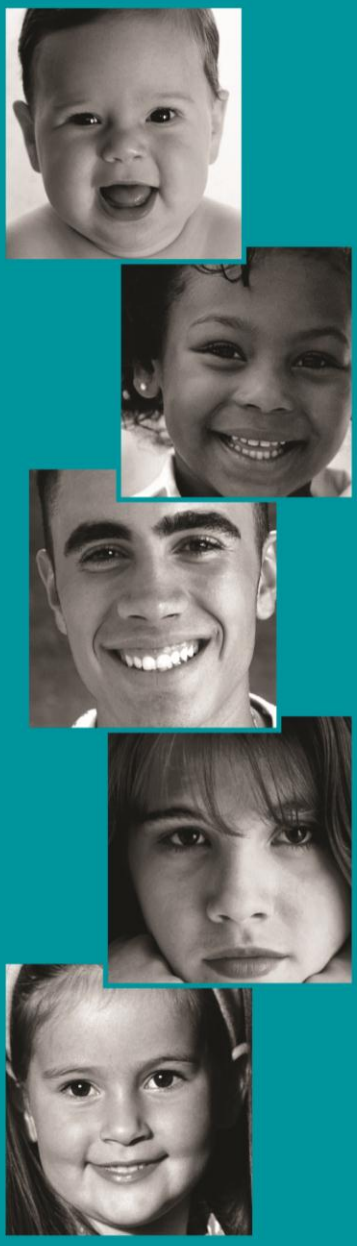
CONNECTICUT VOICES FOR CHILDREN



The State of Working Connecticut 2012: Employment, Jobs and Wages in the Wake of the Great Recession

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Introduction

When the Great Recession struck in March 2008, Connecticut, along with the rest of the United States, suffered job losses, unemployment increases, stagnating wages, and painful long-term unemployment.[1] The recession damaged the quality of life of many residents, and widened gaps in opportunity and means among the state's workers.

This report examines the economic consequences of the recession. It is divided into three sections. In Part I, unemployment, wage, and jobs data are examined at the state level and compared to national averages and a group of regionally similar peer states: Massachusetts, New York, New Jersey, and Rhode Island. In Part II, comparisons are made across demographics, including race, gender, age, and educational attainment. In Part III, geographic variations in socioeconomics within Connecticut are compared for Labor Market Areas, and between towns.[2]

In July 2012, the state's monthly unemployment rate was 8.5 percent (seasonally adjusted), which was higher than the national monthly rate for July, at 8.3 percent.[3] A decreasing labor force participation rate since 2008 may have further masked the true level of economic improvement.[4] Since 2010, nearly half of the unemployed had been unemployed long-term - over 26 weeks. In 2011, Connecticut had nearly 74,000 fewer jobs than in 2007. Furthermore, from 2008 to 2011, part-time employment increased from 26.3 percent of the labor force to 28.1 percent. Connecticut's median hourly wage has declined since the recession began, from $20.61, in 2008, to $20.29, in 2011, after adjusting for inflation. Only Connecticut's highest wage earners saw their wages grow substantially. During this three-year period, job losses have been concentrated mostly among workers with lower levels of education, who typically earn lower wages. Therefore, the state's median hourly wage would be even lower if job loss had been more evenly distributed among all workers, regardless of income level. Furthermore, Connecticut's higher-earning Manufacturing sector shed jobs, and these jobs are being replaced by jobs in Connecticut's growing, lower-wage sectors: Healthcare and Social Assistance, as well as Accommodation and Food Services.

Levels of hardship and recovery varied dramatically by demographic. Unemployment among Hispanic and black workers was dramatically higher than unemployment among white workers. Unemployment among whites fell in 2011, but continued to grow for Hispanics and blacks. White workers have a median hourly wage that is more than 39.3 percent ($6.27) higher than blacks and 68.5 percent ($9.04) higher than Hispanics. Similarly, Connecticut's young adults, age 16 to24, had higher unemployment rates than older workers before the recession, and this gap widened during and after the recession. Furthermore, the recession has dramatically increased the importance of education; the unemployment rate for Connecticut workers holding at least a Bachelor's degree rose significantly less than the unemployment rate for workers without a Bachelor's degree. Furthermore, the median hourly wage of workers who have completed at least a Bachelor's degree is double that of workers who completed only high school.

Connecticut's economic situation also varies considerably by geography. For example, wages in the Bridgeport-Stamford Labor Market Area are so much higher than in any other part of the state that they increase the statewide average weekly wage by 14.6 percent ($150). Unemployment in the Danbury Labor Market area averaged 5.7 percent from January 2006 to July 2012.[5] In contrast, the Waterbury Labor Market area has experienced an average unemployment rate of 9.2 percent during the same period.

What emerges is a picture of a state that is losing its middle-class and becoming increasingly divided into the "haves" and "have-nots." The recession and its aftermath have exacerbated trends of inequality, further concentrated wealth in the hands of some, and limited opportunity for Connecticut's youth. If Connecticut continues on its current trajectory. declining job opportunities for Connecticut's youth, as well as low wages and unemployment for Connecticut's largest growing racial demographic – Hispanics [6] – foretell a fall in the quality of life for those populations increasingly contributing to Connecticut's future. [7]

Connecticut must recognize the growing threat to its future, and act accordingly. While the recession has thrown the state into a yearly fiscal crisis, only with well-informed and concerted efforts to invest in education, create middle-class jobs with living wages, and protect youth and other populations that are Connecticut's future, can Connecticut ensure that the next generation of Connecticut residents will prosper.

Part I – Connecticut and Peer States

A. Unemployment

Annual average unemployment rose from 4.3 percent (seasonally adjusted), in 2006, to a peak of 9.2 percent, in 2010, and subsequently fell to 8.5 percent, in July 2012 – surpassing the national unemployment rate of 8.3 percent.

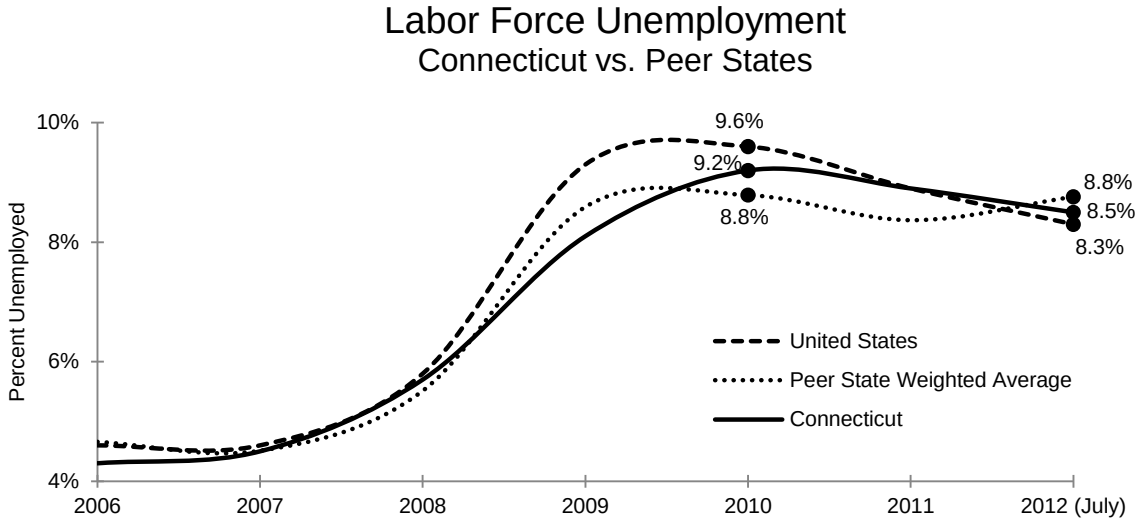

Figure 1. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data and BLS data for July 2012. Seasonally adjusted.

It is illustrative to compare Connecticut to a group of peer states – states which are socioeconomically similar to Connecticut. These include Massachusetts, New Jersey, New York, and Rhode Island. Figure 1 shows that annual average unemployment for Connecticut's peer states reached a maximum of 8.8 percent in 2010 and July of 2012. The peer state average in July 2012, at 8.8 percent, was higher than in Connecticut.

In addition to increasing unemployment, the Great Recession dramatically increased the percentage of unemployed who are without work for over 26 weeks – the long-term unemployed. Figure 2 shows the long-term unemployment rate for Connecticut and its peer states. In 2007, prior to the start of the Great Recession (March 2008), 20.3 percent of Connecticut's unemployed were unemployed for over 26 weeks. However, the recession dramatically increased long-term unemployment. In 2011, 46.9 percent of

Connecticut's unemployed had been unemployed over 26 weeks, which was the 7th highest rate in the country.

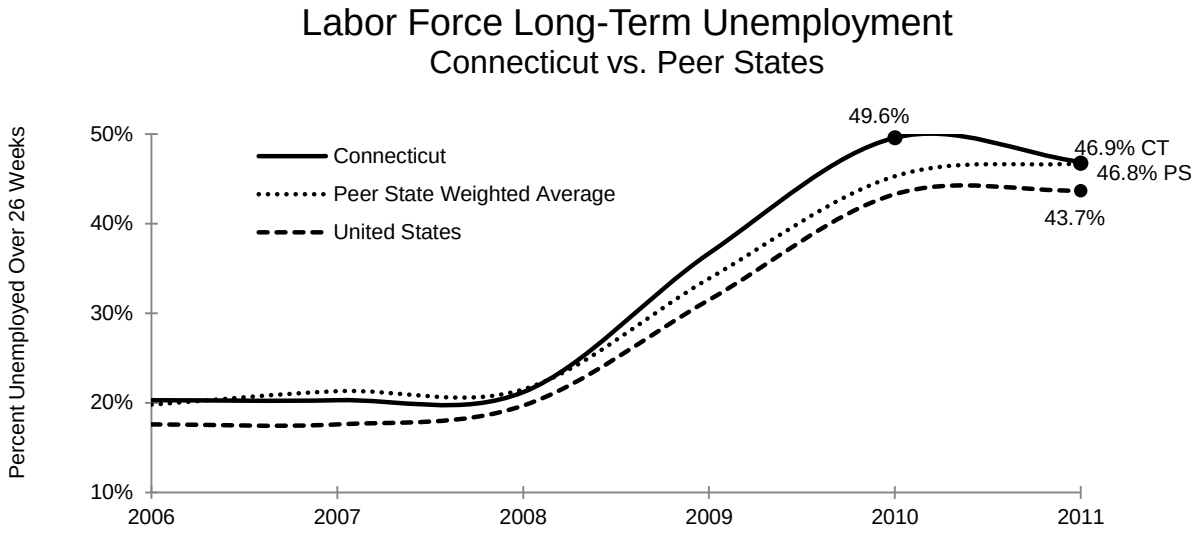

Figure 2. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

Furthermore, any declines in unemployment may be partly attributable to falling labor force participation. As Figure 3 shows, the percentage of the population seeking work in Connecticut fell by 1.1 percentage points between 2008 and 2011. Since the unemployment rate considers only those who are actively seeking work, a falling labor force participation rate may indicate that discouraged workers, who have stopped seeking work, are contributing to an artificial fall in the unemployment rate. In other words, the decline in unemployment since the peak in 2010 may be partially attributed to some of the population exiting the labor force.

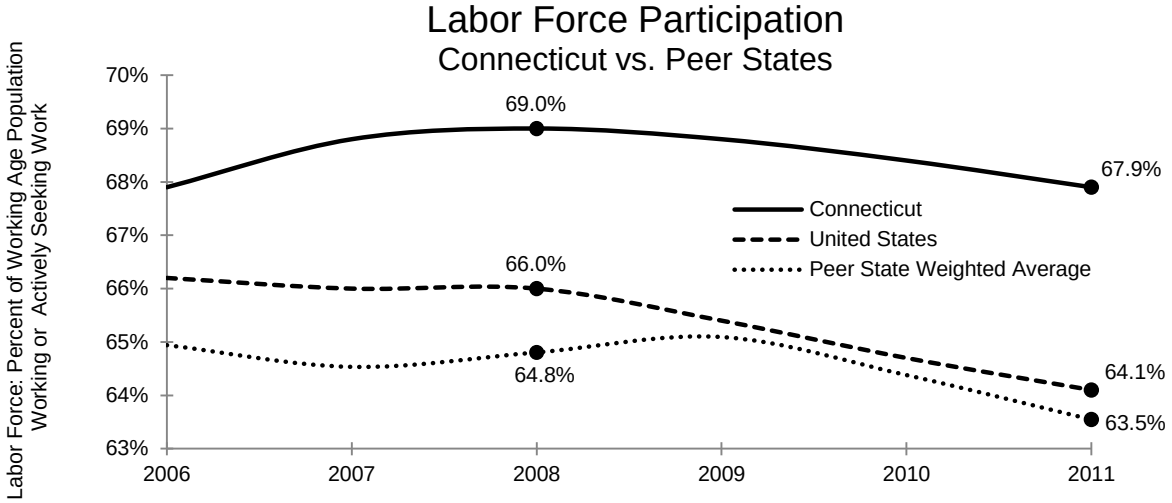

Figure 3. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

The change in labor force participation varies across Connecticut, as seen in Figure 4. Declining labor force participation is also a consequence of an aging population as some towns with high concentrations of older populations, such as Salisbury (median age 52.7), have experienced a drop in the number of workers.[8] From March 2008 to July 2012, 25 towns have seen their labor force decline in numbers (Cornwall remained unchanged). Furthermore, From July 2011 to July 2012, the state's labor force declined by 6,900.[9]

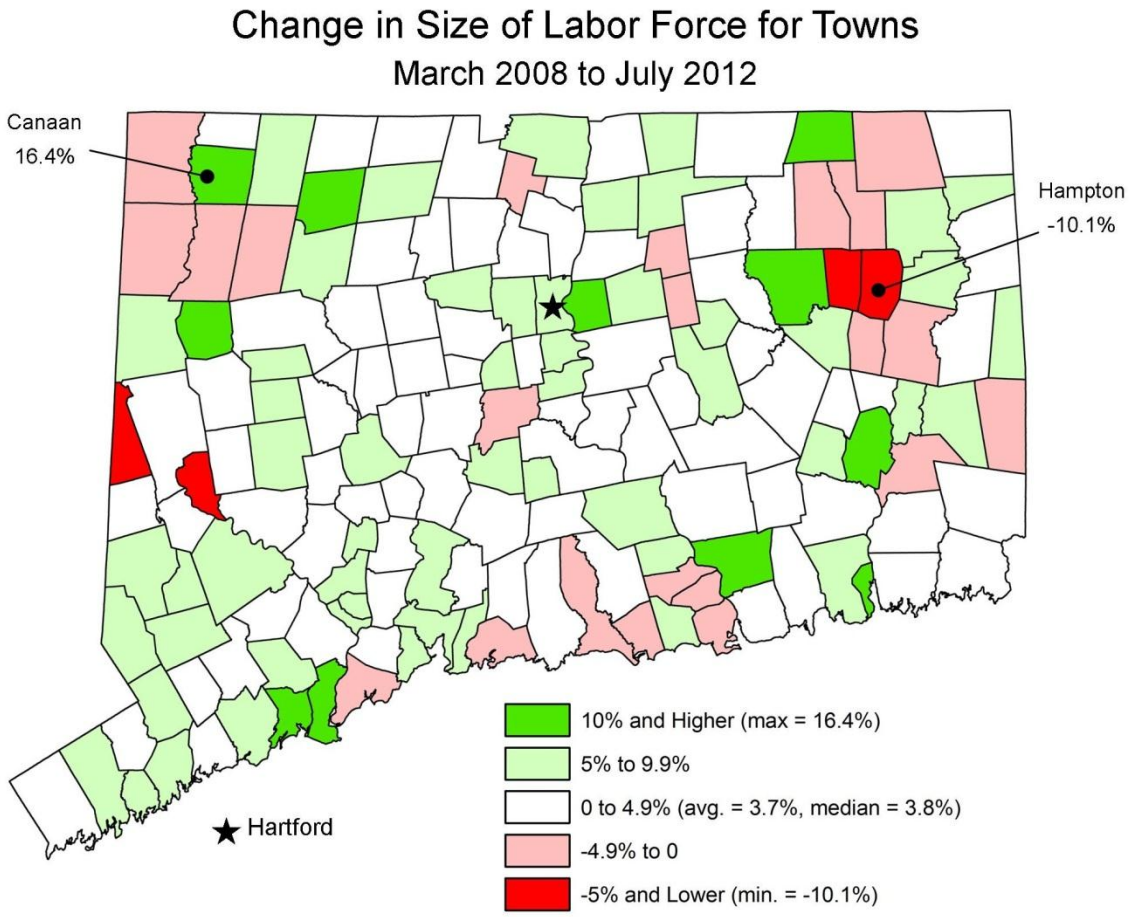

Figure 4. Source: March 2008 vs. July 2012 labor force statistics from CT Dept. of Labor, http://www1.ctdol.state.ct.us/lmi/LAUS/laustown.asp downloaded 21aug2012.

B. Wages

The median hourly wage in 2011 for Connecticut was $20.29, as seen in Figure 5.[10] This was an exceptionally high median hourly wage, 26.3 percent ($4.23) more than the U.S. median hourly wage, and higher than in all of Connecticut's peer states.[11] However, the benefits of Connecticut's exceptionally high wages are offset by the tremendously high cost of living in Connecticut. A 2008 study by the Bureau of Economic Analysis developed a "price parity index" for comparing prices from state to state.[12] A higher price parity index indicates a higher cost of living. Based on its price parity index in 2008, Connecticut was the 5th most expensive state in the country. Consequently, Connecticut's relatively high median hourly wage partially reflects the higher cost of living in the state.

