

The Outlook for the Massachusetts Economy

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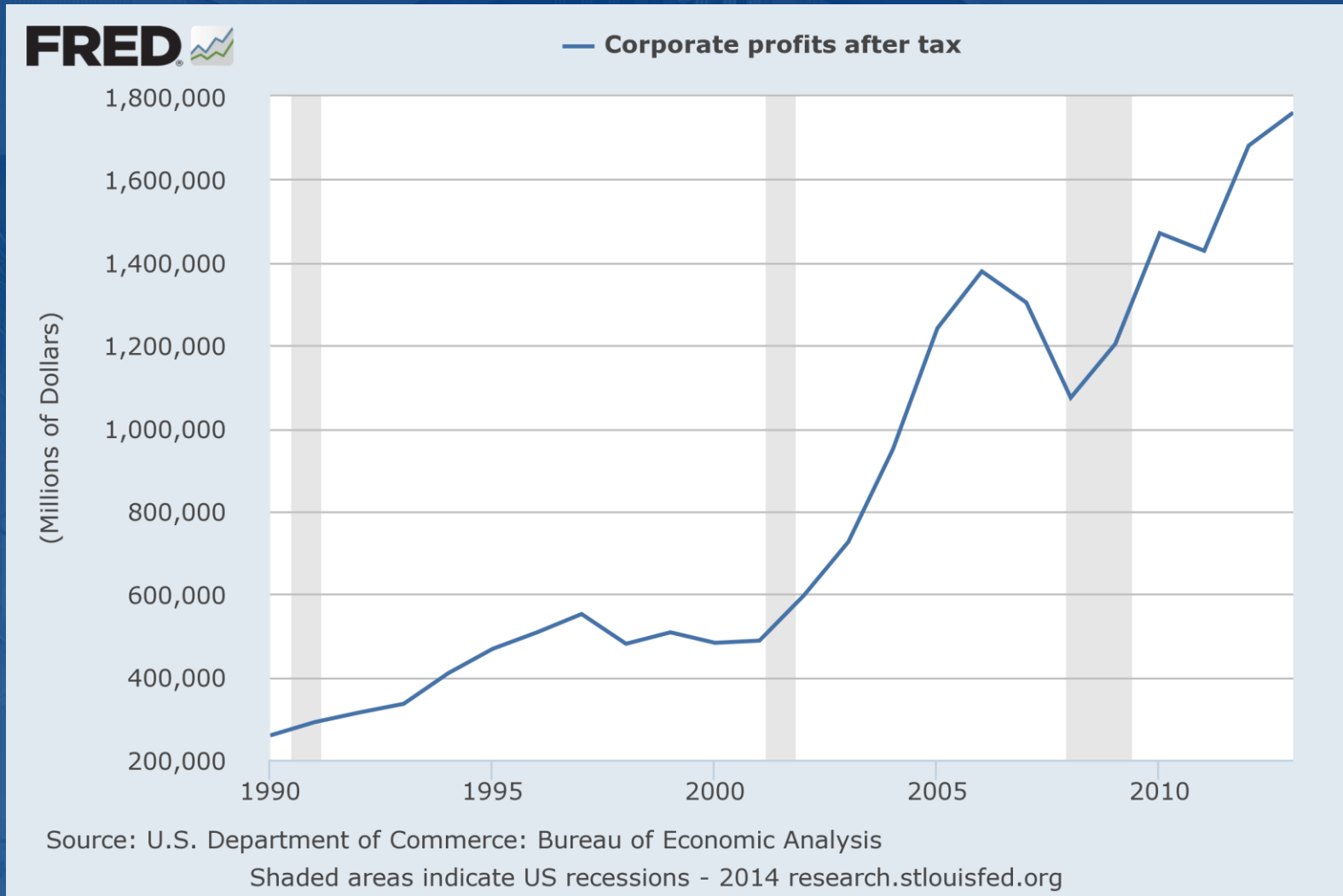
