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# ECONOMIC UPDATE
Issue 22 Fall 2010

SPECIAL POINTS:

- In April 2010 the Overall Cost of Living Index in the MetroWest area was 134.3, which is about 34% higher than the national average (Page 2).
- Unemployment rate in the South Shore region reached a seventeen-year high (Page 2).
- MW/GMR entered the recession in January 2009 with a loss of 7,700 jobs (page 3).
- State tax revenue for FY2009 declined 12.4% from FY2008 (Page 3).
- MetroWest housing costs were about 78% higher than the national average (page 4).

INSIDE THIS ISSUE:

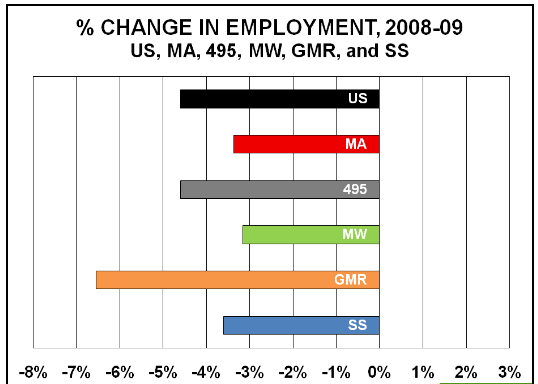
Job Losses Rocked Nation, State, and Regions in 2009

By Anisa Torozi

In 2007 United States (US) employment reached a historical peak of 135.4 million jobs. However, in 2008 the nation entered a recession and employment declined by -0.4% from 135.4 million to 134.8 million. In 2009 the national recession intensified as employment fell to 128.6 million, a loss of 6.2 million jobs or - 4.6%.

In contrast, Massachusetts (MA) employment performed well adding jobs in 2008 as employment rose by 0.3% to 3.246 million. But in 2009 the national recession struck MA as state employment dropped by 109,200 jobs or -3.4% to 3.137 million jobs.

MERC analyzes employment in 4 substate regions: the 495/MetroWest Corridor (495), MetroWest CCSA™ (MW), Greater Marlborough Region (GMR) and the South Shore CCSA™ (SS). Similar to the Commonwealth, in 2009 all four substate regions suffered



Graph 1

major employment losses. A complete description of the regions can be found at http://www.merc-online.org/regions.php.

The 495/MW Corridor includes 32 communities along I-495 and the Massachusetts Turnpike. Thirteen of those 32 communities are included in the MW and GMR regions. In 2008, despite the national recession, employment in the 495/MW Corridor expanded by 1.1% to reach a record

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Has Greater Marlborough Region's Public Education Stabilized?

By Daniel McGrew

The Greater Marlborough Region (GMR) includes four communities: Hudson, Marlborough, Northborough, and Westborough. Within these four communities there are three different types of public education: the communities' public school systems, vocational schools, and charter schools. Within the GMR, there is only one vocational school, Assabet Valley Regional Vocational, and one charter school, Advanced Math and Science Academy Charter School, both located in Marlborough.

Since 1993, GMR total public education enrollment increased in 11 out of the 16 years. The years that saw decreases were 2003-06 and 2009.

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Life Is Relative, and So Are Its Costs

By Alejandro Rodriguez

Twice a year, the MetroWest Economic Research Center (MERC) at Framingham State University conducts a Cost of Living survey of the MetroWest CCSA™. This information is used in two ways; to track the Cost of Living in the MetroWest area over time, and as part of a national Cost of Living survey conducted by the Council for Community and Economic Research (C2ER); this article will discuss the latter. For more information on what this entails please visit http://www.merc-online.org/costofliving.php.

When conducting the Cost of Living survey, C2ER records the prices of a "market basket" of 57 goods and services representative of the typical expenses made by professional and executive households. The prices of these 57 items are used to construct six sub indexes for Grocery Items, Housing, Utilities, Transportation, Health Care, and Miscellaneous Goods & Services. These six sub indexes are then weighted and combined to form the ACCRA Overall Cost of Living Index. The ACCRA Index numbers indicate how the Cost of Living in one area compares to that of other areas in the country, using 100.0 as the national average. In Massachusetts there are four areas

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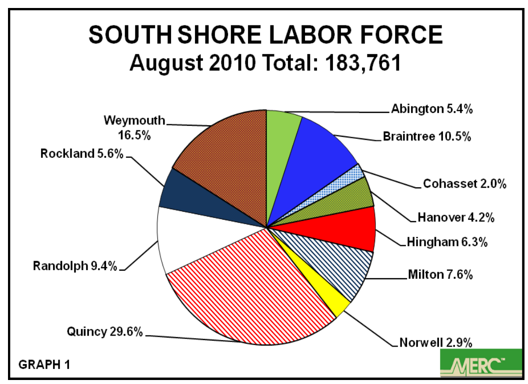
"Quincy was the largest contributor to the region's labor force with 54,395 individuals."

Unemployment and the Labor Force in the South Shore

By Shawn Johnson

The South Shore (SS) region consists of eleven communities located south of Boston: Abington, Braintree, Cohasset, Hanover, Hingham, Milton, Norwell, Quincy, Randolph, Rockland and Weymouth. Every month the MetroWest Economic Research Center (MERC) at Framingham State University collects and analyzes unemployment and labor force data for this particular region. In August 2010, these communities contained 183,761 individuals, and made up approximately 5.2% of Massachusetts' labor force. As shown in Graph 1, Quincy was the largest contributor to the region's labor force with 54,395 individuals or 29.6% of the total labor force in the region. The second largest contributor to the labor force in the region was Weymouth with 30,324 individuals or 16.5%, followed by Braintree with 19,319 individuals or 10.5%. Combined, these three communities contained 104,038 individuals which accounted for more than half of the region's labor force or approximately 56.6%. Cohasset was the smallest contributor to the region's labor force with 3,664 individuals or about 2.0% of the labor force in the region.



The annual unemployment rates in the South Shore region fluctuated greatly over the twenty-year period from 1990 to 2009. After peaking in 1991 at 8.2%, the unemployment rate in the South Shore decreased until it bottomed out in 2000 at 2.5% before it rose to 8.0% in

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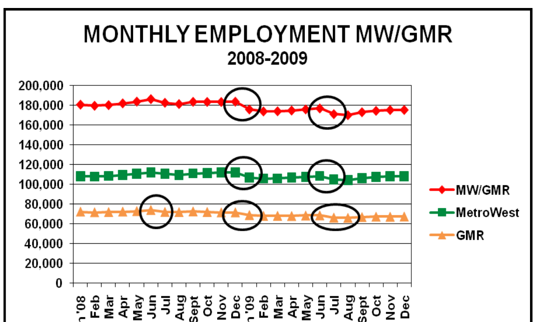
Storm Chasers: Tracking the '08-'09 Recession

By Jonathan Murphy

Examining monthly employment data from January 2008 to December 2009 reveals the impact of the current recession on both the MetroWest Region (MW) and the Greater Marlborough Region (GMR). Looking over the entire two year period, one can identify when each of the regions entered the recession in terms of employment. MetroWest, which includes the communities of Ashland, Framingham, Holliston, Hopkinton, Natick, Sherborn, Southborough, Sudbury and Wayland, began January 2008 with 108,200 jobs. The Greater Marlborough Region, which includes the communities of Hudson, Marlborough, Northborough, and Westborough, began January 2008 with 72,300 jobs. The combined MetroWest/Greater Marlborough Region (MW/GMR) began January 2008 with 180,400 jobs. Employment in MW/GMR remained around 180,000 jobs until January 2009 when the region lost 7,700 jobs, a decline of -4.2% from the previous month. MW/GMR also experienced a second job loss episode in July 2009, losing 5,700 jobs, a decline of -3.2%.



