

# Economic Outlook for the State of Connecticut

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# Welcome and Outline

- REMI models
- Big Picture: REMI Regional Growth Matrix
- Economic outlook
  - Short-term forecast
  - Long-term forecast
- Model demonstration

# Model



Regional Economic Models, Inc. (REMI) was founded in 1980 on a transformative idea: *government decision-makers should test the economic effects of their policies before they're implemented.* We are the nation's leader in dynamic local, state and national policy modeling. Our clients use REMI models to perform rigorous economic analysis that critically influences local, state and national policies.

## OUR CLIENTS:

Business Roundtable • Sandia National Laboratories • Ernst & Young • Texas Comptroller  
University of Michigan • Tennessee Valley Authority • National Education Association  
South Coast Air Quality Management District • Florida Legislature  
North Carolina Department of Commerce • Wyoming Department of Administration & Information  
California Environmental Protection Agency • U.S. Army Corps of Engineers

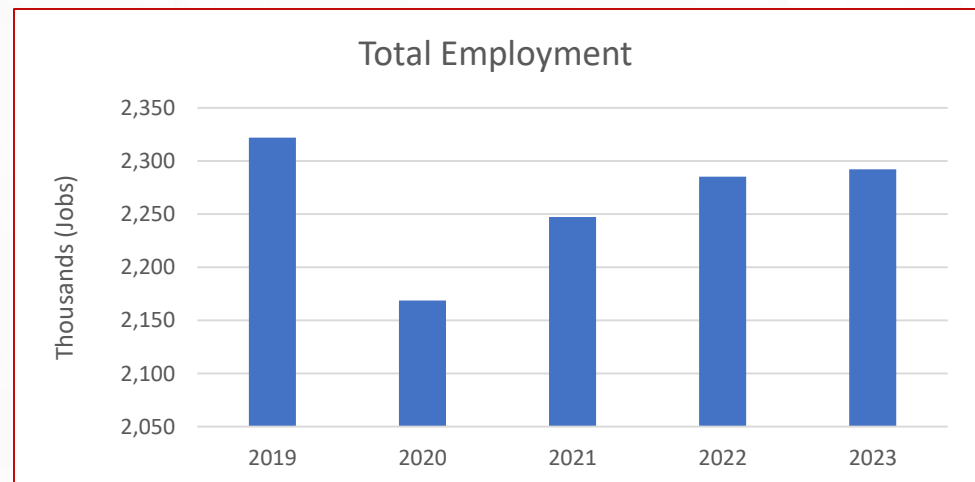
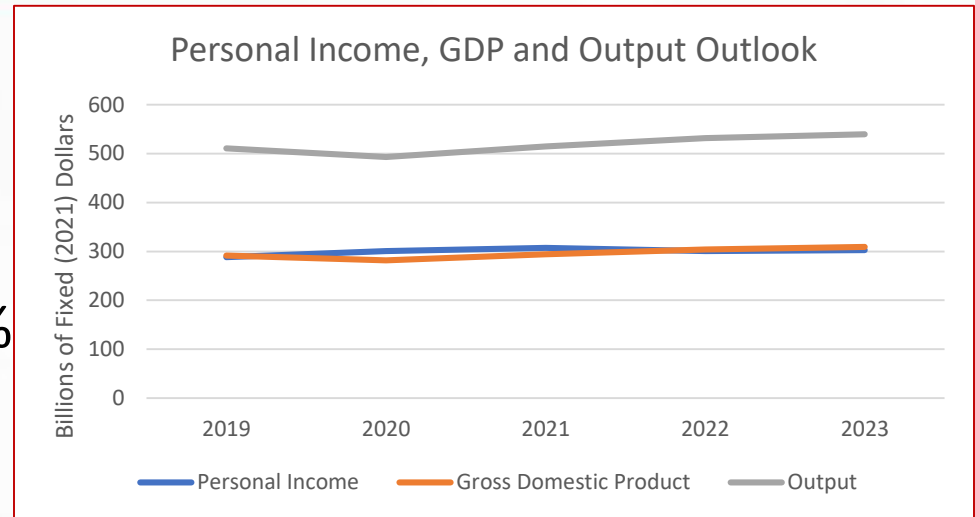
# Connecticut State Economy

- The population of Connecticut is **3.56 million**.
- CT is known for an expansive **welfare** system.
- Historically, known as the "**Arsenal of the Nation**" due to its supply of firearms. The **oyster** industry boomed until the mid-20th century.
- Today, manufacturing in CT is highly diversified. Agriculture has shrunk in the 21st century, but popular products include **dairy, poultry, nursery plants, & tobacco** for cigar wrappers.
- **Insurance** (& financial services broadly) is a major player in the state, beginning with marine vessel insurance in the late 1700s.

# Short-Term Outlook: Connecticut



- Years 2019-2023
- Growth 2020-2021
  - Personal income : 2.1%
  - GDP: 4.3%
  - Output: 4.3%
  - Employment: 78 thousand jobs
- Uncertainty



