

Delaware Annual Economic Report 2008

written by

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2008 State Economic Overview

The current economy, in both Delaware and the nation, is the worst in several generations. The most recent period comparable for job losses was the mid-1970's. The state lost almost 10,000 jobs from 1973 to 1975, a decline of four percent at the time. From the peak of 439,000 jobs in February 2008, Delaware has now lost 23,600 jobs through May 2009, a drop of 5.4 percent. The unemployment rate in Delaware rose to 8.1 percent in May, just below the all-time record in the state of 8.2 percent, which occurred from July 1976 through January 1977 (the modern statistical series for the unemployment rate begins in 1976). The state's unemployment rate is nearly certain to surpass the 8.2 percent level later this year.

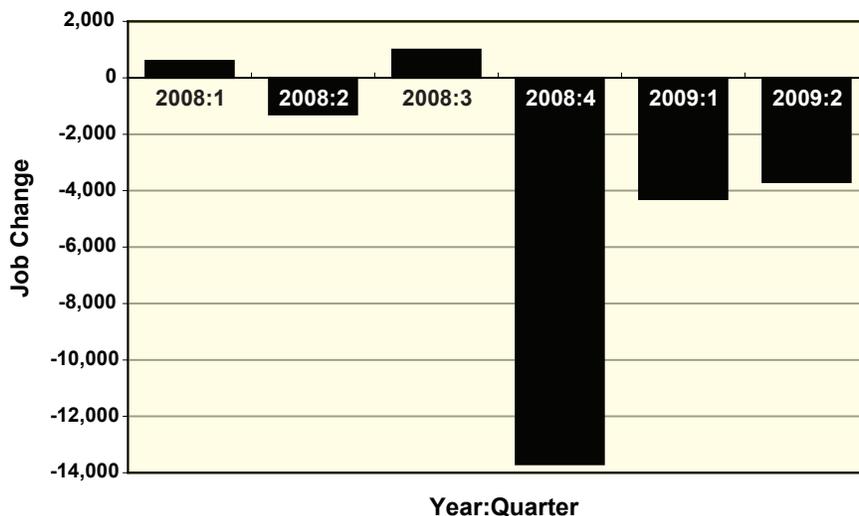
Based on current data (the state's jobs numbers will be revised in early 2010), Delaware's economy was essentially flat before falling off a cliff in the fourth quarter of 2008. For the first three quarters, there was actually some minimal job growth. Then in the fourth quarter, nearly 14,000 jobs were lost. Another 4,300 jobs were lost in the first quarter of 2009, while second quarter job losses look to be close to another 4,000.

Beyond the current deep recession, there are indications that Delaware's economy has not been fully healthy for a much longer period of time. Delaware lost a greater percentage of jobs than the nation in the last recession early this decade. It did not fully share in the job growth that came in the subsequent expansion and it is now losing jobs at a pace greater than the national average. In fact, the number of jobs in Delaware is currently below the number the state had at the beginning of the decade. In December 1999, there were 418,600 total nonfarm jobs in the state; in May, 2009, there were 415,400, a drop of 0.8 percent. By comparison, the US added 1,619,000 jobs over that period, a gain of 1.2 percent.

Far and away, the industry with the greatest job loss over the decade was Manufacturing. The 14,600 jobs lost there (May 1999 to May 2009) were almost exactly offset by the 14,500 jobs gained in Health Care and Social Assistance. Another industry sector in decline has been Administrative and Support Services, which includes industries such as temporary help, call centers and telemarketing, security

and janitorial services, and landscaping. It is down by 6,800 jobs over the decade. Employment at state and local government grew by 6,200 jobs and the industry sector known as Other Services added 4,500 jobs, the second-highest total of any private sector, after Health Care. Other Services includes industries such as car repair, beauty salons, funeral homes, and dry cleaners.

Change in Delaware Jobs by Quarter



Measuring Employment Changes

There are two Bureau of Labor Statistics (BLS) programs which are the primary sources for employment by industry. The Quarterly Census of Employment and Wages (QCEW) is the more complete of the two; it is drawn from quarterly employment reports the great majority of businesses are required to submit. Its major drawback is timeliness – data are not generally available until several months after the period in question. The Current Employment Statistics (CES) program is designed to provide data only weeks after the month it is measuring ends, but being survey-based, it is not as complete or accurate as the QCEW. During periods of rapid change in employment levels, such as Delaware has experienced lately, it is useful to look at both data series in tracking the economy.

