

CONNECTICUT'S SHORT-TERM EMPLOYMENT OUTLOOK 2014-2016

*Connecticut
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**Connecticut's
Short-Term Employment Outlook:
2014-2016**

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United States Overview

The US recession that lasted from December 2007 to June 2009 has had a significant impact on the labor market. Since the recession ended, jobs are up above their prerecession peak while the unemployment rate has fallen by almost fifty percent. This brief overview of the US economy serves to contextualize the Connecticut outlook utilizing various measures of labor market performance to illustrate overarching US economic conditions. Some of the reviewed data includes unemployment rates, labor force participation rates, job openings data, and industry employment levels.

US Unemployment Rate

The unemployment rate is one of the most commonly reported measures of overall economic performance. Of the various unemployment rates the Bureau of Labor Statistics calculates, the official unemployment rate, U-3 unemployment calculates the percent of the labor force age 16 and older that is unemployed and actively looking for work. The US unemployment rate climbed precipitously from levels below 5 percent in late 2007 to a peak of 10 percent in October 2009, the highest level since 1982, where it reached 10.8 percent. It has since fallen to 5.1 percent as of September 2015, just 0.4 points above prerecession levels.

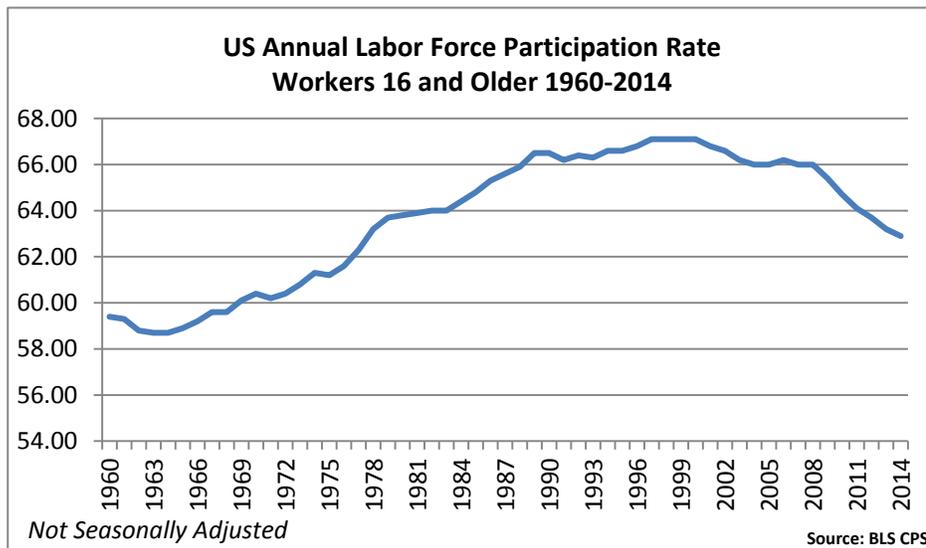
Graph 1-1



Labor Force Participation

The declining labor force participation rate (LFPR) has been a hotly discussed post-recession statistic. Opposing arguments for the cause of its fall are that it is due to cyclical contractions in aggregate demand and that it is instead due to structural change in the economy after a particularly impacting recession. In reality, both causes are contributing to declining LFPR. A 2014 Congressional Budget Office report found that of the 3 percentage point decline in US LFPR from 2007 to 2013, 1.5 points was the result of long-term trends (mostly population aging), about 1 point resulted from temporary weakness in employment, and about 0.5 point of the decline was due to the slow recovery, mostly discouraged workers dropping out of the labor force.¹ The cyclical contractions in aggregate demand the US experienced after a housing-asset bubble collapse has proven to be a significant drag on the economy. As for contributing structural causes, a longer view of LFPR shows that rate changes largely follow decades-long trends. The LFPR for the US population 16 and older started rising in the mid 1960s and largely leveled off by 1989, where it remained between 66 and just over 67 percent throughout the 1990s. After a late 1990s peak of 67.1 annual percent it started to decline. From late 2003 through 2008 it remained at or just above 66 percent but has since resumed its downward trend and has fallen to 62.9 percent as of 2014.

Table 1-2



¹ See Congressional Budget Office, *The Slow Recovery of the Labor Market* (February 2014), <https://www.cbo.gov/publication/45011>

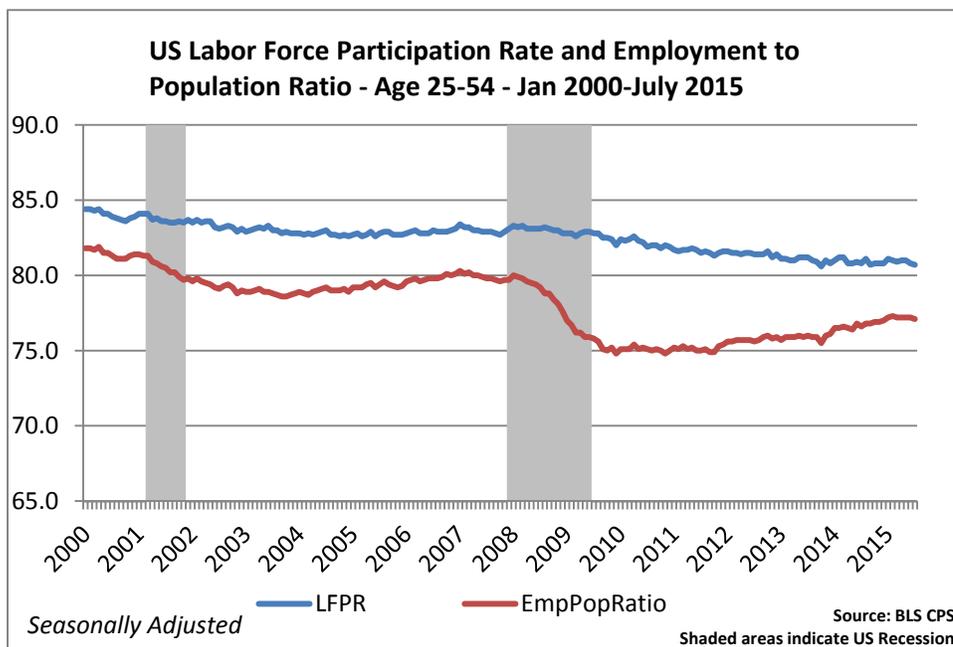
Participation Rates by Age Cohorts

To determine how demographic trends are contributing to the overall decline in labor force participation rates, the labor force was broken down into three cohorts, under age 25, age 25 to 54, and over 54. These three groups exhibit differing degrees of attachment to the labor force, those under 25 are more likely to be in school, those age 25 to 54 (also known as prime age workers) are most likely to be in the labor force, and those over 54 are more likely to leave the labor force and enter retirement.

Graph 1-3 shows the monthly LFPR and employment to population ratio (EPR) for US prime age workers age 25 to 54 from 2000 through July 2015. Therein the downward LFPR trend experienced by the overall population over age 16 is shown to a more slightly tempered degree for the prime age workforce, falling from 84.4 percent in 2000 to 80.7 percent in July 2015.

Also shown in Graph 1-3 is the employment to population ratio, which exhibits more cyclicity relative to LFPR. The EPR declined from 2007-2009 at a much steeper slope than it did in the early 2000s and since mid-2011 it has steadily risen as the economy gained jobs. The US unemployment rate (UR) for workers age 25 to 54 is shown in Graph 1-4. Therein the pronounced increase during the recession is illustrated, as is the steady decline thereafter. As of July 2015, the US UR for prime-age workers was 4.5 percent, a low not seen since June 2008 and 0.2 percent below the corresponding level for July of that year.

Graph 1-3



Graph 1-4



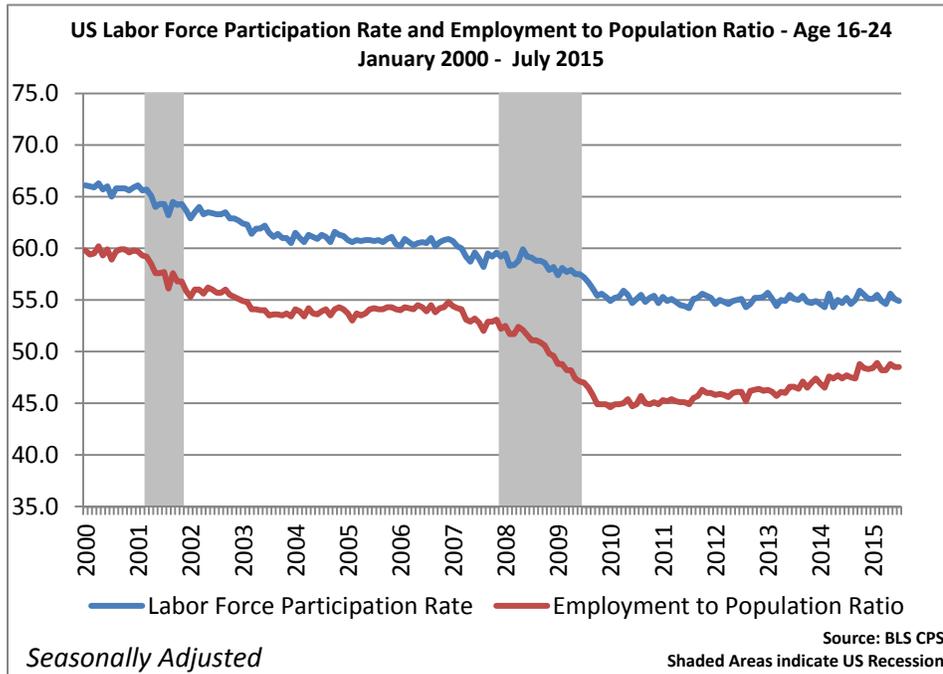
A key takeaway between prime aged workers shown above in Graph 1-3 and 1-4 and the preceding Graphs 1-5 through 1-8 are the differences in the relationship between LFPR and EPR for prime aged workers versus those below 25 and those over 54 years of age. During the recession a widening spread occurred between the prime aged LFPR and EPR, which indicates that as unemployment rose more unemployed prime aged workers remained in the labor force. The preceding Graphs for the youth and over 54 cohorts show a different relationship, where LFPR and EPR more closely track one another, indicating those cohorts are less likely to remain in the labor force once unemployed.

