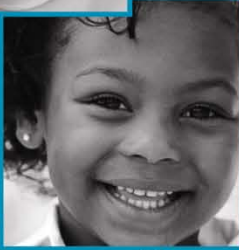


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# **State of Working Connecticut, 2011: Jobs, Unemployment, and the Great Recession**

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# The State of Working Connecticut, 2011

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## Introduction

It has been more than three years since the onset of the Great Recession. The economic havoc wrought by the ongoing economic crisis has had a profound and lasting effect on Connecticut's workers and households. The social, political, and economic effects of the Great Recession will be felt long after the economy has recovered and will be part of the public policy debate into the foreseeable future. This report examines in detail the effects of the recession on Connecticut's labor force and job market, focusing in large part on unemployment and related measures. Connecticut Voices for Children will release a separate report next month detailing the impact of the economic crisis on wages in our state – an equally important, but distinct, feature of the post-recession landscape that warrants a focused analysis of its own.

Nationwide, the official beginning of the recession was December 2007, but the recession did not officially take hold in Connecticut until March of 2008, and ended in January 2010. Officially, the Great Recession lasted 22 months in Connecticut, which was four months longer than the national downturn. All region of the state and most segments of society were impacted by the economic crisis. The state lost over 119,000 jobs during this period – and at the current rate of job creation in Connecticut, it will take about six years to return to pre-recession levels of employment. However, it is equally true that high unemployment was not evenly distributed among the state's residents. The burden has been borne disproportionately by our youngest jobseekers, and by racial and ethnic minorities in the labor force. Both groups have been hit particularly hard by stagnant – and, in some ways, deteriorating – labor market conditions. Similarly, while every town in Connecticut has endured rapidly-increasing unemployment, urban and rural areas have seen exceptionally high job losses while suburban and wealthy areas have suffered less.

The report contains three broad sections. First is an analysis of statewide employment sectors and labor force trends, revealing opportunity gaps by age, race, gender, and educational attainment, as well as a look at which towns were hit the hardest by the recession. Unemployment is highest among young workers, Hispanics, and African-Americans. Long-term unemployment is worse for older workers, especially older women, and has reached into the ranks of the college educated. Connecticut has the 5<sup>th</sup>-highest rates of long-term unemployment in the country, and underemployment is highest among the lowest-income households. The report covers employment trends among recent graduates of the Connecticut State University System. There is also a discussion of the state's insolvent Unemployment Compensation Trust Fund. Only the healthcare sector grew (+8,303 jobs) during the Great Recession, with every other major employment sector experiencing a net loss of jobs. Manufacturing in particular suffered the most, losing nearly 21,000 jobs.

While statewide statistics can tell a story of broad trends, the state is not a homogenous whole. To provide a fuller, and more nuanced, account of the state's job situation, this report also examines regional labor force trends within Connecticut, using the nine "Labor Market Areas" (LMAs) as established by the Connecticut Department of Labor. Details are provided for racial differences in unemployment, as well as the top five employment sectors in each LMA. This is where the disparate unemployment situation in Connecticut becomes clear. Among whites, the statewide percentage of the working-age population without a job peaked in March 2010 at 6.2 percent. In contrast, this percentage among whites was still at 7.8 percent in the Waterbury LMA as recently as March 2011. The LMA analysis also takes into account seasonal unemployment trends that

overwhelmingly affect minorities. Estimated unemployment among Hispanics was highest at 16.7 percent in the Enfield LMA and reached 31.3 percent among African-Americans in the Torrington LMA. Such high unemployment is not immediately evident when viewing statewide statistics.

In section three, the report suggests broad public policy recommendations to resolve the state's most pressing problem — jobs. More detailed recommendations will follow in upcoming reports that will delve more deeply into specific topic areas. The single most important recommendation is that state government must invest in the state's most important resource: its human capital — including young, old, white, minority, urban, and rural populations. Everyone, everywhere in Connecticut must have the opportunity to obtain an appropriate level of education to support themselves and their families. Furthermore, while there is no single solution for solving the unemployment problem statewide, we hope to reorient the “jobs” discussion around a more accurate portrayal of Connecticut's labor market in 2011 — a complex and dynamic entity, and one that demands a new understanding of what it means to be unemployed in Connecticut today.

## Overall Unemployment in Connecticut

### A. Statewide

While rising steadily from 2007 through 2010, unemployment in Connecticut remained consistently lower than the national average and peer states (New York, New Jersey, Massachusetts, and Rhode Island) average during the recession.<sup>1</sup> Unemployment among peer states spiked at 9.4 percent in 2010 and then declined to 9 percent in June 2011.<sup>2</sup> However, Connecticut's unemployment rate in June 2011, at 9.1 percent, exceeded the peer states average.<sup>3</sup>

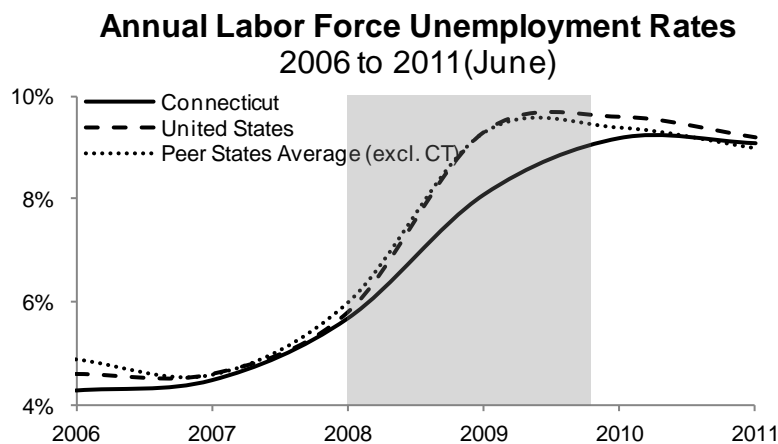


Chart 1. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

In 2009, Connecticut's unemployment rate stood at 8.1 percent, 1.2 percentage points lower than the peer states average of 9.3 percent. By 2010, the gap had narrowed to 0.2 percentage points. Looking forward, the unemployment rate in Connecticut may remain high and parallel the national rate as the state's job growth continues to languish.

Annual Labor Force Unemployment Rates: 2006-2011(June)						
State	2006	2007	2008	2009	2010	2011 <sup>4</sup>
Connecticut	4.3%	4.5%	5.7%	8.1%	9.2%	9.1
United States	4.6%	4.6%	5.8%	9.3%	9.6%	9.2
Peer States Average	4.9%	4.6%	6.0%	9.3%	9.4%	9.0
Massachusetts	5.1%	4.6%	5.3%	8.4%	8.5%	7.6
New Jersey	4.8%	4.2%	5.4%	9.1%	9.3%	9.5
New York	4.4%	4.6%	5.5%	8.3%	8.5%	8.0
Rhode Island	5.2%	4.9%	7.9%	11.2%	11.3%	10.8

Table 1. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

<sup>1</sup> The CT Dept. of Labor reports the official period of recession in CT ran from March 2008 to January 2010 (<http://www1.ctdol.state.ct.us/lmi/digest/pdfs/cedmar11.pdf>). For the purposes of this report, "recession" will be taken to mean this period unless otherwise noted. The National Bureau of Economic Research reports the official period of recession nationwide ran from December 2007 to June 2009 (<http://www.nber.org/cycles.html>).

<sup>2</sup> The official unemployment rate is the percentage of the labor force (those with a job plus those actively seeking work) who are currently employed. See glossary for further information. (<http://www1.ctdol.state.ct.us/lmi/ctunemploymentrate.asp>)

<sup>3</sup> The "peer states average" includes New York, New Jersey, Massachusetts, and Rhode Island, and excludes Connecticut. Previous years' studies compared Connecticut to the five other New England states; however the "peer states" grouping more accurately compares states with similar socioeconomic characteristics.

<sup>4</sup> June 2011

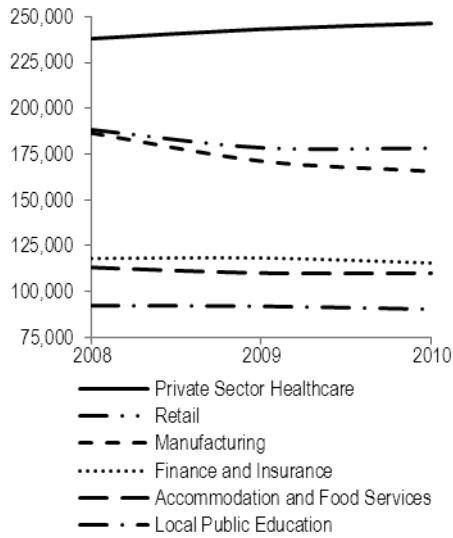
## What Others Report

### U.S. Bureau of Labor Statistics: Issues in Labor Statistics *(How long before the unemployed find jobs or quit looking?, May 2011)*

Nationwide prior to the start of the recession in 2007, it took roughly five weeks for an unemployed worker to find a job. By 2010, it was taking as long as ten weeks for an unemployed worker to find a new job. Furthermore, before the recession the typical unemployed worker would become discouraged and leave the labor force after 8.5 weeks as compared to twenty weeks in 2010.

### B. Employment Trends by Industry

**Employment by Industry**  
Connecticut's "Largest" Sectors



Largest Industrial Sectors	2008	2010	2008 to 2010	
			Change	% Change
<b>Statewide Total Employment</b>	<b>1,676,490</b>	<b>1,596,050</b>	<b>-80,440</b>	<b>-4.8%</b>
Private Sector Health Care	238,037	246,340	8,303	3.5%
Retail	188,364	178,250	-10,114	-5.4%
Manufacturing	186,522	165,637	-20,885	-11.2%
Finance and Insurance	118,072	115,608	-2,464	-2.1%
Accommodation/Food Services	113,185	110,068	-3,117	-2.8%
Local Public Education	92,361	90,388	-1,973	-2.1%

Table 2. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW).

Chart 2. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW).

Connecticut had a net loss of 80,440 jobs between 2008 and 2010, a decline of 4.8 percent statewide. Private sector healthcare was the only major employment sector in the state to have job growth during the Great Recession, which officially began in March 2008 and ended in January 2010. Private sector healthcare added 8,303 jobs statewide from 2008 to 2010, an increase of 3.5 percent. The largest job loss was in manufacturing which shed nearly 21,000 jobs (-11.2 percent). Retail, the 2<sup>nd</sup> largest employer, lost over 10,000 jobs (-5.4 percent) and local public education eliminated nearly 2,000 jobs (-2.1 percent).

In contrast, job gains did occur statewide in smaller industry sectors such as Real Estate/Rental/Leasing, which added 4,543 jobs (31.4 percent) and private sector educational services, which added 1,532 jobs (3.0 percent). Another small employer in Connecticut - the federal government - added 1,331 jobs (25.5 percent) in public administration.

### C. Connecticut's Jobs Deficit

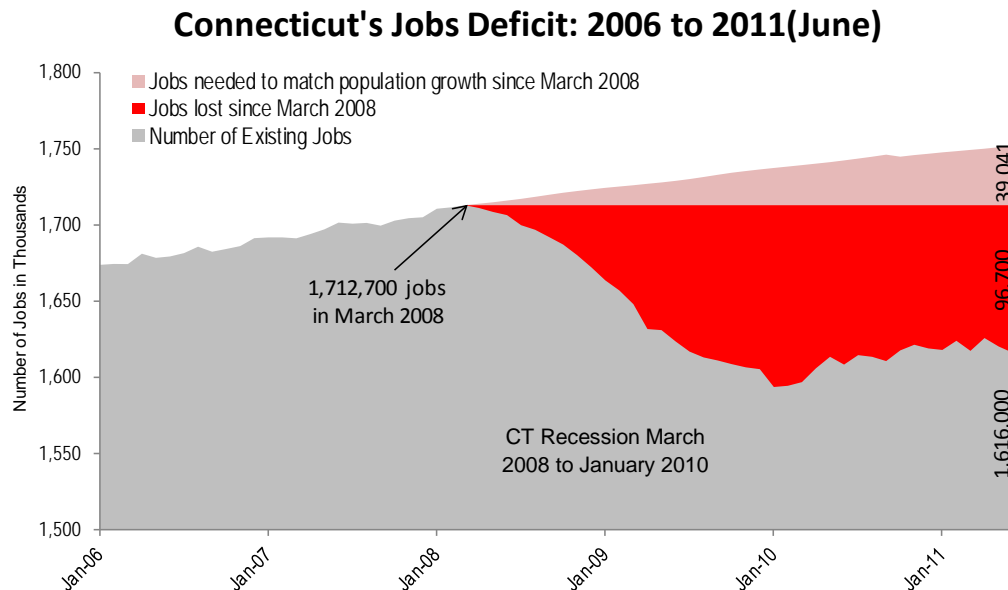


Chart 3. Source: CT Voices and Economic Policy Institute analysis of Bureau of Labor Statistics (BLS) data.

The official beginning of the recession in Connecticut in March 2008 coincided with the maximum number of non-farm jobs the state ever had at 1,712,700.<sup>5</sup> Connecticut's labor market experienced the worst employment of the recession in January 2010 having only 1,593,500 jobs, which coincided with the official end of the recession in Connecticut. The state lost 119,200 jobs, or 7 percent, in the intervening 22 months. In June 2011, the state had 1,616,000 jobs, which was 96,700, or 5.6 percent, below the peak of March 2008 and only 22,500, or 1.4 percent, more than the low of January 2010.

The state's job outlook worsens when considering the additional 39,041 jobs that would have been created in a growing economy that coincided with projected population growth.<sup>6</sup> Connecticut would need a total of 135,741 more jobs in June 2011 to keep pace with population growth since the recession began in March 2008.

