

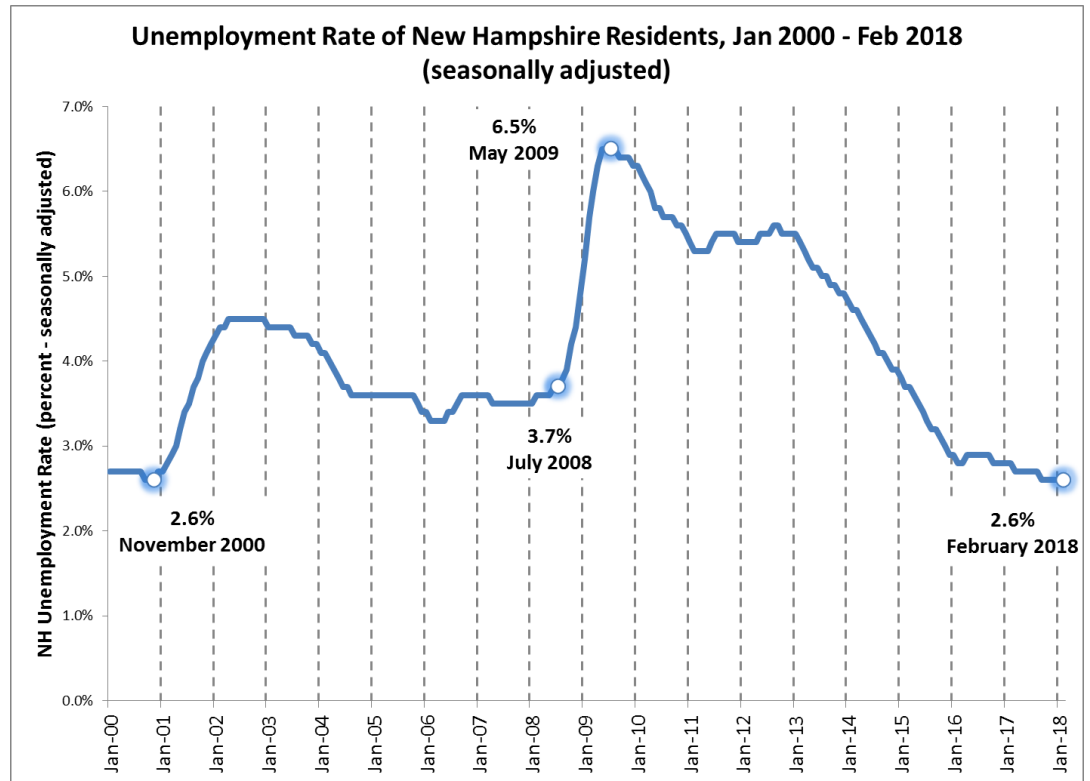
Joint Economic Update: The New Hampshire Labor Market

Presentation to
House Finance and Ways and Means Committees
joint with
Senate Finance Committee

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Economic and Labor Market Information Bureau
New Hampshire Employment Security
April 13, 2018

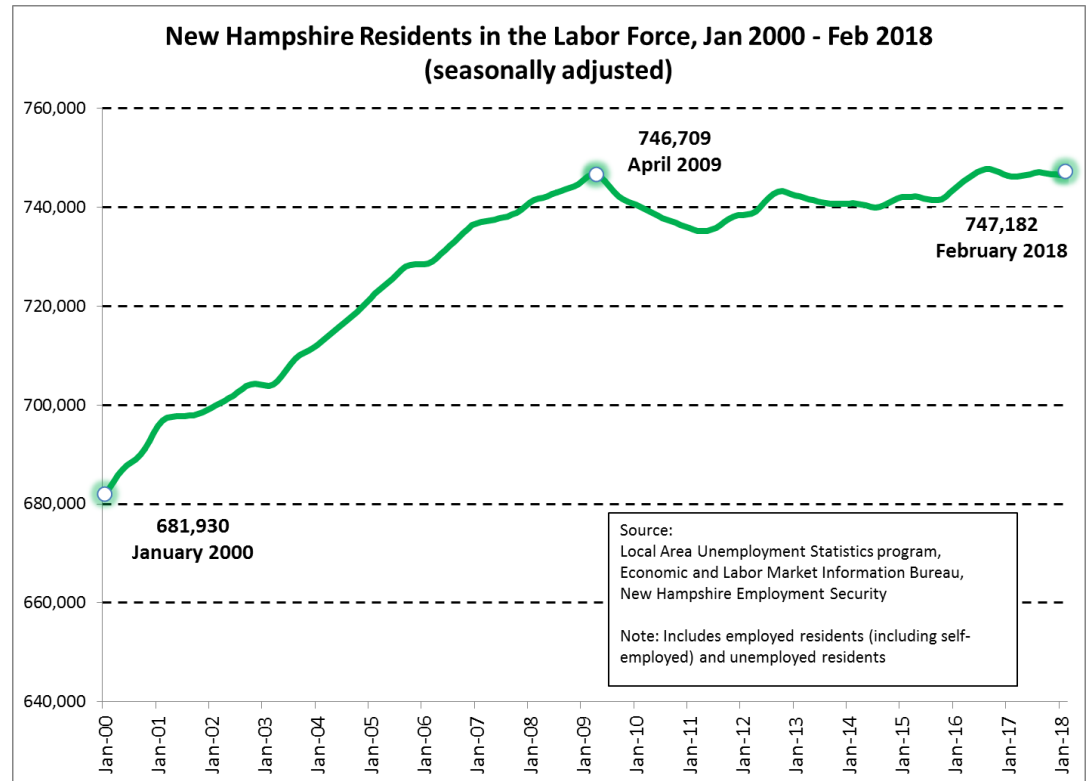
New Hampshire's unemployment rate is 2.6%

- The latest New Hampshire unemployment rate was estimated at 2.6% for February 2018
- The 2.6% ranks New Hampshire as second lowest in the nation, behind Hawaii, and tied with North Dakota
- Since January 2016 the unemployment rate has fluctuated within a narrow range – between 2.6% to 2.9%
- The annual average unemployment rate in 2017 was 2.7% - third lowest in the nation



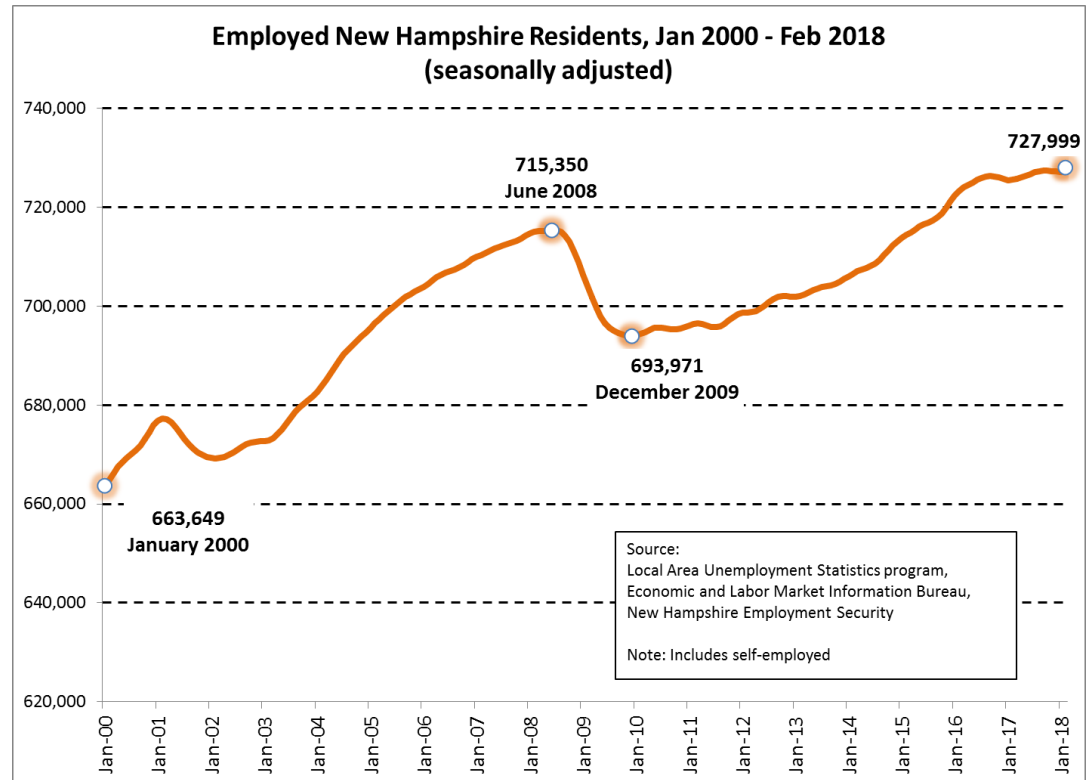
Relatively Little Fluctuation in the Labor Force since 2012

- The latest available estimate of the labor force pegs it at slightly higher than the level in April 2009, before a drop in response to the recession and its aftermath
- Recent positive net migration should help boost the labor force slightly



