



# Delaware Annual Economic Report 2009

Office of Occupational and Labor Market Information  
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## Introduction

The 2009 Delaware State Economic Report has written contributions from three people at the Office of Occupational and Labor Market Information (OOLMI), Delaware Department of Labor. Each section will be marked by the author's initials: George Sharpley, Ph.D., Economist and Chief (GS); Thomas Dougherty, Labor Market Information Supervisor (TD); and Natalie Sabadish, Student Intern (NS). Natalie will be a senior at the University of Delaware in the fall, majoring in Economics. The report was edited by Lyn Anderson, Editor/Production Coordinator, OOLMI.

## Contact Information

George Sharpley, Ph.D.  
Economist and Chief  
Office of Occupational and Labor Market Information  
Fox Valley Annex  
19 West Lea Blvd.  
Wilmington, DE 19802

Phone: 302-761-8060  
Fax: 302-761-6598  
Email: [george.sharpley@state.de.us](mailto:george.sharpley@state.de.us)



## 2009 State Economic Overview

The Business Cycle Dating Committee of the National Bureau of Economic Research determined in late 2008 that a recession had begun in the United States in December of 2007. They have not yet determined when or if the recession ended. There is no similar official body at the state level to make such a determination here, but seasonally adjusted nonfarm employment peaked in Delaware during February, 2008, only two months after the peak in economic activity in the US, so it appears the state's business cycle is roughly synchronized with the national cycle.

After peaking at 441,100 jobs in February 2008, Delaware's economy alternated between job losses and tepid job gains until August, when a string of 17 consecutive months with job losses began. The job losses peaked in March 2009, with a net loss of 3,700 jobs that month. Job losses continued at a diminished rate for the remainder of the year. The losing streak was broken in January 2010, when there was a net gain of 500 jobs. With the exception of February, when epic snowstorms during the employment reference period distorted the data, there have been net job gains each month of 2010 (through May), providing evidence that the recession has ended.

Job gains in Delaware prior to the recession were weaker than the national average and job losses since have been more severe. During calendar 2007, the number of jobs in the US grew by 0.82 percent, while the number of jobs in Delaware grew by only 0.35 percent. During 2008 Delaware fared a little better, losing 2.33 percent of its jobs, while the nation lost 2.61 percent. 2009 turned out worse in the state, with Delaware ending the year with 4.96 percent fewer jobs than it began it; jobs in the US dropped by 3.55 percent in 2009. All told, in December 2009 Delaware had 6.86 percent fewer jobs than it did in December of 2006, while the US had 5.30 percent fewer jobs. Each percentage point in the state represents slightly more than 4,000 jobs.

Of course, industries do not all move together over the business cycle and each recession is unique. This most recent recession was led by Construction, which was the first industry to switch from growth to decline and has shed more jobs than any other sector. Construction employment peaked in Delaware at 29,900 jobs in November 2005; the state is averaging just over 18,000 jobs in the Construction industry for the first five months of 2010. In the two full years after the national recession began, Construction jobs in the state fell by 27.9 percent, greater than the 24 percent decline nationally.

Manufacturing employment, which has been in a long-term secular decline, increased the pace of job losses in the recession. It lost the second-most jobs, with employment declining by 6,400 since December of 2007. This represents a 19 percent job loss in the state, compared with 15.9 percent nationally.

Retail Trade was the only other industry in the state to lose more than 5,000 jobs, dropping by 5,700, or 9.9 percent. The nation lost 8 percent of its retail jobs in 2008 and 2009.

The only industry sectors showing job gains during the recession were Health Care and Social Assistance and Government. Health Care gained jobs in both 2008 and 2009, adding a net total of 4,700 jobs over the two years. This 8.3 percent increase was considerably higher than the 4.3 percent added across the country. Government at all levels also increased employment. There were 140 more Federal Government workers in Delaware at the end of 2009 than there were at the end of 2007. Education drove both State Government (charter schools and public post-secondary) and Local Government (public schools) employment up by a combined 1,100 jobs. Excluding education, both State and Local Government lost jobs.

**GS**

## Business Employment Dynamics

Business Employment Dynamics (BED) measures the gross job gains and gross job losses from each quarter in the economy. Gross job gains are increases in employment from expanding and opening establishments and gross job losses are decreases in employment from contracting and closing establishments. The net change in employment is the difference between the amount of gross job gains and gross job losses. Each quarter the net change in jobs is typically dwarfed by the gross job gains and losses.

During economic expansions and contractions there are always gross job gains. However, during a recession, gross job losses typically outweigh the gross job gains and during an economic boom, gross job gains typically outweigh the gross job losses. For example, from the 1<sup>st</sup> to the 4<sup>th</sup> quarter of 2001, the nation was in recession. Delaware had gross job gains during this period, but these gross job gains were outweighed by even larger gross job losses during most of the recession. This pattern was repeated during the current recession with gross job losses exceeding gross job gains throughout most of the recession. The opposite pattern could be seen during economic expansions where in most quarters gross job gains exceeded gross job losses.

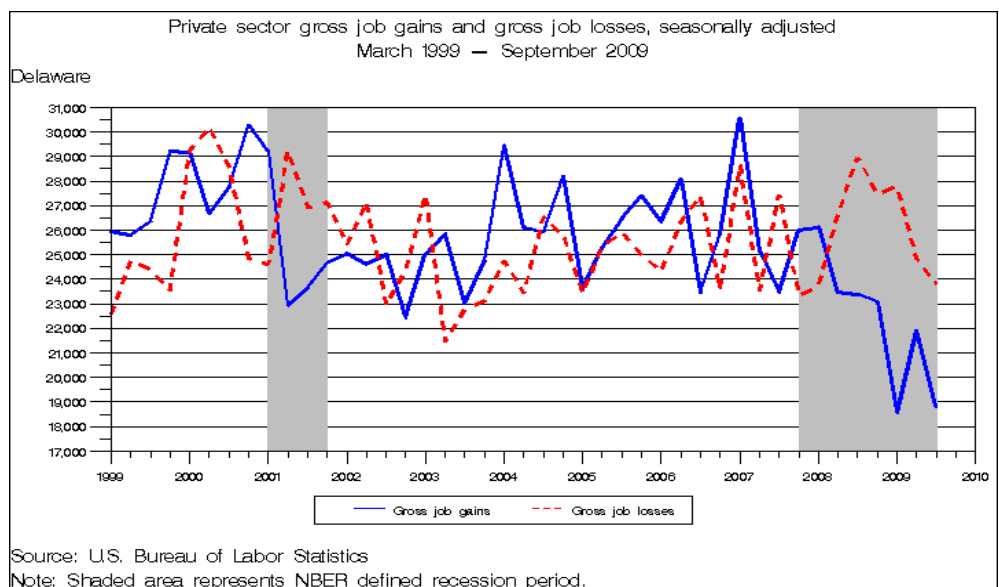
BED also measures the number of establishments with gross job gains either at expanding or opening establishments and the number of establishments with gross job losses at either contracting or closing establishments. An establishment is defined as an economic unit that produces goods or services, while a firm or company may consist of one establishment or multiple establishments at several locations.

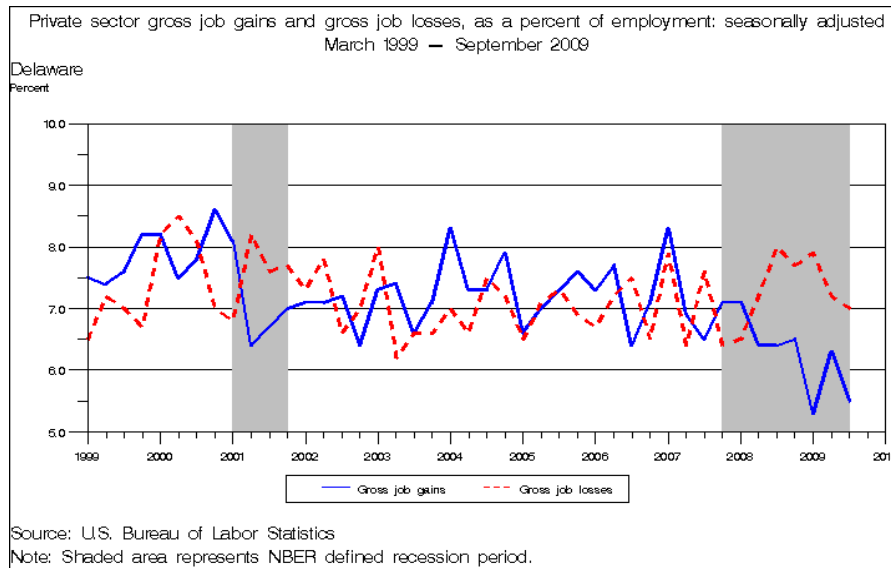
The number of establishments with gross job gains either from expanding or opening establishments typically exceeds the number of establishments with gross job losses from either contracting or closing establishments during an economic expansion. On the other hand, the opposite is generally true during a recession as the number of establishments with gross job losses is outweighed by the number of establishments with gross job gains.

BED data are derived from the Quarterly Census of Employment and Wages (QCEW) program, linking administrative Unemployment Insurance establishment data across time. The employment changes in the BED are measured from the 3<sup>rd</sup> month of each quarter. All the data referenced in this article are seasonally adjusted.

### Business Employment Dynamics: 3rd Quarter, 2009

From June to September 2009, Delaware's gross job gains from opening and expanding establishments were 18,838, and the number of gross job losses from closing and contracting establishments were 23,796, seasonally adjusted, according to data released by the Delaware Department of Labor and the U.S. Department of Labor's Bureau of Labor Statistics. Expanding and contracting establishments accounted for most of the jobs gained and lost. The net job change for the 3<sup>rd</sup> Quarter of 2009 was -4,958.





### ***Trends in Gross Job Gains and Job Losses***

There were 3,079 fewer gross job gains at opening or expanding establishments in the state from 2009:2 to 2009:3. Over the quarter, expanding establishments added 14,667 jobs, while opening establishments added 4,171. Gross job gains were smaller than in the previous quarter at both expanding and opening establishments.

Gross job losses totaled 23,796 in the third quarter of 2009, down by 1,030 from the second quarter. This was the second decrease in gross job losses since the first quarter of 2009. In the third quarter of 2009, contracting establishments lost 19,073 jobs, while closing establishments accounted for a loss of 4,723 jobs.

**Table A: Delaware 3-month private sector gross job gains and losses, seasonally adjusted**

Category	3 months ended				
	Sept. 2008	Dec. 2008	Mar. 2008	June 2009	Sept. 2009
	Levels				
Gross job gains	23,376	23,084	18,591	21,917	18,838
At expanding establishments	17,057	17,485	14,171	17,404	14,667
At opening establishments	6,319	5,599	4,420	4,513	4,171
Gross job losses	28,958	27,469	27,761	24,826	23,796
At contracting establishments	22,733	22,830	23,418	20,226	19,073
At closing establishments	6,225	4,639	4,343	4,600	4,723
Net employment change <sup>1</sup>	-5,582	-4,385	-9,170	-2,909	-4,958

<sup>1</sup> The net employment change is the difference between total gross job gains and total gross job losses.

Source: U.S. Bureau of Labor Statistics

## Rates of Gross Job Gains and Gross Job Losses

From June to September 2009, Delaware's gross job gains represented 5.5 percent of private sector employment. This was slightly lower than the national rate of gross job gains of 5.9 percent. Over the quarter, Delaware's gross job gains at expanding establishments represented 4.3 percent of private sector employment, and gross job gains at opening establishments represented 1.2 percent. Nationally, third quarter gross job gains at expanding establishments represented 4.8 percent of private sector employment, and at opening establishments represented 1.1 percent.

From June to September 2009, Delaware's gross job losses represented 7.0 percent of private sector employment. This was slightly higher than the national rate of gross job losses of 6.8 percent. Delaware's gross job losses at contracting establishments represented 5.6 percent of private sector employment, which was slightly more than the national rate at contracting establishments of 5.5 percent. The rate of gross job losses at closing establishments was 1.4 percent for Delaware, while the nation had 1.3 percent gross job losses at closing establishments. The rates of gross job gains and losses provide a picture of the amount of "job churning" that occurs in the labor market.

**Table B: Delaware and U.S. 3-month private sector gross job gains and losses as a percent of employment, seasonally adjusted**

Category	3 months ended				
	Sept. 2008	Dec. 2008	Mar. 2008	June 2009	Sept. 2009
<b>Rates (percent)</b>					
<b>Total Private for State of Delaware</b>					
Gross job gains	6.4	6.5	5.3	6.3	5.5
At expanding establishments	4.7	4.9	4.0	5.0	4.3
At opening establishments	1.7	1.6	1.3	1.3	1.2
Gross job losses	8.0	7.7	7.9	7.2	7.0
At contracting establishments	6.3	6.4	6.7	5.9	5.6
At closing establishments	1.7	1.3	1.2	1.3	1.4
Net employment change <sup>1</sup>	-1.6	-1.2	-2.6	-0.9	-1.5
<b>Rates (percent)</b>					
<b>Total Private for United States as a whole</b>					
Gross job gains	6.1	6.0	5.2	6.0	5.9
At expanding establishments	4.9	4.8	4.2	4.8	4.8
At opening establishments	1.2	1.2	1.0	1.2	1.1
Gross job losses	6.9	7.6	7.7	7.5	6.8
At contracting establishments	5.7	6.3	6.4	6.2	5.5
At closing establishments	1.2	1.3	1.3	1.3	1.3
Net employment change <sup>1</sup>	-0.8	-1.6	-2.5	-1.5	-0.9

<sup>1</sup> The net employment change is the difference between total gross job gains and total gross job losses. See the Technical Note for further information.

Source: U.S. Bureau of Labor Statistics

### *Number of Establishments Gaining and Losing Employment*

Another way to observe the dynamics of employment change is to count the number of establishments that opened, closed, expanded, or contracted during the quarter. Out of 28,573 active private sector establishments, a total of 4,911 establishments gained jobs from June to September 2009. (See Table C.) Of these, 3,869 were expanding establishments and 1,042 were opening establishments. During the third quarter of 2009, 5,997 establishments lost jobs. Of these, 4,548 were contracting establishments and 1,449 were closing establishments. The statistics from Tables A and C indicate that the average expanding establishment added 3.8 jobs during the quarter and the average contracting establishment lost 4.2 jobs during the quarter.

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**Table C: Delaware's number of private sector establishments by direction of employment change, seasonally adjusted**

Category	3 months ended				
	Sept. 2008	Dec. 2008	Mar. 2009	June 2009	Sept. 2009
Establishments gaining jobs	5,496	5,227	4,784	5,184	4,911
Expanding establishments	4,155	3,901	3,661	4,058	3,869
Opening establishments	1,341	1,326	1,123	1,126	1,042
Establishments losing jobs	6,496	6,675	6,522	6,125	5,997
Contracting establishments	4,931	5,256	5,225	4,861	4,548
Closing establishments	1,565	1,419	1,297	1,264	1,449
Net establishment change <sup>1</sup>	-224	-93	-174	-138	-407
<sup>1</sup> The net establishment change is the difference between the number of opening establishments and the number of closing establishments.					

Source: U.S. Bureau of Labor Statistics

## QCEW Average Annual Wage and Average Monthly Employment by Industry

The Quarterly Census of Employment and Wages (QCEW) collects data from the wage records of all Unemployment Insurance (UI) covered workers. Delaware's overall total average annual wage increased slightly in 2009 by \$197 or 0.41% from the previous year. Of all Delaware industries, Utilities saw the greatest increase in the average annual wage in 2009 from 2008 both in absolute value and in percent change, increasing by \$5,824 or 6.58%. Educational Services (private) had the second largest percent increase in the average annual wage, increasing by 5.05%. Transportation and Warehousing, Wholesale Trade, and Arts, Entertainment, and Recreation saw the next largest over-the-year increases in the average annual wage with increases of 4.77%, 3.69%, and 3.66%, respectively.

At the other end of the spectrum, Agriculture, Forestry, Fishing and Hunting had the largest percent decline in the average annual wage of all Delaware industries with a drop of 4.29% from the previous year. Finance and Insurance had the second largest decline in the average annual wage in percentage terms with a decline of 3.72% from 2008. In addition, it had the largest absolute decline, falling \$2,856. Federal Government, Accommodation and Food Services, and Administrative and Waste Services were the industries that had the next largest declines in percentage terms, declining by 2.42%, 2.14%, and 2.11%, respectively.