Additional trends between the two cohorts include the downward and upward slopes of the under 25 and over 54 cohorts respectively. For the under 25 cohort, labor force participation fell roughly 5 percentage points from 65 percent in 2000 to about 60 percent prior to the 2007 recession, During the recession it fell approximately by an additional 5 points and was 55 percent by mid-2010, participation rates last seen in the early 1960s.

The over 54 cohort has experienced a substantial long-term rise in labor force participation after reaching a trough in the mid 1990s and since 2009 has remained at slightly above 40 percent, levels also not seen since the early 1960s. This rise in the over 54 cohort is primarily due to a significant population

increase in workers aged 55-65, which have had a LFPR between 64 and 65 percent since 2008, whereas older component groups have rates less than half that. Since 2000, the population age 55-64 increased 64 percent, this “young-old” population growth has buoyed overall LFPR for the over 54 cohort.

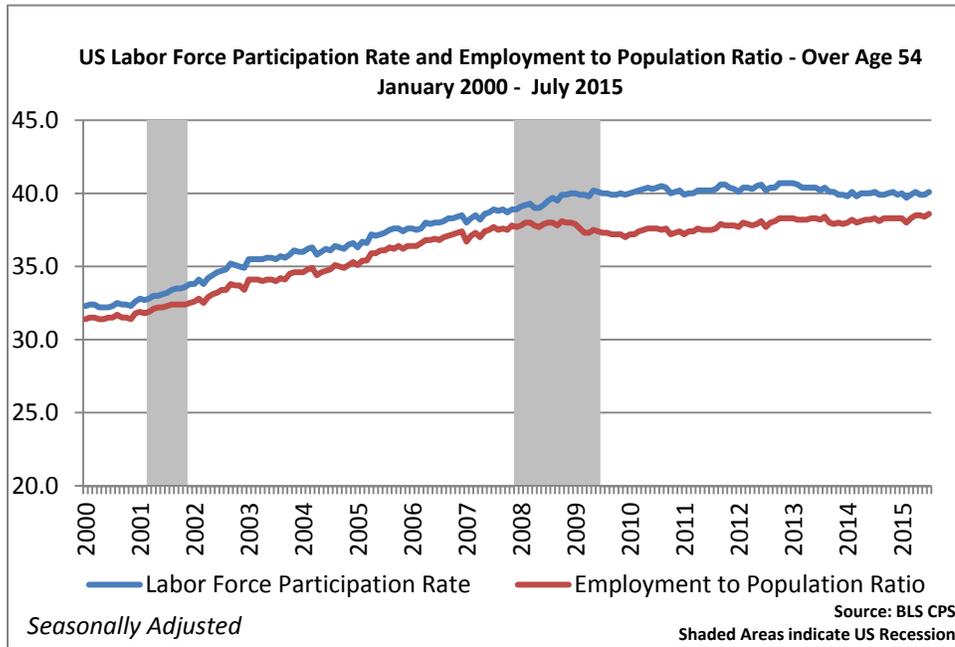
Graph 1-5



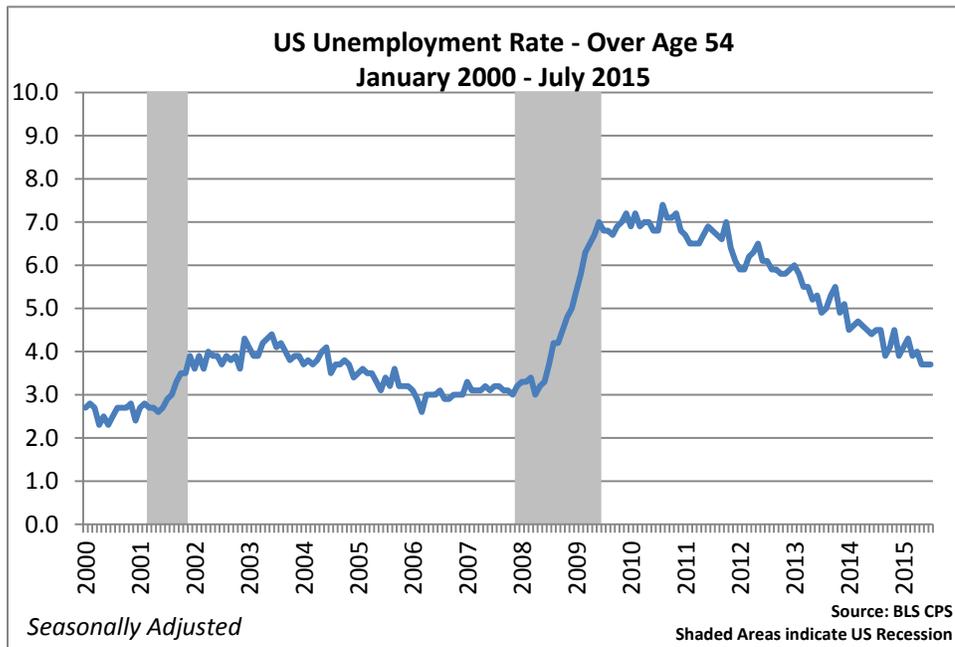
Graph 1-6



Graph 1-7



Graph 1-8



Those younger and older cohorts also exhibit different unemployment rates throughout the 15 years of exemplified data. Youth unemployment rates shown in Graph 1-6 are shown to be typically around twice what the overall unemployment rate is, while the unemployment rate for workers over 54 years of age

shown in Graph 1-8 is consistently about 25 percent below the overall Unemployment rate, due in large part to lower LFPR.

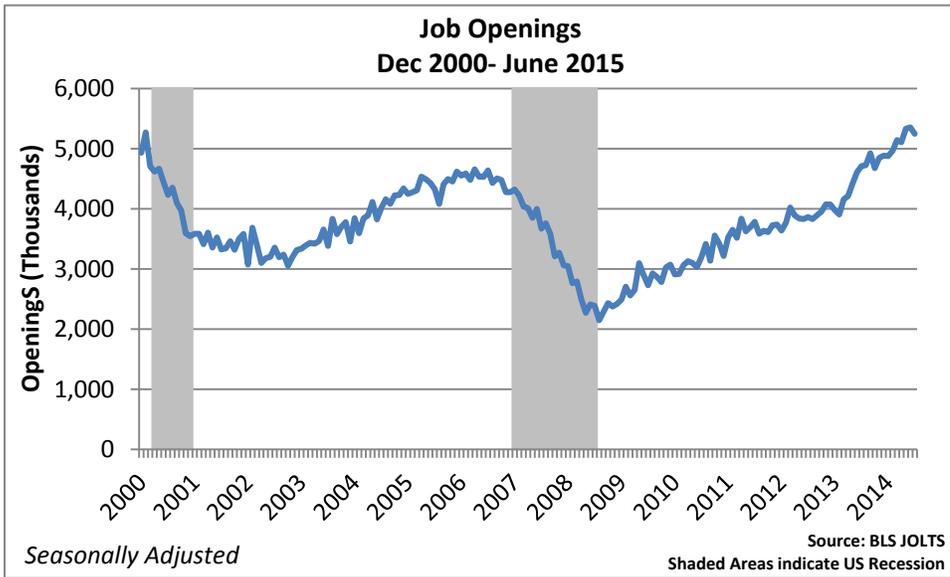
The LFPRs shown in Graphs 1-5 and 1-7 help illustrate employment trends for the youngest and oldest members of our labor force and how they help explain the downward overall LFPR trend for the overall labor force. Population growth of those cohorts further impacts the overall LFPR, as large population growth in low LFPR cohorts bends overall rates downward. From 2000-2014, the declining youth LFPR has occurred as the population of that cohort increased 12.7 percent, below the rates of the overall population growth and as the over 54 cohort population grew significantly, up from 16.6 to 35.4 million, an increase 76.4 percent.

Job Vacancy Data

The Bureau of Labor Statistics' Job Opening and Labor Turnover Survey (JOLTS) produces data on job openings, hires, and separations to serve as demand side indicators of labor shortage at the national level.² In terms of absolute values, job openings have been above prerecession levels since June 2014 and is shown in Graph 1-9. Due to inherent growth of the labor market over time, indexing openings to the number of unemployed helps provide a clearer picture of labor market demand. Graph 1-10 displays BLS JOLTS openings per 100 unemployed. From 2000, the earliest year of available data, nearly 90 jobs openings existed for every 100 unemployed workers prior to the 2001 recession. Jolts per 100 unemployed reached its next peak in March 2007, at 69.2 openings per 100 unemployed. It troughed in correspondence with the end of the recession in June 2009 at 16.2 openings per 100 unemployed. During the recovery the ratio of openings per 100 unemployed steadily increased, since mid-2014 the slope has gotten steeper and was 63.2 openings per 100 as of June 2015, up 27 percent year over year. Graph 1-11 shows the strong negative correlation between overall Jolts levels and total unemployment.

