



**NATALIE BRASWELL**  
*Connecticut State Comptroller*

FOR IMMEDIATE RELEASE  
TUESDAY, MARCH 1, 2022

**Contact:** Tyler Van Buren  
[tyler.vanburen@ct.gov](mailto:tyler.vanburen@ct.gov) | (860) 702-3325

**COMPTROLLER BRASWELL PROJECTS \$1.51B SURPLUS,  
RAISES CONCERNS FOR CONNECTICUT RENTERS**

Comptroller Natalie Braswell today, in her monthly financial and economic update, projected a General Fund surplus of \$1.51 billion for Fiscal Year 2022 while raising concerns about rising rental costs in Connecticut.

“This month’s surplus projection reflects the enormous progress our state has made in addressing long-standing fiscal concerns and withstanding the worst of the pandemic,” said Braswell. “However, there is tremendous volatility, both nationally and globally, that is putting stress on working families and keeping everyone from experiencing the benefits of our current economic success.”

Braswell cited the Russian invasion of Ukraine, continued inflation and likely upcoming interest rate increases as factors stressing the national and global economies, even as America experiences sustained job growth and an extremely competitive labor market.

In Connecticut, a lack of inventory in the housing market continues to put upward pressure on prices. Year-over-year sales of single-family homes declined nearly 17% in January. New listings were down over 21% in the same span. With fewer homes available, prices are rising. The median sales price is now \$340,000, up nearly 4%.

The competition for housing extends to the rental market, raising concerns about overall housing security. In Connecticut, average rent increased 15.37% year-over-year, from \$1,544 to \$1,782 per month.

“Many families in our state are finding it harder and harder to afford housing,” said Braswell. “Over half of Connecticut renters are already cost-burdened. With inflation driving up the cost of everyday essentials, rising rent threatens the ability of workers to save, pushing homeownership out of reach.”

Nationally, the share of first-time homebuyers has been decreasing as more of the available housing inventory is purchased by investors and those seeking to rent out homes.

“It’s in our economic best interest to help more young families purchase homes and grow our middle class,” said Braswell. “Everyone in Connecticut deserves housing security and to share in the benefits of the long-term budgetary planning that is beginning to pay big dividends for taxpayers.”

In a letter to Governor Ned Lamont, Braswell noted that, in addition to the substantial surplus, she is also projecting another large transfer into the state’s Budget Reserve Fund (“Rainy Day Fund”) due to excess revenue in certain volatile categories. Because the fund has reached its statutory cap, an estimated \$2.51 billion will be available to pay down debt, including the state’s pension liabilities.

\*\*\*

*NOTE – Economic indicators largely look back to past periods. Therefore, some of the information presented this month may appear inconsistent with more recent developments in the rapidly changing response to the COVID-19 pandemic.*

## **Economic Summary**

The U.S. labor market saw positive changes in January despite a small increase in unemployment. The U.S. added 467,000 jobs in January and the labor force participation rate increased. The number of long-term unemployed people decreased despite the unemployment rate ticking up to 4%. Connecticut labor market data is unavailable for January due to the Connecticut Department of Labor’s annual benchmarking process. Updated data for January and February will be available next month. Inflation continues to run high with price increases across the board. The Federal Reserve is expected to raise interest rates next month in an attempt to combat inflation. The stock market experienced significant volatility in February due to geopolitical conflicts spooking investors. These factors contributed to a slight decrease in consumer confidence. However, consumer spending increased while savings decreased, indicating healthy demand as concerns of the Omicron COVID-19 variant subsided.

## **Labor Market Statistical Summary**

<b>United States</b>	January 2022	December 2021	January 2021
Unemployment Rate	4.0%	3.9%	6.4%
Total Unemployed	6,513,000	6,319,000	10,180,000
Total Nonfarm Employment	149,629,000	149,162,000	143,017,000
Job Growth	+467,000	+510,000	+520,000
Covid Job Recovery	86.9%	84.8%	56.9%
Job Openings to Unemployed Ratio	-	1.73	0.46
Quit Rate	-	2.9%	2.3%
Average Monthly Initial Unemployment Claims	245,600	199,750	848,800
Labor Force Participation Rate	62.2%	61.9%	61.4%
Average Hourly Wage	\$31.63	\$31.40	\$29.93

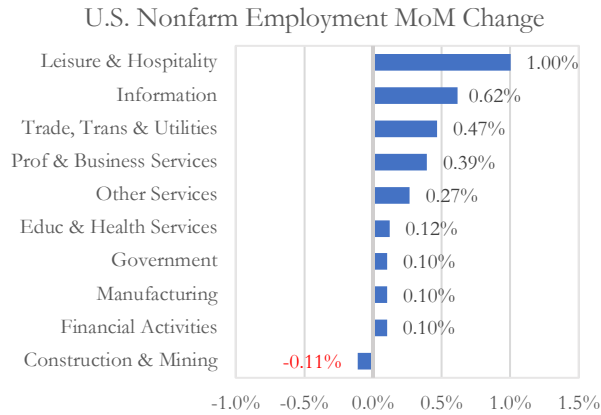
- data not yet available

<b>Connecticut</b>	*January 2022	December 2021	January 2021
Unemployment Rate	-	5.8%	8.1%
Total Unemployed	-	105,200	149,200
Total Nonfarm Employment	-	1,622,000	1,571,800
Job Growth	-	+600	+1,000
Covid Job Recovery	-	74.6%	57%
Job Openings to Unemployed Ratio	-	1.05	0.46
Quit Rate	-	2.4%	1.7%
Average Monthly Initial Unemployment Claims	-	2,624	8,040
Labor Force Participation Rate	-	63.5%	63.9%
Average Hourly Wage	-	\$34.11	\$33.77

