

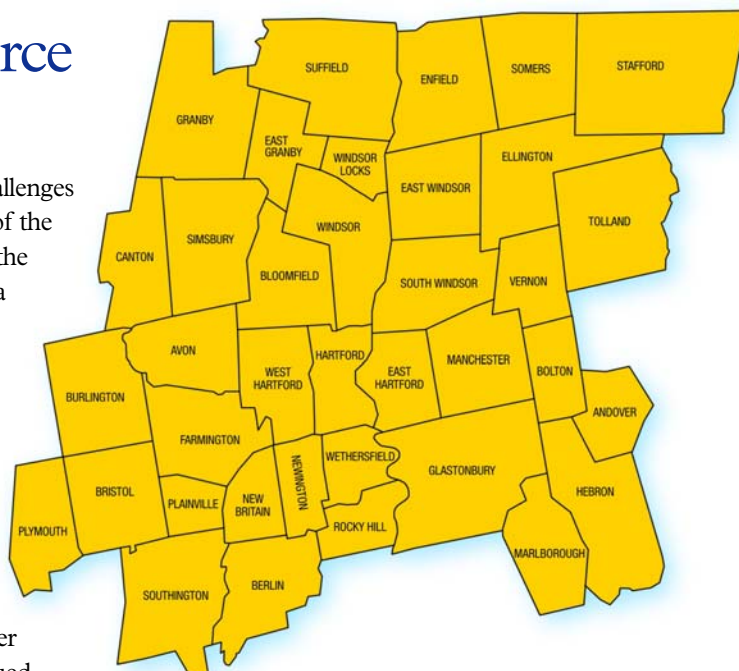
The State of the Workforce in
North Central Connecticut
September 2007



The State of the Workforce

Preface

The following State of the Workforce outlines key challenges in North Central Connecticut’s labor market. Many of the region’s challenges are not unique from those across the state and nation – but we have an opportunity to set a course for continuous improvement. While there are no easy answers, Capital Workforce Partners, the workforce planning entity for the region, along with other community stakeholders in economic development and education focus efforts on the challenges presented, execute an integrated set of solutions that aim to increase labor participation rates, transition lower-skilled workers to higher skills and match future workforce talent to employer’s needs. We hope this report serves to further catalyze community dialogue and support for continued progress in the years ahead.



The Connecticut’s North Central region contains a diverse mix of 37 cities and towns, from the cities of Hartford and New Britain to rural areas like Granby, Stafford and Andover. The region’s business base is similarly diverse.

This report focuses on four critical issues:

1. *The slow growth in the labor supply and growing shortages*
2. *Workforce preparation concerns*
3. *The two facets of employer demand*
4. *A variable economic picture that adds complexity and increases uncertainty*

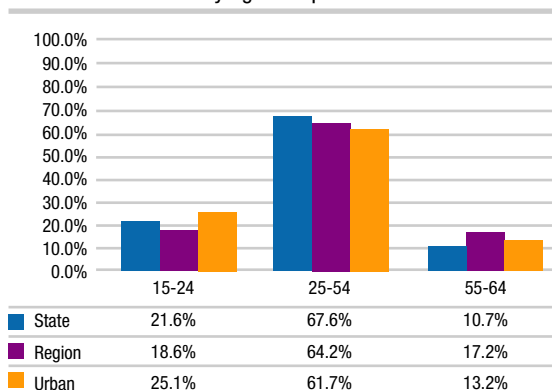
The Labor Supply

As with the state as a whole, there are substantial projected increases in the region’s share of elderly population and a corresponding decline in the working age population.¹

There is also only marginal growth projected for the population as a whole, as well as the under 18 population. Connecticut’s rank on the percent of households with children under 18 slipped from 15th in 2003 to 29th in 2005.² This suggests that general population growth will not offset the aging of the population, and that the labor supply will both age and grow smaller.

A look at the current workforce in the region reveals that 17.2% of the workforce is 55 or over³; this proportion will increase as the population ages.

