

New Hampshire ECONOMIC CONDITIONS

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July 2021

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Job Postings Show Indications of a Tight Labor Market in New Hampshire

Based on data from Emsi Burning Glass' Labor Insight, the number of online job postings from New Hampshire-based employers began to increase from pandemic-related lows in March 2021. The number of job postings remained high throughout the second quarter of 2021. Economic restrictions related to the coronavirus pandemic were largely phased out during the spring, and businesses appeared to be ready to increase staffing levels. However, employment growth did not keep pace with the increase in job openings, and many businesses reported finding it difficult to fill open positions.

Labor markets follow the laws of supply and demand. When many individuals compete for a relatively

small number of open positions, businesses may offer lower wages, or can be more selective about which candidates to hire, looking for higher levels of education, specific skills, or years of experience. In a tight labor market, when there are large numbers of job openings but relatively few job applicants, businesses typically need to increase wages, to encourage workers to either seek a new position, or enter or re-enter the workforce.

Salaries in Job Postings Have Increased

An increase in wages from year to year is normal. The Economic Policy Institute (a progressive think tank) sets a growth target for nominal wage growth of between 3.5 and 4.0 percent. This growth allows worker income to

keep pace with productivity growth, the Federal Reserve's overall price inflation target, and maintains workers' share of corporate income.¹ Between 2015 and 2019, the average weekly wage for New Hampshire workers increased by between 1.9 and 3.3 percent, slightly below this target wage growth. A wage

INSIDE THIS ISSUE: Seasonally Adjusted Estimates

Unemployment Rates 5

Current Employment Statistics 5

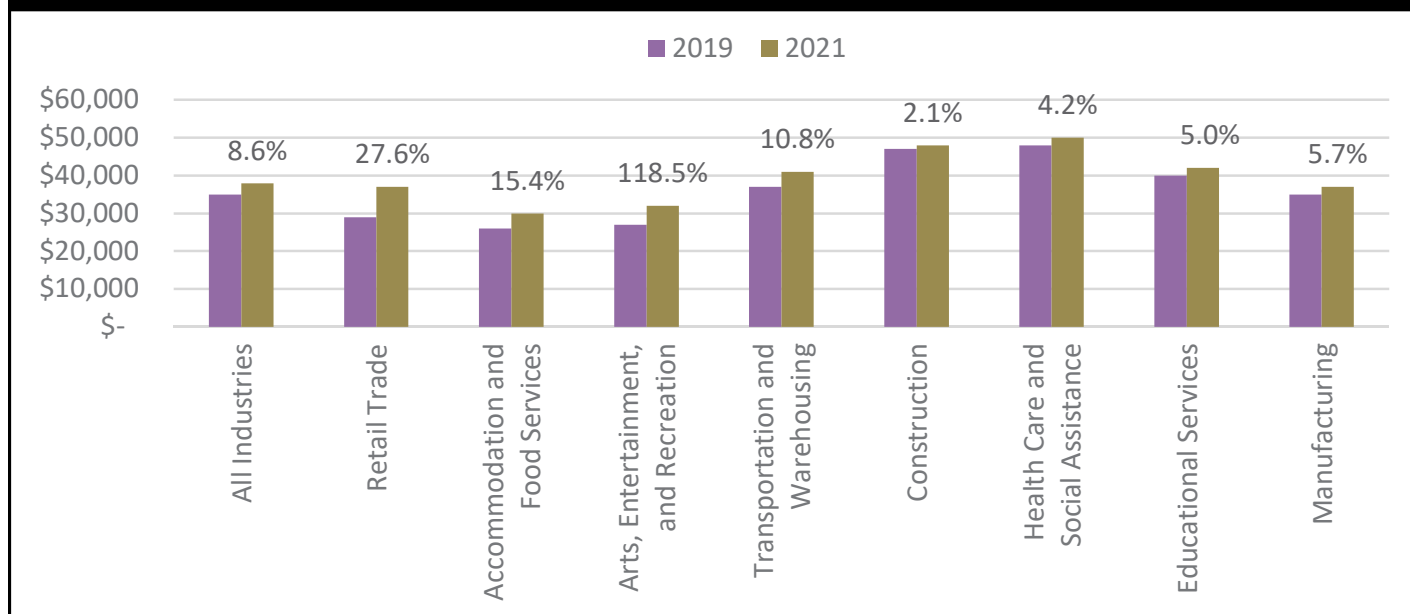
Not Seasonally Adjusted Estimates

Unemployment Rates 6

Current Employment Statistics 7

Claims Activity 10

Median Advertised Salary in Job Postings



Source: Labor Insight, Emsi Burning Glass

¹ Economic Policy Institute, Nominal Wage Tracker. <https://www.epi.org/nominal-wage-tracker/>.

increase greater than the nominal wage growth level can indicate that a labor market is tight, and that there are more job openings than applicants.