**Delaware Average Annual Wages, 2008-2009**

Industry Description	NAICS	2008 Average Annual Wage (\$)	2009 Average Annual Wage (\$)	Change In Average Annual Wage (\$)	% Change in Average Annual Wage	Rank by % Change (Largest to Smallest)
Utilities	22	88,568	94,392	5,824	6.58%	1
Educational Services	61	38,422	40,363	1,941	5.05%	2
Transportation and Warehousing	48-49	37,570	39,363	1,793	4.77%	3
Wholesale Trade	42	69,691	72,265	2,574	3.69%	4
Arts, Entertainment, and Recreation	71	24,679	25,583	904	3.66%	5
State Government	State	47,769	49,370	1,601	3.35%	6
Local Government	Local	47,117	48,448	1,331	2.82%	7
Health Care and Social Assistance	62	45,995	47,162	1,167	2.54%	8
Manufacturing	31-33	56,592	57,983	1,391	2.46%	9
Professional and Technical Services	54	79,993	81,176	1,183	1.48%	10
Retail Trade	44-45	25,483	25,686	203	0.80%	11
Information	51	55,247	55,561	314	0.57%	12
Other Services, Except Public Administration	81	27,231	27,321	90	0.33%	13
Construction	23	48,671	48,649	-22	-0.05%	14
Real Estate and Rental and Leasing	53	40,150	39,581	-569	-1.42%	15
Management of Companies and Enterprises	55	90,234	88,528	-1,706	-1.89%	16
Administrative and Waste Services	56	31,736	31,065	-671	-2.11%	17
Accommodation and Food Services	72	17,116	16,749	-367	-2.14%	18
Federal Government	Fed	62,232	60,727	-1,505	-2.42%	19
Finance and Insurance	52	76,843	73,987	-2,856	-3.72%	20
Agriculture, Forestry, Fishing and Hunting	11	33,154	31,731	-1,423	-4.29%	21
Mining	21	30,841	*	*	*	*
<b>Total Industries</b>	<b>Total</b>	<b>47,574</b>	<b>47,771</b>	<b>197</b>	<b>0.41%</b>	

Note: \* indicates non-releasable data

Source: Delaware Dept. of Labor in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics



Delaware's average monthly employment for all industries fell by 4.91% in 2009 from the previous year. UI-covered Agriculture, Forestry, Fishing and Hunting had the largest percent increase in the average monthly employment of all Delaware industries with a gain of 3.41% from the previous year (most Agricultural employment is not UI-covered and falls outside the scope of the QCEW). However, this is one of the smallest Delaware industries and in absolute terms there were only 46 more jobs in this industry in 2009 than in 2008. Health Care and Social Assistance had the second largest percent increase in jobs over-the-year, increasing by 2.28%. Federal Government and State Government

had the next largest percentage increases in employment over-the-year for 2009 increasing by 1.82% and 1.81%, respectively.

Average monthly employment in the Construction industry fell the most of all Delaware industries in 2009 from the previous year, declining 21.14%. Manufacturing had the second largest decline in average monthly employment for 2009, falling by 11.78%. Those two industries were followed by declines in Transportation and Warehousing, Wholesale Trade, and Real Estate and Rental and Leasing, falling by 10.29%, 9.80%, and 8.86%, respectively.

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### Delaware Average Monthly Employment, 2008-2009

Industry Description	NAICS	2008 Average Annual Empl	2009 Average Annual Empl	Change In Average Annual Empl	% Change in Average Annual Empl	Rank by % Change (Largest to Smallest)
Agriculture, Forestry, Fishing and Hunting	11	1,350	1,396	46	3.41%	1
Health Care and Social Assistance	62	54,014	55,246	1,232	2.28%	2
Federal Government	Fed	5,661	5,764	103	1.82%	3
State Government	State	28,975	29,500	525	1.81%	4
Accommodation and Food Services	72	33,111	32,863	-248	-0.75%	5
Local Government	Local	25,108	24,675	-433	-1.72%	6
Finance and Insurance	52	38,999	38,007	-992	-2.54%	7
Arts, Entertainment, and Recreation	71	8,048	7,816	-232	-2.88%	8
Utilities	22	2,205	2,129	-76	-3.45%	9
Other Services, Except Public Administration	81	13,719	13,185	-534	-3.89%	10
Educational Services	61	4,456	4,204	-252	-5.66%	11
Retail trade	44-45	52,936	49,670	-3,266	-6.17%	12
Professional and Technical Services	54	25,798	24,199	-1,599	-6.20%	13
Administrative and Waste Services	56	22,794	21,243	-1,551	-6.80%	14
Management of Companies and Enterprises	55	10,743	9,928	-815	-7.59%	15
Information	51	7,035	6,493	-542	-7.70%	16
Real Estate and Rental and Leasing	53	6,464	5,891	-573	-8.86%	17
Wholesale Trade	42	14,680	13,242	-1,438	-9.80%	18
Transportation and Warehousing	48-49	9,952	8,928	-1,024	-10.29%	19
Manufacturing	31-33	31,649	27,922	-3,727	-11.78%	20
Construction	23	25,361	20,000	-5,361	-21.14%	21
Mining	21	10	*	*	*	*
<b>Total Industries</b>	<b>Total</b>	<b>423,067</b>	<b>402,306</b>	<b>-20,761</b>	<b>-4.91%</b>	

Note: \* indicates non-releasable data

Source: Delaware Dept. of Labor in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics

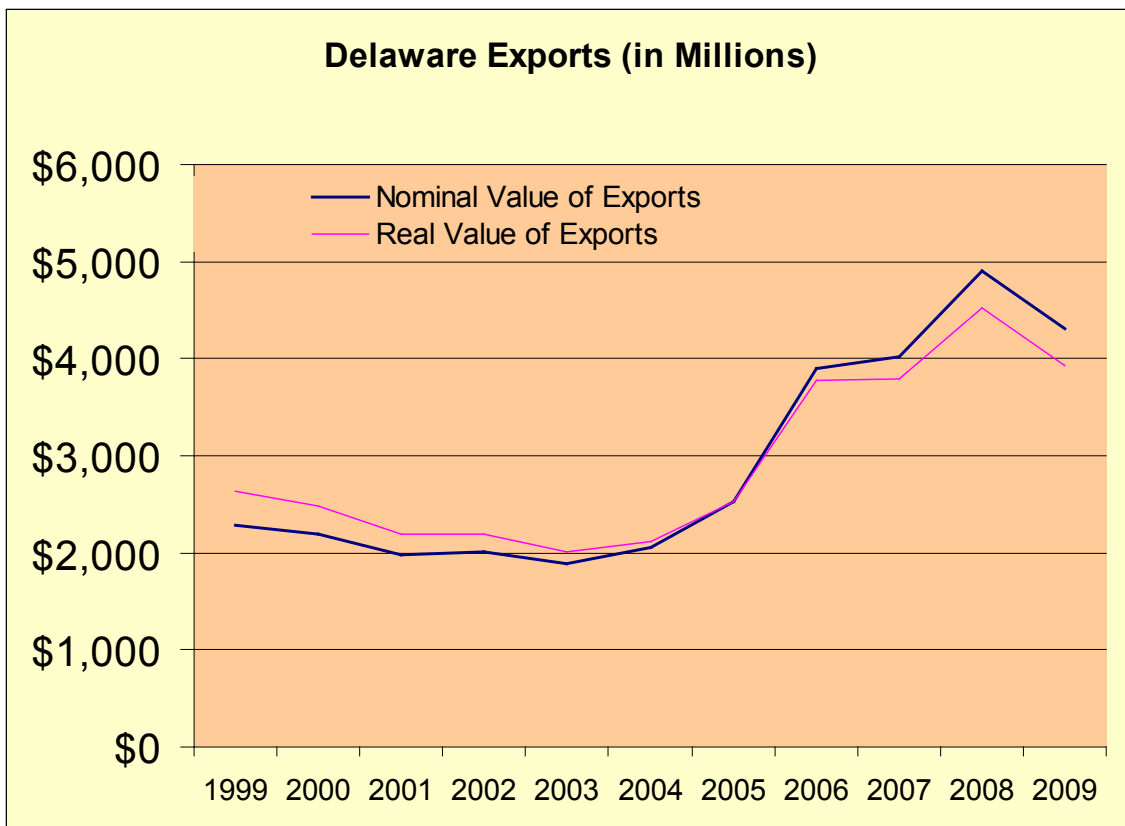
## Delaware Exports and Imports

Delaware export and import data come from the Foreign Trade Division of the U.S. Census Bureau. Delaware export data go back to 1999, but import data are only available going back to 2008.

### Exports

In 2009, Delaware exported \$4.3 billion in merchandise to countries outside the U.S. This was down \$0.6 billion (-12.0%) from 2008 when Delaware exported \$4.9 billion in merchandise. During the same period, U.S. exports were down 14.9%. Comparing the value of Delaware exports in 2009 to 1999, Delaware exports

were up \$2.0 billion, an increase of 88.5%, while U.S. exports increased 61.0% over the same period. However, adjusting exports for inflation using the GDP implicit price deflator, the real value of Delaware exports increased 49% and U.S. exports increased 27% from 1999 to 2009.

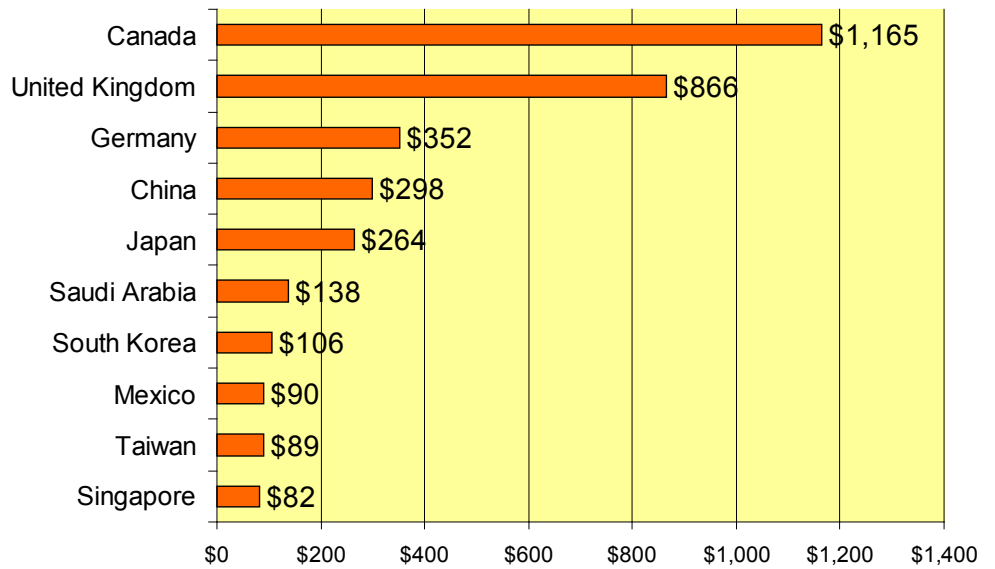


Source: U.S. Department of Commerce, Bureau of the Census, Foreign Trade Division

### Exporting Markets

Delaware's top 10 exporting markets in 2009 (listed in the graph) include Canada at \$1.165 billion, the United Kingdom at \$866 million, Germany at \$352 million, and China at \$298 million. Of Delaware's top ten exporting markets, exports increased to three of them in 2009 from the previous year. Growth markets for Delaware exports were Canada (+31.0%), South Korea (+15.0%), and China (+4.8%). Delaware had declining exports in 6 of the top 10 markets with the largest declines to Mexico (-60.9%), Singapore (-47.7%), and Taiwan (-28.4%).

Top 10 Delaware Export Countries in Millions \$



Source: U.S. Department of Commerce, Bureau of the Census, Foreign Trade Division

While the top ten exporting markets represented 80% of the value of all exports from Delaware, there were over 140 additional countries that Delaware exported merchandise to in 2009.

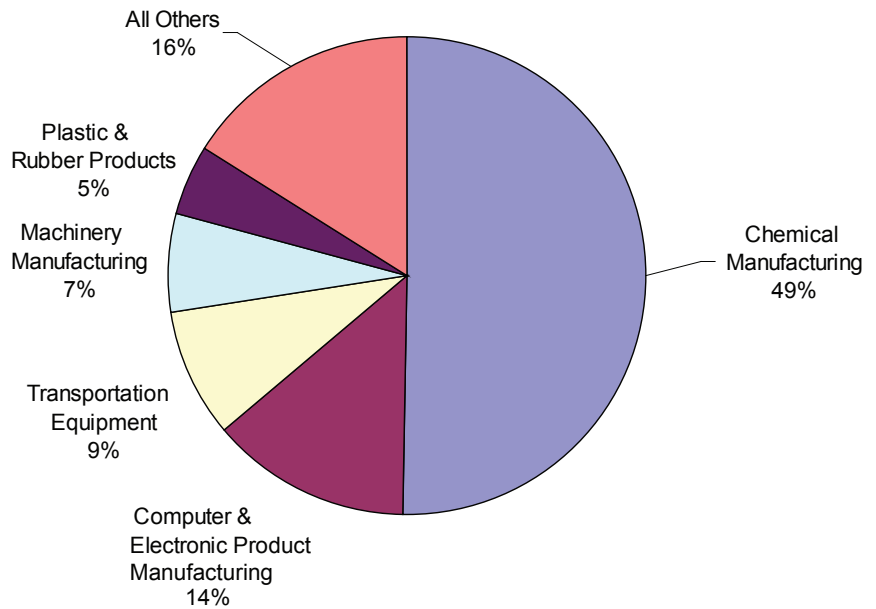
### Exporting Industries

Delaware's largest exporting industries included Chemical Manufacturing at 49% of all exports, Computer and Electronic Product Manufacturing at 14%, Transportation Equipment Manufacturing at 9%, Machinery Manufacturing at 7%, and Plastic and Rubber Products Manufacturing at 5%. All other Delaware industries comprised the remaining 16% of Delaware exports.

Exports were down 12% overall from 2008. This downturn in exports reflected the economic recession in Delaware. However, for our largest exporting industry, Chemical Manufacturing, exports were nearly unchanged, declining by a modest 0.7% from a year ago.

The over-the-year change in exports for the Transportation Equipment Manufacturing was down 41.1%, while on the other hand exports for the Plastic and Rubber Products Manufacturing was up 58.2%.

Delaware Exports by Industry

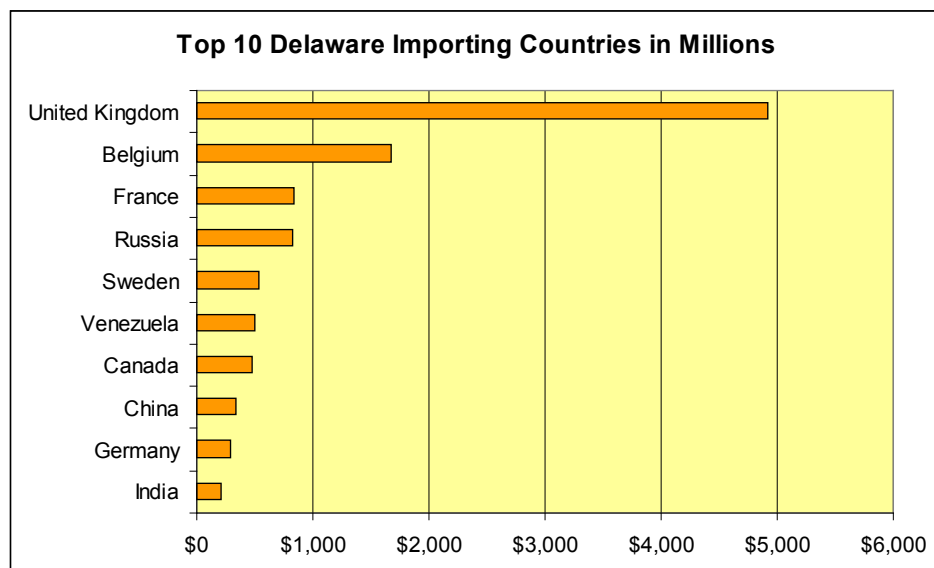
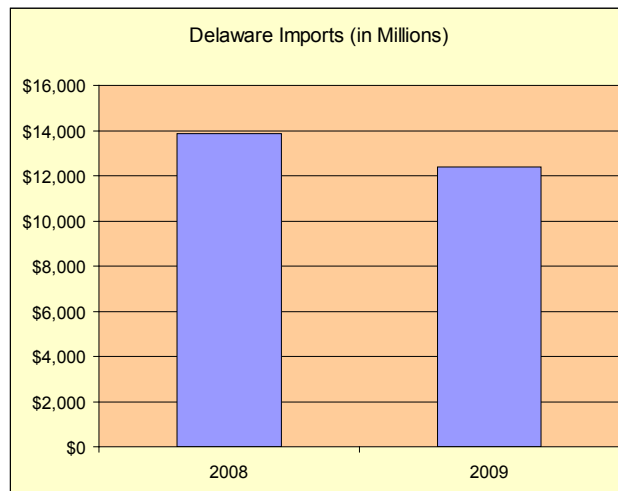


Source: U.S. Department of Commerce, Bureau of the Census, Foreign Trade Division

## Imports

In 2009, Delaware imported \$12.4 billion in merchandise from the rest of the world. This was down \$1.5 billion (-10.5%) from 2008 when Delaware imported \$13.9 billion in merchandise. During the same period U.S. imports were down 23.4%. The Foreign Trade Division of the U.S. Census Bureau only provides historical data for state imports going back to 2008.

