

Data Digest

A Statistical Profile of the Pioneer Valley Region

Labor Force and Employment in the Pioneer Valley Region: A 20-Year Retrospective

During the 1990s, it was widely reported that the size of the Pioneer Valley region's labor force and total employment had sharply declined. However, the release of new Census 2000 data reveals that this is no longer the case. While there were undoubtedly substantial declines in the size of the region's labor force and total employment during the first half of the decade (particularly during the economic recession of 1990 and 1991), Census 2000 statistics show that these losses had been reversed and nearly erased by the year 2000.

Census 2000 data shows that between 1990 and 2000, the Pioneer Valley region's labor force shrank by 0.6 percent (or less than one tenth of one percent annually). Although the Hampden County portion of the region experienced a significant decline of 3.5 percent, these losses were almost entirely absorbed by communities to the north in the Hampshire County portion of the region, which experienced a 7.6 percent gain in labor force size. Consequently, by the year 2000 the region's labor force was 9.6 percent larger than was the case in 1980.

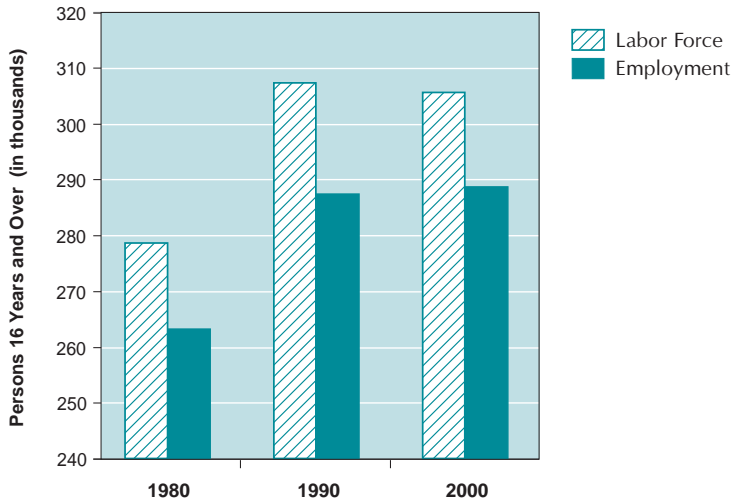
The Pioneer Valley region's total employment, rather than decreasing during the 1990s, actually grew by 0.5 percent. While this slow rate of employment growth continues to be a concern, the replacement of all the jobs lost during the early 1990s is undeniably very good news. Given that, employment in the region was 9.7 percent higher in 2000 than was true in 1980.

Labor Force and Employment in the Pioneer Valley Region

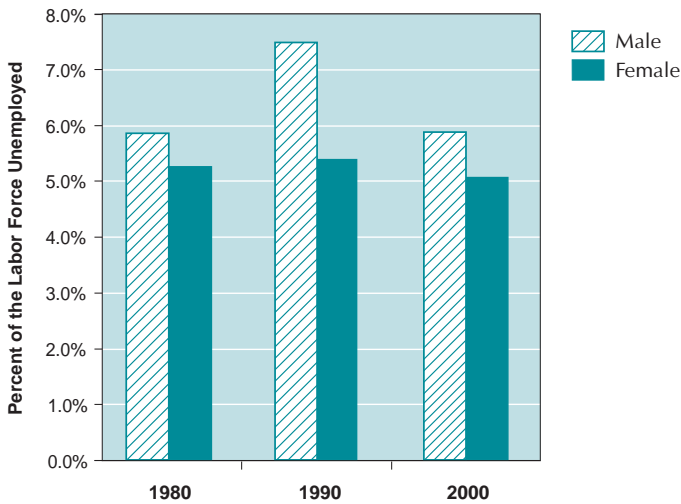
	1980	Percent Change	1990	Percent Change	2000
Labor Force Size	278,817	10.3%	307,513	(0.6%)	305,710
Total Employment	263,235	9.2%	287,529	0.5%	288,888
Unemployment Rate	5.6%	0.9%	6.5%	(1.0%)	5.5%
Labor Force Participation Rate					
Males	73.2%	(0.4%)	72.8%	(3.0%)	69.8%
Females	51.5%	6.0%	57.5%	1.6%	59.1%
Employment by Industry					
Agriculture, forestry, fishing, and mining	2,526	44.1%	3,640	(59.2%)	1,484
Construction	9,000	53.3%	13,797	(7.1%)	12,824
Finance, insurance, and real estate	15,354	35.5%	20,806	(11.1%)	18,493
Manufacturing	74,857	(23.9%)	56,943	(25.3%)	42,556
Public administration	10,818	4.0%	11,247	21.7%	13,690
Retail trade	42,459	20.1%	50,982	(33.7%)	33,825
Wholesale trade	8,962	10.4%	9,891	(1.3%)	9,761
Services	26,376	40.5%	37,046	63.7%	60,652
Health and educational services	57,939	13.2%	65,591	22.4%	80,251
Transportation, communication, and utilities	14,944	17.7%	17,586	(12.7%)	15,352

