



# BUSINESS EMPLOYMENT DYNAMICS

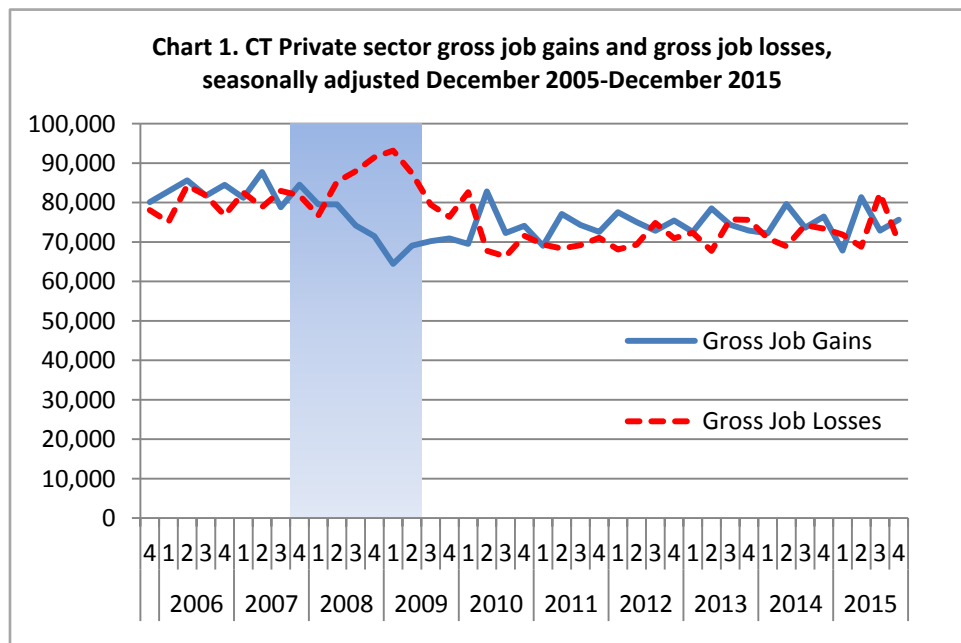
Office of Research  
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## Fourth Quarter 2015

WETHERSFIELD, July 28, 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.<sup>1</sup>

From October 2015 to December 2015, **gross job gains** from opening and expanding private sector establishments in Connecticut was 75,663, an increase of 2,769 jobs from the previous quarter. Over this period, **gross job losses** from closing and contracting private sector establishments was 69,891, a decrease of 12,472 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 15,241 jobs in the private sector during the fourth quarter of 2015. Since 2010, this third to fourth quarter pattern of net employment gains has occurred every year except 2013.

