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"[a] leading example of economic development assistance among the state colleges...that directly benefits employers, Chambers of Commerce, non-profit organizations, school districts, legislators, residents, and community group" - State Senate Task Force Report on Public Higher Education, commending MERC on its program.

Calendar of Events

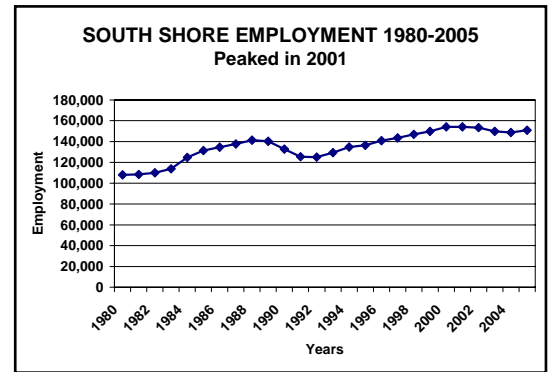
- MERC Advisory Board Meeting:
Tentative Date: March, 30, 2007
- Annual MERC Conference:
Tentative Date: May 4, 2007

Contact MERC @ (508) 626-4033 for more information on these events.

South Shore Employment: Entered Recovery in 2005

By: Nathan Jordan—MERC Intern III

In 2005 the South Shore CCSA entered the recovery phase of the business cycle with gains in employment and payroll, although average wage and total establishments declined. For the first time since 2000 the region experienced substantial growth in employment adding 2,100 jobs. See graph titled "South Shore Employment 1980-2005". The majority of the job gains occurred in Quincy and Hingham, up 1,300 jobs and 900 jobs respectively. Prior to this gain, the region experienced a modest recession during 2001-2004 losing 5,300 jobs or 3.4% of total jobs. Among all communities, Quincy and Randolph lost the most jobs, 2,000 jobs and 1,300 jobs respectively. This South Shore recession mirrored that of the state, which lost 136,500 jobs, or 4.2%, from 2001 through 2004. This modest recession was not as severe as the recession that affected the region from 1988 through 1992. During that four year span the South Shore lost, 16,500 jobs or 11.6%. South Shore



employment then increased every year until 2001. Total employment climbed from 125,000 jobs in 1992 to its historic peak of 154,100 jobs in 2001, a gain of 29,100 or 23.3%.

In 2005, South Shore payroll peaked at \$6.7 billion, a historic high for the region. Total South Shore payroll increased every year from (Continued on page 2)

MetroWest Unemployment: Steady Declines Since 2003

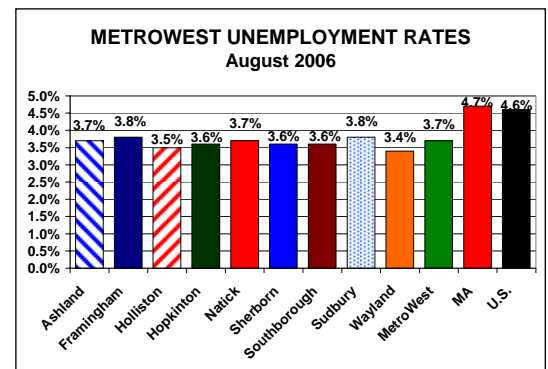
By: Adam Watkins—MERC Intern II

The MetroWest Economic Research Center (MERC) at Framingham State College collects and analyzes unemployment statistics each month, and provides the data and analysis for the MetroWest region. The unemployment rate is calculated by dividing the number of people currently unemployed by the number of people currently in the labor force. The US Bureau of Labor Statistics defines someone as unemployed if he or she does not have a job, has actively looked for work in the previous four weeks, and is currently available to work. Included in the labor force is any non-institutionalized person over 16 years of age who currently holds a job or is actively seeking one.

