



New Hampshire and New England Economies: Current Conditions, Outlook and Challenges

Ross Gittell

Chancellor

Community College System of NH (CCSNH)

VP and Forecast Manager

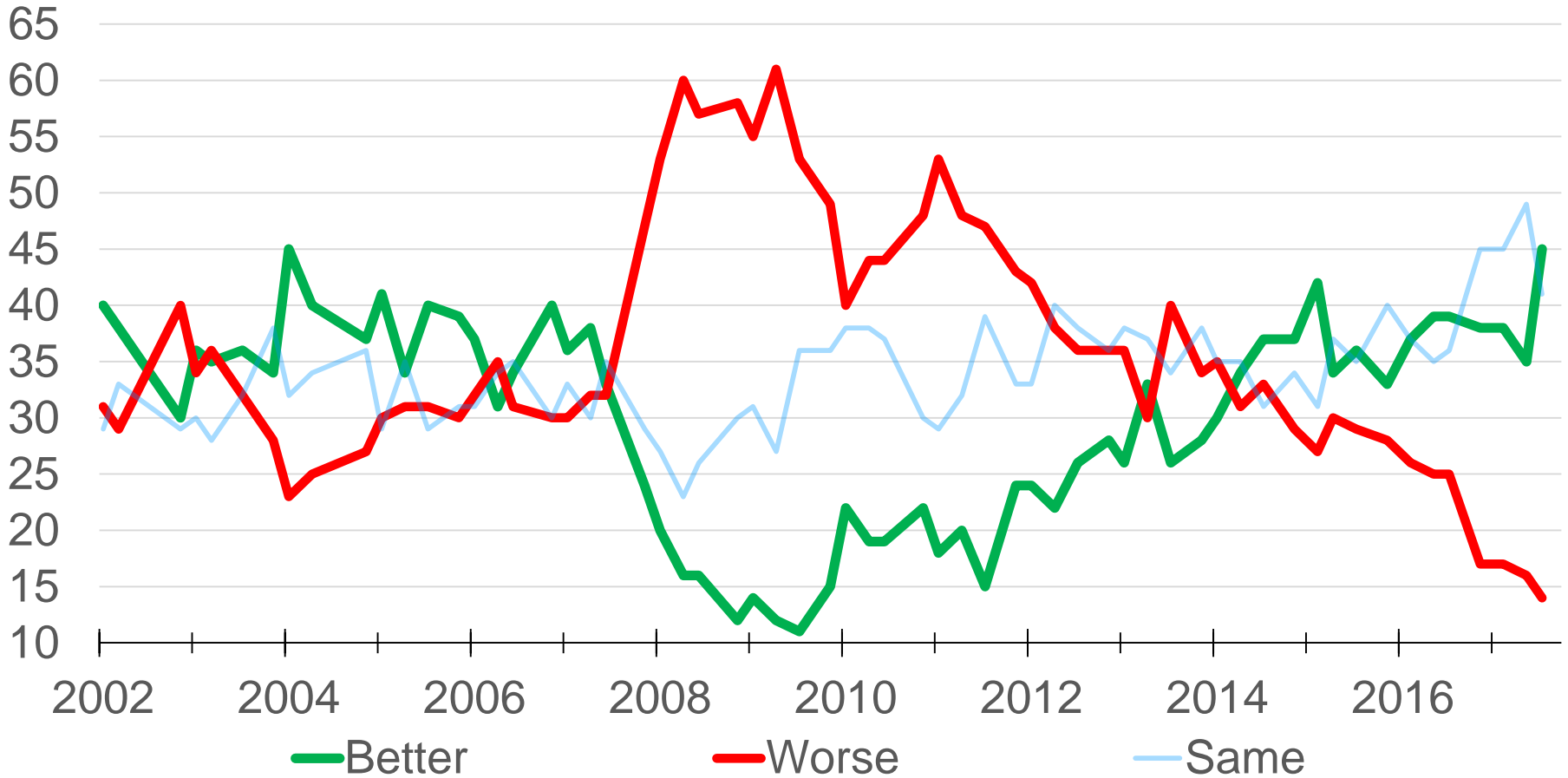
New England Economic Partnership

US Economy growing and businesses are producing more goods and services. Workers have more in their wallets and are spending.
(New England Economic Partnership, Greg Bird, NHPPC)