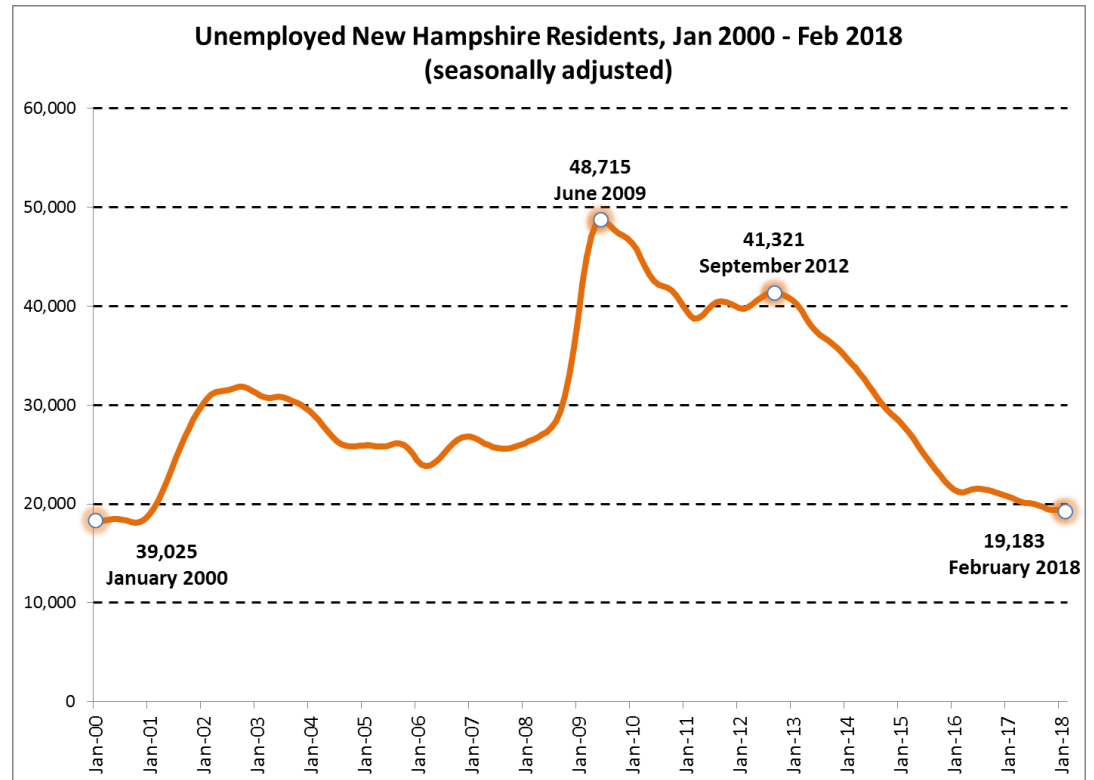
Employed New Hampshire residents

- The number of employed New Hampshire residents was estimated at 727,999 in February
- These estimates include self-employed persons
- These persons are not necessarily working in New Hampshire – this employment number reflects the experience of people who live in the state, regardless of where they are employed



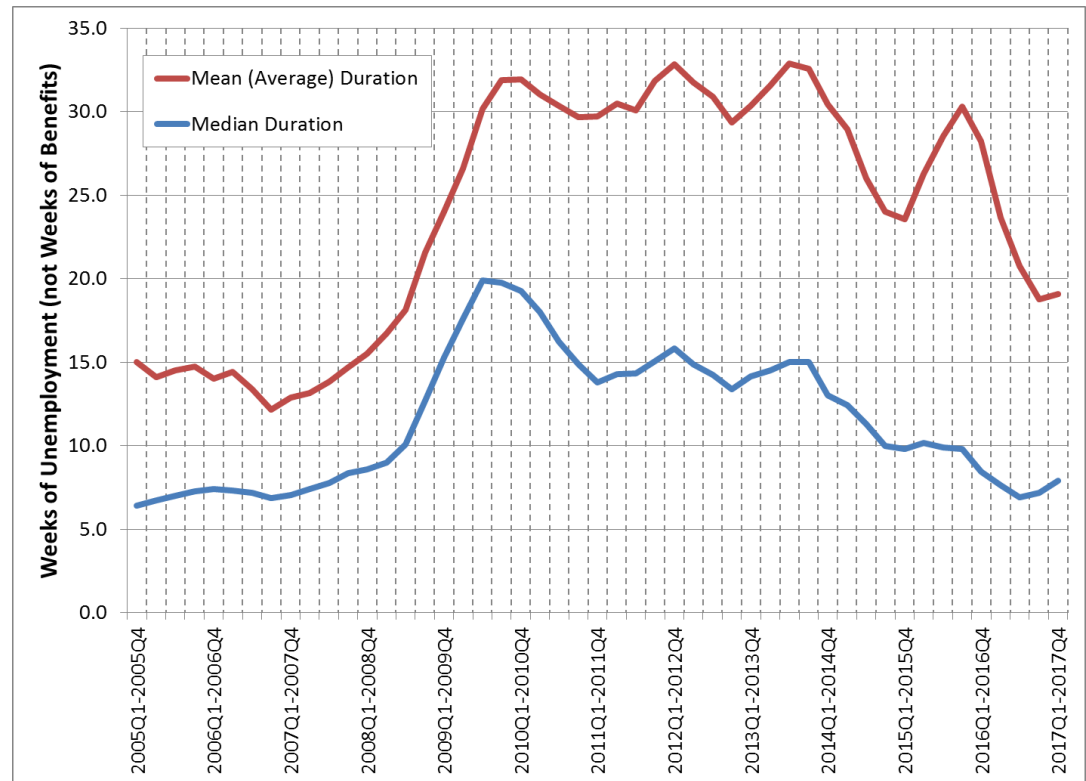
Unemployed New Hampshire residents

- The number of unemployed New Hampshire residents was estimated at 19,183 in February
- This is the lowest level since January 2001 – two recessions ago
- These persons are residents of New Hampshire – they may have been employed in the state, or out-of-state – the unemployment number reflects the experience of people who live in the state, regardless of where they were employed



Duration of Unemployment

- For the four quarters of 2017, the mean (average) duration of unemployment was slightly over 19 weeks
- For 2017, median (midpoint) duration of unemployment was under 8 weeks
- This is an indication that long-term unemployed persons compose a relatively large share of the unemployed and are pulling up the average duration of unemployment
- This reflects weeks of unemployment, not weeks of unemployment compensation benefits



Different measures of labor underutilization help place the official definition of unemployment in perspective; known as U-1 through U-6, these measures tend to move in tandem

Alternative Measures of Labor Underutilization Annual Averages

Alternative Measures of Labor Underutilization - New Hampshire - Annual Averages

Measure	2012	2013	2014	2015	2016	2017
U-1, persons unemployed 15 weeks or longer, as a percent of the civilian labor force	2.9%	2.5%	1.9%	1.3%	1.0%	0.9%
U-2, job losers and persons who completed temporary jobs, as a percent of the civilian labor force	3.3%	3.0%	2.4%	1.9%	1.5%	1.5%
U-3, total unemployed, as a percent of the civilian labor force (this is the definition used for the official unemployment rate) *	5.6%	5.2%	4.2%	3.4%	2.8%	2.8%
U-4, total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	6.0%	5.4%	4.5%	3.7%	3.0%	2.9%
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	6.7%	6.2%	5.2%	4.2%	3.6%	3.5%
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	11.2%	10.9%	9.7%	8.0%	6.4%	6.2%

* Due to small state sample sizes, monthly state Current Population Survey (CPS) data do not meet Bureau of Labor Statistics (BLS) publication standards, and moving average estimates of alternative measures for states had not been tabulated until recently. These data were developed by BLS from quarterly tabulations in which the components of each measure are rounded to the nearest hundred. As a result, the newly tabulated estimates contain slightly more rounding error than that found in typical CPS annual average tabulations (in which rates are based on unrounded data). Note that the unemployment rates (U-3) that are shown in the table are derived directly from the CPS. As a result, these U-3 measures may differ from the official state unemployment rates for the latest 4-quarter average period. The latter are monthly estimates developed from models used by the Local Area Unemployment Statistics (LAUS) program that incorporate CPS estimates, as well as input data from other sources.

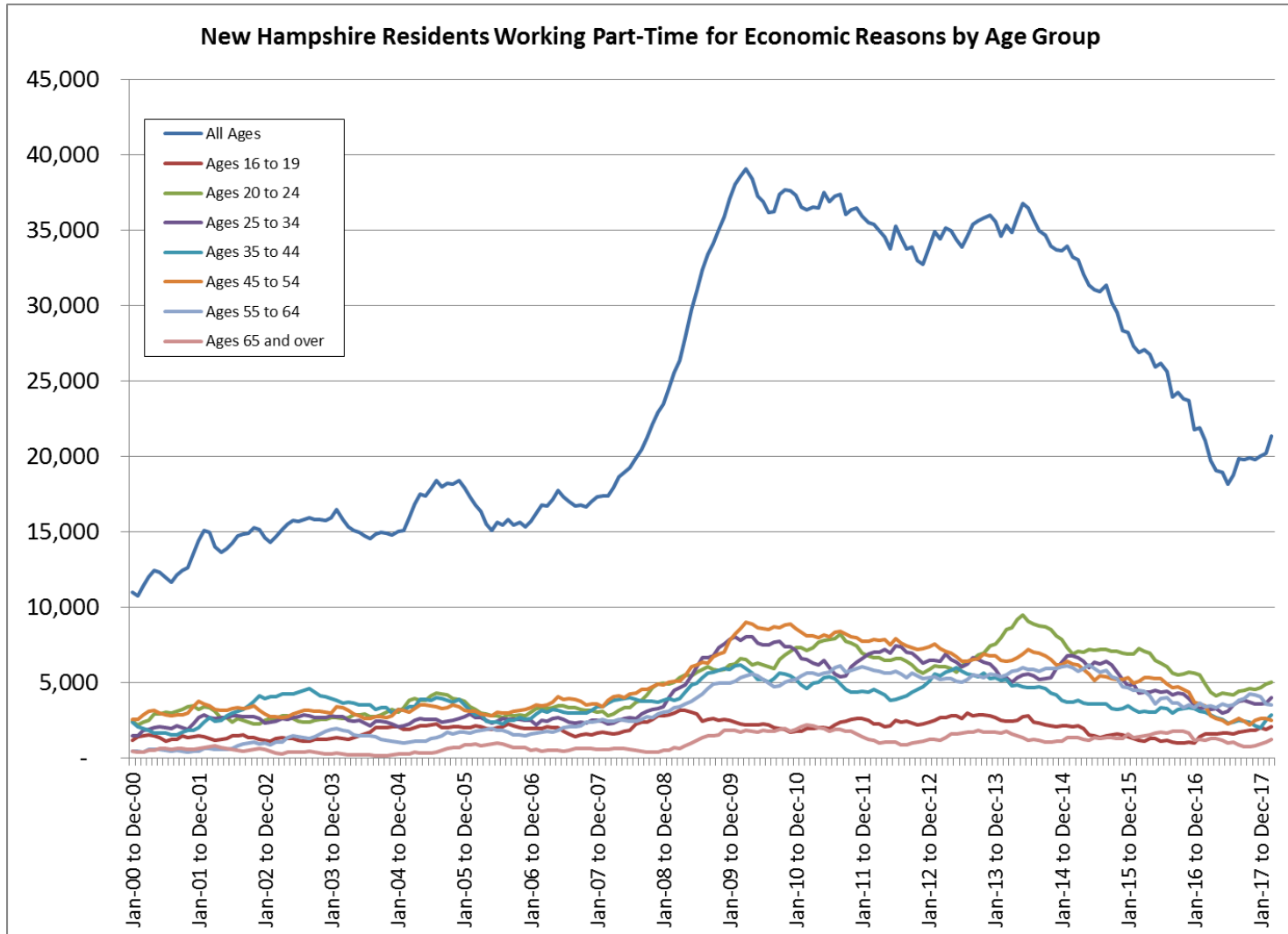
For further explanation of these Alternative Measures of Labor Underutilization, please see Alternative Measures of Labor Underutilization May 2009, on the NHES ELMI website at www.nhes.nh.gov/elmi/statistics/documents/underutilization.pdf

