

## **Maryland's 2015 Job Gains Best in 15 Years** **But state still behind national growth rates for fifth consecutive year**

Maryland enjoyed its largest numeric job gain in 15 years but its percentage increase continues to lag national growth rates according to recently released revised data from the U.S. Bureau of Labor Statistics.<sup>1</sup> Maryland's 1.5 percent increase in jobs in 2015 was the highest since 2005 but well below the 2.1 percent U.S. rate, and was ranked 28<sup>th</sup> among the 50 states and the District of Columbia. Still, the state's relative ranking in 2015 was a great improvement over 2014 when its 0.9 percent increase was ranked 42<sup>nd</sup>, its lowest ranking since 1994 when it was ranked 43<sup>rd</sup>. Growth in 2014 was held back in part by federal budget sequestration which impacted several private sectors, such as professional and business services, as well as federal government employment. These sorts of impediments to growth seem to have been ameliorated somewhat in 2015 by Congressional modification to some of the federal budget spending caps called for by the 2013 budget sequestration agreement.<sup>2</sup>

Some key points from the national statistics through 2015:

- Nationally, 2,907,000 net new wage & salary (payroll) jobs were generated in 2015, well above the 2,577,000 net new jobs created in 2014 and the largest numeric gain since 2000. (See [Table 1A](#) and [Table 1B](#) and [Chart 1](#). Also see file [National&StateTotals\\_1990\\_2015.xlsx](#) for data back to 1990.)
- The combined gain of 11.5 million jobs added over the last five years exceeds the combined 7.6 million jobs lost between 2007 and 2010. With the gain in 2015, total payroll jobs in the U.S. of 141,865,000 are almost 3.9 million jobs above the previous peak totals in 2007 (137,999,000).
- The recovery from the Great Recession (which lasted from December 2007 to June 2009) has varied across the U.S. with 16 states still having not recovered all of their lost jobs.
- Quarterly data indicates that job growth nationally was greatest in the first quarter, although there was not that much variation over the year. First quarter growth was at a 2.2 percent rate while the last quarter is estimated to have grown by 2.0 percent. (See [Chart 2](#).) The 2.2 percent increase in 2015:Q1 was the largest since 2000:Q2 (2.5%).

### **Maryland in better position than most states, but below national recovery**

Maryland's 38,400 job gain (1.5%, ranked 28<sup>th</sup>) in 2015 was substantially above gains in 2014 (24,000) and 2013 (23,200) and even exceeded pre-Great Recession gains in 2005 (37,800) and 2006 (33,600). (See [Table 1A](#), [Table 1B](#) and [Table 1C](#). for data back to 2005.) The last time Maryland had a larger numeric gain was in 2000 when the state grew by 63,300 jobs. (See file [National&StateTotals\\_1990\\_2015.xlsx](#) for data back to 1990.)

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<sup>1</sup> Current Employment Statistics (CES) data for non-agricultural wage & salary (payroll) jobs, revised in March 2016.

<sup>2</sup> See, "[How Congress Has Worked to Avoid the 'Sequester' Spending Caps](#)"

Maryland, like the U.S., has now had job growth for five consecutive years which followed the three consecutive years of jobs losses that was the consequence of the Great Recession. In only one other period, 1944-1946, did Maryland experience three consecutive years of job loss. (See [Chart 3](#).) For the U.S. this was the first time for three consecutive years of losses in the data series which goes back to 1939. (See [Chart 1](#).)

After increases over the last five years, Maryland's 2,659,300 payroll jobs are 2.0 percent above its 2007 pre-recession peak, but below the 2.8 percent difference for the nation as a whole. (See [Table 1D](#).) There are 38 states which are now above their pre-recession job peak totals, with Maryland ranked 26<sup>th</sup> among these states. As such, there are 25 states which either have a smaller positive differential with their pre-recession peak job totals than Maryland or as of yet have not yet reached their pre-recession peak job totals. That Maryland is in a better position relative to their pre-recession peak job totals than the majority of states comes from the fact that even though its growth rate since the end of the Great Recession has lagged most states, its job losses during the Great Recession were not as severe as in most states. (See [Map 1](#) for percent change in jobs from 2007 to 2010, roughly the period of national job loss. [Map 2](#) shows the percent job growth during the approximate period of recovery, 2010 to 2015. [Map 3](#) shows the percent job change over the entire 2007 to 2015 period.)