² Bureau of Labor Statistics, <http://www.bls.gov/jlt/jltover.htm#purpose>

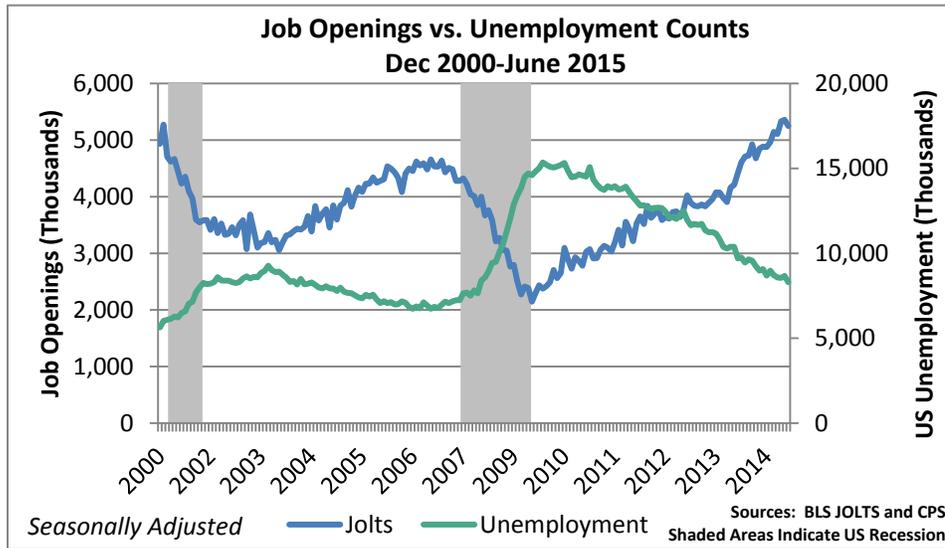
Graph 1-9



Graph 1-10



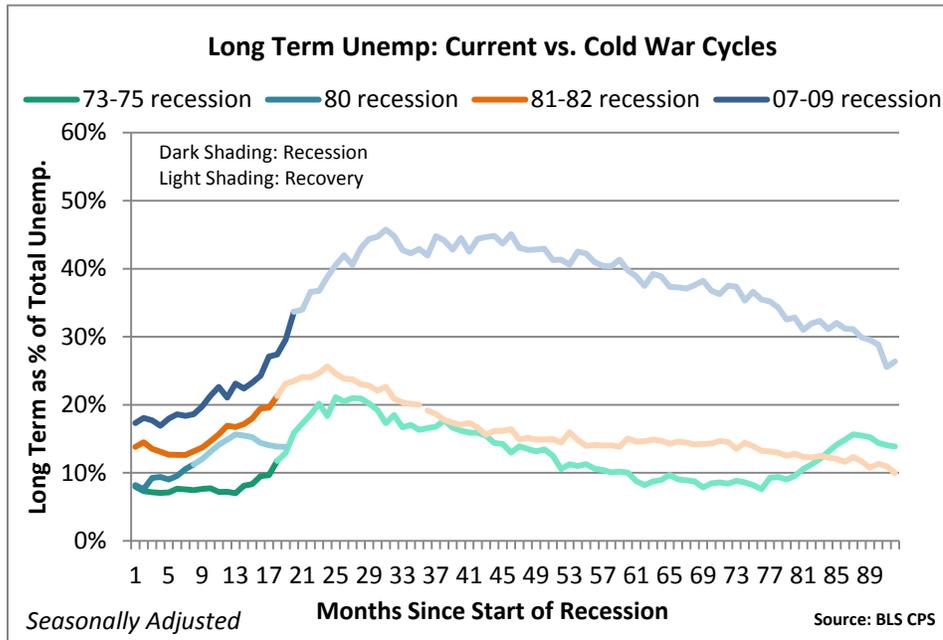
Graph 1-11



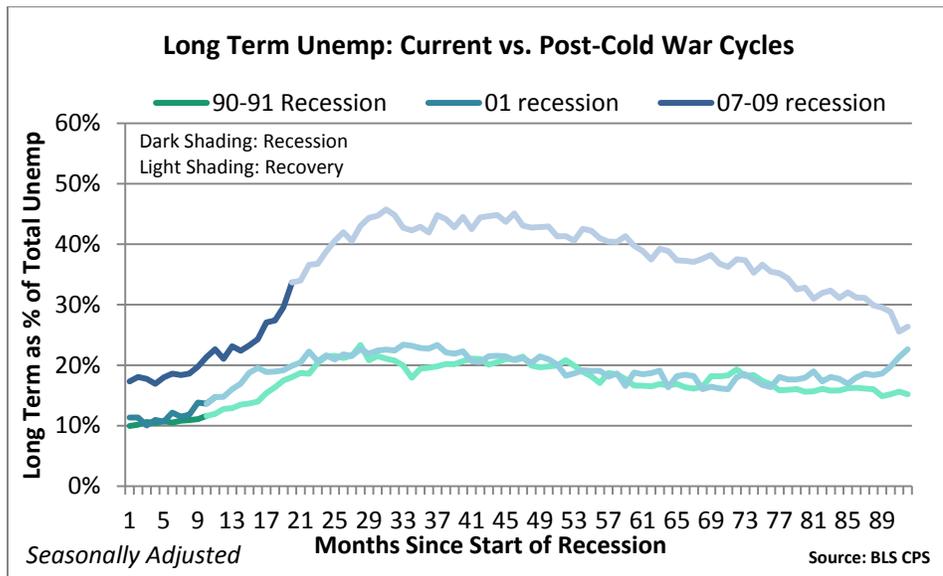
Long Term Unemployment

A key attribute of the 2007-09 recessions and its recovery has been the rise of long-term unemployment. Graphs 1-12 and 1-13 show unemployment over 27 weeks for every recession since 1973 as a percentage of total unemployment. The darker portion of each line represent the recessionary period and the lighter section indicates the long term unemployment during the recovery period. Comparing the 2007 recession to others from the past in the past 40 years highlights its severity. Long-term unemployment as a percentage of total unemployment peaked in September 2009 at 46%, well above levels reached in any of the other recessions shown. It stayed above 40% until late 2012 and was 26% as of July 2015, improving but still at historic levels.