# REMI Regional Growth Matrix: Economic & Demographic Factors



## Economic Factors

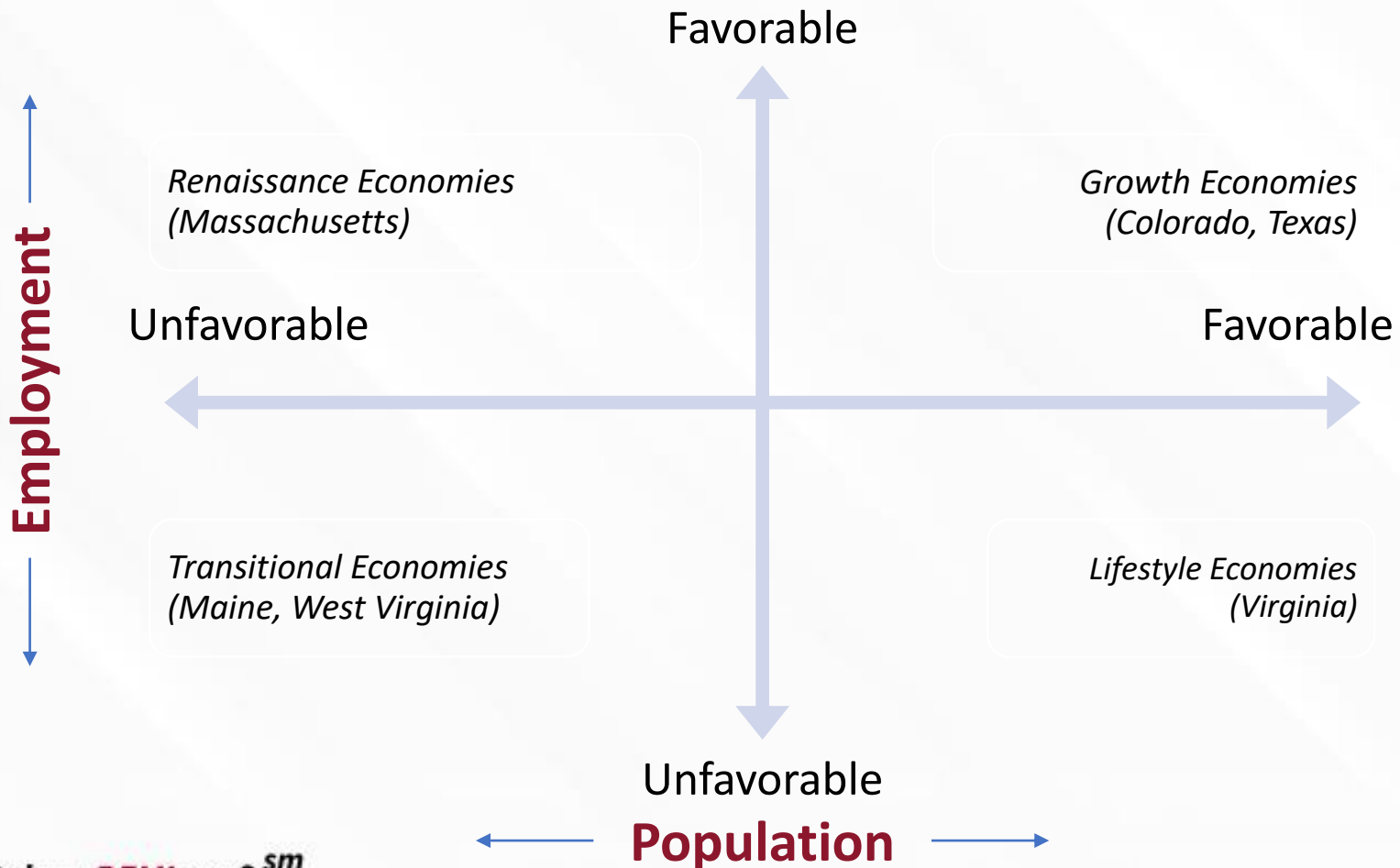
	Industry Growth	Industry Clusters	Pay	Productivity	Business Cost
Favorable	Growing	Strong	High-paid industries	High	Low
Unfavorable	Declining	Weak	Low-paid industries	Low	High

## Demographic Factors

	Population Age	Retirees	Immigration	Amenities	Housing Cost
Favorable	Younger	Gains retirees	Immigration gateway	High	Low
Unfavorable	Older	Loses retirees	Low internat'l immigration	Low	High

what does **REMI** say? <sup>sm</sup>

# Regional Growth Matrix



# Growth Matrix

## Difference in Growth from US Average (2021-2022)





# Data Sources

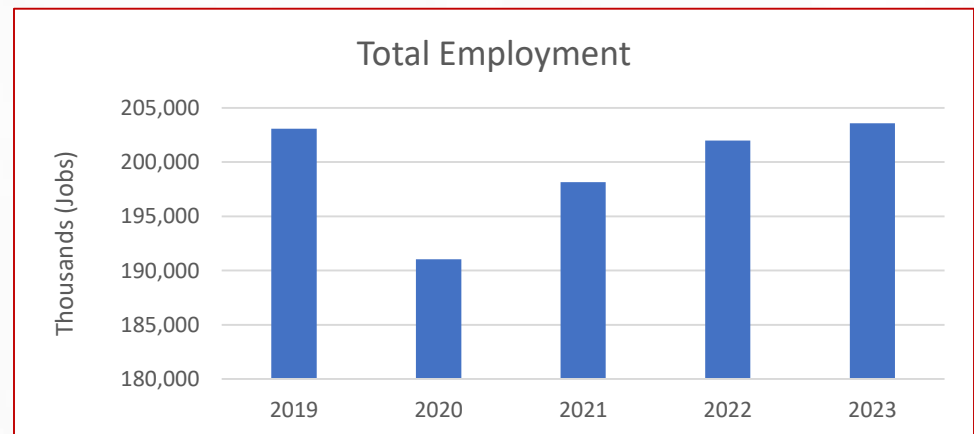
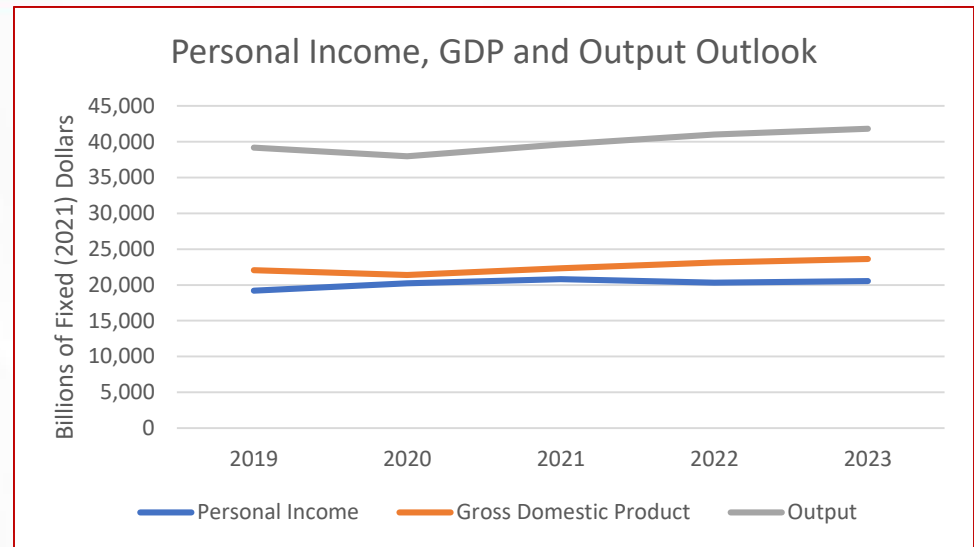
- Baseline (Standard National Control)
  - BLS Forecast Data
- Economic Forecast Update March 2021
  - 2019-2020 historical data from BEA
  - The U.S. Economic Outlook for 2020-2022 from the University of Michigan's Research Seminar in Quantitative Economics (RSQE)
  - An update to the Economics Outlook from CBO
  - Includes \$1.6 trillion stimulus, additional vaccination, and additional consumer spending<sup>1</sup>