Graph 1

However, the story of the recession in the two regions over the entire two year period differs. MetroWest experienced a two separate severe job loss episodes, the first of which in January 2009. In this period, MetroWest lost 5,000 jobs, a decline of -4.4%. MetroWest then lost another 3,500 jobs in July 2009, a decline of -3.2%. In contrast, Greater Marlborough experienced three separate job loss episodes of 2,000 or more. The first occurred in July 2008 when GMR shed 2,100 jobs, a decline of -2.8%. The next episode, and most severe of the recession, occurred in January 2009, when GMR shed 2,800 jobs, a decline of -3.9%.

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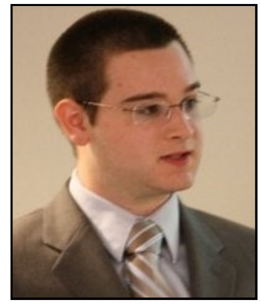

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"Employment in MW/GMR remained around 180,000 jobs until January 2009 when the region lost 7,700 jobs, a decline of -4.2% from the previous month."

Massachusetts Tax Revenue Trends 2005-2010

By Jennifer Sanches

The MetroWest Economic Research Center (MERC) at Framingham State University collects and analyzes data on state revenue on a monthly and yearly basis. State revenue consists of income taxes, sales and use taxes, corporate and business excise taxes, and all other excises. Income taxes are principally collected by the state through withholding a percentage of workers' wages earned. Estimated tax payments are submitted by individuals to the state. Sales and use taxes are collected through vendors and paid by consumers and businesses purchasing or renting personal property and goods subject to the state sales and use tax. These also include meals taxes and taxes on motor vehicles. Corporate and business excise taxes are monies collected from local businesses in the Commonwealth generally based on their revenues. The all other category includes taxes received from sources other than the

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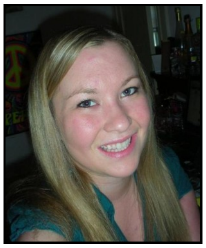

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"MetroWest housing costs were about 78% higher than the national average."

"Housing costs in MetroWest were approximately 22% higher than housing costs in Boston."

MetroWest Housing Costs Relatively High for East Coast

By Britlin Chapman

Twice a year the MetroWest Economic Research Center (MERC) at Framingham State University participates in the ACCRA Cost of Living Survey. MERC interns obtain prices for a market basket for 57 goods and services from over 100 businesses located in MetroWest. For a detailed description of where the survey's numbers come from please visit the MERC website; http://www.merc-online.org/costofliving.php.

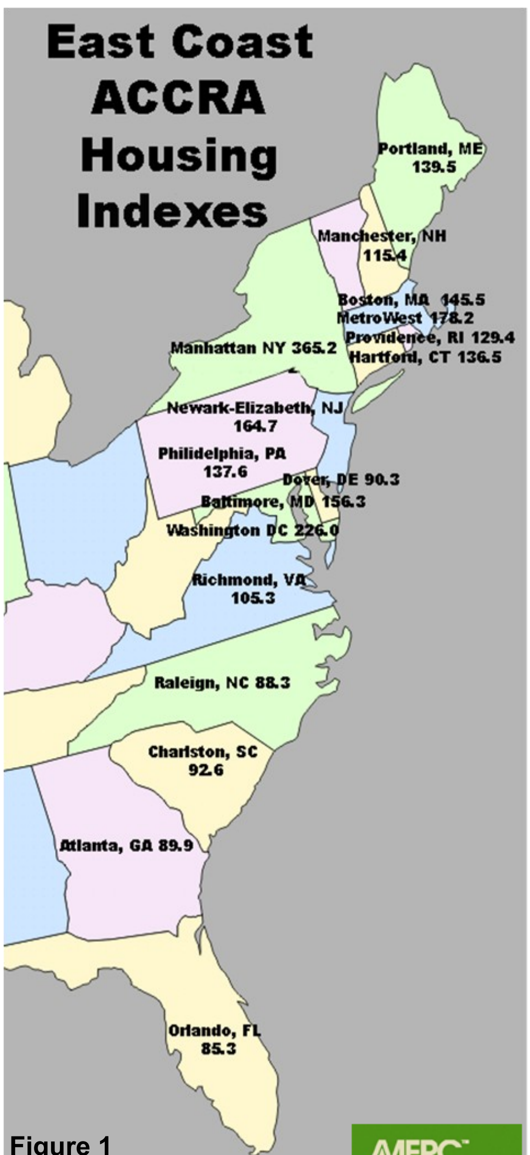

Figure 1

The Housing Index from the ACCRA Cost of Living Survey done in April 2010 revealed that MetroWest housing costs were about 78% higher than the national average. How do MetroWest's housing costs compare to those of 16 other communities along the East Coast? The highest housing costs were located in Manhattan, NY where housing costs were approximately 265% higher than the national average. This is in stark contrast to Raleigh, NC, where housing costs were the lowest among the areas compared, about 12% lower than the national average. Raleigh follows the same pattern of housing costs as in other communities south of Washington, DC. As seen in Figure 1, these southern communities, Richmond, VA (105.3), Raleigh, NC (88.3), Charleston, SC (92.6), Atlanta, GA (89.9) and Orlando, FL (85.3); have housing costs close to or just below the national average(100.0).

Thankfully, MetroWest's housing costs were not as high as costs in Manhattan. Out of the 17 communities compared, only Manhattan and Washington, D.C. had higher housing costs than MetroWest did. Newark, NJ and Baltimore, MD were the closest to MetroWest, with respective costs about 7.6% and 12.3% lower than MetroWest's housing costs. Even more interesting than MetroWest's relatively high housing costs, is the fact that housing costs in MetroWest were approximately 22% higher than housing costs in Boston.

What causes MetroWest to have such high housing costs?

In order to understand where housing costs come from, apartment

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Job Losses Rocked Nation, State, and Regions in 2009

Continued from page 1

peak of 292,300 jobs. But in 2009 the 495/MW Corridor suffered major losses as employment fell to 278,800, down 13,500 jobs or -4.6%.

As mentioned above, MW and GMR are also included in the 495/MW Corridor. However, as separate regions the recession impacted each differently. MW, which includes nine communities centered on Framingham/Natick, reached its historical peak of 110,100 jobs in 2008. Then in 2009 total employment fell to 106,600 as the region lost 3,500 jobs, or -3.2%. In comparison, the smaller GMR, comprised of four communities including Marlborough and Westborough, reached a historical peak of 72,400 jobs in 2007. GMR employment dipped slightly by -0.3% to 72,200 in 2008, and then plunged to 67,400, losing -4,700 jobs or -6.5% in 2009.

