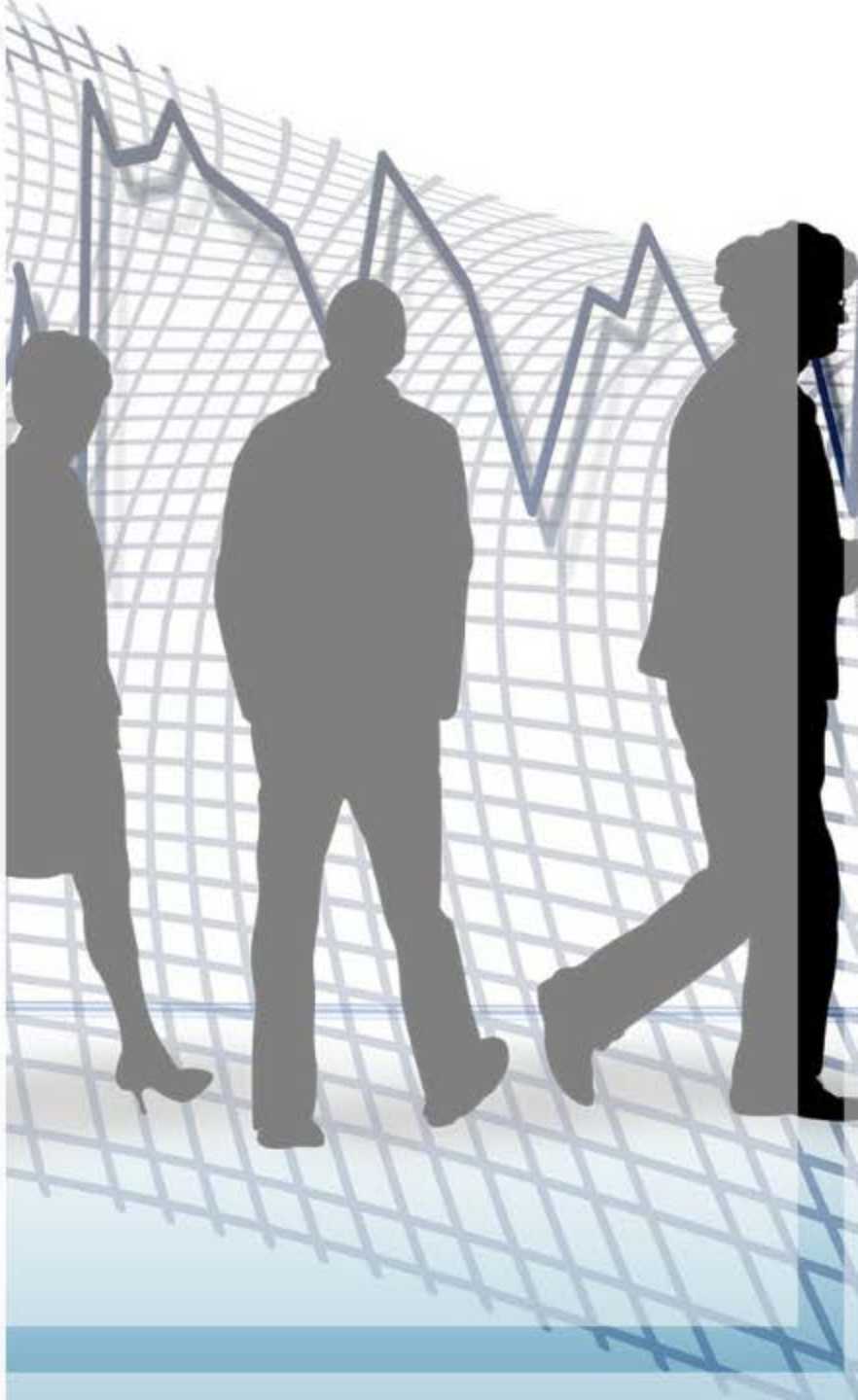
State of Jobs

Where's the Job Growth?



