

**Local Labor Market Analysis for Greater New Bedford, MA**

The Greater New Bedford unemployment rate continues to remain one of the highest in the state with February 2006 reporting 8.1% at a time when the state rate was at 5.5%. The area’s unemployment rate has been steadily declining since the 1990’s and until recently, was slowly closing the gap with the statewide unemployment rate. Latest averages between Greater New Bedford and the state show a disturbing trend with a steady 1.5% gap sustained over the past two years.

<b>Annual (13-Month) Average Unemployment Rates (%)</b>			
	<b>2003 – 2004</b>	<b>2004 – 2005</b>	<b>2005 – 2006*</b>
Greater New Bedford	7.3	6.5	6.4
State	5.6	5.0	4.9

*\*March 2005 – March 2006 (Source: DCS)*

Over half of the unemployed in our area are located in the city of New Bedford. In February, 2006, 4,456 unemployed pushed the city’s unemployment rate to 10.5%. Housing, transportation, non-English speaking, and low education and skill level issues are presented as some of the most significant barriers. This population still presents one of the greater challenges to us because this group remains the largest of our career center customer base.

A total of 4,826 individuals collected unemployment insurance during February 2006. This represents a decrease of 487 claimants from February 2005. During the same period, the number of individuals collecting unemployment insurance statewide fell by nearly 11,592. Within our workforce area, many unemployed (33.9%) do not have a high school diploma. Additionally, Greater New Bedford’s increase in Hispanic and Latino population of 10.2% (US Census, 2000), represent a large percentage (9.4%) of the recently unemployed (DUA, February 2006).

The Department of Workforce Development (DWD) reports that the two major industry groups experiencing the most job losses were Information (-222) and Leisure and Hospitality (-162). In contrast, major growth was reported in Health Care, Social Assistance, Retail Trade, with more modest growth including Manufacturing, and Transportation and Warehousing. In addition, Manufacturing, Financial, Wholesale Trade, Information and Business Services offer higher than state average annual wages, but those who are employed in Greater New Bedford still represent a workforce with the second lowest annual average wages among the 16 workforce regions in the state. The 2004 annual average wage in New Bedford was reported at \$34,614, \$14,320 below the state average.

Employment diversification measures the percentage of the region’s total employment that is concentrated among the area’s largest employers. The three largest employment sectors in the region are Education/Health Services (22.1%), Manufacturing (18.9%), and Retail Trade (15.6%). These industries account for a higher percentage of total employment in the region in

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comparison to the state. (UMD Center for Policy Analysis, 2004) In Greater New Bedford, 125 establishments reported having at least 100 employees in March 2005 (up from 121 in 2004) and they are responsible for slightly more than 42% (32,590) of all jobs in Greater New Bedford. In contrast, small employers dominate the New Bedford workforce area. Among the 5,112 establishments reporting employment in March 2005, 88% had fewer than 20 employees. These companies, however, account for just under 28% (21,638) of the total number of jobs (77,230) in Greater New Bedford.

**Greater New Bedford  
WIB                      Comparative Distribution of  
Establishments and Employment  
March 2004 – March 2005**

<b>Number of Employees</b>	<b>Units 2004</b>	<b>Units 2005</b>	<b>Employment 2004</b>	<b>Employment 2005</b>	<b>2005 %</b>	<b>YR/YR +/- %</b>
0	875	1,024	0	0	0.0%	0.0 %
1 - 4	2,546	2,617	5,302	5,382	7.0%	0.0%
5 - 9	1,112	1,101	7,389	7,346	9.5%	-0.2%
10 - 19	671	671	8,926	8,910	11.5%	-0.2%
20 - 49	472	465	14,116	14,194	18.4%	-0.1%
50 - 99	135	133	9,085	8,808	11.4%	-0.5%
100 - 249	85	88	12,573	13,318	17.2%	0.7%
250 - 499	27	27	9,727	9,192	11.9%	-0.9%
500 - 1000+	9	10	9,048	10,080	13.1%	1.2%
	5,932	6,136	76,166	77,230	100%	

Greater New Bedford continues to witness small gains in employment with 1064 jobs added between March 2004 and March 2005.

The SouthCoast Signals Project (Univ. of Mass./Dartmouth [UMD]- Center for Policy Analysis, 2005) released indicators that measure trends in emerging industries such as the creative industry, tourism, and marine science and technology as well as the region’s need for economic diversification, competitive wages, and housing affordability. Though the project suggests that a new economy may finally be taking hold in the region, a major concern in making the transition to a new economy is that much of the region’s employment shock between 1985 and 1991 occurred because the region was dependent on the manufacturing sector and also because employment in this sector was heavily concentrated in a few large firms. Consequently, the challenge is to not only diversify the region’s economic base in terms of industries and sectors, but also to diversify the number and size of firms in the area.

