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

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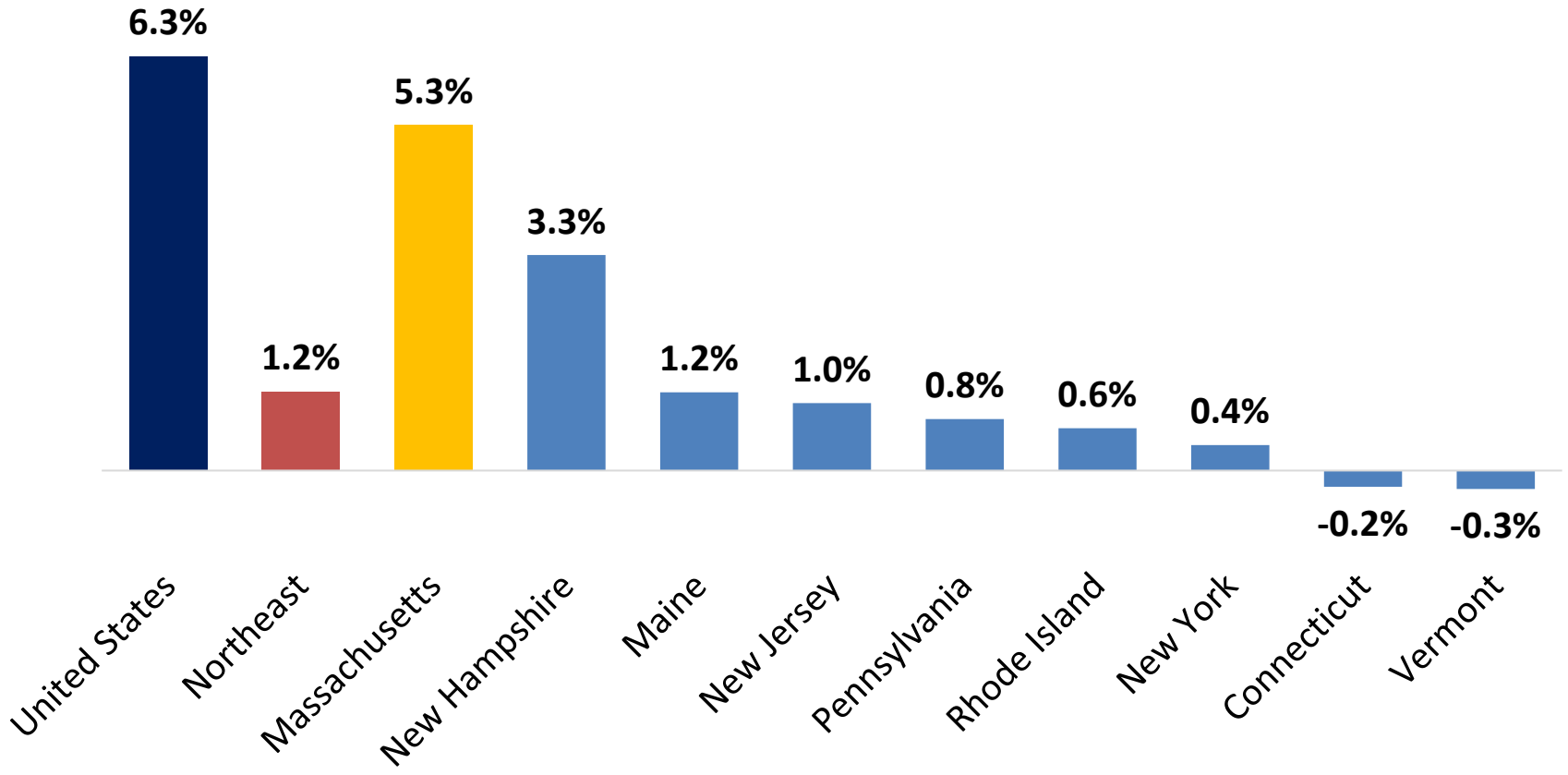
Massachusetts' Economic Growth between Recessions

- MA experienced prolonged economic growth between the Great Recession and the COVID-19 Recession
- What drove economic growth in the state?
  - Cutting-edge, Knowledge-based Industries (e.g., tech, life sciences, etc.)
  - Research & Development
  - Educated Workforce
  - Foreign-born Labor
- This growth was not felt everywhere throughout the state
- The COVID-19 crisis dramatically changed all aspects of life in Massachusetts this spring and severely impacted the state economy
- The crisis further revealed and exacerbated existing disparities

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

Massachusetts has the fastest growing population in the Northeast

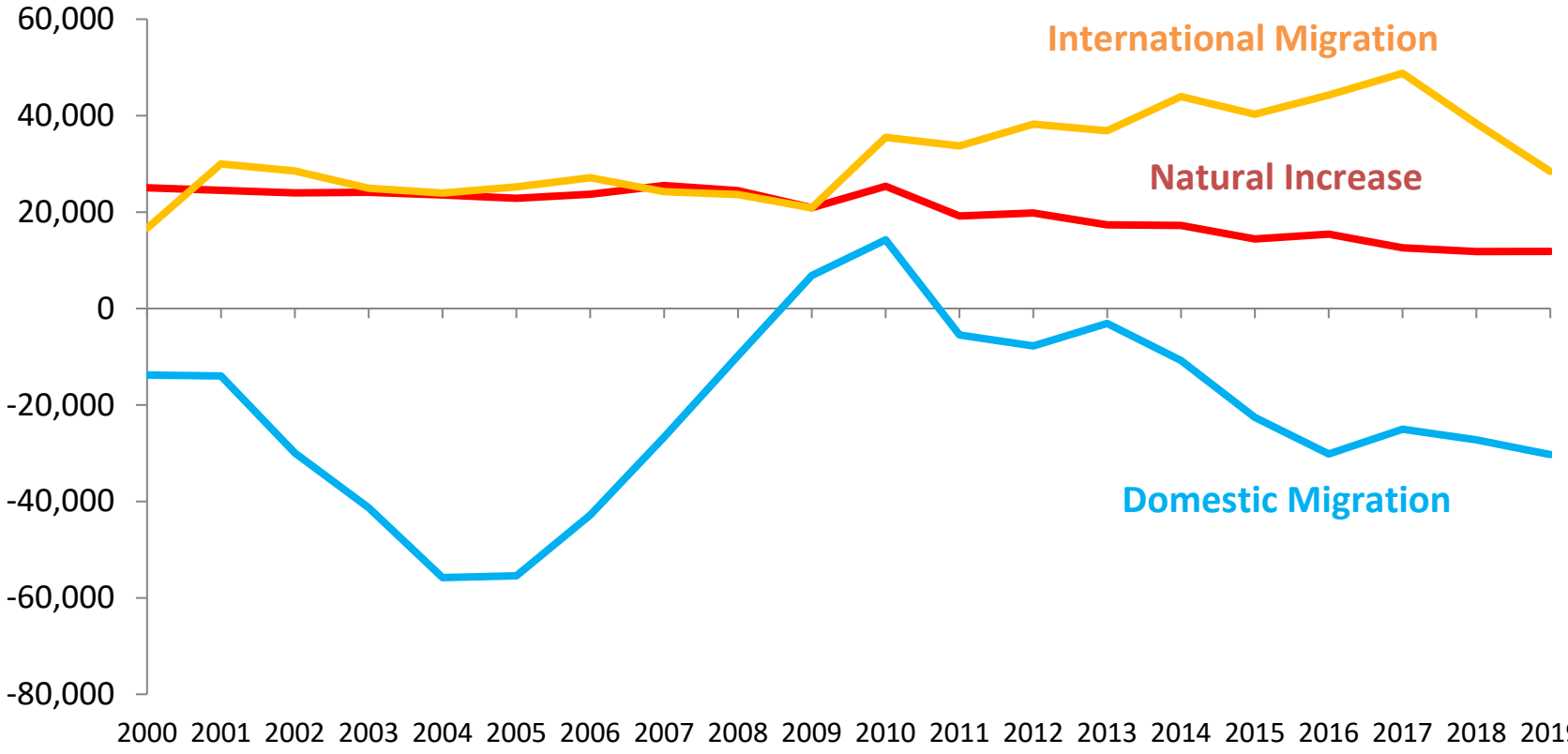
Percent change in total population by Northeast state, 2010-2019



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

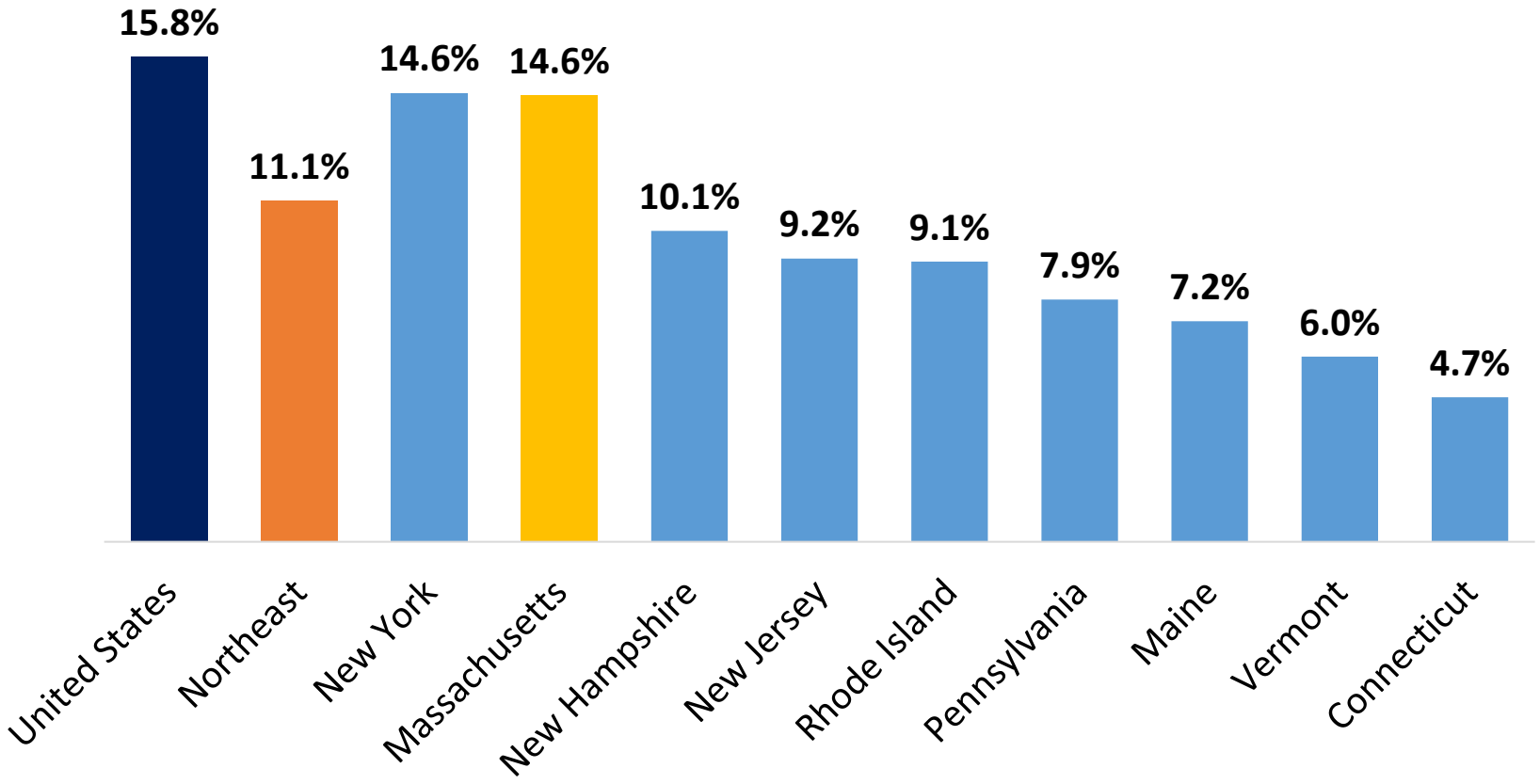
Massachusetts estimated components of population change, 2000-2019