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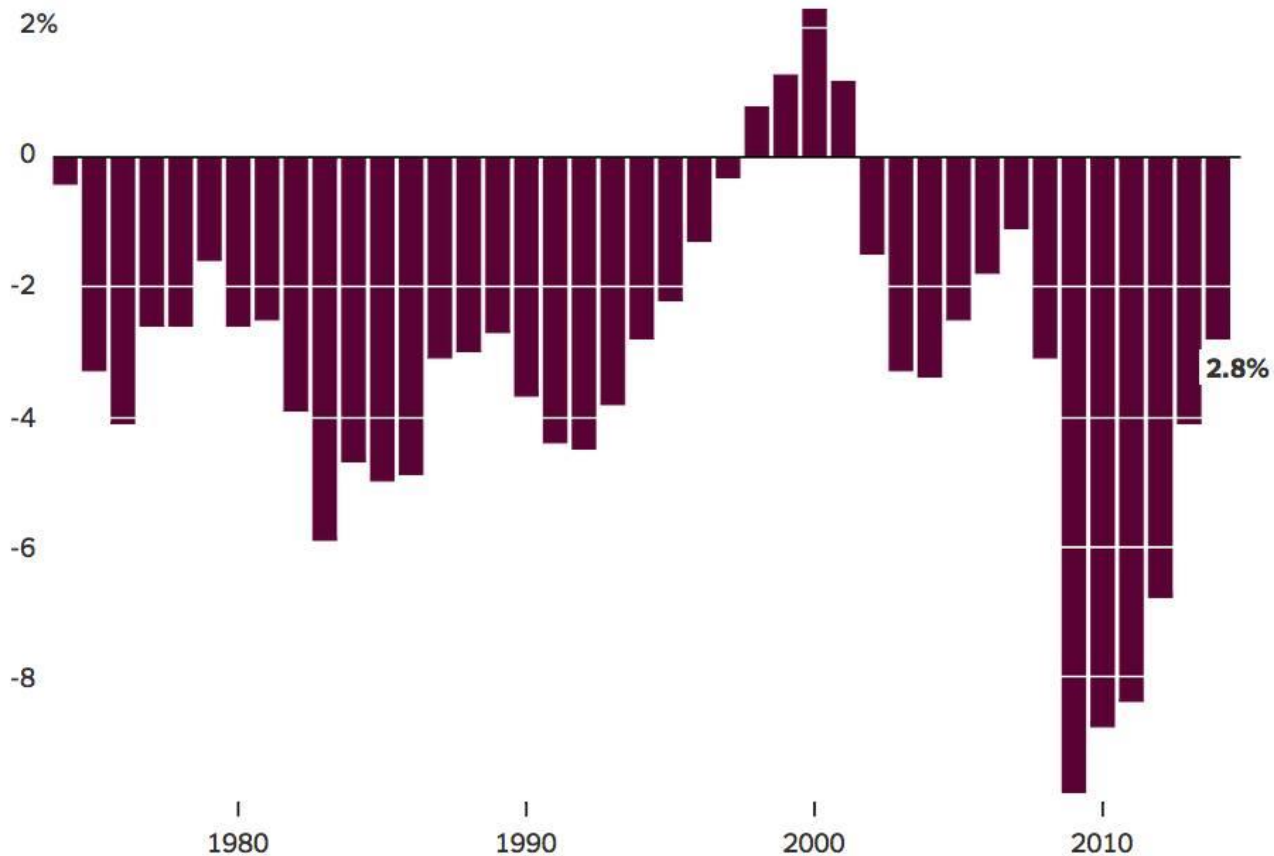
On the one hand...



