



# BUSINESS EMPLOYMENT DYNAMICS

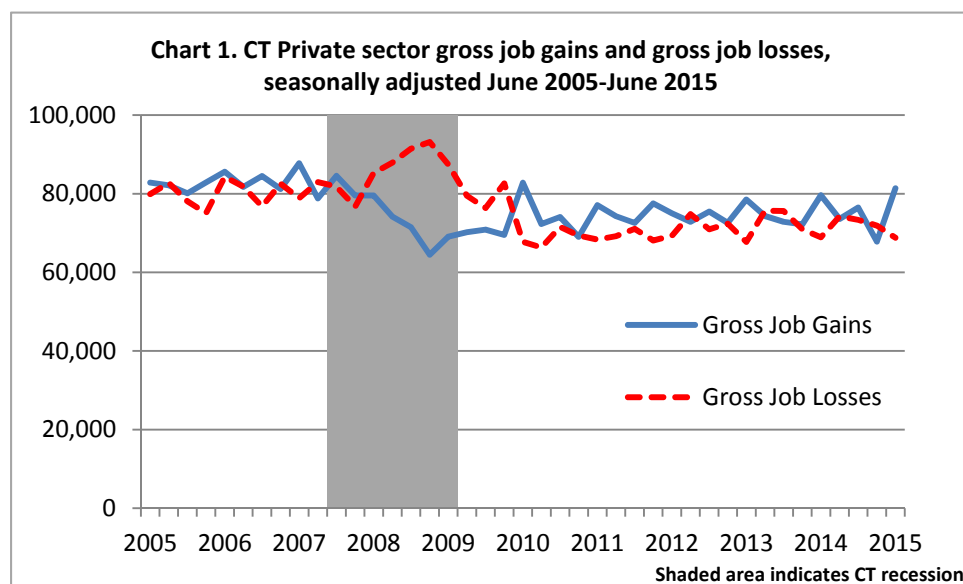
Office of Research  
 Dennis C. Murphy, Acting Commissioner  
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## Second Quarter 2015

Business Employment Dynamics (BED) data published quarterly by the Bureau of Labor Statistics tracks employment changes at the establishment level and reveals the underlying dynamics of net employment change. The data include gross employment change, business expansion/contraction, establishment birth/death, and is available at industry sector level.<sup>1</sup>

From April 2015 to June 2015, **gross job gains** from opening and expanding private sector establishments in Connecticut was 81,367, an increase of 13,540 jobs from the previous quarter. Over this period, **gross job losses** from closing and contracting private sector establishments was 68,807, a decrease of 3,063 jobs from the previous quarter.

The difference between the number of gross job gains and the number of gross job losses yielded a **net employment gain** of 12,560 jobs in the private sector during the second quarter of 2015.

