STATE OF MARYLAND
DLLR
DEPARTMENT OF LABOR, LICENSING AND REGULATION

MARYLAND PROGRAM YEAR 2012 LABOR MARKET ANALYSIS

PREPARED BY:
Office of Workforce Information and Performance
Division of Workforce Development and Adult Learning
Maryland Department of Labor, Licensing and Regulations

TABLE OF CONTENTS

Background and Overview

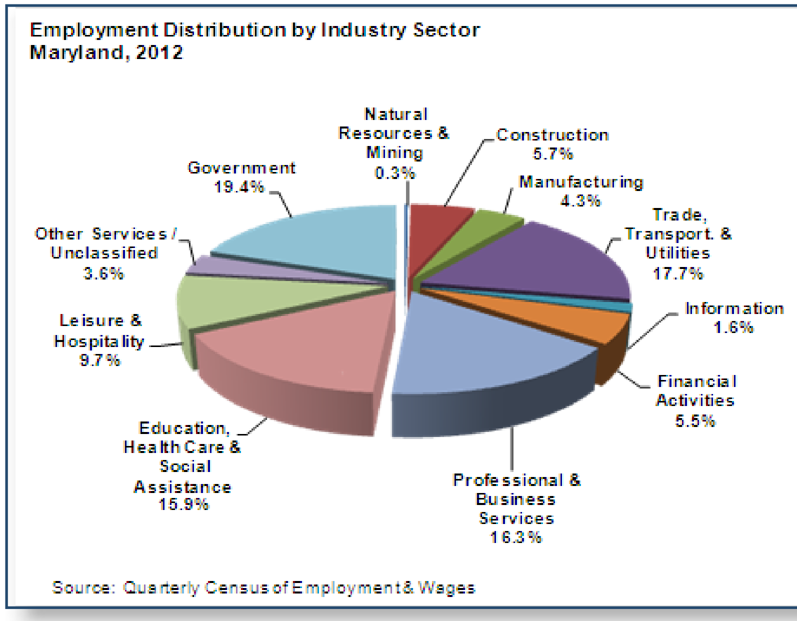
The year 2012 was a period of modest growth for the U.S. economy, as it continued to recover from the Great Recession of December 2007 to June 2009. Sixteen consecutive quarters (through 2013Q2) of GDP growth, have gradually added jobs and reduced the nation's jobless ranks. Nonfarm payroll employment, which had fallen by more than 8.7 million jobs as a result of the contraction, had regained 75% of the loss by June 2013—a positive development, but a rather constrained expansion, coming four years after the recession's trough. Unemployment, which had reached a peak rate of 10% (seasonally adjusted) in October 2010, had declined to 7.6% in June 2013. U.S. annual average unemployment fell from 8.9% in 2011 to 8.1% in 2012. The number of unemployed declined from 13,747,000 to 12,506,000—an improvement, but still high by historic standards. Job growth has not been solid enough to lower unemployment to pre-recession levels.

Maryland continued its recovery as well. Typically, the state weathers economic downturns better than much of the nation and is generally more favorably positioned to recover. State unemployment consistently falls below the U.S. average, both during recessions as well as economic expansion. A number of elements serve to provide stability in Maryland—both seasonally and cyclically—including the state's services-dominated job market, its sizable professional/technical workforce, a well-educated labor force, and a strong federal government presence. But the steep decline in payroll employment and rapid climb in joblessness brought on by the Great Recession took its toll. Recovery has been deliberate and sometimes unsteady, though Maryland remains in a better economic situation than the nation as a whole.

Maryland concluded 2012 with its second consecutive year of growth in payroll employment. Total jobs increased by 1.4%, and private sector employment was up 1.7%. Unemployment declined from 7.3% in 2011 to 6.8% in 2012.

Maryland Employment and Wage Trends

The labor market in Maryland is diverse in industry composition, providing a variety of opportunities at all skill and education levels. It is strongly services-oriented, with the services sector accounting for about nine out of ten payroll jobs. Nearly 20% of employment is in the public sector. Services-providers generally tend to be less cyclically-sensitive than the goods-producing industries of Construction, Manufacturing, and Natural Resources and Mining. Services' dominance in Maryland's job market is a factor in the state's relative economic stability. The most recent downturn, however, reached into the services-sector as well. Government, which usually recovers steadily from a contraction, has been slow to expand, as reduced revenues and budget limitations have restrained growth.



Maryland payroll employment averaged 2,514,165 in 2012, as reported by employers filing quarterly unemployment insurance tax reports. This increase of 35,043 jobs (1.4%) over the year marked the second straight positive annual average job change after three years of declines. Nearly 34,800 jobs were added in the private sector, and fewer than 300 in government. Eight private sector aggregate industries posted gains—one more than in 2011.

Employment trends varied among industry sectors. Professional and Business Services, the state's second largest private aggregate sector, created the most jobs (12,479), for an over the year growth rate of 3.1%. Both the number of jobs added and the growth rate surpassed 2011. The subsectors of professional, scientific and technical services, and management of companies and enterprises both gained employment, but administrative and support services and waste management shed jobs. Education, Health Care and Social Assistance, another top sector, also grew at an above average rate, adding 8,594 positions. Nine out of ten of the jobs gained were in the larger health care and social assistance component. This aggregate sector is one segment of the economy that had continued to expand throughout the recession. These two key industries—Professional and Business Services, and Education, Health Care and Social Assistance—account for about one-third of Maryland's payroll employment. The state's largest private aggregate sector, Trade, Transportation, and Utilities, grew about average, advancing by 5,316 jobs. The sizable retail trade division gained the most jobs (3,608), though transportation and warehousing grew at a higher rate.

Leisure and Hospitality expanded at the fastest rate of any major sector—4.5%, adding 10,489 jobs. Compared with 2011, the industry more than doubled both the rate of increase and number of jobs created. The Construction sector was essentially unchanged, netting 151 jobs, and increasing for only the second year since 2006. All job gains occurred in the subsector of construction of buildings. This industry has been strongly affected by the recession and its aftermath. The sluggish housing market, which has been on the upswing of late, has hampered construction. Financial Activities, another industry central to the downturn, gained 1,034 positions—the first year of growth since 2005. This industry has long been impacted by banking mergers and other structural changes; the recession exacerbated the job loss.

