

The Connecticut Economy

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Outline

- Population Summary and Trends
- Employment Profile: 1950 - 2010
- Economic Prosperity of the 1980's
- The Era of Slow Growth
- Pre and Post the Great Recession
 - Employment
 - Gross State Product
 - Connecticut compared to the United States
- Connecticut's Exports and Defense Industry
- Regional Analysis

Population Summary

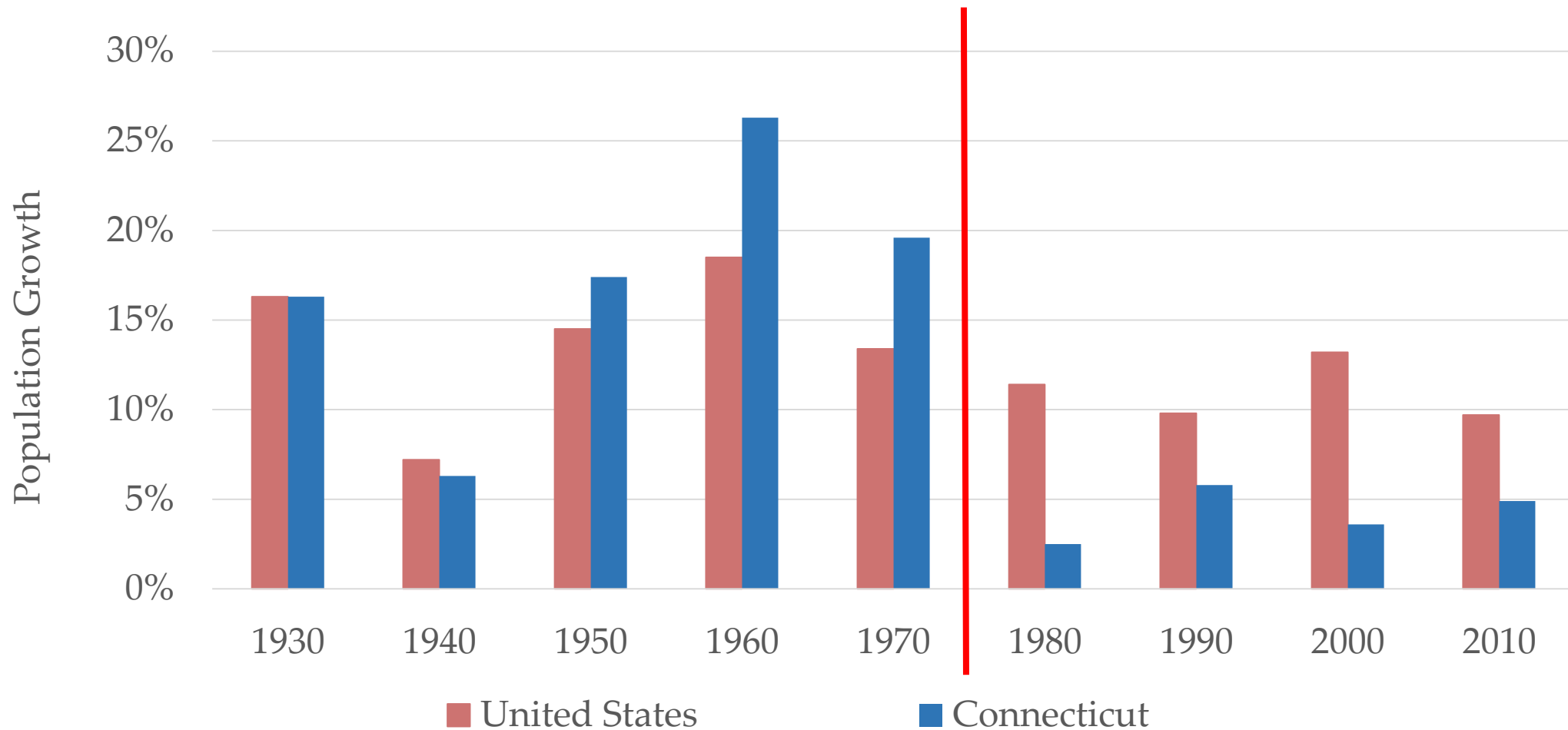
Population	
2014	3,596,677
2013	3,599,341
Race and Ethnicity^	
White	81.6%
Black or African American	11.3%
Asian	4.3%
American Indian, Native Hawaiian and Other Pacific Islander	0.6%
Hispanic or Latino	14.7%
Foreign born persons*	13.60%
Language other than English spoken at home*	21.50%
Households*	
Households	1,355,849
Persons per household	2.55
Median household income	\$69,461
Persons below poverty level	10.2%

^ 2013

* 2009 - 2013

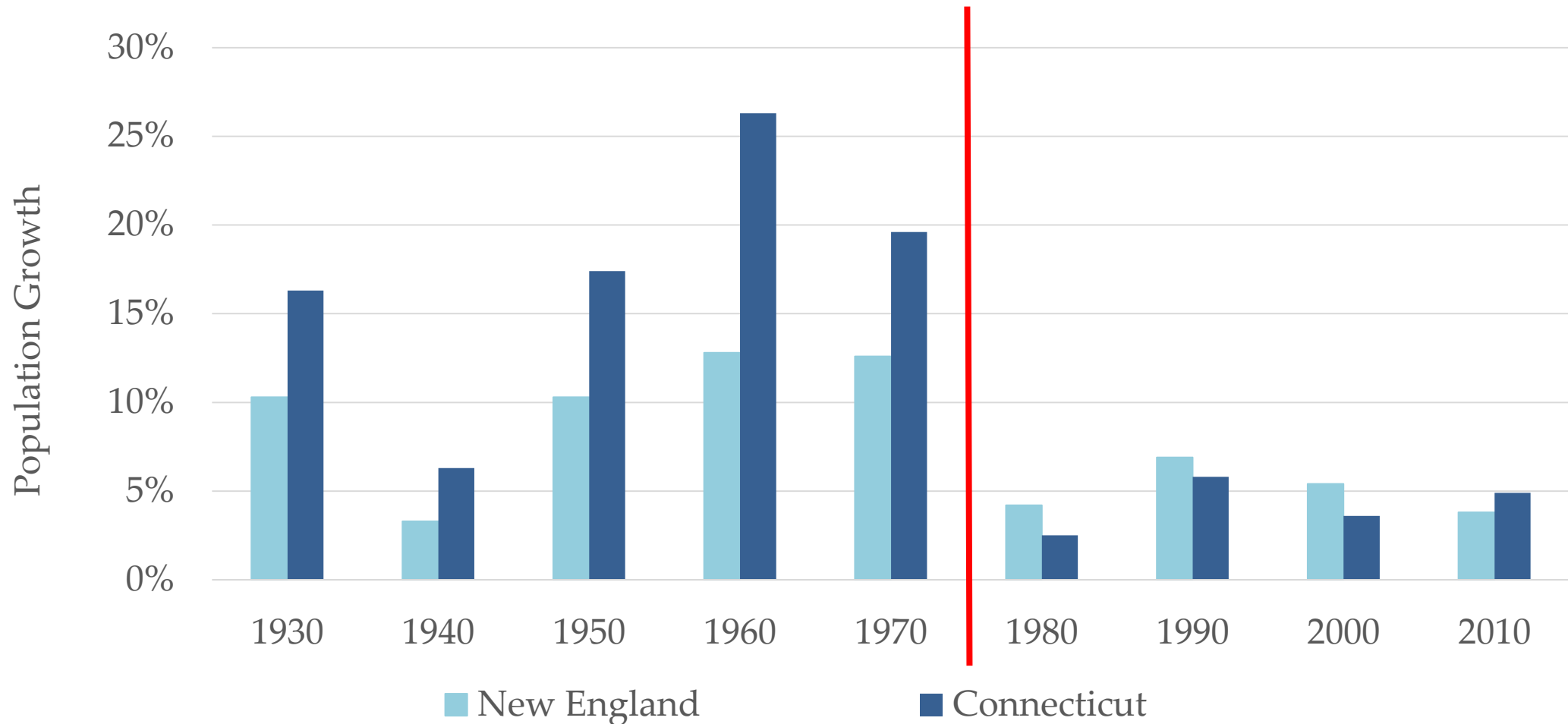
Population Trends

Population growth in Connecticut has slowed compared to the nation since the 1970's



Population Trends

Connecticut's population growth has been similar to New England over the last few decades



Population Trends

Share of Population by Age Group

	Connecticut			United States		
<u>Age Groups</u>	<u>1994</u>	<u>2004</u>	<u>2014</u>	<u>1994</u>	<u>2004</u>	<u>2014</u>
0 thru 4	6.9%	6.1%	5.3%	7.2%	6.8%	6.2%
5 thru 14	13.1%	13.9%	12.2%	14.3%	13.9%	12.9%
15 thru 24	13.2%	12.8%	13.7%	14.5%	14.3%	13.8%
25 thru 34	15.9%	11.9%	12.3%	16.0%	13.4%	13.6%
35 thru 44	16.1%	15.9%	12.3%	15.5%	14.9%	12.7%
45 thru 54	12.1%	15.1%	15.1%	11.4%	14.2%	13.6%
55 thru 64	9.0%	10.6%	13.5%	8.5%	10.1%	12.6%
65 & Older	13.6%	13.6%	15.6%	12.5%	12.4%	14.6%

Population Trends

Connecticut is older compared to the United States

Share of Population by Age Group

<u>Age Groups</u>	Percentage Points difference between Connecticut and the <u>United States</u>		
	<u>1994</u>	<u>2004</u>	<u>2014</u>
0 thru 4	-0.4	-0.6	-1.0
5 thru 14	-1.2	-0.1	-0.7
15 thru 24	-1.2	-1.5	-0.1
25 thru 34	-0.1	-1.5	-1.3
35 thru 44	0.7	1.0	-0.4
45 thru 54	0.7	0.9	1.5
55 thru 64	0.5	0.6	1.0
65 & Older	1.2	1.2	1.0

Population Trends

Compared to New England, Connecticut has a higher share of 5-14 year olds a smaller share of 25-34 year olds