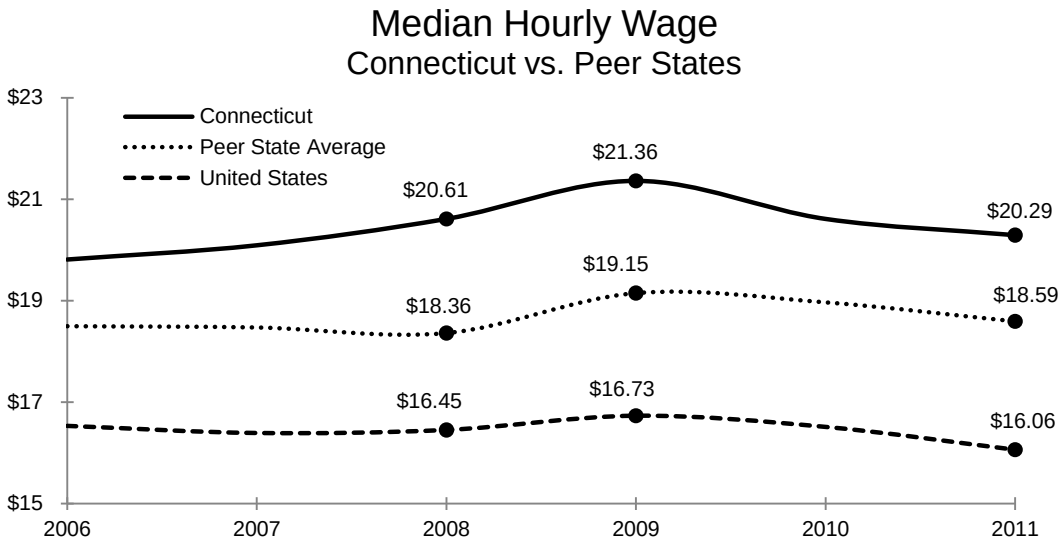

Figure 5: Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data in 2011 inflation-adjusted dollars using CPI-U-RS

Figure 5 shows the median hourly wage in 2011 dollars for Connecticut, the U.S., and peer states from 2006-2011.[13] After adjusting for inflation, Connecticut's median wage has declined since the recession began in 2008, going from $20.61 to $20.29 in 2011 – a fall of 1.6 percent. Over that same period, median hourly wages in the United States fell 2.4 percent, from $16.45 to $16.06. Wages grew during the first year of the recession, but then fell in 2010 and 2011. An accurate interpretation of changes in the median hourly wage during the recession must take into consideration the disproportionate job loss among middle- and lower-wage workers in Connecticut, as well as the decline in labor force participation. As middle- and low-wage workers exited the workforce, the remaining higher-wage workers may have had the net impact of artificially raising the median wage.[14] Furthermore, average weekly hours worked in private sector jobs declined from 34.3 hours, in 2007, to 33.9 hours, in 2011, having reached a low of 33.0 hours in 2009.[15] This suggests that some workers may be taking home less pay because they are working fewer hours.

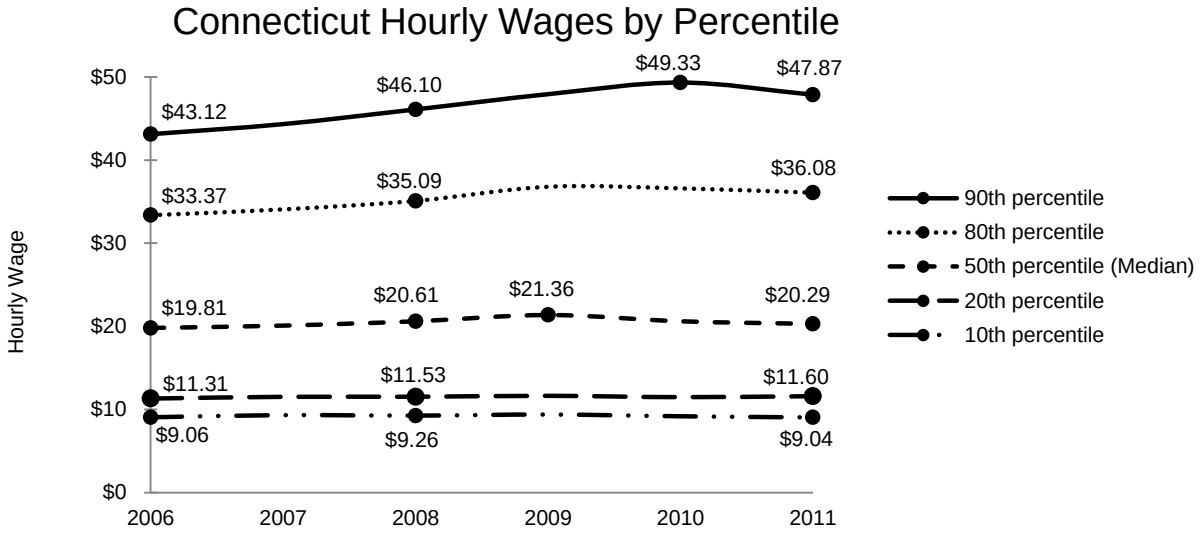

Figure 6: Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data in 2011 inflation-adjusted dollars using CPI-U-RS.

Furthermore, wage growth has been primarily experienced by higher-income workers. Figure 6 shows wages from 2006-2011 for the 10th, 20th, 50th, 80th, and 90th percentiles.[16] It shows that high wage earners experienced more growth in their wages than low wage earners. From 2006 to 2011, wages for the 90th percentile of wage earners rose by 11 percent, while wages for the 10th percentile fell by -0.2 percent.

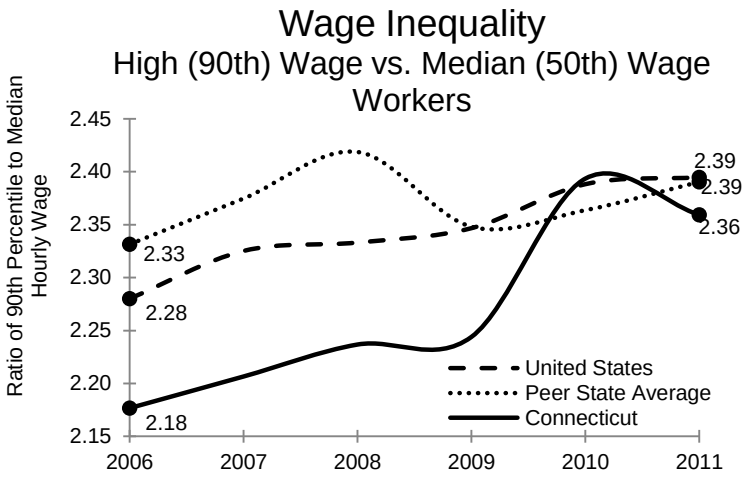

Figure 7. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data in 2011 inflation-adjusted dollars using CPI-U-RS.

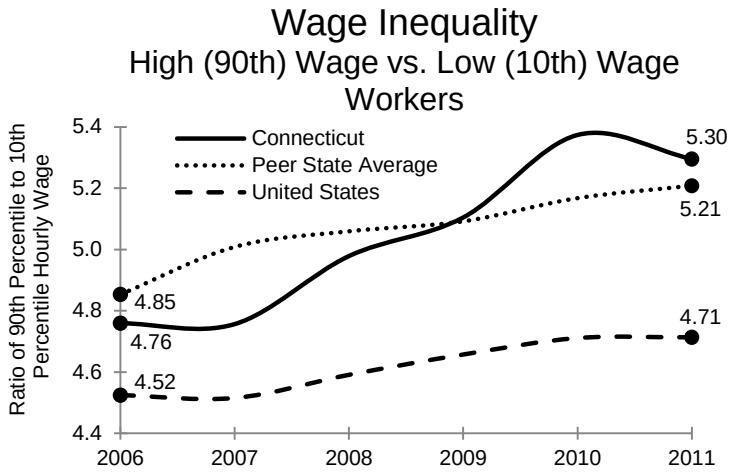

Figure 8. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data in 2011 inflation-adjusted dollars using CPI-U-RS.

Another way of illustrating this growth in inequality is by examining the ratio of the high wage, 90th percentile worker, to the "typical" median wage, 50th percentile worker, and the low wage, 10th percentile worker.

Figures 7 and 8 show these ratios from 2006 to 2011, for Connecticut, the United States, and peer states. Connecticut workers experienced growing inequality over last several years – both between high and middle-wage workers and between high and low-wage workers. In 2006, a Connecticut worker in the 90th percentile earned 2.2 times what a worker in the 50th percentile earned in Connecticut. By 2011, a worker in the 90th percentile earned 2.4 times what a worker in the 50th percentile earned in Connecticut. The difference is more dramatic when comparing the highest wage worker to the lowest wage worker. In 2006, a Connecticut worker in the 90th percentile earned 4.9 times what a worker in the 10th percentile earned. By 2011, a worker in the 90th percentile earned 5.3 times what a worker in the tenth percentile earned. In sum, Connecticut's high wage earners also experienced the most wage growth.

C. Jobs

Connecticut lost 80,440 (-4.8 percent) jobs during the Great Recession (2008 to 2010).[17] Then from 2010 to 2011 Connecticut added 16,323 jobs, leaving a net "jobs loss" of 64,117 since the recession began in 2008. Figure 9 shows employment in the six largest Connecticut employment sectors. The most growth has been in the Healthcare and Social Service sector, which grew 11.4 percent, adding 25,733 jobs between 2006 and 2011. The only other sector, among the top six, to add jobs was Accommodations and Food Service, at 4.2 percent. The biggest job losses over this same period were in the Manufacturing sector, which shed 27,448 jobs – a fall of 14.2 percent. However, there are some tentative signs of resurgence in manufacturing, which added 642 jobs from 2010 to 2011.

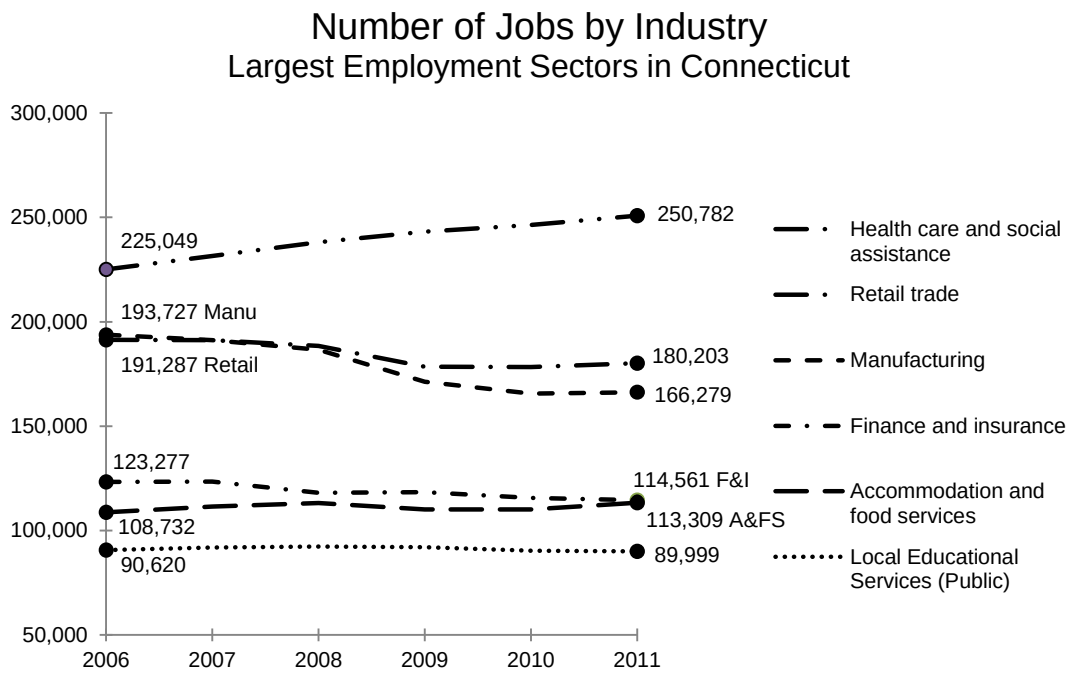

Figure 9. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW).

Figure 10 shows average weekly wages of the six largest employment sectors in 2011 dollars. Finance and insurance has remained the highest paid sector, with wages consistently more than double Connecticut's statewide average weekly wage. However, finance and insurance was also a highly volatile sector; average weekly wages from 2006 to 2011 had a range of $397, with a high of $3,038 in 2007 and a low of $2,641, in 2009. Wages rose by 4.1 percent in Connecticut's shrinking manufacturing sector from 2006-2011. In contrast, wages in the growing health services sector fell by -2 percent between 2010 and 2011. Wages also fell in the growing accommodation and food services sector, by -4 percent. In fact, Accommodation and Food Services had the lowest wages of any sector in 2011, at $358. In sum, Connecticut's higher wage manufacturing jobs are being replaced by lower wage jobs in Healthcare and Social Assistance, and Accommodation and Food Services.

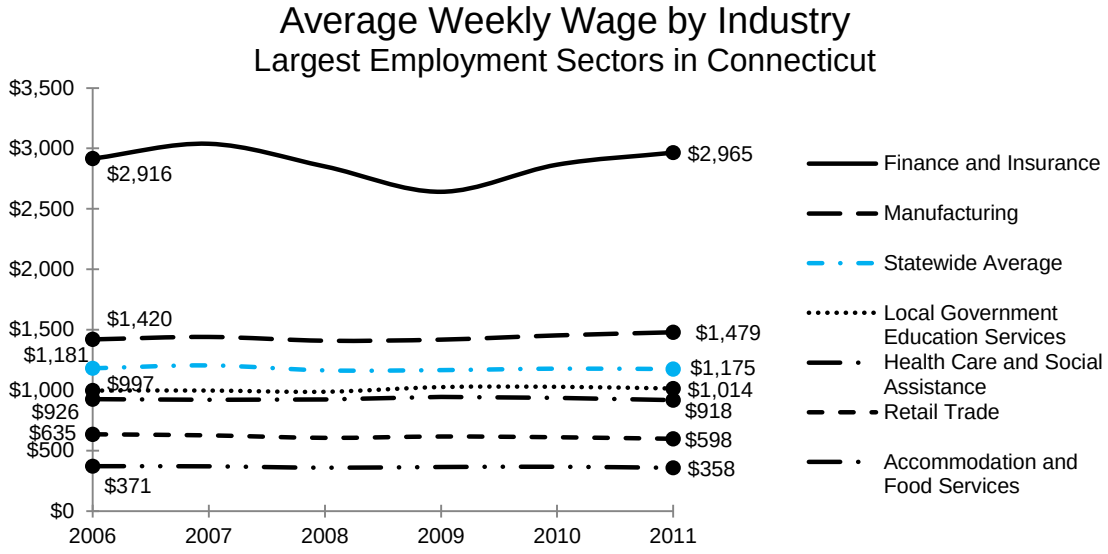

Figure 10. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW). Dollar values are inflation adjusted to 2011 using BLS CPI inflation calculator.

Separately, nonemployer workers are those persons who earned receipts from businesses where they employed no other workers. According the United States Census Bureau, most nonemployers are self-employed workers operating unincorporated businesses, which may or may not be the owner's principal source of income.[18] Between 2006 and 2010, the number of people earning income as a nonemployer in Connecticut rose by 1,801, or 0.7 percent.[19] However, per capita receipts for all of these workers fell over the same period by -$4,775, or -7.9 percent, on average. As a result, although the number of self-employed workers in Connecticut in 2010 appears to exceed the number in 2006, on average these workers were earning less, even without adjusting for inflation.[20]

D. The Struggling Public Sector

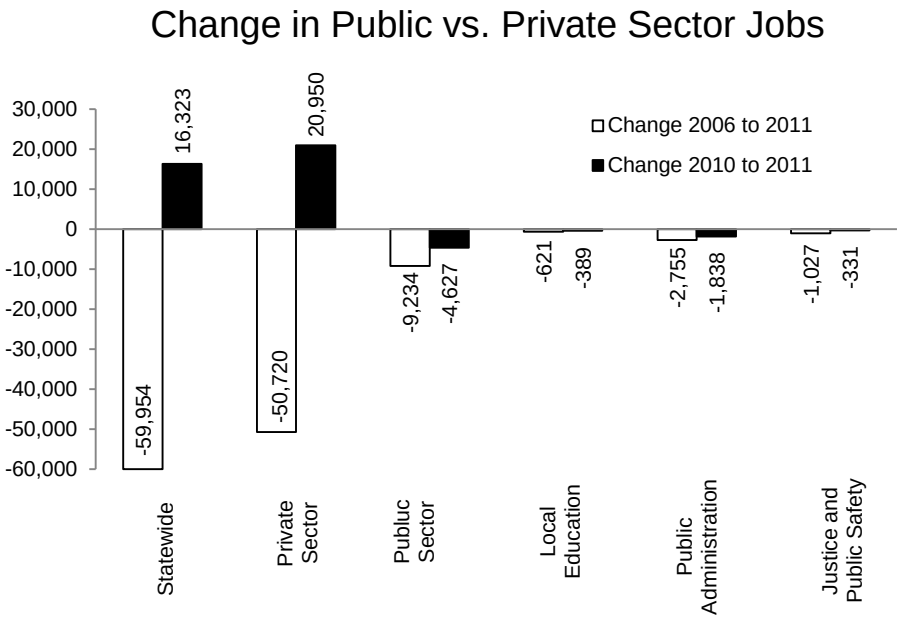

Figure 11. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW).

Figure 11 shows the change in employment in public and private sector jobs from 2006 to 2011, as well as 2010 to 2011. The private sector lost jobs during the 3-year period including 2008 through 2010, and then added 20,950 jobs in 2011. Three consecutive years of job losses in the public sector, from 2009 through 2011, lagged the private sector by one year. Furthermore, public sector hiring in 2010 was artificially inflated because of temporary hiring for the federal 2010 census. Entering 2012, private sector employment was down 3.6 percent from 2006, and public sector jobs were down 3.7 percent. This included losses of 621 jobs in local education, the group that includes teachers, and 1,027 jobs in local justice and public safety, the group that includes firefighters and police officers.