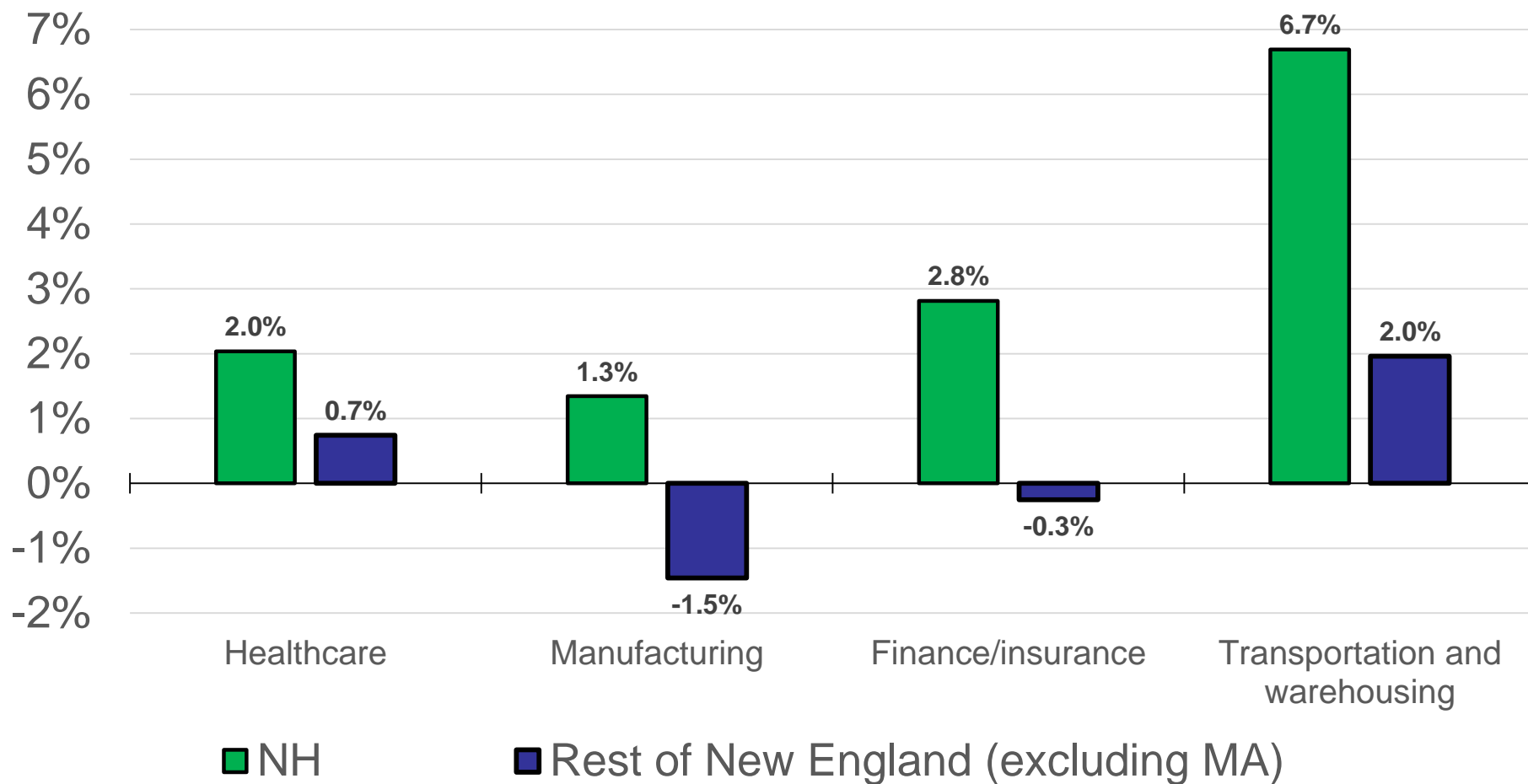
UNH/BIA NH consumer confidence survey

Granite State residents say they are *“feeling better/more confident about the economy”*



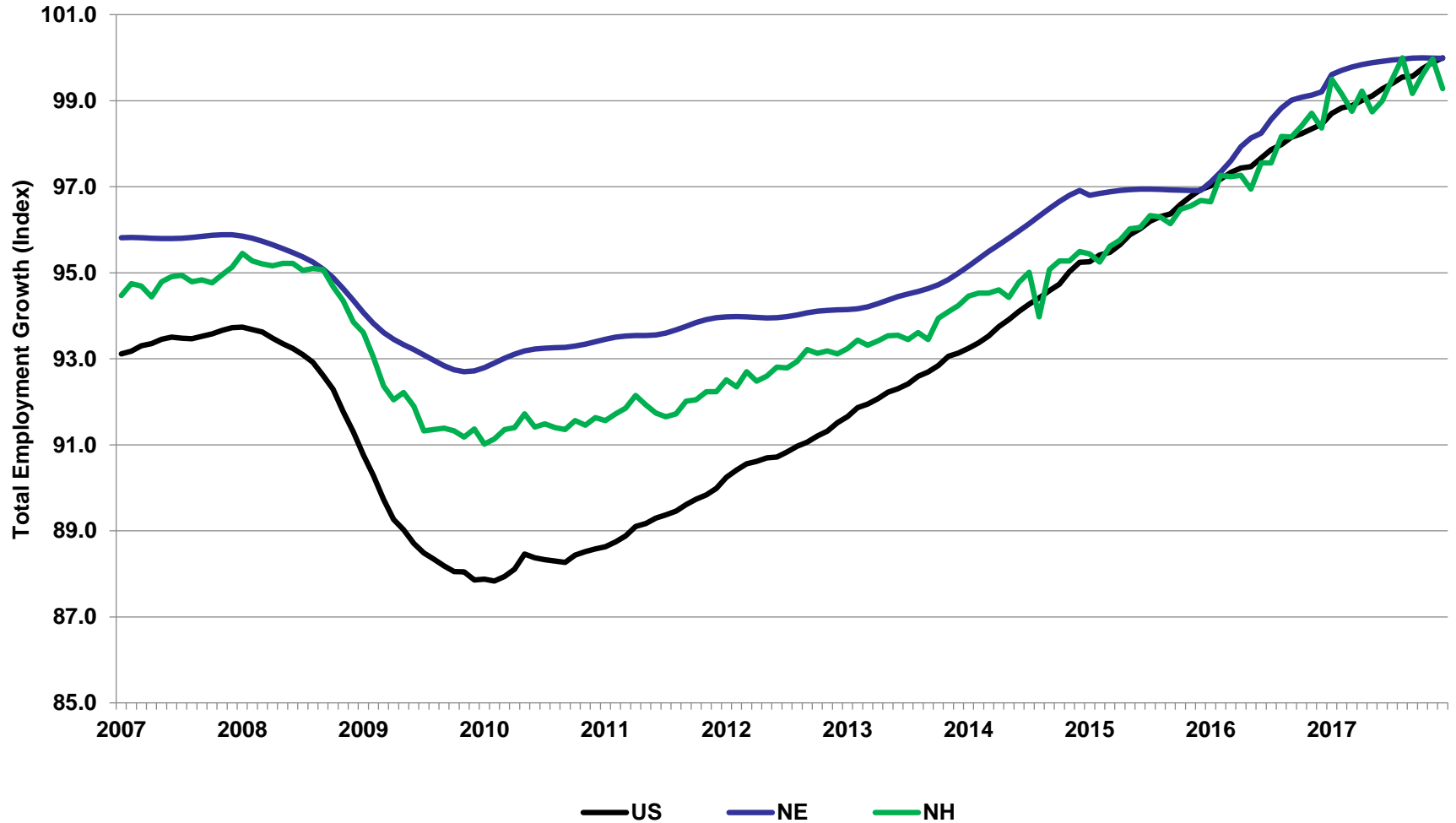
NH Economy growing ... outpacing NE average

