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IN THIS ISSUE...

All of Connecticut Town Economic Indexes Fell in 2020 Due to the COVID-19 Pandemic 1-5

Economic Indicators

- on the Overall Economy 5
- Individual Data Items 6-8
- Comparative Regional Data 9
- Economic Indicator Trends 10-11
- Help Wanted OnLine 15
- Business and Employment Changes Announced in the News Media 19
- Labor Market Areas:
 - Nonfarm Employment 12-17
 - Sea. Adj. Nonfarm Employment 14
 - Labor Force 18
 - Hours and Earnings 19
- Cities and Towns:
 - Labor Force 20-21
 - Housing Permits 22
- Technical Notes 23
- At a Glance 24

In July...

Nonfarm Employment

Connecticut 1,600,300
 Change over month +0.59%
 Change over year +4.94%

United States 146,821,000
 Change over month +0.65%
 Change over year +5.20%

Unemployment Rate

Connecticut 7.3%
 United States 5.4%

Consumer Price Index

United States 273.003
 Change over year +5.4%

All of Connecticut Town Economic Indexes Fell in 2020 Due to the COVID-19 Pandemic

By Jungmin Charles Joo and Dana Placzek, Department of Labor

Connecticut’s overall economy shrank last year because of the COVID-19 pandemic, as all of 169 municipalities’ fell in 2020. The indexes on page 3 give a broad measure of business and resident economic well-being of each town, allowing comparisons among them.

The CTEI Methodology

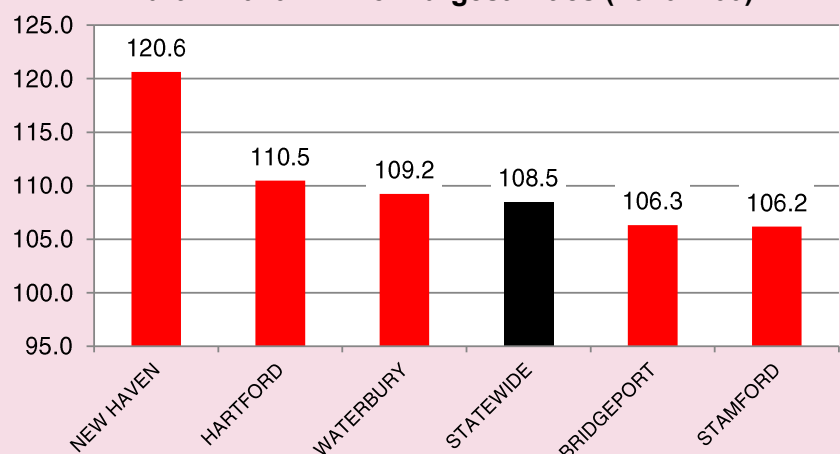
The Connecticut Town Economic Indexes (CTEI) were introduced in 2015 and are released annually. The Connecticut Department of Labor’s Office of Research developed the composite indexes of all 169 municipalities in the state to measure each town or city’s overall economic health, which then can be ranked and compared to others to gain perspective. The four annual average town economic indicators used as components are total covered business establishments, total covered employment, inflation-adjusted

covered annual average wages, and the unemployment rate.

Establishments are the physical work units located in the municipality. Employment is the number payroll employees in establishments that are located in the town. Wages are the aggregate payroll pay divided by the total average employment. These three measures come from the Quarterly Census of Employment and Wages (QCEW) program and include all those who are covered under unemployment insurance law, thus capturing nearly 100 percent of all payroll employees in each town.

Establishments, employment and wages are proxy for each municipality’s business activities and its overall economic strength, while the unemployment rate measures the overall economic health of its residents. Each of the four components was given a 25 percent weight. The CTEI’s base year

Chart 1. 2020 CTEI of Largest Cities (2010=100)



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is 2010, which equals 100. The wage component was adjusted to 2010 dollars and unemployment rate changes were inverted to reflect the right economic direction. By combining these four major economic indicators, the index allows comparisons among towns.

