

LABOR FORCE & UNEMPLOYMENT

In 2020, the first year of the coronavirus pandemic, New Hampshire’s labor force declined by 16,400 participants, a 2.1 percent decline.

While employment fell by nearly 50,000 workers (6.3 percent), the majority of these workers remained in the labor force, meaning they actively looked for work while not employed, or were on temporary layoff.

While employment increased by 18,000 workers in 2021, the labor force declined by 7,300 participants, suggesting that many out-of-work residents remained in the labor force during the early months of the pandemic, but left the labor force as the pandemic continued.

Adjusted for seasonal changes, the post-pandemic labor force peaked in September 2020, before falling through October 2021. Employment did not follow a similar trend, increasing by 15,000 workers over this time period.

Labor force increased throughout 2022; the 2022 annual average was nearly 10,000 participants higher than the 2021 average, but remained nearly 14,000 participants below 2019 levels. Employment

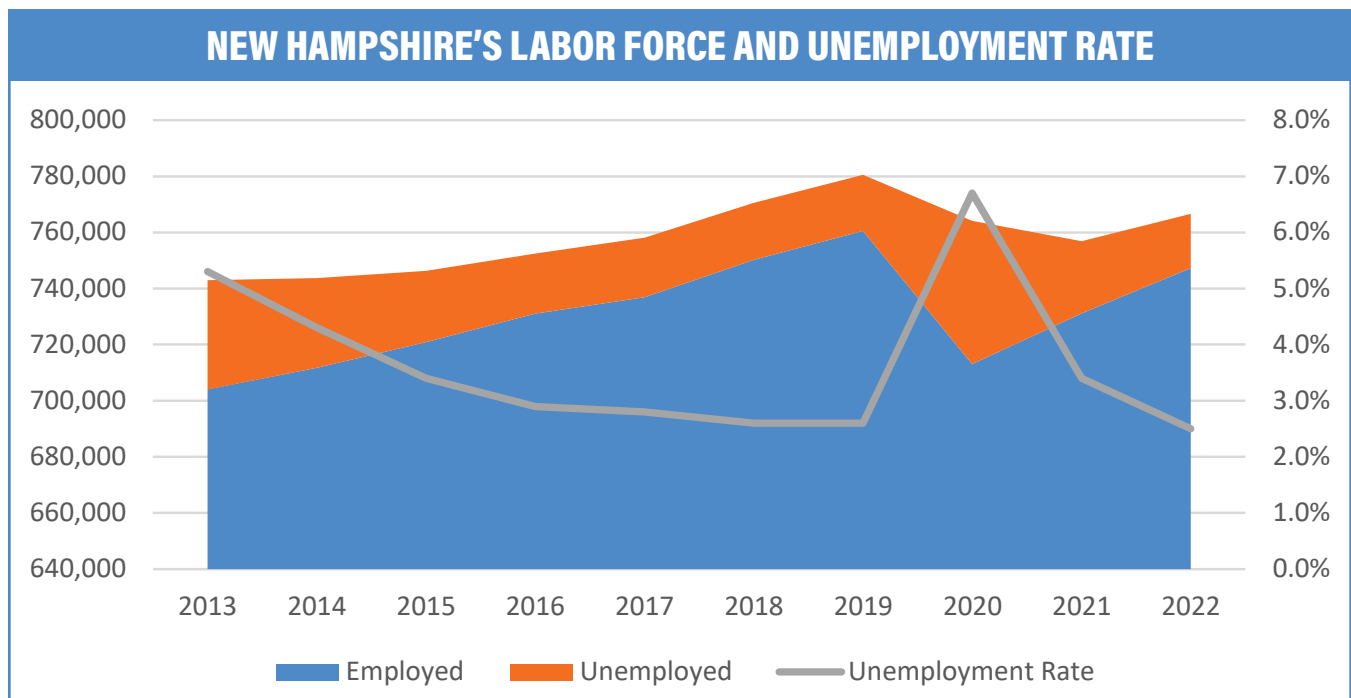
remained below pre-pandemic highs as well, by 13,200 workers.

