

# New Hampshire Economic Conditions

August 2014

## New Hampshire's Changing Labor Force – 2003 to 2013

During the period from 2003 through 2013, New Hampshire recovered from the recession of 2001 and experienced new challenges from the “Great Recession” as well as the long recovery that followed. Unpublished Current Population Survey data for 2013 indicate that approximately 704,400 New Hampshire residents were employed and 38,900 were unemployed.<sup>1</sup> Of the employed, approximately 35,600 had worked part-time for economic reasons. Part-time for economic reasons

is often referred to as involuntary part-time employment.<sup>2</sup> During 2003, New Hampshire’s employed numbered 682,600 residents while 30,500 were unemployed; of the employed, about 16,000 had worked part-time for economic reasons.<sup>3</sup>

The Current Population Survey (CPS), administered by the U.S. Census Bureau, provides various statistical information regarding people who were employed, unemployed and those not in the

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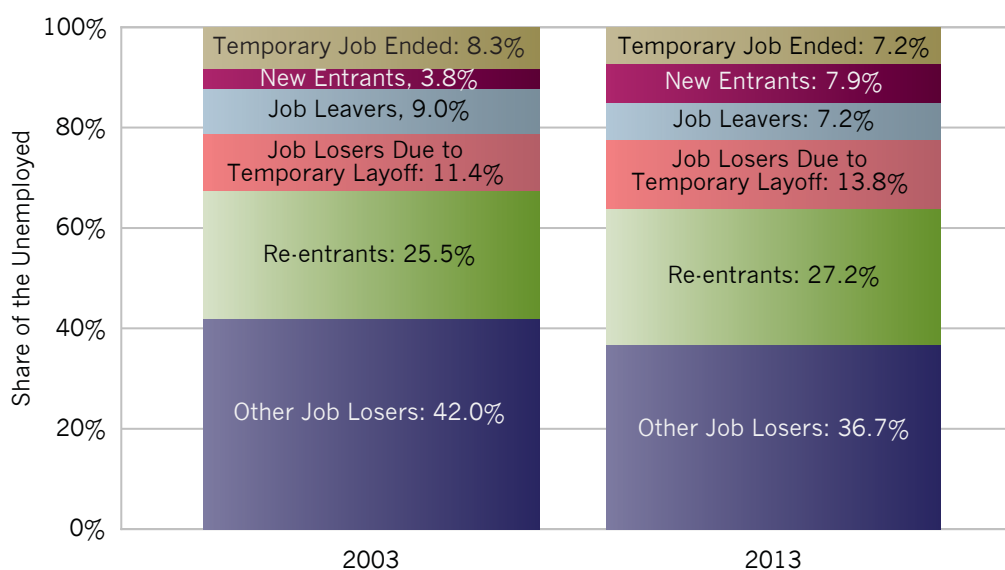
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- <sup>1</sup>. Annual average Current Population Survey estimates represent a twelve-month average of estimates beginning with January and ending with December of the referenced year.
- <sup>2</sup>. Unpublished 2013 data from the Current Population Survey also indicate that about 143,600 persons were working part-time for non-economic reasons, and are categorized as voluntarily working part-time. Over four times as many persons were working part-time voluntarily than were working part-time for economic reasons (involuntarily).
- <sup>3</sup>. The Current Population Survey is the source of information on work status of individuals 16 years of age and older. It is a household survey conducted by the U.S. Census Bureau that gathers data on labor force status and the number of hours of work, as well as many other demographic and labor force characteristics. As a household survey, the data represent residents of a specific area. This monthly household survey is conducted for a specific survey reference week, usually the week including the 12th of each month. The Current Population Survey is jointly sponsored by the Census Bureau and the Bureau of Labor Statistics.

### Share of Annual Averages by Reasons for Unemployment in New Hampshire, 2003 and 2013



labor force. Although state level CPS data are similar to the official labor force statistics published by New Hampshire Employment Security and the U.S. Bureau of Labor Statistics, official estimates are based on several data sources in addition to the CPS which improve the reliability of the estimates. However, the CPS is the only source of labor force data by demographic groups, full-time and part-time status, and reasons for unemployment.

## Unemployment

Current Population Survey data indicate that 5.2 percent of the labor force was unemployed in 2013, compared with 4.3 percent in 2003.<sup>4</sup> Both genders and all age groups experienced a greater rate of unemployment in 2013 than in 2003, but the increases were not distributed evenly. Females experienced an

increase of 0.6 percentage points, which was less than the statewide average. Males experienced an increase twice as large as females, with a 5.7 percent unemployment rate in 2013 compared with 4.5 percent in 2003. Younger age groups also experienced larger rate increases. The unemployment rate for the 16 to 19 years age group was 15.5 percent in 2013, an increase of 2.6 percentage points compared to 2003. The 20 to 24 years age group experienced the greatest increase, with a rate of 10.5 percent in 2013, an increase of 2.9 percentage points.