Note: Employment numbers do not include self-employed individuals.
Source: U.S. Census Bureau

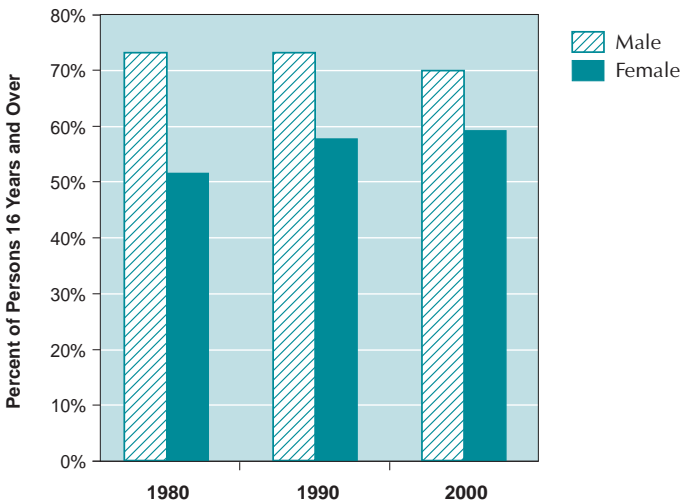
Labor Force and Employment in the Pioneer Valley Region (1980–2000)



Male and Female Unemployment Rates in the Pioneer Valley Region (1980–2000)

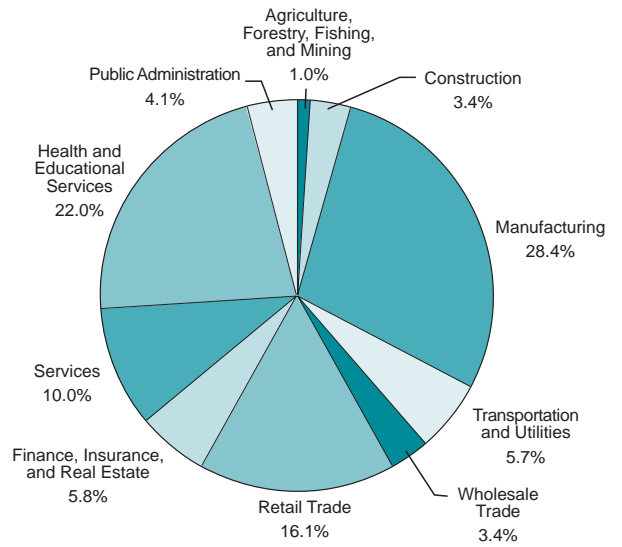


Male and Female Labor Force Participation in the Pioneer Valley Region (1980–2000)