The MetroWest CCSA consists of nine towns: Ashland, Framingham, Holliston, Hopkinton, Natick, Sherborn, Southborough,

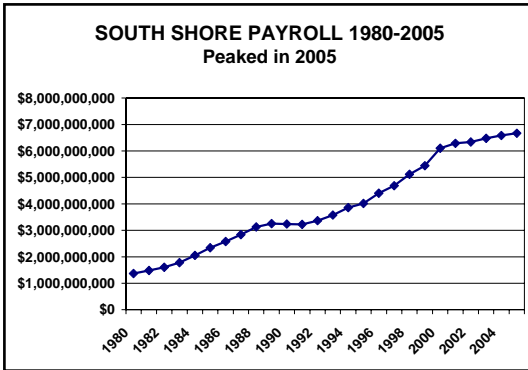
Sudbury, and Wayland. In August 2006, the unemployment rate for MetroWest was 3.7%. It was lower than both the Massachusetts rate of 4.7% and the U.S. rate of 4.6%. See the last three bars on the graph below.

As the graph below indicates, the town with the lowest unemployment rate in August was Wayland



(Continued on page 3)

South Shore Employment : Entered Recovery in 2005

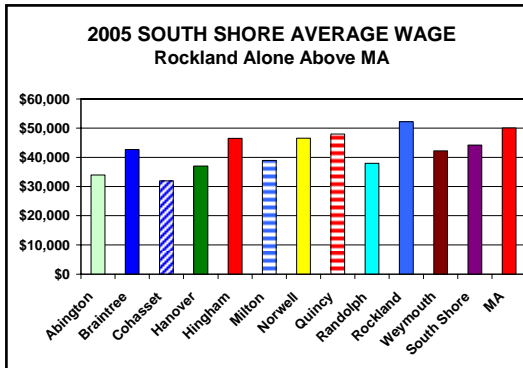


(Continued from page 1)

1980 through 2005 with the exceptions of 1990 and 1991. Over the twenty-five years, South Shore payroll increased by \$5.3 billion. Gains in the most recent years have been relatively small compared to the larger increases that were present through much of the 1990's. See graph titled "South Shore Payroll". Out of the eleven South Shore communities Quincy contributed the largest share of payroll, accounting for \$2.3 billion or 34% of the regions' payroll. Braintree followed with a total payroll of \$1.3 billion or 19%. These two communities alone generated over half of the total payroll for the region.

Although total employment had its first gain in four years and payroll increased by 1.4%, the nominal average wage (total payroll divided by total employment) for the region fell slightly in 2005. The 2005 average annual wage was roughly \$44,200 down \$10 from the 2004 value of \$44,210. After correcting for inflation, using the Greater Boston Area CPI, the decline was more severe, as the average real wage decreased by 3.2%. In 2005, the South Shore average wage of \$44,200 was \$6,000 less than the Massachusetts average wage of \$51,000. Among the eleven communities that comprise the South Shore, only Rockland had a higher average wage than the state. See graph titled "2005 South Shore Average Wage". The community with the lowest average wage in 2005 was Cohasset at \$31,900. The average wage in the remaining nine communities ranged from \$2,000 below to \$16,000 below the Massachusetts average wage in 2005.

Total establishments or separate places of work also declined to 9,700 in 2005. The South Shore lost 250 establishments with ten of the eleven communities losing establishments. Only Abington added establishments in 2005. Braintree lost the most, 60, while four other communities lost at least 25 establishments. Only twice prior to 2005 had the South Shore experienced establishment loss, a loss of 660 during the recession of the early 90's and a loss of 200 in 1996. In 2004 total South Shore establishments reached a historic peak of 9,925.