Source for all graphs on this page: U.S. Department of Commerce, Bureau of the Census, Foreign Trade Division



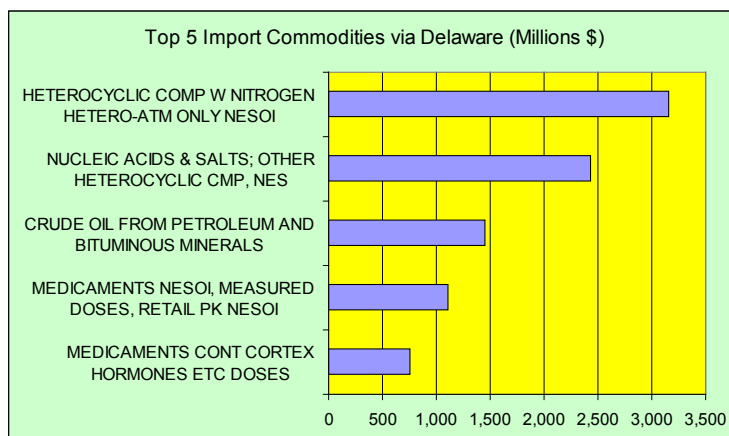
## Importing Countries

Delaware's top 10 importing countries in 2009 (listed in the graph) included the United Kingdom at \$4.9 billion in imports to Delaware, Belgium at \$1.7 billion in imports, France at \$837 million in imports, Russia at \$827 million in imports, and Sweden at \$537 million in imports.

As a share of total Delaware imports, the top 10 importing countries represented 85.6% of all Delaware imports in 2009.

## Imported Commodities

Delaware imported \$12.4 billion worth of merchandise in 2009. The chart below lists the top 5 imported commodities based on 2009 dollar value. The top 2 imported commodities to Delaware were chemical compounds: Heterocyclic Compounds with Nitrogen Hetero-Atom Only Not Elsewhere Specified or Indicated at \$3.2 billion, and Nucleic Acids and Salts; Other Heterocyclic Compounds Not Elsewhere Specified at \$2.4 billion. The next most imported commodity was Crude Oil from Petroleum and Bituminous Materials at \$1.5 billion. The 4<sup>th</sup> and 5<sup>th</sup> most imported commodities were medicines: Medicaments Not Elsewhere Specified or Indicated, Measured Doses, Retail Package Not Elsewhere Specified or Indicated at \$1.1 billion and Medicaments Containing Cortex Hormones Etc. Doses at \$751 million. These top 5 commodities imported to Delaware represented 71.8% of the value of all commodities imported in 2009.



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## Personal Income

When analyzing the health of any particular economy, Gross Domestic Product (GDP) is used as a standard and universally-recognized indicator of economic well-being. However, due to a comprehensive data revision by the Bureau of Economic Analysis (BEA), the state GDP data for 2009 were not available for analysis at the time of this report. Fortunately, state personal income (also produced by the BEA) is another effective gauge of economic health.

GDP measures a state's output as the sum of value added from all industries in the state. Personal income, on the other hand, is a measure of all income received by state residents. Because GDP often flows out of the state while personal income accrues to state households, personal income can actually be a more precise measure of household economic well-being.

The BEA calculates personal income by adding earned and unearned income with adjustments for pensions, insurance, and social security contributions. Per capita personal income is a more accurate measurement of personal wealth and is calculated by dividing the total personal income for the state by the state population. A high per capita personal income is correlated with a higher standard of living.

All data are adjusted for inflation using the Consumer Price Index for all urban consumers (CPI-U) and are in 2009 dollars, unless otherwise noted. The CPI-U measures changes in prices paid by urban consumers for items in a representative market basket of goods and services. Therefore, all growth rates are real growth rates rather than nominal rates. A real growth rate takes price changes into account and is equal to the nominal rate less inflation. Additionally, all state rankings mentioned in this section include Washington, D.C.

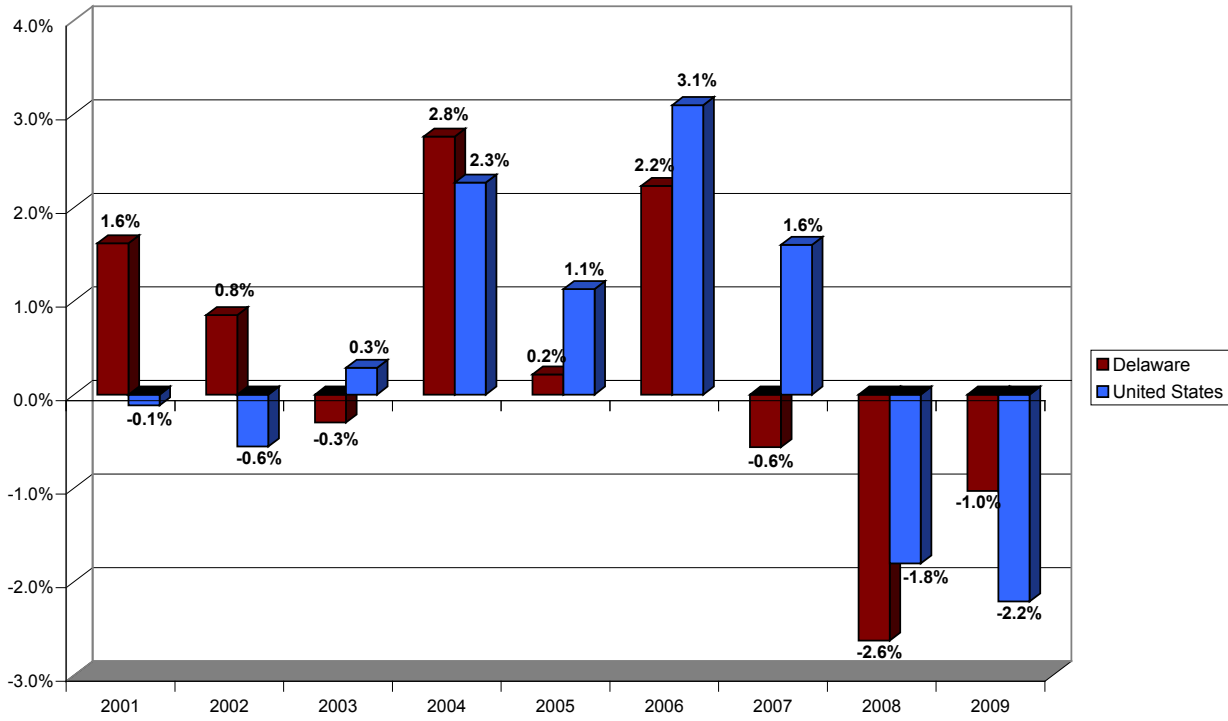
Delaware was ranked 18<sup>th</sup> in the nation in terms of per capita personal income in 2009 with \$39,817, which is just above that of the bordering state of Pennsylvania. Delaware's other two neighboring states were toward the top of the list with Maryland at fifth and New Jersey at third. Per capita personal income in Delaware was also slightly above that of the nation as a whole, which had a per capita personal income of \$39,138.

From 2008 to 2009, Delaware's total personal income remained virtually unchanged while the personal income of the United States shrunk by 1.4 percent. Of Delaware's neighboring states, both Pennsylvania's and Maryland's personal income grew by 0.2 percent and 1.3 percent respectively, and New Jersey's fell by 1.4 percent.

Although total personal income in Delaware was unchanged over the year, per capita personal income fell by one percent due to the state's rising population but stagnant personal income. In the past year, Delaware saw a more substantial decline in per capita income than the bordering states of Maryland and Pennsylvania, which saw changes of 0.6 percent and -0.1 percent, respectively. Delaware's per capita income fell less than in New Jersey (-1.9 percent) and in the United States (-2.2 percent).

Over a longer period of time, Delaware's per capita personal income grew at a slower pace than over half of the country. From 2000 to 2009, the state's per capita income grew by 3.1 percent, the 31<sup>st</sup> fastest pace in the United States. Delaware's growth rate also lagged behind all of its neighboring states and the nation as a whole. Maryland's per capita income grew by 11.8 percent from 2000 to 2009, Pennsylvania's by 5.5 percent, New Jersey's by 4.4 percent, and the entire U.S. by 3.6 percent.

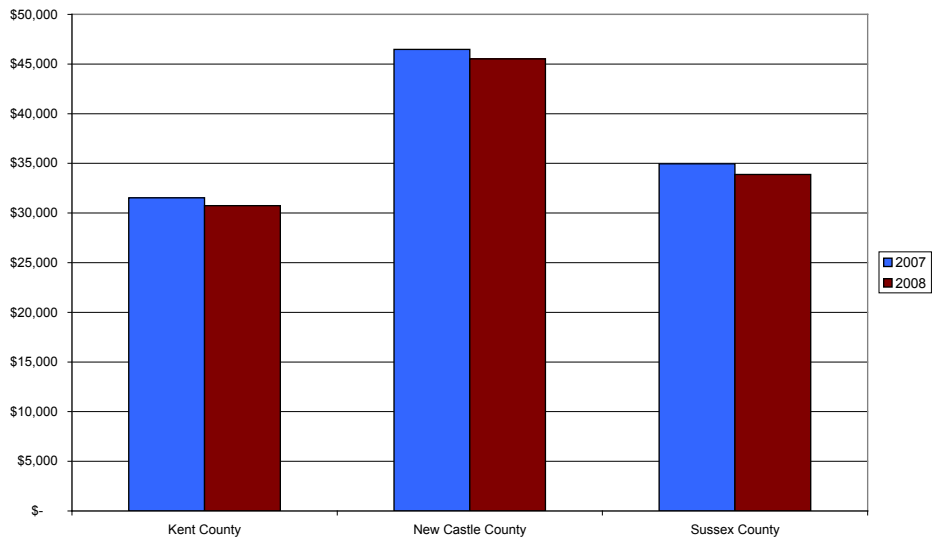
**Per Capita Personal Income, Percent Changes from the Previous Year, US and DE, 2001-2009**



Source: Bureau of Economic Analysis.

Per capita personal income also varies across the state of Delaware. New Castle County had the highest per capita income at \$45,512 in 2008<sup>1</sup>. Sussex County followed with \$33,881, and Kent County had the lowest at \$30,749. New Castle County also declined by the slowest rate from 2007 to 2008, falling by 1.9 percent. Per capita personal income decreased by 2.2 percent in Kent County and by 2.9 percent in Sussex County. Over an extended time period (2000 to 2008), however, Sussex County per capita personal income grew by 7.7 percent, a much faster rate than both New Castle and Kent Counties, which increased by 3.1 percent and 1.1 percent, respectively.

**Per Capita Personal Income by County**



Source: Bureau of Economic Analysis.

<sup>1</sup> County data are lagged by one year, so 2008 data are the most recent data available. Numbers are adjusted for inflation using the CPI-U for the Philadelphia-Wilmington-Atlantic City Metropolitan Statistical Area and are in 2008 dollars. All growth rates are real growth rates.

The largest component of Delaware total personal income in 2009 was wage and salary disbursements at 58 percent of personal income. Seventeen percent of state income can be attributed to dividends, interest, and rent, while 19 percent is accounted for by personal current transfer receipts. Personal current transfer receipts are income payments for which no current service is performed and includes government social benefits. Another eight percent of state personal income went to proprietors.

Personal income also varies by industry across the state of Delaware. The Public Administration sector earnings made up the largest proportion of state personal income, comprising about 13 percent of the total. Earnings in the Finance and Insurance and the Health Care and Social Assistance industry sectors each made up about 10 percent of total state personal income. See the tables below for breakdowns of personal income by component and by industry.

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### Components of Earnings as Proportion of State Total Personal Income

Components of Earnings	Earnings	Percent of State PY
Wage and salary disbursements	\$20,291,439	58%
Proprietors' income	\$2,659,522	8%
Dividends, interest, and rent	\$5,930,157	17%
Personal current transfer receipts	\$6,645,222	19%

Source: Bureau of Economic Analysis

### Earnings by Industry as Proportion of State Total Personal Income

Industry	Earnings	Percent of State PY
Public Administration	\$4,549,946	13%
Finance and insurance	\$3,696,649	10%
Health care and social assistance	\$3,458,789	10%
Professional, scientific, and technical services	\$2,998,032	9%
Manufacturing	\$2,327,550	7%
Retail trade	\$1,694,613	5%
Construction	\$1,460,673	4%
Wholesale trade	\$1,215,272	3%
Management of companies and enterprises	\$1,043,605	3%
Other services, except public administration	\$988,795	3%
Administrative and waste services	\$873,522	2%
Accommodation and food services	\$771,532	2%
Transportation and warehousing	\$630,241	2%
Information	\$513,212	1%
Real estate and rental and leasing	\$435,988	1%
Educational services	\$319,796	1%
Arts, entertainment, and recreation	\$296,659	1%
Utilities	\$275,691	1%

Source: Bureau of Economic Analysis

## Inflation

Inflation is defined by the Bureau of Labor Statistics (BLS) as a process of continuously rising prices, or equivalently, of a continuously falling value of money. Inflation is measured by the Consumer Price Index (CPI), which is published by the BLS as an estimate of prices for a representative market basket of goods and services. In this analysis, we use the CPI-U which is the most general measurement of the CPI and reflects prices faced by all urban consumers. Although there is no consensus among economists as to the natural rate of inflation in an economy, the Federal Reserve implicitly targets a two percent inflation rate per year by selling and buying financial assets to influence interest rates.

The national inflation rate, based on the U.S. city average of the CPI-U, was -0.4 percent in 2009. Although many people might see a negative inflation rate as a good thing, most economists find it troubling. A negative inflation rate causes money to be worth more than in the previous period, therefore making it more difficult to pay off debt. An analysis of core CPI also yields interesting results. The core CPI is the CPI-U less food and energy, which are the most volatile items in the market basket measured by the index.

Delaware is part of the South Urban CPI region<sup>1</sup> where overall prices fell by 0.4 percent and core CPI rose by 1.9 percent. In the Philadelphia-Wilmington-Atlantic City Metropolitan Statistical Area<sup>2</sup>, the CPI also declined by 0.4 percent in 2009. Core CPI rose by 1.7 percent

in the area, 0.7 percentage points below its average annual inflation rate from 2000 to 2009. The only part of Delaware that the Philadelphia MSA covers is New Castle County. Prices in Kent and Sussex counties probably behave differently, but there is no measure computed by the BLS that covers these counties more specifically than the regional CPI. Therefore, the Philadelphia MSA will be the focus of the remaining analysis.

Food and beverage prices in the Philadelphia MSA rose by 1.5 percent over the year. Energy prices fell by a drastic 16.6 percent in 2009 after rising 12.5 percent in 2008. Clearly, energy is the most volatile component of the CPI-U. From 2000 to 2009, annual absolute changes in energy prices averaged nearly 11 percent. Over the same time period, prices for energy rose by an average of 5.5 percent per year.

In the past year, prices for durables, nondurables, and transportation have fallen. Durables are goods that yield services over time while nondurables include goods that are used up when used once or have a lifespan of less than three years. Prices for food and beverages, housing, and medical care, on the other hand, have risen over the year. The largest increase (1.7 percent) was seen in medical care prices which have been at a consistently higher price level than all other CPI items. Medical care costs are nearly double the general price level and have been rising at a fast pace of 4.8 percent per year since 2000.

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<sup>1</sup> The South Urban CPI region consists of Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia, and the District of Columbia.

<sup>2</sup> The Philadelphia-Wilmington-Atlantic City Metropolitan Statistical Area will be referred to as the Philadelphia MSA for the remainder of this section.