Private sector employment, % change from 2015 to 2016

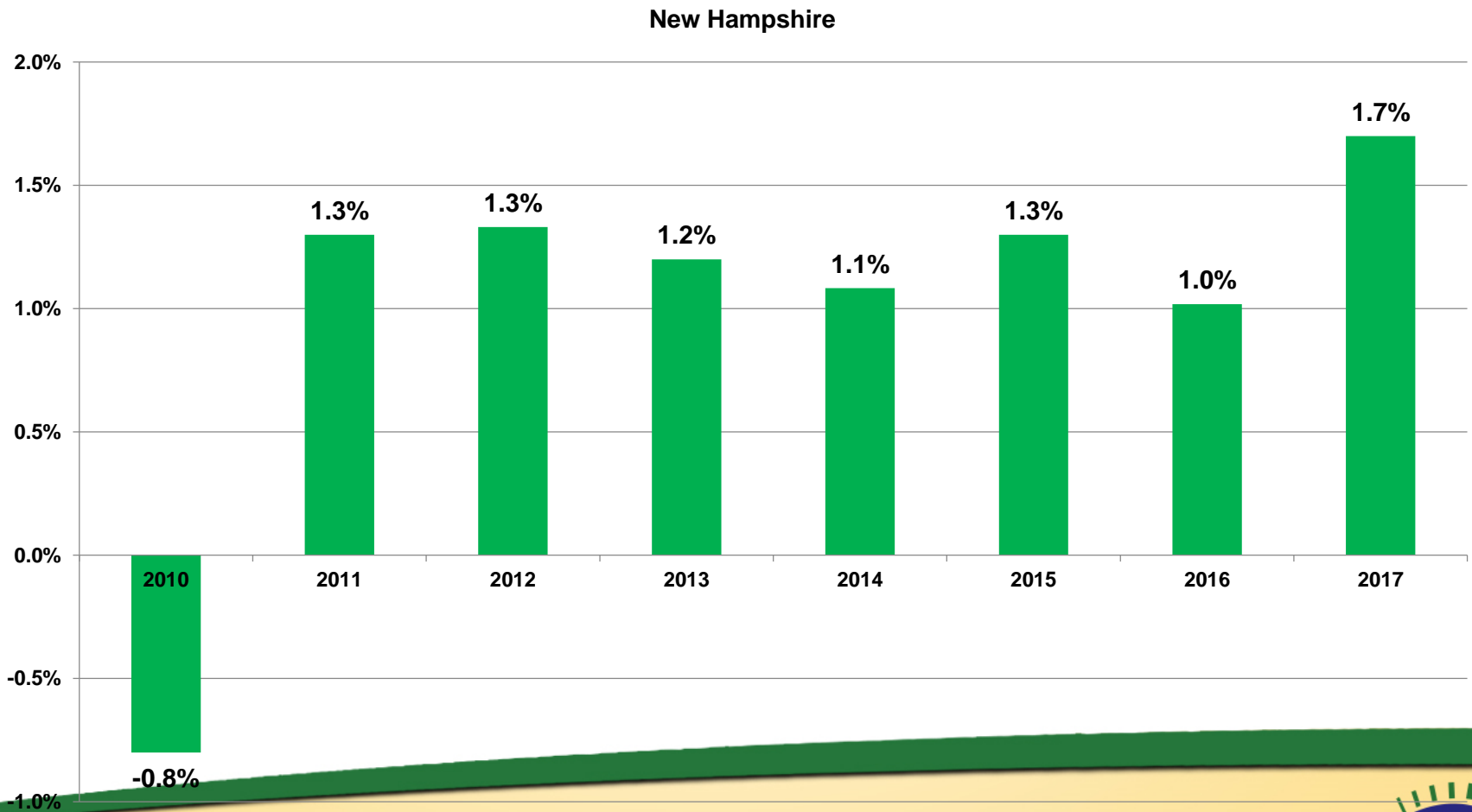


NH Employment Growth now similar to US.

Change in Total Employment- Index (Each Area's Peak = 100)