At the beginning of each year, the CES data are reconciled to the available QCEW data (usually the first three quarters) during the benchmarking process. The two series will track each other closely for this period, then often diverge slightly in the last quarter. The fourth quarter is then reconciled between the two series at benchmarking the following year. Last year, 2008, was different for two reasons: 1) rapid changes in the economy occurring at that time would tend to make any survey-based estimates less reliable and 2) the CES estimation methodology was changed in November, with the national office largely taking over the generation of estimates from the states. The result is that the QCEW and CES estimates diverge substantially at the end of 2008. There is no question that the QCEW estimates are more reliable and that the CES estimate of the scope of job decline will

be revised downward by about 5,000 jobs at the beginning of next year (the CES series for late 2008 currently overstates the number of jobs lost). Data for 2009 are only available from the CES program as of the writing of this report, so data from both programs will be used to provide a more complete analysis of the current state of Delaware's economy.

Overall, there were 17,000 jobs lost (3.8 percent) from December 2007 to December 2008 according to the CES, and just under 12,000 lost (2.8 percent) according to the QCEW. For the country as a whole, the rate of decline was 2.1 percent according to the national CES. National QCEW fourth quarter data are not yet available, but it is clear that Delaware has suffered a greater than average job loss. In the detailed industry analysis which follows, unless otherwise noted, all December 2007 to December 2008 estimates are from the QCEW, while all May 2008 to May 2009 estimates are from the CES. Estimates of earnings and employment by gender are from the Local Employment Dynamics (LED) program, which is a joint effort of the US Bureau of the Census and state QCEW programs.

As of the 12 months ending with June 2008 (the most recent period available for LED data), employment in Delaware was majority female, at 51.2 percent. Overall average earnings were \$3,864.25 per month (\$46,371 per year), with men earning an average of \$4,602.25 per month and women \$3,162.75 per month. Women on average earn just less than 69 cents for every dollar of men's earnings.

Job Change by Industry Sector, December 2007 to December 2008

NAICS	Industry Sector	Dec. 2007	Dec. 2008	Change	% Change
23	Construction	28,453	24,880	-3,573	-12.6%
44-45	Retail Trade	57,202	54,203	-2,999	-5.2%
31-33	Manufacturing	33,411	30,994	-2,417	-7.2%
56	Administrative and Waste Services	25,362	23,109	-2,253	-8.9%
52	Finance and Insurance	38,991	38,248	-743	-1.9%
55	Management of Companies and Enterprises	11,220	10,636	-584	-5.2%
42	Wholesale Trade	14,833	14,268	-565	-3.8%
48-49	Transportation and Warehousing	14,310	13,907	-403	-2.8%
54	Professional, Scientific, and Technical Services	26,145	25,753	-392	-1.5%
71	Arts, Entertainment, and Recreation	7,593	7,221	-372	-4.9%
53	Real Estate and Rental and Leasing	6,514	6,258	-256	-3.9%
51	Information	7,209	7,022	-187	-2.6%
72	Accommodations and Food Services	31,554	31,464	-90	-0.3%
11	Covered Agriculture	1,217	1,194	-23	-1.9%
22	Utilities	2,146	2,222	76	3.5%
81	Other Services	13,468	13,557	89	0.7%
92	Public Administration	20,086	20,286	200	1.0%
61	Educational Services	32,489	33,155	666	2.0%
62	Health Care and Social Assistance	56,402	58,355	1,953	3.5%

Industry Employment

Largest Job Losses

The industry sector with the greatest job loss in 2008 was Construction, which declined by a net 3,573 jobs (12.6 percent) from December 2007 to December 2008. Construction employment has not yet stabilized, as the CES Dec. – Dec. job loss of 3,160 jobs widened to 4,000 jobs during the May 2008 – May 2009 period. Of Construction's three sub-sectors, Specialty Trade Contractors have suffered the greatest losses, losing 2,157 jobs from Dec. '07 – Dec. '08 (13.2 percent). Heavy and Civil Engineering Construction fared best, losing 184 jobs (3.9 percent). We expect this to continue through 2009, with a likely loss of about two thousand more Specialty Trade Contractors and an expected gain of about one hundred to two hundred jobs in Heavy and Civil

Engineering Construction, due to economic stimulus spending. Job losses in Construction would tend to have a large impact on males, as they made up 84 percent of industry employment for the 12 months ended June 2008. Average earnings in this industry were two percent above overall average earnings in the state.

Retail Trade suffered the second-greatest job loss in 2008, losing 2,999 jobs (5.2 percent). This industry appears to have stabilized in 2009, with the CES showing 4,900 jobs lost from December 2007 – December 2008 and only 2,600 lost between May 2008 and May 2009. We expect that there will be net job losses in Retail Trade in 2009, with growth returning in 2010. The

sub-sectors with the greatest job losses were Motor Vehicle and Parts Dealers, with 676 net job losses, Furniture and Home Furnishing Stores, with 598 jobs lost, and Sporting Goods, Hobby, Book, and Music Stores, with 316 jobs lost. Of Retail Trades' 12 sub-sectors, only Food and Beverage Stores gained jobs, adding 397 net jobs. Employment in Retail Trade is 50.8 percent female and average pay is low, at 42 percent below the state's overall average pay.