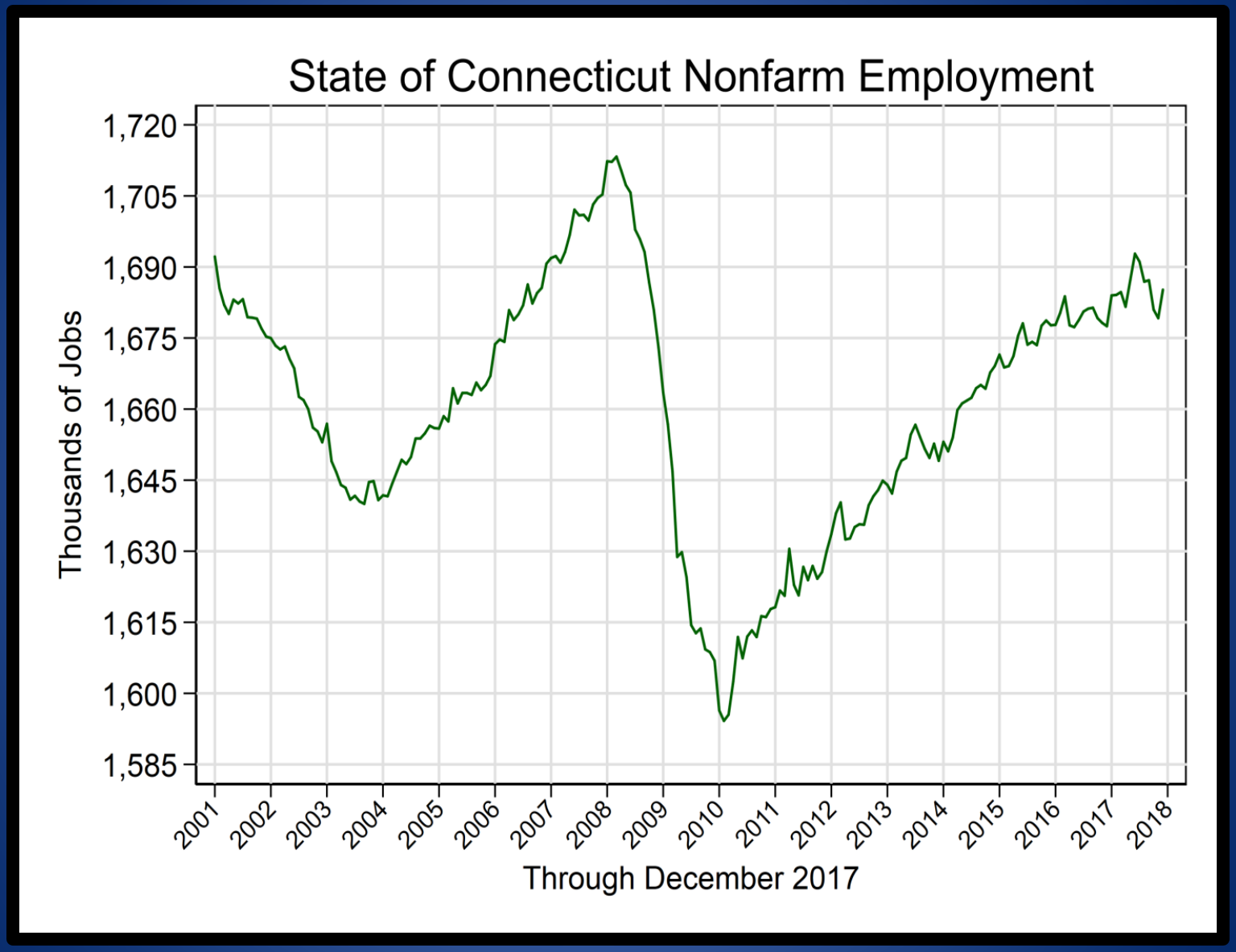
This session will cover:

- Recession and recovery time period
- Workforce changes
- Legislative initiatives
- Navigating unpredictable economic changes

