

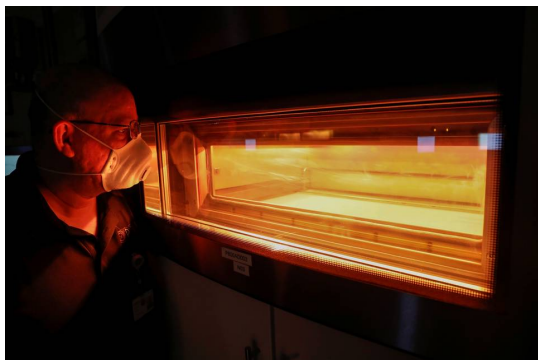
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NY REGION

Connecticut Job Growth Remains Flat

Total employment in the state has yet to return to pre-recession levels, lagging behind the nation



Machine Technician Jesus Conde looked into an EOS 3-D printer unit as it builds thermoplastic parts at Oxford Performance Materials, the maker of more than 600 parts to be used on Boeing's new Starliner manned spacecraft, in South Windsor, Conn, in January 31. PHOTO: MIKE SEGAR/REUTERS

By JOSEPH DE AVILA

Updated March 19, 2017 6:27 p.m. ET

Connecticut has a jobs problem.

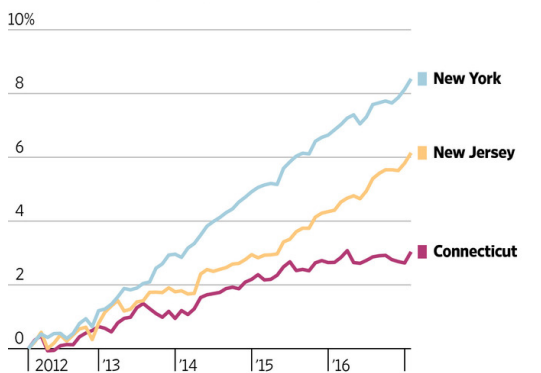
At a time when New Jersey is celebrating its best private-sector job gains in more than a decade and New York is breaking state employment records, Connecticut's employment rolls remained flat. Total employment in the state hasn't returned to pre-recession levels, lagging behind the nation, which crossed that mark in May 2014.

"Connecticut has done very, very poorly since the Great Recession," said Fred Carstensen, director of the Connecticut Center for Economic Analysis at the University of Connecticut. "We never really got out of it."

The state—which ranked fifth among U.S. states for median household income—is contending with several challenges: a graying workforce, slow population growth, lackluster gains in the finance and insurance industries and several years of state budget cuts that have led to losses throughout the government sector, economists said.

Falling Behind

Connecticut trails the rest of the tri-state area in employment. Total nonfarm employees, change since January 2012



Source: Labor Department

THE WALL STREET JOURNAL.

Mr. Carstensen said the state has done a poor job developing information technology in the state, which has likely led to fewer firms seeking to expand there. Others are leaving.

General Electric Co.'s announcement last year that it would move to Boston from Fairfield, Conn., where it had been based since 1974, was a high-profile setback for the state's business image. About 800 people work at its headquarters. Then Bristol-

Myers Squibb Co. said in December it would close its Wallingford, Conn., site by the end of 2018.

The employment outlook isn't bright. Andy Condon, director of the office of research at Connecticut's Labor Department, described the state's job growth forecast of 5,000 jobs a year for the next two years "moderate at best."

Don Klepper-Smith, chief economist of DataCore Partners LLC in New Haven, Conn., said the state had the slowest job growth in New England and ranked 44th in the country. He said Connecticut would return to its to pre-recession employment levels in 2019 if the state keeps up its current sluggish pace of job creation.

"Odds are we are going to see a domestic recession between now and then," Mr. Klepper-Smith said. "In all probability, Connecticut is not going to get back to its prior job peak."

The state's financial-activities sector, which includes finance and insurance, only has recovered 20% of the 17,500 jobs it lost during the downturn. In contrast, New York has regained 69%, and Massachusetts recovered 77%.

Connecticut's education and health services sector, with 328,500 positions, employs the most people in the state.

But the loss of the finance and insurance jobs cut deep because those high-paying positions help produce other work throughout the state economy, said Alissa DeJonge, vice president of research at the Connecticut Economic Resource Center. When that industry recovers slowly, "it really dampens the economy overall," she said.

The state's flat population growth also has hindered growth, weighing on demand for new homes and hurting the construction industry, Ms. DeJonge said. Connecticut's population of 3.58 million is roughly same as it was seven years ago, according to U.S. Census figures.



Connecticut Gov. Dannel Malloy. PHOTO: JESSICA HILL/ASSOCIATED PRESS

A spokesman for Gov. Dannel Malloy, a Democrat, defended the governor's record on jobs, saying Mr. Malloy has diversified economic investments across sectors such as biotech and the defense industry, and has proposed large investments in transportation.

"Governor Malloy will continue to push for reforms to help our state and the

economy," the spokesman said.

The state also has grappled with several budget deficits, triggering state job losses. Government employment lost 4,300 jobs in 2016. Total government employment is down 21,900 jobs compared with the peak in 2008.

Connecticut faces a \$1.7 billion budget deficit for the fiscal year that begins in July, and that means there would be further job losses for government workers, Mr. Carstensen said.

The state's fiscal troubles also has spooked private businesses, said Peter Gioia, an economist for the Connecticut Business & Industry Association.

Connecticut's recurring budget deficits and underfunded pension system have created an uncertain business environment where firms have become skittish about expanding in the state, he said. Even with its struggles, the state has several sectors that have good potential to grow such as defense manufacturing and finance, he said.

“This is high potential stuff,” Mr. Gioia said. “So far, we aren’t hitting it.”

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