The numbers behind the Alternative Measures of Labor Underutilization for New Hampshire

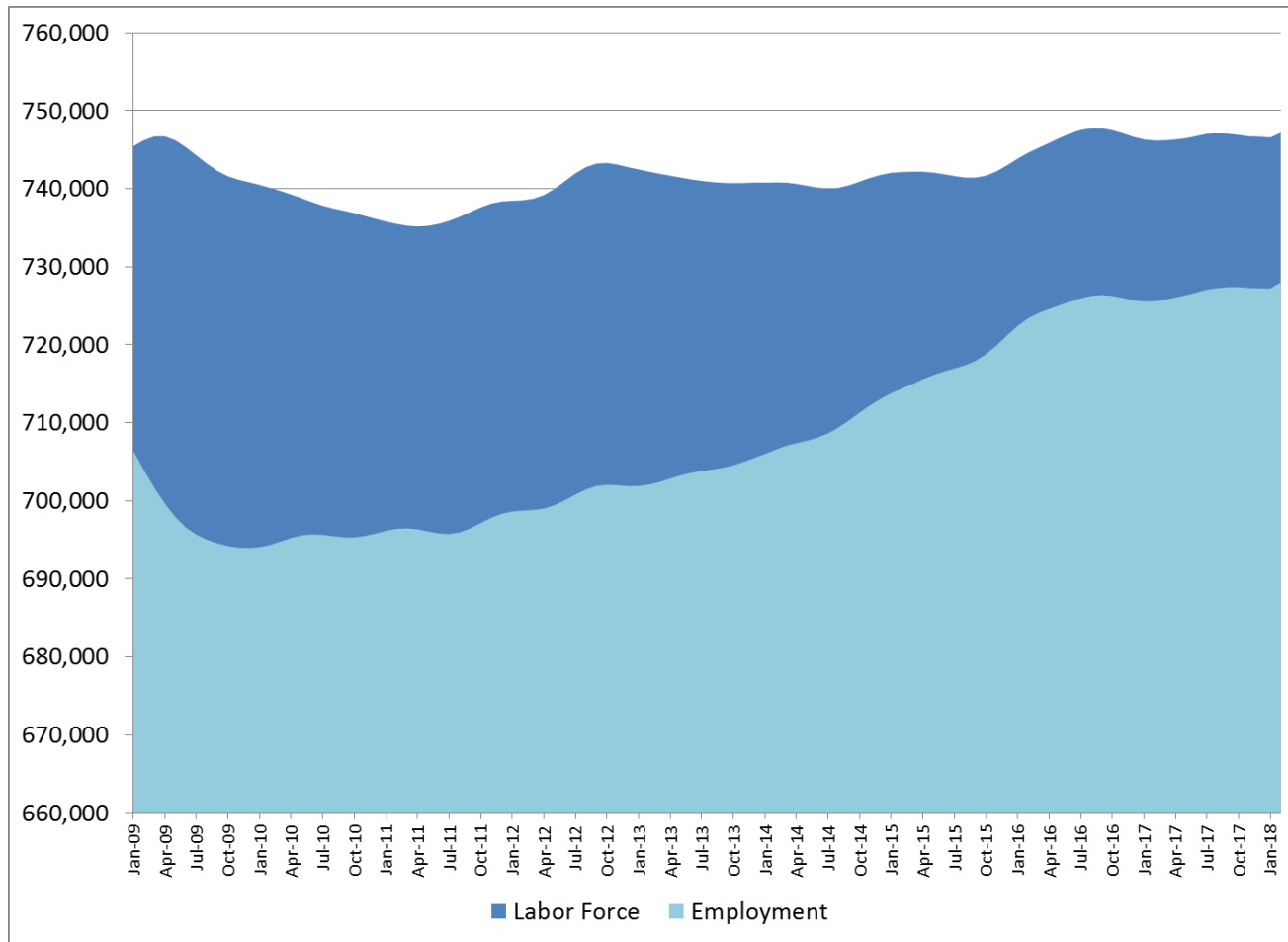
- Most components of the alternative measures for labor underutilization for New Hampshire have continued to decrease over the past couple of years

	Four Quarter Averages		
	2015Q1 – 2015Q4 (January 2015 – December 2015)	2016Q1 – 2016Q4 (January 2016 – December 2016)	2017Q1 – 2017Q4 (January 2017 – December 2017)
Employed New Hampshire residents *	716,900	729,700	720,600
Employed New Hampshire residents working part-time for economic reasons *	28,200	21,800	20,000
Unemployed New Hampshire residents *	25,600	21,000	20,400
New Hampshire residents who want a job, but have not searched for one in the past month (excluded from the unemployment estimates) *			
Residents who want a job but have not searched for one in the past year	12,400	11,400	10,400
Residents who want a job and have searched for one in the past year, but not in the past month, and are currently not available for work	2,600	3,400	2,400
Residents who want and are available for a job, have searched for a job in the past year, but not in the past month due to discouragement	1,900	1,500	1,000
Residents who want and are available for a job, have searched for one in the past year, but not in the past month due to reasons other than discouragement	4,300	4,500	4,600
Unemployment benefit claimants - New Hampshire residents (all programs) **	4,800	4,100	3,600
* Based on Current Population Survey (CPS) raw data. The CPS is the only source of data for the various components of the Alternative Measures of Labor Underutilization. The number of residents employed or unemployed, and any rates developed using these numbers may not match those of the Local Area Unemployment Statistics (LAUS) program, which uses additional data in an econometric modeling process to estimate labor force employment and unemployment statistics.			
** Based on Unemployment Insurance (UI) System data. Includes regular UI programs, Emergency Unemployment Compensation (EUC08), and Extended Benefits (EB) programs.			
Prepared by New Hampshire Employment Security, Economic and Labor Market Information Bureau, 45 South Fruit Street, Concord, New Hampshire 03301			

Persons working part-time for economic reasons are considered to be working part-time involuntarily; this number has decreased by half over the past eight years. The vast majority of persons working part-time do so out of choice.



The gap between labor force and employment keeps getting narrower and narrower



Population helps drive the labor force

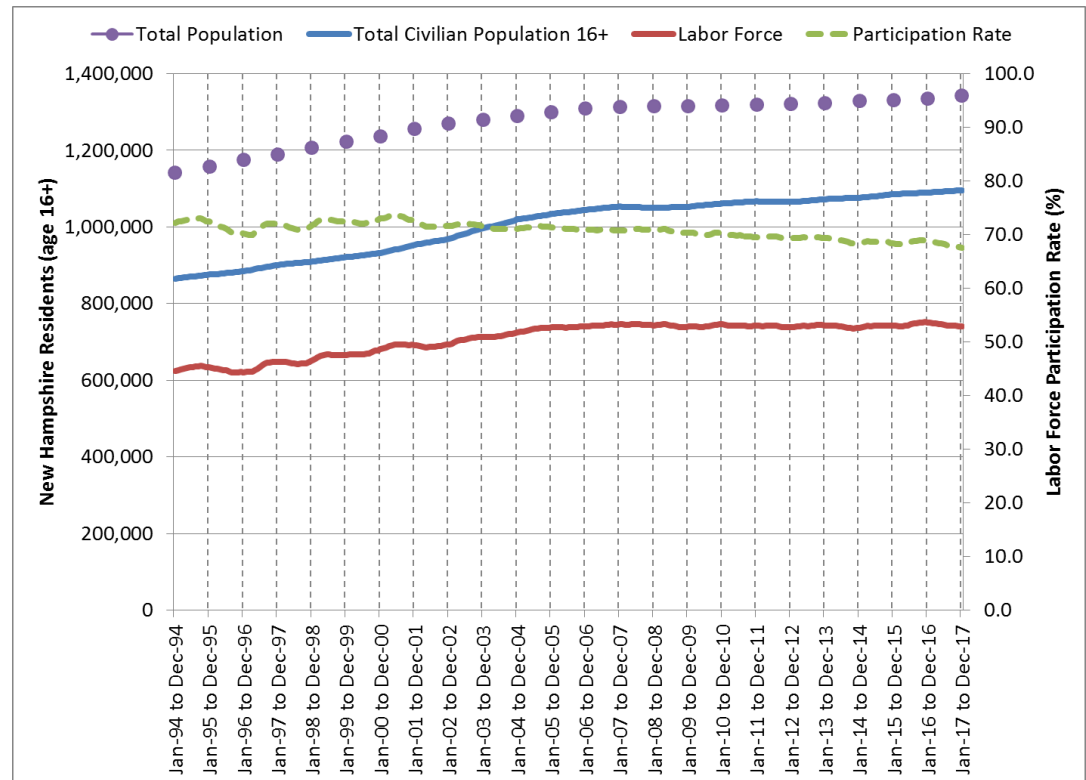
Total population grew by about 200,000 from 1994 to 2017

- Averaged about 15,000 per year from 1994 to 2004
- Dropped to only about 200 in 2009
- Averaged a little over 5,000 during past four years

