



# BUSINESS EMPLOYMENT DYNAMICS

Office of Research

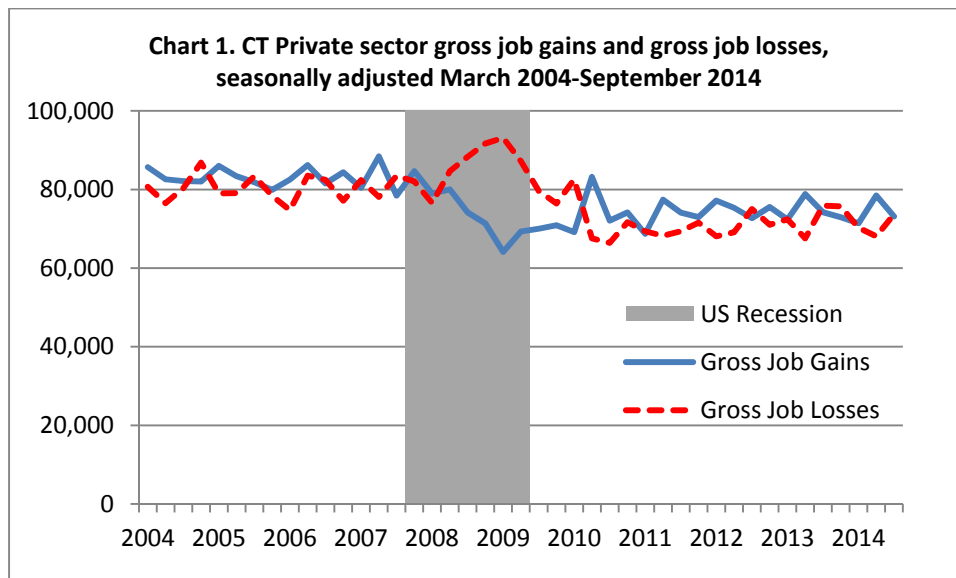
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## Third Quarter 2014

From June 2014 to September 2014, **gross job gains** from opening and expanding private sector establishments in Connecticut was 73,150, a decrease of 5,341 jobs from the previous quarter. Over this period, **gross job losses** from closing and contracting private sector establishments was 73,700, an increase of 5,609 jobs from the previous quarter.

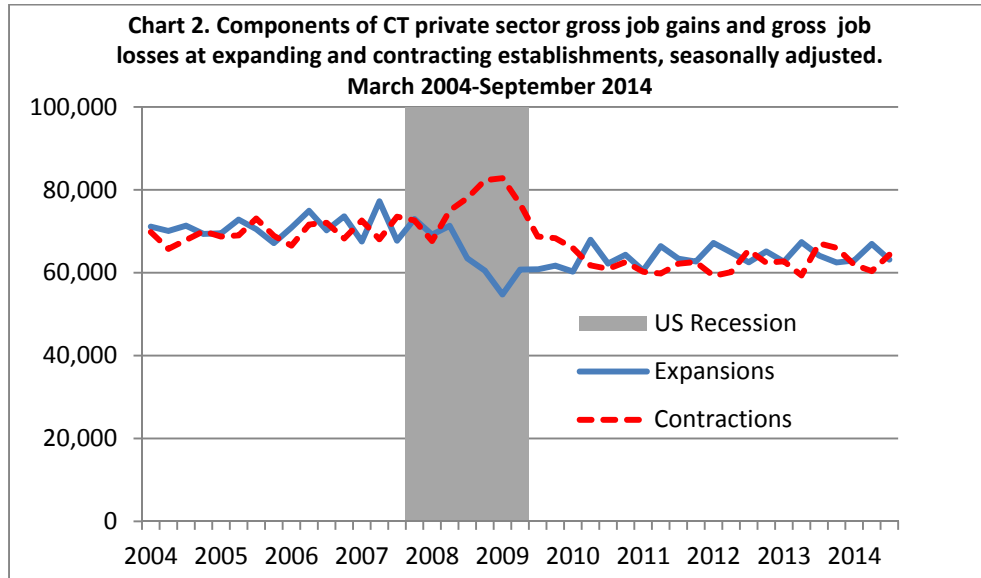
The difference between the number of gross job gains and the number of gross job losses yielded a **net employment loss** of 550 jobs in the private sector during the third quarter of 2014.