CTEI: 2019 to 2020

Due to the impact from the pandemic, all of the cities and towns saw business and labor market conditions deteriorate. Because the town sizes can vary greatly, a same change in one index value of a small town would not necessarily mean the same degree of economic growth as a large city. Therefore, the comparisons were grouped in three categories: towns with a population (2019) under 25,000, towns or cities with a population between 25,000 and 100,000, and cities with over 100,000.

Among the towns with a population under 25,000, Ledyard and Montville's overall economy shrank the fastest from 2019 to 2020. Norwich and New London had the two fastest declines over the year among the towns or cities with a population between 25,000 and 100,000. Of the five largest cities with a population of 100,000 or more, Stamford and Bridgeport fared the worst last year.

CTEI: 2010 to 2020

When compared with 2010, when the employment recovery began in Connecticut, all but five cities and towns' indexes (Montville, Sprague, Ledyard, Preston, Southbury) showed increases in 2020. Among the small towns with residents fewer than 25,000, Montville and Sprague experienced the fastest economic decline between 2010 and 2020. New London, Norwich and Trumbull were the only ones to dip in index figures among those with a population between 25,000 and 100,000.

Among the largest cities (population over 100,000), as Chart 1 shows, Stamford and Bridgeport's economy grew the least in the last ten years. The map on page 4 also shows the different ranges of economic recovery rate of each municipality in the state.

LMA Indexes: 2010-2020

The index by Labor Market Area (LMA) is the average of all town indexes that make up that labor market area. The index in all nine regions in Connecticut grew from 2010 to 2020. The Danielson-Northeast LMA's overall economy continued to grow the fastest, followed by the Waterbury and Torrington-Northwest areas. Norwich-New London and Bridgeport-Stamford LMA indexes, however, increased at a slower pace than the statewide index.

The Components of CTEI:

Establishments

The total number of business establishments in Connecticut rose by 1.9% to 125,313 in 2020, a faster growth than the 0.7% from the year before. Stamford continued to dominate, with the largest number of businesses (6,302) of the 169 cities and towns. Since 2010, Connecticut's overall number of businesses increased 12.6%. Overall, 72% of the total municipalities added new establishments over the year, and 92% since 2010.

Employment

Last year's average statewide employment fell 7.5% from 2019, the second consecutive decline in 11 years. Only 5% of the cities and towns in the state experienced job recovery over the year, compared to 44% from 2018 to 2019. Overall, 44% of the municipalities in the state have added jobs since the employment recovery began in 2010.

Real Wages

In 2020, 97% of all cities and towns in the state posted inflation-adjusted wage gains over the year, significantly up from 61% in 2019. The statewide real annual average wage was \$61,328 per worker, a 6.2% increase over 2019 and a 3.1% increase from 2010. The highest real average wages were in businesses located in Greenwich at \$127,600 last year.