# National Outlook

# Short-Term Outlook: the U.S.

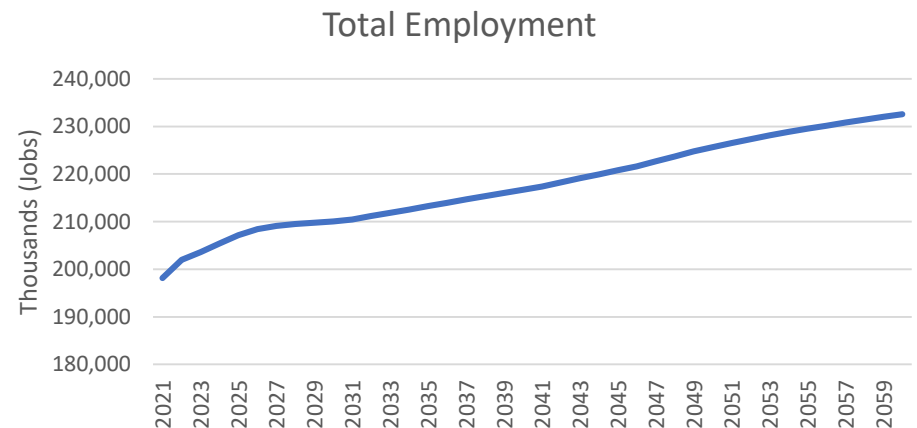
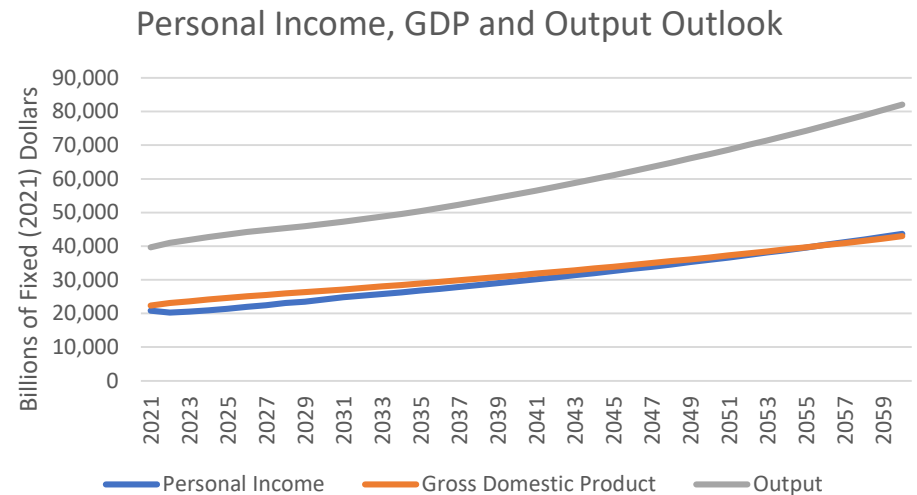


- Years 2019-2023
- Growth 2020-2021
  - Personal income: 2.9%
  - GDP: 4.4%
  - Output: 4.4%
  - Employment: +7 million jobs



# Long-Term Outlook: The U.S.

- Years 2021-2060
- Average growth / year
  - Personal income: 1.9%
  - GDP: 1.8%
  - Output: 1.9%
- Total employment: +1,038 thousand jobs



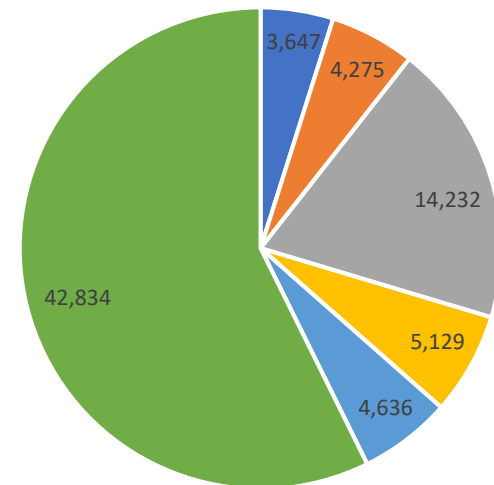
# Regional Outlook: Connecticut

# Short-Term Outlook: Employment by Industry



- Industries with largest employment growth rates in 2021
- 2020 - 2021: 31,919 jobs increasing in the top 5 fast growing industries