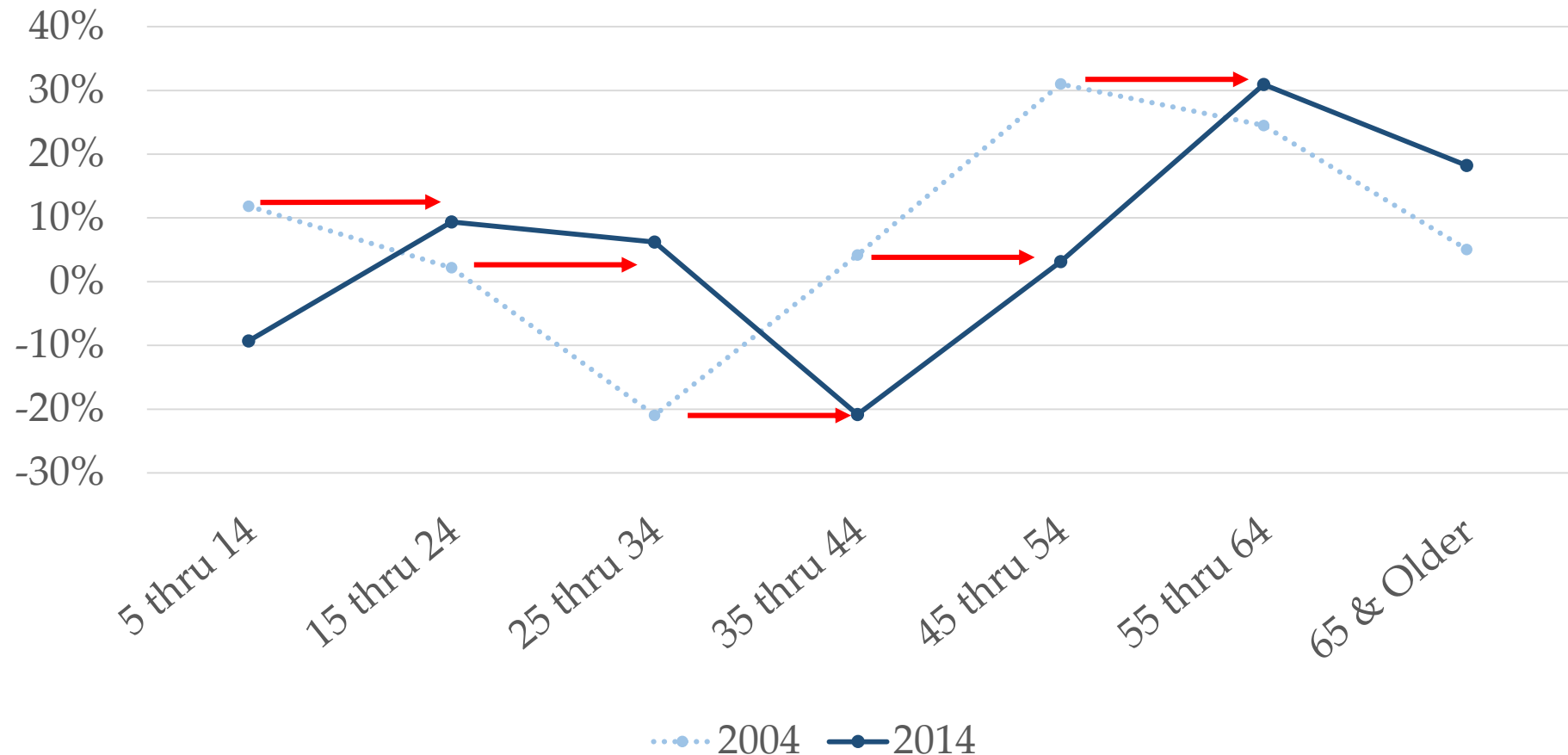
Share of Population by Age Group

<u>Age Groups</u>	Percentage Points difference between Connecticut and <u>New England</u>		
	<u>1994</u>	<u>2004</u>	<u>2014</u>
0 thru 4	0.1	0.2	0.0
5 thru 14	0.0	0.6	0.7
15 thru 24	-0.8	-0.8	-0.1
25 thru 34	-0.3	-0.5	-0.5
35 thru 44	0.1	0.2	0.1
45 thru 54	0.4	0.0	0.3
55 thru 64	0.3	0.0	-0.2
65 & Older	0.2	0.2	-0.2

Population Trends

Some of the trends exhibited in Connecticut are caused by natural demographic changes

Connecticut Population Growth by Age Group



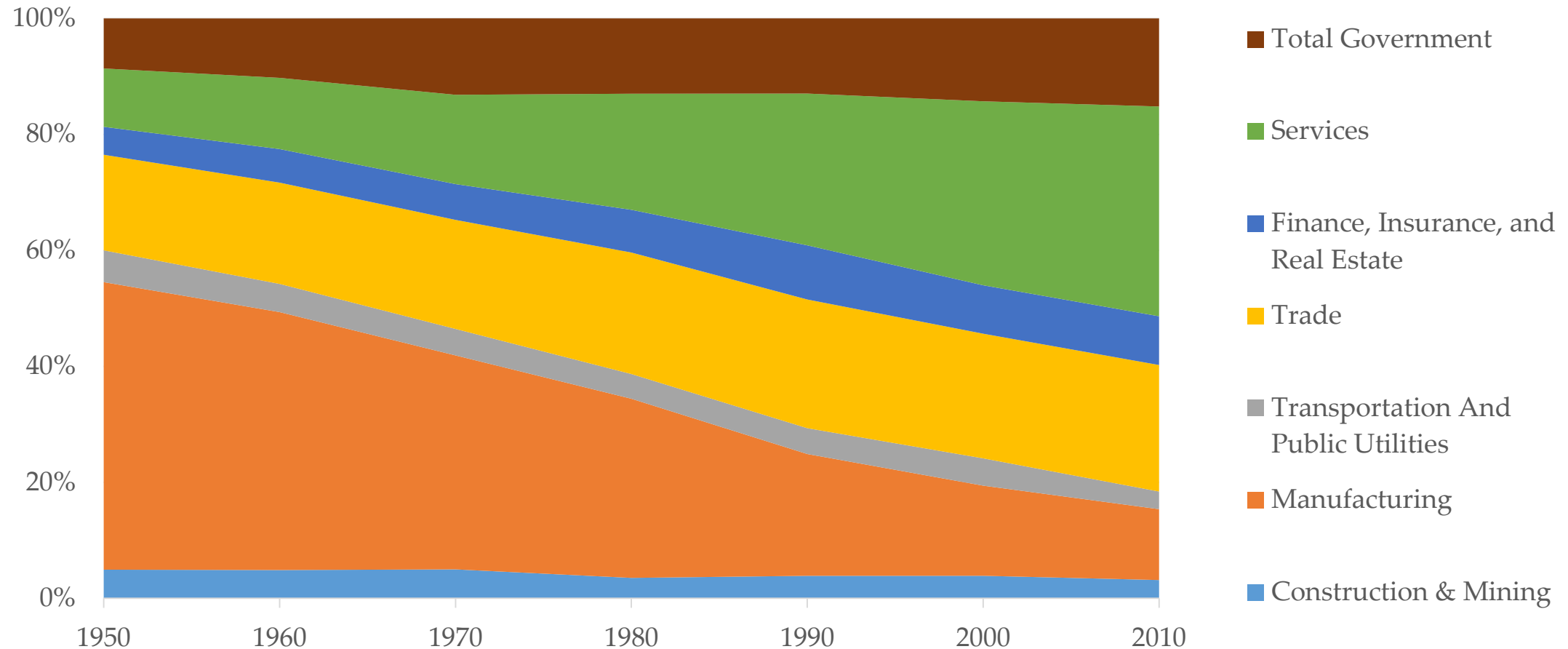
Employment Profile: 1950 - 2010

Total non-farm employment growth in Connecticut has slowed compared to the nation since the 1970's

Total Non-Farm Employment (in Thousands)	1950	1960	1970	1980	1990	2000	2010
Connecticut							
Total	766.1	915.4	1,197.5	1,426.8	1,623.5	1,693.1	1,608.0
Growth	26.7%	19.5%	30.8%	19.1%	13.8%	4.3%	-5.0%
United States							
Total	45,197	54,189	70,880	90,406	109,403	131,720	130,275
Growth	39.7%	19.9%	30.8%	27.5%	21.0%	20.4%	-1.1%

Employment Profile: 1950 - 2010

Connecticut's Industry Share of Total Employment



Note: Not Seasonally Adjusted, based on the Standard Industrial Classification system

Source: Bureau of Labor Statistics

Employment Profile: CT versus the US

Manufacturing has fallen dramatically, while Finance and Government has grown stronger than the US

	<u>Manufacturing</u>		<u>Finance, Insurance, And Real Estate</u>		<u>Government</u>	
	1950	2010	1950	2010	1950	2010
Connecticut	49.6%	→ 12.2%	4.8%	→ 8.4%	8.6%	→ 15.2%
United States	33.7%	→ 10.9%	4.2%	→ 5.9%	13.3%	→ 17.3%