The federal budget deficit is back to normal

A Declining Deficit

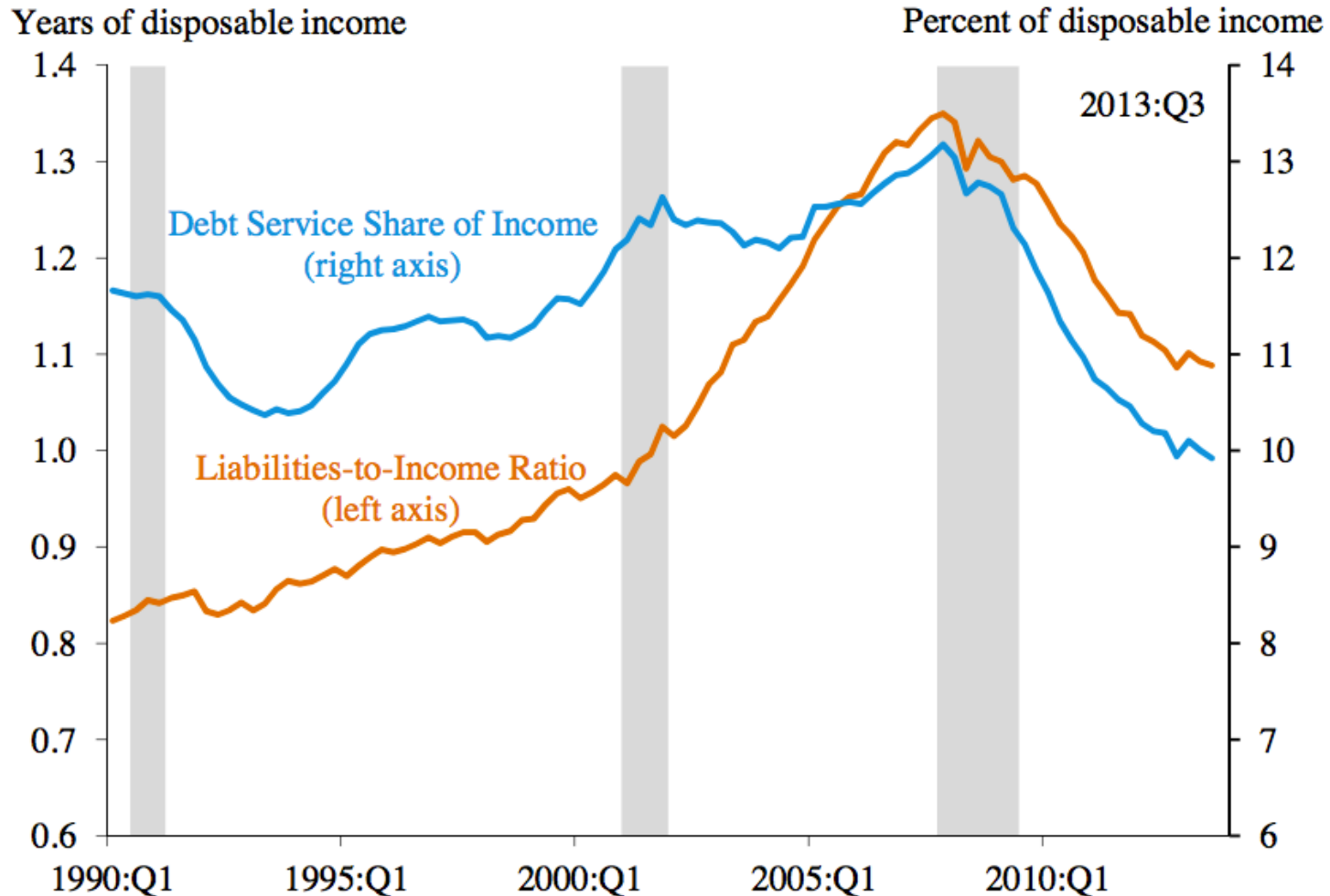
In the just-concluded fiscal year, the budget deficit has sharply declined to 2.8 percent of G.D.P. The average budget deficit from 1974 to 2014 was 3.1 percent.