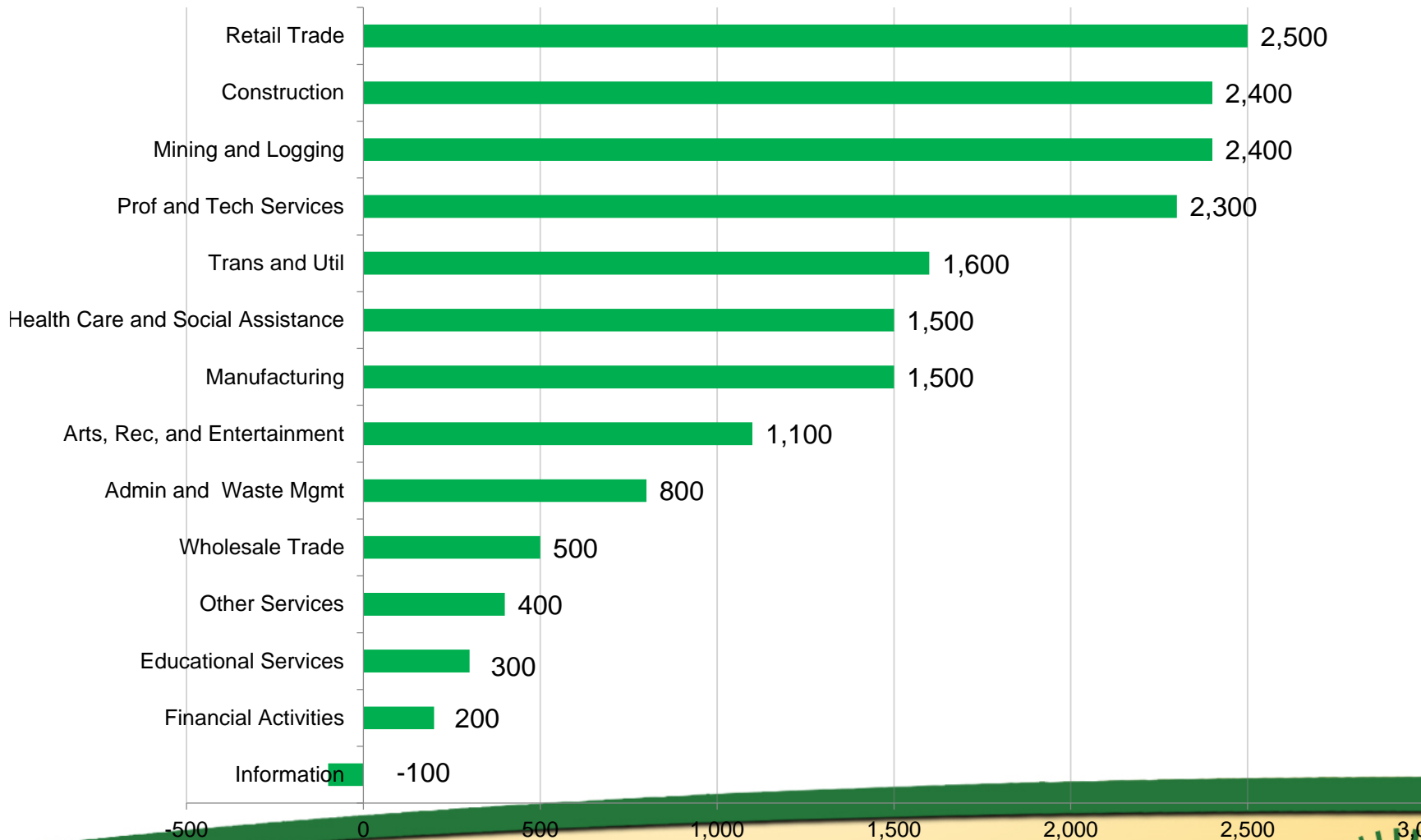


NH 2017 and now 2018 Private Sector Job Growth is strongest it has been since Great Recession

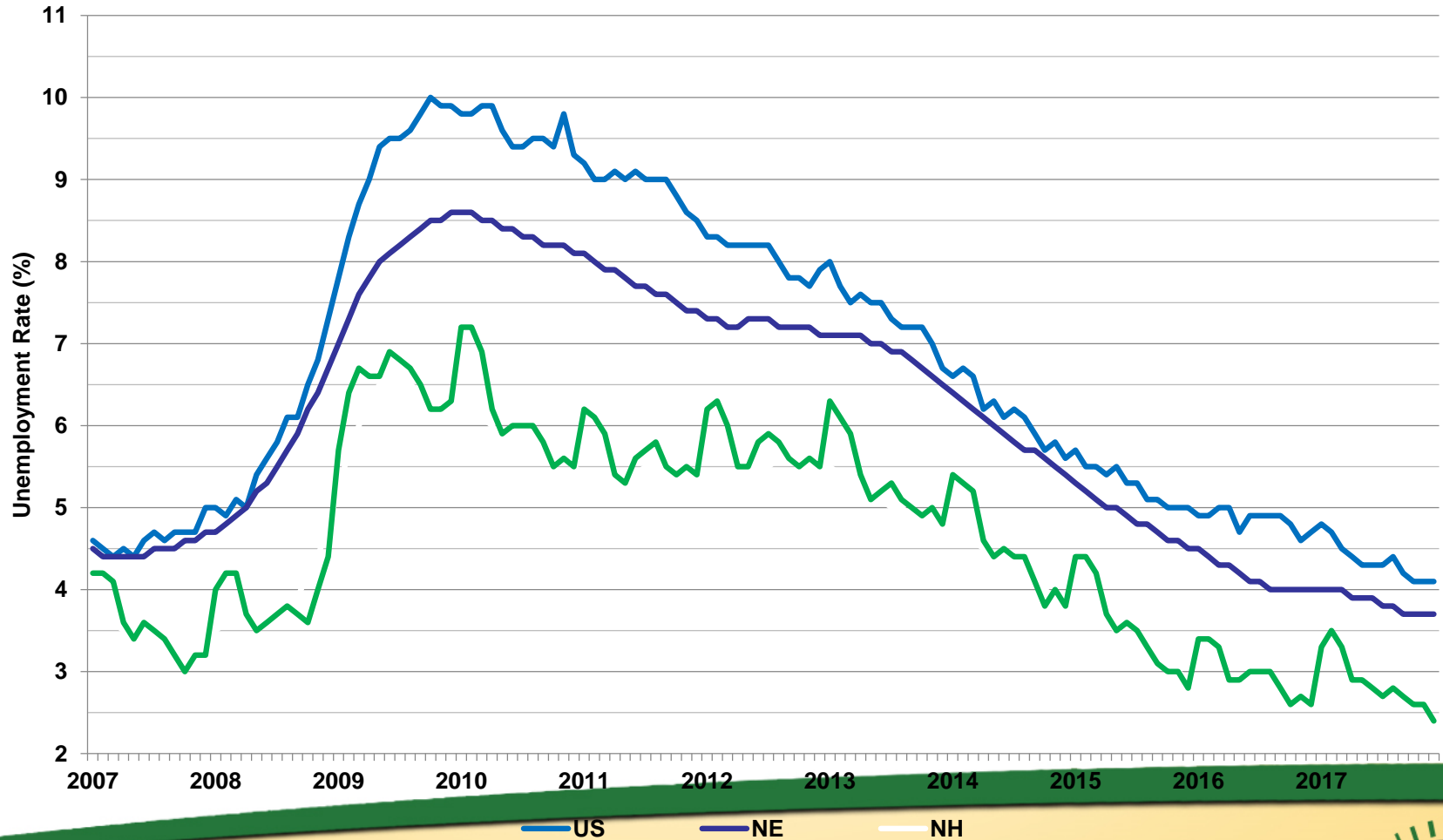


Trade, Construction, Professional & Business Services fastest growing sectors in NH.

