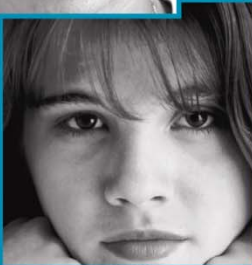


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## **State of Working Connecticut, 2009**

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# The State of Working Connecticut, 2009

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## I. Introduction

Connecticut's economy has undergone uneven changes since the beginning of 2008. The most severe recession in recent history had officially arrived in Connecticut by March of 2008, when overall employment began a steep decline, unemployment trended quickly higher, and Connecticut's families began to feel the effects of a deteriorating economic climate. In recent months, economic indicators have been more hopeful with a broad rebound in the stock market<sup>1</sup>, a slowing in the decline of home values<sup>2</sup>, and hints of a turnaround in job losses. However, the current economic situation remains fragile, and the strength and durability of a recovery will depend in part on actions of government on both the federal and state levels.

The *State of Working Connecticut: 2009* provides a detailed look at the most recent 2009 employment and unemployment data in Connecticut, as well as wage data by distribution and demographic groups up until 2008. It compares short and long-term labor market performance in Connecticut to the nation and to surrounding states, reports the relative growth and contraction of various employment sectors, and shows how unemployment and unemployment growth varies from town to town within the state. This report also provides the latest available data on long-term unemployment and *underemployment* in Connecticut.

As in much of the rest of the nation, labor force conditions in Connecticut are poor. Connecticut's July 2009 unemployment level is 4.4% below its March 2008 peak, but unemployment is higher than at any point since 1977, and recorded *underemployment* is higher than at any point since the Census began collecting this data in 1994. Still, Connecticut's job market has fared slightly better than national averages with respect to unemployment and employment declines, particularly through 2009. Unfortunately, the dramatic disparities in employment by demographic groups make the reality in Connecticut in many ways more troubling than it appears. Unemployment rates for African Americans and Hispanics are close to *three times* the unemployment rate for whites. Disparities in wages are also pronounced in Connecticut, with the median wage for African Americans and Hispanics as low as 60% of the median wage for whites.

Wage data presented in this report have two important limitations that prevent drawing final conclusions about the impact of the recession on wage trends. First, wages are considered a lagging economic indicator, meaning that the cyclical effects of the economy tend to occur in wages later than in leading or coincident indicators such as the stock market or employment levels. Second, complete data on wage dynamics for the entire distribution of wages in Connecticut are only available through 2008, which is rather out-dated in the current environment of rapid change.

This being said, the available wage data in Connecticut demonstrate the continuation of trends that undermine future economic prosperity and threaten the well-being and economic security of our families. The year 2008 represented yet another year where wages at the top and bottom of the wage scale grew farther apart, deepening a divergence that has been

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<sup>1</sup> The Dow Jones Industrial Average has risen over 40% since March 2009 lows.

<sup>2</sup> According to the S&P/Case-Shiller Composite-20 Home Price Index.

widening for decades. Wages for those without a high-school degree also continued a long-term decline, highlighting the growing importance of an education in this state in order to earn a decent wage. The negative effects of wage erosion for those at the bottom are amplified by the fact that unemployment is far more volatile among these populations.

## II. Payroll Employment

### *Total Payroll Employment<sup>3</sup>*

Connecticut's total non-farm employment during July 2009, at 1,633,400, was the lowest Connecticut employment has been since the late 1990s. Figure II-1, below, shows changes to Connecticut's total non-farm employment between July 2000 and July 2009, which includes the entirety of the last economic cycle as well as what has passed of the current recession. <sup>4</sup> Connecticut had barely recovered from job losses that occurred over the previous recession when jobs plummeted in March 2008. Since then, 76,000 net jobs have been lost, which has brought overall total non-farm employment in Connecticut 6,300 jobs lower than the lowest point in the previous recession (July 2003). The rate of job decline since March 2008 has been steep, netting an average of 4,750 jobs lost a month, compared to 1,694 jobs lost a month over the previous recession.