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

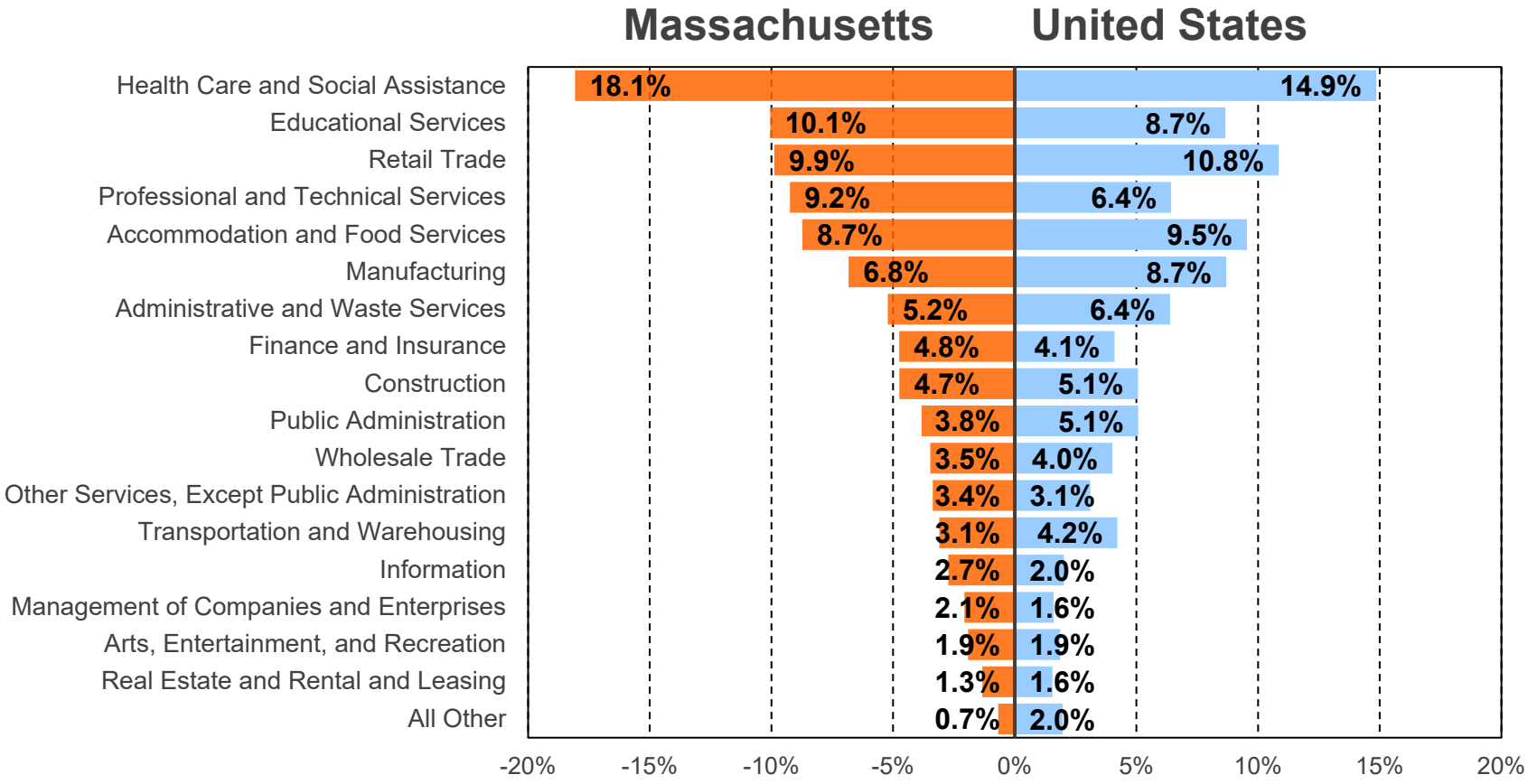
Percent change in employment by Northeast state, 2010-2019



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, 2018

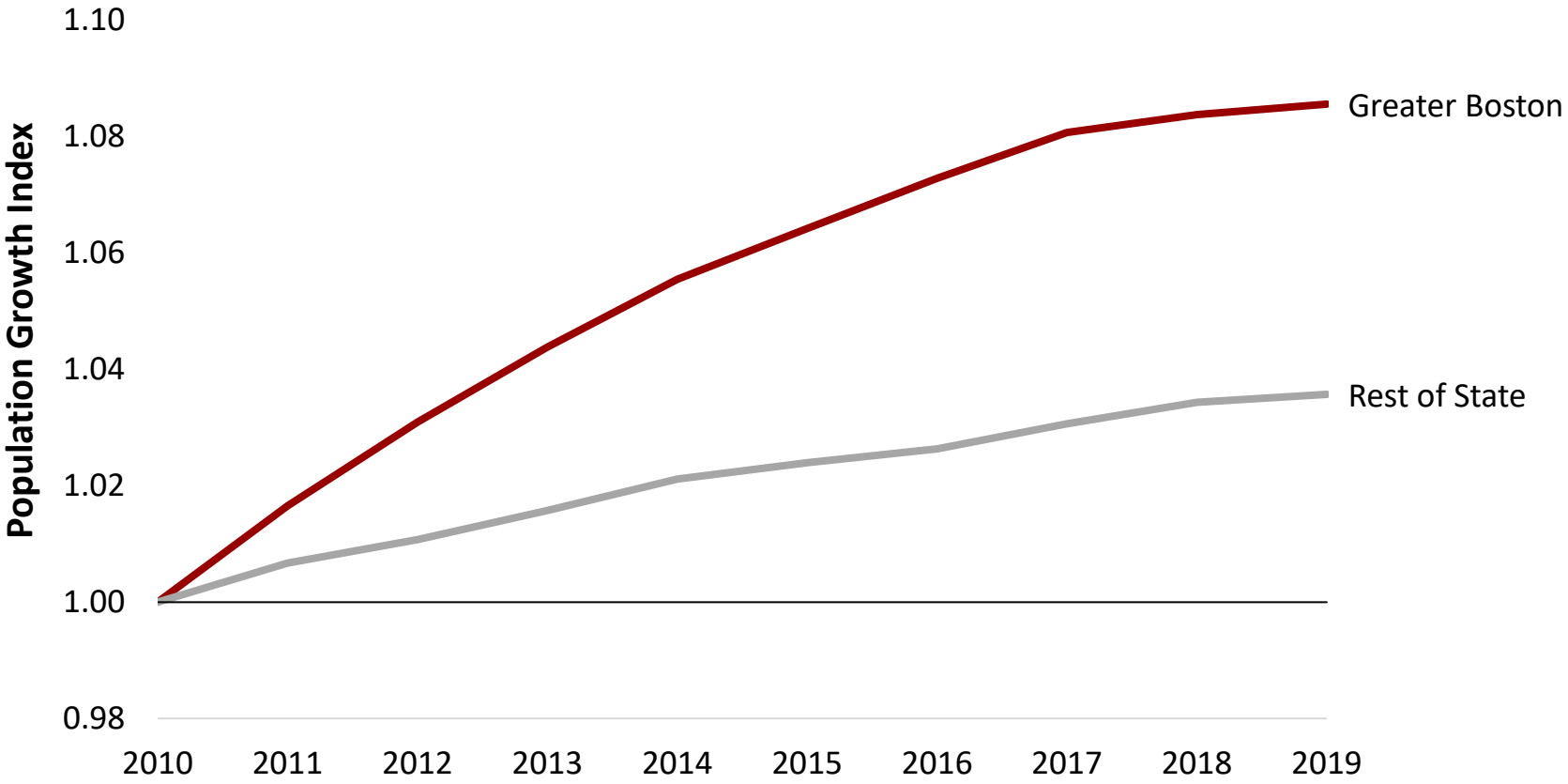


Sources: Massachusetts Executive Office of Labor and Workforce Development, ES-202; U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages. UMDI analysis.
Note: All Other includes: Utilities; Agriculture, Forestry, Fishing, & Hunting; Mining, Quarrying, and Oil & Gas Extraction; and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

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

Greater Boston is driving the state's population growth

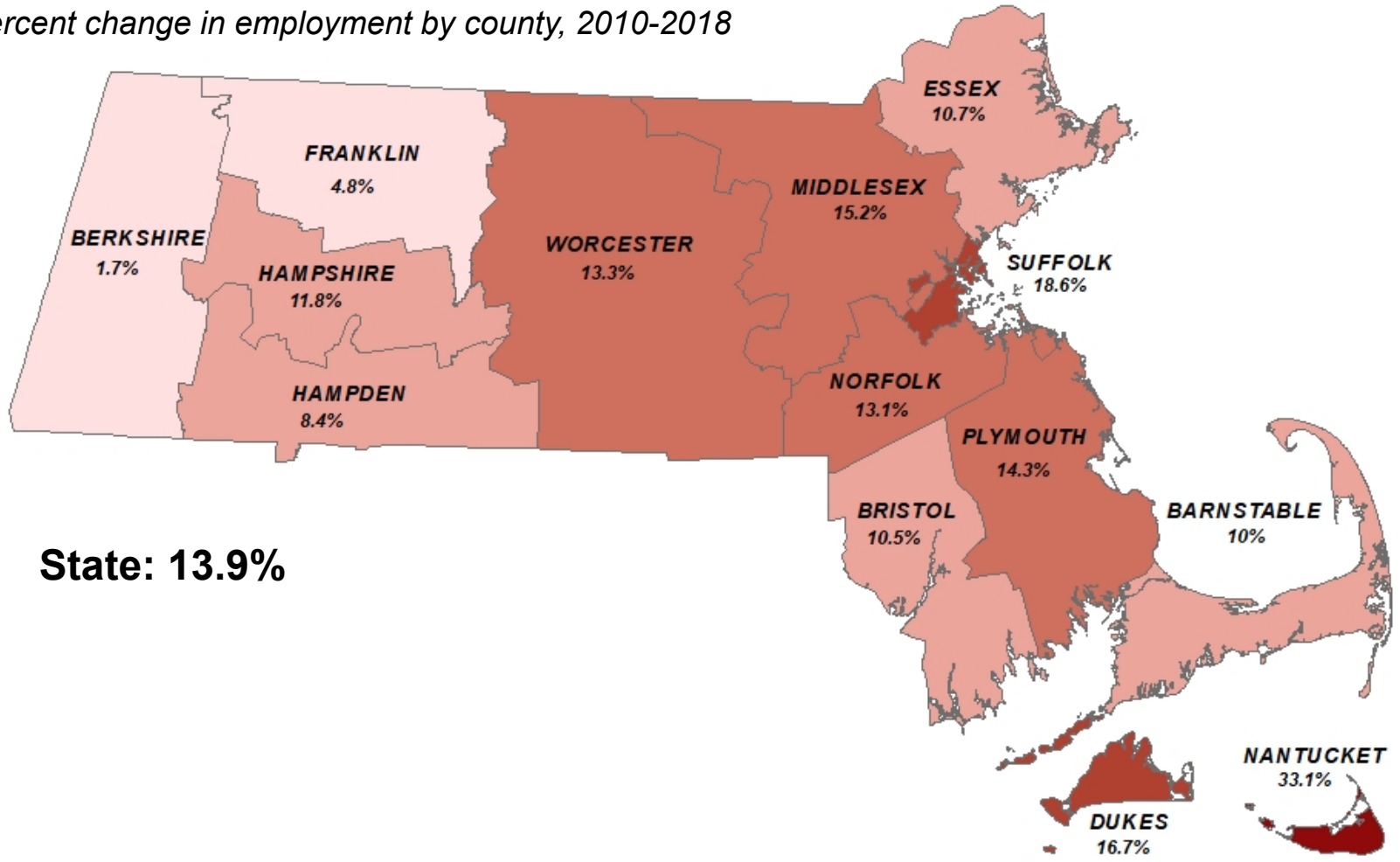
Population Growth Index, 2010-2019 (2010=1.00)