Manufacturing was Delaware's third-hardest hit industry sector, losing 2,417 jobs (7.2 percent) in 2008. Job losses appear to be accelerating, as CES reports 3,400 jobs lost from Dec. 2007 – Dec. 2008 and 3,800 lost from May 2008 – May 2009. In addition to the current recession, Manufacturing employment in Delaware has been in a long-term structural decline, which will most likely continue after the recession is over. The sub-sector with the greatest job loss was Transportation Equipment Manufacturing, which declined by 834 jobs in 2008. Job losses in that sub-sector have accelerated and will top 1,000 in 2009. Other sub-sectors with substantial job losses in 2008 include Food Manufacturing, which lost 386 jobs and Chemical Manufacturing, which declined by 296 jobs. Males dominate employment in Manufacturing, holding 69.6 percent of the jobs. Industry average pay is 16 percent above the overall state average.

The only other industry sector to lose more than 1,000 jobs in 2008 was Administrative and Support and Waste Management and Remediation Services, which lost 2,253 jobs. There appears to be some recovery in this industry, as CES employment has gone from a decline of 5,800 jobs from Dec. 2007 – Dec. 2008 to a drop of 3,500 from May 2008 – May 2009. All of the job decline was in the Administrative and Support sub-sector, as Waste Management and Remediation showed a gain of 234 jobs in 2008. Employment Services, which consists primarily

of Temporary Help Services, lost 3,200 jobs from Dec. 2007 – Dec. 2008, according to the CES. From May 2008 – May 2009, the job loss has been only 1,200 jobs. This matters, because if Temporary Help employment is stabilizing, that is typically an early sign of economic recovery. Employment in the sector is mostly male, at 54.8 percent and the average pay is only 69.5 percent of the state overall average.

Where Losses are Accelerating

Among other industry sectors, those where job losses appear to be accelerating in 2009 include Finance and Insurance, which was down by 200 jobs from Dec. 2007 – Dec. 2008 and by 1,400 jobs from May 2008 – May 2009. This is one of the highest-paying industries in the state, with wages 52 percent above the overall average. Even though industry employment is majority female (60 percent), pay disparity is particularly noticeable here, as women earn only 60.8 cents for every dollar earned by men.

Wholesale Trade also appears to be worsening. Its Dec. 2007 – Dec. 2008 decline of 700 jobs is now a 1,100 job drop from May 2008 – May 2009. This is most likely tied to the drop in Retail Trade. Average pay in this industry is high, at 48 percent above the state's overall average. Employment is predominantly male, at 65 percent of the jobs, but pay is much more egalitarian than in Finance and Insurance (or in most industries in the state, for that matter); women earn 94 cents for every dollar earned by men.

Professional, Scientific, and Technical Services has also seen increased job losses in 2009. This industry, which includes accounting, legal, engineering, and management consulting services, along with scientific research and development, had a decrease of 900 jobs from Dec. 2007 – Dec. 2008 and a decrease of 1,800 jobs from May 2008 – May 2009. Average pay is high, at 55 percent above the overall average.

Industry Sub-Sectors with 100+ Lost Jobs

NAICS	Industry Sub-sector	Fourth Quarter 2007	Average Jobs 2008	Change	% Change
238	Specialty Trade Contractors	16,330	14,173	-2,157	-13.2%
561	Administrative and Support Services	23,631	21,914	-1,717	-7.3%
236	Construction of Buildings	7,718	6,754	-964	-12.5%
336	Transportation Equipment Manufacturing	3,571	2,737	-834	-23.4%
441	Motor Vehicle and Parts Dealers	7,256	6,580	-676	-9.3%
442	Furniture and Home Furnishings Stores	2,910	2,312	-598	-20.5%
311	Food Manufacturing	9,604	9,218	-386	-4.0%
484	Truck Transportation	3,027	2,656	-371	-12.3%
451	Sporting Goods, Hobby, Book, and Music Stores	2,532	2,216	-316	-12.5%
424	Nondurable Goods	6,315	6,008	-307	-4.9%
325	Chemical Manufacturing	4,384	4,088	-296	-6.8%
448	Clothing and Accessories Stores	5,915	5,619	-296	-5.0%
444	Building Material and Garden Equipment Stores	4,882	4,611	-271	-5.6%
713	Amusement, Gambling, and Recreation	6,394	6,142	-252	-3.9%
531	Real Estate	4,933	4,702	-231	-4.7%
453	Miscellaneous Store Retailers	3,436	3,217	-219	-6.4%
446	Health and Personal Care Stores	3,961	3,764	-197	-5.0%
523	Securities and Financial Investments	3,908	3,719	-189	-4.8%
237	Heavy and Civil Engineering Construction	4,701	4,517	-184	-3.9%
447	Gasoline Stations	2,485	2,302	-183	-7.4%
327	Nonmetallic Mineral Products Manufacturing	932	753	-179	-19.2%
511	Publishing Industries	1,492	1,324	-168	-11.3%
518	Internet Service Providers and Data Processing Services	1,682	1,528	-154	-9.2%
721	Accommodations	2,933	2,782	-151	-5.1%
443	Electronics and Appliance Stores	2,153	2,021	-132	-6.1%
326	Plastics and Rubber Products Manufacturing	1,599	1,498	-101	-6.3%
333	Machinery Manufacturing	367	267	-100	-27.2%

Employment is 52 percent male, but pay is not so equal, with women earning 61 cents for every dollar earned by men.