Maryland Payroll Employment 2011 - 2012 Annual Averages				
	Employment		Change 2011-2012	
Industry	2011	2012	N	%
TOTAL EMPLOYMENT	**2,479,122**	**2,514,165**	**35,043**	**1.4**
Total Private Sector	**1,991,203**	**2,025,963**	**34,760**	**1.7**
Natural Resources & Mining	**6,553**	**6,926**	**373**	**5.7**
Construction	**143,152**	**143,303**	**151**	**0.1**
Construction of Buildings	30,366	30,617	251	0.8
Heavy & Civil Engineering Construction	14,479	14,458	-21	-0.1
Specialty Trades Contractors	98,307	98,228	-79	-0.1
Manufacturing	**113,049**	**109,068**	**-3,981**	**-3.5**
Trade, Transportation & Utilities	**439,656**	**444,972**	**5,316**	**1.2**
Wholesale Trade	86,227	86,528	301	0.3
Retail Trade	280,649	284,257	3,608	1.3
Transportation & Warehousing	62,718	64,090	1,372	2.2
Utilities	10,062	10,097	35	0.3
Information	**41,713**	**39,804**	**-1,909**	**-4.6**
Financial Activities	**136,487**	**137,521**	**1,034**	**0.8**
Finance & Insurance	94,564	94,801	237	0.3
Real Estate & Rental & Leasing	41,923	42,720	797	1.9
Professional & Business Services	**397,247**	**409,726**	**12,479**	**3.1**
Professional, Scientific & Technical Svcs.	229,577	234,163	4,586	2.0
Management of Companies & Enterprises	21,776	24,412	2,636	12.1
Administrative & Support Svcs. & Waste Mgmt.	145,894	142,228	-3,666	-2.5
Education, Health Care & Social Assistance	**391,842**	**400,436**	**8,594**	**2.2**
Educational Services	61,263	62,135	872	1.4
Health Care & Social Assistance	330,579	338,301	7,722	2.3
Leisure & Hospitality	**233,724**	**244,213**	**10,489**	**4.5**
Arts, Entertainment & Recreation	36,119	37,735	1,616	4.5
Accommodation & Food Services	197,605	206,478	8,873	4.5
Other Services	**87,771**	**89,983**	**2,212**	**2.5**
Unclassified	**9**	**11**	**2**	**22.2**
Government	**487,919**	**488,202**	**283**	**0.1**
Federal	144,513	146,354	1,841	1.3
State	102,367	100,790	-1,577	-1.5
Local	241,039	241,058	19	0.0

Source: Quarterly Census of Employment & Wages

Manufacturing shed 3,981 jobs over the year—a decline of 3.5%. Job losses were widespread throughout the sector, but a few manufacturers added positions, including petroleum and coal products, machinery manufacturing, furniture and related products, and miscellaneous manufacturing. Among those producers reducing jobs were computer and electronic products, primary metals, and transportation equipment. Manufacturing has been in a long run contraction predating the recession. In general, the sector has become more technically advanced and productive, thus reducing staffing requirements. However, there have been a number of shutdowns and economic-related downsizings behind much of the employment decrease.

The Information sector was down by 1,909 jobs—a reduction of 4.6%. This industry has been undergoing significant change in recent years, particularly in telecommunications, and has been declining since 2006. Other Services gained 2,212 jobs—up 2.5%. The tiny Natural Resources and Mining added 373 positions.

The public sector has in general been a soft spot during the current economic recovery. State and local governments have been challenged by lower revenues—though this issue has been easing—while the federal government is facing mandatory budget restrictions. Federal employment, however, continued on an upswing in Maryland, adding 1,841 jobs in 2012. State employment fell by 1,577, ending years of continuous though sometimes marginal growth. Local government was essentially unchanged, up 19 jobs, but halting two years of decline. Overall, the public sector in Maryland netted 283 additional positions.

An analysis of private sector industry dynamics at the group level (3-digit NAICS), indicated a number of industries to be more solidly on the upswing than in 2011. Three of the ten highest growth industry groups (ambulatory health care, social assistance, and hospitals) were components of Education, Health Care and Social Assistance. All three subsectors that comprise Professional and Business Services (administrative and support services, professional, scientific and technical services, and management of companies and enterprises) were included among the top growth industries. Of the industry groups posting the largest declines, six were manufacturers (computer and electronic products, primary metals, transportation equipment, food processing, paper production, and textile mills).

Private Sector Industries with the Largest Employment Change 2011-2012
Maryland

Growth		Decline	
Food services & drinking places	8,657	Telecommunications	-2,187
Ambulatory health care services	6,194	Computer & electronic product manufacturing	-1,371
Administrative & support services	5,268	Nursing & residential care facilities	-1,099
Professional, scientific & technical services	4,586	Food & beverage stores	-876
Management of companies & enterprises	2,636	Primary metal manufacturing	-727
Gasoline stations	1,960	Transportation equipment manufacturing	-547
Social assistance	1,592	Food manufacturing	-448
Amusements, gambling & recreation	1,094	Paper manufacturing	-382
Hospitals	1,035	Credit intermediation & related activities	-342
Membership associations & organizations	995	Textile mills	-315

Source: Quarterly Census of Employment & Wages

Within Maryland's major industry sectors, the fifteen largest private sector industry groups (3-digit NAICS level) represent a range of experience and education needs, a mix of occupations, and both full and part time positions, underscoring the need for a workforce diverse in interests, abilities, and training. Topping the list is professional, scientific, and technical services—an industry whose activities typically require a high level of expertise and education. This industry group accounts for about 57% of the jobs in Maryland's largest aggregate sector, Professional and Business Services. The average weekly wage of $1,724 is well above the state's average wage for all industries of $1,039. Five of the top industry groups—ambulatory health care, hospitals, nursing & residential care, education, and social assistance—comprise the entirety of the state's second largest aggregate sector, Education, Health Care, and Social Assistance.

NAICS Code	Industry Title	Employment	Ave. Wkly. Wage
Largest Private Sector Industries & Wages	**Maryland - 2012 Annual Averages**		
541	Professional, scientific & technical svcs.	234,163	$1,724
722	Food services & drinking places	182,668	$327
561	Administrative & support services	142,228	$717
621	Ambulatory health care services	118,353	$1,163
622	Hospitals	104,481	$1,054
238	Specialty trade contractors	98,228	$1,042
623	Nursing & residential care facilities	68,328	$595
445	Food & beverage stores	63,914	$483
611	Educational services	62,135	$972
452	General merchandise stores	55,081	$392
624	Social assistance	47,139	$520
522	Credit intermediation & related activities	44,153	$1,324
423	Merchant wholesalers, durable goods	43,001	$1,488
441	Motor vehicle & parts dealers	34,118	$891
524	Insurance carriers & related activities	32,574	$1,597

Source: Quarterly Census of Employment & Wages

Accompanying the overall growth in employment during 2012 was an increase in total wages paid by Maryland employers—the third straight year total wages have risen. The average weekly wage was also up. Total payrolls grew by nearly $3.87 billion (2.9%) to more than $135.8 billion. By industry, wages paid advanced for all sectors except Manufacturing, Information, Other Services, and Federal Government. Both Manufacturing and Information also recorded over the year employment declines. Average weekly pay for total industries rose from $1,023 to $1,039. Private sector weekly pay averaged $998, up from $980. All industry sectors posted a gain in the weekly wage with the exception of Other Services, and Federal Government (which still claimed the highest weekly wage for all industries).

