

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

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Today's Discussion

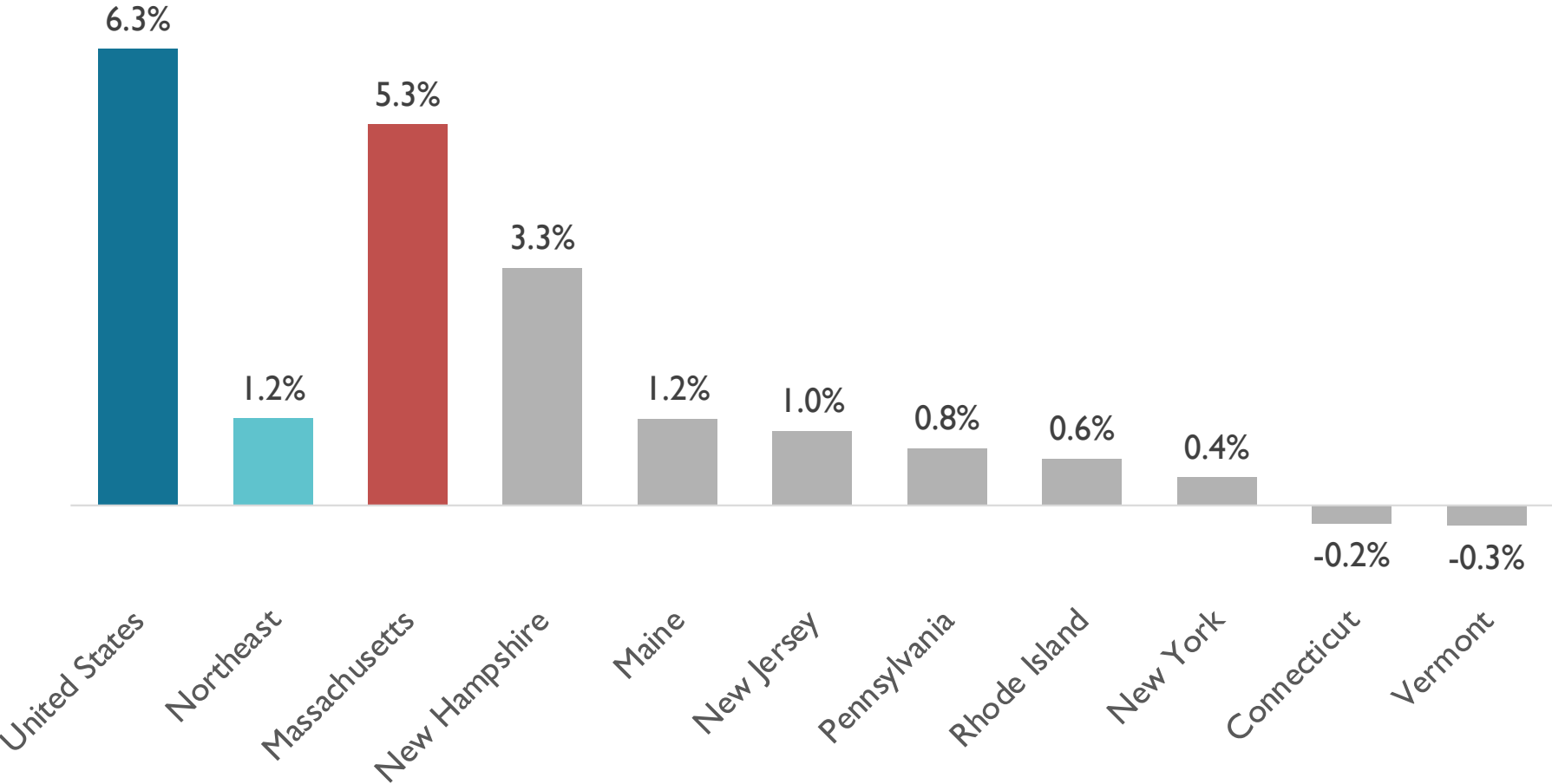
- Where was the MA economy before COVID-19?
- COVID-19 and the economy
- Deep dive into OCPC's local economy
- The state's positioning for recovery

The state of the Massachusetts economy leading up to the COVID-19 outbreak



Massachusetts has the fastest growing population in the Northeast

Percent change in total population by Northeast state, 2010-2019

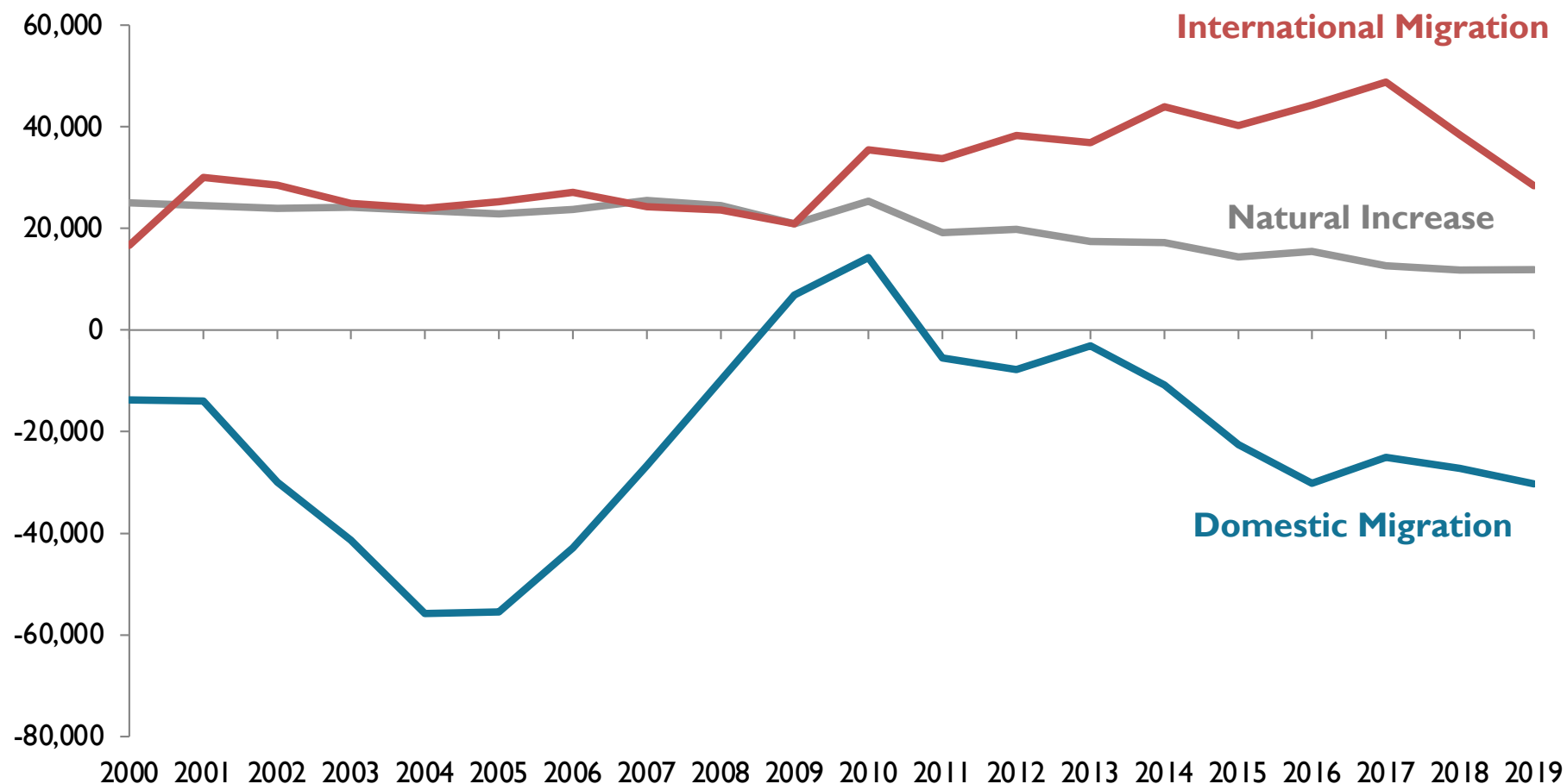


Source: U.S. Census Bureau, Population and Housing Unit Estimates, April 1, 2010 to July 1, 2019, NST01 Table 1. Annual Estimates of the Resident Population for the United States, Regions, States, and Puerto Rico; UMDI analysis



