



BUSINESS EMPLOYMENT DYNAMICS

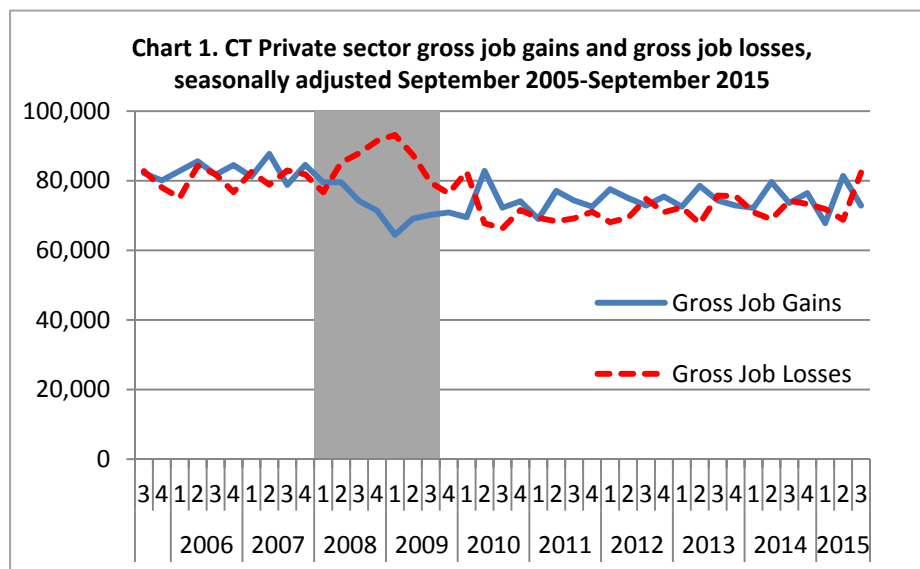
Office of Research
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Third Quarter 2015

WETHERSFIELD, April 27th, 2016 - Business Employment Dynamics (BED) data published quarterly by the Bureau of Labor Statistics tracks employment change 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.¹

From June 2015 to September 2015, **gross job gains** from opening and expanding private sector establishments in Connecticut was 72,894, a decrease of 8,473 jobs from the previous quarter. Over this period, **gross job losses** from closing and contracting private sector establishments was 82,363, an increase of 13,556 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 loss** of 9,469 jobs in the private sector during the third quarter of 2015. This second to third quarter pattern of net employment loss has persisted since 2010.

