mining</td>
<td>4,140</td>
<td>4,050</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Construction</td>
<td>51,560</td>
<td>52,930</td>
<td>1.3%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>158,270</td>
<td>156,420</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Service Providing</td>
<td>1,453,310</td>
<td>1,464,860</td>
<td>0.4%</td>
</tr>
<tr>
<td>Trade, Transportation, and Utilities</td>
<td>295,210</td>
<td>297,850</td>
<td>0.4%</td>
</tr>
<tr>
<td>Information</td>
<td>32,180</td>
<td>31,330</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>128,960</td>
<td>129,950</td>
<td>0.4%</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>211,470</td>
<td>211,930</td>
<td>0.1%</td>
</tr>
<tr>
<td>Education and Health Services</td>
<td>471,450</td>
<td>480,290</td>
<td>0.9%</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>154,750</td>
<td>155,820</td>
<td>0.3%</td>
</tr>
<tr>
<td>Other Services (except Government)</td>
<td>74,570</td>
<td>74,890</td>
<td>0.2%</td>
</tr>
<tr>
<td>Government</td>
<td>84,710</td>
<td>82,800</td>
<td>-1.1%</td>
</tr>
</tbody>
</table>
The goods producing industries are expected to contract at an annual average rate of 0.1%. The largest contributor to this is the manufacturing industry. Over the two year period, it is expected to drop by 1,850 jobs. Construction has a brighter outlook, as it is projected to grow on average 1.3% annually.

The much larger service providing industries (which make up 82% of the projected employment) are forecasted to grow 0.4% on an annual average basis. The projected growth is largely aided by education and health services. The industry is expected to grow 0.9% annually, keeping on trend with how it has performed over recent years.

Other significant contributions to the anticipated employment growth are the trade, transportation, and utilities, leisure and hospitality, financial activities, and professional and business services sectors. Government and information are both likely to shrink over the next two years.

### Occupational Employment Forecast
Connecticut’s occupational employment is expected to grow by 11,890 jobs over the 2015-2017 projections period (Table 4). The major categories with the largest employment change are personal care and service, healthcare practitioners and technical, and building and grounds cleaning and maintenance occupations. Tables 5 and 6 list the fastest growing and shrinking occupations based on the minor occupation group.

### Data Limitations
The forecasts presented in this report have been carefully prepared to ensure accuracy, but by nature are subject to error. Therefore, the information is best used as an indicator of employment trends, rather than an exact count of employment. The projections are made by assuming a full-employment economy and cannot predict unforeseen events or actions. Additional information on labor market information is available on the Office of Research website: www.ctdol.state.ct.us/lmi. For more detail on the short-term industry and occupational projections, visit: www.projectionscentral.com/Projections/ShortTerm.