Connecticut lost roughly 119,200 jobs over a 22-month period from March 2008 to January 2010. The state has added only 22,500 jobs, about 1,325 monthly, in the 17 months from January 2010 to June 2011. To regain all lost jobs by November 2011, 22 months after the recession ended in January 2010, would require the state to create an additional 96,700 jobs by November of this year -- or about 19,350 per month. Failing this, it will take about six years to regain all lost jobs at the current rate of 1,325 new jobs per month, which does not allow for additional jobs needed to keep up with population growth. The current employment level matches that of September 1997, when the state had 1,615,500 jobs.

<sup>5</sup> Non-farm, seasonally adjusted employment statistics from BLS.

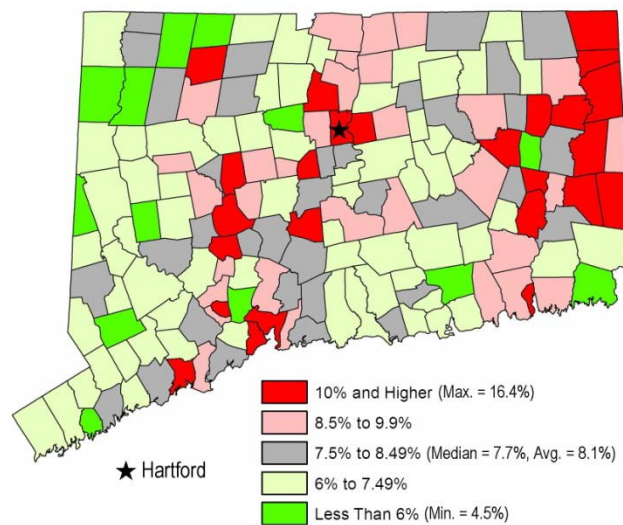
<sup>6</sup> Based on Economic Policy Institute population growth and employment projections. Assumes a pre-recession employment rate of 4.9 percent and population growth of 2.3% since March 2008.

### D. Town-by-Town Unemployment in 2011<sup>7</sup>

A comprehensive understanding of unemployment in Connecticut calls for an examination of the differences between regions.

While unemployment continues to be stubbornly high across the state, it is wreaking particular havoc in three specific – and dramatically different – areas; namely, the state’s poor urban centers, declining manufacturing towns in the Naugatuck River Valley, and the rural I-395 corridor along the eastern border of the state.<sup>8</sup> Eight of the top ten towns with the highest unemployment rates in June 2011 (Hartford, Bridgeport, East Hartford, New Britain, New Haven, New London, Windham, and Waterbury) are low-income urban core or urban periphery towns.<sup>9</sup> The two other towns in the top ten (Plainfield and Sprague) are rural towns in eastern Connecticut. In addition, thirty-five of Connecticut’s 169 towns have an unemployment rate at or above the national rate of 9.2%.

Labor Force Unemployment Rate for Towns  
June 2011



Map 1. Source: CT Dept. of Labor Local Area Unemployment Statistics (LAUS).

Town	Top 10 Unemployment Rate in June 2011
Hartford	16.4%
Waterbury	14.5%
Bridgeport	14.3%
New Haven	13.8%
New Britain	13.2%
New London	12.4%
Windham	12.3%
East Hartford	12.2%
Plainfield	11.7%
Sprague	11.2%

Table 3. Source: CT Dept. of Labor Local Area Unemployment Statistics (LAUS).

Note: Units are percentage *points*.

Unemployment rates by geographic category are as follows: Urban Core 13.6 percent, Urban Periphery 9.2 percent, Rural 8.1 percent, Suburban 7.1 percent, and Wealthy 6.3 percent. The concentration of high unemployment in communities that are as demographically, geographically, and culturally dissimilar as Urban Core and Rural towns suggests that policymakers focus on an approach to job creation that will benefit all regions of Connecticut.

<sup>7</sup> For a full breakdown of unemployment and related statistics for all 169 cities and towns, see appended spreadsheets.

<sup>8</sup> See embedded map and attached town-level data sheet.

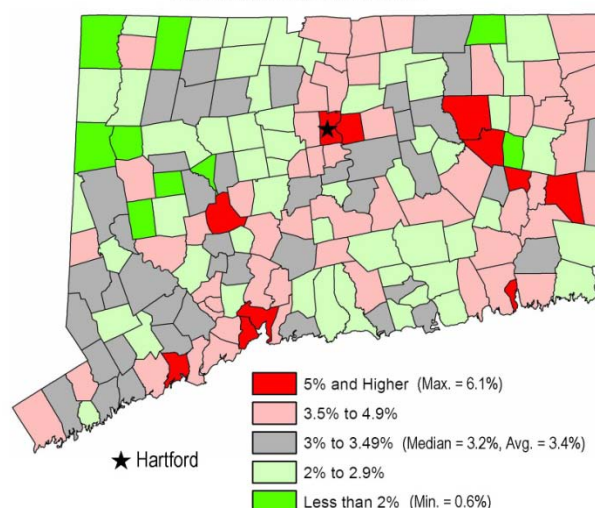
<sup>9</sup> Geographic classification of towns is from *The Five Connecticut*s, Connecticut State Data Center, University of Connecticut, 2004, [http://ctsdc.uconn.edu/Reports/CtSDC\\_CT\\_Part02\\_OP2004-01.pdf](http://ctsdc.uconn.edu/Reports/CtSDC_CT_Part02_OP2004-01.pdf)

### E. Town-by-Town Unemployment During the Great Recession

Eight towns (Bridgeport, East Hartford, Hartford, New Haven, New London, Sprague, Waterbury, and Windham) with the highest unemployment rates in June 2011 are also among the top ten towns with the most dramatic increases in unemployment since March 2008, which was the official start of the recession in Connecticut.

Towns in northwestern Connecticut, the lower Connecticut River Valley, and shoreline towns east of New Haven have been the least impacted by the Great Recession. At one extreme, eleven towns — all considered Urban Core, Urban Periphery, or Rural — had the largest increases in unemployment at 5 percentage points or higher from March 2008 to June 2011.<sup>10</sup> At the other extreme, nine towns — all considered Suburban or Rural — had the lowest increases in unemployment at less than 2 percent.<sup>11</sup>

Change in Labor Force Unemployment Rate for Towns  
March 2008 to June 2011



Map 2. Source: CT Dept. of Labor Local Area Unemployment Statistics (LAUS).

Town	Top 10 Change in Unemployment from March 2008 to June 2011
Hartford	6.1%
New Haven	6.0%
Bridgeport	5.8%
New London	5.8%
East Hartford	5.7%
Windham	5.6%
Waterbury	5.5%
Mansfield	5.3%
Griswold	5.1%
Sprague	5.1%

Table 4. Source: CT Dept. of Labor Local Area Unemployment Statistics (LAUS).

Note: Units are percentage *points*.

Increases in unemployment from March 2008 to June 2011 by geographic category are as follows: Urban Core 5.6 percentage points, Urban Periphery 3.9 percentage points, Rural 3.2 percentage points, Wealthy 3.1 percentage points, and Suburban 3.0 percentage points. Rural towns that have lost manufacturing jobs are among the most negatively impacted by the recession. In contrast, rural towns with a high concentration of wealthy owners of second homes (northwest CT) or wealthy retirees (CT River Valley) have been the least impacted by the recession. Such nuances should inform policymakers to think beyond a one-size-fits-all approach to economic development and job creation.

<sup>10</sup> These include the towns listed in Table 4, plus West Haven, which had the 11<sup>th</sup>-highest increase at 5.0 percent.

<sup>11</sup> These include the towns of Salisbury, Thomaston, Kent, Norfolk, Bethlehem, Warren, Union, Roxbury, and Scotland.

## The Five Connecticut

*City and town categories as defined by the University of Connecticut Center on Population Research*

1. **Wealthy** Connecticut has exceptionally high income, low poverty, and moderate population density. Example: **Westport**
2. **Suburban** Connecticut has above average income, low poverty, and moderate population density. Example: **Cheshire**
3. **Rural** Connecticut has below average income, below average poverty, and the lowest population density. Example: **North Stonington**
4. The **Urban Periphery** of Connecticut has below average income, average poverty, and high population density. Example: **Manchester**
5. The **Urban Core** of Connecticut has the lowest income, highest poverty, and the highest population density. Example: **Bridgeport**

## II. Long-Term Unemployment<sup>12</sup>

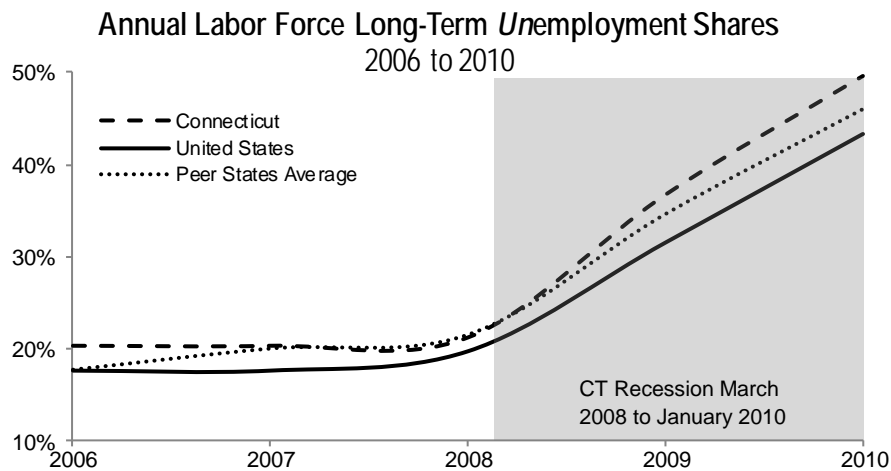


Chart 4. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

Relative to the peer states average and to the country, long-term unemployment is especially pervasive among Connecticut's jobseekers, and since 2006, has matched or exceeded both regional and national averages. In 2010, nearly half (49.6%) of Connecticut's unemployed had been out of work for more than 26 weeks. By comparison, the long-term unemployment

Long-Term <i>Un</i> employment Shares, 2006-2010					
	2006	2007	2008	2009	2010
<b>Connecticut</b>	20.3%	20.3%	21.2%	36.7%	49.6%
<b>United States</b>	17.6%	17.6%	19.7%	31.5%	43.3%
<b>Peer States Average</b>	17.7%	20.0%	21.5%	34.6%	46.0%
Massachusetts	16.2%	19.5%	20.3%	31.2%	41.1%
New Jersey	18.2%	20.9%	20.6%	36.4%	51.4%
New York	22.2%	22.4%	22.3%	34.0%	43.8%
Rhode Island	14.0%	17.1%	22.7%	36.7%	47.6%

Table 5. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

<sup>12</sup> Long-term unemployment includes individuals who have been categorized as unemployed for more than twenty-six weeks (about six months). It excludes those who did not actively look for work in the prior four months. It is reported as a percentage (share) of total unemployment.

average for the peer states group stood at 46.0% and nationally at 43.3%. Since 2008, long-term unemployment in Connecticut rose more than 28 percentage points, which is a larger increase than was seen in either the peer states group or the national average. The marked run-up in long-term unemployment in Connecticut, due at least in part to a rapidly aging workforce (see Section IV. *Race, Age, and Education during the Recession*), vividly illustrates the worsening labor market situation in the state. Furthermore, *The Connecticut Economic Digest* reports that, "... the long-term unemployed are overly represented in the 55 and older age group."<sup>13</sup>

Due to our state's aging labor force, long-term unemployment Connecticut our state is self-reinforcing: Since these older workers are unemployed for longer periods, they are then less likely to be hired than younger workers with shorter periods of unemployment. State policymakers will need to focus on the rehiring of older laid-off workers to reduce the state's extremely high rate of long-term unemployment.

### What Others Report

**AARP Public Policy Institute** (*The Employment Situation, June 2011: Dismal Job News for Older Workers*)

In June 2011 the average duration (nationally) of unemployment for those age 55 and over stood at 52.4 weeks.

**U.S. Bureau of Labor Statistics: Issues in Labor Statistics** (*Ranks of those unemployed for a year or more up sharply*, Oct. 2011)

"Some researchers have attributed the rise in long-term unemployment to the tendency of firms to hire individuals who have been jobless for shorter durations first."

**U.S. Bureau of Labor Statistics: Issues in Labor Statistics** (*Long-term unemployment experience of the jobless*, June 2010)

BLS reported, "... unemployed prime-age workers and older workers became substantially less inclined to drop out of the labor force." This caused long-term unemployment rates to remain high.

#### A. *Unemployment Insurance During the Great Recession*

As a result of high and persistent long-term unemployment, the recession has placed an onerous burden on the state's ability to pay unemployment insurance to laid-off workers.

##### *Funding Unemployment Insurance*

In Connecticut, as in much of the United States, the unemployment compensation system is normally funded by employers who pay taxes into the state's Unemployment Compensation Trust Fund.

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<sup>13</sup> The Connecticut Economic Digest, *The Face of the Long-Term Unemployed*, November 2010, p. 1.

*Connecticut's Insolvent Unemployment Compensation Trust Fund*

When unemployment spiked in Connecticut from 5.7 to 8.1 percent between 2008 and 2009, Connecticut's unemployment compensation trust fund began to pay out significantly more than employers were paying in. On October 13, 2009, the trust fund was officially declared insolvent by the Connecticut Department of Labor.<sup>14</sup>

As illustrated in Chart 1-5, revenues and benefits were in general equilibrium from 2006 through the early part of 2008. UI benefits began to outpace revenues in late 2008, leading to a draining of trust fund reserves and insolvency in October 2009. In order to stay current on legally-required unemployment payments, the State of Connecticut has borrowed roughly \$810 million from the federal government.