Total & Average Weekly Wages by Industry Sector, Maryland 2011-2012

Industy Sector	Total Wages 2011	Total Wages 2012	Avg. Weekly Wage 2011	Avg. Weekly Wage 2012
TOTAL, All Industries	$131,936,230,859	$135,805,871,116	$1,023	$1,039
Total Private Sector	101,431,370,700	105,159,265,225	980	998
Natural Resources & Mining	246,715,613	261,319,957	724	726
Construction	7,861,215,248	8,009,679,331	1,056	1,075
Manufacturing	7,611,521,907	7,508,191,889	1,295	1,324
Trade, Transportation & Utilities	17,923,762,302	18,489,881,595	784	799
Information	3,140,176,689	3,123,488,748	1,448	1,509
Financial Activities	10,141,676,394	11,079,360,144	1,429	1,549
Professional & Business Services	27,517,922,488	29,184,126,609	1,332	1,370
Education, Health Care & Social Assistance	18,680,832,466	19,418,139,499	917	933
Leisure & Hospitality	4,606,360,951	4,883,054,231	379	385
Other Services	3,700,832,806	3,201,345,933	811	684
Unclassified	353,836	677,289	756	1,184
Government	30,504,860,159	30,646,605,891	1,202	1,207
Federal	13,448,220,773	13,436,493,757	1,790	1,766
State	4,960,677,817	5,051,952,855	932	964
Local	12,095,961,569	12,158,159,279	965	970

Source: Quarterly Census of Employment & Wages

Employment and Wage Trends by Workforce Area

Maryland is location to twelve Workforce Investment Areas (WIA's)—six single jurisdiction areas and six multi-county WIA's, comprised of from two to five counties. All twelve areas recorded net employment growth in 2012. In 2011 only seven workforce areas posted job gains. Over the year job increases ranged from less than 1% in Baltimore City, Prince George's County, Montgomery County, and Southern Maryland, to more than 4% in Susquehanna, Anne Arundel County, and Mid-Maryland. Absolute changes were highest in Anne Arundel County (+9,743 jobs) and Mid-Maryland (+8,679 jobs). As was the case statewide, not all industry sectors expanded. Every workforce area included some sectors that lost jobs.

Payroll Employment by Workforce Investment Area
2011 - 2012 Annual Averages

	Total Employment		2011-2012 Change	
Area	2011	2012	N	%
Anne Arundel County	230,096	239,839	9,743	4.2
Baltimore City	328,984	330,007	1,023	0.3
Baltimore County	359,553	363,159	3,606	1.0
Frederick County	90,667	92,676	2,009	2.2
Lower Shore	73,329	74,682	1,353	1.8
Mid-Maryland	205,899	214,578	8,679	4.2
Montgomery County	447,784	450,880	3,096	0.7
Prince George's County	298,934	299,851	917	0.3
Southern Maryland	103,279	104,123	844	0.8
Susquehanna	111,137	116,004	4,867	4.4
Upper Shore	58,341	59,253	912	1.6
Western Maryland	105,222	107,258	2,036	1.9

Source: Quarterly Census of Employment & Wages

The largest private sector employers (3-digit NAICS level) in the Workforce Areas were primarily a reflection of Maryland's top industry groups. Professional, scientific, and technical services, the state's largest industry group, ranked first or second in jobs in ten WIA's. Food services and drinking places, Maryland's number two employer, was first or second in eleven WIA's and third in the remaining one.

Professional, scientific and technical services, also the highest paying of the state's top private employers, ranked first in average weekly wages for largest employers in eight WIA's and was second in four. The industry's large employment numbers throughout the state, high wages, and solid job gains in recent years, illustrate its key role in Maryland's job market. This industry includes many federal government contractors which are integral to the state's economic base.

Largest Private Sector Industries* & Wages by Workforce Investment Area
2012 Annual Averages

Anne Arundel County		
Industry Title	Employment	Weekly Wage
Food services & drinking places	22,919	$339
Professional & technical services	21,507	$1,793
Administrative & support services	13,528	$803
Ambulatory health care services	10,833	$1,153
Specialty trade contractors	9,463	$1,067
Computer & electronic product mfg.	8,342	$2,414
General merchandise stores	6,480	$406
Hospitals	6,178	$1,011
Food & beverage stores	6,065	$506
Merchant wholesalers, durable goods	5,396	$1,525

Baltimore City		
Industry Title	Employment	Weekly Wage
Hospitals	45,172	$1,113
Educational services	26,410	$1,297
Food services & drinking places	18,384	$378
Professional & technical services	17,996	$1,683
Administrative & support services	17,817	$606
Ambulatory health care services	14,837	$1,281
Social assistance	7,221	$669
Nursing & residential care facilities	6,300	$646
Specialty trade contractors	6,174	$1,052
Food & beverage stores	5,446	$455

Baltimore County		
Industry Title	Employment	Weekly Wage
Professional & technical services	26,661	$1,388
Food services & drinking places	25,314	$321
Ambulatory health care services	22,137	$1,076
Administrative & support services	22,124	$637
Nursing & residential care facilities	16,355	$591
Specialty trade contractors	15,533	$1,104
Hospitals	11,886	$1,036
General merchandise stores	10,345	$370
Food & beverage stores	9,963	$480
Insurance carriers & related activities	9,848	$1,494

Frederick County		
Industry Title	Employment	Weekly Wage
Professional & technical services	9,923	$1,645
Food services & drinking places	8,120	$309
Specialty trade contractors	5,384	$935
Administrative & support services	4,388	$653
Ambulatory health care services	4,123	$1,096
Credit intermediation & related activities	3,179	$1,319
Food & beverage stores	2,517	$472
General merchandise stores	2,398	$438
Insurance carriers & related activities	2,192	$1,131
Nursing & residential care facilities	2,167	$590

Lower Shore		
Industry Title	Employment	Weekly Wage
Food services & drinking places	9,000	$315
Ambulatory health care services	3,796	$1,137
Accommodation	3,107	$420
General merchandise stores	2,742	$367
Administrative & support services	2,687	$541
Nursing & residential care facilities	2,250	$508
Specialty trade contractors	2,125	$848
Professional & technical services	2,125	$913
Social assistance	1,441	$459
Food & beverage stores	1,404	$369

Mid-Maryland		
Industry Title	Employment	Weekly Wage
Professional & technical services	32,742	$1,874
Food services & drinking places	15,655	$317
Administrative & support services	12,274	$758
Specialty trade contractors	10,364	$983
Ambulatory health care services	7,885	$1,082
Merchant wholesalers, nondurable goods	6,974	$1,054
Merchant wholesalers, durable goods	6,011	$1,846
Food & beverage stores	5,586	$484
General merchandise stores	5,107	$407
Nursing & residential care facilities	4,729	$556

Source: Quarterly Census of Employment & Wages

* Some industries may not be shown due to disclosure suppression

Largest Private Sector Industries* & Wages by Workforce Investment Area
2012 Annual Averages