Although not terribly reliable at the state level and certainly subject to revisions next year, the quarterly payroll employment data indicates that Maryland's job growth was strongest in the middle two quarters of 2015 when it grew at a 1.5 percent rate in the second quarter and at a 1.6 percent rate in the third quarter, compared to a 1.4 percent rate in the first and last quarters of 2015. (See [Chart 4](#).) The greatest quarterly percentage gain since the beginning of the recovery from the Great Recession occurred in 2011:Q1 (1.8%).

### **State Highlights: California and Texas lead numeric gains**

California once again had by far the largest numeric gain in payroll jobs in 2015, the fourth year in a row it has led the nation in job creation. (See [Table 1B](#).) The 2015 increase of 465,900 jobs was well above the gain in 2014 (431,300), and was the largest numeric gain in the state since 2000 (492,400). (See file [National&StateTotals\\_1990\\_2015.xlsx](#) for data covering this time period.) Prior to 2011, California had experienced three straight years of job losses totaling just under 1.2 million. With the growth over the last five years, California is nearly 591,000, or 3.8 percent, above its pre-recession peak.

Texas had the second largest numeric gain in payroll jobs in 2015, the fourth year in a row in which it was ranked second to California in job creation. Unlike California, however, the 2015 increase of 279,100 was smaller than in 2014 (354,400) and was the smallest increase since 2011 (230,500). Texas' turnaround from the Great Recession was initially driven by expansion of its mining sector, which includes oil and gas extraction, as oil prices peaked at over \$90 dollars a barrel in 2013 and maintained a high price through September of 2014.<sup>3</sup> Additionally, over the 2010 to 2014 period other sectors began

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<sup>3</sup> For example, the average annual domestic crude oil price per barrel went from \$53.48 in 2009 to \$91.17 in 2013 and \$89.08 by November 2014. (See [annual domestic oil prices](#).)

to grow more substantially, including professional & business services, trade, transportation & utilities, and leisure & hospitality. The plunge in oil prices beginning in the last few months of 2014 has taken its toll on the state's mining sector. After gaining 109,400 jobs between 2009 and 2014, the sector lost 34,300 jobs in 2015 leading to the overall lower job gains in 2015. Still, with overall job growth over the last several years, total Texas jobs in 2015 are now 13.9 percent above pre-recession peaks, second highest in the nation. (See [Table 1D](#).)

Florida, New York, and Georgia rounded out the top five states with the largest numeric gains in 2015. For Florida, the 2015 increase (268,500) was well above what occurred in 2014 (242,400) and was the largest for the state since 2005 (300,100). New York's increase of 152,300 was below the 2014 gain of 164,200, but the gains over these two years was the second largest and largest gains for the state since 2000 (179,500). The 122,100 job increase in Georgia in 2015 was well above 2014 (112,500) and was the largest increase since 1998 (125,700). With these most recent gains, all three states are above pre-recession peaks with the greatest gain occurring in New York (6.1%, above, ranked eighth). While both Georgia (2.4% above, ranked 22<sup>nd</sup>) and Florida (1.2%, ranked 33<sup>rd</sup>) are above pre-recession peaks, it is only in 2015 that they achieved this milestone.

### **Utah fastest growing**

The top percentage increases in 2015 were in Utah (3.8%), Florida (3.4%) and Nevada (3.3%). (See [Table 1C](#).) Utah has had one of the stronger economies coming out of the Great Recession with percentage increases ranked among the top six in each of the last five years. In 2015, the economy was led by the largest job gains in a decade in the professional & business services, educational & health services and the retail trade sectors.

Before the Great Recession Nevada had one of the fastest growing economies in the country, leading all states in the growth rate of jobs in 2003, 2004 and 2005, and ranked fourth in 2006. However, the collapse of the state's super over-heated housing market, combined with the effects of the Great Recession on tourism, caused the state to have the largest percentage declines in jobs in the nation in both 2009 (-9.1%) and 2010 (-2.6%). Recovery has been gradual but sustained since 2011, with growth rates among the top six states in each of the last three years. Growth in the leisure and hospitality and the professional services sectors, the largest two sectors in the state, have been leading this recovery over the last two years. Over the 2014 and 2015 period, the leisure and hospitality sector added a combined 16,800 jobs, resulting in the 2015 total (340,700) finally exceeding the 2007 pre-recession peak of 339,300. Still, despite the strong overall growth in the state over the last several years, total jobs in Nevada are off 2.7 percent from its pre-recession peak, the second worst deficit in the nation (after Alabama at -2.9%).

