

Data CONNECTIONS

CT Voices for Children

September 2002

The State of Working Connecticut, 2002 Summary

Fiscal and Economic Context

For some time now, Connecticut's economy has sat poised on the cusp of recovery, failing to make any impressive strides since hitting a low in December 2001. Although Connecticut's productivity (as measured by its Gross State Product (GSP) per capita) remains above the national GDP per capita, productivity growth slowed considerably in the 1990s.

Connecticut's state budget remains in crisis, with revenues far below anticipated. The revised 2003 budget, patched together with one-time revenues, failed to address the state's growing structural deficit that now threatens the long-term fiscal health of the state and has national bond raters anxious.

Payroll Employment

- Connecticut's rate of growth in payroll employment has declined since the late 1970s. Over the 1990s, Connecticut's employment **growth lagged behind both national and regional averages**. Connecticut's non-farm payroll employment had annualized growth of just 0.1%, compared to 0.6% for the northeast and 1.8% for the nation.
- Connecticut's recession began in July 2000, much earlier than the "official" start nationally in March 2001. The state experienced **declines in payroll employment** from 1,693,000 in 2000 to 1,682,000 in 2001, and a further decline by July 2002 to 1,673,700.
- Connecticut's 0.6% *decline* in employment growth between 2000 and 2001 was the reverse of trends in both the nation and region, which posted employment *increases* of 0.2% and 0.3% respectively.
- Connecticut was **13th worst** among states for employment growth between 2000 and 2001.

Changes in Types of Jobs Available

- Continuing a long-standing trend, Connecticut had a shift over the 1990s in the types of jobs available -- away from manufacturing jobs and toward service and trade jobs.
- Between July 2001 and July 2002, total employment fell by a net 7,400 jobs, with the following sectors sustaining **losses**: 11,500 in manufacturing; 2,500 in transportation, communications, and utilities; 900 in construction and mining; and 900 in finance, insurance and real estate.
- Offsetting these job losses was job growth between July 2001 and July 2002 in wholesale and retail trade (1,800), services (1,000) and "government" (5,600). "Government" includes Native-American tribal employment.
- Connecticut's decline in manufacturing employment has accelerated over the last two decades, compared to national trends. Over the 1980s (1979-1989) Connecticut's decline

was **more than twice the national decline**, while Connecticut's decline over the 1990s (1989-2001) was almost **3.5 times the national decline** (and 6th greatest among all states). Between 1989 and 2001, Connecticut **lost 105,500 manufacturing jobs**.

- The bottom line? In 2001, Connecticut had **182,700 fewer** workers employed in manufacturing than it did in 1979. The proportion of Connecticut jobs in manufacturing fell from **nearly one in three** in 1979 to **less than one in seven in 2001**.
- By comparison, the proportion of Connecticut jobs in services **increased from one in 5** in 1979 to **nearly one in three** (32.1%) in 2001.

Multiple Jobs

- In 2001, 7% of Connecticut workers age 16 or older had **more than one job**.
- Connecticut was one of only 8 states that had an *increase* between 1995 and 2000 (our "boom" economic years) in the proportion of workers holding more than one job.
- Connecticut's **rank among states has changed greatly** – from having the **5th lowest** proportion of workers holding multiple jobs in 1989 to having the **15th highest** proportion in 2001.

Hours Worked

- Connecticut married couple families worked virtually the same number of hours as the national average in the late 1990s, as compared to the end of the 1980s, when Connecticut married couple families worked almost 200 hours *more* than the national average.
- During the late 1990s (1998-2000), **the poorest 40%** of Connecticut married couple families **worked more hours** per year than their national peers, while the **top 60% of Connecticut's married couple workers worked fewer hours than the national averages**.
- Connecticut married couple families are close to "maxing" out in how many hours they can work. Total work hours for married couple families in the late 1990s period (3,701) were very close to the 4,000-hour benchmark of full-time, full-year work for two people, leaving little room for further growth.

Employer-Provided Health Insurance

- Between the 1970s and late 1990s, the proportion of Connecticut workers who worked more than half time, half year who were covered by an employer-provided health insurance plan **declined by 12.7 percentage points** – from 77.2% to 64.6%.
- Despite this decline, the proportion of Connecticut workers who are covered remains higher than national and regional averages, and is third highest among all states.

