

Massachusetts Economic Growth and Challenges in the Age of COVID-19

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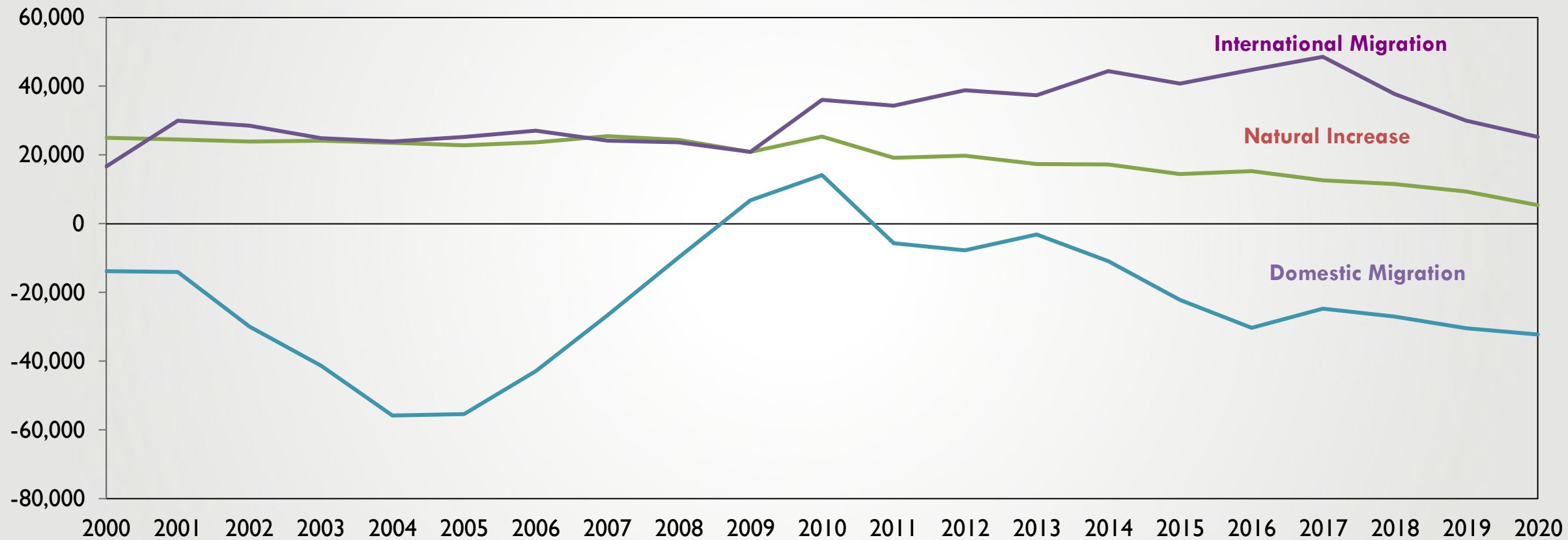
The Massachusetts economy before the COVID-19 pandemic

- Massachusetts has the fastest growing population in the Northeast
- Massachusetts is a leader in job growth in the Northeast, and a lot of that growth is driven by the Greater Boston region
- The dominant sectors in the state have been related to knowledge-based industries
- Prosperity has not been felt evenly throughout the state, and more vulnerable demographic groups and regions were at a disadvantage going into the pandemic

The COVID-19 Economy

Massachusetts population growth depends on international migration

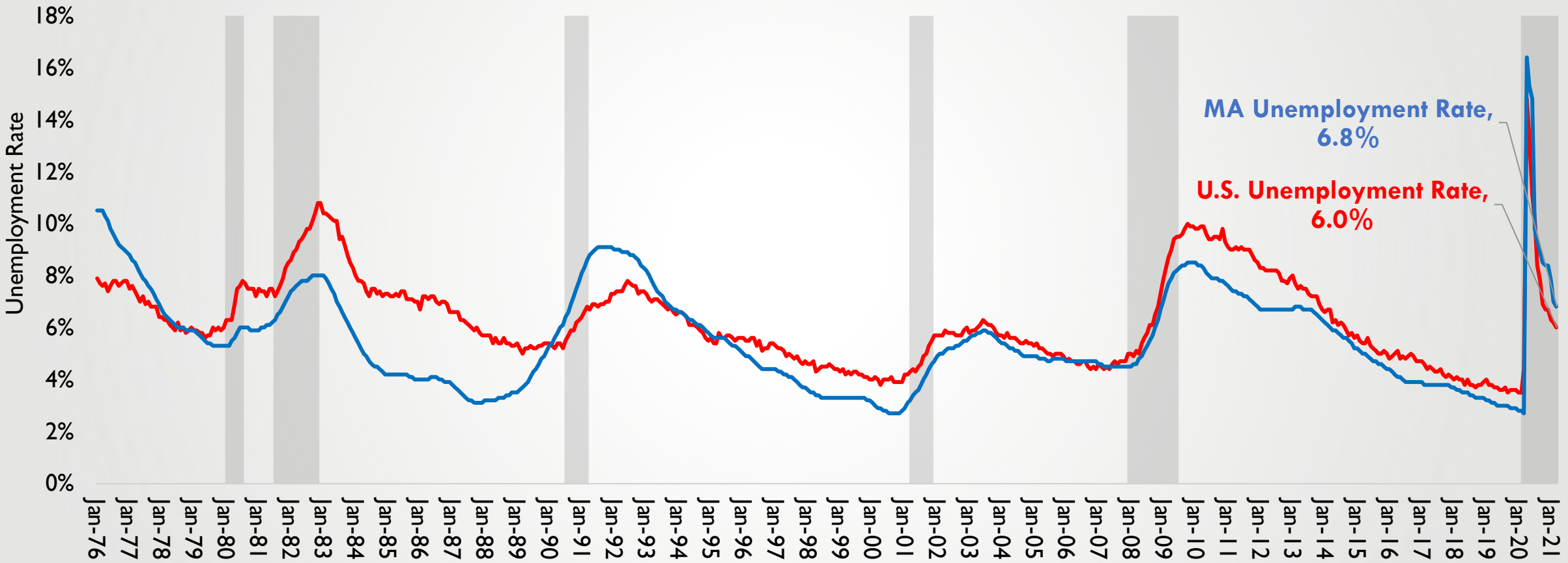
Massachusetts estimated components of population change, 2000-2020



Source: UMass Donahue Institute. Source Data: ST-2000-7; CO-EST2010-ALLDATA; and NST-EST2020-ALLDATA, U.S. Census Bureau Population Division.

In the spring of 2020, unemployment reached historic highs

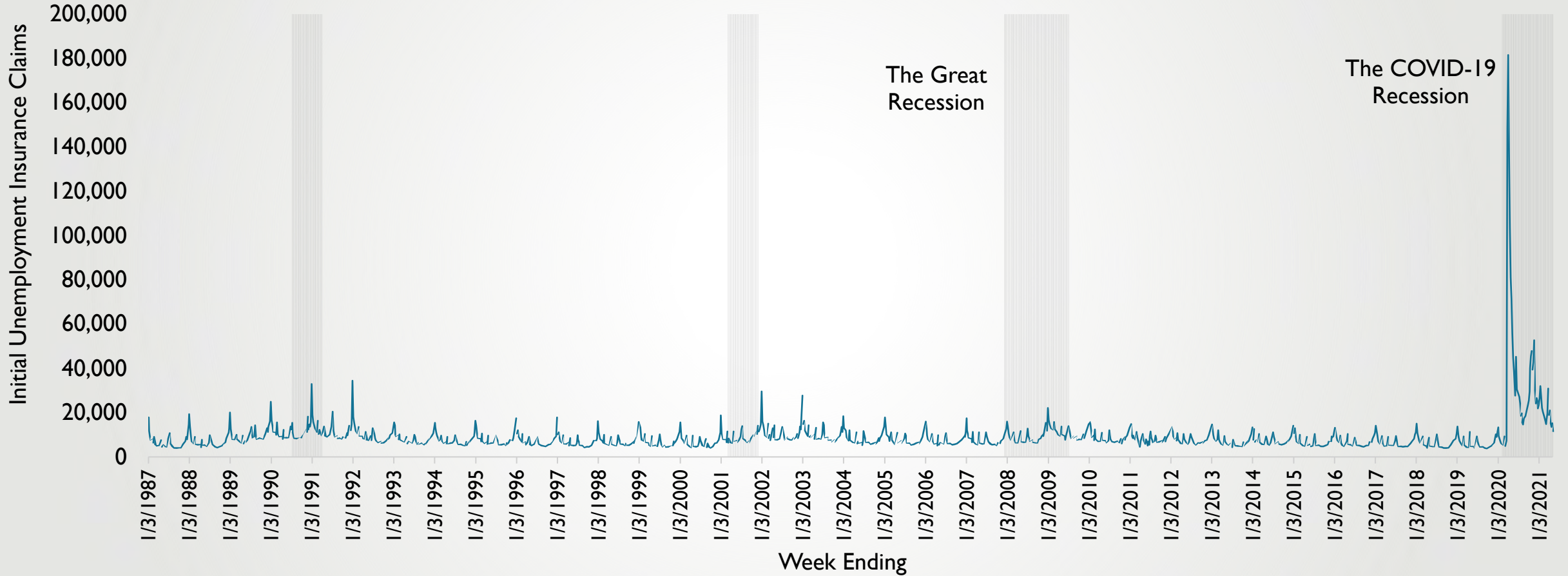
Unemployment rates in Massachusetts and the United States as of March 2021 (seasonally adjusted)



Source: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment (LAU) Statistics; UMDI analysis

Initial unemployment claims have vastly exceeded those of the Great Recession and all previous recessions

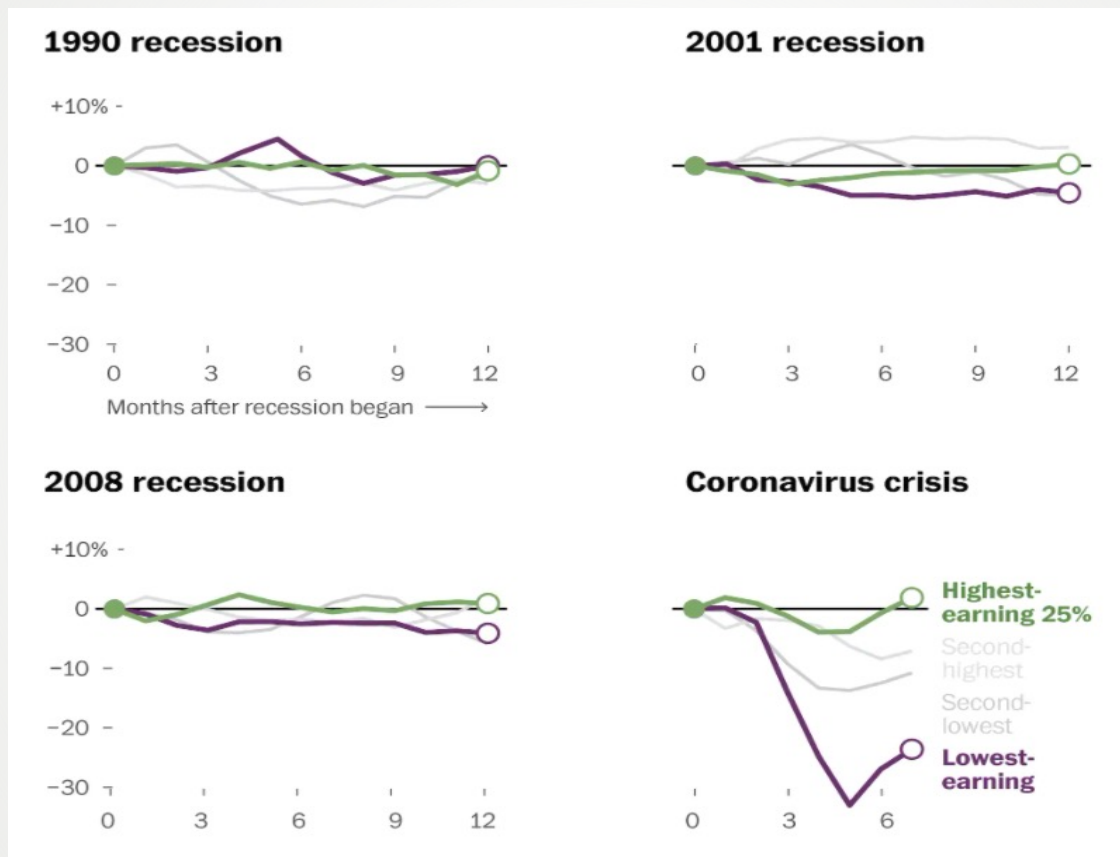
Initial Unemployment Insurance claims in Massachusetts through the week ending May 1, 2021