### **Jobs in North Dakota decline with oil prices**

North Dakota had the largest percentage decline in jobs in the nation in 2015 (-1.6%). This decline to the bottom has been rather sudden for North Dakota and ended six straight years in which it was ranked number one in percentage change in jobs. The state's rise in prosperity has been tied to the phenomenal growth in its mining and logging sector, or more specifically the boom in oil shale

extraction achieved through a horizontal hydraulic fracturing (or “fracking”) process. Employment in the mining sector grew by 23,000 (180.4%) between 2010 and 2014. With the fall in oil prices beginning in the last quarter of 2014 significantly affecting the competitiveness of the higher-cost fracking production process, employment in the mining sector declined by 6,700, or 22.3 percent, in 2015. This led to job declines in six additional major sectors, including construction, and manufacturing. The rise of North Dakota’s fracking-based economy has also had an profound impact on its population growth. Between April 1, 2010 and July 1, 2015, the state’s population expanded by 12.5 percent, by far the fastest rate in the nation.<sup>4</sup> Most likely the change between 2015 and 2016 will show a substantial slowdown in its population growth or even an actual decline.

### **A few states still below peak job totals**

Even though by the end of 2015 the Great Recession had been over for six and a half years, there are only 37 states (plus the District of Columbia) which have higher payroll job totals in 2015 than in 2007, the pre-recession peak year for payroll jobs in the U.S. Some of these states, including North Dakota (26.6 percent above 2007 totals), Texas (13.9 percent above), Colorado (9.0%) and Alaska (7.1 percent above) have economies that are being driven by, or were at least initially being driven by, resource extraction before other sectors began to grow. The District of Columbia’s job growth (10.5 percent above 2007 totals, third largest) was initially driven by expansion of federal government employment (which grew by 21,400 between 2007 and 2011). But when federal government jobs began to decline (dropping by 15,200 between 2011 and 2014) the overall growth was spearheaded by health & education, leisure & hospitality and the professional & business services sectors. It is these three major service sectors which were also the major drivers of growth in many other states which have exceeded their pre-recession peaks, including New York.

Fourteen states still have lower payroll job totals in 2015 than in 2007, with the largest “deficits” found in Alabama (-2.9%), Nevada (-2.7%), New Mexico (-2.1%), Mississippi (-1.7%) and Arizona (-1.6%). (See [Table 1D](#) and [Map 3](#).)

Both Arizona and Nevada had some of the fastest rates of increases in the country for both jobs and population in the last decade. For instance, Arizona was ranked number two in percent change in jobs in 2004, 2005 and 2006, while Nevada was number one in 2003, 2004 and 2005 and fourth in 2006 and (also second in 2014). These two states were also ranked at or near the top in population growth for much of the last decade. The housing bubble collapse, which began in 2007, however, hit these two states especially hard (in addition to Florida), resulting in some of the highest foreclosure rates in the country and sending their economies into a tail spin.

While Nevada and Arizona, like much of the rest of the U.S., were new to multi-year job losses brought about by the Great Recession, Michigan had experienced losses for 10 straight years before finally beginning to grow again in 2011. As a result, while the U.S. as a whole peaked in total payroll jobs in

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<sup>4</sup> [See Population Estimates for States](#)

2007, Michigan last peaked in 2000. Even after growth in each of the last five years, the Michigan's job totals in 2015 are 432,000 (or -9.2%) below what they were in 2000.<sup>5</sup>

## **Maryland Sector Highlights**

Overall job gains in 2015 were substantially above the 2014 total increase, with eight out of the of the 10 “super” sectors experiencing gains compared to six in 2014. (See [Table 2A](#), [Table 2B](#) and [Table 2C](#).)