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 include 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 63,196 in the third quarter of 2014, a decrease of 3,768 jobs from the previous quarter.



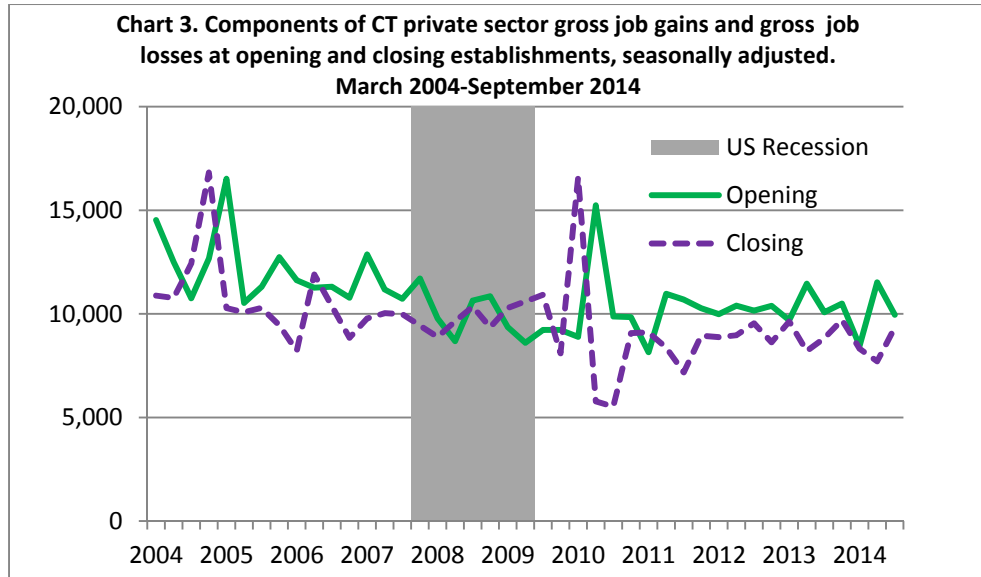
**Opening** establishments accounted for 9,954 jobs gained in the third quarter of 2014, a decrease of 1,573 jobs from the previous quarter.

**Contracting** establishments lost 64,354 jobs in the third quarter of 2014. This was an increase of 3,969 jobs from the prior quarter.

In the third quarter of 2014, **closing** establishments lost 9,346, a decrease of 1,640 jobs from the previous quarter.

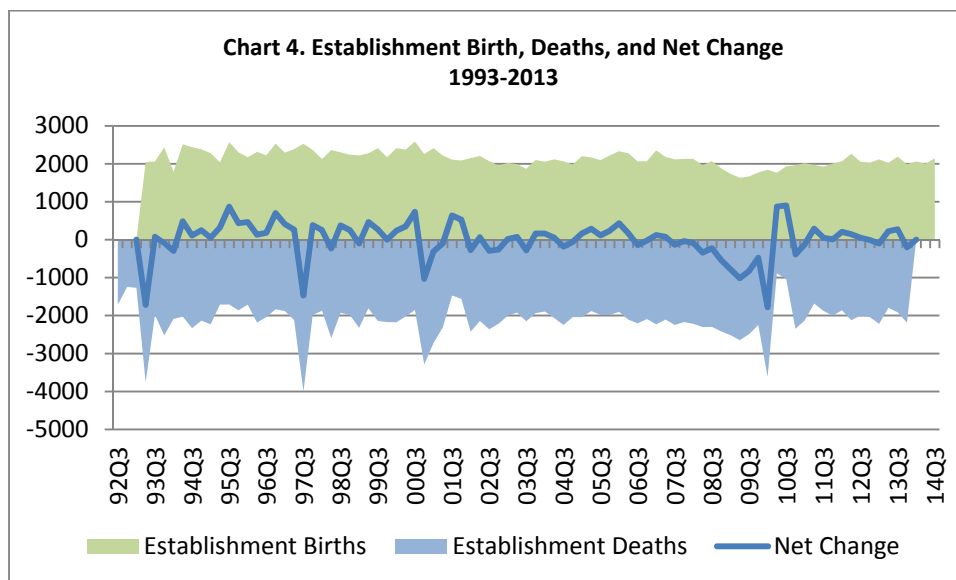
The relationship between gross job gains and losses in Connecticut since the 2007-09 recession has been closer than has been experienced by the US economy overall (see USDL-15-0755). Gross job gains exceeding losses indicates employment expansion.

