

New Hampshire ECONOMIC CONDITIONS

September 2019

How "Old" is New Hampshire Really?

New Hampshire currently has the third highest median population age of any state in the nation, behind only Maine and Vermont. Current demographic trends will present the U.S., New Hampshire, and nearly all states with a variety of economic and fiscal challenges. An accurate understanding of the forces driving demographic trends is necessary to confront and manage the challenges demographic trends will present to the state and its policymakers.

With New Hampshire having the third highest median age, does that really mean our state is worse off

demographically than 47 other states?

Although a state's median age is a convenient metric, it says relatively little about the age distribution of a state's population, or the factors that contribute to a state having either a high or low median age. Because New Hampshire has a high median age, many assume that it has a similarly high rank in the percentage of its residents that are senior citizens. While New Hampshire does have an above average percentage of seniors among its population, it ranks just 13th among all states and below many states with a lower median age.

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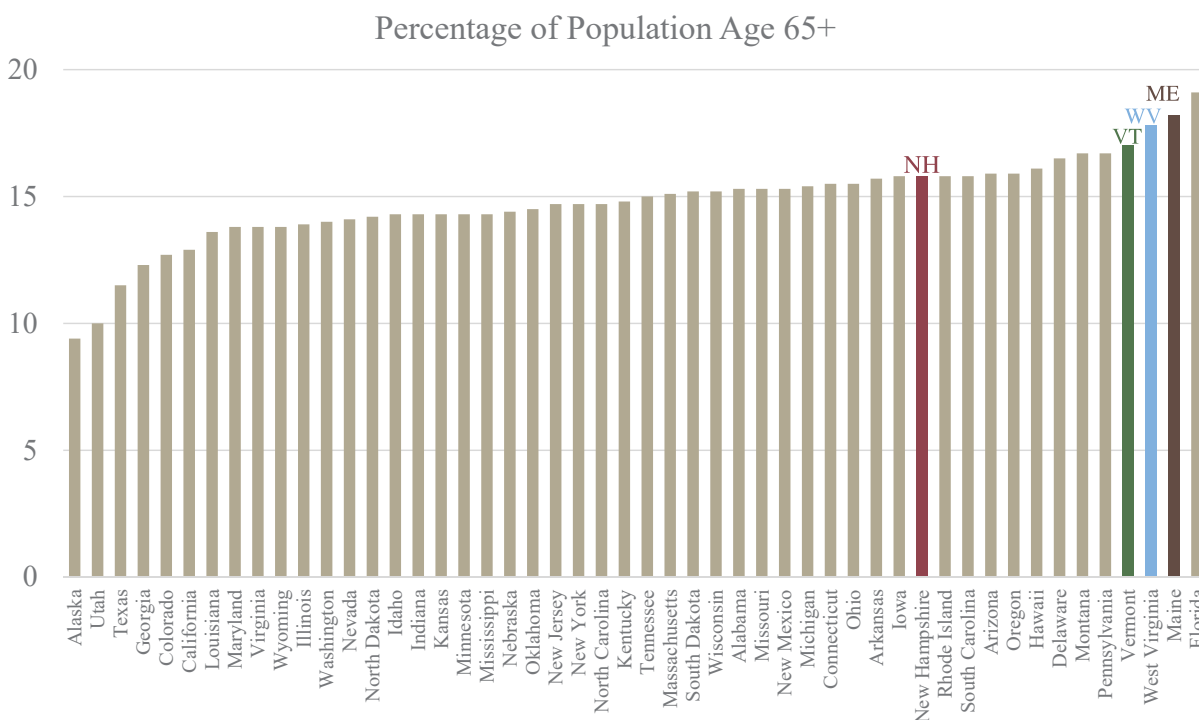
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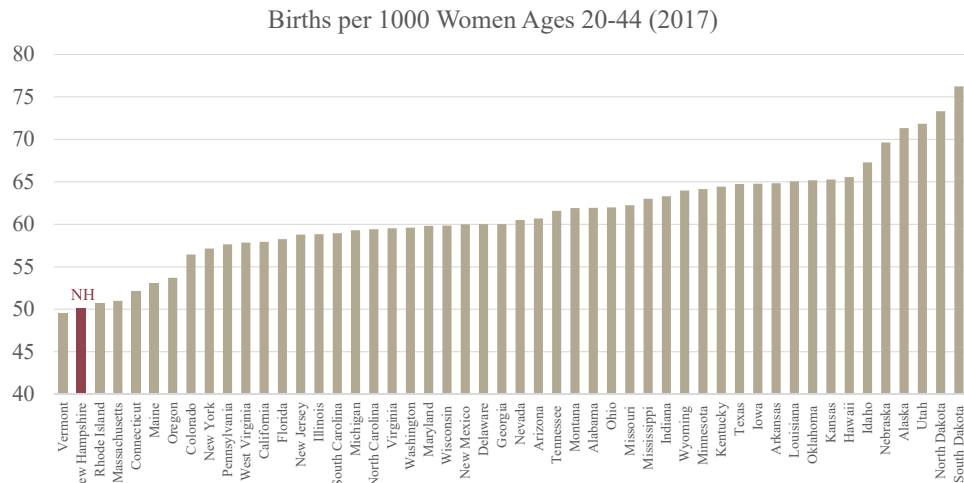
New Hampshire has the Third Highest Median Age of any State, but it Does Not Have the Third Highest Percentage of Senior Citizens



