

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

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# What do I want you to know before your breakout sessions?

- Massachusetts growth pre-pandemic stood out among NE states
- The dominant sectors have been related to knowledge-based industries
- Prosperity was not felt evenly throughout the state
- Recovery post-pandemic looks similar to the US in general
- Demographic headwinds will limit economic growth in the coming years
- Domestic outmigration is a serious concern for the state
- The state must attract and retain families, as well as maximize labor market engagement in the coming years to remain competitive

# Massachusetts at a Glance

**2.8%**

**Unemployment Rate**  
May 2023  
(17th lowest in the nation)

**6.3%**

**Unemployment Rate (U-6)**  
2022-2023  
(24th lowest in the nation)

**-0.7%**

**Population Change**  
2020-2022  
(8th lowest in the nation)

**2.9%**

**Job Growth**  
May 2022 – May 2023  
(9th highest in the nation)

**17.6%**

**Foreign Born Residents**  
2021  
(7th highest in the nation)

**10.4%**

**Below Poverty Rate**  
2021  
(9th lowest in the nation)

**39.9**

**Median Age**  
2021  
(17th oldest in the nation)

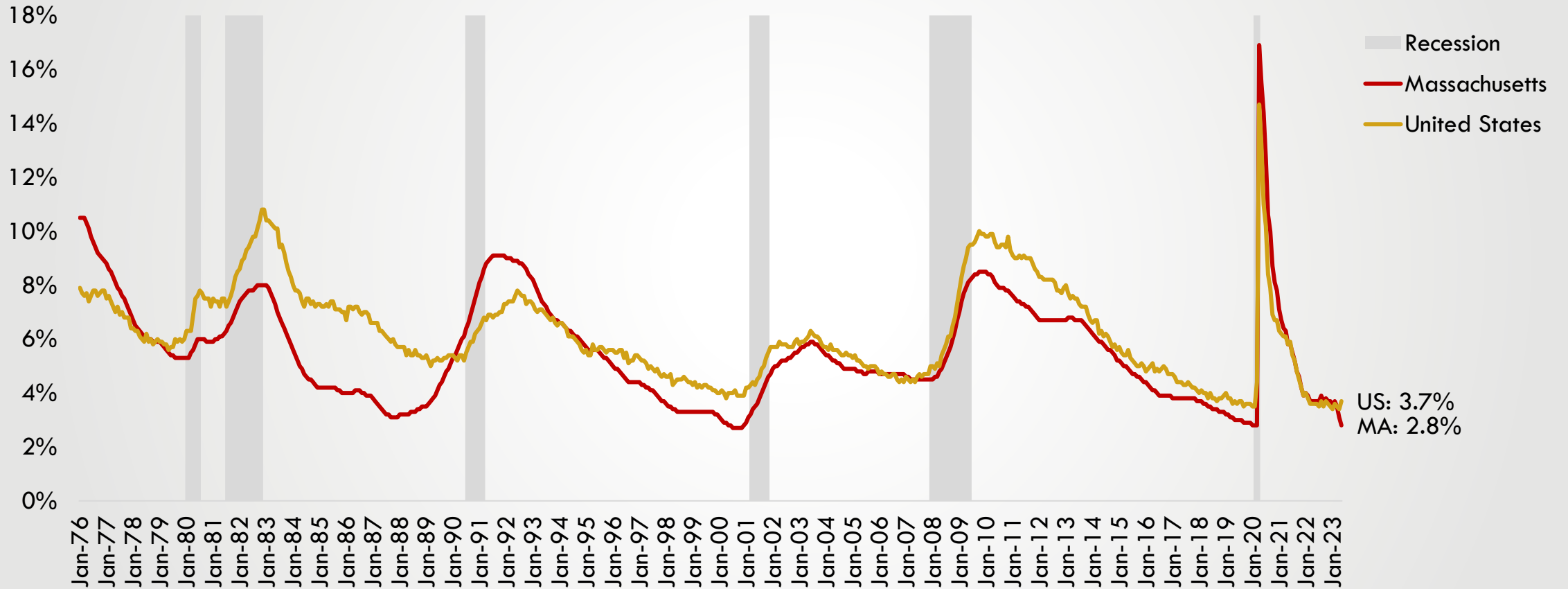
**46.6%**

**Have a College Degree**  
2021  
(highest in the nation)

Sources: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment (LAU) Statistics; Bureau of Labor Statistics; U.S. Census Bureau American Community Survey 2021, 1 Year Estimates; UMass Donahue Institute MassDOT Vintage 2022 Population Projections. November 2022. (UMDI-DOT V2022).