Unemployment Rate

Norwich posted the highest unemployment rate (14.0%) last

-continued on page 5-

CONNECTICUT TOWN ECONOMIC INDEXES (2010=100), 2017-2020*

Town/City	2017	2018	2019	2020	Town/City	2017	2018	2019	2020	Town/City	2017	2018	2019	2020
Andover	125.7	129.6	133.9	102.2	Griswold	130.4	140.4	147.6	106.1	Prospect	138.6	144.0	149.2	116.0
Ansonia	121.9	130.9	133.4	103.0	Groton	139.0	149.2	156.4	108.2	Putnam	131.1	136.8	149.0	108.9
Ashford	138.1	144.7	160.6	125.2	Guilford	145.9	150.0	158.5	120.7	Redding	135.2	144.1	142.5	112.9
Avon	128.0	135.8	146.7	109.0	Haddam	134.9	138.6	150.4	111.7	Ridgefield	124.6	133.0	135.4	109.0
Barkhamsted	130.1	133.9	146.7	109.0	Hamden	130.4	136.0	141.9	108.2	Rocky Hill	146.6	155.8	157.2	117.9
Beacon Falls	143.7	151.5	155.7	121.4	Hampton	146.8	159.9	187.5	157.6	Roxbury	125.8	128.9	152.9	115.0
Bethlehem	133.5	138.2	143.6	110.6	Hartford	130.1	138.2	142.4	110.5	Salem	122.1	132.8	145.1	103.0
Berlin	142.6	151.4	158.1	123.1	Hartland	128.6	131.6	129.9	104.8	Salisbury	123.8	134.9	144.2	110.0
Bethany	136.8	144.0	149.8	109.2	Harwinton	139.1	142.2	151.1	118.7	Scotland	114.3	122.3	127.8	104.0
Bethel	128.5	146.0	149.4	126.6	Hebron	130.2	140.2	145.2	110.6	Seymour	135.6	141.3	145.9	113.4
Bloomfield	129.6	141.2	147.0	112.4	Kent	134.1	154.2	154.9	120.8	Sharon	125.8	138.0	148.6	114.3
Bolton	134.8	146.8	152.9	117.6	Killingly	140.3	145.3	157.4	117.7	Shelton	125.6	131.2	139.4	106.4
Bozrah	133.1	140.9	157.4	117.5	Killingworth	133.5	143.1	152.4	113.3	Sherman	138.0	148.3	150.4	111.8
Branford	133.4	141.7	147.7	110.4	Lebanon	135.3	148.5	151.1	116.5	Simsbury	125.0	131.8	136.3	102.7
Bridgeport	127.4	134.4	140.4	106.3	Ledyard	135.3	142.9	149.5	96.3	Somers	125.6	134.7	138.1	106.2
Bridgewater	135.5	148.4	145.4	112.1	Lisbon	124.2	136.4	138.4	102.7	South Windsor	137.0	143.3	148.3	113.2
Bristol	137.2	145.1	149.3	113.7	Litchfield	128.9	140.5	143.3	112.0	Southbury	121.5	127.3	133.5	97.5
Brookfield	134.6	137.4	143.4	107.2	Lyme	134.7	134.7	143.9	108.0	Southington	138.6	145.1	155.0	119.5
Brooklyn	139.6	148.6	156.2	117.5	Madison	139.2	146.7	154.5	118.5	Sprague	119.4	131.3	134.9	95.4
Burlington	140.0	147.0	153.9	118.8	Manchester	130.8	136.8	142.4	105.1	Stafford	131.7	137.5	144.2	110.0
Canaan	153.5	154.6	172.3	120.7	Mansfield	137.3	142.4	142.2	125.7	Stamford	131.8	138.6	144.8	106.2
Canterbury	138.2	148.3	162.9	119.8	Marlborough	144.5	144.7	152.6	118.9	Sterling	124.0	135.3	139.3	104.7
Canton	142.7	148.1	152.8	115.2	Meriden	133.2	142.2	145.9	111.3	Stonington	132.4	137.8	144.4	105.8
Chaplin	120.5	124.1	135.2	102.7	Middlebury	132.7	143.0	151.3	108.8	Stratford	125.7	133.8	137.9	105.1
Cheshire	135.5	140.6	150.0	111.7	Middlefield	136.9	146.7	142.1	114.2	Suffield	130.5	137.7	142.7	111.6
Chester	130.1	141.8	140.3	107.1	Middletown	130.3	138.4	144.7	110.6	Thomaston	141.6	145.2	151.7	117.1
Clinton	133.8	143.0	146.4	108.7	Milford	137.3	143.8	150.3	108.6	Thompson	144.4	155.8	156.3	119.1
Colchester	141.5	151.2	154.7	118.8	Monroe	127.5	139.1	139.4	108.6	Tolland	130.4	134.1	137.7	103.9