E. Working Out of State

Many of Connecticut's workers work in one of Connecticut's neighboring states. Figure 12 shows towns and the percentage of their working residents who work outside of Connecticut. The southwest and northeast corners of the state, the areas nearest to New York City and Boston respectively, have the highest rate of out of state employment, illustrating Connecticut's dependence on these major, out of state, economies. Furthermore, residents in Connecticut's LMAs adjacent to the border – Bridgeport-Stamford (12.4 percent), Danbury (15.2 percent), Enfield (12.3 percent), and Willimantic-Danielson (15.5 percent) – are more likely to work out of state than residents in other Labor Market Areas (see Part III on Labor Market Areas).

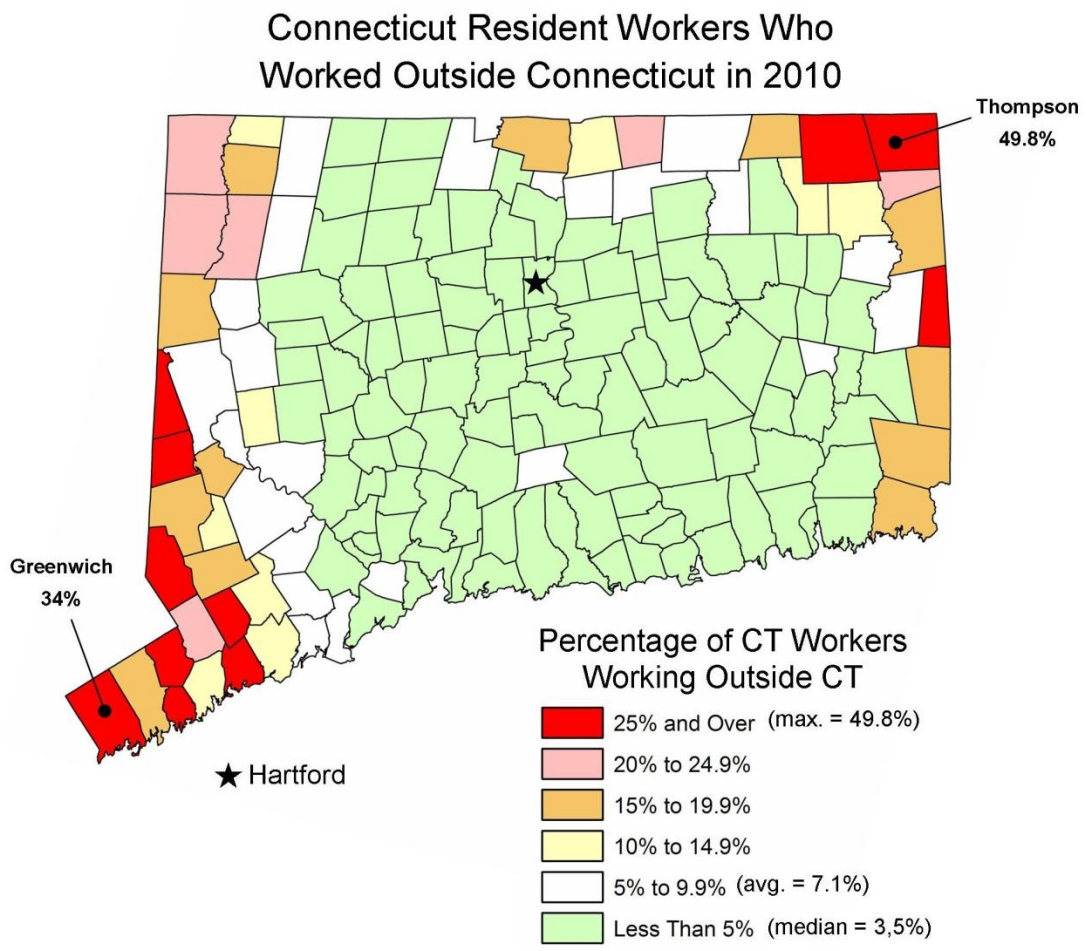

Figure 12. Source: American Community Survey 2006 to 2010 Table B08130

"Employment capacity" is a measure of the ability of the state's economy to employ all residents seeking work.[21] [22] When positive, the employment capacity indicates there are more payroll jobs available in state than there are working residents (a surplus); when negative, it indicates that there are fewer payroll jobs available in state than there are working residents (a deficit).

Figure 13 shows that Connecticut has experienced a jobs deficit throughout the past 30 years. Only in 2000 did the state nearly provide enough jobs for all its working residents. Furthermore, during recessions Connecticut residents become more dependent on out of state jobs, with Connecticut's employment capacity having declined during each recessionary period since 1982.[23] For 2012 (January through July), at least 7 of every 100 Connecticut residents worked in another state.[24]

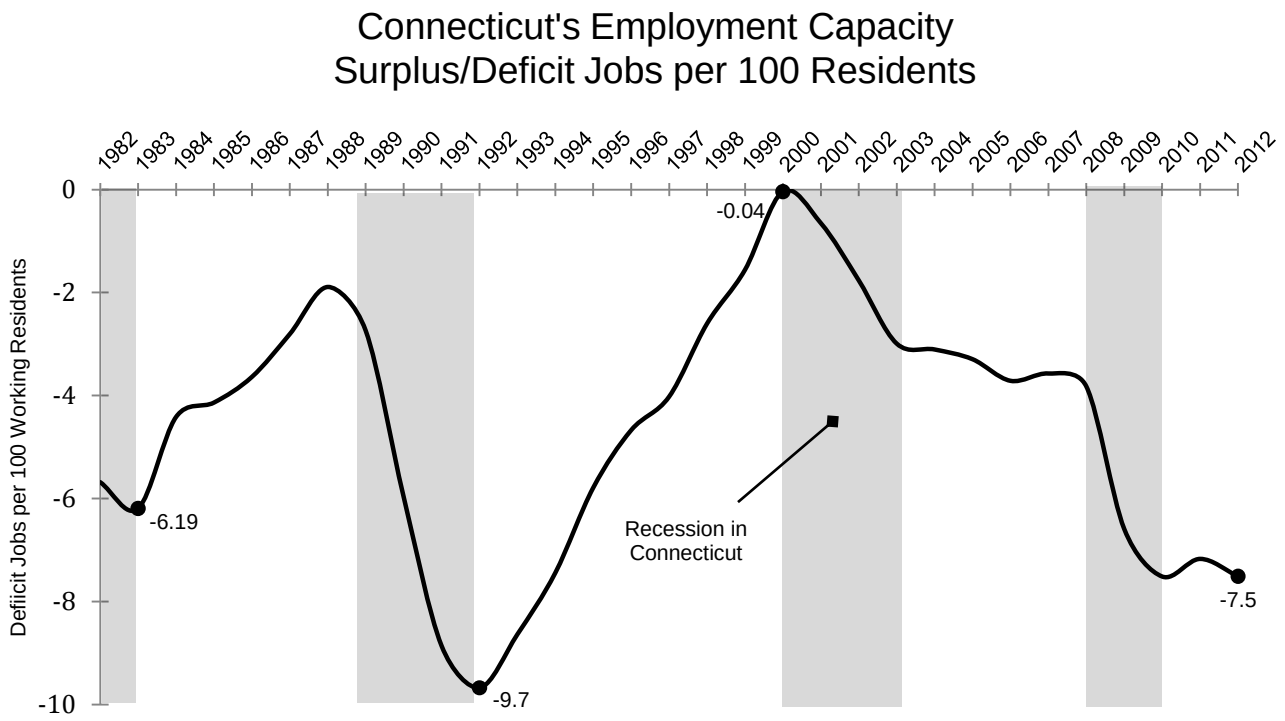

Figure 13: Source: CT Voices analysis of CT Dept. of Labor survey data on CT non-farm payrolls and CT residents employed. Seasonally adjusted data from http://www1.ctdol.state.ct.us/lmi/ctnonfarmemployment.asp. Data for 2012 is Jan. to July average downloaded 21aug2012.

Consequently, falling unemployment in Connecticut does not necessarily translate into increased in-state job opportunities for the state's residents because dependence on out of state jobs increased during the Great Recession.[25] This suggests that maintenance and improvement of the state's transportation infrastructure is important to Connecticut's economic well-being in order to better integrate Connecticut's economy with both metro-NYC and Boston

Part II – Different Demographics, Different Connecticuts

Connecticut's statewide averages mask sizable differences amongst the various demographic populations in Connecticut. This next section examines how jobs and income vary across Connecticut by race, age, gender, and educational attainment.

A. Race

There are dramatic disparities in employment between Connecticut's white workers and its minority workers. Figure 14 shows that blacks and Hispanics experienced unemployment rates more than twice the rate for whites from 2006 to 2011. In 2006, the unemployment rate for whites was 3.3 percent; for Hispanics it was 8.2 percent; and for blacks it was 8.3 percent. This gap grew wider during, and following, the recession, which began in 2008. In 2011, the unemployment rate was 7.1 percent for whites, 17.3 percent for blacks, and 17.8 percent for Hispanics. Furthermore, while unemployment for white workers fell in 2011for the first time since the recession, unemployment continued to rise for blacks and Hispanics. Long-term unemployment did not differ substantially across groups.

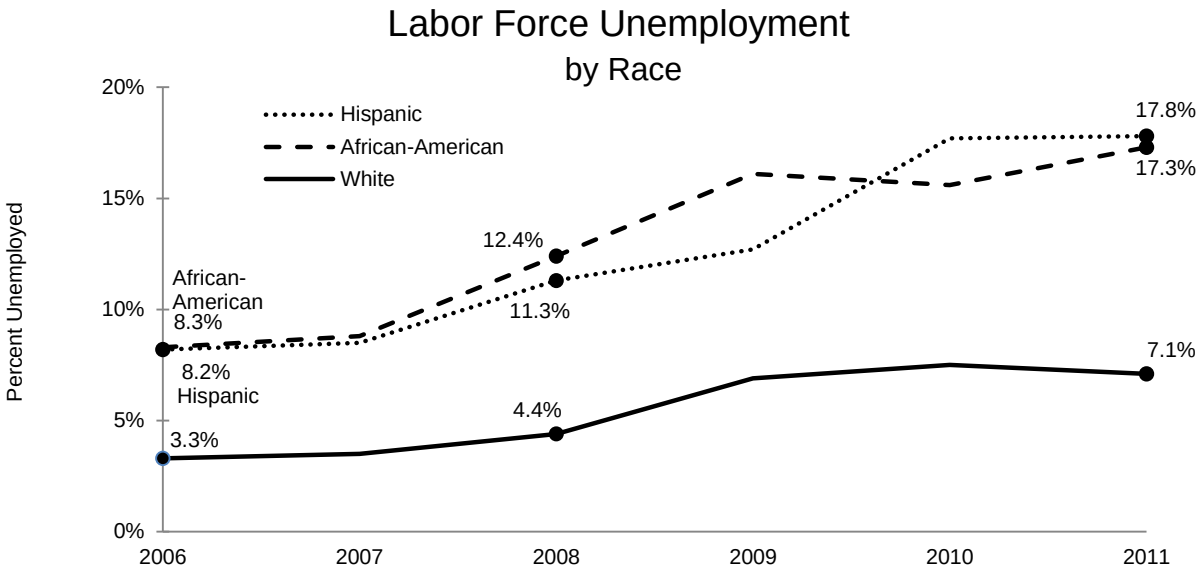

Figure 14. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data. Seasonally adjusted.

In 2011 in Connecticut, the median hourly wage was $22.23 for whites, $15.96 for blacks, and $13.19 for Hispanics as shown in Figure 15. In Connecticut in 2011, for every dollar earned by a white worker, a black worker earned only 72 cents and a Hispanic worker earned only 59 cents.

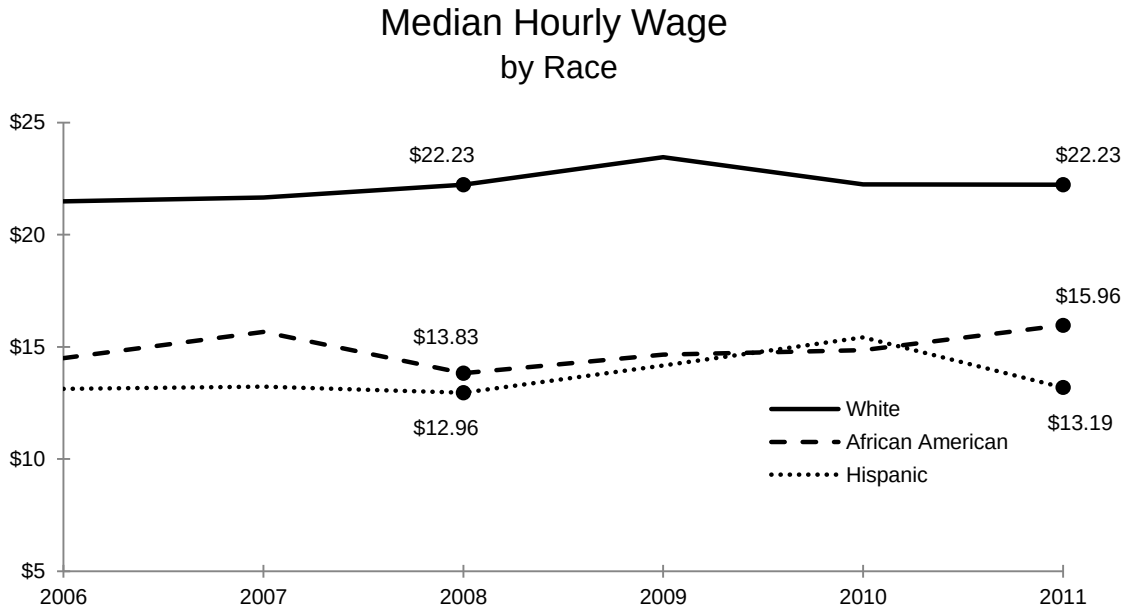

Figure 15. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data in 2011 inflation-adjusted dollars using CPI-U-RS.

Racial wage disparities are more severe in Connecticut than they are in the United States as a whole. Figure 16 compares wages for blacks in Connecticut to the national average for 2006-2011. On average nationally, Blacks earned 77 cents for every dollar earned by whites in 2011, but in Connecticut Blacks earned a lower 72 cents.

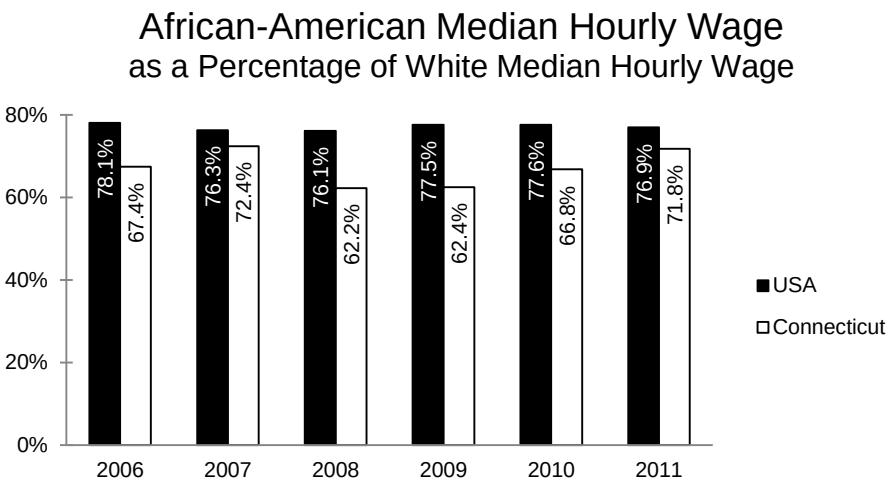

Figure 16. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data in 2011 inflation-adjusted dollars using CPI-U-RS.

The disparity in wages between whites and Hispanics was even greater than for Blacks, as seen in Figure 17. In Connecticut in 2011, Hispanics earned 59 cents for every dollar earned by whites, compared to 69 cents nationally. This large race-wage gap is particularly troubling for the state because Hispanics are the largest growing minority group in Connecticut.[26] If these disparities continue, a larger and larger segment of Connecticut's population will be paid lower wages.

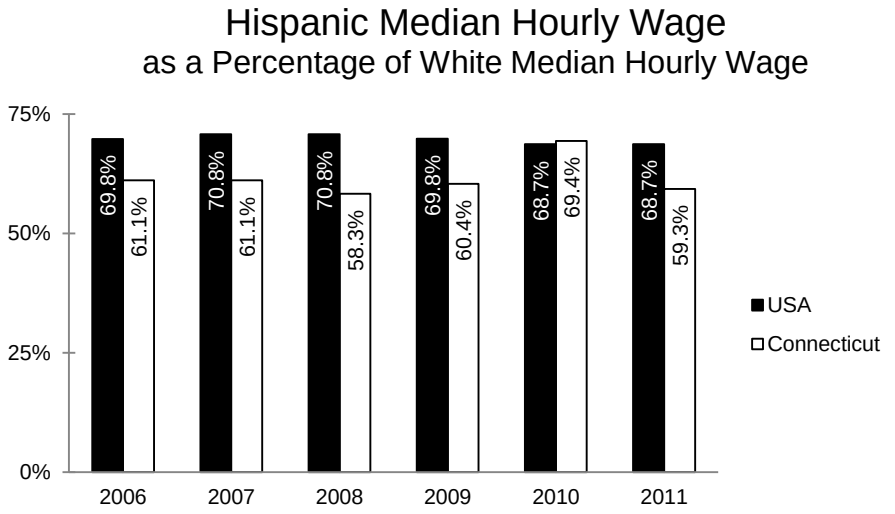

Figure 17. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data in 2011 inflation-adjusted dollars using CPI-U-RS.