Yet another Delaware industry still on the decline is Arts, Entertainment, and Recreation. One of the few growing industries from Dec. 2007 – Dec. 2008, with 400 jobs added according to CES (QCEW had it losing 243 jobs over this period), it is down by 500 jobs from May 2008 – May 2009. Average pay is low; at \$2,442 per month,

it is 37 percent below the state's overall average. Employment is 51 percent male and women earn 72 cents for every dollar earned by men.

One final industry in decline in 2009 is Accommodations and Food Services, which is being affected by the drop in consumer discretionary spending, as is Retail Trade and Arts, Entertainment, and Recreation. Dominated by the Food Services sub-sector, which actually gained 689 jobs in 2008 (QCEW), the industry

sector went from 400 jobs lost from December 2007 – December 2008 (CES) to 800 jobs lost from May 2008 – May 2009. Average pay is quite low; at \$1,499.25 per month, it is 61 percent below overall average pay. Women make up 55 percent of the industry's workforce and they earn 73 cents for every dollar earned by men.

Growing Industries

There were a few industry sectors which gained jobs in 2008, led by Health Care and Social Assistance, which added 1,953 net jobs (3.5 percent). Its rate of growth, though still positive, has appeared to decline in 2009. From Dec. 2007 – Dec. 2008 there was a gain of 1,800 jobs, while from May 2008 – May 2009 the gain was 1,400 jobs. The sub-sector Nursing and Residential Home Facilities led the way, adding 1,020 jobs in 2008. Ambulatory Health Care Services (practitioner's offices) gained 475 jobs, while Hospitals added 468 jobs.

The final sub-sector, Social Assistance, added only 97 jobs, but the expanding need under current economic conditions would seem likely to generate further job growth in 2009. Jobs in Health Care and Social Assistance are mostly held by women, at 81 percent of total jobs, and earnings disparities are greater than average – women earn only 55 cents for every dollar earned by men. The overall average pay is a little below average, at 94 percent of the state's overall average.

Educational Services was the other industry sector to show substantial growth in 2008; it continues to grow in 2009, but at a slower pace. From Dec. 2007 – Dec. 2008, the combined private, state government, and local government Educational Services industry sector added 1,300 jobs. From May 2008 – May 2009, it is up by 600 jobs. Average pay is slightly below the overall average, at 96 percent. Women make up two-thirds of the workforce and earn 78 cents for every dollar earned by men.

Occupational Unemployment

Since the occupations of the unemployed are not comprehensively collected by any program or data series, we have to find ways to approximate this information. One way to estimate the occupations of those entering unemployment during the current recession is to look at the occupational composition of the industries where job losses are greatest. Without additional information, the assumption would be that the occupational composition of those laid-off would roughly correspond to the industry's overall occupational composition.

Construction lost more jobs than any other sector in Delaware in 2008, with the Specialty Trade Contractors sub-sector hit hardest. Within this sub-sector, Construction Laborers (SOC 47-2061) is the most common occupation, at 10.2 percent of total jobs. This occupation requires little specific job training. Helpers of various sorts

(SOC 47-3000), also low-skilled, make up 6.2 percent of the jobs. There were at least 350 of these workers who lost jobs just in this sub-sector during 2008 (16.4 percent times 2,157 net jobs lost). Office and Administration Support jobs (SOC 43-1000) make up 9 percent of the jobs here, while skilled construction trades Electricians (SOC 47-2111) make up 9.5 percent and Plumbers (SOC 47-2152) make up 8.9 percent.

These last three occupations also make up large portions of other industries which lost jobs. In Retail Trade, which declined by 2,999 jobs in 2008, Office and Administration Support makes up 15 percent of all jobs, so probably 450 of these jobs were lost there. Retail Salespersons (SOC 41-2031) make up 30.9 percent and Cashiers (SOC 41-2011) 18 percent; between them, about 1,470 jobs were lost. Installation, Maintenance, and Repair

occupations (SOC 49-0000) make up 6.2 percent of Retail Trade jobs; many of the skills in these jobs could be applied in a construction setting, but, of course, those jobs are declining also.