The South Shore includes eleven communities anchored by Braintree, Quincy, and Weymouth. In 2008 South Shore employment increased to 149,200. Subsequently, it followed the trend of the other regions and its employment fell to 143,800 in 2009, losing 5,400 jobs or -3.6%.

Graph 1 compares the 2008-09 national, state, and regional percentage losses in employment. In 2009 national employment decreased by a staggering -4.6%. Massachusetts' employment declined at -3.4%, a lesser rate than the nation's. Among the four substate regions the percentage of jobs lost varied. The 495/MW Corridor lost -4.6% in employment, the same percentage loss as the US. MW employment fell by -3.2%, a smaller decline than the nation or state. But the GMR incurred the greatest loss, -6.5%, a larger decline than both the US and MA. The South Shore lost -3.6%, less than the nation but higher than the state and MW.

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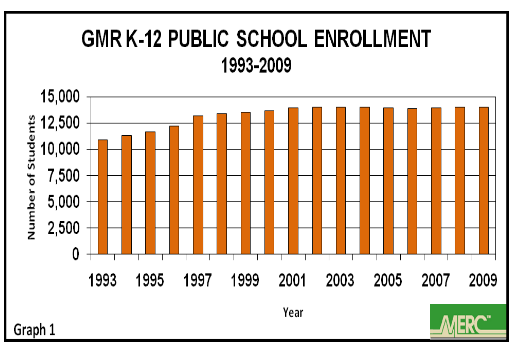
"From 1997 to 2002 the total enrollments increased only slightly at an average rate of 1.13%."

Has Greater Marlborough Region's Public Education Stabilized?

Continued from page 1

The period 1993-1997 had the largest increases in enrollment, increasing by a total of 2,275 students at an average rate of 5% per year. From 1997 to 2002 total enrollments increased more slowly at an average rate of 1.1%. During this period enrollment increased by a total of 887 students and reached its highest value with 14,052 enrolled in 2002. Since 2002 enrollment has leveled off. From 2002 to 2009 total enrollment has dropped by only 29 students. (Graph 1)



Graph 1

Enrollment for the GMR vocational school has fluctuated during the period of 1997-2009. From 1997-2000 enrollments dropped from 574 to 541 enrolled students. In 2001-

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Life is Relative, and So Are Its Costs

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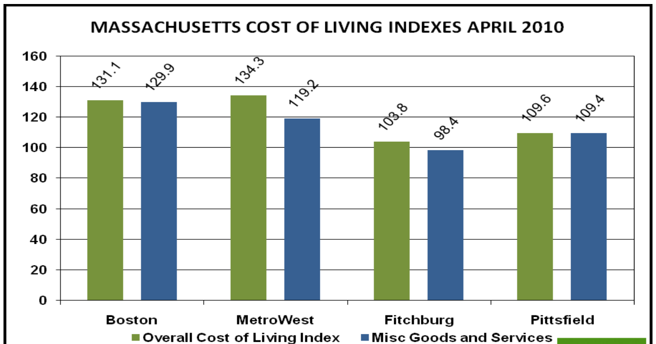
which participate in the ACCRA survey: the MetroWest area, Boston, Fitchburg, and Pittsfield.

In April 2010 the Overall Cost of Living Index in the MetroWest area was 134.3, which is about 34% higher than the national average, and the highest Overall Cost of Living Index among the four recorded Massachusetts Indexes. In addition to MetroWest, the Massachusetts communities of Boston, Fitchburg, and Pittsfield had Overall Cost of Living Indexes of 131.1, 103.8, and 109.6, respectively. (Graph 1) It is interesting to note that the Overall Cost of Living Indexes of all four communities are above the national average, as has been historically typical of Massachusetts as a whole.



Graph 1

When calculating the Overall Cost of Living Index for each community, each of the six sub-index values is weighted differently according to its importance. The Miscellaneous Goods & Services Index is the most heavily weighted at 31.99%. The Housing Index is weighted at 28.99%, the Grocery Items Index at 12.95%, the Transportation Index at 11.98%, the Utilities Index at 10.02%, and the Health Care Index at 4.07%. This past April the Miscellaneous Goods & Services Index for the MetroWest area had a relatively high value of 119.2, the second highest in Massachusetts. For the Miscellaneous Goods & Services Index, Boston, Fitchburg, and Pittsfield had values of 129.9, 98.4, and 109.4, respectively. Interestingly, Fitchburg is the only

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In FY 2008, income taxes, corporate and business taxes, and all other taxes collected all peaked.

Massachusetts Tax Revenue Trends 2005-2010

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three main categories; this includes taxes on alcoholic beverages, cigarettes, deeds, estate and inheritance, motor fuels, and room occupancy taxes.

Graph 1 shows the Massachusetts state revenue data by fiscal year. The subsequent graphs and data for the individual tax categories refer to the calendar years rather than fiscal years. State revenue peaked in the FY 2008 at $20.9B before declining by 12.4% in FY 2009 to $18.3B (Graph 1). In FY 2008, income taxes, corporate and business taxes, and all other taxes collected all peaked. Income taxes collected in FY 2008 totaled $12.5B, which was 59.8% of the total taxes collected in that period. Corporate and business taxes collected in FY 2008 were $2.5B and the all other category produced revenue of $1.8B. Sales and use taxes did not peak in FY 2008; revenue for that fiscal year was $4.1B. Sales and use taxes peaked in FY 2010 at $4.6B. It is important to note that the

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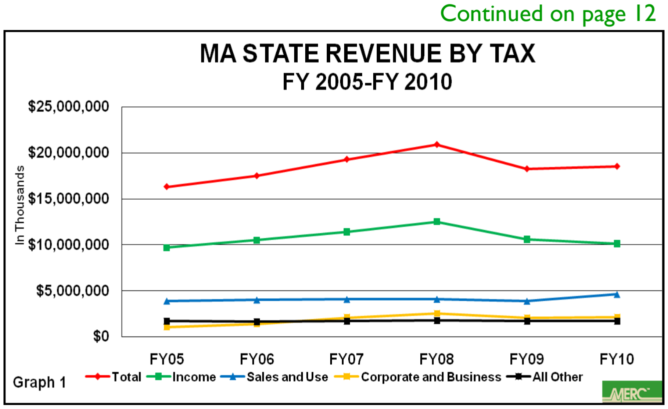

Graph 1

MERC Interns: Fall 2010

Senior Intern
Jonathan Murphy

Intern III
Britlin Chapman

Intern II
Anisa Torozi
Shawn Johnson
Daniel McGrew
Jennifer Sanches

Intern I
Ashley Backholm
Courtney Blute
Walter Burke
Tanya Butler
Kelly Farrell

Storm Chasers: Tracking the '08-'09 Recession

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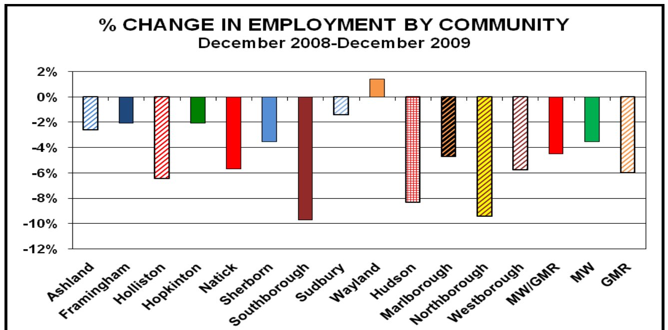
The final episode occurred from June to August 2009, when GMR lost 2,500 jobs, a decline of -3.7% (Graph 1).