*Costs of an Insolvent Unemployment Compensation Trust Fund*

The American Recovery and Reinvestment Act, known as ARRA, waived interest payments on the federal borrowing until December 31, 2010, but interest (max. of \$25.50 per employee) has been accruing throughout 2011. The Connecticut Department of Labor is currently projecting interest payments to the federal

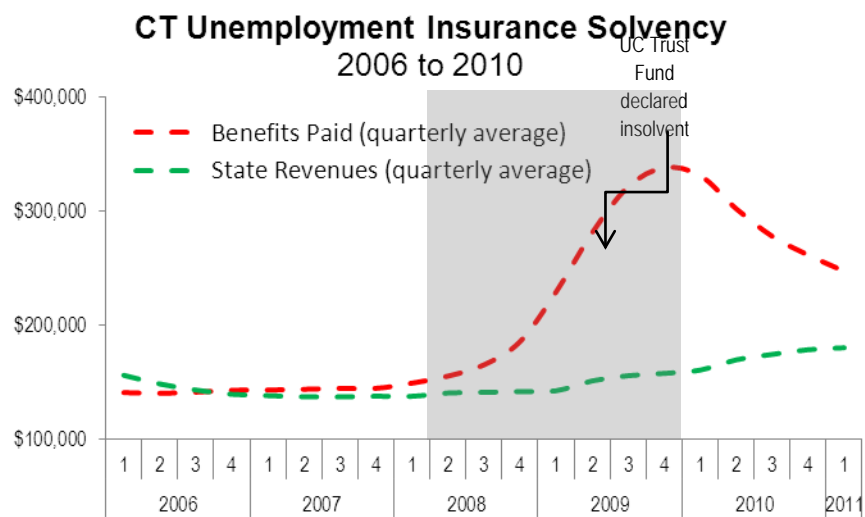


Chart 5. Source: Email from Kevin Stapleton at U.S. Dept. of Labor

government -- which come due on September 30, 2011 -- will total approximately \$40 million. Since August 1<sup>st</sup> of 2011, all tax-paying employers in Connecticut have been billed a “special assessment” solely to pay the costs of interest on federal borrowing (estimated to cost approximately \$40 per employee).

Although more comprehensive analysis of and recommendations for Connecticut's Unemployment Compensation system exceeds the scope of this particular report, steps must be taken in the near future to increase solvency and reduce reliance on federal borrowing – while maintaining this crucial benefit lifeline for those out of work.

<sup>14</sup> <http://www.ctdol.state.ct.us/uitax/SpecialAssessment/overview.htm>

### III. Underemployment<sup>15</sup>

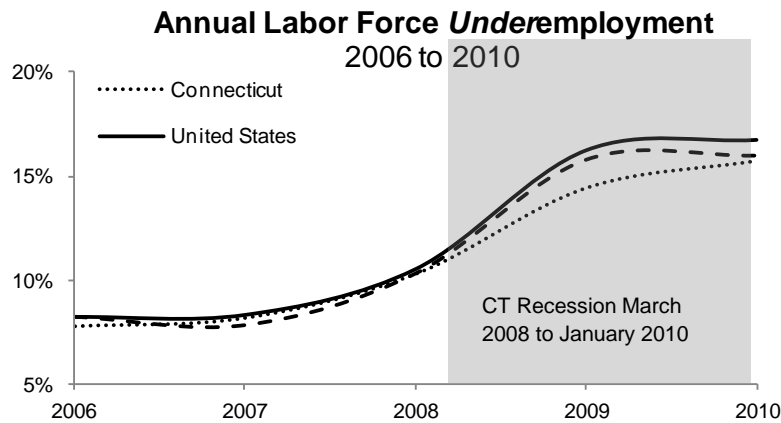


Chart 6. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

Underemployment in Connecticut remained closely aligned with the peer states average and national average prior to the beginning of the recession in Connecticut in March 2008. In 2009, underemployment in Connecticut was more than 1 percentage point lower than both the national rate and the peer states average. However, by 2010 the underemployment rate in Connecticut was approaching the national and peer states rates.

Underemployment, 2006-2010					
	2006	2007	2008	2009	2010
Connecticut	7.8%	8.2%	10.3%	14.4%	15.7%
United States	8.2%	8.3%	10.5%	16.2%	16.7%
Peer States Average	8.2%	7.8%	10.3%	15.8%	16.0%
Massachusetts	8.2%	7.3%	9.0%	14.5%	14.3%
New Jersey	7.8%	7.4%	9.5%	15.2%	15.7%
New York	7.7%	8.1%	9.6%	14.3%	14.8%
Rhode Island	8.9%	8.3%	13.2%	19.2%	19.2%

Table 6. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

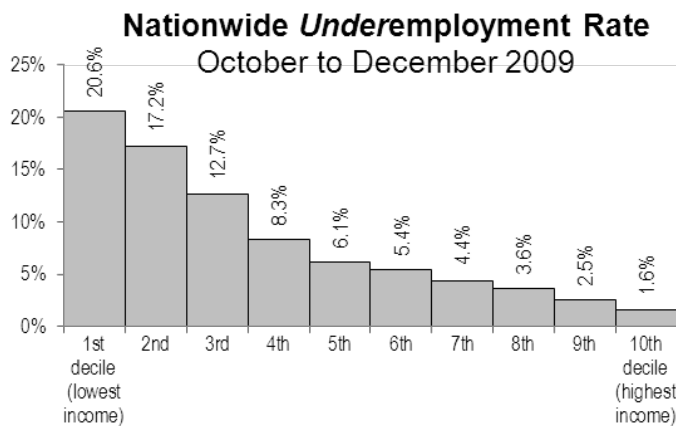


Chart 7. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

The *Monthly Labor Review* reports, "... underemployment is more concentrated among workers from lower income households."<sup>16</sup> The lowest income households (1<sup>st</sup> decile) have an underemployment rate of 20.6 percent vs. 1.6 percent for the highest income households (10<sup>th</sup> decile). This may partially explain why Connecticut has a lower rate of underemployment as the state has the 3<sup>rd</sup> highest median income in the country.<sup>17</sup>

<sup>15</sup> People who are working part-time, but want full-time work, are considered underemployed. Discouraged jobseekers who are jobless are also included if they have stopped looking for work, as long as they did actively look for a job in the previous twelve months. Consequently, rates for the underemployed can exceed unemployment rates. People who take jobs for which they are over-qualified are not considered underemployed.

<sup>16</sup> U.S. Bureau of Labor Statistics, *Monthly Labor Review*, *The Nation's underemployed in the "Great Recession" of 2007-09*, November 2010, p. 3, <http://www.bls.gov/opub/mlr/2010/11/art1full.pdf>

<sup>17</sup> U.S. Census Bureau, 2009 ACS table B19013 Median Household Income in the Last 12 Months

#### IV. Race, Age, and Education During the Great Recession

The Great Recession has left few Connecticut households untouched; however, it is critical to acknowledge that different segments of the labor force have borne the brunt of the recession in dramatically disproportionate fashion.

**A. Race and Ethnicity.** In 2010, Hispanics experienced the most unfavorable labor market as measured by both unemployment and underemployment. Unemployment among Hispanics in 2010 stood at 17.7%, compared to 15.6% among African Americans and 7.5% among whites. Similarly, Hispanics were nearly two and half times as likely as whites to be underemployed. Underemployment among African-Americans was also exceptionally high at nearly double that of whites. Furthermore, African-Americans had the highest rate of long-term unemployment. In 2010, 58.6% of African-Americans had been out of work for more than 26 weeks, compared to 48.8% of whites and 49.1% of Hispanics.

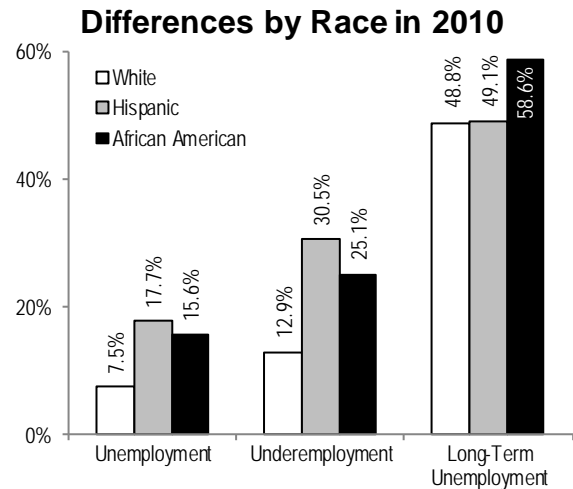


Chart 8. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

Between 2006 and 2010, both African-Americans and Hispanics experienced disproportionate increases in both unemployment and underemployment relative to whites. In 2006, unemployment among African-Americans and Hispanics stood at 8.3 and 8.2 percent respectively, compared to 3.3 percent among whites. However, as the recession began in March 2008, unemployment increased at faster rates for racial and ethnic minorities than for whites. From 2006 to 2010, unemployment for Hispanics increased by 9.5 percentage points; by 7.3 percentage points for African-Americans; and by 4.2 percentage point for whites. Unlike whites and Hispanics, unemployment for African-Americans *dropped* in 2010. Considering the extremely high long-term unemployment rate among African-Americans (see Chart V-1 and V-III), it could be that the labor market has become so discouraging for African-American jobseekers for so long that many have dropped out of the labor force entirely since 2009, and are no longer looking for work. Furthermore, since 2006, the labor force

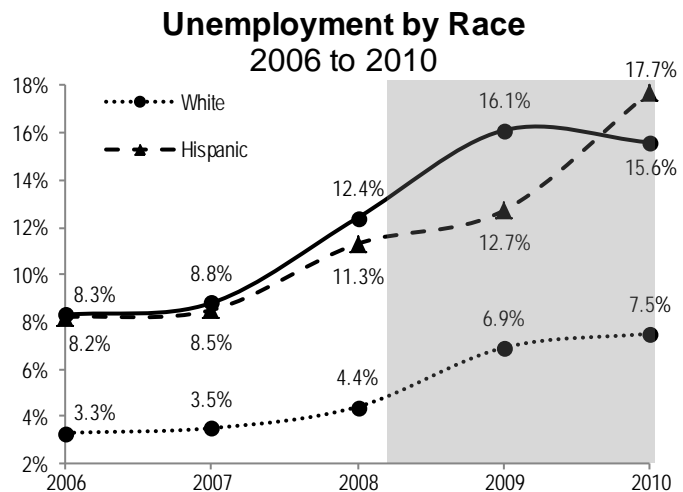


Chart 9. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

participation rate among African-Americans in Connecticut dropped by 5.4 percent.<sup>18</sup> By comparison, labor force participation has *increased* among whites and Hispanics by 1.0 and 0.8 percent respectively.

Whites experienced the largest increase in long-term unemployment between 2008 and 2010 with an increase of 30.8 percentage points, as compared to African-Americans at 30.1 percent. While whites had the largest increase, it should be noted that whites had the lowest long-term unemployment rate in 2008 and that African-Americans had the highest long-term unemployment rate in 2010. Long-term unemployment remained relatively low for Hispanics in 2009, but then increased to 49.1 percent in 2010, which was an increase of 26 percentage points.

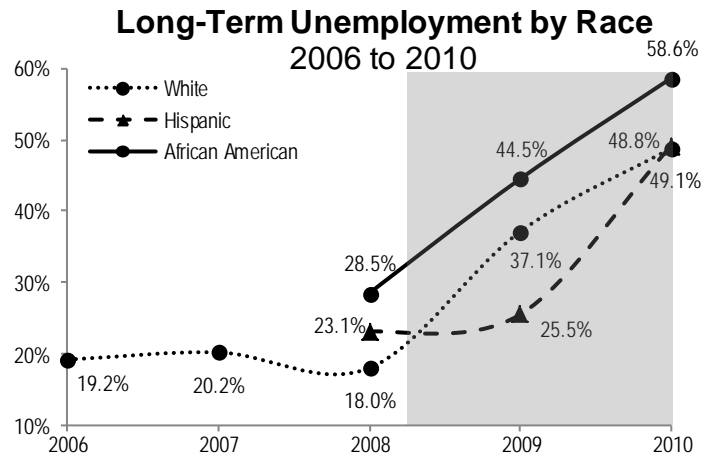


Chart 10. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

## What Others Report

### **The Connecticut Economic Digest** (*The Face of the Long-Term Unemployed*, Nov. 2010)

In Connecticut, about 37 percent of long-term unemployed Hispanics and African-Americans are age 16 to 34, and roughly 13 percent are age 55 and older. In contrast, among whites about 23 percent of long-term unemployed workers are age 16 to 34, but the 55 and over age group accounts for over 30 percent of the long-term unemployed.

### **U.S. Bureau of Labor Statistics: Issues in Labor Statistics** (*How long before the unemployed find jobs or quite looking?*, May 2011)

The BLS reports that "... once unemployed, the likelihood that one will be successful in one's job search decreased as the length of time spent searching for work increased.

<sup>18</sup> Labor Force Participation includes those aged 16 or older who are either employed or unemployed divided by the total civilian non-institutional population aged 16+. Statistics from Current Population Survey (CPS).

**B. Age Groups.** By a large margin, Connecticut’s youngest jobseekers experienced the toughest labor market last year: 18.2 percent of those aged 16 to 24 were unemployed in 2010, and 30.7 percent of young adults were considered underemployed. Both unemployment and underemployment were lowest among older adults age 55 and over. However, older workers had the highest rate of long-term unemployment. More than 60 percent of the oldest jobseekers in 2010 had been out of work for more than 26 weeks.

The gap in unemployment between the youngest workers and the oldest has grown wider since 2006. In 2006, unemployment among workers age 55+ was 2.7 percent compared to 11.4 percent for the youngest workers age 16-24, a difference of 8.7 percentage points. By 2010, the gap had grown to 11.6 percentage points.