# In the spring of 2020, unemployment reached historic highs and has since returned to pre-pandemic lows

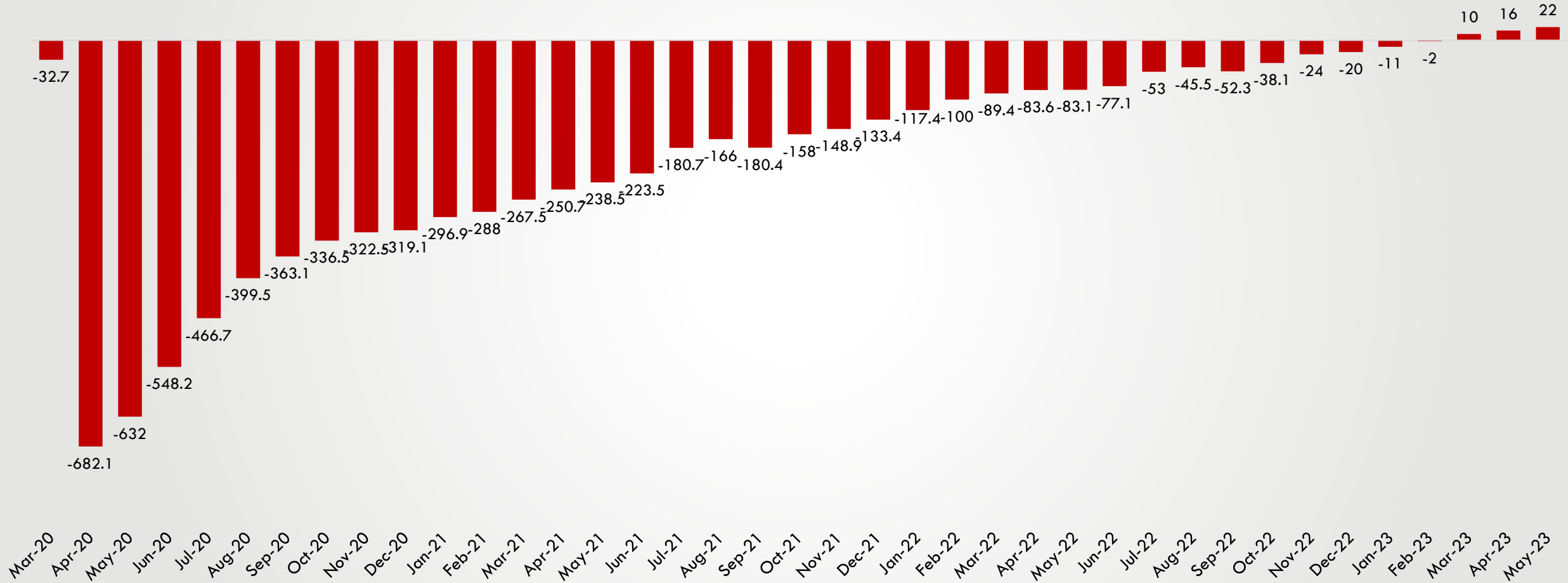
Unemployment rates in Massachusetts and the United States as of May 2023 (Seasonally adjusted)



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

# Three years into the pandemic, MA has now recovered from Spring 2020 jobs losses

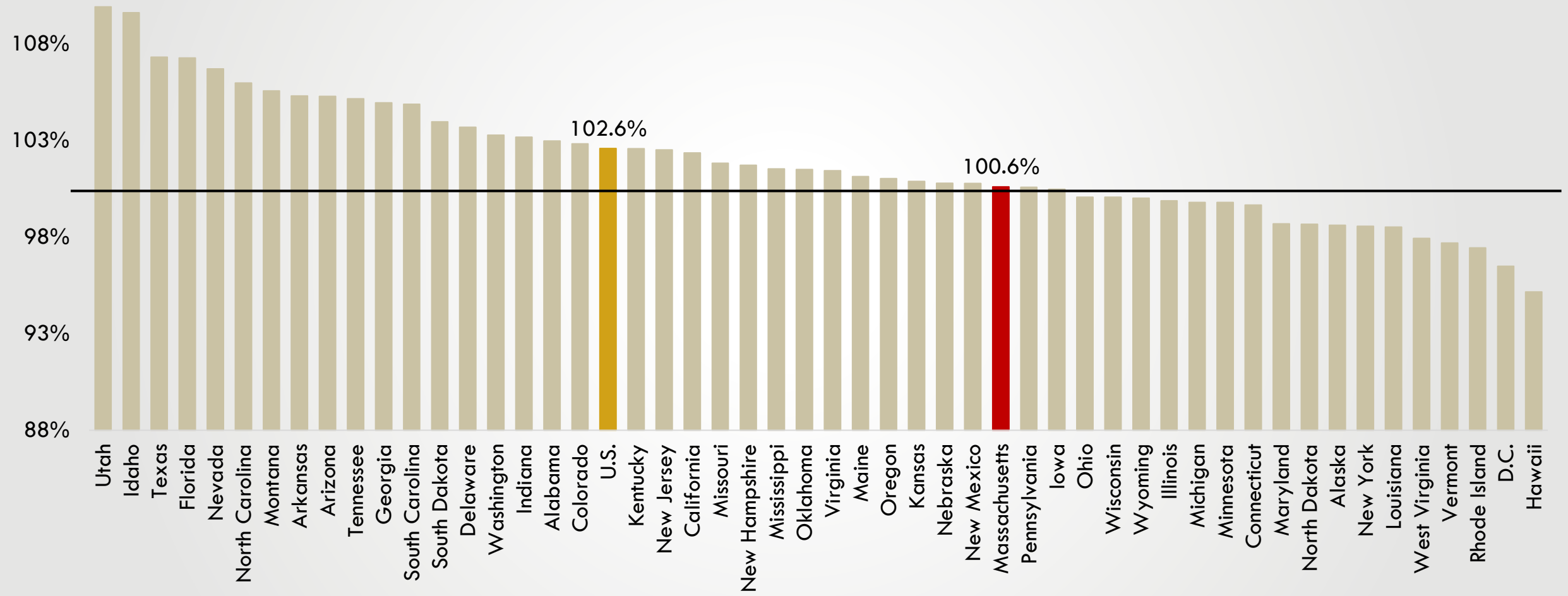
Jobs deficit in Massachusetts relative to February 2020 peak in 1,000s (Seasonally adjusted)