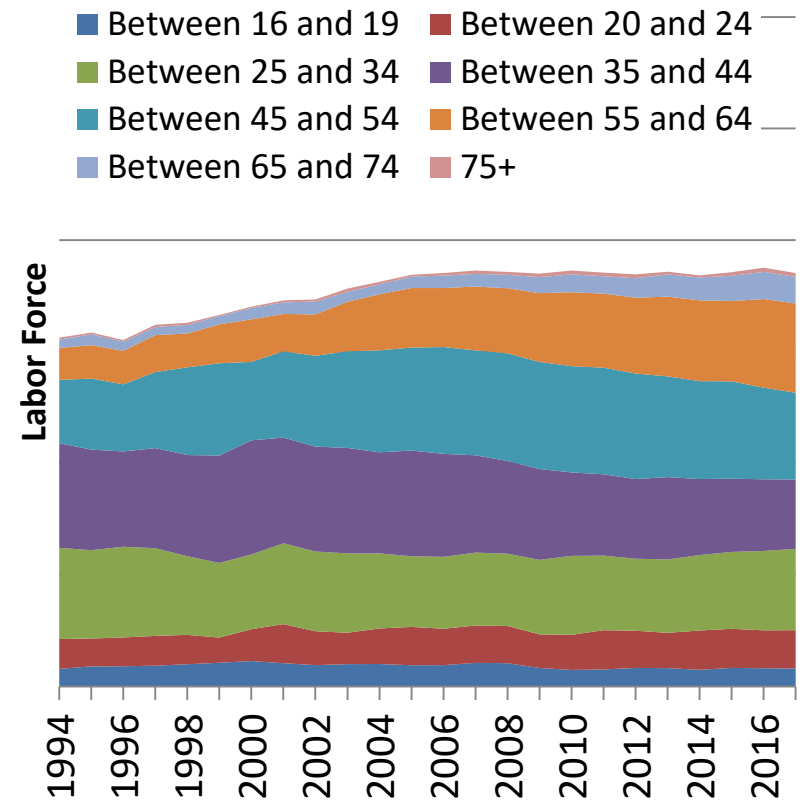
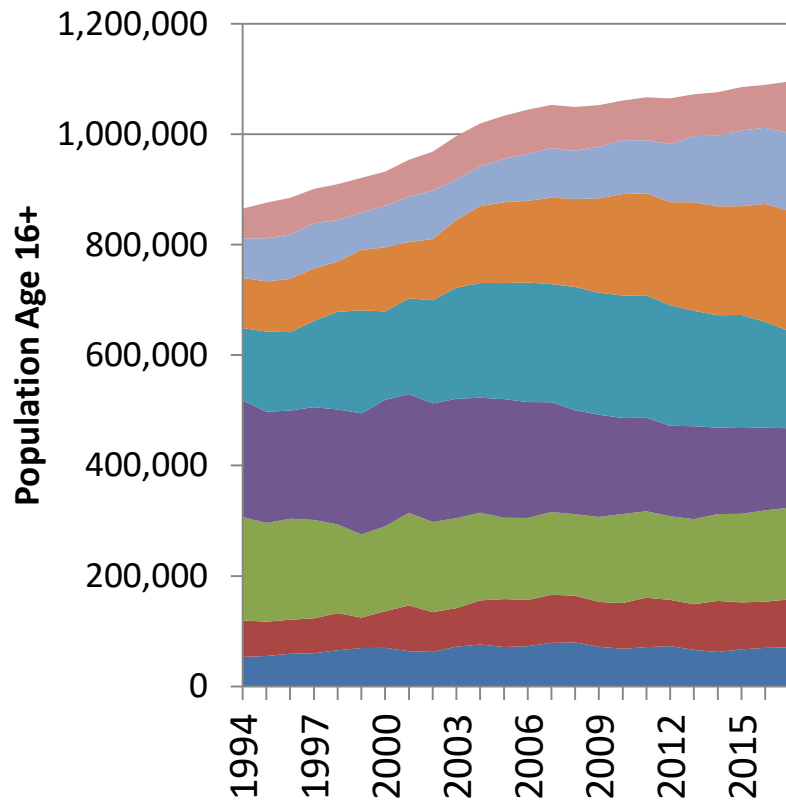
The Civilian Noninstitutional Population 16+ grew by about 230,000 from 1994 to 2017

The share of Total Population that was 16+ went from over 75% in 1994 to over 81% in 2017

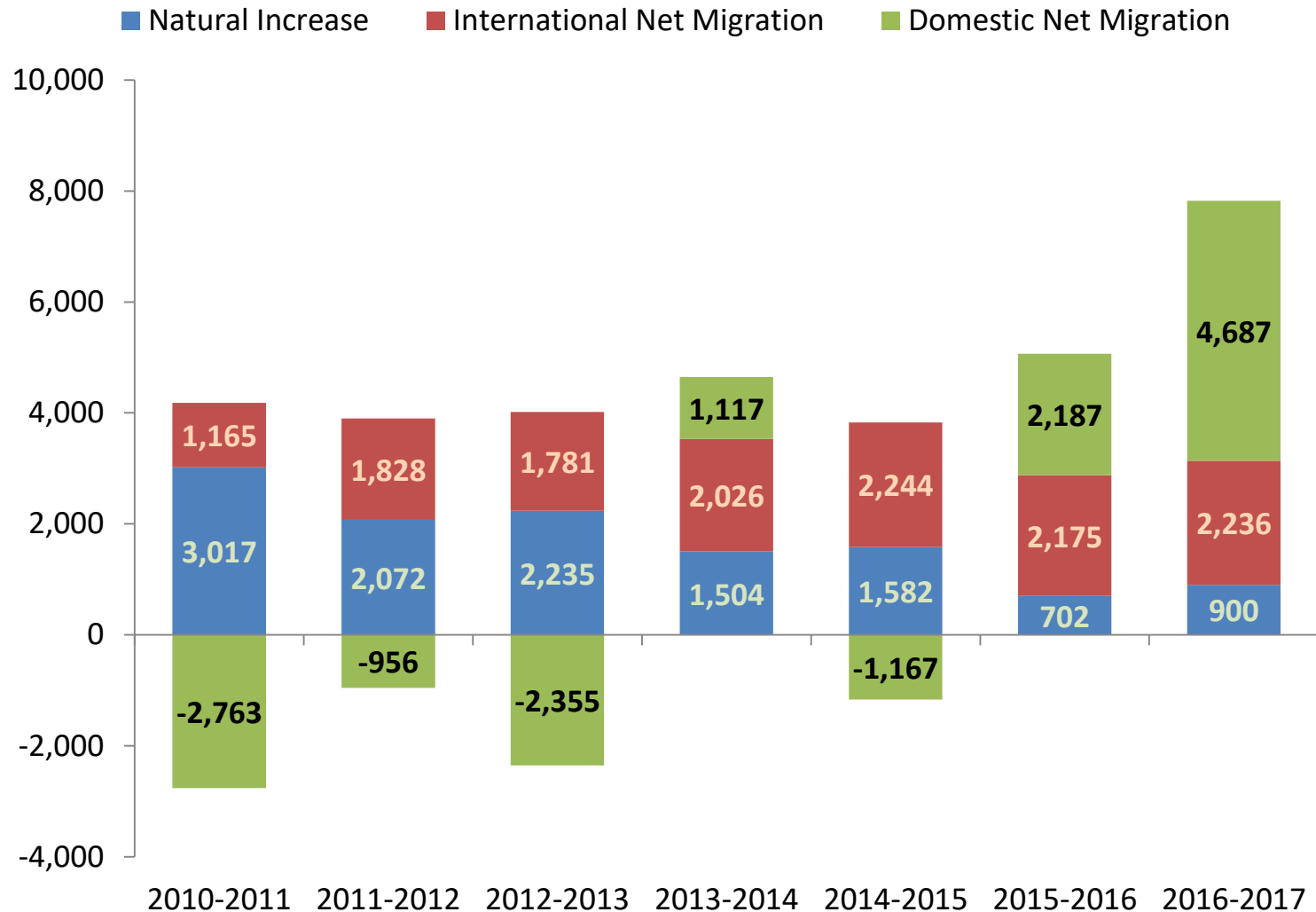
Labor Force grew by about 115,000



A side-by-side profile of population (age 16+) trends and the labor force displays the impact of our aging population



Net Domestic Migration has been the largest component of population change in New Hampshire for the past two years (measured over-the-year from July 1 to July 1)



Estimates of net domestic in-migration from the 1-year American Community Survey is consistent with other, overlapping Census estimates – and provides some good news for the labor force

People under age 35 are more mobile, people age 25 to 54 are coming more than going and people over 64 are leaving.

Age	New Hampshire Domestic In-Migration	New Hampshire Domestic Out-Migration	Net New Hampshire Domestic In-Migration
Total	50,397	46,351	4,046
Age 18 and under	9,489	9,615	-126
Age 19 to 24	9,940	9,297	643
Age 25 to 34	13,139	11,294	1,845
Age 35 to 44	4,998	3,655	1,343
Age 45 to 54	4,733	3,233	1,500
Age 55 to 64	3,000	2,804	196
Age 65 to 74	2,628	3,649	-1,021
Age 75 and over	2,470	2,804	-334

Source: American Community Survey (ACS) public use microdata sample for 2016. Prepared by New Hampshire Employment Security, Economic and Labor Market Information Bureau, 45 South Fruit Street, Concord, New Hampshire 03301.

- These estimates for 2016 peg net domestic in-migration at 4,046
 - Between the Jul 2015-July 2016 estimate of 2,187 and the July 2016-July 2017 estimate of 4,657
- Largest contributors to net in-migration were
 - Ages 25-34 (+1,845)
 - Ages 35-44 (+1,343)
 - Ages 45-54 (+1,500)
- Net losses in the lowest and highest age ranges

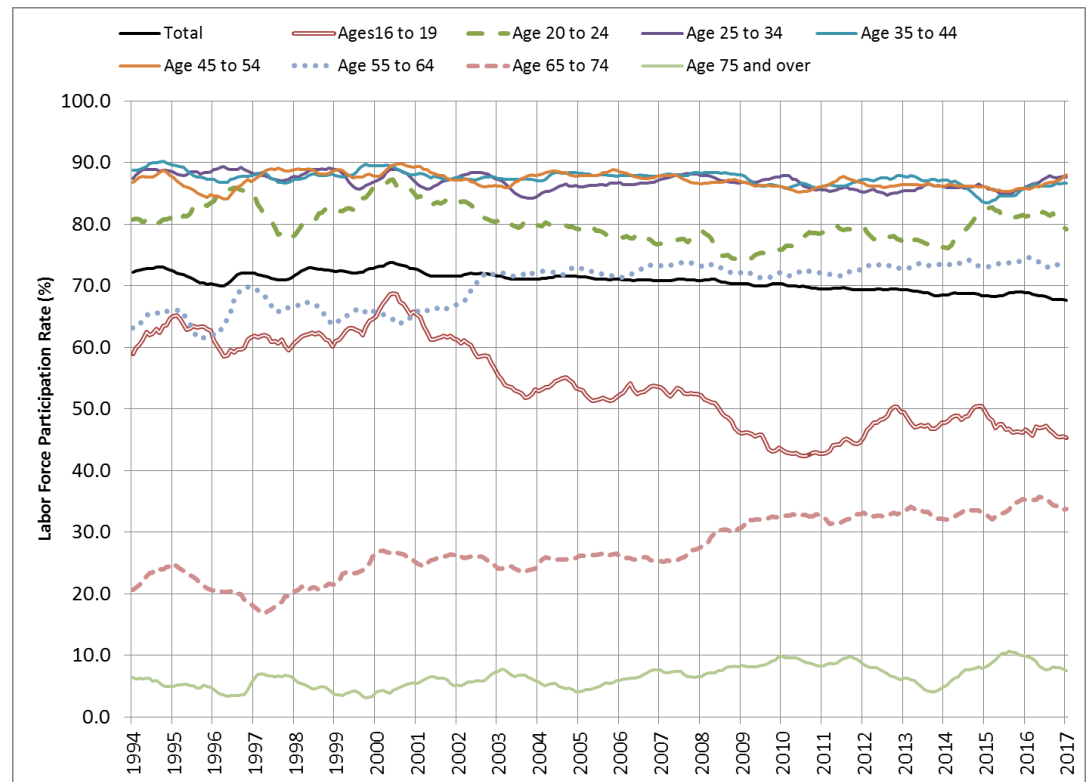
Overall labor force participation has continued to trend downward slightly

In 2017 the Labor Force Participation Rate (LFPR) averaged 67.6 percent. The LFPR had reached 73.0% in 2000.