B. Age

Figure 18 shows the unemployment rate for three age groups in Connecticut: 16-24, 25-54, and 55 years and older. Unemployment was been consistently higher for the youngest group, and this gap widened over the course of the recession. The recession has made it particularly difficult for the youngest workers who are just entering the labor force to find work.

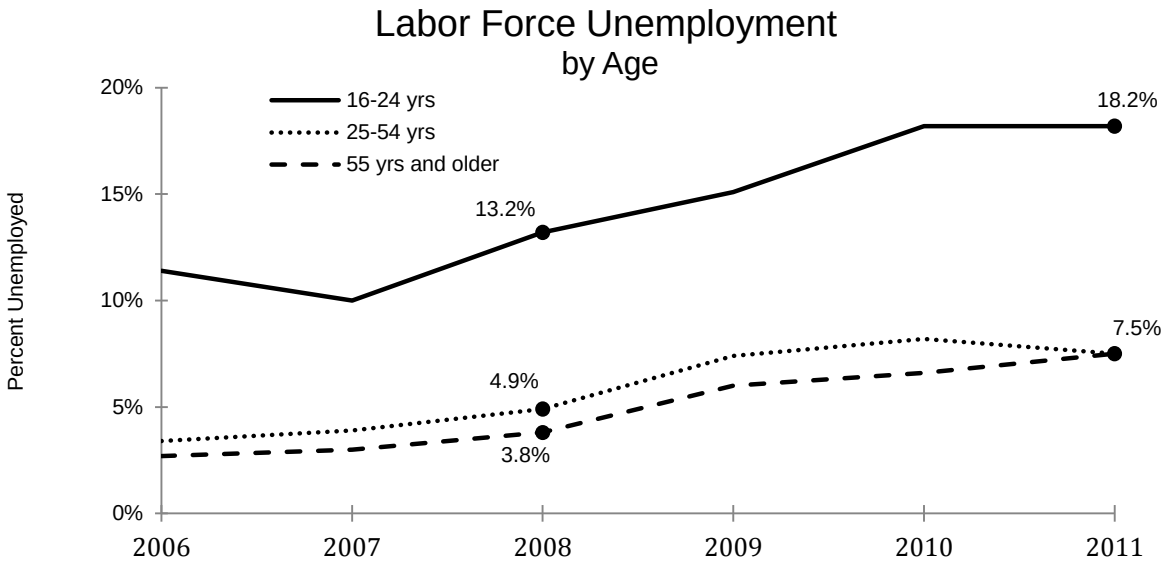

Figure 18. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

Figure 19 shows the percentage of unemployed workers who were unemployed over 26 weeks, by age from 2006-2011.[27] By 2011, 61.8 percent of unemployed workers age 55 and older had been unemployed long-term. While younger workers have more difficulty finding a job, older workers are more likely to face long-term unemployment in Connecticut after losing their job. Connecticut has the 6th highest long-term unemployment rate among states for those age 55 and older.[28]

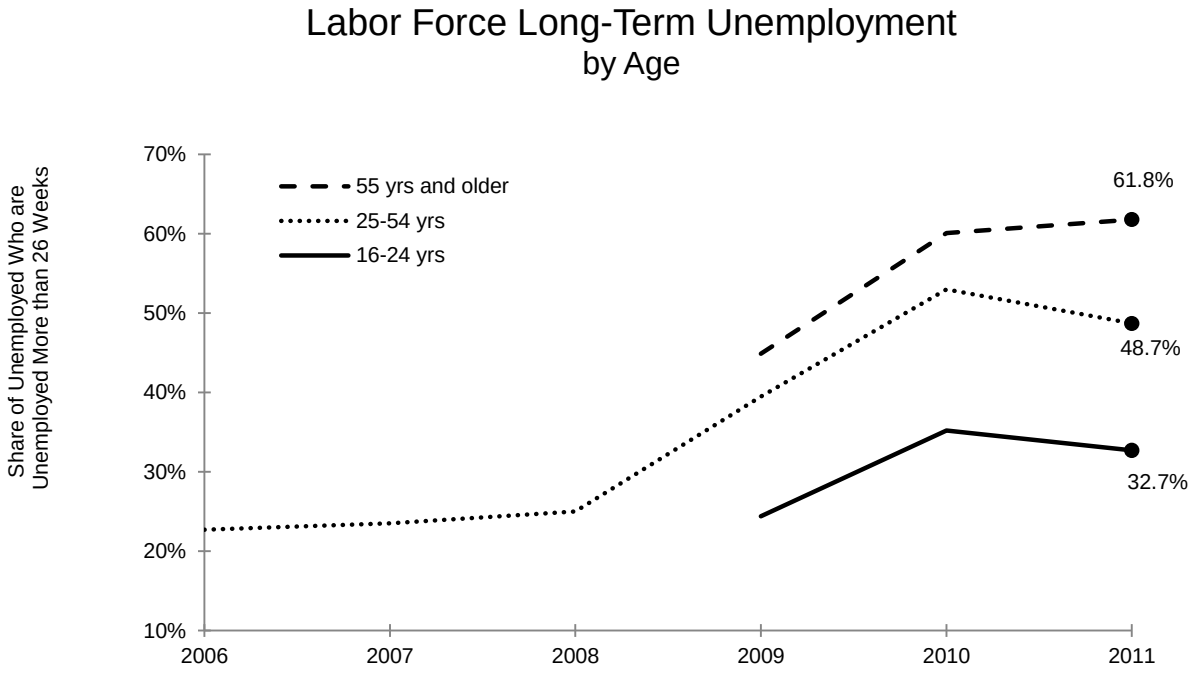

Figure 19. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

C. Gender

In 2011, the median hourly wage in Connecticut was $22.94 for men and $18.68 for women, as seen in Figure 20. Over the period from 2006-2011, inflation-adjusted wages grew by 10 percent for women, but only 3 percent for men. Wages rose for men from 2007 to 2009, but have since declined. However, any analysis of changes in median wages in Connecticut must take into account the disproportionate loss of middle- and low-income jobs during the recession. The increase in women's wages might reflect a loss of lower-income jobs, which are predominately held by women.

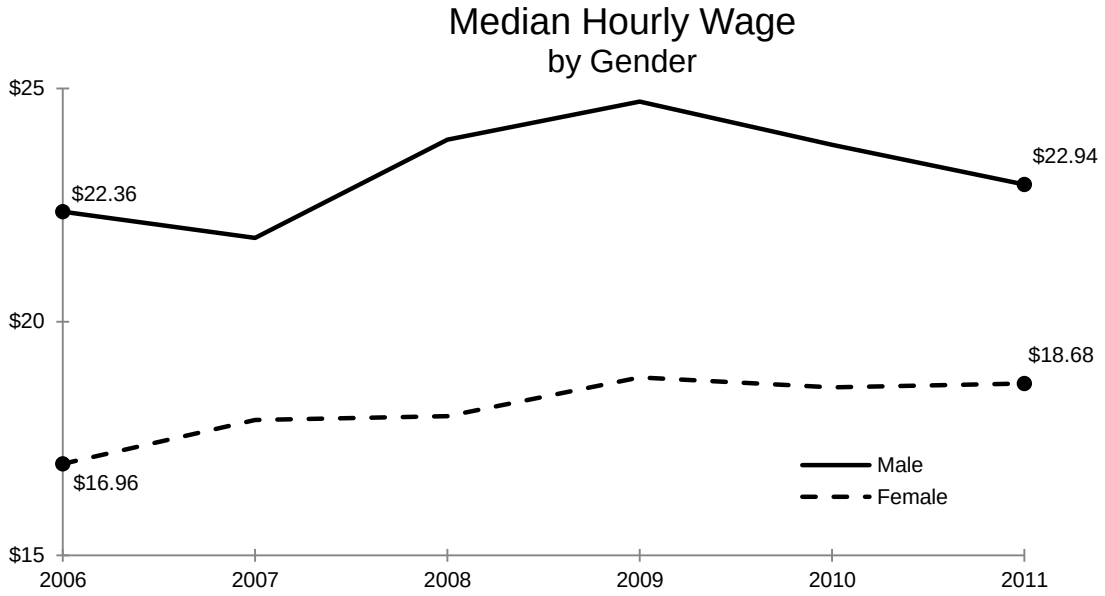

Figure 20. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data in 2011 inflation-adjusted dollars using CPI-U-RS.

Figure 21 shows the median hourly wage for women as a percentage of the median hourly wage for men in both Connecticut and the United States, from 2006-2011. In 2011, women in Connecticut earned 81 cents for every dollar earned by men in Connecticut, as compared to 84 cents in the United States as a whole. The gender gap between men's and women's wages was wider in Connecticut than in the United States every year from 2006-2011, except for 2007.

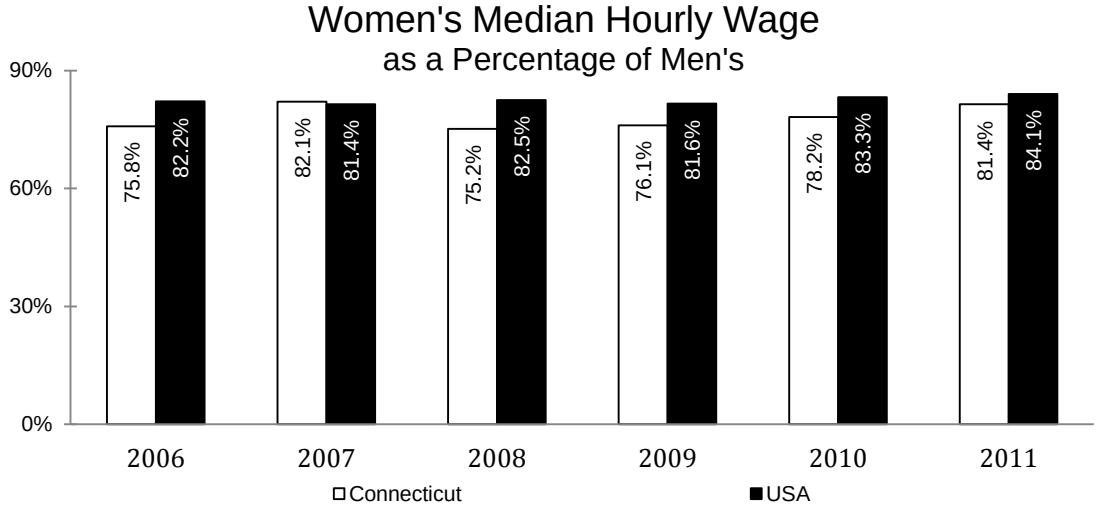

Figure 21. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data in 2011 inflation-adjusted dollars using CPI-U-RS.

Analysis of national Bureau of Labor Statistics data on employment and gender provide insight into the potential impact of both the growing importance of female labor and the gender wage gap on Connecticut's future. Nationally in 2010, women made up 74.6 percent of "Healthcare Practitioner and Technical Occupations," and 89.4 percent of "Health Care Support Occupations."[29] Healthcare is Connecticut's largest growing employment sector. In contrast, women made up only 28.1 percent of "Production Occupations," the sector that includes most manufacturers and technicians. Manufacturing is Connecticut's largest shrinking sector, among the six major employment sectors. In sum, the sector of the economy that has been male dominated, and paid higher wages, is shrinking, as the sector of the economy that has been female dominated, and pays lower wages, is growing.

D. Education Level

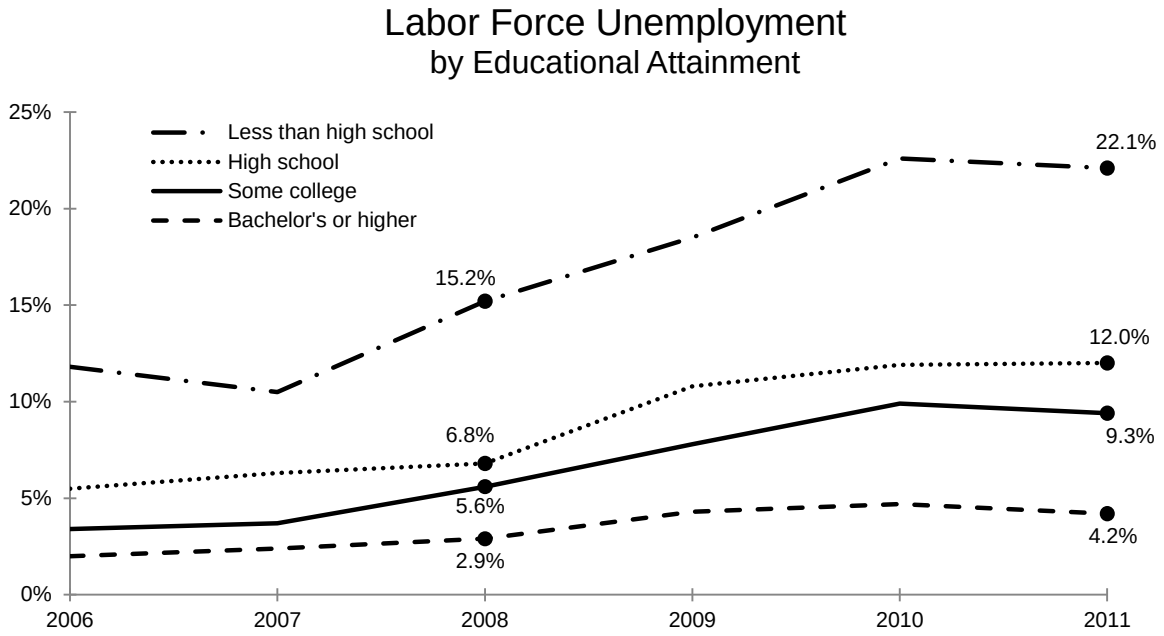

Figure 22. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

The different employment prospects across education levels are striking. Figure 22 shows annual unemployment, from 2006-2011, for Connecticut workers with different levels of educational attainment. Unemployment rose far more for workers with lower levels of education. In 2011, the unemployment rate sat at 22.1 percent for those who did not graduate from high school, and at 12.0 percent for those with only a high school degree. Only college graduates with at least a Bachelor's degree had an unemployment rate lower than the state average, which was 8.9 percent in 2011.

As seen in Figure 23, in 2011 workers who did not graduate from high school had higher unemployment in Connecticut, at 22.1 percent, than in the nation as a whole, at 17.8 percent, and higher than three of Connecticut's four peer states. In contrast, Connecticut workers with at least a Bachelor's degree have a lower unemployment rate, at 4.2 percent, than peer states and nationwide, at 4.5 percent. In summary, Connecticut is a favorable state for the well-educated but not for those with little education.

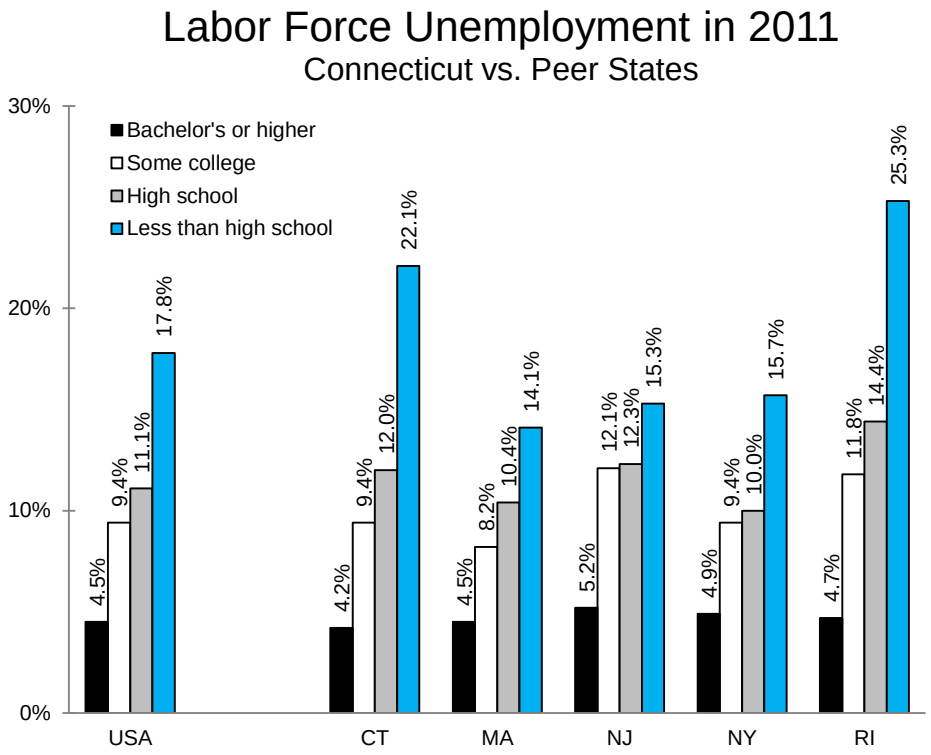

Figure 23. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

The impact of educational attainment on wages is even more striking, as shown by Figure 24. During the recession, wages rose for graduates with at least a Bachelor's degree and fell for everyone else. The median hourly wage in 2011 for workers with at least a Bachelor's degree was $30.99, almost twice the median hourly wage of those with at most a high school diploma, at $15.28. Only college graduates with at least a Bachelor's degree had an hourly wage above Connecticut's median wage, which was $20.29 in 2011. In fact, only Connecticut workers with at least a Bachelor's degree had wages above the nation's median hourly wage, which was $16.06, in 2011.