**Gross job gains** represented 5.2 percent of private sector employment in the third quarter of 2014, while **gross job losses** represented 5.3 percent of private sector employment.



In the third quarter of 2014, the number of **establishment births** (a subset of the openings data) increased by 2,143 establishments. These new establishments accounted for 7,697 jobs, an increase of 798 jobs from the previous quarter.

Data for **establishment deaths** (a subset of the closings data) are available through the fourth quarter of 2013, where 6,498 jobs were lost at 2,189 establishments. In the prior quarter, 6,470 jobs were lost at 1,914 establishments.



**Births** are establishments that either newly appear in the longitudinal database with positive employment by the third month of the quarter or are establishments that showed four consecutive quarters of zero employment followed by a quarter of positive employment in the third month. **Deaths** are similarly defined as establishments that either drop out of the longitudinal database or are establishments that had positive

employment by the third month of a quarter followed by four consecutive quarters of zero employment. Establishment births and deaths can be considered a subset of establishment openings and closings.

The **net change** of establishment births and deaths went negative after 2007 and troughed in mid-2009. From late 2010 onward it has been close to zero.

In the fourth quarter of 2013 (the most recent quarter of establishment death data), there were 1,986 establishment births, and 2,189 establishment deaths, resulting in a **net change** of -203 establishments. This follows a September 2013 net change of 273.

During the third quarter of 2014, gross job losses exceeded gross job gains in all **industry sectors** except the Education and Health Services sector, the Construction sector and the Transportation and Warehousing sector. Those three sectors had respective net gains of 2,129, 765 and 717 jobs.