Massachusetts population growth depends on international migration

Massachusetts estimated components of population change, 2000-2019

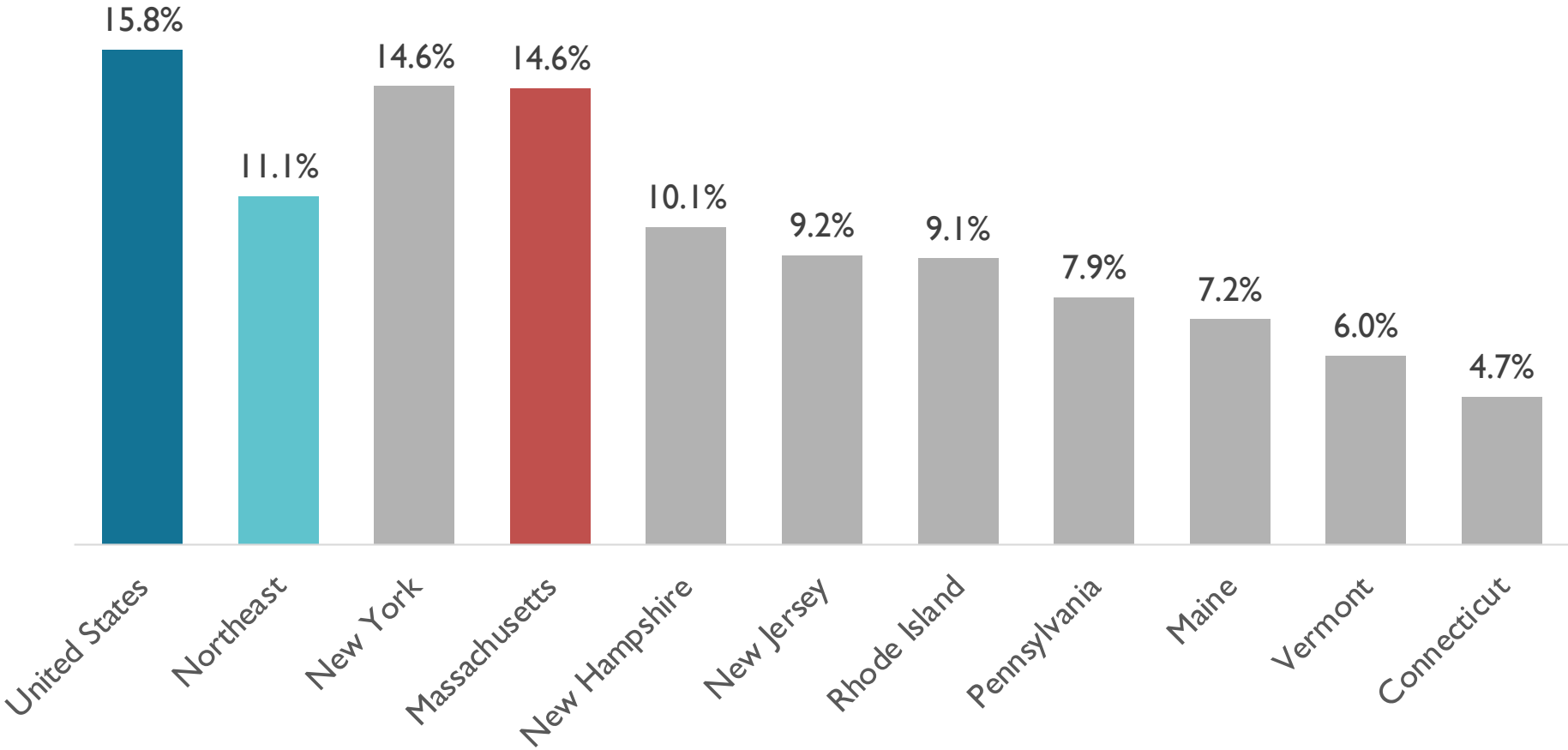


Source: UMass Donahue Institute, ST-2000-7; CO-EST2010-ALLDATA; and NST-EST2019-ALLDATA, U.S. Census Bureau Population Division.



Massachusetts is a leader in job growth in the Northeast

Percent change in employment by Northeast state, 2010-2019

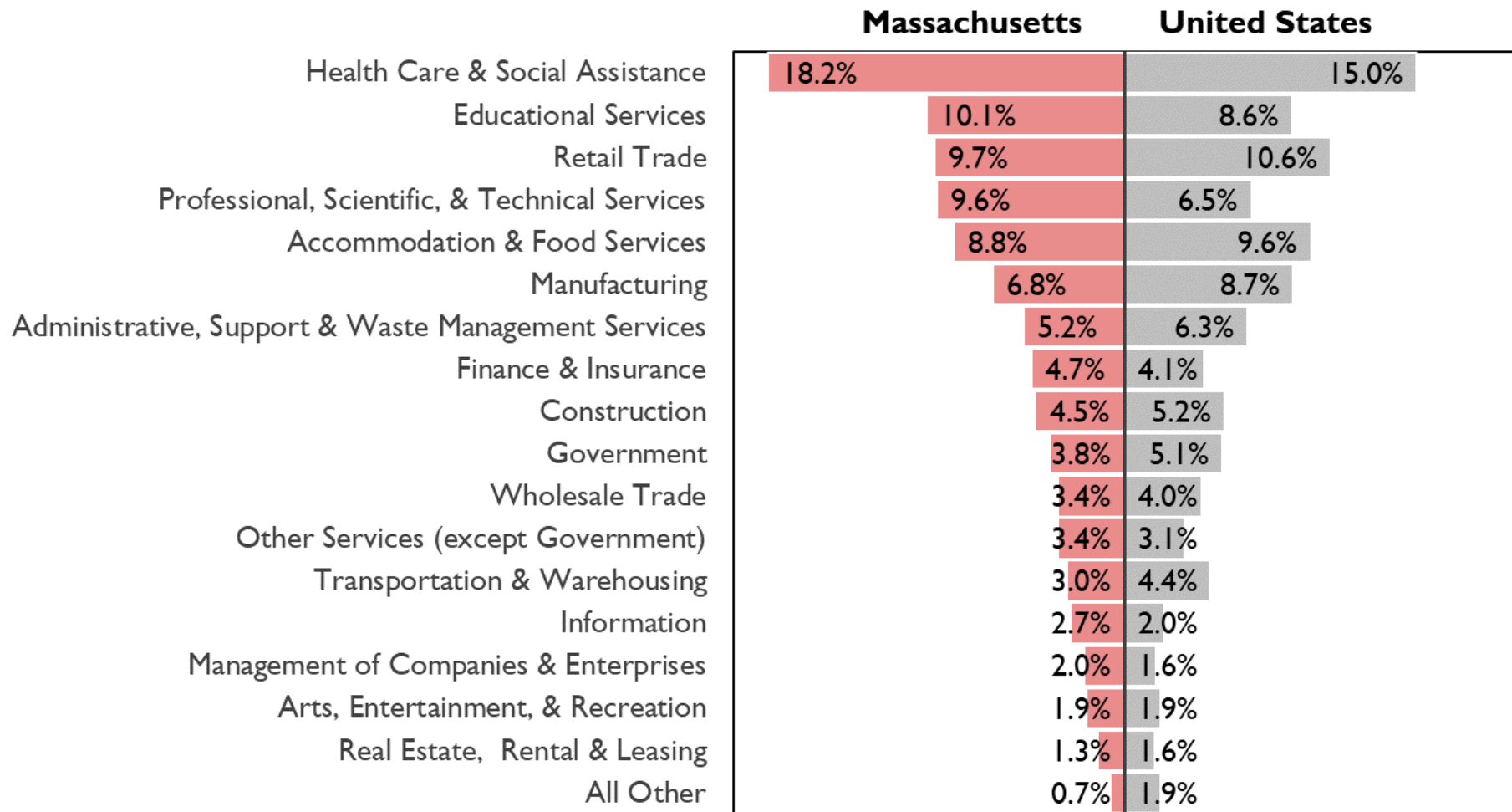


Source: U.S. Bureau of Labor Statistics, Current Employment Statistics; UMDI analysis.



