

Massachusetts Skills Gap Project

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Acknowledgements

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How is the Population Changing?

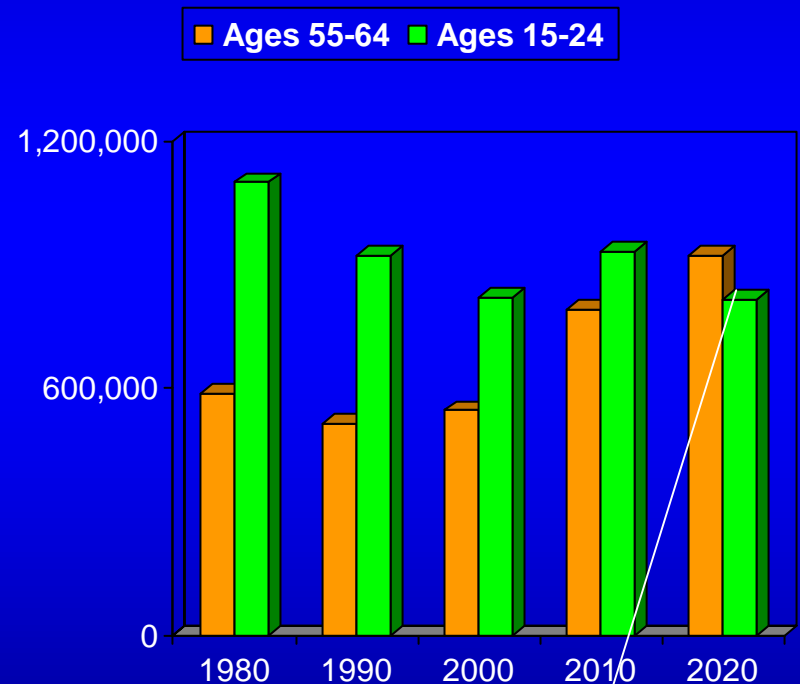
Will We Have Enough Workers?

Population is Aging and Growing Slowly
Labor Force has begun declining

Concerns

- Aging population
- Net out-migration
- Slow growth in population
- Slow decline in labor force
- Dependence on immigration
- Discouraged workers
- Keep “human capital advantage”

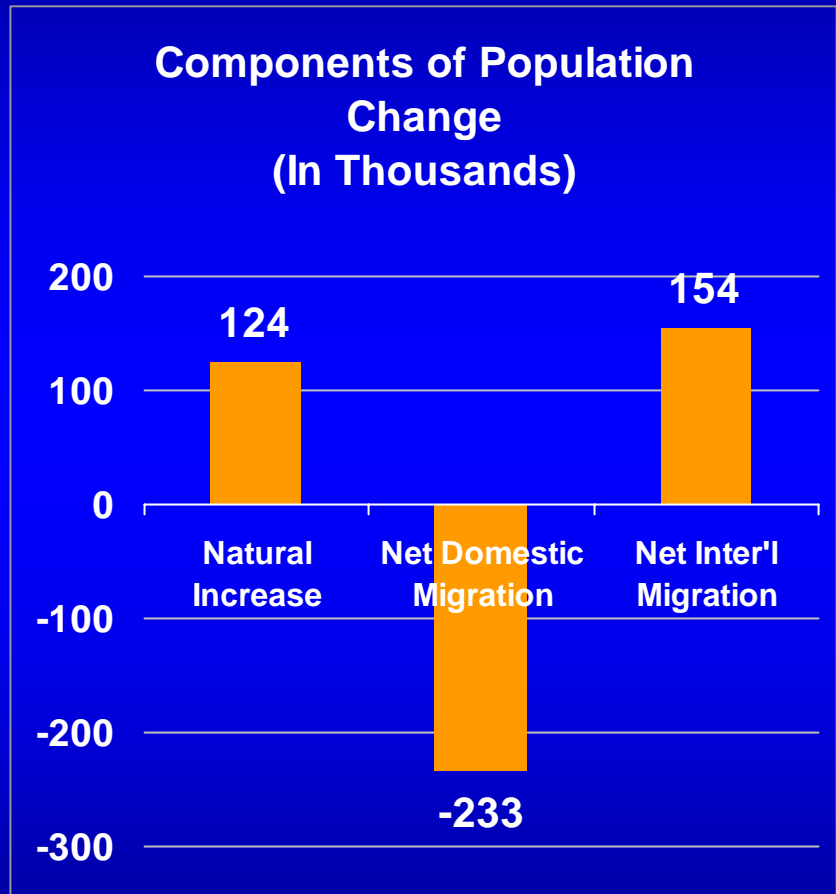
Population of Age Groups
"Retiring" and Entering Work



Fewer workers entering workforce than retiring

Population Growth Dependent Upon Immigration

1. Between 2000 and 2006
Population increase = 74,589
2. Between 2000-2005
Population increase = 44,835
3. Massachusetts ranked 4th
lowest in population increase
among 50 states
4. Population increase due to
continued International
Migration



Who are the Immigrants coming to Massachusetts?

