

# New Hampshire ECONOMIC CONDITIONS

Robins Eggs (from kooky2 on flickr)

Calfs at Beans n Greens (from NHDJTO on flickr)

Mare and Foal (by Penstones on Pixabay)

Ducklings (from Nicole Patching on flickr)

April 2021

## Short-Term Employment Projections, 2020 Second Quarter to 2022 Second Quarter

Employment in New Hampshire is projected to increase by 61,387 jobs from 2020 second quarter to 2022 second quarter, a gain of nearly ten percent. This gain is in part due to the effects of the economy emerging from the pandemic.

The coronavirus pandemic began to affect U.S. employment in March 2020; New Hampshire covered employment (private plus government) during the second quarter of 2020 was at its lowest level since the first quarter of 1999. For this reason, it is useful to compare 2022 second quarter employment projections to pre-pandemic employment numbers, which provide context to projected employment changes from employment levels not impacted by the pandemic. Overall, 2022 second quarter employment is projected to return to 96 percent of 2019 second quarter employment levels. This time period is used both as a pre-pandemic basis for comparison and to account for seasonal effects on employment. Had the pandemic not occurred, growth of about 0.5 percent annually would have been expected from 2019 Q2 to 2020

Q2, driven by demand and increased economic activity. The effect of the coronavirus pandemic on employment was devastating – at the lowest point of pandemic-related employment, between March and April 2020, 102,400 jobs were lost, as measured by Quarterly Census of Employment and Wages. As a result, much of the projected growth from 2020 Q2 to 2022 Q2 will be due to recovery of jobs lost as a result of the pandemic.

### Short-Term Outlook

Short-term projections begin with an assessment of employment in more than 100 detailed industries, some of which will have better employment outcomes than others going into 2022 Q2.

Employment in *construction* did not decline during the early stages of the

pandemic, in fact, it increased slightly. Part of the reason is that a significant portion of the work is done outdoors and so this industry was less affected by COVID restrictions. In addition, roughly 75 percent of New Hampshire workers in the *construction* industry were defined as “essential” workers, meaning the businesses were not required to close during early stages of the pandemic.<sup>1</sup> Looking ahead to 2022 Q2, an additional 1,566 jobs are expected, with the potential to be even higher, as projections were produced before discussions about funding for infrastructure improvements began at the national level.

Workers in the *transportation and warehousing* sector were also spared some of the economic pain during the early coronavirus period, with gains in

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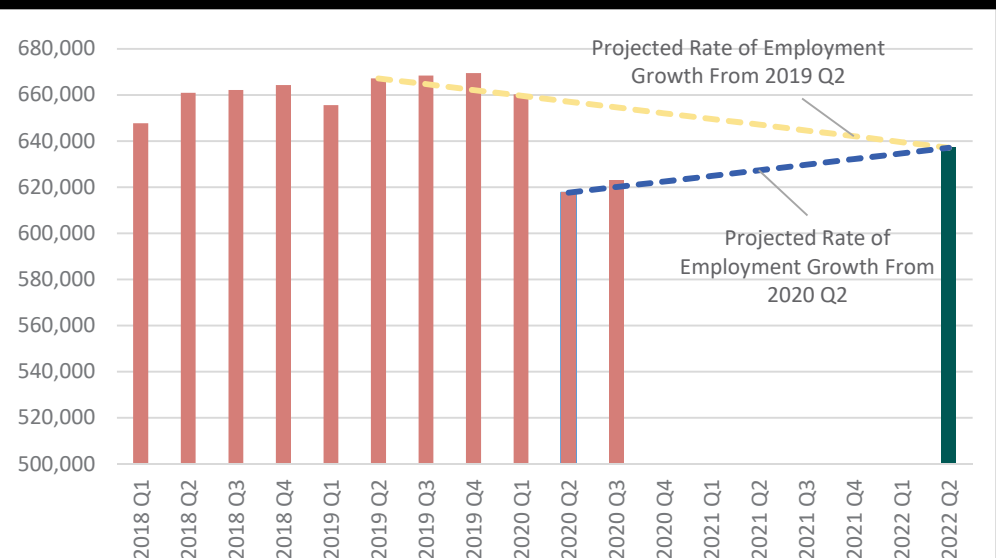
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### Comparing Projected 2022 Q2 Employment to Pandemic and Pre-Pandemic Employment



Source: New Hampshire Employment Security, Short Term Projections, Quarterly Covered Employment and Wages

<sup>1</sup> Essential workers as defined by the Cybersecurity and Infrastructure Security Agency, US Department of Homeland Security. Employment levels estimated using 2019 New Hampshire Occupational Employment and Wages Statistics data.