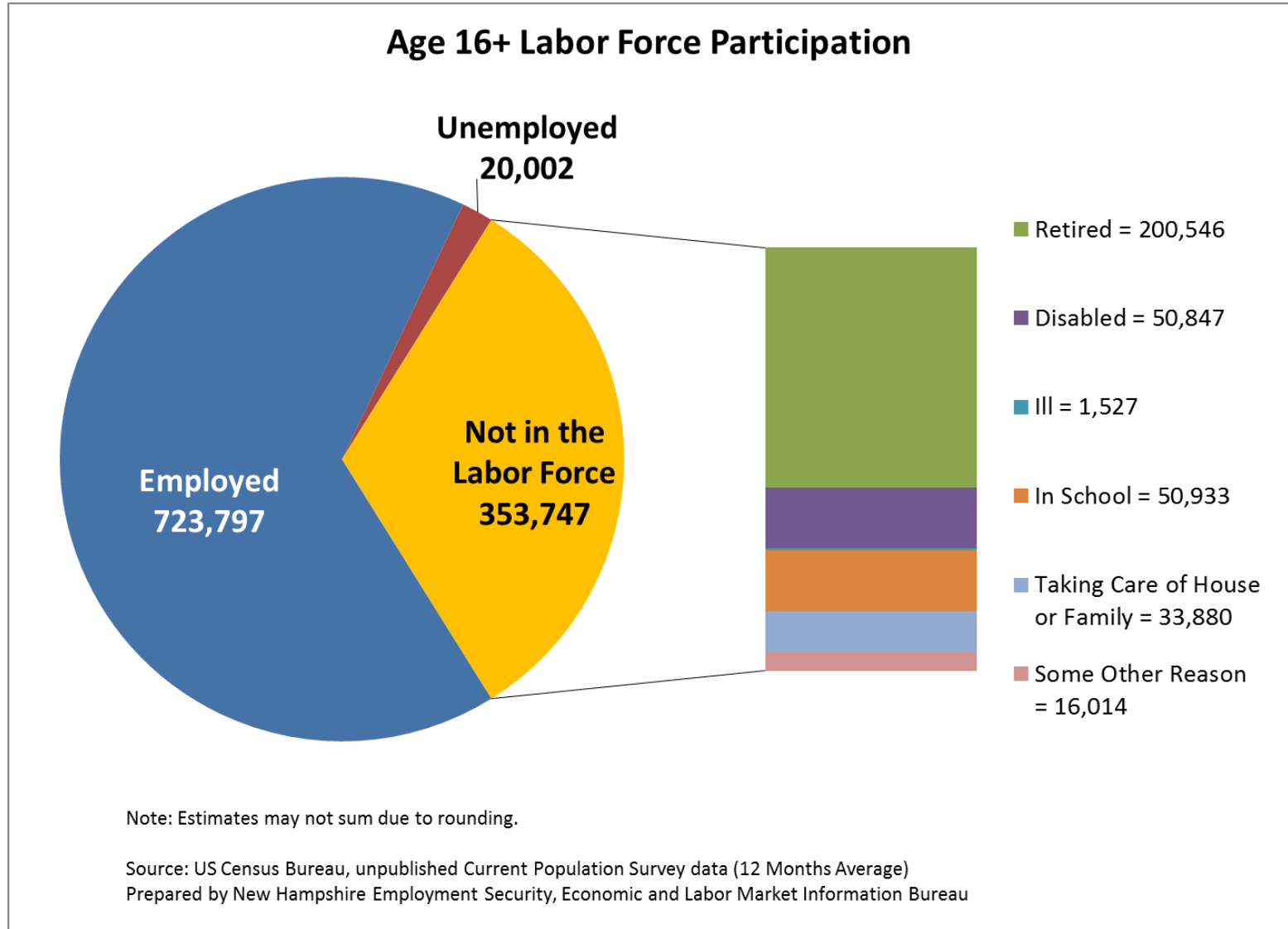
Long-term LFPR affected by aging population and shift in composition of the civilian noninstitutional population.

Longer-term trends:

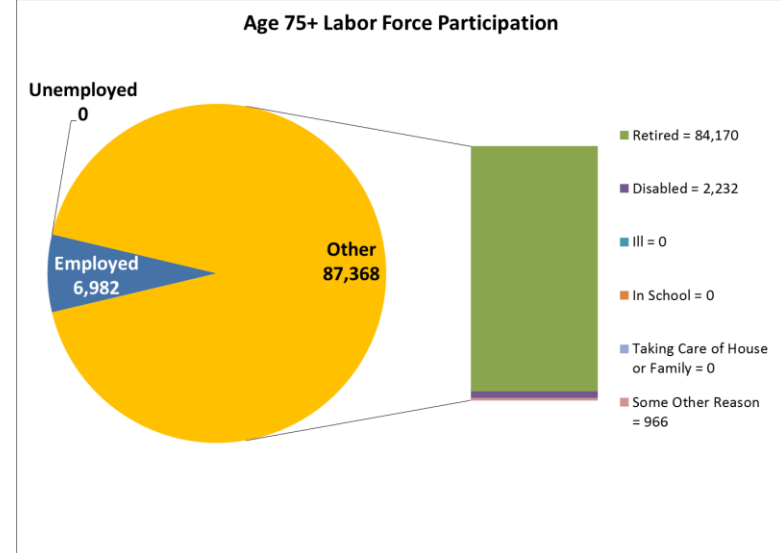
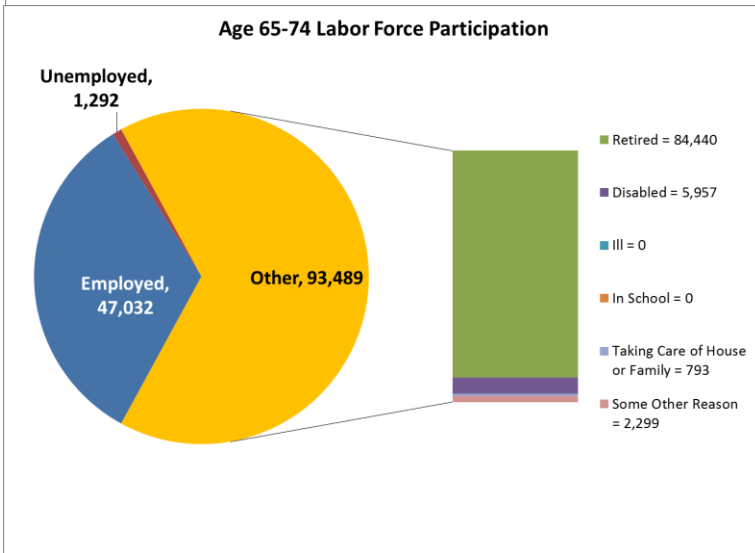
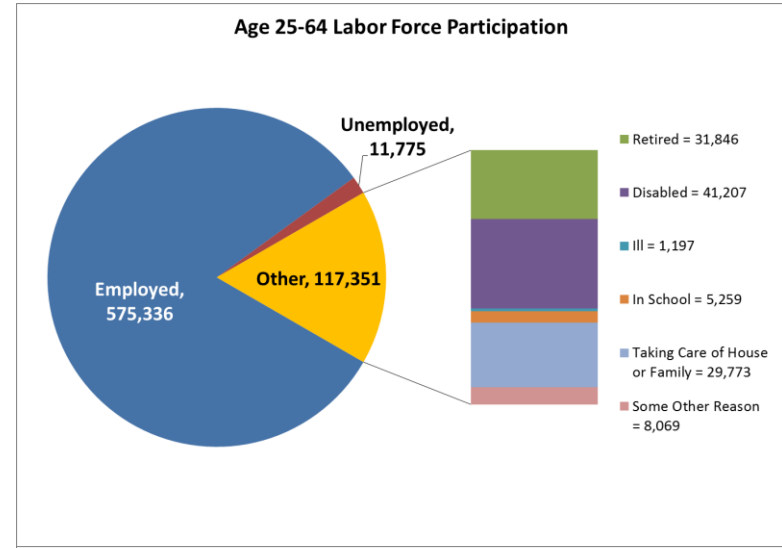
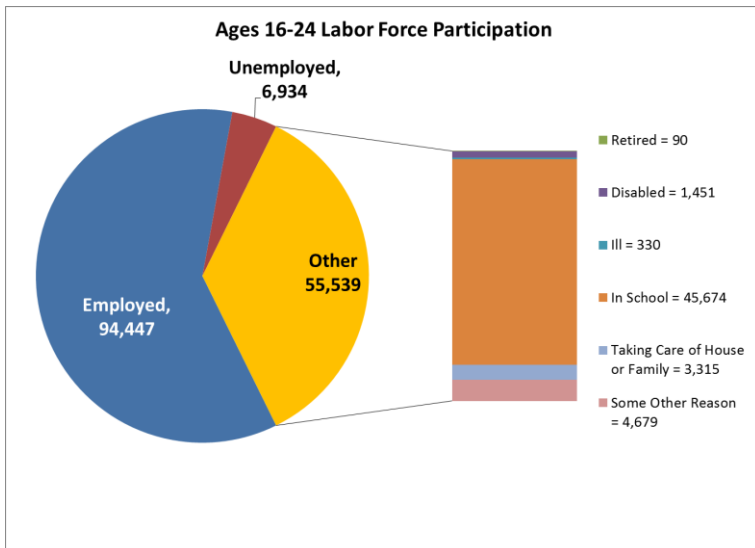
- Participation rates for residents of prime working age (25-24; 35-44; 45-54) have been pretty stable in the mid-80% range
- Participation rates for age 20-24 residents have recovered
- Participation rates for age 55-64 residents increased from mid 60% to low 70%
- Participation rates for older residents (65-74 and 75+) have risen
 - For age 65-75, up from low 20% to low 30%
- The only real negative change has been LFPR for persons age 16-19