The Transportation Equipment Manufacturing sub-sector, which includes automobile assembly plants, also employed a substantial number of Construction Trades workers (SOC 47-2000), at 8.9 percent of jobs, and Electricians, at 5.2 percent of jobs. Assemblers and Fabricators (SOC 51-2000) made up the majority of positions, at 62 percent. There will probably be over 1,200 of these jobs lost in 2008 and 2009 and most of these workers will require re-training in other occupations before regaining employment.

Administrative and Support and Waste Management and Remediation Services, which declined by 2,293 jobs in 2008, has a fairly high proportion of relatively low-skilled occupations, such as Security Guards (SOC 33-9032), at 8.5 percent of jobs, Janitors and Cleaners (SOC 37-2011), at 16.3 percent, Landscaping and Groundskeeping Workers (SOC 37-3011), at 7.8 percent, Office Clerks and Assistants (SOC 43-1000), at 22.7 percent. This last group is also heavily represented in Banking, which is likely to see job losses in 2009. Financial and

Office Clerks, which include Customer Service Representatives, make up 40.5 percent of the banking jobs in Delaware.

Another way to examine the occupations of the unemployed is by using unemployment insurance claims data. It should be noted that, for various reasons, roughly half of the unemployed never file UI claims, so this really covers only a subset of the unemployed. The UI data report only on occupational groups, not specific occupations.

The percentage of claims has remained remarkably constant across occupational groups for the 16 months examined (January 2008 through April 2009). Office and Administration Support (SOC 43-0000) make up the largest portion, averaging 19 percent of all claims in 2008 and 16 percent in 2009. As pointed out in the section above, these occupations are employed across a wide range of industries. Sales (SOC 41-000), Construction (SOC 47-0000), and Transportation and Material Moving (SOC 53-0000) occupations all tied at 8 percent of claims in 2008, with Construction edging up to 9 percent in 2009, Transportation and Material Moving falling to 7 percent, and Production (SOC 51-0000) moving up from 7 percent to 8 percent.

Analysis of Unemployment Insurance Claims

Claims by Industry

This section assesses the relative impact of the recession across industry sectors by comparing the industry of last employment for Unemployment Insurance (UI) claimants in Delaware and the US. The claims are adjusted to account for differences in the relative size of industries in Delaware versus the nation through the use of location quotients. Tracking the proportion of claims by industry back to 2001 allows us to see the effects of the last

recession and the current recession, as well as the expansion in between.

On average over the decade, the same industries in Delaware exhibit relatively high (or relatively low) proportions of claims. The industry sector Administrative and Support and Waste Management and Remediation Services has the highest overall average of 2.02, meaning that Delaware has just over twice

the proportion of total UI claims coming from this industry as does the nation, even after adjusting for relative size differences. The proportion of claims from this industry has diminished in Delaware in recent years and there are no signs of any effect from the current recession.

Accommodations and Food Services also has a high proportion of claims, averaging 79 percent above the US rate, but it also shows no current up tick. That contrasts with the last recession, when there was a noticeable increase in claims from this industry.

The industries with the largest increase in claims during the 2008 recession, indicating they have been hit harder in Delaware than in the rest of the country, have been Professional, Scientific, and Technical Services, which went from 5 percent below the national average to 14 percent above it; Information, which went from 30 percent below the US rate to 16 percent below it; and Retail Trade, which was 64 percent above the national rate in 2007 and 76 percent above it in 2008.

The industries which fared relatively well in 2008 in Delaware were Finance and Insurance, Manufacturing, and Wholesale Trade. Most of the jobs lost in Finance and Insurance nationally were in investment banking and mortgage lending; these are not areas that Delaware banks concentrate in. As a result, claims went from being 19 percent above the national average in 2007 to 14 percent below it in 2008. In Manufacturing, despite some high-profile shutdowns and layoffs in the state, other parts of the country were hit even harder, making the relative proportion of claims from this industry go from 34 percent below the nation to 46 percent below it. Wholesale Trade had claims remaining above the national average, but getting closer to it, moving from 21 percent above to 13 percent above.

Claims by Demographic Group

The distribution of UI claims by demographic group shows differences between Delaware and the US, between Delaware UI claims and the Delaware labor force, and between 2008 and the first quarter of 2009. Claims by people identified as Hispanic were a considerably lower proportion in Delaware, at 3.8 percent of all claims in 2008, than across the US, where they accounted for 17.7 percent of all claims. Claimants identified as White were a smaller percentage in Delaware, at 58.8 percent versus 69.8 percent for the nation. Claimants identified as Black had nearly double the proportion in Delaware at 39.9 percent, as in the US, at 20.5 percent. Asians accounted for 3.1 percent of the claims in the US, but were reported at zero percent in Delaware. In the first quarter of 2009 in Delaware, Hispanic claimants rose to 4.3 percent, Black claimants fell to 34.1 percent, and White claimants rose to 64.3 percent. All data were proportionally adjusted to account for missing information.