The Recession and Its Aftermath

Recession to Recovery

Source: Federal Reserve Economic Data
Federal Reserve Bank of St. Louis



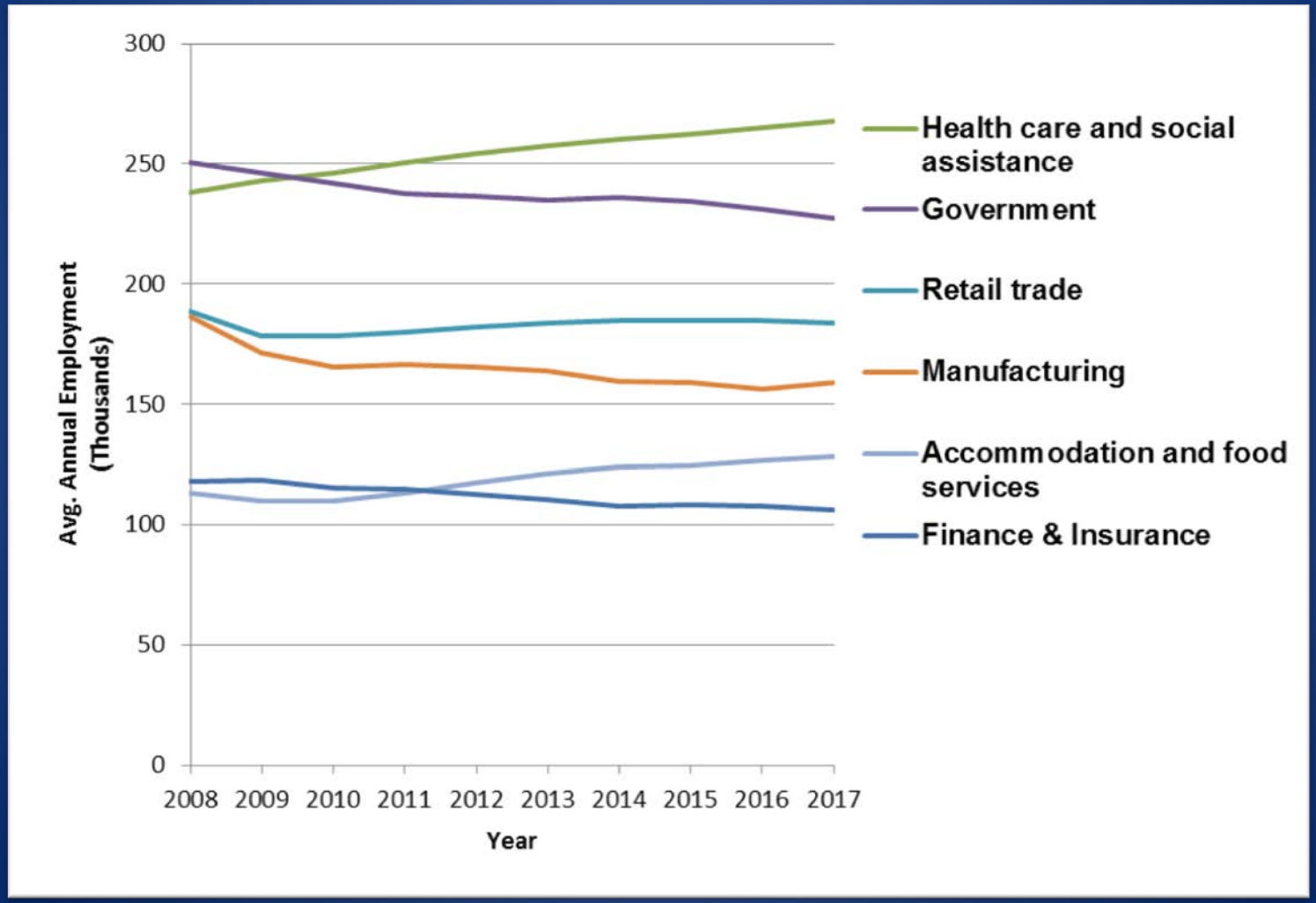
Source: CT DOL

Recession & Recovery Milestones

Employment	Pre-Recession Peak (March 2008)	Recession Trough (February 2010)	Start of Expansion	Oct. 2018
Non-farm Employment	1,713,300	1,594,200	N/A	1,701,900
Private Sector Employment	1,458,200	1,346,500	1,458,700 (Jan. 2018)	1,474,100
Residents Employed	1,780,200	1,710,400 (April 2013)	1,780,700 (Oct. 2014)	1,829,300

Seeing the Trees Through the Forest

2008-2017 Average Annual Employment in Six Largest Sectors



Sector-Wide Uneven Job Recovery

Sectors with Most Jobs Lost, 2008-2017		Sectors With Most Jobs Gained, 2008-2017	
Sector	Jobs Lost	**Sector**	Jobs Gained
Manufacturing	-27,712	**Health care and social assistance**	+29,553
Government	-23,279	**Accommodation and food services**	+15,050
Finance & Insurance	-11,865	**Education Services**	+6,510
Construction	-7,091	**Other services**	+6,118
Wholesale trade	-6,643	**Real estate and rental & leasing**	+5,383