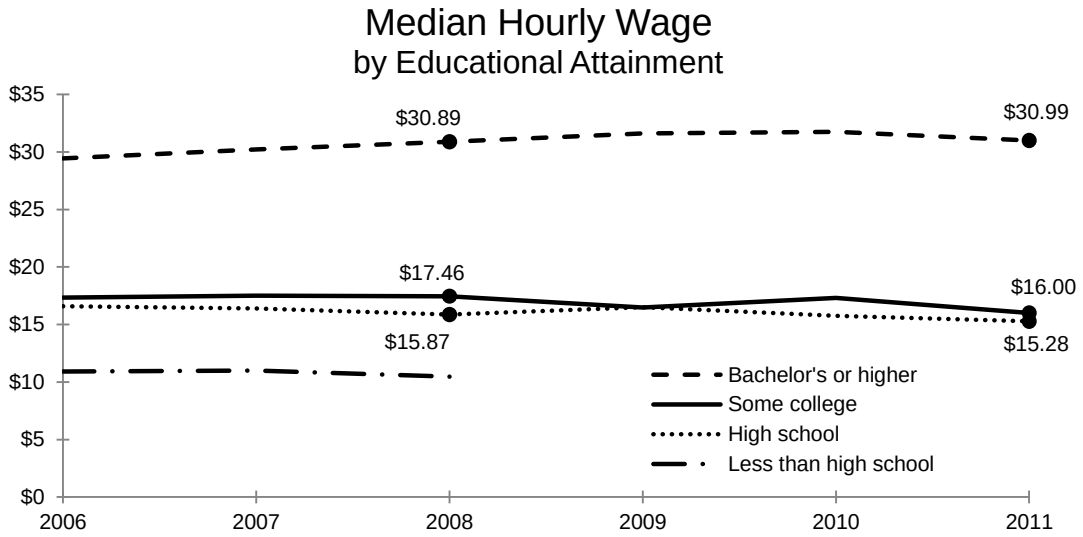

Figure 24. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data in 2011 inflation-adjusted dollars using CPI-U-RS.

In summary, the recession has accelerated the trend that education, particularly higher education, has become more and more of a necessity for finding a good job in Connecticut. It is therefore essential that the state maintain a strong investment in education, to ensure that all Connecticut's residents are well prepared for the current and future job market.[30]

Part III – Employment and Wages Across Towns and Labor Market Areas

Different regions of Connecticut have very different economies and employment prospects. Consequently, statewide averages can be deceptive because they mask significant geographic variations within the state. Part III of this report examines Connecticut's towns, as well as each of Connecticut's nine Labor Market Areas (LMAs), to highlight the socioeconomic differences across Connecticut.

A. Connecticut's Towns

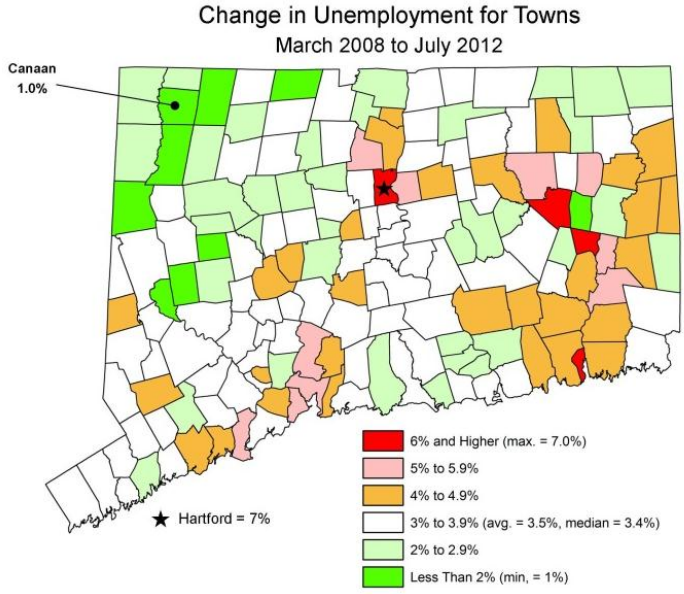

Figure 25. Source: March 2008 vs. July 2012 unemployment rates from CT Dept. of Labor, http://www1.ctdol.state.ct.us/lmi/LAUS/laustown.asp downloaded 21aug2012

Figure 25 shows that unemployment (not seasonally adjusted) rose in every town in Connecticut from March 2008 through July 2012. The smallest increase was in Canaan, at 1.0 percentage point, and the largest increase in unemployment was in Hartford, at 7.0 percentage points. Regionally, towns in eastern Connecticut experienced larger increases in unemployment than those in the western part of the state. Towns in northwestern Connecticut had the lowest rise in unemployment.

Figure 26 shows the unemployment rate of Connecticut's towns in July 2012. Hartford had the highest unemployment rate at 17.3 percent. Bridgewater had the lowest unemployment at 5.3 percent. Towns in eastern Connecticut had higher unemployment rates than those closer to New York State.

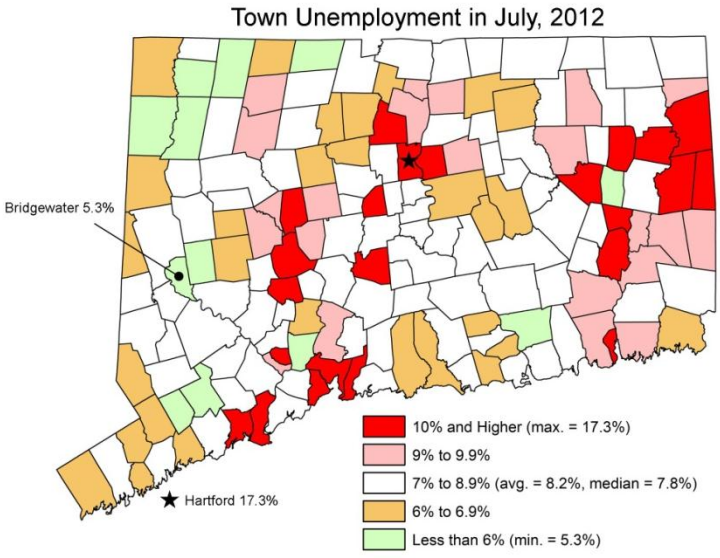

Figure 26. Source: July 2012 unemployment rates from CT Dept. of Labor, http://www1.ctdol.state.ct.us/lmi/LAUS/laustown.asp downloaded 21aug2012

B. Labor Market Areas and the Impact of the Bridgeport-Stamford LMA

The United States Bureau of Labor Statistics defines a Labor Market Area (LMA) to be "an economically integrated geographic area in which individuals can reside and find employment within a reasonable distance or can readily change employment without changing their place of residence."[31] Connecticut's nine LMAs are shown in Figure 27:

-Bridgeport-Stamford
-Danbury
-Enfield
-Hartford
-New Haven
-Norwich-New London (also includes Westerly, RI)
-Torrington
-Waterbury
-Willimantic-Danielson

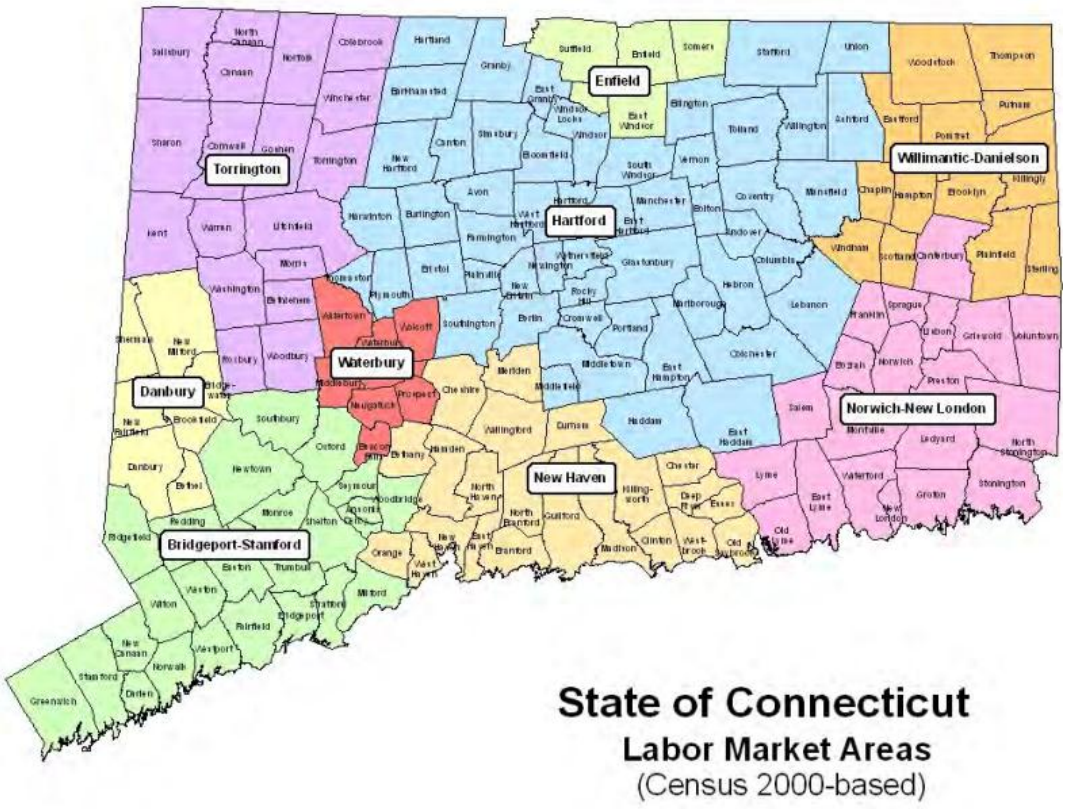

Figure 27. Source: CT Dept. of Labor.

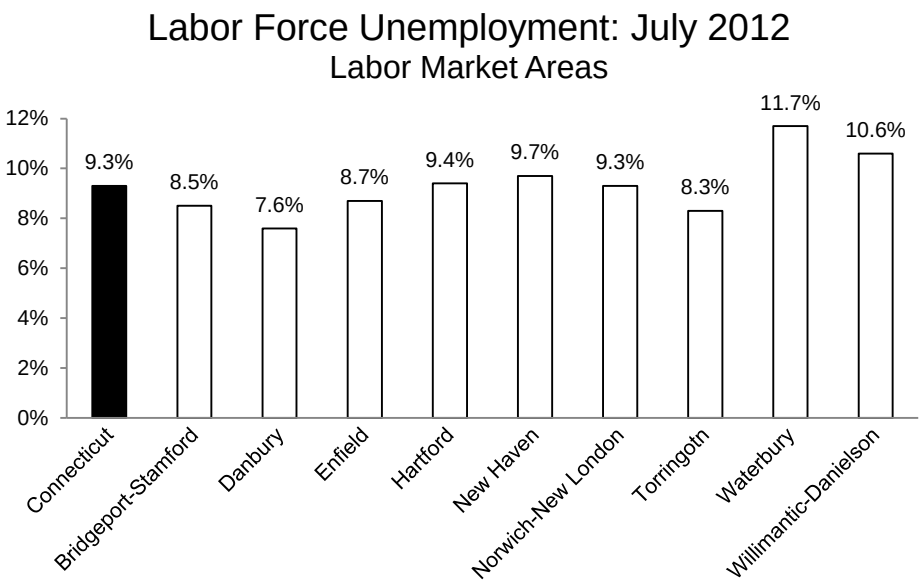

Figure 28. Source: CT Dept. of Labor Local Area Unemployment Statistics (LAUS) downloaded 18aug2012. Not seasonally adjusted.

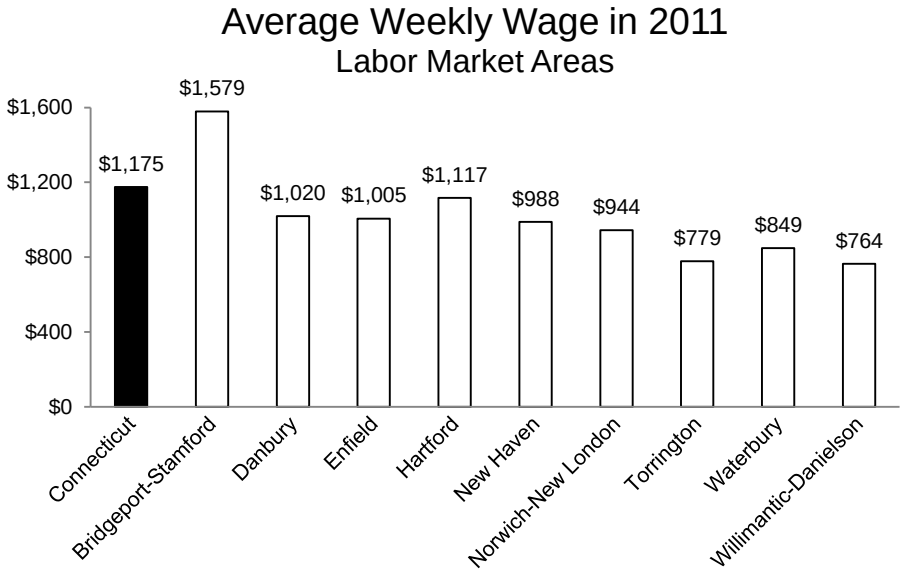

Figure 29. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW).

Figure 28 shows the unemployment rate (unadjusted) for each LMA in July 2012. Danbury had the lowest unemployment rate, at 7.6 percent, and Waterbury the highest, at 11.7 percent.

Wage data in Figure 29 illustrates dramatic income differences across LMAs, in 2011. The Bridgeport-Stamford LMA had the highest average weekly wage, at $1,579, and it was the only LMA with an average weekly wage higher than the statewide average.

Significantly, higher wages in the Bridgeport-Stamford LMA skew the statewide average. If the Bridgeport-Stamford LMA were excluded from statewide statistics, Connecticut's average weekly wage would have dropped by $150, in 2011.[32]

C. Labor Market Area Profiles

The employment and wage characteristics of each labor market area are presented in this section of the report. Included are graphs of the monthly unemployment rates from January 2006 to July 2012 and the percent change in average weekly wages for the top six employment sectors in each LMA. Unemployment rates in the LMA comparisons are not seasonally adjusted.

i. *Bridgeport-Stamford LMA*

Figure 30 shows that unemployment in the Bridgeport-Stamford LMA followed the statewide trend from January 2006 through July 2012. Unemployment in this LMA peaked at 9.3 percent in January of 2011, and stood at 8.5 percent in July 2012. The Bridgeport-Stamford LMA has experienced an average unemployment rate of 6.5 percent from January 2006 through July 2012 – the second lowest among LMAs.

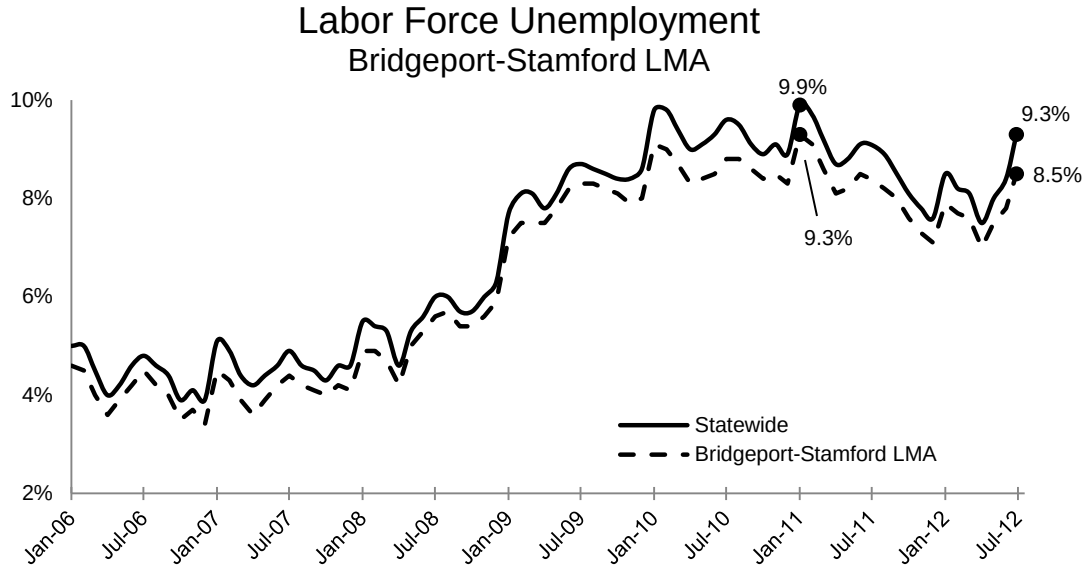

Figure 30 Source: CT Dept. of Labor Local Area Unemployment Statistics (LAUS) downloaded 18aug2012. Not seasonally adjusted.

Figure 31 lists the largest employers, in 2011, in the Bridgeport-Stamford LMA as Manufacturing, Retail Trade, Finance and Insurance, Professional and Technical Services, Healthcare and Social Assistance, and Accommodation and Food Services. Of these, Finance and Insurance had by far the highest wages, with an average weekly wage in 2011 of $5,014. Since 2006, weekly wages in Manufacturing increased the most, at 4.8 percent, while and Accommodation and Food Services has seen a decline of -3.1 percent since 2006.