Since the recession intensified in 2009, the focus will be from the period of December 2008 to December 2009. MetroWest fared slightly better than Greater Marlborough, in terms of job loss. Southborough incurred the highest percentage loss in MetroWest, losing 750 jobs, or -9.7% of jobs. Natick incurred the highest absolute loss in the region, losing 1,500 jobs. Almost every town in MW lost jobs, ranging from 20 jobs in Sherborn, a loss of -3.5% to 1,500 in Natick, a loss of -5.7%. Wayland, which gained 40 jobs, is the exception. Every town in GMR lost jobs, ranging from 600 jobs lost in Northborough, a loss of -9.4%, to 1,500 jobs lost in Marlborough, a loss of -4.7%. Each community in the Greater Marlborough Region lost at least 500 jobs. In fact, 52% of jobs lost in the combined MW/GMR occurred in Greater Marlborough. Within the communities of the combined MetroWest/Greater Marlborough Region, both Natick and Marlborough incurred the highest absolute job loss, 1,500 jobs each. Hudson also suffered a significant job loss, incurring losses of -8.3%, or 800 jobs (see Graph 2).



Graph 2

Now the question becomes: what supersectors added or lost jobs within the regions from December 2008 to December 2009? The North American Industry Classification System (NAICS) organizes industry and businesses into 11 main supersectors. The complete list of these supersectors can be found at http://www.merc-online.org/employment.php. Due to severe seasonal fluctuations of jobs in the Natural Resources and Mining supersector, the following data focuses on non-mining and non-agricultural jobs. In the combined MetroWest/Greater Marlborough Region, Manufacturing incurred the highest losses among the supersectors, declining by 2,700 jobs, or -9.3%. Trade, Transportation, & Utilities (TTU) lost 1,800 jobs, a decline of -4.9%. Professional and Business Services (PBS) also incurred job

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MetroWest Housing Costs Relatively High for East Coast

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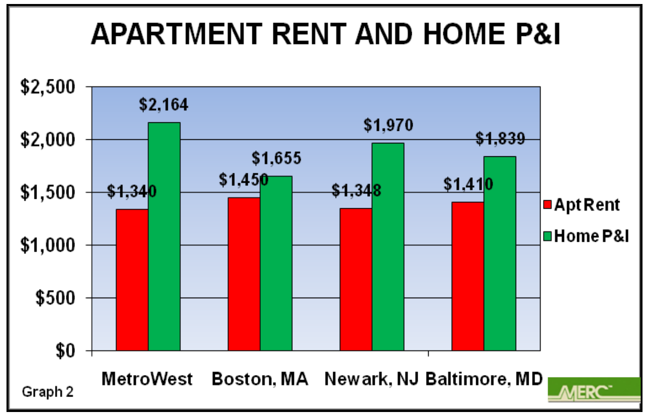
rent and the principal and interest payment (P&I) on a new home will be compared among communities with ACCRA Housing Indexes relatively close to that of MetroWest. The three communities analyzed in addition to MetroWest are Newark, NJ, Baltimore, MD and Boston, MA. MetroWest had the highest ACCRA Housing Index (178.2), followed by Newark (164.7). Baltimore followed with a Housing Index of 156.3 and, lastly, Boston had a Housing Index of 145.5. It may surprise many that despite the geographical proximity of MetroWest and Boston, their Housing Indexes differ substantially. The closer analysis of apartment rent and home P&I payment in these communities explains the cause of the differences in the Housing Index as shown in Graph 2. Across the four areas compared, all posted relatively similar average apartment rent, varying by $110.00 and ranging from $1,340.00 in MetroWest to $1,450.00 in Boston. When comparing the four areas, MetroWest, which had the highest ACCRA Housing Index, had the lowest apartment rent, and Boston, MA, with the lowest ACCRA Housing Index had the highest apartment rent. However, the range of values is not significant enough to create large differences in the ACCRA Housing Indexes; therefore, the apartment rent is not a major factor in explaining differences in housing costs among these four areas.

Home P&I payment shows a very different story than apartment rent. Home P&I is the monthly payment on a new house, which takes into account home price, mortgage rate, and assumes a 25% down payment on the house. Each new home priced in each city contains 4 bedrooms and 2 bathrooms. The mortgage rate does not significantly contribute to the Home P&I payment differences because, similar to apartment rent, mortgage rates do not vary greatly among the four regions. Average mortgage rates ranged from 5.04% in MetroWest to 5.14% in Baltimore, a difference of only 0.10%. Because mortgage rate is not very relevant in explaining differences in the Home P&I payments, the monthly payment is strongly influenced primarily by price of the home.



Graph 2

The Home P&I payment is positively correlated to home value and also to the ACCRA Housing Index for the four communities compared. MetroWest, with the highest ACCRA Housing Index, posted the highest Home P&I of $2,614 and the highest home price of $535,000.00. The second highest ACCRA Housing Index was Newark, NJ, which also had the second highest Home P&I of $1,970.00 and second highest house value of $485,234.00. Baltimore follows with the third highest ACCRA Housing Index and third highest home P&I of $1,839.00 and house price of $449,454.00. Lastly, Boston had the lowest ACCRA Housing Index and lowest Home P&I of $1655.00 and lowest home price of $407,000.00.

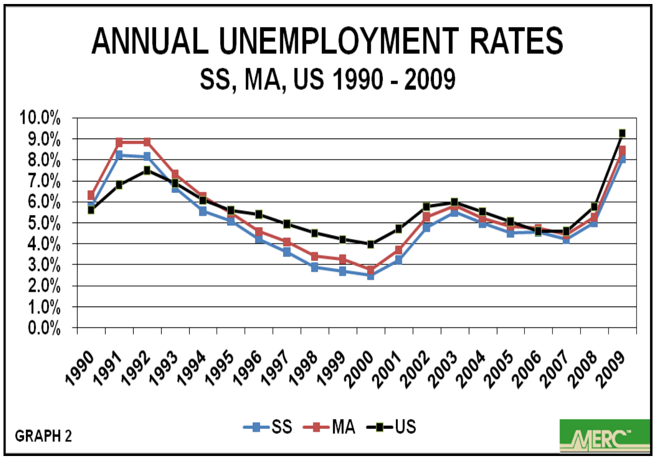
In conclusion, MetroWest has one of the highest housing costs along the east coast, which stems from the high home cost and resulting high monthly Home P&I payment. •

MetroWest, with the highest ACCRA Housing Index out of the four communities compared, posted the highest Home P&I of $2,614 and the highest home price of $535,000.00.