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

# The shutdown in Massachusetts was more severe than in most states, and MA ranks 34th in job recovery in the U.S.

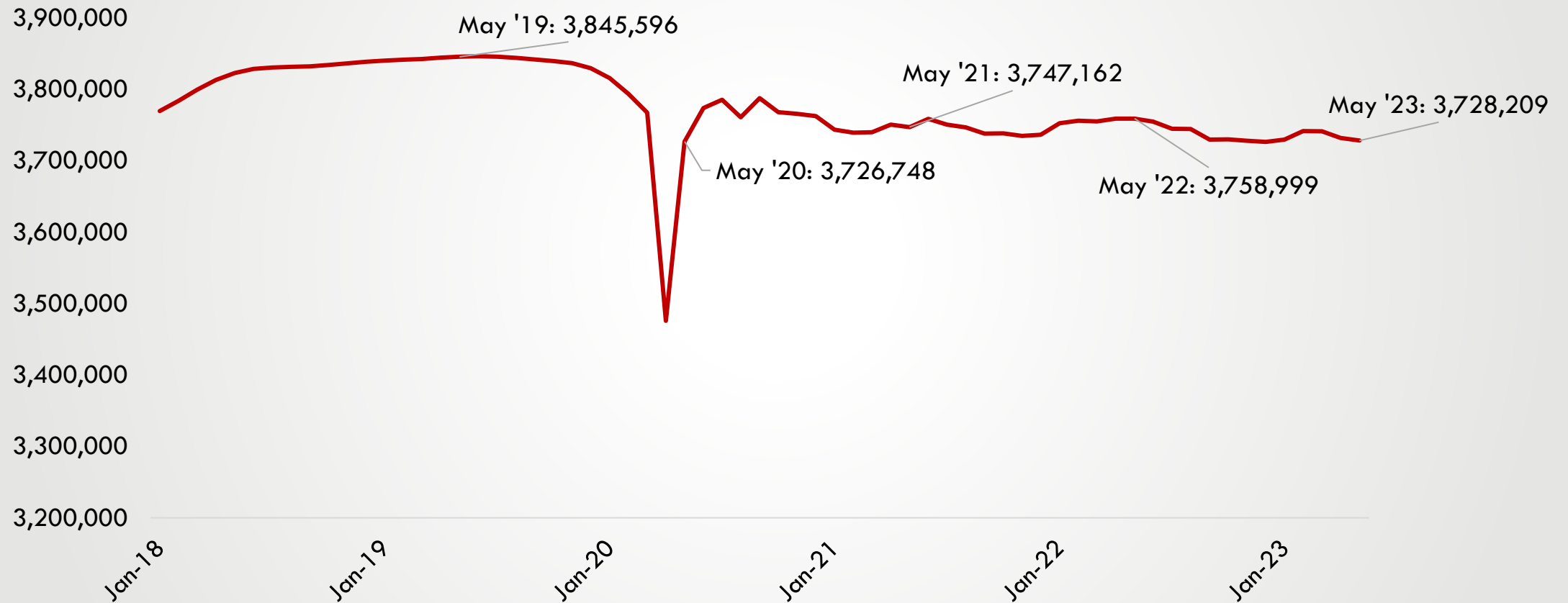
Job recovery rates in Massachusetts and all states, February 2020 and May 2023 (Seasonally adjusted)



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

# The labor force has not recovered to pre-pandemic levels

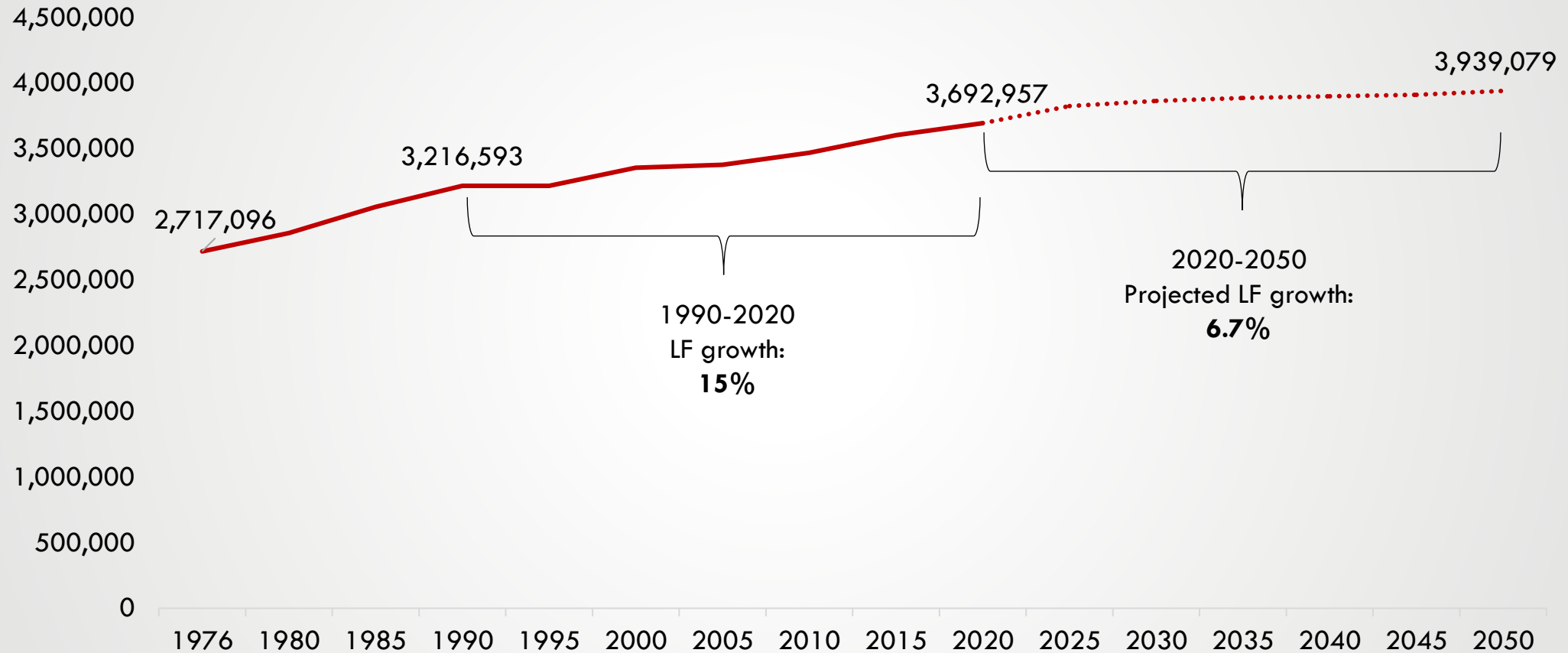
Massachusetts Labor Force, January 2018 – May 2023 (Seasonally adjusted)