Source: U.S. Department of Labor; Massachusetts Executive Office of Labor and Workforce Development

The COVID-19 recession is different than any previous recession

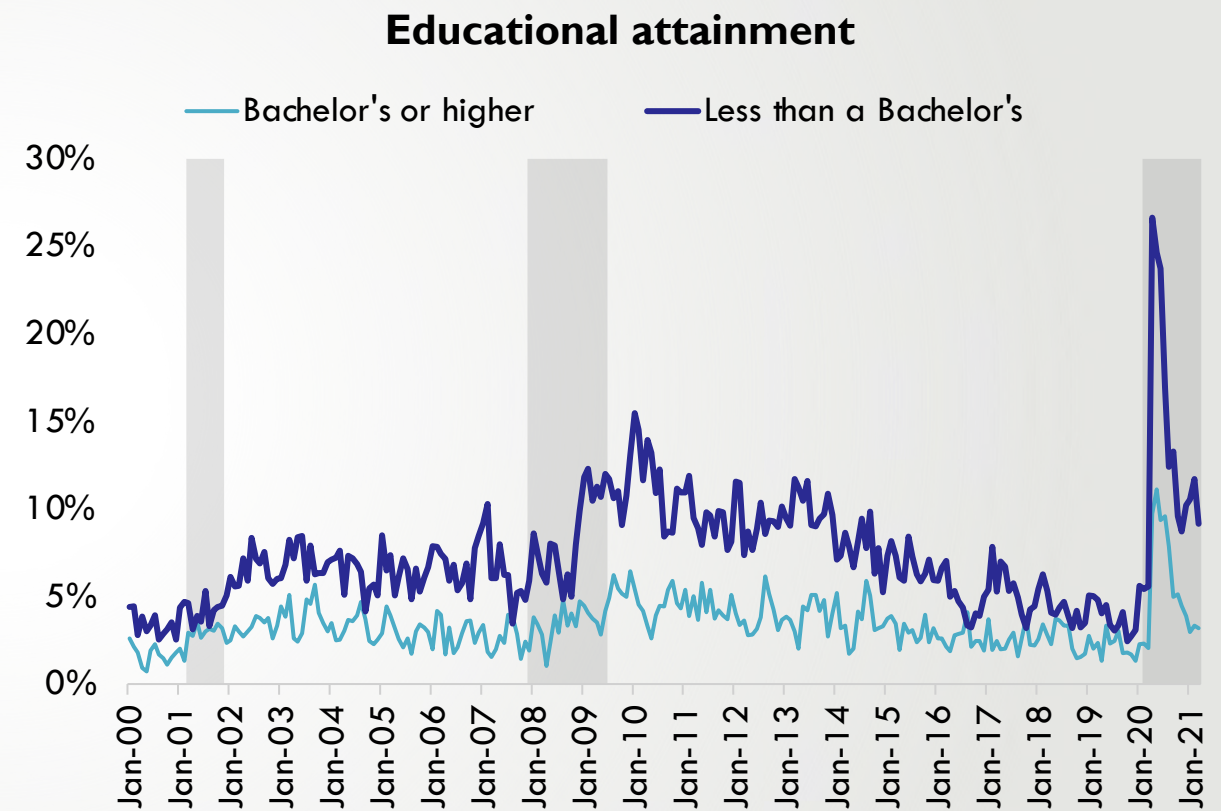
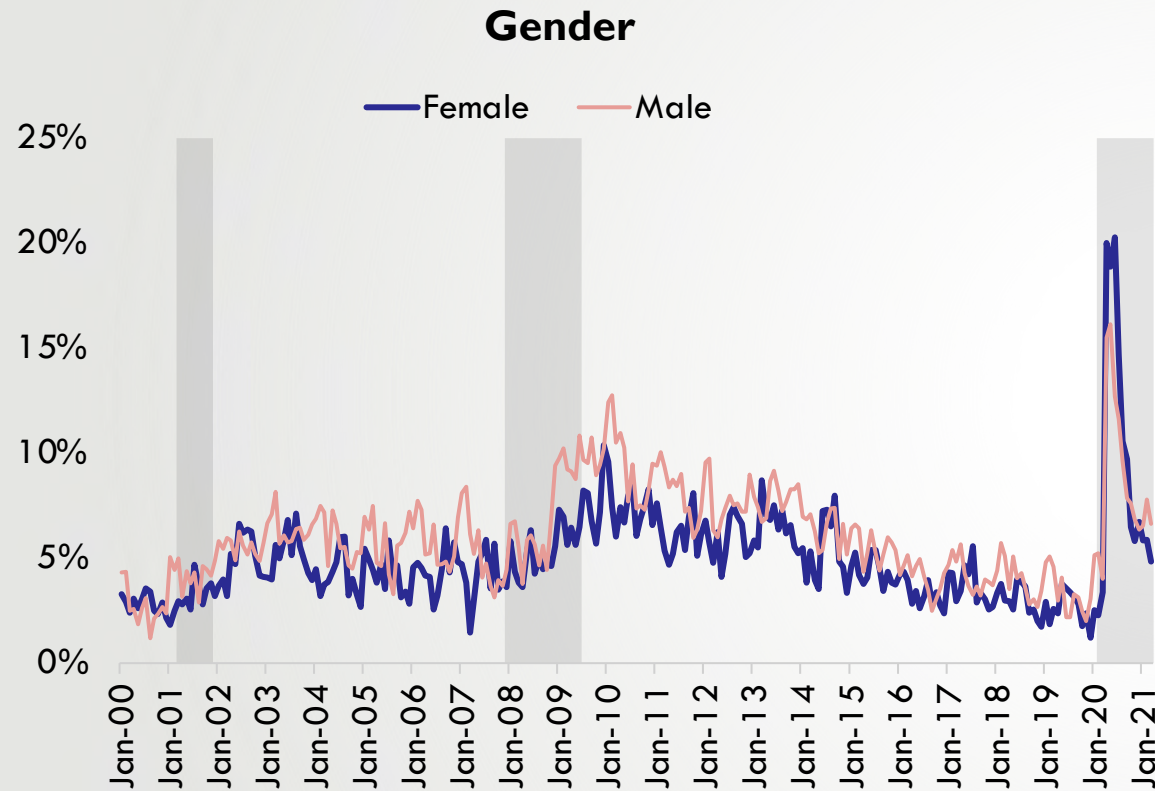
Job change in the U.S. since the beginning of each recession by weekly earnings



Source: “The covid-19 recession is the most unequal in modern U.S. history”, by Heather Long, Andrew Van Dam, Alyssa Fowers, and Leslie Shapiro (September 30, 2020)
<https://www.washingtonpost.com/graphics/2020/business/coronavirus-recession-equality/>

Unemployment was highest among women and those with less than a Bachelor's degree

Unemployment rates in Massachusetts by demographics, January 2000-March 2021 (not seasonally adjusted)



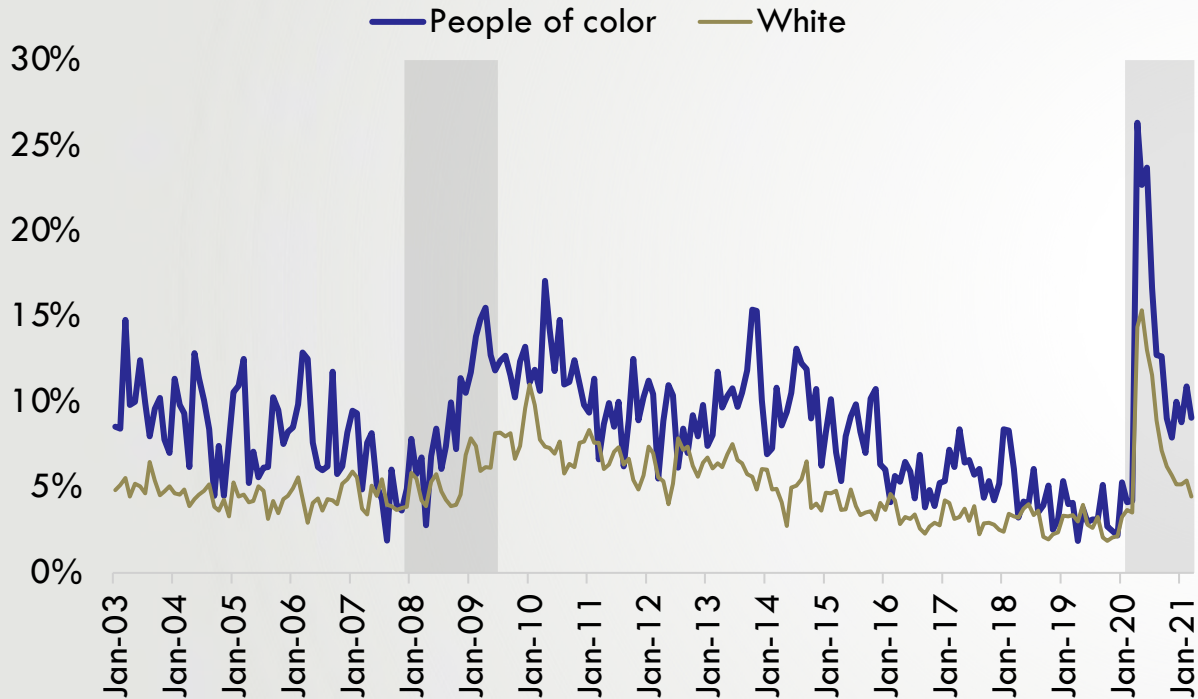
Source: Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles and J. Robert Warren. Integrated Public Use Microdata Series, Current Population Survey: Version 8.0 [CPS]. Minneapolis, MN: IPUMS, 2020. <https://doi.org/10.18128/D030.V8.0>; UMDI analysis

Note: Data are not seasonally adjusted.