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

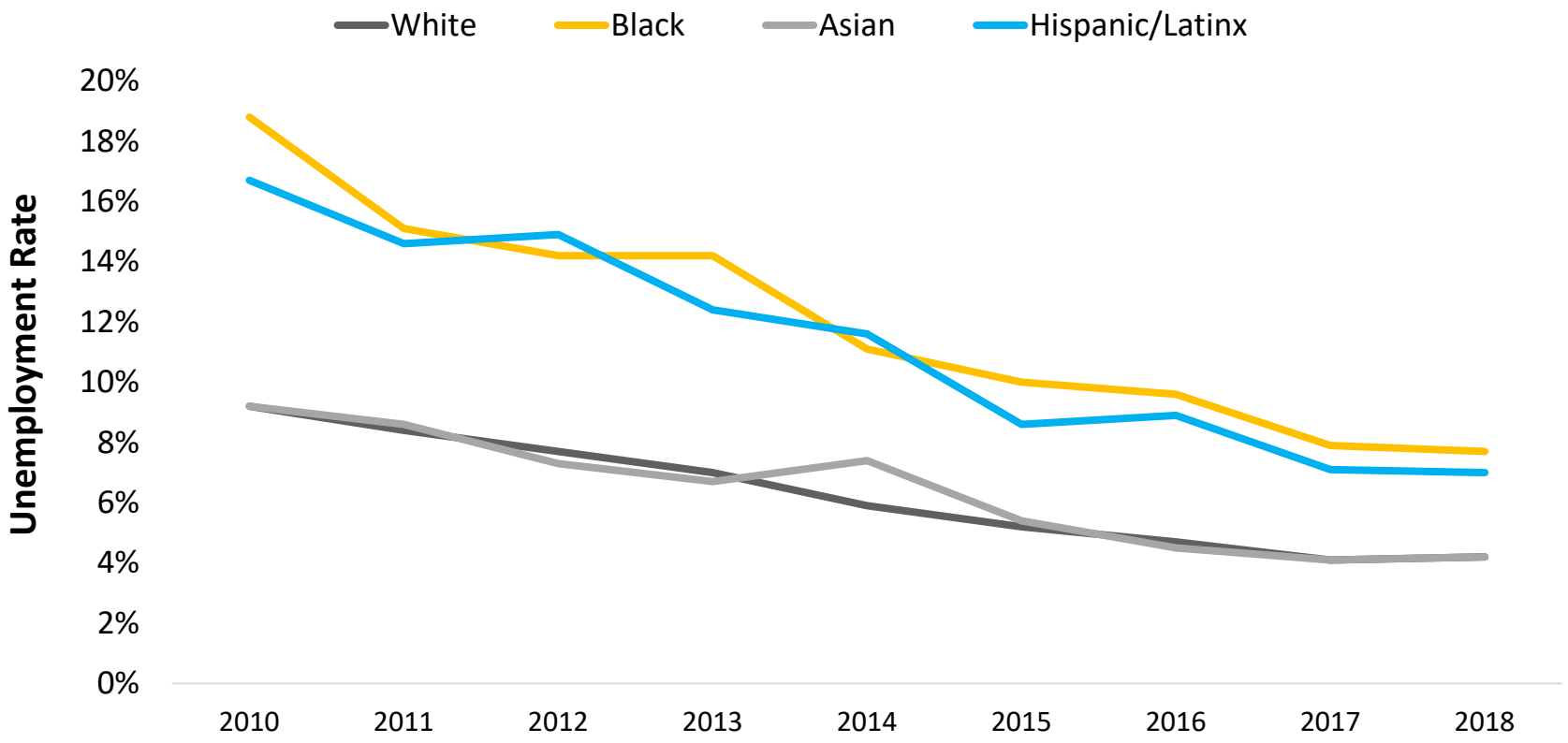


State: 13.9%

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

Unemployment rates have historically been higher for Black and Hispanic residents

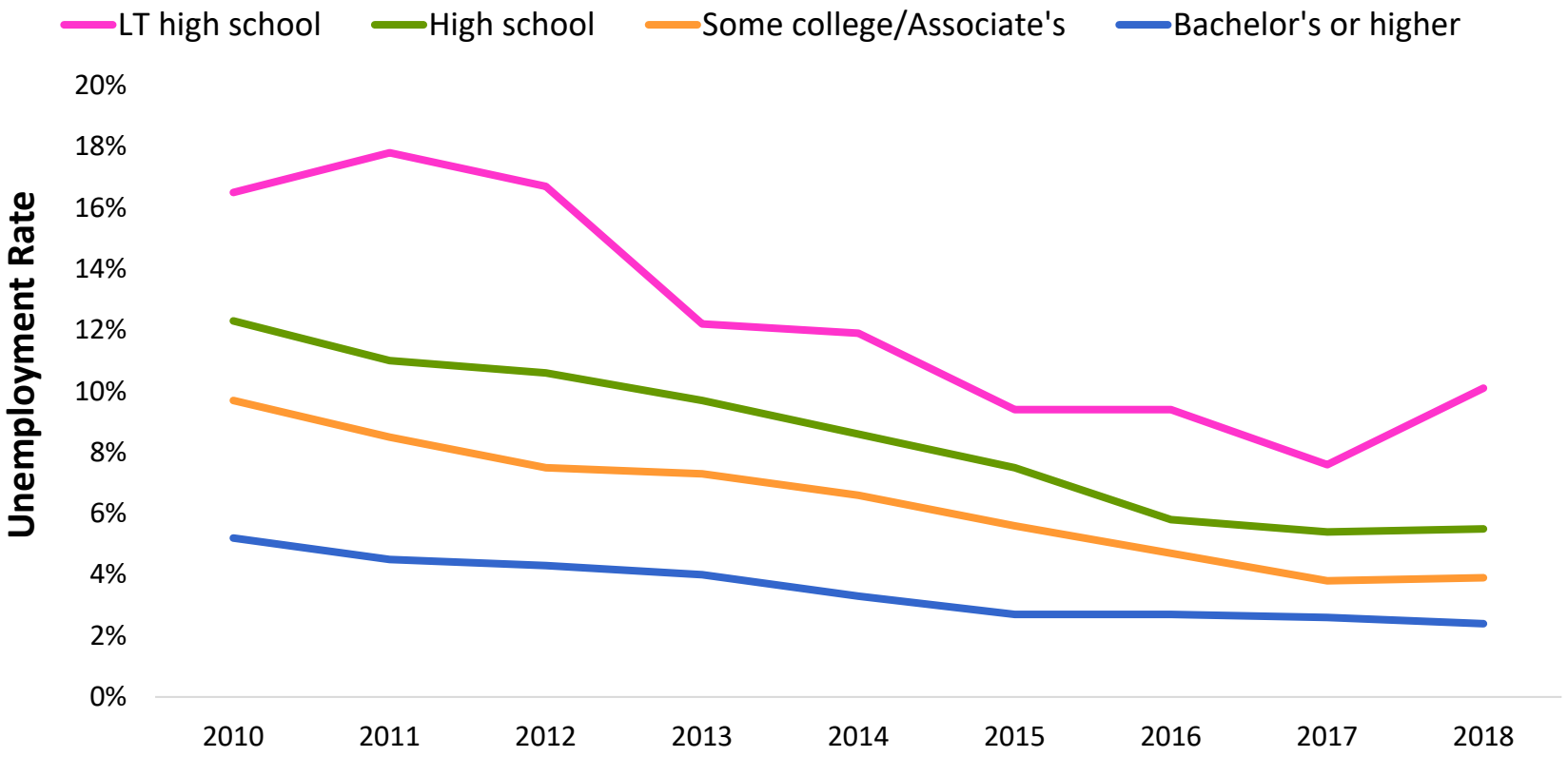
Unemployment rates by race and ethnicity, 2010-2018



Source: U.S. Census Bureau, 1-Year American Community Survey, Table S2301: Employment Status; UMDI analysis

Unemployment rates have also been higher for people with lower levels of educational attainment