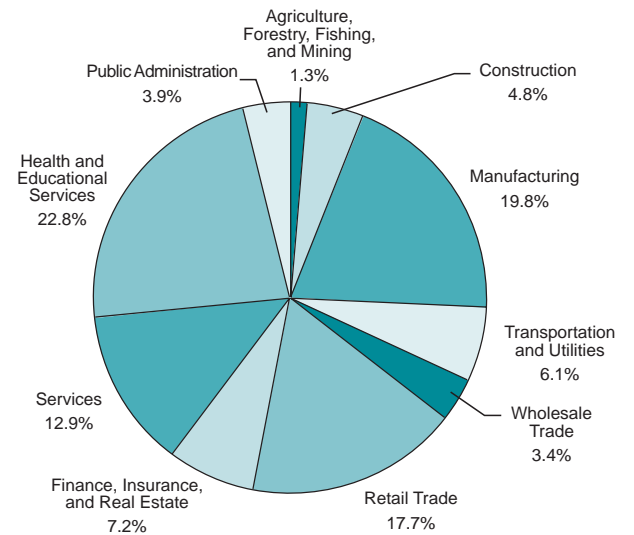


Source: U.S. Census Bureau

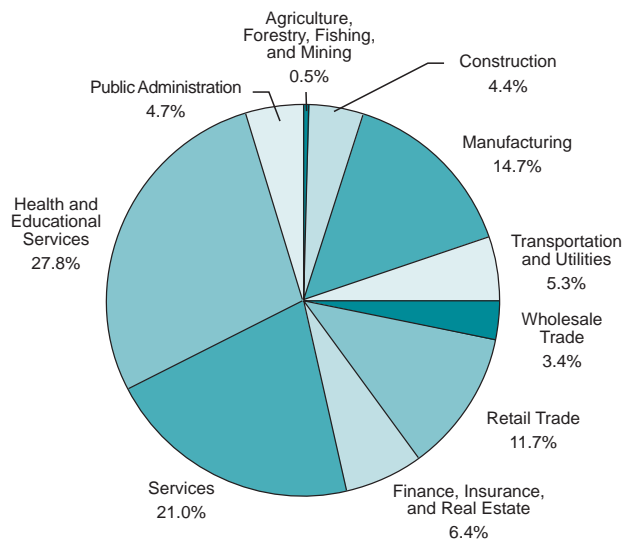
Employment by Industry in the Pioneer Valley Region (1980)



Employment by Industry in the Pioneer Valley Region (1990)



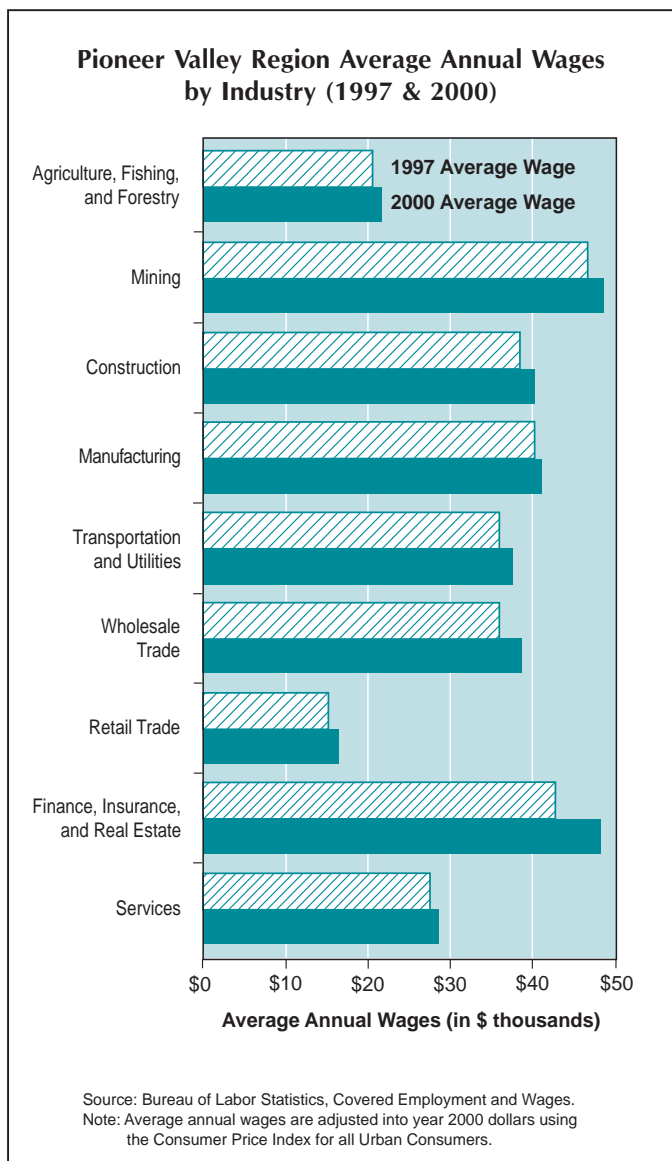
Employment by Industry in the Pioneer Valley Region (2000)