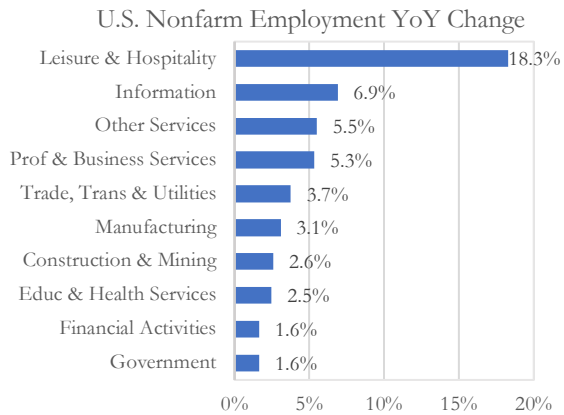
\*January 2022 data unavailable due to CTDOOL benchmarking

## **National Job Growth**

The Bureau of Labor Statistics reported the U.S. added 467,000 jobs in January after adding 510,000 in December and 647,000 in November. This growth marks thirteen straight months of job gains. Total nonfarm payroll was 149,629,000 in January, which is up by 19.1 million since April 2020, but is down by 2.9 million, or 1.9 percent, from its pre-pandemic level in February 2020. Job gains occurred in leisure and hospitality (+151,000), trade, transportation, and utilities (+132,000), and professional and business services (+86,000). The following graphs display the month over month and year over year net change in nonfarm employment by sector. See Appendix 1 for detailed industry sector data.



Source: U.S. Department of Labor



Source: U.S. Department of Labor

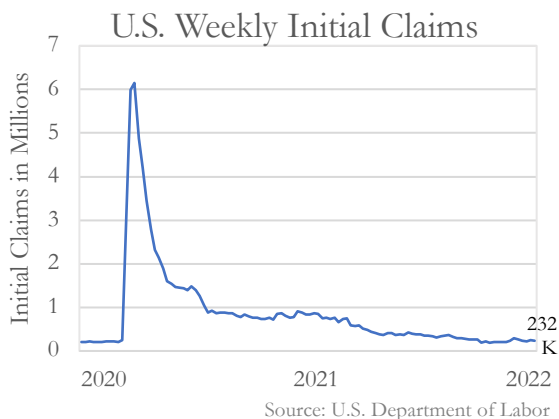
The U.S. has recovered 86.9 percent of the 21,991,000 jobs lost in March and April 2020 due to the COVID-19 lockdown. Every state except Hawaii and Wyoming has recovered over half of the jobs lost, while four states have recovered 100 percent: Texas, Arizona, Utah, and Idaho.

## National Unemployment

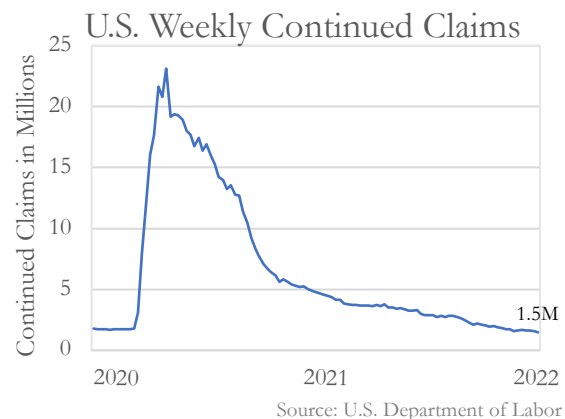
The Bureau of Labor Statistics reported the U.S. unemployment rate was 4 percent in January, a slight increase from 3.9 percent in December. This is still higher than pre-pandemic levels (3.5%) but demonstrates how fast unemployment has recovered compared to previous recessions. The COVID-19 virus created the highest national unemployment rate (14.8%) since the Great Depression (25.6%) yet rebounded to under 5% in less than a year and a half.

The total number of unemployed people was 6.5 million, edging closer to pre-pandemic levels (5.7 million). The number of long-term unemployed people, those jobless for 27 weeks or more, decreased to 1.7 million, and account for 25.9 percent of the total unemployed in January.

For the week ending February 19th, seasonally adjusted initial claims totaled 232,000, while average weekly initial claims were 236,250. For the week ending February 12th, seasonally adjusted continued claims totaled 1,476,000, while average weekly continued claims were 1,576,600.