**Table A: Connecticut Private Sector gross job gains and losses by industry, seasonally adjusted**

Category	Gross job gains and losses (3 months ended)							Gross job gains and losses as a percent of employment (3 months ended)						
	Mar. 2013	June Jul-05	Sept. 2013	Dec. 2013	Mar. 2014	June 2014	Sept. 2014	Mar. 2013	June 2013	Sept. 2013	Dec. 2013	Mar. 2014	June 2014	Sept. 2014
<b>Total Private</b>														
Gross job gains	72,384	78,837	74,212	72,962	71,412	78,491	73,150	5.2	5.6	5.3	5.3	5.1	5.6	5.2
at expanding establishments	62,693	67,380	64,130	62,468	62,954	66,964	63,196	4.5	4.8	4.6	4.5	4.5	4.8	4.5
at opening establishments	9,691	11,457	10,082	10,494	8,458	11,527	9,954	0.7	0.8	0.7	0.8	0.6	0.8	0.7
Gross job losses	72,407	67,569	75,904	75,714	70,265	68,091	73,700	5.2	4.8	5.4	5.4	5.0	4.8	5.3
At contracting establishments	62,773	59,368	67,072	66,003	61,946	60,385	64,354	4.5	4.2	4.8	4.7	4.4	4.3	4.6
and closing establishments	9,634	8,201	8,832	9,711	8,319	7,706	9,346	0.7	0.6	0.6	0.7	0.6	0.5	0.7
Net employment change	-23	11,268	-1,692	-2,752	1,147	10,400	-550	0.0	0.8	-0.1	-0.1	0.1	0.8	-0.1
<b>Construction</b>														
Gross job gains	6,880	6,513	6,077	5,897	5,921	7,015	6,086	13.0	12.2	11.3	11.0	11.0	12.8	10.9
at expanding establishments	5,509	5,301	5,103	4,846	5,097	5,751	5,149	10.4	9.9	9.5	9.0	9.5	10.5	9.2
at opening establishments	1,371	1,212	974	1,051	824	1,264	937	2.6	2.3	1.8	2.0	1.5	2.3	1.7
Gross job losses	6,004	5,939	5,480	6,657	5,914	5,142	5,321	11.3	11.1	10.2	12.4	10.9	9.3	9.5
At contracting establishments	4,824	5,188	4,741	5,546	4,925	4,577	4,542	9.1	9.7	8.8	10.3	9.1	8.3	8.1
and closing establishments	1,180	751	739	1,111	989	565	779	2.2	1.4	1.4	2.1	1.8	1.0	1.4
Net employment change	876	574	597	-760	7	1,873	765	1.7	1.1	1.1	-1.4	0.1	3.5	1.4
<b>Manufacturing</b>														
Gross job gains	4,291	4,251	3,870	3,754	3,477	3,763	3,800	2.6	2.5	2.3	2.3	2.2	2.3	2.4
at expanding establishments	4,120	4,029	3,651	3,496	3,366	3,591	3,588	2.5	2.4	2.2	2.1	2.1	2.2	2.3
at opening establishments	171	222	219	258	111	172	212	0.1	0.1	0.1	0.2	0.1	0.1	0.1
Gross job losses	4,077	4,060	5,077	4,412	3,977	4,421	4,522	2.4	2.4	3.0	2.7	2.4	2.8	2.9
At contracting establishments	3,678	3,699	4,837	4,049	3,745	4,257	4,097	2.2	2.2	2.9	2.5	2.3	2.7	2.6
and closing establishments	399	361	240	363	232	164	425	0.2	0.2	0.1	0.2	0.1	0.1	0.3
Net employment change	214	191	-1,207	-658	-500	-658	-722	0.2	0.1	-0.7	-0.4	-0.2	-0.5	-0.5
<b>Wholesale Trade</b>														
Gross job gains	2,839	2,875	2,658	2,753	2,567	3,071	2,515	4.5	4.5	4.2	4.4	4.0	4.9	4.0
at expanding establishments	2,311	2,405	2,116	2,274	2,169	2,468	1,954	3.7	3.8	3.3	3.6	3.4	3.9	3.1
at opening establishments	528	470	542	479	398	603	561	0.8	0.7	0.9	0.8	0.6	1.0	0.9
Gross job losses	2,847	2,464	2,795	2,813	2,612	2,416	2,629	4.5	3.9	4.4	4.5	4.1	3.9	4.1
At contracting establishments	2,297	2,111	2,268	2,251	2,217	1,994	2,117	3.6	3.3	3.6	3.6	3.5	3.2	3.3
and closing establishments	550	353	527	562	395	422	512	0.9	0.6	0.8	0.9	0.6	0.7	0.8
Net employment change	-8	411	-137	-60	-45	655	-114	0.0	0.6	-0.2	-0.1	-0.1	1.0	-0.1