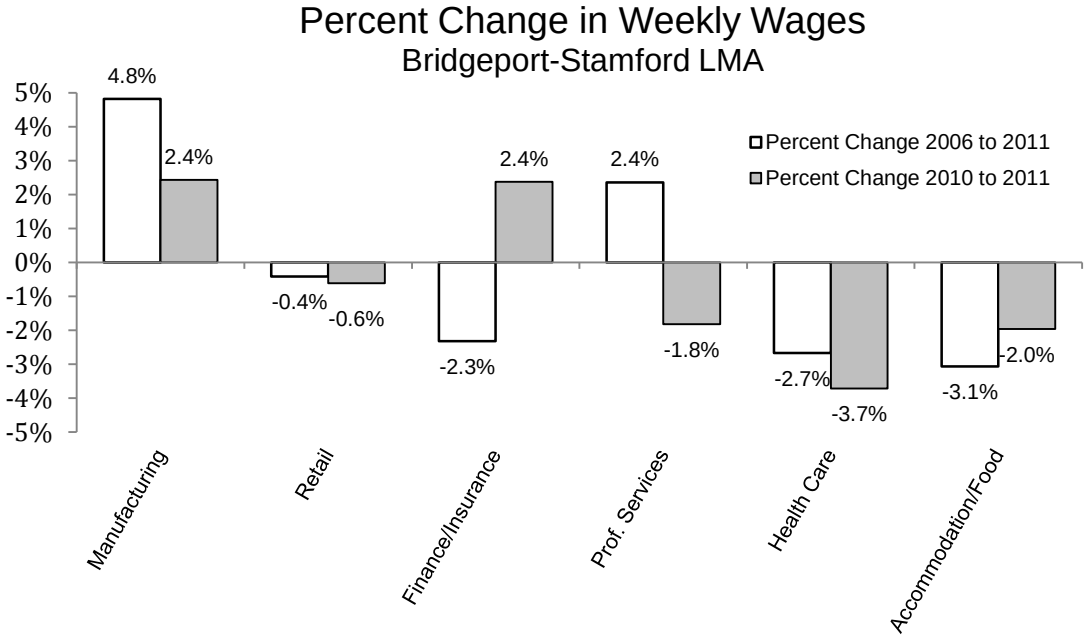

Figure 31. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW). In 2011 dollars inflation adjusted using BLS CPI inflation calculator.

ii. *Danbury LMA*

Figure 32 shows that unemployment in the Danbury LMA has been consistently lower than the statewide rate since January 2006. In this LMA, unemployment peaked at 8.5 percent in January of 2010, and stood at 7.6 percent in July 2012. The Danbury LMA has experienced an average unemployment rate of 5.7 percent from January 2006 through July 2012 – the lowest among LMAs.

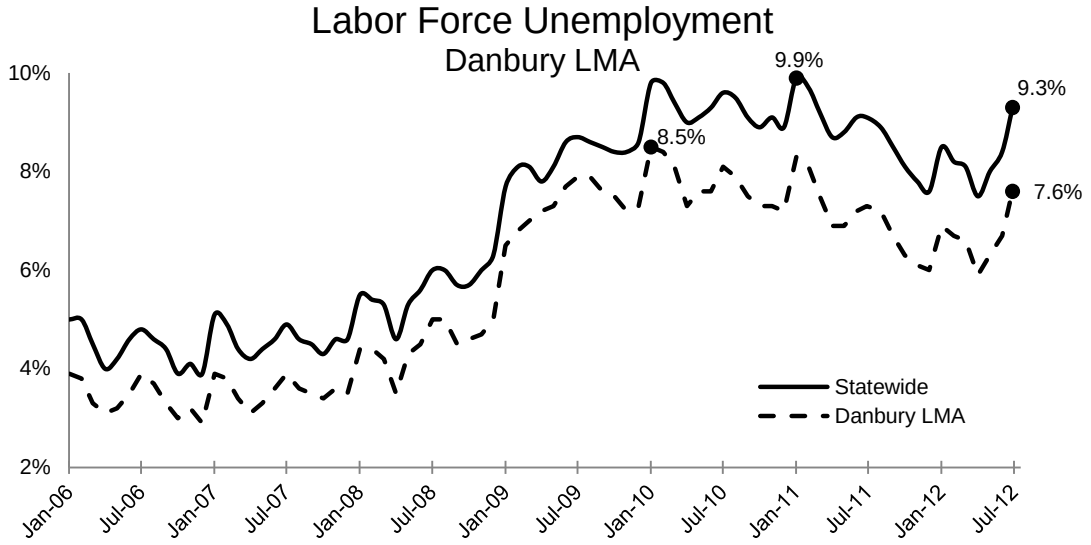

Figure 32. Source: CT Dept. of Labor Local Area Unemployment Statistics (LAUS) downloaded 18aug2012. Not seasonally adjusted.

Figure 33 lists the largest employers, in 2011, in Danbury as Manufacturing, Retail Trade, Professional and Technical Services, Healthcare and Social Assistance, Accommodation and Food Services, and Local Educational Services. Manufacturing had the highest average weekly wage in 2011, at $1,720. Furthermore, wages in Manufacturing grew the most for this LMA, by 3.5 percent from 2006-2011. Accommodation and Food Services had the lowest average weekly wage in 2011, at $362, and wages in this sector fell by -13.2 percent from 2006 to 2011.

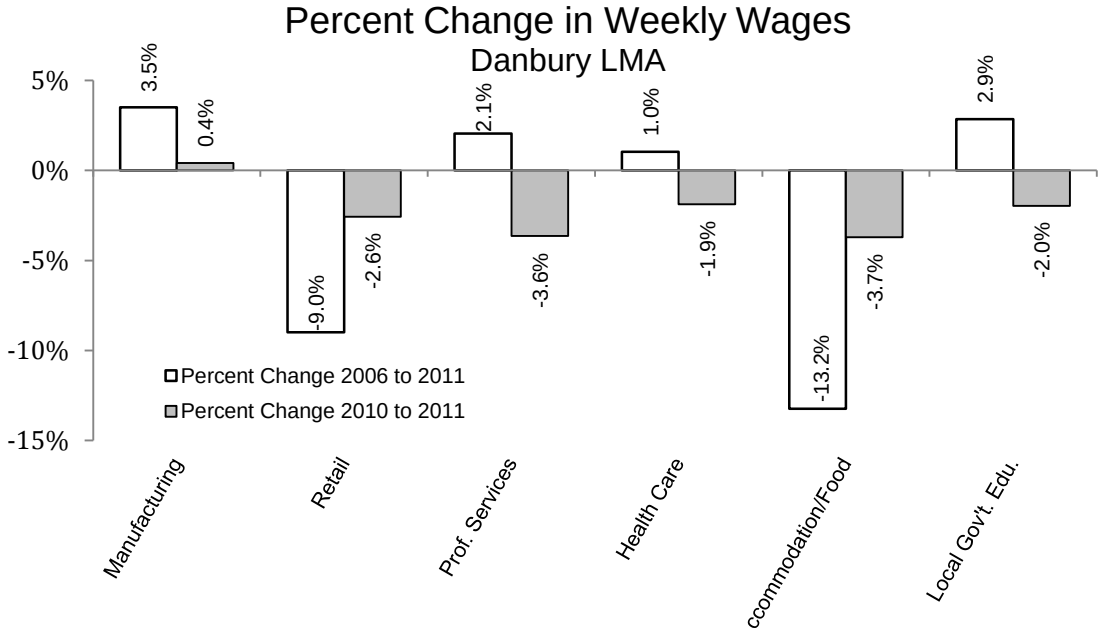

Figure 33. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW). In 2011 dollars inflation adjusted using BLS CPI inflation calculator.

iii. *Enfield LMA*

Since January 2006, unemployment in the Enfield LMA peaked at 9.8 percent in February of 2010, and stood at 8.7 percent in July 2012, as seen in Figure 34.

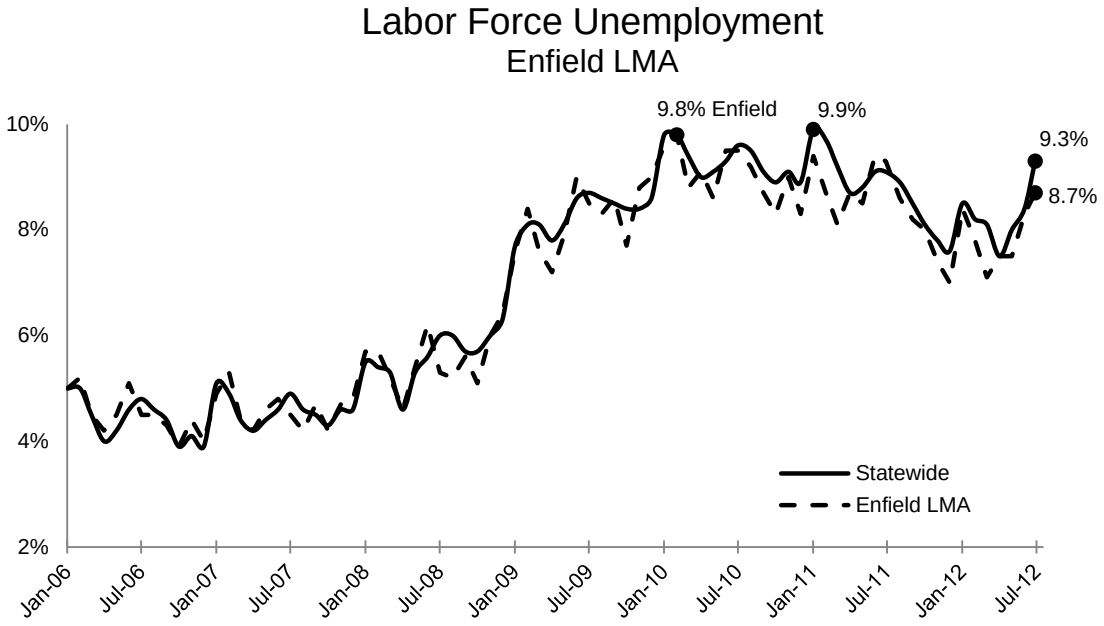

Figure 34. Source: CT Dept. of Labor Local Area Unemployment Statistics (LAUS) downloaded 18aug2012. Not seasonally adjusted.

Figure 35 lists the largest employers, in 2011, in the Enfield LMA as Manufacturing, Wholesale Trade, Retail Trade, Transportation and Warehousing, Healthcare and Social Assistance, and Accommodation and Food Services. Of these, Manufacturing had the highest average weekly wage in 2011, at $1,656. Wages in this sector also grew the most, by 6.0 percent, from 2006-2011. Wages in the other five sectors declined since 2011. Enfield is the only LMA in which Transportation and Warehousing is a major industry.

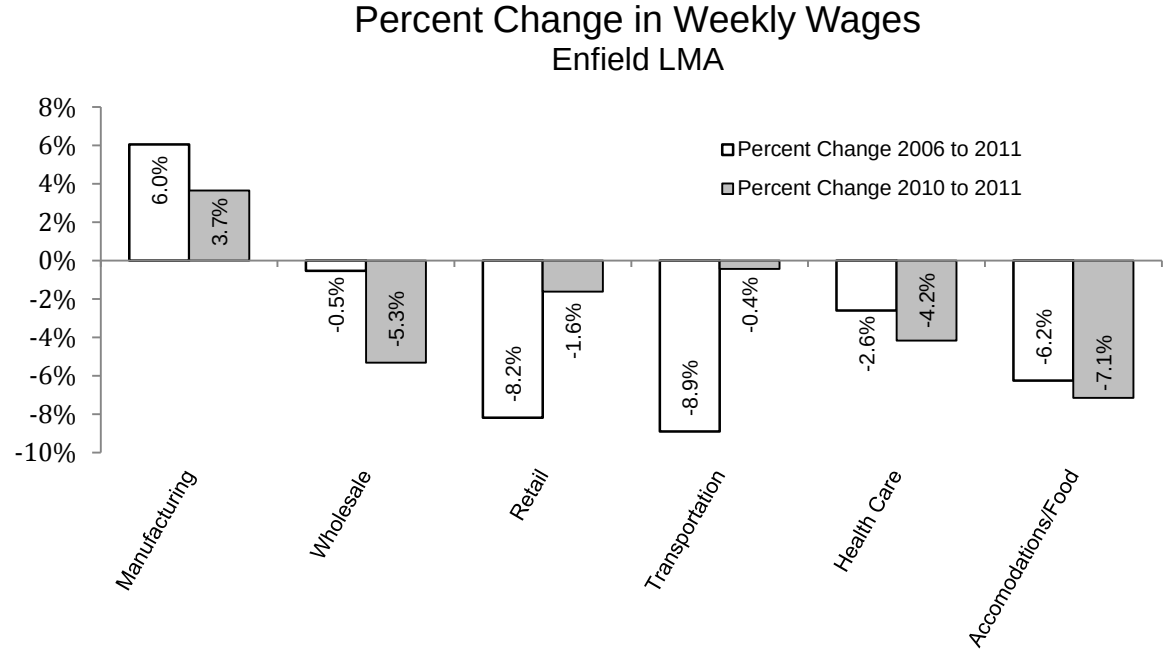

Figure 35. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW). In 2011 dollars inflation adjusted using BLS CPI inflation calculator.

iv. *Harford LMA*

Figure 36 shows that since January 2006, unemployment in the Hartford LMA has been almost identical to the statewide rate. In 2011, the Hartford LMA employed 46 percent of all workers in Connecticut, which partially explains the historical similarity to statewide unemployment rates. Unemployment in this LMA peaked at 10.0 percent, in February of 2010, and stood at 9.4 percent in July 2012.

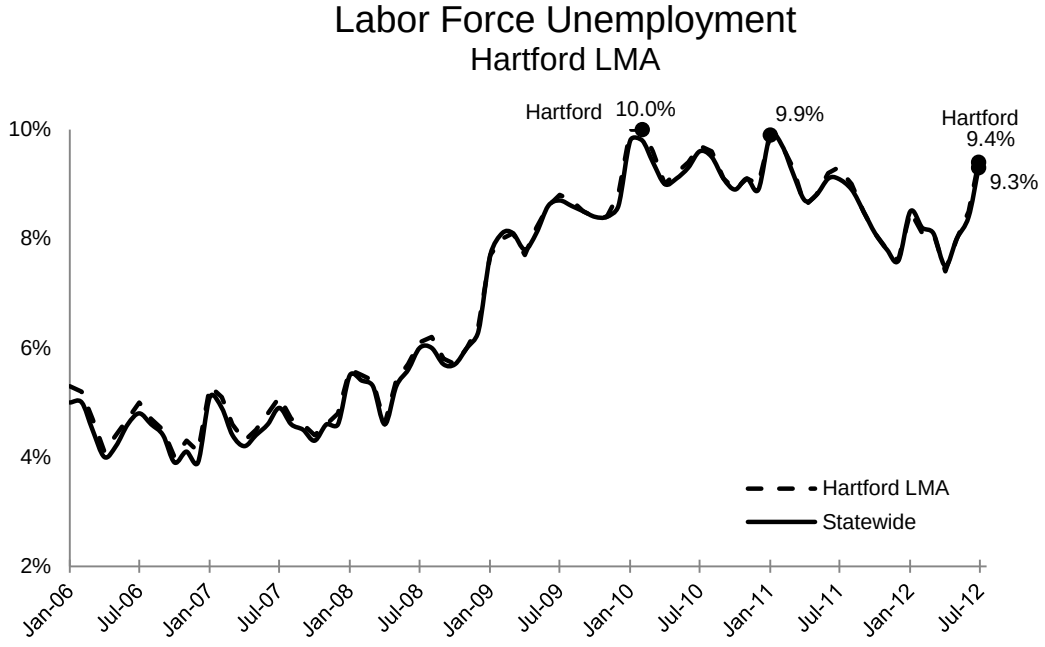

Figure 36. Source: CT Dept. of Labor Local Area Unemployment Statistics (LAUS) downloaded 18aug2012. Not seasonally adjusted.

Figure 37 lists the largest employers, in 2011, in the Hartford LMA as Manufacturing, Retail Trade, Finance and Insurance, Healthcare and Social Assistance, Accommodation and Food Services, and Professional and Technical Services. Of these, Finance and Insurance had the highest average weekly wages, in 2011, at $2,113. Wages in Manufacturing increased the most since 2006, at 4.6 percent. The Retail Trade sector experienced the largest percentage decline in weekly wages from 2006 to 2011, at -8.4 percent.

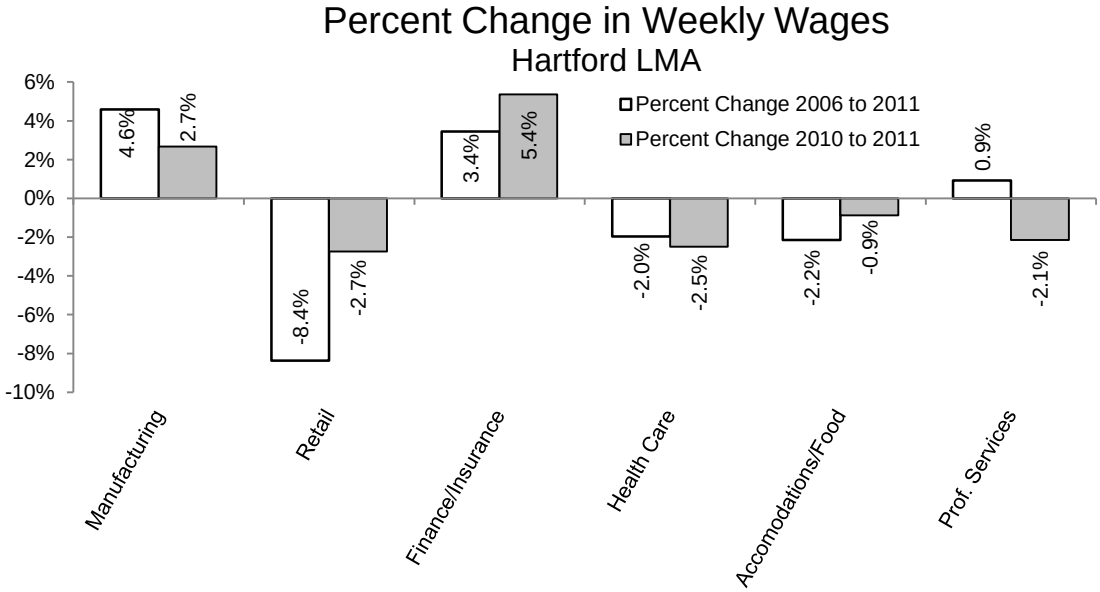

Figure 37. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW). In 2011 dollars inflation adjusted using BLS CPI inflation calculator.

v. *New Haven LMA*

Figure 38 shows that unemployment in the New Haven LMA mirrored statewide unemployment, but was slightly higher. Unemployment peaked at 10.4 percent in January 2011, and stood at 9.7 percent in July 2012.