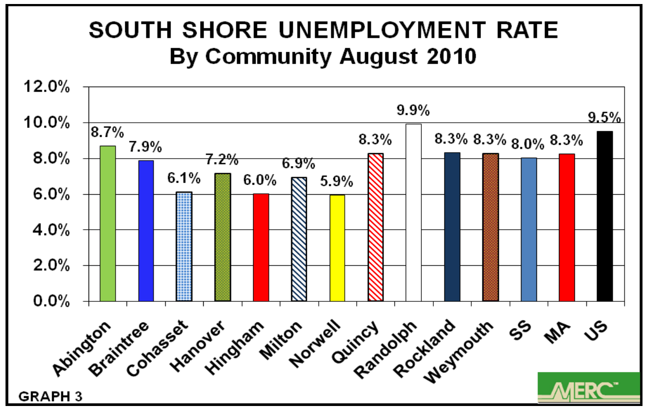
Unemployment and the Labor Force in the South Shore

Continued from page 2

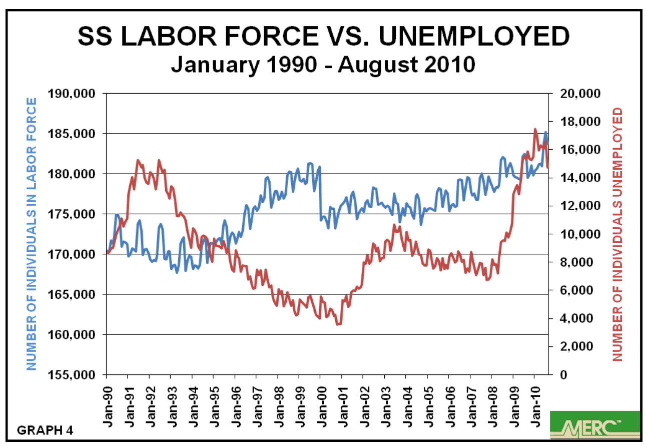
2009, the highest rate the region posted since 1992 (Graph 2). During this twenty-year period, the annual unemployment rates in the South Shore region moved in similar fashion to the rates of both the state and the nation. However, it is important to note that the region consistently posted lower unemployment rates than both the state and the nation, except in the period from 1990 to 1993 when the region posted higher unemployment rates than the nation.



In August 2010, the unemployment rate in the South Shore was 8.0%, while the rates for the state and the nation were 8.3% and 9.5% respectively. Among the communities in the South Shore region, Randolph had the highest unemployment rate in the region of 9.9%, followed by Abington with 8.7%. Randolph was the only South Shore community that posted a higher unemployment rate than the state and the nation. Norwell had the lowest unemployment rate of 5.9%, followed by Hingham with 6.0%, placing both communities' unemployment rates well below the region, state and nation's unemployment rates (Graph 3).



The total labor force in the South Shore region has grown considerably over the last twenty years (Graph 4). The region's labor force reached its lowest number of 168,117 individuals in January 1993 before it grew steadily until reaching a peak of 185,188 individuals in July 2010. The number of individuals unemployed has fluctuated notably over the same period. Starting with 8,651 individuals unemployed in January 1990, the number decreased to a lowest number of 3,574 individuals in October 2000 before rising to its highest number of 17,445 individuals in January 2010. •



Randolph had the highest unemployment rate in the region of 9.9%, a rate which was higher than both the state, at 8.3%, and the nation, at 9.5%.

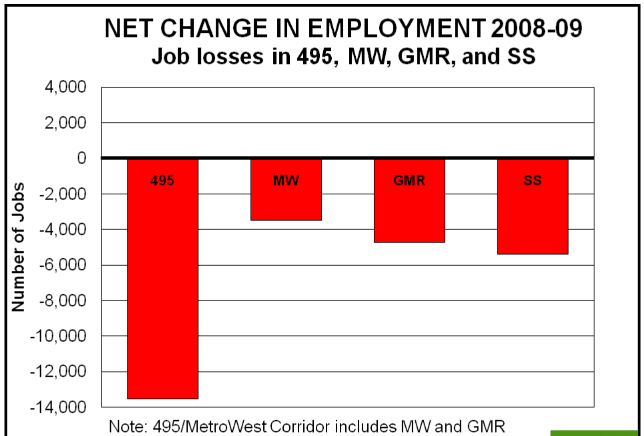
Job Losses Rocked Nation, State, and Regions in 2009

Continued from page 5

It is also important to quantify the 2008-09 job losses in absolute numbers because the regions vary in size (Graph 2). The largest loss in absolute numbers occurred in the 495/MW Corridor. In 2009, the 495/MW Corridor lost 13,500 jobs. MW and GMR combined accounted for 8,200 of the total number of jobs lost in the 495/MW Corridor. The remaining 19 communities in the 495/MW Corridor lost 5,300 jobs. Individually, MW lost 3,500 jobs and the GMR, 4,700 jobs. Among the four regions, the South Shore lost the second highest number of jobs in 2009, down by 5,400.

Seven of the communities in these regions suffered job losses exceeding 1,000 in 2009 (Table 3). Marlborough led all the communities with the highest amount of jobs lost. In 2009, Marlborough employment fell by -1,800 jobs, followed by Quincy (-1,600), Westborough (-1,400), and Braintree (-1,300). Franklin and Natick experienced the same loss in jobs, -1,200, and Rockland lost -1,100 jobs.

In conclusion, while the national recession in terms of employment began in 2008, MA and the four substate regions were not impacted until 2009. The nation, state, and four substate regions then experienced significant losses in employment in this recession. Among the four substate regions, GMR suffered the largest percentage loss (-6.5%) and the 495 Corridor the greatest loss in absolute numbers (-13,500). •



Graph 2

Communities with Job losses > 1,000 in 2009

Community with Job Losses > 1,000	Number of Jobs Lost
Marlborough (GMR,495)	-1,800
Quincy (SS)	-1,600
Westborough (GMR,495)	-1,400
Braintree (SS)	-1,300
Franklin (495)	-1,200
Natick (MW,495)	-1,200
Rockland (SS)	-1,100

Table 3

Has Greater Marlborough Region's Public Education Stabilized?

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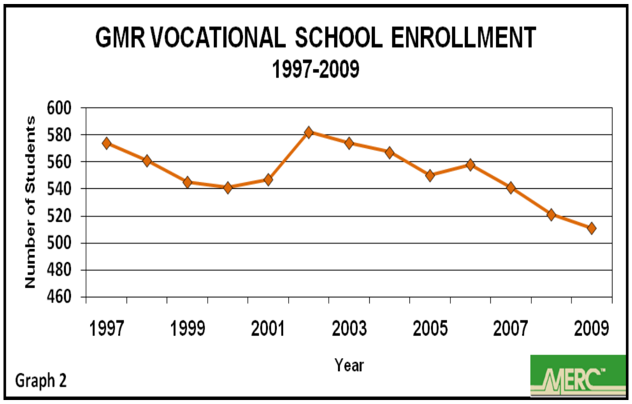
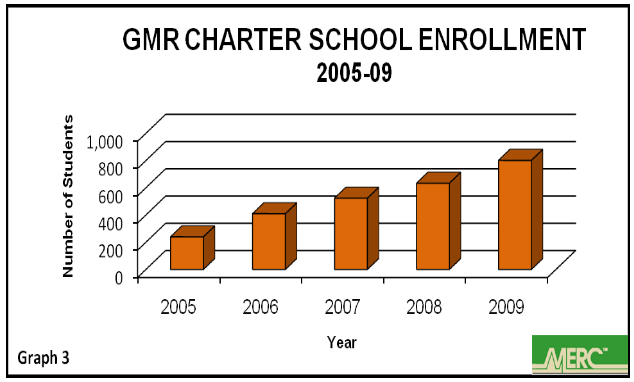
2002 Assabet Valley Regional Vocational saw its greatest increase in enrollment reaching a high of 582 students, a 6.4% increase from the previous year. Subsequently Assabet Regional Vocational School enrollment has decreased unevenly to reach a low of 511 enrolled students in 2009. Over the period of 1997-2009 Assabet Valley Regional Vocational school enrollments decreased by 11% or 63 enrolled students (Graph 2).



