

## **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 2007 coming in at 8.7%, down from 8.9% the month before, at a time when the state rate dropped to 4.6%. The national unemployment rate was pegged at 4.5%.

Over half of the unemployed in our area are located in the city of New Bedford. Some 3,886 city residents were out of a job in March 2007, out of a workforce of 42,965. For the region, 7,366 of the area's labor force of 98,338 were actively seeking employment in March. Housing costs, transportation, non-English speaking, and low education and skill level issues remain some of the most significant barriers. Educational under-attainment continues to present one of the greater challenges in the region. A significant proportion of the Career Center customer base includes individuals lacking the educational, work readiness, and job skills sought by local employers. Only 57% of New Bedford's class of 2006 received a diploma compared to the state average of 80%. Fewer than 10.7% of New Bedford residents hold a Bachelor's Degree. Last year, the state college graduation rate was 50%.

In April 2007, 1,472 new claims for unemployment insurance were filed in the Greater New Bedford area. Of the 3,432 total claimants surveyed by Division of Unemployment Assistance, approximately 8% were Hispanic, down from about 9% the month before. Some 43% of all claimants in the region were high school graduates (versus 45% for the state); 18% had some high school (state average, 10%); and an additional 13.4% had gone no further than grade 8 (compared with 4% on average in Massachusetts). Claimants were mostly in the 25-34 year age group (22.6%), the 35-44 year age group (25.7%), and the 45-54 year age group (26.2%), closely mirroring age demographics for the state overall.

The Department of Workforce Development (DWD) reported that for April 2007 1,011 (29.4%) New Bedford area claimants had been employed in the Construction and Extraction occupational group; another 1,013 (29.5%) were in the Construction group; and an additional 309 (9.0%) were in Manufacturing. In contrast, major growth was reported in Health Care, 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 2005 median household income in New Bedford was reported at \$31,845, a whopping \$25,339 below the state average of \$57,184.

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 Health Care and Social Services (16.2%), Manufacturing (15.1%), and Retail Trade (13.8%). These industries account for a higher percentage of total employment in the region in comparison to the state. However, small businesses dominate the local economy. In Greater New Bedford, 88.1% of 6,059 establishments reporting employment in March 2007 had fewer than 20 people on the payroll. These small firms accounted for only 28.4% of the total jobs in the workforce area.

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Greater New Bedford continues to witness small gains in employment with about 1,600 jobs added between June 2005 and June 2006.

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 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 is expected to identify the following five target industries for employment growth during FY 2008: Construction, Manufacturing, Wholesale and Retail, Business and Professional Services, and Health Care and Social Assistance Services. Specifically, Manufacturing will be targeted due to the relatively large percentage of jobs in our area, some recent growth and the turnover; Retail, again based of the large percentage of jobs in our area and because of the influx of "big box" companies, including Kohl's, Bed, Bath, and Beyond, Christmas Tree Shop, Price-Rite, Home Depot and the new commercial development in Wareham. Proposed expansion of the New Bedford Business Park is also a consideration.

To date, the Greater New Bedford area does not have the skilled workforce it needs to effectively fill all vacancies in Health Care and Social Assistance Services. Although second quarter 2006 numbers for Leisure and Hospitality remain relatively small, sector vacancies indicate increased demand for qualified employees. Jobs in the sector may appeal to younger job seekers, provided they have sufficient customer service and job readiness skills. On balance, the seasonal nature of Construction, coupled with the sector's predominantly organized labor-oriented approach to hiring, Leisure and Hospitality become a more appropriate target industry for the area's workforce. It should also be noted that Construction employers often fill job openings without much effort. The future viability of the Construction sector as a target industry requires additional scrutiny.

The local population, as noted earlier, is generally undereducated. Much of the workforce can be considered "functionally illiterate," which is a problem in all eleven of the "Gateway Cities" identified in a January 2007 MassINC report. Once thriving economic centers, these cities and surrounding communities draw large immigrant populations and have fallen on economic hard times. For local employers, the literacy levels, as well as the limited English proficiency of a significant proportion of the workforce, pose a concern. In the Greater New Bedford area where there is a comparatively high percentage of foreign-born population. Over 20% of the region's population is foreign-born, compared to 12% for the state overall. More than one-third of New Bedford residents claim Portuguese as their first ancestry. In addition, the area boasts an expanding Hispanic population. Due to the expanding 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 speak English leaves them linguistically isolated.

The area's public transportation infrastructure compounds employment options, and the relatively low (2%) utilization of public transportation, as indicated by commuting patterns,

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underscores mobility problems. The Southeastern Regional Transportation Authority (SRTA) operates the bus system in the Greater New Bedford area. Low ridership, coupled with limited runs, has an inhibiting effect on job access. Buses cease operation at 6:00 p.m. Thus, individuals without their own vehicles who seek second or third shift positions cannot pursue those jobs.

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. The lack of commuter rail in the region has been cited as a deterrent to economic development in the area. Governor Patrick and Transportation Secretary Cohen have delineated a plan to implement rail service for New Bedford and Fall River. The plan, released in April of 2007, estimates that the service will be online by 2016. In addition, 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 far more likely to feel the impact of the lack of transportation options.