Demographic Changes

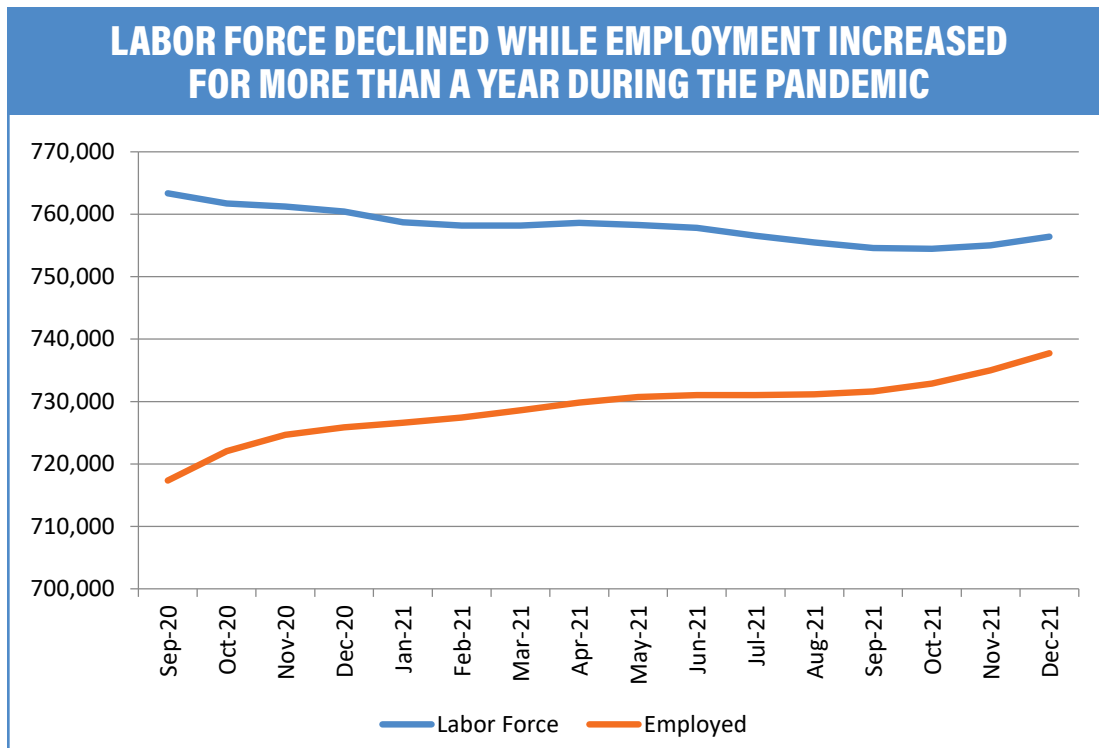
Changing demographics appear to be partially responsible for the decline in New Hampshire’s labor force. The U.S. Census Bureau’s American Community Survey estimated that between 2019 and 2021, the share of New Hampshire’s population age 65 and older increased from 18.6 percent to 19.2 percent. Residents age 65 and older are less likely to participate in the labor force than younger workers, as they have reached traditional retirement age.

Among residents age 65 and older, 28 percent of males and 19 percent of females participated in the labor force in 2019. Residents between age 55 and 64 are much more likely to participate in the labor force, with 81 percent of males and 71 percent of females in the labor force in 2019.

New Hampshire’s aging population means labor force participation is unlikely to reach pre-pandemic levels. Nearly 220,000 New Hampshire



Source: New Hampshire Employment Security, Local Area Unemployment Statistics



Source: New Hampshire Employment Security, Local Area Unemployment Statistics

residents are between ages 55 and 64, and many of these residents will leave the labor force over the next ten years.

