



BUSINESS EMPLOYMENT DYNAMICS

Office of Research

Sharon M. Palmer, Commissioner

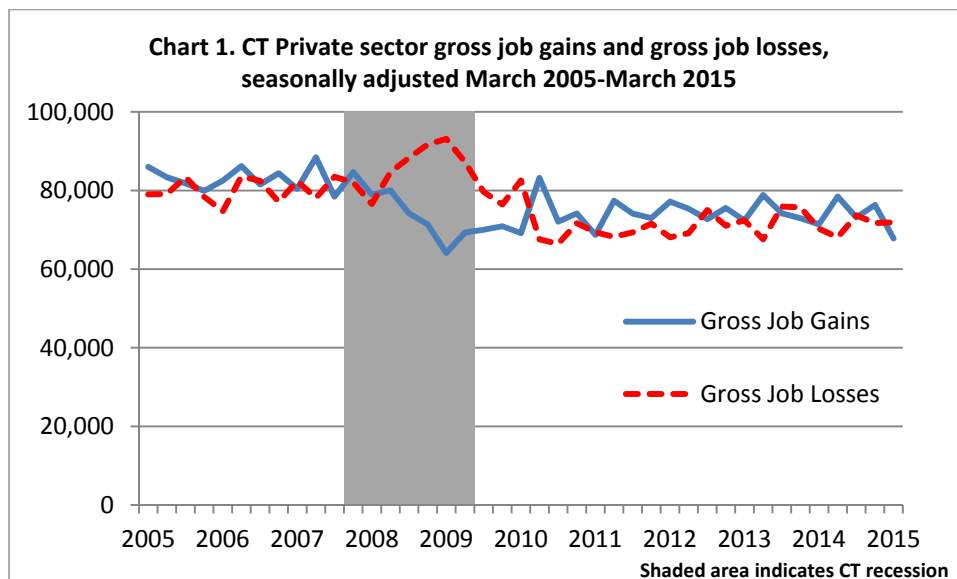
Andrew Condon, Director of Research

First Quarter 2015

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.¹

From January 2015 to March 2015, **gross job gains** from opening and expanding private sector establishments in Connecticut were 67,827, a decrease of 8,646 jobs from the previous quarter. Over this period, **gross job losses** from closing and contracting private sector establishments were 71,870, a decrease of 1,491 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 4,043 jobs in the private sector during the first quarter of 2015.

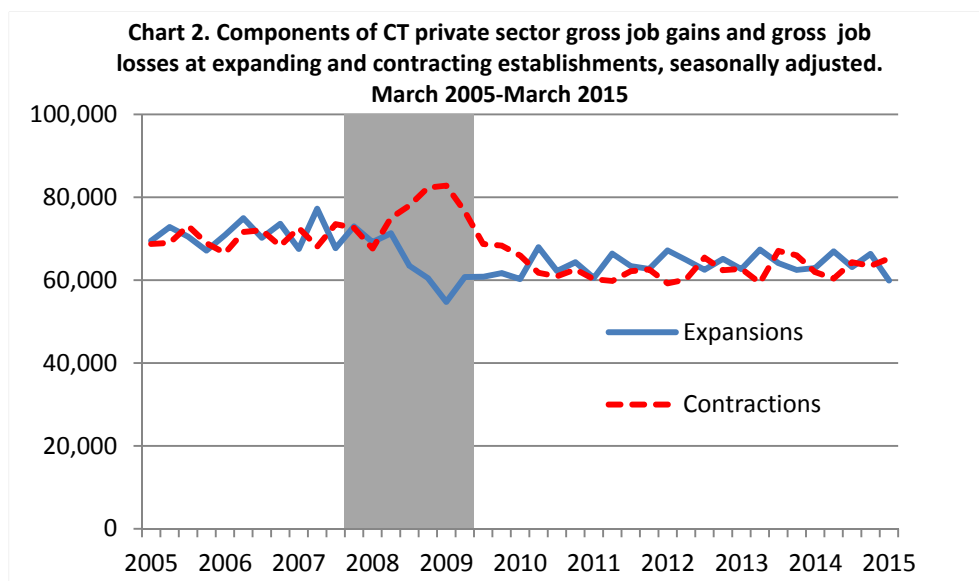


¹ For more information about BED data see: <http://www.bls.gov/bdm/bdmfaq.htm#1>

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 59,956 in the first quarter of 2015, a decrease of 6,363 jobs from the previous quarter.