Job Increase in The Fastest Growing Industries in 2021

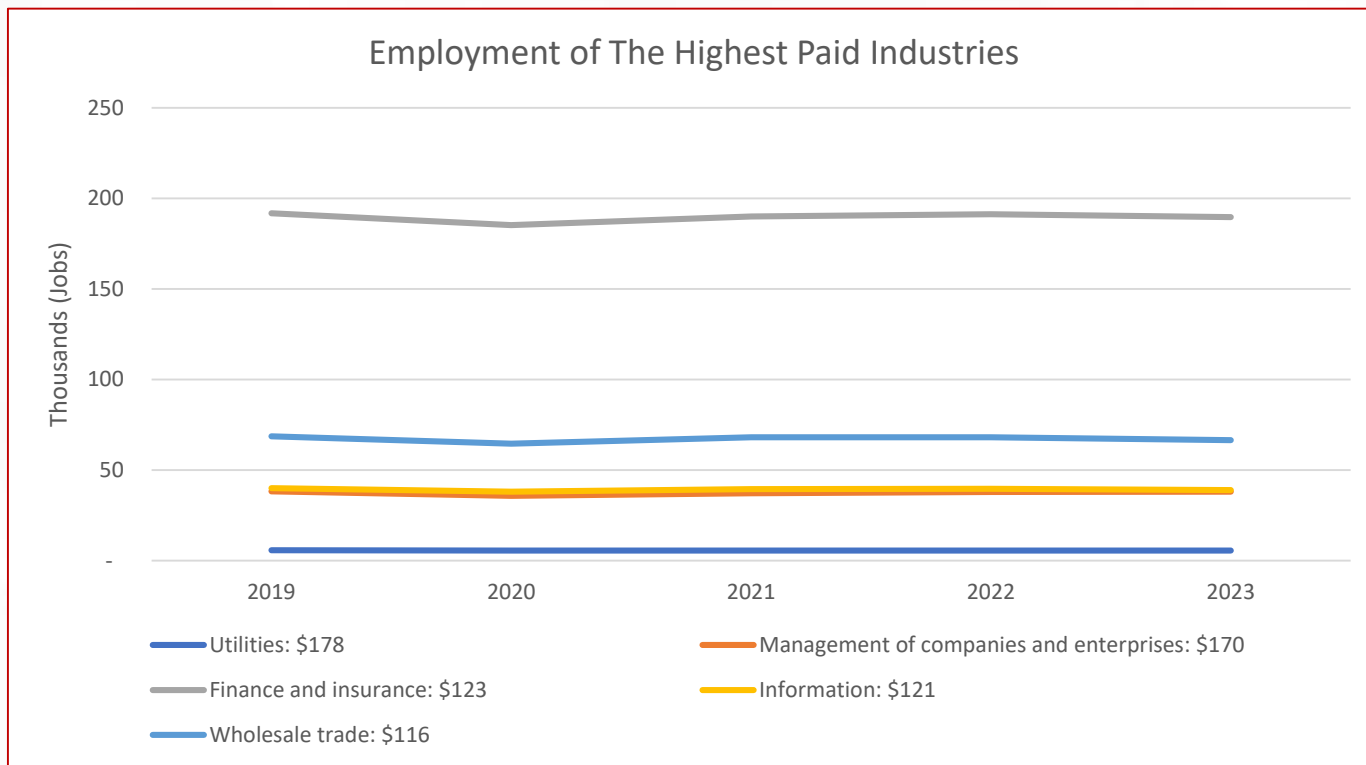


- Wholesale trade: 5.65%
- Educational services; private: 5.39%
- Health care and social assistance: 5.02%
- Construction: 4.78%
- Other services (except public administration): 4.49%
- All other industries

# Short-Term Outlook: Employment by Industry



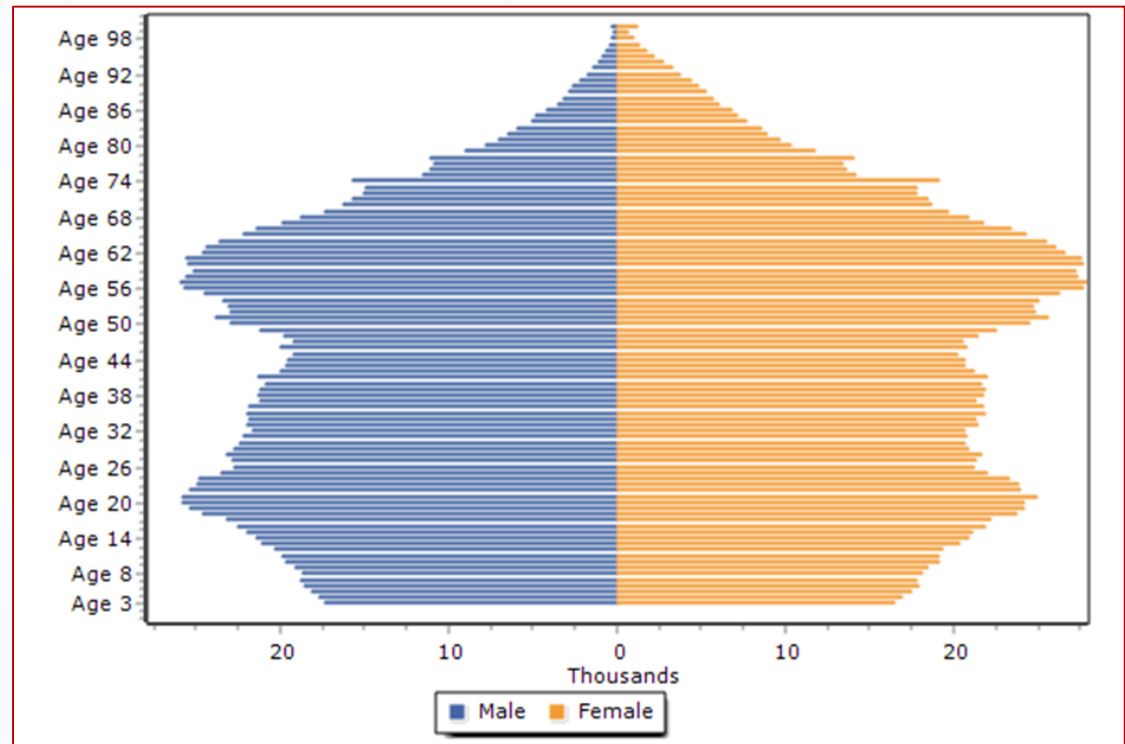
- Industries with highest average annual compensation rates in 2021