Graph 1-12



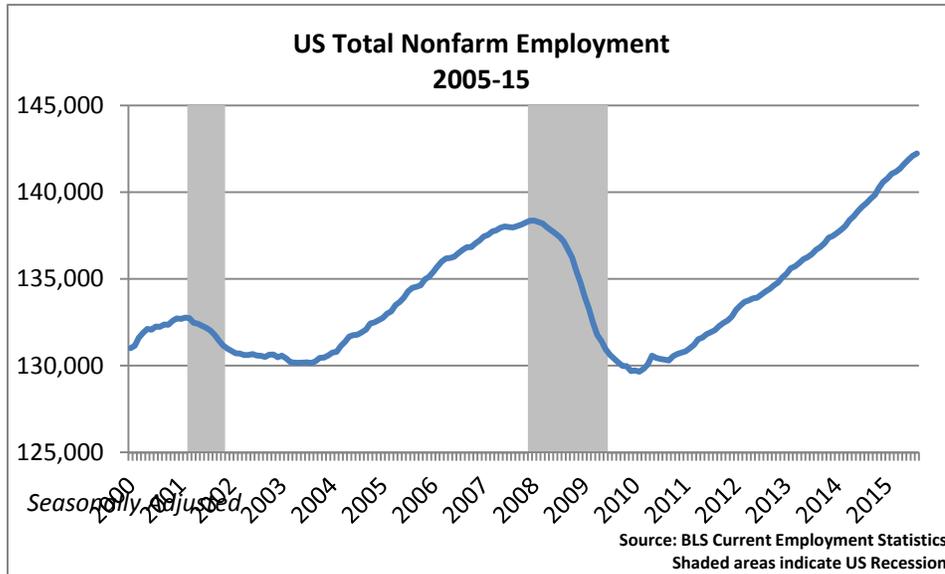
Graph 1-13



Employment

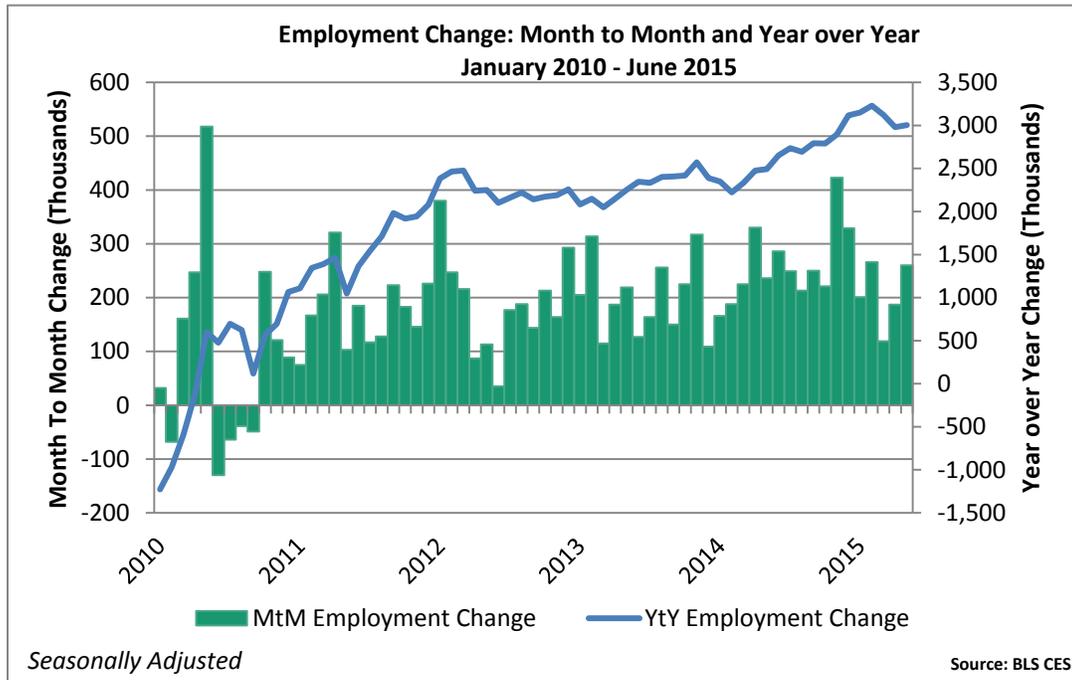
Total US nonfarm employment has steadily increased since reaching a post-recession trough of 129.7 million in February 2010, shown in Graph 1-14. By mid-2014 it exceeded prior-peak employment of 138.4 million and has since added 4 million jobs since entering the expansionary phase of the business cycle.

Graph 1-14



Graph 1-15 shows month to month and year-over-year change in total U.S. nonfarm employment from January 2010 through mid-2015. Barring the pronounced Decennial Census related hiring blip starting in March 2010, month over month employment gains didn't really take off until late 2010 onward.

Graph 1-15



Industry Employment

Table 1-1 shows US industry sector annual employment during peak and trough years as well employment change during then and to the present. Total annual average employment fell by 4.9 percent from 2007 peak to the 2010 trough. The largest share of that contraction occurred in construction, manufacturing, and trade, transportation and utilities. Those sectors saw employment decrease respectively by 27.7, 16.9 and 7.5 percent and comprised a combined 84.3 percent of overall employment declines. During that contractionary phase all sectors except for education and health services and government experienced employment declines, which respectively grew by 7.0 and 1.2 percent. Government employment gains from 2007 to 2010 were impacted by decennial census employment, from 2010 onward government employment has fallen by 2.8 percent.

Since 2010 annual average US nonfarm employment has entered expansion, up 1.1 million jobs over peak 2007 levels as of 2014. Industries that have gained the most are Education and health services and leisure and hospitality, which respectively are at employment levels 15.4 and 9.6 percent above 2007 levels.

Other industries have yet to exceed peak 2007 annual average employment, the largest percent deficit

industries being Construction, down 19.6 percent and Manufacturing, down 12.2 percent over that 7 year period. Others include Information, down 9.6 percent and Financial Activities, down 4.4 percent.

Table 1-1 US Annual Average Nonfarm Employment Through the Current Cycle (Thousands)

| | Peak Year | Trough Year | Recent Year | Change in Jobs | | |
|--------------------------------------|-----------|-------------|-------------|----------------|---------|---------|
| | 2007 | 2010 | 2014 | 2007-10 | 2010-14 | 2007-14 |
| Total Nonfarm | 137,936 | 130,275 | 139,042 | -7,661 | 8,767 | 1,106 |
| Total private | 115,718 | 107,785 | 117,180 | -7,933 | 9,395 | 1,462 |
| Goods-Producing | 22,233 | 17,751 | 19,223 | -4,482 | 1,472 | -3,010 |
| Mining and Logging | 724 | 705 | 896 | -19 | 191 | 172 |
| Construction | 7,630 | 5,518 | 6,138 | -2,112 | 620 | -1,492 |
| Manufacturing | 13,879 | 11,528 | 12,188 | -2,351 | 660 | -1,691 |
| Service-Providing | 115,703 | 112,524 | 119,820 | -3,179 | 7,296 | 4,117 |
| Trade, Transportation, and Utilities | 26,630 | 24,636 | 26,384 | -1,994 | 1,748 | -246 |
| Information | 3,032 | 2,707 | 2,740 | -325 | 33 | -292 |
| Financial Activities | 8,348 | 7,695 | 7,979 | -653 | 284 | -369 |
| Professional and Business Services | 17,942 | 16,728 | 19,096 | -1,214 | 2,368 | 1,154 |
| Education and Health Services | 18,613 | 19,889 | 21,475 | 1,276 | 1,586 | 2,862 |
| Leisure and Hospitality | 13,427 | 13,049 | 14,710 | -378 | 1,661 | 1,283 |
| Other Services | 5,494 | 5,331 | 5,573 | -163 | 242 | 79 |
| Government | 22,218 | 22,490 | 21,863 | 272 | -627 | -355 |

Source: BLS Current Employment Statistics

Table 1-2 US Annual Average Nonfarm Employment Through the Current Cycle (Percentages)

| | Peak Year | Trough Year | Recent Year | Job Share Change | | |
|--------------------------------------|-----------|-------------|-------------|------------------|---------|---------|
| | 2007 | 2010 | 2014 | 2007-10 | 2010-14 | 2007-14 |
| Total Nonfarm | 100.0% | 100.0% | 100.0% | | | |
| Total private | 83.9% | 82.7% | 84.3% | -1.2% | 1.5% | 0.4% |
| Goods-Producing | 16.1% | 13.6% | 13.8% | -2.5% | 0.2% | -2.3% |
| Mining and Logging | 0.5% | 0.5% | 0.6% | 0.0% | 0.1% | 0.1% |
| Construction | 5.5% | 4.2% | 4.4% | -1.3% | 0.2% | -1.1% |
| Manufacturing | 10.1% | 8.8% | 8.8% | -1.2% | -0.1% | -1.3% |
| Service-Providing | 83.9% | 86.4% | 86.2% | 2.5% | -0.2% | 2.3% |
| Trade, Transportation, and Utilities | 19.3% | 18.9% | 19.0% | -0.4% | 0.1% | -0.3% |
| Information | 2.2% | 2.1% | 2.0% | -0.1% | -0.1% | -0.2% |
| Financial Activities | 6.1% | 5.9% | 5.7% | -0.1% | -0.2% | -0.3% |
| Professional and Business Services | 13.0% | 12.8% | 13.7% | -0.2% | 0.9% | 0.7% |
| Education and Health Services | 13.5% | 15.3% | 15.4% | 1.8% | 0.2% | 2.0% |
| Leisure and Hospitality | 9.7% | 10.0% | 10.6% | 0.3% | 0.6% | 0.8% |
| Other Services | 4.0% | 4.1% | 4.0% | 0.1% | -0.1% | 0.0% |
| Government | 16.1% | 17.3% | 15.7% | 1.2% | -1.5% | -0.4% |

Source: BLS Current Employment Statistics

Table 1-2 shows industry employment as a percentage of overall employment and share change over the recession and recovery. Overall employment had a share shift of 2.3 percentage points from Goods Producing to Service Providing industries from 2007 to 2014, (Service-Providing having equivalent corresponding gains), with most of that share increase occurring in the Education and Health Services industry sector.

Connecticut Overview

Connecticut's Recovering Labor Market

Connecticut is now into its fifth year of recovery from the “great recession” that took its toll on the state from 2008 to 2010. Table 2-1 shows the annual averages of Connecticut nonfarm employment throughout the current cycle. The table compares the employment levels from the peak, trough and most recent complete year of data. It also shows the change in jobs from the peak to trough, trough to recent year, and peak to recent year. Table 2-2 highlights the major industry sectors and shows how the job share of each has shifted throughout the cycle.

Over the recession, Connecticut lost over 5% of its nonfarm employment, roughly 91,000 jobs based on annual averages. The annual average nonfarm employment reached its peak in 2008 at 1,699,000 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 79% 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 2014, Connecticut has yet to regain all of the nonfarm employment it lost in the recession. Since the trough year of 2010, 58,100 jobs have been added. That level is still 32,900 below the peak in 2008. All industry supersectors except for manufacturing, financial activities and government have been aiding in the recovery. Manufacturing has dropped 5,100 jobs since 2010, bringing the total loss to 27,000 jobs since the recession hit. The financial activities sector has lost 6,600 jobs since the trough year, making a total loss of 14,800 jobs since the peak. Similarly, government has lost 6,300 jobs since the trough, creating a drop of 14,600 jobs since the peak.

Only three supersectors have been able to reach its 2008 level or higher. The professional and business services sector lost 14,800 jobs during the recession, but has since gained 21,100 jobs to bring it 6,300 jobs higher than in 2008. Leisure and hospitality took a small dip of 3,800 jobs from 2008 to 2010, but is now 13,600 jobs greater than it was pre-recession. 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 10,100 jobs when the rest of the economy was in a downfall, and has grown by another 18,100 since 2010.