Source: U.S. Department of Labor



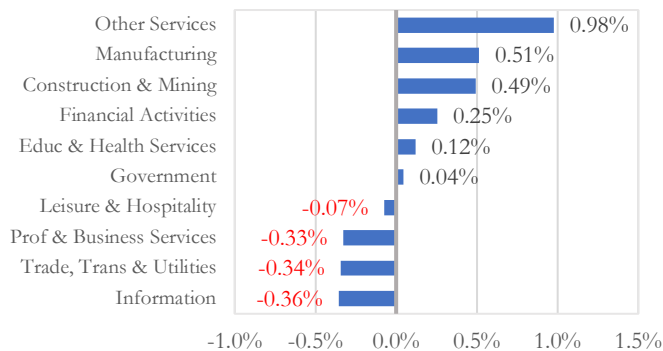
Source: U.S. Department of Labor

## Connecticut Job Growth

*Note: Connecticut labor market information is one month behind due to DOL benchmarking.*

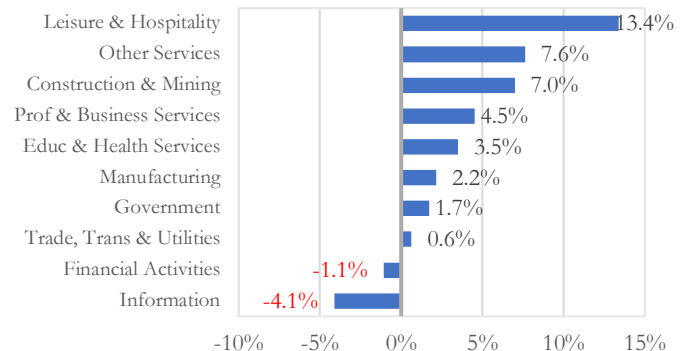
The Connecticut Department of Labor reported the state added 600 jobs in December after adding 2,800 in November and 7,100 in October. This growth marks twelve straight months of job gains. Total nonfarm payroll was 1,622,000 in December, which is up 218,100 since April 2020, but is down by 74,300, or 4.6 percent, from its pre-pandemic level in February 2020. Job gains occurred in manufacturing (+800), other services (+600), and education and health services (+400). Job declines occurred in trade, transportation, and utilities (-1,000), professional and business services (-700), information (-100), and leisure and hospitality (-100). The following graphs display the month over month and year over year net change in nonfarm employment by sector. See Appendix 2 for detailed industry sector data.

CT Nonfarm Employment MoM Change



Source: CT Department of Labor

CT Nonfarm Employment YoY Change



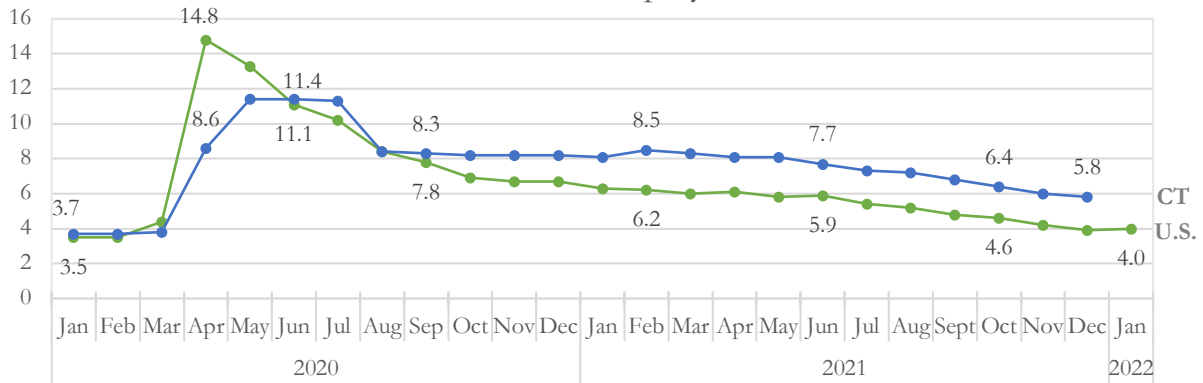
Source: CT Department of Labor

Connecticut has recovered 74.6 percent of the 292,400 jobs lost in March and April 2020 due to the COVID-19 lockdown.

## Connecticut Unemployment

The Connecticut Department of Labor reported the state unemployment rate was 5.8 percent in December, a decrease from 6 percent in November. This is still slightly higher than pre-pandemic levels (3.7%) but demonstrates how fast unemployment has recovered compared to previous recessions. The total number of unemployed people was 105,200 in December, edging closer to pre-pandemic levels (71,800).