# Short-Term Outlook: Population Pyramid (2021)

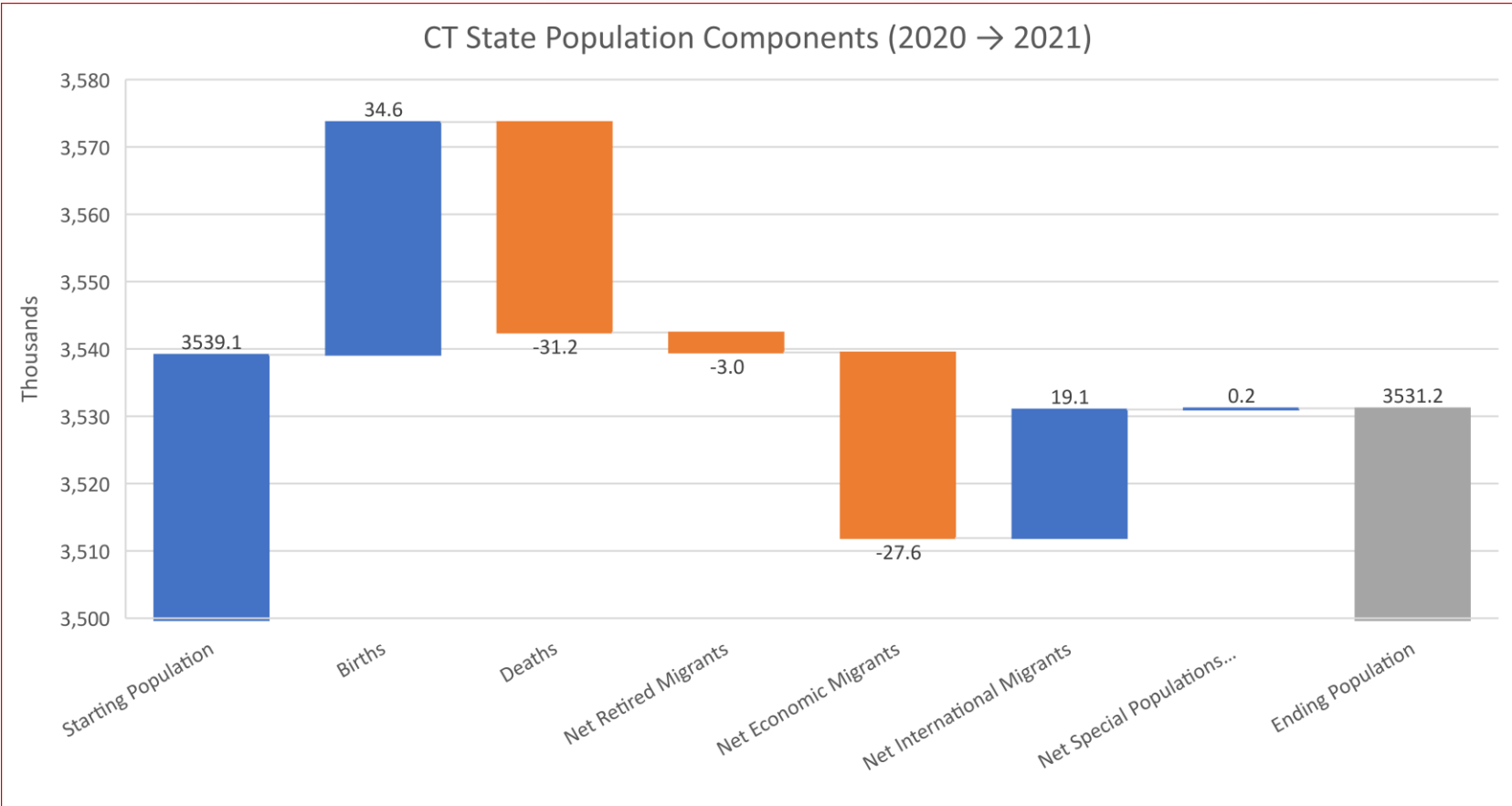


- Year 2021
- Constrictive



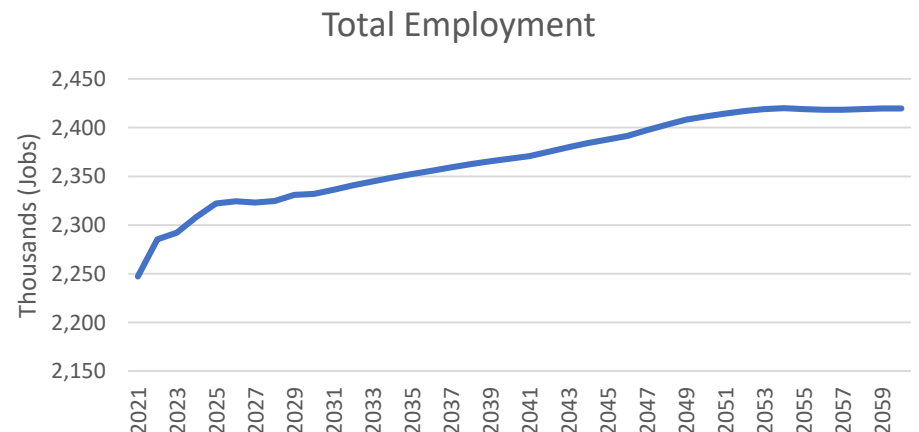
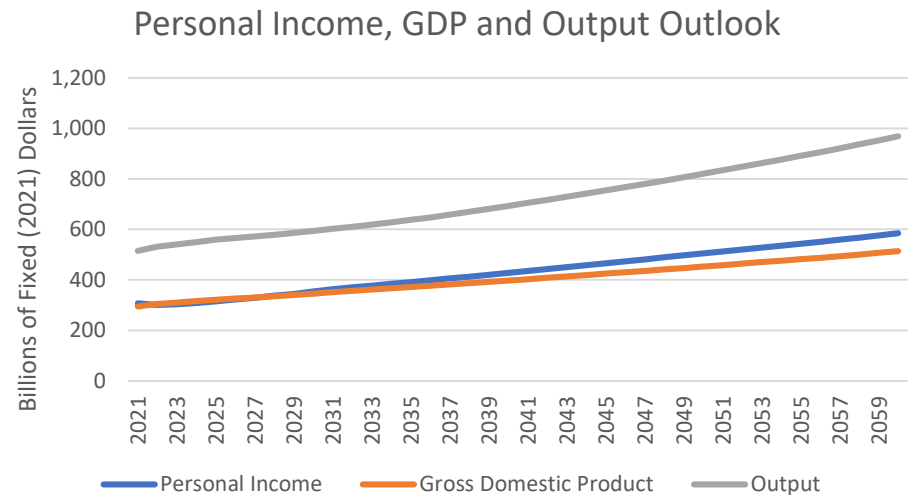


# Short-Term Outlook: Population Components



# Long-Term Outlook: Connecticut

- Years 2021-2060
- Average growth / year
  - Personal income: 1.7%
  - GDP: 1.5%
  - Output: 1.7%
- Total employment: 6 thousand jobs