Note: Percent of total non-farm employment

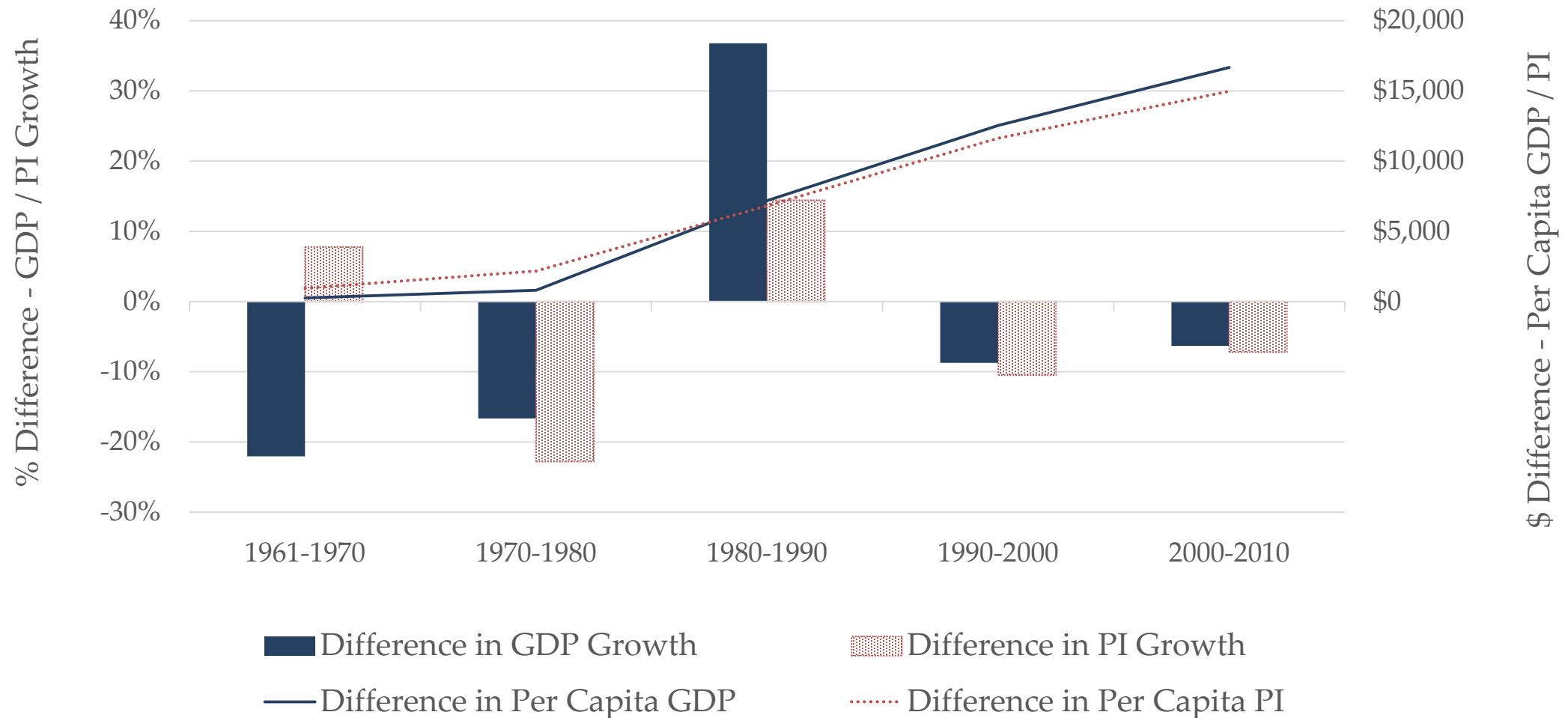
Economic Indicators: GSP and PI

Per Investopedia.com:

- Gross Domestic Product (GDP) and Gross State Product (GSP):
 - The monetary value of all the finished goods and services produced within a country's borders in a specific time period
 - $\text{GDP} = \text{private and public consumption} + \text{government outlays} + \text{investments} + \text{exports} - \text{imports}$
 - Put simply, GDP is a broad measurement of a nation's overall economic activity
- Personal Income (PI):
 - Total compensation received by an individual
 - $\text{Personal income} = \text{salaries} + \text{wages and bonuses received from employment or self-employment} + \text{dividends and distributions received from investments} + \text{rental receipts from real estate investments} + \text{profit-sharing from a business}$
 - Capital Gains is not included in Personal Income
 - Personal income is generally computed on a pre-tax basis.

Economic Prosperity of the 1980's

Gross Domestic Product and Personal Income
Percentage Points difference between CT and the US

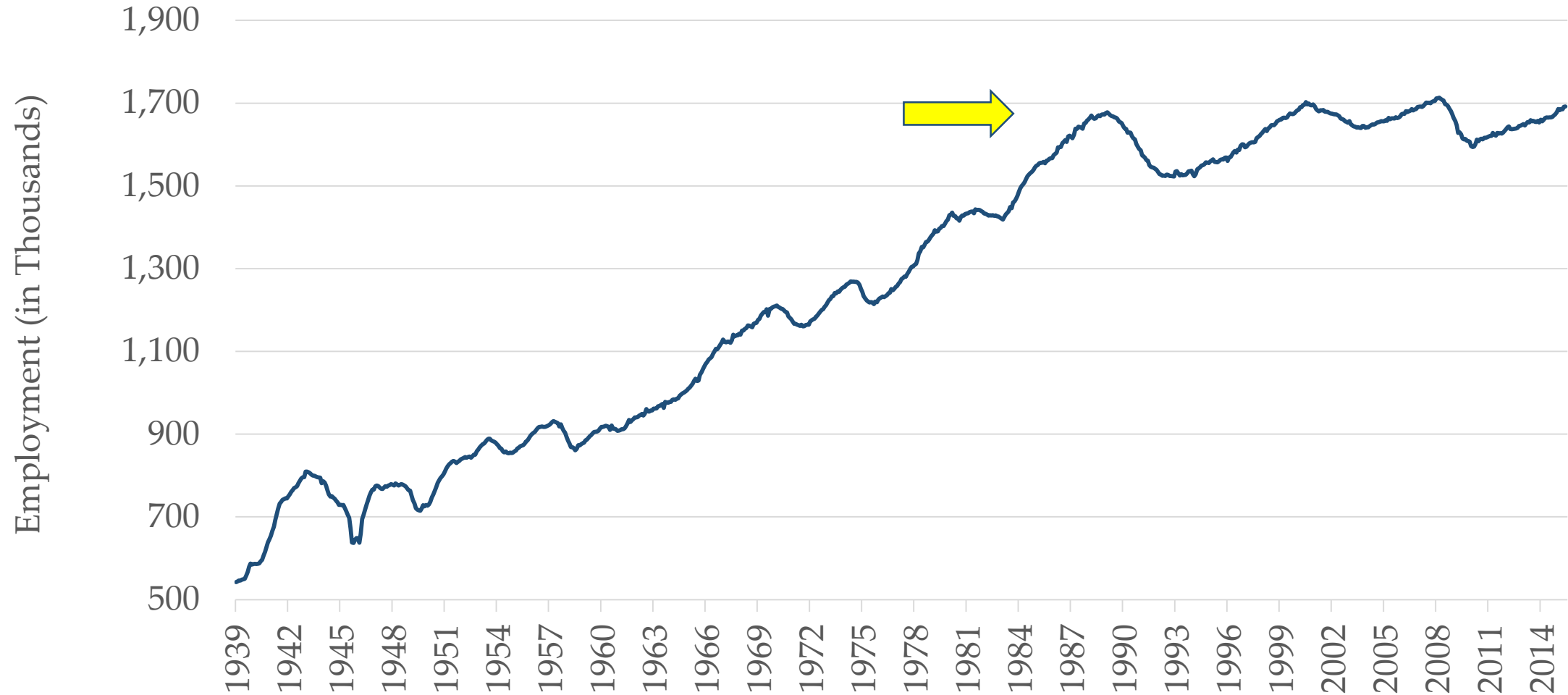


Economic Prosperity of the 1980's

- Connecticut gained 234,100 jobs, or 16.2% of employment between July 1981 to February 1989.
- Employment change by sector:
 - Services 60%
 - Trade 30%
 - Finance, Insurance, and Real Estate 20%
 - Manufacturing -35%
- GDP change by sector:
 - Finance, Insurance, and Real Estate 30%
 - Services 22%
 - Trade 14%
 - Manufacturing 13%