### Differences by Age in 2010

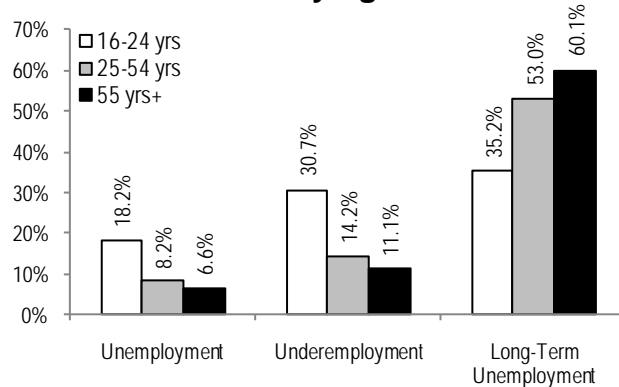


Chart 11. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

### Unemployment by Age 2006 to 2010

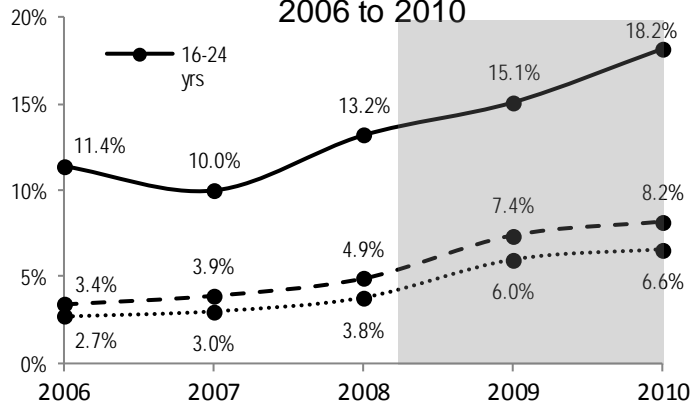


Chart 12. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

## What Others Report

### **The Employment Policy Institute** (*The Long-Term Effects of Youth Unemployment*, October 2001)

Unemployment early in a worker’s career has been linked to an increased likelihood of future unemployment, lower wages, decreased lifetime earnings, and a human capital gap that forces young workers to “catch up” on lost skills following a period of unemployment. For those that are already close to the margins of the labor force – namely, poor and minority young people – unemployment early on in careers can introduce significant barriers to employment and downward pressure on earnings for these most vulnerable.

### **U.S. Bureau of Labor Statistics: Issues in Labor Statistics** (*Ranks of those unemployed for a year or more up sharply*, October 2010)

“Persons aged 16 to 24 accounted for a considerably smaller share of year-or-longer unemployment than of total unemployment, partially a reflection of the fact that younger persons are more likely to drop out of the labor force than the older unemployed.”

**C. Gender.** Unemployment and underemployment rates have been higher for men than women both before and during the recession which began in Connecticut in March 2008. In 2010, the unemployment rate for men was 9.9 percent compared to 8.4 percent for women. Men also had a higher rate of underemployment at 16.1 percent versus 15.2 percent for women. However, women had a higher rate of long-term unemployment. In 2010, 52.5 percent of unemployed women had been without a job for more than 26 weeks, compared to 47.3 percent of unemployed men.

**Gender Differences in 2010**

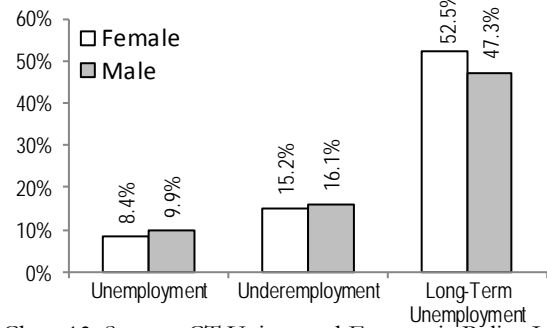


Chart 13. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

Men had consistently higher rates of unemployment than women both before and during the recession; however, the gap between genders began to widen in 2008. In 2006, there was a 0.2 percent difference in unemployment between men and women. That difference increased to 1.5 percent by 2010. This gap may be due, in part, to the disproportionate number of women who are employed in the teaching and healthcare fields.

**Unemployment by Gender 2006 to 2010**

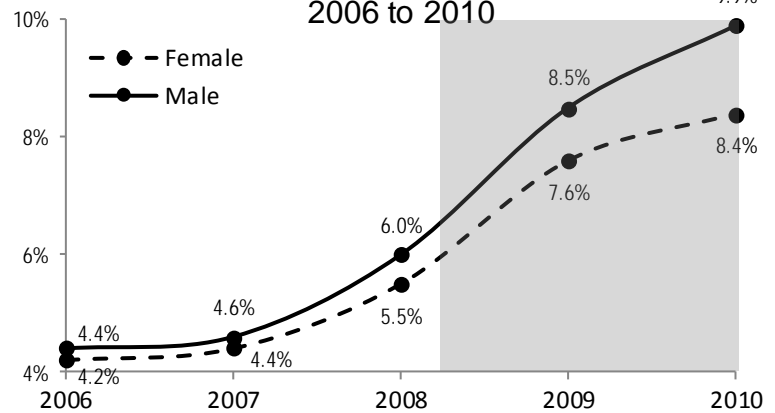


Chart 14. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

### What Others Report

**Institute for Women’s Policy Research** (*Separate and Not Equal? Gender Segregation in the Labor Market and the Gender Wage Gap*, September 2010)

Forty percent of women work in female-dominated occupations that employ fewer than 10 percent of men.

**Center for American Progress** (*Changing Places Women Continue to Lose Jobs as Economy Grows*, May 2011)

As the economy recovers, men are gaining jobs but women are losing jobs. “Much of the difference by gender is due to the fact that women are more likely to be employed by state-and-local governments, which are engaged in significant lay-offs in the wake of the nationwide budget crunch.”

**Pew Research Center** (*In Two Years of Economic Recovery, Women Lost Jobs, Men Found Them*, July 2011)

“The recovery from the Great Recession is the first since 1970 in which women have lost jobs even as men have gained them.”

**D. Educational Attainment.** There is a strong link between educational attainment and success in the labor market. Jobseekers without a high school diploma were far more likely to be unemployed or underemployed.

Unemployment among the least-educated was nearly double that of those who had completed high school and nearly five times higher than those with a bachelor's degree or higher. Similar patterns emerge in underemployment, with college graduates significantly less likely to be underemployed than those who have not completed high school. However, the trend appears to reverse upon examination of the long-term unemployment data. Those with less than a high school degree were the least likely to experience long-term unemployment in 2010. This disproportionately low rate of long-term unemployment among the least educated could be because they stop looking for work sooner than more educated workers. Otherwise, long-term unemployment is high among the other three levels of educational attainment.

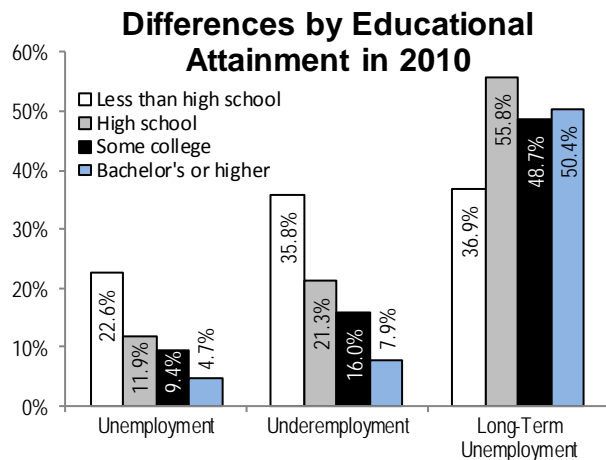


Chart 15. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

The least educated have also had consistently higher rates of unemployment both before and during the Great Recession, which began in Connecticut in March 2008. In 2006, the unemployment gap between the least educated (11.8%) and the most educated (2.2%) stood at 9.6 percentage points. By 2010, the gap had widened to 12.7 percentage points.

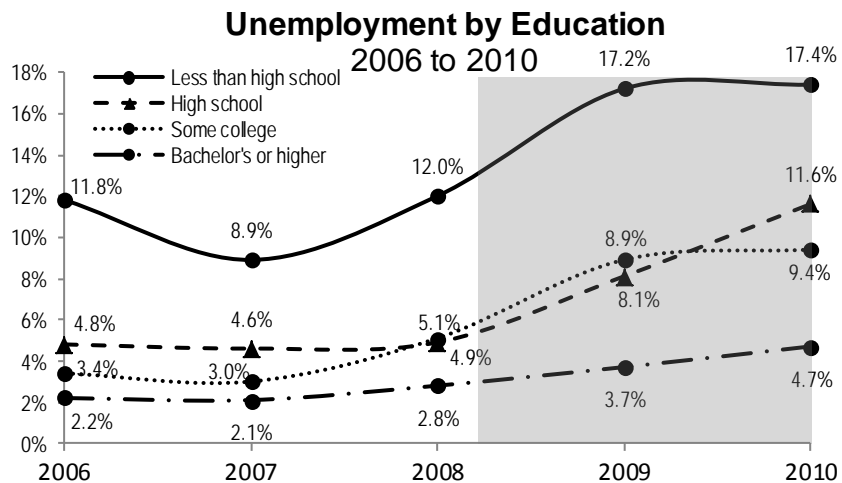


Chart 16. Source: CT Voices and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey (CPS) data.

For a short period early in the recession, high school graduates had a lower rate of unemployment than those with some college education. However, by 2010 high school graduates had resumed their pre-recession spot with the second highest rate of unemployment.

*Employment among Connecticut's State University System Graduates*

Higher rates of unemployment and underemployment — specifically, post-graduation part-time employment — have become more common for recent college graduates since the recession began in March 2008. Graduates of the Connecticut State University System (CSUS) have experienced increases in part-time employment.<sup>19</sup> A survey conducted by CSUS reported a decrease in full-time employment for their graduates. At CSUS, unemployment for graduates doubled from 5 percent, in 2006, to 10 percent, in 2010.

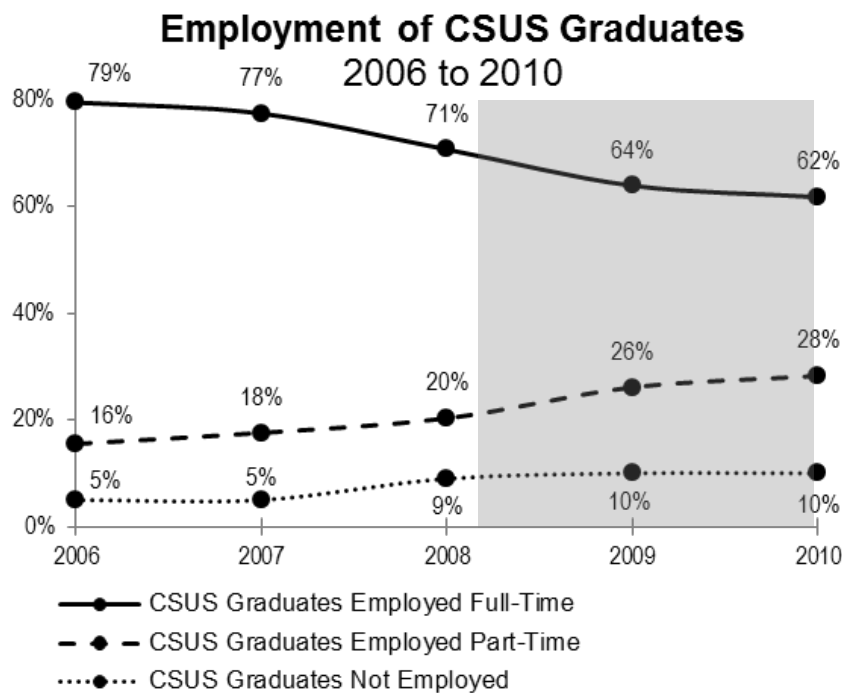


Chart 18. Source: Source: CT State University System Office of Institutional Research Alumni Survey.

<sup>19</sup> CSUS includes Eastern, Western, Central, and Southern Connecticut State Universities.

## What Others Report

**The Pew Charitable Trusts** (*Addendum: A Year or More: The High Cost of Long-Term Unemployment*, January 2011)

“Once a person is out of work, a high level of education provides only limited protection against a long period of unemployment.”

**The Federal Reserve Bank of Cleveland** (*Educational Attainment and Employment*, March 2011)

“The recent recession caused a very large spike in the length of time workers remain unemployed, and spells of unemployment are now similar for workers at all levels of educational attainment.”

**The Federal Reserve Bank of San Francisco Economic Letter** (*Recent College Graduates and the Job Market*, March 2011)

The Federal Reserve Bank of San Francisco (FRBSF) likens the current labor market for college graduates to “... the 2001 recession and the subsequent jobless recovery.” Furthermore, FRBSF expects demand for recent college graduates to “... remain depressed well into the future.”