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

# The labor force in Massachusetts is projected to grow at a significantly slower pace over the next 30 years

Projected Massachusetts Labor Force through 2050 (Seasonally adjusted)

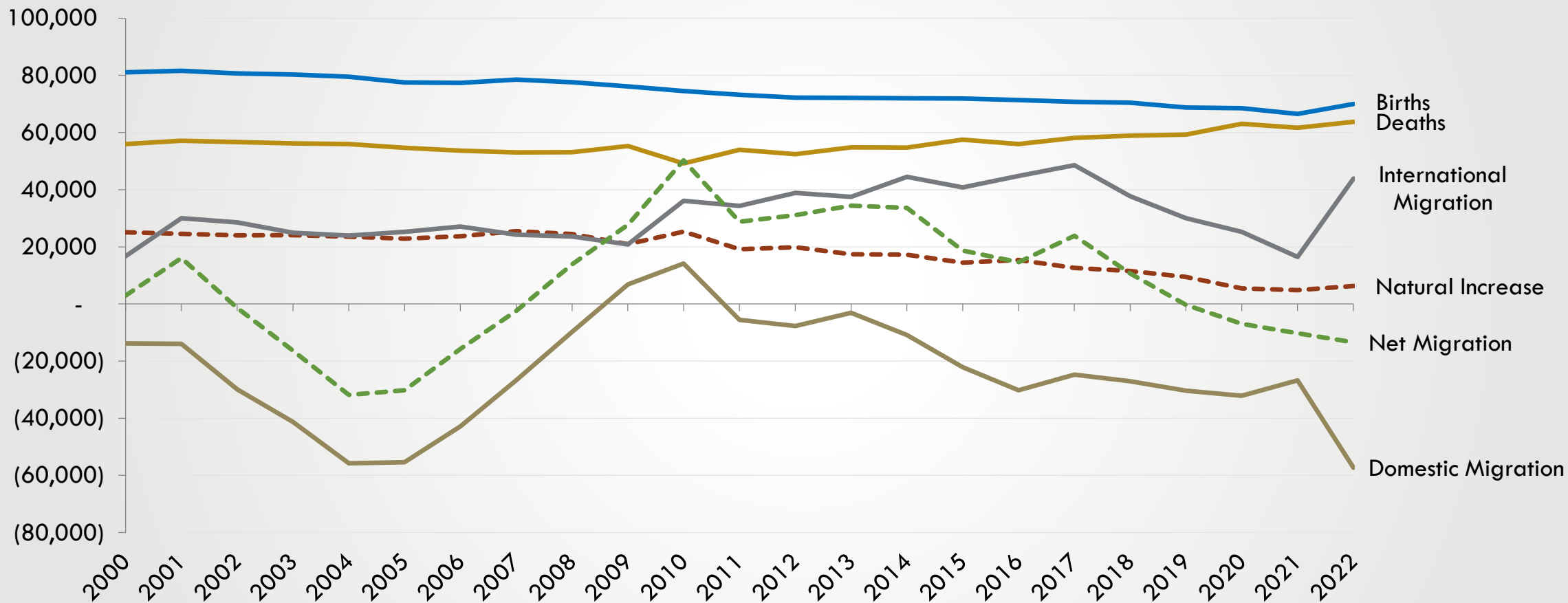


Source: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment (LAU) Statistics; UMass Donahue Institute MassDOT Vintage 2022 Population Projections. November 2022. (UMDI-DOTV2022).