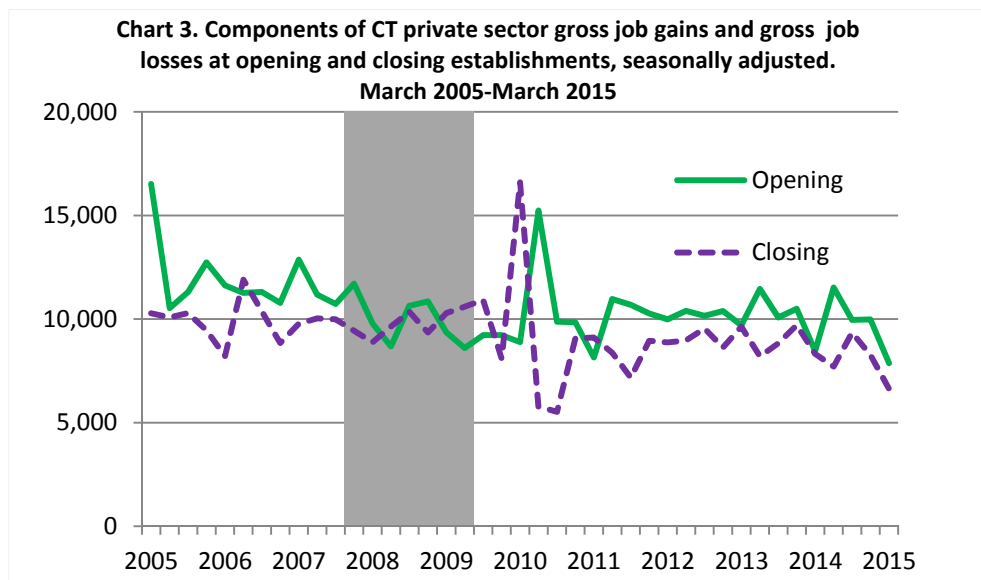
Opening establishments accounted for 7,871 jobs gained in the first quarter of 2015, a decrease of 2,283 jobs from the previous quarter.

Contracting establishments lost 65,236 jobs in the first quarter of 2015. This was an increase of 1,143 jobs from the prior quarter.

In the first quarter of 2015, **closing** establishments lost 6,634, a decrease of 2,634 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.

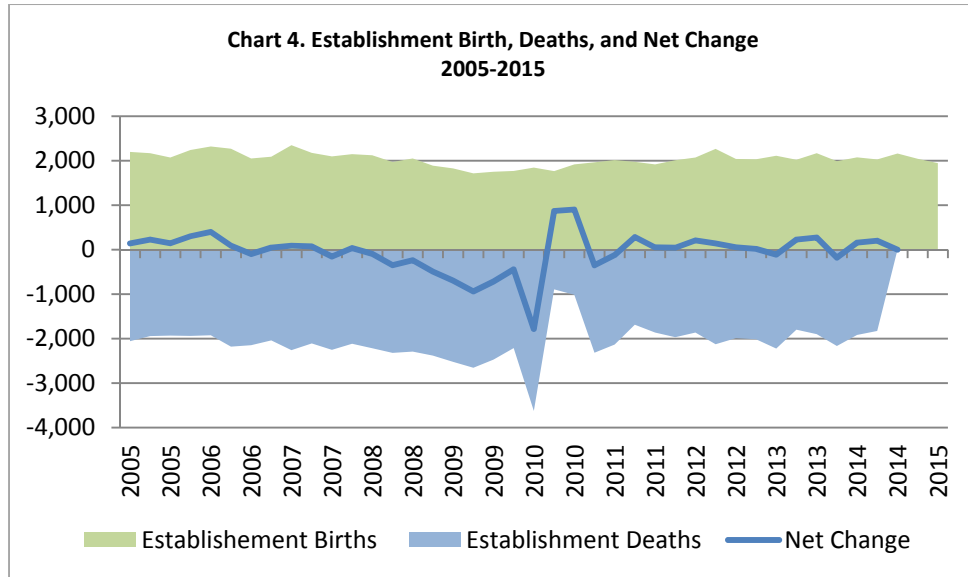
Gross job gains represented 4.8 percent of private sector employment in the first quarter of 2015, while **gross job losses** represented 5.1 percent of private sector employment.