Based on:

Andrew Sum, et al., "New Foreign Immigrant Inflows into Massachusetts, 2000-2005," for the Commonwealth Corporation, 2006

And Commonwealth Corporation Research and Evaluation Brief:
"Immigrations' Impact on the Workforce"

Where do Immigrants come from? 2003-2004

To Massachusetts

1. South America	19%
2. East Asia	13%
3. Caribbean	11%
4. South Asia	9%
5. US Island Terr.	8%
6. Africa	7%
7. Central America	6%

To United States

1. Central America	39%
2. East Asia	9%
3. S. America	9%
4. S. Asia	7%
5. SE Asia	6%
6. Caribbean	6%
7. Africa	5%

Which countries do Immigrants come from? 2003-2004

To Massachusetts

- | | |
|-------------------|-----|
| 1. Brazil | 15% |
| 2. Puerto Rico | 8% |
| 3. India | 8% |
| 4. China | 7% |
| 5. Dominican Rep. | 6% |

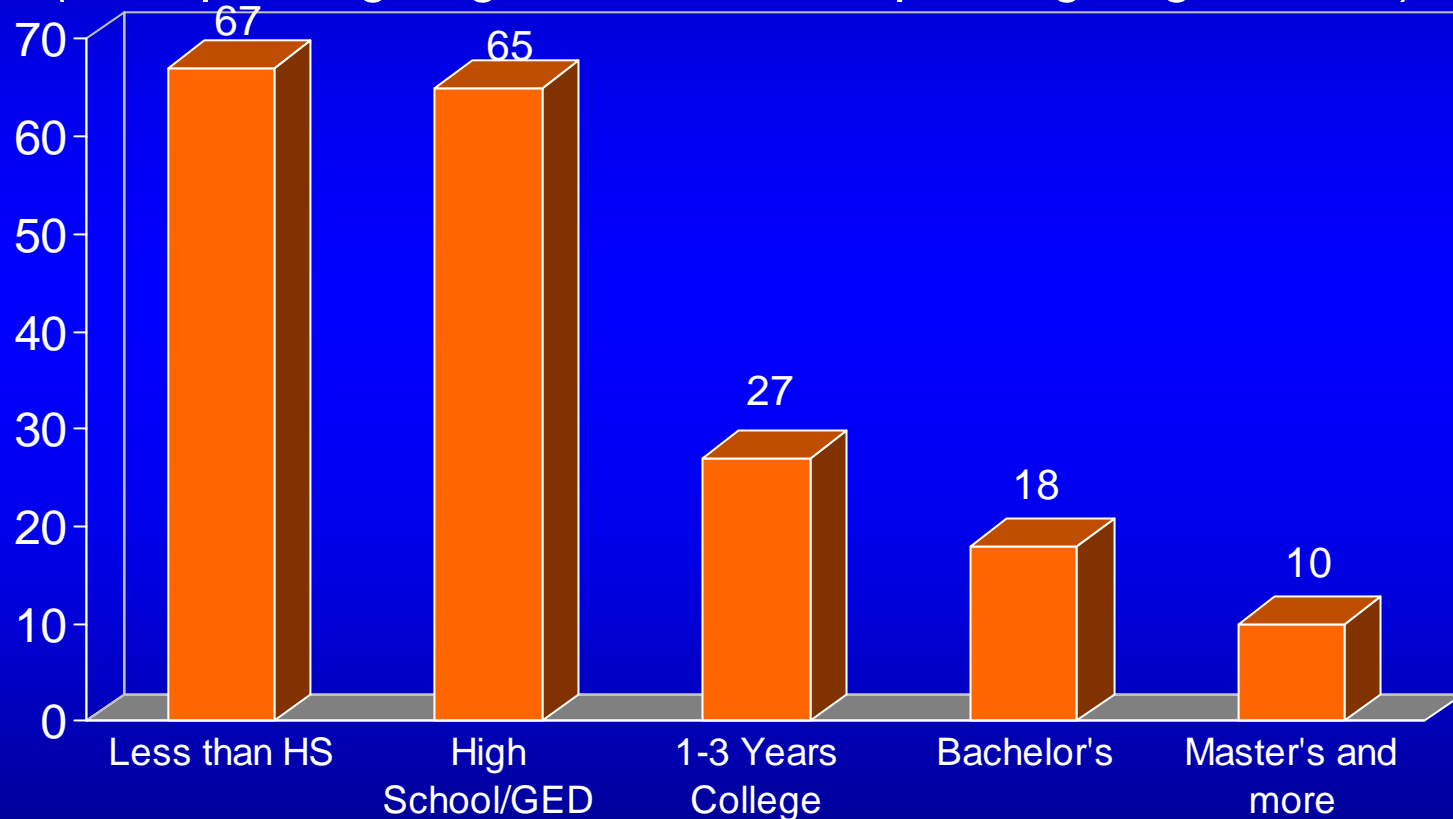
Only 1 country in the top 20 is English speaking (Canada)

To United States

- | | |
|----------------|-----|
| 1. Mexico | 33% |
| 2. India | 5% |
| 3. China | 4% |
| 4. Philippines | 3% |
| 5. Canada | 2% |