Dominant sectors in the state have been related to knowledge-based industries

Industry mix in Massachusetts and the United States, 2019



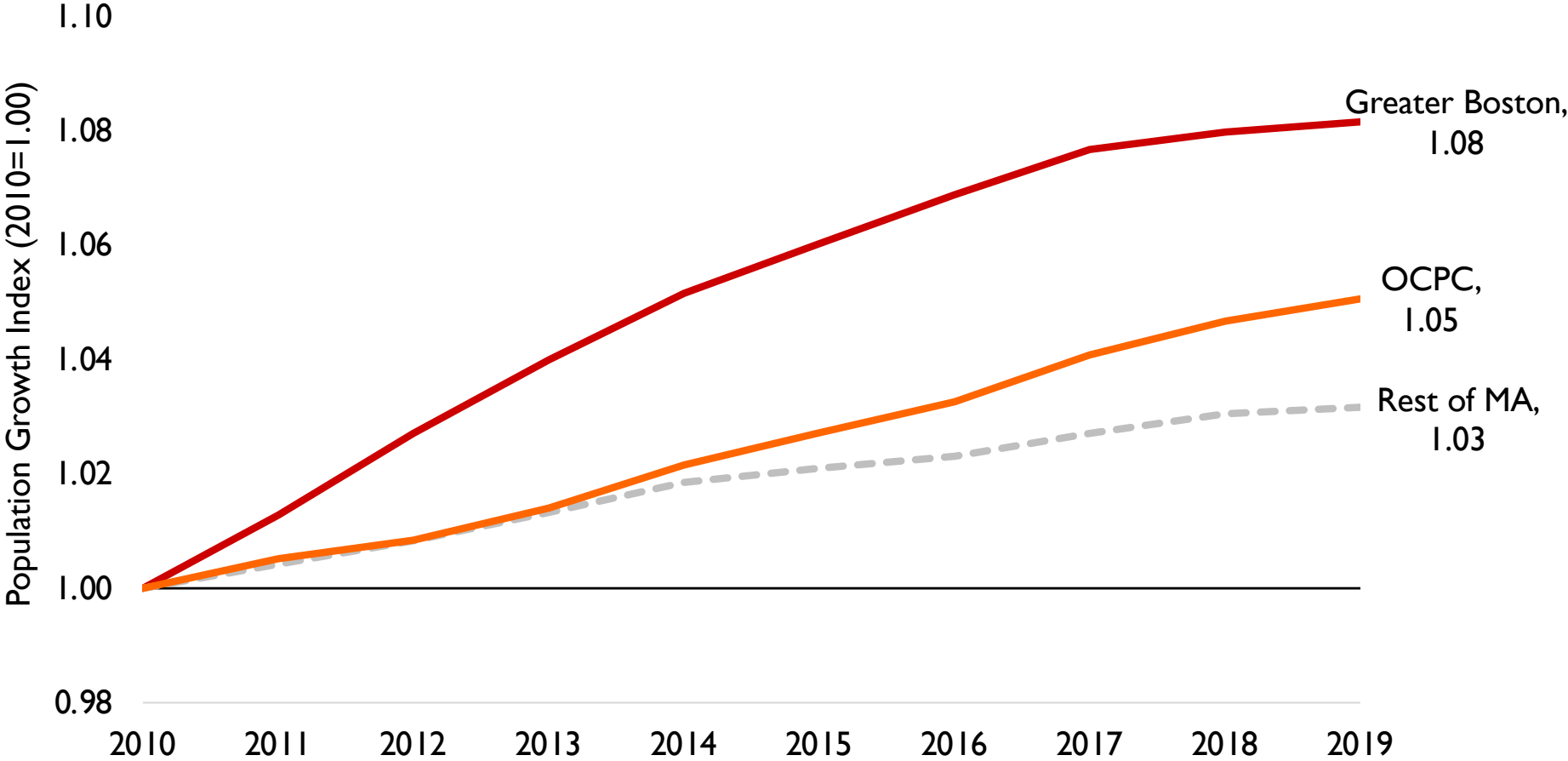
Sources: Massachusetts Executive Office of Labor and Workforce Development, ES-202; U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages. UMDI analysis. Note: All Other includes: Utilities; Agriculture, Forestry, Fishing, & Hunting; and Mining, Quarrying, and Oil & Gas Extraction.

**The state is performing well,
but these impacts are not felt evenly.**



Greater Boston is driving the state's population growth

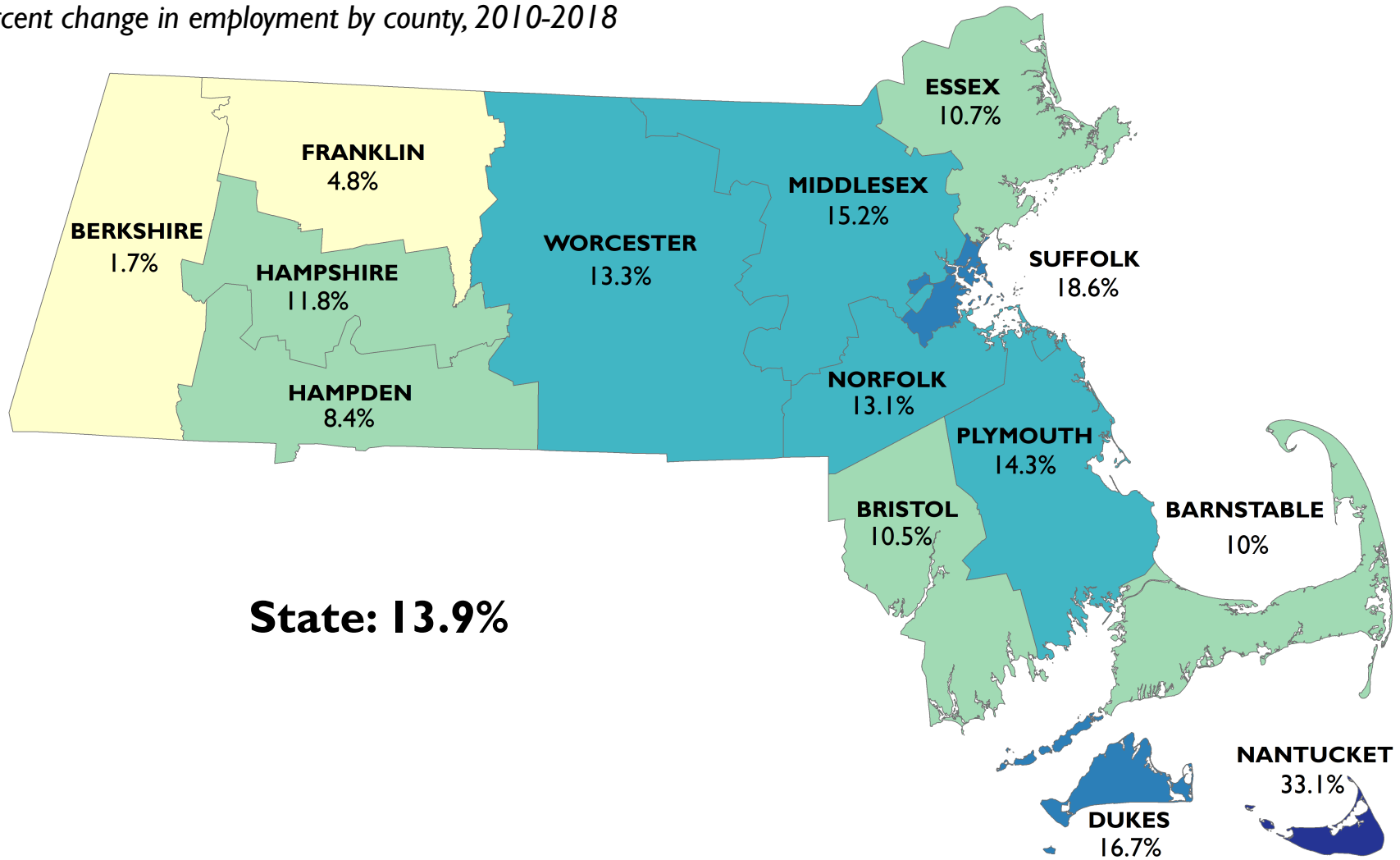
Population Growth Index, 2010-2019 (2010=1.00)



Source: U.S. Census Bureau; UMDI analysis.
Note: Greater Boston is the sum of Suffolk and Middlesex Counties.

