

# Public vs. Private Employment in Massachusetts: A Tale of Two Pandemics

By Serena Hajjar



# MISSION

**Pioneer Institute develops and communicates dynamic ideas that advance prosperity and a vibrant civic life in Massachusetts and beyond.**

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## Vision

Success for Pioneer is when the citizens of our state and nation prosper and our society thrives because we enjoy world-class options in education, healthcare, transportation and economic opportunity, and when our government is limited, accountable and transparent.

## Values

Pioneer believes that America is at its best when our citizenry is well-educated, committed to liberty, personal responsibility, and free enterprise, and both willing and able to test their beliefs based on facts and the free exchange of ideas.



### PIONEER OPPORTUNITY

**This paper is a publication of Pioneer Opportunity**, which seeks to keep Massachusetts competitive by promoting a healthy business climate, transparent regulation, small business creation in urban areas and sound environmental and development policy. Current initiatives promote market reforms to increase the supply of affordable housing, reduce the cost of doing business, and revitalize urban areas.



### PIONEER EDUCATION

**Pioneer Education** seeks to increase the education options available to parents and students, drive system-wide reform, and ensure accountability in public education. The Center's work builds on Pioneer's legacy as a recognized leader in the charter public school movement, and as a champion of greater academic rigor in Massachusetts' elementary and secondary schools. Current initiatives promote choice and competition, school-based management, and enhanced academic performance in public schools.



### PIONEER HEALTH

**Pioneer Health** seeks to refocus the Massachusetts conversation about health care costs away from government-imposed interventions, toward market-based reforms. Current initiatives include driving public discourse on Medicaid; presenting a strong consumer perspective as the state considers a dramatic overhaul of the health care payment process; and supporting thoughtful tort reforms.



### PIONEER TRANSPORTATION

**Pioneer Transportation** seeks reforms that allow commuters to take full advantage of the coming mobility revolution—with access to a range of affordable and on-demand public and private transportation options, as well as transit-friendly real estate development.

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## Introduction

In April 2020, one month after the coronavirus pandemic struck the United States, the national unemployment rate hit a record high 14.8 percent. This jarring milestone arrived on the heels of the 20-year low 3.5 percent unemployment recorded just a few months earlier, in January 2020.<sup>1</sup>

By the time Congress passed its first coronavirus stimulus package in May 2020, an astonishing 36 million Americans had lost their jobs as a consequence of lockdowns and the reduced economic activity stemming from fears of the virus.<sup>2</sup> As of January 2021, when Congress resumed negotiations over its third coronavirus stimulus legislation, the national unemployment rate had dropped to 6.3 percent.<sup>3</sup> But how did Massachusetts state employees fare during the crisis?

## The Public and Private Sectors Diverge

The bleak economic tapestry painted by the tumult of 2020 has made responsible governance and the astute allocation of resources even more important. While there was a minor decrease of 1.6 percent in the total number of employees on Massachusetts' state payroll from February through December 2020, total employment in the Commonwealth experienced a dramatic 9.2 percent plunge during this period.<sup>4</sup>

The state reported 93,185 employees on its January 16, 2021 payrolls, a decrease of just 1.7 percent from the 94,763 recorded on February 29, 2020, immediately before the pandemic hit.<sup>5</sup> These statistics are particularly striking because unemployment in Massachusetts surpassed all other states with a high of 16.1 percent in July 2020.<sup>6</sup>

However, a glance at total nonfarm employment numbers across Massachusetts — encompassing both the public and private sector — explains the dramatic surge in unemployment by the summer of 2020.<sup>7</sup>

Total state employment was at a 30-year high in January 2020, with 3,729,900 employees.<sup>8</sup> This number, the result of a decade of steadily climbing employment, represented a 17.8 percent increase from the 3,166,200 recorded at the nadir of the Great Recession in November 2009.<sup>9</sup>

By March 2020, total employment in Massachusetts had dipped slightly to 3,665,000, swiftly nose diving in April 2020 to 2,853,900, a 23.5 percent decrease from the January 2020 peak.<sup>10</sup> One month of the policies instituted to combat the COVID-19 pandemic, along with residents' fears of transmission, brought Massachusetts to its lowest employment levels since 1992.<sup>11</sup>

The state payroll, however, did not suffer from the April plunge. It maintained its February 2020 employment levels, with 94,775 employees recorded for April 25, 2020.<sup>12</sup>

Following the historic low totals of April 2020, statewide employment climbed sharply as the state relaxed its lockdown mandates in summer. By September 2020, nearly 541,100 individuals had re-entered the workforce, although this growth reversed in subsequent months as lockdown restrictions tightened.<sup>13</sup> Employment in the state declined by 8,400 individuals between September and December 2020, the last month for which data have been reported.<sup>14</sup>

These trends largely did not bear out within the state payroll. Most state departments experienced minimal, if any, decrease, in employment numbers from March 2020 to April 2020. Comparing numbers from February 2020 to January 2021, however, shows a slight drop in employment in certain departments.