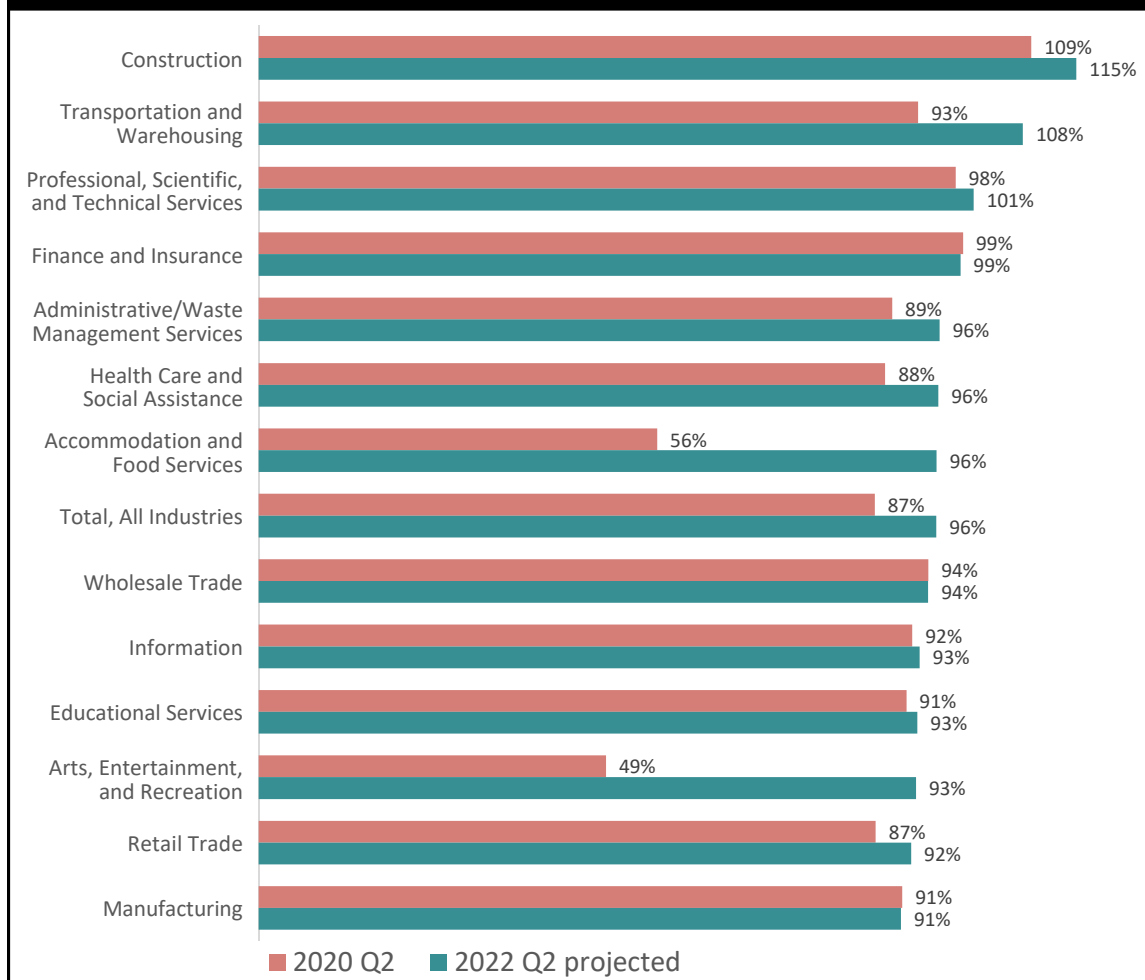
the *couriers and messengers* industry benefitting from delivery services to stay-at-home workers and households with children attending school from home. One industry in this sector, *transit and ground passenger transportation*, did not fare as well, as school and business closures also shut down the need for bus drivers. Industrial staffing patterns from 2019 show that roughly 55 percent of the workers in this industry are *school and special client bus drivers*. As schools are expected to reopen to students, bus drivers will be needed again. Overall, more than 2,600 new jobs are projected for 2022 second quarter.