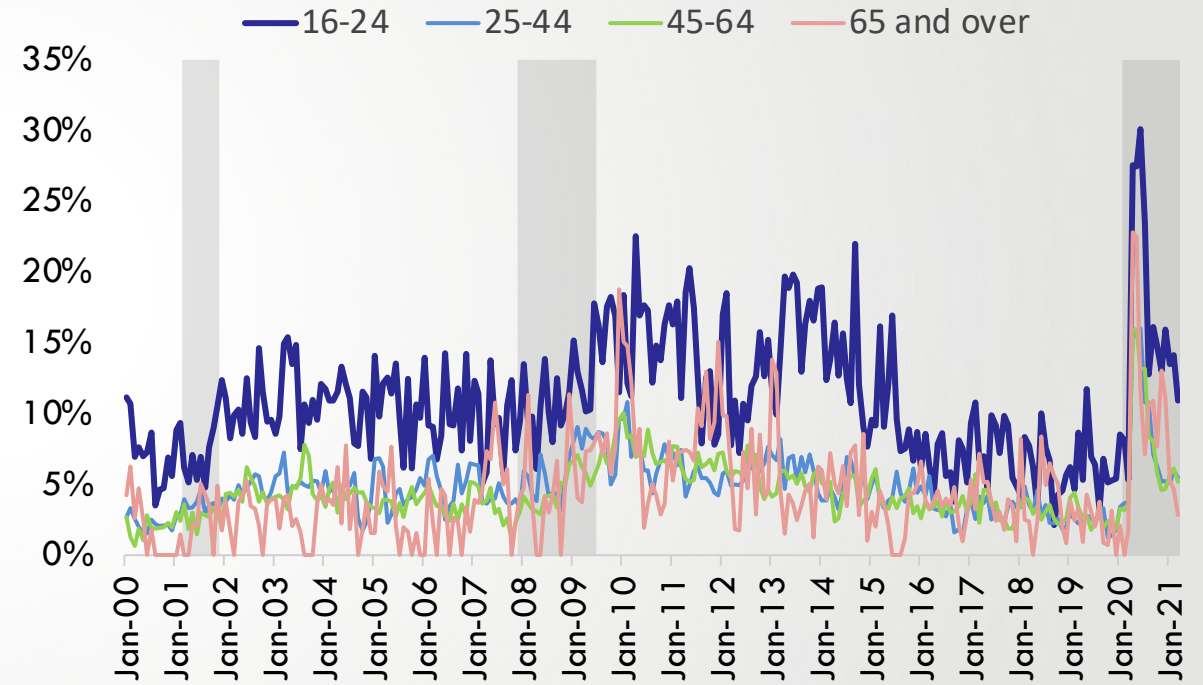
Unemployment was also highest among people of color and young workers

Unemployment rates in Massachusetts by demographics, January 2000-March 2021 (not seasonally adjusted)

Race/Ethnicity



Age

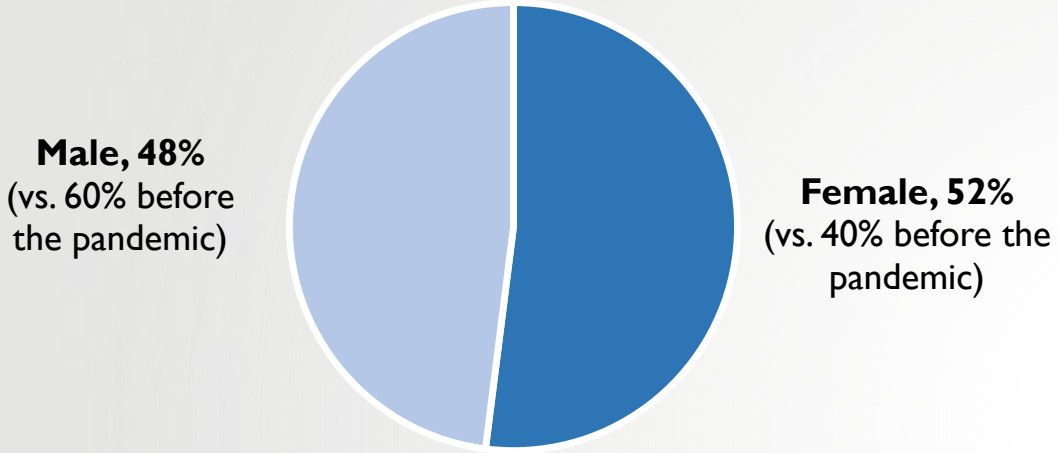


Source: Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles and J. Robert Warren. Integrated Public Use Microdata Series, Current Population Survey:Version 8.0 [CPS]. Minneapolis, MN: IPUMS, 2020. <https://doi.org/10.18128/D030.V8.0>; UMDI analysis

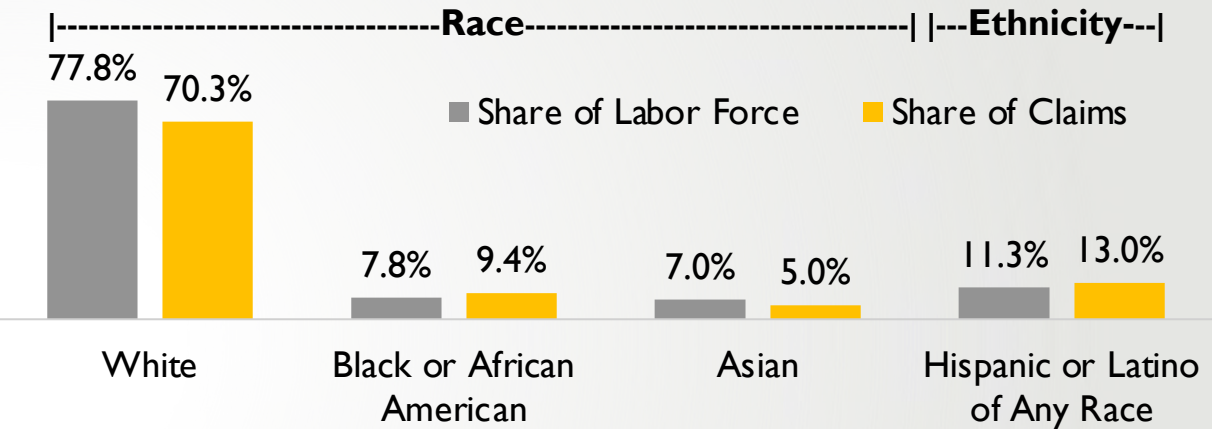
Note: Data are not seasonally adjusted.

Profile of Massachusetts' Unemployment Insurance Claimants

Most claimants have been women



Compared to their size of the labor force, people of color have been disproportionately impacted



65% of claimants had less than a Bachelor's

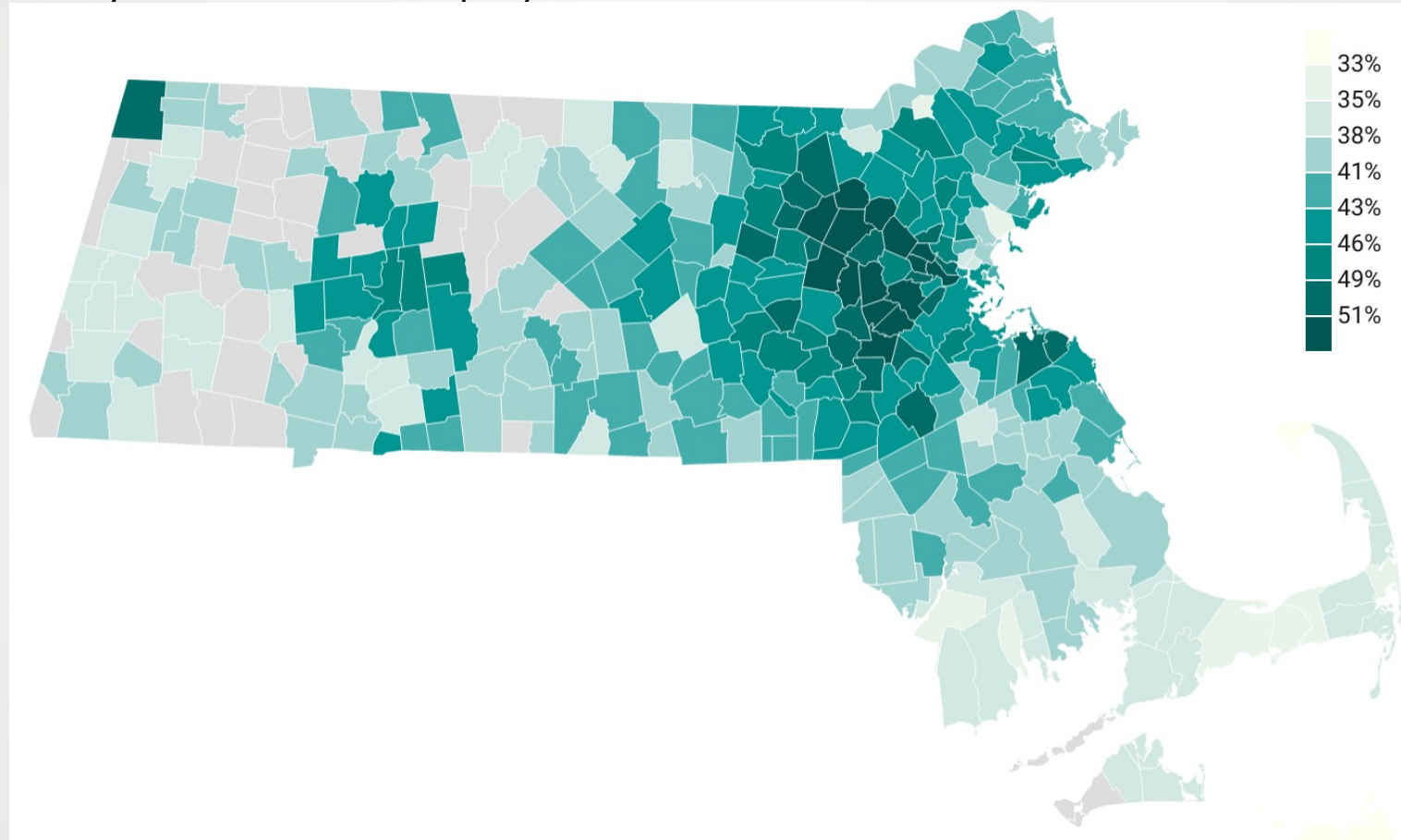


In the summer 2020, more than 60% of claimants earned less than \$700/week on average

Source: Massachusetts Executive Office of Labor and Workforce Development, Weekly Initial Unemployment Claimant Data; UMDI analysis
 Note: Data represent the cumulative total of initial Unemployment Insurance (UI) claims from the week ending March 14th, 2020 to the week ending December 5th, 2020, unless otherwise noted.

