

New Hours and Earnings Data Available

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After three years of exploratory development at the Office of Research, real-time monthly hours and earnings estimates for all private industries in the state and the six largest Connecticut labor market areas have been formally introduced. These newly available All Employee Hours and Earnings series from the employer payroll survey include the average hourly earnings, the average weekly hours employed, and the total average weekly earnings for most of Connecticut's private sector nonfarm workforce.

Prior to this release, the only hours and earnings statistics produced for Connecticut have been related to hourly production and nonsupervisory workers in the manufacturing and construction sectors – the *goods producing* industries. They will still be produced for the state on a monthly basis. The original focus placed on production sector workers was related to the extensive contribution that goods producing industries historically had on the entire U.S. economy. The new All Employee Hours and Earnings series have been created in recognition of the ever increasing and changing impact that

service providing industries are having on the twenty-first century American economy. In addition, these new hours and earnings estimates will include all private sector employees in the state, not just the hourly production workers as in the past. This involves including higher paid managers, supervisors, and business professionals, as well as all hourly workers, for all nonfarm business sectors in the state.

All Employee Hours and Earnings estimates for Connecticut statewide will be produced monthly for every major private industry sector except the information sector, for which sample response has been insufficient to produce the estimates. For the six largest labor markets, Bridgeport-Stamford, Danbury, Hartford, New Haven, Norwich-New London and Waterbury, hours and earnings data will be produced for the total private sector only; no industry sector estimates will be available. These data series will begin in January 2007, not seasonally adjusted, and current estimates will be released monthly in the Connecticut Labor Situation and the Connecticut Economic Digest (page 19). In the

future, we hope to seasonally adjust the series.

We anticipate this new hours and earnings data series will become another tool for deciphering the state's economic health. Used with other labor market indicators – nonfarm employment, labor force and unemployment statistics, unemployment claims, and wage and salary income – All Employee Hours and Earnings could help provide an early indication of a turn in labor demand signaling a true jobs recovery.

A potential on-going productivity measure, related to output per hour, may be forthcoming as well. Firms often first increase work hours and hourly pay for their existing personnel before hiring new employees. The productivity increases based on these actions can result in delayed hiring and a latent period of "jobless recovery" before real job growth begins.

What does this new data currently tell us? In Connecticut, it looks like average weekly hours, measured at 33.1 hours for January 2010, are starting to reverse their decline after a two-and-a-half year drop. A possible bottom in average weekly hours worked was reached in October 2009, at 32.5 hours, not seasonally adjusted. A three-year high was reached at 34.6 in the summer of 2007. Since the series is not yet seasonally adjusted because of lack of sufficient data history, it may be difficult to separate seasonal aspects of average weekly hours employed from the core residual labor demand. However, year-over-year monthly comparisons in this short history indicate that year-over-year growth in average workweek hours peaked in March 2008, coinciding with the nonfarm employment peak in Connecticut. The January 2010 data, only down two-tenths of an hour from a year earlier, shows that year-over-year total private average weekly hours worked may be poised to soon turn positive. ■

CT Total Private Average Weekly Hours, Jan. 2007- Jan. 2010