Labor Force Participation by Age

New Hampshire's aging population was not the only reason for lower labor force participation. Compared to 2019, 2022 labor force participation rates declined for residents in most age and gender groups. Among male residents age 25 to 34, labor force participation fell more than four percentage points, from 93.1 percent in 2019 to 88.7 percent in 2022. Female residents age 25 to 34 experienced a similar decline, from 83.6 percent to 79.4 percent.

For female residents age 20 to 24, labor force participation fell from 77.0 percent in 2019 to 73.1 percent in 2022. Labor force participation for male residents age 20 to 24 fell more than eight percentage points, from 82.9 percent in 2019 to 74.8 percent in 2022. However, 2019 labor force participation for males age 20 to 24 was unusually high compared to previous years; labor force participation for this cohort was 78.2 percent in 2017 and 78.9 percent in 2018. Labor force participation for males age 20 to 24 was

4.1 percentage points lower in 2022 than in 2018, similar to labor force declines for female residents age 20 to 24, and both male and female residents age 25 to 34.

Labor force participation rates increased among workers age 16 to 19, as well as for male workers age 65 or older. Among male residents age 16 to 19, labor force participation increased from 52.6 percent in 2019 to 54.4 percent in 2022, while for female residents age 16 to 19, the labor force participation rate increased from 55.2 percent to 58.3 percent.

Among male residents age 65 or older, labor force participation increased from 27.9 percent in 2019 to 29.7 percent in 2022. The labor force participation rate was essentially unchanged for female residents age 65 or older, increasing from 19.4 percent in 2019 to 19.6 percent in 2022.

Reasons for Declining Labor Force Participation

The pandemic caused a number of challenges that led to a decline in labor force participation. Reduced availability of childcare since the beginning of the pandemic has lowered labor

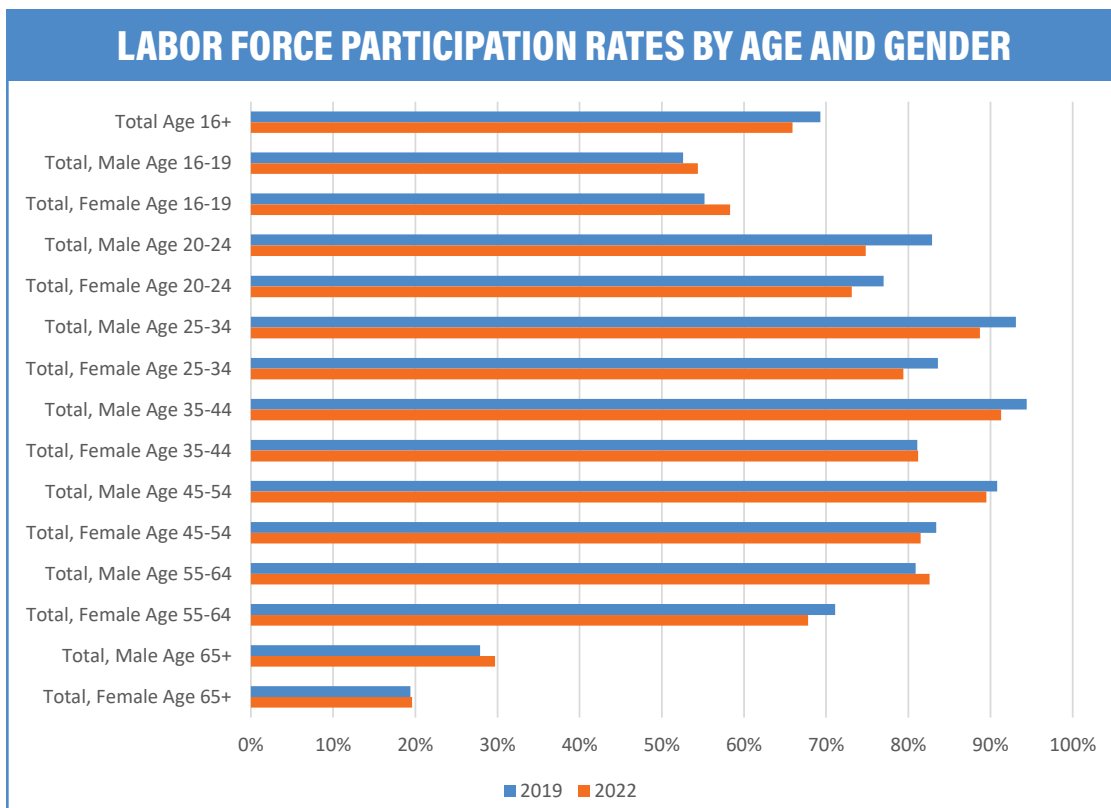
force participation, particularly among mothers.¹ Health-related challenges related to the pandemic have forced some individuals out of the labor force, including individuals dealing with “long COVID,”² and those who continue to socially distance due to health concerns related to the pandemic.³