Boston's suburbs have a high share of workers capable of working from home

Share of telework capable workers by Massachusetts municipality, 2017



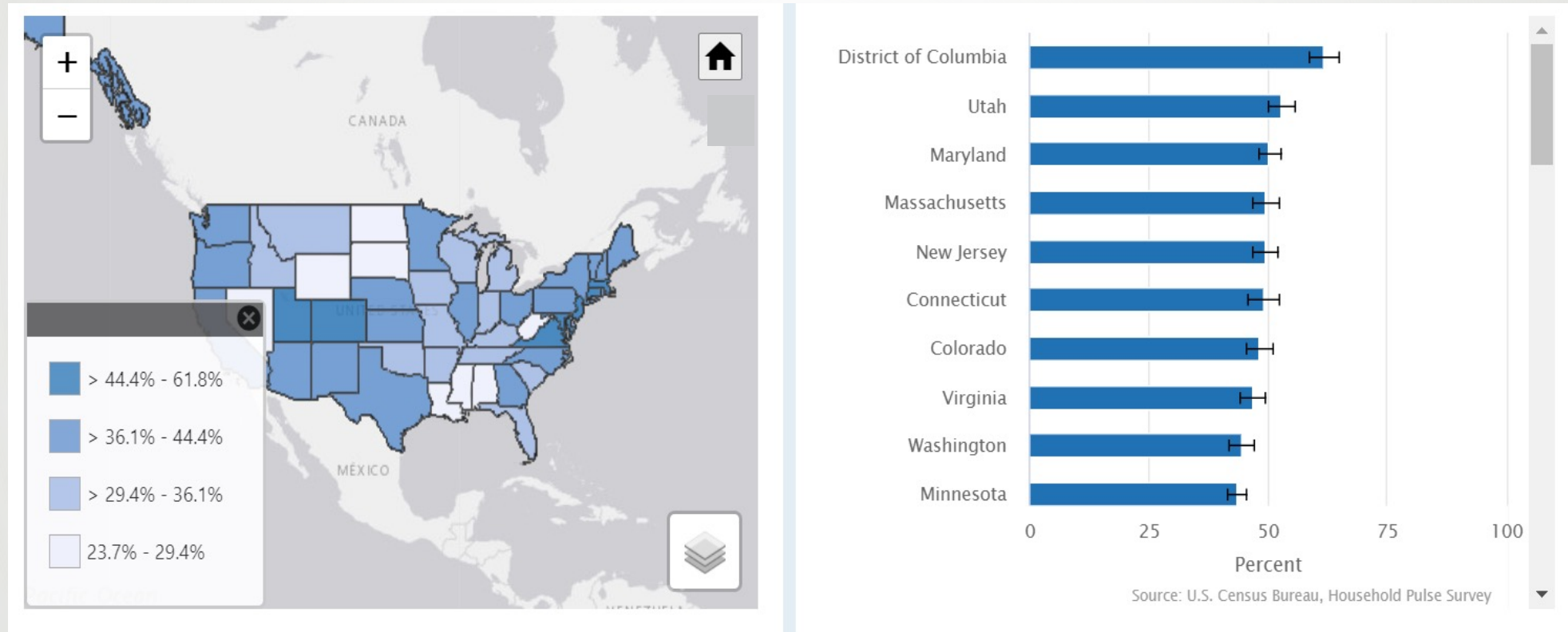
Source: 2018 U.S. Bureau of Labor Statistics Occupational Employment Statistics, 2017 LEHD Origin-Destination Employment Statistics

Note: Methodology courtesy of Dingel & Neiman, and Veuger, Brooks, & Begley

Massachusetts ranks 4th in the U.S. for the percentage of households in which at least 1 adult substituted some/all of their typical in-person work for telework

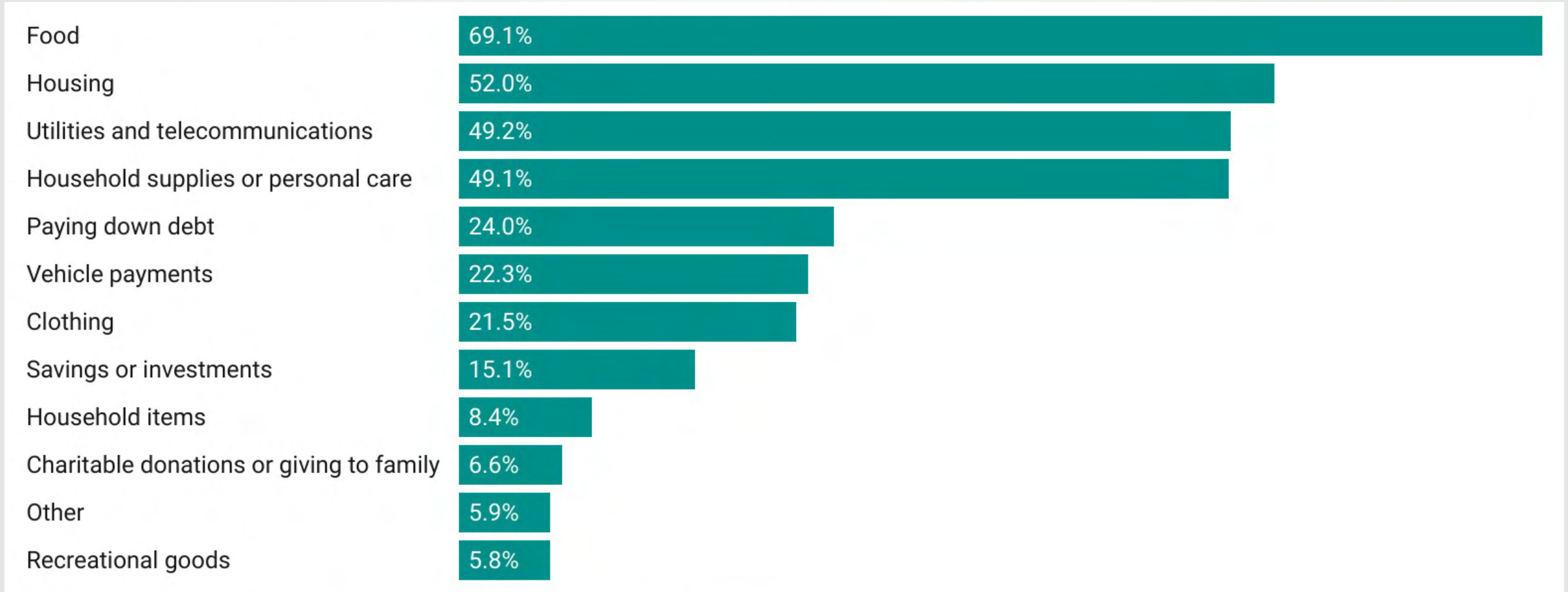
Percentage of households in which at least 1 adult has substituted some/all of their typical in-person work for telework due to the pandemic

Week 26



Source: U.S. Census Bureau, Household Pulse Survey, <https://www.census.gov/data-tools/demo/hhp/#/?measures=TWR>

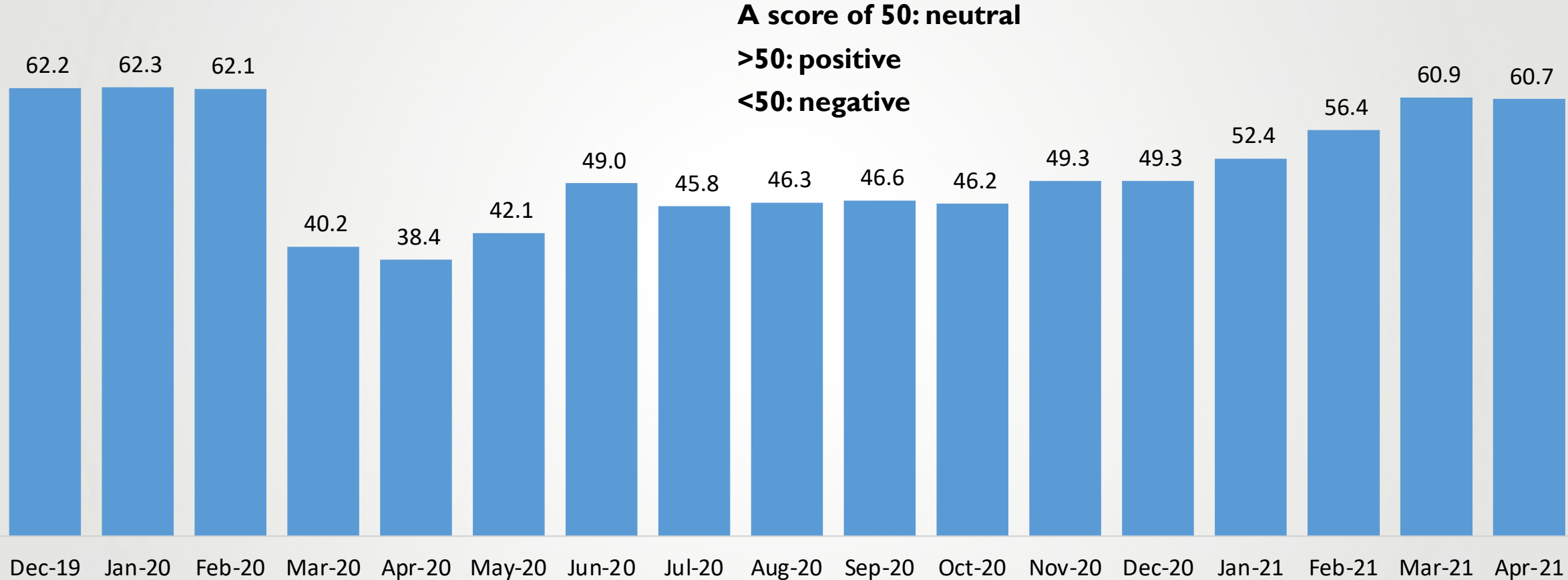
Most Massachusetts residents used their stimulus checks on food and housing in the summer 2020



Source: U.S. Census Bureau, Household Pulse Survey, <https://www.census.gov/data-tools/demo/hhp/#!/?measures=TWR>

Confidence among Massachusetts' businesses has returned

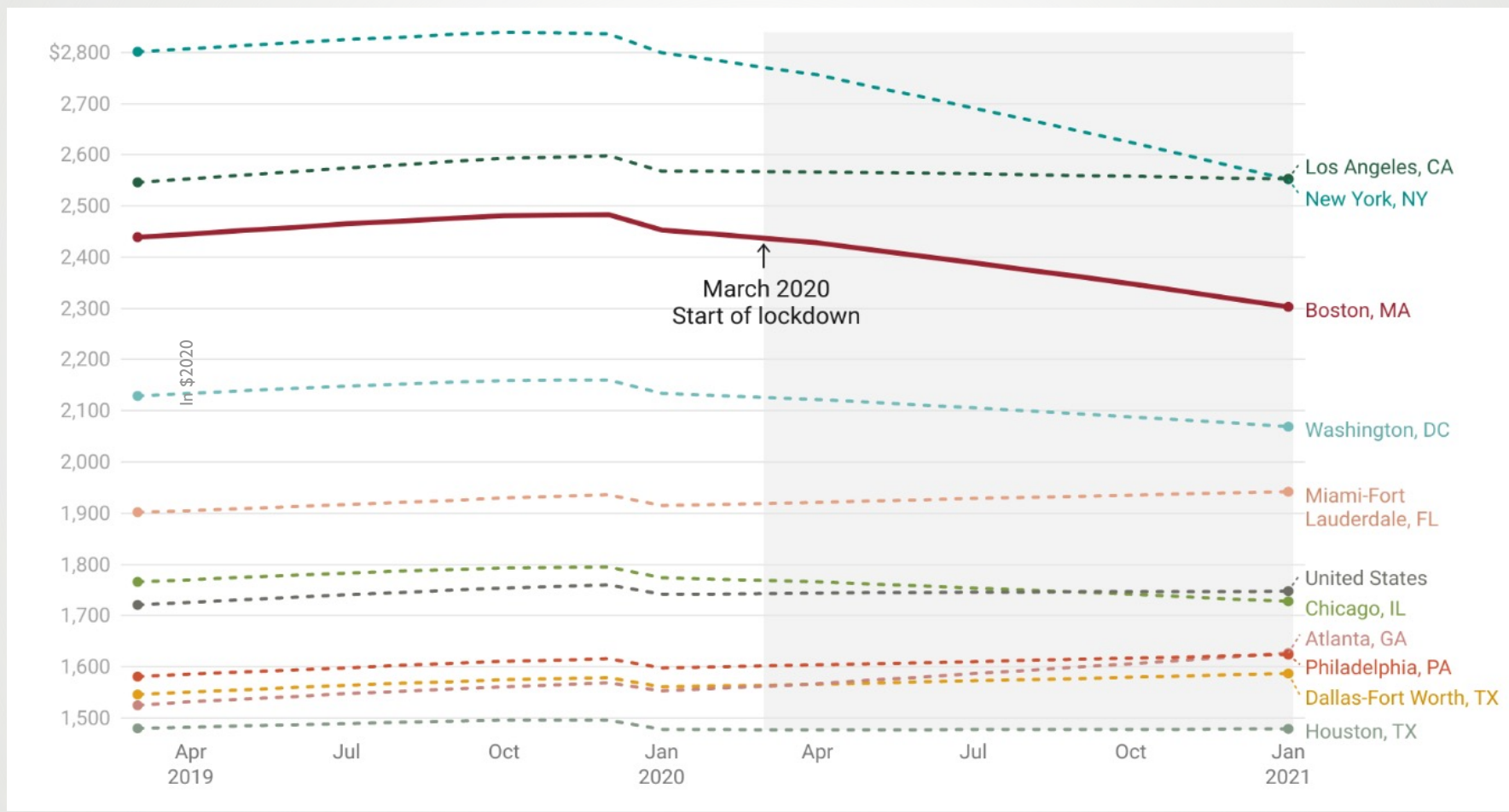
Massachusetts Business Confidence Index, December 2019-April 2021