Unemployment rates by educational attainment level, 2010-2018

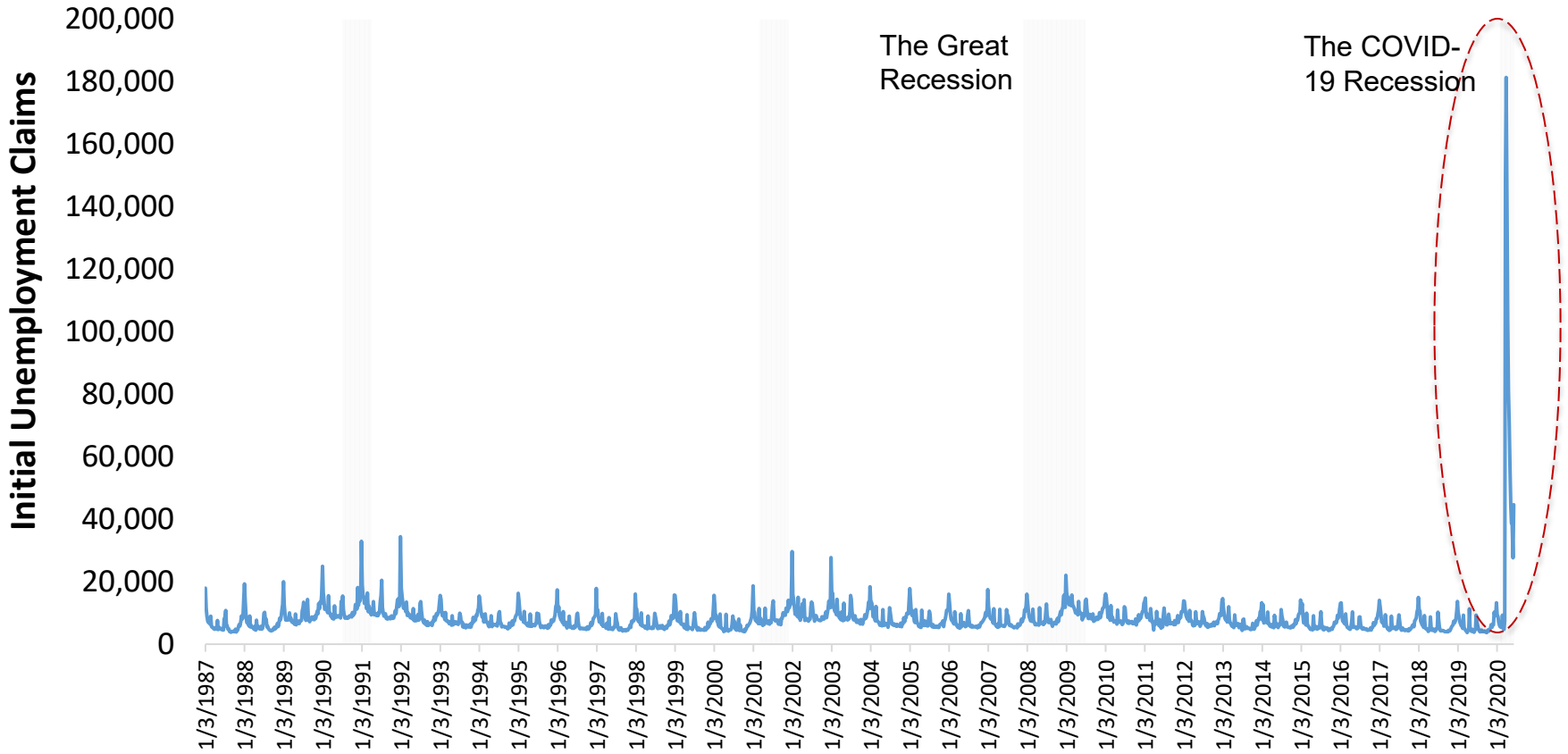


Source: U.S. Census Bureau, 1-Year American Community Survey, Table S2301: Employment Status; UMDI analysis

How has COVID-19 impacted the state economy?

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

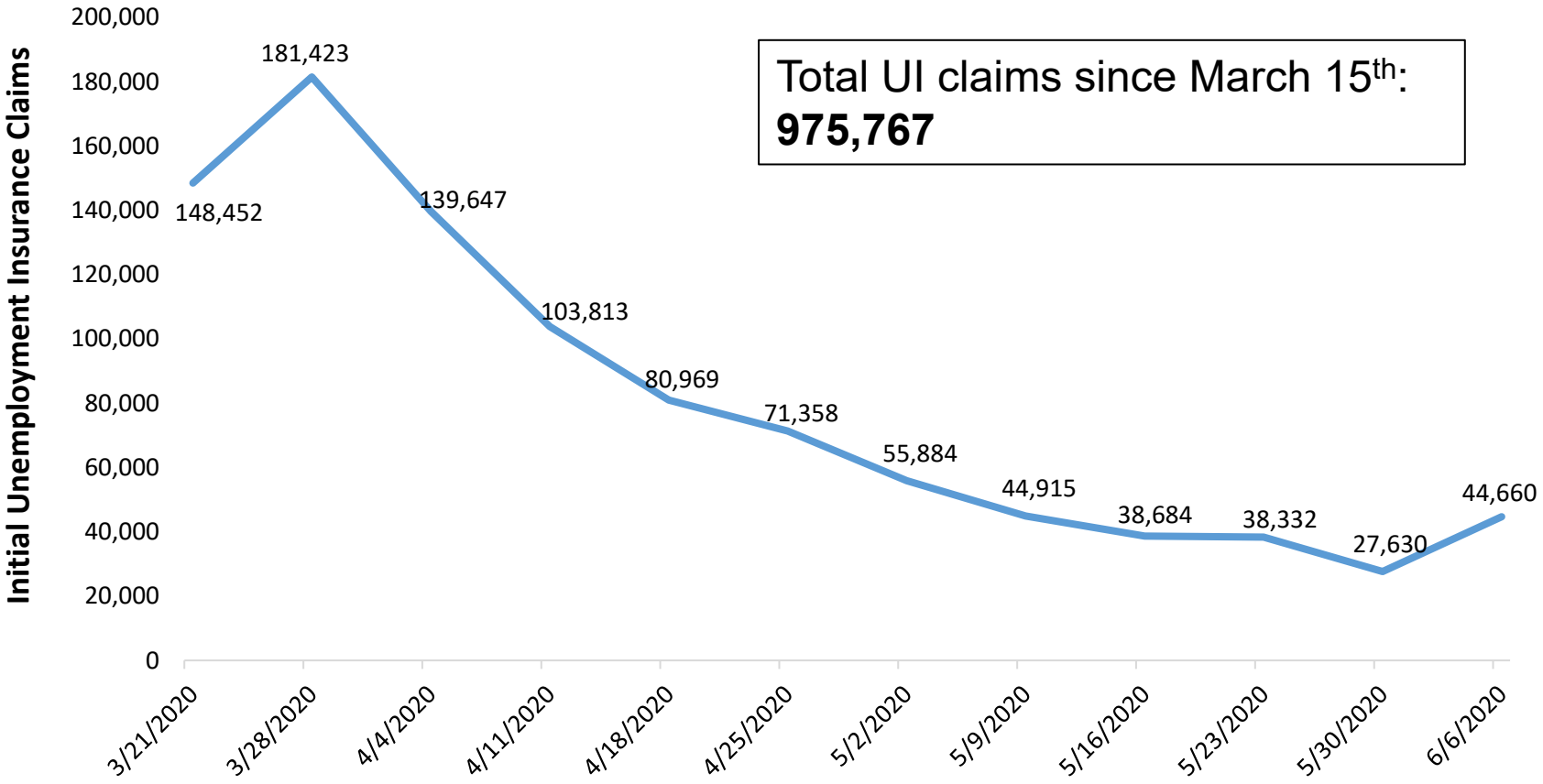
Initial Unemployment Insurance claims in Massachusetts through the week ending June 6, 2020



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

However, after that initial spike in March, initial claims have been declining

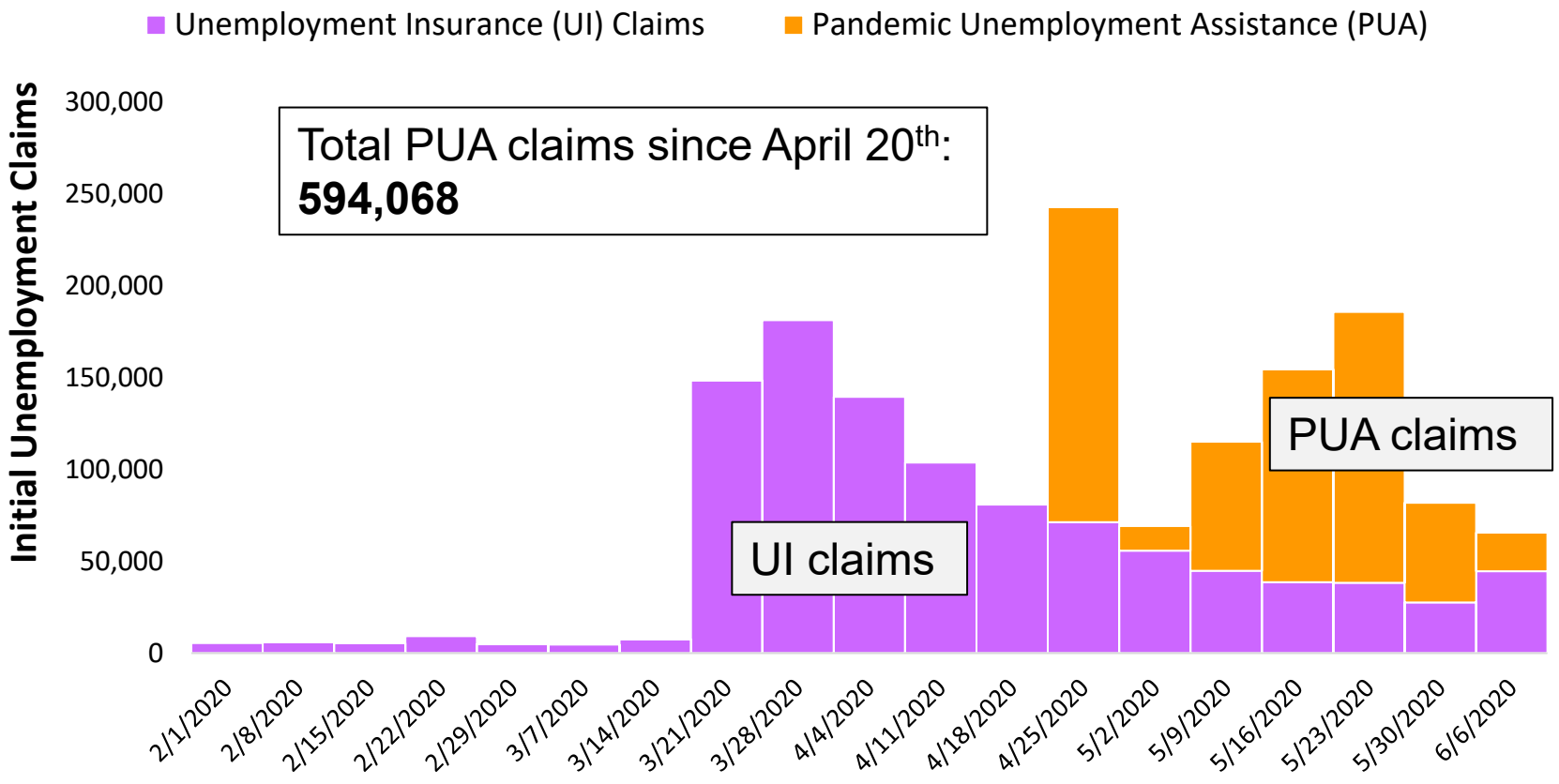
Weekly initial Unemployment Insurance (UI) claims in Massachusetts from the week ending March 21st to the week ending June 6th



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

Regular UI claims data tell only part of the story: The Pandemic Unemployment Assistance Program