The Quarterly Census Form (ES202) for 2<sup>nd</sup> Quarter 2005 (DCS) provides the actual number of jobs and business units for the private sector of the Greater New Bedford Labor Market Area by North American Industry Classification System (NAICS) code. The total number of jobs held in the private sector of our labor market area during 2005 was 68,263. There were 46,933 jobs in

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Greater New Bedford Workforce Development System's target industries, which is 59% of all jobs. The three target industries providing the most jobs in 2005 were Health & Social Assistance industry with 12,792 jobs, followed by Manufacturing with 12,191 jobs, and the Wholesale & Retail industry with 13,991 jobs.

Greater New Bedford continues to identify the following five target industries during FY 2007: Construction, Manufacturing, Wholesale & Retail, Business & Professional Services, and Health & Social Assistance Services. Specifically, Manufacturing will be targeted due to the large percentage of jobs in our area, the recent growth and the turnover; Retail, again based of the large percentage of jobs in our area and because of the increase in big box companies and spin offs that have and are planning to move into the area-Kohls, Christmas Tree Shop, Price-Rite, Home Depot and the new Shopping Center in Wareham. To date, the workforce area does not have the skilled workforce it needs to effectively fill vacancies in Health & Social Assistance Services, and the number of jobs in Leisure & Hospitality continues to be small. However, despite the smaller numbers with Leisure and Hospitality, this industry may warrant cultivation especially for the youth population. As the labor statistics indicate, the Construction industry is both seasonable and tends to be unionized to specific trades. In addition, Construction employers often fill their job openings without much assistance. As such, this industry must be explored as to its viability as a future target industry.

On the regional front, the Greater New Bedford workforce development system continues with its participation in Governor Romney's Southeast Regional Competitiveness Council (Four Workforce Investment Areas – Bristol, Brockton, Greater New Bedford, and South Coastal). The Southeast Region was charged with identifying and agreeing to the regional priorities for economic development, as well as identifying barriers to economic growth in the region. In their December 14, 2004, briefs to the Governor and Council the Regional Competitiveness Council proposed two "shared goals and priorities"; the first being the development of an employer based Adult Basic Education/English for Speakers of other Languages pilot program and the second, a Manufacturing and Technology Initiative.

When asked which skills would be most in demand in the future, most companies indicated computer capabilities, personal relations and/or customer service skills. A large preponderance of employers voiced strong concern over the inability of many young employees with adult basic education (Math/English) and English as a Second Language. This statewide dilemma is exacerbated in the Greater New Bedford area where there is a comparatively high percentage of foreign-born population. Nearly 20% of the region's population is foreign-born, compared to 12.2% of the State's. More than one third (31,256) of New Bedford residents claim Portuguese as their first ancestry. In addition, the area boasts an expanding Hispanic population. Due to this large number of foreign-born population, the Greater New Bedford region has a higher percentage (37.8%) of individuals who speak a language other than English at home. Added to this need for Adult Basic Education and English for Speakers of other Language services, are the 11.3% of the Greater New Bedford residents whose inability to even speak English leaves them linguistically isolated.

Commuting patterns indicate that skilled workers represent many of the area's highly mobile workforce. Approximately 3% of Greater New Bedford residents commute to other states for employment purposes. For those who did, Rhode Island (2.8%) was the most likely destination.

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In addition, South Coastal (5.0%), Brockton (4.3%), Metro South/West (3.2%), Cape and Islands (3.0%) and Boston (2.9%) were also popular commuting destinations. Though there is an influx of workers to Greater New Bedford from outlying areas (27% of GNB workforce), the net result of commuting continues to leave our region losing 10% to commuting. The significant lack of public transportation in our area and the low (2%) use of public transportation indicated by the commuting pattern is the result of the mobility problems for unskilled workers without their own vehicles. A review of Title I job seeker case files at the Greater New Bedford Career Center adds evidence to this claim with approximately 15% of this customer base identifying transportation as a barrier to accessing training or employment. Our regional lack of commuter rail exacerbates this problem. Special needs populations (e.g., low education, minorities, new immigrants, poor English speakers, female-headed households with children) clustered in a population center such as New Bedford and Wareham are particular victims of the lack of transportation options.