Source: The Associated Industries of Massachusetts, <https://aimnet.org/blog/business-confidence-remains-flat-in-april/>

Since the start of the lockdown in March 2020, the Greater Boston region experienced a decline in rent prices

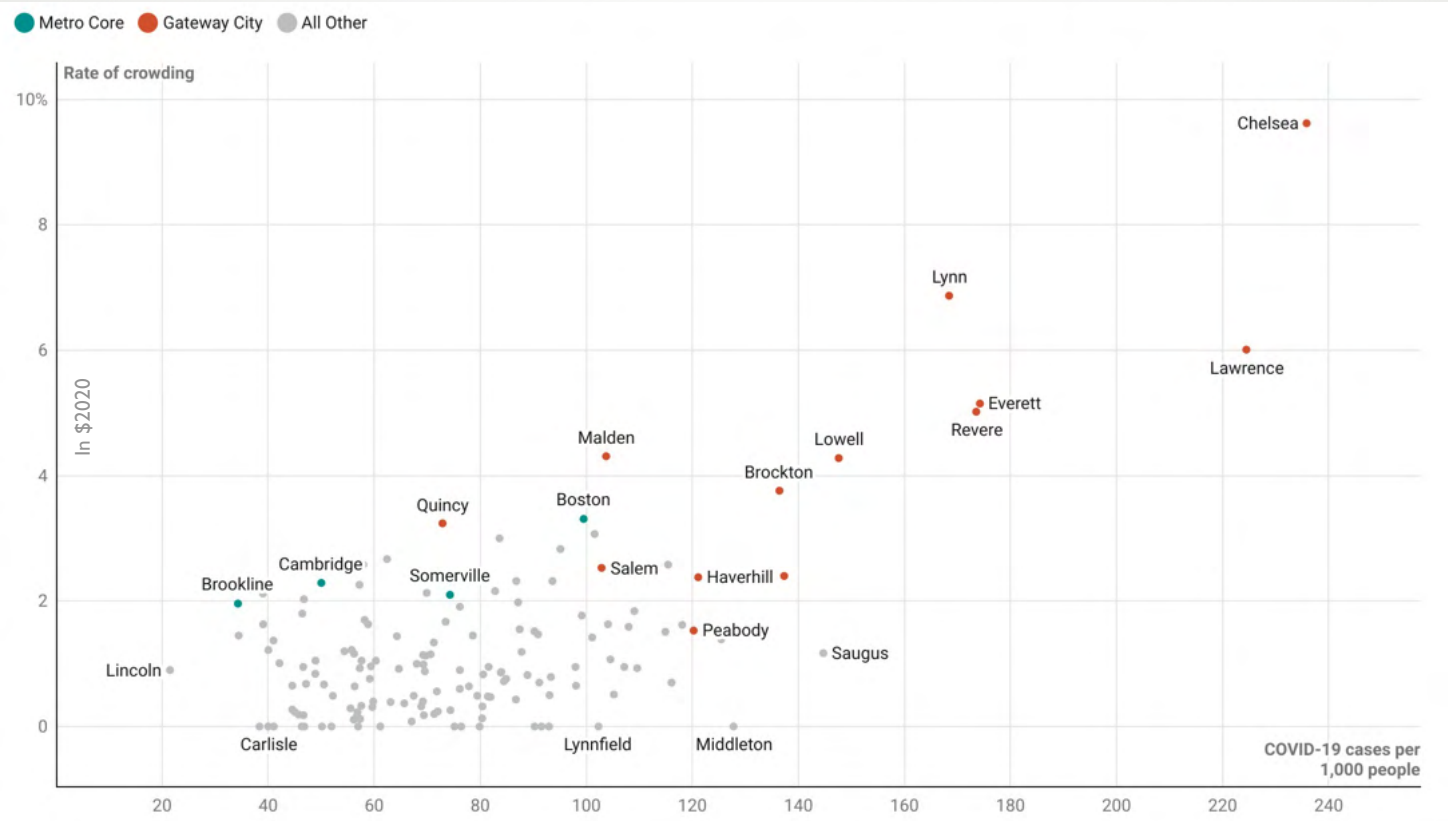
Zillow Observed Rent Index in 10 largest MSAs



Source: Zillow; UMDI Analysis

Crowded housing helps to explain why some Gateway Cities were hotspots

COVID-19 case rate by share of crowded housing: Greater Boston communities by community “type”. All reported cases January 1, 2020-April 29, 2021.



Source: MA Department of Public Health; UMDI analysis

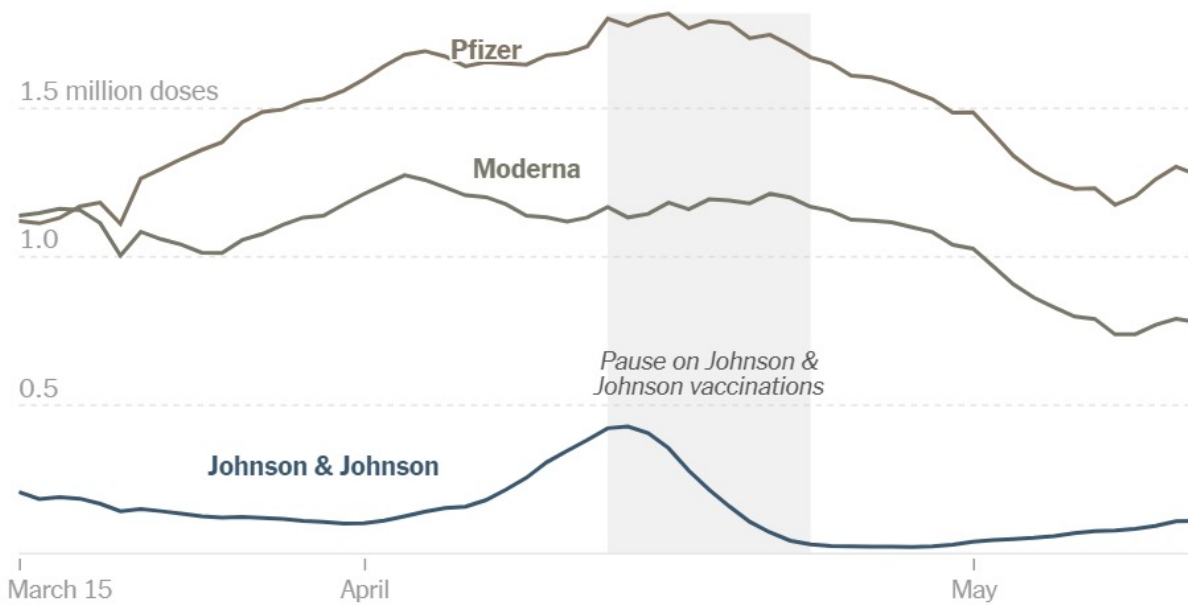
Note: Metro Core is defined as Boston, Cambridge, Somerville, and Brookline. There are 13 Gateway Cities in Greater Boston: Brockton, Chelsea, Everett, Haverhill, Lawrence, Lowell, Lynn, Malden, Methuen, Peabody, Quincy, Revere, and Salem. Rest of Greater Boston constitutes the remaining 130 communities in the region.

Economic recovery, one year into the pandemic

Vaccination rollout is long underway across the U.S., and at its current pace, everyone could be vaccinated this year

Daily reported doses given by manufacturer

Each line shows the seven-day average.

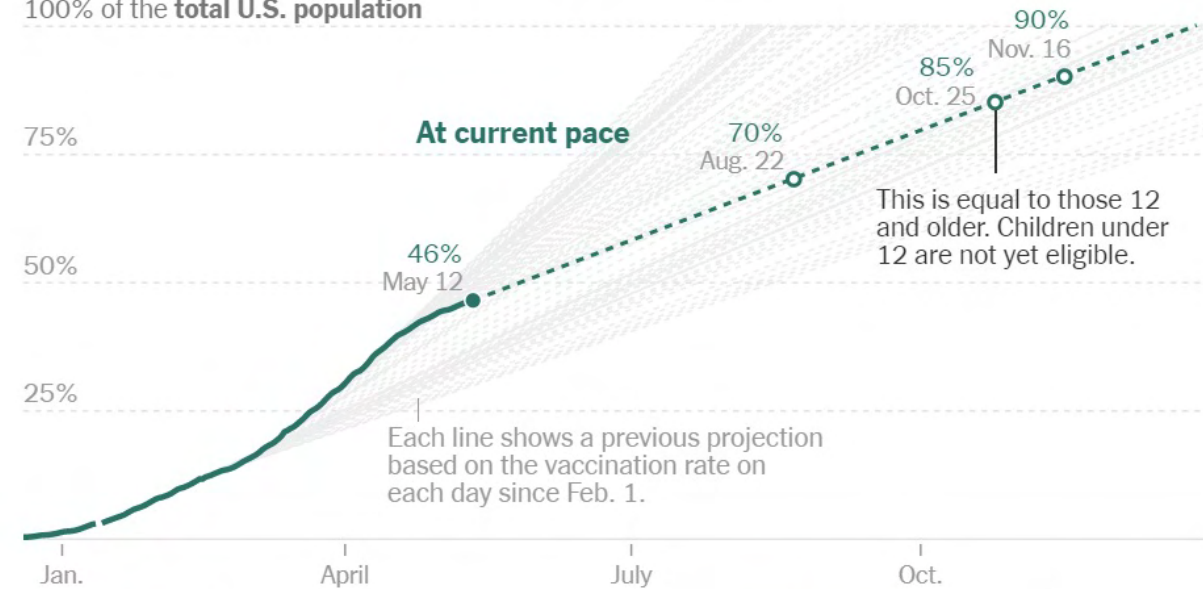


Source: Centers for Disease Control and Prevention

At the current pace of vaccination, everyone could get a shot this year. But no vaccine has been authorized for children under 12.

Based on the seven-day average of people receiving a first or single dose each day.

