

MASSACHUSETTS LABORFORCE AND WORKFORCE TRENDS

Massachusetts jobs set new high of 3.4 million

Surpassing February 2001's previous record, Massachusetts jobs as measured by the US Department of Labor's Bureau of Labor Statistics' Current Employment Statistics (CES) reached a record 3,408,300 in June 2014. This peak represents an 88,600 increase in the number of jobs since June 2008, just prior to the last recession.

Over the year, from June 2013 through June 2014, Massachusetts jobs grew by 47,700. This overall gain represents a 48,200 private sector job gain and a 500 public sector job decline. At an aggregate level, the mix of private to public sector employment remained essentially constant at 87 and 13 percent, respectively.

Since February 2001 jobs are up 17,100. During this period the industry mix of jobs changed with Service Producing jobs expanding from 84 to 89 percent of all jobs in the Commonwealth, for an increase of 191,000 jobs. Gains were strongest in Education and Health Services, followed by Leisure and Hospitality; Other Services; and Professional and Business Services.

While the Commonwealth benefitted from job growth over the thirteen year period between 2001 and 2014, private sector Goods Producing jobs, those in Construction, Manufacturing and Mining, declined by 174,000, shifting from 16 to 11 percent of all jobs. Notably, Construction declined 14,600 jobs and Manufacturing decreased 39 percent a decline of 158,900 jobs. Three quarters of the manufacturing job losses were in Durable Goods due to job restructuring following the 2001 to 2002 recession.

Massachusetts job growth was led by *Education and Health Services* with the addition of 195,300 jobs since 2001, with 20,100 of the jobs gained over the last year. At 751,800 jobs, the sector accounts for 22 percent of all jobs. Three quarters of Education and Health Services jobs are in Health Care and Social Assistance, which has grown by 166,000 jobs, a 40 percent rate of growth.

The *Leisure and Hospitality* sector exhibited the next fastest growth, increasing 19.5 percent since 2001, adding 54,700 jobs for a total of 335,800 in June 2014. Within

the sector, the smaller but faster growing Arts, Entertainment, and Recreation, added 2,300 jobs over the year ending in June 2014. At the same time, job growth in Accommodations and Food Services, which has the largest share of jobs in this sector, slowed and in June 2014 jobs were 500 less than in June 2013.

Professional, Scientific, and Business Services is the third largest sector with 515,400 jobs. Most of the sector's growth stems from Professional, Scientific and Technical Services which added 27,500 jobs since 2001 and accounts for more than half of the sector's jobs in June 2014. Computer Systems Design and Related jobs account for three quarters of the gains over the last year.

Increasing by 10,800 jobs since February 2001, *Other Services* represent 126,000 jobs. The sector job gains stem from a 4.5 percent growth rate since June 2008, chiefly consisting of jobs in Religious, Grantmaking, Civic, and other Organizations and Personal and Laundry Services.

In addition, three of the Service Producing sectors - Trade, Transportation, and Utilities, Financial Activities and Information - remain below both their February 2001 and June 2008 prerecession levels.

Labor force growth patterns

Massachusetts' working age population grew by 255,600 or 5.4 percent since the prerecession high in June 2008 based on the most recent twelve month average estimates. By June 2014 there were 5,436,700 residents age sixteen plus but fewer residents participating the labor force. The labor force, the number of residents employed or unemployed and actively seeking work declined by 2.4 percent relative to the June 2008 prerecession levels, representing 130,400 fewer residents engaged in the labor force. The state's 64.4 percent labor force participation rate is composed of an estimated 3,310,400 employed and 191,300 unemployed and actively seeking work residents. The unemployment rate was 5.5 percent in June 2014. Labor force status by age groups shows different trends when comparing twelve month averages from June 2013 to June 2014. At 1,010,725, seniors aged 65 plus make up the majority of the state's working age population. Over this time period, seniors increased in population, labor force

participation and number of employed, reflecting the baby boomers' attachment to the labor force. At the same time, the number of unemployed decreased as did the unemployment rate, which fell to 4.9 percent. However, for seniors aged 65 plus, the number of unemployed grew faster than any other demographic groups.

Conversely, teens, the smallest segment of the working age population, while growing in population, continue to struggle finding employment five years after the start of the recession. Those aged 16 to 19, had the second lowest labor force participation rate, in spite of having the largest employment and population growth rates of any age group, at 26.1 and 8.9 percent respectively. More teens were employed and their unemployment rate declined, yet at 19.1 percent, teen unemployment is still well above prerecession levels.