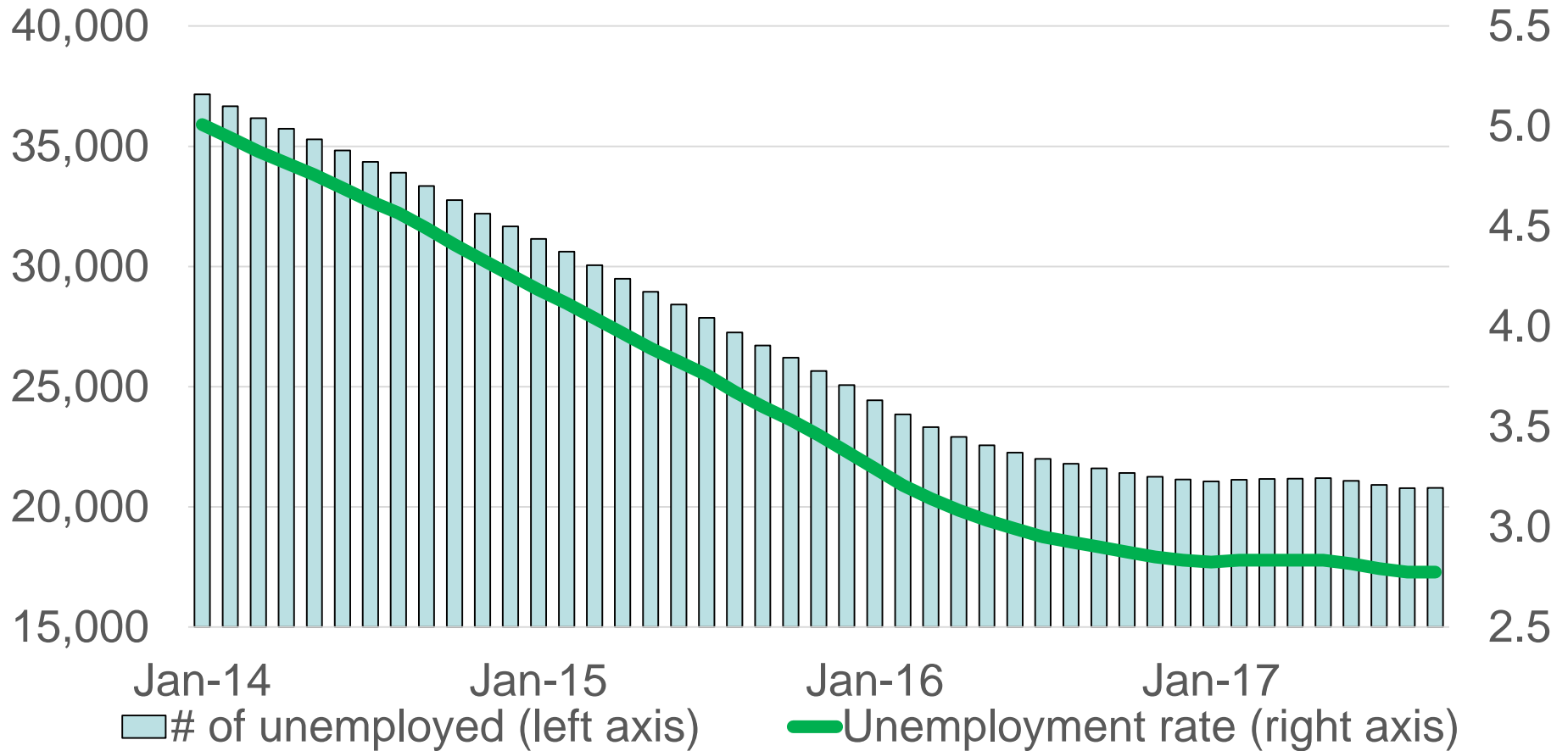
Year-Over-Year Private Sector Job Growth – 2017



NH 2nd lowest Unemployment Rate in US



NH Unemployment Appears to have hit a “bottom”



New Hampshire has a low unemployment rate AND skilled labor shortage

The Laconia Daily Sun *Good jobs, few workers – March 13, 2018*

There are 18 positions open at the company's plant in Laconia and 50 at its facility in Peterborough, said Gary Groleau, corporate manager of labor relations and organization development at NH Ball Bearings. The positions range from engineers with a four-year degree who start at \$70,000 a year to those with an associate's degree earning about \$25

THE KEENE SENTINEL *The Labor Shortage: Good Help is Hard to Find in the Region – September 13, 2017*

It's a job seekers' market out there – and employers are having a difficult time finding good, qualified, motivated workers. It's frustrating for owners and managers of companies who say the pool of potential workers has dried up at the same time the economy is coming back.



NH's low unemployment rate poses challenges for employers – May 18, 2017

The competition to hire people, especially for skilled-labor positions, can be intense. Some students who are getting ready to enter the job market are hoping to take advantage of that competition...At Manchester Community College, students are learning the ins and outs of advanced manufacturing.

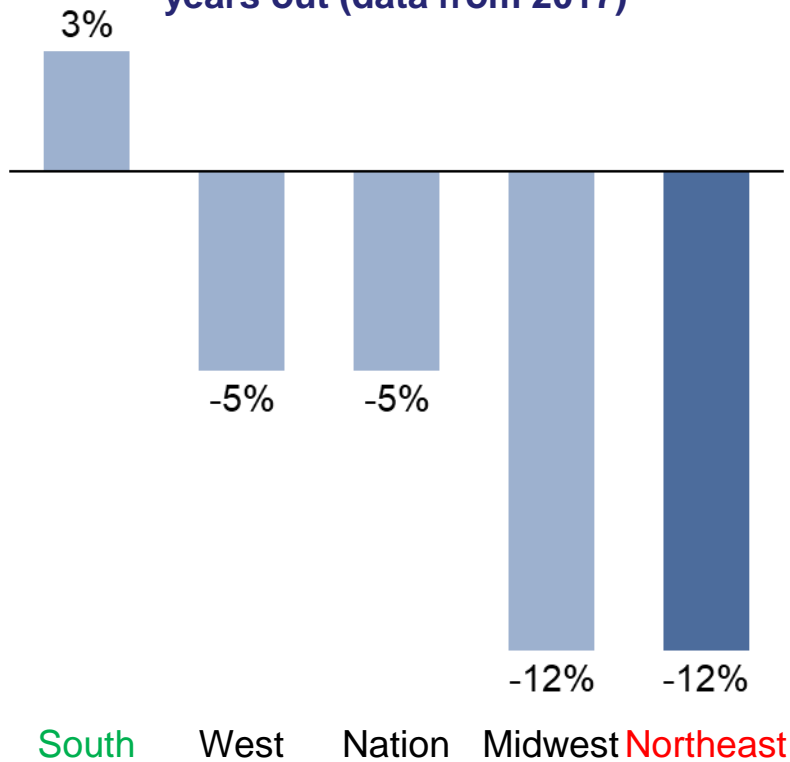
Growth is limited by limited supply of skilled labor. Gross State Product and Employment Growth Forecast (NEEP, Nov 2017)

		2019	2020
Gross Product	US	2.3	1.1
	NE	1.7	1.7
	NH	1.0	1.0
Employment Growth	US	1.0	0.0
	NE	0.4	0.4
	NH	0.0	0.0