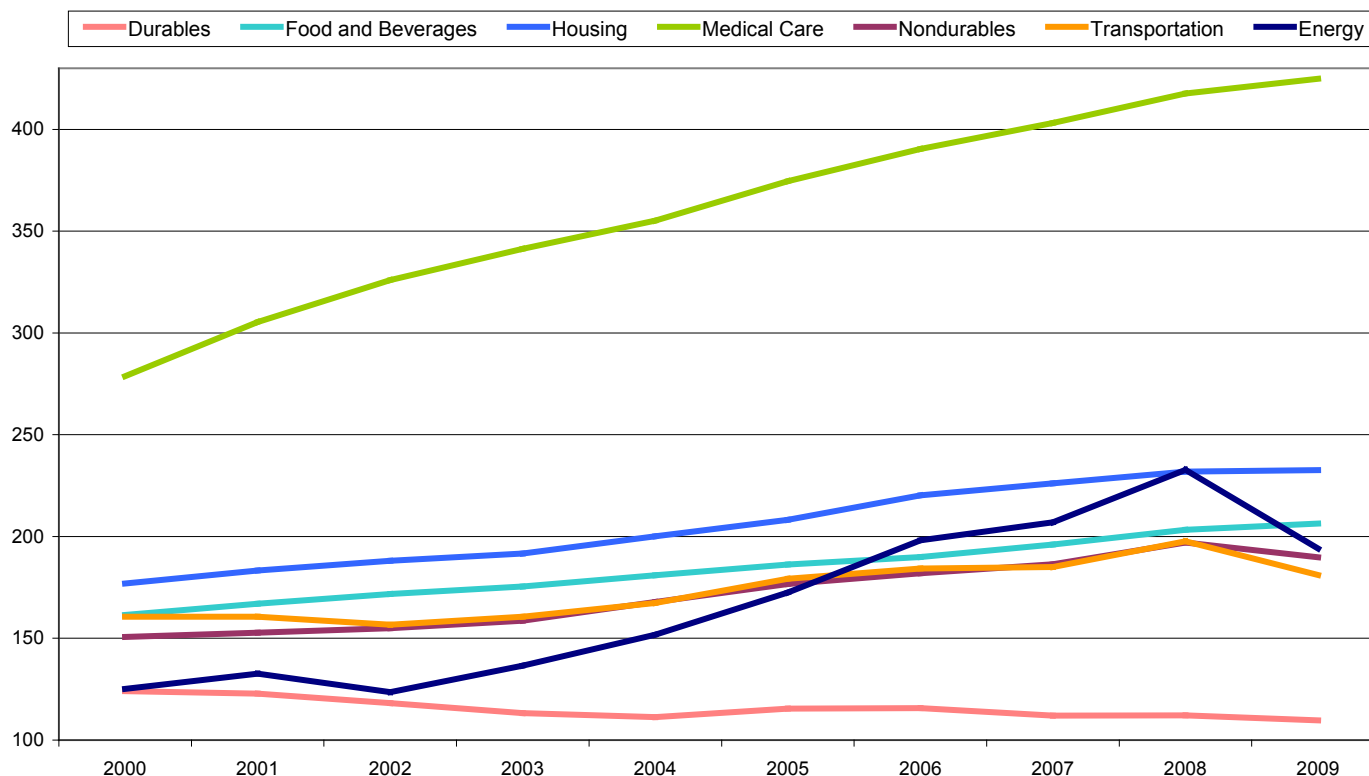


### Changes in CPI-U from the Previous Year, Philadelphia-Wilmington-Atlantic City MSA, 2001-2009

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000-2009	Average Annual Inflation Rate 2000-2009
All Items	2.7%	2.0%	2.1%	4.1%	3.9%	3.9%	2.2%	3.4%	-0.4%	26.5%	2.7%
All Items Less Food and Energy (core)	2.3%	2.6%	1.4%	3.4%	3.1%	3.0%	1.8%	2.1%	1.7%	23.5%	2.4%
Durables	-1.0%	-3.7%	-4.2%	-1.7%	3.8%	0.2%	-3.2%	0.1%	-2.2%	-11.5%	-1.3%
Food and Beverages	3.5%	2.9%	2.1%	3.2%	2.9%	1.9%	3.3%	3.7%	1.5%	27.9%	2.8%
Housing	3.6%	2.6%	1.9%	4.4%	4.0%	5.8%	2.7%	2.5%	0.3%	31.5%	3.1%
Medical Care	9.5%	6.8%	4.7%	4.1%	5.4%	4.2%	3.3%	3.6%	1.7%	52.4%	4.8%
Nondurables	1.3%	1.4%	2.4%	5.8%	5.3%	3.0%	2.4%	5.8%	-3.7%	25.9%	2.6%
Transportation	0.0%	-2.4%	2.5%	4.2%	7.1%	2.8%	0.4%	6.9%	-8.4%	12.8%	1.5%
Energy	6.0%	-6.9%	10.6%	11.1%	13.6%	14.9%	4.4%	12.5%	-16.6%	55.2%	5.5%

Source: U.S. Bureau of Labor Statistics

### Price Level (CPI-U) for Philadelphia-Wilmington-Atlantic City Metropolitan Area by Item, 2000-2009



Note: The base period for the indices is 1982-1984 when all indices were equal to 100.

Source: U.S. Bureau of Labor Statistics.

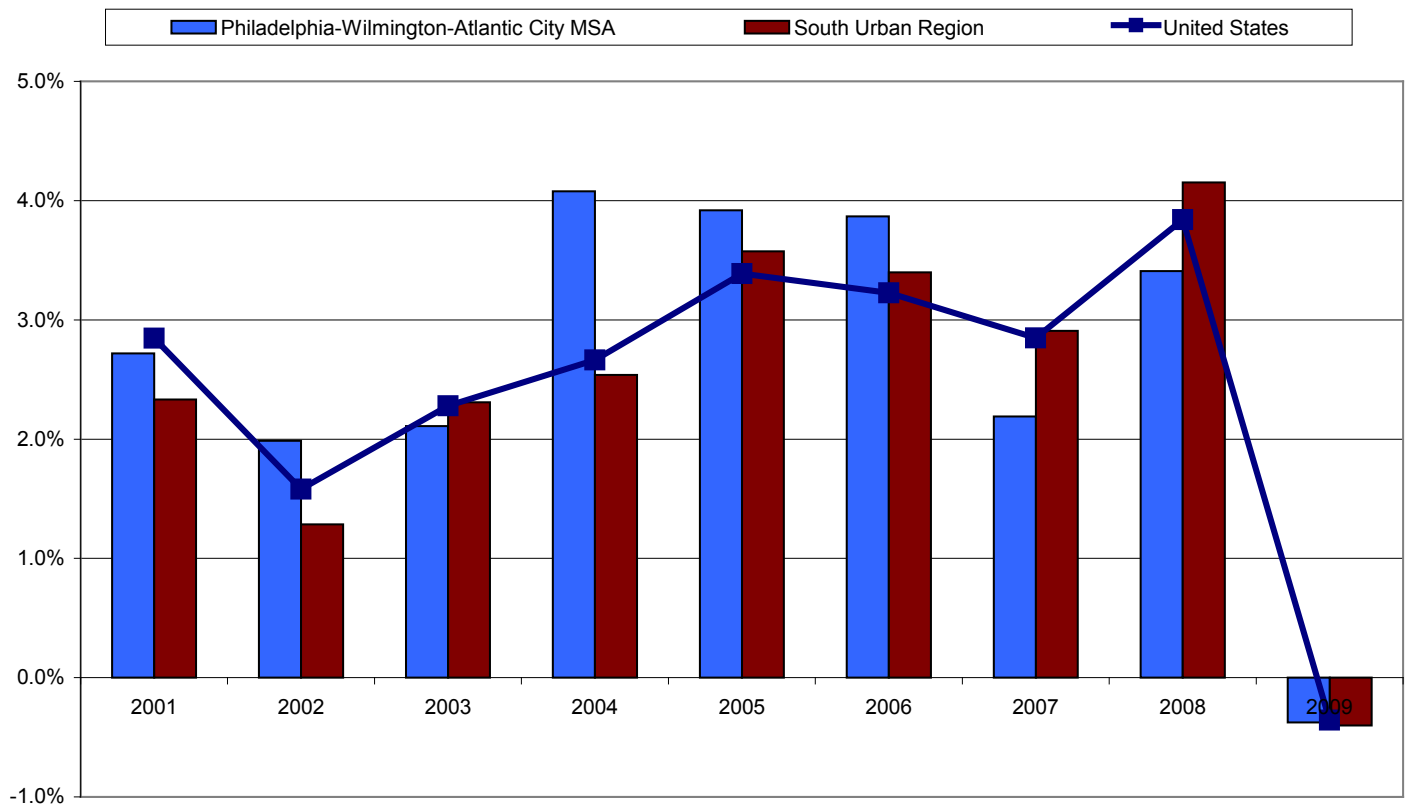
Because core inflation for the Philadelphia MSA was 2.1 percent in 2008 but only 1.7 percent in 2009, the economy is currently in a period of disinflation. Disinflation occurs when prices are still rising, but at a slower rate than experienced in the previous year. Problems begin to arise when an economy is experiencing deflation, which is when prices actually fall (the core CPI is negative). In a period of deflation, money is worth more than it was in the previous year, making it more difficult to pay off debt and therefore increasing real debt burden. Because households accumulated considerable amounts of debt during the last expansion, they will begin to deleverage, or pay off debt, rather than consume. Decreased consumption will only prolong economic recovery from the current recession. Additionally, wages and profits fall in a period of deflation. Because the core CPI was positive

and the CPI-U for all items was only slightly negative over the year, most economists agree that the threat of deflation is no longer a pressing concern in the United States.

From 2000 to 2009, the nationwide CPI-U rose 24.6 percent. The graph below shows that, prior to the recession, the Philadelphia MSA figures were generally higher than the South region and the United States CPI numbers, suggesting that the MSA faced higher inflationary pressures than the other states in the South and in the nation as a whole. Since 2007, the year when the recession began, the Philadelphia MSA numbers have been consistently lower than those in the South and U.S., indicating a decline in inflationary pressures relative to other states in the region and the entire country.

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**Percent Change in Consumer Price Index (CPI-U) from the Previous Year, Philadelphia MSA, South Urban Region, United States, 2001-2009**



Source: U.S. Bureau of Labor Statistics.

## Alternative Unemployment Measures

Among the side effects of the Great Recession have been increased discussion of the economy and data estimates measuring the economy, which is good, and the spreading of falsehoods and mischaracterizations of economic data estimates, which is not so good. In the latter category are statements that the official unemployment rate misses large numbers of unemployed for various reasons and that the “true” unemployment rate is much higher.

One common misconception is that when people stop collecting Unemployment Insurance (UI) benefits they are no longer counted as unemployed. This is wrong in multiple ways. First, a person does not have to register with UI or collect benefits to be counted as unemployed. Indeed, only about half of the unemployed do so. Second, UI claims are only a minor component in the calculation of the state unemployment rate. It is based primarily on a monthly survey of about 900 households throughout the state. Finally, even this limited input accounts for individuals who exhaust their UI benefits. Built-in to the unemployment rate calculation is an assumption that the vast majority of those who exhaust their UI benefits will remain unemployed the following month. The exact percentage varies according to economic conditions; currently, it is 97 percent.

Another errant belief which appears to be of more recent vintage is that the official unemployment rate misses many people who should be considered unemployed, such as those too discouraged to actively look for work; therefore, there is a “real” unemployment that is not reported which is much higher than the official rate. While it is true that people who do not actively seek work are not considered to be unemployed, alternative measures which do include them have long been available. The broader measures are no more real; indeed, there are good reasons to rely primarily on U-3, the most commonly cited measure.

The US Bureau of Labor Statistics publishes six national estimates of labor underutilization, U-1 through U-6, each month. These measures are derived solely from the monthly Current Population Survey (CPS) of about 60,000 households. For the individual states they publish the same six measures as four-quarter moving averages to reduce the effects of sampling error. U-1 is the narrowest measure and U-6 is the broadest. They are defined as follows:

- U-1, persons unemployed 15 weeks or longer, as a percent of the civilian labor force;

- U-2, job losers and persons who completed temporary jobs, as a percent of the civilian labor force;
- U-3, total unemployed, as a percent of the civilian labor force (this is the definition used for the official unemployment rate);
- U-4, total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers;
- U-5, total unemployed, plus discouraged workers, plus all other marginally attached workers, as a percent of the civilian labor force plus all marginally attached workers; and
- U-6, total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers.

U-6 is certainly no more “real” than U-3. A strong argument can be made that U-3 is a more tangible measure – spending some time actually seeking work is a stronger indication that one is unemployed than not doing so, but stating that you want a job. In any event, estimates for each measure are regularly available. The tables below provide the estimates for the U.S. and Delaware for each of the last five calendar years. As the tables show, they tend to move together over time.

**GS**

**Alternative Measures of Labor Underutilization,  
Delaware, 2005-2009**

Year	Area	U-1	U-2	U-3	U-4	U-5	U-6
2005	DE	1.4	2.5	4.3	4.5	5.1	6.8
2006	DE	1.3	2.0	3.5	3.8	4.4	6.4
2007	DE	1.1	1.7	3.5	3.8	4.4	6.4
2008	DE	1.9	2.7	5.0	5.2	5.7	9.0
2009	DE	4.3	5.2	8.5	9.1	9.9	14.5

**Alternative Measures of Labor Underutilization,  
United States, 2005-2009**

Year	Area	U-1	U-2	U-3	U-4	U-5	U-6
2005	U.S.	1.8	2.5	5.1	5.4	6.1	8.9
2006	U.S.	1.5	2.2	4.6	4.9	5.5	8.2
2007	U.S.	1.5	2.3	4.6	4.9	5.5	8.3
2008	U.S.	2.1	3.1	5.8	6.1	6.8	10.5
2009	U.S.	4.7	5.9	9.3	9.7	10.5	16.2

## Unemployment Insurance Claims

Delaware averaged 15,600 Unemployment Insurance (UI) continued claims per week in 2009. This comprises only 0.27 percent of the national average weekly claims of 5.77 million. Delaware's average weekly UI claims were up 84 percent from 2007 when the state averaged only 8,500 claims per week. Nationally, average weekly UI claims increased by 128 percent from 2007 to 2009, a much more drastic rise than experienced in Delaware.

### *Claims by Industry*

Of the 19 industry sectors in Delaware (Mining is excluded due to its small employment numbers), the highest proportion of UI claims came from workers in the Retail Trade industry. Over 15 percent of the total claims in the state can be attributed to Retail Trade workers. This is seven percentage points higher than the national average in the industry. The Administration and Support and Waste Management sector accounted for 15 percent of UI claims in Delaware, about 5 percentage points higher than the industry average nationwide.

Construction workers made up 13 percent of the UI claimants in the state, which is fairly consistent with the national average. The state Manufacturing sector fared better than the industry in the United States as a whole. The Manufacturing sector accounted for just over eight percent of the claims in Delaware but nearly 18 percent of the claims nationwide. Claimants from the following sectors each made up at least five percent of total statewide claims and a larger proportion of total claims than the national average in each respective industry: Accommodation and Food Services; Finance and Insurance; Professional, Scientific, and Technical Services; and Health Care and Social Assistance.

Industries that contributed between 1.5 percent and five percent of total UI claims in the state did not differ substantially from the national averages. These industries included: Wholesale Trade; Transportation and Warehousing; Other Services; Real Estate and Rental and Leasing; Information; Arts, Entertainment, and Recreation; and Educational Services. The Public Administration, Management of Companies and Enterprises, Agriculture, and Utilities sectors each contributed the smallest proportions of claims of the 19 industries. They each comprised less than one percent of total state claims and produced a smaller proportion of claimants than their national counterparts.

**Percentage of Total UI Claims by Industry, 2009**

Industry	Delaware	United States
Retail Trade	15.5%	8.0%
Administration and Support and Waste Management	15.1%	10.3%
Construction	13.1%	13.8%
Manufacturing	8.3%	17.8%
Accommodation and Food Services	7.9%	5.1%
Finance and Insurance	7.3%	3.0%
Professional, Scientific, and Technical Services	6.7%	5.1%
Health Care and Social Assistance	6.5%	5.3%
Wholesale Trade	4.7%	4.5%
Transportation and Warehousing	3.2%	3.7%
Other Services	2.9%	2.5%
Real Estate and Rental and Leasing	2.3%	1.4%
Information	2.0%	2.3%
Arts, Entertainment, and Recreation	1.8%	1.5%
Educational Services	1.5%	2.1%
Public Administration	0.6%	1.5%
Management of Companies and Enterprises	0.3%	0.4%
Agriculture, Forestry, Fishing, and Hunting	0.1%	1.6%
Utilities	0.1%	0.2%

Source: U.S. Department of Labor

### ***Claims by Age***

Nearly three-quarters of UI claimants both in Delaware and the United States were between the ages of 25 and 54. About 14 percent of claims came from workers aged 55 to 64, with eight percent from the 55 to 59 age range and six percent from the 60 to 64 age group. Very few claims came from the very young or very old, but there are significantly fewer workers in these age groups. About four percent of claimants were over 65 and another four percent were under 22 years old. Most of the state results are fairly consistent with national trends.