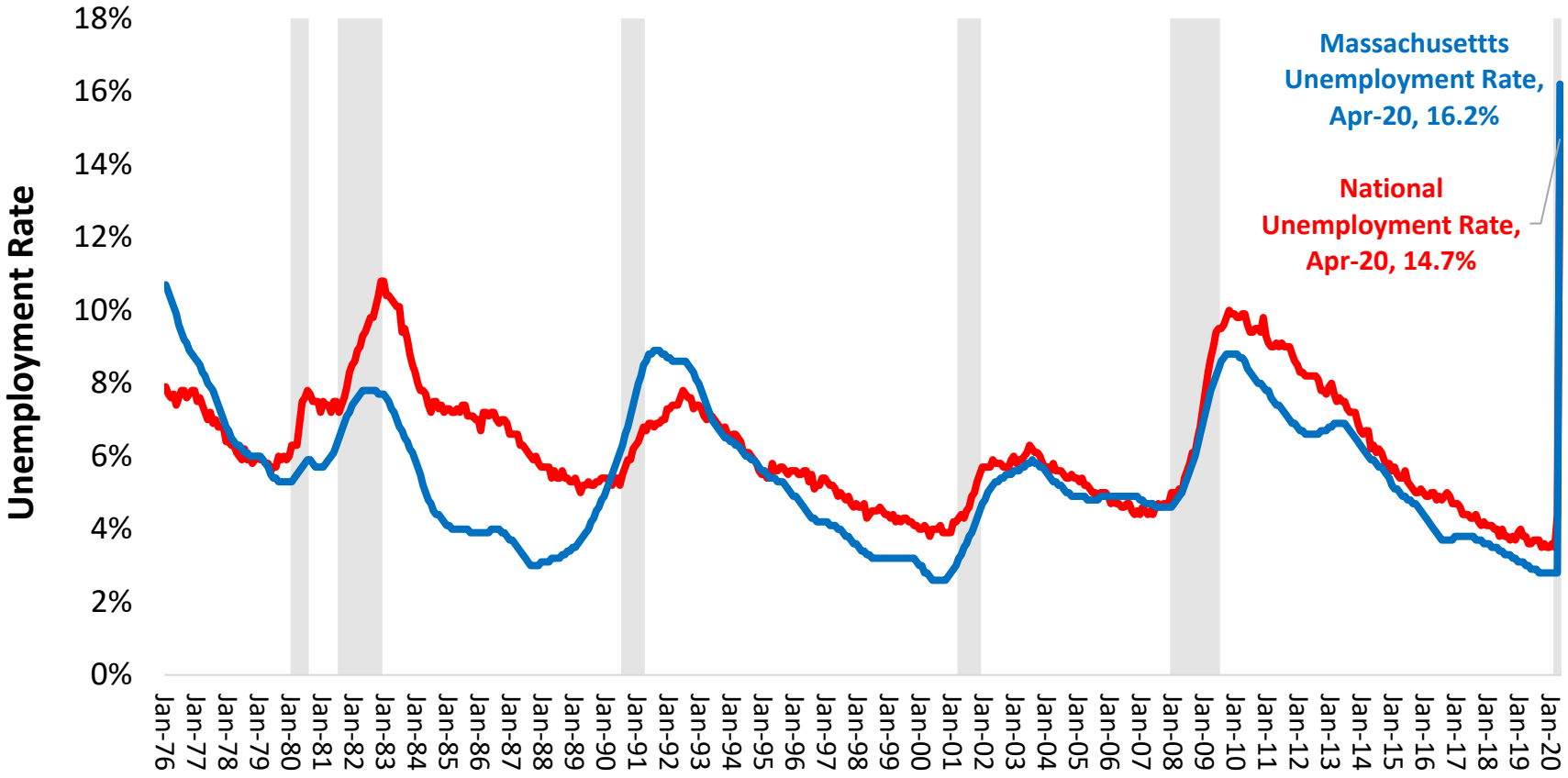
Weekly Unemployment Insurance (UI) and Pandemic Unemployment Assistance (PUA) claims in Massachusetts



Source: Massachusetts Executive Office of Labor and Workforce Development; UMDI analysis

After record low unemployment rates, unemployment is now higher than it was during the Great Recession

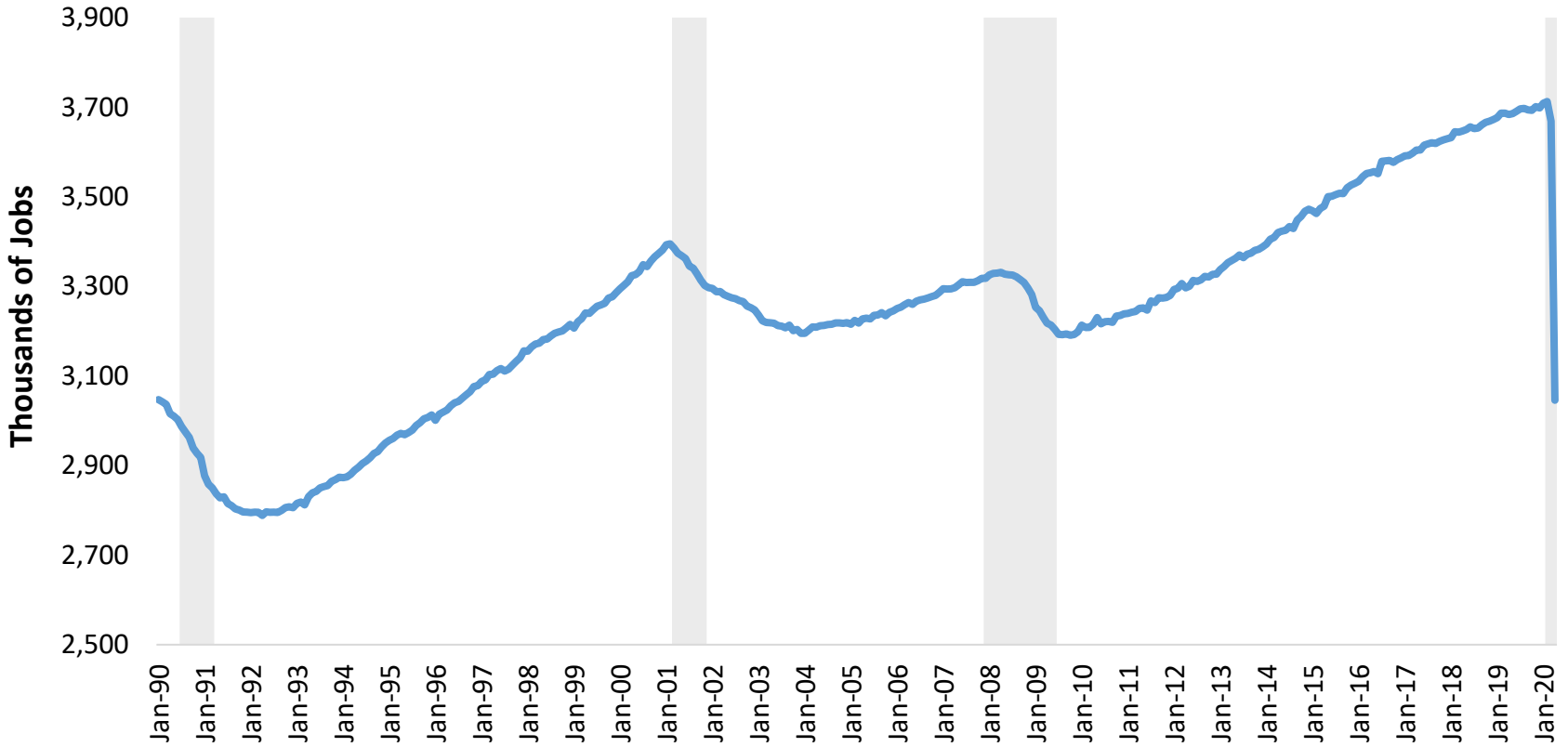
Unemployment Rates in Massachusetts and the United States as of April 2020



Source: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment

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-April 2020



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics (CES)

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

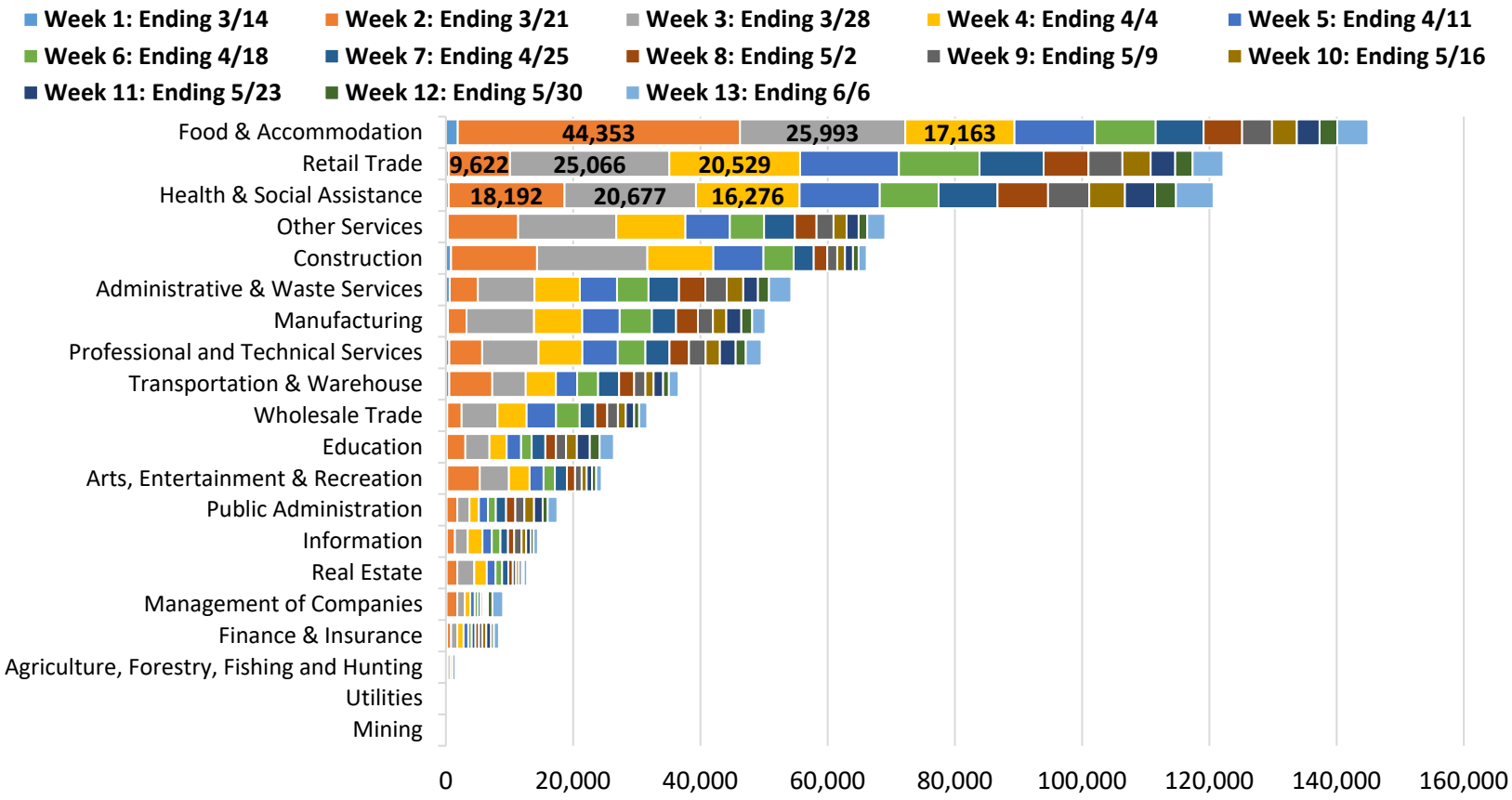
Employment change in Massachusetts since the peak of recovery, Feb. 2020 and Apr. 2020