# Massachusetts population growth depends on international migration

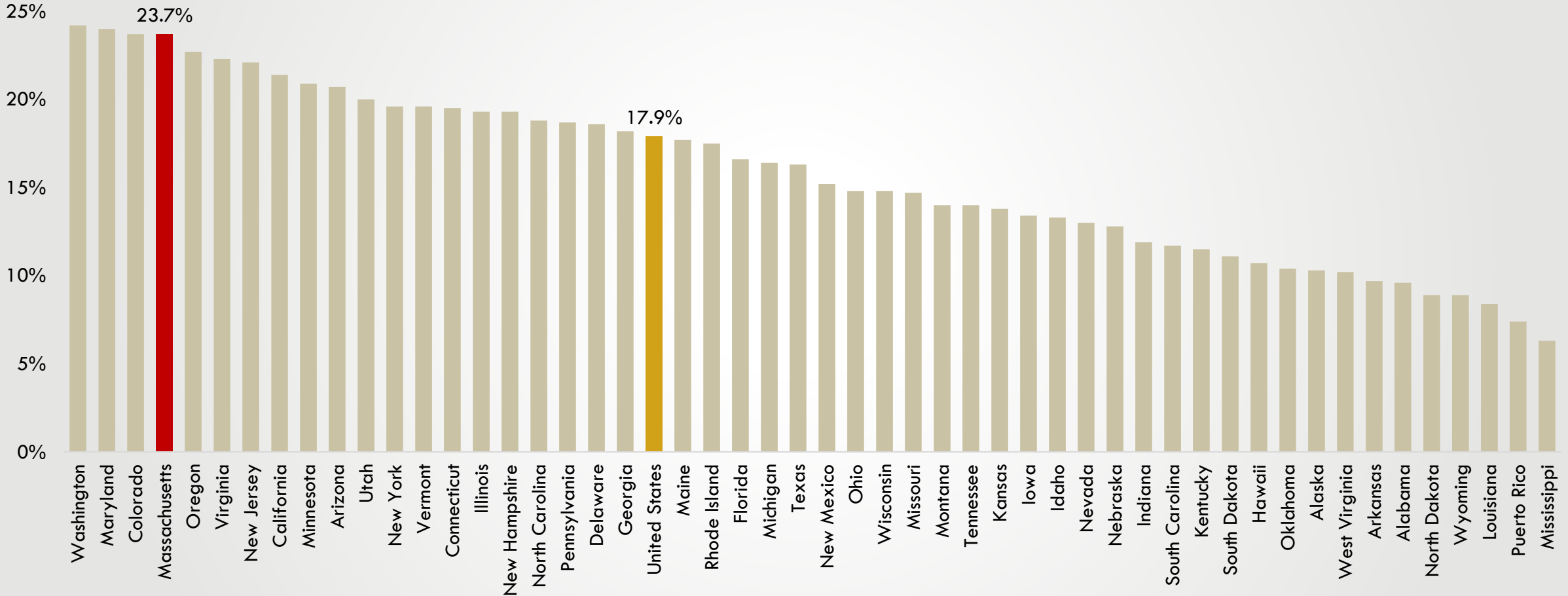
Massachusetts estimated components of population change, 2000-2022



Source: UMass Donahue Institute. Source Data: ST-2000-7; CO-EST2010-ALLDATA; and NST-EST2018-ALLDATA, U.S. Census Bureau Population Division.  
 Note: no full year data for decennial years of 2000, 2010, and 2020. Data for these years is extrapolated from a three month sample.

# Massachusetts has the fourth-highest rate of remote work in the United States

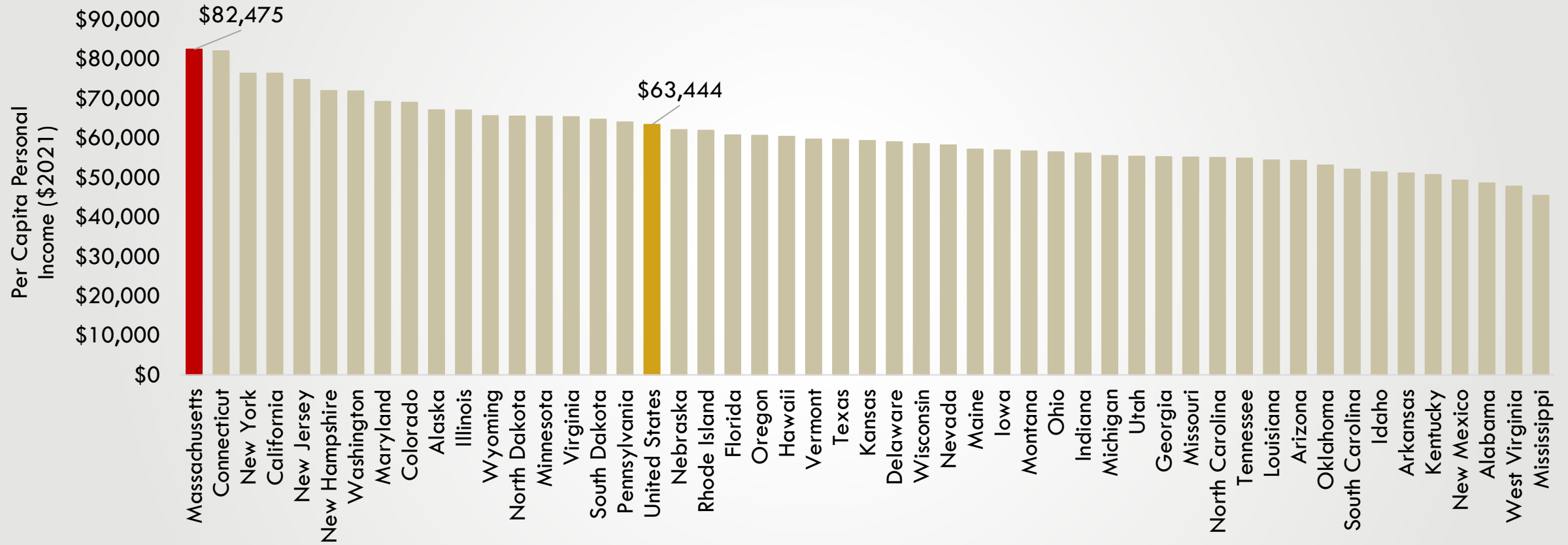
Percentage of workers who work from home, 2021



Source: US Census Bureau, American Community Survey One-Year Estimates, 2021.