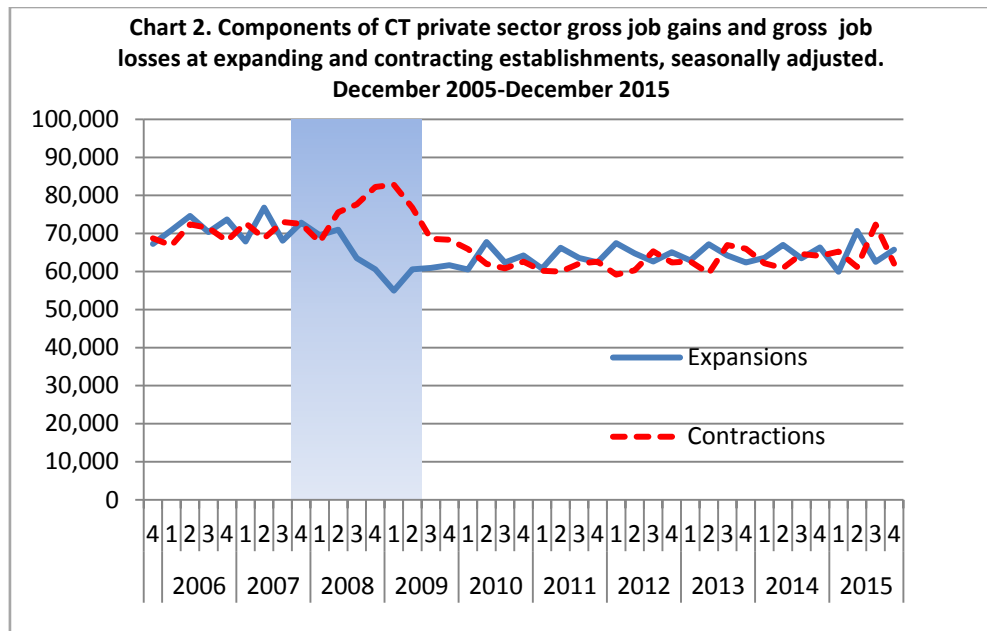


<sup>1</sup> For more information about BED data see: <http://www.bls.gov/bdm/bdmfaq.htm#1>

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 65,723 in the fourth quarter of 2015, an increase of 3,186 jobs from the previous quarter.



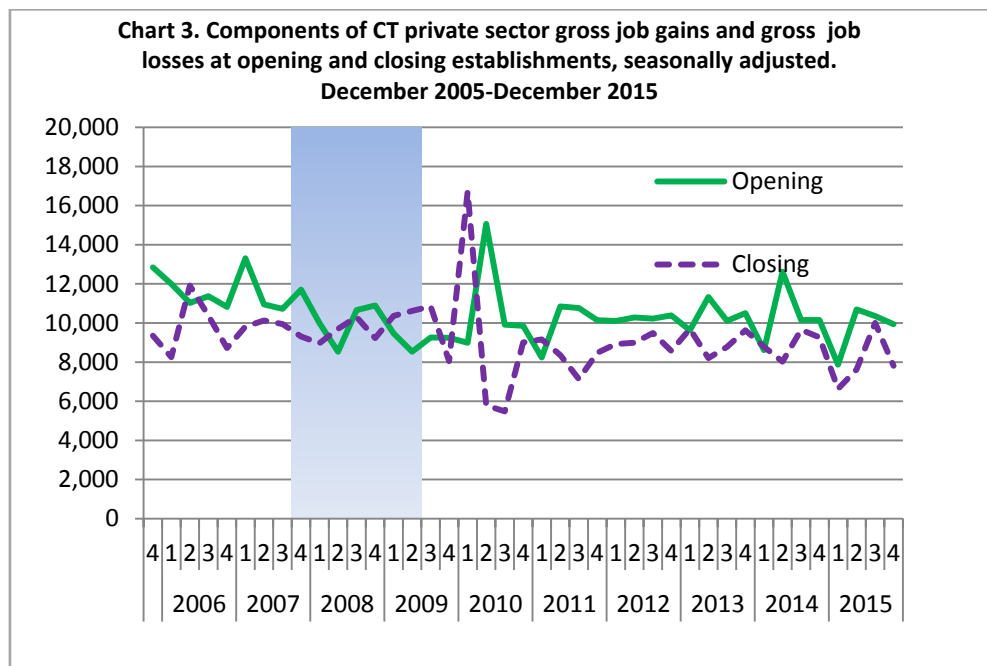
**Opening** establishments accounted for 9,940 jobs gained in the fourth quarter of 2015, a decrease of 417 jobs from the previous quarter.

**Contracting** establishments lost 62,076 jobs in the fourth quarter of 2015. This was a decrease of 10,282 jobs from the prior quarter.

In the fourth quarter of 2015, **closing** establishments lost 7,815 jobs, a decrease of 2,190 jobs from the previous quarter.