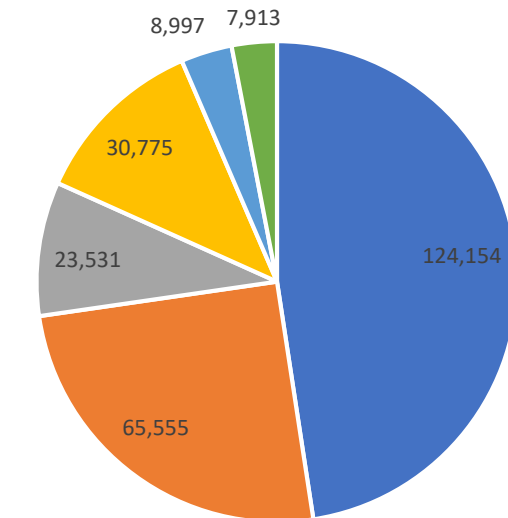


# Long-Term Outlook: Employment by Industry



- Industries with fastest employment increasing
- 2020 - 2060: 253,012 jobs increasing in the top 5 fast growing industries

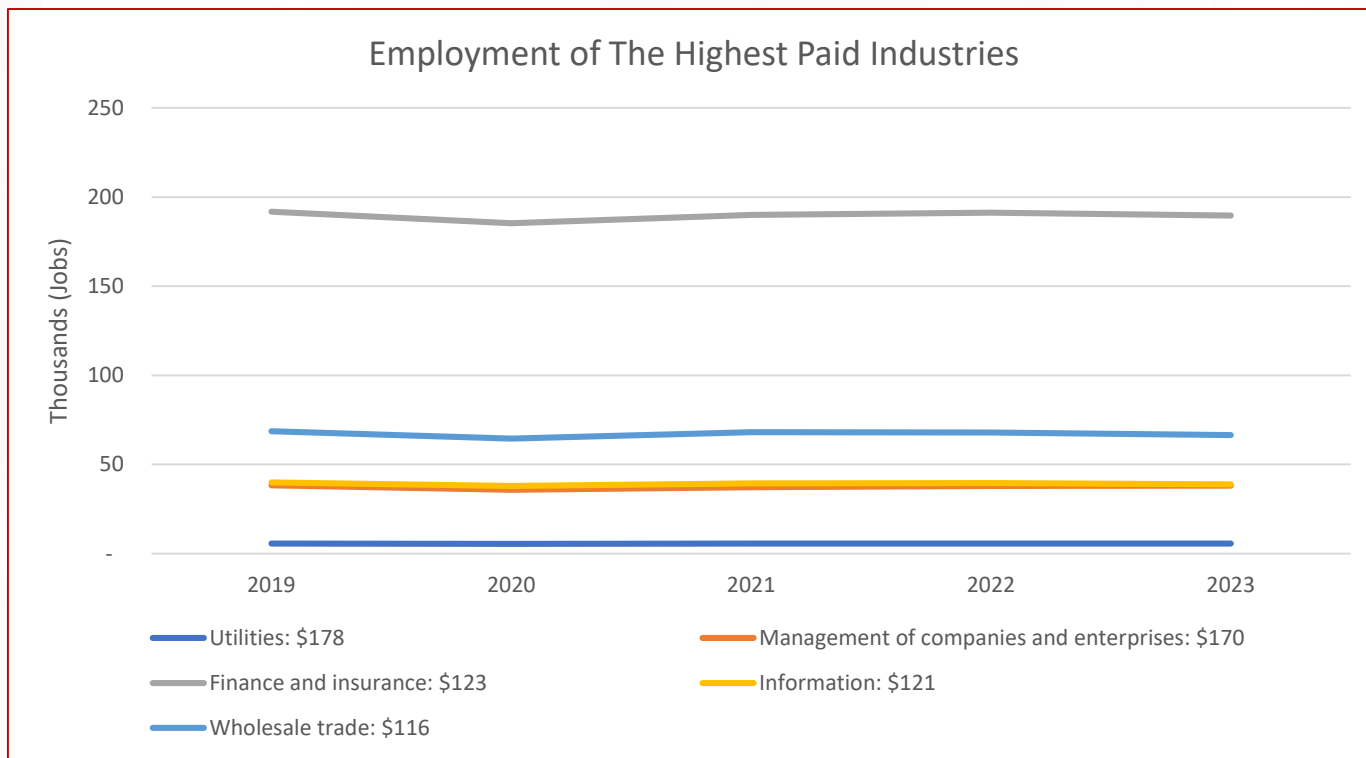
Job Increase in The Fastest Growing Industries (2020 → 2060)



- Health care and social assistance: 0.91%
- Professional, scientific, and technical services: 0.87%
- Transportation and warehousing: 0.72%
- Accommodation and food services: 0.56%
- Management of companies and enterprises: 0.56%
- All other industries

# Long-Term Outlook: Employment by Industry

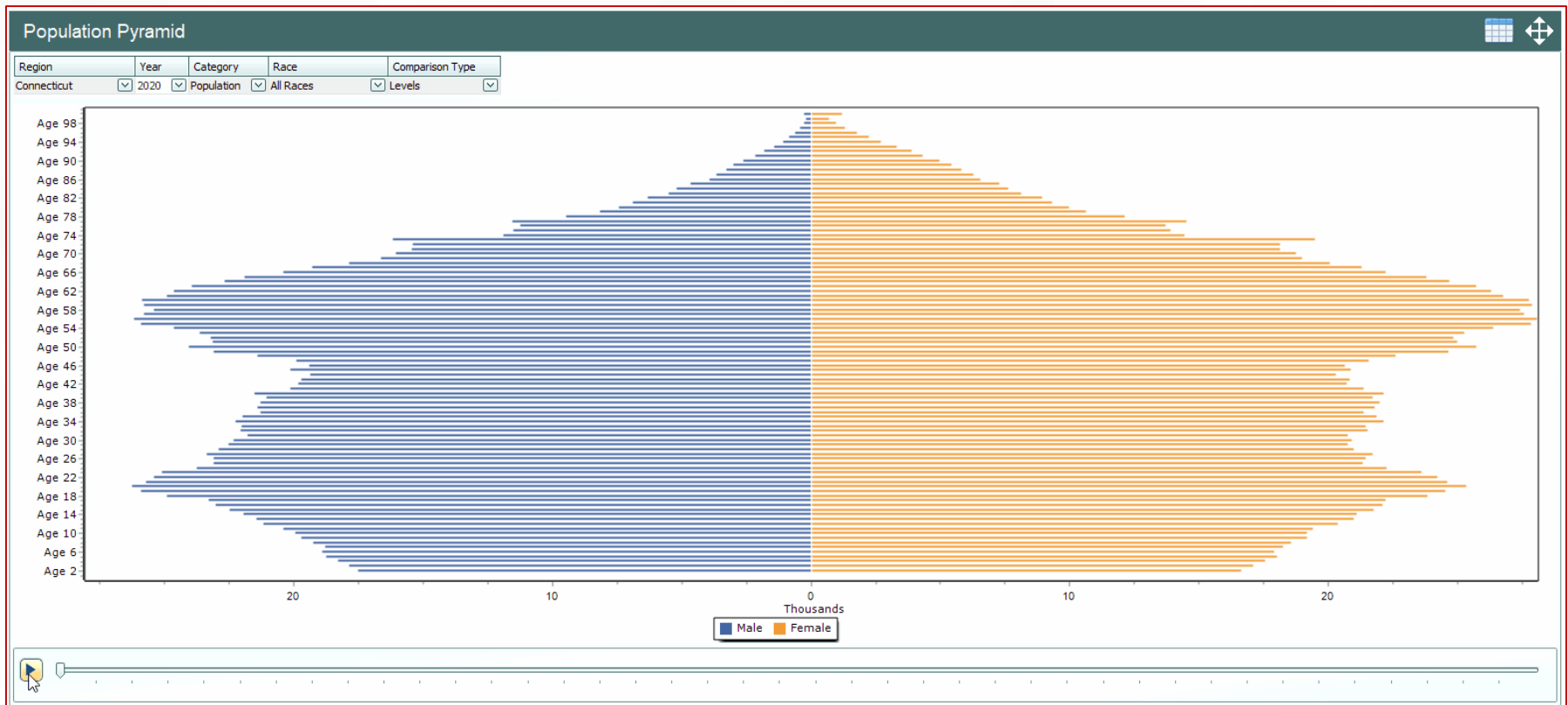
- Employment of industries with highest average annual compensation rates in 2060