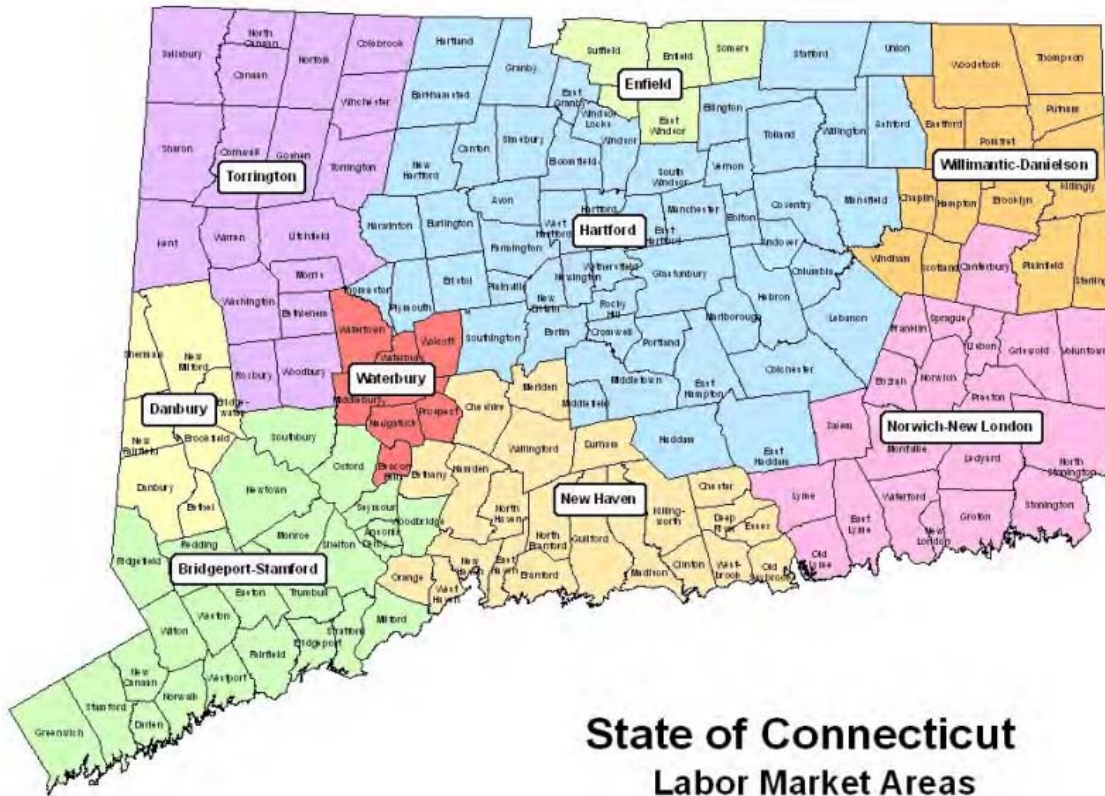
*Authors' Note: This is a broad characterization that does not take into account regional differences in demand for particular fields of study.*

# Labor Market Area (LMA) Labor Force Trends

## I. Introduction and Methodology

The following regional labor market analysis is based primarily on “Labor Market Area,” or LMA, data made available by the Connecticut Department of Labor (CTDoL). Connecticut is comprised of the following nine LMAs, which are defined by the federal Bureau of Labor Statistics as “an economically integrated geographic area within which individuals can reside and find employment within a reasonable distance or can readily change employment without changing their place of residence”:<sup>1</sup>

- Bridgeport-Stamford
- Danbury
- Enfield
- New Haven
- Norwich-New London
- Torrington
- Waterbury
- Willimantic-Danielson



**State of Connecticut  
Labor Market Areas  
(Census 2000-based)**

Map 3. Source: CT Dept. of Labor

<sup>1</sup> <http://www1.ctdol.state.ct.us/lmi/misc/lmatowns.asp>

The Connecticut Department of Labor does not provide unemployment rates by race/ethnicity or gender for LMAs. To calculate these statistics, data on race/ethnicity and gender were obtained from the state's affirmative action plan for jobseekers who register at a CTWorks Career Center.<sup>2</sup> These figures are compared to estimates of the corresponding working-age population from Census 2000, the American Community Survey (ACS) five-year estimates (2005-2009), and Connecticut State Data Center population projections. These calculations provide a rough approximation of unemployment among demographic groups in the regional labor markets.<sup>3</sup> They represent the entire population aged 18 to 64 that is unemployed including both those who are willingly unemployed or who have left the labor force altogether. This is not comparable to the official unemployment rate, which is only the percentage of the *labor force* (those who are employed or actively seeking work) that is unemployed.

Trends in LMA data lend themselves to a more dynamic and nuanced assessment of the state of working Connecticut. For instance, the unemployment rate in the Bridgeport-Stamford LMA remained below the statewide average throughout the Great Recession. The Bridgeport-Stamford LMA had a maximum unemployment rate of 9.2 percent, compared to a statewide maximum of 9.9 percent. However, a closer analysis of this region reveals a dramatically unequal and disproportionate labor market. Slightly more than 20 percent of working-age African Americans in the Bridgeport-Stamford LMA were unemployed in March 2011, down only slightly from a peak of 23.1 percent in June of 2010. By comparison, the unemployment rate for whites in this LMA stood at 4.2 percent in March 2011. Examining disparities like these within and between LMA subgroups is important to fully understanding the state's labor markets. Further, economic development policies that are informed by such regional analyses have the potential to allocate human and financial resources in more targeted and strategic ways to alleviate the significant unemployment disparities that exist in Connecticut.

LMA data is *not* seasonally adjusted, which provides an unfiltered picture of unemployment trends throughout the year. Statewide, the lowest unemployment is in March and the highest is in June. The Seasonal Unemployment Volatility Quotient provides a relative measure of seasonal

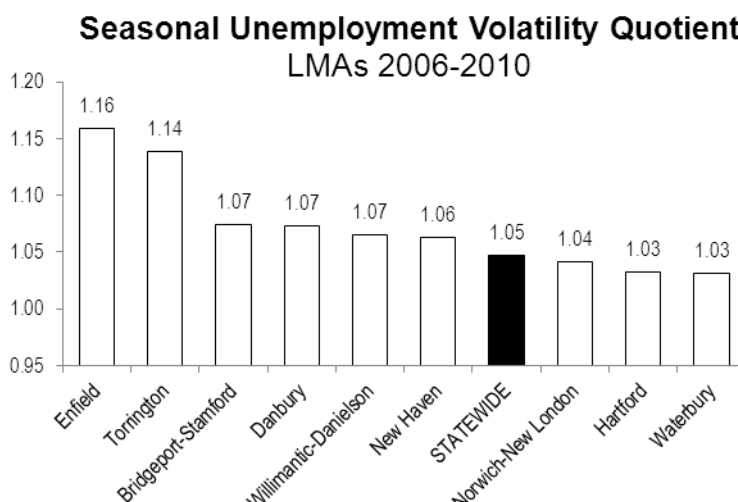


Chart 19. Source: CT Voices analysis of CT Dept. of Labor unemployment data.

<sup>2</sup> <http://www1.ctdol.state.ct.us/lmi/affirm/affirm.asp>

<sup>3</sup> These figures should *not* be construed as the traditionally-reported unemployment rate, which is a more exact calculation of those members of the labor force who are actively seeking employment. These statistics are more similar to the Labor Participation Rate but include total population aged 18 to 64.

employment across LMAs.<sup>4</sup> Construction, agriculture, and K-12 education are among the most seasonal employment sectors. The Enfield LMA has the highest seasonal unemployment in the state; Hartford and Waterbury have the lowest. By taking a closer look at volatility in seasonal unemployment in and among our state's regional labor markets, we can move towards a fuller understanding of the job market for those most likely to be seasonally unemployed due to marginal attachments to the labor force – specifically, racial and ethnic minorities and those with the lowest levels of educational attainment. Further, understanding the cyclical nature of the job market for those at the margins will more fully inform unemployment and job-creation policy decisions – and their broad impacts across demography and geography.

Each of the following LMA subsections will focus on five statistics in particular.<sup>5</sup> The rankings that appear next to each figure are based on magnitude – high rankings do not necessarily indicate a preferable position, they simply indicate high values relative to other LMAs. The key metrics are the following:

- Official unemployment rate in June 2011
- Increase in overall unemployment rate from 2006 to June 2011, in percentage points (PPT)
- Percentage point difference in unemployment between whites and African-Americans, March 2011
- Percentage point difference in unemployment between whites and Hispanics, March 2011
- LMA Seasonal Unemployment Volatility Quotient (SUVQ), 2006 to 2010

In addition, the LMA subsections will include a brief discussion of that region's trends in employment for the five largest employment sectors since 2008, painting a more detailed picture of each labor market during the Great Recession.<sup>6</sup>

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<sup>4</sup> Calculated by dividing the number of unemployed in the highest average month of unemployment (2006 to 2010) by the lowest average month of unemployment over the same time period. For example, if the SUVQ in a given LMA were 1.05, it would mean that unemployment was 5 percent higher, on average, in the highest unemployment month than in the lowest unemployment month.

<sup>5</sup> Unemployment figures not seasonally adjusted for the entirety of this section, unless otherwise noted. Data is for the non-institutionalized population from CPS.

<sup>6</sup> Again, while statewide unemployment rates are seasonally adjusted, rates for LMAs are not.

## II. Individual LMA Analyses

### Bridgeport-Stamford LMA

LMA Unemployment Rate, June 2011: **8.5%** (Rank: 7/9)  
 PPT\* Change in Unemployment Rate, 2006 to 2011: **+3.9** (Rank: 6/9)  
 PPT Difference, White vs. African American: **16.1** (Rank: 2/9)  
 PPT Difference, White vs. Hispanic: **7.6** (Rank: 3/9)  
 Seasonal Unemployment Volatility Quotient: **1.07** (Rank: 3/9)

\*PPT = Percentage Point

Unemployment in the Bridgeport-Stamford region stands below state and national averages. However, this LMA has the greatest disparity in unemployment between whites and African-Americans.<sup>7</sup> Unemployment for African-Americans peaked at 23.1 percent in June 2010. By comparison, white unemployment peaked at 4.5 percent in March 2010. Hispanic unemployment was at its highest in March 2011 at 11.7 percent.

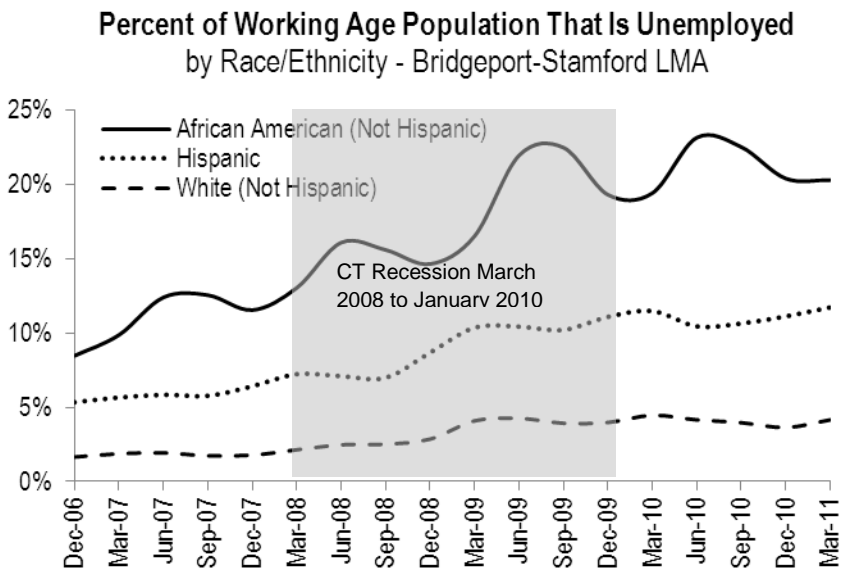


Chart 20. Source: CT Voices analysis of CT Dept. of Labor affirmative action data, and U.S Census Bureau and CT State Data Center population data.

Since 2008, employment in the private healthcare sector in the Bridgeport-Stamford LMA has been on the rise adding nearly 2,000 jobs. In contrast, the manufacturing sector shed the most jobs, losing nearly 4,000 between 2008 and 2010. Retail employment declined sharply from 2008 to 2009, but has ticked slightly upward adding over 200 jobs between 2009 and 2010. In 2010, the finance/insurance sector overtook manufacturing as the 3<sup>rd</sup> largest sector by total employment in this region.

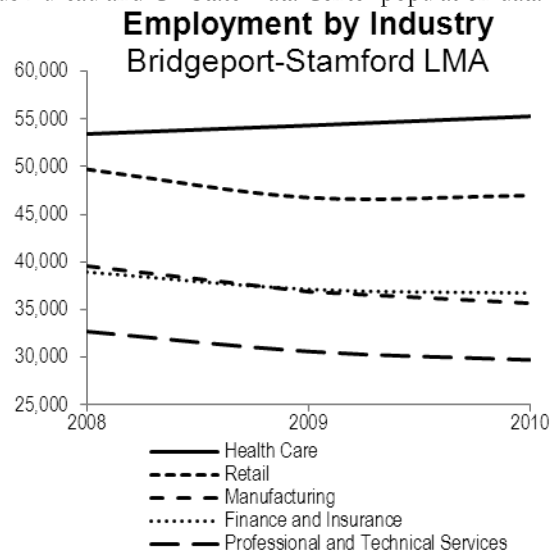


Chart 21. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW)

<sup>7</sup> The disparity in unemployment between African-Americans and whites is numerically larger in the Torrington LMA, but this LMA has an extremely small African-American population.

## Danbury LMA

LMA Unemployment Rate, June 2011: **7.3%** (Rank: 9/9)  
 PPT\* Change in Unemployment Rate, 2006 to 2011: **+3.4** (Rank: 8/9)  
 PPT Difference, White vs. African American: **5.2** (Rank: 9/9)  
 PPT Difference, White vs. Hispanic: **0.2** (Rank: 9/9)  
 Seasonal Unemployment Volatility Quotient: **1.07** (Rank: 3/9)

\*PPT = Percentage Point

Standing in stark contrast to the Bridgeport-Stamford LMA, the Danbury LMA has been the least affected by the Great Recession. It had the lowest unemployment rate in June 2011, the second-lowest increase in unemployment since 2006, and the smallest gaps in unemployment between whites and racial/ethnic minority groups. While the gap in unemployment between whites and African-Americans is not insignificant compared to other LMAs, at 5.2 percent in March 2011, of particular interest in the Danbury LMA is that Hispanic unemployment has remained at or below that of whites during the recession. The slight decline in unemployment among African-Americans in the Danbury LMA mirrors statewide trends, and is likely a result of declining labor force participation among African-Americans – not necessarily increased employment.<sup>8</sup>

Between 2008 and 2010, declines in retail employment allowed the private healthcare sector to establish itself as the top employer in the Danbury LMA. While employment in the retail sector declined by 6.6 percent, employment in private sector healthcare increased by nearly 1 percent. Employment in manufacturing shrunk by over 7 percentage points, shedding nearly 700 jobs.

<sup>8</sup> See statewide section on Race and Ethnicity.