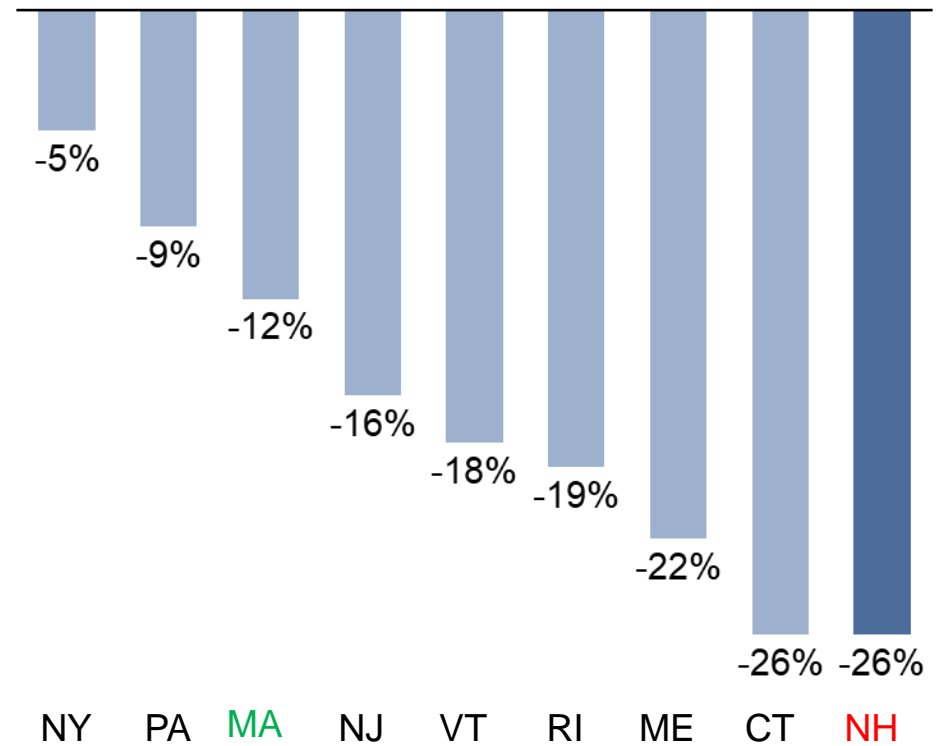
Outlook for skilled labor growth is problem

High school graduating class sizes are dropping across US, but most precipitously in Northeast, and in particular, in NH

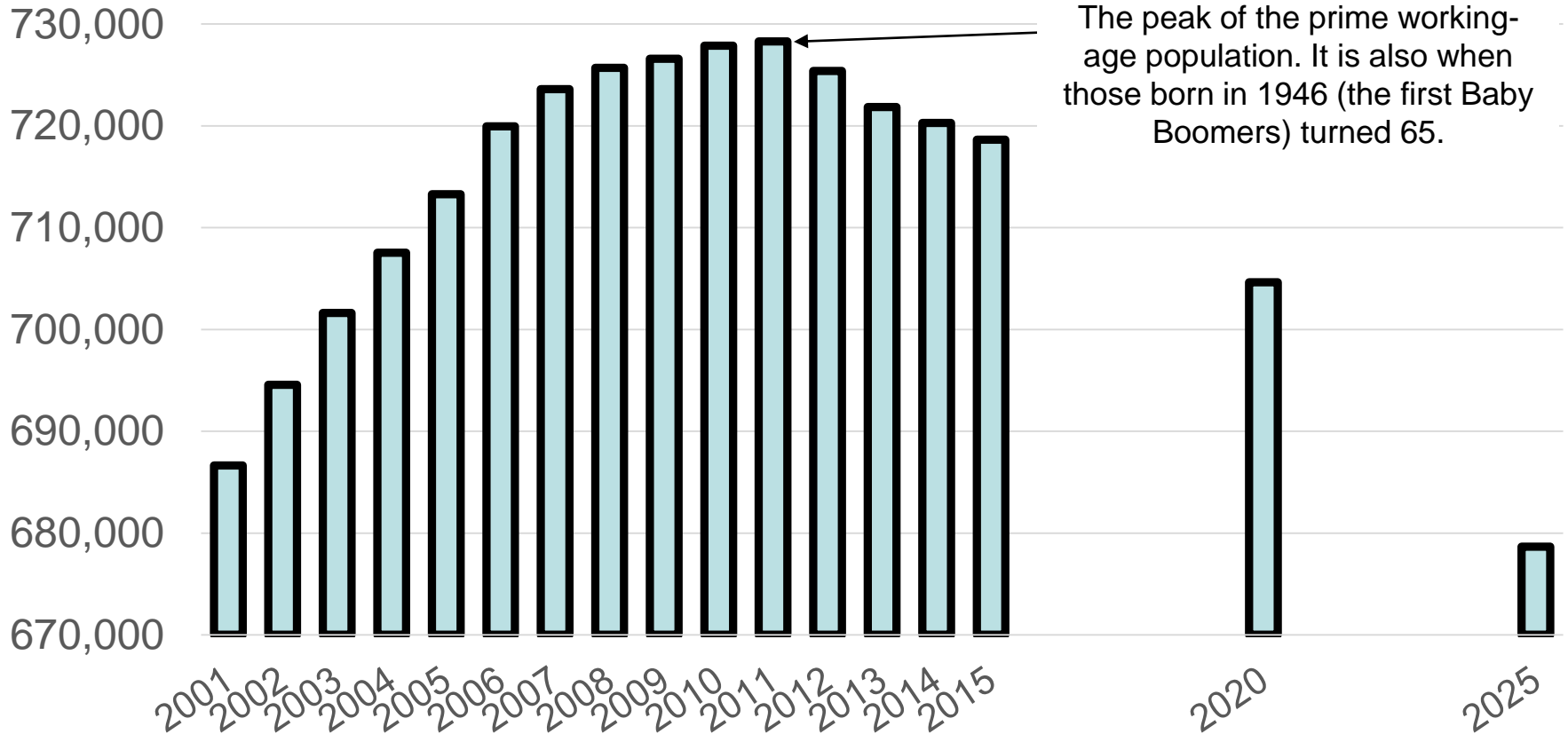
Projected growth / decline by US region in high school graduates by 2032, i.e., 15 years out (data from 2017)



Projected decline by state in northeast region – NH is declining at 5X the national rate