The Federal Reserve estimated that nationwide, the retired share of the U.S. population increased by 1.5 percentage points between February 2020 and October 2022, with half of that increase considered “excess retirements,” retirements that would not have occurred without the pandemic.⁴ A study by Pew Research Center found that while most of the increase in retirement rates was due to workers

age 65 or older retiring, retirement also increased among workers age 55 to 64.⁵

The “gig economy,” has also affected labor market participation. Although independent contractors (gig workers) earn an income, they are self-employed, and are not included in the labor force. A study by consulting firm McKinsey & Company estimated that in 2022, 36 percent of American workers worked as independent contractors, either full-time or as a supplemental source of income.⁶ This was a substantial increase compared to 2016, when 27 percent of workers were independent contractors.

– Greg David



Source: U.S. Census Bureau, Current Population Survey

1 Megan Cerullo, “With Child Care Unaffordable, Many Parents Struggle to Stay Employed,” CBS News, October 21, 2021. <https://www.cbsnews.com/news/childcare-parents-labor-force/>

2 Jerome H. Powell, “Inflation and the Labor Market,” Transcript of Speech Delivered at Hutchins Center on Fiscal and Monetary Policy, Washington, DC, November 30, 2022. <https://www.federalreserve.gov/newsevents/speech/powell20221130a.htm>

3 Jose Maria Barrero, Nicholas Bloom, and Steven J. Davis, “Long Social Distancing,” National Bureau of Economic Research. <https://www.nber.org/papers/w30568>

4 Joshua Montes, Christopher Smith, and Juliana Dajon, “The Great Retirement Boom: The Pandemic-Era Surge in Retirements and Implications for Future Labor Force Participation,” Finance and Economics Discussion Series, Board of Governors of the Federal Reserve System. <https://www.federalreserve.gov/econres/feds/files/2022081pap.pdf>

5 Richard Fry, “Amid the Pandemic, a Rising Share of Older U.S. Adults are Now Retired,” Pew Research Center, November 4, 2021. <https://www.pewresearch.org/fact-tank/2021/11/04/amid-the-pandemic-a-rising-share-of-older-u-s-adults-are-now-retired/>

6 André Dua et al., “Freelance, Side Hustles, and Gigs: Many More Americans Have Become Independent Workers,” McKinsey & Company, August 23, 2022. <https://www.mckinsey.com/featured-insights/sustainable-inclusive-growth/future-of-america/freelance-side-hustles-and-gigs-many-more-americans-have-become-independent-workers>