**Percent of Working Age Population That Is Unemployed  
by Race/Ethnicity - Danbury LMA**

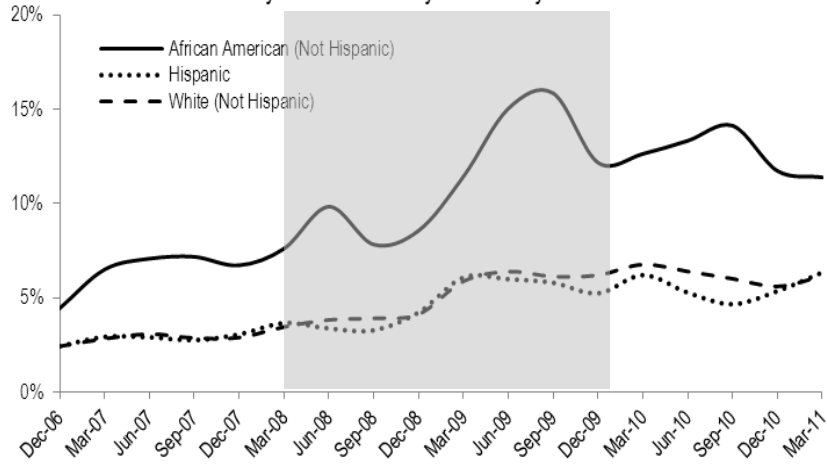


Chart 22. Source: CT Voices analysis of CT Dept. of Labor affirmative action data, and U.S. Census Bureau and CT State Data Center population data.

**Employment by Industry  
Danbury LMA**

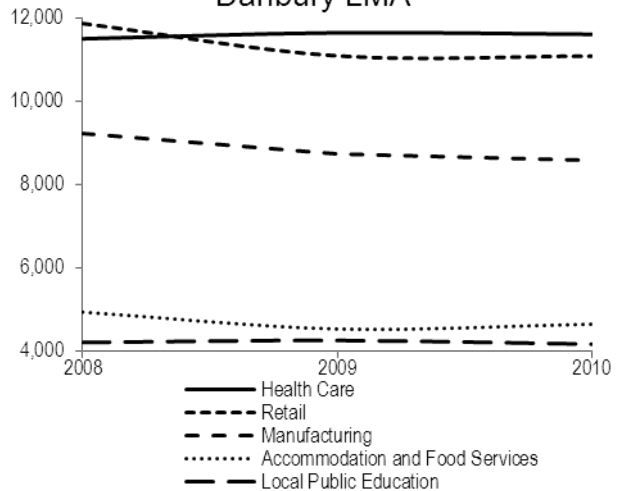


Chart 23. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW)

## Enfield LMA

LMA Unemployment Rate, June 2011: **9.4%** (Rank: 4/9)  
 PPT\* Change in Unemployment Rate, 2006 to 2011: **+4.4** (Rank: 3/9)  
 PPT Difference, White vs. African American: **10.2** (Rank: 6/9)  
 PPT Difference, White vs. Hispanic: **8.1** (Rank: 2/9)  
 Seasonal Unemployment Volatility Quotient: **1.16** (Rank: 1/9)

\*PPT = Percentage Point

Although overall unemployment in the Enfield LMA is in the middle of the pack relative to other LMAs, the real story in this region is seasonal unemployment and the extreme disparity in unemployment between whites and ethnic/racial minority groups. The Seasonal Unemployment Volatility Quotient for the Enfield LMA is the highest of among LMAs with unemployment on average 16 percent higher in June than in March. This extremely high seasonal unemployment is because of high unemployment rates among African-Americans. The Enfield LMA has countercyclical seasonal unemployment *between* African-Americans and Hispanics on a scale not experienced in other LMAs; this is possibly due to the high participation of Hispanics in agriculture.

The transportation/warehousing sector in the Enfield LMA was hard-hit by the recession losing over 900 jobs (-20 percent) between 2008 and 2010. Manufacturing also suffered losing nearly 700 jobs (-9 percent).<sup>9</sup> The retail sector in the Enfield LMA lost over 300 jobs between 2008 and 2009, then bounced back slightly adding 30 jobs in 2010.

<sup>9</sup> According to the US Census Bureau, the Transportation and Warehousing sector includes industries providing transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation. The modes of transportation are air, rail, water, road, and pipeline. Bradley International airport is located adjacent to the Enfield LMA.

**Percent of Working Age Population That Is Unemployed by Race/Ethnicity - Enfield LMA**

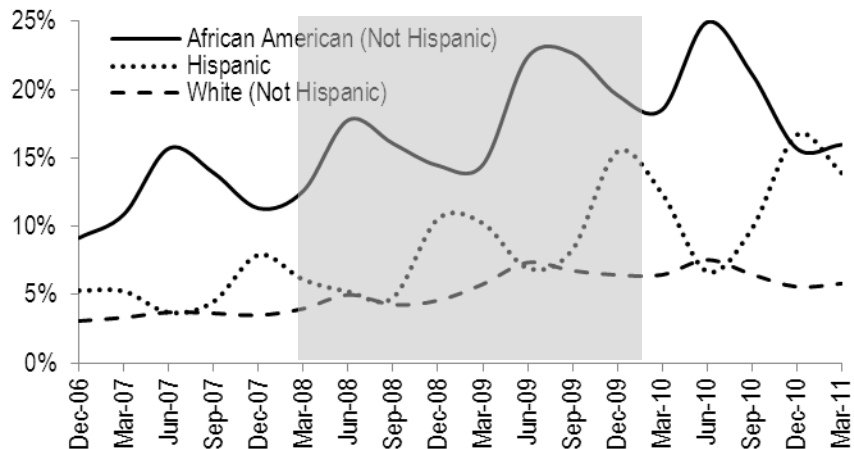


Chart 24. Source: CT Voices analysis of CT Dept. of Labor affirmative action data, and U.S. Census Bureau and CT State Data Center population data.

**Employment by Industry Enfield LMA**

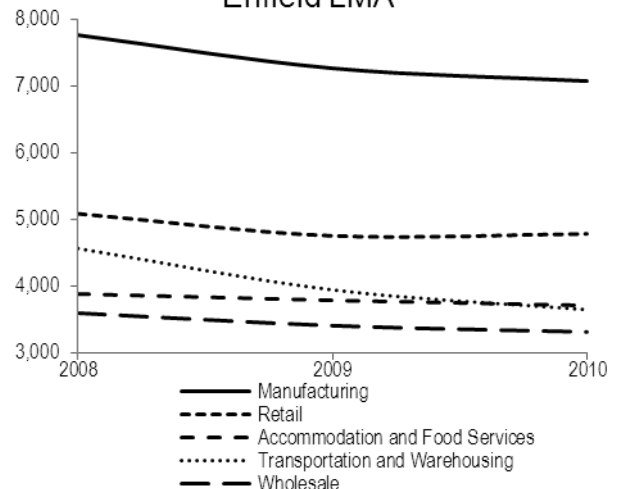


Chart 25. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW)

### Hartford LMA

LMA Unemployment Rate, June 2011: **9.2%** (Rank: 5/9)  
 PPT\* Change in Unemployment Rate, 2006 to 2011: **+3.9** (Rank: 6/9)  
 PPT Difference, White vs. African American: **11.8** (Rank: 4/9)  
 PPT Difference, White vs. Hispanic: **9.4** (Rank: 1/9)  
 Seasonal Unemployment Volatility Quotient: **1.03** (Rank: 8/9)

\*PPT = Percentage Point

Comprised of 52 towns, the Hartford LMA is the largest in the state in both number of towns (52) and labor force (599,000 in June 2011). Overall unemployment in June of this year was in the middle of the pack, as was the change in the LMA unemployment rate since 2006. However, the gap in unemployment in this region was by far the largest statewide at the 9.4 percentage points. This may reflect extreme socioeconomic isolation of Hispanic populations in the economically depressed urban centers of the Hartford LMA.

The private healthcare industry has been a growth sector in the Hartford LMA since 2008, adding 3,600 jobs and expanding by 4.5ppt. In contrast, other major sectors in this LMA shed jobs. The largest decline occurred in the manufacturing industry, which cut payrolls by over 11 percent and lost over 7,100 jobs. The finance/insurance sector, traditionally a lynchpin of the Hartford-area labor market, also suffered losing over 4,000 jobs (-7 percent). Less than 1,000 jobs separated manufacturing and finance/insurance in 2010.

### Percent of Working Age Population That Is Unemployed by Race/Ethnicity - Hartford LMA

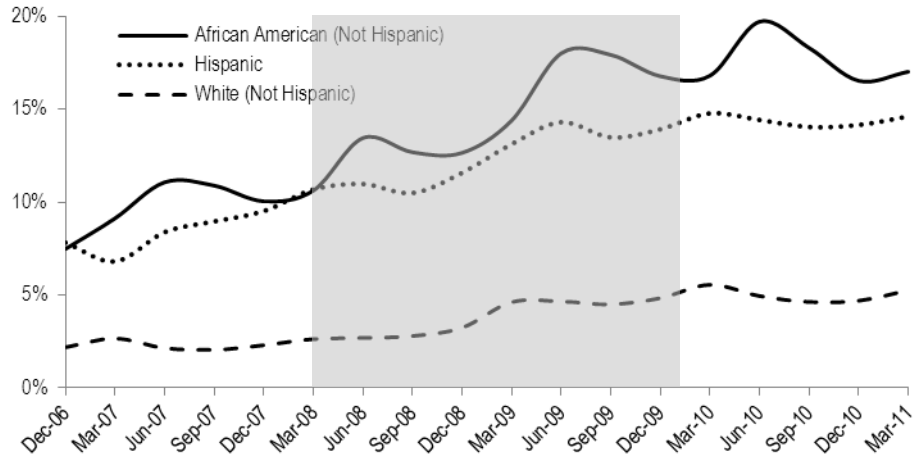


Chart 26. Source: CT Voices analysis of CT Dept. of Labor affirmative action data, and U.S. Census Bureau and CT State Data Center population data.

### Employment by Industry Hartford LMA

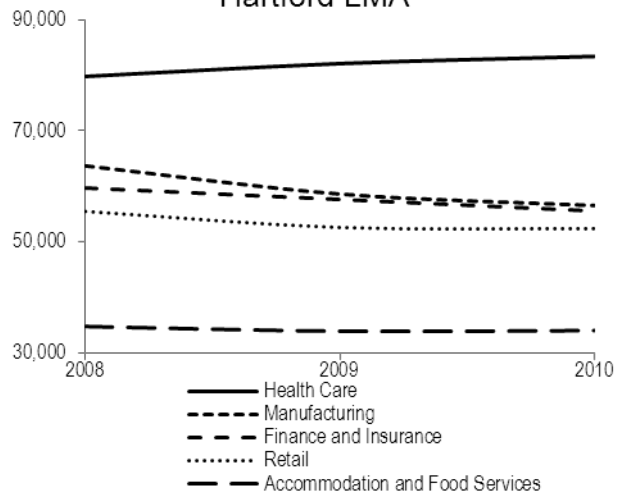


Chart 27. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW)

## New Haven LMA

LMA Unemployment Rate, June 2011: **9.6%** (Rank: 3/9)  
 PPT\* Change in Unemployment Rate, 2006 to 2011: **+4.5** (Rank: 2/9)  
 PPT Difference, White vs. African American: **9.7**(Rank: 7/9)  
 PPT Difference, White vs. Hispanic: **7.1** (Rank: 4/9)  
 Seasonal Unemployment Volatility Quotient: **1.06** (Rank: 6/9)

\*PPT = Percentage Point

Overall unemployment in the New Haven LMA is moderately high relative to other LMAs, standing at 9.6 percent in June of 2011. In addition, unemployment in this region increased by 4.5 percentage points since 2006; only the Waterbury LMA had a larger increase. Seasonal unemployment, at 1.06 SUVQ, is roughly the same as the statewide average of 1.05 SUVQ. Maximum unemployment for whites since 2006 was 6.1 percent, in March 2010, compared to 13 percent for Hispanics, in December 2011, and 17.3 percent for African Americans, in June 2010. In short, unemployment among African-Americans was nearly 3 times the rate for whites in this LMA.

As in other LMAs in Connecticut, manufacturing in the New Haven LMA was the hardest hit by the recession, losing over 4,500 jobs, and payrolls shrank by over 14 percent between 2008 and 2010. In 2009, retail took over 2<sup>nd</sup> place in total jobs from manufacturing. There were, however, bright spots in the New Haven labor market. Employment in the private healthcare sector increased by over 2,000 jobs (+4.6 percent). Private sector education added nearly 700 jobs (+3 percent).

### Percent of Working Age Population That Is Unemployed by Race/Ethnicity - New Haven LMA

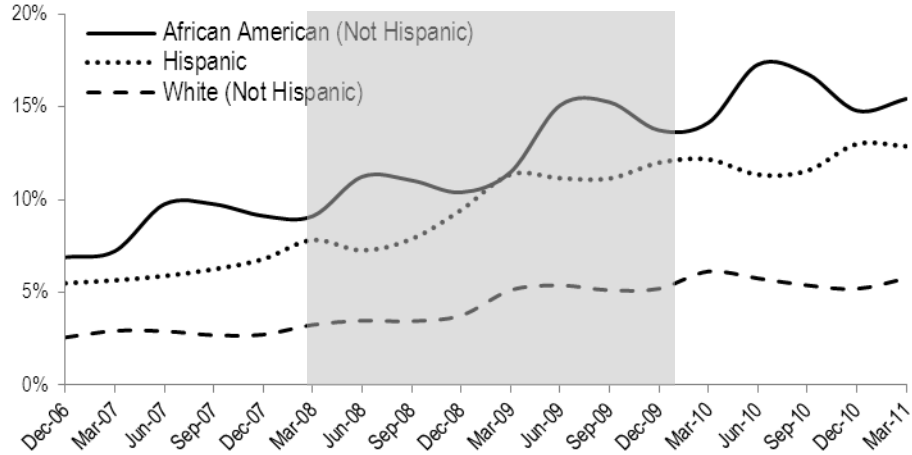


Chart 28. Source: CT Voices analysis of CT Dept. of Labor affirmative action data, and U.S. Census Bureau and CT State Data Center population data.