Source: U.S. Census Bureau, "American Community Survey" 5 year estimates

What New Hampshire does have is a high percentage of residents in the middle of the age distribution and many fewer residents at early ages. Population aging is a permanent, irreversible consequence of low average family size and longer life expectancies in developed societies. New Hampshire has among the lowest fertility rates of any state in the nation and this, more than anything, accounts for our increasing median age relative to the U.S. In addition, because New Hampshire has both older citizens who are both wealthier and healthier (on average) than most other states, we expect greater longevity. The accompanying chart shows how much lower the fertility rate is among women of child bearing years in New Hampshire compared to the most other states.

New Hampshire Annually has Among the Lowest Fertility Rates in the Nation, but all New England States are at the Bottom



Source: U.S. Centers for Disease Control and Prevention, "Wonder" online database

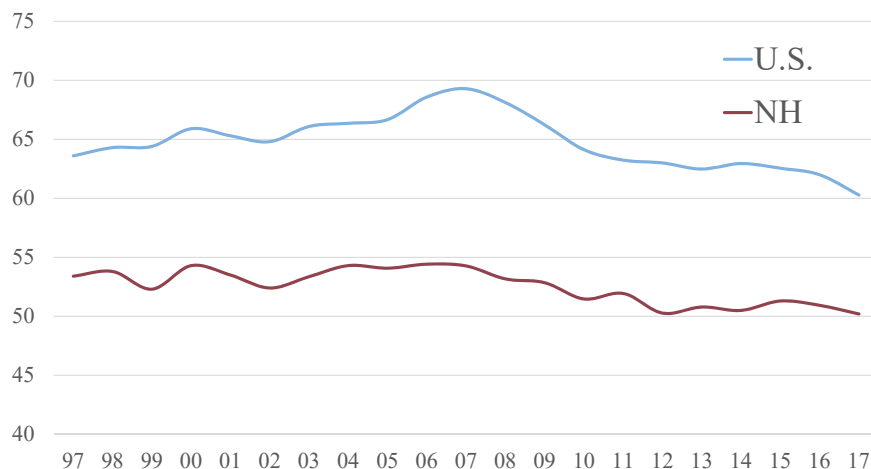
Fertility rates in a state, or the number of births per 1,000 women in child bearing years, is influenced by many demographic factors including the age distribution of women in child bearing years, educational attainment, and labor force status. Low and declining fertility rates account for a large portion New Hampshire's rising median age, just as they do for Vermont and Maine. Fertility almost always has a more powerful effect on the age structure of a state's population than does either migration or mortality because all of the population changes (and thus impact on median

age) that it generates arise at age zero and work their way through the age structure for 70 or more years.

Women in New Hampshire (as well as in most New England states) have higher levels of educational attainment (on average) and are more likely to be in the labor force than are women overall in the U.S. Both of these factors are associated with lower birth rates. Much of New Hampshire's increase in college educated workers is the result increases among women and this has produced substantial labor force and economic benefits for the state.

Birth Rates are Declining Nationally, NH's Low Rate is a Primary Reason for the State's High Median Age