100% of the **total U.S. population**

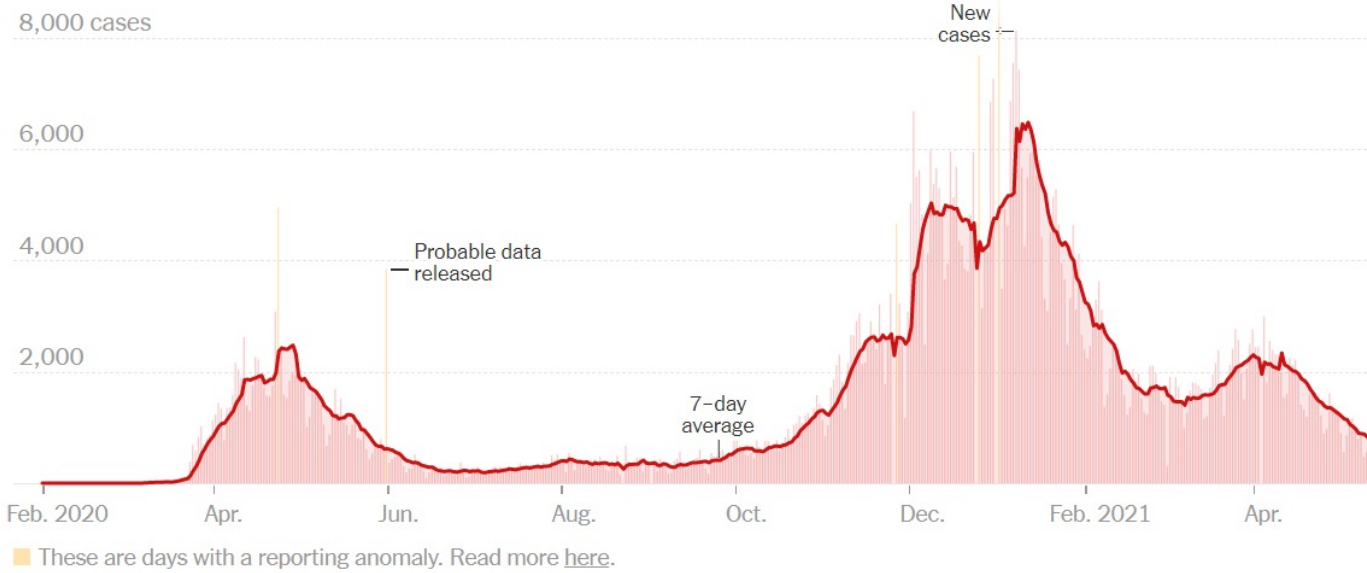


Source: Centers for Disease Control and Prevention, Andrew Beveridge, SocialExplorer | Note: Total population includes states, territories and three countries with [special agreements](#) with the United States: Palau, Micronesia and the Marshall Islands.

Source: New York Times, <https://www.nytimes.com/interactive/2020/us/covid-19-vaccine-doses.html#projection>

Economic recovery in Massachusetts hinges on meeting public health benchmarks

New reported cases



Vaccinations

Fully vaccinated

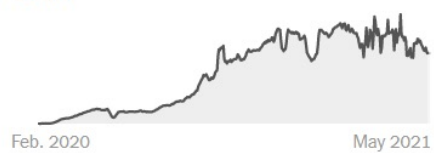
44%

At least one dose

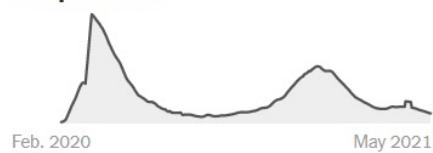
61%

	AVG. ON MAY 12	14-DAY CHANGE	TOTAL REPORTED
Cases	797	-41%	699,187
Tests	67,769	-12%	—
Hospitalized	402	-28%	—
Deaths	8	-32%	17,712

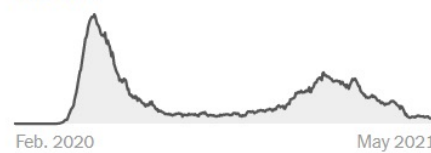
Tests



Hospitalized



Deaths



Source: New York Times, <https://www.nytimes.com/interactive/2021/us/massachusetts-covid-cases.html>

Massachusetts ranks 2nd in the nation for the percent of residents given at least one shot and 3rd for the percent of residents who are fully vaccinated

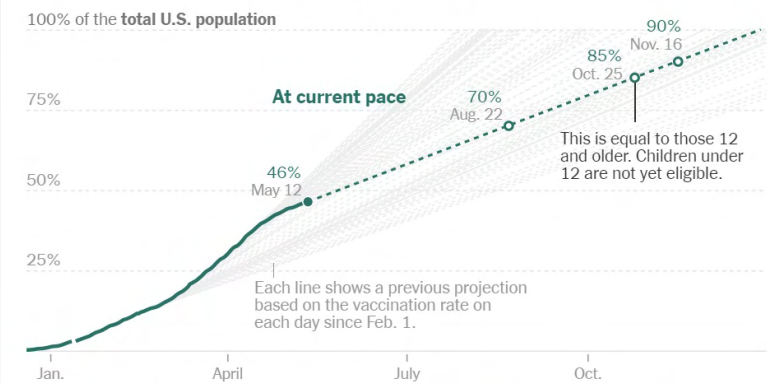
Name	Percent of people		Doses delivered	Shots given	Doses used
	Given at least one shot	Fully vaccinated			
U.S. total*	47%	36%	341,865,945	268,438,666	79%
Vermont	64%	45%	796,140	660,666	83%
Massachusetts	62%	45%	8,435,810	7,156,323	85%
Hawaii	60%	42%	1,652,620	1,421,294	86%
New Hampshire	59%	35%	1,513,425	1,204,745	80%
Maine	58%	48%	1,608,860	1,337,725	83%
Connecticut	58%	47%	4,200,875	3,637,551	87%
Rhode Island	56%	45%	1,350,905	1,035,263	77%
New Jersey	55%	43%	10,005,875	8,218,240	82%
Pennsylvania	54%	38%	13,988,115	11,362,846	81%
New Mexico	54%	43%	2,165,115	1,982,001	92%
Washington, D.C.	53%	38%	958,095	692,270	72%
Maryland	52%	41%	7,040,650	5,463,081	78%
California	52%	37%	43,976,220	34,319,950	78%
New York	51%	42%	21,037,975	17,632,107	84%
Washington	51%	39%	8,206,980	6,663,876	81%
Virginia	51%	39%	9,107,325	7,514,150	83%
Minnesota	50%	41%	5,737,890	4,887,255	85%
Delaware	50%	39%	1,114,215	851,363	76%
Illinois	50%	36%	13,143,195	10,503,920	80%
Oregon	50%	38%	4,501,785	3,556,202	79%

Source: New York Times, <https://www.nytimes.com/interactive/2020/us/covid-19-vaccine-doses.html#projection>

Note: Table has been adapted to include only the 50 states and Washington, D.C.

At the current pace of vaccination, everyone could get a shot this year. But no vaccine has been authorized for children under 12.

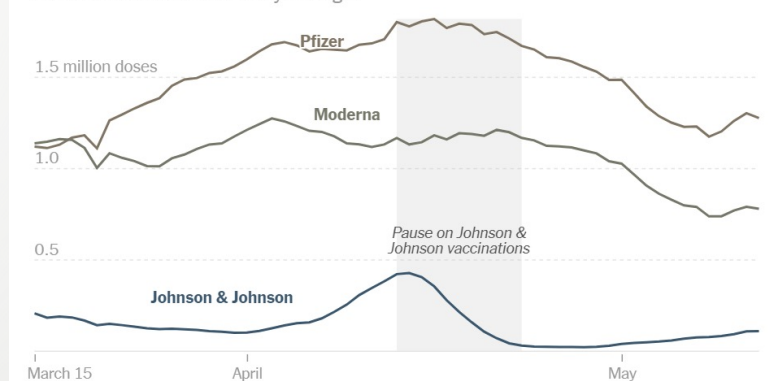
Based on the seven-day average of people receiving a first or single dose each day.



Source: Centers for Disease Control and Prevention, Andrew Beveridge, SocialExplorer | Note: Total population includes states, territories and three countries with special agreements with the United States: Palau, Micronesia and the Marshall Islands.

Daily reported doses given by manufacturer

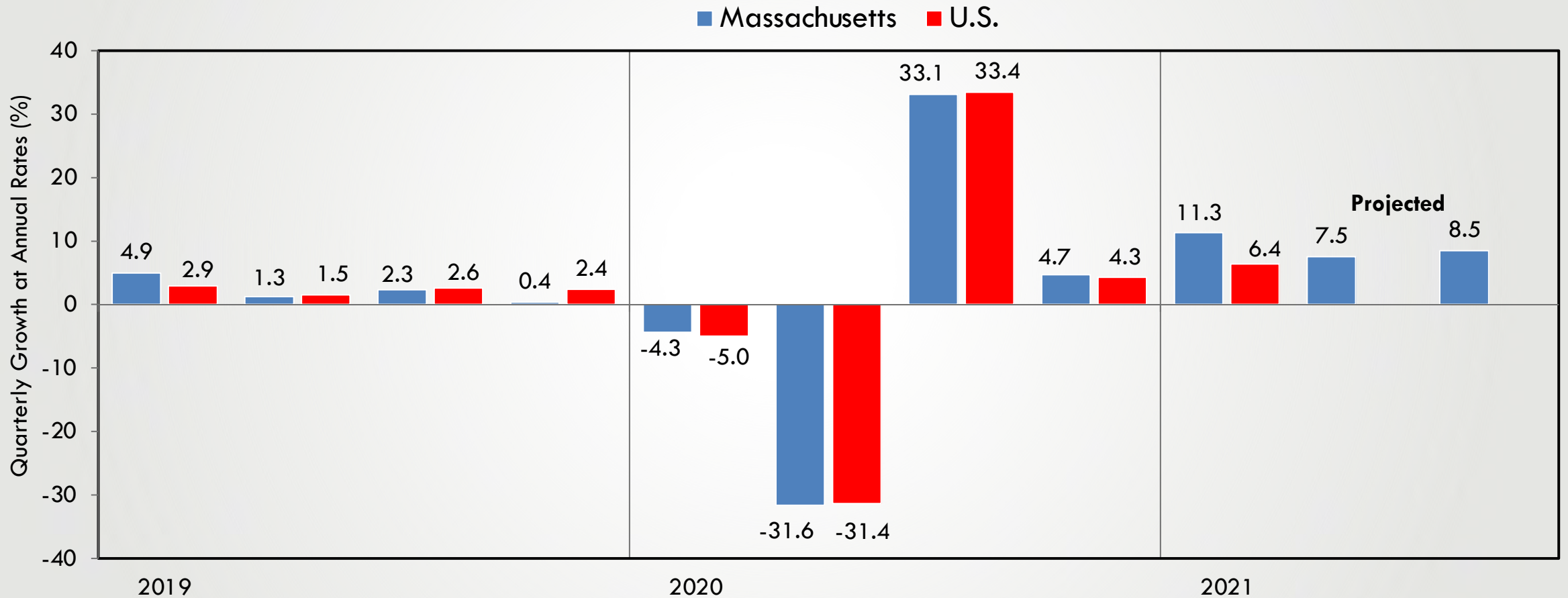
Each line shows the seven-day average.