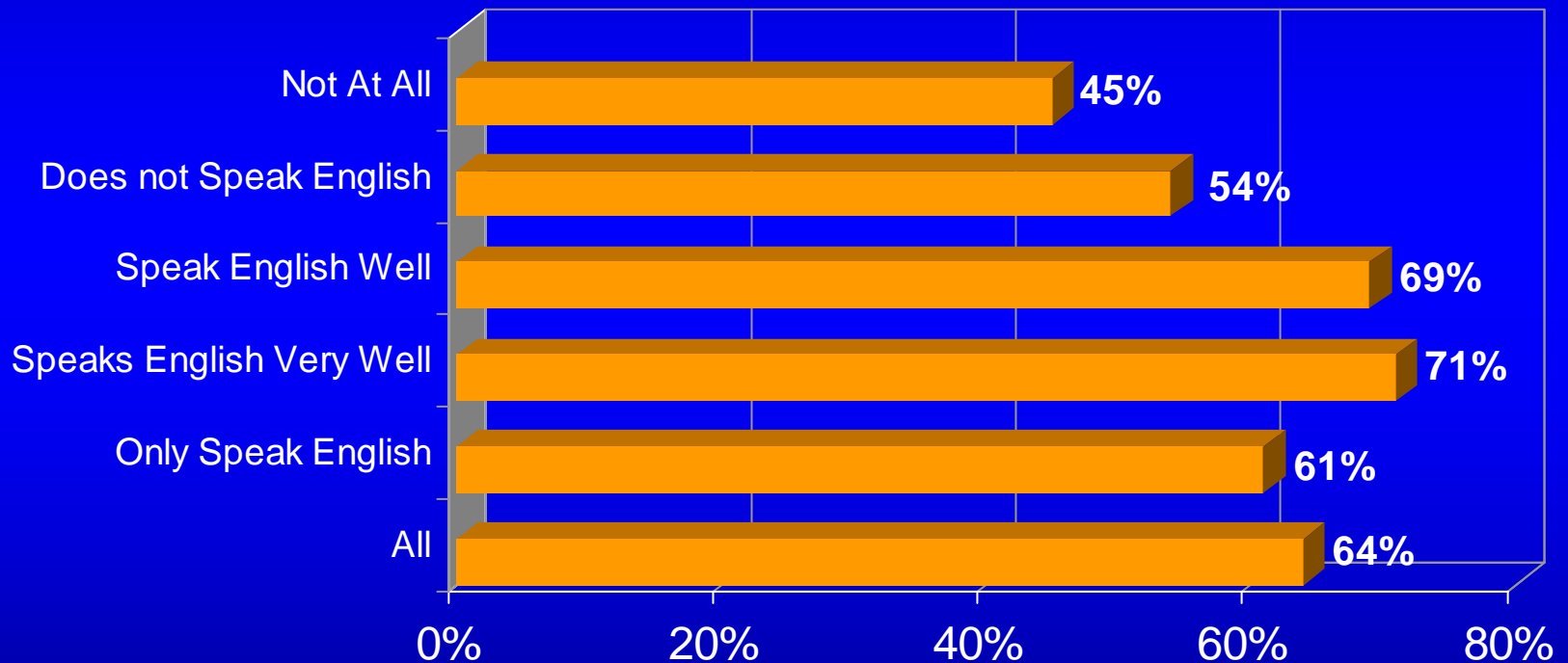
English Proficiency of Immigrants closely linked to Education Attainment

*Share (%) of those with Limited English Proficiency
(Not Speaking English well or Not Speaking English at all)*



Employment Rates Among Foreign-born in Massachusetts by English Ability, 2004

Employment Rates fall with Poor English Ability



In which industry sector do Immigrants work?

Industry sectors with higher share of immigrants compared to native-born workers

Sector	% of New Immigrant workers	% of Established Immigrants	% of native-born workers
Hotel & Food Svcs	16.3%	9.1%	4.7%
Retail	12.5%	8.5%	10.9%
Construction	9.7%	5.0%	6.4%
Admin. Support etc.	8.6%	4.0%	2.9%
Manufacturing	10%	17.4%	10%

Note: New Immigrants are those arriving since 2000

Immigration: Workforce Development Implications

1. Massachusetts is dependent upon immigrants for population growth
2. There is a need to improve their education and English-speaking abilities
3. Upgrading English speaking abilities of highly educated immigrants will improve job prospects and earnings prospects
4. Develop partnerships with industry sectors where large share of immigrants work

Teen and Youth Employment

Based on:

Andrew Sum, et al., "The Declines in Work Experience Opportunities Among Massachusetts and US Teens (16-19)," for the Commonwealth Corporation, 2006

And Commonwealth Corporation Research and Evaluation Brief:
"Teen Employment"

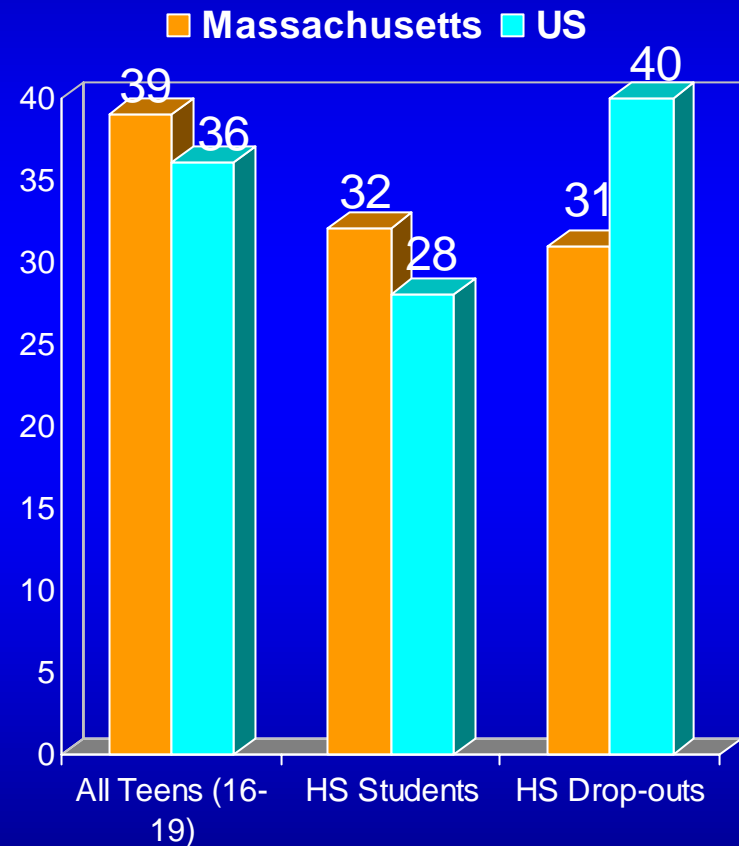
Teen Employment Rates

Teen Employment:

- Massachusetts higher than US
- Ranked 23 of 50 states (lower than NH, ME)