Most notable among these are Bridgewater State University (5.2 percent decrease), UMass System (4.4 percent decrease), Sheriff Department of Plymouth (4.3 percent decrease), and Department of Correction (2.9 percent decrease).<sup>15</sup> By comparison, the Massachusetts non-farm industries that experienced the greatest reduction in employment over the 12-month period ending in December 2020 were Leisure & Hospitality (38.4 percent decrease), Mining & Logging (20 percent), Other Services (18.7 percent) and Education & Health Services (8.1 percent).<sup>16</sup>

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The emergence of these disparities between state payroll and total state employment trends throughout such a trying year elicits moral enquiries with no simple answers.

Figure 1: State Government v. All MA Workers Employment During the Covid-19 Pandemic

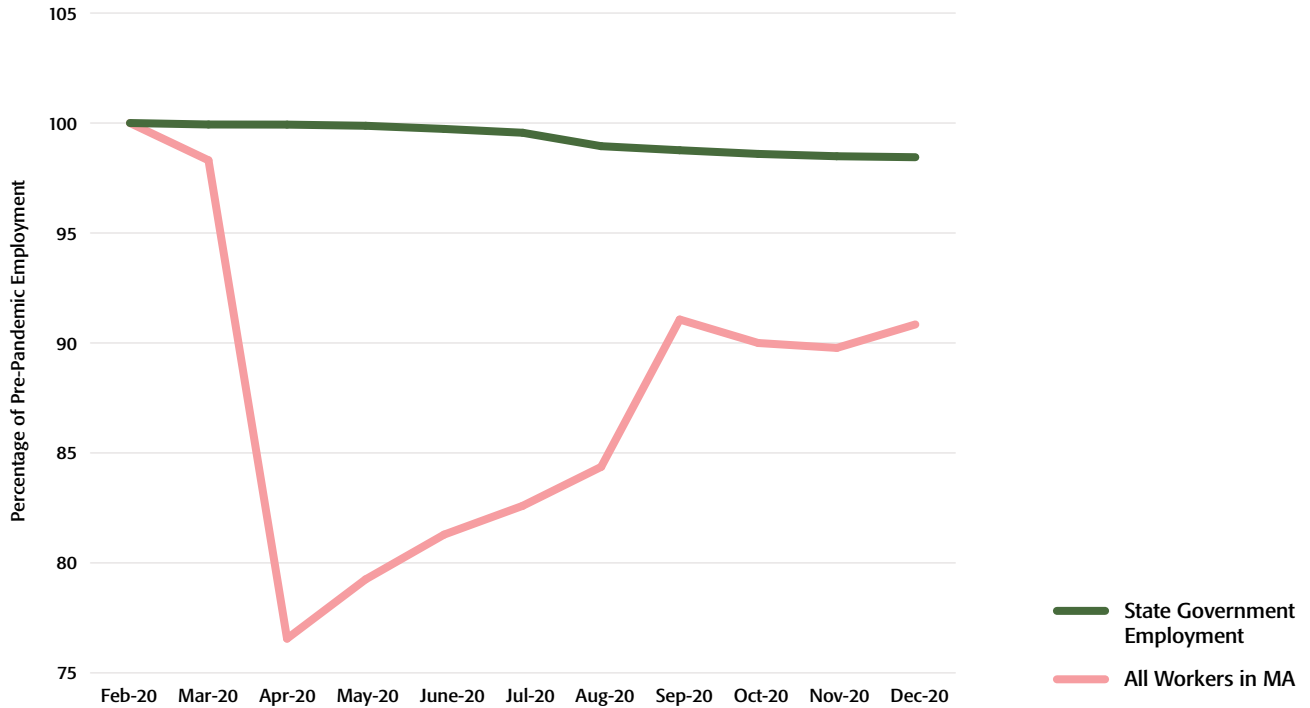
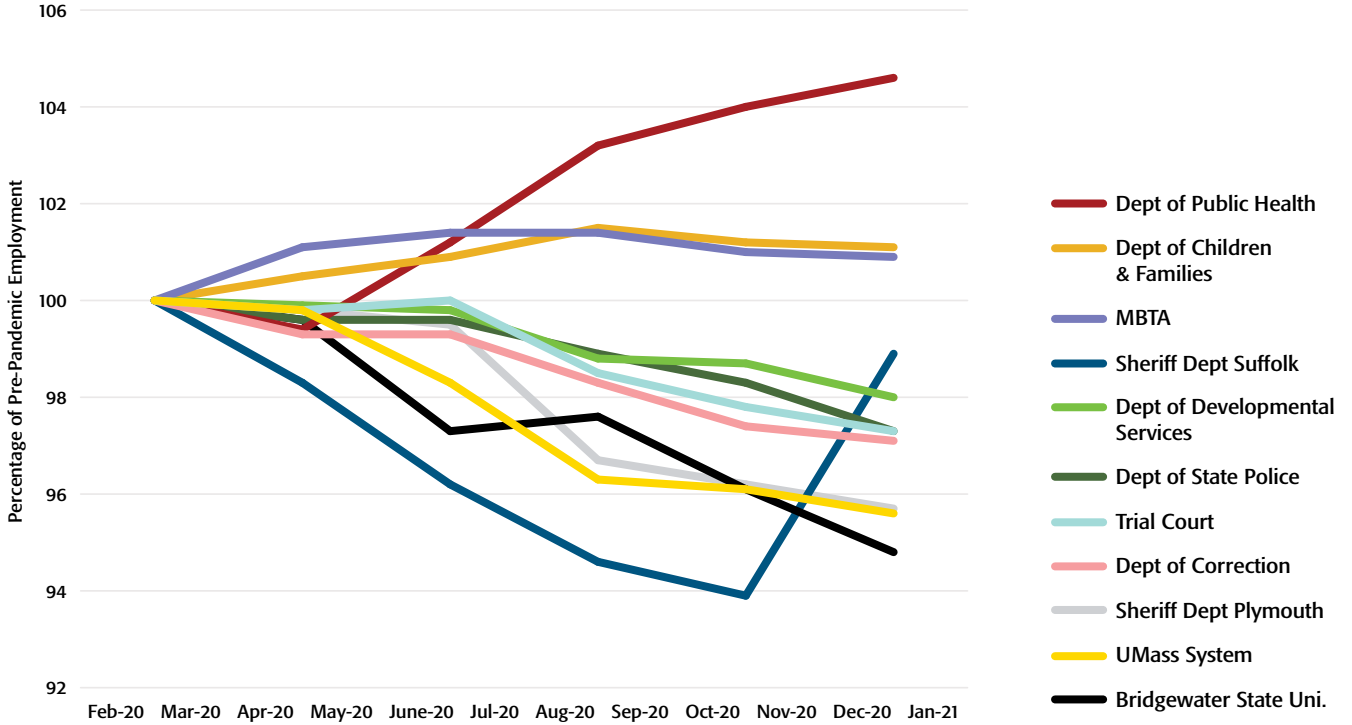