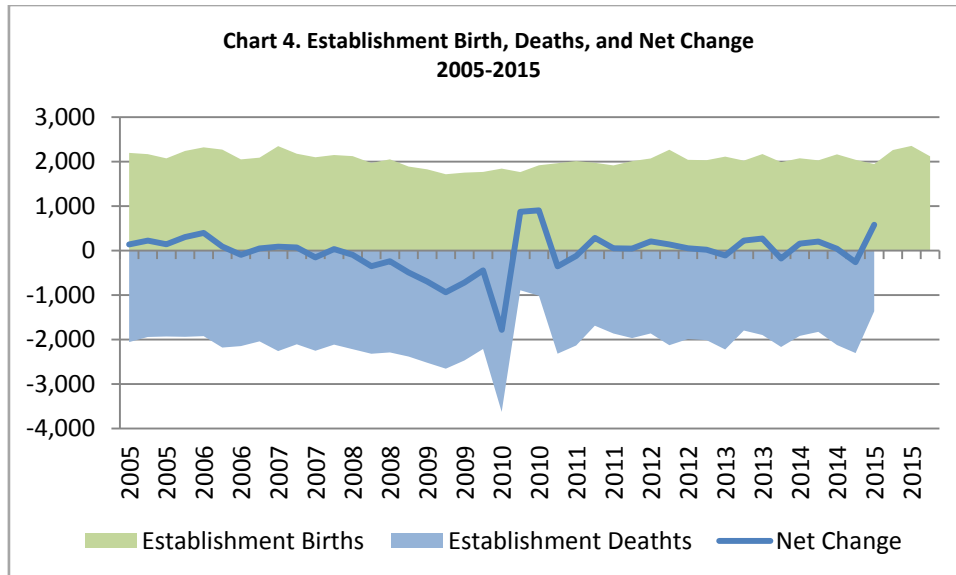
The relationship between gross job gains and losses in Connecticut since the 2007-09 recession has been closer than has been experienced by the US economy overall (see USDL-15-0755). Gross job gains exceeding losses indicates employment expansion.

**Gross job gains** represented 5.3 percent of private sector employment in the fourth quarter of 2015, while **gross job losses** represented 5.0 percent of private sector employment.



In the fourth quarter of 2015, the number of **establishment births** (a subset of the openings data) increased by 2,120 establishments. These new establishments accounted for 6,881 jobs, a decrease of 1,190 jobs from the previous quarter.

Data for **establishment deaths** (a subset of the closings data) are available through the first quarter of 2015, where 4,300 jobs were lost at 1,364 establishments. In the prior quarter, 6,416 jobs were lost at 2,305 establishments.



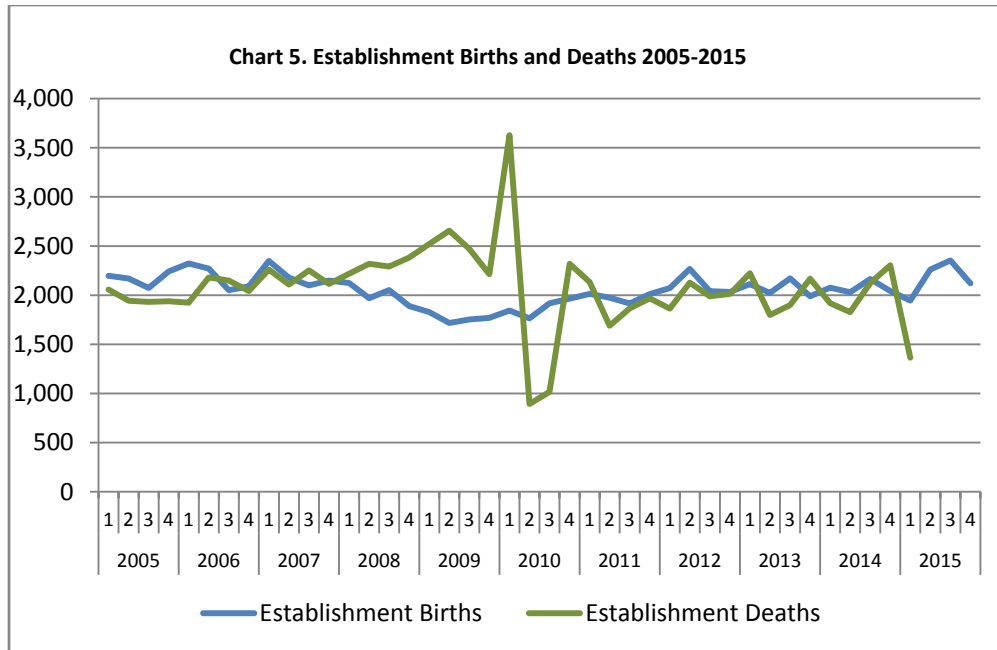
The **net change** of establishment births and deaths went consistently negative during the recession from the first quarter of 2008 and troughed in the first quarter of 2010. During those 9 quarters of recession, Connecticut averaged a net decrease of 640 establishments per quarter, with the largest 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 15 of past 20 quarters of available data, with an averaging a net increase of 155 establishments per quarter during that period.