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**Table 4**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1,771,120</td>
<td>1,783,010</td>
<td>11,890</td>
<td>0.7</td>
</tr>
<tr>
<td>Management</td>
<td>132,460</td>
<td>133,100</td>
<td>640</td>
<td>0.5</td>
</tr>
<tr>
<td>Business and Financial Operations</td>
<td>98,900</td>
<td>99,320</td>
<td>420</td>
<td>0.4</td>
</tr>
<tr>
<td>Computer and Mathematical</td>
<td>48,270</td>
<td>48,930</td>
<td>660</td>
<td>1.4</td>
</tr>
<tr>
<td>Architecture and Engineering</td>
<td>33,410</td>
<td>33,490</td>
<td>90</td>
<td>0.3</td>
</tr>
<tr>
<td>Life, Physical, and Social Science</td>
<td>13,130</td>
<td>13,190</td>
<td>60</td>
<td>0.5</td>
</tr>
<tr>
<td>Community and Social Service</td>
<td>40,450</td>
<td>41,090</td>
<td>650</td>
<td>1.6</td>
</tr>
<tr>
<td>Legal</td>
<td>16,230</td>
<td>16,140</td>
<td>-100</td>
<td>-0.6</td>
</tr>
<tr>
<td>Education, Training, and Library</td>
<td>136,770</td>
<td>137,790</td>
<td>1,010</td>
<td>0.7</td>
</tr>
<tr>
<td>Arts, Design, Entertainment, Sports, and Media</td>
<td>34,770</td>
<td>34,460</td>
<td>-310</td>
<td>-0.9</td>
</tr>
<tr>
<td>Healthcare Practitioners and Technical</td>
<td>106,760</td>
<td>108,740</td>
<td>1,980</td>
<td>1.9</td>
</tr>
<tr>
<td>Healthcare Support</td>
<td>53,350</td>
<td>54,830</td>
<td>1,480</td>
<td>2.8</td>
</tr>
<tr>
<td>Protective Service</td>
<td>33,370</td>
<td>33,150</td>
<td>-220</td>
<td>-0.7</td>
</tr>
<tr>
<td>Food Preparation and Serving Related</td>
<td>130,310</td>
<td>131,740</td>
<td>1,420</td>
<td>1.1</td>
</tr>
<tr>
<td>Building and Grounds Cleaning and Maintenance</td>
<td>67,860</td>
<td>69,630</td>
<td>1,780</td>
<td>2.6</td>
</tr>
<tr>
<td>Personal Care and Service</td>
<td>87,030</td>
<td>89,120</td>
<td>2,100</td>
<td>2.4</td>
</tr>
<tr>
<td>Sales and Related</td>
<td>170,910</td>
<td>170,970</td>
<td>70</td>
<td>0.0</td>
</tr>
<tr>
<td>Office and Administrative Support</td>
<td>266,110</td>
<td>264,670</td>
<td>-1,440</td>
<td>-0.5</td>
</tr>
<tr>
<td>Farming, Fishing, and Forestry</td>
<td>3,040</td>
<td>2,970</td>
<td>-70</td>
<td>-2.2</td>
</tr>
<tr>
<td>Construction and Extraction</td>
<td>53,390</td>
<td>54,430</td>
<td>1,040</td>
<td>2.0</td>
</tr>
<tr>
<td>Installation, Maintenance, and Repair</td>
<td>54,170</td>
<td>54,390</td>
<td>220</td>
<td>0.4</td>
</tr>
<tr>
<td>Production</td>
<td>97,160</td>
<td>95,880</td>
<td>-1,280</td>
<td>-1.3</td>
</tr>
<tr>
<td>Transportation and Material Moving</td>
<td>93,270</td>
<td>94,970</td>
<td>1,690</td>
<td>1.8</td>
</tr>
</tbody>
</table>
Table 5

<table>
<thead>
<tr>
<th>Fastest Growing Occupations</th>
<th>2015</th>
<th>2017</th>
<th>Emp. Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Care Aides</td>
<td>27,360</td>
<td>28,810</td>
<td>1,450</td>
<td>5.3</td>
</tr>
<tr>
<td>Maids and Housekeeping Cleaners</td>
<td>15,730</td>
<td>16,400</td>
<td>660</td>
<td>4.2</td>
</tr>
<tr>
<td>Registered Nurses</td>
<td>33,390</td>
<td>34,020</td>
<td>630</td>
<td>1.9</td>
</tr>
<tr>
<td>Nursing Assistants</td>
<td>22,610</td>
<td>23,190</td>
<td>580</td>
<td>2.6</td>
</tr>
<tr>
<td>Childcare Workers</td>
<td>16,890</td>
<td>17,470</td>
<td>580</td>
<td>3.4</td>
</tr>
<tr>
<td>Combined Food Preparation and Serving Workers, Including Fast Food</td>
<td>27,700</td>
<td>28,260</td>
<td>560</td>
<td>2.0</td>
</tr>
<tr>
<td>Janitors and Cleaners, Except Maids and Housekeeping Cleaners</td>
<td>30,100</td>
<td>30,620</td>
<td>520</td>
<td>1.7</td>
</tr>
<tr>
<td>Home Health Aides</td>
<td>8,700</td>
<td>9,130</td>
<td>430</td>
<td>5.0</td>
</tr>
<tr>
<td>Landscaping and Groundskeeping Workers</td>
<td>15,490</td>
<td>15,920</td>
<td>430</td>
<td>2.8</td>
</tr>
<tr>
<td>Bus Drivers, School or Special Client</td>
<td>10,070</td>
<td>10,470</td>
<td>400</td>
<td>3.9</td>
</tr>
</tbody>
</table>