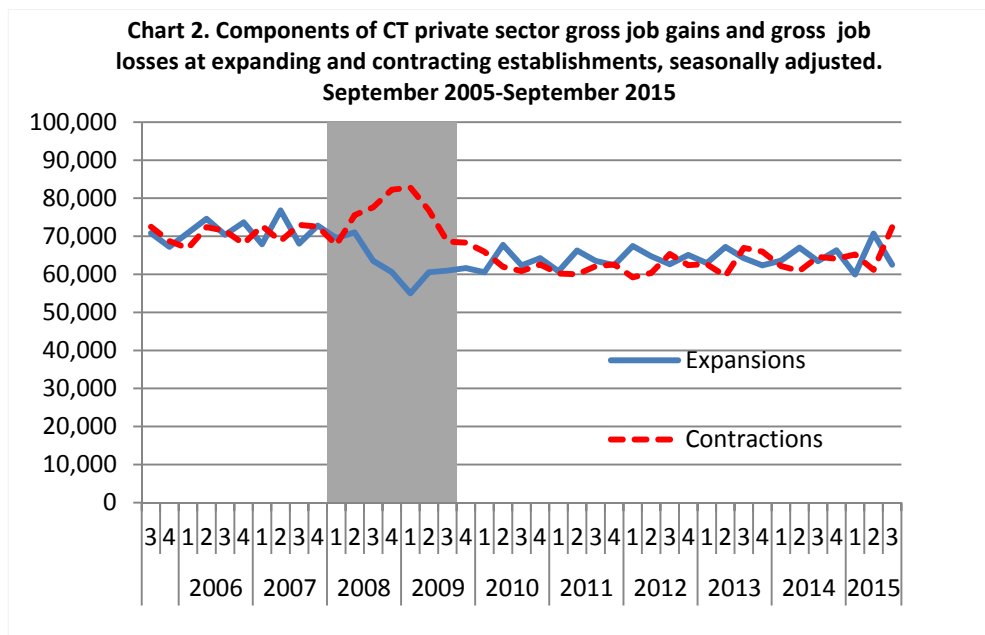


¹ For more information about BED data see: <http://www.bls.gov/bdm/bdmfaq.htm#1>

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 62,537 in the third quarter of 2015, a decrease of 8,140 jobs from the previous quarter.



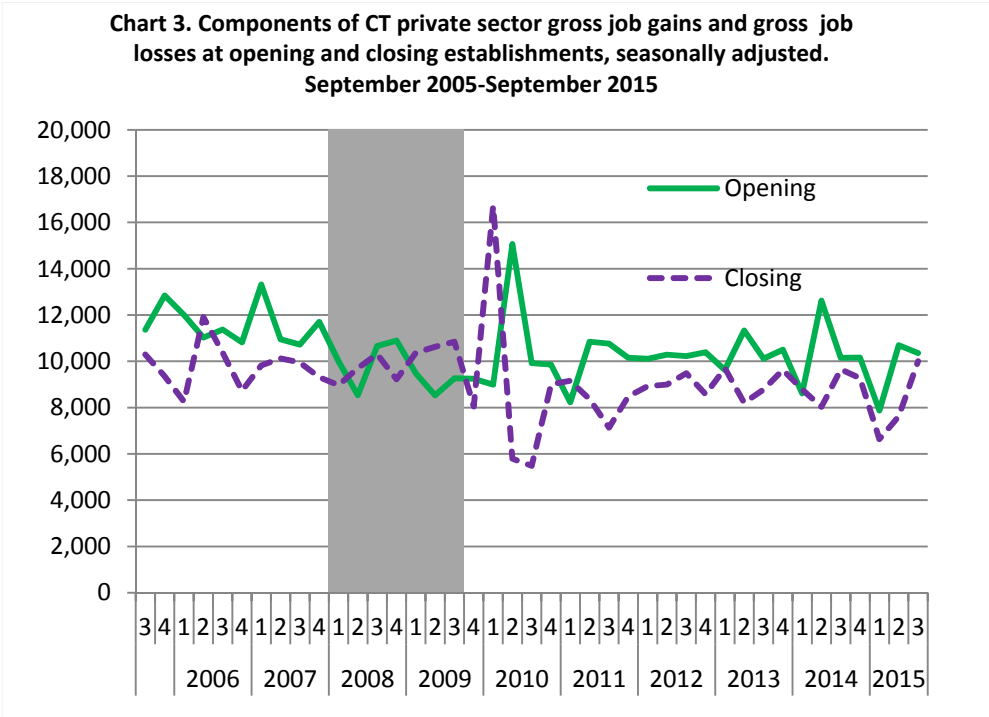
Opening establishments accounted for 10,357 jobs gained in the third quarter of 2015, a decrease of 333 jobs from the previous quarter.

Contracting establishments lost 72,358 jobs in the third quarter of 2015. This was an increase of 11,177 jobs from the prior quarter.

In the third quarter of 2015, **closing** establishments lost 10,005 jobs, an increase of 2,379 jobs from the previous quarter.