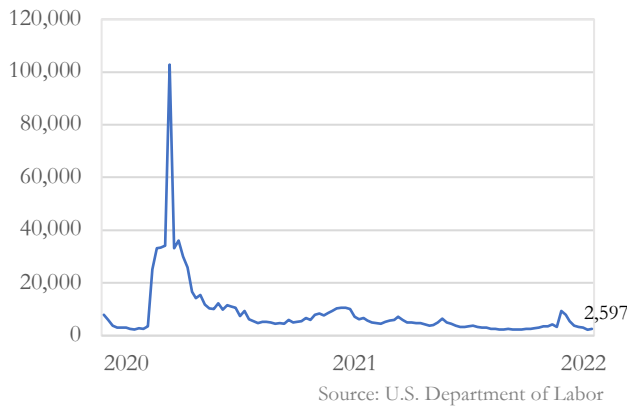
U.S. vs CT Unemployment Rate



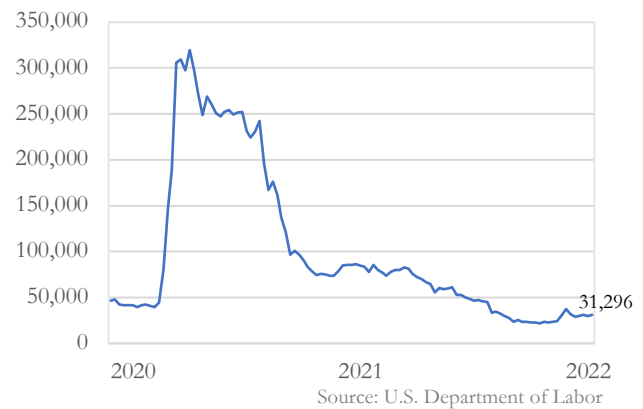
Source: CT Department of Labor

For the week ending January 22nd, initial claims totaled 3,805. Unemployment claims for first-time filers were an average of 2,624 per week, down 19.7% from November 2021 levels and lower by 1,869 claims from the average weekly count of 4,493 in December 2020. This level of monthly average weekly initial claims for the month in the state is significantly below the February 2020 (3,243) average weekly claims tally, just before the COVID lockdown. For the week ending January 15th, continued claims totaled 29,038 which has returned to pre-pandemic levels.

Connecticut Weekly Initial Claims



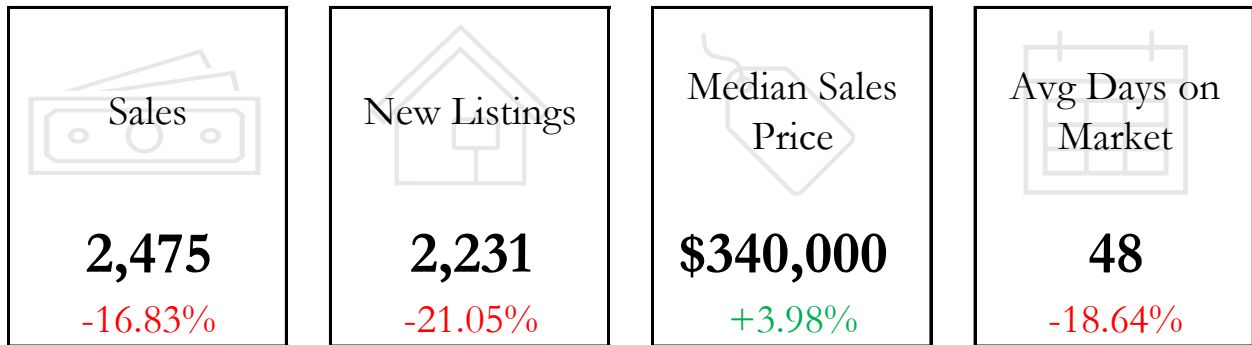
Connecticut Weekly Continued Claims



## Connecticut Housing & Rental Market

Berkshire Hathaway HomeServices reported year over year sales of single-family homes decreased 16.8 percent and new listings were down 21 percent in January. Median sales price increased by 3.98 percent and median list price increased by 2.8 percent. Average days on the market decreased to 48 days from 59 a year ago. On average, sales prices came in above list prices, with a list/sell price ratio of 100.9 percent. Inventory sits at a 1-month supply at the current sales pace, down from last month and last year. See Appendix 3 for detailed Connecticut Housing Market data.

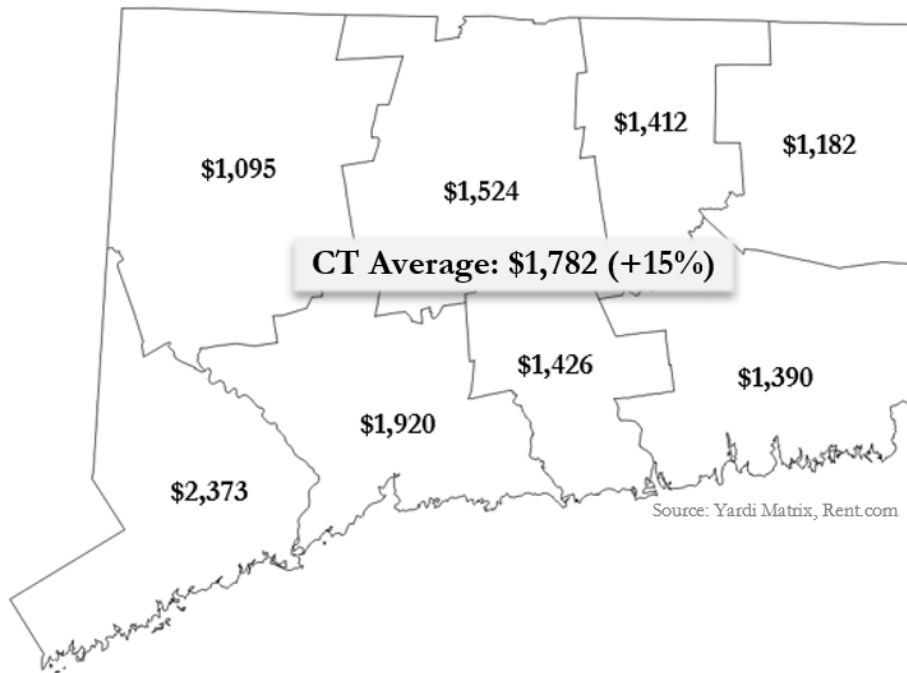
## January 2022 Connecticut Housing Market



Source: Berkshire Hathaway HomeServices

Rent.com reported the national average rent price for a one-bedroom apartment was \$1,688 in February, up 0.3 percent from last month and up 22.6 percent from last year. Every state saw rent prices increase year over year for one-bedroom apartments except Nebraska and New Hampshire. In Connecticut, average rent increased 15.37 percent year over year, from \$1,544 to \$1,782. 35 percent of households in Connecticut rent their homes, and approximately 52 percent of Connecticut renters are cost burdened, meaning they spend more than 30 percent of household income on housing costs.