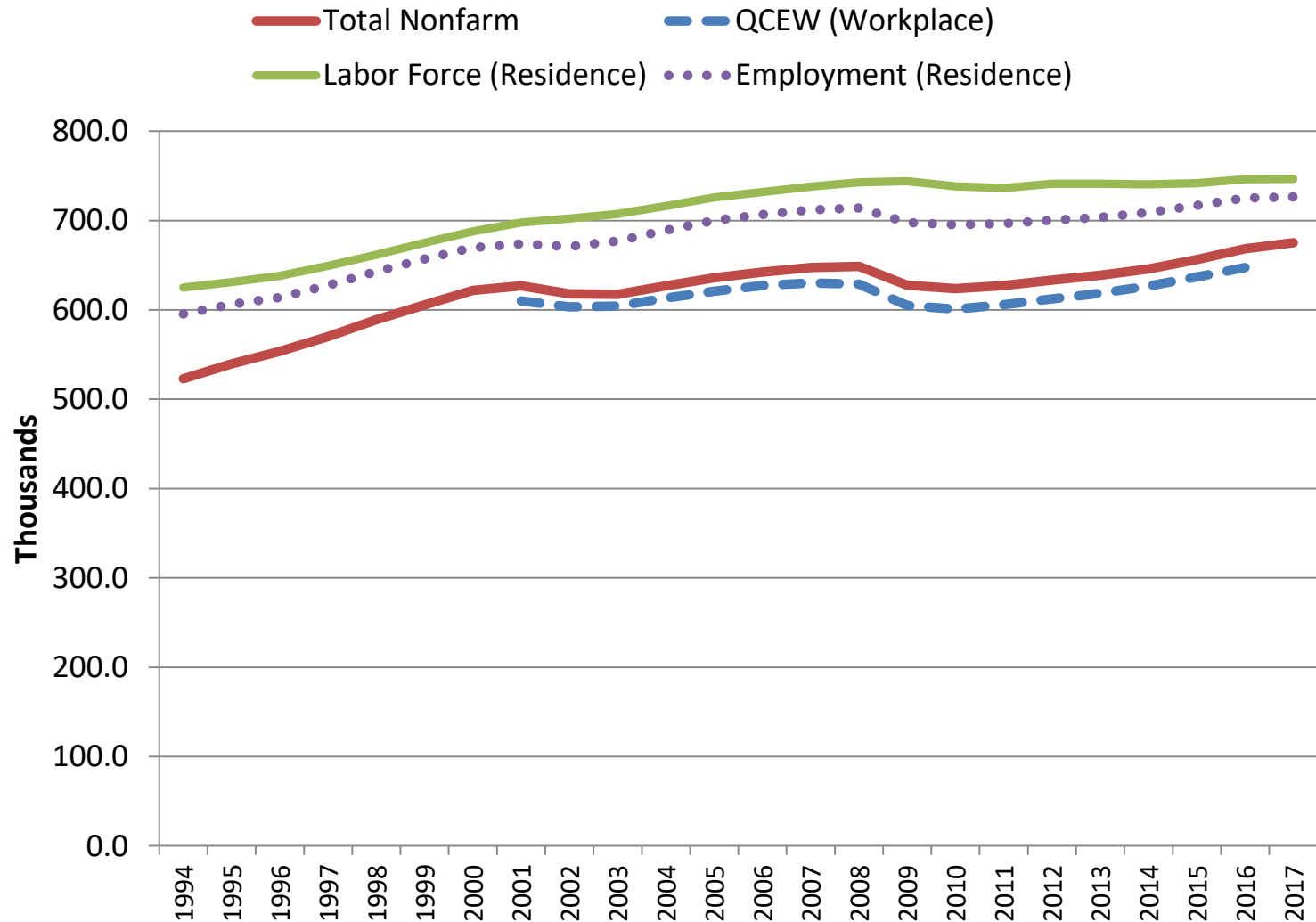
Over the twelve month period from March 2017-February 2018, the majority of persons not in the labor force were retired.



As can be expected, there are large differences in labor force participation among different age groups, as well as in nonparticipation and its reasons



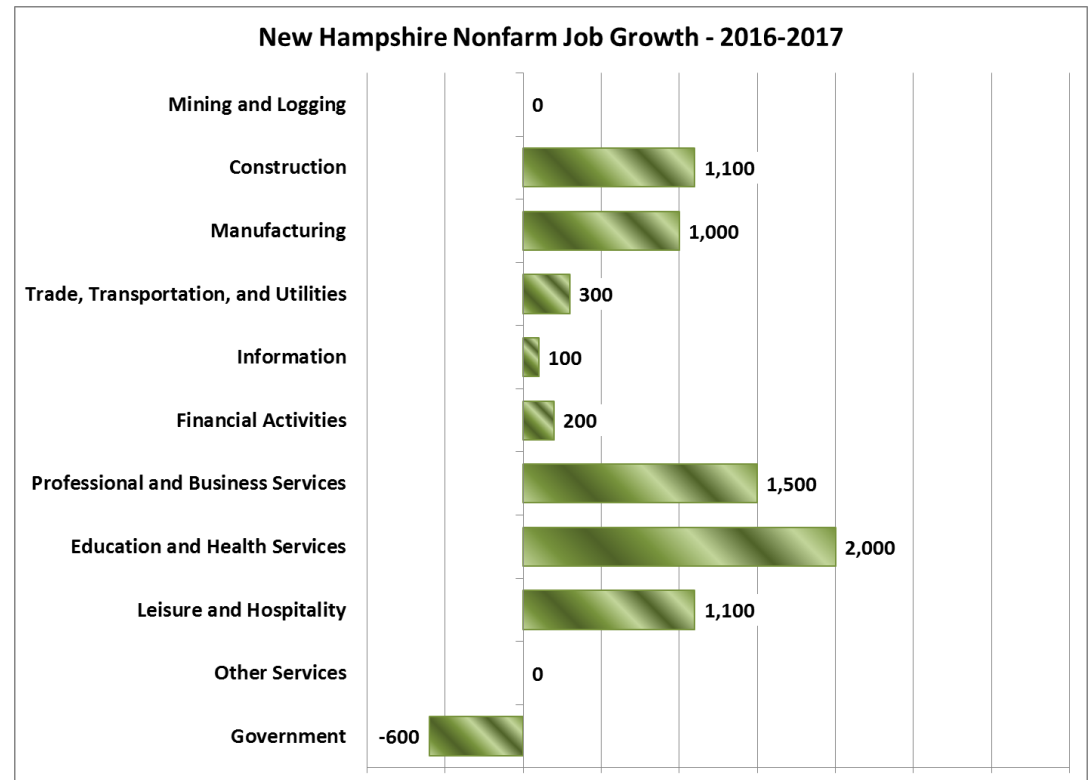
Employment of residents has been at record levels, and nonfarm jobs estimates have pretty much kept pace – most of the difference is self-employment and net out-commuting of workers



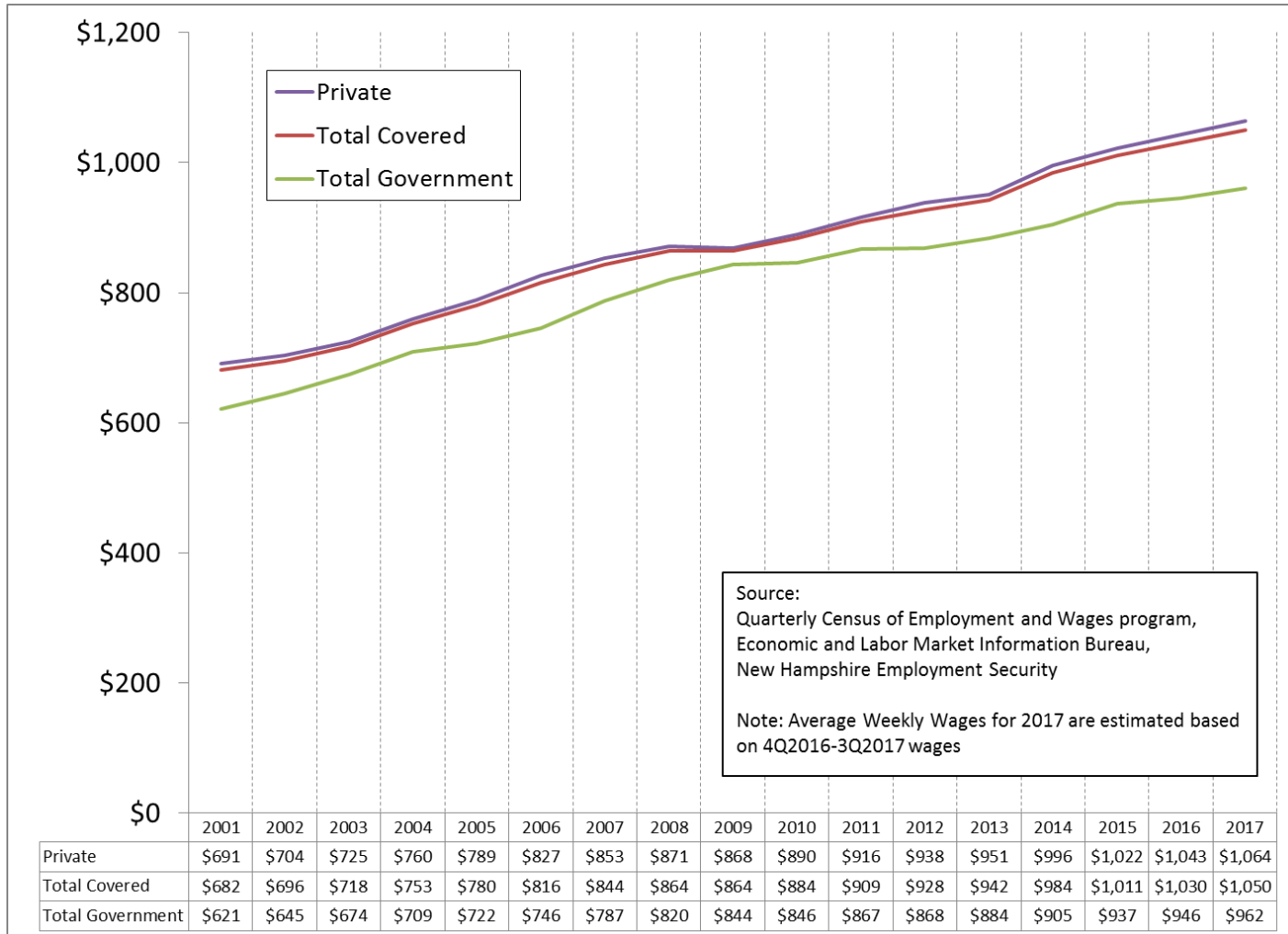
The total number of nonfarm jobs in New Hampshire grew by about 1.0% in 2017