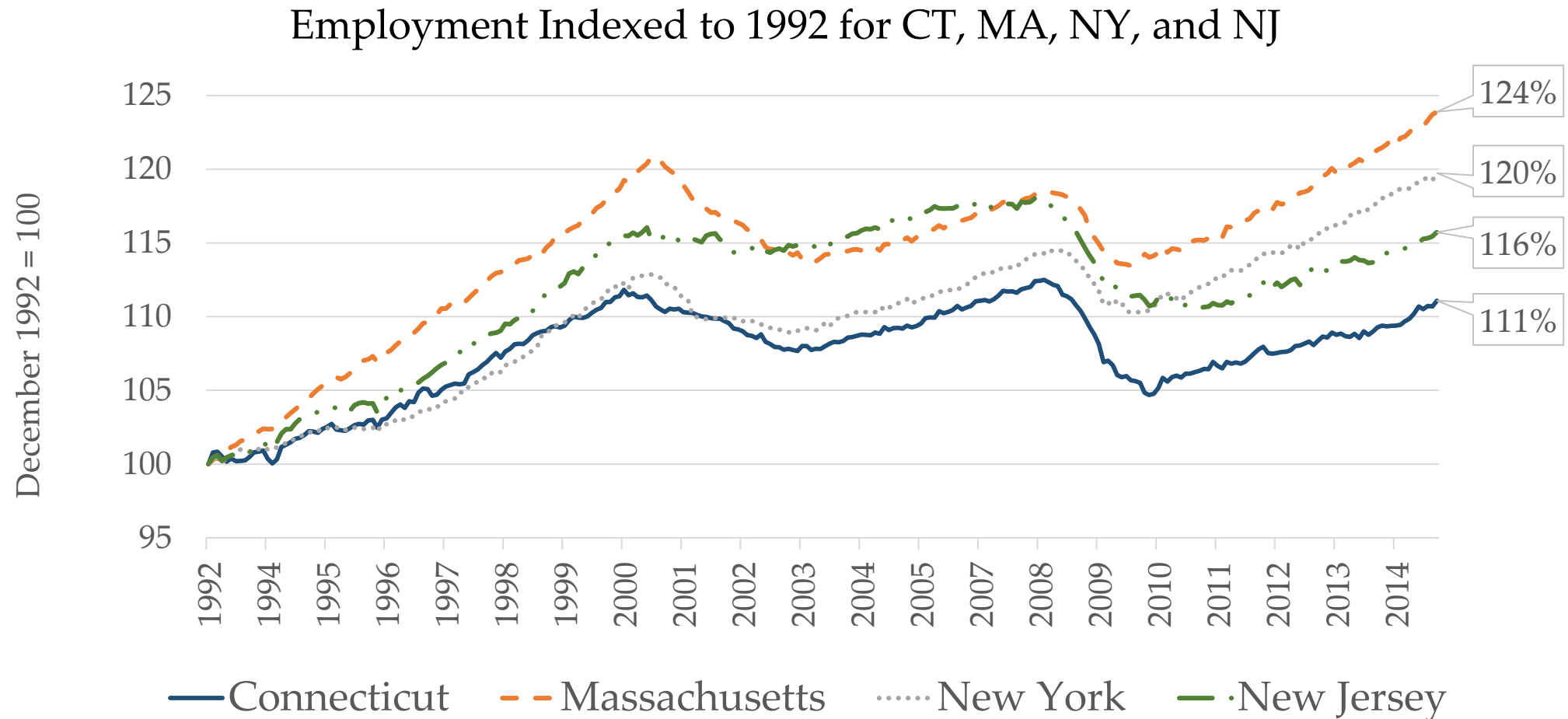
The Era of Slow Growth

Connecticut Total Nonfarm Employment



The Era of Relative Slow Growth: 1992-2015

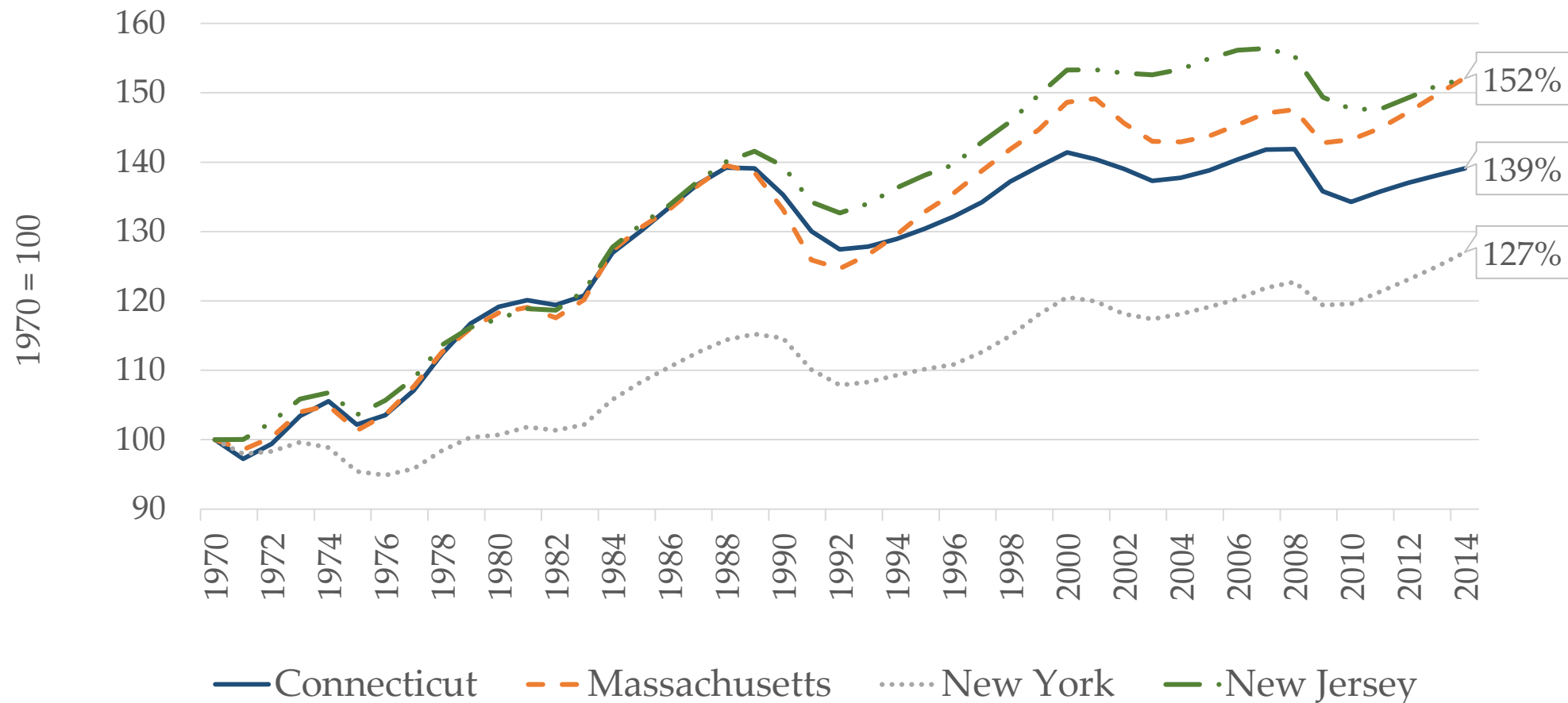
Connecticut and New York grew at the same pace out of the early 1990's recession; CT has since fallen behind



The Era of Relative Slow Growth: 1970-2014

A longer term view shows Connecticut's employment growth outpaces New York, but falls short of NJ and MA

Employment Indexed to 1970 for CT, MA, NY, and NJ



The Great Recession

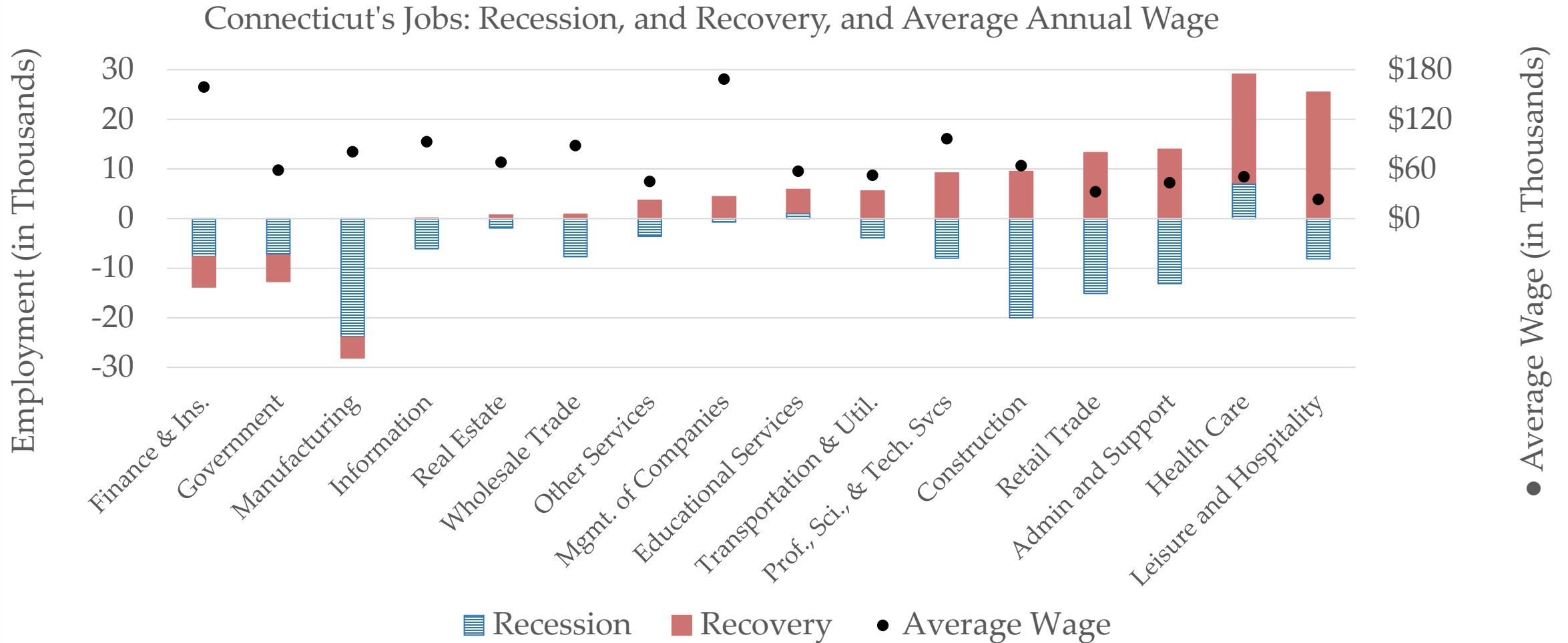
- The Great Recession lasted from March 2008 to February 2010 in Connecticut
- Connecticut lost 119,000 jobs, or 6.9% of employment
- As of July 2015, Connecticut has regained 102,000 jobs, or 85.7% of the total jobs lost during the recession
- Connecticut's private sector has replenished 108,200 jobs, or 97.0% of the 111,600 private sector jobs lost during the recession
- The rate of job growth has picked up in the last year, with over 30,000 jobs created since July 2014

The Great Recession

- The United States lost 8.7 million jobs, or 6.3% of employment during the Great Recession. As of April 2014, the US had recovered the number of jobs lost from the recession.
- Connecticut's unemployment rate peaked at 9.2% during the recession
- As of July 2015, Connecticut's unemployment rate is 5.4%
- The United States reached 10% unemployment during the recession; as of July 2015 the nation's unemployment rate was 5.3%
- As of January 2015, the number of residents employed in CT surpassed its pre-recession peak, and at 1,809,191 is currently at its highest level ever

The Great Recession: Employment

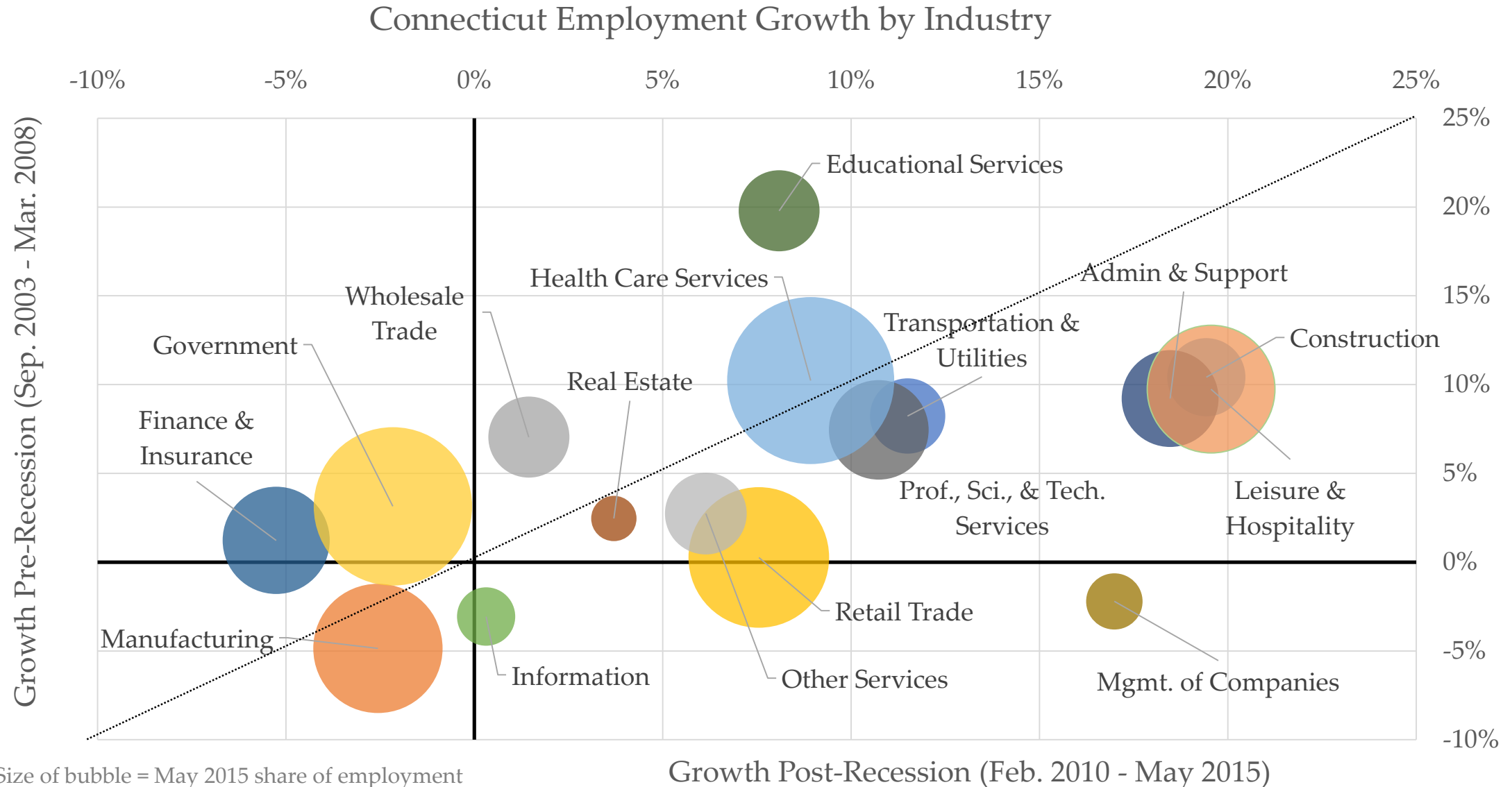
Industries with the lowest average wage are leading Connecticut's employment recovery from the recession