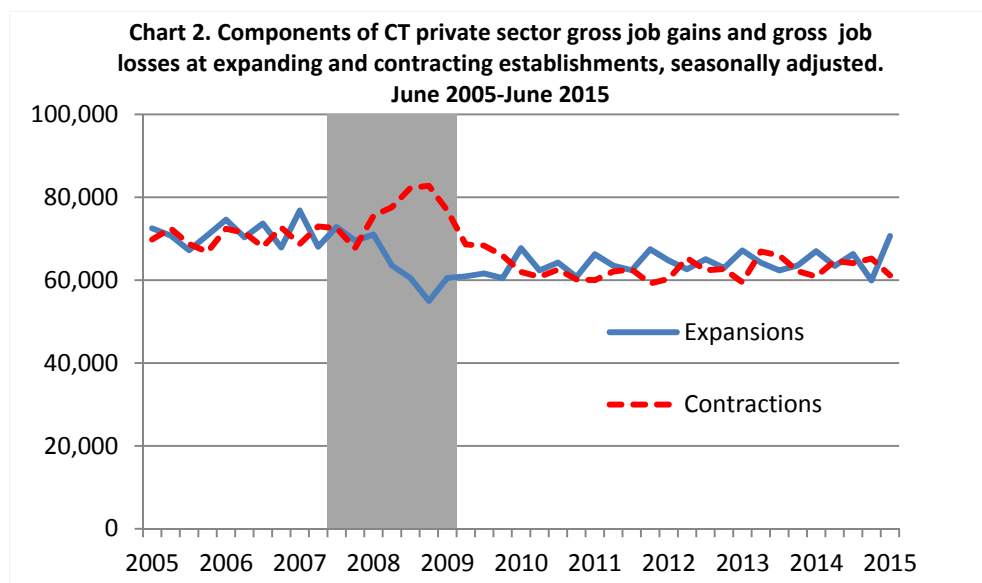


<sup>1</sup> For more information about BED data see: <http://www.bls.gov/bdm/bdmfaq.htm#1>

The change in the number of jobs over time is the net result of increases and decreases in employment that occur at all businesses in the economy. Business Employment Dynamics (BED) statistics track these changes in employment at private business units from the third month of one quarter to the third month of the next. Gross job gains are the sum of increases in employment from expansions at existing units and the addition of new jobs at opening units. Gross job losses are the result of contractions in employment at existing units and the loss of jobs at closing units. The difference between the number of gross job gains and the number of gross job losses is the net change in employment.

The BED data series includes gross job gains and gross job losses at the establishment level by industry subsector and for the 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands, as well as gross job gains and gross job losses at the firm level by employer size class.

Gross job gains at **expanding** establishments totaled 70,677 in the second quarter of 2015, an increase of 10,721 jobs from the previous quarter.



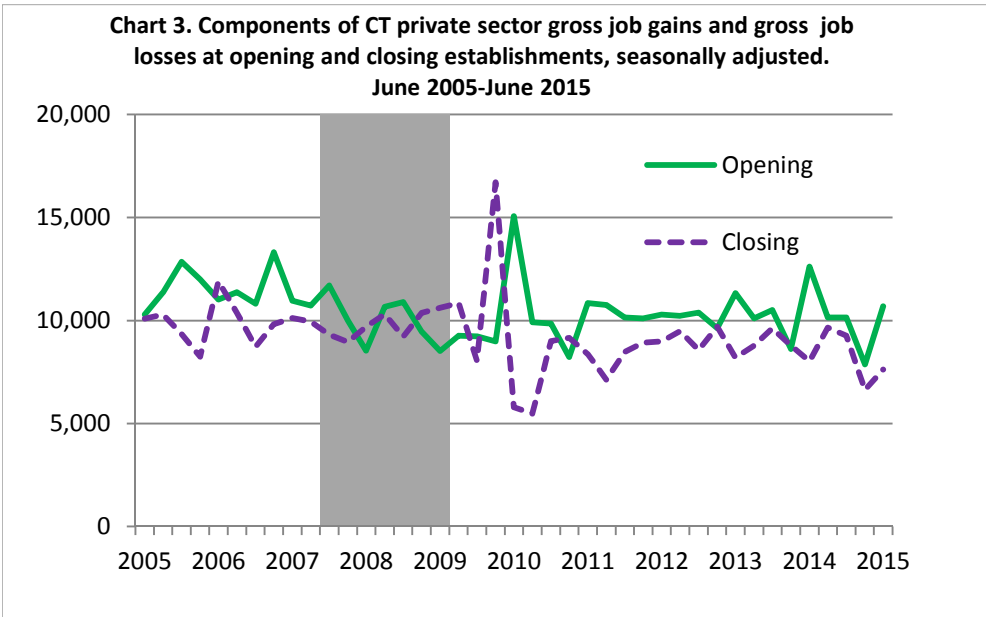
**Opening** establishments accounted for 10,690 jobs gained in the second quarter of 2015, an increase of 2,819 jobs from the previous quarter.

**Contracting** establishments lost 61,181 jobs in the second quarter of 2015. This was a decrease of 4,055 jobs from the prior quarter.

In the second quarter of 2015, **closing** establishments lost 7,626 jobs, an increase of 992 jobs from the previous quarter.