**Percentage of Total UI Claims  
by Age Group, 2009**

<b>Age Group</b>	<b>Delaware</b>	<b>United States</b>
<22	4.2%	3.6%
22-24	7.2%	5.8%
25-34	24.1%	23.7%
35-44	22.5%	23.7%
45-54	23.3%	24.7%
55-59	8.2%	8.9%
60-64	6.1%	5.7%
≥65	4.1%	3.4%

Source: U.S. Department of Labor

### ***Claims by Race***

Over half of the UI claimants in Delaware and the United States in 2009 were white workers. Delaware had more than twice as many black claimants than the overall United States. About a third of state claims were from black Delawareans, while only 15.3 percent of claims nationwide came from African-American workers. Although another 15 percent of claimants in the U.S. were of Hispanic origin, only four percent of Delaware claims came from Hispanic workers. Additionally, the U.S. had nearly three percent of claims from Asian workers, while Delaware reported so few claims they round to zero.

**Percentage of Total UI Claims  
by Race, 2009**

<b>Race</b>	<b>Delaware</b>	<b>United States</b>
White	58.3%	59.0%
Black	33.0%	15.3%
Hispanic	4.2%	14.7%
Hawaiian	0.6%	0.3%
American Indian	0.3%	1.1%
Asian	0.0%	2.8%

Source: U.S. Department of Labor

### ***Claims by Gender***

Because the recession caused large job cuts in some male-dominated industries, such as Construction and Manufacturing, the downturn has seemed to negatively affect men more than women. In Delaware, about 55 percent of UI claimants in 2009 were male. In the United States, the trend is even more evident. Over 61 percent of total nationwide claimants were men.

**Percentage of Total UI Claims  
by Gender, 2009**

<b>Gender</b>	<b>Delaware</b>	<b>United States</b>
Male	55.3%	61.1%
Female	45.0%	38.7%

Source: U.S. Department of Labor

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## Labor Force Participation and Unemployment by Demographic Group

This section will provide an analysis of labor force participation and unemployment for various demographic groups, specifically teenagers by race and gender, using unpublished data from the Current Population Survey (CPS). The labor force consists of all citizens who are either employed or unemployed. To be considered unemployed, as defined by the Bureau of Labor Statistics (BLS), one must be 16 years of age or older, without employment but available for work, and must have looked for employment in the previous four weeks.

The CPS is a survey of households conducted by the Census Bureau for the BLS which collects data on various labor force characteristics. Due to relatively small sample sizes, the data are subject to large sampling error and should not be viewed as definitive.

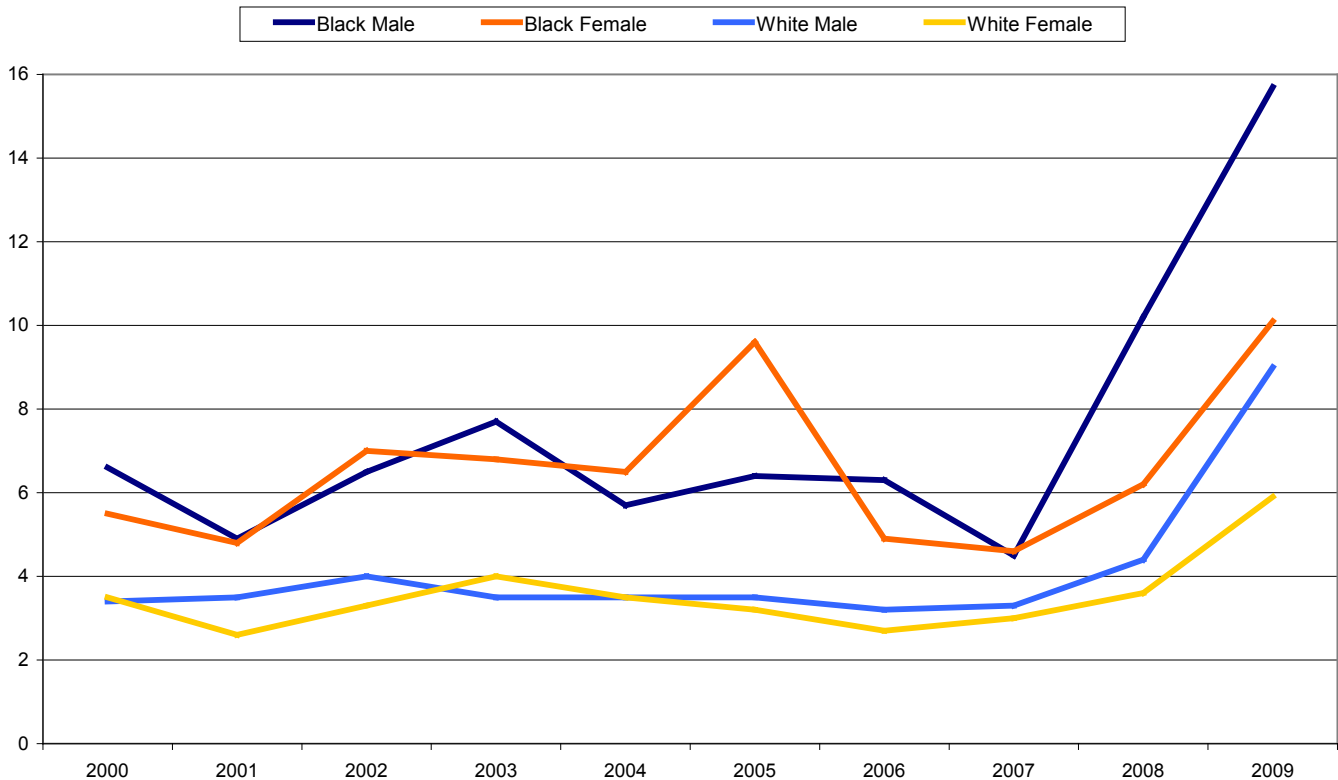
The overall labor force participation rate, or the proportion of the civilian population that is either employed or unemployed, in Delaware in 2009 was 63.8 percent. For both white males and African-American males, the rates were slightly higher, at 68.4 percent

and 69.5 percent, respectively. Although they had similar labor force participation rates in 2009, black males in Delaware experienced a substantially higher unemployment rate (15.7 percent) than white males (9 percent).

Conversely, white female Delawareans had a significantly lower labor force participation rate than black females in 2009. White women participated in the labor force at a rate of 57.7 percent while black females had a labor force participation rate of 64.5 percent. Like their male counterparts, black women saw a higher unemployment rate in 2009 (10.1 percent) than white females (5.9 percent) experienced.

Additionally, African-American workers seem to experience much more variation in unemployment rates than white workers, although some of the volatility can be attributed to greater statistical variation due to smaller sample sizes for blacks. The unemployment rates for all four demographic groups have increased significantly over the year as seen in the following graph.

Unemployment Rates in Delaware by Race and Gender, Ages 16+



Source: Unpublished data from the Current Population Survey.

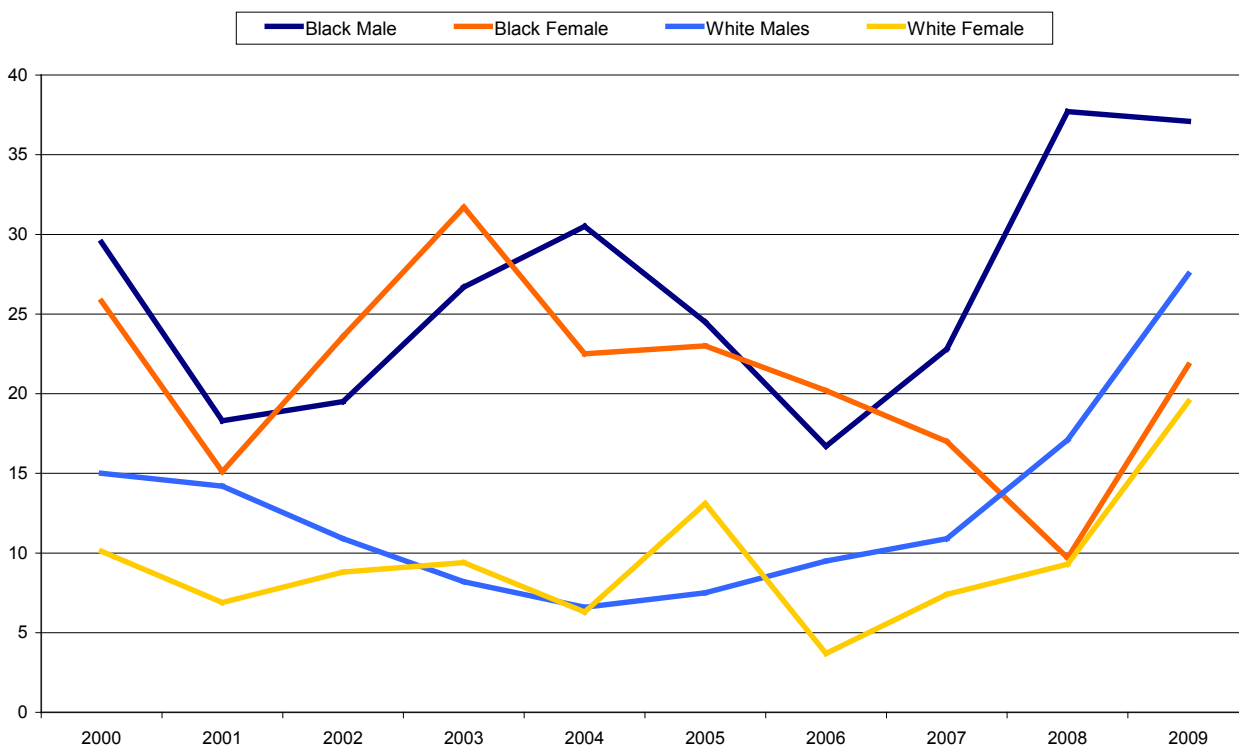
These results are amplified when one looks at the unemployment rates for various classifications of teenage workers. Workers aged 16 to 19 traditionally have much higher unemployment rates than any other age group. Because teens tend to have a higher job turnover rate and a shorter duration of unemployment, they are more marginally attached to the workforce and therefore experience higher rates of unemployment.

In 2009, the unemployment rate for white male teenagers was 27.5 percent, while for black males, it was 37.1

percent. Among female teens in Delaware, the rate was 19.5 percent for whites, and 21.8 percent for blacks.

As evidenced in the graph below, unemployment rates for black teens, both male and female, were consistently higher than the rates for white men and women until the recession began in late 2007. Although the spikes in the data can again be caused by small sample sizes, it is still clear to see that African-American teen workers experience much more volatile unemployment rates.

**Unemployment Rates in Delaware by Race and Gender, Ages 16-19**



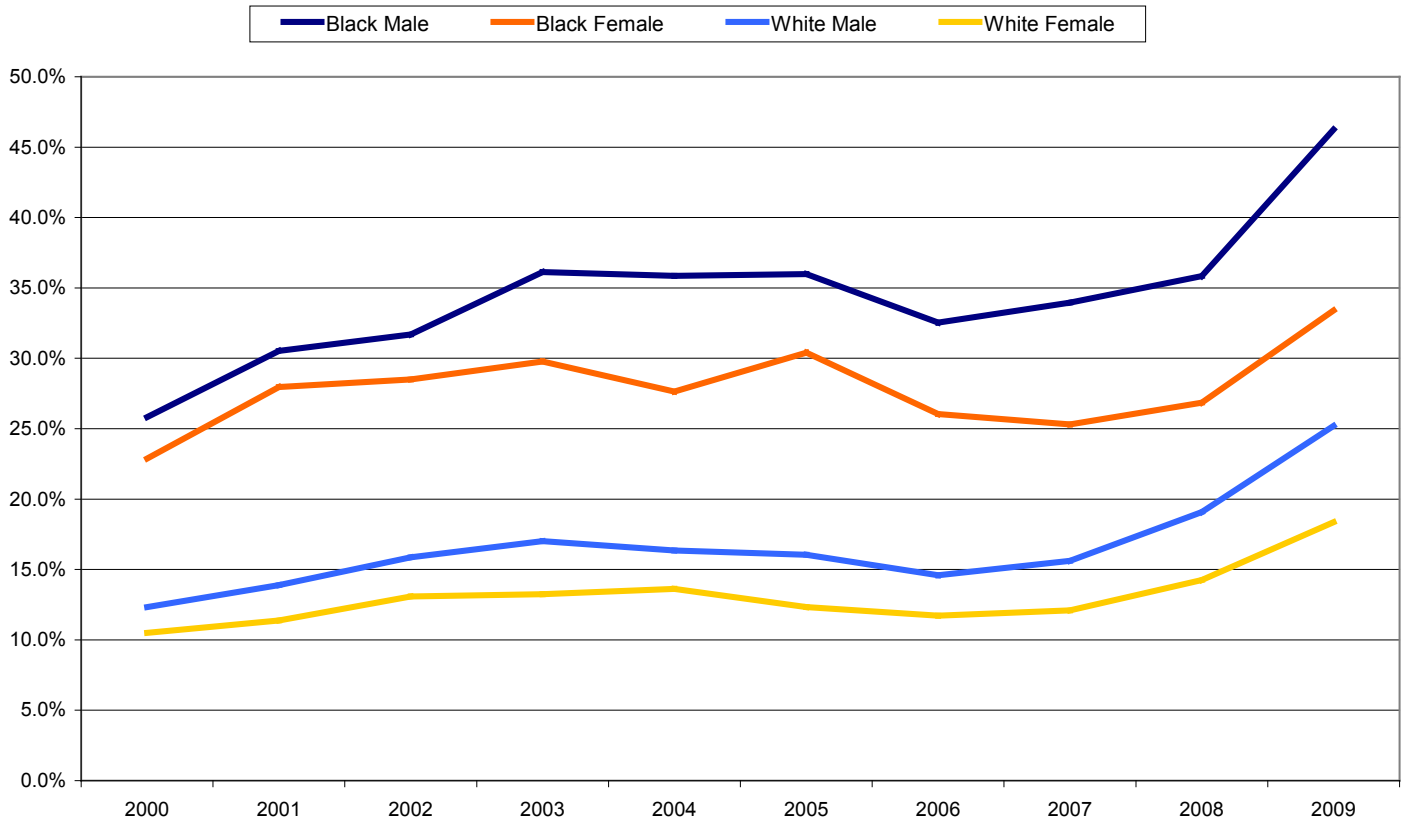
Source: Unpublished data from the Current Population Survey.

The current recession has produced some interesting results in the labor market for Delaware teenagers. Unemployment rates have been rising severely since 2007 for all teen groups in Delaware, with the exception of black women. African-American female teens saw a decline in their unemployment rate in 2008 which now closely mirrors the recent increases experienced by white female teens.

Unemployment rates for black male teenagers soared over the past few years, reaching nearly 40 percent. White teen males have also experienced rapidly increasing rates recently, surpassing black females and reaching rates over 25 percent.

For teenage workers, Delaware has not strictly followed the national trend over the last decade. Nationally, unemployment rates for African-American teens, both male and female, are significantly higher than for white workers of both genders. As previously stated, the unemployment rate for black female teens in Delaware actually fell below that for white male teens in both 2008 and 2009. This difference could be explained by the greater variation in state data due to smaller sample sizes. However, like Delaware, black male teens fare the worst while white females have the lowest unemployment rate. Also, sharp rate increases are evident for all groups over the last few years as the recession continues to take its toll on the American labor market.

### Unemployment Rates in the United States by Race and Gender, Ages 16-19



Source: Current Population Survey data from the Bureau of Labor Statistics.

Additionally, the overall labor force participation rate for teenagers in Delaware has fallen over the year from 42.1 percent in 2008 to 40.8 percent in 2009, illustrating a weak economy. This is a common pattern during a recession because many unemployed workers become discouraged and drop out of the workforce.

Even before the current recession began, labor force participation rates for teenage workers failed to recover from the previous recession in 2001. Teen labor force participation rates in 2006 were still below the peaks reached in 2000.