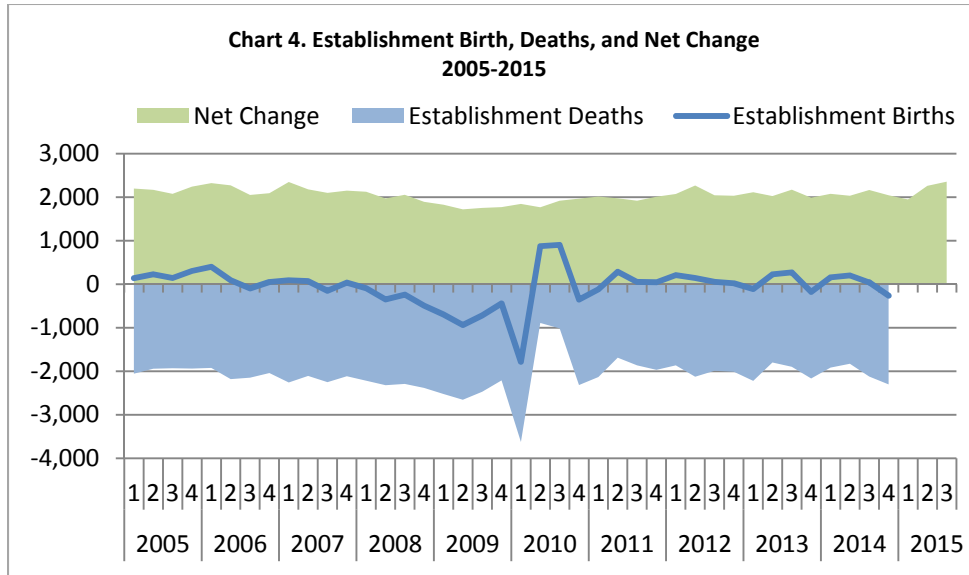
The relationship between gross job gains and losses in Connecticut since the 2007-09 recession has been closer than has been experienced by the US economy overall (see USDL-15-0755). Gross job gains exceeding losses indicates employment expansion.

Gross job gains represented 5.1 percent of private sector employment in the third quarter of 2015, while **gross job losses** represented 5.8 percent of private sector employment.



In the third quarter of 2015, the number of **establishment births** (a subset of the openings data) increased by 2,354 establishments. These new establishments accounted for 8,071 jobs, a decrease of 135 jobs from the previous quarter.

Data for **establishment deaths** (a subset of the closings data) are available through the fourth quarter of 2014, where 6,416 jobs were lost at 2,305 establishments. In the prior quarter, 7,010 jobs were lost at 2,124 establishments.



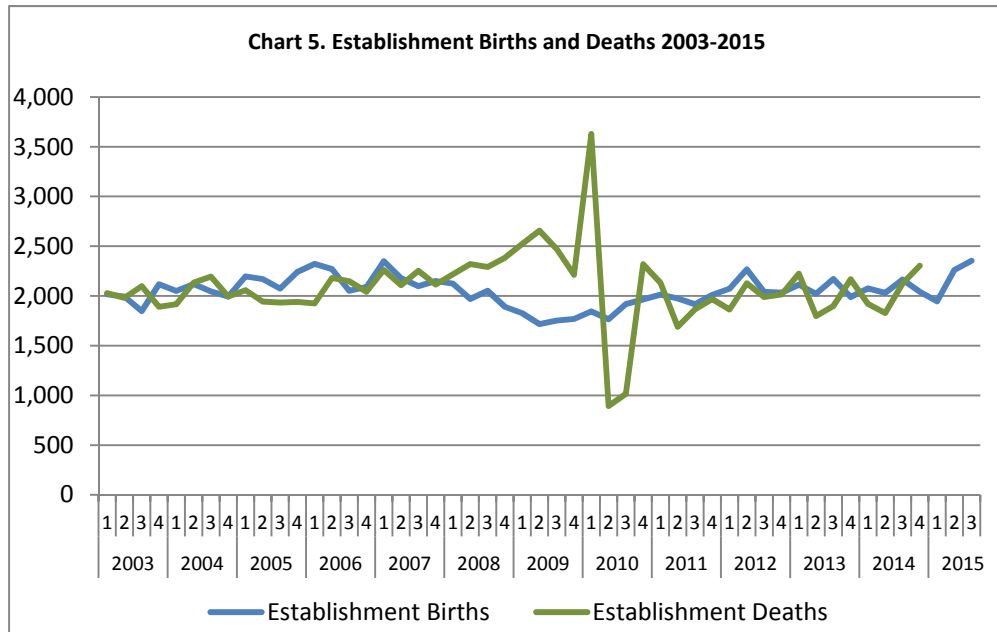
The **net change** of establishment births and deaths went consistently negative during the recession from the first quarter of 2008 and troughed in the first quarter of 2010. During those 9 quarters of recession, Connecticut averaged a net decrease of 640 establishments per quarter, with the largest 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 the past 19 quarters of available data, averaging a net increase of 128 establishments per quarter during that period.