In the first quarter of 2015, there were 1,945 **establishment births**. These new establishments accounted for 5,158 jobs, 1,971 fewer jobs than the previous quarter's gain from establishment births.

5,786 jobs were lost due to **establishment deaths** in the 2nd quarter of 2014 (latest available data) In the prior quarter, 5,015 jobs were lost at 1,919 establishments that died.

Births are a subset of openings and deaths are a subset of closings.

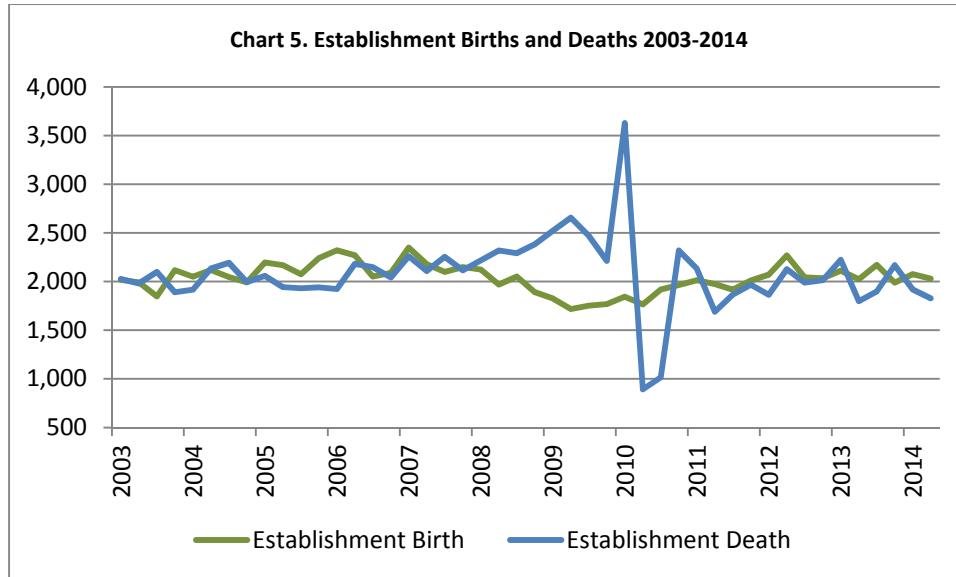


The **net change** of establishment births and deaths went consistently negative during the recession from the first quarter of 2008 and troughed in the first quarter of 2010. During those 9 quarters of recession, Connecticut averaged a net decrease of 640 establishments per quarter, with the largest 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 13 of past 17 quarters of available data, with an average net increase of 157 establishments per quarter during that period.

This post-recession average exceeds prerecession levels, which averaged 87 establishments per quarter from the fourth quarter of 2003 to the fourth quarter of 2007 (17 quarters), of which 12 quarters were net-positive.

In the second quarter of 2014 (the most recent quarter of establishment death data), there were 2,030 establishment births, and 1,828 establishment deaths, resulting in a net change of 202 establishments. This follows a first quarter 2014 net change of 157.



During the first quarter of 2015, gross job losses exceeded gross job gains in 5 of the 10 available **industry sectors** except in Manufacturing, Wholesale Trade, Financial Activities, Education and Health Services, and also Other Services.