Births per 1000 Women Ages 20-44



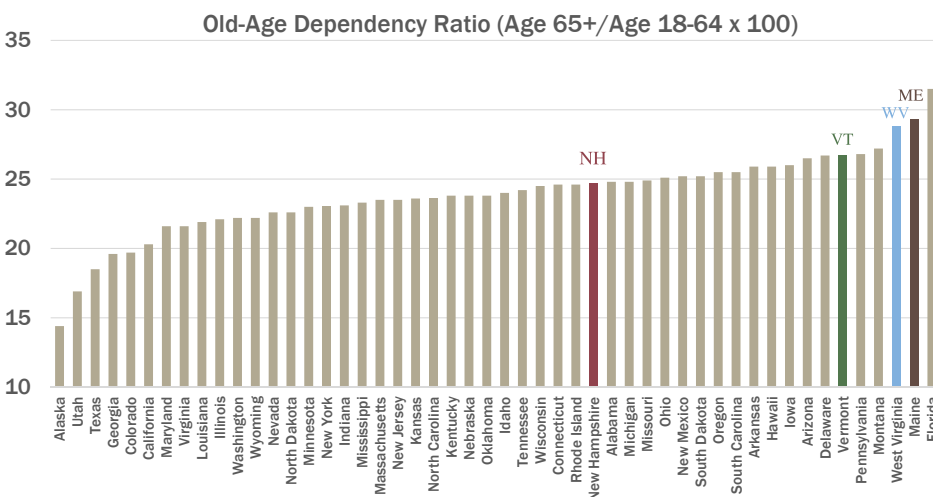
Source: U.S. Centers for Disease Control and Prevention, "Wonder" online database

The "Dependency Ratio" Matters Most

To understand the strains that an older demographic may place on the economy and fiscal system of a state or a nation, it is important to look at the "old-age dependency ratio," or the number of older residents in relation to the number of working-age residents. There will be more elderly in New Hampshire and that will increase service needs but the fiscal pressures those needs place on the state is a function of both the number of older residents in need of services and the number of working age individuals supporting those services. The old-age dependency ratio is rising in New Hampshire but again, on that metric,

New Hampshire does not look like the third oldest state in the nation as it is more in the middle of all states on the ratio of residents age 65+ to working age residents. In addition, because New Hampshire has relatively healthier and more well-off older residents compared to many states, our dependency ratio probably slightly overstates the challenge the old-age dependency ratio presents to the state. With New Hampshire's lowest in the nation birth rates the old-age dependency ratio could rise rapidly depending on migration trends (as has been the case in recent years) and is one more reason to want to make our state broadly appealing to demographic groups.

Unlike Other States with a High Median Age, NH is in the Middle of States on Old-Age Dependency Ratio - Migration Trends Should Help it Remain So



Source: U.S. Census Bureau, "American Community Survey" 5 year estimates

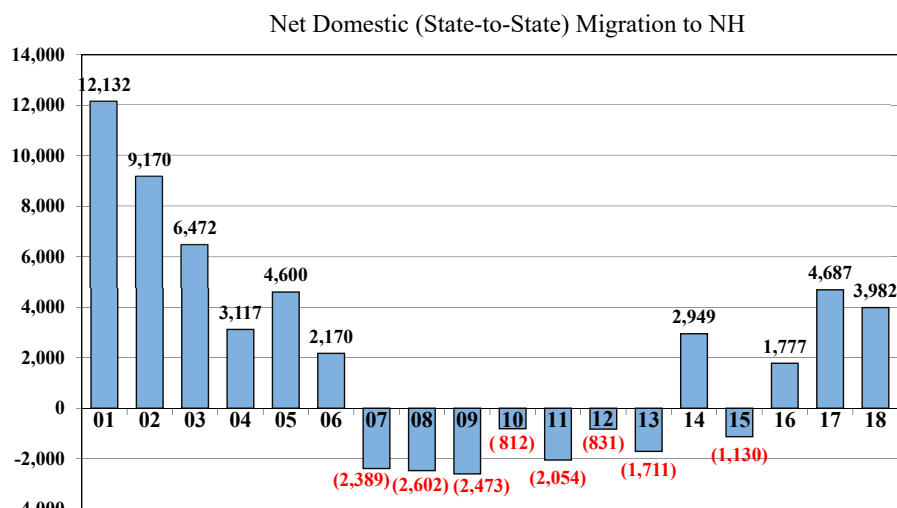
In-Migration is Key

Low birth rates resulting from high labor force participation and levels of educational attainment among women in New Hampshire (a sign of our state's successes not our failures), along with low mortality rates among an older population that is both healthier and wealthier (on average) than in most states, is a recipe for a higher median age in a state. That is unless median age can be made more stationary through the in-migration of younger residents, or as New Hampshire has traditionally done, in-migration of residents more in the middle of the age distribution along

with their children. That was exactly New Hampshire's recipe for success for decades even as young people have left the state (a decades long trend in New Hampshire), at least until net state-to-state migration slowed in New Hampshire, just as it has been slowing nationally for some time.

Between 2007 and 2015, the U.S. Census Bureau estimates that about 11,000 more residents moved out of New Hampshire to another state than moved into the state.