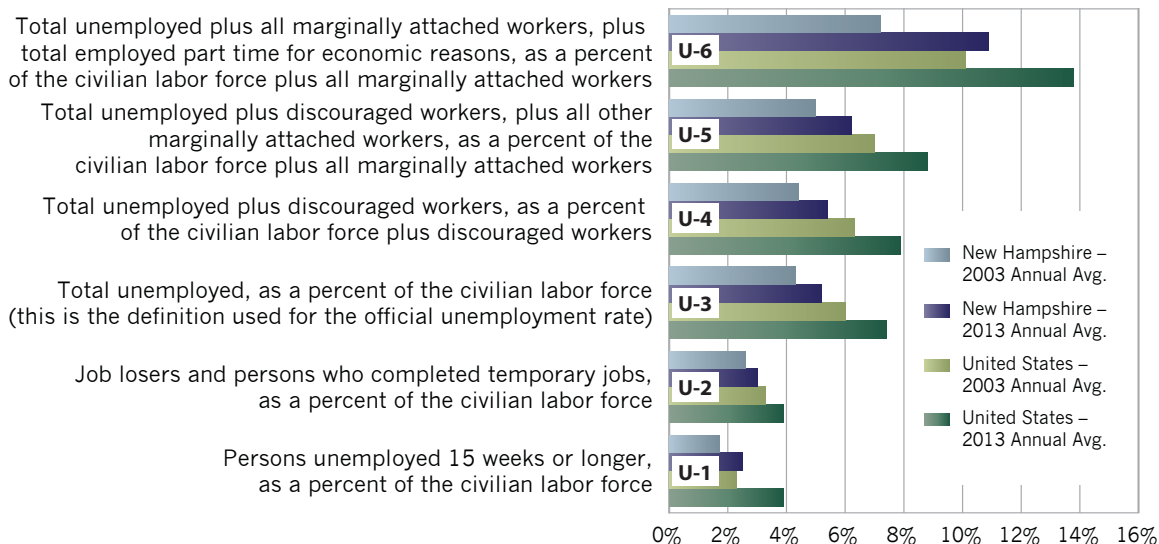
Current Population Survey data for 2013 indicate that approximately 38,900 New Hampshire residents were unemployed. In 2003, New Hampshire's unemployed numbered 30,500 residents. During both of these years, New Hampshire was in the process of recovering

from national recessions. Although the recession of 2001 was mild in comparison to the "Great Recession," both of the recovery periods were marked with high levels and long periods of unemployment. The average duration of unemployment for New Hampshire residents was 27.2 weeks in 2013 compared with 20.6 weeks in 2003. *Long-term unemployment* of 27 weeks or more is continuing to decline from peak levels and represented 31.6 percent of the unemployed in 2013. In comparison, 40.3 percent of the unemployed were out of work for at least 27 consecutive weeks in 2010. During 2003, approximately 24.4 percent of the unemployed were out of work for 27 weeks or more.

Responses to the Current Population Survey provide insight to the reasons behind unemployment as well. The most common reason for

<sup>4</sup>. Current Population Survey unemployment rates may not match officially released rates. Official unemployment rates are model based and include several data sources in addition to Current Population Survey data, but cannot be disaggregated by demographic category.

## Alternative Measures of Labor Underutilization New Hampshire & United States



unemployment was a job loss that was neither a temporary layoff nor the end of a temporary job. These “other job losers” accounted for 36.7 percent of the unemployed in 2013, a decrease from 42.0 percent in 2003. Temporary layoffs were responsible for 13.8 percent of the unemployed in 2013, an increase from 11.4 percent in 2003.

The second most common reason for unemployment was re-entrance into the labor force. These were persons who had prior employment experience, but had exited the labor force prior to their most recent work search. *Re-entrants* accounted for 27.2 percent of the unemployed in 2013, an increase from 25.5 percent in 2003.