*Professional, scientific and technical services* employment in the early COVID stages did not decline appreciably as workers shifted to working at home. Growth is projected to remain at historical levels (one to two percent annually) going into 2022 Q2, with nearly a thousand new jobs added.

*Manufacturing* employment was also relatively stable early in the pandemic, maintaining employment at about 90 percent of 2019 Q2 levels. Some facilities partially closed due to disruptions in the supply chain caused by plant closures elsewhere or shortages of raw materials. Manufacturers that were able to shift to the production of critical items such as masks, hand sanitizers, protective gowns, or vaccines were able to increase employment. Trends are expected to continue into 2022 Q2 with little change in employment at the sector level.

Employment in *healthcare and social assistance* decreased by more than 10,000 jobs from 2019 Q2 to 2020 Q2 as the initial wave of COVID-related non-essential business closures affected hospitals, clinics, and dental offices. Elective surgeries were cancelled and only essential hospital staff were retained to meet the demand from COVID patients. Employment is projected to recover most of the jobs losses by 2022 Q2 but still be short of 2019 Q2 levels,

## Percent of 2019 Q2 Employment - Industries



Source: New Hampshire Employment Security, Short Term Occupational Projections

with overall sector employment increasing from 83,727 jobs in 2020 Q2 to 90,826 jobs in 2022 Q2, a gain of 7,099 jobs.

By far the largest decrease in employment in the first months of the pandemic were in three sectors: *accommodation and food services*, *retail trade*, and *arts, entertainment, and recreation*. As the number of COVID cases soared and the extent of the pandemic became widespread, firms in these sectors were ordered shut down. Restaurants and pubs closed, hotels that remained open welcomed guests on a very limited basis, sporting events were shut down for the season, and concert venues went dark for the summer. Retail spending decreased significantly. Overall employment losses compared to 2019 Q2 were extensive: nearly 27,000 jobs in *accommodation and food services*, more than 12,000 jobs in *retail trade*, and 6,500 jobs in *arts, entertainment, and recreation* were either temporarily or permanently eliminated.

Recovery in these sectors is expected through 2022 Q2 as the number of people vaccinated approaches herd immunity and social distancing requirements are relaxed—a

critical factor for these sectors that depend on in-person transactions. Pent-up demand for products and services will also boost demand for more workers.

Unfortunately, some firms and their employees may never come back, especially smaller retailers and restaurants that did not have the resources to withstand the long period of lost business. With increased demand and the easing of COVID concerns, the projected outlook is optimistic that other businesses will emerge to take their place. By 2022 Q2, *accommodation and food services* is projected to add 24,000 jobs, the vast majority in *food services and drinking places*; *retail trade* is expected to add 4,700 jobs; and *arts, entertainment, and recreation* is projected to pick up 5,600 jobs over 2020 Q2.

Employment in *educational services* declined by more than 5,400 jobs during 2020 Q2 compared to a year earlier. Schools and colleges shut down during the early months of the pandemic but resumed via remote learning or hybrid mode until the end of the 2020 school year. With schools returning to regular schedules and in-person learning in the spring of 2021, the industry is projected to add just over 1,000 jobs, but remain below pre-pandemic employment levels.

### Outlook for Other Industry Sectors

- Employment in the *finance and insurance* sector is projected to remain at a steady level of approximately 27,000 workers through 2022 Q2 as this industry experienced only minimal job losses during the pandemic.
- *Information* sector employment is projected to have a slower recovery of the jobs lost. Most of the losses for this industry were in *motion picture and sound recording*, largely due to closure of movie theatres during the pandemic.
- *Wholesale trade* is projected to regain the 1,600 jobs lost from 2019 Q2 but is not expected to experience any additional job growth going into 2022 Q2.