**Table A: Connecticut Private Sector gross job gains and losses by industry, seasonally adjusted (continued)**

Category	Gross job gains and losses (3 months ended)							Gross job gains and losses as a percent of employment (3 months ended)						
	Mar. 2013	June Jul-05	Sept. 2013	Dec. 2013	Mar. 2014	June 2014	Sept. 2014	Mar. 2013	June 2013	Sept. 2013	Dec. 2013	Mar. 2014	June 2014	Sept. 2014
	<b>Retail Trade</b>													
Gross job gains	9,824	11,846	10,135	11,366	10,527	11,386	9,281	5.4	6.5	5.5	6.2	5.7	6.1	4.9
at expanding establishments	8,961	10,268	8,840	10,088	9,425	10,254	8,079	4.9	5.6	4.8	5.5	5.1	5.5	4.3
at opening establishments	863	1,578	1,295	1,278	1,102	1,132	1,202	0.5	0.9	0.7	0.7	0.6	0.6	0.6
Gross job losses	10,394	9,310	11,360	10,553	10,590	9,373	11,372	5.6	5.0	6.1	5.7	5.8	5.1	6.1
At contracting establishments and closing establishments	9,585	8,500	10,389	9,465	9,729	8,707	10,344	5.2	4.6	5.6	5.1	5.3	4.7	5.5
809	810	971	1,088	861	666	1,028	0.4	0.4	0.5	0.6	0.5	0.4	0.6	
Net employment change	-570	2,536	-1,225	813	-63	2,013	-2,091	-0.2	1.5	-0.6	0.5	-0.1	1.0	-1.2
<b>Transportation and Warehousing</b>														
Gross job gains	1,981	2,449	1,934	2,509	2,048	2,023	2,293	4.8	5.8	4.6	5.9	4.8	4.8	5.3
at expanding establishments	1,870	2,243	1,689	2,368	1,908	1,823	2,115	4.5	5.3	4.0	5.6	4.5	4.3	4.9
at opening establishments	111	206	245	141	140	200	178	0.3	0.5	0.6	0.3	0.3	0.5	0.4
Gross job losses	2,195	1,881	2,262	1,996	2,369	1,667	1,576	5.3	4.5	5.3	4.7	5.5	3.9	3.7
At contracting establishments and closing establishments	2,042	1,713	2,006	1,799	2,136	1,554	1,401	4.9	4.1	4.7	4.2	5.0	3.6	3.3
153	168	256	197	233	113	175	0.4	0.4	0.6	0.5	0.5	0.3	0.4	
Net employment change	-214	568	-328	513	-321	356	717	-0.5	1.3	-0.7	1.2	-0.7	0.9	1.6
<b>Financial Activities</b>														
Gross job gains	4,176	4,364	3,988	4,052	3,420	4,209	4,970	3.2	3.4	3.1	3.1	2.7	3.4	4.0
at expanding establishments	3,653	3,846	3,360	3,508	2,888	3,647	4,384	2.8	3.0	2.6	2.7	2.3	2.9	3.5
at opening establishments	523	518	628	544	532	562	586	0.4	0.4	0.5	0.4	0.4	0.5	0.5
Gross job losses	4,567	3,961	5,152	4,280	3,869	3,627	5,181	3.5	3.0	4.0	3.3	3.1	2.9	4.0
At contracting establishments and closing establishments	3,984	3,304	4,559	3,513	3,272	3,208	4,634	3.1	2.5	3.5	2.7	2.6	2.6	3.6
583	657	593	767	597	419	547	0.4	0.5	0.5	0.6	0.5	0.3	0.4	
Net employment change	-391	403	-1,164	-228	-449	582	-211	-0.3	0.4	-0.9	-0.2	-0.4	0.5	0.0
<b>Professional Business Services</b>														
Gross job gains	12,099	13,952	13,544	13,239	12,205	14,585	12,277	5.9	6.8	6.6	6.4	5.8	6.8	5.7
at expanding establishments	10,598	11,638	11,536	11,223	10,595	12,058	10,468	5.2	5.7	5.6	5.4	5.0	5.6	4.9