NH “Working-age” (25-64 years old) population projections



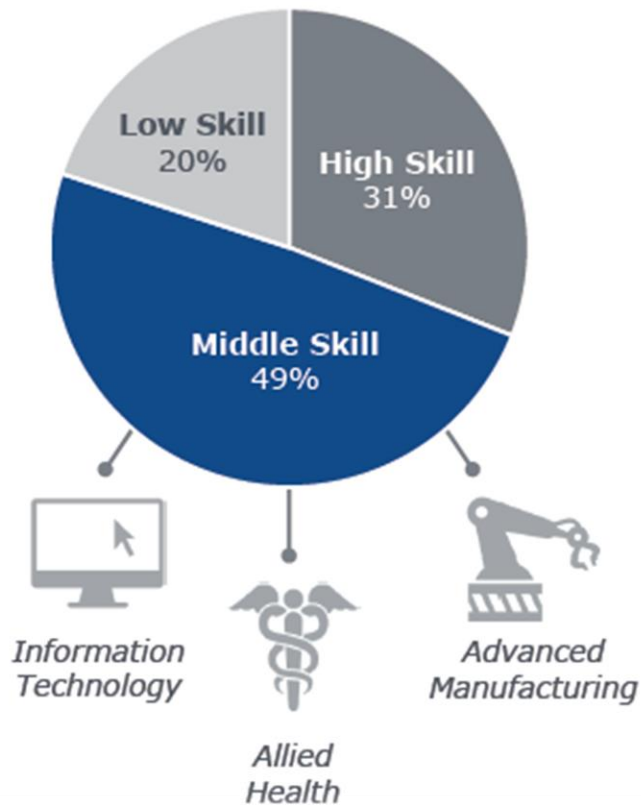
NH Labor Force Participation Rates by Age, showing No Growth in Labor Force over next decade even with increased LF participation of those 65+

	2015			2025		
<u>Age</u>	<u>Population</u>	<u>LFPR</u>	<u>Labor force</u>	<u>Population</u>	<u>LFPR</u>	<u>Labor force</u>
25-34	153,965	86.0	132,410	160,401	86.0	137,945
35-44	154,253	85.9	132,503	166,205	85.9	142,770
45-54	206,962	85.8	177,573	152,249	85.8	130,630
55-64	201,310	74.3	149,573	197,776	74.3	146,948
65-74	128,749	35.3	45,448	180,892	44.0	79,592
	845,239		<u>637,508</u>	857,523		<u>637,884</u>

Middle-skill jobs, requiring education and training beyond high school but below bachelor's level, are in increasing demand

Middle-Skill Job Openings Plentiful

Projected Job Openings by Skill Level, 2012–22



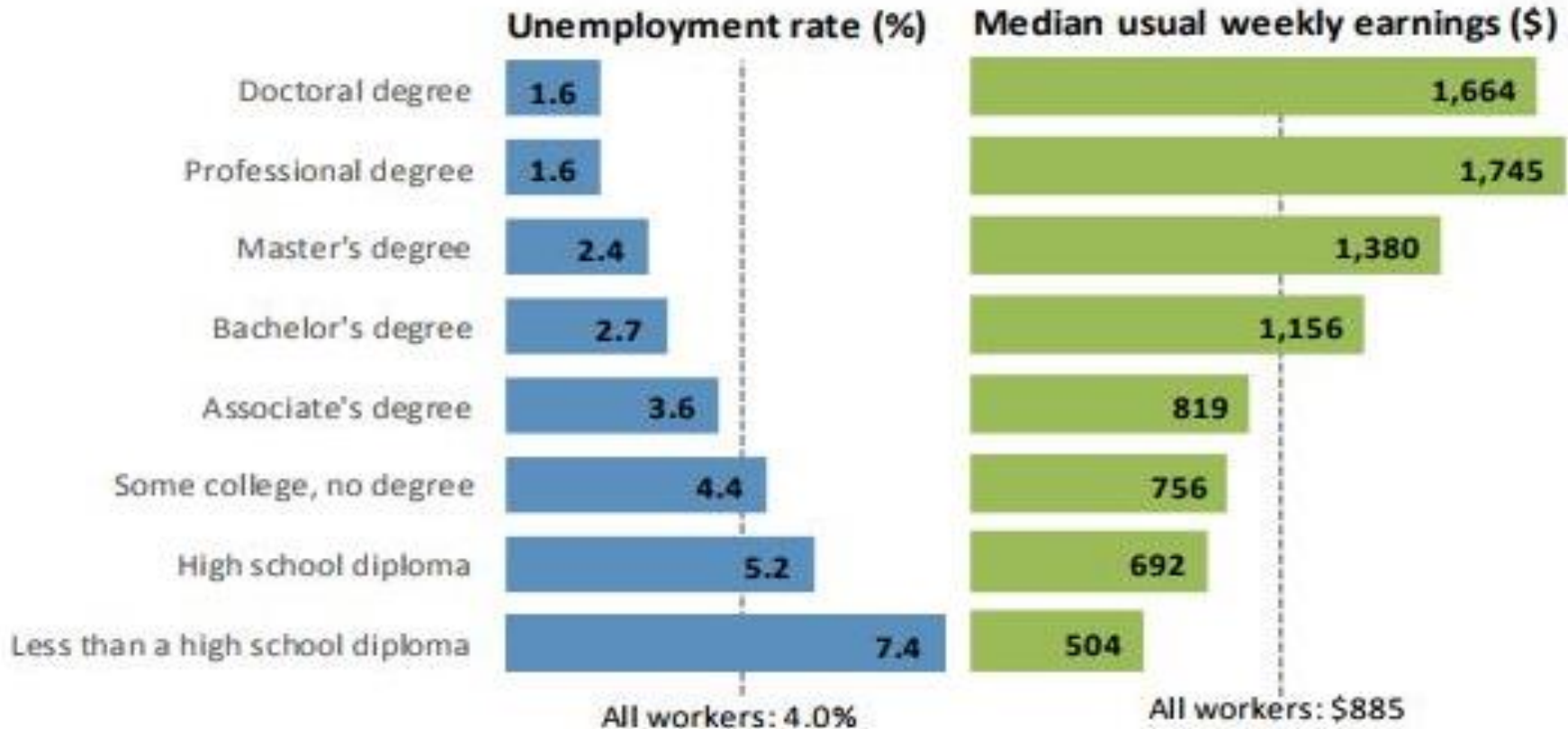
- Nationally, by 2022, about half of all jobs will require middle skills
- In New Hampshire, middle skilled job postings in the last year have required *skills in business, financial operations and management; healthcare; and STEM-related fields*

“While You Were Sleeping”