Graph 2



Graph 3

Since the Advanced Math and Science Academy Charter School was established in 2005, enrollment has increased by 235%. The Charter school started with only grades six and seven, adding a grade in each succeeding year. Currently the Charter school has students enrolled in grades six to twelve. In 2005 the charter school opened with a low of 239 enrolled students in grades six and seven. By 2009 the Charter school had a high of 801 enrolled students in grades 6 to grade 11. The Advanced Math and Science Academy Charter School has grown at a rate of 35% per year since its establishment (Graph 3). •

19th Annual MERC Conference

On the Local Economy

MetroWest and Greater Marlborough

Friday, May 6, 2011 8-10:30 AM

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Sheraton Framingham Hotel

Route 9 at Mass Pike exit 12

Framingham, MA

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Massachusetts Tax Revenue Trends 2005-2010

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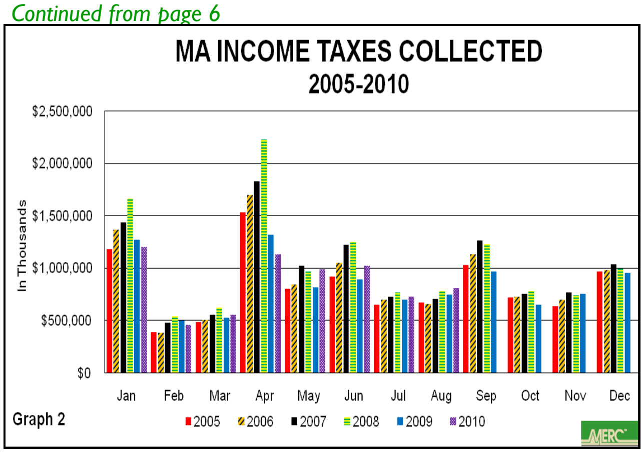
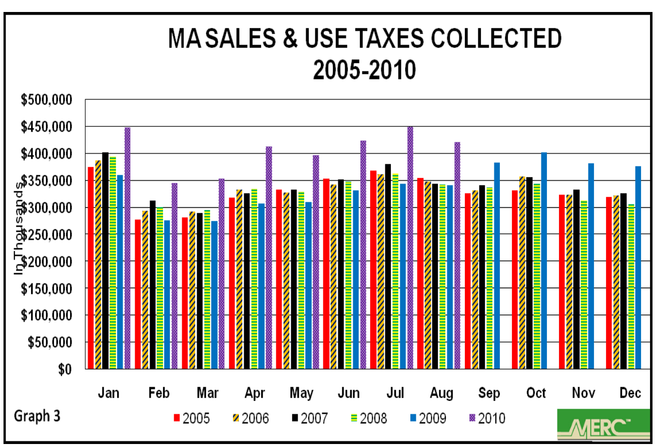


state increased the sales and use tax rate from 5% to 6.25% during FY 2010. After falling in FY 2009, FY 2010 total tax revenue increased slightly by 1.5% due to the increase in the sales and use taxes. Income taxes for that period declined slightly while corporate and business and the all other taxes remained steady.

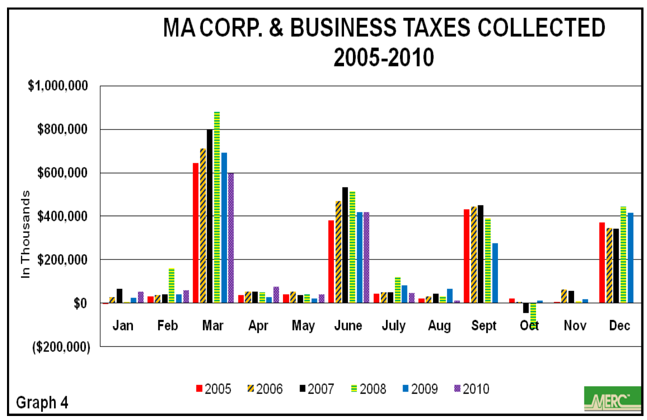
Income taxes typically generate 50-60% of all revenue for the state. Graph 2 depicts income taxes received on a monthly basis over the past six calendar years (2005-2010). January and April, which is when estimated tax payments are due, prove to be the highest grossing months for income taxes. April 2008 was the highest producing month for the entire period with revenue of $2.2B.

Graph 3 depicts the revenues received from the sales and use tax on a monthly basis. January was the highest grossing month of the year and March was typically the lowest in this six year period. Of the six years, 2010 had the highest levels of taxes collected from January to August. We also notice higher than normal revenues in the months of September through December of 2009 following the increase in sales and use tax rate.



Corporate and business taxes include taxes on insurance companies, public utilities, and financial institutions. These taxes do not follow the same pattern as other taxes collected. They are primarily highest in the months of March, June, September, and December (when quarterly payments are due). Corporate and business taxes tend to be negative in the month of October due to refunds in connection with carry back losses (Graph 4).

The all other tax category produced a steady stream of revenue for the Commonwealth over the six year span. It typically contributed about 8.5% to 10% of revenue to the state annually.



In conclusion, the Commonwealth saw a general increase in revenues from FY 2005 until FY 2008 when total revenue peaked. The Commonwealth then experienced a loss of revenue from FY 2008 into FY 2009 of 12.4% or $2.6B. Sales and use taxes provided their highest revenue in the most recent period with a total of $4.6B to the state for FY 2010 due to the increased tax rate. •

