

# ECONOMIC CONDITIONS in New Hampshire



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## Redesign of the Local Area Unemployment Statistics (LAUS) Program

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Previous years' published Local Area Unemployment Statistics (LAUS) are being revised. These old estimates are not strictly comparable to newly released labor force statistics because of changes made in the estimating model process. The recent LAUS redesign was intended to improve the labor force estimates for regional, state and substate areas and now includes new time-series statistical models, a real-time benchmarking process, and implementation of new 2000 Census-based labor market areas.

What will the effect be to New Hampshire users? Users of New Hampshire's historical unemployment rates should update files for earlier years with new data, as it becomes available from the Economic and Labor Market Information Bureau.

Why change the process?

The new method of developing unemployment estimates has a couple of improvements. One is the process of "real-time benchmarking" which means the labor force estimates are adjusted to the Current Population Survey each month. The Current Population Survey (CPS) is a national survey that provides individual state estimates as well as Census division area estimates that add up to the national total. Previously, the benchmarking of labor force estimates was done at the end of the year, which resulted in a statistical model whose monthly estimates weren't as responsive and sensitive to immediate economic shocks – such as happened in 2001 with the onset of the recession and the 9-11 terrorist attacks.



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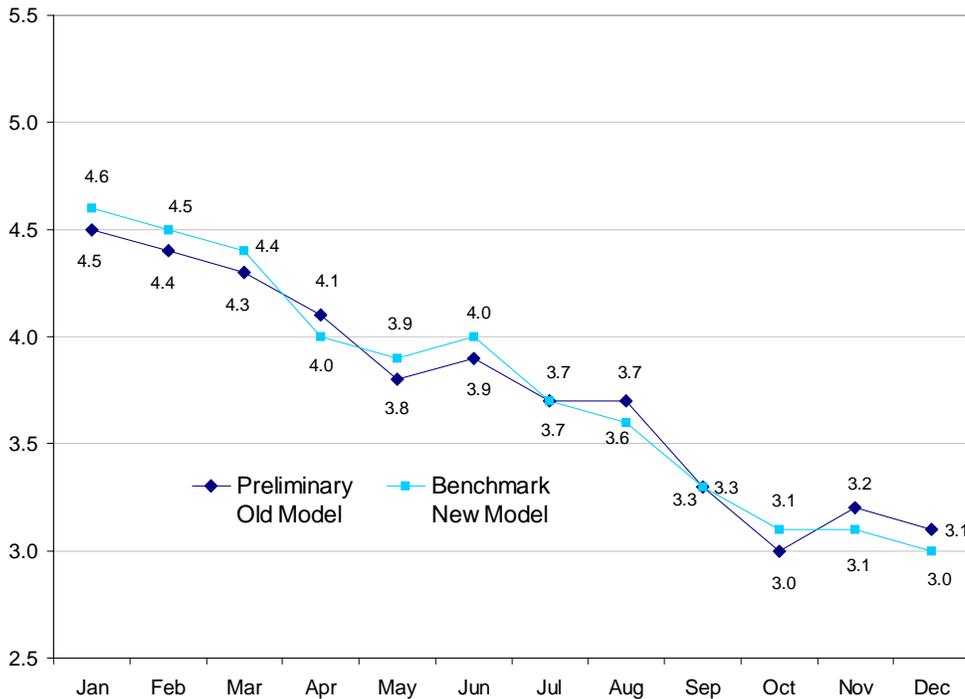
### New Model Unemployment Rates for New England States, Seasonally Adjusted, With Historical Highs and Lows

State	Jan 2005	Historical High		Historical Low	
	Rate <sup>P</sup>	Date	Rate	Date	Rate
New Hampshire	3.5	Jun. 1992	7.7	Apr. 1987	1.9
Connecticut	4.7	Jan. 1976	10.0	Aug. 1999	1.6
Maine	4.1	Mar. 1977	9.0	Jan. 2001	3.2
Massachusetts	4.8	Jan. 1976	10.9	Oct. 2000	2.6
Rhode Island	4.4	Nov. 1982	9.7	Jul. 1988	2.9
Vermont	3.5	Jun. 1976	9.0	Mar. 2000	2.2

<sup>P</sup> = preliminary.

Notes: Rates shown are a percentage of the labor force. Data refer to place of residence. Data have been revised to incorporate new estimation methods and updated Census-2000 population controls. Historical highs and lows show the most recent month that a rate was recorded in the event of multiple occurrences.