HS Drop-outs

- Mass. Much lower than US
- 6th lowest among 50 states

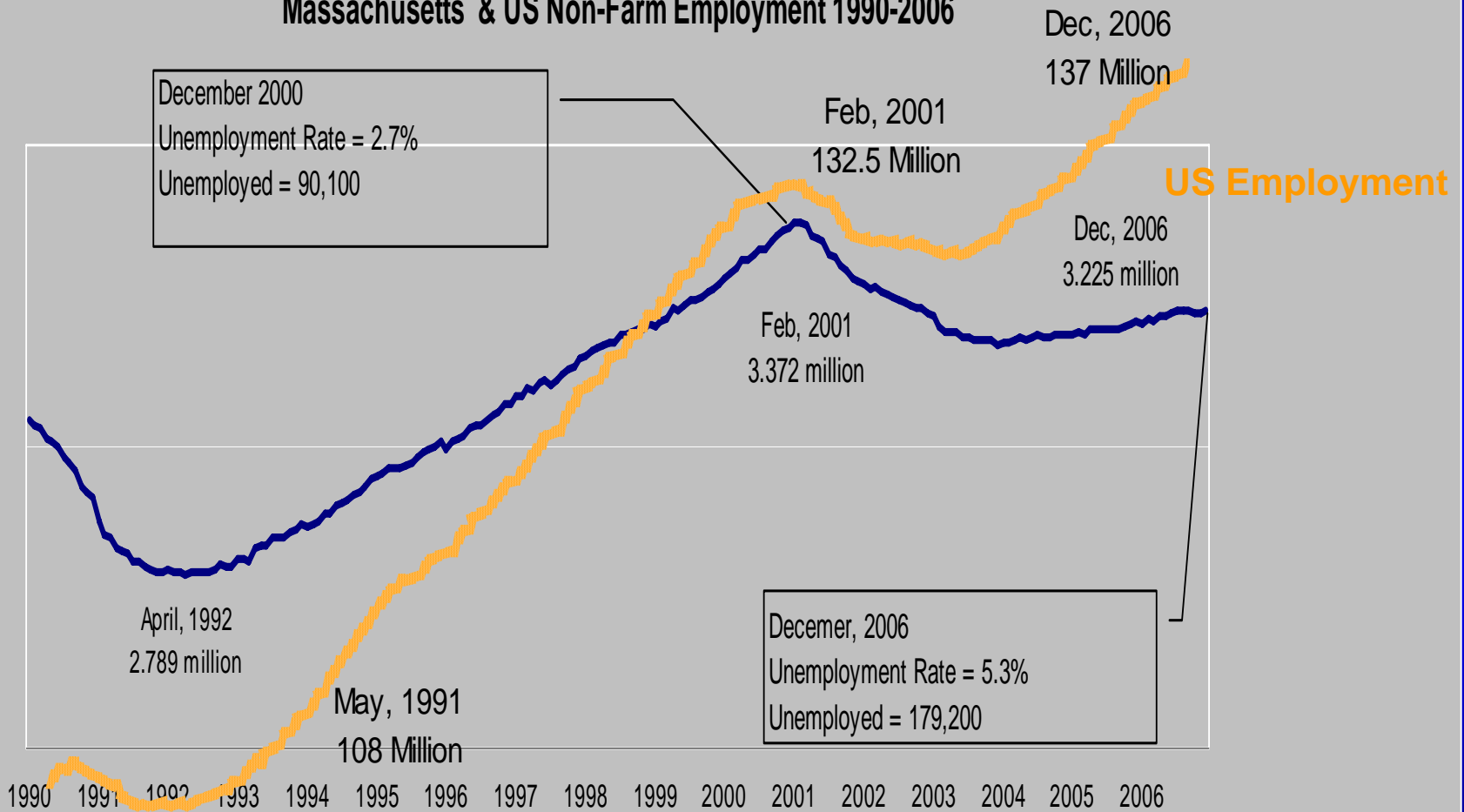


Employment Trends in Massachusetts

Do We Have Enough Workers Now?

The economy is recovering-- Slowly

Massachusetts & US Non-Farm Employment 1990-2006



Do We Have Enough Workers Now?

Many people are seeking work

In Dec '06, 147,000 fewer employed than at peak Feb '01

From Dec '00 to Dec '06:

- 89,100 more “unemployed”

From 2000 to 2005

- 31,900 more working part- time
- 11,200 more marginally attached –stopped looking for jobs recently:
 - 5,200 more “discouraged”
 - 6,000 more stopped due to family or transportation reasons

From 2000 to 2004

47,500 more “non-employer” businesses in 2004 compared to 2000

457,981 “non-employer” business

Will We Have Enough Workers?

Potential Sources of Labor Force Growth

More women in the labor force:

- Women's participation stable for last 10 yrs=58.8-60%

Delayed retirement of older workers:

- More workers older than 55 are working since 2000

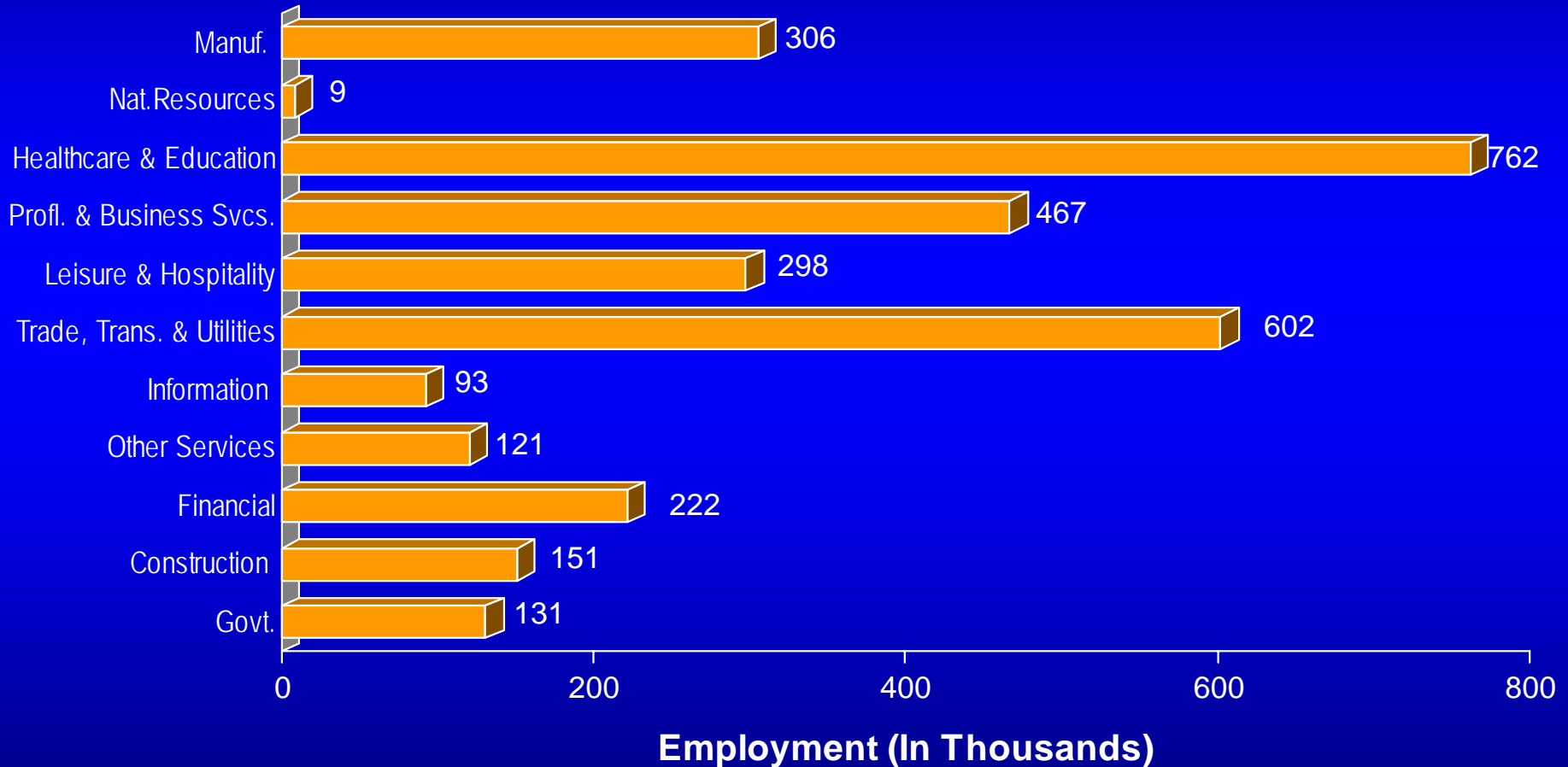
Increase in educational attainment (productivity increase)

Increase in immigration

Greater employment of the disabled

Where do People work?

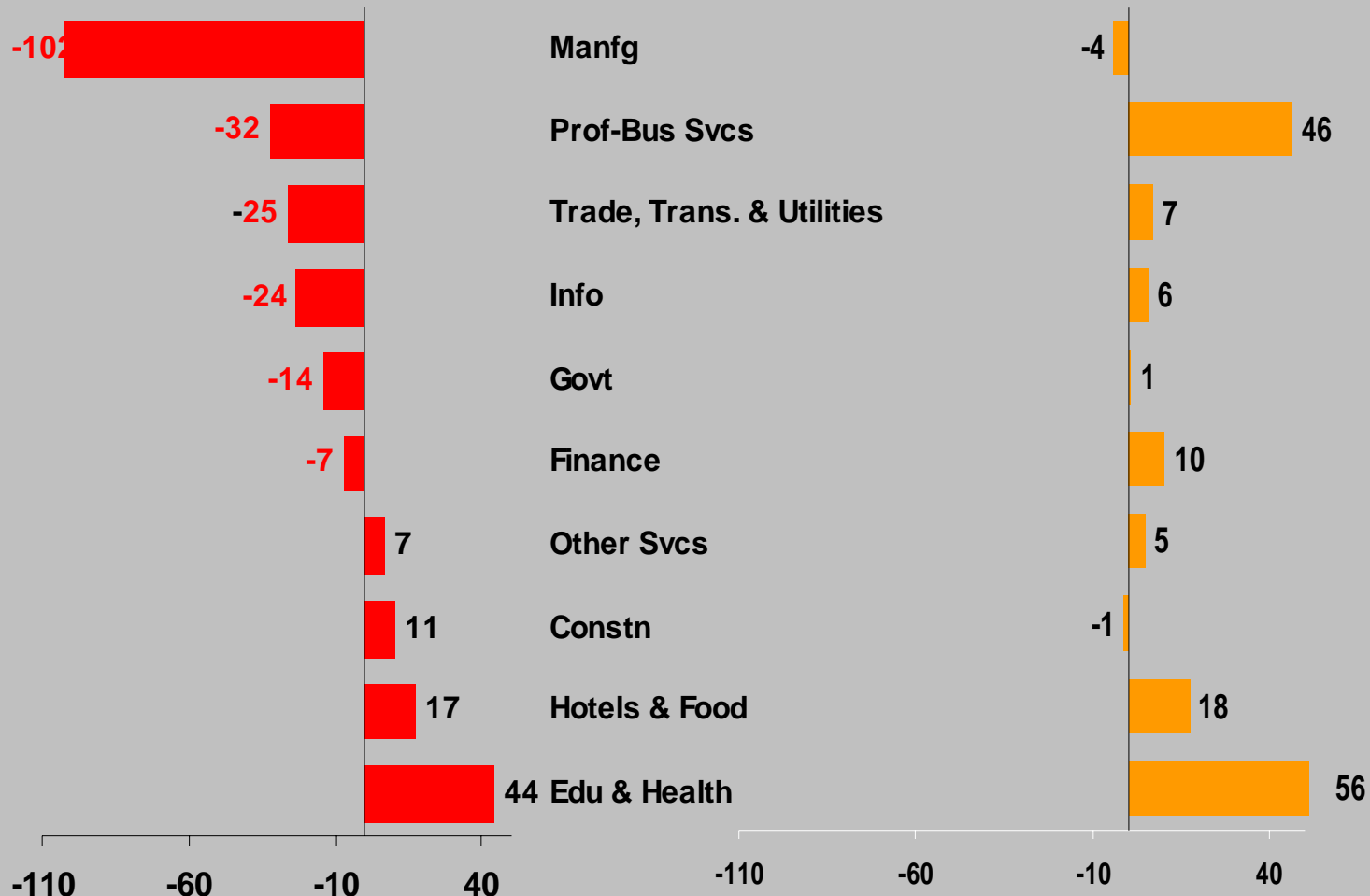
Massachusetts 2005 Employment by Industry ('000)