Industry	Feb-20	Apr-20	Change (N)	Change (%)
Accommodation and food services	319,600	117,700	-201,900	-63.2%
Health care and social assistance	649,500	578,800	-70,700	-10.9%
Retail trade	351,400	283,000	-68,400	-19.5%
Construction	163,300	101,800	-61,500	-37.7%
Other services	139,400	86,500	-52,900	-37.9%
Arts, entertainment, and recreation	62,900	20,400	-42,500	-67.6%
Transportation, Warehousing and Utilities	104,600	74,400	-30,200	-28.9%
Government	458,100	433,000	-25,100	-5.5%
Manufacturing	245,200	221,900	-23,300	-9.5%
Administrative and waste services	179,800	156,900	-22,900	-12.7%
Educational services	170,000	148,700	-21,300	-12.5%
Wholesale Trade	125,200	107,200	-18,000	-14.4%
Professional and technical services	348,200	330,300	-17,900	-5.1%
Real estate and rental and leasing	49,300	45,400	-3,900	-7.9%
Management of companies and enterprises	74,300	71,200	-3,100	-4.2%
Finance and insurance	176,700	174,300	-2,400	-1.4%
Information	94,000	93,400	-600	-0.6%
Mining and logging	1,100	900	-200	-18.2%
Total nonfarm	**3,712,600**	**3,045,800**	**-666,800**	**-18.0%**

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

The sectors hardest hit by the COVID-19 recession have been low-paying and involve face-to-face interactions

Weekly initial Unemployment Insurance (UI) claims in Massachusetts by industry (through the week ending June 6th)



Source: Massachusetts Executive Office of Labor and Workforce Development, Weekly Initial Unemployment Claimant Data. Note: Unemployment Insurance (UI) claims reported only and excludes “information not available”. PUA claims data not available by industry

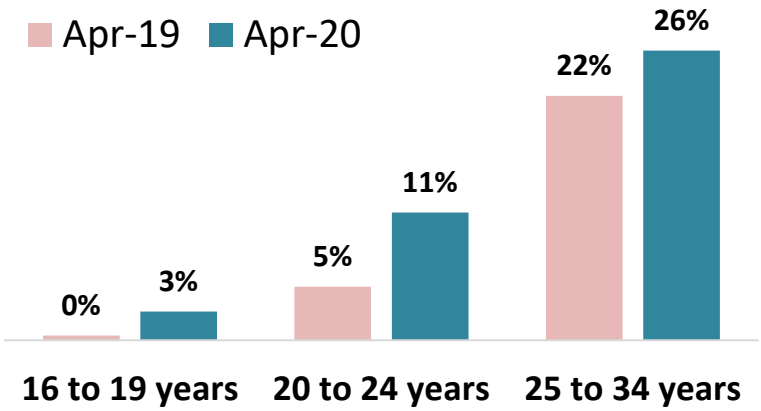
Profile of Massachusetts' Unemployment Insurance Claimants in April 2020

Most claimants were women

Female: 51%
(vs. 37% in April 2019)

Male: 49%
(vs. 63% in April 2019)

40% of claimants were under 35



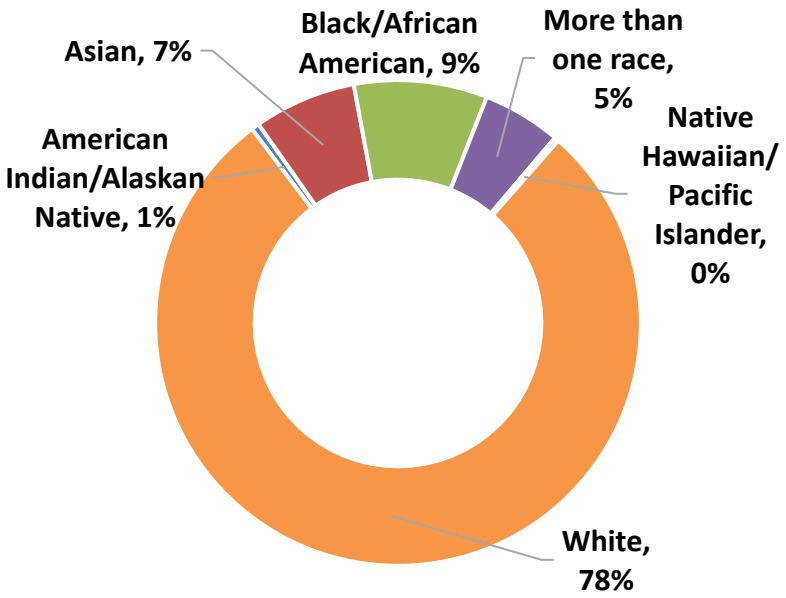
76% of claimants had less than a Bachelor's

More than half of claimants earned less than $700/week on average

Source: Massachusetts Executive Office of Labor and Workforce Development, Weekly Initial Unemployment Claimant Data.
Note: Data reflect the week ending April 18th, 2020. Unemployment Insurance (UI) claims reported only; PUA claims data not available at this detail

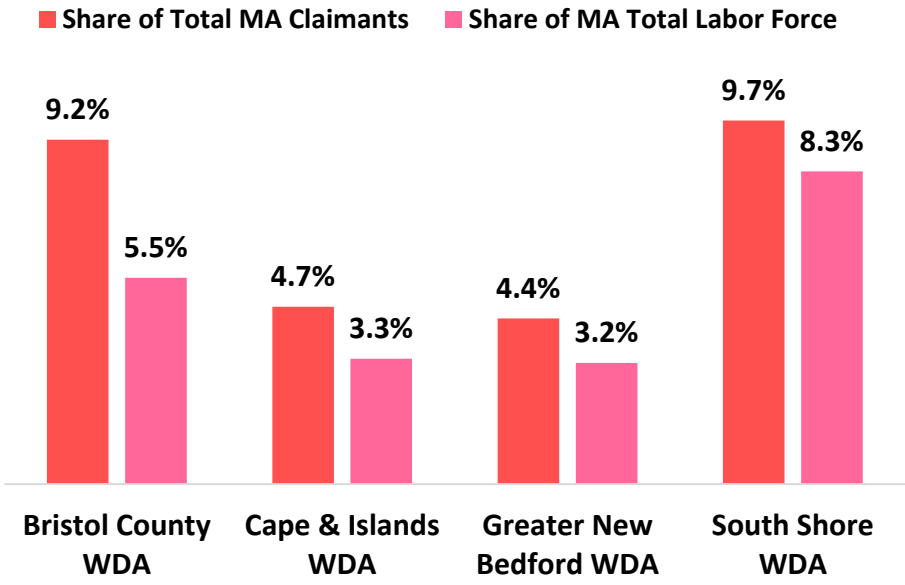
Profile of Massachusetts' Unemployment Insurance Claimants in April 2020

22% of claimants were non-White



And 15% were Hispanic/Latinx

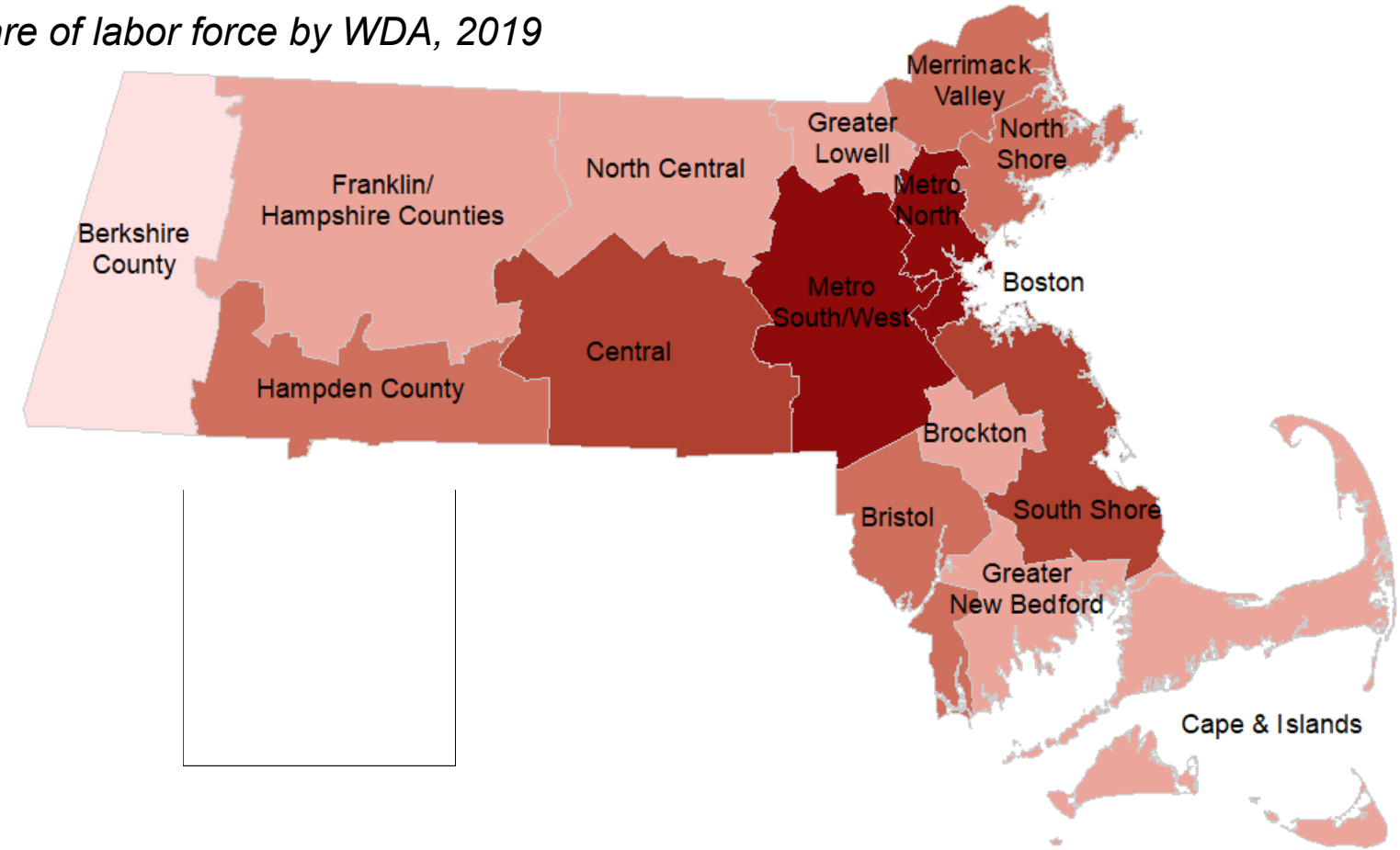
Compared to their size of the state labor force, regions in the Southeast were hardest hit



