

Boston's Unemployment is Lowest Ever Measured

Record unemployment rate leads to full employment economy

- **Boston's 2.9% average unemployment rate for 2000 dipped to its lowest point in the 31 years of modern measurement.**
- **The city's average unemployment rate in 2000 was more than one percentage point lower than the average national rate and only 0.2 percentage points higher than the state average.**
- **The number of people unemployed in Boston has fallen from a high of 25,186 in 1991 to a record low of only 8,618 in 2000.**

Boston's Declining Unemployment

Boston's annual average unemployment rate continues to decline and is now at the lowest point in over three decades, and perhaps longer. In both 1998 and 1999, the average unemployment rate in Boston was 3.3%, the lowest annual rate since 1969, the first year for which consistently reliable data on the unemployment rate are available.

But unemployment figures for 2000 are even lower – currently registering a record low rate of 2.9%. (Although, this rate may be adjusted in the coming months, it nevertheless will likely remain below the 3.3% of the last two years.)

The city's unemployment rate has steadily declined every year for almost a decade, since reaching a high of 8.6% during the recession year of 1991. The record low unemployment rate is a result of the record number of jobs being

created by Boston's strong economy. The number of jobs in Boston reached an all-time high of 682,838 in 1999, a gain of over 104,000 jobs since the low point of the recession in 1992. And when the final numbers for 2000 are in, they are expected to show an increase of more than 120,000 jobs since 1992, bringing the total to over 700,000 jobs in the city.

Consequently, the number of people unemployed in Boston has fallen from an average of 25,186 in 1991, when unemployment was at its highest, to an average of only 8,618 in 2000.

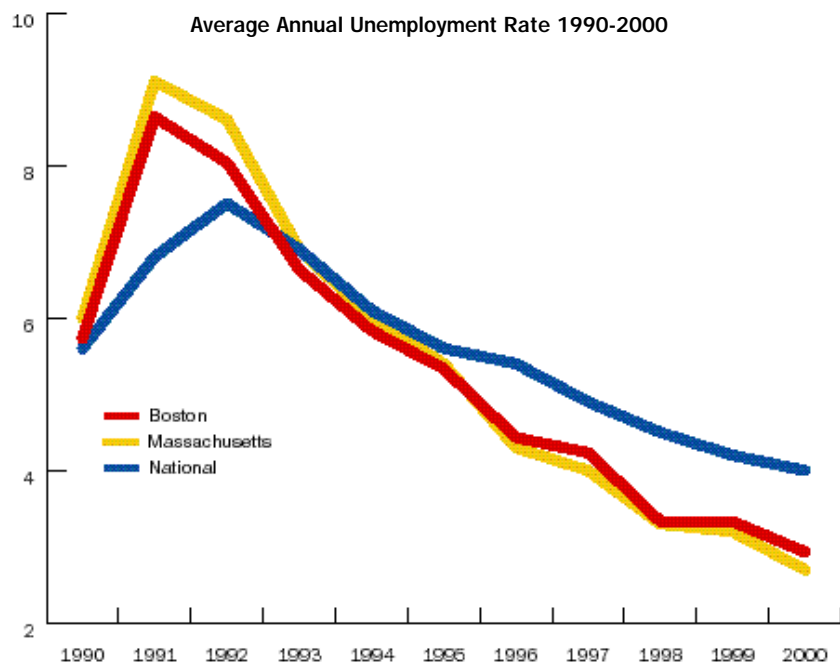
In part, the state's low unemployment role is attributable to Boston's phenomenal job growth. Since 1996, the city has added about 19,500 jobs a year,

far more than could be absorbed by city residents alone and making Boston a source of prosperity throughout the metro area.

Boston Compared to the State and Nation

Boston fares very well when compared to the state and nation.

Boston's unemployment rate decreased further and faster than the national rate. In 1992, the U.S. unemployment rate peaked at 7.5%, before dropping, in 2000, to 4.0%. In Boston, the high mark of 8.6% occurred in 1991, before dropping at the end of 2000 to 2.9% - more than one percentage point lower than the national average.



Note: The average unemployment rate for the year 2000 is not final and is likely to be adjusted in the coming months, though, the rate is still expected to be lower than 1999's.

The Commonwealth of Massachusetts, on the other hand, saw its recent unemployment rate peak at 9.1% in 1991, before dropping in 2000 to 2.7% - just 0.2 percentage points lower than Boston's. The city led the state in the rate of decline in unemployment in the first half of the decade, before the state caught up to Boston and passed it in the second half. However, as noted above, the state unemployment rate owes much to the widespread benefits of Boston job growth.

Tight Labor Pool

There is, however, a down side to the good news about low unemployment, one that was documented in two recent studies by MassINC.

As a result of the strong economy, Boston and the region are both suffering from a very tight labor pool, i.e., there are too few workers available to fill the job openings as the economy continues to grow. As a result, while the overall economy in Boston and the region is still good, the rate of growth in the economy has been much slower than the national average - approximately 50% slower in fact. Thankfully, the city's new immigrants have been able to meet some of the demand for labor, because without immigration, growth would have been even slower. Further complicating the

labor pool situation is the fact that the knowledge-based economy of this area - in such areas as high-tech, health care, and financial services - is creating a pressing need for highly trained workers and staff. In an attempt to address this issue, Mayor Menino has announced three new training initiatives:

- asking the business community to match the city's new \$1 million commitment to train employees while on the job.
- investing an additional \$1 million for high-tech training.
- increasing funding to add 400 slots to reduce the waiting lists for English language classes, an important first step in training new workers.

Conclusion

Boston's extremely strong economy has produced unemployment rates in the city that are the lowest ever since measurement began in 1969. Since the recession year of 1991, the unemployment rate in Boston and the state has consistently declined thanks to an expanding economy, which has also led to the creation of a record number of

jobs in Boston for city residents and for those who commute to work from outside the city.

One reason for this strong economy is that the city is home to the kind of knowledge-based industries - such as financial and business services, research and development, health care, and education, as well as tourism - which are growing regionally and nationally. These rapidly expanding industries are creating numerous employment opportunities and producing the lowest unemployment rates for the city of Boston in recent history.

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