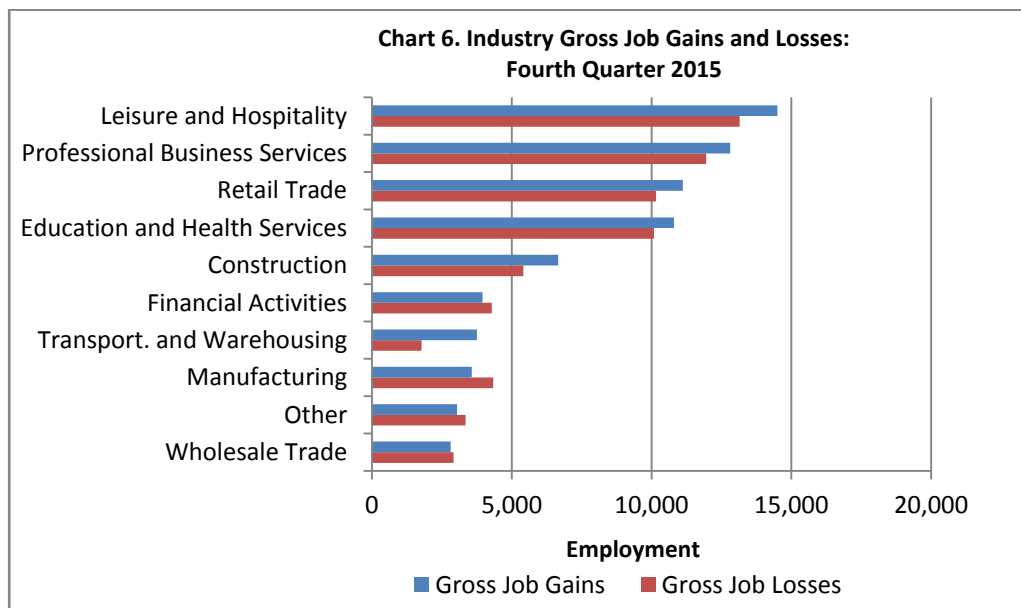
This post-recession average exceeds prerecession levels, which averaged 62 establishments per quarter from the first quarter of 2003 to the fourth quarter of 2007 (20 quarters), of which 13 quarters were net-positive.

In the first quarter of 2015 (the most recent quarter of establishment death data), there were 1,945 establishment births, and 1,364 establishment deaths, resulting in a net change of 581 establishments. This follows a fourth quarter 2014 net change of -263.

First quarter net establishment formation was negative from 2008 to 2011 and also 2013. It has been positive in 2012, 2014, and 2015.



During the fourth quarter of 2015, **gross job gains** exceeded **gross job losses** in 6 of the 10 available **industry sectors**, except for Financial Activities, Manufacturing, Other Services, and Wholesale Trade.