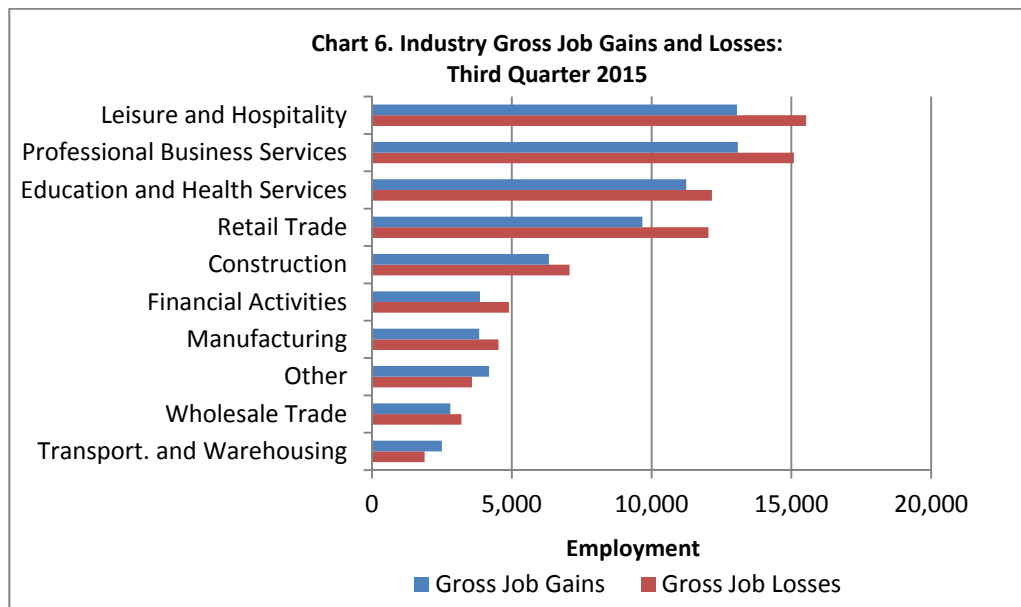
This post-recession average exceeds prerecession levels, which averaged 66 establishments per quarter from the second quarter of 2003 to the fourth quarter of 2007 (19 quarters), of which 13 quarters were net-positive.

In the fourth quarter of 2014 (the most recent quarter of establishment death data), there were 2,042 establishment births, and 2,305 establishment deaths, resulting in a net change of -263 establishments. This follows a June 2014 net change of 40.

This fourth quarter decrease in net establishment formation (births minus deaths) is characteristic of the past five quarters of available data since 2010. During this recovery phase, peak net establishment formation change averaged 345 in the second quarter and -147 in the fourth quarter.



During the third quarter of 2015, **gross job losses** exceeded **gross job gains** in 9 of the 10 available **industry sectors**, except for Other Services, which was up 618 jobs.



Additional Information on Business Employment Dynamics, including data for the United States, 50 states, and US territories can be found at: <http://www.bls.gov/bdm/>.