Nationally, the recession has appeared to cause more layoffs among men, probably due to their overrepresentation in the industries most affected (construction, manufacturing, certain financial sectors). This disparity appears also in the Delaware data, but in a less pronounced way. During 2008, UI claimants across the US were 58.8 percent male and 41.1 percent female. In Delaware last year, 51.8 percent of the insured unemployed were male, and 48.2 percent were female. For the first quarter of 2009, the male composition has risen in both places, to 64.8 percent in the US and 58.1 percent in Delaware. The most plausible explanation for this is male overrepresentation in industries which are seasonally affected by layoffs during the winter.

Current Population Household Survey Data

The Current Population Survey (CPS) of households is the source of labor force data, including the unemployment rate, for the United States. For most states, the survey sample size is too small to directly generate monthly estimates at the accuracy level required. Averaging the data over longer periods reduces this problem; they can then be used to examine labor force characteristics by demographic group which no other source provides.

The data show clearly that black Delawareans have been more affected by recent business cycles than white Delawareans. They also show that black males were hit hardest of all in 2008.

Over the nine years from 2000 through 2008, the unemployment for white males averaged 3.6 percent, with a low of 3.2 percent in 2006 and a high of 4.4 percent in 2008. During the last recession, the unemployment rate for white

Labor Force Statistics by Major Demographic Group

		2000	2001	2002	2003	2004	2005	2006	2007	2008	9-Yr Ave.
White 16-19	LF	21.6	18.5	15.7	17.7	17.1	16.8	18.6	18.5	16.0	17.8
	UN	2.8	1.9	1.6	1.6	1.1	1.5	1.3	1.8	2.2	1.7
	Rate	13.0%	10.4%	10.0%	8.9%	6.4%	8.8%	7.0%	9.4%	13.4%	9.8%
Black 16-19	LF	6.2	3.2	3.8	3.6	3.5	3.2	4.1	3.3	5.0	4.0
	UN	1.7	0.6	0.9	1.0	0.9	0.7	0.8	0.7	1.3	0.9
	Rate	28.1%	17.4%	24.0%	28.7%	25.7%	23.0%	19.0%	19.8%	25.1%	23.9%
White Male 16+	LF	167.2	172.2	168.5	172.6	172.4	176.6	179.4	176.6	180.0	174.0
	UN	5.6	6.1	6.7	6.1	6.1	6.1	5.7	5.9	8.0	6.3
	Rate	3.4%	3.5%	4.0%	3.5%	3.5%	3.5%	3.2%	3.3%	4.4%	3.6%
White Female 16+	LF	147.0	151.4	150.2	153.9	155.8	158.6	157.6	156.4	156.6	154.2
	UN	5.2	3.9	4.9	6.2	5.5	5.2	4.2	4.7	5.7	5.0
	Rate	3.5%	2.6%	3.3%	4.0%	3.5%	3.2%	2.7%	3.0%	3.6%	3.3%
Black Male 16+	LF	42.0	39.2	35.6	34.4	35.2	41.6	43.0	42.0	41.4	39.4
	UN	2.8	1.9	2.3	2.7	2.0	2.7	2.7	1.9	4.2	2.6
	Rate	6.6%	4.9%	6.5%	7.7%	5.7%	6.4%	6.3%	4.5%	10.2%	6.5%
Black Female 16+	LF	46.8	48.9	44.7	41.2	39.6	46.4	48.1	47.3	48.9	45.7
	UN	2.6	2.4	3.1	2.8	2.6	4.5	2.4	2.2	3.1	2.8
	Rate	5.5%	4.8%	7.0%	6.8%	6.5%	9.6%	4.9%	4.6%	6.2%	6.2%