### Occupational Projections

One of the goals of occupational projections is to identify the jobs that are expected to have an increased need for workers in the next two years. There are three ways to express the need for workers—number of new jobs, percent increase over time, and the number of openings due to growth and the need to replace workers that leave an occupation or retire.

Projections in a post-COVID economy become difficult to interpret compared to typical projections. Starting with a base period that is low due to extraordinary events, such as the 2020 Q2 base period, can result in projections that are

overstated compared to historical trends. As an example, employment for *waiters and waitresses* is projected to increase by 63 percent from 2020 Q2 to 2022 Q2, not due to job growth but because of abnormally low employment in the base period due to closures of restaurants and pubs. In prior years, employment for that occupation has grown less than one percent a year. A similar difficulty occurs when assessing new jobs or replacement openings.

### Major Occupational Groups

Overall employment is projected to increase by 61,400 jobs from 2020 Q2 to 2022 Q2, a seemingly impressive total, as the job growth in a non-COVID environment has historically been closer to 10,000 jobs over a two-year period. The difference is due to job recovery following the worst of the pandemic and the return to normal economic conditions.

Of the 22 major occupational groups, nearly half of the projected new jobs can be attributed to three groups—*food preparation and serving related occupations*, *sales and related occupations*, and *personal care and service occupations*. All of these groups experienced large numbers of jobs lost as retail stores, restaurants, beauty parlors, and other establishments closed their doors due to the pandemic. As the economy returns to normal, these groups are projected to be among the leaders in most new jobs, openings, and percentage change from 2020 Q2 to 2022 Q2.

### Detailed Occupations

Occupations at the detailed level can also be viewed in terms of total jobs, percent change, and total openings, with openings being the most useful to a job seeker or career changer. Openings indicate the opportunities available in a particular occupation. During the pandemic and resulting economic dislocation, jobs were still available due to retirements and normal movement in the job market, even for occupations that were declining in absolute numbers. Projected employment is based on the assumption that by 2022 Q2, COVID restrictions on industries will ease and workers will be needed to restart businesses and serve returning customers.

Occupations that traditionally add the most jobs, when not impacted by catastrophic events such as a pandemic, are also expected to have the greatest demand for workers—and hence, the most openings—in 2022 Q2. *Fast food and counter workers* (4,560 projected openings), *waiters and waitresses* (4,080 projected openings), and *cashiers* (3,867 projected openings) are at the top of the list as the industries that employ these workers are expected to begin a slow climb to pre-pandemic levels.

Another way to view occupational projections is to compare pre-pandemic employment (as was done with industries



above) to 2020 Q2 and 2022 projected Q2. Both industry and occupation graphs depict the percentage of pre-COVID employment compared to employment in 2020 Q2 as the effects of COVID were becoming apparent, and projected employment in 2022 Q2 as employment is expected to recover.

As the graph detailing occupational employment changes from 2019 Q2 indicates, some occupations experienced large declines from 2019 Q2 to 2020 Q2. Employment of *waiters and waitresses* in 2020 Q2 fell to 56 percent of 2019 Q2 employment, and employment of *hairdressers, hairstylists and cosmetologists* was down to 55 percent of 2019 Q2 levels. Both of these occupations are projected to recover jobs by 2022 Q2 but still be short of 2019 Q2 employment, at 92 and 75 percent of 2019 Q2 employment, respectively.

*Dental hygienists* are projected to add 213 jobs from 2020 Q2 to 2022 Q2, enough to surpass pre-pandemic employment. Employment of *medical assistants* is expected to have a similar trend, as employment is expected to

surpass pre-pandemic levels. Both of these occupations suffered losses when dental and medical offices shut down in the early stages of the coronavirus pandemic, but rebounded quickly as healthcare providers began accepting patients again.