Source: Centers for Disease Control and Prevention

A strong state economic recovery appears well underway

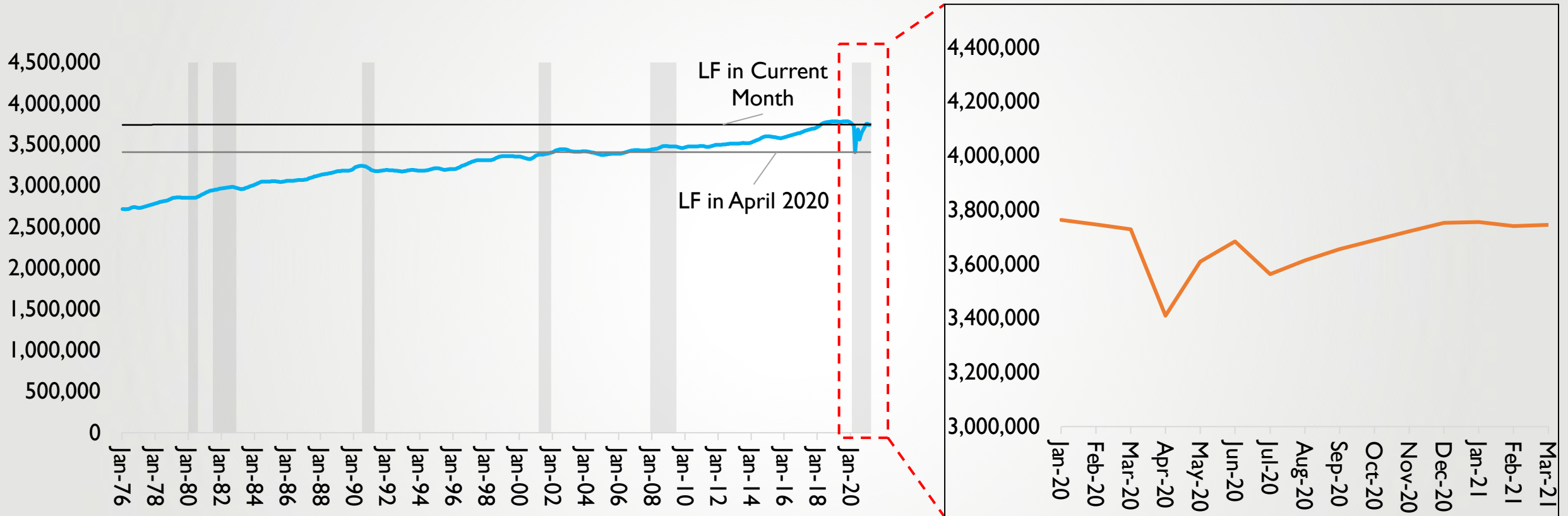
Growth in real product, Massachusetts and the United States, Q1 2019-Q3 2021



Source: U.S. Bureau of Economic Analysis (BEA), Massachusetts: through 2020Q4, BEA; 2020Q4 and later, MassBenchmarks

The labor force (unemployed + employed) is beginning to rebound

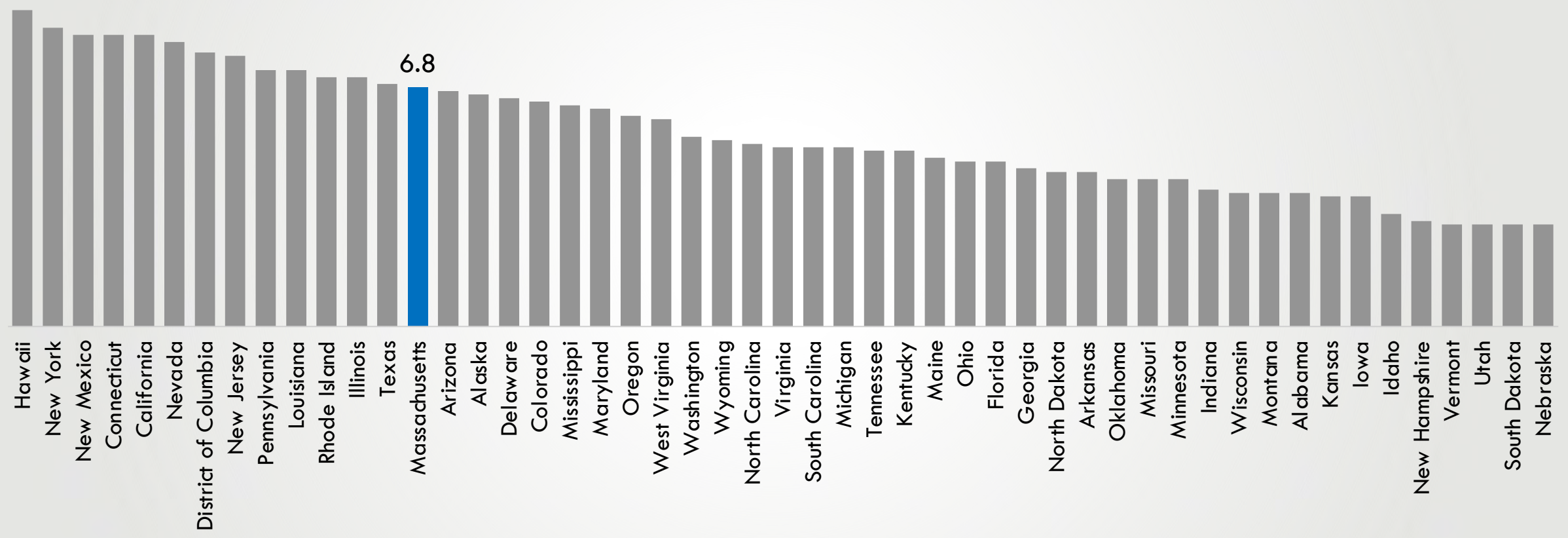
Labor force in Massachusetts as of March 2021 (seasonally adjusted)



Source: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment (LAU) Statistics; UMDI analysis

After having the highest unemployment rate in the U.S. in July 2020, Massachusetts now ranks 14th

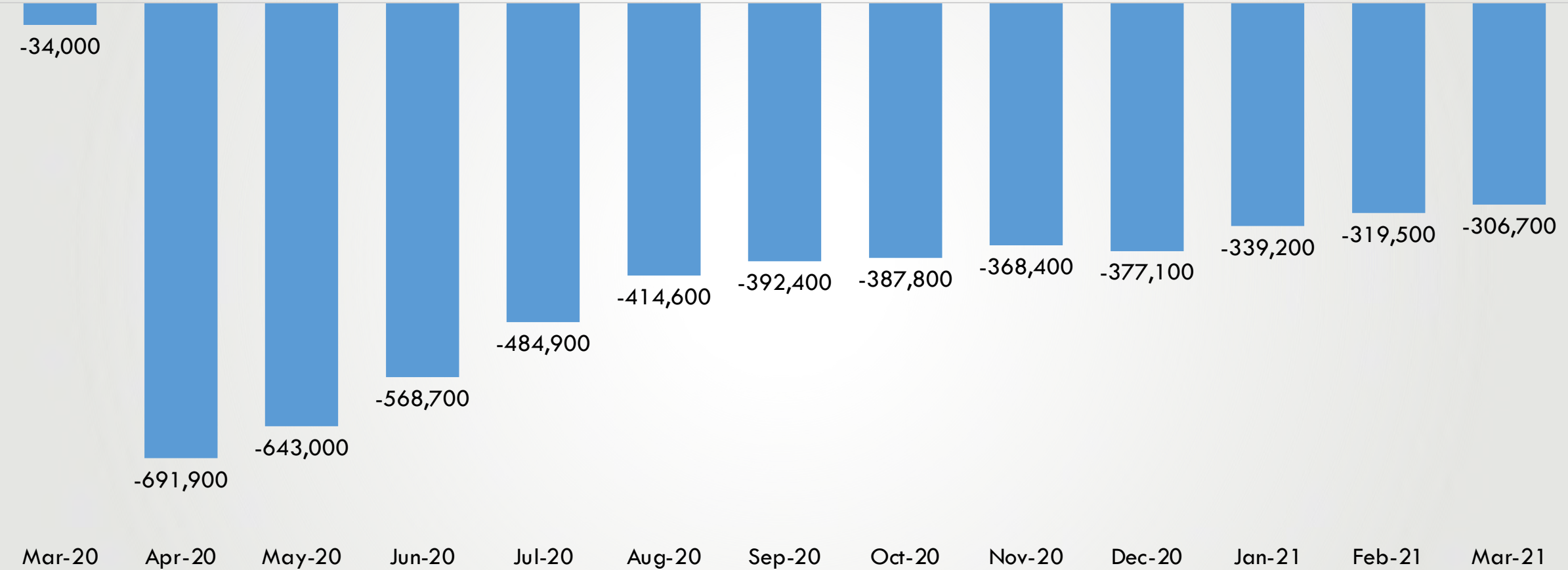
Unemployment rates by state as of March 2021 (seasonally adjusted)



Source: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment (LAU) Statistics; UMDI analysis

Twelve months into the jobs recovery, we are still short over 300,000 jobs compared to the peak one year ago

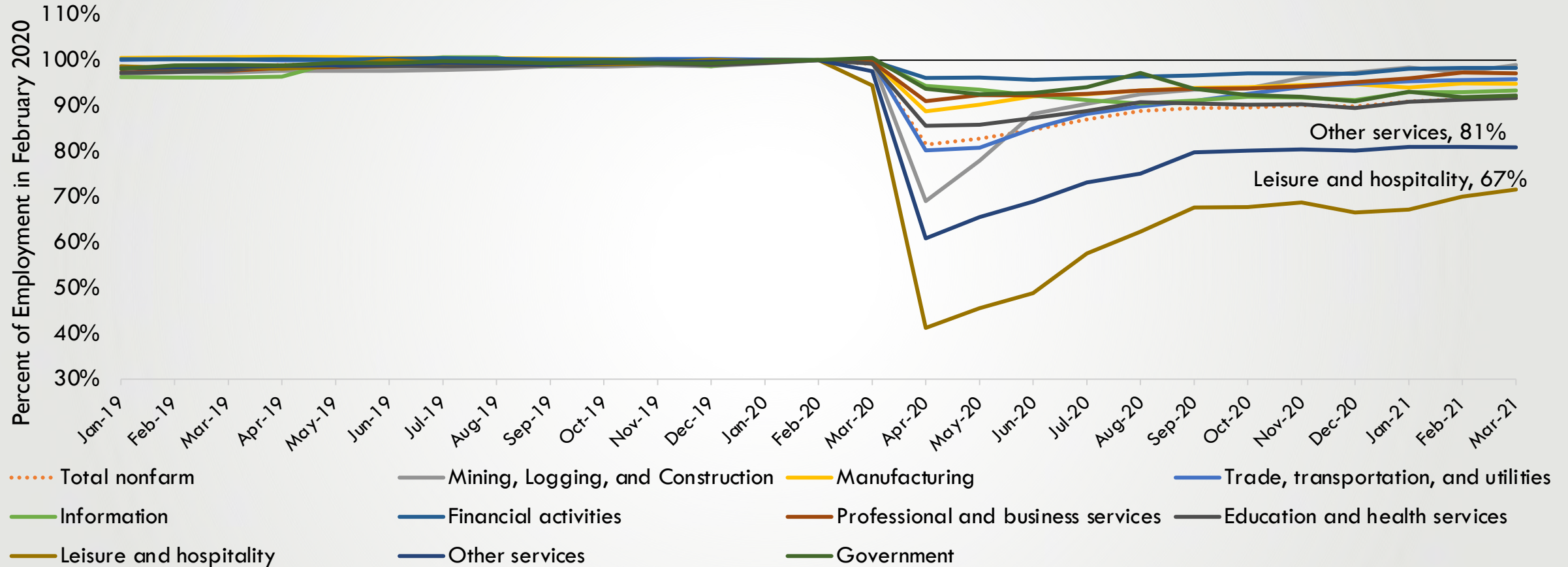
Jobs deficit in Massachusetts relative to February 2020 peak



Source: Massachusetts Executive Office of Labor and Workforce Development, Current Employment Statistics (CES-790); UMDI analysis

The sectors slowest to recover have been Leisure & Hospitality and Other Services