### Feb 2022 Average Rent in Connecticut by County



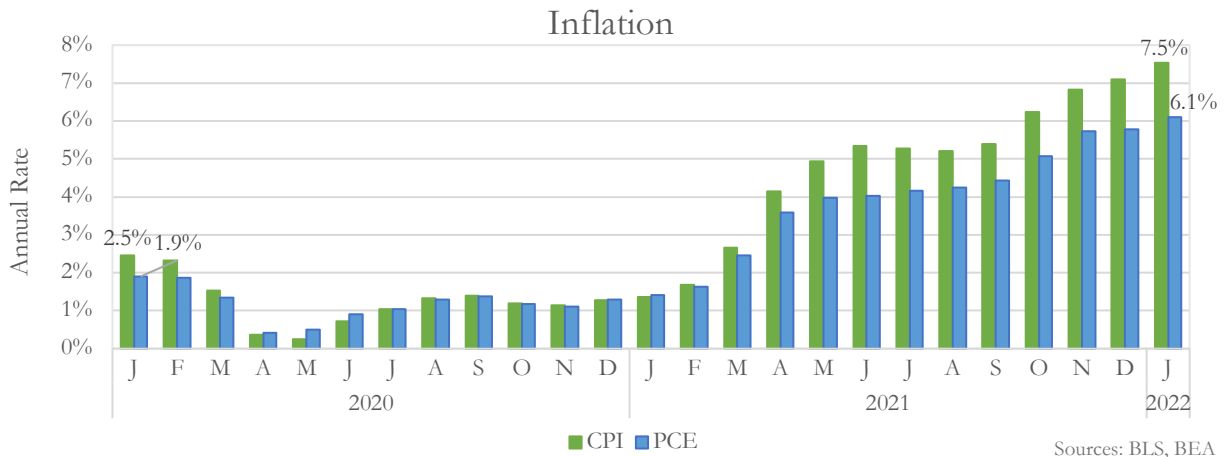
According to a National Association of Realtors and Realtor.com report titled “The Double Trouble of the Housing Market”, the combination of record high home prices and record low inventory is pushing homeownership out of reach for many Americans. Two in three renters cannot afford to buy a home and one in two renters pay more than 30 percent of their income for rent due to rising rental

costs. Mortgage rates have returned to pre-pandemic levels which will further increase demand for rental units because higher rates mean larger monthly mortgage payments and reduces the amount people can borrow.

## Inflation

The Bureau of Labor Statistics reported the Consumer Price Index (CPI) increased 0.6 percent in January for an annual rate of 7.5 percent which is the largest 12-month increase since February 1982. Price increases were broad-based and included shelter, food, electricity, medical care, and used cars. Core CPI, which excludes food and energy, rose 0.6 percent in January for an annual rate of 6 percent which is the largest 12-month change since the period ending August 1982.

The Bureau of Economic Analysis reported the Personal Consumption Expenditure (PCE) price index increased 0.6 percent from last month and now stands at an annual rate of 6.1%. This is the highest annual rate in thirty years.

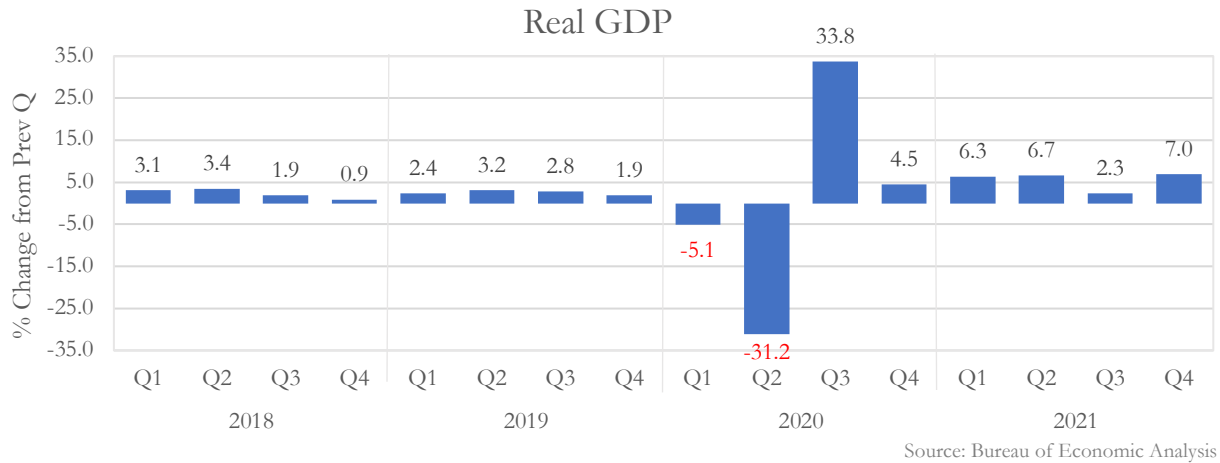


Factors driving inflation include global supply-chain disruptions, raw material shortages, labor shortages and strong consumer demand. In order to address inflation, the Federal Reserve intends to raise interest rates in March and reduce the size of their balance sheet. It is still to be determined by how much and how quickly they will do so.