During 2004 when both old and new estimating models were run, there was a slight variance in the not seasonally adjusted unemployment rates

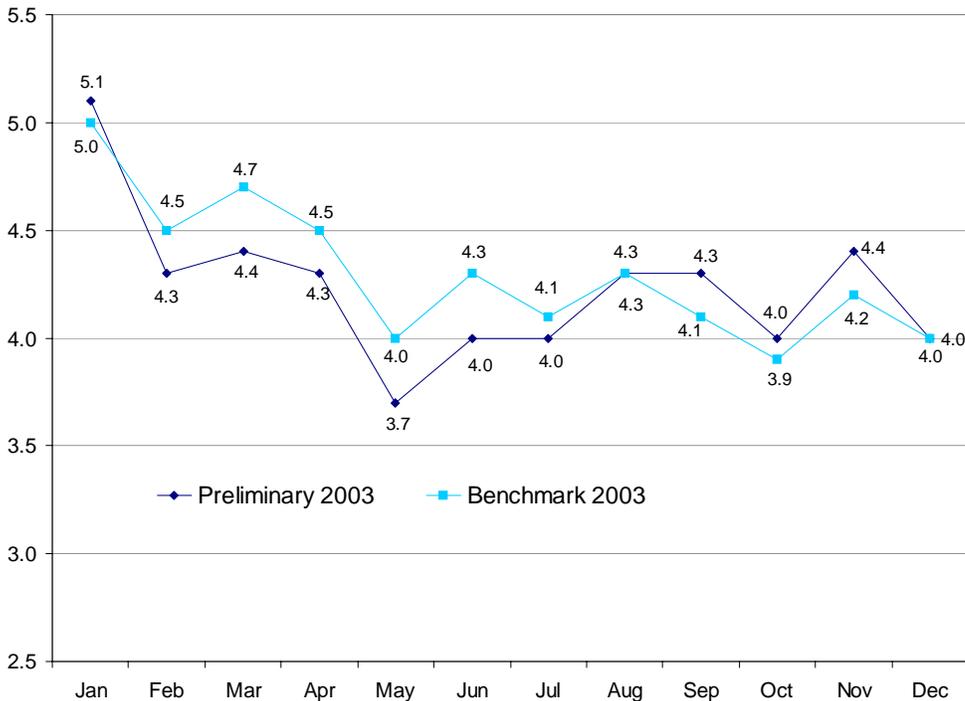


The LAUS redesign also incorporates the Census 2000-based labor market areas. These areas were redefined based on the most recent commuting patterns established from the decennial census. This will help maintain the relevance of labor force estimates for community and economic planners.

**Pros and Cons**

As with any change in methodology there are pluses and minuses to be considered. So what could be the good things about the new methodology? It includes a direct seasonal adjustment of employment and unemployment. It also reiterates the importance of local components, like claims, in the model process. Also with the incorporation of the real-time benchmarking, there will be a reduction in the size of the annual benchmarking adjustments.

In 2003 monthly variances were sometimes larger between Preliminary and Benchmark data than in the 2004 model. The variances were due to the lack of real-time benchmarking throughout the year



The real-time benchmarking to CPS on a monthly basis results in the sum of the labor force, employment, and unemployment numbers for all states will equal the national figures. Previously, using the old modeling system, each state's labor force statistics were calculated independently; the sum of the states did not equal the national estimates. The new feature helps improve the comparability of information among states, and between states and the nation as a whole.

While monthly benchmarking of labor force statistics to CPS will have some major benefits, the annual average unemployment rates produced by the CPS for

Geographic Profile will not necessarily match those produced by local LAUS programs. In spite of this potential difference, there is an abundance of demographic information provided by the CPS that will still provide detailed characteristics of the state labor forces.

Timeline for revised historical series For historical comparison purposes the New Hampshire statewide time series monthly data will be re-estimated from January 1978 using the new model. The historical data for substate areas will be re-estimated from 1990. This data will be available by June 2005.

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### Unemployment Compensation Claims Activity

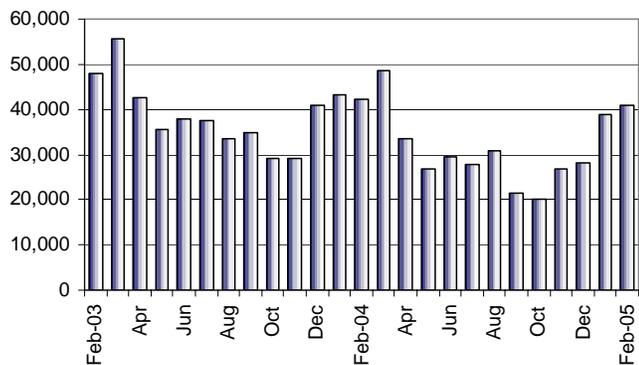
Total Regular Unemployment Compensation Programs:				Change from Previous			
				Month		Year	
	Feb-05	Jan-05	Feb-04	Net	Percent	Net	Percent
Initial Claims	4,127	5,737	4,356	-1,610	-28.1%	-229	-5.3%
Continued Weeks	40,994	38,742	42,349	2,252	5.8%	-1,355	-3.2%

### Claims Activity

### Unemployment Compensation Fund

Unemployment compensation fund balance at the end of February	\$234,058,382.79
Average payment for a week of total unemployment:	\$252.07
Net benefits paid:	\$9,490,971.55
Net contributions received during the month:	\$5,986,347.67
Interest Received:	\$0.00
Reed Act Distribution:	\$0.00
Reed Act Withdrawal for Administrative Costs:	\$189.35

### Trust Fund



### Continued Weeks Claimed

Feb. 2003 - Feb. 2005

Continued weeks claimed were at their lowest February level since the onset of the 2001 recession.

			Change from Previous	
Feb-05	Jan-05	Feb-04	Month	Year
191.8	190.7	186.2	0.6%	3.0%

United States  
All Urban Areas (CPI-U)  
(1982-1984=100)

### Consumer Price Index