Montgomery County

Industry Title	Employment	Weekly Wage
Professional & technical services	60,536	$1,914
Administrative & support services	28,816	$785
Food services & drinking places	27,972	$362
Ambulatory health care services	24,821	$1,294
Specialty trade contractors	13,542	$1,025
Nursing & residential care facilities	13,462	$604
Food & beverage stores	11,229	$529
Hospitals	10,489	$1,080
Real estate	9,275	$1,551
Educational services	9,106	$820

Prince George's County

Industry Title	Employment	Weekly Wage
Food services & drinking places	20,932	$316
Professional & technical services	20,566	1,586
Specialty trade contractors	19,775	1,177
Administrative & support services	15,457	722
Ambulatory health care services	10,775	1,158
Food & beverage stores	8,877	552
General merchandise stores	7,206	383
Hospitals	6,161	1,053
Nursing & residential care facilities	5,959	620
Merchant wholesalers, durable goods	5,134	1,139

Southern Maryland

Industry Title	Employment	Weekly Wage
Professional & technical services	11,880	$1,638
Food services & drinking places	9,821	$280
Ambulatory health care services	4,620	$1,096
Specialty trade contractors	4,540	$923
General merchandise stores	3,945	$361
Food & beverage stores	3,682	$450
Hospitals	2,943	$938
Nursing & residential care facilities	2,890	$590
Administrative & support services	2,733	$786
Motor vehicle & parts dealers	2,048	$777

Susquehanna

Industry Title	Employment	Weekly Wage
Food services & drinking places	9,469	$275
Professional & technical services	7,383	$1,405
Ambulatory health care services	4,453	$909
Food & beverage stores	4,395	$394
General merchandise stores	4,149	$392
Hospitals	4,111	$1,058
Specialty trade contractors	3,929	$878
Administrative & support services	3,490	$570
Warehousing & storage	2,879	$732
Plastics & rubber products mfg.	2,877	$1,387

Upper Shore

Industry Title	Employment	Weekly Wage
Food services & drinking places	5,546	$301
Professional & technical services	2,622	$1,256
Ambulatory health care services	2,565	$1,036
Nursing & residential care facilities	2,316	$533
Hospitals	2,223	$887
Specialty trade contractors	1,994	$790
Food manufacturing	1,939	$631
Administrative & support services	1,930	$593
Food & beverage stores	1,829	$407
Educational services	1,475	$662

Western Maryland

Industry Title	Employment	Weekly Wage
Food services & drinking places	8,741	$261
Credit intermediation & related activities	6,330	$833
Ambulatory health care services	5,486	$1,051
Hospitals	5,212	$882
Nursing & residential care facilities	4,874	$546
Administrative & support services	4,380	$446
Specialty trade contractors	3,132	$869
General merchandise stores	3,004	$354
Food & beverage stores	2,840	$383
Professional & technical services	2,528	$944

Source: Quarterly Census of Employment & Wages

* Some industries may not be shown due to disclosure suppression

Maryland Labor Force and Unemployment Trends

Maryland's labor force averaged 3,122,629 persons in 2012, up from 3,092,754 in 2011. The number of employed rose by 41,380 over the year and the jobless ranks were down by 11,505—a 5.1% decline. This marks the third consecutive year in which the number of employed has increased and the second straight year that unemployment has receded. The state's annual jobless rate fell from 7.3% to 6.8%. For comparison, U.S. unemployment averaged 8.9% in 2011, dropping to 8.1% in 2012.

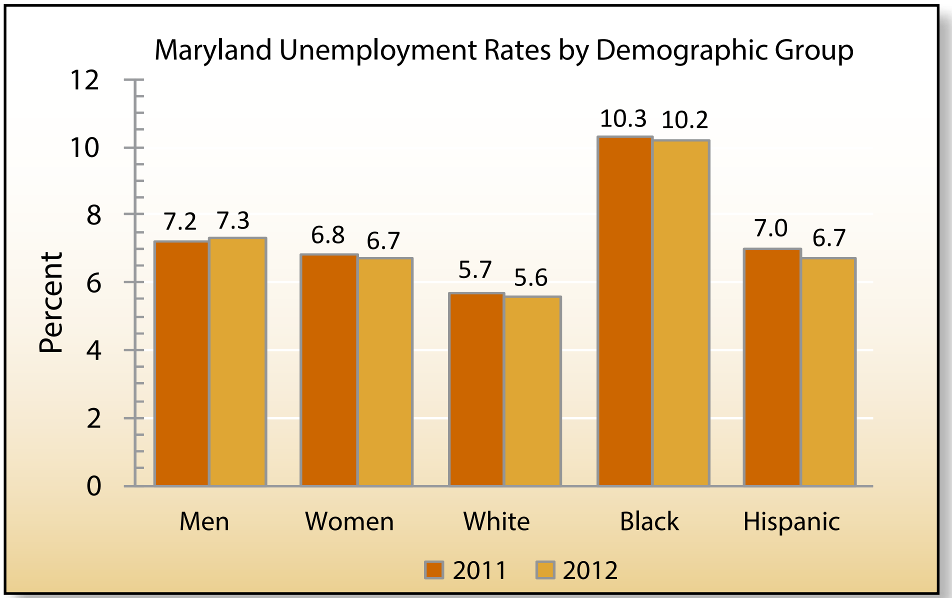
On a month to month basis (seasonally adjusted), Maryland unemployment varied little in 2012, ranging from 6.7% to 7.0%. The year began with a rate of 6.8% in January and finished at 6.7% in December. The peak occurred in July.

Labor Force Status

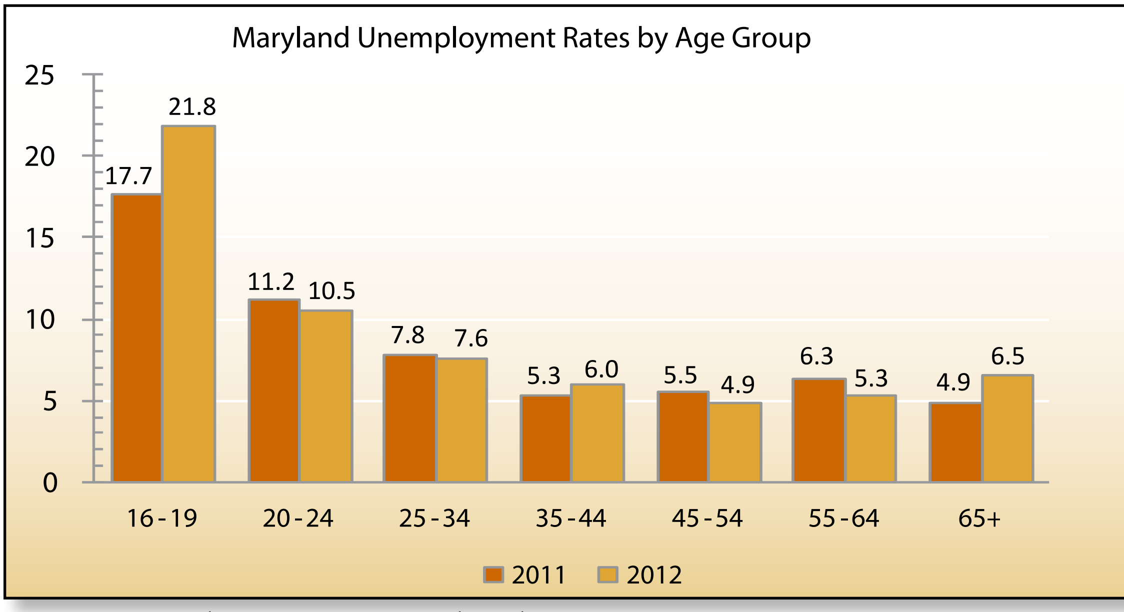
Maryland	Annual Average		Change	
	2011	2012	N	%
Civilian Labor Force	3,092,754	3,122,629	29,875	1.0%
Employment	2,868,191	2,909,571	41,380	1.4%
Unemployment	224,563	213,058	-11,505	-5.1%
Unemployment Rate	7.3	6.8	-	-
U.S. Rate	8.9%	8.1%	-	-