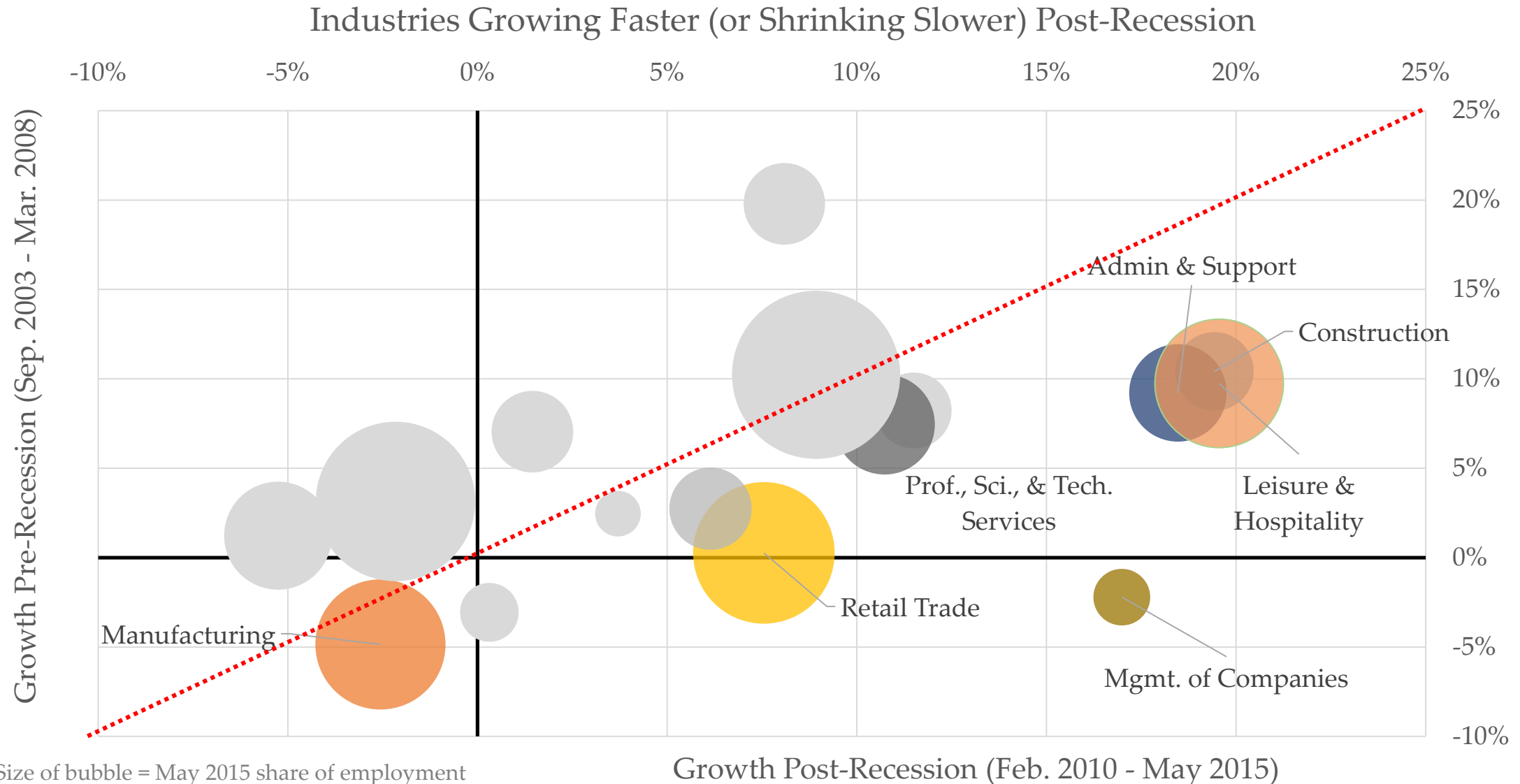
Note: Recession (Mar 2008-Feb 2010), Recovery (Feb 2010-May 2015), and 2014 Average Annual Wage

Source: Bureau of Labor Statistics

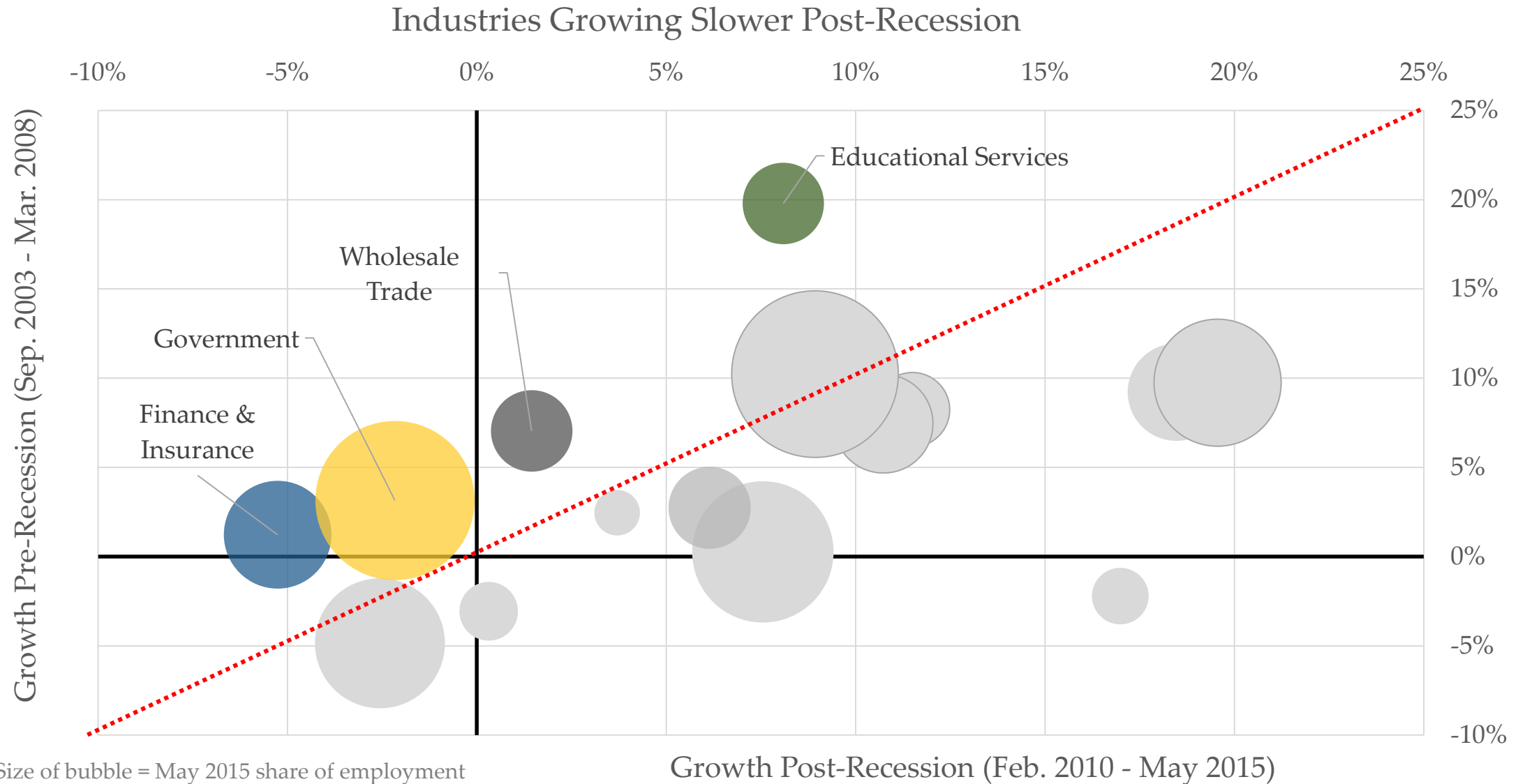
Pre/Post the Great Recession: Employment