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)						
	Mar. 2014	June 2014	Sept. 2014	Dec. 2014	Mar. 2015	June 2015	Sept. 2015	Mar. 2014	June 2014	Sept. 2014	Dec. 2014	Mar. 2015	June 2015	Sept. 2015
Total Private														
Gross job gains	72,194	79,627	73,610	76,473	67,827	81,367	72,894	5.1	5.7	5.2	5.4	4.8	5.8	5.1
at expanding establishments	63,583	67,007	63,461	66,319	59,956	70,677	62,537	4.5	4.8	4.5	4.7	4.2	5.0	4.4
at opening establishments	8,611	12,620	10,149	10,154	7,871	10,690	10,357	0.6	0.9	0.7	0.7	0.6	0.8	0.7
Gross job losses	70,952	68,925	74,256	73,361	71,870	68,807	82,363	5.0	4.9	5.3	5.2	5.1	4.8	5.8
at contracting establishments	62,169	60,896	64,605	64,093	65,236	61,181	72,358	4.4	4.3	4.6	4.5	4.6	4.3	5.1
at closing establishments	8,783	8,029	9,651	9,268	6,634	7,626	10,005	0.6	0.6	0.7	0.7	0.5	0.5	0.7
Net employment change	1,242	10,702	-646	3,112	-4,043	12,560	-9,469	0.1	0.8	-0.1	0.2	-0.3	1.0	-0.7
Construction														
Gross job gains	5,993	7,098	6,241	6,059	5,599	7,306	6,327	11.1	12.9	11.1	10.7	9.9	12.6	10.9
at expanding establishments	5,149	5,792	5,256	5,185	4,880	6,260	5,393	9.5	10.5	9.3	9.2	8.6	10.8	9.3
at opening establishments	844	1,306	985	874	719	1,046	934	1.6	2.4	1.8	1.5	1.3	1.8	1.6
Gross job losses	5,899	5,198	5,355	6,208	6,316	5,680	7,063	10.9	9.4	9.5	10.9	11.1	9.9	12.2
at contracting establishments	4,902	4,526	4,600	5,337	5,770	4,772	6,127	9.1	8.2	8.2	9.4	10.1	8.3	10.6
at closing establishments	997	672	755	871	546	908	936	1.8	1.2	1.3	1.5	1.0	1.6	1.6
Net employment change	94	1,900	886	-149	-717	1,626	-736	0.2	3.5	1.6	-0.2	-1.2	2.7	-1.3
Manufacturing														
Gross job gains	3,499	3,774	3,843	4,108	3,663	4,244	3,831	2.2	2.3	2.5	2.6	2.3	2.7	2.4
at expanding establishments	3,378	3,590	3,601	3,745	3,550	4,142	3,689	2.1	2.2	2.3	2.4	2.2	2.6	2.3
at opening establishments	121	184	242	363	113	102	142	0.1	0.1	0.2	0.2	0.1	0.1	0.1
Gross job losses	4,053	4,536	4,539	4,194	3,628	3,266	4,526	2.5	2.8	2.9	2.6	2.3	2.0	2.8
at contracting establishments	3,754	4,374	4,115	3,978	3,448	3,069	4,206	2.3	2.7	2.6	2.5	2.2	1.9	2.6
at closing establishments	299	162	424	216	180	197	320	0.2	0.1	0.3	0.1	0.1	0.1	0.2
Net employment change	-554	-762	-696	-86	35	978	-695	-0.3	-0.5	-0.4	0.0	0.0	0.7	-0.4
Wholesale Trade														
Gross job gains	2,520	3,077	2,527	2,688	2,740	2,965	2,804	4.0	4.9	4.0	4.2	4.3	4.7	4.5
at expanding establishments	2,106	2,460	1,958	2,164	2,292	2,478	2,248	3.3	3.9	3.1	3.4	3.6	3.9	3.6