Source: Congressional Budget Office

Consumer balance sheets are much improved

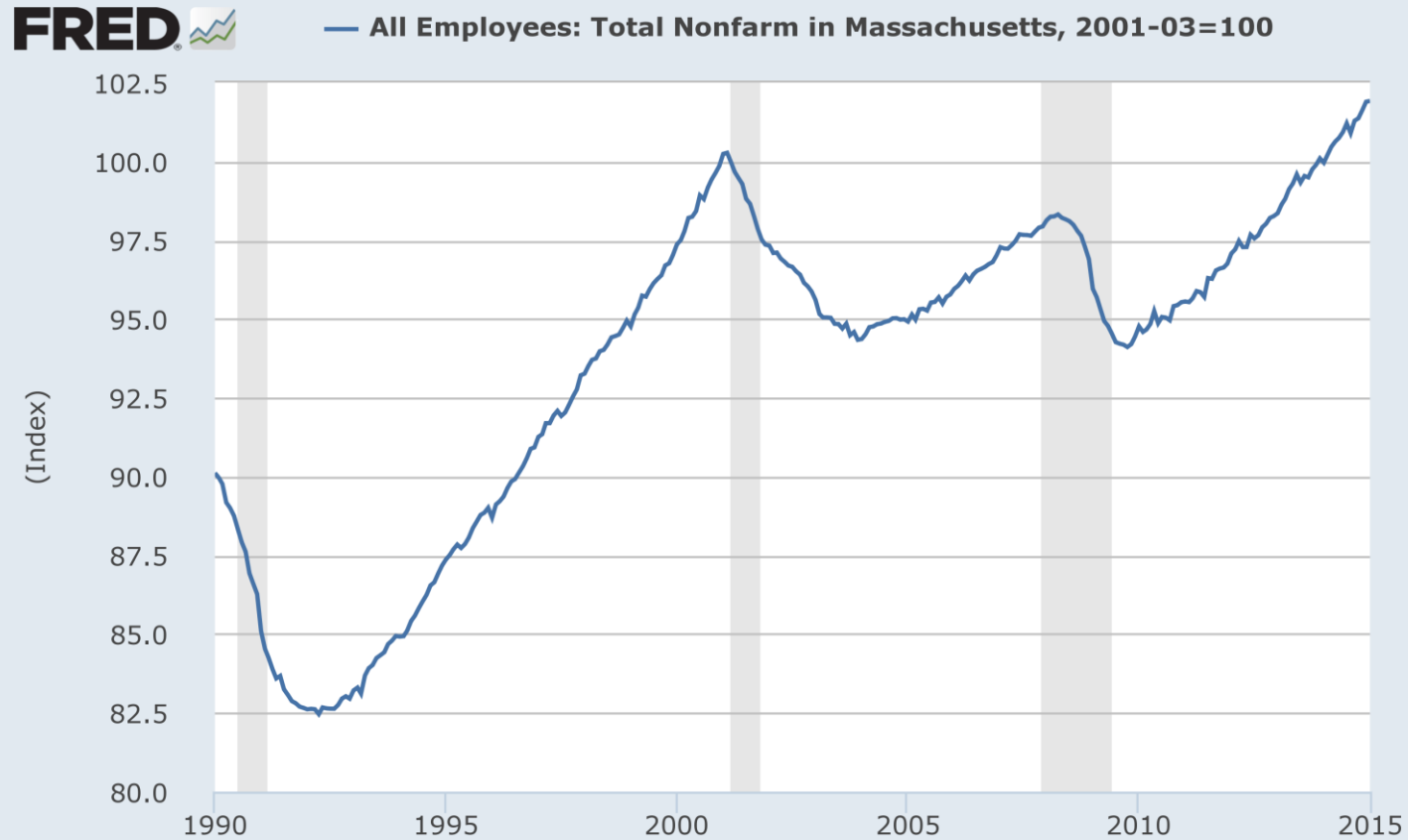
Household Deleveraging, 1990–2013



Note: Shading denotes recession.

Source: Federal Reserve Board, Financial Accounts of the United States.

Last year Massachusetts finally recovered the jobs lost in the Great Recession AND the Dot-com bubble