Greater Boston is also driving the state's employment growth

Percent change in employment by county, 2010-2018

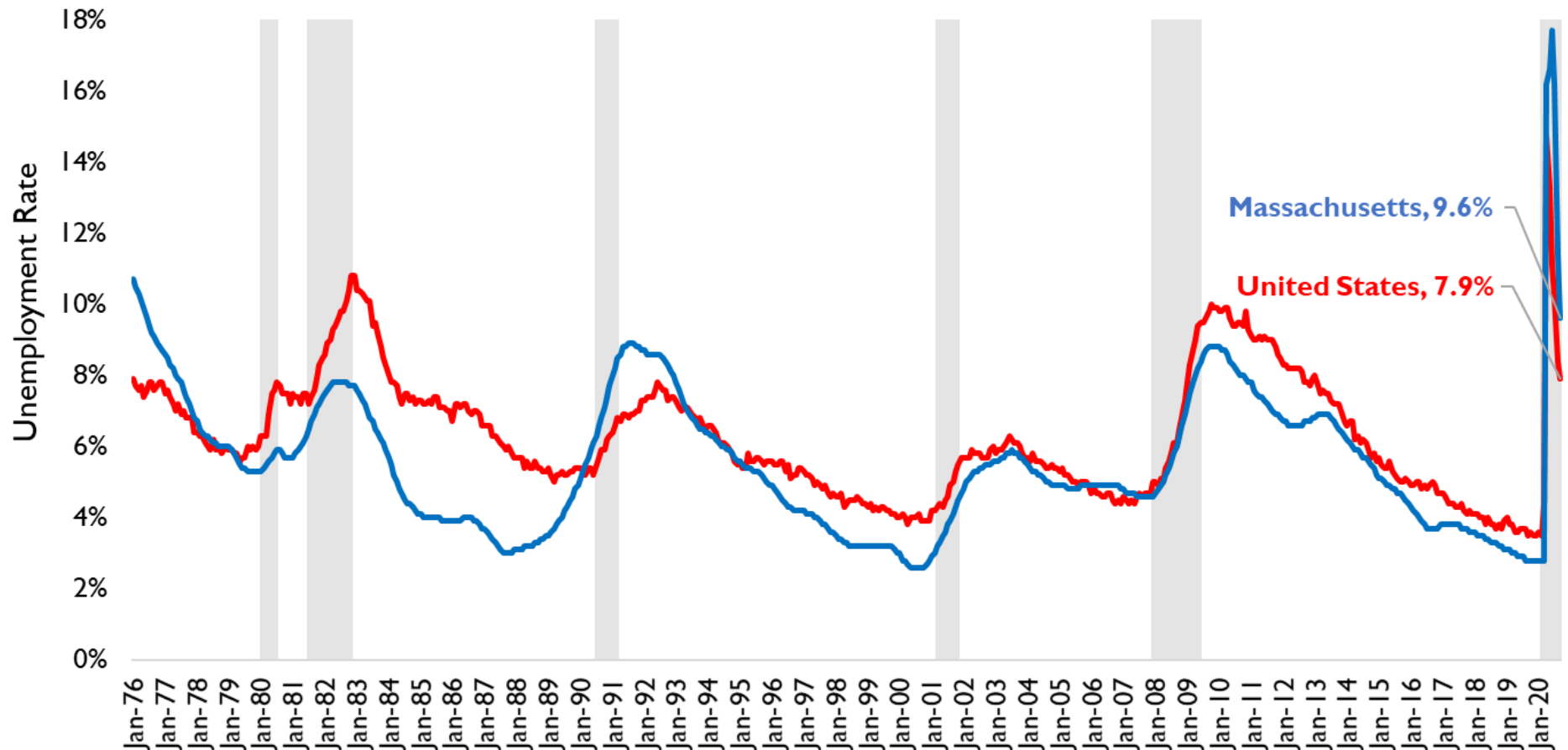


Source: UMDI mapping analysis, Bureau of Labor Statistics (BLS), 2010 to 2018 Quarterly Census of Employment and Wages (QCEW)

How COVID-19 has impacted the state economy

After record low unemployment rates, unemployment is just as high as it was during the Great Recession

Unemployment rates in Massachusetts and the United States as of September 2020 (seasonally adjusted)

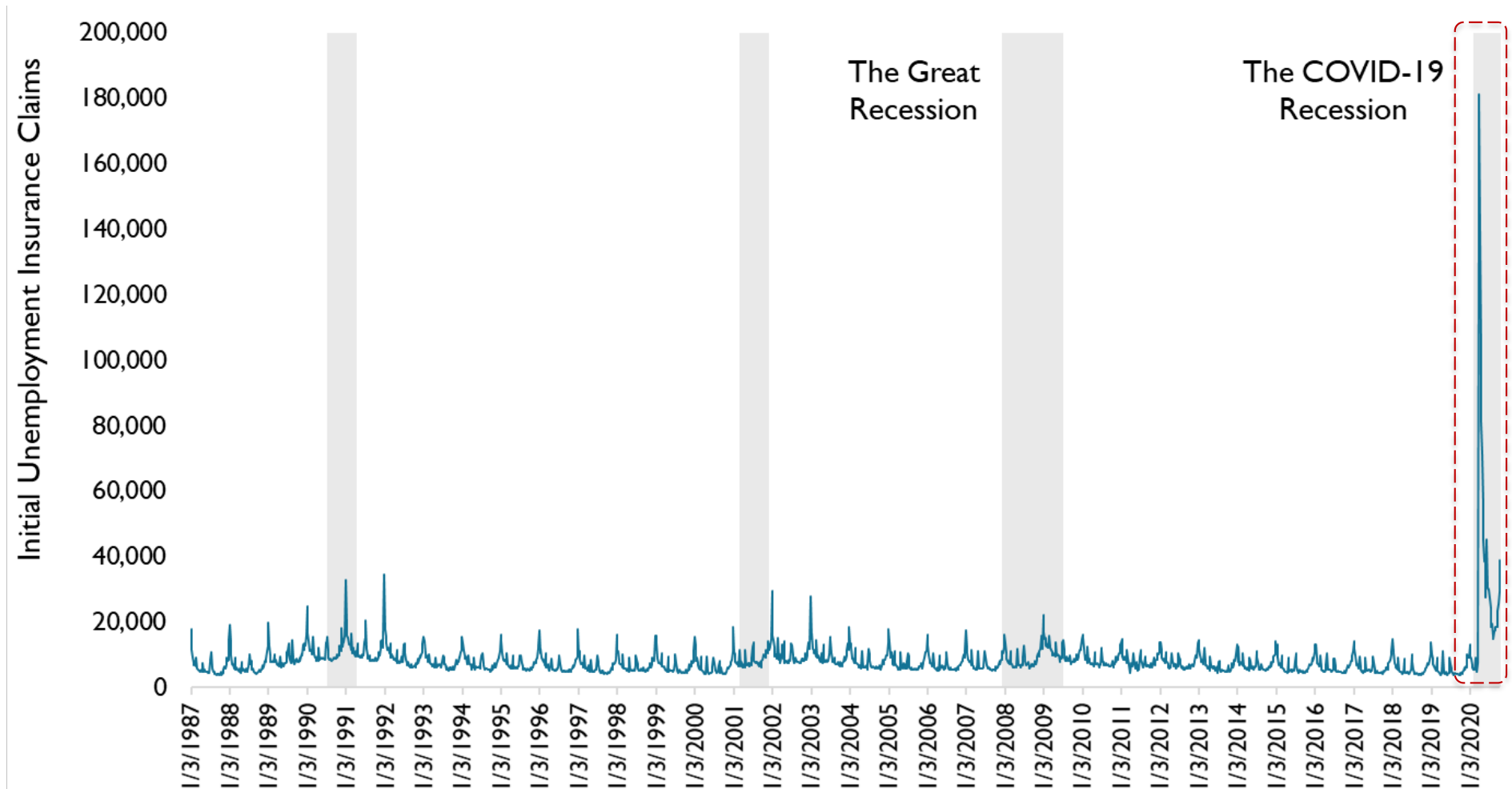


Source: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment (LAU) Statistics; UMDI analysis