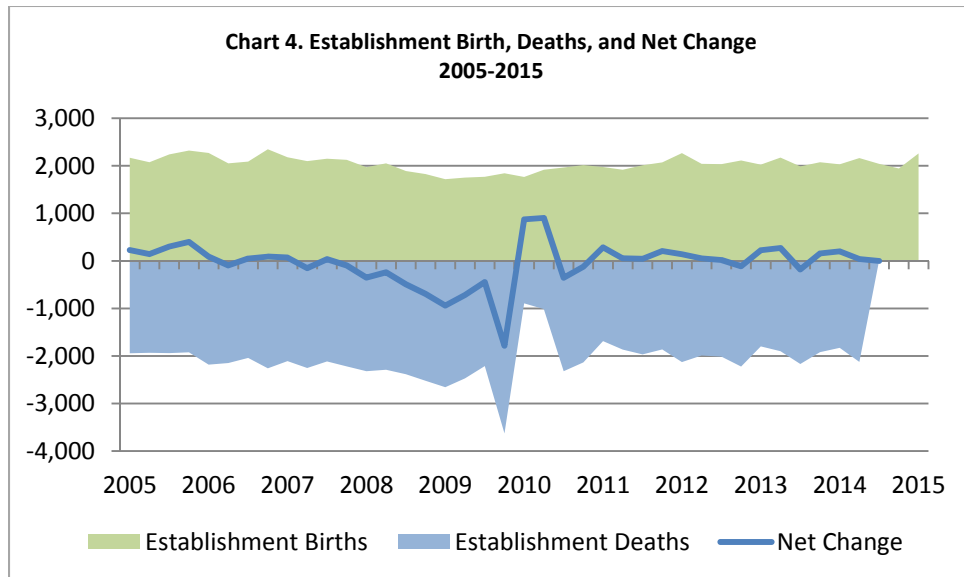
The relationship between gross job gains and losses in Connecticut since the 2007-09 recession has been closer than has been experienced by the US economy overall (see USDL-15-0755). Gross job gains exceeding losses indicates employment expansion.

**Gross job gains** represented 5.8 percent of private sector employment in the second quarter of 2015, while **gross job losses** represented 4.8 percent of private sector employment.



In the second quarter of 2015, the number of **establishment births** (a subset of the openings data) increased by 2,261 establishments. These new establishments accounted for 8,206 jobs, an increase of 3,048 jobs from the previous quarter.

Data for **establishment deaths** (a subset of the closings data) are available through the third quarter of 2014, where 7,010 jobs were lost at 2,124 establishments. In the prior quarter, 5,786 jobs were lost at 1,828 establishments.