### **Educational & health care sector continues to expand**

The **educational, health care and social assistance sector** led 2015 job growth in Maryland, expanding by 8,200 jobs (1.9%), 1,200 higher than the 2014 gain. This sector typically leads the state in private sector job growth in times of slower economic growth, as it did for five straight years (2006 – 2010), but also in the last two years. This is also the only major sector in Maryland that has not had an annual loss since the beginning of the data series in 1990. (For full data set back to 1990, see file [MarylandSectorDetail\\_1990\\_2015.xls](#).) As a result of this long-term growth, this sector's share of total jobs in the state has grown from 10.4 percent in 1990 to 16.4 percent in 2015 and became the state's largest private sector in 2009 (as measured by total payroll jobs). Comparable shares of total private employment (excluding government) are 12.9 percent in 1990 and 20.2 percent in 2015.

Most of the growth within this sector was concentrated in the **health care & social assistance** subsector, which gained 7,700 jobs (2.2%) in 2015, well above the 4,700 increase in 2014 which was tied for the second smallest gain in the last 15 years. **Ambulatory health care services** (4,700, or 3.7%) had the greatest growth in the health subsector while **hospitals** (1,000, or 0.9%) partially reversing a decline of 2,300 from last year. The 2014 decline in hospital employment was the first since 2000. In past years, one of the drivers of the increases in hospital employment was the high level of births which peaked at just under 78,100 in 2007, (the highest total since 1991, and the seventh highest total in Maryland history). However, births have been dropping steadily ever since, falling to 71,806 by 2013 before bumping back up to 73,588 in 2014. While the need to control health care spending will be a factor in constraining future hospital employment, a potential driver to the increase in the health care subsector is the aging of Maryland's population. For example, the share of the state's population ages 65 and over has increased from 11.3 percent in 2000 to 12.3 percent in 2010 and is projected to increase to 15.8 percent by 2020.

The aging population has also been a factor in the increased employment in the **nursing & resident care facilities**, which grew by 500 jobs (0.7%) in 2015, half the 1,000 gain in 2014, but that was the largest increase since 2009. This sector has now grown in 24 out of the last 25 years.

**Educational services**, which includes private colleges, universities & professional schools, as well as private pre-K-to-12 schools, expanded by 600 jobs (0.7%) in 2015, well below the 2,300 increase in the prior year which was the largest gain since 2008. This subsector's expansion over time has been driven

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<sup>5</sup> At its peak loss in 2010, Michigan's job total of 3,863,600 in that year was 812,800, or 17.4 percent, below the 2000 peak job total of 4,676,400.

in part by enrollment increases in Maryland's independent colleges and institutions which grew by 15,300 (34.6%) between 1995 and 2010. Since 2010, however, total enrollment has dropped by just over 4,700 students, or 8.0 percent.<sup>6</sup> Since 1990, this sector has had only one year of job losses (1994).

### **Growth in professional & business services continues at a slower pace**

**Professional & business services** grew by 6,400 jobs in 2015 (1.5%), 100 more than in 2014 but well below the average annual gains between 2010 and 2013 (9,900). The slower growth in this sector over the last two years compared to prior years may be due in part to a reduction in federal government contracts in recent years, a key component of total federal spending in Maryland.<sup>7</sup> (See [Chart 5](#) for the change in the value of federal contracts in Maryland.) These reductions were part of the federal budget sequestration which began in 2013.

Industries in this sector employ lawyers, accountants, consultants, computer programmers, architects, engineers, etc. and are typically the principal drivers of Maryland's economy during periods of strong overall growth such as the late 1990s. For example, between 1996 and 2000, this sector gained a total of 87,200 jobs, 32.0 percent of the total statewide net gain in jobs during this period, more than any other sector.

When the professional & business services sector is expanding at a brisk pace, it usually bodes well for the state's economy since this sector contains many of the state's highest paying jobs. However, in slower economic times the educational & health care & social assistance sectors usually lead the state's economy, since it is more attuned to the underlying demographics of the state's population and somewhat less influenced by the overall business cycle. As a result of generally slower economic growth over much of this decade, the professional & business services sector is no longer the state's largest private sector employer, having been replaced in 2009 by the educational & health care & social assistance sector.

Among the professional & business services subsectors, numeric growth was largest in the **administration & support services** (4,100, or 2.6%). This subsector contains temporary help agencies and custodial services for buildings and was acutely affected by the Great Recession having lost 17,200 jobs (-11.0%) between 2006 and 2009. As a result of these earlier losses it took until 2014 for this subsector to finally exceed its pre-recession peak in 2006 of 156,600 jobs.