Comparison of Wage Values

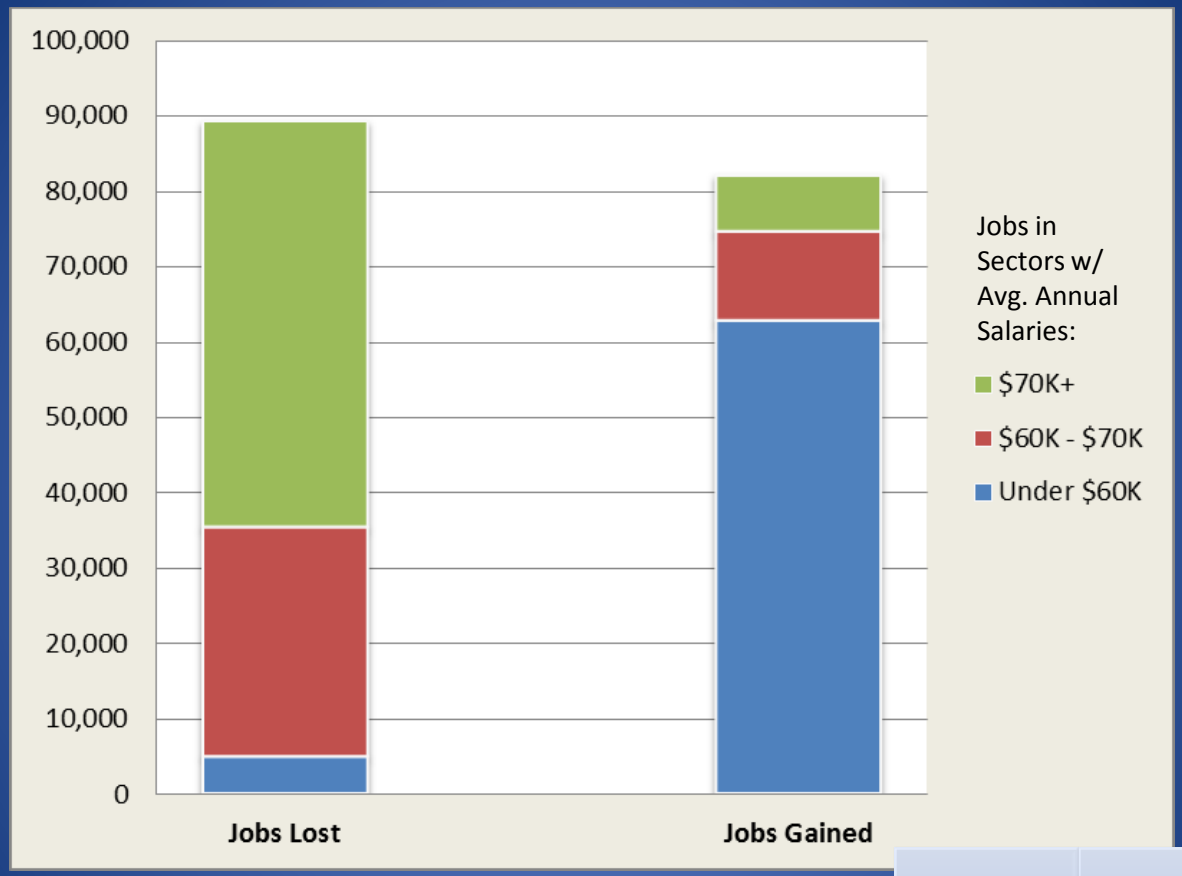
	Manufacturing	Health Care & Social Services
Jobs Lost or Gained 2008-2017	-27,712	+29,553
2017 Avg. Annual Wage	$81,874	$51,629
Net Wage Value	-$2,268,892,288	+$1,525,7911,837
Difference	-$743,100,451	

Sectors with Decreased Employment, 2008-2017		Sectors With Increased Employment, 2008-2017	
Industry	2017 Wage Value of Employment Decrease	Industry	2017 Wage Value of Employment Increase
Manufacturing	-$2,268,892,288	Health care and social assistance	$1,525,791,837
Government	-$1,458,382,792	Accommodation and food services	$328,676,950
Finance & Insurance	-$2,004,698,535	Education Services	$422,134,440
Construction	-$486,648,239	Other services	$204,396,262
Wholesale trade	-$628,573,946	Real estate and rental & leasing	$356,790,623
Information	-$635,869,104	Transportation & warehousing	$200,689,742
Retail trade	-$162,871,596	Administrative and waste management	$179,310,080
Utilities	-$177,370,452	Arts, entertainment, and recreation	$110,407,580
Mining			$581,055,423
Agriculture, forestry, fishing, & hunting			$386,170,630
Total	-$7,838,792,969	Total	$4,295,423,567