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## The Gender Wage Gap

Although over 6,000 more women are employed in Delaware than men, women earn significantly less money than men in the state. In fact, Delaware women made only 70 percent of what men earned in the twelve months ending in June 2009. Nationally, women made about 80 percent of men's earnings over the same 12-month period<sup>1</sup>. Possible explanations for these earnings differences will be presented in this section. Additionally, we will take a look at how the recession has affected the earnings gap, which is calculated by dividing women's earnings by men's earnings in the same industry over the same time period.

Data used in this analysis come from the Local Employment Dynamics Program (LED) which is a collaborative effort between the U.S. Census Bureau and various states to produce labor force statistics that are not available from any other source. Social security numbers from administrative records collected from employers by the states are matched with other data on the individuals from sources at the Census Bureau. The result is a unique detail on the dynamics of local labor markets while protecting the confidentiality of both workers and employers. All 2009 data used in this section are for the 12 months up through June 2009, and all 2007 data are for the 12 months up through June 2007. Also, all earnings data are average monthly earnings. Historical earnings figures have been adjusted

for inflation using the CPI-W<sup>2</sup> for the Philadelphia-Wilmington-Atlantic City Metropolitan Statistical Area and are in 2009 dollars.

In Delaware, women made only 70 cents for every dollar that men earned in average monthly earnings in 2009. Women earned less than men in each of the state's 19 industry sectors (the Mining, Quarrying, and Oil and Gas Extraction sector was excluded from the analysis due to its low employment numbers). The industry closest to parity was Wholesale Trade, where women earn 96 percent of what men make. After Wholesale Trade, the earnings gap increases significantly. The two industries that were second-closest to equality are Information and Utilities, where women make 79 percent of men's earnings.

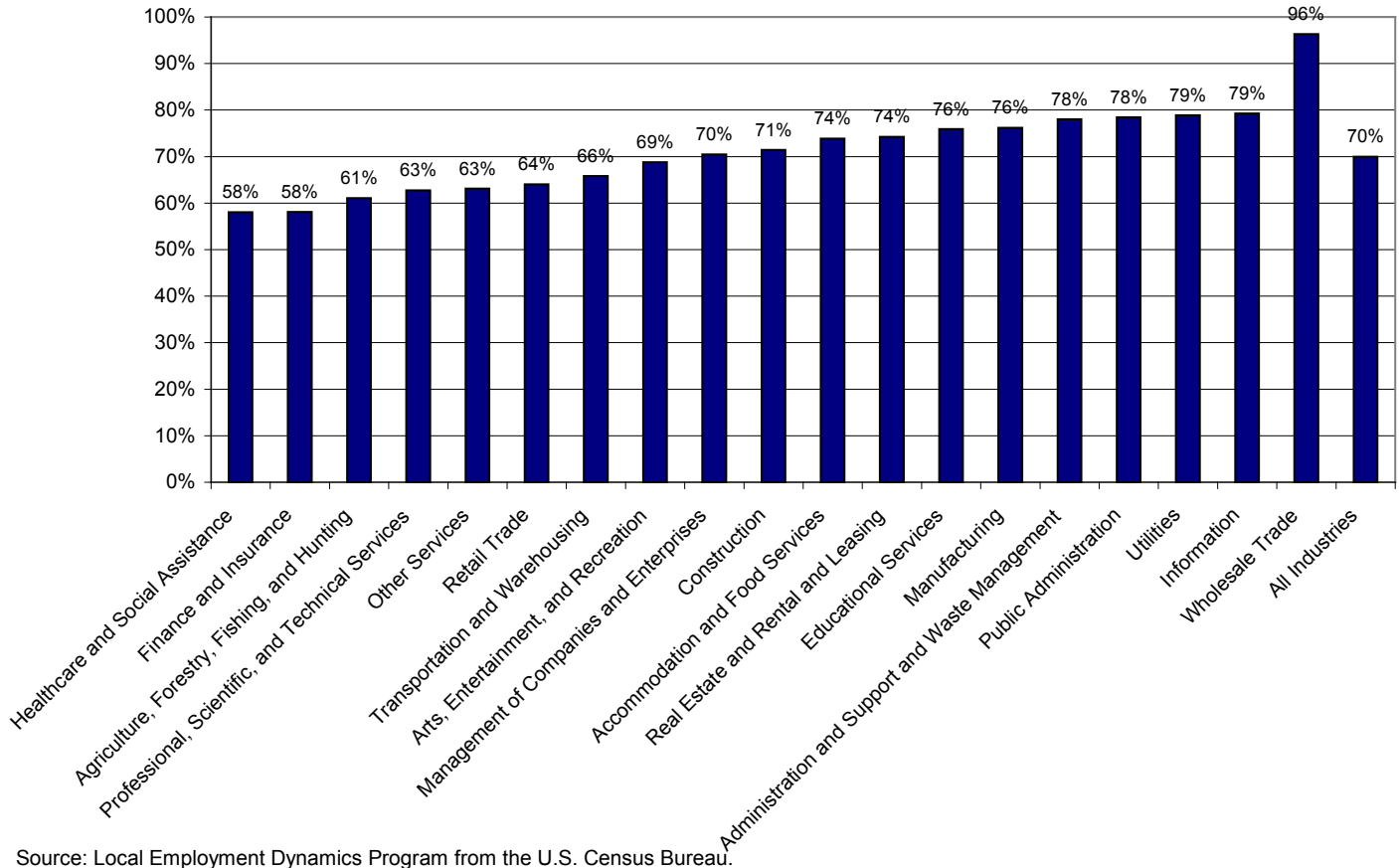
The greatest earnings disparities were in the Health Care and Social Assistance sector and the Finance and Insurance sector, where women make just over half of what men earn (58 percent). Eight of ten workers in the Health Care and Social Assistance industry are women. The vast pay gap in this industry could be explained to some extent by the fact that males tend to be employed in the higher salary occupations in the industry, like surgeons and physicians, while women concentrate in jobs such as nurse aides and child care workers, which are among the lowest-paid occupations in the industry.

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<sup>1</sup> National data are from the Current Population Survey based on median weekly earnings. The CPS is a monthly survey of households conducted by the Census Bureau for the Bureau of Labor Statistics (BLS) that collects data on the U.S. labor force. Although national data come from a different survey than the state data, the earnings gap statistics are still able to be compared.

<sup>2</sup> The Consumer Price Index (CPI) is a measure of the changes in prices for a representative market basket of goods and services. The CPI-W is a subset of the CPI that reflects prices faced by urban wage earners and clerical workers and is often used when calculating cost-of-living increases.

**Earnings Gap: Female Average Monthly Earnings as a Proportion of Male Average Monthly Earnings by Industry, 2009**



Source: Local Employment Dynamics Program from the U.S. Census Bureau.

The earnings gap can partially be attributed to occupational segregation, and the difference is also evident at the industry level. The average earnings in the five industries that have the largest concentration of female workers were \$3,490 per month. This is only 80 percent of the \$4,335 earned in the five industries with the largest concentration of male workers. This is a substantial difference of \$845 a month.

New hires experience a significant pay differential between genders as well. New male hires in Delaware earn more than new women in every industry sector. The greatest disparity is in the Arts, Entertainment, and Recreation industry, where new female workers earn only 62 cents for every dollar earned by new male workers in the sector. The industry with the smallest earnings gap for new hires is Public Administration. In this sector, new females make 89 percent of men's earnings.

**Employment, Earnings, and Turnover in Delaware by Industry and Gender, 2009**

<b>Industry</b>	<b>Male</b>	<b>Female</b>	<b>Percentage Female</b>
<b>Agriculture, Forestry, Fishing, and Hunting</b>			
Total Employment	937	316	25%
Average Monthly Earnings	\$3,067.00	\$1,873.75	61%
Average New Hire Earnings	\$2,130.25	\$1,651.25	78%
Turnover Rate	12.90%	17.10%	
<b>Utilities</b>			
Total Employment	1,665	521	24%
Average Monthly Earnings	\$7,486.75	\$5,907.00	79%
Average New Hire Earnings	\$6,766.75	\$4,673.00	69%
Turnover Rate	3.10%	4.10%	
<b>Construction</b>			
Total Employment	18,265	3,498	16%
Average Monthly Earnings	\$4,252.50	\$3,037.50	71%
Average New Hire Earnings	\$3,485.00	\$2,368.75	68%
Turnover Rate	12.40%	11.60%	
<b>Manufacturing</b>			
Total Employment	21,618	9,400	30%
Average Monthly Earnings	\$4,957.00	\$3,775.75	76%
Average New Hire Earnings	\$2,970.25	\$2,342.75	79%
Turnover Rate	8.50%	7.70%	
<b>Wholesale Trade</b>			
Total Employment	9,176	4,852	35%
Average Monthly Earnings	\$5,997.50	\$5,777.25	96%
Average New Hire Earnings	\$4,780.25	\$3,720.00	78%
Turnover Rate	7.90%	7.00%	
<b>Retail Trade</b>			
Total Employment	24,646	25,721	51%
Average Monthly Earnings	\$2,709.75	\$1,734.75	64%
Average New Hire Earnings	\$1,756.25	\$1,183.25	67%
Turnover Rate	11.60%	12.00%	
<b>Transportation and Warehousing</b>			
Total Employment	7,480	3,160	30%
Average Monthly Earnings	\$3,508.75	\$2,310.00	66%
Average New Hire Earnings	\$2,567.75	\$1,640.50	64%
Turnover Rate	9.50%	9.70%	

**Employment, Earnings, and Turnover in Delaware by Industry and Gender, 2009 (continued)**

<b>Industry</b>	<b>Male</b>	<b>Female</b>	<b>Percentage Female</b>
<b>Information</b>			
Total Employment	4,203	3,090	42%
Average Monthly Earnings	\$5,007.75	\$3,968.25	79%
Average New Hire Earnings	\$3,507.00	\$2,714.00	77%
Turnover Rate	5.50%	6.30%	
<b>Finance and Insurance</b>			
Total Employment	15,494	23,036	60%
Average Monthly Earnings	\$7,527.75	\$4,373.00	58%
Average New Hire Earnings	\$6,211.50	\$3,925.00	63%
Turnover Rate	5.90%	5.70%	
<b>Real Estate and Rental and Leasing</b>			
Total Employment	3,656	2,695	42%
Average Monthly Earnings	\$3,848.75	\$2,858.50	74%
Average New Hire Earnings	\$2,759.00	\$2,038.50	74%
Turnover Rate	11.80%	11.60%	
<b>Professional, Scientific, and Technical Services</b>			
Total Employment	13,425	12,601	48%
Average Monthly Earnings	\$7,499.50	\$4,706.50	63%
Average New Hire Earnings	\$5,678.25	\$3,582.50	63%
Turnover Rate	8.20%	7.70%	
<b>Management of Companies and Enterprises</b>			
Total Employment	5,476	4,770	47%
Average Monthly Earnings	\$7,520.75	\$5,299.25	70%
Average New Hire Earnings	\$4,761.25	\$3,725.75	78%
Turnover Rate	4.40%	4.30%	
<b>Administration and Support and Waste Management</b>			
Total Employment	11,771	9,553	45%
Average Monthly Earnings	\$2,991.50	\$2,334.75	78%
Average New Hire Earnings	\$2,192.00	\$1,813.00	83%
Turnover Rate	16.20%	16.30%	
<b>Educational Services</b>			
Total Employment	10,726	21,384	67%
Average Monthly Earnings	\$4,642.50	\$3,524.50	76%
Average New Hire Earnings	\$2,257.25	\$1,701.25	75%
Turnover Rate	5.70%	5.10%	

**Employment, Earnings, and Turnover in Delaware by Industry and Gender, 2009 (continued)**

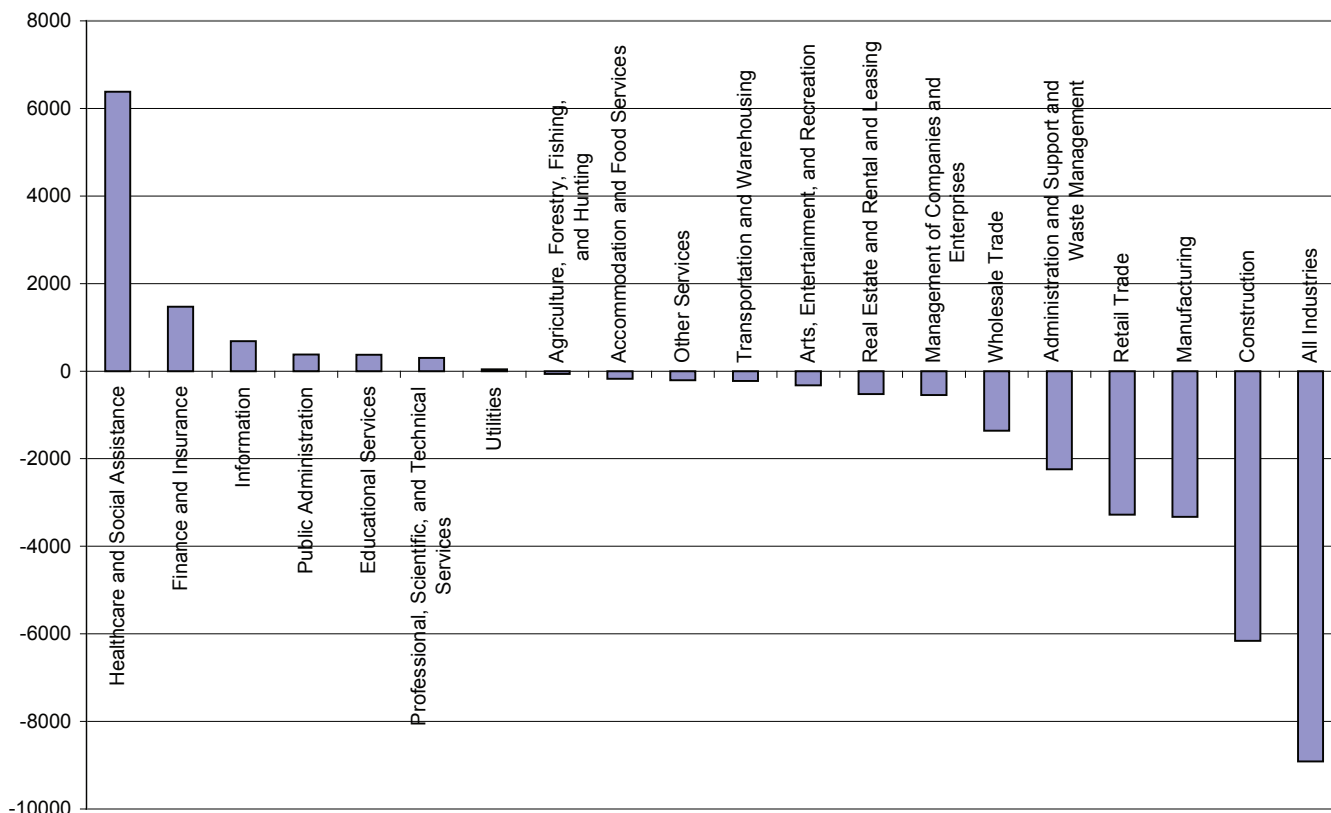
<b>Industry</b>	<b>Male</b>	<b>Female</b>	<b>Percentage Female</b>
<b>Healthcare and Social Assistance</b>			
Total Employment	11,430	47,722	81%
Average Monthly Earnings	\$5,826.25	\$3,383.00	58%
Average New Hire Earnings	\$3,234.75	\$2,417.75	75%
Turnover Rate	7.10%	7.00%	
<b>Arts, Entertainment, and Recreation</b>			
Total Employment	4,129	4,043	49%
Average Monthly Earnings	\$3,038.25	\$2,090.75	69%
Average New Hire Earnings	\$1,858.75	\$1,154.25	62%
Turnover Rate	11.70%	9.60%	
<b>Accommodation and Food Services</b>			
Total Employment	14,093	17,439	55%
Average Monthly Earnings	\$1,710.00	\$1,262.75	74%
Average New Hire Earnings	\$1,164.00	\$934.00	80%
Turnover Rate	17.40%	17.40%	
<b>Other Services</b>			
Total Employment	5,912	7,476	56%
Average Monthly Earnings	\$3,024.00	\$1,908.50	63%
Average New Hire Earnings	\$1,844.00	\$1,189.50	65%
Turnover Rate	10.10%	10.90%	
<b>Public Administration</b>			
Total Employment	10,438	8,185	44%
Average Monthly Earnings	\$4,054.50	\$3,181.50	78%
Average New Hire Earnings	\$2,540.50	\$2,269.00	89%
Turnover Rate	5.80%	4.40%	
<b>All Industries</b>			
Total Employment	194,532	209,470	52%
Average Monthly Earnings	\$4,666.50	\$3,266.50	70%
Average New Hire Earnings	\$2,871.75	\$2,025.75	71%
Turnover Rate	9.50%	8.70%	

Source: Local Employment Dynamics Program from the U.S. Census Bureau

The unique circumstances of the current recession have affected many areas of the labor market. An analysis of how the earnings gap has been influenced by the downturn yields some interesting results. In terms of employment, men have been hit especially hard in this recession because many of the job losses were in the manufacturing and construction industries, which

are heavily dominated by male workers. In Delaware, job cuts in the Construction industry made up nearly 70 percent of the total job losses in the state from 2007-2009. The industry sector that saw the largest employment gain over the same period was Health Care and Social Assistance which has the highest concentration of female workers.

