

The Boston Globe

Mass. unemployment rate drops to 5.5%

3,700 jobs added in June

By [Megan Woolhouse](#) | GLOBE STAFF JULY 17, 2014

There was no shortage of good news in the Massachusetts jobs report for June, when unemployment dipped to 5.5 percent — its lowest rate in nearly six years — and when the growing number of people working in the state hovered at an all-time high.

But Thursday's report also contained at least one odd and disappointing figure: Massachusetts lost 1,100 manufacturing jobs in June amid the state's overall gains. Manufacturing companies regularly complain of worker shortages and their inability to fill all the jobs they have to offer.

"We're moving along at a moderate recovery, a modest pace, and that will continue for the rest of the year and maybe even get a little better," said Robert Nakosteen, an economics professor at the University of Massachusetts Amherst. "But there are a couple signs of trouble."

The number of manufacturing jobs in Massachusetts stabilized around 2009, after years of decline and a major recession. There are about 250,000 manufacturing jobs in the state, and they pay an average annual wage of \$75,000.

Yet the sector once again lost jobs in June, either because employers shed positions or because they were unable to find qualified candidates to fill open positions.

Nakosteen said it was a significant one-month decline, adding: "I'd hate to see this as the start of a trend."

Manufacturing jobs are available, but a shortage of workers with the necessary skills has left them unfilled, said Steve Sawin, chief executive of Operon Resource Management, a Lowell staffing company that caters to manufacturers. Modern manufacturing requires a deeper and more technically advanced skill set than it has in the past, and many who currently work in the field are older and retiring.

“We need our vocational schools and community colleges to better align their programs with the surrounding business community to ensure there are trained workers ready to fill open positions in the manufacturing sector,” Sawin said.

Overall, economic growth in Massachusetts has been moderate. Employers added a total of 3,700 jobs in June, though some industry sectors posted gains while others, like manufacturing, reduced employment.

The biggest June jobs producers were in the education and health services sectors, which added a combined 6,000 positions. Retailers added 1,800 jobs, while local government grew by 900 positions.

Construction, which had been steadily gaining in recent months, lost 900 jobs, as did the leisure and hospitality sector. The professional, scientific, and business services sector — which includes a wide range of jobs from accountants and lawyers to security guards — lost 100 jobs. Growth in that sector had helped the state weather economic ups and downs in recent years.

The financial services sector saw no gains or losses of jobs, the report said.

“The mix of the jobs has changed somewhat,” said Alan Clayton-Matthews, a Northeastern University economist.

Massachusetts is in its fifth year of recovery since the Great Recession. As people have begun working again, incomes have risen, households have paid down debt, and home prices have increased.

But the state's economic growth no longer outpaces the nation's overall rate of recovery, which has been accelerating in recent months. The job growth rate in Massachusetts was 1.4 percent over the last three months, compared with 2.4 percent for the nation, Clayton-Matthews said.

The Massachusetts unemployment rate of 5.5 percent in June declined from 5.6 percent the previous month. The US unemployment rate fell to 6.1 percent in June, from 6.3 percent in May.

The federal government collects unemployment data through phone surveys, and that data can be volatile and prone to significant revision. The unemployment rate does not include frustrated job seekers who stopped looking for work or dropped out of the workforce altogether.

The Massachusetts labor force has grown by more than 18,000 workers since December, Clayton-Matthews said.

He predicted the state's steady economic growth will continue, held back only by a lack of skilled labor in some sectors. Employers in the technology sector, for example, continue to need highly skilled workers.

"There's still a lot of demand in that sector," he said. "And a lot of activity."

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