**Table 2-1
Nonfarm Employment through the Current Cycle (Annual Averages)**

| | Peak Year 2008 | Trough Year 2010 | Recent Year 2014 | Change in Jobs | | |
|---|-------------------|---------------------|---------------------|----------------|---------------|----------------|
| | | | | 2008-10 | 2010-14 | 2008-14 |
| TOTAL NONFARM EMPLOYMENT | 1,699,000 | 1,608,000 | 1,666,100 | -91,000 | 58,100 | -32,900 |
| TOTAL PRIVATE | 1,446,500 | 1,363,800 | 1,428,200 | -82,700 | 64,400 | -18,300 |
| GOODS PRODUCING INDUSTRIES | 252,700 | 215,400 | 215,800 | -37,300 | 400 | -36,900 |
| CONSTRUCTION, NAT. RES. & MINING | 66,100 | 50,600 | 56,100 | -15,500 | 5,500 | -10,000 |
| MANUFACTURING | 186,700 | 164,800 | 159,700 | -21,900 | -5,100 | -27,000 |
| Durable Goods | 143,500 | 127,300 | 124,300 | -16,200 | -3,000 | -19,200 |
| Fabricated Metal | 33,100 | 28,100 | 29,800 | -5,000 | 1,700 | -3,300 |
| Machinery | 17,700 | 15,000 | 13,900 | -2,700 | -1,100 | -3,800 |
| Computer and Electronic Product | 14,200 | 13,300 | 12,500 | -900 | -800 | -1,700 |
| Transportation Equipment | 44,300 | 42,200 | 40,100 | -2,100 | -2,100 | -4,200 |
| Aerospace Product and Parts | 32,400 | 30,500 | 27,700 | -1,900 | -2,800 | -4,700 |
| Non-Durable Goods | 43,200 | 37,500 | 35,400 | -5,700 | -2,100 | -7,800 |
| Chemical | 13,800 | 11,800 | 10,200 | -2,000 | -1,600 | -3,600 |
| SERVICE PROVIDING INDUSTRIES | 1,446,300 | 1,392,600 | 1,450,300 | -53,700 | 57,700 | 4,000 |
| TRADE, TRANSPORTATION, UTILITIES | 309,900 | 289,800 | 301,300 | -20,100 | 11,500 | -8,600 |
| Wholesale Trade | 69,200 | 62,700 | 63,000 | -6,500 | 300 | -6,200 |
| Retail Trade | 188,100 | 178,200 | 185,600 | -9,900 | 7,400 | -2,500 |
| Motor Vehicle and Parts Dealers | 21,200 | 19,200 | 20,900 | -2,000 | 1,700 | -300 |
| Building Material | 15,600 | 14,100 | 15,300 | -1,500 | 1,200 | -300 |
| Food and Beverage Stores | 41,700 | 42,100 | 44,700 | 400 | 2,600 | 3,000 |
| General Merchandise Stores | 27,100 | 27,500 | 28,600 | 400 | 1,100 | 1,500 |
| Transportation, Warehousing, & Utilities | 52,700 | 48,900 | 52,600 | -3,800 | 3,700 | -100 |
| Utilities | 8,700 | 7,900 | 7,400 | -800 | -500 | -1,300 |
| Transportation and Warehousing | 44,000 | 41,000 | 45,300 | -3,000 | 4,300 | 1,300 |
| INFORMATION | 37,800 | 31,700 | 31,800 | -6,100 | 100 | -6,000 |
| Telecommunications | 13,000 | 10,200 | 9,100 | -2,800 | -1,100 | -3,900 |
| FINANCIAL ACTIVITIES | 143,400 | 135,200 | 128,600 | -8,200 | -6,600 | -14,800 |
| Finance and Insurance | 122,900 | 116,300 | 109,400 | -6,600 | -6,900 | -13,500 |
| Credit Intermediation | 29,700 | 27,000 | 26,300 | -2,700 | -700 | -3,400 |
| Securities and Commodity Contracts | 26,500 | 26,300 | 25,400 | -200 | -900 | -1,100 |
| Insurance Carriers & Related Activities | 65,500 | 61,700 | 57,700 | -3,800 | -4,000 | -7,800 |
| Real Estate and Rental and Leasing | 20,500 | 18,900 | 19,300 | -1,600 | 400 | -1,200 |
| PROFESSIONAL & BUSINESS SERVICES | 205,500 | 190,700 | 211,800 | -14,800 | 21,100 | 6,300 |
| Professional, Scientific | 93,200 | 86,700 | 95,400 | -6,500 | 8,700 | 2,200 |
| Legal Services | 14,000 | 13,100 | 13,000 | -900 | -100 | -1,000 |
| Computer Systems Design | 22,000 | 21,100 | 25,600 | -900 | 4,500 | 3,600 |
| Management of Companies | 26,700 | 26,300 | 30,600 | -400 | 4,300 | 3,900 |
| Administrative and Support | 85,600 | 77,700 | 85,800 | -7,900 | 8,100 | 200 |
| Employment Services | 28,800 | 24,700 | 28,100 | -4,100 | 3,400 | -700 |
| EDUCATION AND HEALTH SERVICES | 296,800 | 306,900 | 325,000 | 10,100 | 18,100 | 28,200 |
| Educational Services | 57,200 | 59,200 | 63,500 | 2,000 | 4,300 | 6,300 |
| Health Care and Social Assistance | 239,600 | 247,700 | 261,500 | 8,100 | 13,800 | 21,900 |
| Hospitals | 60,000 | 61,000 | 59,300 | 1,000 | -1,700 | -700 |
| Nursing & Residential Care Facilities | 60,000 | 61,300 | 62,700 | 1,300 | 1,400 | 2,700 |
| Social Assistance | 43,000 | 45,600 | 52,800 | 2,600 | 7,200 | 9,800 |
| LEISURE AND HOSPITALITY | 137,400 | 133,600 | 151,000 | -3,800 | 17,400 | 13,600 |
| Arts, Entertainment, and Recreation | 24,200 | 23,600 | 26,600 | -600 | 3,000 | 2,400 |
| Accommodation and Food Services | 113,200 | 110,000 | 124,400 | -3,200 | 14,400 | 11,200 |
| Food Serv., Restaurants, Drinking Places | 100,900 | 99,200 | 112,700 | -1,700 | 13,500 | 11,800 |
| OTHER SERVICES | 63,100 | 60,500 | 63,000 | -2,600 | 2,500 | -100 |
| GOVERNMENT | 252,500 | 244,200 | 237,900 | -8,300 | -6,300 | -14,600 |
| Federal Government | 19,500 | 19,700 | 17,400 | 200 | -2,300 | -2,100 |
| State Government | 70,200 | 67,400 | 67,000 | -2,800 | -400 | -3,200 |
| Local Government** | 162,800 | 157,100 | 153,400 | -5,700 | -3,700 | -9,400 |

**Includes Indian tribal government employment

Detail may not add to total due to rounding.

Source: B.L.S. Current Employment Statistics

Table 2-2**Nonfarm Employment through the Current Cycle by Major Sector (as percentages)**

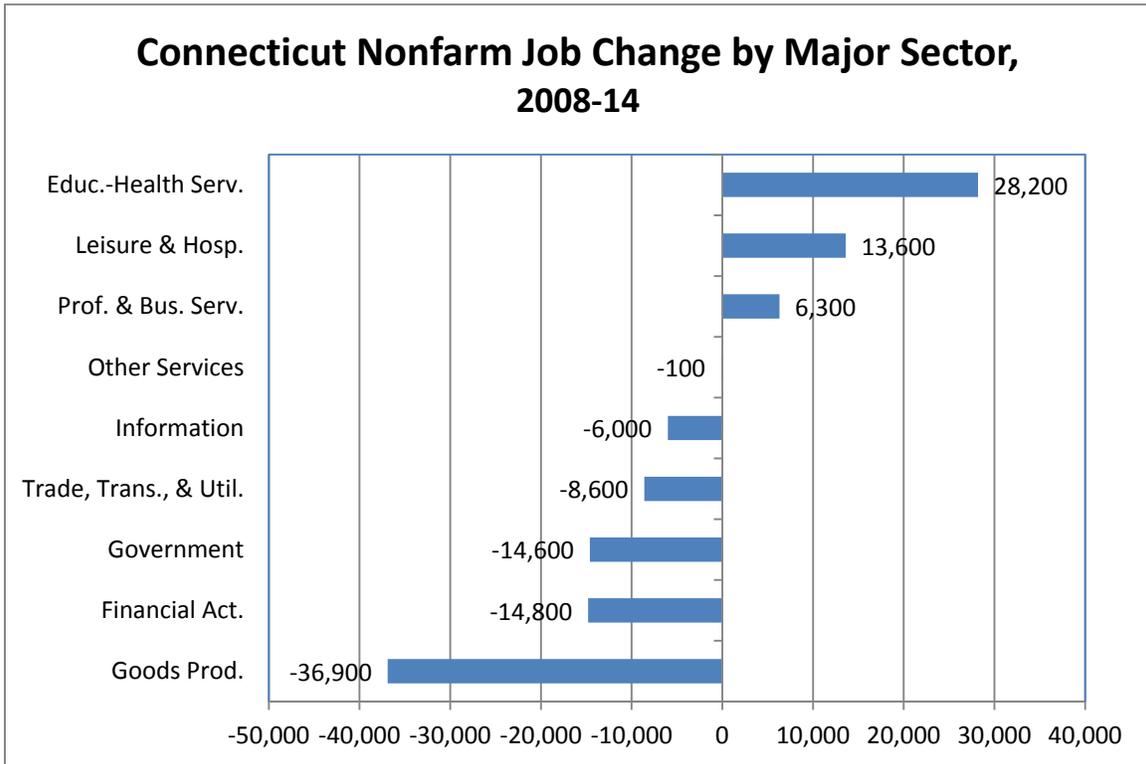
| | Peak Year 2008 | Trough Year 2010 | Recent Year 2014 | Change in Job Share | | |
|--------------------------------------|----------------------|------------------------|------------------------|---------------------|---------|---------|
| | | | | 2008-10 | 2010-14 | 2008-14 |
| Total Nonfarm | 100.0 | 100.0 | 100.0 | | | |
| Goods Producing | 14.9 | 13.4 | 13.0 | -1.5 | -0.4 | -1.9 |
| Trade, Transportation, and Utilities | 18.2 | 18.0 | 18.1 | -0.2 | 0.1 | -0.2 |
| Information | 2.2 | 2.0 | 1.9 | -0.2 | -0.1 | -0.3 |
| Financial Activities | 8.4 | 8.4 | 7.7 | 0.0 | -0.7 | -0.7 |
| Professional and Business Services | 12.1 | 11.9 | 12.7 | -0.2 | 0.8 | 0.6 |
| Education and Health Services | 17.5 | 19.1 | 19.5 | 1.6 | 0.4 | 2.0 |
| Leisure and Hospitality | 8.1 | 8.3 | 9.1 | 0.2 | 0.8 | 1.0 |
| Other Services | 3.7 | 3.8 | 3.8 | 0.1 | 0.0 | 0.1 |
| Government | 14.9 | 15.2 | 14.3 | 0.3 | -0.9 | -0.6 |