**Employment Changes in Delaware by Industry, 2007-2009**



Source: Local Employment Dynamics Program from the U.S. Census Bureau.

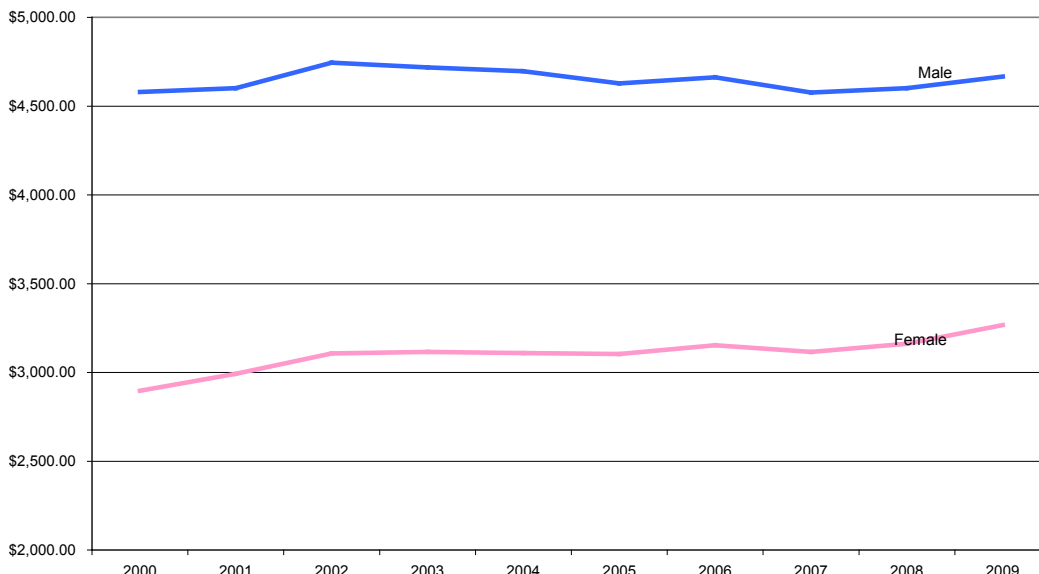
In Delaware, earnings for males have also been negatively impacted by the economic slump. Twelve of Delaware's 19 industry sectors saw men's real earnings fall between the 12 months up through June 2007, when the economy was at its peak, and the 12 months ending in June 2009, the most recent period for which data are available. The largest decrease (\$339 a month) occurred in the Public Administration industry sector. Overall, men gained just over \$90 per month in real earnings from 2007 to 2009, but women made even bigger advancements, gaining about \$150 per month.

Nearly 50 percent of Delaware's industries (9 out of 19) saw real monthly earnings gains for women. Nearly two-thirds of the industries that did not have increases in

female earnings also experienced even larger decreases in male earnings. The three exceptions were Agriculture, Forestry, Fishing, and Hunting, Construction, and Finance and Insurance.

Therefore, Delaware saw an overall improvement in the gender earnings gap from 68 percent in 2007 to 70 percent in 2009. Twelve of the 19 industry sectors showed an improvement in female earnings relative to men's. The largest improvement in parity was seen in Manufacturing, which went from 71 percent in 2007 to 76 percent in 2009. Of the sectors with increased inequality, Educational Services experienced the largest loss. In 2007, women in the industry made 82 cents for every dollar men earned, but the figure fell to 76 cents per dollar in 2009.

Average Monthly Earnings by Gender in Delaware, 2000-2009



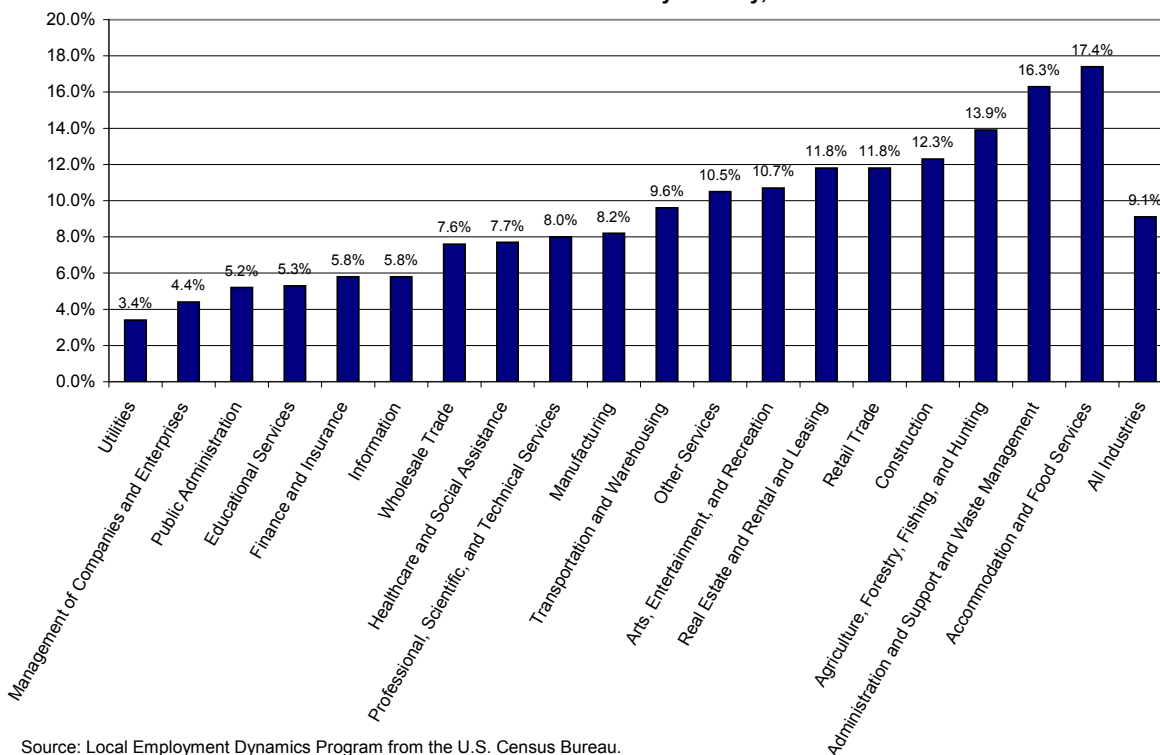
Note: Earnings are adjusted for inflation using the CPI-W for the Philadelphia-Wilmington-Atlantic City Metropolitan Area and are in terms of 2009 dollars.  
 Source: Local Employment Dynamics Program from the U.S. Census Bureau.

Although there is little variation in turnover rates between men and women, they tend to fluctuate greatly among Delaware’s various industry sectors. The turnover rate is the number of total separations from the industry divided by the total number of employees in the industry sector. A high turnover rate often equates to a higher cost of business. The industry with the

highest turnover rate in 2009 was Accommodation and Food Services at 17.4 percent. Utilities had the lowest turnover rate at 3.4 percent. It is probably not coincidental that average monthly earnings are lowest in the Accommodation and Food Services industry while average monthly earnings are highest in the Utilities sector.

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Turnover Rates in Delaware by Industry, 2009



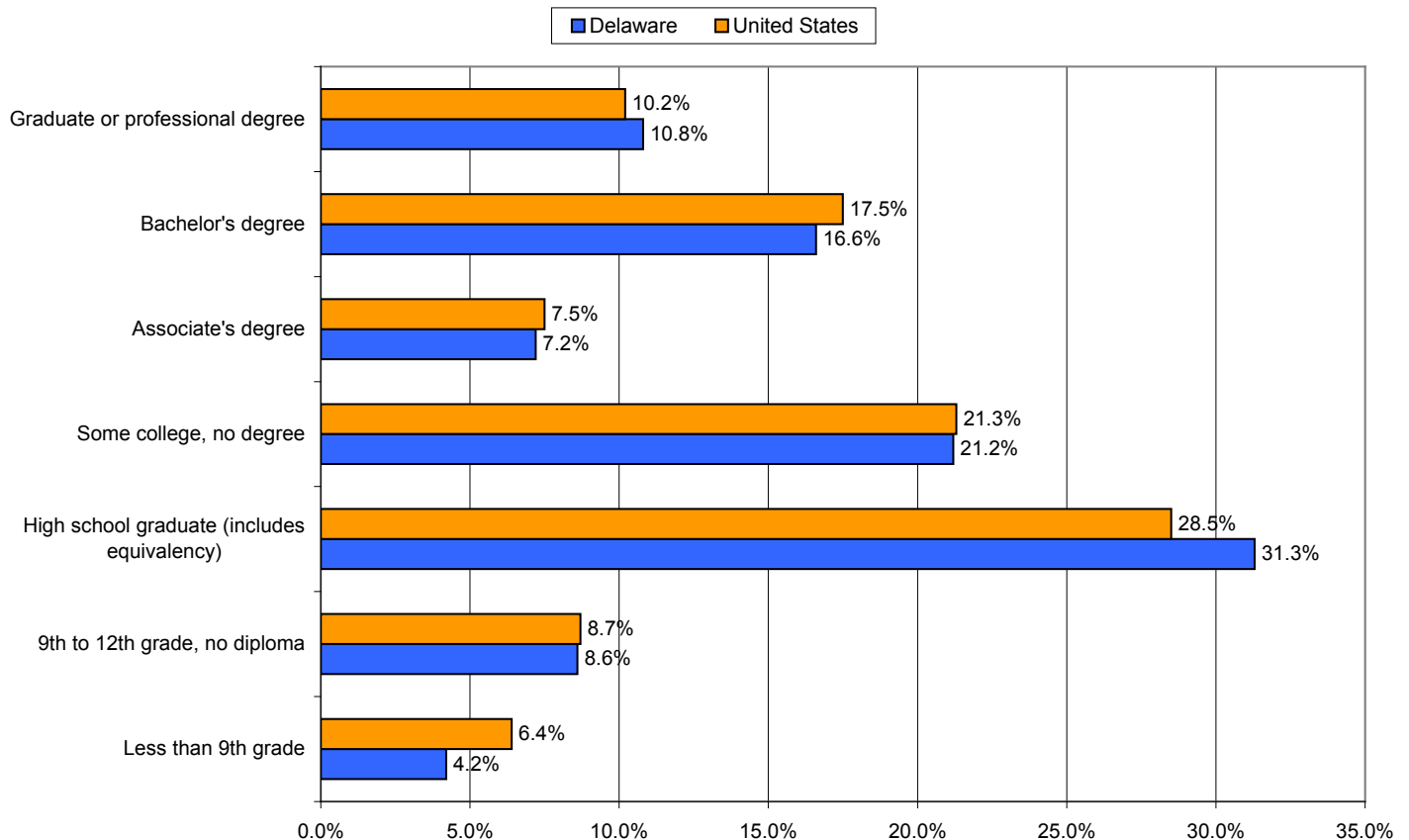
Source: Local Employment Dynamics Program from the U.S. Census Bureau.

## Educational Attainment

Delaware has kept pace with the nation in terms of educational attainment over the past year. Of the Delaware population that is aged 25 or over, 87 percent have at least a high school diploma, and 27.5 percent have a bachelor's degree or higher. In the United States, 85 percent of Americans over 25 have at least a high school diploma, and 27.7 percent hold a bachelor's degree. The data on educational attainment come from the American Community Survey (ACS) which is a relatively new nationwide survey conducted by the Census Bureau that regularly collects information previously only contained in the long form of the decennial census. Data for 2008 are the most recent data available. All educational attainment data are for the portion of the population that is 25 years of age or older.

In Delaware, a higher proportion of women held at least a high school diploma in 2008. While 88 percent of Delaware women have graduated high school, only 86 percent of men have high school diplomas. Roughly the same proportion of men had bachelor's degrees as women in the state. A further breakdown of educational attainment levels yields results fairly similar to those of the nation as a whole. Four percent of Delawareans completed less than ninth grade, and 8.6 percent attended high school but did not graduate. Nearly 17 percent of the Delaware population holds a bachelor's degree as their highest level of education, while almost 11 percent hold a graduate or professional degree. See the graph below for additional categories of educational attainment.

**Educational Attainment in Delaware and the United States, Age 25 and Over, 2008**



Source: American Community Survey data from the U.S. Census Bureau.



Younger Delawareans tend to have higher educational attainment levels than those in older age groups. While about 30 percent of those aged 25 to 44 earned a bachelor's degree, only 20 percent of Delaware residents who are 65 or older have one. This trend is also seen at the national level.

Educational attainment varies slightly throughout the state. New Castle County had the highest educational attainment of Delaware's three counties with over 88 percent of the population having at least a high school diploma in 2008 and nearly a third with a bachelor's degree. Sussex County followed, and Kent County residents had the lowest educational attainment levels in the state.

Higher levels of education directly correlate with greater earnings and lower poverty rates. Those with less than a high school degree in Delaware make \$21,953 in annual earnings and experience a 19 percent poverty rate<sup>1</sup>. Earnings for high school graduates are slightly higher at \$29,953 per year, but they have a significantly lower poverty rate (8.7 percent). A Delawarean with a bachelor's degree would earn nearly \$50,000 in yearly earnings with a poverty rate of only four percent. Very similar trends are also seen at the national level, although Delaware workers earn more than workers nationwide in every educational attainment category.

**Median Annual Earnings by  
Educational Attainment Level**

<b>Educational Attainment</b>	<b>Delaware</b>	<b>United States</b>
Less than high school graduate	\$21,953	\$20,268
High school graduate (includes equivalency)	\$29,386	\$27,479
Some college or associate's degree	\$36,051	\$33,447
Bachelor's degree	\$49,406	\$47,094
Graduate or professional degree	\$63,236	\$62,179

Source: American Community Survey from the U.S. Census Bureau

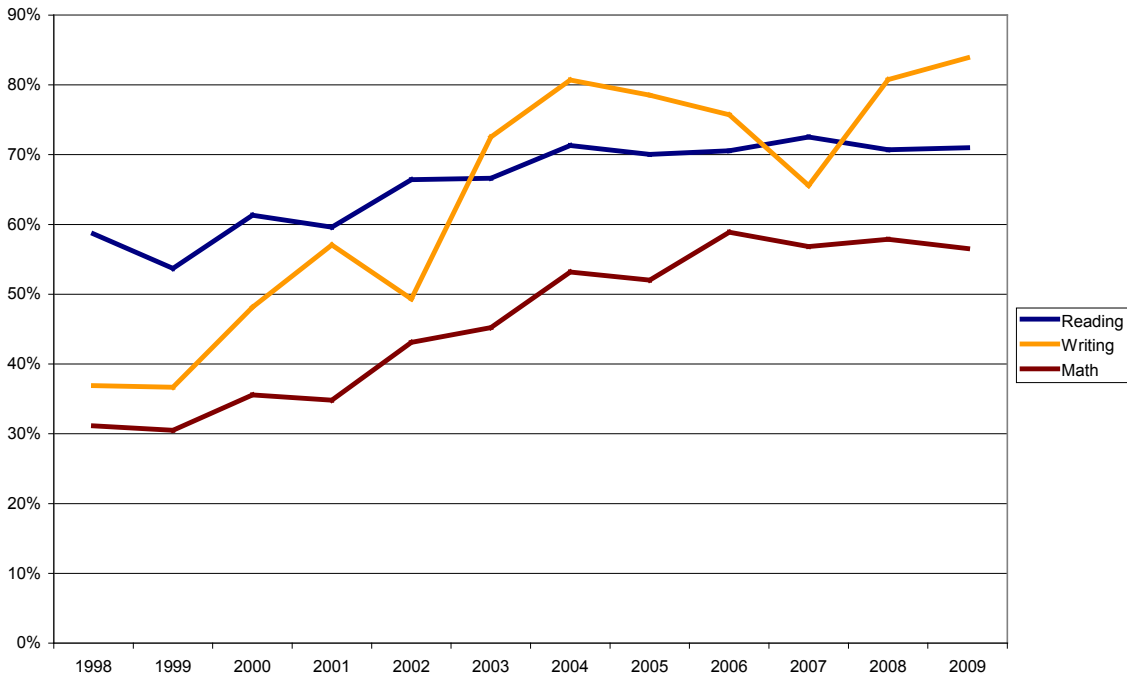
In 2008, total school enrollment for Delawareans aged three and older was 225,475, up three percent since 2006. Increased enrollment is important because if more children are in the area, more parents will be in the area. Parents of school-aged children are usually between 25 and 39 years old, making them of prime working age. Because it is less costly to hire younger workers, employers may move or build facilities where school enrollment is consistently increasing.