### Employment in Connecticut: July 2000 to July 2009

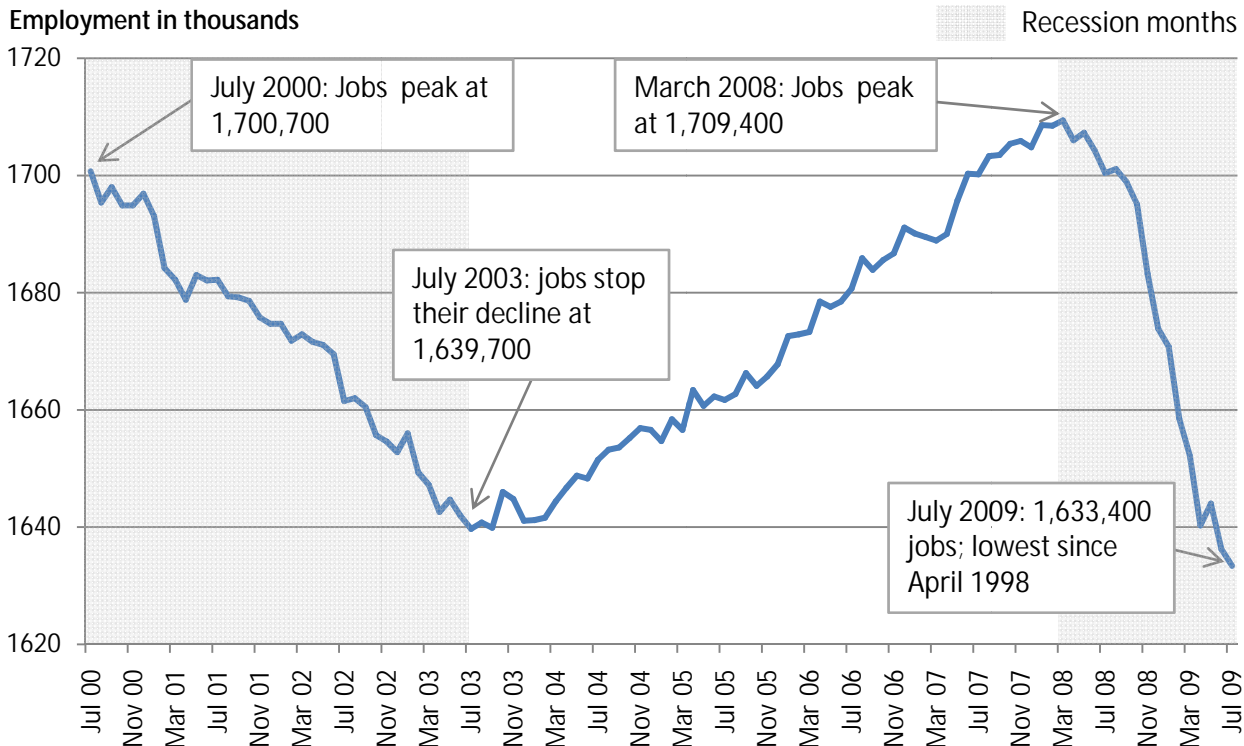


Figure II-1 Source: Connecticut Department of Labor, Labor Market Information Data, August 2009.

<sup>3</sup> "Payroll Employment" is the number of employed persons on established payrolls, working full or part-time, but excludes the self-employed and farm and agricultural workers. Persons who are on the payroll of more than one establishment are counted as employed at each site (i.e., multiple times). Increased payroll employment indicates some combination of job growth, population growth, and changes in people's willingness to work. Similarly, decreased payroll employment would result from a contracting job market, as well as impacts from decreased population growth, and reduced willingness of people to work. Source: Bureau of Labor Statistics, Current Employment Statistics (CES) data.

<sup>4</sup> The Connecticut Department of Labor declared March 2008 to be the official start date of the recession in Connecticut.