Slightly older working age residents, age 25 to 34 years, gained the most population, increasing 43,350. Labor force participants aged 25 to 34 experienced the largest unemployment rate decline, dropping 2.4 percentage points to 5.4 percent.

Residents' age 35 to 44 years has the largest losses in population, labor force, employed and unemployed. The large declines in the numbers employed and unemployed lowered this age group's unemployment rate to 4.3 percent.

The second largest segment next to seniors age 65 plus are those age 45 to 54, was the only group to experience declines in all labor force measures, including the unemployment rate which fell to 4.8 percent.

Conversely, the population, labor force, and number of employed slightly older working aged residents between 55 to 64 years old increased, while the participation rate and number of unemployed decreased. The unemployment rate for this age group declined to 4.4 percent.

Continuing growth in jobs relies on growth in the labor force especially those with the educational attainment needed for current and projected job openings.

Another way to look at recent changes in the labor force is by educational attainments. Recent twelve month average labor force trends by educational attainment for residents age 25 plus which accounts for 86 percent of the labor

force, shows a slight decline in labor force participation and a decline in the unemployment rate to 4.8 percent.. This rate is one percent above the precession rate of 3.8 percent.

These estimates illustrate that the Massachusetts' labor force is growing in the number of residents with some college or an Associate degree, and among those with less than a high school diploma. For the last two years, while those with a Bachelors' degree or higher added the most population, those with less than a high school diploma have grown faster in working age population, labor force, and employment than any other group.

For the latest twelve months ending in June 2014 residents with *some college or associate degree* recorded the largest increases in population, up 37,300 or 4.1 percent, and labor force, up 4.1 percent. The number of employed residents grew by 37,500 and the number of unemployed declined by 11,400, resulting in a 5.9 percent unemployment rate that is two percent less than in the previous period.

For those with *less than a high school diploma* the working age population increased by 19,900 or 5.3 percent and experienced the largest growth rates in employed, up 18 percent and labor force, up 13.7 percent. The large increase in employed coupled with fewer unemployed resulted in an 8.5 percent unemployment rate, down 3.3 percentage points and the largest unemployment rate drop of any group.

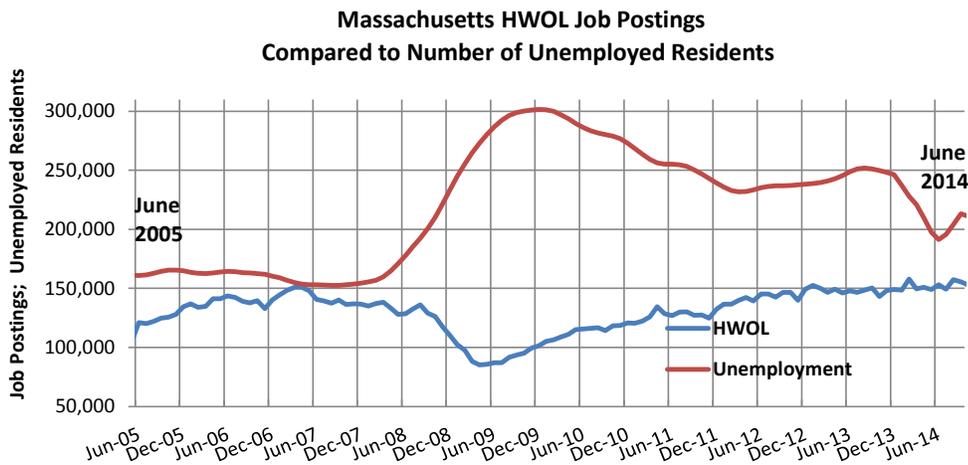
High school graduates with no college experienced the largest declines in population, employed, and unemployed. The losses in both components of the labor force generated an unemployment rate drop of 2.2 percentage points to an unemployment rate of 6.0 percent.

The share of the working age population with a *Bachelor's Degree and higher* declined slightly. This group also experienced declines in both the number employed and unemployed. The segment, which traditionally exhibits low unemployment rates, had the lowest unemployment rate of 3.3 percent.

Real time job openings

The Conference Board's Help Wanted Online (HWOL) Data Series provide a mid-month measure of labor demand via real-time online advertised job postings. The HWOL time series data are screened for duplicates, seasonally adjusted and benchmarked.

As of June of 2014 there were 153,000 HWOL job postings in Massachusetts and the estimated number of unemployed was 191,300. Since December of 2012 the number of HWOL job postings has been fairly constant around 150,000.