While there is mounting evidence that a new economy is starting to take hold, the region still faces a number of significant challenges, including a long-standing wage gap with the state that is being magnified by a potential housing affordability crisis. The declining affordability of housing was cited in the 2003 Quality of Life in Massachusetts Survey conducted by Mass, Inc. who found 54% of the population felt affordable housing to be a state-wide problem needing major improvement. The region's wage gap got worse during the 1990s, but coming out of the 2001 recession, the ratio of regional wages to the statewide average improved from 65.2% in 2000 to 76.4% in 2004.

<b>Average Annual Wages 1990 - 2004</b>			
<b>Year</b>	<b>Greater New Bedford</b>	<b>Massachusetts</b>	<b>% State Avg.</b>
1990	\$ 20,179	\$ 26,667	75.7%
1991	\$ 21,235	\$ 28,030	75.8%
1992	\$ 22,222	\$ 29,651	74.9%
1993	\$ 22,464	\$ 30,229	74.3%
1994	\$ 22,961	\$ 31,023	74.0%
1995	\$ 23,464	\$ 32,332	72.6%
1996	\$ 24,605	\$ 33,926	72.5%
1997	\$ 25,866	\$ 35,716	72.4%
1998	\$ 26,875	\$ 37,774	71.1%
1999	\$ 27,984	\$ 40,352	69.4%
2000	\$ 28,890	\$ 44,326	65.2%
2001	\$ 30,418	\$ 44,976	67.6%
2002	\$ 31,645	\$ 44,982	70.3%
2003	\$ 33,449	\$ 46,332	72.2%
2004	\$ 34,614	\$ 45,290	76.4%

Source: Massachusetts Dept. of Revenue ES202 File

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Area economic growth efforts remain hampered by low educational attainment levels, a poor external image, and isolation from much of the opportunities in the state by our poor interregional transportation. Thus, while the region was making notable progress in closing the unemployment gap with the rest of the state, the region's housing affordability gap increased from \$1,154 in 1995 to \$6,763 in 2003, even with historically low mortgage rates. (the housing affordability indicator measures the difference between the median household income of residents and median income necessary to purchase a median priced home.) Most of the gap is explained by a 59.4% increase in the median price of homes since 2000.

Since multiple data sources indicate a rough statistical match between area jobs and workers, the Regional Competitiveness Council indicated that skills' mismatch, low educational attainment, and mobility problems or some other barriers contribute to our worsening underemployment and unemployment numbers. The Signals report of 1/16/05 (UMD- Center for Policy Analysis) also called attention to a significant portion of the wage gap being directly due to the region's educational attainment levels. By 1993, the "wage premium" attached to a college degree had more than doubled with the average college graduate now earning 70% more than a high school graduate. Similarly, the average high school graduate earns 70% more than a person with a 9<sup>th</sup> grade education.

An analysis of wage and income data by senior economists at the Federal Reserve Bank of New York recently found "that skill-biased technological change is probably the main contributor" to the declining demand for unskilled labor in the United States and the rising demand for skilled and educated workers. The major factor driving the expansion of this wage premium has been the rapid integration of computing technology into virtually every workplace that has created skill-biased labor processes across the economy.

The simple fact is that the region's economic future depends on its ability to participate in the state's high wage economy, where the skills acquired through formal education are increasingly in demand. The long-term strategy for improving Greater New Bedford Workforce Investment Area's educational attainment level is remarkably simple in theory. To improve the region's educational level a larger percentage of people need to graduate from a college or university. Despite the number of Greater New Bedford residents possessing a bachelor's degree or higher increasing by 6,071 (28.9%) between 1990 and 2000, the percentage of adults 25+ population with at least a bachelor's degree in 2000 was 17.9% with some statistics showing this percentage to be decreasing with the migration of educated workers out of the area. Unfortunately, U.S. Census data indicates that many of the area's high school, college, and university graduates are not staying in the region to help build the local economy, culture, and civic institutions. Between 1990 and 2000, there was a 20% net decrease in the number of persons ages 20 to 34 residing in the SouthCoast. Many business leaders correctly describe this out-migration as a "brain drain," because this is the age cohort that most likely benefited from the area's expanding postsecondary educational opportunities.

To graduate from high school, more students need to pass the MCAS tests. Nearly a third (32.4%) of the area's adult residents do not have a high school diploma with New Bedford's number rising to 42.4%. With a 2000 census workforce population of 205,354, this leaves 87,070 persons without a high school credential. The problem of low educational attainment is often blamed on "immigration" (foreign born population in GNB represents 12.9% of the

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region's total population and is rising), but in fact historically high drop out rates, and correspondingly low high school graduation rates, have been equally, if not more to blame, for the problem. Although the number of high school dropouts in Greater New Bedford fell by 9,249 (or 18.3%) between 1990 and 2000, the 41,179 dropouts represented 29% of the region's adult 25+ population, which is nearly double the statewide average. Moreover, given the constantly changing skill demands of the new economy, and the low educational attainment of many of the area's adult workers, it is good news that the University of Massachusetts Dartmouth's Center for Policy Analysis reports that SouthCoast enrollments in life-long-learning programs increased from 16,926 in 1999 to 20,060 in 2004.