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)						
	June 2014	Sept. 2014	Dec. 2014	Mar. 2015	June 2015	Sept. 2015	Dec. 2015	June 2014	Sept. 2014	Dec. 2014	Mar. 2015	June 2015	Sept. 2015	Dec. 2015
<b>Total Private</b>														
Gross job gains	79,627	73,610	76,473	67,827	81,367	72,894	75,663	5.7	5.2	5.4	4.8	5.8	5.1	5.3
at expanding establishments	67,007	63,461	66,319	59,956	70,677	62,537	65,723	4.8	4.5	4.7	4.2	5.0	4.4	4.6
at opening establishments	12,620	10,149	10,154	7,871	10,690	10,357	9,940	0.9	0.7	0.7	0.6	0.8	0.7	0.7
Gross job losses	68,925	74,256	73,361	71,870	68,807	82,363	69,891	4.9	5.3	5.2	5.1	4.8	5.8	5.0
at contracting establishments	60,896	64,605	64,093	65,236	61,181	72,358	62,076	4.3	4.6	4.5	4.6	4.3	5.1	4.4
at closing establishments	8,029	9,651	9,268	6,634	7,626	10,005	7,815	0.6	0.7	0.7	0.5	0.5	0.7	0.6
Net employment change	10,702	-646	3,112	-4,043	12,560	-9,469	5,772	0.8	-0.1	0.2	-0.3	1.0	-0.7	0.3
<b>Construction</b>														
Gross job gains	7,098	6,241	6,059	5,599	7,306	6,327	6,661	12.9	11.1	10.7	9.9	12.6	10.9	11.4
at expanding establishments	5,792	5,256	5,185	4,880	6,260	5,393	5,843	10.5	9.3	9.2	8.6	10.8	9.3	10.0
at opening establishments	1,306	985	874	719	1,046	934	818	2.4	1.8	1.5	1.3	1.8	1.6	1.4
Gross job losses	5,198	5,355	6,208	6,316	5,680	7,063	5,413	9.4	9.5	10.9	11.1	9.9	12.2	9.3
at contracting establishments	4,526	4,600	5,337	5,770	4,772	6,127	4,709	8.2	8.2	9.4	10.1	8.3	10.6	8.1
at closing establishments	672	755	871	546	908	936	704	1.2	1.3	1.5	1.0	1.6	1.6	1.2
Net employment change	1,900	886	-149	-717	1,626	-736	1,248	3.5	1.6	-0.2	-1.2	2.7	-1.3	2.1
<b>Manufacturing</b>														
Gross job gains	3,774	3,843	4,108	3,663	4,244	3,831	3,569	2.3	2.5	2.6	2.3	2.7	2.4	2.3
at expanding establishments	3,590	3,601	3,745	3,550	4,142	3,689	3,303	2.2	2.3	2.4	2.2	2.6	2.3	2.1
at opening establishments	184	242	363	113	102	142	266	0.1	0.2	0.2	0.1	0.1	0.1	0.2
Gross job losses	4,536	4,539	4,194	3,628	3,266	4,526	4,335	2.8	2.9	2.6	2.3	2.0	2.8	2.8
at contracting establishments	4,374	4,115	3,978	3,448	3,069	4,206	4,067	2.7	2.6	2.5	2.2	1.9	2.6	2.6
at closing establishments	162	424	216	180	197	320	268	0.1	0.3	0.1	0.1	0.1	0.2	0.2
Net employment change	-762	-696	-86	35	978	-695	-766	-0.5	-0.4	0.0	0.0	0.7	-0.4	-0.5
<b>Wholesale Trade</b>														
Gross job gains	3,077	2,527	2,688	2,740	2,965	2,804	2,811	4.9	4.0	4.2	4.3	4.7	4.5	4.5
at expanding establishments	2,460	1,958	2,164	2,292	2,478	2,248	2,246	3.9	3.1	3.4	3.6	3.9	3.6	3.6