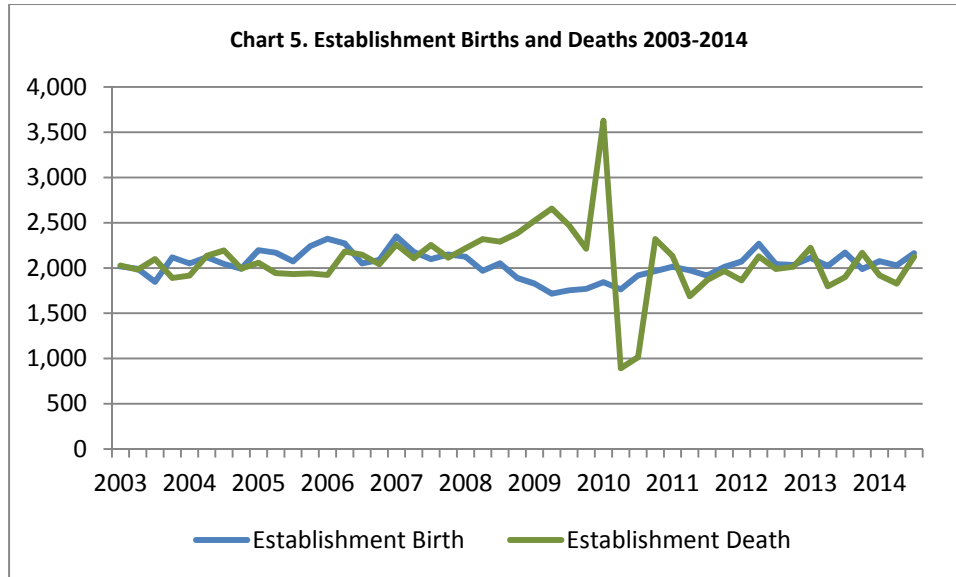


The **net change** of establishment births and deaths went consistently negative during the recession from the first quarter of 2008 and troughed in the first quarter of 2010. During those 9 quarters of recession, Connecticut averaged a net decrease of 640 establishments per quarter, with the largest net establishment decline occurring at the end of the recession, down 1,784 in the first quarter of 2010.

Since that early 2010 trough, the net establishment change has been positive in 14 of past 18 quarters of available data, with an averaging a net increase of 150 establishments per quarter during that period.

This post-recession average exceeds prerecession levels, which averaged 69 establishments per quarter from the third quarter of 2003 to the fourth quarter of 2007 (18 quarters), of which 13 quarters were net-positive.

In the third quarter of 2014 (the most recent quarter of establishment death data), there were 2,164 establishment births, and 2,124 establishment deaths, resulting in a net change of 40 establishments. This follows a March 2014 net change of 202.



During the second quarter of 2015, **gross job gains** exceeded **gross job losses** in 9 of the 10 available **industry sectors**, except for Leisure and Hospitality, which was down 428 jobs.

