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In May...

Nonfarm Employment

Connecticut 1,694,000
 Change over month -0.09%
 Change over year +0.39%

United States 151,095,000
 Change over month +0.05%
 Change over year +1.58%

Unemployment Rate

Connecticut 3.8%
 United States 3.6%

Consumer Price Index

United States 256.092
 Change over year +1.8%

A look at the Age Composition of Connecticut's Industries

By Matthew Krzyzek, Economist, Connecticut Department of Labor

The May 2019 *Connecticut Economic Digest* outlined top-line trends in Connecticut population, labor force participation, and employment to population ratios.¹ As noted, overall labor force participation and employment to population ratios are up since the lows of 8 to 10 years ago. During this period, the median age in Connecticut increased to 40.9 by 2017, the 6th highest in the country. As the age composition of the overall Connecticut population changes, so does the labor force. All industries are affected by population changes but some are facing particular challenges as a larger proportion of the workforce is nearing retirement age.

Age Cohort Shifts, 1998-2018

The Quarterly Workforce Indicators (QWI) dataset allows for detailed analysis of industry employment by various demographic characteristics and employment measures.²

Total employment peaked in 2008. At that time, 13% of the Connecticut labor force was under age 25, 67% were between 25 and 54 (also known as prime age), and 20% were over age 54. By the year ending 2018Q3, the share below 25 fell to 11.5%, the prime age share dipped a bit to 62%, and the share over 54 rose to 26.5%. To put it another way, for the year ending 2018Q3 (the

latest available from the QWI) overall employment is at 99% of the 2008 peak and by cohort, the under 25 and prime age groups are, respectively, down 12% and 8% while the over 54 cohort is up 30%.

The demographic shifts over the past ten years continue trends that began even earlier. In the year ending 1998Q3, the share of Connecticut employment for those three age cohorts was 13%, 74%, and 14%, respectively. This means the portion of the workforce in prime age is down 12 percentage points over 20 years while the portion over 54 has almost doubled.

Connecticut has a highly skilled and experienced workforce, 42% percent of which have at least a college degree compared to 37% nationally. However, the increasing portion of older workers also indicates that a large share of the workforce is approaching retirement age, heightening the need for replacement workers in coming decades.

Age Cohort by Industry

The sectors with largest percentage of workers under 25 are Accommodation & Food Services, Arts, Entertainment & Recreation, and Retail Trade. Two of these sectors, Accommodation & Food Services and Retail Trade saw their share of youth employment fall by 6.5

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and 4.8 percentage points from 2008-2018. Arts, Entertainment & Recreation youth employment share increased by 4.9 percentage points. The Manufacturing and the Transportation & Warehousing sectors also had youth employment share increases, up 0.7 and 0.2 percentage points.

Manufacturing also saw large increases in the over 54 age cohort, decreases in prime age employment, and overall industry growth in recent years. Transportation & Warehousing youth employment growth is driven by expansion of that industry. Employment is up 14.6% overall since 2008.

Prime age employment ranges from 51.5% to 69.6% of employment for sectors in Connecticut. Every sector except Accommodation & Food Services has seen a decline in prime age employment share over the past 10 years. The sectors with the largest concentrations of prime age workers are Finance & Insurance (69.6%), Professional, Scientific, & Technical Services (68.5%) and Information (67.8%).

While most sectors experienced declines in the share of under 25 and prime age employment over the past 10 years, every sector had share increases of its over 54 workforce. This ranged between a 3.5 point increase in Educational Services to an 11.1 point increase in Utilities. Large sectors with significant over 54 employment shares include Manufacturing, (35.4%) which had an 11.0 point increase in the past ten years and Educational Services (30.8%). These two sectors employ 25% of the over 54 workforce compared to 20% of the workforce overall. With more than 35% of its workforce over age 54, manufacturing will need to hire many replacement workers in addition to filling the new jobs that are expected to be

added in the short term. Educational services growth has been hindered by the declining population of school-age children, but the large share of workers over 54 in that sector indicates that many replacement workers will be needed even amid overall employment declines.

Nationally, by 2026 the labor force participation rate for those over age 65 is expected to be nearly double its 1996 level. In addition to preparing to replace retiring workers, industries will need to accommodate older workers.

Largest Age Cohort Industry Shifts

Retail Trade had the largest 10 year decline in youth employment, down 10,000 from 2008-18. Prime age declined as well (down 3,600) while there was an increase of 8,600 workers over age 54.