Can We Expect a Shortage?

Many Jobs Lost, Some Forever

Jobs lost in recession 2000-2005 ('000) Growth projected 2005-2010 ('000)

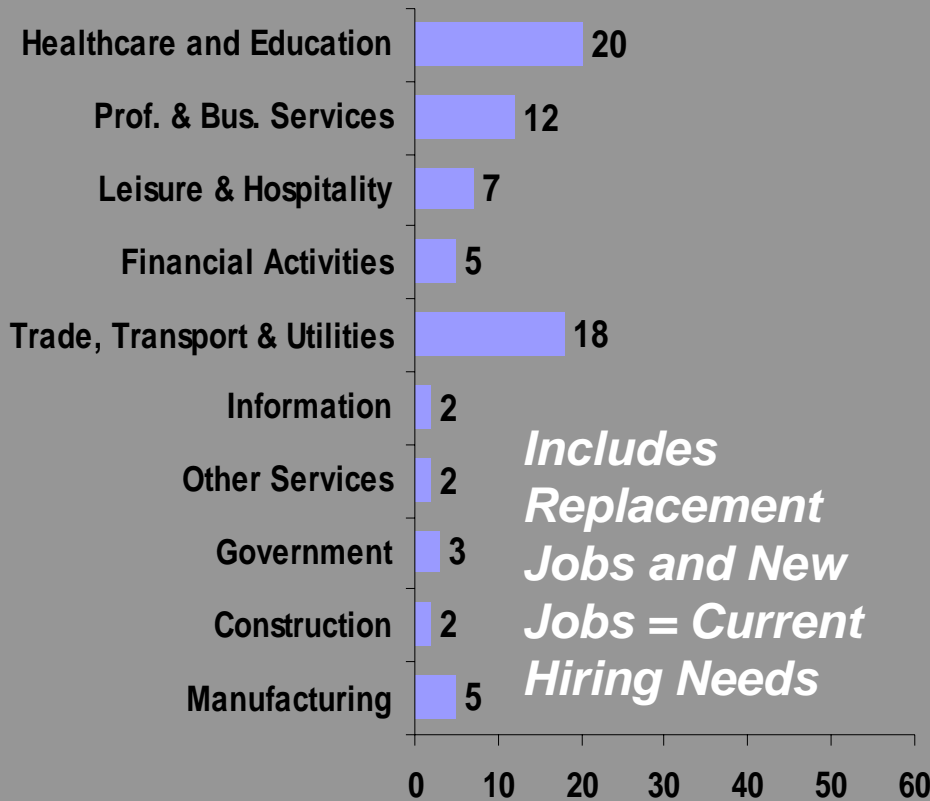


Can We Expect a Shortage?

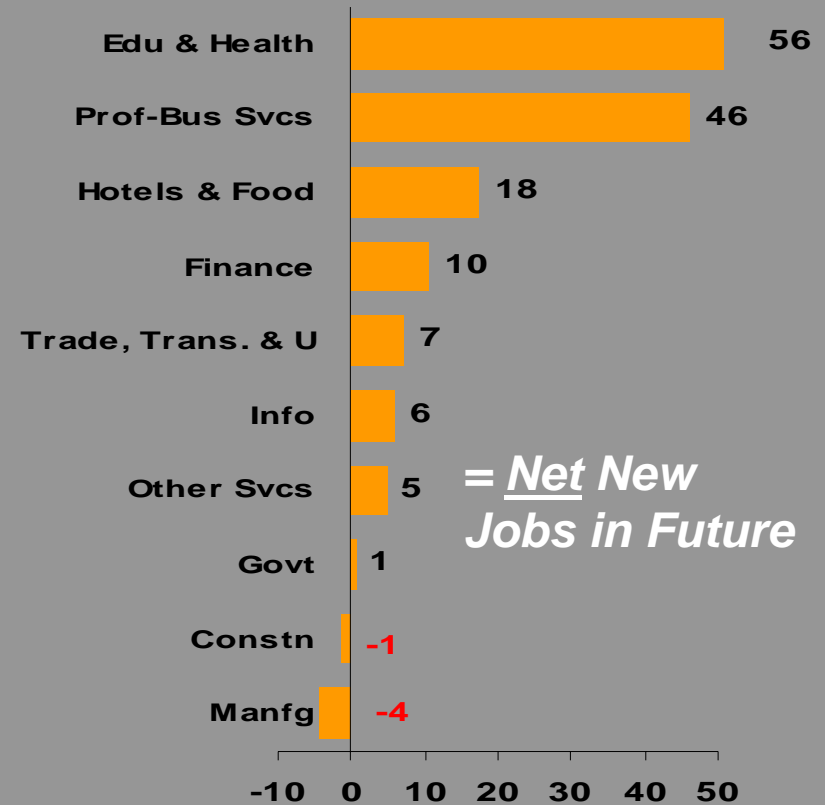
Where is current demand?

Where is future growth projected?