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 October 10, 2020

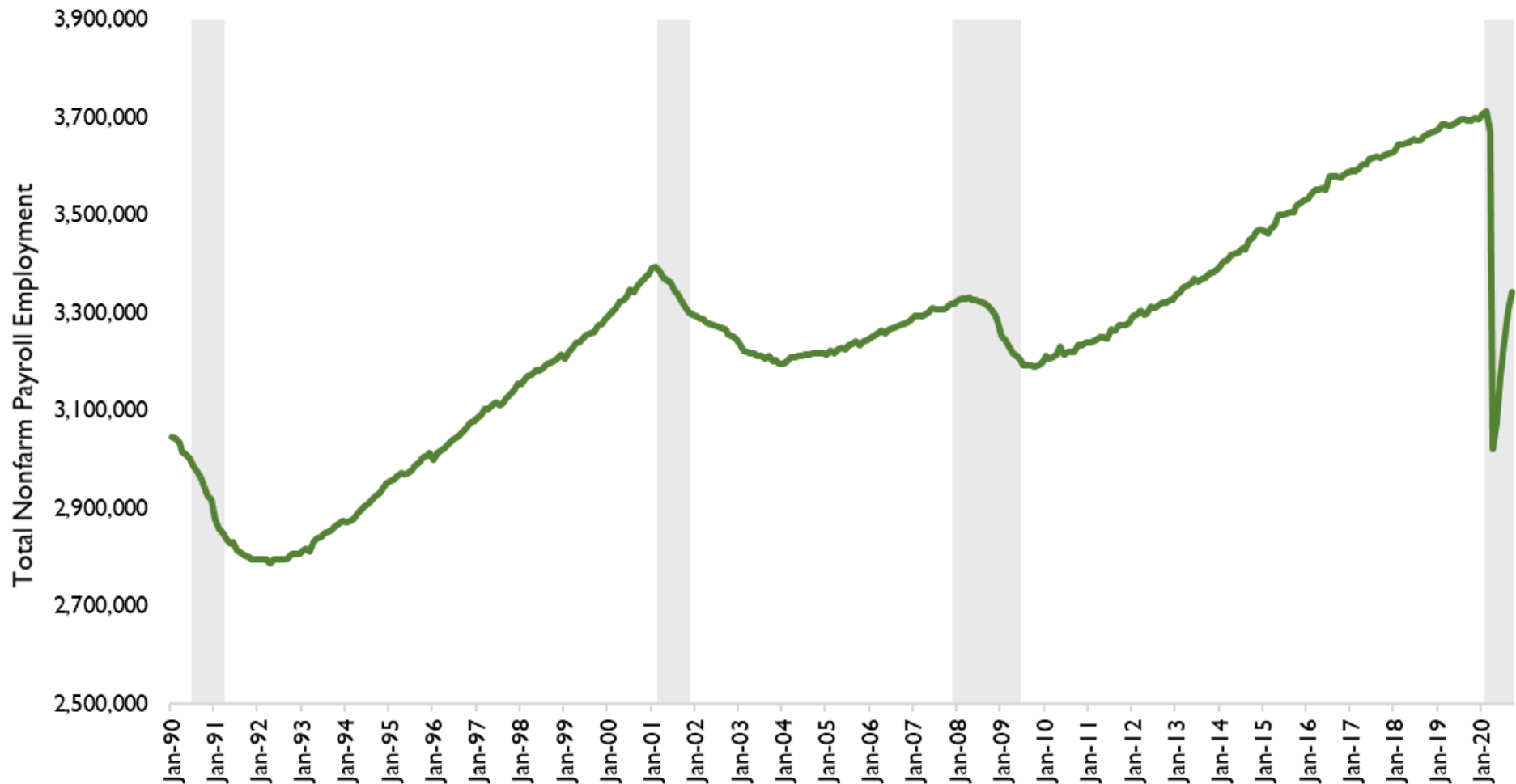


Source: U.S. Department of Labor; Massachusetts Executive Office of Labor and Workforce Development



After a long period of expansion, the COVID-19 recession has wiped out job gains since the Great Recession

Nonfarm employment in Massachusetts, January 1990-September 2020



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



The hardest hit sectors since the peak of recovery were Accommodations & Food Services, Healthcare, Arts & Entertainment, and Other Services

Employment change in Massachusetts since the peak of recovery, Feb. 2020 and Sep. 2020 (seasonally adjusted)

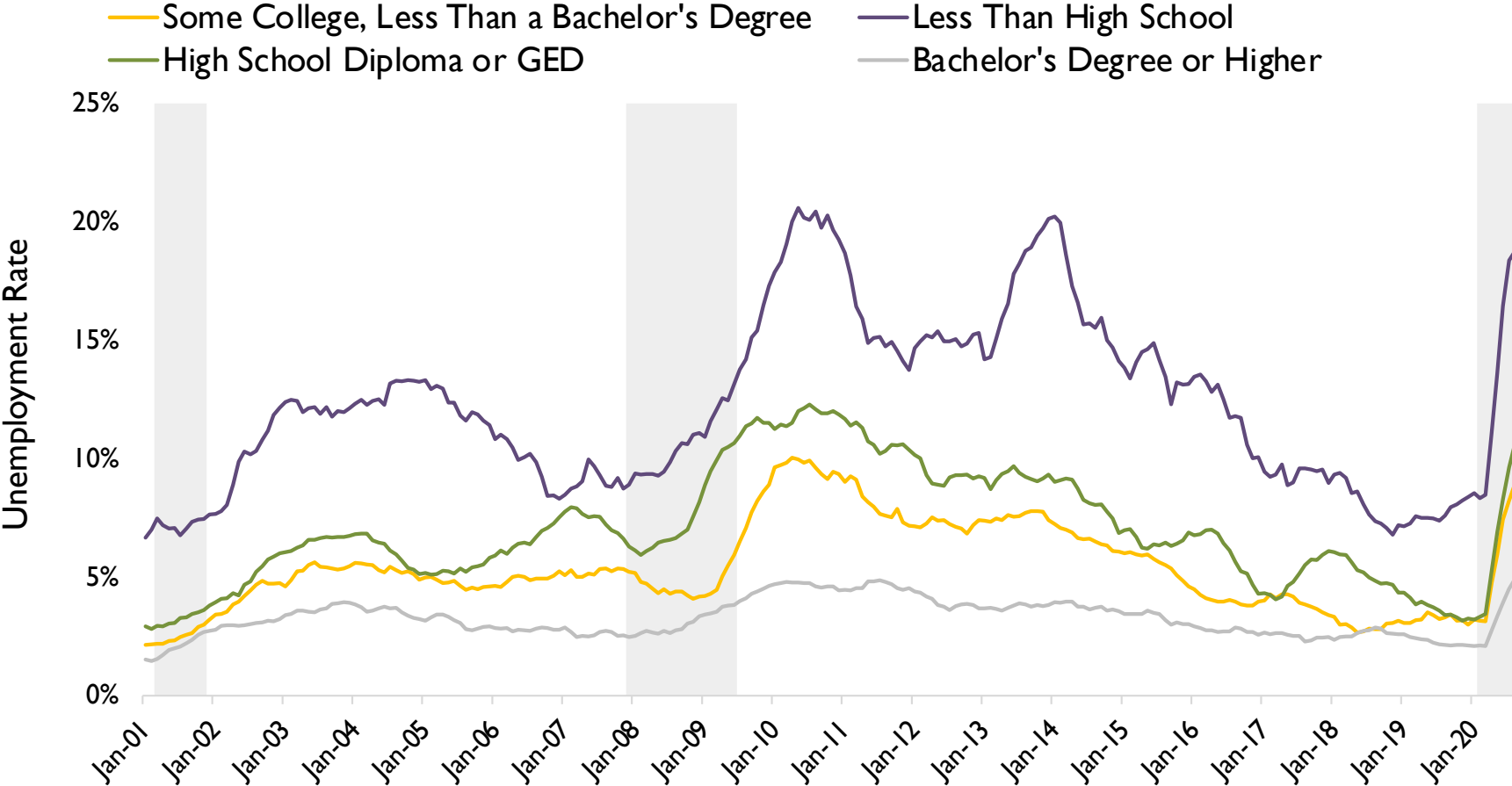
Industry	Feb-20	Sep-20	Change (N)	Change (%)
Accommodation and food services	319,600	208,700	-110,900	-34.7%
Health care and social assistance	649,500	604,800	-44,700	-6.9%
Arts, entertainment, and recreation	62,900	33,800	-29,100	-46.3%
Other services	139,400	111,500	-27,900	-20.0%
Government	458,100	434,200	-23,900	-5.2%
Retail trade	351,400	329,800	-21,600	-6.1%
Transportation, Warehousing and Utilities	104,600	83,200	-21,400	-20.5%
Construction	163,300	143,900	-19,400	-11.9%
Administrative and waste services	179,800	163,200	-16,600	-9.2%
Educational services	170,000	155,600	-14,400	-8.5%
Manufacturing	245,200	232,800	-12,400	-5.1%
Wholesale Trade	125,200	114,100	-11,100	-8.9%
Professional and technical services	348,200	342,800	-5,400	-1.6%
Real estate and rental and leasing	49,300	45,900	-3,400	-6.9%
Information	94,000	90,800	-3,200	-3.4%
Management of companies and enterprises	74,300	71,100	-3,200	-4.3%
Finance and insurance	176,700	175,000	-1,700	-1.0%
Mining and logging	1,100	800	-300	-27.3%
Total nonfarm	3,712,600	3,342,000	-370,600	-10.0%