Source: U.S. Census Bureau

During the last two decades, the Pioneer Valley region's labor force participation rates have also experienced significant changes, particularly along gender lines. For example, between 1980 and 2000, the percent of men over the age of 16 participating in the labor force decreased from 73.2 percent to 69.8 percent. However, during the same time period, the labor force participation rate of women increased from 51.5 to 59.1 percent. The decline in male labor force participation rates, albeit modest, is of some concern especially as the region looks towards the future; however, the growing participation rates among women is an encouraging sign. The region's recent gains in the labor force participation of women principally occurred between 1980 and 1990, with the increase slowing during the 1990s.

The Pioneer Valley region's unemployment rates dropped between 1990 and 2000. In 1990, the region's unemployment rate among men was 7.5 percent, but by 2000 it had dropped to 5.9 percent. In contrast, the unemployment rate among women has remained more constant over the last two decades, with an unemployment rate of 5.3 percent in 1980, 5.4 percent in 1990, and 5.1 percent in 2000. The Pioneer Valley region's shrinking unemployment rates constitute good economic news.



Coupled with recent changes in the Pioneer Valley region's labor force and employment, there have also been dramatic changes in the distribution of employees among key industry sectors. In 1980, for example, 50 percent of the region's total workforce was employed either in manufacturing (28.4 percent) or health and educational services (22.0 percent). Moreover, at that time, workers engaged in services other than health and education accounted for only 10 percent of the region's workforce. However, the rapidly shrinking size of the region's manufacturing sector has become very apparent. Specifically, by 1990 the number of employees working in the region's manufacturing sector had dropped by 23.9 percent so that manufacturing jobs accounted for less than 20 percent of the workforce. These job losses in the manufacturing sector led to increases among a number of other industry sectors, including health and education (up 13.2 percent), construction (up 53.3 percent), retail and wholesale trade (up 20.1 and 10.4 percent), and finance, insurance, and real estate (up 35.5 percent). Each of these industries realized slight increases in their share of the region's total workforce from what had been true in 1980.

During the 1990s, the Pioneer Valley region's manufacturing employment continued to drop, although not nearly as much as in the previous decade. While manufacturing jobs employed only 14.7 percent of the region's workforce in 2000, there were still more than 40,000 people in the Pioneer Valley region gainfully employed in manufacturing. By the year 2000, service industries (including health and education) accounted for almost 50 percent of the jobs held by the region's workforce. From 1980 to 2000, the Pioneer Valley region experienced a major structural change from a manufacturing-based to a service-based economy.

It must be underscored that despite its relatively smaller size in the region's economy, manufacturing remains a vital component of the Pioneer Valley region's economic future and plays a critical role in the retention and growth of the region's labor force. Manufacturing has one of the highest average annual wages of any industry (\$41,077 per year). Furthermore, manufacturing jobs offer the highest annual wage for any industry sector accounting for more than 10 percent of the Pioneer Valley region's total workforce.

The finance, insurance, and real estate (FIRE) sector produced the region's highest average annual wage in 2000, approaching \$50,000, but this industry accounts for only 6.4 percent of the region's workforce. Conversely, retail trade recorded the lowest average annual wage, falling well below \$20,000 in 2000, while accounting for 11.7 percent of the regional workforce. The agriculture, fishing, and forestry sector and the services sector also have relatively low average annual wages at \$21,586 per year and \$28,578 per year respectively.

Overall, the average annual wage, across all industry sectors and adjusted for inflation, rose by 5.0 percent between 1997 and 2000, which represents a gain of 1.25 percent annually over the three-year time period.