Job Vacancies by Industry Sector
2005Q4 ('000)



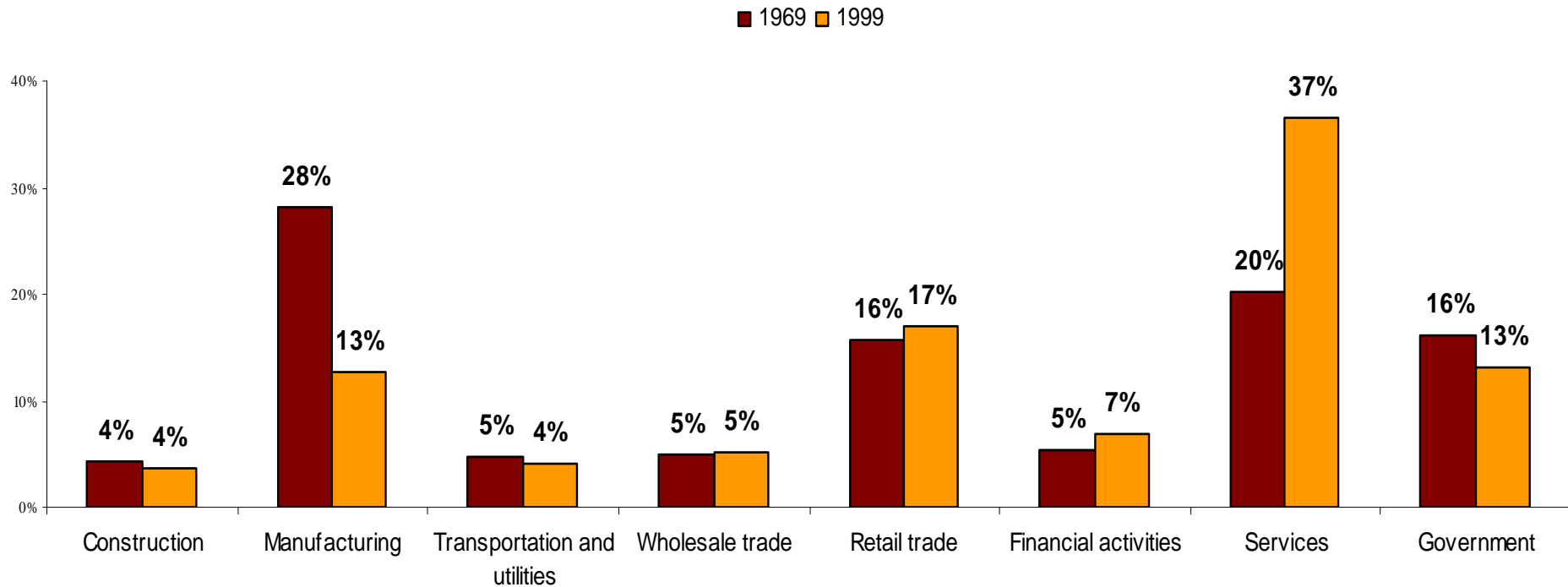
Projected Increase in Employment 2005-2010



Changes in Where People Work

Decline in manufacturing; growth of services

Massachusetts: Changes in Industry Employment 1969-2004 Source: US Bureau of Economic Analysis Regional Economic Accounts using ES202