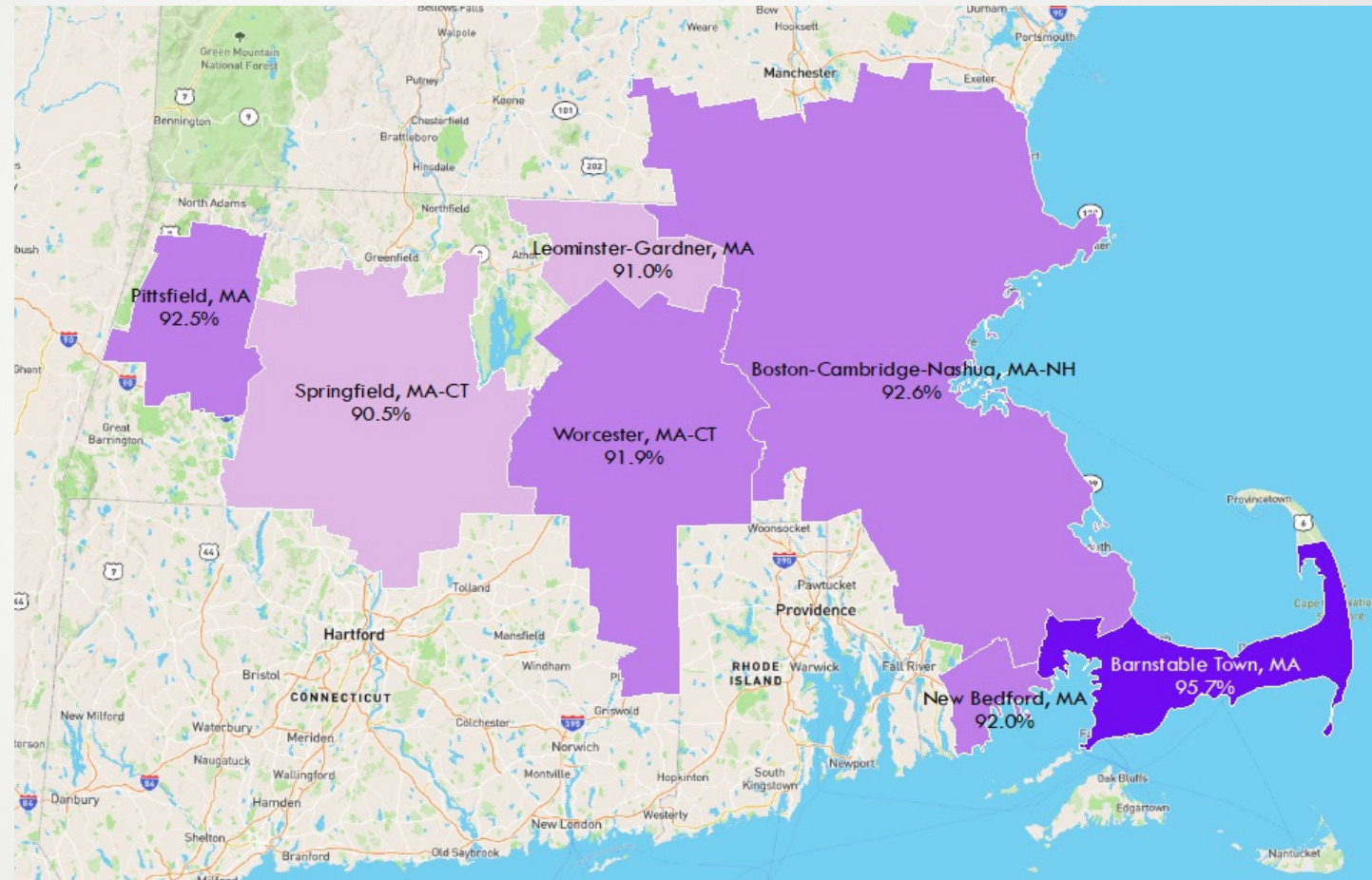
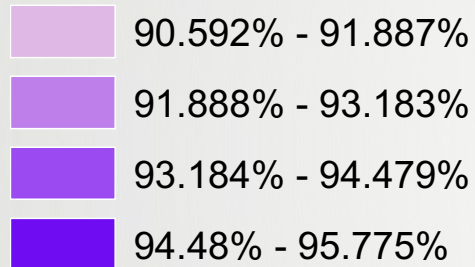
Employment growth by supersector in Massachusetts, February 2020-March 2021



Source: Massachusetts Executive Office of Labor and Workforce Development, Current Employment Statistics (CES-790); UMDI analysis

The regions slowest to recover are the Greater Springfield and Leominster regions

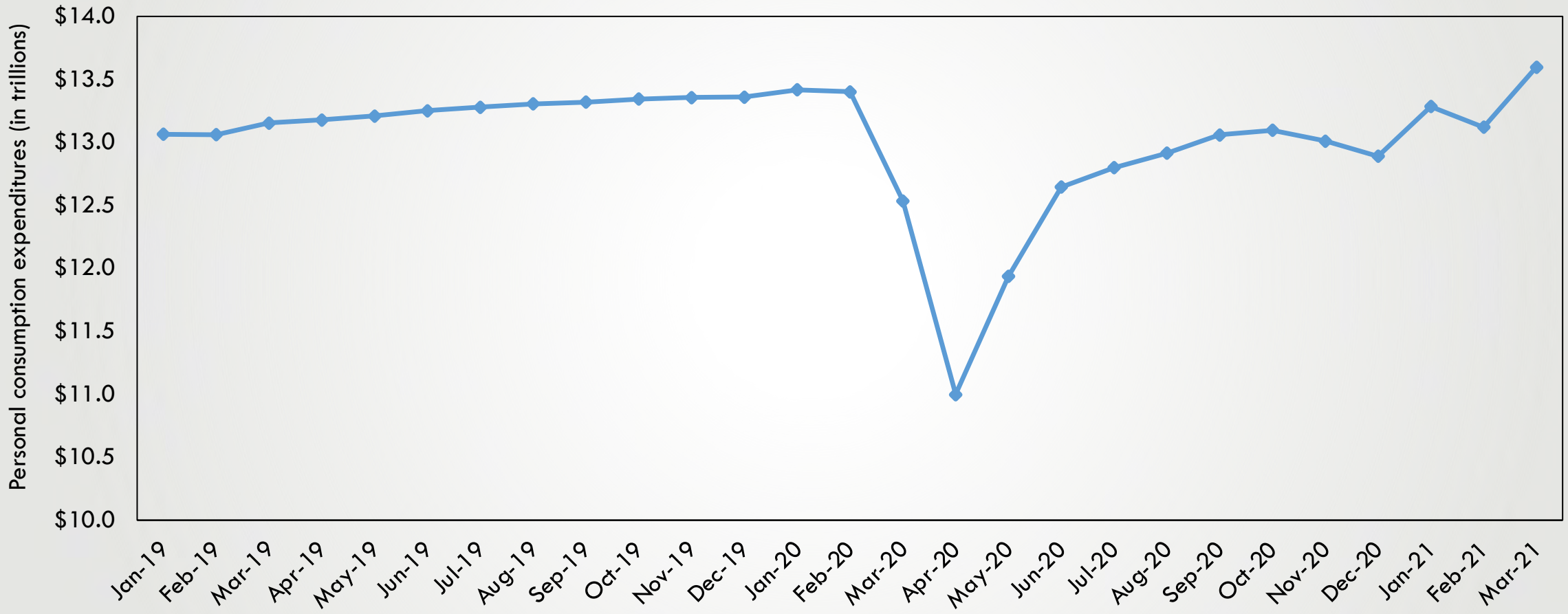
Jobs deficit in Massachusetts: Total nonfarm jobs in March 2021 as a share of total nonfarm jobs in March 2020 by New England City and Town Area (NECTA)



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics (CES-790); UMDI analysis

Personal consumption expenditures nationwide are now higher than they were before the pandemic began

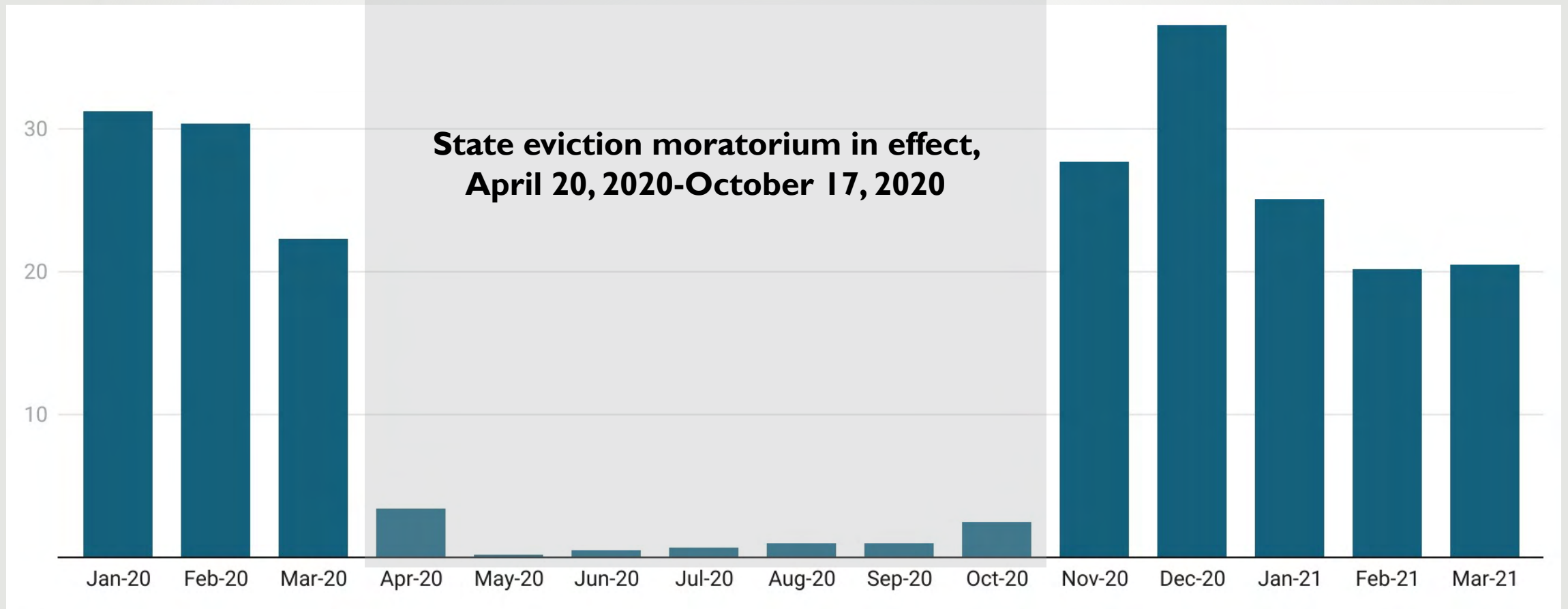
Real personal consumption expenditures in the U.S., January 2019-January 2021 (in trillions of chained \$2012)



Source: U.S. Bureau of Economic Analysis, Statistics; UMDI analysis

New eviction filings for non-payment of rent have been declining and have finally reached pre-pandemic levels

Monthly eviction filings in Massachusetts per 10,000 renter-occupied units, January 2020-March 2021



Source: MA Trial Court; UMDI analysis

Note: Data reflect total residential cases filed, not executed evictions or forced move-outs.

Question marks in the economy

- The condition of state and local budgets for FY21 and beyond
- The affordability of housing and childcare
- The role of continued vaccinations in economic recovery
- Existing public policy and infrastructure issues in the state
- Low interest rates raise concerns on inflation rates
- The American Rescue Plan Act of 2021

Thank you!

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