The Greater New Bedford Workforce Investment Area is making progress in virtually every aspect of its educational agenda, but so is the rest of the state. Consequently, even as the region's educational attainment improves, its current rate of progress is only sufficient to avoid falling further behind in the race for the new economy. Statewide figures from the 2005 2<sup>nd</sup> Quarter Massachusetts Job Vacancy Survey (DUA) illustrate that there are still a high number of healthcare (16,203), retail (8,251), and accommodations and food services (8,164) jobs available, but these industries also support some of the highest percentage of part time jobs. Still, it's promising that with the exception of agriculture, all industry sectors expect expanding their workforce moving forward. The report does underscore a critical need for workers with a minimum level of basic competencies citing 66% of jobs requiring at least a high school diploma or GED. For example, healthcare is reported to require 55% of it's employed to hold an associates degree or higher. This need, identified by employers in the state report and corroborated through a local employer survey (Greater New Bedford Career Center, January 2004), has created an industry climate where manufacturing employers experience the greatest difficulty in filling job vacancies with qualified applicants (37% "constantly recruiting"). Of the nineteen specific growth occupations illustrated in the (DET) Labor Market Information chart below, all except laborers require specialized training.

<b>20 Fastest Growing Occupations in the New Bedford Workforce Area*</b>	<b>Growth Rate through 2008</b>
Home Health Aides	75%
Medical Assistants	62%
Social/Human Service Assistants	56%
Social Workers	40%
Personal/Home Care Aides	37%
Police Patrol Officers	30%
Child Care Workers	27%
Nursing Aides/Orderlies/Attends	27%
Residential Counselors	27%
Physicians and Surgeons	26%
Teacher Aides	25%
Registered Nurses	23%
Licensed Practical/Voc Nurses	21%
Laborers, Landscaping/Groundskeeping	18%
Office/Admin Support Supvrs/Mgrs	18%
Truck Drivers, Light	17%
Teachers, Secondary School	15%
Reception & Information Clerks	15%
General Office Clerks	11%

Massachusetts Division of Employment and Training  
Economic Analysis Department

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Encouraging the growth of high-end jobs, like nursing, medical device manufacturing, and marine technology, continues to be a challenge. Companies relocating to the region continue to be concerned about the low educational attainment levels of the workforce. However, the region's LPN, BSN, and RN education programs indicate waiting lists of qualified applicants looking to prepare for nursing careers. Unfortunately, cuts in budgets throughout the Massachusetts Community College and University of Massachusetts systems have produced a shortage of faculty to serve the demand. Medical device manufacturers continue to grow locally, but some have experienced a slower pace of development due to the competency limitations of their workforce. Anchored by the University of Massachusetts at Dartmouth School for Marine & Science Technology (SMAST), and the Quest Center in New Bedford as a business incubator with a marine technology focus, local & industry leaders are working to quantify the impact of the industry on the regional economy while advocating for global recognition of an area from Wood's Hole to the southeastern coast of Connecticut as the "Marine Technology Corridor."

Supported by the data revealed in the Greater New Bedford Economic Base Analysis report presented by the UMD Center for Policy Analysis (2001), CommCorp regional labor market information (2004), projected business development direction related in meetings with the New Bedford Area Chamber of Commerce, the New Bedford Economic Development Council and the Greater New Bedford Industrial Foundation - the Greater New Bedford Workforce Investment Board feels strongly founded in our continued efforts with the 5 targeted workforce areas of Manufacturing, Construction, Wholesale & Retail Trade, Business & Professional Services, and Health & Social Assistance Services.

With this in mind, data presented indicating the most recent trends in emerging industries by the SouthCoast Signals Project as recent as April 2005 (UMD Center for Policy Analysis), added to the regional key targeted clusters identified by the Southeastern Regional Competitiveness Council in December of '04, combined with the proposed areas of specific industry development targeted by the local Chamber of Commerce and Economic Development Council must continue to be explored. The Greater New Bedford Workforce Development System in its commitment to a comprehensive and clear understanding of the region's labor market characteristics, trends, barriers and opportunities will carefully analyze the following industry targets as it continues development of focused strategies in FY 2007: Hospitality & Tourism, Marine Science & Technology, Medical Devices & Pharmaceutical, and Warehousing & Distribution.