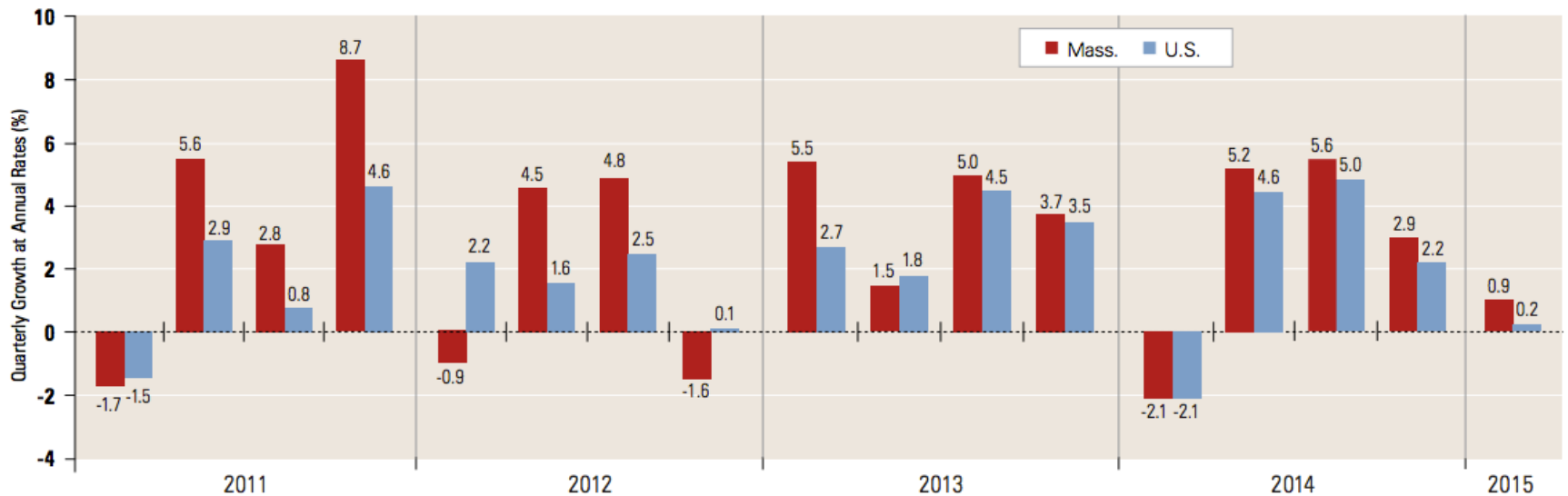


Source: US. Bureau of Labor Statistics

Shaded areas indicate US recessions - 2015 research.stlouisfed.org

The state economy has performed relatively well in recent years

Figure 1. Growth in Real Product, Massachusetts and U.S.



Source: U.S. data from the U.S. Bureau of Economic Analysis (BEA); Massachusetts data from *MassBenchmarks*; Calculations by Alan Clayton Matthews

While the negative impact of record snowfall this Winter is very real, it will not be enough to derail the Commonwealth's economic expansion in 2015



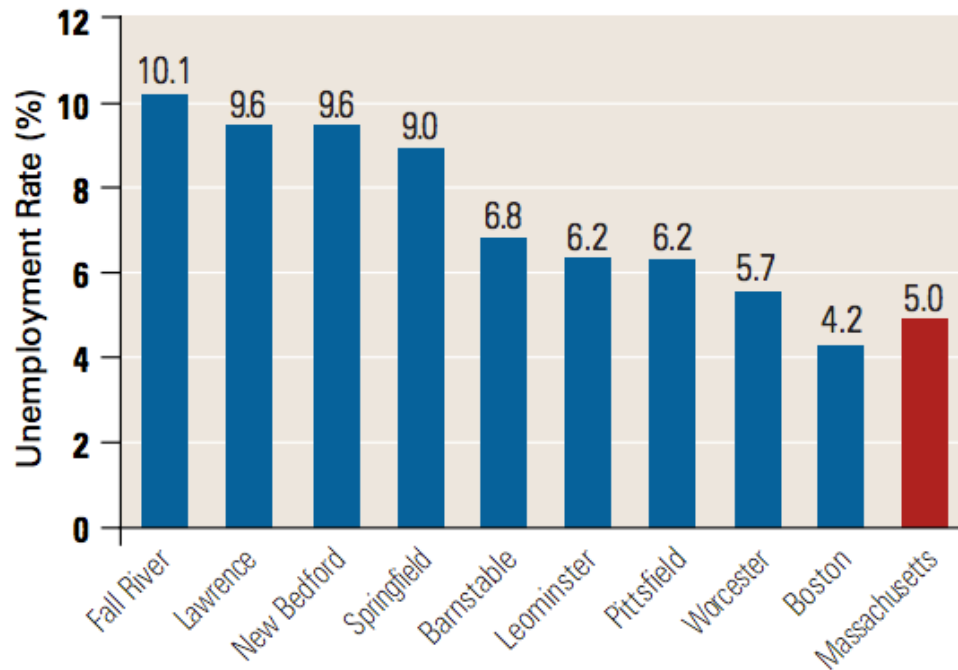
But, the rising tide is still not lifting all boats

