THE CONNECTICUT
ECONOMIC DIGEST

Vol.27 No.6 A joint publication of Connecticut Department of Labor & Connecticut Department of Economic and Community Development

JUNE 2022

IN THIS ISSUE...

In April...

Nonfarm Employment
Connecticut 1,647,100
Change over month ..... +0.10%
Change over year ..... +2.96%

United States 151,314,000
Change over month ..... +0.28%
Change over year ..... +4.58%

Unemployment Rate
Connecticut 4.4%
United States 3.6%

Consumer Price Index
United States 289.109
Change over year ..... +8.3%

Job Openings Growth and the Tight Labor Market in Connecticut

By Matthew Krzyzek, Economist, Department of Labor

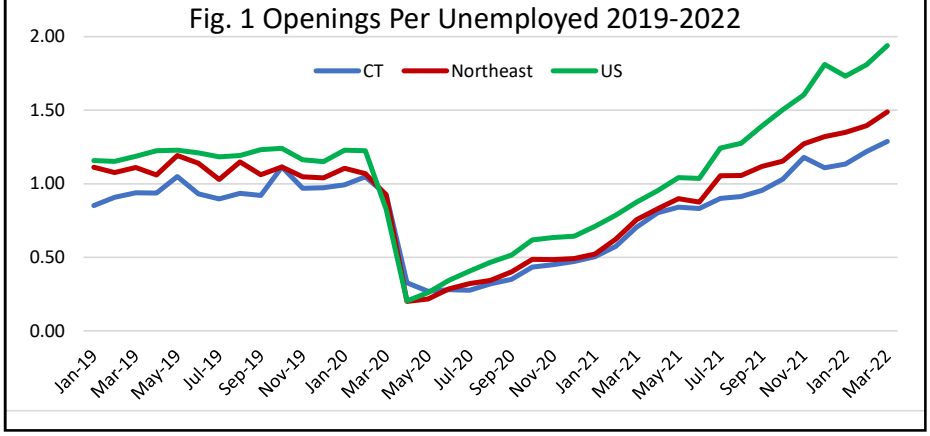
As the global economy recovers from the tumultuous impacts of COVID-19, its continued effect on labor markets is illustrated by a look at the BLS Job Openings and Labor Turnover Survey (JOLTS). The JOLTS survey provides information on labor demand and turnover at the U.S., regional, and most recently at the state levels.[1] This information includes estimates of job openings, new hires, layoffs, quits, and other labor market movements.