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)						
	Sept. 2013	Dec. 2013	Mar. 2014	June 2014	Sept. 2014	Dec. 2014	Mar. 2015	Sept. 2013	Dec. 2013	Mar. 2014	June 2014	Sept. 2014	Dec. 2014	Mar. 2015
Total Private														
Gross job gains	74,344	72,874	72,194	79,627	73,610	76,473	67,827	5.3	5.3	5.1	5.7	5.2	5.4	4.8
at expanding establishments	64,232	62,371	63,583	67,007	63,461	66,319	59,956	4.6	4.5	4.5	4.8	4.5	4.7	4.2
at opening establishments	10,112	10,503	8,611	12,620	10,149	10,154	7,871	0.7	0.8	0.6	0.9	0.7	0.7	0.6
Gross job losses	75,724	75,604	70,952	68,925	74,256	73,361	71,870	5.4	5.4	5.0	4.9	5.3	5.2	5.1
at contracting establishments	66,944	65,978	62,169	60,896	64,605	64,093	65,236	4.8	4.7	4.4	4.3	4.6	4.5	4.6
at closing establishments	8,780	9,626	8,783	8,029	9,651	9,268	6,634	0.6	0.7	0.6	0.6	0.7	0.7	0.5
Net employment change	-1,380	-2,730	1,242	10,702	-646	3,112	-4,043	-0.1	-0.1	0.1	0.8	-0.1	0.2	-0.3
Construction														
Gross job gains	6,096	5,934	5,993	7,098	6,241	6,059	5,599	11.3	11.0	11.1	12.9	11.1	10.7	9.9
at expanding establishments	5,111	4,852	5,149	5,792	5,256	5,185	4,880	9.5	9.0	9.5	10.5	9.3	9.2	8.6
at opening establishments	985	1,082	844	1,306	985	874	719	1.8	2.0	1.6	2.4	1.8	1.5	1.3
Gross job losses	5,515	6,639	5,899	5,198	5,355	6,208	6,316	10.3	12.3	10.9	9.4	9.5	10.9	11.1
at contracting establishments	4,774	5,538	4,902	4,526	4,600	5,337	5,770	8.9	10.3	9.1	8.2	8.2	9.4	10.1
at closing establishments	741	1,101	997	672	755	871	546	1.4	2.0	1.8	1.2	1.3	1.5	1.0
Net employment change	581	-705	94	1,900	886	-149	-717	1.0	-1.3	0.2	3.5	1.6	-0.2	-1.2
Manufacturing														
Gross job gains	3,868	3,742	3,499	3,774	3,843	4,108	3,663	2.3	2.3	2.2	2.3	2.5	2.6	2.3
at expanding establishments	3,650	3,487	3,378	3,590	3,601	3,745	3,550	2.2	2.1	2.1	2.2	2.3	2.4	2.2
at opening establishments	218	255	121	184	242	363	113	0.1	0.2	0.1	0.1	0.2	0.2	0.1
Gross job losses	5,073	4,408	4,053	4,536	4,539	4,194	3,628	3.0	2.7	2.5	2.8	2.9	2.6	2.3
at contracting establishments	4,831	4,046	3,754	4,374	4,115	3,978	3,448	2.9	2.5	2.3	2.7	2.6	2.5	2.2
at closing establishments	242	362	299	162	424	216	180	0.1	0.2	0.2	0.1	0.3	0.1	0.1
Net employment change	-1,205	-666	-554	-762	-696	-86	35	-0.7	-0.4	-0.3	-0.5	-0.4	0.0	0.0
Wholesale Trade														
Gross job gains	2,678	2,755	2,520	3,077	2,527	2,688	2,740	4.3	4.4	4.0	4.9	4.0	4.2	4.3
at expanding establishments	2,131	2,275	2,106	2,460	1,958	2,164	2,292	3.4	3.6	3.3	3.9	3.1	3.4	3.6