The Shift in Employment Share

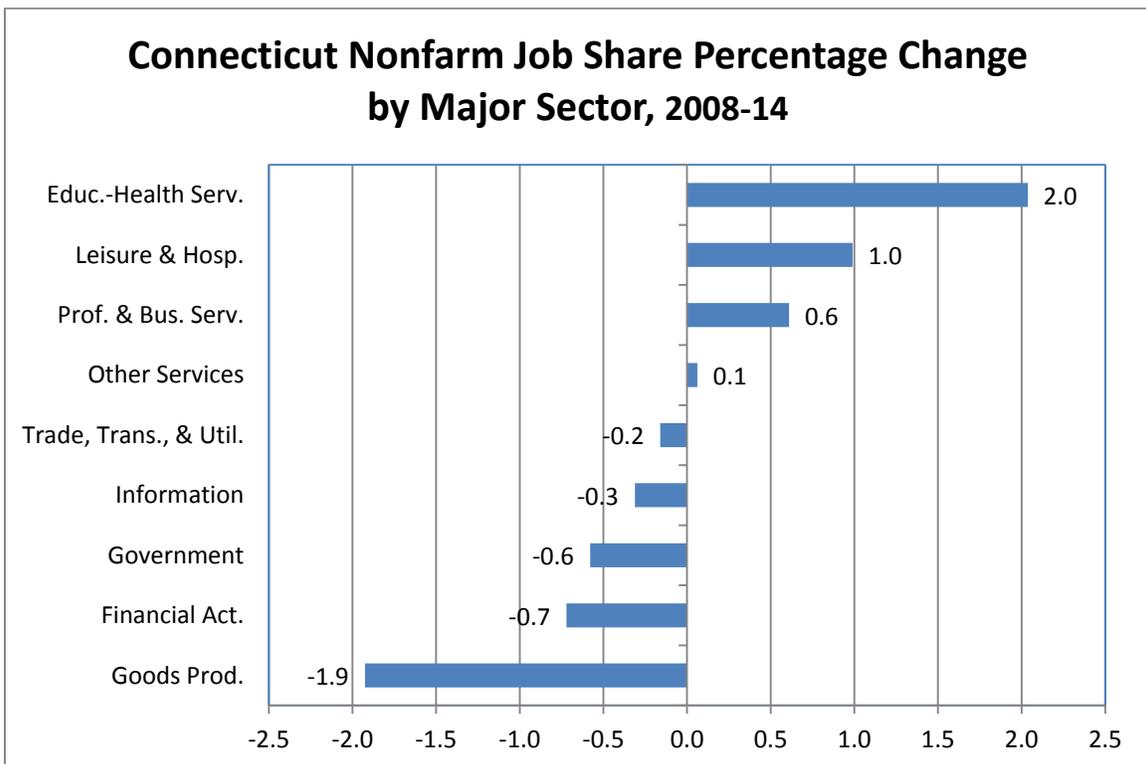
The steady growth of the education and health services sector has shifted its position in the state economy to the top employing sector. It now accounts for 19.5% of the state's employment. That top spot had recently belonged to the trade, transportation, and utilities sector in 2008. The largest drop in job share came in the goods producing sector, dropping from a 14.9% share in 2008 to a 13.0% share in 2014.

Graphs 2-1 and 2-2 present the major sector data from tables 2-1 and 2-2. They depict how the levels of nonfarm employment by major sector have changed since the annual average levels of 2008. The information in the graphs and tables can give us a better sense of how the recession affected the state's economy.

Graph 2-1



Graph 2-2



Putting Connecticut's Recession into Perspective

To gain insight on Connecticut's recession, Table 2-3 compares data on the recent cycle to that of neighboring states and the United States. New Jersey has been added due to its proximity and the fact that it has been increasingly compared to Connecticut. The table shows the jobs lost, recovered, and the intensity of those losses and recoveries.

The average number of months in decline of the areas listed was 24.5. Connecticut came in just under the average with its twenty-three month decline in employment that lasted from March 2008 to February 2010. The United States began its descent in employment just two 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 July 2015, Massachusetts, New York, and the United States have exceeded the employment level it had at the peak of the recession. Connecticut does not have far to go to reach this. Currently, the state is at 99% of its previous employment peak.

Job recovery is widely varied amongst the highlighted areas. Connecticut has regained 86% of the jobs it lost in the recession. The state is faring better than New Jersey (60%) and Rhode Island (75%), but still has a way to go to reach the levels of Massachusetts (220%) and New York (235%).

A More Detailed Look at Connecticut's Recovery

Connecticut's economic recovery has been progressing slower than the nation, but faster than some of its neighboring states. The trough date of Connecticut's recession was February 2010, but only recently has the state come close to the employment levels it experienced prior to the recession. As of July 2015, it has been 65 months into recovery. Table 2-4 shows a year-by-year breakdown of growth in nonfarm employment since the trough. This gives us a better idea of how each industry has shaped the state's current situation. Graph 2-3 provides a visual representation of where each industry was at during each year of the recovery.

The first year of recovery started out strong with an increase of 17,100 jobs. The momentum has been slowly tapering off with each year into recovery. From 2013 to 2014, Connecticut added 12,500 nonfarm jobs, a growth rate of .8%.

Table 2-3

Jobs Lost and Recovered Over the Current Business Cycle in U.S., Connecticut, and Neighboring States

| | Emp Level Peak | Emp Level Trough | Peak Date | Trough Date | # of Months in Decline | # of Months in Recovery | As of July 2015 | % Decline | % Recovery | % of Previous Peak | % of Jobs Recovered as of July 2015 |
|----------------------|-----------------------|-------------------------|------------------|--------------------|-------------------------------|--------------------------------|------------------------|------------------|-------------------|---------------------------|--|
| Connecticut | 1,713,000 | 1,594,000 | Mar. 2008 | Feb. 2010 | 23 | 65 | 1,695,700 | -6.9% | 6.4% | 99.0% | 85.5% |
| Massachusetts | 3,325,000 | 3,182,700 | Apr. 2008 | Oct. 2009 | 18 | 69 | 3,495,200 | -4.3% | 9.8% | 105.1% | 219.6% |
| New Jersey | 4,092,200 | 3,833,200 | Jan. 2008 | Sep. 2010 | 32 | 58 | 3,989,100 | -6.3% | 4.1% | 97.5% | 60.2% |
| New York | 8,817,000 | 8,486,800 | Apr. 2008 | Oct. 2009 | 18 | 69 | 9,262,900 | -3.7% | 9.1% | 105.1% | 235.0% |
| Rhode Island | 495,700 | 455,900 | Dec. 2006 | Jul. 2009 | 31 | 72 | 485,800 | -8.0% | 6.6% | 98.0% | 75.1% |
| United States | 138,365,000 | 129,649,000 | Jan. 2008 | Feb. 2010 | 25 | 65 | 142,115,000 | -6.3% | 9.6% | 102.7% | 143.0% |