Labor Insight's online job posting data includes the median salary advertised in job ads.² Comparing advertised salaries in job ads from May and June 2021 to salaries in ads from May and June of 2019, shows the difference between current advertised salaries and pre-pandemic salaries. Over that two year period, the median advertised salary increased 8.6 percent (a 4.2 percent annual rate of increase), from an annual salary of \$35,000 to \$38,000.³

The increase in advertised salary varied by industry, indicating that difficulty in filling open positions was not the same across industries. Industries with the highest increase in advertised salary were retail trade, accommodation and food services, and arts, entertainment and recreation, which saw increases of between 15 and 28 percent.

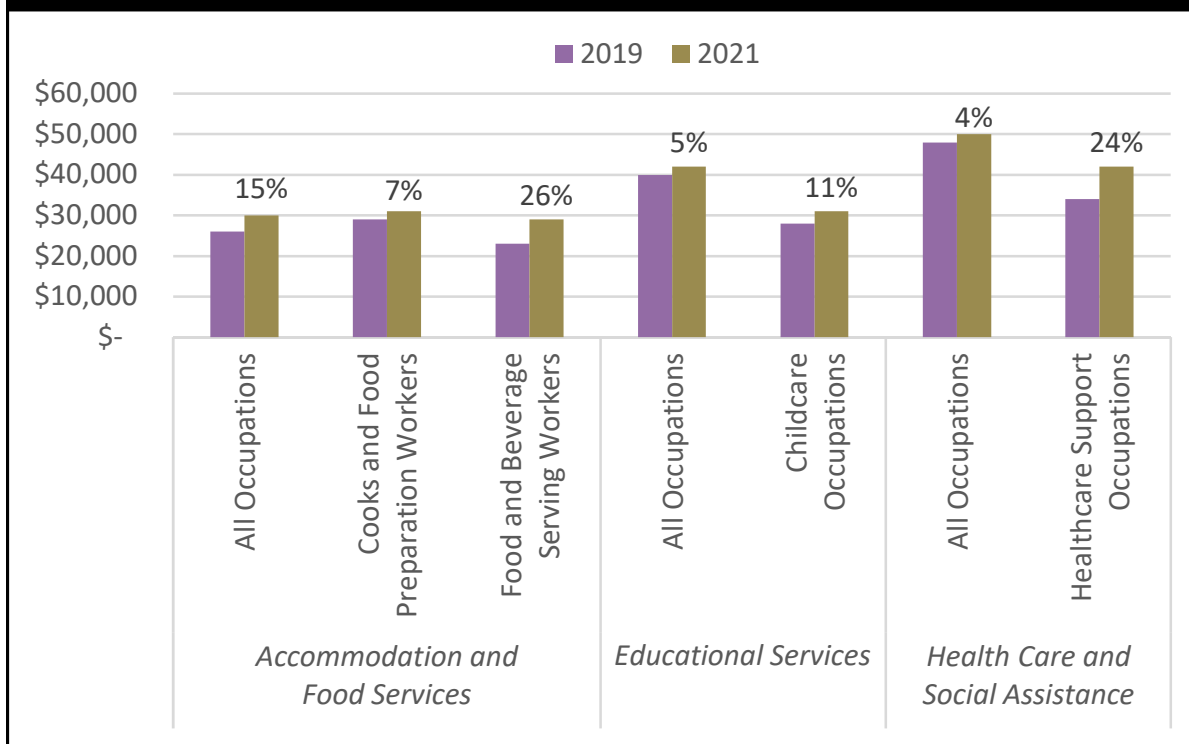
Other industries experienced lower rates of advertised salary growth, indicating that the labor market in these industries was not as tight. Advertised salaries in construction, educational services, health care and social assistance, and manufacturing increased between two and six percent from 2019 to 2021, below the median for all job postings over that time.

Increases in Advertised Salary Varied by Occupation

Increases in advertised salary indicate that positions in an industry were difficult to fill. But not all occupations within an industry were equally hard to fill. For example, within the accommodation and food services industry, advertised salaries for *cooks and food preparation workers* increased seven percent from May and June 2019 to May and June 2021, slightly below the median for all advertised salaries. Advertised salaries for *food and beverage serving workers* (*waiters and waitresses, bartenders, baristas, etc.*), on the other hand, increased 26 percent, indicating that these jobs were more difficult to fill.

Within some industries that did not have a large overall increase in advertised salary, some occupations had above average increases in advertised salary, indicating that these positions were difficult to fill, even if the industry overall had less difficulty filling open positions. Advertised salaries for jobs in the educational services industry increased five percent from May and June 2019 to May and June 2021, but child care-related occupations (*childcare workers, preschool teachers, except special education, and education administrators, preschool and childcare center/program*) increased 11 percent. While advertised salaries in the health care and social assistance industry only increased four percent between 2019 and 2021, advertised salaries for *healthcare support occupations* (*nursing assistants, home health aides, etc.*) increased 24 percent.