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



Unemployment is highest among those with less than a Bachelor's degree

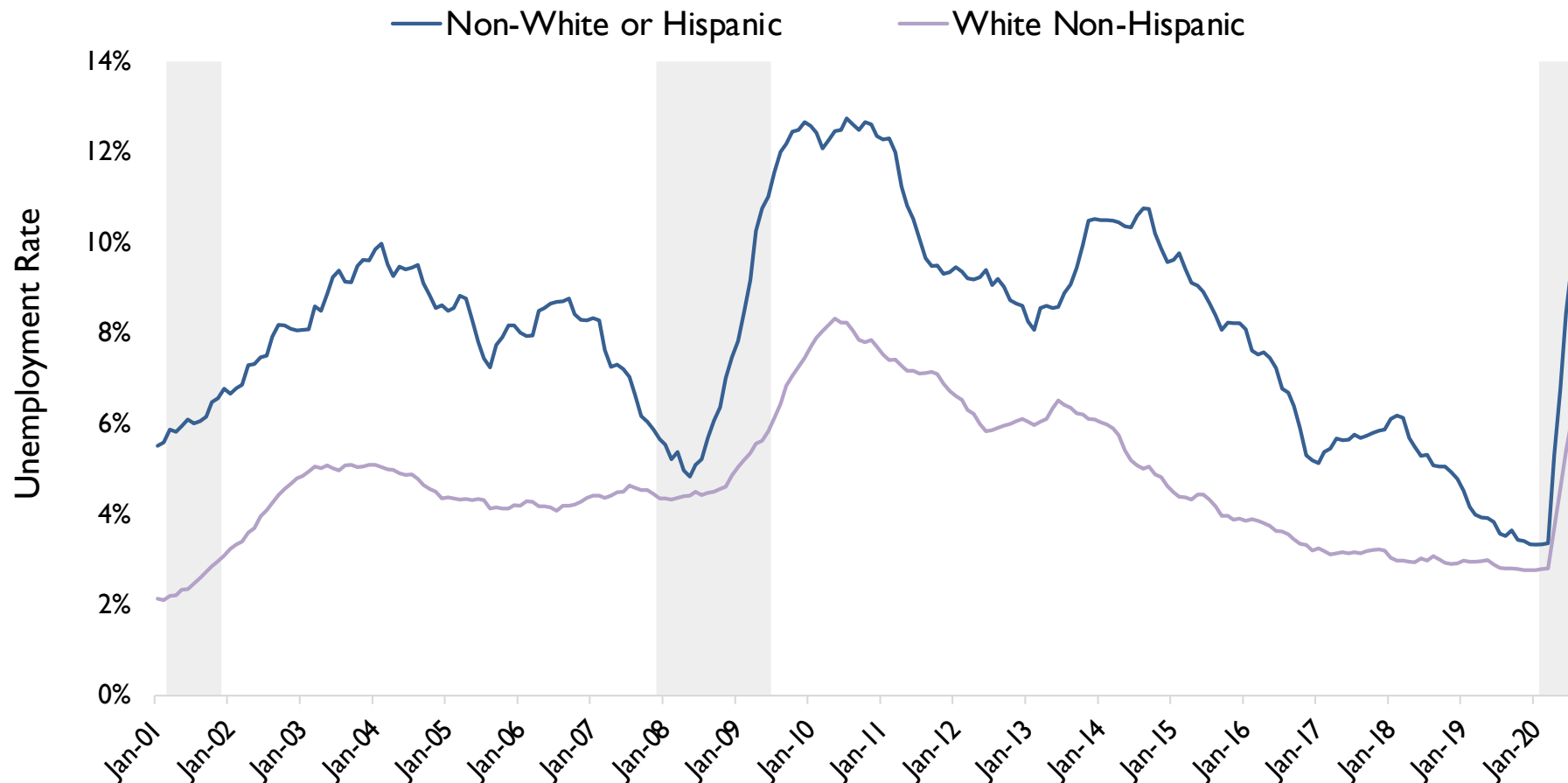
Unemployment rates by educational attainment levels in Massachusetts, 12-month moving averages



Source: U.S. Bureau of Labor Statistics, Current Population Survey (CPS); Alan Clayton-Matthews

Unemployment is highest among those who are non-white or Hispanic/Latinx

Unemployment rates by race/ethnicity in Massachusetts, 12-month moving averages



Source: U.S. Bureau of Labor Statistics, Current Population Survey (CPS); Alan Clayton-Matthews

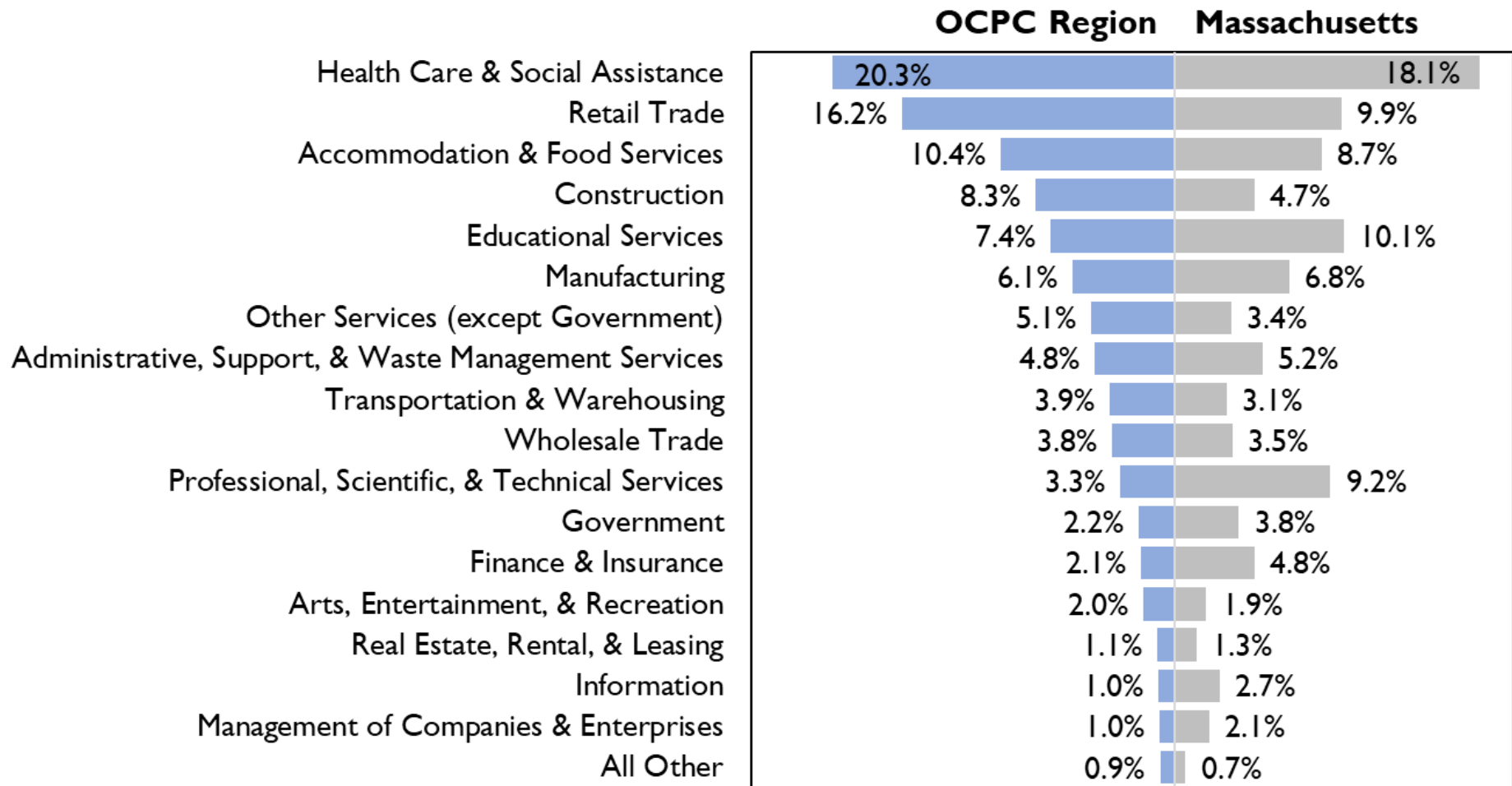


OCPC's local economy



Dominant sectors are health care & social assistance, retail, and accommodations & food services