# Massachusetts per capita income reached \$82,475 in 2021 — 30% higher than the national average

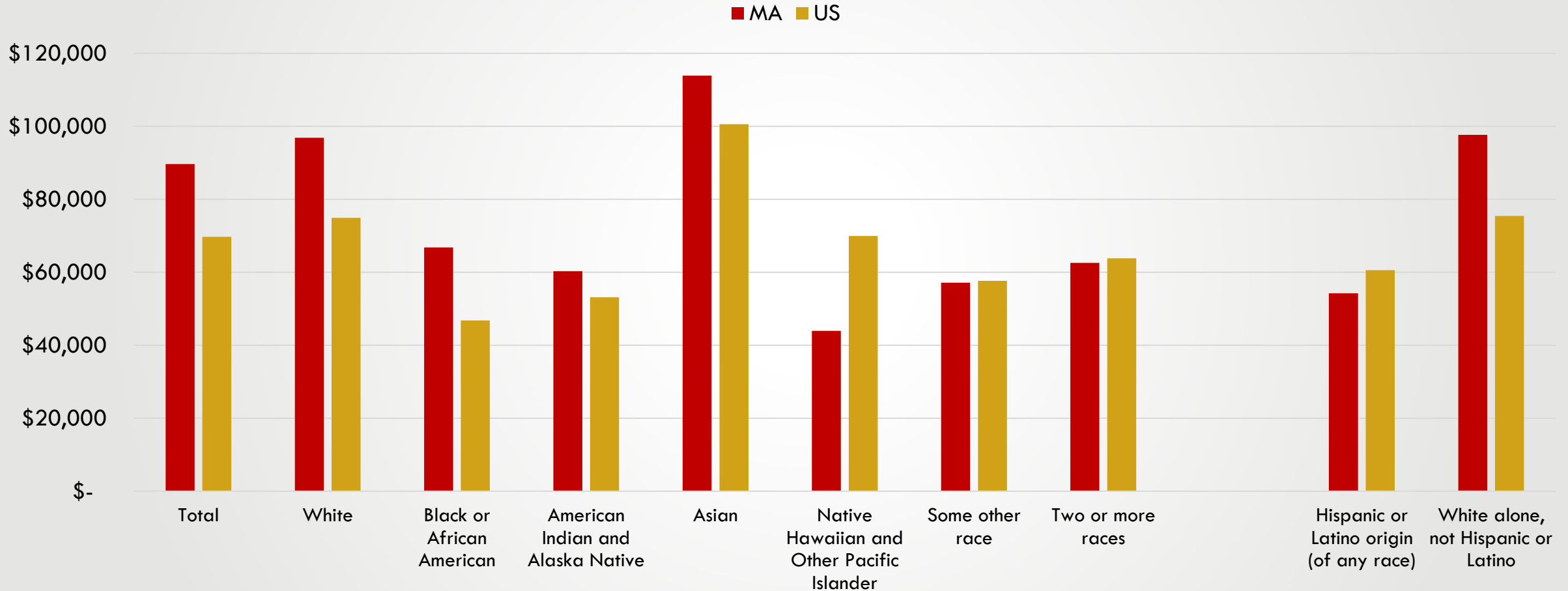
Per capita income by state, 2021



Source: U.S. Bureau of Economic Analysis (BEA), SAINCI Personal Income Summary: Personal Income, Population, Per Capita Personal Income; UMDI analysis

# Massachusetts has a higher per capita income than the United States across almost every ethnic group, but still reflects the income disparities seen across the country

Per capita income in the past 12 months (in 2021 inflation-adjusted dollars) by Race and Ethnicity



Source: ACS 2021 1-Year Estimates, Table B1903, UMDI Analysis

# Despite having the highest per capita income in the country, Massachusetts struggles with high cost of living

## Massachusetts ranks...

**Top 5**

**Most expensive  
childcare**

**4<sup>th</sup>**

**Most expensive  
electricity**

**3<sup>rd</sup>**

**Most expensive  
natural gas**

**5<sup>th</sup>**

**Highest home value**

**2<sup>nd</sup>**

**Worst traffic  
(Boston MSA)**

**... out of all U.S. states**

Sources: Child Care: Center for American Progress, *The True Cost of High-Quality Child Care Across the United States* Table 1. Electricity and Natural Gas: US Energy Information Administration. Home Value: Zillow Home Value Index. Traffic: Inrix 2022 Global Traffic Scorecard.