Source: Local Area Unemployment Statistics

Unemployment varied from the "average" among different population groups. A worker's job market experiences are influenced by education and the types of industries and occupations in which one is usually employed. The higher the education level, the less likely one is to be unemployed. Those employed in cyclically-sensitive sectors such as construction and manufacturing are more likely to face unemployment during a downturn. Industry recovery has been inconsistent, impacting workers differently. Some sectors have continued to shed jobs; some have advanced marginally; and others have grown steadily. Recent years of slow growth (or loss) in state and local government have affected persons who usually work in that area as well. These are but some of the factors that influence unemployment.



Source: Current Population Survey Note: 2012 data preliminary



Source: Current Population Survey Note: 2012 data preliminary

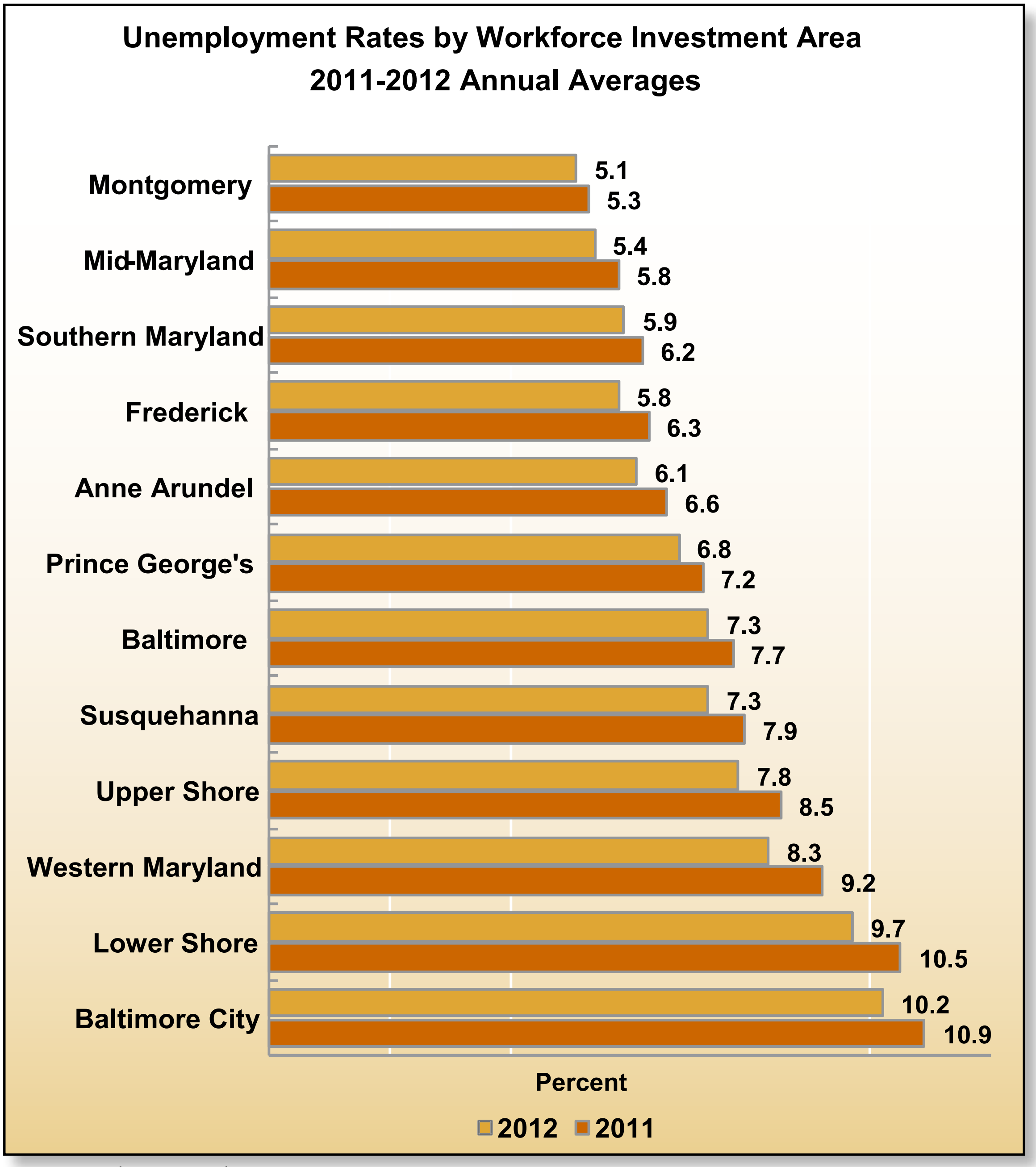
Age and experience affect labor market outcomes. Teenagers maintain the highest jobless rates of any age group. Unemployment rates fall as workers enter their 20's, then drop further as they mature out of the education years and into prime working age. In general that pattern held true in Maryland in 2011 and 2012. Over the year, though, there were no clear trends among the various age groups as some sustained an increase in unemployment, while others saw a reduction. The significant rise in joblessness for teenagers may have been a readjustment from 2011's decline, returning that age group to a level more consistent with past trends.

Local Area Labor Force and Unemployment Trends

Job market recovery continued throughout Maryland in 2012 as evidenced by local area labor force activity. Unemployment rates and the number of persons unemployed fell in all counties. The largest absolute decline in the number of jobless occurred in Prince George's (-1,707). The greatest percent decrease in number of unemployed was in Washington (-12.7%). Local area unemployment rates differed significantly, as is typical in the state. Annual average unemployment ranged from lows of 5.0% in Howard and 5.1% in Montgomery, to a high of 11.6% in Worcester—varying considerably from the state average of 6.8%.