Just below the gains in administration & support services was the increase in the **professional, scientific & technical services** subsector (2,900, or 1.2%), a bit below the 3,100 gain from the previous year. This subsector contains most of the high-paying jobs within the larger sector, and some of the most dynamic. For instance, two sub categories, **computer systems** (1,500, 2.2%) and **management & technical consulting** (1,100, 3.0%), continued to expand in 2015. Both sub categories, which are associated with

<sup>6</sup> Maryland Higher Education Commission, "Trends in Total Headcount Enrollment 2016." Data is thru 2014.

<sup>7</sup> See, Pew Charitable Trusts, [Federal Spending in the States, 2005 to 2014](#)

occupations that in general require high levels of education and/or training, grew even through the Great Recession, and have not had any job losses in 13 years.

**Scientific research & development** (700, 2.2%) is another subsector that experienced solid growth in 2015, marking two consecutive years of gains, following losses in three of the previous four years. Job totals in this sector for 2015 (33,100) are 1,000 above the previous peak total of 32,100 in 2009.

**The Architectural, engineering & related services** subsector had a small loss in 2015 (-200, -0.4%) following a 600 gain in 2014 (which was the second largest in eight years). The architectural, etc. sub category was greatly affected by the Great Recession's impact on business and construction activity in general, experiencing job losses for four consecutive years, before beginning to grow again in 2011 as construction activity also began to pick up. Even with growth over the last four years, however, 2015 job totals in this subsector (41,200) are still just below peak totals which occurred in 2006 (41,500).

**Legal services** (-300, -1.7%) had a loss for the second consecutive year. This most recent loss, combined with four straight years of declines between 2006 and 2010, has left 2015 totals (18,600) 2,600 (or -12.3%) below its previous peak in 2006.

#### **Leisure & hospitality sector aided by casinos**

The **leisure & hospitality** sector expanded by 7,500 jobs (2.9%) in 2015, above the 2014 increase of 6,300 but also well below gains in both 2013 (9,600) and 2012 (11,000). The largest gain by subsector in each of the last four years was in **accommodation & foods** (which includes restaurants). The leisure & hospitality industry has been one of the healthiest sectors in Maryland's economy over the last several decades, generally riding the growth in overall population and income, as well as the increasing tendency for households to travel more and eat more of their meals outside the home. In addition, over the last couple of years, the establishment of gambling casinos in Maryland has aided growth in this sector.

#### **Construction extends its turnaround**

The **natural resources, mining & construction** sector, which in Maryland is mostly made up of the construction subsector, grew by an estimated 4,700 jobs (3.1%) in 2015, well above gains in 2014 (3,400), 2013 (2,500) and 2012 (300). Although this sector is showing signs of having a more sustained turnaround as we get further away from the end of the Great Recession, (the 2012 increase was the first in six years), there is still a long way to go to recover all of the lost jobs. Total jobs in 2015 (155,600) are just above where they were in 1999 (153,300), and well below the pre-recession peak of 190,700 in 2006.

In recent years the growth in the construction sector has been aided by a slowly improving housing market. For instance, before the onset of the subprime mortgage crises in 2007, the number of residential units authorized by permit in Maryland peaked at 30,180 in 2005. The number of authorized units fell for four straight years bottoming out at 11,931 in 2009, an all-time low in this series which

dates back to 1960.<sup>8</sup> Total permitted units have slowly increased each year since, with 2013 reaching 17,918. Since then permits have dropped off to 16,331 in 2014 and (preliminary estimate) to 16,149 in 2015.

### **Growth in trade, transportation, warehousing & utilities picks up**

Employment in the **trade, transportation, warehousing & utilities** sector typically moves in sync with overall economic activity. Growth in 2015 (7,500, or 1.6%), was an improvement over the 4,400 (1.0%) increase in 2014, and was the largest gain in 15 years. Among the major subsectors, **retail trade** continued its growth from the recession downturn with a gain of 2,000 jobs (0.7%) for the fifth consecutive annual increase. Prior to expanding in 2011, this subsector lost a total of 23,800 jobs (-7.9%) in 2008 and 2009, with the 2009 decline of 16,300 the worst in the data series. The retail sales climate was greatly affected by job cuts in the economy which in turn resulted in rare inflation-adjusted decline in per capita income in 2009 (-\$536).<sup>9</sup> The poor retail sales climate during and immediately following the Great Recession, along with the changing nature of retail purchases leading to proportionately more on line and less at physical locations, has left the number of payroll jobs in this subsector in 2015 (290,700) just below where they were in 1999 (293,000) and still well below the pre-recession peak of 300,600 in 2007.