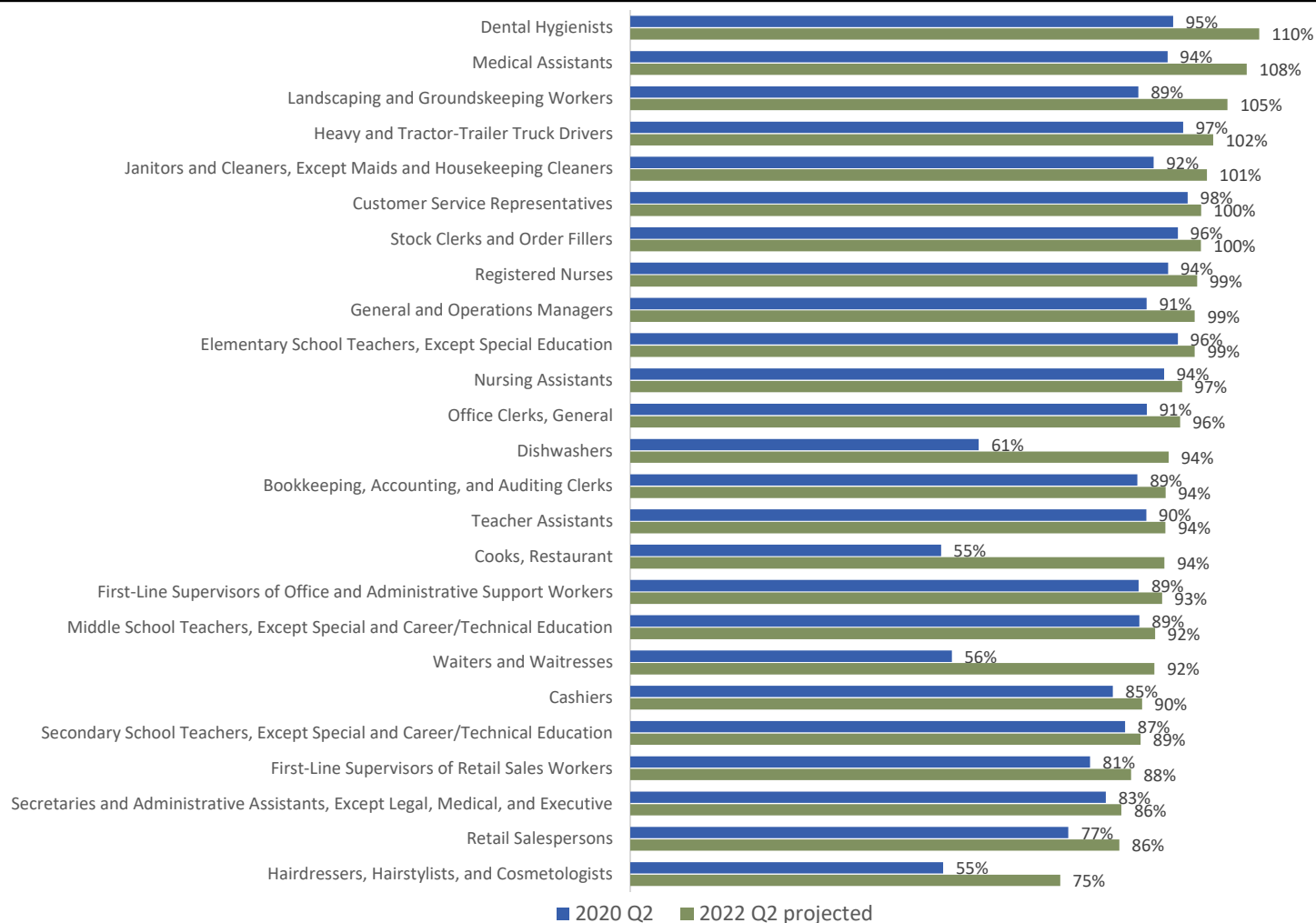
Some occupations still have a longer road to return to pre-pandemic employment numbers. Until more brick and mortar retail stores re-open (and new establishments emerge) as the public regains confidence to go back to eating indoors, occupations such as *cashiers, retail salespersons, and waiters and waitress* will take longer to return to pre-pandemic levels.

Complete short-term industry and occupational projections can be found on the Economic and Labor Market Information Bureau website at:

<https://www.nhes.nh.gov/elmi/products/proj.htm>

– Michael Argiopolis

## Percent of 2019 Q2 Employment - Occupations



Source: New Hampshire Employment Security, Short Term Occupational Projections