Total Difference:

-$3,543,369,402

Wage Distribution of Jobs Lost and Gained

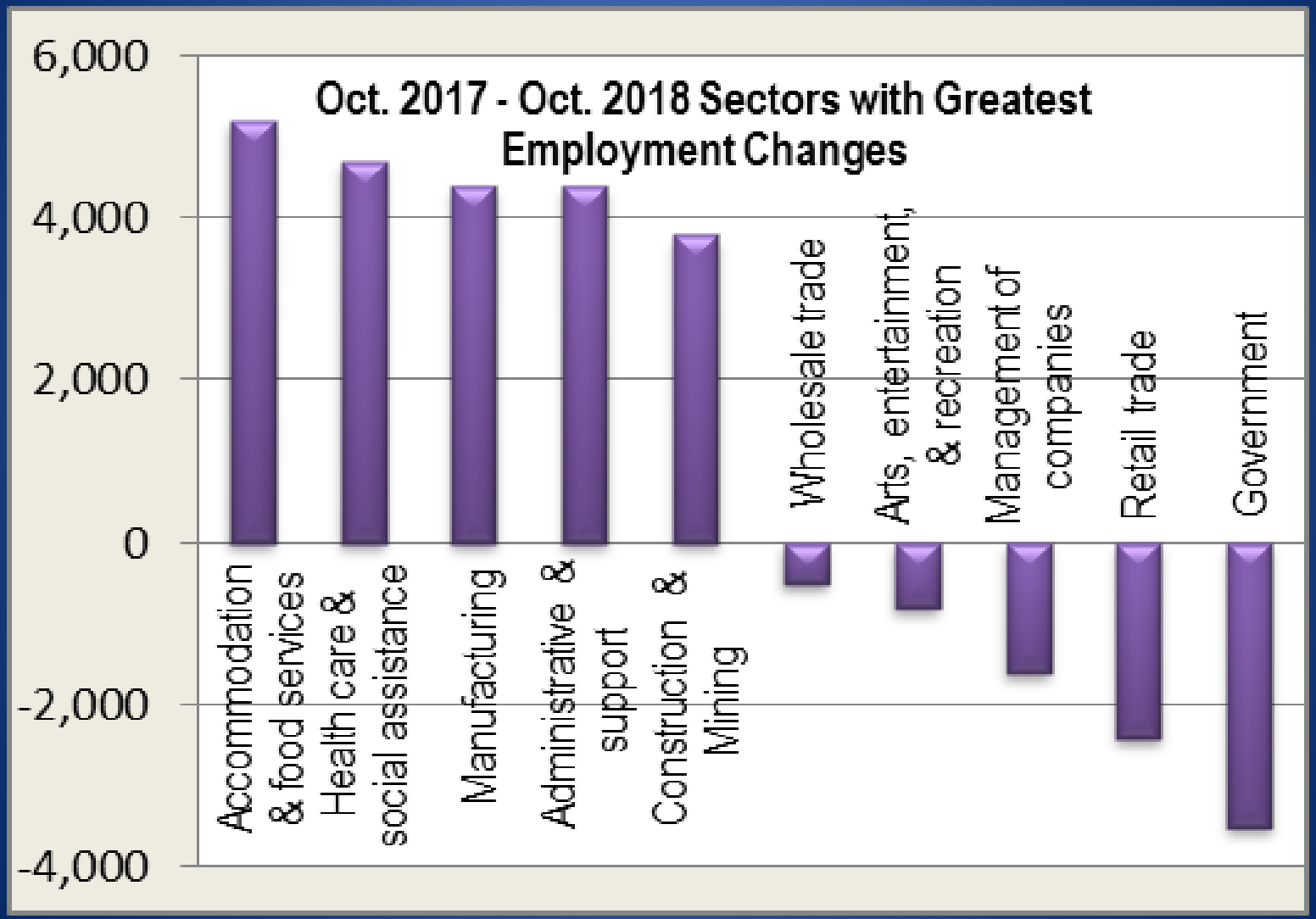


	Jobs Lost	Jobs Gained
Sectors Under $60K	-4,946	62,753
Sectors $60K - $70K	-30,370	11,893
Sectors $70K+	-53,973	7,499