<p>LF – Labor Force UN – Unemployment Level Rate – Unemployment Rate</p>
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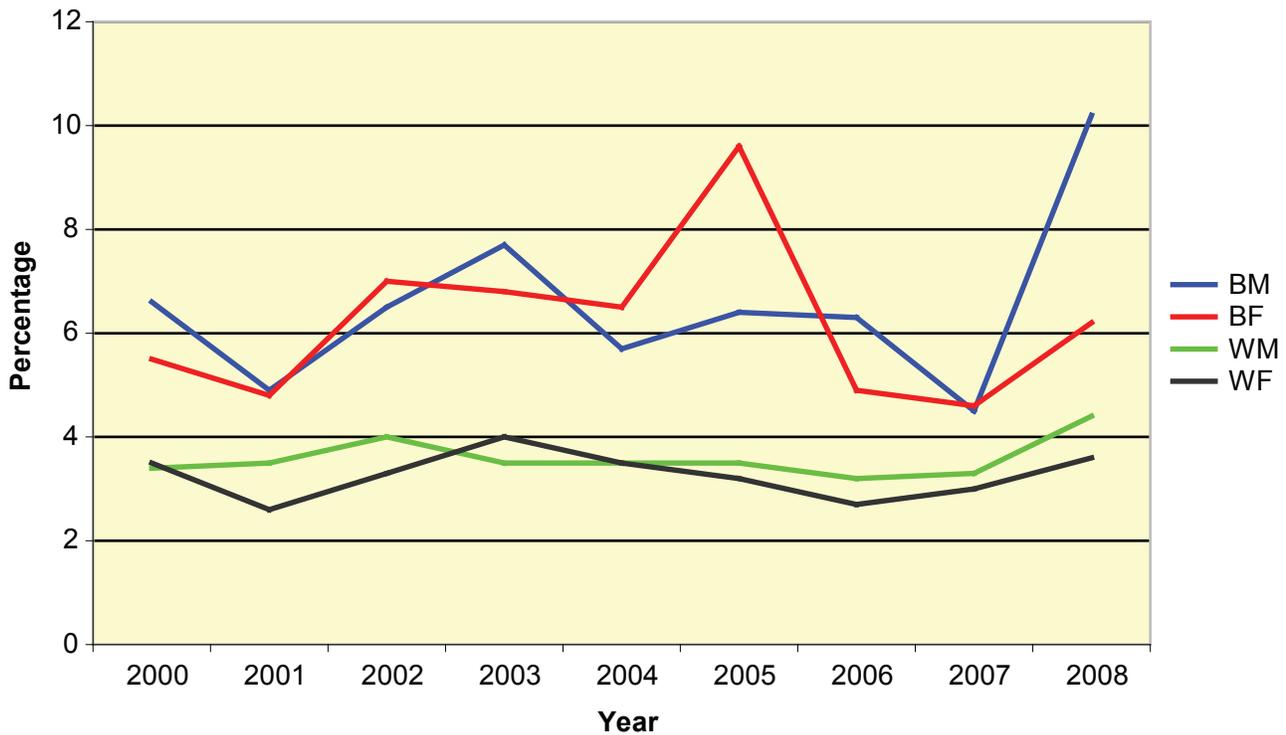
Note: Labor Force and Unemployment Level are in thousands

males went from 3.4 percent in 2000 up to 4.0 percent in 2002. For black males, the nine-year average unemployment rate was 6.5 percent, varying from a low of 4.5 percent in 2007 to a high of 10.2 percent in 2008. The average unemployment rate for black males also varied considerably in the last recession, which was much milder than the current recession, going from a low of 4.9 percent in 2001 to a high of 7.7 percent in 2003.

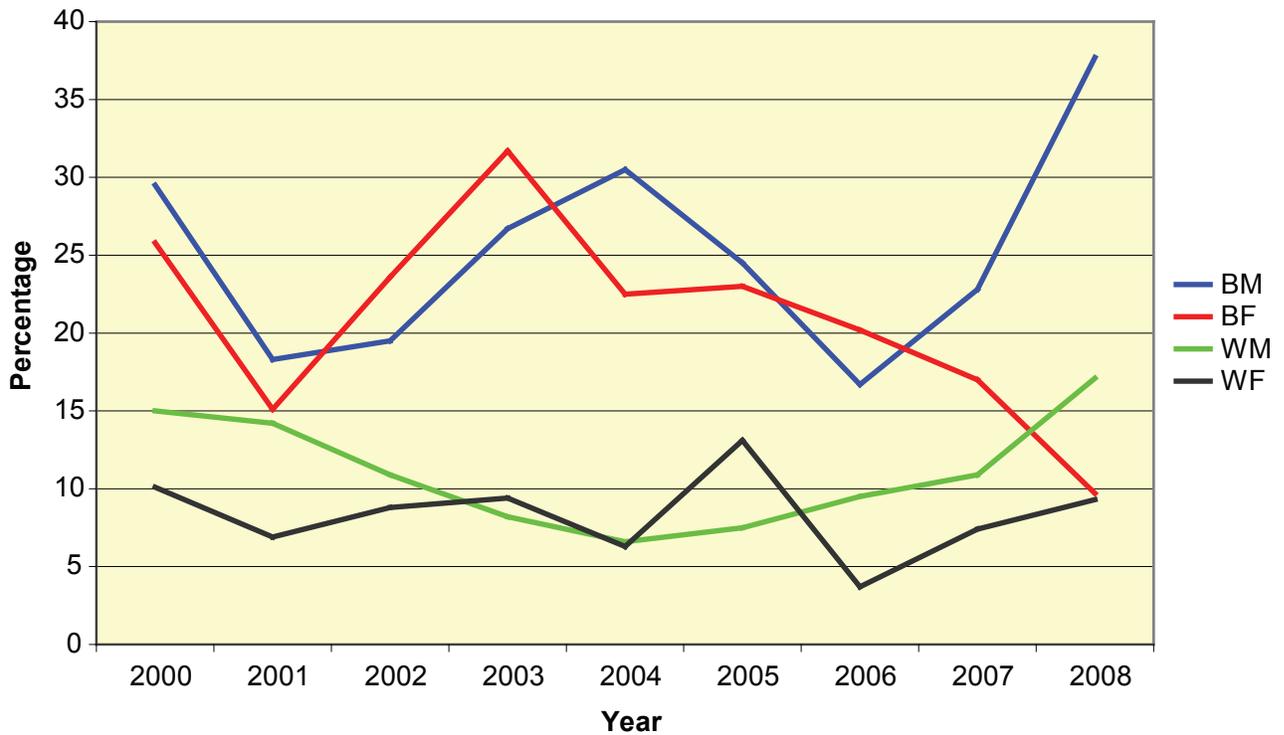
For women in the workforce, the general pattern is similar. White females averaged a 3.3 percent unemployment rate from 2000 to 2008, varying from a low of 2.6 percent in 2001 to a high of 4.0 percent in 2003. Their unemployment rate