at opening establishments	414	617	569	524	448	487	556	0.7	1.0	0.9	0.8	0.7	0.8	0.9
Gross job losses	2,636	2,449	2,610	2,724	2,650	2,604	3,194	4.2	3.9	4.1	4.3	4.2	4.2	5.1
at contracting establishments	2,224	2,009	2,096	2,133	2,224	2,180	2,597	3.5	3.2	3.3	3.4	3.5	3.5	4.1
at closing establishments	412	440	514	591	426	424	597	0.7	0.7	0.8	0.9	0.7	0.7	1.0
Net employment change	-116	628	-83	-36	90	361	-390	-0.2	1.0	-0.1	-0.1	0.1	0.5	-0.6
Retail Trade														
Gross job gains	10,604	11,401	9,343	11,023	9,948	12,410	9,668	5.7	6.1	5.0	6.0	5.3	6.6	5.2
at expanding establishments	9,463	10,270	8,134	10,135	9,301	10,488	8,561	5.1	5.5	4.4	5.5	5.0	5.6	4.6
at opening establishments	1,141	1,131	1,209	888	647	1,922	1,107	0.6	0.6	0.6	0.5	0.3	1.0	0.6
Gross job losses	10,677	9,489	11,458	11,094	10,428	10,185	12,032	5.8	5.1	6.2	6.0	5.6	5.5	6.4
at contracting establishments	9,813	8,754	10,408	10,190	9,722	9,276	11,229	5.3	4.7	5.6	5.5	5.2	5.0	6.0
at closing establishments	864	735	1,050	904	706	909	803	0.5	0.4	0.6	0.5	0.4	0.5	0.4
Net employment change	-73	1,912	-2,115	-71	-480	2,225	-2,364	-0.1	1.0	-1.2	0.0	-0.3	1.1	-1.2
Transportation and Warehousing														
Gross job gains	2,049	2,041	2,224	3,076	1,510	2,414	2,500	4.8	4.8	5.2	7.0	3.4	5.5	5.6
at expanding establishments	1,907	1,830	2,046	2,931	1,379	2,265	2,312	4.5	4.3	4.8	6.7	3.1	5.2	5.2
at opening establishments	142	211	178	145	131	149	188	0.3	0.5	0.4	0.3	0.3	0.3	0.4
Gross job losses	2,380	1,847	1,615	1,741	2,801	1,371	1,882	5.6	4.4	3.8	4.0	6.3	3.2	4.3
at contracting establishments	2,082	1,735	1,405	1,628	2,654	1,257	1,633	4.9	4.1	3.3	3.7	6.0	2.9	3.7
at closing establishments	298	112	210	113	147	114	249	0.7	0.3	0.5	0.3	0.3	0.3	0.6
Net employment change	-331	194	609	1,335	-1,291	1,043	618	-0.8	0.4	1.4	3.0	-2.9	2.3	1.3
Financial Activities														
Gross job gains	3,528	4,307	5,020	4,290	3,493	4,549	3,861	2.9	3.5	4.0	3.3	2.8	3.5	3.0
at expanding establishments	2,943	3,685	4,435	3,593	3,041	4,033	3,231	2.4	3.0	3.5	2.8	2.4	3.1	2.5
at opening establishments	585	622	585	697	452	516	630	0.5	0.5	0.5	0.5	0.4	0.4	0.5
Gross job losses	3,866	3,670	5,270	4,005	3,488	3,516	4,896	3.1	2.9	4.2	3.1	2.7	2.7	3.8
at contracting establishments	3,258	3,286	4,689	3,324	3,093	3,133	4,275	2.6	2.6	3.7	2.6	2.4	2.4	3.3
at closing establishments	608	384	581	681	395	383	621	0.5	0.3	0.5	0.5	0.3	0.3	0.5
Net employment change	-338	637	-250	285	5	1,033	-1,035	-0.2	0.6	-0.2	0.2	0.1	0.8	-0.8