October 2006 UNEMPLOYMENT RATES

Not Seasonally Adjusted
(Preliminary Data)

Blackstone Valley	4.0%
Blackstone	4.7%
Douglas	4.5%
Grafton	3.6%
Hopedale	3.6%
Mendon	3.1%
Millbury	3.8%
Millville	4.8%
Northbridge	4.5%
Sutton	3.6%
Upton	4.5%
Uxbridge	3.8%
Greater Franklin	3.6%
Bellingham	4.0%
Blackstone	4.7%
Foxborough	3.4%
Franklin	3.3%
Medfield	3.3%
Medway	3.5%
Millis	3.6%
Norfolk	4.2%
Wrentham	3.4%
Greater Marlborough	3.5%
Hudson	4.0%
Marlborough	3.3%
Northborough	3.4%
Westborough	3.3%
MetroWest	3.2%
Ashland	3.5%
Framingham	3.4%
Holliston	3.0%
Hopkinton	2.5%
Natick	3.2%
Sherborn	2.7%
Southborough	3.5%
Sudbury	3.7%
Wayland	2.8%
Milford	3.8%
South Shore	4.1%
Abington	4.1%
Braintree	4.1%
Cohasset	3.2%
Hanover	3.2%
Hingham	3.3%
Milton	3.8%
Norwell	3.5%
Quincy	4.0%
Randolph	4.8%
Rockland	4.4%
Weymouth	4.4%
Massachusetts	4.2%

MERC Interns - Fall 2006

Senior Intern

Paul Augustine

Nathan Jordan

Charles Schumacher



Intern I

Kaitlyn Brady, Nicole Hite, Sarah Killeen, David Lewis, Lauri Polese, Alexander Serbarinov

Intern II

Matthew Buchanan

Jennifer Powell

Adam Watkins

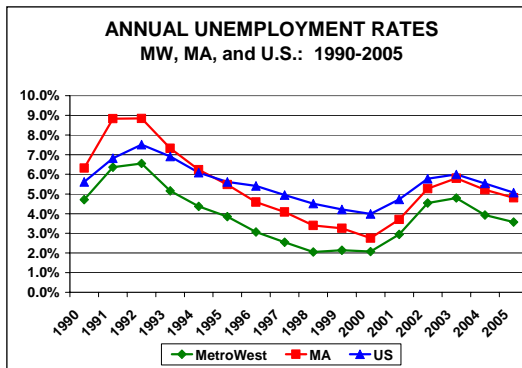
MW Unemployment : Steady Declines since 2003

(Continued from page 1)

at 3.4%. Holliston had the second lowest unemployment rate, 3.5%. The rates for Hopkinton, Sherborn, and Southborough were all 0.1% lower than the MetroWest rate, while Ashland, Framingham, and Sudbury all had rates 0.1% higher than the MetroWest rate. Natick matched MetroWest's rate of 3.7%.

MetroWest's annual unemployment rate has shown a steady decline since 2003, reaching a rate of 3.6% for the year 2005. From 1998 to 2000, the unemployment rate was stable between 2.0% and 2.1%. However, in the most recent recession between 2000 and 2003, the rate gradually increased, peaking at 4.8% in 2003. See the graph below labeled "Annual Unemployment Rates.". In 2003, the MetroWest region experienced its highest unemployment rate since the recession in the early 1990's when the unemployment rate in the MetroWest peaked at 6.6% in 1992. Graph 2 also indicates that the MetroWest unemployment rate has consistently been lower than the Massachusetts and U.S. rates over the time period from 1990 to 2005.

As the graph shows, the MetroWest, Massachusetts and U.S. rates all followed a similar pattern throughout the 15 year time period. Since 2003, the Massachusetts and U.S. rates, like the MetroWest rate, have steadily declined reaching rates of 4.8% and 5.1%, respectively, in 2005. During the most recent recession in 2003, the unemployment rate was at a high of 5.8% state wide and 6.0% nationally. However these rates are well below those of the recession in the early 1990's. Similar to the experience of the MetroWest mentioned above, the unemployment rates for Massachusetts and the U.S. also peaked in 1992 at 8.8% and 7.5%, respectively. As indicated in the graph, between 1990 and 1994, Massachusetts had a higher unemployment rate than the U.S. But since 1995, the annual Massachusetts unemployment rate has been consistently lower than the U.S. rate.