Table 2-4

Growth in Recovery of Annual Connecticut Nonfarm Employment (in thousands)

| | Trough | Recovery | | | | Change | | | | Change | | | |
|---|----------------|----------------|----------------|----------------|----------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| Total Nonfarm | 1,608.0 | 1,625.1 | 1,640.4 | 1,653.6 | 1,666.1 | 17.1 | 15.3 | 13.2 | 12.5 | 1.1% | 0.9% | 0.8% | 0.8% |
| Goods Producing | 215.4 | 217.6 | 216.3 | 216.9 | 215.8 | 2.2 | -1.3 | 0.6 | -1.1 | 1.0% | -0.6% | 0.3% | -0.5% |
| Construction, Nat. Res., & Mining | 50.6 | 52.1 | 52.2 | 54.3 | 56.1 | 1.5 | 0.1 | 2.1 | 1.8 | 3.0% | 0.2% | 4.0% | 3.3% |
| Manufacturing | 164.8 | 165.5 | 164.2 | 162.6 | 159.7 | 0.7 | -1.3 | -1.6 | -2.9 | 0.4% | -0.8% | -1.0% | -1.8% |
| Durable Goods | 127.3 | 128.5 | 128.5 | 127.2 | 124.3 | 1.2 | 0.0 | -1.3 | -2.9 | 0.9% | 0.0% | -1.0% | -2.3% |
| Nondurable Goods | 37.5 | 37.0 | 35.7 | 35.4 | 35.4 | -0.5 | -1.3 | -0.3 | 0.0 | -1.3% | -3.5% | -0.8% | 0.0% |
| Service Providing | 1,392.6 | 1,407.5 | 1,424.1 | 1,436.7 | 1,450.3 | 14.9 | 16.6 | 12.6 | 13.6 | 1.1% | 1.2% | 0.9% | 0.9% |
| Trade, Transportation, & Utilities | 289.8 | 292.9 | 295.8 | 298.4 | 301.3 | 3.1 | 2.9 | 2.6 | 2.8 | 1.1% | 1.0% | 0.9% | 0.9% |
| Wholesale Trade | 62.7 | 63.0 | 63.2 | 63.1 | 63.0 | 0.3 | 0.2 | -0.1 | -0.1 | 0.5% | 0.3% | -0.2% | -0.2% |
| Retail Trade | 178.2 | 180.2 | 182.2 | 183.6 | 185.6 | 2.0 | 2.0 | 1.4 | 2.0 | 1.1% | 1.1% | 0.8% | 1.1% |
| Transportation & Warehousing | 41.0 | 41.9 | 43.0 | 44.2 | 45.3 | 0.9 | 1.1 | 1.2 | 1.1 | 2.2% | 2.6% | 2.8% | 2.5% |
| Utilities | 7.9 | 7.8 | 7.6 | 7.5 | 7.4 | -0.1 | -0.2 | -0.1 | -0.1 | -1.3% | -2.6% | -1.3% | -1.3% |
| Information | 31.7 | 31.3 | 31.3 | 32.1 | 31.8 | -0.4 | 0.0 | 0.8 | -0.3 | -1.4% | -0.1% | 2.7% | -0.8% |
| Financial Activities | 135.2 | 135.0 | 133.3 | 130.7 | 128.6 | -0.2 | -1.7 | -2.6 | -2.1 | -0.1% | -1.3% | -2.0% | -1.6% |
| Finance and Insurance | 116.3 | 116.4 | 114.4 | 111.8 | 109.4 | 0.1 | -2.0 | -2.6 | -2.4 | 0.1% | -1.7% | -2.3% | -2.1% |
| Real Estate & Rental & Leasing | 18.9 | 18.7 | 18.8 | 19.0 | 19.3 | -0.2 | 0.1 | 0.2 | 0.3 | -1.1% | 0.5% | 1.1% | 1.6% |
| Professional and Business Services | 190.7 | 197.1 | 203.2 | 206.6 | 211.8 | 6.4 | 6.1 | 3.4 | 5.2 | 3.3% | 3.1% | 1.7% | 2.5% |
| Prof., Sci., & Tech. Serv. | 86.7 | 88.8 | 90.3 | 92.0 | 95.4 | 2.1 | 1.5 | 1.7 | 3.4 | 2.4% | 1.7% | 1.9% | 3.7% |
| Management of Comp. & Ent. | 26.3 | 27.4 | 29.1 | 29.5 | 30.6 | 1.1 | 1.7 | 0.4 | 1.1 | 4.2% | 6.2% | 1.4% | 3.7% |
| Admin. & Waste Serv. | 77.7 | 80.8 | 83.9 | 85.1 | 85.8 | 3.1 | 3.1 | 1.2 | 0.7 | 4.0% | 3.8% | 1.4% | 0.8% |
| Education and Health Services | 306.9 | 313.3 | 317.6 | 321.2 | 325.0 | 6.4 | 4.3 | 3.6 | 3.8 | 2.1% | 1.4% | 1.1% | 1.2% |
| Educational Services | 59.2 | 60.9 | 61.6 | 62.2 | 63.5 | 1.7 | 0.7 | 0.6 | 1.3 | 2.9% | 1.1% | 1.0% | 2.1% |
| Health Care & Social Assistance | 247.7 | 252.4 | 256.0 | 259.0 | 261.5 | 4.7 | 3.6 | 3.0 | 2.5 | 1.9% | 1.4% | 1.2% | 1.0% |
| Social Assistance | 45.6 | 47.5 | 49.1 | 50.8 | 52.8 | 1.9 | 1.6 | 1.7 | 2.0 | 4.2% | 3.4% | 3.5% | 3.9% |
| Leisure and Hospitality | 133.6 | 137.3 | 142.6 | 147.3 | 151.0 | 3.7 | 5.3 | 4.7 | 3.7 | 2.8% | 3.9% | 3.3% | 2.5% |
| Arts, Entertainment, & Rec. | 23.6 | 24.0 | 24.9 | 25.8 | 26.6 | 0.4 | 0.9 | 0.9 | 0.8 | 1.7% | 3.7% | 3.6% | 3.1% |
| Accommodation & Food Serv. | 110.0 | 113.3 | 117.8 | 121.5 | 124.4 | 3.3 | 4.5 | 3.7 | 2.9 | 3.0% | 4.0% | 3.1% | 2.4% |
| Other Services | 60.5 | 60.4 | 61.7 | 62.2 | 63.0 | -0.2 | 1.3 | 0.5 | 0.8 | -0.3% | 2.2% | 0.9% | 1.2% |
| Government | 244.2 | 240.3 | 238.5 | 238.2 | 237.9 | -3.9 | -1.8 | -0.3 | -0.4 | -1.6% | -0.7% | -0.1% | -0.2% |
| Federal | 19.7 | 18.0 | 17.6 | 17.3 | 17.4 | -1.7 | -0.4 | -0.3 | 0.1 | -8.6% | -2.2% | -1.7% | 0.6% |
| State | 67.4 | 67.2 | 66.8 | 66.9 | 67.0 | -0.2 | -0.4 | 0.1 | 0.1 | -0.3% | -0.6% | 0.1% | 0.1% |
| Local* | 157.1 | 155.1 | 154.1 | 154.0 | 153.4 | -2.0 | -1.0 | -0.1 | -0.6 | -1.3% | -0.6% | -0.1% | -0.4% |

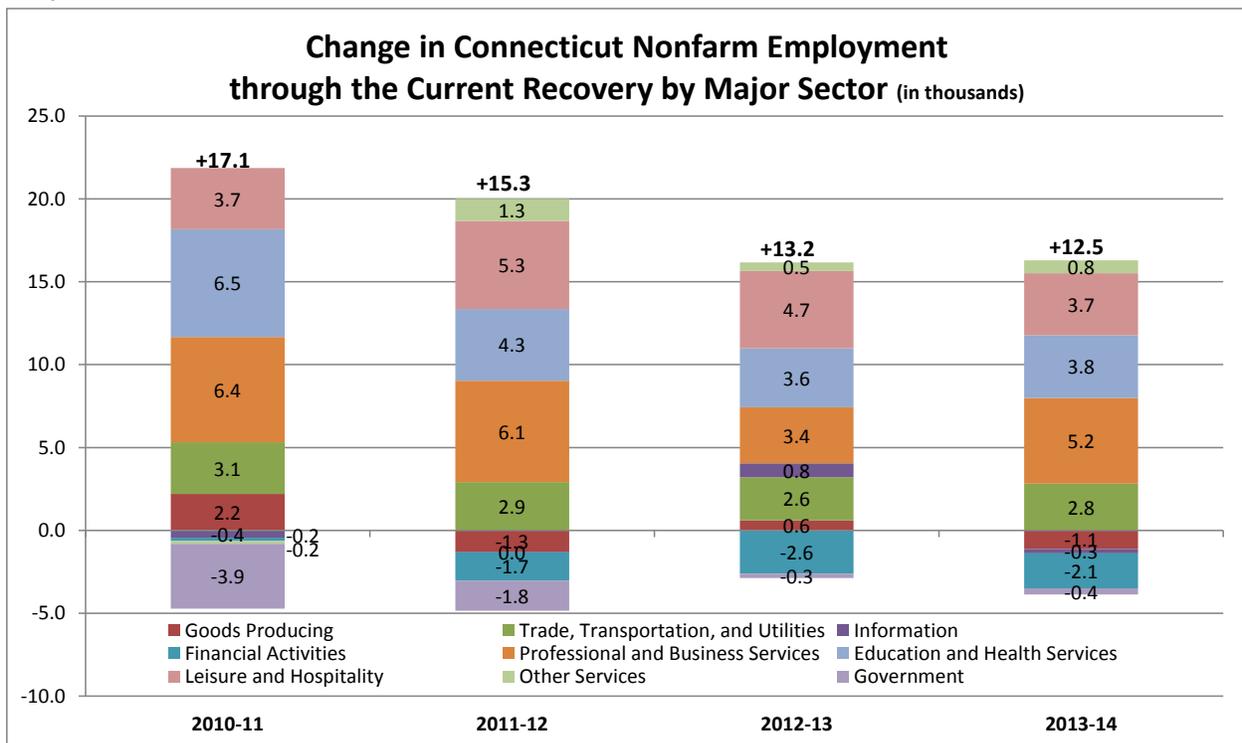
*Includes Indian tribal government employment

Source: B.L.S. Current Employment Statistics

Four of the major industries have provided steady growth year-over-year throughout the recovery. Leisure and hospitality has had the largest yearly average percentage increase at 3%, while professional and business services has had the largest average of jobs added each year at 5,300. The education and health services industry has experienced an average of 4,500 added each year of the recovery. Trade, transportation, and utilities is the other sector that has shown consistent growth year-over-year.