Life Is Relative, and So Are Its Costs

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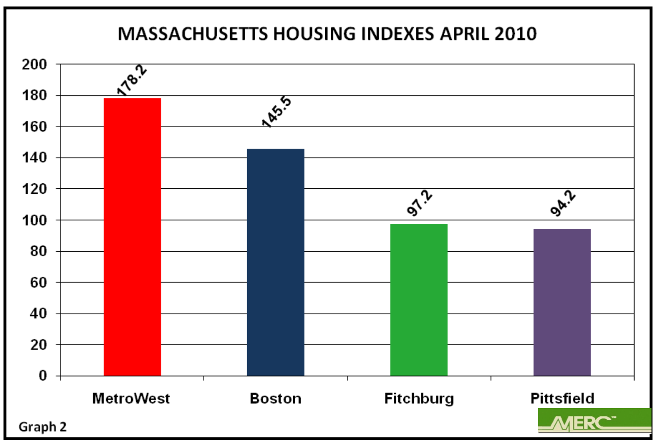
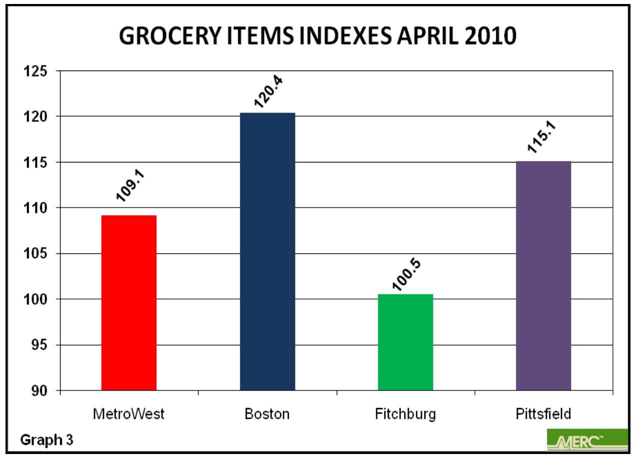
Massachusetts community in the survey that had a Miscellaneous Goods & Services Index of less than 100.0.

The second most heavily weighted Index is the Housing Index, reflecting the fact that a person's rent or mortgage payment is typically a significant part of his or her spending (Graph 2). The MetroWest area had a Housing Index of 178.2, which was about 78% higher than the national average, and the highest value among the Massachusetts survey communities. Comparatively, Boston, Fitchburg, and Pittsfield had Housing Indexes of 145.5, 97.2, and 94.2, respectively. It is interesting to see the large differences in Indexes in Massachusetts; the MetroWest area's Housing Index was about 22% higher than that of Boston, and about 89% higher than the Housing Index in Pittsfield.



Graph 2



Graph 3

The third most heavily weighted Index is the Grocery Items Index. The MetroWest area had a Grocery Items index of 109.1, the second lowest Grocery Items Index among the Massachusetts survey communities. Comparatively, Boston, Fitchburg, and Pittsfield had Grocery Items Indexes of 120.4, 100.5, and 115.1, respectively (Graph 3).

In April of 2009, both MetroWest and the city of Boston had Overall Indexes of 132.5. When compared to the survey taken in April 2010, MetroWest had an overall cost of living index of 134.3, while Boston had an overall cost of living index of 131.5. It is important to note that ACCRA index values have a 3 point margin of error. What this means is that while the numbers are different, for all intents and purposes the indexes are considered to be equal. •

On October 26, 2010,
Framingham State officially became

1839
Framingham
State University

Storm Chasers: Tracking the '08-'09 Recession

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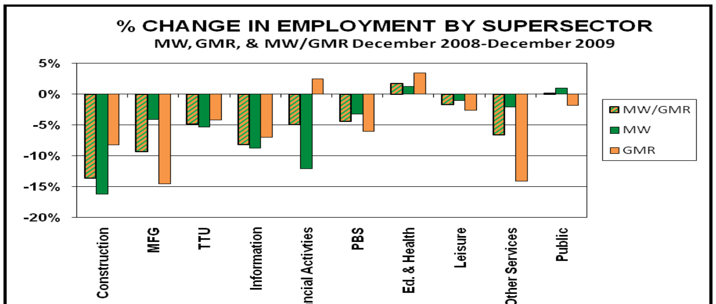
losses of over 1,000, shedding 1,700 jobs, or -4.4%. Construction (-900 jobs, -13.6%), Information (-600 jobs, 8.2%), and Financial Activities (-300 jobs, -4.9%), also incurred heavy losses. However, two supersectors did add jobs in this recession period; Education & Health Services added 400 jobs, an increase of 1.8%, and Public added 25 jobs, an increase of 0.1%.

Again, in the individual regions the story is a little different. In MetroWest, TTU had the largest job loss, shedding 1,200 jobs, or -5.4%. PBS (-750 jobs, -3.2%), Construction (-700 jobs, -16.2%), Manufacturing (-600 jobs, -4.1%), Information (-400 jobs, -8.8%), Financial Activities (-360 jobs, -12.1%), also incurred losses greater than 300 jobs. Education & Health Services and Public both added jobs in MetroWest. The story differs in Greater Marlborough, however. In GMR, Manufacturing suffered the greatest job loss, losing 2,100 jobs, a decline of -14.5%. PBS suffered a job loss of 1,000 jobs, a decline of -6.1%. In terms of percentage, Manufacturing experienced the greatest decline. TTU (-600 jobs, -4.2%), Construction (-200 jobs, -8.3%), and Information (-200 jobs, -7.0%) also incurred losses. In fact, only two supersectors gained employment in GMR: Education & Health Services up 200 jobs or 3.4% and Financial Activities up 70 jobs or 2.5% (Graph 3). •



Graph 3

There are several categories of unemployment rates. U-1 through U-6, not seasonally adjusted, are reported below for the U.S. period rates in September 2010. MERC uses the U-3 rate, which is the official unemployment rate.

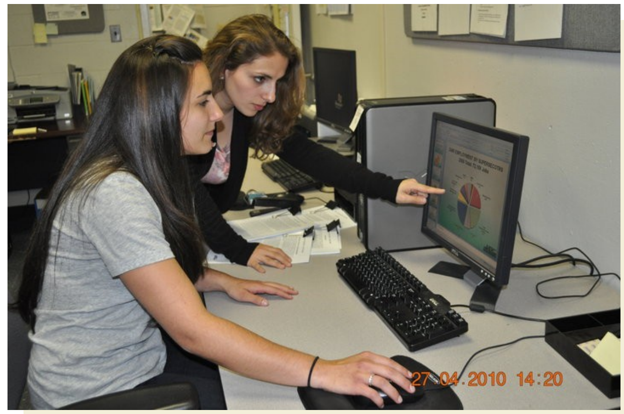
Measures: September 2010

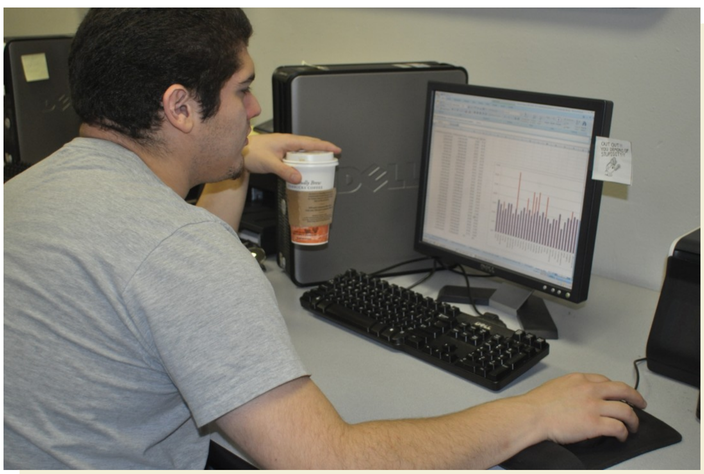
U-1	Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	**5.3%**
U-2	Job losers and persons who completed temporary jobs, as a percent age of the civilian labor force	**5.6%**
U-3	Total unemployed persons, as a percent of the civilian labor force (the official unemployment rate)	**9.2%**
U-4	Total unemployed persons plus discouraged workers, as a percent of the civilian labor force	**9.9%**
U-5	(U-4) plus all other "marginal attached" workers, as a percent of the civilian labor force	**10.7%**
U-6	Total unemployed persons, plus all "marginally attached" workers, plus all persons employed part time for economic reasons, as a percent of the civilian labor force plus all "marginally attached" workers	**16.2%**