### Alternative Measures of Labor Underutilization

Official labor force statistics are released on a monthly basis. In addition, six alternative measures of labor underutilization for states are released on a quarterly basis in the form of a four-quarter moving average. Annual averages of the alternative measures of labor underutilization for states are available beginning in 2003, while four-quarter averages are available beginning with 2008 data. These measures are designated as U-1 through U-6. The measure that uses similar criteria to the official unemployment rate is

designated as U-3. Measures U-1 and U-2 are more restrictive than the U-3, while measures U-4 through U-6 are more inclusive. The U-6 is often used to quantify underemployment as it includes the unemployed, those marginally attached to the labor force (such as discouraged workers), and those who were working part-time for economic reasons. Measures for 2013 indicated an average unemployment rate (U-3 measure) for New Hampshire of 5.2 percent and a U-6 measure of 10.9 percent. In 2003, the U-3 measure for New Hampshire was 4.3 percent and the U-6 measure was 7.2 percent.<sup>5</sup>

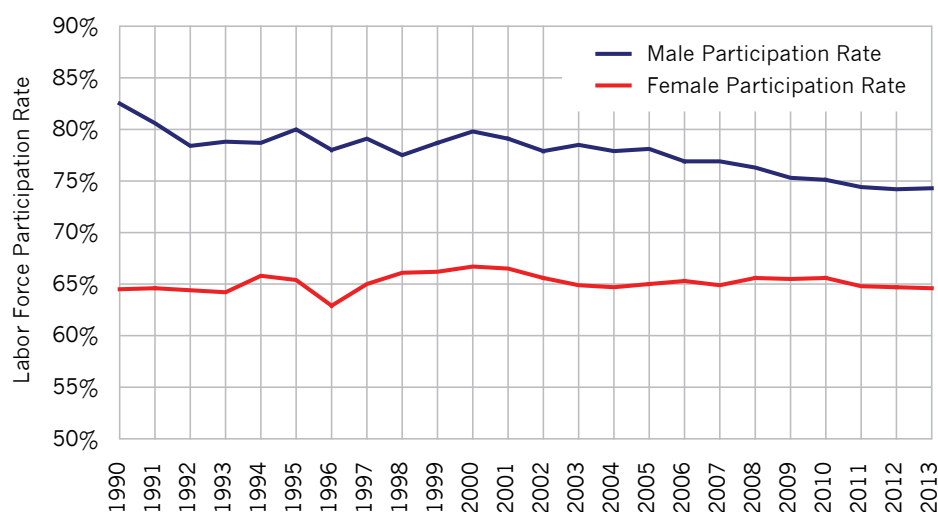
### Labor Force Participation

The *labor force participation rate* represents the percentage of New Hampshire’s civilian non-institutionalized population age 16 and over that is either employed or unemployed *and* actively searching

for employment. The labor force participation rate in the United States has experienced a long-term decline since early 2000. New Hampshire’s rate has also declined over this period; yet it continues to be one of the highest ranked states for this statistic. Approximately 69.3 percent of New Hampshire’s population participated in the labor force during 2013.<sup>6</sup> This was less than the estimated 71.5 percent who participated in the labor force during 2003, representing a 2.2 percentage point decrease in the participation rate over this period.

The “Great Recession” and following recovery did not affect men and women equally. In 2013, approximately 74.3 percent of males age 16 and older participated in the labor force. This is a significant decrease from the 78.5 percent male participation rate during 2003, but it is a reflection of the long-term

New Hampshire Labor Force Participation Rates by Gender



<sup>5</sup>. Bureau of Labor Statistics. Accessed July 18, 2014. [www.bls.gov/lau/stalt.htm](http://www.bls.gov/lau/stalt.htm).

<sup>6</sup>. Current Population Survey estimates are subject to revision. Current Population Survey estimates are adjusted frequently to reflect updated population and demographic statistics. Estimates provided may vary from previously published estimates.

nationwide trend. The change in the female labor force participation rate stood in stark contrast to the male rate. The female participation rate was essentially unchanged at 64.6 percent in 2013 compared with 64.9 percent in 2003.

Changes in labor force participation from 2003 to 2013 had also varied by age and predominantly occurred at the higher and lower age ranges. Younger age groups experienced lower participation rates in 2013 than in 2003. The 16 to 19 years age group can be described as having very little work experience and often having restricted work hours due to school responsibilities. The labor force participation rate for this group was 49.5 percent in 2013, 6.0 percentage points lower than 2003. The 20 to 24 years age group represents a bridge between early forays into the labor force and the beginnings of a career. This group may also be affected by school responsibilities, as many college students are included within the age range. The labor force participation rate was relatively high in 2013 at 76.6 percent, however that was a decrease from the 80.5 percent participation rate of 2003.

The “Great Recession” was especially problematic for older workers as career paths were interrupted or shifted entirely, retirement and pension accounts suffered serious losses, and home values plummeted. The 65 years and over age group represents those persons in the later stages of their careers as well as those who have retired. The labor force

participation rate of this age group in 2013 was only 22.8 percent, however this represents an increase of 7.3 percentage points when compared with 2003. This indicates that older workers were more likely to remain in the labor force during 2013 than in 2003.