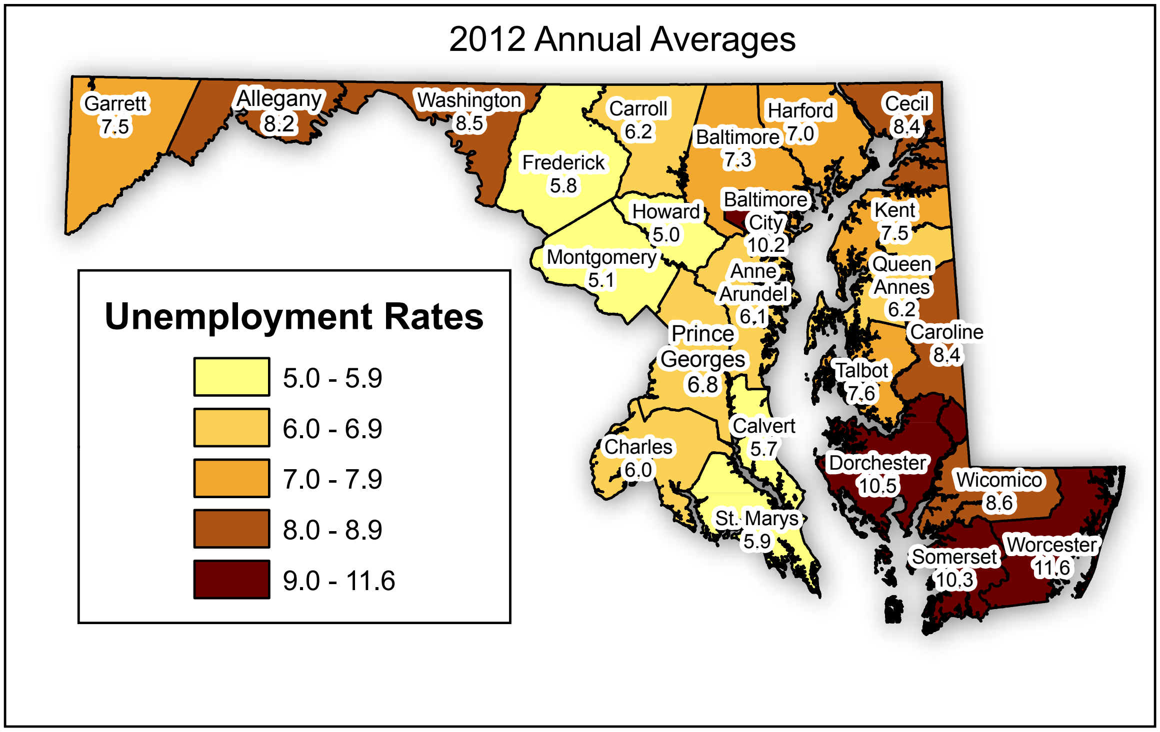
Resident employment increased in nineteen of the state's twenty-four local jurisdictions. Employment declines in five small counties were generally minor, and coupled with lower unemployment, caused modest reductions in the labor force.

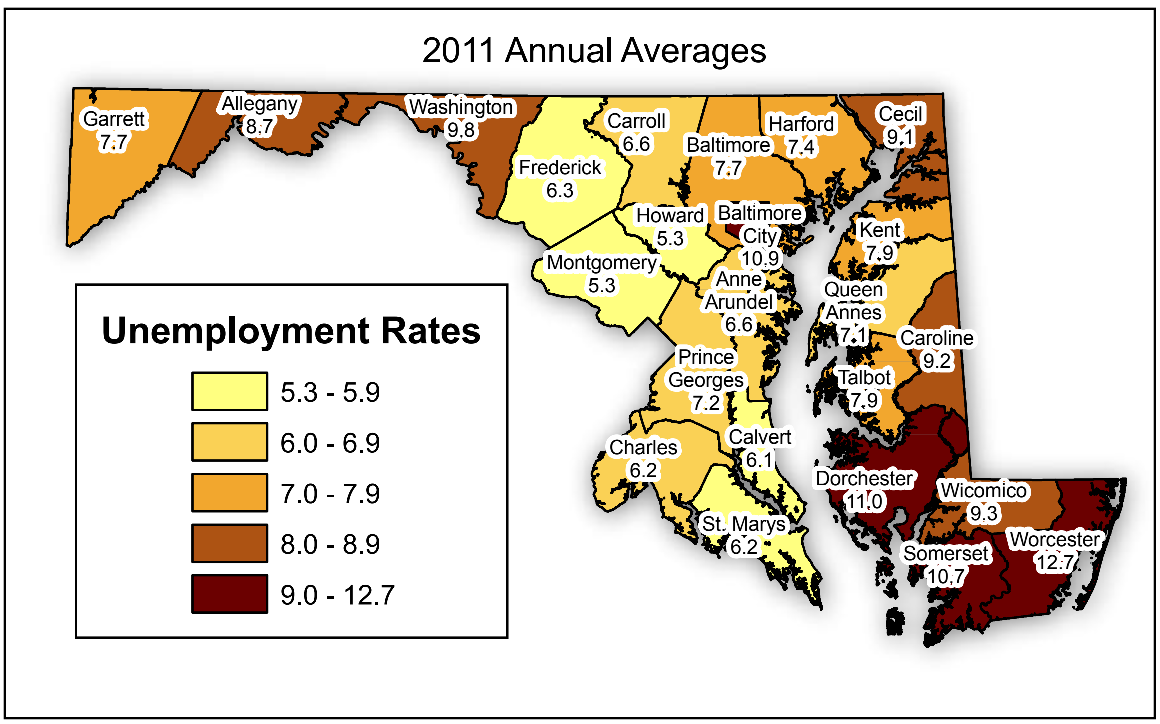
All twelve Workforce Investment Areas gained resident employment and reduced unemployment. Labor force totals rose in all WIA's except for the Lower Shore and Upper Shore, where declining unemployment outnumbered employment growth, resulting in slight labor force decreases. Jobless rates improved in 2012 in all workforce areas. Rates fell 0.2 to 0.9 percentage point, with the greatest over the year change recorded in Western Maryland, where joblessness fell from 9.2% to 8.3%. WIA unemployment rates ranged from 5.1% in Montgomery County to 10.2% in Baltimore City.



Source: Local Area Unemployment Statistics

Unemployment Rates by County





Source: Local Area Unemployment Statistics

Unemployment Insurance Claims and Layoff Activities

Unemployment insurance (UI) claims filed and benefits paid against the Maryland tax fund fell in 2012—the third straight year of decline in regular UI activity. Initial claims decreased over the year by 23,665 (-6.9%) to 321,652; weeks compensated fell 63,488 (-2.5%) to 2,471,854; and final pays (claimants exhausting benefits) were down 4,177 (-5.9%) to 65,271. Benefits paid by the Maryland UI fund totaled $778,505,567, an over the year reduction of $17,202,039 (-2.2%) disbursed. The 2012 decline in state UI activity was less dramatic than that observed in 2011, but was nevertheless a positive development.