# The Berkshires at a Glance

**2.4%**

**Unemployment Rate  
Berkshire County  
May 2023\***

**-1,200**

**Job diff. compared to 2/20  
Pittsfield NECTA  
May 2023**

**-0.9%**

**Population Change  
Berkshire County  
2020-2022**

**1.5%**

**Job Growth  
Pittsfield NECTA  
2021-2022**

**5.9%**

**Foreign Born Residents  
Berkshire County  
2021**

**9.8%**

**Below Poverty Rate  
Berkshire County  
2021**

**48**

**Median Age  
Berkshire County  
2021**

**38.4%**

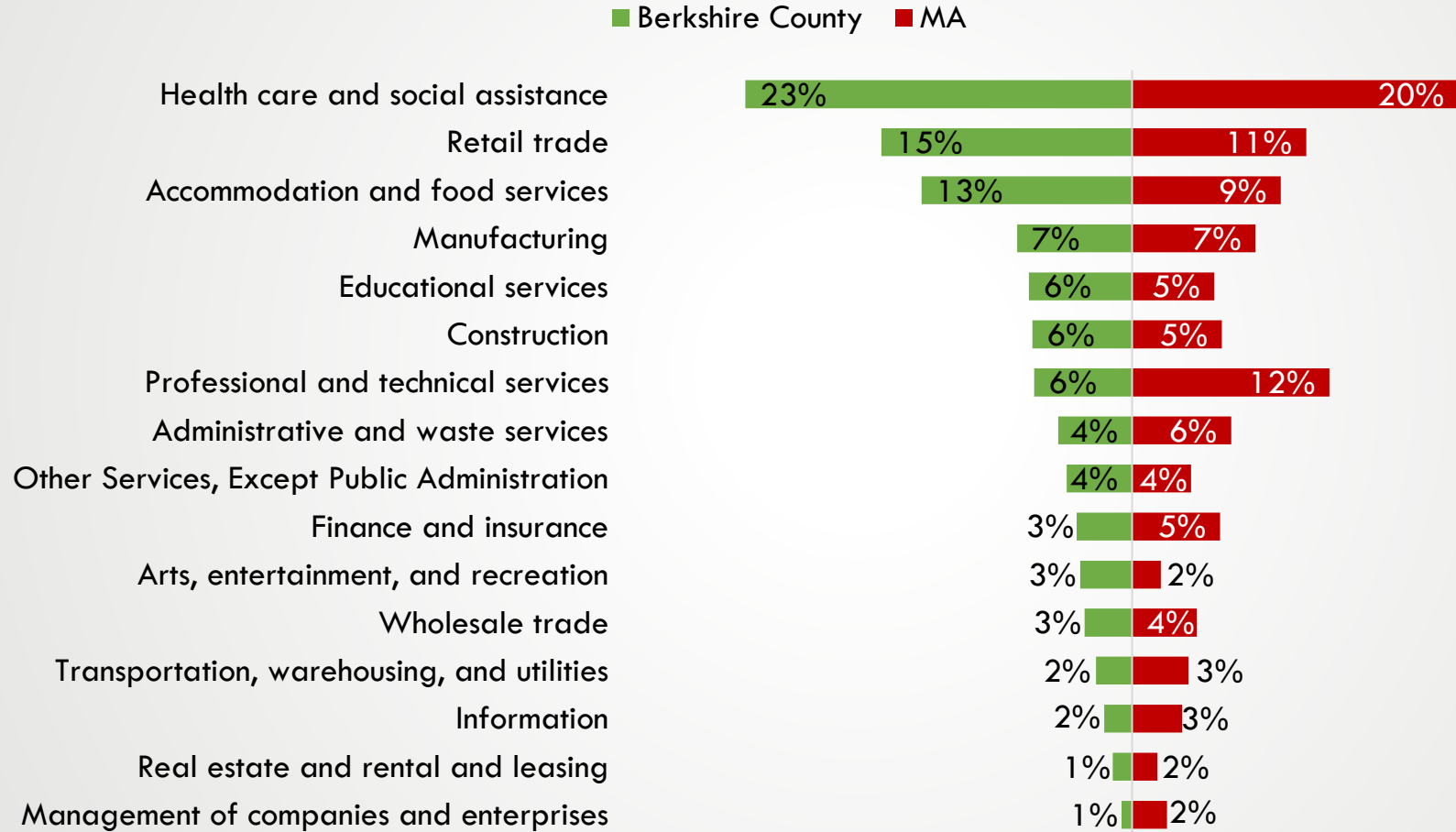
**Have a College Degree  
Berkshire County  
2021**

Sources: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment (LAU) Statistics and Current Employment Statistics; Bureau of Labor Statistics; U.S. Census Bureau American Community Survey 2021, 1 Year Estimates; UMass Donahue Institute MassDOT Vintage 2022 Population Projections. November 2022. (UMDI-DOT V2022).

\*Not Seasonally Adjusted

# The Berkshires have an emphasis in consumer-oriented sectors like retail, accommodations, and food service; less of an emphasis on business services