Source: Massachusetts Executive Office of Labor and Workforce Development, Weekly Initial Unemployment Claimant Data and Local Area Unemployment (LAU) Statistics.
Note: Data reflect the week ending April 18th, 2020. Unemployment Insurance (UI) claims reported only; PUA claims data not available at this detail

Comparing the shares of labor force and unemployment claims by region: The labor force

Share of labor force by WDA, 2019



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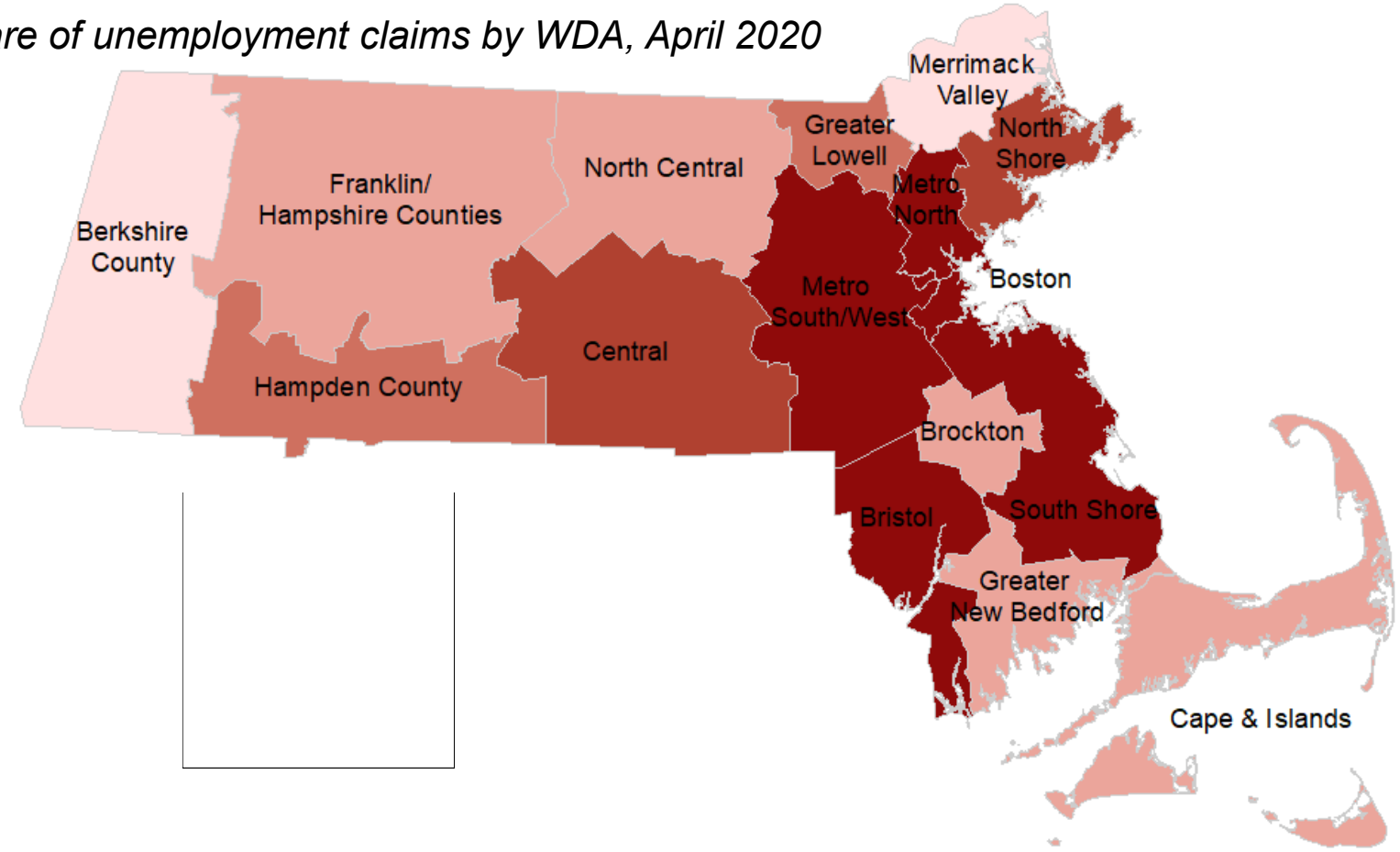
Comparing the shares of labor force and unemployment claims by region: Unemployment claims

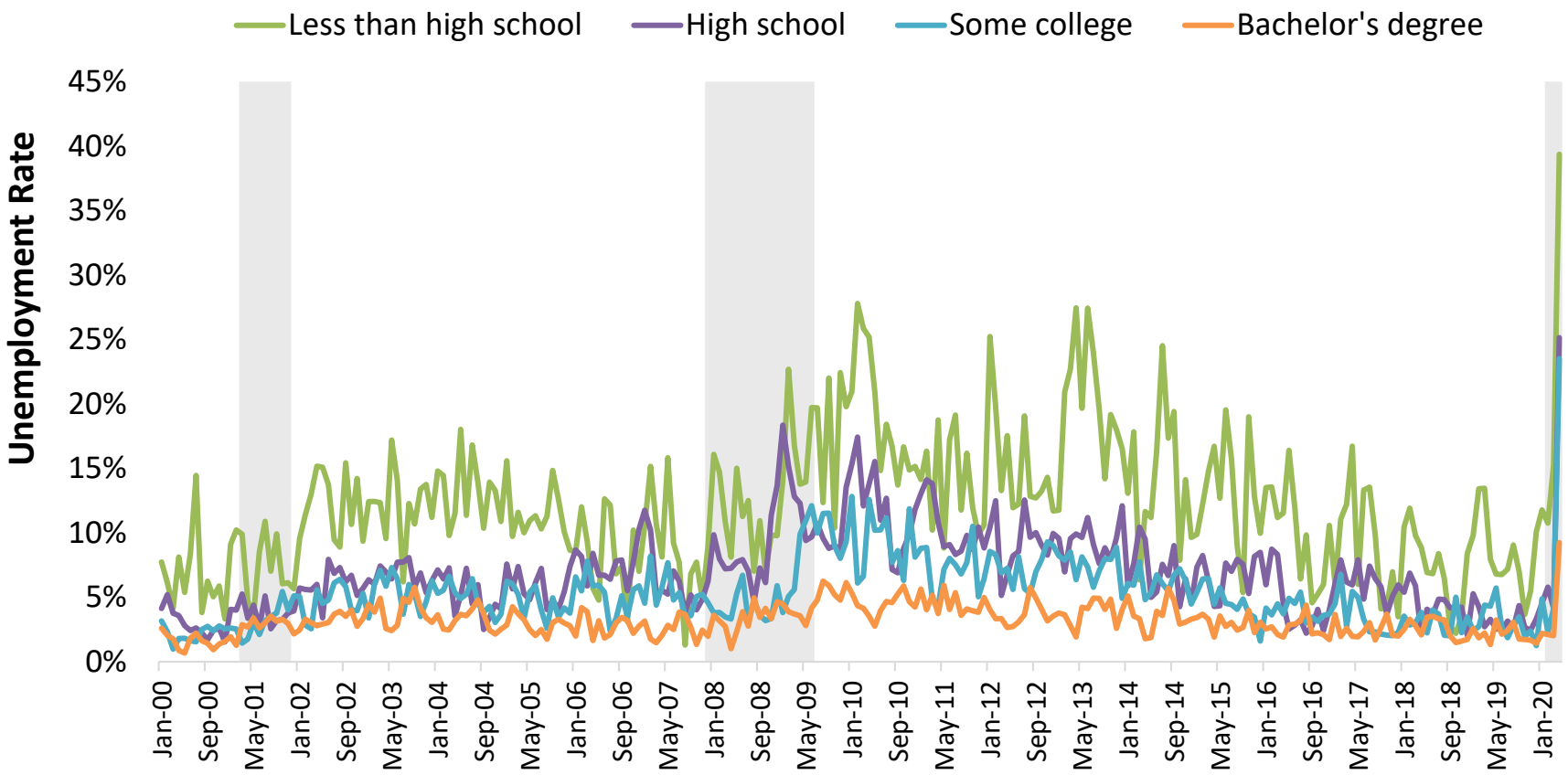
Share of unemployment claims by WDA, April 2020



Source: Massachusetts Executive Office of Labor and Workforce Development, Weekly Initial Unemployment Claimant Data and Local Area Unemployment (LAU) Statistics.
Note: Data reflect the week ending April 18th, 2020. Unemployment Insurance (UI) claims reported only; PUA claims data not available at this detail

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

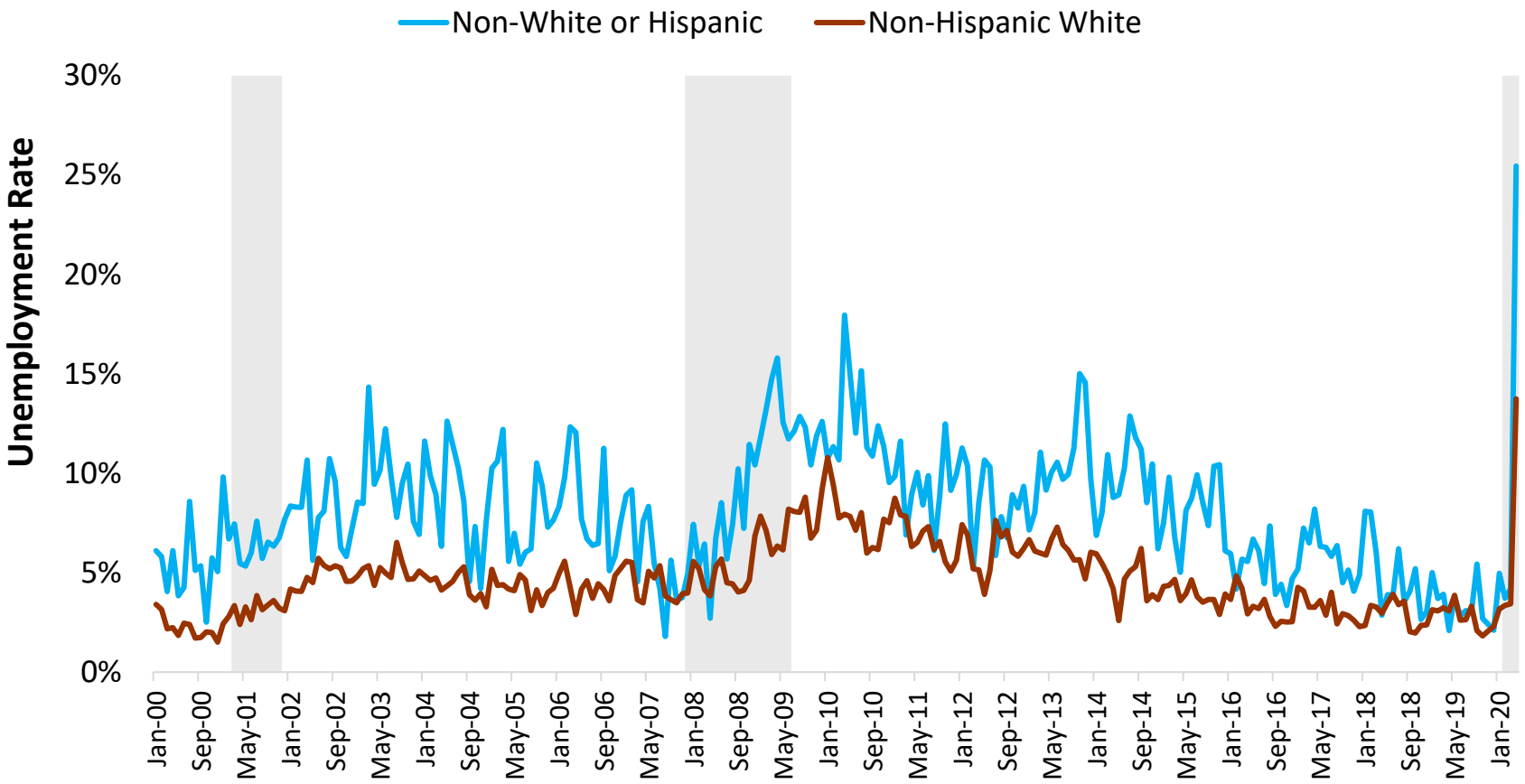
Unemployment rates by educational attainment levels in Massachusetts