In April the state unemployment rate was 4.7 percent. But, in 2014, the annual average unemployment rate was:

- 13.5 percent for workers under 25 years old (down from 15.8 percent in 2013).
- 14.1 percent for those with less than a high school education (down from 20.1 percent in 2013).
- The state's "U6" unemployment rate -- which includes the marginally attached and those working part-time for economic reasons -- was 11.5 percent (down from 13.2 percent in 2013).

Greater Boston has been leading a regionally imbalanced state recovery and expansion...

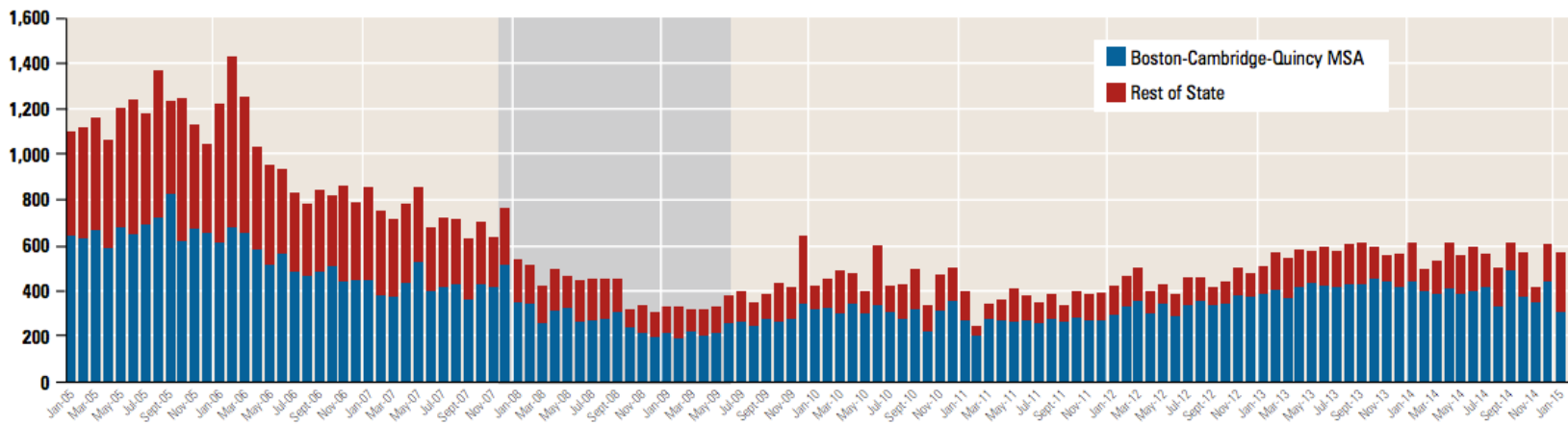
Figure 3. Unemployment Rate by City
March 2015
Not seasonally adjusted



Source: Massachusetts Labor and Workforce Development, Labor Market Information, Local Area Unemployment Statistics

...and capturing an increasing share of real estate development activity

**Figure 5. Housing Starts for Single-Unit Structures
Boston MSA and Rest of Massachusetts
January 2005–January 2015**
Seasonally adjusted



Source: Federal Reserve Bank of St. Louis - Federal Reserve Economic Data (FRED); Recession dates were obtained from the National Bureau of Economic Research (NBER); shaded areas indicate periods of recession.