Colebrook	108.6	117.4	121.7	102.7	Montville	131.3	135.6	141.4	94.3	Torrington	130.7	138.2	145.0	110.0
Columbia	127.9	132.1	141.1	111.2	Morris	143.8	146.5	163.9	129.8	Trumbull	122.3	126.1	129.8	98.5
Cornwall	141.9	147.8	156.2	115.6	Naugatuck	130.2	139.8	147.7	109.2	Union	130.7	155.1	152.0	113.1
Coventry	134.5	142.1	153.5	118.0	New Britain	133.8	141.3	144.3	110.9	Vernon	132.2	137.5	143.2	105.3
Cromwell	139.4	148.8	157.3	117.6	New Canaan	130.2	139.5	139.6	113.3	Voluntown	134.6	152.0	146.7	111.4
Danbury	134.4	142.9	146.0	108.3	New Fairfield	129.9	141.6	144.5	105.4	Wallingford	136.3	144.8	151.5	111.2
Darien	135.8	139.4	141.1	116.8	New Hartford	131.9	139.4	149.0	110.4	Warren	113.4	127.9	142.4	111.5
Deep River	136.0	135.0	149.1	107.6	New Haven	136.1	146.6	157.4	120.6	Washington	129.7	147.7	150.8	112.4
Derby	127.9	134.5	143.2	108.1	New London	122.0	128.5	133.9	91.8	Waterbury	129.9	136.0	143.5	109.2
Durham	139.7	141.1	152.2	122.1	New Milford	125.8	132.5	138.4	101.4	Waterford	132.6	140.5	141.5	103.7
East Granby	132.7	131.7	141.0	104.2	Newington	133.9	140.7	145.8	107.8	Watertown	133.3	141.1	144.8	112.0
East Haddam	127.6	137.4	144.6	108.3	Newtown	132.5	137.5	146.0	113.1	West Hartford	137.7	143.9	149.4	112.6
East Hampton	138.8	148.1	155.3	121.3	Norfolk	129.1	129.3	135.3	107.1	West Haven	133.6	141.7	150.4	112.2
East Hartford	135.1	142.1	150.7	113.0	North Branford	134.6	141.7	150.5	115.9	Westbrook	139.0	145.6	149.0	112.1
East Haven	132.2	143.0	147.6	112.2	North Canaan	134.0	134.1	137.7	100.8	Weston	125.6	134.0	138.8	112.3
East Lyme	128.7	131.4	137.5	105.0	North Haven	127.8	136.4	145.2	111.3	Westport	120.7	130.9	133.4	103.3
East Windsor	130.7	138.6	148.0	110.1	North Stonington	166.2	167.4	176.9	135.8	Wethersfield	130.1	143.1	148.0	108.8
Eastford	137.4	135.0	151.9	113.1	Norwalk	129.6	135.8	141.8	100.3	Willington	138.6	142.6	153.4	120.3
Easton	122.7	131.1	141.0	109.5	Norwich	135.6	140.8	148.0	97.4	Wilton	129.8	138.2	139.7	112.7
Ellington	141.2	148.0	157.7	126.0	Old Lyme	131.9	137.1	141.1	107.9	Winchester	138.4	143.9	149.4	113.3
Enfield	132.6	140.4	145.9	109.5	Old Saybrook	134.1	144.1	153.5	110.8	Windham	130.5	138.0	142.8	111.5
Essex	135.5	144.5	146.9	110.7	Orange	144.4	144.8	152.0	119.3	Windsor	129.0	137.4	141.0	108.6
Fairfield	127.8	135.9	140.7	107.3	Oxford	140.5	152.7	154.7	120.8	Windsor Locks	130.0	134.3	143.1	106.5
Farmington	135.0	143.0	151.8	116.5	Plainfield	135.9	145.3	151.3	119.9	Wolcott	142.1	150.9	158.6	115.9
Franklin	147.2	151.2	142.5	110.0	Plainville	133.8	142.6	154.2	111.5	Woodbridge	135.3	137.8	143.0	110.9
Glastonbury	139.0	145.4	152.5	114.4	Plymouth	138.9	146.9	147.7	115.8	Woodbury	140.0	145.9	150.6	115.4
Goshen	137.5	152.5	156.6	122.4	Pomfret	148.4	147.9	162.2	122.2	Woodstock	132.5	132.8	138.4	105.2
Granby	135.5	145.6	156.8	120.5	Portland	136.0	140.7	149.3	116.8					
Greenwich	123.2	134.4	136.1	103.6	Preston	128.3	141.5	138.8	96.6	CONNECTICUT	132.0	139.3	144.9	108.5