Recent Bright Spots

Oct. 2017 – Oct. 2018 Employment Change in Largest Sectors with Above Average Annual Wages			
Sector	2017 Average Annual Employment	2017 Average Annual Wage	Oct. 2017 – Oct. 2018 Employment Change
Manufacturing	158,810	$81,874	+ 4,300 (2.7%)
Finance & Insurance	106,207	$168,959	+1,700 (1.6%)
Professional & Technical Services	96,354	$103,531	+2,400 (2.5%)
Wholesale Trade	62,553	$94,622	-500 (-0.8%)
Construction	58,311	$68,629	+3,900 (6.6%)

Recent Bright Spots



DOL's Long Term Projections (2016-2026)

- Total employment growth: 111,164
- Population: slow growth overall, decrease in 25 and under, increase in 55+

- 22% of expected job gains through 2026 will be in health care
- Decrease in demand for educational services

Long Term Projections

- Science Technology Engineering Math-related occupations expected to grow significantly faster than overall employment

- Growth in Professional, Scientific, & Technical services (12.7%)
- Manufacturing growth (6.5%) a significant turnaround
- Will also need to replace retiring older workforce

Long Term Projections

- 43% of employment increase will be in occupations that require at least a bachelor's degree

- 35% of job growth will be in occupations where the current median wage is at least $75,000 and 94% of those jobs will require a bachelor's degree
- 26% of job growth will be in occupations where current median wage is less than $30,000 and 95% of those jobs will require a high school diploma or less

Recession-Era Stimulus Initiatives:

Jump-starting the economy and keeping it going

Seeing the Forest for the Trees

Framework for Classifying the Initiatives

Economic Activity

- Business expansion
- Cluster development
- Job creation and retention
- Innovation and entrepreneurship

Stimulus Tools

- Financial assistance
- Equity capital
- Tax breaks
- Customer services

Examples of Recession-Era Initiatives

Economic Activity	Stimulus Tools			
	Financial Assistance	Equity Capital	Tax Incentives	Services
Business Development	Small Business Express (EXP)	Proof of Concept Fund	Job Creation Tax Credits	Business Hotline
Targeted Industry Sector Development	Bioscience Innovation Fund	Bonds for recapitalizing CI programs	Film Infrastructure and Digital Media Tax Credits	Southeastern Connecticut Bioscience Sector
Workforce Development	Manufacturing apprentices training funds	Not applicable	Manufacturing Apprenticeship Tax Credits	Older workers' reference guide
Innovation and Entrepreneurship	Innovation Places Grants	CI equity programs	Estate Tax Reduction for Venture Capital Fund Investments	CTNext

Are these initiatives working? Are they putting numbers on the boards?

First Five Plus Program Output

- Number of Companies: 15
- Jobs Created: 4,668
- Jobs to be Created: 1,206
- Jobs Retained: 17,230
- Private Dollars: $1.74 B
- Leverage Factor: 6.4X
- Direct State Funding: $322 M
- New Income Tax Revenue: $265.3 M
- New Sales Tax Revenue: $78 M
- Total Present Value of Return to the State : $120.9 M