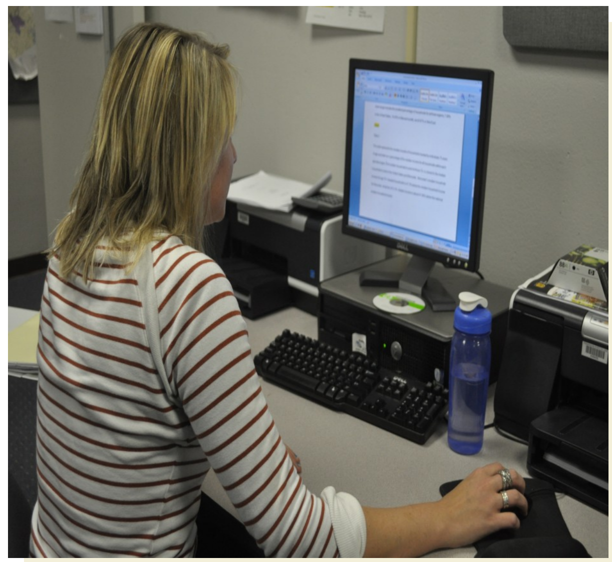
September 2010
UNEMPLOYMENT RATES
Not Seasonally Adjusted
(Preliminary Data)

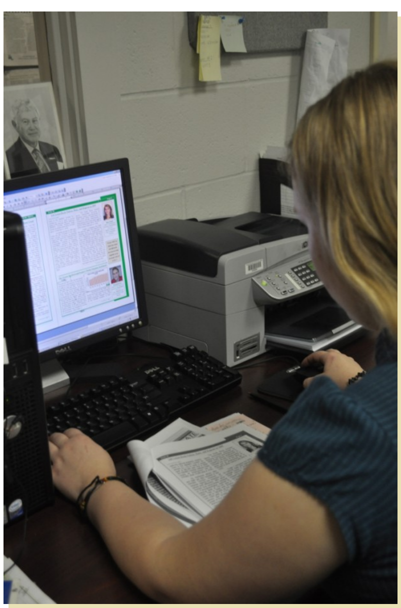
495/MW	**6.5%**
Blackstone Valley	**8.1%**
Blackstone	10.0%
Douglas	7.7%
Grafton	7.5%
Hopedale	7.2%
Mendon	6.4%
Millbury	8.6%
Millville	11.4%
Northbridge	9.1%
Sutton	7.2%
Upton	6.6%
Uxbridge	8.0%
Greater Franklin	**7.4%**
Bellingham	10.1%
Blackstone	10.0%
Foxborough	7.4%
Franklin	6.6%
Medfield	6.1%
Medway	6.2%
Millis	6.6%
Norfolk	7.3%
Wrentham	6.8%
Greater Marlborough	**6.4%**
Hudson	6.3%
Marlborough	6.3%
Northborough	6.2%
Westborough	6.6%
MetroWest	**6.0%**
Ashland	6.3%
Framingham	6.1%
Holliston	5.6%
Hopkinton	6.7%
Natick	5.7%
Sherborn	5.7%
Southborough	6.4%
Sudbury	6.1%
Wayland	5.4%
Milford	**7.1%**
South Shore	**7.9%**
Abington	8.3%
Braintree	7.8%
Cohasset	5.7%
Hanover	7.3%
Hingham	6.0%
Milton	6.5%
Norwell	5.9%
Quincy	8.2%
Randolph	9.4%
Rockland	8.2%
Weymouth	8.7%
Massachusetts	**8.0%**
United States	**9.2%**

A Peek Inside MERC









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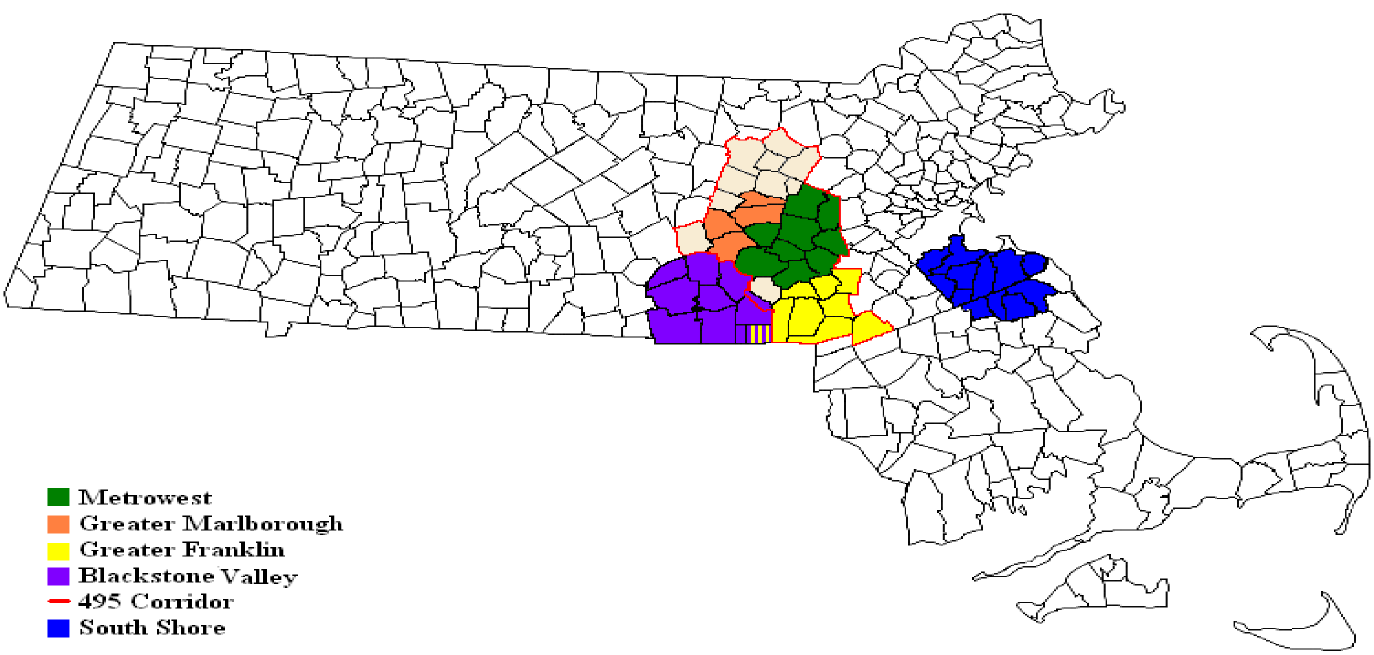

MERC SUBSTATE REGIONS MAP

MERC provides economic data and analysis for the 6 substate regions shown on the map: MetroWest CCSA™, Greater Marlborough Region, Greater Franklin Region, Blackstone Valley, 495/MetroWest Corridor, and the South Shore CCSA™.

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