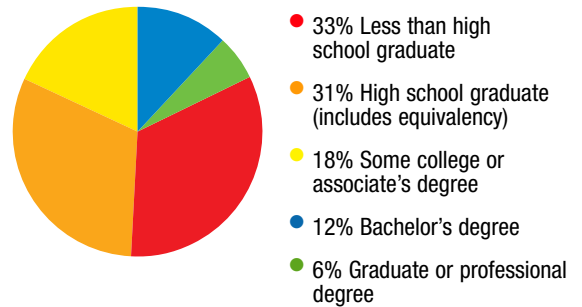
Percent of Workforce by Age Group³



Additional Key Points

- **Labor Participation Rates** - Another important factor in labor supply is the proportion of the working age population that is actually seeking employment (labor participation). While the North Central region and the state as a whole have labor participation rates higher than the national average, the labor participation rates in the region's urban areas (62.1%) are below the national average (66%)⁴.
- **Immigration and Other Factors** - International migration accounts for over 50% of the individuals becoming residents of Hartford County between 2000 and 2006.⁵ There is a wide range of skill sets among workers migrating to Connecticut. About a third of those coming from other countries have less than a high school diploma, while 18% have a bachelor's degree or more⁶.

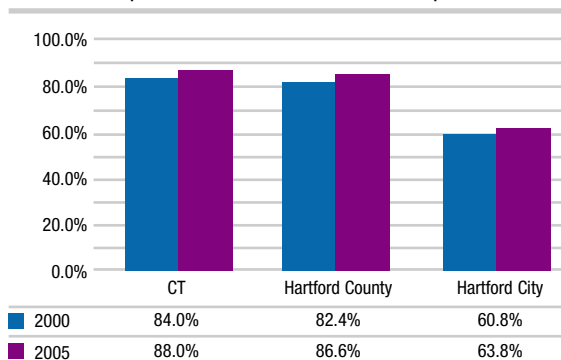
Foreign Born Education Status
Cities of Hartford and New Britain⁶



Workforce Preparation Concerns

- **Much of the population unprepared** - Weaknesses in the projected labor supply are amplified when the current state of workforce preparation is considered. While the region as whole has a high rate of those over 25 years old with at least a high school diploma, the rates for the cities in the region (particularly Hartford) are much lower. Furthermore, the problems in K-12 education in the state, and in the cities in particular are well documented, and need to be mentioned as this also can impact the “pipeline” for the labor force. The region cannot afford to ignore these issues given the labor supply shortages that we face.
- **Remediation needed** - Further, a lack of adequate preparation in the K-12 system leads to the need for remediation at the college level, with nearly a third of all incoming freshmen requiring at least one remedial course.⁷ This need for remediation also slows progress in college and completion of college degrees.
- **The associate's degree a critical bridge** - The associate's degree has become a critical necessity to move from entry level to professional positions, but the need for remediation is a considerable barrier to completing the associate's degree.⁸ The importance of preparing individuals in the fields of science, technology and math are also well documented, but a review of the degrees conferred by public universities in the state reveals less than 20% of all bachelor's degrees are awarded in those disciplines.⁹

Percent of Population 25+ with at least a HS Diploma



1. Connecticut Center For Economic Analysis, 2007.

2. American Community Survey, 2003 and 2005.

3. U.S. Census Bureau, 2005 Current Population Survey. Region refers to North Central Connecticut. Urban areas refer to Hartford and New Britain only.

4. Bureau of Labor Statistics, LNS11300000.

5. U.S. Census Bureau.

6. Source: The American Community Survey, 2005.

7. Alliance for Excellent Education, 2006.

8. Betraying The Dream, Stanford University, 2006.

9. 2006 Higher Education Report, Connecticut Department of Higher Education.

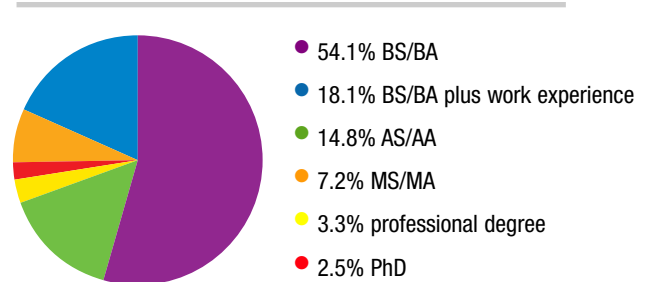
The Two Facets of Employer Demand

Looking closely at employer demand for workers in the North Central Region, one can immediately see two very different kinds of demand.