at opening establishments	617	569	524	448	487	556	565	1.0	0.9	0.8	0.7	0.8	0.9	0.9
Gross job losses	2,449	2,610	2,724	2,650	2,604	3,194	2,919	3.9	4.1	4.3	4.2	4.2	5.1	4.6
at contracting establishments	2,009	2,096	2,133	2,224	2,180	2,597	2,330	3.2	3.3	3.4	3.5	3.5	4.1	3.7
at closing establishments	440	514	591	426	424	597	589	0.7	0.8	0.9	0.7	0.7	1.0	0.9
Net employment change	628	-83	-36	90	361	-390	-108	1.0	-0.1	-0.1	0.1	0.5	-0.6	-0.1
<b>Retail Trade</b>														
Gross job gains	11,401	9,343	11,023	9,948	12,410	9,668	11,118	6.1	5.0	6.0	5.3	6.6	5.2	6.0
at expanding establishments	10,270	8,134	10,135	9,301	10,488	8,561	10,218	5.5	4.4	5.5	5.0	5.6	4.6	5.5
at opening establishments	1,131	1,209	888	647	1,922	1,107	900	0.6	0.6	0.5	0.3	1.0	0.6	0.5
Gross job losses	9,489	11,458	11,094	10,428	10,185	12,032	10,163	5.1	6.2	6.0	5.6	5.5	6.4	5.5
at contracting establishments	8,754	10,408	10,190	9,722	9,276	11,229	9,301	4.7	5.6	5.5	5.2	5.0	6.0	5.0
at closing establishments	735	1,050	904	706	909	803	862	0.4	0.6	0.5	0.4	0.5	0.4	0.5
Net employment change	1,912	-2,115	-71	-480	2,225	-2,364	955	1.0	-1.2	0.0	-0.3	1.1	-1.2	0.5
<b>Transportation and Warehousing</b>														
Gross job gains	2,041	2,224	3,076	1,510	2,414	2,500	3,753	4.8	5.2	7.0	3.4	5.5	5.6	8.1
at expanding establishments	1,830	2,046	2,931	1,379	2,265	2,312	3,604	4.3	4.8	6.7	3.1	5.2	5.2	7.8
at opening establishments	211	178	145	131	149	188	149	0.5	0.4	0.3	0.3	0.3	0.4	0.3
Gross job losses	1,847	1,615	1,741	2,801	1,371	1,882	1,772	4.4	3.8	4.0	6.3	3.2	4.3	3.8
at contracting establishments	1,735	1,405	1,628	2,654	1,257	1,633	1,576	4.1	3.3	3.7	6.0	2.9	3.7	3.4
at closing establishments	112	210	113	147	114	249	196	0.3	0.5	0.3	0.3	0.3	0.6	0.4
Net employment change	194	609	1,335	-1,291	1,043	618	1,981	0.4	1.4	3.0	-2.9	2.3	1.3	4.3
<b>Financial Activities</b>														
Gross job gains	4,307	5,020	4,290	3,493	4,549	3,861	3,952	3.5	4.0	3.3	2.8	3.5	3.0	3.1
at expanding establishments	3,685	4,435	3,593	3,041	4,033	3,231	3,335	3.0	3.5	2.8	2.4	3.1	2.5	2.6
at opening establishments	622	585	697	452	516	630	617	0.5	0.5	0.5	0.4	0.4	0.5	0.5
Gross job losses	3,670	5,270	4,005	3,488	3,516	4,896	4,287	2.9	4.2	3.1	2.7	2.7	3.8	3.4
at contracting establishments	3,286	4,689	3,324	3,093	3,133	4,275	3,794	2.6	3.7	2.6	2.4	2.4	3.3	3.0
at closing establishments	384	581	681	395	383	621	493	0.3	0.5	0.5	0.3	0.3	0.5	0.4
Net employment change	637	-250	285	5	1,033	-1,035	-335	0.6	-0.2	0.2	0.1	0.8	-0.8	-0.3