at opening establishments	547	480	414	617	569	524	448	0.9	0.8	0.7	1.0	0.9	0.8	0.7
Gross job losses	2,761	2,812	2,636	2,449	2,610	2,724	2,650	4.3	4.5	4.2	3.9	4.1	4.3	4.2
at contracting establishments	2,235	2,256	2,224	2,009	2,096	2,133	2,224	3.5	3.6	3.5	3.2	3.3	3.4	3.5
at closing establishments	526	556	412	440	514	591	426	0.8	0.9	0.7	0.7	0.8	0.9	0.0
Net employment change	-83	-57	-116	628	-83	-36	90	0.0	-0.1	-0.2	1.0	-0.1	-0.1	0.1
Retail Trade														
Gross job gains	10,257	11,383	10,604	11,401	9,343	11,023	9,948	5.5	6.2	5.7	6.1	5.0	6.0	5.3
at expanding establishments	8,974	10,097	9,463	10,270	8,134	10,135	9,301	4.8	5.5	5.1	5.5	4.4	5.5	5.0
at opening establishments	1,283	1,286	1,141	1,131	1,209	888	647	0.7	0.7	0.6	0.6	0.6	0.5	0.3
Gross job losses	11,319	10,519	10,677	9,489	11,458	11,094	10,428	6.1	5.7	5.8	5.1	6.2	6.0	5.6
at contracting establishments	10,356	9,438	9,813	8,754	10,408	10,190	9,722	5.6	5.1	5.3	4.7	5.6	5.5	5.2
at closing establishments	963	1,081	864	735	1,050	904	706	0.5	0.6	0.5	0.4	0.6	0.5	0.4
Net employment change	-1,062	864	-73	1,912	-2,115	-71	-480	-0.6	0.5	-0.1	1.0	-1.2	0.0	-0.3
Transportation and Warehousing														
Gross job gains	1,937	2,494	2,049	2,041	2,224	3,076	1,510	4.6	5.8	4.8	4.8	5.2	7.0	3.4
at expanding establishments	1,693	2,351	1,907	1,830	2,046	2,931	1,379	4.0	5.5	4.5	4.3	4.8	6.7	3.1
at opening establishments	244	143	142	211	178	145	131	0.6	0.3	0.3	0.5	0.4	0.3	0.3
Gross job losses	2,298	2,015	2,380	1,847	1,615	1,741	2,801	5.4	4.8	5.6	4.4	3.8	4.0	6.3
at contracting establishments	2,041	1,814	2,082	1,735	1,405	1,628	2,654	4.8	4.3	4.9	4.1	3.3	3.7	6.0
at closing establishments	257	201	298	112	210	113	147	0.6	0.5	0.7	0.3	0.5	0.3	0.3
Net employment change	-361	479	-331	194	609	1,335	-1,291	-0.8	1.0	-0.8	0.4	1.4	3.0	-2.9
Financial Activities														
Gross job gains	3,958	4,049	3,528	4,307	5,020	4,290	3,493	3.1	3.1	2.9	3.5	4.0	3.3	2.8
at expanding establishments	3,319	3,515	2,943	3,685	4,435	3,593	3,041	2.6	2.7	2.4	3.0	3.5	2.8	2.4
at opening establishments	639	534	585	622	585	697	452	0.5	0.4	0.5	0.5	0.5	0.5	0.4
Gross job losses	5,087	4,267	3,866	3,670	5,270	4,005	3,488	4.0	3.3	3.1	2.9	4.2	3.1	2.7
at contracting establishments	4,496	3,516	3,258	3,286	4,689	3,324	3,093	3.5	2.7	2.6	2.6	3.7	2.6	2.4
at closing establishments	591	751	608	384	581	681	395	0.5	0.6	0.5	0.3	0.5	0.5	0.3
Net employment change	-1,129	-218	-338	637	-250	285	5	-0.9	-0.2	-0.2	0.6	-0.2	0.2	0.1