at opening establishments	1,501	2,314	2,008	2,016	1,610	2,527	1,809	0.7	1.1	1.0	1.0	0.8	1.2	0.8
Gross job losses	12,387	11,808	13,062	13,981	13,285	11,177	12,941	6.1	5.7	6.3	6.8	6.3	5.3	6.1
At contracting establishments and closing establishments	10,346	9,929	10,864	11,729	11,208	9,552	11,069	5.1	4.8	5.2	5.7	5.3	4.5	5.2
2,041	1,879	2,198	2,252	2,077	1,625	1,872	1.0	0.9	1.1	1.1	1.0	0.8	0.9	
Net employment change	-288	2,144	482	-742	-1,080	3,408	-664	-0.2	1.1	0.3	-0.4	-0.5	1.5	-0.4
<b>Education and Health Services</b>														
Gross job gains	10,756	11,497	11,829	9,660	11,155	11,751	11,605	3.5	3.7	3.8	3.0	3.6	3.7	3.7
at expanding establishments	9,659	10,615	10,893	8,940	10,568	10,821	10,721	3.1	3.4	3.5	2.8	3.4	3.4	3.4
at opening establishments	1,097	882	936	720	587	930	884	0.4	0.3	0.3	0.2	0.2	0.3	0.3
Gross job losses	10,557	9,969	10,231	11,651	9,186	9,874	9,476	3.4	3.2	3.2	3.7	3.0	3.1	2.9
At contracting establishments and closing establishments	9,332	9,002	9,293	10,834	8,379	8,484	8,383	3.0	2.9	2.9	3.4	2.7	2.7	2.6
1,225	967	938	817	807	1,390	1,093	0.4	0.3	0.3	0.3	0.3	0.4	0.3	
Net employment change	199	1,528	1,598	-1,991	1,969	1,877	2,129	0.1	0.5	0.6	-0.7	0.6	0.6	0.8
<b>Leisure and Hospitality</b>														
Gross job gains	13,237	15,002	13,657	14,517	14,275	14,528	13,561	9.1	10.2	9.3	9.8	9.5	9.6	9.0
at expanding establishments	10,964	11,980	11,353	11,235	12,279	11,668	10,845	7.5	8.1	7.7	7.6	8.2	7.7	7.2
at opening establishments	2,273	3,022	2,304	3,282	1,996	2,860	2,716	1.6	2.1	1.6	2.2	1.3	1.9	1.8
Gross job losses	13,146	12,547	14,873	13,403	12,230	15,018	15,110	9.0	8.5	10.0	9.0	8.2	10.0	10.0
At contracting establishments and closing establishments	11,411	11,085	13,235	11,905	10,885	13,421	13,149	7.8	7.5	8.9	8.0	7.3	8.9	8.7
1,735	1,462	1,638	1,498	1,345	1,597	1,961	1.2	1.0	1.1	1.0	0.9	1.1	1.3	
Net employment change	91	2,455	-1,216	1,114	2,045	-490	-1,549	0.1	1.7	-0.7	0.8	1.3	-0.4	-1.0
<b>Other</b>														
Gross job gains	3,357	3,487	3,079	2,942	3,467	3,605	3,327	7.0	7.3	6.4	6.2	7.2	7.5	6.9
at expanding establishments	2,836	2,882	2,664	2,521	2,935	2,940	2,807	5.9	6.0	5.5	5.3	6.1	6.1	5.8
at opening establishments	521	605	415	421	532	665	520	1.1	1.3	0.9	0.9	1.1	1.4	1.1
Gross job losses	3,206	3,282	3,349	3,396	2,896	2,905	3,374	6.7	6.8	7.0	7.1	6.0	6.0	6.9
At contracting establishments and closing establishments	2,618	2,733	2,878	2,840	2,400	2,413	2,700	5.5	5.7	6.0	5.9	5.0	5.0	5.5
588	549	471	556	496	492	674	1.2	1.1	1.0	1.2	1.0	1.0	1.4	
Net employment change	151	205	-270	-454	571	700	-47	0.3	0.5	-0.6	-0.9	1.2	1.5	0.0

**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).