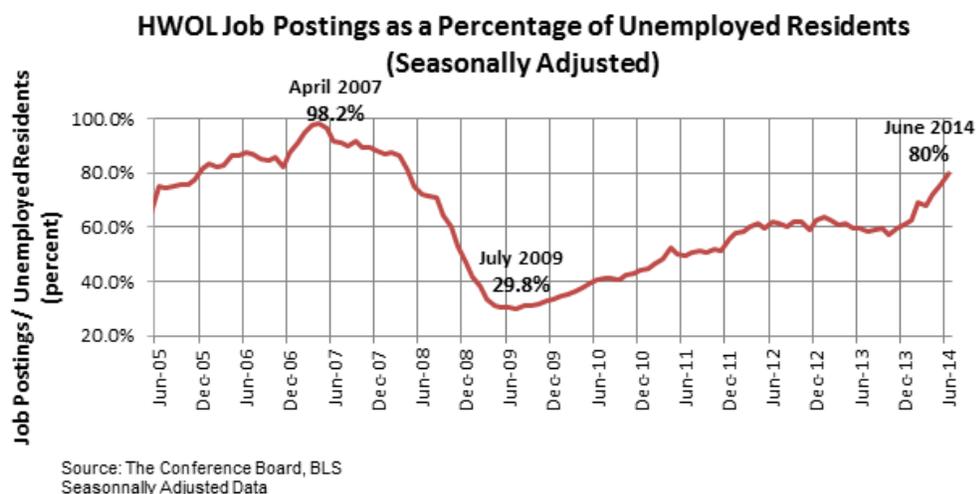


Source: The Conference Board, BLS
Seasonally Adjusted Data

Viewing HWOL job postings as a percentage of the number of employed and as a percentage of the number of unemployed serve as indicators of labor demand in relation to the available labor supply. For the first nine months of 2007, HWOL job postings as a percent of the number of employed were among the highest, ranging from 4.2 to 4.6 percent. During the same time period, HWOL job postings as a percent of the number of unemployed reached their highest levels, between 90 and 98 percent. In this tight labor market, the available supply of workers in relation to the demand for unemployed job candidates was very low.

For the remaining three months of 2007, as the economy began to enter recession, HWOL postings in relation to the number employed and unemployed began to ease as the number of unemployed residents increased and firms reduced on-line postings. By June of 2008, HWOL job postings as a percent of the number of employed had declined to 3.9 percent and HWOL job postings as a percent of the number of unemployed fell to 72.2 percent.

In 2014, HWOL postings relative to employed were again above 4.0 percent, ranging from 4.5 to 4.8 percent. However, HWOL postings as a percent of the number of unemployed ranged 62.6 to 80.0 percent, indicating a slightly larger supply of available advertised vacancies.



Looking at specific occupations in demand as of June 2014, the top fifty advertised occupations comprise 55 percent of all job postings, with Science, Technology, Engineering, and Math (STEM) occupations comprising a third. A third of the top fifty jobs require a Bachelor’s degree or work experience in a related occupation.

In comparison, as noted previously, the fastest growing segment of the age 25 plus labor force are those with some college or an associate degree, and the highest unemployment rate is among those with less than a high school diploma. On the

surface, a mismatch among the educational characteristics of the available labor supply and advertised job demand is evident.

However, over the last two years ending in June 2014, the level of education required for occupations in demand has shifted, as the share of job postings for occupations requiring a Bachelor's degree has declined from 36.8 to 33.7 percent. Also, the share of job postings requiring a high school diploma has declined from 33.7 to 30.2 percent.

Along with some changes in education and experience requirements, postings for lesser paying occupations have increased. When viewing occupation demand by average wage quartiles, with the first quartile paying \$77,600 to \$240,700, the second between \$54,600 and \$77,600, the third between \$39,000 and \$54,600, and the fourth less than \$39,000, it is evident that demand for the lower paying occupations, the fourth and third quartiles, have grown at the fastest rates. As of June 2014, the third and fourth quartile mean wage groups represent 40 percent of all job postings, compared to 35 percent two years ago. Job postings for the two highest paying quartiles still comprise the majority of postings.

Viewing the modest change in education and work experience requirements in HWOL postings over the last two years in tandem with labor force growth patterns reveals opportunities for targeted alignment of unemployed job seeker skill sets with advertised job openings. Specifically, the largest increases in the number of advertised vacancies over the last two years have been in: Heavy and Tractor-Trailer Truck Drivers, First-Line Supervisors of Retail Salespersons, Retail Salespersons, First-Line Supervisors of Food Preparation and Serving Workers, Customer Service Representatives, Light Truck or Delivery Services Drivers, Maintenance and Repair Workers, and Restaurant Cooks. Combined, these seven occupations account for just over 30 percent of the gain in HWOL job postings since 2012, the majority of the remaining increase in openings require more education or experience.

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