### Employment by Industry New Haven LMA

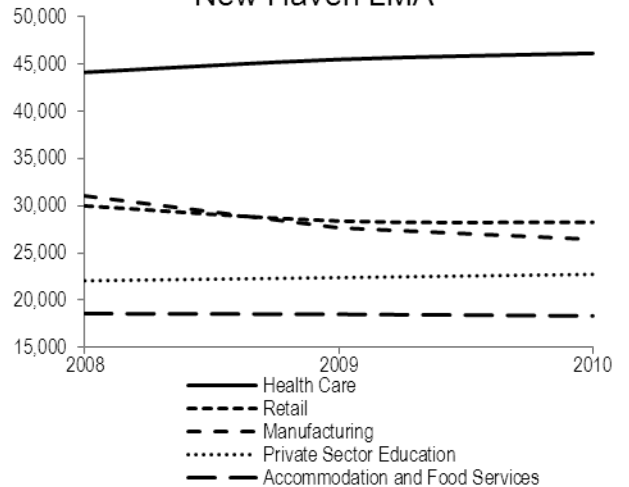


Chart 29. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW)

## Norwich-New London LMA

LMA Unemployment Rate, June 2011: **9.0%** (Rank: 6/9)  
 PPT\* Change in Unemployment Rate, 2006 to 2011: **+4.1** (Rank: 5/9)  
 PPT Difference, White vs. African American: **15.1** (Rank: 3/9)  
 PPT Difference, White vs. Hispanic: **6.1** (Rank: 5/9)  
 Seasonal Unemployment Volatility Quotient: **1.04** (Rank: 7/9)

\*PPT = Percentage Point

Unemployment in the Norwich-New London LMA is lower, at 9.0 percent, than in most other LMAs. It has increased at a moderate pace, 4.1 percentage points, since 2006.

Unemployment disparity between whites and Hispanics

is moderate relative to the rest of the state, while the

gap between whites and African-Americans is much larger. Volatility in seasonal unemployment, at 1.04 SUVQ, was only slightly lower than the statewide average of 1.05 SUVQ during the Great Recession.

The Arts, Entertainment, and Recreation industry (which includes casinos) lost over 2,200 jobs (-10.7 percent) from 2008 to 2010. The second largest job loss was in manufacturing which lost nearly 1,000 jobs (-6.2 percent). In contrast, private sector healthcare gained nearly 300 jobs (+3.6 percent). Private sector healthcare established itself as the definitive 2<sup>nd</sup> place employer increasing the gap with manufacturing from 70 jobs, in 2008, to 1,279 jobs in 2010.

### Percent of Working Age Population That Is Unemployed by Race/Ethnicity - Norwich/New London LMA

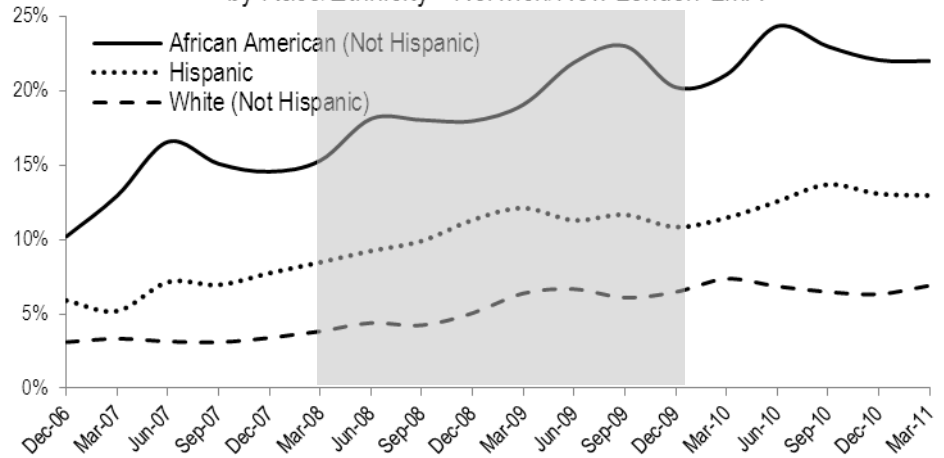


Chart 30. Source: CT Voices analysis of CT Dept. of Labor affirmative action data, and U.S Census Bureau and CT State Data Center population data.

### Employment by Industry Norwich-New London LMA

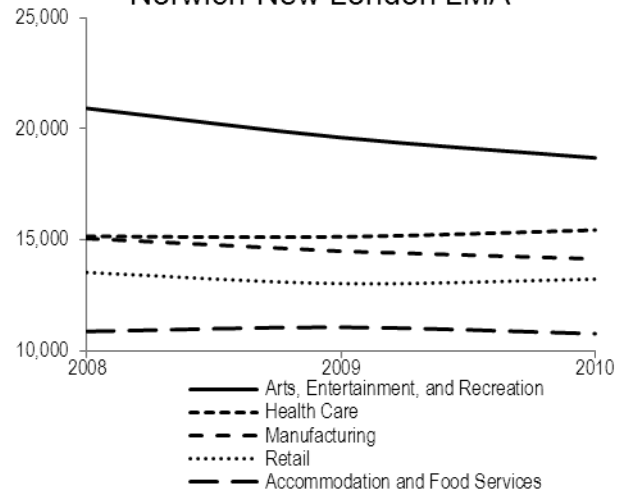


Chart 31. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW)

## Torrington LMA

LMA Unemployment Rate, June 2011: **8.2%** (Rank: 8/9)  
 PPT\* Change in Unemployment Rate, 2006 to 2011: **+3.0** (Rank: 9/9)  
 PPT Difference, White vs. African American: **23.4** (Rank: 1/9)  
 PPT Difference, White vs. Hispanic: **6.1** (Rank: 5/9)  
 Seasonal Unemployment Volatility Quotient: **1.14** (Rank: 2/9)

\*PPT = Percentage Point

The Torrington LMA had lower-than-average overall unemployment since 2006 and has experienced the Great Recession with less unemployment than most other LMAs. However, the disparity in unemployment between whites and African-Americans is the greatest in this LMA. Unemployment among whites peaked at 7.8 percent, in March 2010, versus 31.3 percent for African-Americans, in December 2010.<sup>10</sup> This disparity also results in the 2<sup>nd</sup> highest SUVQ, at 1.14, among LMAs.<sup>11</sup>

Manufacturing lost the most jobs from 2008 to 2010, shedding nearly 800 jobs (-17.8 percent). In 2008, construction was the 5<sup>th</sup> largest employer but dropped out of the top five after losing 717 jobs (-26 percent). Local public education replaced construction as the 5<sup>th</sup> largest employer even though education lost nearly 200 jobs between 2008 and 2010. Private healthcare, the largest employer in the Torrington LMA, did not grow as in other LMAs but also did not experience high job loss. Private sector healthcare companies lost only 14 jobs (-0.2 percent) between 2008 and 2010.

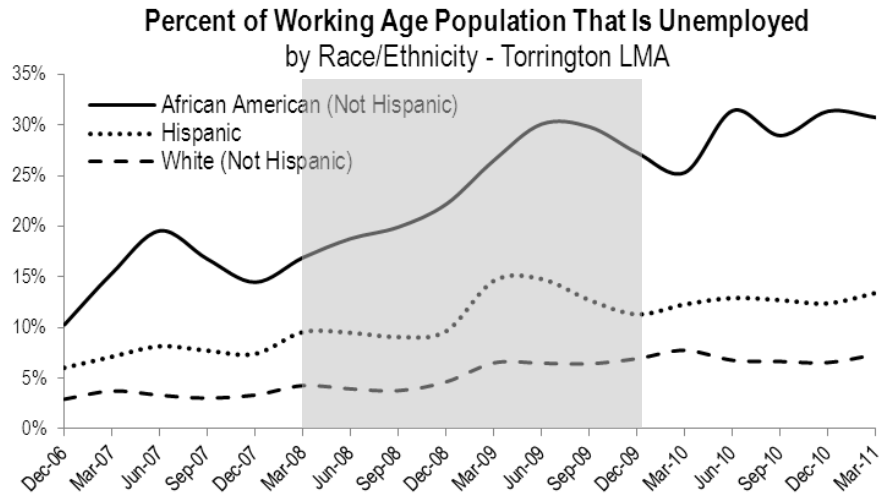


Chart 32. Source: CT Voices analysis of CT Dept. of Labor affirmative action data, and U.S Census Bureau and CT State Data Center population data.

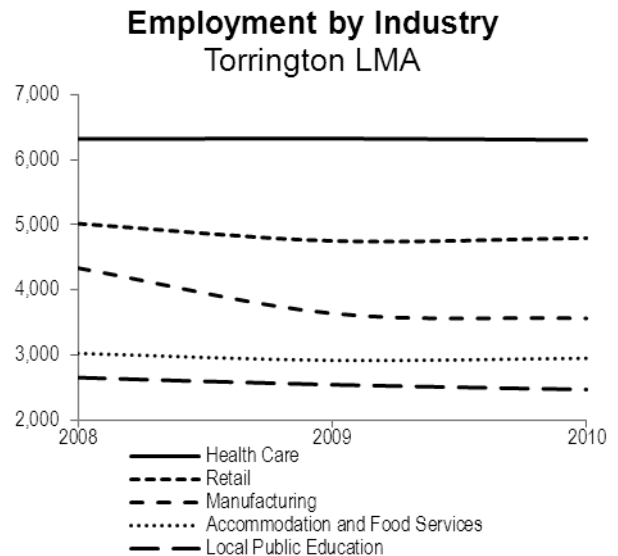


Chart 33. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW)

<sup>10</sup> The Torrington LMA has the smallest population of African-Americans among LMAs.

<sup>11</sup> Since the Torrington LMA is the second-smallest in terms of overall labor force and has an extremely small African-American population, fluctuations in seasonal unemployment – which, in this region, are largely limited to African-Americans – are amplified in relative terms; this is reflected in the high SUVQ.

## Waterbury LMA

LMA Unemployment Rate, June 2011: **11.8%** (Rank: 1/9)  
 PPT\* Change in Unemployment Rate, 2006 to 2011: **+5.1** (Rank: 1/9)  
 PPT Difference, White vs. African American: **8.8** (Rank: 8/9)  
 PPT Difference, White vs. Hispanic: **4.9** (Rank: 7/9)  
 Seasonal Unemployment Volatility Quotient: **1.03** (Rank: 8/9)

\*PPT = Percentage Point

The Waterbury LMA had both the highest increase in unemployment from 2006 to 2011, at 5.1 percentage points, and the highest unemployment rate in June 2011, at 11.8 percent. In contrast, this LMA had among the lowest disparity in unemployment between whites and ethnic/racial minorities. This is arguably because whites in the Waterbury LMA had the highest unemployment, at 8.4 percent in March 2010, for whites among all LMAs. However, unemployment among ethnic/racial minorities was still significantly higher with Hispanic unemployment peaking at 13.5 percent, in June 2009, and African-American unemployment peaking at 19.1 percent, in September 2009.

In 2008, manufacturing was the 2<sup>nd</sup> largest employer in the Waterbury LMA; however, manufacturing's 2<sup>nd</sup> place standing was replaced by retail in 2009. Manufacturing lost over 2,000 jobs (-22.6 percent) from 2008 to 2010. In contrast, the private sector healthcare industry, by far the region's largest employer, added more than 600 jobs (+4.5 percent) from 2008 to 2010.

### Percent of Working Age Population That Is Unemployed by Race/Ethnicity - Waterbury LMA

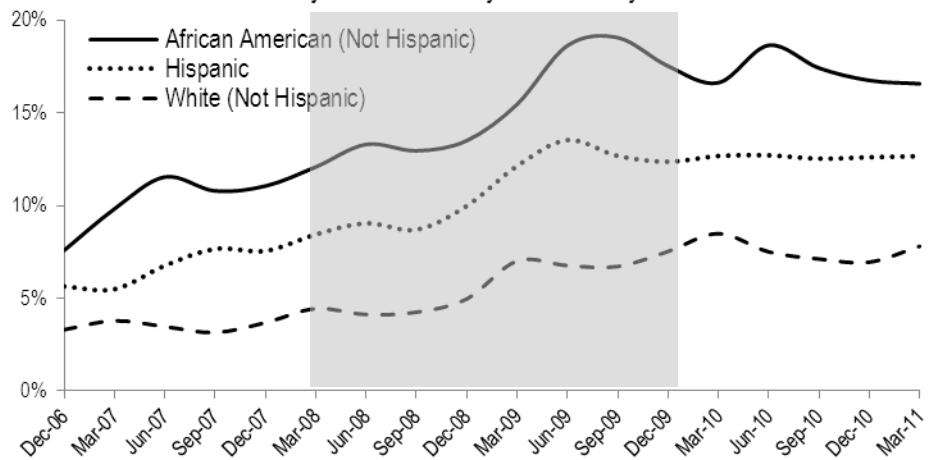


Chart 34. Source: CT Voices analysis of CT Dept. of Labor affirmative action data, and U.S Census Bureau and CT State Data Center population data.