Table II-1 compares the percent decline in employment since the beginning of the current recession and since the beginning of the previous recession for all states in New England. Connecticut's total non-farm employment has fallen by 4.4% since employment peaked in March 2008. This is slightly better than the U.S. as a whole and falls in between Rhode Island's employment decline of 6.5% and New Hampshire's employment decline of 3.0%. Connecticut's total

State	Employment decline between beginning* of current recession and July 2009	Employment decline between beginning* of previous recession and July 2009
United States	4.8%	0.8%
Connecticut	4.4%	4.0%
Maine	3.9%	2.3%
Massachusetts	3.5%	5.9%
New Hampshire	3.0%	0.6%
Rhode Island	6.5%	3.8%
Vermont	4.8%	3.0%

\* In this table, the beginning of each state's recession is marked by its total non-farm employment peak prior to a period of extended employment decline.

Table II-1 Source: Connecticut Department of Labor, Labor Market Information Data, August 2009.

employment in July 2009 was about 4.0% lower than it was at the beginning of the previous recession (for Connecticut this was in July 2000). Connecticut's net growth in employment since the beginning of the decade has lagged the rest of the nation.

Job growth between the U.S. and Connecticut diverged over the economic cycle between July 2000 and March 2008. It took the United States four years from the bottom of the economic cycle to recover all the jobs lost in the previous recession, but in Connecticut it took twice as long. By July 2007, the nation had recovered three times the number of jobs lost in the national recession. By comparison, in July 2007, Connecticut had just caught up to pre-recession employment levels. As the national economy headed back into decline in December of 2007, the Connecticut job market had just come up for air.

This divergence between national employment trends and employment trends in Connecticut is illustrated in Figure II-2, below, which plots employment levels in Connecticut and the United States as a percentage of employment in July 2000, the previous economic high mark. Connecticut's slow job growth compared to the rest of the country may be partially explained by lagging population growth among the working-age population (16-64). According to the U.S. Census Bureau, Connecticut's working-age population has grown by 5.7% since 2000, while in that time the working age population has grown by 8.3% nation-wide. Slow population growth in this age group, however, could be symptomatic of a less attractive job market in Connecticut than in other states. Even accounting for this difference, Connecticut's job growth has lagged the nation's since 2000.