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. In New Bedford proper, only about 10% of the population holds a Bachelor's degree or higher. For Bristol County as a whole, some 20% of residents possess a four-year degree. However, there is evidence that this rate could decline with the migration of educated workers out of the area. Statewide, closer to 40% of the population has a Bachelor's degree. 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.

Recognizing the need to boost high school achievement and stem the outflow of educated workers, the state held its first Graduation Summit in March of 2007. This was the first time that every school district in Massachusetts was required to use the Student Information Management System (SIMS) data to compile information on student demographics and graduation rates. Thus, information comparisons, district to district, were standardized for the first time for 2006 high school graduates. In addition, a number of dropout bills are being discussed on Beacon Hill. Proposed changes to the law include providing graduation credit for work-based experience, tying schools to workforce investment boards for referral and training assistance, increasing the dropout age to 18 incrementally, increased collaboration with the business community, and providing funding for alternative educational programs. The authors of these bills acknowledge that economic development requires attacking the skills gap that exists in Greater New Bedford and in other industrial communities.

A local initiative, designed to address adult literacy and its role in promoting a stronger New Bedford area workforce began this year.

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The *LiteracyWorks* Entrepreneur found that there are a number of good ABE/ESOL programs in the Greater New Bedford area; however, all programs have lengthy waiting lists. In addition, the Entrepreneur learned that the region has four compelling issues that must be considered when exploring educational options for the area.

- First, with only 57% of high schoolers graduating, many individuals seeking employment do not possess the most basic credential, the high school diploma.
- Second, the overall educational attainment rate locally is among the lowest in the state. Sizeable numbers of college students complete their coursework then leave the area for more numerous and lucrative employment opportunities elsewhere in the state or in the country
- Third, as is the case in all 11 Gateway Cities (see *Reconnecting Massachusetts Gateway Cities: Lessons Learned and an Agenda for Renewal*, released in February 2007 by The Massachusetts Institute for a New Commonwealth), huge numbers of immigrants have found New Bedford an attractive place to live and work. Unfortunately, new post-9/11 immigration laws made the process far more restrictive and daunting. As a result, there has been a large influx of undocumented immigrants. In addition, formerly documented immigrants have extended their stay in the area illegally because of the increased difficulty in renewing green cards.
- Finally, the local literacy problem starts in the first few years of school. New data indicate that as many as 50% of area third graders are not performing at grade level. The reasons given are myriad: the children are relatively transient and, thus, do not receive adequate adjustment time as they move from school to school; more children are being raised by grandparents; “teaching to the test” has diverted important curriculum development in the area of differentiated instruction and multiple intelligences; having been able to work with a limited skill set, many parents do not emphasize the significance of education in the home.

In addition, numerous studies have demonstrated that civic engagement is augmented with higher educational attainment. In this region, the number of people available and capable of volunteering their services is relatively low; philanthropic giving is also lower than the state average.

Low educational attainment, coupled with low earnings, translates to a high demand for social services. The Greater New Bedford area hosts many social service agencies; however, local funding for these organizations is extremely limited. They rely heavily on state and federal funding to carry out their missions. All are competing for the same dollars, which tends to promote isolationist policies rather than partnerships that can create economies of scale and enhance overall service delivery.

The region is host to many older industries that are subject to pressures to relocate to lower cost parts of the country or the world. Locally, the job market has evolved dramatically from a labor-

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intensive manufacturing environment, to a commercial sector that requires some level of technological skill and/or customer service ability. Workers displaced by factory downsizing are finding that they do not have the necessary transferable skills to obtain a new job offering a similar rate of compensation.

Functional literacy has become chronic as dropouts struggle with core reading and math skills as well as basic computer ability. The burgeoning immigrant population mirrors many of these barriers to employment as well as the language challenge. In addition, as manufacturers seek “lean” processes to enhance profitability, they require a far different skill set than they did as recently as a decade ago. They continue to seek qualified candidates for these more high-tech jobs, but the positions often remain vacant for prolonged periods because of the overall dearth of skilled and functionally literate job seekers in the area.

The Greater New Bedford Workforce Investment Area is making progress in virtually every aspect of its educational agenda, as 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 2006 2<sup>nd</sup> Quarter New England Economic Partnership analysis illustrate that there are still a high number of vacancies healthcare (2,331), retail (1,309), and accommodations and food services (1,406) jobs available in the region, 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 anticipate some level of workforce expansion. A DUA report reflects similar findings underscores a critical need for workers with a minimum level of basic competencies, noting that 66% of jobs require at least a high school diploma or GED. More jobs require additional credentials and/or training. For example, jobs in the Healthcare sector require 55% of all employees to hold an associates degree or higher. This need, identified by employers in the state report and corroborated through a local employer survey conducted by the Greater New Bedford Career Center, 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.

20 Fastest Growing Occupations in the New Bedford Workforce Area*	Growth Rate through 2008
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, education, and marine technology, remains a fundamental regional challenge. Companies relocating to the region continue to express concern about the low educational attainment levels of the workforce. Yet, 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.

Moreover, 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 five targeted workforce areas of Manufacturing, Construction, Wholesale and Retail Trade, Business and Professional Services, and Healthcare and Social Assistance Services.