### Employment by Industry Waterbury LMA

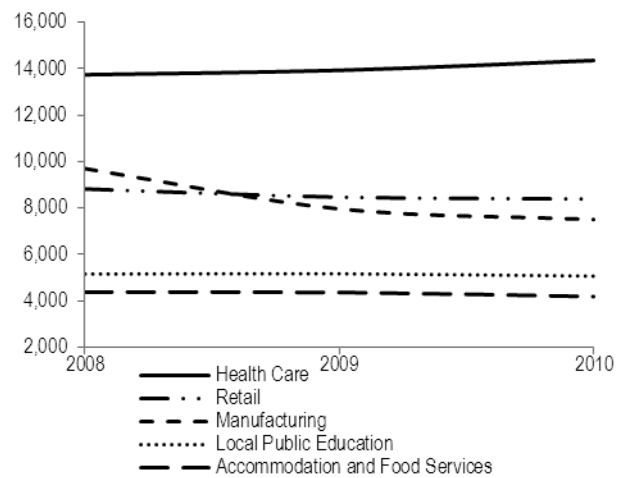


Chart 35. Source: CT Dept. of Labor Quarterly Census of Employment and Wages (QCEW)

### Willimantic-Danielson LMA

LMA Unemployment Rate, June 2011: **10.6%** (Rank: 2/9)  
 PPT Change in Unemployment Rate, 2006 to 2011: **+4.4** (Rank: 3/9)  
 PPT Difference, White vs. African American: **11.8** (Rank: 4/9)  
 PPT Difference, White vs. Hispanic: **4.4** (Rank: 8/9)  
 Seasonal Unemployment Volatility Quotient: **1.07** (Rank: 3/9)

\*PPT = Percentage Point

The Willimantic-Danielson LMA ranked 2<sup>nd</sup> worst in current unemployment at 10.6 percent, in June 2011. This LMA also experienced the 3<sup>rd</sup> highest increase in unemployment from 2006 to 2011, at 4.4 percentage points. The SUVQ, at 1.07, is above the statewide average of 1.05. Unemployment among whites peaked in March 2010, at 8.4 percent. Unemployment peaked in June 2010 for both Hispanics and African-Americans at 14.4 percent and 24.4 percent respectively.<sup>12</sup> Unemployment among African-Americans was nearly 3 times the rate of whites.

In 2008, manufacturing was the largest employer in this LMA exceeding employment in private healthcare by 53 jobs. However, by 2010 manufacturing had lost nearly 700 jobs (-10.7 percent) while private healthcare added over 300 jobs (5.1 percent). Private healthcare became the largest sector employing nearly 1,000 more workers than manufacturing in 2010. Both the Retail and Accommodations/Food Service sectors had minor declines in jobs of 1.0 percent or less. Local public education shed 101 jobs, which was a decline of 3.0 percent.

**Percent of Working Age Population That Is Unemployed by Race/Ethnicity - Willimantic-Danielson LMA**

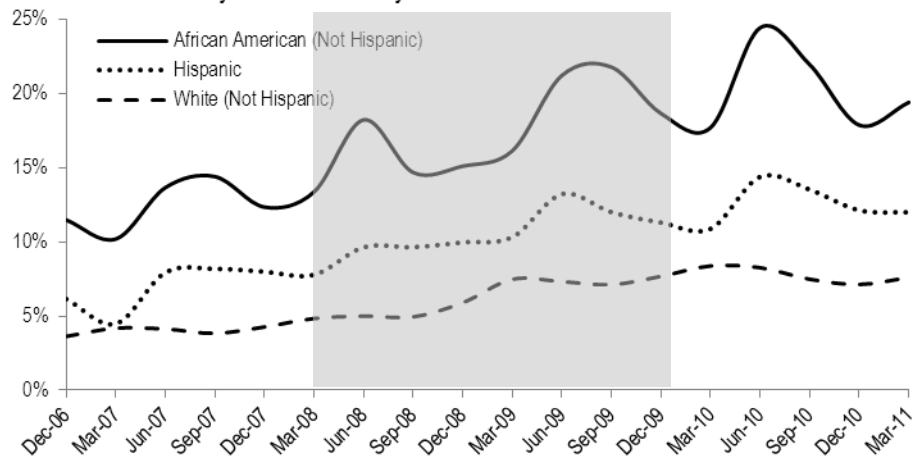


Chart 36. Source: CT Voices analysis of CT Dept. of Labor affirmative action data, and U.S Census Bureau and CT State Data Center population data.

**Employment by Industry Willimantic-Danielson LMA**

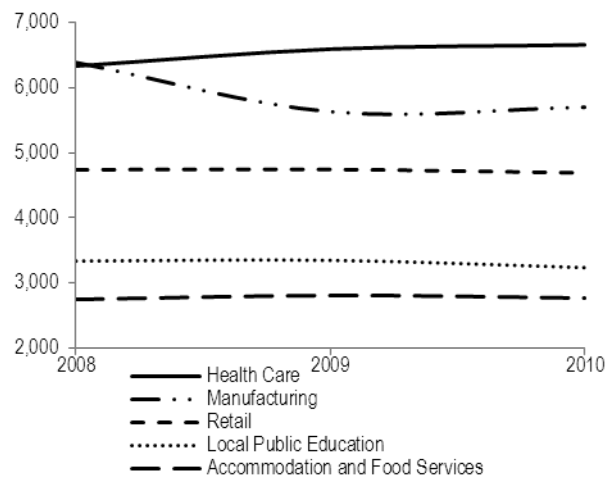


Chart 37. Source: CT Dept. of Labor Quarterly Census of Employment and Wages

<sup>12</sup> There are few African-American residents in the Willimantic-Danielson LMA.

## Conclusions & Policy Recommendations

As vividly illustrated in the preceding labor force analyses, the Great Recession has led to a significant deterioration in Connecticut's job market. Having lost over 119,000 jobs in the 22-month recession – the overwhelming majority of which have not been replaced – and with historically high unemployment among young and minority populations, the outlook for the state's labor force is as dismal in the particulars as it is in the broad view. Indeed, long-term unemployment remains stubbornly high among Connecticut's oldest workers, and is increasingly pervasive at the highest levels of educational attainment. Underemployment is especially prevalent among low-income households, and increasingly, graduates from Connecticut's colleges are forced into part-time employment in their first year out of college. Furthermore, with the exception of the healthcare industry, every major employment sector in the state experienced a net job loss during the Great Recession – most notably, the manufacturing sector, which has lost nearly 21,000 jobs since 2008. Importantly, the downturn in Connecticut's job market since 2008 has been disastrous for those increasingly marginalized subsets of the labor force – specifically, racial and ethnic minorities and those with low levels of education – and has exacerbated pre-existing disparities in unemployment between these groups across the state.

The state's lawmakers have a prime opportunity to begin addressing these looming issues in the coming months. Governor Malloy is currently calling on legislators to return this fall for a special session focusing specifically on non-partisan efforts to create jobs and grow the economy. Connecticut Voices for Children believes these efforts should be oriented around three broad goals: First, the state must put in place a comprehensive, strategic, long-term economic development plan that emphasizes accountability and transparency, and directs limited state resources to their most effective use. Second, we must renew efforts to bolster Connecticut's long-term competitiveness by revamping our transportation infrastructure and making key investments in human capital. Third, it is critical that we make our state a better place to start and grow a business – or a family – by reducing the high costs of housing, energy, and healthcare.

The following specific recommendations outline the framework of a broad-based job creation effort that, over the medium- to long-run, could increase our state's competitiveness in the 21<sup>st</sup>-century economy while promoting broader opportunity, shared prosperity and economic security for all of Connecticut's working families:

### **Establish a comprehensive state economic strategy that asks:**

- On which businesses and industrial sectors is the state going to focus, and where will they be located?
  - Develop and maintain a long-term plan for the state's economy that makes clear choices about where and how to spend limited resources on a regional basis.
- How much is being spent, and what is a “realistic” expectation for cost-benefit?
  - Push for increased transparency and accountability for business tax expenditures, which constitute the majority of Connecticut's economic development spending; we should ensure that taxpayers are getting the most “bang for their buck” in terms of job-creation and economic development.

- Develop and maintain a consolidated economic development budget that encompasses all state spending on economic growth – from corporate tax credits to transportation bonding to workforce development.
- Are we making the right decisions?
  - Implement a transparent and rigorous decision-making process that ensures the state commits resources to high-return investments, and builds in mandatory periodic review of those decisions.

**Build the state’s future assets, investing in both human capital and physical infrastructure:**

- Ensure the state will have a strong and employable workforce for years to come by increasing the availability of quality early childhood education, and closing the K-12 achievement gap between whites and children of color.
- Promote skilled-worker training that is tailored to the needs of existing industries.
- Take steps to re-work our state’s unemployment insurance (UI) system, increasing solvency and reducing our reliance on federal borrowing while maintaining these crucial benefits.
- Modernize and expand transportation to more closely link our businesses and workers to the New York City and Boston area economies.

**Tackle the high cost of living and doing business in Connecticut:**

- Increase the availability of affordable housing.
- Lower electric rates for businesses and residents.
- Reduce healthcare costs while increasing access and quality.

Together, these recommendations lay the groundwork for a more comprehensive, strategic plan to re-vitalize our state’s labor market. The guiding principles of this strategy are oriented around an approach to long-term, sustainable job creation that begins to address the severe disparities we currently face in Connecticut today. Fundamentally, this approach recognizes that job creation and economic competitiveness depend in large part on our most important and valuable asset – our people.

## Glossary

**BLS:** U.S. Bureau of Labor Statistics

**Civilian Noninstitutional Population:** Persons 16 years of age and older residing in the 50 States and the District of Columbia who are *not* inmates of institutions (for example, penal and mental facilities, homes for the aged), and who are *not* on active duty in the Armed Forces.

**CTDoL:** Connecticut Dept. of Labor

**Current Employment Statistics (CES):** Provides the most current estimates of nonfarm employment, hours, and earnings data by industry (place of work) for the nation as a whole, all states, and most major metropolitan areas. The CES survey is a federal-state cooperative endeavor in which states develop state and sub-state data using concepts, definitions, and technical procedures prescribed by the Bureau of Labor Statistics (BLS). Estimates produced by the CES program include both full- and part-time jobs. Excluded are self-employment, as well as agricultural and domestic positions. In Connecticut, more than 4,000 employers are surveyed each month to determine the number of the jobs in the State.

**Current Population Survey (CPS):** A national household survey conducted each month by the Census Bureau for the U.S. Bureau of Labor Statistics. Information is gathered from a sample of about 50,000 households (500-600 in Connecticut) designed to represent the civilian non-institutional population of persons 16 years of age and over.

**Discouraged Workers:** Persons not in the labor force who want and are available for a job and who have looked for work sometime in the past 12 months (or since the end of their last job if they held one within the past 12 months), but who are not currently looking because they believe there are no jobs available or there are none for which they would qualify.

**Full-Time Employment:** Employment of 35 or more hours per week, but on no account fewer than 30 hours.

**Hispanic or Latino Ethnicity:** Refers to persons who identified themselves in the enumeration process as being Spanish, Hispanic, or Latino. Persons of Hispanic or Latino ethnicity may be of any race.

**Labor Force:** Persons 16 years and over in the *civilian* noninstitutional population who, during the reference week, (a) did any work at all (at least 1 hour) as paid employees; worked in their own business, profession, or on their own farm, or worked 15 hours or more as unpaid workers in an enterprise operated by a member of the family; and (b) all those who were not working but who had jobs or businesses from which they were temporarily absent because of vacation, illness, bad weather, childcare problems, maternity or paternity leave, labor-management dispute, job training, or other family or personal reasons, whether or not they were paid for the time off or were seeking other jobs. Each employed person is counted only once, even if he or she holds more than one job. Excluded are persons whose only activity consisted of work around their own house (painting, repairing, or own home housework) or volunteer work for religious, charitable, and other organizations. Furthermore, the labor force does not include persons who never worked a full-time job lasting two weeks or longer and "discouraged workers" who have been unemployed for a substantial length of time and are no longer actively seeking employment. Includes full-time, part-time, underemployed, and self-employed workers.

**Labor Force Participation Rate:** Persons age 16 or older who are either employed or unemployed divided by the total civilian non-institutional population age 16+.

**Labor Market Area (LMA):** As defined by the U.S. Bureau of Labor Statistics, an economically integrated geographic area within which individuals can reside and find employment within a reasonable distance or can readily change employment without changing their place of residence.

**Long-Term Unemployed:** Persons in the labor force and unemployed for more than 26 weeks.

**Nonfarm Employment:** The total number of persons on establishment payroll employed full or part time who received pay for any part of the pay period which includes the 12th day of the month. Temporary and intermittent employees are included, as are any workers who are on paid sick leave, on paid holiday, or who work during only part of the specified pay period. A striking worker who only works a small portion of the survey period, and is paid, is included. Persons on the payroll of more than one establishment are counted in each establishment. Data exclude proprietors, self-employed, unpaid family or volunteer workers, farm workers, and domestic workers. Persons on layoff the entire pay period, on leave without pay, on strike for the entire period or who have not yet reported for work are not counted as employed.

**Not Seasonally Adjusted:** This term is used to describe data series that have not been subjected to the seasonal adjustment process. In other words, the effects of regular or seasonal patterns have not been removed from these series.

**Part-Time Employment:** As defined by the U.S. Bureau of Labor Statistics, employment in which a worker is regularly scheduled to work fewer than 30 hours a week.

**Seasonally Adjusted:** 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 non-seasonal movements in a data series.

**Self-Employed Persons:** Persons who work for profit or fees in their own business, profession, trade, or farm. Only the unincorporated self-employed are included in the self-employed category in the class of worker typology. Self-employed persons who respond that their businesses are incorporated are included among wage and salary workers, because technically, they are paid employees of a corporation.

**Underemployed:** Persons working full- or part-time in jobs that are below their earning capacity or level of competence. The terms "underemployed" and "underutilized" are used interchangeably. Underemployment has also been defined as "involuntary part-time" employment or employment of a person on a part-time basis when full-time work is desired. Underemployment excludes the unemployed.

**Unemployed:** Persons aged 16 years and older who had no employment during the reference week, were available for work, except for temporary illness, and had made specific efforts to find employment sometime during the 4-week period ending with the reference week. Persons who were waiting to be recalled to a job from which they had been laid off need not have been looking for work to be classified as unemployed.

**Unemployment Rate/Share:** The number of unemployed people as a percentage of the labor force. The seasonally adjusted unemployment rate eliminates the influence of regularly recurring seasonal fluctuations which can be ascribed to weather, crop-growing cycles, holidays, vacations, regular industry model changeover periods, etc., and therefore, more clearly shows the underlying basic trend of unemployment.