Data compiled by the Mass Layoffs Statistics (MLS) program, however, moved in the opposite direction. A mass layoff is a layoff event which produces 50 or more initial claims for unemployment insurance from a single employer, filed within a five week period. In 2012 Maryland recorded 165 such events, up from 109 in 2011. Initial claimants resulting from these layoffs totaled 15,155 in 2012, an increase from 10,234 filing the year before.

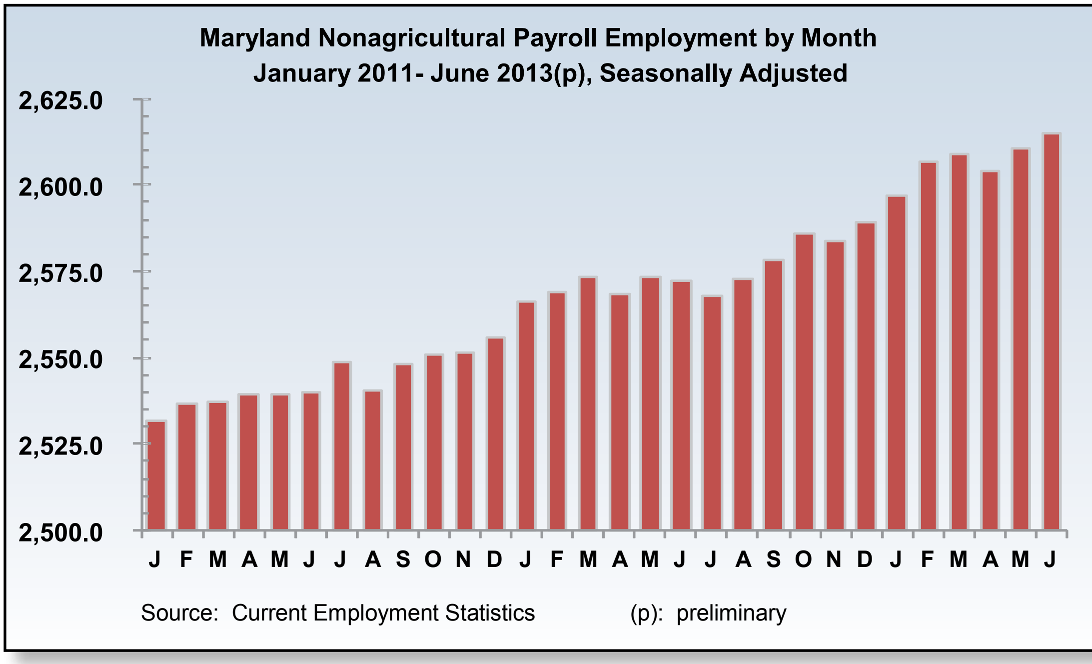
The Worker Adjustment and Retraining Notification (WARN) log for 2012 listed a number of layoffs or closures, occurring in various industries, which were responsible for many of the mass layoffs. The largest such incident was the shutdown of a primary metals producer which idled nearly 2,000 workers. Other major layoff activities were recorded in food processing, food services, a specialty hospital, warehousing, security services, and department stores, among others.

Job Market 2013: Trends and Outlook

The U.S. labor market continued to strengthen moderately through the first half of 2013. Unemployment stood at 7.6% in June 2013, trending downward from 8.2% a year earlier. Payroll employment was on the upswing, increasing by an average of about 200,000 per month from January through June. The job market still has much to recover. The unemployment rate continues to be well above historic levels. Rates of long-term unemployment remain high and millions are involuntarily working part time. The economy is more than 2 million jobs below the peak reached in January 2008. Private sector industries have been expanding, but some are still well-below pre-recession level. The public sector has been slow to turnaround.

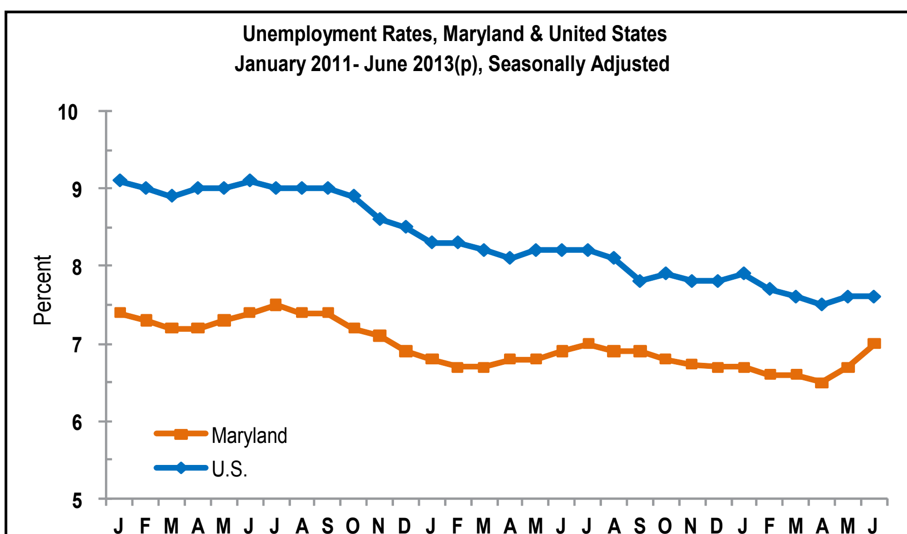
Real gross domestic product has remained on the upswing, fluctuating from quarter to quarter. Increased activity in the nation's housing market, improving household finances, and more positive outlooks for state and local government budgets have bolstered the economy. International markets, however, continue to pose some risk, and both the long and short-term consequences of federal fiscal policy are uncertain. The automatic federal government budget reductions that went into effect this year, as required by the sequestration mandate, will have consequences throughout the U.S. economy, the timing and magnitude of which are unknown.

Maryland's job market continued to make modest progress moving into 2013. Jobs were added each month through June, with the exception of April, when payroll employment (seasonally adjusted) totals declined by 4,900. The remaining five months posted over the month gains ranging from 2,600 to 9,800 jobs. Over the year, each month has recorded a higher job tally than a year prior. As of June, the state had recovered more than 99% of the jobs lost as a result of the Great Recession.