Number of Firms by Industry in the Pioneer Valley Region

	1997	2000	Percent Change
Agriculture, forestry, and fishing	300	327	9.0%
Mining	13	13	0.0%
Construction	1,158	1,220	5.4%
Manufacturing	944	964	2.1%
Transportation and utilities	472	453	(4.0%)
Wholesale trade	888	910	2.5%
Retail trade	3,378	3,278	(3.0%)
Finance, insurance, and real estate	1,104	1,079	(2.3%)
Services	4,842	6,303	30.2%

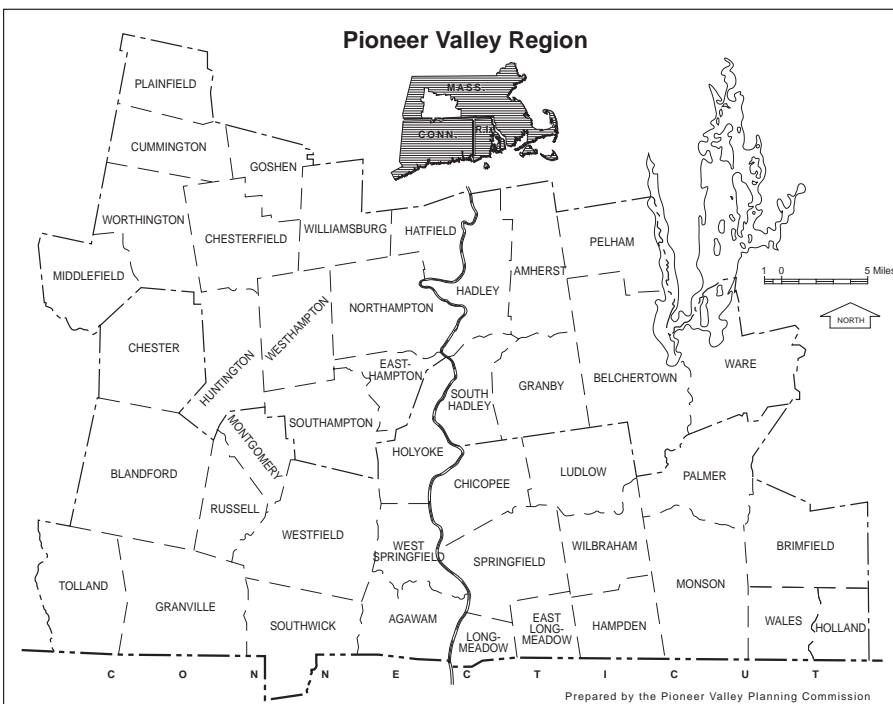
Source: Bureau of Labor Statistics, Covered Employment and Wages

Still another noteworthy trend is the fact that the number of employers within the region is increasing across most sectors of employment. Between 1997 and 2000, the total number of employers in the Pioneer Valley region increased by 1,448 or 11.1 percent. More specifically, the number of service sector employers grew by 30.2 percent between 1997 and 2000, which translates to 7.6 percent annual growth. The number of construction, wholesale trade, and manufacturing firms in the Pioneer

Valley region also grew, by 5.4 percent, 2.5 percent, and 2.1 percent respectively. Unfortunately, transportation and utilities, retail trade, and finance, insurance, and real estate industries each realized declines of between two and four percent in their number of employers.

Working from home . . .

Increasingly over the last 20 years, there have been more stories and anecdotal evidence about people choosing occupations or arrangements by which they are able to work from home. While this trend has been widely reported, Census 2000 statistics appear to show that this pattern of employment remains the exception rather than the rule. In 1980, the Census Bureau reported that 1.6 percent of the Pioneer Valley region's civilian workforce conducted their work from home. By 2000 that number had grown to 2.7 percent – a significant increase which indicates that more people are working from home, but a total that is still small compared to the region's total workforce.



The Pioneer Valley Region

Located in the midwestern section of Massachusetts and covering 1,179 square miles, the Pioneer Valley region encompasses the fourth largest metropolitan area in New England. The region, which constitutes the 43 cities and towns within the Hampshire and Hampden county areas, is home to 608,479 people.

The third largest city in Massachusetts, Springfield is the region's cultural and economic center. The cities of Chicopee and Holyoke were the first planned industrial communities in the nation. Unique within the Commonwealth of Massachusetts, the Pioneer Valley region contains a diverse economic base, internationally known educational institutions, and limitless scenic beauty. Choices in lifestyle range from contemporary downtown living to stately historic homes, characteristic suburban neighborhoods, and rural living in very small communities.



PIONEER VALLEY PLANNING COMMISSION

26 CENTRAL STREET • WEST SPRINGFIELD, MA 01089

(413) 781-6045 • FAX: (413) 732-2593 • WWW.PVPC.ORG