Employer-Provided Pension Coverage

- Employer-provided pension coverage declined in Connecticut from the late 1970s to the late 1980s (from 56.2% to 47.5%), then rebounded to 54.4% by the late 1990s.
- Between the late 1980s and the late 1990s, Connecticut's **rate of increase in employer-provided coverage** outpaced growth in both the nation and region (6.9 percentage points versus 5.6 percentage points and 4.3 percentage points, respectively).

Unionization Rate

- The proportion of Connecticut workers who are in unions has declined over time – from 19.7% in 1984 to 15.8% in 2001. The 4.4 percentage point **decline in Connecticut's unionization rate between 1995 and 2001 was the greatest among all states**.

Impacts of September 11, 2001

- Many Connecticut workers and industries suffered from the economic disruptions after September 11. The hospitality industry and those associated with transportation, particularly air transportation, have been hardest hit. Many Connecticut towns have faced increased unemployment rates since September 11.
- September 11, and its acceleration of economic decline, also had **impacts on Connecticut's state budget.**
 - Some agencies associated with the state's emergency response (e.g. Military Department, Department of Environmental Protection) ran deficits.
 - State revenues plummeted, with total revenues for the fiscal year that ended June 30, 2002 short by \$962.8 million; the personal income tax alone was about \$510 million under the SFY 02 budget plan.
 - Between SFY 01 and SFY 02, the state's General Fund budget bottom line swung from a \$600 million surplus to a \$1.1 billion deficit

Unemployment

- Connecticut's seasonally adjusted unemployment rate hit **historic lows in 2000** -- at 2.1% for June-August 2000.
- Connecticut unemployment hit a **recession "peak" of 4.0%** in December 2001.
- The **65,300 unemployed Connecticut residents in July 2002** represent an increase of 5,900 unemployed residents from the year prior.
- Connecticut's increase in unemployment between 2000 and 2001 (1.0 percentage point) exceeded the increase in the region (0.9) and the nation (0.8). Despite this increase, Connecticut's unemployment rate has been among the lowest of all states. During 2001, only two states had a lower rate of unemployment than Connecticut's 3.3% rate (North Dakota at 2.8% and Nebraska at 3.1%).

Educational Attainment

- Connecticut enjoys a high level of educational attainment, a critical advantage in this evolving global economy. Fewer Connecticut men and women have *less* than a high school education, and *more* have advanced degrees, than the men and women in other states in the region and in the nation.
- Over the 1990s, the proportion of Connecticut residents with a **high school education or less decreased by 8.6 percentage points** (from 47.0% to 38.4%), while the proportion with a **college degree or higher increased by 5.3 percentage points** (from 28.7% to 34.0%).
- Overall, Connecticut women are better educated than their male counterparts, and their educational advantage widened over the 1990s. In 1989, 54.2% of Connecticut women had some post-secondary education, compared to 52% of Connecticut men. By 2000, 64.4% of Connecticut women had some post-secondary education, compared to 58.8% of Connecticut men.
- **Women also lead on the measure of high school completion.** Only 5.8% of Connecticut women had *less than* a high school education in 2000, compared to 7.4% of Connecticut men.
- **The gender gap reverses** for those having a college degree or *higher* education. In 2000, 34.7% of Connecticut men had a college degree or more compared to 33.4% of Connecticut women).

Employment-to-Population Ratio

- Connecticut's employment to population ratio has risen from 62.4% in 1980 to 67.3% of the population (aged 16 and older) in 2000. That is, **a higher proportion of Connecticut residents are working now than in 1980.**
- Connecticut was one of only eleven states and the District of Columbia that had a **decline over the 1990s** in the proportion of residents who were working; all other states had an increasing proportion of their residents working.
- Since 1981, the **proportion of Connecticut men in the workforce has not changed** – three quarters were, and now are, working. The **participation of Connecticut women in the workforce, on the other hand, has increased** from five in ten working, to six in ten.