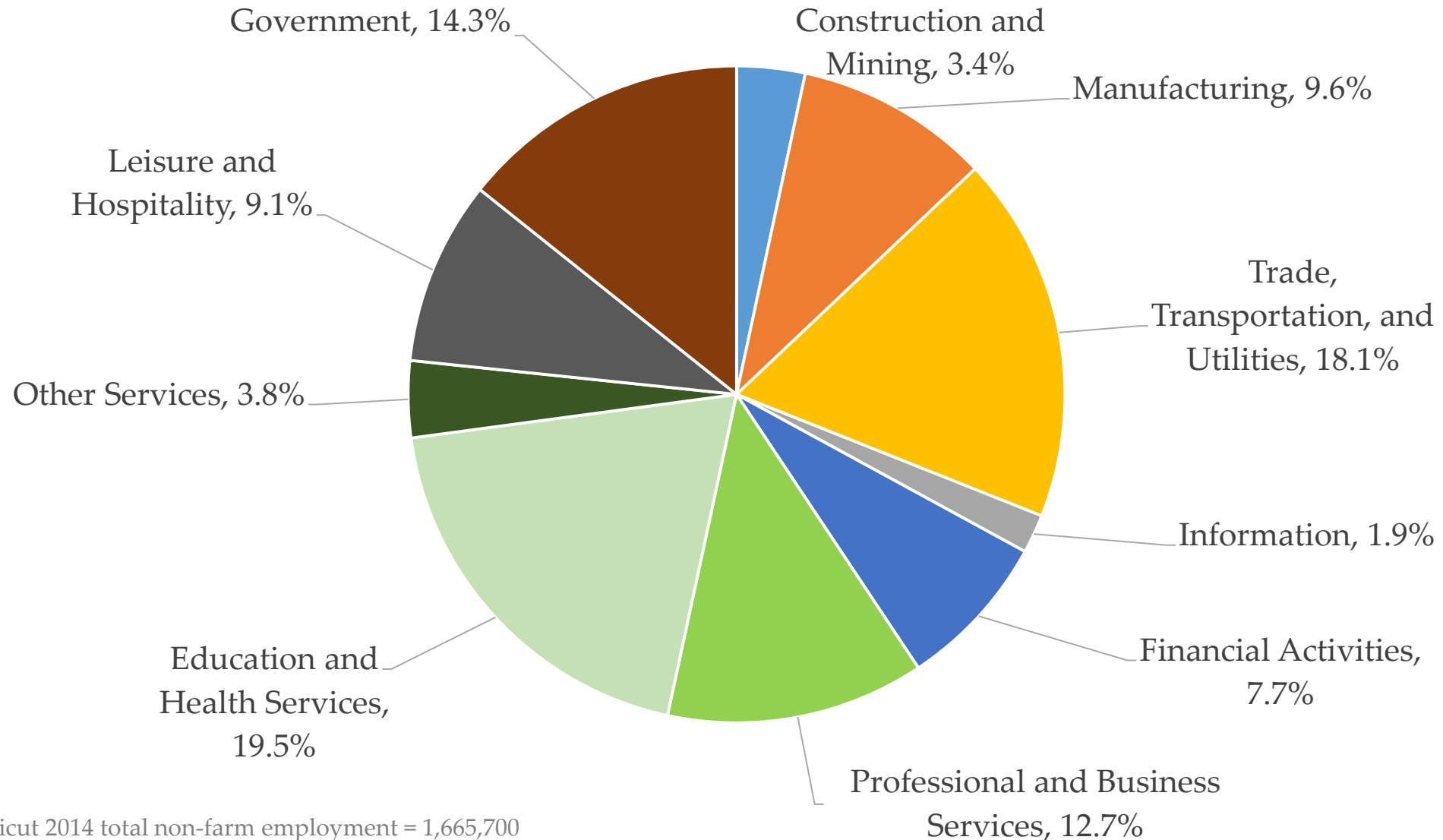
Pre/Post the Great Recession: Employment



Pre/Post the Great Recession: Employment



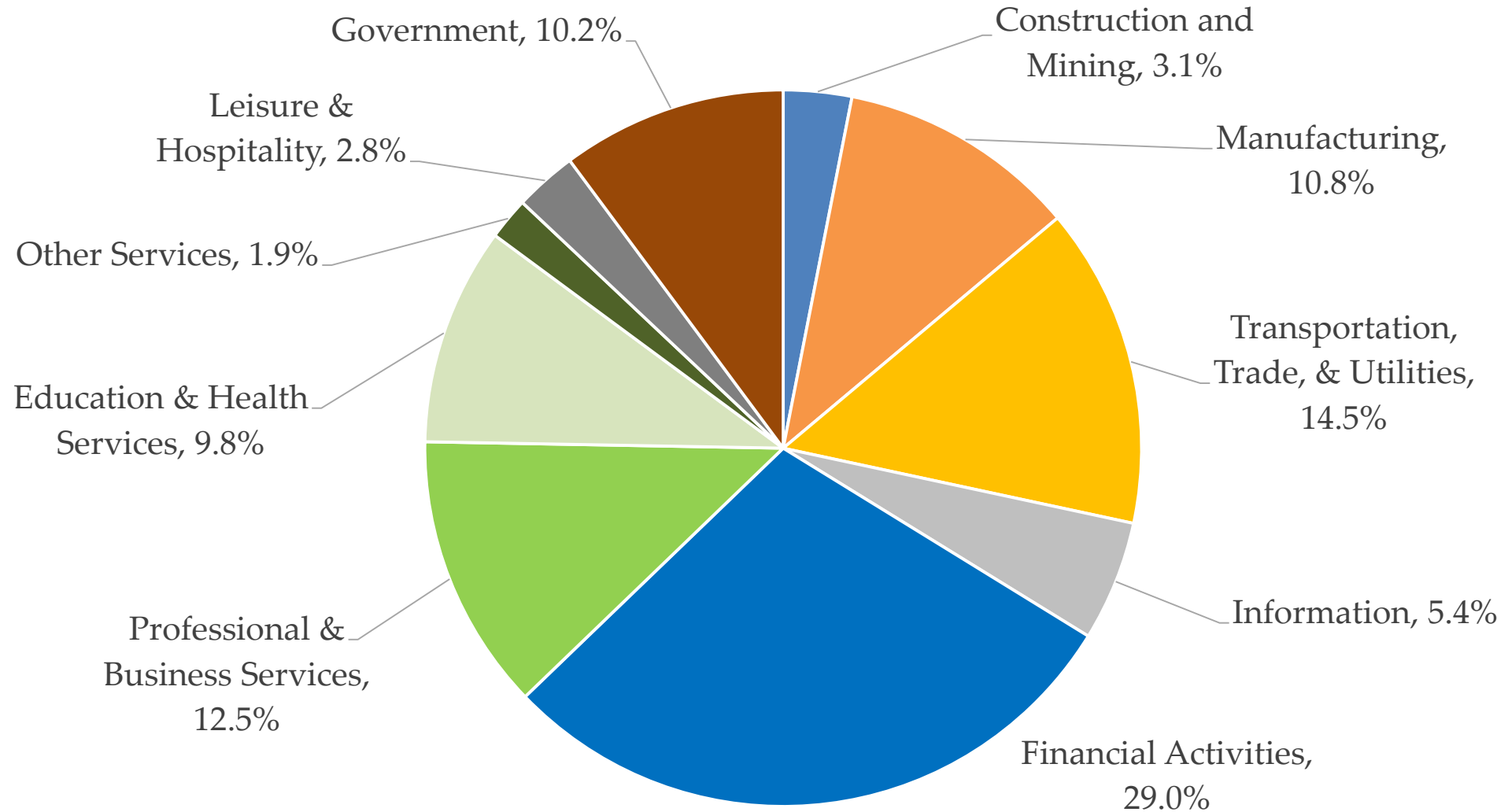
Connecticut Employment (2014)



Note: Connecticut 2014 total non-farm employment = 1,665,700

Source: Bureau of Labor Statistics

Connecticut Real GSP (2014)



Note: Connecticut 2014 Real GSP = \$232,620 Million (chained 2009 \$)

Source: IHS

Pre/Post the Great Recession: GSP & PI

Connecticut's Real GSP and PI growth has slowed from about 16% pre-recession to 1% and 7%, respectively

	Pre-Recession		Post-Recession	
Connecticut Real GSP (Millions of 2009 \$)	2003	2007	2010	2014
Total	\$211,900	\$245,764	\$230,268	\$232,620
Change Growth		\$33,864 16.0%		\$2,352 1.0%
Connecticut Real PI (Millions of 2009 \$)	2003	2007	2010	2014
Total	\$157,606	\$183,065	\$178,044	\$190,557
Change Growth		\$25,460 16.2%		\$12,514 7.0%
United States	2003	2007	2010	2014
Real GDP Growth		12.1%		8.0%
Real PI Growth		14.0%		9.7%

Note: Real indicates adjusted for inflation, here in 2009 constant dollars

Source: IHS

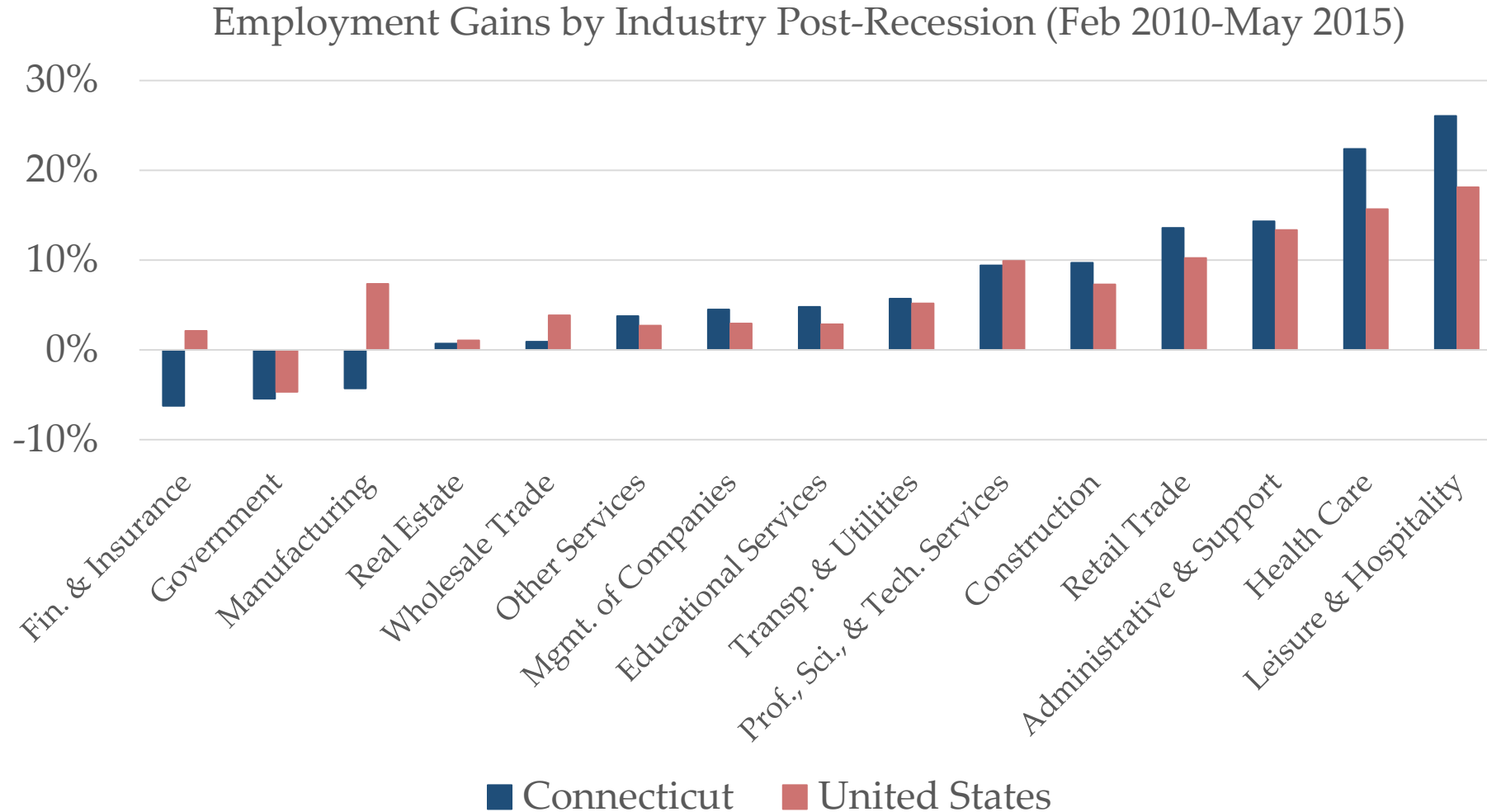
Pre/Post the Great Recession: GSP

There has been a shift in the industries driving GSP from pre-recession to post-recession