**Wholesale trade**, which is effected by the health of other sectors, including retail trade and manufacturing, grew by 1,200 jobs (1.4%) in 2015, which followed two consecutive years of losses totaling 1,600. The 2015 gain was only the third in the last nine years, and was the largest gain since 2005. But because of the overall slow growth and frequent years of decline since 2005, the number of wholesale jobs in 2015 (85,800) is just above where they were in 1995 (85,000), and well below the pre-recession peak of 95,200 in 2006.

Among the reported transportation subsectors, **truck transportation** grew by 700 jobs in 2015 (4.2%), above the 400 increase of 2014 and the fifth consecutive year of growth. Along with the trade sectors, truck transportation was greatly affected by the downturn in overall economic activity from the Great Recession and its aftermath, along with rising fuel costs. As a result, the 17,000 jobs in 2015 in this subsector are well below where they were at its peak in 1999 (19,700) and even in 1990 (18,100), the beginning of the data series.

### **Financial activities resumes growth**

The **financial activities** sector grew by 1,800 jobs (1.3%) in 2015, a reversal from the 600 decrease in 2014 but the current gain was only the second one in the last nine years. Declines in the 2007 through 2012 period were significantly impacted by the collapse of both the housing and financial markets that ushered in the Great Recession. An improving housing market with historically low interest rates along

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<sup>8</sup> Source: U.S. Bureau of the Census.

<sup>9</sup> See [Tables 8A, 8B and 8C in Annual Total and Per Capita Personal Income for States and Regions](#)

with a vibrant stock market has been a factor in gains in 2013 and 2015. Even with the 2015 gain, though, total jobs in this sector (146,300) are just below where they were in 2000 (146,900).

Over the years, losses have been particularly strong in the **credit intermediation & related activities** subsector (essentially commercial banks, savings institutions, credit unions, and credit card issuing establishments), caused by the tightening standards for mortgage loans and an overall decline in lending to business establishments. This subsector lost 300 jobs (-0.6%) in 2015 an improvement from the 1,700 (-3.9%) drop in 2014. In 2015, total jobs in this subsector (42,300) were the lowest in the data series, and 15,900 (-27.3%) below the pre-recession peak of 58,200.

The 1,300 (2.9%) job gain in the **real estate & rental leasing** subsector in 2015 made it five straight years of growth. The improvement in this subsector coincides with the gradual improvement in the housing market. However, even with growth over the last five years, total employment in this subsector in 2015 of 45,600 is only slightly above where it was in 1999 (45,300) and 2,600 (-5.4%) below its peak in 2005. Losses over the 2005 to 2010 period were driven by the sharp reduction in housing sales in Maryland, which peaked at 130,277 units sold in 2005 and fell to 44,435 units by 2011. Since that time, housing sales have increased to 59,027 by 2014.<sup>10</sup>

### **Manufacturing experiences rare gain**

Maryland's manufacturing sector expanded by 800 jobs in 2015 (0.8%), the first gain in 15 years. Over the previous 14 years, manufacturing jobs had declined by 70,000 jobs, or 40.3 percent.

While the national manufacturing sector has also been hard hit over the years, at one point losing jobs for 12 straight years from 1999 to 2010, it has actually experienced a rebound over the last five years. With the 2015 gain of 133,000 jobs (1.1%) in 2015, U.S. manufacturing jobs have grown by 790,000 since 2010 (6.9%). Despite these gains over the last five years, though, total manufacturing employment is down by 4.9 million jobs since 2000 (-28.6%). Manufacturing jobs now make up less than one out of 10 (8.7%) of the wage and salary jobs in the U.S., down from 13.1 percent in 2000 and 16.2 percent in 1990. For Maryland, manufacturing's share of total wage and salary jobs has dropped to 3.9 percent in 2015, down from 7.1 percent in 2000 and 9.1 percent in 1990.

