

**Introduction**

This edition of Kevin's Corner is the first of an occasional series profiling the employment and wage history of various industry sectors in Vermont. The series will rely on data from Vermont's Quarterly Census of Employment and Wages (QCEW) to review how employment and wages in a sector have changed over the years. QCEW is a count of all employment covered by the state's unemployment insurance program. Because it is a census it is considered the most accurate available count. The series history back to 1988 is available at <http://www.vtlni.info/jndnaics.htm>.

Industry classifications within QCEW are based on coding from the North American Industry Classification System or NAICS. NAICS is a standardized, 6-digit hierarchy system that groups establishments by primary business activity for statistical purposes. Within that framework, Manufacturing encompasses all establishments with codes beginning with 31 through 33.

*Defining the Sector*

According to the NAICS system the Manufacturing supersector comprises "establishments engaged in the mechanical, physical or chemical transformation of materials, substances or components into new products... Establishments in the Manufacturing sector are often described as plants, factories or mills and characteristically use power-driven machines and materials-handling equipment. However, establishments that transform materials or substances into new products by hand or in the workers home and those engaged in selling to the general public products made on the same premises from which they are sold, such as bakeries, candy stores and custom tailors, may also be included in this sector."<sup>i</sup>

The Manufacturing supersector is subdivided into the manufacture of durable and non-durable goods. Durable goods are those that do

not quickly wear out, items that yield utility over time instead of being consumed in one use. Durable goods typically have long periods between successive purchases – automobiles, home appliances, home electronics, furniture and other items.

Nondurable goods are those that are immediately consumed or have a lifespan of less than three years. These include items such as cosmetics, cleaning products, food, fuel, clothing and footwear.

**Manufacturing in Vermont and The United States**

At the February, 2020 start of the current recession manufacturing employment in the United States stood at 12,795,000 or approximately 8.1% of all US employment<sup>ii</sup>. Vermont's manufacturing employment during the same period was 29,730 or 9.6% of all covered employment in the state, meaning Vermont has a higher concentration of manufacturing employment than the US as a whole.

Using February 2020 as our base once again, Vermont's manufacturing employment consisted of 18,329 jobs in the manufacture of Durable Goods and 11,401 in Non-Durable Goods, shares of 61.7% and 38.3% respectively. The division was quite similar at the national level with 62.7% being employment in Durable Goods manufacturing (see table below)

*Manufacturing Employment in Vermont and the US*

Industry	VT Employment (Share of total)	US Employment (Share of total)
Manufacturing	29,730 (9.6%)	12,795,000 (8.1%)
Durable Goods	18,329 (5.9%)	8,036,000 (5.1%)
Non-Durable Goods	11,401 (3.7%)	4,759,000 (3.0%)

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While it's not the topic of this review we should note that Manufacturing employment declined significantly as a result of the global pandemic. Nationally, over 1.36 million Manufacturing jobs (10.6%) were lost between February and April of 2020. By December employment had increased by 899,000, erasing about 66% of the losses.

Here in Vermont Manufacturing employment declined more steeply in the early part of the pandemic. Between February and April it fell 5,375 jobs or 18.1%. Using the latest available QCEW data we know that Manufacturing regained 3,244 (60.4%) of those jobs by June.

### History of Manufacturing Employment in 21<sup>st</sup> Century Vermont

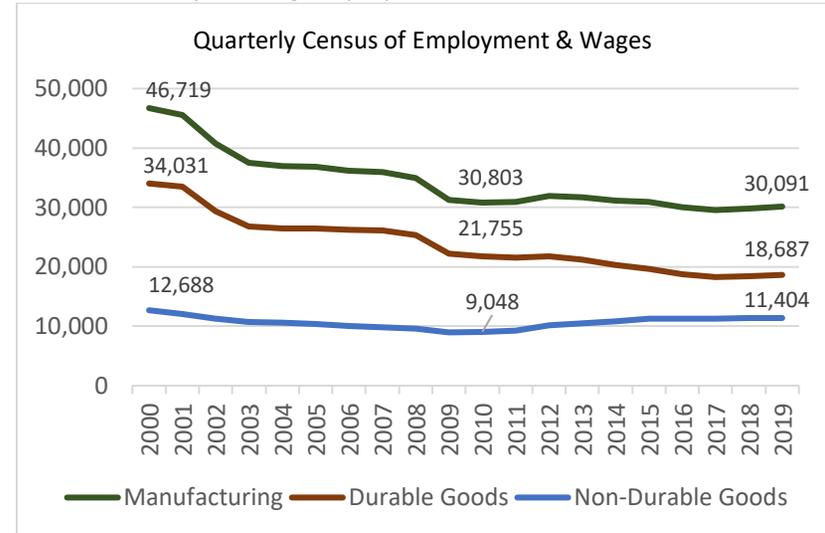
The trend in Manufacturing employment in the 21<sup>st</sup> century has been decline. After adding about 5,000 manufacturing jobs between 1993 and 2000 employment began to decline with the new millennium. It fell by 35.6% or 16,628 job over the 20 year period from 2000 to 2019. The decline is not unique to Vermont; it mirrors a national trend: During the same 20-year period US Manufacturing employment fell just over 5 million or 29%.<sup>ii</sup>

Durable Goods employment declined by 45.1% or 15,344 jobs over the 20-year period. Every published sub-industry within Durable Goods declined. The smallest losses in Durable Goods were found in Miscellaneous manufacturing (-15.5% or -301 jobs) and Nonmetallic mineral product manufacturing (-25.4% or -536 jobs).

Non-Durable Goods Manufacturing employment declined during the the first decade of the 2000's, falling 29.3% (-3,723) between 2000 and 2009. Since 2009, however, it has added 2,440 jobs. Over the entire 20-year period several sub-industries have experienced significant employment gains. These include Food manufacturing (+1,161 or 28.5%), Beverage and tobacco manufacturing (+842 or

345.1%) and Plastics and rubber products manufacturing (+120 or 10.7%).

Vermont Manufacturing Employment, 2000 - 2019



### Manufacturing Wages in Vermont

In 2019 the average annual wage across all industries and all ownerships in Vermont was \$49,342. In the Manufacturing supersector the average annual wage was \$60,807, about 23% higher than the all-industry average. The average wage in the Durable Goods sector was \$66,057 while in the Non-Durable Goods sector the average was \$52,205.

In nominal terms wages in Vermont's wage growth across all sectors has averaged 2.7% for the past 20 years. In the Durable Goods Manufacturing sector wages have increased at an average annual rate of 2.3% while in Non-Durable Goods they have increased at a rate of 2.2%



## Citations

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<sup>i</sup> North American Industry Classification System. Retrieved from Bureau of Labor Statistics, United States Department of Labor.  
<https://www.bls.gov/iag/tgs/iag31-33.htm>

<sup>ii</sup> Current Employment Statistics. Retrieved from Bureau of Labor Statistics, United States Department of Labor.  
<https://www.bls.gov/charts/employment-situation/employment-levels-by-industry.htm>

All other data: Quarterly Census of Employment & Wages, Economic & Labor Market Information Division, Vermont Department of Labor.  
<http://www.vtlmi.info/industry.cfm>

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