Eighty-two percent of students in kindergarten through twelfth grade in 2008 attended Delaware's public schools while 18 percent went to private schools in the state. About 85 percent of high school students went to public schools in 2008, up from 83 percent in 2006. All data on enrollment also come from the American Community Survey.

Academic performance by high school students has been improving over the past decade. All educational performance data are reported by the Delaware Department of Education. In the spring of 2009, tenth grade students took standardized tests in math, reading, and writing as part of the Delaware Student Testing Program. Just over 70 percent of 10<sup>th</sup>-graders met or exceeded the standard in reading while 84 percent reached the same achievement level in writing. However, only 56.5 percent of Delaware 10<sup>th</sup>-graders met or exceeded the standard in math. Test scores in all three subjects are well above their respective averages for the past decade.

<sup>1</sup> Earnings figures are median earnings in the previous 12 months in inflation-adjusted dollars.

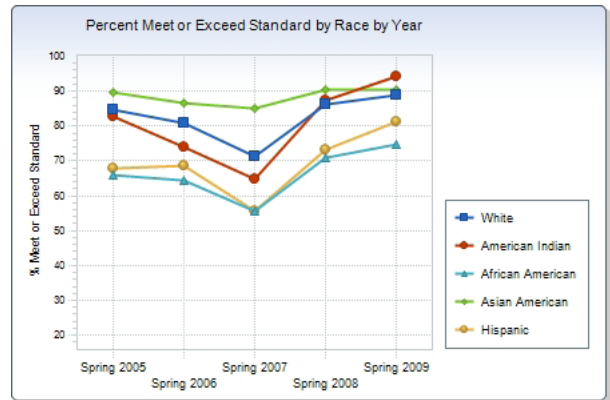
### Percentage of Scores that Meet or Exceed Standard



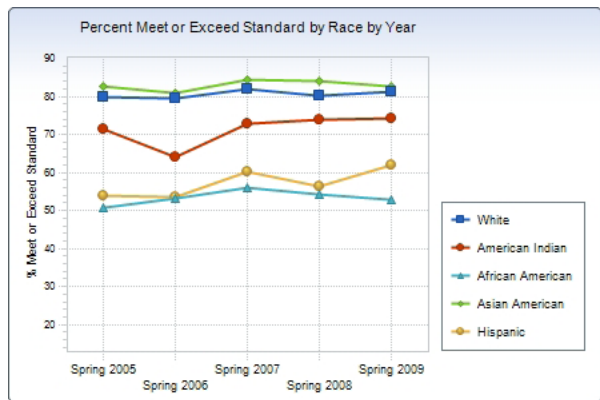
Source: Delaware Department of Education.

In Delaware, test scores vary significantly by race. In all three subject areas, Asian Americans performed the best, though closely followed by white students. Hispanic 10<sup>th</sup>-graders performed consistently lower, and African-American students generally had the lowest achievement levels<sup>2</sup>.

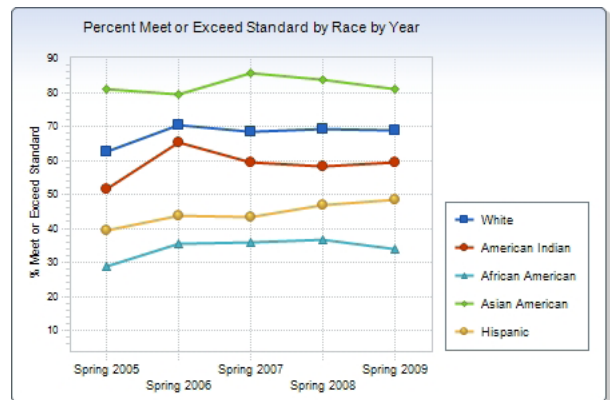
### Writing



### Reading



### Math



<sup>2</sup> Graphs on performance come directly from the Delaware Department of Education website and reflect scores earned by 10th grade students in Delaware.





Delaware had a high school dropout rate of six percent during the 2007-2008 school year, the 6<sup>th</sup> highest dropout rate in the United States (excluding Vermont)<sup>3</sup>. The high school drop out rate reflects the number of students that did not graduate divided by the total number of students in the class. The state dropout rate has been on the rise since 2004 and is above the national average of 4.1 percent. In Delaware, the state dropout rate was 8.2 percent for Hispanic students, 7.7 percent for African-Americans, and 4.9 percent for white high school students.

Delaware’s colleges and universities attract many students from across the country. The state ranks 11<sup>th</sup> of all states (plus Washington, D.C.) in net in-migration of college freshman according to a fall 2008 study by the National Center for Education Statistics. This means that there are more out-of-state students that attend Delaware colleges and universities than Delaware students that leave the state for their college education.

The college graduation rate in Delaware is 71 percent, 16 percentage points higher than the national average. According to a report card compiled by the National Center for Public Policy and Higher Education, Delaware colleges and universities receive a C+ for college preparation, a C- for participation, an F for affordability, and a B for completion.

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**Delaware Report Card**

Category	Grade	Change from Previous Year
Preparation	C+	
Participation	C-	
Affordability	F	
Completion	B	

Source. National Center for Public Policy and Higher Education

## Financial Markets

At the end of 2009, there were 31 total institutions insured by the Federal Deposit Insurance Corporation (FDIC) in Delaware. Twenty-four were commercial banks, and seven were savings institutions. Data in this section come from the Statistics on Depository Institutions collected and published by the FDIC, which guarantees the safety of deposits at member banks up to \$250,000 per depositor. In June 2007, before the recession began, Delaware had 35 FDIC-insured institutions, although none of the banks that make up the difference appears on the FDIC’s failed bank list. There were 8,012 FDIC-insured institutions nationwide in December 2009, down from 8,614 in June 2007.

Net loan and lease financing in Delaware decreased to \$3.8 million in September 2009 from \$4.1 million in September 2008, a decline of 7.7 percent. Nationally, net loans and leases fell eight percent over the same period. Noncurrent loans and leases (those past due by more than 90 days) increased by nearly 64 percent in Delaware from September 2008 to September 2009. Over the same period, U.S. noncurrent loans and leases were up nearly 96 percent. While the availability of loans has been decreasing, the number of loan payments that are past due are increasing at a much faster rate.

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<sup>3</sup> Data on high school dropout rates are from the Common Core of Data compiled by the U.S. Department of Education’s National Center for Education Statistics.

## Poverty

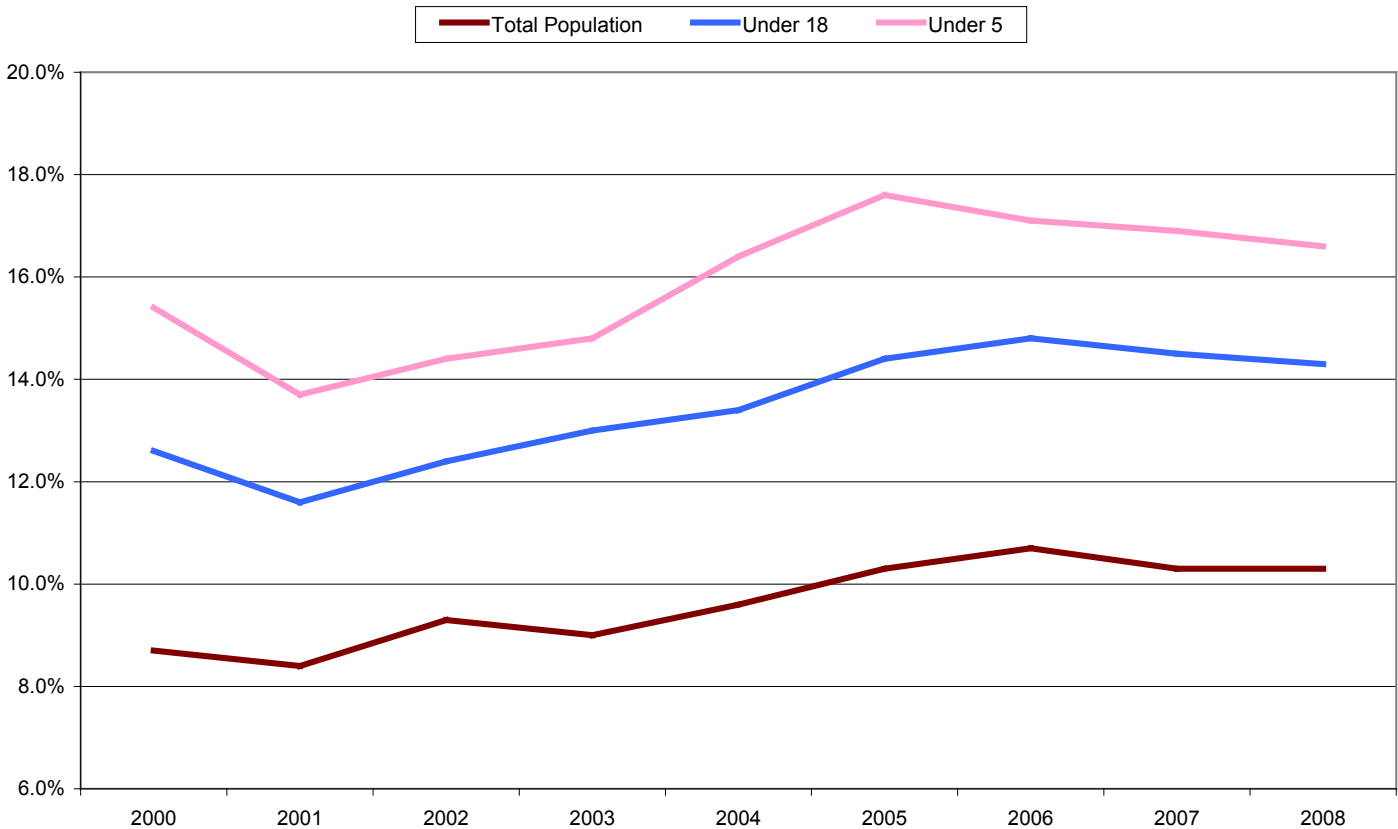
The number and proportion of the population in poverty are often good indicators of wealth distribution in an economy. Poverty describes people who are unemployed, employed below a certain level of income necessary for sustaining healthy lifestyles, or unable to work. A high poverty rate correlates with a high crime rate, poor health status due to malnutrition, and a heavier reliance on social welfare. Data in this section come from the 2008 American Community Survey (ACS) produced by the Census Bureau. The ACS is a fairly new survey that gathers data previously only collected every ten years by the long form of the census.

In 2008, nearly 88,000 Delawareans lived below the poverty threshold. This represents 10.3 percent of the state population. The Federal Poverty Level (FPL), set by the U.S. Department of Health and Human Services, was \$21,200 for a family of four in 2008. The number of Delawareans in poverty has risen by nearly 20,000

people since 2000 when only 8.7 percent of the state population was in poverty. However, the poverty rate in Delaware has fallen recently, from its peak of 10.7 percent in 2006. Nationally, 39.1 million Americans, or 13.2 percent, were living below the poverty line. Poverty in the U.S. has also been trending upward since 2000 when only 11.3 percent of the nationwide population was in poverty.

A larger proportion of children are living in poverty at both the state and national levels. In Delaware, 14.3 percent of those under 18 were in poverty. Even more startling, 16.6 percent of children under five live in families with incomes below the poverty threshold. These figures peaked between 2005 and 2006 and have slowly trended downward since. In the United States, over 18 percent of those under 18 and 21.2 percent of those under five lived in poverty in 2008.

**Percentage of Population in Poverty in Delaware by Age, 2000-2008**



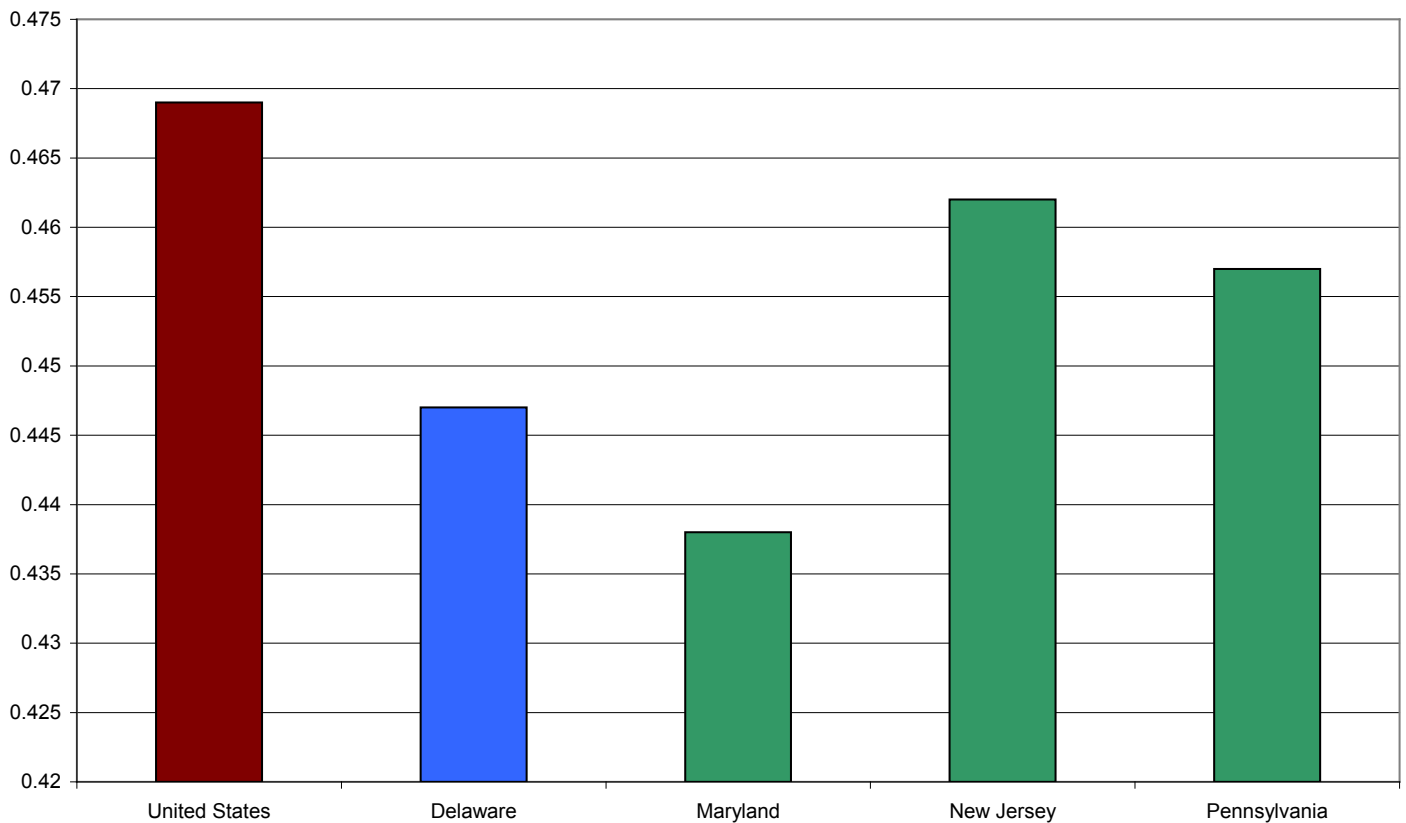
Source: American Community Survey from the U.S. Census Bureau.

The Gini Index is an index published by the ACS that shows the inequality of wealth distribution. A low index reflects a more equal wealth distribution, while a high coefficient suggests greater disparity. An index of zero would imply perfect equality. In 2008, the Gini Index for Delaware was 0.447, up from 0.434 in 2006, suggesting that the distribution of wealth has become more disproportionate recently. The state, however,

has more equitable wealth than the nation as a whole which has a Gini coefficient of 0.469. Delaware also has a lower Gini value than two of its three bordering states. Pennsylvania has an index value of 0.457, and New Jersey has a coefficient of 0.462. Maryland has a Gini Index of 0.438, making it the state with the most equal wealth distribution of Delaware and its neighboring states.

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**Gini Index, U.S., Delaware, and Neighboring States, 2008**



Source: American Community Survey from the U.S. Census Bureau.