rose only to 3.6 percent in 2008, though it will certainly continue rising in 2009. For black females, the nine-year average rate was 6.2 percent unemployed, with a range of 4.6 percent in 2007 to 9.6 percent in 2005. During the last recession, the unemployment rate for black females rose from 4.8 percent in 2001 to 7.0 percent in 2002. It should be noted that some of the variability in the unemployment rates for blacks is probably due to a smaller sample size, as they represented 21.5 percent of the state’s population in 2008. However, it is also likely that this accounts for only part of the variation and that the unemployment rate for whites is, in fact, less variable.

**Average Unemployment Rates
Black Males, Black Females, White Males, White Females**



**Average Unemployment Rates by Race and Gender
Teens Ages 16 - 19**



State GDP and Personal Income

While Delaware’s per capita GDP of \$56,401 in 2008 remained the highest in the nation, its growth has stagnated in recent years. As the recession took hold last year, output growth naturally slowed. The nation as a whole managed real GDP growth of just 0.7 percent. There were 12 states with declines in real GDP from 2007 to 2008, with Alaska having the largest drop at -2.0 percent. Delaware had the second-largest drop in output, at -1.6 percent.

The industry sector most responsible for Delaware’s falling real GDP in 2008 was the state’s largest, Finance and Insurance. Directly

generating 35.6 percent of Delaware’s overall output, Finance and Insurance produced \$985 million less in output in 2008 than in 2007, a drop of 5.7 percent. All the other industries in the state had a combined increase in real GDP of \$175 million. Other industries which had a reduction in output in 2008 were Manufacturing, down \$350 million, Construction, down \$96 million, and Wholesale Trade, which declined by \$87 million. Industry sectors showing growth in 2008 were led by Professional and Technical Services, with a real GDP gain of \$313 million and Health Care and Social Services, which grew by \$184 million.

Delaware's slowdown did not begin in 2008, however. It is one of three states where real GDP in 2008 was below its 2005 level. Only Michigan, where real GDP declined by 4.0 percent from 2005 to 2008, showed a greater drop in output. Delaware's output dropped by 1.33 percent over that period, while Ohio's output dropped by 1.29 percent. Once again, it was declining GDP in Delaware's Finance and Insurance industry sector which pushed the state into negative territory. Net gains of \$682 million across all other industries were not enough to offset the loss of \$1.346 billion in output at the state's Finance and Insurance businesses.

The number one growth industry in Delaware from 2005 to 2008 was Real Estate and Rental and Leasing, where output grew by \$577 million, although much of this gain was due to the run-up in house prices. Professional and Technical Services showed the second-greatest gain, adding \$412 million in real GDP. Health Care and Social Services, where output grew by \$333 million, was third.

While state GDP, the measure of all value added by enterprises within a state, is often used as a proxy for economic health, state personal income, which is the income received by all persons in the state from all sources, is a better measure of

the economic well-being of households. From 2007 to 2008, Delaware's personal income rose by 1.8 percent, which was below the 3.4 percent increase in average consumer prices in the region. Across the US, personal income rose by an average of 2.9 percent, while consumer prices went up by 3.8 percent. Six states were below Delaware in personal income growth, while 43 showed more growth.

Over a longer period, Delaware's growth in personal income still lagged behind much of the nation. From 2000 to 2008, personal income in the state grew by 32.3 percent, 33rd fastest among the states; in the nation as a whole, it rose by 33.2 percent. Inflation was a little worse in the area, so the difference in real income change is larger: real personal income is up by 8.2 percent in the US this decade and up by 5.3 percent in Delaware.

In 2008, there were 15 states with higher per capita personal income than Delaware, including New Jersey and Maryland. Pennsylvania was just behind, with the 19th-highest level. In the last couple of years, Delaware's growth has fallen behind growth in the neighboring states. From 2006 to 2008, Delaware's per capita personal income grew by \$2,107. Maryland's grew by \$4,202, New Jersey's by \$4,106, and Pennsylvania's by \$3,465.