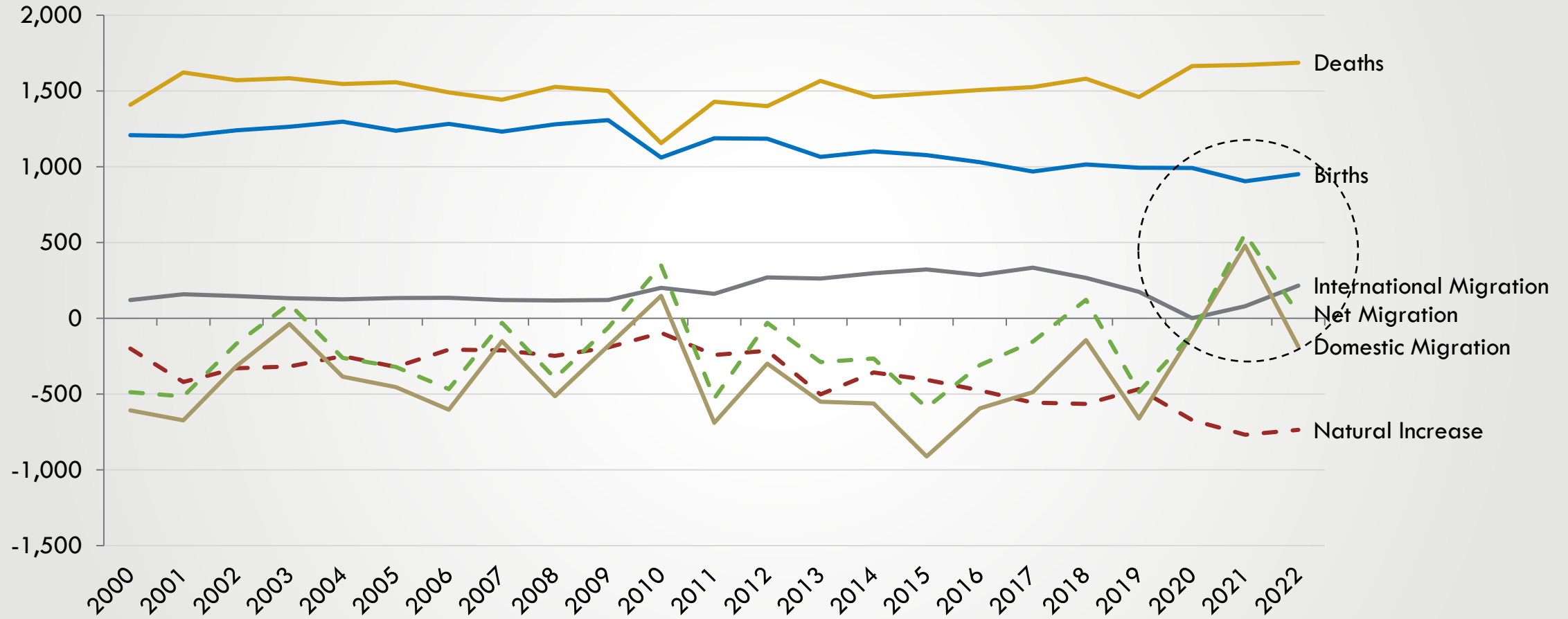
Industry Mix for Massachusetts and Berkshire County, 2022 (Seasonally adjusted)



Source: Massachusetts Executive Office of Labor and Workforce Development, ES202; UMDI analysis

# The Berkshires also saw, albeit a more modest, boost in domestic in-migration that has since reversed as well

Berkshire County estimated components of population change, 2000-2022

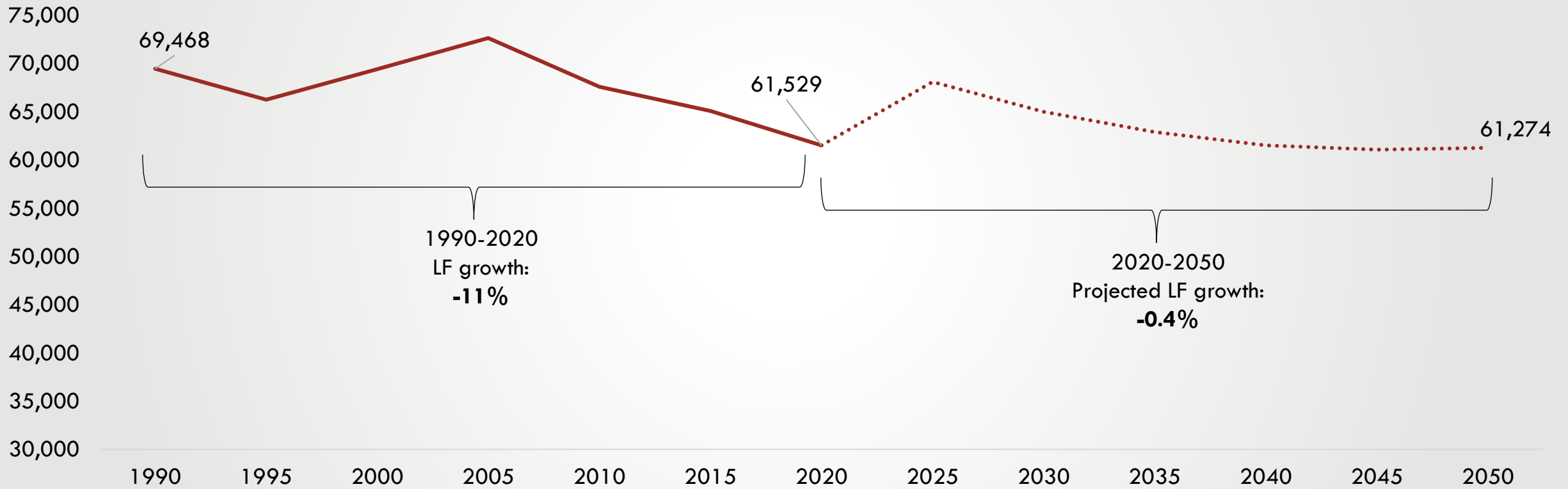


Source: UMass Donahue Institute. Source Data: ST-2000-7; CO-EST2010-ALLDATA; and NST-EST2018-ALLDATA, U.S. Census Bureau Population Division.  
 Note: no full year data for decennial years of 2000, 2010, and 2020. Data for these years is extrapolated from a three month sample.



# The labor force in the Berkshires is projected to stabilize after several decades of general decline

Projected Northeastern Massachusetts Labor Force through 2050 (not seasonally adjusted)



Source: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment (LAU) Statistics; UMass Donahue Institute MassDOT Vintage 2022 Population Projections. November 2022. (UMDI-DOT V2022).

# Thank you!

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