Salary Increases Depended on Occupation as Well as Industry



Source: Labor Insight, Emsi Burning Glass

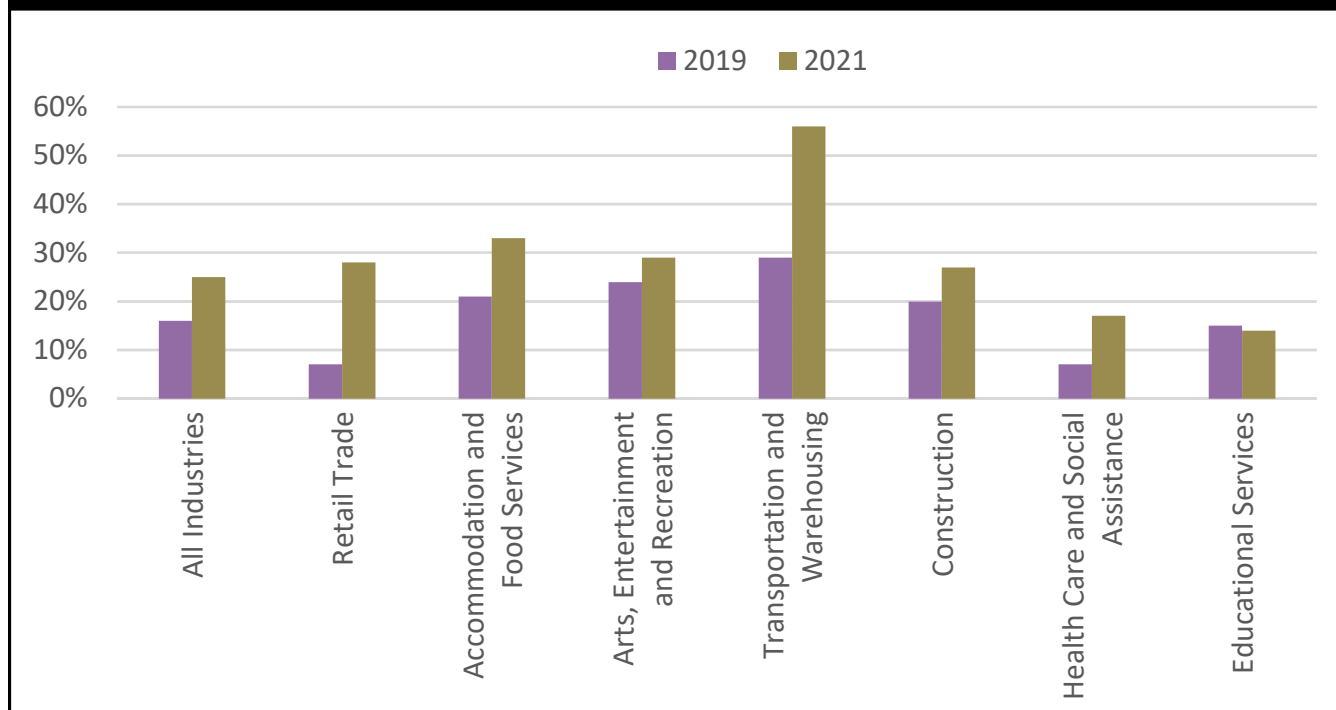
² A majority of job postings do not provide salary information.

³ Salaries for hired workers may not necessarily match what is advertised. Salary increases may reflect a change in the types of occupations included in job postings, rather than overall wage growth. Even within an occupation, there may be variation in salaries offered by different employers, as well as varying levels of experience, education, and skills requested.

More Job Ads Reported Salaries

Since employers need to advertise increased wages to attract job applicants, an increase in the percentage of jobs ads that provide salary information also indicated a tight labor market. In May and June of 2019, only 16 percent of job ads included salary information. In May and June 2021, this increased to 25 percent. Generally, industries

Percent of Job Postings That Include Salary Information



Source: Labor Insight, Emsi Burning Glass

which saw a larger increase in median advertised salaries also saw an increase in the percentage of job ads including salary information.

Only seven percent of retail trade job ads included salary information in May and June of 2019; by 2021, this had increased to 28 percent. In accommodation and food services, the percentage of job ads that included salary information increased from 21 percent to 33 percent, while in transportation and warehousing, the percentage increased from 29 percent to 56 percent. In 2019, 24 percent of arts, entertainment and recreation industry job ads included salary information. This increased to 29 percent in 2021, a relatively small change, but remaining above the average for all industries.