1. **High Skill – High Education** - One pool of demand is for workers with high degrees of skill and preparation
2. **Lower Skill – Basic Training** - The other pool of demand is for workers who do not need a lot of preparation but can be trained to do basic tasks.

These different kinds of demand require a bifurcated approach to workforce development in the region.

Percent of High Skill Job Openings by Education/Training Needed in North Central Connecticut

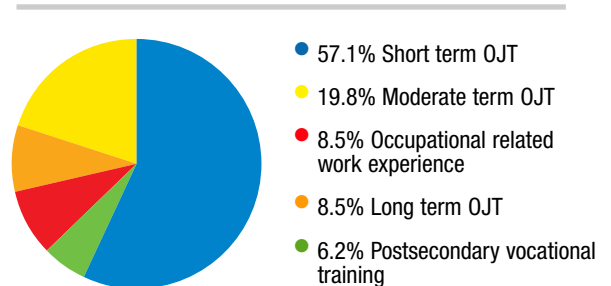


Higher Pay = Higher Education

36.7% of the projected annual openings in the region pay at least \$52,000 per year, which is roughly equivalent to the amount needed for self-sufficiency for a family of three.¹⁰ Of those jobs that pay more than \$52,000, almost all require at least an associate's degree. If the jobs requiring at least an associate's degree are examined more closely, the vast majority not only need an associate's degree but a bachelor's degree or higher as well.

Conversely, over 50% of the jobs that do not require an associate's degree require short-term, on-the-job training (OJT) only. This suggests that while there are many job openings available for people without substantial preparation, these jobs tend not to pay self-sufficient wages. It also suggests that there is a gap between occupations that pay self-sufficient wages and those that do not... at least two years of post-secondary work separates most of the high wage, high preparation jobs from the low wage, low preparation jobs.

Percent of Low Skill Jobs Openings by Education/Training Needed in North Central Connecticut



Addressing Multiple Needs

The workforce development system must find ways to both meet the needs of employers that require low wage, lesser skilled workers as well as helping those workers bridge the preparation gap and achieve self-sufficiency. The workforce development system, including the higher education system, needs to develop strategies that allow low wage, low preparation workers to get the training they need, while they are working, to obtain associate's degrees and more.¹¹ Through its training programs, the workforce development system in the region needs to create and broker the supports necessary for individuals to succeed in gaining their first job and move through a career ladder or lattice to jobs that will help them achieve self-sufficiency.

10. Pierce, Diana, et. al., *The Self-Sufficiency Standard For Connecticut*, 2006.

11. *The 2006 Connecticut Employment and Training legislative report card clearly shows substantially higher earnings for those with associate's and bachelor's degrees and beyond.*

Economic Considerations

A Sector Focus

The following table shows employment, by industry sector, in 2000 and 2005 in the region.¹² Considerable job growth can be seen in the Education and Health Services and Leisure and Hospitality sectors. These two sectors, together with the Manufacturing and Financial Services sectors have been identified by Capital Workforce Partners as key sectors for workforce development attention.