Table 6

<table>
<thead>
<tr>
<th>Fastest Shrinking Occupations</th>
<th>2015</th>
<th>2017</th>
<th>Emp. Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bookkeeping, Accounting, and Auditing Clerks</td>
<td>19,840</td>
<td>19,330</td>
<td>-510</td>
<td>-2.6</td>
</tr>
<tr>
<td>Tellers</td>
<td>5,160</td>
<td>4,910</td>
<td>-260</td>
<td>-5.0</td>
</tr>
<tr>
<td>Secretaries and Administrative Assistants, Except Legal, Medical, and Executive</td>
<td>32,710</td>
<td>32,460</td>
<td>-250</td>
<td>-0.8</td>
</tr>
<tr>
<td>Executive Secretaries and Executive Administrative Assistants</td>
<td>8,890</td>
<td>8,690</td>
<td>-200</td>
<td>-2.3</td>
</tr>
<tr>
<td>Cooks, Fast Food</td>
<td>6,670</td>
<td>6,470</td>
<td>-200</td>
<td>-3.0</td>
</tr>
<tr>
<td>Computer Programmers</td>
<td>5,360</td>
<td>5,180</td>
<td>-180</td>
<td>-3.3</td>
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<tr>
<td>Editors</td>
<td>1,250</td>
<td>1,090</td>
<td>-160</td>
<td>-12.7</td>
</tr>
<tr>
<td>Team Assemblers</td>
<td>9,410</td>
<td>9,250</td>
<td>-130</td>
<td>-1.7</td>
</tr>
<tr>
<td>Printing Press Operators</td>
<td>2,160</td>
<td>2,020</td>
<td>-130</td>
<td>-6.1</td>
</tr>
<tr>
<td>Correctional Officers and Jailers</td>
<td>3,030</td>
<td>2,910</td>
<td>-130</td>
<td>-4.1</td>
</tr>
</tbody>
</table>

General Economic Indicators

<table>
<thead>
<tr>
<th>General Drift Indicator (1996=100)*</th>
<th>4Q</th>
<th>4Q</th>
<th>CHANGE NO.</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leading</td>
<td>120.7</td>
<td>114.9</td>
<td>5.8</td>
<td>5.0</td>
</tr>
<tr>
<td>Coincident</td>
<td>117.8</td>
<td>115.3</td>
<td>2.5</td>
<td>2.2</td>
</tr>
<tr>
<td>Farmington Bank Business Barometer (1992=100)**</td>
<td>136.0</td>
<td>132.8</td>
<td>3.2</td>
<td>2.4</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Philadelphia Fed's Coincident Index (July 1992=100)***</th>
<th>Mar</th>
<th>Mar</th>
<th>Feb</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Seasonally adjusted)</td>
<td>2016</td>
<td>2015</td>
<td>2016</td>
</tr>
<tr>
<td>Connecticut</td>
<td>170.20</td>
<td>165.11</td>
<td>169.86</td>
</tr>
<tr>
<td>United States</td>
<td>178.30</td>
<td>172.88</td>
<td>177.88</td>
</tr>
</tbody>
</table>

Sources: *Dr. Steven P. Lanza, University of Connecticut **Farmington Bank ***Federal Reserve Bank of Philadelphia

General Drift Indicators are composite measures of the four-quarter change in three coincident (Connecticut Manufacturing Production Index, nonfarm employment, and real personal income) and three leading (housing permits, manufacturing average weekly hours, and initial unemployment claims) economic variables, and are indexed so 1996 = 100.

The Farmington Bank Business Barometer is a measure of overall economic growth in the state of Connecticut that is derived from non-manufacturing employment, real disposable personal income, and manufacturing production.

The Philadelphia Fed’s Coincident Index summarizes current economic condition by using four coincident variables: nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and wage and salary disbursements deflated by the consumer price index (U.S. city average).