## GDP

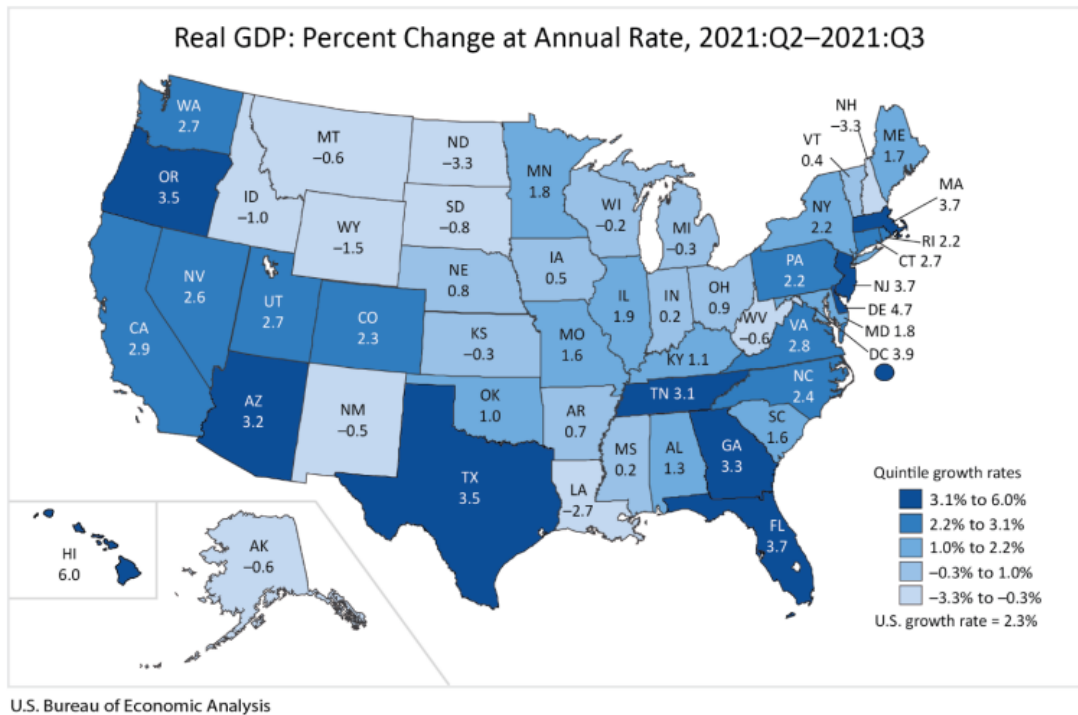
The Bureau of Economic Analysis reported U.S. real gross domestic product (GDP) increased at an annual rate of 7.0 percent in the fourth quarter of 2021. This follows a 2.3 percent real GDP increase in the third quarter. The update primarily reflects upward revisions to nonresidential fixed investment, state and local government spending, and residential fixed investment that were partly offset by downward revisions to personal consumption expenditures and exports. Real GDP increased 5.7 percent in 2021, following a decrease of 3.4 percent in 2020.





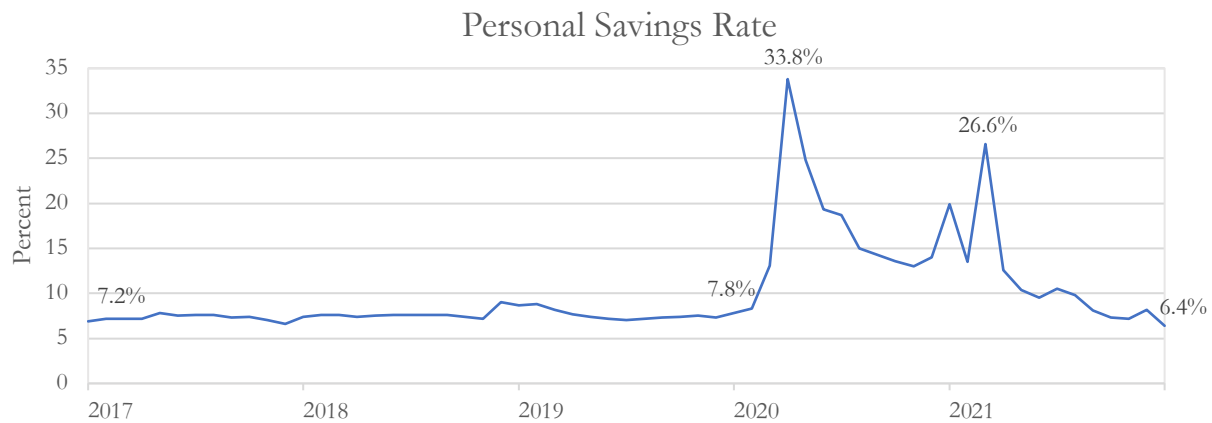
The Bureau of Economic Analysis also reported real gross domestic product increased in 37 states and the District of Columbia in the third quarter of 2021, as real GDP for the nation increased at an annual rate of 2.3 percent. The percent change in real GDP in the third quarter ranged from 6 percent in Hawaii to -3.3 percent in New Hampshire.