Nonfarm jobs (not seasonally adjusted) averaged 675,100 in 2017, up about 6,700 over the year

- Private sector jobs increased by about 7,200, while Government jobs averaged about 600 fewer (numbers do not add due to rounding)
- Five sectors each saw growth by 1,000 jobs or more:
 - Education and Health Services
 - Professional and Business Services
 - Construction
 - Leisure and Hospitality
 - Education and Health Services
 - Manufacturing
- The growth rate was the lowest since 0.8% in 2013



Average weekly wages in covered employment have resumed growth, post-recession



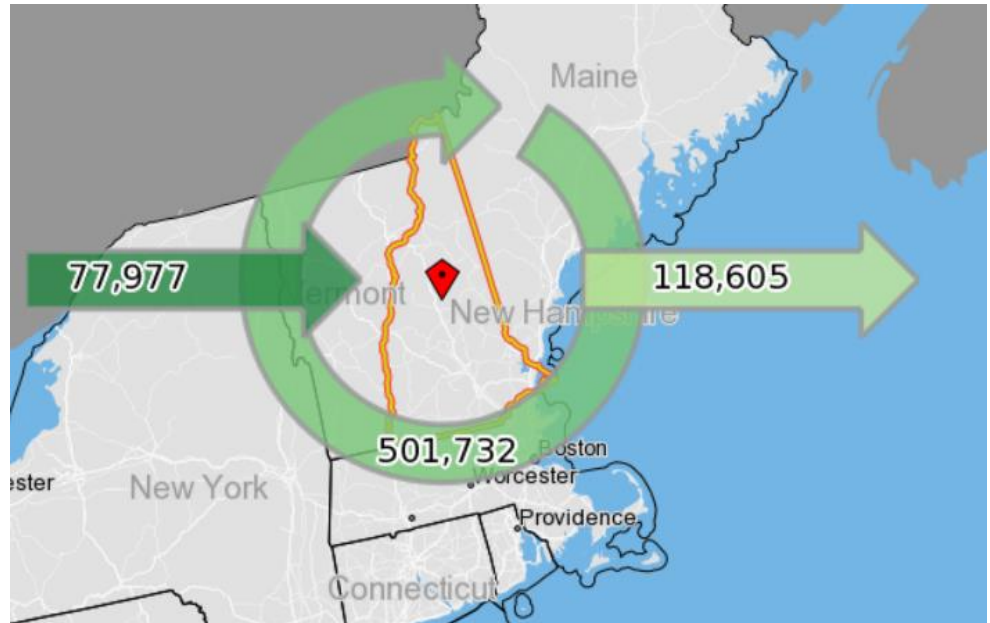
A look at jobs in covered employment provides some insight into commuting patterns

Where New Hampshire residents were employed in their primary job - 2015

	Count	Share
Total Primary Jobs	620,337	100.0%
New Hampshire	501,732	80.9%
Massachusetts	93,588	15.1%
Vermont	11,088	1.8%
Maine	7,312	1.2%
All Other Locations	6,617	1.0%

Where workers live whose primary jobs are in New Hampshire - 2015

	Count	Share
Total Primary Jobs	579,709	100.0%
New Hampshire	501,732	86.5%
Massachusetts	38,796	6.7%
Maine	18,135	3.1%
Vermont	15,690	2.7%
All Other Locations	5,356	0.9%



Primary Jobs: Public and private-sector jobs, one job per worker. A primary job is the highest paying job for an individual worker.

Note: Jobs covered by Unemployment Compensation law

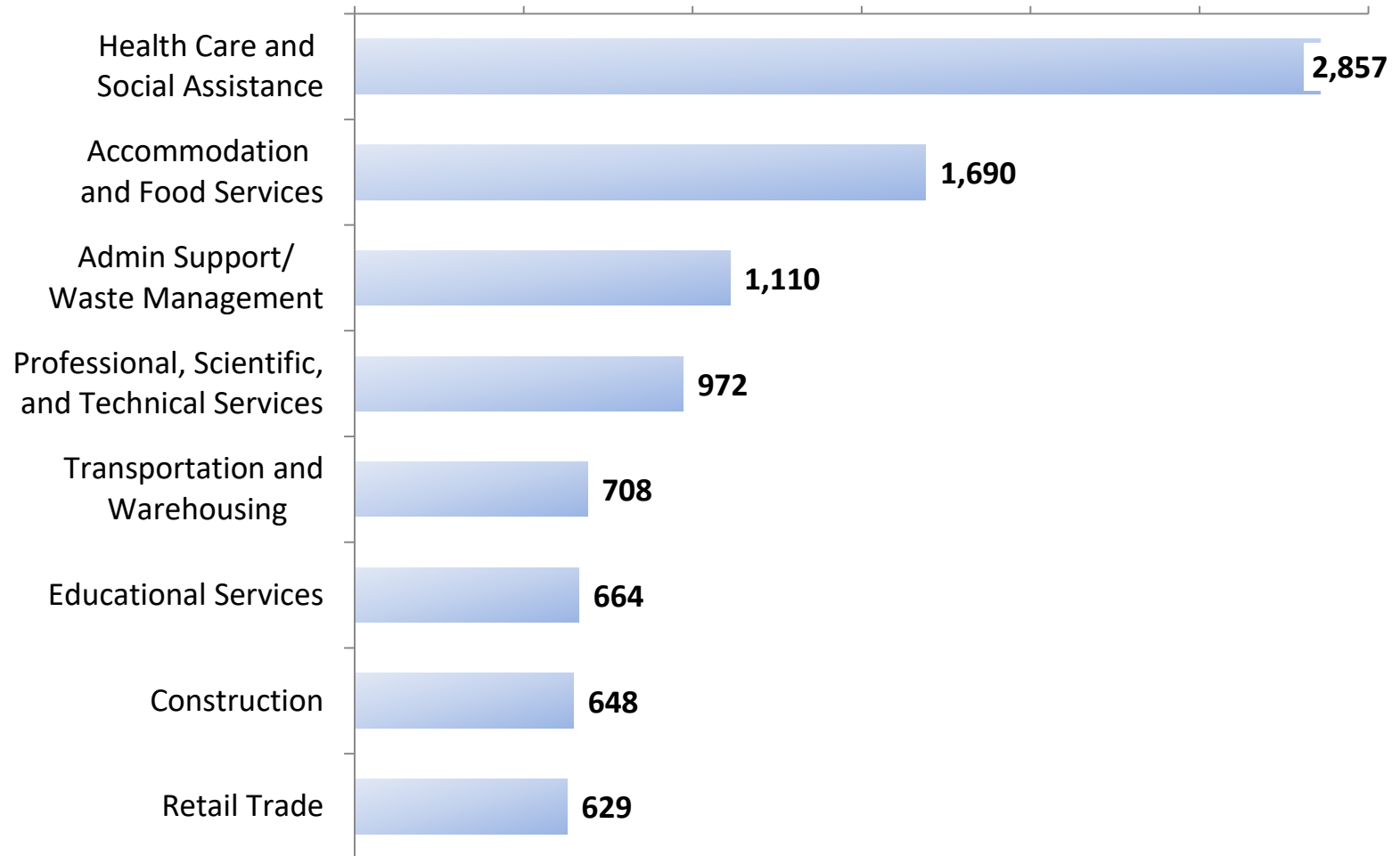
Jobs by NAICS Industry Sector	Jobs held by Residents of New Hampshire (Total Primary Jobs)		Jobs Located at Businesses in New Hampshire (Total Primary Jobs)		Net Flow
	Count	Share	Count	Share	
Total Primary Jobs	620,337	100.0%	579,709	100.0%	-40,628
Total Outflow of Workers	118,605				
Total Inflow of Workers			77,977		-40,628

	Count	Share	Count	Share	Net Flow by Industry
Manufacturing	73,743	11.9%	66,171	11.4%	-7,572
Professional, Scientific, and Technical Services	39,890	6.4%	32,978	5.7%	-6,912
Health Care and Social Assistance	92,840	15.0%	86,115	14.9%	-6,725
Construction	29,183	4.7%	23,154	4.0%	-6,029
Educational Services	63,826	10.3%	60,640	10.5%	-3,186
Transportation and Warehousing	15,189	2.4%	12,696	2.2%	-2,493
Wholesale Trade	29,049	4.7%	26,672	4.6%	-2,377
Public Administration	27,765	4.5%	25,628	4.4%	-2,137
Information	14,162	2.3%	12,176	2.1%	-1,986
Management of Companies and Enterprises	10,133	1.6%	8,702	1.5%	-1,431
Other Services (excluding Public Administration)	19,316	3.1%	18,313	3.2%	-1,003
Real Estate and Rental and Leasing	6,771	1.1%	6,146	1.1%	-625
Finance and Insurance	27,443	4.4%	26,855	4.6%	-588
	31,010	5.0%	30,575	5.3%	
Administration & Support, Waste Management and Remediation					-435
Accommodation and Food Services	45,912	7.4%	45,544	7.9%	-368
Utilities	2,603	0.4%	2,310	0.4%	-293
Agriculture, Forestry, Fishing and Hunting	2,033	0.3%	1,747	0.3%	-286
Arts, Entertainment, and Recreation	7,789	1.3%	7,539	1.3%	-250
Mining, Quarrying, and Oil and Gas Extraction	547	0.1%	496	0.1%	-51
Retail Trade	81,133	13.1%	85,252	14.7%	4,119
Total, All Industries	620,337		579,709		-40,628