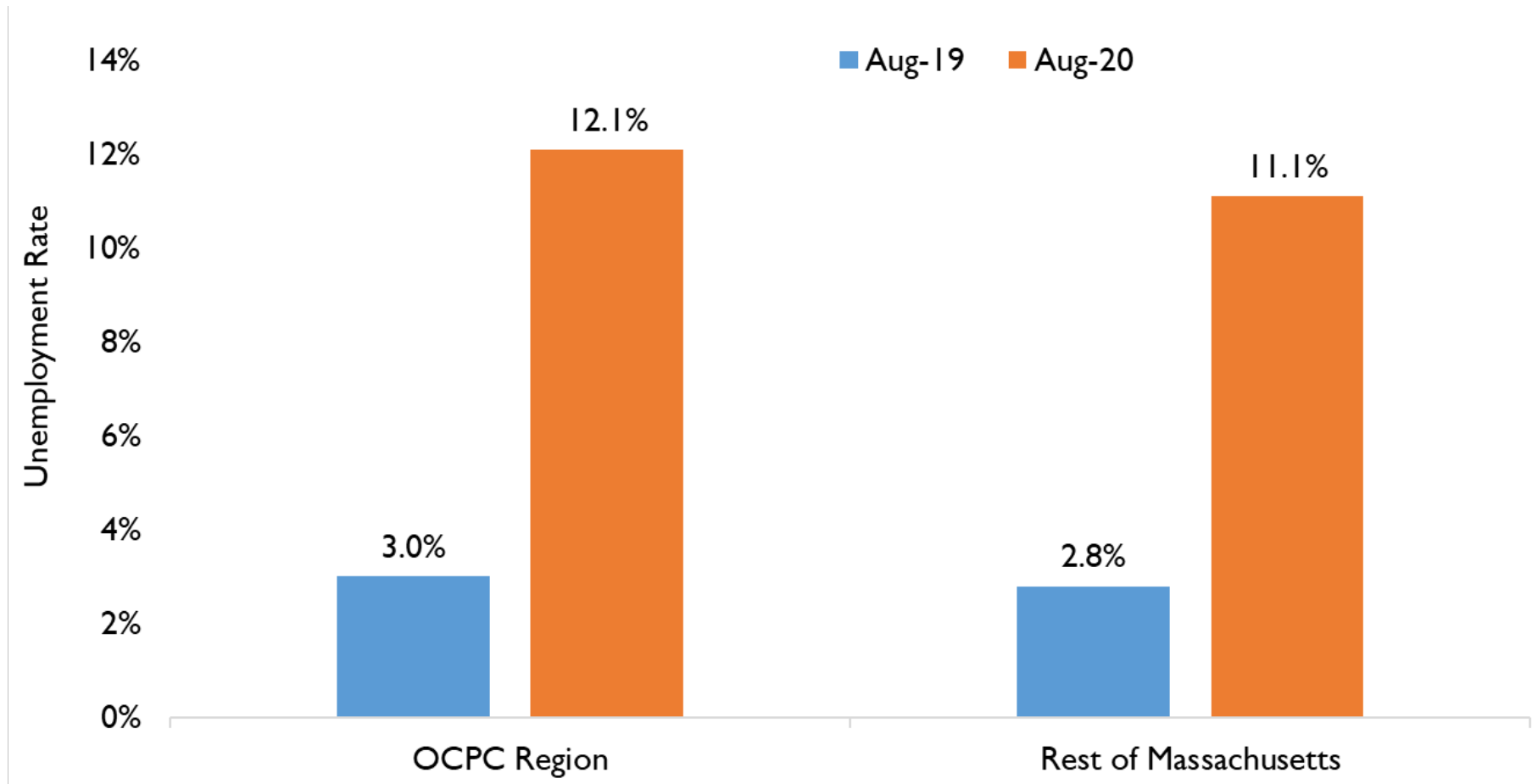
Industry mix in the OCPC Region and Massachusetts, 2018



Sources: Massachusetts Executive Office of Labor and Workforce Development, ES-202; U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages. UMDI analysis. Note: All Other includes: Utilities; Agriculture, Forestry, Fishing, & Hunting; and Mining, Quarrying, and Oil & Gas Extraction.

Unemployment is four times what it was this time a year ago

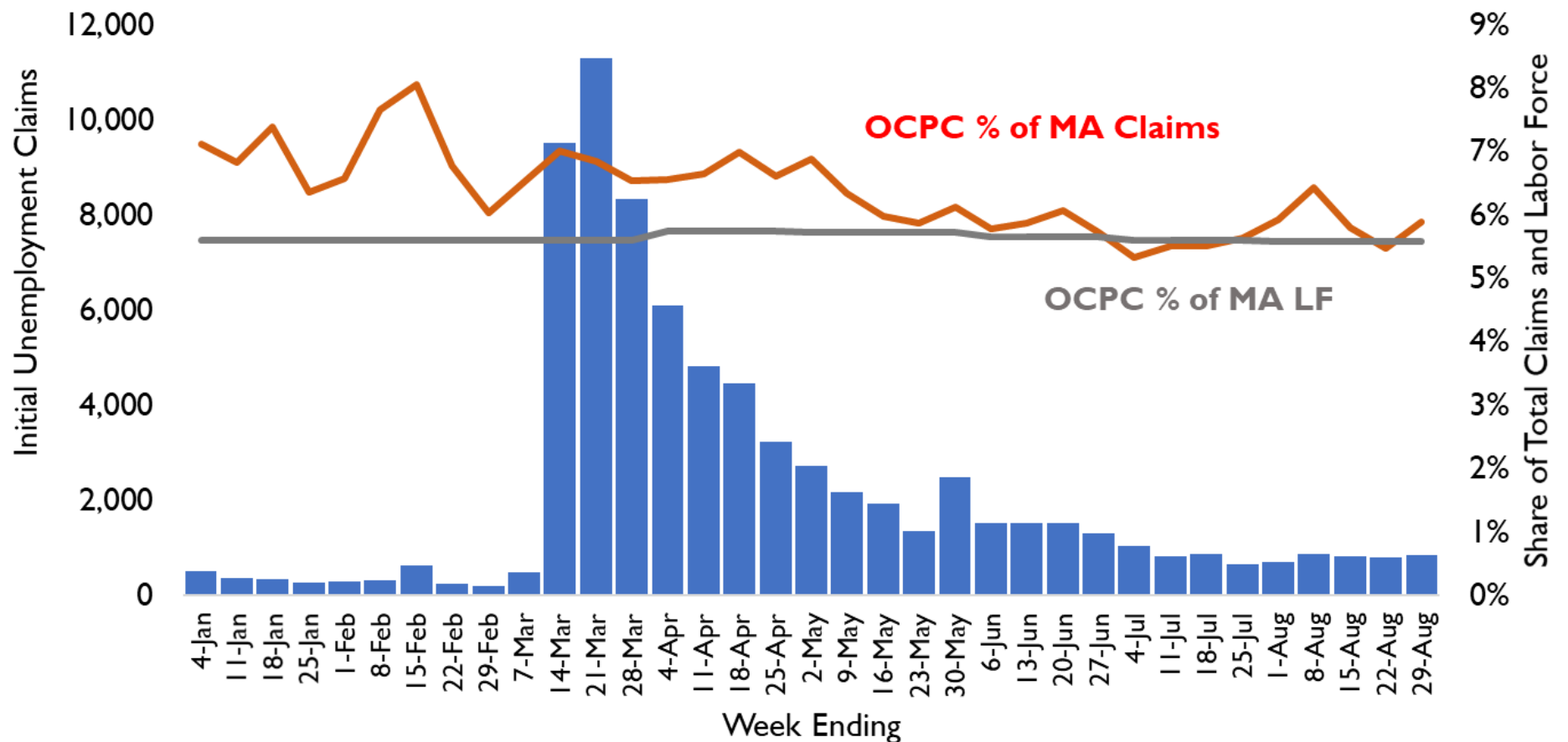
Unemployment rates in the OCPC Region and Massachusetts, August 2019 and August 2020 (not seasonally adjusted)



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

This region has been hard hit by unemployment claims in terms of its share of the state's total claims and labor force

Unemployment claims, share of MA claims, and share of MA labor force in the OCPC Region, the week ending January 4, 2020 to the week ending August 29, 2020 (not seasonally adjusted)