	Pre-Recession	Post-Recession
Real GSP (Millions of 2009 \$)	2003 - 2007	2010 - 2014
Manufacturing	\$11,101	-\$3,371
Finance & Insurance	\$7,816	-\$2,604
Government	\$1,336	-\$274
Other Services	\$264	-\$25
Construction and Mining	-\$50	\$27
Educational Services	\$210	\$155
Wholesale Trade	\$2,919	\$213
Transportation & Utilities	\$1,459	\$438
Administrative & Support	\$1,139	\$555
Health Care	\$1,211	\$636
Leisure & Hospitality	\$77	\$691
Retail Trade	-\$525	\$775
Real Estate	\$2,647	\$856
Prof., Sci., and Tech. Services	\$50	\$1,185
Information	\$3,741	\$1,512
Management of Companies	-\$394	\$1,865
Total Real GSP Change	\$33,864	\$2,352

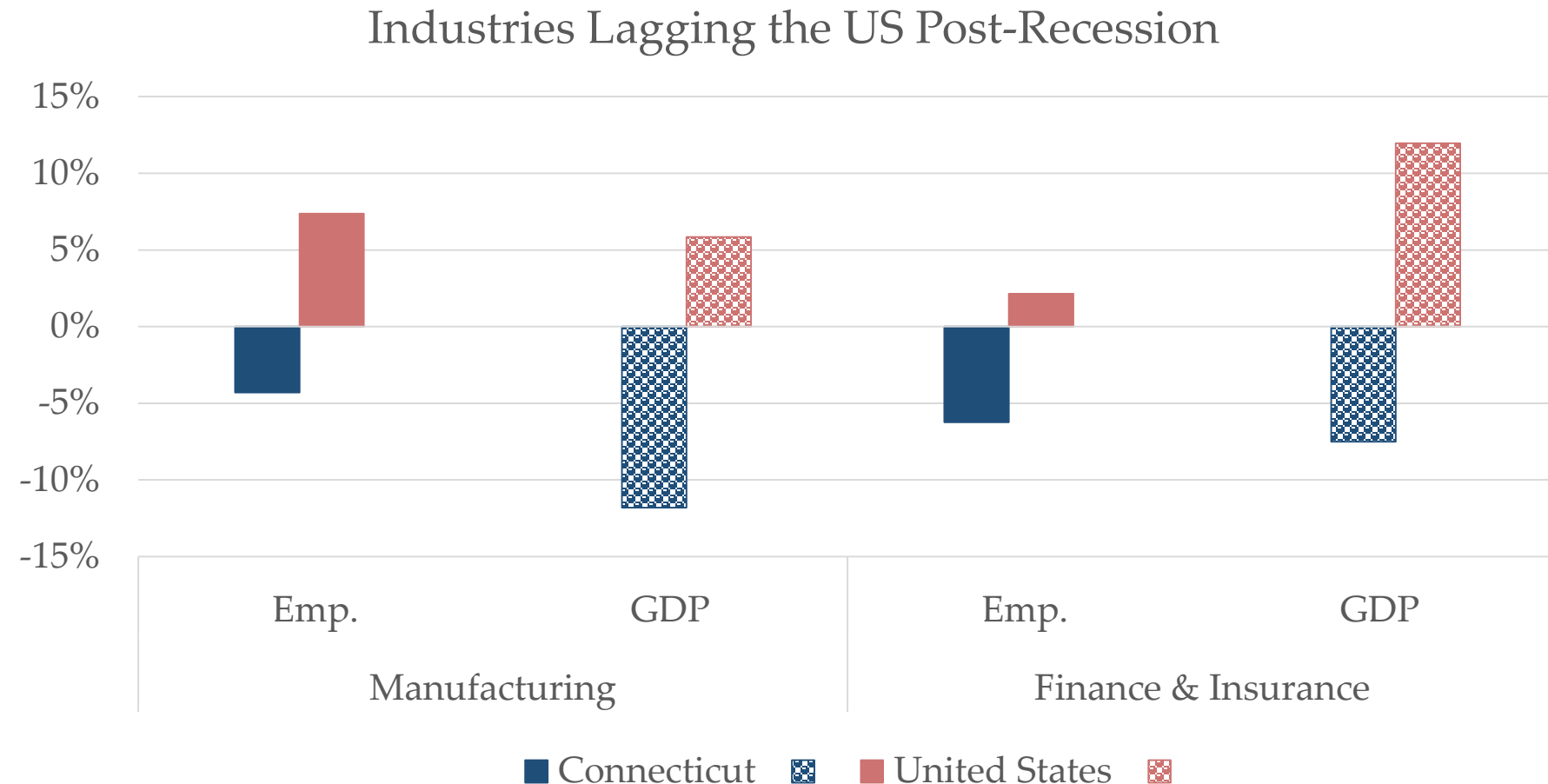
Post Recession – CT versus the US

Connecticut's employment growth by industry is similar to the nation, except in a few key industries



Post Recession – CT versus the US

Unlike Connecticut, the nation is growing in employment and GDP from Manufacturing and Finance & Insurance

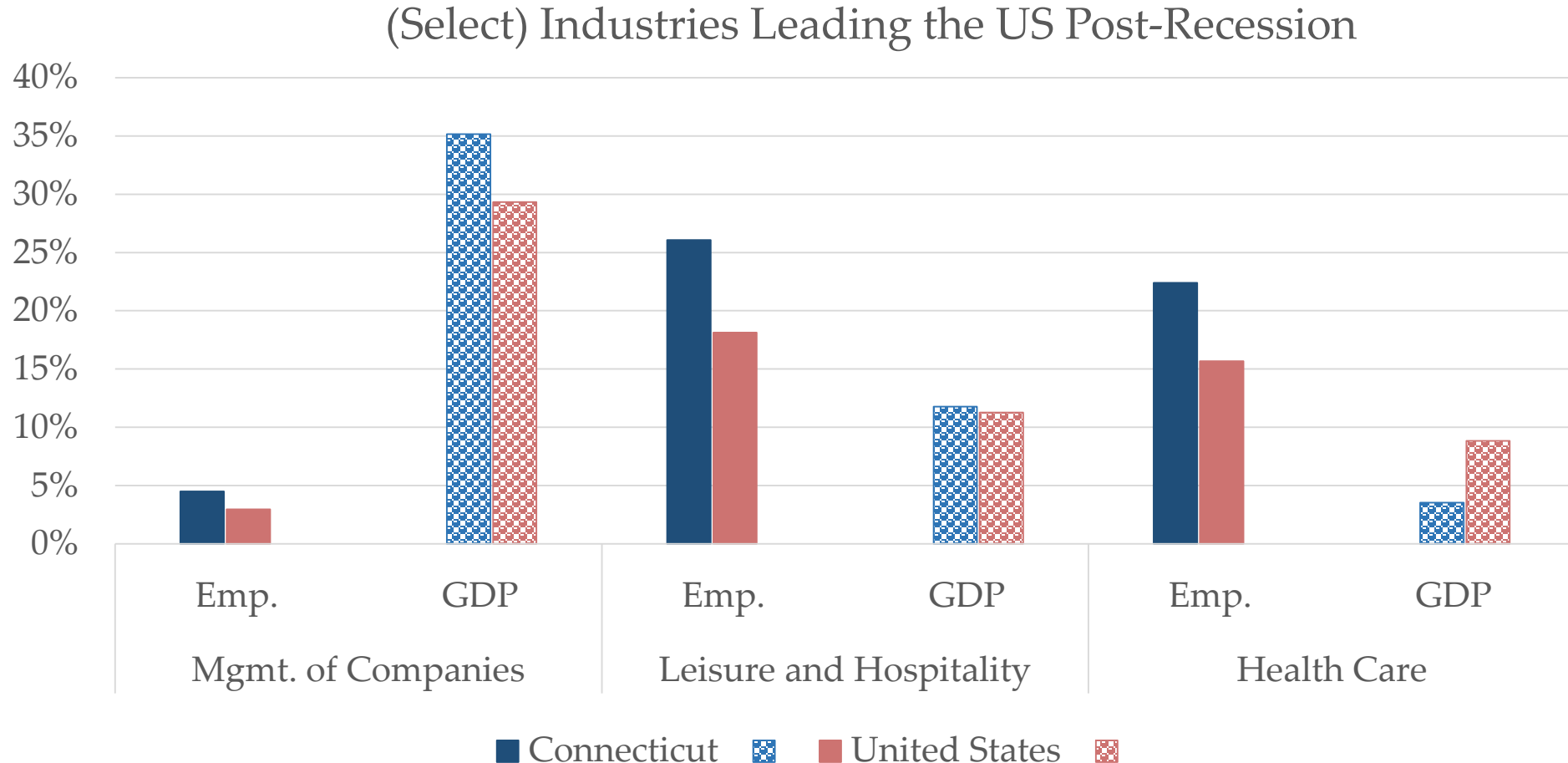


Note: Employment (February 2010 – May 2015) and GDP (2010 - 2014)