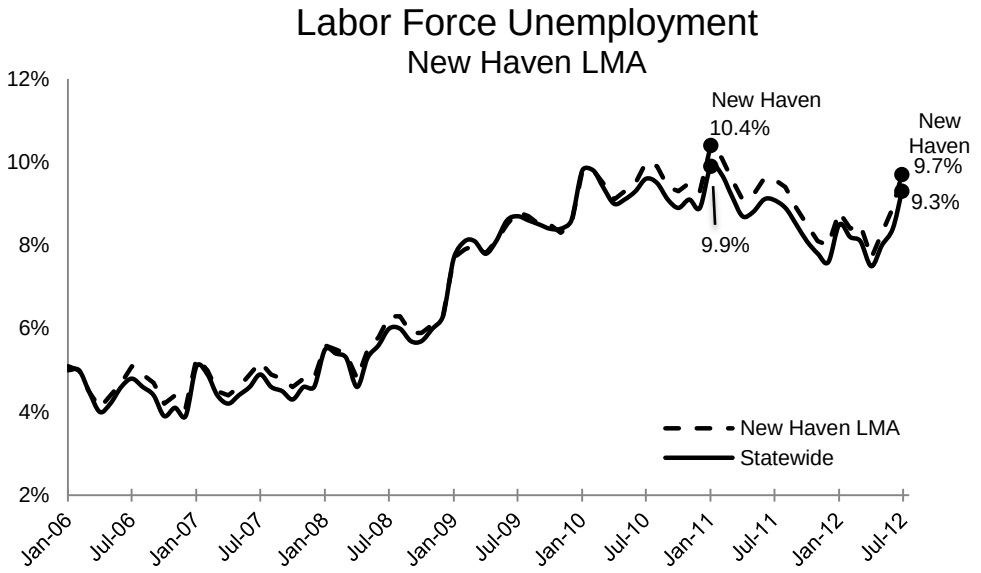

Figure 38. Source: CT Dept. of Labor Local Area Unemployment Statistics (LAUS) downloaded Aug 18 2012. Not seasonally adjusted.

As shown in Figure 39, the largest employers, in 2011, in the New Haven LMA were Manufacturing, Retail Trade, Private Educational Services, Healthcare and Social Assistance, Accommodation and Food Services, and Local Educational Services. Of these, Manufacturing and Private Educational Services had the highest average weekly wages at $1,294, in 2011. Weekly wages in Private Educational Services grew the most, at 5.8 percent, from 2006 to 2011. Retail Trade had the largest decline since 2006, at -8.7 percent.

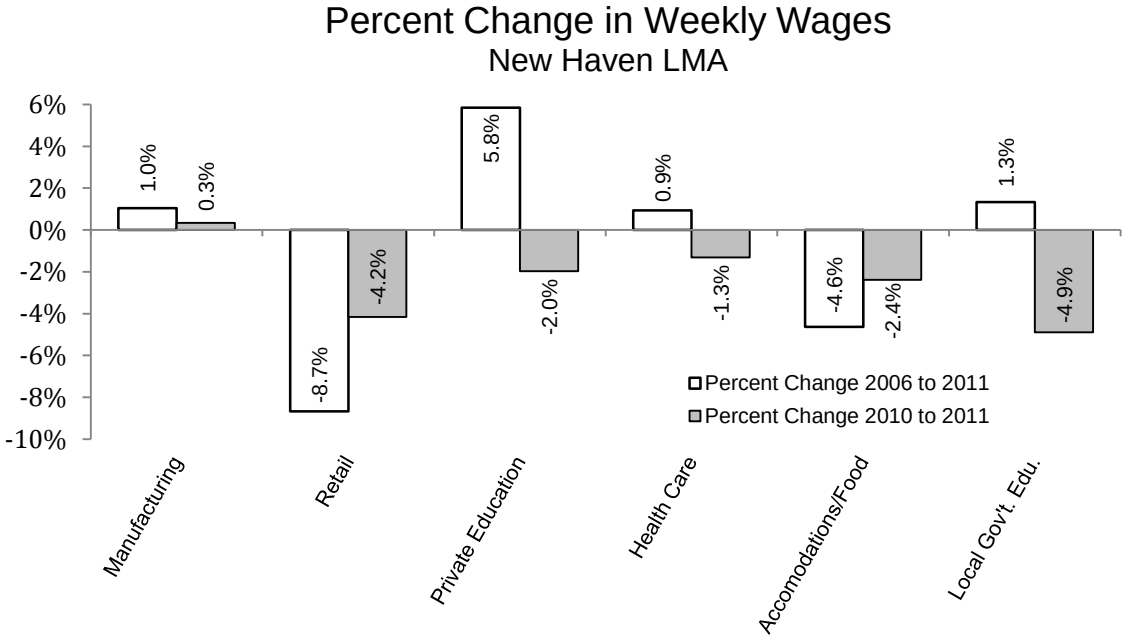

Figure 39. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW). In 2011 dollars inflation adjusted using BLS CPI inflation calculator.

vi. *Norwich-New London LMA*

Figure 40 shows that unemployment in the Norwich-New London LMA was usually lower that the statewide unemployment rate. Unemployment in this LMA peaked at 9.8 percent, in January of 2011, and stood at 9.3 percent, in July 2012, equal to the statewide rate (not seasonally adjusted).

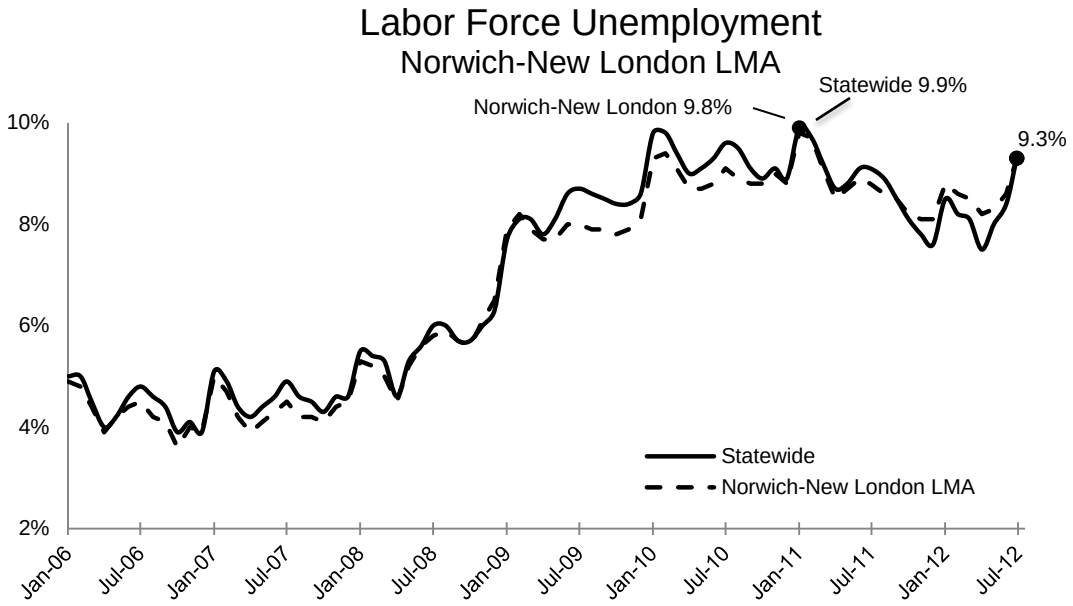

Figure 40. Source: CT Dept. of Labor Local Area Unemployment Statistics (LAUS) downloaded 18aug2012. Not seasonally adjusted.

Figure 41 shows that in 2011, the largest employers in the Norwich-New London LMA were Manufacturing, Retail Trade, Healthcare and Social Assistance, Accommodation and Food Services, Local Educational Services, and Arts, Entertainment, and Recreation. Of these, Manufacturing had the highest average weekly wage of $1,700, in 2011. Wages in Manufacturing grew by the largest percentage, at 6.2 percent, from 2006-2011. Norwich-New London is the only LMA where Arts, Entertainment, and Recreation is a major employer, which is indicative of the importance of the casino industry to the economy of southeastern Connecticut. However, weekly wages in Arts, Entertainment, and Recreation experienced the largest decline in this LMA, at -8.3 percent, since 2006.

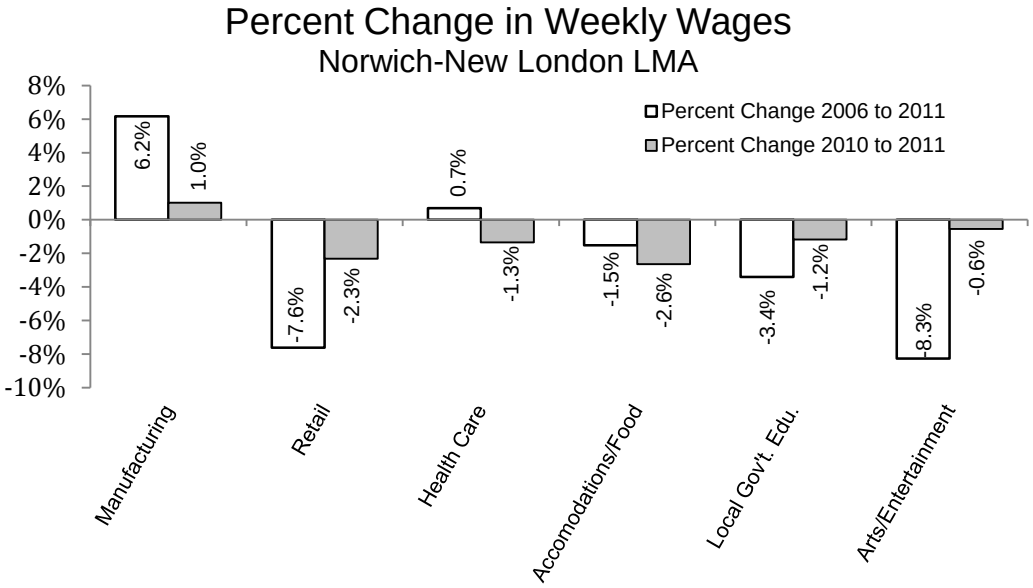

Figure 41. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW). In 2011 dollars inflation adjusted using BLS CPI inflation calculator.

vii. *Torrington LMA*

Figure 42 shows unemployment in the Torrington LMA fluctuating above and below the statewide unemployment rate since January 2006. Unemployment peaked in this LMA at 10.6 percent in February of 2010, and stood at 8.3 percent in July 2012.

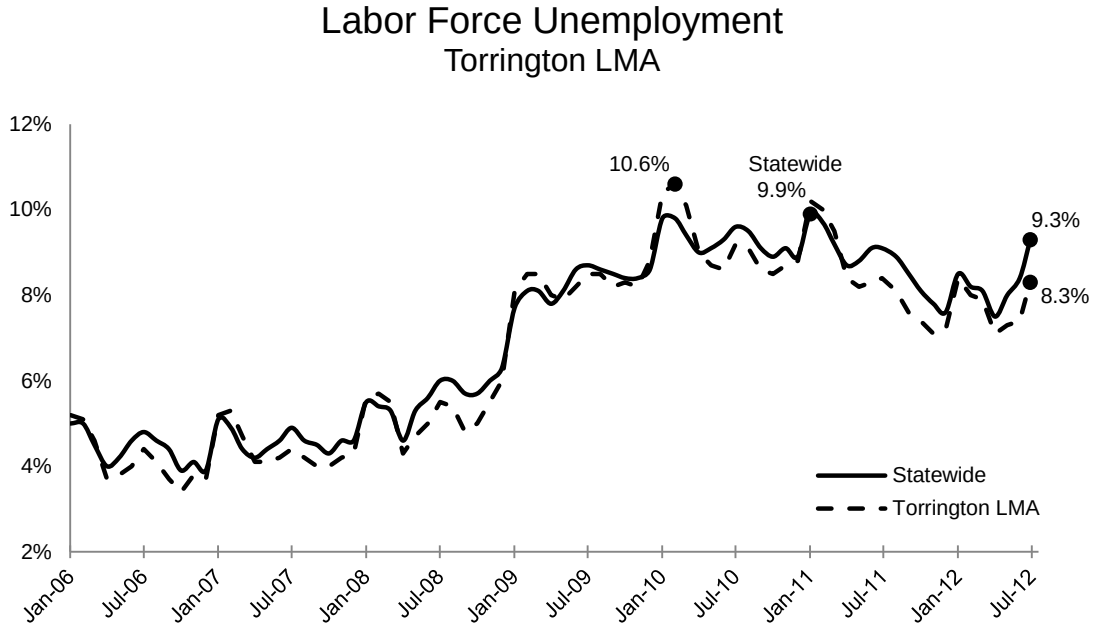

Figure 42. Source: CT Dept. of Labor Local Area Unemployment Statistics (LAUS) downloaded 18aug2012. Not seasonally unadjusted.

Figure 43 lists the largest industries in the Torrington LMA, in 2011, as Construction, Manufacturing, Retail Trade, Healthcare and Social Assistance, Accommodation and Food Services, and Local Government Educational Services. Torrington is the only LMA where Construction is among the top six employers. Furthermore, Construction had the highest weekly wages among the top six employers in this LMA at $1,123, in 2011. Local Government Educational Services had the highest percentage growth from 2006 to 2011, at 6.1 percent. The largest decline since 2006 was in Retail Trade, at -7.6 percent.

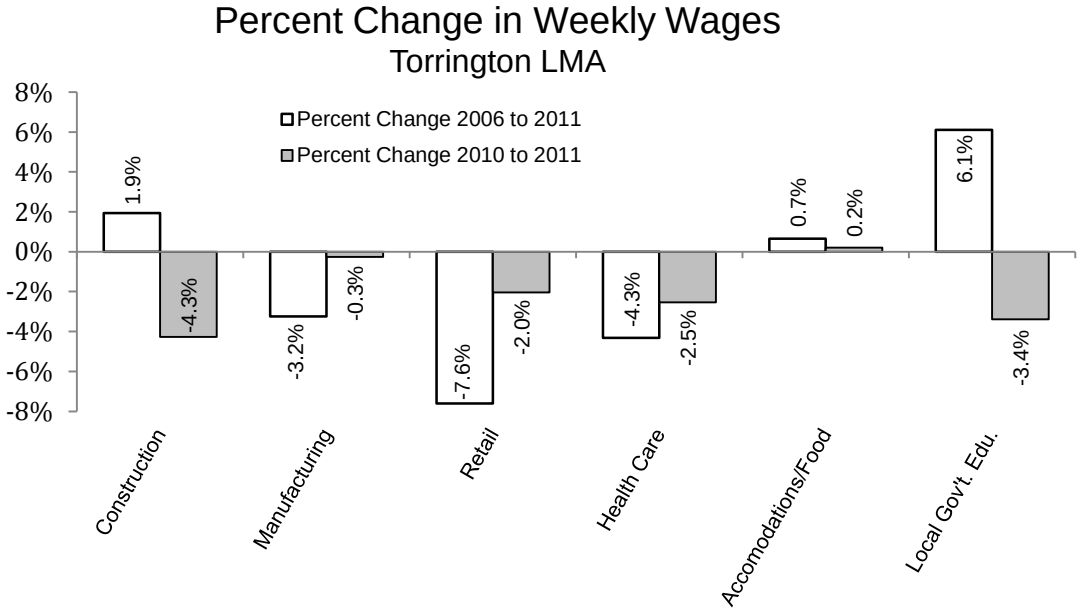

Figure 43. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW). In 2011 dollars inflation adjusted using BLS CPI inflation calculator.

viii. *Waterbury LMA*

Since 2006, unemployment in the Waterbury LMA has been significantly higher than the statewide rate, as shown in Figure 44. Unemployment in the Waterbury LMA peaked at 13.4 percent, in January and February of 2010, and stood at 11.7 percent, in July 2012. The Waterbury LMA experienced an average unemployment rate of 9.2 percent from January 2006 through July 2012 – the highest among LMAs.

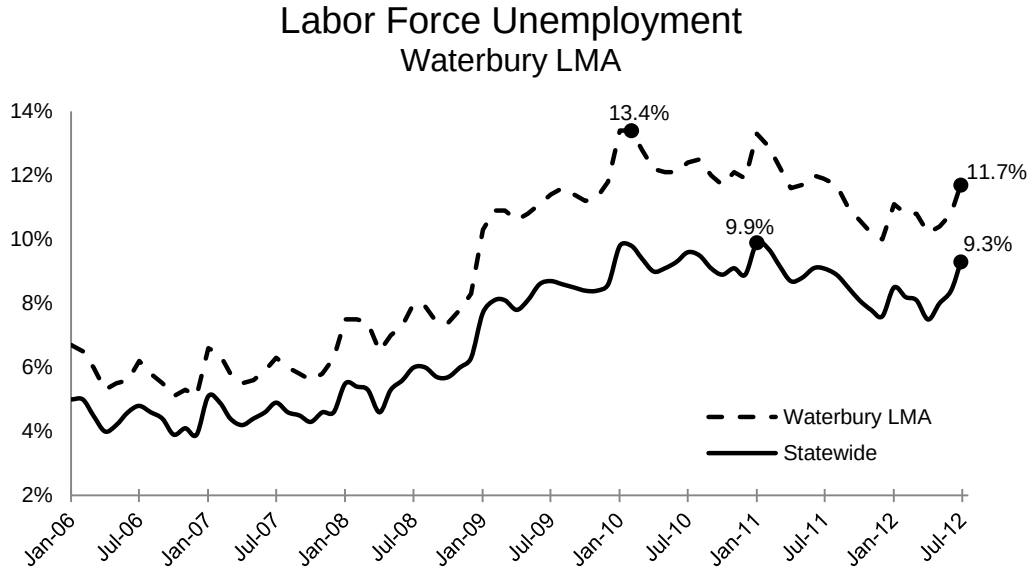

Figure 44. Source: CT Dept. of Labor Local Area Unemployment Statistics (LAUS) downloaded 18aug2012. Not seasonally adjusted.