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Professional Business Services														
Gross job gains	12,347	14,728	12,323	15,100	12,533	14,806	13,085	5.8	6.9	5.8	7.1	5.8	6.9	6.0
at expanding establishments	10,656	12,176	10,460	13,029	10,833	12,739	10,617	5.0	5.7	4.9	6.1	5.0	5.9	4.9
at opening establishments	1,691	2,552	1,863	2,071	1,700	2,067	2,468	0.8	1.2	0.9	1.0	0.8	1.0	1.1
Gross job losses	13,384	11,302	13,080	12,738	13,000	12,808	15,092	6.3	5.3	6.1	6.0	6.1	5.9	6.9
at contracting establishments	11,264	9,683	11,210	10,491	11,590	10,720	12,596	5.3	4.5	5.2	4.9	5.4	4.9	5.8
at closing establishments	2,120	1,619	1,870	2,247	1,410	2,088	2,496	1.0	0.8	0.9	1.1	0.7	1.0	1.1
Net employment change	-1037	3426	-757	2,362	-467	1,998	-2007	-0.5	1.6	-0.3	1.1	-0.3	1.0	-0.9
Education and Health Services														
Gross job gains	11,363	12,525	11,671	10,362	10,496	11,407	11,239	3.6	4.0	3.7	3.2	3.3	3.6	3.5
at expanding establishments	10,743	10,670	10,746	9,403	9,555	10,506	10,566	3.4	3.4	3.4	2.9	3.0	3.3	3.3
at opening establishments	620	1855	925	959	941	901	673	0.2	0.6	0.3	0.3	0.3	0.3	0.2
Gross job losses	9,311	9,847	9,548	11,559	10,297	8,968	12,161	3.0	3.1	3.0	3.6	3.3	2.8	3.8
at contracting establishments	8,501	8,468	8,353	10,494	9,431	8,402	11,024	2.7	2.7	2.6	3.3	3.0	2.6	3.4
at closing establishments	810	1379	1195	1,065	866	566	1137	0.3	0.4	0.4	0.3	0.3	0.2	0.4
Net employment change	2,052	2,678	2,123	-1,197	199	2,439	-922	0.6	0.9	0.7	-0.4	0.0	0.8	-0.3
Leisure and Hospitality														
Gross job gains	14,657	14,585	13,618	14,137	12,504	14,955	13,052	9.8	9.6	9.1	9.4	8.3	9.9	8.6
at expanding establishments	12,602	11,651	10,911	11,460	10,582	12,443	10,712	8.4	7.7	7.3	7.6	7.0	8.2	7.1
at opening establishments	2,055	2,934	2,707	2,677	1,922	2,512	2,340	1.4	1.9	1.8	1.8	1.3	1.7	1.5
Gross job losses	12,374	15,179	15,177	13,160	12,874	15,060	15,528	8.2	10.1	10.1	8.7	8.5	9.9	10.3
at contracting establishments	11,013	13,434	13,103	11,433	11,516	13,692	13,606	7.3	8.9	8.7	7.6	7.6	9.0	9.0
at closing establishments	1,361	1,745	2,074	1,727	1,358	1,368	1,922	0.9	1.2	1.4	1.1	0.9	0.9	1.3
Net employment change	2,283	-594	-1,559	977	-370	-105	-2476	1.6	-0.5	-1.0	0.7	-0.2	0.0	-1.7
Other														
Gross job gains	3,479	3,607	3,402	3,070	3,182	3,586	4,187	7.2	7.4	6.9	6.3	6.5	7.3	8.5
at expanding establishments	2,928	2,934	2,856	2,502	2,692	3,042	3,204	6.1	6.0	5.8	5.1	5.5	6.2	6.5
at opening establishments	551	673	546	568	490	544	983	1.1	1.4	1.1	1.2	1.0	1.1	2.0
Gross job losses	3,024	2,937	3,373	3,316	3,032	3,158	3,572	6.3	6.1	6.9	6.8	6.3	6.4	7.2
at contracting establishments	2,403	2,424	2,692	2,754	2,663	2,695	3,020	5.0	5.0	5.5	5.6	5.5	5.5	6.1
at closing establishments	621	513	681	562	369	463	552	1.3	1.1	1.4	1.2	0.8	0.9	1.1
Net employment change	455	670	29	-246	150	428	615	0.9	1.3	0.0	-0.5	0.2	0.9	1.3

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.