The New England Labor Market: Recent Improvements, Remaining Challenges

Whole Family Approach to Jobs Symposium
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Disclaimer: The views expressed here are those of the speaker and do not necessarily represent the views of the Federal Reserve Bank of Boston or the Federal Reserve System.
Preview of Key Takeaways

• Compared with 2007, fewer New Englanders are unemployed
  • *But the unemployed are more likely to be poor than in 2007*

• Labor market is tight across most industries
  • *But New England labor force grew by 5 percent since 2014*

• Those still out of work face diverse barriers to employment
Unemployment and Underemployment Below Pre-Recession Levels

U-3: searched past 4 weeks; U-5: searched past year; U-6: adds involuntary part-time employment

Source: Bureau of Labor Statistics/Haver Analytics
New England’s Unemployed are Disproportionately Young, Non-White, Less Educated
(2018 YTD Averages)

Unemployment Rates Below Pre-Recession Levels for Most, Except High School Graduates (as of 2017)

Source: 1-Year ACS Estimates for the New England Census Division
Long-Term Unemployment Down Since 2010, but Still High in New England
(unemployed 27 weeks or more, as share of all unemployment)

Since 2013, Long-Term Unemployed in Region are Increasingly Older, Non-White, More Educated

Labor Force Participation Rate Surged in New England in 2018; Still Below Pre-Recession

Source: Bureau of Labor Statistics/Haver Analytics

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Among 25-54 Year Olds, Male Employment Rate Down Since 2007, Female Employment Rate Up

Number of People Not in Labor Force Who Want a Job Down More than Half Since 2013

More than Half of Marginally Attached Workers in New England Have at Least Some College
(2018 YTD Averages)

Less Than Half of Those who Want Jobs Searched in Past 12 Months

<table>
<thead>
<tr>
<th>Share Not in Labor Force Who:</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Want Job</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>Searched in Past Year (of those who want a job)</td>
<td>43%</td>
<td>37%</td>
</tr>
<tr>
<td><strong>Reason for not searching recently (of those who want job, searched in past year, and were available to work):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discouraged</td>
<td>36%</td>
<td>24%</td>
</tr>
<tr>
<td>In School/Training</td>
<td>12%</td>
<td>11%</td>
</tr>
<tr>
<td>Family Responsibilities</td>
<td>6%</td>
<td>18%</td>
</tr>
<tr>
<td>Ill Health</td>
<td>8%</td>
<td>9%</td>
</tr>
<tr>
<td>Other</td>
<td>37%</td>
<td>38%</td>
</tr>
</tbody>
</table>
Two Industries Accounted for More than Half of Job Gains in Region, 2016-2018

<table>
<thead>
<tr>
<th>Industry</th>
<th>Net Job Gains/Losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional &amp; Business Services</td>
<td>52,400</td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td>49,800</td>
</tr>
<tr>
<td>Construction</td>
<td>28,200</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>19,100</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>16,300</td>
</tr>
<tr>
<td>Other Services</td>
<td>9,200</td>
</tr>
<tr>
<td>Trade, Transportation, and Utilities</td>
<td>7,100</td>
</tr>
<tr>
<td>Finance</td>
<td>5,100</td>
</tr>
<tr>
<td>Information</td>
<td>-1,800</td>
</tr>
<tr>
<td>Government</td>
<td>-6,100</td>
</tr>
<tr>
<td><strong>Total Net Job Gains</strong></td>
<td><strong>179,300</strong></td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics/Haver Analytics
Has Poverty Declined in the Recovery?

► In 2017, examples of official poverty income thresholds:
  ► $24,858 for family of 2 adults and 2 children.
  ► $19,749 for family of 1 adult and 2 children.

► Source: U.S. Census Bureau
Poverty Rates Increased in Four New England States 2007-2017

Source: ACS 2017 1-Year Estimates
Poverty Rate Fell Among Households Headed by Single Women, 2007-2017

Source: ACS 2017 1-Year Estimates
The Unemployed Increasingly Likely to be Poor, Despite Improving Economy Since 2010

SNAP Receipts Up Since 2007, TANF Receipts Down

Source: SNAP Benefit data from ACS 1-Year Estimates, TANF Caseload Data from the Office of Family Assistance
Region’s Income Growth Since 2007 Much Greater at High End than Low End

Source: ACS 1-Year Estimates for New England Census Division, in Nominal Values
Policy Challenges

- Non-employment rates down, but non-employed more likely to be poor
  - No more extended UI benefits
  - TANF helping fewer families, paying less in real terms
- Those still not employed face diverse barriers to employment
  - Obsolete skills, health issues, older age, English proficiency, child care needs
- Income growth weaker at low end of income scale
  - More will enter labor force if wage growth accelerates
- Some would boost EITC and TANF
  - Target work subsidies to low-employment places
  - Index TANF to inflation, do more to help claimants find work