LABOR FORCE AND UNEMPLOYMENT CIVILIAN LABOR FORCE (RESIDENTS)	2017	2018	2019	2020	2021
Civilian Labor Force (annual average)	758,133	767,629	776,471	759,770	755,422
Annual percent change	0.8%	1.3%	1.2%	-2.2%	-0.6%
Labor force participation rate	67.6%	68.7%	69.3%	66.7%	64.6%
United States rank	11	tie 6	tie 6	10	14
Male participation rate	72.1%	74.1%	74.8%	71.5%	69.4%
United States rank	tie 12	6	5	tie 10	18
Female participation rate	63.4%	63.5%	63.9%	62.1%	59.9%
United States rank	7	7	9	tie 8	tie 16
Employment (Residents)					
Employed (annual average)	736,918	747,415	756,267	708,566	728,940
Annual percent change	0.8%	1.4%	1.2%	-6.3%	2.9%
Unemployment (Residents)					
Unemployed (annual average)	21,215	21,204	20,204	51,204	26,482
Annual percent change	-1.2%	-0.1%	-4.7%	153.4%	-48.3%
Unemployment rate (annual average)					
New Hampshire	2.8%	2.6%	2.6%	6.7%	3.5%
United States rank (1=lowest)	4	tie 4	tie 4	22	9
New England	3.8%	3.5%	3.1%	8.2%	5.4%
United States	4.4%	3.9%	3.7%	8.1%	5.3%
Men					
New Hampshire	2.7%	2.6%	2.7%	6.4%	4.3%
United States	4.4%	3.9%	3.7%	7.8%	5.5%
Women					
New Hampshire	2.9%	2.6%	2.5%	6.7%	3.1%
United States	4.3%	3.8%	3.6%	8.3%	5.2%
Teens (16-19)					
New Hampshire	2.9%	2.6%	2.5%	6.7%	3.1%
United States	4.3%	3.8%	3.6%	8.3%	5.2%

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics; Current Population Survey; ELMi Analysis. Last Update 3/1/2023



ALTERNATIVE MEASURES OF LABOR UNDERUTILIZATION	2017	2018	2019	2020	2021
U-1: persons unemployed 15 weeks or longer, as a percent of the civilian labor force					
New Hampshire	0.9%	0.9%	0.8%	1.8%	1.5%
United States	1.7%	1.4%	1.3%	2.8%	2.8%
U-2: job losers and persons who completed temporary jobs, as a percent of the civilian labor force					
New Hampshire	1.5%	1.2%	1.1%	4.9%	2.1%
United States	2.1%	1.8%	1.7%	6.1%	3.2%
U-3: total unemployed, as a percent of the civilian labor force (this is the definition used for the official unemployment rate)					
New Hampshire	2.8%	2.6%	2.6%	6.6%	3.7%
United States	4.4%	3.9%	3.7%	8.1%	5.3%
U-4: total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers					
New Hampshire	2.9%	2.7%	2.7%	6.7%	3.8%
United States	4.6%	4.1%	3.9%	8.4%	5.6%
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					
New Hampshire	3.5%	3.0%	3.1%	7.4%	4.4%
United States	5.3%	4.8%	4.5%	9.2%	6.4%
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					
New Hampshire	6.2%	5.6%	5.2%	10.3%	6.1%
United States	8.5%	7.7%	7.2%	13.6%	9.4%
Source: Bureau of Labor Statistics, Current Population Survey; ELMI Analysis. Last Update 3/1/2023					

UNEMPLOYMENT INSURANCE	2017	2018	2019	2020	2021
Weeks compensated for unemployment (UI)	166,663	148,512	133,805	1,419,228	306,326
Benefits paid, unemployment insurance (thousands)	\$52,698	\$47,799	\$43,252	\$349,923	\$81,396
Annual percent change	-9.0%	-9.3%	-9.5%	709.0%	-76.7%
Average duration, benefit payments (weeks)	12.6	12.5	12.1	10.6	16.8
United States average	15.4	15.4	14.8	15.3	17.8
United States rank ^a (1=longest duration)	41	41	42	45	25
Average weekly benefit amount					
New Hampshire	\$316.19	\$321.85	\$323.25	\$246.56	\$265.72
United States	\$341.39	\$346.59	\$359.27	\$304.64	\$325.89
^a Ranks include D.C., Virgin Islands, and Puerto Rico					
Source: U.S. Department of Labor, Employment and Training Administration; ELMI Analysis. Last Update 3/1/2023					
Prepared by: New Hampshire Employment Security, Economic and Labor Market Information Bureau					
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