Thomas Friedman, NY Times, January 17, 2017

- “Each time work gets outsourced or tasks get handed off to a machine, “we must reach up and learn a new skill or in some ways expand our capabilities!”
 - Heather McGowan, education-to-work expert (www.futureislearning.com)
- Every job will require some technology, and therefore we’ll need to revamp education. **The K-12 curriculum is obvious, but it’s the adult retraining — lifelong learning systems — that will be even more important.”**
 - IBM’s C.E.O., Ginni Rometty

Unemployment rates and earning by educational attainment, 2016

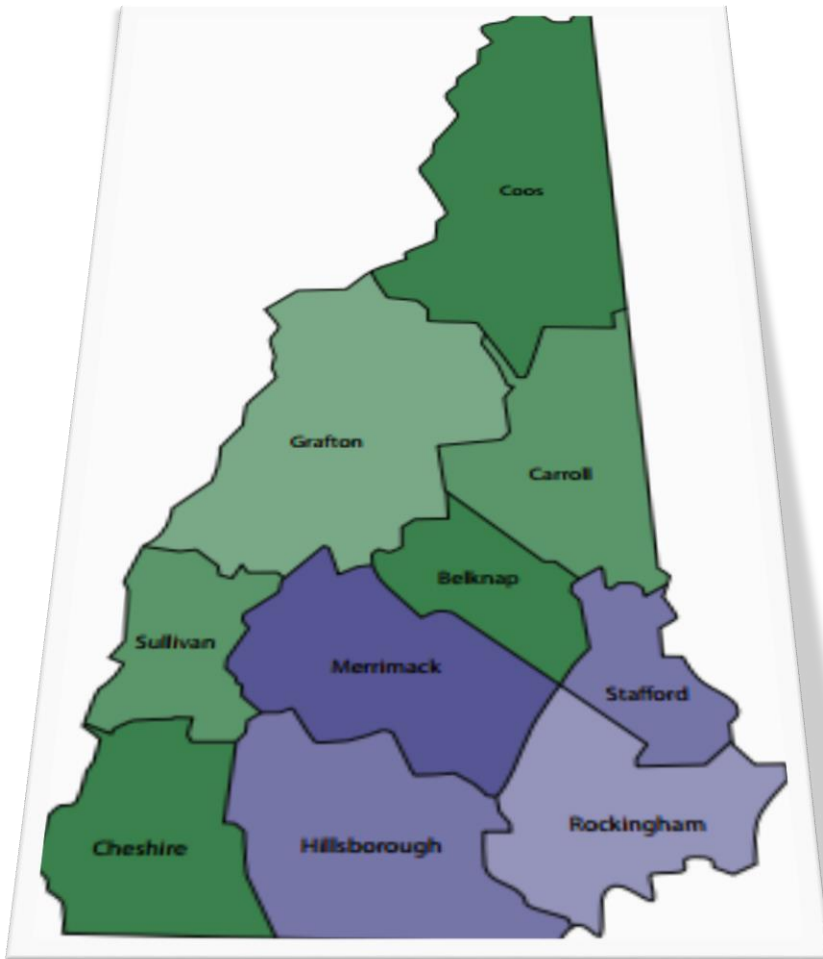


Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.
 Source: U.S. Bureau of Labor Statistics, Current Population Survey.

Value of Associate (2-yr) Degree

- Workers in New Hampshire with an associate degree who work full-time earn on average over **\$52,000 annually, 30+ percent more than those who only completed high school.**
- Only **1.2 percent of associate degree holders in NH in the labor force were unemployed in 2017**, compared to 3.7 percent for those with only a high school degree, 2.6 percent for all workers and 1.9 percent for those with bachelor's degree or higher.
- For those associate degree holders **44 or younger** who are in the labor force, the **unemployment rate is below .5 percent** - only 155 out of more than 36,000 in this category are unemployed.

The Two NH's College Attainment “Geography Gap”



The NH metro counties include the Route 3 and I-93 cities and suburbs of Nashua, Manchester and Concord and the I-95 Seacoast cities of Portsmouth, Exeter, Dover and Rochester and their surrounding towns. These counties comprise 74 percent of NH population

	Total NH	Rural NH	Metro NH	Top State*	Bottom State*
Associate +	46%	38%	47%	51%	28%
Rank	7	28	3	1	50
Bachelors+	33%	30%	35%	39%	18%
Rank	9	19	6	1	50

Source: <http://www.ccsnh.edu/sites/default/files/white-paper-series-the-two-new-hampshires.pdf>

The New Geography of Jobs , Enrico Moretti,

- *Structural changes in the economy have favored industries that employ highly educated workers — and that these industries do best in locations where there are already a lot of these workers. As a result, these regions are experiencing a virtuous circle of growth.*
- *.....And at the same time, regions that started with a poorly educated work force are in a downward spiral, both because they're stuck with the wrong industries and because they're experiencing what amounts to a brain drain.*

Community College System of NH (CCSNH) seven colleges across the state, focused on student higher education and labor market success

- **Strengthening pipeline and pathways from K-12:**
 - Pathway programs tied to dual enrollment courses (**Running Start**) in high labor market demand program areas
 - Academic-Career Focus Area paths connecting from middle school into college
- **Improving completion rates and time-to-degree**
- **Aligning students' academic and career planning**
- **Transfer Pathways to USNH and other 4-yr colleges**
- **Partnerships with employers**, including work-based learning, apprenticeships in new fields (Healthcare, IT) with support of US DoL \$1.2M grant - *breaking down academic and career silos*

Barriers to Achieve 65 by 25

- **Frequent mis-perception** of NH economy and NH career opportunities (*young people do not have to go elsewhere to have a good career*).
- **Lack of awareness** of technical occupations and sub-baccalaureate (middle skills) opportunities and benefits, that prevails in spite of strong evidence of benefits to individuals, businesses and economy
- **Difficulty going to scale with upskilling efforts** – supporting working adults
 - 20% of workforce have some post-secondary education but no credential
 - Smaller employers have difficulty connecting with higher ed and training resources
 - Incumbent employees whose value and earnings could be raised with additional education/training do not have time or resources to invest in upskilling

NH Economic Outlook Summary

- NH has many strong economic fundamentals, including high per capita and median family income, low poverty rate, and high quality of life.
- Could improve outlook with better alignment of labor force with areas of economic strength and opportunity. Can work together on 65 by 25 and on high school, to higher education, to NH employment pathways.
- Current outlook is for continued economic growth, and expected slower growth in 2019 and 2020.