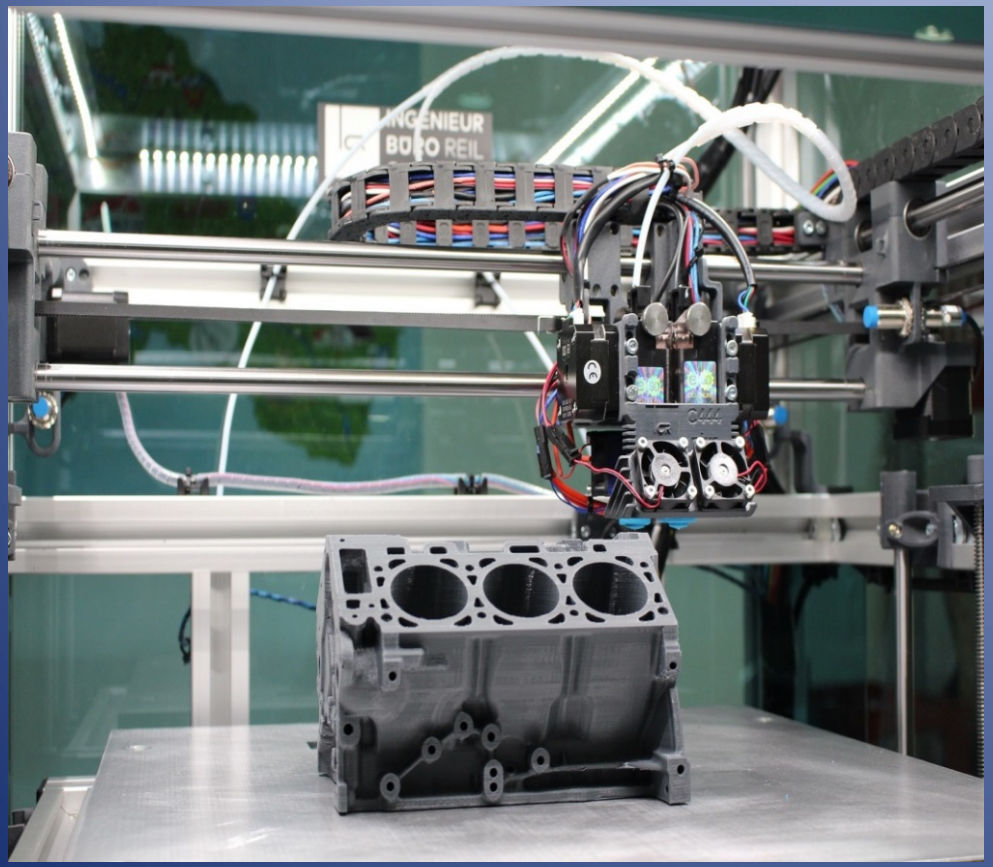
Source: Department of Economic and Community Development

Are These Initiatives Making a Difference?

Policy Disconnect?

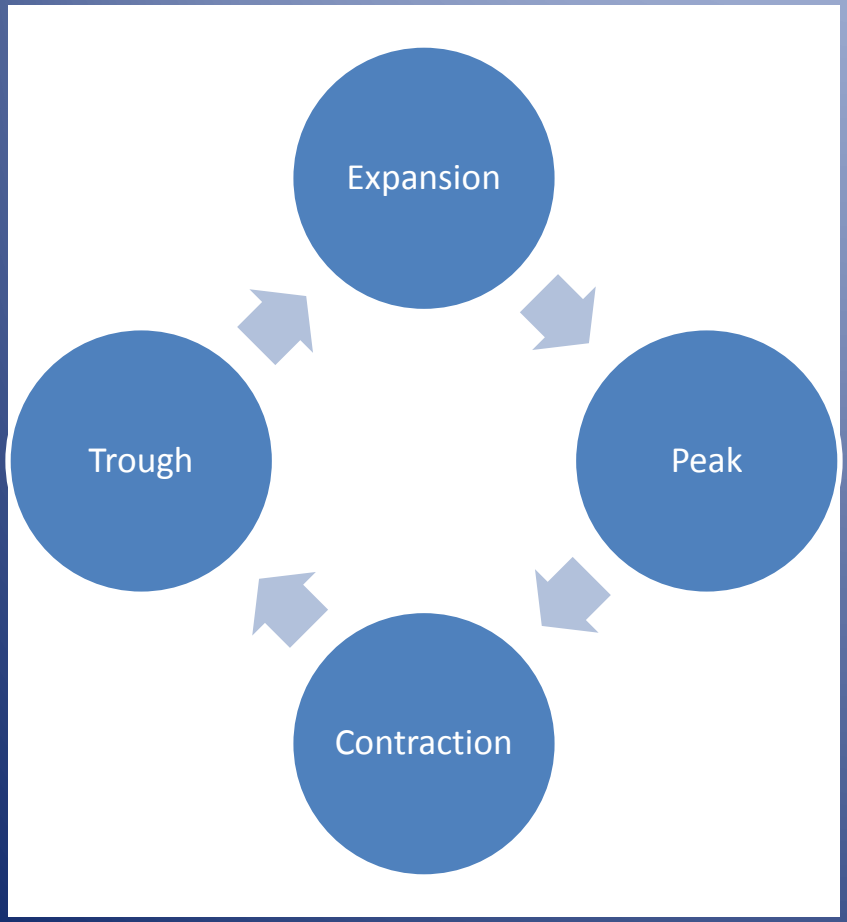
- Health care, social assistance, and accommodations sectors are recovering jobs at a faster pace than the manufacturing and finance and insurance sectors
- The sectors leading the job recovery tend to pay less than those that are lagging behind
- Economic development program seek to create, high skill, high wage jobs

Disruptive Technologies Require:



- Learning new skills
- Changing old routines
- Restructuring organizations

Economic Cycles or Economic Spirals?