**Table A: Connecticut Private Sector gross job gains and losses by industry, seasonally adjusted**

Category	Gross job gains and losses (3 months ending)						Gross job gains and losses as a percent of employment (3 months ending)							
	Dec.	Mar.	June	Sept.	Dec.	June	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	
	2013	2014	2014	2014	2014	2015	2013	2014	2014	2014	2014	2015	2015	
<b>Total Private</b>														
Gross job gains	72,874	72,194	79,627	73,610	76,473	67,827	81,367	5.3	5.1	5.7	5.2	5.4	4.8	5.8
at expanding establishments	62,371	63,583	67,007	63,461	66,319	59,956	70,677	4.5	4.5	4.8	4.5	4.7	4.2	5.0
at opening establishments	10,503	8,611	12,620	10,149	10,154	7,871	10,690	0.8	0.6	0.9	0.7	0.7	0.6	0.8
Gross job losses	75,604	70,952	68,925	74,256	73,361	71,870	68,807	5.4	5.0	4.9	5.3	5.2	5.1	4.8
at contracting establishments	65,978	62,169	60,896	64,605	64,093	65,236	61,181	4.7	4.4	4.3	4.6	4.5	4.6	4.3
at closing establishments	9,626	8,783	8,029	9,651	9,268	6,634	7,626	0.7	0.6	0.6	0.7	0.7	0.5	0.5
Net employment change	-2,730	1,242	10,702	-646	3,112	-4,043	12,560	-0.1	0.1	0.8	-0.1	0.2	-0.3	1.0
<b>Construction</b>														
Gross job gains	5,934	5,993	7,098	6,241	6,059	5,599	7,306	11.0	11.1	12.9	11.1	10.7	9.9	12.6
at expanding establishments	4,852	5,149	5,792	5,256	5,185	4,880	6,260	9.0	9.5	10.5	9.3	9.2	8.6	10.8
at opening establishments	1,082	844	1,306	985	874	719	1,046	2.0	1.6	2.4	1.8	1.5	1.3	1.8
Gross job losses	6,639	5,899	5,198	5,355	6,208	6,316	5,680	12.3	10.9	9.4	9.5	10.9	11.1	9.9
at contracting establishments	5,538	4,902	4,526	4,600	5,337	5,770	4,772	10.3	9.1	8.2	8.2	9.4	10.1	8.3
at closing establishments	1,101	997	672	755	871	546	908	2.0	1.8	1.2	1.3	1.5	1.0	1.6
Net employment change	-705	94	1,900	886	-149	-717	1,626	-1.3	0.2	3.5	1.6	-0.2	-1.2	2.7
<b>Manufacturing</b>														
Gross job gains	3,742	3,499	3,774	3,843	4,108	3,663	4,244	2.3	2.2	2.3	2.5	2.6	2.3	2.7
at expanding establishments	3,487	3,378	3,590	3,601	3,745	3,550	4,142	2.1	2.1	2.2	2.3	2.4	2.2	2.6
at opening establishments	255	121	184	242	363	113	102	0.2	0.1	0.1	0.2	0.2	0.1	0.1
Gross job losses	4,408	4,053	4,536	4,539	4,194	3,628	3,266	2.7	2.5	2.8	2.9	2.6	2.3	2.0
at contracting establishments	4,046	3,754	4,374	4,115	3,978	3,448	3,069	2.5	2.3	2.7	2.6	2.5	2.2	1.9
at closing establishments	362	299	162	424	216	180	197	0.2	0.2	0.1	0.3	0.1	0.1	0.1
Net employment change	-666	-554	-762	-696	-86	35	978	-0.4	-0.3	-0.5	-0.4	0.0	0.0	0.7
<b>Wholesale Trade</b>														
Gross job gains	2,755	2,520	3,077	2,527	2,688	2,740	2,965	4.4	4.0	4.9	4.0	4.2	4.3	4.7
at expanding establishments	2,275	2,106	2,460	1,958	2,164	2,292	2,478	3.6	3.3	3.9	3.1	3.4	3.6	3.9
at opening establishments	480	414	617	569	524	448	487	0.8	0.7	1.0	0.9	0.8	0.7	0.8
Gross job losses	2,812	2,636	2,449	2,610	2,724	2,650	2,604	4.5	4.2	3.9	4.1	4.3	4.2	4.2
at contracting establishments	2,256	2,224	2,009	2,096	2,133	2,224	2,180	3.6	3.5	3.2	3.3	3.4	3.5	3.5
at closing establishments	556	412	440	514	591	426	424	0.9	0.7	0.7	0.8	0.9	0.7	0.7
Net employment change	-57	-116	628	-83	-36	90	361	-0.1	-0.2	1.0	-0.1	-0.1	0.1	0.5
<b>Retail Trade</b>														
Gross job gains	11,383	10,604	11,401	9,343	11,023	9,948	12,410	6.2	5.7	6.1	5.0	6.0	5.3	6.6
at expanding establishments	10,097	9,463	10,270	8,134	10,135	9,301	10,488	5.5	5.1	5.5	4.4	5.5	5.0	5.6
at opening establishments	1,286	1,141	1,131	1,209	888	647	1,922	0.7	0.6	0.6	0.6	0.5	0.3	1.0
Gross job losses	10,519	10,677	9,489	11,458	11,094	10,428	10,185	5.7	5.8	5.1	6.2	6.0	5.6	5.5
at contracting establishments	9,438	9,813	8,754	10,408	10,190	9,722	9,276	5.1	5.3	4.7	5.6	5.5	5.2	5.0
at closing establishments	1,081	864	735	1,050	904	706	909	0.6	0.5	0.4	0.6	0.5	0.4	0.5
Net employment change	864	-73	1,912	-2,115	-71	-480	2,225	0.5	-0.1	1.0	-1.2	0.0	-0.3	1.1
<b>Transportation and Warehousing</b>														
Gross job gains	2,494	2,049	2,041	2,224	3,076	1,510	2,414	5.8	4.8	4.8	5.2	7.0	3.4	5.5
at expanding establishments	2,351	1,907	1,830	2,046	2,931	1,379	2,265	5.5	4.5	4.3	4.8	6.7	3.1	5.2
at opening establishments	143	142	211	178	145	131	149	0.3	0.3	0.5	0.4	0.3	0.3	0.3
Gross job losses	2,015	2,380	1,847	1,615	1,741	2,801	1,371	4.8	5.6	4.4	3.8	4.0	6.3	3.2
at contracting establishments	1,814	2,082	1,735	1,405	1,628	2,654	1,257	4.3	4.9	4.1	3.3	3.7	6.0	2.9
at closing establishments	201	298	112	210	113	147	114	0.5	0.7	0.3	0.5	0.3	0.3	0.3
Net employment change	479	-331	194	609	1,335	-1,291	1,043	1.0	-0.8	0.4	1.4	3.0	-2.9	2.3
<b>Financial Activities</b>														
Gross job gains	4,049	3,528	4,307	5,020	4,290	3,493	4,549	3.1	2.9	3.5	4.0	3.3	2.8	3.5
at expanding establishments	3,515	2,943	3,685	4,435	3,593	3,041	4,033	2.7	2.4	3.0	3.5	2.8	2.4	3.1
at opening establishments	534	585	622	585	697	452	516	0.4	0.5	0.5	0.5	0.5	0.4	0.4
Gross job losses	4,267	3,866	3,670	5,270	4,005	3,488	3,516	3.3	3.1	2.9	4.2	3.1	2.7	2.7
at contracting establishments	3,516	3,258	3,286	4,689	3,324	3,093	3,133	2.7	2.6	2.6	3.7	2.6	2.4	2.4
at closing establishments	751	608	384	581	681	395	383	0.6	0.5	0.3	0.5	0.5	0.3	0.3
Net employment change	-218	-338	637	-250	285	5	1,033	-0.2	-0.2	0.6	-0.2	0.2	0.1	0.8