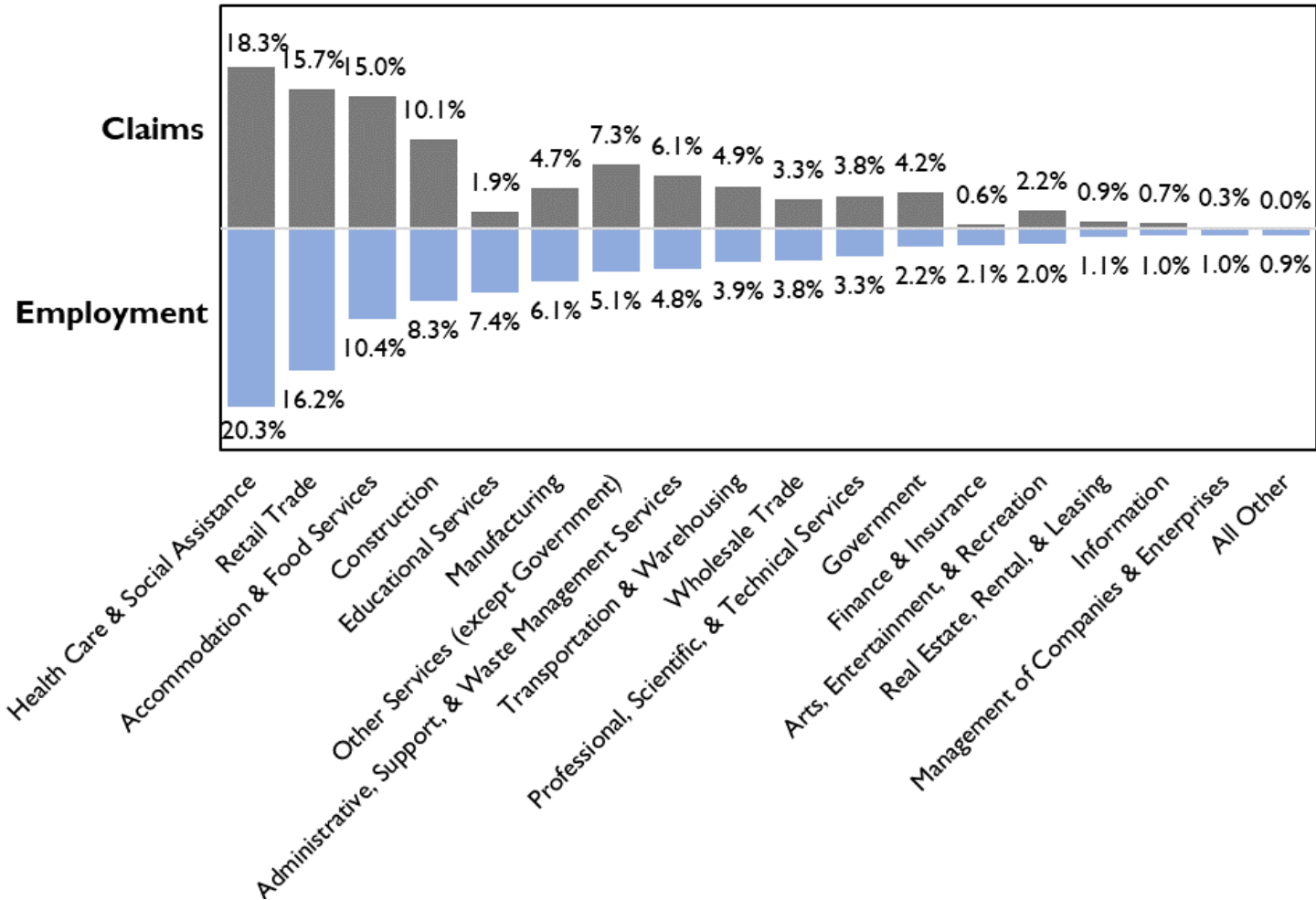


Source: Massachusetts Executive Office of Labor and Workforce Development, Unemployment Claims Data and Local Area Unemployment (LAU); UMDI analysis



Sectors that typically cannot accommodate remote work were hit the hardest by the pandemic

Share of total employment in 2018 and share of total unemployment claims from the week ending March 14, 2020 to the week ending September 2, 2020, OCPC region

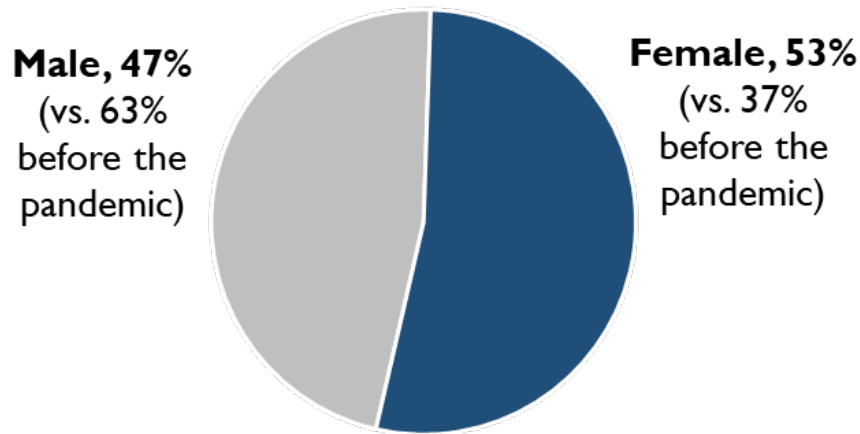


Sources: Massachusetts Executive Office of Labor and Workforce Development, ES-202 and Unemployment Claims Data; UMDI analysis. Note: All Other includes: Utilities; Agriculture, Forestry, Fishing, & Hunting; and Mining, Quarrying, and Oil & Gas Extraction.



Profile of the OCPC Region's Unemployment Insurance Claimants since the week ending March 14, 2020

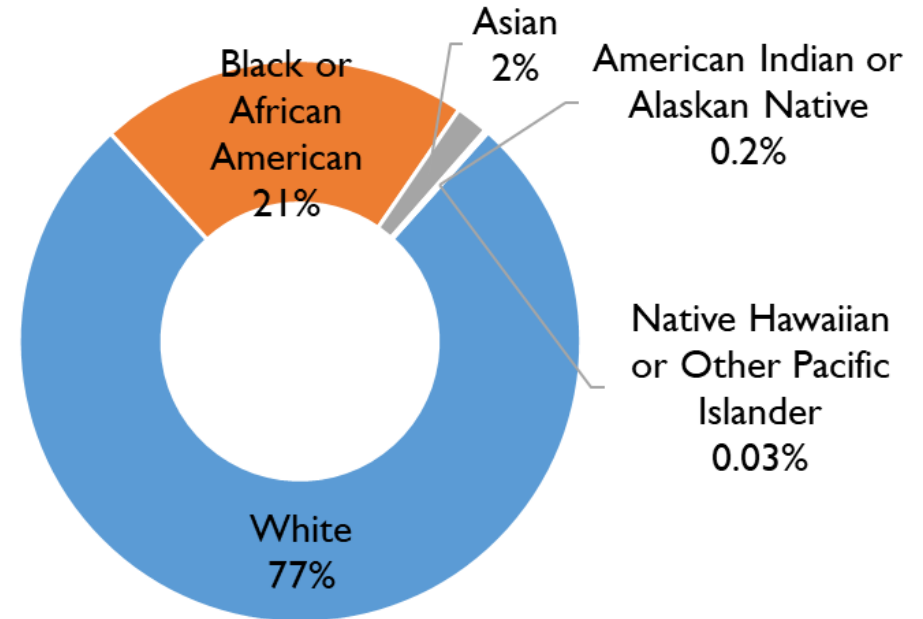
Most claimants have been women



77% of claimants had less than a Bachelor's



23% of claimants were non-white



And 6% were Hispanic/Latinx

Source: Massachusetts Executive Office of Labor and Workforce Development, Weekly Initial Unemployment Claimant Data; UMDI analysis.
Note: Data reflect the weeks ending March 14, 2020 to the week ending September 2, 2020. Unemployment Insurance (UI) claims reported only; PUA claims data not available at this detail



Some of the hardest hit sectors were also OCPC's most dominant

Employment change in the Brockton-Bridgewater-Easton NECTA by supersector since the peak of recovery, Feb. 2020 and Sep. 2020 (not seasonally adjusted)

Industry	Feb-20	Sep-20	Change (N)	Change (%)
Education and health services	18,300	16,200	-2,100	-11.5%
Other services	4,500	3,400	-1,100	-24.4%
Government	16,100	15,100	-1,000	-6.2%
Mining, Logging, and Construction	4,400	3,600	-800	-18.2%
Trade, transportation, and utilities	17,200	16,500	-700	-4.1%
Leisure and hospitality	7,000	6,400	-600	-8.6%
Manufacturing	5,400	5,200	-200	-3.7%
Professional and business services	6,300	6,100	-200	-3.2%
Information	600	500	-100	-16.7%
Financial activities	2,400	2,400	0	0.0%
Total nonfarm	82,200	75,400	-6,800	-8.3%

Source: Massachusetts Executive Office of Labor and Workforce Development, Current Employment Statistics (CES-790), not seasonally adjusted; UMDI analysis

Question marks in the economy

- The condition of state and local budgets for FY21 and beyond
- The state eviction moratorium and housing affordability
- Expiration of unemployment stimulus
- Which industries are poised to recover? Which ones will struggle?
- Existing public policy and infrastructure issues in the state

Thank you!

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