Wage Trends

- During the **1980s**, the hourly wages of Connecticut's low, median, and high-wage workers increased at similar rates (at about 1.7% per year on average). Over the 1980s, **all workers benefited equally.**
- Over the **1990s**, **the state's low-wage workers actually lost economic ground**, while others continued to benefit from the state's expanding economy.
- Between 1989 and 2000, the **real wages of Connecticut's low-wage workers fell** by an average of 0.3% per year. By comparison, **median wages increased** at an annualized rate of 0.5%, and **high-wage workers** saw gains at an annualized rate of 1.2%
- Only **between 2000 and 2001** – when Connecticut's had historically low unemployment – did Connecticut's **low wage workers see wage growth**, with a 5% gain in wages (compared with a 4.9% increase in median wages and a 3.9% increase in high wages). Also, Connecticut's minimum wage is among the highest in the nation at \$6.70 per hour, behind only California's and Massachusetts's (\$6.75/hour), and Washington's (\$6.90/hour).
- Between 1979 and 2001, the increase in the real wages of Connecticut's **low-wage workers** was **less than half** of the increase enjoyed by the state's **median wage workers**, and **less than a quarter** of the increase enjoyed by its **high-wage workers.**
- Since 1979, **Connecticut's wage growth generally has outpaced wage growth in the region and nation.** Connecticut's **wages now exceed wages** in both the region and the nation – again for low, median, and high wages.

Per Capita Personal Income

- Connecticut's **per capita personal income in 2001 remained the highest** in the nation at \$41,930 (\$11,659 more than the national average \$30,271)

Median Household Income

- Connecticut's **median household income declined over the 1990s** at a rate of 1.1% per year, falling from \$57,069 to \$50,374 (in 2000 dollars). Connecticut's **rate of decline was the greatest in the country.** Connecticut **slipped from highest in the nation in 1989** to third highest in 1999, and **5th highest in 2000.**
- Over the 1990s, Connecticut's **advantage in the median income over the national average was eroded by almost \$10,000**, to only \$8,223 (in 2000 dollars).

Median Family Income for Four-Person Families

- Connecticut's median income for a four-person family placed Connecticut #1 in the nation in the late 1990s (1999-2000) -- \$18,260 over the national median income for a family of four (\$62,112), and ahead of New Jersey (at \$78,259) and Maryland (at \$77,440).

- Between 1995-2000, the “boom” years, Connecticut’s annualized growth in this measure of family well-being (2.9%) exceeded the national average (2.6%), but was mid-range among states (19th overall).

Income Inequality

- During the 1990s, the top 20% of Connecticut families benefited greatly while Connecticut families in the bottom 40% actually lost economic ground.
- Connecticut was **one of only 13 states where the real incomes of the poorest 20% fell**. In all other states, the poorest 20% enjoyed real income gains. Nationally, the income of the poorest 20% increased by \$1,601 (12.3%).
- **In only 6 states did families in the middle 20% fare worse than in Connecticut**. The real income gain for Connecticut families in the middle 20% was one-fifth the national average (\$1,019 in Connecticut, compared to \$4,935 nationally).
- **Connecticut was one of only 2 states** (the other being Massachusetts), **where the bottom fifth lost economic ground, while the top fifth gained ground. The income gap between the richest 20% and the poorest 20% of families grew most in Connecticut** (followed by Oregon and New York). Connecticut’s richest 20% of families had an average income in the late 1980s that was six times as large as the bottom 20%. By the late 1990s, the richest fifth had an average income more than 9 times as large as the poorest fifth.

Family Economic Self-Sufficiency

- Measured by Connecticut’s Self-Sufficiency Standard, Connecticut’s wages are inadequate for many families to meet their essential needs, as illustrated in the following table:

2001 Hourly Wages		
Low wage workers (20 th percentile)		\$9.82
Median wage workers (50 th percentile)		\$16.15
High wage workers (80 th percentile)		\$26.22
Connecticut Self-Sufficiency Standard for Family with One Infant and One School-Aged Child (2001\$)		
Region	Two parent family: Average hourly wage needed for economic self-sufficiency for <i>each</i> working parent	Single parent family: Average hourly wage needed for self-sufficiency for single working parent
Middletown	\$10.01	\$17.49
Northeast	\$10.17	\$17.81
Waterbury	\$10.31	\$18.10
New Haven	\$10.36	\$18.23
Stamford-Norwalk	\$13.34	\$24.26
Source: Pearce & Brooks, <i>The Self Sufficiency Standard for Connecticut</i> (1999). Note: Hourly wage data is for 2001, while the Self Sufficiency Standard report defines hourly wages necessary for self-sufficiency as of 1998. Accordingly, the “self-sufficiency” wages were adjusted for inflation using the CPI-U to allow a comparison in 2001 dollars.		