### **Information decline continues**

The **information** sector, which includes publishing (newspapers, broadcasting, internet providers) as well as local and long-distance telephone carriers, lost 600 jobs (-1.6%) in 2015, the eighth straight annual decline. Although not reported out separately, most of these losses are probably in the publishing sector due to a loss of circulation of newspapers and magazines as consumers move to electronic formats, thereby squeezing profits and leading to layoffs. Losses over the last eight years have wiped out the modest gains made earlier in the 2000s, leaving the total number of jobs in 2015 (38,400) the lowest in the data series. The **telecommunications** subsector lost 600 jobs in 2015 (-4.0%),

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<sup>10</sup> Maryland Department of Planning's analysis of arm's length sales transactions, as reported by the Maryland Department of Assessments and Taxation. See [http://planning.maryland.gov/msdc/sale\\_data/saledata.shtml](http://planning.maryland.gov/msdc/sale_data/saledata.shtml)

reversing a rare gain in 2014 (300). This subsector has now had losses in seven out of the last eight years. Job totals in 2015 in this subsector (15,000) are at their lowest point in the data series. In 1990 the telecommunications subsector had 21,200 jobs.

### **State and local government declines lead to small total government sector loss**

**Total government** jobs dropped by a modest 300 (-0.1%) in 2015, smaller than the 1,000 loss in 2014 but the fourth decline in a row. Historically it has been rare for there to be losses in the total government sector in Maryland, with only four other years showing declines, besides the last four, since 1990.

The largest loss in 2015 among the government sectors occurred in **state government** (-1,100, or -1.0%). This was the third reduction in total state government employment in the last four years with much of the most recent decline due to employee buyouts. In the most recent year, state government jobs associated with education declined by 100, while non-education related state government jobs declined by 1,000. That portion of state government employment not associated with education have declined in five out of the last six years, with a cumulative decline of 5,700 jobs since 2010 (-8.8%). Education related state-government jobs have fared better over the same time period despite declines of 100 in each of the last two years. Since 2010, this portion of state government employment has increased by 3,400 (7.1%).

Prior to the most recent losses in overall state government employment, total state government jobs peaked at 113,200 in 2011 after eight straight years of gains. However, this growth and indeed all of the gains over the last 25 years have been tied to education. For example, between 1990 and 2015, education-related state government jobs have expanded by 19,600, or 60.4 percent. In contrast, all other state government employment has dropped by 5,600 (-8.7%). This drop in employment in non-education related state functions occurred despite the fact that the state has opened two new major correctional facilities in the 1990s (Western Correctional Institute in Allegany County and the Eastern Correctional Institute in Somerset County), with subsequent expansions, and despite the fact that the state's population has grown by 1,206,600 (25.1%) since 1990.

After two years of recovery from the effects of the Great Recession, **local government** employment once again experienced a loss in 2015, with an overall drop of 300 jobs (-0.1%). All of the 2015 decline was in the education-related portion of local government, with a drop of 700 jobs (-0.4%). The current drop was in contrast to overall gains in 2013 and 2014, which ended three straight years of job losses due to the effects of the Great Recession on local budgets. Prior to the loss of jobs in 2010, the last time this sector experienced a decline was in 1992, which also took place in the aftermath of a recessionary period.

Over the long term, typically, it is the education portion of local government which experiences most of the growth. For example, local government education-related jobs in 2015 are 41,000 (36.0%) higher than in 1990, while local government totals for non-education-related jobs are only 18,100 (24.2%) higher than in 1990.

In contrast to the losses in state and local government, jobs in the **federal government** sector grew by 1,000 (0.7%) in 2015, a turnaround from the two previous years with a combined 3,300 loss. Before the declines in 2013 and 2014, Maryland had greatly benefitted from an expanding federal payroll in general, and more specifically from the 2005 Base Realignment and Closure Act (BRAC) which moved thousands of federal jobs to Maryland from New Jersey, Pennsylvania and Virginia through the end of 2011.<sup>11</sup> As a result, federal government jobs in Maryland grew by 21,400 (17.1%) between 2007 and 2012. After the downturn in 2013 and 2014 and the recent gain, total federal government jobs in 2015 (144,000) is 2,300, or 1.6 percent, below the 2012 high point in the data series (146,300).

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<sup>11</sup> Some of this BRAC gain was federal military jobs, which is *not* counted in the CES data series.