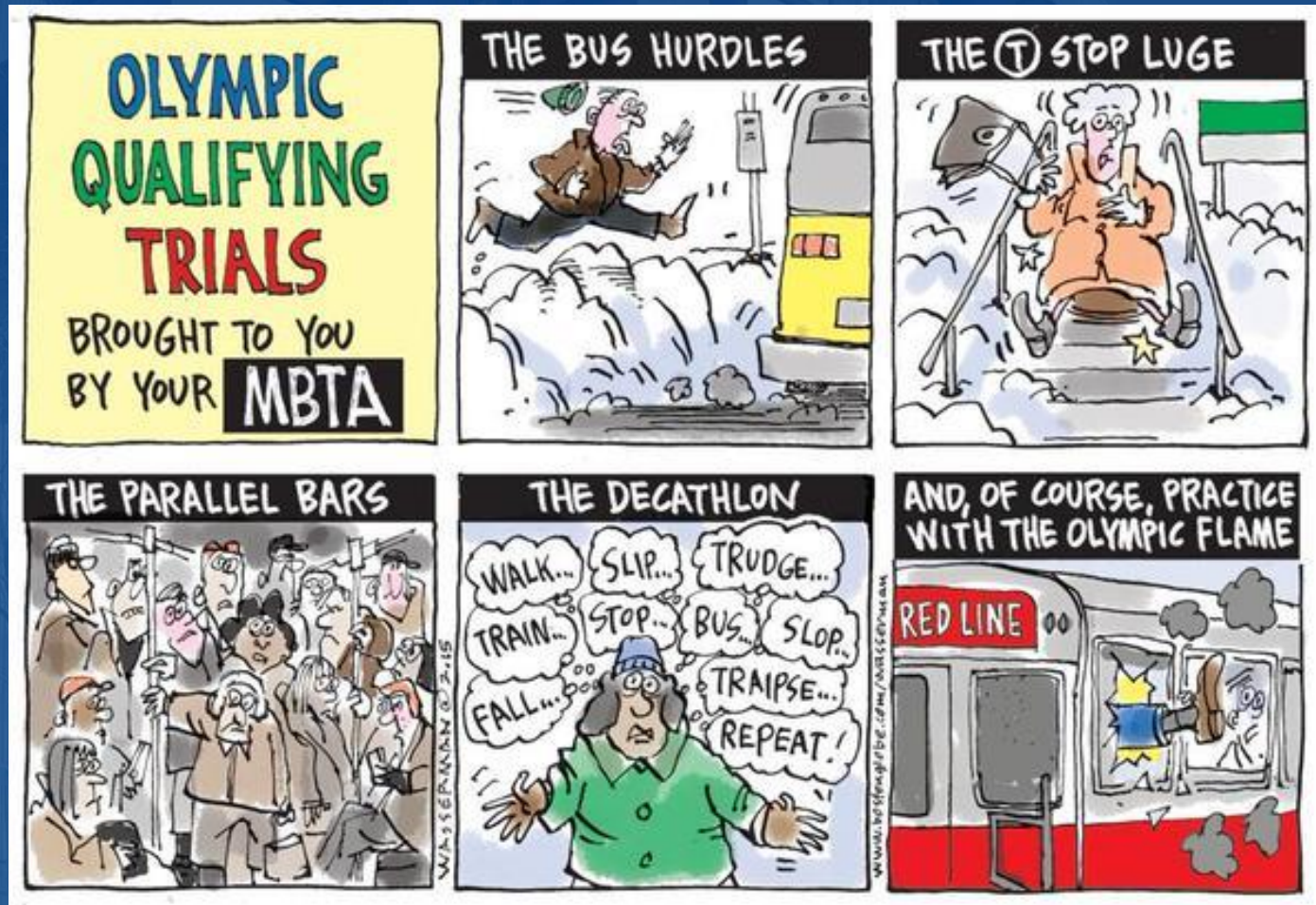
The near-term economic outlook is for continued growth but demographic challenges loom

- At current pace, an aging population will halt our labor force growth by the end of 2018.
- Better alignment of our K-12/Voke and community college systems with employer needs is needed
- Our major competitive advantage remains the education, skills, and “yankee ingenuity” of our residents.



Source: New England Economic Partnership (NEEP)

Inadequate Transportation Infrastructure represents a major long term threat to our economic growth



For more information:

The Public Policy Center at UMass Dartmouth:
umassd.edu/ppc

MassBenchmarks, the Journal of the MA Economy:
massbenchmarks.org

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