Manufacturing saw the largest decrease in prime age employment, down 38,000 over ten years. However, manufacturing employment has been growing steadily since hitting a low at the end of 2016, a notable trend shift for the industry. The decrease in prime age manufacturing employment has occurred as the over 54 employment increased by 11,000 as many manufacturing workers aged into this cohort.

Healthcare and Social assistance is the largest sector in the state overall, and employs the most workers over 54, with over 71,000. This sector has had the largest total increase of over 54 workers, up 20,000 since 2008. This dwarfs the corresponding growth for prime age workers, which increased 8,300 over 10 years. Employment for workers under 25 in this sector fell 1,300 since 2008.

Figure 1 - Age Composition of Connecticut Employment: 1998Q3-2018Q3

Year Ending	Ann. Average Emp. By Age Cohort				Percent Share of Employment			
	All	Under 25	Prime	Over 54	All	Under 25	Prime	Over 54
20 years ago 1998Q3	1,585,349	199,323	1,167,946	218,081	100%	13%	74%	14%
Peak Year 2008Q4	1,661,266	215,419	1,109,884	335,963	100%	13%	67%	20%
Current 2018Q3	1,644,118	188,550	1,019,775	435,792	100%	11%	62%	27%

Source: US Census Bureau, QWI

Figure 2 - Employment by Age Cohort, Four-Quarter Average and Industry Share

NAICS Sector	Industry Name	2018Q3 4Quarter Moving Average			2018Q3 Industry Share		
		under 25	prime age	over 54	under 25	prime age	over 54
00	All Industries	188,550	1,019,775	435,792	11.5%	62.0%	26.5%
11	Agriculture	792	2,624	1,328	16.7%	55.3%	28.0%
21	Mining, Quarrying, & Extrac.	32	280	214	6.0%	53.3%	40.7%
22	Utilities	229	4,384	2,451	3.2%	62.1%	34.7%
23	Construction	5,344	39,818	15,933	8.7%	65.2%	26.1%
31-33	Manufacturing	10,633	95,757	58,308	6.5%	58.1%	35.4%
42	Wholesale Trade	3,307	40,417	18,464	5.3%	65.0%	29.7%
44-45	Retail Trade	44,026	97,012	40,638	24.2%	53.4%	22.4%
48-49	Transport, & Warehousing	4,538	31,056	12,602	9.4%	64.4%	26.1%
51	Information	2,784	24,024	8,632	7.9%	67.8%	24.4%
52	Finance and Insurance	4,852	74,389	27,571	4.5%	69.6%	25.8%
53	Real Estate	1,420	12,511	6,388	7.0%	61.6%	31.4%
54	Pro., Sci., & Tech. Services	6,263	65,511	23,812	6.6%	68.5%	24.9%
55	Management	1,865	22,542	9,194	5.6%	67.1%	27.4%
56	Administrative & Support	10,442	58,430	23,060	11.4%	63.6%	25.1%
61	Educational Services	10,155	104,848	51,071	6.1%	63.1%	30.8%
62	Health Care & Soc. Assist.	21,997	179,341	71,300	8.1%	65.8%	26.2%
71	Arts, Ent., & Rec.	9,336	19,838	9,365	24.2%	51.5%	24.3%
72	Accom. & Food Services	40,726	75,087	21,171	29.7%	54.8%	15.5%
81	Other Services	7,674	38,466	17,715	12.0%	60.2%	27.7%
92	Public Administration	2,139	33,443	16,577	4.1%	64.1%	31.8%

Source: US Census Bureau, QWI

Conclusions

Though the aging of Connecticut's workforce impacts every sector, some sectors have been more affected than others. The QWI dataset shows that Manufacturing, Utilities, and Public Administration have the largest shares of workers over 54, while Accommodations &

Food Services, Retail Trade, and Arts, Entertainment & Recreation have the smallest. As this age cohort grows in Connecticut, knowing which industries have a large share of these highly experienced workers is important to ensure that their needs are met and that an adequate pipeline exists

to help train incoming workers to replace those who will eventually retire. ■

1 Connecticut Economic Digest. May 2019. Page 1 <https://www1.ctdol.state.ct.us/lmi/digest/pdfs/cedmay19.pdf>

2 QWI Explorer. US Census Bureau. www.qwiexplorer.ces.census.gov/