Short-term industry projections indicate an average annual growth rate of 0.9 percent from 2017Q2-2019Q2 (includes self-employed)

New Hampshire Short-term Industry Projections, 2017 Q2 to 2019 Q2						
NAICS Code	Industry Title	2017 Q2 Estimated	2019 Q2 Projected	2017 Q2 to 2019 Q2 Numeric Change	Percent Change	Average Annual Growth Rate
	Total Employment	704,262	717,111	12,849	1.8%	0.9%
	Goods Producing Industries	98,136	98,778	642	0.7%	0.3%
11	Agriculture, Forestry, Fishing, and Hunting	2,079	2,112	33	1.6%	0.8%
21	Mining	556	539	-17	-3.1%	-1.5%
23	Construction	26,617	27,265	648	2.4%	1.2%
31-33	Manufacturing	68,884	68,862	-22	0.0%	0.0%
	Service Providing Industries	565,295	576,565	11,270	2.0%	1.0%
22	Utilities	2,144	2,062	-82	-3.8%	-1.9%
42	Wholesale Trade	28,039	28,567	528	1.9%	0.9%
44-45	Retail Trade	94,981	95,610	629	0.7%	0.3%
48-49	Transportation and Warehousing (includes Postal Service)	17,508	18,216	708	4.0%	2.0%
51	Information	12,416	12,538	122	1.0%	0.5%
52	Finance and Insurance	27,900	28,497	597	2.1%	1.1%
53	Real Estate and Rental and Leasing	7,043	7,049	6	0.1%	0.0%
54	Professional, Scientific, and Technical Services	37,403	38,375	972	2.6%	1.3%
55	Management of Companies and Enterprises	8,956	9,165	209	2.3%	1.2%
56	Administrative and Waste Management Services	35,899	37,009	1,110	3.1%	1.5%
61	Educational Services ¹	65,996	66,660	664	1.0%	0.5%
62	Health Care and Social Assistance ²	91,725	94,582	2,857	3.1%	1.5%
71	Arts, Entertainment, and Recreation	11,707	12,036	329	2.8%	1.4%
72	Accommodation and Food Services	59,208	60,898	1,690	2.9%	1.4%
81	Other Services, Except Public Admin.	24,903	25,421	518	2.1%	1.0%
	Government	39,467	39,880	413	1.0%	0.5%
	Self-employed Workers	40,831	41,768	937	2.3%	1.1%

The number of jobs in New Hampshire is projected to grow from 704,262 in 2017Q2 to 717,111 in 2019Q2 – up 12,849 – an annual growth rate of 0.9%. The Healthcare and Social Assistance industry is projected to add the most new jobs.

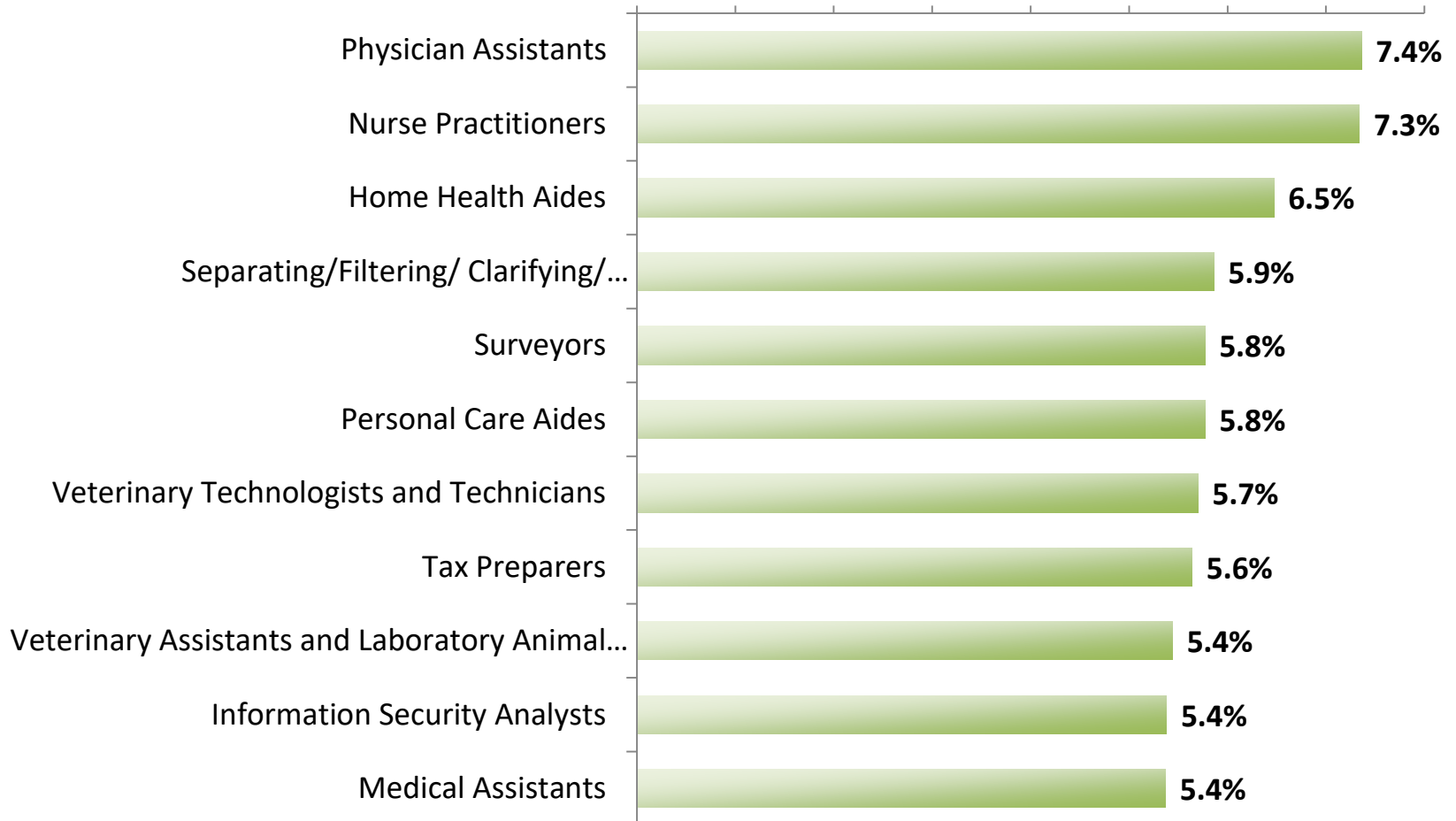


Industries projected to add the most jobs over the short-term

- Includes:
 - Ambulatory health care services
 - Professional, Scientific, and Technical Services
 - Educational Services
 - Hospitals
 - Specialty Trade Contractors
- These each have projected growth of at least 185 jobs, up to 1,738 jobs, over the two-year projection period

New Hampshire Short-term Industry Projections, 2017 Q2 to 2019 Q2						
NAICS Code	Industry Title	2017 Q2 Estimated	2019 Q2 Projected	2017Q2 to 2019Q2 Numeric Change	Percent Change	Average Annual Growth Rate
621	Ambulatory Health Care Services	32,488	34,226	1,738	5.3%	2.6%
722	Food Services and Drinking Places	50,053	51,556	1,503	3.0%	1.5%
561	Administrative and Support Services	34,026	35,062	1,036	3.0%	1.5%
541	Professional, Scientific, and Technical Services	37,403	38,375	972	2.6%	1.3%
624	Social Assistance	15,372	16,147	775	5.0%	2.5%
611	Educational Services	65,996	66,660	664	1.0%	0.5%
622	Hospitals	29,627	30,203	576	1.9%	1.0%
238	Specialty Trade Contractors	17,244	17,691	447	2.6%	1.3%
713	Amusements, Gambling, and Recreation	9,420	9,763	343	3.6%	1.8%
445	Food and Beverage Stores	21,858	22,156	298	1.4%	0.7%
523	Financial Investment and Related Activities	6,730	7,006	276	4.1%	2.0%
551	Management of Companies and Enterprises	8,956	9,165	209	2.3%	1.2%
425	Wholesale Electronic Market Agents and Brokers	9,527	9,733	206	2.2%	1.1%
488	Support Activities for Transportation	1,244	1,444	200	16.1%	7.7%
424	Merchant Wholesalers, Nondurable Goods	7,606	7,805	199	2.6%	1.3%
721	Accommodation	9,155	9,342	187	2.0%	1.0%
454	Non-store Retailers	5,408	5,593	185	3.4%	1.7%

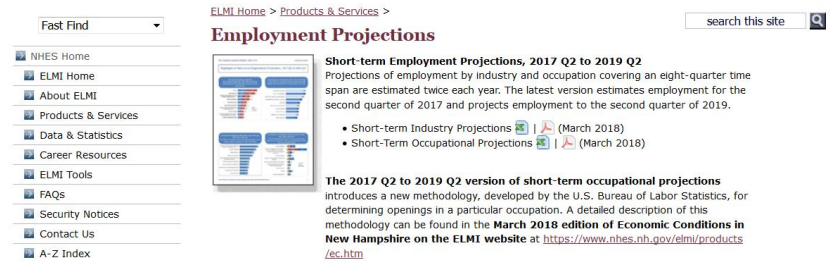
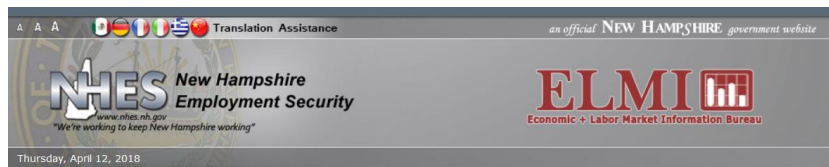
Reflecting the projected continued growth in Healthcare and Social Assistance, five of the occupations with the fastest growth rates are linked to that industry



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