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 educational attainment levels in Massachusetts



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

Wide differences in keeping up on housing payments from April 2020 to June 2020

Percentage who say that they have or will make all/missed any of their rent payments from April 2020-June 2020

Most likely groups to say they have missed a housing payment (rent or mortgage)	
Women, 18-29	39%
18-29	35%
Non-white	33%
Men, 18-29	32%
Employed part-time	30%
Rent	29%
<$50K	25%
Not employed	24%
High school or less	22%
$50K - <$75K	22%
Boston/Inner Suburbs	21%

Least likely groups to say they have missed a housing payment (rent or mortgage)	
College degree	13%
Outer Boston Suburbs	12%
White	11%
Women, 45-59	10%
45-59	9%
$100K+	9%
Men, 45-59	8%
Men, 60+	7%
Advanced degree	5%
60+	4%
Women, 60+	3%

Source: MassInc Polling Group, https://www.massincpolling.com/the-topline/2020/6/10/poll-more-renters-falling-behind-as-economic-toll-of-covid-spreads-in-massachusetts

Notes: These results are based on a survey of 1,531 Massachusetts residents. Responses were collected via online survey interviewing May 20-25, 2020. Final survey data was weighted to known and estimated parameters for the state's 18+ population by age, gender, race, education, geography, and party identification.

How is well prepared is Massachusetts to weather the storm?

Jobs in Information, Financial, Government, and Professional Services are weathering the storm

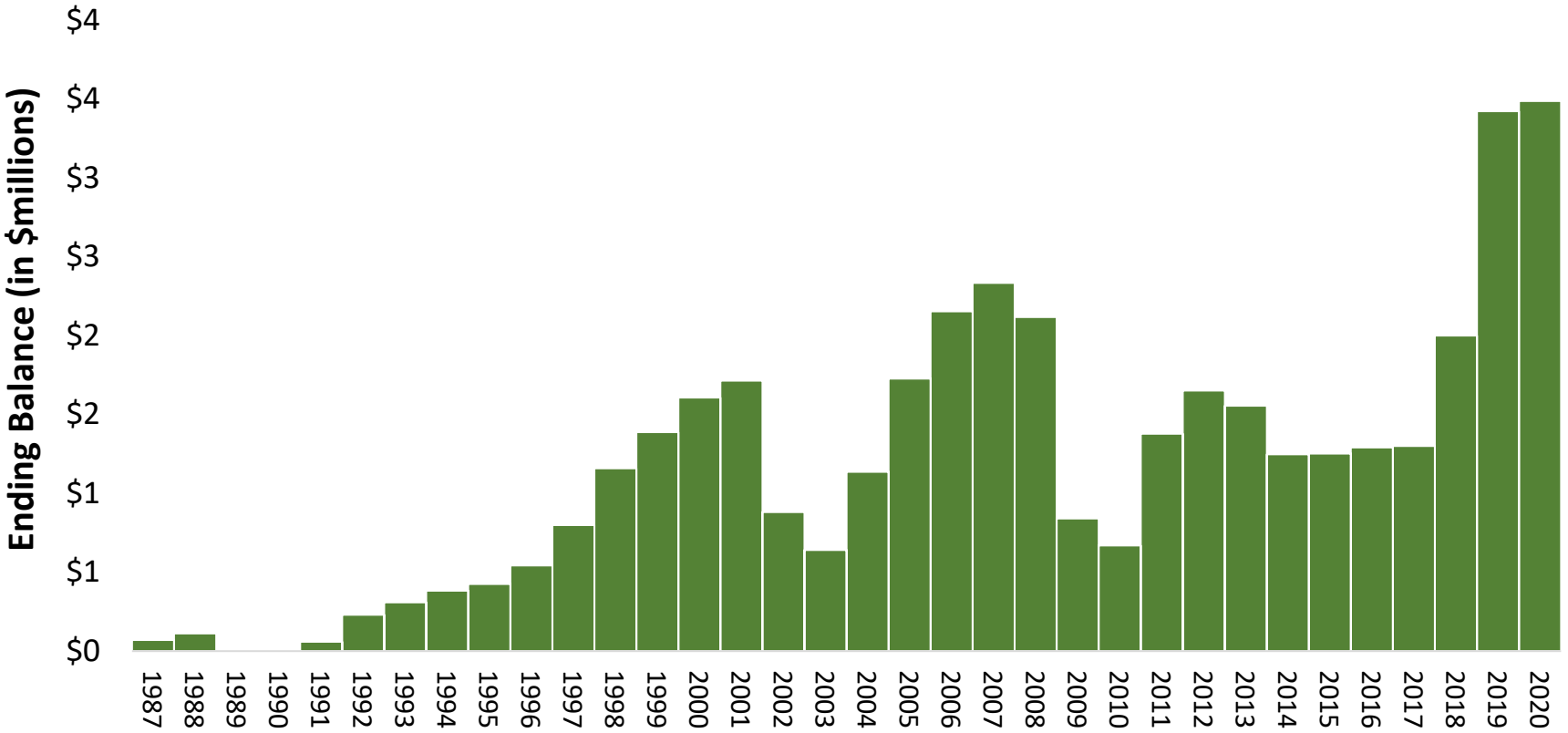
Top industries with the smallest job percent change in employment by supersector since the peak of recovery, February 2020 and April 2020

Supersector	Feb-20	Apr-20	Change (N)	Change (%)	Share of Employment in 2019
Information	94,000	93,400	-600	-0.6%	2.5%
Financial Activities	226,000	219,700	-6,300	-2.8%	6.1%
Government	458,100	433,000	-25,100	-5.5%	12.4%
Professional & Business Services	602,300	558,400	-43,900	-7.3%	16.3%

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

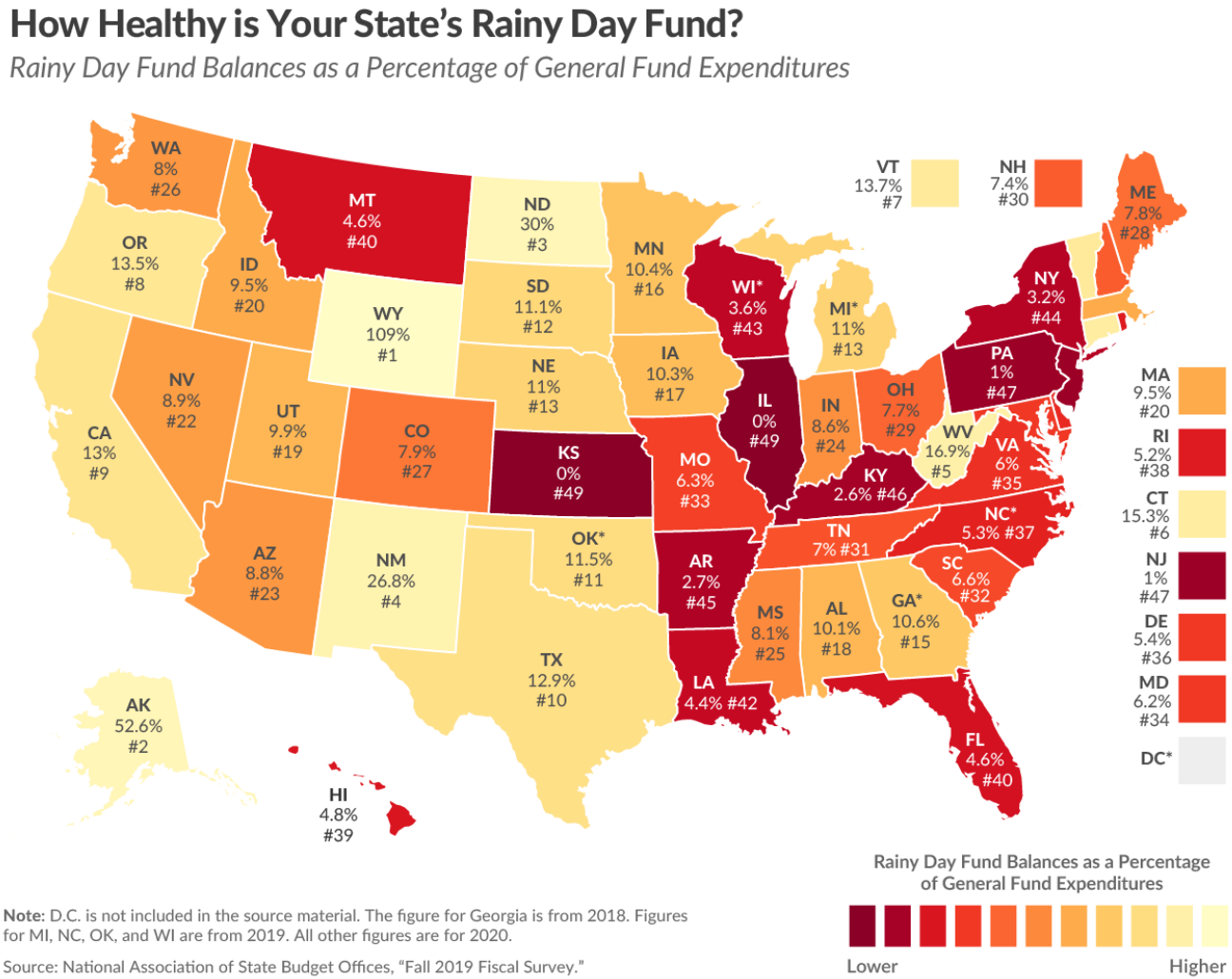
Fiscal Year-End and Current Stabilization Fund Balances (in $Millions)

Ending balance by fiscal year (FY2020 balance is as of April 8, 2020)



Source: Massachusetts Office of the Comptroller, CTHRU

Rainy Day Fund by State



Note: D.C. is not included in the source material. The figure for Georgia is from 2018. Figures for MI, NC, OK, and WI are from 2019. All other figures are for 2020.

Source: National Association of State Budget Offices, "Fall 2019 Fiscal Survey."

Question marks in the economy

- The condition of state and local budgets for FY21 and beyond
- The state eviction moratorium
- 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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