* 2010 = 100 for all 169 cities and towns 2005-2020 CTEI is available upon request

Source: Connecticut Department of Labor, Office of Research

Connecticut Town Economic Indexes, 2020

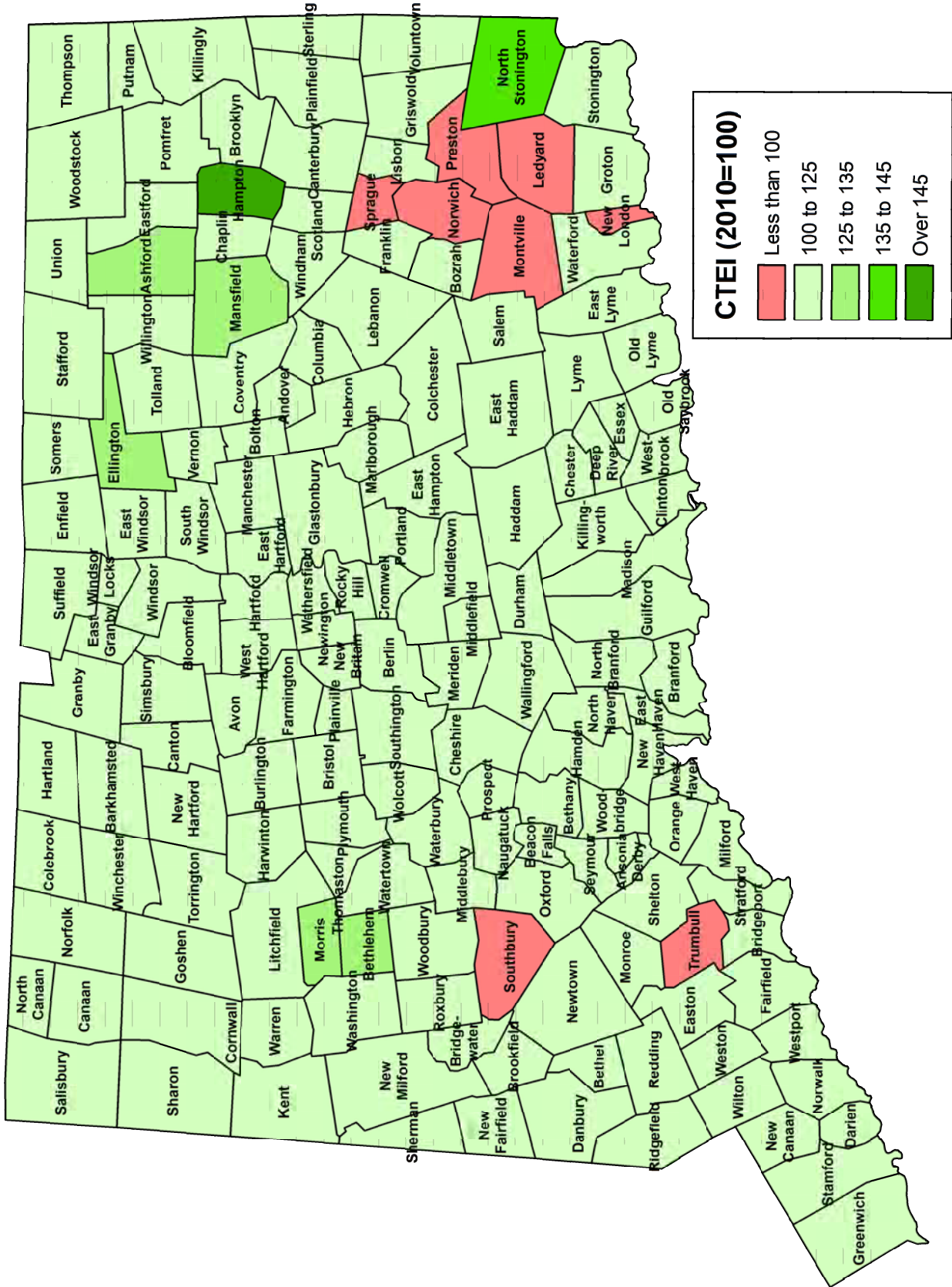
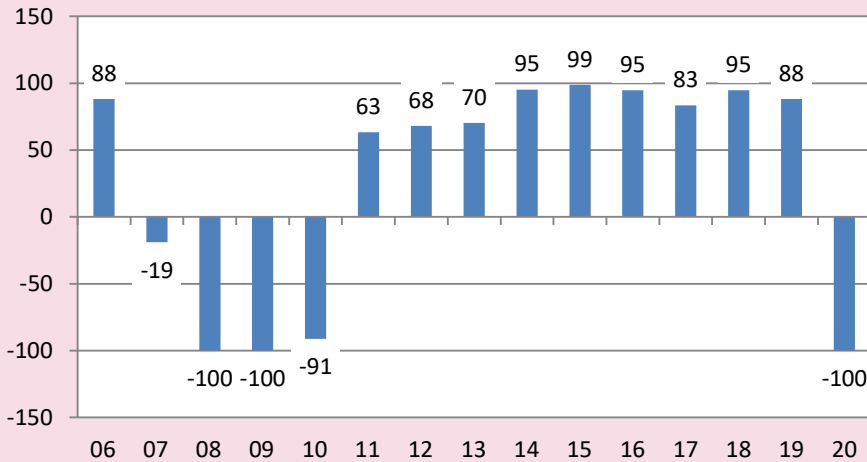