Meanwhile, two industries have been a drag on the current recovery. The employment levels in financial activities and government have been decreasing year-over-year. Government started in 2010 to 2011 with its largest drop of 3,900 jobs and has been slowing down its job losses with only 400 from 2013 to 2014. Financial activities, on the other hand, is showing an opposite trend. The sector only lost 200 jobs the initial year of recovery, but the most recent year-over-year figure shows it lost 2,100 jobs.

Graph 2-3



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 third quarter of 2014 to the third quarter of 2016.

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 .7%. This will potentially bring the employment level to 1,823,049 by the third quarter of 2016 from its base of 1,799,082.

The goods producing industries are expected to contract at an annual average rate of .6%. The largest contributor to this is the manufacturing industry. Over the two year period, it is expected to drop by 5,454 jobs. Construction has a brighter outlook, as it is projected to grow on average 2.2% annually.

The much larger service providing industries are forecasted to grow .9% on an annual average basis. Graph 3-1 is presented to show the extent to which service providing industries make up Connecticut's employment. The projected growth is largely aided by education and health services. The industry is expected to grow 1.4% 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, professional and business services, and leisure and hospitality sectors. Information, financial activities, and government are all likely to shrink over the next two years.

Graph 3-1

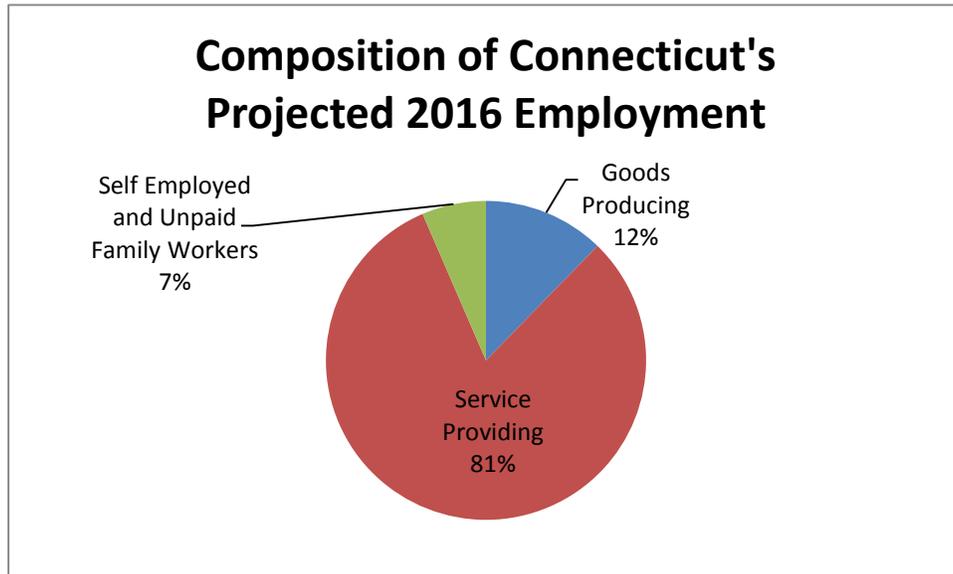


Table 3-1

| Industry | 2014 Employment | 2016 Projected Employment | Avg. Annual Growth Rate (%) |
|--------------------------------------|------------------|---------------------------|-----------------------------|
| Total All Industries | 1,799,082 | 1,823,049 | 0.7 |
| Goods Producing | 226,341 | 223,520 | -0.6 |
| Natural Resources and Mining | 7,098 | 7,100 | 0.0 |
| Construction | 59,611 | 62,242 | 2.2 |
| Manufacturing | 159,632 | 154,178 | -1.7 |
| Service Providing | 1,455,087 | 1,481,366 | 0.9 |
| Trade, Transportation, and Utilities | 296,252 | 299,374 | 0.5 |
| Information | 32,050 | 31,959 | -0.1 |
| Financial Activities | 129,566 | 128,322 | -0.5 |
| Professional and Business Services | 214,718 | 220,389 | 1.3 |
| Education and Health Services | 446,494 | 458,814 | 1.4 |
| Leisure and Hospitality | 171,027 | 177,329 | 1.8 |
| Other Services (except Government) | 76,000 | 76,419 | 0.3 |
| Government | 88,980 | 88,760 | -0.1 |

Occupational Employment Forecast

Connecticut's occupational employment is expected to grow by 23,967 jobs over the 2014-2016 projections period. The major categories with the largest employment change are food preparation and serving related, education, training, and library, personal care and service, and building and grounds cleaning and maintenance occupations. Table 3-3 and 3-4 list the fastest growing and shrinking occupations based on the minor occupation group.

Table 3-2

| Occupation | 2014 Employment | 2016 Projected Employment | Emp. Change |
|--|--------------------|---------------------------------|----------------|
| Total | 1,799,082 | 1,823,049 | 23,967 |
| Management | 135,313 | 136,335 | 1,022 |
| Business and Financial Operations | 94,899 | 95,431 | 532 |
| Computer and Mathematical | 47,516 | 49,165 | 1,649 |
| Architecture and Engineering | 33,787 | 33,458 | -329 |
| Life, Physical, and Social Science | 13,203 | 13,335 | 132 |
| Community and Social Service | 37,911 | 38,915 | 1,004 |
| Legal | 15,242 | 15,301 | 59 |
| Education, Training, and Library | 119,293 | 123,402 | 4,109 |
| Arts, Design, Entertainment, Sports, and Media | 36,917 | 37,196 | 279 |
| Healthcare Practitioners and Technical | 105,660 | 107,205 | 1,545 |
| Healthcare Support | 53,490 | 54,316 | 826 |
| Protective Service | 35,456 | 35,855 | 399 |
| Food Preparation and Serving Related | 139,510 | 144,188 | 4,678 |
| Building and Grounds Cleaning and Maintenance | 76,989 | 79,210 | 2,221 |
| Personal Care and Service | 92,842 | 96,497 | 3,655 |
| Sales and Related | 179,960 | 180,415 | 455 |
| Office and Administrative Support | 268,983 | 269,054 | 71 |
| Farming, Fishing, and Forestry | 4,676 | 4,675 | -1 |
| Construction and Extraction | 58,810 | 60,639 | 1,829 |
| Installation, Maintenance, and Repair | 56,814 | 57,188 | 374 |
| Production | 96,922 | 94,801 | -2,121 |
| Transportation and Material Moving | 94,889 | 96,468 | 1,579 |

Table 3-3

| Fasting Growing Occupations by percentage, by Minor Occupation Group | 2014 | 2016 | % Change |
|---|-------------|-------------|---------------------|
| Water Transportation Workers | 870 | 1,014 | 16.6 |
| Helpers, Construction Trades | 1,384 | 1,461 | 5.6 |
| Postsecondary Teachers | 32,000 | 33,614 | 5.0 |
| Other Personal Care and Service Workers | 59,223 | 62,163 | 5.0 |
| Occupational Therapy and Physical Therapist Assistants and Aides | 1,761 | 1,836 | 4.3 |
| Entertainment Attendants and Related Workers | 6,753 | 7,020 | 4.0 |
| Supervisors of Food Preparation and Serving Workers | 11,418 | 11,857 | 3.8 |
| Computer Occupations | 44,775 | 46,356 | 3.5 |
| Food and Beverage Serving Workers | 75,408 | 78,069 | 3.5 |
| Preschool, Primary, Secondary, and Special Education School Teachers | 48,094 | 49,640 | 3.2 |

Table 3-4

| Fasting Shrinking Occupations by percentage, by Minor Occupation Group | 2014 | 2016 | % Change |
|---|-------------|-------------|---------------------|
| Printing Workers | 2,982 | 2,722 | -8.7 |
| Communications Equipment Operators | 1,589 | 1,532 | -3.6 |
| Supervisors of Production Workers | 8,081 | 7,851 | -2.9 |
| Plant and System Operators | 2,415 | 2,355 | -2.5 |
| Other Production Occupations | 23,595 | 23,023 | -2.4 |
| Religious Workers | 2,848 | 2,784 | -2.3 |
| Assemblers and Fabricators | 21,198 | 20,744 | -2.1 |
| Drafters, Engineering Technicians, and Mapping Technicians | 8,578 | 8,396 | -2.1 |
| Metal Workers and Plastic Workers | 28,398 | 27,798 | -2.1 |
| Material Recording, Scheduling, Dispatching, and Distributing Workers | 42,513 | 41,984 | -1.2 |

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: <http://www1.ctdol.state.ct.us/lmi/index.asp>. For more detail on the short-term industry and occupational projections, visit: <https://www.projectionscentral.com/Projections/ShortTerm>.