Source: Bureau of Labor Statistics, Bureau of Economic Analysis

Post Recession – CT versus the US

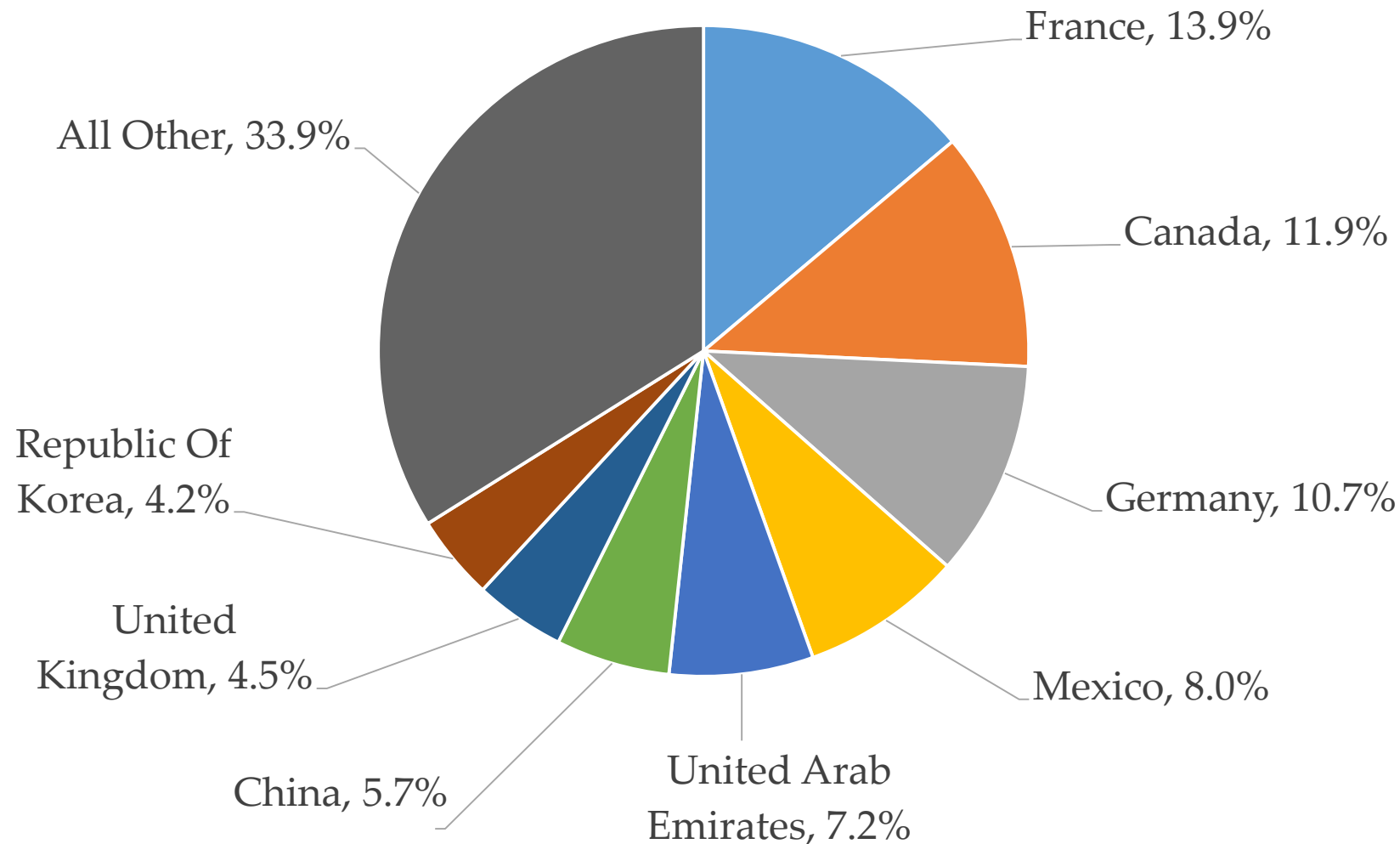
Mgmt. of Companies in CT leads the nation by 1.5 and 6 percentage points, respectively, in emp. and GDP growth



Note: Employment (February 2010 – May 2015) and GDP (2010 - 2014)

Source: Bureau of Labor Statistics, Bureau of Economic Analysis

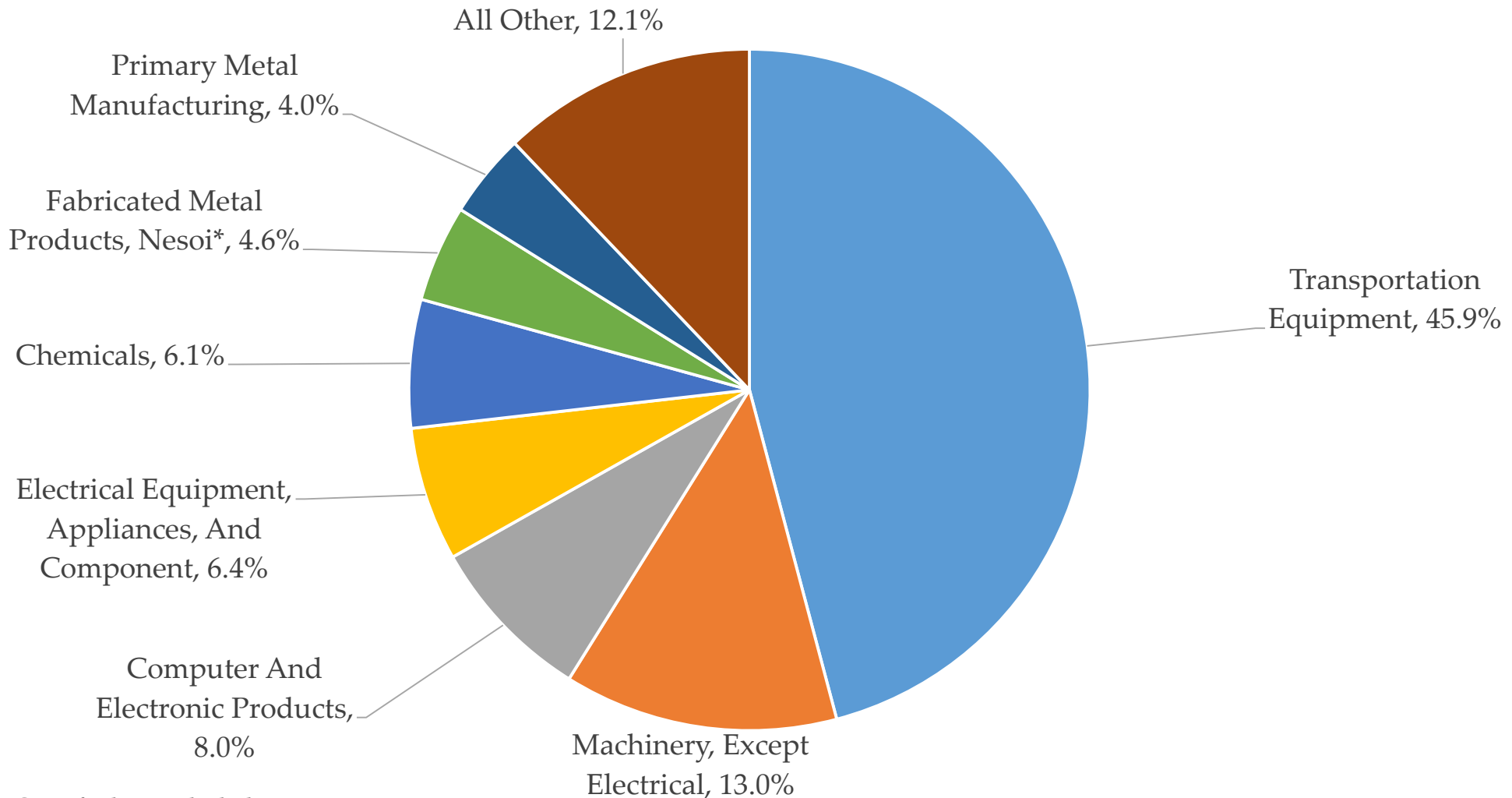
Connecticut's Leading Export Markets (2014)



Note: Connecticut 2014 total exports = \$15.9 billion

Source: WISERTrade

Connecticut's Export Industry Leaders (2014)



* Not Elsewhere Specified or Included

Note: Connecticut 2014 total exports = \$15.9 billion;

Source: WISERTrade

Connecticut's Defense Industry

- In Federal Fiscal Year 2013:
 - Connecticut based firms received \$10.0 billion in prime contract awards
 - These total awards accounted for 3.7% of national total awards
 - Connecticut ranked 8th in total defense dollars awarded
 - Connecticut ranked 2nd in per capita dollars awarded among the 50 states
- In Fiscal Year 2013, defense contract awards made up 4.8% of Connecticut's GSP*

* Based on a three year moving average of defense contract awards

Source: United States Department of Defense

Regional Analysis

Connecticut's population is concentrated in three counties, but the state overall is highly educated and well-off

	CT	Fairfield	Hartford	Litch- field	Middle- sex	New Haven	New London	Tolland	Wind- ham
Population^	3,596.7	945.4	898.0	185.0	164.9	861.3	273.7	151.4	117.0
High School* (%)	89.2	89	88.1	91.3	93.8	88.3	90.5	93	86.8
Bachelors* (%)	36.5	44.8	34.9	36.5	39.1	32.9	31.3	36.9	22.3
Median Household Income* (\$)	69,461	82,283	64,967	69,461	76,994	61,996	69,461	80,529	59,333
GSP^ (\$M)	253,036	93,502 [#]	86,609			44,165			

[#]Bridgeport Stamford Metropolitan Statistical Area (MSA)

^ 2014

* 2009 - 2013

In Conclusion

- Connecticut's population and employment growth slowed compared to the national average during the 1970's
- Connecticut's population is older compared to the nation
- Connecticut's economy flourished (based on PI, GSP, and employment growth) during the 1980's, but has not matched that level of growth since
- Since the end of the recession:
 - Manufacturing continues to fall (a trend that started in the late 1960's)
 - Connecticut's powerhouse - Finance & Insurance – has fallen in employment and economic output
- Similar to the nation, sectors with stronger job growth have tended to be in lower wage sectors
 - However, the high-wage Management of Companies and Professional, Scientific, and Technical Services have been growing strongly post-recession
- Connecticut's rate of job growth has increased with over 30,000 jobs created in the last year, and the number of residents employed is at its highest level ever