Figure 2: Employment Across Select MA State Departments, Feb 2020 Through Jan 2021



Other state departments, meanwhile, reported increased employment during this same nine-month period. The number of individuals employed by the Department of Public Health grew by 4.6 percent — an expected response during a pandemic — while the Department of Children and Families and Massachusetts Bay Transportation Authority increased their respective workforces by 1.1 percent and 0.9 percent.<sup>17</sup> The graph below spotlights employment trends for the Massachusetts state departments that experienced the greatest fluctuation since the start of the pandemic.

The emergence of these disparities between state payroll and total state employment trends throughout such a trying year elicits moral enquiries with no simple answers. For instance, to what extent should taxpayers not employed by the Commonwealth, who comprise 97.2 percent of the Massachusetts workforce, subsidize workers on the state payroll (2.8 percent of the workforce) in the face of such economic realities?<sup>18</sup>

## Conclusion

Reviewing employment trends across Massachusetts throughout 2020, from the 30-year high in January to the 28-year low in April, reveals that state employees remained largely shielded from the dramatic fluctuations experienced by employees not on the state payroll. The combined effects of lockdowns and consumer fears are among the primary contributors to the swings in private sector employment.

A recent Pioneer Institute study suggests a host of policies the Commonwealth of Massachusetts can draw upon to mitigate the economic devastation wrought by COVID-19 and its associated lockdowns, especially within the private sector.<sup>19</sup> Among Pioneer's proposed recommendations are rent relief, tax credits and deductions, regulatory reforms, and infrastructure investments, all of which could help small businesses endure and survive this economic blow.

Over the 12-month period ending on January 27, 2021, the number of small businesses open in Massachusetts decreased by 37.7 percent.<sup>20</sup> While much of the private sector has yet to dig out of the pandemic's economic crisis, the state payroll has remained largely unaffected. The number of state employees declined by 1.7 percent from February 2020 to January 2021.

Meanwhile, total employment in the Commonwealth dropped by 9.2 percent from January 2020 through December 2020. A question remains: Should the largely unscathed state government also have pulled back on costs, given that its revenues come largely from the weakened private sector?

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## Endnotes

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**Serena Hajjar** is an independent contractor at the Pioneer Institute, focusing on transparency around the state's reporting of coronavirus figures and the effects of the coronavirus response on the state economy. Ms. Hajjar is a recipient of the Fulbright English Teaching Assistant Grant to Russia for the 2020–21 cycle. She has a B.A. in international relations and Russian and Eastern European studies from the University of Pennsylvania.

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