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	Dec. 2013	Mar. 2014	June 2014	Sept. 2014	Dec. 2014	Mar. 2015	June 2015	Dec. 2013	Mar. 2014	June 2014	Sept. 2014	Dec. 2014	Mar. 2015	June 2015
<b>Professional Business Services</b>														
Gross job gains	13,188	12,347	14,728	12,323	15,100	12,533	14,806	6.4	5.8	6.9	5.8	7.1	5.8	6.9
at expanding establishments	11,158	10,656	12,176	10,460	13,029	10,833	12,739	5.4	5.0	5.7	4.9	6.1	5.0	5.9
at opening establishments	2,030	1,691	2,552	1,863	2,071	1,700	2,067	1.0	0.8	1.2	0.9	1.0	0.8	1.0
Gross job losses	13,964	13,384	11,302	13,080	12,738	13,000	12,808	6.8	6.3	5.3	6.1	6.0	6.1	5.9
at contracting establishments	11,746	11,264	9,683	11,210	10,491	11,590	10,720	5.7	5.3	4.5	5.2	4.9	5.4	4.9
at closing establishments	2,218	2,120	1,619	1,870	2,247	1,410	2,088	1.1	1.0	0.8	0.9	1.1	0.7	1.0
Net employment change	-776	-1037	3,426	-757	2362	-467	1998	-0.4	-0.5	1.6	-0.3	1.1	-0.3	1.0
<b>Education and Health Services</b>														
Gross job gains	9,691	11,363	12,525	11,671	10,362	10,496	11,407	3.0	3.6	4.0	3.7	3.2	3.3	3.6
at expanding establishments	8,971	10,743	10,670	10,746	9,403	9,555	10,506	2.8	3.4	3.4	3.4	2.9	3.0	3.3
at opening establishments	720	620	1855	925	959	941	901	0.2	0.2	0.6	0.3	0.3	0.3	0.3
Gross job losses	11,588	9,311	9,847	9,548	11,559	10,297	8,968	3.7	3.0	3.1	3.0	3.6	3.3	2.8
at contracting establishments	10,752	8,501	8,468	8,353	10,494	9,431	8,402	3.4	2.7	2.7	2.6	3.3	3.0	2.6
at closing establishments	836	810	1379	1,195	1,065	866	566	0.3	0.3	0.4	0.4	0.3	0.3	0.2
Net employment change	-1,897	2,052	2,678	2,123	-1,197	199	2439	-0.7	0.6	0.9	0.7	-0.4	0.0	0.8
<b>Leisure and Hospitality</b>														
Gross job gains	14,422	14,657	14,585	13,618	14,137	12,504	14,955	9.7	9.8	9.6	9.1	9.4	8.3	9.9
at expanding establishments	11,155	12,602	11,651	10,911	11,460	10,582	12,443	7.5	8.4	7.7	7.3	7.6	7.0	8.2
at opening establishments	3,267	2,055	2,934	2,707	2,677	1,922	2,512	2.2	1.4	1.9	1.8	1.8	1.3	1.7
Gross job losses	13,454	12,374	15,179	15,177	13,160	12,874	15,060	9.1	8.2	10.1	10.1	8.7	8.5	9.9
at contracting establishments	11,958	11,013	13,434	13,103	11,433	11,516	13,692	8.1	7.3	8.9	8.7	7.6	7.6	9.0
at closing establishments	1,496	1,361	1,745	2,074	1,727	1,358	1,368	1.0	0.9	1.2	1.4	1.1	0.9	0.9
Net employment change	968	2283	-594	-1559	977	-370	-105	0.6	1.6	-0.5	-1.0	0.7	-0.2	0.0
<b>Other</b>														
Gross job gains	2,955	3,479	3,607	3,402	3,070	3,182	3,586	6.2	7.2	7.4	6.9	6.3	6.5	7.3
at expanding establishments	2,535	2,928	2,934	2,856	2,502	2,692	3,042	5.3	6.1	6.0	5.8	5.1	5.5	6.2
at opening establishments	420	551	673	546	568	490	544	0.9	1.1	1.4	1.1	1.2	1.0	1.1
Gross job losses	3,394	3,024	2,937	3,373	3,316	3,032	3,158	7.1	6.3	6.1	6.9	6.8	6.3	6.4
at contracting establishments	2,837	2,403	2,424	2,692	2,754	2,663	2,695	5.9	5.0	5.0	5.5	5.6	5.5	5.5
at closing establishments	557	621	513	681	562	369	463	1.2	1.3	1.1	1.4	1.2	0.8	0.9
Net employment change	-439	455	670	29	-246	150	428	-0.9	0.9	1.3	0.0	-0.5	0.2	0.9