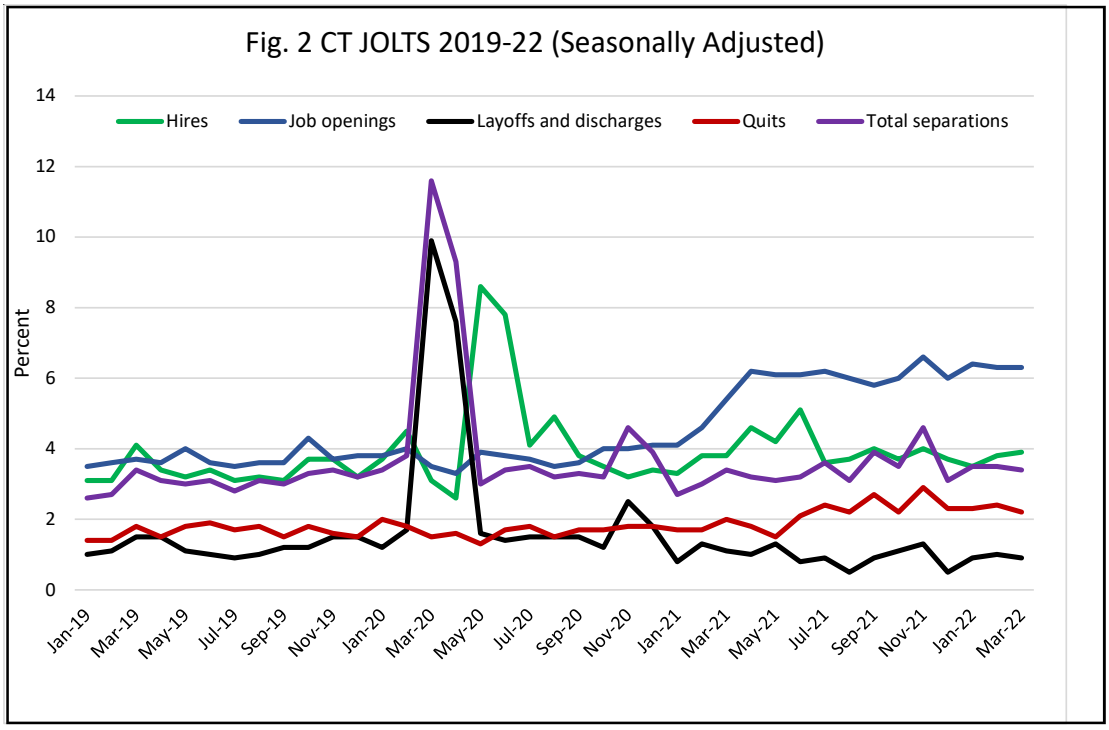
In the year before the early 2020 COVID-recession, the economy had a tight labor market. The unemployment rate was below 4% and the U.S. and Northeast both had more openings than unemployed workers throughout the year. **Figure 1** shows the number of job openings per unemployed worker from early 2019 through March 2022. This ratio experienced an unprecedented decline during early 2020. In February 2020, Connecticut had 1.05 job openings per unemployed worker, a level in line with the Northeast (1.07). The U.S. rate was higher. Two months later, as COVID-related unemployment spiked, there were only 0.33 openings per unemployed worker in Connecticut and 0.20 in both the Northeast and U.S. Put another way, in April 2020, there were three unemployed workers per opening in the state, and five unemployed workers per opening in the Northeast and U.S.

Figure 1 also illustrates how the three areas have recovered in the subsequent two years. As the economy improved, unemployment fell, and businesses looked to expand. The U.S. has experienced an unprecedented spike in job

-continued on page 4-

Fig. 1 Openings Per Unemployed 2019-2022





-continued from page 1-

openings per unemployed. As of March 2022, there were nearly two openings for every unemployed person in the country. In the Northeast, there were 1.47 openings per unemployed worker and Connecticut had 1.28 openings per unemployed worker. This represents a significant "seller's market" for labor as employers scramble to fill job openings from expansion and from vacancies as existing workers retire or find employment elsewhere.

In addition to Openings, the JOLTS data show Hires and Separations. Separations are both voluntary (Quits) and involuntary (Layoffs and Discharges). Openings and Quits reinforce each other. With Openings high, workers are more willing to quit their jobs to seek other opportunities knowing that the odds of finding another job are higher. At the same time, each quit is a potential opening that will need to be refilled.

Figure 2 shows the rate of Hires, Separations, and Openings in Connecticut. The BLS calculates the job openings rate by dividing the number of openings by the sum of employment and openings. The hires, quits, layoffs & discharges, and total separations rates are computed by dividing the number of workers who, respectively, were hired, quit their jobs, were laid off or discharged, and were otherwise separated, by the number of people employed.[2] In February 2020, the hires and job openings rates were 4.5 and 4.0, respectively. These levels were among the highest on record at that time. The Separations measures (Layoffs and Quits) were each below two percent, lower than most months of the preceding ten years. Layoffs spiked during the next two months and Hires jumped after the two-month shutdown and have generally remained above their pre-COVID level since. By late 2021, the job opening rate surpassed six percent. The gap between Quits and Layoffs was much wider in early 2022 than before the pandemic. As of March 2022, the vast majority of separations in Connecticut were voluntary.