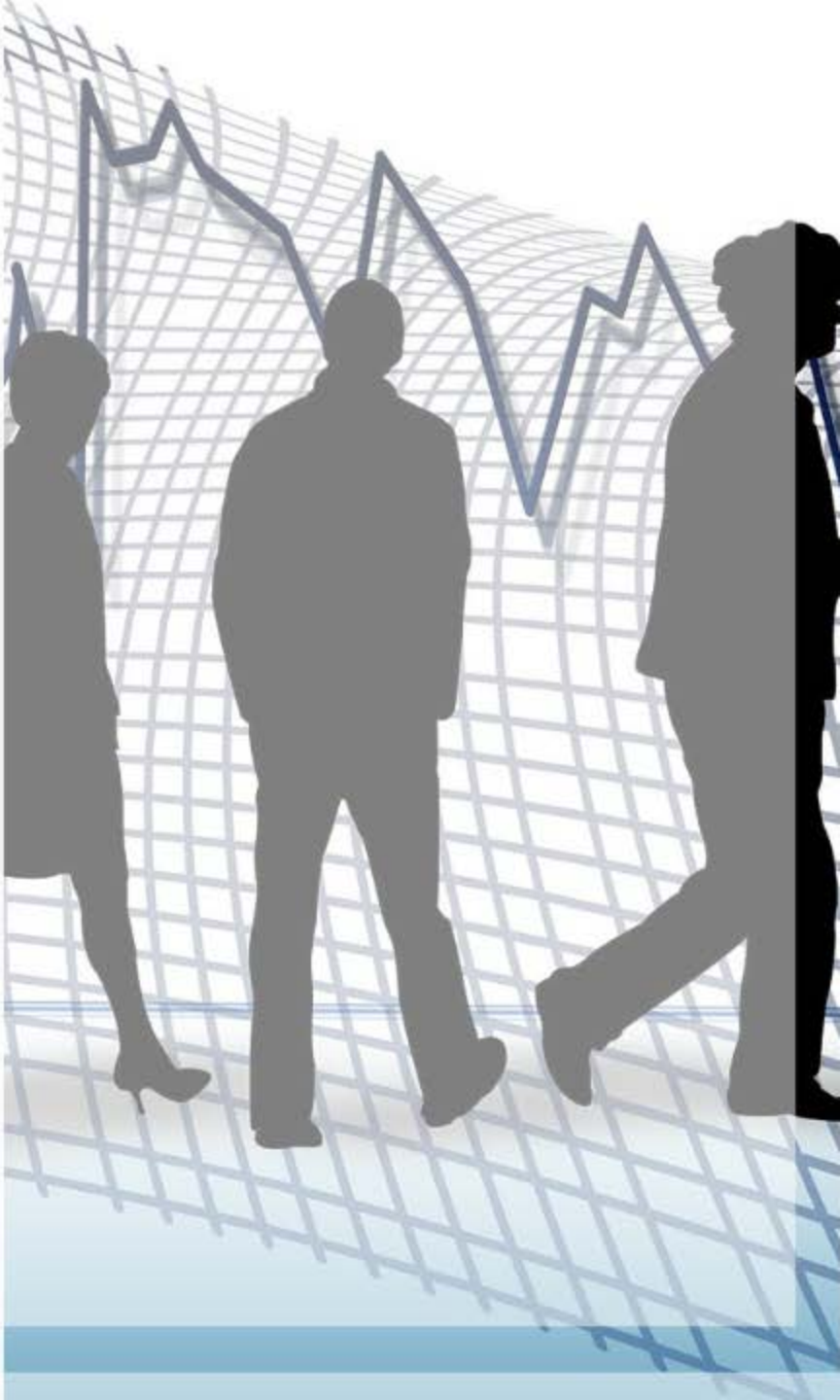


Adaptive Strategy

- Look for signs of change
- Create a portfolio of options and experiments
- Select the successful experiments and scale them up
- Reallocate resources flexibly
- Vary, select, and scale up rapidly

Source: *Your Strategy Needs a Strategy: How to Choose and Execute the Right Approach,* Reeves, Haanaes, and Sinha

Resilience



Presenters

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Issues Conference
2018

For additional resources, see the Legislative Library's *State of* Jobs Resource Guide: https://wp.cga.ct.gov/lib/2018-issues-conference-state-of-jobs.