Chart 2. CTEI Diffusion Index, 2006-2020



-continued from page 2-

year, a sharp increase from 3.9% in 2019. Overall, the statewide rate rose from 3.6% in 2019 to 7.9% in 2020. For a detailed analysis and the complete table of unemployment rates for all 169 municipalities, see “2020 Unemployment Rate by Town” in the June 2021 issue of the Connecticut Economic Digest.

CTEI Diffusion Index: 2006-2020

One way to measure aggregate performance of the CTEI of 169 cities and towns in Connecticut is to use a diffusion index. For each town, the index figure is up, down,

or unchanged over the year. The diffusion index is calculated by subtracting the share of towns that experienced decreases in their indexes from the share that had increases over the year.

As expected, during the 2008-2010 period, the index values were -100, -100, and -91, respectively, when Connecticut was in an employment downturn. The state economy gradually recovered from 2011, as the diffusion index numbers indicate on Chart 2, and by 2015 nearly all towns were gaining (+99). After slowing down during 2016 and 2017, the index picked up in 2018 (+95), but then slowed to +88 in 2019, before falling to -100 last year, when all 169 cities and towns’ economies were inexorably affected by the pandemic. Nevertheless, as the pandemic situation gradually improves, 2021’s index is expected to recover accordingly. ■

GENERAL ECONOMIC INDICATORS

(Seasonally adjusted)	2Q 2021	2Q 2020	YoY CHG		1Q 2021	QoQ CHG	
			NO.	%		NO.	%
General Drift Indicator (2007=100)*							
Leading	113.8	102.1	11.7	11.5	107.9	6.0	5.53
Coincident	94.4	86.9	7.5	8.7	92.8	1.7	1.79
Real Gross Domestic Product**			YoY CHG		4Q	QoQ CHG	
(2012 Chained \$, SAAR)	1Q 2021	1Q 2020	NO.	%	2020	NO.	%
Connecticut (\$ in millions)	250,538.8	248,334.4	2,204.4	0.9	246,890.2	3,648.6	1.5
United States (\$ in millions)	19,086,375	19,010,848	75,527	0.4	18,794,426	291,949	1.6
New England (\$ in millions)	986,394.8	982,275.4	4,119.4	0.4	970,578.9	15,815.9	1.6
Per Capita Personal Income**			YoY CHG		4Q	QoQ CHG	
(Current \$, SAAR)	1Q 2021	1Q 2020	NO.	%	2020	NO.	%
Connecticut	87,695	78,263	9,432	12.1	80,238	7,457	9.3
United States	66,889	57,523	9,366	16.3	59,532	7,357	12.4
New England	81,711	70,883	10,828	15.3	73,991	7,720	10.4
Philadelphia Fed's Coincident Index (2007=100)***			YoY CHG		Jun	MoM CHG	
	Jul 2021	Jul 2020	NO.	%	2021	NO.	%
Connecticut	112.88	101.88	11.0	10.8	111.69	1.2	1.1
United States	128.91	120.69	8.2	6.8	127.92	1.0	0.8

Sources: *Dr. Steven P. Lanza, University of Connecticut **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).