### Full-Time Employment

The Bureau of Labor Statistics classifies those who usually work 35 hours or more per week as *full-time* employees. Of the labor force participants in 2013, approximately 69.4 percent worked full-time. This was a slight decrease from the 70.0 percent of labor force participants in 2003. Since 2003, population increases were partially offset by a declining labor force participation rate and a slightly smaller percentage working full-time, resulting in 16,900 more New Hampshire residents who worked full-time in 2013 than who did so in 2003.

In 2013, approximately 76.9 percent of male labor force participants worked full-time, a decrease from the 2003 rate of 79.2 percent. Females, conversely, were more likely to be working full-time in 2013, at 61.2 percent of labor force participants compared to 59.3 percent in 2003.

Notable changes to rates of full-time employment were experienced by three age groups between 2003 and 2013. Approximately 51.2 percent of the 20 to 24 years age group worked full-time in 2013, a decrease of 8.4 percentage points from 2003. The 55 to 64 year age group experienced an increase of 3.9 percentage points, resulting in 74.8 percent of the participants having worked full-time in 2013. The 65 years and over age group has been viewed as a group approaching the end of their worklives as retirement nears, but that assumption may need to be revised. In 2013, approximately 43.1 percent of those participants

**New Hampshire Labor Force Status by Gender and Age - 2003 and 2013**

	Labor Force Participation Rate		Worked Full-Time		Worked Part-Time for Economic Reasons		Unemployed	
	2003	2013	2003	2013	2003	2013	2003	2013
All Workers	71.5%	69.3%	70.0%	69.4%	2.2%	4.8%	4.3%	5.2%
Gender:								
Male	78.5%	74.3%	79.2%	76.9%	1.9%	4.1%	4.5%	5.7%
Female	64.9%	64.6%	59.3%	61.2%	2.6%	5.6%	4.1%	4.7%
Age Group:								
Age 16 to 19	55.5%	49.5%	17.7%	15.9%	3.3%	8.2%	12.9%	15.5%
Age 20 to 24	80.5%	76.6%	59.6%	51.2%	4.8%	12.0%	7.6%	10.5%
Age 25 to 34	87.3%	85.4%	78.3%	77.0%	2.0%	4.5%	3.8%	4.1%
Age 35 to 44	87.4%	87.7%	76.3%	75.7%	2.1%	3.6%	3.3%	4.1%
Age 45 to 54	86.2%	86.4%	76.2%	77.0%	1.7%	3.8%	3.3%	4.9%
Age 55 to 64	72.1%	72.7%	70.9%	74.8%	2.1%	3.9%	3.6%	3.7%
Age 65 and over	15.5%	22.8%	33.2%	43.1%	1.2%	3.9%	2.1%	3.6%

Source: US Census Bureau, unpublished Current Population Survey data (12 Months Average).

Prepared by New Hampshire Employment Security, Economic and Labor Market Information Bureau

worked full-time, up significantly from the 33.2 percent who worked full-time in 2003. The combined effect of the labor force participation rate increase and the aging of New Hampshire's population resulted in nearly 11,500 more persons age 65 and over who worked full-time in 2013 than did so in 2003.

### Part-Time Employment

The Bureau of Labor Statistics classifies those who usually work less than 35 hours per week as *part-time* employees. Using Current Population Survey data, part-time employees can be assigned to one of three categories. *Part-time for non-economic reasons* includes those part-time workers who do so by choice or due to personal obligations or physical abilities that prevent them from working full-time. Approximately 18.8 percent of labor force participants worked part-time for non-economic reasons

in 2013, a 3.0 percentage point decrease from 2003. Female workers, workers in the 55 to 64 years age group and those in the 65 years and over age group experienced significant decreases in this category of part-time employment, effectively shifting activities toward full-time employment.

Persons working *part-time for economic reasons* are also referred to as involuntary part-time. These workers are involuntarily part-time because either their work schedules were reduced to less than 35 hours per week due to business conditions or they want a full-time job but were only able to find a part-time job. Approximately 4.8 percent of labor force participants in New Hampshire worked part-time for economic reasons in 2013. This was more than double the rate from 2003, but it remains a relatively small percentage

of all workers. The group that experienced the most significant increase was the 20 to 24 years age group, with 12.0 percent of workers involuntarily employed part-time in 2013 compared with 4.8 percent in 2003.

The third category of part-time employment is "*other part-time*." This category includes those who usually work part-time but were absent from work during the survey week; those who usually work part-time but worked full-time hours during the survey week; and those who work part-time due to Social Security retirement earnings limitations. The percentage of the labor force that falls into this category has remained stable over time.

*Robert Cote*