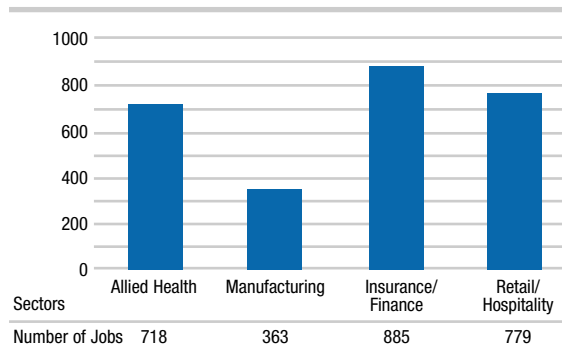
Sector	Employment 2000	Employment 2005	Employment Change	Percent Growth
Education and Health Services	99,142	106,528	7,386	+7.4
Trade, Transportation, and Utilities	97,670	93,171	-4,499	-4.6
Financial Activities	65,273	62,538	-2,735	-4.2
Manufacturing	69,462	59,690	-9,772	-14.1*
Professional and Business Services	60,134	56,371	-3,763	-6.3
Leisure and Hospitality	34,299	36,053	1,754	+5.1
Public Administration	24,589	22,874	-1,715	-7
Construction	19,718	19,118	-600	-3
Other Services	16,188	15,622	-566	-3.5
Information	12,894	11,457	-1,437	-11.1
Natural Resources and Mining	1,677	1,647	-30	-1.8

**While there is no job growth in manufacturing in the state, job openings through attrition and the aging workforce are still considerable and they are a challenge to fill. The Connecticut Department of Labor expects 1,000 openings a year in our region.*

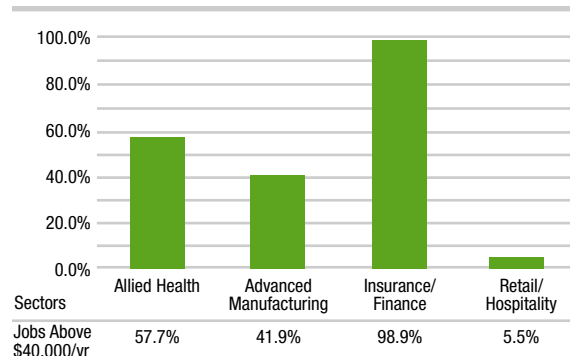
As can be seen by the first chart below, approximately half the jobs in the advanced manufacturing and allied health sectors, and nearly all the in the insurance and finance sectors pay more the \$40,000 per year, putting job holders well on their way to self-sufficiency¹³.

However, a relatively small percentage of jobs in the retail and hospitality sector, where there are large projected numbers of openings, pay more than \$40,000 per year. See second chart below¹⁴.

Projected Annual Openings in Key Sectors or Above \$40,000/yr



Fast Growing Occupations in Key Sectors Above \$40,000/yr



12. U.S. Census: Select Economic Characteristics, 2000 and 2005, ACS.

13. Source: Connecticut Department of Labor, Office of Research, Connecticut Occupational Forecast, 2006.

14. Source: Connecticut Department of Labor, Office of Research, Connecticut Occupational Forecast, 2006.

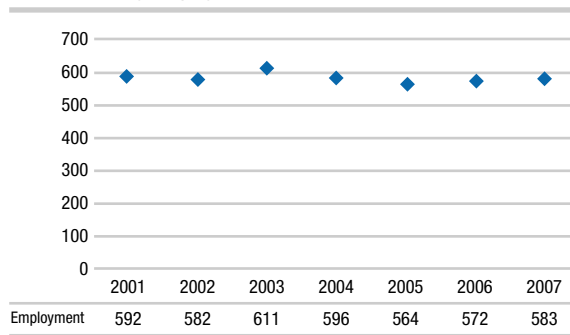
While it is difficult to quantify employer demand in the key regional growth areas, there appears to be significant gaps in preparation for these sectors. For example, in the Allied Health sector, the lack of workers for both low preparation (e.g., certified nursing assistant) and high preparation (e.g., registered nurses and other technical positions requiring at least an associate's degree) has made meeting employer demand in these areas difficult.