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<b>Professional Business Services</b>														
Gross job gains	14,728	12,323	15,100	12,533	14,806	13,085	12,813	6.9	5.8	7.1	5.8	6.9	6.0	5.9
at expanding establishments	12,176	10,460	13,029	10,833	12,739	10,617	10,465	5.7	4.9	6.1	5.0	5.9	4.9	4.8
at opening establishments	2,552	1,863	2,071	1,700	2,067	2,468	2,348	1.2	0.9	1.0	0.8	1.0	1.1	1.1
Gross job losses	11,302	13,080	12,738	13,000	12,808	15,092	11,954	5.3	6.1	6.0	6.1	5.9	6.9	5.5
at contracting establishments	9,683	11,210	10,491	11,590	10,720	12,596	10,352	4.5	5.2	4.9	5.4	4.9	5.8	4.8
at closing establishments	1,619	1,870	2,247	1,410	2,088	2,496	1,602	0.8	0.9	1.1	0.7	1.0	1.1	0.7
Net employment change	3,426	-757	2,362	-467	1,998	-2,007	859	1.6	-0.3	1.1	-0.3	1.0	-0.9	0.4
<b>Education and Health Services</b>														
Gross job gains	12,525	11,671	10,362	10,496	11,407	11,239	10,801	4.0	3.7	3.2	3.3	3.6	3.5	3.3
at expanding establishments	10,670	10,746	9,403	9,555	10,506	10,566	10,033	3.4	3.4	2.9	3.0	3.3	3.3	3.1
at opening establishments	1,855	925	959	941	901	673	768	0.6	0.3	0.3	0.3	0.3	0.2	0.2
Gross job losses	9,847	9,548	11,559	10,297	8,968	12,161	10,086	3.1	3.0	3.6	3.3	2.8	3.8	3.2
at contracting establishments	8,468	8,353	10,494	9,431	8,402	11,024	9,236	2.7	2.6	3.3	3.0	2.6	3.4	2.9
at closing establishments	1,379	1,195	1,065	866	566	1,137	850	0.4	0.4	0.3	0.3	0.2	0.4	0.3
Net employment change	2,678	2,123	-1,197	199	2,439	-922	715	0.9	0.7	-0.4	0.0	0.8	-0.3	0.1
<b>Leisure and Hospitality</b>														
Gross job gains	14,585	13,618	14,137	12,504	14,955	13,052	14,499	9.6	9.1	9.4	8.3	9.9	8.6	9.6
at expanding establishments	11,651	10,911	11,460	10,582	12,443	10,712	11,910	7.7	7.3	7.6	7.0	8.2	7.1	7.9
at opening establishments	2,934	2,707	2,677	1,922	2,512	2,340	2,589	1.9	1.8	1.8	1.3	1.7	1.5	1.7
Gross job losses	15,179	15,177	13,160	12,874	15,060	15,528	13,149	10.1	10.1	8.7	8.5	9.9	10.3	8.7
at contracting establishments	13,434	13,103	11,433	11,516	13,692	13,606	11,677	8.9	8.7	7.6	7.6	9.0	9.0	7.7
at closing establishments	1,745	2,074	1,727	1,358	1,368	1,922	1,472	1.2	1.4	1.1	0.9	0.9	1.3	1.0
Net employment change	-594	-1,559	977	-370	-105	-2,476	1,350	-0.5	-1.0	0.7	-0.2	0.0	-1.7	0.9
<b>Other</b>														
Gross job gains	3,607	3,402	3,070	3,182	3,586	4,187	3,040	7.4	6.9	6.3	6.5	7.3	8.5	6.1
at expanding establishments	2,934	2,856	2,502	2,692	3,042	3,204	2,571	6.0	5.8	5.1	5.5	6.2	6.5	5.2
at opening establishments	673	546	568	490	544	983	469	1.4	1.1	1.2	1.0	1.1	2.0	0.9
Gross job losses	2,937	3,373	3,316	3,032	3,158	3,572	3,347	6.1	6.9	6.8	6.3	6.4	7.2	6.7
at contracting establishments	2,424	2,692	2,754	2,663	2,695	3,020	2,830	5.0	5.5	5.6	5.5	5.5	6.1	5.7
at closing establishments	513	681	562	369	463	552	517	1.1	1.4	1.2	0.8	0.9	1.1	1.0
Net employment change	670	29	-246	150	428	615	-307	1.3	0.0	-0.5	0.2	0.9	1.3	-0.6

#### 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).