## Connecticut's employment growth lagged national growth over last recovery period

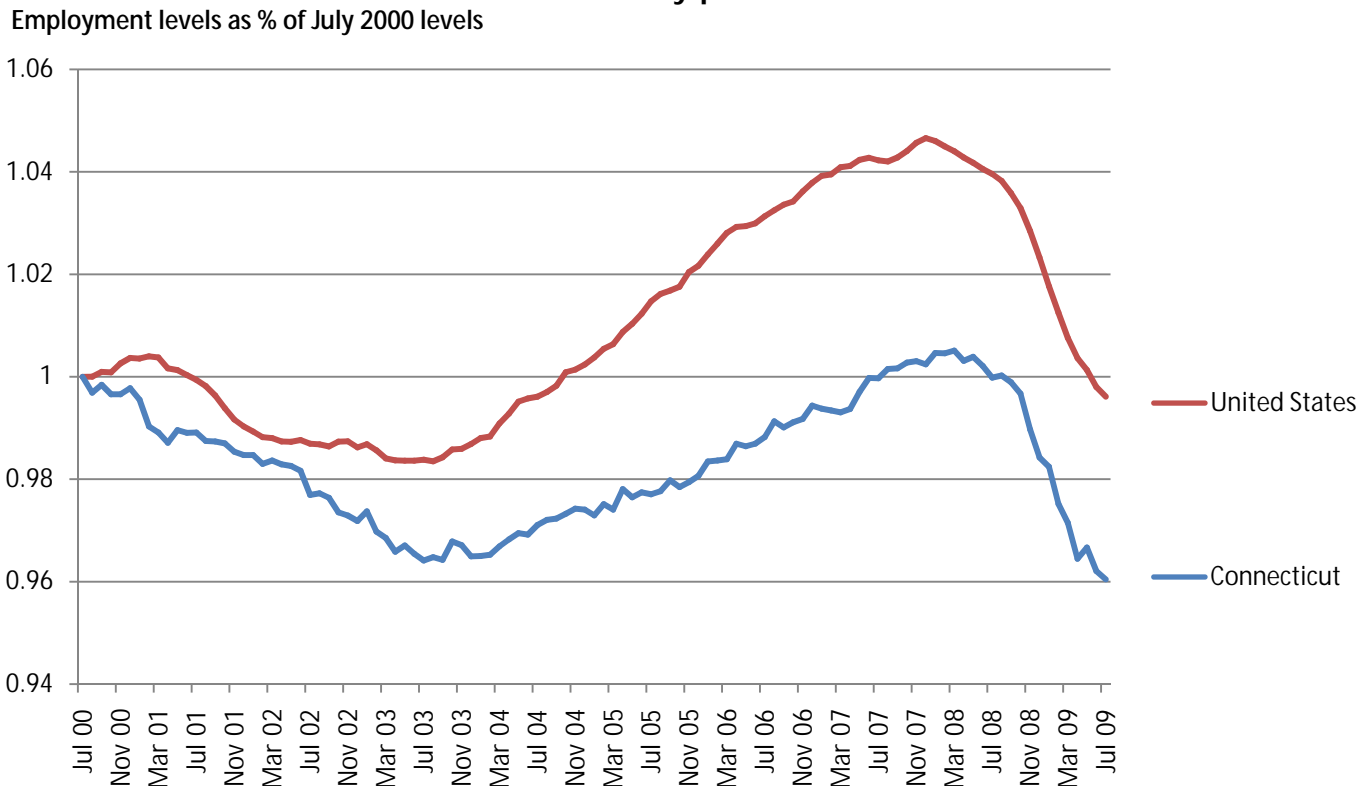


Figure II-2 Source: Connecticut Department of Labor, Labor Market Information Data, August 2009.

### ***Employment by Sector***

Figure II-3, below, shows the distribution of jobs in Connecticut in July by sector and the percentage change since the beginning of the recession (March 2008). Connecticut's largest employment sector is Education and Health, with 299,400 jobs (18% of all non-farm employment). Other sectors are Government, (which includes Indian tribal government employment<sup>5</sup>) (15%), Professional and Business Services (12%), Retail Trade (11%), Manufacturing (11%), Financial Activities (9%), Leisure and Hospitality (9%), Wholesale Trade (4%), Other Services (4%), Transportation and Utilities (3%), Construction (3%), and Information (2%).

Since the beginning of the recession, job losses have occurred in most sectors, but some sectors have been hit especially hard. Relative to its size, Construction employment has decreased the most of all sectors, shrinking by more than a quarter. Professional and Business services, Manufacturing, Information, and Retail Trade have all shrunk by more

<sup>5</sup> Indian tribal government employment includes persons employed at Connecticut's casinos at Foxwoods and Mohegan Sun.