- **Decrease in jobs with an increase in productivity** - The variable economic picture in the North Central region makes the development of a coherent and responsive workforce development strategy very challenging. While there has been a net decrease of more than 9,000 jobs from 2001 to 2007, there has been increasing productivity in the state over the same time period resulting in continued high median wage levels.^{15,16}

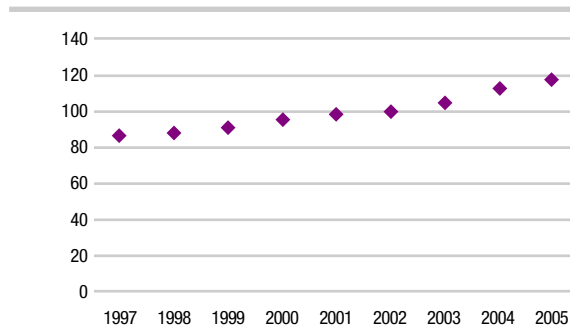
The median income in 2005 was \$57,939, compared with \$50,756 in 2000.¹⁷ While overall employment in Hartford County decreased, the total number of business establishments slightly increased by 1%, from 23,198 in 2000 to 23,379 in 2005.¹⁸ Professor Fred Carstensen at the Connecticut Economic Resource Center notes, "While Connecticut is the nation's wealthiest state...the pattern of firm creation and job growth is taking the state toward potentially high volatility and typically lower wages."¹⁹

At the same time, housing prices continue at high levels relative to this median income, affecting affordability for young professionals, another barrier to building a supply of skilled labor.²⁰

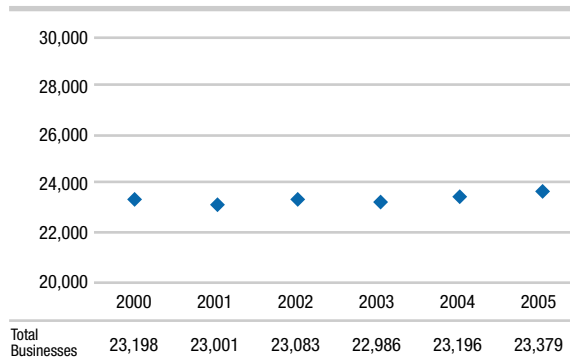
Hartford County Employment, 2001 to 2007 (in thousands)



Productivity - Output per Worker in Connecticut (\$ in thousands)



Total Businesses in Hartford County 2000-2005²¹



Bringing It All Together

The following is a recap of the important points made throughout this report:

- The labor supply is growing slowly, but it is also aging and there will be a shortage of qualified workers in many occupations.
- Much of our future workforce is unprepared to fill the gap when older workers start to retire.
- Immigration and labor participation rates continue to have a challenging impact on our workforce.
- Educational shortfalls require remediation, and an insufficient percentage of the population is attaining the educational requirements needed for the jobs businesses are looking to fill.
- Today's employers need individuals with both higher skill – high education backgrounds as well as lower skilled workers bifurcating the approach to workforce development.
- A block of high-wage, high skill occupational opening will increasingly become available without skilled workers to fill those needs.
- At the same time, many in-demand jobs do not pay a living wage.

This report was prepared by Andrew Esposito, Quality Performance Administrator and Planner, Capital Workforce Partners, and Ronald Schack, Ph.D., The Charter Oak Group, LLC

15. Source: Bureau of Economic Analysis, Survey of Current Businesses, U.S. Department of Commerce.

16. Source: Bureau of Labor Statistics, Connecticut Department of Labor Office of Research.

17. Source: American Community Survey, 2005 and U.S. Census, 2000.

18. Source: Connecticut Center For Economic Analysis, 2007.

19. Source, Connecticut Center For Economic Analysis, 2007.

20. Delonge, Allisa, Rising Housing Costs in Connecticut: Evidence from the U.S. Census, October, 2006.

21. Source: U.S. Census County Business patterns.

As a regional Workforce Investment Board (WIB), Capital Workforce Partners coordinates comprehensive programs through private and public partner organizations to assist job seekers and employers in achieving their goals. These programs are critical in developing a skilled, educated and vital workforce. Serving 37 municipalities in North Central Connecticut, Capital Workforce Partners keeps an eye on the job-related needs in the local marketplace. Led by a consortium of the region's chief elected officials and representatives from business, education and labor serving on its Board of Directors, Capital Workforce Partners is an essential "partner" in economic development for the region. Capital Workforce Partners is also a significant partner in, and financial contributor toward the *CTWorks* One-Stop Career system, and one of five Workforce Investment Boards in Connecticut that comprise the Connecticut Workforce Development Council.



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