# Long-Term Outlook: Population Pyramid



- Year 2060

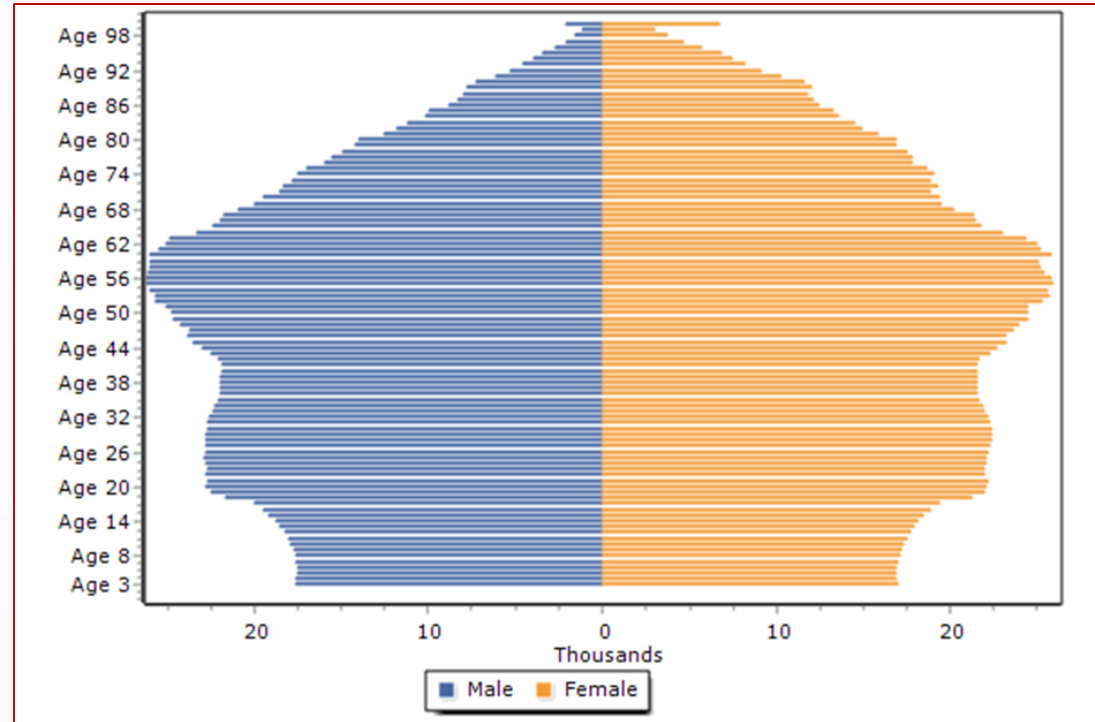


what does **REMI** say? <sup>sm</sup>

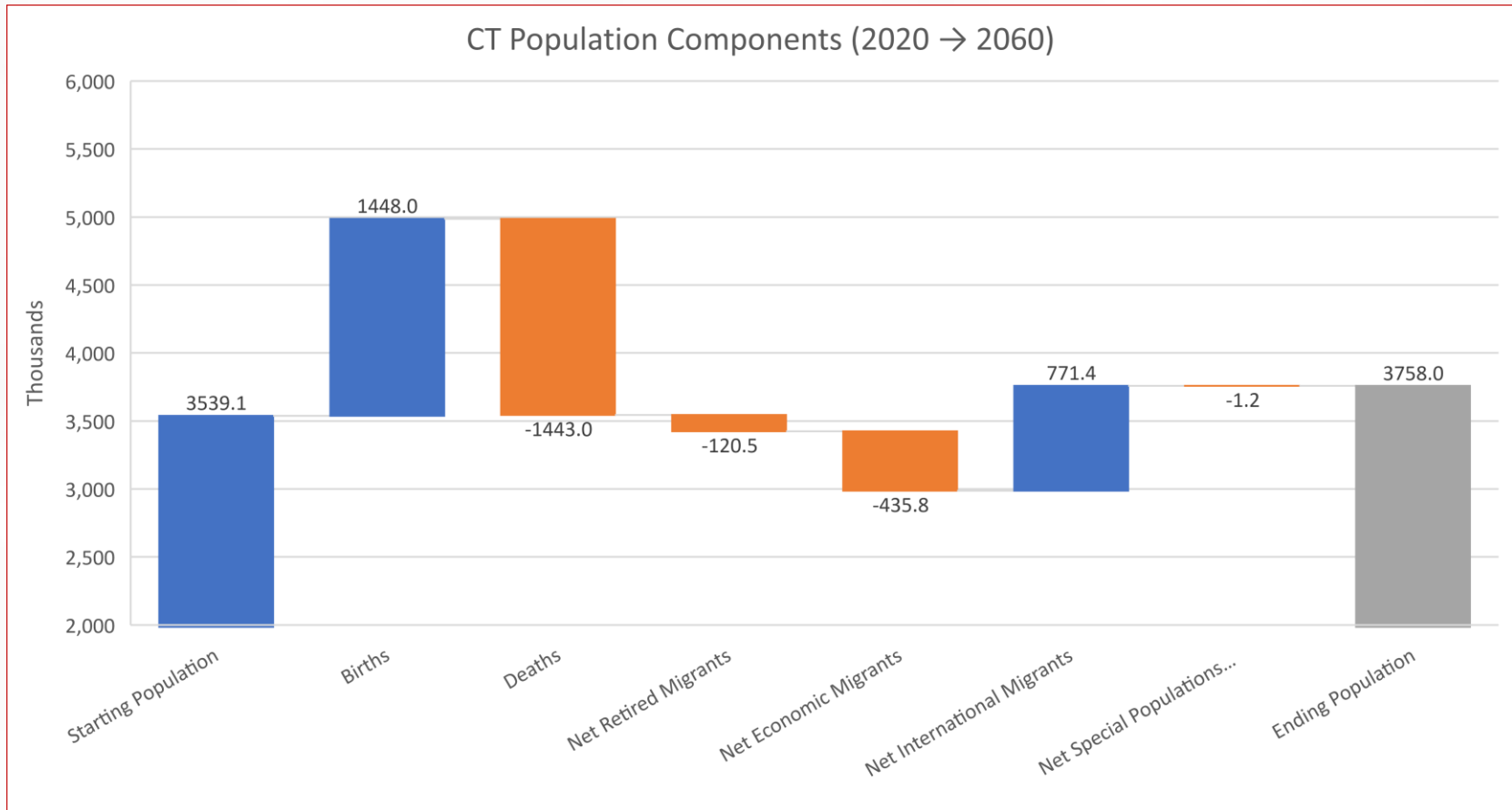
# Long-Term Outlook: Population Pyramid



- Year 2060
- Constrictive



# Population Components



# Model Demonstration



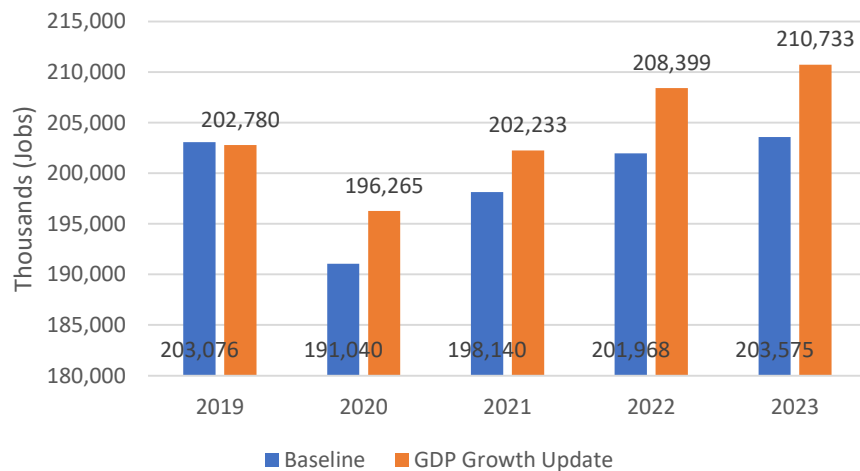
# The Scenario

- Optimistic Outlook
  - Baseline – Total employment slowly comes back accompanied by steady growth
  - Uncertainty
    - large pent-up consumer demand
    - supports of vaccine
    - stimulus checks
- Macroeconomic update
  - Increase GDP growth rate by 2%
- Total Employment
  - The US vs Connecticut

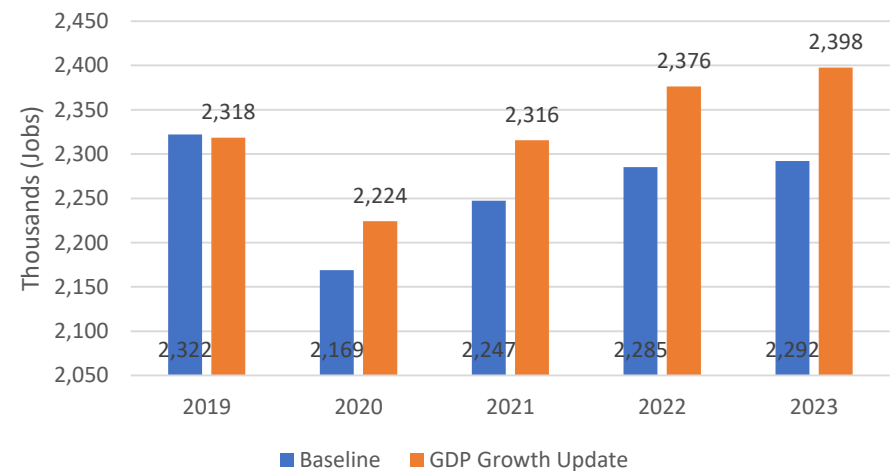
# Optimistic Outlook

- Year 2019-2023

Total Employment of the US



Total Employment of Connecticut



# Conclusion

- Economic forecasts can be difficult
  - The outbreak of COVID-19
  - The election of a new president
  - General uncertainty about the economy
- REMI can help
  - Forecasts: Macroeconomic modeling used to clarify, calculate, and communicate
  - Simulations: “*what-if?*” scenarios
  - Dynamic results

# Citations

1. Ehrlich, Gabriel M. "The U.S. Economic Outlook for 2021-2022 -- Executive Summary: February 2021." *College of Literature, Science, and the Arts, University of Michigan*, Research Seminar of Quantitative Economics, University of Michigan, 19 Feb. 2021, [lsa.umich.edu/content/dam/econ-assets/Econdocs/RSQE%20PDFs/Exec\\_Sum\\_Feb\\_2021.pdf](https://lsa.umich.edu/content/dam/econ-assets/Econdocs/RSQE%20PDFs/Exec_Sum_Feb_2021.pdf).

# Q & A

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