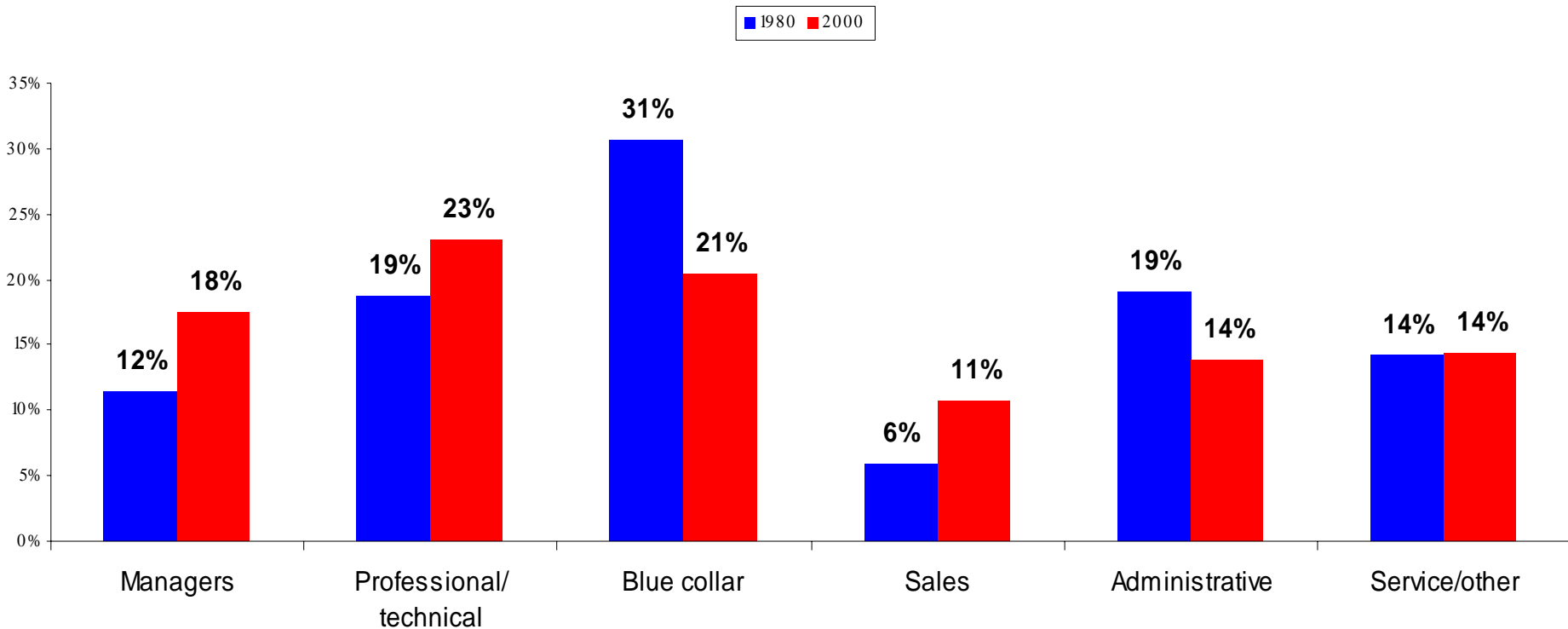


Note: Based on chart from Richard Murnane and Frank Levy in "The New Division of Labor." We have used Massachusetts industry data.
Source: Bureau of Economic Analysis Regional Economic Accounts, Income and Employment Tables by SIC, 1969-2001, <http://www.bea.gov/bea/regional/spi/default.cfm>

Changes in What People Do

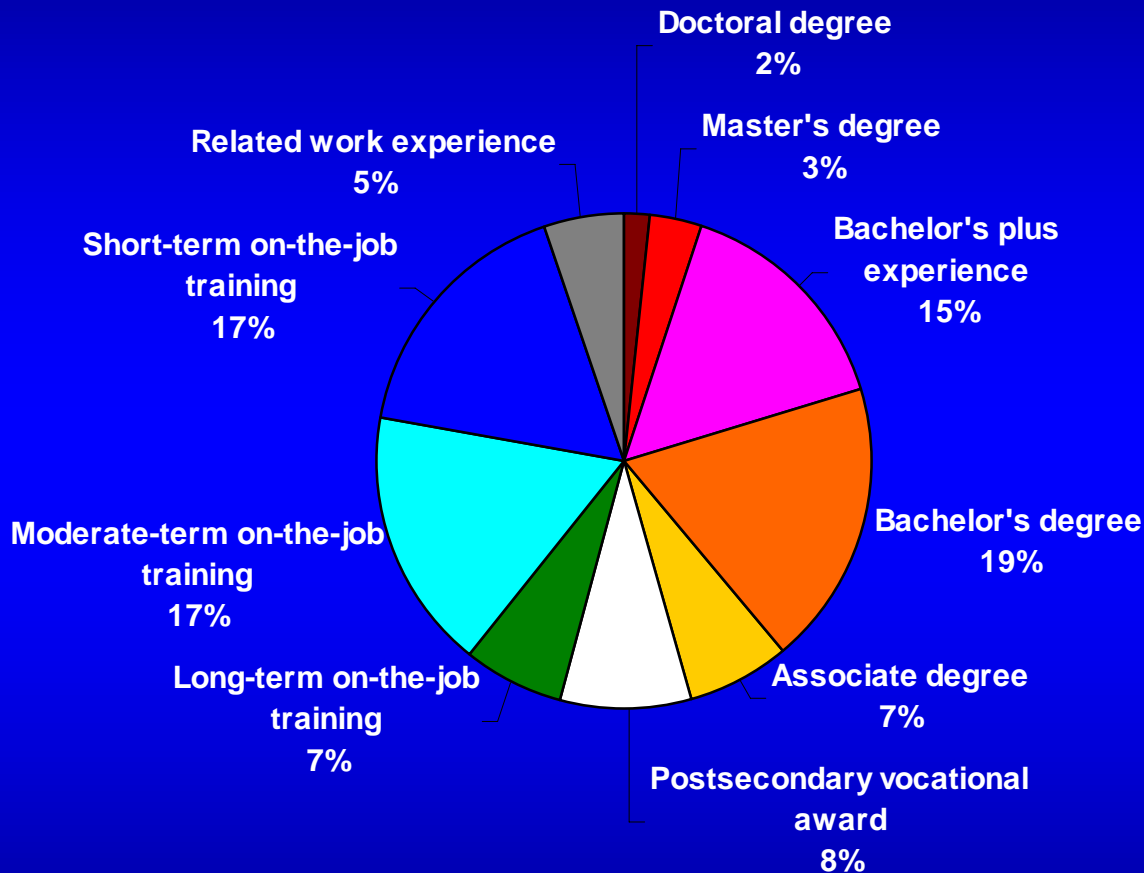
Increase in managers, professional/technical and sales jobs; decline of blue collar and admin. jobs

Massachusetts Occupational Distribution 1980-2004 Occupations listed in order of decreasing pay
2003



Note: Reproduction of chart from Richard Murnane and Frank Levy, from "The New Division of Labor," using Massachusetts data from Geographic Profiles of Employment and Unemployment, Bureau of Labor Statistics and Occupational Employment Statistics

Education and Training Requirements for Persistent Job Vacancies



Take Away Points

1. No “worker” gap today, but there are concerns about population not growing and labor force declining
2. A worker gap is possible in the future
3. Maintaining our human capital advantage is critical to Massachusetts
4. Half of all “persistent” job vacancies require on-the-job training and the other half require post-secondary education.
 - *Indicates career growth opportunity from lower levels with proper training.*
5. There are major occupational groups with strong projected growth that appear to have supply constraints:
 - Healthcare practitioners & technicians*
 - Community & Social Services*
 - Education and Training*

What can be done?

Government

- Employer collaboration for skill development of workers
- Focus workforce funding for training on career ladder opportunities
- Ensure K-12 and post-secondary understand the “need” around persistent and strategic vacancies (e.g. STEM curricula)
- Policies related to immigrants and youth entering the workforce to facilitate their entry into the workforce
- Ensure those in need get access to basic education and English
- Others?

Employer

- Increase labor force participation through various steps, including flexible work arrangements and employment of disabled
- Deferred or phased retirement of incumbent workers
- Extend educational and training opportunities for low-skilled workers—provide growth opportunities
- Take steps to assist immigrants –provide education and ESOL opportunities
- Others?