In addition to Quits, the number of Openings is affected by the decreased Labor Force Participation Rate (LFPR). The LFPR is the percent of the population (age 16 and above) that is either working or looking

Labor Force Participation Rates

	February 2020		April 2022	
	LFPR	% of U.S. Average	LFPR	% of U.S. Average
United States	**63.4**	**100.0%**	**62.2**	**100.0%**
Connecticut	66.9	105.5%	64.2	103.2%
Massachusetts	65.9	103.9%	66.0	106.1%
Rhode Island	63.9	100.8%	63.2	101.6%
New York	61.0	96.2%	59.4	95.5%
New Jersey	64.0	100.9%	62.6	100.6%

for work. In February 2020, the national LFPR was 63.4%. It fell to 60.2% in April 2020 and was 62.2% in April 2022 (table). The 1.2% point difference between the pre-pandemic 63.4% and 62.2% represents over three million workers. In Connecticut, the Labor Force Participation Rate was 66.9% in February 2020 and fell to a pandemic low of 63.2% (not much lower than the nation's pre-pandemic level). As of April 2022, it was 64.2% — two full percentage points higher than the national average. Returning Connecticut's Labor Force Participation Rate to its pre-COVID level would bring more than 79,000 workers back into the labor force.

Conclusions

The labor markets in both the state and U.S. are in one of the tightest periods in decades with more total job openings than unemployed workers for the better part of the past year. Unemployment rates have fallen below 5 percent and job openings have been at or near all-time highs during the first quarter of 2022. The number of people collecting unemployment benefits in Connecticut has fallen to the lowest level since 1988. In addition to openings, the JOLTS data series illustrate the movements within the labor market. The increased pace of quits means that hiring must also accelerate just to maintain the same level of employment with growth requiring even more hiring. One of the unexpected consequences of the COVID pandemic is that the dynamism of the labor market has increased both nationally and in Connecticut in contrast to previous recessions which saw years-long decreases in the rates of Hiring, Quits, and Openings. ■

---

1 BLS. JOLTS. State Job Openings and Turnover – March 2022. https://www.bls.gov/news.release/pdf/jltst.pdf

2 BLS. Handbook of Methods. Chapter 18. Job Openings and Labor Turnover Survey. https://www.bls.gov/opub/hom/pdf/jlt-20130314.pdf

GENERAL ECONOMIC INDICATORS

(Seasonally adjusted)	4Q 2021	4Q 2020	YoY CHG NO.	YoY CHG %	3Q 2021	QoQ CHG NO.	QoQ CHG %
General Drift Indicator (2007=100)*							
Leading	108.8	106.6	2.2	2.1	106.5	2.3	2.14
Coincident	92.3	91.7	0.6	0.7	92.1	0.2	0.19
Real Gross Domestic Product**	**4Q**	**4Q**	**YoY CHG**		**3Q**	**QoQ CHG**	
(Millions of chained 2012 dollars)	**2021**	**2020**	**NO.**	**%**	**2021**	**NO.**	**%**
Connecticut	251,071	239,889	11,181	4.7	246,434	4,636	1.9
United States	19,806,290	18,767,778	1,038,512	5.5	19,478,893	327,397	1.7
New England	1,026,499	971,159	55,340	5.7	1,007,908	18,591	1.8
Per Capita Personal Income**	**4Q**	**4Q**	**YoY CHG**		**3Q**	**QoQ CHG**	
(Current $, SAAR)	**2021**	**2020**	**NO.**	**%**	**2021**	**NO.**	**%**
Connecticut	82,204	77,663	4,541	5.8	81,377	827	1.0
United States	62,968	58,851	4,117	7.0	62,651	317	0.5
New England	76,442	71,956	4,486	6.2	76,091	351	0.5
Philadelphia Fed's Coincident Index (2007=100)***	**Apr 2022**	**Apr 2021**	**YoY CHG NO.**	**YoY CHG %**	**Mar 2022**	**MoM CHG NO.**	**MoM CHG %**
Connecticut	119.23	111.00	8.23	7.4	118.54	0.69	0.6
United States	133.17	125.99	7.18	5.7	132.77	0.40	0.3

*Sources: *Dr. Steven P. Lanza, University of Connecticut, https://steven-lanza.uconn.edu/the-connecticut-green-sheet/*
***U.S. Bureau of Economic Analysis ***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 2007 = 100.

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).