### Connecticut jobs by sector, July 2009, including percent change since the beginning of the recession

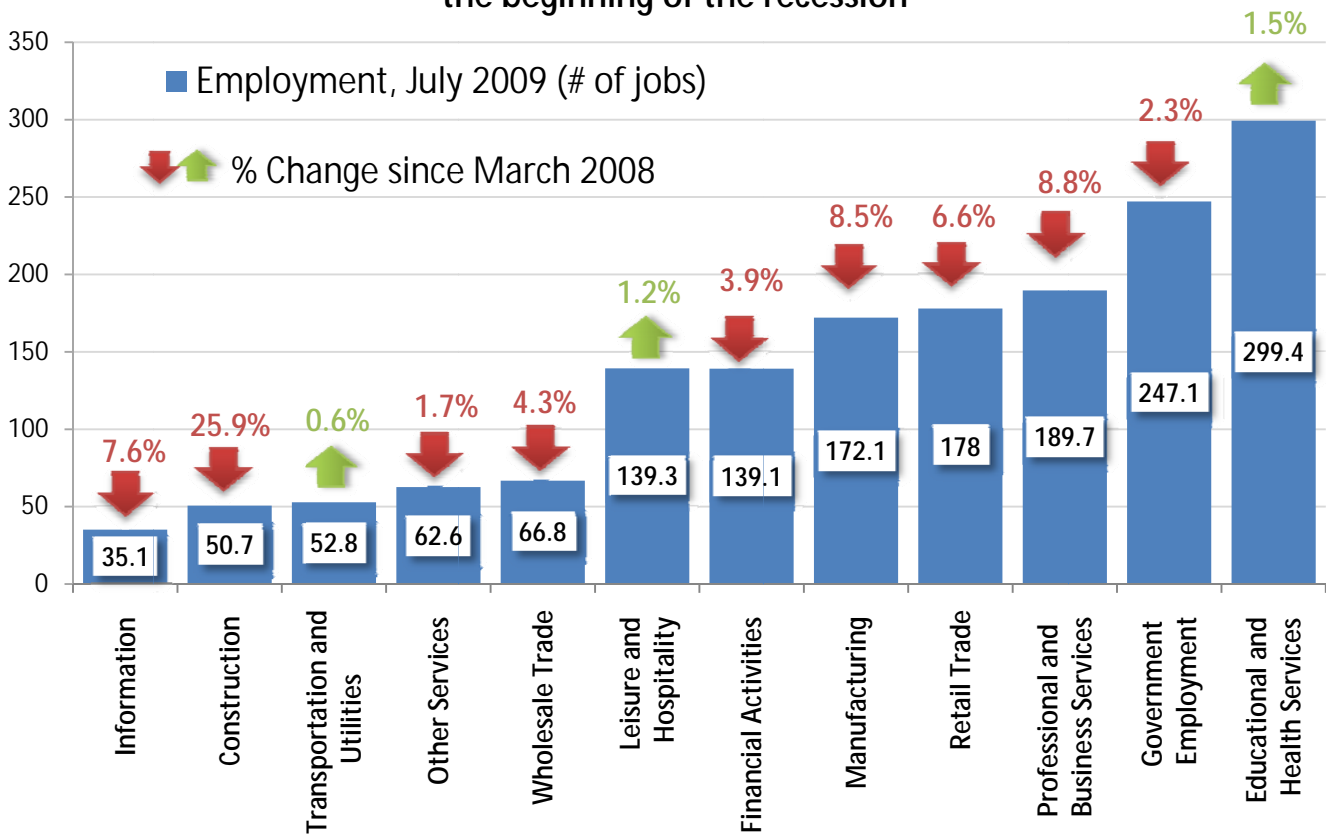


Figure II-3 Source: Connecticut Department of Labor, Labor Market Information Data, and Bureau of Labor Statistics, August 2009.

### Connecticut jobs gained and lost since beginning of the recession

Number of jobs gained since March 2008 (000s)