Connecticut's GDP growth rate of 2.7 percent ranked 15th in the nation, coming in above national growth and the New England regional average of 2.6 percent. Connecticut industries experiencing the largest gains on a percentage basis were finance and insurance (+1.29%), professional, scientific, and technical services (+0.75%), and nondurable goods manufacturing (+0.51%). Connecticut's annualized GDP came in at \$299.8 billion for the third quarter. The map below depicts the annual growth rate in GDP by state.



## Consumer Spending, Saving and Debt

The Bureau of Economic Analysis reported consumer spending increased \$337.2 billion (2.1 percent) in January. Spending on goods increased with the largest gains in motor vehicles, other nondurable goods, and recreational goods and vehicles. Spending on services also increased with the largest contributor being housing and utilities. The personal-saving rate was 6.4 percent in January, down from 8.2 percent in December. Personal income increased \$9 billion (less than 0.1 percent) in January due to an increase in both private and public compensation that was partly offset by a decrease in government social benefits.



Source: Bureau of Economic Analysis

The Federal Reserve Bank of New York reported total household debt increased by \$333 billion in the fourth quarter of 2021, a 2.2% rise from the previous quarter, and the largest increase since 2007. Balances now stand at \$15.58 trillion, reflecting an increase of \$1 trillion during 2021, and are \$1.4 trillion higher than at the end of 2019. The large increase can partly be attributed to higher prices. Consumers had to borrow more in 2021 to secure a new home or car. Delinquency rates remain at record lows due to forbearance programs and higher savings throughout the pandemic.

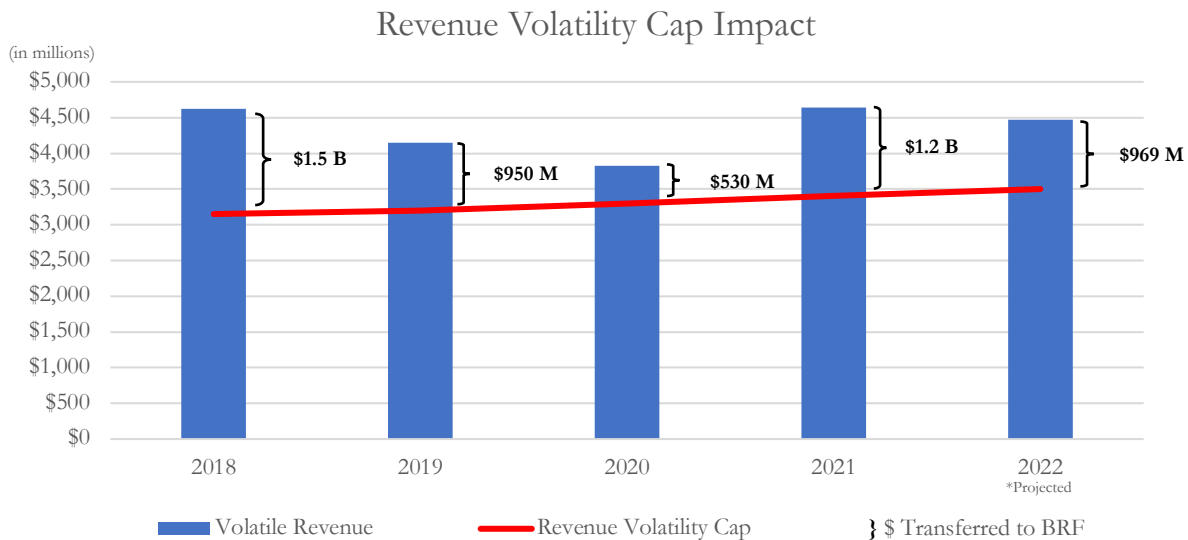
## Stock Market

February proved to be another incredibly volatile month for investors as the stock market posted large daily changes. Geopolitical pressure, persistent high inflation, and the Fed's shifting monetary policy all contributed to high uncertainty this month. As of February 28th, over the month, the Dow Jones Industrial Average dropped 1,239 points or 3.53%. The S&P 500 dropped 142 points or 3.14% and the NASDAQ dropped 488 points or 3.43%.

The performance of the stock market has a significant impact on the State of Connecticut's revenues. In a typical year, estimated and final income tax payments account for approximately 30 percent of total state income tax receipts, but can be an extremely volatile revenue source. According to FY 2021 results, combined estimated and final payments were 19.9 percent above FY 2020's level, with estimates up 29.9 percent and final payments up 12.1 percent. This reflects the strong performance of the stock market. This collection trend has continued into FY 2022, with both categories of tax receipts growing by a combined 18.9 percent over year-to-date results in the previous fiscal year.

## Employment and Withholding Receipts

The Comptroller’s office has long advocated for fiscal accountability measures to stabilize the state budget. A proposal introduced by former comptroller Kevin Lembo in 2015 passed into law and subsequently amended, automatically captured excess revenue in volatile revenue categories and deposits them in the state’s Budget Reserve Fund. As a result of that policy, and continued bipartisan support for maintaining it, the state’s reserves have reached their statutory cap. The following graph displays the total volatile revenue (estimated, finals, pass-through entity tax) exceeding the cap triggering a transfer to the Budget Reserve Fund. The FY 2022 projected volatility transfer is over \$969 million.