Other industries saw large increases in the percentage of job ads that included salary information, but did not see large increases in advertised salaries. In healthcare and social assistance, the percentage of job ads that included salary increased from seven percent in 2019 to 17 percent in 2021, while advertised salaries increased just four percent. Construction industry job ads that included salary information increased from 20 percent in 2019 to 27 percent in 2021, while advertised salaries increased just two percent.

More Employers Are Offering Bonuses

In addition to increased wages, hiring bonuses can indicate that employers are having difficulty filling open positions.

In May and June of 2019, approximately 600 job postings offered hiring bonuses, mostly in the health care and social assistance sectors. By May and June of 2021, the number of job postings that included hiring bonuses had increased by almost 400 percent. Although health care and social assistance employers still offered more hiring bonuses than any other industry, the use of bonuses increased at a much faster rate in retail trade, manufacturing, accommodation and food services, professional, scientific, and technical services, and transportation and warehousing as well.

Reasons for a Tight Labor Market

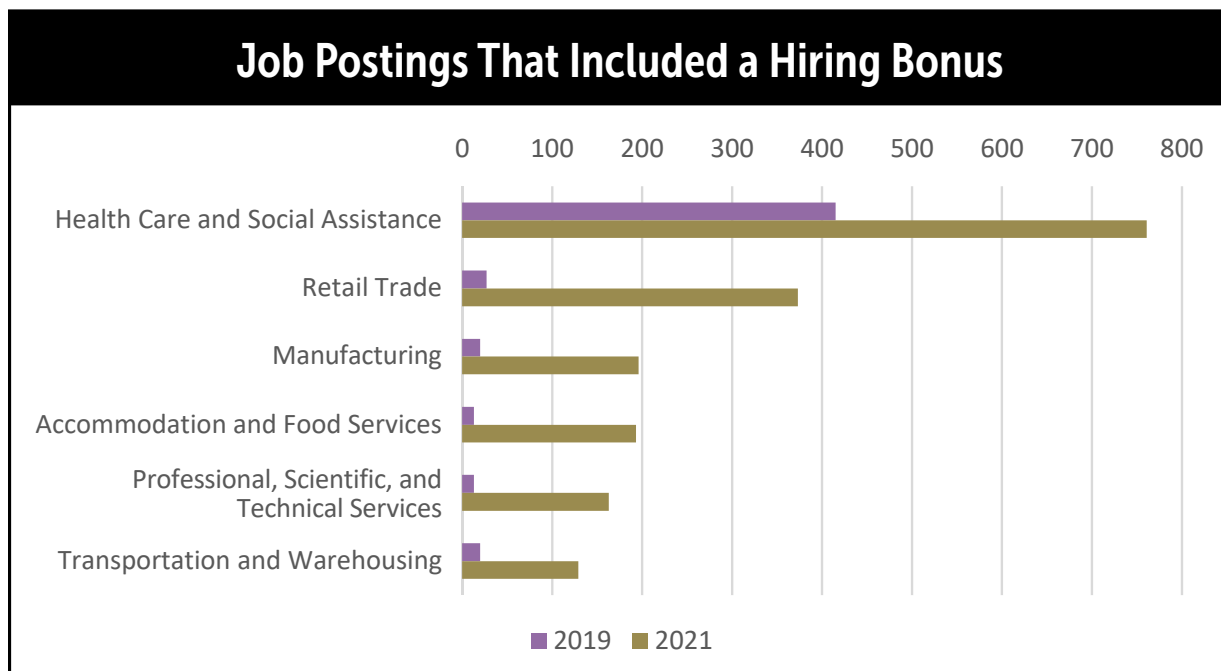
Industries and occupations that experienced a tight labor market in 2021 share a number of common characteristics. These industries suffered a large decline in employment during the pandemic, and in 2021 were attempting to return to more normal levels in a relatively short time period. This led to a large number of job openings, and increased competition among employers for qualified candidates. A notable exception was the transportation and warehousing industry which was one of the few industries to experience workforce growth during the pandemic. As the popularity of online retail increased, the advertised salary for transportation and warehousing jobs increased 11 percent from May and June of 2019 to May and June of 2021.

On the supply side, many of the job openings were for relatively low-wage occupations. Despite increasing advertised salaries, many of the industries and occupations

experiencing tight labor markets continued to advertise salaries below the statewide median. Most of these jobs cannot be performed remotely, and require in-person interaction with co-workers or the public. Even as coronavirus cases decline and more New Hampshire residents become vaccinated, workers in these occupations

may feel an increased risk to health and safety that deter potential job applicants. For these and other reasons, the demand for labor in some occupations and industries may be more difficult to satisfy even as the New Hampshire economy recovers and its labor force grows.

– Greg David, Economist



Source: Labor Insight, Emsi Burning Glass