Figure 45 lists the largest employers, in 2011, in the Waterbury LMA as Manufacturing, Retail Trade, Other Services Except Public Administration, Healthcare and Social Assistance, Accommodation and Food Services, and Local Government Educational Services.[33] Of these, Manufacturing had the highest wages in 2011, at $1,102. Local Educational Services experienced the largest wage growth, at 18.5 percent, from 2006 to 2011. Waterbury is the only LMA in which Other Services Except Public Administration was a major employer. Furthermore, Other Services Except Public Administration had the largest percentage decline in wages since 2006, at -10.2 percent.

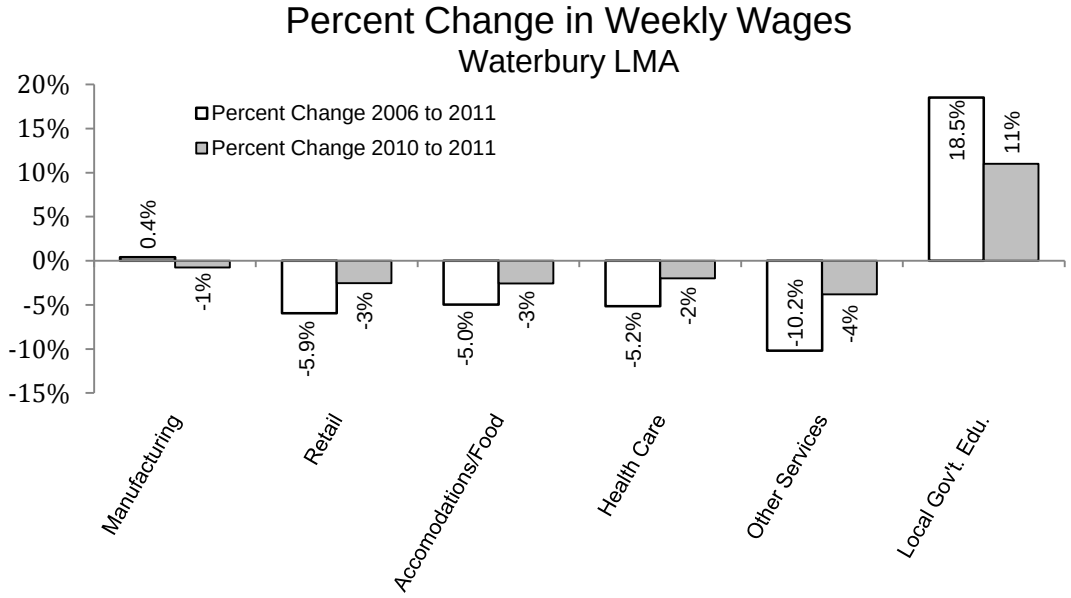

Figure 45. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW). In 2011 dollars inflation adjusted using BLS CPI inflation calculator.

ix. *Willimantic-Danielson LMA*

Figure 46 shows that since 2006, unemployment in the Willimantic-Danielson LMA was consistently higher than the statewide unemployment rate. Unemployment peaked at 11.7 percent, in February of 2010, and stood at 10.6 percent, in July 2012. The Willimantic-Danielson LMA has experienced an average unemployment rate of 8.1 percent from January 2006 through July 2012 – the second highest among LMAs.

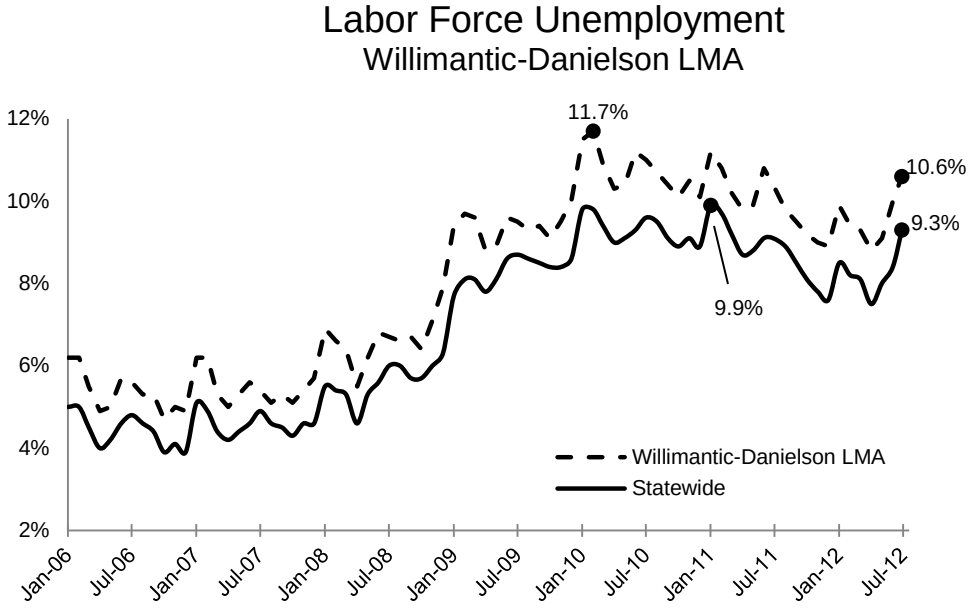

Figure 46. Source: CT Dept. of Labor Local Area Unemployment Statistics (LAUS) downloaded 18aug2012. Not seasonally adjusted.

Figure 47 lists the largest employers, in 2011, in the Willimantic-Danielson LMA as Manufacturing, Retail Trade, Healthcare and Social Assistance, Accommodation and Food Services, State Government Educational Services, and Local Government Educational Services. Of these, Manufacturing had the highest average weekly wages in 2011, at $1,037. Willimantic-Danielson is the only LMA with State Government Educational Services among its top six employers. This is likely due to the University of Connecticut, in Mansfield, and Eastern Connecticut State University, in Willimantic. In this LMA, only State Government Educational Services had an increase in wages from 2006 to 2011, up by 1.4 percent. The largest percentage decline in weekly wages since 2006 was in Retail Trade, down by -4.8 percent.

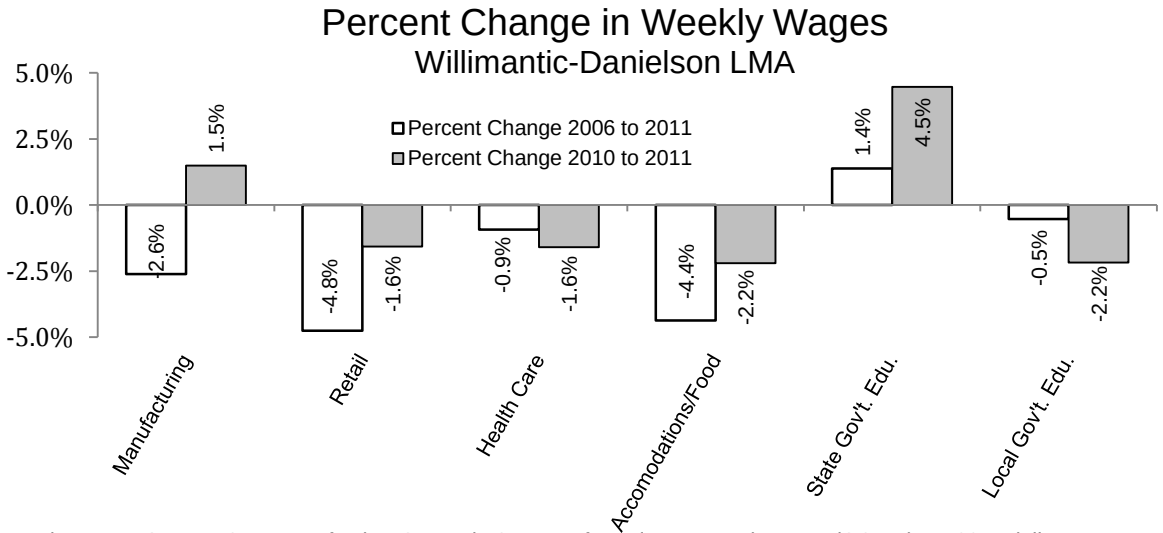

Figure 47. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW). In 2011 dollars inflation adjusted using BLS CPI inflation calculator.

Conclusion and Policy Recommendations

Many of Connecticut's residents were hurt by the recession, and those who could afford it the least have suffered the most. Both the public and private sectors have yet to recoup job losses sustained because of the Great Recession. While overall economic measures indicate a moderate recovery, unemployment remains high among young workers and growing minority populations. Connecticut's workforce has declined, as many of its older workers are exiting the workforce. Furthermore, as Connecticut's retired population grows, many of Connecticut's oldest workers have faced long-term unemployment, placing greater economic strain on these older workers as they prepare to enter retirement. Wages are barely improving, and most wage gains have been realized by Connecticut's wealthiest workers. Higher paid manufacturing jobs are being replaced by lower paid jobs in healthcare and human services, and accommodation and food services. Connecticut workers without a Bachelor's degree are struggling more than ever to find work that pays well. In summary, if Connecticut continues on its current trajectory, its next generation will be less prosperous and more stratified than its current one.

Most of these trends – increasing inequality, manufacturing decline, racial disparity, and educational disparity – predate the recession. However, the recession has exacerbated these trends, emphasizing the necessity of addressing these long-term challenges. In short, the recession has made clear that Connecticut must change its current trajectory or face serious economic consequences. There is time, but the task demands dedicated planning, prudent leadership, and, above all, systematic investment in the future. The window for action is narrow and the potential for failure rises with time as these trends only worsen – we can no longer afford to wait.

There are two chief ways we can invest in the future of Connecticut:

Strengthen education from pre-k through college. The growing gap in employment and wage outcomes between highly educated workers and everyone else is clear. Education spending is increasingly important to all Connecticut residents regardless of race, ethnicity, or age. Some level of higher education is now a prerequisite to live a middle-class lifestyle in Connecticut. Furthermore, an educated workforce is the primary engine of innovation, and in turn, economic growth. Investments at all levels of the education system help ensure our young people are prepared to thrive in the 21st century economy; these include:

- Guaranteeing high-quality universal preschool
- Adequately funding local public schools and closing achievement gaps
- Supporting public community colleges and universities

Invest in initiatives that broaden career opportunities, raise wages, fight poverty, and support families. The effectiveness of investments in education will be muted if children live in broken homes, unsafe communities, and face bleak career prospects upon graduation. Programs that fight poverty, strengthen families and communities, and improve pay and working conditions position all of Connecticut's children to thrive and to contribute to our state; these include:

- Further strengthening the state's earned income tax credit
- Raising the minimum wage substantially
- Boosting investments in job training in growth industries
- Defending vital social services from punishing budget cuts

The Great Recession has made it clear that there are struggles to come for all of us in Connecticut if we do not, together as a state, commit to the challenging work of investing in future generations. Only with strong commitments to our youth, our middle class, and our future can we ensure Connecticut's future generations will prosper.

Endnotes

[1] Jungmin Charles Joo, "Connecticut Recovery Began in January 2010." *The Connecticut Economic Digest*, Vol. 16, No. 3: March 2011. Available at http://www1.ctdol.state.ct.us/lmi/digest/pdfs/cedmar11.pdf. This report follows the standard of the Connecticut Department of Labor, which reports that the recession in Connecticut extended from March 2008 to January 2010, based on non-farm employment statistics.

[2] The United States Bureau of Labor Statistics defines a labor market area to be "an economically integrated geographic area in which individuals can reside and find employment within a reasonable distance or can readily change employment without changing their place of residence." U.S. Department of Labor Bureau of Statistics, "Labor Market Areas, 2011." March, 2011. Available at http://www.bls.gov/lau/lmadir.pdf. Connecticut's towns are classified into nine labor market areas. These classifications are available at http://www1.ctdol.state.ct.us/lmi/misc/lmatowns.asp.

[3] According to the bureau of labor and statistics, "seasonal adjustment removes the effects of events that follow a more or less regular pattern each year. These adjustments make it easier to observe the cyclical and other nonseasonal movements in a data series." Available at http://www.bls.gov/bls/glossary.htm#S.

[4] The Bureau of Labor Statistics defines labor force participation as: the labor force as a percent of the civilian noninstitutional population.

[5] Monthly unadjusted unemployment data from the CT Dept. of Labor at: CT DoL at http://www1.ctdol.state.ct.us/lmi/LAUS/lauslma.asp downloaded 19aug2012

[6] Orlando J. Rodriguez, "Connecticut's Changing Demographics Foreshadow Declining Workforce Income." February, 2012. Available at http://www.ctvoices.org/sites/default/files/econ12changingworkforcedemographics.pdf. Note that Asian Americans are actually Connecticut's fastest growing racial demographic. However, they still make up a relatively small fraction of the state's population; hence Hispanic Americans make up Connecticut's largest racial demographic that is growing.

[7] Furthermore, a forthcoming report by Connecticut Voices for Children provides evidence that the percentage of state general fund spending devoted to education and youth has been shrinking for the last thirty years, at the behest of pensions and healthcare, which are services that disproportionately benefit Connecticut's older residents.

[8] Census 2010 table P13.

[9] CT Dol LAUS statistics at http://www1.ctdol.state.ct.us/lmi/LAUS/lauslma.asp downloaded 24aug2012

[10] The median wage is defined as the wage for which half of all wage earners earn more and half of all wage earners earn less. It is equivalent to the 50th percentile wage.

[11] The median wages in Massachusetts, New Jersey, New York, and Rhode Island in 2011 were $19.81, $18.99, $17.98, and $17.58 respectively.

[12] Bettina H. Aten & Roger J. D'Souza, "Regional Price Parities: Comparing Price Level Differences Across Geographic Area." November, 2008. Available at http://www.bea.gov/scb/pdf/2008/11 percent20November/1108_spotlight_parities.pdf. This index provides conversion factors that allow the price of a good or service in one state to be converted to how much that good or service would cost in another state.

[13] Real wages are nominal wages that have been adjusted for inflation. In this paper, all wages are given in 2011 dollars. Nominal wages were converted to 2011 dollars using the CPI Inflation Calculator provided by the Bureau of Labor and Statistics. The calculator is available at http://www.bls.gov/data/inflation_calculator.htm/.

[14] Connecticut Voices for Children report The State of Working Connecticut 2011: Wages, Job Sector Changes, and the Great Recession.

[15] Source: CT Voices analysis of Current Employment Statistics (CES) data on Employment, Hours, and Earnings, State and Metro Area. Available at http://www.bls.gov/data/

[16] The value of a percentile is the value below which a specific percentage of all values of that variable fall. For example, if a person's income falls at the 90th percentile, than 90% of all wage earners earn less than that person.

[17] CT Dept. of Labor Quarter Census of Employment and Wages (QCEW) program data.

[18] See http://www.census.gov/econ/nonemployer/index.html.

[19] "A non-employer business is one that has no paid employees, has annual business receipts of $1,000 or more ($1 or more in the construction industry), and is subject to federal income tax." Receipts for non-employers are "gross receipts, sales, commissions, and income from trades and businesses." For definitions, see http://www.census.gov/econ/nonemployer/definitions.htm#nonemployer.

[20] United States Census Bureau, "2010 Nonemployer Statistics."
Available at http://censtats.census.gov/cgi-bin/nonemployer/nonsect.pl.

[21] Employment capacity is the total number of workers on state non-farm payrolls, minus the number of state residents who are employed, divided by the number of state residents employed, all multiplied by 100. It measures the surplus or deficit in jobs for every 100 working residents of Connecticut.

[22] A worker is defined by the State Department of Labor (DOL) as any person who did any work for pay during the week that they were surveyed, or at least 15 hours of unpaid work for a family member. For more information, see http://www1.ctdol.state.ct.us/lmi/ctnonfarmemployment.asp.

[23] Recessionary periods based on reports from the CT Dept. of Labor at http://www.ct.gov/ecd/lib/ecd/ct_digest/2002/cedjun02.pdf and http://www1.ctdol.state.ct.us/lmi/digest/pdfs/cedmar11.pdf

[24] It is possible that more than 7 out of every 100 Connecticut workers worked out of state. Employment capacity measures only how many fewer jobs a state offers than it has working residents, not the actual number of people working out of state.
[25] American Community Survey Data (ACS 2006 to 2010 table B08130) is a 5-year average and is inconsistent with single-year data from the CT Dept. of Labor for 2010.
[26] Orlando J. Rodriguez, "Connecticut's Changing Demographics Foreshadow Declining Workforce Income." February, 2012. Available at http://www.ctvoices.org/sites/default/files/econ12changingworkforcedemographics.pdf.
[27] If a data point is not included, no data was available from that year due to insufficient sample size.
[28] CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.
[29] National Bureau of Labor and Statistics (BLS), "Women In the Labor Force: A Databook (2010 Edition). *Labor Force Statistics From the Current Population Survey*. Available at http://bls.gov/cps/wlftable11-2010.htm.
[30] In a forthcoming Voices report, analysis of the Connecticut state budget details how, for the past thirty years, the percentage of the Connecticut General Fund allocated to education has declined. Precisely as education has become a necessity, Connecticut has divested from education. In particular, the state university system has taken heavy cuts, even as higher education has become a critical prerequisite for high wages. Source: M. Santacroce and W. Gibson, "Shifting Priorities in Changing Times: Trends in State General Fund Appropriations 1992-2012." To be released.
[31] U.S. Department of Labor Bureau of Statistics, "Labor Market Areas, 2011." March, 2011. Available at http://www.bls.gov/lau/lmadir.pdf. Classifications available at http://www1.ctdol.state.ct.us/lmi/misc/lmatowns.asp.
[32] CT Voices analysis of CT Department of Labor Quarterly Census of Employment and Wages.
[33] Other Services, Except Public Administration includes repair and maintenance, personal and laundry, membership associations and organizations, and private households - as defined by the QCEW program.