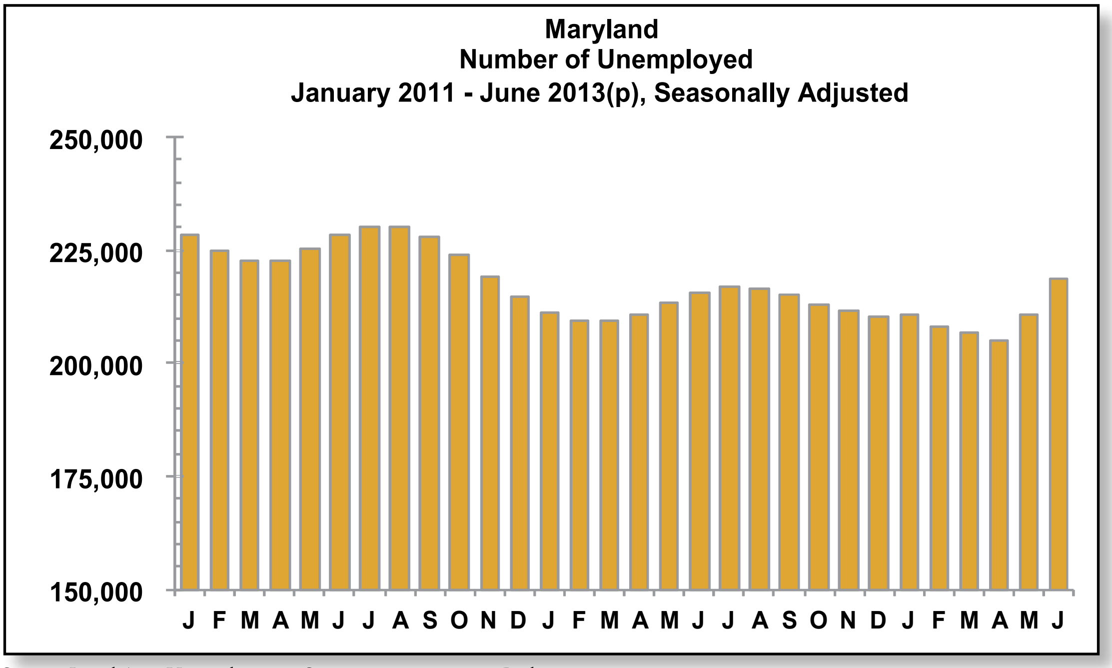
Source: Current Employment Statistiics p: preliminary

Unemployment has improved marginally over the year, but trends in 2013 have been rather flat. Joblessness was 6.7% (seasonally adjusted) in January, inching down to 6.5% in April (the state's lowest post-recession unemployment rate), then rising to 7.0% in June. Each month's unemployment rate has been slightly lower than a year before, with the exception of June, which was higher by 0.1 of a percent. The number of unemployed during the first six months of 2013 has averaged 210,000—about 1,700 fewer than the same period last year. Employment has averaged nearly 2,932,000—about 29,700 more than January-June 2012. Despite the gradual trend downward, the state's unemployment rate remains well above historic levels. Jobless rates in Maryland have remained considerably lower than the U.S. average through the first half of 2013, but the state's advantage has slipped from a difference of more than one percentage point to 0.6 of a percent.



Source: Current Population Survey & Local Area Unemployment Statistics p: preliminary

Reasons for the somewhat tepid pace of Maryland's job market recovery are not clear—growth may have temporarily plateaued. Employment, while trending up overall, has been inconsistent across industries. Though nearly all of the 145,800 jobs lost due to the downturn have been regained, only four large aggregate private



Source: Local Area Unemployment Statistics p: Preliminary

sector industries—Professional and Business Services, Education and Health Care, Leisure and Hospitality, and Other Services—were above pre-recession job levels as of June 2013. Among the remaining supersectors, at least some jobs lost were due to structural changes—further economic growth will not restore all employment.

The public sector plays a prominent role in the state's labor market. One out of five payroll jobs are in government, but recent years net growth in the public sector has been marginal. Maryland's proximity to Washington, D.C., has made the federal government a key component of its economy. Nearly 6% of state payroll employment is federal government. Tens of thousands of Marylanders are federal employees, both in and out of state. Federal purchases of goods and services help support the private economy. The state was a net gainer of the Defense Department's Base Realignment and Closure (BRAC) initiative, which recently consolidated thousands of DOD jobs and affiliated private sector contractors at Maryland military bases.

The federal government has been a major factor in the state's job market stability, moderating the swings of the business cycle with its resistance to downturns. Now Maryland finds its job market recovery vulnerable, as the across the board federal budget reductions, required by the sequestration process, will impact not only direct government employment, but federal purchases and contracting, as well as funding of numerous public and private programs. How fiscal reform will ultimately be accomplished, through spending cuts and taxes, and over the short and long term, are still unknowns. The consequences for Maryland, with its strong economic ties to the federal government could be significant. It is possible that the so-called sequester is a factor in the current slowing in Maryland's job market gains.

The challenges posed by this uncertain fiscal climate are considerable. The underlying strengths of Maryland's economic foundation, however, will serve to better position the state to meet such a challenge. The states below average unemployment rate, above average income levels, and well-educated labor force, will be central to moving Maryland forward. Key to sustaining growth will be further diversifying the state's solid employment base to greater independence of the federal sector.

SOURCES:

Council of Economic Advisors, *2013 Economic Report of the President, March 2013*.

Federal Reserve Board of Governors, http://www.federalreserve.gov, Statement by Ben S. Bernanke, Chairman, before the Joint Economic Committee, U.S. Congress, May 22, 2013.

Maryland Department of Labor, Licensing & Regulation, Division of Workforce Development & Adult Learning, http://www.dllr.state.md.us/employment, "Worker Adjustment and Retraining Notification Log", calendar year 2012, calendar year 2013.

Maryland Department of Labor, Licensing & Regulation, Office of Workforce Information & Performance, http://www.dllr.state.md.us/lmi, Current Employment Statistics; Local Area Unemployment Statistics; Quarterly Census of Employment & Wages.

Maryland Department of State Planning, State Data Center, http://www.mdp.state.md.us/msdc, Maryland Statistical Handbook, May 2012, "Federal Government Expenditures and Obligations"; *http:www.mdp.state.us/msdc/American Community Survey/2009-2011ACS*, American Community Survey 2009-2011, U.S. Department of Commerce, Census Bureau.

National Bureau of Economic Research, http://www.nbr.org, U.S. Business Cycle Expansions and Contractions.

Puglia, Sutton E. and Parth A. Tikiwala, "Slow and Steady: Payroll Employment Grew Moderately in 2012", *Monthly Labor Review*, March 2013, U.S. Department of Labor, Bureau of Labor Statistics.

U.S. Department of Commerce, Bureau of Economic Analysis, http://www.bea.gov, National Economic Accounts, Gross Domestic Product Percent Change from Preceding Period.

U.S. Department of Labor, Bureau of Labor Statistics, Current Employment Statistics (Maryland and U.S.); Current Population Survey; *Geographic Profile of Employment & Unemployment* (Maryland); Local Area Unemployment Statistics; Maryland mass layoff statistics.

U.S. Department of Labor, Employment and Training Administration, http://www.workforcesecurity.doleta.gov, Maryland unemployment insurance program statistics

Williamson, Lisa, "U.S. Labor Market Continued to Improve in 2012", *Monthly Labor Review*, March 2013, U.S. Department of Labor, Bureau of Labor Statistics.