The withholding portion of the income tax is the largest single General Fund revenue source. Despite historic levels of job losses at the start of the pandemic, income tax withholding still finished FY 2021 \$75.3 million or 1.0 percent above its budget target. Compared with prior year realized amounts, FY 2021 withholding receipts performed even better, growing by \$428.6 million or 6.3 percent over FY 2020 levels. Growth in withholding receipts reflected several factors, including the concentration of employment losses in the lower wage service sector, the ongoing recovery of jobs throughout the year, and having income tax withheld on enhanced unemployment benefits, including the additional \$600 per week that was part of the Federal pandemic relief efforts.

Through the first eight months of FY 2022, income tax withholding continues to perform well. To date through February 25th, collections are coming in 4.95 percent above the same period in FY 2021. The budget plan called for growth in withholding receipts of 1.8 percent over FY 2021 realized amounts. Therefore, in light of this trend and job growth in recent months, the \$255 million improvement for income tax withholding in the January 18th consensus revenue forecast is reasonable.

## **Consumer Confidence**

The Conference Board reported the U.S. consumer confidence index decreased to 110.5 from January's revised reading of 111.1. In the February survey, the Present Situation Index, which is based on consumers' assessment of current business and labor market conditions, increased from 144.5 to 145.1. The Expectations Index, which is based on consumers' short-term outlook for income, business, and the job market, decreased from 88.8 to 87.5. Consumers expressed concerns over inflation but remain relatively confident about short-term growth prospects.

## Appendix 1: National Employment Data by Sector

U.S. Nonfarm Employment by Sector							
Sector	January 2022 (P)	December 2021 (R)	January 2021 (R)	MoM Change	MoM Rate	YoY Change	YoY Rate
Construction & Mining	8,060,200	8,069,200	7,858,400	-9,000	-0.1%	201,800	2.6%
Financial Activities	8,875,000	8,866,000	8,732,000	9,000	0.1%	143,000	1.6%
Manufacturing	12,559,000	12,546,000	12,184,000	13,000	0.1%	375,000	3.1%
Government	22,144,000	22,121,000	21,788,000	23,000	0.1%	356,000	1.6%
Educ & Health Services	23,953,000	23,924,000	23,378,000	29,000	0.1%	575,000	2.5%
Other Services	5,621,000	5,606,000	5,328,000	15,000	0.3%	293,000	5.5%
Prof & Business Services	21,904,000	21,818,000	20,800,000	86,000	0.4%	1,104,000	5.3%
Trade, Trans & Utilities	28,301,000	28,169,000	27,279,000	132,000	0.5%	1,022,000	3.7%
Information	2,934,000	2,916,000	2,745,000	18,000	0.6%	189,000	6.9%
Leisure & Hospitality	15,233,000	15,082,000	12,877,000	151,000	1.0%	2,356,000	18.3%

Source: US Department of Labor

## Appendix 2: Connecticut Employment Data by Sector

CT Nonfarm Employment by Sector							
Sector	December 2021 (P)	November 2021 (R)	December 2020 (R)	MoM Change	MoM Rate	YoY Change	YoY Rate
Information	28,000	28,100	29,200	-100	-0.4%	-1,200	-4.1%
Trade, Trans & Utilities	289,300	290,300	287,500	-1,000	-0.3%	1,800	0.6%
Prof & Business Services	212,800	213,500	203,600	-700	-0.3%	9,200	4.5%
Leisure & Hospitality	134,800	134,900	118,900	-100	-0.1%	15,900	13.4%
Government	224,900	224,800	221,100	100	0.0%	3,800	1.7%
Educ & Health Services	334,300	333,900	323,000	400	0.1%	11,300	3.5%
Financial Activities	118,500	118,200	119,800	300	0.3%	-1,300	-1.1%
Construction & Mining	61,200	60,900	57,200	300	0.5%	4,000	7.0%
Manufacturing	156,200	155,400	152,900	800	0.5%	3,300	2.2%
Other Services	62,000	61,400	57,600	600	1.0%	4,400	7.6%

Source: CT Department of Labor

## Appendix 3: Connecticut Housing Market Statistics

Connecticut Market Summary						
	Jan 2022	Jan 2021	% Change	YTD 2022	YTD 2021	% Change
New Listings	2,231	2,826	-21.05%	2,231	2,826	-21.05%
Sold Listings	2,475	2,976	-16.83%	2,475	2,976	-16.83%
Median List Price	\$339,000	\$329,900	2.76%	\$339,000	\$329,900	2.76%
Median Selling Price	\$340,000	\$327,000	3.98%	\$340,000	\$327,000	3.98%
Median Days on the Market	32	41	-22%	32	41	-21.95%
Average Listing Price	\$521,603	\$540,403	-3.48%	\$521,603	\$540,403	-3.48%
Average Selling Price	\$520,814	\$529,287	-1.60%	\$520,814	\$529,287	-1.60%
Average Days on the Market	48	59	-18.64%	48	59	-18.64%
List/Sell Price Ratio	100.9%	99.4%	1.48%	100.9%	99.4%	1.48%

Source: Berkshire Hathaway HomeServices

**\*\*\* END \*\*\***