Covered Employment and Wages: A 2023 Annual Review

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According to the most recent data published by the Quarterly Census of Employment and Wages (QCEW) program, the number of jobs in Connecticut increased by 1.6 percent during 2023.1 Employment growth was modest in 2023 but continued the upward post-pandemic trend. Total private industry employment, constituting 86.8 percent of the state’s employment total, increased by 1.5 percent. Total government employment increased by 2.0 percent. Connecticut has now recovered all the jobs lost during the pandemic, though some sectors have understandably fared better than others as business models change.

Average annual wages for all Connecticut jobs increased by 3.1 percent, to $83,773. In 2023, private sector wages increased by 3.1 percent to $84,948; government wages also increased 3.1 percent to $76,044.

New business establishments continued their significant growth, though they continue to be heavily influenced by registrations for teleworkers. New business starts were 14,210 in 2023, compared to 17,007 (revised) in 2022. Overall, establishments rose to 149,796 in 2023, an increase of 4.9 percent over 2022. Total private establishments represented nearly all the increase, reaching 146,372 in 2023. Government worksites were flat, adding only two establishments overall in 2023, to a total of 3,426. The boost in business registrations for teleworkers continues to be a driver in business establishment growth but does not necessarily have a similar impact on employment growth due to the nature of teleworkers. They generally do not have an employer located worksite that can grow over time.

**Employment**

2023 continued to show modest growth at 1.6 percent, with all but four sectors showing increases for the year.

For sectors that increased in 2023, healthcare returned to its historical heavyweight level of annual growth, gaining 10,683 in employment. Government employment added 4,280 in employment, mostly focused between state and local government. State government showed the first increase since 2019, likely due to finally replacing enough retirees with new hires to cover the annual departures. Accommodation and food services grew by 3,322, or 2.7%. Continuing at this pace, accommodations and food services will reach or exceed the highs of 2018 by the end of 2024. Twelve other sectors saw increases, most between 500 to 2,000 jobs, encompassing most of the economy. See pages 3 and 4 for data on other industry sectors and subsectors.

Administrative and waste management, along with the retail trade and the finance and insurance sectors, were the only sectors with notable declines. Administrative and waste management saw a large decrease, losing 2,226 jobs, resulting from declines in temporary help employment. Retail trade and finance and insurance lost 619 and 420 jobs, respectively, in 2023. While finance does continue to lose jobs, the rate has slowed significantly in recent years.

As for government employment, 55 percent of the increase was in state government with just over 35 percent in local government. Federal employment made up the remaining 10 percent of growth. State government gains showed up mostly in public administration and healthcare, with a smaller portion in education. Local government gains were mostly focused in education as usual, but there was a noted uptick in employment at the casinos (10 percent) in 2023.

The Bureau of Labor Statistics (BLS) aggregates the North American Industrial Classification System (NAICS) sectors to form the top-level goods-producing and service-providing “domains”. Goods-producing sectors include agriculture, forestry, fishing, and hunting; mining; construction; and manufacturing. The remaining sectors are aggregated into the service-providing domain.

For 2023, the goods-producing domain encompassed 13.7 percent of total covered employment, with the remaining 86.3 percent in the service-providing domain. The goods-producing employment sector grew by 2,161 or 1.0 percent, with service-providing employment increasing by 1.7 percent, or 23,659 at the same time.

**Wages**

Connecticut average annual wages varied greatly between industries and within each sector in 2023. It should be noted that much of this difference in pay level can be attributed to factors such as hours worked (full- or part-time), workforce composition, wages, including bonuses or stock options, and seasonal and weather-related influences.

The highest annual average wage, found in the finance and insurance sector, was $215,276 - 2.5 times the state average. Those in the securities, commodity contracts and investments subsector earned an average of $421,986 in 2023. The management and information sectors were behind finance and insurance at $175,360 and $152,078, respectively.

At the other end of the spectrum, accommodation and food services workers earned the least, at $29,978. While this increase of 5.2% was above average, it remains heavily influenced by part-time workers and is only one-third of the average annual wage in Connecticut. Next were arts, entertainment and recreation at $38,471 and retail trade at $44,151 in annual wages.

Goods-producing wages showed an increase of 3.5 percent compared to 2022, at $90,959. They are 8.6 percent above the annual average for all industries. Service-providing wages experienced similar growth, rising to $82,629, an increase of 3.1 percent on an annual basis.

**Looking ahead**

Total employment increased in 2023 and Connecticut is on track for additional growth in 2024. The monthly jobs numbers (which are benchmarked to the QCEW each year) have reported six consecutive months of job increases so far this year (through June - latest available). Health care and social assistance has added the most jobs so far in 2024, but there have been increases in a wide range of industries including manufacturing and finance and insurance. All indicators suggest we will be presenting another positive report when the "2024 Annual Review" is published next year. n

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1 QCEW counts all jobs covered by Connecticut Unemployment Insurance (UI) - over 97 percent of all payroll jobs.