Net State-to-State Movement Into New Hampshire is Once Again Positive and the Trend Will Help Compensate for the State's Low Birth Rate



Source: U.S. Census Bureau, "Components of Population Change"

For more than two decades New Hampshire added large numbers of families with children and lost younger people who attend college or otherwise leave the state in young adulthood. During and for a period after the "great recession," a weak economy and housing market (that made it difficult to both sell and buy a house) greatly curtailed migration into New Hampshire. Movers to New Hampshire over the past several decades are more likely to be a married couple family age 30-44, with children, likely to both be college educated and working. That demographic doesn't do a lot to lower the median age of a population but it can help keep the median age more stationary and in the middle of the age range.

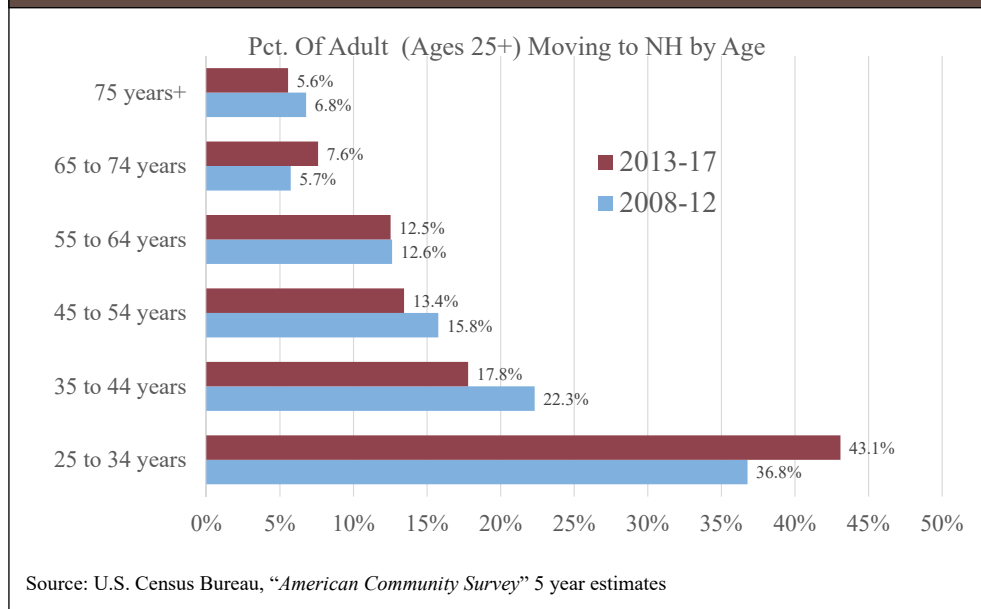
Because of New Hampshire's low fertility and mortality rates, our state is more dependent upon in-migration to offset trends that would produce more rapid increases in median age than seen in much of the country. Over the past several years those migration trends have improved and as in-migration of individuals and families more in the middle of the age range who bring with them children, New Hampshire's median age progression will slow from some of its recent acceleration.

Movers to the State Boost the Quality of the State's Labor Force

The characteristics of movers into New Hampshire also present a more optimistic outlook for New Hampshire's demographics. The age range of movers into the state is trending downward. Data from the U.S. Census Bureau's "American Community Survey" shows that for the five-year period from 2013-2017, 43 percent of the adult movers into New Hampshire were in the 25-34 year-old age range (a surrogate for millennials), compared to just 37 percent five years earlier.

Movers into New Hampshire also contribute greatly to the educational attainment and skill level of the state's labor force. Again, looking at data from the "American Community Survey" shows that over the most recent

The Age of Adult Movers Into New Hampshire From Other States is Trending Younger – Over 40% are Between 25 and 34 Years Old



five-year time period, almost 50 percent of the adults who moved into New Hampshire held a bachelor's degree or higher, up from five-years earlier and higher than the percentage of the state's overall population with a bachelor's degree or higher. Associate's degrees are increasingly valued in the workplace and over 60 percent of movers into New Hampshire hold an associate's degree or higher.

We should not minimize the challenges that New Hampshire will confront as the state's population continues to age. At the same time, an incomplete

understanding of the factors that contribute to state's changing demographics, as well as a failure to appreciate some of the factors that separate New Hampshire's demographics from other states with a high median age, may impede our ability to adopt policies to effectively manage demographic challenges.

– Brian Gottlob,
Director

Movers Into New Hampshire Increasingly Have Higher Levels of Educational Attainment – Nearly 50% Have a Bachelor's Degree or Higher