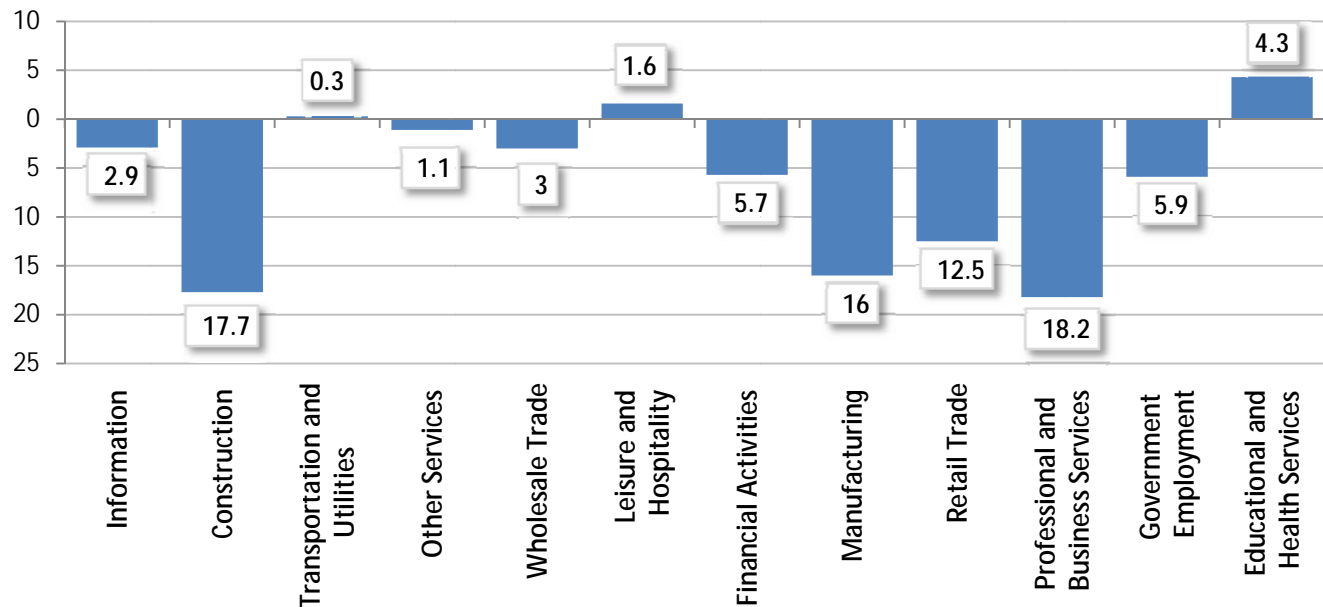


Figure II-4 Source: Connecticut Department of Labor, Labor Market Information Data, August 2009.

































































## VI. Appendix

### Unemployment Rates and Rate Increases for All Connecticut Towns

Town	Unemployment July 2009	Increase in unemployment between July 2008 and July 2009	Town	Unemployment July 2009	Change in unemployment between July 2008 and July 2009
Andover	6.8	2.4	East Hampton	8.3	1.8
Ansonia	9.3	2	East Hartford	10.5	2.8
Ashford	6.7	1.7	East Haven	8.0	1.3
Avon	5.2	1.2	East Lyme	6.8	1.4
Barkhamsted	7.4	2.6	East Windsor	8.0	2.3
Beacon Falls	9.1	2.8	Eastford	5.7	1.1
Berlin	6.7	1.8	Easton	5.6	1.3
Bethany	6.8	2.2	Ellington	6.4	1.6
Bethel	7.1	2.3	Enfield	8.3	2.7
Bethlehem	6.5	2.1	Essex	5.3	0.8
Bloomfield	9.0	2	Fairfield	7.4	2.1
Bolton	6.3	1.7	Farmington	5.8	1.1
Bozrah	6.2	-0.1	Franklin	5.9	0.1
Branford	6.7	1.3	Glastonbury	5.7	1.4
Bridgeport	11.6	2.5	Goshen	6.5	1.6
Bridgewater	5.8	2.1	Granby	5.9	1.5
Bristol	8.7	2.5	Greenwich	6.0	1.7
Brookfield	7.1	2.1	Griswold	7.9	1.7
Brooklyn	9.1	2.2	Groton	7.6	1.5
Burlington	6.4	1.9	Guilford	5.3	0.7
Canaan	6.7	1.9	Haddam	5.2	0.9
Canterbury	7.3	2	Hamden	7.7	1.3
Canton	6.2	2	Hampton	7.9	1.2
Chaplin	7.7	2.2	Hartford	13.9	2.5
Cheshire	6.6	1.3	Hartland	4.5	0.6
Chester	6.0	1.8	Harwinton	6.6	1.8
Clinton	6.5	1.5	Hebron	6.5	2.1
Colchester	7.1	1.4	Kent	5.2	0.8
Colebrook	3.9	0.7	Killingly	9.7	2.1
Columbia	6.6	1.3	Killingworth	5.7	1.5
Cornwall	6.2	2.1	Lebanon	7.3	1.7
Coventry	7.1	1.8	Ledyard	6.5	1.7
Cromwell	6.4	1.4	Lisbon	7.5	1.7
Danbury	7.1	2	Litchfield	6.6	0.9
Darien	6.1	1.9	Lyme	5.4	1.2
Deep River	7.2	2.1	Madison	5.3	1
Derby	9.0	2	Manchester	8.4	2.5
Durham	5.3	0.8	Mansfield	6.8	0.2
East Granby	6.2	1.7	Marlborough	7.0	2.9
East Haddam	6.1	1.4	Meriden	9.9	2.5