A Note About the Data:

The Business Employment Dynamics (BED) data are generated from Connecticut's unemployment insurance (UI) records, enhanced through procedures conducted in association with the Bureau of Labor Statistics, and cover approximately 93% of all wage and salary workers in the state. The BED program links these records across quarters, providing a longitudinal history of employment for each establishment. These longitudinal records allow the identification of employment changes at expanding, opening, contracting, or closing establishments. Aggregating these changes, the BED data identify the gross job gains and losses, also known as job flows, in the state. These flows provide an understanding of the labor market dynamics that unfold over time. The job flows data scratches below the surface to expose the undercurrents that result in the net employment outcomes reported in other statistical series

The net change in employment from the Business Employment Dynamics data series will not match the net change in nonfarm employment produced from the monthly survey and reported in the Labor Situation. The monthly estimates are based on surveys from a sample of establishments, while the BED data are based on a quarterly census of administrative records. In addition, the monthly series has a different coverage, excluding the agriculture sector but including government, private households, and establishments not covered by the unemployment insurance program. Thus, the net over-the-quarter changes derived from the BED data may be different from the net employment change estimated from the monthly nonfarm employment series. The intended use of the BED statistics is to show the dynamic labor market flows that underlie the net changes in aggregate employment levels; data users who want to track net changes in aggregate employment levels over time should refer to monthly nonfarm data.

With the release of first quarter data each year, seasonally adjusted data for prior periods are revised and will therefore be different than figures shown in earlier releases. Please see <http://www.bls.gov/bdm/> for more detailed information.

This publication was prepared by Matthew Krzyzek, Economist at the Connecticut Department of Labor, Office of Research. If you have any questions regarding this publication, please call (860) 263-6287 or [Matthew.Krzyzek@ct.gov](mailto:Matthew.Krzyzek@ct.gov).