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Professional Business Services														
Gross job gains	13,656	13,188	12,347	14,728	12,323	15,100	12,533	6.6	6.4	5.8	6.9	5.8	7.1	5.8
at expanding establishments	11,615	11,158	10,656	12,176	10,460	13,029	10,833	5.6	5.4	5.0	5.7	4.9	6.1	5.0
at opening establishments	2,041	2,030	1,691	2,552	1,863	2,071	1,700	1.0	1.0	0.8	1.2	0.9	1.0	0.8
Gross job losses	13,034	13,964	13,384	11,302	13,080	12,738	13,000	6.3	6.8	6.3	5.3	6.1	6.0	6.1
at contracting establishments	10,829	11,746	11,264	9,683	11,210	10,491	11,590	5.2	5.7	5.3	4.5	5.2	4.9	5.4
at closing establishments	2,205	2,218	2,120	1,619	1,870	2,247	1,410	1.1	1.1	1.0	0.8	0.9	1.1	0.7
Net employment change	622	-776	-1,037	3,426	-757	2,362	-467	0.3	-0.4	-0.5	1.6	-0.3	1.1	-0.3
Education and Health Services														
Gross job gains	11,795	9,691	11,363	12,525	11,671	10,362	10,496	3.7	3.0	3.6	4.0	3.7	3.2	3.3
at expanding establishments	10,851	8,971	10,743	10,670	10,746	9,403	9,555	3.4	2.8	3.4	3.4	3.4	2.9	3.0
at opening establishments	944	720	620	1,855	925	959	941	0.3	0.2	0.2	0.6	0.3	0.3	0.3
Gross job losses	10,245	11,588	9,311	9,847	9,548	11,559	10,297	3.3	3.7	3.0	3.1	3.0	3.6	3.3
at contracting establishments	9,318	10,752	8,501	8,468	8,353	10,494	9,431	3.0	3.4	2.7	2.7	2.6	3.3	3.0
at closing establishments	927	836	810	1,379	1,195	1,065	866	0.3	0.3	0.3	0.4	0.4	0.3	0.3
Net employment change	1,550	-1,897	2,052	2,678	2,123	-1,197	199	0.4	-0.7	0.6	0.9	0.7	-0.4	0.0
Leisure and Hospitality														
Gross job gains	13,734	14,422	14,657	14,585	13,618	14,137	12,504	9.3	9.7	9.8	9.6	9.1	9.4	8.3
at expanding establishments	11,409	11,155	12,602	11,651	10,911	11,460	10,582	7.7	7.5	8.4	7.7	7.3	7.6	7.0
at opening establishments	2,325	3,267	2,055	2,934	2,707	2,677	1,922	1.6	2.2	1.4	1.9	1.8	1.8	1.3
Gross job losses	14,805	13,454	12,374	15,179	15,177	13,160	12,874	10.0	9.1	8.2	10.1	10.1	8.7	8.5
at contracting establishments	13,191	11,958	11,013	13,434	13,103	11,433	11,516	8.9	8.1	7.3	8.9	8.7	7.6	7.6
at closing establishments	1,614	1,496	1,361	1,745	2,074	1,727	1,358	1.1	1.0	0.9	1.2	1.4	1.1	0.9
Net employment change	-1,071	968	2,283	-594	-1,559	977	-370	-0.7	0.6	1.6	-0.5	-1.0	0.7	-0.2
Other														
Gross job gains	3,077	2,955	3,479	3,607	3,402	3,070	3,182	6.4	6.2	7.2	7.4	6.9	6.3	6.5
at expanding establishments	2,656	2,535	2,928	2,934	2,856	2,502	2,692	5.5	5.3	6.1	6.0	5.8	5.1	5.5
at opening establishments	421	420	551	673	546	568	490	0.9	0.9	1.1	1.4	1.1	1.2	1.0
Gross job losses	3,340	3,394	3,024	2,937	3,373	3,316	3,032	7.0	7.1	6.3	6.1	6.9	6.8	6.3
at contracting establishments	2,873	2,837	2,403	2,424	2,692	2,754	2,663	6.0	5.9	5.0	5.0	5.5	5.6	5.5
at closing establishments	467	557	621	513	681	562	369	1.0	1.2	1.3	1.1	1.4	1.2	0.8
Net employment change	-263	-439	455	670	29	-246	150	-0.6	-0.9	0.9	1.3	0.0	-0.5	0.2

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.