<b>Town</b>	<b>Unemployment July 2009</b>	<b>Change in unemployment between July 2008 and July 2009</b>	<b>Town</b>	<b>Unemployment July 2009</b>	<b>Change in unemployment between July 2008 and July 2009</b>
Middlebury	7.1	2	Seymour	8.0	1.6
Middlefield	6.4	1.4	Sharon	4.9	1.1
Middletown	7.4	1.6	Shelton	7.0	1.5
Milford	7.3	2.1	Sherman	5.6	1.5
Monroe	6.9	1.6	Simsbury	5.4	1
Montville	6.9	1.4	Somers	8.0	2.8
Morris	8.3	2.7	South Windsor	6.1	1.6
Naugatuck	9.2	1.9	Southbury	6.6	1.5
New Britain	11.7	2.7	Southington	6.8	1.7
New Canaan	5.7	1.4	Sprague	8.6	2
New Fairfield	7.3	2.3	Stafford	8.3	2.2
New Hartford	7.2	2.2	Stamford	7.2	2.2
New Haven	11.1	1.9	Sterling	7.8	1.5
New London	9.2	2.2	Stonington	5.5	1
New Milford	7.2	2.2	Stratford	9.0	2.3
Newington	6.9	2.1	Suffield	6.5	2.2
Newtown	6.2	1.7	Thomaston	9.8	3.5
Norfolk	6.5	2.2	Thompson	8.5	3.1
North Branford	6.6	1.4	Tolland	6.2	1.7
North Canaan	7.5	2.6	Torrington	9.8	3
North Haven	6.8	1.2	Trumbull	6.6	1.6
North Stonington	7.0	1.5	Union	7.7	3.2
Norwalk	6.9	2.2	Vernon	7.1	1.8
Norwich	8.5	2	Voluntown	8.8	2.1
Old Lyme	5.7	1.2	Wallingford	7.2	1.9
Old Saybrook	6.0	1	Warren	5.8	1.6
Orange	6.0	1	Washington	6.6	1
Oxford	6.6	1.2	Waterbury	12.7	3
Plainfield	9.8	2	Waterford	7.1	1.4
Plainville	8.0	2.4	Watertown	8.4	2.2
Plymouth	10.3	3.6	West Hartford	7.4	1.7
Pomfret	8.1	2.9	West Haven	8.9	1.9
Portland	6.8	1.2	Westbrook	6.7	1.8
Preston	6.6	1.6	Weston	5.6	1.5
Prospect	7.3	2	Westport	6.2	1.7
Putnam	8.5	2.4	Wethersfield	7.6	2.1
Redding	6.0	2	Willington	6.3	1.3
Ridgefield	6.2	2	Windsor	8.2	2.5
Rocky Hill	6.5	1.6	Windsor Locks	8.0	2.5
Roxbury	5.3	1.2	Wolcott	8.1	1.9
Salem	6.4	1.5	Woodbridge	4.6	0.3
Salisbury	5.1	1.1	Woodbury	6.6	2
Scotland	4.1	0.4	Woodstock	5.8	1.4