In Memoriam Deborah Blumer



Photo courtesy of John Budz

Representative Deb Blumer was not only a member of MERC's Advisory Board, but was also a Framingham State graduate. She was a tireless advocate for MERC, the college, and higher education in the state.

Dr. Arthur Chaves

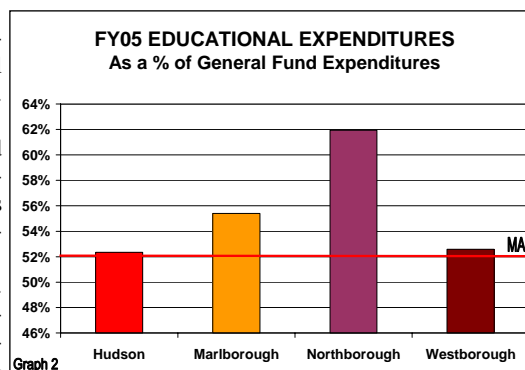


Archie Chaves served on MERC's Advisory Board since its creation over fifteen years ago. His career in education spanned more than 40 years. He was a teacher, principal, coach, and most recently, Executive Vice-President at Framingham State. His contributions to MERC's successes were invaluable, and he will be missed.

GMR Actual Municipal Expenditures

(Continued from page 4)

Northborough had the largest share of education expenses as a percent of total General Fund expenditures at approximately 62%. Marlborough was second highest at 55.4% followed by Westborough at 52.6% and Hudson at 52.4%. The Greater Marlborough Region as a whole spends 55.1% of its General Fund on education. The Massachusetts state average is approximately 52% which is shown on the graph with a red line. All of the communities in the Greater Marlborough Region are above this state average. Marlborough, with the largest population and public school enrollment, spent the most for educational expenditures in total value, spending \$44.6, million but did not spend the most as a percentage of the General Fund. Northborough spent almost \$22 million which was the smallest amount spent on education in



Graph 2

the Greater Marlborough Region. However, it had the highest share of education expenses as a percent of total General Fund expenditures in the communities studied.



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-MetroWest Municipal Revenue Report 2006

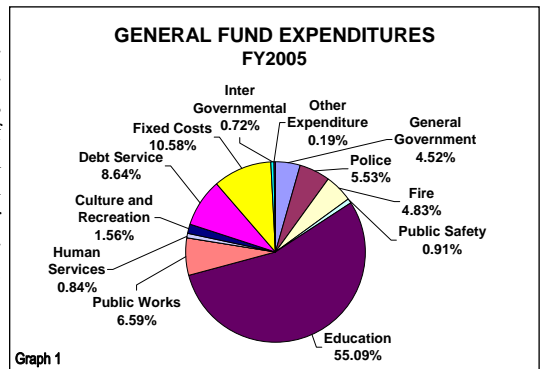
-Greater Marlborough Municipal Revenue Report 2007

GMR Actual Municipal Expenditures

By: Jennifer Powell—MERC Intern II

Municipalities report budgeted revenue, actual revenue and actual expenditures to the Massachusetts Department of Revenue, Division of Local Services. This article reports on actual expenditures of the General Funds for fiscal year 2005 for the four communities of the Greater Marlborough Region: Hudson, Marlborough, Northborough, and Westborough.

The accompanying graph 1 identifies components of the General Fund by function or department and its distribution for the Greater Marlborough Region for fiscal year 2005. The total spent for General Fund expenditures among the communities was \$220 million. Debt service was 8.6% of the General Fund expenditure for fiscal year 2005. Police, fire, and public safety combined totaled just over 11.3% of the General Fund. The Greater Marlborough Region



Graph 1

communities spent more than 55% of the aggregated General Fund on education, more than \$121 million.

Educational Expenditures comprised between 52% and 62% of General Fund expenditures for fiscal year 2005 in the four communities of the Greater Marlborough Region, as shown in graph 2.

(Continued on page 3)